

## *An Audit of the Welfare Modelling Business*

**Martin Powell and Armando Barrientos**

### **Abstract**

*The 'welfare modelling business' has become central to comparative social policy in recent years. However, we argue that one important element in this literature, the usefulness of identifying 'ideal types' of welfare production that support theoretical development, has been neglected. While much effort has been devoted to the results of the number and composition of the worlds, insufficient attention has been paid to the analytical basis of welfare regimes. This article attempts an audit of the 'welfare modelling business', with a review and consideration of the main concepts used in the literature. Our main conclusion is that definitions, concepts and methods need to be given urgent priority for the investment in the business to produce future returns.*

### **Keywords**

*Esping-Andersen; Welfare regimes; Welfare capitalism; Ideal types; Theory; Method*

### **Introduction**

The 'welfare modelling business' (Abrahamson 1999), initially a one person firm (Esping-Andersen 1990) has become in recent years a multinational corporation. According to Ferge (2001: 128) Esping-Andersen 'created a new intellectual fashion', resulting in a vast range of citations in books, articles and undergraduate essays (sometimes with limited regard to the relevance of the essay question). Scruggs and Allan (2006: 55) write that it is difficult to find an article comparing welfare states in advanced democratic countries (or a syllabus on social policy) that does not refer to this seminal work. Arts and Gelissen (2010: 569, 71) write that Esping-Andersen has had a defining influence upon the whole field of comparative welfare state research in the 20 years since its publication, and that this 'paradigmatic' typology has become a 'modern classic'.

The potential of the welfare regime approach, and its close business partner, the families of nations approach, is to develop an understanding of welfare production as a whole, and extend the analysis beyond the narrow concerns

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with the welfare *state* (cf. Goodin and Rein 2001). However, the business may run the risk of diminishing returns by a focus on counting worlds, debating the classification of Japan and playing 'hunt the Netherlands'. While much of the debate has been concerned with the number of worlds and their composition, it is heavily slanted towards countries rather than worlds as the unit of analysis, and to whether specific countries actually represent a particular world. Yet, Esping-Andersen's aimed to identify 'ideal types' as a necessary prelude to further theorization.<sup>1</sup> As he notes in the Introduction to *The Three Worlds of Welfare Capitalism*, the book was motivated by the fact that 'existing theoretical models of the welfare state are inadequate' (Esping-Andersen 1990: 2) and his ambition was 'to offer a reconceptualization and re-theorization on the basis of what we consider important' (Esping-Andersen 1990: 2).<sup>2</sup> It is at best questionable whether the literature developed as a result of his work is driving in this direction. We aim to present a fuller audit of the welfare modelling business, arguing in particular for a revised business plan that gives central importance to conceptual and theoretical issues.

### **Going Beyond *The Three Worlds of Welfare Capitalism***

Many authors have responded to Esping-Andersen's (1990) *The Three Worlds of Welfare Capitalism*. It has been criticized for being too centred on Scandinavian debates; ignoring the development of feminism as one of the most important and creative forces in social sciences over the past two decades; not being well-adapted to encompass the postmodern development of industrial society; being ill-adapted to understand the differences between welfare states in the politics of retrenchment; and not paying sufficient attention to the political differences between consensus and majoritarian regimes (see eg Abrahamson 1999; Gough 1999; O'Connor *et al.* 1999; Bonoli *et al.* 2000; Daly 2000; Pierson 2000; Room 2000; Ebbinghaus and Manow 2001; Goodin and Rein 2001; Wildeboer Schut *et al.* 2001; Arts and Gelissen 2002; 2010; Hicks and Kenworthy 2003; Bambra 2006; 2007b; 2007c).

Bambra (2007b) writes that the criticism has been on three fronts. These are theoretical, methodological and empirical. Theoretical critiques have largely focused on the range of countries and regimes; the gender-blind worlds of welfare; and the illusion of welfare state regimes. The methodological critique focuses on Esping-Andersen's (1990) construction and use of welfare indices, arguably arbitrary cut-off points, and on his use of regression analysis (Shalev 1999; Pitruzzello 1999). A wide range of statistical approaches have been used including cluster analysis (Kangas 1994; Pitruzzello 1999; Gough 2001; Obinger and Wagschal 2001; Hicks and Kenworthy 2003; Powell and Barrientos 2004; Castles and Obinger 2008; Jensen 2008); factor and principal components analysis (Shalev 1999; Wilderboer Schut *et al.* 2001; Hicks and Kenworthy 2003); regression analysis (Kangas 1994; Hicks and Kenworthy 2003); logistic regression (Esping-Andersen 1999); and non-linear principal components analysis (Princals) (Wildeboer Schut *et al.* 2001).

Different studies discover varying numbers of worlds, with differing membership. Different studies use a range of countries and varying data points and time periods (Arts and Gelissen 2002; 2010; Bambra 2007b; 2007c). The

original *Three Worlds* data was taken from about 1980 (Esping-Andersen 1990). However, as Esping-Andersen (1990: 49), Castles (1998), Obinger and Wagschal (2001), Powell and Barrientos (2004), Scruggs and Allan (2006) and Castles and Obinger (2008) point out, welfare-state differences are temporally contingent. Finally, Scruggs and Allan (2006) present a replication and reassessment of the welfare-state de-commodification index, arguing that there were a number of likely errors in the original formulation and once these were accounted for, there is very limited support for the three worlds typology in the de-commodification data.

All this produces different (theoretically informed) typologies and (purely empirical) taxonomies. Bambra (2007c) uses analysis of variance (ANOVA), multivariate analysis of variance (MANOVA) and discriminant analysis (DA) to sort the wheat from the chaff of rival classifications. However, this compares very different classifications with very different (largely implicit) aims. Castles and Obinger (2008) contrast the variants where policy affinities are seen as being closely associated with aspects of territoriality (families) and another where the basis of communality is manifested in a logic of policy coherence deriving from relatively unchanging structural characteristics, often, but not exclusively, of a socio-economic nature (regimes). The data used to discover the clusters is very different. For example, much of the regimes classification rely on de-commodification scores (Bambra 2007b; 2007c), while Obinger and Wagschal (2001) draw on Castles' (1998) examination of patterns of public policy in 21 OECD countries using 29 variables in three broad classes (socio-economic; political-institutional; outcome) (cf. Castles and Obinger 2008). Korpi and Palme (1998) produce a different typology drawing on the same dataset (SCIP: Social Citizenship Indicator Program) as Esping-Andersen.

### **Going Back to *The Three Worlds of Welfare Capitalism***

Despite the large investment into the welfare modelling business since 1990, we argue that future returns will be limited as much investment has gone into the wrong place. As Scruggs and Allan (2006: 69) put it, questions about the typology have gone mostly around the edges, seeking to 'expand' or 'explain away' a particular pet case or outlier. Rather than mining or recycling more raw material to put into sophisticated statistical analysis (reliability), more effort needs to be put into re-examining the business strategy (validity). In addition to going beyond the three worlds – ignoring in ostrich fashion the critique of the original *Three Worlds* text (see Bambra 2007b) – we now must also go back to *Three Worlds* in order to examine basic conceptual and theoretical issues.

#### *Precursors of welfare modelling*

The origins of welfare modelling are far from clear. Castles and Obinger (2008: 322) argue that a case can be made that the regimes concept informed Aristotle's classification of constitutional forms in Book IV of *The Politics*. They trace the long history of classifications to an emerging concern with public

policy in the 1990s. Abrahamson (1999) suggests the earliest distinction between a residual versus an institutional welfare state was that proposed by Wilensky and Lebeaux (1958). They claim there are two types of welfare states, one based around a residual notion of social welfare institutions, and a second one based on more embedded institutions. The residual type sees a minimal role for the welfare state when the main structures of welfare provision, the family and the market, break down. The institutional view, on the other hand, takes welfare state services as 'first line' functions of modern industrial society. Mishra (1981) draws on these models to present a historical and comparative analysis of social welfare in capitalist society.

Although Myrdal (1944) and Titmuss (1958) (see eg Goodin *et al.* 1999; Davis 2001) are also mentioned as possible starting points, a strong contender is Titmuss (1974; cf. Bannick and Hoogenboom 2007). He identifies three ideal types. As with Wilensky and Lebeaux, a residual welfare model is based on the premise that social welfare institutions should come into play temporarily when the two 'natural' channels of the market and the family fail to function effectively. Titmuss illustrates this marginal form of welfare with reference to the English New Poor Law of 1834. A second, industrial achievement-performance model gives a significant role for social welfare institutions in meeting social needs on the basis of merit, achieved status differentials, work performance and productivity. This 'functional, technocratic-servant role for social welfare' is also termed the 'handmaiden model'. It aims to preserve the status quo and existing privileges, with its most obvious form being social insurance. In third place, an institutional-redistributive model sees social welfare as a basic integrated institution in society providing *both universal and selective* services outside the market and based on the principle of need (our emphasis). It aims to achieve equality, and social integration and solidarity, as well as to avoid the adverse effects associated with stigma. Interestingly, Titmuss finds an example of this model of welfare state in Tanzania rather than (with hindsight) Scandinavia. The Titmuss trichotomy has enjoyed more lasting influence (Abrahamson 1999: 396). Kleinman (2002: 28) notes that given the generally insular nature of the British social administrative tradition, it is ironic that Richard Titmuss left such a lasting impression on the comparative study of welfare states.

Furniss and Tilton (1977) also distinguish three models of the welfare state: the positive state, the social security state and the social welfare state. Each of these is associated with distinctive instruments, modes of intervention, beneficiary groups, and with a distinctive vision inspiring the thrust of public policy. They point to the USA, the UK and Sweden respectively, as exemplar of their three types. Although Titmuss is cited only once in this discussion (the goal of the positive state generally corresponds to what Titmuss labels the residual welfare model, p. 16), there is broad similarity between the two sets of models.

### *Esping-Andersen's worlds of welfare capitalism*

Abrahamson (1999) dates the relaunch of the welfare modelling business with the publication of Esping-Andersen's 1990 *The Three Worlds of Welfare Capital-*

*ism*, although the roots of his approach can be detected in a number of earlier publications (e.g. Esping-Andersen 1987). The 1990 book had an immediate impact. Comments on its cover described it as 'seminal' (John Myles) and 'path-breaking' (Lee Rainwater). Since publication, it has been termed influential (Castles 1998: 149), seminal (Alcock 2001: 17), groundbreaking (Alcock 2001: 19) and 'undoubtedly the most influential comparative study in recent years' (Kleinman 2002: 30). It has subsequently become one of the most central and most cited contributions to recent comparative social policy. Veit-Wilson (2000: 5) states that if Esping-Andersen is not the most frequently cited author on 'welfare states', he must be a close contender.

Esping-Andersen aimed to provide a new conceptualization of the welfare state encompassing a wide range of institutions and programmes, and crystallized in the term 'welfare state regime'. Esping-Andersen's view of the welfare state includes employment and macroeconomic management, as well as the more conventional income transfers and social services. Moreover, it is not the specific characteristics of programme that are the main focus, but the operation of the welfare state in the nexus of state and markets, and that of the state and the economy. This is why a notion of a regime sets the boundaries for the analysis. As he put it, to 'talk of "a regime"' is to denote the fact that in the relation between state and economy a complex of legal and organizational features are systematically interwoven' (Esping-Andersen 1990: 2). Welfare state regimes have direct implications for social rights and stratification, and welfare state regime clusters are primarily distinguished by their distributional effects on the space of rights and stratification. The space of rights can be measured by the notion of 'de-commodification' inspired by Karl Polanyi, namely the degree to which social rights 'permit people to make their living standards independent of pure market forces' (Esping-Andersen 1990: 3). The space of social stratification is populated by standard concepts of equality, fairness and poverty. It points to the way in which welfare state production influences social orderings. It matters whether welfare regime clusters improve or reinforce existing inequalities in society.

Esping-Andersen identifies three main welfare state regime clusters among advanced economies: a liberal cluster represented by the Anglo Saxon countries in which the welfare state has a residual role, a conservative cluster represented by Germany in which the family has a pre-eminent role, and a social democratic cluster in which the welfare state is the dominant institution. This typology explicitly draws on Titmuss', and strong similarities exist between the liberal and residual, the conservative and performance-achievement, and the social democratic and institutional-redistributive welfare state models. A key distinction is that whereas Titmuss focuses on the welfare state in its narrower definition, Esping-Andersen pushes the boundaries to encompass the state-market nexus.

The direction of Esping-Andersen's analysis becomes clearer in his 1999 *Social Foundations of Postindustrial Economies*. An explicit review of the ideas presented in the 1990 book, and of the criticisms made, is presented. Some of these criticisms will be discussed below, but it is useful at this stage to briefly set out some of the key changes. The 1999 book extends the focus of welfare further towards a state-market-family nexus. It is often claimed that Esping-

Anderson 'discovered' gender between 1990 and 1999, but he also discovered social risk. Social policy is now identified with the need to address social risks, and the welfare state is strictly just one of the key institutions studied. The three main welfare producing institutions are deployed in different measures in different countries to reduce social risks. This is the welfare mix. The inclusion of the family in the state-market nexus has some implications for social rights and for welfare outcomes. The latter are now measured both in terms of de-commodification, but also de-familialism, understood as the extent to which individuals' living standards are independent of the market and family status respectively.

However, the development of the analysis and the changes to the formulation of the welfare regime framework do not have implications for the clustering observed in the earlier book. If anything it helps to clarify and consolidate the three worlds of welfare. The liberal welfare regime is distinguished by a narrow specification of social risks as essentially market failure. The conservative welfare regime, on the other hand, concentrates on social risks originating in family failure. The social democratic welfare regime has a wider specification of social risks to include human development, and key social risks are those that threaten this development. The recourse to social risk is largely confirmatory, a better grounding of the three worlds rather than a new departure. The new emphasis on social risk effectively replaces the political-economy, power resources, approach to building welfare regimes in the three worlds, with a more functional response to perceived threats to welfare. It replaces party politics with shared problems such as unemployment and old age. While an emphasis on social risk appears a more technical, as opposed to political perspective on welfare regimes, it is no less problematic. If anything, social risks are fuzzier than political coalitions. Unemployment and old age, for example, fit the language of risk with some difficulty. Involuntary unemployment is mostly unsurprising for the unskilled, and old age is not a risk but a certainty.

## **An Audit of the Welfare Modelling Business**

### *Definitions*

As Ferge (2001: 128) writes, the classification into 'ideal types' of modern welfare states becomes relevant only when the logic behind it is made clear. Constructing 'ideal types' has the objective of focusing attention on some dimension of phenomena, at the expense of other dimensions, primarily because the highlighted dimension contains an essential or determining factor. In Esping-Andersen's case, detailed examination reveals some areas of uncertainty, where the terminology and definitions were not always consistent, and there are natural shifts in these concepts over time. Moreover, the concepts and their measures did not fully fit together.

The first issue is concerned with terminology. Are there differences between welfare states, welfare regimes, worlds of welfare, welfare models, and families of nations? Esping-Andersen (1990: 2) prefers the 'broad' approach of 'welfare-state regimes', but by 1999 the usual term is 'welfare



regime' (eg Esping-Andersen 1999: 4). Regimes are broader than individual programmes such as pensions, and broader than the welfare state (Esping-Andersen 1990: 2). A number of authors have attempted to apply Esping-Andersen's typology to specific programmes, or groups of programmes (Abrahamson 1999). For example, Goodwin (1997) has examined mental health services, Kleinman (1996) has explored housing, and Anttonen and Sipila (1996) have considered social care services. Gornick *et al.* (1997) and Ditch *et al.* (1998) have looked at child care services. Gough *et al.* (1997) and Gough (2001) have examined 'social assistance regimes', and Gallie and Paugam (2000) have examined active labour market policies. Their findings are mixed. Some find the welfare regime typology works, while others find it does not. For example, considering housing, Kleinman (2002) claims that 'ironies abounded': Britain – supposedly the residualist welfare state – had the largest social rented sector; French economic policy was the most orthodoxly neo-liberal; and corporatist Germany had gone furthest in privatizing social housing. In addition, Lodemel and Trickey (2000) focus on 'social assistance regimes' or 'poverty regimes' and find only a limited relationship to wider welfare regimes. Jensen (2008) points out that the welfare regimes tend to be based on transfers rather than services, but the relationship between them is far from clear. Moreover, there are important differences between the patterns of health and social care. Bannick and Hoogenboom (2007) argue in favour of disaggregation as welfare states are composed of different approaches to different social risk, and the approach to each social risk is often 'hybrid'.

However, in Esping-Andersen's terms, these disaggregated studies, pitched at the level of the trees rather than the wood, miss the point that welfare production must be examined as a whole. Myles (1998: 349) argues the welfare regime approach is based on holism. He claims that many critics have confused regimes with particular programmes, and have ignored the fact that within otherwise similar regimes there are significant variations in how welfare institutions and programmes operate. For example, countries with liberal welfare regimes differ fundamentally in programme design and in the models they use to finance and distribute benefits (Myles 1998; King 1999; Gallie and Paugam 2000). Some confusion may arise because the word 'regime' is often applied to all kinds of phenomena such as 'pension regimes' (Esping-Andersen 1999: 73). However, he uses such terms himself, albeit in inverted commas, 'pension regimes' and 'labour-market regimes' (eg Esping-Andersen 1990: 85, 142). Moreover, in two senses regimes are narrower than the 'narrower view' of the welfare state which is seen in terms of income transfers and social services (Esping-Andersen 1990: 1). First, his 'welfare state' focus is on cash transfers and ignores services (Hicks and Kenworthy 2003). Second, the regulatory functions of welfare states are largely ignored (see welfare mix, below). A welfare state may pursue goals by means other than direct provision such as rent control and specification of minimum standards (Powell 2007).

It is debatable whether studies focused on programmes can be used as evidence to support, or reject, the welfare regime typology. Esping-Andersen identifies the typology as arising from the articulation of all three welfare

producing institutions. This would coincide with specific programmes only to the extent this articulation is replicated faithfully in the area or programme under examination. This is unlikely to be the case. There may be some advantage in using the typology as a general framework to consider the extent to which individual programmes reflect the welfare regime. This cannot be taken to be appropriate 'tests' of welfare regimes. Unless a strong case is made to map individual programmes directly and comprehensively into welfare regimes, supporting Esping-Andersen's typology will involve focusing upon, and extending, the broad configuration of welfare production.

Some writers have suggested a 'trait' model. For example, Daly (2001) presents five key principles of Bismarckian welfare states. Ferrera (1996) outlines three basic characteristics of the southern model, while Ferrera (1998) suggests that a comprehensive characterization of the southern model of welfare should include at least seven major distinctive traits, including services in cash and kind, taxation and the welfare mix. However, it is not clear how these traits relate to theory, how they are to be measured and weighted, nor if they represent independent dimensions. Guillen and Alvarez (2001: 103) argue that southern welfare states show enough differentiating characteristics to consider them a 'family of nations', but it is hard to defend the position that they constitute an independent 'welfare regime'. They consider that there are insufficient variations from the Conservative regime on the 'differentiating principle' of 'familialism' to suggest a distinct regime (cf. Esping-Andersen 1999). Thus, they use the term 'Southern welfare state' in 'this rather restricted sense' (Guillen and Alvarez 2001: 108). In this view, a family is less than a regime, but it is possible that the converse may be so (Castles 1998).

Regimes appear to be defined in different ways in different places. Esping-Andersen (1999: 12) claims that the 1990 book defined welfare regimes in terms of the mix of public and market provision. However, it is also claimed that the 1990 book defines welfare regimes as the interaction of state, market and family, and subsequently pays hardly any notice to the latter (Esping-Andersen 1999: 47, fn). Elsewhere, a welfare regime can be defined as the combined, inter-dependent way in which welfare is produced and allocated between state, market and family. A footnote suggests that to this triad we should rightfully add the 'third sector' of voluntary, or non-profit, delivery (Esping-Andersen 1999: 35). By 1999, 'social risks are the building blocks of welfare regimes' (Esping-Andersen 1999: 40).

This leads to the problem of operationalizing welfare regimes. The first presentation of clustering is presented on the basis of de-commodification scores (Esping-Andersen 1990: 52, Table 2.2). Confusingly, 'a first attempt to identify to what extent regime-clusters exist is by the zero-order correlation matrix presented in table 3.2 (Esping-Andersen 1990: 72) within a discussion of social stratification. This gives an 'entirely different logic of social stratification embedded in welfare-state construction. In this sense, we may speak of regimes as we did with reference to de-commodification'. Moreover, 'the clustering of de-commodification and stratification is very similar' (Esping-Andersen 1990: 77). Finally, clustering is also apparent from the state/market mix for pensions (Esping-Andersen 1990: 84–5). This appears to suggest that the clusters can be derived from the three individual component dimensions,



and all three suggest similar clusters. However, one of the definitions above highlighted the public/private mix. Others stressed the interactions. It is claimed that 'both social rights and social stratification are shaped by the nexus of state and market in the distribution system' and that 'the interplay of public and private provision . . . defines the overall distributional structure, the relation between social rights and private contracts, inequalities of class, gender or status, and, in the final analysis, defines welfare-state regimes' (Esping-Andersen 1990: 4, 103). This implies that the public/private mix is the dominant dimension, but most commentators have focused on de-commodification scores. Hicks and Kenworthy (2003) have suggested that the three worlds can best be represented by two dimensions, with the first rearranging the separate social democratic and liberal dimensions into two poles of a single dimension.

### Concepts and Theories

As we saw above, Esping-Andersen's (1990) typology is based on three principles: social rights or de-commodification (the extent to which an individual's welfare is reliant upon the market), social stratification and the public private mix. By 1999, the principles had changed. In response to the feminist critique, de-familization had been added to de-commodification, and the public-private dimension had been clarified to become the family-state-market nexus, or the welfare mix, within a wider notion of social risks.

However, these principles are never fully justified in either text, and may be criticized from both an intrinsic and extrinsic point of view. First, the 'welfare state' has many justifications (eg Barr 2004; Le Grand *et al.* 1992). It is necessary to show that the founders of welfare states based their creations on these principles (cf. Powell 1995). Explaining the development of welfare states needs to clearly show that these principles were held by its founders rather than being imposed in an ad hoc and hindsight fashion by Esping-Andersen. In this sense, Esping-Andersen the theorist (1990; 1999) needed to draw more closely on Esping-Andersen the historian (1985).

Second, Esping-Andersen (1990) claims his work draws on Polanyi, Titmuss and Marshall. However, these claims are problematic. Aiming to rescue the Marxist content of de-commodification, Room (2000) suggests that it should be defined, and measured, as self-development. In early Marx, commodification is associated with a loss of human powers and development. Social powers of self-development are objectified in a commodity, labour. By implication, de-commodification involves rescuing these powers. Room objects to Esping-Andersen's operationalizing of de-commodification in terms of the protection of income or consumption, rather than broader notions of self-development. Instead, he argues for the 'construction of an index of de-commodification-for-self-development'. In his reply to Room's criticisms, Esping-Andersen (2000) acknowledges the validity of a notion of de-commodification understood as self-development, but takes issue with Room's single focus of work as the context of self-development.

While the continuities between Titmuss and Esping-Andersen are often stressed, a number of commentators have pointed out important differences.

Kleinman (2002: 29) writes that many of the current typologies of welfare states contain strong echoes (whether deliberate or not) of Titmuss' famous threefold classification. However, despite the superficial similarities, there are two important differences between Titmuss' approach and more recent classification schemes. These differences are specific to the British tradition, of which Titmuss was both architect and symbol. First, Titmuss' primary focus was on the provision of services (see above). Second, he was perhaps above all concerned with values and the 'ends' of social policy (Titmuss 1974: 32). More recent comparative studies say little about values, adopt a more 'scientific' approach to the study of social institutions and focus on means rather than ends as the operational method for classifying welfare state regimes. Wildeboer Schut *et al.* (2001: 149) claim that Titmuss' model focuses on the traditional objectives of the welfare state: protection against loss in income, combating poverty and limiting social inequality. In his first model the welfare state amounts to no more than a social security net. This compares with a prime concern with the protection of (former) employees in the second model, and safeguarding the entire population in the third. They claim that Esping-Andersen typology diverges from Titmuss, not being based on the traditional protective functions of the welfare state, but on the underlying socio-political relationships and labour market policy.

De-commodification is often linked to Marshallian citizenship, but there are important differences. Marshall did not wish to replace the market, but to limit and complement it. Moreover, Marshallian citizenship does not require either universal benefits or free services (Powell 2002). The *minimal* definition of de-commodification entails that 'citizens can freely, and without potential loss of job, income, or general welfare, opt out of work when they themselves consider it necessary' (Esping-Andersen 1990: 23). Kleinman (2002: 30; cf. C. Pierson 2001) comments that this is an astonishingly *maximal* definition: it is hard to imagine any welfare state in which it would be either desirable or feasible for citizens to opt out of work of their own volition without *any* loss of income or welfare.

Esping-Andersen (1990) claims that de-commodification requires universal benefits, but this has been criticized by Castles and Mitchell (1993) who offer a more sympathetic view of means-testing than often allowed. To some extent, Esping-Andersen's line follows a crude rather than a nuanced reading of Titmuss. For example, Titmuss (1968: 115–17) considers that means-testing, as a method, may in theory be used for many possible functions. Not only must means-tests differ in content, scope, characteristics and frequency according to their particular functions, but, more complex still, they must differ in all these factors according to: (1) the kind of service or benefit provided and, to some extent, the causes of the need; (2) the actualities of the need; immediate and temporary, weekly, monthly, yearly, etc; (3) the characteristics of the consumer (age, sex, marital and household status, dependents, etc) and (4) the extent to which a variety of economic, social and psychological incentives and disincentives have to be taken into account in the structure and operation of the test. In other words, means-testing is more complex than a simple dichotomy with universalism suggests (cf. Crosland 1964; Powell 1995; 2002).

As Jensen (2008) points out, welfare regimes largely ignore services, and there is little relationship between expenditures on transfers and services. Esping-Andersen (1999: 46, 87) has admitted that regimes were too narrowly specified through income maintenance programmes. For example, the Dutch welfare state appears 'social democratic' in terms of income maintenance, but 'conservative' in terms of service delivery. Jensen (2008) argues that both de-commodification and de-familization may be pursued through transfers and services, the former predominantly corresponds to transfers and to latter to services (Jensen (2008: 156–8). However, services can be a major element in de-commodification (Tawney 1964; Marshall 1963; Le Grand 1982; Powell 2002) through the 'social wage' or 'strategy of equality'. For example, citizens in the UK and the USA with identical incomes face very different levels of de-commodification with respect to health care. Ignoring services also ignores the paternalism debate over cash versus kind (eg Goodin 1988). In theory, it would be possible for a welfare state to provide cash transfers and no services; or services and no transfers. Esping-Andersen ignores the relationship between cash and kind; how different parts of the welfare state fit together. Moreover, different parts can be based on different principles and use different mechanisms. For example, the British NHS is based on universal citizenship and equality, while income maintenance uses a mix of social insurance, universal benefits and means-testing to secure the national minimum (Powell and Hewitt 2002). Moreover, ignoring education as a major element of stratification within welfare states is a major gap.

Esping-Andersen (1999) incorporates de-familization in response to his feminist critics (eg Lewis 1992; Sainsbury 1994; 1996; Siaroff 1994; O'Connor *et al.* 1999; Daly 2000). The gender criticism centres on Esping-Andersen's lack of problematization of the family as source of stratification. In his 1990 book, social rights were determined by the extent to which individuals are insulated from market forces in respect of their well-being. However, many women were preoccupied with social care in the family sphere, and so de-commodification is relevant only if they are commodified in the first place.

At the risk of oversimplifying many complex issues, Esping-Andersen (1990) and many subsequent writers (see Arts and Gelissen 2002; Bambra 2007c: 4–5) largely defines welfare regimes on the basis of indices of de-commodification. There are problems with operationalizing and measuring de-commodification (Bambra 2006; 2007c; Scruggs and Allan 2006) and de-familization (Bambra 2007a). Both indices are uni-dimensional in that they measure the ability to the state to insulate citizens from the market. Neither measure really reflects his new conceptual concern of the welfare mix. Although he stresses the notion of interactions, measures tend to be more uni-than multi-dimensional. This is partly confirmed in the fact that the inclusion of de-familization makes little fundamental change on his three-fold typology.

The more fundamental problem is that three principles are largely captured by a single measure of de-commodification (Scruggs and Allan 2006; Bannick and Hoogenboom 2007). The links between de-commodification and stratification are not always clear (Bannick and Hoogenboom 2007). As much of the subsequent debate has been on measuring de-commodification, the issues of stratification, the welfare mix, and social risk have been relatively

neglected. Scruggs and Allan (2006: 56) write that stratification has not been replicated.

A serious gap in the literature on welfare regimes is the absence of any examination of stratification effects. Stratification effects describe social orderings, and in the context of the welfare regime framework they ensure the persistence of welfare regimes over time. In social democratic welfare regimes where welfare provision is the main protection against social risks, it would make sense to think that populations would come to expect, and indeed rely on, the state as the dominant welfare provider. In a similar vein, populations in liberal welfare regimes would come to expect and rely on market forms of welfare production and have few expectations of state welfare provision, indeed stigma could well be attached to reliance on non-market welfare production. If this is the case, it should be possible to draw relationships between the dominant welfare regime and public attitudes. However, there is only a scarce literature on this (Jaeger 2006 and reference therein). The gap is significant because to an important extent the dynamics of welfare regimes depend on stratification effects working effectively and departures from welfare regime reproduction could on paper best be studied on this component.

Similarly, there has been relatively little discussion of the welfare mix (Goodin and Rein 2001). The mixed economy of welfare literature (Powell 2007) did not figure highly in the work of Esping-Andersen or subsequent accounts. Few studies incorporate variables measuring market provision of protection against social risks, and in no way this can be attributed to lack of data. Even fewer studies incorporate family and household self-protection. Data on this are harder to identify, and there are important gaps in our collective analysis of household resource allocation which make available data hard to interpret consistently. Data limitations fail to fully explain the scarce attempts to include variables measuring the contribution of households to the reduction of social risks. An outside observer would surely arrive at the conclusion that a social policy perspective, with its concern with the welfare state above all else, continues to dominate the welfare regime literature.

Powell and Barrientos (2004) discuss active labour market policy (ALMP) in terms of welfare regimes. They specify regimes not linked to de-commodification or de-familization per se, but built on measures of the welfare mix. This is represented by data on public spending on social security, education and active labour market policies as a proportion of GDP; private insurance premia as a proportion of GDP; and an index of the strictness of employment protection. The variables provide a measure of the different components of the welfare mix. Because their importance varies across welfare regimes, these are, as a set, a good discriminator. Liberal welfare regimes should have higher levels of insurance premia as a proportion of GDP, while Conservative regimes should have strong employment protection institutions, and social democratic regimes should have high levels of social security spending as a proportion of GDP. In terms of spending on ALMP, it should be high in the social democratic regime, lower in the conservative regime, and minimal in the liberal regime. The specific role of ALMP within welfare regimes is investigated by clustering countries using conventional

measures of the welfare mix excluding ALMP, and then finding out what changes if any are produced by adding ALMP to the variables used. It is concluded that the importance of ALMP is increasing over time. Including ALMP expenditure as a variable helps to achieve a clearer identification of welfare regime clusters. The resulting welfare regime clusters are very much in line with the Esping-Andersen's typology, with the addition of a southern European regime.

## Conclusions

The main conclusion of the article is that the 'welfare modelling business' requires investment in its more neglected elements. There has been a great deal of attention on the empirical validity of Esping-Andersen's *Three Worlds*. However, apart from the feminist critique and de-familization, the conceptual and theoretical aspects which the typology was expected to facilitate remain under-developed. It is a little ironic that a work aiming to lay bare the 'theoretical substance of welfare states' (Esping-Andersen 1990: 19) has led to a largely atheoretical debate. Scruggs and Allan (2006: 68) point out that as a cornerstone of much analysis of cross-national variation in welfare-state outcomes, the de-commodification index has almost iconic status in the comparative social policy literature. However, this cornerstone supports fuzzy conceptual and theoretical understandings of welfare production. To advance on this, more attention must be directed at the how issues of social rights, stratification, the welfare mix and social risks – the key analytical elements of Esping-Andersen (1990; 1999) – combine in welfare states. These issues will need to be tackled if continuing investment in the 'welfare modelling business' is to produce returns in the future.

## Notes

1. This is a point made strongly by Jaeger (2006).
2. In his 1999 *Social Foundations of Postindustrial Economies*, Esping-Andersen describes the role of 'ideal types'. Typologies, he notes, 'can be useful for at least three reasons . . . they allow for greater analytical parsimony . . . the analyst can more easily identify some underlying connecting logic of movement and maybe even causality. And three, typologies are helpful tools for generating and testing hypotheses' (Esping-Andersen 1999: 73).

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