Political Theories of the Welfare State

John Myles
University of Toronto

Jill Quadagno
Florida State University

We review the main theoretical conclusions from a quarter century of comparative studies of welfare states in the affluent democracies. We contrast early debates over the relative importance of industrialization, economic growth, and social classes for explaining welfare state differences with contemporary claims about the role of globalization, postindustrialism, and gender relations in shaping their futures. We evaluate the claims against recent empirical evidence with the aim of highlighting both important lessons from the past and promising directions for future analysis.

Contemporary studies of the modern welfare state came of age in the 1970s. Historians, political scientists, and other social scientists had of course long since documented the origins and development of particular national social policies. The comparative focus of this new body of research was prefigured by a number of seminal studies written during the postwar decades (Wilensky and Lebeaux 1958; Kerr et al. 1960; Pryor 1968; Rimlinger 1971; Heclo 1974). And during the 1970s, several classic theoretical statements (Polanyi 1944; Marshall [1949] 1964) were rediscovered. But it was only in the mid-1970s, following more than 2 decades of accelerated expansion, that both the sheer scale of, and striking diversity among, the welfare states of the industrialized nations made them the focus of concentrated attention as a defining feature of so-called modernity. In 1960, average expenditures on social transfers were 7.5 percent of gross domestic product (GDP) in the affluent de-

Social Service Review (March 2002).
© 2002 by The University of Chicago. All rights reserved.
0037-7961/2002/7601-0003$10.00

mocracies, only slightly more than the 6 percent being spent by the United States.[1] By 1980, average expenditures on social transfers had doubled to 14 percent of GDP, and the diversity among countries was much more in evidence. Swedish expenditures had risen from 7 percent to over 17 percent while the United States was spending 9.75 percent.

How had this happened? Although the institutional foundations had often been established decades earlier, it was the wave of reforms from the late 1950s through the early 1970s that account for the dramatic increases in spending over the period. Like the United States, many countries established new social insurance schemes and national social service programs in health and welfare virtually ex nihilo. If one adds the rapid expansion of education and health care to the brew, the change that had occurred in both the scale and scope of public provision in such a brief time span was heady stuff indeed.

From the outset, two questions were central to the research agenda: How to explain these developments? And what were their consequences? As we show below, we know a great deal more today about both issues. Our review of a quarter century of welfare state scholarship, however, is not primarily intended as a piece of intellectual historiography but rather to shed light on the present. The new politics of welfare, it is claimed, are different (Pierson 1994, 1996). Unlike the golden age of expansion, the social policy agenda of the late twentieth century has been shaped by the "politics of austerity." The forces of globalization and postindustrialism, the revolution in family forms and gender relations, and an extended period of modest economic growth have created a very different social and political climate from that in which contemporary welfare states came to maturity between the 1950s and the 1970s. We do not dispute all this. There are, however, striking parallels between the old and the new scholarship on welfare states that are worth highlighting. Lessons learned from the first generation of welfare state studies, we will argue, can shed considerable light on the present.

From the mid-1970s to the early 1990s welfare state research concentrated on the long slow growth of the social programs associated with Bismarck's Germany in the 1880s to the postwar boom in welfare state expansion (the period of high industrialism) that came to maturity (and to an end) in the mid-1970s. The puzzle to be solved was less about why welfare states developed than with why they had developed in such different ways and apparently reached their apogee at such strikingly different levels of spending. This body of scholarship can usefully be bracketed by two highly influential works: Harold Wilensky's (1975) *The Welfare State and Equality*, emphasizing the determining role of impersonal economic forces, and Gosta Esping-Andersen's (1990) *The Three Worlds of Welfare Capitalism*, where politics and political institutions play the leading role.[2]

Welfare State Politics in Industrial Societies: The Political Regulation of Large Economic Forces

The first generation of welfare state studies typically turned to theories of industrialism to account for the common trajectory of rising welfare state expenditures throughout the developed world (Wilensky and Lebeaux 1958; Kerr et al. 1960; Pryor 1968; Rimlinger 1971; Wilensky 1975). The main themes are well known. Industrialization creates new demands for public spending as systems of social support based on kinship and the patrimonial traditions of agrarian societies are eroded (Kerr et al. 1960). Growing dependence on wage labor creates new vulnerabilities among those with little or no labor to sell, such as the old, the sick, and the young (Pampel and Weiss 1983). The result, as Clark Kerr and colleagues (1960, pp. 22, 152) observe, is a new and expanded role for the state to maintain the labor force and achieve coordination and consensus in a complex, urban society, themes that were echoed, albeit in different language, in early marxist accounts (Offe 1972; O'Connor 1973) discussed below.

Wilensky's 1975 study became central to future developments not only because it was among the first to test empirically alternative theories of welfare state expansion but, more important, because of the bold conclusions advanced in the early chapters of the work. The root cause of the welfare state, Wilensky concluded, was economic growth mediated by demographic change, which resulted in rising life expectancy and population aging: "If there is one source of welfare spending that is most powerful—a single proximate cause, it is the proportion of old people in the population" (Wilensky 1975, p. 47). This prescient statement would foreshadow trends underlying welfare state restructuring.

It is helpful to distinguish between weaker and stronger versions of the theory. The weak version of the theory, that industrialism and its correlates (economic growth, population aging) are necessary to account for the common trend line in welfare state expansion, is rarely questioned. It is difficult, moreover, to imagine the welfare state boom of the 1960s in the absence of the long economic expansion of the post–World War II golden age. Rapidly rising incomes generated revenue windfalls for governments. Strong wage growth meant new taxes could be levied while still leaving workers with a larger pay package each year. Rising productivity and changing labor force practices led to the spread of retirement, a development that generated enormous demand for the expansion of public pensions. These correlates of a mature industrial order clearly matter, and measures of GDP per capita and percentage of elderly are now standard control variables in all empirical models of welfare state spending

The contested (strong) version of the theory concerned its capacity to explain variations around the trend line. The implicit claim of the strong version is that nations with comparable levels of economic development would converge at similar levels of welfare state development as well. The claim is contentious since it rests on the assumption that public policy is the product of large, impersonal, economic forces. Politics, if it matters at all, does not matter very much. Faced with comparable political demands (e.g., a growing number of old people) and a similar resource base (economic development), social programs develop independently of party politics, the preferences of political leaders, or the balance of power among the political forces they represent.

Political Parties and Institutions

Where industrialization theorists emphasized the determining role of the changing forces of production (the logic of industrialism), early neomarxist accounts (Offe 1972; O'Connor 1973) emphasized changing relations of production (the logic of capitalism). Welfare state expansion, James O'Connor (1973) argued, was driven by the dual, if contradictory, imperatives imposed on the capitalist state to create conditions for capital accumulation, on the one hand, and the social legitimation of this mode of production, on the other. While differing in content, both theories shared a similar functionalist logic (Giddens 1976, pp. 716–22; Gough 1979, pp. 8–9, 50 ff.). Welfare states are the inevitable product of large economic forces beyond the control of policy makers and publics that compel a common response.

By the end of the 1970s, however, class-analytical accounts (e.g., Stephens 1979; Korpi 1980, 1983) took a different turn, focused around the claim that "politics matters" in explaining welfare state diversity. What came to be known as "power resource theory" was based on a theory of distribution in capitalist democracies in which both terms of the couplet—capitalism and democracy—figure prominently. In his magisterial *Power and Privilege* (1966), Gerhardt Lenski argued that democratic polities created the possibility for the "many" to combine against the "few" (the elites) and use the state to claim a larger share of the social surplus. However, the institution of private property biases this struggle in favor of the propertied simply because electoral constituencies are large and elections costly. For those of modest means (workers), the only compensating power resource is their numbers, but this requires mass organization in unions and parties to be effective. The key claim is that the formal institutions of parliamentary democracy, including universal suffrage and free and competitive elections, are necessary but not sufficient conditions to generate significant redistribution. As Christopher Hewitt (1977, p. 451) argued, the key issue is what the mass electorate does with the franchise. Only if the lower classes use their votes to elect explicitly class-based (i.e., labor) parties to represent their interests will democracy result in more equality.

Walter Korpi formalized these general claims into what he identified as "power resource theory," and power resource theory quickly achieved the status of the dominant paradigm (Orloff 1993) in the field, providing the benchmark models against which other theories would be tested. More important, Korpi and others initiated a program of both quantitative and historical-comparative research to test the thesis empirically (Cameron 1978; Stephens 1979; Castles 1982; Hicks and Swank 1984; Myles 1984; Esping-Andersen 1985).[3] These and a plethora of later studies in this tradition (Korpi 1989; Palme 1990; Kangas 1991; among many others) supported the conclusion that major differences in welfare state spending and entitlements among the capitalist democracies could be explained by the relative success of left parties, particularly Social Democratic parties, aligned with strong trade unions in shaping the democratic class struggle.[4]

Careful cross-national research (e.g., Huber, Ragin, and Stephens 1993; Hicks 1999) continues to document the importance of working-class mobilization (in unions and parties) as a condition for early (e.g., by 1920) welfare state consolidation and for explaining national differences in their subsequent expansion. More recent research also highlights the distinctive role of social Catholicism and Christian Democratic parties (see below) in generating high levels of social spending, particularly when faced with intense competition from left parties and unions for the allegiance of working-class voters (Van Kersbergen 1995). Theories of political democracy that emphasize the intensity of electoral competition among parties and voter turnout also find support in the literature (Hicks and Swank 1992). As Frances Fox Piven and Richard Cloward (1994, pp. 428–33) highlight, high voter turnout typically changes the class content of elections, shifting the political center of gravity to the left, since increases in turnout tend to reflect increases in participation by previously excluded lower status groups (Iversen 2001).

During the 1980s, Theda Skocpol and her colleagues (Weir, Orloff, and Skocpol 1988; Skocpol 1992; Amenta 1998) took the "politics matters" perspective in a different direction, aimed in part at accounting for the distinctive development of U.S. welfare institutions. In contrast to so-called society-centered approaches that emphasize the role of elections and parties aggregating interests from below, they elaborated a polity-centered or institutionalist approach emphasizing the organization and structure of state institutions.[5] In their account, for example, it is not just the balance of class forces that determines electoral and policy outcomes but also the institutional features of government and the rules of electoral competition. In the United States the diffusion of government authority—to a degree unmatched in Europe—has placed limits on what political leaders can accomplish (Lipset 1996; Lipset and Marks 1999). The multiplicity of "veto points" in a system characterized by a division of power between the executive, the legislative branch, and the courts, coupled with a weak party system and an emphasis on state autonomy, makes radical legislative innovation difficult and political gridlock common. For example, the diffusion of veto points made it possible for Southern politicians to make the racial divide an overdetermining factor in shaping American social policy legislation from Reconstruction to the 1960s (Quadagno 1988).

The polity-centered perspective has also influenced comparative research of the welfare state. Ellen Immergut's (1992) study of health insurance in Sweden, France, and Switzerland shows the importance of centralization and the insulation of the executive from parliamentary and electoral pressures as a precondition for reform. Antonia Maioni's (1998) comparison of Canada and the United States shows how the Canadian parliamentary system with its strong party discipline diminished the ability of medical lobbies in their efforts to oppose health-care reform. Evelyne Huber and colleagues (1993) show a strong independent effect of constitutional structures that concentrate state authority with pooled time-series models for 18 capitalist democracies. The ability of working-class organizations to shape policy outcomes has been unambiguously shown to be mediated by their success in institutionalizing corporatist decision-making structures, that is, peak bargaining institutions of labor and business that concentrate and monopolize the representation of their constituencies and engage in state-sponsored negotiations over wages, jobs, and other key economic transactions (Hicks 1999).

Fred Pampel's (1994) analysis of social spending on the old and the young illustrates the utility of this approach. He asks whether the growing political power of the aged has skewed social spending in favor of the elderly and against the young. He demonstrates that, in general, the answer is no: countries that are generous to old people are also generous to children. Nevertheless, where systems of corporatist representation (and strong labor parties) are absent, as in the United States, the trade-off between old and young does appear.

Welfare Regimes

Perhaps the most persuasive evidence that industrialization is not destiny—that politics and political institutions matter for welfare states—came from Esping-Andersen's highly influential *The Three Worlds of Welfare Capitalism* (1990). Taking stock of the welfare states of the 18 or so rich capitalist democracies in the early 1980s, Esping-Andersen demonstrated that they could be distinguished not only in terms of relative generosity and spending but, more fundamentally, by their institutional logic for assigning welfare functions to the state, the market, and the family. He identifies three distinct welfare state regimes: liberal (or market-oriented) welfare states characteristic of the Anglo-American democracies, the conservative regime characteristic of continental Europe, and the Nordic social democratic policy model.

In liberal welfare states, citizens are constituted primarily as individual market actors. There is a reluctance to replace market relations with social rights, and citizens are encouraged to seek their welfare in the market, for example, through subsidies for private welfare benefits. Basic security schemes are more likely to be means-tested and social insurance benefits modest. The main exemplars are the Anglo-American democracies.

The second regime type goes under a variety of labels—conservative, corporatist, and more recently, Christian Democratic—depending on the characteristics emphasized. It is conservative in the classic European sense of the term, highlighting its precapitalist origins in the dynastic elites of continental Europe (Kerr et al. 1960). It was decidedly antiliberal in origin, concerned not at all with market efficiency but deeply concerned with maintaining an organic-hierarchical social order inherited from the past. Social rights are extensive, and there is only a marginal role for private welfare arrangements (the market). It is corporatist in the sense that, in their origins at least, these rights and privileges were differentiated on the basis of class and status, and redistribution was marginal. These states were also strongly influenced by Christian Democratic (i.e., Catholic) doctrines rejecting the primacy of the market, on the one hand, but insisting on principles of subsidiarity and, hence, the primacy of the family as the locus of social welfare on the other. While social spending in these nations is considerably higher than in the liberal welfare states, the emphasis is on income transfers sufficient to cover the income needs of the male breadwinner. Social services that both facilitate women's employment (child care) and provide jobs for women are modest. The main exemplars are found among the continental European countries.

Social democratic welfare states (found mainly in Scandinavia) represent a model of society characterized by extensive social rights and a marginal role for private welfare provision (as in continental Europe). But rights are universalistic rather than corporativistic, emphasizing equality of citizenship rather than preservation of status differences (as represented by occupational groups). Hence, unlike the Continental model, there is considerable emphasis on redistribution and providing all with high levels of income security. Women's place is in the labor market so that the welfare state is service intensive as well as transfer intensive. Social services provide both employment for women and the child care and other services required to allow women or parents to participate in the labor market (Huber and Stephens 2000). Both social democratic and conservative welfare states tend to spend a lot on social protection but do so in fundamentally different ways.

Finally, welfare state regimes differ not only with respect to the ways in which they respond to inequalities generated by the market but also in the ways they condition and regulate the primary distribution of income (wages) and job insecurities that the market is allowed to generate. Both the Nordic and continental European nations have created bargaining structures that limit wage dispersion and regulatory institutions that limit the rights of employers to hire and fire at will.

Although Esping-Andersen's typology has been subject to considerable criticism for ignoring and oversimplifying complexities within regime types (Castles and Mitchell 1992; Leibfried 1992) and for overlooking aspects of the gendered logic of welfare regimes (Ostner and Lewis 1995; Sainsbury 1996; O'Connor, Orloff, and Shaver 1999), the key insight that the welfare states that came to maturity by the 1970s differ fundamentally in the allocation of welfare functions among states, markets, and families has proven to be remarkably robust (Orloff 1996).

Yet at the very moment when political theories of the welfare state seem to have relegated the "logic of industrialism" thesis with its emphasis on the overdetermining role of large impersonal economic forces to the critical list, the theory was revived in new form. Economic globalization and postindustrialism (along with its demographic correlates) are the new forces thought to be reshaping welfare states. However important political parties and institutions were in accounting for the development of welfare states, these same parties and institutions, it is now argued, are comparatively helpless in preventing the welfare state's demise or, at least, its dramatic restructuring.

The New Politics of Welfare: Globalization, Postindustrialism, and Gender

Contemporary welfare states grew up, as it were, during the quarter century following the Second World War, and by the mid-1970s the major contours of the national social institutions familiar to us today were in place. Almost immediately, however, observers from both the left (O'Connor 1973) and the right (Huntington 1975) began to announce their impending demise. For some, such as Daniel Bell (1978), welfare states had created a revolution of rising expectations that could not be satisfied without destroying the conditions that allow markets to function (Geiger and Geiger 1978). This pessimism was reinforced by slow economic growth, rising unemployment of the 1970s and 1980s, and by the impending threat of population aging. Has this dire prediction been realized?

Unlike the heady years of expansion, the period since the end of the 1970s can broadly be characterized in Paul Pierson's (2001) apt phrase as one of accommodation to austerity. Governments everywhere grappled with slower economic growth, higher levels of unemployment, rising deficits, and growing awareness of the fiscal implications for pension and health-care budgets that result from population aging. Rollbacks have been commonplace for the past 2 decades (Stephens, Huber, and Ray 1999; Huber and Stephens 2000). But their consequences require careful scrutiny before the welfare state's demise is announced for two reasons. First, many changes that at first glance might be construed as welfare state retrenchment turn out on closer inspection to be program restructuring, reforms aimed to accommodate changing social needs—most notably, those associated with changing family forms and the rise in women's labor force participation (Quadagno 1999). Second, despite mounting economic, fiscal, and demographic pressures, the main result of recent research on the "new politics of welfare" highlights the remarkable resiliency of welfare states.

The Resiliency of Welfare States

Average levels of social spending in the affluent democracies continued to rise in the 1980s, albeit at slower rates than in earlier decades, and then leveled off in the 1990s (Hicks 1999, pp. 195–200). Large, ideologically driven spending cuts were confined to a handful of countries, notably Britain, New Zealand, and, to a lesser degree, the United States. Few of the changes could be counted as regime shifting, that is, as efforts to dismantle or fundamentally change to a different kind of welfare state.[6] As Pierson (1994, 1996) has argued, barring truly dramatic exogenous shocks, such as the political and economic collapse in Eastern Europe, radical transformation of existing welfare institutions is unlikely for a variety of reasons. The political unpopularity of cutbacks to programs that benefit large sectors of the population (pensions, health care, housing, sickness, and unemployment benefits) imposes high political costs on incumbent governments.[7] Consequently, governments tend to spread the blame for reform by reaching negotiated settlements that typically involve opposition parties, organized labor, and business associations, or even (via national referenda) the people in general (Myles and Pierson 2001).

Because of the consensus-building process associated with bipartisan agreements (as with the Social Security reforms of 1983) or corporatist "social pacts," dramatic change is unlikely. Equally salient, cutbacks must often be accompanied by new entitlements (e.g., child- and elder-care provisions) to win support for reform. Nevertheless, it is clear that the new politics of welfare (Pierson 1996) is different in fundamental ways from that of the period of expansion. The challenge is to determine why and how it differs.

We focus on three key features of the contemporary situation that have received considerable theoretical and empirical attention during the 1990s—globalization, postindustrialism, and the gender revolution. A fourth important feature of the current policy environment, population aging, requires extensive discussion of its own, which we have taken up elsewhere (Myles and Quadagno 1997; Myles and Pierson 2001). We touch on it here only as a background condition to be kept in mind when considering other changes and pressures on welfare states.

Globalization

Economic globalization is one of the leading suspects often invoked to account for the changing character of welfare state politics since the 1970s. Led by the United States in 1974, all states have largely abandoned the system of capital controls put in place by the postwar Bretton Woods agreement (Simmons 1999). During the 1950s and 1960s, cross-border capital flows averaged roughly 5 percent of GDP in the developed capital democracies; by the mid-1990s the figure exceeded 50 percent (Swank 1998, forthcoming). Since governments everywhere depend on the owners of capital to invest to create jobs and income, a common conclusion is that, irrespective of political preferences, governments everywhere are compelled to compete with policies that stimulate business confidence (Cerny 1994; Strange 1996). As a result, it is argued, policies that detract from a sound investment climate—high taxes, generous social insurance—will be avoided. The failed efforts of the Mitterand government to pursue a reflationary fiscal policy in 1981 (Keynesianism in "one country") is often held out as the exemplar of this so-called diminished democracy. As Ramesh Mishra (1999, p. 6) explains, "By providing capital with an 'exit' option, globalization has strengthened the bargaining power of capital very considerably against government as well as labour." The victims, willy-nilly, are national welfare states that provide more generous provisions than their neighbors and competitors. If industrialism and its correlates did not lead to "convergence" in the era of expansion, globalization will, but now in the form of a "race to the bottom."

Despite the plausibility of such claims, finding a causal chain from increased globalization to diminished welfare states in the rich democracies has proven difficult, and, where the casual link has been found, the effect is often not the one expected. The first generation of welfare state studies discussed earlier had frequently noted a positive association between small, open (i.e., export-oriented) economies such as Sweden and Austria and larger welfare states (Cameron 1978; Stephens 1979). In its simplest terms, the argument states that economic openness increases the insecurity of workers in the large exposed sectors of the economy, and bigger welfare states were specifically designed to cushion the impacts of growing international competition. More recent econometric studies by Geoffrey Garret (1998) and Dani Rodrik (1997) provide additional evidence that trade openness leads to compensatory social spending.[8] Both authors conclude, moreover, that the positive effect of social democratic corporatism on public sector spending and income transfers is undiminished by trade and capital openness. Duanne Swank (1998, forthcoming) shows both econometrically and in his case studies that the effects of capital mobility on welfare effort are conditioned by the political institutions that mediate those impacts. Roughly speaking, the more market-oriented liberal welfare states (Canada, the United States, and, to a lesser extent, Australia, and the United Kingdom) have been subjected to downward pressures by international capital mobility while in the Continental and Nordic democracies, the effects of capital mobility are either absent or positive.

Thus far, then, there is little evidence for a global race to the bottom. The reason, as Swank highlights, is that the same class and political institutions that mediated and shaped welfare states in the age of expansion are now shaping domestic responses to internationalization. As Swank (1998, p. 44) concludes, "Where institutions of collective interest representation—social corporatism and inclusive electoral institutions—are strong, where authority is concentrated, and where the welfare state is based on the principle of universalism, the effects of international capital mobility are absent, or they are positive in the sense that they suggest economic and political interests opposed to neoliberal reforms . . . have been successful in defending the welfare state." In contrast, where political institutions fragment both interest representation and political authority, as in the Anglo-American democracies, capital mobility tends to put downward pressure on social provision.

The claim is not that globalization is irrelevant but rather that the pressures of globalization are refracted through both very different political institutions and very different models for organizing relationships among economic actors (Kitschelt et al. 1999). Deeply embedded differences in the forms of organizing linkages between industrial and financial capital, between companies and firms, and between employers and employees ("production regimes") create a diversity of incentive structures and objective possibilities for choosing among alternative responses (Soskice 1999). National economies gain comparative advantages from these differences, including welfare state differences (Manow 2001), and face strong resistance to efforts to shift to alternative models. The neoliberal response to globalization that is aimed at weakening labor institutions, deregulating markets, and reducing (rather than restructuring) the social wage has thus far made little headway in the coordinated market economies of continental and Northern Europe (Kitschelt et al. 1999).

Postindustrialism

If globalization has not been the main source of pressure on welfare states over the past several decades, what is? There is broad consensus that slower productivity growth and the rising unemployment that followed the oil shocks of 1973 and 1979 are the proximate causes of fiscal pressures from both the supply (revenue) and the demand (beneficiaries) side. While the link between globalization and slower productivity growth is tenuous, there is broader consensus that the massive shift of employment from manufacturing to services (postindustrialism) made a significant contribution to this decline. The point of departure for much of the postindustrialism literature is William Baumol's (1967) "cost-disease" thesis. Baumol observed that, on average, labor-intensive service industries were unlikely to match the productivity increases of the manufacturing sector since in many services (child care, hairdressing) it is labor itself, not goods, that we wish to consume.[9] The shift to services is largely an endogenous development, the result of productivity gains in goods production.

The result is not convergence but rather a limited set of unpleasant trade-offs (Iversen and Wren 1998; Esping-Andersen 1999; Pierson 2000). As Esping-Andersen (1999, pp. 56–57) observes, in the Continental welfare states where social benefits are high and the wage structure relatively egalitarian, high wage costs drive up the price of services. Hence, demand for services is comparatively low. The result is slower employment growth and higher levels of unemployment compared to nations like the United States where low wages reduce the price of labor-intensive services, thereby raising demand but at the cost of rising inequality. Alternatively, governments can underwrite high wage employment in public services (health, education, and welfare) as in Scandinavia but at the price of ever-increasing fiscal pressure. The result is Torben Iversen and Anne Wren's service economy "trilemma" in which postindustrialism means that countries must sacrifice full employment, fiscal balance, or equality. Policy makers can pursue two of these objectives but not all three simultaneously (Iversen and Wren 1998, p. 515).

The postindustrial thesis has garnered wide appeal in the literature since it captures in broad outline so much of the observed differences in welfare state and labor market trajectories from the mid-1970s to the mid-1990s and does so in a way that maps onto Esping-Andersen's three worlds of welfare. The United States exemplifies the neoliberal strategy where fiscal rectitude and high employment have been won at the price of higher wage inequality. Within this context, the recent trajectory of U.S. social policy represents a coherent, if not necessarily benign, strategy for enhancing labor market flexibility in a low wage economy (Myles and Quadagno 2000). While the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 eliminated federal responsibility for the nonworking poor, wage subsidies for the working poor—the Earned Income Tax Credit—have been raised under virtually every administration since the 1970s. The emergent pattern is a restructured variant of the traditional liberal design that provides little for those not in the workforce but supports those who work for low wages (Myles and Pierson 1997).

Is postindustrialism the new iron cage for welfare states? Or do the theories generated thus far simply describe the long, difficult transition period from the 1970s to the 1990s, a period of sluggish growth and mounting government deficits? As Iversen and Wren observe (1998, p. 546), the severity of the trilemma hinges critically on the inability of the service sector to generate increases in productivity, gains that were difficult to detect until recently despite the current technological revolution. It is perhaps too soon to conclude that the strong productivity gains of the latter half of the 1990s is a portent of a new golden age. But it is clear that the "politics of the surplus," along with falling unemployment, has dramatically altered the character of public debate not only in the United States but internationally as well. As the 2000 presidential election illustrates, albeit wanly, renewed growth and government surpluses quickly bring issues of political choice—for example, lower taxes versus more spending—to the forefront again.

As in the age of industrialism, the evidence thus far indicates that cross-national differences in the institutions of interest representation will continue to shape the direction of these choices, producing multiple postindustrial equilibria rather than a single variant. Postindustrialism, however, has generated a new element that radically alters the content of the political equation that will generate policy outputs in the twenty-first century. It is to this issue that we turn next.

Gender

Research concerned with the postwar growth of welfare states concentrated on what welfare states did for the average (male) production worker and the male-breadwinner family. These studies carried forward central theoretical debates of the 1950s and 1960s concerning the changing character of class relations (Bell 1960; Lipset 1960) in the affluent democracies—whether and to what extent the class divisions and inequalities generated by capitalism could be undone, or significantly muted, by parliamentary democracy. Building on Karl Polanyi's (1944) analysis of the commodification of labor as the defining feature of market society, for example, Esping-Andersen (1990) poses the counterfactual: whether and to what extent welfare states decommodify labor by providing basic services and a modicum of economic security as rights of citizenship rather than market capacity (Marshall [1949] 1964).

Feminist critics challenge this view for ignoring the role of gender relations in shaping policy outcomes and for neglecting the gender-specific effects of these policies.[10] They highlight the male bias inherent in taking the so-called average industrial worker and the male-breadwinner family model as the empirical point of departure (Lewis 1992;

Orloff 1993; O'Connor et al. 1999; Sainsbury 1996). For feminist theorists the question is not only one of how welfare states transform class relations but also whether and to what extent welfare states reproduce, alter, or transform gender relations. To use Helga Hernes's (1987) formulation, can welfare states be women-friendly?

As we highlight below, the emergent literature on women and the welfare state during the 1980s and 1990s expanded the boundaries of traditional welfare state research by drawing attention to a broader range of welfare state features and opening up new and significant research hypotheses for investigation. Our main contention, however, is that the contemporary resurgence of interest in gender and caregiving issues reflects more than a broadening of traditional analytical and normative perspectives on welfare states to include women. As Ann Orloff (2000, p. 3) concludes, issues of gender and caregiving have become central in the contemporary period not only for reasons of gender equality but also because of their broader implications for the economy and the reproduction of the population.

As Julia O'Connor (1996, pp. 6–7) points out, early formulations of "gender and the welfare state" problematics (e.g., McIntosh 1978) were often pitched at a high level of abstraction, ignored significant cross-national differences in the way women influenced and were influenced by social policy institutions, and emphasized the role of the welfare state in reproducing the traditional patriarchal family.[11] These early formulations, however, were influential in stimulating a subsequent round of more nuanced historical and comparative case studies (Jenson 1986; Skocpol 1992; Pedersen 1993) that highlight both the dramatically different ways in which welfare states are gendered and in the role of women in influencing these outcomes.[12]

Just as the logic of industrialism and neomarxist theories came to be challenged by comparative historical studies that emphasized the agency of trade unions and parties, so feminist debates about social policy were informed by studies focusing on the role of women's organizations and highlighted women's agency. A key question in these debates is whether women's participation matters for the kind of programs that are developed (Skocpol 1992; Pedersen 1993; Hobson and Lindholm 1997; O'Connor 1996; Mahon 1997). As Theda Skocpol (1992, p. 30) explains, traditional theories often failed to "notice the contributions of female-dominated modes of politics, some of which are not dependent on action through parties, elections, trade unions or official bureaucracies." Skocpol's analysis shows how women's organizations were especially influential in shaping forms of social provision in the United States prior to the New Deal, the results of which profoundly affected the subsequent design of New Deal legislation (Gordon 1994). Dana Hill and Lean Tigges (1995) compare women's public pension quality across 20 nations and find that women's equality with men is affected not only by higher levels of working class mobilization but also by women's participation in these movements.

Research on this issue, however, suggests that the effect of women's mobilization (or its absence) on policy outcomes is complex and not always consistent with the view that the political mobilization of women leads to women-friendly outcomes. Susan Pedersen (1993, p. 20), for example, concludes that despite the presence of a women's movement with a well-articulated feminist vision of welfare, Britain developed comparatively inegalitarian policies that discouraged women's employment. In France, by contrast, conservative, pronatalist employers supported policies aimed at assisting women to combine welfare and work. As Seth Koven and Sonya Michel (1993) point out, political institutions are critical for understanding gender as well as class-related outcomes. While women were often more highly mobilized in so-called weak states (the United States and the United Kingdom), the enactment and financing of legislation aimed at protecting women was more readily achieved in strong states such as France and Germany. Thus, outcomes need to be separated from intent. Social programs supported by employers, trade unions, or political parties may have beneficial effects for women workers, even though they were not designed for that result (Ruggie 1984).

That national differences in the "gender contract" implicit in welfare state reforms through the postwar decades were often as not the by-product of struggles over the social wage for male breadwinners is hardly surprising. The single-wage-earner family form was at the center of the risk structure of postwar industrial economies, threatening catastrophe when the male breadwinner lost his job as a result of illness, unemployment, or old age. Postindustrialism and its major demographic correlates—the revolution in women's labor force participation and related changes in family structure—changes all this.

In postindustrial societies, gender and families move to center stage for the simple reason that postindustrialism—the shift of employment from goods to services—is empirically inseparable from the revolution in female employment levels (Clement and Myles 1994; Esping-Andersen 1999). High female employment transforms the demand side of the welfare state by creating new structures of social risk (new needs), especially those related to the distribution of caring work both for children and the elderly. Women workers and dual-earner families face a different set of risks and demand a different array of benefits—child and elder care, parental leave provisions—than the ideal typical male industrial worker of an earlier period. Rising female employment is both cause (Huber and Stephens 2000) and effect of the expansion of family-related social services that simultaneously provide employment for women and facilitate women's entry to the labor market. The rise of the dual-earner household as the modal family unit also raises the odds against single-earner households and creates a need for services for single mothers. The result, as we noted earlier, is that the pattern of welfare state reform since the 1980s has not just been a story of retrenchment but also one of significant restructuring. At the same moment that traditional benefits have been scaled down, new entitlements are being created, often as part of the same reform package. Thus, for example, new pension credits for periods of child rearing and elder care have become a standard part of otherwise cost-cutting pension reform packages in the 1990s (Myles and Pierson 2001).

Rising female employment alters the supply as well as the demand side of the welfare state: the financial viability of welfare states in the twenty-first century depends critically on the revenues generated by high levels of women's labor force participation, on the one hand, and their willingness to reproduce the next generation, on the other. Against a background of population aging and declining employment among older men, maintaining the high levels of employment necessary to finance the welfare state means maximizing women's employment. Consequently, national responses to Iversen and Wren's postindustrial trilemma are for the most part a story of women's employment. The Nordic countries have raised women's employment (and wages) largely through high levels of employment in the public sector (health, education, and social services). The combination of high women's employment, modest wage inequality both among and between women and men, and a wide array of public services and benefits (including extensive parental leave) results in what Korpi (2000) calls the dual-earner gender policy model.[13] The downside is that maintaining a large public service sector requires high levels of taxation and spending, which threaten fiscal balance.

With the exception of France, the continental European nations typically provide modest family support services but generous cash benefits to families, the general family support model in Korpi's terms. High wages and generous social benefits make child (and female) poverty a comparatively rare event but within the context of the traditional male-breadwinner family model. Since high wages and generous social benefits also mute demand for low-wage, private sector, services, female employment is comparatively low.

In the market-oriented Anglo-Saxon nations, including the United States, where wage inequality is high and cash benefits that equalize incomes are modest, demand for private sector services is high and, as a result, so too is women's employment. However, the emergence of a postpatriarchal family (Castells 1997; Mahon 2000) in the United States depends critically on a labor market that, unlike Germany, does little to "decommodify" labor and a welfare state that, unlike Sweden, does little to "de-familize" caring work through provision of public services. The male-female earnings gap is comparatively large in the United States (Blau and Kahn 1995), and female and child poverty are high by European standards (Orloff 2000).

Gender relations and family forms, then, have become central to welfare state restructuring in the contemporary period in ways that they were not during the age of expansion from the 1950s to the 1970s. As Wilensky (1975) emphasized, in this earlier period population aging was the single most powerful source of welfare state expansion. It was not, however, simply greater longevity that was at work. Rather, it was the rapid spread of retirement (for men) as a method for managing the postwar labor force that made pension reform the most pressing issue for policy makers. In a similar fashion, the revolution in women's employment—the major demographic correlate of postindustrialism—is arguably the source of the most pressing demands in the contemporary period. The symptoms, however, differ significantly cross-nationally: high levels of child and female poverty in the United States, and a fertility crisis that threatens population decline in much of Europe. Although a sustained period of strong economic growth will provide the resources (government revenues) to meet the demands created by the integration of women into the labor force, how these resources are deployed will depend on the forms of mobilization, political representation, and decision making that mediate these demands.

Conclusion: The Old and New Politics of the Welfare State

In the introduction to this article, we suggested that earlier debates regarding cross-national differences in the development of the welfare state are useful for understanding current developments in the restructuring of the welfare state. Let us now highlight some of the parallels between research on welfare state development from the 1950s to the mid-1970s and research on welfare state trends in the more recent period and suggest likely directions of future trends.

Economic Growth

Wilensky's insight that rates of economic growth profoundly affect the development of social policy remains as central today as in the past. Unlike the decades following the Second World War, policy elites from the 1970s to the 1990s faced an environment of relative economic stagnation. The inflationary side of 1970s "stagflation" (a combination of high inflation and high unemployment) was conquered by harsh monetary policies in the early 1980s but at the price of the highest unemployment rates since the 1930s. However, unemployment was slow to decline during the subsequent recovery, and where it did (as in the United States), it came at the price of rising inequality. The new politics of the welfare state—theories that attempt to account for welfare state politics since the mid-1970s—have in large measure been concerned with social policy formation in an age of austerity. Slow growth provided a favorable environment for ideologically driven movements critical of the expanded role of public provision and a harsh environment for pro–welfare state constituencies.

We highlight postindustrial theory as providing what is arguably the most adequate historical account of the past quarter century of welfare state politics. Its utility for anticipating future developments, however, is open to question, hinging critically on the Baumol thesis that slow productivity growth is an endemic, rather than a transitory, feature of postindustrial economies. Both the recent and long-term history of capitalist development suggest caution in accepting this conclusion.

The "Demographic" Correlates of Economic Change

Rising affluence brought increased longevity that industrialization theorists correctly identified as a key change on the demand side ("new needs") of the welfare state. The change was as much economic and social as demographic, however. Demographic aging became the pressing problem of the postwar decades because of the institutionalization of retirement as a normal part of the economic life course under conditions when both public and private pension systems were poorly developed. Now, the demographic aging of populations poses problems of a different sort for welfare states that we only briefly allude to here. But demographic aging is intimately associated with the major demographic correlate of postindustrialism, namely, the dramatic increase in women's labor force participation and, in most nations, the decline in fertility levels below replacement levels.[14] Countries such as the United States where fertility has declined less face higher levels of female and child poverty.

Politics, Political Institutions, and "Refracted Divergence"

Large scale economic and social changes throw up a common set of pressures for political elites. In the postwar decades, the rising affluence of the working age population and widespread impoverishment of seniors resulted in dramatic development of income security schemes for seniors in all affluent democracies. However, the political response to this universal problem varied enormously, reflecting both the balance of power between contending political forces and the political institutions through which these forces were filtered. Cross-national differences in class-based organizations and parties as well as the electoral and administrative institutions that structure and mediate the democratic class struggle were especially crucial. For the period of expansion—from the 1950s through the 1970s—these results are hardly in dispute.

What of the more recent period? Have the forces of globalization and postindustrialism placed the affluent democracies on a similar path?

Some observers (e.g., Kitschelt 1994) are decidedly gloomy, concluding that nations now face little choice but to adapt to the new economic liberalism with lower taxation and less public spending. Thus far, however, the empirical literature suggests considerable skepticism about the possibility of a new era of welfare state convergence and a race to the bottom. When filtered through very different political systems, similar economic forces produce very different outcomes in the same way that an electrical charge produces a different effect in a refrigerator and a stove.

There is, however, one striking difference between political explanations of welfare state divergence during the age of expansion and the more recent period. Political accounts of the earlier period of postwar expansion—the claim that politics matters—emphasized the role of political actors (political parties, labor unions, social movements). In contrast, explanations of refracted divergence during the past quarter century—the variety of responses to globalization and postindustrialism—have instead emphasized the decisive role of political institutions (Hicks 1999; Stephens et al. 1999; Swank, forthcoming): thus the partisan (left-right) composition of government matters less than the presence of corporatist decision-making institutions. This shift of emphasis reflects not just theoretical preference but also historical (i.e., empirical) differences in the two periods that are still not well understood (Kitschelt et al. 1999). Changes in class structure from the age of high industrialism to the present have altered the scope and character of traditional working-class organizations even where the labor movement remains comparatively strong. New social movements (women's organizations, Green parties) have had an impact but not yet at the scale of the labor movements of the 1950s and 1960s. As Hanspeter Kriesi (1999) highlights, the "losers" in Europe's postindustrial transition have provided a fertile recruitment pool for parties of the radical right rather than parties of the left. One only has to compare the social upheaval of the 1960s in both Europe and North America with the more recent period to be sensitized to the differences.

Impersonal economic forces, we think, have a great deal to do with this shift. Welfare politics in an age of austerity are very different from welfare politics in a period of strong economic growth. There are fewer resources available to compensate the losers that emerge in any period of economic change or to absorb the transition costs associated with redesigning social programs to meet new and emergent needs. Slow growth, high unemployment, and hence stagnant or falling state revenues create a harsh climate for welfare state innovation but a favorable environment for the critics of social programs. Within this context, the political institutions that structure interest representation and decision making play a decisive role by defining the political opportunity structure, restricting the menu of options available to political leaders and their supporters irrespective of political preference. As the neoinstitutionalist literature emphasizes (Pierson 1994, 1996), past policy choices also impose a major restraint on the policy choices available in the present because of the high transition costs ("double funding") typically associated with moving from one program design to another. But a sustained period of strong economic growth quickly makes some of those transition costs more affordable and, hence, the political preferences of policy elites and popular movements more salient. Much hinges then on whether or not the brief period of high, and unanticipated, growth of the latter half of the 1990s is a harbinger of the future or a brief blip in the development of the western economies.

References

Amenta, Edwin. 1998. *Bold Relief.* Princeton, N.J.: Princeton University Press.

Baumol, William. 1967. "The Macroeconomics of Unbalanced Growth." *American Economics Review* 57:415–26.

Bell, Daniel. 1960. *The End of Ideology?* New York: Free Press.

———. 1978. *The Cultural Contradictions of Capitalism.* New York: Basic.

Blau, Francine, and Lawrence Kahn. 1995. "The Gender Earnings Gap: Some International Evidence." Pp. 105–44 in *Differences and Changes in Wage Structures*, edited by Richard Freeman and Lawrence Katz. Chicago: University of Chicago Press.

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

Castells, Manuel. 1997. *The Power of Identity.* Oxford: Basil Blackwell.

Castles, Francis, and Deborah Mitchell. 1992. "Identifying Welfare State Regimes: The Links between Politics, Instruments and Outcomes." *Governance: An International Journal of Policy and Administration* 5 (1): 1–26.

Castles, Frank. 1982. *The Impact of Parties.* Beverley Hills, Calif.: Sage.

Cerny, Phillip. 1994. "The Dynamics of Financial Globalization." *Policy Sciences* 27:319–42.

Clement, Wallace, and John Myles. 1994. *Relations of Ruling: Class and Gender in Postindustrial Societies.* Kingston and Montreal: McGill-Queens University Press.

Esping-Andersen, Gosta. 1985. *Politics against Markets: The Social Democratic Road to Power.* Princeton, N.J.: Princeton University Press.

———. 1990. *The Three Worlds of Welfare Capitalism.* Princeton, N.J. Princeton University Press.

———. 1999. *The Social Foundations of Postindustrial Economies.* Oxford: Oxford University Press.

Garrett, Geoffrey. 1998. *Partisan Politics in the Global Economy.* Cambridge: Cambridge University Press.

Geiger, Theodore, and Frances Geiger. 1978. *Welfare and Efficiency.* London: Macmillan.

Giddens, Anthony. 1976. "Classical Social Theory and the Origins of Modern Social Theory." *American Journal of Sociology* 81 (January): 703–29.

Gordon, Linda. 1994. *Pitied but Not Entitled: Single Mothers and the History of Welfare.* New York: Free Press.

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

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

Hernes, Helga. 1987. *Welfare State and Woman Power: Essays in State Feminism.* Oslo: Norwegian University Press.

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

Hicks, Alexander. 1999. *Social Democracy and Welfare Capitalism.* Ithaca, N.Y.: Cornell University Press.

Hicks, Alexander, and Duane Swank. 1984. "On the Political Economy of Welfare Expansion: A Comparative Analysis of Eighteen Advanced Capitalist Democracies, 1960–1971." *Comparative Political Studies* 17:81–118.

Hill, Dana, and Lean Tiggs. 1995. "Gendering Welfare State Theory: A Cross-National Analysis of Women's Public Pension Quality." *Gender and Society* 9:99–111.

Hobson, Barbara, and Marika Lindholm. 1997. "Women's Collectivities, Power Resources and the Making of Welfare States." *Theory and Society* 26 (2–3): 475–508.

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

Huber, Evelyne, and John Stephens. 2000. "Partisan Governance, Women's Employment and the Social Democratic Service State." *American Sociological Review* 65 (3): 323–42.

Huntington, Samuel. 1975. "The United States." Pp. 59–118 in *The Crisis of Democracy*, edited by Samuel Huntington, Michael Crozier, and Joji Watanuki. New York: New York University Press.

Immergut, Ellen. 1992. *The Political Construction of Interests: National Health Insurance Politics in Switzerland, France and Sweden, 1930–1970.* New York: Cambridge University Press.

Iversen, Torben. 2001. "The Dynamics of Welfare State Expansion: Trade Openness, De-Industrialization and Partisan Politics." Pp. 45–79 in *The New Politics of the Welfare State*, edited by Paul Pierson. Oxford: Oxford University Press.

Iversen, Torben, and Anne Wrenn. 1998. "Equality, Employment and Budgetary Restraint: The Trilemma of the Service Economy." *World Politics* 50 (July): 507–46.

Jenson, Jane. 1986. "Gender and Reproduction, or Babies and the State." *Studies in Political Economy* 20:9–46.

Kangas, Olli. 1991. *The Politics of Social Rights: Studies on the Dimensions of Sickness Insurance in OECD Countries.* Stockholm: Swedish Institute for Social Research.

Kerr, Clark, John Dunlop, Frederick Harbison, and Charles Myers. 1960. *Industrialism and Industrial Man.* New York: Oxford University Press.

Kitschelt, Herbert. 1994. *The Transformation of European Social Democracy.* Cambridge: Cambridge University Press.

Kitschelt, Herbert, Gary Marks, Peter Lange, and John Stephens. 1999. "Convergence and Divergence in Advanced Capitalist Democracies." Pp. 427–60 in *Continuity and Change in Contemporary Capitalism*, edited by Herbert Kitschelt, Peter Lange, Gary Marks, and John Stephens. Cambridge: Cambridge University Press.

Korpi, Walter. 1980. "Social Policy and Distributional Conflict in the Capitalist Democracies: A Preliminary Framework." *West European Politics* 3 (3): 296–316.

———. 1983. *The Democratic Class Struggle.* London: Routledge & Keagan Paul.

———. 1989. "Power, Politics, and State Autonomy in the Development of Social Citizenship: Social Rights during Sickness in Eighteen OECD Countries since 1930." *American Sociological Review* 54 (3): 309–28.

———. 2000. "Faces of Inequality: Gender, Class, and Patterns of Inequalities in Different Types of Welfare States." *Social Politics* 7 (2): 127–91.

Koven, Seth, and Sonya Michel, eds. 1993. *Mothers of a New World.* New York: Routledge.

Kriesi, Hanspeter. 1999. "Movements of the Left, Movements of the Right: Putting the Mobilization of Two New Types of Social Movements into Political Context." Pp. 398–423 in *Continuity and Change in Contemporary Capitalism*, edited by Herbert Kitschelt, Peter Lange, Gary Marks, and John Stephens. Cambridge: Cambridge University Press.

Leibfried, Stephan. 1992. "Towards a European Welfare State: On Integrating Poverty Regimes in the European Community." Pp. 245–80 in *Social Policy in a Changing Europe*, edited by Zsuzsa Ferge and Jan Eivend Kolberg. Frankfurt: Campus.

Lenski, Gerhardt. 1966. *Power and Privilege: A Theory of Social Stratification.* New York: McGraw Hill.

Lewis, Jane. 1992. "Gender and the Development of Welfare Regimes." *Journal of European Social Policy* 2 (3): 159–73.

Lewis, Jane, and Gertrude Astrom. 1992. "Equality, Difference and State Welfare: Labor Market and Family Policies in Sweden." *Feminist Studies* 18 (1): 59–87.

Lipset, Seymour M. 1960. *Political Man: The Social Bases of Politics.* Garden City, N.Y.: Doubleday.

———. 1996. *American Exceptionalism.* New York: W. W. Norton.

Lipset, Seymour M., and Gary Marks. 1999. *It Didn't Happen Here.* New York: W. W. Norton.
Mahon, Rianne. 1997. "Child Care in Canada and Sweden: Policy and Politics." *Social Politics* 4 (3): 382–418.
———. 2000. "Swedish Social Democracy: Death of a Model?" *Studies in Political Economy* 63:27–60.
Maioni, Antonia. 1998. *Parting at the Crossroads: The Emergence of Health Insurance in the United States and Canada.* Princeton, N.J.: Princeton University Press.
Manow, Phillip. 2001. "Comparative Insitutional Advantages of Welfare State Regimes and New Coalitions in Welfare State Reforms." Pp. 146–64 in *The New Politics of the Welfare State*, edited by Paul Pierson. Oxford: Oxford University Press.
Marshall, T. H. [1949] 1964. *Class, Citizenship and Social Development.* Chicago: University of Chicago Press.
Martin, Andrew. 1973. *The Politics of Economic Policy in the United States: A Tentative View from a Comparative Perspective.* Beverly Hills, Calif.: Sage.
McIntosh, Mary. 1978. "The State and the Oppression of Women." Pp. 254–89 in *Feminism and Materialism*, edited by Annette Kuhn and AnnMarie Wolpe. London: Routledge & Kegan Paul.
Meyer, John W., John Boli-Bennett, and Christopher Chase-Dunn. 1975. "Convergence and Divergence in Development." *Annual Review of Sociology* 1:223–46.
Mishra, Ramesh. 1999. *Globalization and the Welfare State.* Cheltenham: Edward Elgar.
Myles, John. 1984. *Old Age in the Welfare State: The Political Economy of Public Pensions.* Boston: Little Brown.
Myles, John, and Paul Pierson. 1997. "Friedman's Revenge: The Reform of Liberal Welfare States in Canada and the United States." *Politics and Society* 25 (4): 443–72.
———. 2001. "The Comparative Political Economy of Pension Reform." Pp. 305–33 in *The New Politics of the Welfare State*, edited by Paul Pierson. Oxford: Oxford University Press.
Myles, John, and Jill Quadagno. 1997. "Recent Trends in Public Pension Reform: A Comparative View." Pp. 247–71 in *Reform of Retirement Income Policy: International and Canadian Perspectives*, edited by Keith Banting and Robin Broadway. Kingston: Queen's University School of Policy Studies.
———. 2000. "Envisioning a *Third Way*: The Welfare State in the Twenty-First Century." *Contemporary Sociology* 29 (1): 156–65.
O'Connor, James. 1973. *The Fiscal Crisis of the State.* New York: St. Martin's.
O'Connor, Julia. 1996. "From Women in the Welfare State to Gendering Welfare State Regimes." *Current Sociology* 44 (2): 1–124.
O'Connor, Julia, Ann Orloff, and Sheila Shaver. 1999. *States, Markets, Families: Gender, Liberalism and Social Policy in Australia, Canada, Great Britain and the United States.* Cambridge: Cambridge University Press.
Offe, Claus. 1972. "Advanced Capitalism and the Welfare State." *Politics and Society* 2 (4): 479–88.
Organization for Economic Cooperation and Development. 1994. *New Orientations for Social Policy.* Paris: OECD.
Orloff, Ann. 1993. "Gender and the Social Rights of Citizenship: The Comparative Analysis of Gender Relations and Welfare States." *American Sociological Review* 58:303–28.
———. 1996. "Gender in the Welfare State." *Annual Review of Sociology* 22 (1): 51–78.
———. 2000. "Gender Equality, Women's Employment and Welfare States." Paper presented at the annual meetings of the American Sociological Association, Washington, D.C., August.
Ostner, Ilona, and Jane Lewis. 1995. "Gender and the Evolution of European Social Policies." Pp. 159–93 in *European Social Policy: Between Fragmentation and Integration*, edited by Stephan Leibfried and Paul Pierson. Washington, D.C.: Brookings.
Palme, Joakim. 1990. *Pension Rights in Welfare Capitalism: The Development of Old-Age Pensions in Eighteen OECD Countries, 1930 to 1985.* Stockholm: Swedish Institute for Social Research.
Pampel, Fred. 1994. "Population Aging, Class Context, and Age Inequality in Public Spending." *American Journal of Sociology* 100 (1): 153–95.
Pampel, Fred, and Jane Weiss. 1983. "Economic Development, Pension Policies and the Labor Force Participation of Aged Males: A Cross-National Longitudinal Study." *American Journal of Sociology* 89 (September): 350–72.

Pedersen, Susan. 1993. *Family Dependence and the Origins of the Welfare State: Britain and France, 1914–1945.* Cambridge: Cambridge University Press.

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

———. 1996. "The New Politics of the Welfare State." *World Politics* 48 (2): 143–79.

———. 2000. "Three Worlds of Welfare State Research." *Comparative Political Studies* 33 (6–7): 791–821.

———. 2001. "Coping with Permanent Austerity: Welfare State Restructuring in Affluent Democracies." Pp. 410–56 in *The New Politics of the Welfare State*, edited by Paul Pierson. Oxford: Oxford University Press.

Piven, Frances Fox, and Richard A. Cloward. 1994. *Regulating the Poor*. New York: Vintage.

Polanyi, Karl. 1944. *The Great Transformation*. Boston: Beacon Press.

Pryor, Frederic. 1968. *Public Expenditures in Communist and Capitalist Nations*. Homewood, Ill.: Irwin.

Quadagno, Jill. 1988. *The Transformation of Old Age Security*. Chicago: University of Chicago Press.

———. 1999. "Creating the Capital Investment Welfare State: The New American Exceptionalism." *American Sociological Review* 64:1–11.

Rimlinger, Gaston. 1971. *Welfare Policy and Industrialization in America,Germany and Russia*. New York: Wiley.

Rodrik, Dani. 1997. *Has Globalization Gone Too Far*. Washington, D.C.: Institute for International Economics.

Ruggie, Mary. 1984. *The State and Working Women: A Comparative Study of Britain and Sweden*. Princeton, N.J.: Princeton University Press.

Sainsbury, Diane. 1996. *Gender, Equality and Welfare States*. Cambridge: Cambridge University Press.

Simmons, Beth. 1999. "The Internationalization of Capital." Pp. 36–69 in *Continuity and Change in Contemporary Capitalism*, edited by Herbert Kitschelt, Peter Lange, Gary Marks, and John Stephens. Cambridge: Cambridge University Press.

Skocpol, Theda. 1992. *Protecting Soldiers and Mothers: The Political Origins of Social Policy in the United States*. Cambridge, Mass.: Harvard University Press.

Soskice, David. 1999. "Divergent Production Regimes: Coordinated and Uncoordinated Market Economies in the 1980s and 1990s." Pp. 101–34 in *Continuity and Change in Contemporary Capitalism*, edited by Herbert Kitschelt, Peter Lange, Gary Marks, and John Stephens. Cambridge: Cambridge University Press.

Stephens, John. 1979. *The Transition from Capitalism to Socialism*. Urbana: University of Illinois Press.

Stephens, John, Evelyne Huber, and Leonard Ray. 1999. "The Welfare State in Hard Times." Pp. 164–93 in *Continuity and Change in Contemporary Capitalism*, edited by Herbert Kitschelt, Peter Lange, Gary Marks, and John Stephens. Cambridge: Cambridge University Press.

Strange, Susan. 1996. *The Retreat of the State: The Diffusion of Power in the World Economy*. New York: Cambridge University Press.

Swank, Duane. 1998. "Funding the Welfare State: Globalization and the Taxation of Business in Advanced Market Economies." *Political Studies* 46 (4): 671–92.

———. Forthcoming. *Global Capital, Political Institutions, and Policy Change in Developed Welfare States*. Cambridge: Cambridge University Press.

Van Kersbergen, Kees. 1995. *Social Capitalism*. London: Routledge.

Weir, Margaret, Ann Orloff, and Theda Skocpol, eds. 1988. *The Politics of Social Policy in the United States*. Princeton, N.J.: Princeton University Press.

Wilensky, Harold. 1975. *The Welfare State and Equality*. Berkeley: University of California Press.

Wilensky, Harold, and C. N. Lebeaux. 1958. *Industrial Society and Social Welfare*. New York: Russell Sage.

Notes

Special thanks to Alex Hicks, Frances Fox Piven, and Duane Swank for critical comments on a previous version of this article.

1. Social Expenditure data are from OECD (1994).

2. Our review touches only indirectly on the implications of this comparative literature for understanding the distinctiveness of American social politics, a task ably accomplished by Piven and Cloward (1994, chap. 12).

3. Research in this tradition is also sometimes labeled as the "social democratic" perspective since in the tradition of Bernstein and against Lenin, these class theorists allowed for the possibility of transforming class relations within the context of parliamentary democracy.

4. An important, if usually unnoticed (but see Gough 1979, p. 9), shift in focus takes place in this and related literatures described below. Whereas earlier functionalist accounts were typically concerned with explaining the common trend line (similarity) as societies shifted from an agrarian to an industrial base or from early ("competitive") to advanced ("monopoly") capitalism, later studies focused attention primarily on variations around the trend line, on early vs. late adopters, on high vs. low spenders, on variations in the form of spending, and on variations in responses to common economic (e.g., globalization) and demographic (e.g., population aging) developments. This emphasis on difference has tended to deflect attention from the careful study of processes of institutional diffusion among nations associated, for example, with the work of John Meyer and his colleagues (Meyer, Boli-Bennett, and Chase-Dunn 1975).

5. The emphasis on the structure of state institutions in shaping interest aggregation and policy outcomes has, of course, a long history in American political science. For an early and still informative application that builds from a combination of neoinstitutionalist and class-based perspectives to account for the distinctiveness of American social politics, see Martin (1973).

6. If, however, one regards the commitment to full employment as a keystone of postwar welfare policy, the return of high unemployment levels in a number of European countries might lead one to less benign conclusions.

7. Needless to say, programs such as Aid to Families with Dependent Children (AFDC) that are highly targeted on the poor and from which pivotal voters gain little are relatively immune to this constraint.

8. For a contrary view, see Iversen (2001).

9. As Iversen and Wren (1998, p. 511) observe, teachers can serve more students and nurses more patients, but this is not easily achieved without a decline in the quality of service.

10. For reviews of this literature, see O'Connor (1996) and Orloff (1996). For a broad overview of cross-national differences in the way public policies influence gender equality, see Orloff (2000).

11. In this respect, early feminist analyses paralleled early marxist formulations that emphasized the role of welfare states in stabilizing capitalist social relations.

12. As Jane Lewis and Gertrude Astrom (1992) observe, these theoretical differences often reflect actual policy differences in the author's country of origin.

13. Though he does not address the issue, Korpi's (2000) gendered typology of welfare states maps almost perfectly onto Esping-Andersen's class-based typology.

14. Swedish fertility rates remained relatively high through the early 1990s but have subsequently declined to 1.5.