Welfare State Decommodification: Concepts, Operationalizations and Long-term Trends

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ABSTRACT

Welfare state decommodification is one of the central concepts in the comparative study of welfare states. Mainstream literature on the subject has however two important shortcomings: (1) it neglects the decommodifying potential of labour market institutions ('in-work decommodification') and (2) it is mainly occupied with cross-national variation – not longitudinal change. This paper presents indicators of 'benefit decommodification' and 'in-work decommodification' as to determine whether long-term trends exist – going back to the early 1980s. On the whole, no generic trends are found, but some clear country clusters can be distinguished. Most remarkable is the substantial recommodification in most Nordic countries and the Netherlands. The Anglo-Saxon EU member states – on the other hand – are characterized by increasing welfare state decommodification since the mid-1980s, following a short period of substantial retrenchment in the early 1980s. In sum, we find indications of modest convergence, especially among EU countries. Besides, we observe that high 'benefit decommodification' is consistent with high 'in-work decommodification' – although the longitudinal relationship is less outspoken.

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Welfare state decommodification was and remains a highly contested and debated concept in social policy (Bambra, 2005, 2006; Dale, 2010; de la Porte & Jacobssen, 2011; Esping-Andersen, 1989, 1990, 2000; Frade & Darmon, 2005; Gal, 2004; Orloff, 1993; Papadopoulos, 2005; Room, 2000; Scruggs & Allan, 2006; Vail, 2010; Western, 1989). 'Commodification' and 'decommodification' are tongue-twisting words, referring to the rise of wage labour during the industrial revolution on the one hand and to the 'social embedding' of labour markets during the 'glorious thirty' of welfare state maturation. The struggle for the 'de-commodification' of labour was dominantly seen as one of the main goals of the social democratic and labour movement (Esping-Andersen, 1985, 1989, 1990; Korpi, 1983; Western, 1989). A manifestation of the importance of the concept for the post-war welfare state can be found in the founding principles of the International Labour Organization, as the Philadelphia declaration explicitly states that labour cannot be considered as a 'commodity'. Although the concept has a long legacy, it only became firmly entrenched in the social policy literature ever since the publication of Esping-Andersen's magnum opus 'The Three Worlds of Welfare Capitalism' (1990). Based upon the institutional set-up of three social insurance schemes in 1980, he developed a well-known decommodification index. In combination with the stratification index and the specific welfare mix this provided the basis for his threefold welfare typology (liberal, conservative and social democratic). Ever since, the concept and the welfare clustering he proposed have remained subject to fierce debate (Arts & Gelissen, 2002; Bambra, 2006; Bolzendahl, 2010; Huo, Nelson, & Stephens, 2008; Kansza, 2002; Orloff, 1993; Room, 2000; Scruggs & Allan, 2006; Van Voorhis, 2002).

So far, the central aim of research on welfare state decommodification has been to replicate the Esping-Andersen results (see i.a. Scruggs & Allan, 2006) and thereby to test the validity of the three cluster scheme he has developed (see i.a. Van Voorhis, 2002). This is not the central objective of this paper. Our approach deviates from mainstream research in two distinct ways. First, based upon the abundant literature on the subject, we have come to the conclusion that there are 'narrow' and 'broad' approaches towards the decommodification concept. Echoing Papadopoulos (2005), we argue that Esping-Andersen's conceptualization – which exclusively focuses on benefit schemes –leads to biased results as the distinction between labour market and social policies is largely artificial. From this perspective, we will propose an own definition which takes into account the importance of labour market institutions and addresses some of the feminist critiques as we incorporate the importance of household welfare provision.

Second, we will present a bird's eye view on indicators of welfare state decommodification for 18 OECD countries. Whereas the vast majority of papers on the subject deals with cross-national variation (Bambra, 2006; Esping-Andersen, 1990; Scruggs & Allan, 2006; Van Voorhis, 2002), our

primary objective is to depict long-term change. Moreover – in line with the conceptual approach developed – we will look at indicators of as well benefit as 'in-work' decommodification. Apart from an interesting paper by Theo Papadopoulos (2005), this has never been done in a comprehensive manner.

The outline of the paper is as follows. First, we will deal with the historical offsprings of the concept, while at the same time emphasizing the subtle differences in approach that have developed over time. Second, we will present arguments why welfare state recommodification is likely to have happened since the early 1980s. Subsequently, we will present indicators of benefit and 'in-work' decommodification enabling us to determine whether changes in welfare state decommodification are in line with our expectations. Finally, we will focus on the interplay between indicators of benefit and in-work decommodification. Generally speaking, no generic trends can be found, albeit that for some welfare states decommodification trends were rather outspoken. This is the case for most Scandinavian countries – which were traditional forerunners in welfare policy. We also observe that in the majority of welfare states benefit and in-work decommodification are strongly related to each other, especially from a cross-sectional point of view.

1. Welfare State Decommodification: origins of the concept and different conceptual approaches

While the roots of the concept can be found in the writings of Karl Marx, the concepts 'commodification' and 'de-commodification' are predominantly associated with the work of Karl Polanyi. In his masterpiece 'The Great Transformation' (Polanyi, 1944), he describes the growth of industrial capitalism, resulting in the transformation of human labour into marketable goods or 'commodities'. This process of 'commodification' turned human activities or 'work' into exchange-value-oriented 'labour'. The central contention Karl Polanyi makes, was that this process is intrinsically linked with a counteracting development towards 'de-commodification': the so-called 'double movement'. Because labour is a fictitious commodity, some degree of decommodification was necessary to secure the labour supply and thus – paradoxally – the commodity status of labour. As Knijn and Ostner (2004, p. 145) state: "The two-sidedness of de-commodification should be considered: de-commodifying policies constituted one side of the commodification coin." For clarity's sake, Karl Polanyi used decommodification to refer to broad processes of 'socially embedding' the labour market and considered this to be intrinsically linked to the commodity status of labour.

After the Second World War, the tension between commodification and decommodification was at the centre stage of neo-marxist criticism of the

welfare states (Offe, 1972, 1984, 1985). Claus Offe (1984, p. 263) puts it as follows: "The 'relationship' between welfare and capitalism is contradictory: under modern capitalist conditions, a supportive network of non-commodified institutions is necessary for an economic system that utilizes labour as if it were a commodity […] This contradiction is deepened by the state monopoly of social policy provision." They claimed – or at least suggested – that the dialectic relationship between commodification and decommodification could lead to the collapse of welfare capitalism. The neo-marxist approach was in fact very similar to the functionalist theories which refer to the 'logic of industrialism' – i.e. the growth of the welfare state is a logical and functional consequence of the rise of industrial capitalism (Wilensky, 1975).

The concept became only firmly entrenched in the mainstream welfare state research after the publication of Esping-Andersen's seminal work 'The Three Worlds of Welfare Capitalism' (Esping-Andersen, 1990). He defined decommodification as follows: "De-commodification occurs when a service is rendered as a matter of right, and when a person can maintain a livelihood without reliance on the market." (Esping-Andersen, 1990, pp. 21-22) In essence, Esping-Andersen's conceptualization refers to the possibility to 'opt-out' of the labour market. Similarly, Esping-Andersen conceives the welfare state as the institutionalization of decommodifying social rights. In the same book, the author also develops a highly influential index based upon the institutional characteristics of three social insurance schemes – unemployment benefits, sickness allowances and public pensions. In combination with a stratification index and the public-private welfare mix in a country, this gave way to his well-known welfare typology (social democratic, conservative and liberal).

After this publication, a fierce debate started on the conceptual approach he developed (Bambra, 2006; Esping-Andersen, 2000; Knijn & Ostner, 2004; Lewis, 1997; Lister, 1995; Orloff, 1993; Papadopoulos, 2005; Room, 2000; Van Voorhis, 2002). Two large streams of criticisms emerged. *First*, some criticize Esping-Andersen and in fact the whole mainstream literature on welfare state decommodification for applying a too narrow operationalization of the concept (Papadopoulos, 2005; Room, 2000; Vail, 2010). An interesting paper by Theo Papadopoulos proposed an alternative conceptualization and stated that the division that Esping-Andersen makes between labour market policies and social policies is artificial and to some extent misleading. In brief, the author claims that some labour market institutions have a decommodifying potential which he refers to as 'in-work decommodification'. He refers to a quote by Esping-Andersen in which he acknowledges the importance of labour market regulations: "the package of regulations can be regarded as the labour market equivalent to social citizenship rights" (Esping-Andersen, 1999, p. 122 cited in Papadopoulos, 2005). Moreover, in a 2000 journal article Esping-Andersen stated that: "Clearly, if we define decommodification as a process of lessening individuals' dependency on

the pure cash nexus, labour market regulation must occupy central stage" (Esping-Andersen, 2000, p. 358). Another interesting critique is the one developed by Graham Room (2000). Following the tenets of classical Marxism, he states that decommodification should entail possibilities for self-development, as pure market forces give way to alienating labour. In view of this argument, he distinguished between 'decommodification for self-development' and 'decommodification for consumption'. At the same time, he tried to measure decommodification for self-development by taking stock of amongst others the rate of vocational training and the general work satisfaction. *Second*, some authors blamed Esping-Andersen that his index and the derived welfare typology was in fact gender-blind (Lewis, 1997; Lister, 1995; Orloff, 1993). The feminists argue that in order to be decommodified one should already participate in the labour market, as Ann Orloff (1993, p. 318) puts it: "… the decommodification dimension must be supplemented with a new analytic dimension that taps into the extent to which states promote or discourage women' paid employment – the right to be commodified, if you will." In fact, in a later publication Esping-Andersen seems to concur with this view as he states that: "Inherently, the concept (of decommodification) presupposes that individuals – or their welfare acquisitions – are already commodified." (Esping-Andersen, 1999, p. 44) Basically, Esping-Andersen neglects the importance of families in the provision of welfare and thus the gender-bias in labour market participation, as his work is entirely build around the state-market dichotomy.

In this paper, we argue that the conceptual issues mentioned above can be addressed by applying a 'broad' definition of decommodification on the one hand and by contextualizing decommodification in the 'welfare triangle', implying that the state-market relation needs to be extended to consider the way in which the family functions as a provider of welfare. In the academic literature several 'thin' (see i.a. Esping-Andersen, 1990; Fawcett & Papadopoulos, 1997; Huo, et al., 2008; Van Voorhis, 2002) and 'broad' definitions (see i.a. Holden, 2003; Offe, 1984; Papadopoulos, 2005; Vail, 2010; Western, 1989) of decommodification are used. Often, both are used interchangeably – sometimes even without realizing the small but important nuances in meaning. In brief, we argue that a 'thin' interpretation of decommodification conceives welfare state decommodification as the possibility to 'opt-out' of the labour market – this is the approach developed by Esping-Andersen. A 'broad' conception on the other hand refers to the relative dependence on market forces. The clearest example of an all-encompassing definition of the concept is the one proposed by John Vail (2010, p. 313): "Decommodification refers to any political, social, or cultural process that reduces the scope and influence of the market in everyday life". Also in Esping-Andersen's work, he seems to mix both approaches. In 'The Three Worlds of Welfare Capitalism', he also refers to decommodification as "the degree to which they permit people to make their living standards independent from pure market forces" (Esping-Andersen, 1990, p. 3), which clearly encompasses

more than opting-out of the labour market. In a 2000 article, he also refers to the "citizen's relative dependence from pure market forces" (Esping-Andersen, 2000, p. 353). In view of two crucial arguments, we claim in this paper that a 'broad' conceptualization is preferable. First, expanding our scope beyond the study of social benefits is more adherent to the writings of Karl Polanyi, as he refers to de-commodification as broad processes of 'socially embedding' the labour market. Second, our approach allows us to take stock of 'functional equivalents'. For instance, it has repeatedly been argued that strong employment protection legislation is sometimes intrinsically linked with low unemployment benefits – which is the case for the Southern European welfare states (see i.a. Ferrara, 1996). Therefore, in order to assess the decommodifying potential of social protection, we also need to take stock of all relevant labour market policies.

A second important issue is how to integrate family provision in the decommodification literature. As mentioned before, Esping-Andersen seems to neglect the decommodifying potential of the pooling of household resources – and the related gender-bias in household work. Before the industrial revolution, workers were decommodified not by direct state intervention but by traditional social structures, the most important of which was the extended family. In fact, Esping-Andersen (1989, 1990) himself also mentions other responses to the 'commodification problem', such as feudalism, corporatism and charity. Therefore, we need to clarify two important things. First, in our approach decommodification refers only to the state intervening in the form of redistribution or regulation. Second, we need to explain how decommodification relates to the concepts of familialization and defamilialization and in doing so we can integrate the family into our analysis. Figure 1 presents an overview of the state-market-family relations and illustrates how we conceive the main processes of (de)commodification and (de)familialization.

Figure 1. The 'welfare triangle' state – market – family
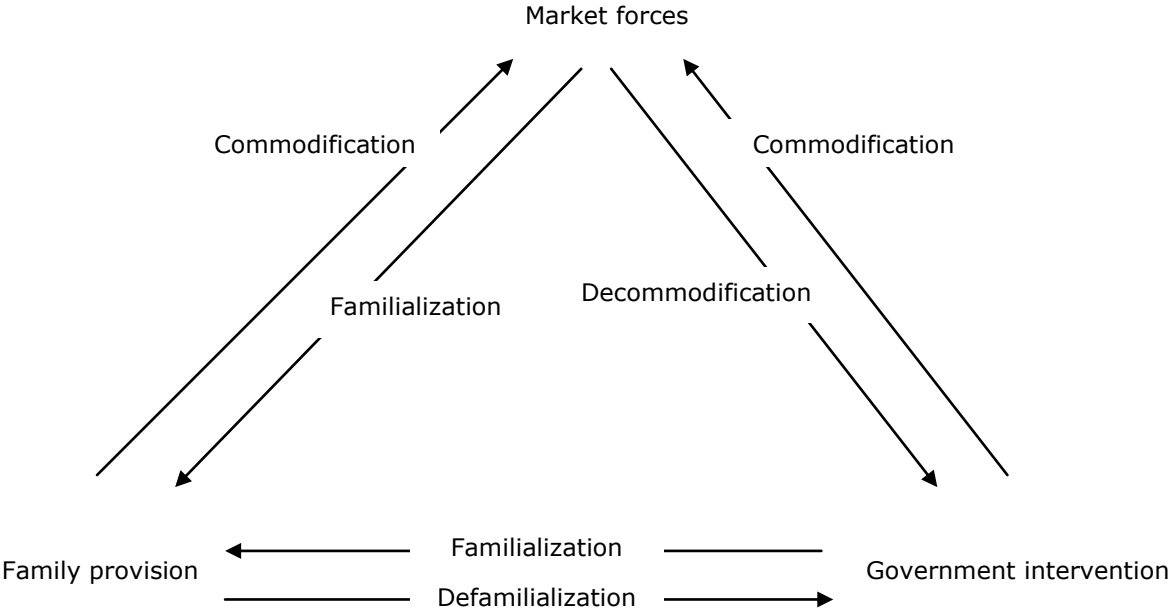
Taking all above mentioned considerations into account, we can define *decommodification* as *any state intervention removing individuals from total dependence on market forces*. Similarly – and in line with the approach developed by Ruth Lister (1997) – we consider 'defamilialization' as the reflection of the relative independence of family provisions. Our conceptual approach – focusing on market forces instead of focusing on participation in the labour market – opens the door to take stock of the decommodifying potential of government regulation – more specifically labour market institutions.

One of the main questions we want to address in this paper, is whether broad changes in the context of welfare states have led to 'recommodification' – meaning that governments are now less intervening to 'shelter' individuals from the vagaries of the market. Before doing so, we have to make clear how an alleged trend towards recommodification relates to the abundant literature on welfare state retrenchment – see i.a. Korpi and Palme (2003), Starke (2006) and Pontussen and Clayton (1998). Often, both concepts are used interchangeably. However, we argue that retrenchment does not necessary imply recommodification and vice versa. Most illustrative is that while Paul Pierson repeatedly refers to the remarkable resilience of Western affluent welfare states (Pierson, 1994, 1996), he at the same time states that recommodification was one of the elements of 'welfare state restructuring' – see Pierson (2001). An interesting paper by Green Pedersen (2004) addresses the conceptual issues surrounding the concept of welfare state retrenchment. Most importantly, conceptual vagueness is essentially related to the blurriness of the definition of the welfare state itself. What is considered to be

welfare state retrenchment is totally dependent on what you consider to be the welfare state. If one defines the welfare in line with the work done by Esping-Andersen – granting universal and decommodifying rights to individuals – welfare state retrenchment and recommodification are to be considered synonyms. This is also the approach elaborated on in this paper. The main difference with mainstream research on retrenchment is that we expand the scope beyond traditional social insurance programmes.[1]

2. The Changing Context of the Welfare State: Why do We Expect Welfare State Recommodification?

In this section, we will elaborate on the idea that welfare state recommodification – i.e. the growing importance of market forces in social policy – is likely to have occurred since the mid-1980s. As there is some interplay between welfare state recommodification and retrenchment, we will extensively refer to the theoretical arguments that have been developed in the retrenchment literature. Inspired by Peter Starke's literature review (2006), we argue that there are three major streams of arguments which make welfare state retrenchment plausible: the altered socio-economic and demographic context, the changes in political resource mobilization and the ideational redefinition of the welfare state that has occurred during the 1990s. With regard to the fourth determinant of welfare state change – i.e. the impact of institutions – we do not have a clear intuition as whether recent institutional change is inducing welfare state recommodification.

Welfare state recommodification can first of all be expected because diverse societal processes, such as globalization, tertiarization and population ageing give way to increasing – mainly budgetary – pressures on the welfare state. We shall label this line of reasoning the *neo-functionalist perspective*. Functionalist theories have a long record in comparative social policy (Offe, 1984; Wilensky, 1975) and the same basic thoughts were developed by Paul Pierson (2001) when he stated that recommodification is one the elements of extensive welfare state restructuring about to happen. The main driver is said to be the adjustment of social policy to the new context of 'permanent austerity', which is seen as the consequence of the tertiarization of the economy, the maturation of social programmes and of population ageing. All give way to increasing budgetary pressures for well-developed welfare states. A similar argument was developed by Iversen and Wren (1998). They basically argue that post-industrial social policy is confronted with a

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[1] We would like to note that some articles on welfare retrenchment have already expanded their scope beyond social benefits, such as the article by Pontussen and Clayton (1998).

'service economy trilemma', where the objectives of full employment, a compressed wage structure and tight budgets cannot be combined simultaneously. Two of these goals can be accomplished, but only at the expense of the third one. A related line of reasoning is the 'globalization thesis', claiming that the increasing interdependence of economies leads to a 'race to the bottom' (Cerny, 1990). However, Peter Starke – in his comprehensive review article – comes to the conclusion that there is surprisingly little evidence to support the latter claim. In sum, the neo-functionalist perspective expects recommodification to occur as a result of increasing problem pressures originating in transformative societal change.

Second, one can refer to changes in *political resource mobilization* to expect welfare state recommodification. In brief, the traditional defenders of decommodifying social policy – i.e. social democratic and union movements – have lost some of their political strength. As there is abundant support for the claim that these groups and the political coalitions they forged were crucial for the build-up of the welfare state (Esping-Andersen, 1985, 1990; Korpi, 1983), the relative decline in social democratic voting shares and union coverage – see Van Rie, Marx and Horemans (2011) on declining union membership – makes recommodification a likely event. However, during the 1990s some authors – especially Paul Pierson (1994, 1996) – increasingly questioned the resource mobilization perspective. Under the heading of the 'new politics of the welfare state', Paul Pierson claimed that while these political forces were important during the 'glorious thirty' of welfare build-up they no longer are crucial in the nowadays post-industrial welfare state. In essence, the main political cleavage is thought to be the divide between well-entrenched interest of 'insiders' – for instance pensioners – against entrepreneurial politicians willing to reform the welfare state. This argument seems heavily overstated as recent research continues to find support for the political resource mobilization thesis (Korpi & Palme, 2003; Scarbrough, 2000), even after the golden age of welfare expansion.

Finally, the *ideational turn* on welfare policy is likely to influence welfare state decommodification. During the last decades, a reconceptualization of the welfare state seems to have taken place. Several authors refer to the emergence of a 'new' welfare state (Esping-Andersen, Gallie, Hemerijck, & Myles, 2002), albeit using several slightly different but related concepts: 'an active welfare state' (Vandenbroucke, 2001), a 'new European welfare settlement' (Taylor-Gooby, 2008) or a 'social investment state' (Morel, Palier, & Palme, 2011) or the emergence of the 'activation paradigm' (Weishaupt, 2011). After the neoliberal attack of the 1980s, a recalibration of the citizenship regime and of labour market policy seems to have occurred – partly to counter some of these critics. As regards social citizenship, there appears to be a shift from rather unconditional social rights – see Marshall (1950) – towards an emphasis on the reciprocity of rights and duties (Cantillon & Van Lancker, 2012; Jenson,

2009; Jenson & Saint-Martin, 2003). Similarly, a shift has occurred towards 'supply-side economics'. The OECD Jobs Study 1994 has played a pivotal role in this evolution as it helped framing 'traditional' social protection as 'passive' income measures and labour market regulation as 'rigidities' (OECD, 1994). Obviously, these changes in approach towards welfare policy can conflict with the traditional decommodifying function of the welfare state. Chris Holden (2003) labels this trend as one of 'administrative recommodification', implying that the welfare state is being rebuilt in order to serve more effectively the needs of the market.

The last determinants of welfare state change are (the) political and welfare state institutions (Starke, 2006). With regard to the political rules of the games, it is a firmly grounded fact that while the fragmentation of political power seems to exhibit the development of a large welfare state, it is at the same time a good barrier against welfare state retrenchment due to the high number of veto players (Tsebelis, 2002). With regard to welfare state set-up, the most supported thesis is the 'middle class inclusion theory', which claims that the more a welfare state aims to integrate the middle class the more support he is likely to receive (Nelson, 2006). Korpi and Palme (2003) finds evidence for a 'paradox of redistribution', implying that the more you target the poor the less likely you are to reduce poverty. Another well-known theoretical perspective emphasizes the importance of path dependent developments in social policy (Pierson, 2000). An illustration is the difficulty to reform a pay-as-you-go pension system into a capitalization scheme. The relevance of all these institutional theories for this paper, is that it is hard to depict a general hypothesis with regard to welfare state decommodification. Whereas the neo-functionalist, power resource and ideational context were all favourable for welfare state recommodification, this was not necessarily the case for the political and welfare state institutions. Therefore, we do not expect institutional change to result in recommodification 'per se'.

Although there is some literature on welfare state recommodification – see i.a. Papadoupolos (2005) and Frade and Darmon (2005), the question of welfare state recommodification has never been addressed in a comprehensive and longitudinal manner. For instance, Korpi and Palme's (2003) often-cited article on welfare retrenchment only focusses on characteristics of insurance benefits until 2000. Subsequently, an interesting paper by Theo Papadoupolos (2005) addresses the issue of 'in-work decommodification', but operationalized it by only referring to employment protection legislation. Recent papers only focus on specific elements of labour market policy (de la Porte & Jacobssen, 2011) and minimum income protection (Van Mechelen, Marx, Marschal, Goedemé, & Cantillon, 2010) and almost always the concept of decommodification is conceptually addressed in an incomprehensive manner.

3. Welfare state decommodification 'in the long run'

Here, we will present a bird's eye view on main indicators of welfare state decommodification. In this section, we will first of all unveil our choice of indicators. Then, we will try to sketch what is already known with regard to welfare decommodification 'in the long run'. Thereafter, we will present our portfolio of indicators covering as well benefit as in-work decommodification for 18 OECD countries since the early 1980s. The main objective is to determine whether clear longitudinal trends exist with regard to welfare state decommodification and whether welfare states cluster in distinct country groupings. The data presented here is derived from cross-national databases such as the Comparative Welfare State Entitlements Dataset (Scruggs, 2004) on the one hand and from international organizations such as the OECD on the other hand.

Although there are several operationalizations of decommodification possible (Bambra, 2005; Fawcett & Papadopoulos, 1997; Gal, 2004; Gran, 1997; Papadopoulos, 2005; Room, 2000; Scruggs & Allan, 2006; Van Voorhis, 2002; Western, 1989), the most influential attempt to 'measure' decommodification is the one developed by Esping-Andersen (1990). He focused on the following characteristics of social insurance schemes: the replacement rate (for the 'average production worker'[2]), the maximum benefit duration, the qualifying period, the waiting period and the coverage rate. Infra, we will look at the same indicators to answer the question on longitudinal trends in benefit decommodification. A crucial deviation from Esping-Andersen's approach is the exclusive focus on the active age, as we limit our analysis to the unemployment and the sickness insurance. While sketching the evolution of the replacement rates for unemployment and sickness insurance, we will also refer to trends with regard to the replacement rates for the long-term unemployed and the adequacy of social assistance.

As mentioned before, one of the major shortcomings of existing operationalizations is that they neglect the decommodifying potential of labour market institutions. Apart from an interesting attempt by Papadopoulos (2005), no one has ever tried to take stock of as well 'benefit decommodification' as 'in-work decommodification' – i.e. the potential of labour market institutions to counteract market forces. In concreto, we will look at the following indicators of in-work decommodification: the degree of wage bargaining centralization, the level of the minimum wages and the (degree of) employment protection legislation. The dominant level of wage bargaining is important as it counteracts the allocation of wages according to market criteria. Bruce Western (1989, p. 202) states that: "Labour power as a source of

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[2] 'Average production worker' refers to the typical worker in the manufacturing industry.

livelihood is decommodified to the extent that it is not tied to individual's capacity as a market actor". The same argument can be used for the inclusion of (nation-wide) minimum wages in our portfolio of indicators. Employment protection legislation – finally – can be considered as an impediment on the freedom of employers to hire and fire employees and thus effectively limits the marketization of labour.

Table 1 presents the long-term trends with regard to the decommodifying potential of the unemployment insurance. Before commenting on longitudinal trends, we want to stress that although there is substantial cross-sectional variation, we will mainly focus on the longitudinal trends and the related question of welfare recommodification. For all indicators the table includes the change between 1980 and 2009 and the 2009 value. Data on coverage rates were only available until 2002. Figures before 2003 are derived from the Comparative Welfare State Entitlements Dataset (Scruggs, 2004). We have been able to complement the Scruggs-Allan data after 2002 by performing simple standard simulations[3] (for the replacement rates) or by relying on reliable international sources.[4] The figures are estimated under the assumption of a fully insured 40 years old 'average production worker' who has worked uninterrupted during the last 22 years. The replacement rates refer to short-term unemployed. The data for the sickness insurance is collected under the same assumptions – see infra.

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[3] More information on the methodology applied can be obtained by simple request to the author.

[4] To complement the data on the maximum benefit duration, the qualifying period and the waiting period, we have relied on the following sources: the EU-MISSOC database (Mutual Information System on Social Protection), the OECD publication 'Benefits and Wages' and the bi-annual publication 'Social Security Programmes throughout the World'.

Table 1. Indicators of unemployment insurance decommodification (change 1980-2009 and 2009 values)

	Replacement rate		Benefit duration[a]		Qualifying period[a]		Waiting days[b]		Δ Coverage rate	
	Δ2009-1980	2009	Δ2009-1980	2009	Δ2009-1980	2009	Δ2009-1980	2009	Δ2002-1980	2002
Nordic countries + the Netherlands										
DK	-22%	56%	-234	208 weeks	+26	52 weeks		no WP	+22%	83%
FI	+16%	51%	+60	100 weeks	+17	43 weeks	+2	7 days	+12%	74%
NL	-17%	69%	+78	104 weeks	+182	208 weeks		no WP	+1%	89%
NO	-7%	63%	+64	104 weeks	+4	8 weeks		3 days	+7%	93%
SE	-35%	47%		60 weeks		52 weeks	+2	7 days	+13%	85%
Continental European countries										
AT	-3%	55%		39 weeks		156 weeks		no WP	-2%	67%
BE	-8%	59%		unlimited	+ 3	78 weeks		no WP	-1%	84% (1999)
DE	-8%	60%		52 weeks		104 weeks		no WP	-5%	70%
FR	+2%	70%	+52	104 weeks	+4	17 weeks	+7	7 days	+2%	59%
Anglo-Saxon EU member states										
IE	-28%	32%	-13	52 weeks	-9	39 weeks	-11	3 days	+31%	
UK	-33%	13%		26 weeks	-40	10 weeks	-9	3 days	-4%	86%
Other Anglo-Saxon countries										
CA	+1%	61%	-2	38 weeks		20 weeks		14 days	-1%	79% (2001)
US	-6%	63%	+54	80 weeks		20 weeks		7 days	+6%	88%
Antipodean countries										
AU	-2%	24%		unlimited		no QP		7 days		100%
NZ	-1%	25%		unlimited		no QP	+7	14 days		100%
Remaining countries										
CH	+4%	72%	+37	67 weeks	+26	52 weeks	+4	5 days	-8%	84% (2000)
IT	+60%	64%	+9	35 weeks		104 weeks	+7	7 days		no data
JP	-14%	55%	-6	30 weeks	+26	52 weeks		7 days	+5%	50% (2001)

Note: a = change expressed in weeks, b = change expressed in days, no QP = no qualifying period, no WP = no waiting period, an empty cell indicates no longitudinal change
Source: CWSEDS until 2002, own estimations since 2003

Three major findings emerge. First, it is impossible to claim that there is one generic trend across countries, but at the same time clear country clusters can be observed. The same is true for the other indicators we will observe – see infra. Second, the most important changes have occurred in the net replacement rates and the coverage rates. While most replacement rates tended to decrease, the period since the early 1980s was one of substantial universalization of the unemployment insurance. This observation is in line with previous research on the subject (Korpi & Palme, 2003). Third – despite some clear exceptions – only modest changes have occurred with regard to the maximum benefit duration, the qualification period and the number of waiting days. Now, we will comment on the country clusters we tend to observe. As the net replacement rate is the most important indicator of welfare state decommodification, we have chosen to give a more in-depth overview of longitudinal changes in graph 1. For some countries, trends are very different across decades. We have compared our data on short-term unemployed with the OECD database on replacement rates for the long-term unemployed (data for the years 2001 to 2009) and with the SaMip database on the adequacy of social assistance (data for the years 1990-2009). By and large, the longitudinal trends are the same as for short-term unemployment. We will elaborate on the most important differences when commenting on the country clusters we tend to find.

We argue that there are five country clusters, as far as the unemployment insurance is concerned. Later on, we will contend that largely the same clusters exist with regard to the decommodifying potential of sickness insurance and the trend in in-work decommodification. These groupings largely correspond to well-known geographical or welfare-type clusters. The first cluster we depict is composed of the *social democratic countries of Nordic Europe*, with the inclusion of the Netherlands. All these countries follow more or less the same path with regard to welfare state decommodification. The most dominant trend is one of benefit recommodification, although the exact timing differs between countries – for instance whereas the trend towards recommodification started in Denmark in the early 1980s, major retrenchment in the unemployed insurance began only in the mid-1990s in Sweden and Finland. Most important is the long-term and substantial decrease in the replacement rate for the average production worker – e.g. -35 percentage points in Sweden. The trend towards benefit recommodification is however partially offset by higher coverage rates – as will be illustrated by the indices calculated in the following section. We need to make important remarks on Finland and Norway. At first sight, Finland is characterized by an increasing replacement rate and benefit duration. However, we should note that Finland was a relative latecomer in welfare policy with an extremely low replacement rate in 1980 (34%) and that after a short period of 'catching-up' in the early 1980s, major retrenchment has occurred (-13 percentage point change). For Norway the indicators displayed in table 1 point in the direction of modest recommodification or

even stability. However, recent data suggests sharp decreases in the replacement rate for the long-term unemployment and the adequacy of support for social assistance beneficiaries (Van Mechelen, et al., 2010). As regards the maximum benefit duration, the evolution is very outspoken in Denmark, where the maximum duration has evolved from more than eight years to four years in 2009. Recently – in response to the socio-economic crisis – the maximum duration was additionally shortened to two years. Finally, we would like to comment on the evolution for the Netherlands. The increase in benefit duration is completely dependent on the assumption of a 40 year old fully insured worker. For employees with a weak employment record, the maximum duration actually decreased during the time span considered.

A second country grouping consists of the *welfare states of continental Europe* – i.e. Austria, Belgium, France and Germany. In these countries, we witness relative small and incremental changes over time. In Belgium and Germany, there is a tendency towards lower replacement rates. In Germany, this is also consistent for the evolution of the generosity for the long-term unemployed in the years 2000 – a result of the Hartz reforms.

As regards to the *Anglo-Saxon countries*, two country groupings are found. On the one hand, Ireland and the United Kingdom – the Anglo-Saxon EU member states – witnessed sharp decrease in the replacement rate for the average production worker in the early 1980s for Ireland and the United Kingdom. This is related to the abolishment or erosion of earnings-related benefits in respectively the United Kingdom and Ireland. Trends for the United States and Canada – on the other hand – are less outspoken, although there is also some retrenchment in the United States in the early 1980s.

The fifth cluster of *antipodean countries* consists of Australia and New Zealand. In the long run, stability is observed.[5] However, divergent trends exists between the decades considered. During the 1980s, increased decommodification occurred – as exemplified by the replacement rates – whereas since the 1990s modest recommodification was the dominant trend. Finally Japan, Italy and Switzerland are hard to place within one of the clusters distinguished above. The Japanese figures for the unemployment insurance seem to follow a 'Scandinavian path', but as we will show this is not consistent with the data on the sickness insurance. Italy – on the other hand – is the only country characterized by consistent decommodification – with substantial increases in the replacement rate for a typical industrial worker. We lack data to judge if the Italian case is typical of the Southern European welfare states. Switzerland seems to

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[5] The term is derived from a book by Francis Castles (1998) on comparative social policy. The possibility of an antipodean welfare cluster was also extensively discussed in a well-known article by Arts and Gelissen (2002).

follow more or a less a 'continental' path, but as will be argued this is not the case for other indicators of welfare state decommodification.

Graph 1. Evolution and 2009 estimate of the net replacement rate for the average production worker receiving a (short-term) unemployment benefit (1980-2009)
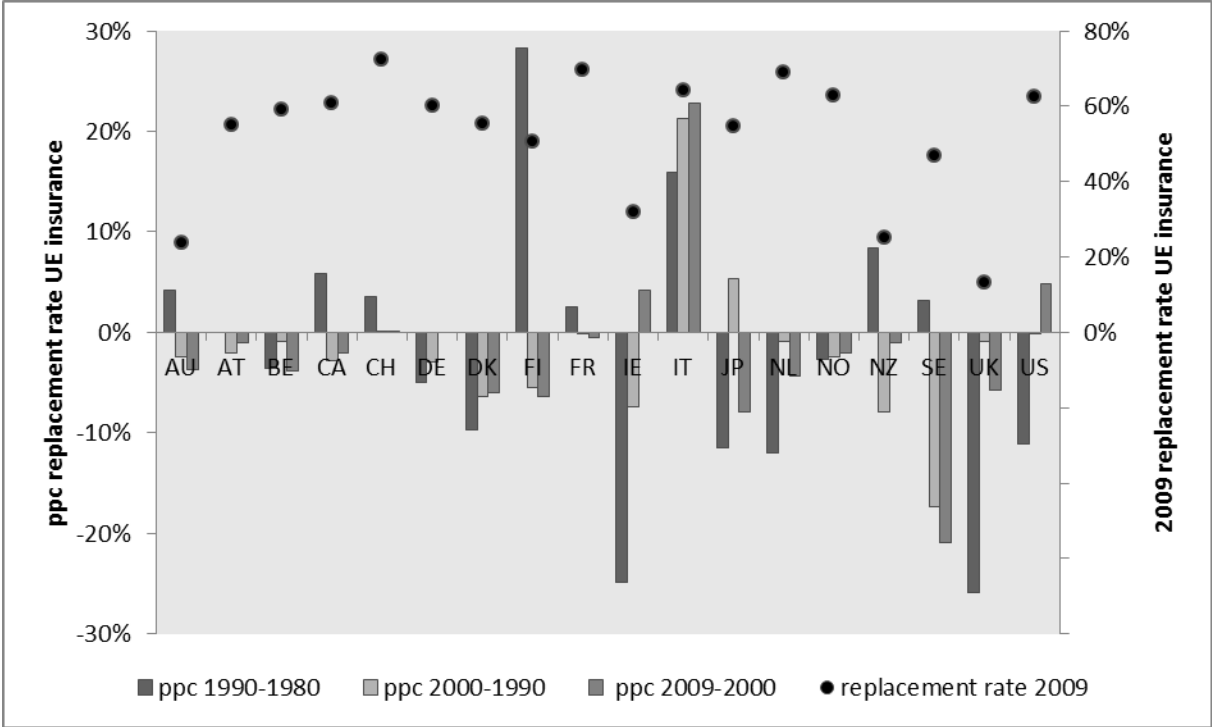
Source: CWSEDS (1980-2002), own calculations since 2003

Table 2 presents the same indicators, but now for the sickness insurance (short-term disability). Because the net replacement rate occupies central stage, we have displayed the evolution across decades in graph 2.

Table 2. Indicators of sickness insurance decommodification (change 1980-2009 and 2009 values)

	Replacement rate		Benefit duration[a]		Qualifying period[a]		Waiting days[b]		Coverage rate	
	Δ2009-1980	2009	Δ2009-1980	2009	Δ2009-1980	2009	Δ2009-1980	2009	Δ2002-1980	2002
Nordic countries + the Netherlands										
DK	-22%	56%	unlimited in 1980	52 weeks	+2	2 weeks		no WP	+1%	99%
FI	+27%	68%		50 weeks		13 weeks	+3	10 days		100%
NL	-17%	69%		52 weeks		no QP	-2	no WP	+1%	89%
NO		100%		52 weeks	+2	4 weeks		no WP		100%
SE	-24%	73%	unlimited in 1980	110 weeks	+1	1 week		1 day	-7%	93% (2001)
Continental European countries										
AT	+1%	76%	+26	52 weeks		no QP		3 days	-4%	84%
BE	-1%	87%		52 weeks		26 weeks		1 day	-13%	83% (2001)
DE	-8%	92%		78 weeks		no QP		no WP	-2%	88%
FR	+2%	61%	-84	72 weeks		20 weeks		3 days	+1%	96% (1987)
Anglo-Saxon EU member states										
IE	-28%	32%	unlimited in 1980	52 weeks	-208	52 weeks	-11	3 days	+31%	100%
UK	-30%	16%	+26	52 weeks	-40	10 weeks	-9	3 days	-4%	86%
Other Anglo-Saxon coutries										
CA	+1%	61%		15 weeks		20 weeks		14 days	-1%	79% (2001)
US		no national health insurance								
Antipodean countries										
AU	-6%	22%		unlimited		no QP		7 days		100%
NZ	-11%	25%		unlimited		no QP	+7	14 days		100%
Remaining countries										
CH	-2%	81%		120 weeks	-13	no QP		3 days	-82%	18%
IT	+8%	76%		26 weeks		no QP		3 days	-1%	66%
JP	+19%	71%		78 weeks		no QP		3 days	+2%	58% (2000)

Note: a = change expressed in weeks, b = change expressed in days, no QP = no qualifying period, no WP = no waiting period, empty cells indicate no longitudinal change

Source: CWSEDS until 2002, own estimations since 2003

Again no generic trend is found with regard benefit decommodification. However, we contend that largely the same country clusters can be found. Main long-term changes relate to the net replacement rate and the coverage rate. Whereas the dominant trend in benefit generosity is one of decline, there is a lot of variation for the coverage rates. For instance, while there was substantial universalization in Ireland, the Swiss coverage rate has dropped below 20%. Also remarkable is the shortening of the benefit duration in Denmark, Ireland and Sweden. In these countries (short-term) sickness allowances are no longer unlimited in duration.

Graph 2. Evolution and 2009 estimate of the net replacement rate for the average production worker receiving a (short-term) sickness benefit (1980-2009)
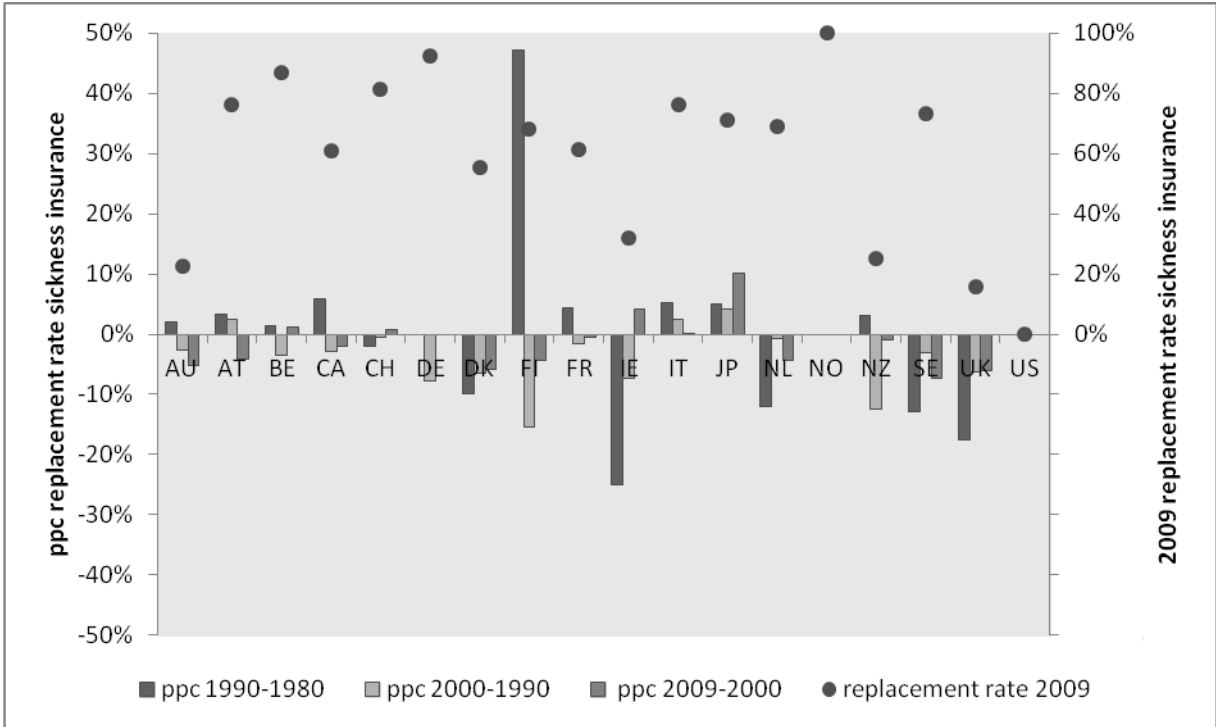
Source: CWSEDS (1980-2002), own calculations since 2003

Changes in the decommodifying potential of sickness insurance are by and large consistent with the country clusters found for the unemployment insurance. Again most Nordic countries (and the Netherlands) are characterized by retrenchment – albeit again with short period of substantial 'catching-up' in Finland. Norway is an important exception as the sickness allowances were resistant to change. The second cluster – the one composed of the continental European countries – is again marked by relative stability. The Anglo-Saxon countries Ireland and the United Kingdom witnessed recommodification in the 1980s. Afterwards, this trend leveled off. Australia and New Zealand – subsequently – show the same trends as for the unemployment. Italy, Japan and Switzerland are again difficult to place within one of the country clusters. Note that the trend in replacement rates for the sickness insurance is in Japan opposite

to the trend for the unemployment insurance. Also remarkable is the strong decline in coverage rate in Switzerland.

Table 3 now displays the evolution of the indicators of in-work decommodification since the early or mid-1980s for the same selection of countries. The following set of indicators is used: the dominant level of wage bargaining centralization (5 = central level, 1 = company level), the level of minimum wages, and the degree of employment protection legislation (0-6, higher rates indicate strict employment protection). For the latter, we make use of the OECD sub-indicators for regular contracts, temporary employment and collective dismissals. In brief, main changes relate to the dominant level of wage bargaining and the degree of strictness in regulating temporary employment (i.e. fixed-term contracts and temporary work agencies). For both indicators, the dominant tendency is one of recommodification – i.e. in the direction of less centralized wage bargaining and less regulated contracts.

However, the main contention we want to make here is that there seems to be a remarkable similarity with the country clusters found for long-term trends in benefit decommodification. The 'Scandinavian cluster' – with the inclusion of the Netherlands – is again characterized by increasing recommodification. In the long run, wages tend to be negotiated at a lower level, minimum wages continue to be absent or are eroding (the Netherlands) and temporary employment became increasingly deregulated. The figures for the continental European countries are again relatively stable. Remarkable is however the substantial increase in the French national minimum wage. The Anglo-Saxon countries Ireland and the United Kingdom are characterized by recommodification in the 1980s, but this trend was reversed in the late 1990s. A landmark was the introduction of a nation-wide minimum wage in respectively 2000 and 1999. Less change has occurred in Canada and the United States – despite small erosion in the level of the national minimum wage in the United States. The trend in in-work decommodification is – subsequently – less clear for the two antipodean countries. Whereas wage bargaining increasingly became decentralized, there at the same time was an introduction of (Australia) or a strengthening of the national minimum wage (New Zealand). The results for Italy, Japan and Switzerland are – as far as in-work decommodification is concerned – in line with the continental European data.

Table 3. Indicators of in-work decommodification (change 1980-2009 and 2009 values)

	Bargaining centralization	Minimum wages		EPL regular contracts		EPL temporary contracts		EPL collective dismissals	
	1980 -> 2009	Δ2009-1980	2009	Δ2008-1985	2008	Δ2008-1985	2008	Δ2002-1998	2002
Nordic countries + NL									
DK	3 -> 2		no MW	-0.05	1.63	-1.75	1.38	-0.75	3.13
FI	3 -> 2.5		no MW	-0.62	2.17	-0.11	1.75	-0.25	2.38
NL	4 -> 3	-19%	47%	-0.36	2.72	-1.19	1.19		3
NO	5 -> 4		no MW		2.25	-0.41	3.13		2.88
SE	5 -> 3		no MW	-0.04	2.86	-3.20	0.88		3.75
Continental European countries									
AT	4 -> 3		no MW	-0.55	2.37		1.50		3.25
BE	3 -> 3		51%	+0.05	1.73	-2	2.63		4.13
DE	3 -> 3		no MW	+0.42	3	-2.50	1.25		3.75
FR	2 -> 2	+16%	61%	-0.04	2.47	+0.57	3.63		2.13
Anglo-Saxon EU member states									
IE	4 -> 1	-17% (since 2000)	51%		1.60	+0.38	0.63		2.88
UK	2 -> 1	+4% (since 1999)	46%	+0.17	1.12	+0.13	0.38		2.88
Other Anglo-Saxon countries									
CA	1 -> 1		43%		1.25		0.25		2.63
US	1 -> 1	-10%	37%		0.17		0.25		2.88
Antipodean countries									
AU	3 -> 2	-11% (since 1985)	54%	+0.42	1.42		0.88		2.88
NZ	4 -> 1	+11%	59%	+0.21 (since 1990)	1.56	+0.87 (since 1990)	1.25		0.38
Remaining countries									
CH	3 -> 2		no MW		1.16		1.13		3.88
IT	2 -> 2		no MW		1.77	-3.38	2		4.88
JP	1 -> 1	+6%	36%		1.87	-0.81	1		1.50

Note: 5 = national or central level, 4 = national or central level, with additional sectoral / local or company bargaining, 3 = sectoral or industry level, 2 = sectoral or industry level, with additional local or company bargaining, 1 = local or company bargaining, no MW = no minimum wage, an empty cell indicates no longitudinal change

Source: ICTWSS database, OECD statistics (http://stats.oecd.org) and the OECD EPL database

4. 'Benefit' and 'in-work decommodification': two sides of the same coin?

Finally, we want to elaborate on this apparent 'correlation' between changes in benefit and in-work decommodification. Several interesting questions remain. Are both measuring exactly the same – implying that welfare state decommodification is essentially a one-dimensional concept? One way of answering this question is by constructing and by elaborating on own decommodification indices – covering as well benefit as in-work decommodification. Contrary to the Esping-Andersen's index (1990), our indices will facilitate longitudinal comparison.

In the field of comparative welfare sociology, an abundant number of decommodification indices have been constructed: the Esping-Andersen index (1990), a 'benefit generosity index' developed by Scruggs and Allan (2006), an index reflecting 'decommodification for self-development' (Room, 2000), an index constructed to compare work-injury programmes (Gal, 2004), a study of the decommodifying potential of unemployment insurance (Fawcett & Papadopoulos, 1997) and finally an old age decommodification index basically reflecting the generosity of old-age pensions (Gran, 1997). In this paper, we will make use of an own operationalization of benefit decommodification. Our index is closely related to the Esping-Andersen index, but at the same time it addresses an important methodological shortcoming – see infra. The Esping-Andersen index is the sum of three separate sub-indices: one for the unemployment insurance, one for the sickness insurance and one for public pensions. In concreto, each programme characteristic (e.g. the replacement rate) is given a score 1, 2 or 3 dependent on the relative position towards other countries.[6] This is done for: the benefit replacement rate (for the 'average production worker'), the qualifying period (expressed in weeks), the number of waiting days and the maximum benefit duration (expressed in weeks). To stress its importance, the score of the replacement rate is given double weight. The sum of these separate scores is then multiplied by the coverage rate of the insurance schemes. Finally, there is also a correction for means-testing – in casu for Australia and New Zealand.[7]

This iconic index has been confronted with some severe criticism, such as: the a priori assumption of a three cluster scheme (which is partially 'endogenically induced' by the scoring system), the specific weighing

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[6]   In the Esping-Andersen approach countries are scored relative to each other based on the mean and the standard deviation. The score of 3 is given when the country's score is higher than the mean plus one time the standard deviation, while the score of 1 refers to a score below the mean minus one time the standard deviation. Welfare states in between receive a score of 2.

[7]   For Australia and New Zealand the coverage rate is set at 0.50.

procedure, the arbitrary correcting for means-testing and the 'snapshot approach' as he only relies on 1980 data (Bambra, 2006; Scruggs & Allan, 2006; Van Voorhis, 2002). The most important critique is however that it does not allow us to make long-term comparisons – as countries are scaled relative to each other. As Clare Bambra (2006, p. 79) puts it: "It has been shown that only the relative relationships between the countries can be examined." In view of this criticism, we have developed an own 'benefit decommodification' index (0-10), being the average of scores for the unemployment and the sickness insurance. Contrary to Esping-Andersen, we only focus on active-age social benefits. These scores are calculated making use of the same indicators as mentioned before: the replacement rate for the average production worker, the benefit duration, the qualifying period and the number of waiting day, and the coverage rate. The net replacement rate and the coverage rate are given an important weight.[8]

Similarly, we have constructed an own index of 'in-work decommodification'. So far, there were only modest attempts made to operationalize this concept and these were rather limited in scope – Papadopoulos (2005) focused exclusively on the employment protection legislation. Our index (0-10) is the sum of the subscores for wage bargaining centralization, minimum wages, employment protection legislation for regular contracts and employment protection legislation for the temporary employed.[9] The score for wage bargaining centralization is given double weight. Parallel to the benefit decommodification index, this allows us to make longitudinal comparisons.

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[8]   BenDecom[0-10] = (RR[0-2]*2 + BD[0-2] + QP[0-2] + WD[0-2])*CovRate
   With BenDecom = benefit decommodification index [0-10]
       RR = net replacement rate for the average production worker rescaled to [0-2]
       BD = benefit duration in weeks rescaled to [0-2]
       QP = qualifying period rescaled to [0-2]
       WD = number of waiting days rescaled to [0-2]
       CovRate = coverate rate among the work force [0-1]
   For benefit duration, the qualifying period and the number of waiting days the maximum score (2) corresponds to the highest value in 1980 – respectively 442 weeks, 156 weeks and 14 days. The other maximum scores refer to theoretical maximums – a replacement rate or a coverage rate of 100%.

[9]   InWorkDecom [0-10] = BargCentr[0-2]*2 + MinWages[0-2] + EPLreg[0-2] + EPLtemp[0-2]
   With   InWorkDecom = the in-work decommodification index [0-10]
       BargCentr = the dominant level of wage bargaining rescaled to [0-2], 2 corresponds to the central or national level
       MinWages = the national minimum wages relative to the median wage of full-time workers rescaled to [0-2], countries without a nation-wide minimum wage receive the score of 0
       EPLreg = the OECD employed protection legislation sub-index for regular contracts rescaled to [0-2]
       EPLtemp = the OECD employed protection legislation sub-index for temporary employment rescaled to [0-2]

Table 4. Evolution of the indices for benefit (1980-2002) and in-work decommodification (1985-2008)

	Benefit decommodification							In work decommodification					
	1980	1985	1990	1995	2002	Δ2002-1980	Δ2008-2003[a]	1985	1990	1995	2000	2008	Δ2008-1985
Nordic countries + NL													
DK	7.20 (1981)	6.95	6.46	6.80	6.23	-0.97	-0.07	3.60	3.60	3.00	3.00	3.00	-0.6
FI	3.99	5.33	5.51	5.54	5.12	1.13	-0.44	4.56	5.56	3.44	3.4	3.31	-1.25
NL	6.63	6.74	5.64	5.67	5.79	-0.84	0	5.06	4.94	4.88	4.43	3.24	-1.82
NO	7.13	7.21	7.26	7.29	7.49	0.36	-0.15	3.93	4.93	5.79	3.71	4.79	0.86
SE	7.08	7.13	7.41	7.32	6.63 (2001)	-0.45	-0.44	5.33	4.33	3.65	3.5	2.25	-3.08
Continental European countries													
AT	4.58	4.40	4.52	4.28	4.57	-0.01	-0.02	3.47	3.47	3.47	2.47	2.29	-1.18
BE	7.06 (1981)	7.18	7.14	n.a.	6.32 (1999)	-0.74	-0.14	5.24	6.22	5.22	5.51	5.47	0.23
DE	6.16	5.76	5.70	5.98	5.68	-0.48	0	4.11	4.11	4.06	3.56	2.42	-1.69
FR	5.63	5.74	n.a.	n.a.	n.a.	n.a.	n.a.	3.9	4.03	4.03	4.11	4.22	0.32
Anglo-Saxon EU member states													
IE	2.93	2.74	n.a.	2.33	4.63	1.70	0.12	0.62	4.62	3.62	4.98	4.78	4.16
UK	3.45	3.26	3.77	3.76	4.01	0.56	-0.19	0.40	0.40	0.40	1.28	1.42	1.02
Other Anglo-Saxon countries													
CA	3.50	3.50	3.55	3.39	3.50 (2001)	0	-0.02	1.28	1.26	1.36	1.32	1.32	0.04
US	2.31	2.22	2.20	2.23	2.29	-0.02	0.04	0.90	0.86	0.86	0.86	0.82	-0.08
Antipodean countries													
AU	3.04	3.08	3.10	3.10	3.02	-0.02	-0.07	4.93	4.89	2.87	2.95	2.81	-2.12
NZ	3.76	3.01	2.98	2.60	2.51	-1.25	0.01		1.62	1.58	1.98	2.12	2.12
Remaining countries													
CH	7.11	6.87	6.44	5.75	3.47 (2000)	-3.64	0	1.76	1.76	1.76	1.76	1.76	0
IT	2.90	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3.38	3.38	4.38	3.67	3.26	-0.12
JP	3.11	3.09	3.27	3.40	3.37 (2000)	0.26	0.04	1.85	1.83	1.85	1.6	1.66	-0.19
Mean	4.87	4.95	5.00	4.63	4.66			3.53	3.61	3.30	3.01	2.82	
σ	1.78	1.81	1.70	1.74	1.53			1.50	1.61	1.42	1.34	1.31	

Note: [a] under the assumption of constant coverage rates, σ = standard deviation, n.a. = some of the requisite data was not available

Table 4 displays the evolution of the decommodification indices for our selection of countries. The benefit decommodification index has only been calculated until 2002, as the coverage rate was lacking in our database after 2002.[10] However, for the years 2003 to 2009 we have constructed a slightly modified index, i.e. calculations were made under the assumption of constant coverage rates. We can interpret these figures as reflecting changes in benefit decommodification apart from changes in the coverage rates. These give an indication of change after 2002. Besides, the in-work decommodification index is only calculated beginning in the year 1985, as important information on minimum wages and employment protection legislation was lacking.

In all, we observe modest benefit recommodification and in-work recommodification since the early 1990s. Moreover, there are indications of modest convergence as illustrated by the decreasing standard deviations – often labelled as σ-convergence. Subsequently, the country clusters found in table 4 are less outspoken. The Scandinavian cluster with the inclusion of the Netherlands is however well distinguishable. Here, the dominant pattern is one of as well benefit and as in-work recommodification – although the exact timing differs between countries. The only exception is Norway. It is also remarkable that this cluster is less distinct from Germany than suggested by looking at the separate sub-indicators. This is due to the high weight given to coverage rates – i.e. in the Nordic countries the trend towards lower replacement rates was partially offset by higher coverage rates. Finally, it should be noted that the 'conditional' indices calculated for Finland and Sweden in the recent period suggest further recommodification. For the continental countries, the dominant trend is again one of stability or relative modest change – except for Germany. Some Anglo-Saxon countries are characterised by recommodification in the early 1980s, a pattern that was bended afterwards in Ireland and the United Kingdom. Otherwise, the figures for Canada and the United States remain unchanged. The antipodean countries Australia and New Zealand seem to form a less coherent cluster as the Australian figures point in the direction of in-work recommodification, whereas benefit recommodification is observed in New Zealand. This observation is however partly misleading as a national minimum wages was only introduced in Australia in 1985. So, the basic trend since the early 1980s in Australia is one of in-work decommodification. The figures for Italy and Japan are in line with the results for the Continental European countries. Switzerland – finally – is a remarkable case of substantial benefit recommodification, completely caused by the sharp decline in the coverage rate of the sickness insurance.

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[10]   For an elaboration on the diverse types of welfare state convergence, see Schmitt and Starke (2011).

A sensitivity analysis was also performed as to determine whether the trends found – see supra – and the interrelationships observed – see infra – were not biased by the weights used.[11] Our conclusion is that the weights applied do not have a decisive impact on the main patterns observed. In fact, the country clusters and the basic longitudinal patterns become more outspoken when replacement rates, coverage rates and the degree of wage bargaining centralization are not given an additional weight.[12]

The main focus here is however on the relationship and interplay between benefit and in-work decommodification. Graph 3 displays the cross-sectional relationship between benefit and in-work decommodification indices in the year 2002. Figures suggest a strong positive association ($\rho=0.76$). Over time, this association grew stronger, but this is mainly caused by the evolution for Australia and Switzerland. In 1985, both welfare states were 'anomalies' in the diagram – Australia was characterised by high in-work and low benefit decommodification, whereas the opposite was true for Switzerland. We would also like to note that the main conclusion is not biased by the means-test correction for Australia and New Zealand – the coverage rate for both countries is set at 0.50.

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[11] In this alternative analysis, all indicators of benefit and in-work decommodification are given an equal weight, basically resulting in a lower impact of replacement rates, coverage rates and the dominant level of wage bargaining. The results from this exercise can be obtained by simple request to the author.

[12] This alternative way of calculating the decommodification indices results in a more outspoken cluster of Scandinavian countries (with the inclusion of the Netherlands and without Norway) and a country grouping consisting of Ireland and the United Kingdom. The cross-sectional relationship is actually stronger in 1985, but a little bit weaker in 2002 due to the evolutions for Ireland and Denmark. Also in this 'unweighted' version, the longitudinal relationship between the indices remains strong ($\rho=0.46$).

Graph 3. Cross-sectional relationship between benefit and in-work decommodification indices (2002)
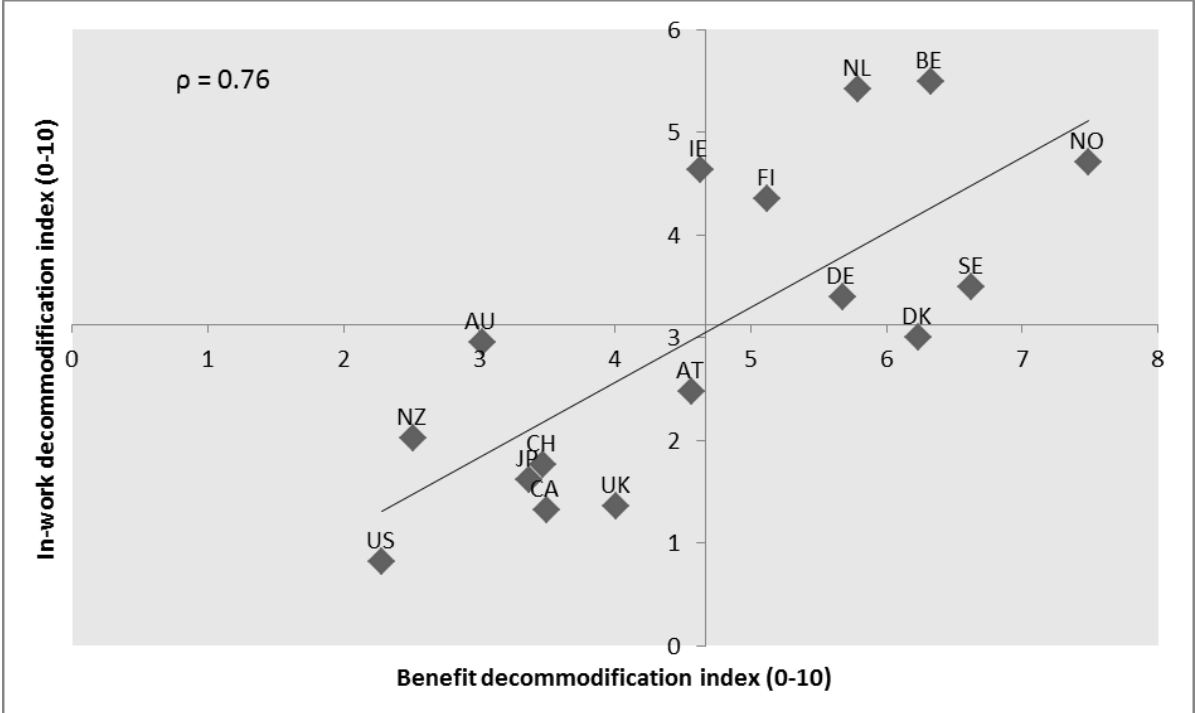
Source: own calculations based on the methodology described above

Graph 4 displays the even more interesting relationship between long-term change in benefit and in-work decommodification. It helps us to determine whether changes in both dimensions are intrinsically linked to each other. Our data suggests that increases in benefit decommodification are likely to be accompanied with increase in in-work decommodification, although the bivariate correlation found ($\rho=0.37$) is not very outspoken. In addition, there are two important anomalies: New Zealand and Austria. In these countries, benefit and in-work decommodification have evolved in an opposite direction. The evolution of Switzerland and Australia is also remarkable. The Swiss and the Australian welfare states both evolve in the direction of consistently low decommodification – respectively by substantial benefit and in-work recommodification.

Graph 4. Longitudinal relationship between benefit and in-work decommodification indices (Δ1985-2002)
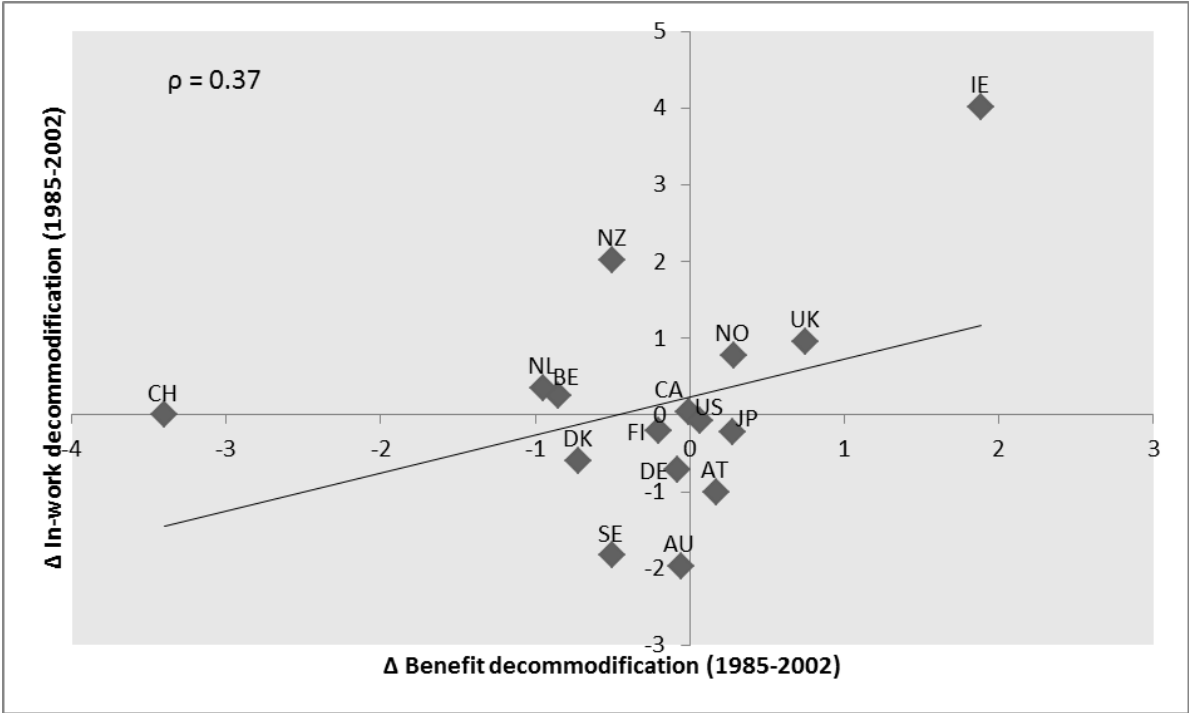
Source: own calculations based on the methodology described above

On the whole – contrary to the 'functional equivalents' hypothesis – we have found that the two dimensions of welfare state decommodification are strongly related to each other. Low benefit decommodification is not compensated by strong in-work decommodification and vice versa. However, we argue that the longitudinal correlation is not strong enough to consider decommodification as a one-dimensional concept. Basically, our analyses suggest that welfare state decommodification is a dual concept.

5. Conclusion

In this paper, we have tried to depict long-term trends with regard to welfare state decommodification. Inspired by functionalist, power resource and ideational perspectives – see i.a. Peter Starke (2006) – we claim that the welfare state context since the early 1980s was favourable for welfare state recommodification. In fact, Paul Pierson (2001) even claims that recommodification was one of the elements of intensive welfare state restructuring since the early 1980s. We have addressed this question by looking at indicators of welfare state decommodification – looking as well at benefit systems as at labour market institutions. Contrary to mainstream research on the subject (Esping-Andersen, 1989, 1990; Gal, 2004; Huo, et al., 2008; Scruggs & Allan, 2006), we have made use of a 'broad' conceptualization – i.e. decommodification refers to all government

interventions aiming to remove individuals from total dependence on market forces.

The indicators of benefit and in-work decommodification observed suggest that there is no generic trend as regards welfare state decommodification – although some clear country cluster can be found. Most pronounced is the evolution for most Nordic countries on the one hand and the Anglo-Saxon EU member states on the other hand. Whereas in the former cluster we observe benefit and in-work recommodification, the trend for Ireland and the United Kingdom is one of decommodification since the mid-1980s – although it was preceded by a period of strong retrenchment in the early 1980s. We have also focused on the interplay between benefit and in-work decommodification. In this paper, we have shown that both are positively related implying that countries with a high degree of benefit decommodification are also characterized by strong labour market institutions. The interplay between benefit and in-work decommodification is however less outspoken from a longitudinal point of view.

The dynamics found in this article give way to venues for further research. *First*, what are the drivers of the observed changes in welfare state decommodification? Why do some countries move in the direction of less generous benefits and more deregulated labour market, while others do not? Explaining these changes remains a challenging task and is an interesting subject for further research. In fact, whereas there is abundant literature on the causes of welfare state growth (see i.a. Esping-Andersen, 1985, 1989, 1990; Korpi, 1983; Wilensky, 1975), the drivers of welfare retrenchment are still subject of fierce debate (Starke, 2006). Many theoretical perspectives on their own – functionalist, power resource, ideational or institutional – seem insufficient to unravel the question of welfare state (de)commodification. A promising hypothesis is put forward by the actor-centered institutional theory (see i.a. Weishaupt, 2011) – which combines elements of the ideational and the institutional approach as it stresses the importance of international organizations as a platform for the propagation of policy ideas. Convergence in decommodification between EU member states could be due to the convergence of policy paradigms at the European level. Weishaupt (2011) illustrates how the EU played a pivotal role in forging a consensus – under the heading of 'flexicurity' – between the Anglo-Saxon flexible labour markets and the generous Scandinavian benefits.

Second, questions arise on the relationship with social outcomes – e.g. income poverty. Although there is evidence to suggest that welfare state decommodification can explain cross-national patterns of poverty (Kenworthy, 1999), this link has never been proven in a longitudinal context – partly due to the lack of an index which enables longitudinal comparison. Interestingly, some articles point to a convergence in social outcomes between EU member states (Adelantado & Calderón, 2006; Caminada, Goudswaard, & Van Vliet, 2010) – with country trends more or

less corresponding to the decommodification trends found above. An interesting option is to distinguish between (the absolute degree of) poverty reduction and pre-transfer poverty.[13] At first sight, tends in benefit decommodification seem to correspond with the evolution of poverty reduction in EU member states (see Cantillon, Van Mechelen, Pintelon, & Van den Heede, 2012). Otherwise, several papers have established a link between labour market institutions and wage inequality, including the low pay rate (see i.a. Blau & Kahn, 2009; Lohmann, 2008). As wage inequality is an important – but not the only –determinant of pre-transfer poverty, it seems plausible that in-work decommodification is one of its main drivers.

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[13] For clarity's sake, pre-transfer poverty refers to the poverty rate in the counterfactual of absent social transfers. Absolute poverty reduction is then calculated as the difference between the pre-transfer rate calculated and the actual poverty rate observed.

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