

Welfare state regimes and the evolution of liberalism

Curt J. Pankratz

To cite this article: Curt J. Pankratz (2014) Welfare state regimes and the evolution of liberalism, *Journal of International and Comparative Social Policy*, 30:3, 217-230, DOI: [10.1080/21699763.2014.951383](https://doi.org/10.1080/21699763.2014.951383)

To link to this article: <http://dx.doi.org/10.1080/21699763.2014.951383>



Published online: 16 Sep 2014.



Submit your article to this journal [↗](#)



Article views: 251



View related articles [↗](#)



View Crossmark data [↗](#)

Welfare state regimes and the evolution of liberalism

Curt J. Pankratz*

Department of Sociology, University of Winnipeg, Winnipeg, Canada

(Received 13 December 2013; accepted 31 July 2014)

This paper argues that the concept of the liberal welfare state within welfare state regimes discourse fails to account for some important aspects of the historical development of liberalism. It is argued that two key aspects of liberalism have been neglected. First, that liberalism essentially arose in opposition to ascribed status, seeking to replace it with a form of “achieved” status. Second, that a major stream of historical liberalism sought to equalize individual *opportunity* by suggesting that the state should provide some basic social and economic supports to individuals in need. This paper uses OECD health data to identify welfare state clusters based on the measurement of welfare (rather than neo)liberalism. The emerging cluster model is then compared with other welfare state regime typologies with regard to its ability to predict important social and political outcomes. The paper concludes that the emerging “welfare-liberal” typology may be a better predictor of certain social and political outcomes than other regimes configurations, indicating the usefulness of considering alternative aspects of liberalism when examining welfare state regimes.

Keywords: social policy; welfare state; health care; social class; liberalism

Since Esping-Andersen (1990) identified three main ideals that underlie Western welfare state policy structures, comparative welfare state research has focused largely on labour market, family and health policies in determining the extent to which national approaches to social welfare resemble one or more of his major ideological types.

From the outset, this welfare state “regimes” discourse has applied a Weberian concept of ideal types in an effort to represent several main approaches that a nation can adopt in the development of its social policies within the context of capitalism. For example, it is possible for a state to base all of its policies on the idea that people should be individually responsible for their welfare and that policies should only supply minimal support to those who are most in need for a short time until they can participate in what is seen as a benevolent and fair capitalist market (Esping-Andersen referred to this ideal as *liberal*). Other states may base their policies on the opposite idea: that there is a public responsibility for the welfare of individuals and that sufficient supports should be available to all people to protect them from the inequalities often generated within a capitalist system (the basis of Esping-Andersen’s *social democratic* welfare state ideal). Or, according to

*Email: c.pankratz@uwinnipeg.ca

Esping-Andersen, states can be based on occupational and gender distinctions owing to their political and social history including feudalism (the *conservative* ideal).

To this point, welfare state regimes research has typically adopted the conceptualization of the ideal liberal welfare state as a sort of opposite to the ideal social democratic state, owing to its emphasis on private resources and means-tested access to government services and support. However, this conception has ignored the vast complexity of the history and politics of liberalism.

Given recent neoliberal expansion and its impact on welfare states, it is important to focus more on specific forms of liberalism for two reasons: first, because it can help understand the more specific directions in which welfare states are being influenced, and second, these different liberal directions may confound the traditional ability of welfare state regimes modelling methods to truly identify important nation-level distinctions using only one overarching “liberal” type. If welfare states are shifting, within the context of globalization, towards more liberal types of policies, it is important to develop comparative frameworks that account for more than one potential variant of liberalism. This is because even with increasing pressure to adopt market-friendly solutions, welfare states can respond in different ways (e.g. by the extent to which policies enable individuals to participate in the market in the first place).

This shortcoming can compromise the advancement of research concerning national policies and social outcomes. For example, Vergolini (2011) examines the connections between social cohesion, social status and economic condition across welfare state regimes. To do this, Vergolini uses only one national example for the liberal state – UK, which is also typically a weak representative of the regime. Vergolini’s analysis found little in the way of a welfare state regime impact. However, with regard to social cohesion, inequality, economic condition and related factors, liberal welfare states tend to provide a clear basis for comparison because they illustrate the outcomes of greater reliance on neoliberal policies. Therefore, consideration of how the inclusion of more typical liberal welfare states (like the USA, Canada and Australia) might affect analyses like Vergolini’s is important. The analysis in the present paper suggests, though, that several underpinnings of the dominant welfare state regimes theory may need to be reconsidered in order to fully understand how policies in “liberal” welfare states affect factors like those studied by Vergolini (2011). In essence, welfare state regimes theory may not be fully equipped to address the impact of the various forms of liberalism that could be emerging within welfare states.

To examine this potential shortcoming in the application of welfare state regimes theory, two key components of liberalism will be addressed here. First, that liberalism essentially arose in opposition to ascribed status and religious conformity, seeking to replace this notion with “achieved” status. Current methodological approaches to welfare state regimes typologies do not include this notion within the concept of the liberal ideal. Second, that liberalism is not restricted to the neoclassical approach. Conventional measurements have been based on the definition of *neoliberalism* and have not measured *welfare* liberalism as a unique ideal that can underlie a state’s approach to social welfare, or that may have played a historical role in mediating the extent to which neoliberalism has impacted a nation’s policies. This is a considerable shortcoming given the need to study the general trend towards liberalism in welfare states.

The intent of this paper is to explore this issue by applying a way to measure welfare liberalism across welfare states, in an effort to account for liberalism’s opposition to ascribed status. Given the importance of this historical distinction within liberalism, such an analysis may identify an important shortcoming in conventional welfare state conceptualizations and facilitate future attempts to connect historical and political factors to

welfare-liberalist approaches to social policy. This is important because of the significant impact various forms of liberalism have had on political decision-making in Western nations (Annunziata, 1976; Aronowitz, 1986; Bloodworth, 2006; Schwarz, 1990; Zuckert, 2007) and because different forms of liberalism may have distinct influences on welfare state reform (Mahon, 2008). Moreover, the current international trend towards liberalism-based policy among welfare states makes a fuller consideration of various forms of liberalism essential.

In order to apply a way of measuring different forms of liberalism in welfare states, this paper uses health policy measures. Since one of the key underpinnings of welfare liberalism is that the state should be responsible for ensuring that individuals have equal opportunity to “take advantage of economic opportunity” (Schwarz, 1990), this analysis focused on policies that reveal a state’s commitment to factors that impact upon individual agency rather than on direct wealth redistribution. One of the basest aspects of personal agency relates to one’s physical capacity. That is, poor health is one of the strongest individual-level barriers to pursuing wealth and can be seen in very direct ways, like not being able to work or be self-sufficient due to illness, injury or disability.

Because many welfare state policies impact social class and inequality (Coburn, 2004; Dahl, Fritzell, & Lahelma, 2006; Fritzell & Lundberg, 2005; Hurrelmann, Rathmann, & Richter, 2010; Navarro et al., 2006; Navarro & Shi, 2001; Raphael, 2006), and inequality greatly affects health outcomes (Coburn, 2006; Hurrelmann et al., 2010; Navarro & Muntaner, 2004; Navarro & Shi, 2001; Ross et al., 2000), it seems evident that all social policies have considerable impact on health. However, given the dominant public (including policy-makers and political leaders) conception that health-specific policies (healthcare coverage, in-patient care, immunization policies, physician density and so on) have the greatest impact on health, it is most likely that the structure of such policies reflects national priorities regarding health. Given the connection between individual health and the ability to “fend for oneself”, examining health policies is a good way to assess a welfare state’s commitment to individual opportunity.

The analysis performed here occurs in two main stages. First, measures of welfare liberalism are used to generate a typology of welfare states based on evidence of welfare-liberal characteristics. Second, the emerging clustering pattern is compared to conventional typologies with regard to its ability to predict various social and political outcomes.

Background

Esping-Andersen (1990) identified three “typical” clusters of welfare states in his analysis of sickness, unemployment and pension benefits. *Liberal* welfare states are dominated by the logic of the market.¹ Benefits are modest, often means-tested and stigmatizing. These welfare states tend to be low spenders. *Conservative/corporatist* welfare states are less controlled by markets but their benefits tend to be stratified (by occupational distinctions), and therefore, their overall redistributive effects are minimal. These regimes are generally shaped by historical church traditions, and this tends to determine their conservative attitudes towards social policy.² The third welfare state type is the *social democratic*. This type is based on universalism and “usurpation” of the market (Pierson, 1998).³ It is based on the idea of public responsibility for individual welfare and universal access to social services and supports. No individual welfare state is a perfect fit with any particular regime type. Rather, welfare states are categorized based on the extent to which their policies reflect each of the above ideals.

Since 1990, much comparative literature on welfare states has focused to a great degree on verifying and improving (or critiquing) Esping-Andersen's welfare state model (Pierson, 1998). There has been a concerted effort to modify his typology or develop alternative welfare state typologies and add new regime types (see, e.g. Castles & Mitchell, 1992; Ferrera, 1996; Korpi, 2000; Korpi & Palme, 1998).

However, much less work has attempted to further break down the ideological construction of a particularly well-established welfare state type. Given the historical division within Western liberalism and its importance for the political arena, it is crucial to explore the adequacy of the current conception of liberalism as a homogeneous welfare state type.

Conventional measurement of “liberalism” in welfare states

The roots of liberalism, within welfare state classification, are based on nineteenth-century political economy – specifically, “classical liberalism”, which has re-emerged as neoliberalism (Olsen, 2002). In measuring this within welfare states, Esping-Andersen (1990) used old-age pensions, unemployment benefits and sickness benefits. Lower benefit payments indicate higher levels of liberalism. In other words, the supposed liberal belief is that the capitalist system is fair and rewards individual effort, and therefore, individuals who work hard can rely on their own resources to support themselves. The basis of this conceptualization of liberalism is that support, either monetary or through access to services, is only a last resort once all private resources are depleted and one is poor enough (Olsen, 2002). Because of this, conventional macro-level welfare state regimes analyses have applied an interpretation wherein countries must be liberal if their services and supports are minimal and means-tested.

Underpinnings of liberalism that have been excluded from welfare state regimes analyses

There are many aspects of liberalism that are inadequately addressed in conventional measures used to classify welfare states. Some authors have identified up to four distinct types of liberalism that have impacted on policy development since the seventeenth century. For example, Mahon (2008) identifies classical, social, neo- and inclusive liberalism.

Achieved versus ascribed status. Until the mid-sixteenth century, Western culture was largely characterized by ascribed social status. People were born into a particular social standing which, based on theological grounds, was seen to be unchangeable during at least their earthly lifetime. Liberalism began in reaction against this ascribed social status, particularly insofar as it was linked to religious conformity (Ball & Dagger, 2006). In the mid-seventeenth century, John Locke made the argument that individuals have naturally given rights to life, liberty and property. The list of rights enshrined by the early liberals can be summarized within the concept of the “pursuit of happiness” (Zuckert, 2007). According to Locke, rationality, rather than Scripture, should guide decision-making within the political sphere (Zuckert, 2007). This was instrumental in establishing the notion that from a political perspective, the objective should be to ensure not that people have what they need to be happy, but that they can actively and freely pursue it. This preceded a long history of development and transformation within the conception of liberalism. In the eighteenth century, liberalism was already being tweaked in several directions with the ideas of Montesquieu, the American founders, and finally Adam Smith (Zuckert, 2007). Each of these included further considerations regarding political and

economic systems, including an emphasis on the importance of markets not only in generating wealth, but also in supporting individual liberty.

Since that time, the concept of liberalism has been continually redefined, including the emergence of different forms of liberalism coexisting (or conflicting) within political thought. It is clear, therefore, that the complex history of liberalism, which has had such a prominent and important impact on political history (Annunziata, 1976; Aronowitz, 1986; Bloodworth, 2006; Schwarz, 1990; Zuckert, 2007), deserves careful consideration within welfare state regimes discourse. For purposes of this analysis focus was on one of the more basic distinctions that has emerged: the distinction between welfare liberalism and neoliberalism. Although each of these actually contains a diverse range of rationales and concepts (Zuckert, 2007), the identification of them as two separate “camps” is well documented and allows for an analysis of the issues raised in this paper.

Welfare liberalism. In the later nineteenth century, liberalism is divided into two main approaches based on different reactions to the industrial revolution (Ball & Dagger, 2006). Welfare liberalism arose in opposition to the laissez-faire aspect of liberalism, arguing that markets do not generate moral outcomes (Zuckert, 2007). Welfare liberals, in contrast to the neoliberal perspective, argue that the role of government, if it is properly structured, will ensure that each individual has an equal opportunity to pursue desired social status and wealth (“happiness”) by ensuring that basic needs are met (Ball & Dagger, 2006; Schwarz, 1990; Zuckert, 2007). This aspect of liberalism is also emphasized by Mahon (2008), who refers to it as “inclusive” liberalism, which advocates the use of training and other programmes to develop individuals’ capacities.

This is a perspective that cannot be captured by the conventional ideals of the liberal welfare state, which are based on the enshrinement of completely private responsibility for welfare. If a state provides some level of support it has conventionally been interpreted as being a bit less liberal. In reality, it is possible that it is completely liberal, but based on a dominance of the welfare-liberal perspective. That is, there may have been no historical or political influence of social democratic ideology at all, which would not be captured by the conventional liberal–social democratic polarity.

This raises a key issue when it comes to conventional measures of welfare state types. If welfare liberalism assumes that some government involvement is favourable in terms of “equalling out” individual opportunity and satisfying basic needs in order to do this, this measure begins to overlap with conventional measures of social democratic states. Part of the reason for why conventional methods have focused on neoliberalism is precisely in order to create a polarity that would measure liberalism as a theoretical opposite to social democratic approaches. Ball and Dagger (2006) argue that the key difference between welfare liberalism and socialism is that welfare liberalism only seeks to alleviate the more serious negative impacts of capitalism for individuals (e.g. extreme poverty). Socialists, they argue, seek to replace capitalism with a system of publicly owned enterprises. This does not, however, resolve the problem for welfare state regimes research, since social democratic states are not identified based on an effort to replace capitalism. This remains true in an era of “globalization” and the welfare state retrenchment that has gone with it (Olsen, 2002). Social democratic states go much further towards negating the negative consequences that come from the inequality generated by capitalism, but the approach is based on the assumption that capitalism will ultimately define trade at all levels (Olsen, 2002).

Given the distinct nature of welfare liberalism as opposed to neoliberalism and social democratic approaches, traditional measures used in welfare state regimes analyses are

not satisfying. At the same time, the crucial historical and political importance of welfare liberalism makes it important to address this situation.

Some work has suggested that there may be several “sub-categories” among countries commonly grouped together as “liberal” welfare states. For example, Bambra (2005) found that when healthcare policies are examined, liberal countries could be divided into two distinct groups – one that is low in welfare decommodification and one that relies more on social services. It is possible that this distinction is partly based on whether a state is founded upon neoliberal or welfare-liberal policies. Others have argued that Australasian states (New Zealand and Australia in particular) may be classified separately from other liberal states (Ramia & Wailes, 2006), and that there is a Latin Rim regime in addition to Esping-Andersen’s (1990) regime types (Mari-Klose & Moreno-Fuentes, 2013; Scheepers, Grotenhuis, & Gelissen, 2002).

However, from a measurement standpoint, there are no easy practical solutions to this because the real difference is the extent to which each approach seeks to restrain the potentially debilitating outcomes of capitalism. It would be possible for a state with a history of minor social democratic influence to be identified as welfare liberal simply because policies aimed at redistribution of wealth were only able to go so far as to provide basic levels of support. The present analysis establishes, however, that when welfare-liberal characteristics are examined, countries exhibit very different tendencies relative to one another, and that these tendencies help to predict important social and political outcomes such as poverty, trade regulation, literacy and pension income. In many cases, cross-national distinctions identified using measures of welfare liberalism are better predictors of such things than conventional welfare state typologies are.

Health care within conventional welfare state regimes discourse

Healthcare structure and policies, as a dimension of welfare states, have not been assessed using strict conventional welfare state regimes methodology. One of the main critiques of Esping-Andersen’s (1990) method is that he focused on cash benefit programmes rather than services (Alber, 1995; Kautto, 2002). To date, social services in general remain understudied with regard to welfare state regimes comparisons (Bambra, 2005). Yet, different welfare state regimes place different emphases on various forms of social services (Castles, 1998; Olsen, 2002), and welfare state structure in general has a direct impact on the health of a population (Chung & Muntaner, 2006, 2007; Coburn, 2000; Navarro et al., 2006). Given that health care is a service-heavy dimension, it provides an opportunity to address these omissions. Moreover, social services are a main way in which a welfare state can equalize the opportunity of individuals to compete for resources. Unlike the cash benefit programmes originally analysed by Esping-Andersen, services are less predicated on the direct redistribution of personal wealth. That is, while good health increases an individual’s capacity to “pursue happiness”, healthcare services do not directly place increased resources into the individual’s hands. Attempts to address these omissions by analysing healthcare services in various welfare states have assumed the existing liberal–social democratic polarity rather than critiquing the conventional definition of the ideal liberal state. Healthcare services, however, provide a good opportunity to assess welfare liberalism within different welfare state regimes because, rather than directly redistribute wealth, they can be seen as on “stand-by” only to help people whose health detrimentally affects their opportunities return to a state of “normal” capacity. In other words, healthcare services are in many ways fundamentally welfare-liberal policies.

Method

The five indicators of welfare liberalism chosen for this analysis were intended to reflect several key ideological underpinnings. The first indicator was the proportion of people who have public in-patient medical care coverage. The focus here was on coverage for only in-patient and acute care coverage, rather than coverage for overall health care used as a conventional measure of liberalism. Specifically in-patient and acute care is more indicative of a “mere” equalizing of opportunity rather than access to more general health care, which from a liberal point of view may include “luxuries” not necessary just to ensure that the individual is able to fairly compete. In other words, it is only when people cannot function independently (pursue resources and wealth) that they stay in a hospital. In other words, access to care to restore one’s ability to function normally is important to equality of opportunity.

The second and third indicators of welfare liberalism are physician density (per 10,000 population) and acute care beds density (per 10,000 population), respectively. Both of these are controlled by policy (through funding, licensing and so on) and are important components of access to care that restores normal function. At the same time, the existence of these resources for immediate care does not affect wealth distribution.

The final two indicators of welfare liberalism address the fact that welfare liberalism (like neoliberalism) opposes religious conformity and ascribed social status. Conventional welfare state regimes analyses have used the existence of occupationally distinct policy streams as indications of policies supporting ascribed status inherited from feudal social structure (see Esping-Andersen, 1990, 1999; Korpi, 2000; Korpi & Palme, 1998). In conventional analyses, however, this has been an indicator of the “conservative” welfare state type, which is not seen as a polar opposite to liberalism. Here, the existence of occupationally distinct paid sickness benefit schemes and whether there is special sickness or injury support for government employees were used as evidence of policies built on the principle of ascribed status.⁴ A greater number of occupational distinctions within sickness benefits and the existence of special care for government employees indicate lower levels of welfare liberalism.

It is crucial to note that in this analysis, welfare liberalism was not measured as a polaric opposite to either social democratic or neoliberal policies. For example, having several occupationally distinct sickness benefit schemes reduces the evidence of welfare liberalism, but does not suggest a neoliberalism or a social democratic approach.

There were two phases to the analysis performed here. In the first phase, a hierarchical cluster analysis was performed using the five measures of welfare liberalism. Measures were standardized using z-scores to ensure equal weighting. Between-groups linkage was used, and distances between clusters were measured using squared-Euclidean distance. From this analysis, a dendrogram was produced showing the patterns with which 17 OECD countries cluster. Four clear clusters emerged, and two countries (USA and Germany) remained independent. From this, a six-group typology was identified.

In the second phase of the analysis, the typology generated in the first phase is compared to two other regimes configurations with regard to its ability to predict important social and political outcomes. The other two regimes configurations are the traditional groupings as suggested by Esping-Andersen (1990) and a five-group typology that separates the Australasian states (New Zealand and Australia) and the included Latin Rim states (Spain and Italy) into independent clusters.

The predictive power of each of the three typological configurations is measured using η^2 correlation. η^2 is a non-parametric measure suitable for assessing correlating

nominal-level variables (like regime groupings) with interval-level measures (like poverty rates and trade regulation coefficients). Essentially, η^2 gives the proportion by which prediction error is reduced by using the group average rather than the overall average as a prediction of each country's score on each measure. For example, a value of .5 indicates that prediction error is reduced by 50%. The higher the value (between 0 and 1), the greater the predictive power of the grouping.

Key limitations

Besides the fact that several quantitative indicators only assess a very rudimentary aspect of welfare liberalism, there are several further methodological cautions. First, it is well known by welfare state researchers that national comparisons of welfare state policies may undermine the existence of variation *within* countries. For example, in Canada, specific aspects of healthcare service and delivery vary widely across provinces. The USA has considerably different approaches from state to state. This is the case for virtually every country. With this in mind, the intent here is to compare federal approaches within each country, even if regional variations may help shape the outcomes. This is a common limitation when making quantitative analyses of national policy approaches (Olsen, 2002) and is necessary when comparing welfare states.

Analysis

Table 1 shows the raw scores for each country across the measures used in this analysis, and Figure 1 shows the dendrogram for the cluster analysis. Looking at Figure 1, there are a

Table 1. Indicators of welfare liberalism in health care.

Country	% population with in-patient coverage ^a	Physician density (per 10,000 pop) ^a	Acute care beds (per 10,000 pop) ^a	Number of occupationally distinct schemes ^b	Special sickness or injury support for government employees? ^b
Sweden	100	38.6	27.1	1	No
Norway	100	37.2	33.2	1	No
Austria	97.0	48.3	76.5	1	Yes
Germany	90.9	38.4	82.7	2	Yes
Switzerland	100	38.3	48.7	2	No
France	99.9	30.9	63.7	16	Yes
Italy	100	41.0	34.2	1	Yes
Australia	100	33.1	37.7	1	No
Finland	100	27.2	55.2	7	Yes
Belgium	99.0	29.1	63.1	10	Yes
Spain	99.3	38.4	31.8	3	Yes
The Netherlands	64.2	37.0	46.6	1	No
Denmark	100	34.8	35.0	1	Yes
Canada	100	19.0	27.5	1	No
New Zealand	100	27.0	28.1	1	No
UK	100	28.2	29.5	1	No
USA	25.3	24.6	30.5	2	Yes

^aSource: OECD Health Data (2014).

^bSource: OECD Expenditure Database.

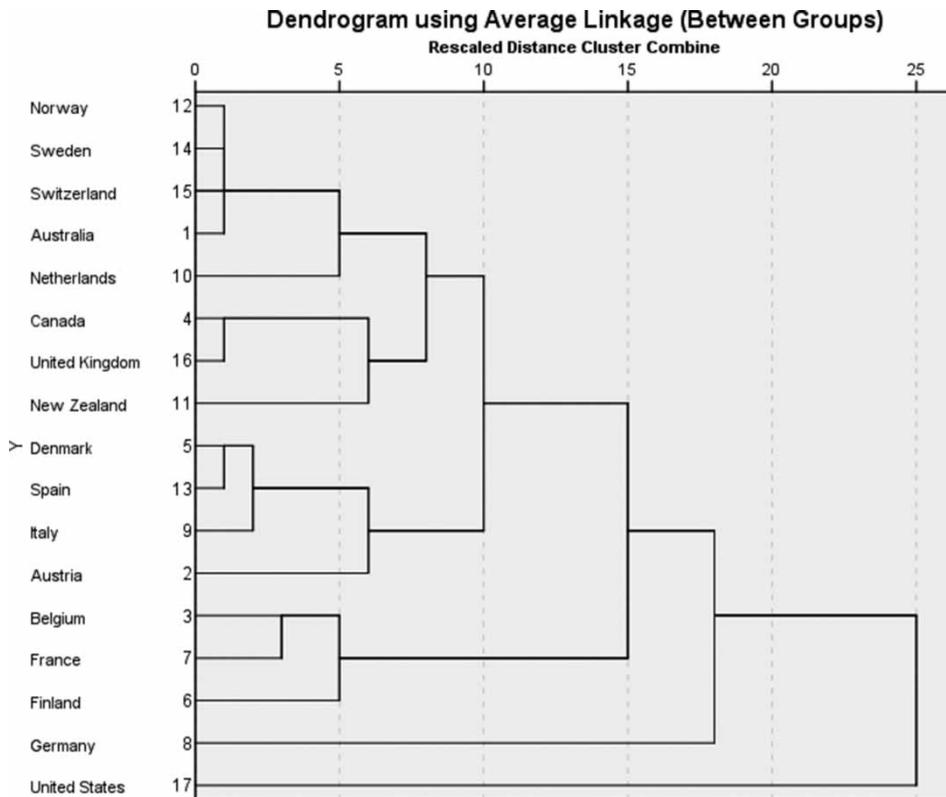


Figure 1. Dendrogram using average linkage (between groups).

number of clustering patterns that emerge, and they do not reflect traditional welfare state regime groupings.

Norway, Sweden, Switzerland and Australia are all very similar and therefore group together at the first stage. The Netherlands joins them shortly thereafter. For this analysis, these five countries are considered to be one cluster. Canada and the UK are quite similar and group together at the first stage, with New Zealand joining them. Those three countries can therefore be seen as a second cluster. Denmark, Spain and Italy cluster closely together, with Austria joining them in a third cluster. The fourth evident cluster includes Belgium, France and Finland. Germany and the USA are very unique with regard to these measures of welfare liberalism, and each remains independent through most of the analysis. Therefore, these two countries must be considered independent clusters. Table 2 shows these clusters.

Table 2. Welfare liberalism clusters.

1	2	3	4	5	6
Norway	Canada	Denmark	Belgium	Germany	USA
Sweden	United Kingdom	Spain	France		
Switzerland	New Zealand	Italy	Finland		
Australia		Austria			
The Netherlands					

Table 3. Welfare state regimes.

Social democratic	Conservative	Liberal
Norway	Switzerland	Canada
Finland	Austria	Australia
Sweden	The Netherlands	United Kingdom
Denmark	Spain	USA
	Italy	New Zealand
	Belgium	
	France	
	Germany	

In order to assess the extent to which these clusters are meaningful to political and social outcomes, η^2 coefficient analyses show the degree to which these groupings reduce prediction error for various outcomes. In order to contextualize this, η^2 analyses were also done using two other regimes configurations. One configuration uses the traditional three-regime typology (Table 3) and the other configuration accounts for more recent revisions proposed to regime classifications (Table 4). Specifically, the latter configuration includes separate clusters for the two Latin Rim countries in this analysis (Spain and Italy) as well as the two Australasian countries (New Zealand and Australia).

Table 5 shows the η^2 coefficients for each of the three welfare state regimes configurations for a number of social and political outcomes. A general finding is that accounting for the Australasian and Latin Rim regimes improves the predictive ability of the typology. Not surprisingly, of the 11 social and political outcomes examined, the three-world typology shows a strong ability to help predict unionization ($\eta^2 = .776$, meaning that prediction error is reduced by 77.6% when using the group mean rather than the overall mean to predict unionization rate in each country). The traditional typology also shows a moderate ability to help predict pension income ($\eta^2 = .385$).

When the Australasian and Latin Rim regimes are accounted for (to the extent that they can with the countries in this analysis), the predictive ability of the model generally improves. This suggests that there are important distinctions warranting these categorizations. That typology, however, builds on the three-world model, but by contrast, the welfare-liberal typology developed here is based on unique clusters representing connections not predicted by traditional configurations. For that reason it is significant that the welfare-liberal typology is a better predictor of many important social and political outcomes. Unionization is much better predicted by the three-world and five-world models, and unemployment is best predicted by the five-world model. At the same time, the welfare-liberal typology predicts unemployment rates more accurately than the three-world model.

Table 4. Alternate regime configurations.

Social democratic	Conservative	Liberal	Latin Rim	Australasian
Norway	Switzerland	Canada	Spain	New Zealand
Finland	Austria	UK	Italy	Australia
Denmark	Belgium	USA		
Sweden	The Netherlands			
	France			
	Germany			

Table 5. Predictive power of welfare state regimes configurations (η^2 correlations).

Measure	Traditional three-world type	With Australasian and Latin Rim regimes	Welfare-liberal typology
Union: % of salaried and wage workers who are in trade unions	.776	.778	.178
Unemployment rate	.051	.628	.291
Average Programme for International Student Assessment literacy score, 15-year-old students (math, reading and science)	.095	.412	.432
% of pop in labour force	.056	.366	.579
Poverty rate	.035	.162	.472
Pension income as a % of pre-retirement income for men who earned an average wage throughout their career	.385	.459	.713
Retail trade regulation (no US data)	.181	.322	.634
Entry barriers to trade	.020	.057	.534
Adult mortality	.023	.202	.837
Maternal mortality	.265	.414	.853
Life exp. at birth	.084	.279	.442

Source: OECD Health Data (2014).

The usefulness of the welfare-liberal typology becomes clearer as less commonly used outcomes are examined. This typology predicts teen literacy as well as the five-world model, and is by far the most predictive of the three models for the other outcomes. Among those are labour force participation ($\eta^2 = .579$), poverty rate ($\eta^2 = .472$) and pension income ($\eta^2 = .713$). The welfare-liberal typology is also the best predictor of outcomes involving market and trade regulation as measured by retail trade regulation ($\eta^2 = .634$) and entry barriers to trade ($\eta^2 = .534$). Perhaps partly because the measures used in this analysis relate to the accessibility of health care, the welfare-liberal model is a strong predictor of many health outcomes, including adult mortality ($\eta^2 = .837$), maternal mortality ($\eta^2 = .853$) and life expectancy ($\eta^2 = .442$).

It is clear, then, that when welfare liberalism is measured, different clustering patterns emerge and strongly predict many important social factors.

Discussion

These findings suggest that liberalism may have dimensions that are not conceptual opposites of social democratic approaches and it may not be possible to account for them on the same axis. Welfare state regimes research, beginning immediately with Esping-Andersen's (1990) work, has contextualized each welfare state ideal as emerging from a particular political and social history. The complex history and diversity of liberalism, however, has not been adequately recognized. The USA has typically been identified in welfare state regimes discourse as the clearest example of the liberal welfare state ideal, but the importance of diverse and often competing aspects of liberalism in American history have been well established for some time (see, e.g. Annunziata, 1976; Aronowitz, 1986; Bloodworth, 2006; Schwarz, 1990; Zuckert, 2007). The analysis performed here indicates that aspects of welfare liberalism, particularly those that manifest through healthcare services, have been adopted in different ways by different welfare states. Moreover, distinct groups

seem to be evident and are correlated with social and political outcomes. It will be critical to examine factors that may have caused this. For example, what is it that makes Norway, Sweden, Switzerland, Australia and the Netherlands so similar? Why would Denmark align so closely with Spain and Italy of the Latin Rim? Do these countries have historical or political similarities that might influence things like trade laws, poverty and pension policies? Do the similarities stem from the adoption of welfare-liberal approaches generally, or are they based on particular aspects of health care (since some policy areas may be more welfare-liberal than others)? The same questions should be asked of the other groupings found here. It will also be important to understand why Germany and the USA are so dissimilar and unique in these ways.

Finally, these findings challenge the common notion that liberal and social democratic welfare states exist on an axis. It appears that specific aspects of welfare liberalism are adopted in very different international patterns that may involve the influence of many social and political forces. A greater focus on welfare liberalism may help to place more emphasis on liberalism as a complex historical political force arising in opposition to things like ascribed status rather than in opposition to social democratic policies.

Conclusion

Conventional welfare state research has focused almost exclusively on measuring neoliberalism when identifying welfare state regime membership. While that is an important aspect of policy development that is more easily differentiated from social democratic approaches, welfare liberalism is a crucial and complex historical and political component of liberalism and therefore has a considerable effect on how national policy structures compare with one another as well as the kinds of outcomes they generate. Moreover, if states are moving towards more liberal policy approaches, the application of welfare state regime theory should account for the possibility that each of these states might nevertheless be transforming in very different directions within the blanket of liberalism. Future work should aim to more fully incorporate elements of welfare liberalism into such analyses. It is important that welfare state comparisons do not entrench the liberal–social democratic polarity as the essential way of defining liberalism.

Acknowledgement

The author acknowledges the helpful input of the reviewers as well as Dr. Les Carrothers (University of Manitoba, Canada). Inquiries about the analyses performed or data set can be directed to the author.

Notes

1. Ideologically, this regime type descends from ideas associated with Adam Smith and the belief in free-market capitalism with a minimum of state ‘interference’ (Esping-Andersen, 1990, pp. 9–10).
2. Conservative welfare states have ideological roots in conservative political economy, which emerged in reaction to the French Revolution. It feared social levelling and favoured a society that retained both hierarchy and class; for class, status and rank were seen as natural and given. It was class conflict that was not seen as natural (Esping-Andersen, 1990). Chancellor Bismarck, in pushing towards a social insurance system designed to be income related in order to maintain hierarchy and prevent class solidarity in Germany, was also crucial in the development of a conservative welfare state.

3. This welfare state regime has its ideological roots in Marxist political economy and is historically supported by strong labour solidarity. This perspective is critical of the market's atomizing effects and also opposes the liberal claim that free markets guarantee equality (Esping-Andersen, 1990).
4. In conventional measurement of 'conservative' welfare states, occupational distinctions are seen to arise out of feudal status distinctions. Common occupational distinctions include farmers, fishermen and government employees or civil servants, and in many cases there is still a hierarchy of support levels for each group.

Notes on contributors

Curt J. Pankratz is Assistant Professor of Sociology at the University of Winnipeg, Canada. His research focuses on the impacts welfare state policies have on social stratification, population health, and conditions of living.

References

- Alber, J. (1995). A framework for the comparative study of social services. *Journal of European Social Policy*, 5, 131–149.
- Annunziata, F. (1976). The new left and the welfare state: The rejection of American liberalism. *The Southern Quarterly*, 15, 33–56.
- Aronowitz, S. (1986). The decline of American liberalism. *New Politics*, 1, 53–74.
- Ball, T., & Dagger, R. (2006). *Political ideology and the democratic ideal*. Toronto: Pearson.
- Bambra, C. (2005). Cash versus services: "Worlds of welfare" and the de-commodification of cash benefits and health care services. *Journal of Social Policy*, 34, 195–213.
- Bloodworth, J. (2006). The program for better jobs and income: Welfare reform, liberalism, and the failed residency of Jimmy Carter. *International Social Science Review*, 81, 135–150.
- Castles, F. G. (1998). *Comparative public policy: Patterns of post-war transformation*. Cheltenham: Edward Elgar.
- Castles, F. G., & Mitchell, D. (1992). Identifying welfare state regimes: The links between politics, instruments, and outcomes. *Governance: An International Journal of Policy and Administration*, 5, 1–26.
- Chung, H., & Muntaner, C. (2006). Political and welfare state determinants of infant and child health indicators: An analysis of wealthy countries. *Social Science and Medicine*, 63, 829–842.
- Chung, H., & Muntaner, C. (2007). Welfare state matters: A typological multilevel analysis of wealthy countries. *Health Policy*, 80, 328–339.
- Coburn, D. (2000). Income inequality, social cohesion and the health status of populations: The role of neo-liberalism. *Social Science and Medicine*, 51, 135–146.
- Coburn, D. (2004). Beyond the income inequality hypothesis: Class, neo-liberalism and health inequalities. *Social Science and Medicine*, 58, 41–56.
- Coburn, D. (2006). Health and health care: A political economy perspective. In D. Raphael, T. Bryant, & M. Rioux (Eds.), *Staying alive: Critical perspectives on health, illness, and health care* (pp. 59–84). Toronto: Canadian Scholars' Press.
- Dahl, E., Fritzell, F., & Lahelma, E. (2006). Welfare state regimes and health inequalities. In J. Siegrist & M. Marmot (Eds.), *Social inequalities in health* (pp. 193–222). Oxford: Oxford University Press.
- Esping-Andersen, G. (1990). *The three worlds of welfare capitalism*. Princeton, NJ: Princeton University Press.
- Esping-Andersen, G. (1999). *Social foundations of postindustrial economics*. Oxford: Oxford University Press.
- Ferrera, M. (1996). The "southern model" of welfare in social Europe. *Journal of European Social Policy*, 6, 17–37.
- Fritzell, J., & Lundberg, O. (2005). Fighting inequalities in health and income: One important road to welfare and social development. In O. Kangas & J. Palme (Eds.), *Social policy and economic development in the Nordic countries* (pp. 164–185). New York, NY: Palgrave Macmillan.
- Hurrelmann, K., Rathmann, K., & Richter, M. (2010). Health inequalities and welfare state regimes: A research note. *Journal of Public Health*, 19, 3–13.

- Kautto, M. (2002). Investing in services in west European welfare states. *Journal of European Social Policy*, 12, 53–65.
- Korpi, W. (2000). Faces of inequality: Gender, class, and patterns of inequalities in different types of welfare states. *Social Politics: International Studies in Gender, State, and Society*, 7, 127–191.
- Korpi, W., & Palme, J. (1998). The paradox of redistribution and strategies of equality: Welfare state institutions, inequality, and poverty in the western countries. *American Sociological Review*, 63, 661–687.
- Mahon, R. (2008). Varieties of liberalism: Canadian social policy from the “Golden Age” to the present. *Social Policy & Administration*, 42(4), 342–361.
- Mari-Klose, P., & Moreno-Fuentes, F. J. (2013). The Southern European welfare model in the post-industrial order: Still a distinctive cluster? *European Societies*, 15(4), 475–492.
- Navarro, V., & Muntaner, C. (2004). *Political and economic determinants of population health and well-being: Controversies and developments*. New York, NY: Baywood.
- Navarro, V., Muntaner, C., Borrell, C., Benach, J., Quirage, A., Rodriguez-Sanz, M., ... Pasarin, M. I. (2006). Politics and health outcomes. *Lancet*, 368, 1033–1037.
- Navarro, V., & Shi, L. (2001). The political context of social inequalities and health. *Social Science and Medicine*, 52, 481–491.
- Organization for Economic Cooperation and Development (2014). *OECD health statistics 2014*. Paris: OECD. Retrieved from <http://www.oecd.org/els/health-systems/health-data.htm>
- Olsen, G. (2002). *The politics of the welfare state: Canada, Sweden, and the United States*. Toronto: Oxford University Press.
- Pierson, C. (1998). Contemporary challenges to welfare state development. *Political Studies*, 46, 777–794.
- Ramia, G., & Wailes, N. (2006). Putting wage-earners into wage-earners’ welfare states: The relationship between social policy and industrial relations in Australia and New Zealand. *Australian Journal of Social Issues*, 41, 49–68.
- Raphael, D. (2006). Social determinants of health: An overview of concepts and issues. In D. Raphael, T. Bryant, & M. Rioux (Eds.), *Staying alive: Critical perspectives on health, illness, and health care* (pp. 115–138). Toronto: Canadian Scholars’ Press.
- Ross, N., Wolfson, M., Dunn, J., Berthelot, J., Kaplan, G., & Lynch, J. (2000). Relation between income inequality and mortality in Canada and the United States: Cross-sectional assessment using census data and vital statistics. *British Medical Journal*, 320, 898–902.
- Scheepers, P., Grotenhuis, M. T., & Gelissen, J. (2002). Welfare states and dimensions of social capital: Cross-national comparisons of social contracts in European countries. *European Societies*, 4, 185–207.
- Schwarz, J. E. (1990). Welfare liberalism, social policy, and poverty in America. *Review of Policy Research*, 10, 127–139.
- Vergolini, L. (2011). Social cohesion in Europe: How do the different dimensions of inequality affect social cohesion? *International Journal of Comparative Sociology*, 52, 197–214.
- Zuckert, M. (2007). On constitutional welfare liberalism: An old-liberal perspective. *Social Philosophy and Policy*, 24, 266–288.