Comparative Welfare State Politics

Welfare state reform occurs in all advanced capitalist democracies, but it does not occur in identical ways, to the same degree, or with similar consequences. In *Comparative Welfare State Politics*, Kees van Kersbergen and Barbara Vis explain the political opportunities and constraints of welfare state reform by asking “big” questions. Why did we need a welfare state in the first place? How did we get it? Why did we get different worlds of welfare and do we still have them? What does the welfare state actually do? Why do we need to reform the welfare state? Why is reform so difficult, but why does it nevertheless happen? Can and will the welfare state survive the Great Recession? This book informs the reader comprehensively about the welfare state, while contributing to the ongoing debate on the politics of welfare state reform.

Kees van Kersbergen is professor of comparative politics in the Department of Political Science and Government at Aarhus University in Denmark.

Barbara Vis is professor of political decision making in the Department of Political Science and Public Administration at VU University Amsterdam in the Netherlands.
Comparative Welfare State Politics

Development, Opportunities, and Reform

KEES VAN KERSBERGEN
Aarhus University, Denmark

BARBARA VIS
VU University Amsterdam, The Netherlands
Contents

List of Tables and Figures  page viii

Preface and Acknowledgments  xi

1. Introduction: The Political Opportunities and Constraints of Welfare State Reform  1
   1.1. Big Questions  1
   1.2. The Structure of the Book  6

2. The Welfare State: Dynamic Development, Crisis, Resilience, and Change  10
   2.1. Social Needs, Risks, and Disruptions in Permanently Modernizing Capitalist Nations  10
   2.2. Crisis and Collapse?  13
   2.3. Absence of Change?  14
   2.4. Explaining Welfare State Reform by Institutional Change?  24
   2.5. Introducing the Open Functional Approach to Welfare State Reform  27
   2.6. Conclusion  30

3. The Logics of the Welfare State: Why Did We Need a Welfare State in the First Place and How Did We Get It?  31
   3.1. Introduction  31
   3.2. Logic I: Socioeconomic Development and Modernization  32
   3.3. Logic II: Political Integration and State-Building  38
   3.4. Logic III: Satisfaction of Needs and Risk Reapportioning  43
   3.5. Logic IV: Class Politics, Coalitions, and Redistribution  47
   3.6. Conclusion  50

4. Welfare State Regimes: Why Did We Get Different Worlds of Welfare and Do We Still Have Them?  53
   4.1. Introduction  53
Contents

4.2. Worlds of Welfare Capitalism: The Intellectual Roots 55
4.3. The Typology of Welfare Regimes 59
4.4. The Quality of the Typology and Confusing Types and Ideal Types 67
4.5. Explaining Variation: Political Class Coalitions and Welfare Regimes 74
4.6. Conclusion 77

5.1. Introduction 78
5.2. A Methodological Caveat 80
5.3. To What Extent Do Welfare States Cover Social Risks and How Generous Are They? 81
5.4. To What Extent Do Welfare States Reduce Poverty? 88
5.5. To What Extent Do Welfare States Reduce Income Inequality? 94
5.6. Conclusion 101

6. Toward an Open Functional Approach to Welfare State Reform 103
6.1. Introduction 103
6.2. Integrating Theories and Approaches 105
6.3. The Role of Ideas in Welfare State Reform: How to Establish Causality 108
6.4. Toward an Open Functional Approach to Welfare State Reform 112
6.5. Illustrating the Argument: The Dutch Disability Crisis of the 1990s 117
6.6. Conclusion 120

7. Why Do We Need to Reform the Welfare State? Part I: Globalization as a Functional Pressure Coming from the Outside 123
7.1. Introduction 123
7.2. To What Extent Does Globalization Affect the Welfare State? 125
7.3. Does Globalization Really Affect the Welfare State? 128
7.4. Further Empirically Mapping Globalization and Its Effects 130
7.5. Conclusion 136

8. Why Do We Need to Reform the Welfare State? Part II: Post-Industrial Society and the Functional Pressures to Reform Coming from Within 137
8.1. Introduction 137
8.2. Why Endogenous Changes Matter (Too) for Welfare State Reform 138
8.3. Politics of New Social Risks 155
8.4. Conclusion 159

9.1. Introduction 160
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.2. The Puzzle</td>
<td>162</td>
</tr>
<tr>
<td>9.3. Introducing Prospect Theory</td>
<td>162</td>
</tr>
<tr>
<td>9.4. Going Back to the Roots: On the Origin of Prospect-</td>
<td>165</td>
</tr>
<tr>
<td>Theoretical Preferences</td>
<td></td>
</tr>
<tr>
<td>9.5. Problems in Prospect Theory and Empirical Illustrations</td>
<td>167</td>
</tr>
<tr>
<td>9.6. The Causal Mechanisms of Welfare Reform</td>
<td>175</td>
</tr>
<tr>
<td>9.7. Conclusion</td>
<td>183</td>
</tr>
<tr>
<td>10. Can and Will the Welfare State Survive the Great Recession?</td>
<td>185</td>
</tr>
<tr>
<td>10.1. What Have We Learned So Far? Answers to the “Big” Questions</td>
<td>185</td>
</tr>
<tr>
<td>10.2. The Final “Big” Question: Can and Will the Welfare State</td>
<td>187</td>
</tr>
<tr>
<td>Survive the Great Recession?</td>
<td></td>
</tr>
<tr>
<td>10.3. Does the Great Recession Induce Major Welfare State Reform?</td>
<td>188</td>
</tr>
<tr>
<td>10.4. Similar Pressures?</td>
<td>192</td>
</tr>
<tr>
<td>10.5. Similar Responses?</td>
<td>195</td>
</tr>
<tr>
<td>10.6. Continuing Support for the Welfare State</td>
<td>201</td>
</tr>
<tr>
<td>10.7. Conclusion</td>
<td>204</td>
</tr>
<tr>
<td>References</td>
<td>207</td>
</tr>
<tr>
<td>Index</td>
<td>241</td>
</tr>
</tbody>
</table>
Tables and Figures

Tables

2.1. Veto points and veto players, selected countries, 1980–2005

4.1. The rank order of welfare states in terms of combined decommodification, 1980

4.2. A summary overview of welfare regimes’ characteristics

4.3. An extended overview of welfare regimes’ characteristics

4.4. Decommodification and benefit generosity indices, 1980

5.1. The coverage and generosity of major social insurance programs (proportion of labor force covered), 1975 and 2000

5.2. People at risk of poverty after social transfers; percentage of total population, 2009

5.3. Poverty (< 50 % median equivalent income) reduction in families with children, mid-1990s

5.4. The percentage reduction in poverty rates due to tax/transfer system, mid-1990s

5.5. Inequality in welfare states in Gini coefficients (after taxes and transfers), mid-1970s–mid-2000s

7.1. Trade ratio, selected OECD countries, 1970–2009 (export plus import as percentage of gross domestic product in current prices)

7.2. Intra-industry trade, selected OECD countries, 1959–2000


8.2. Age-dependency ratio, 1980–2050


8.5. Employment profiles, selected countries, 2009

Tables and Figures

9.1. Voters’ and government’s domains, risk attitudes, and the need for blame avoidance 170
9.2. Types of blame avoidance strategies 179
10.2. Summary of crisis measures taken in phases I and II 196
10.3. Labor market–related measures in phase II 197

Figures

2.2. Confidence in social security system, selected European countries, 1999/2000 and 2008 18
4.1. Example of a right skewed distribution 57
5.1. The relationship between social spending (% GDP) and poverty (% of total population < 60 % of median income), mid-2000s 91
5.2. The relationship between social spending (% GDP) and inequality (Gini coefficient after tax and transfers), mid-2000s 97
7.1. Development of the KOF index, selected countries, 1970–2010 131
8.1. Employment rate of women, selected countries, 1983–2009 151
9.1. A hypothetical value function 164
Like most books, this one has been quite some time in the making. The idea for writing it was born in 2006, when Gösta Esping-Andersen asked one of us (Kees) to (co-)teach a course on comparative social policy at Universitat Pompeu Fabra (Barcelona). Many thanks to Gösta for his suggestion to structure the course around “big” questions, which subsequently shaped the book’s composition. The course was adapted as a PhD course on the political opportunities and constraints in welfare state reform, taught at the Oslo Summer School in Comparative Social Science Studies in 2009. We would like to thank the MA students in Barcelona and the PhD students at the Oslo Summer School for their many questions and critical comments.

The field of comparative welfare state studies is rich with books on welfare state reform in specific countries and in specific policy fields, but there was no book that asked, let alone answered, the “big” questions about the politics of welfare state development and reform in a single volume. Why did we need a welfare state in the first place? How did we get it? Why did we get different worlds of welfare and do we still have them? What does the welfare state actually do? Why do we need to reform the welfare state? Why is reform so difficult, but why does it nevertheless happen? Can and will the welfare state survive the Great Recession (which, at the time we began thinking about these questions, was “just” a financial crisis)? We decided that it was time for a book that answered these questions, could be used in teaching, and would be of value to scholars generally interested in the politics of welfare state reform. To this end, we wished to bring together the existing vast, varied, and rich knowledge on welfare state reform, but also to add our own theoretical approach and empirical analyses. The result is a distinctive cross between a textbook and a research monograph.

We have presented drafts of the different chapters at various workshops and conferences: the workshop “Ideas and/on Welfare in Europe,” Oxford,
Preface and Acknowledgments

the United Kingdom (2010); the Dutch/Flemish Politicologenetmaal, Leuven, Belgium (2010); the International Research Seminar of the Foundation for International Studies on Social Security, Sigtuna, Sweden (2010); the workshop “Politics in Hard Times,” Mannheim Centre for European Social Research, Germany (2010); the NIG Workconference, Maastricht, the Netherlands (2010); the Dutch/Flemish Politicologenetmaal, Amsterdam, the Netherlands (2011); the ECPR Joint Sessions of Workshops, St. Gallen, Switzerland (2011); and the workshop “Political Parties and Welfare State Reform,” Aarhus University, Denmark (2011). We thank all participants in these events for their helpful comments and suggestions. This book has also benefited greatly from the advice of many colleagues. A (nonexhaustive) list includes Christoph Arndt, Michael Baggensen Klitgaard, Uwe Becker, Martin Carstensen, Verena Dräbing, Christian Elmelund-Praestekær, Patrick Emmenegger, Jørgen Goul-Andersen, Christoffer Green-Pedersen, Steffen Heinrich, Anton Hemerijck, Carsten Jensen, Mikko Kuisma, Lars Thorup Larsen, Gijs Schumacher, Martin Seeleib-Kaiser, Menno Soentken, Matthias Stepan, Sabina Stiller, and Arco Timmermans. Neda Delfani, Eva Entenmann, and Sjoerd van Heck have offered excellent research assistance. Barbara Vis also thanks the Netherlands Organization for Scientific Research for a Veni grant (grant nr. 451–08–012) and a Vidi grant (grant nr. 452–11–005) that supported her research.

Various parts of this book are based on previously published material. Parts of Chapter 8 were published in Barbara Vis (2011), “Under Which Conditions Does Spending on Active Labor Market Policies Increase? A FsQCA Analysis of 53 Governments between 1985 and 2003,” European Political Science Review, 3(2): 229–52. Parts of Chapter 9 appeared in Barbara Vis and Kees van Kersbergen (2007), “Why and How Do Political Actors Pursue Risky Reforms?” Journal of Theoretical Politics, 19(2), 153–72; in Barbara Vis (2011), “Prospect Theory and Political Decision-making,” Political Studies Review, 9(3): 334–43; and in Barbara Vis (2010), Politics of Risk-Taking: Welfare State Reform in Advanced Democracies, Amsterdam: Amsterdam University Press. Segments of Chapter 10 appeared in Barbara Vis, Kees van Kersbergen, and Tom Hylands (2011), “To What Extent Did the Financial Crisis Intensify the Pressure to Reform the Welfare State?” Social Policy and Administration, 45(4): 338–53. We thank Tom Hylands for allowing us to make use of this co-authored work here. We first presented our open functional approach to welfare state reform (see Chapters 2 and especially 6) in Barbara Vis and Kees van Kersbergen (forthcoming), “Towards an Open Functional Approach to Welfare State Change: Pressures, Ideas, and Blame Avoidance,” Public Administration. We wish to thank the publishers of these journals and Amsterdam University Press for allowing us to re-use the material here. We also thank Philip Manow for allowing us to use material from Kees van Kersbergen and Philip Manow (eds.) (2009), Religion, Class Coalitions, and Welfare States, Cambridge: Cambridge University Press. Table 4.3 is adapted from Vrooman (2009: 214–15, table 4.1). Many thanks to J. Cok Vrooman for allowing us to use this table in Chapter 4.
Since we started work on this book project, we have each experienced a life-changing event. Barbara gave birth to a little girl, Rena, whose mere presence, but especially her way of looking at the world, puts everything in a new – and better – perspective. The unfailing support and love of her partner, Pim, has been indispensable throughout the entire project. Kees changed countries, moving from the Netherlands to Denmark, which puts almost everything in a new – and better – perspective. Such a radical change can work out well only if there is at least some constancy – in Kees’s case, his wife Inger, without whose support he would not even have begun the project.