

## Combating Old and New Social Risks

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## *“Old” versus “New” Welfare States*

For roughly two decades now, commentators from different political camps have pronounced the welfare state in crisis. Journalistic commentators, primarily those with a neoliberal bent, claim that it is too expensive, no longer affordable under conditions of slower economic growth, and that it needs to be greatly cut back in order to stimulate economic growth. Political commentators on the left and academics worry that expenditures are misallocated and privilege some groups at the expense of others, and they argue that the welfare state needs to be thoroughly restructured (Esping-Andersen 1999, 2002; Pierson 2001a). The debate about restructuring is to a large part carried out in terms of the “old” versus the “new” welfare state, or welfare states designed to deal with old versus new social risks.

The “old” welfare state is conceptualized as transfer-heavy, oriented towards covering risks from loss of earnings capacity due to old age, unemployment, sickness, and invalidity. The modal (and model) client of the old welfare state is seen as a male blue-collar production worker who is the breadwinner for the family. The family is protected through the entitlements of the main breadwinner. The “new” welfare state is conceptualized as more service-heavy, oriented towards increasing the earnings capacity of individuals through support for continuing education, training and re-training, and socialization of care work to facilitate combining paid work with raising a family. There is no real modal client of the new welfare state, and it certainly is not the male family breadwinner. Individuals can be clients of the new welfare state at different stages of the life cycle, be it as children of working parents, as adolescents in training, as adults in retraining, as working parents with small children, or as elderly in need of care.

This distinction between old and new welfare states is valid and captures the need for important adaptations of welfare state structures to changing economic, demographic, and social structures. However, two caveats are in order. First, there is a danger of underestimating the continued importance of old social risks. People still become sick, disabled, and unemployed and need income support in those cases. Moreover, people not only still get old, but they are getting older and older, spending more time in retirement and thus needing income support for longer. Thus, welfare state adaptations have to include reforms of these income support systems to put them on a firm financial basis.

Second, the debate about old versus new welfare states overlooks important differences between welfare state regime types. The characterization of the old welfare state fits the continental European welfare states, or the Christian democratic regime type, best. It also fits the Anglo-Saxon welfare states, or the liberal regime type, though at a much lower level of comprehensiveness and generosity. In contrast, the Nordic welfare states, or the social democratic regime type, have incorporated essential elements of the new welfare state for decades. They have been oriented towards supporting training and retraining since the early post-WW II period, and since the 1970s they have expanded the provision of social services, prominently in the area of care for children and the elderly, which has facilitated the entry of women into the labor force (Huber and Stephens 2000, 2001). At

the same time, they have maintained transfers to prevent people from falling into poverty due to sickness, unemployment, or old age.

The affinity between the social democratic welfare state regime type and the concept of the new welfare state, of course, does not mean that these welfare states have necessarily found the right balance in allocating welfare state resources among competing needs. Here as well as in Christian democratic welfare states, the question is whether some risks and groups are privileged over others and whether – in the era of slow growth and highly limited possibilities for welfare state expansion – expenditures might need to be reallocated across programs. Essentially, these are empirical questions, in part to be answered by comparing groups exposed to old and new risks. If we assume that a common goal of old and new welfare states is to minimize poverty, a comparison of poverty rates among various population groups can tell us how effective welfare states are in dealing with old and new risks.

Given that social democratic welfare state regimes have already acquired traits of the new welfare state, it seems reasonable to hypothesize that the causal dynamics behind the expansion and adaptation of the social democratic welfare state regimes are also operating to some extent in the transformation of old into new welfare states. However, regime legacies are clearly of crucial importance here. In many ways, it was easier to incorporate programs to deal with what is now called new social risks during the phase of welfare state expansion, as the Nordic countries did. It is more difficult to do this in the phase of welfare state retrenchment, when new programs are hard to finance through higher extraction from an existing resource base but rather require an expansion of the resource base and/or a reallocation of resources away from established programs. We would expect that the continental European countries with the most generous welfare states, of the Christian democratic variety, would have the most difficulties to adapt (Scharpf and Schmidt 2000a, 2000b; Scharpf 2000). In the Anglo-Saxon countries, where the welfare state has not grown to limits in comparative perspective, there should be more room for maneuver. On the other hand, to the extent that the factors that kept the liberal welfare states from expanding remain unchanged, we would expect them to obstruct successful adaptation and reduction of poverty resulting from new social risks as well.

### *New versus Old Social Risks*

New social risks can be conceptualized in a variety of ways. Bonoli in his introductory chapter takes a broad view and includes five kinds of difficult situations brought about by the transition to post-industrialism and the massive entry of women into the labor force. Here, we take a narrower view and concentrate on poverty. We conceptualize new social risks as risks that occur more frequently today than, say, two or three decades ago because changes in the economic, demographic, and social structure increased the social groups at risk and/or increased the risk of a given social group to fall into poverty. Prominent among these changes are the reduction in stability of family patterns, which in turn is related to increasing divorce rates and greater female labor force participation. Accordingly, the proportion of households headed by single mothers has increased, and

thus the proportion of households in danger of being poor (Kilkey and Bradshaw 1999). This in turn has increased the probability for children to live in poverty.

Other changes are the decrease in stability of career patterns, the demand for higher skill levels for most jobs in the information society, the trend towards greater wage inequality (at least in some countries) and the increase in overall levels of unemployment, which work together to increase the likelihood of individuals to experience unemployment and thus the risk of poverty during working age (Gallie 2002). Whereas poverty due to unemployment is an old risk for lower skilled blue-collar workers, it has intensified for them in the information society, and it has come to affect also employees with higher skill levels and in white-collar jobs. Moreover, during the 1950s and 1960s, unemployment was so low (1-3%) in many European countries that it was not a large risk factor even for blue-collar workers. This contrasts sharply with the experience of the past two decades in which double digit unemployment rates have not been unusual. Thus, poverty among the working age population can be regarded as a new social risk, in so far as the risk group (unemployed of working age) has grown. The increase in poverty risk among the working age population also contributes to a higher probability for children to live in poverty.<sup>1</sup>

The prototypical old social risk is poverty in old age. Other than accident insurance for workers, pensions were the first social programs introduced (Hicks 1999). Even here, though, one might argue that demographic changes, namely the increase in life expectancy on the one hand and the declining fertility rates on the other, have increased the size of the risk group as a percentage of the population and thus turned it partly into a new social risk. Nevertheless, we will go with convention and treat poverty among the elderly as an old social risk.

Our analysis, then, will focus on poverty among four groups: the elderly, the working age population, single mothers, and children. The first we treat as an old social risk, the other three as new social risks. We will first look at overall trends in the occurrence of these risks and then at how well welfare states deal with new and old social risks by protecting these different groups from falling into poverty. In the case of the working age population, single mothers, and children, we will analyze a two-step process. We will analyze the determinants of poverty among these groups before taxes and transfers, and we will then analyze the reduction of poverty among these groups effected by taxes and transfers. In the case of the elderly, we will analyze post-tax and transfer poverty only, because pre-tax and transfer poverty is greatly inflated in countries with generous public pension systems. Since the public pension systems in these countries guarantee almost all retirees an adequate retirement income, few pensioners have significant alternative sources of income and thus almost all elderly fall below the poverty line when transfers are not counted. Thus, pre tax and transfer poverty is an almost meaningless figure in such countries.

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<sup>1</sup> One might add youth poverty, which has resulted from the high levels of youth unemployment particularly in countries with strong employment protection of "insiders", to our list of new risks. Unfortunately, the small numbers of observations for this group in the LIS data make the data too unreliable and thus prevent us from exploring this issue.

## *Welfare State Regime Types and New vs Old Social Risks*

Table 1 offers a summary overview of trends in pre and post tax and transfer poverty among different social groups. We compare the average for the period up to 1987 and the period after 1987. We use data from the Luxembourg Income Study data base, which are available in waves from the late 1970s to the late 1990s (<http://www.lis.ceps.lu>). We choose 1987 as the dividing year rather than an earlier date closer to what is generally considered the onset of the period of welfare state retrenchment, because we would lose Denmark and Finland if we chose an earlier point for comparison, as their first LIS surveys were carried out in that year. The pre-1987 period, then, covers roughly 13 years from the mid-1970s on (plus one survey in Canada in 1971 and one in Germany in 1973), and the post-1987 period roughly the following 13 years. We also have to exclude Austria, Ireland, and Italy, because we have no data for pre tax and transfer income for these countries for the earlier or the entire period. The mean for all countries shows that pre tax and transfer poverty increased for all of our new risk groups. It also shows that the percentage of households headed by single mothers increased steeply. So, more women and children live in female-headed households, and a greater percentage of these households are poor.

Table 1 also shows, though, that there are some systematic differences among welfare state regime types in the risk of poverty for the different groups grouped by welfare state type. The size of the risk group of female headed households is roughly similar in the social democratic and the liberal welfare states, but female headed households in social democratic welfare states have a significantly lower probability of being in poverty than their counterparts in liberal welfare states, a difference of roughly 19 percentage points. For children living in the two welfare state regime types, the difference in the incidence of poverty is 8 to 10 percentage points. For both risk groups, poverty in Christian democratic welfare state regimes is closer to the social democratic than the liberal regime type; for single mother households, poverty is some 5 percentage points higher than in social democratic welfare state regimes, for children 1 to 2 percentage points lower.

As we will explain more fully below, these differences are partly due to non-transfer aspects of the welfare state, particularly social services that facilitate the pursuit of paid work for mothers with pre- and school-age children (Meyers, Gornick, and Ross 1999).<sup>2</sup> Thus, single mothers are more likely to be employed in social democratic welfare states (Kilkey and Bradshaw 1999). In part, these differences are also due to the production regimes in which the different welfare state regimes are embedded. In the coordinated production regimes of the Nordic countries (with social democratic welfare state regimes) and the Northern continental countries (with Christian democratic welfare state regimes), high union density, high contract coverage, and high coordination in wage setting produce lower wage dispersion and higher minimum incomes (Kenworthy 2001; Rueda and Pontusson 2000; Wallerstein 1999), so single mothers who do work are more likely

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<sup>2</sup> These differences also serve as a general reminder that the pre tax and transfer income distribution is not the same as a pre welfare state income distribution. People's behavior in the labor market and in financial matters is affected by many factors, including the availability of services and expected transfers.

to keep themselves and their children out of poverty than single mothers in the uncoordinated production regimes characteristic of the Anglo-Saxon countries (with liberal welfare state regimes).

Among the working age population, the incidence of pre tax and transfer poverty is roughly similar across the three regime types, particularly for the later period. The countries with social democratic welfare state regimes had a some 4 percentage points lower incidence of poverty in the earlier period, but with the economic crisis of the early 1990s unemployment and thus pre tax and transfer poverty increased more rapidly than in the other countries and caught up to the level of countries with Christian democratic welfare states. The countries with liberal welfare state regimes remained some 2 percentage points higher in their level of pre tax and transfer poverty.

As one would expect, it is in the incidence of post tax and transfer poverty that big differences between welfare state regime types emerge. Table 1 shows that social democratic welfare state regimes performed best in handling the new social risks for every one of the risk groups, and the liberal welfare states worst, with the Christian democratic welfare states somewhat closer to the former than the latter. Furthermore, the social democratic welfare states managed to lower poverty or at least keep it constant for the working-age population, single mother households, and children, despite the fact that pre tax and transfer poverty had increased in every one of these groups. In the liberal and Christian democratic regime types poverty increased among all the risk groups, with the only exception of single mother households in liberal welfare states, where poverty was held constant, but at a level four times higher than in the social democratic welfare states (44 percent compared to 11 percent).

The picture for the old social risk group of the elderly looks very different. Their level of poverty was reduced in every single welfare state regime type, and the social democratic and Christian democratic regime types achieved roughly similar results. The level of poverty among the elderly was 2 percentage points higher in the earlier period in the social democratic than in the Christian democratic welfare state regimes, but brought down to the same level in the later period. Though the average level of poverty among the elderly was also reduced in liberal welfare states from the earlier to the later period, it was twice as high as in the social democratic and Christian democratic welfare states in the later period.

The figures in Table 1 underestimate the degree of change over the past few decades because they are averages for almost a decade and even more in some cases. We can produce estimates of the change over the period 1980 to 2000 within the regime types with simple regression analysis. For each welfare state regime, we regressed our dependent variables on time, to obtain a measure for the average change of the dependent variable over a ten-year period in a given welfare state regime type. Then we took the intercept as an indicator of the level of the dependent variable in 1980 (because time was specified as 0 in 1980). Table 2 summarizes the results, which are entirely consistent with the results derived from our inspection of averages in Table 1. The size of the new risk group of single mothers increased in every welfare state regime, though the level in

1980 was only about half in the Christian democratic welfare state regimes. Pre-tax and transfer poverty also increased in every new risk group (single mothers, children, working age population) and every welfare state regime type. Pre-tax and transfer poverty among the working age population increased most rapidly in Christian democratic welfare states, but at the same time they kept the increase of poverty among single mothers comparatively low.

The figures from our regressions for post tax and transfer poverty confirm the findings in Table 1 that the elderly are the only risk group whose poverty rate has been lowered in all three regime types, and that the social democratic regime type is the only one to have lowered the poverty rate of all four risk groups. Post tax and transfer poverty increased for all three new risk groups in the Christian democratic and liberal welfare states, with the exception of single mothers in liberal welfare states, whose comparatively very high poverty rate was reduced very marginally. However, post tax and transfer poverty increased at a lower rate than pre tax and transfer poverty in every risk group in Christian democratic and liberal welfare states alike, with the exception of single mothers in Christian democratic welfare states. This indicates that all three welfare state regime types successfully dampen increases in poverty resulting from the increase in new social risks, but that they do so with different degrees of success. A comparison of levels in 1980 also shows that social democratic welfare state regimes had built up the most effective poverty prevention and poverty reduction programs among new risk groups by that point in time.

### *Characteristics of Welfare State Regimes and Labor Market Regimes*

The next step towards understanding what makes some welfare state regimes more effective than others in preventing and lowering poverty is an analysis of the key characteristics of the different regime types. Here we have to look both at overall generosity of the welfare states and at their structure in terms of composition of welfare state programs. By the mid-1980s, countries with both social democratic and Christian democratic welfare states on average spent over half of their GDP in total expenditures. In countries with liberal welfare states, total government expenditure was only an average of 42% of GDP.

In line with overall significantly lower levels of revenue and expenditures in liberal welfare states, these welfare states have the lowest levels of transfer and non-transfer expenditures, and of pension spending per aged person, indicating a highly limited role in providing income support and social services. Christian democratic and social democratic welfare state regimes both have high levels of expenditure, but a systematically different pattern of allocation. Essentially, Christian democratic welfare state regimes emphasize transfer payments in their allocation of expenditure, whereas social democratic welfare state regimes emphasize social services. The most telling difference that illustrates the importance of social services is in civilian government

employment, which accounts for 19.2% of working age population in social democratic and only 8.8% - less than half - in Christian democratic welfare state regimes.<sup>3</sup>

The two most common social services provided in welfare state regimes in advanced industrial countries for the entire population are education and health care. Other social services, such as labor market assistance (support in retraining, re-employment, relocation), care for children and the elderly, and assistance for the handicapped, are provided mainly in the social democratic and in some Christian democratic welfare state regimes, in the former typically by public and in the latter by private providers.

Labor market and care services are of particular importance for new risk groups, as they facilitate integration into the labor market, the former for both genders and the latter primarily for women. Strong retraining and re-employment support reduces the probability of long-term unemployment and entrapment in low-skill/ low-pay jobs and thus of poverty among the working age population (Esping-Andersen et al. 2002). Higher women's labor force participation raises the proportion of dual earner households and thus further reduces the risk of poverty among the working age population resulting from career instability and unemployment. It also raises the probability that single mothers are in paid employment and can keep themselves out of poverty. Higher proportions of dual earner households and working single mothers in turn reduce the incidence of poverty among children.

By now, we know a significant amount about intergenerational educational achievement and risks of poverty. We know how poverty impairs learning among children through an unsupportive environment. We also know that educational achievement of parents and children is highly correlated (e.g. OECD/HRDC 2000), and to the extent that low educational achievement is a high risk factor for poverty in the new economy, that means that children of poor parents with low skills are more likely to end up in poverty as adults themselves.

The best comparable data across countries on actual skills – as opposed to educational enrollment and completion rates – come from a study done by the OECD and Statistics Canada (OECD/ HRDC 2000). Representative samples of the population in 20 countries (12 of them in our set of countries) were tested for their ability to understand documents, prose, and quantitative problems in the years 1994-98.<sup>4</sup> The proportion of the population scoring at level 3 or more, considered by the authors of the study as necessary for functioning competently in the information economy, varied from a low of 49% in the United States to a high of 74% in Sweden. If we look at the scores at the bottom, the

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<sup>3</sup> Civilian government employment of course includes the entire state bureaucracy, not only social services. However, employment in basic administrative branches of the state does not vary nearly as much as employment in social services. There are some cross-sectional data for public employment in health, education, and welfare (Cusack 1991; Cusack and Rein 1991) that follow the same pattern as overall civilian government employment (correlation of .95, see Huber and Stephens 2000: 51).

<sup>4</sup> The other 8 countries are not in our set, and from our set, there are no test data for Austria, France, and Italy. Thus, the following figures only refer to the countries for which there are data, which includes all the countries in our set with social democratic and with liberal welfare state regimes. Calculations were done by the authors on the basis of the OECD/ Statistics Canada figures.

average scores for the bottom 5% of the population ranged from 133 in the United States to 216 in Sweden, with Britain, Canada, and Australia at 145-146 the next lowest and Norway and Denmark at 207-213 the next highest. Thus, we see a systematic difference between countries with liberal and with social democratic welfare state regimes, the former with the lowest and the latter with the highest skill at the bottom of their skill distributions.

We have argued that this is in large part a result of the fact that the social democratic welfare states had built up effective poverty prevention and poverty reduction programs, including good education and training programs, over a long period of time, whereas the liberal welfare states had not. Thus, fewer children over time grew up in poor families and were hampered by poverty in their educational achievements in social democratic welfare states. This hypothesis receives support from a simple correlation analysis. Skill levels at the bottom 5% and 25% are not related to educational expenditures but strongly negatively correlated with poverty and inequality (Huber and Stephens 2001b). What is important to emphasize is that these poverty prevention and reduction programs from the beginning entailed not just transfers but a very strong emphasis on services to promote labor market integration, first for males and – beginning in the 1960s – increasingly also for females. Of course, just being in the labor force may not be enough to keep oneself and dependents out of poverty, if wages are low. Thus, it is important to look at the labor market regimes in which the welfare state regimes are embedded.

If we look again at the situation in the mid-1980s, union density was much higher in the Nordic countries (an average of 71%) than in the continental European (32%) and the Anglo-Saxon countries (also 32%).<sup>5</sup> However, legislation or agreements between employers federations and unions extended contract coverage to a much higher percentage of the workforce than union members in the continental European countries (to 80%), bringing them to the level of the Nordic countries (81%), and creating a large gap between those two and the Anglo-Saxon countries (51%). In the degree of coordination of wage setting, the Nordic countries ranked again highest and the Anglo-Saxon countries lowest, with the continental European countries more or less in the middle. As noted previously, these differences in labor market institutions had an important effect on wage dispersion, measured as the ratio of average earnings at the 50<sup>th</sup> to the 10<sup>th</sup> percentile of income earners, which was lowest in the Nordic countries and highest in the Anglo-Saxon countries, with the continental European closer to the Nordic than the Anglo-Saxon countries.

These differences give us a second set of parameters, in addition to the characteristics of welfare state regimes, to understand determinants of poverty among new social risk groups. So far, we have looked at factors that enable men and women to participate in the labor market, such as labor market and care services. Now we turn our focus to the jobs that are available. While manufacturing has declined, all of the job growth over the past two decades has occurred in the service sector (Scharpf and Schmidt 2000: 346-8). In all of our countries, services have grown, but there have been significant differences

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<sup>5</sup> Since 1985, union density has been declining further in some countries, notably Germany and the United States, but the general pattern still holds.

between countries in the growth of public and private social services. In the Anglo-Saxon countries, low contract coverage and high wage dispersion have facilitated the emergence of a large low-wage private service sector, including social services such as day care and elderly care, and personal services such as restaurants, laundries, cleaning, etc. In the Nordic and the continental European countries, comparatively high contract coverage and low wage dispersion have prevented the emergence of such a low-wage private service sector. In the Nordic countries, the public social service sector expanded considerably, offering jobs with social security coverage and adequate wages; in the continental European countries it did not. Accordingly, overall job growth has been low and labor force participation rates are on average the lowest in the continental European countries. Since women are more likely than men to work in private and public social and personal services, this is one of the reasons why female labor force participation rates are particularly low in the continental European countries. Female labor force participation is highest in the Nordic countries with 74%, lowest in the continental European countries with 49%, and intermediate in the Anglo-Saxon countries with 62%.

### *Determinants of Welfare State Regimes*

To understand the causal dynamics of the formation of these welfare state regime types, we need to turn to political power distributions. As we have argued extensively, power constellation, state centric, and logic of industrialism theoretical approaches to welfare state formation have important insights to offer, but the power constellation approach has most explanatory power (Huber and Stephens 2001a). Here, we present an updated analysis of welfare state formation, covering the period from 1960 to 1989, 1994, and 1998 for different variables, depending on data availability (Table 3). The determinants that emerge most consistently in regressions of our various indicators of welfare state expenditure and structure are incumbency of political parties with different ideological orientations and strength of women's organization. Our measure of women's organization is a cumulative average of estimated women's membership in non-religious organizations.<sup>6</sup>

These regressions show that social democratic and Christian democratic incumbency were statistically highly significant and substantively important positive determinants of total government revenue and expenditure, transfer and non-transfer expenditure, pension generosity, and social security benefit expenditure. The regressions further show that left incumbency was less significant for transfer expenditure and Christian democratic incumbency was actually significant and negative for civilian government employment. These regression results, then, are consistent with the differences between welfare state regimes discussed above regarding emphasis on transfers in Christian democratic and on social services in social democratic regimes. The strength of women's organization is highly significant and substantively strong for most of our dependent variables except for the proportion of public sector health spending, where constitutional structure is overwhelming. Power dispersion through the constitutional structure, measured as an

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<sup>6</sup> The data on membership in non-religious organizations come from the World Values surveys (Inglehart 1997). We estimated missing data points using women's representation in parliament adjusted for proportional representation. See Moller et al. (2003: 35) for a precise explanation of our procedures.

additive index of presidentialism vs parliamentarism, strong/ weak/ no bicameralism, strong/ weak/ no federalism, and the use of popular referenda as a normal part of the political process, was a statistically significant obstacle to increases in total government expenditure and revenue and in transfer expenditure in the period up to 1985. In the period of retrenchment, its effect was the opposite, slowing down cutbacks. Thus, in the regressions here, where we cover the eras of expansion and retrenchment, it loses significance for most variables but remains a highly significant and substantively overwhelming deterrent to a large public role in health care. The only other variable that is as consistently significant is the percentage of the population over 65, and unemployment is consistently correctly signed but not as consistently significant. Both are indicators of need that drive up expenditures on transfers and services at any given level of welfare state entitlements.

We are now in a position to draw on our comparative historical research (Huber and Stephens 2001a, chs. 4&5) to weave these statistical findings into a coherent story about the development of welfare state characteristics that have implications for poverty among new social risk groups. In the Nordic countries, both labor movements and social democratic parties were strong, and in cooperation they pursued full employment and generous transfer policies. Full employment policies included macro-economic components, wage coordination, and labor market support services. In the 1960s, labor shortages occurred and more women entered the labor force, creating a demand for public child and elderly care services. The 1960s also saw the emergence of a women's movement with a gender egalitarian agenda, which worked both inside and outside of the political parties. By the 1970s, earlier or later – depending on the country, this movement gained enough influence inside the social democratic parties to extend the traditional commitment of these parties to equality from class to gender (Sørensen 2004). Accordingly, policy responded to women's demands for an expansion of subsidized care services through the public sector, which in turn created jobs in public social services that were predominantly filled by women (Huber and Stephens 2000). Other policy changes, such as expansion of maternity and parental leave, a shift to individual taxation, and greater flexibility in work schedules followed, thus supporting a shift from the male breadwinner to the dual wage earner household as the modal pattern, with Norway being a laggard among the Nordic countries (Sainsbury 1999, Sørensen 2004). This pattern reduces the risk of poverty among the working age population and among single mothers and children, because mothers, whether single or married, are more likely to be able to combine gainful employment with raising children.

In the continental European countries, except for France, Christian democratic parties were very influential and unions were of intermediate strength. Christian democratic parties pursued a class conciliation project (van Kersbergen 1995), which entailed transfers to keep people out of poverty. In most of these countries, left parties were serious competitors, and this competition tended to increase the generosity of these transfers. Legislation extended contract coverage to the great majority of the labor force, but Christian democratic governments did not develop full employment policies with strong active labor market services. When labor shortages emerged in the 1960s, they were eased through immigration, not entry of women into the labor force. The Christian

democratic parties continued to defend the traditional male breadwinner model. Thus, women's movements with a feminist agenda had a much more difficult task in these countries. Support for mothers' employment through subsidized child care facilities, maternity and parental leave, etc., lagged behind that offered by social democratic welfare state regimes in the Nordic countries, with the notable exception of France and partly Belgium (Meyers, Gornick, and Ross 1999). Accordingly, the social service sector remained smaller and women's labor force participation lower. Thus, fewer households than in the Nordic countries had two income earners as a buffer against poverty in case of unemployment, and the chances for single mothers to be employed remained lower, which meant a higher risk of poverty.

In the Anglo-Saxon countries, social democratic parties were comparatively weak or absent, Christian democratic parties were totally lacking, and labor was of intermediate strength, except for the United States, where it was extremely weak. Only in Australia did contract coverage extend to the levels of the Nordic and continental European countries.<sup>7</sup> The secular centrist and right-wing parties that dominated in these countries failed to develop full employment policies and strong labor market services, as they failed to develop generous welfare states and particularly social services.<sup>8</sup> Women's movements grew to an intermediate strength, closer to their counterparts in the Nordic than the continental European countries, but they lacked allies in strong left-wing parties and in government. They were effective in achieving some legislation protecting women in the labor market, but not in extending social services to facilitate mothers' employment (O'Connor, Orloff, and Shaver 1999). Thus, as women began to enter the labor force in greater numbers, the demand for private services increased. The restricted contract coverage and high wage dispersion facilitated the emergence of a low-wage private service sector to meet this demand. Like in the Nordic countries, jobs in this sector were predominantly filled by women, but unlike in the Nordic countries, these jobs were generally poorly paid and lacked social security protection. Therefore, though women's labor force participation has risen to an intermediate level and dual earner households have become frequent, they provide less protection against poverty in the working age population and among single mothers than dual earner households and employment of single mothers in the Nordic countries. Single mothers who work in liberal welfare state regimes are not only likely to work for lower wages than their counterparts in social democratic welfare state regimes but also to have to pay for private day care, which makes them less able to keep themselves and their children out of poverty (O'Connor, Orloff, and Shaver 1999, Huber et al. 2001, Kilkey and Bradshaw 1999).

### *Determinants of Pre Tax and Transfer Poverty*

We now turn to a summary of our findings on the determinants of pre tax and transfer poverty and poverty reduction among the working age population (Moller et al. 2003),

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<sup>7</sup> In fact, the Australian welfare state and production regime up to 1980 was different enough from the other liberal welfare state regimes that it merited a separate label, wage earner welfare state, along with New Zealand (Castles 1985, Huber and Stephens 2001a). By the 1980s, it was converging on the liberal regime and for the purposes of analyzing new social risks can be treated as a member of this group.

<sup>8</sup> Britain's health service is the exception here, but it is a legacy of the post-WWII Labour government.

and among single mothers and children (Huber et al. 2001). These regressions are based on data from the Luxembourg Income Study for 14 advanced industrial countries, from the 1970s to the 1990s, and we follow the convention of defining poverty as less than 50% of the median income.<sup>9</sup> We use OLS estimation of the regression coefficients combined with a robust-cluster estimator of the standard errors (StataCorp 1999: 256-60) to deal with the problems of correlated errors in panel data. For pre tax and transfer poverty we ran separate regressions on sets of variables relating to economic development (GDP per capita, agricultural employment, youth population, education, vocational education), the U-turn problematic (de-industrialization, LDC imports, capital mobility, immigration, unemployment, female labor force participation, single mother households, frequency of part time work), labor market institutions (union density, coordination of wage setting), and politics and policies (left cabinet, Christian democratic cabinet, welfare generosity, unemployment replacement rates, means-tested benefits, child and family allowances, maternity allowances). We then carried forward all the variables with significance at  $p < .10$  into a combined model, using an  $F$ -test for the joint significance of all variables with insignificant individual effects to ensure that they could be safely dropped from the model. We repeated this step with the combined model to arrive at a reduced model, which is what we are presenting in Table 4.

Pre tax and transfer poverty among the working age population has three statistically significant determinants. It is negatively related to industrial employment and to wage coordination, and positively related to unemployment. Thus, deindustrialization does increase poverty, because low-end jobs in the manufacturing sector generally are paid better than low-end jobs in the service sector. However, if coordination of wage setting is practiced and raises wages at the bottom, as in the Nordic and the northern continental European countries, this reduces the probability that people with jobs remain poor. That unemployment increases pre tax and transfer poverty is certainly no surprise.

Pre tax and transfer poverty among single mothers shares one statistically significant determinant with poverty among the working age population, industrial employment. The other statistically significant determinants are the proportion of working women who work part time and vocational education. Vocational education strengthens skill levels at the bottom of the educational levels, enabling the least educated to obtain better paying jobs. If the proportion of women who work only part time rather than full time is higher, the probability that single mothers work only part time and earn wages insufficient to lift themselves and their children out of poverty is higher also.

Pre tax and transfer poverty among children has five statistically significant determinants: Not surprisingly, unemployment increases child poverty, as it increases poverty in the working age population and among single mothers. A larger proportion of the population that is young also increases poverty among children, since it increases the likelihood of large families, and since family size tends to be negatively correlated with income levels, it increases the incidence of large families with low incomes. Wage coordination has a

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<sup>9</sup> Because we are using household income, we have to make adjustments for household size. We use equivalence scales to adjust the number of persons in a household to an equivalent number of adults. We choose the commonly used OECD scale that adjusts for household size and composition (OECD 1995).

depressing effect on child poverty, just as it does on poverty among the working age population. The proportion of female-headed households has a substantively large effect on poverty among children, which is easy to understand since poverty among single mothers is generally higher than among the working age population at large. Finally, total taxes and transfers have a depressing effect on pre tax and transfer child poverty, indicating that the tax side of this measure captures the provision of free or subsidized social services that make it possible for mothers, whether single or married, to engage in full time employment and thus raise the household income.

It is also worth commenting on some of the variables that were not significant. Most importantly, we had included total taxes and transfers, unemployment replacement rates, means-tested benefits, child and family allowances, and maternity allowances to test the argument made by critics of the welfare state that generous transfers constitute a disincentive to work and thus raise pre tax and transfer poverty levels. None of these variables emerged as significant, except for taxes and transfers in the case of child poverty, but there it was negatively signed, demonstrating that generous welfare states by no means increase but instead reduce pre tax and transfer poverty among children.

### *Determinants of Poverty Reduction*

For reduction in poverty among the working age population and among single mothers and children, we ran separate regressions on the controls (economic, demographic, and labor market institutional variables), on politics, and on policies, and then proceeded as above to arrive at the combined and reduced equations presented in Table 5. The regressions demonstrate the importance of taxes and transfers and of left cabinet for poverty reduction among all three of our new risk groups. Those two variables are highly significant and substantively important determinants of poverty reduction. These results square with those of other studies showing that more generous welfare states have lower post transfer poverty rates (Burtless, Rainwater, and Smeeding 2001; Kenworthy 1999; Kim 2000; Korpi and Palme 1998; McFate, Smeeding, and Rainwater. 1995) and that they distribute more income and reduce poverty to a greater extent (Goodin et al. 1999; Kenworthy 1999; Kim 2000). Why larger taxes and transfers would reduce poverty more effectively is self-evident, unless one makes the unrealistic assumption that taxes are highly regressive and transfers go predominantly to non-poor groups.<sup>10</sup> The reason why left cabinet shows a direct effect independent of the generosity of the welfare state is that generosity does not capture the structure of taxes and transfers. If we had a perfect measure for the progressivity of taxes and the allocation of transfers, we would expect that measure to absorb the effect of left cabinet. We did develop various measures for the structure of transfers, such as proportion of all benefits that are means-tested, proportion going to family and child allowances, to maternity allowances, and generosity of unemployment replacement rates, but none of them individually were strong enough to make a difference, and the only one that was significant was proportion of all transfers going to family and child allowances, which reduces poverty among the working age

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<sup>10</sup> This assumption is unrealistic for advanced industrial democracies, where all welfare states redistribute income downward (Bradley et al. 2003). It is not unrealistic for Latin American countries (Huber et al. 2004).

population. Thus, left incumbency retains its effect as an indicator of a welfare state structure that is particularly effective in levying taxes and channeling transfers in a way that reduces poverty among the working age population, single mothers, and children.

Power dispersion through the constitutional structure emerges as an obstacle to poverty reduction among the working age population and children but not single mothers; the coefficient for single mothers is correctly signed but not significant. Power dispersion means that there are more opportunities for opponents of generous poverty reducing policies to block passage and implementation of such policies.<sup>11</sup> As with left cabinet, we would expect the main effect of this variable to work through overall welfare state generosity, but the remaining effect indicates that poverty reduction policies for working age households and children are particularly vulnerable to mobilization by opponents in systems with many veto points. Unemployment increases poverty reduction among the working age population and children, which can be explained by the fact that, at any given level of entitlements, more unemployed will be drawing on these entitlements and have their poverty reduced. Strangely, though, from the point of view of the logic of this argument, pre tax and transfer poverty among children has a negative effect on poverty reduction in this group. We would expect that, again at any given level of entitlements, higher poverty would lead to more poverty reduction. It seems that high levels of poverty among children may put too many demands on the welfare system for special programs, so these programs may be short-changed and less effective in lifting children out of poverty. Wage coordination emerges as a statistically significant but substantively not very important determinant of poverty reduction among the working age population; indeed, it has the smallest substantive effect of all the significant variables. The explanation of this effect must be similar to that of left cabinet; in systems where solidarity in wage setting is high, welfare states are likely to be structured in a way more favorable towards poverty reduction among the working age population.

As noted above, an analysis of pre tax and transfer poverty among the aged would be distorted by the rational calculations of people in welfare states with comprehensive earnings-related public pension systems. The average wage earner in such welfare states pays higher taxes during his or her working life but accumulates less in private pensions and savings and thus has a lower or no pre transfer income in old age than an average wage earner in welfare states with less generous public pension systems and greater reliance on private pensions and savings. Instead, we analyze determinants of post tax and transfer poverty among the aged, and we find that indeed overall generosity of the welfare state is a highly significant and substantively important predictor of poverty among the elderly. Large welfare states are effective in keeping people over 65 out of poverty. A large youth share of the population, in contrast, increases poverty among those over 65. The interpretation here is a straightforward competition for resources; with size of the welfare state held constant, a larger population of youngsters absorbs a greater share of these welfare state resources and leaves a smaller share for the elderly.

The fact that we do not find any direct effects of political variables on poverty among the elderly is consistent with our earlier finding that all welfare state regime types have

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<sup>11</sup> Immergut (1992) and Maioni (1998) have shown the same for health insurance.

reduced the level of post-tax and transfer poverty among the elderly over the past 40 years or so. It is worth noting that we are making a comparison of post poverty over time here, not a statement about reduction from pre to post tax and transfer poverty. In part, this is due to the maturation of pension systems, and in part to the fact that among welfare state programs, pensions tend to be the most popular in all societies. They are generally the most universalistic, and everyone faces the risk of growing old. However, it is also important to remember here the strong and consistent effects of left and Christian democratic incumbency that we found on welfare state generosity and thus indirectly on poverty. Accordingly, levels of poverty among the elderly in the less generous liberal welfare state regimes remain clearly above those in the more generous Christian democratic and social democratic welfare state regimes, in the post 1987 period at roughly twice the average level (Table 1).

### *Explaining the Effectiveness of Welfare State Regimes towards Old and New Social Risks*

Arguably the most central of the new social risk groups is single mothers, so we shall begin our analysis with them. Poverty among children is largely derivative, in so far as it is affected by the growth of the proportion of single mother households and the higher incidence of poverty in these households than in the general working age population, as well as by the growth of poverty among the working age population at large. Single mothers in social democratic welfare states start out in the most favorable position with regard to pre tax and transfer poverty, whereas single mothers in the liberal welfare states start out in the most unfavorable position, with a roughly 20 percentage point difference between them (Table 1). Single mothers in Christian democratic welfare states have a 5 percentage point higher pre tax and transfer poverty rate than their counterparts in social democratic welfare states. As our analysis of the determinants of pre tax and transfer poverty showed, the welfare state regime effect works mainly through employment levels of single mothers, that is, a greater proportion of working women working full time rather than half time (Table 4). These higher employment levels are facilitated by active labor market policies and policies supportive of mothers' employment.

From this already more favorable starting point, social democratic welfare states reduce poverty much more effectively through the tax and transfer system than Christian democratic welfare states, and those in turn do so much more effectively than liberal welfare states. The explanation of the comparatively poor job done by liberal welfare states in reducing poverty among single mothers is that those welfare states are neither generous nor structured specifically to lift single mother households out of poverty. Our regressions on poverty reduction of single mother households showed that welfare state generosity (measured as total taxes and transfers) is the overwhelming determinant, and that long-term incumbency of left parties results in a structure of the welfare state that is particularly effective in reducing poverty among this new risk group (Table 5).

If we now compare this pattern to the pattern of poverty in our old risk group, the elderly (Table 1), we see that post tax and transfer levels of poverty among the aged are roughly comparable to those of single mothers in social democratic welfare states (somewhat higher in the pre-87 period, somewhat lower later), but clearly lower in Christian

democratic welfare states (a difference of 6 percentage points pre-87 and 13 points later), and much lower in the liberal welfare states (a difference of 20 percentage points pre-87 and 26 points later). Thus, though poverty levels among the aged overall are higher in the liberal than in the other two welfare state regimes, the difference is not as great as it is for single mothers. The main reason for the higher poverty level among the aged in the liberal welfare state regimes is the much lower generosity of the welfare states overall, as well as in pension spending per aged person. The regression presented in Table 5 confirms that welfare state generosity is a key determinant of poverty among the aged, but the fact that the difference between liberal welfare states and the other two regime types is not as great for poverty among the aged as it is for poverty among single mothers suggests that liberal welfare states seem to prioritize the aged over single mothers in their allocation of meager resources.

A similar argument can be made for this comparison between social democratic and Christian democratic welfare state regimes. As noted, post tax and transfer poverty among the aged and single mothers is roughly comparable in social democratic welfare states (5 percentage points higher pre-87 and 2 points lower post-87), but in Christian democratic welfare states the post tax and transfer poverty level among the aged is 6 to 13 percentage points lower than the poverty level among single mothers. Post tax and transfer poverty levels among the aged are roughly the same in the two welfare state regime types, but among single mothers they are markedly higher in Christian democratic welfare states (9 to 12 percentage points). As we know, Christian democratic welfare state regimes are almost as generous overall as social democratic welfare state regimes, more generous overall in transfers, and almost identical in pension generosity. Similar to liberal welfare state regimes, this suggests that Christian democratic welfare state regimes are more strongly oriented towards keeping the aged out of poverty than single mothers. Social democratic welfare state regimes, in contrast, are equally effective in keeping these old and new risk groups out of poverty.

In other words, Christian democratic and liberal welfare state regimes perform worse in dealing with new than with old social risk groups, whereas social democratic welfare state regimes perform equally well towards both kinds of risks. Christian democratic welfare state regimes do as well by their elderly as social democratic welfare state regimes, but not nearly as well by their single mothers. Liberal welfare state regimes do worse by their elderly than the other two regimes, and much worse by their single mothers.

A closer look at pre and post tax and transfer poverty among our other two new risk groups confirms the findings that welfare state regimes differ more in their ability to keep new risk groups out of poverty than old risk groups, that the social democratic welfare state regimes are the best equipped to deal with new social risk groups, and that the liberal welfare state regimes do consistently worst among all risk groups. The pre tax and transfer poverty levels among the working age population do not show as large differences as those among single mothers across the welfare state regimes. However, when we look at post tax and transfer poverty among the working age population, the differences become very large again, albeit at a much lower average level than among

single mothers. We see a consistent ordering of social democratic – Christian democratic – liberal welfare state regimes, but the Christian democratic are closer to the social democratic than to the liberal welfare state regimes. As in the case of single mothers, these differences are greater than the differences in poverty among the aged, confirming that welfare state regimes differ more in handling new than in handling old social risks.

If we look at pre tax and transfer poverty among children, we see the usual differences between countries with liberal welfare state regimes on the one hand and those with social democratic and Christian democratic regimes on the other, but here the order of social democratic and Christian democratic welfare state regimes is reversed, with the Christian democratic regimes being the lowest, albeit by 2 percentage points only. When we come to post tax and transfer poverty, though, the ordering is reversed again, with social democratic welfare state regimes having the lowest poverty rates, Christian democratic welfare state regimes being some 1 to 4 percentage points higher, and liberal welfare state regimes 10 to 14 percentage point higher, or 3 ½ times to 4 ½ times higher than social democratic welfare state regimes – again a much bigger discrepancy than for poverty among the aged.

What are the implications of these findings for theories of the welfare state? All of our evidence confirms that one of the two most important factors for reducing poverty among new social risk groups and keeping the old social risk group of the elderly out of poverty is generosity of the welfare state. Thus, the theories that explain generosity of the welfare state explain this part of combating new and old social risks well. We have presented evidence in Table 3 that long-term incumbency of Christian democratic and left parties and strength of the women's movement are the most consistent determinants of overall welfare state generosity.

Our evidence also shows that long-term incumbency of social democratic parties retains a direct effect on poverty reduction among new social risk groups, but not on poverty among the elderly. Additional evidence confirms that the difference between the performance of the three welfare state regime types in keeping people out of poverty is less in regards to the elderly, the old risk group, than in regards to the three new risk groups. With generosity of the welfare state (total taxes and transfers) held constant, it is the structure of the welfare state that determines how well it deals with new risk groups. We found only one significant effect of the composition of transfers on poverty reduction, the proportion going to family transfers, which did reduce poverty among the working age population. However, we measured different types of transfers separately and our measurements were not able to capture the complexity of the total composition of transfers, not to speak of the incidence of taxation. Thus, we conclude that left parties shape the tax and transfer systems in ways that are more appropriate for reducing poverty among new risk groups than Christian democratic or secular center or right-wing parties.

As noted, our measure of poverty is based on final disposable income and does not take into account the value of free or subsidized goods and services. No doubt, if we could take their value into account, the differences between the welfare state regimes would be enhanced. Social democratic welfare state regimes are more service-oriented than the

other two welfare state regime types. In particular, they stand out in their provision of labor market services and care services for children and the elderly. What we can do here is to trace an indirect effect on pre tax and transfer poverty among our new risk groups. The level of unemployment significantly increased pre tax and transfer poverty among the working age population and children (Table 4). Thus, to the extent that labor market services are effective in lowering unemployment, they are effective in lowering pre tax and transfer poverty in these groups. In addition, the proportion of all women in paid employment who work part time rather than full time significantly increased pre tax and transfer poverty among single mothers (Table 4). Thus, to the extent that child care services make it possible for single mothers to hold full-time jobs, they are effective in lowering pre tax and transfer poverty among single mother households.

With regard to theories of the welfare state, these findings support the arguments pioneered by Esping-Andersen (1990) and developed by many others since, that regime types are crucial variables. Theories that explain the formation of the different regime types also explain the degree of effectiveness of welfare states in confronting new social risks. Again, we go back to Table 3 and see that it is the effects of left incumbency and strength of women's organization that are overwhelmingly important as determinants of civilian government employment, our proxy for the size of public social services. In addition, we go back to our narrative about the interaction of social democratic government, strong unions, and the growing strength of the women's movement in shaping the expansion of the public social service sector, the commitment to gender equity, and the emergence of the dual earner household as the modal pattern. We also need to reemphasize here that social democratic parties and unions already had built up strong labor market services, which meant that there was a policy legacy favorable for the construction of this gender-egalitarian, service-oriented welfare state regime. It is this interaction, then, between social democratic governments and strong women's movements, in the context of strong unions and favorable policy legacies, that accounts for the formation of the welfare state regime type that is more effective than the others in dealing with new social risks. So, the same theoretical perspectives, power constellations and state-centered factors, explain success in dealing with old and new social risks, but the cast of characters assumes somewhat different importance, with alliances between women's movements and social democratic parties and a legacy of service provision playing the key roles in the fight against poverty among new social risk groups.

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Table1  
Levels of Risks and Outcomes  
Up to and after 1987

	<u>Social Democratic Welfare States</u>		<u>Christian Democratic Welfare States</u>		<u>Liberal Welfare States</u>	
	Average up to 1987	Average after 1987	Average up to 1987	Average after 1987	Average up to 1987	Average after 1987
<u>Risks</u>						
Pre tax and transfer poverty						
Working age	11.6	17	15.7	16.8	15.1	19.3
Children	13.8	18.1	12.7	15.9	22.1	28.1
Single mothers	45.4	50	50	54.4	65.1	67.9
% of households headed by single mothers	12.5	17.2	7.7	10	12.2	17.2
<u>Outcomes</u>						
Post tax and transfer poverty						
Aged	16.4	9.2	14.2	9.7	23.7	18.5
Working age	4.4	3.9	6.4	7.1	10.5	12
Children	3.9	3.8	4.9	7.8	14.8	18.1
Single mothers	11.1	10.8	19.9	22.5	44.5	44.2

Table 2  
Level and Change in Risks and Outcomes

	Social Democratic <u>Welfare States</u>		Christian Democratic <u>Welfare States</u>		Liberal <u>Welfare States</u>	
	Estimated 1980 <u>Level</u>	Average % Change <u>Per Decade</u>	Estimated 1980 <u>Level</u>	Average % Change <u>Per Decade</u>	Estimated 1980 <u>Level</u>	Average % Change <u>Per Decade</u>
<u>Risks</u>						
Pre tax and transfer poverty						
Working age	12.0	2.9	14.5	4.4	15.3	3.0
Children	12.7	3.3	11.6	4.1	22.5	3.9
Single mothers	48.0	3.4	49.9	0.9	65.8	3.1
% of households headed by single mothers	12.4	3.1	6.7	3.1	11.9	3.4
<u>Outcomes</u>						
Post tax and transfer poverty						
Aged	12.9	-2.2	15.3	-3.9	23.3	-4.3
Working age	4.8	-0.8	6.1	1.7	10.6	1.4
Children	3.9	-0.2	4.8	2.4	14.6	2.1
Single mothers	14.3	-1.9	21.8	1.6	43.2	-0.4

Table 3  
Determinants of Various Measures of Welfare State Effort

	Total Government Revenue	Total Government Expenditure	Non- Transfer Expenditure	Civilian Government Employment	Social Security Transfer Expenditure	Pension Spending per Aged Person	Public % of of Total Health Spending	Social Security Benefit Expenditure
Left Cabinet	.312 ***	.270 ***	.163 ***	.194 ***	.095 **	.064 ***	.148	.178 **
Christian Democratic Cabinet	.250 ***	.388 ***	.129 **	-.077 ***	.220 ***	.129 ***	-.173	.251 ***
Constitutional Structure	-.043	-.247	-.501 *	-.095	.040	.149 ^	-3.334 ***	-.082
Women's Organization	.326 ***	.380 ***	.246 ***	.170 ***	.128 *	.071 **	-.262	.301 ***
Voter turnout	-.042	-.029	.032	.025	-.038	-.003	1.602	.009
% Aged	1.442 ***	1.687 ***	.583 **	.659 ***	.918 ***	.137 *	.131 **	1.415 ***
Authoritarian Legacy	-.456	-.096	.033	-.503 *	.146	.035	3.457 **	.432
GDP per capita (1000s)	-.045	-.303 *	-.067	.102 ***	-.119	.008	.327 *	.085
Consumer Price Index	1.107 ***	1.425 ***	.576 *	.466 ***	.456 **	.145 *	.125	.126
Unemployment	.058	.670 ***	.399 ***	-.004	.361 ***	.077 ***	.009	.460 ***
Military Spending	.272	1.116 ***	1.017 ***	.081	.094	-.016	-.606	-.209
Foreign Direct Investment Out	-.018	-.156 *	-.167 **	-.019	-.018	-.012	-.271 *	-.021
Trade Openness	.024	.017	.032	-.008	.000	.001	.005	.020
Constant	-1.135	-2.573	0.075 *	-8.230 **	-3.187	-1.717	45.745 ***	-16.331 ***
Common rho	.91	.90	.86	.96	.88	.90	.90	0.85
OLS Adjusted R-Square	.78	.80	.72	.84	.68	.65	.62	.79 *
N	663	663	663	595	663	510	663	510

Table 4  
Determinants of Pre Tax and Transfer Poverty

	Working Age Population		Children		Single Mothers	
	b	$\beta$	b	$\beta$	b	$\beta$
Unemployment	.48 *	.35	.93 ***	.50		
% Young			.59 **	.25		
Wage Coordination	-1.16 **	-.36	-.96 **	-.21		
% of families headed by single mother			.85 ***	.60		
% in Industry	-39.97 **	-.37			-132.65 ***	-.48
% women working part time					.61 ***	.47
Taxes and Transfers			-.92 **	-.25		
Migration						
Child & family allowances			.05	.16		
Left Cabinet	.06	.14				
Vocational education	.04	.13			-.35 ***	-0.5
Constant	22.14 ***		-9.30		73.94	
R-Square	.66		.84		.52	
N	61		70		71	
b - unstandardized coefficient						
$\beta$ - standardized coefficient						
Level of significance: ***=.001, **=.01, *=.05						

Table 5  
Determinants of Welfare State Outcomes

	Working Age		<u>Reduction in Poverty</u> Children		Single Mothers		<u>Post Tax and Transfer Poverty</u> <u>Among the Aged</u>	
	b	β	b	β	b	β	b	β
Taxes and Transfers	4.41 ***	.39	2.57 ***	.25	6.11 ***	.49	-1.62 **	-.37
Left Cabinet	0.60 ***	.31	0.60 ***	.36	.68 **	.34		
Constitutional Structure	-2.29 ***	-.20	-2.94 ***	-.17	-2.30	-.18		
Unemployment	1.60 ***	.26	1.66 **	.31				
Young							1.21 **	.41
Pre tax and Transfer Poverty <sup>^</sup>			-1.01 ***	-.35				
Wage Coordination	1.93 *	.14						
Family Transfer Proportion	0.13 **	.15						
Constant	23.43		56.08 **		47.99 **		-9.42	
R-Square	.84		.82		.72		.44	
N=61	61		72		71		69	

b - unstandardized coefficient

β - standardized coefficient

Level of significance: \*\*\*=.001, \*\*=.01, \*=.05

<sup>^</sup> poverty for the group in the analysis