

First draft – comments welcome

Measuring welfare states: Problems and possibilities in cross-national studies

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Abstract

Welfare state are often assessed through measures of social citizenship. Social citizenship is distributed unevenly across the population in all countries. People differ in how much they pay in taxes and in how much they receive in benefits. The empirical quest is to convey this differential treatment. Conventional measures of social citizenship in comparative studies are indicators based on institutional information on the accessibility and generosity of benefits in stylised cases, typically using a single person or male breadwinner household earning the same as an average production worker as its starting point. Whilst defending the institutional approach to the comparative study of social citizenship we argue that the conventional measures are limited in two aspects. First, they measure social citizenship in ways that do not always capture the meaning of key theoretical concepts. Second, observations based on these measures do not always mean the same in different contexts, i.e. over time and space. In this paper we discuss and illustrate how such limitations of conventional measures may be addressed by turning them into profiles of social citizenship. Profiles of social citizenship involves careful examination of how various socio-economic groups are treated differently with regard to the rights and obligations they possess. With an illustrative application on old age pensions in five European countries we wish to suggest how profiles of social citizenship may address the dual challenge of content validation and of establishing comparability over time and space.

Introduction

Social citizenship is a powerful concept. Measures of social citizenship in studies of the welfare state have a number of potential advantages compared to alternative measures. Let us just mention two of the biggest advantages of social citizenship measures over the main contender, welfare effort as measured by social expenditure's share of gross domestic product. First, social citizenship measures are (read: ought to be) informed by theories. The measure of welfare effort is flawed by theoretically irrelevant impacts from particularly economics and demographics on both the denominator (GDP) and nominator (social expenditure). Second, social citizenship relates to actors intentions. As Gøsta Esping-Andersen (1990) correctly notes 'if our aim is to test causal theories that involve actors we should begin with the demands ... promoted by those actors...It is difficult to imagine that anyone struggled for spending *per se*.' (Esping-Andersen 1990, p. 21)

Comparative studies of welfare states increasingly resort to measures of social citizenship when wanting to explain and understand the development, diversity and change of welfare states. The Social Citizenship Indicator Program (SCIP) had a startling breakthrough with the works of Walter Korpi (1989) and Gøsta Esping-Andersen (1990). First generation PhD SCIPPERS, Joakim Palme (1990) and Olli Kangas (1991), have been followed by a steady stream of PhD scholars working with SCIP data. Recently Lyle Scruggs (2004) made a database, Comparative Welfare Entitlements Database (CWED), that is similar to SCIP in many respects but was public from the onset. With the SCIP database also becoming publicly available from June 2008 we may expect a wider scholarly interest in using measures of social citizenship in comparative studies.

The purpose of this paper is to address the measurement of social citizenship. What are the limitations of conventional measures of social citizenship in comparative studies and how may such limitations be solved? We will argue that two sets of limitations characterise many conventional measures of social citizenship, including some of the measures in CWED and SCIP. The first set of limitations relates to content validation where not all measures adequately capture the meaning of social citizenship. The second set of limitations relates to the comparability of observations made in different contexts, most notably in different countries and at different points in time.

The paper proceeds as follows. In the following section we start by arguing that the main thrust of social citizenship theory relates to the differential treatment people enjoy with regard to social rights

and obligations and that these rights and obligation combine in theoretically meaningful configurations that are indicative of distinct types of social citizenship and, in turn, of types of welfare states. Then we lay out in more detail the conventional measures of social citizenship. In the next section on content validation we attempt to show that conventional measures may be transformed from indicators based on the situation of one typical case into profiles showing the situation for more typical cases. We illustrate this through a comparative study of the tax-benefit position of different socio-economic groups in the area of old-age pensions. By analysing the situation of different income groups we find that comparisons based on measures at the level of the average production worker only provide a partial picture of social citizenship. Furthermore, in the subsequent section we aim to illustrate that conventional measures of social citizenship may not always have the same meaning over time and across countries and what may be done about it. Not only do the demise of industrial society and the male breadwinner model leave the standard reference point for conventional measures somewhat anachronistic, but also they suffer from at least three other potential types of problems. First, the domain of observation of conventional measures on primarily public cash benefits is problematic because social services and other benefits in kind come still more to the fore and because there is a universal process of privatization of social protection, perhaps most evident for old age pensions. *(Unfortunately, the part of the analysis including private pensions and elderly care benefits for different socio-economic groups are still to be made)* To adjust into common indicators conventional measures may obviously use other reference points than the national average production worker and include more realistic and interesting household situations. With increasing global economic integration and migration we discuss how even the national starting point may be worth reconsidering illustrated by profiles of social citizenship assuming the same take home pay in all countries. Finally, we discuss limitations and problems of the suggested revisions of the conventional measures of social citizenship and conclude by discussing some of the implications for future comparative studies on social citizenship *(to follow)*.

Measuring social citizenship

Measures in social science face a dual challenge. First, they must reflect the meaning of the concepts they are supposed to measure. Good measures include all the relevant aspects of a given concept and exclude aspects irrelevant to the concept. These are the basic criteria of content validation (Adcock & Collier 2001). Second, measures in social science must provide comparable observations. Good measures provide observations that have the same meaning, also when they are

made in different places or at different points in time. Do conventional measures of social citizenship capture the meaning of the concept and do their observations mean the same over time and between countries?

In this section we shed light on this question by first summarising key theoretical ideas about social citizenship as used in comparative welfare state studies and then review how conventional measures are construed.

What is social citizenship?

Thomas H. Marshall's pioneering work on citizenship is central in the study of the change of industrial societies. When defining citizenship in the wake of the Second World War T.H. Marshall caught the imagination of many social scientists: 'Citizenship is a status bestowed upon those who are full members of a community. All those who possess the status are equal with respect to the rights and duties with which that status is endowed' (Marshall 1950, p. 18). Since the Golden age of industrial society in the 1960s an impressive amount of social theory has criticised and build on his framework (Turner 1994).

Whilst T.H. Marshal and Esping-Andersen addressed the issue of citizenship and social class there is general consensus today that there are additional important social divisions along lines of age, gender, race and ethnicity, and disability (see Myles 1984, Lister 1997, Brubacker 1992, Barnes and Mercer 2003). Social citizenship can be seen as a yardstick in measuring how various groups stand in relation to each other with regard to the rights and obligations they enjoy as members of the community.

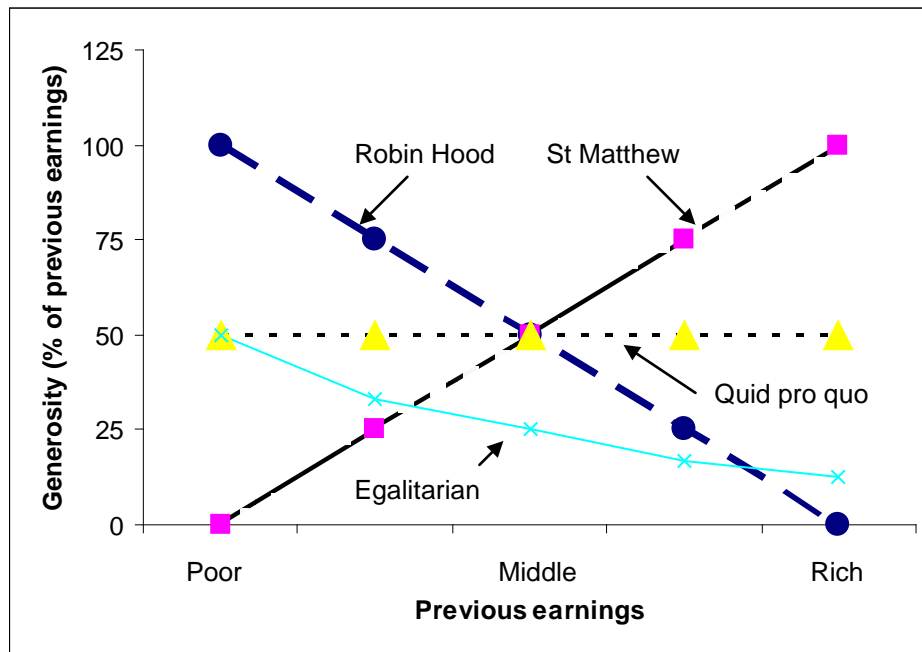
What does social citizenship encompass? Citizenship is about the status citizens of the community have (Marshall 1950) (later scholars distinguish between legal, philosophical and socio-political definitions (Faulks 1998), status versus practice (Lister 1997), citizenship from above or bottom (Turner 1994). Social citizenship is made up by both rights and obligations. Marshall was well aware that social rights are accompanied by duties: 'The duty whose discharge is most obviously and immediately necessary for the fulfilment of the right is the duty to pay taxes and pay contributions. Since there are compulsory, no act of will is involved, and no keen sentiment of loyalty. Education and military service are also compulsory. The other duties are vague, and are included in the general obligation to live the life of a good citizen, giving such service as can

promote the welfare of the community' (Marshall 1950, p. 45). Marshall did not elaborate further on duties and how they may configure with social rights to form social citizenship. This is unfortunate, since one of the common trends across policy areas in all countries has a greater emphasis on claimant's obligations as seen in greater conditionality of benefits, more and stronger obligations and tougher sanctions in cases of non-compliance.

Social rights are both to benefits in kind and cash. Cash benefits may be delivered by the state directly in the form of social assistance and social insurance or indirectly through tax credits. Cash benefits may also be provided by third parties, most notably employers, as obligated by laws or negotiated through individual or collective agreements. In kind benefits include most prominently educational, health and social services. In Marshall's words social rights are about 'the right to a modicum of economic welfare and security, to the right to share the full in the social heritage and to live the life of a civilized being according to the standards prevailing in the society. The institutions most closely connected with it are the educational system and the social services' (Marshall 1950, p. 8). Services has become of increasing importance in the study of social citizenship. As underlined by most notably feminist welfare state scholars, services must be included in analysis of the welfare state to fully understand the gendering potential of the welfare state (see Lister 1990, Lewis 1992, Orloff 1993).

The social policy question of who gets what is central to social citizenship. When the purpose is to analyse social citizenship along class lines we can apply a distinction between three groups, i.e. poor, middle income and rich people, and concentrate for a start on equality and economic redistribution. Four different strategies of equality stand out. The first strategy has become synonymous with Robin Hood who took from the rich and gave to the poor. In contrast, more is given to the rich than the poor in the second strategy as the gospel of St Matthew said 'for whosoever hath, to him shall be given'. The third strategy of equality follows the quid pro quo principle that states 'this for that' or 'something for something'. Finally, the fourth egalitarian principle argues that equally much should be given to the rich and the poor (see, for example, Korpi and Palme 2004). Figure 1 shows how these four strategies of equality translate into four distinct profiles of social rights when measured by the generosity of social benefits according to previous earnings.

Figure 1. Four profiles of social rights as measured by the generosity of social benefits (% of previous earnings)



The four profiles of social rights are ideal typical in a Weberian sense. The profiles of social rights can be used as yardsticks to measure what countries' policies are close or far from one or another profile. No country is likely to be a 1-to-1 copy of any ideal typical profile. Moreover, the generosity of social benefits is only one of the dimensions constituting social rights. Another dimension is the accessibility of benefits.

Configurations of social rights and obligations into types of welfare states

Social citizenship became established with the occurrence of the welfare state (Marshall 1950). But, as pointed out by Esping-Andersen in 1990, different types of welfare states have implemented different types of social citizenship. Central to Esping-Andersen's typology of welfare states is the concept of de-commodification that resembles the configuration of accessibility and generosity. The combination of accessibility and generosity makes up specific types of social rights that in turn are characteristic of distinct ideal typical models of social citizenship or welfare state types. When benefits are easy to access, then social citizenship is seen as characterising an institutional or universal system. Vice versa, when benefits are difficult to access, social rights are seen as characterising a residual or selective system.

Accordingly, the Social Democratic welfare state model is characterised by easy accessibility, generous benefits. The Conservative welfare state model is characterised by selective, generous benefits. Finally, the Liberal welfare state model comes in two versions (as acknowledged by Room 1979 and Mishra 1990, but not Esping-Andersen 1990). When benefits are selective and not generous they constitute what may be termed a residual version of the liberal model. When benefits are universal, but modest, they make up an egalitarian model of the Liberal model. In earlier work we have suggested obligations as a constitutive third dimension of citizenship involving an update of the four welfare state models here (see Kvist 2002, 2007).

Conventional measures of social citizenship

Social citizenship is a multidimensional concept. Theoretically, the concept comprises rights and obligations. Empirically, the concept is made up by welfare state policies in a wide range of areas with a prominent place for social policy. Social policy provides benefits in kind and in cash. Cash transfers can, however, also be provided through the tax system, be mandated to be through other and by other institutions, e.g. employers or collective agreements.

Social citizenship may be seen as what Robert Adcock and David Collier (2002) call a master concept with specific meaning by researchers. Systematic concepts help give meaning to the master concept. For social citizenship important systematized concepts include concepts that help quality the two sides of social citizenship, i.e. rights and obligations.

There are different approaches in how to study institutional aspects (see Ploug and Kvist 1996, Bonoli 1996, Palier 2002, Clasen and Clegg 2008). Reporting on institutional aspects take up considerable space. In the descriptive part of their study on social security in Europe Niels Ploug and Jon Kvist (1994) used 343 pages to set out elements of the systems of social security cash benefits in only seven countries. Covering many more countries, but only in tabular form, the latest version of MISSOC is 1,163 pages long (MISSOC 2007). It can therefore come as no surprise then that researchers resort to indicators to give the gist of systems.

Indicators based on institutional aspects of policies have gradually become the dominant approach to measure social citizenship, or, more generally, the welfare state. Harold Wilensky and Charles Lebeaux (1958) suggested a dichotomy between residual and institutional welfare state (1958). Jens

Alber (1988) aptly operationalised this dichotomy along five institutional dimensions, i.e. scope of public welfare programmes, range of state activities, quality of benefits and services, (mix of) instruments and mode of financing. Indeed Jens Alber and others in the Growth to Limits project led by Peter Flora made extensive use of institutional data when studying the development of the welfare state (Flora 1984). Around the same time John Myles constructed an index also on institutional aspects for studies on old age pensions (Myles 1984).

International organisations have for long routinely published information on legal aspects of social protection, most notably social insurance schemes. The US administration biannually publishes data on social protection around the world. The European Commission regularly publishes information on social security. In tabular form this reporting has taken on a still larger number of institutional aspects and countries (e.g. MISSOC 2007). The publication of the Organisation for Economic Co-operation and Development (OECD) on the tax-benefit position of the average production worker has been replaced by two annual publications, *Benefits and Wages* and *Taxing Wages*, providing stylised information on the tax and benefit rules in the OECD countries (OECD 2007a). Finally, the International Labour Organisation (ILO) has published data on coverage. Information from the US administration, the European Commission and the OECD, sometimes coupled with ILO and increasingly EUROSTAT data, often provide the backbone for existing databases on social protection.

There are a number of international databases on social protection. The most formidable data base is Social Citizenship Indicator Program (SCIP). SCIP has been built and used exclusively by scholars at SOFI, Stockholm University. Headed by Walter Korpi ph.d.'s and other scholars at SOFI has since the 1980s collected institutional information for the 'old' 18 OECD countries most notably on social insurance schemes for unemployment, illness, work accidents, and old age and also on child family benefits (Korpi and Palme 2007). Old age pensions and sickness benefits were covered by first generation SCIPPERS, Joakim Palme (1990) and Olli Kangas (1991), with later PhD's covering still broader aspects in areas like child families (Wennemo 1994, Ferrarini 2003), unemployment and work (Carroll 1999, Montanari 2000, Sjöberg 2000), the poor (Nelson 2003). SCIP went public in June 2008.

The Comparative Welfare Entitlements Dataset (CWED) is built by Lyle Scruggs at the University of Connecticut (Scruggs 2004). SCIP and CWED have more or less the same data. SCIP covers 15 points in time from 1930 to 2005 whereas CWED has annual data for a more recent period. Both databases focus on social insurance schemes, i.e. unemployment insurance, sickness benefits and old age pensions (minimum and standard) with SCIP also including work accident benefit schemes. Net replacement rates are calculated at previous earnings at the level of the average production worker for two household situations (single person and couple with one earner). For the calculation of the standard pension earnings at level of the average production worker of a life time is assumed in CWED and of 35 years in SCIP. Other benefit aspects includes qualifying conditions (weeks of insurance), benefit duration (weeks), and waiting days. For pensions the retirement age is given and there are also beneficiary coverage ratios.

Conventionally, researchers studying social citizenship comparatively use one or more of three types of indicators. The first type of indicator is on the situation of social citizenship for one typical case compared to the situation of a similar typical case not facing the given social contingency. For example, the generosity aspect of social rights for a pensioner is measured by the share of the (public) old age pension in the earnings of an average production worker, as described above. We call this indicator for the single case indicator. The second indicator we call the composite indicator as it is made up by information on two or more aspects of social benefits. Often the composite indicator is a simple average of the situation for two or more household types, e.g. the average net replacement rate for a single pensioner and for a pensioner couple. But the composite indicator may also be based on an index score of various aspects of the same benefit and typical case, reflecting, for example, on accessibility and generosity at the same time. The third indicator consists of an average score for a number of countries that are grouped by the researcher to represent a given type of countries or welfare states. We call this the country group indicator.

Net replacement rate of benefit is the most frequently used indicator on benefit generosity. This measure is used by economists, sociologists and political scientists alike. Net replacement rates are calculated by international agencies like the EU and the OECD as well as by groups of scholars, including not least SCIP and CWED (see, for example, Eurostat 2008, OECD 2008, Korpi and Palme 2007, and, Scruggs 2004). Replacement rates can be defined as the benefit share of former wages and net replacement rates are after taxes. Interestingly, the measures on generosity are the

same for economists, sociologists and political scientists. Economists tend to see generous benefits as potentially detrimental to work and saving incentives whereas the sociologists and political scientists see them as exponents of strong social rights.

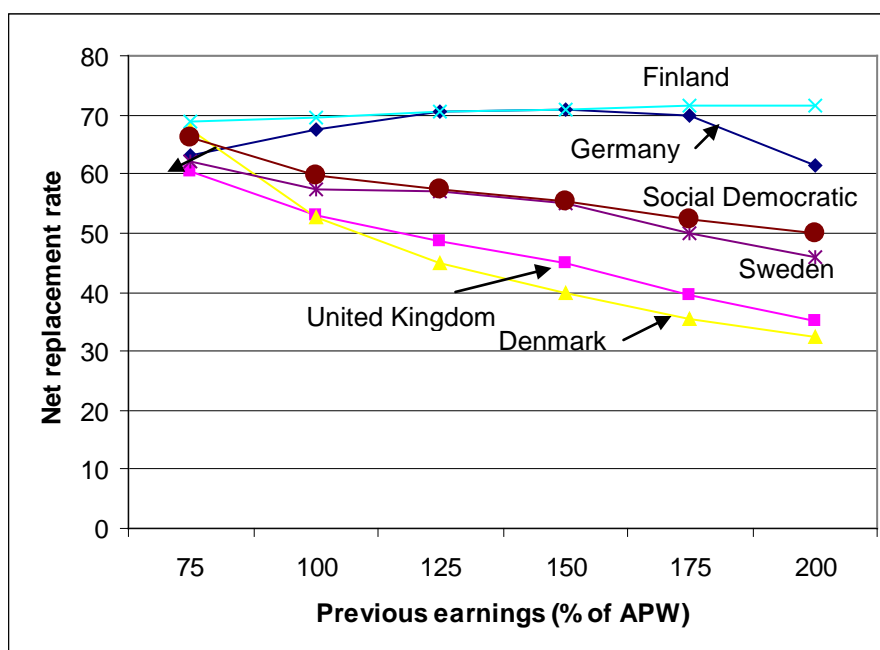
Content validation of measures on social citizenship

Do observations based on conventional measures reflect the meaning of social citizenship? This section addresses the issue of content validation of studies of social citizenship that are based on one case indicators, composite indicators and group indicators. First we set out profiles of full old age pensions based on full contribution records. Second we compare profiles of minimum old age pensions based on no contribution records. The profiles are made for previous earnings varying between 75% and 200% of the average production worker. The main emphasis is on illustrating the limits of the single case indicator as the limits of the other two types of indicators may be understood more intuitively.

Cross-national differences increase with previous earnings. The gap between the countries with the lowest and highest net replacement rate increase from 8 to 39 percentage points from the lowest previous earnings level to the highest, see Figure 2. At the level of the average production worker the gap is 17 percentage points. One case indicators of social citizenship provide a partial picture of cross-national differences.

One case indicators may not provide the most relevant basis for advancing theory or advocacy of policy. If poverty among the elderly is the issue of concern, then the situation of persons with low previous earnings may be of more relevance than the one of the average production worker. Are benefits adequate to keep elderly out of poverty? If sustainability of pension systems is the issue of concern, then the situation of persons with high previous earnings may be the most appropriate group to examine. Are public pensions for rich people sustainable? Take the example of Denmark. Danish full old age pensions are second highest for low income groups, but lowest for high income groups.

Figure 2. Full public old age pensions in five European countries, single person, 2006 (% of previous earnings)



The Finnish scheme comes close to the Quid pro Quo profile. Because pension income is not taxed or taxed lighter than income from work the German profile shows elements of St Matthew in that replacement rates increase until the scheme is capped at an income level of approximately 175% of the average production worker.

Making group averages masks intra-group differences. Comparative studies of social insurance tend to claim that countries belonging to the Conservative regime have the highest generosity and countries belonging to the Liberal regime the least generous. The Social Democratic countries are often said to occupy a middle position (see, for example, Scruggs 2006). Figure 2 shows this is a problematic practice. The profile for the Social Democratic regime made up by the average for the three Nordic countries in the study conforms nicely with the expectation across all income levels. However, in reality the Nordic countries are all over the place, with Finland being more generous than Germany and Denmark less generous than the UK middle and high income earners.

Composite indicators

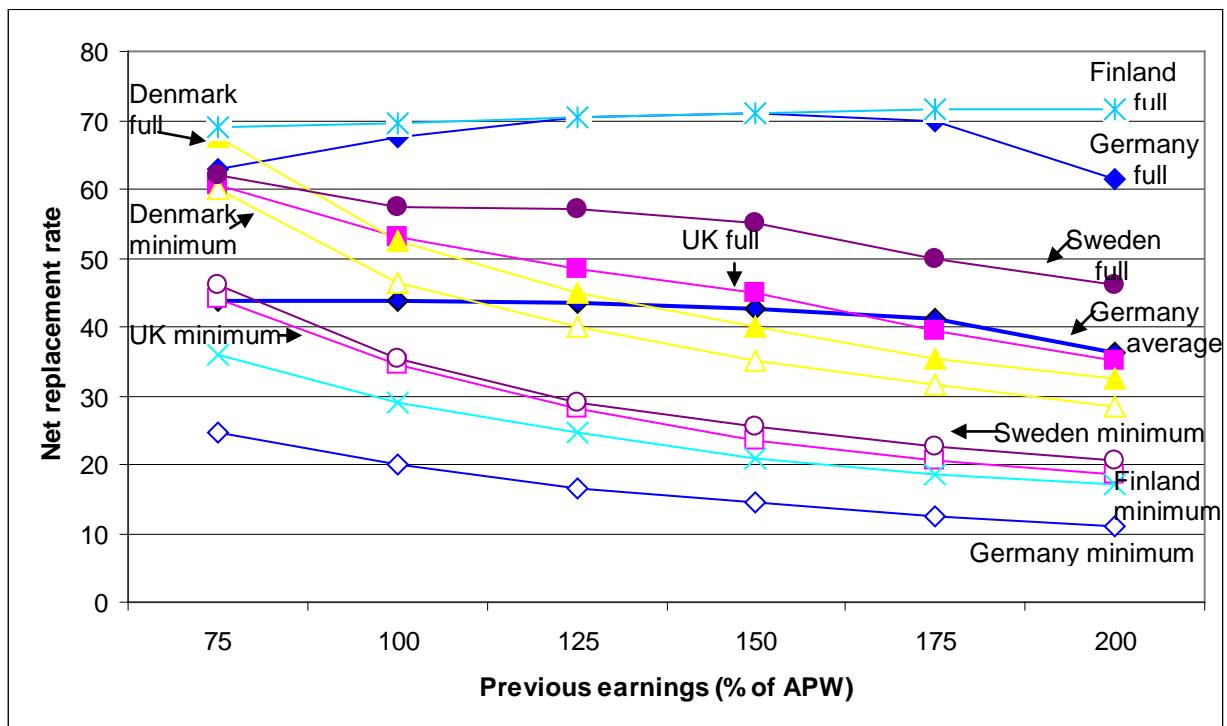
Composite indicators come in two forms. The perhaps most common composite indicator is an average of scores across two or more typical cases. Both SCIP and CWED give the average net

replacement rate for the standard and the minimum old age pensions. The other type of composite indicator is when an indicator is based on a variety of different type of information, typically put together in an index. Examples include the de-commodification indicator of Esping-Andersen (1990) and the generosity indicator of Scruggs (2006).

Compared to one case indicators, composite indicators are more robust to differences across typical cases. Consider the OECD summary measure of benefit entitlement for unemployment benefits that is made up by the average of the gross unemployment benefit replacement rates for two earnings levels, three family situations and three durations of unemployment (OECD 2007a). Distinct, but perhaps not representative, replacement rates are made less distinct in this average of 18 typical cases.

There is a risk, however, that the composite indicators provide a mirror image of a fictive world that is misleading for theoretical advances and policy advocacy. Figure 3 below shows the situation of insiders on the labour market having full pensions and outsiders having minimum pensions.

Figure 3. Full and minimum old age pensions in five European countries, single person, 2006 (% of previous earnings)



Take the example of Germany at the earnings level of the average production worker which is used in SCIP and CWED. The German minimum pension is the smallest of all countries' whereas the size of the German full pension is only surpassed by a margin by the Finnish full pension. However, the average of the German minimum and standard pension at this earnings level is situated in the middle, i.e. above the level of the minimum pensions in all countries, except Denmark, and below the full pensions. The measure of the average pension in Germany says little about the dual nature of the social citizenship and the pension system in Germany and it misinforms us about the cross-national differences.

Indeed, comparing minimum and full pensions demonstrates important points about social citizenship and the different nature of public old age pension systems in the five countries. The gap between minimum and full pensions is biggest in Finland and Germany and smallest in Denmark. This indicates how the public pension system in Finland and Germany follow the quid pro quo principle providing the most generous pensions of all countries for insiders and the least generous for outsiders on the labour market. In contrast, the Danish public pension system is characterised by giving everybody nearly the same in pension, almost independent of labour market or contribution record. Social rights in Finland and Germany are to a large extent based on work history and in Denmark on residence. Perhaps surprisingly, the gaps between Swedish minimum and full pensions are not negligible, especially for middle and high income groups, and larger than the gaps between the similar British pensions.

Assumptions behind measures matters a lot in stylised cases. Profiles based on a full record of contributions are relevant for the insiders on the labour market with permanent jobs and stable earnings throughout their working life. But few real people meet these conditions. If the purpose of the investigation is instead to profile social citizenship of people in the margins of the labour market it may be better to examine minimum pensions or establish measures and profiles for people with interrupted career patterns.

Comparing the development of profiles over time and for different groups makes it possible to identify changes to the nature of social citizenship and address the question of who are the relative winners and losers of ongoing reform processes. For example, the introduction of the German scheme Basic security in old age scheme (*Grundsicherung im Alter*) in 2003 meant an increase of

the minimum public old age pension. At the low earnings level the minimum pension was increased by 3 percentage point to 25.5, a rise that was twice as big as for persons with earnings at the highest level. Replacement rates have decreased slightly since then with between 0.5 to 1.0 percentage points depending on the income group.

Another main disadvantage of composite indicators is a loss of information that may be meaningful in theoretical or other terms. In economic and social policy analysis the scholar has a substantive interest in the general profile across the income range and to the situation of certain groups. Poverty reduction, benefit adequacy and disincentives to work and save are just some of the aspects of major interest for researchers and politicians alike where comparisons of profiles are crucial to provide sound answers and policy guidance.

Comparability of measures over time and place

Methodological problems accentuate in comparative studies. This is probably the first lesson made by any researcher that has tried to make a comparative study. The perhaps biggest challenge is to establish functional equivalence across different contexts. When does a score of X mean the same in two countries or at two different points in time? Making sure that measures have the same meaning across different contexts is a fundamental challenge to social research. This challenge is not only pertinent in comparative studies of social citizenship that in their nature involves comparison of observations made in different countries, but also in studies on the development of social citizenship, whether these are cross-national or not.

The conventional indicators of social citizenship described above were designed to tap into social citizenship in the societies of the 1960s characterised by a set of social risks associated with industrial production and male breadwinner models. But these indicators may not tap into social citizenship of today as countries are characterised by other production and family structures than were the case 50 years ago and as countries have become closer integrated in economic and political terms. Do we use old indicators to understand a new world? If so we risk coming up with the wrong diagnosis and the wrong recommendations for research and policy-making.

According to Adcock and Collier (2002) the standard ways of establishing equivalence of meaning in different contexts can be summarised under three headings: context specific domain of observation, adjusted common indicators and context specific scoring procedures. In this section of

the paper we describe the conventional approaches taken in comparative studies of social citizenship and discuss alternatives.

Context specific domain of observation

When making context specific domain of observation, researchers vary the field of investigation between cases as to make theoretically adequate and comparable observations. However, as described earlier the standard approach in comparative studies of social citizenship, including SCIP and CWED, is to cover the same domain of public policies across countries and over time. The rationale is to compare like with like; not comparing apples with pears. The focus is on mandatory social insurance programmes. Monetary programmes like public pension schemes, tax benefits and mandatory private schemes are included, but benefits in kind and non-mandatory schemes tend to be excluded. This is unfortunate and may give a misleading picture of the situation of social citizenship in countries where such benefits exist to a noticeable degree.

Social issues may not be dealt with in the same way across countries. Indeed one of the major differences between countries is exactly that social needs are met differently across countries, their welfare architecture or welfare mix differs. Hence, we want measures that tap into this diversity, that allow us to measure the nature and extent of social citizenship. The way forward is stacking analysis. Stacking analysis is a term for analysis that includes multiple tax-benefits at the same time. We argue that especially two groups of benefits need to be included more than is the case presently. The first group is private pensions and the second is benefits in kind.

Private pensions are still more important, especially in countries with meagre public pensions for middle and high income groups. Martin Rein and Lee Rainwater (1986) argued long ago that scholars need to pay more attention to the mix and interplay between public and private elements in social policy. Since then private pensions has played a growing important role in providing for old age (OECD 2007b). Among the Scandinavian countries the coverage of mandatory occupational pension plans exceeds 90% in Sweden and 80% in Denmark but only 7% of Finns are covered by voluntary occupational plans (ibid). Finland has far more generous full pensions than Denmark and Sweden as seen above. There may be an interplay between public and private pensions.

Any study of social citizenship is ill-advised not to include social services or benefits in kind more generally, as these have profound effects for the incomes and opportunities of certain groups of

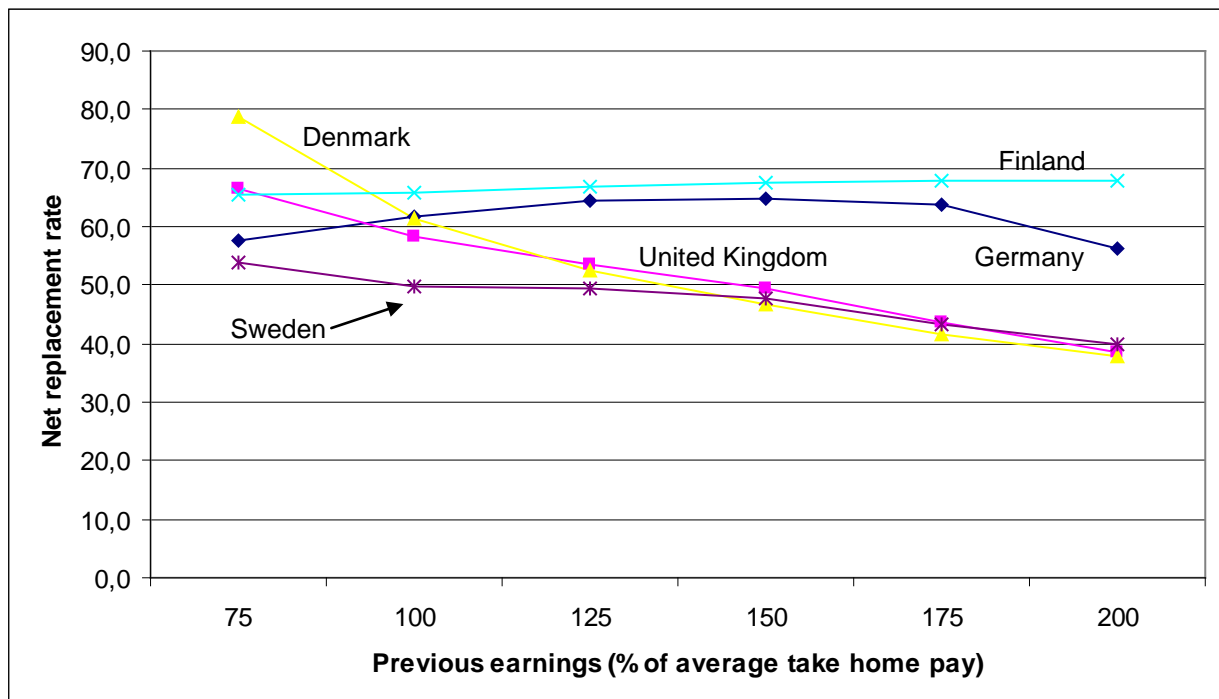
people not least women, as argued earlier. In our case of social citizenship for elderly, the health and social services for elderly are obvious candidates to include. The need to include such services is becoming still more important as the backbone of the social citizenship old age people enjoy.

(We will back up these claims through a stacking analysis including public and private pension schemes together with social care benefits that are typical for persons in the five earning levels in the five countries).

Adjusted common indicators

Indicators often have to be adjusted in order to become comparable. For comparative studies of social citizenship we saw how generosity is typically expressed by the benefit's share of previous earnings taking the average production worker as the starting and operating with a single person and a male breadwinner couple. Implicit here is the comparison between the social structure of different countries. The calibration is made in relation to the national structure of earnings. Imagine another approach where we take the same person in terms of earnings and see what that person would receive in public pensions in the various countries. Our average worker from Northern Europe has an average annual salary of 34,852 euros, pays 11,892 euros in taxes and social contributions leaving him a take home pay of 22,960 euros.

Figure 4. Full pension in five European countries, single person with same earnings across countries, 2006 (% of previous earnings)



Note: The average take home pay for the five countries is 22,960 euro annually.

When using the same wage as the starting point for comparative analysis rankings at the level of the average production worker change compared to using the national situation of the average production worker. In Figure 4 that shows the profiles for the full pension when using the same average take home pay across countries we can see that Finland is most generous followed by the group of Germany, Denmark and the United Kingdom with Sweden as the least generous.

Profiles are, however, more interesting. Figure 4 shows Denmark with its typical Robin Hood profile, she has the highest full pension for the low earning groups and the lowest for middle and high income groups. Finland has the highest full pension for all other earning groups and has a distinct Quid-pro-Quo profile. With the same profile but at a slightly lower level we find Germany. The Robin Hood profile of the UK is more watered out than the Danish due to lower starting level and higher end level whereas the Swedish profile is hybrid, a Robin-pro-Quo.

Context specific procedures of coding

Another possibility of ensuring the same meaning of measures across time and place is to adopt procedures of coding that may differ from one context to another. This is not used extensively in conventional comparative studies of social citizenship. As said earlier, the relative position of the beneficiary is compared across countries by calibrating measures according to the situation of the national average production worker. But let us imagine that we were not interested in the relative national economic situation, but rather in the absolute cross-national economic situation. What you can get for your benefit package differs a lot across countries.

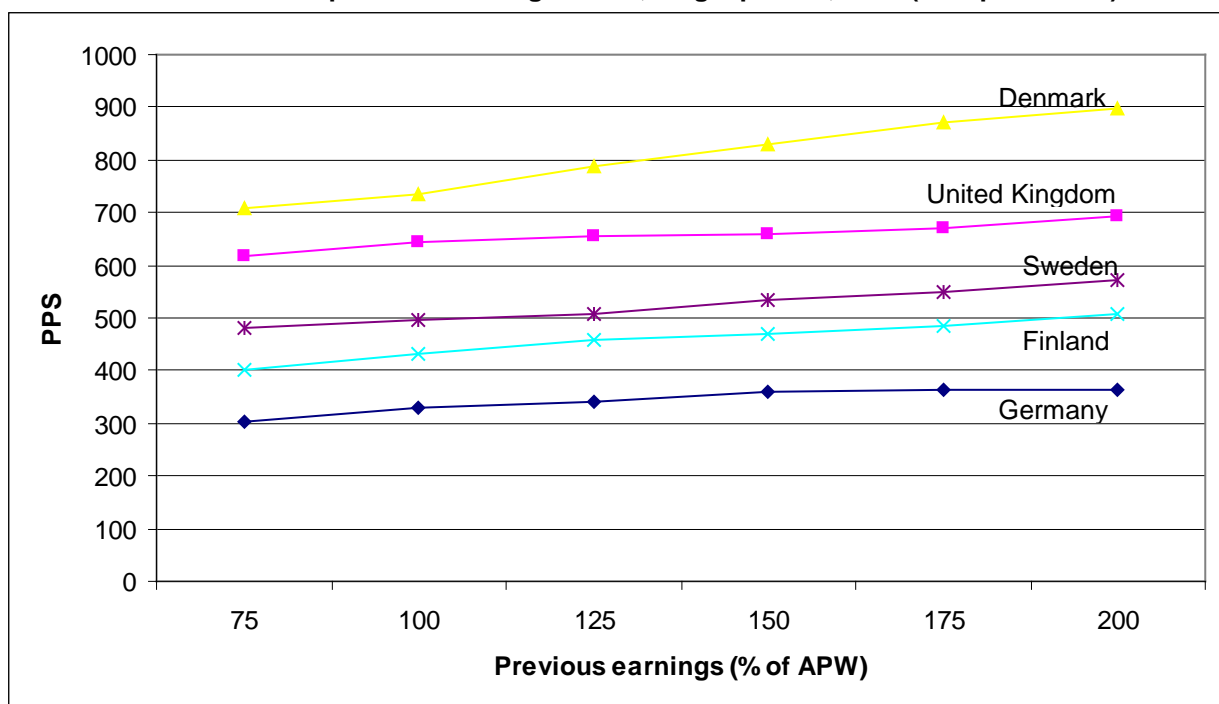
From the citizens' perspective, one may argue that what matters is how much the person receives in cash or benefits in kind, not what the benefit amounts to relative to the average production worker. Imagine a citizen receiving 1,000 euros per month in old age pensions net of taxes. With 44.7% for the average production worker Danish net replacement rates would be lowest and at 60.2% Swedish would be highest. Although the benefit is the same, the net replacement rates of the average production worker differ markedly across countries.

Should we abandon completely thinking in terms of national averages? With the shift towards a still more global and knowledge intensive service economy, perhaps the time is ripe to reconsider the

standards we use to measure benefit generosity. The opposing principle of using national averages, would be to apply the same absolute standard across countries. Imagine persons with an annual take home pay of 23,000 euros. If they became unemployed and received the same as in benefit as the average production worker in the various countries they would have the highest net replacement rate of 66.8% in Denmark and the lowest in the United Kingdom at 18.9%. The Swedish would be 60.2%. In other words changing the type of the standard in the adjustment procedure leads to a reversal of the ranking order, albeit the United Kingdom is lowest using both the absolute and the relative standard.

Figure 5 shows how much you can buy for your minimum pension in five European countries. You can get most out of your minimum pension in Denmark followed by United Kingdom, Sweden, Finland and Germany. This holds across all earning levels.

Figure 5. Purchasing power parities of minimum pensions in PPS in five European countries across previous earnings levels, single person, 2006 (PPS per month)



Note: Purchasing power parities for actual individual consumption from Eurostat (2008) are used to calculate volume of monthly minimum pension in a fictitious currency (PPS).

Discussion

In this paper we argue that conventional measures of social citizenship in comparative studies in some instances are limited in relation to content validation and comparability across time and place.

To overcome such limitation we propose to use profiles of social citizenship based on stacking analysis. This means simultaneously accessing the relevant tax-benefit situation for different relevant groups in the population. Depending on the question at hand the domain of investigation may differ and the units across which profiles are made may also differ.

One valid objection to such recommendations is that making stacking analysis for different population groups demands a lot of case knowledge and types of data that are not easy available. Making valid analysis is time-consuming and daunting for any one group of researchers let alone a single scholar. Therefore, the move toward databases with public available data may be welcomed. These databases may provide important inputs into more elaborate analysis, most likely covering fewer observations. Also the move of the OECD to make its tax-benefit modules and programmes publicly available may provide an important fundament to build on in more elaborate analysis.

Conclusion

To follow

List of references

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