

Experimentalist Governance in Welfare State Research?

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Panel P08 Experimentalist Welfare Governance

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It is a commonplace to talk about the different regimes of welfare states in advanced capitalist democracies (Esping-Andersen 1990). The basis for the analysis is formed by the perception that different institutional settings and differences in the respective power resources of labour as a class and social democratic parties have formed different types of welfare state regimes according to the respective strength. The underlying rationale for welfare states is to enable de-commodification for labour. Different views see the welfare state as complimentary to the skill formation of the economy, enabling certain states to produce on a highly skilled basis and compete with quality, the welfare state securing the investment of workers into highly specialized skills. Whereas other economies rely on the free market and general skills, and the welfare state is less developed.

In recent times, however, welfare state researchers have expanded their scope from de-commodification, i.e. reducing the dependency on selling one's own labour force in order to survive, to focus on social investment in order to cope with new social risks (Hemerijck 2013, 2015, 2017, Morel et al. 2012, Esping-Andersen 2002).

At the same time as welfare states are expanding into new territory, political science has taken a new interest in different forms of governance that discharge the hierarchical nature of governing top-down for a new way of governing. This so-called experimentalist governance (Sabel/Zeitlin 2012, 2016; Zeitlin 2015) places feedback, peer review, and learning at the centre of governing. Initially investigated in the governance of the EU, where a plenitude of actors and differences on the local level create uncertainty about how to achieve set goals, experimentalism has proven to be useful to create and implement new legislation.

Is it possible that the new welfare state creates conditions for policy-making, for which experimentalist governance could provide a useful addition?

In order to assess this question, this paper aims at categorising the aforementioned three approaches of welfare state to distinguish them and ask, where the new social investment approach actually differs from previous approaches. I will do this by looking at the conception of risks underlying the approach, the governance model, the ultimate goal the welfare state tries to achieve and the mode, by which this goal can be achieved. I will show how each category of analyses leaves a void for which experimentalist governance has something to offer. The ultimate aim is to assess the current state of the art of welfare state research in regard to how the study of experimentalist governance could be of explanatory value for our understanding.

The main line of argument is, that due to increasing diversity, as well in terms of newer risks that might occur during a lifetime, or due to increasing dissolution of an economy based on mass employment in manufacturing sector, this creates the uncertainty for policy-making for which experimentalist governance has proven to be useful in other policy areas. The traditional approach rooted in power-resources fails to take the challenges by globalisation into account. As a reaction, the political-economy approach is designed, which in turn has difficulties to hold up its argument in times of a dualised economy, in which different logics of coordination and the free market exist side by side. The social investment approach builds on both previous approaches, but entails some open questions where experimentalist governance could turn out to be a useful addition.

The debate

In order to proceed in looking for a potential fertile ground for experimentalism in the welfare state, I will set out to systematize the literature about the welfare state. To understand how scholars have debated the welfare state over time is to understand why there might be room for experimentalism. This paper will examine three broad main “schools” of research about the welfare state. First, the classics informed by power resources theory, second, the Varieties of Capitalism approach and last, the newer approach of new social risks and social investment.

Traditional Approach: Power Resources

In classic thinking informed by power resource theory (Korpi 1983, 2006) the welfare state is essentially the outcome of a struggle for power between different classes in society (Esping-Andersen 1990). Making up for their strategic disadvantage compared to capital, the labour class has to organise and form coalitions with different classes in society (e.g. farmers). The welfare state reflects how successful they have been in doing so. If they are successful, they are able to shape a national hegemony allowing them to use the welfare state to achieve a high degree of (although not full) de-commodification. De-commodification means “the degree to which individuals, or families, can uphold a socially acceptable standard of living independently of market participation.” (Esping-Andersen 1990: 37). If labour as a class is successful in shaping coalitions and achieve hegemonic power they are able to capture the institution of the state and use the welfare state to redistribute and enhance de-commodification. The overall goal is to enhance social rights (Marshall 1950).

The different welfare regimes across capitalist democracies reflect the different degrees of success for the working-class in establishing more social policy against the interests of capital.

However, as some scholars have noted, the “employers’ opposition to a new social policy is often *assumed*, rather than demonstrated” (Mares 2003: 5).

While labour was most successful in so-called social-democratic welfare states, they were less so in conservative and least in liberal regimes. Conservative welfare states place more importance on maintaining differences in status between different classes in society, whereas in liberal states the welfare states support the weakest by means-testing but leave most provision of welfare to the market. This has been refined and extended, e.g. by introducing a southern model of welfare for the Mediterranean countries (Ferrera 1996).

This has inspired major following contributions. What they share is a focus on the state and party politics (especially Pierson 2001, Huber and Stephens 2001) to explain current developments in the welfare state. In general, politics is seen as something containing capitalism, the welfare state is a correction of markets.

Political Economy Approach to Welfare

In sharp contrast to this school stands the Varieties of Capitalism-approach (VoC). The authors focus on strategies firms are developing in capitalist democracies to overcome coordination problems (Hall and Soskice 2001). They see institutions merely as “supporting relationships firms develop to overcome coordination problems.” (ibid: 9). In order to secure competitive advantage, national economies form a distinct type of economy sustained by institutional complementarities, meaning they support each other and/or increase the efficiency/results of one another (ibid: 17). This leads to distinct models of capitalism, sustaining a certain mode of production along a continuum with coordinated market economies and liberal market economies at each end. While the former uses market relations and competition to produce products competing through the price, the latter produces high quality products competing by virtue of quality. The formation of skills is of paramount importance to the economy. Liberal market economies rely on general skills that are portable to almost any industry, coordinated market economies rely on industry-specific skills that are portable within the industry. To sustain their type of production, coordinated market economies develop a welfare state to secure the formation of specific skills. In this vein, “social protection rescues the market from itself by preventing market failures” (Estevez-Abe et al. 2001: 145). Differences in the welfare state thus are complementary to different skill equilibria, as “social protection aids the market” (ibid.). The idea is that economies following production strategies competing by virtue of the quality of their products instead of merely the price, require specific skills. To overcome the reluctance of workers who are facing a high

risk when investing in special skills (due to limited portability) social protection secures the investment. Further it allows for valuable skills not be sold under value, e.g. by enabling longer terms of status-maintaining unemployment benefit that allows workers to find new employment appropriate to their skill level. On the other hand, in economies where market relations are stronger workers have an incentive to invest in general skills to be employable by as many firms as possible and due to the heightened competition and lack of coordination firms rely on in-house training, trying to shield their workers from poaching by other firms to protect their investment in the worker's skill set. Other scholars have pointed towards the interest of employers to cooperate with labour to contain open labour conflict due to a higher vulnerability of their production especially in the export-oriented sectors (Thelen 2001, also: Swenson 2002).

Social Investment?

However, the picture is less clear when asking what the “social investment”-approach of welfare actually entails and how it differs from the others. In general the idea is to: “‘prepare’ individuals, families and societies to respond to the new risks of a competitive knowledge economy, by investing in human capital and capabilities from early childhood through old age, rather than in policies that simply ‘repair’ damages after moments of economic or personal crisis” (Hemerijck 2015: 242).

In order to investigate this further, I will look into different areas of the approach and contrast it with the previously outlined two other main approaches. These domains are the goal of the welfare state (i), the mode by which the goal is to be achieved (ii), the conception of risks of the working life (iii), and the governance of the welfare state (iv).

Comparing the spheres of the welfare state

i. Goal

The differences between the three approaches are most visible when talking about their respective goal they identify as the purpose of the welfare state. First, the traditional approach supports the idea of enhancing social rights as part of a theory of citizenship alongside civil and political rights (Marshall 1950). This aims at enabling a society of equality vis-à-vis the forces of capitalism. The idea behind it is the corrections of markets towards a greater extend of equality through politics (Esping-Andersen 1990).

The political economy approach of the welfare state looks at competitiveness as the goal of the welfare state. Social protection ultimately serves the distinct competitive advantage an

economy has over others in a globalised market. Therefore the welfare state is complementary to other institutions supporting the model of production.

To name the goal the social-investment approach of welfare identifies is more complex. Mainly they argue that the goal is twofold. First, they identify that the previous welfare state overlooked certain social groups due to its focus on the male breadwinner model. Second, they strive to enable social justice to be in the interest of economic efficiency, especially confronted with the need to create a knowledge-based economy (Hemerijck 2015). They emphasize the “new kind of economy based on knowledge” requiring a skilled and flexible workforce (Morel et al 2012). They take a look at how social rights affect economic efficiency and what kind of interaction there is. This has lead critics to argue that flexibility as a goal trumps security (Crouch/Keune 2012: 48), where social rights are “harnessed to an economic agenda” (Morel et al 2012: 5).

ii. Mode

As mode I understand the way the goal is achieved. For the traditional welfare state this was the seminal idea of de-commodification, which is understood as “the degree to which individuals, or families, can uphold a socially acceptable standard of living independently of market participation.” (Esping-Andersen 1990: 37). The concept of de-commodification ensures that even in times individuals cannot participate in the market this does not diminish their ability to live a decent live as defined by society. The starting point is the individual usually male worker, who has to be ensured against risks that would impede his ability to work. The state ensures that in case he loses his ability to work, this does not affect his ability to survive. This approach works ex-post, after the risk has occurred the effects on the life of workers and subsequently families are repaired by passive payments.

In the political economy approach, the goal of competitiveness is achieved by institutional complementarities. As Hall and Soskice define it, two institutions are complementary “if the presence (or efficiency) of one increases the returns from (or efficiency of) the other” (2001: 17). Their expectation is that if an economy has developed coordinating institutions of one kind, it is going to develop complementary institutions in other spheres as well (ibid: 18). These institutional complementarities increase the efficiency of the economy to such an extent that they are competitive in a globalised economy. The welfare state is complementary foremost to the institutions of skill formation. Specific skills, for example, require a high degree of social protection in general, to incentivise workers to dare the investment in specific

skills. They might shy away from the investment, as specific skills have limited portability to other industries / firms and they therefore need their investment to be protected.

Social Investment, however, emphasises the ex-ante element of social protection. Contrary to the traditional approach, the idea is to invest in human capital in order to prepare people for the market rather than repair in case they fall out (Morel et al 2012:9). These policies for human capital may be directed towards areas such as human capital development, i.e.: childhood education, education, (lifelong-learning); efficient use of human capital (active labour market policies, for women and lone parents' employment, etc); fostering greater social inclusion [note: through work] for previously excluded groups (Morel et al 2012: 2).

One could argue that the main goal is the *pro-commodification* of workers for a market requiring differently skilled and more flexible workers for an economy based on knowledge, instead of striving for de-commodification to enhance social rights. Scholars of the social investment would argue that investment complements protection, as investment can not be seen as “substitute for protection” (Hemerijck 2015: 248).

iii. Risks

It has often been stated that the conditions in Europe after the Second World War have been highly favourable to the development of welfare states. This includes stable and continuous growth rates driven by the manufacturing sector, which was able to provide employment for the many following the male breadwinner model. Further, the ideas of subsidiarity were well rooted in society with families taking care of children, elderly and others. Working class in coalition with the middle class or other groups in society pressed for social protection, the government acted on broadly neo-Keynesian terms to achieve high employment rates and stable wages (Tayler-Gooby 2004). Aptly to these favourable conditions, the structure of risks was rather clearly laid out and identifiable, so the welfare state provided for “needs which were not adequately met through the market” (ibid: 2). This refers mainly to the risks of working life leading to a loss of income (old age, unemployment, sickness, disabilities).

The political economy approach to welfare, however, follows an entirely different logic. As the firm is in the centre of the analysis, they are less worried about individual's risks for their well-being, but for the general production model. As Hall and Soskice point out, the more coherent a production model adheres to its ideal type, the more successful it is in securing a stable equilibrium which is the guarantee for success in a competitive economy. This works via institutional complementarities: the closer to the ideal type, the more complementarities,

and the more success and resilience to pressures. This means the greatest risk is an incoherent production model, e.g. through too little social protection to ensure workers to take up formation of special skills. Or too much unemployment protection to keep people from being flexible on the labour market in an economy based on Fordism and general skills.

For the social investment approach, we need to clarify what the new social risks are, that are underlying the concept. For a start, we can adhere to Tayler-Gooby, who defines them as “the risks that people now face in the course of their lives as a result of the economic and social changes associated with the transition to a post-industrial society (2004: 3). This post-industrial society is marked by lower and less certain growth rates for the economy, less stable employment in the manufacturing sector, tighter competition through globalisation has led to more flexibility in the labour market and women have entered the labour market in great numbers leading to an erosion of the previous concept of social care in society. Tayler-Gooby points towards four processes of importance in this regards: more women are taking up unpaid work (i), leading to a demand for more jobs, driven by the inability of a single earner to provide for a decent standard of living and as the result of women’s fight for equal opportunities. There are more and more elderly people in society (ii), imposing higher costs on social care, as well as pension and health system. Further, the labour market has changed (iii). By the shrinking of secure manufacturing jobs for lower skilled, the importance of education and skills is higher for securing stable employment in a globalised economy with tightened pressure. Lastly, private services in the provision of welfare have expanded (iv), leading to two possible problems if either the consumers make irresponsible choices harming themselves, or if the standard regulation is ineffective. As a result, there are several new specific risks linked to these changes (Tayler-Gooby 2004: 5).

- Changed family and gender roles
 - Balancing paid work and family responsibilities, e.g. child care or elderly care
- Labour market changes
 - Lacking the skills which would be needed to secure stable and decent paid employment
 - Having skills that become obsolete through technological change, combined with the inability to upgrade / change them through lifelong learning
- Welfare state changes:
 - Risk of using private services that provide insecure or inadequate services (e.g. pensions) or unsatisfactory services (e.g. elderly care at home).

Attributes of the new welfare state according to Bonoli and Natali (2012):

Traditional “post-war” welfare state	“new” welfare state
Risks: Unemployment, Age, Sickness, Accidents at the workplace, (elderly care)	Changing demands for workers concerning flexibility and mobility.
Income protection	Employment promotion
Unemployment compensations system as passive provider of replacement income	Activation tools
Male bread-winner	Dual-earner: New policies towards conciliation of work and family life: parental leave, childcare, in-work benefits
Standard: full-time work	Income supplement to working poor
Family / informal care	Provision of services to elderly
De-commodification	Investment in human capital (life-long learning, child development)
Standard: full-time work	Protection of workers in atypical employment
Dealing with disadvantage by cash transfers	Dealing with disadvantage by promoting success in labor market and education
Ad-hoc help in case of life-risk (old-age, sickness, accident, unemployment after previous employment)	Life-course view of chances

iv. Governance

The three different approaches show three distinct ways of governance, yet again the social-investment approach is less clear and remains vague.

The traditional school takes a very hierarchical view of governance. It is clearly a state-centred approach. In the power resources theory, institutions are “outcomes of recurrent conflicts of interest” (Korpi 1983). The state is the whole bundle of these institutions. In order to achieve de-commodification, the labour class has to strive for a high degree of organisation and support within other groups in society, to shape the state in their interest by having more power resources at their disposal. The state then in turn reflects the distribution of power resources and may enable the working class more social rights of citizenship.

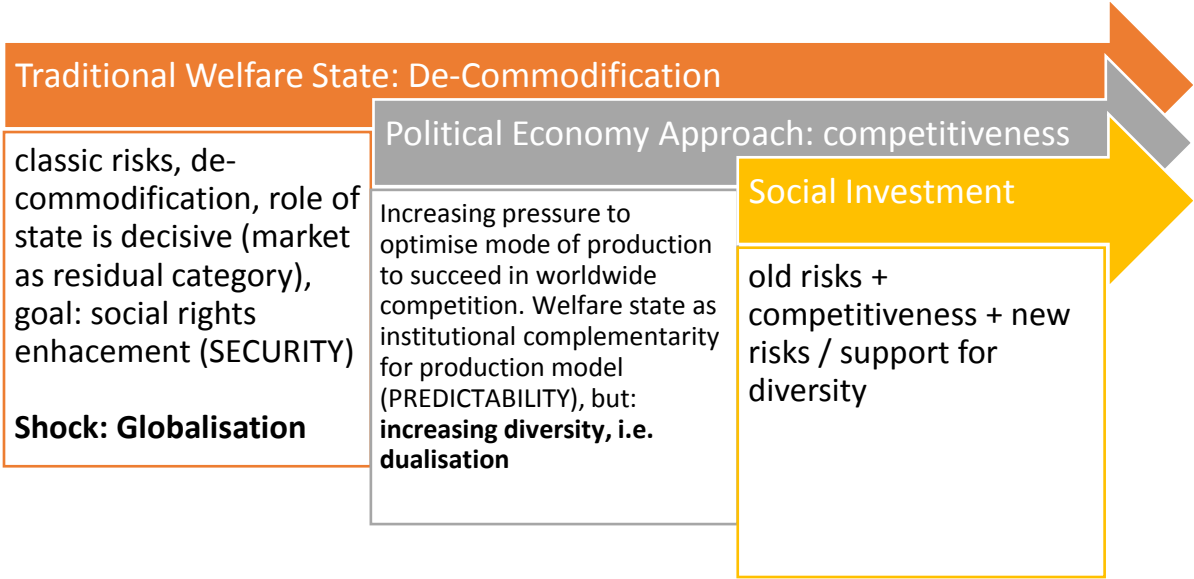
The political economy approach, especially the VoC-school has an entirely different perception of institutions and governance. Institutions merely support the relationships firms develop to overcome coordination problems and transaction costs when reacting to challenges to their competitiveness (e.g. globalisation) (Hall and Soskice 2001). It remains unclear which role the state plays, it seems to be more of a residual state, carrying out what serves the distinct production model, which is the guarantee for the competitive advantage of the economy.

The perspective on governance is highly unclear in the social investment approach. As Crouch puts it, there are “clear links to research on ‘new modes of governance’, another school that tries to define the changed institutions of post-industrial society, it does not do so systematically” (Crouch/Keune 2012: 46). It is worth noting, that scholars of this approach have a more positive view of the state, entrusting him with the function of an entrepreneur tasked with “fostering the development of human capital” (Morel et al 2012: 10).

Relationship of the different approaches to each other

I don't see these approaches as mutually exclusive. Rather I would argue that they build on each other. For example, the dimension of redistribution and security for traditional risks does not vanish. Same goes for the issue of competitiveness in a globalized economy. I therefore argue that the welfare state takes into account challenges to the system and subsequently adds to the existing institutional framework almost like establishing an additional layer of welfare (see table 1).

Table 1



Each understanding of the welfare state was adapted to make sense of changes it underwent to adapt to challenges. The traditional welfare state was mainly facing the external shock of globalization and had to adapt to this pressure by supporting competitiveness. Yet again, as I argue, this idea of a welfare state supporting competitiveness and the interest of firms as well as employees comes under severe pressure though increasing internal diversity. The issue of dualisation in the economy as well as an increasing differently risk profile calls for a welfare state of social investment.

Pressures for traditional welfare state

Welfare states are facing constant pressures forcing them to adapt to them, undergoing constant institutional reform. I will try to sketch the pressures that led to newer approaches looking at the welfare state so as to reflect their changed significance. If we understand what were the main drivers of change we can understand more comprehensively why experimentalist governance could be of value in the welfare state.

Globalisation and its effect on welfare states is controversially discussed (see e.g. Sykes et al. 2001). I argue, that traditional welfare state regimes come under pressure due to an increased internationalisation of trade, finances, businesses and the like. The adverse effect it has on traditional welfare states especially in the more generous regimes is mainly shaped by the alteration of the power resources equilibria. If the generosity is dependent on how well labour

together with other classes pushes for more de-commodification, the pressures of globalisation alter the equation in favour of employers. They get a new instrument to counter the efforts of organised labour trying to correct the markets and contain capitalism. This is also visible in the strategies pursued by social democratic parties across Europe: the abandoning of class politics, fuelled by its perceived decline as a salient issue in society, led to the adoption of a more market-conform strategy for labour parties to effectively better the life of citizens within the existing system and stretch to the middle of society (Giddens 1998). The paradigmatic change that occurred marks a shift from countering markets and achieving a betterment for citizens by reducing their dependency on it towards an embracing of a renewed market that would better life by providing opportunities through work (see also: Hemerijck 2013:77).

The paradigmatic shift towards a more optimistic view of the market forces by social democratic parties does not necessarily go for the unions, as for example in Germany the unions vigorously fought Schroeder's Agenda reforms.

What's more, globalization has eroded the class structure of European nations, altering the basis of the theoretical assumptions underlying the traditional welfare state approach.

Welfare state research has responded to the altered pressures on national welfare states due to the increased worldwide competition. To investigate the welfare state in an age of globalization, some of them have shifted towards studying the interests of capital, which has been taken for granted to oppose welfare generosity. Thereby they emphasize how a welfare state can be in the interest of a competitive national production model (especially: Mares 2001, 2003, Iversen 2005, Estevez-Abe et al. 2001). In summary: the ability of the welfare state to provide *security* for the majority of people against the risks associated with capitalism diminishes due to globalization. This gave rise to an additional purpose for the welfare state that has subsequently been analysed by scholars of the political economy approach.

Pressures for political economy approach for welfare state:

The political economy approach focuses on the benefits social protection and the welfare state in general create for markets. Their central claim is that the rationale for more generous welfare states is to sustain their production model based on specific skills. The main function of the welfare state is to provide predictability, which in turn poses an incentive for workers to invest in more specific skills. They need this incentive, because the more specific their skills, the lower the portability of their skills. Economies following a more market-oriented

liberal approach are built around workers with general skills, which have a high portability. Predictability is therefore not of great importance, as labour markets are more fluid and a new job is found more easily.

However, in recent times the coherence of production models has diminished. Especially in the coordinated market economies focusing on a production model based on specific skills and a high level of social protection, a division has occurred. While the aforementioned production model still exists, it is constrained to mostly the manufacturing industries whereas due to increasing deregulation a service sector has developed which follows a liberal market logic, as well as out-sourcing of non-essential parts of production to low-wage companies (Palier & Thelen 2010, 2012, Hassel 2014). Others have already uttered the notion of the decline of coordinated market economies in general, not only limited to the service sector (Streeck 2009).

This has consequences for the explanatory power of the political economy approach of welfare state research: the basis for the analyses diminishes and its general assumptions are not valid for the whole of the economy anymore.

A main reason for the increased dualisation lies within the 'trilemma' of the service economy (Wren / Iversen 1998). Due to limited growth perspectives in manufacturing, job growth mainly occurred in the service sector (Hassel 2014). Scholars assume that governments generally follow three goals that are all equally desirable, but become increasingly difficult to be achieved simultaneously in post-industrialized economies. These goals are wage equality, high employment, and balanced public finances. The problem they are facing, however, is the lower potential for productivity increase within the service sector industries. In times of high unemployment, businesses have to compete by lowering wages (which harms the goal of wage equality), or the government compensates by employing more people in the public sector (which harms the goal of balanced public finances). Liberal political economy generally already show more wage inequality, therefore they opt for competing by lowering wages. Scandinavian political economies reacted by expanding employment in the public sector. Most troubled were continental states. They usually kept social protection and wage levels high, but showed much higher levels of unemployment. But even they have reacted and enacted reforms (e.g. Hartz-reforms in Germany) to increase employment in the service sector.

Subsequently, especially in continental welfare states a division between labour market insiders, who are enjoying the benefits of social protection to the intended maximum, and outsiders, who work in adverse forms of employment. Due to the nature of social protection

as insurances based on contributions, people who, for example, work their lifetime involuntarily in part-time don't benefit from generous pension systems as they never fully contributed.

In conclusion there is a twofold increase in diversity: First, in life courses due to the decline of a specific encompassing production model providing most people with similarly structured work. This leads to increasingly diverse risks, that are not easy to insure for by the welfare state because its difficult to design a policy that is comprehensive. The inferior job positions even in traditionally egalitarian economies, which have lost much of their encompassing character marked by solidarity (Thelen 2014).

Second, for the political economy in general due to dualisation of production regimes and subsequently within the labour force. The main purpose of the welfare state to provide predictability for workers to invest in special skills is seriously undermined, if only parts of the workforce are required to have these skills at their disposal while the rest follows a general market logic of general skills.

The social investment approach takes these changes into account and further expands the conception of welfare state research. It takes more life risks into account, which are created due to dualisation and the decline in manufacturing. In addition, it shifts the focus on preparing the people for the market and thus enhancing their potential for selling their labour force as a commodity. Instead of de-commodification, thus it seems, they focus on the potential for 'pro-commodification' on a changed market in a globalised world.

In summary, the purpose of the welfare state to provide competitive advantage aligned with the demands of a specific production model, thereby aiding comparative advantage in a globalised competitive market, has diminished.

Why experimentalism?

The benefit of identifying and comparing these three major approaches to the study of welfare states along the four categories allows for identifying where social investment differs from previous approaches. I will in the following lay out the main difference for each category. For these puzzling points the study of experimentalist governance could provide useful insights. I will only lay out the problem, and after reviewing the research on experimentalism I will show how the study of experimentalist governance could show to be of use.

1.) inter-temporal character of social investment policies (mode-dimension)

Social investment builds on the idea that it is possible for the welfare state to intervene in the life of the individual citizen from early on, in order to prevent them from running into inferior situation on the labour market. However, this comes with a major drawback. The nature of an investment is that it demands exactly this investment upfront, whereas the returns will only be visible later. Investment in early childhood education for example has a time lag of at least 20 years (Hemerijck 2015: 250). Furthermore the effects of the investment are hard to calculate and therefore more difficult to communicate than the benefits of e.g. unemployment protection. On top of this, there is little security that reforms once taken are not overturned by the next government. All this leads to very little short-term rewards on behalf of policy-makers to enact social investment. Some have likened this to the similar *problematique* for policies concerning the fight against climate change, which requires investment now so that everyone is better off in the future (Sabel et al. 2017). This affects the way through which the goal of the welfare state is achieved and is therefore located in the mode-dimension.

2.) Pro-commodification rather than de-commodification (goal-dimension)

An often-voiced criticism of the social investment approach is its focus on preparing citizens for a better performance on the labour market (especially Crouch/Keune 2012). They emphasize this turn away from the traditional conception of a welfare state reducing dependence on the market cumulating in the concept of de-commodification as a measure to assess the generosity of a welfare state. The welfare state gets a new function. When it was providing security from risks associated with markets in the traditional view, it still served to provide predictability in the political economy approach to incentivise investment by the workers in specific skills. But the social investment approach sees the welfare state as a tool to prepare individuals for a new type of economy: the knowledge economy. By aiding in this generally desirable goal, it also helps to strengthen the individual's position almost *en passant*, who does not come into need of social assistance in the first place due to her better performance in the labour market. The purpose of the welfare state becomes less political, in the sense of a struggle for power and hegemony to shape the state and institutions for redistributive purposes, but a technical matter of how to achieve the goal of preparing people for the market.

3.) diversity-challenge (risk-dimension)

The risk-model underlying the social investment welfare state has become increasingly more diverse, reflecting the increasing plurality of life courses in society as well as gender equality. While the welfare state previously focused on guaranteeing security and predictability, it was fairly easy to achieve this. To offer security for workers, the main risks for income losses had to be insured, such as unemployment, sickness, or old age. By insuring workers against these risks and expanding this coverage onto the attached further family, the welfare state took care for most citizen. In the political economy approach, the picture is similar. To ensure predictability for workers to take up the investment in specific skills, the economies relying on such a production model just had to focus on the male worker in the manufacturing industry. All this has changed through the differentiation in the population concerning individual life courses as well as a dualisation, stemming from the decline of industrialised economy providing near full employment through the manufacturing sector, but also providing a secondary labour market for less qualified functioning through market relations. In conclusion, it has become more difficult to find top-down solutions for this individualisation. The expiration of class as a collective entity with the same interests (Rueda 2007, Gingrich/Häusermann 2015), has made top-down solutions (“one fits all”) more difficult and might require more diverse bottom-up approaches aimed at the individual’s risk instead of collective solutions for the class of working people in general.

4.) Rise of right-wing chauvinist populism in Europe after austerity (governance-dimension)

A lot of work in political science is dedicated towards the rise of right-wing populist movements across the European (welfare) states. Hemerjick points towards the connection between a “cultural narrative of a ‘welfare paradise lost’” (2013: 80) and right wing attitudes towards immigration, European integration, and heightened international competition. The general idea is that all these factors seem to further undermine what once was the golden age of the welfare state, thereby clouding the progress and expansion of the welfare state generosity regarding issues like the increased justice of society in regards to women, (sexual) minorities. Stress to the system stems from this expansion, an increased life span, and other factors rather than from those things perceived as a threat by right-wing voters.

Therefore it might be more difficult to achieve redistribution or an expansion of the welfare state beyond male breadwinner through centralised hierarchical reforms.

5.) **Institutional stickiness and inertia including the challenge to change welfare states (outlook / normative)**

Welfare states are especially subject to the problem of institutional stickiness. Further, they are increasingly complex as welfare provision covers increasingly more policy fields (Hemerijck 2015). This has consequences for the potential of big reforms. While the institutions and policies of the welfare state are aimed at providing security and/or predictability by static institutions, they do so for a constantly changing society. This challenge is not always working out successfully, as sometimes the institutions of the welfare state are chasing the fast-changing life courses of people.

Experimentalist Governance

The central claim of experimentalism is a form of “governance based on framework rule-making and revision through recursive review of implementation experience in diverse local contexts” (Zeitlin 2015: 1).

The main elements include:

1. The “framework goals” and how to achieve them is set jointly by higher institutions and lower units, including the actors they cooperate with.
2. How to advance these goals lies within the discretion of the lower units (within the framework). Its important to note that they have at their disposal the autonomy to propose changes to the framework rules
3. Lower units have to report about their success in achieving the overall goal
4. Permanent and ongoing revision of initial framework goals by actors who established them in the first place.

Experimentalist Governance is said to be especially fruitful under circumstances in which conventional top-down policy-making and principal-agent relationships encounter difficulties. This happens especially in two instances: First, in situations of “strategic uncertainty” (Sabel/Zeitlin 2010: 9), when actors no neither their goals nor the means to achieve said goal. However while they are learning about their goals, they are simultaneously learning about the means to achieve them. Second, when there is “polyarchic distribution of power” (ibid.). This refers to a certain pressure to take other actor’s interests into account

because, because the risk in case the decision made in an authoritative manner was a mistake, the costs can't be scapegoated. The authors thereby emphasise that there must be some sort of external pressure that prevents actors from proceeding entirely unilaterally.

The experimentalist approach to governance entails two main advantages. On the one hand it enables better, fairer, more rational and more appropriate policies by emphasising the positive effects of learning. Learning is achieved through its system of direct deliberative polyarchy (DDP) (Sabel/Zeitlin 2010, 2014). Deliberation is used to break up conventional ways of thinking about ways to achieve a goal and take other views into account, whereby a redefinition is possible. By being direct it uses the concrete experiences of actors on all levels to break up established processes and open them up for influence by all levels. The polyarchic nature emphasises the absence of an instance ultimately authoritative. Actors are dependent on each other to achieve their goal by embracing learning and control by each other. In conclusion, this leads to a pragmatist approach as it embraces the idea that all political action is human-made and therefore fallible. The "reciprocal readjustment of ends and means through comparison of different approaches to advancing common general aims" (Zeitlin 2015: 3) puts this into practise.

On the other hand it entails a promise of a more inclusive and actual democratic nature of the policy-making process. Instead of limiting democracy to representative parliamentarianism, in which people do exercise their political right once every few years by voting in general elections, experimentalist governance opens the actual process of policy-making up for participation. By opening up the definition and search for goals and especially means, and the reiterative learning feedback processes, people can have a much greater influence on the outcome and therefore exercise their democratic right of proper participation in the political process. This opens policy-making up for a greater extent of accountability and could lead to enhanced legitimacy of enacted policies.

It seems so far, however, mostly still limited to areas of little actual political dispute. For example within the European Union the examples of experimentalism are constrained to sectors of telecommunication and energy (Svetiev 2016), food safety (Weimer/Vos 2015), forest certifications (Overdevest/Zeitlin 2015). In international governance policy-areas are discussed as showing experimentalist governance, which aim to achieve a goal that is not really disputed in public such as the inclusion of persons with disabilities or the issue of unintentionally caught dolphins when fishing for tuna (de Búrca, Keohane, Sabel 2013). Even

if issues are of high importance and difficult to achieve the actual goal is not disputed, like the protection of the ozone layer through the Montreal protocol (de Búrca, Keohane, Sabel 2014).

Another caveat is the relation of experimentalism and top-down governing. In order to get lower units to cooperate and participate in the evaluation circle there is a ‘penalty default’ (Sabel/Zeitlin 2010). But where is the tipping point so that we can say the penalty default is not just proof that experimentalism is some sort of ‘*green-washing*’ for policies the higher levels wanted to enact in the first place. Actors are included in formulating means to achieve certain framework goals, but in the end they do what the higher level authority had intended them to do anyway. Is experimentalism then not only a way of achieving legitimacy for an authoritatively set goal to get the lower units in line disguised by feedback and peer review, instead of a real pragmatist openness towards constant re-evaluation and discussion of goals and means?

Experimentalism and Social Investment

In the following I will lay out why experimentalism could provide a useful tool to understand the welfare state more thoroughly. Due to recent changes in welfare state research we have identified several problems of the social investment approach, especially in comparison to the previous approaches.

- 1.) The inter-temporal problem of social investment has been investigated only very recently to look for experimentalism. In a recent contribution the authors look at the “perspective 50 plus” programme, which aimed at (re-)activating older people for the labour market. It was marked by the absence of hierarchical control and developed over a decade locally specific strategies, which were made up and enacted by the local authorities (communities and local offices of the employment agency). The participation in the scheme was voluntarily, but most municipalities participated. An independent NGO collected best practice examples and made the results available to the other teams. The results were overall very positive (Sabel et al. 2017, Knuth 2014).
- 2.) The issue of pro-commodification rather than de-commodification could show that investigating experimentalism further could turn out to be fruitful. As laid out above, experimentalism has mainly be shown in policy areas where there was more uncertainty about how to achieve a goal then about which goal to pursue. De-commodification was what the class of labour strived for in a power struggle against capital in order to contain capitalism and to achieve more social rights for the working

class in general. If the goal of the welfare state ceases to be contested, i.e. political, there is no more power struggle between classes.

As the general idea of a state captured through class struggle and those who are successful then use it to enact policies favourable for their constituents does not hold anymore, this could mean that we have to look at more *technical* approaches to policy-making. The question shifts from: who gets how much from the cake, to: how do we achieve a fairly just society and a competitive economy fit for 21st century.

3.) Risk-diversity

Welfare states are facing the dilemma of offering security and predictability for an increasingly diverse society. This also means that the welfare state is confronted with an unsecure and fuzzy environment, resulting in insecurity on how to achieve the set and agreed upon goals. Experimentalist Governance has proven useful in exactly these circumstances.

4.) Right-wing welfare chauvinism

There is the observation of a rise of right-wing chauvinism as a reaction to modernization and expansion of traditional welfare state, which has previously been focused almost exclusively on male breadwinners (Hemerijck 2013). This leads to difficulties in establishing new policies. The challenge is to achieve legitimacy for the welfare state, as there is not a unified interest, but also people opposing the expansion of the welfare state to previously excluded groups and turning to right-wing populist parties in the consequence.

Experimentalist Governance could provide useful addition to include more actors in the process and integrate more diverse policy positions to the welfare state. This could foster a higher degree of legitimacy for redistribution in line with the democracy / legitimacy promise of experimentalism. They claim that although people might have participated in democracy by electing the representatives, they have not actually participated in formulating the policies directly affecting them. By having an actual voice in the formation of public policy, they could come to support the welfare state policies more strongly and enhance legitimacy as well as inclusiveness, even to those groups who were previously opposing the new paradigm.

5.) Normative promise:

The welfare state is especially resilient to adapt to changes in society, as existing institutions and policies bind most funds for welfare (e.g. through pension systems). Experimentalist Governance builds on pragmatist philosophy (Mead 1917, Dewey 1984). By opening up the policy-process to peer-review and feedback, it in principle establishes the possibility to open up existing policies for review. The pragmatist idea is, in a sketchy way: Policies are made by humans. Human action runs into danger of being flawed due to the circumstances and truths of that specific time. By accepting the possible imperfection of human actions, it embraces the idea of change and reform. This could help towards establishing a welfare state of the future, embracing diversity and accompanying change, not just reacting to it when its failure to protect newer forms of life is so apparent and abhorrent, that there is pressure to react.

Categorisation: schools of thinking about welfare

“School”	Risks	Governance	Mode	Goal
Power Resource / Worlds of Welfare	“old risks”: old age, sickness, accidents, unemployment	Top-down: redistribution. State-centred Institutions outcome of repeated conflict of interests	De- commodification, ex-post, passive (repair?)	Enhance Social Rights of citizenship despite capitalism: Correction of markets
Political economy approach (Varieties of Capitalism)	Incoherent model of production	Firm / coordination -> state unclear. “Residual state”? Institutions support relationships firms develop to overcome coordination problems	Institutional complementarities	Competitiveness
Social Investment [“New Social Risks”- Analysis (Crouch)]	Old risks + new risks?	Top down? Experimentalist addition?	Social Investment, ex-ante, active (prevent? Preparing?) “pro- commodification” instead of de- comm.	Supporting the functioning of the economy by being a productive factor?

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