

Jochen Clasen: Comparative Social Policy – Old Questions, New Topics and Original Answers

Miguel Glatzer and Dietrich Rueschemeyer (eds), *Globalization and the Future of the Welfare State*, Pittsburgh, Pittsburgh University Press, 2005, 288pp., hardback ISBN 0-822-95861-9, \$29.95

Torben Iversen, *Capitalism, Democracy and Welfare*, Cambridge, Cambridge University Press, 2005, 336pp., hardback ISBN 978-0-521-84861-9, £40; paperback ISBN 978-0-521-61307-1, £19.99

Isabela Mares, *The Politics of Social Risk: Business and Welfare State Development*, Cambridge, Cambridge University Press, 2003, 342pp., hardback ISBN 978-0-521-82741-6, £40.00; paperback ISBN 978-0-521-53477-2, £17.99

Nicola McEwen and Luis Moreno (eds), *The Territorial Politics of Welfare*, London, Routledge, 2005, 256pp., hardback ISBN 978-0-415-34859-1, £65.00

Comparative social policy has in recent years once again become a topical domain for social science research. From its origin in the 1960s the field has developed a considerable pedigree. Its overarching question, namely how to understand the development of welfare states, has produced several schools of thought and competing theoretical approaches, with shifts in the range of prevalent independent variables.¹ Leitmotifs too have come and gone. Reflecting socio-economic and political contexts at the time, the notion of the ‘crisis in the welfare state’ of the 1980s gradually gave way to a sense of institutional resilience and regime-specific developments. Since the 1990s research has focused on the ways in which national welfare states have been affected by and responded to economic internationalization and political integration (particularly in Europe), as well as structural changes such as demographic ageing or the emergence of ‘new social risks’.²

A considerable development and refinement of databases in recent years has helped to improve the quality of quantitative and qualitative comparisons, particularly across mature welfare states. At the same time the adequacy of conventional conceptual and methodological tools for measuring change in welfare states has been questioned, and prevailing theoretical accounts

¹ For a recent review, see Edwin Amenta, ‘What We Know About the Development of Social Policy: Comparative and Historical Research in Comparative and Historical Perspective’, in James Mahoney and Dietrich Rueschemeyer (eds), *Comparative Historical Analysis in the Social Sciences*, Cambridge, Cambridge University Press, 2003, pp. 91–130.

² Klaus Armingeon and Giuliano Bonoli (eds), *The Politics of Post-Industrial Welfare States*, London: Routledge, 2006.

challenged. Conceptually, terms such as welfare state ‘retrenchment’ seem too broad to capture the nature of change. Empirically, conventional indicators such as ‘social expenditure’ remain important but somewhat one-dimensional and thus in need of supplementation by parameters that enable systematic comparisons of welfare restructuring (e.g. in the conditionality of social rights), which is not reflected in spending data.³ Theoretically, leading paradigms such as the ‘power resource approach’ (with the strength of collective labour as core explanatory variable) have been questioned. Paul Pierson’s ‘new politics of the welfare state’,⁴ for example, claims that welfare-state contraction and unpopular cutbacks require a different theoretical understanding to that required by expansionary trends in the past. Similarly, the core assumption of collective labour and capital as antagonists in political struggles over the expansion of social rights within the ‘power resource approach’ has been contested by employer-centred approaches of social policy.⁵

With ostensibly little in common, collectively the four volumes reviewed here illustrate the vibrancy and dynamism within current comparative social policy research, as well as its methodological breadth and capacity for theoretical progress. They include a historically oriented binary comparison (Mares), an explorative collection of national analyses along a particular theme (McEwen and Moreno), a conventional (but in this case highly original) comparison of OECD countries (Iversen) and the welcome extension of social policy analyses to systematic comparisons outside the Western world (Glatzer and Rueschemeyer). Collectively the texts contribute new analytical approaches of categorizing social protection systems (Iversen), offer challenging theoretical perspectives (Mares, Iversen), and investigate established research themes in new contexts, such as the impact of globalization on social policy in developing countries (Glatzer and Rueschemeyer) or the tensions between national and evolving sub-national welfare arrangements (McEwen and Moreno).

The two single-authored books in particular are theoretically ambitious, strongly analytical in approach and inspiring. Employing different research strategies (binary historical comparison and quantitative mainly cross-sectional comparisons respectively), both set high academic standards and in

³ Jochen Clasen and Nico A. Siegel (eds), *Investigating Welfare State Change – The Dependent Variable Problem in Comparative Analysis*, Cheltenham, Edward Elgar, 2007.

⁴ Paul Pierson (ed.), *The New Politics of the Welfare State*, Oxford, Oxford University Press, 2001.

⁵ For a defence of the former and criticism of the latter, see Walter Korpi, ‘Power Resources and Employer-Centred Approaches in Explanations of Welfare States and Varieties of Capitalism: Protagonists, Consenters, and Antagonists’, *World Politics*, 58: 2 (2006), pp. 167–206.

some ways complement each other, with Mares investigating factors that shaped the features of national social protection systems and Iversen concentrating on the causes which sustained institutional stability after the Second World War. Both authors belong to the 'varieties of capitalism' school of political economy⁶ and both studies start with the assumption that welfare-state development cannot be understood as 'politics against markets' but 'politics *with* markets' (Iversen, p. 73, original emphasis; Mares, p. 2). Understood broadly as mechanisms that secure income streams (social transfers but also employment protection and industrial relations systems), social policy arrangements have co-evolved with particular economic institutions, often reinforcing rather than undermining each other. Crucially, social insurance programmes can be regarded as institutional reflections of employees and employers' incentives to invest in and protect human capital.

Torben Iversen's book should be fascinating even for those who are less versed in statistical modelling or are critical of functionalist approaches within welfare-state research. In some ways the book represents a synthesis of earlier texts that were partly co-authored with other colleagues of the varieties of capitalism school, and David Soskice in particular. At the same time it is much more – and likely to become a major contribution to the debate about the causes of different patterns of welfare-state development between the 1950s and 1990s. Within a political economy framework, Iversen traces cross-national variations of developments in social policy (social spending, replacement rates) to differences in prevalent skill patterns, dividing OECD countries into general skill countries (mainly the Anglo-Saxon countries) and those in which firm- or industry-specific skills are more in abundance (particularly northern and continental Europe). A key point of his 'asset theory of social protection' (Iversen, p. 15) is the claim that national skill profiles reflect and support particular national production regimes (ways in which 'companies compete in the international economy', Iversen, p. 28), as well as social protection arrangements. Iversen identifies institutional complementarities between the distributions of skills on the one hand, and levels of social protection, unemployment support and employment regulation on the other. Assessing labour market performances between the 1950s and 1990s, he analyses factors that initially helped specific-skill countries to outperform general-skill countries, and caused more rapid welfare-state expansion. The subsequent deterioration of employment records is linked to the rise of the service economy, which caused greater problems of adaptation in specific-skill countries.

Iversen puts the interface between national production regimes and changes in world economic contexts at the centre of his analysis. However, he

⁶ Peter A. Hall and David Soskice, *Varieties of Capitalism. The Institutional Foundations of Comparative Advantage*, Oxford, Oxford University Press, 2001.

also shows that particular national trajectories are strongly influenced by electoral structures and partisan politics. His evidence is compelling, and his analysis elegant and intriguing, especially with regard to the development of social protection systems until the 1980s. The diagnosis of national adaptations to changing contexts in subsequent periods also lends strong support to the relevance of the variety of capitalism approach, with the proviso that its strength lies more in explaining why certain institutions are sustained rather than what causes the emergence of different national skill profiles in the first place. This has been acknowledged by Hall and Soskice,⁷ as well as by Iversen, who points to the unspecified interplay of multiple causes (economic conditions, capacities of organized interests, political structures; p. 67) that led to the historical bifurcation of modern economic and social protection structures.

In common with Iversen, Isabela Mares's study builds upon a theoretical microfoundation of actors' interests in social policy. Claiming that some employers have a distinct interest in the establishment and expansion of publicly provided social protection systems, and earnings-related social insurance schemes in particular, which are seen as securing investments in skills, her account conjures up a more explicit challenge to the 'power resource approach' in welfare-state research. Less interested in explaining the introduction of social insurance per se, Mares's concern is to demonstrate that some employers actively shaped the institutional characteristics of early programmes and engaged in their subsequent revision. In theoretically persuasive and carefully researched historical case studies she traces the evidence surrounding the construction and adaptation of work accident, unemployment and early retirement schemes in Germany and France. Mares demonstrates that the resistance against (or support for) the introduction and expansion of statutory social insurance programmes, as well as the advocacy of particular designs (weak or strongly earnings related, state or non-state administration), varied across employer organizations, with firm size and relative incidence of specific risks as the most relevant variables. Moreover, alliances between (some) employers and (some) employee organizations had a profound influence on the structural characteristics of, and administrative control over, social insurance.

Mares considers the formation of such cross-class interests as 'strategic' alliances, implying that actors opted for policies that differ from their 'pre-strategic' (first order) preferences. While empirically not always easy to differentiate, this distinction is both analytically crucial and indicates that her 'employer-based' explanation of social protection is not as incompatible with

⁷ Peter A. Hall and David Soskice, 'Varieties of Capitalism and Institutional Change: A Response to Three Critics', *Comparative European Politics*, 1 (2003), pp. 241–50.

the 'power resource' approach as she suggests (Mares, p. 2). Indeed, she acknowledges that employers were generally not 'agenda-setters', i.e. not 'responsible for introducing a social policy proposal' (Mares, p. 259). However, once contextual influences (such as massive unemployment in the post-First World War period or shifts in political power constellations) had made the case for resisting implementation politically untenable, employer groups with an interest in the 'insurance function' of social protection became constructively involved in relevant debates and negotiations. Thus, Mares would probably agree with Walter Korpi that employers, on the whole, have rarely been 'protagonists' of social policy reform. On the other hand, her study shows that some employers were certainly more than merely 'consenters'⁸ to the expansion of social rights.

Mares's theoretically guided case study is likely to inspire further investigations into preference formation in social policy. For example, while the selection of France and Germany is clearly justified due to variation in her key variable (balance of small and large firms), similar systematic investigations into the historical role of employer groups in other (liberal, social democratic) mature welfare states would be highly interesting. Moreover, her theoretical basis for the analysis of employer preferences could be instructive for investigations of current developments in the context of the shrinking role of public social policy and the potential of expanding company-based social provision.

Both Mares and Iversen's studies are aimed at advancing the theoretical foundation of comparative social policy, challenging and reconceptualizing employers' interests in social policy and identifying complementarities between national social protection and production regimes respectively. The two edited volumes reviewed here are more theme driven. Miguel Glatzer and Dietrich Rueschemeyer's volume in particular is an excellent example of a collaborative effort that is larger than the sum of its parts due to a clearly articulated frame of reference and common research questions that have guided all chapters. Their overriding question is whether social protection systems in countries outside the OECD have followed, or can be expected to follow, a path similar to that of developed countries in the context of greater economic openness. There is certainly no scarcity of research that investigates the causal influence of globalization on welfare states. However, there are very few comparative studies that systematically analyse the interface between economic internationalization, democratization and developments in social protection in mid-income (developing) countries and regions in the world. In this respect, the volume is immensely important and informative.

In a useful introductory chapter the editors theorize the link between globalization and the welfare state. Conventionally, the former is seen as

⁸ Korpi, 'Power Resources and Employer-Centred Approaches'.

having a negative impact on the latter. Globalization puts large welfare states under pressure, forcing social spending down in order to free up resources for raising the international competitiveness of domestic producers (the 'efficiency' hypothesis). The contrary claim regards economic internationalization as leading to more social spending because of dislocations, tensions and conflicts arising out of greater global economic interdependencies (the 'compensation' hypothesis). The volume shows that both positions lack nuance, theoretical refinement and convincing evidence.

The first three chapters provide a common framework and points of reference for subsequent detailed case analyses. Geoffrey Garrett and David Nickerson analyse key variables (government spending, level and changes in market integration, democratization) across more than 70 nations subdivided into transition countries, oil export nations, Latin America and other countries. At an aggregate level they find evidence for greater capital mobility having slowed down public sector spending, but also for democratization as a strongly mediating effect. Countries that witnessed both growing market integration and rapid democratization have also been able to expand public social welfare spending. Providing a useful comparative baseline for subsequent chapters, John D. Stephens analyses developments in north-western European countries, confirming the 'compensation' thesis (trade openness fosters welfare-state expansion) while emphasizing the role of partisan politics as a crucial intervening variable. But the actual core of the book is five well-integrated chapters providing contextualized empirical investigations of recent developments in Russia and east-central Europe, Latin America, South Korea and southern Europe (Spain and Portugal). Collectively they illustrate that the nature of the relationship between globalization and social protection depends strongly on additional factors that are largely domestic; most of all they show the degree of democratization and the interrelation between state, economy and society.

Glatzer and Rueschemeyer's volume is a major analytical contribution to the debate on globalization and welfare states in developing countries, with empirical chapters coherently embedded in a theoretical framework, common hypotheses and benchmarks introduced in the first three chapters. If anything, a critical methodological point can be made. In the light of the 'exploratory' nature of the book (Glatzer and Rueschemeyer, p. 10), the editors left the conceptualization and operationalization of the 'welfare state' to individual contributors. While laudable, this decision has somewhat undermined the consistency across chapters. On the other hand, the exclusive use of social expenditure as the dependent variable would have invited other criticisms. As indicated earlier, measuring welfare state change by levels of social spending alone is problematic (due to methodological reasons such as time lags or unclear boundaries between programmes such as unemployment, early retirement or disability transfers) and insufficient (because of

structural changes which have no immediate or obvious effect on expenditure, such as shifts in the balance between social rights and obligations). Although this point has been acknowledged (e.g. by Stephens, in the book) and additional indicators have been used in some chapters, the core analyses throughout have relied on social expenditure as the sole or main dependent variable.

Finally, the edited collection by Nicola McEwen and Luis Moreno is less analytical and more explorative and conceptual in nature. Perhaps more importantly, while the other volumes represent conventional cross-national approaches, conceptualizing countries as units of comparative analysis, McEwen and Moreno ask whether this key premise still holds. The notion of national welfare states leaking power upwards (to political units such as the European Union or economic units such as multinational companies) as well as downwards (via decentralization and devolution) has been of interest within comparative social policy analysis for some time. In this context, 'territorial' aspects of social policy formation and change have recently gained in prominence, particularly in countries with federal traditions of power-sharing.⁹ Investigating the evolving interface between national and sub-national welfare provision, McEwen and Moreno aim to link two separate research fields: the politics of decentralization and welfare-state restructuring. The volume comprises individual country chapters on recent developments in Spain, Italy, Germany, France, Belgium, the UK and Canada, plus a separate discussion of the Nordic countries, complemented by two chapters on 'Europe', analysing public attitudes towards the EU and its role in welfare provision (by Steffen Mau) and the question of social rights located at the European rather than the national level (Maurizio Ferrera).

For some reason it has become all too common in cross-national social policy analyses to criticize existing, or to propose new, typologies of welfare states. This might have induced the editors to embark on a similar exercise in the introductory chapter, categorizing state and welfare state structures in a four-fold fashion. While there is little evidence that this model has influenced subsequent chapters, the editors' themed review on pressures on, as well as developments in social policy (nation-building, decentralization and supranationalism) has been taken up with more enthusiasm, albeit to varying degrees. The overall impression across the empirical chapters is diversity rather than any common trend towards a greater (or lesser) role for territorial governments in social policy. Partly due to differences in the historical timing of welfare-state development and designs of social policy provision, there are moves towards decentralization and several examples of sub-national governments taking on more responsibilities – but there are also

⁹ Herbert Obinger, Stephan Leibfried and Francis G. Castles (eds), *Federalism and the Welfare State*, Cambridge, Cambridge University Press, 2005.

examples of centralization and diminishing roles of local or municipal actors in welfare provision (e.g. in Germany).

Many country chapters offer interesting discussions, but the book as a whole lacks coherence, which might in part be the result of its more speculative theme. However, the absence of an explicit analytical framework has made it easy for authors to follow somewhat divergent lines of discussion. There is no concluding chapter either, synthesizing the case studies, which could be regarded as a missed opportunity – or simply as an acknowledgement of a considerable degree of cross-country diversity and precious few common trends, apart from two rather general points. First, sub-national welfare politics play some role in all countries, with regions or municipalities becoming more involved in the provision of social policy in most countries and in several areas of social policy, but less so in other countries or other social policy domains. Second, the EU is becoming more important, albeit without threatening the conventional national welfare state as a focus of identity and solidarity within member countries.

The volume identifies several instances of sub-national governments taking over responsibilities from central state services. However, in many instances the delivery of social policy has been transferred to non-statutory bodies, such as non-profit organizations and other agencies. With the exception of a few chapters, and the one on Scandinavia in particular, somewhat surprisingly this point has not been covered explicitly. Perhaps it is the territorial design of the book that has kept this type of decentralization out of focus. More generally, the volume underlines that ‘the territorial question’ is an important aspect in the debate about welfare-state reform – but probably not the most relevant or controversial issue.

Particularly in mature welfare states, debates over retrenchment, privatization and deregulation seem of more universal concern to the general public, policy makers and social-policy researchers. Comparative analyses of these issues require original approaches to old (and new) questions, robust methodologies and theoretical progress. The single-authored books reviewed here in particular will prove to be inspirational in these respects.