Abstract

Current research on welfare state changes should go beyond the notion of retrenchment to be able to embrace the different kinds of developments that have occurred. Recent European welfare state changes should be analysed in differentiating between different periods of time and different types of changes introduced by governments. Certain reforms may prove to enforce continuity while others may prove to introduce a new logic into the welfare system. And, contrary to the overall notion of retrenchment, every reform does not always imply less welfare state. A specific framework of analysis inspired by general public policy analysis, and emphasising the role of welfare institutions, aimed at differentiating three orders of changes, is proposed.

1Earlier versions of this chapter have been presented in the University of Stirling, the University of Tokyo, the Max Plank Institut in Cologne and Harvard University, Center for European Studies. I wish to thank all the commentators from those venues, and particularly Olli Kangas, Mari Miura, Fritz Scharpf, Peter Hall and Rosemary Taylor for their very useful comments.
Introduction

‘Welfare states in transition’ (Esping-Andersen 1996), ‘Recasting European welfare states’ (Ferrera and Rhodes 2000), ‘Welfare state futures’ (Leibfried 2000), ‘Survival of the European Welfare State’ (Kuhnle 2000) and ‘The new politics of the welfare state’ (Pierson 2001a) — all of these are among the most important recent publications on the welfare state. Collectively, they indicate that the focus of the academic agenda has moved beyond the crisis of the welfare state towards an analysis of actual social policy changes that have occurred during the last twenty or twenty-five years. Probably under Anglo-Saxon influence (Reagan and Thatcher pursued explicit anti-welfare agendas) the first analyses of these changes have been phrased in terms of retrenchment (after the ‘golden age’ of growth). They sought to discover how deeply and to what extent governments had reduced social expenditures since the late 1970s. After a couple of decades of debates on the crisis of the welfare state, and countless welfare reforms adopted throughout the industrialised world, many commentators agree that the welfare state is much more solid and robust than had been assumed and argued in the 1970s. To date, most welfare state analyses have concluded that in the last twenty-five years there has either been stability, a little retrenchment, or ‘path dependent’ changes. Even if expenditures on certain programs have been partially cut back, recent reforms do not change the nature of postwar welfare states.

The idea of only limited changes is particularly linked to continental ‘conservative corporatist’ welfare states. More precisely, it has often been argued that these welfare states hardly changed at all and the changes that were introduced were counterproductive (‘adjusting badly,’ as Manow and Seils, 2000, put it). Among the ‘frozen’ continental European welfare state landscapes (Esping-Andersen, 1996), the French social welfare system in particular has often been regarded as one of the most ‘immovable objects’ (Pierson 1998: 558, note 8). In France, social expenditure continued to increase rapidly throughout the 1980s, but no fundamental reform seems to have been introduced in health services or in old-age pension systems. Attempts to introduce reforms were fiercely opposed by strikes and demonstrations, especially in 1995 (Levy 2000).

However, this gloomy picture must be modified. I have argued that, during the last twenty-five years, French governments have implemented three different kinds of policies aimed at coping with welfare state problems (Palier 2000). During the late 1970s and the 1980s, they responded to social security deficits mainly by raising the level of social contributions; policies that only changed the level
of the available instruments. In the early 1990s second-order changes appeared with sectorial reforms, such as new medical agreements in health care, a new benefit in unemployment insurance, and new modes of calculating retirement pensions. Such moderations introduced new instruments but remained within the traditional (historical and institutional) logic of the French welfare system. However, since these two kinds of changes appeared to be insufficient, and since the French welfare system itself appeared to exacerbate economic and social problems (unemployment, social exclusion), governments have also decided to act indirectly by tackling the institutional causes of these problems. The French welfare state was felt to be resistant to change to such a degree that governments decided to introduce structural reforms that could be less easily repealed. These structural reforms, such as new means-tested re-insertion policies (RMI), new financing mechanisms (CSG), and a new role for the state, introduced both new instruments and a new logic of welfare, i.e. structural change, that will transform the very nature of the system (Palier 2000).

The thesis of ‘eurosclerosis’ or the ‘path dependent continuity’ argument, commonly found in recent welfare state literature, seems to neglect the latter kind of reforms, even though they may lead to profound welfare state changes. The structural reforms adopted by French governments in the early 1990s imply the abandonment of some elements of the French (Bismarckian) tradition and a progressive transformation based on the development of means-tested benefits, the growing importance of tax finance, and the empowerment of state representatives within the system at the expense of the social partners. Resistance to change may now be progressively overcome, leading to new patterns of social protection in France (Palier 2001). However, it remains true that until recently change has been difficult to implement in France, as in other Bismarckian social insurance welfare systems. There should be a specific comparative analysis of why these countries are more resistant to change than some others. As far as France is concerned, Giuliano Bonoli and I have shown that some of the peculiarities of the French social policy-making system help to explain why major retrenchment has not occurred. In particular, these are a highly popular but particularly fragmented social insurance system largely financed by social contributions; numerous divided trade unions, who are particularly eager to keep their position in the system because of their weakness in industrial relations; and a central state that is relatively weak in this field and thus obliged to negotiate with the other social protection actors (Bonoli and Palier 1998, 2000).
There might therefore have to be a twofold agenda in comparative welfare state research. On the one hand, we should be able to identify more changes than are usually recognised. On the other, we should be able to understand why continental welfare states are more resistant to change, or at least change differently, than other welfare states. For this, I suggest that we need to draw on and combine public policy analysis and the role of welfare institutions in order to develop and arrive at a more adequate framework of analysis.

With reference to my previous work (Bonoli and Palier 1998, 2000; Palier, 2000, 2001), and in line with that of others (for instance Visser and Hemerijck, 1997), I would argue that current research on welfare state changes should go beyond the notion of retrenchment so as to be able to embrace the different kinds of developments that have occurred. Recent European welfare state changes should be analysed by differentiating between both the different periods of time and the different types of changes introduced by governments. Some reforms may prove to enforce continuity, some others may prove to introduce a new logic into the welfare system. In contrast to the general notion of retrenchment, reforms do not always imply less of a welfare state. Inspired by general public policy analysis, in this essay a specific analytic framework is proposed that emphasises the role of welfare institutions, and distinguishes three types of changes. This framework has been influenced by some dissatisfaction with current research on welfare state changes and in particular with four aspects: the notion of retrenchment, the concept of path dependency, institutionalist approaches to reform, and the analysis of change. After taking each issue at a time, I will conclude by putting forward a proposal for an analytic framework to study recent (and future) social policy changes.

**Beyond retrenchment**

Retrenchment seems to have become one of the most common terms employed to describe recent welfare state developments. The notion lends itself to a stage or functionalist model of analysis of the history of welfare states: emergence (late nineteenth century until 1945) is followed by growth (the golden age, mainly until the 1970s); limits (or even crisis, the 1980s); and then retrenchment (since the late 1980s). The notion of retrenchment harbours the same problems as those of development, modernisation, or growth of welfare states. All of these have been criticised for assuming a uniformity of the processes of welfare state development. If all changes that have occurred since the 1980s could
be termed retrenchment, they would imply shrinking welfare states. Therefore, in this framework, the main question is often to measure how much retrenchment has been applied, with large or small cuts as the dependent variable and a focus on spending. A great deal of academic discussion during the 1990s was aimed at demonstrating that, even if expenditure levels were similar, different welfare states spent money differently, under different principles, for different purposes, and with different institutions (Esping-Andersen 1990).

These debates should be kept in mind when focusing on recent changes, and it should be taken for granted that different welfare states are changing differently. Even if increasingly similar welfare efforts are made in that sense (Esping-Andersen 1996; Scharpf and Schmidt 2000; Pierson 2001a), there is still a need for a systematic cross-national differentiation of processes of retrenchment, as there has been differentiation among welfare states during their ‘golden age’ (Esping-Andersen 1990).

It might perhaps be that retrenchment is not a useful term since some changes in some social protection systems might not entail less generous benefits. As the trente glorieuses could not be analysed merely in terms of more welfare state, current developments are more complex than simply representing less welfare state. Firstly, data show that most of the OECD countries have increased their social spending over the last two decades. Already in the early 1990s Pierson (1994) concluded that, if anything, overall welfare spending went up during the years he studied and concluded that retrenchment efforts had failed. I may propose another point of view. In recognition of the new problems that welfare states were confronting, some governments were spending, or were at least proposing to spend, more rather than less. At least this applies to many Bismarckian countries in the late 1970s and during the 1980s (Palier 2000; Manow and Seils 2000).²

Secondly, for governments the question may not be quantitative (more or less spending) but structural: how can welfare states be transformed in order to promote new principles and to develop new institutions more adapted to the current situation? In this case, the measurement of change should not be quantitative (in terms of expenditure, benefit levels, scope of coverage, etc.) but should provide an assessment of the degree of innovation introduced by changes. Typical questions would be whether reforms introduced new institutions or a new logic or led to the involvement of new actors?

²The 80’s were not a time of simple retrenchment. Under condition where neither federal nor state government was obliged to pay the welfare bill, the door was open for increased benefits or expanded
However, recent analyses usually focus more on continuity than on change.

Path dependency and continuity

Comparing Reagan and Thatcher's reform ambitions with actual outcomes Pierson (1994) emphasised the stability of (American and British) welfare arrangements. He explained this resistance to change by the force of past commitments, the political weight of welfare constituencies, and the inertia of institutional arrangements, all of which engender a phenomenon of path dependency. Thus, ‘any attempt to understand the politics of welfare state retrenchment must start from a recognition that social policy remains the most resilient component of the post-war order’ (Pierson, 1994: 5). Broadening the scope to other developed countries in order to analyse ‘national adaptation in global economies’, Gøsta Esping-Andersen (1996) came to a similar conclusion, depicting a general ‘frozen landscape’ and emphasising the rigidity of continental welfare state arrangements. He concluded that ‘the cards are very much stacked in favour of the welfare state status quo’ (ibid.: 267). While the conclusion was that, once again, no dramatic changes could be (fore)seen, analyses of developments within different welfare regimes allowed to decompose the general notion of retrenchment into different processes that are linked to specific institutions within each welfare system.

Nevertheless, among others, John Myles and Gill Quadagno (1997) demonstrated subsequently that things were not that fixed. Some changes could be identified, specifically in pension reforms. To put their argument in a caricatured nutshell, retrenchment means targeting for universal benefits, reinforcing selectivity and adding conditions to already targeted benefits, and tightening the links between contribution and benefits for the contributory benefits (and going from defined benefit to defined contribution) (Myles and Quadagno, 1997: 247-272). Relating these changes to pension policy, Pierson and Myles have recently argued that these changes were always path dependent, demonstrating more continuity than radical change. While pension reforms often reduce the level of benefits, all are framed by past commitments and specific institutional arrangements. They operate differently and each perpetuates (and sometimes even reinforces) the historical logic in which the pension system has developed (Myles and Pierson 2001).
Recently, several studies have broadened the scope of comparison beyond pension reforms, pointing out that there are different processes of welfare state adaptation (Scharpf and Schmidt 2000; Pierson 2001a). Through their empirical evidence, these comparative analyses of changes seem to confirm the notion of ‘three worlds of welfare capitalism’ (Esping-Andersen, 1990). In the context of the historical and institutional constraints it seems that there are three paths for welfare state changes. Scharpf and Schmidt (2000) convincingly show that the three worlds do not have the same kind of vulnerabilities in the face of the new global and European environment. Examining the implementation of several policies, Pierson proposes that in each world a specific type of reform is predominantly pursued: commodification in the liberal welfare states, cutbacks in the Nordic countries and re-calibration of the Continental systems (Pierson, 2001b).

Very convincingly these analyses provide us with a much better understanding of what is going on than others which simply focus on curtailments. They demonstrate that there are (broadly three) different ways of reforming welfare states and that differences among the welfare regimes explain difference in reforms implemented. However, they still frame their approach in terms of retrenchment or adaptation, as if there has been, within a single country, only one single trend of reform over the last twenty-five years. Clearly, as Visser and Hemerijck (1997) claimed for Netherlands, there is a need to differentiate among different kinds of reforms within on the same country (or welfare regime). Governments have not always implemented the same recipes. They did not display the same behaviour in the late 1970s as during the 1980s or during the 1990s. There is a need for an analytical framework for studying reforms that allows differentiation among countries, but, in accordance with the type or period of reform, also within countries.

Usually, recent comparative studies have concluded that reforms had a limited impact on the structure of the different welfare states, not threatening but preserving the very nature of each system. In fact, reforms are seen as merely reinforcing the logic of each welfare system. Due to the different processes of marketisation of their social policies liberal welfare states have become even more residual and liberal. The social democratic welfare states, thanks to an egalitarian distribution of cuts (around 10 percent across all benefits) and a rediscovery of the workline, have returned to their traditional road to welfare (Kuhnle 2000). Also most of the continental welfare states have remained the same, not only because reforms have reinforced their characteristics but also because of an
apparent inability to implement any substantial reform (giving rise to terms such as ‘eurosclerosis or ‘frozen fordism’). In short, it seems that fundamental structures of welfare states have remained to a large extent unaltered. The (neo-institutionalist) path dependence approach often leads to the conclusions of prevailing continuity.

The role of welfare institutions: from independent to dependent variables

In order to explain the kind of continuity revealed by recent research, the impact of institutions is regularly referred to. The emphasis has mainly been put on the variables of general political systems, including constitutional rules, party systems, veto points, or players and state structures (federal versus unitary, strong versus weak, etc.). However, the role of welfare state institutions themselves is rarely analysed in any systematic fashion. It might be argued that welfare institutions play a major role in shaping the problems that welfare states face, but they also partly determine the kind of resources which different actors can mobilise, and shape the kind of solutions adopted to face the problems. By welfare institutions, I refer here to institutionalised rules of social policy legacy.

Explaining continuity: the role of welfare institutions

During the last ten years, research has been emphasising the importance of institutions in understanding the differences in timing in the development of the welfare states, as well as differences in the content of social policies. In order to account for these differences, it is necessary to refer to the general political institution of each country (Bonoli, 2001) as well as to the political orientation of governments (Levy 1999; Ross 2000, Huber and Stephens, 2001). With Giuliano Bonoli, I have previously argued that there is a need for more attention to be paid to the institutional dimension of the social protection system itself in order to understand differences in timing and in the content of recent reforms (Bonoli and Palier 2000).

Drawing on Ferrera (1996: 59) in a previous contribution we identified four institutional variables which are helpful in describing social protection systems (Bonoli and Palier, 1998). Accordingly, a welfare state scheme may be characterised by four institutional variables:
Mode of access to benefits: for example citizenship, need, work, the payment of contributions, or a private contract.

Benefit structure: benefits can be service-based or in cash. Cash benefits may be means-tested, flat-rate, earnings-related, or contribution-related.

Financing mechanisms: these can range from general taxation to employment-related contributions or premiums.

Actors who manage the system: these are those who take part in the management of the system and might include state administration (central and local), social partners (representatives of employers and employees) and the private sector.

These welfare institutions shape the politics of the reform. Institutional factors structure debates, political preferences, and policy choices. They affect the positions of the various actors and groups involved. They frame the kind of interests and resources that actors can mobilise in favour or against welfare reforms. In part they also determine who is and who is not participating in the political game that leads to reforms. Depending on how these different variables are set, different patterns of support and opposition can be encountered. In general, one may expect these variables to influence the politics of social programs in the following ways:

Mode of access: as it delimits the beneficiaries and thus the likely supporters of a scheme; this factor is crucial for shaping the politics of a given social program. The mode of access also relates to the objectives of a program, i.e. income maintenance, poverty alleviation, or equality. As a result, support for a scheme might come from groups with an ideological orientation congenial to one of these objectives. Generally, left-wing parties have tended towards equality, Christian-Democrats have supported income maintenance, and liberal parties have been keener to alleviate poverty (Esping-Andersen 1990: 53)

Benefit structure: to some extent this variable is related to the previous one, as typically earnings-related benefits are granted on a contributory basis while universal transfers are flat-rate. The nature and the generosity of benefits is also determining the kind of support they will receive. Targeted or (low) flat-rate benefit are less likely to be supported by middle and upper classes than earnings-related benefits. The higher someone’s income, the less flat-rate benefits will contribute to his or her living
standard. Politically, a flat-rate benefit structure — combined with a low level — might be related to lack of program support from the middle and upper classes. As earnings inequality increases in many industrial countries, it will become ever more difficult to set a flat-rate benefit that is at the same time affordable and significant for a majority of the population. Targeted benefits are supported mainly for philanthropical reasons or fear, rather than based on material interest, and are thus more readily subjected to criticism. The political support of the benefits is the reverse image of their financial cost. As a consequence, it is more feasible to reduce flat-rate or means-tested benefits than earnings-related ones.

Financing mechanisms: while related to the two previous factors, this variable has some significance in its own right. If the mode of access delineates the beneficiaries of a program, the financing mechanism determines who is paying for it. Political support for a financing mechanism is likely to be stronger if those who pay for a program are also those who receive the benefit. The looser the link between benefit and payment, the less legitimate the financing mechanism becomes. As a result, there is a crucial difference between tax- and contribution-financed schemes in their ability to attract public support. Whereas taxation goes to the state, social contributions are perceived as a ‘deferred wage’ that will return to the insured person at times of sickness, unemployment, or retirement. Paying health insurance contributions for instance, ‘buys’ a right to health care that guarantees protection during periods of sickness. From a political point of view contributions are raised much more easily than taxes, especially income taxes.

Actors who manage the system: this dimension determines the accountability and legitimacy of different actors. The more the state controls a system and its generosity, the more the political class is likely to be held responsible for any changes. When benefits are increased, the government is credited; when benefits are reduced it will be blamed (Pierson 1996). When management is shared with trade unions and employers, responsibility tends to be diluted, thus diminishing state capacity to control the development of the social protection system, and particularly levels of expenditure. This variable also determines the range of actors who are regarded as legitimately participating in welfare reform debates. In a state-controlled system the debate is confined to political parties. When the management is handed to the social partners, their participation in the debate is legitimised. In the latter case also trade unions are seen as important actors in social policy-making, and widely regarded
as defending the current system against retrenching governments. This institutional setting gives rise to tensions over controlling social security between governments on the one hand — often regardless of political persuasion — and trade unions on the other. Union involvement in the management of social security grants unions a de facto veto power against welfare state reforms (Bonoli and Palier, 1996).

From independent to dependent variable

References to welfare state institutions contribute significantly to the understanding of details regarding both mechanisms of path dependency and differences between welfare regime changes. The institutional shape of the existing social policy landscape poses a significant constraint on the degree and the direction of change. For instance, a comparison between the UK and France, countries with extremely different social policy legacies, show two particular institutional effects. Schemes that mainly redistribute horizontally and protect middle classes well are likely to be more resistant to cuts. Their support base is larger and more influential compared with schemes which are targeted on the poor or are so parsimonious as to be insignificant for most of the electorate. The contrast between the overall resistance of French social insurance against cuts and the withering away of its British counterpart is telling. Also, the involvement of the social partners, and particularly of the labour movement, in managing the schemes seems to provide an obstacle for government sponsored retrenchment exercises (Bonoli and Palier, 2000).

However, not only social scientists acknowledge the role institutions play in shaping, and sometimes preventing, change. Through learning processes, also experts and politicians recognise this effect — and sometimes therefore decide to change the institutions and thus alter the political game which is blocking reform projects. Two particular institutional features preventing welfare state reform are contribution financing and the involvement of social partners in the management of social security (two characteristics of the Bismarckian welfare systems, widely regarded as the most ‘frozen’ systems). Some recent reforms, mainly in Bismarckian countries, have been aimed at modifying these institutional arrangements (financing and the management of social security). This is certainly the case in France (Palier 2000, 2001), but one could also mention reforms introduced in other Bismarckian countries (for example, the introduction of a ‘green tax’ in Germany replaces some social
contribution funding, or the introduction of private employment services in the Netherlands). These developments are not aimed at benefit levels or access and thus cannot be considered as retrenchment (neither as improvement of the generosity of the benefits). Yet they may prove to be extremely important reforms since they could introduce changes in the very nature of national welfare state systems. Thus, what is needed is a framework of analysis which helps to distinguish, identify and assess these kind of changes.

Differentiating between social policy changes

Welfare state analyses that focus on the evolution of social policy, or processes of adaptation tend to forget the kind of reforms referred to above. Emphasising the inertia of institutions, they tend to ignore the structural impact that public policies can have. While integrating phenomena of path dependency in welfare state analysis is essential, this should not prevent us for examining the impact of such reforms on social policy. In other words, recent developments within the social protection systems are not only due to their own evolutionary dynamic, but also to the implementation of public policies. Incorporating public policy aspects of change into the study of the ways in which social protection systems adapt would allow making using the tools of public policy analysis, and particularly of Peter Hall’s approach to change.3

Social policy as public policy

Peter Hall (1993: 278) proposes that we ‘can think of policymaking as a process that usually involves three central variables: the overarching goals that guide policy in a particular field, the techniques or policy instruments used to attain those goals, and the precise settings of these instruments. . . ’. According to this approach, it is possible to recast our understanding of welfare regimes in terms of public policies. The instruments of social policy are mainly the four institutional variables mentioned above (the mode of access, the benefit structure, financing mechanisms and management

3An increasing number of scholars are using this framework of analysis for understanding social policy
arrangements).

The ‘overarching goals’ can be related to the three different political logics that are associated with three welfare state regimes (Esping-Andersen 1990); the centrality of the market in the allocation of resources and residual of state intervention in the liberal regime; the centrality of equality, citizenship and ‘harmonisation’ of the population in social-democratic welfare regime; and the centrality of work, status and occupational identity in conservative-corporatist social insurance systems.

If the above regimes are interpreted as ideal-types rather than precise descriptions of specific realities, three major combinations of these principles, logics, and institutional instruments can be derived from the classic typology. These three combinations can be seen as three different repertoires of social policies that are more or less salient in any one specific social protection system. Table 1 summarises their main characteristics (see next page).

While these kinds of categories cannot pretend to describe the reality of any specific social protection system either in its entirety or in detail (because no social protection system would be this consistent, and all combine different logics and instruments to some extent), they are nevertheless useful for the comparative analysis of a specific program. Each social protection program is close to one of three goals and presents a specific setting of the four institutional dimensions. Therefore, these categories represent indicators against which changes can be located. Identifying the specific characteristics of a program (i.e. its goal and the specific combination of the four institutional variables) before and after a reform, objective criteria for assessing changes will have been established. For example, did the reform only lower benefit levels, or did it introduce new modes of access or new rules of calculation — or did the reform set new goals? In other words, it is possible to assess whether a reform did change one or several of the institutional dimensions, and whether it implied a change in the goals.

Table 1: Three repertoires of social policy

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<th>Three Different Logics</th>
<th>According to Titmuss</th>
<th>According to Esping-Andersen</th>
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<td>Industrial-achievement</td>
<td>Conservative-</td>
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<td>Social-democratic</td>
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reforms (see for instance Visser and Hemerijck, 1997 or Hinrichs, 2000).
Elaborating his framework for analysing macro-economic policy changes, Peter Hall (1993) distinguished three different types of changes.

‘We can identify three distinct kinds of changes in policy... First, [a change of] the levels (or settings) of the basic instruments. We can call the process whereby instrument settings are changed in the light of experience and new knowledge, while the overall goals and instruments of policy remain the same, a process of first order change in policy... When the instruments of policy as well as their settings are altered in response to past experience even though the overall goals of policy remain the same, [changes] might be said to reflect a process of second order change... Simultaneous changes in all three components of policy: the instrument settings, the instruments themselves, and the hierarchy of goals behind policy... occur rarely, but when they do occur as a result of reflection on past experience, we can describe them as instances of third order change.’ (Hall 1993: 278-279)

This approach helps to differentiate among the different impacts a reform will have, depending on whether or not it changes the instruments and the overall logic. It provides a grid for assessing the type of change beyond a pure quantitative approach (more or less retrenchment) and a means for
judging the degree of innovation introduced by a specific reform. A first order change will not imply profound changes as far as a historical path is concerned. It just implies a change in the instrument settings (such as raising the level of social contributions or lowering benefit levels) without implying a change in the general principles and logic. This type of change might be called instrumental change. Second order changes, often referred to as ‘parametric change’ in the pension literature, involve the introduction of new instruments (i.e. the introduction of new calculation rules or new entitlement rules). These types of change appear to be path dependent, as Myles and others have shown for pensions. They may lead to substantial changes once they have been in place and developed over time.4 However, more directly, some reforms may involve a change both of the instruments and of the goals (such as changes in the financing mechanisms or in the organisation of the management of the system), and thus represent what Hall has termed ‘paradigmatic changes’.

Policy learning: the role of ideas

In addition to identifying different types of change, the aim is also to explain under which conditions, and how, changes occur. Peter Hall's approach is based on processes of policy learning. First order changes can be understood as the first response governments may adopt when faced with a difficulty which, at this stage, is not perceived as a new problem. By only changing the settings of the usual instruments, ‘old recipes’ are resorted to, repeating what governments are used to do. Hall points out that as a response to the first oil shock in the early 1970s British governments applied ‘traditional’ Keynesian policies with the aim of boosting demand. Similarly, I have shown that French government after the mid-1970s did merely what they used to do before, i.e. raising social contribution rates in order to finance the growth of social expenditure, rather than reducing social expenditure (Palier, 2000).

However, when something is progressively perceived as a new context, old recipes produce unintended effects or ‘anomalies’. Advised by different kinds of experts (among them, at times, social policy comparativists) governments become convinced that they need to abandon the previous, and now perceived to be wrong, ways of doing things, and innovate. Two different paths seem available:

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4Myles and Quadagno (1997) illustrate this. Within pension systems, a transition from a defined benefit to a defined contribution scheme implies a change in the mode of pension benefit from deferred wages to savings, for instance.
the introduction of some innovation which is aimed at preserving the given logic of a system (for example, the so-called ‘consolidation’ reforms implemented in Germany at the end of the 1980s and during the early 1990s, or the French sectoral reforms, see Palier 2000:122-126) or a change of some of the rules of the game, as well as its goals.

An important process here is a change in peoples’ perception of problems and solutions. I have shown that an explanation of the implementation of structural changes in France requires taking account of different intellectual processes. First the idea occurred that former recipes were no longer adequate (such as Keynesian use of social spending). Second, existing social and economic difficulties had been re-interpreted. In the new explanation that emerged in the late 1980s, the position of the social insurance system shifted from one of a victim to one of a cause of the problem. Third, a large majority of the actors concerned about social protection problems agreed with the new measures bringing about structural changes. However, a precise analysis of the different positions that actors adopted towards the new measures shows that the reasons for which they agreed with those measures were very different, and sometimes even contradictory. Indeed, an important element for the acceptance of a new measure seems to be its capacity to aggregate different — and even contradictory — interests, based on different, and sometimes contrasting, interpretations. Structural changes are achieved through ambiguous measures rather than via a clear ideological orientation. Finally, these types of change have been introduced gradually but progressively. Fairly marginal at first, they will play a major role within the core of the social protection system to come.

Conclusion

Analysing all recent reforms of the social protection systems as forms of retrenchment, as has often been the case, represents a linear, reductionist, developmental, and purely quantitative view of what is going on. Instead, it is imperative to differentiate among different reform modalities or paths with the help of qualitative analysis. When differentiating among several (usually three) paths of reform, conclusions are often reached that processes are path dependent, but also that outcomes are marked by

1The social insurance system became accused of partly causing some economic, social and political problems through three broad mechanisms: the weight of social contributions preventing job creation; the contributory nature of most social benefits reinforcing social exclusion and the joint-management of the system by social partners engendering irresponsibility and a management crisis of the system.
continuity: after ten to twenty years of reform, that different welfare states have apparently remained all but untouched in terms of their own logic and main features. The often seen as inevitable link between path dependency and continuity needs to be questioned (see also chapter 8 by Goul Andersen in this volume). Explaining continuities usually relies on references to the impact of institutions. However, while institutions shape the particular context in which problems, interests, and solutions are framed, apart from the role played by political institutions, those of the welfare state created by social policy legacies (both as independent and dependent variables) need to be acknowledged more. Emphasising continuity rarely takes account of public policies that can have an important impact on welfare state structures. Finally, there is a need for a better differentiation between types of reforms: some are reinforcing the pattern of a particular system, others are introducing structural change. In order to identify the different kinds of reforms, one has to assess whether the latter merely imply a change in the settings of given instruments, a change of instruments, or a change in both the instruments and in the goals.

With these analytical tools, we will be able to identify more adequately social policy changes that have occurred in the recent past and will continue to occur. The analytical framework put forward here confirms that Continental welfare states are more difficult to reform than others. Reference to the impact of welfare state institutions helps to understand why this is the case. For example, contributory benefits enjoy a particularly high level of legitimacy and are therefore difficult to cut back radically. Transfers are 'paid' by social contributions, workers assume that they have 'bought' social rights, and benefits are usually generous. In this sense their loss would be more significant than the reduction of a benefit that is already at a low level. Finally, insurance-based transfers are well defended by organised interest, and in particular by trade unions of different branches corresponding to the different professional schemes.

However, this framework of analysis also helps to realise that structural, paradigmatic changes have occurred, and particularly in Bismarckian countries. In order to cope with structural problems (regarding benefit financing, entitlements, and the capacity to change), these countries have created new benefit programs according to new logics (means-tested benefits, privately funded schemes in pension and health systems), they have developed new modes of financing, partly replacing social contributions, and are implementing new management arrangements (privatisation of some adminis-
trative tasks, empowerment of the state at the expense of the social partners). These changes are the result of a process of policy learning. They have been (or will be) implemented very gradually. Probably because of their marginal scope and because of the fact that they do not directly affect the level of expenditure, few analyses have concentrated on them, compared with the more common analyses of welfare state change (and especially of continental welfare systems) that tend to emphasise path dependency and continuity. However, the increasingly visible impacts of these structural reforms indicate a need for a change in the analytical framework. Social science should not be more resistant to change their paradigms than, arguably, welfare states themselves!

References:
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