States of welfare or states of workfare?

A fuzzy-set ideal type analysis of major welfare state restructuring in sixteen advanced capitalist democracies, 1985-2002 *

Barbara Vis

Department of Political Science
Vrije Universiteit Amsterdam
De Boelelaan 1081
1081 HV Amsterdam, the Netherlands
Tel : +31(0)20 598 6821
Fax : +31(0)20 598 6820
E-mail: b.vis@fsw.vu.nl

Accepted for publication in Policy & Politics

* An earlier version of this paper was presented at the workshop Methods and Techniques: Innovations and Applications in Political Science at the Politicologenetmaal 2005, 19-20 May, Antwerp. Thanks to all participants in the workshop, Bernhard Kittel in particular, for helpful comments. Also thanks to two anonymous referees, Hans Keman, Jon Kvist, Paul Pennings, Charles Ragin, Kees van Kersbergen and Arjan Vliegenthart for their useful comments and suggestions on earlier versions of the paper.

Abstract

Did welfare states change radically from welfare towards workfare or was such a shift absent and was welfare state change regime specific instead? This paper assesses this question for sixteen advanced capitalist democracies for the period 1985-2002, using an innovative method, fuzzy-set ideal type analysis. This study shows that the mainstream welfare state literature's prediction of no radical and regime specific change holds for most countries. The regulation literature's prediction of radical change from welfare towards workfare is supported fully only in Ireland and moderately in Denmark. Furthermore, interesting other patterns are revealed in six countries.

Keywords

Workfare, welfare state change, regulation approach, fuzzy-sets

Introduction

Changes in the welfare state have interested scholars from different research traditions for some decades now. In the 1980s and (early) 1990s, theories from various intellectual backgrounds arrived at the same prediction. Challenges and pressures on the welfare state would necessarily bring about major structural revisions and would produce the definitive crisis and breakdown of the welfare state. However, in spite of potentially disruptive changes such as ageing populations, changing family structures, the post-industrialisation of labour markets, and pressures from globalisation, the welfare state proved resilient (see Van Kersbergen, 2003). The theoretical arguments for the endurance of the welfare state and the related empirical findings differ across – at least – two literatures.

First, there is the 'mainstream' welfare state literature for which the work of Gøsta Esping-Andersen and Paul Pierson are good examples. Pierson (1996) explains in his classical article that the presence of welfare state resilience – and the absence of radical change – stems theoretically from two major status quo forces. First, from the institutional mechanisms such as path-dependency and veto points that work against change. Second, from the broad (electoral) support for core social programmes and the consequent political unpopularity of cutbacks. Empirical studies, both large-n and case studies, corroborated this literature's propositions (Esping-Andersen, 1996; Scharpf and Schmidt, 2000; Huber and Stephens, 2001; Pierson, 2001; Castles, 2004). Furthermore, the

mainstream welfare state literature found that changes that took place depend on the type of welfare state regime a country belongs to (liberal, conservative or social democratic, see Esping-Andersen, 1990; 1999; for reviews of the literature, see Huber and Stephens, 2001; Green-Pedersen and Haverland, 2002; Myles and Quadagno, 2002; Van Kersbergen, 2002). That is, this literature predicts that changes are regime specific, with a welfare state regime defined as a cluster of countries with a distinct political and policy configuration that produces a trajectory that is difficult to abandon (Pierson, 2001: 428-31).

The proposition on welfare state change is fundamentally different in the second literature. This regulation approach to political economy argues that, as a result of especially economic but also political and social pressures, there has been a crisis in the so-called Keynesian welfare state (KWS). This resulted in the replacement of the KWS by a so-called Schumpeterian workfare regime (SWR) (Jessop, 1999; Torfing, 1999; Peck and Theodore, 2000; 2001; Peck, 2001; Jessop, 2002). Both the KWS and SWR are seen as regulatory structures for managing the capital–labour relationship. The KWS's aim is full employment and the generalisation of mass-consumption and mass-production, resulting in a large social security programme. The SWR's goal is the stimulation of innovation and flexibility and the subordination of social policy to the demands put forward by the new 'post-industrialist' system such as the necessity to improve competitiveness. The SWR is (almost) the exact opposite of the KWS which makes a shift from KWS to SWR a radical change.

These two literatures' findings and theoretical predictions on how much the welfare state actually has changed are thus clashing. The mainstream welfare state literature maintains that radical change, i.e. a shift from KWS to SWR, is absent and that changes are regime specific. The regulation literature, on the contrary, holds that there is a radical change from KWS towards SWR that takes place irrespective of the type of welfare state.[1] This puzzle of competing findings is a difficult one to solve because the level of analysis of the two approaches differs. The regulation approach assesses change in the (welfare) state on four 'scales': 1) the broad field of economic policy; 2) the broad field of social policy; 3) the scale of deciding economic and social policy; and 4) the weight of the mechanism to maintain capitalist profitability (Jessop, 1999: 349-50). The focus of mainstream welfare state research is much narrower. There is, however, one area of overlap between the two approaches and that is social policy. It is on this category that the regulation theorists hypothesise the presence of a welfare–workfare shift. Somewhat different from common usage, the regulation literature defines *welfare* as the generalisation of norms of mass-consumption beyond male workers and the promotion of mass-production that is favourable to the Fordist growth dynamic, and *workfare* as the subordination of social policy to the demands of labour market flexibility and to the competitiveness of business (see Jessop, 1999; 2002; Torfing, 1999; Peck and Theodore 2000; 2001; Peck 2001). In mainstream accounts, *welfare* policies are usually defined as the basic measures to protect people against the 'evil' of the market and *workfare* policies as supply-side social policies that

aim for greater labour market flexibility and lower public social expenditures (see Kildal, 2001: 3; Gray 2004: 160-1).

In this paper, I test systematically and simultaneously the hypotheses of the mainstream welfare state and regulation literature for sixteen advanced capitalist democracies over the period 1985-2002.[2] I use an innovative method, fuzzy-set ideal type analysis, that builds on fuzzy-set theory (Ragin 2000) and until now only has been employed by Kvist (1999, 2003). This method allows for the simultaneous assessment of quantitative and qualitative changes and is therefore particularly apt for solving the puzzle of the extent and shape of welfare state change outlined above.[3]

The paper is structured as follows. Section two introduces fuzzy-set theory and fuzzy-set ideal type analysis. Section three identifies the ideal types and conceptualises the sets. Section four presents the sets' operationalisation. Section five assesses whether the changes in social policy have been radical, that is from welfare towards workfare, or regime specific. Section six concludes that the fuzzy-set ideal type substantiates the mainstream welfare state literature's prediction of no radical change and regime specific change for most countries. The regulation literature's prediction of radical change from welfare towards workfare is supported fully only in Ireland and moderately in Denmark. In addition, interesting other patterns are revealed in six countries.

Fuzzy-set theory and fuzzy-set ideal type analysis

A fuzzy-set should be seen as "(…) a fine-grained, continuous measure that has been carefully calibrated using substantive and theoretical knowledge relevant to set membership" (Ragin, 2000:7). Fuzzy-set theory originates from Artificial Intelligence (Zadeh, 1965) and is applied in different fields (see Bellman and Zadeh, 1970; Cioffi-Revilla, 1981; Sanjian, 1988; Casario and Dadkhah, 1998). Ragin's *Fuzzy-set social science* (2000) put fuzzy-set theory really on the agenda of the social sciences (for recent applications, see Pennings, 2003; 2004; Koenig-Archibugi, 2004; Badredine, 2005; Veugelers and Magnan, 2005). But what is fuzzy-set theory?

An important feature of fuzzy-set theory is that cases' membership in different sets of concepts can vary: anything between full and none membership is possible. The researcher establishes two qualitative breakpoints, 1 and 0, to determine when a case is, respectively, 'fully in' or 'fully out' of a set. A replacement rate of 90% or more might, for example, be considered to be fully generous and a replacement rate of less than 20% fully not-generous. The variation above 90% and below 20% is then meaningless since logically it makes no sense to differentiate between 'fully generous' and 'more than fully generous'. Fuzzy-set theory thus challenges the assumption implicit in a lot of conventional work that all variation is meaningful (Ragin, 2000: 163).

In fuzzy-set theory, the possible combinations of sets shape the so-called multi-dimensional property space (Barton, 1955). With *k* being the number of aspects or sets, there are 2^k possible combinations in this property space: the ideal-typical locations or ideal types. The focus on combinations comes from a configurational view of cases that arrives from qualitative case-oriented research in which different aspects, or sets, of cases are viewed holistically.

Fuzzy-set ideal type analysis is ideal type analysis that makes use of fuzzy-set theory. An ideal type in the Weberian sense refers "(…) to the construction of certain elements of reality into a logically precise conception" (Gerth and Wright Mills, 1970: 59). It is a conceptual purity, a mental construct, that cannot be found anywhere in reality. This analytical construct can be used as a yardstick to establish the extent to which real empirical phenomena are similar to or different from some predefined measure (Weber, 1949). The sets that constitute the ideal type come from concepts. As fuzzy-set theory starts from concepts, it is well suited for ideal type analysis. Combining the configurational view of cases with fuzzy-set theory allows for the investigation of the property space and reveals which corner, or ideal type, a case belongs to and what its degree of membership to the various possible combinations is (Kvist, 2003: 16-19).

Identifying the ideal types and conceptualising the sets

To test the radical change and regime specific change claims we need 'workfare' and 'welfare' ideal types because a shift from welfare towards workfare is a radical change and a shift within a welfare regime is a regime specific change. This section discusses, first, three concepts that are linked to both workfare and welfare and, second, the sets that constitute the ideal types. As this paper uses three sets, there are $2^3 = 8$ ideal types.

Identifying concepts that are related to both workfare and welfare is no easy task as there is substantial conceptual confusion around the term workfare (see Peck, 2001-16; Barbier, 2004: 49-51). The regulation literature usually adopts a broad definition of workfare like the subordination of social policy to the demands of labour market flexibility and to the competitiveness of business (see Torfing, 1999: 8; Jessop, 2002: 258). Instead of a programme, so the regulation theorists argue, workfare has become "the institutional codification of work-oriented welfare reform (…)" (Peck, 2001: 342). In mainstream welfare state accounts, on the contrary, workfare is seen as a programme. More specifically, this literature usually defines workfare as mandatory supply-side social policies that aim for higher labour force participation, greater labour market flexibility and lower public social expenditures (see Kildal, 2001: 3; Gray, 2004: 160-1).

The common denominator in these literatures is the emphasis on three principles: 1) the obligation to work; 2) the objective of maximal labour participation; and 3) minimal income protection. Changes in the obligation to work show up in expenditures on activation. These expenditures are reflected in the use of active labour market programmes (ALMP), that is public employment services and administration, labour market training, youth measures, subsidised employment, and measures for the disabled (OECD, 2001: 22). Often, though not always, participants in ALMP are forced to work. Changes in labour participation are revealed by three categories. First, by spending on activation because one of the primary goals of ALMP is to increase labour participation. Second, by the level of generosity because lower generosity can provide an incentive to take on a job instead of to stay on welfare – for example via lowering the 'poverty trap' – and can consequently increase labour participation. Finally, by the level of employment protection, that is the regulations concerning hiring and firing, especially regular procedural inconveniences, difficulty of dismissal, and notice and severance pay (OECD, 1999: 50), because higher levels of employment protection increase employers' costs and consequently reduce labour participation (OECD, 2004). Changes in minimal income protection show up, first, in spending on activation because higher levels of spending on ALMP mean *ceteris paribus* a drop in spending on income protection provisions such as unemployment benefits. Second, in the level of generosity because lower generosity denotes *ceteris paribus* a decline in the importance of income protection provisions.

The concepts activation, generosity and protection are thus related to workfare. In addition, they are linked to the characteristics of the welfare regimes (see Esping-Andersen, 1996; Huber and Stephens, 2001). So the liberal welfare regime is epitomised by residual social policy that only covers the most basic risks (low generosity), by low levels of activation and by strongly deregulated labour markets (low protection). The conservative welfare regime is characterised by relatively generous income protection schemes (relatively high generosity), by relatively low levels of activation, and by strongly regulated labour markets (high protection). The social democratic regime, finally, is characterised by a very generous social policy (high generosity), by high levels of activation, and by relatively strongly regulated labour markets (high protection). Whether a case has membership of liberal, conservative or social democratic welfare ideal type thus depends on the extent of activation, generosity and protection. The ideal type liberal welfare has low activation (~A), low generosity (~G) and low protection (~P); conservative welfare has low activation as well (~A) but high generosity (G) and protection (P); social democratic welfare has high activation (A), generosity (G) and protection (P).

Because activation corresponds to all three characteristics of workfare (the obligation to work, maximal labour participation and minimal income protection), a case should be in the set of activation (A) to have membership to ideal-typical workfare. In addition, a case should be in the set of not-protection (~P) because higher employment protection negatively affects the flexibility of the labour market and influences firms' aptitude to cope with the rapidly

changing economic environment. Given the importance of firms' competitiveness in a workfare regime, a shift towards workfare is impossible or at least very difficult under high levels of protection. To have membership to ideal-typical workfare, a case can have either a high or low level of generosity. In everyday usage, workfare is associated with lower public expenditures (Jessop, 2002: 251). This, however, does not necessarily imply lower generosity if this aspect is measured by net replacement rates, as done in this paper, because public expenditures comprise many categories. Therefore, I construct two workfare ideal types: a lean one with low generosity (~G) and a generous one with high generosity (G).

The resulting analytical property space (Barton, 1955) that is constructed from the three aspects is depicted in table 1. Of the eight possible combinations, five are considered theoretically important: generous workfare, lean workfare, liberal welfare, conservative welfare and social democratic welfare. To make sure the theoretical arguments are not off base, the three other possible combinations of aspects are also shown in table 1 as well as in table 2 that presents the fuzzy membership scores of the various ideal types.

TABLE 1 ABOUT HERE

Operationalising the fuzzy-sets

The sets activation, generosity and protection are identified as necessary for assessing the radical change and regime specific change claims. How can these sets be operationalised? As a first step, a decision should be made about the type of fuzzy-set: continuous or with a limited number of values (see Ragin and Giesel, 2002: 22-6). In the last category, a fuzzy-set with seven values (usually 1.00, .83, .67, .50, .33, .17, 0) is widely used (see Pennings, 2003; 2004; Veugelers and Magnan, 2005).[4] An advantage of limited value fuzzy-sets is that verbal labels can be attached easily so that the worlds of language and empirical analysis can be bridged (Kvist, 1999: 2003). Because limited value fuzzy-sets, per definition, only allow for a limited number of fuzzy membership scores, analyses across country and/or time cannot be very precise. To assess better the radical change and regime specific change claims, this paper uses continuous fuzzy-sets (see Ragin, 2000: 158-60, for applications see Casario and Dadkhah, 1998; Koenig-Archibugi, 2004).

The second, important and difficult, step is the selection of and the justification for the qualitative breakpoints of the fuzzy-sets. The researcher should always offer an explicit rationale for these breakpoints, including for the so-called crossover point that is placed at .5. The latter is the point where there is maximum ambiguity as to whether a case is 'more in' or 'more out' of a set. Because this crossover point is qualitatively defined, it is not sample specific in contrast to a conventional variable. The calibration process works differently

too: traditional quantitative variables are calibrated according to sample means and standard deviations; fuzzy-sets are calibrated according to theoretical and substantive knowledge (Ragin, 2000: 169).[5] In continuous fuzzy-sets, the crossover point is less important than in limited value fuzzy-sets. This is because in continuous sets, the upper and lower limits that the researcher establishes, that is where he or she assigns the fuzzy-scores 1 and 0, should be justifiable as the point of maximum ambiguity (Ragin and Giesel, 2002: 22). The lesser importance of the crossover point is an advantage because substantively there is a difference between deciding when a case is 'fully in' (1.0) or 'fully out' (0) of a set and when it is 'neither in nor out' of a set (.5).[6]

The third and final step is the exact operationalisation of each set. The extent of activation, the first set, is operationalised as active spending per person unemployed relative to gross domestic product (GDP) per person employed. This active spending per unemployed is measured as total spending on ALMP as a percentage of GDP *100 divided by the standardised unemployment rate. This is a better measure of ALMP effort than the frequently used ALMP spending as a percentage of GDP because the spending on labour market programmes increases usually with the level of unemployment (OECD, 2003: 193-4; see also Armingeon, 2005). Active spending per unemployed indicates the percentage of GDP that is spend on ALMP per 1% standardised unemployment. The first qualitative breakpoint 0, fully out of the set of activation, is set at ≤5. The rationale is that if a country's active spending per unemployed is lower than 5, which means that per 1% standardised

unemployment less than .05% percent of GDP is spend on ALMP, its intention to activate is so low that it should be classified as fully out of the set of activation. The second qualitative breakpoint 1, fully in the set of activation, is set at ≥25. The rationale is that if a country spends more than .25% of GDP per 1% standardised unemployment, its dedication to activate is thus high that the country should be classified as fully in the set of activation. The fuzzy-scores in between 0 and 1 are calculated using the fs/qca software (www.fsqca.com). First, all raw data below or above the qualitative breakpoints, i.e. ≤5 and ≥25, are recoded as follows (see Ragin and Giesel, 2002: 22-3): lowest through 5, new value 5; 25 through highest, new value 25. So the new minimum and maximum are 5 and 25. Then, the fuzzy-set is computed by taking these transformed raw data and subtracting the lower limit (here: 5) from each score and then dividing the result by the [upper limit minus the lower limit], here: 25 – 5 = 20. In formula: fuzzy-set score = [transformed raw data – lower limit]/[upper limit – lower limit].

Still, for a 'truly' active orientation, ALMP expenditures as a share of total labour market expenditures should be high as well (OECD, 2003: 193-4). Based on substantive knowledge of the cases, active spending as a share of total spending is considered high if it exceeds 34. For countries that where in the set of activation (that is, received a fuzzy-score >.5) but that scored low on the total spending variable, the fuzzy membership score for activation is placed at .5 (the point of maximum ambiguity). This was only the case for Denmark in 1985 and 1995 and for the Netherlands in 1995.

The extent of generosity, the second set, is measured by an index of the net replacement rates of unemployment insurance (UI) benefits and sick pay (see OECD, 2004: 117). The net replacement rate is the after-tax benefit of a single, fully insured 40-year old individual earning average production worker (APW) wage divided by after tax wage of fully insured employed APW (Scruggs, 2004). Using this definition to measure generosity has two drawbacks. First, the social security system works differently for various socio-economic groups so the APW is often not an adequate representation of generosity. Second, the development of net rates is at least partially determined by factors outside the social security system such as the tax system (Green-Pedersen, 2004). Using gross replacement rates would lessen the second disadvantage but would generate an even bigger problem because of the large discrepancies in these rates. Since most countries used in this paper have individualised unemployment insurance and sick pay schemes, the net replacement rate for a single APW is a valid empirical indicator. The incorporation of both UI and sick pay replacement rates in the index is theoretically driven: both affect job seeking behaviour. Because individuals have probably more influence over their state of employment than over their state of health, the effect of the UI replacement rate on job seeking behaviour is likely stronger. Therefore, the UI rate is weighted double, resulting in the following generosity index: [UI replacement rate * 2] + sick pay rate divided by 3.

In accordance with Kvist (2003: 11), the first qualitative breakpoint 0, fully out the set of generosity, is set below 20% since national income studies show that individuals cannot maintain any attained standard of living if their income is reduced to a fifth. The second qualitative breakpoint 1, fully in the set of generosity, is put at 90% or higher, again in accordance with Kvist. The reasoning behind this is that in most countries there are tax allowances for job-related expenses and ALMP participants often are allowed to earn something extra before their unemployment benefit is lowered. In Denmark, for example, both the tax-exempt earnings and the tax allowances amount to about 10 per cent of the APW, which makes a net replacement rate of 90% fully generous (Kvist, 2003). The fuzzy-scores in between 0 and 1 are calculated similarly as the activation scores.

Employment protection, the third and final set, is measured by an index of the strictness of employment protection legislation for temporary as well as for regular employment. The index is based on 14 items of employment protection legislation and ranges from 0 to 6 with a higher score indicating stronger protection. The index reflects principally the legislative rules but incorporates some aspects of contractual provisions and judicial practices as well (OECD, 1999; 2004).[7] The first qualitative breakpoint 0, fully out of the set protection, is set at ≤.5. The rationale is that if a country scores .5, this can be interpreted – although the actual scoring procedure is more complex – as a high score on one of the 14 indicators only. This means that it is really easy and/or cheap to fire employees, so the country should be classified as fully out of the set

protection. The second qualitative breakpoint 1, fully in the set of protection, is put at ≥3.0. The reasoning is similar. If a country scores 3 or higher on the index, indicating that it received a high score on at least half of the 14 indicators, this means that it is hard and/or expensive – though not impossible – for firms to fire employees. Therefore, such a country should be classified as fully in the set protection. The fuzzy-scores in between 0 and 1 are calculated similarly as the activation scores.

Radical change or regime specific change?

How to go from the concepts and ideal types to fuzzy-set ideal type *analysis*? The first step is to establish the cases' membership of each set.[8] The next step is to calculate the cases' membership of the ideal types by means of principles from fuzzy-set theory (Ragin, 2000: 171-80). Several of such principles are particularly useful for ideal type analysis. Perhaps most central is the *minimum principle*, also called logical *and* or intersection and written as '*'. This principle states that a case's membership to an ideal type is the minimum value of the involved sets' scores. For example, a case scoring .2 on activation (A) and .6 on generosity (G) has .2 membership of the ideal type A*G. Due to the minimum principle, and different from standard quantitative techniques, the outcome – that is a case's membership of an ideal type – is determined by the weakest link. Intuitively, this approach might seem plainly wrong. Logically,

however, it is correct. Both a case scoring low on A (.2) and high on G (.8) and a case scoring low (.2) on A as well as G correspond hardly to the ideal type (A*G). Actually, the two situations are equivalent in fuzzy-set ideal type analysis. In a conventional quantitative approach, however, these two situations differ because the averages and standard deviations differ. Another useful fuzzy-set principle is *negation*, which is 1 minus membership in set X_i, algebraically: $\sim X_i = 1 - X_i$. For example, a case scoring .2 on activation (A), scores .8 on not-activation (~A).[9]

The third and final step is to assess the quantitative and qualitative changes, which fuzzy-set ideal type analysis can do simultaneously and systematically. This feature gives the approach an advantage over conventional techniques such as regression analysis and cases studies in which such assessment is more difficult – at least. This is particularly useful for studying welfare state change as a full account of such change should take into account both quantitative changes such as cutbacks in people's entitlements (see Swank, 2002; Korpi and Palme, 2003) and qualitative or institutional changes (e.g. Esping-Andersen, 1990; Pierson, 1996; 2001). In this paper, quantitative change is when a case's membership of an ideal type changes over time, for example when Germany shifts from .8 to .5 membership of conservative welfare. This is *regime specific change* too because membership remains of the same ideal type. Qualitative change is when a case's membership shifts from one ideal type to another, for example when Denmark shifts from having .8 membership of social democratic welfare to .7 membership of liberal welfare. *Radical change*,

then, is a subset of qualitative change and occurs if a case shifts from having membership of one of the welfare ideal types to one of the workfare ideal types (or vice versa). For example, if Ireland shifts from .6 membership of liberal welfare to .7 membership of lean workfare.

TABLE 2 ABOUT HERE

Table 2 shows the countries' fuzzy membership scores in the eight ideal types in 1985, 1995 and 2002. Scores in bold designate membership of a particular ideal type (fuzzy membership >.5), scores in bold and italics denote neither in nor out of an ideal type (fuzzy membership .5), and scores in italics indicate (almost) fully out of an ideal type (fuzzy membership score ≤.17). Table 3 sums up the changes in the periods 1985-95, 1995-2002 and 1985-2002. The last period is especially important because both the regulation and mainstream welfare state literature concur that this study's countries were welfare states in 1985. In 2002, however, this was still the case according to the mainstream scholars whilst the regulation theorists maintain that these welfare states had by then transformed into workfare regimes.

TABLE 3 ABOUT HERE

The findings in tables 2 and 3 provide mixed evidence for the two literatures' predictions on the extent and shape of welfare state change. There is only one country, Ireland, that fits clearly the 'radial change from welfare towards

workfare' hypothesis of the regulation literature. The majority of countries matches the 'absence of radical change and the presence of regime specific change' hypothesis of the mainstream welfare state literature. Still there are countries for which neither of the literatures' prediction holds in one ore more periods.

When we inspect the findings in more detail, we find that radical change is present in four countries in one or more periods. The exact changes support the regulation theorists' hypothesis hardly though. The only country that matches the prediction is Ireland. This country shifts from membership of ideal-typical liberal welfare to lean workfare after 1995. This shift, caused by higher active spending per unemployed, fits uneasily with the literature on Irish welfare state changes. Daly (2005: 152), for example, states that Ireland has shown no significant welfare state reform. However, she also argues that the Irish social insurance payments are comparatively low and that income assistance is usually means-tested. These latter features match the low income protection characteristic of workfare.

In New Zealand we also find a radical change but in this case the shift is from membership of ideal-typical lean workfare in 1985 to liberal welfare after 1995. Thus instead of a welfare–workfare shift, New Zealand displays a workfare–welfare shift. Also the radical change in Switzerland fails to uphold the regulation hypothesis as this country has membership of generous workfare already in 1985. Between 1985 and 1995, active spending per unemployed

dropped, resulting in membership of an 'a-theoretical' ideal type (~A*G*~P). Between 1995 and 2002, active spending per unemployed increased, yielding membership of generous workfare again. This means that over the period 1985-2002, Switzerland displays regime specific change. Denmark, finally, supports the welfare–workfare hypothesis moderately. Due to high spending per unemployed but low active spending in total labour market spending, this country received a score of .5 on activation in 1985 and 1995. Consequently, Denmark is neither in nor out of both conservative and social democratic welfare in 1985. Between 1985 and 1995, there is a radical change towards neither in nor out generous workfare and an 'a-theoretical' ideal type (~A*G*~P) that is produced by relaxed employment protection. By 2002, Denmark has membership of generous workfare. This shift towards workfare is in harmony with the literature on Danish welfare state changes. Lean employment protection and generous social security have long been features of the Danish welfare state and activation was added from 1994 onwards (see Benner and Bungaard, 2000).

The findings of the fuzzy-set ideal type analysis corroborate better the mainstream welfare state researchers' hypothesis of no radical change and regime specific changes than the regulation theorists' prediction. All liberal countries save Ireland and New Zealand display no change or regime specific change. The membership of ideal-typical liberal welfare is highest in the United Kingdom (around .9), the American membership increases somewhat between 1985, and both Canadian and Australian membership is decreasing

with the latter stabilising after 1995. In Austria and France, membership of conservative welfare is (almost) stable between 1985 and 1995 and (somewhat) decreasing between 1995 and 2002. In Norway, membership of social democratic welfare is high (around .8) and stable. In Sweden, on the contrary, membership is very high in 1985 (.92) but drops substantially between 1985 and 1995 due to relaxed employment protection.

This leaves us with four countries that neither display radical change nor regime specific or no change. Belgium shifts from membership of conservative welfare to social democratic welfare between 1995 and 2002 because of increased active spending per unemployed. Germany displays the same change between 1995 and 2002. For both countries, membership of social democratic welfare is in dissonance with the literature (Esping-Andersen, 1999: 81-6). In the Netherlands, there is a shift from ideal-typical conservative welfare to social democratic welfare between 1985 and 2002, with membership of both these ideal types being neither fully in nor out in 1995 due to active spending per unemployed. These changes match the literature on Dutch welfare changes (Hemerijck et al, 2000: 218-30). Finally, as a result of lower active spending per unemployed, Finland shifts from membership of social democratic welfare to conservative welfare between 1985 and 1995. This change is not in accordance with the literature on the Finnish welfare state (Kiander, 2005).

In sum, the fuzzy-set ideal type substantiates the mainstream welfare state literature's prediction of no radical change and regime specific change for most countries (the United Kingdom, the United States, Canada, Australia, Austria, France, Norway, and Sweden). The regulation literature's prediction of radical change from welfare towards workfare is supported fully in Ireland only and moderately in Denmark. Still there are six countries (New Zealand, Switzerland, Belgium, Germany, the Netherlands and Finland) that support in at least one period neither of the hypotheses.

Conclusion

The extent and shape of welfare state change remains a prominent question in – at least – two literatures. The mainstream welfare state literature holds that because of institutional and political mechanisms working against reform, there is no radical but only regime specific welfare state change. The regulation theorists, on the contrary, argue that because of economic, social and political pressures there is a radical change from 'welfare' towards 'workfare' that takes place irrespective of the type of welfare state.

The findings reported in this paper on the basis of fuzzy-set ideal type analysis hardly supported the regulation literature's prediction. A radical welfare–workfare change took place fully only in Ireland and moderately in Denmark. The results corroborated better the mainstream welfare state literature's

hypothesis. Most countries displayed no change or regime specific change. Furthermore, there were six countries for which neither proposition was correct in at least one period.

This paper's conclusions, as well as its methodological approach, should interest regulation theorists and welfare state researchers for a number of reasons. First, the paper contributes to the regulation literature by testing systematically this literature's controversial (sub-)hypothesis of a welfare–workfare shift. The regulation theorists have not done this themselves and do consider it important (see e.g. Jessop, 2002: 249).

Second, this paper advances a prominent debate in the literature on welfare state retrenchment or restructuring about the dependent variable that concerns what should be measured empirically and how this should be done (see Green-Pedersen, 2004). One of the problems identified in this literature is that systematic comparative research is only possible if a one-dimensional view of change is adopted, that is if retrenchment is conceptualised as cutbacks in people's entitlements. If welfare state change is conceptualised more realistically as multidimensional (Pierson, 2001), that is as institutional change, traditional techniques do not allow for such systematic research. As this paper demonstrated, fuzzy-set ideal type analysis takes the multidimensionality of welfare state change explicitly into account by allowing for the simultaneous assessment of quantitative and qualitative differences within countries, across countries and over time. This would be very difficult, if not impossible, with

conventional approaches such as regression analysis and cases studies. Consequently, this paper contributes both methodologically and theoretically to the debate on the dependent variable problem and the related discussion about the nature of changes in welfare states.

Third and finally, fuzzy-set ideal type analysis' ability to simultaneously and systematically study quantitative and qualitative differences over time within and across a relatively large numbers of cases makes this approach not only useful for comparative welfare state research but also of worth to other fields of comparative politics and comparative policy analysis.

Let me end this paper by mentioning one caveat. The lack of evidence for a welfare–workfare shift in most countries depends strongly on the definition of workfare used. If, for example, every country with a workfare programme would have been classified as a workfare regime, the number of such regimes would have been substantially higher. Then the Netherlands (subsidised jobs ['*Melkertbanen*'] in the late 1990s), the United Kingdom ('New Deal' in 1998), Australia ('Jobseekers' Allowance' in the early 1990s), Finland ('labour market support' scheme in 1994), Sweden ('activation guarantee' in 2000), Norway ('work approach' ['*arbeitslinjen*'] in the late 1980s), and Germany ('*Hilfe zur Arbeit*' in the late 1990s, '*Job-AQTIVAct*' in 2002, '*Hartz IV*' reforms in 2005) all would have been workfare regimes (see Kildal, 2001: 7-13; Gray, 2004: 167-81; Aust and Arriba, 2005: 108-11; Levy, 2005: 7).

However, a workfare programme does not make a workfare regime. Equating workfare programmes with workfare regimes undermines the whole notion of Keynesian Welfare States and Schumpeterian Workfare Regimes as regulatory structures that manage the capital–labour relationship. A country with a workfare programme can just as well be a welfare state with a workfare programme as a workfare regime. This raises all kind of interesting issues that indicate that the regulation theorists and the mainstream welfare state researchers should talk to each other more regularly and on the basis of sound theoretical propositions and solid empirical evidence. This paper attempted to do exactly this.

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Table 1 The analytical property space for shift in welfare and workfare

Ideal type	*Activation* (A)	*Generosity* (G)	*Protection* (P)	*Model*
GENEROUS WORKFARE	A (high)	G (high)	~ P (weak)	(A*G*~P)
LEAN WORKFARE	A (high)	~ G (low)	~ P (weak)	(A*~G*~P)
LIBERAL WELFARE	~ A (low)	~ G (low)	~ P (weak)	(~A*~G*~P)
CONSERVATIVE WELFARE	~ A (low)	G (high)	P (strong)	(~A*G*P)
SOCIAL DEMOCRATIC WELFARE	A (high)	G (high)	P (strong)	(A*G*P)
	A (high)	~ G (low)	P (strong)	(A*~G*P)
	~ A (low)	~ G (low)	P (strong)	(~A*~G*P)
	~ A (low)	G (high)	~ P (weak)	(~A*G*~P)

Table 2 Fuzzy membership scores for shifts in welfare and workfare

Country	Model	1985	1995	2002
United Kingdom	Lean Workfare (A*~G*~P)	*.08*	*.02*	*.11*
	Generous Workfare (A*G*~P)	*.08*	*.02*	*0*
	Social-Democratic Welfare (A*G*P)	*.04*	*.02*	*0*
	Conservative Welfare (~A*G*P)	*.04*	*.03*	*0*
	Liberal Welfare (~A*~G*~P)	**.91**	**.96**	**.89**
	(~A*G*~P)	*.09*	*.03*	*0*
	(A*~G*P)	*.04*	*.02*	*.08*
	(~A*~G*P)	*.04*	*.04*	*.08*
Ireland	Lean Workfare (A*~G*~P)	*.19*	*.41*	**.76**
	Generous Workfare (A*G*~P)	*.19*	*.24*	*.13*
	Social-Democratic Welfare (A*G*P)	*.16*	*.16*	*.13*
	Conservative Welfare (~A*G*P)	*.16*	*.16*	*0*
	Liberal Welfare (~A*~G*~P)	**.59**	***.59***	*0*
	(~A*G*~P)	*.41*	*.24*	*0*
	(A*~G*P)	*.16*	*.16*	*.24*
	(~A*~G*P)	*.16*	*.16*	*0*
United States	Lean Workfare (A*~G*~P)	*0*	*0*	*0*
	Generous Workfare (A*G*~P)	*0*	*0*	*0*
	Social-Democratic Welfare (A*G*P)	*0*	*0*	*0*
	Conservative Welfare (~A*G*P)	*0*	*0*	*0*
	Liberal Welfare (~A*~G*~P)	**.68**	**.73**	**.73**
	(~A*G*~P)	*.32*	*.27*	*.27*
	(A*~G*P)	*0*	*0*	*0*
	(~A*~G*P)	*0*	*0*	*0*
Canada	Lean Workfare (A*~G*~P)	*.05*	*.04*	*.04*
	Generous Workfare (A*G*~P)	*.05*	*.04*	*.04*
	Social-Democratic Welfare (A*G*P)	*.05*	*.04*	*.04*
	Conservative Welfare (~A*G*P)	*.12*	*.12*	*.12*
	Liberal Welfare (~A*~G*~P)	*.34*	*.37*	*.43*
	(~A*G*~P)	**.66**	**.63**	**.57**
	(A*~G*P)	*.05*	*.04*	*.04*
	(~A*~G*P)	*.12*	*.12*	*.12*

Note: Due to data-availability, employment protection is measured over late 1980s, late 1990s and 2003.

Table 2 Fuzzy membership scores for shifts in welfare and workfare (ctd)

Country	Model	1985	1995	2002
Australia	Lean Workfare (A*~G*~P)	*.10*	*.26*	*.10*
	Generous Workfare (A*G*~P)	*.01*	*.14*	*.10*
	Social-Democratic Welfare (A*G*P)	*.01*	*.14*	*.10*
	Conservative Welfare (~A*G*P)	*.12*	*.14*	*.10*
	Liberal Welfare (~A*~G*~P)	**.84**	**.72**	**.72**
	(~A*G*~P)	*.12*	*.14*	*.10*
	(A*~G*P)	*.01*	*.30*	*.1*
	(~A*~G*P)	*.16*	*.28*	*.28*
New Zealand [a]	Lean Workfare (A*~G*~P)	**.75**	*.33*	*.27*
	Generous Workfare (A*G*~P)	*.25*	*.14*	*.09*
	Social-Democratic Welfare (A*G*P)	*0*	*.14*	*.09*
	Conservative Welfare (~A*G*P)	*0*	*.14*	*.09*
	Liberal Welfare (~A*~G*~P)	*.19*	**.67**	**.60**
	(~A*G*~P)	*.19*	*.14*	*.09*
	(A*~G*P)	*0*	*.16*	*.27*
	(~A*~G*P)	*0*	*.16*	*.40*
Austria	Lean Workfare (A*~G*~P)	*.06*	*.25*	*.38*
	Generous Workfare (A*G*~P)	*.06*	*.25*	*.38*
	Social-Democratic Welfare (A*G*P)	*.06*	*.25*	*.38*
	Conservative Welfare (~A*G*P)	**.63**	**.63**	**.56**
	Liberal Welfare (~A*~G*~P)	*.32*	*.32*	*.39*
	(~A*G*~P)	*.32*	*.32*	*.44*
	(A*~G*P)	*.06*	*.25*	*.38*
	(~A*~G*P)	*.37*	*.37*	*.39*
Belgium	Lean Workfare (A*~G*~P)	*0*	*.24*	*.25*
	Generous Workfare (A*G*~P)	*0*	*.32*	*.32*
	Social-Democratic Welfare (A*G*P)	*.33*	*.49*	**.66**
	Conservative Welfare (~A*G*P)	**.67**	**.51**	*.34*
	Liberal Welfare (~A*~G*~P)	*0*	*.24*	*.25*
	(~A*G*~P)	*0*	*.32*	*.32*
	(A*~G*P)	*.20*	*.24*	*.25*
	(~A*~G*P)	*.20*	*.24*	*.25*

Note: Due to data-availability, employment protection is measured over late 1980s, late 1990s and 2003.
[a] There is no protection data for New Zealand over late 1980s, so late 1990s data is used.

Table 2 Fuzzy membership scores for shifts in welfare and workfare (ctd)

Country	Model	1985	1995	2002
France	Lean Workfare (A*~G*~P)	*.07*	*0*	*0*
	Generous Workfare (A*G*~P)	*.07*	*0*	*0*
	Social-Democratic Welfare (A*G*P)	*.07*	*.31*	*.43*
	Conservative Welfare (~A*G*P)	**.69**	**.70**	***.56***
	Liberal Welfare (~A*~G*~P)	*.12*	*0*	*0*
	(~A*G*~P)	*.12*	*0*	*0*
	(A*~G*P)	*.07*	*.29*	*.32*
	(~A*~G*P)	*.31*	*.29*	*.32*
Germany	Lean Workfare (A*~G*~P)	*0*	*.20*	*.28*
	Generous Workfare (A*G*~P)	*0*	*.20*	*.32*
	Social-Democratic Welfare (A*G*P)	*.17*	**.57**	*.44*
	Conservative Welfare (~A*G*P)	**.79**	*.44*	**.56**
	Liberal Welfare (~A*~G*~P)	*0*	*.20*	*.28*
	(~A*G*~P)	*0*	*.20*	*.32*
	(A*~G*P)	*.17*	*.24*	*.28*
	(~A*~G*P)	*.21*	*.24*	*.28*
Netherlands	Lean Workfare (A*~G*~P)	*.07*	*.23*	*.17*
	Generous Workfare (A*G*~P)	*.12*	*.36*	*.36*
	Social-Democratic Welfare (A*G*P)	*.24*	***.50***	**.64**
	Conservative Welfare (~A*G*P)	**.76**	***.50***	*0*
	Liberal Welfare (~A*~G*~P)	*.07*	*.23*	*0*
	(~A*G*~P)	*.12*	*.36*	*0*
	(A*~G*P)	*.07*	*.23*	*.17*
	(~A*~G*P)	*.07*	*.23*	*0*
Switzerland	Lean Workfare (A*~G*~P)	*.20*	*.20*	*.22*
	Generous Workfare (A*G*~P)	**.70**	*.46*	**.65**
	Social-Democratic Welfare (A*G*P)	*.24*	*.24*	*.24*
	Conservative Welfare (~A*G*P)	*.24*	*.24*	*.24*
	Liberal Welfare (~A*~G*~P)	*.20*	*.20*	*.22*
	(~A*G*~P)	*.30*	**.54**	*.36*
	(A*~G*P)	*.20*	*.20*	*.22*
	(~A*~G*P)	*.20*	*.20*	*.22*

Note: Due to data-availability, employment protection is measured over late 1980s, late 1990s and 2003.

Table 2 Fuzzy membership scores for shifts in welfare and workfare (ctd)

Country	Model	1985	1995	2002
Denmark	Lean Workfare (A*~G*~P)	*.23*	*.36*	*.44*
	Generous Workfare (A*G*~P)	*.28*	***.50***	**.56**
	Social-Democratic Welfare (A*G*P)	***.50***	*.36*	*.36*
	Conservative Welfare (~A*G*P)	***.50***	*.36*	*0*
	Liberal Welfare (~A*~G*~P)	*.23*	*.36*	*0*
	(~A*G*~P)	*.28*	***.50***	*0*
	(A*~G*P)	*.23*	*.36*	*.36*
	(~A*~G*P)	*.23*	*.36*	*0*
Finland	Lean Workfare (A*~G*~P)	*.26*	*.24*	*.31*
	Generous Workfare (A*G*~P)	*.28*	*.24*	*.31*
	Social-Democratic Welfare (A*G*P)	**.64**	*.24*	*.31*
	Conservative Welfare (~A*G*P)	*.36*	**.64**	**.60**
	Liberal Welfare (~A*~G*~P)	*.26*	*.31*	*.40*
	(~A*G*~P)	*.28*	*.36*	*.40*
	(A*~G*P)	*.26*	*.24*	*.31*
	(~A*~G*P)	*.26*	*.31*	*.40*
Norway	Lean Workfare (A*~G*~P)	*.04*	*.12*	*.16*
	Generous Workfare (A*G*~P)	*.04*	*.12*	*.16*
	Social-Democratic Welfare (A*G*P)	**.83**	**.82**	**.81**
	Conservative Welfare (~A*G*P)	*.10*	*0*	*.13*
	Liberal Welfare (~A*~G*~P)	*.04*	*0*	*.13*
	(~A*G*~P)	*.04*	*0*	*.13*
	(A*~G*P)	*.17*	*.18*	*.19*
	(~A*~G*P)	*.10*	*0*	*.13*
Sweden	Lean Workfare (A*~G*~P)	*0*	*.11*	*.25*
	Generous Workfare (A*G~P)	*0*	*.32*	*.32*
	Social-Democratic Welfare (A*G*P)	**.92**	**.68**	**.68**
	Conservative Welfare (~A*G*P)	*0*	*0*	*0*
	Liberal Welfare (~A*~G*~P)	*0*	*0*	*0*
	(~A*G*~P)	*0*	*0*	*0*
	(A*~G*P)	*.08*	*.11*	*.25*
	(~A*~G*P)	*0*	*0*	*0*

Note: Due to data-availability, employment protection is measured over late 1980s, late 1990s and 2003.
Sources: Data on activation: Armingeon (2005, OECD Labour Market Statistics),[10] data on generosity: Scruggs (2004); data on protection OECD (1999; 2004).

Table 3 Summary of changes 1985-95, 1995-2002 and 1985-2002

	1985-95	1995-2002	1985-2002
Great Britain	*Regime specific change*	*Regime specific change*	*Regime specific change*
Ireland	No change	**Radical change**	**Radical change**
United States	*Regime specific change*	No change	*Regime specific change*
Canada	*Regime specific change*	*Regime specific change*	*Regime specific change*
Australia	*Regime specific change*	No change	*Regime specific change*
New Zealand	**Radical change**	*Regime specific change*	**Radical change**
Austria	No change	*Regime specific change*	*Regime specific change*
Belgium	*Regime specific change*	Qualitative change	Qualitative change
France	*Regime specific change*	*Regime specific change*	*Regime specific change*
Germany	Qualitative change	Qualitative change	*Regime specific change*
Netherlands	*Regime specific change*	Qualitative change	*Regime specific change*
Switzerland	**Radical change**	**Radical change**	*Regime specific change*
Denmark	**Radical change**	*Regime specific change*	**Radical change**
Finland	Qualitative change	*Regime specific change*	Qualitative change
Norway	*Regime specific change*	*Regime specific change*	*Regime specific change*
Sweden	*Regime specific change*	No change	*Regime specific change*

Note: Radical change is a shift from one of the welfare or a-theoretical ideal types to one of the workfare ideal types or vice versa and indicated in bold; qualitative change is a shift from membership to one of the welfare ideal types to another; regime specific change is a shift to lower or higher membership within an ideal type and indicated in italics.

Notes

[1] Although the regulation theorists maintain that there are different types of workfare regimes and that the paths towards workfare differ (Torfing, 1999; Jessop, 2002: 260-7; Peck, 2001: 75-6), the KWS–SWR shift is expected to take place irrespective of the welfare state regime. Jessop's (2002) neoliberal, neocorporatist, neostatist and neocommunitarian SWR's, for example, are all *workfare* regimes so that a shift from welfare towards workfare indicates that all types of welfare states transform into workfare regimes.

[2] The countries are: the United Kingdom, Ireland, the United States, Canada, Australia, New Zealand, Austria, Belgium, France, Germany, the Netherlands, Switzerland, Denmark, Finland, Norway and Sweden. These countries have been chosen because the focus in the literature on shifts from welfare towards workfare is on these countries (and not, for example, the Southern European countries).

[3] Some readers may question whether the findings and predictions of the welfare state scholars and regulation theorists are actually competing on the same conceptual territory. Although the conceptual territories of both literatures do indeed differ substantially, they do have a focus on social policy in common. Assessing the extent and shape of welfare state change on exactly this area therefore substantially reduces the potential contestability of this paper's analysis.

[4] As Ragin (2000: 157) notes, limited value fuzzy-sets "might seem equivalent to ordinal scales" although, in reality, they are more than that. See for an example of the calibration procedure, Ragin (2000: 157).

[5] Some scholars, however, do use means for constructing fuzzy-sets, such as Veugelers and Magnan (2005).

[6] Thanks to Jon Kvist for pointing this out.

[7] See for detailed description of employment protection legislation and scoring methodology: OECD 1999, Annex 2B; OECD 2004, Annex 2.A1.

[8] The fuzzy-set membership scores will be available on the author's website.

[9] The importance of the lowest fuzzy membership score on the involved aspects reveals a weakness of the fuzzy-set approach: the correspondence between the ideal types and fuzzy membership scores needs to be very high. This requires close attention to the analytical construction of the ideal type as well as to the empirical indicators of the various concepts. It also particularly underlines the impact of the qualitative breakpoints and the translation of data into fuzzy-scores. This means that the decisions made by the researcher should always be made explicit for dialogues and replication's sake.

[10] Thanks to Klaus Armingeon for kindly providing these data.