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Talk as action: Exploring discursive dimensions of welfare state reform¹

Abstract

In many New Public Management reforms a direct and causal one-to-one relationship is assumed between reform and better performance. This article challenges this assumption by specifying reform as independent variable. Looking at reform in two comparable welfare states, Belgium and The Netherlands, the discursive aspects of such reform are explored. Reform can be differentiated into reform action and reform talk. Next to measures (action) discourse (talk) seems to be an innate characteristic of reform that may fundamentally help shaping reform results.

Key words: Welfare state reform, discourse analysis, public service performance

1. Introduction

Reform and restoration seem to be constants in the public sector. *Light* (1997, S. 165) uses the metaphor of 'reform tides' that come and go, while for *Ingraham* (2005) the promise of better performance is a siren's song. At the same time she acknowledges that although 'we have downsized, restructured, reinvented, and contracted out government services and government organisations in the name of improved performance' (ibid., S. 391), the link between reform and performance is not well understood. The OECD as well observes that there is a persistent problem in public management reform recommendations – they are rarely based on empirical evaluations, and in practice owe more to policy fashion than to evidence (*Manning/Kraan/Malinska* 2006, S. 11). *Pollitt and Bouckaert* (2004) point to the relevance of the symbolic and rhetorical dimensions of politics and institutional life – although they do not elaborate this in great detail.

In this article we explore the discursive dimensions of reform. We do so as a contribution to the development of theoretical insights on how discourse may influence reform results. While explaining variation in reform results (performance) is the ultimate goal, realising this goal goes beyond the concern of this article. Rather we focus on the interplay between reform action (measures) and reform talk (discourse) in order to broaden our theoretical scope. Which role do discursive dimensions of reform fulfill? We explore the relevance of variation in the relationship between measures (action) and discourse (talk) as potential explanatory factors. Doing so, in the reform – performance equation we mainly focus on the independent variables, without claiming to provide a full-fledged causal theory of public performance. Yet, we cannot ignore the dependant variable.

Hence, the second section starts with some facts on the welfare state performance of Belgium and The Netherlands. Although the socio-economic context in these two countries has been quite similar, in the last decades there is a substantial variation in the levels of outcome variables, particularly the reduction of unemployment. The third section is the empirical heart of this article. It discusses the major reform episodes of these two Western European welfare states as documented in the literature. In the fourth section we aim to identify some discursive (social) mechanisms behind reform dynamics.

Before we set to this task, we have to specify our unit of analysis and methodology. We address governmental performance as the result of actions and multi-scaled interactions in a nested configuration. Composed systems like policy sectors consist of organizations, while organizations, in turn, comprise the behaviour of individual persons. On all these scales of aggregation specific, real world-actors can be identified (*Ostrom* 2005). It can be assumed that not only on the scale of overall systems, but also on those of organizations and individuals, factors can be identified that contribute to governmental performance. In this article, however, our empirical focus is on the policy domain of the social security/labour market nexus, staying primarily at the system level as the observed sphere of action.

Secondly, methodologically we aim to explore the relevance of potential explanatory factors (dimensions of reform as independent variables), rather than at explaining empirical variation in welfare state performance (as a dependant variable) itself. For such exploration we use findings from literature about reform episodes in these two comparable policy systems (*McAdam/Tarrow/Tilly* 2001). Our approach resembles what *Barzelay* (2007) calls extrapolation-oriented research, which uses cases to transfer knowledge across contexts. For extrapolation-oriented research a number of design parameters needs to be met. a) The cases are instrumental, not intrinsic. The focus is not on knowledge about welfare states as such. Through the cases, we want to understand the social mechanisms working on the side of reform action and reform talk as independent variables (see also *Hedström/Swedberg* 1998 for a discussion of social mechanisms). b) The cases are processes, not entities. We do not study two welfare systems as entities, but look at the reform processes from the early 1980s onward. c) What is to be explained has to be made explicit. In this article the exploration of discursive elements in their relationship with non-discursive elements is at stake. It is clear, however, that explaining variation in welfare state performance in terms of reform results is the ultimate objective. d) The form of explanation has to be narrative, while the (qualitative) analysis is based on secondary data. e) A distinction between focal factors and contextual factors is needed. Our focus is on the discursive aspects of reform, while socio-economic variables are contextual.

In the next section as a startingpoint the variation in welfare state performance in Belgium and The Netherlands is explored to highlight what – ultimately – needs explanation.

2. Welfare state performance in Belgium and The Netherlands

An assessment of performance of the Dutch and Belgian welfare states has to comprise some indicators of the different dimensions. There are many candidates. The range of criteria for comparing public performance is in principle endless, while an overall treatment definitely goes beyond the scope of this article (see *Boyne* et al. 2006 on ‘public service performance’). Therefore we have selected some macro-statistics that appear to

capture some important differences. For comparing the performance of welfare states the criteria of effectiveness, equity and expenditures seem appropriate. This is in particular so because they refer to some potential trade-offs between the costs of the system, its inclusiveness and its effects in terms of stated goals.

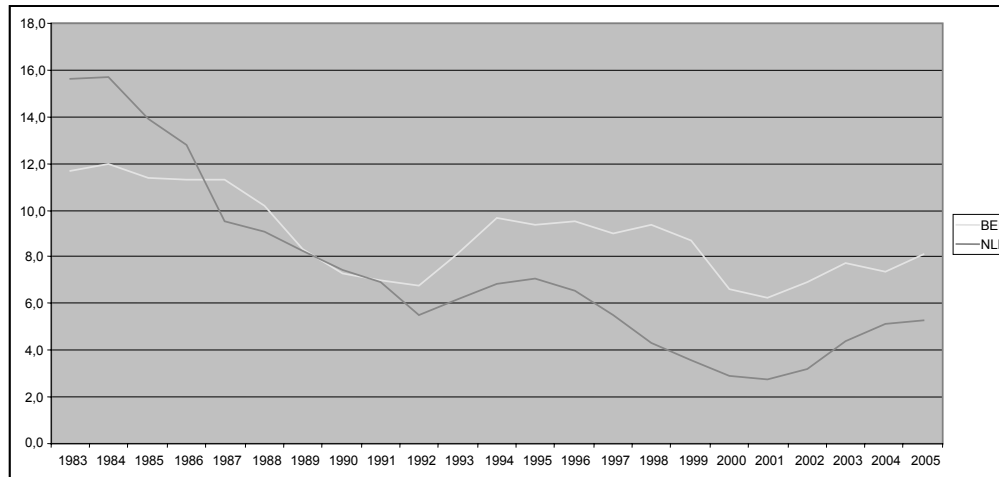
Performance as *effectiveness* involves expectations about the impact of social policies on, for instance, poverty and unemployment. The motto is that only results matter. Those who adhere to this definition of governmental performance may want to give particular attention to discriminatory regulation and targeted service delivery for well-defined target groups, wherever the highest impact is expected upon these groups. Performance as *effectiveness* seems to echo the idea of what the Dutch call '*the make-able society*'. The notion of society by design expresses a top-down perspective that sees government in the cockpit of society. In contrast, performance as *equity* stresses more strongly citizen's rights to public services and entitlements as well as fairness and honesty. Impartiality is an important value (Rothstein/Teorell 2008). Performance as equity rather starts from the perspective of individual citizens who have their rights and duties connected with their membership of a community. The *costs of the system* is included as a third dimension.

When comparing governmental performance in terms of effectiveness, equity and expenditures these criteria need operationalisation. First, reduction of unemployment is selected as the measure of effectiveness. Self-subsistence through labour market participation nowadays is seen as an important welfare state objective. Secondly, we use an OECD study on benefits and wages to assess the generosity of the unemployment benefits, which is an important aspect of any welfare system. In our perspective, a more generous system would be more equitable, since more citizens have more rights. Thirdly, expenditures are measured as public social expenditure on unemployment as a percentage of GDP.

Effectiveness. Unemployment was a big challenge for both countries in the early 1980s; 16% of the active labour force in The Netherlands and 12% in Belgium were unemployed. The situation was probably even worse, since a substantial number of people who might have been labour market participant was in receipt of incapacity benefits. In The Netherlands employers- and employees organizations in certain branches agreed to transfer many economically redundant workers into a disablement benefit scheme instead of an unemployment benefit scheme; the former benefits being higher. This later became a substantial political issue, followed by system- and policy changes. In Belgium it was a well-accepted practice for government to absorb unemployment by public employment, even if those jobs were not necessary from an operational point of view. Finally, Belgium relied heavily on early retirement programmes for public employees in order to reduce the numbers counted as unemployed.

Figure 1 shows the evolution of unemployment in both countries since 1983. The Netherlands appears to have been very successful in reducing unemployment, in particular in the 1980s – the percentage went from almost 16 in 1983 to under 6 in 1992. In the 1990s the trend was similar to that in Belgium, but on a level that is consistently 3% to 4% lower. The overall reduction of 10 percent in The Netherlands in two decades contrasts sharply with the relatively modest reduction of 4 percent in Belgium. It should be noticed here that The Netherlands has a substantially higher level of female part-time employment.

Figure 1. Evolution of unemployment in Belgium and The Netherlands



Percentage of unemployed in active labour force (15-64).

Source: Adapted from OECD (2006).

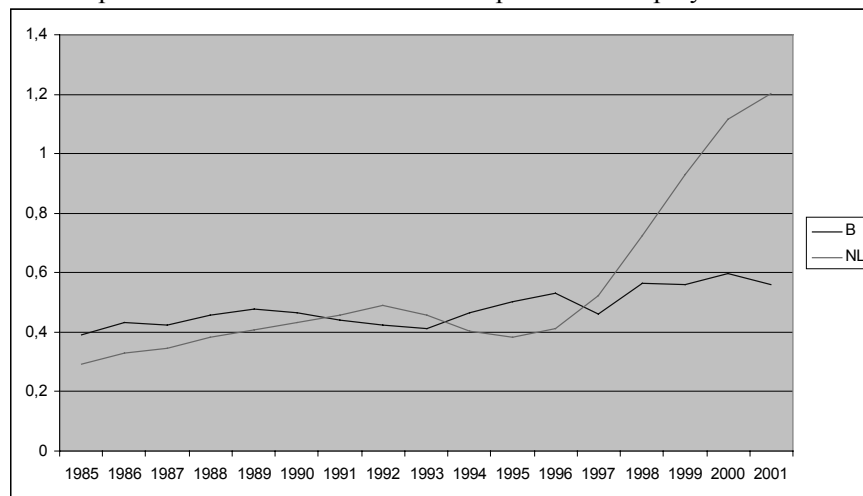
Equity. The Belgian welfare state has two unique features which reflect the relatively strong importance adhered to equity. First, Belgium applies an automatic indexation of the wages and allowances to price changes. This system, it is argued, has a negative impact on employment, because Belgian labour hence becomes more expensive compared to its main competitors for foreign investment (which are The Netherlands, Germany and France). In particular when inflation is high, the automatic indexation may have a negative impact on employment. Secondly, unemployment benefits in Belgium are not limited in time. Unlike most countries, unemployed receive their allowances as long as they are willing to look for a job. In The Netherlands, there is a limitation of 18 months, which makes the system considerably stricter. The Dutch replacement rates (the percentage of the last wage that is provided through unemployment benefits) and maximum benefits, however, are substantially higher (OECD 2007b). The Dutch system will more effectively allow families to keep their purchasing power and thus reduce the impact of unemployment, but it also puts more pressure on people to search for employment². There seems to be a trade-off here between equal and unlimited access and effectiveness.

Expenditures. The Netherlands has reduced the total expenditures of the unemployment support system by 40% and Belgium by 20%. The total expenditures include the expenditures of unemployment benefits and the expenditures on active labour market policies (abbreviated as ALMP). The latter are government programmes that intervene in the labour market to help the unemployed find work. The expenditure reduction in the unemployment benefits in The Netherlands was much larger (- 60%) than in Belgium (- 30%). ALMP-spending on the contrary increased in The Netherlands by 50% and remained stable in Belgium.

The changes in Dutch labour market policies become more visible when we calculate the ratio of expenses on active labour market policies and (passive) unemployment benefits (Figure 2). In 1985, The Netherlands spent 30 units on ALMP for every 100 units in unemployment benefits. Between 1994 and 2001, the ALMP expenditures exploded and

exceeded the benefit expenditures by 20%. This may be an indication of the targeted activation policies that became accepted in The Netherlands. In Belgium, more people seem to believe that unemployment benefits are an undeniable right. Obviously, the picture is not that black and white. The ALMP/UB ratio is on the rise in Belgium as well³. However, the magnitude of the difference seems to indicate a substantial difference of emphasis.

Figure 2. Ratio expenditures on active labour market policies/unemployment benefits



Source: Adapted from OECD (2007b).

Based on the few statistics presented above, and with their inherent limitations in mind, we cautiously conclude that the Dutch employment policy is performing better on the dimensions of expenditures and effectiveness, while the Belgian equivalent seems to perform better on equity and impartiality. The question is then what kinds of independent variables may explain these differences on the side of welfare state performance. After all, both countries show several similarities, as will be demonstrated in the next section.

3. Crisis and reform in The Low Countries

Ground for comparison

Belgium and The Netherlands are, in respect of their institutions, very similar. They resemble each other not only in their location near the North Sea, but also in geographical size, the number of their inhabitants, and, broadly speaking, the size of their national economies. After sharing a tumultuous joint history, from the middle of the nineteenth century both countries went their own way. Each being a monarchy and a *Rechtsstaat*, they have the political system of a parliamentary democracy and developed into full-fledged welfare states. Both also have a neo-corporatist tradition in common; 'labour' and 'capital' participate as *social partners* in the public decision-making on major socio-economic issues. Both have been segmented societies, with people organizing themselves along the lines of their, Catholic or other, denomination ('pillarization').

At the same time there are obvious differences. For instance, intergovernmental relations in the two countries vary. Belgium is a federation with increasingly strong regions while The Netherlands is a decentralised unitary state. The political-administrative relations are different. In Belgium there is a rather strict separation between the executing 'ranks and file' of the administration and a politicised top, where there are ministerial cabinets. In Dutch national administration the relations between (academically educated) civil servants and the specific societal domain in which they work is traditionally strong. *Peters* (1987) describes it as a 'functional village model'. Besides, it is the administration that is actually the policy maker; the vertical linking pin of influential ministerial cabinets is lacking. Either as a cause or a consequence – or perhaps both – the degree of politicization in Dutch public administration seems lower.

Depillarization manifests itself in different ways. Both countries have witnessed ideological depillarization on the scale of individuals. In The Netherlands this trend was accompanied by depillarization of the political system as manifested in a substantial increase of the number of 'floating voters'. The institutionalisation of the 'societal middlefield' in a pillarized form has largely remained intact. In Belgium, the institutions have remained very strong (e.g. Catholic schools and hospitals; Catholic, socialist and liberal health insurers and trade unions), although they have lost support of individuals for their ideological core who use them regardless of their religion. Finally, a fundamental difference has to do with language, but goes far deeper than that. While contemporary society in both countries seems to show a, more or less, equally multi-cultural character, the Kingdom of The Netherlands is mono-lingual, while Belgium has three official languages: Dutch, French and German. The language divide coincides with a socio-economic divide and increasingly, a divide of the politics. The latter is reinforced by the linguistic separation of political parties and mass media, which leads to two different systems of representation of public opinion. Compared with The Netherlands, Belgium can be characterized as a much more fragmented society.

So there are structural similarities as well as dissimilarities, of both an institutional and cultural nature. Without claiming to give a comprehensive account, we focus in the next subsections on, respectively, the scope and pace of welfare state reform in the two countries.

The Dutch model versus Belgian incrementalism

High benefits and an insufficient monitoring of the eligibility of claimants for benefits; with an inadequate benefit administration lacking regulation and independent supervision. That is the diagnosis the economist *Bovenberg* (2000) gives of the system of social insurance in The Netherlands in the late 1970s. Under the heading 'the mechanisms of failure' he speaks of a vicious circle set in motion 'between the expenditures of the welfare state and an erosion of employment – the economic base undergirding the welfare state'. Since the end of the 1970s substantial reform measures can be observed supported by diverse coalitions in and across government.

A key event, bringing together a reform oriented societal coalition, was the so-called Wassenaar Agreement (1982). Ruud Lubbers, a Christian Democrat, had just formed a new cabinet consisting of his and the (economic) Liberal party. Under the cabinet's threat of imposing wage moderation by law, representatives of employer's organizations and la-

bour unions established an agreement. They did so at the home of one of the key players; hence its name. The agreement implied a threefold exchange. Employee organizations would moderate their wage demands; employers would create jobs, while government would lower public expenditures and realize budget cuts, diminishing tax pressure on companies (see *Visser and Hemerijck 1997; Spithoven 2002*).

Both in 1982 in Wassenaar and with the handling of what was called the WAO-crisis of the early 1990s (explained below), personal leadership as well as networking seemed important in order to establish the need for reform. What may be described as a 'network of networks' was formed. It consisted of cabinet members, opposition leaders, trade-union leaders, CEO's and representatives of employer's organizations, experts (cf. Crown members of the Social-Economic Council, often professors in economics). Although political party membership remains important, these networks have to a certain degree always been non-political. Earlier, *Lijphart (1975)* pointed to the fact that a crucial feature of pillarization is that the elites from the various segments of society meet each other on a regular basis. While in terms of Dutch party politics and elections much de-pillarization has taken place since then, creating consensus among elites seems to have remained a system feature.

Policy makers in The Netherlands managed 'to construct a new discourse that facilitated reform (...)' Referring to these developments and similar ones in Denmark, Cox highlights the issue of labour-market 'flexibility' as an example. 'By carefully framing issues, Dutch and Danish leaders overcame the path-dependent constraints of existing policy institutions' (Cox 2001, S. 496). Policy entrepreneurs succeeded in turning the idea of flexibility from a polarized issue into a principle 'justifying more innovative labour contracts and allowing men and women equally to care for their families' (*ibid.*, S. 497). According to Cox, the ingenuity of policymakers lies in their ability to frame or re-frame issues while making creative value connections. After all, rather than a fight over the size of the public budget, welfare state reform is 'more a struggle over the identity of a society' (*ibid.*, S. 498).

Later, in the 1990s, government social security policies became an object of reform. The Disablement Benefit Entitlement Act (WAO) was changed, with Wim Kok as Minister of Finance and a Social-Democrat in a pivotal position between addressing public expenditure sound and 'selling' the cuts to his electoral and former trade-unionist constituency. Making public finance sound but in a way that was accepted in society, particularly by the 'social partners', would become labelled as the *polder model*. In fact, this then is the third meaning of the term. Apart from referring to the need for cooperation in the struggle against the water (the first meaning) and to the tradition of consultation democracy since the Second World War (the second meaning), now the term polder model refers in particular to creating consensus simultaneously about the view that welfare state reform is necessary and about the way this has to be done.

Borghi and Van Berkel (2007) identify four 'operational reforms' in The Netherlands. First, in the administration of social insurance (income protection in situations of sickness, disability and unemployment) the role of the social partners was reduced. After a proposed privatisation of the administrative tasks involved, one administrative agency was formed, functioning under supervision of the ministry. Secondly, social assistance got a new form in which the objective of improving the activating function of the former National Assistance Act (1965) became central. In the Dutch decentralised unitary state municipalities fulfil their tasks in a combination of 'autonomy' and 'co-governance'

(Hupe/Toonen 1991). Their responsibilities now were enlarged. When the municipalities exceed the budget for social assistance benefits granted to them, they have to draw on their own resources. Thirdly, market mechanisms were introduced into the provision of activation services. As the fourth 'operational reform' *Borghi* and *Van Berkel* mention the creation of so-called Centres for Work and Income as 'one-stop shops' for unemployed persons. During the first six months of a person's unemployment these centres provide activation services. After that, the task of activation is taken over by benefit agencies.

Reform, however, did not always lead to intended results. *Terpstra* (2002), in his evaluation of Dutch activation measures initiated in the 1990s, calls the results of the creation of the Centres for Work and Income (CWIs) 'rather disappointing'. The goal of stimulating persons to return to work, performed by an agency practising 'client-oriented' service delivery, proved difficult to realise (*Van Oorschot* 2002; *Van Oorschot/Abrahamson* 2003). Moreover, reforms led to geographical inequalities (*Van Berkel* 2006). Reviewing the results of the decentralisation of social assistance in The Netherlands on the basis of preliminary data from 443 municipalities, *Van Berkel* observes that this decentralisation has not only induced variation in outcomes, but also in local activation services. Enhanced by the mixed character of the system of inter-governmental relations, in The Netherlands a degree of local inequality seems to be an important by-product of reforms like these.

In the 1980s the Dutch took some far-reaching actions. The broad scope of reform may explain the so-called 'Dutch miracle' of cuts in public expenditures combined with job growth (*Visser/Hemerijck* 1997). Belgium was confronted with similar problems, but opted for a more conservative approach. In response to the economic circumstances of that period, the Belgian government decided to devalue the Belgian franc by 8,5% in order to give oxygen to the economy⁴. The devaluation was combined with a strict budgetary policy of freezing expenditures, indexation mechanisms and levying some new taxes. In that way, more structural measures could be avoided. From that period, Belgium inherited a huge public debt. However, still inspired by Keynesian thinking, this debt was not considered problematic.

It was only in the 1990s that public debt became an issue. Belgium wanted to participate in the Eurozone; therefore public debt needed to be controlled. In 1993, Prime Minister Jean-Luc Dehaene proposed a global plan with some gentle, incremental reform measures (*Kuipers* 2004). The most far-reaching reform was an adjustment to the price-indexation of the wages to inflation – a holy cow in Belgian industrial relations. Prime Minister Dehaene proposed a 'health index' that excluded tobacco, alcohol and fuel from the basket of products and services used to calculate price changes. Although government argued that these products were harmful for public health, the main aim was to level off the automatic increase in wages and allowances. Other proposed measures were the increased control over 'moonlighting' and social fraud and a longer qualifying period for eligibility to unemployment benefits.

Activation policies in Belgium are a relatively recent phenomenon, and they have a non-obligatory character. In 1989 the task of employment-finding was decentralised to the regions, while unemployment benefits and other aspects of social security remained a federal competence. The regional agencies gradually developed an extensive supply of training and consultancy services for unemployed people (*Struyven* 2006). The system is non-repressive, in the sense that no sanctions follow on non-compliance. The regional agencies do not report unwillingness to work to the federal agency that could sanction

unemployed by withholding unemployment benefits. It is argued that efficient reintegration adds more value than the control of those who do not want to work. An additional argument is that there is a role conflict between counselling and controlling, and therefore the two functions should not be in the same hands. The Flemish agency adopted a somewhat more compelling approach than the Brussels and Walloon agencies, but compared to the Dutch case Flanders still seems somewhat lax.

Around the beginning of the third millennium, more conservative measures have been taken that primarily envisage the maintenance of the system, rather than its reform. In 1997, government launched a charter of the socially insured with the rights and duties of the population in their contacts with social security institutions. These rights and duties existed before, but the charter gives them a more permanent nature. Another measure is the extension of benefits for the self-employed with increased pensions, child benefit and more generous public health insurance. The confirmation of the index mechanisms for wages and allowances is also important. Finally, it has been proposed to limit unemployment benefits in time, but these proposals were never approved. Unemployment benefits are not the most generous ones in terms of outlays, but they have unlimited duration (Kuipers 2004, 2006).

The 'Dutch disease'; not in Belgium?

When looking at the pace of reform, in the Dutch case two episodes of crisis perception followed by reform can be identified. The first one - originating in the 1970s - starts in 1982 with the new coalition cabinet headed by Ruud Lubbers. The formation of this cabinet marked the beginning of a new politically stable era, with the Christian Democrats in the centre of power. The second moment of reform was in the 1990s, when major alterations in social security were made, as a reaction to what was labelled the *WAO-crisis*. Now the Dutch Social-Democrats (Partij van de Arbeid, PvdA; literally: Labour Party), prominent in the coalition cabinet of that time, fulfilled a central role.

So indeed, it was both the Dutch Christian Democrats and the Social-Democrats, the two parties responsible for most of the welfare state growth, that were, in alternating roles, guiding welfare retrenchments as well. Eventually it was Ruud Lubbers, Prime Minister and Christian Democrat, who gave an expression *par excellence* of the relevance of crisis perception. In a public speech in 1990 he addressed the fact that the number of people categorised as disabled and receiving a benefit under the Disablement Benefit Entitlement Act (the WAO), was approaching the magical number of one million. Lubbers did so using a phrase that would last: 'The Netherlands is ill'. In fact, this was an official proclamation of a crisis.

The Dutch disease was not diagnosed in Belgium, although the Belgian welfare state clearly was in comparable circumstances. In the early 1980s, and in many periods to follow, linguistic tensions in Belgium between the French-speaking and Flemish community dominated the debates that led to political instability. In that decade nine Cabinets were formed. It was not until the 1990s that a mild crisis perception was developed. Even this perception, however, was only indirectly related to the welfare state. The main driver was the Maastricht Treaty and the membership of the Eurozone. The implication of the Eurozone deadline of 1999 was clear. Appeal was made for intergenerational solidarity and sacrifice. While the Maastricht criteria were the national target, other problems got less attention.

In the 2000s, the affordability the welfare state has been questioned because of the ageing of the population. This problem perception has been fuelled by institutions and professions with a liberal/economic background such as the National Bank of Belgium and the Planbureau, as well as the economics departments of universities. They are backed in their views by supra-national institutions such as the OECD (*OECD* 2007a). There is also a countermovement that is supported by the trade-unions. The actors involved question whether societal ageing would really lead to a fiscal crisis in government. Moreover, socialist policy makers put oil on the waters by taking symbolic measures. The government created a fund specifically designed to tackle the impact of ageing. Its reassuring name, the 'Silver Fund' (*Zilverfonds*), is highly symbolic. Thus a mild crisis perception seems to have developed, but it remains to be seen to what extent this will lead to concrete measures.

Two important differences with the Dutch reforms can be observed. First, in Belgium the role of the social partners in the social security system remained intact; as did the institutions of pillarization in general. For instance, trade-unions are still administering the actual payment of the benefits to unemployed people once the federal agency has established eligibility. The unions are compensated for this administrative service. Similarly, health insurance is administered by health funds that are in the hands of non-profit organizations belonging to the pillars. Secondly, there is only decentralisation to the regional layer, but not to the local layer. Federal and regional agencies do have local divisions, but these divisions remain under the hierarchical structure of the central agency. The risk of inequalities between citizens, which is inherent in local autonomy, in the Belgian case is not regarded as pressing as in The Netherlands.

In sum, there has been more reform action in The Netherlands than in Belgium – although it remains unclear to what extent this reform action has actually led to enhanced performance (*Terpstra* 2002). Nonetheless, the Dutch have been more successful in reducing unemployment and realizing expenditure cuts. Belgium did reform in a more modest, incremental way. In terms of the criteria presented in the second section one can conclude that it was not accepted that reform results in terms of effectiveness (gains and cost reductions) would be realised at the expense of equity. Besides, it can be argued that incremental reforms were not accompanied by reform talk. It seems that in The Netherlands, unlike Belgium, a reform coalition was formed that successfully constructed a reform discourse of a particular kind. Not only was a crisis perception constructed, and even officially proclaimed, but it also was used to mobilise broadly towards action. Several contextual factors may explain the differences. However, we assume that the construction of a crisis narrative accompanied by the usage of an activating discourse has been a key factor in the way the Dutch have reformed their welfare state. In the next section we will try to ground this assumption in theoretical terms, with an eye on testing it in future empirical research.

4. On the dynamics of talk and action

Crisis perception

In political science welfare state reform is often brought in connection with the relation between governing parties and their electorate. *Vis et al.* (2008), for instance, address the

puzzle why some coalition cabinets, more than others, have been eager to risk electoral backlash with such reform. After all, attacks on the generosity of welfare state arrangements are likely to be unpopular. Vis and her colleagues analyzed the 'politics of welfare state reform' of six successive Dutch cabinets between 1982 and 2006. They conclude that cabinets 'indeed shy away from enacting anti-generosity measures for which they are likely to be punished when facing prosperous prospects, and that they took (in the investigated cases – PH/WVD) bold and risky decisions when confronting losses' (ibid., S. 352).

Some authors stressing narrative dimensions observe that a 'crisis' is not given, but constructed. In that context Cox (2001) speaks of the 'social construction of an imperative', referring to the need to reform the welfare state. An imperative for change takes the form of a crisis, when politicians engage in rhetoric that stresses the severity and urgency of the situation (Kuipers 2006, S. 10). This happens when they are facing more or less objective 'crisis indicators', we would add. This crisis narrative has some specific characteristics (Kuipers 2004). First, the term 'crisis' as well as the corresponding symbols and metaphors are used in public debates and by the media. Some values are stressed, at the expense of other ones. In particular a moral appeal is made, in terms of sacrifices, solidarity, avoiding disaster and 'saving the nation'. Among all social problems on the public agenda there now seems to be 'one big problem'. That problem can only be solved by intervention and structural change, while a sense of urgency is transmitted. And the only ones who can provide such a solution are the actors proclaiming the crisis. Crisis perception is relevant, to the extent that it enhances change agency. If we define a crisis as a social construction, we have to be explicit about who is constructing it. There is a coalition of actors proclaiming a crisis and seeking reform. There is a *reform coalition*, we would say, in rather the same sense that Sabatier and his colleagues (a.o. 1987) developed the concept of an 'advocacy coalition'. The power position of actors in this coalition is important; in terms of jurisdiction and formal competence, available resources, political-strategic skills, and similar characteristics. The scope of such a reform coalition, and the accompanying spread of a crisis perception, may influence the scope, pace, and ultimately results of reform.

We assume that crisis perception does not necessarily have to precede reform; reform may also precede crisis perception. Crisis language can legitimate reform *ex ante* or *ex post*. The cases above however seem to suggest that a broadly shared sense of 'a state in crisis' is needed for reforms to become structural. Brunsson's (2002) distinction between talk and action may be helpful to further refine the concept of reform.

Reform action and reform talk

In the previous section we distinguished between the scope and pace of welfare state reform. Two aspects can be added: the object and the appearance of reform. Regarding the object of reform a distinction can be made between institutional reform, policy reform, and management reform (vgl. Hill/Hupe 2009). Institutional reform refers to the intended change of settings, structural relationships, institutional re-design, or the instalment of different values. Policy reform concerns contents, the introduction of different objectives and/or instruments of a policy; policy re-design. Management reform focuses on operational arrangements, and managerial behaviour. What has been called New Public Management (NPM) may refer to all of these three categories of reform, depending on what is observed more specifically (Pollitt/Bouckaert 2004).

A second aspect concerns the appearance of reform. *Brunsson* (2002) argues that it is not uncommon for organizations to talk in one way, to decide in another and to act in a third. This enables organizations to meet the inconsistent expectations and often conflicting demands that are imposed on them. Inconsistency between ideas and action is thus more likely to happen than consistency. This perspective may prove particularly useful for the analysis of public management reform where global reform talk is ubiquitous (see for instance *Pollitt* 2002). Applying *Brunsson's* insights here makes it possible to distinguish between reform talk and reform action. Treating between these two as dimensions of a typology provides the possibilities as indicated in Table 1.

Table 1. A typology of reform dynamics

	Reform talk – weak	Reform talk – strong
Reform action – low	Conservation	Discourse reform (‘verbal renewal’)
Reform action – high	Silent reform	Consistent reform

Source: Inspired by Brunsson (2002).

Reform talk (discourse) can be strong or weak. When applied to the macro-level of welfare state reform, strong reform talk implies that there is a public discourse in which reform arguments are used (*Schmidt* 2002). In terms of New Public Management, this entails arguments about efficiency and effectiveness, marketization and competition. The public debate can also remain silent about reform. In most democracies, there are plenty of issues competing for public attention; only some reach the public agenda, and even fewer the political agenda (*Dearing/Rogers* 1996). Therefore, it is not unrealistic that reform is little discussed. The second dimension is about reform action. The latter can be high or low, concerned with to what extent measures are actually taken and implemented.

As Table 1 indicates the two dimensions (talk and action) suggest four types of situations which, theoretically, can occur independent from each other. The first type, action nor discourse, implies that there is not really ‘reform’; we label it *conservation*. The second type shows a strong public debate, pursued with reform arguments. However, measures are not *per se* taken. NPM reforms, for example, are often criticized for their highly rhetorical nature (*Pollitt* 2002, *Page* 2005). This type, *discourse reform*, refers to simply ‘verbal renewal’ (*Van Twist* 1995). A third type is *silent reform*. Relevant actors in the politico-administrative system practise reform in government without an accompanying discourse. There may be several reasons for this silence. It may be that reform issues do not get access to the public agenda, because other issues are more salient and/or the reform issues are too technical. Silence could also be an intentional strategy of a circle of obvious stakeholders with an immediate concern. Difficult measures may be easier to take when there is certain level of concealment. The fourth type shows the combination of public discourse and reform action. Therefore, we label this type as *consistent reform*.

When we position the Dutch and Belgian processes of reform sketched above into this typology, the Belgian case seems to fit in the left column (‘weak talk’) and the Dutch case in the right one (‘strong talk’). Concerning the positioning in the rows it seems justifiable to indicate a direction towards ‘conservation’ in the Belgian case and towards ‘consistent reform’ in the Dutch one – at least this interpretation can be deemed a subject for further research. The largest difference between the two cases of welfare state reform seems the presence or absence of the formation of a reform coalition. There may be a cri-

sis perception, but it seems particularly its spread that counts. Establishing consensus about both 'the problem' and the direction for 'solving' it, is a matter of action. Reform requires change agents, although not confined to the 'top' or the 'centre', but in a broad range of positions in society. Leading politicians, well-reputed experts, media coverage, but also civil servants may function as co-producers of a new vocabulary towards reform. Hence the hypothesis can be formulated that the active formation of a reform coalition in the public domain will lead to the spread of a crisis narrative annex reform discourse and therefore enhance reform results. In this context leadership matters. In fact 'talk' becomes an element of 'action' itself.

5. Conclusion

The Belgian and Dutch welfare states are similar in many respects. Nevertheless a variation in their performance was observed. Looking at employment policy, we found that on the dimension of equity the Belgian welfare state seems to perform better than its Dutch counterpart. On the other two dimensions of performance, effectiveness and expenditures, it is The Netherlands that shows a better score.

By adding expenditures as a third dimension to equity and effectiveness, welfare state performance can be operationalised as a triangle of potential trade offs. A country might attempt to increase both equity and effectiveness, for instance through broader access to job counselling services *and* more intense guidance. Clearly, this will have a bearing on public expenditures. Alternatively, the equity option involves a preference for broader access and equal expenditures, but this may result in more superficial services. The effectiveness option involves a preference to primarily pay attention to those job-seekers where the greatest added value can be realised, leaving out those who will probably never find a job and those who are likely to find a job on their own.

How then can this varying performance of Belgium and The Netherlands be explained? That was the question guiding this analysis – although giving a more definitive answer goes beyond the frame of this article. In terms of the typology of reform dynamics presented in the previous section it appeared that in The Netherlands reform talk was stronger than in Belgium. That is to say: talk about reforming the welfare state, in particular on the policy domain of the social security/labour market nexus. There was and still is a very intense reform debate in Belgium. It has, however, a different subject: federalisation. On the other dimension of the typology, that of reform action, also differences between the two countries can be observed. In The Netherlands, in the policy domain examined here, more reform measures seem to have been taken than in Belgium. At the same time, as the typology indicates, much talking does not automatically imply much action. To the extent the actual evidence for the relations between specific reform measures and concrete outcomes on the micro- and meso-level in The Netherlands could be evaluated, it appeared to be mixed. Nevertheless, in the Dutch case, reform talk seems to have enhanced reform action; actually it formed an element of it.

Rather than claiming to provide definitive evidence, the objective in this article was to explore the discursive factors behind the macro-level of aggregated data. Aiming at further theoretical-empirical research, we plea for differentiation and disaggregation. Disaggregation refers to the sets of (primary) data to be gathered in order to specify certain cause/consequence relationships and to test expectations about them. Differentiation con-

cerns the levels of analysis on which the range of (causal) relationships identified here can be investigated. For governmental performance, for instance, this means the specification of both the performing actors and the actors paying the costs. In a similar way operationalising 'reform action' implies the identification of the acting actors, the kinds of action looked at, and the object of reform. As far as reform talk is concerned questions must be addressed like who do the talking and what exactly are they talking about. When researching crisis perception it seems necessary to specify the object of the perception involved. When analysing the dynamics of talk and action above all it seems relevant to map the scope of the reform coalition formed, and hence the spread of the crisis perception involved.

Realising reform results implies theoretically that there is at least one, but in practice a range of agents. This assumption as such is not new; see the stress on elite support in *Pollitt/Bouckaert* (2004). While reform talk has a function in its own right, it seems that it is the formation of a reform coalition that actually can establish the link between talk and action. Rather than the crisis perception or crisis narrative as such, it seems that it is their spread and active usage by a broad reform coalition that can change the hearts and minds of actors not directly participating in *high politics*. Those actors may include street-level bureaucrats as well as citizens, who may adapt their behaviour. In other words, a crisis narrative seems a necessary but not sufficient condition for bringing about welfare state reform.

Finally, we acknowledge that among all possible factors we focused only on a few, while not knowing their relative weight. Within the category of contextual factors *ceteris paribus* kept constant, one factor needs to be highlighted: the degree of fragmentation of the society involved. Both The Netherlands and Belgium are, in Lijphart's terms, consociational democracies. Since the murder of Pim Fortuyn in 2002 The Netherlands is said to have become more polarized. Belgium, on the other hand, has remained strongly institutionally pillarized, but has also the structural characteristics of a federation, divided along linguistic lines. In such a context of multiple segmentation it may be more difficult to build reform coalitions across the segments. Thus the construction of a shared crisis narrative that is accompanied by a reform discourse may be an even larger task than in other contexts, inviting a different style and practice of leadership.

Notes

- 1 This article is based on a paper the authors presented in the workshop 'From Politics to Management. Public Services Performance, Accountability and Distributional Outcomes' at the 2008 Joint Sessions of the European Consortium for Political Research, University of Rennes, April 11-16, 2008. A second paper was presented in the Permanent Study Group on Performance in the Public Sector of the European Group for Public Administration, Erasmus University Rotterdam, September 3-5, 2008. Both the chairs and members of these two workshops, in particular Morten Balle Hansen, are thanked for their contribution to the discussion. The authors also would like to thank Michael Hill as well as two anonymous reviewers of this journal for giving constructive comments. Gusta Drenthe and Marloes Endenburg are acknowledged for their bibliographical advice and assistance.
- 2 It should be noted that particularly in The Netherlands many unemployed went into the incapacity allowance system after the 18 months of unemployment benefits expired. The sharp reduction in the expenditures of the incapacity benefits from 1993 onwards (from 6.6% GDP in 1993 to 4.1% in 2001) seems to indicate that this escape route has been largely closed (average EU 15 is 2,9; Belgium 3,3).
- 3 In particular Flanders, the Dutch-speaking Northern region of Belgium, seems to adopt the Dutch model. This may be a case of policy transfer from The Netherlands.

- 4 This measure was agreed upon during a secret meeting in the forest village of Poupehan attended by members of the political and social elite of the Catholic pillar. Present were the Prime Minister, the head of the workers trade-union, the CEO of a Catholic bank and the president of the National Bank.

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