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The Dependent Variable Problem within the Study of Welfare State Retrenchment: Defining the Problem and Looking for Solutions

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ABSTRACT Since the publication of Pierson’s seminal work, a scholarly debate about welfare state retrenchment has emerged. One of the debated issues has been the “dependent variable problem”: what is welfare state retrenchment and how can it be measured. In particular the pros and cons of different types of data have been discussed. The argument of this article is that the “dependent variable problem” is a problem of theoretical conceptualization rather than a problem of data. It is crucial to be aware that different theoretical perspectives on retrenchment should lead to different conceptualizations of retrenchment. Furthermore, different conceptualizations lead to different evaluations of the same changes in welfare schemes, just as the question of which data to use depends very much on the theoretical conceptualization of retrenchment.

Introduction
Since the publication of Pierson’s seminal work (1994, 1996), a scholarly debate about welfare state retrenchment has emerged. This debate has several aspects: Pierson’s work has provoked a discussion about the importance of economic, institutional, and political factors for explaining cross-national variation in retrenchment (Castles 2001; Ross 2000; Kitschelt 2001; Bonoli 2001; Green-Pedersen 2001). Furthermore, Pierson’s work has started a discussion about differences in vulnerability to retrenchment of social security schemes (Alber 1998; Anderson 1998), as well as a debate about the persistence of the welfare state (Clayton and Pontusson 1998; Cox 1998; van Kersbergen 2000; Scarbrough 2000; Stephens et al. 1999).

This article addresses a fourth aspect of the retrenchment debate also sparked off by Pierson’s work, namely what can be labelled the “dependent variable problem” (Pierson 1994, 1996, 2001; Clayton and Pontusson 1998; Alber 1996, 1998; Lindbom 1999; van der Veen et al. 1999). As the term suggests, the “dependent variable problem” is about defining the object of the entire retrenchment debate. This involves such questions as which changes to welfare states should be classified as...
retrenchment; how one can separate retrenchment from reform and reconstruction; and which data are most appropriate for empirical investigations of retrenchment outcomes.

It is clear that the dependent variable problem is crucial for the entire debate, and that disagreement about the dependent variable is a major obstacle for cumulative knowledge about welfare state retrenchment. As Pierson (2001) argues following Kitschelt (2001): “It is difficult to exaggerate the obstacle this dissensus creates for comparative research . . . it is impossible to seriously evaluate competing explanations [original emphasis] when there is no agreement about the pattern of outcomes [original emphasis] to be explained”. To put it bluntly, the debate about explanations of variation in retrenchment cannot move beyond the stage of hypotheses before the dependent variable problem has been addressed, and the same goes for the debate about welfare state persistence or change. Addressing the dependent variable problem should have high priority within the retrenchment literature.

At times, the debate about these issues has been rather heated, and several suggestions of “ground rules” for the study of retrenchment have been seen (Pierson 1994: 13–17; Alber 1996: 10–13). The first step forward in this debate must be to identify the nature of the dependent variable problem. This article argues the dependent variable problem to be a problem of theoretical conceptualization of retrenchment. Thus, it is not in the first place a question about the use of quantitative, especially expenditure data, versus “qualitative” data, which is often the impression left by the debate about the dependent variable (Pierson 1994, 1996; Clayton and Pontusson 1998; Alber 1996: 10–13). One should distinguish between two questions. First, what should be measured in empirical investigations? In other words, what should the theoretical definition of retrenchment be? Second, how can retrenchment actually be measured? This is a question identifying the most appropriate data for empirical investigations of retrenchment, that is, operational definitions. Both questions are clearly important. The first question is, however, more crucial in the sense that the question about the most appropriate data can only be answered when one knows exactly what to measure. The first question is theoretical since it can only be answered in light of each researcher’s theoretical perspective and research question.

The argument may seem somewhat commonsensical, but as will be shown in the following much of the disagreement about the dependent variable actually originates from scholars having different theoretical perspectives and not always being fully aware of the implications of their theoretical approaches to welfare state retrenchment. Part of the problem also originates from disagreement about defining the welfare state notion in the first place.

This argument will be substantiated by taking three steps. The first section looks at the dependent variable debate within the study of welfare state expansion and especially the work of Gøsta Esping-Andersen (1990). The reason for including this is that Esping-Andersen’s argument about the dependent variable is often used in the dependent variable debate in the study of welfare state retrenchment. The next section discusses one source of theoretical confusion, namely defining the welfare state notion. Different definitions of the welfare state notion have consequences when it comes to defining welfare state retrenchment. The third and main section discusses different conceptualizations of welfare state retrenchment and especially
the work of Paul Pierson (1994, 1996, 2001). The section argues that one should keep two different conceptualizations of retrenchment apart, namely retrenchment as an unpopular cutback in people’s entitlements, and retrenchment as a change in the institutional structure of different welfare states.

The Dependent Variable Debate in the Study of Welfare State Expansion

The scholarly debate about the expansion of the welfare state also had its dependent variable debate. Most of the research into the growth of the welfare state was based on aggregate expenditure data. Esping-Andersen (1990) challenged this by basing his analysis of the three worlds of welfare capitalism on, among other things, a measurement of the degree of decommodification resulting from different social security schemes. What is worth noticing about Esping-Andersen’s reformulation of the dependent variable is not so much the fact that he used a different kind of quantitative data from that which had traditionally been used for research into the growth of the welfare state. The interesting point was Esping-Andersen’s argument that the expansion of the welfare state should be analyzed as a question of higher levels of decommodification, not as a question of higher levels of social security expenditure. As Esping-Andersen (1990: 21) put it: “It is difficult to imagine anyone struggled for spending per se". What Esping-Andersen offered was in reality a “theory-internal” criticism of the dominating theoretical perspective within research into the growth of the welfare state, namely “power resources theory” (cf. O’Connor and Olsen 1998). If power resources theory is to be taken seriously, it is misplaced to focus on social security expenditure. Social democracy, which power resources theory sees as the driving force behind welfare state expansion, had struggled for the right of workers to uphold a living independently of the market, not for higher social security expenditure. The lesson to learn from Esping-Andersen’s reformulation of the dependent variable is thus not so much that aggregate social security expenditure by definition is a bad way of conceptualizing and measuring welfare state expansion. The lesson is better formulated like this: when analysing the question of welfare state expansion from the power resources theory perspective, social security expenditures are inappropriate as a measure of expansion. In this way, Esping-Andersen underscored that the question about defining the dependent variable cannot be detached from a theoretical perspective and a specific research question. These are two sides of the same coin. From a different theoretical perspective and with a different research question, it may be perfectly justified to focus on the growth in social security expenditure.

What is the Welfare State?

Before turning to the question of defining welfare state retrenchment, it is worth focusing on defining the welfare state since disagreements about welfare state retrenchment often originate from different definitions of the welfare state notion.

Generally, definitions of the welfare state can be divided into policy definitions and outcome definitions. In the latter case, the welfare state is defined with reference to certain outcomes. For instance, Clayton and Pontusson (1998) challenged Pierson’s conclusion (1994, 1996) about persistence of the welfare state by arguing
that Pierson ignores rising social inequality and insecurity. Focusing on policy changes is not enough.³ Other examples are Korpi and Palme (2001), who include full employment in their welfare state definition, and Cox (1998), who argues that, even though policy changes might not be dramatic, numerous minor cutbacks and changes have changed the conception of social rights away from citizens’ rights towards more “achievement oriented” principles. Thus, the conclusion about the persistence of the welfare state does not cover its normative foundation. As argued by Korpi and Palme (2001), it may theoretically be justified to focus on such outcome since they, and not the policies, are the ultimate interest of political actors. However, there are several significant problems with outcome definitions of the welfare state. First of all, many factors other than the acts of governments influence outcomes such as equality and full employment. Therefore, interpreting changes in, for instance, equality and employment as a result of government action requires considerable caution. For instance, economists often argue that full employment can be achieved by decreasing the reservation wage through social security cutbacks, which could then be considered an expansion of the welfare state.

Policy definitions, where the welfare state means the benefits provided by the state in case of sickness, old-age, unemployment, and so forth, and services in the area of health, child care and so on, are the most commonly used. The question with regard to policy definitions is which policies to include. Again, this is to some extent a question of theoretical interest. For instance, Schwartz (2001) defines the welfare state as social protection in the sense of sheltering income streams from market pressures. Following this definition, for instance, changes to regulatory arrangements protecting particular economic sectors are also retrenchments. However, when the welfare state notion is defined more broadly, one may be facing a staggering task when it comes to operationalizing the concept, especially in a way suitable for cross-national or policy area comparisons. As stated by Pierson (2001):

Yet, as the concept of the welfare state, or welfare regime, “stretches”, it becomes inevitable that quite distinct processes and outcomes will be joined together under the umbrella of a single master variable . . . The complexity of this multi-faceted concept cuts against our attempts to generate the relatively parsimonious measures of outcomes that make a serious enterprise of comparative explanation possible.⁴

To sum up, no definition of the welfare state is a priori better or worse than others. However, when one moves away from the mainstream policy definition of the welfare state either by including certain outcomes or other policy areas, one changes focus considerably. What has happened to the welfare state understood as certain policies is a question quite different from asking what has happened to the welfare state understood as a commitment to equality. Therefore, even though it is interesting if studies based on “alternative” definitions of the welfare state reach different conclusions from the more mainstream studies, the possibilities of engaging in a debate with studies based on the mainstream definition may be limited and moving away from defining the welfare state as social transfers and services requires strong arguments.
Different Conceptualizations of Welfare State Retrenchment

Different ways of defining the welfare state notion is one part of the dependent variable problem. Yet, this is probably the most obvious part and thus the easiest to observe. The part of the problem relating to the consequences of different theoretical perspectives and different research questions is more delicate. What has not always been clear in the dependent variable debate is that even though the same policies are in focus, different research questions and theoretical perspectives should lead to different conceptualizations of retrenchment and consequently also to different measurements of it (cf. King et al. 1994: 55–63; Peters 1998: 218–219). There is no such thing as retrenchment per se.

Exactly this was the gist of Esping-Andersen’s criticism of research into social democracy and the welfare state based on social expenditure data: Given the research question and the theoretical perspective, welfare state growth should be conceptualized in terms of decommodification, which cannot be measured by social security expenditure. When looking at the debate about welfare state retrenchment, two different theoretical perspectives on welfare state retrenchment are prominent, namely retrenchment as cutbacks in people’s entitlements and retrenchment as institutional change. Even though the two conceptualizations are related, they are not identical and should lead to different conceptualizations of retrenchment.

Retrenchment as Cutbacks

From the first perspective, retrenchment is a question of cuts in people’s welfare entitlements. By way of example, Green-Pedersen (2002: chap. 4) defines retrenchment as changes in social security schemes making them less attractive or generous to the recipients. Examples of such changes are cuts in benefit levels, stricter eligibility criteria or shorter duration of benefits. The theoretical argument behind focusing on such changes is an expectation of negative reactions from the electorate. Following Ross (2000: 157–158), such changes can be considered “constituencyless issues”, where losses are imposed on concentrated groups while gains are spread to, for instance, all taxpayers. With a theoretical interest in how politicians avoid blame or are able to implement unpopular policies, focusing on such changes seems logical. Such a conceptualization of retrenchment is also implicit in many studies of retrenchment which more or less equate retrenchment with budgetary cuts.

With such a theoretical definition of retrenchment, there would from a theoretical perspective be no problem in using social security expenditure as the operational definition of retrenchment. However, a number of more practical problems make expenditure data problematic. First of all, expenditure data are outcome measures and other factors intervene between political decisions and actual outcomes such as expenditures. A standard problem is the power of bureaucrats when it comes to the implementation of public policies. With regard to welfare transfers such problems are probably limited, but with regard to welfare services, political decisions to retrenchment may, for example, be counteracted by bureaucrats not keeping budgets.

Another problem with expenditure is that expenditures on, for instance, unemployment benefits can rise due to more unemployed without any changes to
legislation. Corrections can be made for such effects (cf. Siegel 2001), but if one, for example, corrects expenditure figures for changes in the number of claimants, one also neutralizes the effects of changes to the rules concerning eligibility.

A final problem with expenditure figures is the “time-lag” problem highlighted by Pierson (1994: 14). This refers to the fact that many retrenchments are designed to have gradual rather than immediate effects. Consequently, many enacted retrenchments are not yet visible in expenditures. The importance of this problem varies, but with regard to pension systems it is a very serious caveat against expenditure data as pension reforms are typically designed to work in the long run.

Another outcome measure of retrenchment understood as cutbacks in people’s entitlements is average replacement rates in social security schemes as used by, for example, Korpi and Palme (2001) and Swank (2002). Compared to social expenditure, the advantage is that this measure is not affected by, for instance, changes in the level of unemployment. However, the time-lag problems still exist and the measure has other drawbacks as well. Retrenchments such as tightened eligibility and shorter duration are not captured by the measure. Finally, for instance, net replacement rates as used by Korpi and Palme (2001) are affected by wage development and the tax system as well and interpreting a drop in net replacement rates as a sign of government cutbacks in the welfare state is thus not straightforward.

An alternative to outcome measures such as expenditure data and replacement rates are output measures. Kitschelt (2001) suggests an index measuring changes made in social security in relation to the level of benefits, eligibility criteria and so forth. Thus, retrenchment could be measured by “micro-data”, that is, data providing a quantitative measure of the degree of retrenchment implied by individual changes in social security schemes. An example of such “output data” is provided by Green-Pedersen (2002; cf. also 2000). The degree of retrenchment following from a change in a social security scheme is measured by its likely budgetary effects as a percentage of the total amount of cash spent on the scheme. This measurement is calculated using statistical information about the scheme and material from the parliamentary reading of the proposals. The strength of this measure compared to aggregate expenditure data is the minimization of the time-lag problem, and the provision of a measure for each individual change, hence giving a better idea of which changes have contributed to a certain degree of retrenchment of a scheme. The weakness of this method of measuring retrenchment is first of all the existence of some validity problems when calculating expected budgetary effects, especially when government documents are used. Second, it is a very time consuming exercise requiring language skills and so on. Thus, for one single researcher studying more than a handful of social security schemes in a few countries in this way is impossible.

Summing up, when defining retrenchment as entitlement cuts both output and outcome measures exist. Many of the problems with outcome measures sketched above disappear when an output measure is used, but at least the output measure discussed here is very time consuming to provide.

Retrenchment as Institutional Change

As a point of departure, the second theoretical perspective on retrenchment regards the above retrenchment definition as too narrow because it does not measure changes
to the content or institutional structure of welfare schemes. Thus, Pierson (1996: 157) focuses on “reforms that indicate structural shifts in the welfare state”. And further elaborates this into three criteria: (1) significant increases in the reliance on means testing; (2) major transfers of responsibility to the private sector; (3) dramatic changes in benefit and eligibility rules that signal a qualitative reform of a particular programme. Another example is Lindbom (1999), who investigates whether “the Swedish welfare state has lost its defining characteristics”. Generosity is one of those characteristics, but there are others such as universalism. Finally, Clasen and van Oorschot (2002) investigate whether the basic principles of European welfare states, defined on the basis of Esping-Andersen’s three welfare regimes, have changed.

The focus on institutional characteristics is very much inspired by Esping-Andersen’s criticism of studies of welfare state expansion based on expenditure data. Yet, as outlined above, Esping-Andersen criticized such studies from the power resources theory perspective. Therefore, the question in relation to Pierson’s definition of retrenchment, and other studies using Esping-Andersen’s three welfare regimes as their point of departure, is why institutional changes such as increased means testing or privatization can be considered retrenchment. From the perspective of power resources theory, it is clear why especially increased means testing should be considered retrenchment. The labour movement has been striving exactly to avoid means testing. However, Pierson actually criticizes power resources theory, and it is therefore unclear why means testing should be considered retrenchment from his perspective. This does not imply that defining retrenchment as certain institutional changes is invalid. However, the point is that it requires theoretical arguments as to why certain institutional changes should be considered retrenchment. Referring to Esping-Andersen’s criticism is only an argument in this regard, if one accepts his theoretical point of departure, namely power resources theory.

The focus on “institutional” changes is clearly also inspired by the new institutional wave within political science (cf. Hall and Taylor 1996; Peters 1999). Thus, both Pierson (1996), Clasen and van Oorschot (2002) and Lindbom (1999) emphasize an interest in retrenchment as qualitative changes, that is, a break with basic institutional principles. Again, this is of course perfectly valid. The point, however, is that it requires a substantial theory of the welfare state to single out the institutional features which are so central that changes in them can be considered qualitative change or structural shifts.

With regard to the operational definition of such institutional conceptualizations of retrenchment, it is important to note that the question is not one of quantitative versus “qualitative” data. Following Esping-Andersen’s argument presented above, social security expenditure is a very problematic measure of retrenchment defined as institutional change. The reason is not so much the time-lag problem, but rather that social expenditure data do not measure institutional characteristics. However, Esping-Andersen’s alternative was not “qualitative” assessments, but indices measuring decommodification and stratification, that is, quantitative data. Thus, there is no a priori reason why one should use “qualitative” assessment as the operational definition of “institutional” conceptualizations of retrenchment. Yet, where social expenditure data is a fairly straightforward operational definition of retrenchment conceptualized as cutbacks in entitlements, there is no similar straightforward operational definition of retrenchment conceptualized as institu-
tional change. Therefore, there is probably a tendency to use “qualitative” assessments when retrenchment is conceptualized in this way. This may be fine in many cases, yet qualitative assessments are vulnerable to the kind of “fuzzy judgment” criticism launched by Alber (1996). Part of the problem is that the exact criteria for such assessments are often blurred and the evaluations can, therefore, be hard to reproduce by others. Thus, especially in studies comparing retrenchment across countries and social security schemes, “qualitative assessments” are often too flimsy.

The kind of data used by Esping-Andersen in the *Three Worlds of Welfare Capitalism* (1990) is one way of avoiding the problem. Another interesting way is to use the “fuzzy sets” idea developed by Ragin (2000). These ideas have, for instance, been used by Kvist (1999) to evaluate whether welfare state reforms have moved the Scandinavian welfare states away from the Nordic welfare model. In other words, there are quantitative ways of operationalizing institutional conceptualizations of retrenchment, but they are not always recognized.

**Cutbacks or Institutional Change: Does it Make a Difference?**

Above, the two different conceptualizations were discussed separately as part of the argument that they should be kept apart. A relevant question, however, is whether different conceptualizations of retrenchment make any difference for, say, evaluations of cross-national variation in retrenchment? The short answer to this question is yes, but how much depends on which institutional traits are in focus. If generosity is defined as the central institutional trait of a welfare state, the difference to the cutback in entitlements perspective is likely to be small. However, as soon as other institutional traits are in focus, evaluations of concrete changes can be markedly different depending on the conceptualization of retrenchment. Two small examples serve as evidence.

In 1982, a means testing of the basic amount of the Danish old age pension was carried through. Since the means testing was related exclusively to significant job earnings and only affected pensioners between the ages of 67 and 69, it only affected very few people’s entitlements significantly. From an entitlement perspective, the change can be considered irrelevant (cf. Green-Pedersen, 2000: chap. 6). However, from the power resources theory perspective, the change can be seen as a significant break with the principle of universalism in the Danish old age pension, and consequently be considered an important retrenchment (Esping-Andersen 1985: 542, 545).

The second example is the privatization of Dutch sickness benefits in 1996. Sickness benefits from the government were abolished for most employees, but instead the new law stipulated that all employees were entitled to sickness benefits from their employer for the same time period and at the same level as they had been before (van der Veen and Trommel 1999). Thus, there were no changes to the entitlements of the employees, but according to Pierson’s definition of retrenchment outlined above, this privatization is a significant retrenchment.

The general point here is that a significant cutback in entitlements is possible without changing institutional traits and vice versa. One could also imagine other changes which from an institutional perspective would be retrenchment, but not from an entitlement perspective. For instance, increased means testing could lead to
higher expenditure. This could be intended from the side of policy makers in order to improve benefits for “needy” groups, but could also be the result of the way street-level bureaucrats administer the rules.

The above should not be taken as an argument that there is no relation between the two conceptualizations. One way is which they are connected is that institutional changes can be considered an indirect way of achieving cutbacks in entitlements. This idea is an offshoot of Pierson’s work on retrenchment (1994, 1996). He argued persuasively that governments seek to retrench welfare states in indirect and obfuscated ways. Thus, one could argue that even though retrenchment is conceptualized as a question of cuts in entitlements, institutional changes are still very important (cf. also Bonoli and Palier 1998; Taylor-Gooby 1999). A good example is recent changes in the Danish disability pension (Christiansen 2000). Danish governments have transferred the authority to award disability pensions from independent boards, which had no financial interest in the number of pensions being awarded, to the municipalities. At the same time, the municipalities have been provided with a fiscal interest in keeping down the number of pensioners. The result of these changes is a significant reduction in the number of pensions being awarded (Christiansen 2000).

In other words, the argument that institutional changes in an indirect way may lead to cutbacks in entitlements is clearly convincing, yet the question is what implications it has for the conceptualization and measurement of retrenchment. One implication would be to collapse the two conceptualizations of retrenchment into one broad conceptualization. Certain institutional changes could be defined as retrenchment because they may lead indirectly to cuts in entitlements. However, at this point it is important to realize that arguing that such changes may lead to cuts in entitlement does not imply that they will necessarily do so. The effects of the institutional changes will often be rather uncertain and the risk is that institutional changes having no effects on entitlements are measured as cuts in entitlements. Therefore, as a research strategy it seems more sensible to measure separately direct cuts in entitlements and institutional changes possibly leading to the same result. Having focused on the direct cuts in entitlement, one can always investigate whether there is empirical evidence that institutional changes have actually led to or will in the future lead to cuts in entitlements (cf. Green-Pedersen 2000: chap. 6).5

A final argument about the connection between the two conceptualizations is that retrenchment as institutional change is the more general of the two and retrenchment as cutbacks should be seen as one type of institutional change. Again, there is nothing wrong about this argument, but the implications depend on one’s research question. If the question is “what happened to the welfare state”, then seeing cutbacks as one type of institutional change seems reasonable. This is close to what Pierson (2001) has recently suggested when he argues that one should distinguish between three dimensions of welfare state change, namely recommodification, cost containment and recalibration. He further argues that these dimensions have different relevance across the three worlds of welfare capitalism.

However, if the research question is reformulated slightly into “was the welfare state retrenched?” then it becomes important to keep the two different conceptualizations apart. As shown above, the same change may be evaluated differently from
the two perspectives. Further, if the research is driven by the intention to test a theoretical argument about welfare state retrenchment, it becomes crucial which conceptualization is in line with the theoretical perspective.

Conclusion

Questions about definition and measurement of the dependent variable not being easy to answer are nothing special for the study of welfare state retrenchment. Identifying such phenomena as policy change and policy convergence is always difficult (cf. Hall 1993; Seeliger 1996). Such questions are, however, extremely important. It has already been argued that thorough investigation into defining and measuring retrenchment is crucial for further progress on the question about which factors cause variation in retrenchment, and for the discussion about change or persistence of the welfare state.

This article has not tried to offer the ultimate solution to the dependent variable problem. There is simply no such thing as the ultimate solution. Instead, the article has focused on determining the nature of the problem. Here, the problem is claimed to be more about theoretical ambiguity than about the pros and cons of different types of data. Different definitions of the welfare state notion is one theoretical problem, but more importantly, welfare state retrenchment can be conceptualized in two different ways, namely as either cuts in entitlements or changes in institutional characteristics. These two conceptualizations are not unrelated but the same changes may be evaluated very differently from the two perspectives and, therefore, they should be kept apart. Which conceptualization of retrenchment to use for a specific study is dependent on one’s theoretical perspective. Thus, the main solution to the dependent variable problem is to be very clear-cut about one’s theoretical perspective and research question. This should be helpful in deciding which of the two conceptualizations is most in line with one’s theoretical interest.

In a way this conclusion sounds very commonsensical and the point about the importance of one’s theoretical perspective may be found in any textbook about research methods. However, such basic points are often forgotten in substantial debates and the debate about welfare state retrenchment shows that the point deserves to be made again.

Questions about qualitative versus quantitative data and the use of expenditure data have taken up a very prominent place in the dependent variable debate. This article does not claim that debate to be unimportant. All forms of data have their specific drawbacks and limitations to which attention should always be paid. Yet, discussions about data have a theoretical side which has not always been sufficiently included. The question about the most appropriate data can only be answered once one knows exactly what to measure, and that is a theoretical question.6 By way of example, expenditure data are much more appropriate, though still highly problematic, when retrenchment is conceptualized as cuts in entitlements than when conceptualized as institutional changes.

Notes

1. A survey of the retrenchment literature can be found in Green-Pedersen and Haverland 2002.
2. Decommodification means upholding a living independently of the market (Esping-Andersen 1990: 22).
3. Yet, as claimed by Lindbom (1999: 23), this is not really a justified criticism of Pierson, who explicitly argues that he is not addressing the question of inequality.

4. This problem of "conceptual stretching" (Sartori 1991) is of course aggravated when non-state provisions such as occupational pensions are included in the welfare state. Such definitions are the ones to which Pierson argument above actually refers.

5. The same argument relate to what Pierson (1994: 15–17) labels "systemic retrenchment". This refers to, for instance, a de-funding of the welfare state or a weakening of pro-welfare interest groups. Such contextual changes (van der Veen et al. 1999) may lead to retrenchment, yet it is not necessarily the case. Therefore, such changes should be kept apart from the ones which by definition imply cuts in entitlements.

6. Of course, it may for practical reasons be necessary to use data which are developed from a different theoretical perspective. Then it is of course important to be aware of what the data was originally intended to measure and what problem this may cause when they are used as a measure of something else.

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