Comparing Welfare States

Comparative-Historical Methods

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ESPAnet doctoral workshop Mannheim, July 4-6, 2013
Comparative-Historical Analysis

What have Gøsta Esping-Andersen, Peter Baldwin, Ann Orloff, Peter Katzenstein, Kees van Kersbergen, Julia Lynch, John Stephens, Peter Hall, Kimberly Morgan and Paul Pierson in common?

In fact, what do they have in common with Adam Smith, Alexis de Tocqueville, Karl Marx, Max Weber, Barrington Moore, Charles Tilly, Theda Skocpol, Geoffrey Luebbert and Thomas Ertman?

They all have relied in their research partly or mostly on comparative-historical methods.

And they all asked really big questions!
Comparative-Historical Methods

Source: Lange (2012: 3)
Comparative-Historical Methods
Social Scientific

• Not the historical “method”, but “longue durée”
  (Historians are typically concerned with other kinds of methodological questions)

• Explicitly theoretically informed analysis, independent of whether the research is theory developing or theory testing

• Attempt to generalize, on the level of the population of cases (probabilistic), with regard to causal mechanisms (possibilistic) or with regard to theories
  Nomothetic (tendency to generalize) versus idiographic (tendency to specify)
Comparative-Historical Methods

Comparative Method

• Comparison serves the purpose of “comparative checking” (Sartori) → The question of comparability
• Explore similarities and differences in an effort to highlight causal determinants (Lange)
  • The comparative method à la Lijphart
  • The parallel method of demonstration, contrast of contexts and macro-causal analysis (Skcopol and Somers)
  • Qualitative comparative analysis (Ragin)
  • Method of difference and method of agreement (Mill)
  • Typological approaches (George and Bennett)
  • Statistical analysis
  • Nested analysis (Lieberman)
  • Method of systematic process analysis (Hall)
• …
Comparative-Historical Methods
Within-Case Method

• Focus on political processes (process tracing)
  Hierarchy of observations, some kind of Bayesian updating (Bennett)
• Mechanisms, sequences and temporality
• Context and meaning (beyond “revealed preferences”)
• Concrete outcomes of interest:
  Why did Denmark not reform dismissal protection in the early 1970s (like everybody else)?
  Why did Swiss banking secrecy come suddenly under some much political pressure?
• Necessary and sufficient conditions: explain the outcome “beyond reasonable doubt”
  Do you trust the justice system?
Comparative-Historical Methods
Aggregate Unit of Analysis

• Macro perspective because a lot of things that interest us are macro-social phenomena (war, peace, revolutions, policies etc.)

• Aggregate public support is not the same thing as policy output
e.g. Arrow Impossibility Theorem

Macro-social units as macro-theoretical statements (Ragin 1987)

• Some theoretical arguments are per definition located at an aggregate level of analysis (e.g. structural power or ideational explanations)
e.g. credit rating agencies as cases of structural power
e.g. the idea of expansionary austerity (Blyth 2013)
Comparative-Historical Methods

• Not that much (really) on methods so far…
• “The ontologies of comparative politics have substantially outrun its methodologies” (Hall 2003: 375)
• A success story without a method?

→ Method of systematic process analysis (Hall 2006)
Comparative-Historical Methods

The Method of Systematic Process Analysis
The Method of Systematic Process Analysis (Hall 2006)

• Theory formation, deriving predictions, making observations, drawing conclusions

• **Theory formation**: Three-cornered fight between a theory, a rival theory and empirical observations (Lakatos)

• **Deriving predictions**: Do not only identify a few variables thought to have an especially important impact on the outcome but also outline the processes whereby those variables are thought to secure such an impact (maximize number of observations)

• **Making observations**: both causal-process observations and data-set observations, both revealed preferences and motivations/perceptions

• **Drawing conclusions**: attempt at generalization (probabilistic, possibilistic, theoretical)
The Method of Systematic Process Analysis (my take)

Three ideal typical explanatory approaches in case study research:

<table>
<thead>
<tr>
<th></th>
<th>Co-variation design</th>
<th>Causal-process tracing design</th>
<th>Congruence analysis design</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research goal</td>
<td>Does variable X make a difference?</td>
<td>What makes the outcome (Y) possible?</td>
<td>Which explanatory approach provides more insights?</td>
</tr>
<tr>
<td>Variation</td>
<td>Between-case variation</td>
<td>Within-case variation</td>
<td>Both between-case and within-case variation</td>
</tr>
<tr>
<td>Generalisation</td>
<td>Drawing conclusions about the causal effect of X on Y from sample to population</td>
<td>Drawing conclusions about the set of proven causal mechanisms</td>
<td>Drawing conclusions about the relevance of theories in the scientific discourse</td>
</tr>
<tr>
<td>Case selection</td>
<td>Variation on the independent variable (controlled comparison)</td>
<td>Positive cases (displaying outcome) and theoretical relevance of cases with regard to outcome</td>
<td>Likeliness of cases in respect to the selected theories</td>
</tr>
</tbody>
</table>

Source: Blatter and Haverland (2012)
What do comparative researchers often do?

1. Comparative researchers want to demonstrate that their preferred theoretical argument has more explanatory merit than the other important theoretical arguments in the field (*congruence analysis design*).

2. Comparative researchers use between-case variation to demonstrate the effect of the independent variables of interest (their preferred theoretical argument) on the outcome and draw conclusions about causal effects from the selected cases to the population of cases (*co-variation design*).

3. Comparative researchers use within-case variation to explain the outcome in all selected cases, deviant case or not, and draw conclusions about the set of proven causal mechanisms. In case of deviant cases, the goal is to determine why the case does not correspond to the identified between-case relationship (*causal-process tracing design*).
Example:

The Development of Job Security Regulations
What are Job Security Regulations?

- Restrictions of the managerial capacity to dismiss employees to allow for downsizing and to use new forms of employment such as temporary work when hiring new workers
- The most controversial labour market institution (Blanchard and Tirole 2003)
- No labour market institution as vilified by market liberals than restrictions on dismissal of workers (Quiggin 2010)
- Important distributional consequences (cf. two-tier and gender-segregated labour markets, youth unemployment)
- Highly popular among labour market participants, social protection function, incentives to invest in skills?
Job security regulations (bullet point history)

- No significant legislation before WW1
- First significant acts after WW1 and WW2 but not in all countries (e.g. Denmark and Great Britain)
- No reforms in 1950s and most of 1960s
- Wave of reform in late 1960s and early 1970s (except Denmark and to some extent Switzerland)
- Two-tier labour market reforms since 1980s (except Great Britain)
- Flexible labour markets in Denmark, Great Britain and Switzerland
- Two-tier labour markets in France, Germany, Italy, the Netherlands and Sweden
- Despite financial crisis countries struggle to reform dismissal protection for workers on open-ended contracts
Job security regulations in Western Europe

Goals:
• Generalization to all Western European countries with long traditions of democracy (since WW2) $\rightarrow$ co-variation design
• Three-cornered fight (in fact five) $\rightarrow$ congruence analysis design
• Identify (demonstrate) causal mechanisms in both typical (e.g. Germany after WW1) and deviant cases (e.g. Denmark in early 1970s) $\rightarrow$ causal-process tracing design

Case selection:
• Variation on the independent variables $\rightarrow$ co-variation design
• Most likely (least likely) cases $\rightarrow$ congruence analysis design
• Positive cases (displaying the outcome of interest), deviant cases (given previous research) and theoretical relevance of cases $\rightarrow$ causal-process tracing design
The Development of Job Security Regulations

The Paradox of Power (1900 to 1950)
Job security regulations in Western Europe

• Power resources thesis? Historically, dismissal protection is strong in countries with weak labour movements (*between-case variation*)

→ The Paradox of Power

• Social Catholicism thesis? But what is the causal mechanism? (*within-case variation*)

  Papal encyclicals? Catholic (familialist) culture? Christian democracy?

• Varieties of capitalism thesis? (*within-case and between-case variation*)

  Skills? Market failures? Efficiency?
My Explanation: Legal Tradition, Integration and War

1. French Code Civil contains section on contract law and is spread across Europe by Napoleonic Wars (France, Germany, Italy, the Netherlands) → Applied to employment contracts without changes

2. Early industrial integration of ideologically homogeneous labour movement leads to regulation of job security by collective agreements (Denmark, Great Britain, Sweden) → Desire to gain institutional control

3. World wars create window of opportunity for radicalized labour movements to advance regulation (France, Germany, Italy, the Netherlands) → Critical junctures not causally related to other factors
Code Civil and the Napoleonic Wars
# Early Industrial Integration and Ideological Fragmentation of Labour Movement

## Fragmentation along Ideological Lines

<table>
<thead>
<tr>
<th>Industrial Integration of Labour Movement</th>
<th>Fragmentation</th>
<th>Weak</th>
<th>Strong</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early</td>
<td>Early</td>
<td>Denmark, Great Britain, Sweden</td>
<td></td>
</tr>
<tr>
<td>Late</td>
<td></td>
<td>The Netherlands, Switzerland</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>France, Germany, Italy</td>
<td></td>
</tr>
</tbody>
</table>

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Catholicism!
## Dismissal Protection before World War 1

<table>
<thead>
<tr>
<th>Country</th>
<th>Law on contract of employment</th>
<th>Specific provision for notice</th>
</tr>
</thead>
</table>
| Denmark       | Tyendelove 1854 (rural and domestic workers)  
                No statutory regulation for blue-collar workers | 1 month  
                No statutory regulation                                             |
| France        | Law of 27 December 1890  
                Case law (abuse of rights) | Reference to custom                                                  |
| Germany       | Reich Trade Act 1896, Commercial Act 1897,  
                Civil Code 1900 | Maximum of 6 weeks  
                depending on periodicity of wages                                  |
| Great Britain | No statutory regulation                                                                | No statutory regulation                                              |
| Italy         | Legislative Decree of 9 February 1919 (white-collar workers only) | 15 days to 4 months                                                  |
| Netherlands   | Contract of Employment Act 1907                                                            | Maximum of 6 weeks  
                depending on periodicity of wages                                  |
| Sweden        | No statutory regulation                                                                | No statutory regulation                                              |
| Switzerland   | Reform of Code of Obligations 1911                                                        | 2 months after one year of employment                                |
Post-War Crisis and the Reform of Dismissal Protection

- Post-war crisis of the political right in most of Western Europe, in particular in belligerent states
- Temporary political ‘dominance’ of political left (approx. 1918 to 1920 and 1945-1947)
  - Radical left: France, Germany (both 1918-1920 and 1945-1947), Italy, Netherlands
  - Moderate left: Denmark, Great Britain, Sweden, Switzerland
- Massive economic damage (France, Germany, Italy, the Netherlands)
- Post-war legislation in France, Germany, Italy and the Netherlands, but not Denmark, Great Britain, Sweden and Switzerland
The Development of Job Security Regulations
From Drift to Layering (1950 to 2008)
The historical development (1950-2008)

Development of job security regulations in Western Europe, 1950-2008

Sources: Allard (2005), Venn (2009)
The historical development (1985-2008)

Development of job security regulations, 1985-2008

Source: Venn (2009)
Four theoretical propositions

1. Trade unions push for the expansion of job security regulations, but given employers’ opposition, they can enforce better job security regulations only in exceptional circumstances (critical junctures).

2. Once restrictions are in place, employers take advantage of institutional ambiguity to deviate from formal rules (institutional drift).

3. Unions fight institutional drift (1) by minimizing employers’ discretion in the interpretation and enforcement of rules and (2) by installing bodies that monitor employers’ behaviour.

4. Under pressure to allow for labour market flexibility, unions assent to the deregulation of temporary employment in order to protect their organizational and representational interests (institutional layering).
## Four types of (incremental) institutional transformation

<table>
<thead>
<tr>
<th>Characteristics of the political context</th>
<th>Characteristics of the targeted institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong veto possibilities</td>
<td>Low level of discretion in interpretation/enforcement</td>
</tr>
<tr>
<td>Weak veto possibilities</td>
<td>Layering</td>
</tr>
<tr>
<td></td>
<td><em>Displacement</em></td>
</tr>
</tbody>
</table>

Source: Mahoney and Thelen (2010: 19)
Reform of job security regulations

Veto possibilities of labour movement

Layering

Displacement

Drift

Conversion

Level of discretion in interpretation/enforcement
Comparative-Historical Methods

• Advantages:
  • Allows to address some of the big questions and the analysis of political processes
  • Context-sensitive analysis of a moderate number of cases
  • Allows for the consideration of interpretation and meaning
  • Historical analysis allows to analyse long-term developments
  • Exhaustive tests of theories and possibility for contingent generalization
  • Explanations for both typical and deviant cases

• Disadvantages:
  • Space, space, space
  • Comparative politics a success story without a method?
  • Selection bias (both cases and historical sources)
  • Secondary sources versus archival research
  • Limited generalization