

# **DRAFT! PLEASE DO NOT QUOTE OR CIRCULATE**

## **A new role for the varieties of (welfare) capitalism approach in examining welfare state ‘decentration’<sup>1</sup>**

**Paper prepared for the ESPAnet Conference ‘Social Policy in Europe:  
changing paradigms in an enlarged Europe?’**

**Vienna, 20-22 September 2007**

Milena Büchs, Lecturer in Sociology and Social Policy, University of Southampton

### **Abstract**

Currently, a new field of research concerned with the territorial dimension of social policy and welfare state decentralisation is emerging (e.g. Ferrera 2005; Keating and McEwen 2005; McEwen and Moreno 2005). It focuses on the relationship between territorial borders, political identities and the rescaling of social policy authorities up- and particularly downwards from national level governments.

This paper puts forward two arguments. Firstly, research on the vertical re-structuration of the welfare state should be examined from the perspective of welfare governance. The governance perspective requires not only a focus on *vertical* shifts of political authority but on *horizontal* shifts from the public to the private and voluntary sectors as well. This two-fold and interlinked development is termed ‘decentration’ of the welfare state in this paper.

Secondly, this paper suggests that research on welfare state ‘decentration’ would significantly benefit from an application of certain key concepts developed in the varieties of (welfare) capitalism literature. The paper explains why and how this approach should be employed in analysing welfare state ‘decentration’ and illustrates the arguments by discussing recent ‘decentration’ trends in labour market policy in Germany, the United Kingdom and Italy.

---

<sup>1</sup> I am grateful for very useful comments on a first draft of this paper provided by Mariely López-Santana and Eduardo Barberis.

## **Introduction**

The welfare state is traditionally conceptualised as a *national* welfare state with national governments being the main actors in designing and providing social policies. Therefore, the analysis of welfare state development focuses on the activities and programmes of *national* governments. However, social policy design and provision have become increasingly multi-layered during the last three decades, particularly in member states of the European Union. On the one hand, certain social policy competencies are shared with the supranational level, most importantly the European Union. But also organisations such as the OECD, ILO and World Health Organisation became increasingly important in what some authors call 'global' social policy (Deacon, with Hulse et al. 1997). The development of European Union and 'global' social policy is already being widely analysed (Deacon, with Hulse et al. 1997; Geyer 2000; Leibfried 2005; Büchs 2007, forthcoming) and therefore not explicitly discussed in this paper.

On the other hand, a body of literature is currently emerging claiming that social policy becomes increasingly multi-layered and *decentralised* (Ferrera 2005; McEwen 2005; McEwen and Moreno 2005; Mooney, Scott et al. 2006). This literature focuses on the vertical re-structuration of the welfare state and within that mainly on the decentralisation of social policy. With regard to decentralisation, an important distinction is often drawn between *political* decentralisation referring to the authority to design policies, and *administrative* decentralisation (Smith 1985: 9; Moreno and McEwen 2005: 12). The literature on the territorial re-structuration of the welfare state employs theories concerned with the relationship between political identities, territorial borders, nation- and state-building as well as welfare state development (see below for more details).

This paper accords with the assumption that social policy becomes increasingly multi-layered and that this development should be a core dimension of the analysis of welfare state development. However, it claims that the emerging literature on the territorial re-structuration of the welfare state is too narrow in focussing on *vertical* decentralisation and the issue of territorial political identities. Vertical decentralisation should certainly be a core dimension within this field of research, however, it should be regarded as part of a broader change in welfare governance which equally comprises the *horizontal* decentration of the welfare state through shifting

responsibilities from the public to the private and voluntary sectors. It has already been suggested by authors such as Jessop (1999; 2002) that both the territorial scale of social policy provision and an increasingly important role for the private sector in service provision ('hollowing out of the welfare state') should be regarded as two inter-related dimensions of changing welfare governance. This phenomenon will be termed 'decentration' of the welfare state in this paper denoting interlinked vertical and horizontal shifts in social policy responsibilities.

However, this article claims that it is more fruitful to use the varieties of capitalism's approach of actor-centred institutionalism in analysing welfare state 'decentration' instead of Jessop's macro-theoretical, economic perspective based on the French regulation school. Actor-centred institutionalism allows for a more nuanced, comparative perspective focussing on differences rather than convergence. For example, it would predict more diversified outcomes in a comparative setting, moving beyond Jessop's hypothesis on a general shift from the 'Keynesian Welfare National State' to the 'Schumpeterian Workfare Postnational Regime' (Jessop 1999).

This paper discusses these issues by proceeding as follows. First the newly emerging research agenda on the territorial re-structuration of the welfare state is presented and some points of criticism are identified. The following section discusses why and how the varieties of (welfare) capitalism literature should be applied in analysing welfare state 'decentration'. The third section illustrates these arguments by presenting the results of a recent project on labour market policy 'decentration' in Germany, the United Kingdom and Italy (Büchs and López-Santana 2007). Finally, the arguments are summarised and implications for the welfare capitalism research are considered.

### **The decentralisation of the welfare state**

Since only a few years, a new area of welfare state research is emerging within the literature on the welfare state concerned with the territorial dimension and decentralisation of the welfare state (Noël 2004; Ferrera 2005; Keating and McEwen 2005; McEwen 2005; McEwen and Moreno 2005; Obinger, Leibfried et al. 2005; Mooney, Scott et al. 2006). As it is an emerging field of research, publications tend to be broad in nature, outlining the research agenda and providing a more general overview of the situation in different countries. McEwen and Moreno's edited volume (2005) focuses on the role of territorial identities for nation- and state building, the development of the welfare state and possibilities for redistributive policies. Their

main claim is that European welfare states become increasingly fragmented and decentralised due to a resurgence of sub-national political identities (which is itself a response to welfare state retrenchment (Moreno and McEwen 2005: 20ff.)).

Ferrera (2005) similarly starts from the assumption that 'boundaries'<sup>2</sup> are crucial for the regulation and construction of political identities and therefore condition the scope and scale of redistributive solidarity. His book examines the restructuring of social policy boundaries through European integration, the prospects of an emerging European social sphere and the parallel development of social policy decentralisation within EU member states.

Obinger et al. (2005) and Noël (2004) are also concerned with the territorial dimension of the welfare state in examining the role of federalism for welfare state development and retrenchment (Obinger, Leibfried et al. 2005) and the design of labour market policies respectively (Noël 2004). A recent volume of 'Critical Social Policy' analysed the impact of devolution on different social policy areas in the UK (Mooney, Scott et al. 2006) and a special edition of 'Federal and Regional Studies' examined devolution in public policy (Keating and McEwen 2005).

The emerging literatures on the territorial dimension of the welfare state share the assumption that a close relationship exists between territorial borders, political identities and feelings of belongingness on the one hand and prospects for solidaristic and redistributive social policy on the other. The link between identities and social policy runs two-way. On the one hand, welfare state development is seen as contributing to the emergence of national identities and nation state building; on the other hand, shared feelings of belongingness and political identity are regarded as a precondition for redistributive policies. The first assumption is based on research on national identity and nation state building which analyses the crucial role of the emergence of the welfare state for nation state formation (Flora, with Kuhnle et al. 1999; Ferrera 2005). From this perspective, globalisation and other external and internal pressures that drive welfare state retrenchment can contribute to declining national identities as nation-wide redistributive programmes are shrinking.

Consequently, sub-national identities and sub-national welfare regimes are seen as a likely outcome of welfare state retrenchment (Moreno and McEwen 2005: 20ff.).

---

<sup>2</sup> It should be noted that Ferrera's concept of boundaries is relatively broad, going beyond territorial boundaries in the strict sense. According to Ferrera, 'boundaries are sets of norms and rules that define the type and level of closure of a given collectivity vis-à-vis the exterior, gating access to the resources and opportunities of both the in-space and the out-space' (Ferrera 2005: 3).

Another strand within this perspective examines whether the pressures on national welfare states lead to shifts of social policy authority to the European level and whether that is accompanied by an emerging European identity supported by a European social citizenship (Ferrera 2005; Mau 2005).

This paper agrees that examining welfare state change should not only focus on policy development but also on the territorial structure of the welfare state. The examination of the territorial dimension and decentralisation of the welfare state facilitates the generation of a broader understanding of welfare state change. The focus on the relationship between national, sub- and supra-national identities and the welfare state is undoubtedly a crucial dimension within this theme.

### **Expanding the focus: 'decentration' as a combination of vertical and horizontal decentralisation**

However, the first argument put forward by this paper is that the focus of the research on the territorial dimension of the welfare state needs to be extended. The literature on the territorial dimension of social policy focuses on *vertical* shifts in social policy responsibilities, particularly from national to sub-national governments. At the same time, as described above, this literature emphasises the role of (re)-emerging sub-national identities as an important factor for these shifts.

This paper argues that current developments in the organisation of welfare states are much broader, including a growing role of private actors, and should be examined from the perspective of welfare governance. This broader perspective must also take into account a more diversified set of factors that contribute to these changes.

Developments in welfare governance do not only comprise vertical shifts of social policy responsibilities but also horizontal shifts. Social policy responsibilities are shifted horizontally if, for instance, sectors of the welfare state are privatised, if individual services are out-contracted by the government and provided by the private for and non-for profit sector, or if private actors are involved in social policy-making through 'partnerships' and networks. Both developments, vertical and horizontal shifts in social policy-making and delivery change the character of the welfare state which is traditionally conceptualised as national welfare state. The overriding question for research on developments in welfare governance is to identify the degree and types of welfare state 'decentration' which is related to vertical shifts in

responsibilities to sub- and supranational levels of government as well as horizontal shifts from the public to the private sector.

This broader welfare 'decentration' perspective also enables to take into account a broader range of factors that influence the country-specific forms of these developments. Within the literature on the territorial dimension of social policy, territorially bound political identities are the main factor for social policy centralisation or decentralisation. One hypothesis deriving from this perspective would be, for example, that multi-national countries in which sub-national identities are re-awakening (e.g. as a response to welfare state retrenchment or 'globalisation') are much more prone to social policy decentralisation than uni-national countries with comparatively centralised political systems. From a broader perspective of vertical and horizontal welfare state 'decentration', a range of other factors must be considered as well. For example, countries which undertake major public management reforms or introduce new welfare paradigms can be susceptible to vertical or horizontal decentralisation as well. In these cases, decentralisation is not primarily a response to resurging sub-national identities and demands for more regional or local autonomy.

Here it must be noted that the concept of welfare governance that depicts both the vertical and the horizontal organisation of social policy is not new. One prominent author who promoted a similar concept of welfare governance is Bob Jessop (Jessop 1999; Jessop 2002). Jessop considers four different dimensions to characterise different welfare regimes: the type of state intervention into the economy (Keynesian or Schumpeterian), welfare paradigms (welfare vs. workfare), the geographical scale of welfare provision (national or sub-national) and the type of governance dominating welfare provision (statist vs. regimes in which private or public-private welfare provision plays a significant role) (Jessop 1999). These four dimensions are used to identify two main ideal forms of welfare regimes, firstly the 'Keynesian Welfare National State' and secondly the 'Schumpeterian Workfare Postnational Regime' (ibid.). Jessop hypothesises that a cross-national shift is taking place from the 'Keynesian Welfare National State' to the 'Schumpeterian Workfare Postnational Regime'. This shift is mainly seen as a response to macro-level crises in the economic, fiscal, political and social sphere (Jessop 2002: 80ff.).

Whilst Jessop's bird perspective is useful for identifying possible trends of convergence at a very general level of development, it is not suitable for examining

different trajectories across countries related to country-specific institutional backgrounds and actor-constellations. Instead of referring to the macro-sociological approach of the French regulation school applied by Jessop, this article promotes the suitability of the varieties of (welfare) capitalism approach in framing research on welfare state 'decentration'. First, the varieties of capitalism's actor-centred institutionalism is more suitable to analyse path-dependent micro-politics of welfare state 'decentration' than the French regulation school. Second, the welfare capitalism's regime approach offers a suitable framework for developing a comparative empirical research agenda.

Indeed, up to now very few studies directly and systematically compare social policy decentralisation in different countries. McEwen and Moreno's volume contains a series of case studies, but the results are not systematically compared and no overall conclusions are drawn. Also other volumes on federalism and social or labour market policy (Noël 2004; Obinger, Leibfried et al. 2005) mainly present single country case studies as do most journal articles (perhaps with the exception of Keating and McEwen 2005; McEwen 2005).

In future stages of this research area a comparative approach is essential in order to identify country or cluster specific differences and similarities and to develop an understanding of the underlying factors for the territorial re-structuration of the welfare state as well as horizontal shifts in service delivery.

### **Varieties of (welfare) capitalism and the 'decentration' of the welfare state**

This section sets out the paper's second argument that certain concepts and approaches of the varieties of (welfare) capitalism approach should be applied in examining cross-national differences in welfare state 'decentration'. I will first identify different strands within the varieties of (welfare) capitalism approach, secondly explain the roles of actor-centred institutionalism and the welfare regime approach for research on welfare state 'decentration' and thirdly discuss the relevance of the varieties of (welfare) capitalism approach for analysing horizontal shifts in social policy responsibilities.

#### *The varieties of (welfare) capitalism literature*

First of all it is important to emphasise that the literature on the varieties of (welfare) capitalism is very diverse and that this paper draws on various strands within this

literature to make different arguments. A first broad distinction can be drawn between literature mainly interested in distinct institutional frameworks regulating *capitalism* (e.g. Hall and Soskice 2001b) and the field of research concerned with an institutionalist political economy approach to analysing *welfare regimes* (e.g. Esping-Andersen 1990; Ebbinghaus and Manow 2001a). The first approach became famous with Hall and Soskice' volume 'Varieties of Capitalism' (2001b), however, a range of previous publications concerned with political and social institutions regulating markets belong to this tradition as well. Hall and Soskice themselves mention the modernisation approach (e.g. Shonfield 1965), neo-corporatism (e.g. Schmitter and Lehbruch 1979; Lehbruch 1982) and the social systems of production approach (e.g. Piore and Sabel 1984; Hollingsworth and Boyer 1998) as important forerunners to their own studies and concepts.

The varieties of capitalism's main assumption is that markets cannot operate in an institutional vacuum, rather markets are always embedded in social and political institutions. The varieties of capitalism approach combines the emphasis on institutions with a focus on actors, firms in particular. For example, it conceptualises the incentives or disincentives that institutions provide for firms to coordinate their actions with other firms and economic actors. Based on this approach, Hall and Soskice distinguish coordinated market economies and liberal market economies. Liberal market economies are predominantly regulated by contracts, 'hierarchies and competitive market arrangements' whilst coordinated market economies are regulated over 'non-market relationships', e.g. informal 'insider' networks and collaborative rather than competitive relationships among firms and other economic actors (Hall and Soskice 2001a: 8).

The second broad strand, the 'varieties of *welfare* capitalism' approach, took off with Esping-Andersen's path-breaking 'Three Worlds of Welfare Capitalism' (1990) in which he developed the typology of the liberal, social democratic and conservative welfare regimes. The interest that unites the welfare capitalism and the varieties of capitalism approach relates to the institutions that regulate markets. However, Esping-Andersen was not only keen to conceptualise market regulation but also to theorise how market regulating institutions shape welfare states. The main institutional dimensions for typologising welfare regimes are the type of social stratification, degree of de-commodification and the public-private mix of service provision. In later publications, Esping-Andersen put more emphasis on the particular mix between

state, market and family provision of welfare (e.g. Esping-Andersen 1999). Esping-Andersen claims that one can identify clusters of similar welfare regimes in advanced capitalist states (1990: 9ff.); and authors such as Scharpf and Schmidt (2000a) have argued that these regime-specific affinities between economic and welfare institutions influence welfare state development and responses to external and internal challenges to the welfare state in path-dependent ways. Literature in this field is abundant, Esping-Andersen's typology has been extensively discussed and criticised, empirically tested (e.g. Goodin, Headey et al. 1999), refined and expanded to include the gender dimension (Lewis 1992), the Southern (Ferrera 1996) and Eastern European welfare regimes (Deacon 2000).

Authors such as Ebbinghaus and Manow (2001b) sought to combine the varieties of capitalism and welfare capitalism approaches. In their view, there are clear affinities between the type of capitalism (liberal vs. coordinated market economies) and welfare regimes (Ebbinghaus and Manow 2001b: 11ff.; Huber and Stephens 2001: 85ff.).

In the following I will explain why and how the varieties of (welfare) capitalism approach can be fruitfully combined with research on vertical and horizontal shifts of social policy authority, i.e. welfare state 'decentration'. In short, the varieties of (welfare) capitalism approach offers a suitable theoretical background based on actor-centred institutionalism, and provides crucial concepts and typologies to analyse and understand country and cluster specific developments in welfare state 'decentration'.

#### *Theoretical background: actor-centred institutionalism*

Firstly, the actor-centred institutionalism on which the varieties of capitalism literature is based (Hall and Soskice 2001a: 6ff.)<sup>3</sup> provides a very suitable background for analysing welfare state 'decentration'. Actor-centred institutionalism (e.g. Scharpf 1997) emphasises the crucial role of political and economic *actors* for historical change. At the same time it stresses that actors' decisions and behaviour are framed by institutions. Institutions are norms and rules that provide incentives and disincentives and justify certain types of behaviour. This institutionalist approach has become particularly relevant as an alternative to orthodox economic theory that believes in the existence of 'free', unregulated markets in which actors respond

---

<sup>3</sup> Hall and Soskice do not explicitly use this term, however, they describe their approach as actor-centred, referring to Scharpf's (1997) approach of actor-centred institutionalism whilst emphasising the role of institutions (Hall and Soskice 2001a: 9ff.).

rationally to market incentives. Instead, institutional economics which is applied by Hall and Soskice assumes that markets cannot function without being embedded in institutions that provide rules for the operation of markets.

If this theoretical approach is to inform research on welfare state 'decentration' it must particularly focus on *political* actors and processes (cf. Pierson 2001). In other words, whilst Hall and Soskice are mainly interested in institutions that provide for coordination among *economic* actors, research on welfare state 'decentration' primarily focuses on the reasons and incentives for *political* actors to shift authorities in social policy up-, down- and side-wards. However, this focus is not exclusive as the interests of private and voluntary welfare providers and the institutions regulating 'welfare markets' must be analysed as well to examine the horizontal 'decentration' of the welfare state. The focus on actors stresses the crucial role of conflict and power asymmetries in welfare state 'decentration'.

Furthermore, examining the role of and interaction between economic, social and political *institutions*, directs attention to path-dependent developments as well as similarities and dissimilarities in responses to external and internal challenges of national welfare states (e.g. Scharpf and Schmidt 2000b; Scharpf and Schmidt 2000c). As it currently stands, the literature on the territorial restructuring of the welfare state is indecisive regarding to the question of whether there is a convergence towards decentralisation or the emergence of a more diverse picture of multi-layered welfare systems – or, in fact, a combination of both (McEwen and Moreno 2005). To a certain degree, this is due to a lack of empirical data, but also to an unclear theoretical background that would facilitate the formulation of concepts and hypotheses in this regard. Applying the varieties of (welfare) capitalism approach clearly favours the hypothesis that, whilst common developments towards 'decentration' can be identified at a very general level, there will be clear path-dependent and therefore diverse outcomes of these processes. The following section explains this in more detail.

#### *Welfare regime specific 'decentration'*

This paper claims that the welfare regime itself influences the way in which an individual national welfare state is 'decentred'. This is an important argument for conceptually integrating the varieties of welfare capitalism approach in comparative examinations of welfare state 'decentration'. There are two aspects to this argument.

First, if welfare state 'decentration' is a response to external and internal challenges such as globalisation, ageing populations and unemployment causing increasing international competition and fiscal pressures for national governments, it is highly likely that different welfare regimes will respond differently to these challenges. This argument is based on research undertaken by, for example, Scharpf and Schmidt (2000b; 2000c) who examined the ways in which different welfare regimes are exposed and respond to external challenges to the welfare state. From the perspective of welfare 'decentration', one can argue that these different responses will include decisions about vertical and horizontal decentralisation. Therefore, the degree to which welfare states become decentred will differ according to the welfare regime they belong to.

The second aspect of this argument relates to the way in which a country's welfare regime influences the country-specific character of welfare state 'decentration'. Here, the assumption is that welfare regimes not only influence the *degree* to which a national welfare system is exposed to external and internal challenges – and therefore the potential degree of 'decentration' – but also the *form* 'decentration' may take. For example, universalistic welfare regimes aim to provide universal access to services, not only to different status groups in society, but also across regions. Therefore, they only provide limited justifications for devolving policy-making authorities in the area of social security to sub-national governments. Vice versa, regional differentiation of service provision that is a potential outcome of policy-making devolution is more compatible with welfare principles that emphasise targeting and diversified services for different status groups. If welfare regimes play a role for the form of decentralisation, universal systems will focus more on decentralisation regarding implementation whilst liberal systems may be more supportive of political and fiscal decentralisation.<sup>4</sup>

#### *Varieties of (welfare) capitalism in analysing horizontal decentralisation*

The varieties of (welfare) capitalism approach is not only useful for analysing the micro-politics of welfare state 'decentration' and path-dependent country- or regime-specific developments but also provides important concepts for analysing and interpreting *horizontal* shifts in the organisation of social policy more specifically.

---

<sup>4</sup> However, we will see in the next part of this paper that the political system in a country plays an important role as well for the propensity to decentralise policy-making and fiscal responsibilities.

This is because the welfare regime literature in particular identified the 'welfare mix', i.e. the specific proportions of state, market and family provision of social services as a significant characteristic of each particular welfare regime (Esping-Andersen 1990: 21, 80ff.; Esping-Andersen 1999: 85). According to the dimension of the 'welfare mix', the family is the central welfare provider in conservative welfare regimes, the market in liberal and the state in social democratic regimes (Esping-Andersen 1999: 85). However, authors such as Powell and Barrientos (2004) claim that the 'welfare mix' has long been marginalised in the welfare regime research and developed their own empirical model to cluster welfare states according to the 'mix' of social service provision between state, market and the family. Their results confirm Esping-Andersen's typology which can be seen as an indicator for the relevance of the 'welfare mix' for distinguishing different welfare regimes.

The discussion about the 'welfare mix' can be extended by differentiating between the profit and non-for-profit sector within the private sector. If this distinction is taken seriously, the voluntary or 'third sector' can be regarded as an important fourth welfare provider to which responsibilities for delivering welfare can be shifted. Authors such as Graefe (2004) plead for integrating the voluntary sector in the discussion on the 'welfare mix'.

The varieties of (welfare) capitalism approach becomes relevant in two main respects for analysing the horizontal restructuring of the welfare state. Firstly, the specific 'welfare mix' within a country is likely to influence the degree or propensity of horizontal shifts in service provision from the public to the private or voluntary sector. Several hypotheses can be developed in this regard. For example, countries in which the private sector already plays an important role in the provision of certain welfare services may lend themselves to further and more intensive shifts of service provision to the private sector. An example for that would be the United Kingdom, whose welfare regime is already market-dominated according to Esping-Andersen's typology, whilst plans to further extend service provision by the private sector to 'activate' previous incapacity benefit recipients are on the way (DWP 2006; Freud 2007). However, regimes in which the state prevails regarding welfare provision are also likely to be under pressure to shift service provision from the public to the private sector to guarantee cost containment and reduce public deficits. Whether or not this pressure has an impact will, however, depend on the existence or emergence of a political constellation that enables such a 'paradigm shift'. Examples for that case

could be Germany and Italy where the market for private employment services has only been opened during the 1990s<sup>5</sup> and where private provision of labour market policy services is slowly increasing (Konle-Seidl 2005: 190; Büchs and López-Santana 2007). Overall it is very likely that a country's starting position in terms of its 'welfare mix' as well as political 'actor constellations' will make a difference and provide for a path-dependent development regarding the pace of change and type of private and voluntary sector provision.

To come to a more fine-grained analysis of the probability of shifts from public to private and voluntary sector provision as well as the concrete character of that provision it will be very fruitful to take into account insights from the varieties of capitalism literature that analyse the organisation of the private sector more specifically. In other words, coordinated and liberal market economies may produce different results regarding the ways in which services are out-sourced to the private sector.

Finally, within the varieties of capitalism literature, several authors are concerned with types of interaction between the state and social partners and with the degree of centralisation or decentralisation in industrial relations (e.g. Crouch 1993; Thelen 2001). This particular strand within the varieties of capitalism literature can be relevant in analysing new patterns of decentralised service provision. This argument is based on the assumption that both, vertical and horizontal shifts in social policy responsibilities lead to an increasing use of national, regional or local partnerships and networks. The type of partnership or network will depend on the role of key economic actors such as 'social partner' organisations in the economy. Here one can hypothesise that the type of relationship between the state and the social partners as well as the degree of decentralisation of the industrial relations system will have an impact on the character of newly emerging partnerships and networks related to more recent shifts in welfare state decentration.

---

<sup>5</sup> However, that was mainly a response to a decision by the European Court of Justice, 21. 4. 1991, stating that public monopolies of job brokering services are violating EU competition law.

### **Illustration: labour market policy 'decentration' in the United Kingdom, Germany and Italy**

This section illustrates this paper's arguments by presenting some preliminary results from a project<sup>6</sup> examining the decentration of labour market policy in the United Kingdom, Germany and Italy (Büchs and López-Santana 2007). The project results demonstrate that expanding the research focus to include vertical *and* horizontal shifts in social policy responsibility as well as applying concepts from the varieties of (welfare) capitalism approach proves useful for the interpretation of the data.

The three countries were chosen as case studies because they represent contrasting examples of different political systems and welfare regimes. Italy belongs to the southern European welfare regime; it has undergone a slow decentralisation process since the 1950s and can now be regarded as a regionalised country. Germany is the prototype of the conservative welfare regime and a federal state. Finally, the UK represents the liberal welfare regime and is a unitary state that has devolved a range of powers to Scotland, Wales, and Northern Ireland (Esping-Andersen 1990; Ferrera 1996; Ferrera 1998; Loughlin 2005).

I will first explain why it is crucial to take into account vertical and horizontal decentralisation to examine changing welfare state governance and secondly how the welfare regime and labour market policy regime approaches can be applied to interpret the observed country-specific developments.

One important result of the project is that there is no clear trend towards vertical decentralisation in the three countries because some developments must be seen as a centralisation and standardisation of labour market policy. In all three countries the national level retained an important role in labour market policy. For example, in all three countries the national level has the exclusive policy-making authority for unemployment insurance. In Germany and the United Kingdom, the central level also continues to play a crucial role in active labour market policy-making, national standardisation in this area has even become more important. Italy is the country that displayed the greatest degree of labour market decentralisation as authority to design active labour market policy became the exclusive responsibility of the regions in 1997.

---

<sup>6</sup> This project was conducted by Milena Büchs, supported by the Small Grant Scheme of the University of Southampton and Mariely López-Santana, Max Weber Fellow at the European University Institute, Florence and Assistant Professor, George Mason University, starting Jan 2008.

In the United Kingdom (UK) and Germany developments are a bit more mixed. The UK traditionally operated a fairly centralised labour market policy system. One can argue that the New Deal programmes and the national standards for the Job Seekers' Allowance centralised and standardised the labour market policy system. Local Jobcentre Plus Advisers now have less discretion in dealing with their customers than previously. This applies particularly to those unemployed persons who find (or are supposed to find) a job relatively quickly. However, a certain degree of decentralisation was introduced for particularly disadvantaged groups requiring additional, holistic and personal support, for example disabled people. The UK government introduced a range of area-based initiatives, for example employment zones, which operate in the most deprived areas and are allowed to implement the New Deal programmes with greater flexibility than elsewhere in the country.

In comparison, as a federation Germany is a much more decentralised country when it comes to labour market policy from the outset. The federal government still has the main responsibility for unemployment insurance and active labour market policy, but the *Bundesländer* are allowed to set up their own additional programmes for active labour market policy and the municipalities have also traditionally played a significant role in integrating social assistance recipients into the labour market through 'Help Towards Work' programmes (*Hilfe zur Arbeit*). This setting has changed through the introduction of the Hartz IV reform which fused the former means-tested unemployment and social assistance schemes and created a new 'activating' means-tested unemployment benefit. That means that the vast majority of previous social assistance recipients are now explicitly required to seek work and demonstrate their willingness to work as a condition of benefit receipt across the whole country. This can be regarded as a standardisation of the requirement to seek work for the long-term unemployed.<sup>7</sup> In the majority of places, the new means-tested unemployment benefit is administered by local consortia between the Federal Employment Agency and municipalities. That means that previous social assistance recipients who were administered by the municipalities alone are now dealt with by the Federal Employment Agency as well. However, in 69 local districts the municipalities have exclusive authority to administer this customer group and overall they now have a say

---

<sup>7</sup> Former social assistance recipients were required to demonstrate their willingness to work and take up job offers as well, however, this was implemented less strictly and with more regional variability (Voges, Jacobs et al. 2000: 72, 86).

over a larger number of customers than before.<sup>8</sup> One can therefore argue that whilst Germany already displays some decentralised features in labour market policy, recent developments might rather have brought about a standardisation in the area of activation but combined with the potential of a greater role for municipalities in administering benefits for the long-term unemployed.

In addition, the research results demonstrated that it is important to pay attention to horizontal shifts in labour market policy responsibilities as well to understand the broader picture of governance change. In all three countries, labour market policy developments were not only and sometimes not primarily characterised by territorial restructuring but by a greater role for the private and voluntary sector. This development is probably least pronounced in Italy, but even there the market for private employment agencies has been opened in 1997 and the private and voluntary sectors are increasingly involved in implementing labour market policy initiatives in local partnerships (Büchs and López-Santana 2007).

In Germany, the private sector traditionally played a role in providing training measures within active labour market policies. Furthermore, since the late 1980s the implementation of regional labour market policies is increasingly out-contracted to private agencies.<sup>9</sup> The role of the private sector has been strengthened through opening the market for private employment agencies in 1994 and through reforms during the last decade that increase customer choice within the training sector as well as choosing between the public and private employment service sector (Konle-Seidl 2005).

In the UK, the role of the private sector in labour market policy is probably most significant. Here, the job brokering market is traditionally open to private employment agencies. The private and voluntary sector also plays a major role in providing services for the 'option phase' within the New Deal programmes (for example, training measures, support for disabled people). During the last decade, the private and voluntary sectors increasingly play a role in administering and implementing particular labour market policy initiatives, for example, all employment zones are run by private companies. These companies are responsible for administering the

---

<sup>8</sup> However, this arrangement is a political experiment terminated until the end of 2010 by when a decision must be taken how the administration of the new means-tested unemployment benefit is to be organised.

<sup>9</sup> For example, this is the case in Bremen, Hamburg, North Rhine-Westphalia, and Hesse (in Hesse this concerns all European Social-Fund related programmes which are closely related to the regional labour market programmes).

unemployment benefit and New Deal programmes. They have more discretion and flexibility than local Jobcentre Plus offices so that service provision is modified for the specified customer group in employment zone areas. In addition, the planned reform that will replace incapacity benefit with the Employment and Support Allowance in 2008 envisages a crucial role for the private and voluntary sector in providing 'activation'-related services for previous incapacity benefit recipients who will then be required to actively seek for work (DWP 2006; Freud 2007). I would claim that in the United Kingdom the shift towards an increasingly important role for the private and voluntary sector in running labour market policy programmes is more characteristic for recent reforms than vertical decentralisation.

Furthermore, it proves useful to take the role of welfare and labour market policy regimes (e.g. Gallie and Paugam 2000) into account for the interpretation of the case studies. An analysis of the outcomes also demonstrates that a focus on the role of sub-national identities is too narrow to understand the developments in the three case studies. In none of the three countries discussed above a resurgence of sub-national identities was the major reason for decentralisation in labour market policy. Rather, decentralisation, if it occurred, was only part of other crucial developments in the governance of labour market policy, i.e. a stronger role of the private and voluntary sector, and therefore related to more general reforms in public management and welfare paradigms.

In Italy, labour market decentralisation was primarily a side-effect of a restructuring of the state which is due to political reasons and the North-South divide (Fargion 2005) rather than demands for more local and regional autonomy. This is accompanied by a paradigm shift within labour market policy towards 'activation'. In the UK, devolution (which is in fact related to demands for more sub-regional autonomy and reawakened sub-national identities) had little impact on labour market policy since the devolved administrations did not gain any authority in labour market policy. Reforms in new public management were much more relevant for 'decentration' as well as the shift to extend 'activation' policies to the most vulnerable groups in society. In Germany, a paradigm shift towards 'activating' labour market policies induced a standardisation of the system but neither a clear vertical centralisation nor decentralisation. Opening the market for private employment agencies, out-contracting and internal decentralisation within the Federal Employment

Agency are primarily related to public management reforms accompanying the shift to 'activation'.

A comparison between these countries demonstrates that an application of the varieties of (welfare) capitalism approach which also takes into account the political system in each country greatly adds to our understanding of these developments and the differences between the three cases. This can only be discussed very briefly here. One assumption deriving from the welfare regime approach is that certain labour market regimes (Gallie and Paugam 2000) will lend themselves more to decentralisation and/or out-contracting than others. Gallie and Paugam (2000: 5ff.) developed a labour market regime typology with four regimes that are coherent with Esping-Andersen's general welfare regimes, the sub-protective, liberal/minimal, employment-centred and the universalistic regime.<sup>10</sup> These four regimes differ regarding the degree of coverage of unemployment insurance, the level and duration of coverage and the quality of active labour market policy. The sub-protective system is the weakest system with only 'very incomplete' coverage of unemployment protection and 'quasi non-existent' active labour market policies (Gallie and Paugam 2000: 5ff.). The universalistic regime is the most generous with 'comprehensive' unemployment protection coverage and 'very extensive' active employment policies (ibid: 5f.).

My first hypothesis is that the type of labour market policy regime has an impact on the degree of reform pressure that a particular country is exposed to in the context of internationalising markets, ageing populations and pressures to cut or contain public deficits. OECD countries are required to respond to these common challenges and bodies such as the OECD and European Union ask their member states to introduce more supply-side and 'activation' orientated labour market policies. Countries in which the national level does not traditionally play an important role in adopting and designing active labour market policies (e.g. in sub-protective LMP regimes) may be more susceptible to introduce decentralised active labour market policy systems. The reason for that is that decentralised policy-making and financial arrangements limit additional burdens on the central government which can be an important incentive if national governments are under pressure to contain costs and cut public deficits.

---

<sup>10</sup> In fact, Esping-Andersen already discussed the links between welfare regimes and labour market performance in 'The Three Worlds of Welfare Capitalism' (Esping-Andersen 1990: 144ff., particularly 159ff.) but he did not develop a distinct labour market regime typology.

My second hypothesis is that the type of labour market policy regime influences the trajectory of change regarding the governance of labour market policy comprising vertical and horizontal decentralisation. That can be briefly illustrated by taking another glance at the results from the three case studies.

The UK's liberal welfare and labour market policy regime can partially explain why developments in labour market policy governance focus on horizontal rather than vertical decentralisation and why the central level retains a crucial role for the 'mainstream' unemployed. The UK's liberal regime is traditionally more open for a greater role of the market in welfare provision which is one of the reasons why recent LMP governance reforms in the UK focus on out-sourcing of services. In addition, the UK's liberal labour market regime traditionally offers relatively limited ALMP services to the 'easy-to-place' unemployed. At the same time the UK's system has a universal touch which has been strengthened under the New Labour government since 1997 and which emphasises a nationally applicable and centrally determined framework of rules and standards regarding eligibility, conditionality and treatment by Jobcentre Plus advisers. This institutional setting explains why the UK maintains its comparatively centralised LMP system for the 'mainstream' unemployed. However, one can argue that the UK is recently moving from a liberal towards a universal activation regime (Barbier and Ludwig-Mayerhofer 2004) by extending the rights and responsibilities agenda to the most disadvantaged groups in society. This move also lends itself to a more localised approach for this customer group because more holistic, personalised and locally embedded approaches are required to integrate people with multiple disadvantages into the labour market.

Germany belongs to the conservative welfare regime and employment-centred employment regime which are under greater reform pressure than the UK in the international context described above. One element of the employment-centred LMP regime was that the availability of LMP services and institutional responsibilities were clearly split for those unemployed people belonging to the 'core' workforce and more marginalised groups. More specifically, a split existed between those unemployed administered by the Federal Employment Agency and those who received social assistance operated by the municipalities. This traditional institutional split is clearly reflected in the institutional arrangements resulting from the Hartz IV reform so that the system of implementing the new means-tested unemployment benefit is still characterised by the contradictions of the previous setting.

Italy can be characterised as a Southern welfare and sub-protective employment regime in which active labour market policies were only weakly developed but which came under considerable reform pressure in the wake of Europeanisation and 'globalisation'. The shift to 'activating' labour market policies is therefore embedded in a context where the national level traditionally plays a weak role in active labour market policy, it coincides with a politically motivated reform of state decentralisation, and it takes place in a context of significant budgetary constraints. This mixture of factors facilitated the devolution of active labour market policies to establish one of the most decentralised ALMP systems in the European Union. In summary, it can be assumed that certain welfare and labour market policy regimes are more favourable to vertical or horizontal decentralisation than others. For example, countries in which active labour market policies are underdeveloped but that are under pressure to establish an 'activation' regime in a context of cost containment might favour a decentralised LMP system. Decentralised activation regimes can also be promoted in countries with a weak universalistic tradition fostering targeting whilst this targeting can be 'negative' in form of sanctions and pressure as well as 'positive' with extra-support for the most disadvantaged groups in society. In contrast, activation regimes which focus on the 'mainstream', easy-to-place unemployed, tend to be designed centrally so that nation-wide standards regarding 'rights and responsibilities', conditionality and sanctions can be applied. However, further empirical studies are needed to examine these assumptions.

## **Conclusions**

The conclusion summarises the paper's arguments and reflects on the theoretical implications that this new approach has on the welfare regime literature itself.

### *Summary of arguments*

This paper promotes two suggestions regarding an expansion of the newly emerging research agenda on the territorial dimension of social policy. The first suggestion is to regard the territorial organisation of social policy as one dimension of changing welfare governance – which can be termed 'welfare state decentration' – and to examine trends towards the outsourcing of social policy related services to the private and voluntary sectors as well. Secondly the paper proposes to apply some crucial

aspects of the varieties of (welfare) capitalism approach to the research agenda on welfare state 'decentration'.

One important reason for integrating research on the territorial dimension of the welfare state into a broader agenda of welfare state 'decentration' that comprises both vertical and horizontal shifts in social policy responsibility is that the territorial re-structuration of the welfare state is not only, and in some countries not mainly, linked to the withering of national and flourishing of sub-national political loyalties and identities. Instead, the territorial re-structuration of the welfare state is often closely interlinked with a broader agenda of public management or governance reform that includes a stronger reliance on the private and voluntary sector in service provision. The idea that both vertical and horizontal shifts in the organisation of the welfare state are a crucial dimension of welfare state change is not new. Authors such as Jessop promote such an agenda as well (Jessop 1999; Jessop 2002) based on the French regulation approach. This paper claims that instead of using Jessop's macro-theoretical perspective it would be more fruitful to apply certain elements of the varieties of (welfare) capitalism approach because it provides a more suitable theoretical framework that facilitates a regime/cluster-orientated comparative approach and an emphasis on country- or regime-specific path-dependencies. The varieties of capitalism approach is based on actor-centred institutionalism which stresses the social and political embeddedness of the economy and path-dependent developments of institutions, including the welfare state and the role of actors' interests and power constellations.

The related welfare capitalism approach focuses on welfare regimes, i.e. clusters of countries displaying similar fundamental characteristics of their welfare systems. This regime approach provides a relevant background for comparative empirical studies on welfare state 'decentration' because welfare regimes are highly likely to influence the type and degree of 'decentration' (e.g. universalism vs. selectivism). This argument was illustrated by discussing the impact of different welfare and labour market policy regimes on labour market policy 'decentration' in Germany, the UK and Italy. Furthermore, the 'welfare mix', i.e. the particular roles of the state, market, voluntary sector and the family is an important criterion to distinguish welfare regimes. The particular 'welfare mix' in a country can have an impact on a government's propensity to expand private and voluntary sector provision.

*Implications for welfare regime research*

Finally, it is also worth discussing whether the proposed research agenda has implications for welfare regime research itself. One obvious implication is that it could be useful to analyse the role of political systems and the distribution of social policy responsibilities across different layers of government more specifically for the character of welfare regimes and welfare state development.

At first sight, integrating the dimension of political systems into welfare regime research appears to limit parsimony, giving way to fuzzy complexity. The benefit of such an agenda is that the dimension of political structures and distribution of responsibilities for social policy adds a cross-cutting dimension to the research framework rendering existing welfare regime typologies more refined. For example, the US and UK are both considered as liberal welfare regimes, however, the US is a federation with a highly decentralised system of social service provision whilst the UK can be characterised as a regionalised unitary state in which the central government remains the main actor in defining policies and providing services in a range of social policy areas. Another example are France and Germany which both belong to the conservative welfare regime but have very different political structures, with Germany being a federation and France a unitary state, affecting how social policies are designed and provided. The question arising from that observation is: how do the structure of the political system and the territorial organisation of social policy affect the character of the welfare regime? For example, the UK's centralism could be an important factor for the fact that it is not a purely liberal welfare regime but comprises some universalistic elements as well, particularly in relation to the National Health Service.

The main argument for widening the perspective of welfare regime analysis and including the dimension of the political structure is that there is as to now relatively little knowledge and understanding of how these two dimensions interact and which dimension is more important for welfare state performance or the performance of individual social policy fields. Here it must be stressed that the dimension of the political system has already been taken into account by some welfare state scholars. For example, the relationship between the political system – comprising the party and election systems, the number of veto points and the dispersion of power (federalism, parliamentarism and presidentialism) – and the development or retrenchment of the welfare state has already been examined by a range of authors (Pampel and

Williamson 1988; Korpi 1989; Hicks and Swank 1992; Huber, Ragin et al. 1993; Schmidt 1996; Bonoli 2001; Huber and Stephens 2001; Swank 2001; Noël 2004; Obinger, Leibfried et al. 2005). However, this strand of literature focuses on the relationship between political systems and welfare state development or retrenchment rather than welfare regimes more generally, and is predominantly based on quantitative measurements. The more recent publications by Obinger et al (2005) and Noël (2004) are more qualitative and, unsurprisingly, bring about more contradictory but also more nuanced results, however, since they focus on federalism their choice of countries for the comparative analysis is restricted.

Therefore it would be a worthwhile undertaking to conduct more comparative and qualitative research on the relationship between political systems/state structures and the welfare state. Thereby one could examine whether patterns emerge from an analysis of the relationship between the distribution of social policy responsibilities at different levels of government, the character of welfare regimes and welfare state performance (synchronically and diachronically). For example, do more decentralised welfare systems produce greater regional variation in service provision and subsequently larger regional social inequalities?

This last section demonstrates that an integration of research on the territorial dimension of the welfare state with the varieties of (welfare) capitalism approach work both ways and equally enriches our understanding of welfare state 'decentration', and the operation and development of welfare regimes.

## References

- Barbier, J.-C. and Ludwig-Mayerhofer, W. (2004) 'Introduction: the many worlds of activation', *European Societies* 6 (4): 423-436.
- Bonoli, G. (2001) 'Political institutions, veto points, and the process of welfare state adaptation', in Pierson, P., *The New Politics of the Welfare State*, Oxford/New York: Oxford University Press, 238-264.
- Büchs, M. (2007, forthcoming) *New Governance in European Social Policy: the Open Method of Coordination*, Basingstoke: Palgrave Macmillan.
- Büchs, M. and López-Santana, M. (2007) *New Governance and Decentralisation in Employment Policy*, Paper prepared for presentation at the Joint Annual Meeting of the Law and Society Association (LSA) and the Research Committee on Sociology of Law (RCSL of ISA), Humboldt-University Berlin, 25-28 July 2007.
- Crouch, C. (1993) *Industrial Relations and European State Traditions*, Oxford: Clarendon Press.
- Deacon, B. (2000) 'Eastern European welfare states: the impact of the politics of globalization', *Journal of European Social Policy* 10 (2): 146-161.

- Deacon, B., with Hulse, M., et al. (1997) *Global Social Policy. International organizations and the future of welfare*, London: Sage.
- DWP (2006) *A new deal for welfare: empowering people to work*, Department for Work and Pensions, Green Paper, Cm 6730, available under: [http://www.dwp.gov.uk/welfarereform/docs/A\\_new\\_deal\\_for\\_welfare-Empowering\\_people\\_to\\_work-Full\\_Document.pdf](http://www.dwp.gov.uk/welfarereform/docs/A_new_deal_for_welfare-Empowering_people_to_work-Full_Document.pdf), download 3 July 2007.
- Ebbinghaus, B. and Manow, P., Eds. (2001a) *Comparing Welfare Capitalism. Social policy and political economy in Europe, Japan and the USA*, London and New York: Routledge.
- Ebbinghaus, B. and Manow, P. (2001b) 'Introduction: studying varieties of welfare capitalism', in Ebbinghaus, B. and Manow, P., *Comparing Welfare Capitalism. Social policy and political economy in Europe, Japan and the USA*, London and New York: Routledge, 1-24.
- Esping-Andersen, G. (1990) *Three Worlds of Welfare Capitalism*, Cambridge: Polity Press.
- Esping-Andersen, G. (1999) *Social Foundations of Postindustrial Economies*, Oxford: Oxford University Press.
- Fargion, V. (2005) 'From the southern to the northern question: territorial and social politics in Italy', in McEwen, N. and Moreno, L., *The Territorial Politics of Welfare*, London / New York: Routledge, 127-147.
- Ferrera, M. (1996) 'The 'southern model' of welfare in social Europe', *Journal of European Social Policy* 6 (1): 17-37.
- Ferrera, M. (1998) 'The Four 'Social Europes': Between Universalism and Selectivity', in Rhodes, M. and Mény, Y., *The Future of European Welfare. A New Social Contract?*, Houndmills / London: Macmillan, 79-96.
- Ferrera, M. (2005) *The Boundaries of Welfare. European Integration and the New Spatial Politics of Social Protection*, Oxford: Oxford University Press.
- Flora, P., with Kuhnle, S., et al. (1999) *State Formation, Nation Building, and Mass Politics in Europe. The theory of Stein Rokkan*, Oxford: Oxford University Press.
- Freud, D. (2007) *Reducing dependency, increasing opportunity: options for the future of welfare to work*, An independent report to the Department of Work and Pension, available under: <http://www.dwp.gov.uk/publications/dwp/2007/welfarereview.pdf>, download 3 July 2007.
- Gallie, D. and Paugam, S. (2000) 'The experience of unemployment in Europe: The debate', in Gallie, D. and Paugam, S., *Welfare Regimes and the Experience of Unemployment in Europe*, Oxford / New York: Oxford University Press, 1-22.
- Geyer, R. R. (2000) *Exploring European Social Policy*, Cambridge: Polity Press.
- Goodin, R. E., Headey, B., et al. (1999) *The Real Worlds of Welfare Capitalism (paperback edition)*, Cambridge: Cambridge University Press.
- Graefe, P. (2004) 'Personal services in the post-industrial economy: adding nonprofits to the welfare mix', *Social Policy & Administration* 38 (5): 456-469.
- Hall, P. A. and Soskice, D. (2001a) 'An introduction to varieties of capitalism', in Hall, P. A. and Soskice, D., *Varieties of Capitalism. The Institutional Foundations of Comparative Advantage*, Oxford, New York: Oxford University Press, 1-68.
- Hall, P. A. and Soskice, D. (2001b) *Varieties of Capitalism. The Institutional Foundations of Comparative Advantage*, Oxford, New York: Oxford University Press.

- Hicks, A. M. and Swank, D. H. (1992) 'Politics, institutions, and welfare spending in industrialised economies, 1960-82', *The American Political Science Review* 86 (3): 658-674.
- Hollingsworth, R. J. and Boyer, R. (1998) *Contemporary Capitalism. The Embeddedness of Institutions*, Cambridge: Cambridge University Press.
- Huber, E., Ragin, C. C., et al. (1993) 'Social democracy, Christian democracy, constitutional structure, and the welfare state', *The American Journal of Sociology* 99 (3): 711-749.
- Huber, E. and Stephens, J. D. (2001) *Development and Crisis of the Welfare State. Parties and Policies in Global Markets*, Chicago / London: The University of Chicago Press.
- Jessop, B. (1999) 'The changing governance of welfare: recent trends in its primary functions, scale, and modes of coordination', *Social Policy & Administration* 33 (4): 348-359.
- Jessop, B. (2002) *The Future of the Capitalist State*, Cambridge: Polity Press.
- Keating, M. and McEwen, N. (2005) 'Introduction: devolution and public policy in comparative perspective', *Regional and Federal Studies* 15 (4): 413-421.
- Konle-Seidl, R. (2005) 'New delivery forms of employment services in Germany: a mixed public-private model?' in Sol, E. and Westerveld, M., *Contractualism in Employment Services*, The Hague / London: Kluwer Law International, 187-208.
- Korpi, W. (1989) 'Power, politics, and state autonomy in the development of social citizenship: social rights during sickness in eighteen OECD countries since 1930', *American Sociological Review* 54 (3): 309-328.
- Lehmbruch, G. (1982) 'Introduction: Neo-Corporatism in comparative perspective', in Lehmbruch, G. and Schmitter, P. C., *Patterns of Corporatist Policy-Making*, Beverly Hills, London, New Delhi: Sage Publications, 1-28.
- Leibfried, S. (2005) 'Social Policy', in Wallace, H., Wallace, W. and Pollack, M. A., *Policy Making in the European Union, fifth edition*, Oxford: Oxford University Press, 243-278.
- Lewis, J. (1992) 'Gender and the development of welfare regimes', *Journal of European Social Policy* 2 (3): 159-173.
- Loughlin, J. (2005) 'The regional question, subsidiarity and the future of Europe', in Weatherill, S. and Bernitz, U., *The Role of Regions and Sub-National Actors in Europe*, Oxford and Portland, Oregon: Hart Publishing, 157-170.
- Mau, S. (2005) 'European social policies and national welfare constituencies: issues of legitimacy and public support', in McEwen, N. and Moreno, L., *The Territorial Politics of Welfare*, London / New York: Routledge, 207.
- McEwen, N. (2005) 'The territorial politics of social policy development in multi-level states', *Regional and Federal Studies* 15 (4): 537-554.
- McEwen, N. and Moreno, L., Eds. (2005) *The Territorial Politics of Welfare*, London / New York: Routledge.
- Mooney, G., Scott, G., et al. (2006) 'Introduction: Rethinking social policy through devolution', *Critical Social Policy* 26 (3): 483-497.
- Moreno, L. and McEwen, N. (2005) 'Exploring the territorial politics of welfare', in McEwen, N. and Moreno, L., *The Territorial Politics of Welfare*, London / New York: Routledge, 1-40.
- Noël, A., Ed. (2004) *Federalism and Labour Market Policy. Comparing different governance and employment strategies*, Montreal & Kingston / London: McGill-Queen's University Press.

- Obinger, H., Leibfried, S., et al., Eds. (2005) *Federalism and the Welfare State. New world and European experiences*, Cambridge: Cambridge University Press.
- Pampel, F. C. and Williamson, J. B. (1988) 'Welfare spending in advanced industrial democracies, 1950-1980', *The American Journal of Sociology* 93 (6): 1424-1456.
- Pierson, P. (2001) *The New Politics of the Welfare State*, Oxford/New York: Oxford University Press.
- Piore, M. J. and Sabel, C. F. (1984) *The Second Industrial Divide: Possibilities for prosperity*, New York: Basic Books.
- Powell, M. and Barrientos, A. (2004) 'Welfare regimes and the welfare mix', *European Journal of Political Research* 43: 83-105.
- Scharpf, F. W. (1997) *Games Real Actors Play: Actor Centered Institutionalism in Policy Research*, Boulder/Oxford: Westview Press.
- Scharpf, F. W. and Schmidt, V. A. (2000a) 'Conclusion', in Scharpf, F. W. and Schmidt, V. A., *Welfare and work in the open economy. From vulnerability to competitiveness, Vol. I*, Oxford / New York: Oxford University Press, 310-336.
- Scharpf, F. W. and Schmidt, V. A. (2000b) *Welfare and Work in the Open Economy. Volume I: From Vulnerability to Competitiveness*, Oxford/New York: Oxford University Press.
- Scharpf, F. W. and Schmidt, V. A. (2000c) *Welfare and Work in the Open Economy. Volume II: Diverse Responses to common challenges*, Oxford/New York: Oxford University Press.
- Schmidt, M. G. (1996) 'When parties matter: a review of the possibilities and limits of partisan influence on public policy', *European Journal of Political Research* 30: 155-183.
- Schmitter, P. C. and Lehmbruch, G. (1979) *Trends toward Corporatist Intermediation*, Beverly Hills, California: Sage.
- Shonfield, A. (1965) *Modern Capitalism*, New York: Oxford University Press.
- Smith, B. C. (1985) *Decentralization. The territorial dimension of the state*, London: Allen & Unwin.
- Swank, D. (2001) 'Political institutions and welfare state restructuring. The impact of institutions on social policy change in developed democracies', in Pierson, P., *The New Politics of the Welfare State*, Oxford/New York: Oxford University Press, 197-237.
- Thelen, K. (2001) 'Varieties of labor politics in the developed democracies', in Hall, P. A. and Soskice, D., *Varieties of Capitalism. The Institutional Foundations of Comparative Advantage*, Oxford, New York: Oxford University Press, 71-103.
- Voges, W., Jacobs, H., et al. (2000) 'Uneven development - local authorities and workfare in Germany', in Lødemel, I. and Trickey, H., *'An Offer You Can't Refuse'. Workfare in international perspective*, Bristol: The Policy Press, 71-103.