Journal of Comparative Policy Analysis: Research and Practice **3**: 31–57 (2001)

Lesson-Drawing in Family Policy: Media Reports and Empirical Evidence about European Developments

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Key words: welfare states, social policy, family policy, retrenchment, cross-national, media

Abstract

Since 1980, the U.S. press has painted a vivid picture of widespread welfare state dismantling in Europe. Yet our analysis of social expenditures in 14 European countries from 1980–1995 finds a pattern of resilience and, with respect to family benefits, a pattern of expansion. Our review of qualitative research on policy reforms upholds the expenditure-based findings. We conclude that U.S. media misrepresentation of social welfare developments in Europe is likely to impede "lesson-drawing" from abroad by U.S. policymakers. This constitutes a lost opportunity, as the U.S. is now engaged in social policy reformulation, especially with respect to programs for families.

> France... in recent weeks has been in the center of what may well be the last great Continental convulsion in this century, the dismantling of the European welfare state (*Business Week*, 1995).

Introduction

For the last 20 years, the U.S. media, especially mainstream and financial print media, have painted a sharply negative portrait of the European welfare state. Media reports have typically claimed that generous social programs have severely damaged the European economies, driving unemployment rates to dangerously high levels. In response, according to the U.S. media, political and policy actors across Europe have gradually accepted the economic infeasibility of providing high levels of social protection, and the result has been widespread welfare state dismantling throughout Europe.

Conservative think tanks in the U.S. have echoed these claims, focusing especially on the argument that the European welfare state is economically damaging. A favorite target for conservative opponents of U.S. social policy expansion has been the negative repercussions of European social welfare policy. Indeed, as U.S. economist Paul Krugman (1999) observed, when Sweden experienced a rising budget deficit and high unemployment in the 1980s, "the collapse of the Swedish [social welfare] model brought joy to conservatives. A 1991 Cato Institute report gleefully declared: 'Few would now consider the Swedish system worthy of emulation.'" Accounts of the collapse of the European welfare state can be found on the web sites of a number of other conservative policy institutes, including the American Enterprise Institute and the Heritage Foundation.

While U.S. business groups in the U.S. are hardly unified, many major business associations have also joined the refrain, arguing specifically against adopting European social policy designs, both using press reports to bolster their claims and informing the press as well. A remarkable example comes from the Employment Policy Foundation (EPF), a membership organization of "over 130 of America's leading companies" (www.epf.org). One of EPF's primary goals is to be "the media's preferred source for trustworthy economic research on employment policy" (www.epf.org). In 2000, EPF published a book-length critique of European family leave policies (*Paid Family Leave: At What Cost*?). The central argument of the book, as summarized in the publication press release, is that "the United States should not emulate the work–family policies of Europe unless America is willing to endure double-digit unemployment and other European economic problems."[1]

These claims are widespread. But are they true? The present article was motivated by our interest in the accuracy of accounts of welfare state collapse, especially the popular claim that the European welfare states have been massively retrenched over the last 20 years. We examine European social policy expenditures overall, and focus in on *family policy*, including cash transfers targeted on families (such as family allowances and lone parent benefits) and benefits paid to parents on maternity or parental leave. (While public child care programs fall under family policy, we exclude child care from most of our empirical analyses due to the lack of data on cross-national child care expenditures over time).

We focus on European family policy trends for two reasons. First, scholarly research from Europe suggests that while retrenchment is evident in some areas of social provision, investments in provisions for families—in both the traditional cash benefits and the newer leave schemes—have actually grown markedly in the last two decades. We sought to reconcile the contrasting reports, i.e., media accounts of widespread welfare state rollbacks and scholarly reports of family benefit expansion.

Second, several of the most active and controversial social policy debates in the U.S. today concern family policy proposals. The U.S. now appears poised to expand some aspects of family policy,[2] and the initiatives receiving the most attention—e.g., allowances or refundable tax credits for families, paid family leave schemes, and universal preschool—are in fact similar in design to configurations that appear to have strong and enduring support in many European countries.

One example of the contentious debate over U.S. family policy expansion is the Clinton Administration's efforts to develop paid maternity leave in the U.S. In May 1999, the White House directed the Department of Labor (DOL) to draft reforms that would allow the states to extend Unemployment Insurance (UI) to mothers out of work due to childbirth—in effect, to add wage replacement to the protections provided by the 1993 Family and Medical Leave Act. Clinton's directive sparked intense policy debates and set off a massive lobbying effort at the national level. While the DOL was drafting the new regulations, the Administration received nearly 4000 letters, split almost evenly between "for" and "against." Three major U.S. newspapers endorsed the plan, while the National Association of Manufacturers pronounced it "nutty" (*New York Times*, 1999). On June 10, 2000, Clinton's "baby UI" initiative succeeded when the DOL issued the new regulations, opening the door for states to move forward with paid maternity leave. The development and issuing of these regulations catalyzed equally fierce battles in several states (National Partnership for Women and Families, 2000).

Because family policy debates in the U.S. are so active and polarized, it is important to ask whether family policy has been swept in with "the dismantling of the European welfare state," as described in U.S. media. If European policymakers have been reducing investments in family policies—such as family allowances and leave schemes—this policy trajectory would have critical implications for lesson-drawing from Europe as the U.S. enters an era of likely policy expansion. Downward policy trajectories in European programs would indeed imply that at least some European policy actors have concluded that generous family policies carry economic hazards. Because many social and family policy advocates in the U.S. invoke European models, clarifying recent family policy trends in Europe is crucial.

In this article, we begin by presenting several examples of the coverage of welfare state developments in the U.S. mainstream and financial press. We describe the stylized arguments about European welfare state retrenchment that have dominated U.S. press accounts, and briefly review recent scholarship on the issues raised in these press reports. We then turn to our analysis of the evidence for welfare state retrenchment,[3] using two sources of information. First, we examine over-time expenditure data to analyze cross-national trends in social welfare, family policy, and, in particular, family leave schemes, since 1980. This portion of the analysis follows the logic suggested by other comparative scholars (e.g., Kamerman and Kahn, 1991a, 1997, 1999). Second, we draw on recent qualitative comparative studies that have examined changes in social and family policy rules in detail. We use these qualitative studies to consider changes in the architecture of social and family policies that both support and help explain the trends we observe in social welfare expenditures. We conclude our empirical analysis by comparing levels and trends in U.S. family policy with those of our European counterparts. We then return to the question of whether, and how, media coverage of European welfare state developments may impede lesson-drawing as U.S. policymakers consider the expansion of family policy.

"The European welfare state is dead"

As Ackerman (1999), Range and Livingston (1996), and others have observed, U.S. reporters have been preoccupied in recent years by stories about the death of the European welfare state. The crux of the argument against European social welfare, as portrayed in the U.S. press, is that generous social welfare benefits, together with excessive labor market regulation, have *caused* the economic woes in Europe. Having recognized the damage caused by overly generous social protection, European policymakers are reported to be engaged in widespread welfare state retrenchment and labor market deregulation. The punch line is that the U.S. should certainly *not* move toward European models of social or labor market policies; in fact, policymakers across Europe are moving toward the U.S. model. In a 1995 *Business Week* article, U.S. investment strategist Edward Yardeni—designated by Barron's as "the Wall Street Wizard"—went so far as to describe Newt Gingrich as the "Angel of Death for the social welfare state, not only in the U.S. but worldwide" (*Business Week*, 1995).

To more systematically assess U.S. press reports on social welfare developments in Europe, we recently searched the NEXIS database for articles on "Europe," "social policy," and "change." While it is difficult to locate even a single headline describing the resilience of European welfare programs, NEXIS yields dozens of headlines about welfare state retrenchment, such as the following: "Recession Rocks Western Europe's Welfare States " (*Christian Science Monitor*, 1982); "Sweden Slashes its Welfare State" (*Associated Press*, 1990); "A Tighter Belt for Europe's Welfare States" (*New York Times*, 1992); "Economic Hardship Forces Western Europe to Shrink the Welfare State" (*U.S. News and World Report*, 1993); "Adieu, Welfare State?" (*Business Week*, 1995).

These and other U.S. press accounts go on to describe the death of the European welfare state in detail. Two decades ago, for example, the *Christian Science Monitor* reported that "government leaders in Europe are in effect beginning to see no alternative to reigning in formerly generous government programs" (*Christian Science Monitor*, 1980). A 1983 *Business Week* article declared that "[t]he great edifice of the Europe welfare state is beginning to totter like an inverted pyramid" (*Business Week*, 1983). In 1984, the *New York Times* observed that "[t]he surprising thing is that retrenchment did not come sooner" (*New York Times*, 1984). A 1990 *Associated Press* story on Sweden reported that the "Social Democratic government on Friday began dismantling the welfare state it built" (*Associated Press*, 1990). In 1992, the *Los Angeles Times* noted that "Britain... finished dismantling much of its welfare system in the 1980s under former Prime Minister Margaret Thatcher" (*Los Angeles Times*, 1992). The *San Francisco Chronicle* reported in 1993, "[n]owhere is the dismantling of the social security net more drastic than in Sweden, [though] similar retreats from the expansive days of social democracy are under way in virtually every European Community nation" (*San Francisco Chronicle*, 1993). In 1995, *Business Week* reported that "France... in recent weeks has been in the center of what may well be the last great Continental convulsion in this century, the dismantling of the European welfare state" (*Business Week*, 1995).

"The European welfare state is dead": taking a second look

Vivid U.S. press reports of the collapse of European social welfare policy have been broad in scope, as has the standard causal explanation that the demise of these policies represents a corrective action against excessive "cradle to grave" social protection. As we have noted, some conservatives and business leaders have used the death of the European welfare state as a cautionary tale in their efforts to block expansion of U.S. social policies. But are these reports true?

Arguments against drawing social policy lessons from Europe typically rest on three assertions. The first is that the European countries have been wracked by high unemployment since the late 1970s, much more so than in the U.S. Second, high levels of social protection have actually caused the high and persistent unemployment rates. Third, in response to these economic woes, the generous welfare states of Europe have undertaken substantial retrenchment. While there is a kernel of truth to each of these claims, more scrupulous comparative research casts doubt on the strength of the argument.

The first part of the argument against lesson-drawing from Europe is the most nearly accurate. Although Europe's unemployment woes may have been exaggerated in U.S. press reports (Ackerman, 1999), there is little question that unemployment rates across Europe have exceeded those of the U.S. in recent years (Blank and Freeman, 1994). While rates were starting to fall in Europe by the end of the 1990s, as of 1999 the average rate across the 15 countries of the European Union (EU)—9.4%—was more than double that of the U.S. (4.3%). The average unemployment rate across Europe misses considerable cross-national variation, however. On the one hand, unemployment remained as high as 16.2% in Spain. On the other hand, unemployment was down to 3.4% in the Netherlands by the decade's end, and in Sweden, it was 5.9% and falling (Andrews, 1999; *The Economist*, 1999).[4]

While the story of high and persistent unemployment in Europe may be exaggerated, there is little question that, on average, U.S. job growth exceeded that of most European countries for most of the 1980s and 1990s. The role that social and labor market policy has played in Europe's unemployment woes is much less clear (Blank and Freeman, 1994; Blanchard, 1991; Blanchard and Wolfers, 1999; Nickell, 1997; Siebert, 1997). In a *Journal of Economic Perspectives* literature review, Nickell (1997) concludes that some welfare state features do seem to drive up unemployment rates—in particular, unemployment benefits paid for extremely long durations coupled with weak active labor market policies. Other welfare state and labor market features, however, that are popularly viewed as hazardous to employment—such as high payroll taxes, high overall taxes, strict employment protection legislation, high labor market standards (legally enforced), high unionization, and high benefit replacement rates—are no less common in high-employment than in low-employment countries. Economists Blank and Freeman (1994), in a recent review of "the case against social protection" and "the case against the case against social protection," conclude that "there is little empirical evidence for large trade-offs between labor market flexibility and social protection programs in general. At the present state of knowledge, the best attitude toward the trade-off hypothesis is one of openminded skepticism" (1994, p. 36).

The third leg of the argument against lesson-borrowing from Europe is arguably the weakest: that there has been deep and widespread welfare state retrenchment in Europe, and, in particular, in the EU-member countries due to the additional fiscal pressures of unification. There is no question that social policy systems throughout Europe have indeed faced very real pressures in recent decades. The high unemployment has challenged the overall economic logic of social protection and has exacerbated fiscal pressures on the state. Declining fertility combined with increasing longevity have both reduced social welfare revenues and increased outflows. Globalization has intensified international commercial competition, putting economic pressure on both governments and businesses to reduce labor costs by cutting the social wage and slashing labor protections. The rise of conservative political regimes has increased ideological pressure for welfare state cutbacks. For the EU member countries, and countries anticipating membership, community requirements associated with the long-term process of monetary and currency unification have added further pressure to reduce public spending in order to keep deficits within community limits.

These pressures have pushed welfare state restructuring and labor market deregulation onto political agendas across Europe. While several European countries have enacted measures that loosen labor market regulations (Bertola and Ichino, 1995; Blanchard and Wolfers, 1999; Siebert, 1997), the work of a number of comparative social policy scholars casts doubt on the parallel claim that major welfare state restructuring has taken place (Buti et al., 1997; Clayton and Pontusson, 1997; Daly, 1997; Esping-Andersen, 1996; Huber and Stephens, 1999; Mishra, 1990; Munday, 1989; Petersen, 1998; Pierson, 1994; Ploug, 1994, 1999; Ploug and Kvist, 1996; Zeitzer, 1994). Several of these studies conclude that while many of the European welfare states have taken some steps to control the growth of social spending, there is scant evidence of widespread retrenchment or dismantling of the basic structures of social protection. As Esping-Andersen observed in 1996, "Popular perceptions notwithstanding, the degree of welfare state roll-back, let alone significant change, has so far been modest" (Esping-Andersen, 1996, p. 10). In the area of family policy—our primary interest—some recent research suggests that the pattern may even be the reverse. Kamerman and Kahn (1999) find that since 1980, many European countries have increased cash benefits to families, and parental leave benefits seem to show an overall pattern of expansion.

Research questions and approach

Remarkably different stories about European welfare state retrenchment are told by the U.S. media and by comparative welfare state scholars who are tracking policy reforms. A number of scholars have reviewed the evidence supporting the first two parts of the arguments against lesson-drawing from Europe. In the following sections, we consider the evidence for and against the third leg of the argument—i.e., that European welfare states substantially reduced social and family policy protections during the 1980s and 1990s.

In the next section, we analyze social spending trends from 1980 to the mid-1990s in 14 European countries. We augment the expenditure analysis by considering the evidence provided by several recent qualitative studies of welfare state change. We address four questions with these analyses. First, did overall welfare state commitment, as measured by total social expenditures, decline in Europe between 1980 and 1995? Second, what has been the pattern during that time with respect to social spending on families in particular? Third, within the category of family policy, what has happened to public investments in family leave schemes? Fourth, what is the relationship between initial levels of spending and subsequent change; in other words, did the higher-spending welfare states show more decline (or, alternatively, slower growth)?

The reality of retrenchment, part I: social welfare expenditures

Data and measurement

For our analysis of trends in social welfare expenditures, we use time-series social spending data from the OECD's[5] *Social Expenditure Database*: *1980–1996 (SOCX)*. The *SOCX* database contains annual data from 27 of the 29 OECD countries[6] for the years 1980 through 1996. The database includes social expenditures paid and controlled by central, state, and local governments, including social insurance funds.

A cross-country file provides *total social spending* data in 13 categories: (1) old-age cash benefits, (2) disability cash benefits, (3) occupational injury and disease benefits, (4) sickness benefits, (5) services for the elderly and disabled, (6) survivors benefits, (7) family cash benefits, (8) family services, (9) active labor market programs, (10) unemployment benefits, (11) health benefits,

(12) housing benefits, and (13) assistance for "contingencies" (such as benefits for immigrants).[7] Additional, individual-country data files provide detailed spending breakdowns within these 13 program areas.

We include 14 European countries in this study: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Norway, Sweden, Switzerland, and the United Kingdom.[8] Although they were available in *SOCX*, we eliminated four other European countries (the Czech Republic, Greece, Portugal, and Spain) either because there were too many missing values in the *SOCX* data or because necessary variables are not available in other databases (primarily the Luxembourg Income Study microdata) that we will use in subsequent parts of this project. Our analysis compares spending at the two points in time for which the *SOCX* has the most complete data: 1980 and 1995.[9]

To assess overall welfare state trends, we begin by analyzing *total social spending* and then turn our attention to two particular components: expenditures on *family cash benefits* and, within that category, spending on *maternity and parental leave. Family cash benefits*[10] include traditional cash transfer programs targeted on families (family allowances for children, family support benefits, and lone-parent cash benefits), as well as refundable tax credits for families. *Maternity and parental leave* expenditures are for short-term (generally mother-only) pregnancy- and birth-related benefits, as well as longer-term parental leave schemes (typically available to both parents).[11]

Our analysis proceeds through several steps, using alternative units of analysis. We begin with the conventional measure for cross-national comparisons of welfare state effort—spending as a share of GDP. As Gilbert (1987) notes, this measure "has a certain common-sense appeal in characterizing a country's welfare state effort as: 'How much it gives compared to what it has got.'" Spending as a share of GDP, however, has two principle limitations for cross-country, over-time analyses. First, as Gilbert (1987) notes, countries vary in their underlying levels of *need*. For example, a country with a relatively small share of elderly persons in the population might spend less out of GDP on old-age pensions, but more per elderly person, compared with a country with a larger share of elderly persons. A second limitation relates particularly to the use of time-series data. Social spending as a share of GDP could lead to distorted conclusions about trends if, as is common, both the numerator and denominator are growing, but at different rates. In a country where, for example, GDP growth is outpacing social expenditure growth, social spending could fall as a share of GDP yet rise in constant currency units at the same time.

To overcome these limitations, we use multiple indicators of welfare state effort, including several measures expressed as a currency amount divided by a population denominator. In contrast to measures of spending relative to "what is available," these population-controlled measures capture spending relative to "what is needed." Our numerator for these analyses is spending in the relevant category converted to constant 1990 U.S. dollars using GDP-wide purchasing power parities (PPPs).[12] We vary the denominator for each analysis to correspond roughly to the programs' beneficiary populations. We compare social spending *per capita*, family policy spending *per child up to age 18*, and maternity and family leave expenditures *per employed woman*.[13] The use of both spending shares and per-population spending measures allows us to convey a fuller picture of trends in social spending, standardizing across countries and over time relative to both "what is available" and "what is needed."

Trend: total social spending

Our results suggest that there was very little real retrenchment in total social welfare in Europe between 1980 and the mid-1990s, in terms of aggregate expenditures relative to national-level measures of resources (GDP) or of need (per capita). Although social expenditure growth across Europe as a whole was even steeper during the 1960s and 1970s (Kalisch et al., 1998; OECD, 1999b), the trend during the 1980–1995 time period was still one of growth in nearly every country.

Across our 14 countries, average social expenditures *as a share of GDP* increased by 21% during this time period, rising from a base of 22% in 1980 to 27% by the mid-1990s (Table 1, left panel). Social spending as a share of GDP fell in only two countries, and by very small amounts: Luxembourg (−4%) and The Netherlands (−1%). In 10 of these countries, total social spending as a share of GDP increased by more than 15% and, in three of those, by more than 45%.

In general, GDP growth outpaced population growth during these years, so total social spending *per capita* showed even less retrenchment during this period (Table 1, right panel). In 1990 U.S. dollars, per-capital average spending across the 14 countries grew 50%, from $3146 in 1980 to $4708 by the mid-1990s. In fact, spending controlled for population increased in *all* 14 countries—and more than 50% in half of the 14. Within that story of overall growth, however, rates of increase varied markedly, from a high of 112% in Norway to a low of 12% in the Netherlands.

Trend: family cash benefits

As noted earlier, we were particularly interested in family policy spending trends during this period of possible retrenchment. The growth in overall social spending may not imply a corresponding pattern in commitments to family policy. Indeed, the "graying" of the population throughout Europe, compounded by slack labor markets, might lead us to predict that demographically and economically driven increases in old-age, unemployment, and other benefits may have crowded out support for family benefits.

When we look at expenditures on cash benefits to families, including maternity and parental leave, there is some evidence that, while social welfare spending was on the rise in the 1980s and early 1990s, family policy received a

Table 1. Total social expenditures, 14 European countries: 1980 and mid-1990s.

European countries	Total social expenditures as a share of GDP 1980	Mid-1990s	Percent change	Total social expenditures per capita (1990 U.S. dollars) 1980	Mid-1990s	Percent change
Norway	18.6%	27.6%	49%	$2660	$5646	112%
Finland	18.9%	32.0%	69%	$2349	$4935	110%
Ireland	17.6%	19.4%	10%	$1448	$2882	99%
Switzerland	14.0%	20.6%	47%	$2583	$4186	62%
Italy	18.4%	23.1%	26%	$2407	$3752	56%
Denmark	27.5%	32.1%	16%	$3740	$5779	55%
Austria	22.6%	26.2%	16%	$3080	$4640	51%
France	25.1%	30.1%	20%	$3697	$5388	46%
Luxembourg	24.5%	23.4%	−4%	$3786	$5315	40%
Sweden	29.8%	36.4%	22%	$4277	$5964	39%
Belgium	24.6%	26.8%	9%	$3446	$4583	33%
Germany	23.7%	28.0%	18%	$3583	$4743	32%
United Kingdom	18.3%	22.7%	24%	$3104	$3754	21%
Netherlands	28.5%	28.2%	−1%	$3877	$4347	12%
Cross-country average:	22.3%	26.9%	21%	$3146	$4708	50%
Coefficient of variation:	0.21	0.18		0.25	0.19	

Notes: Total social expenditures include old-age cash benefits, disability cash benefits, occupational injury and disease benefits, sickness benefits, services for the elderly and disabled, survivors benefits, family cash benefits, family services, active labor market programs, unemployment benefits, health benefits, housing benefits, and assistance for "contingencies" (such as benefits for immigrants). Conversions to 1990 U.S. dollars have been adjusted for purchasing power parities (PPPs). Percent change is calculated as (Time 2 −Time 1)/Time 1. Countries are ordered according to the far-right column.

shrinking slice of a growing social welfare pie. Across the 14 countries, family policy spending as a share of total social spending fell, on average, by 12%, from 7.7% in 1980 to 6.8% by the mid-1990s (Table 2, left panel).

Not surprisingly, these aggregate results mask considerable cross-country variation. Family policy expenditures as a share of total social spending declined in half of the countries, with a drop in relative spending ranging from −28% in France to a marked −47% in Italy. On the other hand, family policy spending increased as a share of total social spending in seven countries, with the increase ranging from 7% in Luxembourg to over 50% in Finland.

Despite some growth in nearly half of the countries, by the mid-1990s family policy did appear to claim a smaller share of the social welfare pie in many countries than it had in 1980. This decline in relative spending on families seems

Table 2. Family policy expenditures, 14 European countries (cash benefits to families, including maternity and parental leave): 1980 and mid-1990s.

	Family policy as a share of total social expenditures			Per-child family policy expenditures (1990 U.S. dollars)		
European countries	1980	Mid-1990s	Percent change	1980	Mid-1990s	Percent change
Finland	5.8%	8.7%	52%	$478	$1690	253%
Ireland	6.1%	8.1%	32%	$221	$687	211%
Norway	6.8%	8.2%	21%	$602	$1792	198%
Denmark	5.7%	6.5%	16%	$740	$1598	116%
Sweden	6.0%	7.3%	21%	$974	$1740	79%
Luxembourg	7.5%	8.1%	7%	$1061	$1875	77%
United Kingdom	7.2%	8.3%	14%	$773	$1226	59%
Switzerland	7.4%	5.1%	−31%	$700	$928	32%
France	10.3%	7.4%	−28%	$1260	$1528	21%
Austria	12.4%	7.3%	−42%	$1314	$1447	10%
Belgium	12.1%	8.1%	−33%	$1475	$1540	4%
Italy	5.4%	2.8%	−47%	$425	$430	1%
Germany	7.8%	4.4%	−44%	$1051	$961	−9%
Netherlands	7.3%	4.5%	−38%	$910	$774	−15%
Cross-country average:	7.7%	6.8%	−12%	$856	$1301	52%
Coefficient of variation:	0.30	0.27		0.42	0.36	

Notes: See Table 1 for definition of total social expenditures. Family policy expenditures include child and family allowances, family support benefits, lone-parent benefits, refundable tax benefits for families, and cash payments for maternity and parental leave. "Per child expenditures" refers to children up to age 18. Conversions to 1990 U.S. dollars have been adjusted for purchasing power parities (PPPs). Percent change is calculated as: (Time 2 − Time 1)/Time 1. Countries are ordered according to the far-right column.

to be driven almost entirely by a consistent and powerful demographic shift: the decline in the population share of children throughout Europe since 1980. In fact, while total national populations increased in all these countries, the absolute number of children (birth to age 18) actually fell in all 14 countries (Mitchell, 1998; United Nations, 1996; U.S. Bureau of the Census; Central Statistics Office of Ireland, 1999).[14] Perhaps more surprising is that, while children were becoming a relatively smaller share of the population everywhere, family policy in fact claimed a rising share of social spending in half of these European countries.

To isolate changes in spending from population shifts, it is useful to consider family policy spending *per child*. Since total social spending was growing while child populations were shrinking, the decline in relative support for family policies may not have resulted in per-child reductions. Indeed, change in family policy investments per child shaped up very differently (Table 2, right panel). In 1980, average family spending, across the European countries, was $856 per child in constant dollars; by the mid-1990s, it had increased by 52% to $1301. Increases are seen in 12 of the 14 countries. The exceptions were Germany and the Netherlands, which showed moderate declines (−9% and −15% respectively). At the other extreme, per-child spending on family policy grew by an extraordinary 100% or more in four countries (Denmark, Finland, Ireland, and Norway).

Trend: maternity and parental leave

When we turn to a target of particularly heated controversy in the U.S.—family leave policy—the cross-national data suggest that paid-leave schemes experienced remarkable growth during this period. Between 1980 and the mid-1990s, total spending on maternity and parental leaves, in constant dollars, increased in all 14 of these countries; in six countries, spending more than doubled (results not shown). As a *share* of spending on cash benefits for families, expenditures for maternity and parental leave grew in 10 of the 14 countries (Table 3, left panel); on average, the share of family spending devoted to family leave grew 36% (from 13% to 18%). Thus, investments in family leave claimed a larger share of the family policy pie in most countries by the mid-1990s than they did in 1980. In some countries—such as Belgium, Germany, and Norway—the share of cash family-policy expenditures devoted to family leave benefits doubled or even tripled.

In most countries, family-leave expenditure growth in Europe cannot be explained entirely by rising female employment (Table 3, right panel). Maternity and parental leave spending *per employed woman* rose nearly everywhere. On average, across these 14 European countries, family leave spending per employed woman nearly doubled, increasing from $171 to $339 in constant dollars. Leave expenditures per employed woman did fall modestly in a few countries—the United Kingdom (−1%), the Netherlands (−8%), Italy (−9%), and Switzerland (−19%). However, family leave spending per employed woman increased in the remaining 10 countries, and dramatically in several. The increase was sixfold in Finland and nearly fivefold in Norway; expenditures more than doubled in Belgium, Germany, and Sweden.

Summary and discussion

Despite claims to the contrary in the U.S. media, our analyses suggest that, like the death of Mark Twain, reports of the demise of the European welfare state have been highly exaggerated. Overall, total social expenditures actually rose substantially throughout the period during which the U.S. mainstream and financial press reported widespread and severe retrenchment. Average social spending as a share of GDP rose markedly, with increases seen in nearly all 14 European countries. GDP growth outpaced population growth during this

Table 3. Maternity and parental-leave expenditures, 14 European countries: 1980 and mid-1990s.

	Maternity and parental leave as a share of family-policy expenditures			Maternity- and parental-leave expenditures per employed woman (1990 U.S. dollars)		
European countries	1980	Mid-1990s	Percent change	1980	Mid-1990s	Percent change
Finland	24.9%	39.9%	60%	$148	$892	503%
Norway	13.4%	28.1%	110%	$126	$604	377%
Sweden	37.6%	49.3%	31%	$422	$915	117%
Belgium	2.8%	7.7%	174%	$88	$189	114%
Germany	6.3%	20.4%	224%	$108	$228	112%
Denmark	44.8%	42.7%	−5%	$458	$729	59%
Ireland	6.0%	4.3%	−28%	$54	$79	47%
Luxembourg	11.5%	12.7%	10%	$246	$322	31%
Austria	5.1%	9.2%	80%	$126	$156	24%
France	13.9%	15.7%	13%	$339	$376	11%
United Kingdom	5.0%	3.9%	−21%	$63	$62	−1%
Netherlands	2.3%	4.4%	89%	$61	$56	−8%
Italy	12.6%	15.9%	26%	$141	$128	−9%
Switzerland	1.2%	1.1%	−13%	$13	$11	−19%
Cross-country average:	13.4%	18.2%	36%	$171	$339	98%
Coefficient of variation:	1.00	0.87		0.82	0.94	

Notes: See Table 2 for definition of family-policy expenditures. Maternity and parental leave expenditures include cash benefits paid through pregnancy- and birth-related schemes (generally short-term and available to the mother only) or through parental-leave schemes (generally longer-term and available to both parents). Conversions to 1990 U.S. dollars have been adjusted for purchasing power parities (PPPs). Percent change is calculated as (Time 2 − Time 1)/Time 1. Countries are ordered according to the far-right column.

period, so social spending per capita rose in every country, and very steeply in several.

When we look at average trends in spending on cash family benefits, we do see evidence that family cash benefits failed to "hold their own" in terms of relative spending. By the end of the 15-year period, spending on family policy accounted for a smaller share of total social expenditures in half of the countries. However, during these years the child populations were also falling in all these countries. The net result was a surprising 52% average increase in family policy spending per child between 1980 and the middle 1990s. Within family policy programs, the growth in expenditures on maternity and parental leaves was particularly steep: average spending on leaves as a share of all family policy expenditures grew by 36% during this period, and average spending per employed woman nearly doubled.

While the general pattern in Europe was clearly one of expenditure growth, a more nuanced story about intra-European variation is revealed when we look at the relationship between expenditure levels in 1980 (using the population-based measures) and change-over-time between 1980 and the middle 1990s. Figure 1 revels a clear negative association between per capita social spending levels in 1980 and rates of growth in the subsequent 15 years; in fact, variation in base-level spending explains over half the variation in rates of growth. Figure 2 reveals a parallel result with respect to per-child family policy expenditures; here, variation in expenditure levels in 1980 explains 41% of the variation in subsequent growth. This downward-sloping relationship does not hold with respect to spending on maternity and parental leaves (results not shown). Growth in family leave investments clearly follows a different logic, with similar rates of increase seen at all initial levels of expenditure.

There are at least two possible interpretations of the results in Figures 1 and 2. The first is that spending trends do reflect a partial retrenchment story, in that countries with higher spending in 1980 grew more slowly over the subsequent years. During the 1980s, these higher-spending countries may have taken more active steps to slow expansion in social and family policy provision. These results can be considered "retrenchment" only if retrenchment is defined as a slowdown in the rate of growth, rather than as an absolute reduction in provision.

An alternative interpretation is that the patterns in Figures 1 and 2 reveal some convergence of welfare state effort among the countries of Europe, with the lower spenders catching up to—and in some cases surpassing—the higher-spending countries as of 1980; hence, the lower-spending countries show more rapid growth. Either of these interpretations is consistent with the coefficients

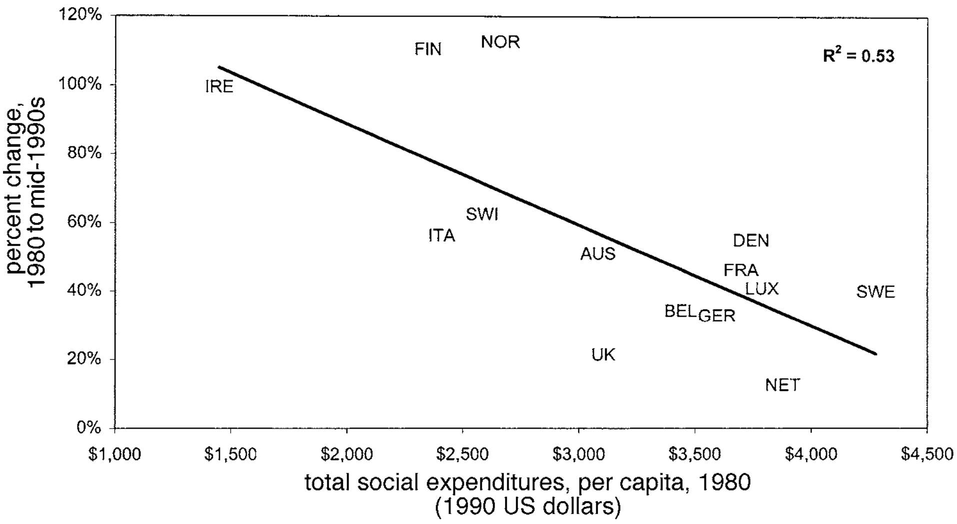

Figure 1. Total social expenditures, 1980 to mid-1990s: rate of change by 1980 expenditure level.

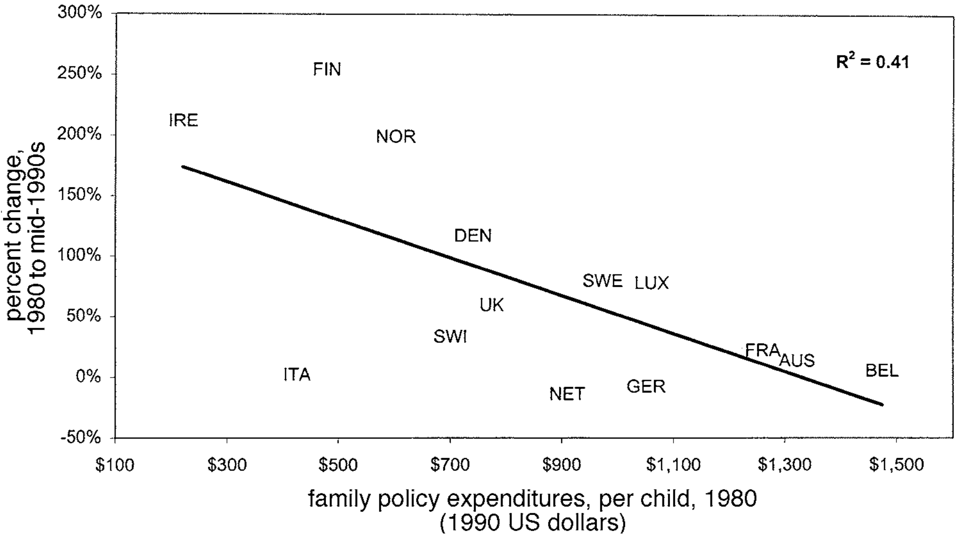

Figure 2. Family policy expenditures, 1980 to mid-1990s: rate of change by 1980 expenditure level.

of variation[15] presented in Tables 1 and 2; in each over-time comparison, there is less cross-national variation in expenditures in the mid-1990s than there was in 1980. While our data do not allow us to determine which explanation is dominant—high spenders "slowing down" versus low spenders "catching up"—it seems likely that both processes were occurring simultaneously.

Two caveats should be noted regarding our approach and findings. First, the use of two points in time for this analysis has the potential limitation of missing or misrepresenting trends. The periodization would be problematic if crucial changes took place outside the designated time period and/or if there were important intraperiod trends. With respect to the first concern, the period that we observe contains the years during which we have reason to believe that welfare state retrenchment would have been the most evident; after 1995, many of these economies shifted toward recovery, and, in several cases, labor governments replaced conservative governments. To rule out the possibility that our periodization missed important intraperiod trends, we examined annual rates of change in total social spending and family benefits during the entire time period. For the most part, growth patterns were remarkably constant within the 15-year time period, including during the first two and the final two years, suggesting that the precise choice of endpoints was not terribly influential.

A second caveat relates to our reliance on public expenditures and exclusion of mandatory private spending. If countries with lower levels of public expenditure mandate high levels of private spending, then our cross-national results would present a partial and possibly distorted picture of cross-national social policy provisions. We limited our cross-country comparisons on public spending due to data limitations (in *SOCX*) on mandatory private spending.[16] While a complete assessment of social welfare investments would ideally include both categories of spending, we think that our analysis yields a fairly complete portrait, for multiple reasons. First, our primary interest is in public investment levels, not in policy impacts; were it the latter, failing to account for social provisions from all sources would be a more serious limitation. Second, focusing on the mid-1990s, we analyzed the magnitude of mandatory private spending in the 11 countries for which we had data—including the United States—and in 10 of them, the public share out of the "public plus private mandatory spending" was 95% or greater. In other words, while important in principle, in most of these European countries and in the United States as well, direct public spending constitutes the overwhelming share of publicly provided or publicly mandated spending in these program areas.[17]

The reality of retrenchment, part II: changes in policy architecture

The use of expenditure data to measure welfare state effort provides a broad cross-national portrait. It also has several important limitations (see, e.g., Dixon, 1998). Social spending provides a blunt measure of effort that fails to capture the important institutional details that make up the "architecture" of social programs. In over-time analyses, expenditure data may be further limited by lags between rule changes and program spending levels. Changes in eligibility, such as an increase in the retirement age, may not begin to have a measurable effect on social spending for a number of years.

Although these limitations are important, social spending does provide an important vantage point on welfare state development. As Swank (1999) argues, aggregate spending is in fact highly correlated with theoretically and substantively important outcomes, such as income distribution. Dixon (1998) also notes that some of the limitations of cross-country incomparability are overcome when spending indicators are used to track change over time. Furthermore, while some policy changes with a very long lag time will not show up in current expenditures, most of the policies that we consider—such as family cash benefits—can be expected to affect expenditures quickly.

Our expenditure-based analyses nevertheless fail to capture changes in the country-specific architecture of social policy. To augment our understanding of welfare state trends during the 1980s and 1990s, therefore, we turn to a second type of information: qualitative reports of cross-national policy reforms. We draw on a number of detailed studies comparing changes in policy structures (benefits, eligibility rules, and the like) across countries.

Income transfer programs

Qualitative cross-national studies reveal that, during the 1980s and 1990s, some social welfare cuts were undertaken in several European welfare states. These changes were largely concentrated on three programs: old-age pensions, unemployment benefits, and disability benefits (Buti et al., 1997; Daly, 1997; Ploug, 1999; Zeitzer, 1994). With respect to old-age pensions, several European countries either lengthened the average employment period (by increasing contribution requirements and/or raising the retirement age) and/or reduced their pension benefit levels (in some cases, by introducing means- or income-testing) (Daly, 1997). While maintaining the basic benefit structure, some European countries also reduced access to unemployment compensation (Daly, 1997), while others shortened the duration of benefits and/or reduced replacement rates (Buti et al., 1997). A number of European countries—most notably the Netherlands and Sweden—also restructured their disability benefit rules. These reforms typically placed new restrictions on the level and duration of benefits for new disability claimants (Zeitzer, 1994).

Family benefits

The qualitative accounts of policy change in family benefits reveal a different story. Studies by Gauthier (1996 and 1999) and Kamerman and Kahn (1999) conclude that cash transfers to families—via family allowance schemes in most countries—were largely unchanged and, in many cases, extended during the 1980s and 1990s. Gauthier finds that the value of family allowance benefits, for those who received them, generally rose slightly between 1975 and 1990. Kamerman and Kahn (1999) concur with these conclusions about the 1980s and report additional evidence of the resilience of family allowances since that time. "In the 1990s," they note, when many countries actually set out to curtail social expenditures, and targeted pension policies especially, ...child and family benefits appear to have been protected in most countries" (Kamerman and Kahn, 1999, p. 24). The Nordic countries in particular show a pattern of resilience and growth in family allowances (Ploug, 1999). In the 1980s and early 1990s, Denmark introduced a new general family benefit, and Finland and Norway raised benefit levels.

With respect to maternity and parental leave policies, in particular, Daly's (1997) analysis of European welfare state reforms between 1985 and 1995 also suggests an overall pattern of expansion. She disaggregates these changes by comparing changes in short- and long-term leave schemes, concluding that there was little change in maternity benefits (short-term payments made to mothers at the time of childbirth) but marked expansion in parental leave rights and benefits (longer leaves, with lower levels of wage replacement, generally available to both parents). In this latter category of benefits, in particular, she reports "significant and widespread developments." These developments took several forms. While some European countries initiated major new parental leave policies, at least 11 other countries increased the duration of existing parental leave policies and/or added new rights to career breaks. Again, Ploug (1999) describes particularly marked expansion in the Nordic countries during the 1980s and early 1980s, including the expansion of rights for fathers and other caregivers. For example, Denmark lengthened mothers' leave rights and introduced new benefits for fathers, and Finland increased the benefit period and extended new rights to partners of both mothers and fathers.

Finally, while a full analysis of public investments in child care is beyond the scope of this article, a number of sources reveal that publicly supported child care also showed an overall pattern of growth in Europe during the 1980s and 1990s. Since 1980, several European countries introduced or extended national laws that guarantee access to child care (Daly, 1997; European Commission, 1998; Kamerman and Kahn, 1999), and child care enrollments for children both under and over age 3 rose steadily across Europe (Tietze and Cryer, 1999). In a review of developments in the Nordic countries, Heikkilä et al. (1999) report that

> As regards health and social services, ... the essential principles of the Nordic service model were still alive in the Nordic countries of the 1990s. The principles referred to included universalism, high quality, tax financing, and public provision.... In the case of child care, the Nordic principles were especially strong and even gaining ground (p. 266).

Summary and discussion

The qualitative cross-national literature provides important details about the policy rule changes underlying the expenditure trends that we report in this article. The reverse is true as well. An analysis of the spending trends across these countries confirms and quantifies the qualitative conclusions about the resilience of European social and family policies in the 1980s and 1990s.

The findings of these comparative studies of policy architecture are consistent with the primary conclusions we draw from our analysis of spending trends: "the last great Continental convulsion in this century, the dismantling of the European welfare state" (*Business Week*, 1995) has not occurred. Although there were some significant changes with respect to old-age, unemployment, and disability benefits, it is difficult to interpret these rule changes as wholesale welfare state retrenchment for several reasons. First, they were not adopted in all the major European welfare states. Second, they affected only a subset of programs. Third, while they will result in current or future reductions in benefits and/or coverage, these rule changes leave fundamental program structures intact.[18] Finally, against the backdrop of limited overall retrenchment, we find multifaceted evidence for widespread protection and expansion of family benefits, including family allowances, maternity and parental leave, and child care.

The U.S. in comparative perspective

What do our findings tell us about the U.S.'s social policy provision? In Table 4, we use the *SOCX* data to compare U.S. expenditure levels over time to the

Table 4. U.S. expenditures in comparative perspective: mid-1990s.

	1980			Mid-1990s		
	U.S.	Europe	Ratio: U.S. to Europe	U.S.	Europe	Ratio: U.S. to Europe
Total social expenditures						
As a share of GDP	13.4%	22.3%	0.60	15.8%	26.9%	0.59
Expenditures per capita (1990 U.S. dollars)	$2486	$3146	0.79	$3785	$4708	0.80
Family policy expenditures						
As a share of total social expenditures	3.8%	7.7%	0.49	4.4%	6.8%	0.65
Expenditures per child age 0–18 (1990 U.S. dollars)	$304	$856	0.36	$575	$1301	0.44
Maternity and parental leave expenditures						
As a share of family policy expenditures	—	13.4%	—	—	18.2%	—
Expenditures per employed woman (1990 U.S. dollars)	—	$171	—	—	$339	—

Notes: Same as Tables 1, 2, and 3. U.S. family policy expenditures include Aid to Families with Dependent Children (including the JOBS program); Emergency Assistance; and the Earned Income Tax Credit. The U.S. has no national program that pays cash benefits for maternity or parental leave.

14-country European averages presented in Table 1 (total social expenditures) and Table 2 (family policy expenditures). Family policy expenditures in the U.S. include Aid to Families with Dependent Children (AFDC), including the JOBS program, as well as Emergency Assistance (EA) and the Earned Income Tax Credit (EITC). No useful comparison can be made with respect to family leave because the U.S. has no national program that pays cash benefits for maternity or parental leave.

The U.S.–Europe comparisons shown in Table 4 underscore the relative paucity of social policy investments in the U.S. As prior research suggests, the low levels of social provision in the U.S. are most evident with regard to benefits for families with children. The U.S. is nearly alone among Western countries in the absence of a universal family allowance, and family leave laws are among the least generous in the world, including both rich and poor countries (Gornick, Meyers, and Ross, 1997; Kamerman and Kahn, 1999, 1997, 1991a, 1991b; OECD, 1990; Olson, 1998.)

As Table 4 illustrates, U.S. investments in social programs lagged Europe's in 1980 and continued to lag in the middle 1990s. With respect to *total social spending*, the U.S. spent 13% of GDP on social expenditures in 1980, 60% of the European level. Fifteen years later, U.S. social spending increased by three percentage points, yet still remained at about 60% of the European level. With *per capita* social spending, the gap between the U.S. and Europe was smaller—because the U.S. is richer than the average European country—but U.S. spending still reached only 80% of the European level at either time point.

When we turn to *family policy* expenditures, spending on cash benefits for families, as expected, constituted a smaller share of social expenditures in the U.S. (3.8% to 4.4%) than in Europe (7.7% to 6.8%). The U.S.–Europe gap narrowed somewhat between 1980 and the mid-1990s due to the combination of an increase in the U.S. and a small decrease in Europe. When we look at *per child* family policy expenditures, we see that in real dollars per child, the U.S. spent $304 in 1980, just approximately one third of the average European real spending level (then, $856 per child). By the mid-1990s, U.S. spending rose to $575 per child (due entirely to increased spending via the EITC program) but still only reached 44% of the European level of $1301 per child.

Conclusions and implications for lesson-drawing from abroad

Much of the mainstream U.S. media coverage of social and family policy developments appears to be at odds with actual spending and policy tends. In the highly politicized U.S. debates about family policy, the media story of European welfare state collapse is most often evoked as a cautionary tale about excessive public social provisions and government intervention. Although portions of the story are true, the version as told repeatedly in the U.S. mainstream and financial presses is, at best, overstated, and in many respects simply wrong. A crucial question, as U.S. policymakers debate the expansion of family policies, is whether this distorted media coverage will impede lesson-drawing from abroad.

The scholarly literature on the influence of media on policy development underscores this concern. A large literature has established the effects of media on policy formation, both by shaping public opinion (for a review, see Schoenbach and Becker, 1995) and by influencing policymakers more directly (for reviews, see Baumgartner and Jones, 1993; Paletz, 1999). Paletz (1999) argues that media content affects the policy process at all stages, including the crucial early stages of agenda-setting, policy formulation, and adoption. If the media couch a policy proposal in a negative light, they deflect interest in the early stages of policymaking. During the stages of formulation and adoption, negative framing in the media increases a proposal's vulnerability to attack and makes policy development and adoption more difficult to accomplish. Baumgartner and Jones (1993) note that "issues can hit the agenda on a wave of positive publicity, or they can be raised in an environment of bad news," with very different policy consequences (Baumgartner and Jones, 1993, p. 100).

In addition to influencing public opinion and policymaking more directly, media reports play a specific but powerful role in identifying the cadre of experts to whom policy officials turn for information. Massey (1999) points out, for example, that congressional staff often locate experts to testify before Congress by searching the electronic newspaper database NEXIS.

In the case of social and family policy, it is very possible that widespread misreporting of the collapse of the welfare state in Europe has both inhibited interest in lesson-drawing and/or promoted the lesson that there is little to be borrowed from our European counterparts. If, as Massey suggests, legislative staff turn to NEXIS to find "experts" on the European story, our search of NEXIS suggests that observers of social policy abroad who understand the resilience of European social policy will be hard to find.

Negative media reports and the active efforts of conservative think tanks and business organizations who oppose social policy expansion may also have a synergistic effect.[19] Paletz (1999) notes that "media content can kill a proposed policy [and] this is most common when hostile interest groups mobilize press and public opinion predominately against it" (p. 317). He argues, furthermore, that the major conservative think tanks in the U.S. (e.g., the Cato Institute, the American Enterprise Institute, and the Heritage Foundation) use their ample resources to "aggressively market their 'research' to policymakers and the public through... media outreach strategies" (p. 310).

In the family policy arena, the activities of the Employment Policy Foundation (EPF) to discourage U.S. adoption of European-style family leave policy provides a vivid recent example. EPF's controversial book-length critique of family leave policy in Europe was aggressively publicized, specifically to the media, through the foundation's web page and press releases. EPF's claim that Europe's family leave policies are economically infeasible amplifies 20 years of negative, and only partially accurate, press coverage. To the extent that EPF is successful in its efforts to position itself as the "media's preferred source" of research on employment policy, its critique may further fuel this inaccurate coverage.

It is important to acknowledge that media coverage and business opposition are not the primary cause of U.S. social policy exceptionalism. Students of the welfare state have long explored why social policy commitments in the U.S. are so much less than those of most European countries. Scholars have identified a number of historical, geographic, institutional, and cultural factors that contribute to this exceptionalism. Prominent among these are theories about the antistate logic operating when the U.S. was founded and the resulting fragmentation of its institutional structure, the historical reliance on localized service provision, the development of a two-party political system and the absence of a labor or social democratic party, the underdevelopment of labor unions and collective bargaining, the U.S.'s high level of ethnic and racial diversity, and a political culture that is rooted in the ideals of individualism and self-reliance.

Clearly, many longstanding characteristics of the U.S. political economy favor the development of market- and family-based solutions, rather than state interventions, for meeting citizens' social and economic needs. While we cannot establish a causal link with certainty, it is likely that aggressively negative imagery of European social policy—working hand-in-hand with negative campaigns waged by some major business groups—has further impeded U.S. social policy development in the past and may do so in the future.

When we compare the status of U.S. and European policy provisions that support families, the continuing disparity in effort is clear.[20] Yet many social policy scholars and advocates believe that some expansion of family policy is on the horizon. Some of the proposals receiving the most attention are similar to the universalistic social policy models that are common in Europe. This situation suggests that, now more than ever, U.S. policymakers have much to gain from studying European family policy designs. In many countries, these programs are well tested, and they are politically popular, in part because their financing is typically designed to avoid placing an undue share of the cost on employers. In addition, a substantial body of cross-national research has established that social protections in Europe are effective in reducing child poverty (Smeeding, Danziger, and Rainwater, 1995) and in increasing the stability of mothers' employment (Gornick, Meyers, and Ross, 1998). Finally, and perhaps most important, the resilience of these policies in the face of economic hard times and reductions in other areas of social provision provides evidence of their economic feasibility.

It is encouraging that the willingness to borrow policy ideas from abroad appears to be on the rise, in the U.S. and elsewhere, due in part to the globalization of national interests and the associated "death of distance" (deLeon and Resnick-Terry, 1998). On the other hand, under the best circumstances, lesson-drawing across national borders remains a complex process, likely to be appropriate and successful in only a limited set of cases (Dolowitz and Marsh, 1996; MacRae, 1998; Muniak, 1985, Rose, 1991). When the lesson is distorted by misrepresentation and misinformation, as in this case, the prospects for effective learning become even more remote. If negative tales about European social policy impede U.S. policy analysts from drawing lessons from abroad in the near future, a powerful learning opportunity will be lost at a crucial time in U.S. policy development.

Acknowledgments

Support for this research was provided by the Russell Sage Foundation. We thank Sheila Kamerman, Alfred Kahn, Mark Greenberg, Kate McNamara, and several participants at the 1999 APPAM conference for their invaluable comments on an earlier version of this article. We also thank Charles Lewis for directing our attention to the academic literature on the effects of media on policymaking. Finally, we are grateful to *JCPA*'s anonymous reviewers for their insightful suggestions. All errors remain ours.

Notes

1. It is important to acknowledge that the opposition to social policy on the part of U.S. conservatives and business groups—and reflected in the media—is complex and multifaceted. Karger

(1991) notes that conservative criticisms of social policy in the U.S. rest on at least five different propositions: that the welfare state is paternalistic and antilibertarian, that it's ineffectual and counterproductive, that it's based on faculty principles of social engineering, that it's at odds with basic American values (such as self-sufficiency, self-initiative, and reciprocity), *and* that it's too expensive. While business opposition to social policy development reflects complicated combinations of reasons, clearly, one of the central concerns in the U.S. is that social policy expansion will impose direct costs on employers.

2. This expectation may seem paradoxical given the recent U.S. welfare policy reforms (codified in the 1996 *Personal Responsibility and Work Opportunity Reconciliation Act*), which drastically reduced means-tested cash assistance to single-parent families. However, on reflection, the claim that family-policy expansion is on the horizon can be reconciled with the recent "welfare reform" in that the programs now under discussion are much more universalistic in their design, in general encompassing families regardless of marital status, employment status, and income level.
3. Throughout this article, we follow Pierson (1994) and use the term *retrenchment* "to include policy changes that either cut social expenditure [or] restructure welfare state programs to conform more closely to the residual welfare state model" (p. 17). We also aim to follow Pierson's three "ground rules" for the study of retrenchment: "examine long-term as well as short-term spending cuts; examine program structure as well as program spending; study systemic retrenchment as well as programmatic retrenchment" (pp. 14–15).
4. Some analysts also argue that the relatively low unemployment rates recorded in the U.S. incorporate systematic biases that lead to undercounting in comparison to European rates. Western and Beckett (1999), for example, argue that the far higher rate of incarceration in the U.S. explains a significant share of the U.S./European unemployment differential.
5. The Organization for Economic Cooperation and Development (OECD) is an intergovernmental organization that includes, primarily, the market-based economies of Europe, Australasia, and North America. Its primary purpose is to support information sharing and consultation across its 29 member countries.
6. Hungary and Poland are not included in *SOCX*.
7. Each of these categories has been made cross-nationally comparable by aggregating spending for similar programs in each country. See OECD (1999a) for more details on the *SOCX* database. For information on exactly which programs are contained in these spending data, by country, contact the first author.
8. Nine of these countries were members of the EU during the years being studied: Belgium, Denmark, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, and the United Kingdom. Three more—Austria, Finland, and Sweden—joined the EU on January 1, 1995. Norway and Switzerland remain nonmembers.
9. In 8 of the 14 countries, the full 15 years of data were not available. Generally, when this was the case, the most recent one or two years were missing. Hence, throughout this article, we use the term *mid-1990s*, rather than *1995*, to describe the end of the time period. Also note that, throughout this study, *Germany* refers to West Germany in 1980 and to unified Germany in the mid-1990s.
10. Prior to using the *SOCX* data for these analyses, we made some marginal adjustments in the data in order to improve over-time comparability. Primarily, we removed some subcategories of spending in cases where data were missing for part of the time series, and, in a few cases, we imputed missing data from a prior or subsequent year.
11. Although parental leave schemes grant leave days to both parents, they are, in practice, used overwhelmingly by mothers; Tietze and Cryer (1999) report that leave days taken by fathers constitute approximately 3% of parental leave taken in most countries.
12. The use of PPP-adjusted dollars means that expenditure levels across countries should correspond to equivalent levels of aggregate purchasing power. The use of constant PPP-adjusted dollars thus controls both for cross-national variation in the cost of living and for inflation.
13. The employment denominators came from OECD's *Labour Force Statistics*.

14. The German case is, to some extent, an exception. As noted earlier, our 1980 expenditure data refer to West Germany only, while our mid-1990s data refer to unified Germany. While the child population in West Germany also fell during these years, unification overwhelmed that decline, and the child population of unified Germany in the mid-1990s exceeded the child population of West Germany, alone, in 1980.
15. The coefficient of variation is the standard deviation divided by the mean.
16. Although, in theory, the *SOCX* data allow the user to select either "public expenditures" or "public and mandatory private," there were missing data in the latter category for too many countries to allow their use.
17. The exception was Switzerland, for which public total social expenditures represented only 85% of "public plus mandatory private"; the *SOCX* data indicated no mandatory private spending on family policy. Hence, while Switzerland's expenditures would rise in Table 1, the major conclusions in the present article would be unaffected.
18. In his study of trends in cash benefits in the Nordic countries, Ploug (1999) observes, "In a number of areas, cutbacks have been introduced or retrenchment has taken place. This process has involved cuts in benefit levels, tightening of eligibility criteria and shortening of benefit periods. In general, these cuts have not been radical—some of them can even be seen as symbolic..." (p. 102).
19. Stetson (1991), Elison (1997), and others, have demonstrated that major players in the U.S. business community—e.g., the U.S. Chamber of Commerce, the National Association of Manufacturers, and the National Foundation of Independent Businesses—have successfully deterred U.S. family policy developments at several turns (Elison, 1997; Stetson, 1991).
20. It is crucial to stress that, although the U.S. social welfare system is exceptional compared to those found throughout Europe, the European welfare states are by no means homogeneous. Most comparativists conceptualize welfare states as varying in a multidimensional framework, one that encompasses variation in provision among state, market, and family; within this framework, there is much intra-European variation. Nevertheless, the minimal-state approach taken in the U.S. leaves a larger share of welfare provision to both market and family, relative to most European welfare states. Furthermore, in the U.S., public supports for family-based provision—for example, compensated family leaves—lack those found in nearly all of the European welfare states, including both the Continental and Nordic welfare states.

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