Ian Gough

# European welfare states: explanations and lessons for developing countries

## Book section

**Original citation:**
Dani, Anis Ahmad and Haan, Harjan de, (eds.) Inclusive states: social policy and structural inequalities. World Bank Publications, Washington, USA, pp. 3-38. ISBN 9780821369999

CHAPTER 2

# European Welfare States: Explanations and Lessons for Developing Countries

*Ian Gough*

Given the longevity and vast institutional presence of welfare states in Europe, examining whether they can offer any lessons to the developing world is worthwhile. Clearly, lessons can take the form of negative warnings, as well as positive role models. Because social policy can refer to both government actions and the study of those actions, however, two types of possible lessons exist: (a) models of social policy action to follow or avoid and (b) forms of social policy analysis that help address emerging social problems. In an earlier survey titled "Social Security in Developed Countries: Are There Lessons for Developing Countries?" Atkinson and Hills (1991) concluded that few lessons can be drawn concerning policy recommendations, but many arise on the methods of social policy analysis. This chapter adopts that general perspective.

The origins of European social policy are difficult to identify. In the United Kingdom, modern social policy can perhaps be dated from the New Poor Law Act of 1834 and the 1842 *Report on the Sanitary Condition of the Labouring Population of Great Britain* (Chadwick 1965 [1842]). State intervention in education and social security came much later. The Prussian state introduced compulsory education earlier, and in 1883, Otto von Bismarck introduced the world's first health insurance program, followed by old-age pensions in 1889. Before the onset of World War I, the United

The author is indebted to Dr. Emma Carmel, to Dr. Barbara Darimont, and especially to Prof. Stephan Leibfried for constructive comments on earlier drafts, and to my research student Dr. Young-jun Choi for comments plus work on the bibliography. None bears any responsibility for what follows.

Kingdom saw the introduction of old-age pensions, school meals, and the first social insurance scheme. By that time, a dense network of local and municipal services in health, housing, and social care had reached much of Europe also.

The terms *Sozialstaat* and *Sozialpolitik* first appeared in Germany in the mid-19th century, almost a century before the term *welfare state* emerged in Britain in the early 1940s. Post–World War II political settlements in several Western countries heralded extensive and comprehensive social policies. The emerging national welfare systems frequently replaced or displaced cooperative, enterprise, or workers' welfare provision, while extending territorial, socioeconomic, and occupational coverage in the process. Although the shape of social policy differs across countries and policy domains, it is a significant feature of Organisation for Economic Co-operation and Development (OECD) states[1] in the second half of the 20th century. Therborn (1983) defined welfare states as those states where more than one-half of all government expenditures are devoted to social policy, as opposed to the economy, the military, law and order, infrastructure, and other traditional state functions. On this basis, even the United States qualified as a welfare state in the last quarter of the 20th century.

Given that our focus is European social policy, we must first define *Europe*. Even if we confine ourselves to the pre-enlargement European Union (EU) of 15 members, we encounter the same problem that most researchers encounter: different "welfare state regimes" (Esping-Andersen 1990, 1999) or different "families of nations" (Castles 1993) within the EU. Four are generally identified (Ferrera and Rhodes 2000):

- Liberal: Ireland and the United Kingdom
- Social democratic: the Nordic countries
- Continental: Austria, the Benelux countries, France, and Germany
- Southern: Greece, Italy, Portugal, and Spain.

Thus, Europe is not homogeneous, and its lessons are plural. Indeed, Europe offers a natural and well-studied landscape of differing social policy responses to broadly similar social problems. Because one of its more pervasive lessons is that there are multiple routes to broadly similar goals, a major analytical task is to understand the reasons behind these differences. Many studies extend the field of comparison to the OECD world of industrial capitalist states, thus including Australasia, Canada, Japan, and the United States. This extension compounds the issue of diversity but offers still more variability to enrich comparative analysis. This chapter demonstrates that comparative social policy analysis supplies a rich set of findings, theories, and hypotheses for the developing world.

## Definitions, Measures, Problems of Method

Although much research has been done into the development of social policy in Europe and the OECD over the past century, for the purposes of this chapter one issue that must be determined from the outset is the meaning—and hence the measures—of social policy: the so-called dependent variable problem. Following Deacon (2003a), one can distinguish the "three Rs": regulation, redistribution, and rights. This approach immediately suggests three ways of assessing the extent and nature of social policies:

1. *Regulation* encompasses the major legislation and regulations that modify the behavior of private actors to achieve publicly recognized goals, justified by some reference to normative values. The private actors can be individuals in households, firms and collective economic actors, and groups and movements in civil society. This variable suggests a vast scope for social policy, although in practice it is restricted to policies designed to influence something directly—such as Beveridge's (1942) "Five Giants": (a) want (social protection, money transfers); (b) disease (health services, both preventive and curative); (c) squalor (housing and urban planning); (d) ignorance (education and training); and (e) idleness (employment policies).
2. *Redistribution* means the extent to which the state, through taxation and public expenditure, redistributes factor or primary incomes in a progressive direction. This variable entails measures of public spending and of taxation and other forms of revenue. Although easier to measure than rights, they pose questions of meaning; all else being equal, growing unemployment will result in growing public expenditure on benefits for the unemployed, and an aging population will result in higher pension and health spending. However, these expenditure trends may mask stagnation or even reversal in terms of benefits, rights, or redistribution. Also, as the definition of regulation suggests,

the state can influence welfare outcomes by regulating, mandating, taxing, or subsidizing private actors. Social needs can be met by a mix of institutions, something more often appreciated in developing countries' contexts.[2]

3. *Rights* refer to the extent to which substantive social and economic rights (as opposed to procedural civil and political rights) are guaranteed by the state to the entire population (although this guarantee can be qualified by residence, nationality, and citizenship). Following T. H. Marshall (1950), this variable identifies the defining characteristic of welfare states as the use of state-guaranteed rights to counter the power of money or political connections. After World War II, full employment was recognized as an equivalent economic right in several countries.

All three Rs have been used as dependent variables in Western social policy research; however, the dominant focus in all three has been the direct role of the state. Important exceptions to this general focus include studies of employment policies, where tripartite corporatist arrangements with business and unions often take center stage, and research on varieties of capitalism (Crouch and Streeck 1997; Hall and Soskice 2001).

Another way of conceptualizing the dependent variable is to distinguish inputs, outputs, and outcomes in social policy.

- *Inputs* refer to legislative inputs, or the expenditure of resources, whether monetary or workforce (such as, spending on social protection).
- *Outputs* can refer to the implementation of legislation and the provision of specific services (such as, coverage rates of social insurance benefits for designated groups).
- *Outcomes* refer to the final effects on individuals (such as, poverty, mortality, or literacy rates) or on societal distributions (level of inequality).

In all these definitions, social policy can be studied as a whole or with a focus on different policy areas, such as health, education, social protection. Some analysts, such as Kasza (2002), argue that researching specific policy areas is less misleading and avoids aggregating very different entities into a spurious overall measure. In contrast, some examples of complementary or substitutive effects on welfare outcomes—see Castles's (1998a) cross-national study of owner-occupied housing as a functional alternative to pensions in providing security in old age—qualify the utility of studying policy areas in isolation.

There is also an understandable search for parsimony. Yet the wider the scope of the dependent variable, the greater the research problems, as Castles (1998b: 4) observes:

- Complex policy processes are rarely likely to have singular determinants.
- There is no guarantee that the factors influencing policy will be invariant over time.
- There is no reason to suppose that different kinds of policy outputs will have the same determinants.
- Different policy outputs impact on different welfare outcomes in complex ways.

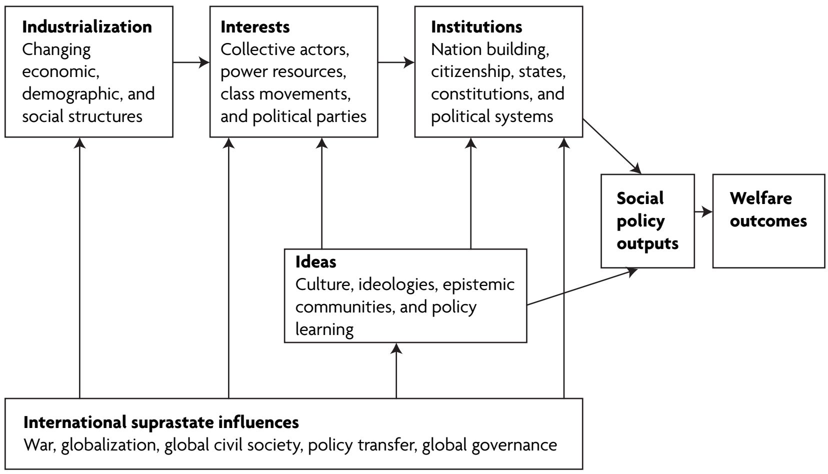
Two methodologies have predominated in this research. The first comprises qualitative, often historical, research on a single country or small-scale comparisons of two or three countries. Examples include Heclo (1974) and Weir, Orloff, and Skocpol (1988). These works have provided valuable insights into the complex evolution of social responses to changing social structures and the emergence of new social problems. The second methodology comprises quantitative, cross-national analysis over time, across nations, or both. Typically, it involves about 18 nations that are industrialized and relatively affluent and that have been democratic since World War II; in recent years, the previously undemocratic Greece, Portugal, and Spain have been added (Castles 1998b). Multiple regression analysis has been a favored tool, despite criticisms (Janoski and Hicks 1994; Shalev 2007). The major issues with such techniques are overdetermination, with too many variables chasing too few cases, and, to a lesser extent, multicollinearity.[3]

Stiller and van Kersbergen (2005) provide a useful review of research findings. One problem they identify is the interdependence between independent variables and dependent variables. If such variables are interdependent, contrasting theoretical explanations can be validated simultaneously. Nevertheless, they and other reviewers appreciate that, over the past three decades, comparative cross-national research building on detailed single-country studies has yielded a cumulative growth in understanding of social policy. The following sections survey some of this research.[4]

## Social Policies in Europe and the OECD: The "Five Is"

Figure 2.1 presents a modified form of a basic textbook model of policy making, based on Easton (1965) and Hill (2003). It first distinguishes three explanatory factors: industrialization, interests, and institutions.

**Figure 2.1. A Simple Model of Social Policy Making**




*Source:* Author's diagram, based on Easton 1965 and Hill 2003.

Interestingly, these factors were developed in roughly this historical order in the literature. Two more factors are also considered: (a) ideas and ideologies (which can operate both through interest groups in civil society and through governmental institutions) and (b) international influences (the original model focused entirely on internal explanatory factors). This section summarizes research findings on the effect of the "five Is" on European and OECD social policy.[5]

### *Industrialization and Other Macrosocial Changes*

In the 1950s and 1960s, the dominant school identified social policy as a consequence or correlate of industrialization (Aaron 1967; Cutright 1965; Wilensky 1975; Wilensky and Lebeaux 1958). The dependent variable was public social expenditure as a share of gross domestic product (GDP), and the relationship was demonstrated in time-series and cross-sectional analysis. Researchers generally agreed that "economic growth and its demographic and bureaucratic outcomes are the root causes of the general emergence of the welfare state" (Wilensky 1975: xiii; see also Mishra 1977; Pampel and Williamson 1989). At an accounting level, it would not be surprising if the share of social expenditure rose faster than economic growth (if such services were superior economic goods) or in response to demographic change (if the number of school-age children or pension-age elderly rose as a proportion of population).

Nevertheless, several more fundamental explanations have been advanced to account for this relationship. The first was based on Talcott Parsons's theory of functional differentiation. As societies developed, new public bodies, such as sanitation agencies, health services, and income support, would take over the functions traditionally performed by families and communities. However, the new social policies did not displace other institutions; rather, the decline of traditional forms of provision under the pressures of industrialization and demographic change called forth new public bodies and responsibilities (Wilensky and Lebeaux 1958; see also Mishra 1977). This theory is similar to Karl Polanyi's (1944) account in *The Great Transformation* of the "societal responses" to the social upheavals brought about by the "disembedding" of labor markets from prior social relations. All these accounts, however, could be, and were, criticized as *functionalist*: that is, as assuming that a new social "need" would necessarily be identified and met—and would be met by new public institutions.

Gough (1979) attempted to avoid the charge of functionalism by explaining social policy innovation in the face of capitalist industrialization by the centralization of states fostered by rising class struggles. Rimlinger (1971) developed a more comparative and historically informed account of industrialization, while still recognizing the ultimate basis of welfare policy in Europe as the proletarianization of the workforce and the new insecurities faced by this growing class. Gerschenkron (1962) demonstrated the advantages of the latecomer in the West, whereby Germany could industrialize faster than the United Kingdom by benefiting from technological learning, thus providing a systemic argument for why industrialization is not a uniform process. These perspectives all qualify the simple industrialization thesis and are returned to later in this chapter.

Demographic transition has long been recognized as a concomitant of economic development and transformation. Demographic shifts include a fall in mortality and fertility rates, a decline in three-generational households, and a move to smaller households. Later trends have included increased divorce and remarriage and rising numbers of lone-parent households. Independently, these trends strongly influence new social policies, from social protection to care services. Yet research by the OECD reveals three important caveats to this demographic story. First, these trends occur at widely differing rates across countries. The family in southern Europe, for example, exhibits remarkably low rates of fertility, divorce, births outside marriage, and single parenthood, and it exhibits significantly high numbers of elderly individuals living with their children (Gough 2000: 131–52).

Second, in all countries, the family retains a central role in managing the articulation of labor markets and welfare states and in providing care work and managing security. The pressures for state-provided or regulated alternatives to the family will continue to build, but their form will differ according to the persistence of the household economy. Here, a study of Italy and southern Europe could provide useful lessons for the developing world. Third, and most important, national social policies are implicated in these different demographic outcomes. By enabling or stymieing the ability of women and men to combine paid work and child care, they can encourage, delay, or discourage fertility; fertility becomes an endogenous factor within different welfare systems (Castles 2002).

This discussion leads to the effects of other social structures that stress national diversity as opposed to sources of convergence. Two important factors here are religion and ethnicity. Since Max Weber and Stein Rokkan (see Flora 1999), the importance of religion within Europe has focused on the post-Reformation division between Catholicism and Protestantism and the subsequent independence from, or integration of, the church with the state. The relationship with social policy is not simple; strong links between the state and the Lutheran church led to extensive early social interventions in Sweden, and by the end of the 19th century, new Catholic doctrines of "social capitalism" and subsidiarity fostered different forms of state and societal responsibility. The differences between Protestant, Catholic, and mixed religious nations persist. For example, the proportion of the population baptized into the Catholic Church can explain several persistent social policy features, such as social transfers (positive) and women working (negative) (Castles 1998b). This finding suggests that the influence of other faiths and related values should feature when one is studying the development of social policies across the diverse nations of the world.

The effect of other horizontal differentiating factors, such as language, race, and ethnicity, on the development of state welfare has figured in historical studies of state building (Flora 1999; Flora and Heidenheimer 1981). It has also played an important role in explaining the rudimentary welfare statism of the United States in terms of its ethnic and racial diversity (compared with that of industrial European countries). According to Goodhart (2004), cultural diversity—the result of increased migration into Europe in recent years—threatens the social cohesion and willingness to pay high taxes on which European welfare states depend. A regression analysis by Taylor-Gooby (2005) finds that diversity does negatively affect social expenditure, but the existence of left-wing politics dramatically reduces this effect. This finding suggests interests and institutions mediate the effect of horizontal diversity on territorial social policy.

***Interests: Collective Actors, Power Resources, Democracy, and Parties***

Theoretical and empirical critiques of modernization theses were complemented by empirical findings, notably the exceptional trajectory of the United States. Those factors gave rise to a second set of explanations in the 1970s, which moved beyond macrosocial changes to prioritize the collective organization and powers of major social actors, notably social classes. Although this theory is sometimes referred to as the *social democratic model* (Castles 1978), the label *power resources* or *democratic class struggle model* (Korpi 1978, 1983) may be more helpful. All such models begin from a class-based clash of interests. In an original study of the cross-national policy perspectives of labor and business interests in 1881 and 1981, Therborn (1986) found (not surprisingly perhaps) labor advocating greater state economic interventions, full-employment policies, universal and extensive social policies, and greater fiscal redistribution and economic equality. Business organizations favored incentives to growth, private provision plus low coverage of social benefits, and low redistribution. The hypothesis was that the distribution of power resources between the main social classes of capitalist society determined the extent, range, and redistributive effects of economic and social policies. It is helpful here to distinguish the effects of (a) extraparliamentary class-based mobilization and (b) political party systems after democratic representation has been established.

The creation, self-activation, and mobilization of groups of workers that accompanied capitalist industrialization have been featured in many accounts of the origins of European welfare states. Proletarian and other struggles, trade unions, and socialist parties formed a backdrop to the emergence of national social policies throughout Europe (Gough 1979). In their account of the origins of the U.S. New Deal in the 1930s and President Johnson's Great Society program in the 1960s, Piven and Cloward (1972) describe how mobilization by poor and dispossessed groups in the United States forced social concessions from resistant elites. Following World War II, the dominant "political settlement" in Europe was an exchange of labor's acceptance of a capitalist economy in return for the acceptance by capital of collective representation and bargaining, social services, and social protection.[6]

Nonetheless, after universal suffrage was granted, the terrain of class and other social struggles was altered (Flora 1986–87; Flora and Heidenheimer

1981). Interestingly, democratization has rarely been studied as a causal factor in the development of welfare states. However, in a study of the introduction of social insurance programs before World War I, Flora and Alber (1981) demonstrated that absolutist states, such as Bismarck's Germany, pioneered social policies precisely to sidestep democratization.

One exception was Hewitt (1977), who demonstrated the importance of the "simple democratic hypothesis" in accounting for country differences in equality outcomes. When democracy was established, unions' rights were recognized in law, and parties representing working classes and other subordinate interests were permitted to organize, leading to a decisive shift in the class balance of power. Working-class organizations and parties had more leverage to counter the previously natural-seeming demands of business and traditional elites. Within this school, analysts placed different emphases on the role of unions and other collective organizations, on the voting share of leftist political parties, and on parties' shares of cabinet posts or their role in the executive. Castles (1978) stressed the weakness and dividedness of the Right, rather than the strength of the Left as the decisive factor. Baldwin (1990) argued strongly that class coalitions had been historically important in major social policy innovations; for example, urban–rural coalitions are likely to result in universalist welfare states. The link between strong trade unionism and centralized, neocorporatist industrial relations systems has spawned another strand of analysis and explanation.

Numerous studies have corroborated these two arguments centered on interests.[7] The upshot is that class struggles matter and politics matter. The industrialization and modernization of Europe and the West did not generate welfare states per se; rather, these trends were reflected in class cleavages, class organizations within civil society, their respective powers, their economic and social mobilization, and later, their parliamentary representation. A crucial factor has been the emergence of ideologically based parties pursuing a class-based program of reform in place of clientelist or personalized parties.

Nevertheless, the class-power resources approach could not explain the early introduction of social policies by non-class-based parties or the subsequent emergence of strong welfare systems in countries with relatively weak unions and social democratic parties, such as the Netherlands (Skocpol and Amenta 1986; Therborn 1989). Studies also revealed the importance of third-sector provision outside the state and the market—by religious organizations and other voluntary bodies. For example, in

Germany and the Netherlands, Protestant, Catholic, Jewish, and secular (and now Muslim) organizations provide parallel social services. The result is a "pillarized" social policy.

The important but differing influence of both Protestantism and Catholicism previously noted was amplified with the founding of Christian Democrat parties. Christian Democrat welfare states in Europe provide very generous transfer benefits, especially to male breadwinners, but with a low commitment to full-employment policies and the provision of social services (van Kersbergen 1995).

Esping-Andersen's (1990) influential work on welfare state regimes combined the analysis thus far, identifying not two, but three, worlds of welfare capitalism: liberal, social democratic, and conservative or Christian Democratic (see box 2.1).

BOX 2.1

**The Welfare Regime Synthesis**

Esping-Andersen (1990) elaborated three worlds of welfare capitalism in the democratic member states of the OECD, not just the two poles of liberal and social democratic identified in the power resources theory. He also argued strongly that social expenditure was not an acceptable measure of social policy: "It is difficult to imagine that anyone struggled for spending *per se*" (Esping-Andersen 1990: 21).

The welfare state regime approach instead developed three distinct criteria of welfare capitalism and three sets of measures to complement it. First came the mix of the role of states and markets in the production of welfare—to which was added the role of households in Esping-Andersen's later work (1999). Let us call this the *welfare mix*. Second, he posited a new measure of welfare outcomes, which tracked the reality of social rights in a country—*decommodification*. This measure assessed "the degree to which individuals, or families, can uphold a socially acceptable standard of living independently of market participation" (1990: 37). In the 1999 book, he complemented this measure with the parallel concept of *defamilialization*; "a de-familializing regime is one which seeks to unburden the household and diminish individuals' welfare dependence on kinship" (Esping-Andersen 1999: 51). The third criterion is the effect of these two factors on the dominant pattern of stratification in a country, measured by the degree of segmentation and inequality in different social security systems. These factors provide

(*continued*)

BOX 2.1

**The Welfare Regime Synthesis** (*continued*)

positive feedback, shaping class coalitions that tend to reproduce or intensify the original institutional matrix and welfare outcomes, resulting in strong path dependency.

Esping-Andersen identified three welfare state regimes in advanced capitalist countries with continual democratic histories since World War II: liberal, conservative-corporatist, and social democratic. He summarized their characteristics as shown in the accompanying table.

**The Three Worlds of Welfare Capitalism**

| Role of | Liberal | Conservative-corporatist | Social democratic |
|---|---|---|---|
| Family | Marginal | Central | Marginal |
| Market | Central | Marginal | Marginal |
| State | Marginal | Subsidiary | Central |
| *Welfare state:* | | | |
| Dominant locus of solidarity | Market | Family | State |
| Dominant mode of solidarity | Individual | Kinship<br>Corporatism<br>Statism | Universal |
| Degree of decommodification | Minimal | High (for breadwinner) | Maximum |
| Modal examples | United States | Germany and Italy | Sweden |

*Source:* Adapted from Esping-Andersen 1999, table 5.4.

### *Institutions: States, Constitutions, and Political Systems*

In the post–World War II United Kingdom, T. H. Marshall (1950) famously interpreted growing state responsibility as the last stage in the extension of citizenship. Civil rights emerged in the 18th century, culminating in the 1832 Reform Act, followed by the spread of political rights, notably an extension of the suffrage, in the 19th and early 20th centuries. The crucial third stage for Marshall (1950: 11) was the emergence of social rights in the first half of the 20th century: “The right to a modicum of economic welfare and security, to share to the full in the social heritage, and to live the life of a civilized being according to the standards prevailing in society." The welfare state was the culmination of this third stage and could reasonably be dated in the United Kingdom from July 5, 1948, when the National Insurance Act and the National Health Service Act came into force. Continental scholars recognized, however, that this sequence varied across countries; Bismarck's Germany extended social rights to social security precisely as a foil to extending political rights.

Stein Rokkan, in turn, developed a much more extensive theorization of the welfare state as a final stage in nation building in Europe (Flora 1999). The role of social policy institutions in the building of nation-states and welfare states has long been acknowledged (Heclo 1974; Skocpol 1985). For one thing, a welfare state requires an effective tax state, as Schumpeter (1918/1991) long ago recognized. In several countries, an overarching drive toward welfare statism occurred, as in Bismarck's Germany, where social insurance in the 1880s provided a social motor to consolidate the unification of 1870 and 1871 (Rimlinger 1971). In several federal countries today, the welfare state can act as a force for unity (Obinger, Leibfried, and Castles 2005); when secession threatens, the welfare state can act as a lightning rod for articulation of interests and provide compensation for socio- and ethno-territorial divisions and inequalities.[8]

By the late 1980s to the early 1990s, a new institutionalism had entered comparative research into social policy development, notably to explain the nature and blocks to reforming and cutting back developed welfare systems, as seen in the work of Paul Pierson (1994). This school of thought places the nature of the state and political institutions and their patterns of development center stage. It largely explains the nature of and variations between national social policies in terms of the mediating role of institutions of the state and its policy-making processes.

Significant differences in state structures and political systems, however, have proved more difficult to operationalize and measure to assess their effect in facilitating or blocking significant social policy reforms. Two major strands of thought have emerged. First, following the work of Immergut (1992) and Maioni (1997), research has concentrated on the centralization of decision making at the summit of political systems and the extent to which the executive is insulated from parliamentary and electoral pressures. If power is dispersed and many veto points exist, then relatively small and well-organized groups can block the systemic changes required to radically reform health or social security programs (see Bonoli

2000). Thus, federal systems (see Obinger, Leibfried, and Castles 2005) or constitutional separation of powers hinder the development of welfare states—doubly so if both are present. Conversely, parliamentary systems of government encourage party discipline and minimize special-interest lobbying. The second strand emphasizes the bureaucratic legacies of past social programs—the way that public teachers and health workers, for example, or new clienteles, such as old-age pensioners, can mobilize to defend and extend social programs and benefits (Flora 1986–87; Pierson 2000).

A combination of these three factors—industrialization, interests, and institutions—might now be characterized as the orthodox model of social policy in the West (see box 2.2).

BOX 2.2

**The Orthodox Model**

In an early synthetic and cross-national analysis, Huber, Ragin, and Stephens (1993) tested the effects of state differences on social expenditure, generosity of benefits, extent of redistribution, and other measures of social rights. They concluded that constitutional structures played an important role in explaining the contrasts between Sweden, on the one side, and Switzerland and the United States, on the other. However, they also found that the first two factors—industrialization and interests—remained significant: all else being equal, aging populations and high-income levels led to higher social expenditure. More important, social democracy strongly influenced decommodification and redistribution, while Christian democracy fostered high transfer benefits but also high unemployment.

The model can be summarized as follows:

1. The development of social policy is determined by all three factors—industrialization, interests, and institutions.
2. However, the factors explain different aspects and measures of social policies—the dependent variable problem.
3. Thus, independent variables and dependent variables are interdependent. Stiller and van Kersbergen (2005) refer to this finding as the matching problem: that cause and effect tend to be specified at different levels of analysis. This problem will require stronger causal theorizing and more sophisticated methodologies in the next generation of welfare state research.

*Source:* Huber, Ragin, and Stephens 1993.

### *Ideas: Culture, Ideologies, and Epistemic Communities*

The orthodox model however, omits one explanation once common in the 19th century—the role of ideas and their influence on reforming elites. Three levels, varying from more to less abstract, are distinguished: the role of (a) cultural systems, (b) ideas and dominant ideologies, and (c) epistemic communities and policy transfer.

The influence of cultural systems, including religious and other worldviews, on the formation of states and welfare states has been hinted at already. For example, Catholic social thinking provided a distinctive antisocialist and antiliberal rationale for public social policies. The principle of *subsidiarity*—that policies be enacted at the lowest effective social level—not only recognized the crucial role of family, community, workplace, and church, but also advocated a significant place for local, regional, and national public bodies (see also Castles 1993). The resurgence of cultural explanations in recent years has occurred partly to explain different family patterns and gender roles within Europe and the OECD. Pfau-Effinger (2005) recognizes the relative autonomy of cultural values, yet sees them as alterable in the face of basic contradictions, such as the clash between individualism and the gendered division of labor within families and marriage that create dependence. Nevertheless, it would be fair to conclude that cultural explanations of policy making are more sophisticated in development studies than social policy studies (for example, Rao and Walton 2004).

Culturalist explanations face particular problems explaining policy changes, a recurring theme of Hall's (1989) work on the power of ideas in policy change. Hall (1993) later distinguished three orders of policy learning: first order, influencing policy settings; second order, influencing policy instruments; and third order, where policy goals are questioned and revised. He applied these orders to explain the rise of neoliberal thinking in the 1970s, which had profound consequences for Western welfare states. The Golden Age of postwar Keynesian welfare states was founded on extensive employment opportunities and a complementarity between labor markets and welfare systems. This harmony between economy and social policy is commonly perceived to have broken down with the challenge of monetarism in the 1970s (Mishra 1984). Later, Jessop (1993) claimed that Keynesian welfare states were being replaced by the "Schumpeterian workfare state," although whether as a dominant discourse or as a reality was ambiguous. In the 1990s, the discourse of welfare state crisis fused with ideas of globalization. These crisis discourses have wide resonance today, although they are undermined by studies that demonstrate the quiet, incremental adjustments of European social policies to their changing economic environments.

One notable counteridea is the productive welfare state. Originating in Sweden in the 1930s, this concept recognizes the contribution to modernization and prosperity of good-quality and equitable education, health care, population, and family policies. The idea has recently been rediscovered with the shift to a postindustrial economy wherein human capital assumes central importance and in the new "Third Way" discourse (Giddens 1998). Thus, social policies were not and are not solely about redistribution. Some policies, such as early school meals in the United Kingdom, have always been perceived as performing a productive public-good role. In general in Europe, protective and productive welfare states have developed together—national schooling and national health systems accompanying the development of social insurance and national safety nets. Indeed, they are difficult to disentangle.

A third school has studied the role of ideas in policy innovation and learning through the concept of *epistemic communities*, defined as "a network of professionals with recognized expertise and competence and authoritative claims to policy-relevant knowledge within a domain or issue area" (Haas 1992: 3). Economists provided one powerful example of an epistemic community in the modern world, but social policy experts provide an important alternative epistemic community in most European countries. In some writings, this literature fused with previous work on policy communities, issue networks, and advocacy coalitions. All recognized that learning was an important driver of policy change. Both dominant discourses and epistemic communities can be harnessed to explain the influence of ideas on reform-minded elites and their role in framing the options for policy change—preemptive reforms from above (Gough 1979: chapter 4).

### *International: Suprastate Influences on Policy Making*

The former accounts all share a focus on the individual nation-state and on internal factors explaining the emergence of social policy and national welfare states. Until two decades ago, few recognized that external, supranational factors and agencies played any role in this process, with one exception: the impact of war.

For the most part, World War II has been a taken-for-granted backdrop in postwar thinking on social policy in Europe, but analysts generally recognize that it marked a decisive turning point in the emergence of "big government," extensive welfare states, and citizenship rights to benefits and services (Parry 1986). "Total" war required the full mobilization of societies' resources, which enhanced both social demands and state capacities, as Titmuss (1950) demonstrated in his study of the impact of World War II on the postwar U.K. welfare state (see also Peacock and Wiseman 1961). This influence was prefigured in the impact of the American Civil War on U.S. veterans' and early federal programs, as Amenta and Skocpol (1988) illustrated. Although little comparative analysis exists, major differences occurred across nations, between victors and vanquished, and between those countries occupied or fought over and those not (see Castles 1998b).

Elsewhere, the external environment was the postwar settlement of the United Nations system and the Bretton Woods institutions. These posed significant constraints on economic and social policy making, as witnessed in the United Kingdom in 1977, when the government was required by the International Monetary Fund (IMF) to cut its budget deficit and social spending. Nevertheless, within this framework, social policies were assumed to be formulated by nation-states with significant autonomy. The importance of transnational and supranational factors in the making of social policy began to be recognized with the decoupling of the U.S. dollar and the move toward monetarist and neoliberal policies in the late 1970s. However, it was the emergence of Eastern Europe from behind the Iron Curtain and the discourse and partial reality of globalization that prompted significant research into the role of supranational factors on the development of national social policies.

It is possible to identify supranational equivalents of all four national factors previously described:

1. *Globalization* involves relatively unplanned, autonomous supranational and interconnected trends affecting the socioeconomic environment of national policy making. Much research in the OECD has focused on the effect of increasing economic openness on national social policies.
2. *Global civil society* means the organization of interests at a supranational level, including labor, international nongovernmental organizations, social movements, and pressure groups.
3. *Global governance* deals with the increasing role of international governmental organizations, including the United Nations, IMF, World Bank, International Labour Organization, World Trade Organization, and World Health Organization, as well as important

regional associations, notably the OECD and the EU, and powerful nation-states, notably the United States and its agencies.

4. *Global epistemic communities* are the increasingly interconnected policy networks and communities operating at the supranational level.

The chapter will now consider briefly the effect of the first and fourth factors on European welfare states, although the third is of great importance in much of the developing world.

*Economic openness*. The term *economic openness* refers to the growing openness of Western economies to trade and investment flows, the multinational siting of integrated production systems, and financial deregulation. The dominant hypothesized effect on the welfare states of the West was initially negative: the retrenchment of uncompetitive welfare states—a "race to the bottom" in taxation, regulation, state responsibilities, social rights, and redistribution (Mishra 1999). More specifically, greater trade competition was predicted to generate deindustrialization and loss of unskilled jobs; greater capital flows to lead to tax competition, "social dumping," and a reduced bargaining power of states and labor; and financial deregulation to produce a decline in states' macroeconomic policy autonomy.

Against this hypothesis, an empirical observation and a counterthesis can be made. Identified first by Cameron (1978), the empirical observation is that the share of social expenditure in GDP positively correlates with openness to trade across the OECD, and this link appears to be growing in strength (Rodrik 1998; see also Garrett 1998). The counterthesis, first advanced by Katzenstein (1985) and later more systematically by Rieger and Leibfried (2003), explains this fact in terms of reverse causation: modern Western welfare states formed the vital precondition for postwar international economic liberalization, because only social policy could assume the social protection functions previously provided by tariffs and quotas. In democracies, only when national individual rights to social benefits had been established could governments seriously entertain dismantling trade protection and open up domestic markets to foreign competition.

Scharpf and Schmidt (2000) and their colleagues did one of the most in-depth studies on the effect of these factors on Western welfare states. Despite their initial view that economic globalization would impose convergent and downward pressures, the results did not support this conclusion. Rather, Scharpf and Schmidt (2000) found that countries reacted differently to common international challenges according to their domestic institutions; countries were moving on different employment and welfare system trajectories between which there was little transition (see also Bowles and Wagman 1997). This finding supports Esping-Andersen's (1999: 165) conclusion that in the face of economic openness, "the inherent logic of our three welfare regimes seems to reproduce itself." Another study by Pierson (2001) and colleagues reinforced this finding, concluding that external globalization pressures are far less significant for contemporary welfare states than the internal pressures of postindustrialism, including aging and declining fertility, the switch to service jobs, and family instability.

As a result, the evidence supporting the negative impact of economic globalization on European welfare states is weak. The conclusion, rather, is that domestic and international institutions, interests, and ideas mediate economic globalization pressures. This argument has been developed in relation to the advanced capitalist countries of the North, notably in the work of Swank (2002). Now it is appearing in research into social policy reform in the transitional countries (Müller 2002, 2003; Orenstein 2000) and the developing world—for example, Mesa-Lago (2000) on Latin America and Gough (2001) on East Asia. However, others dispute that the weak impacts on powerful Northern states will be replicated, especially among small weak Southern states (Deacon 2003b).

*Cross-national policy learning and transfer.* Between 1907 and 1908, Lord Beveridge and David Lloyd George visited Germany to study the new system of state social insurance; this was a highly visible, but by no means the earliest, example of policy learning and policy transfer from abroad. Hennock (1987) documents the German precedents of U.K. social reform; Heclo (1974) develops the concept of political or policy learning and applies it to the spread of social policy ideas. Hall (1993), as we have seen, broadened this concept to social learning. These concepts have both informed and fostered a growing literature on policy transfer: the development of programs, policies, or institutions within one jurisdiction based on the ideas and practices of another (Dolowitz with others 2000; Rodgers 1998). Such transfers can vary from those imposed by fiat or threat of heavy penalties or conditionality, to, at the other extreme, voluntary lesson drawing. Others would emphasize the hegemonic role of dominant ideas in a world of unequal actors.[9]

One form of policy transfer of growing importance to developing countries is the influence of international organizations. Here, the West can provide a variety of lessons, including the influence of the OECD on European welfare states (Armingeon 2004); the influence of the EU on member states (see, among many studies, Pochet and Zeitlin 2005); and a comparison of the influence of the OECD and the EU on national employment policies (Noaksson and Jacobsson 2003). These studies may offer some lessons for developing countries, but a scholarly tradition already exists of studying policy transfer within development studies. In fact, emphasizing policy learning runs counter to the earlier stress on path dependency. Policy transfer is likely more important in the early construction of social policies but is marginalized when institutionalization sets in.

## Lessons for Developing Countries

This chapter now briefly retraces the steps outlined and considers some of the immediate implications and lessons for social policy in the developing world. Like Atkinson and Hills (1991), it interprets lessons as methods of social policy analysis and certain proven findings likely to be of wide applicability. This chapter cannot do justice to the complex issues involved, but, in the context of this book, prioritizing social policy scholarship on welfare states in Europe seems more appropriate, allowing readers to draw their own conclusions on its applicability to the developing world.

### *Industrialization and Postindustrialism: Economic and Social Conditions and Change*

The importance of societal conditions and structural change has been underplayed in recent thinking on welfare states and their transformation, but these issues are central to understanding social policy in the developing world.

National social policies developed in European societies that were rapidly industrializing and came to fruition in the mass deruralization in the decades following the World War II (Esping-Andersen 1999).[10] Later research has focused on the new demands placed on welfare states by the subsequent stage of deindustrialization, postindustrial capitalism, and the growth of the service economy. Today, developing countries can learn lessons from both phases. Industrialization explanations are likely to remain relevant in the newly emerging workshops of the world, particularly in Asia. However, the growing secondary sector is combined with larger tertiary and primary sectors than were found in European societies in the late 19th and early 20th centuries, with implications for growth, taxation, labor market security, and the applicability of the European social insurance model. Above all, the pervasive dualism of developing economies—the gulf between major cities and rural areas, as well as the extensive spatial inequalities—is beyond comparison with Europe now and Europe a century ago.

The demographic transition has accelerated dramatically at successive stages of world development. All projections of its effect on existing social provisions in the developing world—whether schools, pensions, or health services—are correspondingly dramatic. However, these projections assume all else is equal, which is precisely what is increasingly questioned, notably in the case of pensions, following a World Bank (1994) report. Here the lessons drawn from Europe to date have been predominantly negative—unsustainable social protection programs to avoid.

The role of families and households in attempting to mitigate risk and secure welfare is far more extensive in the developing than in the industrial world. However, two clear and rather unexpected lessons can be derived from comparative European research: countries vary considerably in their family and household structures and trends, and social policies plainly influence this variation. The positive lesson is that Scandinavian-style family programs can ease the combination of work and family life, thus enabling more women to work and, all else being equal, reducing child poverty rates. Evidence suggests that such productivist social policy can also contribute to sustainability by preventing dramatic falls in fertility—an important positive lesson, especially for fast-developing countries faced with rapidly aging populations.

Although a recurring theme in U.S. research and debates, the effect of heterogeneity and homogeneity within countries in facilitating or blocking systemic state policies has not been researched in any systematic cross-national way. The evidence from Europe echoes that found by Alesina, Glaeser, and Sacerdote (2001) when comparing 56 countries (including developing countries). They concluded that ethnolinguistic differences alone are not significant in restraining the share of social expenditure, but that racial fractionalization is the most significant single factor. This finding suggests that diversity per se is strongly moderated by interests and institutions.

### *Interests*

In the zones of global accumulation, notably East Asia, proletarianization proceeds at breakneck speed and has fostered unofficial trade unions and militant class struggles in uneven ways. Some evidence indicates that class mobilization in the Republic of Korea has fueled pressures for a welfare state. In such countries, one observes the classic European social insurance dynamic (Hort and Kuhnle 2000, though see Rieger and Leibfried 2003: chapter 5): social insurance begins with groups of manual and factory workers in large industrial firms, gradually rippling outward to include medium and small enterprises; agricultural, white-collar, and service workers; the self-employed; and later, in some countries, even the unemployed and homemakers. Thus, the social insurance state proceeded from the strong to the weak. Social insurance offers a built-in transitional strategy—the very opposite of today's dominant target-the-poor approach. However, this lesson is less applicable where capitalist development is not accompanied by proletarianization and class conflict.

Moreover, research on the origins of social insurance and allied programs in Europe suggests that democracy was not a precondition—rather the opposite. The Bismarckian strategy has clear parallels, for example, in East Asia, where authoritarian leaders have introduced social policies to strengthen national solidarity, secure the loyalty of elites, and legitimize undemocratic regimes. However, the democratic class-struggle thesis convincingly shows the importance of democratic organization, though more so when allied to the mobilization of class organizations in civil society. This, in turn, explains why democratization in Korea may be leading to a more inclusive proto-welfare state (Gough 2004). Hence, two distinct lessons can be learned from Europe: specific state social policies are commonly initiated by authoritarian regimes, but democratization changes their form. Above all, consistent democratic pressure from below facilitates a move from favors, clientelism, and conditional help to meaningful social rights.

### *Institutions*

The role of welfare systems in extending citizenship as a later phase of state and nation building in Europe has been emphasized previously—so, too, have national variations in the nature and timing of these processes. Of course, these historical institutionalist arguments have many parallels with the building of nation-states across the modern world: from the development of social protection policies in the face of the 1930s depression in the Southern Cone of Latin America, to the ambitious plans for welfare states in newly independent former colonies such as Ghana and Sri Lanka, to the concessionary social programs to stem revolutionary pressures such as those in the Philippines in the early 1950s. More comparative study of these antecedents and paths—and of the forms of social citizenship on offer—is needed. All these cases, however, presuppose state institutions with certain minimal capacities and legitimacy; a welfare state presupposes a reasonably well-functioning state. Where states are failed, "shadow," or collapsed, this cannot happen.

The effect of constitutional structures on social policy development is difficult to discern from research undertaken in the OECD. One strand of research in the new institutionalist tradition emphasizes the role of two groups created by social programs. First, there are providers: professionals, such as doctors and teachers, and other organized public sector workers, together with private sectors, such as insurance and construction. Another potential pressure group emerges when social programs appear: welfare "clienteles" such as pensioners, tenants of public housing, and so forth. One lesson from a comparative study of health care in Europe and the United States is that universal social programs and rights are blocked when providers and private interests organize ahead of consumers and civil organizations. This lesson is critical at a time when privatization policies encourage private providers, giving them an institutional head start over consumers and citizens.

### *Ideas*

Being predominantly Christian, Europe provides few opportunities for comparative study of the effect of different world religions on social policy development. It is striking, therefore, that the differences between Protestant, Catholic, and mixed Protestant–Catholic countries, and the effect of Christian Democrat parties are so significant. This observation suggests that current research into the influence of faiths on policy in the developing world is not misplaced. The emergence of proto-welfare states in East Asia, for example, has prompted the study of Confucianism and the Confucian welfare state (Jones 1993). Rieger and Leibfried (2003: 261) argue that these countries exhibit a "fundamentally different orientation to social policy" from the West and claim that "Confucian culture can be identified as the fundamental cause of an independent path of welfare state evolution in East Asia." Drawing on Max Weber's studies of Confucianism and Protestantism, Rieger and Leibfried argue that the distinctive East Asian orientation to social policy is "framed" by Confucian values, although no inescapable iron law is at work.

In connection with ideologies, post–World War II European welfare states developed alongside Keynesian models of the macroeconomy and associated ideas of economic planning. Thus, the rise to domination of the neoliberal economic paradigm in the 1970s threatened the welfare state model, too, and various forms of retrenchment and restructuring of welfare systems were promulgated. In O'Connor's (1973) terminology, this phenomenon has called forth two counterreactions based on accumulation and legitimacy issues. The first is recognition of the productive contribution of social policies through investment in human capital and now in social capital. The second, as the resurgence of interest in Polanyi demonstrates, is recognition of the costs of economic "disembedding" in terms of immiseration, exclusion, social dislocation, threats of social unrest, and consequent delegitimation of regimes, all of which require and encourage new modes of social protection. Examples of both discourses can be found in the history of European and Western social policy making.

### *International Influences*

The impact of different kinds of war and major civil strife in the developing world is likely to be as important as in the West. Big wars are major learning experiences; if such collective effort can be mobilized for destructive or defensive purposes, why can't the same happen for peaceful, constructive ends? Moreover, a plateau effect is likely to occur in state expenditures and competencies, which rarely contract to their prewar levels. In countries that have fought major wars, such as Vietnam, extensive veterans' programs and benefits exist that can form the basis for more generalized programs. In contrast, in territories that provide fighting zones for outside forces, such as Sierra Leone, almost all indigenous informal agencies and networks can be destroyed, resulting in acute insecurity and deprivation. Consequently, more research is needed on how different forms of conflict and wars affect social policy.

Europe offers a valuable lesson on economic openness and social protection. Its open economies (compared with the virtually self-sufficient United States) exhibit more universal and generous levels of social protection. The statistical association between openness to trade and spending on social protection in the West amounts almost to a law. The clearest explanation is that social protection is the only alternative to trade protection if social disintegration is to be avoided. Yet economic openness does not automatically support the emergence and spread of social protection systems. In parts of the developing world, the necessary state infrastructure has been destroyed by neoliberal reforms promulgated by international institutions and powerful states. The sequencing in the South is too often the opposite of that in the North: globalization has preceded welfare state formation and previous forms of national economic protectionism have been forcibly swept aside before even a rudimentary system of social protection has been put in place.

In terms of policy transfer and learning, Europe's experience offers ambivalent lessons. Studies of the influence of the World Bank and other external actors on pension reforms in the transitional countries of Eastern Europe have found that, even in such vulnerable states, domestic interests and institutions strongly mediate external policy advice and pressures. However, many highly indebted low-income countries in the South will lack the power and institutional capacities to adapt international policy models to their contexts. Policy transfer imposed by fiat or threat of heavy penalties or conditionality is very different from policy learning—indeed, they can be mutually exclusive. European countries, with a few time-limited exceptions (for example, Germany under the Versailles Treaty), have not experienced permanent dependent learning, which represents a novel barrier to the emergence of autonomous social policy in much of the South.

## Conclusion

This brief survey aims to demonstrate the value of studying the lessons gained through research on the emergence of European welfare states over the past century. Two analytical lessons are clear: First, a combination of structural factors, interest-based mobilization, political institutions, and policy discourses has determined patterns of social policy development. This finding adds weight to Booth and Lucas's (2004) critique of much policy advice and practice in the developing world: that there is a "missing middle"—a clearly specified chain of causation between policy and intended outcome. Social policy must always be embedded in structural, political, and institutional contexts.

A second analytical lesson from European social policy is more contestable. It is the importance of path dependency: how, once established, patterns or constellations of social policies tend to reproduce and are rather impervious to radical change, short of encountering a major crisis or external intervention. Esping-Andersen (1990) argues this tendency most forcefully in his influential framework of welfare state regimes, which has received considerable empirical confirmation. In a recent collaboration with Geof Wood and others, I attempt to extend this framework to identify a wider range of "welfare" regimes across the developing world (Gough and Wood, with others 2004; Wood and Gough 2006). In brief, this work argues strongly that different institutionalized patterns across the South will also shape the nature and success of different social policy reforms. The implications are that social policy recommendations must adapt to dominant welfare regimes. It may be argued that developing countries today are more constrained by the global environment and face much greater intervention from supranational institutions—and thus exhibit much weaker path dependency in social policy. However, this conclusion should not be assumed, especially at policy implementation level: scholarship on Northern welfare states demonstrates the still overriding importance of internal factors.

Thus, social policy proposals must be contextualized. More specifically, they must take account of existing patterns of social provision, the distribution of institutional responsibility, the interests that these patterns express and perpetuate, and the resulting inequalities of power. This observation does not mean that policy learning, transfer, and change cannot occur. Nor does it necessarily reject applying universal principles to policy goals. But it does caution against recommending universal policy designs, instead favoring context-specific proposals that take account of culture, political economies, and inherited institutions. Fundamental social goals should be based on an agreed consensus on basic needs or capabilities, as are many contemporary human rights. But "need satisfiers," including social policies, are more likely to be successful if adapted to local environments (Gough 2004).

## Notes

1. This statement excludes recent members and Turkey, a founder member.
2. Kim (2005) calculates that in the Republic of Korea, total "welfare" expenditure accounted for 22 percent of gross domestic product in 1997, a figure not far removed from the size of the social budget in the United States. However, only 9 percent was expenditure by the state; the remainder was mostly market spending (7 percent), enterprise welfare (4 percent), and family transfers (3 percent).
3. Considerably more work has been done on social protection and money transfers than on social services in kind. Studying services, such as health and social care, encounters still greater problems in identifying the dependent

variable and greater intracountry variation attributable to local funding and provision. The biggest gap has been the serious study of education policy; for recent attempts to remedy this, see Allmendinger and Leibfried (2004) and Thelen (2006).

4. One qualification must be stated about the survey that follows: It does not give proper weight to the influence of gender issues on the emergence of social policies, at all stages of the model. Given their significance in both the North and the South, this weakness should be addressed in a subsequent version.
5. This classification is similar but not identical to the six schools of thought of comparative public policy developed by Schmidt (1996), though it was developed independently. For a fuller account see Schmidt (2000).
6. Paradoxically, the interests and influence of business have been little studied until recently (see Farnsworth 2004; Mares 2003).
7. See Stiller and van Kersbergen (2005) for a good recent survey.
8. Canada, however, has experienced a decentralization of social competencies over the past half century (Banting 2005).
9. The most systematic account is world society theory developed by Meyer and others (1997), in which global cultural and associational processes construct dominant worldwide models of reality, resulting in a strong isomorphism in institutional arrangements, including social policies.
10. The United Kingdom is the most notable exception to this generalization. As the pioneer of both industrialization and deruralization, the country developed its social policies at a later stage of these processes.

## References

Aaron, H. J. 1967. "Social Security: International Comparisons." In *Studies in the Economics of Income Maintenance*, ed. O. Eckstein, 13–48. Washington, DC: Brookings Institution.

Alesina, A., E. Glaeser, and B. Sacerdote. 2001. "Why Doesn't the U.S. Have a European Style Welfare State?" Discussion Paper 1933, Harvard Institute of Economic Research, Cambridge, MA.

Allmendinger, J., and S. Leibfried. 2004. "Education and the Welfare State: The Four Worlds of Competence Production." *Journal of European Social Policy* 23 (1): 63–81.

Amenta, E., and T. Skocpol. 1988. "Redefining the New Deal: World War II and the Development of Social Provision in the United States." In *The Politics of Social Policy in the United States*, ed. M. Weir, A. S. Orloff, and T. Skocpol, 81–122. Princeton, NJ: Princeton University Press.

Armingeon, K. 2004. *The OECD and European Welfare States*. Cheltenham, U.K.: Edward Elgar.

Atkinson, A. B., and J. Hills. 1991. "Social Security in Developed Countries: Are There Lessons for Developing Countries?" In *Social Security in Developing Countrie*s, ed. E. Ahmad, J. Drèze, J. Hills, and A. Sen, 81–111. Oxford, U.K.: Oxford University Press.

Baldwin, P. 1990. *The Politics of Social Solidarity: Class Bases of the European Welfare State, 1875–1975*. Cambridge, U.K.: Cambridge University Press.

Banting, K. 2005. "Canada: Nation-Building in a Federal Welfare State." In *Federalism and the Welfare State: New World and European Experiences*, ed. H. Obinger, S. Leibfried, and F. G. Castles, 89–137. Cambridge, U.K.: Cambridge University Press.

Beveridge, W. 1942. *Social Insurance and Allied Services*. London: H. M. Stationery Office.

Bonoli, G. 2000. *The Politics of Pension Reform: Institutions and Policy Change in Western Europe*. Cambridge, U.K.: Cambridge University Press.

Booth, D., and H. Lucas. 2004. "Monitoring Progress towards the Millennium Development Goals at Country Level." In *Targeting Development: Critical Perspectives on the Millennium Development Goals*, ed. R. Black and H. White, 96–123. London: Routledge.

Bowles, P., and B. Wagman. 1997. "Globalization and the Welfare State: Four Hypotheses and Some Empirical Evidence." *Eastern Economic Journal* 23 (3): 317–36.

Cameron, D. R. 1978. "The Expansion of the Public Economy: A Comparative Analysis." *American Political Science Review* 72 (4): 1243–61.

Castles, F. G. 1978. "Scandinavia: The Politics of Stability." In *Modern Political Systems: Europe*, 4th ed., ed. R. C. Macridis. Englewood Cliffs, NJ: Prentice Hall.

———, ed. 1993. *Families of Nations*. Dartmouth, U.K.: Aldershot.

———. 1998a. "The Really Big Trade-Off: Home Ownership and the Welfare in the New World and the Old." *Acta Politica* 33: 5–19.

———. 1998b. *Comparative Public Policy: Patterns of Post-War Transformation*. Cheltenham, U.K.: Edward Elgar.

———. 2002. "The World Turned Upside Down: Below Replacement Fertility, Changing Preferences, and Family-Friendly Public Policy in 21 OECD Countries." *Journal of European Social Policy* 13 (3): 209–27.

Chadwick, E. 1965 [1842]. *Report on the Sanitary Condition of the Labouring Population of Great Britain*. Chicago: Aldine.

Crouch, C., and W. Streeck. 1997. *Political Economy of Modern Capitalism: Mapping Convergence and Diversity*. London: Sage.

Cutright, P. 1965. "Political Structure, Economic Development, and National Social Security Programs." *American Journal of Sociology* 70 (5): 537–50.

Deacon, B. 2003a. "Global Social Governance Reform." Globalism and Social Policy Programme Policy Brief 1, Stakes, Helsinki.

———. 2003b. “The Social Dimension of Regionalism: An Alternative to Globalization?” In *New Social Policy Agendas for Europe and Asia: Challenges, Experiences and Lessons,* ed. K. Marshall and O. Butzbach, 491–94. Washington, DC: World Bank.

Dolowitz, D. P., with R. Hulme, M. Nellis, and F. O’Neill. 2000. *Policy Transfer and British Social Policy: Learning from the USA?* Buckingham, U.K.: Open University Press.

Easton, D. 1965. *A Framework for Political Analysis*. Englewood Cliffs, NJ: Prentice-Hall.

Esping-Andersen, G. 1990. *The Three Worlds of Welfare Capitalism*. Cambridge, U.K.: Polity Press.

———. 1999. *Social Foundations of Postindustrial Economies*. Oxford, U.K.: Oxford University Press.

Farnsworth, K. 2004. *Corporate Power and Social Policy in a Global Economy*. Bristol, U.K.: Policy Press.

Ferrera, M., and M. Rhodes, eds. 2000. *Recasting European Welfare States*. London: Frank Cass.

Flora, P., ed. 1986–87. *Growth to Limits: The Western European Welfare States since World War II*. 4 vols. Berlin: de Gruyter.

———. 1999. “Introduction and Interpretation.” In *State Formation, Nation-Building and Mass Politics in Europe: The Theory of Stein Rokkan*, ed. P. Flora, S. Kuhnle, and D. Urwin, 1–91. Oxford, U.K.: Clarendon Press.

Flora, P., and J. Alber. 1981. “Modernization, Democratization and the Development of Welfare States in Western Europe.” In *The Development of Welfare States in Europe and America*, ed. P. Flora and A. J. Heidenheimer, 37–47. New Brunswick, NJ: Transaction Publishers.

Flora, P., and A. J. Heidenheimer. 1981. “The Historical Core and Changing Boundaries of the Welfare State.” In *The Development of Welfare States in Europe and America*, ed. P. Flora and A. J. Heidenheimer, 17–34. New Brunswick, NJ: Transaction Publishers.

Garrett, G. 1998. *Partisan Politics in the Global Economy*. Cambridge, U.K.: Cambridge University Press.

Gerschenkron, A. 1962. *Economic Backwardness in Historical Perspective*. Cambridge, MA: Belknap Press.

Giddens, A. 1998. *The Third Way: Renewal of Social Democracy*. Oxford, U.K.: Polity Press.

Goodhart, D. 2004. “Too Diverse?” *Prospect*, February.

Gough, I. 1979. *The Political Economy of the Welfare State*. London: Macmillan.

———. 2000. *Global Capital, Human Needs, and Social Policies: Selected Essays 1994–1999*. Houndmills, U.K.: Palgrave Macmillan.

———. 2001. “Globalization and Regional Welfare Regimes: The East Asian Case.” *Global Social Policy* 1 (2): 163–89.

———. 2004. "Human Well-Being and Social Structures: Relating the Universal and the Local." *Global Social Policy* 4 (3): 289–311.

Gough, I., and G. Wood, with A. Barrientos, P. Bevan, P. Davis, and G. Room. 2004. *Insecurity and Welfare Regimes in Asia, Africa, and Latin America: Social Policy in Developmental Contexts*. Cambridge, U.K.: Cambridge University Press.

Haas, P. M. 1992. "Introduction: Epistemic Communities and International Policy Coordination." *International Organization*, 46 (1): 1–35.

Hall, P. A., ed. 1989. *The Political Power of Economic Ideas: Keynesianism across Nations*. Princeton, NJ: Princeton University Press.

———. 1993. "Policy Paradigms, Social Learning, and the State: The Case of Economic Policymaking in Britain." *Comparative Politics* 25 (3): 275–96.

Hall, P. A., and D. Soskice. 2001. *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*. Oxford, U.K.: Oxford University Press.

Heclo, H. 1974. *Modern Social Politics in Britain and Sweden: From Relief to Income Maintenance*. New Haven, CT: Yale University Press.

Hennock, P. 1987. *British Social Reform and German Precedents: The Case of Social Insurance 1880–1914*. Oxford, U.K.: Clarendon.

Hewitt, C. 1977. "The Effect of Political Democracy and Social Democracy on Equality in Industrial Societies: A Cross-National Comparison." *American Sociological Review* 42 (3): 450–64.

Hill, M. 2003. *Understanding Social Policy*. 7th ed. Oxford, U.K.: Blackwell Publishing.

Hort, S. O., and S. Kuhnle. 2000. "The Coming of East and South-East Asian Welfare States." *Journal of European Social Policy* 10 (2): 163–84.

Huber, E., C. Ragin and J. D. Stephens. 1993. "Social Democracy, Christian Democracy, Constitutional Structure, and the Welfare State." *American Journal of Sociology* 99 (3): 711–49.

Immergut, E. 1992. *Health Politics: Interests and Institutions in Western Europe*. New York: Cambridge University Press.

Janoski, T., and A. Hicks. 1994. *The Comparative Political Economy of the Welfare State*. Cambridge, U.K.: Cambridge University Press.

Jessop, B. 1993. "Towards a Schumpeterian Workfare State? Preliminary Remarks on Post-Fordist Political Economy." *Studies in Political Economy* 40 (Spring): 7–39.

Jones, C. 1993. "The Pacific Challenge: Confucian Welfare States." In *New Perspectives on the Welfare State in Europe*, ed. Catherine Jones, 198–217. London: Routledge.

Kasza, J. G. 2002. "Illusion of Welfare 'Regime.'" *Journal of Social Policy* 31 (2): 271–87.

Katzenstein, P. J. 1985. *Small States in World Markets*. Ithaca, NY: Cornell University Press.

Kim, J. W. 2005. “Dynamics of the Welfare Mix in the Republic of Korea: An Expenditure Study between 1990 and 2001.” *International Social Security Review* 58 (4): 3–26.

Korpi, W. 1978. *The Working Class in Welfare Capitalism: Work, Unions, and Politics in Sweden*. London: Routledge and Kegan Paul.

———. 1983. *The Democratic Class Struggle*. London: Routledge and Kegan Paul.

Maioni, A. 1997. “Parting at the Cross-Roads: The Development of Health Insurance in Canada and the United States.” *Comparative Politics* 29 (4): 411–31.

Mares, I. 2003. *The Politics of Social Risk: Business and Welfare State Development*. Cambridge, U.K.: Cambridge University Press.

Marshall, T. H. 1950. *Citizenship and Social Class*. Cambridge, U.K.: Cambridge University Press.

Mesa-Lago, C. 2000. *Market, Socialist, and Mixed Economies: Comparative Policy and Performance—Chile, Cuba, and Costa Rica*. Baltimore. MD: Johns Hopkins University Press.

Meyer, J. W., J. Boli, G. M. Thomas, F. O. Ramirez. 1997. “World Society and Nation State.” *American Journal of Sociology* 103 (1): 144–81.

Mishra, R. 1977. *Society and Social Policy: Theoretical Perspectives on Welfare*. London: Macmillan.

———. 1984. *The Welfare State in Crisis: Social Thought and Social Change*. Brighton, U.K.: Wheatsheaf.

———. 1999. *Globalization and the Welfare State*. Cheltenham, U.K.: Edward Elgar.

Müller, K. 2002. “Beyond Privatisation: Pension Reform in the Czech Republic and Slovenia.” *Journal of European Social Policy* 12 (4): 293–306.

———. 2003. *Privatising Old-Age Security: Latin America and Eastern Europe Compared*. Cheltenham, U.K.: Edward Elgar.

Noaksson, N., and K. Jacobsson. 2003. *The Production of Ideas and Expert Knowledge in OECD: The OECD Jobs Strategy in Contrast with the EU Employment Strategy*. Report 2003: 7. Stockholm: SCORE (Stockholm Centre for Organizational Research). http://www.score.su.se/pdfs/2003-7.pdf.

Obinger, H., S. Leibfried, and F. G. Castles, eds. 2005. *Federalism and the Welfare State: New World and European Experiences*. Cambridge, U.K.: Cambridge University Press.

O’Connor, J. 1973. *The Fiscal Crisis of the State*. New York: St. Martin’s Press.

Orenstein, M. A. 2000. “How Politics and Institutions Affect Pension Reform in Three Postcommunist Countries.” Policy Research Working Paper 2310, World Bank, Washington, DC.

Pampel, F. C., and J. B. Williamson. 1989. *Age, Class, Politics, and the Welfare State*. Cambridge, U.K.: Cambridge University Press.

Parry, R. 1986. "United Kingdom." In *Growth to Limits: The Western European Welfare States since World War II—Volume 2: Germany, United Kingdom, Ireland, Italy*, ed. P. Flora, 155–240. Berlin: de Gruyter.

Peacock, A. T., and J. Wiseman. 1961. *The Growth of Public Expenditure in the United Kingdom*. Princeton, NJ: Princeton University Press.

Pfau-Effinger, B. 2005. "Culture and Welfare State Policies: Reflections on a Complex Interaction." *Journal of Social Policy* 34 (1): 3–20.

Pierson, P. 1994. *Dismantling the Welfare State? Reagan, Thatcher, and the Politics of Retrenchment*. Cambridge, U.K.: Cambridge University Press.

———. 2000. "Increasing Returns, Path Dependence, and the Study of Politics." *American Political Science Review* 94 (2): 251–67.

———, ed. 2001. *The New Politics of the Welfare State*. Oxford, U.K.: Oxford University Press.

Piven, F., and R. Cloward. 1972. *Regulating the Poor: The Functions of Public Welfare*. Oxford, U.K.: Tavistock.

Pochet, P., and J. Zeitlin. 2005. *The Open Method of Co-ordination in Action*. Brussels: Peter Lang.

Polanyi, K. 1944. *The Great Transformation: The Political and Economic Origins of Our Time*. New York: Rinehart.

Rao, V., and M. Walton, eds. 2004. *Culture and Public Action: Cross Disciplinary Dialogue on Development Policy*. Stanford, CA: Stanford University Press.

Rieger, E., and S. Leibfried. 2003. *Limits to Globalization*. Cambridge, U.K.: Polity Press.

Rimlinger, G. 1971. *Welfare Policy and Industrialization in Europe, America, and Russia*. New York: John Wiley.

Rodgers, D. T. 1998. *Atlantic Crossings: Social Politics in a Progressive Age*. Cambridge, MA: Belknap Press.

Rodrik, D. 1998. "Globalization, Social Conflict, and Economic Growth." *World Economy* 21 (2): 143–58.

Scharpf, F. A., and V. A. Schmidt. 2000. "Conclusion." In *Welfare and Work in the Open Economy*, vol. 1, ed. F. A. Scharpf and V. A. Schmidt, 310–36. Oxford, U.K.: Oxford University Press.

Schmidt, M. G. 1996. "When Parties Matter: A Review of the Possibilities and Limits of Partisan Influence on Public Policy." *European Journal of Political Research* 30: 155–83.

———. 2000. "Die sozialpolitischen Nachzüglerstaaten und die Theorien der vergleichenden Staatstätigkeitsforschung." In *Der gezügelte Wohlfahrtsstaat: Sozialpoltik in reichen Industrienationen*, ed. H. Obinger and U. Wagschal, 22–36. Frankfurt am Main: Campus.

Schumpeter, J. 1991. "The Crisis of the Tax State." In *The Economics and Sociology of Capitalism*, ed. R. Swedberg, 99–140. Princeton: Princeton University Press.

Shalev, M. 2007. "Limits and Alternatives to Multiple Regression." In *Capitalisms Compared*, ed. L. Mjøset and H. Clausen, 261–308. Oxford, U.K.: Elsevier.

Skocpol, T. 1985. "Bringing the State Back In: Strategies of Analysis in Current Research." In *Bringing the State Back*, ed. P. B. Evans, D. Rueschemeyer, and T. Skocpol, 3–37. Cambridge, U.K.: Cambridge University Press.

Skocpol, T., and E. Amenta. 1986. "States and Social Policies." *Annual Review of Sociology* 12: 131–57.

Stiller, S., and K. van Kersbergen. 2005. "Welfare State Research and the Independent Variable Problem: What to Explain and How to Explain?" Paper presented at the ESPANet conference, Fribourg, Switzerland, September 22–24.

Swank, D. 2002. *Global Capital, Political Institutions, and Policy Change in Developed Welfare States*. Cambridge, U.K.: Cambridge University Press.

Taylor-Gooby, P. 2005. "Is the Future American? Can Left Politics Preserve European Welfare States from Erosion through Growing 'Racial' Diversity?" *Journal of Social Policy* 34 (4): 661–72.

Thelen, K. A. 2006. *How Institutions Evolve: The Political Economy of Skills in Germany, Britain, the United States, and Japan*. Cambridge, U.K.: Cambridge University Press.

Therborn, G. 1983. "When, How, and Why Does a Welfare State Become a Welfare State?" Paper presented at European Consortium for Political Research Joint Workshops, Freiburg, Germany, March 20–25.

———. 1986. "Karl Marx Returning: The Welfare State and Neo-Marxist, Corporatist, and Statist Theories." *International Political Science Review* 7 (2): 131–64.

———. 1989. "'Pillarization' and 'Popular Movements.' Two Variants of Welfare State Capitalism: The Netherlands and Sweden." In *The Comparative History of Public Policy*, ed. F. G. Castles, 192–241. Cambridge, U.K.: Polity Press.

Titmuss, R. 1950. *Problems of Social Policy*. London: H.M. Stationery Office.

van Kersbergen, K. 1995. *Social Capitalism: A Study of Christian Democracy and the Welfare State*. London: Routledge.

Weir, M., A. S. Orloff, and T. Skocpol, eds. 1988. *The Politics of Social Policy in the United States*. Princeton, NJ: Princeton University Press.

Wilensky, H. L. 1975. *The Welfare State and Equality: Structural and Ideological Roots of Public Expenditures*. Berkeley: University of California Press.

Wilensky, H. L., and C. N. Lebeaux. 1958. *Industrial Society and Social Welfare: The Impact of Industrialization on the Supply and Organization of Social Welfare Services in the United States*. New York: Russell Sage Foundation.

Wood, G. D., and I. Gough. 2006. "A Comparative Welfare Regimes Approach to Global Social Policy." *World Development* 34 (10): 1696–712.

World Bank. 1994. *Averting the Old Age Crisis: Policies to Protect the Old and Promote Growth*. Oxford, U.K.: Oxford University Press.