

This article reviews three important clusters of recent research on the comparative politics of the welfare state. The three clusters focus on political economy, gender and social policy, and the investigation of long-term developmental processes. The article argues that in each area there has been significant progress and that there are increasing opportunities for intellectual exchange across these clusters. Research in this important empirical subfield of comparative politics has been pluralistic and eclectic, both methodologically and theoretically. Overall, this stance has yielded substantial benefits.

THREE WORLDS OF WELFARE STATE RESEARCH

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Understanding the causes and consequences of welfare state variation has become a major preoccupation of research on the comparative politics of affluent democracies. Political scientists are interested in the welfare state in part because it so clearly reveals the significance of political choices. Variations in public social provision have big effects on social life, contributing to substantial cross-national differences in outcomes such as income inequality, women's labor force participation, and levels of unionization. Welfare states also have strong effects on patterns of political activity, contributing to distinct political opportunity structures in different settings. Finally, welfare states, composed of a number of discrete, highly visible government programs, offer an appealing source of evidence for developing and evaluating hypotheses about broad issues in comparative public policy, political economy, and political development.

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This article offers a review and appraisal of research in this field over the past decade. Given the volume of scholarship, my treatment is necessarily highly selective.¹ I focus on three distinct research agendas that have made major contributions to our evolving understanding of the politics of social policy: (a) a more intensive and subtle treatment of the political economy of the welfare state, (b) a strong push to bring gender issues closer to the center of our understandings of social policy and politics, and (c) an effort to sustain and reinvigorate the tradition of treating the development of welfare states as long-term, macro-historical processes.

My review of these three agendas supports two claims. The first is that these research agendas have led us somewhere, rather than simply moving in circles. Because of each of these efforts (and in part because of interactions between them), we know important things about the comparative politics of social provision that we did not know a decade ago. The second claim concerns how these gains have been made. They do not reflect the straightforward advance of a bounded research program, in which clear and powerful preexisting theory generates sharp, brittle hypotheses, which are evaluated, refined, and incrementally expanded through the application of scrupulous methods of empirical verification. The actual process appears much more open and pluralistic. Inductive thinking has played a crucial role. The dialogue between theory and evidence has been intensive and bidirectional. Advances have been based as much, or more, on the development of new questions—identifying more clearly what we want to know about the welfare state—as on the improved application of methodological tools necessary for the sophisticated testing of available answers. Careful assessment of hypotheses has been based as much on case-based research, attentive to historical sequences, as it has on quantitative analysis.

1. I am acutely aware of the very partial character of this review. Contemporary research on the welfare state is marked by relatively high levels of interdisciplinary exchange, but I have made no effort to systematically review scholarship in economics, history, and sociology. In keeping with the purpose of this special issue, I have focused on the concerns that have preoccupied political scientists. Given space constraints, I have been able to mention only a handful of contributors to each of the emerging lines of research discussed here. I have also largely ignored a number of important strands of scholarship. These include work on public-private interplay (e.g., Howard, 1997; Rein & Rainwater, 1986; Shalev, 1996), globalization and the welfare state (Garrett, 1998; Huber & Stephens, *in press-b*; Scharpf & Schmidt, *in press*; Swank, *n.d.*), and the contemporary politics of welfare state reform (e.g., Levy, 1999; Scharpf & Schmidt, *in press*; Visser & Hemerijck, 1997). Finally, I have limited myself to studies of advanced industrial democracies, ignoring the rapidly expanding literature on social provision outside the Organization for Economic Cooperation and Development (OECD).

THE COMPARATIVE POLITICAL ECONOMY OF THE WELFARE STATE

Traditionally, neither students of the welfare state nor students of political economy viewed the welfare state as an integral part of national economies. Instead, welfare states were generally treated, at least implicitly, as vehicles for the redistribution of income generated in a completely separate sphere. Systems of social distribution stood, as it were, alongside systems of production. To the extent that analysts perceived any linkage between welfare states and economies, the former were viewed as part of the protective reaction to the markets identified by Polanyi (1944) in *The Great Transformation*.

The most prominent body of research on the welfare state in the 1980s, often termed *power resources theory*, could be considered a sophisticated version of the Polanyian argument. As emphasized by Esping-Andersen (1985, 1990), Korpi (1983), and Stephens (1979), generous decommodifying welfare states increased the leverage of workers vis-à-vis employers by reducing their dependence on employment. Thus, the expansion of social provision reflected the political and organizational resources of powerful unions and social democratic parties, which were able to modify market-induced outcomes in favor of their supporters.

During the past decade, new work on the comparative political economy of welfare states has led to increasing scrutiny and criticism of this approach. Two lines of emerging research are relevant. On one hand, it has become increasingly common to argue that welfare states are integral to the workings of modern political economies. On the other, analysts have argued that the transformation of the employment structures of advanced political economies requires a modification of our basic frameworks for assessing the workings of key institutions and the policy preferences of relevant actors. I will briefly explore each of these lines of argument in turn.

EMPLOYERS, SOCIAL PROVISION, AND VARIETIES OF CAPITALISM

If traditional research generally treated systems of social provision as existing alongside or after systems of economic production, then new research has rejected this as a false separation. Different national patterns of social policy are embedded in and help to shape distinct national varieties of capitalism. Welfare states are not just a Polanyian protective reaction against modern capitalism. They are a fundamental part of modern capitalism.

There is growing evidence that social programs and regulations significantly modify employer and union behavior. Welfare states alter the costs and benefits associated with particular actions. Most apparent is the impact of the

welfare state on a variety of issues related to the management of labor, which is of course a key facet of economic organization. At the level of individual firms, social programs affect a whole range of factors relevant to choices about hiring and firing and how workers are trained and employed (Estevez-Abe, Iversen, & Soskice, 1999; Mares, 1997a, 1997b; Soskice, 1999; Swenson, 1997). At a minimum, welfare state programs influence the following:

- the cost of hiring new workers;
- the capacity of workers to strike;
- the strength of selective incentives for workers to organize collectively (Manow, 1997; Rothstein, 1992);
- the costs of training workers and the prospects for poaching skilled workers from other firms;
- the costs of shedding older workers, both in terms of likely worker resistance and the financial expense for firms;
- the willingness of workers to invest in firm- or sector-specific skills that may be of great value to employers (Estevez-Abe et al., 1999); and
- the ability of firms to engage in wage-cutting competition with rival firms (Swenson, 1997).

In part because they influence the resources available to workers (what Esping-Andersen terms *decommodification*), broad social policy arrangements may also influence the attractiveness of alternative bargaining strategies for groups of employers and unions. In addition, welfare state structures may have a considerable impact on the availability and character of investment capital, as has been the case in Japan and, in quite different ways, in Sweden (Estevez-Abe, 1996; Huber & Stephens, 1998).

Recent scholarship has demonstrated that there are in fact quite different politico-economic configurations within the universe of affluent democracies, with particular types of welfare states strongly associated with distinct systems of economic organization. The exploration of these linkages has contributed to the emerging literature on varieties of capitalism by demonstrating the contribution of different features of welfare states to distinct systems of economic production. More relevant for current purposes, this line of research has reshaped our understandings of the welfare state. On one hand, it has forced a reconsideration of the role of social actors, especially employers, in the development of the welfare state. On the other, it suggests the need to reassess the preferences of contemporary actors in the ongoing processes of welfare state restructuring.

An extremely fruitful way of exploring these linkages and bringing out their political implications is to focus on employers. The limits of traditional

scholarship on the welfare state are nowhere more evident than in its very scant treatment of the role of employers in shaping and reshaping social policy. Most work on the politics of social policy has proceeded with the (often implicit) assumption that employers everywhere and always simply opposed any extension of the welfare state and that employers today would demolish it entirely if they only could. Yet it is clearly too simple to reduce employer participation to a relentlessly oppositional stance. Even in countries like the United States, where business hostility has been particularly intense, employers have sometimes been divided (Martin, 1995). Explaining instances of employer support for particular aspects of social provision has been a major focus of recent work in comparative political economy (Estevez-Abe, 1996; Manow, 1997; Mares, 1997b; Martin, 1995; Swenson, 1997).

There is a real danger that in correcting an oversimplified view of employer hostility, analysts will push a good point too far. It often seems only a small step from the identification of linkages between social programs and systems of economic production to the suggestion that welfare states were in fact built by employers, for employers. One way to avoid taking this step too rapidly is to distinguish clearly the question of institutional origins from the question of institutional change. These are likely to entail distinct causal processes.

Thus, when one considers the origins of key institutions of the welfare state, the fact remains that harsh opposition has generally been concentrated among employers and that in most cases the majority (often an overwhelming majority) within the business community resisted new initiatives. As Huber and Stephens (in press-b) conclude in their analysis of a large number of cases over long stretches of time, "business associations, like their political allies in the secular right, preferred as little legislation and as much flexibility in social and labor market policy as possible" (chapter 5). Yet this new literature on political economy points to the need for a more nuanced assessment of employer preferences and influence. In many circumstances, employers vigorously opposed the enactment of social provisions. In other contexts, however, business interests were divided, depending on the particular competitive circumstances they confronted. In many contexts, employers were unable to keep social policy initiatives off the political agenda (perhaps, as traditionally argued, because of the demands of groups such as unions and left-of-center parties). According to Huber and Stephens (in press-b), business associations

were concerned not to waste political capital in opposition to reform proposals they were bound to lose on. In many cases, they concentrated their opposition on the method of financing and administration that imposed a burden on enter-

prises, on the overall level of tax burden, or on the enlarged role of the public sector rather than on the proposed social policy itself.

Although employers did not always get what they wanted in clashes over social provision, their preferences still mattered. These powerful political actors sought to find common ground with potential coalition partners (e.g., with particular sections of the labor movement or with Christian democratic parties in many continental European countries). Mares (1997a), while advancing a stronger argument about the benefits for employers of certain aspects of social provision, agrees that in many cases they were forced to retreat to their second-best option.

The roles of employers after key periods of institutional formation may be quite different. Even where most employers initially opposed particular extensions of the welfare state, one cannot simply assume that this stance became etched in stone. For two reasons, the position of employers becomes more complex once welfare state initiatives are introduced. First, because employers wield considerable political power, they may have some success over time in bending social policy initiatives into forms that they prefer. Business actors will exploit openings to modify structures, pushing for further expansions of some elements while resisting extensions of others. Second, there is likely to be a process of adaptation among firms. Employers will gradually seek to adjust their own practices in important respects to fit the incentives that social programs create. Survival rates among the types of firms that are able to make such adjustments are likely to be higher over time. Thus, capitalists adjust the welfare state, and the welfare state adjusts capitalists. Over time, national welfare states become an important part of the institutional matrix shaping practices at the level of the firm and influencing broader efforts at national economic management.

This new interpretation of the political economy of the welfare state has significant implications. If in fact welfare states are deeply integrated into national variants of capitalism, it is to be expected that employers' attitudes toward welfare state reform will be complex. This helps to explain why employers have often been more halfhearted and internally divided over policy reform than many theories of political economy might have anticipated (Manow, *in press*; Thelen, *in press*). Stressing the often-strong connections between social policy arrangements and modern economies allows greater precision in identifying the particular aspects of the welfare state that generate the greatest discontent among particular firms or sectors. In turn, this facilitates efforts to specify the kinds of reforms that these actors are likely to favor.

In the past 10 years, research on the comparative politics of industrial relations has been transformed by a move away from a focus on relationships between unions, social democratic parties, and the state. This reorientation resulted from a growing recognition that employer interests and power were of central importance (Swenson, 1989). One can sense the beginnings of a similar shift in our understandings of contemporary, and historical, welfare state politics. It is hardly plausible that the workings of modern market economies remain hermetically sealed from such massive systems of government intervention. New research in this domain is forcing the reconsideration not only of models of welfare state emergence and change but also of prominent models of contemporary political economies.

FROM INDUSTRIALISM TO POSTINDUSTRIALISM

If one developing critique of power resource theory has questioned its focus on zero-sum class conflict over social provision, a second has argued that changing structures of economic production highlight previously unrecognized issues for students of the welfare state. Thus, a second major development in research on the comparative political economy of the welfare state, the emphasis on the ongoing transition to a service-based economy, warrants a brief discussion here. A number of analysts have drawn attention to the remarkable transformation of employment patterns in affluent democracies over the past three decades (Esping-Andersen, 1999; Iversen, in press; Iversen & Wren, 1998; Scharpf, 1997). These researchers argue that the radical shift from industrial to postindustrial employment structures has major repercussions for the challenges facing mature welfare states and for possible lines of political conflict. In Iversen and Wren's elegant formulation, the growing importance of service employment confronts government with a "trilemma of the service economy" in which the goals of employment growth, wage equality, and budgetary constraint come into conflict. Service sector employment, prone to productivity stagnation and often low wage, can be generated in only two ways: through the private sector at the price of increased wage inequality or through the public sector at the cost of increased budgetary pressure. Alternatively, countries that manage to hold the line on wage equality and exercise budgetary restraint are likely to see little service sector employment growth and hence rising unemployment. Strikingly, the three ideal typical responses to this trilemma largely mirror the three regimes (Christian democratic, social democratic, and liberal) identified in Esping-Andersen's (1990) widely cited *The Three Worlds of Welfare Capitalism*.

Welfare states in each regime face problems associated with the rise of the service economy, but the nature of the problem depends on the regime type (Esping-Andersen, 1996; Iversen & Wren, 1998). Social democratic welfare states have expanded service provision without worsening wage inequality by increasing public sector employment. The budgetary costs of this strategy are increasingly stiff. Public sector social service employment is heavily implicated in Baumol's disease—the tendency of productivity to grow less rapidly in services than in manufacturing (Baumol, 1967). Significant areas of the welfare state involve service provision in nondynamic sectors. Child care, elder care, and other social services are clear examples; health care is a more ambiguous example. Over the long run, such sectors invariably face a secular deterioration in relative prices. Governments have to run faster just to stand still. If reduction in wages for public employees is not an option, then such sectors face the unenviable and continuous prospect of increases in outlays, declines in the quality of services, or both.²

Welfare states in the other regimes face distinct problems, but these are also linked to the changing role of the service sector. For the Christian democratic societies of continental Europe, public service employment is limited, and labor market regulations and high fixed costs (including payroll taxes) impede private service sector employment growth (Scharpf, 1997). The dominant problem is lagging employment, with increasingly disturbing implications—not the least of which is the death-spiral scenario of low employment requiring higher payroll contributions, which further lowers employment (Esping-Andersen, 1996).

In the liberal welfare states, the problems of lost budgetary restraint and unemployment have been largely avoided through policies that encourage the expansion of low-wage private sector service employment. In these countries, the costs include mounting poverty and inequality (often especially acute for single-parent households), large gaps in the support for human capital development, and a host of associated social problems. Again, this scenario places pressures on welfare states—although many of these pressures may simply go unmet.

Employment structures have shifted radically from manufacturing to services in the past few decades. Recognizing this fundamental shift and the distinct trilemma it generates has a number of implications for the contemporary politics of the welfare state. First, it represents a challenge to the popular view

2. This is of course a problem facing such activities in all countries. It affects public services in all welfare states. Furthermore, the problem is not eliminated by allocating such activities to the private sector, as has occurred in liberal welfare states. However, we can expect both the political and economic dynamics to be quite different when Baumol-style cost diseases operate in the private sector.

that the contemporary development of the welfare state is driven largely by processes of globalization. Although the postindustrialism account stresses problems common to advanced industrialized societies, it rejects the claim that these pressures stem primarily from increased economic interdependence. At the same time, this analysis suggests greater skepticism about the prospects for cross-national convergence. Simple versions of the globalization story flatten national differences. If globalization creates a set of overriding imperatives, then national characteristics will decline in significance. At most, perhaps, these characteristics determine the distance that countries need to travel and the particular route (e.g., more painful or more contentious) that they will take.

By contrast, the trilemma argument strongly implies that the growing turbulence around the welfare state retains a distinctly national character. As Esping-Andersen (1990) and Iversen and Wren (1998) have explored, although the transition to massive service sector employment is common to all advanced economies, it places fundamentally different stress points on distinct national models. Social democratic welfare states wrestle with fiscal overload, Christian democratic regimes with mounting unemployment, and liberal ones with worsening wage inequality and high poverty rates. Postindustrial politics, as Iversen and Wren put it, remains materialist politics. The specific form in which such pressures appear is shaped by particular patterns of public policy. These variations limit the prospects for cross-national convergence, even before one begins to consider how demands for reform are filtered through widely divergent political processes involving markedly different constellations of political actors.

Understanding the sources of strain on national welfare states allows one to highlight probable programmatic agendas. The trilemma points to particular challenges and plausible policy responses to new problems associated with changing employment structures. It also hints at possible political cleavages. In this respect, there is overlap with the globalization literature because both highlight possible lines of division between different groups of workers and the possibility for cross-class alliances. Although the lines of cleavage are demarcated somewhat differently (often tradeables vs. nontradeables in the globalization literature and private sector vs. public sector in the postindustrialism literature), each suggests that workers exposed to greater market competition might be inclined to align with employers against more insulated, mostly public sector workers.

Thus, over the past decade or so, an exciting literature has emerged that stresses the need to integrate research on comparative political economy and research on social policy. This new scholarship is notable for its efforts to view welfare states as a key component of modern capitalism and not simply

as a vehicle for redistribution after the main activity of economic production has been worked out. This in turn has led to a reevaluation of the role of key actors, especially employers, in the politics of social policy. Finally, there has been increased attention to the impact of economic and social change, especially the rise of the service sector, on the role of social provision in the contemporary political economy.

THE EMERGING LITERATURE ON GENDER AND THE WELFARE STATE

An even more fundamental break with traditional research has marked the new scholarship on the significance of gender relations for welfare state development. In this extensive literature, one can see clearly how the driving forces for advancement of the field have been the identification of new questions and new hypotheses rather than simple refinements of empirical testing. In a telling critique of mainstream scholarship on the welfare state, feminist scholars have revealed the impact of gender relations on social policy development. This new scholarship has made major contributions on at least two dimensions. First and most important, it has explained why the outcomes that welfare state scholars have traditionally investigated need to be reconceptualized and expanded. Second, it has stressed the contribution of both gender issues and the political activity of women in the formation and development of welfare states.

Scholars have focused on the welfare state because systems of social provision appear to have considerable effects on the distribution of life chances within affluent democracies. Poverty rates, levels of income inequality, and other indicators of vulnerability to social risks associated with modern economies vary dramatically across countries and over time. Systems of social provision appear to play a significant role in accounting for these differences. What the new research has made clear is that gender-relevant social outcomes—such as labor force participation rates, the kinds of jobs and pay scales available to male and female workers, inequalities within households, and poverty rates for single-parent households—also show remarkable cross-national and intertemporal variation. As with the social outcomes of interest in traditional research, these gender-related outcomes appear to be linked to systems of social provision. Exploring those linkages and their political roots has been a central aspiration of this emerging body of scholarship.

Traditional welfare state research rendered these gender outcomes largely invisible. Supposedly neutral categories such as “workers” and “social insurance” obscured the centrality of gender issues to the construction and func-

tioning of advanced welfare states. The traditional welfare state literature emphasized the dichotomy between state and market, but the actual division of labor in advanced industrial societies is between state, market, and household (Lewis, 1992; O'Connor, 1993, 1996; Orloff, 1993, 1996). By focusing only on trade-offs and interplay between states and markets, traditional analysis has obscured and distorted the ways in which state-market interactions depend on, are shaped by, and in turn reconstitute relationships within households, between household and market, and between household and state. Explorations of the historical development of social citizenship often excluded women from view because they were neither citizens nor (for the most part) paid laborers.

Analysts concerned with gender issues have stressed the need to consider a broader range of outcomes related to social provision, such as the capacity of women to combine paid work and caring responsibilities. They have argued that Esping-Andersen's concept of decommodification, with its focus on (male) worker autonomy within the labor market and its basis on the invisible dependence on women's familial caregiving, needs to be supplemented by a recognition that countries vary in the extent to which they generate the "capacity to form and maintain an autonomous household" (Orloff, 1993). In other words, to what extent does a woman's economic well-being depend on access to the income of a male breadwinner? Analyzing the impact of systems of social provision on the distribution of life chances requires attention to its impact on women's access to paid employment, on the opportunities for women to combine paid work and caring responsibilities, and on women's economic vulnerability to job loss or the absence of a male breadwinner.

Attention to these issues requires a reassessment of welfare state structures. It simultaneously necessitates attention to a broader range of welfare state features (e.g., support for caring activities, tax policies that encourage or deter wives from engaging in paid work, the generation or constriction of opportunities for women's employment) and a wider range of social outcomes. In turn, this reorientation toward distinct policies and outcomes has led to a reconsideration of the literature on welfare state regimes, which is discussed in the third section of this article (Korpi, 1999; Lewis, 1992; Orloff, 1993). In fact, to a considerable extent, a focus on gender issues reinforces rather than challenges the now standard trichotomy of liberal, conservative, and social democratic welfare states (Esping-Andersen, 1999).³ Yet, as I shall discuss in a moment, it does so in ways that highlight important differences across regimes that previous analyses had obscured. In addition, it illumi-

3. For discussions that raise some important caveats, see Orloff (1996, pp. 64-68) and Korpi (1999).

nates trade-offs between competing forms of social equality that had been invisible to analysts. If the Swedish welfare state enhances employment opportunities and efforts to balance work and child rearing, it also produces extremely high levels of gender segregation within the labor market. If the American system of social provision entails extremely high levels of poverty for single-parent households, it also appears to create unusually good opportunities for professional advancement among women at the top end of the labor market (O'Connor, Orloff, & Shaver, 1999).

Like the new research in political economy, the new scholarship on gender relations has also challenged traditional accounts of how contemporary systems of social provision were constructed. These analysts have argued that prior research discounted both the roles of women as political actors and the contribution of gender and family issues to the shaping of political agendas and political outcomes. The literature on these issues is extensive and rapidly expanding.⁴ A few illustrations must suffice.

Skocpol's (1992) *Protecting Soldiers and Mothers* argues that demands for maternalist social policies—providing widow's pensions, providing nutritional assistance, and regulating working conditions for women—constituted the main terrain for struggles over social provision in the United States during the first decades of the 20th century. Furthermore, women's groups (often mobilized in part to pursue the right to vote) played a crucial role in pushing for these policies. These organizations were structured along lines that facilitated lobbying in a highly fragmented polity. They proved to be relatively adept at crafting appeals that permitted modest progress during a period that was otherwise inhospitable to public social provision. Still, these groups often failed, and even their successes frequently resulted in unintended consequences. Yet, Skocpol argues that both successes and failures had lasting consequences for structures of American social provision.

Pedersen (1993) makes a similar case in her study of early welfare state development in Britain and France.⁵ As in the work of Orloff and others, Pedersen argues that policy makers and social actors were concerned not only with the interplay between market and state but also with the ramifications for households. In particular, the role of women in the labor market and the possible repercussions for gender relations and related issues like fertility were politically contested. Like Skocpol, Pedersen stresses that despite the involvement of women's groups in political struggles during these formative movements, things hardly worked out as these actors intended. As Pedersen (1993) argues,

4. For additional analyses, see Gordon (1990), Bock and Thane (1991), Koven and Michel (1993), O'Connor, Orloff, and Shaver (1999), and Skocpol and Ritter (1991).

5. For an earlier analysis raising many related issues, see Jenson (1986).

It is striking that the country in which a feminist vision of welfare was most clearly articulated developed along the most sexually inequalitarian lines. . . . In France, by contrast, the very weakness of feminism and of organized men enabled employers and politicians to channel income to "the family," without inquiring too closely into the distribution of that income within the family itself. (p. 20)

The fact that France produced more women friendly policies, facilitating efforts to combine child rearing and paid work, reflected the strength of conservative, pronatalist forces and the interest of employers in retaining access to women workers. Pedersen's emphasis on the role of employers thus dovetails with one of the main themes of the comparative political economy literature.

In Britain, feminist advocates were more prominent. Their visibility triggered the mobilization of opposing interests, leading to outcomes that hindered the efforts of women to combine paid work and child rearing. This result stands in stark contrast to France, where the weakness of an emancipatory discourse allowed concerns about fertility and the supply of cheap labor to dominate the debate over the development of social policy. Pedersen's (1993) work, like Skocpol's (1992), thus provides a crucial reminder of the point already stressed in my discussion of employers. We should not assume that those who benefit from policies are necessarily the ones who produced those policies or that the contemporary consequences of policies necessarily represented the main rationales for their adoption.

Most of this new work brings gender issues closer to the heart of our understanding of the welfare state by expanding the range of outcomes considered to be of central importance. The rethinking of how these outcomes are to be explained has been less radical, at least for early periods of welfare state development. Researchers increasingly treat women's groups as significant actors in their own right, but few have suggested that they have been central in generating the main contours of public policy. Especially during the eras of welfare state construction and expansion, women's groups rarely had the political resources needed to play such a role. Of course, to say that women generally were not powerful political actors is not to say that gender was not a relevant political cleavage. Indeed, feminist scholars have persuasively argued that organizations like trade unions were gender based as well as class based and that their priorities often reflected male concerns and worker concerns.

An important and instructive exception concerns the distinctive Scandinavian (or social democratic) welfare states, with their extensive systems of social service provision. These large, public social service sectors are not only

mainly staffed by women but they also provide crucial supports for women to combine child rearing and paid employment. It is now clear that women were not simply passive recipients of these benefits but have been active participants in their creation and massive expansion since the 1960s (Huber & Stephens, *in press-a*). They were not powerful enough to achieve these goals on their own. Sympathetic allies, especially in strong social democratic parties and in the labor movement, were crucial. What was equally important was the manner in which initial steps in the construction of a social service state triggered a powerful self-reinforcing process. The employment of women in the public sector created a new lobby for program expansion. The programs facilitated efforts to combine work outside the home and child rearing, enabling still more women to move into the paid labor force. The rise in women's labor force participation rates in turn fueled demand for further improvements and expansions of public social services. The construction of the social democratic service state thus helped to create, and is in turn sustained by, a highly distinctive profile of gendered social relations. It represents a dramatic illustration of path dependence or positive feedback, a general dynamic to be discussed in more detail in the next section.

The exciting emerging literature on gender and the welfare state has explored previously uncharted terrain, but it does not simply stand alongside more established traditions of research. Increasingly, it also offers opportunities to engage with other research programs, either through critique or through useful synthesis. A few examples of the potential for intellectual exchange that are as yet only partly realized may be instructive.

One obvious connection concerns the role of social service employment. As noted in the previous section, political economists have focused growing attention on the problems of generating jobs in the service sector and on how different national responses to this issue create distinctive challenges for policy makers and different social groups. Of course, service sector employment is also of fundamental relevance for students of gender politics. Not only is such employment disproportionately female but the structures of social service provision, such as child and elder care, also have a large impact on the opportunity structures facing all women. Hence, scholars working on gender issues would be well advised to take note of recent political economy research to see how the policy instruments that interest them are connected to the broad issues of economic production and distribution. How these connections are resolved is likely to be crucial for the future evolution of systems of social service provision. To an extent that is not always acknowledged, the fates of systems of child care and parental leave are intertwined with con-

cerns over unemployment, deficits, and taxes—the trilemma of the new service economy.⁶

At the same time, political economists may learn a lot from the recent research on gender. This new literature not only clarifies the origins of distinct national systems of social insurance and social service provision but also offers a unique vantage point for analyzing the political conditions that sustain or challenge them. This can be seen by returning to the recent research on cross-class alliances discussed in the first part of this article.

As noted, a significant body of work in comparative political economy has focused on cleavages between the exposed and sheltered (or traded and nontraded) sectors. Esping-Andersen (1990, 1996) identifies this as the predominant line of cleavage in social democratic countries. This view has been elaborated in several prominent analyses by scholars working from a perspective shaped by the investigation of collective bargaining systems (Clayton & Pontusson, 1998; Swenson, 1991).

However, the evidence that this potential cleavage drives the politics of welfare state reform is, to be generous, extremely limited. Even in the social democratic countries where large-scale public sectors might be expected to generate such effects, strong advocates of this hypothesis like Clayton and Pontusson (1998) are forced to acknowledge that the empirical support is modest.⁷ In his recent effort to determine if these hypothesized cleavages over the welfare state are actually evident in public opinion, Svallfors (1997) concludes,

Public- versus private-sector employment does not seem to constitute a particularly important fault line. Differences are seldom statistically significant, and attitudinal differences point in different directions on different indices, sometimes showing public-sector employees to be more in favour of redistribution and small income differences than private-sector employees, sometimes the opposite.^[8] (p. 292)

6. Mounting political and policy debate over atypical and part-time employment represents another area of overlapping concerns for political economy and gender-based analyses of social policy.

7. Only for Thatcherite Britain do Clayton and Pontusson (1998) see clear signs of a vigorous attack on public sector service employment, and this cannot plausibly be attributed to a cross-class alliance including private sector workers. They point to weak support for their hypothesis in the Swedish case, but even this modest evidence has been subjected to serious criticism (Lindbom, 1999). Lindbom finds little sign that social service employment has been targeted at the expense of transfer programs. In some cases, it appears that services have actually been expanded. In others, notably health care, there have been drops in employment but these appear to be primarily linked to efficiency gains rather than declining quality of service.

8. Svallfors (1997) adds a modest qualifier for the social democratic cases:

Why is there so little evidence for a claim that both seems credible and has received considerable scholarly support? The answers say a good deal about the current character of welfare states and therefore help to provide a firmer basis for analyzing its contemporary politics. First, the core assumption that productive private sector workers will rebel against unproductive public sector workers is based on a doubtful interpretation of the role of public sector workers in the social democratic economies. Although often left implicit, explications of the tradeable-nontradeable cleavage bear strong affinities to more extreme neoclassical treatments of the public sector, which regard it as a domain dominated by rent seeking. From this perspective, a public sector worker engaged in, for example, the treatment of alcoholics or the care of disabled children is essentially a parasite on the productive elements of society. Over time, one would expect the productive elements to repudiate this extraction of rents and seek to roll back the public sector.

As Huber and Stephens (in press-b) (and perhaps somewhat inconsistently, Esping-Andersen, 1999) argue, there is a strong case to be made for the beneficial economic effects of many aspects of large-scale public social service provision (see also Garrett, 1998). Much of this provision focuses on the development of human capital. Active labor market policy, training, and education provide crucial support for skill development, which in turn has made a key contribution to the high standards of living in the social democratic countries. At least as significant, however, is the success of a large, public social service sector in reconciling and supporting the desire of women to combine caring responsibilities, including child rearing, with active participation in economic life beyond the household. Both the direct expansion of economic activity related to these policies and the contributions they make to human capital formation and fertility represent considerable social assets.⁹ The evidence in public opinion polls continues to show that most voters in social democratic countries perceive public social services as important contributors to their quality of life.

There is a second problem with the public-private cleavage argument. Ironically for an analysis based around classes or class fragments, the focus on cross-class alliances is strangely abstracted from key aspects of the social context. Here again, much research in comparative political economy reflects

Some support is found for the hypothesis about the sector cleavage being most important in the social democratic regime. It is only in Norway and Sweden that sector appears to have any importance at all when explaining (re)distributive attitudes, but even here differences are not very substantial. (p. 292)

9. For accounting purposes, economists often treat the outputs of public services as equivalent to the inputs, but we need to clearly distinguish our inability to measure productivity or output from a lack of productivity or output.

a peculiar marriage of post-Marxism and neoclassical economics. Private sector workers and their public sector counterparts are treated as isolated monads. However, we know that labor markets in the social democratic regime are highly stratified by gender. Male workers are overwhelmingly preponderant in the private sector (and especially in tradeables), whereas women are concentrated in the public sector. In short, the hypothesized political cleavage between public and private sector workers is likely to run right down the middle of many households. Of course, political conflicts of interest within households are hardly impossible, but it is difficult to imagine that they would be captured by a focus on the imputed concerns of those producing tradeables and nontradeables. If a private sector worker is married to a public sector worker and they send their children to publicly financed child care, then what is the likely alliance pattern? Here is one clear advantage of bringing gender and household structure to bear on political economy approaches. Political economy analyses are excessively prone to taking individuals, rather than households, as the key units of political action. Gender-conscious analyses can help to show why some of the basic arguments about cross-class coalitions in welfare state restructuring may be far weaker than expected.¹⁰

None of this challenges the relevance of the public-private divide with respect to wage-bargaining processes. Dividing labor's share of economic output has a zero-sum quality, and in most countries, bargaining over that share is organized by unions structured along sectoral lines. Thus, the public-private cleavage is likely to be significant, and it is understandable that this cleavage occupies the attention of industrial relations scholars. What is in dispute is the extent to which this will carry over to the political determination of social welfare policies in a context in which the electoral realm constitutes a vital domain of interest articulation. Here, the evidence for the activation of a cross-class, private sector-based coalition remains meager. In Sweden, for instance, tendencies for wage-bargaining cleavages to spill over into welfare state politics are partially if not totally offset by the strong reli-

10. The same point can be made about the politics of reform in the Christian democratic welfare states. Esping-Andersen (1990) has depicted the new cleavage there as one dividing insiders from outsiders. As in the investigation of the social democratic welfare regime, however, a simple political economy approach is likely to err by exaggerating the likely political significance of cleavages that often cut through households. Outsiders (e.g., unemployed women and young men) are often economically dependent on insiders within their household, and this may in fact intensify resistance to anything threatening the existing social welfare and employment regime. Esping-Andersen (1999, p. 141) recently acknowledged that precisely for this reason the political mobilization of outsiders was unlikely. Indeed, this probably underlies his extremely pessimistic tone about these cases.

ance of almost all households on public sector services. These services either directly provide employment or indirectly provide the means to juggle the demands of work and family.

Thus, just as the new political economy literature has something to offer those interested in gender issues, the inverse applies as well. In turn, both literatures can gain from exchanges with an expanding literature on historical processes of welfare state development. It is to a discussion of this literature that I will now turn.

THE HISTORICAL DEVELOPMENT OF MATURE WELFARE STATES

A grand tradition in welfare state research has treated distinct national systems of social provision as the products of long periods of institutionalization and has stressed the need to study these developmental processes (Ashford, 1986; Flora, 1986; Flora & Heidenheimer, 1981). Public policies are adopted and extended over time. Although these policies are the products of political action, they also create resources and incentives that generate new, often unanticipated structures of opportunity for political groups. In turn, actors and organizations adjust to and seek modifications of those policies. The basic claim of this literature is that an appreciation of these historical pathways is necessary to a full understanding of contemporary welfare state politics.

During the past decade, research in this tradition has proceeded along three fronts. Theoretically, there have been greater efforts to flesh out a clearer justification for the broad claim that history matters. Empirically, analysts have sought to develop more complete accounts of welfare state development that more clearly delineate distinctive pathways and provide more convincing explanations of critical outcomes. Methodologically, this literature has demonstrated how historical investigations, sensitive to issues of sequencing and to lagged effects of policy change, can make a distinctive contribution to the assessment of competing hypotheses. On each of these dimensions, this literature has both drawn on and in turn contributed to the political economy and gender-based analyses discussed in the preceding sections of this article.

The essential starting point for recent research on welfare state development has been Esping-Andersen's (1990) suggestion that analysts recognize three distinct regimes or worlds of welfare capitalism. This analysis has been enormously influential but sometimes in a somewhat confusing way. Much discussion has focused on whether there were more than three regimes and

whether particular countries were correctly categorized.¹¹ Less attention has been paid to the question of why it makes sense to talk about regimes or worlds of welfare at all. As Korpi (1999) has argued, in such discussions, “the heuristic value of typologies in the analysis of causes and consequences of welfare states should be in the foreground” (p. 35). Ultimately, the crucial issue is whether the distinctions among regimes provide leverage for explaining important variations across the relevant cases.

“To talk of a regime,” Esping-Andersen (1990) maintains, “is to denote the fact that in the relation between state and economy a complex of legal and organizational features are systematically interwoven” (p. 2). What was most compelling in Esping-Andersen’s analysis of modern welfare states was his insistence that welfare states be seen as parts of complex, historically generated configurations. The three worlds did not result from more or less of a few discrete, independent master variables but from the cumulative effects of a number of interdependent causal factors. Interaction effects are prevalent. Variables may have a particular impact only when accompanied by a set of additional factors. Relationships may also be nonlinear—for instance, with a particular variable of little significance until it reaches some threshold value. Sequencing may matter—the impact of variables of a particular size may depend on their temporal ordering (Pierson, in press-b). An event such as the election of a social democratic government may have much larger effects at one stage of a developing process (e.g., early on) than a similar event occurring at a later point in time.

This perspective has strong affinities with Ragin’s (1987) concept of complex conjunctural causation. As Shalev (1999) has put it, the argument is that welfare regimes should be seen as “a limited number of qualitatively different configurations with distinctive historical roots” (p. 13). Causally, the central claim underpinning the concept of welfare regimes is that “*countries cluster on policy because they cluster on politics*” (p. 13). In this framework, it makes no sense to argue for a linear relationship between discrete independent variables and discrete dependent variables, for example, that “any discrete increment of Catholicism or absolutism ought to yield a discrete and uniform increment in pension ‘corporativism’” (p. 13).¹² Different welfare

11. Most useful in this discussion have been the suggestions, now widely accepted, that the antipode cases of Australia and New Zealand need to be seen as a distinct configuration from the liberal cases of Britain, Canada, and the United States (Castles & Mitchell, 1993) and that there are many distinctive features of southern European welfare states (Ferrera, 1996; Leibfried, 1992).

12. Esping-Andersen himself employed such regressions, but as Shalev (1999) argues persuasively, there is an

obvious mismatch between Esping-Andersen’s claims and his methods. . . . The regression approach . . . treats both policy and politics as continuous variables. . . . It is hard to

state configurations are the products of complex conjunctural causation, with multiple factors working together over extended periods of time to generate dramatically different outcomes. There is no theoretical justification for arguing that a 10% shift in the value on one variable or another will have a simple direct effect on outcomes.

The claim of historically generated regimes links to an emerging body of theory stressing the path-dependent quality of much social policy development (Hacker, 1998; Huber & Stephens, *in press-b*; Tuohy, 1999). Because path dependence is often invoked as an explanation without further explanation, some elaboration is necessary (Pierson, *in press-a*). Certain courses of political development, once initiated, are hard to reverse. Instead, they may generate self-reinforcing processes, which can be described as instances of positive feedback or path dependence.

In political life, there are two broad elements in such processes. First, self-reinforcement may gradually alter the universe of actors in a particular setting. In the United States, for instance, positive feedback leads to a world of welfare capitalism composed of many low-wage employers and relatively few public sector social service workers. In Sweden, positive feedback leads to a world with many public sector social service workers and relatively few low-wage employers. Second, the policy preferences of actors in a particular system shift over time as they adapt and make commitments to the environment in which they find themselves. Thus, employers in the United States and Sweden do not have the same policy preferences. In path-dependent processes, individual and organizational adaptations to previous arrangements may make a course reversal not only difficult but also unattractive. When actors adapt to the new rules of the game by making extensive commitments based on the expectation that these rules will continue, previous actions may consolidate arrangements that actors would not now choose to introduce. To put it in another way, social adaptation to institutional, organizational, and policy settings drastically increases the cost of adopting previously available alternatives. As a result, as North (1990) has emphasized, change in well-institutionalized polities is typically incremental. Path-dependent processes are marked by irreversibilities. Actors do not inherit a blank slate that they can remake at will when their preferences change or the balance of power shifts. Instead, they find that the dead weight of previous institutional choices seriously limits their room to maneuver.

exaggerate the fundamental incompatibility between multiple regression (MR) and Esping-Andersen's regime approach. . . . In his hands MR was simply a blunt instrument for tapping gross differences between groups of countries that could have been conveyed by the use of tables and charts without the implication of constant linear effects across countries. (p. 13)

Because this point is so often misconstrued, it should be stressed that the claim is not that path dependence freezes existing arrangements in place. North (1990) summarizes the key point well:

At every step along the way there [are] choices—political and economic—that provide . . . real alternatives. Path dependence is a way to narrow conceptually the choice set and link decision making through time. It is not a story of inevitability in which the past neatly predicts the future. (pp. 98-99)

The creation of the social democratic service state discussed earlier provides an excellent example of this kind of positive feedback or path-dependent process. The entry of women into the paid workforce, in a context marked by strong women's groups and powerful social democratic parties and trade unions, fueled demand for supportive social services. Efforts to meet that demand through public sector expansion both created further opportunities for women's employment and strengthened political forces pushing for further expansions.

This is not an isolated instance. The structures of contemporary welfare states and the politics surrounding them strongly reflect these path-dependent effects. As Myles and Pierson (in press) argue, old-age pension systems provide a clear and important case. Most countries operate pensions on a pay-as-you-go basis: Current workers pay contributions that finance the previous generation's retirement. Once they have been in place for a long time, pay-as-you-go systems may face incremental cutbacks and adjustments, but they are highly resistant to radical reform. Shifting to private, funded arrangements would place an untenable burden on current workers, requiring them to finance the previous generation's retirement while simultaneously saving for their own. Thus, the best predictor of privatization outcomes within the Organization for Economic Cooperation and Development (OECD) is not the strength of the left or the number of veto points in the political system but the size of unfunded pension commitments already in place. Even partial privatization has generally proven to be possible only in the relatively few countries lacking extensive and mature pay-as-you-go systems.

Similar if perhaps slightly less intense path-dependent effects are likely in other areas of social policy in which complex sets of institutions and organizations have coevolved over extended periods. In health care provision (Giaimo & Manow, 1999; Hacker, 1998; Tuohy, 1999) and many aspects of labor market systems (Wood, in press), social actors need to coordinate their activities and invest their resources in line with the incentive structures of their existing environment. Here, the literature on path dependence and regimes converges with the analysis of varieties of capitalism and their link-

ages to welfare states, which were discussed in the first part of this article. In Soskice's (1999) influential account, "there are strong interlocking complementarities between different parts of the institutional framework. Each system depends on the other systems to function effectively" (p. 109).

Arguments about path dependence, regimes, and institutional complementarities all point in the same direction. Path-dependent processes are very likely to be prevalent in contexts in which a set of organizations and institutions develop together over extended periods, reinforcing each other through processes of mutual adjustment and competitive selection. Institutions and organizational actors that constitute a poor fit in that particular environment are less likely to survive over time. Such processes foster the emergence of quite distinct configurations in different countries, with each country containing many organizations and institutions that make sense or fit in the context of other organizations and institutions. Institutions (including major social policies) and organizations (including firms) may generate major complementarities, leading to self-reinforcing processes of development that change both the constellations of actors and those actors' preferences. The result is strong historical continuity within national systems and a diminution of pressures for convergence across systems. Arguments about regimes and path dependence thus constitute part of a forceful counter to accounts that expect forces associated with globalization to sweep away differences among contemporary welfare states.

At the same time, by highlighting the long-term processes through which these distinct configurations emerge, the historical orientation of regime or path-dependent analyses can correct two possible weaknesses in the new work on the comparative political economy of welfare states. First, they can encourage analysts to question functionalist accounts of welfare state origins. As alluded to at several points above, there is a danger that the identification of benefits that employers may receive from welfare state programs will be counted as evidence that those same actors produced these programs. Of course, this might be the case. However, once one recognizes that such beneficial connections between programs and firms may reflect historical feedback, one must also acknowledge that the emergence of these institutions may have resulted from the activities of other actors. Pedersen's (1993) and Skocpol's (1992) research on gender and the roots of social policy, discussed in the second section of this article, signals the fallacy of assuming that explanations of policy origins can be deduced from the analysis of policy consequences.

This has relevance for recent criticisms of power resource theory, which emphasized that employers derive benefits from particular aspects of social provision. These critics have sometimes presented their arguments as refuta-

tions of the claims of Esping-Andersen, Korpi, Stephens, and others about the contribution of social democratic parties and strong labor unions to the construction of universalist welfare states. However, the two strands of argument may be more compatible than they might appear to be. It is possible, indeed plausible, that particular patterns of social provision that employers came to appreciate nevertheless came into being only when organized labor and its political allies achieved significant influence. In short, those who emphasize the benefits of certain programs for contemporary employers and those who emphasize the central contribution of left power resources to the development of those programs may both be right.

Beyond arguments about the historical paths that generate particular welfare state regimes, studies of welfare state development offer a second, related insight. These historical, developmental approaches stress the need to understand the institutionalization of the welfare state as a long-term, slowly unfolding process. As Huber and Stephens (in press-b) forcefully argue, much research on the welfare state has been misled by a focus on short-term change and has attempted to extrapolate from claims about short-term change to conclusions about the sources of long-term change. However, not only are the sources of the two quite possibly different but the fact that studies of short-term change are generally forced to hold all sorts of (generally structural) factors constant creates a fundamental source of bias. Thus,

a simple cumulation of the causes of short term change will not only result in a misleading picture of long term change, but also . . . the very fact that it results in this misleading picture of long term change questions its picture of short term change. (Huber & Stephens, in press-b, p. 3)

In their own analysis, Huber and Stephens stress the role of sustained left party governance, especially during the period of massive welfare state expansion from 1950 to 1975.

The focus on long, slow-moving social processes offers another crucial contribution, both methodological and theoretical, to our understanding of contemporary welfare states. It highlights the considerable lags that may exist between policy enactment and policy effects (Flora, 1986; Rose & Davies, 1994; Steuerle & Kawai, 1996). A focus on these long lags simultaneously suggests new hypotheses to account for aspects of welfare state development while casting doubt on prominent interpretations in the literature.

A specific example can illustrate the broader point. A number of scholars have advanced the notion that the increased social expenditure during the period since the Organization of Petroleum Exporting Countries (OPEC) oil crisis reflects a process of compensation associated with increasing eco-

nomic openness (Garrett & Mitchell, 1996; Rodrik, 1997). Crudely summarized, the causal argument is that increasing economic openness creates vulnerabilities to job loss, which leads to political demands, which generates policy changes that expand the welfare state.¹³

The problem is that when one examines the actual historical sequences of policy development in most OECD countries, they appear to be inconsistent with this causal account. The major policy changes associated with welfare state expansion precede rather than follow the rapid changes in the global economy. Overwhelmingly, these policy expansions came in the 1960s and early 1970s (Flora, 1986; Flora & Alber, 1981). Countries adopted new programs, filling in their coverage of social risks associated with industrialization. In addition, they expanded eligibility and increased the benefits of existing pensions, health care, disability, and unemployment insurance programs.

By far, the most important components of this expanding array of governmental commitments are health care provision and pensions. These programs often get short shrift when political economists discuss the welfare state, but they account for the lion's share of social expenditure in all the affluent democracies. Within the member states of the European Union, for example, these two policy areas accounted for just under two thirds of the total social protection outlays in 1991. Pensions alone accounted for roughly 40% of expenditures on social protection.

In both pensions and health care, but especially pensions, there are often very long time lags between policy enactments and their major public expenditure implications. In the case of contributory pensions, it may be 70 years—the time it takes for the bulk of the pensioner population to be composed of those who worked a full career under new rules—before policy choices are fully reflected in ongoing expenditures. In many programs, a great deal of growth in expenditure since 1975 reflects these lagged policy commitments rather than the introduction of new, more generous policies.

Social change, rather than new program rules, can also produce run-ups in outlays. This is clearly the case in health care, in which technological change and Baumol effects inflate costs. In many countries, the growing role of women in the workforce has increased the clientele for social insurance benefits without any change in program features. Quantitative analyses, including those attempting to capture the impact of globalization, have utilized lagged dependent variables and controls for some social trends (such as population aging) to respond to some of these difficulties. However, the adjustments

13. A more subtle and plausible version of the political argument can be found in Garrett (1998).

seem too crude to capture the scale and temporal diversity of these slow-moving long-term processes.

Although we do not have sufficiently subtle data to assess this claim, a large share of the upward trend in public expenditure during the past two decades is probably attributable to the lagged effects of earlier policy changes rather than due to enhanced program features adopted more recently (Steuerle & Kawai, 1996). There have, of course, been some real policy expansions—notably in the area of early retirement. Yet any serious review of policy development in the 1980s and 1990s would cast doubt on an account emphasizing new policy initiatives to compensate workers for increasing vulnerability. Instead, the overwhelming direction of policy change in the past two decades has been toward austerity rather than expansion. The direction of policy change, however, was not enough to fully offset the lagged expenditure implications of previously adopted commitments. In West Germany, for instance, real pension benefits stayed relatively constant over the past quarter century. Aggressive efforts to cut pensions resulted in roughly a 30% reduction from planned levels, but this sufficed only to offset the growth in benefits that had been built into prior pension commitments (Alber, 1998).

Thus, the timing of benefit expansions simply does not fit the compensation story. Substantial benefit increases and eligibility expansions were legislated in most countries in the 1950s, 1960s, and early 1970s, before the development of any major concerns about the employment consequences of expanding exposure to trade, capital mobility, or change in international financial markets. Indeed, far from reflecting the need to compensate newly vulnerable workers, these legislative initiatives generally reflected a rise in the bargaining power of workers during the golden age of rapid economic growth and full employment. Wage restraint was a dominant concern for policy makers. As Myles (1988) has put it, these initiatives constituted a form of “deferred social wage.” In part at least, governments used promises of pension improvements to purchase labor peace while passing on the budgetary costs to future policy makers and taxpayers.

The crucial implications here are both theoretical and methodological. Theoretically, research that emphasizes slow-moving long-term processes can generate new explanatory accounts for outcomes of enduring interest. These accounts would highlight long-term (perhaps unintended) consequences of policy choices. Methodologically, the careful reconstruction of historical sequences requires qualitative comparative analysis. Qualitative comparison thus offers a crucial tool for the evaluation of theoretical arguments and an essential complement for quantitative investigations (Huber & Stephens, *in press-b*; Rueschemeyer & Stephens, 1997). At a broad level, such inquiry can establish whether the chronology of events and processes

fits general theoretical claims. Historical case analysis also permits a more fine-grained investigation of the politics of social policy, generating process-related observations that either support or challenge particular hypotheses about welfare state development.

Again, the degree of interplay between different research traditions deserves emphasis. Much of the new work on political economy (e.g., Mares, 1997a, 1997b; Swenson, 1997) has been historically grounded, and the same has been true for research on gender issues (e.g., Lewis, 1992; Pedersen, 1993; Skocpol, 1992). Some of the most important work in the field has comfortably spanned all three worlds of research outlined here (e.g., Esping-Andersen, 1990; Huber & Stephens, *in press-b*). The depiction of different research traditions represents something of an artifice, but it does serve to delineate distinct empirical and theoretical orientations within a large field of scholarship.

CONCLUSION

The main task of this article has been to indicate some areas in which inquiry on the origins and implications of welfare state development has progressed over the past decade. On all three of the fronts explored here, there are significant new findings. Analysts have accumulated stronger evidence about relationships that had been investigated previously. Even more important, they have opened up new (or underdeveloped) lines of inquiry that have forced analysts to rethink key questions about the politics of social provision. There is a justifiable sense in the field that significant progress has been made and confidence that new areas of inquiry are opening possibilities for further gains in understanding.

In this conclusion, I wish to comment briefly and admittedly very speculatively on how these extensions of our knowledge about the welfare state have taken place. Two traits that characterize the literature deserve emphasis. The first trait is that research in this field is strongly problem driven. To put it in social-scientese, welfare state analysts care a lot about their dependent variables. For the most part, this has not been an empirical domain that researchers turn to so that they can test the limits of some pet general hypothesis. Instead, analysts study the welfare state and particular aspects of the welfare state because of intense curiosity about aspects of real-world politics and because they see systems of social provision as central to those politics. That analysts are problem driven has not meant that their work is theoretically or methodologically unsophisticated. However, it does mean that theory and

method are not ends in themselves but are instead harnessed to the task of addressing important concrete issues facing actual political systems.

The second significant trait has been intellectual pluralism. Contributions to the development of the field have come from those employing a range of methodologies and working with a diverse set of theoretical orientations.¹⁴ One can push for more intellectual exchange across subfields of welfare state research, as I have here. However, the level of such exchange is already quite high by the standards of contemporary political science—a discipline in which distinct methodological or theoretical camps often remain blissfully (or militantly) ignorant about what everyone else is up to. To take one prominent example, research on gender issues is increasingly (although still only partially) integrated into the discourse of analysts who would not describe themselves as feminists scholars or students of gender. I doubt that one could say the same for any other subfield in comparative politics.

One can see the beneficial consequences of this pluralism most clearly in recent quantitative work on welfare state development (Castles, 1998; Hicks, 1999; Huber, Ragin, & Stephens, 1993; Huber & Stephens, *in press-b*; Swank, *n.d.*). In many fields of comparative politics, quantitative analysis tends to be sharply separated from qualitative work. Two separate camps of researchers pursue distinct questions. Each views the other's contributions with skepticism if they take any notice at all. By contrast, much of the best quantitative research on the welfare state has been notable for the extent to which it grows out of dialogue with qualitative work. This has helped shape the questions posed, the hypotheses generated, and the care with which particular variables are operationalized. Recent quantitative investigations reveal an intensive effort to find data that will capture the kinds of processes identified in qualitative research. Furthermore, these analysts have often stressed that quantitative results are most convincing when bolstered by extensive case-based research (see Huber & Stephens, *in press-b*; Swank, *n.d.*).

The pluralism and problem-driven focus of recent research on the welfare state probably accounts for a striking aspect of this scholarship. Progress has occurred not only from the development of more refined answers to existing questions but also from the systematic rethinking of the subject matter to generate new, more probing questions. These new questions have changed how we think about what welfare states are and what they do. In turn, they have led

14. Given the extravagant claims for rational choice theory now common in political science, it is worth emphasizing its modest role in this extensive body of research. Familiarity with rational choice models is common, especially in the political economy literature. Aspects of some analyses could easily be couched in rational choice terms (e.g., Immergut, 1992; Pierson, 1994). Yet in only a few instances (e.g., Mares, 1997a) does rational choice seem to play a central role in motivating or structuring research projects in this field.

to a greatly increased understanding of the origins and consequences of highly diverse national systems of social provision.

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