

# THE EFFECT OF GLOBALIZATION ON EUROPEAN WELFARE STATES: CONVERGENCE OR DIVERGENCE?

January 1997

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Increasing international integration is going to make European welfare states somewhat more alike - no doubt about that. The intra-European integration is creating less different economic conditions between the countries. And the increasing economic interaction with Asia is putting pressure on them all to lower costs and/or go for high value-added export production. This paper argues, however, that increasing likeness in a number of respects may not amount to convergence (i.e. the development of similar institutions), and that the different welfare states are going to retain their specific characteristics for quite a long time. The argument is based on a perception of societal convergence as a complex process, a characterization of the differences between welfare states as being deep-rooted differences of culture - and on a hypothesis that cultural change on such an aggregate level is a very slow process.

## 1. Welfare states under pressure

Convergence may result from two kinds of pressures (Berger, 1996, p. 12): on the one hand, micro-institutional influences like new organizational patterns and life styles may undermine the wish to be nationally specific; on the other hand, macro-societal pressures like system competition or international policies may eliminate the ability to remain different.

The European welfare states are under pressure from both sides: the micro/meso structures and institutions of the labour market and individual reproduction are changing, generating new social risks and demands - the "new life cycle" (Esping-Andersen, ed., 1996). Working lives have become shorter and biological lives longer; stable employment is no longer a goal to be obtained for most of the labour force.

And the macro structures and institutions of international markets and policy regimes are changing, creating new conditions for economic competitiveness and public policies (Pfaller e.a., eds. 1991). Increasing international trade has not been historically associated with immediate cuts in welfare state programs (Garrett & Mitchell, 1996), but with the present restrictive monetary policies of Western European states, triggered by EU agreements, the large spending on welfare state programs is coming under pressure.

The two levels, the micro and the macro, are obviously connected, new production and communication technologies being essential parts of both - but nonetheless, together they put the democratic nation-state in a double squeeze: less able to act in combining social and economic policies, because it is losing sovereignty and facing new global conditions, it has at the same time to address added challenges in the labour and social policy fields, following from the changing demands and forms of behavior in the labour markets.

Both sides of the squeeze will act upon all welfare states - though not quite in the same way, nor in equal measure. As pointed out in Esping-Andersen (1996), the ways that different states currently respond to the challenges of new life cycles and new international conditions, are strongly conditioned by their peculiar arrangements. Different welfare state *regimes* lend themselves to different reactions to exogenous events. The question is: how much room is there for regimes to develop within their own identities? Will the different regimes disappear in favour of similar institutions?

The "regime" perspective on welfare states leads to acceptance of diversity. And among welfare state researchers, it is the dominant perspective. Whether the existence of different regimes precludes a process of convergence, is not a given conclusion, however. The answer to that depends in part on the theorization of regimes. If differences are explained by "political economy" variables - variable levels of economic development, varying resources and positions for antagonistic groups and classes - convergence will follow from changes in such variables. As expressed by Graham Room:

"when speaking of different models of welfare in different countries of the Community, it should of course be recognized that each of these models...is an accommodation or agreement between the competing social actors in the country concerned...But each of these accommodations or agreements is likely to be unstable, as external conditions change" (Room 1991, pp.10f.)

"Political economy" has little trouble with change. But when differences are seen as resulting from "institutional" variables, organizational and cultural features - then institutional change becomes a precondition for convergence. And institutional change involves the problems of breaking "institutionalized" patterns, changing the well-worn paths of development, confronting existing value patterns, etc. The theorization of institutional change is a complex

thing.

Several empirical developments can be used as arguments for a hypothesis of convergence: the more intertwined international markets and powerful transnational companies may engender a common course of welfare state "dismantling" (Pierson, 1994), eventually through a transnationally active, "subversive liberalism" (Rhodes, 1995) or a general European "neo-voluntarism" (Streeck, 1996). "Keynesian" welfare states of different persuasions may have to follow a common path towards becoming "Schumpeterian" ones (Jessop, 1994). The more generous systems, pressured by economic liberalization and declining fiscal capacities, may have to reduce themselves to the level of the least generous ones. Inside the European Union, an important sub-case of internationalization, a trend towards "welfare pluralism" may arrive, i.e. states mimicking each other's systems, in order to compete on the same footing (Abrahamson, 1992).

My argument is rather the opposite: the different-ness of current welfare states shows that they have responded differently to earlier demands for adaptation. It is then to be expected that future results will also diverge - preserving, perhaps enhancing and probably restructuring diversity. What I try to explain, is the reason for divergence: why do similar changes in causal variables (like class structures, economic conditions, changes in international regimes) not produce similar outcomes?

The state is central to any discussion of welfare states, but still there will be little agency in the argument. The states of Western Europe are both actors and arenas in the convergence process. They are the main actors in European integration and the main arenas for the struggles about social policy. They have lost much of their former powers through the integration process and other forms of globalization (Wallace 1995). But they must still produce the legitimacy needed for continued governance, through domestic social policies.

Because of their centrality to democratic states, if welfare states were to converge, it would be through a process of societal or system convergence. Partial convergences may occur in all sorts of sectors and areas, but social systems - societies - will only converge very slowly. The next section is on convergence theory, which - although being quite a dispersed body of theory - casts some light upon the general issue of convergence.

The welfare states constitute the basic legitimating mechanism of modern democratic states. Through it, governments demonstrate their ability to satisfy the needs of citizens. If the welfare states fail, or are reduced severely, governments suffer the consequences. Section 3 looks at the theories of welfare states, discussing theories about the sources of differences between welfare states.

Section 4, then, argues for the crucial role of culture in creating and sustaining institutional differences. And finishes on a questioning note about the possibilities of cultural and institutional change - but with the certainty that cultures and institutions, especially large and complex ones, are very hard and slow to change.

## 2. Theories of convergence.

Theories of convergence have become fashionable again after a longish break; earlier, they seem to have cropped up when social science observed radical differences among types of societies. Now, they are mostly treating rather narrow, technical subjects of differences between European macro economies. The question of classical convergence theory was: would these very different societies (democracies vs. dictatorships; capitalist vs. communist) develop apart, or would they converge? Predictably, theories emphasizing historical trajectories or institutional theories would expect divergence; and theories about the abstract substratum of all human behaviour would predict convergence.

The grand debates on "convergence" in the middle of the present century, started up with a number of social scientists suggesting that East and West would converge on a general model. Broadly spoken, two models were offered. On the one hand, free market theory - economic orthodoxy - would suggest that the price mechanism would cause societies to converge. On the other hand, theories about societal evolution would also argue for convergence: economics would suggest convergence based on the techniques and technologies of industry and industrialization; sociology would suggest that modernization would in the end make societies more alike.

The orthodox economic model is quite simple: through the exchange of goods and the mechanism of competition, factor prices and thus living standards and levels of wealth will converge (Unger & Waarden 1995). If for a period there is too little exchange - the only thing that may hinder convergence - it is likely to increase through a rational choice of institutions (transaction cost approach; Williamson 1985) or through the political pressures brought to bear by citizens eyeing the opportunities that freer exchange provides for them (Austrian approach; Hayek 1960). In turn, the convergence of prices, wealth, and standards will make societies more alike.

The "industrial society" or "modernization" approach was among economists developed by some of the analysts concerned with the capitalism/socialism distinction - economists like Burnham (1945), Sorokin (1944), Tinbergen (1961), and Galbraith (1967). Post-WWII, the developed world seemed to consist of two parts - a capitalist one, largely democratic, bound to satisfy the populations' demand - as expressed in voting - for material well-being. And a communist one, committed by its founding ideology towards the same goal. The competition between the systems obligated each not to fall behind the other. Now, to produce the same level of material well-being, societies would have to use the same production technologies. In accordance with standard economic thinking, technology was supposedly exogenously given for each level of productive efficiency. And, thinking materialistically, they concluded that converging technologies meant converging societies.

Actors are not absent from economic theory - the economy is populated with rational actors. But in these analyses, political actors are blind. Nothing was less wanted by the governments

of the competing systems than convergence; however, these theories maintained, a set of general mechanisms would bring it about nonetheless.

For sociologists, actors are not exactly blind; but their choices are governed by their culture-ordained predispositions. Sociological convergence theorists saw it as springing from the process of modernization - a theory partly derived from the same technological determinism/industrial society reflections as in economics (Kerr 1983). Modernization theory predicted the same "modern" ways and forms of living to develop and spread among all societies, independent of their point of origin. Especially visible in political science, sociology may harbor a bias in favour of evolutionistic thinking. Under the guise of "comparative politics", what was offered was an evolutionary point of view, where countries would be ranked according to their accomplishments in producing the good, modern life: differentiation and secularization, for example (Aron, 1962; Almond & Powell 1966, Langlois e.a. eds., 1994).

Seeing that real systems were intent upon not converging, a new generation of economists went to work dismantling the notions of convergence theory, developing a major literature about "comparative economic systems". They took seriously the institutional framework of the economy, and the political intent to compete rather than converge, and they studied the effects of different social and political systems on the performance of the economy. Different structures of ownership, of government and of management were thought to consist of two main models - a capitalist and a socialist one - as well as a few internal variations of the mains, and one or two mixed ones (for a textbook example, Gardner 1988).

Just as "comparative economic systems" was becoming a major subdiscipline in economics, with its own textbooks, journals and symposia, (since 1990 there has been a European Association for Comparative Economic Studies)...one half of the comparison went missing, and if not convergence, then at least similarity or - perhaps better - hegemony (re)asserted itself in totally unforeseen, dramatic forms. The almost total failure to foresee what was to happen in Eastern Europe speaks caution to scientific ambitions, and the turns of the first convergence debate also warn about analytic dangers.

For the study of economic systems, it has meant that the elaborately constructed typology of different systems shrank to a list of variations on one type. If not for Shonfield (1965), with the collapse of the Soviet empire, the idea of economic systems might well have disappeared from the agendas of the more influential economic schools. Shonfield's ideas underwent a gradual revival in the seventies, as the attempts at European integration showed distinct problems, and institutions proved themselves more recalcitrant to change than mainstream economic and idealist political theory had expected.

The new comparativist research has to develop beyond the old "system" comparativism of pre-1989. But the task has become more difficult: what is a social system, if you cannot define it in contradistinction to a fundamentally different one? And, without the recalcitrance of institutionalized ideologies, what are the forces that keep societies different<sup>1</sup>? For a

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<sup>1</sup> Referring to a (West-) German - Polish comparison made at the Max Planck Institut in

materialistically inclined social scientist (be that marxist historical materialism or the orthodox economist's technological materialism), accepting societal differences caused by something as ephemeral as history and culture, is not easy. The different versions of "institutionalism" have attempted to answer that difficult question of the causes of diversity; but institutionalism is hardly a unified and well-established trend (Nielsen, 1988; recent overviews in political science are: Hall, 1994; Kato, 1996; Nørgård 1996).

Basically, two paths of development have been open after the death of fundamental system comparison: a narrow one and a broader one. The "convergence debate" in relation to European integration is mainly about policy issues of a technical and narrow nature: the question of whether European economies, given the harmonization of some legal regulations, will converge in terms of a few, macro-economic, quantitative measures. A series of studies of "partial convergence" (convergence in single policy areas or economic sectors) demonstrate a number of possible mechanisms governing such convergence, and a number of different outcomes of efforts at harmonization (Unger & van Waarden, 1995). There has been very little serious research into the broader question of societal convergence or divergence in Europe (Dallago e.a. eds. 1991).

The broader approach has attacked the whole complexity of finding the decisive societal differences between economies with clearly divergent developmental paths: in the spirit of Shonfield, and of Reinhardt Bendix and Barrington Moore, studies have been made on the difference between East and West. First it was Japan (Van Wolferen, 1993; Johnson, 1982), later, the "Tiger" economies of East Asia, and now China that have given rise to a growing literature (Whitley, (ed.) 1992; Wade 1990). In this debate, culture has been growing in prominence as an explanatory factor, although the concept of culture and its application in social science still is a tender area.

Apart from regional studies, diversity has been analyzed in what has become the "governance" literature (or "comparative political economy" (Hall, 1995)).: different countries regulate their economies in different ways, and those ways have different effects on some measures of "performance" of firms, sectors, and national aggregates (Hollingsworth e.a., eds., 1994). The conclusions of the literature differ: some see the countries converging towards common levels of wealth and "best practices" in organization, others see a persistence of nationally specific models (Berger & Dore, 1996). Some societal models may outperform the others - in terms of political strength or economic competitiveness. Or there are functional equivalents - in the words of Whitley: "there are a plethora of forms of economic organization and production systems which appear to be effective in different contexts, and no obvious way of selecting the 'best' one" (Whitley, 1995).

The new comparativism is divided on its conclusions about what to expect from the future in terms of convergence or divergence. But there is no doubt about the present importance of

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Berlin, Karl-Ulrich Mayer made the point that the most important differences between the two countries (creating different social and labour market structures) were not the "system" differences, but the historical differences in class structures and status systems (seminar at the Robert Schuman Centre, EUI, Firenze, Oct. 30, 1996).

national differences and divergent institutions. It will take both structural pressures and political agency to get from diversity to convergence, if it is to happen.

These new comparativisms are generally situated somewhere between strictly causal analyzes, comparing outcomes as dependent variables on the background of independent variables of a mostly material nature (later in this paper to be called "political economy") - and more descriptive, narrative types of analysis covering a broad set of variables in complex interrelations. Sitting between these two methodological chairs of causality and narrativity is perhaps the general fate of institutionalists, and the prize to be paid for being sensitive to the differences that keep societies apart.

The new comparativisms and institutionalisms do not prove that convergence does not take place. Rather, they prove the importance of institutional differences and the complexity of institutional change. When one set of institutions has to change because of political pressures or social or economic developments making it obsolescent, it may change into something different from institutions known in other countries - either into a functional equivalent of the foreign institution, or into a hybrid, nationally adapted form (Berger, 1996).

Aggregate economic convergence in terms of average wealth and productivity levels seems to happen between countries at similar levels of development, but not between them and other groups (Boyer, 1996). Looking at the European sub-scene, the levels of living in European regions have converged in relative terms, but the distance between the rich and the poor remains as great as ever in absolute terms (Korpi, 1992).

Social convergence is studied by Langlois e.a. (1994). Looking mainly at the USA, UK, Germany and Spain, and seeking commonalities in empirically defined "social trends", they do find a lot of similar, sectoral developments (sometimes labelled "partial convergence"<sup>2</sup>). This was to be expected, given the intense exchange of economic goods and services among these countries. But one important conclusion in the book is that these developments (such as more divorces, fewer children, post-industrial class- and labour market structures, etc.) do not make the societies in toto more alike. There is little "spill-over" from one societal field into another, and what there is, has unpredictable effects. The similar developments (partial convergences) are created by partly different circumstances and they have different effects, depending on the society in question. The same conclusion is drawn in a paper on the

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<sup>2</sup> some studies of convergence suggest diverse distinctions to be made in different types of convergence - like partial/total convergence (for sectorial/societal), or nominal/real economic convergence (in Unger & van Waarden, 1995; they have an interesting point about the European Union abstaining from nominal convergence, putting all the burdens on the real factors. The question, though, is whether economic factors are ever "real", i.e. physical, or just possess different degrees of "nominalness" - i.e., abstraction).

Partial convergence, in the sense of sectoral similarities arriving, is most often trivial. But when looked upon in a broader context, it may be linked with the "classical" debate about societal or system convergence. Welfare state convergence is supposedly such a link in itself: the welfare state is too broad to be just a sector or a policy, and welfare state convergence is unthinkable without system convergence.

trajectories of the Two Germanies: a lot of partial and apparent convergence in different areas of the economy; but seemingly similar trends had different effects, and institutions with identical names had different functions in the Two Germanies (Brezinski, 1994)<sup>3</sup>.

Cultural convergence - or one aspect of it, cf. the discussion in section 5 - has been briefly addressed by researchers from the European Values System Study Group (Ashford & Halman, 1994). They compare two opinion surveys from 1981 and 1990, covering a number of opinion or attitude dimensions and 9 EC countries - and find that "there is little evidence to support the view that the countries of Europe are moving towards greater consensus in their outlook" (p.84).

The existence of the new comparativisms indicated the disappearance of some forms of convergence thinking: "In sum, by the 1990s the idea that technology dictates a single optimal way of organizing production, thus propelling all countries towards common economic institutions and practices had largely vanished from the scene" (Berger 1996, p. 4). Especially the more ideologically flavoured convergence idea of the fifties, where some social scientists believed or hoped that the First and the Second Worlds could learn from each other, is nowhere to be found. But contrary to Berger, orthodox economics, which reduces all societal activity to instances of one ubiquitous behavioral logic, flourished in the 80s and still does.

The Tinbergen paper on convergence (Tinbergen 1961) had a "vision" in the words of Heilbroner (1990, quoted in Roland, 1994): it expressed an inspired view of an important state of societal affairs. The convergence debate before and after it was also inspired by a view of desirable societal developments, however technocratic. Recent economic orthodoxy, operating with ideas about optimal economic arrangements on the system level, avoids such visions; negative social side-effects of supposedly rational economic policies are brushed aside as unavoidable costs of evolution, necessary sacrifices to be made.

In this way, convergence thinking still reasserts itself, primarily in the neglect of institutional differences: a generally valid model and theory of society is assumed to exist, and in the long run there is no other possibility than to accommodate. And the convergence thinking of modern economics goes beyond theoretical orthodoxy - it actively downplays the negative effects of market creation.

This is very clear in the situation of Eastern Europe. Social science had very little to offer towards an understanding of Eastern European possibilities after 1989 - proving how dependent social science is on established institutional arrangements. But this gave a free rein

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<sup>3</sup> The situation of the two Germanies in 1996 is a very interesting case of the relationship between social and cultural change: social change almost fully completed, now legal regulations and material standards of living are very close, or as close as they can be made politically, in the two G's. But cultures still differ, reflected in different behaviour in the political field, different micro-economic behaviour and different attitudes (for example reported in the IHT of Oct. 28, 1996: the wessies being tired of feeding their brethren, and the Ossies missing stability and community).

to those theories that simply neglect the convergence problem, because they treat all societies as instances of the same behavioral laws. Orthodox economics believes that Eastern Europe will follow a "J-curve": first they will suffer, production will fall, then growth will start and through the mobility of factors and/or goods, everybody will evolve towards being mature capitalist economies. *Ceteris paribus*, of course - meaning that a burden of suffering is being shouldered by a large part of the present population, while authorities wait for economic progress.

In the European Union, standard economic theory also assumes that everybody will be better off in the end - specialized in whatever it is they are good at. Neglecting institutional differences means neglecting history: European states have developed very different societies, and an integration process that removes "barriers" to integration without erecting social protection, introduces catastrophic risks of social misery and societal disintegration (Scharpf, 1996). Societies that expose themselves to international competition also expose some of their social and cultural values to the undermining influences of foreigners who do things differently. Some sort of protection or compensation is necessary, if social dissolution is to be avoided (Dore, 1996).

The policy makers in Eastern European transition and European integration have not paid much heed to the insights from neocomparativists. Most policies are made and presented in the perspective of the One Best Way or the General Economic Logic. The common (now: single) market and the monetary union are presented as economic rationalities which take precedence over all sorts of political and social considerations.

However, even in economic theory, arguments against the rationality of harmonization and integration exist: Free trade will only increase the wealth of some of the participants some of the time (Krugman, 1990; Streeten, 1996). And from an innovation perspective, diversity is good for the development of new ideas (Hingel, 1993).

The treaty of European Union explicitly supports cultural diversity, national social policy autonomy and general policy subsidiarity. But at the same time, it removes their institutional protection, in the form of a national state committed to national arrangements and sometimes powerful enough to protect them. In the face of such removal of barriers, will cultural diversity persist? The welfare state may serve as an example of that discussion.

### 3. Convergence among Western European welfare states

In the welfare state area, the national compromises and balances, around which the welfare states have been built, are crumbling: states are gradually and slowly losing some of their powers, as competencies in industrial, monetary and fiscal policies are taken away from them. The ability of states to enter into "social contracts" with labour movements is withering away.

Some strong ideological tendencies are pointing towards convergence. In neo-liberal ideology, welfare states should be cut back in the name of economic efficiency. The acquired rights of social security members are privileges to be abolished, and the social service employees are bureaucrats to be dismissed. National institutions for social service and protection should be removed or privatized, in the name of the "level playing field" for companies. Those ideologies are quite powerful at the moment, pervading into intellectual and Social Democratic circles.

Are the days of the historically developed welfare state regimes numbered, then? It is worth noting that the welfare state is an invention based on European societal systems; it has only ever existed in Western Europe and in those countries where immigrated Western Europeans have been dominant - North America, Australia and New Zealand. And yet, despite such strong common roots, the Western European states developed divergently - they grew different versions of the welfare state. Shortly after the Second World War, those versions were in place: the Beveridge model of liberal universalism, the Bismarck model of conservative corporatism, the Nordic model of social universalism, and the Catholic model of subsidiarity and residualism.

About the time when the four models were being established and diversity thus confirmed, one may perhaps say that the movement towards European integration started. A common market developed slowly out of a system of 20 strongly separated national economies - and a process of slow and gradual harmonization of economic institutions started. The effects of economic harmonization on the welfare states, so far, have been small - mainly because economic harmonization has produced rather little economic convergence. Several economic factors were expected to affect the welfare state:

- the enhanced factor mobility should produce a catching-up process in terms of economic wealth and levels of living; it should bring the needs of the different populations more in line and thus harmonize the levels of social spending and the demands for social protection.
- the free movement of labour should even out differences in the labour market - in terms of education, employment, salaries, etc. Again, that should harmonize the demands for social services.
- the harmonization of economic policies as part of the plan for an economic union should equalize the fiscal capacity of the state in supporting or running social schemes, and should abolish those industrial support schemes that were an alternative to social support for some countries.

The factor freedoms and the harmonized institutions did not produce socio-economic convergence and enhanced mobility on the scale foreseen. Thus, the pressures on the welfare states have been less than expected. Some effects have been visible, however, in the social policy area (Leibfried & Pierson, 1995). Despite protestations to the contrary, fragments of social policies were instituted on an EU level, as a necessary consequence of the harmonization of economic policies. But the effects in terms of equalizing social policies, or

converging welfare states, have been modest.

Utilizing different comparative data sources, a number of researchers have looked at the Western European (Kosonen, 1994) or OECD (Järensjö Montanari, 1996) welfare states and investigated the degree of empirical convergence: how much did the social policies and social conditions of the relevant states approach each other in the decades after the Second World War? The findings are generally that looking at concrete social programmes as well as social conditions, they remain divergent: "evidence of harmonization is scarce among countries heading towards close economic integration" is the conclusion in Montanari's paper, a detailed study of three social programs in the OECD countries. Kosonen writes: "All in all, national welfare systems maintained their specific features from the 1960s to the 1980s...convergence is not the only possible outcome of an integration process...the participating countries (and regions) may obtain divergent roles..." (p. 107)

Gough and Eardley (1996), having investigated the social assistance programmes of the OECD countries, conclude that despite quite similar pressures, the effects on social assistance practices and schemes vary considerably, depending on the regimes already in existence.

When discussing convergence between EU welfare states, we encounter the problem of agency: are we looking for "harmonization" of social policies - an active process to produce similarity. Or are we looking for an automatic, counter-intentional process of convergence?

When the governments of the European Union try to bring convergence about in a number of separate sectors, it is harmonization or contrived convergence. They may succeed or not, may encounter resistance to change or go along smoothly. Whether to expect such resistance or not is an important subject for academic discussion, if it wants to enlighten policy processes.

The governments do not try very hard in the social area; despite a social dimension being mentioned in the Treaty of Rome, social and labour market affairs have been relegated to the background of community developments. First, because macro economic policies were dominating the agenda, and member states were protecting their domestic turfs. After 1986, because micro policies of a neo-liberal nature were dominating, giving social aspects a bad name. But throughout, some welfare state convergence was not only sought, but also arriving as a result of policy efforts in other areas (Leibfried & Pierson, 1995, Ross 1995, and Rhodes 1995). The study of European social policies in Leibfried & Pierson eds., 1995, can be taken as partial proof of a partial convergence theory (and of some elements of neo-functionalism as well):

when states work hard at intensifying their market-economic relations and harmonizing the relevant institutions, some cooperation in other areas necessarily (i.e., despite political resistance) follows, meaning harmonization in other areas and thereby partial convergence, diminishing the differences among societal systems.

Contrived convergence alias harmonization is an observation of policies: states are trying to become more alike. The conclusion from the convergence studies is that they do not succeed much, while the Leibfried and Pierson volume shows that they succeed to some modest

degree - but not as a direct effect of their strivings; besides contrivance, there is a mechanism involved.

This leads to the other source of convergence: a convergence mechanism is assumed, producing outcomes that are different from (or wider than) policy intentions; outcomes caused by causes and effects unforeseen by policy makers. The convergence mechanism is our main concern here: will the globalization developments that are common to all the European welfare states bring about convergence, with or without the help of active efforts from the member states?. In this perspective, European integration is seen as one very acute version of a common globalizing trend. New international economic and political regimes that are influencing all societies are acutely felt in the EU, where the cooperation among states has a comparatively deep and binding nature. And socio-structural developments in the largest and strongest nations will immediately influence their partners, through new forms of competition, new economic opportunities and threats, new political and cultural trends.

As pointed out in the Berger & Dore volume, convergence of economic institutions is probably impossible without political agency - and even then may be difficult or impossible to achieve (Berger 1996). So much more for the welfare state arena, which in a democratic state is intensely and inherently political. What we are looking for is therefore a mechanism that is sufficiently strong to force the political actors to comply, or alternatively a causal factor strong enough to cause definite resistance to a globalizing and harmonizing trend.

To know more about such a mechanism, we have to know more about what drives the development of welfare states - why do welfare states arise, what makes a welfare state different from its past and its neighbours, etc. Once clarified on that, we may ask if globalization affects such mechanisms. Has globalization effects that go into these mechanisms, and if so, will the effect be convergence? The next question, then, is: what do we know about the mechanisms and forces that drive welfare state development?

#### 4. Welfare state theories

This is not the place for another compilation of welfare state theories, to be appropriately presented and criticized. That has been done by others at shorter or greater length (Esping-Andersen, 1987; Pierson, 1991). Of interest here is specifically the causal question: which are the forces and mechanisms that shift welfare state developments in their direction and tempo? How are the causal interrelations between structural background developments such as world market forces, economic and class structures, and the institutions and programmes of the welfare state? And what role is played by the process factors - the decision mechanisms, the processes of organization and mobilization? Only if we have some knowledge of that, can we analyze the possibilities of convergence: are the common pressures of a sufficiently common and a sufficiently strong nature in order to produce convergence?

The overviews of welfare state theories can be said to produce a distinction between "political economy" theories and "regime" theories - with the latter being dominant in most recent research.

**Political economy** theories (in the wide sense used here<sup>4</sup>) are the strictly causal ones that combine one or more independent variables of a political etc. nature with a dependent variable, having to do with the welfare state. The dependent variable will typically try to measure the benefits gained or foregone because of welfare state development in certain respects. It could be the benefits for some group, whose characteristics or resources would then constitute the independent variables. Or the dependent welfare state outcome variable could be some sort of common good or bad, like competitiveness or fiscal size of social policy, and then the independent variables would be more general - demographic or structural or whatever.

Increasingly, following the Esping-Andersen and Korpi papers in the mid-eighties, researchers have turned to "**regime**" theories, recognizing that different welfare states can be ordered, in an ideal-typical fashion, into different "regimes" - complex combinations of a number of welfare state features. Sometimes regimes are thought to be *structurally integrated*: a number of related institutional characteristics of social and perhaps labour market programmes; and sometimes they are *normatively integrated*: clusters of ideological and policy features in the social and labour market (and health, housing, and education) areas. Regime theory is not always causal; whereas the pioneers in the eighties used regimes as their independent variable and societal outcomes as their dependent ones, they now see regimes more as a way of descriptively and heuristically ordering policy developments.

Somewhere on the road from political economy to regime theory one enters the realm of institutionalism. Institutionalism is a contested concept, ranging from orthodox economic rationalism (where institutions are rationally chosen regularities) to classical sociology (where institutions are fundamental historical facts or hallowed social habits). Political economy can easily accommodate institutions as intervening variables between resources and outcomes. But somehow, using institutionalist theory implies that the strict causal connections between one set of variables and another are loosened: if, between the causes of working class structure and numbers and the effect of generosity of unemployment schemes, we insert the institution of corporatism - then the possibility of concluding directly from "reduced number of skilled workers" to "less generous programs" ...is weakened.

Despite the dominance of institutionalism and regime theory, however, "political economy"

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<sup>4</sup> "Political economy" may mean something entirely broader - any theory about the relation between the political and economic spheres (Caporaso & Levine, 1992). Here, it is thought of as a methodological term, a (nomothetical) theory about the contested distribution of societal benefits among competing collective interests or purposes. The causality assumed may be intentional or functional. In contradistinction, other theories may analyze the same phenomena without presuming either interest, intention, or collectivity. And they may be idiographical.

reasoning is still important - because the establishment of causality is considered the hallmark of scientificness. And since the 1970ies, the comparative political economy of the welfare state has been a growth industry. The strongest efforts had to be spent on description, on making the different welfare states comparable at all: as policy constructs, they are at the outset all composed of idiosyncratic elements, defined by quaint legal terms understandable only in relation to specific national institutions. The first attempts at comparison were rather crude, measuring welfare state efforts as public social expenses and explaining them by other quantifiable variables, such as vote shares or age cohorts. But after the comparatively large research efforts orchestrated - among others - by Flora and Esping-Andersen at the EUI (Flora ed. 1986-87, Esping-Andersen 1990), Rainwater and others at the LIS (Smeeding e.a. eds., 1990), sufficient comparability had been established to enable more theoretical analyses. A lot of those were of the political economy type.

I will attempt, shortly, just to classify the "political economy" analyses into different methodological types, according to the explanations they seek and the causal mechanisms they apply.

Firstly, the analyses differ in their *explanatory perspective* - whether they focus on

*structure*:       the nature of the benefits sought,  
                          the divisions among the competing groups

or *actors*:       participating organizations  
                          parties and ideologies  
                          arenas and strategies

Secondly, they differ in their application of *causal mechanisms* which can be either

*economic*: competitiveness, fiscal problems

or *political*: power, resources, positions.

Figure 1 - the political economy of welfare state policies:

EXPLANATORY PERSPECTIVES	ECONOMIC	POLITICAL
STRUCTURE	<i>1. Macro: Fiscal policy; Micro: Allocation and distribution</i>	<i>3. Class interests; Party programs</i>
ACTION:	<i>2. Market distortions; Incentive structures</i>	<i>4. Voting; Government</i>

From an **economic** perspective, *1*: the development of welfare states has been explained as an attempt at manipulating public expenditure - fiscal policies in the Keynesian mould. Large transfers and masses of public employees were seen as demand enhancement measures. As a matter of historical record, these explanations are probably too post-hoc to be true: policies have been made as responses to political pressures, not as implementations of economic theory. The same goes for the explanation of the welfare state as an allocation measure.

In the next box, *2*: from an action (or perhaps better: process) perspective the welfare state has been viewed as an effect of the existence of incomplete market mechanisms. When markets are not allowed to clear, market failures arise, and the state has to fill the gaps (Barr, 1992). If income groups are rational actors, moreover, they can use the institutions of the welfare state: groups with less than full success in the marketplace have an incentive to demand redistributive measures from the state.

From a **political** perspective, *3*: the welfare state has been seen as a product of social structure - a victory of working-class interests, a compromise between workers and peasants/farmers, or a political construction made by the ruling class to pacify workers (Esping-Andersen 1985, Gough 1979, Piven & Cloward 1972). It has also been seen as an implementation of party programs of the Social Democrats or Labour parties.

From a political action or process perspective, *4*: it can be viewed as an effect of democratization and the mass vote: given the vote, it may be easier for workers to get concessions through control of the parliament than winning wage rises in the labour market.

Or the governmental process may induce governments to grant concessions to win votes in order to remain in power, or conserve social order (Anderson, 1995) .

The political economy theories have one thing in common: a clear concept of causality. The objects of analysis are something that is causing something else, and the analytical interest focusses on the mechanism (nature, strength and direction) of causation. Political economy also has another virtue or two: it lends itself to scientific progress in terms of quantification and cumulation. Most of the variables that enter the PE models can be abstracted sufficiently to be quantified. And working with variables they have in common with economics and political science, they can take advantage of - as well as occasionally contribute to - both the theoretical development in such established disciplines of "normal science", and official statistics.

The problem of political economy in the welfare state field is the complexity of variables. To calculate correlations on such macro variables as class structures and welfare state generosity, will often entail working with very few, very abstract variables meant to represent a rich and complex reality. In this way, even sophisticated political economy removes itself quite far from historical "reality" as it represents itself to participants in policy-making, and from the complexity of social problems, with all their existential and operational contexts<sup>5</sup>.

Addressing complex developments invites a more narrative or descriptive approach. Institutionalism is a step in that direction. In institutionalist analyses, the growth of the welfare state and the character it has assumed, are related to the development of state and societal institutions - like the governmental system, the parliamentary system, the business system, the family institution, the church, etc. In such analyzes, the roles of interests and of economic incentives, etc. are retained, but supplemented with the mediating or formative role of institutions.

The complexity achieved by inserting institutions in an otherwise political-economy/causal perspective is daunting: the levels of analysis multiply, and the possible causal connections likewise. In a number of cases that has led to studies using a traditional historical method, where there is no attempt to locate causality in specific, perhaps measurable, variables. The analysis turns into an idiographic mould, a narrative where theories and causal reflections are mobilized when thought fit to explain particular parts of the story, but not allowed to structure the narration (Ashford 1986, Seip 1981, Kuhnle 1983).

In other studies, measurable or even quantifiable indicators for institutional variables have been suggested (Esping-Andersen 1990). In such work, the broad abstraction of the concepts does not really match the specific concretion of empirical measures.

Institutionalism effectively adds the causality of form to the material causality implied in political economy: the trajectories followed, the interrelations established, and the forms of

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<sup>5</sup> The complexity can be gauged from the extraordinarily broad range of perspectives on the welfare state covered in Pierson (1993), as well as the existential and practical perspectives addressed in the social administration literature.

behaviour developed into legitimate routines (i. e., institutions) are seen as important codeterminants, shaping the choices otherwise caused by political and economic forces. Upon that, there is near-unanimity among people labelling themselves institutionalists in the different social science disciplines. But that is not very far: the question of "co-determination" is very difficult, the relative role of different causes - can they be weighed against each other, or must we speak about different forms of causality? If we leave the rigorous causal thinking of political economy, which forms of causality do we then imagine? Will we be leaving "external" causality and entering "internal" causality (Østerberg, 1987)? What are the methodological implications of such a shift?

The classical solution, the Weberian one, in most institutional analyses has been the analysis of typologies. Typological analysis is a way of grouping characteristics that are seen as usually occurring together, or as logically leading to each other, into clusters that are given some theoretical status<sup>6</sup>.

These clusters - ideal types - can then be used either as dependent variables (types, whose logic and emergence have to be explained) or as independent variables (types that cause societal effects in some areas). There is no necessity of either, and often there is no clear causality in typology analysis, neither are the empirical or theoretical relations between the clustered elements always clearly established: Weber's method was based on some historical analysis and a great deal of "logical intuition".

In welfare state theory, typology analysis has become **regime theory**. It starts with Titmuss's distinction between universal, residual and industrial-occupational welfare states (Titmuss, 1974). His scheme, based on programme characteristics of social policies, has been widely used, lately very much during the interpretation Esping-Andersen made of it. Esping-Andersen, however, besides pursuing more methodologically precise studies of the correlation between form and effect, extends the definition of the types: on to structural integration he adds normative integration. To each cluster of programme characteristics there is a political philosophy compatible with it. The industrial-occupational type, thus, is not only a certain way of deciding the rights of recipients - but also an expression of a corporatist and conservative political ideology. It correlates with an inclination to give trade unions a large role in society, and to preserve, through welfare state mechanisms, the inequalities created by the market.

In GE-A's 1990 studies of the correlations between welfare state types and distributional outcomes, typological analysis is used to structure the interaction between societal variables and social outcomes. The papers demonstrate correlations between for example welfare state types and the distributional impact of pension systems. To reach these outcomes means using the latest in internationally compatible distribution figures and several quantitative indices on welfare state types.

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<sup>6</sup> When naming his ideal types, Weber choose historical names, thereby sometimes confusing descriptive with ideal-type analysis. But he gained something else: the contextual and value implications of the form. Later sociologist's attempts to be value free led to the creation of funny neologisms for their theoretical constructions - with few lasting effects.

In those studies, however, the insertion of regime analysis in political economy models may be meeting its limit. Some correlations are at high probability levels and their implications interesting, but overall, the variables treated are of such high levels of generalization and complexity, that the exact nature of the results found may be difficult to gauge.

Correspondingly, it seems that some of the later studies done, though frequently quoting the typologies, are using them less as structuring devices in causal analysis, and more as heuristical tools: they are not seen as exact clusters of elements, whose relations are to be studied carefully; instead, they are broad indications of directions, in which one may look for possible causes and correlations.

That is certainly the tendency in Esping-Andersen's recent edited volume (1996). The units of analysis in that volume are single states or, more often, small clusters of states with much more in common than the formal features of their welfare systems, but also with significant differences that make strict causal analysis difficult. The interest is broadened from social policies to the interaction of several policy fields, including especially labour market and economic policies. And the descriptive and explanatory factors sought include a broad range of micro and macro variables, more or less chosen ad hoc to fit the particular context.

### 5. A cultural factor?

This section is a discussion of the usefulness of "culture" as an explanatory factor in welfare state theory. Culture is probably the factor behind regime differences, but also a difficult object of analysis, difficult to integrate into a social science problematic.

To sum up the argument so far: EU welfare states have not converged much, despite great economic and social pressures upon them, and some policy efforts to harmonize them. One group of theories essentially suggest that the development of welfare states is governed by "political economy" factors - i.e., that they will change with changes in structures and processes in the political and economic systems. But although these changes are rather alike for the welfare states, they seem not to have converged as a result. Another group of theories suggests the existence of different regimes, responding differently to developments in the environment. But these regime theories are not very precise as to what are the causal factors involved, and thus unable to predict convergence or divergence in the future.

Thus we have two reasons for introducing culture as a factor in the explanations: first, the root causes of welfare state divergence are not established yet - one group of theories does not recognize divergence, the other does not explain it. Secondly, I want to suggest that the difference between regimes may be insufficiently characterized in the political economy mode - as balances of interests and resources. The cause of the existence of different regimes may be better expressed as the existence of different cultures.

In a common sense meaning of the words, political and economic factors are strong causes for all sorts of societal developments; it is impossible to deny, for example, that the general level of economic wealth is crucial in determining the possible level of social services. And the balance of political forces determines the current tendencies in social spending. But the workings of economic and political developments on the welfare state filter through a thicket of institutions, making it generally impossible to determine a direct cause-and-effect relationship between precisely defined political economy developments and welfare state shifts.

On a methodologically more precise level, it is probably more true to say that social science cannot imagine societal developments that are not caused by political and economic factors; that is the way we look at the world. The whole scientific establishment in social science is built around the analysis of political and economic "factors" - with the more thoughtful types constantly adding ideological and organizational factors (Hall, 1993; Mann, 1993). But seemingly each generation has to add those anew; politics and economics remain central.

The introduction of other factors than the political and economic ones has had different names - but the idea has always been to try to include the way in which *past patterns of behaviour and thought influence the possible ways of behaving and thinking* - through the similar patterning of individual minds or the binding nature of collective arrangements. It has been called path-dependency, history, culture, ideology or institutions. The most forceful versions have been historical analyses of major developments - like the destinies of working class movements in Western Europe: the size of the working class in Western capitalist societies varies rather little. What creates the large differences in its relative influence from country to country, is mainly the way it is organized, and the way its organizations are situated in the general institutional configuration of the state (Rokkan 1970; Korpi 1983; Mann 1993).

In Michael Mann's major opus about the "sources of social power" (1993), where he actually studies sources of societal change, he operates with economic and political sources - and adds ideology and military ones. My suggestion would be, that those added variables are expressed on a too low level of abstraction - actually incomparable with the other terms in the four-fold, "political" (although he does give it a limiting definition) and "economic". The military dimension is quite a technical one - narrowly connected with the exercise of power, which is the specific subject of Mann's volumes. But the ideological one would be better termed "culture", at least if it was to be used in a broader context, not so tightly connected with the issue of power.

The second reason for introducing a "culture" variable could be to clarify what institutions and regimes are really about. Institutionalism, as already mentioned, means introducing the importance of form into the materialistically inclined causality of "political economy". That has been suggested in several contexts (Offe, 1984; De Swaan, 1988; March & Olsen, 1989), and one could say that Organization Theory, a major business school discipline, is about little else than the importance of form for social processes.

Where the concept of "form" becomes "culture", is where it is not analyzed as a (rational)

choice of optimal rules of behaviour, but as a qualitatively distinct element: a form that is pre-given through the perceptions of participants or through the binding nature of collective arrangements, and that has effects of a different kind on the societal process than the effects of ordinary political economy variables like resources, interests and incentives, etc.

If institutions and regimes are more than rationally chosen sets of rules - if they are complex, historically given entities that frame the social processes and can only be changed by them in the longer run - then the novelty of institutionalism is culture.

At this point, attempting a definition of culture becomes necessary. It is a very difficult task - culture is one of these essentially contested concepts (like "politics" and "democracy" Connolly, 1983) that invite controversy as part of their very function. Most treatments of the concept make do with discussions of its uses in various scientific disciplines (often leaving out the humanities) or some internal cleavages in the field of culture (high/low, etc.). One possible definition is that

*culture = collectively held meaning*

The next step would be to specify what "meaning" means for societal analysis. One could venture the following three points, between them operationalizing the definition of culture:

- values, i.e. things that actors value, be they material or immaterial
- understandings, the interpretations given to things by actors
- habits, the behavioral regularities routinely followed by actors.

Culture is not just about notions in the consciousness of individual - even if those notions are meaningful to their bearers, and common to a lot of bearers. It is also about collective arrangements which are perceived as binding, by those individuals. That aspect should be covered by the "collectively held" term above - implying those words are to be understood in a broad fashion.

When applying cultural concepts to societal analysis, we are most often interested in national cultures, where the chances of consistency of meanings across the whole "group" are not great (Smelser, 1992). In those cases, we have to make do with meanings that are "collectively held" only in the sense of being dominant or widespread or politically significant.

The three concepts do not exhaust the possibilities of subdividing the broad concept of culture or meaning. They are pointers in the direction of cultural analysis, and should improve somewhat on the usually underdefined concept of culture - often used as a catch-all or unspecified filler in analytical crevices. Neither do the suggested definition and the three operationalizing concepts solve the methodological problem of how to study culture - if culture is something different from action or structure, which I believe it has to be, to be useful.

The methodological implications of applying cultural analysis point in the direction of the "softer" methods of sociology: in-depth interviews, historical background analysis, discourse analysis, etc. - if not into the directly humanistic methods of interpretation and text analysis. But as is well known, the textually oriented methods, being individualistic in their

perspective, have problems when the aim is to produce causal and generalizable theories on the societal level.

Traditional sociology was never foreign to cultural factors; to Parsons, they were an integral part of his methodological reflections. Modern sociology and organization theory make diligent use of the studies of values and habits. But the methods of Parsonian sociology carefully avoid the question of meaning. For Weber, meaning was important to the method of *Verstehen*. For Parsons, consciousness is reduced to a status as behavioral dispositions - much like Hofstede's idea of culture as a "mental programme": something the researcher may discern in his human objects, as different from something the researcher has to substantially understand.

The Parsonian approach points to methods of *behavioral analysis* in analyzing culture: cultural factors are measured in terms of expressed attitudes or performed behaviour. Such methods have been used for welfare state analysis in several cases, and we have seen studies either of attitudes directly towards the welfare state, or attitudes relevant to the welfare state (for example, Svallfors, 1993; Kangas e.a. 1995). Attitudes can be used as independent variables, to be correlated with features of the welfare state, whose existence or persistence one wishes to explain. But behavioral methods are not occupied with meaning, with the contents and interrelations of attitudes and of attitudes and institutions.

The alternative to behavioral methods are *hermeneutic* methods, which look at the understandings of actors involved, interpret statements, behavior and signals to get at the meanings expressed in those. From a hermeneutic perspective one would analyze the relations between meanings and contexts such as institutions, structures, and behaviour. In the welfare state area: a specific type of welfare regime is a result of the interpretation given to social problems and possible solutions by the involved actors and decision-makers. Because participants understand problems and solutions in a certain way, attach specific evaluations to them, and habitually act upon them in a given fashion, one form is generally preferred to other forms.

To apply cultural categories means to change somewhat the methodology of welfare state analysis - to use more hermeneutic methods. It also means that some new perspectives may be brought in - or some perspectives may be emphasized more. Beside the "political economy" variables of interests, resources, and incentives - also situational aspects, historical trajectories, the influences of concepts and values, will be emphasized. Cultural analysis means that we are interested in how the actors understand the situation and their actions, where they got their understandings from, and whether they are likely to act upon or to change these understandings. We also want to know which aspect of a situation the actors value, with whom they share their values and how they rank different aspects in relation to each other. And we want to know which routines exist in relevant areas, where they stem from, and what meanings and values are attached to them.

Introducing culture is a progress in terms of realism, complexity and power of explanation. It adds details and colour to description (cf. Geertz's "thick description" as the definition of cultural analysis - 1973), and avoids the blind spots in causal analysis where simple

correlations are covering for complex interrelations. But the crucial problem lies on the border between nomothetical and idiographical analysis, between causality and narrative: with cultural factors included, can we still retain a right to generalize findings and to draw causal conclusions? Let us try a few arguments as pertaining to the welfare state.

Culture is definitely an important factor in welfare state developments: both values, meanings and habits are important elements in determining the choices of welfare state programs. If we initially accept a definition of culture as consisting of those three elements, we can line up a number of evidences to support this proposition:

Values - the willingness to share the nation's economic resources, and the willingness to pay for a large public sector are essential attitudes to take into account for policy makers. They vary widely from nation to nation, as attitude surveys demonstrate. Preferences for public versus private solutions, for family versus individual responsibility, are also different, and correlate sharply with welfare state types.

Meanings - the understanding of the causes of social need, meanings associated with the words like "unemployment", "responsibility" and with institutions like the state, the family and trade unions; these meanings differ between nations, and are important parts of the discourse in which welfare state issues are debated and understood.

Habits - the inclination to join collective organizations and to take part in public life in political parties and elections, traditions for support in and outside families, for establishing businesses, for hiring and firing employees; such habitual patterns of behaviour determine the structure of needs that arise and must be covered by the welfare state.

A hypothetical example: the relation between catholicism and residualism. A behavioralist analysis would require the development of some form of index of catholicism (prevalence of catholic church, number of churchgoers, attitude surveys of declared faith, behavioral indices of faith) - and an index of residualism (high proportion of means-testing among benefits, low levels of transfer incomes). Then the two indices would be correlated, and the result would be assumed to show a causal relationship: cultures dominated by catholicism tend (or perhaps: tend not) to produce residualist features in the welfare state.

A hermeneutic analysis of the same relation would investigate the discourse around welfare state policies, and interrogate participants about their motives and the causes of their actions. Which values were felt relevant by participants, which meanings did the problems and possible solutions convey, how could the role of habit and tradition be seen in the process? Did family morality, subsidiarity, respect for authority, belief in divine providence, the conception of society as a network of families... play a role in deciding action? The answers found would be used to produce a "thick description" (Geertz, 1973) of the process under investigation, and the researcher would suggest an interpretation of the process, where some factors would be accorded more weight than others.

Both forms of cultural analysis have their problems. The "behavioralist" produces results that are generalizable; if the indices of catholicism and residualism covary, then some sort of

general relation, expected to hold true for more than a few instances, can be postulated with a certain plausibility. But at the same time it represents little progress in relation to ordinary materialistic, political economy reasoning: the cultural variables must be abstracted to function in behaviorist analysis. One can still only treat one factor at the time and only group them together in clusters and (ideal) types. Causality is there, but mostly as correlation, interpreted as causality through theoretical reasoning, but far from proven in the analysis.

The "hermeneutic" form establishes causality in a much more satisfying way - at the cost of generality. If participants express their motives to act, and their perceptions of options in a way that supports our hypothesis of a relation between X and Y, and behavioral data do not contradict it, then no stronger notion of causality is possible to establish in the field of human behaviour. Parsons, too, felt the need for an interpretation of motives to supplement the more structural data, to be sure causality was really located, including both structural and motivational elements (Parsons, 1951; Alexander & Seidman, 1990). But as the level of personal feeling and thinking is brought into the picture, generality naturally disappears.

If, for example, we must, in order to understand the development of the Danish welfare state, include both behavioral and materialistic variables like class interests and economic structures, the institutions of the state and the labour market, behaviorist cultural elements like attitudes and preferences, and hermeneutic elements like the perceptions of actors and decision-makers, etc.... then we shall have a good understanding of the formation of the Danish welfare state, but perhaps not be able to use it for much in the understanding of other welfare states or future developments in the Danish one: what held true in a certain combination of structure, conjuncture and actor configuration, does not necessarily enlighten the understanding of other combinations.

One important area where behavioral and hermeneutic thinking differ, is in the conception of social change. To imagine social change from a behavioral point of view is easy - it is just a question of imagining different values on some of the independent variables. Imagining social change in the hermeneutic perspective is not different as such; but the direction of change will be difficult to establish, given the unlimited complexity of causality.

If we want to assess the possibilities of welfare state convergence in Europe, cultural factors add to the complexity of analysis, but their importance is difficult to assess. The gulf between *ceteris paribus* and *thick description* remains.

## 6. Conclusions

Welfare states are complex important policy clusters and political arenas, that show specific national characteristics in different states. They are squeezed by post-industrial social structures and globalizing societies, but so far they do not converge to any large degree. The factors that keep them different are to a large degree institutional or cultural factors, and they

will only converge if those factors change, allowing for convergence. Analyzing such cultural factors, however, is a difficult task and poses specific methodological problems.

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