



**TURUN  
YLIOPISTO**  
UNIVERSITY  
OF TURKU

# IDEAS, INSTITUTIONS, AND THE POLITICS OF SOCIAL POLICY REFORMS

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Sampo Varjonen





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## ABSTRACT

Welfare state research has demonstrated that ideas and institutions can influence the paths and politics of welfare state expansion and retrenchment. This dissertation investigates the role of political decision-making in Finnish social policy reforms, focusing particularly on the agency of policy actors operating within the constraints of historical institutions. The dissertation consists of four research articles that examine developments concerning unemployment benefits and social assistance.

Welfare state institutions have been shown to be supported by self-reproducing mechanisms that help them stay on a set path despite structural, political, and economic pressures faced by most welfare states. When policy actors work either to cause institutions and policies to remain on a certain course or make them diverge from their paths, their abilities to set the agenda, to convince and coerce others, and to build coalitions are crucial for their success. Ideas — historically constructed causal beliefs, perceptions, and values — shape these processes in several ways. They inform the construction of problems and policy solutions, they provide actors with the perspectives that in turn influence the content of policy proposals, and they are used strategically in political discourse to create new meanings and to support or to undermine existing institutional configurations.

This dissertation draws on historical institutionalist and ideational literature to study developments in the Finnish welfare state from the 1980s to the 2010s. This period has been marked by a nearly constant discussion about a need for policy reforms, but the examined welfare state institutions have not been subjected to sudden radical transformations. However, after an ideational shift in the 1990s, they have undergone incremental changes that have made benefit systems stricter. A similar institutional stickiness concerned the administration of social assistance, until it was abruptly moved from the municipalities to the state level in 2017. The central theme of this dissertation concerns how the interaction of institutions and ideas and the agency of policy actors influenced these developments.

Articles I and II focus on unemployment benefits. The first investigates the influence of partisan politics on the development of earnings-related and basic-level unemployment benefits in the span of over 30 years. The second looks at how ideas were employed by political parties in the reforms of the late 2010s, when the conditionality of benefits was increased while simultaneously conducting an experiment on an unconditional basic income. The remaining two articles examine

the use of ideas related to the issue of centralisation of social assistance. Article III investigates how frames regarding this issue were constructed and how effective they were in garnering support for and against the reform, and article IV examines how and why the decision on centralisation was eventually made.

These questions are approached using multiple data and methods. Each of the four articles uses qualitative analysis of policy documents. In addition, interviews are used in article IV to provide deeper insight into the intricacies of policymaking, and regression analysis is used in articles I and III to analyse partisan effects on unemployment benefit development and the effect of ideational framing on public opinion in a survey.

The results demonstrate the complexity and difficulty of institutional reform, which have been present in both the investigated policies. The institutional structure of earnings-related unemployment benefits, in particular, is resistant to change, and despite discernible differences in how they are viewed by the major political parties, this has resulted in only modest changes to benefit generosity. Meanwhile, parties across the political spectrum continue to view basic-level benefits in terms of the activation paradigm, which emphasises work incentives over redistribution. The paradigm provides policy actors with the ideational tools to advance different kinds of policies through a balancing of cognitive and normative framing.

A similar institutional stickiness has concerned the administration of social assistance, despite strong policy evidence that supported its centralisation since the 1990s. Centralisation was framed in terms of widely accepted moral values, which is shown to have increased its popularity, but it was long resisted by powerful policy actors. Eventually, the incremental institutional change in benefit handling helped erode the ideational foundation of the resistance to reform, which led to the abrupt and path-breaking decision on centralisation.

To conclude, the study of social policy and politics should continue to pay attention to ideas and institutions and especially their interaction, which both shapes and is shaped by the agency of policy actors. Moreover, analyses of policy development should take into account the broader historical perspective, as well as instances where reform attempts did not come to fruition, to fully grasp how and why continuity and change take place. Neither occurs by itself; both require active participation from institutional and political actors, and often these processes unwind over a long time.

**KEYWORDS:** ideas, discourse, framing, institutions, policy change, welfare state reform, partisanship, unemployment benefits, social assistance, content analysis

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## TIIVISTELMÄ

Tämä väitöskirja käsittelee poliittisen päätöksenteon ja poliittisten toimijoiden roolia Suomen sosiaalipoliittisissa uudistuksissa. Väitöskirja koostuu neljästä osatutkimuksesta, jotka tarkastelevat työttömyysturvaa ja toimeentulotukea koskevia uudistuksia.

Hyvinvointivaltioiden tutkimus on korostanut ideoiden ja instituutioiden vaikutusta sosiaalipolitiikan kehityksessä. Erilaisten polkuriippuvuusmekanismien on osoitettu tukevan sosiaalipoliittisia instituutioita rakenteellisten, poliittisten ja taloudellisten muutospaineiden keskellä. Poliittiset toimijat voivat pyrkiä säilyttämään tai murtamaan vallitsevia institutionaalisia rakenteita. Tämä edellyttää heiltä kykyä asettaa agendoja, taivuttaa muita toimijoita oman asiansa kannalle ja muodostaa uusia koalitioita. Ideat, kuten toimijoiden arvot, ajattelumallit ja kausaaliset uskomukset, vaikuttavat näihin prosesseihin monin eri tavoin. Ne toimivat alustana sekä poliittisten ongelmien että niiden ratkaisujen rakentamiselle, ne vaikuttavat toimijoiden ajattelun taustalla heidän muodostaessaan ehdotuksia politiikkatoimista, ja niitä käytetään strategisesti poliittisessa diskurssissa uusien merkitysten luomiseksi ja olemassa olevien rakenteiden tukemiseksi tai heikentämiseksi.

Tämä väitöskirja tarkastelee Suomen hyvinvointivaltion kehityspolkuja 1980-luvulta 2010-luvulle historiallisen institutionalismin ja ideoiden tutkimuksen valossa. Suomessa on käyty 1990- ja 2000-luvun talouskriisien vauhdittamana lähes jatkuvaa keskustelua sosiaalipoliittisten uudistusten tarpeesta. Tästä huolimatta sosiaalipoliittisiin instituutioihin ei ole juurikaan kohdistunut äkillisiä, perustavanlaatuisia muutoksia. 1990-luvulla tapahtuneen ideatason muutoksen jälkeen työttömyysturvaa ja toimeentulotukea on kuitenkin uudistettu vähittäisillä muutoksilla, joissa etuusjärjestelmien ehdollisuutta ja vastikkeellisuutta on lisätty. Myös perustoimeentulotuen järjestämistavasta keskusteltiin vuosikymmeniä, ennen kuin tuki äkillisesti siirrettiin kunnilta Kansaneläkelaitokselle vuonna 2017. Tässä väitöskirjassa tarkastellaan erityisesti instituutioiden, ideoiden ja poliittisen toimijuuden vuorovaikutuksen merkitystä näille kehityskuluille.

Osatutkimukset I ja II keskittyvät työttömyysturvajärjestelmään. Niistä ensimmäinen tutkii puoluepolitiikan vaikutusta työttömän perus- ja ansioturvaan yli 30 vuoden ajanjakson aikana. Jälkimmäinen tarkastelee ideoiden käyttöä puolueiden diskurssissa koskien 2010-luvun lopun uudistuksia, joissa etuuskien vastikkeel-

lisuutta lisättiin samaan aikaan, kun hallitus toteutti kokeilun vastikkeettomasta perustulosta. Jälkimmäiset kaksi osatutkimusta keskittyvät puolestaan ideoiden käyttöön keskustelussa toimeentulotuen keskittämisestä Kelaan. Osatutkimus III tarkastelee, miten kysymys Kela-siirrosta kehystettiin ja millainen vaikutus näillä kehyksillä oli kansalaismielipiteeseen, ja osatutkimus IV selvittää, miten ja miksi poliittinen päätös Kela-siirrosta lopulta tehtiin.

Näitä kysymyksiä tarkastellaan väitöskirjassa erilaisilla aineistoilla ja menetelmillä. Kaikissa neljässä osatutkimuksessa sovelletaan politiikkadokumenttien laadullista analyysiä. Lisäksi osatutkimuksessa IV hyödynnetään haastatteluaineistoa poliittisen päätöksentekoprosessin valaisemiseksi, ja osatutkimuksissa I ja III käytetään regressioanalyysiä, jolla arvioidaan hallituskokoonpanojen vaikutuksia työttömyysturvan tasoon sekä toimeentulotuen Kela-siirron kehystämisen vaikutusta kansalaismielipiteeseen.

Tutkimustuloksissa korostuvat institutionaalisen muutoksen monimutkaisuus ja vaikeus. Erityisesti ansiosidonnaisen työttömyysturvan institutionaalinen rakenne on jäykkä muutoksille, ja melko selvärajaisista puolueiden näkemyseroista huolimatta etuuskäytön tasossa on tapahtunut tarkastelujaksolla vain vähäisiä muutoksia. Toisaalta useimmat puolueet tarkastelevat työttömän perusturvaa ennen kaikkea työnteon kannustimia korostavan aktivointiparadigman kautta. Tämä paradigma tarjoaa ideatason välineitä ja ajatusmalleja, joita poliittiset toimijat voivat hyödyntää rakentaakseen kognitiivisia ja normatiivisia kehyksiä ja edistääkseen erilaisia ehdotuksia politiikkatoimiksi.

Samankaltainen institutionaalinen jäykkyys koski pitkään myös toimeentulotukea. 1990-luvulla tehtyjen kuntakokeilujen tulokset puolsivat tuen siirtämistä Kelaan, ja poliittisessa keskustelussa Kela-siirto onnistuttiin kehystämään vetoamalla yleisesti hyväksytyihin arvoihin, minkä on osoitettu lisäävään uudistusehdotusten kannatettavuutta. Tästä huolimatta uudistus ei edennyt vahvojen poliittisten toimijoiden vastustaessa sitä. Ajan kuluessa vähittäinen institutionaalinen muutos etuuskäsittelyssä kuitenkin heikensi perusteita, joilla muutosta oli vastustettu, mikä johti lopulta äkilliseen päätökseen Kela-siirrosta.

Sosiaalipolitiikan tutkimuksen tulisi edelleenkin keskittyä ideoihin ja instituutioihin sekä etenkin näiden vuorovaikutukseen ja sen suhteeseen poliittiseen toimijuuteen. Tutkittaessa yksittäisiä poliittisia muutoksia tulisi myös huomioida niiden laajempi historiallinen konteksti sekä myös ajan kuluessa tehdyt mutta toteutumatta jääneet uudistusyritykset. Vain näin voidaan muodostaa käsitys siitä, miten jatkuvuus ja muutokset nivoutuvat yhteen. Kumpikaan ei tapahdu itsestään; ne edellyttävät aktiivista osallistumista institutionaalisilta ja poliittisilta toimijoilta, ja usein nämä prosessit hahmottuvat vasta pidemmän tarkastelujakson aikana.

ASIASANAT: ideat, diskurssi, kehystäminen, instituutiot, politiikan muutos, hyvinvointivaltio, puolueet, työttömyysturva, toimeentulotuki, sisällönanalyysi

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*Sampo Varjonen*

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# List of Original Publications

This dissertation is based on the following original publications, which are referred to in the text by their Roman numerals:

- I Varjonen, S., Niemelä, M., Kangas, O. (2020). Partisanship, continuity, and change: Politics in Finnish unemployment benefit reforms 1985–2016. *Social Policy & Administration*, 54 (1): 119–133.
- II Varjonen, S. (2019). Policymaking through opposing ideas? Framing conditionality and unconditionality in Finnish parliamentary discourse. *Research on Finnish Society*, 12: 23–37.
- III Kangas, O., Niemelä, M., Varjonen, S. (2014). When and why do ideas matter? The influence of framing on opinion formation and policy change. *European Political Science Review*, 6 (1): 73–92.
- IV Varjonen, S. (2020). Institutional evolution and abrupt change: Reforming the administration of social assistance in Finland. *International Journal of Social Welfare*, 29 (1): 62–70.

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# 1 Introduction

‘Sometimes, in politics, things just pop up’, a Finnish Member of Parliament once told me. Sometimes it is just one article in a newspaper, sometimes it is a short but intense period of media attention that focuses on a certain topic, sometimes it is a working group report that brings a problem to the fore, or maybe it is a minister in the government that starts pushing their own ideas to the agenda. Sometimes, ‘stuff happens’, also outside of people’s control (Schmidt, 2010), but not all by itself. Political actions that lead to continuity and change are made by individual and collective policy actors, consciously or unconsciously, and for a variety of reasons. However, their actions take place within a complex system of politics, policies, and institutions that affects their behaviour. Furthermore, oftentimes, purposeful policy actions have unintended consequences that are neither planned nor foreseen (Merton, 1936; Elster, 1989).

The historical origins of social institutions and the mechanics of institutional stability and change of welfare states have been the topics of a broad range of theoretical literature. In early theories, the emergence of welfare states was argued as resulting from changes in macroeconomic and demographic variables (Kerr et al., 1960; Wilensky, 1975). Conversely, the period of welfare state expansion, roughly from the 1960s to the 1980s, has been attributed to the ability of the working class, represented by leftist parties and trade unions, to obtain political and institutional power and use it to create and institutionalise benefit systems and social services that benefit their constituents (Castles, 1978; Korpi, 1983, 1985; Stephens, 1979).

Economic hardships and the subsequent end of welfare state expansion in the 1970s and 1980s brought new questions to the fore. While the correlation between left party power and welfare state expansion was rather firmly established, the waning power of the working-class movement by the 1990s did not directly lead to the dismantling or, with few exceptions, to radical reforms of established social policy institutions (Pierson, 2001). The resilience of welfare states motivated the development of new theories that focused on the influence and constraining effects of existing institutions and institutional configurations. The transfer from ‘politics matters’ to ‘history matters’ was advanced especially by the new politics literature that highlighted aspects both in the politics of welfare states and in the welfare

institutions themselves that made processes of social policy retrenchment quite different from welfare state expansion (Pierson, 2001). This is not to say that politics no longer mattered, but that partisanship took on a more complex role in the era of retrenchment (Häusermann et al., 2012).

Institutionalist theories offered a range of explanations to institutional resilience. Historical institutionalist explanations focused on self-reproducing effects that cause institutions to remain on a set path. From this viewpoint, transformative change has been seen as either taking place rapidly through sudden critical junctures or incrementally through ongoing struggles that occur both in policymaking and within the institutions themselves (Mahoney & Thelen, 2010).

Understanding change, then, requires one to understand the behaviour of policy actors or policy entrepreneurs (Kingdon, 2003) that participate in these struggles. Policy entrepreneurs are individual and collective actors that are advocates of policy proposals: they can be politicians, political parties, individual experts, think tanks, interest groups, and so on. Their abilities to set the agenda, convince and coerce others, and build coalitions to support their cause is crucial when it comes to maintaining or modifying the existing institutional and policy structure. To understand the role of agency in institutional continuity and change, researchers have turned to ideas (i.e. historically constructed causal beliefs, perceptions, and values) that shape the motivations and behaviour of individual and collective actors. On the one hand, the ideational literature shows how ideas can become institutionalised and achieve a hegemonic status, limiting available policy alternatives and thus supporting stability. On the other hand, it emphasises how ideas can be used strategically in the political field to create new meanings and define problems and solutions, undermine existing institutional configurations, and possibly lead to incremental or abrupt change (Béland, 2016a, 2019; Campbell, 2004).

To a large extent, the turn to ideas complements institutional theories. Focusing on ideas does not make institutions irrelevant, but it helps us understand how and why policy actors act the way they do in the context of established institutional structures, how institutions affect their actions, and how their actions may, over time, influence institutions. Most institutional and ideational scholars would agree that the question is not whether (only) politics matters, or history matters, or ideas matter, but how they interact to cause political and institutional stability and change. As Immergut (2006) notes, political processes are, to such an extent, shaped by contingent events, subjective perceptions, and multiple levels of causality that it is unlikely that they could be modelled systematically or explained by a single theory. Therefore, general models are useful for posing questions, but empirical research is required to find answers regarding specific cases.

Seeking to contribute to the existing institutional and ideational literature, this dissertation lies at the intersection of the aforementioned approaches, presenting four

research articles that focus on the interaction of partisan politics, institutions, and ideas in the Finnish welfare state. The articles provide empirical case studies of stability and change in Finnish social policies spanning from the late 1980s to the late 2010s, albeit with an emphasis on recent events. The main research question is, ‘How have the interaction of institutions and ideas, and the agency of policy actors that use the institutional and ideational tools at their disposal, influenced Finnish welfare state development?’ The studies analyse the development of unemployment benefit and social assistance institutions in the context of retrenchment pressures and provide insights as to how the largest political parties, pre-existing institutional structures, and ideas have influenced their evolution over time. Thematically, these broad issues are examined from different viewpoints, beginning from the role of partisanship in institutional change (article I), moving to the ways ideas are used in political discourse (article II), to the effectiveness of ideas in shaping public opinion (article III), and finally, to the way ideational change can lead to policy change (article IV).

The Finnish welfare state as an encompassing system of universal benefits and services reached its peak in the late 1980s. The welfare state had been built largely on political compromises between the Centre Party (CP, formerly the Agrarian League) and the Social Democratic Party (SDP), and on tripartite agreements between Finnish trade unions, employers’ organisations, and the government. The period under study has been shaped by two economic crises — in the early 1990s and in the late 2000s — and their aftermaths, which have, among other things, featured budget deficits and high unemployment rates that have resulted in almost constant retrenchment pressures on the welfare state (Kangas, 2019).

What makes Finland an interesting case for the study of institutions and ideas is that in the midst of the aforementioned pressures, Finnish social policy institutions have demonstrated both remarkable stability and transformative change. Finnish politics has, by now, a long history of multiparty coalition governments, regularly including four or five parties. Meanwhile, since the late 1970s, all governments have been majority governments, and they all have been built around two of the three largest parties: The CP, the SDP, and the National Coalition Party (NCP). Furthermore, tripartite decision-making has played a prominent role throughout this period, and labour market organisations continue to hold sway in national politics.

In the context of relative political stability, the past 30 years have seen both institutional and ideational changes in social policies. Compared with the 1980s, the Finnish welfare state of today is more clearly focused on recommodification, work incentives, selective and targeted measures, and means-testing (Pierson, 2002; Julkunen, 2017). To a certain extent, these changes can be said to have affected the welfare state as a whole. Reform pressures have been especially severe on social benefits that target those who are outside of the labour market but in working age

and able to work — those that can be ‘recommodified’ to boost labour market participation (Pierson, 2002). A fundamental question with regard to social rights and responsibilities concerns the conditionality of benefits, or what individuals are expected to do in return for the support the state provides them. To increase the employment rate and reduce unemployment, Finland — like many other welfare states — has made its unemployment benefit systems stricter and more conditional (Clasen & Clegg, 2007; Pierson, 2001) Meanwhile, faced with a permanently high number of claimants, social assistance has been turned from a short-term, last-resort safety net into what is often a long-term financial benefit with its own sanction measures. The realms of unemployment benefits and social assistance are arguably where the shift of the Finnish welfare state towards recommodification, selectivism, and conditionality should therefore be especially apparent. This makes the politics of their institutional and ideational developments particularly interesting.

The studies in this dissertation employ multiple methods. For the most part, they focus on the qualitative analysis of policy documents such as government bills, committee reports, and parliamentary documents. However, interview data are also used to provide deeper insight into the ‘black box’ of policymaking and learn more directly about the changing ideas of policymakers themselves. Quantitative analyses of unemployment benefits and survey data are also used to study partisan effects on benefits and the effectiveness of different types of ideational framing. Such a pluralist approach is likely to paint a more complete picture of the role of political parties, institutions, and ideas in social policy development (Béland, 2019).

Furthermore, this dissertation contributes to the analysis of Finnish social politics, specifically on the development of the aforementioned benefits that are supposed to provide a safety net for the hundreds of thousands of unemployed individuals every year. There is much research on the intricacies of social security benefits and services and the way they have changed over time. However, the role that political parties and their struggles have played at the intersection of institutional and ideational frictions, constraints, and pressures for change has been under much less scrutiny. Political parties, especially the largest ones, are key actors that make decisions on the direction of the Finnish welfare state. This dissertation places them at the centre, as actors both constrained and enabled by institutional realities, and composed of individuals armed with ideas that they employ in the ongoing political struggle.

## 2 Institutional continuity and change

### 2.1 Partisanship and power resources

Explaining the emergence and the diverging trajectories of welfare states has been a central question in welfare state studies. Early theories emphasised the role of structural factors such as economic growth, industrialisation, and demographic changes as the primary explanation for the creation of social programs and the increase in public spending. Rising incomes, rising life expectancy, as well as the necessity to maintain a growing wage labour force, created demand for public spending and systems of social support (Kerr et al., 1960; Wilensky, 1975). Neomarxist accounts, for their part, highlighted changing relations of the capitalist mode of production and the necessity to legitimise capital accumulation as a source of welfare state expansion (Gough, 1979). Both approaches shared the same functionalist logic, according to which social programs were viewed as a result of immense structural and economic forces, leaving relatively little room for politics (Myles & Quadagno, 2002).

Subsequent theorisation on welfare state expansion turned the attention to the role of partisan politics. The power resource theory, which achieved a paradigmatic status in the field, emphasised the mobilisation of socio-structural classes as a force driving the development of social policies. As the working class organised around leftist parties and trade unions, they were able to move the class conflict into the political arena and introduce and implement social policies through democratic institutions. The differences in social expenditure and benefit generosity were seen as resulting from differences in the political power of leftist parties, particularly social democratic parties, and the power of trade unions (Esping-Andersen, 1985; Korpi, 1983, 1985; Stephens, 1979). The ability of the working class to institutionalise corporatist decision-making structures and participate in state-sponsored negotiations over wages and social insurance systems was also a crucial factor in establishing and maintaining union power (Myles & Quadagno, 2002). Alongside partisan effects, it has been suggested that the extent to which nations were affected by wars also significantly influenced the introduction and the extension of social security programmes. This is mainly because wars create a dire need for social protection — for example, income support and social and health care

services for the injured, the homeless and the unemployed — that needs to be addressed in the immediate aftermath of war (Obinger & Schmitt, 2019).

Governments struggling with slower economic growth and persistent unemployment began introducing rollbacks since the late 1970s, prompting debate on whether the same ‘old politics’ that influenced the expansion of social programs would also influence retrenchment. However, the waning power of leftist parties did not directly translate into the dismantling of welfare states. Scholarship on the new politics of the welfare state (Pierson, 2001) argued that the context of policymaking had been changed by the very development of welfare state institutions, because this had changed the expectations of voters and interest groups. Radical transformations to popular policies were deemed unlikely because of the sheer unpopularity and subsequent political costs of cutbacks. Further, the established policy programs and institutions themselves were resistant to change due to increasing returns effects and path dependence (Pierson, 1994, 1996). Where the power resource theory expected the relationship between left party power and welfare spending or benefit generosity to be linear, the era of retrenchment obfuscated the influence of party politics on welfare state development.

Some have maintained that partisan politics and power resources continue to matter, arguing that that left-wing parties would be more eager to defend existing social programs and right-wing parties more willing to cut back on public spending (Allan & Scruggs, 2004; Korpi & Palme, 2003). Partisan effects may also be more nuanced than this: left-wing party incumbency has been shown to be associated with higher *public* social expenditure and greater taxation of spending, which in turn are related to redistributive outcomes, whereas right-wing parties favour *private* welfare schemes (Castles & Obinger, 2007). Others, however, have argued that partisanship no longer has a significant effect on social protection, or that such effects are likely to be conditioned by a number of other factors (Huber & Stephens, 2001; Kwon & Pontusson, 2010; Loftis & Mortensen, 2017; Schmitt & Obinger, 2013). Some have called to question whether left-wing parties directly represent any clearly defined working class in post-industrial societies. A notable example is the insider–outsider theory (Rueda, 2005, 2007), which disaggregates labour into insiders who are in secure, highly protected employment, and outsiders who are unemployed or in low-paying jobs with little protection. Insider and outsider interests are fundamentally different and may even be in conflict. Rueda argues that social democratic parties are more likely to represent narrower insider interests — mainly high levels of employment protection — and neglect outsider interests. This would also explain why the level of unemployment benefits no longer seemed to be significantly affected by partisanship: as they benefited mostly labour market outsiders, neither left-wing nor right-wing parties had interest in expanding or defending them.

However, a question arises as to what extent this ambivalence extends to union-administered social insurance. Broader sections of labour and unions, while considered insiders, may in fact prefer higher levels of social insurance for risk management purposes (Gordon, 2015; Paskov & Koster, 2014; Rehm, 2011). Nevertheless, the interest representation of political parties is likely to be more complex in post-industrial societies than it was during welfare state expansion. For example, parties' preferences may be affected by the institutional context within which they operate, meaning electoral rules, the party system, and party competition dynamics. In addition, these parties may not strictly advocate a broad policy programme, but instead follow more particularistic motives to mobilise specific voter groups, which in turn leads to more fragmented policies. In other words, while it is likely that partisanship continues to matter in some shape or form in welfare state development, the dynamics of these processes are much more complex than predicted by the traditional 'old politics' theory (Häusermann et al., 2012).

Despite the recognised complexity regarding partisan effects on social policy, the power resources of trade unions are still a significant factor that is sometimes neglected in partisan analyses. As far as unemployment benefits are concerned, especially when unions are involved in bipartite or tripartite administration of benefits, they not only have a particular interest in the generosity of benefits, but also have the possibility to influence policymaking and may possess at least moderate veto power. This, undoubtedly, is the case in Finland, where labour market organisations continue to be institutional power players (Bergholm, 2009).

## 2.2 Institutions and institutional reproduction

Institutionalist literature, while not always directly dealing with partisan politics, has broadened our understanding of the environment within which policy actors operate. In the closing decades of the 20th century, there emerged three schools of research that explored how institutions influence social and political outcomes: rational choice institutionalism, sociological institutionalism, and historical institutionalism. *Rational choice institutionalists* emphasise the behaviour of rational actors as the source of institutional and political development, assuming that policy actors have fixed preferences and act strategically to maximise their self-interest (North 1990; March & Olsen, 1984). Political outcomes are therefore the result of strategic interactions between calculating actors. Institutions structure these interactions by providing information, constraints, and enforcement mechanisms that influence actors' behaviour and also reduce uncertainty about how other actors can be expected to act. Importantly, rational actors that base their actions on cost-benefit analyses are likely to reproduce an institution and continue to maintain it as long as it is in their interests to do so (Mahoney, 2000). Often, this is the case because turning away

from a path is simply more expensive than staying on it. For example, creating an institution often includes large set-up or initial costs that incentivise actors to maintain it just so they can eventually recover such costs. Due to learning effects, actors within a particular institution also tend to become more efficient over time, which again increases the costs of switching to another path (Pierson, 2000). Furthermore, a coordination effect is derived from network economies of scale, meaning that the more participants there are in an arrangement, the more each of them profits from it. Conversely, a policy reform that diverges from the original path requires coordination among many actors, thus subjecting it to collective action problems (Olson, 1965) that make it difficult for any one actor to bring about change. (Ebbinghaus, 2005; Hall & Taylor, 1996; Shepsle, 2008; Streeck & Thelen, 2005; Weingast, 2002).

Meanwhile, *sociological institutionalism* views institutions more broadly as culturally specific practices, norms, and symbols that guide actors' behaviour by defining what is appropriate and morally correct. (e.g. DiMaggio, 1998; Powell & DiMaggio, 1991). The rationality of individual action is in itself socially constructed and driven not by cost-benefit analyses but by the logic of social appropriateness. Institutions, in this view, provide cultural authority and create meaning for individuals, helping them determine what is normatively acceptable. If actors deem an institution as morally legitimate, they are likely to reproduce it voluntarily because they consider it the right thing to do. Once an institution is socialised and broadly accepted, it can become difficult to overturn regardless of its possible inefficiency, unless new ideas are introduced that lead to the old, taken-for-granted norms and routines being called into question (Ebbinghaus, 2005; Mahoney, 2000).

Finally, *historical institutionalism* explores the historical development of institutions and the mechanisms through which the prevailing institutional organisation structure influences power relations and the behaviour of policy actors (e.g. Steinmo et al., 1992; Thelen, 2004). Historical institutionalism borrows elements from both rational choice and sociological institutionalisms, in that it recognises both the agency of sentient agents and the role of cultural and social meanings that influence their actions (see also Hall & Taylor, 1996; Béland, 2019).

In addition, Schmidt (2008, 2010, 2011) has proposed *discursive institutionalism* as the fourth 'new institutionalism'. Building on the other three institutionalist approaches, it views discourse as a causal force that has the power to shape policy change. However, in this approach political institutions merely provide context that affects what types of discourse actors are likely to use. This leaves institutions, in themselves, with little explanatory power, setting discursive institutionalism apart from the other three institutionalist approaches (Béland, 2019). The rest of this chapter focuses on the way historical institutionalism explains policy stability and how it deals with change.

For historical institutionalists, institutions can be broadly defined as the ‘formal or informal procedures, routines, norms and conventions embedded in the organisational structure of the polity or political economy’ (Hall & Taylor, 1996, 938). More specifically, institutions are ‘building-blocks of social order that represent... collectively enforced expectations with respect to the behaviour or specific categories of actors’ and involve ‘mutually related rights and obligations for actors... organising behaviour into predictable and reliable patterns’ (Streeck & Thelen, 2005, 9). In other words, institutions are social regimes — for example, deliberately created agents and administrative units, or informal rules and legacies — that specify expectations on the behaviour of others and shape political interactions (Hall & Taylor, 1996; Peters et al., 2005). Defined this way, policies such as pension or unemployment benefit systems, which constitute rules and expectations on individuals, are also viewed as institutions. Equally, this view of institutions includes publicly guaranteed organisations that are backed by societal norms and have the ability to create constraints and opportunities for others — which is the case with major labour market organisations (Streeck & Thelen, 2005).

Historical institutionalist literature has placed a strong emphasis on the path dependence and constraining effects of institutions (Hall & Taylor, 1996; Immergut, 2006). The concept of path dependence originated in the field of economics. It was theorised that the effect of increasing returns would encourage actors to stick to a once-selected technology, even if more efficient alternatives were made available. As a result, the probability of taking steps along a certain path should increase with every step down that path. The same concept has been used to explain the resilience of social policies and institutions. An institutional path can be viewed as a pattern of institutional constraints and incentives that generate typical and routinised strategies, approaches to problems, and decision rules, which result in predictable patterns of behaviour. When faced with new situations, actors are likely to fall back on these familiar patterns and approaches (Deeg, 2001; Pierson, 2000).

Public policies, based on authority, may, in themselves, constrain behaviour in a way that makes diverging paths unavailable. Through policy feedback, previously enacted policies shape the opportunity structure and strategic preferences of actors, thereby influencing their future political behaviour and policy choices (Béland, 2019; Ebbinghaus, 2005; Pierson, 1993). Public policies and institutions are also often made resistant to change by their designers themselves to protect them from being overturned. Moreover, power asymmetries built within an institution can affect its longevity, as interest groups generally have an incentive to maintain a status quo that they benefit from. Actors empowered by an institutional setting are likely to try to cement their position and enact changes to enhance their power further. The institutional and political configuration may require the consent of a particular actor or decision-making body to pass reforms, making these actors potential veto players

(Bonoli, 2000; Immergut, 1992; Tsebelis, 1995) that can block change even when it would be supported by major political parties or the government, or delay action until pressures for reform have subsided and other topics have occupied the agenda (Capoccia, 2016b).

Institutions such as unemployment benefit or pension systems endow their owners with power (Kangas et al., 2010). For example, in countries that have a high union density and a Ghent-style unemployment benefit system, the trade unions that administer unemployment benefits may be in a position where they can block reforms or at least make them politically very costly (Gordon, 2012). As a result, an institutional arrangement promoted by powerful actors may persist even when faced with strong reform pressures (Capoccia, 2016b; Ebbinghaus, 2005; Hacker, 2005; Hall & Taylor, 1996; Mahoney, 2000; Pierson, 2000).

In the end, it is the responsibility of policymakers to introduce policy reforms. However, the sheer complexity of politics makes it difficult to measure institutional performance objectively, let alone determine what measures would improve it best (Pierson, 2000). Even when policy actors are in a position to enact a substantive reform, they may be hesitant to do so because the impact of changes can be excruciatingly difficult to predict. This uncertainty may make decision-makers prefer the status quo (Hall, 2010). Furthermore, politicians tend to be concerned primarily with short-term consequences of the policies they propose because they influence their chances of being re-elected. Major institutional reforms can be unappealing, because they require challenging legislative processes and even if they get passed, they may take years to implement and thus, not produce gains until much later (Pierson, 2000).

## 2.3 Path dependence and models of change

Views have differed on the strictness of self-reinforcing mechanisms. Path dependence can be understood as immobility, or more flexibly, in terms of continuous but constrained evolution. Mahoney (2000), in particular, emphasises that contingent events that take place early in a sequence matter more than events that happen later: once a process is set in motion, it is marked by an inertia that reproduces a particular institutional pattern over time, and thus has deterministic properties. Institutions are therefore viewed as inflexible and ‘locked in’, which makes any type of gradual or endogenous change unlikely. In this view of path dependence, institutional equilibrium is only periodically punctuated (Baumgartner & Jones, 1993) by exceptional circumstances — also called critical junctures — that open the possibility for radical change (Ebbinghaus, 2005; Thelen, 2003). Critical junctures are relatively short moments where the opportunity is opened to the selection of an alternative institutional path, and where agents’ choices have a

heightened probability to affect the outcome (Capoccia & Kelemen, 2007; Mahoney, 2000). Such events, or series of events, typically originate from forces exogenous to the institution in question, such as an economic or natural crisis. However, it is also possible for a critical juncture to concern only a particular institution, while the surrounding regime remains stable. Critical junctures are characterised by uncertainty regarding the future, which may weaken the effect of structural preconditions that until then helped maintain the status quo, while also bringing about fluctuating and possibly contradictory political pressures. The role of agency is crucial during these events: while the range of different alternatives continues to be affected by antecedent conditions, the uncertainty and the varying pressures allow policy actors more leeway in forming coalitions and garnering support for their preferred alternatives. Policy actors may in such a situation trigger a process that leads to a change of the institutional path. Once the critical juncture has passed, the selected path is again likely to be reinforced due to the same kind of path dependent mechanisms that maintained the previous arrangement (Capoccia, 2016a). It should be noted, however, that critical junctures do not always lead to change, and not all moments where a change seems possible should be defined as a critical juncture. Bengtsson and Ruonavaara (2017), for example, suggest the concept of a ‘political focal point’ to describe events where policy and institutions are discussed in a way that does not open up a new path but serves to demonstrate and consolidate the path dependence of an existing arrangement.

The punctuated equilibrium model views the time between critical junctures practically as ‘long periods of institutional stasis or lock in’ (Thelen, 2003, 209). While this view does not write off incremental change that takes place during periods of equilibrium, it rests on the assumption that such changes are reproductive and minor — ‘politics as usual’ — and essentially contribute to stability, whereas major changes are always connected to critical junctures. The problem with this view is that it risks understating changes that are not instantly disruptive.

Others have opted for a ‘weaker’ definition of path dependence, recognising that history matters and that existing structures make certain institutional developments more likely than others, while not ruling out the possibility of endogenous institutional change (Bengtsson & Ruonavaara, 2017). Pierson (2000) also argues that evaluations of policy change should not neglect the possibility of slow-moving, long-term processes that unfold over time, as institutional innovation is often the result of a long build-up of pressure. There are at least three types of such slow-moving processes: cumulative causes, such as changes in demography or shifts in electorates; threshold effects, meaning incremental and possibly cumulative forces that generate changes in outcomes only once they reach a critical level; and causal chains, where a primary factor triggers a change only through a sequence of causal

events. For example, a major tax cut may obstruct the funding of social programs and facilitate cutbacks many years later (Pierson, 2004, 82–90).

As the behaviour of actors is never entirely predictable and institutional design in itself is never perfectly rational, institutional arrangements have unintended consequences (Streeck & Thelen, 2005). They can lead to endogenous pressures and negative policy feedback that grows in impact over time and begins to undermine a regime's stability. If there are no reasonable options for a regime transition or the identified problems can be addressed with relatively minor tweaks, the situation can be maintained as tolerable even in the face of strong negative feedback. This can be mistaken for policy stability, while in fact the incremental steps are gradually pushing the arrangement away from its original path (Weaver, 2010). Therefore, incremental changes that take place through ongoing negotiation that on the surface appears as politics as usual, can over time cumulate into significant transformation (Hinrichs & Kangas, 2003).

Thelen (2004) and Streeck and Thelen (2005) distinguish between four mechanisms of incremental change that can cause radical departure from the prevailing institutional configuration. *Displacement* happens when a prevailing institutional arrangement is discredited and replaced with a different type of arrangement. This may happen endogenously, for example when new institutional practices that have previously existed in a state of suppression or suspension are brought to light, but they can also be of foreign origin and become imported as entirely new arrangements. *Layering* refers to an incremental process where new elements are brought into a prevailing arrangement without actually displacing it. Through repeated piecemeal reforms, a dynamic of change can be set in motion that gradually leads to the old system being replaced with something entirely different.

*Drift* happens when an institution is left to erode. To survive, institutions require constant maintenance and recalibration to adapt to changes in the surrounding political setting. If they are neglected or purposely left unattended by political nondecisions, they may ultimately become outdated or purposeless. It is important to note that drift is not mere political inaction but the result of sentient agents deliberately neglecting the institution or blocking other actors' efforts to maintain or update it to keep up with the changing circumstances (Hacker et al., 2015). Finally, *conversion* takes place when an institution is redirected to serve new goals, functions, or purposes. This may happen, for example, when an institution is taken over by new actors that were not involved in its original design and that then circumvent or subvert its rules to serve their interests better. Conversion therefore does not require formal policy revision by politicians, but instead takes place at the level of policy implementation, by actors who have some leeway in policy enforcement and the tools to deploy existing policy levers in new ways (Hacker, 2005).

The Finnish pension reforms of the 1990s are one example of an incremental institutional change. Once the country was in recession, the government tasked the social partners with the job of reforming the earnings-related pension system. This led to a depoliticised process where a series of relatively minor reforms were introduced over the span of a decade. Through consecutive small adjustments, considerable changes were implemented to the ways that the levels of earnings-related pensions were determined. Kangas et al. (2010) have depicted this process as a 'piecemeal conversion', that over time added up to what Hall (1993) would label a second-degree change.

Hacker (2005) argues that the mechanisms of incremental change are conditioned by two factors: the extent to which institutional configurations permit internal shifts in their operation and goals, and the degree to which the political context leaves room for external reform. These factors essentially determine what strategies actors are likely to use in their reform efforts. When institutions are difficult to change on the inside but subject to external pressures, change is likely to happen through layering. Conversely, when institutions are open for internal adjustments but protected from authoritative change, actors can be expected to pursue reform through conversion. If change seems implausible through either method, reform advocates may instead attempt to change the institutional structure through drift. Because conversion and drift can take place without explicit political shift, new legislation, or change in formal rules, they are more easily overlooked than other forms of change. Moreover, they offer less risky pathways to change when there is a high degree of uncertainty about the effects and costs that the changes would cause. Because conversion and drift are also more difficult to trace back to particular decision-makers, they provide a subtle way for policymakers to cater to organised interests (Hacker et al., 2015).

Many institutionalists have rejected the idea of path-dependent institutions as being pre-determined to run their course, or locked in or frozen only until the next exogenous shock, and agree that at least minor changes tend to occur gradually. This highlights the necessity to pay attention to processes that unfold over a longer time, even when studying single, seemingly short-lived events where the actual policy change has happened (Pierson, 2004). As Capoccia (2015) notes, the critical juncture and institutional evolution approaches do not rule each other out but have been juxtaposed as applicable in different circumstances. To argue further, change could be viewed as continuous and having cumulative effects, while acknowledging that radical transformations are still more likely to occur during crises and upheavals. It is also possible that endogenous developments first initiate a process of institutional change, but these changes are brought to light and expedited only through the impact of unexpected exogenous factors (Deeg, 2001). In this way, critical junctures can partly emerge out of gradual processes of change within the old institutional path. In

Deeg's (2001) account of the German financial system, actions taken over the years by banks and large firms began a path-changing process long before exogenous factors in the form of financial market internationalisation and European market integration pushed the system onto a new path.

Both views of institutional change also agree on the importance of agency both in supporting the status quo and in expediting change. The power asymmetries that exist within an institutional structure allow institutional powerholders to resist in different ways the possible pressures from the bottom up. Defenders of the status quo are likely to take action continuously to slow down or prevent change. This highlights the view of institutions as scenes of ongoing political struggle, where actors compete to redirect institutions to serve their goals (Deeg, 2001; Streeck & Thelen, 2005). Furthermore, institutions require active maintenance and ongoing adaptation to changing circumstances. If they are not actively defended and maintained, they are subject to incremental change mechanisms, as different actors — including, but not limited to, the “losers” or disadvantaged actors in the prevailing setting — battle to improve their position (Capoccia, 2016b; Hacker et al., 2015). Therefore, the power resources that actors possess and deploy in these struggles once again become crucial to the processes of institutional change. However, rarely does anyone get everything they want; instead, these struggles can have unexpected consequences, and the resulting institutional path can be one of an unintended design (Deeg, 2001; Mahoney & Thelen, 2010).

## 3 Ideas and agency

### 3.1 The turn to ideas

Historical institutionalism offers important insights into the ways that institutions and existing public policies influence and constrain the behaviour of policy actors. However, numerous scholars have noted that there are important gaps in the ways that historical institutionalism deals with institutional change (Campbell, 2004; Hacker, 2005; Immergut, 2006). More than anything, these gaps have to do with political agency. The model of incremental institutional change (Mahoney & Thelen, 2010; Streeck & Thelen, 2005) does emphasise the role of actors in the struggles that lead to reinterpretation and redirection of institutions, but agency in itself is not explicitly conceptualised (Carstensen, 2011a). This raises questions as to how actors construct problems to bring issues to the political agenda, why and how they make the policy choices they do within institutional constraints, and what kind of strategies they apply to promote their policy proposals to gain support from the public and from other policy actors (Béland, 2009).

Theoretical and empirical literature on ideas has attempted to fill these gaps. In short, ideas can be defined as causal beliefs. They are cognitive products that connect to the material world through interpretation, posit causal connections between things and between people, and importantly, provide individual and collective actors with ‘guides for action’ (Béland & Cox, 2011, 3–4). In a broad sense, these causal beliefs also include actors’ values and perceptions, making them crucial in explaining their behaviour and understanding processes of political decision-making (Béland, 2016a).

It is useful to classify ideas into different categories. For example, Mehta (2011), drawing from Kingdon (2003), distinguishes between ideas as concrete policy solutions, as problem definitions, and as public philosophies or zeitgeist. Relatedly, Schmidt (2008) classifies ideas into three levels of generality: policy solutions; programmatic ideas that incorporate problem definitions, paradigms, and programmatic beliefs; and broader philosophical ideas such as underlying worldviews. Campbell (2004) has used two conceptual distinctions to categorise different types of ideas. First, ideas can exist in the background of political debates as general, taken-for-granted assumptions or in the foreground of political debates

as concepts articulated by policy actors. Second, ideas can be cognitive, describing cause-and-effect relationships and providing guidelines for political action, or normative, such as values and attitudes that speak to what is good or bad. Generally speaking, it is the foreground ideas that are more likely to enable and facilitate institutional change, whereas background ideas may constrain agency, setting limits to what kind of change is possible.

It is important to consider the difference between ideas and material self-interest as factors that shape action. It seems clear that material interests do not depend solely on the institutional and structural position of actors, but on how these actors interpret their situation (Béland, 2019). Furthermore, interests are not solely limited to material preferences on how to maximise one's power or income. They can also include nonmaterial preferences and goals that are in turn shaped by an actor's own ideologies and values (Berman, 2013). Some have argued that material interests do not have an objective existence at all but are social and ideational constructs (cf. Spector & Kitsuse, 2001), which are primarily normative conceptions that reflect subjective and intersubjective values and preferences (Campbell, 2004; Hay, 2011; Schmidt, 2008). Understood in this way, interests can be viewed like any other background idea that provides an actor with a cognitive filter by which to evaluate possible courses of action. A somewhat less radical view is that interests do have an independent existence as perceived by policymakers, but these perceptions are directly influenced and shaped by ideas, especially during times of collective uncertainty (Béland, 2016b; Blyth, 2002). Actors' institutional positions also impact the way that they are likely to perceive their interests and choose their strategies. Therefore, rather than being entirely subjective constructs, the way interests are construed depends on the interaction of the logic-of-interpretation — the way actors perceive and ideationally interpret the material reality — and the logic-of-position, meaning their structural and institutional placement, and both should be taken into account in analyses (Béland, 2019; Padamsee, 2009; Parsons, 2007).

## 3.2 Ideas in the background of political debates

Campbell's (2004) background ideas consist of paradigms and public sentiments. Paradigms can be defined as frameworks of ideas and taken-for-granted descriptions that provide decision-makers with a set of assumptions about the functioning of the world. As they essentially establish how the world works, they constitute the intellectual background of policy decisions (Béland, 2005; Campbell, 2004; Hall, 1993). According to Daigneault's (2014) related but more specific definition, paradigms consist of four dimensions: values and assumptions about the nature of reality, a conception of problems that require intervention, ideas about policies and objectives that should be pursued, and ideas about the correct means to achieve them

(cf. Fairclough, 1992). Where Campbell sees paradigms as cognitive ideas, broader definitions highlight their normative aspects, going so far as to argue that they are ‘inherently normative’ (Béland, 2005, 8), and ‘indeed made of values’ (Daigneault, 2014, 461). Paradigms are rarely challenged and as they frame the entire political discourse, they can effectively narrow the selection of alternatives that policy actors are likely to consider possible and worthwhile.

Meanwhile, public sentiments are widely shared normative assumptions, such as values, norms, and identities. They also influence policymaking by defining what is normatively acceptable and legitimate, both in the eyes of politicians and of the general public (Campbell, 2004). Relatedly, Steensland (2008) analyses ways that culture and perceptions of cultural categories influence policymaking. They shape the extent of cognitive perceptions and normative evaluations that actors may consider reasonable; they influence political discourse and framing strategies; and they can become embedded in institutions, causing a self-reinforcing effect. When cultural categories are expressed consistently across connected institutional realms, in formal rules, and in bureaucratic and judicial rule interpretation, they are also likely to be entrenched firmly in their wider target population (Capoccia, 2016b). In a similar vein, Mehta (2011) refers to public philosophies as views about the appropriate role and purpose of government, and to *zeitgeist* as a set of cultural, social, and economic assumptions that have achieved dominance in public discourse. These ideas influence policy processes by affecting who gets elected, by helping actors position themselves with regard to specific public issues, and by providing a ‘cultural touchstone’ for actors to refer to in their political discourse.

The categorisations and boundaries regarding background ideas obviously differ somewhat between authors, even when the concepts they refer to are similar or closely related (Béland, 2019). The point is that these broad ideational realities that exist in the background of policy debates influence actors’ thinking in many ways. Through the filter provided by an individual’s values and preferences, it is probable that some concepts and perspectives will seem more salient than others. While not always explicitly articulated, these ideas exert their influence in the minds of policy entrepreneurs, providing them with roadmaps and guides for action, and therefore, they may either facilitate or (perhaps more often) impede institutional change (Béland, 2016a; Cox, 2004; Rokeach, 1972).

Ideas that reside in the background of political debates are thus especially important for institutional stability. When existing policies are connected to widely shared values, they can become a part of the national identity and cause certain policy alternatives to be viewed as more preferable than others (Cox, 2004). Ideas can produce ‘cognitive locks’ that set the terms in which policies are designed (Blyth, 2001, 2002), and become embedded or even enshrined in institutions, including bureaucracies, political parties, or interest groups. Through continued interaction

with these institutions, individuals are repeatedly confronted with their founding ideas. This advances the reproduction and spread of ideas further, enabling them to live on even after the conditions that originally shaped their emergence have changed. Through this process, institutionalised ideas can act as independent variables that influence politics on their own and reshape individuals' thinking and incentives, helping them interpret their surroundings in a particular way (Béland & Cox, 2011; Berman, 2013; Hay, 2011; Hiilamo & Kangas, 2009; Pierson, 2004, 39). If an idea becomes institutionalised, depoliticised, or achieves a hegemonic status, those attempting to change the status quo need to propose their alternatives in relation to the dominant idea and link their proposals to the existing institutional structure. Therefore, institutionalised ideas and cognitive locks can serve as a constraint on individual action and enable an institution to remain on a certain path. For instance, Niemelä and Saarinen (2012) demonstrate that the ideas of competitiveness and productivity promoted by the European Union (EU) through the Lisbon agenda influenced the Finnish public sector reforms of the 2000s, essentially serving as a cognitive lock that made policymaking possible only in terms of these ideas. Therefore, path dependency can be not only an institutional but also an ideational phenomenon (Blyth, 2001, 2002; Carstensen, 2011b; Carstensen & Schmidt, 2016; Schmidt, 2011).

Excluded from Campbell's typology is problem definition, which constitutes the first stream and a key part of agenda setting in Kingdon's (2003) multiple streams approach. Problems do not exist on their own but need to be socially constructed (Spector & Kitsuse, 2001) and interpreted as issues that require solving. It can be argued that the definition of problems is at least partly an ideational process that is part of the struggles both in the background and in the foreground of policy debates. In Kingdon's view, a problem first needs to be brought to the attention of policymakers, for example through indicators, by focusing on events such as disasters or crises, or through negative policy feedback (Weaver, 2010). In this process, actors' values and pre-existing perceptions are crucial because they influence the perceptions of what is desirable in society and what is not (Kingdon, 2003). Problem definition is important because policymakers are able to focus only on a limited set of problems at a given time (Béland, 2005). Further, the way something is defined as a problem influences the scope of possible solutions that can be considered applicable. If a certain definition of a problem attains a dominant status, it would practically exclude policy solutions that are not consistent with it (Mehta, 2011).

### 3.3 Ideas in the foreground of political debates

Campbell (2004) separates ideas in the foreground of policy debates into programmes and frames. Programmes are cognitive concepts and policy prescriptions that determine how to achieve goals and how to solve specific problems. These types of ideas may be presented, for example, in the form of technical policy briefs and advisory memos. They specify cause-and-effect relationships and offer courses for precise policy action and for the use of existing institutions and instruments, typically in a manner consistent with the principles of established policy paradigms (Campbell, 1998, 2002, 2004). Policy programmes can also serve as institutional blueprints (Blyth, 2001, 2002) that provide models for reform and give content to interests, helping policymakers reduce uncertainty especially in times of crisis. These kind of cognitive ideas provide guides for action and help justify policies by ‘speaking to their interest-based logic and necessity’ (Schmidt, 2008, 306), offering solutions to problems through a calculation of costs and benefits. A programme that provides clear road maps out of a recognised problem or provides focal points around which political coalitions are easiest to assemble, has better chances at beating the competition and becoming implemented (Campbell, 2002, 2004).

Policies or policy solutions also make up the second stream in Kingdon’s (2003) multiple streams model. He refers to policies as ideas created and maintained among policy actors and expert communities. They are not necessarily developed as responses to any particular problem, but instead ‘float around in a “policy primeval soup”’ (Kingdon, 2003, 19), in search for a problem to solve. Over time, some of these ideas survive while others fade. Ideas that are technically feasible and normatively acceptable have a better chance at survival, and their chance of rising to the governmental agenda are also increased if they can be attached to a problem that most agree needs to be solved. The view of problems and solutions as ideas in themselves highlights their nature as not pre-established but constructed entities (Mehta, 2011). The construction process can be viewed as a dynamic and ongoing political and distributional struggle, where policy entrepreneurs deploy ideas strategically to gain support for their own proposals and definitions and to undermine support for existing policies. By defining not only the problems at hand, but also their causes and the best solutions to move forward, ideas can be used by actors as weapons to help bring about institutional reconstruction (Béland, 2005; Blyth, 2001, 2002). During the economic crisis in Finland in the 1990s, the ideas of efficiency and cost-containment were weaponised in this way to allow policymakers to challenge prevailing ideas and justify the new policy choices they were advocating (Niemelä & Saarinen, 2012).

Policy proposals can be introduced and construed in many alternative perspectives. Framing is a key method in weaponising ideas and generating support

for certain definitions and meanings over others. Frames are normative concepts and symbols that policy entrepreneurs use to legitimise programs to the public and to other policy actors (Campbell, 2004). In political discourse, framing effects occur when policy actors present a political issue in different ways to alter the recipients' attitudes or behaviour (Amsalem & Zoizner, 2020). In politics, framing is above all a strategic process by which policy actors seek to legitimise their proposals to their constituencies by drawing from existing ideological repertoires and socially constructing the 'need to reform' (Béland, 2005). Frames are used to present an issue or a policy alternative in a positive light, often in a way that simultaneously undermines the support for competing policy ideas. They can also be deliberately vague or even misleading to hide the true intentions of a policy proposal (D'Angelo & Kuypers, 2010; Kuypers, 2006, 2010; Reese et al., 2001). The way issues are presented to the public has been shown to influence the recipients' political attitudes and emotions, particularly in survey settings (Sniderman & Theriault, 2004). Therefore, when handled effectively, framing can be a useful strategy for affecting the way that the public evaluates a given policy. However, framing likely has less power to shape actual political behaviour, and even attitude changes are less significant when the public is presented with competing frames simultaneously, as is often the case in political debates (Amsalem & Zoizner, 2020; Chong & Druckman, 2007).

Frames and framing connect the broader concepts of background and foreground ideas to the role of discourse in institutional stability and change. Discourse is an interactive process by which actors articulate and communicate their ideas to other actors. From a discursive institutionalist perspective, institutional stability and change can be explained as resulting from this dynamic interaction where ideas are exchanged, discussed, and contested among policy actors and between policymakers, the public, the media, and so on (Schmidt, 2011). Schmidt (2008) points to characteristics such as 'relevance to the issues at hand, adequacy, applicability, appropriateness, and resonance', as well as consistency and coherence, as factors that play into the relative success of discourse (Schmidt, 2008, 311). For example, Schmidt (2002) highlights the persuasiveness of Margaret Thatcher's discourse on market capitalism, which helped in legitimising and implementing radical austerity policies, deregulation, and privatisation with little electoral cost. By contrast, in a similar situation in New Zealand, the lack of this kind of communicative discourse preceding radical reforms led to enormous public discontent that resulted in electoral losses and culminated in replacing the entire majoritarian electoral system.

In ideational literature, the ability of politicians to frame issues in a way that resonates with cognitive and normative background ideas and connects their proposals to widely shared values and beliefs has been considered especially

effective. Actors can also go further than this: in what Snow et al. (1986) call ‘value amplification’, actors can attempt to promote and embellish certain values, believed to be important to constituents, to legitimise the actions they are promoting in its name. Conversely, being in direct opposition to values that are socially entrenched inherently places actors at a rhetorical disadvantage, requiring them to deploy significant resources and efforts towards definitional work to recast the meaning of these categories (Béland, 2009; Béland & Cox, 2016; Capoccia, 2016b; Cox, 2004; Gamson & Modigliani, 1989).

Cox and Béland (2013) propose the concept of valence to describe the ‘emotional quality’ of an idea that can make it more or less attractive. Valence can be either positive or negative and either high or low in intensity. Skilled policy entrepreneurs, who are in the business of defining and legitimating ideas, can detect and influence their valence and reframe and recast old ideas in new terms to take advantage of changes in the institutional or political landscape. Importantly, more abstract ideas are likely to generate higher valence because they evoke more intense emotional responses that inform preference formation. The concept of valence thus helps explain why framing issues in terms of widely accepted norms and values is such a popular strategy. For policymakers engaging in strategic framing, the connection between their policy proposal and the popular values that their framing emphasises does not need to be overly explicit and may indeed benefit from a certain degree of vagueness. It is easier to rally support behind a value such as freedom than behind a complex policy proposal that caters to limited interests. For example, both in Finland and in Sweden the proposal for children’s home care allowance was successfully framed as a question of freedom and equality. However, these frames were utilised to serve opposing goals. In Finland, home care allowance was justified by referring to freedom to choose the form of care (between home and day care) and to equality between families making different choices. In Sweden, it was rejected by referring to freedom to choose work instead of being trapped at home, and to equality between genders (Hiilamo & Kangas, 2009).

The concept of framing highlights the role of agency and how sentient actors utilise ideas in the realm of institutions and politics to bring about change. Change in its different forms results from the choices that people make, and these choices are shaped both by the pre-existing ideas that people have and by discourse whereby ideas are applied. Through discursive interaction, ideas are constantly being reframed and reinterpreted, including ideas upon which existing institutions are founded. Ideas are therefore in flux: through discourse their meanings can change through deliberate efforts or unknowingly, and the same idea can, over time, be invoked to support different or even opposing types of policies. This state of flux also means that while ideas are employed by actors, once they are put to use, they take on their own life and are inherently uncontrollable as tools in political struggles

(Béland & Cox, 2011; Carstensen, 2011a, 2011b; Lieberman, 2002). This makes it important to analyse how ideas and institutions interact, and how actors strategise and utilise the institutional and ideational tools at their disposal to produce continuity and change.

### 3.4 Agency and change

As institutions are often products of social compromises, they also include internally conflicting logics and principles. Using this ambivalence as a resource, innovative institutional entrepreneurs may be able to implement changes that on the surface seem minor, even if they actually open up avenues for far-reaching transformation (Lessenich, 2003). Equally, skilled actors can utilise the ambiguity of a paradigmatic idea to mask reforms as continuity. Cox (2004) shows that the idea of the Scandinavian welfare model, while undoubtedly popular, is so broad and abstract that all kinds of reforms can be framed as conforming to at least some aspects of it. It is not a coincidence that since the early 1990s, Finnish decision-makers across the political spectrum have defended the occasional retrenchment measures as necessary to conserve the integrity of the welfare state (Kangas, 2019).

The act of sentient agents utilising institutional ambiguities and ideas to further their goals can be conceptualised as bricolage (Campbell, 2004; Carstensen, 2011a; Carstensen & Röper, 2021; Schmidt, 2011). This refers to the process whereby actors construct their strategies of action by utilising the institutional and ideational ‘toolkit’ that they have at their disposal. Bricolage can be substantive, focusing on the recombination of existing institutional policy elements, or symbolic, focusing on the framing of policy proposals in culturally acceptable ways (Campbell, 2004). By combining and recombining elements from the existing ideological repertoire, actors can infuse ideas with new meanings. In this view, ideas are not internalised by actors, but they reflect on them critically and utilise them creatively and pragmatically to generate support and build coalitions to achieve their goals (Carstensen, 2011a, 2011b).

Defining and redefining issues in the political arena is a collective business, where it is difficult for a single actor to generate the impetus that is necessary to shift popular attention. However, there may be threshold effects, where attentive policymakers become more likely to focus attention on a particular issue (or in a particular light) once they see others around them are doing so (Baumgartner & Mahoney, 2008). Shared values and core beliefs can help in building coalitions and in keeping them together, but the creative use of ideas can also make unlikely coalitions possible. For Schmidt (2008, 2010) the success of actors depends both on their ‘background ideational abilities’, meaning their ability to understand the ideational rules of a given institutional setting, as well as their ‘foreground discursive

abilities', which refer to their ability to think outside the said rules and communicate their ideas to other actors in a persuasive way. When policy actors are able to deploy their ideas strategically in support of the policies they are advocating, ideas can become what Béland and Cox (2016) call 'coalition magnets' that generate broader support across political divisions. Here, again, it helps if these ideas are polysemic and deliberately ambiguous so as to become relevant to larger audiences and to create a social consensus behind them (Béland, 2016a, 2019; Cox & Béland, 2013). For example, Béland and Cox (2016) refer to the idea of social inclusion, which has been popular in European social policy discourse. Ambiguous and malleable in nature, the idea of social inclusion can attract actors and experts that support broader public services for disadvantaged people, but it can just as well be viewed in terms that emphasise personal responsibility and stricter measures intended to force unemployed people to take up any available work.

One of the key contributions of ideational scholarship is that it provides possible explanations regarding the nature and the mechanisms of change, with which historical institutionalism has struggled. Discourse, understood as the exchange of ideas, offers a bridge for explaining how ideas are transferred from individual thought to collective action that leads to institutional change (Schmidt, 2010). It could be argued that this logic applies both to the punctuated equilibrium model and to the mechanisms of incremental change explained in the previous section. However, this has left room for debate on how ideas change and to what type of institutional change they are most likely to contribute. This depends especially on the weight that is placed on paradigms, public sentiments, and public philosophies as relatively stable concepts that influence our thinking and serve as ideational constraints on individual innovation.

The previous chapter presented historical institutionalist conceptions of institutional development. Institutions have been viewed either as stable — where change occurs only through periodic upheavals — or as subject to constant reinterpretation and evolution. Ideational scholarship has included somewhat similar discussions over the nature of change. For Kingdon (2003), changes are most likely when a particular problem is defined as needing to be solved; a valid policy solution is available to match it; and the political stream offers favourable circumstances for change. The political stream is composed of, for example, the election of a new government or swings in the national mood or public opinion, which can empower actors to bring new ideas to the centre and reshape the agenda through processes of bargaining and consensus building. Importantly, national mood in this sense does not necessarily have a factual existence in the minds of the public but refers to the politicians' perceptions of what the public deems important at a given time. This is again an ideational process that is influenced by the cognitive attributes and the values of decision-makers and by the kind of feedback they receive, through

communications from constituents, media, and so on. The role of policy entrepreneurs is crucial in enabling change: they are the actors who connect solutions to problems and political momentum, and enlist allies and bargain to promote their ideas (Kingdon, 2003, 182). The development of policy solutions by policy entrepreneurs can also lead to incremental processes of change, and their enactment into law may also happen in a gradual way while the political agenda remains stable. However, significant changes tend to take place only when the three streams are joined.

Hall's (1993) three orders of change paint a similar trajectory regarding the nature of change. For Hall, first-order change constitutes mere adjustment of the settings of basic policy instruments (for example, the level of unemployment benefits), whereas a second-order change happens when the instruments themselves (for example, the unemployment benefit system) are also being altered. These two types of change fall under what could be called normal policymaking. A third-order change would go further by also altering the hierarchy of goals behind a policy, which would then constitute a shift in the policy paradigm. As with Kingdon's multiple streams model, this view of change does not rule out change in smaller increments, but ideas are not assigned much explanatory power apart from a crisis where the prevailing paradigm is challenged. Blyth (2002) also tends to view ideas as having a mostly stabilising effect outside times of crisis, and instead become 'weapons' utilised to delegitimise existing institutions only during times of uncertainty.

These accounts, therefore, tend to lean toward a punctuated equilibrium model of change that does not leave much place for ideas to affect institutions during 'normal' times, at least in a way that could cause significant transformations (Carstensen, 2011b). It is also worth questioning how a radical change such as a paradigm shift should be recognised when it takes place, as critical junctures may often be recognisable only retrospectively. Furthermore, paradigm shifts that occur over longer stretches of time, through incremental adjustments rather than through an abrupt and short event, and perhaps without any clear, guiding idea behind the transformation, are difficult to fit under the critical juncture model (Schmidt, 2011).

This is not to say that paradigm shifts do not happen or are not recognisable, but that ideational change can be more subtle than that. As has been explained above, many ideational scholars agree that ideas, both in the foreground and in the background of policy debates, are concepts that are constantly evolving as they are used and interpreted in communicative interactions over time by individual and collective actors trying to achieve their goals. When ideas are deployed in discourse, both strategically and unwittingly, new meanings are created and old ones altered. Instead of stable and solid concepts, ideas can be viewed as webs of elements of meaning that are never 'finished' or in equilibrium, but change incrementally; either

through a change in the relative importance of these elements, or through new elements being added or old ones removed (Carstensen, 2011b). As ideas evolve through agency, intentionally or not, so do the institutions and the political coalitions that are built on and around them. Ideas and ideational change can therefore influence processes of institutional change and also shape the ways that actors turn to the mechanisms of displacement, conversion, layering, and drift (Béland, 2019; Béland & Waddan, 2012).

### 3.5 At the intersection of institutions and ideas

While this section has highlighted how ideas influence individual and collective action, as well as how ideas are deployed to advance policy goals and perceived interests, ideas do not rule over institutions. From an ideational perspective, institutions and their mechanics, as operationalised in historical institutionalist literature, can instead be viewed as the context within which actors operate and utilise their ideational resources to their best ability (Schmidt, 2008). As bricoleurs, policy entrepreneurs attempt to creatively work around these institutional constraints (Carstensen, 2011b). Thus, institutions are seen both as structures that constrain (and enable) actors, and as constructs that actors create, maintain, and also reform through deliberate or unconscious ideational reinterpretation.

Importantly, the institutional context also affects the possibilities that actors looking to maintain or change institutions have at their disposal. Carstensen (2011a) distinguishes between four general logics, related to the institutional context, that help determine the success of a policy entrepreneur advocating a specific idea. First, actors need to make their ideas fit the goals and interests of prominent actors and parties, and also possible coalition partners. Second, the idea also has to appeal to the constituents and their perceived interests. Third, the existing administrative institutions also need to be open to the idea to ensure its smooth implementation. Fourth and last, the institutional position of the entrepreneurs themselves influences the way they should approach the whole process (Carstensen, 2011a). Access to resources and information is unevenly distributed, making it easier for certain actors than for others to promote their ideas and restructure the context in which they are situated. A major political party, for example, is instantly better positioned to advance a particular idea than a less influential group of policy entrepreneurs (Béland, 2009, 2019; Hay, 2011).

Therefore, the question is not whether institutions matter or ideas matter, or which matters more, but how institutions and ideas interact to produce continuity and change. Political change most often relies on collective action. This is especially true in a country such as Finland, where multiparty governments are the norm, and the institutional structure practically forces actors looking for change to generate

broad coalitions. These processes can be extremely complex. They are affected, among other things, by the institutional configuration and the relative positions different actors are holding, by the way different coalition partners perceive their interests, and by the actors' abilities to convince other actors and the public through bricolage and framing strategies. Importantly, ideas play a part in all these processes. As Padamsee (2009, 427) puts it:

‘Ideational dynamics operate most powerfully by shaping the ways individuals and organisations interpret their interests, providing the categories and meanings through which all social actors understand policy problems and activities, and becoming institutionalised in the practices, rules, and authority structures that pattern much of policy development.’

Without institutional support, a powerful idea is left with nowhere to go. In Finland, the idea of a universal basic income has bounced around for decades, with different and at times relatively compelling frames to support it, but in the way of implementation little has happened as the three major parties (after the ascent of the Finns Party in the 2010s, we could speak of four major parties) have been opposed to it or at least reluctant to take any concrete steps in its direction (Koistinen & Perkiö, 2014; Perkiö, 2020). Furthermore, the mobilisation of powerful policy actors, such as trade unions, can and often will put a halt to reform attempts (Béland, 2009). This happened, for example, with attempts to implement significant cuts to the earnings-related unemployment benefits in Finland in the early 1990s, as the wage-earners' unions thwarted serious reform attempts with threats of a general strike (Timonen, 2003). In other words, ideas alone rarely cause change, no matter how compelling they are — they also require ‘opportune political circumstances’ (Lieberman, 2002, 709) that favour them, and actors who are in a position of power to support them. It is therefore important for institutional and ideational analyses to focus on both institutional and ideational discontinuities and frictions to understand agency and change (Lieberman, 2002).

## 4 Institutional and ideational change in the Finnish welfare state

### 4.1 Welfare state expansion

The era of welfare state expansion in Finland was heavily influenced by the interaction between the major political parties on the one hand, and between the employers' and the wage-earners' federations on the other hand. From the end of the Second World War and up until the 1980s, Finnish governments were by and large controlled by coalitions led by either the SDP or the CP (until the year 1965 known as the Agrarian League). In the post-war decades, the second two largest parties were the NCP and the socialist Finnish People's Democratic League (FPDL). The NCP, considered too right-wing by the SDP and the CP, was excluded from the governments between 1966 and 1987, but from 1987 to 2019, it spent only four years in the opposition. Meanwhile, the FPDL regularly took part in the governments of the 1960s and 1970s, after which its influence waned.

The two parties that exerted the most influence over welfare state expansion were therefore the SDP and the CP, the former representing wage-earners primarily located in cities, and the latter representing the agricultural population. The SDP and the trade unions aimed at developing social insurance systems that would provide earnings-related benefits to wage-earners who were unemployed, sick, or otherwise unable to work. Meanwhile, the CP aimed at providing universal flat-rate benefits covering everyone, including farmers who would not be covered by earnings-based systems. Between these two, the FPDL generally favoured redistributive universal policies, siding most often with the CP, while the NCP discouraged policies that increased social spending. However, neither was able to shape the institutional developments to the extent that the SDP and the CP did (Saari, 2001, 86). The struggle between these two parties was played out in Finnish social politics over several decades concerning pensions, sickness insurance, family benefits, unemployment benefits, and so on. Political disagreements were part of the reason why compared with other European countries Finland was something of a latecomer in developing these benefits. Over the years, the struggle resulted in systems that would provide earnings-related benefits to those who had sufficient work history, and flat-rate benefits to those who either were not eligible or received only very low

earnings-related benefits, for example due to short work histories (Hellsten, 1993; Kangas, 2006; Kangas et al., 2013; Kangas & Saloniemi, 2013; Saari, 2001).

One institutional reason for the relatively slow pace can also be found in the Finnish parliamentary rules, where until the early 1990s, a third of Members of Parliament could vote for legislative proposals to be left in abeyance until the next parliamentary term (van Gerven, 2008, 177). This meant that governments, which often had only minority representation in the first place, were forced to negotiate with the opposition parties when introducing new legislation. Moreover, notable reforms were often prepared, sometimes over a span of several years, in large committees where different interests were broadly represented. This gave non-parliamentary interest groups sway in the development of social policies. The use of committees was gradually phased out in the late 20th century and replaced by smaller working groups and legislative preparation by ministries.

The Finnish unemployment benefit system, in its modern form, was largely born from this struggle in the late 1950's to the early 1960s. Unemployment funds, run by trade unions, had by then been administering unemployment benefits for decades, but in the 1950s still only a minority of wage-earners were insured. The major political parties were once again divided, with the Agrarian League demanding a compulsory and centralised general insurance and the NCP preferring a voluntary insurance. The SDP at first supported a centralised system but was not satisfied with the benefit levels that the Agrarians were proposing. The parliament, where the left-wing parties held a majority of seats after the 1958 election, even passed a bill in 1959 for general unemployment insurance, but on such generous terms that the Agrarians and the NCP made use of their minority veto power and voted it to be left in abeyance. A solution was provided by the central labour market organisations: they reached an agreement on a voluntary Ghent-style insurance, funded by employers, wage-earners, and the state, allowing benefits to reach up to 60 % of previous earnings. The parliament passed the required legislation in 1960, and soon after, another law was passed to guarantee a means-tested, flat-rate unemployment benefit for those who were not insured or did not otherwise qualify for earnings-related benefits. Therefore, the labour market organisations played a significant role in the formation of the unemployment benefit system; more than that, the selection of a Ghent-style system instead of a centralised state-run administration ensured that the organisations would retain institutional power and control over future decision-making concerning unemployment benefits (Bergholm, 2009; Kangas, 2006; Timonen, 2003).

The last major expansion to the unemployment benefit system took place in 1984, when both benefit systems were incorporated under the new Unemployment Security Act. Prepared by the social partners as a part of an incomes policy agreement, the act significantly improved the level of earnings-related benefits,

which had been somewhat neglected during the 1970s. Importantly, their level was also connected to the level of the basic-level benefit, meaning that any subsequent change in the latter would be reflected in the former as well (Hellsten, 1993, 443–444).

Aside from ensuring institutional power through benefit administration, the Ghent-style unemployment benefit system also provided an incentive for wage-earners to join unions. While membership in a union is not a requisite for membership in an unemployment fund, and independent funds have existed since 1992, in most cases union and fund memberships are strongly interlinked. Despite recent decline in union membership and simultaneous increase in independent fund membership, the level of union density is still comparatively high in Finland. High union density and the close relations between trade unions and left-wing parties have provided the unions with an important source of political power that they have used to influence policymaking, especially labour market and social policies (Böckerman & Uusitalo, 2006; Timonen, 2003). For the social partners, the agreement on unemployment benefits in 1960 was the first ‘class compromise’ of its kind and became the starting point for a Finnish model of corporatist decision-making. The labour market organisations would go on to create a private sector earnings-related pension system, helping them strengthen their position as institutional powerholders (Bergholm, 2009). In 1968, the partners negotiated the first incomes policy agreement, and in the following decades, most social policies, taxation of benefits and wages, and even social services and housing policies, were included under the scope of tripartite collective bargaining (Saari, 2001, 98–105).

Social assistance has very different origins, and the last-resort form of assistance has not attracted that much attention from the social partners. Historically, poverty relief in Finland took different forms across the nation, and the local administration had much room in its interpretation. Generally, having to rely on poverty relief also meant being placed under strict social control, which among other things could mean forced labour. By its nature, poverty relief was more like a loan than a form of assistance, and the authorities could later reclaim it from the assisted or their family members. As other forms of social protection were being developed in the 1960s, demands grew for a more uniform last-resort assistance that would also respect individuals’ social rights, and the nature of poverty relief gradually began to change. By the end of 1960s, the assistance was reformed to reflect a broader change in social policy, and it became a more structured part of the social benefit system. The maintenance liability of family members was restricted and the requirement to reimburse paid assistance — by labour if necessary — was abolished.

During the 1970s, demands grew to develop and improve further the last-resort form of assistance as a part of ‘normal’ social security and as a social right. Eventually it was standardised in legislation in 1984 under the name of social

assistance. The act made social assistance into a subjective right, determined a basic level of assistance, and created a uniform regulation concerning the way the benefit should be administered at the municipal level. The main goal of the reform was to increase equality in the access to the benefit by making it less dependent on local circumstances and individual deliberation of social workers (Hellsten, 1993; Kangas et al., 2013; van Aerschoot, 1996).

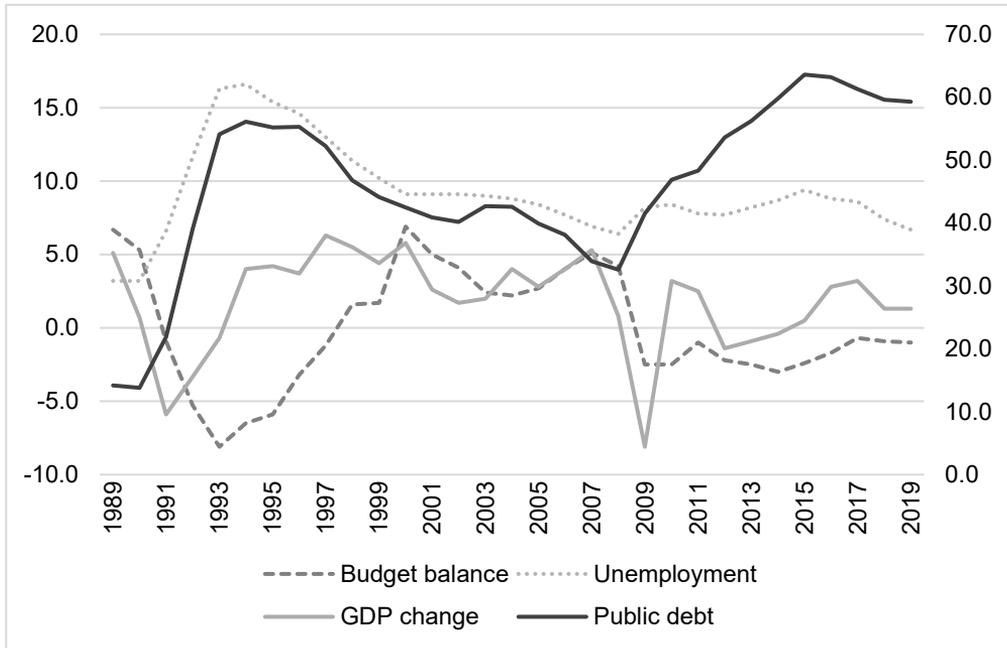
After the post-war economic boom ended in the 1970s, most welfare states ceased to expand, and the social programs that they had been building gradually faced increasing political challenges. In Finland, the development and improvement of social benefits and services, which had been somewhat lagging other Nordic countries, continued through the 1980s. During this time, notable improvements were still made, for example, to pensions and sickness and family benefits. Welfare state institutions were built on the idea of universalism, which would not only ensure risk compensation, but also reduce social inequality by providing the right to comprehensive and relatively generous benefits and services to all (Hellsten, 1993, Kangas & Niemelä, 2017).

## 4.2 Ideational and institutional change in Finnish social policy

The expansion of welfare programs was halted by the economic crisis of the early 1990s, which, among other things, resulted in a massive drop in GDP, an explosion of public debt, and a wave of bankruptcies and mass unemployment, which reached 17 % in 1994 (Kangas, 2019). To combat the expansion of public deficits, the centre-right government that was in power from 1991 to 1995, as well as the SDP-led five-party rainbow coalitions that followed, made cuts to most income transfer schemes and restricted access to benefits (Julkunen, 2005; Kangas & Saloniemi, 2013; Kangas, 2019). While the second half of the 1990s brought about strong economic recovery, the unemployment rate did not decrease to pre-crisis levels, and the structural changes of the labour market resulted in a high level of long-term unemployment, which remains a problem to this day.

The financial crisis of 2008, and Finland's slow recovery from it, further influenced the landscape in which decisions on social policy are made. The state budget has run a deficit every year after the crisis, and public debt has surpassed the levels of the previous crisis (see Figure 1). Although the early 2010s saw notable increases in some social benefits, the latter part of the decade was characterised by another wave of efforts to scale back or at the very least restructure benefits and services to increase efficiency, decrease spending, and incentivise job-searching. Meanwhile, demographic changes and population ageing, which have a long-lasting impact on expenditure on pensions and on elderly care, have ensured that issues

related to the financing of the welfare state remain on every government’s agenda (Kangas, 2019). All these considered, for the better part of the last 30 years, the Finnish welfare state has been under pressure for retrenchment; this sets the historical context for all four studies in this dissertation.



**Figure 1.** Economic indicators of the crises of the 1990s and 2008  
 Source: Kangas (2019), Statistics Finland.  
 Note: Budget balance (% of GDP), real GDP change (%), and unemployment rate (%) are on the left-hand axis; public debt (% of GDP) is on the right-hand axis.

The parliamentary politics of this period marks a great deal of continuity. All governments — eight of them in the 32-year time span from 1987 to 2019 — have been majority governments, and while in a few instances some of the coalition parties or even the prime minister have left their position during the parliamentary term, the coalitions have been able to stay mostly intact, and no major restructuring has taken place between elections. That said, the coalitions have varied to a large extent, and every notable parliamentary party has participated in government during this time.

**Table 1.** Government compositions from 1987 to 2019

Years	Prime minister	Prime minister's party	Coalition parties
1987–1991	Harri Holkeri	NCP	SDP, SPP, FRP*
1991–1995	Esko Aho	CP	NCP, SPP, CD*
1995–1999	Paavo Lipponen	SDP	NCP, LA, SPP, GL
1999–2003	Paavo Lipponen	SDP	NCP, LA, SPP, GL*
2003–2003 2003–2007	Anneli Jäätteenmäki Matti Vanhanen	CP	SDP, SPP
2007–2010 2010–2011	Matti Vanhanen Mari Kiviniemi	CP	NCP, GL, SPP
2011–2014 2014–2015	Jyrki Katainen Alexander Stubb	NCP	SDP, SPP, LA*, GL*, CD
2015–2019	Juha Sipilä	CP	NCP, FP/BR**
2019–2019 2019–	Antti Rinne Sanna Marin	SDP	CP, GL, LA, SPP

\* The party left the government before the end of the term.

\*\* After the Finns Party changed its leadership in 2017, about half of its MPs founded a new parliamentary group and subsequently, a new political party named Blue Reform. The defectors included all of the FP's ministers, who remained in the cabinet as BR members.

BR = Blue Reform

CD = Christian Democrats

FP = Finns Party

FRP = Finnish Rural Party

GL = Green League

LA = Left Alliance

SPP = Swedish People's Party

The variety of the government coalitions can be seen in Table 1. The end of the 1980s brought about the return of the NCP to the government after over 20 years in the opposition. It also marked the first time that the SDP and the NCP joined forces in a cabinet. The first half of the 1990s — and the most significant hit of the crisis — was managed by Prime Minister Aho's centre-right government, which was followed by eight years of a broad 'rainbow coalition' led by SDP's Paavo Lipponen. The CP, in turn, was at the helm for the following eight years, for most of which Matti Vanhanen was the prime minister. Since then, each of the three largest parties has taken turns as the cabinet leader. While the NCP has historically not had many prime ministers, they were the most resilient cabinet party between 1987 and 2019, spending only four of the 32 years in the opposition. Meanwhile, the CP was in the

government for four and the SDP for five of the eight parliamentary terms during this time.

The 1990s crisis and the decades that followed it have been contextualised by structural megatrends that have affected the financing of the welfare state. The most obvious consequence of the crises has been a high level of unemployment and especially long-term unemployment. Meanwhile, like in other industrialised countries, labour markets and professional structures have changed and continue to change. For one thing, the relative importance of the service sector has grown steadily. In 1960, each of the three economic sectors made up about a third of total employment. By 2015, the share of employment in the service sector had grown to over 70%, while the share of manufacturing had decreased to below 25%, and the primary sector had fallen to less than 5% (Hannikainen & Eloranta, 2019).

As the labour market has changed, the demand for low-skilled labour has been in decline. From 1987 to 2015, the share of employees with only basic comprehensive education dropped from 38% to 12%. The number of people with only basic education vastly outnumbers the number of jobs available, putting them at a high risk of unemployment (Kalenius, 2014; Koskinen, 2017). Meanwhile, urbanisation has continued, which, coupled with the decreasing fertility rate, has caused growing regional discrepancies. According to projections, in the following 20 years, the population will decrease everywhere in Finland except in the largest cities. Regionally, in 2040 the population is expected to increase only in the Uusimaa region. Perhaps the most important challenge from a financing perspective is population aging. The share of the working-age population, which stood at 62% in 2019, is expected to decrease to 60% by 2040 and to 57% by 2060 (Hannikainen & Eloranta, 2019; Official Statistics of Finland, 2019). Population ageing leads to the increase of pension and social service expenditure, which is still expected to accelerate via the increase in care needs and continues to affect long-term planning of social policies.

As such, these structural and demographic trends exert independent pressures on public finances, and any government needs to take them into account when developing the welfare state. However, the economic crises that Finland faced in 2008 and especially in the early 1990s have caused sudden, significant reform pressures and could be viewed as the kinds of critical junctures (Capoccia, 2016a) or rare moments (Weir, 1992) that have opened possibilities for significant institutional reform. The 1990s crisis, in particular, has been viewed as a period where interests, ideas, coalitions, and contexts aligned in a way that allowed policy actors — that had pre-existing concepts of the need to reform — to utilise their resources to trigger institutional change (Julkunen, 2003). Their opportunities to enact reforms were simultaneously increased by the removal of the parliamentary veto point (Bonoli, 2000; Immergut, 1992), which had allowed only one-third of MPs to vote legislative

proposals to be left in abeyance. It was gradually phased out by 1995<sup>1</sup> and replaced by majoritarian voting, allowing governments more flexibility with regard to cutting benefits. However, the Constitution Act was also revised to restrict cuts to certain basic security benefits to protect the most vulnerable groups in society (Julkunen, 2003; Kangas, 2006; Saari, 2001; van Gerven, 2008).

## Paradigm change

Béland (2019) stresses the importance of transnational actors as diffusers of ideas. Active labour market policies, proposed and propagated by the EU and the OECD, also entered Finnish political discourse during the 1990s crisis. Many experts, public officials, and political decision-makers began emphasising the negative incentives that the prevailing system of redistribution policies was promoting. Most parties also adopted the view that different types of social security benefits should always encourage active participation in the labour market. In the face of growing unemployment, over the course of the 1990s, work incentives became the primary idea that guided the development of social policies (Björklund, 2008).

This shift was connected to a broader ideational change that affected the welfare state as a whole. Kantola and Kananen (2013) argue that the ideas of Schumpeterian technology-driven competitiveness and market efficiency, promoted by scholars and business practitioners and adopted by conservative governments in Europe and the United States, also made their way to Finland in the 1980s. In the early 1990s, political elites adopted them as the guiding rationale for action, which led to strict monetary policies and the abandonment of Keynesianism, effectively displacing the post-war welfare state ideas that were based on universalism, redistribution, and a combination of efficiency and equity. In consequence, policy goals, problems, as well as solutions, were redefined in terms of market competitiveness and workfare thinking, thereby fulfilling Hall's (1993) requirement for calling the shift paradigmatic. The authors argue that this type of reframing took place across different policy sectors: the competition state paradigm came to be taken for granted, constituting the intellectual background of policy decisions (Béland, 2005; Campbell, 2004). A key element of this change was a reinvigorated focus on budgetary discipline, spearheaded by the Ministry of Finance, which took up the key role in framework budgeting and allocation of budget cuts among different ministries (Kananen, 2014; Kantola & Kananen, 2013).

Increasing and persistent unemployment and particularly long-term unemployment were defined as the key problems that threatened the existence of the

<sup>1</sup> See Saari, 2001, 95–98 for a more detailed explanation of this rather complex process.

welfare state. As the definition of problems changed, so did the solutions (Kingdon, 2003; Mehta, 2011). Existing policy measures and benefits were viewed as ineffective and potentially leading to passivity and social exclusion. The goal of employment policies shifted to increasing labour supply, changing the behaviour of jobseekers, and decreasing welfare dependency. This change was effectively supported by a new political discourse that was broadly accepted across nearly the whole political spectrum (Björklund & Airio, 2009; Julkunen, 2013; Kananen, 2014; Kantola & Kananen, 2013; Keskitalo, 2008; Saarinen et al., 2014). Governments began to view unemployment as resulting primarily from jobseekers' insufficient activity rather than from structural factors or economic trends. Meanwhile, the unemployed were portrayed as rational subjects that would seek and find employment if only it was made more attractive than unemployment through the use of different types of incentivisation measures. Social problems were reframed as problems of individual coping, which could be dealt with through tailored interventions that incentivised and supported individuals in becoming autonomous and capable of taking care of their own livelihood (Saarinen et al., 2014). As the relationship between the state and the unemployed shifted towards a more work-oriented conception, unemployment benefits were to be made more conditioned on the claimants' own efforts to seek work persistently to prevent social exclusion and dependency. Furthermore, the idea of cost containment — by reducing benefit expenditure — superseded the goals of high replacement rates and broad coverage (Keskitalo, 2008; Nygård, 2007).

Meanwhile, and related to the position of long-term jobseekers, the issue of poverty was raised on the agenda by a number of actors and made its way into government programmes and party platforms in the late 1990s and early 2000s. Where the old welfare paradigm viewed universalism as a way to combat poverty, the core policy prescriptions in alleviating poverty shifted to selectivism through services and benefit adjustments specifically targeting the neediest (Kuivalainen & Niemelä, 2010). The shift to selectivism has also been observed in other policy areas such as housing policy (Bengtsson et al., 2017).

Kananen (2014; see also Kangas, 2019) notes that the ideational change was made possible by a strong political rhetoric that framed the new policies as a way to preserve old welfare state ideals. The Nordic welfare state remained, and still remains, as something that seemingly all parties claim to defend, while arguing that its maintenance may require more or less substantial reconfiguration. The abstractness of what really constitutes a Nordic welfare state makes for a formidable rhetorical tool, as the concept remains very popular, but at the same time it leaves room for very different kinds of policies that claim to defend or at least maintain it. As a result, the conception of the Nordic model is expanded to accommodate

different policy changes, making the idea itself more persistent than the policies that used to represent it (Cox & Béland, 2013; Cox, 2004).

It has been argued that the Finnish paradigm shift was made possible by the window of opportunity (Kingdon, 2003) having been opened by the economic crisis (Kantola & Kananen, 2013), which seems to point at the punctuated equilibrium model of change. However, this is one example where even in retrospect, the exact moment when the ideational shift took place is difficult to pinpoint (Julkunen, 2013; Schmidt, 2011). The 1990s coalition governments that began carrying the new ideas were broad, encompassing the entire spectrum from left to right, which also gave formidable opportunities for blame avoidance (Pierson, 1996). Aside from the role of the Ministry of Finance (Kantola and Kananen, 2013), the broad coalitions make it difficult to distinguish the key actors driving for change. It does not seem that the ideational shift could be tied to particular narrow, party-based interests but instead was embraced broadly first by the coalition governments of the 1990s and then by the governments that followed in the 2000s.

### Development of unemployment benefits and social assistance

Despite the ideational change that took place in the 1990s, the immediate effects to unemployment benefits and social assistance were not that radical. Both the basic-level and the earnings-related unemployment benefits were affected by the 1990s governments' decisions to abstain from making statutory increases to unemployment benefits, and new index cuts were made in the 2010s. Otherwise, direct cuts to benefit levels were rare. This is not to say that more substantial changes were completely off the table. Systemic reform and major cuts to the unemployment benefit system and the collective rules of the labour market were indeed suggested by a number of actors when Finland was amidst crisis. The employers' unions made initiatives to reform, among other things, social insurance and its funding, and the systems of collective bargaining both in the 1990s and in the 2010s. The centre-right parties, both when in government and when in opposition, made policy proposals that could have led to more significant restructuring of labour market policies and benefit systems. However, the trade unions, often backed by leftist parties, were for the most part able to resist any revolutionary changes.

The earnings-related unemployment benefits survived the 1990s crisis with only a minor cut to its level in 1992, and no changes to their maximum duration. It has been argued that the unions' power resources, applied in defence of earnings-related benefits, led to more profound cuts to basic-level benefits and served to increase the insider–outsider divide (Rueda, 2005, 2007) in the unemployment benefit system (Timonen, 2003). By contrast, in the 2010s, an SDP-led government first cut the earnings-related benefits for higher incomes, and later, a centre-right government

shortened their maximum duration. Still, it can be said that both the SDP-led governments of the 1990s and the centre-right governments of the early 1990s, 2000s, and 2010s mostly implemented minor tweaks, and the institutional structure of the dualistic unemployment benefit system came through both crises without major restructuring (Julkunen, 2003; Kangas, 2019; Kangas & Saloniemi, 2013; Saari, 2001; van Gerven, 2008).

The ideational change was more visible in the policies that were designed to activate the unemployed. Since the early 1990s, a common issue in many post-industrial welfare states was not just unemployment, but also the decreasing demand for low-skilled labour that made transitions from unemployment to work more difficult. In response, many developed countries introduced different types of activation measures targeting the unemployed. This could mean both enabling measures that provide jobseekers with support and training that helps them compete for jobs, and demanding measures that increase conditions on benefit eligibility, as well as stricter sanctions for unwanted behaviour. The main goal of this ‘activation turn’ (Nelson, 2013) was to remove incentives to exit the labour market or to unnecessarily prolong unemployment if any work was available (Bonoli, 2013; Clasen & Clegg, 2011; Knotz, 2016; van Berkel & Møller, 2002; Weishaupt, 2010).

Finland had implemented active labour market policies in the 1980s and some measures of this kind even date back to 1950s (van Gerven, 2008, 186–187), but the 1990s and 2000s saw a more substantial series of changes that embodied a shift from welfare to workfare policies, seen in some shape or form across Europe and the Nordic countries. The reforms that were implemented in the 1990s and 2000s by a variety of government coalitions especially aimed at activating jobseekers through new targeted services, increased conditionality of benefits, and stricter sanctions. The stricter control mechanisms were designed to eliminate exit options through the social security system. As unemployment benefits were regarded as encouraging passivity, means-tested benefits were retooled to incentivise job-searching. The most notable reforms were the introduction of the labour market subsidy in 1994 and the development of rehabilitative work in 2001. The labour market subsidy was designed as a means-tested benefit specifically aimed at young labour market entrants and the long-term unemployed, and it included new incentives to participate in activation measures. Soon after, however, access to the benefit was severely restricted for younger claimants (van Gerven, 2008, 191–192). Meanwhile, the act on rehabilitative work obligated unemployment offices and social services to engage in closer cooperation to activate jobseekers. Legislatively, rehabilitative work became a part of municipal social services and it targeted especially long-term recipients of labour market subsidy and/or social assistance, with an added focus on under 25-year-olds (Keskitalo, 2012; Lorentzen et al., 2014).

The social assistance system was not subjected to major reforms or cuts, but it faced pressures of its own. After the number of social assistance applicants exploded at the turn of the 1990s, repeated proposals were made to transfer the administration of the benefit from municipalities to Kela to ensure uniform treatment of clients. Broad pilots that experimented on this kind of cooperation were also conducted across Finland in the 1990s, and expert evaluations found the results to be mostly positive. However, the government rejected state-wide implementation, and the assistance remained at the municipal level. Instead, measures intended to activate benefit recipients were tightened. In the late 1990s, sanctions were introduced to reduce the assistance by up to 20% for those who turned down offered work or activation measures, and up to 40% for those who did so repeatedly. In 2002, every claimant of working age was also obligated to register as a jobseeker at the unemployment office, again at the risk of facing sanctions. Later, in 2011, the possibility for benefit reductions was expanded to cover young persons who refused to apply for education or training or had discontinued their participation in these services (Kananen, 2014; Kangas et al., 2013; Kangas & Saloniemä, 2013; van Gerven, 2008, 223–229). For its part, the rehabilitative work act also served to intertwine social assistance with unemployment services. As a result of these measures, the focus of activation services was placed on persons who are, to begin with, less likely to find employment than those who are eligible for earnings-related benefits. Those who refused to participate faced stricter sanctions. Meanwhile, employment services and social services also became more closely connected (Keskitalo, 2012; Lorentzen et al., 2014).

In summary, the conditions for benefit eligibility and sanctions for refusing job offers or activation services were gradually tightened, leading to a heightened focus on activation and the development of a broader range of compulsory employment services that especially targeted young and long-term jobseekers. Activation was also encouraged with financial incentives since mid-1990s in the form of increased benefits for those taking part in activation measures (Kautto, 2004; Lorentzen et al., 2014; van Gerven, 2008). The focus on activation policies has continued up to the late 2010s, when the centre-right government of Prime Minister Juha Sipilä (2015–2019) implemented another set of changes to tighten eligibility criteria and increase unemployment benefit conditionality.

The development of unemployment benefits and social assistance from the 1990s to 2010s has therefore been a story of small-scale revisions. This is in line with the new politics argument that even during major upheavals, radical transformations are unlikely or at least very difficult to implement (Pierson, 2001). The most notable attempt at a more fundamental social policy reform took place in 2007. The government, at the time led by the CP and the NCP, assigned a broad committee (called the SATA committee) to prepare ‘a total reform of social protection by

drawing up a proposal for adequate basic protection, earnings-related security with focus on active alternatives, improved incentives, clarification of social security, and ensuring the sustainability of social protection' (Ministry of Social Affairs and Health, 2009). The committee discussed about removing the connection between the basic-level and earnings-related unemployment benefits, which would have weakened union power in the unemployment benefit system. This plan was, however, thwarted by a surprise joint contract by the employers' federation and the trade unions, which instead reinforced the connection between the two systems and helped the social partners maintain their institutional position (Saari, 2009).

The question of centralising social assistance administration was also brought up in the SATA committee. This time it was rejected by the NCP and the labour market unions.<sup>2</sup> In the end, the committee's work resulted in a number of more or less significant policy adjustments, most notably the creation of a new layer to the pension system in the form of a flat-rate 'guarantee pension' that ensured a minimum pension level. However, the committee's assignment that called for 'total reform' was left unfulfilled (Kangas, 2019; Saari, 2009). The committee's work was a prime example where the unions were able to use their power resources to resist large-scale institutional change, resulting only in relatively modest adjustments (Gordon, 2012).

As Saari (2005, 2011) notes, the reform of Finnish social policies has been a path-dependent process, where the power relations of political interest groups and existing social policy institutions have conditioned policymaking and made changes more predictable (see Pierson, 2004). The crises in the 1990s and in the late 2000s, the latter also coinciding with the SATA committee's work, were the kind of rare moments (Weir, 1992) or exogenously triggered critical junctures (Capoccia, 2016a) that in theory should have made more substantial reforms possible. However, Finnish social policy institutions came out of both with relatively minor changes. This is true also for the unemployment benefit system, which maintained its dualistic structure and the connection between the earnings-related and the basic-level benefits. The labour market organisations also remained important players in decisions regarding the system, even though there have been some signs of their significance slowly diminishing (Böckerman & Uusitalo, 2006). It can be argued that while restructuring definitely took place, there was no major systemic shift (Julkunen, 2005; Kautto, 2004; Saari, 2001).

However, Finnish social policy has in no way been 'locked in' or immune to change. For unemployment benefits, in the early 1990s the focus was in cutting costs and reducing the number of claimants, and starting from the mid-1990s, the emphasis

<sup>2</sup> In a surprising turn of events, a government coalition built around the NCP and the SDP finally decided to go through with the reform in 2015, and it was implemented in 2017. Articles III and IV deal with this issue in detail.

of governments, regardless of composition, shifted to activating the unemployed (especially the long-term unemployed) through both labour market subsidy and social assistance. As a result, while basic-level benefits were being cut by suspension of indexing, job-searching became more of a responsibility for benefit claimants, and eligibility was tied more closely to their individual efforts (Keskitalo, 2012; van Gerven, 2008, 199–201). The story of Finnish activation policies, in particular, has been an example of policy layering (Thelen, 2004; Streeck & Thelen, 2005), where different governments have taken turns in increasing the conditionality of unemployment benefits and social assistance. While these changes have been of a relatively small scale, their cumulative effect has been transformative.

Another creeping change concerns the generosity of unemployment benefits. The sanctions brought on by the layering of activation policies already have an impact on unemployment benefits as well as social assistance, but the indexation of benefits is a question of its own. Hacker et al. (2015) argue that the indexation of social security benefits provides an efficient protection from change through drift, because it ensures that benefits are increased automatically each year to keep up with rising living expenses. During the 1990s and 2010s, governments opted to suspend indexation temporarily, causing net reductions in all benefits (although social assistance was mostly protected from cuts). However, these were unpopular political decisions that attracted significant attention. For unemployment benefits, the current system of indexation was established in the unemployment security act of 1997. Previously, the act stated that whenever the general wage level changed significantly, basic unemployment benefits were to be adjusted in relation to the change in wages.<sup>3</sup> In 1997, benefit adjustments were made automatic, but instead of following the level of wages, they were to follow the national pensions index, which is linked to the cost-of-living index. Therefore, basic-level benefits would be increased every year to maintain a certain purchasing power, but they would gradually fall further and further behind wages (Honkanen, 2006). Aside from few exceptions where benefit levels have been adjusted through legislation, policymakers have left the level of basic social security in the hands of automatic indexation. Rather than protecting benefits from drift (Hacker et al., 2015), the indexation of benefits has therefore become a process of drift of its own.

### 4.3 Summary

In the past few decades, faced with almost constant pressures on public finances, the Finnish welfare state has been said to be under an endless austerity reform driven by

<sup>3</sup> However, it was never specified what exactly constituted a ‘significant’ change in wages.

cost containment, recommodification, and recalibration (Keskitalo, 2008; Julkunen, 2017). The economic crises in the 1990s and 2000s could be seen as critical junctures (Capoccia, 2016a; Mahoney, 2000) or windows of opportunity (Kingdon, 2003) where problems, policy solutions, and politics aligned to create room for transformative institutional change. However, in the big picture, Finnish social policy from the 1990s to the late 2010s has not been developed through radical changes but in smaller increments that nonetheless have had, and may still have long-term consequences (Thelen, 2004; Streeck & Thelen, 2005). Meanwhile, like all administrative fields, social policy has been subject to constant budgetary pressures. As governments, one after another, have struggled to achieve balanced budgets amidst structural and demographic changes, the role of the Ministry of Finance has been emphasised as the developer and allocator of framework budgeting that is also used to limit the growth of social expenditure (Kantola & Kananen, 2013).

Arguably most impactful was the paradigmatic change where the post-war ideas of universalism and redistribution gave way to competitiveness, efficiency, workfare, and selectivism (Kananen, 2014; Kantola & Kananen, 2013; Kuivalainen & Niemelä, 2010). As paradigms constitute the intellectual background of policy decisions (Béland, 2005; Campbell, 2004), these ideas guided the incremental development of benefits and services. The ideas were not hidden in the background but were effectively carried by policy actors (Schmidt, 2011) and deployed in political discourse and the agendas of governments in the 1990s, 2000s, and 2010s, demanding more activation and better incentives for work and calling for individual, autonomous subjects to take control of their own lives.

While structural factors and demographic changes have influenced all social policies, the ideational change most notably impacted policies that target the unemployed and people of working age who are nonetheless outside the labour force. The conditionality of unemployment benefits and social assistance have been increased through new elements for activation, including some financial incentives but also stricter sanctions for those who fail to comply with the rules. Simultaneously, the connection between labour market subsidy — the benefit of the long-term unemployed — and social assistance has been strengthened by subjecting their claimants in part to the same compulsory rehabilitative services. Meanwhile, continually high unemployment and the relatively low level of basic-level benefits, coupled with rising housing costs in the largest cities, have resulted in a system where many are forced to rely on the last-resort safety net of social assistance just to top-up their basic-level benefits, most notably unemployment benefits. Starting from the 1990s, social assistance became distanced from social work, and it became more of a social benefit among others (Kangas et al., 2013; Kuivalainen & Nelson, 2012; Saikku & Kuivalainen, 2013).

While the ideational change was relatively fast, its effect on policies and institutions was incremental, and old welfare institutions were only gradually restructured to serve new goals and principles (Saari, 2009). The change was nonetheless noteworthy. Compared with the early 1990s, today's system emphasises active labour market participation rather than redistribution, responsibilities rather than rights, and selective rather than universal measures. The transformation has mostly been implemented through the incremental processes of layering, conversion, and drift (Thelen, 2004; Streeck & Thelen, 2005). Furthermore, as a result of the increased reliance on social assistance, a greater number of unemployed people have been subjected to stricter means testing and social control than they would be if they could rely on unemployment and housing benefits alone. To obtain a more complete understanding of these policy changes, it is necessary to pay attention to both ideational and institutional changes over a longer time (see Niemelä & Saarinen, 2012).

Where earlier studies assumed that social policy retrenchment is politically unpopular and difficult to pursue for politicians primarily seeking re-election (Pierson, 1996), this is not necessarily true for retrenchment that takes the form of more demanding activation policies and stricter conditions and sanctions. High levels of unemployment and the social expenditure that benefits require can raise concerns among the electorate about free-riding and welfare dependency. When the public supports the idea that better work incentives and demanding policies are necessary to increase the employment rate, this type of retrenchment can also become driven by popular demand and even credit-seeking, at least when policymakers are careful enough to implement these reforms little by little and able to frame their proposals in a convincing way. Stricter conditionality and tighter sanctions can be viewed as affecting only those who can be considered less deserving of support (see van Oorschot, 2006), for example, those who are voluntarily unemployed. This type of activation allows policymakers to address cost containment issues without being blamed for infringing on social protection (Knotz, 2016). This may have provided an additional motivation for Finnish policymakers to advance the agenda of activation policies that are more demanding.

The changes did not take place in a vacuum. Throughout the period under study, existing institutions and the power resources of political parties and interest groups have impacted the developments that have taken place. The dualistic structure of unemployment benefits, the rights and responsibilities related to them, as well as the coverage and generosity of the basic-level and earnings-related benefits have been under almost constant contention. While there has been a near consensus on the necessity to activate the unemployed, established institutions have resisted large-scale changes that would shift the balance of institutional power. Ideational research views this contention with a focus on the agency of key policy actors, notably

political parties and labour market organisations, asking how and which ideas motivate their action, and how they utilise ideas to advance their perceived interests.

Several scholars (Béland & Cox, 2013; Mehta, 2011; Schmidt, 2008) have pointed out that studies of ideational change tend to suffer from selection bias; as long as only instances of change are studied, it becomes almost a given that ideas and discourse matter particularly when it comes to institutional change. Therefore, instances where changes were possible but *did not* take place should also be studied to understand better the dynamics of institutional and ideational developments that lead to continuity and change. Furthermore, analyses of continuity and change should take into account not only institutions or ideas in isolation but seek to understand their interaction and how policy actors use them — or work around them — to achieve their goals (Béland, 2019; Lieberman, 2002). The institutional stickiness that has featured prominently in the Finnish development of unemployment benefits, as well as the ideational path dependence that followed the paradigm change of the 1990s, offers a good opportunity to study the action of agents working with institutional constraints. As has been explained, the Finnish decision-making structure tends to favour stability rather than radical change. First, due to the multiparty system that requires majority governments to be built around broad coalitions, government platforms are always compromises where different views must be reconciled. Second, as social policies — particularly social insurance — are largely subjected to tripartite negotiations, social partners maintain significant institutional power and can resist large-scale changes that would weaken their position or hurt the interests of their members (Gordon, 2012).

This dissertation focuses on the development of unemployment benefits and social assistance. The Finnish unemployment benefit system, where a Ghent system is coupled with two tiers of basic-level benefits, one of which is paid for an unlimited duration, is unlike any other in Europe. The way social assistance is structured also sets Finland apart from most other countries, as basic social assistance is now administered at state-level.

There is a relatively broad range of literature on the institutional development of Finnish social policies, and particularly on what took place at the institutional and ideational levels in the 1990s crisis and in its aftermath. However, there is a lack of research that focuses on the agency and ideational strategies of *political parties* in reforming Finnish social policy, especially when it comes to the unemployment benefit system and social assistance in the 2000s and 2010s.

For Béland (2016), ideational research is effectively research of actors interacting with institutions and seeking the best strategies to reach their goals, which in themselves are not objective but are in flux and subject to interpretation. Policy actors are the ones who, within a particular institutional context, articulate ideas and work to shape and reshape ideas and discourse over time. Therefore, to advance

scholarship on institutional continuity and change, there is a need to study empirically both institutions and ideas, and how they interact to shape policy actors' behaviour. For one thing, focusing on agency in an institutional and ideational context can advance the understanding of the role of partisan politics — and its supposed decline — in social policy development (Häusermann et al., 2012). Moreover, empirical research is needed to demonstrate the mechanisms of exactly how and why ideas and discourse matter (Schmidt, 2010) and how they can be used to influence public opinion. To this end, it is useful to analyse how policy actors weaponise ideas (Blyth, 2002) and use them strategically, for example, through the construction of frames and through the interplay of ideas residing in the foreground and background of policy debates (Campbell, 2002, 2004). While paying attention to existing institutional constraints, the emphasis on ideas, constantly in flux as they are deployed and redeployed by actors, can provide insights on the mechanisms of institutional development and how ideational change can over time contribute to institutional change (Béland & Cox, 2011; Carstensen, 2011a, 2011b).

Béland (2019) emphasises that students of ideas and institutions should embrace a pluralist approach to research methods, as both qualitative and quantitative methods are useful in exploring ideational and institutional processes. Content analysis and the use of documentary data and interviews is one relevant approach. Meanwhile, the study of public sentiments (Campbell, 2004) and of the effectiveness of discourse and framing can benefit from using quantitative survey data. Scholars should clearly distinguish between ideas and policy institutions, and between their effects on institutional and policy change, while paying attention to how ideas and institutions also interact and relate to one another (Béland, 2016a, 2019). Crucially, ideational change cannot be indirectly inferred only from the study of policy outcomes or institutional changes that have taken place but should also be based on available evidence of policy actors' ideas and beliefs, as expressed in policy documents, interviews, speeches, and so on. In other words, scholars should strive to find how ideas that existed prior to a policy change shaped its content, and not merely assume that ideas played a role because they could be viewed, after the fact, as embedded in the adopted policies (Daigneault, 2014). For example, Finnish governments' continued layering of stricter activation policies or more selective social policies is in itself insufficient proof of an ideational change; rather, an analysis of political discourse from the late 1980s to the 1990s provides a better understanding of the ideas that gave content to the subsequent reforms.

# 5 Research design

## 5.1 Research objectives and questions

The overarching theme of the articles in this dissertation is institutional continuity and change. The research question that ties all four articles together is, ‘How have the interaction of institutions and ideas, and the agency of policy actors that use the institutional and ideational tools at their disposal influenced Finnish welfare state development?’ All four case studies address this question by analysing policy proposals and reforms — implemented or not — in the Finnish welfare state, seeking to explain policy development through the analysis of institutions, ideas, and political discourse in the operation of Finnish politics. Articles I and II focus on the role of partisan politics and discourse in unemployment benefit reforms. The former analyses a longer time perspective starting from the 1980s, whereas the latter ties recent unemployment benefit reforms to the discourse concerning basic income and the looming prospect of a large-scale social security reform and its ideational constraints. Articles III and IV focus on the centralisation of the administration of social assistance; the first concerns a time where the reform was repeatedly proposed but rejected, and the second looks back at the decision to implement it. The research designs of these studies are summarised in Table 2.

Article I builds on the theoretical literature concerning the diminishing of partisan effects on welfare policies and specifically, the generosity of unemployment benefits. It analyses the role of partisan politics in developing basic-level and earnings-related unemployment benefits in the period between 1985 and 2016. The research question is, ‘How has politics affected 1) the levels and replacement rates of the two benefit systems, and 2) the demanding labour market policies that affect access to these benefits?’

Article II turns the attention to the utilisation of ideas in policymaking and in political discourse. The study investigates recent developments in Finnish unemployment policy, where the government simultaneously introduced policies that advanced the ideas of unconditionality — in the form of a basic income experiment conducted in 2017–2018 — and the conditionality of unemployment benefits, where conditions of eligibility were reinforced through the reforms introduced in 2016–2017. The main research questions are, ‘How were the opposing

ideas reconciled in political discourse, and how did political actors, in their ideational framing, connect the policy proposals to existing normative and cognitive background ideas?’

The latter two studies concern the role of ideas and discourse in reforming the administration of Finnish social assistance. Article III examines how ideas are used in political discourse and how framing can impact opinion formation. Thus, the main research questions are, ‘How have different policy actors framed their arguments on centralising social assistance, and to what extent are the different types of frames able to shape public opinion on this issue?’

Building on the findings in article III, article IV takes a closer look at how and why the proposal to centralise social assistance administration, rejected multiple times over the years, was suddenly accepted in 2015 and subsequently implemented. The aim is to answer the question, ‘What occurred in the political setting and what had changed in the institutional and ideational settings to make the reform possible?’

**Table 2.** Summary of the studies' research designs

Study	Research question	Policies	Data	Methods
Article I: Partisanship, continuity, and change: Politics in Finnish unemployment benefit reforms 1985–2016.	How has politics affected the levels and replacement rates of the two unemployment benefit systems, and the demanding labour market policies that affect access to these benefits?	Unemployment benefits	Policy documents Unemployment benefit levels and replacement rates 1985–2016	Qualitative content analysis Regression analysis
Article II: Policymaking through opposing ideas? Framing conditionality and unconditionality in Finnish parliamentary discourse.	How were the ideas of conditionality and unconditionality reconciled in political discourse, and how did political actors frame their proposals with regard to existing normative and cognitive background ideas?	Unemployment benefits and the basic income experiment	Policy documents	Thematic analysis
Article III: When and why do ideas matter? The influence of framing on opinion formation and policy change.	How have different actors used ideas to frame policy proposals regarding social assistance, and to what extent are they able to shape public opinion?	Administration of social assistance	Survey data Policy documents	Regression analysis Qualitative content analysis
Article IV: Institutional evolution and abrupt change. Reforming the administration of social assistance in Finland.	What occurred in the political, institutional, and ideational settings to make the 2015 social assistance reform possible?	Administration of social assistance	Semi-structured interviews Policy documents Media articles	Qualitative content analysis

Hence, this dissertation contributes to prior institutional and ideational research through empirical case studies on how the interaction of ideas and institutions influences institutional development. It offers insights into political agency, especially into the ways that policy actors manoeuvre within the existing institutional structure to achieve their goals (Béland, 2019). This requires shedding light on the existing institutional and ideational constraints, as well as interest-based power resources that limit the freedom of policymakers in enacting reforms. Further, the studies analyse policy actors' use of ideas in politics: what kind of ideas and discourse are effective and why (Schmidt, 2010), and how policy actors weaponise ideas (Blyth, 2001, 2002) by using foreground ideas in interaction with cognitive and normative background ideas in policy debates (Campbell, 2004). Finally, this dissertation improves our understanding of how the interaction of politics, institutions, and ideas — especially in processes that unwind over longer time (Pierson, 2004) — can lead to ideational and institutional continuity and change.

Furthermore, the studies provide new information concerning Finnish social policy development especially in recent years. They focus on the ideas, efforts and strategies of political parties in reforming the benefit systems that are used to support and activate those that are unemployed or outside the labour force. This expands research on how and why these policy institutions have become what they are today, and may provide us with better understanding of where they might be going in the future.

Moreover, using multiple methods and data, this dissertation answers the call for a more pluralist methodological approach to ideational and institutional scholarship (Béland, 2016a, 2019). To study empirically the ideas of actors prior to the enactment of reforms (Daigneault, 2014), the articles focus primarily on content analysis and thematic analysis of relevant data. This includes not only documentary, but also interview and media data that provide deeper insight into the discursive and ideational mechanisms at play. In addition, the studies also make use of quantitative methods and survey data to examine the effectiveness of ideational framing. The use of a variety of data and methods provides a more complete view of the mechanisms of institutional and political development that are at the heart of this dissertation.

## 5.2 Data

All the articles of this dissertation are concerned with institutional stability and change, and the role that ideas and partisan politics play in these processes. The different viewpoints of the research questions explained above require a plurality of complementary methodological approaches and data sources (see Table 2). The most important data used in this dissertation are policy documents, such as documents generated by the government, different ministries, and the Parliament in the

preparation of legislation and in the course of decision-making processes. While documentary data effectively limits the analysis to what decision-makers and experts have said about a given policy at a given time, this already offers an important window as to how ideas, arguments, and frames were used at different stages of policy processes. Such data are used to a varying degree in all four articles, making up the primary data in articles I and II, and being used secondarily in articles III and IV.

Further, investigation of the research questions of articles I, III, and IV benefits from using a broader variety of data. In studying the role of partisanship in institutional change in article I, data on unemployment benefit levels and replacement rates were used to analyse changes in policy outcomes. In article III, an analysis of the effectiveness of ideas in shaping public opinion was conducted using survey data, and interviews of key informants were used in article IV to investigate the policy process leading to the social assistance reform. These data are described in detail in the following.

### Policy documents and media sources

Policy documents and media sources are particularly important for the study of ideas and their role in institutional change, for which mere institutional-level evidence on policy outcomes provides an incomplete picture. As Daigneault (2014, 463) argues, ideas are not ‘revealed’ by policy outcomes: the study of ideas requires ‘direct evidence regarding the ideas of policy actors expressed through interviews, official documents such as parliamentary proceedings, speeches and press releases, newspaper articles, memoirs and scholarly literature.’

The amount of documentary data generated in the course of a policy process — including policy design, preparation of legislation and parliamentary proceedings — is vast. Thankfully, for the most part these data are also publicly available and accessible in digital form. Perhaps most importantly, they provide evidence of the progression of the policy processes being analysed, allowing the researcher to find what happened and in what order. To an extent, these data can also offer a window to the information that was made available to decision-makers and to the options that were on the table before a specific reform was decided upon and implemented.

Furthermore, documents pertaining to parliamentary proceedings provide direct evidence of the policy discourse concerning policy reforms, including the definition of problems, arguments pertaining to why the proposed solutions could possibly solve the said problems, and the competing arguments and counterproposals offered by the opposition parties. Competing proposals and criticisms are usually found in the dissenting opinions that MPs may attach to committee reports and statements.

The discussion over proposed policies is then played out in the plenary session, of which a word-for-word record is kept and made publicly available.

Policy documents comprise the primary data for articles I and II, and secondary data for articles III and IV. The documentary data include:

- government, ministry and commission reports, and working group memos (articles III and IV)
- expert organisation and interest group reports (article IV)
- parliamentary documents: government proposals, committee statements and reports, parliamentary motions, and plenary session records (articles I, II and IV)

In addition to the policy documents, the secondary data in article IV includes approximately 30 media articles. They were collected from searches of online databases of national news networks to supplement policy document data, in order to track the policy process under analysis and find additional evidence about the framing of the issue of social assistance.

### Unemployment benefit data

The analysis in article I begins with a description and analysis of the development of Finnish unemployment benefit levels and replacement rates from 1985 to 2016. This part of the data includes time series data on the average net wage, net basic-level benefit level (in 2016 prices) and net replacement rates for basic-level and earnings-related unemployment benefits. The average wage was calculated using the index of wage and salary earnings from the Official Statistics of Finland. The net wages, net benefit levels, and replacement rates were then calculated for each year using the statistics of the Social Insurance Institution of Finland. These were used to analyse changes to benefit generosity during different governmental terms.

### Survey data

The primary data in article III is based on telephone surveys conducted in late 2008. In the analysis of political discourse on the centralisation of social assistance, four different frames were distinguished that were the most commonly used to support or oppose the state model. The frames supporting centralisation focused on problems in the prevailing system: the *equality* frame asserted that claimants from different municipalities did not receive equal treatment, and the *rightfulness* frame claimed that many potential recipients did not receive the benefit despite being entitled to it. Centralisation would help solve both problems. On the opposing side, the *social work* frame claimed that centralisation would exclude social assistance recipients

from social services, whereas the *income transfer machine* frame referred to the concern that the state model would cause automatic distribution of the benefit, which in turn would drastically increase expenditure. The responses to different frames were then tested in a survey.

The survey data were representative of the Finnish population between 15 and 79 years of age. The sample was stratified into five groups: the unframed question of whether the administration of social assistance should be centralised was presented to 1,500 respondents.<sup>4</sup> Subsequently the same question was presented within the four different frames to four separate sub-samples of 500 respondents to analyse differences in effectiveness between frames. The respondents answered the question on a five-degree scale (1, absolutely; 2, maybe; 3, maybe not; 4, absolutely not; 5, I do not know).

## Interviews

The primary data in article IV consists of semi-structured interviews of 13 key informants, each of whom was involved in the political process that led to the decision to centralise the administration of social assistance. Interviewing policy elites offers a way to understand and explain different aspects of a policy process that are not recorded in policy documents (Beamer, 2002). A snowball sampling method (Tansey, 2007) was used in the selection of informants. At first, an initial set of relevant respondents were identified based on documentary data and the positions of relevance that the informants held at the time of decision-making. In the course of the interviews, the informants were also requested to suggest other potential interview subjects who might have more relevant information on the matter.

The interviews were used for several purposes (see Tansey, 2007): to reconstruct the set of events and fill any gaps left by the reading of policy documents, to corroborate information and to resolve conflicting information when possible, and especially to understand the ideas and thoughts of the informants regarding the reform and its causes.

## 5.3 Methods

The analysis of policy documents, which makes up at least part of the data in all four studies, was conducted with qualitative methods. When examining the role of partisanship in institutional change (article I) and how different actors have framed the issue of social assistance (articles III and IV), qualitative content analysis was used to analyse political discourse. In addition, the framing of proposals regarding

<sup>4</sup> See article III for the specific wordings of the questions.

unemployment benefits and the ideas of conditionality and unconditionality (article II) was conducted with thematic analysis.

Furthermore, quantitative methods were used in two of the four articles. In article I, time series regression was used to investigate the relation between government composition and the changes in the levels of unemployment benefits over time. In article III, the effectiveness of frames that were used in political discourse was evaluated through a regression analysis of survey data. Finally, in article IV, decision-makers and public officials were interviewed to complement documentary data and to obtain a better understanding of the policy process in question. The diversity of data and methods makes it possible to obtain a fuller picture of the phenomena — related to ideas, institutions, and politics — that this dissertation investigates (Béland, 2019). The methods applied in the studies are discussed in greater detail as follows.

### 5.3.1 Qualitative content analysis and thematic analysis

Qualitative research encompasses various data collection and analytical approaches that offer cultural and contextual descriptions and interpretations of social phenomena (Vaismoradi & Snelgrove, 2019). To analyse documentary and interview data in the studies of this dissertation, slightly varying forms of qualitative content analysis and thematic analysis were used.

These two methods are similar in that they are used to analyse data by breaking them into smaller units of content and submitting them to descriptive treatment (Vaismoradi et al., 2013). A thematic analysis involves ‘searching across a data set - - to find repeated patterns of meaning’ (Braun & Clarke, 2006), while qualitative content analysis seeks the ‘description and interpretation of textual data using the systematic process of coding’, the final product being ‘the identification of categories, themes, and patterns’ (Assarroudi et al., 2018). Both methods rely on coding — searching for repeated patterns and representing their message content with symbols — and assembling codes under potential categories, subcategories, themes, and subthemes to bring structure to the collected data (Vaismoradi et al., 2016).

The concepts of categories and themes are sometimes used interchangeably, but they differ in degrees of interpretation and abstraction. Categories are chosen early in the analysis to identify and define groups of codes that have common characteristics. They can then be compared with other categories and divided or collated into smaller or broader categories. Meanwhile, a theme is the underlying ‘red thread’ that runs through several categories and organises a group of repeating ideas, representing something essential in the data in light of a specific research question. Categories are descriptive, explicit manifestations of patterns in the data,

whereas themes are more abstract and implicit topics that infuse the data with some level of meaning. The identification of themes, therefore, also tends to involve more interpretation than the identification of categories (Braun & Clarke, 2006; Graneheim et al., 2017; Vaismoradi et al., 2016).

There are two primary approaches to the process of identifying patterns within data. In an inductive or data-driven approach, the categories or themes are closely linked to the data and can be coded without fitting the codes into an existing framework. Meanwhile, a deductive or theoretical approach is theory-driven in that codes are obtained prior to the coding process from existing theoretical or empirical literature. The deductive approach allows a researcher to test existing theories and conceptions against the collected data to validate or extend a pre-existing theoretical framework (Braun & Clarke, 2006; Hsieh & Shannon, 2005). These two approaches may also be complemented by an abductive approach, in which a researcher seeks to obtain a more thorough understanding of the data by taking turns using both inductive and deductive approaches (Graneheim et al., 2017).

One key dimension of content and thematic analyses is selecting between analysing manifest or latent content. When analysing manifest content, patterns are identified within the explicit meanings of the data, limiting the examination to what can be seen on the surface, whereas analysing latent content means identifying the underlying ideas and assumptions that make up the more implicit meanings in the data. Therefore, in latent analysis, the identification of patterns themselves already requires extensive interpretative work, not just mere description of the data (Braun & Clarke, 2006; Assarroudi et al., 2018).

Both thematic analysis and qualitative content analysis encourage creativity and intuition in findings, and rather than seeking generalisable findings, they help provide contextualised understanding of the phenomena under study. According to Vaismoradi et al. (2016), a distinguishing feature of thematic analysis is that it considers both manifest and latent content, the former as categories and the latter as themes. Furthermore, at the higher level of analysis, thematic analysis is always primarily interested in latent content. This, in turn, requires a higher degree of abstraction and interpretation and thick description, which allow the uncovering of meanings and hidden complexities in the data. By contrast, a researcher conducting qualitative content analysis can choose between the two types of content. Often the goal of the coding process in content analysis is a simpler, less interpretative classification of manifest content into categories. Furthermore, qualitative content analysis allows quantification of data as a method of analysis, whereas in thematic analysis the importance of a theme is not dictated by its frequency of occurrence in the data (Vaismoradi et al., 2013, 2016; Vaismoradi & Snelgrove, 2019).

Thematic analysis was used as the primary method in article II to analyse parliamentary discourse concerning unemployment benefits and the basic income

experiment, and how policymakers framed their proposals that increased or decreased benefit conditionality. The study followed the six-phase analytical process designed by Braun and Clarke (2006), starting from familiarising oneself with the data, moving to generating codes and then searching for, reviewing, defining, and naming themes. The data was coded into multiple categories that were later collated into three major themes. The chosen method allowed for an inductive and interpretative analysis focusing on latent content in the data.

Qualitative content analysis was used to varying degrees in articles I, III, and IV. In article III, policy documents were examined to provide a historical account of the ways in which the administration of social assistance had been discussed in working group reports and political discourse. From this documentary data, it was deduced that the argumentation for and against the centralisation of social assistance over the years had been based on four primary ideational frames.

The findings in article III were further developed in article IV, which addressed the evolution of these frames as a precursor for the social assistance reform of 2015. Key informant interviews were used as sources of data alongside documentary data to understand what happened in the political decision-making process. The documentary and interview data were analysed using qualitative content analysis, which was mostly deductive in nature in that it made use of the ideational framing of the question as construed in article III. As was the case with article II, the data were initially coded into a larger number of categories, but they were eventually combined to form three broader categories with several subcategories.

In article I, qualitative content analysis was also employed, but with both deductive and inductive approaches. The deductive part was based on previous studies, with the analysis focusing on the kinds of reforms different parties were proposing, and on whether there were changes to unemployment benefit levels or conditions. Meanwhile, an inductive approach with unspecific categories was used to investigate how the different proposals were debated in the parliament and to reveal how the demands of different parties were politically motivated (Krippendorff, 2004).

### 5.3.2 Regression analysis

Regression analysis was used in articles I and III. The qualitative analysis of documentary data in article I was supplemented with an analysis of the changes in unemployment benefits during different election periods, the aim of which was to see if changes in benefit levels were correlated with which party or parties were in the government at a given time. In article III, the aim was to study the effect of different frames in a survey.

With regression analysis, it is possible to estimate the relationships between a dependent variable and independent variables. Regression models are commonly used when analysing the effects of partisanship on the generosity of social security benefits. When selecting independent variables, these analyses often use either a party's share of cabinet seats (Jensen & Mortensen, 2014; Kangas, 1991; van Vliet et al., 2012) or the prime minister's party affiliation (Korpi & Palme, 2003) to represent a party's relative power in government. The dependent variables, such as the replacement rate of an earnings-related unemployment benefit, are typically arranged in a time series, where the unit of time is a year. However, with such time series data, past values tend to have an effect on current values, making the data autocorrelated. This is typically tackled by using models that correct for first-order autoregressiveness (Iversen & Stephens, 2008).

The quantitative part of the analysis in article I was conducted with two regression models, using a party's share of cabinet seats as the independent variable in one, and the prime minister's party affiliation in the other. The models included controls for first-order autoregressive processes to take serial dependence into account. Separate analyses were also conducted using different control variables, including the unemployment rate, GDP growth, and state budget deficit. The time series regression served to complement the qualitative analysis in two major ways. First, statistical analysis of benefit levels made it possible to see the actual policy outcomes concerning unemployment benefit levels during different government periods. Second, it highlighted the importance of using both quantitative and qualitative approaches to understand the relation between politics and policy better, especially in such a case where a complex political system is combined with a complex benefit system (Kvist, 1998).

Regression analysis was also conducted in article III to examine the survey results. The article begins with an analysis of how the issue of centralising the administration of social assistance has historically been framed in political discourse. The aim of the survey was to test the effectiveness of different frames on public opinion, and to see whether there were differences in attitudes based on the respondents' party affiliations. Initial observations suggested that the results differed greatly between different sub-samples depending on the framing of the question.

To enable the modelling of interactions between frames and politics, the survey's answering options were constructed into a five-degree continuous dependent variable, where the 'I do not know' answers were coded into the middle of the continuum. A linear regression model was then applied to control for the respondents' socio-economic status, educational attainment, income, gender, and age. This enabled estimation of the actual impact of different frames on the respondents' answers. Finally, the interaction between frame and political affiliation

was analysed to see differences in the frames' effects between respondents with different party affiliations.

It had previously been established that framing is a common strategy in political discourse. The survey and the regression analysis provided additional information about the mechanisms of how and why framing matters in terms of influencing public opinion, and why political actors may find such strategies quite useful. Furthermore, the results allowed making inferences on the differences in the impact of different types of frames — those that simplify the issue referring to moral arguments and those that provide additional information and possibly render the issue more complex.

## 6 Results

### 6.1 Partisanship, continuity, and change: Politics in Finnish unemployment benefit reforms 1985–2016 (Article I)

The first article analyses the role of partisan politics in Finnish unemployment benefit reforms concerning basic-level and earnings-related benefits since 1985, when the prevailing dualistic model was institutionally cemented. The research questions were, ‘How has politics affected 1) the levels and replacement rates of the two unemployment benefit systems, and 2) the demanding labour market policies that affect access to these benefits?’

The article begins with a statistical view of the development of the two benefits. It is shown that the levels of both the basic-level and the earnings-related benefits have, over time, gradually decreased in relation to average wages. Further, the real value of basic-level benefits is shown to have remained stagnant for most of the study period, while the replacement rate of the earnings-related benefits has fluctuated more. In the regression models, no significant association was found to have existed between government composition and the levels of either of the two types of benefits. Partisanship would therefore seem to have had little effect on them.

The subsequent political analysis of the legislative changes that have taken place over the 30-year period highlights that the dualisation of the benefit system was reinforced in the reforms of the 1990s and 2000s. During this time, access to earnings-related benefits was gradually limited, and new compulsory measures were introduced to target young, unskilled, and long-term jobseekers.

The analysis demonstrates that the political strategies of different parties, and by extension the explanations to the seeming lack of partisan effects, differ between the two benefit systems. Especially in times of economic distress, the CP has been rather consistent in its efforts to make cuts to the earnings-related rather than the basic-level benefits, proposing policies that would have led to benefit homogenisation and the erosion of the dualistic model. These efforts were not prevented as much by the political difficulty and the hesitance of politicians to dismantle popular welfare policies (Pierson, 1996) but by the institutional power of the trade unions. Meanwhile, the SDP, when in government, has been able to implement measures

that have slightly improved earnings-related benefits to make them better keep up with the gradual increase of wages. This part of the analysis is mostly in line with Rueda's (2005, 2007) insider–outsider theory, according to which unions and social democratic parties tend to favour insiders in their labour market policies. Therefore, the major parties' approaches have differed regarding earnings-related benefits, but these differences have been tempered by union power, and the remaining partisan effects are partially hidden by the dynamics of coalition politics and systemic complexity.

However, the explanations differ when it comes to basic-level benefits. The article refers to the changing understanding of unemployment during the depression of the 1990s, a change that was demonstrated also in the political discourse that began to emphasise work incentives and reciprocity of benefits. The three major parties, which in the 1980s still held differing views on the sufficient level of basic security, eventually converged in emphasising active labour market policies. The change was the most significant among the CP, which had earlier defended basic-level benefits and argued for a more unified unemployment benefit system. After returning to power in the 2000s, when the economic growth would have made improving basic security easier, they instead focused on stricter activation policies to incentivise long-term jobseekers through compulsory employment services.

In summary, the Finnish case shows, as argued by Häusermann et al. (2013), that partisanship may still matter, but likely no longer in the straightforward way that older theories on partisanship assumed. Since the 1990s, both benefit systems have undergone a gradual increase in conditions and sanctions, as well as limitations in access to benefits. Policy layering (Streeck & Thelen, 2005) has therefore resulted in a type of retrenchment that conventional analyses of benefit generosity have trouble identifying. As the rationale of unemployment policy changed from securing income to incentivising more active labour market participation, the largest parties essentially let basic-level benefits to stagnate. Meanwhile, partisan differences regarding earnings-related benefits have remained, but the dynamics of coalition politics, systemic complexity, and the institutional setting that has cemented the dualised system make these differences difficult to pinpoint and partly soften their impact on policy outcomes.

## 6.2 Policymaking through opposing ideas? Framing conditionality and unconditionality in Finnish parliamentary discourse (Article II)

The second article explores the recent and somewhat contradictory policy processes in Finnish unemployment benefits. In a timespan of three years, the centre-right government of Prime Minister Juha Sipilä (2015–2019) implemented an experiment

on an unconditional basic income, while simultaneously introducing unemployment benefit reforms that, by contrast, increased benefit conditionality. The study explains how the government and the government parties' MPs resolved this ideational conflict in their political discourse. More specifically, the study analyses how ideational frames were strategically constructed in this discourse and how they were connected to prevailing background ideas (Campbell, 2004).

The government's proposals were framed in a way that was limited to cognitive ideas. They defined specific problems that required attention and focused on explaining how the proposed policies would help solve them. The solutions themselves were, for the most part, framed within the prevailing cognitive activation paradigm: both the basic income experiment and the unemployment benefit reforms would influence jobseekers' behaviour and especially encourage them to take up short-term work. The government parties' MPs followed this line of cognitive argumentation, but also expanded on it with normative framing of their arguments.

In the parliamentary debates, the activation paradigm helped resolve the looming conflict between the ideas of conditionality and unconditionality. The basic income experiment was portrayed only as a way to produce new information about incentive traps and, most importantly, the effects that improving incentives and removing sanctions would have on jobseeker behaviour.

Connecting the experiment to the activation paradigm was also facilitated by the experiment design itself. The fact that the experiment's target group was limited to unemployed individuals receiving basic-level benefits ensured that the model being tested was in reality very different from a 'traditional' universal basic income for which everyone would be eligible. Instead, the experimented model could be portrayed exclusively as a potential instrument to increase employment among a target group that, under normal circumstances, had difficulties finding employment through regular employment services. Importantly, the concept of unconditionality itself, as well as the normative ideas that have featured in much of the argumentation of basic income advocates (Standing, 2005, 2017; van Parijs, 1995; van Parijs & Vanderborght, 2017), was not at all featured in the Finnish discourse.

The argumentation defending the increase of conditionality of unemployment benefits was, to an extent, similar in that it also used cognitive framing that connected the policy measures to the idea of activation. However, many of the government parties' MPs also made use of normative framing that connected prolonged employment and reliance on benefits to passivity and social exclusion — issues that the government was committed to prevent. In this framing, the jobseekers' responsibility was to do what was necessary to re-join the labour force, and the government's responsibility was to encourage them with measures that demanded more in return for the benefits. In contrast to cognitive framing that portrayed the policy proposals as simply the most effective solutions to identified problems, the

normative framing attempted to connect the issues to the background ideas on what the public might deem morally acceptable.

In conclusion, the recent developments demonstrated that implementing policies grounded in contradictory ideas is possible. The policymakers' success in resolving this conflict, however, likely depends on their ability to balance cognitive and normative framing when defending these policies. In this case, both types of policies were cognitively framed in terms of the same activation paradigm and portrayed as measures that would address problems that all parties recognise as important and difficult issues. On a normative level, such reconciliation would likely be much more difficult, and as such it was not even attempted. As for the future of basic income, focusing on cognitive framing that emphasises work incentives appears to be a logical way to increase its political feasibility (De Wispelaere, 2015; Perkiö, 2020), but framing policy proposals in terms of established background ideas will more probably hinder, not expedite, institutional change (Campbell, 2004).

### 6.3 When and why do ideas matter? The influence of framing on opinion formation and policy change (Article III)

The third article looks at the centralisation of social assistance, which has been a recurring question on Finnish political agenda. The study empirically examines how competing ideas were framed in political discourse concerning this issue, and what effect the different frames have on public opinion.

The preliminary examination distinguishes between four major frames that have historically been used in support of and against centralisation. Those in favour have referred to equal treatment and to the right to receive a benefit when one is eligible for it, and those against have referred to cost containment and the importance of connecting monetary support to social services. These frames were tested in an opinion survey, in which the question of centralisation was presented within the four different frames to separate subsamples of respondents.

The results vary to a significant extent depending on the frame. When the question was presented in the unframed form, most respondents favoured the state model. Framing the same question in terms of increasing costs or of distancing the benefit from social services weakened support for the proposal. By contrast, framing the question in terms of equality and rightfulness increased support for the state model. A key finding is that framing did not only influence the support for centralisation but also affected the certainty of the respondents' opinions. In the case of the 'factual' cost containment and social work frames, nearly one-fourth of the respondents could not express their opinion. Contrarily, referring to the moral frames of equality and rightfulness significantly decreased the share of hesitant respondents.

Regression analyses confirmed that the differences resulted from the frame, and the other variables were not significant.

The results suggest that the frames that showed the state model in a more negative light created ambiguity, as respondents who otherwise would support centralisation were confronted with information that conflicted with their view. Conversely, referring to social justice increased certainty on the issue. The conclusion is that ideas become more effective when the level of abstraction regarding a specific policy proposal is increased and the emphasis is shifted towards moral arguments, lending credibility to Cox and Béland's (2013) argument that these kinds of ideas may evoke a stronger emotional response and thus generate higher valence. When basing an opinion merely on moral judgement, it is easier for individuals to take a stronger stand on a question than when faced with factual information that may obfuscate the issue.

It can be inferred from the results that in political rhetoric and in processes of agenda-setting, political actors may find it useful to stick to simple issues and connect their proposals to moral sentiments of what is right and wrong, rather than present complicated facts or approach issues from a number of different viewpoints.

As for the centralisation of social assistance, although the article demonstrates the efficacy of framing and the popularity of the state model, it also shows that this was insufficient to bring about policy change. In this case, external shocks — in the form of economic crises — that often facilitate change, instead increased political uncertainty to a degree where policymakers lacked courage to implement the reform. Further, and perhaps more importantly, influential institutional actors were against the reform, and they were able to utilise the circumstances of economic distress to lend more credibility for the frames that highlighted increasing costs and the problems of social work to prevent it from taking place.

## 6.4 Institutional evolution and abrupt change: Reforming the administration of social assistance in Finland (Article IV)

This article investigates what happened in the political, institutional, and ideational settings that enabled the administration of Finnish social assistance to become centralised only a few years after the reform had last been rejected.

The exceptional political and economic situations partly explain why the reform took place. As the Finnish economy continued to stagnate in the aftermath of the 2008 economic crisis, the government launched a major structural reform programme in 2013. The ministries were expected to introduce significant budget cuts quickly to fulfil the programme's requirements. This opened the window for centralisation to be brought back to the political agenda. In the narrow time frame

that was given, the reform could be framed as a cost-saving measure, although this assumption was not based on strong evidence or thorough evaluations. Furthermore, potential veto players that had previously helped block the reform were bypassed in the process.

The centralisation of social assistance had previously been rejected partly due to concerns related to social work and public expenditure — the ideational frames that were highlighted in article III. These concerns were again raised within the major government parties, the NCP and the SDP, who had only recently been opposed to centralisation. This time, however, these frames had been influenced by the incremental change in the administration of the benefit. Social assistance had been indirectly affected by the policy drift (Mahoney & Thelen, 2010) regarding basic-level social security benefits. Due to the insufficiency of basic-level benefits, many claimants would supplement their benefits with social assistance continuously, even though social assistance was originally meant to be a temporary, last-resort benefit. To deal with the permanently high number of benefit claimants, many municipalities had transferred most of the application handling from social workers to unqualified benefit officers. In this way, policy drift had led to policy conversion (Mahoney & Thelen, 2010).

This incremental and endogenous change turned out to be an even more important factor than the exceptional political circumstances in facilitating political agreement on the reform. Social assistance was eventually viewed less as a tool for social work and more as an income transfer like other social benefits. The resulting policy feedback over time changed the ideational elements (Carstensen, 2011a) of the social work and cost containment frames that had previously been so successful. As benefit handling was already distanced from social work in the municipal model, the change brought on by centralisation was viewed as less significant than before. Meanwhile, the simpler and supposedly faster benefit handling process would benefit those that needed financial aid. The concerns regarding cost containment remained strong, but as benefit handling was now reframed as merely a mechanical task, the centralised process was expected only to increase efficiency. Therefore, the potential growth in expenditure would be balanced out by the savings due to economies of scale.

The study's conclusion is that the reform resulted both from a sudden external shock, and from an incremental, endogenous change. The critical juncture caused by the structural reform programme explains why the reform happened when it did. However, even more important were the institutional discontinuities, which led to a change in the composition of the ideas of social work and cost containment. This eventually eroded the basis for opposition to the reform. The combination of these factors finally made political consensus over centralisation possible.

## 6.5 Summary of the results

The empirical case studies of this dissertation have investigated the policymaking of Finnish social policies in the framework of both historical institutionalist and ideational approaches. The articles have delved into the agency of political parties and individual policy actors and their use of ideas within historical institutional constraints. The aim was to understand how the interaction of institutions and ideas, and the agency of policy actors influenced Finnish welfare state development specifically in the case of unemployment benefits and social assistance. In the period under study, there were several moments that could have opened the window for radical institutional change, but the past few decades have been more of an example of continuity.

Articles I and III demonstrated the complexity and the difficulty of institutional reform, both in the case of unemployment benefits (article I) and social assistance (article III). The way that the unemployment benefit system was built at the turn of the 1960s and reinforced in mid-1980s — largely by labour market organisations themselves — made it difficult to reform, by design. As unions were from the start in a position to influence most decision-making related to the system, they have had an incentive to protect this position and maintain the status quo. In spite of the major structural challenges, exogenous shocks and economic upheavals that triggered an era of austerity and retrenchment pressures, the Finnish unemployment benefit system has been resistant to transformative change. The major political parties had their differences regarding changes to the dualised system, and the CP in particular supported stronger benefit homogenisation. However, due to the institutional constraints and coalition politics that forced the parties to compromise, changes that were implemented were of an incremental nature and if anything, systemic dualisation was reinforced. As a result, partisan effects on policy outcomes seemed modest despite obvious differences in interests and goals. Article III showed that transformative change may be extremely difficult even in circumstances that strongly favour a particular reform. The centralisation of social assistance, which came close to being decided upon in 2009, was backed by strong policy evidence and supported by many experts, and the proposal could be framed in a compelling way that gathered broad public support across the political spectrum. However, the economic crisis increased uncertainty about the reform's consequences, and influential institutional actors utilised this to prevent the reform from taking place.

Articles I and III were therefore stories about institutional stickiness and continuity rather than change. However, as has been argued in previous research, the most important change of the 1990s took place at the ideational level. Incentive traps and the passivising effects of unemployment benefits were defined as key problems that were seen to limit the potential of jobseekers to find employment. This affected the unemployment benefit system in more subtle ways. During the period under

investigation in articles I and II, all major parties contributed to limiting access to benefits and to tightening eligibility conditions and sanctions. The adopted measures targeted especially those who were unwilling or unable to adapt to the demands of the labour market. This type of retrenchment, in particular, is hidden from conventional analyses on benefit generosity. The stricter rules, for their part, also contributed to maintaining the dualised system, while the shared definition of incentive traps as a key problem explains why none of the major parties expressed much interest in improving the level of basic-level benefits.

The ripples of the 1990s shift can be seen throughout the reforms of the 2000s and 2010s. The analysis of the 2010s reforms in article II showed that policymakers, when defining problems, looking for solutions, and framing policy proposals, continue to reach into the activation paradigm toolkit, even in a case where the proposals themselves may appear ideationally contradictory. Their discourse around unemployment benefits in the late 2010s followed the established logic, where increasing offer in the labour market through stricter benefit conditionality was expected to improve incentives and encourage the unemployed to find work. The study also reminded that the activation paradigm is not purely cognitive (cf. Campbell, 2004) but has a normative aspect that resonates with public sentiments regarding perceptions of deservingness. As a social risk, individuals can be viewed as bearing more personal responsibility over unemployment than over old age or sickness, which affects the public view on how deserving of social protection the unemployed really should be. As Knotz (2016) notes, especially when unemployment is at a permanently high level, stricter conditions and sanctions can be seen as targeting those that fail to comply with the rules and therefore, rightfully punishing those that are not pulling their weight. Article II noted that this idea was also articulated by policymakers in their framing of the recent unemployment benefit reforms. Interestingly, the Finnish experiment on an unconditional basic income was also framed in terms of the activation paradigm — as a way to improve the incentives to take up short-term work — which made it possible for the government to implement seemingly opposing types of policies simultaneously.

The ability of policy actors to frame their ideas in normative terms is extremely important. Article III showed that framing in itself impacts popular support for a policy proposal. Framing the issue of social assistance centralisation in a positive or negative light significantly influenced the respondents' views on the issue, regardless of party affiliation. More importantly, the level of abstraction of the frame also had a significant effect, as frames that included more specific information on the question created greater ambiguity, whereas frames that resonated with moral sentiments increased respondents' certainty on the issue. The result implies that the ability of policymakers to connect their proposals to abstract, normative sentiments

is likely to be more effective — or in the terms of Cox and Béland (2013), generate higher valence — than basing arguments on facts alone.

Finally, article IV showed why even the study of short-term, abrupt changes should take into account slowly unwinding processes (Pierson, 2004) as well as the way both institutions and ideas can interact to cause continuity and change. The centralisation of social assistance, which had until then been repeatedly rejected, was decided on suddenly and with relatively little discussion or preparation. This required the opening of a policy window, or a critical juncture, which, much like in 2009, gave policy actors the opportunity to change the institutional path. The background for this deliberation was, however, set by the long process whereby — due to the stagnating level of basic-level benefits (referred to in article I) and increasing housing costs — many households that had no real need for social services nevertheless had to top up their basic-level benefits with social assistance. This led to an incremental change of benefit administration where the benefit was gradually distanced from social work, reaching a point where it also affected the ideational foundation upon which the resistance to the reform had previously been built. Therefore, the path-breaking reform was made possible through the interaction of incremental institutional and ideational change that eventually helped change key decision-makers' thinking on the issue and enabled political consensus on the reform.

## 7 Discussion

Politics is a complex affair. The mechanisms by which policy actors direct their attention to particular issues, how some problems become collectively considered as worthy of solving, how issues are brought up and float in and out of the political agenda, and how politics turns to policies, are inherently complicated. In the vast theoretical literature on the expansion and retrenchment of welfare states, and on institutional and ideational continuity and change, it would be folly to expect that one single approach could explain everything. However, as the four studies on social politics of this small country have shown, combining elements from different approaches that focus especially on the interaction and interplay of institutions and ideas can improve our understanding of why and how continuity and change happens.

The empirical case studies in this dissertation contribute to existing research by applying different methods and data to analyse how the ideas and the policy actors' use of ideas contribute to social policy development in a complex political and institutional setting. Much of this study has been based on documentary data generated in the course of policy processes. Through quantitative content analysis and thematic analysis of these data, the studies demonstrated how political parties have attempted to influence the transformation of unemployment benefit systems (article I) and how policy actors have used ideas, especially ideational framing, in their attempts to generate institutional continuity or change (articles II to IV). In addition, regression analysis was applied on benefit data in article I to illustrate the relation of partisanship to the development of unemployment benefits over time, and on survey data in article III, where ideational framing was shown to be effective in influencing public opinion. Article IV, in turn, primarily made use of key informant interviews to open the 'black box' of a policy process, demonstrating how institutions and ideas can change over time and how the combination of institutional and ideational factors and agency can contribute to institutional change. The plurality of data and methods also allows for a broader deliberation of theoretical implications, discussed as follows.

It is often brought up that much of institutional literature focuses on institutional continuity and mechanisms of path dependence. In the case of the policies analysed

in this dissertation, it has certainly seemed that abrupt, transformative change does not happen easily. Especially in articles I and III we saw mechanisms of utilitarian and political institutionalism at play (Ebbinghaus, 2005; Mahoney, 2000; Pierson, 2000). When political decision-making hinges both on compromises between at least three coalition partners *and* on the acceptance — or at the most minor resistance — of social partners, it is often impossible for any of the actors to generate abrupt change. The unemployment benefit system, in particular, was made resistant to change by design, while also empowering some actors practically as veto players, at least where large-scale changes are concerned (Bonoli, 2000; Gordon, 2012; Tsebelis, 1995).

The institutional continuities explored in the studies have not been related only to historical institutionalist factors. Previous research has demonstrated that the ideational change that took place in the 1990s established a new paradigm with respect to the way unemployment and the unemployed are viewed. The activation paradigm essentially dictated how the issue of unemployment was defined and framed as a problem, and what would be the best types of policy solutions to deal with it (Daigneault, 2014). Articles I and II demonstrated rather far-reaching partisan consensus on policies that limit benefit eligibility and increase conditionality to encourage job-seeking and boost labour force participation. Moreover, as article II showed, this ideational approach to unemployment and conditionality and the discourse associated with it has not really changed since it became dominant in the 1990s. It is indicative of the activation paradigm's influence that even the unconditional basic income has been framed as merely a tool to incentivise taking up short-term and part-time work. Therefore, we could speak not only of institutional but also of ideational path dependence in Finnish unemployment benefit policy (Blyth, 2001; Carstensen, 2011b; Schmidt, 2011).

It is perhaps a testament to institutional and ideational constraints that the policies studied in this dissertation have also survived several critical junctures without transformative change. When it comes to the nature of path dependence, however, none of the four articles give much support to the concept of institutional lock-in or 'frozen landscapes'. Rather, what we saw particularly in articles I and IV were different forms of incremental change (Mahoney & Thelen, 2010) — layering and drift in the case of unemployment benefits, and conversion in the administration of social assistance. Whether the changes could be called just 'politics as usual' that takes place between critical junctures, or significant and transformative change, is more than a question of semantics. Through creeping change, from the viewpoint of an unemployed individual the benefit system looks very different now than it did in the early 1990s. Furthermore, as article IV showed, in the case of social assistance the incremental change eventually culminated in an abrupt path break.

The four studies also highlight the importance of agency. Neither continuity nor change take place by themselves, but require active participation and support from institutional and political actors (Hacker et al., 2015). Politics is a scene of ongoing struggle where actors use their institutional and ideational resources and abilities to build coalitions and gain support for their proposals. As agenda-setters and legislators, political parties are the key actors in this struggle. As article I showed, however, the politics of reform is influenced by institutional constraints and coalition politics that can make partisan effects on policies difficult to predict or even distinguish. In such situations, the most innovative actors thrive, and are sometimes able to implement small-scale changes that have long-term consequences (Bonoli & Palier, 1998; Lessenich, 2003). For example, the 1984 decision to connect the level of earnings-related unemployment benefits to that of the basic-level benefits, or the 1997 decision to have unemployment benefits follow the national pensions index instead of wages continue to shape perceptions of the entire system.

Meanwhile, articles II and III were concerned with how this struggle takes place through discourse, where ideas are deployed as weapons and problems and solutions are framed (Béland & Cox, 2016; Carstensen, 2011a; Carstensen & Schmidt, 2016; Schmidt, 2011). Furthermore, the focus on ideas and discourse offers ways to understand how and why policy actors act the way they act. Skilled policy entrepreneurs are able to frame their proposals in ways that resonate with established cognitive and normative ideas — paradigms and public sentiments — to create higher valence (Cox & Béland, 2013) for their ideas. Once it has been established that unemployment is a key problem that threatens the existence of the welfare state, it is relatively straightforward to make the cognitive connection between stricter benefit conditionality and the activation paradigm that encourages improving work incentives. However, the revelation of article III was not only that framing matters, but that framing issues in more abstract terms that connect them to widely shared values is all the more effective, that is, generates higher valence. In the case of unemployment benefits, activation policies have also been defended through normative framing: stricter benefit conditions and sanctions are politically viable not only because they are in line with established practices, but because they offer a normatively acceptable way of encouraging participation without hurting the social protection of those who act as society expects them to act (Knotz, 2016).

Importantly, both institutional and ideational scholars have found that the struggle does not take place on an even playing field. There are always asymmetries in institutional power and access to resources — sometimes built within the institutions themselves — that make it easier for some actors than others to promote their ideas and influence policy outcomes (Capoccia, 2016b; Carstensen, 2011a). Article III, in particular, showed that very successful ideational work can be overruled by institutional power players that favour continuity. It is a reminder that

the turn to ideas does not negate the importance of political and institutional power resources: ideas alone do not cause change, but require powerful actors to promote them, as well as opportune circumstances that make change possible (Lieberman, 2002).

The main topic across this dissertation has been the interaction of politics, institutions, and ideas. As demonstrated in article IV, it is through this interaction that institutional change takes place. After the events analysed in article III, the administration of social assistance seemed to be on a set path — until it was not. Importantly, neither institutional nor ideational explanations alone could fully explain what happened. Rather, and partly behind the scenes, it was incremental institutional change and ideational change becoming intertwined that, given the right circumstances, led to a sudden path departure.

The point is that the argument should not be whether politics, or history, or ideas matter, but rather, how they matter together to generate continuity and change. The researcher's problem is that this makes things extremely complex and policy changes maddeningly difficult to predict. It is telling that few experts expected the path break of social assistance to happen, even after it returned to the agenda in 2014. Then again, this complexity perhaps mirrors that of political life itself. If anything, based on this dissertation, it would indeed seem prudent for researchers to pay attention to all of these aspects together.

As for the politics of Finnish social policy, this study shows that as far as unemployment benefits are concerned, there has been little deviation from the pattern. Changes have continued to be incremental and despite a few increases, basic-level security has remained on a set level. Power resources and historical institutions continue to matter, and the possibilities for any one government to implement large-scale changes during a four-year term are undoubtedly limited. The labour market reform efforts of the centre-right government of Juha Sipilä (2015–2019), which faced fierce resistance, were a case in point. While the government introduced its share of unemployment benefit reforms, they were not exactly path-breaking. However, the institutional setting is changing: the employers' federation has stopped negotiating incomes policy agreements, and the role of tripartite decision-making on social policy is constantly being challenged. Relatedly, proposals to replace the Ghent system with a centralised, general unemployment insurance system have been reinvigorated by the employers and the political right.

When looking at the role of political parties as policy actors over a longer period, it is worth remembering that parties' constituencies and relatedly, their preferences are not set in stone (Häusermann et al., 2012). Their views on policies can change when the circumstances, the institutional context, and/or the ideas of their key decision-makers change. Especially when some of the largest parties change their view on something, it is likely to reverberate in policy development. For example,

when unemployment exploded in the early 1990s, the CP stopped demanding increases to basic-level unemployment benefits and has since then focused on activation policies. Subsequently, labour market outsiders were left with few defenders (Timonen, 2003), and their benefits stagnated. Meanwhile, since the paradigm shift of the 1990s there has been practically a consensus between the three largest parties on the need to activate the unemployed and improve incentives to take up work, and it does not seem like this is about to change. The employment rate has a significant effect on public finances; as such, it is followed closely to evaluate the performance of governments. Meanwhile, as the tools for pre-evaluating legislative changes have improved, the Ministry of Finance's estimations of employment effects have become the most important measuring stick for evaluating policy proposals. As increasing benefit conditionality leads to positive employment effects, and increasing benefit levels leads to negative ones, any shift that would drastically decrease the reciprocity or conditionality of unemployment benefits seems unlikely. While the basic income experiment raised hopes among basic income advocates that major changes were on the way, the way it was politically designed and discursively framed should leave little doubt on the likelihood of an unconditional benefit being implemented. It is likely that the lesson learned is not that unconditionality leads to well-being (Kangas et al., 2020), but that bureaucracy traps related to applying for benefits are an obstacle to employment and need to be solved — without compromising on conditionality.

The nature of social assistance as a last-resort benefit has undergone incremental changes which culminated in the path-breaking reform explored in article IV. Legislatively, it is, by definition, still considered to be a part of social welfare. At the same time, the primary social benefits, especially for the working-age population, are often insufficient to cover daily expenses and especially housing costs (THL, 2019); consequently, many long-term social assistant claimants only require the benefit for financial reasons. This is viewed as a problem across the political spectrum, but the most significant policy change, centralisation, was not a solution but rather a way to cope with this reality. As the benefit has been paid from Kela for the past few years, an institutional analyst might see familiar utilitarian institutional reproduction mechanisms (Ebbinghaus, 2005; Pierson, 2000) in play that help cement the new path. After initial problems, Kela has invested in streamlining their processes; due to learning effects, the handling of benefits becomes more efficient over time; cooperation between Kela and the municipalities, still in charge of supplementary and preventive social assistance, has been developed and improved; a large majority of benefit claimants have benefited from simpler processes and electronic applications, and so on. In short, there are multiple sources of increasing returns that make straying from the new path unlikely (Korpela et al., 2020).

There are obviously limits to what can be said about the implications and especially the generalisability of case studies focusing on just one single country. This dissertation increases our knowledge about how the interaction of ideas, institutions, and politics can shape institutional continuity and change, but it would be a stretch to declare that the same dynamics would definitely apply in a different political and institutional setting. Engaging in comparative research including several similar countries and taking a broader selection of policies under the lens, while evidently constituting a much more substantial endeavour, could do more to advance knowledge on the applicability of institutional and ideational theories explored in this study. Alongside theoretical contributions, a key aim of this dissertation has been to dive into the realm of Finnish social policy and politics, partly to demonstrate that systematic models can only go so far in explaining processes shaped so much by contingent events and subjective agency, and this is possible only through in-depth empirical analysis. As Immergut (2006, 254) notes, ‘There is no substitute for empirical research in finding the answers regarding a particular case’.

In Finland, the difficulty of reforming and modernising social protection has been recognised in the past few years. After preliminary work under Juha Sipilä’s government in 2015–2019, the five-party coalition government of prime minister Antti Rinne (from 2019, Sanna Marin) established a parliamentary committee to, once again, reform the social security system. The committee’s work will span two parliamentary terms and finish by spring 2027. The setting up of the committee signals a consensus that a reform is needed, as well as an acceptance that a large-scale reform requires more time and, consequently, a broader agreement that is possible under any one government. The key problems to be worked on are related to the complexity of social security and coordinating and combining benefits with services and employment. It remains to be seen whether this approach leads to transformative change or more incremental tweaking.

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