Research Note

SOCIAL STRATIFICATION AND WELFARE REGIMES FOR THE TWENTY-FIRST CENTURY

Revisiting *The Three Worlds of Welfare Capitalism*

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INTRODUCTION

IN the decade and a half since its publication, Gøsta Esping-Andersen's *Three Worlds of Welfare Capitalism* has loomed large over the comparative analysis of the welfare states of Western Europe and other advanced capitalist economies.[1] Its seminal status is evidenced by the extent to which it continues to be cited in articles on comparative welfare states, and it remains required reading for most students of comparative political economy and social policy. A major reason for its enduring popularity is the strong empirical support offered for its three-regime clustering of welfare states in the Western democracies. This typology, like all effective typologies, has three advantages: it is parsimonious; countries cluster in a manner that allows researchers to examine the underlying logic of the categories; and it facilitates the development and testing of new hypotheses about causes and consequences of social policy. What made the methodology of *Three Worlds* truly innovative, however, was that—in contrast to many other studies—it employed a systematic empirical comparison of the programmatic aspects of numerous

national welfare regimes. In other words, evidence of regimes was (apparently) confirmed with social data.

While the threefold classification of welfare regimes has been called into question for a variety of reasons, it has nevertheless been embraced by literally hundreds of studies in comparative social policy and comparative political economy.[2] Because research designs have often selected cases on the basis of this typology, where a country belongs has important implications for the inferences we should draw from that research.[3]

In this article we reevaluate Esping-Andersen's indices of social stratification from the bottom up, going back to the original sources and using better, publicly available data.[4] We also provide stratification indices at two different time points, around 1980 and around 2000,

[2] There are several useful reviews of the "worlds of welfare" literature, including Wil Arts and John Gelissen, "Three Worlds of Welfare or More? A State of the Art Report," *Journal of European Social Policy* 12, no. 2 (2002); and Esping-Andersen, *Social Foundations of Post-Industrial Economies* (New York: Oxford University Press, 1999), especially chap. 5. The number of "worlds" has been expanded to include other areas. For the Antipodes, see, for example, Frank Castles and Deborah Mitchell, "Identifying Welfare State Regimes: The Links between Politics, Instruments and Outcomes," *Governance* 5, no. 1(1992). For Southern Europe, see, for example, Maurizio Ferrara, "The 'Southern Model' of Welfare in Social Europe," *Journal of European Social Policy* 7, no. 1 (1996); and Guiliano Bonoli, "Classifying Welfare States: A Two Dimension Approach," *Journal of Social Policy* 26, no. 3 (1997). Other lines of criticism suggesting different regime arrangements concern the limited aspects of welfare state protection addressed in *Three Worlds*. The almost exclusive focus on a male breadwinner household model is criticized in, for example, Ann Orloff, "Gender and the Social Rights of Citizenship," *American Sociological Review* 58, no. 3 (1993); Diane Sainsbury, ed., *Gendering Welfare States* (London: Sage, 1996); and Alan Siaroff, "Work Welfare and Gender Equality: A New Typology," also in Sainsbury. Other authors argue that the focus on major social insurance/assistance programs (health care, unemployment, sick pay, and public pensions) is too narrow for other reasons. See, for example, Graham Room, "Commodification and Decommodification: A Developmental Critique," *Policy and Politics* 28, no. 3 (2000); J. Gal, "Decommodification and Beyond: A Comparative Analysis of Work-Injury Programmes," *Journal of European Social Policy* 14, no. 1 (2004); and Martin Powell and Armando Barrientos, "Welfare Regimes and the Welfare Mix," *European Journal of Political Research* 43, no. 1 (2004). Finally, several have criticized the technical approach to uncovering the three regime types. See Michael Shalev, "Limits and Alternatives to Multiple Regression in Comparative Research," *Comparative Social Research* (Greenwich, Conn.: JAI Press, 2007); and Alexander Hicks and Lane Kenworthy, "Varieties of Welfare Capitalism," *Socio-economic Review* 1, no. 1 (2003).

[3] For a small selection of research that takes the *Three Worlds* typology as its starting point, see F. John Mehrtens III, "Three Worlds of Public Opinion? Values, Variation, and the Effect on Social Policy," *International Journal of Public Opinion Research* 16, no. 2 (2004); Cathie Jo Martin, "Reinventing Welfare Regimes: Employers and the Implementation of Active Social Policy," *World Politics* 57 (October 2004); Stefan Svallfors, "Worlds of Welfare and Attitudes to Redistribution: A Comparison of Eight Western Nations," *European Sociological Review* 13, no. 3 (1997); Paul Pierson, "The New Politics of the Welfare State," *World Politics* 48 (January 1996); Evelyne Huber and John D. Stephens, *Development and Crisis of the Welfare State: Parties and Policies in Global Markets* (Chicago: University of Chicago Press, 2001); Duane Swank, *Global Capital, Political Institutions, and Policy Change in Developed Welfare States* (Cambridge: Cambridge University Press, 2002); Robert E. Goodin, Bruce Headey, Ruud Muffels, and Henk-Jan Dirven, *The Real Worlds of Welfare Capitalism* (Cambridge: Cambridge University Press, 1999); and Emily Beller and Michael Hout, "Welfare States and Social Mobility: How Educational and Social Policy May Affect Cross-national Differences in the Association between Occupational Origins and Destinations," *Research in Social Stratification and Mobility* 24, no. 4 (2006).

[4] In addition to regarding welfare states as systems of social stratification, Esping-Andersen (in fn. 1 and in fn. 2, 74) and others such as Arts and Gelissen (fn. 2) have also emphasized how the degree to which national welfare regimes *decommodify* labor is essential to the characterization of welfare states.

allowing us to evaluate change in welfare stratification over time. We find only limited support for distinctive regimes of welfare stratification. These findings, combined with other recent results replicating indices of welfare state decommodification, call into question the historic and continued utility of the *Three Worlds* typology.[5]

The article proceeds as follows. We begin with a discussion of social stratification as a defining concept in the welfare regimes literature. We then examine the social data on each dimension of welfare stratification, sticking as close as possible to the original presentation. We follow with a discussion of differences over time and compare our results with those presented in *Three Worlds*. Finally, we discuss some implications of our results for the comparative analysis of social policy in advanced industrial democracies.

THE MEANING OF SOCIAL STRATIFICATION

Much scholarship on the welfare state has focused on its expansion and later retrenchment in advanced capitalist democracies, measured largely in terms of social expenditures. This focus underemphasizes how welfare state policy structures social relations. Political economists and state theorists have, of course, long recognized the propensity of social policy to order social relations, but it was in his 1990 book that Esping-Andersen brought this insight to the forefront of comparative welfare state research: "[Welfare] states may be equally large or comprehensive, but with entirely different effects on social structure. One may cultivate hierarchy and status, another dualisms, and a third universalism. Each case will produce its own unique fabric of social solidarity."[6]

Identifying distinct welfare state logics, then, based on distinctive imperatives relating to social stratification exposes an additional dimension with which one can classify welfare states beyond "effort" or "generosity." It is worth briefly recalling the central underlying principles associated with each of Esping-Andersen's "worlds of welfare."

Social policy in *conservative* welfare regimes has as a primary goal the preservation of traditional status differences in society. Faced with the potential for instability introduced by the emergence of modern capitalism, social policy could reinforce a "natural" social order. Thus,

[5] See Lyle Scruggs and James P. Allan, "Welfare State Decommodification in Eighteen OECD Countries: A Replication and Revision," *Journal of European Social Policy* 16, no. 1 (2006); and Clare Bambra, "Decommodification and the Worlds of Welfare Revisited," *Journal of European Social Policy* 16, no. 1 (2006).

[6] Esping-Andersen (fn. 1), 58.

while conservative welfare regimes have historically been associated with significant levels of social expenditure, they have also been associated with a paternalistic state, an old-style corporatist economic order, and a significant role for religion in society. It is not coincidental that early welfare state developers—in Bismarck's Germany, for example—reinforced the central role of the state or that Christian democratic welfare policies emphasized traditional social and family roles.

Liberal welfare regimes seek the opposite. Classical liberals reasoned that traditional social patterns constrained individual freedoms and that a free market afforded individuals the ability to realize their potential unfettered by preexisting social hierarchies of both church and state. In its efforts, classical liberalism required, in Polanyi's terms, that economic welfare be liberated from social institutions and become dependent wholly on the market.[7] As Polanyi pointed out, however, the liberal state was far from passive when it came to creating a "market society." In social policy, this approach tended to manifest itself in programs that encouraged more extensive interaction with the market for the purposes of income maintenance and insurance against risks posed by illness and especially old age. Liberal welfare regimes have a marked tendency to favor private remedies for social risks, even where that entails considerable "fate-based" inequalities in life chances.

The third welfare regime is *social democracy*. Like its conservative and liberal counterparts, "socialist reformism was always pursued with distinct stratification outcomes in mind. For labor movements, it was the construction of solidarity that mattered."[8] The desire for social solidarity coupled with the need to attract sufficient electoral support led social democrats to pursue policies that emphasized universalism in a broad sense—across class lines—linking state policies to social citizenship. Perhaps the principles of socialist stratification were most apparent in the concept of the Swedish "people's home" first invoked by SAP leader Per Albin Hansson in the late 1920s: "In a good home there prevails equality, thoughtfulness, cooperation, helpfulness. . . . [The] citizens' home . . . implies a breaking down of all social and economic barriers which now divide citizens between the privileged and the forgotten, the rulers and the dependent, the rich and poor."[9] Thus, social democratic welfare policy sought broader equality through nonmarket mechanisms within the confines of a capitalist economy.

[7] Karl Polanyi, *The Great Transformation* (1944; Boston: Beacon Press, 2001).
[8] Esping-Andersen (fn. 1), 65.
[9] Quoted in Hugh Heclo and Henrik Madsen, *Policy and Politics in Sweden: Principled Pragmatism* (Philadelphia: Temple University Press 1987), 157.

REASSESSING WELFARE STRATIFICATION

Reflecting the different foundational goals of the three world of welfare, *Three Worlds* presents three empirical indices of welfare program stratification and several variables, representing macrofeatures of welfare programs expected to capture these differences.[10] Two of these reflect the *conservative* stratification goals of preserving existing status differences and the privileged position of the state in conservative welfare regimes: the segmentation of public pension programs based upon major occupational categories (corporatism) and the extent of pension expenditure on government employees as a percentage of gross domestic product (etatism). Three factors capture the *liberal* emphasis on market solutions in social provision. The first highlights the importance of means-tested benefits (poor relief); the second emphasizes the importance of private pensions for securing individual income security in old age (private pension share); and the third captures the importance private health spending in total health expenditure. Finally, two factors are employed to capture the stratification goals of *social democratic* welfare regimes. First is program universalism, which is measured as the portion of the workforce eligible for benefits in three social insurance programs: unemployment, sickness, and old-age pensions. The second is the equality of benefits, measured as the ratio of basic benefit to maximum allowable benefit averaged over the three above-mentioned programs.

The underlying measures and data used to construct the stratification index were originally presented together in the book's tables. Table 1 of this article contains a description of the indicators, as well as the sources of the original and our replication data. The SSIB data, used for the two social democratic stratification measures, are not publicly available, but the Comparative Welfare Entitlements Data (CWED) employed here are based on concepts that are identical to them.[11] Though the sources are slightly different in some cases, we checked to ensure that there is comparability with the information for the early 1980s.

SCORING PROCEDURE

The appendix to chapter 3 of *Three Worlds* employs the following scoring method to construct the stratification indices. Countries with a score more than a standard deviation above the mean for an index variable

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[10] The original variables and discussion of the index are in Esping-Andersen (fn. 1), 69–78.
[11] CWED data are available from the authors and at http://sp.uconn.edu/~scruggs/wp.htm.

TABLE 1
DIMENSIONS OF WELFARE STATE STRATIFICATION

Welfare Regime	Indicator	Original Source (1980/81)	Current Source (1980/81)	Latest Data Source	Definition		
Conservative	corporatism	SSA, 1981		SSA 2002	number of occupationally distinct public pension schemes (major programs only)	−1	0.3
	etatism	ILO, 1981	ILO, 1981	Palacios & Whitehouse, 2006 (fn. 17), ILO, 1996	expenditure on pensions to government employees as percentage of GDP	−0.7	0.5
Liberal	means-tested poor relief	ILO, 1981	ILO, 1981	ILO 1996	measured as a percentage of total public social expenditure	−0.6	0.4
	private pensions	Esping-Andersen, 1990		N/A	measured as a percentage of total pensions	−0.3	0.2
	private health spending	OECD, 1985	HRS 2004	HRS 2004	measured as a percentage of total health spending	−0.9	−0.1
Socialist	average universalism	SSIB		CWED	coverage for sickness, unemployment, and take-up of old-age insurance programs	−0.6	0.7
	average benefit equality	SSIB		CWED	average differential between basic and maximum benefits (posttax) for sickness, unemployment, and old-age insurance programs	−0.5	0.7

SOURCES: SSA: U.S. Social Security Administration, *Social Security Programs throughout the World* (Washington: GPO, 1981, 2002)); ILO: International Labour Organization, *The Cost of Social Security* (Geneva: International Labour Organization, 1981, 1996)); SSIB: Social Citizenship Indicators as cited in Esping-Andersen (fn. 1); OECD: OECD, *Measuring Healthcare, 1960–1983* (Paris: OECD, 1985); CWED: Lyle Scruggs, *Comparative Welfare Entitlements Dataset*, University of Connecticut, 2004); HRS: Evelyne Huber, Charles Ragin, John D. Stephens, David Brady, and Jason Beckfield, *Comparative Welfare States Data Set* (Northwestern University, University of North Carolina, Duke University and Indiana University, 2004).

are given maximum points (4), scores within a standard deviation of the mean values receive the middle score (2), and scores more than a standard deviation below the mean are given minimum scores (0). The scoring is considered rough, in that there is room for marginal cases to be scored higher or lower than their strict deviation from the mean might imply.

Based on our replication, the scoring methodology in *Three Worlds* appears to deviate *considerably* from the procedure outlined. The last two columns of our Table 1 show, in standardized values, the cut points actually used in the book: they deviate far from what is described. (Perfect correspondence would have cut points at +1 and −1 standard deviation.) In order to facilitate the comparison with Esping-Andersen's empirical results, we tend to use the de facto cut points, but it is worth noting that the original procedure for constructing the index leaves a lot to be desired.

CONSERVATIVE STRATIFICATION

CORPORATISM

Welfare state corporatism is intended to capture the degree to which the welfare state reinforces segmentation by providing for different levels of welfare for the different occupational groups, with different plans providing for more generous (or at least separate) conditions for higher-status positions. This is measured by the number of significant occupational public pension funds. The precise criteria are never explicitly stated but appear to be based on funds mentioned in *Social Security Programs throughout the World*.[12] The leftmost section of Table 2 provides the data. The first column includes the number of significant funds as coded in *Three Worlds* circa 1980; the second column is our replicated score for 1980; the third column presented our replicated raw and index score for 2004.

The rank ordering of countries is generally consistent with the conventional impression that continental European countries, such as France, Italy, and Austria, had and still have very segmented public pension schemes. Only two countries—Italy and Japan—change very much between the two periods. It is worth noting that the change in the reported number of schemes in Italy corresponds to substantive reforms: legal reforms in the 1990s consolidated the pension system's administration and conditions. On the whole, our results suggest some rather limited moves away from occupational segmentation.

[12] Social Security Administration, *Social Security Programs throughout the World* (Washington, D.C.: Government Printing Office, 1981, 2004).

Table 2
Conservative Welfare State Stratification[a]

	Number of Occupationally Distinct Public Pension Schemes (Stratification Index Score)			Expenditure on Pensions to Govt Employees (as a % of GDP)					
	EA	1981	Latest	EA	1981	Latest
Australia	1 (0)	1 (0)	1 (0)	0.7 (0)	0.8 (0)	**1.3 (2)**
Austria	7 (4)	7 (4)	7 (4)	3.8 (4)	4.1 (4)	3.5 (4)
Belgium	5 (2)	5 (2)	5 (2)	3.0 (4)	3.3 (4)	3.5 (4)
Canada	2 (0)	1 (0)	1 (0)	0.2 (0)	0.2 (0)	0.6 (0)
Denmark	2 (0)	1 (0)	1 (0)	1.1 (2)	1.1 (2)	1.2 (2)
Finland	4 (2)	**6 (4)**	**7 (4)**	2.5 (4)	2.4 (4)	2.8 (4)
France	10 (4)	9 (4)	9 (4)	3.1 (4)	2.8 (4)	3.4 (4)
Germany	6 (4)	6 (4)	**5 (2)**	2.2 (4)	**2.4 (4)**	**1.9 (2)**
Ireland	1 (0)	1 (0)	1 (0)	2.2 (4)	**2.1 (2)**	**0.8 (0)**
Italy	12 (4)	12 (4)	**3 (2)**	2.2 (4)	2.2 (4)	**1.8 (2)**[b]
Japan	7 (4)	7 (4)	**3 (2)**	0.9 (0)	**1.4 (2)**	**1.0 (2)**
Netherlands	**3 (2)**	1 (0)	**1 (0)**	1.8 (2)	1.8 (2)	1.1 (2)
New Zealand	1 (0)	2 (0)	1 (0)	0.8 (0)	0.8 (0)	**0.7 (0)**[b]
Norway	4 (2)	**6 (4)**	**6 (4)**	0.9 (0)	0.9 (0)	**1.1 (2)**[b]
Sweden	2 (0)	2 (0)	1 (0)	1.0 (0)	**2.4 (4)**	**1.7 (2)**
Switzerland	1 (0)	1 (0)	1 (0)	1.0 (0)	0.8 (0)	**0.5 (0)**[b]
UK	1 (0)	1 (0)	1 (0)	2.0 (2)	1.3 (2)	**2.3 (4)**[b]
USA	2 (0)	**3 (2)**	**3 (2)**	1.5 (2)	1.8 (2)	2.1 (2)
Mean	3.9	4.0	3.2	1.7	1.8	1.7
SD	3.3	3.4	2.7	1.0	1.0	1.0

Conservative Stratification Index

	EA	1980	Latest
High	8 Austria	8 Austria	8 Austria
	8 Belgium[c]	8 France	8 **Finland**
	8 France	8 Germany	8 France
	8 Germany	8 Italy	
	8 Italy	8 **Finland**	
Medium	6 Finland	6 **Belgium**	6 **Belgium**
	4 Ireland	6 Japan	6 **Norway**
	4 Japan	4 Norway	4 **Germany**
	4 Nether.	4 USA	4 **Italy**
		4 **Sweden**	4 Japan
			4 UK
			4 USA
Low	2 Canada	2 **Ireland**	2 Australia
	2 Denmark	2 Denmark	2 Denmark
	2 Norway	2 **Nether.**	2 **Nether.**
	2 UK	2 UK	2 **Sweden**
	0 Australia	0 Canada	0 Ireland
	0 N. Zealand	0 N. Zealand	0 Canada
	0 Sweden	0 Australia	0 N. Zealand
	0 Switz.	0 Switz.	0 Switz.
	0 USA[c]		

SOURCES: See notes for Table 1 and Esping-Andersen (fn. 1). Most recent data from ILO (otherwise from Palacios and Whitehouse (fn. 17)); Swedish data estimated; U.K. data computed from OECD Social Expenditure Dataset a: scores as shown in Esping-Andersen (fn. 1), Table 3.3. Belgium's score should be 6; United States should be 2.

[a] Boldface denotes cases with a difference in categorization between Esping-Andersen and our 1981 reanalysis.

[b] Most recent data from ILO (otherwise from Palacios and Whitehouse [fn. 17]), Swedish data estimated, UK data computed from OECD Social Expenditure Dataset.

[c] Scores as shown in Esping-Andersen (fn. 1), table 3.3. Belgium's score should be 6; U.S. should be 2.

   In assigning stratification index scores to each country, we followed
Esping-Andersen's method.[13] The scores are shown in parentheses be-
side the raw score. According to our analysis, only three countries have
different index scores in 2004 than they did in 1980. All three are typi-
cally considered to have corporatist pension systems. Not surprisingly,
the dramatic changes in Italy and Japan reduce their scores from 4 to 2.
Germany's index score should be treated with caution, because it results
from a small absolute change in reported pension funds.

ETATISM

The middle section of Table 2 presents the original data showing the
share of public pension payments (as a percentage of GDP) devoted to
public sector workers.[14] Using replication data for 1980, we constructed
estimates for all countries that match Esping-Andersen's estimates rel-
atively closely.[15]
   In compiling the conservative stratification index, we employed the
metric outlined in *Three Worlds*.[16] These scores are again shown in paren-
theses beside the raw values in Table 2. For the 1980s, Austria, France,
Belgium, and Germany devoted comparatively large amounts of GDP to
public sector pensions. Several other countries—Canada, Australia, and
New Zealand—devoted small amounts. Overall, our scoring is close to
the original scores. The main exceptions are Sweden and Japan, which
devote more to public pensions in our scoring than is suggested in *Three
Worlds*. Comparing the 2000 data with the 1980 data, though average
spending stays about the same, scores change in seven countries.[17] Scores
increased in Australia, Norway, and the United Kingdom, while they
decreased in Germany, Ireland, Italy, and Sweden.

   [13] A score of 0 is given if there are two or fewer distinct schemes; a score of 2 is given if the number
of schemes is greater than two and less than or equal to five; and finally, a score of 4 is given to countries
with more than five distinctive pension schemes.
   [14] For the early 1980s, we used the country series in OECD, *Social Expenditure Database (SOCX 2004)*
(Paris: OECD, 2004) and the original source, International Labour Organization; for data we used *Cost
of Social Security* (Geneva: ILO, 1983). Values for most countries are very similar across the two sources.
We chose the OECD source for the United States in 1980 because the ILO series appears to underesti-
mate state and local government employee spending. We used the ILO's estimate for Italy in
1980, because the OECD figure excluded public sector pensions managed by the Treasury. We used the
OECD's estimate for the Netherlands, because it excluded disability pensions, and these do not appear
to be treated as retirement pensions elsewhere.
   [15] The largest difference occurs for Sweden. The ILO data show a large, sustained jump in the public
service pension expenditures between the late 1970s and the early 1980s in Sweden, from about 1.2
percent to 2.4 perent of GDP. We were inclined to believe the higher figure, because, among other
reasons, Sweden has a relatively large public sector workforce.
   [16] Where share of expenditures is 1 percent or less of GDP, the score is zero. Between 1 and 2.1
percent (inclusive), the score is 2, and the maximum score of 4 is assigned to expenditures greater than
2.1 percent.
   [17] The ILO survey changed in the early 1990s and no longer collected separate data for public
employee pensions. For comparable recent information for circa 2000, we rely primarily on data in

CONSERVATIVE STRATIFICATION INDEX

For 1980 the data in the table indicate several important discrepancies between our results and those presented in *Three Worlds*. Finland and Belgium trade places between the "strong" and "medium" groups, while the Netherlands and the United States switch places between the "medium" and "low" groups. The Belgian placement discrepancy can be attributed in part to a scoring error in the original study: Belgium should have scored 2 on Corporatism and 4 on Etatism, for a total of 6 (not 8). Similarly, the different placement of the United States results from the combination of a scoring error in the book and a difference in our classification of distinct programs.[18] Finland moves from the "medium" to the "strong" group, due to the higher score it is assigned on the corporatism measure: we found evidence of more occupationally distinct pension programs than reported in *Three Worlds*. The shift for the Netherlands is due to the fact that we did not identify distinctive public occupational funds, though, as in the Nordic countries, there are collectively bargained funds.

Our results for the late 1990s suggest a decline in conservative stratification among the key conservative welfare states. Two strongly conservative regimes in the 1980s, Italy and Germany, became less so over time. Increased public sector pension spending also explains why several countries appeared more "conservative" since the early 1980s.[19] While there are drawbacks to overall validity of civil servant spending, we suspect that if we used an alternative indicator of status (for example, retirement age for public/private sector workers or accrual rates for public pensions), we would also see a similar pattern of the declining "privileged status" of state workers over time.

LIBERAL STRATIFICATION

PRIVATE HEALTH SPENDING

Data on private health spending shares in 1980, reported in Table 3, are closely correlated with the data originally reported in *Three Worlds* (for

Robert Palacios and Edward Whitehouse, "Civil Service Pension Schemes around the World," World Bank Social Protection Discussion Paper no. 602 (2006). We used the most recent ILO data (generally for 1989) for the countries not covered in their paper.

[18] We count three programs based on the Social Security Administration's distinction between special programs for railroad and federal employees and the many separate schemes for individual state and local government employees. (This situation creates considerable fragmentation by subnational units if not distinct occupations, since most states have at least one public pension fund for their employees, with its own set of rules.)

[19] An important general limitation of using public sector spending to gauge civil servants' privileged status is that the shares increase via a larger public sector workforce.

TABLE 3
LIBERAL WELFARE STATE STRATIFICATION

	Private Health Spending (% of Health Spending)			Means-Tested Poor Relief[a] (% of Total Social Spending)		
	EA	1980	Latest	EA	1980	Latest
Australia	36 (4)	37 (4)	31 (4)	3.3 (2)	43.0 (4)	49.0 (4)
Austria	36 (4)	31 (4)	31 (4)	2.8 (0)	3.1 (0)	3.4 (0)
Belgium	13 (2)	17 (2)	28 (4)	4.5 (2)	2.9 (0)	5.3 (0)
Canada	26 (4)	24 (4)	29 (4)	15.6 (4)	20.2 (4)	16.5 (4)
Denmark	15 (2)	12 (2)	17 (2)	1.0 (0)	12.7 (4)	13.6 (4)
Finland	21 (4)	21 (4)	25 (4)	1.9 (0)	13.0 (4)	12.7 (4)
France	28 (4)	21 (4)	24 (4)	11.2 (4)	15.8 (4)	10.5 (2)
Germany	20 (2)	21 (4)	25 (4)	4.9 (2)	4.1 (0)	6.2 (0)
Ireland	6 (0)	19 (2)	27 (4)	5.9 (2)	2.5 (0)	3.3 (0)
Italy	12 (2)	20 (2)	27 (4)	9.3 (4)	3.4 (0)	6.2 (0)
Japan	28 (4)	29 (4)	22 (4)	7.0 (2)	11.9 (2)	7.2 (2)
Netherlands	22 (4)	31 (4)	37 (4)	6.9 (2)	6.2 (0)	2.8 (0)
New Zealand	18 (2)	12 (2)	22 (4)	2.3 (0)	33.0 (4)	27.9 (4)
Norway	1 (0)	15 (2)	15 (2)	2.1 (0)	8.8 (2)	18.1 (4)
Sweden	7 (0)	7 (0)	15 (2)	1.1 (0)	11.2 (2)	12.0 (2)
Switzerland	35 (4)	39 (4)	44 (4)	8.8 (4)	8.4 (2)	9.5 (2)
UK	10 (2)	11 (2)	19 (2)	1.0 (0)	15.7 (4)	15.9 (4)
USA	(4)	54 (4)	56 (4)	18.2 (4)	20.2 (4)	19.7 (4)
Mean	19.6	23.3	27.4	6.0	13.1	13.3
Standard Deviation	10.8	11.7	10.2	5.0	10.8	11.1

Liberal Stratification Index[b]

	EA	1980	Latest
High	12 Canada	12 Australia	12 Australia
	12 Switz.	12 Canada	12 Canada
	12 USA	12 USA	12 USA
	10 Australia	10 **Denmark**	10 **Denmark**
	10 Japan	10 Japan	10 Japan
		10 Switz.	10 Switz.
Medium	8 France	8 **Finland**	8 **Finland**
	8 Nether.	8 France	8 **N. Zealand**
	6 Denmark	8 UK	8 UK
	6 Germany	6 Germany	6 France
	6 Italy	6 Nether.	6 Germany
	6 UK	6 **N. Zealand**	6 **Ireland**
			6 Nether.
			6 **Norway**
Low	4 Austria	4 Austria	4 Austria
	4 Belgium	4 Norway	4 Belgium
	4 Finland	2 Belgium	4 **Italy**
	2 N. Zealand	2 Ireland	4 Sweden
	2 Ireland	2 **Italy**	
	0 Norway	2 Sweden	
	0 Sweden		

SOURCES: See notes for Table 1 and Esping-Andersen (fn. 1).

[a] Table means and standard deviations reported with all cases; details on index scoring see fn. 20 and 21.

[b] There are no available data on private pension spending as a share of total pension spending; we use Esping-Andersen's scores in both periods. Countries in bold denote a difference in categorization between Esping-Andersen and our analysis.

example, r=0.91 for the eighteen countries). However, in five cases—France, Ireland, Italy, the Netherlands, and Norway—our results are considerably higher than reported. The most extreme discrepancies are for Norway and Ireland, where we found a 14 and 13 percentage point difference, respectively. In the three other cases, we find lower levels of private spending, by a margin of 5–7 percentage points. Thus, despite the overall correlation, the ranking of countries on this measure is not very consistent with "liberal" stratification. Countries such as Canada and New Zealand—often considered part of the liberal welfare state tradition—have lower private shares of health spending than countries that have become widely classified as nonliberal welfare states. This is, of course, because these countries, in particular, have nationalized the health care sector.

Comparing the data for 1980 and 2000 suggests considerable "liberalization" in developed country health care systems over that twenty-year period. The average private-to-total spending ratio rose from around 23.3 percent to 27.4 percent. Ten countries experienced increases of more than 5 points between 1980 and 2000, and two, Belgium and New Zealand, reported double-digit increases. Only Australia and Japan, both comparatively more "mixed public-private" systems in 1980, reported a *decline* of more than 5 percentage points in 2000. In this regard, *health care is clearly a sector with convergence around a still mostly public, but increasingly private, spending trajectory*. Finally, there is also no evidence here that erstwhile liberal welfare states show a greater propensity to rely more on private health care over time than do their social democratic or conservative counterparts.[20] What we cannot tell from these changes, of course, is whether and where health outcomes have also become more dependent on individual market performance.

MEANS-TESTED POOR RELIEF

The central columns of Table 3 report the means-tested relief shares of social spending from *Three Worlds* and our replication. The data source, ILO's *Cost of Social Security*, stopped publishing the details tables in the early 1990s, so we were unable to extend that series beyond 1989. The correlation between our results and Esping-Andersen's is very low. Some of the Nordic countries, the Antipodes, and the United Kingdom have considerably more means testing of benefits than has traditionally

[20] In assigning stratification index scores, we used the original scoring metric in *Three Worlds*. Private spending shares up to 10 percent are scored 0; shares between 10 and 20 percent are scored 2; and private spending shares greater than 20 percent are scored 4. (NB: the cut point for obtaining a high score in *Three Worlds* is actually *below* the mean, with or without the United States included!)

been recognized. For the Nordic countries, our results probably *under-estimate* means-tested spending because we counted all "basic pension" spending as non–means tested even though considerable amounts are spent on income-tested supplements above the universal pension in those countries.[21]

One source of difference in our results may derive from the distinction between "means-tested" and "regular" income-tested programs. Tables in *Three Worlds* suggest that regular income-tested benefits like housing (and presumably supplemental pensions for retirees) were excluded from the means-tested category. However, the distinction between means testing and income testing is not made conceptually clear in the original study, and any distinction seems to be inconsistently applied.[22] In the broader literature means-testing and income testing are generally used interchangeably, with means testing occasionally distinguished by the use of both income and asset tests. One also sometimes encounters a conceptual distinction between the degree to which income tests target the upper class for exclusion (that is, generous income limits) and the degree to which they target the needy for relief (that is, low income limits).[23]

Our data on means testing suggest that the rank order of countries differs considerably from what was reported in *Three Worlds*. New Zealand, Denmark, Finland, and the United Kingdom are among the most liberal welfare states. With the exception of France (and perhaps Japan), countries that are conventionally considered conservative welfare state regimes spent comparatively little on means-tested programs.

PRIVATE PENSIONS

Determining the share of private pensions in total pension income is very difficult.[24] Due to a lack of comparable data for most countries, we simply take the values provided in *Three Worlds* as correct for 1980 and

[21] Index values for means-tested programs are calculated following the general procedure adopted in *Three Worlds*. First, we dropped the extremely high values for New Zealand and Australia before computing the mean and standard deviation. Next, we used the standardized value cut points used in *Three Worlds*, −.6 and +.4, to create lower and upper bounds of 6.7 and 15.6, respectively.

[22] The original results in *Three Worlds* strongly imply that non-earnings-related public pension supplements were not counted as means-tested spending in the Nordic countries and the United Kingdom but were so counted in the United States and Canada. It also appears that certain other near-cash benefits (for example, housing assistance and food programs) were excluded from the calculation in the former and included in the latter.

[23] See, for example, Castles and Mitchell (fn. 2).

[24] Esping-Andersen provides an extensive list of sources used in computing private pension payments in each country, but these are not easily available; Esping-Andersen "The Comparison of Policy Regimes: An Introduction," in Martin Rein, Gøsta Esping-Andersen, and Lee Rainwater, eds., *Stagnation and Renewal in Social Policy* (Armonk, N.Y.: M. E. Sharpe, 1987)). Pension income categories

recent years. We have no reason to think that relative rankings have changed substantially, and we suspect that private sector shares have, if anything, increased in most countries during that period.

LIBERAL STRATIFICATION INDEX

The right-hand section of Table 3 presents a liberal stratification index for 1980 and the most recent data available. Scores theoretically range between 0 and 12. (By contrast, the conservative and socialist stratification indices range between 0 and 8.) Comparing our reanalysis with results in *Three Worlds* for 1980 suggests several things. First, most countries tend to have higher scores than suggested in *Three Worlds*. Second, there is much less variation along this dimension than previously assumed. Third, three countries emerge as much more liberal than previously reported. Denmark has a surprisingly high degree of market-based stratification tendencies. Indeed, it has a more liberal welfare state profile than France and the Netherlands. While it does not fall into the category of the United States or Canada, it is very close. Meanwhile, several other countries—in particular, New Zealand and Finland—emerge as much more liberal in 1980 than had previously been suggested.

Perhaps more striking is the degree and pattern of change over time. The change between the two periods suggests that *welfare states in the early twenty-first century are more liberal than they had been just two decades earlier*. Of the countries with the nine lowest scores in 1980, six have higher scores in the second period. (Only one country, France, shows a decline in liberal stratification over the period.) These changes, of course, are consistent with the idea that welfare states have become much more "market compatible" overall in recent decades. If our assertion that the share of private pensions in total pension spending has also increased in recent years, increased reliance on the market over time in all countries would be all the more dramatic. Overall, this result contradicts claims, often relying on variations in spending patterns, that OECD welfare states have not liberalized significantly in recent decades.[25]

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in the Luxembourg Income Study, in theory, allow us to compute the private sector share. However, our analysis of the LIS data reveal that income sources are not reliably divided among these categories, producing scores that are not credible in a number of cases.

[25] See, for example, Paul Pierson, *Dismantling the Welfare State? Reagan, Thatcher, and the Politics of Retrenchment* (New York: Cambridge University Press, 1994); Geoffrey Garrett, *Partisan Politics in the Global Economy* (Cambridge: Cambridge University Press, 1998); Duane Swank, *Global Capital, Political Institutions, and Policy Change in Developed Welfare States* (Cambridge: Cambridge University Press, 2002); Francis Castles, *The Future of the Welfare State: Crisis Myths and Crisis Realities* (New York: Oxford University Press, 2004); and Peter Lindert, *Growing Public: Social Spending and Economic Growth since the Eighteenth Century* (New York: Cambridge University Press, 2004).

SOCIALISM

The socialist stratification index in *Three Worlds* consisted of two measures. The first, "universalism," is computed as the average portion of the labor force covered by unemployment insurance, sickness insurance, and public pensions. The second, "benefit equality," is the (average) ratio of standard to maximum income replacement rate in national unemployment, sickness, and public pension programs. The underlying data for both of these indicators were from the Social Citizenship Indicators Project.[26] The Comparative Welfare Entitlements Dataset (CWED) contains the relevant information for replication of the socialist stratification index. Table 4 provides the data; the latest CWED data are for 2002. *As was the case with welfare state liberalism, our results differ considerably from conventional wisdom regarding which countries score high for their "socialist" welfare program principles.*

UNIVERSALISM

CWED data suggest that most social insurance programs in 1980 were more universal than suggested in *Three Worlds*. In eight cases the country's average coverage is not even within 10 percent of what was reported. Coverage is generally higher among conservative welfare states (specifically Austria, Belgium, France, Germany, Ireland, Italy, and the Netherlands) and the U.K. Differences in coverage in conservative versus social democratic states appear lower than has been previously reported. Coverage is much higher (more than 20 percent higher) in four countries: the U.K., Italy, France, and Belgium.[27] Our analysis also indicates that universalism is appreciably lower than reported in *Three Worlds* only for Australia and Canada.[28]

If we compare welfare state universalism in 2002 with that in 1980, coverage has tended to increase slightly, and the cross-national variation remains pretty similar in the two periods. Universalism declines

[26] This data set is not publicly available.
[27] It appears that estimates for these categories in *Three Worlds* are from Peter Flora, *State, Economy, and Society in Western Europe, 1815–1975: A Data Handbook* (Frankfurt/Chicago: Campus Verlag/St. James Press, 1983). Results for the United Kingdom in *Three Worlds* do not match coverage based on National Insurance contributions, our main source for coverage. Coverage figures for Italy, France, and Belgium are prone to some error, as they are not always directly reported. CWED uses national sources for Belgium. For France, CWED uses national sources for unemployment and the number of *salarie* and *non-salarie* covered by *assurance maladie* in official social security statistics. This also produces coverage estimates that are higher than those found in Flora's study. CWED estimates may also be higher due to attempts to include those receiving pensions in another's name, such as survivors and those in receipt of couples supplements.
[28] In the former case the difference arises because we used the portion of those above retirement age (sixty-five) actually in receipt of a pension. In Canada CWED estimates for unemployment insurance are based on statistics from Canadian sources on employment insurance coverage.

TABLE 4
SOCIALIST WELFARE STATE STRATIFICATION

	Benefit Universalism (1)			Benefit Equality (2)		
	EA	1980/81	2002	EA	1980/81	2002
Australia	33 (0)	28 (0)	22 (0)	1.00 (4)	1.00 (4)	1.00 (4)
Austria	72 (2)	81 (2)	79 (2)	0.52 (0)	0.79 (2)	0.70 (2)
Belgium	67 (2)	86 (2)	89 (2)	0.79 (2)	0.89 (2)	0.94 (4)
Canada	93 (4)	85 (2)	85 (2)	0.48 (0)	1.00 (4)	0.98 (4)
Denmark	87 (4)	86 (2)	94 (4)	0.99 (4)	1.00 (4)	1.00 (4)
Finland	87 (4)	87 (2)	91 (4)	0.72 (2)	0.67 (0)	0.00 (0)
France	70 (2)	84 (2)	85 (2)	0.55 (0)	0.69 (2)	0.57 (2)
Germany	72 (2)	83 (2)	86 (2)	0.56 (2)	0.75 (2)	0.75 (2)
Ireland	60 (0)	71 (2)	99 (4)	0.77 (2)	0.88 (2)	1.00 (4)
Italy	59 (0)	71 (2)	71 (2)	0.52 (0)	0.33 (0)	0.26 (0)
Japan	63 (2)	65 (0)	69 (2)	0.32 (0)	0.61 (0)	0.63 (0)
Netherlands	87 (4)	95 (4)	98 (4)	0.57 (2)	0.90 (2)	0.84 (0)
New Zealand	33 (0)	33 (0)	33 (0)	1.00 (4)	1.00 (4)	1.00 (4)
Norway	95 (4)	98 (4)	95 (4)	0.69 (2)	0.65 (0)	0.86 (2)
Sweden	90 (4)	91 (4)	93 (4)	0.82 (4)	0.83 (2)	0.87 (2)
Switzerland	96 (4)	97 (4)	70 (2)	0.48 (0)	0.56 (0)	0.51 (0)
UK	76 (2)	91 (4)	90 (2)	0.64 (2)	0.99 (4)	0.94 (4)
USA	54 (0)	59 (0)	60 (0)	0.22 (0)	0.63 (0)	0.58 (0)
Mean	71.9	77.3	78.3	0.65	0.79	0.75
Standard Deviation	19.3	20.1	21.5	0.22	0.19	0.28

Socialist Stratification Index

EA

High	8	Denmark
	8	Sweden
	6	Finland
	6	Nether.
	6	Norway[a]
Medium	4	Australia
	4	Belgium
	4	Canada
	4	Germany
	4	N. Zealand
	4	Switz.
	4	UK
Low	2	Austria
	2	France
	2	Ireland
	2	Japan
	2	Italy
	2	USA

1980/81

High	8	UK
	6	Canada
	6	Denmark
	6	Nether.
	6	Sweden
Medium	4	Australia
	4	Austria
	4	Belgium
	4	France
	4	Germany
	4	Ireland
	4	N. Zealand
	4	Norway
	4	Switz.
Low	2	Finland
	2	Italy
	0	Japan
	0	USA

2002

High	8	Denmark
	8	Ireland
	6	Belgium
	6	Canada
	6	Norway
	6	Sweden
	6	UK
Medium	4	Australia
	4	Austria
	4	Finland
	4	Germany
	4	Nether.
	4	N. Zealand
Low	2	France
	2	Italy
	2	Japan
	2	Switz.
	0	USA

SOURCES: See notes for Table 1 and Esping-Andersen (fn. 1). Countries in bold denote a difference in categorization between Esping-Andersen and our analysis.

[a] Norway is mistakenly scored 8 in the *Three Worlds*.

noticeably in only two countries, Australia and Switzerland, and increases considerably in one, Ireland. Australia's decline is due to the fact that fewer retirees rely on its means-tested pension. In Switzerland the decline is a result of a liberalization of the sickness insurance system and a consequent drop in the number of people enrolling in health plans that provide sickness cash benefits. In Ireland the sharp increase in economic prosperity has been associated with a much more universal welfare state.[29]

BENEFIT EQUALITY

Benefit equality, following *Three Worlds*, is computed as the average of the ratio of standard to maximum (posttax) benefits for unemployment, sickness, and pension insurance. Our analysis suggests considerably more equality in many countries and less variability among them than popularly thought. Our results were within 10 percent of those reported in *Three Worlds* in only five cases.

Notably, the largest discrepancies are among countries conventionally classified as liberal welfare regimes, in particular, Canada, the United Kingdom, and the United States. The discrepancy for the United States (63 percent versus 22 percent) is the most dramatic. The United States has no sickness program, so we assign it the minimum score of 0.[30] However, standard and maximum benefits in its two other programs are much closer to unity. Our ratio for social security benefits is based on a benefit calculator developed by the Social Security Administration that calculates the precise benefit amount for a precise earnings history. For unemployment insurance, individual state programs, as a rule, cap benefits at about 50 percent of the average wage, making the standard unemployment benefit and maximum unemployment benefit basically identical. Even an ungenerous accounting of the U.S. unemployment system would make the maximum benefit about two times the standard benefit and would make its equality score lower (.54), but still far more than .22.

The equality score for Canada in *Three Worlds* is also inexplicably low. Canada's sickness program is integrated into the unemployment insurance system, so the equality ratios for the two programs are identical.

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[29] We constructed the stratification index scores for universalism using the *standardized* cut points, as we did earlier for the means-tested benefits (fn. 19). The cut point for a low universalism score in the original is z=−.6, while the cut point for the high score is z=.7.

[30] A few states do, in fact, have sickness programs. These programs have a structure very similar to unemployment insurance, but since the total workforce in these states is a fraction of the national total, we treat the country as having no program.

The standard to maximum pension ratios are also basically identical, because the pension contribution ceiling was below the APW wage for most of the program's history to 1980 (and only just above that for years from 1980 to 2002).

Finally, our equality score for the United Kingdom is also higher than the score provided in *Three Worlds*. Earnings-related benefits for both sickness and unemployment insurance had contribution/benefit ceilings that were below the average production worker's (APW) wage. Thus, the standard to maximum benefit ratio is unity for both programs. The earnings-related pension system instituted in the late 1970s did have a benefit ceiling above the standard wage, but the program was still new in 1980. A person with maximum contributions through 1979 would have little more public pension income than an APW worker would be entitled to.

Comparing changes in the equality ratio between 1980 and 2002 provides considerable evidence that national welfare states have become less egalitarian since the 1980s. Half of the eighteen countries experienced a decline in the benefit ratio.[31] Benefit equality declined noticeably in Austria, France, Italy, and the Netherlands and also in Switzerland, the U.K., and the U.S. Oil-rich Norway is the only country to have increased equality significantly.[32]

SOCIALIST STRATIFICATION INDEX

The right-hand section of Table 4 presents both our index for 1980 and 2002 and the index provided in *Three Worlds*. *Our results challenge the conventional views that countries conventionally described as socialist score high on the socialist stratification index while other countries score low.* First, only two of the five conventional social democratic countries, Sweden and Denmark, score in the top category in our reanalysis for 1980. Finland's score is at the bottom of this category; and Norway moves from the top category to the middle. Meanwhile, Canada, a "quintessentially liberal" welfare state in the conventional view, scores high on the socialist dimension in our reanalysis. The United Kingdom, where the idea of the flat-rate citizenship benefit originated, is the only country to receive the maximum socialist stratification index score in 1980.

[31] The most dramatic changes between 1980 and 2002 are in Finland, where all three programs eliminated a maximum benefit ceiling, though its inegalitarian impact should not be overstated. The marginal replacement rate for higher earnings is small compared to the one for average earnings.
[32] Index scores for equality were based on z-values used in *Three Worlds*. Scores below z=−.5 were scored 0, while those above 0.7 were scored 4.

Looking at the results for 2002, we find substantial evidence that challenges conventional assumptions about consistent patterns of national welfare stratification. First, more countries move into the high-equality group. Two of them, Ireland and Belgium, are not conventionally referred to as egalitarian-universal systems. Second, the Netherlands falls out of the high group.

DISCUSSION

The preceding results provide scores for eighteen postindustrial countries on three indices comprising a total of seven different measures. In numerous cases, our results are at odds with what was reported in *Three Worlds* for 1980. But we have also found considerable change over time in the patterns of stratification as measured by these welfare state indicators.

It is important to bear in mind that, unlike much of the literature that begins with a philosophical or other ontological critique of *Three Worlds*, our results should have deviated minimally from those results; we have largely limited our effort to replicating the measures and scoring methodology used in the original study. The fact that we find such discordant results should raise doubts about the empirical basis for the *Three Worlds* typology and its variants, especially insofar as those are derived from the original results.

It is also important to recall that the results presented in *Three Worlds* were, in fact, striking in their crystallization of distinct regime types. In the original presentation, fifteen of the eighteen countries scored high on one, and only one, of the three dimensions: conservative, liberal, socialist. Moreover, two of three anomalies, Ireland and New Zealand, still indicated a dominant type, since they scored moderate on one dimension and low on the other two. Only one country, the United Kingdom, appeared completely enigmatic. Its scores were in the middle on two dimensions (liberal and socialist) and low on the third. This kind of tight clustering certainly contributed greatly to the influence of the *Three Worlds* schema on the subsequent development of welfare state research.[33]

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[33] A factor analysis (nonrotated) with the published regime scores as variables suggests that of the two factors extracted, the liberal, socialist, and conservative indices load (respectively), +.55, −.62, .07 and −.34, −.23, +.60. That result is, in fact, consistent with *Three Worlds*, because the data cannot be reliably reduced to one or two dimensions, and the two extracted dimensions suggest a liberal-socialist distinction independent of conservatism and a conservative dimension that is (vaguely) negatively correlated with liberalism and socialism.

Our reassessment suggests that these original results were, in fact, too good to be true, as seen in Table 5. First, our results show that two countries—Canada and Denmark—score high on two dimensions, while four—Belgium, Ireland, New Zealand, and Norway—score high on zero dimensions. Moreover, all of the latter four cases score medium on two dimensions and low on one.[34] Thus, reanalysis of welfare state stratification patterns in the early 1980s suggests that *fully one-third of these countries do not have a clear stratification profile.* A factor analysis of country scores on all three stratification dimensions indicates that all the three indices collapse onto a single dimension.[35]

Another general concern raised by our results is whether country classifications correspond to certain "priors" about national welfare state types.[36] Some of our results suggest clear divergence from much conventional thinking. They suggest that, in 1980, both Canada and Denmark scored high on both the liberal *and* the socialist indices, even though both countries have typically been thought of as unambiguous cases of the respective types. Second, far from being an ambiguous case, the U.K. obtains the highest score on the socialist index in 1980. Third, Finland scores high only on the conservative dimension. Fourth, Norway is an ambiguous case in 1980, not a clear social democratic welfare state. Yet another anomalous case is the Netherlands. While it is widely considered a conservative and socialist hybrid today, our results suggest that, in fact, it scores very low on the conservative regime indicators.

Several accounts of welfare state change rely on the unexamined assumption that the regime that a country belongs to can be treated as effectively constant. It is thus instructive not only to compare our results with previous work but also to look at change over time. Our results in Table 5 suggest a considerable amount of flux. In 2002, for example, we again find that only about two-thirds of the countries are classified

[34] We would go further to suggest that the high conservatism category include countries scoring a 6. This would be consistent with the treatment of scores on the socialist stratification index. Doing so would make Belgium a clear conservative welfare state in our replication. Japan would then score high on two dimensions: conservatism and liberalism. Such a change would make Esping-Andersen's original results appear slightly less clear, as Finland would then be high in conservatism and socialism. (The remarkable factor analysis scores are not affected by this decision.)

[35] The Eigenvalue for factor 1 is .96; for factor 2, it is .44. Eigenvalues for the original scores were .69 and .49, respectively. The nonrotated factor loadings for two dimensions are .36, .51, −.75 and .51, −.43, and .04, for socialism, liberalism, and conservatism, respectively.

[36] While not the expressed point of our analysis, there do appear to be some cases where the interpretation of measures was ill considered, for example, the possible inconsistent treatment of means-tested benefits in Nordic countries compared with the treatment in North America or the Antipodes. The implication is that the development of the indicators was biased toward finding (1) larger differences than otherwise existed and (2) bias that exaggerated the distinctiveness policies in the three regime types. In our earlier work on decommodification (Scruggs and Allan [fn. 5]), we also found evidence to indicate that some of the original coding decisions consistently favored certain countries.

TABLE 5

REGIME CLUSTERING BASED ON REANALYZED SOCIAL STRATIFICATION INDICES[a]

	Early 1980s			Latest		
	Conservative	*Liberal*	*Socialist*	*Conservative*	*Liberal*	*Socialist*
High	8 Austria	12 Australia	8 **UK**	8 Austria	12 Australia	8 Denmark
	8 **Finland**	12 Canada	6 **Canada**	8 **Finland**	12 Canada	8 **Ireland**
	8 France	12 USA	6 Denmark	8 France	12 USA	6 **Belgium**
	8 Germany	10 **Denmark**	6 Nether.		10 **Denmark**	6 **Canada**
	8 Italy	10 Japan	6 Sweden		10 Japan	6 Norway
		10 Switz.			10 Switz.	6 Sweden
						6 **UK**
Medium	6 Belgium	8 **Finland**	4 Australia	6 Belgium	8 **Finland**	4 Australia
	6 **Japan**	8 France	4 **Austria**	6 **Norway**	8 **N. Zealand**	4 Austria
	4 Norway	8 UK	4 Belgium	4 Italy	8 UK	4 **Finland**
	4 **Sweden**	6 Germany	4 **France**	4 **Germany**	6 France	4 Germany
	4 USA	6 Nether.	4 Germany	4 Japan	6 Germany	4 Nether.
		6 **N. Zealand**	4 **Ireland**	4 UK	6 **Ireland**	4 N. Zealand
			4 N. Zealand	4 USA	6 Nether.	
			4 **Norway**		6 **Norway**	
			4 Switz.			
Low	2 Denmark	4 Austria	2 **Finland**	2 Australia	4 Austria	2 France
	2 Ireland	4 Ireland	2 Italy	2 Denmark	4 Belgium	2 Italy
	2 **Nether.**	4 Norway	0 Japan	2 Ireland	4 **Italy**	2 **Japan**
	2 UK	2 Belgium	0 USA	2 **Nether.**	4 Sweden	2 **Switz.**
	0 Australia	2 **Italy**		2 Sweden		0 USA
	0 Canada	2 Sweden		0 Canada		
	0 N. Zealand			0 N. Zealand		
	0 Switz.			0 Switz.		

[a]Countries in bold indicate a different placement compared to Esping-Andersen's indices.

strong on only one stratification dimension. But the countries doing so differ over time.

Norway moves from not being high on any index to being high on the socialist index. Meanwhile, the other two nonclassified cases from the early 1980s—Ireland and Belgium—score high on the socialist stratification index in 2002. Thus, *in 2002 most countries scoring high on the socialist dimension are not countries identified as socialist in Three Worlds (or elsewhere)*. Finally, circa 2002 Finland looks much more like a *conservative/liberal* hybrid than a socialist welfare state.

CONCLUSION

In this article we have sought to reassess some long-standing empirical results for a key aspect of the welfare state, one upon which much subsequent research and commentary has been based. As with earlier reexaminations of the index of decommodification, we find that this research design produces considerably less empirical support for coherent welfare regime types. First, many countries are miscategorized. Perhaps more fundamentally, there is little evidence that countries score strongly on only one dimension.

What are we to make of these findings, which appear to undermine the idea of distinctive "worlds of welfare"? Our results have several important implications for earlier work. First, our reanalysis calls into question previous empirical results that imply effects of welfare stratification.[37] Second, conceptually, our results raise questions about the degree of empirical support for "welfare regimes," as opposed to "welfare programs." The operating assumption since (at least) *Three Worlds* is that welfare state programs are not independent within countries but rather are systematically interrelated. Our results imply that welfare states may not be so interrelated and may, in fact, be subject to reform at different speeds.

Third, our results suggest that there has been some movement in two seemingly contradictory directions since the 1980s. On the one hand, the individualization of risk and the targeted portion of social budgets have increased somewhat. On the other hand, most social insurance programs (unemployment benefits, pensions, sick pay) tend to be more universal and pay benefit amounts that more closely approximate flat-rate benefits as far as most people are concerned. On reflection, these

[37] The impact on large-N cases may be obvious—for example, miscoding an explanatory variable biases regression results. But the same problem applies to small-N comparisons, at least insofar as their inferences about stratification effects are based on the misclassified cases.

two trends are not at all inconsistent programmatically; a policy of freezing maximum nominal benefits alongside increased real spending on targeted programs is sufficient to gradually "residualize" the welfare state.

We certainly invite others to scrutinize our findings. We have few illusions that our efforts are not without mistakes or that they too might hinge on some choices that we have not recognized. But our being wrong does not necessarily make the conventional wisdom right. If the conventional wisdom is right, we welcome an analysis that will demonstrate that.[38]

[38] One alternative view of our results is that they are flawed and that the original results support the conventional categories. However, we follow procedures outlined in the creation of the original index. We also documented a number of errors that have exaggerated variation across conventional regimes and to minimize it within them. Our results may be an object lesson for the importance of independent replication.