Social Inequality and Leading Principles in Welfare States

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The Impact of Institutional Marketization, Fragmentation and Equalization on Social Structure

By

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To Francesca

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(Not my forte, but let me try since also this little mosaic owes much to the trust, interest and benevolence of others):

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CHAPTER ONE

SYNAPSIS, ORIGINALITY AND ADDED VALUE OF THIS BOOK

1.1 Background and focus

The structure of societies is in a state of flux. Social, economic and cultural changes have a significant impact on the development of social structures and are accompanied, preceded or followed by institutional change reflecting the generally accepted societal order at that time (Pfau-Effinger 2004a). An important sociological question is: how are institutional changes linked to social, economic and cultural developments? To answer this question, societal institutions, and welfare institutions in particular, must be studied from a sociological perspective in order to understand the degree to which they reproduce old and create new social inequalities, and to understand the underlying mechanisms of these institutions in times of social, economic and cultural change.

The focus of my work is on institutions that frame the relationship between the individual, the family and society with a particular interest in the institutionalized flows of resources between them i.e. also between unpaid work, paid work and the welfare state, since they determine the lines and degree of social inequalities (Lessenich 2010). Institutions frame behaviour through sanctions that support or limit specific types of action. To this end, institutions are based on certain principles that determine the position of individuals and their action in society. Leading principles of societal orders thereby concern the position and characteristics of markets, welfare institutions, and of the family in society. Welfare institutions are an important part of current societal orders since they strongly link these social institutions. Western societies in particular may be designated capitalist welfare societies characterized by a strongly instituted interdependence of economic and social elements (Marshall 1981). Different types of welfare states, so-called welfare regimes (Esping-Andersen 1990), accordingly link social rights, i.e. the attribution of social security and social services, to heterogeneous conditions, depending on their basic principles. The differences, similarities and trends to be found in this social phenomenon are the focus of the publications assembled here. Welfare institutions have long been set up in most European countries in ways that focus on the division of labour in society and family. However, reforms have fundamentally changed both the institutional set-up of the main welfare institutions and the leading principles, which together determine claims to social rights, social stratification and inequality. These institutions continue to determine social rights, and the attribution of them by means of single institutions might be contradictory or lead to decreased or increased social inequalities and even to new ones, as shown in this book: changes in leading principles, in the concrete implementation of particular concepts, and in unintended effects of institutional change after three decades of reforms are systematically analysed.

This book should be seen as an attempt to get a better understanding of the institutional framing of current societal order. The main underlying question is: what are the implications of welfare state reforms introduced since the 1990s on major aspects of social structures?

The literature identifies three kinds of development of major aspects of social structures as the implications of welfare state reforms introduced since the 1990s. The first is a general increase in social inequality since neo-liberalization or dualism of welfare states has led to increased social inequality (convergence). The second development is a general decrease in social inequality since common challenges and social developments (e.g. aging, women's increased labour market participation) have led to common objectives and best practice policies (convergence). The third line of argument in the literature identifies the remaining differences in social structures since welfare states are more or less stable (developments in forms of privatization and technical diversification have to be understood in path dependent terms, i.e. the social structure of welfare regime types remains).

I observe in this book a mix of these three developments that lead to novel lines of social inequalities. My leading hypothesis is that these welfare reforms have changed major aspects of social structures that have, to date, not been sufficiently taken account of in analytical concepts, welfare state analysis and comparison. These lines of differentiation are the result of three main elements of welfare state reforms that have taken place since the 1990s: institutional marketization, institutional fragmentation, and institutional equalization.

Institutional marketization is understood in the following chapters as the partly outsourcing of welfare provision to the market, and as strengthening market principles in welfare institutions. Institutional fragmentation is understood as the splitting up of former social protection through public systems into more insurance schemes both in terms of content (fragmented areas of social protection) and insurers (public social protection replaced by hybrid systems). Institutional equalization involves shifts from traditional principles, concepts and instruments to 'modern' principles, such as changing the unit of reference from the family to the individual, and reducing various forms of discriminatory features. From a sociological perspective, these elements of welfare state reforms and the resulting novel lines of social inequalities have not yet been sufficiently explored. As will be shown in the following chapters, none of the three characteristics of welfare reforms are linear; they are in parts highly ambiguous and contradictory. I argue that the degree to which institutions are marketized, fragmented and equalized makes a fundamental difference to social inequality and to social cohesion. However, most welfare state literature, case and social policy studies in particular, is based on concepts and indicators that are not appropriate with regard to the novel lines of social inequalities. Sociological shortcomings in the literature have to be recorded for social security in particular; social services are, at least in terms of marketization, much better analysed. For this reason, this book focuses on social security.

The main aim of this book is to understand and detect different facets of this societal change with a view to contributing to the "bigger picture" (Harvey 2005: 586) of welfare state and society dynamics. Rather than referring to persisting differences in welfare state regimes (Esping-Andersen 1990), this monograph draws attention to new and to cross-country developments and tensions. The theory-led empirical analyses aim to detect the mechanisms, characteristics and lines of social inequality after three decades of partly fundamental reforms characterized by marketization, fragmentation and equalization of welfare provision, and it identifies both similarities in welfare state change and differences which only partly follow major regime distinctions. The institutional analyses are based on an understanding of societal development, including institutional, social, economic and cultural change, as being conflictual. The different chapters highlight this social struggle by also identifying actors, interests, discourses and power constellations involved in it. Furthermore, the aim is to contribute to the further development of explanatory approaches of institutional theory and to welfare state and societal comparative research. The changed welfare states are theoretically conceptualized as the result of institutional marketization, fragmentation and equalization, and the changes in social inequality are analysed as resulting from these trends and their interaction and overlap.

This book contributes to the sociological analysis of societal change in Europe, and is positioned in four sociological areas. The first area is social structure analysis, since this work makes an empirical comparison of the institutional order of contemporary European societies with regard to the prevalent social structures and it analyses characteristics of change in social structure and social inequality. The second area is social theory, since it contributes to the literature on welfare state theory and to neo-institutional theory approaches. The third area is political sociology since it analyses welfare states, social policies and the reasons for institutional change. The fourth area is that of economic sociology since it, firstly, approaches economy from a sociological perspective and, secondly, contributes to the sociological understanding of welfare markets.

In the following, an (2) overview of the main related literature will be given with regard to: (2.1) social structure and the welfare state; (2.2) the development of social units in the welfare state; (2.3) changing social structures through welfare reforms, and (2.4) changing differences between welfare states. The chapters are positioned in the current state of the art. In the next step, I identify the (3) innovative nature of the research discussed in this book before presenting the original (4) conceptual framework that underlies it. The interpretations of welfare-state change found in the literature are thereby enhanced in original ways. In a subsequent step, I introduce the (5) methodological framework of this book and the methods used before I sum up (6) the main research results. I then give an (7) overview on the chapters in this monograph. It should be stressed that the chapters are self-contained. Each chapter presents its own research question, an overview on the relevant literature on it, an explanation of the methodology and methods used to answer it, an empirical analysis with specific results and a literature list of the references used. This format has been opted for since the following chapters are published journal articles and a published book chapter (permission to republish was given by each publisher). This introductory chapter demonstrates the unity that this book forms. I will close this first chapter with reflections on the (8) added value of this book.

1.2 State of the Art

1.2.1 Social structure and the welfare state

Welfare regulations first appeared in the late 19th century and reached their most comprehensive form in welfare institutions[1] in western European countries between the Second World War and the 1980s. Welfare institutions are interpreted as the fundament of western capitalist societies (Lessenich 2008, Kaufmann 2009, see also Castels 2004), while the "house of welfare", concurrently, needs a protective roof, interpreted by Offe (2003) as "full employment". Marshall (1981: 123) refers to the social phenomenon of the social-economic interdependency of western societies as "hyphenated" (welfare-capitalist) societies.

The aim of welfare institutions is to provide citizens with social security in particular in life-course situations such as loss of labour or old age, and to provide social services to master certain situations in everyday life (Esping-Andersen 1990, Ewald 1986). Welfare regulations determine the organization, the level of benefits and the principles of social security and they are subject to continuous change through the three main functions of social policy: it establishes sources to finance welfare institutions (taxes, contributions); it attributes resources to well-defined groups of beneficiaries (e.g. pensioners, students); and it defines the conditions for the rights over these resources (e.g. minimum period or contribution payments, length of benefit receipt, age, means tests) (Harvey/Maier 2004). As welfare regulations are subject to continuous change through social policies, social rights are highly dynamic (Frericks 2007, Maier 2004).

Our understanding of social rights to be acquired by social citizens can be traced back to the concept of "the social citizen" (Marshall 1950, 1964, 1981). This constitutive and sophisticated concept was developed by Marshall who, at the time, held the only chair in sociology in the UK. Following his concept, the relationship between social citizens and the welfare state is based on rights and obligations that are negotiated over time and which are intended to elicit loyalty and stabilize societies. Welfare societies, as he calls them, do not oppose capitalist market economies but stress that there are some elements in "civilised life" that

[1] Welfare institutions are defined here as a body of social rules and regulations that is rather stable and designed for long-term periods. The institutions have been set up for the purpose of regulating, establishing or implementing particular objectives. Welfare policies indicate the measures and instruments to shape social security that are decided upon by current political decision makers.

are ranked above them and that need to be accomplished by pushing back or eliminating the market in them. Welfare societies do not aim to eliminate social inequality, but claim that social inequalities have to be socially legitimate, i.e. explicable and defensible in a particular society. The main feature of welfare societies is therefore that they socialise consumption by pooling risks and sharing resources.

Three of Marshall's statements are particularly important for the analyses presented here. Firstly, welfare states do not aim to eliminate social inequality but to mirror socially accepted inequalities. The question as to which social inequality is accepted as legitimate accordingly changes over time and is related to social and cultural change (Pfau-Effinger 2005, see Chapter 5). Secondly, welfare states assign social rights to the married couple "team" and its labour differentiated (life-course) activities. Consequently, the unit of social rights is not the individual but the family, and social security is derived from the head of the household. This leads to the question as to which rights and obligations the individual has, and which rights are incumbent upon the family, or in other words, which life-course activities are covered by the concept of social rights and which are not (Chapters 6 and 8). Thirdly, Marshall's concept assumes public responsibility for social security, with regard to both the welfare state's target social insurance level or target replacement rate and poverty prevention. Following Marshall's approach, the market is incommensurate with social security and even contradicts its own principles. However, social security currently incorporates both public and market-based schemes, at least for reaching the welfare state's target replacement rate. After decades of reforms, the division of public and market-based social security, and with it the current degree of the *contract* or *status* for being entitled to social rights (Marshall 1950: 188), has not been systematically analysed, neither for different areas of social security within one welfare state nor in international comparison (see Chapter 3).

Probably the most important function of welfare states has been given attention under the term decommodification. Referring to Marx' criticism of workers' dependence on the market, Esping-Andersen (1990) defines social rights as decommodification, i.e. the state guarantees exemption from the coercion to sell one's own labour. Therefore, how decommodification is set up determines which citizen is exempt from labour market participation and entitled to which level of benefits for which phases in life. By means of decommodification in particular, in addition to stratifying mechanisms and the attribution of responsibility for so-called reproductive activities to the public, the market or the family, welfare states lead to particular stratifying effects. That is to say, Esping-

Andersen's analysis clearly indicates that welfare institutions actively and directly structure and consolidate social inequality. The kind of social structure and the degree of social inequality depend therefore on the divergent principles that underlie the type of welfare regime. Esping-Andersen's approach has been subject to much approval and to strong criticism. Most important for the following analyses is the fact that he sticks to the classical analysis of social inequalities, i.e. the vertical differentiation of workers. Horizontal inequalities with regard to age, migration or gender are left aside (Dwyer 2010, Korpi 2010), so that his concept is not complex enough to comprehend the various differences and similarities in welfare state framing of social inequality.

Criticism of the welfare-regime approach points to the gender-specific effects of welfare state structures in particular. Marshall already pointed out that the concept of the social citizen is based on the conservative family model of a male breadwinner and a housewife. The various functions of a household and a family were essential rationales of welfare policies and led first and foremost to derived social rights for women, i.e. rights that are derived from the labour market status of the family or household breadwinner. Based on this family concept, gender-specific life courses and activities were institutionalized with respective entitlements to social rights (Kohli 2007). Feminist welfare state analysis in particular demonstrated that welfare regulations that are based on this concept of the social citizen have established fundamental disadvantages for women (Lewis/Ostner 1994, Orloff 2006), or even relegated them to secondary citizenship (Lister 2003). The manner and degree to which regulations on social rights refer to the family differ both in European and in historical comparison. Scandinavian countries, for instance, demonstrate rather little emphasis on the family in welfare institutions compared with continental and southern European countries (Ferrera 1996, Sainsbury 1999, Naldini 2003). At least with regard to the household, the division of labour is barely institutionalized at all in Scandinavian countries. Correspondingly, gender inequality is comparably low in these countries (Chapter 6).

1.2.2 Development of social units in the welfare state

Since the 1990s the social units in welfare states have, in two different ways, undergone fundamental change towards the individual, resulting in novel social inequalities. The first is the individualization by social institutions that led to a dissolution of industrial forms of life (class, standard family, life-long profession) and traditional securities (Beck 1986). This individualization involves the social group of workers and the area of labour markets in particular. In addition, both policies and social structures changed fundamentally so that the concept of the middle class as the main beneficiary and addressee of welfare institutions is also increasingly contested (e.g. Vogel 2004), and the assumption of status coherence of education and income and of income and social security is less confirmed empirically, calling for an analysis of social inequalities based on other lines of differentiation (Chapter 5).

A second way is the individualization by social institutions that concerns the family as social group. It is the prevalent socio-political aim to "activate" *passive* social citizens to reduce social expenditure and to increase international competitiveness. Concurrently, social and cultural changes have led to claims to increase the self-determination of the social citizen (Barbier 2005, Clasen 2002, Hills 2004, Jensen/Pfau-Effinger 2005). The corresponding concept at a European level, the *social investment state*, envisages integrating increasing numbers of the unemployed and the non-active into the labour market, and it thereby closely resembles an *adult worker model* (Daly 2011, Lewis/Ostner 1994) in which each "able-bodied" adult participates in the labour market (Ostner 2008). Social security institutions have also been reformed accordingly so that in many ways the importance of a male breadwinner has diminished: derived rights have been reduced and partly abandoned (partner allowance, widow/widower entitlements); the levels of social security benefits have been reduced and are, as a consequence, no longer designed to provide security for a family; and social security systems are increasingly oriented towards continuous and individual labour market participation (see Barker/Lamble 2009, Gilbert/Van Voorhis 2003, Macmillan 2005, see Chapter 5). In times of this "institutional individualization" (Beck 2008: 303), one of the most important elements of the new concept of the social citizen with regard to social rights is that of the individual labour-market "activated" and "self-responsible" socially-secured social citizen (Hvinden et al. 2001, Leisering/Schumann 2003, Nullmeier 2006, Serrano Pascual 2007). Social security regulations that do not correspond to this individualized social citizen are partly interpreted as the remains of former familialized regulations (Bovenberg 2007, Esping-Andersen et al. 2002). If the social citizen is constructed as *citizen-the-wage-earner* (Lister 2003) or as individual *citizen-employee* (Chapter 4) and social rights are designed as employees' rights in particular, it is exceedingly important how life-course situations in which one does not participate in the labour market are socially secured (Chapter 2). However, the corresponding new social risks are not adequately understood and differentiated by the concept of “new social risks” (Bonoli 2005, Taylor-Gooby 2004, Ranci 2010), as explained below and demonstrated in Chapter 3 in particular.

Recent research has shown that the concept of the individualized social citizen has not been comprehensively implemented anywhere, although the degree of implementation varies from country to country (Daly 2011, Lewis 2009, Montanari 2000, Chapter 2). For instance, in no European country have tax systems been comprehensively individualized (Blome et al. 2008, Dingeldey 2001), and social policy reforms only partially individualize social insurance systems (Daly 2011, Daly/Scheiwe 2010). In addition, I show that it is the calculation of social entitlements that is increasingly based on the individual, while at the same time, however, new family-related elements of social rights have been implemented such as pension entitlements derived from childcare or care of the elderly (Chapter 2). New regulations increasingly involve family-related elements that are part of the calculation for entitlements. However, how, in this respect, the concrete design of entitlements to social rights differs has not been analysed. Socio-political claims on family solidarity in times of individual need are part of this. To generally identify household-based means tests as a typical characteristic of family-related elements of social security, as most social policy analyses do (e.g. Daly/Scheiwe 2010, Saraceno 2004), does, however, not meet the complexity of actual regulations, since family-related elements of social security are not limited to means-tested social rights, as will be shown in Chapter 3. Having said this, and in particular the fact that it is at least as much the context of welfare institutions as the institutions themselves that change, vitiates the differentiation theory as does its simplification of the actual functioning of institutions (for an overview see Knorr-Cetina 1992, Lessenich 2010).

1.2.3 Changing social structures by welfare reforms

The literature on changes in social structure and social inequality has two main foci. The first is the identification of changed and increased poverty, thereby by necessity analysing household income in particular. Changes in the Gini-index or other comparable macro-sociological calculations to identify and historically and internationally compare the spread of financial resources are very important for detecting changes in social structure. They are, however, not suitable for understanding the changing mechanisms by which institutions structure social inequality. Household data and the social security level of poverty prevention in particular are inadequate for measuring social inequality in current European societies. In times of less stable households, an increased emphasis on individual financial responsibilities and on (relative) social inequalities that are also referred to in terms of agency or capabilities (Hobson et al. 2011, Korpi 2010), concepts and measurement of social inequalities have to be adapted, as will be demonstrated in this book.

The second focus of the literature on social inequality refers to major social groups and their change through welfare reforms. Here one might think of literature on the new beneficiaries or those disadvantaged by welfare reforms (Castel 2003, the current idea of dualisation, see below) all referring to the generally growing vertical inequalities. Others refer to particular social groups, often identified as problem groups, i.e. single mothers who lose out on their social rights through welfare reforms, or migrants (e.g. Lewis 1997, Kvist et al. 2011). This second focus in the literature is characterized by two shortcomings. It is mostly gender-blind when referring to major social groups, and it is often empirically myopic since the fragmentation of welfare institutions changes the spread of social risks for the entire population or considerably large social groups, and not only for some minorities. It has therefore an important impact on future social inequalities in general and not only of specific social groups, as will be shown later.

More promising with regard to the focus of this work is the concept of new social risks. Traditional social risks refer to the social risks of the working class in industrial societies. More precisely, traditional social risks refer to the men in those societies as the breadwinners of a household and centred on their risk of interruption in earnings due to old age, unemployment, work injury or sickness. Many welfare states met social risks by means of social rights providing wage earners with compensatory payments, such as unemployment benefits, in cases of income loss. Women were, in most countries, more or less assigned to the "reproductive" household and they were entitled to derived social rights as explained above, i.e. the social rights of women as housewives and informal caregivers were based on the social rights of their husbands and related to their husband's employment status. Consequently, their social risks were also primarily related to the social risks of their husbands, and to the loss or lack of a male breadwinner in cases of non-marriage, divorce or death. Women were, one might say, exposed to derived social risks. Women in industrial societies were, therefore, in a particularly dependent and risky situation.

As part of the shift to post-industrial societies and as a reaction to cultural change, women have entered the labour market on a massive scale. The family has become a two-income unit, and the lifestyle of the modern family is usually based on two incomes. In addition, the unit for social rights is shifting from the family to the individual, with social rights derived from individual labour-market participation in particular (Chapter 5). There are, however, many situations in which someone in post-industrial societies is exposed to social risks. These include family-work-reconciliation, such as a partial exit from the labour market due to care obligations for a relative, part-time employment due to family obligations or labour market restrictions, in-work poverty also in full-time jobs, and job insecurity. These post-industrial social risks have been characterized by Taylor-Gooby (2004) as "new social risks". However, whether these risks are really "new" for women is contested.

In addition, the literature shows that the distribution of social risks in the population is affected by processes of marketization in social protection (Bonoli 2005, Gilbert/Van Voorhis 2003, Myles 2002). However, the concept of social risks – and more so its opposite, i.e. the welfare state's target replacement rate of social protection – has neither been updated nor precisely specified in the literature for post-industrial societies (Chapter 5). In order to understand the social risks in current societies, one needs to identify how risks are attributed to the individual or a collective, whether, and how, intra- and inter-generational redistribution takes place and influences different risks, such as those related to demographic change, different forms of labour-market participation, financial investments, biographical configurations, and so forth. Therefore, for current societies one needs to modify the concept of social inequality, which is what I attempt to do in this book.

The concept that I develop here refers to social inequality if social groups have considerably poorer or considerably better opportunities to comply with the institutional norms. Welfare institutions have very specific definitions of target social insurance levels or replacement rates, and very specific calculation norms that enable some to comply with it while disenabling others. Social inequality, or social risks, is specifically operationalized in the following chapters. It should however be stressed here that my concept of social inequality refers to disadvantages and advantages with regard to welfare institutional norms, sometimes termed "adequate" social protection, and not to traditional definitions of social inequality such as poverty ("basic" social protection, see e.g. Kvist et al. 2011) or "living standards" (also including investments and rights that do not form part of welfare institutions, such as some occupational benefits, life-insurances, and bank accounts). Correspondingly, this book contributes to the analysis of social risks understood as underinsurance (referring to the welfare state's target replacement rate of social protection) and the impact of welfare institutions and welfare reforms on them. Welfare institutions structure the rights and the financial situation of the members of society depending on the activities and statuses that they value (see Chapters 2, 5 and 6). Classical in my concept of social inequality is that it refers to *financial* wellbeing. Financial wellbeing, also in the sense of social protection - the rationale behind my concept - contributes to social cohesion. In addition, there are two practical reasons for my particular concept: "softer" concepts of social inequality, e.g. referring to agency or capabilities, need, in a way, to build on insights delivered by my concept, and, more importantly, they are very difficult to operationalize and measure.

After having had a closer look at welfare reforms I distinguish three main lines of institutional change that have, and this is the tenet of this book, dramatically changed the characteristics and the impact of welfare institutions on social risks and social inequalities: welfare-institutional marketization, welfare-institutional fragmentation and welfare-institutional equalization. These three main lines of institutional change have not been sufficiently analysed or conceptually further developed with regard to changing social inequalities.

Marketization refers here to the outsourcing of parts of the public system to market-based sub-systems. It results in the establishment of hybrid welfare systems that combine public and market-based sub-systems. Much of the formerly public welfare schemes is transferred to market-based schemes offered by profit-oriented providers. There are many reasons and assumptions behind this outsourcing, e.g. assumptions on differences in market and state mechanisms with regard to resources, and assumptions on the "passive" and familialized citizen versus "active" individual pareto-efficient decision makers. I focus in this book on the assumptions that are implemented in institutional norms. The assumptions of the various social actors in times of institutional change are also touched upon (Chapter 8).

Welfare-institutional marketization is often interpreted as privatisation (e.g. OECD 2011). However, privatisation does not adequately cover the actual dynamics, since strengthening private schemes, for instance, does not necessarily result in strengthened market principles; this depends on the degree of state regulation (Barr 2004, Ebbinghaus/Wiß 2011, Hyde/Dixon 2009, Leisering 2011). Therefore, the regulation of market-based sub-systems is crucial for identifying current mechanisms of social inequalities. Three decades ago, Myles (1984) showed that welfare-, quasi- (Le Grand/Will 1993) or social-markets (Gilbert 2002) construct new kinds of social rights. And indeed, the market-based sub-systems in welfare institutions have been institutionalized by the welfare state with the explicit aim of enabling citizens to reach the target replacement rate identified by the welfare state. They are therefore highly regulated and co-financed by public means (Gilbert 2002, Chapters 4 and 5). In short, I demonstrate that there is no purely market-based sub-system in welfare institutions.

While welfare markets for social care are well analysed (Bode 2006, Pfau-Effinger/Rostgaard 2011), this cannot be said for welfare markets for social security (Hacker 2002 for the US, Hyde/Dixon 2009 for mandated private pensions). They are, however, very different from welfare markets for social care since they engender other forms of markets and long-term monetary transfers (see Berner 2011, Harvey/Maier 2004) and other linkages between public and market-based sub-systems (Chapter 3). The book contributes to this research gap and leads to a better understanding of welfare markets for social security. Marketization of social security has an important impact on social inequalities since welfare markets, in general, transfer market inequalities much stronger into social rights inequalities than public schemes do (this was already pointed out by Marshall 1950, see also Barr 2004). However, marketization is also to be observed in public schemes by strengthening market principles in them since the 1990s. This dual process of marketization and the complex regulation of welfare institutional constellations are analysed in Chapter 3 in particular.

A second line of main welfare-institutional change is welfare-institutional fragmentation. Welfare reforms that have been implemented since the 1990s have led to fragmentation of welfare institutions. Social citizens need to build up social entitlements in an increasing number of interlinked but independent welfare institutions. The concrete design of entitlements to social rights also differs in its institutional set-up. Generally speaking, formerly unified public institutions are fragmented in two ways. Firstly, they are split in content by, for instance, shifting claims to pension or health insurances in the case of long-term care or occupational disability to newly established long-term care or occupational disability insurances. Secondly, they are split in resources and responsibilities by, for instance, outsourcing parts of pension, health or unemployment insurances to welfare markets. The entitlements to social rights, therefore, currently depend on building up rights of different kinds in several institutions and in institutional constellations to reach the welfare state’s target replacement rate of social protection in particular. Most of the building up of rights on welfare markets is voluntary. The spread of social rights and social risks, therefore, depends on individual contracts and market products, and social insurance levels of the population become rather non-transparent.

Another sociologically important facet of welfare-institutional fragmentation is that of resources. Shifting resources from public to market-based schemes decreases the societal room to manoeuvre and to institutionalize social security and social rights in a way that corresponds to a sociological understanding of society in general and economy in particular. A sociological understanding of economy refers to embedded markets that reflect the societal order of activities and interdependencies (Polanyi 1957, see Chapters 2, 4, 7 and 8). One might wonder whether the fragmentation of welfare institutions and the shift of resources to global financial markets in particular (e.g. Minns 2001), is a further contribution to disembedded markets. Corresponding to the concept, these disembedded markets increase social inequality since they do not follow social logics. Marshall, then, would be right in stating that institutionalizing social security on markets shifts socially-accepted inequalities (see above) to market inequalities. This, again, would contradict both the idea of capitalist welfare states to increase social cohesion and the idea of modern societies to increase the number of insured and the level of benefits (see Ewald 1986, Marshall 1981, Lessenich 2010).

The third main line of welfare-institutional change since the 1990s is institutional equalization. It concerns all institutional change reducing traditional and discriminatory features with regard to horizontal and vertical social inequalities. In other words, it is an institutional adaption to changed ideas about socially accepted inequalities, referring to "enabled" citizens or citizens with equal opportunities in particular (Gilbert 2002). One might think here of institutional equalization in terms of the self-employed and employees. A fundamental change, and empirically well-documented, is the institutional equalization of men and women. Welfare institutions are, as explained above, both individualized and familialized, and welfare reforms continue to implement both individualized and familialized regulations with the aim of decreasing different forms of disadvantages. Therefore, individualized and familialized regulations have serious impacts on the social rights of women since the individualization of social rights is first and foremost related to the social rights norms of the former concept of the (male) employee and family rights imply, apart from some improvements in their rights, mainly ambiguous or negative effects for women. Research on gendered welfare institutions mainly focuses on the institutionalization of care and family activities (Naldini 2003, Naldini/Saraceno 2008, Lewis 2009). The gendered activities and related gendered valuation in terms of social rights are indeed highly important to understand current social inequalities and they are the basis for gender-equalizing policies and gender-mainstreaming concepts that are one main line of welfare reforms: men and women are meant to face the same opportunities and no discrimination within the various welfare institutions. However, there are two main problems with this focus. First, the so-called Wallstonecraft-dilemma remains unsolved and problematizes the degree to which women and men should, could or want to be equal (Fraser/Honneth 2003, Lister 2003). Second, it is not only welfare institutions but societal institutions in general and together (in particular welfare institutions, labour markets, welfare markets, and families, see for instance Pfau-Effinger 2004b) that are characterized by an, in parts, deep and fine-grained genderedness, as will be shown in Chapter 7 in particular. I show that by addressing welfare institutions or welfare regimes as being responsible for (changing) gendered social rights is therefore very limited and gender-equalizing policies are highly likely to lead to new social inequalities with regard to gender.

1.2.4 Changing differences between welfare states

Welfare state research has put forward a variety of typologies for international comparative analyses (Bonoli 1997, Gallie/Paugam 2000, Goodin et al. 1999, Mishra 1981). The most influential among them is the typology of welfare regimes by Esping-Andersen (1990, see Ferragina/Seeleib-Kaiser 2011, Kvist et al. 2011), which originally differentiated between three types of welfare regime. This typology is highly appropriate for an international comparison since it makes it possible to examine differences in organizations, structures and basic principles of welfare states, to analyse the effects of the various indicators on social inequality, and to explain these differences. The dimensions of state, market and family that are used cover the main responsibility for providing social security and social services. However, the degree of decommodification is measured by means of employees' rights, and not by means of social rights. The dimensions of this typology are, therefore, not suitable for analysing the welfare state's institutional set-up and concept of social rights adapted by specific forms of marketization, fragmentation and equalization and the related impact with regard to social inequality.

Feminist researchers have developed approaches to differentiate gender regimes and to compare the loss of social rights related with the various care activities of women, depending on how they are linked to labour market participation (Naldini/Jurado 2013, Naldini/Saraceno 2008, Sainsbury 1999, Walby 2004). The orientation of social security schemes towards employment status leads to only limited opportunities for women to participate in social citizenship (Fraser 1994, Lister 2003, Orloff 2006, Ostner 2004). An established model to differentiate the welfare state framing of gendered labour market participation and care and its influence on social rights is the *gender arrangement model* (Pfau-Effinger 2004a, 2005). The analysis of welfare state institutions focuses, however, on the interdependence of family policies, social services and labour market participation in particular, as is also the case in many empirical studies (Daly/Scheiwe 2010, Naldini/Jurado 2013, Saraceno 2004, Saraceno/Keck 2010, Saxonberg 2006).

The various typologies of welfare states make it possible, in different respects, to systematically compare welfare policies and institutions and their impact on the social structure. However, what has been lacking are typologies, analytical concepts and systematic comparative analyses of the differences, similarities and trends in welfare state regulations on social security with regard to marketized, fragmented and equalized institutions and their impact on social inequality. A typology is developed in this book to grasp the welfare institutional framing in gender terms, concepts are developed to comprehend welfare institutional marketization and fragmentation and their impact, and the differences, similarities and trends in welfare state regulations on social security are systematically comparatively analysed with regard to their impact on social inequality.

Welfare institutions are, as stated above, in flux. By introducing, weakening or eliminating specific regulations, social policies change welfare institutions. These welfare institutions are set up very differently in international and historic comparison (Djelic/Quack 2003, Pfau-Effinger 2004a, Chapter 5), and it is generally assumed that welfare state institutions are rather stable (Ebbinghaus 2005, Pierson 2004). Consequently, the reform of institutions is usually limited by the established national institutional order, and welfare institutions after reforms need to be more or less compatible with existing regulations (Mahoney 2000). Institutions may, however, develop in contradictory ways (Lepsius 1995, Streeck/Thelen 2005, Wiesenthal 2003). This is due to the fact that institutional principles, as for instance those related to the leading idea of self-responsibility (Nullmeier 2006, Chapters 5 and 8), do not necessarily find entrance in institutions as intended and consequently do not lead to the expected effects (Pfau-Effinger 2005, Chapter 2), or ideas influence single institutions more strongly than others, resulting in contradictory effects of single institutions in institutional constellations (Amable 2008, Chapter 3). However, contradictions between institutions, as in this case between welfare institutions of social security, do not necessarily destabilize the institutional constellation; alignment is not