

# Turning right? Feedback effects of private insurance on partisanship

Diana Burlacu

Humboldt Universität zu Berlin

diana.burlacu@hu-berlin.de



HEALTHDOX  
The Paradox of Health State Futures



## Research Question(s)

How do private social policies affect political preferences?

Does private health insurance increase partisan support for right-leaning parties?

## Motivation

**Empirical:** Private insurance membership has tripped in the last 20 years.[4]  
→ How does it affect political behavior?

**Political:** Partisan conflict over private insurance in European and non-European countries.  
→ Which parties benefit/lose when private insurance is included?

**Theoretical:** Left-right divide on social policies is still dominated by redistributive interests.[3]  
Parties use market-based alternatives to pursue their traditional goals.[2] Private social expenditure is negatively correlated with public support for the welfare state [1]  
→ What are the micro foundations?

## Theory

### • Social insurance vs. Private insurance:

- Pooled risks vs. individual specific risks
- Collective vs. individual responsibility

### • Private insurance's feedback effects:

- **New incentives:** privately insured want lower taxes, less redistribution
- **New ideological ideas:** privately insured want policies based on individual responsibility

### • Existent partisan bias conditions insurance's effect:

- **Right-wing partisans:** private insurance *reinforces* their partisan loyalty
- **Left-wing partisans:** private insurance *challenges* their partisan loyalty
- **Non-partisans:** private insurance *incentivizes* their loyalty towards center-right parties

## Data

### • Germany

- Socio-Economic Panel Study - West Germany - 1985-2015
- Independent variables: Primarily private insurance; Supplementary private insurance
- Dependent variable: **1:** CDU/CSU or FDP supporters; **0:** Non-partisans and supporters of SPD, Greens, The Left or other smaller parties
- Newly privately insured: 42% non-partisans, 26% CDU/CSU and 21% SPD

### • United Kingdom

- British Household Panel - England - 1997-2008
- Independent variable: Primarily private insurance
- Dependent variable: **1:** Conservative partisans ; **0:** Non-partisans or partisans of Labour, Liberal Democrats or local smaller parties
- Newly privately insured: 42% non-partisans, 27% Labour and 20% Conservatives

- Control variables  $X_{ik}$ : personal annual income, gender, age, education, labour market status, social class, marital status, children, housing, civil servant

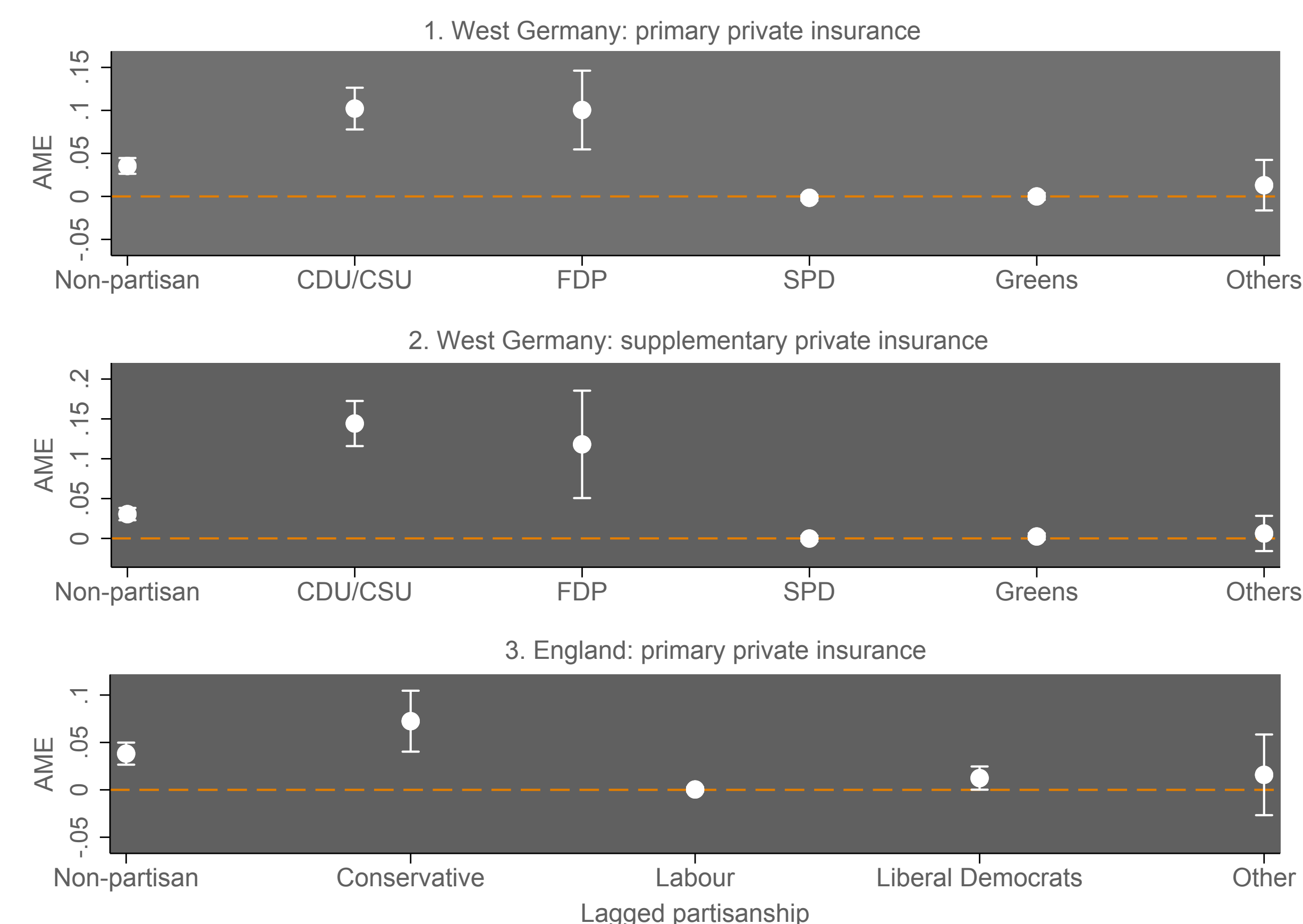
## Model

Random effects logit models of being a right-wing supporter ( $RW_{it}$ ) on lagged partisanship  $PA_{it-1}$  in interaction with private insurance  $PI_{ik}$ :

$$RW_{it}^* = \alpha_i + \beta_1 PA_{it-1} + \beta_2 PI_{it} + \beta_3 PA_{it-1} * PI_{ik} + \gamma' X_{ik} + \lambda' Y + \epsilon_{it} \quad (1)$$

## Results

Private insurance increases support for right-wing parties among non-partisans and existent right-wing partisans



**Figure 1: Average marginal effect (AME) of private insurance on the probability of being a supporter of a right-wing party: CDU/CSU or FDP in Germany and Conservatives in England. [Random effects set to 0.]**

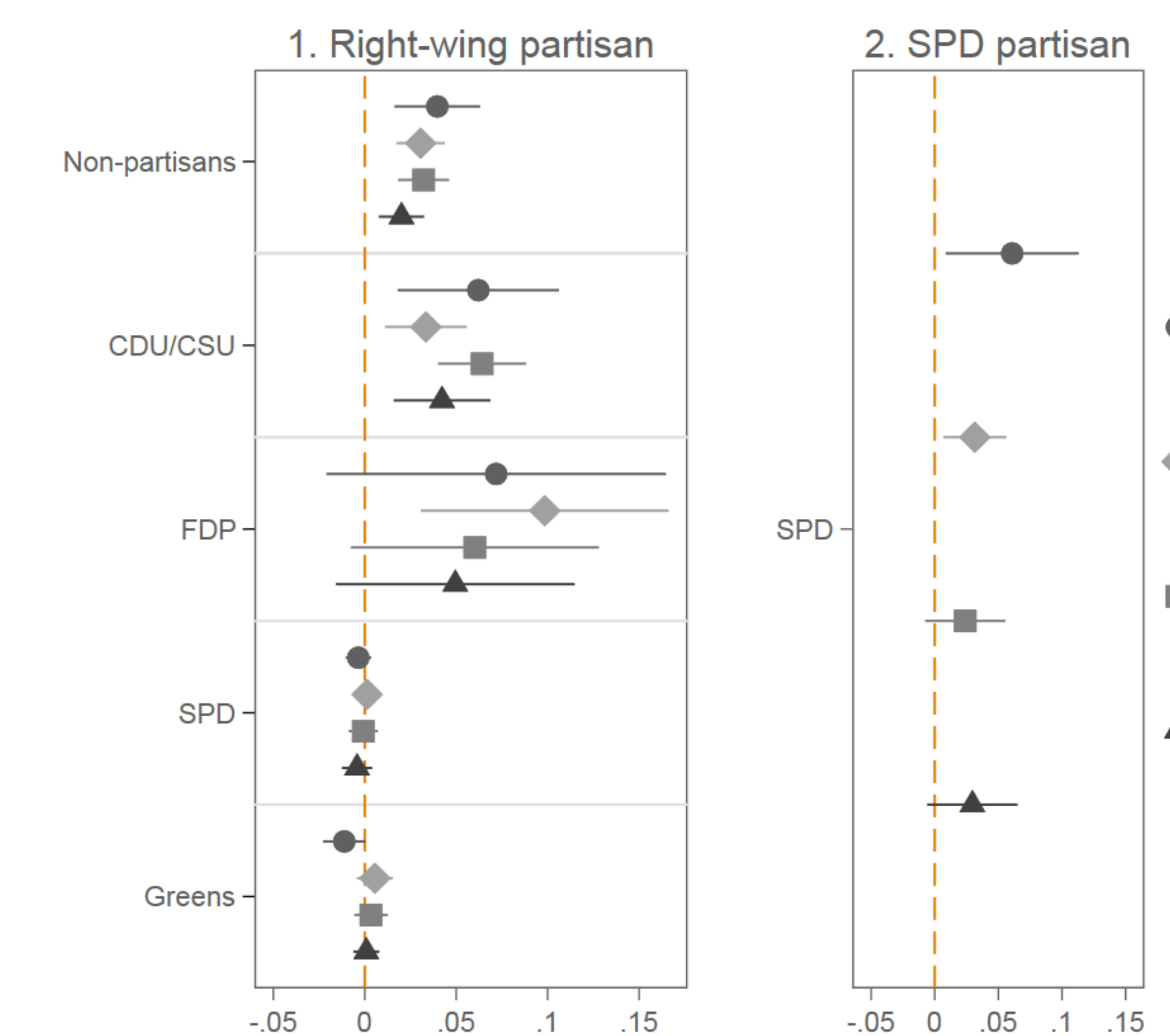
### • West Germany:

- Non-partisans are **3.5%** or **3.1%** points more likely to become supporters of right-wing parties when they purchase primary private insurance or supplementary private insurance, accordingly.
- For existent German right-wing partisans (CDU/CSU and FDP), primary private insurance increases their partisanship stability by **10%** points while supplementary private insurance by **12-14%** points.
- The effect of private insurance on SPD or Greens partisans is statistically insignificant.

### • England:

- Non-partisans are **3.8%** points more likely to identify with Conservatives when they purchase private insurance than otherwise.
- Conservatives with private insurance are **7.2%** points less likely to abandon their party than those without private health insurance.
- The effect of private insurance on Labours or Liberal Democrats is statistically insignificant.

## Do left-wing partisans with private insurance leave their party? Does it matter who is in power?



**Figure 2: Average marginal effects of primary private insurance on being right-wing (CDU/CSU, or FDP) or SPD partisan among German partisans and non-partisans under different cabinets**

- Before 2005, SPD partisans were more likely to support their party after buying private insurance. After 2005, the effect is statistically insignificant.
- Labour partisans' support is not affected by private insurance.
- The effect of private insurance among right-wing supporters does not vary substantially between cabinets.

## Conclusions

- Private social policies (here private insurance) affect political preferences of certain partisans.
- Right-wing supporters win support among non-partisans and existent right-wing supporters when private insurance is included, which gives them more power to pursue further privatization reforms.
- Left-wing parties do not lose their supporters when these buy private insurance.
- There is strong evidence of feedback effects of private social policies, conditional on existent values (here partisanship).

## References

- [1] Marius R Bussemeyer and Torben Iversen. The politics of opting out: explaining educational financing and popular support for public spending. *Socio-Economic Review*, 12(2):299–328, 2014.
- [2] Jane R Gingrich. *Making markets in the welfare state: the politics of varying market reforms*. Cambridge University Press, 2011.
- [3] Silja Häusermann. *The politics of welfare state reform in continental Europe: modernization in hard times*. Cambridge University Press, 2010.
- [4] OECD. *OECD Health Statistics 2017*. OECD Health Statistics 2017, 2017.