

Social disadvantages and welfare problems: The role of collective welfare resources

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Dissertation for the degree of philosophiae doctor (PhD)
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Spring 2017

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Avhandling 2017 nr 4

ISSN 1893-0476

ISBN 978-82-8364-049-6

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Læringscenter og bibliotek,
Skriftserien
St. Olavs plass 4,
0130 Oslo,
Telefon (47) 64 84 90 00

Postadresse:
Postboks 4, St. Olavs plass
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Adresse hjemmeside: <http://www.hioa.no/Om-HiOA/Nettbokhandel>

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Trykket hos Allkopi
Trykket på Multilaser 80 g hvit

Acknowledgments

To be given the opportunity to write a doctoral thesis is a privilege. It is a process that would not have been possible however, without the support and guidance from a great number of people to whom I would like to express my gratitude. Professor Espen Dahl has been my supervisor. I am sincerely grateful for all your advices and constructive criticism. Thank you for constantly broadening my academic horizon and for all your support and guidance! Also, thank you for giving me the opportunity to work in the project, 'Health inequalities, economic crisis and the welfare state', while working towards the end of my thesis. I learned a lot from this highly competent research environment.

When I started writing the doctoral thesis I had the privilege to be part of the milieu at the Social Welfare Research Centre (Sosialforsk) at Oslo University College and the Research Group for inclusive Social Welfare Policies (GIV). A special thanks to all the professors, professor emeritus and associate professors for your inspiring engagement in social policy and social work: Steinar Stjernø, Knut Halvorsen, Bente Puntevold Bø, Ivar Lødemel, Ivan Harsløf, Asbjørn Johannessen and Ira Malmberg-Heimonen. The Research Director at Sosialforsk, Sissel Seim with her inclusive, caring and encouraging leader style combined with comprehensive knowledge of both social policy and social work has been an important source of inspiration and support. Thank you also to Professor Ira Malmberg-Heimonen and Associate Professor Erika Gubrium as her successors. To all of the other colleagues not mentioned it has been a privilege working with you and thank you for providing such a good and stimulating working milieu.

I particularly want to thank my co-writers Professor Ira Malmberg-Heimonen and Associate Professor Kjetil van der Wel. Cooperating with and learning from you both have been indispensable! Ira; I appreciate all the opportunities you have given me to participate in small and bigger projects over the years and all that you have taught me and still do! Kjetil; together with Espen you have introduced me to very interesting fields of research. Thank you for that! Thank you for all your theoretical and methodological advices and for reading and commenting on my work in the course of the years.

I joined the new PhD Program in Social Work and Social Policy in 2011. I would like to thank the founder and head Professor Emeritus Irene Levine and her successive heads, Associate Professor Randi Wærdahl and Professor Amy Østertun Geirdal for a well administered program. Thank you to my fellow PhD scholars at the program and at Sosialforsk for good companionship. Also, I would like to express my gratitude to Anne Thorsen for all the valuable administrative support. Thank you to the bachelor program in social work for giving me the opportunity work with students as part of my training.

Finally, thanks to mom and dad for your constant love and support. Last but not least, my dearest thanks to my husband André for all your love, optimism and tireless support. Thank you for believing when I did not. To my sons Eric and Marcus; thank you for keeping me grounded reminding me of what is really important!

Vinterbro, 3. Mai 2017.

Summary

This thesis investigates the relationship between social disadvantages and welfare problems, and assesses the role of collective welfare provision in alleviating the risk of welfare problems. Welfare is studied as a multidimensional phenomenon, and here I examine both distributional aspects, i.e. poverty, and relational aspects of welfare, i.e. social exclusion and social capital. Collective welfare state resources are resources provided by welfare state institutions such as health care systems and social insurance systems. In this thesis, the focus is on the level of generosity in the provision of such resources. A long-standing debate within social policy concerns the dilemma between re-distribution on the one hand and the possible detrimental consequences of generous welfare provision on the other. This major debate involves opposing views that disagree on whether generous welfare provision is related to different welfare problems. The overall research question of the thesis is: *What are the relationships between social disadvantages and relational and distributional welfare problems, and how are the welfare problems modified by collective welfare provision?*

According to welfare critics, generous welfare provision may distort people's capacity to plan and control their lives and pervert norms whereas according to welfare proponents on the other hand, generous welfare provision alleviates poverty and inadequate social participation. In line with the 'command over resources' approach, generous welfare provision are believed to improve the conditions that determine choices, strengthen agency and the ability to direct the conditions of life as well as 'buffer' the extent to which individual disadvantages in one area are related to disadvantages in another area

Three out of four studies (studies I, III and IV) in this thesis contribute to shed light, in different ways, on whether generous welfare provision is related to different welfare problems, and hence provide results that are consistent with either welfare critics on the detrimental consequences of generous welfare provision, or welfare proponents on the benefits of welfare provision. The results of this thesis show that both relational welfare problems, i.e. non-participation in networks (Study I), as well as distributional ones, i.e. material deprivation and income poverty (studies III and IV), invariably decreased as welfare generosity increased. The results on relational welfare problems show that there were no indications of higher levels of social exclusion in more generous welfare states, i.e. the association between welfare generosity and non-participation did not differ between disadvantaged groups and compared to the reference group (Study I). Results on distributional

welfare problems show, with few exceptions, that the risk of income poverty and material deprivation decreased with increasing welfare generosity among disadvantaged groups in absolute terms. The absolute inequalities as well as the absolute levels among disadvantaged groups were lower in more generous welfare state contexts (studies III and IV). The low educated benefitted the most from generous welfare provision, compared to other social risk categories, in terms of a substantially lower risk of material deprivation (Study IV). However, findings on both relational as well as distributional welfare problems showed that social inequalities assessed relatively were not necessarily smaller in generous welfare states. Study II based at the individual level in the context of the social capital 'rich' and egalitarian country of Norway, show that relational aspects of welfare was not equally available to all, in particular, education seemed to matter for both social trust and civic participation (Study II).

The finding of this thesis lends support to the welfare proponents and the view that welfare resources enables participation in society and support the view that generous welfare provision provides disadvantaged individuals with resources to alleviate the risk of poverty. Eventually the views that generous welfare states distort self-efficacy, values and norms, whether these concern the moral obligation towards others or the incentive to work, does not seem justified. The results of this thesis is however, based on cross-sectional data. I am therefore unable to establish causal relations and, hence, present convincing arguments for generous welfare provision in the future. Generous welfare provision introduced in countries with different cultural and institutional conditions will not necessarily increase social participation and alleviate poverty. However, the findings of this thesis, supported by a range of other studies (at both the macro and the micro level), seem to warrant encompassing state intervention and generous welfare provision to handle welfare problems, at least up to now.

Sammendrag

Denne avhandlingen studerer forholdet mellom sosiale ulemper og velferdsproblemer, og betydningen av sjenerøse velferdsordninger for å redusere risiko for velferdsproblemer. Velferd studeres som et flerdimensjonalt fenomen, og jeg studerer både fordelings aspekter, dvs. fattigdom, og relasjonelle aspekter av velferd, dvs. sosial eksklusjon og sosial kapital. Kollektive velferdsordninger er ordninger som er tilgjengeliggjort av velferdsstatlige institusjoner som helsetjenester og trygdeordninger. I denne avhandlingen er fokuset på sjenerøsitetensnivået i tilgjengeliggjorte ressurser. En vedvarende debatt innen sosialpolitikken omhandler dilemmaet mellom omfordelingshensyn på den ene siden og mulige uheldige konsekvenser av sjenerøse velferdsordninger på den andre. Denne debatten omfatter motstridende syn på hvorvidt sjenerøse velferdsordninger er knyttet til ulike velferdsproblemer. Den overordnede problemstillingen for avhandlingen er: *Hva er forholdene mellom sosiale ulemper og relasjonelle og fordelingsmessige velferdsproblemer, og hvordan modifiseres velferdsproblemene av kollektive velferdsordninger?*

Ifølge velferdskritikere, kan sjenerøse velferdsordninger virke ødeleggende for folks evne til å planlegge og å kontrollere sine liv og pervertere normer, mens ifølge velferdstilhengerne, kan sjenerøse velferdsordninger redusere fattigdom og risikoen for manglende sosial deltakelse. I tråd med 'tilgang til ressurser' tilnærmingen, antas sjenerøse velferdsordninger å forbedre betingelser for valg, styrke handlingskompetanse og mulighet til styre livsvilkår så vel som "bufre" at individuelle ulemper på ett område er relatert til ulemper på et annet område.

Tre av fire studier (studier I, III og IV) i denne avhandlingen bidrar til å belyse, på forskjellige måter, hvorvidt sjenerøse velferdsordninger er relatert til ulike velferdsproblemer, og gir dermed resultater som er i samsvar med enten velferdskritikere om uheldige konsekvenser av sjenerøse velferdsordninger, eller velferdstilhengerne om fordelene av velferdsordninger. Resultatene i denne avhandlingen viser at både relasjonelle velferdsproblemer, dvs. ikke-deltakelse i nettverk (studie I), samt fordelingsmessige, dvs. risiko for materiell deprivasjon og inntektsfattigdom (studier III og IV), uten unntak ble redusert i tråd med økende velferdssjenerøsitet. Resultatene for relasjonelle velferdsproblemer viser at det ikke var noen indikasjon på høyere nivåer av sosial ekskludering i mer sjenerøse velferdsstater, dvs. sammenhengen mellom velferdssjenerøsitet og ikke-deltakelse var ikke forskjellig mellom

vanskeligstilte grupper og sammenlignet med referansegruppen (studie I). Resultatene for de fordelingsmessige velferdsproblemene viser, med få unntak, at risikoen for inntektsfattigdom og materiell deprivasjon ble redusert når velferdssjenerøsitet økte blant vanskeligstilte grupper i absolutte termer. De absolutte ulikhetene samt de absolutte nivåene blant vanskeligstilte grupper var lavere i mer sjenerøse velferdsstatssammenhenger (studier III og IV). De lavt utdannede hadde størst fordeler av sjenerøse velferdsordninger i form a substansielt lavere risiko for materiell deprivasjon sammenlignet med andre sosiale risikogrupper (studie IV). Resultatene for både de relasjonelle og de fordelingsmessige velferdsproblemene viser imidlertid at sosiale ulikheter i relativ forstand ikke nødvendigvis var mindre i sjenerøse velferdsstater. Studie II basert på individnivå innenfor konteksten av det sosial kapital "rike" og egalitære Norge, viser at relasjonelle aspekter av velferd ikke var like tilgjengelig for alle, særlig utdanning var av betydning for både sosial tillit og deltagelse i sivilsamfunnet (studie II).

Resultatene i denne avhandlingen gir støtte til velferdstilhengerne om at velferdsressurser muliggjør deltagelse i samfunnet og at sjenerøse velferdsordninger bidrar til å redusere risikoen for fattigdom. Synet som vektlegger at sjenerøse velferdsstater er skadelig for mestringstro, verdier og normer, enten det er den moralske forpliktelsen overfor andre eller insentiv til å arbeide, synes ikke berettiget. Resultatene i avhandlingen er imidlertid basert på tverrsnittsdata. Jeg kan dermed ikke etablere årsakssammenhenger og således fremme overbevisende argumenter for at velferdsstater i stor grad bør tilgjengelig gjøre velferdsressurser også i fremtiden. Sjenerøse velferdsordninger innført i land med ulike kulturelle og institusjonelle forhold vil ikke nødvendigvis øke sosial deltagelse og avhjelpe fattigdom. Funnene i denne avhandlingen, støttet av en rekke andre studier (både på makro- og mikronivå), synes likevel å berettige omfattende statlig involvering og sjenerøse velferdsordninger for å håndtere velferdsproblemer, i alle fall frem til nå.

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List of studies

Study I

Health related social exclusion in Europe: a multilevel study of the role of welfare Generosity, *International Journal for Equity in Health*, 2013, 12: 81.

Co-authors: Espen Dahl and Kjetil van der Wel

Study II

Social inequalities, social trust and civic participation – the case of Norway, *European Journal of Social Work*, 2014, 17 (1): 118–134.

Co-author: Ira Malmberg-Heimonen

Study III

Welfare generosity in Europe: a multi-level study of material deprivation and income poverty among disadvantaged groups, *Social Policy and Administration*, 2016 (early view). doi:

10.1111/spol.12217.

Co-author: Ira Malmberg-Heimonen

Study IV

Welfare resources and social risks in times of social and economic change: a multilevel study of material deprivation in European countries, *European Journal of Social Work* (re-submitted)

Chapter 1 – Introduction

This thesis investigates the relationship between social disadvantages and welfare problems and assesses the role of collective welfare provision in alleviating the risk of welfare problems. Welfare is studied as a multidimensional phenomenon, and here I examine both distributional aspects, i.e. poverty, and relational aspects of welfare, i.e. social exclusion and social capital. A long-standing debate within social policy concerns the dilemma between redistribution, on the one hand, and the possible detrimental consequences of generous welfare provision, on the other. This major debate involves opposing views on the role and consequences of generous welfare provision.

If the welfare critics are right in that generous welfare provision perverts people's norms and behaviours and that equality is brought at the cost of efficiency, people may become welfare-dependent and socially isolated, and the economic foundation of an encompassing welfare state as well as its legitimacy is undermined. If, on the other hand, welfare proponents are right, generous welfare provision may be more efficient by improving the conditions that determine choices, strengthening agency and the ability to direct the conditions of life, and there is no inevitable trade-off between redistribution and growth or an open economy. The social policy prescriptions related to these opposing views diverge and are often discussed as a question of residual and means-tested welfare (with critics advocating cuts in benefits), on the one hand, and comprehensive and universal welfare provision, on the other.

The overall analytical approach taken in this thesis is to analyse the relationship between disadvantages and welfare problems, and assess whether collective welfare provision is associated with the prevalence of welfare problems in the population and in particular among disadvantaged groups. The results of the papers in sum contribute by shedding light on whether the findings support welfare critics or proponents.

Opposing views

According to critical accounts, generous welfare provision leads to unintended, detrimental consequences: it distorts self-efficacy and norms and leads to moral hazards and disincentives to work (Murray 1984; Mead 1991; Lindbeck 1995b). When people actively and rationally opt out of work to live off benefits, they soon become welfare dependents (Murray 1984;

Lindbeck 1995b). Some critics argue that generous welfare states undermine the moral obligation we have towards each other and displace voluntary and informal ties (Coleman 1990; Rothstein 2001, 226; Halpern 2005, 272-273). Long-standing critical accounts of the impact of generous welfare states at the macro level assume that there is a trade-off between redistribution and growth. A generous welfare state will inevitably drain resources and be a drag on economic performance; and the welfare state will be like a leaky bucket (Okun 2015). In this view, welfare state resources should be residual and economic growth will ultimately 'trickle down' to the poor (Stiglitz 2011), making them better off than they would otherwise be. An alternative view of generous welfare provision compares it to an 'irrigation system' that supports economic efficiency and growth, rather than wasting resources in the process of transferring resources from the rich to the poor (as a 'leaky bucket' might do) (Korpi 1985, 100). According to another economic view, globalization and free trade are good for the economy (Barth and Moene 2008). Redistribution through the welfare state ensures that all benefit from the gains of globalization and free trade, and as a consequence the population supports an open economy (Barth and Moene 2008; Moene 2016).

The command over resources approach emphasizes the commitments of the welfare state in relation to its citizens (Fritzell and Lundberg 2007: 5). Under this view, generous welfare provision is believed to improve the conditions that determine choices, and strengthen agency and the ability to direct the conditions of life (Barstad 2014, 64). This way, the welfare state may 'buffer' the extent to which individual disadvantages in one area are related to disadvantages in another area (Fritzell and Lundberg 2007). The assumption is that, given the resources the individual commands, she can actively control and direct her living conditions (Erikson and Uusitalo 1987, 189).

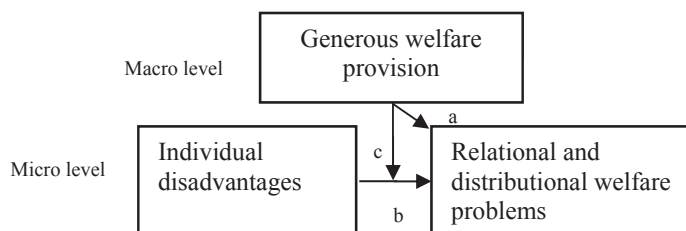
Based on the accounts that criticize generous welfare provision, we would expect generous welfare provision to cause, rather than alleviate, welfare problems. By contrast, according to welfare proponents, generous welfare provision protects against or alleviates welfare problems and buffers the extent to which disadvantages in one area lead to disadvantages in another.

Analytical approach

The welfare problems studied, i.e. risk of poverty, social exclusion and inequalities in social capital, may be a result of a range of interacting factors at different levels, that is, the individual, her family, neighbourhood(s), associations and societal institutions, which structure the lives and opportunities of people. The overall analytical approach taken in this thesis is to examine the link between social disadvantages and welfare problems, and assess whether generous welfare provision is associated with the prevalence of welfare problems in the population and in particular among disadvantaged groups. The social policy context of a country, i.e. the collective welfare provision, are resources provided by welfare state institutions such as the health care systems and social insurance systems (Fritzell and Lundberg 2007, 7). In this thesis, the focus is on the level of generosity in the provision of such resources. The influence of social policies on welfare problems may be indirectly via people's psychological characteristics, norms, and behaviours, i.e. self-efficacy and incentives to work, or via the accessible resources that either cause people to need each other less or provide people with more equal sets of opportunities to direct and control their conditions of life.

Figure 1 shows the link between generous welfare provision (at the macro level) and the prevalence of welfare problems in the population and among disadvantaged groups (at the micro level). The divergent views on the role of generous welfare provision disagree about whether arrows *a* and *c* from the macro level to the micro level in Figure 1 should be positive or negative, i.e. whether generous welfare provision causes or alleviates welfare problems (*a*), and whether generous policy contexts 'buffer' against or reinforce the link between individuals' insufficient resources and the risk of welfare problems (*c*).

Figure 1. Analytical model showing the link between generous welfare provision, and the prevalence of welfare problems in the population and among disadvantaged groups.



In line with the ‘command over resources’ approach, resources made available through the welfare state might improve the disadvantaged individual’s opportunity to actively control and direct her conditions of life and ‘buffer’ the extent to which lacking resources in one area are related to lack of resources in another (macro level to micro level, arrow *c* in Figure 1). The resources the individual commands over can be ‘invested’ in various arenas such as the labour market arenas, consumer market arenas and arenas for social participation (Erikson and Uusitalo 1987, 189–190). Benefits in kind may for instance serve to protect against economic hardships by freeing up economic resources that might otherwise be applied to buy necessities in the market, such as medicine or medical equipment. Benefits in kind may also indirectly affect a household’s income by enhancing the earning capacity of an ill person. Benefits in cash might enable people to buy material necessities and uphold material and economic living standards or buffer the impact of income loss or low income associated with different states of disadvantages. Access to both services and cash benefits may enable people to socially participate in ways that would otherwise not have been possible, for instance by providing medical equipment and by enabling individuals to pay for membership fees in sport clubs and associations or to bring a gift to a party.

Research question and studies

Three of the studies (studies I, III and IV) in this thesis contribute to shed light, in different ways, on whether generous welfare provision is related to welfare problems and, hence, provide results that are consistent with either welfare critics on the detrimental consequences of generous welfare provision, or welfare proponents on the benefits of welfare. Study II, based at the individual level within the national context of Norway, shows how different theoretical perspectives emphasize, the influence of generous welfare arrangements in ‘making’ or ‘breaking’¹ social capital.

The overarching research question of this thesis is:

What are the relationships between social disadvantages and relational and distributional welfare problems, and how are the welfare problems modified by collective welfare provision.

¹ The phrase is borrowed from Kumlin and Rothstein (2005: 342).

The four studies of this thesis attempt to address this question. Whereas studies I and II investigate relational welfare problems, studies III and IV address distributional welfare problems. In Study I we assessed whether welfare state provision ‘crowds out’ civil society. In Study II, conducted in the context of Norway, a generous welfare state, we examined whether social capital is readily available for all to turn their social relations into assets or, alternatively, whether it is unequally accessible owing to insufficient resources. In Study III, we set out to answer the question whether generous welfare states are associated with lower risk of different aspects of poverty linked to social disadvantages. Finally, in Study IV, I investigated whether generous welfare states reach individuals who are experiencing ‘new’ as well as ‘old’ social risks in changed social and economic contexts in the midst of the Great Recession.

While Study I is comparative and includes a range of affluent European countries, Study II is based within the national context of Norway. As Norway is generally perceived as a generous and egalitarian welfare state with high levels of social capital, inequalities can easily be obscured or at least downplayed when Norway is compared with other, less egalitarian countries. Hence, studying social capital differences within Norway seems warranted. Recent institutional and demographic changes have altered the manifestations of social risks (Bonoli 2004, cited in Van der Veen 2012, 22) and in the context of the economic downturn, many disadvantaged groups face welfare losses (OECD 2014). In Study IV, I therefore studied how both new and old risk groups fare in changed economic contexts. In Study III, we used measurements of both ‘at risk of income poverty’ and risk of material deprivation, while Study IV is based on measurements of material deprivation only. The latter approach appears reasonable as recent findings show that poverty increases during the current crisis have (so far) mostly been in terms of material deprivation² (Duiella and Turrini 2014, 10).

Insufficient resources

There are ranges of resources that are important to the different welfare components studied. Individual resources such as health, education and employment have traditionally been considered an important part of people’s welfare within the Scandinavian approach to welfare

² However, measures of relative income poverty are difficult to interpret in times of economic change because the poverty line moves (OECD 2014: 23).

research (Erikson and Uusitalo 1987; Karisto 1987). In this thesis, insufficiencies in these resources are perceived as *disadvantages*.

A resource perspective emphasizes what good health enables a person to do and, consequently, what illness deprives a person of doing (Karisto 1987, 196). The Scandinavian approach emphasizes a negative relation as poor or limiting health might be decisive to welfare, while good health may not be sufficient to guarantee welfare (Karisto 1987, 198). Health has been defined as the state of ‘feeling sound, well, vigorous, and physically able to do things that most people ordinarily can do’ (Mirowsky and Ross 2003, 33). Consequently, important aspects of health as a general term are the sense of being either healthy or unhealthy and the experience of being able, or unable, to perform common activities or functions (Mirowsky and Ross 2003, 33).

The more years spent in education, the greater the stock of human capital with which to achieve a good life (Mirowsky and Ross 2003, 26). The skills learned in school increase ‘effective agency’. The idea of ‘education as learned effectiveness’, which is perceived to be the opposite of learned helplessness, was developed by Mirowsky and Ross (2003, 26–28). The principle of substitution also implies that education can serve as substitute when other resources are absent; consequently, education is more important to those who lack other resources (Mirowsky and Ross 2003, 27). Educational attainment and good health go together, where, according to Mirowsky and Ross (2003, 26), high education fosters health because people with high education have high personal control and therefore engage in healthy lifestyles. Also, education perceived as a manifestation of cultural capital emphasizes the ways in which education can be linked to other advantages or disadvantages in a reinforcing, cumulative manner (Savage, Warde and Devine 2005; Bourdieu 1986), for instance in the context of the labour market (Barstad 2014, 56).

Employment status is another main component of socioeconomic position that tends to be associated with health (Mirowsky and Ross 2003, 110). The association between employment status and health is commonly explained as either *causation*, i.e. when aspects of employment status such as economic wellbeing and personal development affect health, or in terms of the *selection explanation*, when health affects the employment status, for instance if an individual is unable to work because of disability. Accordingly, the ‘healthy worker hypothesis’ assumes

that individuals in good health have a higher probability of getting and holding a job as employers might be reluctant to employ someone with a chronic disease, for instance because of the worry that she will be less productive, or costly in terms of sickness benefits (Mirowsky and Ross 2003, 110). The association probably works in both directions (Dahl and Elstad 2009). In this thesis, ‘non-employment’, or ‘worklessness’ (Bambra 2011, 6), refers to the absence of paid work. The term is used to describe those who are unemployed as well as those who have never worked and those who are unable to work, for instance owing to poor health. Non-employment includes a variety of states including unemployment, disability, and retirement or homemaking.

In this thesis, poor/limiting health, low education and non-employment are disadvantages examined in studies I, III and IV. In Study II, we chose to consider a wider range of variables, including for instance childhood experiences. In two of the studies (I and III) in this thesis, these disadvantaged positions are studied as intersections: poor/limiting health combined with non-employment; and poor/limiting health combined with low education. In Study IV, I have left out important new risk groups such as single mothers, immigrants and young men living alone among other. The reason behind this was to be consistent in the definition and assessment of disadvantaged groups throughout studies I, III and IV. Assuming that these resource insufficiencies or disadvantages taken separately or combined may increase the likelihood of experiencing other welfare problems, they are included in this thesis to study the extent to which social policies ‘buffer’ against or reinforce the association between individual insufficient resources and welfare problems.

In Chapter 2, I discuss my approach for studying welfare. In Chapter 3, I elaborate and discuss theoretical considerations in relation to the welfare problems studied. Chapter 4 outlines opposing views on the role of the welfare state to alleviate welfare problems and addresses new manifestations of welfare problems. The chapter ends with a discussion of different approaches assess key welfare state characteristics. Chapter 5 follows with a review of previous empirical findings. Chapter 6 presents an elaboration of the data, methods, analysis and ethical considerations, followed by a summary of the studies in Chapter 7. Lastly, in Chapter 8, I discuss the main findings, the limitations of this thesis, and some social political implications. I end this thesis with a short reflection on the link between the fields of social work and social policy and suggest that this thesis may be of relevance to both fields.

Chapter 2 – Welfare as command over resources

In the academic literature, there is no commonly agreed approach to welfare. Welfare can be defined in terms of utility, wellbeing, quality of life, satisfaction with life, happiness or by resources and capabilities (Erikson and Uusitalo 1987, 178; Halvorsen 2014, 6). While social reformist was conventionally problem-oriented, recent positive approaches emphasize capabilities (Halvorsen 2014, 6). The idea of *social* welfare was developed within social policy and social work and, to a lesser extent, within sociology, and emphasized needs and social problems and the responses to both (Daly 2011, 22). The strong orientation towards structure in the early conceptualization of welfare, however, tended to downplay agency, perceived as people making choices and acting on them (Daly 2011, 36). The more recent wellbeing approach to welfare, on the other hand, emphasizes individual agency, but tends to put less emphasis on structures and processes. The ‘command over resources approach’ accentuates the living conditions of people and their families (Fritzell and Lundberg 2007, 5) and theoretically emphasizes both social structures and individual agency.

The Scandinavian level of living approach – command over resources

In Scandinavia, the major approach to welfare is level of living research influenced by, among others, British socio-political research (Erikson and Uusitalo 1987, 184–186). The Scandinavian welfare research is broadly concerned with inequality (Lister 2004, 17). Drawing on the writing of Richard Titmuss (1907–1973), resources are highlighted as the central element of welfare (Erikson and Uusitalo 1987, 189). This approach reflects the writings of T.H. Marshall (1893–1981) on the development of social citizenship rights and, hence, highlights the commitment of the welfare state in relation to its citizens (Fritzell and Lundberg 2007, 5). Level of living is defined in terms of access to resources including both individual and collective, acquired resources and resources the individual is born with (NOU 2009, 10)

... the command over resources in terms of money, possessions, knowledge, psychological and physical energy, social relations, security and so on, *by means of which the individual can control and consciously direct her conditions of life.* (Author’s translation after Johansson 1970, 25. Original emphasis.)

The concept of *level of living* emphasizes the conditions that determine choices, as well as the social and economic circumstances to be able to realize welfare (Barstad 2014, 64). There are some key theoretical assumptions underlying this definition:

1. *Agency*: The definition of level of living as ‘command over resources’ implies a view of individuals as active beings with roots in classical sociological theory (e.g. Marx, Weber) (Johansson 1970, 25). Given the resources the individual commands, she can actively control and direct her living conditions as opposed to being viewed as a passive being whose needs are secured (Erikson and Uusitalo 1987, 189). The use of the resources is, furthermore, subjectively determined according to her preferences (Erikson and Uusitalo 1987, 189). Resources focus attention on life chances and the resources necessary to be able to maximize capabilities and, hence, welfare. By contrast, basic needs give prominence to day-to-day survival (Esping-Andersen 2000, 6).

2. *Resources and arenas*: The resources components are theoretical categories, applied as ‘sensitizing concepts’ that give useful associations (Johansson 1970, 25). The value of the resources an individual commands depends on the circumstances in which she lives and whether there is the opportunity to use the resources (Erikson and Uusitalo 1987, 189). The resource and arena model as described in NOU (1993: 17) has been applied in the Norwegian Level of Living surveys from 1973 onwards. Individuals and households command a set of resources such as health, education, income, and so forth, which they use or invest in various arenas. Examples of arenas are labour markets, the education system, the consumer goods market and arenas for social participation. The access to the varying arenas is determined by different selection mechanisms. The structural characteristics of the arenas, jointly with the resources the individual commands, determine the outcome for a person, which might represent new resources that can be invested in different arenas (Erikson and Uusitalo 1987, 189–190).

3. *Objective indicators*: These indicators are supposedly best suited for making interpersonal comparisons as well as studying inequalities (Erikson and Uusitalo 1987, 190). The underlying assumption is that the problems and the challenges individuals face during the life cycle are more or less the same everywhere (Johansson 2002, 26). However, the form and degree as well as the relative importance of the different areas of collective responsibility vary across countries (Johansson 2002, 26). While the notion of ‘objective’ usually refers to

individuals' descriptions of their resources and conditions, it is not completely detached from the individual's perception, as an objective measure in a strict sense would imply (Erikson and Uusitalo 1987, 193). Moreover, 'objective' indicators are not value-neutral. Attached to objective indicators are notions about what is perceived as 'good' and 'bad' conditions within a society, that are normatively, historically and culturally contingent (Barstad 2014, 15–16).

An important related discussion is whether social science should deal with non-empirical questions of what constitutes the good life. According to Weber, 'an empirical science cannot tell anyone what he *should* do – but rather what he *can* do' (emphasis by author; Weber 1949, 54). Social policy cannot be resolved based on technical considerations. Social policies involve normative standards and value judgments and should therefore be object of dispute and discussion (Weber 1949, 56). The more 'general' the problem the more difficult it is to arrive at a single, unambiguous answer (Weber 1949, 56). However, Johansson (1970, 29) argues that while it is difficult to agree on what ideally characterizes 'the good life', it is easier to agree on the opposite, that is, on negative conditions. The aim of the level of living approach, as described by Johansson (1970, 30), is to give priority to problems or conditions that can be addressed through political decisions and relieved by means of institutional arrangements such as national health services, educational institutions or labour market institutions (Johansson 1970, 30). The emphasis should however be on a *multidimensional* description of the individual's situations (Johansson 1970, 31). An assumption in the level of living approach to welfare is that citizens seek to influence 'how it ought to be' as well as 'what should be done' through democratic political processes, by holding informed discussions within a political organization, while 'how it is' is left to empirical assessments through social reporting (Johansson 2002, 29–31).

4. *Welfare correlates*: Central to the Scandinavian approach to welfare is the emphasis on the interrelatedness of different welfare problems (Fritzell and Lundberg 2007, 6), which stresses the importance of acknowledging that disadvantages do not affect individuals and families in an isolated manner. Rather, welfare problems tend to 'correlate' with each other (Esping-Andersen 2000, 6).

5. *Freedom*: Lastly, the resource definitions point to *freedom* as the key welfare good (Barstad 2014, 51). Theoretically, the emphasis on the command over resources as

fundamental to enhancing the individual scope of action to achieve welfare is closely related to Amartya Sen's concept of 'capabilities' (Sen 1999; Esping-Andersen 2000, 5) located within a more general subjective wellbeing approach to welfare.

Wellbeing – functioning and capabilities

In Sen's conceptualization of wellbeing, 'functioning' refers to beings and doings a person has reason to value or pursue, e.g. good health. The concept of capabilities refers to a person's actual opportunities or freedom to choose from alternative combinations of functionings, irrespective of whether that person exercises this freedom or not (Sen 1999, 75; Hick 2012). There is an important distinction between the beings and doings that are realized and those that are effectively possible (Robeyns 2005, 95). The emphasis is upon the freedom that people can achieve through resources, i.e. through means that are instrumental to increased wellbeing as an end (Robeyns 2005, 95). Individuals are seen as active and able to bring about change, and individual achievements are assessed in terms of the individual's own values, objectives and choices (Sen 1999, 19). Sen is critical of accounts that judge the opportunities people have through the means they possess, neglecting to take into account the different abilities to convert means into good living (Sen 2009, 65–66). Hence, we should move on to assess capabilities and the opportunities available to people according to their functionings (Atkinson 2015, 13–14). This ultimately implies that although generous welfare states may be better able to alleviate welfare problems such as poverty and social exclusion, these outcomes should be interpreted in light of the different circumstances and underlying opportunities (Atkinson 2015, 14).

One of the main objections against the capability approach is that it is too individualistic and does not include individuals as part of their social environment and connections to others and does not pay sufficient attention to social structures. The approach has consequently been associated with ontological individualism (Robeyns 2005, 107–108; Sen 2009, 244).

However, Sen emphasizes that individuals' actions, i.e. their 'sayings and doings', cannot be detached from the influence of society and a range of societal interactions (Sen 2009, 245–247). On the theoretical level, the capability approach accounts for social relations and recognizes the opportunities presented by social structures and institutions and at the same time the constraints of social structures and institutions on individuals and their ability to *convert* commodities or resources into functioning (Robeyns 2005, 108). For instance, the

conversion of household income into welfare for an ill person would be affected by the availability of public benefits such as health care systems (Sen 1999). Moreover, the capability approach takes into account the influence of social structures and institutions in enhancing or restricting the individual's *choice* of functionings from the capability set (Robeyns 2005, 108).

The command over resources approach to welfare has close theoretical foundations in and links to Sen's capability approach (Lister 2004, 17; Esping-Andersen 2000, 5). Although the capability approach emphasizes opportunities or capabilities rather than resources, the command over resources approach perceives resources as a means to an end, enabling individuals to actively control their conditions of life. Within the two approaches, resources and the influence of structures and institutions are essential in the conversion process, as discussed earlier. In the version of the command over resources approach applied in Norway, this has been conceptualized as investment of resources in different arenas and as the interplay of different selection mechanisms within the different arenas. In addition, this approach highlights the role of social policies directed to affect resources or to change the functioning of arenas (Erikson and Uusitalo 1987, 190). Moreover, whereas Sen's notion of functionings refers to beings and doings a person has reason to value or pursue the command over resources approach emphasizes resources utilized in accordance with the individual's preferences. Both approaches highlight freedom as the key welfare good (Barstad 2014, 51).

Summing up, while the classical approaches to social welfare, drew attention to social structures and distributional issues, individual agency tended to be downplayed. The highly influential capability approach and the wellbeing approach more broadly, on the other hand are more oriented towards individual agency and emphasize less on the influence of institutions and processes (Daly 2011, 45). Theoretically, the commanding resources taken in this thesis approach stress the importance of individual agency and the commitment of the welfare state in relation to the citizens to uphold agency.

Chapter 3 – Distributional and relational aspects of welfare

An implicit part of any conceptualization of welfare problems such as poverty is a host of individualistic or structural explanations attributing the responsibility for and cause of poverty to the individual or, alternatively, to economic, social, cultural and political structures and processes (Lister 2004, 35). Consequently, different conceptualizations differ in their emphasis of the role of generous welfare provision in enhancing individual welfare.

While concepts of poverty and the study of the related phenomena have a long tradition, social capital and social exclusion are concepts that are more recent. Common features are nonetheless that the concepts are normative/have different ideological roots, they are highly politicized and they all refer to multidimensional, complex phenomena. Moreover, there is a lack of conceptual clarity on, and disagreement about, their respective conceptualization. As a result, the definitions and operationalisations vary accordingly. The literature related to the chosen welfare problems, risk of poverty, social exclusion, and (low) social capital, is voluminous. The aim of this chapter is not to provide an exhaustive theoretical and conceptual elaboration, but, rather, to introduce and outline the perspectives and approaches taken in the thesis.

Poverty – the inability to participate because of lack of resources

The study of poverty as *impoverishment* and *deprivation* can be traced back to Great Britain and the pioneering studies by Charles Booth and Benjamin Seebohm Rowntree in the 1880s, and later the studies by Peter Townsend, among other researchers (Hvinden and Halvorsen 2012, 15). Peter Townsend's well-known definition of 'relative deprivation' has challenged the more absolute concepts of poverty with a narrow subsistence notion of needs, emphasizing survival, detached from the social context where poverty is experienced (Lister 2004, 21):

Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the types of diet, participate in the activities and have the living conditions and amenities which are customary, or are at least widely encouraged or approved, in the societies to which they belong. Their resources are so seriously below those commanded by the average individual or family that they are, in effect, excluded from ordinary living patterns, customs and activities. (Townsend 1979, 31)

While relative deprivation is a multidimensional concept, when it occurs because of lack of material resources, people are conceived of as poor (Lister 2004, 22). Poverty seen as ‘the inability to participate in society’ involves both a low income and low standards of living (Lister 2004, 15). Moreover, it is seen as one aspect of a broader condition of welfare. Despite Sen’s argument that income is a means, not an end, to downplay the significance of income can result in social policies that do not adequately acknowledge the importance of raising the income of those who experience poverty (Lister 2004, 19). When judging whether someone is poor a comparison should be made relative to other people living in the same society at the same time (Lister 2004, 22). Within this framework, social needs are seen as socially determined. For instance, in the context of the UK, tea, which has no nutritious value, can be perceived as a necessity (Townsend 1979, 50). The relative approach does not deny that there is an ‘irreducible absolutist core in the idea of poverty’, as highlighted by Amartya Sen (1983, 159), meaning for instance, starvation and hunger. These needs nonetheless have to be satisfied at a particular time and place in history (Lister 2004, 36).

In this thesis, I have empirically studied the material manifestations of (risk of) poverty. The non-material manifestations, i.e. the ‘relational/symbolic’ aspects of shame, stigma and powerlessness, are, however, also an important part of the conceptual understanding of poverty (Lister 2004, 7). What is meant by these is the everyday interaction of people living in poverty with the wider society and the way poverty is talked about and addressed by politicians and social policies. People may for instance respond to the experience of shame related to poverty by withdrawal and resignation (Halvorsen 2014, 158). In line with Lister (2004, 8), the concept of poverty used in this thesis is one that acknowledges both material aspects, i.e. ‘unacceptable hardships’, and relational/symbolic aspects. However, the thesis is restricted to the empirical study of material aspects of poverty. The different explanations of poverty nevertheless illustrate different views about poverty and help shed light on important relational aspects of poverty. These explanations emphasize different individual, cultural or structural causes (Rank 1994, 26).

The *individual* explanations view poverty as being associated with a ‘flawed character’ (Schiller 2008, 4). Rank (1994, 26) separates the individual explanations of poverty into two categories. The first of these presents attitudinal/motivational explanations attributing the causes of poverty to lack of effort, ability and talent, poor morals, or lack of motivation.

Simply put, people will escape poverty if they only work hard enough (Rank 1994, 26). According to the second category, the human capital explanations attribute poverty to lack of human capital (Rank 1994, 27). Human capital is an economic concept assuming that everyone starts out with certain abilities, the crucial issue being how people develop these abilities via investments (Schiller 2008, 5). Education and training are the most important investments in human capital (Becker 1993, 17). Those who get ahead are those who have made the necessary (rational) choices and ‘responses to a calculus of expected costs and benefits’ (Becker 1993, 17). The investments in human capital are rewarded in the market. The opportunity to invest in human capital and move ahead is assumed available to everyone (Schiller 2008, 5). This implies that those who do not get ahead but experience poverty have themselves to blame (Schiller 2008, 5).

Cultural explanations, by contrast, focus on the culture in which people are raised and live (Rank 1994, 27–28). One version of this view emphasizes the cultural process and the transmission of cultural norms. The patterns of behaviour of the poor are different, reflecting different values (Schiller 2008, 157). Children learn from their parents and the surrounding environment and the associated norms and behaviours arise because of living in poverty. For instance, dropping out of school and living on welfare is acceptable behaviour (Rank 1994, 27–28). Ultimately, the behaviour of the poor prolongs their poverty (Schiller 2008, 157). The ‘social isolation explanation’ emphasizes one particular group, the ‘truly disadvantaged’ living in inner cities, where there is a particularly high concentration of disadvantaged people. The ultimate cause of poverty is not a dysfunctional culture; rather, poverty is linked to external forces such as the social structural constraints and lack of opportunities people face (Rank 1994, 29; Schiller 2008, 160). This latter view coincides with what Schiller (2008, 6) refers to as the ‘restricted opportunity’ argument, i.e. that poverty is a result of circumstances beyond the control of the individual. In contrast to the ‘flawed character’ view, individuals do not have equal opportunities to acquire education, and lack of human capital does not only boil down to people’s wrong investment choices.

According to *structural* explanations, on the other hand, the cause of poverty is found within the structure of the economy, the society or the welfare system (Rank 1994, 30). Some explanations emphasize that poverty serves a number of (intended and unintended) functions in society. For instance, undesirable work gets done by the poor. In addition, poverty creates a range of professions, such as academic and social workers serving those who are poor (Rank

1994, 33). Several influential scholars have argued that the welfare system in itself causes disincentives to work (e.g., Murray 1984; Mead 1991). As a result, the welfare system is to blame for poverty. Welfare state resources distort poor people's perspectives and behaviours and destroy any incentives they might have to work. The solutions should therefore be to cut back on collective welfare and associated services, which will encourage people to make a greater effort on their own, ultimately changing both the culture and the behaviour of the poor (Murray 1984; Schiller 2008, 7).

Social exclusion – inadequate social participation

While poverty is widely perceived as lacking material resources to meet needs, the concept of social exclusion emphasizes the processes by which individuals and groups become marginalized (Millar 2007, 2). Room (1999, 169) contrasts social exclusion with *distributional* issues, i.e. implying a lack of material resources, while social exclusion focuses on *relational issues* such as inadequate social participation, lack of social integration, lack of power. Within the field of social policy, the emphasis is in particular on a multidimensional approach and dynamic understandings of social exclusion over time (Millar 2007, 2).

Modern use of the term 'social exclusion' originated in the policy context of France. The term was first used by René Loir in the 1974 who, when talking about the socially excluded ('*les exclus*'), referred to those who fell through the net of social protection (Burchardt, Le Grand and Piachaud 2002, 2). Americans never adopted the approach and tend to use terms such as 'ghettoization' and 'underclass', rather than 'social exclusion' (Burchardt, Le Grand and Piachaud 2002, 2). There are many definitions of 'social exclusion' in the social policy literature. Millar (2007), reviewing the contributions by prominent scholars including Room, Atkinson, Tsakoglou and Papadopoulos and Burchardt and colleagues (2002), points to the inability to *participate* in the society in which the excluded people live as conceptually common to the different definitions. Consequently, the opposite of social exclusion is not integration or inclusion, but, rather, participation (Millar 2007, 3). Research on social exclusion should be relational, locating individuals in different contexts at different levels (family, household, community, and nation). It should also include the range of resources available, beyond income. Furthermore, it should be dynamic. Dynamics concerns process (Lister 2004, 94–95), including individual trajectories and wider societal forces as well as agency, both at the individual and at the societal and institutional level. An important aspect is

the focus on actors or institutions ('who' or 'what is excluding?'), and whether the excluding process is active or passive (Sen 2000, 14; Lister 2004, 96). The absence of direct intent does not release governments from responsibility (Sen 2000, 15). For instance, in the context of the ongoing recession, cutting back on social expenditures might result in adverse living conditions among vulnerable groups. Agency, however, also entails the notion that individuals have different ways of coping with disadvantages and situations of social exclusion. Importantly, these coping strategies can be improved or diminished by social policies (Millar 2007, 3-4).

Levitas (1998) identifies competing and coexisting discourses³ on social exclusion in British social policy. Although these are developed in the context of Britain, they are relevant to this thesis because they reflect different views on causes of and adequate social policy interventions against social exclusion. The discourses are ideal types in a Weberian sense, but are also in part empirical descriptions (Levitas 1998, 3). The redistributive discourse (RED) situated in critical social policy views social exclusion as caused by poverty, with the root cause being lack of material resources (Levitas 1998). Although Townsend did not use the term 'social exclusion', Levitas (1998, 10) argues that the essence and implication of his argument was that poverty results in exclusion from social participation. However, poverty does not always necessarily lead to social exclusion; other circumstances such as good health, and frequent social contact might diminish the effect of a low income (Levitas 1998, 11). Within this approach, raising benefit levels is seen as crucial to reduce social exclusion (Levitas 1998, 14). Citizenship including social, political and cultural as well as economic citizenship is seen as the obverse of social exclusion. The RED encompasses a critique of inequality that is not restricted to material inequality, and emphasizes the processes that produce inequalities (Levitas 1998, 14).

In line with the social integration discourse (SID), on the other hand, the socially excluded are 'the workless'. The key indicator is unemployment or 'economic inactivity' (Levitas 2000, 360). Paid work is seen as efficient in combating poverty as well as an integrating factor (Levitas et al. 2007, 27). Because of the SID's emphasis on paid work, its definition of social exclusion is narrower than that of the RED discourse. Moreover, it tends to obscure the

³ Politics as discourse implies that 'sets of interrelated concepts act together as a matrix through which we understand the social world' (Levitas 1998: 3).

inequalities between those in paid work and further undermine the legitimacy of non-participation in paid work (Levitas 1998, 26–27).

The idea of a moral ‘underclass’ is central to the moral underclass discourse (MUD) which emphasizes moral and cultural causes of poverty. The main concern is with the moral ‘hazards of dependency’, focusing on workless households rather than individual attachment to the labour market (Levitas 2000, 360). According to the American scholar Charles Murray’s highly disputed thesis, the moral underclass is seen as constituting a separate class with distinct sets of values and undesirable behaviour (Lister 1996; Murray 1996). Murray argues that it is not a question of *degree* of poverty. In other words, the underclass does not necessarily include the poorest people. Rather, it is a question of *type* of poverty, which is distinguished by dislikeable behaviour including drug abuse, crime, illegitimacy and failure to hold down a job (Murray 1996, 24; Lister 1996, 4). These factors interact and create pathological communities (Levitas 1998, 17). Behaviour is seen as both a cause for and the defining characteristics of the moral underclass (Lister 1996, 3); social benefits, so Murray (1996, 85) argues, ‘seduce people into behaving in ways that seem sensible in the short term but are disastrous in the long term’.

Burchardt, Le Grand and Piachaud (2002, 3) identify three schools of thought in the literature on social exclusion representing different views on causes and, hence, on agency. The first school of thought places individuals’ behaviour and moral values at centre stage (i.e. the ‘underclass’). The second school highlights the role of institutions and systems (the welfare state, capitalism, and globalization). Finally, the third school of thought emphasizes issues of discrimination and lack of enforced rights. The first school of thought may be labelled ‘individualistic’. However, many proponents of the emergence of the ‘underclass’ also emphasize structural causes (Lister 1996; Fløtten 2006, 21). The other two schools of thought present structural explanations emphasizing the importance of public policy. Burchardt, Le Grand and Piachaud (2002, 30) define social exclusion as follows: ‘An individual is socially excluded if he or she does not participate in key activities of the society in which he or she lives.’ In line with this (working) definition, I define ‘social exclusion’ as a relative concept, that is, relative to time and place, and acknowledge the importance of participation in different spheres or activities.

Social capital – accumulation and conversion of resources

Whereas poverty and social exclusion are critical concepts, social capital is positive in its orientation (Daly 2011). Social capital is an academically more developed concept compared with social exclusion; however, as with poverty and social exclusion, the conceptualizations vary (Daly and Silver 2008, 543). Like social exclusion, social capital constitutes vicious and virtuous circles and the interrelatedness of multiple dimensions (Daly and Silver 2008, 541). Both social exclusion and social capital emphasize social relations and active participation; however, they do so in somewhat different ways. Whereas social exclusion emphasizes the causes of exclusion, social capital emphasizes the consequences, i.e. the payoffs, or benefits, of participation (Daly and Silver 2008, 545–546).

The theoretical roots in the social capital literature can be traced back to prominent scholars within the social sciences, such as Adam Smith, De Tocqueville and Durkheim (Halpern 2005, 3). The meaning and use of ‘social capital’ differs widely within and between academic disciplines, both when it comes to the concepts applied, and regarding whether social capital can be attributed to individuals or collectives (Fulkerson and Thompson 2008). The evolution of the concept(s) and main interpretations are often attributed to three scholars, Pierre Bourdieu, James Coleman and Robert Putnam (Field 2003). Common to the different approaches to social capital taken by Coleman, Putnam and Bourdieu is the instrumental emphasis on social capital as a form of currency as a means to an end. Participation is perceived as investments with the potential of transforming social capital to economic resources and socioeconomic mobility (Daly and Silver 2008, 545–546).

Coleman perceives social capital as ‘aspects of a social structure’ that ‘facilitate certain actions of individuals who are within the structure’ (Coleman 1990, 302). Social capital inheres *in the relations* between and among persons (Coleman 1990, 304). To Coleman (1990, 302), social capital shares with other forms of capital the productive aspect, making some achievements possible that would not be possible in the absence of the social capital. For instance, Coleman (1990, 304) argues that a group whose members manifest trustworthiness as well as high levels of trust between the members of the group is likely to accomplish more than a group without extensive trustworthiness and trust. Forms of social capital are obligations and expectations, information, norms and effective sanctions, authority relations and social organization such as voluntary organizations (Coleman 1990). Coleman

highlights a class of factors that are especially important in destroying social capital, and argues that the less individuals need each other, for instance because of collective welfare resources or affluence, the less social capital will be generated (Coleman 1990, 321).

Putnam, likewise perceives social capital as a collective asset. To Putnam, 'social capital' refers to '... features of social life – networks, norms, and trust – that enable participants to act together more efficiently to pursue shared objectives Social capital, in short, refers to social connections and the attendant norms and trust.' (Putnam 1995, 664–665). To Putnam assessing the relationship between level of civic engagement and the progress of a democracy/economy, social capital is perceived as a kind of 'social glue', holding groups, communities or societies together, or as a 'social lubricant', ensuring that people are able to interact in a smooth manner (Daly 2011, 55). To Putnam, the benefits of social capital are universal, readily available to all; all you have to do is participate and turn your social relations into assets (Daly and Silver 2008, 555). Implicit to this approach is a general downplay in the redistribution of resources (Daly and Silver 2008, 554–555).

Contrary to Coleman and Putnam, Pierre Bourdieu (1986) perceives social capital as an *individual* resource inherent in diverse forms of social relations and networks:

Social capital is the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition – or in other words, to membership in a group – which provides each of its members with the backing of the collectively-owned capital, a 'credential' which entitles them to credit, in the various senses of the word. (Bourdieu 1986, 248–249)

Different capital forms, including economic cultural and social capital, can be accumulated and converted into other forms of capital, reproducing advantages for some and disadvantages for others. Hence, this approach to social capital emphasizes process (Savage, Warde and Devine 2005, 43). Within this perspective, it is the accumulation of capital, assets, that is fundamental to creating inequalities (Savage, Warde and Devine 2005, 43). Advantages in a field can be translated into a different field in a reinforcing and cumulative process. Inequalities are perceived as cumulative, which involves a reciprocal relationship between social parties over time, with individuals seen as continuously negotiating and contesting their positions (Savage, Warde and Devine 2005, 39, 43).

Chapter 4 – The collective organization of welfare

Narrowly defined, the term ‘welfare state’ refers to the ‘aims and objectives of publicly funded actions concerning social needs and the provision through which such needs are met’ (Daly 2011, 86). Generally, social policy contains value judgments, is directed to the welfare of citizens, and includes both economic and non-economic objectives. In addition, social policy involves redistribution in ‘command over resources’ from rich to poor (Titmuss 1974, 29). This chapter discusses opposing views on the role and consequences of welfare state intervention. Further, it addresses social and economic transformations in the post-industrial welfare state that has changed the manifestation of social risks, as well as views on how the welfare state should intervene in relation to social risks. Lastly, in the chapter, I outline and discuss different approaches to assess key welfare state characteristics.

Welfare state resources – opposing views

The inefficiency of redistribution

The Austrian economist, Nobel Laureate and political philosopher Friedrich A. Hayek is a known critic of the welfare state. John Maynard Keynes is regarded as his chief intellectual rival (King and Ross 2010, 46). In the classic book *The Road to Serfdom* (2001), Hayek warns against the dangers of socialism and the rise of an authoritarian, totalitarian state, by which he referred to Nazi Germany, among other states (Hayek 2001; King and Ross 2010, 46). Hayek argues that ‘Inequality is undoubtedly more readily borne, and affects the dignity of the person much less, if it is determined by impersonal forces, than when it is due to design’ (Hayek 2001, 110). Hayek draws a distinction between two conceptions of security, that is, ‘limited’ and ‘absolute security’ (Hayek 1960, 259). The distinction between the two conceptions of security is the distinction between a given minimum sustenance for all and the assurance of a ‘given standard of life’, which implies the need to secure a particular income that a person is ‘thought to deserve’ (Hayek 1960, 259). Titmuss (1974, 30–31) links the theoretical basis of a ‘residual’ model of social policies to the views of Hayek, among others. The residual model of the welfare state is based on the assumption of low state intervention. In this model, individual needs should be naturally met in the private market and by the family. Only when these channels break down should the welfare state intervene, and then only on a temporary basis.

Hayek's ideas influenced powerful and well-funded think tanks and institutes that sponsored the rise of Margaret Thatcher's and Ronald Reagan's administration in the UK and US, respectively, and their retrenchment policies in the 1980s (King and Ross 2010, 47–48). Classical liberalism was seen as a sound alternative to Keynesianism. For Reagan and Thatcher, the welfare state was a principal cause of poor economic performance. The goal was to free up the market and decouple the values of equality and justice, in particular distributive justice (King and Ross 2010, 48). Today, in the ongoing recession, the views of Hayek and the Austrian school are still defining ideas in the austerity debate (cf. the Discussion in Blyth 2013). The policies of the 1980s in the US (and the UK) are commonly referred to as 'trickle-down' economics (Stiglitz 2011, 678)⁴. The 'trickle down' theory asserts that the benefits of growth will trickle down to the poor, and if they do, social policies need not focus on the poor but can concentrate on growth (Schiller 2008, 118–119). One particularly critical macroeconomic view, which originates from the American economist Arthur Okun (2015, 49), holds that there is a trade-off involved, in that generous social policies undermine growth: 'Efficiency is bought at the cost of inequalities in income and wealth (...)'. Any success in equalizing is short-lived. The inefficiency of redistribution adversely influences work and investment incentives (Okun 2015, 90). Okun (2015, 89–90) illustrates the inefficiencies of redistributing to the poor by means of a 'leaky-bucket experiment' where the money redistributed from the rich to the poor involves 'leaks' or inefficiencies in terms of economic incentives, administrative costs related to collection of taxes, and transfer programmes. In terms of this argument, generous welfare policies will fail to reduce poverty in the end.

An alternative view holds that it is possible to combine economic efficiency and equality. According to a study by Korpi (1985, 112) the 'golden age' of growth coincided with the expansion of the welfare state, decreasing income inequality and increasing state intervention in the market. These findings suggest that welfare state intervention may be seen as an 'irrigation system', which supports economic efficiency and growth, rather than as a 'leaky bucket', wasting resources in the process of transferring them from the rich to the poor (Korpi 1985, 100).

⁴ 'Trickle-down' is an expression coined by Anderson (1964: 512; see also Schiller 2008: 118).

Other scholars argue that the redistributive impact of the welfare state is compromised as in some cases the middle class benefits more than the poor do (Goodin and Le Grand 1987). The welfare state should fight poverty effectively and efficiently (i.e., cost-effectively) by targeting benefits to those who most need them (cf. Discussion by Marx, Nolan and Olivera 2015, 2083). Van Oorschot and Schell (1989), however, argue that there are important dysfunctional effects of means testing, including poverty traps, stigmatization and shame, as well as non-take-up of benefits. An alternative interpretation argues that precisely because the middle class is involved a generous welfare state enjoys wide electorate support and, as a consequence, larger budgets to be redistributed to the poor. This is known as the ‘Paradox of Redistribution’ (Korpi and Palme 1998).

Lastly, an economic line of arguments in favour of a generous welfare state is of particular interest in light of the recent presidential election in the US (cf. Moene 2016). According to these arguments, globalization and free international trade are beneficial to the national economy. The yields do not benefit all groups; however, the payoff for the ‘winners’ is far greater than the loss for those who lose out (Barth and Moene 2008, 14). A redistributing welfare state sees to it that everyone gets part of the gains of globalization, and ensures that structural changes and adjustments are made possible without those who have to change jobs losing a substantial part of their income. As a result the population support globalization and free trade (Barth and Moene 2008; Moene 2016). Welfare critics, on the other hand, argue that international competition is not compatible with a generous welfare state because of incentive effects and increasing expenses related to high levels of taxes (Barth and Moene 2008, 11).

In the US the gains of globalization and free trade have not, however, been redistributed to all; rather, they have been channelled to a small elite, depriving many low-income groups of their livelihood, as recently discussed by Moene (2016). ‘Protectionism’ (Bhagwati 2008)⁵, advocated by the newly elected president in the US, however, results in (lower) payoff concentrated on a smaller group (Moene 2016). The costs are greater, disseminated to all consumers through a poorer range of products at higher prices. In this situation, the losses for those who lose out are greater compared with the gains for the ‘winners’. It becomes difficult

⁵ The idea that trade protection hurts a country’s economy dates back to Adam Smith. Instead of producing everything, every country specializes in production and gains from free trade (cf. outline by Bhagwati 2008).

to achieve redistribution; at the same time, the dissatisfaction of those who lose out may provide support for a protectionist economic policy (Moene 2016).

Distorting norms and psychological characteristics

Rather than fear the economic liability of state intervention, other critics emphasize the moral obligation, firstly to society and the community, and then to the individual (King and Ross 2010, 49). The ‘mediating structures’ of churches, families, neighbourhoods and voluntary associations, that stand between people’s private lives and the large (impersonal) institutions of (modern) public life, can be a vehicle that can transmit personal values and beliefs to the larger institutions of society (Berger and Neuhaus 1996a, 158; 1996b, 148). According to the ‘micro-socialization’ approach advocated by Putnam and colleagues, horizontal networks facilitate cooperation for mutual benefit, creating social trust and civic participation, which spill over to the society in general (Putnam, Leonardi, and Nanetti 1993, 173; Stolle 2001). The debate about civil society concerns the limits of both government and the market, where both ‘big’ government and ‘big’ businesses are seen as potentially alienating structures (Dionne 1997; Berger and Neuhaus 1996a, 162). Criticism from the political right asserts that when altruism and social problems are taken over by the government, people eventually stop caring (cf. Discussion by Rothstein 2001, 224). Interestingly, criticism from the political left similarly emphasizes that the welfare state ‘takes over’ civil society and undermines ‘natural’ forms of solidarity (Rothstein 2001, 224). In particular, in the Anglo-Saxon countries, some fear that as the welfare state grows in size it may weaken or even displace voluntary and informal ties (Halpern 2005, 272–273). Coleman, for instance, argues that the less individuals need each other, for instance owing to collective welfare resources or affluence, the less social capital will be generated (Coleman 1990, 321).

An alternative view to the ‘crowding-out’ thesis, along the lines of Korpi and Palme (1985; 1998), argues that it is how social policies and government institutions operate, rather than civil society, that creates social capital (Rothstein and Uslaner 2005). According to Rothstein and Uslaner (2005), social inequality, rather than a comprehensive welfare state, is the main mechanism of deteriorating social trust (Wollebæk and Seggaard 2011, 41). Universal redistributive social programmes create economic equality and equality of opportunities⁶, which in turn enhance a sense of shared fate and solidarity within a population (Rothstein and

⁶ Conceptualized as whether the state *promotes* equality of opportunity (Rothstein and Uslaner 2005: 42).

Uslaner 2005, 43). Universal programmes involve less needs testing and bureaucratic discretion, cause less division between social groups, and thereby increase the sense of equal opportunity. Means-tested programmes, on the other hand, intensify divisions within a society, enhance in-group trust and reduce generalized trust (Rothstein and Uslaner 2005, 43).

Turning to distributional issues, the US scholar, Professor of Politics Lawrence Mead (1991, 3), argues that poverty is not related to lack of opportunity, i.e. external forces; according to Mead, it is related to the inability or reluctance to take advantage of opportunities. Hence, the barriers the poor face are *psychological* rather than social (Mead 1991, 3, 14). Writing in the context of extensive welfare reform in the US in the 1990s, Mead argues that the conditions of the poor derive in large part, not from deviant values, but from lack of competence – that is, the psychological capacity to plan and control their lives, or self-efficacy (Mead 1996, 37–38; Dahl 2003, 275). Benefits should not be given as an entitlement without associated obligations in return (Schroeder 2000, 6). Work can, according to Mead, be a ‘school of virtue’ raising ‘disciplined habits’ which are deemed necessary for a good life (Mead 1996, 38). The solutions to poverty are therefore obligations rather than rights, according to Mead (Kosar 2006, 793). As an authority structure, a government should require workfare, providing close assistance to help people succeed, referred to as ‘paternalism’ (Kosar 2006 764). Requiring people to work, Mead argues, improves both their morale and their income (Mead 1996, 39–40). Drawing on the writings of Mead, Dahl (2003, 275) suggests adding a fourth acronym, PAD, to Levitas’ discourse-related acronyms (1998) of RED, SID and MUD discussed earlier: ‘PAD’ refers to the paternalistic discourse advocated by Mead (Dahl 2003, 275).

According to Charles Murray, benefits do not alleviate poverty. On the contrary, benefits create poverty because they change the incentives and thus the behaviour of the poor (King and Ross 2010, 50). In *Losing Ground: American Social Policy, 1950–1980* (1984), Murray argues that, in the context of the US, changes in incentives explain increasing unemployment among the young, as well as labour force dropouts and higher rates of out-of-wedlock births (Murray 1984, 154). Arguing within a rational decision-making framework, he writes that welfare reduces the incentive to work when poor people can get more money on welfare than on low-paying jobs, ‘maximizing short-term gains’ (Murray 1984, 154). He also emphasizes the changing and interacting incentives in other behaviours of the poor and disadvantaged,

such as lower risks attached to crime (owing to changing sanctions) and changes in the educational environment. Together with changes in welfare, these changes reinforce each other and drastically alter the incentive structure, encouraging poor people to ‘get rich quick or not at all’ (Murray 1984, 167–168). According to Murray, all these changes made it easier to get by without a job, go without education, and, for a man, to become a father without taking on the responsibility associated with having children, and for women to have a child without having a job (Murray 1984, 175). Murray argues that transfers of resources should be treated in the same way as a doctor applies a dangerous drug: ‘not at all if possible and no more than absolutely necessary otherwise’ (Murray 1984, 204).

Lindbeck, writing in the context of Sweden (1995b; 2006a; 2006b), warns that a generous welfare state might over time undermine its own financial sustainability. Welfare resources cause disincentives to work because welfare benefits reduce the difference in income between when people work and when they are out of work (Lindbeck 1995b, 483). At the outset, the disincentive effect of a generous welfare state is constrained by widely shared habits and norms where breaking the norms of work or exploiting the system involves stigma. However, a large increase in disincentive, e.g. more generous benefits or less control will create a conflict between norms and incentives where some ‘entrepreneurial’ people will stop acting according to earlier norms followed by others. The hesitance to live on benefits will reduce gradually over time (Lindbeck 1995b; 2006b, 15). The more generous the benefits, the greater the danger for ‘moral hazard’ and cheating and, hence, the greater will be the number of beneficiaries (Lindbeck 1995a, 9). Moral hazards are caused by asymmetric information where an (insured) unemployed individual for instance can affect the probability of employment without the employment office (the insurer) knowing about it, for instance by not actively looking for work and turning down job offers (see outline by, e.g., Kvist 1998, 35; Halvorsen 1999, 29). According to Lindbeck (1995a, 11), the risk is greater for long-time benefits recipients than for short-time recipients, and among the new generation entering the work life and immigrants who have come largely because of generous benefits. This is because social habits develop in the long run, which eventually determines what is ‘normal’ and anticipated behaviour (Lindbeck 1995a, 10–11). Lindbeck (1995b, 484) argues, in line with Murray (1984), that one type of welfare dependency is created by people who actively and rationally adjust in a calculated way to live on benefits. The ‘hazardous dynamics’ outlined by Lindbeck (1995b, 486) imply that even though generous welfare systems have

worked for a prolonged period of time, this system might ultimately get ‘out of control’ either because of ‘endogenous behaviour adjustment’, as discussed above, or because of external macro shocks, e.g. recessions. Lindbeck (2006a, 316) argues: ‘In today’s advanced welfare states, the choice between labor force participation and benefit dependency is largely an issue of moral hazard.’ These opposing (albeit not mutually exclusive) views are summarized in Table 1.

Table 1. Summary of opposing views on¹ and consequences of generous welfare provision.

Welfare proponents	Welfare critics
Micro/meso level	
Provide the means to enhance capabilities and functionings.	‘Crowd out’ voluntary and informal ties
Provide resources to control and consciously direct the conditions of life, and ‘buffer’ the extent to which disadvantages in one area are related to disadvantages in another area.	Encourage; deviant values and behaviour in the poor; as well as moral hazards and disincentives to work.
	Causes inadequate psychological capacity to plan and control lives.
	‘Limited security’ rather than ‘absolute security’: when individuals’ needs cannot be met in the market or by the family, the welfare state should step in – however, only on a provisional basis.
Macro level	
Welfare provisions reduce inequalities and sustain growth – welfare state intervention is like an ‘irrigation system’.	Trade-off between redistribution and growth – resources are lost in the transfer of wealth, as through a ‘leaky bucket’.
Benefit the middle classes and therefore result in wide electorate support and larger budgets to be redistributed to the poor.	Benefit the middle classes, thus compromising redistribution to the poor. Should target scant public welfare resources to the neediest.
Welfare provision redistributes the gains of globalization and free trade to all and provides public support for an open economy.	International competition is not compatible with a generous welfare state due to incentive effects and increasing expenses related to high levels of taxes.

¹These views are not mutually exclusive or exhaustive and relate to different analytical levels.

Post-industrial societies, new social risks and the welfare state

Since the golden age of welfare state development, the social and economic contexts of European welfare states have changed fundamentally (van der Veen 2012, 17) and therefore

so have the risks of experiencing welfare problems. The debate of risks associated with post-industrial societies is the debate on *new social risks* (van der Veen 2012, 22). There are different approaches to the discussion of new social risks. Bonoli (2004, cited in van der Veen 2012, 22) defines new social risks as ‘situations in which individuals experience welfare losses, which have arisen due to socio-economic transformations’. This approach identifies a different manifestation of social risks in post-industrial societies – risks related to changes in terms of deindustrialization, to the fact that women today largely participate in the labour force, that populations are ageing, that labour markets are becoming more flexible and that employment relationships are increasingly becoming more varied. Consequently these changes create new vulnerable groups (Crouch and Keune 2012, 45; van der Veen 2012, 22).

Key sociodemographic characteristics of new social risk categories identified are age, gender, skill level and family configuration (Bonoli 2005, 440), concentrated among largely overlapping categories like the young, families with small children, and working women (Bonoli 2005, 435). The risks leading to welfare losses, such as poverty, are described by Bonoli (2005, 433–435) as being related to different factors including the difficulties in combining work and family life, being a single parent, caring for disabled or old family members, having low or superseded skills, and having insufficient social security coverage as a result of ‘atypical’ careers.

Another different approach to the discussion on new social risks is the idea of ‘manufactured’ risks (van der Veen 2012, 24). Giddens (2000, 44) distinguishes manufactured risks from ‘external’ risks, where the latter type of risks is seen as coming from the ‘outside’, that is, from tradition or nature. Manufactured risks, on the other hand, relate to risks created by progressive human development, in particular in science and technology. We have no historic experience in dealing with these risks and often we do not know what the risks are (Giddens 1999, 4). Most environmental risks such as global warming are manufactured risks (Giddens 2000, 44). However, manufactured risks also enter other areas of life, such as marriage and family, that used to be largely shaped by tradition and custom. According to Giddens, the Post-WWII welfare state was built on external risks. These risks happened regularly and often enough to be able to predict them (Giddens 1999, 4). However, due to increasing knowledge and individual choice, social risks have become manufactured. On the one hand, manufactured risks are seen to be the result of choices and lifestyles. As a consequence,

sickness and disability can, at least to some extent, be perceived as created by ourselves (or manufactured) because of lifestyles and choices that affect health (Giddens 1999, 9; van der Veen 2012, 24). On the other hand, manufactured risks are the result of our preparedness to learn and adapt, for instance in the context of the labour market (van der Veen 2012, 24).

When risks change, so does the management of risks since ‘full employment, redistribution and expensive universal services are no longer seen as feasible’ (Taylor-Gooby 1997, 171). Peter Taylor-Gooby (1997) refers to ‘new welfarism’ as a welfare state that invests in human capital and enhancement of individual opportunities (Taylor-Gooby 1997, 171). As welfare problems are changing, fundamental changes to social policies are perceived to be unavoidable (van der Veen 2012, 26). According to van der Veen (2012, 25), the idea of new welfarism fits Giddens’ notion of manufactured risks, which underlines the responsibility of the individual, compared with the old welfarist notion that focuses more on the ‘collective and systemic character’ of risk. The emphasis is on the future and the productive aspects of social policies and less on passive social protection in the present (Jenson 2012, 28). Despite new manifestations of social risks, ‘old’ social risks however have not disappeared. Rather, individuals dependent on earnings in the labour market face economic uncertainties in face of deregulated and flexible labour policies, among other issues. This has for example been demonstrated by growing unemployment in the current global crisis (Crouch and Keune 2012, 48).

Key welfare state characteristics – different approaches

In the 1950s and 1960s, social policies were seen as a consequence of industrialization and demographic change (Gough 2008, 44–45). Countries were perceived to become more alike in their social spending because of common welfare needs (Castles 2004, 94). Hence, the concept of *welfare effort*, measured with indicators such as social expenditure as percentage of gross domestic product (GDP), has been a widely applied within the field of comparative welfare research. Esping-Andersen (1990), however, emphasizes that welfare spending fails to capture the crucial qualitative aspects of what welfare states do and how they do it (Arts and Gelissen 2010, 570). In his pioneering work, *The Three Worlds of Welfare Capitalism* (1990), Esping-Andersen emphasizes the decisive impact of the development of various

welfare states on the power resources of dominant classes, combined with path dependency⁷ (Arts & Gelissen 2010, 570). Esping-Andersen developed three distinct criteria of welfare capitalism (Gough 2008, 49). The concept of ‘regimes’ refers to the ‘private-public mix’ – that is, the way social welfare is divided between the market, the family and the welfare state. The defining dimensions of the private-public mix are the degrees of decommodification and stratification (Esping-Andersen 1999, 73–74), where ‘decommodification’ is defined as the degree to which individuals and families are able to uphold a ‘socially acceptable’ living standard independent of their role in the market (Esping-Andersen 1990, 37). ‘Stratification’ refers to the status and class differentiation and inequality within a society (Arts and Gelissen 2010, 570). Based on different configurations of these dimensions, Esping-Andersen (1990) identified three regimes: the Liberal regime, the Conservative-corporatist and, lastly, the Social Democratic regime.

The regime approach is widely recognized and utilized within the fields of comparative welfare state research and comparative health inequality research; however, it has also been criticized on both theoretical and methodological grounds (Bambra 2007; Arts and Gelissen 2010; Scruggs, Detlef and Kuitto 2014). Critical accounts of the welfare typology argue that there are more than three regime types and that there is a range of anomalous cases. Other criticisms have highlighted methodological shortcomings, while the harshest criticism argues that typologies have no explanatory power (cf. Discussion by Arts and Gelissen 2010, 571–572). The regime approach can nonetheless only be perceived as a ‘snapshot’ of a particular period, e.g. the 1970s and 1980s (Esping-Andersen 1999, 73) and does not adequately capture policies changes within or between countries (Lundberg et al. 2015, 28S). Moreover, based on this approach it is difficult to draw conclusions on the mechanisms that link social policies to individual outcomes (Lundberg et al 2015, S28).

The institutional approach, on the other hand, places emphasis on national social insurance programmes, i.e. unemployment and sickness insurance and pensions, and their institutional features including replacement rates, qualifying conditions and coverage, captured in the concept and measurement of decommodification by Esping-Andersen and the benefit generosity measure outlined by Scruggs and colleagues (Bonoli and Natali 2012; Esping-

⁷ Welfare states tend to follow distinct paths of development involving dynamic feedback effects between actors and institutions (Pierson 1996; Esser 2005). Once social programmes have been institutionalized, they are hard to dismantle, at least in any radical way (Pierson 1996: 171; 2000: 252).

Andersen 1990; Scruggs, Detlef and Kuitto 2014). The institutional approach also shed light on the importance of specific policy instruments (Lundberg et al 2015, S29). A comparative study by Ferrarini, Nelson and Sjöberg (2014a) on individual level health for instance showed that unemployment replacement rates were important if most people were covered. These findings were supported in another study based on longitudinal panel by the same researchers (2014b) showing that unemployment coverage and net replacement rate were particularly important to counteract transitions into deteriorated self-rated health.

However, the institutional approach has also been subject to criticism because, among others, of the underlying assumption of the ‘standard production worker’ (Esping-Andersen 1999, 29). This is a profile that is far from typical in current European welfare contexts, a point discussed by Dahl and Van der Wel (2013, 61). Moreover, the approach fails to consider a major part of the activity of the welfare state in terms of services (Rothstein 2009, 116). Perhaps the most important drawback and criticism concerns availability of data. The Social Citizenship Indicator Programme (SCIP) (Korpi and Palme 2008), which contains systematic cross-national data on institutional features of social insurance programmes, was unavailable to the research community for a long time. Moreover, it does not contain up-to-date information on a year-to-year basis. Consequently, Lyle Scruggs and colleagues have made an effort to replicate these data, resulting in the Comparative Welfare Entitlements Dataset (CWED), and their version of a decommodification index, the ‘benefit generosity index’ (Scruggs and Allan 2006). These datasets are available to researchers; however, they too lack recent data on the Eastern European countries, for instance (Scruggs, Detlef and Kuitto 2014).

Taken together, all approaches to assess the key welfare state characteristics have important shortcomings. One advantage of the social expenditures approach in this thesis is the availability of good quality, up-to-date data via Eurostat. These data can be disaggregated into a range of social policy function areas and facilitate the opportunity to make fairly extensive cross-country comparisons, as demonstrated by Castles (2004), without excluding large parts of Eastern Europe, for instance. The approach taken in this thesis, of social expenditures adjusted to level of need, captures the level of generosity in the provision of collective welfare state resources.

Chapter 5 – Collective welfare resources, individual disadvantages and welfare problems – previous findings

I draw on broad fields of welfare and social policy theory and research in this thesis. In this discussion of previous findings, I am therefore bound to make some limitations, as an exhaustive overview would be difficult (if not impossible). In this chapter, I focus especially on studies that have examined the association between the selected welfare problems and welfare state resources within a multilevel framework. However, I will also review relevant findings on the relationship between diverse individual resources (or lacking resources) and the outcomes studied, poverty, social capital and social exclusion. Focusing on the individual resources, I will highlight, in particular, findings on health, economic activity and education. In the first section and subsection, I review the literature on social participation, social exclusion and social capital relevant to the two first studies in the thesis, studies I and II. In the second section, I review the findings on poverty, i.e. income poverty and material deprivation, as discussed in studies III and IV.

Collective welfare resources, social participation and social capital

A range of studies have found levels of social capital to be generally higher in generous welfare states such as Scandinavia, and the more generous US states (Rothstein 2001; Rothstein and Uslaner 2005; Halpern 2005, 273; Wollebæk 2011). A multilevel study, by Gesthuizen, van der Meer and Scheepers (2009, 133) including 28 nations from the Eurobarometer (62.2; 2004) showed that the national level of social security did not significantly affect informal social capital at the individual level but increased membership in voluntary organizations. The latter was also demonstrated in a former study by the same researchers (Gesthuizen, Van der Meer and Scheepers 2008). In the 2009 study, the dependent variable of informal social capital included three factors on contact frequency with friends, colleagues, neighbours, and informal social support (giving help). The formal social capital variables included variables on donations to organizations, membership of organizations and participation in organizations (Gesthuizen, van der Meer and Scheepers 2009, 126). The measure of social security adopted was the percentage of GDP spent on social protection derived from Eurostat data (Gesthuizen, Van der Meer and Scheepers 2009, 127).

Anderson (2009) showed that individuals in countries with higher spending on active labour market policies reported more frequent social interactions, and membership in voluntary organizations as well as a reduced sense of social exclusion. This study was based on data from 17 European countries. Positive associations were found for both labour-market insiders and outsiders, although the association with social ties and perception of social inclusion were stronger among outsiders (unemployed actively/not actively looking) (Anderson 2009, 341). The results were not affected by the inclusion of a measure of total social expenditures as a percentage of GDP, which was not significant in the models. The dependent variables (social ties) were based on frequency of social interactions with friends, relatives or work colleagues, memberships in voluntary organizations and how often individuals participated socially compared with others of the same age (Anderson 2009, 353–354, 370). The contextual measure for active labour market policies (ALMPs) was based on active labour market programmes as a percentage of GDP in 2002, derived from OECD data (Anderson 2009, 353–354, 372–373).

A study by Gelissen, van Oorschot and Finsveen (2012) based on the 2004 Eurobarometer data, included a sequential path analysis to study access to informal help outside the family as the main dependent variable. The study analysed welfare generosity (‘welfare stateness’) and participation in informal and formal networks, assuming that these (first-order) variables directly influence access to informal help. The results showed that welfare generosity was associated with most of the first-order factors including participation in formal networks, which tended to be significantly higher among individuals who lived in countries with higher levels of welfare provision. There was, however, no significant effect of welfare generosity on frequency of contact with friends (Gelissen, van Oorschot and Finsveen 2012). The contextual variable was based on the average spending on social protection benefits, as percentage of GDP, for the three years preceding the survey (2001–2003) (Gelissen, van Oorschot and Finsveen 2012, 425).

van Ingen and van der Meer (2011) also demonstrated that inequality in organizational participation across education, gender and income was smaller in countries with higher levels of welfare generosity. The data were based on the European Social Survey (ESS) of 2002 including 17 countries. The dependent variables were based on 60 factors of various types of involvement in different voluntary associations, reduced to three indicators: leisure

organizations, interest, and activist organizations (van Ingen and van der Meer 2011, 307). The measure for welfare state expenditure was based on International Monetary Fund (IMF) statistics on social security and health expenditure from annual Government Finance Statistics from the year before the survey was held. The measure was summed and converted to percentage of GDP (van Ingen and van der Meer 2011, 307).

van der Meer, Scheepers and Grotenhuis (2009) report that in their study, welfare generosity did not have a significant effect on participation within the nuclear family, or on interaction with friends. However, welfare generosity had a ‘crowding-out’ effect on participation within the extended family (Van der Meer, Scheepers and Grotenhuis 2009, 247). Moreover, this negative effect was stronger for people with a low income than for people with a high income. The study nonetheless demonstrates a significant, positive effect of welfare generosity on social participation with the nuclear and the extended family among disabled individuals. The three dependent variables applied were constructed measures of frequency of meeting with the nuclear family, best friend, and extended family (Van der Meer, Scheepers and Grotenhuis 2009, 239). The contextual measure of social security was based on the IMF statistics on social security and health care expenditure in 2000, standardized as percentage of GDP (Van der Meer, Scheepers and Grotenhuis 2009, 241).

Another multilevel study showed that social volunteering was lower in extensive welfare states compared with countries that spend less on welfare state policy; however, welfare generosity did not significantly affect social volunteering among low-income groups (Stadelman-Steffen 2011, 147). The study was based on the integrated data of the European and World Values Surveys (1999–2001) including 23 OECD countries. The dependent variable, individual social volunteering, measured whether or not the individual performed voluntary work in voluntary organizations and activities. The contextual measure of welfare state effort was constructed based on public social expenditure, as percentage of GDP, on old age, incapacity, family and unemployment-related expenditures, derived from the OECD Social Expenditure Database (SOCX) (Stadelman-Steffen 2011, 141).

Individual resources and relational welfare problems

In the Poverty and Social Exclusion Survey in Britain in 1999 factors, reported by individuals, preventing people from participating in common social activities included sickness and

disability (Gordon et al. 2000). In addition, findings reviewed by Halpern (2005, 248) indicate that individuals with disabilities tend to be less engaged. Based on the Norwegian Survey of Level of Living of 1998, Fløtten (2006) showed that self-reported poor health influenced the risks of having a weak personal network and being socially excluded. An Australian study based on a community sample reports that depression and other chronic health conditions were strongly associated with subjective isolation (Hawthorne 2008). Anderson (2009, 364) likewise demonstrated that individuals who reported good health were more likely to feel that they were socially integrated.

A study by Lelkes showed that the unemployed had higher risk of social isolation (Lelkes 2010, 239). Gordon et al., by contrast, found that joblessness for individuals did not necessarily increase social isolation in Britain. Nonetheless, not working, or living in workless households, tended to raise disengagement, i.e. weaken civic participation (Gordon et al. 2000, 65). On the other hand, in the British study by Fahmy et al. (2009, 35) the analyses showed no variation by employment status for civic engagement participation among childless, working-age adults. Fløtten (2006, 233) also found that unemployment was not an independent risk factor for social isolation in Norway, measured as not seeing friends or close relatives at least weekly. These findings are contradictory to earlier findings from France by Paugam (1995). Paugam's results, based on cross-sectional data, showed that precariousness in an employment situation tended to go together with the risk of breakdown in social relations. In a later, comparative study, Paugam (1996), however, found that precariousness did not correlate with weak family connections and private support in Spain, Netherlands, Italy or Denmark. These associations were nonetheless present in France, Germany and Great Britain. The longitudinal, comparative study by Gallie, Paugam and Jacobs (2003, 27) also showed no consistent evidence that unemployment directly caused social isolation from formal participation (termed 'sociability'). Results, however, showed that the unemployed living in countries that had neither very generalized systems of social protection nor strong family structures faced higher risk of cumulative deprivation of poverty and social isolation.

A longitudinal Swedish study on accumulation of welfare problems demonstrated that educational attainment affected the likelihood of social exclusion (Bask 2010). In this study, social exclusion was perceived as suffering from at least two of the following six welfare problems: chronic unemployment, financial problems, health problems, experiences of threat

or violence, crowded housing, and lack of interpersonal relationships (Bask 2010, 300). The study by Fahmy et al. (2009) showed that low educational attainment was strongly associated with non-civic participation. Moreover, few or no qualifications were among the strongest predictors of multidimensional disadvantages (Fahmy et al. 2009, 36–37, 49). In addition, a range of studies on social capital, both within national contexts as well as comparative studies, have previously demonstrated positive associations between higher education and civic participation (Putnam 1995; 2000; Wuthnow 2002; Christoforou 2004; van Oorschot and Arts 2005; Gesthuizen, van der Meer and Scheepers 2009). However, in a thesis based on the Norwegian Surveys of Level of Living, Barstad (2008) found no significant association between education and the risk of lacking close bonding relations, the exception being among individuals with a low income. Moreover, among individuals in the age group 30–49, higher education was associated with a lower risk of not being active in organizations, working life and education (Barstad 2008, 49). Interestingly, Fløtten (2006) found, in her analysis of the Norwegian Survey of Level of Living of 1998, that individuals with a low educational level were more likely than persons with higher education, to see friends or close relatives at least weekly. The same results were found in Estonia (Fløtten 2006, 232).

Studies have also demonstrated that ranges of social and economic resources are associated with *social trust* and *civic participation*. Education has been shown to be associated with higher levels of social capital. The more years spent in education, the larger and more diverse is the individual's network, and the more engaged they are socially and the more they trust other people (Halpern 2005, 252). A multilevel study by You (2005) similarly showed that individuals with higher income and individuals with higher education, as well as older persons, were generally more likely to trust, while ethnic minorities, unemployed people and women were less trusting. In addition, a study by Glaeser et al. (2000) showed that low-educated, poor and/or single people, as well as women and African-Americans, were less trusting. The study showed a similar pattern for civic participation (Glaeser et al. 2000, 816–818). A Norwegian study likewise reported that high education and income were positively associated with civic participation and active memberships; moreover, that ethnic minorities were strongly underrepresented in all organization types with the exception of religious and immigrant organizations (Enjolras and Wollebæk 2010). A study by van Oorschot and Arts (2005) showed that a higher occupational level, higher household income, not being unemployed, being older and being a man was factors related to a higher level of both social trust and civic participation. Lastly, Christoforou (2004) reported that in her study, low

education and unemployment had a strong negative impact on the probability of civic participation. Higher income and being male and married increased the probability of group membership. Findings reviewed by Halpern (2005, 253) showed that those who are in full-time work tend to report higher social trust. However, some studies indicate that those who are in part-time employment tend to show highest levels of social engagement. Consequently, it may be work intensity, rather than work itself, that matters and the degree to which work takes over other activities (Halpern 2005, 253). Further, the social networks and inherent resources differ between those in work and those out of work. Those who are unemployed largely have networks of friends who are also unemployed (Halpern 2005, 253). Of course, the networks of the unemployed may be less able to provide resources such as material support and links to the labour market. According to Halpern (2005, 249–250), socialization, experiences in the family and the ‘inheritance’ of networks from parents and relatives are of major importance. Those who remember that their parents have told them not to trust other people, or who have experienced betrayal (e.g. by abuse or absenteeism) from their parents risk having lower propensity to trust other people (Halpern 2005, 249).

While the findings on the association between poor health and economic activity and different forms of participation seem to be somewhat indecisive, most studies indicate that these are important participatory resources. The findings on education, with the exception of the Norwegian findings on more informal forms of participation (Fløtten 2006; Barstad 2008), seem to indicate that education is related to different forms of participation. In addition, the findings indicate that the socioeconomic variables of income/material resources, education, ethnic minority background, economic activity, and marital status as well as age, gender and socialization experiences in the family are associated with both social trust and civic participation.

Among the reviewed studies, it was only the study by Anderson (2009) that demonstrated a significant positive effect of higher spending on active labour market policies on *informal* networks. The study by van der Meer, Scheepers and Grotenhuis (2009) also showed a significant negative effect on participation with the extended family, and a significant positive effect among disabled individuals on social participation with the nuclear and extended family. Most of these studies nonetheless demonstrated a significant positive effect of welfare generosity on *formal* networks, with the exception of the study by Stadelman-Steffen (2011) who demonstrated a significant negative effect among the upper and middle social classes.

Taken together, these previous cross-national findings on the association between welfare generosity and participation in different forms of networks (formal v. informal) were inconclusive. It should be noted, however, that the studies vary greatly in design and in the indicators of participation used.

None of the reviewed studies has assessed the association between intersecting disadvantages and relational welfare problems within a multilevel framework. In Study I, drawing on the rather inconsistent findings on formal and informal participation, we applied two dependent variables, participation in formal and in informal networks, within the available data of ESS (2006/2007). Our approach was to combine indicators representing lack of, or poor, resources. The main independent individual-level variables of interest were poor health in combination with either non-employment, or educational level, and the interaction with welfare provision.

In Study II, we studied social trust and civic participation based on Norwegian survey data. We set out to assess whether the resources for participation and trust found in previous studies were associated with civic participation and social trust in a society commonly perceived as egalitarian and generous in social policy terms, and where the overall levels of social capital are high, in terms of both civic participation and social trust.

Collective welfare resources and dimensions of poverty

There are a range of macro-level, cross-national studies that support the view that higher levels of social spending is associated with lower levels of poverty (e.g. Kenworthy 1999; Moller et al. 2003; Brady 2005; Caminada, Goudswaard and Koster 2012; Dueilla and Turrini 2014). A recent review of anti-poverty policies in rich countries showed that no country has achieved low levels of inequality and/or relative income poverty with low levels of social spending (Marx, Nolan and Olivera 2015, 2081). Contrarily, countries with high social spending tend to have lower inequality and poverty.

Among recent multilevel studies, a study by Whelan and Maître, based on data from EU-SILC (2009) showed that the negative impact of lower gross national income per capita on basic deprivation was significantly greater among disadvantaged socioeconomic groups than among their more advantaged counterparts (Whelan and Maître 2012, 499). The authors found that social expenditure as a percentage of GDP in addition to GINI provided little additional explanatory power (Whelan and Maître 2012, 491). Using factor analysis, the

authors identified the measure of basic deprivation as one among six relatively distinct dimensions of deprivation, which, they argue, comes close to capturing the underlying dimension of generalized deprivation (Whelan and Maître 2012, 496).

Bárcena-Martín et al. (2014), by contrast, demonstrated that the impact of welfare generosity on material deprivation reduced the effect of household reference persons' (HRP) socioeconomic disadvantages, such as low education and lack of full-time paid work. The data used in this study was based on EU-SILC (2007). Bárcena-Martín et al. (2014, 811), measured welfare generosity as the ratio of total expenditure to social protection and GDP, by country. In addition, Nelson (2012) analysed the association between social assistance benefit levels and material deprivation in European countries. This multilevel study indicated that material deprivation was less extensive in countries with higher benefit levels.

A study by Brady, Fullerton and Cross (2009, 286), based on data from the Luxembourg Income Study, showed that welfare generosity reduced the impact of low education on income poverty. Although no one employed in the household had a strong significant influence on income poverty, there was no interaction effect with welfare generosity. Moreover, welfare generosity did not reduce the impact on income poverty among a subsample of unemployed individuals. The measure of welfare generosity (and effort) applied was based on a standardized score of social expenditures, social security transfers and government expenditures as percentage of GDP, and public health spending as a percentage of total health spending (Brady, Fullerton and Cross 2009, 280).

A recent multilevel study by Brady and Bostic (2015), also based on data from the Luxembourg Income Study, revisited Korpi and Palme's 'Paradox of Redistribution' on the relationship between social policy, politics and social equality, but drew on a larger sample of countries and more recent data than used by Korpi and Palme (1998). The researchers studied the relationship between three dimensions of welfare transfers: transfer share (the average share of household income from welfare transfers), low income targeting, and universalism, on the one hand, and individual poverty and preferences for redistribution, on the other (Brady and Bostic 2015, 1). The results showed that although transfer share was associated with lower individual-level poverty and positively associated with universalism, generosity was not necessarily popular. In addition, contrary to Korpi and Palme (1998), transfer share

was found to be positively associated with low-income targeting. Findings further indicated, in line with Korpi and Palme (1998),⁸ that income targeting was negatively associated with redistribution preferences, but, at variance with earlier findings, not robustly related to poverty (Brady and Bostic 2015, 24).

Another multilevel study based on Luxembourg Income Study data (wave VI, 2004), by Rovny, examined which policies, among ALMPs, passive labour market policies (PLMPs), employment protection legislation (EPL), family policies, and government spending on day-care, were associated with lower poverty among new social risk groups in 18 OECD countries (Rovny 2014, 406). The study included a measure of overall welfare generosity, measured as gross social expenditures as percentage of GDP. The risk groups were low-educated men and women between 18 and 30 years old, and low-educated older men aged 55–64 years (Rovny 2014, 407). Results showed that in all subgroup analyses, ALMP decreased poverty levels, and most effectively among older, low-educated men. The negative effect of PLMPs on poverty was only significant for older men, and family policies were related to reduction in poverty for young, low-skilled men and women. The measure of overall welfare generosity was found to be associated with reduction in poverty among older, low-skilled men only (Rovny 2014, 420).

Lastly, a recent multilevel study by Bosco and Poggi (2016) based on longitudinal EU-SILC data for 2008–2011, studied income poverty persistence across 26 EU countries. The findings showed that individuals who experience poverty at a specific point in time have higher probability of experiencing poverty in the future compared with non-poor individuals. In addition, this probability was much higher in countries with low social expenditure, compared with countries with high social expenditures (Bosco and Poggi 2016, 17). In line with prior studies on material deprivation (e.g. Kenworthy, Epstein and Duerr 2011), findings also demonstrated an insignificant relationship between poverty and GDP growth, suggesting that poverty risk is affected by more factors than growth alone. Social policy generosity in this study was measured as social expenditures as percentage of GDP.

⁸ This was theorized, but not observed in the study by Korpi and Palme (2008) (Brady and Bostic 2015: 3).

Individual resources and distributional welfare problems

A recent review by Marx, Nolan and Olivera (2015, 2080) identified, among other factors, low education, unemployment and disability as being associated with higher likelihood of poverty. Several empirical studies have demonstrated that individual or household reference person characteristics such as poor health and disability, labour market status, young age, non-European/migrant background and low education, and other household factors such as single parents, people living alone, separated/widowed/divorced and, are related to a higher risk of income poverty and material deprivation (see, e.g., Boarini and d'Ercole 2006; Dewilde 2008; Brady, Fullerton and Cross 2009; Kim, Lee and Lee 2010; Whelan and Maître 2012; Falk et al. 2013; Bárcena-Martín et al. 2014). A Swedish study showed that while income poverty was weakly related to other welfare problems, there was a strong association between deprivation and a range of welfare problems, such as long-standing health problems, unemployment, lack of cash margin, and loneliness (Halleröd and Larsson 2008, 23–24). Hick (2014) recently examined the relationship between at-risk-of-poverty rate and material deprivation, on the one hand, and a range of other forms of deprivation, on the other, based on the British Household Panel Survey (BHPS) of 2006/2007. The results demonstrate that material deprivation was particularly effective in identifying individuals at risk of multiple deprivations, which supports the earlier findings of Halleröd and Larson (2008) based on Swedish data, cited above.

It is widely held that education increases the human capital of the individual and the 'income earner potential' (Schiller 2008, 175). A person's income is determined by factors such as participation in the labour market, occupation, frequency of employment, number of hours worked and the wage, all of which are affected by educational attainment (Schiller 2008, 173). Consequently, there is a strong correlation between educational attainment and income (Schiller 2008, 172). Conversely, people with low education are less likely to get a job or to hold on to it. Low-educated individuals also face a higher risk of losing their job when an employer downsizes (Schiller 2008, 173).

Non-participation in the labour market due to old age, poor health or incapacity, unemployment or homemaking, is an additional factor that heightens the risk of financial and material hardship simply because these people have no pay that can be raised (Schiller 2008). Related to this, a recent study based on the Swedish Survey of Level of Living showed that

long-term sickness absence increases the risk of adverse economic conditions (Bryngelson 2009). A multilevel analysis based on Luxembourg Income Study data has shown that the poverty status of a household is significantly related to several sociodemographic characteristics of the head of household, whereas the low-educated, and households whose head did not work had higher probability of living in poverty (Kim, Lee and Lee 2010, 401). In a study on multidimensional poverty, based on wave 8 (2001) of the European Community Household Panel (ECHP), Dewilde (2008, 249–250) likewise showed that a range of characteristics of the household reference person, including lower educational level, were associated with a higher risk of deprivation.

A study comparing income and living conditions in Sweden, Denmark and the UK, based on cross-sectional EU-SILC survey data (2005–2010), showed that non-employed people with limiting, long-standing illness had considerably higher prevalence of poverty risk compared with their employed counterparts with or without illness (Falk et al. 2013). In addition, the rates of poverty risk for the non-employed with limiting long-standing illness were higher in the UK than in Sweden and Denmark. In another study conducted in the UK, Zaidi and Burchardt (2005) used data from two UK household surveys in the late 1990s (1996/1997) to quantify the extra costs of living associated with disability. The results showed a substantial increase in poverty after equivalizing for disability. In addition, a study based on longitudinal Irish data (the Living in Ireland Survey 1995–2001) showed that not only persistent disability and chronic illness but also the onset of disability was associated with a substantial increase in at risk of poverty (Gannon and Nolan 2007, 1433, 1436). Halleröd (2000) likewise demonstrated that poor health had a negative impact on (a combined measure of) economic standard based on longitudinal Swedish data. According to Schiller (2008, 133), poverty and illness interact in a reciprocal relationship. Illness leads to poverty and poverty leads to poor health. The relationship is nonetheless not equally strong in both directions. Many individuals are poor before they become ill: ‘at most we can say that illness maintains their poverty or that it makes poverty more miserable’ (Schiller 2008, 134).

A review of key findings on *material deprivation* (Boarini and d’Ercole 2006) showed that material deprivation was far more prevalent among sick and disabled people than the rest of the population. A study from the US indicated that the greater likelihood of experiencing material deprivation reflects both poor health and lack of medical insurance (Boarini and

d’Ercole 2006, 39). Fusco, Guio and Marlier (2010, 34) also demonstrated that the presence of at least one person in bad health in the household did not have a significant effect on the risk of income poverty in the 25 European countries included, while there was a significant effect on the risk of material deprivation. The review by Boarini and d’Ercole (2006, 38) also showed that less educated people, and persons out of work or working few hours run a higher risk of material deprivation.

None of the reviewed studies assessed the risk of both material deprivation and income poverty as two important dimensions of poverty. While material deprivation addresses achieved living conditions, ‘at risk of poverty’ addresses available income resources. Both, however, are important dimensions of individual welfare. Consequently, in Study III we studied both dimensions of poverty. We studied the interlinked disadvantages of health limitations in combination with non-employment and with low education, and the interaction with welfare provision.

Only one of the studies reviewed assesses income poverty among new social risk groups and the impact of social policies (Rovny 2014). None of the studies examined material deprivation and new social risks. In addition, recent empirical findings (Duiella and Turrini 2014) have shown that poverty increases during the crisis were mostly in terms of severe material deprivation⁹. Therefore, in Study IV, I studied whether generous social policies modified the association between both ‘new’ risks (low education) and ‘old’ ones (limiting health and non-employment) and material deprivation in the context of social and economic changes during the current economic downturn.

⁹ However, as noted earlier, measures of relative income poverty are difficult to interpret in times of economic change because the poverty line moves (OECD 2014: 23).

Chapter 6 – Data and methods

This thesis uses quantitative analysis of large survey datasets, based on representative samples from Norway and Europe, to analyse the relationship between disadvantages and welfare problems, and assess whether collective welfare provision is associated with the prevalence of welfare problems in the population and in particular among disadvantaged groups across Europe. The approach taken can only be perceived as descriptive – not as an attempt to establish causal relations directly from the data by statistical techniques (Goldthorpe 2000, 153). However, the analyses are informed by the theoretical accounts outlined in Chapters 1–4, which are based on assumptions of specific causal directions in explaining whether welfare provision alleviate or create welfare problems. No data were available on the intentional actions of the respondents in the surveys, or on the actions of other people with whom these respondents interacted. At the very most, the results of studies I–IV may *suggest* causal relations (Goldthorpe 2000, 153), which nevertheless need to be further developed and tested in future studies. In this chapter, I account for the data applied and methods used in the four studies.

The datasets

The studies in this thesis are based on four different cross-sectional datasets from three sources¹⁰. Study I is based on the repeat cross-sectional ESS, round 3 (ESS3 2006, edition 3.3). The ESS is an academically driven, multinational survey that is carried out every second year, with the first round of data (ESS 2002) collected in 2001. The aim of the survey is, among other to monitor changing public attitudes, opinions, values and behaviours across Europe and the way they interact with changing institutions in Europe (ESS 2011, 6). The ESS data are made available without restrictions, for not-for-profit purposes. The survey involves random probability sampling of persons aged 15 and above and resident in private households. The collection of data (main questionnaire) is based on face-to-face data collection that is either through computer-assisted (CAPIs) or paper-administered personal interviews (PAPIs) (Martin 2011, 3). The survey aims at optimal comparability of the data collected and a target response rate of 70% (ESS 2011, 6). The achieved response rates (main

¹⁰ The results and interpretations of the thesis are the sole responsibility of the author(s). Eurostat, the ESS ERIC, Core Scientific Team (CST), the producers and distributors of the data bear no responsibility.

questionnaire) of ESS round 3 (2006/2007), however, differ between countries, from 45.97% in France to 73.19% in Slovakia (ESS 2011). Only anonymous data are available to users (ESS 2016). The ESS Round 3 (ed. 3.3) integrated net file sample comprises 43,000 individuals in 23 countries. Our analyses included between 21,205 and 21,397 respondents, aged between 25 and 59 years, living in 21 European countries. Ukraine and Russia were left out of the analysis, owing to missing data on the welfare generosity measure.

The data used in Study II were derived from a postal survey carried out in 2007 by the research institutes Fafo (Institute for Labour and Social Research), NOVA (Norwegian Social Research) and Sosialforsk (Social Welfare Research Centre), on assignment from the Research Council of Norway. The theme of the survey was living conditions and social networks. The dataset is based on a representative sample of the Norwegian adult population, aged 18–74 years. Statistics Norway, which also linked the survey data to information in administrative registers, fielded the survey. The dataset I used was anonymized. As part of the research group Sosialforsk/Group for Inclusive Welfare (GIV), which was a part owner of the data, I wrote Study II together with Professor Ira Malmberg-Heimonen. The dataset is now archived at the Norwegian Centre for Research Data (NSD 2007). Key questions in the questionnaire were discussed in two focus group interviews. The gross sample included 8000 respondents. Up to two postal reminders were sent to initial non-responders (Fløtten and Pedersen 2008). The response rate was 39.9% including 3190 respondents. An earlier study analysed the representativeness of the data, comparing the study sample with the general Norwegian population (Dahl and Malmberg-Heimonen 2010). This comparison shows that the proportion of immigrants is somewhat smaller in the study sample (6.9%) compared with the general Norwegian population (10.6%), and a larger proportion of the sample than of the general population had higher education. However, with regard to gender, county/region of residence and age, the sample corresponds satisfactorily to the general population. We performed sensitivity analyses on weighted variables. Our regression analyses included between 2,730 and 2,736 respondents, aged between 18 and 74 years.

The data in studies III and IV are based on the EU-SILC survey launched in 2003. The EU-SILC provides both cross-sectional and longitudinal data, and the yearly cross-sectional data adopted in this thesis include variables on income, poverty and social exclusion as well as other living conditions. The longitudinal data relate to individual-level changes over time

observed over a 4-year period (Eurostat 2016c). The individual data are anonymized in such a way that the statistical units cannot be identified (Eurostat 2015).

To apply for access to microdata, an organization must first be approved as a research entity. Once the organization has been approved as a research entity, Eurostat require an application in the form of a research proposal. The access to the microdata is only valid for the period specified in the research proposal. Detailed information on the application process can be found on the Eurostat website (Eurostat 2016d). I was included as an individual researcher as part of a joint research proposal headed by my supervisor, Espen Dahl. All individual researchers had to sign an individual confidentiality declaration. The anonymized statistical data were sent to Espen Dahl as data manager, encrypted on CD-ROM files and stored in a locked part of an internal server at the Oslo and Akershus University College of Applied Sciences (HiOA), where they were only made available to project members. The datasets are released in the so-called ‘user database (UDB)’.

The multidimensional datasets are based on a ‘common framework’ and include common guidelines as well as procedures, concepts and classifications (Wolff, Montaigne and González 2010, 40–42). The harmonized framework aims to achieve maximal comparability while maintaining flexibility across the participating countries (Wolff, Montaigne and González 2010). There are a number of recommendations on how to word the survey questions (Wolff, Montaigne and González 2010, 42). The sampling design varies across countries; however, Eurostat has recommended a 4-year rotational design, which means that the cross-sectional component for a given year is composed of four subsamples, each drawn in a different year (Eurostat 2011a, 7). The samples were designed to be representative for the whole population. Sampling units vary across countries and included the address/dwelling, household or the individual, depending on the design adopted by the country (Eurostat 2012a, 8). The data were either based on registers or collected from interviews. Data were collected through PAPIs, CAPIs; computer-assisted telephone interviews (CATIs) or self-administered questionnaires (Eurostat 2012a, 7). Proxy interviews were permitted. However, Eurostat recommends to keep these as limited as possible. In some countries that used the selected respondent type, a high percentage of proxy interviews was seen, where the selected respondent was asked to give information on other members of the household (Eurostat 2011a, 30–31). The unit non-response rate was measured at the address contact, household interview and personal interview. In 2009, the household non-response rate for the whole

sample varied from 3.5% in Romania to 48.1% in Luxembourg. According to the National Intermediate Quality Reports (Eurostat 2016a) for the year 2012, the household non-response rate for the whole sample varied from 4.7% in Romania to 57.7% in Denmark.

Study III was based on the user database (EU-SILC UDB 2009, version 6 of March 2014) of the 2009 wave of the EU-SILC (cross-sectional) survey (Eurostat 2014a). The total dataset includes personal data on 489,484 persons aged 16 and over, living in private households in 30 European countries. Because of a large number of missing values on key variables in the UK and few units in Iceland, these countries were excluded from the analyses. In addition, as per capita expenditure is calculated based on the resident population, the value tends to be overestimated in Luxembourg because a substantial proportion of benefits is paid to individuals living outside the country (Eurostat 2016e). Consequently, we treated Luxembourg as an outlying case and excluded it from the analysis. Our multilevel analyses included 292,874 individuals 18–64 years of age in 27 countries for analysis of material deprivation, and 302,343 individuals in 28 countries for analysis of income poverty.

Study IV is based on the 2012 user database (EU-SILC UDB 2012, version 1 of March 2014) of the 2012 wave of the EU-SILC cross-sectional survey (Eurostat 2014b). The total dataset includes personal data on 488,920 individuals aged 16 and over living in private households in 29 European countries. Two countries were excluded from our analyses – Iceland, because of the small number of units, and Luxembourg, because of an overestimation of its welfare generosity measure, as discussed above. The multilevel analyses included 294,803 individuals aged 18–64 living in 27 countries.

Independent variables

Main independent variables

The main independent variables used to assess individual disadvantages in this thesis are based on different measurements of health as well as educational level and employment status as components of socioeconomic position. In Study II, we adopted a range of socioeconomic variables; however, in this section I choose to focus on the variables that were used across all four studies.

Health

Measurements of (poor) health are based on two measures: self-perceived health (studies I and II) and limiting long-standing illness (studies III and IV). Both measures are widely used and perceived to be valid global measures of health status (Manor, Matthews and Power 2001, 604). In studies I and II, health is based on the measure of self-perceived health assessed by the question: ‘How is your health in general?’ This measure is found to correlate highly with measures that are more objective as well as predict mortality risk over and above chronic and acute disease, disability as well as health behaviour among other (cf. Discussion by Mirowsky and Ross 2003, 35). In studies III and IV, we adopted the measure limiting long-standing illness, based on two measures combined (chronic long-standing illness, and limitation in activities due to health problems). This health measure is also strongly associated with more serious conditions (Manor, Matthews and Power 2001, 602). Experiencing chronic, limiting illness requires substantial health and social resources, as discussed by Manor, Matthews and Power (2001, 600). In the context of this thesis, it is therefore a convenient measure for studying the link to different dimensions of poverty, in studies III–IV.

Employment status/economic status

In studies I, III–IV, the measure for assessing employment status was non-employment. In Study I, this measure was based on respondents’ ‘main activity during the previous 7 days’; in studies III–IV, it was based on ‘self-defined current economic status’. In all three studies I, III–IV, the dichotomized measurement included all the economically inactive individuals (scoring a value of 1), whereas all other categories, including students and those performing military or community service, were given the value of 0. The rationale for including students and those performing military service in the economic activity category was that it was assumed that their ‘inactive’ status reflected a temporary condition. In Study II, we assessed employment based on respondents’ main activity in the week prior to filling out the questionnaire.

Educational level

In studies I, III and IV, educational level was based on highest level of education attained, based on the International Standard Classification of Education (ISCED 1997). In Study I, primary education included ISCED levels 0–2, while secondary education covered ISCED level 3, and tertiary education included ISCED 4–6. In studies III–IV, we chose to collapse secondary and tertiary education into one group owing to limited degrees of freedom at level

two in the multilevel analysis. As the main interest was to study the most disadvantaged groups this approach can be justified despite the broad categories.

In Study II, educational level was assessed on the basis of administrative data, measuring the highest achieved educational level, according to the Norwegian Standard Classification of Education developed by Statistics Norway (2003). The variable ‘compulsory education’ included respondents who had primary education or less, as well as persons with lower secondary education. The variable ‘intermediate education’ included respondents who had basic or final upper secondary and post-secondary, but not tertiary, education, whereas ‘tertiary education’ included respondents who had undergraduate or graduate-level tertiary education and those with a second stage of tertiary education.

In studies I and III, we measured combinations (intersections) of disadvantages, combining poor health/limiting long-standing illness with non-employment in one measure and with educational level in another. In Study IV, I analysed the three different disadvantages, limiting long-standing illness, non-employment, and low education, separately in order to assess whether both ‘new’ and ‘old’ risks were associated with lower risks of material deprivation in generous welfare states.

Dependent variables

In Study II, we assessed two dimensions of *social capital* including social trust and civic participation. *Social trust* was measured by one question: ‘Generally speaking, would you say that most people can be trusted or that you can’t be too careful in dealing with people?’ The response options ranged from 0 to 10, ‘You can’t be too careful’ (score = 0) to ‘Most people can be trusted’ (score = 10). Levels of social trust vary greatly across countries. They are held to be stable over time and are a reasonably reliable and valid measure of social capital at national level (cf. Discussion by Halpern 2005, 33–34). However, in an experimental study, Glaeser et al. (2000) studied whether the standard trust question actually predicted trusting behaviour. The findings indicate that people who answered that most people can be trusted did not act accordingly; however, they acted in a trustworthy manner, suggesting that the standard trust question might capture trustworthiness rather than trust (Glaeser et al. 2000,

833). According to Halpern (2005, 33), it is nonetheless reasonable to assume that people's answer to the question reflects their real experience.

Civic participation was based on a five-item measure assessing whether the respondent participated in a range of activities including political party activities, church and/or other religious activities, clubs, sports, leisure-time activities and community/neighbourhood activities. For logistic regression analyses, the variable was coded into a dummy variable where 0 = no participation and 1 = participation in at least one organizational activity.

In Study II, we included two dependent variables to assess two dimensions of *social exclusion*, non-participation both in formal and in informal networks among disadvantaged groups. Whereas *non-participation in informal networks* was measured by a question about how frequently the respondent met socially with friends/relatives/work colleagues, we dichotomized the answers, giving the responses 'never', 'less than once a month' and 'once a month' the value of 1, and giving all other responses the value of 0. *Non-participation in formal networks* included two questions assessing how frequently (in the last 12 months) respondents were involved in voluntary or charitable organizations and how often they attended activities locally. For both variables, the responses 'never' and 'less often' (than 'at least once every 6 months') were given the value of 1; all other responses scored 0.

In Study III, we adopted the *at-risk-of-poverty* measure as well as material deprivation to assess different dimensions of risk of poverty. In Study IV, the dependent variable was material deprivation. Within the EU, as part of the official EU Indicators, the at-risk-of-poverty measure is defined as the percentage of a population that has below 60% of the median national equalized household income¹¹ (Atkinson et al. 2010, 104). The reference to 'risk' serves to indicate a likelihood, as current income is an imperfect indicator of long-term command over resources (Fahey 2010, 11).

Conceptually, material deprivation refers to an 'enforced lack' of necessary and desirable goods and services that are considered important to have an acceptable standard of living (Guio, Gordon and Marlier 2012, 1, 11). While the measure of income poverty represents an

¹¹ 'Income' refers to the total income of the household and includes cash transfers, and is net of income taxes and social insurance contributions (Atkinson et al. 2010: 104).

indirect approach, material deprivation represents a direct approach to poverty. Both measures refer to what is customary in a society and can therefore be viewed as relative approaches to poverty (Hvinden and Halvorsen 2012, 17).

The *material deprivation* indicator was assessed by nine items measured at the household level, including ability to pay arrears and utility bills and meet hire purchase instalments in the last 12 months; a 1-week annual holiday away from home; a meal containing meat, chicken, fish (or a vegetarian equivalent) every second day; ability to face unexpected financial expenses; owning a telephone (including mobile phone); a colour TV; and a washing machine; ability to keep the home adequately warm; and owning a car/van for private use. All the material deprivation items were recoded into nine dichotomous variables measuring whether the household was able to afford an item (0) or not (1). An equal weighting approach was adopted, giving the same weight to all items (Fusco, Guio and Marlier 2013, 57). The variable labelled ‘material deprivation’ includes those households that lacked three or more items. Important limitations of the material deprivation indicators currently used at EU level are the small number of items (nine) as well as fairly weak reliability of some of these items (Guio, Gordon and Marlier 2012, 10).

Income poverty was based on the poverty indicator (‘at risk of poverty’) and includes households with incomes below 60% of median national equivalized disposable household income (Atkinson et al. 2010, 104). The ‘modified OECD scale’ assigns a weight of 1 to the first adult and 0.5 to additional adults in the household, and 0.3 to children under the age of 14. The use of an equivalence scale reflects differences in household size and composition (Atkinson 2010, 104).

While income poverty is based on national thresholds, the material deprivation indicator is an EU-wide measure based on a common set of (equally weighted) items (Fusco, Guio and Marlier 2010, 138). In other words, the two measures use framing of social comparison nationally and cross-nationally (Fahey 2010, 16). Therefore, the percentages of materially deprived individuals across countries vary much more compared with income poverty. In this sense, material deprivation has an absolute characteristic assessing ‘absolute’ differences in living standards whereas at risk of income poverty assesses relative deprivation within countries (Nolan and Whelan 2010, 310–311).

There is lack of clarity and agreement on cut-offs for both the material deprivation measure (i.e. regarding whether lacking three or five items out of nine constitutes material deprivation) and the income poverty measure (40%, 50%, or 60% of the median). In addition, there is lack of agreement regarding the evaluation of the appropriateness of the consumption items and whether they apply universally across life situations (cf. Discussion by Hvinden and Halvorsen 2012, 23).

These disagreements on measurements illustrate an important question that relate to all the studies in the thesis which is whether the measurements adopted are appropriate to capture aspects of the underlying social phenomena studied, i.e. social exclusion, poverty and social capital. At any rate, measurements only serve as proxies. The measurements of social participation and social exclusion are based on available survey data, rather than conceptually derived (Levitas 2006, 127). In addition, the dichotomized measurement of social exclusion can be criticized for assessing the risk of social exclusion as a state of being either ‘in’ or ‘out’. Furthermore, scholars disagree on whether the measure of relative income poverty adequately addresses poverty. Some scholars argue that income poverty it is a measure of inequality, rather than poverty (Ringen 1987, 127). However, as shown by Marx, Nolan and Olivera (2015, 2074–2075), broadly speaking where inequality in disposable income is high, relative income poverty rates tend to be high as well; however, similar inequality levels can be associated with different levels of income poverty.

Contextual variable

The contextual measure of *welfare generosity* was operationalized as the sum of social expenditures in purchasing power standards (PPSs)¹² per capita (direct transfers in cash and kind) in different policy areas. To account for the level of ‘need’ in each country, the sum of expenditures was divided on the inverse of the employment rate in the age group 15–64. The data were derived from the Eurostat database called ‘The European System of Integrated Social Protection Statistics (ESSPROS)’ (Eurostat 2016b). The rationale for adjusting to the non-employed population is to adjust to those groups who are mostly relieved from the financial burden of risks or needs (Gilbert 2009, 361). However, these benefits also include benefits that relieve risks and needs of individuals and families who are not part of the non-

¹² PPS is an artificial currency unit. Theoretically one can buy the same amount of goods and services in each country by one PPS (Eurostat 2016d)

employed population within each country, such as child day care, and medical services and goods, to mention a few. Seeing that people outside employment to a greater extent receive benefits in cash and kind owing to for instance health disadvantages, disability and unemployment, it is credible, although admittedly imperfect, to make this adjustment. A recent study by Dahl and van der Wel (2013) suggests that, in terms of health outcomes, it does not matter much how social expenditure is operationalized and whether this is expressed in net or gross social spending, relative to GDP, or in purchasing power parities (PPPs) (Dahl and van der Wel 2013, 62–63). Also, the measure of welfare effort, that is, social expenditures as a percentage of GDP, is found to predict inequality and poverty well (Brady, Fullerton and Cross 2009; Brady and Bostic 2015; Marx, Nolan and Olivera 2015), possibly better than more sophisticated measures such as decommodification, as discussed by Brady and Bostic (2015, 5).

In Study I, we included benefits on unemployment, sickness, disability, housing, and social exclusion, while in studies III and IV we also included health care benefits, but not housing. In Study I, the data were based on the year 2006; in studies III and IV the data were from 2009 and 2011, respectively. In Study IV, expenditures for the year 2011 were chosen because data for 2012 were provisional.

Methods

In Study I, we found it theoretically most appropriate to dichotomize the measures as the aim was not to measure degrees of participation but, rather, to distinguish between states that can be interpreted as inadequate participation, perceived to be at risk of social exclusion when experienced by disadvantaged groups. In Study II, the social trust variable was continuous, while all the other dependent variables were coded as binary variables. In addition, civic participation was coded as a binary variable to distinguish between those who participated in at least one activity and those who did not participate in any. The poverty measures in studies III and IV, i.e. income poverty and material deprivation, are both conventionally coded as binary variables. Logistic regression analysis was adopted in all four studies, with the exception of the analysis of social trust in Study II.

For analysis of social trust in study II, we used linear regression and ordinary least squares (OLS) method for estimation of models. The outcome variable is predicted from the equation

of a straight line expressed by: $Y_i = (b_0 + b_1X_i) + \varepsilon_i$, where Y_i is the outcome to be predicted and X_i is the i th respondent's score on the predictor variable (Field 2005, 199). The coefficient b_1 is the slope or gradient of the straight line fitted to the data, indicating the average change in Y associated with a unit's change in X , and b_0 is the intercept of the line. This is where the line crosses or intercepts the vertical axis of the graph, estimating the average value of Y when X equals zero (Lewis-Beck 1980, 19). The residual term ε_i represents the difference between the score predicted by the line for respondent i and the actual score obtained (Field 2005, 199). The method of least squares estimates the line that best fits the data, i.e. minimizes the sum of squared errors (SSEs) which is the lowest sum of squared differences between an observed data point and the line (Lewis-Beck 1980, 14). Assessing the goodness of fit of the model is done by the *coefficient of determination* (R^2), which represents the amount of variation in the outcome variable explained by the model (the residual sum of squares (RSS) relative to the total amount of variation in the dependent variable, the total sum of squares (TSS)): $R^2 = \frac{RSS}{TSS}$. Expressed as a percentage, R^2 represents the percentage of variation in the dependent variable that can be explained by the model (Lewis-Beck 1980, 22). Adjusted R^2 accounts for the fact that R^2 tends to increase when new variables are added to the model.

When the outcome variable is categorical, the assumption of a linear relationship between variables is violated. The logistic regression analysis therefore involves a logistic transformation expressed by: $logit(Y_i) = (b_0 + b_1X_i) + \varepsilon_i$. The probability of having a characteristic or experiencing an event varies between the minimum value of 0 and the maximum value of 1. Given the probability, the logit transformation involves two steps, where the first step converts the probability of having a characteristic into odds, expressed as the likelihood of having a characteristic relative to the likelihood of not having the characteristic ($P_i/(1 - P_i)$) (Pampel 2000, 10). Both probabilities and odds have a lower limit of 0; however, transforming probabilities into odds removes the upper ceiling of probabilities. When the probability is 0.5 the odds is 1; when the probability exceeds 0.5 the odds is higher than 1, but does not go below 0. The second step in the logistic transformation removes the lower bound probabilities by transforming the odds into the natural logarithm of odds (Pampel 2000, 10-11): $L_i = \ln[P_i/(1 - P_i)]$. Consequently, the logit varies from negative infinity to positive infinity and can be viewed as linearizing the non-linear relationship between X and the probability of Y (Pampel 2000, 13-14).

When the probability is 0.5, the logit equals 0 (i.e. the log of the odds of 1 equals 0). Probabilities below 0.5 result in negative logged odds (odds fall below 1 and above 0), and probabilities above 0.5 result in positive logits (odds exceed 1) (Pampel 2000, 13). The logit transformation changes the interpretation of the regression coefficient from changes in probabilities to changes in the logged odds. The logistic regression coefficient shows the change in the predicted logged odds of experiencing an event by one unit's change in the independent variable. The change by one unit is the same, regardless of the value of X and the other independent variables in the model (Pampel 2000, 19–20).

In the logistic regression analysis, the values of the parameters are estimated using maximum likelihood estimation, used to maximize the value of a function, i.e. the log likelihood function, which selects the coefficients that make the observed values most likely to have occurred (Field 2005, 267). The log likelihood function involves an iterative process that repeats until the change in the likelihood function from one step to another is negligible, i.e. the solution converges (Menard 2002, 14). To assess the fit of the model we used the measure of log likelihood, which is an indicator of how much unexplained information there is in the model where large values indicate poorly fitted models (unexplained observations) (Field 2005, 267).

In three of the studies (studies I, III and IV), we used multilevel random intercept logistic regression analysis with the binary outcomes available in the xtlogit and xtmelogit procedure in the statistical software Stata. The underlying assumption of multilevel models is that individuals interact with the social context to which they belong, i.e. individuals are influenced by their social context and the social context in turn is influenced by the individuals within the group. This is conceptualized as a hierarchical system of individuals nested within countries, where individuals and countries are defined at separate levels of this hierarchical system (Hox 2010, 1). As individuals within one country tend to be more similar than individuals residing in two different countries the assumption of independence in the data is violated. As a result, in a single-level regression analysis where individuals are nested within countries the standard errors for contextual parameters are underestimated (Hox 2010, 4–5). In multilevel models, however, this violation is corrected for. The total variance is partitioned into two components at each level in the analysis, the individual level and the country level.

In a random intercept model, the constant is allowed to vary across countries. The question is whether there is systematic variation in the outcome variables between countries – that is, whether there is a significant intercept variance. If the country level intercept variance is significantly greater than 0 there are differences between the countries. For a random intercept model studying individuals clustered in countries, the total variance is the sum of the variance at the individual level (level 1) and the variance at country level (level 2), $(\sigma_u^2 + \sigma_e^2)$. These variance components can be applied to estimate the proportion of the total variance associated with level 2, i.e. the intra-cluster correlation (Hox 2010, 15): $p = \frac{\sigma_u^2}{\sigma_u^2 + \sigma_e^2}$. In theory the highest possible value of p is 1, and the lowest is 0, indicating maximum clustering ($p=1$) and no clustering ($p=0$), respectively. However, in logistic regression analysis, the underlying scale is standardized to the standard logistic distribution and the level 1 residual variance is fixed at $\pi^2/3$. Because of these scale changes, we have to be cautious when comparing regression coefficients and variances across models (Hox 2010, 134).

In studies I, III and IV, to assess whether the link between different forms of social disadvantages and welfare problems varied by the level of welfare generosity, we used cross-level interaction terms. We calculated probabilities for a typical case, comparing groups that differed only by disadvantages. For instance, in studies I and III we compared non-employed groups in poor health with employed groups in good health. In order to assess the strength of the association between welfare generosity and the outcome, we estimated maximum effects by subtracting the predicted group probability for the highest observed value for welfare generosity from the lowest observed value. In studies III and IV, we calculated absolute differences by subtracting the predicted probabilities for the most advantaged groups from that for the disadvantaged group. For a similar approach, see, e.g., van der Wel, Dahl and Thielen (2011a; 2011b). The formula for probabilities as a function of independent variables and coefficients can be expressed as: $P_i = 1/(1 + e^{-L_i})$, where L_i equals the logged odds predicted by the value of X_i and the coefficients b_0 and b_1 . The probability equals 1 divided by 1 plus the exponential of the negative of the logit, as described by Pampel (2000, 16–17). It is, however, important to bear in mind that where the relationship between the independent variables and the logit dependent variable is linear, i.e. for one unit change in the independent variable, the logit changes by a constant amount, there is a non-linear relationship between the independent variables and the probabilities. The effect of an independent variable on the

probability varies with the value of the independent variable and the level of probability (Pampel 2000, 15–17).

Absolute or relative inequalities?

Within the interdisciplinary field of comparative health research, scholars often assess inequalities in relative and absolute terms, emphasizing different aspects of inequalities (Vågerö and Erikson 1997; Dahl et al. 2006; Lundberg 2003). *Relative* differences between socioeconomic groups are important from an explanatory point of view and help shed light on the underlying social processes and mechanisms that give rise to inequalities. Relative inequalities, however, conceal the actual risks of hardship among different social groups as well as the overall level of welfare problems (Lundberg 2003, 203). In addition, when the levels of welfare problems are low, it is mathematically difficult (although not impossible) to achieve narrow relative inequalities (Mackenbach 2015). As a result, countries with low levels of welfare problems may be penalized, which makes little sense from a social policy point of view (cf. Discussion by Dahl et al. 2006, 211). In this thesis, absolute differentials were calculated by subtracting the predicted group probabilities for the advantaged groups from those for the disadvantaged groups, as discussed above. Relative inequalities can be obtained by calculating the ratio of predicted probabilities between disadvantaged and advantaged groups¹³. Based on the results from Study III, comparing the most advantaged groups (i.e. tertiary/secondary education and no limiting health) with their disadvantaged counterparts (primary education with limiting ill health) shows that the disadvantaged groups had 2.67 times the predicted risk of material deprivation in the least generous welfare state (0.40/0.15) compared with 5 times the risk (0.05/0.01) in the most generous welfare state. These calculations imply that relative inequalities are greater in generous welfare contexts (results not shown). The differentials in predicted probabilities, i.e. absolute inequalities, however, varied from 0.25 points in the least generous welfare state to 0.04 points in the most generous welfare state, i.e. decreasing absolute inequalities.

Determining whether to assess absolute or relative inequalities is ultimately a question of both mathematics and ethics (Harper et al. 2010; Mackenbach 2015). As the approach taken in this thesis is to assess the success or failure of welfare state intervention (Dahl et al. 2006, 212), I

¹³ Another approach is to take the odds ratios of the subtracted predicted logged odds for the most advantaged groups from those for the disadvantaged groups.

chose to study *absolute* differences across countries in addition to the *level* of welfare problems among disadvantaged groups.

Ethical considerations

The *Guidelines for Research Ethics in the Social Sciences, Humanities, Law and Theology* of the Norwegian National Committee for Research Ethics in the Social Sciences and the Humanities (NESH) aim to promote good scientific practice and are based on acknowledged norms for research ethics (NESH 2016, 6). The HiOA has developed its own guidelines for research ethics that comply with national and international ethics principles (Oslo University College of Applied Sciences 2014). Some of the research norms relate to the self-regulation of the research community. Others relate to the relationship between research and society that involves, firstly, the people who engage in research and, secondly, the relationship with the rest of society (NESH 2016, 6). Earlier in the dataset subsection in this chapter, I emphasized the anonymity of the datasets, which protects the individuals participating in the different surveys from identification. In this section, I will highlight some of the other important ethical issues at stake in this thesis that relate in particular to my attitudes and values as a researcher (NESH 2016, 10) and my respect for vulnerable groups in particular.

The attitudes and values of the researcher

Most research findings, despite rigorous design and methods, are contingent and limited, regardless of the fundamental aim of science to strive for truth (NESH 2016, 10). Implicit value judgments are an inseparable part of social research through the choice of research question, use of concepts, theories, models and measurements. The knowledge arrived at will always represent knowledge from a particular point of view (Weber 1949). The fields of social policy and social work are highly normative, which highlights the importance of reflecting upon own values and attitudes in the choices made (NESH 2016, 10). In this thesis, disadvantages and welfare problems are perceived to be the result of a range of interacting factors at different levels, not simply a result of ‘flawed’ individual characteristics, norms and choices. The latter involve a negative view of human nature/motivation, suggesting that disadvantaged individuals have particular, distorted norms, values and behaviours and are unable or unwilling to change their conditions of life because they have access to welfare benefits. Explanations/interpretations that ascribe unworthy motives, or motives other than those the researchers invoke to themselves, should at any rate be accompanied by compelling

documentation and justification (NESH 2016, 22–23). In addition, measurements are value-laden and are related to judgments about what is just, fair and socially acceptable (Harper et al. 2010, 6). For instance, as I study disadvantaged groups I have a moral concern for social group differences, more specifically absolute differences, as discussed above (Harper et al. 2010, 7).

These views and this choice of inequality measurements stress the importance of making the methodological approach as rigorous, as well as transparent, as possible, both in terms of the techniques applied and in terms of the practical application and the interpretations made, which I have endeavoured to strive for in this thesis. In the Discussion and under ‘Strengths and limitations’ in Chapter 8, I discuss a range of methodological limitations that might affect the findings, including the possibility of reversed causality and unobserved heterogeneity.

Respect for vulnerable groups

As a researcher, I have a particular responsibility to respect the interests of vulnerable or disadvantaged groups (NESH 2016, 24). In this thesis I examine how disadvantaged groups fare in different social and economic contexts. By doing so, I risk stigmatizing those groups highlighted, who are people with low education, with no employment and poor or limiting health, as they are portrayed as having poor resources, which may limit their opportunities to achieve welfare. Many low-educated people, for instance, will not recognize themselves as disadvantaged and may be offended or feel stigmatized for being portrayed in this way. This point shows an important shortcoming of this thesis – namely, that I do not include the perspectives and views of those who actually experience welfare problems. On the other hand, it is important to bear in mind that what the results have shown are predictions. In other words, they indicate a higher *risk* of welfare problems, not each person’s actual living conditions and welfare. Protecting vulnerable groups may be counterproductive and may mainly serve to protect society from painful insights (NESH 2016, 25). Also, as stated by NESH (2016, 25), societies have a legitimate interest in studying the living conditions and the ‘effectiveness of social welfare schemes’.

Chapter 7 – Summary of the studies

Study I: Health-related social exclusion in Europe: a multilevel study of the role of welfare generosity

Published in: *International Journal for Equity in Health* 2013, 12: 81.

Co-authors: Espen Dahl and Kjetil van der Wel

In this comparative study, we investigated two contradictory views on the role of the welfare state in social participation. The first, the *welfare resources perspective*, hypothesizes that generous welfare provision may buffer the extent to which social disadvantage in one area of life causes disadvantage in another area of life, and hence may diminish the risk of cumulative disadvantage and social exclusion. According to the *'crowding-out' perspective*, on the other hand, generous welfare provision might impact negatively on social participation by taking over responsibilities that have traditionally been carried out by the family and social networks. The 'crowding out' by civil society may cause welfare dependency and weaken people's abilities to cooperate and therefore lead to social isolation. Based on these perspectives the research question in this study was whether welfare generosity modified the risk of social exclusion, defined as non-participation in formal as well as informal networks, among disadvantaged groups. The disadvantaged groups were assessed as individuals who experienced poor health combined with either low education or economic inactivity.

The data were based on the ESS of 2006/2007. The analyses included between 21,205 and 21,397 individuals 25–59 years old in 21 European countries. The results showed few differences across social groups. However, contrary to the 'crowding-out' perspective available resources through the welfare state benefited all individuals in terms of lower levels of non-participation. The strongest group differences were found in the model analysing the effect of welfare generosity for combinations of health and education on non-participation in informal networks, where relative inequalities were larger in more generous welfare states. However, in absolute terms, assessing the combined effect of the main effect of welfare generosity and the group-specific effect, the risk among disadvantaged groups was far below the risk levels faced by corresponding groups in less generous social policy contexts.

Study II: Social inequalities, social trust and civic participation – the case of Norway

Published in: *European Journal of Social Work* 2014, 17(1): 118–134.

Co-author: Ira Malmberg-Heimonen

Comparative studies have generally demonstrated high levels of social capital in the Scandinavian welfare states, including Norway. However, less is known about how different types of social inequalities relate to various types of social capital within a country.

The aim of this study was to go beyond the generally high Norwegian levels of social capital and study social capital within a representative sample of the Norwegian adult population.

The macro-institutional approach explains that high levels of social trust are related to social equality where redistributive universal social programmes create economic equality and equality of opportunities, which in turn enhances a sense of shared fate and solidarity within a population (Rothstein and Uslaner 2005, 43). According to the micro-socialization approach, on the other hand, participation in horizontal networks is more likely to facilitate cooperation for mutual benefit, creating social trust and civic participation, which spill over to the society in general (Putnam, Leonardi and Nanetti 1993, 173; Stolle 2001). The neo-communitarian approach represented by Putnam (2000) focuses on the responsibility of the individual to participate, which is perceived to be equally possible for and accessible to all. Consequently, redistribution of resources tends to be downplayed (Daly and Silver 2008, 555). According to Bourdieu, however, accumulation of capital is fundamental in creating inequalities (Savage, Warde and Devine 2005, 43). Disadvantaged people have different opportunities to convert their disadvantages into social trust and civic participation because people tend to associate with others of similar social positions (Lin 2000) and thereby reproduce disadvantages through ‘vicious and virtuous circles’ (van Oorschot and Finsveen 2009, 193).

The research question in this article was whether and how various socioeconomic indicators were related to measures of social capital. We drew on Putnam’s conceptualization of social networks and studied bridging social capital by civic participation, which was defined as participation in different forms of voluntary associations, and social trust, defined as a belief that most people are fair, helpful and trustworthy (Putnam 2000). The data were based on a representative sample of the Norwegian adult population, aged 18–74 years, comprising 3190

individuals. The results showed that, whereas several of the socioeconomic indicators were significant with respect to social trust, it was only the level of education that was significant for both types of social capital. The findings further showed that the associations between socioeconomic indicators and social capital varied, based on the measures applied.

Study III: Welfare generosity in Europe: a multilevel study of material deprivation and income poverty among disadvantaged groups

Published in: *Social Policy and Administration* 2016 (early view). doi: [10.1111/spol.12217](https://doi.org/10.1111/spol.12217)

Co-author: Ira Malmberg-Heimonen

In this study, we addressed the material core of poverty perceived as risk of ‘unacceptable hardships’ (Lister 2004, 8) and operationalized as material deprivation and income poverty. While the indirect measure of income poverty focuses on available means to satisfy needs, material deprivation, as a direct measure, focuses on achieved living conditions (Fusco, Guio and Marlier 2010, 9). Previous research indicates that the association between material deprivation and disadvantages differs from the association between income poverty and disadvantages (Halleröd and Larsson 2008; Fusco, Guio and Marlier 2010). Consequently, it is important to shed light on various aspects of material poverty and their association with different social disadvantages.

The research question in this study was whether and to what extent welfare generosity moderated the risk of income poverty and material deprivation among disadvantaged groups, that is, people with different combinations of ill health, low education and lack of employment. We also studied whether and to what extent welfare generosity was associated with absolute inequalities in risk of income poverty and material deprivation between disadvantaged and advantaged individuals and with the level of poverty among disadvantaged groups.

The data used were based on the 2009 European Union Statistics on Income and Living Conditions (cross-sectional) surveys. The analyses comprised 27 European countries for analysis of material deprivation, and 28 countries for analysis of income poverty, i.e. 292,874 and 302,343 individuals, respectively, between 18 and 64 years of age. The multilevel

analyses demonstrated with few exceptions that the risk of poverty decreased among disadvantaged groups in absolute terms. Comparing individuals who experienced limiting long-standing illness combined with either low education or non-employment, with their advantaged counterparts, showed that the absolute inequalities in material deprivation decreased with increasing welfare generosity. In addition, the absolute inequalities in income poverty between individuals who experienced limiting long-standing illness, as well as low education, and their advantaged counterparts were reduced in more generous welfare contexts. Results indicated lower absolute levels of both material deprivation and income poverty among disadvantaged individuals in generous welfare states. However, the results were more substantial and consistent for material deprivation than for income poverty.

Study IV: Welfare resources and social risks in times of social and economic change: a multilevel study of material deprivation in European countries

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Re-submitted to: *European Journal of Social Work*.

Recent structural changes related to de-industrialization have resulted in changed family structure and behaviour in the labour market as well as demographic changes, making new groups vulnerable to welfare problems in European welfare states (Esping-Andersen 1999, 32–33). Also, the onset of the Great Recession in 2008 increased the risk of welfare problems among both ‘new’ and ‘old’ risk groups (Diamond and Liddle 2012; Duiella and Turrini 2014; Hemerijck 2012; OECD 2014).

The aim of this study was to examine the association between welfare resources and levels of, as well as inequalities in, material deprivation among groups facing ‘new’ as well as ‘old’ social risks 4 years into the global financial and economic crisis. Firstly, we asked whether and to what extent welfare generosity moderated the risk of material deprivation among individuals facing new as well as old social risks. Secondly, we asked whether and to what extent welfare generosity was associated with inequalities as well as what the level of material deprivation is among individuals experiencing these risks. Finally, we asked which groups benefitted the most from generous social spending in terms of lower risk of material deprivation: the ill, the non-employed or the low skilled.

The data were based on the 2012 European Union Statistics on Income and Living Conditions (cross-sectional) surveys. The multilevel analysis included 294,803 individuals between 18 and 64 years of age living in 27 European countries. Results showed that the risk of material deprivation decreased in absolute terms with increasing welfare generosity among all three risk groups studied: individuals facing limiting long-standing illness, the non-employed and the low educated. In some instances, the modifying effect of welfare generosity was stronger among advantaged groups than among the disadvantaged groups. An important finding was that the low educated benefited the most in terms of a substantially lower risk of material deprivation in generous welfare states. Results also showed that both the absolute inequalities and levels of material deprivation were consistently lower in welfare states with generous social policies.

Chapter 8 – Findings and their implications

The overall research question posed in this thesis was, *what are the relationships between social disadvantages and relational and distributional welfare problems, and how are the welfare problems modified by collective welfare provision?* A long-standing debate within social policy concerns the dilemma between redistribution, on the one hand, and possible detrimental consequences of generous welfare provision, on the other. This major debate involves opposing views on the role and consequence of generous welfare provision. These opposing views disagree on whether generous welfare provision creates or alleviates welfare problems, i.e. on whether generous welfare states distort self-efficacy, cause deficient norms and behaviour, or alleviate the risk of poverty and inadequate social participation.

In line with the Scandinavian level of living approach, command over resources is perceived as fundamental to individuals' opportunities to realize welfare (Erikson and Uusitalo 1987, 189). Under this view, generous welfare provision is believed to improve the conditions that determine choices, strengthen agency and the ability to direct the conditions of life, and 'buffer' the extent to which individual disadvantages in one area are related to disadvantages in another area (Erikson and Uusitalo 1987, 189; Fritzell and Lundberg 2007; Barstad 2014, 64).

Collective welfare state resources are resources provided by welfare state institutions such as the health care and social insurance systems (Fritzell and Lundberg 2007, 7). In this thesis, the focus has been on the level of generosity in the provision of such resources. I have adopted a multidimensional approach, based on a social and relative understanding of welfare, and place theoretical emphasis on the varying underlying opportunities to realize different dimensions of welfare. The main analytical approach taken has been to analyse the link between various social policy contexts and prevalence of welfare problems in the population and in particular among disadvantaged groups. As the approach taken in this thesis is to assess the success or failure of welfare state intervention (Dahl et al. 2006, 212), I have chosen to study *absolute* differences in addition to the *level* of welfare problems among disadvantaged groups, as discussed in Chapter 6. Taken together, the results of the thesis contribute to the long-standing debate between opposing views on the role of an intervening and comprehensive welfare state to handle welfare problems.

The results of this thesis show that, across the study populations, the risk of material deprivation and income poverty, as well as non-participation, invariably decreased as welfare generosity increased (studies I, III and IV). There were no indications of higher levels of social exclusion in more generous welfare states, i.e. the association between welfare generosity and non-participation did not differ between disadvantaged groups and the reference group (Study I). In addition, with few exceptions, the risk of income poverty and material deprivation decreased with increasing welfare generosity among disadvantaged groups in absolute terms. The absolute inequalities as well as the absolute levels among disadvantaged groups were lower in more generous welfare state contexts (studies III and IV). The low educated benefitted the most in terms of a substantially lower risk of material deprivation in generous welfare states (Study IV). However, findings on both relational and distributional welfare problems showed that relative inequalities were not necessarily smaller in generous welfare states. We found that in the context of a social capital ‘rich’ and egalitarian country such as Norway, relational aspects of welfare were not equally available to all (Study II). In particular, education seemed to matter in terms of both social trust and civic participation.

Taken together, the findings of this thesis seem to support the command over resources approach. People in general appear to have lower risks of welfare problems, regarding both relational and distributional aspects, in generous welfare state contexts. In absolute terms, disadvantaged individuals face lower risks in generous welfare state contexts compared with less generous welfare contexts; however, this is not always the case in relative terms.

Discussion

Relational welfare problems

The results of Study I suggest that welfare state generosity appeared to benefit all individuals in terms of overall lower levels of non-participation, both formal and informal. Some critical scholars argue that civil society, that is, families, communities, friendship networks and voluntarism, is the place in which we learn and carry out moral obligations towards each other (Wolfe 1989, 221, 234). In an encompassing welfare state, people are less morally obliged towards others and more inclined to refer less advantaged people to the diverse welfare state institutions (Kumlin and Rothstein 2005, 340) instead of offering help and compassion. Contrary to what could be expected from the crowding-out hypothesis, i.e. postulating a

positive relationship between welfare generosity and social exclusion, Study I found that the risk of social exclusion was lower in all risk groups studied in more generous welfare contexts. Hence, our finding lends support to the view that the redistribution of welfare resources may enhance participation in society.

The results regarding participation in formal networks support some of the previous studies reviewed in Chapter 5 (Gesthuizen, Van der Meer and Scheepers 2008; 2009); however, they contradict the study by Stadelmann-Steffen (2011) who showed that volunteering was lower in extensive welfare states than in countries that spent less on welfare state policy. In that study, welfare generosity did not, however, significantly affect volunteering among low-income groups (Stadelman-Steffen 2011, 147). Comparison with previous cross-national studies is nonetheless difficult as the studies reviewed vary greatly in design and countries studied and, not least, in use of indicators of participation/social capital. According to Reeskens and van Oorschot (2014, 1), one important difference between proponents of the ‘crowding in’ of a generous welfare state, on the one hand, and proponents of the ‘crowding-out’ approach, on the other, is the tendency of the first approach to study the size of social networks and frequency of contact, while the second approach is more concerned with the quality of social networks. Based on a multilevel random slope analysis of ESS (2010) of self-reported deprivation these researchers (Reeskens and van Oorschot 2014, 9-10) showed that resources were more likely mobilized through networks in the least generous welfare states. These results may imply that generous welfare states already perform well in terms of preventing impoverishment (Reeskens and van Oorschot 2014, 12).

The findings of Study II indicate that in the context of a social capital ‘rich’ and egalitarian country such as Norway, social capital is not equally available to all. In particular, education seems to matter in terms of both social trust and civic participation. This finding is in line with several other studies that have shown high education to be positively associated with social capital (Christoforou 2004; You 2005; van Oorschot and Arts 2005; Enjolras and Wollebæk 2010; Ivarsflaten and Strømsnes 2011). According to Halpern (2005, 252), especially going to university appears to enhance social trust, tolerance and engagement, and the author suggests that it might be that the liberal Western university educational tradition broadens young people’s ‘beliefs about life and other people’. According to Lin (2000, 793), low-educated people may have different opportunities to convert low education into social

capital because of their disadvantaged structural position and tendency to associate with others of similar social positions. Their networks may be poorer in resources including social capital. Disadvantages in one area may be translated into disadvantages in another in a reinforcing and cumulative manner (Bourdieu 1986; Savage, Warde and Devine 2005), creating ‘vicious circles’ (van Oorschot and Finsveen 2009, 193). However, a more positive aspect of the situation in Norway, as demonstrated by Wollebæk (2011), is the rising level of social trust, which is linked to the increasing level of education in the population. The trust level has increased the most among the low educated, which may indicate that the low educated are affected by the aggregate impact of high education. If people residing in societies with a high level of education perceive that high education makes people more trusting, as well as more trustworthy, social trust may be more easily fostered (cf. Discussion by Wollebæk 2011: 65). Other important factors regarding the high levels of social capital discussed are low levels of income inequality and high (and weakly rising) trust in societal institutions, which is characteristic of Norway (Wollebæk 2011, 73).

Distributional welfare problems

The main findings of studies III and IV indicate that generous welfare state provision provides resources to protect against material hardships as the risk of material deprivation and income poverty among disadvantaged individuals decreased with increasing welfare generosity in absolute terms. These findings are inconsistent with the criticism outlined in Chapter 4, in terms of which generous welfare provision is held to ‘create’ rather than alleviate poverty by distorting psychological characteristics, encouraging deviant values and behaviours (Murray 1985; 1996; Mead 1991).

Studies III and IV did not use data on norms or psychological characteristics of the individuals studied. Hence, they do not provide information about whether the poor were characterized by poor self-efficacy, and whether they actively and rationally adjusted in a calculated way to live on benefits (Murray 1985; Mead 1991; Linbeck 1995a; 1995b). In support of the welfare critics, a study by Heinemann (2008), based on four waves of data on a range of OECD countries in the World Values Survey (WVS), found decreasing benefit morale following an increase in social expenditures. By contrast, Esser (2005) showed that higher social insurance benefits levels were associated with stronger, not weaker, employment commitment and basic work values (Esser 2005, 40). In line with the latter study, a recent

study by van der Wel and Halvorsen (2015) also demonstrated increasing employment commitment in more generous and activating welfare states among disadvantaged individuals, including people in poor health, the non-employed and those with lower education. Hence, the findings of Esser (2005) and van der Wel and Halvorsen (2015) support the command over resources approach. Rather than viewing the comprehensive welfare state as distorting incentives to work and, consequently, inclination to escape poverty, the findings of this thesis support the view that generous welfare provision provides disadvantaged individuals with resources that reduce the risk of poverty.

The results of Study III showed that the association between welfare generosity and material deprivation among disadvantaged groups was strong (assessed by maximum effects in predicted group probability). However, it was less strong in terms of risk of income poverty. This finding may illustrate an important conceptual difference between the two measures, where material deprivation captures the impact on people's actual living standards as opposed to the monetary means they have at their disposal. Generous welfare provision may not for instance improve the earning potential of an ill person substantially, but access to services and benefits may improve the ability to convert own scarce resources into material necessities. Therefore, generous welfare provision might contribute to the 'decoupling'¹⁴ of disadvantages. In addition, while the measure of income poverty is based on national thresholds, the material deprivation measure is based on an EU-wide set of common items (Fusco, Guio and Marlier 2010, 138). In this sense, material deprivation has absolute characteristic assessing 'absolute' differences in living standards across countries, while the risk of income-poverty measure assesses distribution within countries (Fusco, Guio and Marlier 2013, 59).

Findings in studies III and IV in addition show, in line with previous studies, that generous welfare state provision coincides with lower risk of individual level poverty (see, e.g., Brady, Fullerton and Cross 2009; Bárcena-Martín et al. 2014; Brady and Bostic 2015). Atkinson (2015, 243–245) argues that equity and efficiency might very well (although not necessarily) point in the same direction, as previously shown by Korpi (1985). Our findings in studies III

¹⁴ The notion of 'coupling' of disadvantages by Amartya Sen (1999:88) can be illustrated by the experience of ill health. Ill health may firstly restrict the opportunities to earn an adequate living, and secondly restrict the ability to convert low earnings into material necessities due to extra expenses related to medicine, medical equipment etc.

and IV contribute to the view that generous welfare states are better able to redistribute resources to the poor (Korpi and Palme 1998; Kenworthy 1999; 2011 Marx, Salanauskaite and Verbist 2013; Marx, Nolan and Olivera 2015).

Both regarding relational and regarding distributional welfare problems, our results show that in some instances, welfare generosity benefited the advantaged groups more. Findings from Study III, for instance, show that the association between welfare generosity and material deprivation among groups with limiting long-standing illness, combined with non-employment or low education, was weaker compared with the effect seen in their advantaged counterparts. Health impairment may limit the work individuals can do the level of productivity and work performance. Individuals in poor health also risk moving in and out of the labour market because of the changing state of their health, being first in line to lose their job when an employer downsizes. An interrupted work record will affect the eligibility to all work-related benefits; therefore, people in poor health may have lower benefits and or live off social assistance benefits. Moreover, and importantly, overlapping social and economic problems related to e.g. ill health and non-employment may influence the overall ability to escape the risk of poverty as well as the risk of non-participation (Schiller 2008, 163).

The findings that advantaged groups in some instances benefited more from generous welfare provision than their disadvantaged counterparts raise the question of whether the impact of redistribution is compromised (cf. Discussion by Goodin and Le Grand 1987). The neo-liberal critics would ideally design their welfare state consisting of solely means-tested programmes and would strongly object to welfare provision for the middle class (Pierson 1994, 6). Recent studies show that the links between redistribution and targeting have become weaker over time, and have even reversed (Kenworthy 2011; Marx, Salanauskaite and Verbist 2013). The strongest redistribution is found in countries that combine (moderate to strong) targeting with high levels of spending (Marx, Salanauskaite and Verbist 2013; Marx, Nolan and Olivera 2015, 2087). These findings suggest that the most redistributive countries are those where many receive benefits, but the poorest get relatively more, in a system referred to as ‘targeting within universalism’ (Marx, Nolan and Olivera 2015, 2087). According to Marx and colleagues (2015, 2087-2088) targeting today is no longer directed exclusively towards people not in work, but also includes those in low-paying jobs. Targeting systems in several countries are less strongly targeted and are held to both encourage and reward work. As discussed in Study III, non-targeted benefits even benefits targeted towards people in work

(Marx, Salanauskaite and Verbist 2013), may provide support for an encompassing welfare state, resulting in larger redistributive budgets. However, overselling ‘active’ policies may leave the impression that ‘passive’ income compensating policies are no longer needed (Hills 2002, 233). In particular among people who are not in work and do not have an actual choice to work because of ill health or disability, targeted policies may have prevailing dysfunctional effects including keeping people in poverty, causing stigmatization that is detrimental to integration, and non-take-up of benefits (cf. Discussion by van Oorschot and Schell 1989, 6).

Study IV showed that the low educated, studied as a ‘new’ social risk group, benefitted the most in terms of a substantially lower risk of material deprivation in generous welfare states (assessed in terms of maximum effects in predicted group probability). These results imply that having a low education represents a severe disadvantage in the least generous welfare state and that generous welfare provision is of particular importance to reduce the risk of material hardship of this new social risk group. The association between education and poverty can of course be interpreted as a result of underinvestment in own human capital because of a ‘flawed character’ (Schiller 2008, 175). On the other hand, people have varying opportunities to invest in education. Bourdieu argues that the functionalist approach to education does not move beyond economism and fails to acknowledge that education depends on the cultural capital invested by the family, and that the yields of education in economic and social terms depend on the social capital, which is inherited (Bourdieu 1986, 244). A recent study on the association between different social policies and income poverty among new social risk groups (Rovny 2014) showed that the impact of generous social policies among the low educated is not necessarily the same across all age groups. The overall measure of welfare generosity was found to be associated with lower risk of poverty only among low-educated older male groups (Rovny 2014). However, these analyses were based on risk of income poverty, not material deprivation. Consequently, whether the association between welfare generosity and low education on material deprivation varies across age groups remains an empirical question and represents a limitation of Study IV.

Reversed causality and alternative perspectives

Despite the descriptive approach taken, the theoretical perspectives as well as the analytical approach assume a causal direction. In other words, the risk of welfare problems in general, and among disadvantaged groups in particular, is lower in generous welfare states because

more resources are made available to them. However, can the causal interpretation be reversed? For instance, countries with high social capital as a result of their values, low inequality and the ability to solve collective action problems might find it easier and are more prepared to organize generous welfare provision, as discussed by Halpern (2005, 273). In addition, at the country level, countries with low market income inequality tend to have universal welfare systems, generous benefits and therefore high social expenditures. Hence, the causal relations may start with institutions and policies that shape income distribution (cf. Discussion by Marx, Salanauskaite and Verbist 2013, 6–8), for instance strong collective bargaining resulting in compressed wages (Marx, Nolan and Olivera 2015, 279). Moene et al. (2009) and Barth and Moene (2008) argue that there are two separate mechanisms between wage inequality and the design of the welfare state. The first mechanism goes from the welfare state to the distribution of wages; a generous welfare state compresses wages by supporting groups with weak positions in the labour market. The second mechanism goes from the distribution of wages to the generosity of the welfare state; small wage differences may increase the popularity of a generous welfare state. Together, these two mechanisms result in an ‘equality multiplier’ (Moene et al. 2009, 335). The relationships might work both ways, or even be related to other underlying cultural factors such as Protestant values, i.e. a strong work ethic, rationalized and secularized over time (van Hoorn and Maseland 2013, 2)¹⁵. Consequently, based on my findings, I cannot draw the conclusion that generous welfare provision introduced in countries with different cultural and institutional conditions will necessarily increase social participation and alleviate poverty.

Limitations

There are important methodological limitations that need to be considered related to design and method, and use of cross-sectional survey data as well the measurements adopted. Firstly, there are some key limitations related to multilevel models, also referred to as ‘random effect models’, based on survey data. Countries participating in surveys are not randomly selected. Moreover, surveys often include few countries, which limits the numbers of degrees of freedom at the country level. Consequently, the number of country-level variables in the model is low (Möring 2012, 2). In a random effects model the unobserved heterogeneity or country-level error term is regarded as a random variable assumed uncorrelated with the

¹⁵ The thesis of the ‘Protestant ethic’ was originally put forth by Max Weber in his seminal work *Protestant Ethic and the Spirit of Capitalism* (1930, cited in Van Hoorn and Maseland 2013: 2-3) where he drew historical relations between capitalism as an economic system and the ascetic ethical system of Protestantism.

observed variables in the model as well as the individual level error term (Allison 2009, 2; Hox 2010, 13). To avoid ‘omitted variable bias’, however, all relevant variables should be included as control variables. Because of the low number of degrees of freedom at the country level, there are restrictions on how many country-level or cross-level interaction terms can be included in the model (Allison 2009; Möring 2012, 2–3). The convenience of a fixed-effects model in a cross-country analysis is that it controls for all unobserved, stable country-level characteristics (Allison 2009, 1, 14; Möring 2012, 5). Controlling for country-level heterogeneity (as opposed to attempting to explain it) yields less biased results; however, means missing the comparative potential of the analyses.

When studying welfare problems across countries based on survey data, there is a range of factors that might influence the results. Populations reside in different countries with different institutional settings, cultures and histories, and hence vary in terms of both known and unknown as well as observable and non-observable factors. The composition of the different groups, the ill, non-employed and low educated, can be systematically different depending on the institutional settings of the welfare states. Moreover, there may be systematic differences in how people respond to the harmonized survey questions (e.g. the EU-SILC survey questions), for instance concerning self-assessed health, owing to linguistic and cultural differences (Lahelma 2010, 12), which potentially influences the comparability of measurements.

Measurements of income, in particular those based on survey data, may be flawed with measurement errors based on people’s memory or lack of willingness to give the correct answer. It is reasonable to assume that non-responses to questions on income and wealth tend to be systematically higher among the well-off (Atkinson 2015, 49). When the income measurement is based on administrative data, it does not include all sources of income such as undeclared work, for instance (cf. Discussion by Halleröd 2000, 168). An additional point to consider is failure to include in surveys those who do not participate due to lack of a fixed address, i.e. homeless and institutionalized people who generally might face a higher risk of both poverty and social exclusion.

It is not sufficient to draw any conclusions on poverty studied at one time point, other than regarding ‘at-risk-of’ poverty. The same argument might apply to social exclusion and the

welfare problems studied in general. Ideally, for social exclusion, we should also study the way different disadvantages interact as well as cumulate over time in a downward cycle, while for social capital, we should ideally assess how different capital forms and inequalities accumulate over time. Consequently, what I have assessed in this thesis should be perceived as *risk* of welfare problems, rather than a state or condition.

The measure of welfare generosity is admittedly crude, as discussed in Chapter 6. Our measure of social expenditures adjusted to population need is used as a proxy for social policy or welfare state generosity. Our approach adjusting to the non-employed population does not capture all *needs* – and in particular, in the ongoing recession, unaccounted need might cause social spending to increase. One drawback of this approach is failure to capture whether the same amount of benefits and services are spent on a small and fortunate group or universally covers the broader part of population groups (Ferrarini, Nelson and Sjöberg 2014a, 636). Another drawback is failure to take into account taxes. In some countries, benefits are taxed while in others, tax breaks rather than cash benefits make up a substantial share of social spending (cf. Discussion by Marx, Nolan and Olivera 2015, 2081). Recently, Eurostat included a module on net social protection benefits, taking into account the value of taxes and social contributions (referred to as the ‘restricted approach’) (Eurostat 2012b, 134). Data for the years 2007–2010 were disseminated in 2014 (Eurostat 2011b, 11). However, still under development is an approach that takes into account the value of fiscal benefits (tax breaks) to people who do not receive cash benefits (‘enlarged approach’) (Eurostat 2016e, item 3.4). There is nonetheless a range of studies that have shown a strong empirical relationship at the country level between the overall level of social spending and different measures of inequality. Countries with a fairly high level of spending tend to have low levels of inequality and poverty, which Marx, Nolan and Olivera (2015, 2081) refer to as ‘one of the more robust findings of comparative poverty research over the past decades’. Moreover, the study by Dahl and van der Wel (2013, 62–63) showed, in terms of health outcomes, that it did not matter much how social expenditure was operationalized, and whether it was expressed in net or gross social spending, relative to GDP or expressed in Purchasing Power Parities.

Ultimately, all the approaches to assess the welfare state discussed in Chapter 4 have important drawbacks. There is no optimal way of assessing the key welfare state characteristics without running into trouble. The actual institutional composition in different welfare states is very complex, with social security schemes interacting with other schemes as

well as the tax system (Kvist 1998, 36). At the end of the day, if we want to proceed with comparative studies on social policies we are forced into being somewhat pragmatic and choosing available (secondary) good quality, comparable data suitable for our purpose on as many countries as possible while continuously endeavouring to adjust and validate the measures adopted. Taken together, all of these limitations highlight the importance of interpreting the findings of this thesis with caution. At best, our findings can be interpreted as indicative, with the potential to inform future research based on data and methods that are more rigorous, as well as conceptually derived and validated measurements.

Social policy implications– concluding remarks

The aim of this thesis has been to contribute to the long-standing debate between the opposing views on the role of an intervening and comprehensive welfare state in handling welfare problems of the population in general and among disadvantaged groups in particular. The findings of this thesis indicate that generous welfare provision appears to provide people in general and disadvantaged individuals, with participatory resources and resources that provide opportunities to escape or protect against the risk of poverty. These findings, taken together, are inconsistent with the critical accounts outlined. However, both the ‘crowding-out’ perspective and the cultural accounts of poverty and dependency by Murray (1984), as well as the more general work disincentive thesis by Lindbeck (1995a; 1995b), draw on particular assumptions of corrupted norms and values associated with a generous welfare state. The ‘hazardous dynamics’ outlined by Lindbeck (1995b, 486) imply that even though generous welfare systems have worked for a prolonged period, this system might ultimately get ‘out of control’. It is fairly well established that the most generous welfare states have been generous for decades. Take, for instance, the Scandinavian countries. Castles has shown that the period of 1960–1980 was a period of constant and strong social expenditure growth (Castles 2004, 27). By 1998, the Scandinavian countries had become ‘welfare leaders’, spending on average just below 30% of GDP on welfare (Castles 2004, 26). In this period, there have been several international crises and recessions. Consequently, if generous welfare states were gradually, though slowly, to erode norms we could expect increasingly lower productivity and an increasingly smaller tax base to finance welfare, accompanied by a constantly growing number of beneficiaries due to ‘endogenous behaviour adjustment’ exacerbated by external macro shocks (Lindbeck 1995b, 486). Eventually the financial sustainability of generous welfare states would be undermined.

There is no doubt that inequality and income poverty have increased across Europe in recent years; however, aggregate-level studies that have compared poverty across time show that poverty rates are consistently lower in the Scandinavian countries, compared with generally high rates in liberal and southern European countries (Marx, Nolan and Olivera 2015, 2079). In addition, the ranking of countries has been reasonably stable over time (Atkinson 2015, 25–26; Marx, Nolan and Olivera 2015, 2073). Furthermore, in terms of both civic participation and social trust, it has been demonstrated that Scandinavian countries rank at the top, followed by Western, Southern and Eastern European countries. The level of social trust is increasing in the Scandinavian countries over time, while it is decreasing in some countries, especially in Southern Europe (Wollebæk 2011, 60–61). The findings of this thesis add to macro-level studies, findings at the individual level, which indicate that generous welfare state resources/social policy contexts are related to lower, not higher, levels of relational as well as distributional welfare problems in the population and among different social groups. Therefore, the view that generous welfare provision distorts self-efficacy, values and norms, whether these concern the moral obligation towards others or the incentive to work does not seem justified. Based on my cross-sectional findings, I am nonetheless unable to establish causal relations and, hence, present convincing arguments for generous welfare provision in the future. Affluent welfare states like the ones studied in this thesis face great challenges in the ongoing crisis and because of post-industrial changes, among other causes. However, the findings of this thesis, supported by a range of other studies (at both the macro and the micro level), seem to warrant encompassing state intervention and generous welfare provision to handle welfare problems, at least up to now.

Future research

One drawback of the studies in this thesis is that they are only descriptive. Descriptive studies have value of course, offering a starting point by establishing social phenomena (Goldthorpe 2000, 152–153), preparing the ground for more causally oriented studies, e.g. within a counterfactual paradigm. Ideally, however, I should have used a longitudinal design that would have allowed an investigation of the mechanisms at work, that is, whether and how welfare transfers to individuals in general and disadvantaged individuals in particular help them escape welfare problems. As far as I know, no such a longitudinal comparative dataset exists. However, an investigation of whether the associations found hold longitudinally would be one-step in the right direction. Studies based on panel data, for instance, would provide

stronger support for causal relations, if any. Another completely different approach that would be valuable in my opinion and that would contribute to important insights would be using qualitative approaches to study the views and experiences of those who face disadvantages and welfare problems in different countries. Also in terms of developing more valid measures of material deprivation and income poverty, participatory processes to establish appropriate levels and cut-offs, as suggested by Hvinden and Halvorsen (2012, 17), may be valuable. Lastly, and importantly, contributions to develop more valid, reliable and available comparative measures on generous welfare provision would be particularly valuable for future comparative welfare state and social policy research.

Social work and social policy

This is a doctoral thesis in social work *and* social policy, but the themes addressed and the way of addressing them are perhaps conventionally linked to social policy. However, the idea of social welfare can be traced back to both fields with focus on social/welfare problems and adequate interventions to address these problems (Daly 2011). According to the global definition of the social work profession (IFSW 2016), such issues are still central concerns to social work. A defining characteristic of social work practices is dealing with people who are, in different ways, vulnerable to welfare losses. One of the major discussions within social work as a discipline, going back to the pioneers within the field such as Mary Richmond (1861–1928) and Jane Addams (1860-1935), has been whether interventions should be directed at changing people or at changing society (Levin 2004). Levin (2004, 64) suggests that ‘the person in the situation’ is the unit of analysis in social work. If social workers solely focus on individual problems, they risk losing sight of the structural and social conditions (which interact with individual factors). The opposing argument would be that too much emphasis on structures tends to downplay people as making choices and acting on them, as people are not just passive victims of social structures. These considerations represent classic dividing lines in the social sciences, i.e. whether individuals or social structures should be the starting point of the analysis. This thesis addresses both structure and agency, although in different ways. Empirically the studies direct attention to structural conditions in terms of generous welfare provision that might improve the ‘command over resources’ and thereby the welfare of disadvantaged groups. At a more theoretical level, the thesis also addresses underlying opportunities for agency. The assumption is that, given the resources the individual commands, she can actively control and direct her living conditions as opposed to

being viewed as a passive being whose needs are secured (Erikson and Uusitalo 1987, 189). However, the same set of resources might represent varying underlying opportunities depending on the circumstances people are in. These reflections suggest that this thesis might be of relevance to social policy as well as social work.

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Study I

Health related social exclusion in Europe: a multilevel study of the role of welfare Generosity, *International Journal for Equity in Health*, 2013, 12: 81.
Co-authors: Espen Dahl and Kjetil van der Wel

RESEARCH

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Health related social exclusion in Europe: a multilevel study of the role of welfare generosity

Therese Saltkjel*, Espen Dahl and Kjetil A van der Wel

Abstract

Introduction: The aim of this paper was to investigate the association between health, social position, social participation and the welfare state. Extending recent research on the social consequences of poor health, we asked whether and how welfare generosity is related to the risk of social exclusion associated with combinations of poor health, low education and economic inactivity.

Methods: Our analyses are based on data from the European Social Survey, round 3 (2006/7), comprising between 21,205 and 21,397 individuals, aged 25–59 years, within 21 European welfare states. The analyses were conducted by means of multilevel logistic regression analysis in STATA 12.

Results: The results demonstrated that the risk of non-participation in social networks decreased as welfare generosity increased. The risk of social exclusion, i.e. non-participation in social networks among disadvantaged groups, seldom differed from the overall association, and in absolute terms it was invariably smaller in more generous welfare state contexts.

Conclusions: The results showed that there were no indications of higher levels of non-participation among disadvantaged groups in more generous welfare states. On the contrary, resources made available by the welfare state seemed to matter to all individuals in terms of overall lower levels of non-participation. As such, these results demonstrate the importance of linking health related social exclusion to the social policy context.

Keywords: Health, Social position, Social participation, Social exclusion, Welfare state generosity

Introduction

Poor health might have social and economic consequences [1,2]. Comparative health inequality research has recently directed attention in particular to the opportunities to participate in the labour market, and how they relate to the social policy context [3-7]. These studies demonstrate higher employment rates among individuals in poor health in more comprehensive welfare states. Extending this emerging field of research beyond employment studies, we ask whether and how welfare generosity is related to the risk of social exclusion in terms of non-participation associated with combinations of poor health, low education and economic inactivity. As such our research adds to the existing literature an empirical extension of the social consequences of illness-concept. We also use insights from

the concepts of social capital and social exclusion on how and why social networks and social participation are important dimensions of full participation and welfare in society. Thus, the paper also adds new knowledge to the social participation and social exclusion literature by explicitly studying social inequality in the association between welfare state arrangements and social participation.

There are at least two contradictory perspectives on the role of welfare states in the formation of social participation. One emphasizes the role of collective resources made available by the welfare state in enabling and stimulating social participation, what we label the *welfare resources perspective* [8,9]. The other perspective, the *crowding-out hypothesis*, warns against detrimental effects of large welfare states: they cause deterioration in civic engagement by taking over tasks traditionally carried out by families and social networks [10,11]. The aim of this paper is to further investigate these two contrasting hypotheses.

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Theoretical considerations

The concepts of social exclusion and social capital emphasize the importance of participation in social networks [12]. According to the concept of *social exclusion*, individuals who lack or are denied access to full and active participation in all or at least key aspects of customary social life are at risk of social exclusion [12,13]. Social networks and civic participation are two important dimensions of social exclusion, among a number of other dimensions [14]. Within the conceptual framework of social exclusion, social relations provide social support and prevent social isolation [12]. The concept of *social capital*, although acknowledging these potential gains, has much broader expectations of the benefits of social networks: they may also provide material resources, practical assistance, information, and so on. The result of participation in networks might thus be the ability to achieve objectives otherwise not available to the individual on his/her own [15].

Putnam [16] offers an applicable distinction between two different forms of networks, that is, 'bonding' and 'bridging' networks. While bonding networks tend to be inward looking, maintaining homogeneity, bridging networks are heterogeneous and outward-looking and link people across social divides, with the potential of accessing resources beyond their own bonding networks [16,17]. Taken together, social participation gives access to resources important to both 'get by' and to 'get ahead' [16,18]. The greater the command over resources, the greater the leeway to realize one's life chances [19].

In the social capital literature, social participation appears to be the antidote to social exclusion [12]. In Putnam's somewhat communitarian approach, social capital is non-exclusive and accessible to all [15,16]. Disadvantaged individuals need only to participate and enjoy the payoffs. Putnam's approach ultimately implies that redistribution is unnecessary [12,16]. However, the communitarian approach to social capital is contested. Lin [20] argues that social capital is unequally distributed across social positions, because individuals tend to associate with others of similar socio-economic characteristics. Hence, not all networks have equal amounts of resources.

Poor health, low social position and economic inactivity, although sometimes regarded as part of the social exclusion phenomenon, are also important risk factors of social exclusion [14]. Numerous empirical studies have demonstrated the association between these risks and social participation [10,16,21-28]. Individuals in poor health may be excluded from social participation in several ways. First, poor health may independently hinder social participation because of lack of physical or psychological energy necessary to interact with other people. Poor health may also be accompanied by physical impairments, which could make the ill person withdraw in shame, or suffer from the

discrimination of others. Second, when combined with low educational level or non-employment, the risk of social isolation and exclusion increases because of the deprivation of important financial resources, human capital, and work-related social networks. Third, as pointed out by Lin [20], the quality, in terms of resources, of the social networks which are available to disadvantaged groups may be substantially poorer, or even detrimental to certain outcomes, and may hinder participation in bridging social networks. Hence, social disadvantage may be reproduced in bonding social networks through 'vicious and virtuous circles' [29], and increase the risk of social exclusion.

We theoretically assume that participation in different networks is an essential part of customary social life and hence one important dimension of social exclusion. Although there are also other important dimensions, in this paper we study participation, or rather *non*-participation, and refer to it as *risk of* social exclusion.

The social policy context

The role of welfare states in the formation of social participation is a matter of dispute [10,11,16,24,30-33]. The *welfare resources perspective* hypothesizes that generous welfare states may buffer the extent to which social disadvantage in one area of life causes disadvantage in another area of life, and hence diminish the risk of cumulative disadvantage and social exclusion. For instance, labour market exclusion may or may not lead to a weakening of social ties, depending on the level of freedom experienced by the non-employed in terms of participatory resources: being able to receive guests at home or bring a small gift to a party; having proper clothing to attend social events; having the financial resources to travel, or to pay participation fees in voluntary organizations, and so on. The more generous social benefits are, the less likely it is that job loss will lead to social exclusion. Similarly, welfare resources can enable individuals in poor health to overcome health impairments that would otherwise hinder social participation, for example, having the financial resources to buy medicine or having access to publicly funded/subsidized aids (e.g. wheelchair, hearing aid, etc.), or personal assistance. As for the low educated, having the financial resources to attend sports, leisure or cultural activities might give access to diverse social arenas and bridging networks otherwise not available through one's own network of similar socio-economic characteristics [20].

Participatory resources may be individual (e.g. savings, skills, health, etc.) or provided by family, or they may be collective, for example, provided by the welfare state. From a welfare resources perspective [8] we would expect lower levels of non-participation among disadvantaged groups in more generous welfare states, because more resources are made available to them.

On the other hand, according to traditional Anglo-American state theory, a strong state undermines civil society [34]. This perspective, the crowding-out hypothesis, suggests that generous welfare states mute formation of social networks, social relations and civic participation through colonizing tasks otherwise tended by families and local communities [11]. This 'crowding out' of civic society may lead to increased welfare dependency, weakening people's ability to work with one another and cooperate and their willingness to participate and engage in public affairs, resulting in increased social isolation, weakening of moral ties and anomie [10,11,33]. Social networks and the supportiveness of local social relations available to disadvantaged groups in generous welfare states may therefore be insufficient to prevent and alleviate social exclusion. For instance, someone living in a generous welfare state, who loses her job, may have sufficient income, due to generous benefits, but may still have an elevated risk of social exclusion compared to the corresponding case in a moderate welfare state. This is because the quality and extent of social networks, communities and voluntary organizations is less evolved, and hence they are less able to include the unemployed person in meaningful activities and provide social support, resulting in an increased risk of cumulative disadvantage and social exclusion. Thus, the crowding-out hypothesis expects higher levels of non-participation among disadvantaged groups in more generous welfare states.

Welfare generosity and social participation – previous findings

The majority of recent studies demonstrated that welfare state matters in terms of (average levels of) social capital, including formal and informal social participation among the citizens [35]. Some of the most recent (mainly) multi-level comparative studies nonetheless showed that the results in some instances depend on the measure of social participation applied (formal vs. informal). In addition, the scarce results on the impact of welfare generosity among disadvantaged groups appear inconclusive. Finally, most of the studies applied variations of a welfare generosity measure based on social expenditure as percentage of GDP, none of which took the extent of 'need' in the population into account [36].

Gesthuizen et al. [24] showed that the national level of social security did not affect informal social capital, but increased membership in voluntary organizations [24]; the latter was also demonstrated in a former study by Gesthuizen et al. [37]. Anderson [21] demonstrated that individuals in countries with higher spending on active labour market policies reported more frequent social interactions, increased membership in voluntary organizations and a reduced sense of social exclusion. Moreover, the positive associations were found for both labour-market

insiders and outsiders; however, the association with social ties and perception of social inclusion were stronger among outsiders (unemployed actively/not actively looking) [21].

Gelissen et al. [35] demonstrated that welfare generosity was associated with most of the individual-level factors, including participation in formal networks, which tended to be significantly higher among individuals who live in countries with higher levels of welfare provision. There was, however, no significant effect on contact frequency with friends by welfare generosity [35]. Van Ingen and van der Meer [38] also demonstrated that inequality in organizational participation across education, gender and income were smaller in countries with higher levels of welfare generosity. In the study by van der Meer et al. [39] the results showed that welfare generosity did not have a significant effect on participation within the nuclear family, or on interaction with friends. However, welfare generosity had a crowding-out effect on participation within the extended family (uncle, aunt, cousin) [39]. Moreover, this negative effect was stronger for people with a low income than for people with a high income. The study nonetheless demonstrated a significant and positive effect of welfare generosity on social participation with nuclear and extended family among disabled individuals. Another multilevel study provided support for the crowding-out thesis in that volunteering was lower in extensive welfare states than in countries that spent less on welfare state policy; however, welfare generosity did not significantly affect volunteering among low-income groups [31]. Finally, the comparative study by van Oorschot and Finsveen [29] showed no clear relationship between lower inequality of social capital and more developed welfare states.

To sum up, the variables measuring participation in formal and informal networks varied between the reviewed studies. In the literature formal networks were often exemplified by contacts within voluntary organizations. Friends, family, neighbours and colleagues were common examples of informal networks [17]. The distinction between bridging and bonding networks within the conceptual framework of social capital is related to the social characteristics of the members in the networks. In the former case the networks are heterogeneous, and in the latter homogeneous, in terms of social characteristics [17]. Despite these conceptual differences, both informal networks and (strong) bonds provide emotional support, while both formal networks and (weak) bridges provide (wide) formal support [17].

It seems that most of the variables on participation in informal networks in the studies reviewed measured frequencies of contact with informal networks. In the studies highlighted here it was only the study by Anderson [21] that demonstrated a significant positive effect of welfare generosity on informal networks. The study by van der Meer et al. [39] also showed a significant negative

effect on participation with extended family, while a significant positive effect among disabled individuals on social participation with nuclear and extended family. Most of these studies nonetheless demonstrated a significant positive effect of welfare generosity on participation in formal networks, with the exception of the study by Stadelman-Steffen [31], who demonstrated a significant negative effect among upper and middle social classes. Due to these rather inconsistent findings, in this study we chose to apply two dependent variables, that is, *non-participation* in *formal* and *informal* networks, within the context of the available data of the European Social Survey (2006/7).

Social expenditure as percentage of GDP is one of the most commonly used indicator of welfare generosity in the empirical literature [31]. The expenses approach has been criticized for not sufficiently addressing social citizenship and social rights as core defining characteristics of the welfare state [40]. An institutional approach however was not possible in this paper as available comparative databases (SCIP and CWED) only comprise about half of the countries (12 out of 21) included in our analyses [40-42]. The validity of the institutional approach has also met objections for the underlying assumption of the 'average production worker' [43]; a description which does not fit many Europeans today [40]. Another main criticism of the expenses, or welfare generosity approach, is that welfare state effort becomes relative to the size of the GDP, while what matters to people is the level of living that social spending buys [36]. Furthermore, higher social expenditures may only reflect higher social needs, such as mass unemployment, and may not reflect adequately the average resources made available to people not provided for by the market. Therefore, a measure of welfare generosity should take the extent of 'need' in the population into account [36]. The present paper meets these objections in that we used a measure of social expenditure in purchasing power standard (PPS) per capita inhabitant, adjusted for the level of need in each country (see also [44]). As far as we know, this is the first study of welfare state generosity and social participation that applies social spending data in this way. In addition, this study adds to the existing knowledge on group-specific effects of welfare generosity [31], including groups with double-disadvantages that is, poor health combined with either low education or non-employment. Finally, this study extends previous research on the social consequences of poor health within a welfare state context, including social participation as an outcome.

Data and methods

The data set

This article is based on the repeat cross-sectional *European Social Survey* (ESS), round 3 (2006/7) [45]. The overall aim

of the ESS survey is to monitor public attitudes and values and to study how these change and interact with institutions within Europe [46]. The ESS3 integrated file net sample size is 43,000 individuals within 23 countries. For more information about sample size, response rates, and so on, see the ESS Documentation Report [46].

Our analyses included between 21,205 and 21,397 respondents, aged between 25 and 59 years, living in 21 European countries (see Table 1). Ukraine and Russia were left out of the analysis, due to missing data on the welfare generosity measure.

Dependent variables

Two dependent variables were included in this study in order to measure two important dimensions of social exclusion, that is, non-participation in informal and formal networks. Non-participation in informal networks was assessed by the following question: 'How often do you meet socially with friends/relatives/ work colleagues?'. The answers within the range of 1 'never' to 7 'every day', were dichotomized such that the responses 'never', 'less than once a month' and 'once a month' were given the value of 1, labelled 'non-participation in informal networks'. All the other values were given the value 0.

Non-participation in formal networks is a measure including two questions, with responses ranging from 1 to 6: (a) 'In the past 12 months, how often did you get involved in work for voluntary or charitable organizations?' and (b) 'In the past 12 months, how often did you help with or attend activities in your local area?'. The response options ranged from 1 'at least once a week' to 6 'never'. The two variables were collapsed and dichotomized. The responses for both variables, including 'never' and 'less often' ('than at least once every six months') were given the value of 1, labelled 'non-participation in formal networks'. All the other responses were given the value 0.

Contextual variable

The contextual variable labelled 'welfare generosity' was measured in purchasing power standards per capita, including social protection benefits (direct transfers in cash or in kind) on unemployment, sickness and disability, housing, and social exclusion, derived from the Eurostat database, *The European System of Integrated Social Protection Statistics* (ESSPROS), for the year 2006 [47]. The sum of the social protection benefits was divided by the inverse of Eurostat's employment rate in the age group 15-64 years for the year 2006. The aim was, although imperfectly, to adjust for the level of need in each country [36,44]. This measure has previously been applied by van der Wel et al. [6,40].

Independent variables

We computed two sets of combined dummy variables to measure social disadvantage. One (set 1) consisted of combinations of the indicator variables, non-employment and self-perceived health. The other (set 2), included combinations of educational attainment and self-perceived health. This approach resulted in 4 group variables in set 1, and 6 group variables in set 2.

Self-perceived health was assessed by the question 'How is your (physical and mental) health in general?' The response options were 'very good', 'good', 'fair', 'bad' and 'very bad'. The variable was dichotomized such that the response options 'very good', 'good', and 'fair' were given the value 0. The responses 'bad' and 'very bad' were given the value 1, labelled 'poor health'.

Non-employment was assessed by a question measuring the respondent's main activity during the previous 7 days. Nine response categories were eligible. The variable applied was the post-coded version of this variable available in the data file [48]. The categories 'in paid work', 'in education' and 'in community service' were included in the category labelled 'employed' (0). All the other categories, that is, 'unemployed', 'permanently sick or disabled', 'retired', 'doing housework', 'looking after children' and 'other' were included in the category labelled 'non-employed' (1). Educational attainment was based on a harmonized variable based on country specific questionnaire item(s) assessed by the question: 'What is the highest level of education you have achieved?' The coding is based on the *International Standard Classification of Education* (ISCED-1997) [49]. The variable was recoded into three dummy variables: 'primary' (ISCED 0–1 and 2), 'secondary' (ISCED 3) and 'tertiary' education (ISCED 4 and 5–6).

As control variables we included gender, age, living with children, immigration status (born in the country), and marital status. Marital status was coded as 'married or cohabiting' (value 1) for responses 'married' and 'in civil partnership'. All other responses 'separated (still legally married)', 'separated (still in a civil partnership)', 'divorced', 'widowed', 'formerly in civil partnership, now dissolved', 'formerly in civil partnership, partner died', 'never married AND never in a civil partnership' were given the value 0.

Analysis – multilevel approach

The underlying assumption of multilevel models is that individuals are shaped by the social context to which they belong, that is, individuals from the same countries are more alike than individuals from different countries [50]. Thus, the advantage of multilevel techniques in the setting of the present paper is the opportunity to simultaneously study the effects of individual-level variables, contextual variables and cross-level influences on an individual-level outcome. We used multilevel random intercept analysis with binary outcomes available in the

xtlogit procedure in STATA 12. A design weight was applied in the descriptive analyses to correct for different probabilities of selection [46]. The multilevel analyses were not weighted. In the random intercept model, a significant intercept variance indicates a systematic variation in the outcome variable from country to country (i.e. random effect). However, within the countries the effect of explanatory variables applies to all cases [50].

Our analytical approach was to analyse the impact of different constellations of poor health combined with other social disadvantages on social participation. Therefore, for each of the two dependent variables, two separate analyses were carried out. One analysis included on the right-hand side the various possible health and employment combinations (set 1), and the other analysis included the education and health combinations (set 2). To assess whether the link between these different forms of social disadvantages and exclusion from social participation varied with welfare generosity, we used cross-level interaction terms.

Results

Descriptives

Table 1 shows the proportion in each country reporting poor health, non-employment and various levels of education, and who are classified as excluded from participation in informal and formal social networks. In the first column the level of welfare generosity in each country is also reported. The Eastern European countries had very high proportions of residents not participating in either informal or formal social networks, with Hungary as an extreme case (non-participation rates of 80.43% in formal networks and 47.66% informal networks). Within these countries the levels of welfare generosity were also the lowest. At the other end of the distribution within the Scandinavian countries, in particular, Denmark and Norway, the levels of welfare generosity were among the highest. Among the southern countries the results demonstrated that Portugal had the lowest proportion of non-participation in informal networks (4.9%) among all the countries in the study. However, Portugal had high proportions of non-participation in formal networks (76.36%). The Bismarckian countries seemed to take a middle position; however, there were variations. Switzerland had the lowest level of non-participation in formal networks in the study (36.65%), and low levels of non-participation in informal networks (7.77%). Lastly, within the Anglo-Saxon countries, the United Kingdom and Ireland, the proportions of non-participation in informal networks were rather high, 20.81% in the UK and 25.11% in Ireland, respectively.

Multilevel analyses

Table 2 shows the analyses including each of the two dependent variables, i.e non-participation in informal (A)

Table 1 Welfare generosity and proportions of individuals (aged 25–59 years) within countries reporting non-participation in formal and informal networks, poor health, non-employment and educational attainment (%)

Country	Welfare generosity	Non-participation – formal	Non-participation – informal	Poor health	Non-employed	Primary	Secondary	Tertiary
Norway	220.75	34.6	5.69	4.27	12.61	9.02	33.14	57.83
Denmark	180.83	39.21	8.66	3.58	14.72	12.87	34.62	52.51
Netherland	176.06	49.93	6.88	3.25	28.11	32.6	27.75	39.65
Switzerland	173.94	36.65	7.77	2.14	23.59	17.42	48.4	34.18
Sweden	162.66	58.52	10.06	3.35	9.6	33.27	31.5	35.23
United Kingdom	127.31	49.91	20.81	4.55	20.77	37.18	12.23	50.59
Finland	113.82	59.7	12.82	2.39	15.71	16.0	41.15	42.84
Austria	112.34	42.14	11.68	2.69	20.49	13.52	66.9	19.57
Germany	109.66	49.92	17.78	6.93	27.29	7.08	58.03	34.9
Ireland	108.63	44.32	25.11	2.61	30.99	28.72	22.69	48.59
France	96.44	49.73	12.72	5.22	20.63	19.95	47.22	32.83
Belgium	93.69	50.3	13.08	3.17	24.36	21.88	40.1	38.02
Spain	72.81	56.03	8.84	4.92	21.75	42.47	19.39	38.14
Slovenia	63.11	52.98	28.55	6.17	27.14	16.83	56.3	26.88
Portugal	61.29	76.36	4.94	8.34	24.82	68.17	17.86	13.97
Cyprus	55.70	75.9	27.92	2.14	28.97	19.27	52.34	28.39
Hungary	34.43	80.43	47.66	11.41	31.31	23.45	53.47	23.08
Slovakia ^b	26.84	74.4	19.71	5.78	26.44	10.28	75.42	14.3
Estonia	24.95	78.8	23.75	5.69	15.42	10.24	44.75	45.01
Poland	17.88	81.67	40.41	8.27	33.27	15.24	64.36	20.4
Bulgaria	11.99	89.23	22.66	9.31	33.46	23.1	51.57	25.33

Source: ESS3 2006/7 [45]. A design weight (dweight) has been applied in the ESS dataset to correct for different probabilities of selection.

Source: Eurostat, ESSPROS (welfare generosity) [47].

^bDue to lack of social spending data on housing and social exclusion for Slovakia for the year 2006, we have included the mean of the years 2002–2004.

and formal (B) networks, and the various health and employment combinations (set 1). The results indicate that the risk of being excluded from participation in *informal* social networks (A) increased with age and lower educational level, and was higher among immigrants and among those who lived with children or were married/cohabiting. In addition, there was a significant difference between men and women in non-participation in informal networks, whereby men faced a lower risk (Table 2(A)).

The analysis including non-participation in *formal* networks (B) as dependent variable shows that the risk of non-participation increased with lower level of education and was higher among immigrants. The risk of non-participation in formal networks was however, lower among those who lived with children in the household and were married or cohabiting, and decreased with age. Again, men faced a lower risk than women.

Running the analysis without any contextual or interaction terms showed that the risk of non-participation increased with social disadvantage (results not reported). In the analysis including non-participation in *formal*

networks (B) it was only the coefficient for those who reported poor self-rated health and were non-employed that was significant. However, due to the fixed level 1 residual variance ($\pi^2/3$), we have to be cautious comparing regression coefficients and variances across models [50,51].

Column 1 in Table 2(A) shows that welfare generosity generally decreased the risk of non-participation in *informal* social networks. Due to the inclusion of cross-level interaction terms between the group variables and welfare generosity, the main effect of welfare generosity reflects the effect in the reference category, that is, those who are employed and in good health. The coefficient, however, also must be taken into account when evaluating the interaction terms. In a model without cross-level interaction terms the coefficient for welfare generosity was practically similar (not shown). Again, we have to be cautious comparing regression coefficients across models [51]. In Table 2(A) the results demonstrate no significant modifying effect of welfare generosity on non-participation in informal networks among disadvantaged individuals, that is, those who reported poor self-rated health and were non-employed.

Table 2 Multilevel logistic regression analysis of non-participation in networks: informal (A) and formal (B), self-rated health and employment, and welfare generosity, unstandardized regression coefficients (B), (N = 21,397 and 21,205 individuals nested within N = 21 countries)

Variables	Informal (A)	Formal (B)
<i>Fixed part</i>		
Intercept	-2.494***	2.239***
Gender (male = 1, female = 0)	-.08578*	-.07049*
Age	.03039***	-.00815***
Education (ref. Tertiary)		
Primary	.5656***	.7662***
Secondary	.312***	.4133***
Children (1 = yes, 0 = no)	.3082***	-.321***
Born in the country (1 = yes, 0 = no)	-.2116**	-.4721***
Married or cohabiting	.1033*	-.2446***
Health and employment (ref. Good health and employed)		
Good health and non-employed	-.03874	.2165*
Poor health and employed	-.07949	.1042
Poor health and non-employed	.3039	.3233
<i>Contextual variable</i>		
Welfare generosity	-.009018***	-.01058***
<i>Cross-level interaction terms (ref. Good health and employed x welfare generosity)</i>		
Good health and non-employed x welfare generosity	.000584	-.001479*
Poor health and employed x welfare generosity	.005266*	-.00097
Poor health and non-employed x welfare generosity	.003441*	-.00015
<i>Random part</i>		
Standard deviation of random intercept ^b	.591919	.385481
Intraclass correlation (ρ)	.096249	.043216
Log likelihood	-8597	-13143

*p < 0.05; **p < 0.01; ***p < 0.001.

^b all higher-level variances are significant at p < 0.001 (likelihood ratio test).

Null-model: non-participation, *informal*:

Standard deviation of random intercept^b: 0.770282.

Intraclass correlation (ρ): 0.152795.

Null model: non-participation, *formal*:

Standard deviation of random intercept^b: 0.735715.

Intraclass correlation (ρ): 0.141283.

Source: ESS3 2006/7 [45].

Source: Eurostat, ESSPROS (welfare generosity) [47].

The findings for non-participation in *formal* networks in the second column of Table 2(B) again exhibits strong negative effects of welfare generosity and few differences in the effect across social groups. However, a significant effect of welfare generosity could be observed for the category that reported good health and were non-employed (Table 2(B)).

Table 3 shows the analyses including each of the two dependent variables, i.e non-participation in informal (A) and formal (B) networks and the various health and

Table 3 Multilevel logistic regression analysis of non-participation in networks: informal (A) and formal (B), self-rated health and education, and welfare generosity, unstandardized regression coefficients (B), (N = 21,397 and 21,205 individuals nested within N = 21 countries)

Variables	Informal (A)	Formal (B)
<i>Fixed part</i>		
Intercept	-2.38***	2.178***
Gender (male = 1, female = 0)	-.07761	-.06898*
Age	.03031***	-.008031***
Children (1 = yes, 0 = no)	.3091***	-.3248***
Born in the country (1 = yes, 0 = no)	-.2112**	-.4658***
Married or cohabiting	.1036*	-.2459***
Non-employed	.03918	.07852*
Health and education (ref. Good health and tertiary)		
Poor health and tertiary	.4272	.4806
Good health and secondary	.1481	.5673***
Poor health and secondary	.2953	.5386*
Good health and primary	.315**	.8131***
Poor health and primary	.52*	.9887***
<i>Contextual variable</i>		
Welfare generosity	-.01037***	-.01017***
<i>Cross-level interaction terms (ref. Good health and tertiary x welfare generosity)</i>		
Poor health and tertiary x welfare generosity	.003356	-.00269
Good health and secondary x welfare generosity	.001865*	-.001372*
Poor health and secondary x welfare generosity	.006244**	-.0004
Good health and primary x welfare generosity	.002843*	-.00043
Poor health and primary x welfare generosity	.005119*	-.00008
<i>Random part</i>		
Standard deviation of random intercept ^b	.588563	.385413
Intraclass correlation (ρ)	.095264	.043201
Log likelihood	-8594	-13144

*p < 0.05; **p < 0.01; ***p < 0.001.

^b all higher level variances are significant at p < 0.001 (likelihood ratio test).

Null-model: non-participation, *informal*:

Standard deviation of random intercept^b: 0.770282.

Intraclass correlation (ρ): 0.152795.

Null-model: non-participation, *formal*:

Standard deviation of random intercept^b: 0.735715.

Intraclass correlation (ρ): 0.141283.

Source: ESS3 2006/7 [45].

Source: Eurostat, ESSPROS (welfare generosity) [47].

education combinations (set 2). The results in Table 3(A) indicate that the risk of being excluded from participation in *informal* social networks increased with age, and was higher among immigrants and among those who lived with children or were married/cohabiting. The analysis including non-participation in *formal* networks as dependent variable (Table 3B) shows that the risk of non-participation in formal networks was higher among the non-employed, however lower among those who lived with children in the household and were married or cohabiting, and decreased with age. There was a significant difference between men and women, whereby men faced a lower risk. In models with no contextual variables the coefficients for the group variables indicated increasing risk of social exclusion with increasing disadvantage (tables not shown).

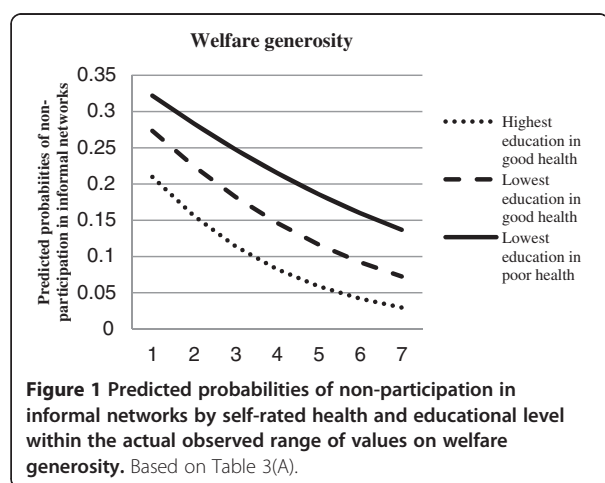
In Table 3(A) the coefficients for the cross-level interaction terms indicate a significant effect of welfare generosity on non-participation in *informal* networks for the most disadvantaged group, that is, those who reported poor self-rated health and primary education. However, the significant modifying effect for the group that report good health and primary education was somewhat stronger. Both coefficients were positive and smaller in strength than the main effect of welfare generosity, meaning that the combined effects of welfare generosity in these groups were attenuated compared to the most advantaged group.

Figure 1 illustrates the effect of welfare generosity on non-participation in *informal* networks in predicted probabilities for an average individual (who is married, born in the country, and aged 42.4 years) within the actual observed range of values on welfare generosity. The first point along the horizontal axis (1) refers to the lowest observed value on welfare generosity (11.99). The second point (2) adds to the lowest observed value, the difference between the highest observed value (220.75) and the lowest (11.99), divided by 6 (11.99+34.79). At each point (3-6)

34.79 is added to the preceding sum (11.99+34.79+34.79 etc.). The shapes of the lines are slightly curvilinear with a deflection at high values of the welfare-generosity variable, due to the shape of the logistical curve (s-shape) [52]. The results demonstrate that the mean difference in effect between individuals who reported poor self-rated health and had the lowest level of education and individuals who reported good self-rated health and had the highest level of education was substantial.

The findings for non-participation in *formal* networks in the second column of Table 3(B) again exhibit strong negative effects of welfare generosity. Although there are few differences in the effect across social groups, a significant effect of welfare generosity could be observed for the category having good health and secondary education (Table 3(B)).

But how strong are the effects of welfare generosity on social participation? Calculations showed that the maximum effect of welfare generosity on non-participation in *informal* networks among the highest educated in good health (who were born in the country, married and aged 42 years), was 0.18. The maximum effect was calculated by subtracting the predicted group probability for the highest observed value on welfare generosity from the lowest observed value. Among the lowest educated in poor health the maximum effect was 0.19. Among the lowest educated in good health the maximum effect was 0.20. Compared to significant individual-level effects, expressed in predicted probabilities, the maximum effect of welfare generosity was as strong as, and stronger than most, other observed effects (e.g. the probability of not participating in informal social activities was 0.05 points higher for those living with children compared to those not living with children (0.06 points in a model including the cross-level interaction terms), 0.02 points higher for those who were married/cohabiting compared to those who were not and 0.20 points higher for those with poor health and low education compared to the most advantaged group. Hence, the effects found in this paper are quite substantial.



Discussion

The aim of this paper was to study whether and how welfare generosity is related to the risk of social exclusion in terms of non-participation, associated with combinations of poor health, low education and economic inactivity. The results from our multilevel analysis of 21 European countries in the European Social Survey (2006/2007) demonstrated that welfare generosity decreased the risk of social exclusion in the face of poor health in combination with the risk factors of low educational attainment and non-employment, at least in absolute terms (i.e. the combined effect of the main effect of welfare generosity and its group specific effects, see Figure 1). The effects of welfare generosity on exclusion from formal and informal

activities seldom differed from the main effect across all countries, indicating that all social groups benefitted equally from welfare generosity in terms of social participation. The strongest group differences were found in the model analysing the effect of welfare generosity for combinations of health and education on non-participation in *informal* networks, where relative inequalities between groups were larger in more generous welfare states. However, and importantly, in absolute terms the risk of social exclusion among disadvantaged groups was still far below the levels faced by the corresponding groups in less generous welfare states. In contradiction to the crowding-out hypothesis, welfare state generosity appeared to benefit all individuals in terms of overall lower levels of non-participation, both formal and informal. Our findings are thus in line with previous findings that a comprehensive welfare state is positively associated with social participation, [24,37].

Although it is not the main hypothesis of this paper, the results also demonstrated that welfare resources did not reduce the risk of social exclusion among disadvantaged groups also in relative terms. To the contrary, our analysis demonstrated that the most advantaged groups, in terms of good health, employment and high educational attainment, benefitted equally and in some instances more than disadvantaged groups in terms of informal social participation. These findings contradict recent studies that demonstrated that welfare generosity compensated disadvantaged individuals more [21,39]. One interpretation of these results is that individuals who are disadvantaged in health combined with other social disadvantages benefit the most from financial resources (benefits). Individuals who do not face these disadvantages in health and social position on the other hand, have sufficient financial resources, and thus profit more from certain services; for example, child-care services, freeing up additional time and opportunity to participate [10]. In sum, all social groups benefit from welfare generosity, but there are different mechanisms underlying the associations for different social groups. When the most advantaged individuals benefit more than the disadvantaged, the already strong inclination to participate in generous welfare states might be additionally boosted by the same mechanism.

Strengths and limitations

While we outline a number of plausible theoretical pathways between welfare generosity and social participation, we are not able to separate these in empirical analysis. Nevertheless, we believe we are able to distinguish broadly between our two theoretical perspectives, the welfare resources perspective and the crowding-out theory. The results of this paper are in consistence with the former over the latter. Investigating the specific mechanisms underlying the observed pattern, although an important

research agenda, is beyond the scope of this paper and would also imply the use of longitudinal individual level data. We do not, however, believe that the problem with consistency between theoretical model and empirical analysis is poorer than in most social science studies. In fact, it can be argued that the use of multilevel statistical methods which allows simultaneous investigation and control for both individual level and country level variables – and interactions between the two levels, as well as our operationalization of welfare generosity and focus on disadvantaged groups, *advance* on previous studies in terms of internal cohesion between theory and analysis.

There are however important limitations in this study. One of them are the mean VIF values, which were greater than 1 in all the analyses indicating a degree of multicollinearity (2.32 and 3.33, Tables 2(A) and 3(A) and 2.32 and 3.34, Tables 2(B) and 3(B) [53]. Given the fact that the analyses included interaction terms we conclude that multicollinearity was present, but did not represent a substantial problem.

Further, the relationships between welfare generosity and social participation might be influenced by confounding variables. To test the validity of our findings we have thus performed a series of sensitivity analyses.

Firstly, we included a measure for income inequality (GINI) and country wealth (GDP), one by one in each analysis. Neither income inequality nor country wealth was significantly associated with non-participation in informal networks. For both analyses of non-participation in formal networks the results demonstrated a significant, although weak ($B = -0.00004$), negative association with country wealth. The association with welfare generosity was no longer significant. However, there was a high level of multicollinearity in these analyses, as the correlation between the GDP measure and welfare generosity was very high (Pearson's $r = 0.94$). Thus we cannot separate the effect of these two variables on non-participation in formal networks (results available at request).

Ideally we would control for a number of level 2 variables. Due to the low number of countries we lack statistical power to include several contextual variables simultaneously in the same analyses. We also lack available comparable contextual data to control for distinct cultural and/or historical factors. We however inspected country-level residuals and performed sensitivity analyses by leaving out the most outlying countries. The main results did not substantially change, thus confirming the findings of this paper (results available at request).

Additionally, we performed analyses to check whether the effect of the combinations poor health and non-employment in addition to poor health and low education on non-participation in formal and informal networks, respectively, varied across countries (random slope). These analyses demonstrated that only the effect of the

combination poor health and non-employment on non-participation in informal networks proved significant (results available on request). The insignificant results might be related to lack of statistical power to fit random slopes, as we only have 21 level 2 units.

To investigate the effects of the individual variables on social participation we also analysed the associations between respectively non-employment, low education and poor health in interaction with welfare generosity on non-participation. The analyses did not contradict the results presented (results available upon request).

Because the aim of this paper was to study the risk of social exclusion we found it theoretically most appropriate to dichotomise the dependent variables despite the loss of information. We however included an ordinal version of informal participation with responses ranging from 1–7 (low-high), and a scaled variable for formal participation, in multilevel linear regression analyses (xtmixed). Although some results were not statistically significant within conventional levels, the associations were in the same direction as in the logistic regression analyses. We therefore conclude that this sensitivity analysis supports our main findings. Lastly, although the European Social Survey is an academically driven survey aiming at high methodological standards and optimal comparability of the data collected with a target response rate at 70%, the actual achieved response rates of ESS round 3 (2006/7) differ between countries [46,54].

Summing up, the findings in this paper must be interpreted with caution. Despite the above mentioned limitations, the findings nonetheless contribute important insights into the way welfare generosity may moderate the risk of social exclusion in terms of non-participation, associated with poor health combined with other social disadvantages. The results show that there is no indication of a crowding-out tendency among disadvantaged groups in more generous welfare states. On the contrary, resources made available by the welfare state seem to matter to all individuals in terms of overall lower levels of non-participation. These results demonstrate the importance of linking health related social exclusion to the social policy context.

Competing interests

The authors declare that they have no competing interests.

Authors' contributions

ED and TS conceived the research question and planned the initial design. KW contributed substantially in the development of the research question, conceptualization and theoretical approach, and interpretation of the results. TS facilitated the data and performed the statistical analysis. TS and KW drafted the manuscript. TS revised the manuscript with the assistance from KW and ED. All authors read and approved the final manuscript.

Acknowledgments

van der Wel's work on the paper was financed by the Norwegian Research Council (grant number 217145).

Received: 4 March 2013 Accepted: 24 September 2013
Published: 28 September 2013

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doi:10.1186/1475-9276-12-81

Cite this article as: Saltkjel et al.: Health related social exclusion in Europe: a multilevel study of the role of welfare generosity. *International Journal for Equity in Health* 2013 **12**:81.

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