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Claudia Bogedan & Dr. Eric Seils
Institute for Economic and Social Research (WSI) in the Hans-Boeckler-Foundation
Hans-Boeckler-Str. 39
40476 Duesseldorf
Germany
claudia-bogedan@boeckler.de
+49 211 77 78 383

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(Bent Greve: bgr@ruc.dk, abstracts@espanet2010.net)

REACTIONS OF SOCIAL INSURANCE INSTITUTIONS TO A CHANGING ECONOMIC ENVIRONMENT

The question of welfare state 'resilence' or 'change' in the face of profound transformations in capitalist economies and societies is still hotly debated. While some believe that welfare state institutions have been remarkably stable with only limited change at the margins others hold that series of small changes have paved the way for more structural reforms. Evidence for these claims comes from case studies and analysis of aggregate spending data. Interestingly, both sides agree that (1) only structural reforms matter and (2) that small changes can add up to path-breaking institutional change. This leads to the 'thorny question' as to what constitutes structural change.

We believe that the debate is cast in the wrong terms: First, institutional change should be conceptualized as a gradual process and measured on a metric scale, whenever possible. Second, we have to analyze the interactions between institutions regulating the degree of coverage, benefits, and different ways of financing in order to comprehend the political economy of welfare state change.

Drawing on (largely) new institutional data for unemployment and pension schemes in18 West European countries we describe the process of welfare state adjustment from the early 1990s to the present day in a systematic way. Second, we identify empirical relationships between (a) the degree of coverage and the level of benefits and (b) the inequality of the benefit structure and the level of benefits. On this basis we can make sense of the way welfare states change in reaction to crisis.