

A Deductive Reasoning about the Diversity of Welfare State Building: An Institutional Power Resources Model*

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◀ Abstract ▶

This article seeks to devise a deductive theoretical framework to understand diversity of welfare state building based on what would be called the institutional power resources model. In this model, the standard power-resources theory was combined with institutions that affect the policy preferences of key actors in welfare politics: organized labor, employers, and politicians. The theoretical framework is grounded in literature on corporatism, electoral engineering, and VoC (varieties of capitalism). This model strongly suggests that Korea has been endowed with the least favorable institutional configuration for welfare state development, despite socioeconomic structural changes typically associated with it, such as industrializa-

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tion, democratization, and labor movement.

Key words: the Korean Welfare State, the Small Welfare State, Enterprise Unionism, Chaebol, Electoral System

1. Introduction

The development of the welfare state is one of the defining characteristics of modern capitalism. Echoing the classical analysis of Polanyi (1957) on the coming of a market society, Göran Therborn points out that the modern welfare state is a product of a double historical process: “a process of market expansion and a counter-movement of protection against the market” (Therborn, 1987: 240). In Therborn’s view, the welfare state has developed as an institution dealing with inherent market failures in regards to social risks, so that “a large part of welfare state provisions and arrangements consists of public goods and of coping with negative externalities” (Therborn, 1987: 241-242). However, just as the type and scope of state intervention in the market vary, state-provided welfare differs as well, as persuasively illustrated by Esping-Andersen’s three welfare state regimes (Esping-Andersen, 1990). No doubt, the universal welfare states in Scandinavia such as Sweden and Denmark are closer to Therborn’s view of the welfare state as public goods than the liberal welfare states including the US. Then the question would be “under what conditions has a certain country built a welfare state that is a public good for all citizens?” Simply put it, “why do some countries have a universalistic big welfare state while others have a small welfare state only?” The answer will help understand the diversity of the welfare state in general and the nature of the Korean welfare state in particular.

Although plenty of literature contributes to elucidating the birth (Rimlinger, 1971; Flora and Alber, 1981), development (Wilensky, 1975; Cutright, 1965; Schneider and Ingraham, 1984; Esping-Andersen, 1985; Korpi, 1983; Skocpol, 1992) and typology (Esping-Andersen,

1990) of the advanced welfare state, it comes short of exploring the underdevelopment of the welfare state. As shall be illustrated below, the 'small' welfare state would not be an outcome of failed attempts to construct a genuine welfare state. It is an accumulated outcome of rather explicit choices by relevant key actors in welfare politics. This article will devise a theoretical framework that can help understand both development and underdevelopment of the genuine welfare state that is a public good for all citizens. Although this article seeks to theoretically understand the diversity of welfare state building, for the sake of parsimony, our discussions will coalesce into two competing ideal types: small vs. big welfare states. As a popularly used term, the 'small' government, implies, the term "small" welfare state refers not simply to the levels of social expenditure but to the state's limited role in the provision social welfare as a public good for all. The big welfare state means the opposite.

My deductive theoretical reasoning is based on what I would call institutional power-resources model. The standard power resources model provides, no doubt, the most powerful explanation for the diversity of welfare state development. Relative power between pro and anti welfare forces is the key explanatory factor determining the fate of the welfare state. But the model failed to explain the diverse strategic and tactical choices of labor. As Esping-Andersen pointed out, "there is absolutely no compelling reason to believe that workers will automatically and naturally forge a socialist class identity...[u]nions may be sectional or in pursuit of more universal objectives" (Esping-Andersen, 1990: 29).

This model is designed to refine the standard power resources model by synthesizing institutional effects on welfare politics emanating from both the demand and supply sides of the political marketplace. On the demand side, this new model focuses on organized labor and employers who possess independent power resources: a large number of people and power to stop industrial production through strikes in the case of unions, and money, lock-outs, and withdrawal of investment in the case of employers. Since my theoretical reasoning employs methodological individualism that assumes self-interested rational actors, the model can highlight not only the relative power but also different social policy preferences shaped by different mode of labor movement and economic structure. On the supply-side, ana-

lytical focus lies in how rules of game in politics discourage or encourage pro-welfare politics including labor's political participation.

This paper consists of five parts. The first part will present policy spectrum of social welfare according to the degree of 'publicness' (or public goods) inherent in the social welfare schemes, and gives an overview of diverse policy reactions to similar social risks. The next three sections will provide deductive theoretical framework to make sense of basic interests, power, and especially social policy preferences of three key actors in welfare politics: workers, employers, and politicians. The concluding part will synthesize the diverse collective actions conducted by the three key actors in particular institutional and structural settings. It also presents an ideal-type distinction between small and big welfare state and implication for the understanding of the small welfare state in Korea.

2. Social Welfare as Public Goods? or Club Goods?

Social welfare can be designed in a myriad of different ways to provide benefits to different groups. Since social benefits consumed by one person reduce the allotment for others, there is a strong temptation to exclude outsiders. Thus, we often observe that certain groups are excluded from certain social benefits. In some cases, however, social welfare is designed to be a public good in the sense that the benefits of social welfare go to every individual, whether or not the individual contributed to the costs of collective action to achieve it. Therefore, as Figure 1 indicates, social welfare has a variety of forms. Some are pure public goods for all citizens (e.g. tax-based universal schemes) and others are club goods for a particular group only (e.g. corporate welfare).¹⁾ Some fall in-between (e.g. industry or income-based selective social insurance), achieving different levels of "publicness."

¹⁾A characteristic of club goods is that exclusion is feasible, but the optimal size of the club is in general larger than one individual. In this sense, it is not a private good (Burton, 1978: 44).

Figure 1. Spectrum of Welfare Provisions

	Private Welfare			Social Welfare		
Welfare provisions	private goods			club goods		
	pure		quasi			public goods
	←		→	←		→
	*savings	*intra-	*charity	*corporate	*selective	*tax-based
	*private	family		welfare	social	universal
	insurances	transfer			insurances	schemes
Principle of exclusion	←			→		
	extremely strong		strong			weak
Collective action problem	←			→		
	none		low			high

Note: modified from Yang (2006: 214).

In social democratic welfare states such as Sweden and Denmark, the dominant forms of social welfare are tax-based universal program. In liberal welfare states such as the US, however, contributory social insurance and employer-sponsored corporate welfare prevail. Under what conditions is social welfare designed to be a public good or a club good? The answer resides in the nature of collective action.

It is a widely accepted argument that the social democratic welfare state is a product of successful power mobilization by trade unions and social democratic parties (Korpi, 1983; Esping-Andersen and Korpi, 1984). The existence of an encompassing union with high authority within the working class is treated as an important power resource for achieving this model. But it is more than just a power resource. The encompassing organization has interests in providing social welfare as a public good to the entire working class in order to enhance solidarity and maximize the capacity to mobilize. More importantly, the encompassing organization is effective in curbing free riders inherent in the provision of a public good. This encompassing union structure also helps overcome a tendency toward segmentation among rank and file workers in the building of the welfare state. In short, a strong encompassing labor organization not only has greater power vis-à-vis employers but also has an interest in the universal welfare state.

This logic of encompassing interests can be applied to employers' organization and politicians as well (Olson, 1995). If an employers' organization is sufficiently encompassing, it will not have an incentive to engage in more parochial forms of redistribution. To the extent that a party represents encompassing interests, the party also has politically strategic incentives to provide public goods and pursue programmatic policies. A large encompassing political party such as the Social Democratic Party in Sweden has interests in universal social welfare program for reasons other than just ideology; programmatic policy is politically rational. So does a president in strong-presidency countries like France and the US. A president normally needs majority support from the entire country to be elected, since in most cases a majority is an encompassing constituency. In contrast, rank and file politicians elected by plurality rule in a small district have an incentive to provide more localized goods. In short, size or "encompassingness" matters, not only because size determines power, but also because it shapes policy preferences.

In a twist on Esping-Andersen's three welfare state regimes, we can derive three types of the welfare state. First, where actors in welfare politics have encompassing interests due to organizational structures and institutional reasons, tax-based universalistic schemes are more likely to be favored, and over time a big welfare state is more likely to emerge. Sweden would be the case in point. Second, if labor and capital are organized along industrial lines, an industry-specific social insurance system would constitute the core of the social security system. If labor and leftist parties are strong, then a 'big' spending welfare state could develop, but this type of welfare state would be characterized by high levels of stratification, as in Germany. Third, where labor is narrowly organized in the uncoordinated liberal economy and politicians have no serious encompassing interests, corporate welfare and income-based selective social insurances are likely to dominate. Over time, a small welfare state will emerge; the US, Japan and Korea may provide examples.

These expectations are ideal-types predicated on the impact of institutions on actors' preferences and strategic choices. In the remainder of this paper, these bare bones will be fleshed out by combining it with the power resources approach and focusing on three most

important relevant actors in the making of the welfare state: workers, employers, and politicians.²⁾ This will provide a theoretical insight for the understanding of the conditions that produce a universalistic welfare state, of diverse welfare state regime and eventually of newly emergent welfare state in Korea.

3. Interests, Power, and Preferences of Three Key Actors

1) Interests, Power, and Preferences of Workers and Union Leaders

Trade unions have been at the center of the social welfare movement since they provide the organizational base for effective collective action. They provide a framework for the articulation and aggregation of social demands, strategies for action, the communication and leadership networks in and across industries, and the mobilization of workers (Taylor, 1989). Therefore, labor union density is a key determinant of welfare state development. The more unionized workers are, the more they are able to overcome free-rider problems and fragmentation. Moreover, high union density gives unions more capacity to disrupt the economy, more resources for electoral campaigns and lobbying, and more power to extract pre-emptive concessions from the state and employers. In addition, legal extension of collective bargaining and institutionalization of social dialogue among governments and peak organizations of employers and workers boost labor union power (McGuire, 1999). Union participation in tripartite corporatism at either the national or administrative levels (e.g. the

²⁾ Some readers may be uneasy about the omission of pro-welfare NGOs in the analytical framework, since most scholars of the Korean welfare state emphasize that NGOs are the most visible proponents of the welfare state in the democratized Korea. However, this article is not written for a specific case of Korea. NGOs are no doubt less important factor in welfare state building in Western history. More fundamentally, I argue that NGOs' policy influence depends largely on who governs. If they are at least an implicit part of governing coalitions, their voices are more likely to be incorporated into policy making as seen in the Kim Dae Jung government. If not, they are rather marginalized and their effect is indirect. In contrast, organized labor and employers have stable sources of independent power resources. Therefore, politicians, organized workers and employers are main actors in my 'film,' even if they are not visible all the time. And, labor's invisibility itself is the target of my study of the small welfare state.

pension administrative board) provides them with important voice in the making of social welfare policy. If labor unions are closely allied with strong social democratic parties, union capacity to achieve social welfare as a public good increases further still.

Despite such general tendencies, within-group variation is also large, since “wage earners like any social class, and perhaps to a greater extent than other social classes, have multiple and partly contradictory interests” (Pontusson, 1992: 12). As a group, they have an interest in achieving greater social welfare, but individual workers may seek to maximize their share at the expense of others (Andersen and Meyer, 2003; Swenson, 1992).

I posit that union organizational structure affects the way workers aggregate demands and formulate strategic options since union leaders at different levels have different policy preferences due to different constituencies. Union leaders of national-level trade unions, which encompass not only skilled professionals but also unskilled manual workers, have interests in installing a nationwide universal social welfare system to enhance solidarity among workers (Swenson, 1989). Relatively free from firm-specific or sector-specific interests, national union leaders are likely to be farsighted and to pursue long-term economic interests for the working class as a whole. If bargaining authority is centralized, then union leaders at the top will be better situated to overcoming the collective action problem and tendency toward segregation within and across companies and sectors. These characteristics will in turn increase their capabilities to achieve desired ends. Under these conditions, a universal big welfare state is likely to emerge along the principles of universalism, comprehensive programs, tax based funding, and high levels of redistribution.

In response to recent neoliberal pressure for labor market flexibility, national union leaders must contend with the potentially conflicting situation of low-paid temporary (or non-regular) workers. Although accommodating the inevitable need for flexibility, they would seek to weave comprehensive social safety nets for outsiders (the youth, the unemployed, the unskilled, etc) and provide them with more opportunities to upgrade their skills and build careers. Thus ‘coordinated flexibilization’ or ‘flexicurity’ would be the favored alternative for leaders of encompassing unions. Universal income-supporting pro-

grams with low entry barriers and extensive ALMPs would have policy priority over regulatory protections or segmented income maintenance programs for insiders in the labor market (Drøpping, Hvinden, and Vik, 2002).

On the other hand, if workers are organized predominantly at the firm level and lack institutional means for comprehensive negotiations regarding distributional issues at the industrial or national level, the collective action problems are likely to be prominent and pervasive. Distributional struggles will take place at the firm level and they will tend to be particularistic and temporally short-sighted. Under such conditions, voices for universal social welfare or industry-wide social welfare scheme are unlikely to prevail. Instead, enterprise unions would favor wage maximization and corporate welfare. In a word, club goods are favored. This likelihood will increase to the extent that enterprise union leadership is weak vis-à-vis their rank and file workers since union leaders will feel compelled to satisfy short-term demands of the rank and file. Therefore, other things being equal, these organizational arrangements are more likely to foster a residual welfare state characterized by low national commitment, large wage differentials, a relatively high level of private welfare, and the overdevelopment of corporate welfare. This system will leave large segments of workers under-protected.

In response to pressure for labor market liberalization, individual unions would prioritize job security over flexicurity, since losing a job means losing everything due to the weak social security system. Active labor market policies are a remote interest for individual enterprise unions. Therefore, a huge cleavage is likely to emerge between the internal and external labor markets, between large and small firms, and between organized and unorganized workers. In such settings, it is more likely that unorganized workers in the external labor market will be victims of labor market flexibility.

If labor movements are led by strong industrial unions, segregated social welfare schemes along industrial lines are likely to emerge unless union leaders succeed in mobilizing workers beyond and across industrial boundaries. If they forge a close partnership with leftist political parties, their power may be strong enough to build a big welfare state. But the emergence of a universal welfare state is unlikely, if not impossible. The rank and file, espe-

cially privileged workers within affluent sectors who can enjoy higher benefits, will be unwilling to sacrifice part of their share to benefit others unless they are ideologically determined to do so or governed by strong organizational discipline. Moreover, if union leaders of affluent industries face leadership competition, they would have little room to pursue such a universal welfare state strategy. Competition to satisfy their constituencies is likely to result in industry-specific welfare programs. Competitive increases in wage and welfare between industries is also possible.

In response to pressure for labor market flexibility, regulatory employment protections and industry or income-related unemployment insurance programs would be preferred by unions in affluent and powerful industries. This would help preserve specific job profiles and skills (re)employable for specific industries, as argued by VoC theorists (Estevez-Abe, Iversen, and Soskice, 2001).

2) Interest, Power, and Preference of Employers

In the capitalist economy, the business class is powerful enough to influence state policies or block major policy initiatives, either through its instrumental control of positions of authority (Miliband; 1969) or through its threats of investment withdrawal, taking advantage of the state's structural dependence on corporate investment. Against the backdrop of the 'privileged position' of the business class (Lindblom, 1977), a growing literature suggests that employers deserve close examination in welfare politics. Employers have fundamental interests in skill development and the loyalty of their employees to increase productivity. Also, it is employers that eventually assume most social welfare costs in the form of taxes, social insurance contributions, mandated fringe benefits and other expenditures (Estevez-Abe, Iversen, and Soskice, 2001; Manow, 2001; Swank and Martin, 2001). Thus, it is quite natural for employers to have their own set of preferences over social policies (Mares, 2003; Martin, 1991 and 1995).

The power-resource model assumes that employers oppose public social welfare.

Concerns over disincentives to work and additional increases in labor costs would lead employers to resist the introduction and expansion of social welfare programs. Yet, employers' resistance and policy preferences are not uniform. One of the most salient divisions in employers' responses is firm size (Mares, 2001). Small firms do not have the same organizational capacity to adapt to the business cycle as do large firms. They are more sensitive to labor cost and less dependent on skilled workers, which unemployment insurance can support during downturns. Therefore, they are less likely to support social welfare than larger firms. The most resistant groups would be financially weak small firms in labor-intensive manufacturing and service sectors that require no high skilled workers.

Yet, big business and capital intensive industries can be induced to support social welfare due to their low sensitivity to labor costs and high dependence on skilled workers. As most VOC (variety of capitalism) literature points out, employers in coordinated market economies such as Germany and Sweden are historically more open-minded to social welfare than counterparts in the liberal market economies including UK and US. Their international competitive position hinges on high skill levels in the labor force and the unions' cooperative role in organizing working conditions and wage restraint to the extent needed to preserve an international competitive edge (Mares, 2003; Swenson, 2002).

What preferences for social policy would employers have in such settings? All other conditions being held equal, employers in small businesses would support programs which have little direct impact on labor costs. Thus, they would prefer tax-financed programs rather than contributory social insurances. Denmark would be the case in which universal ALMPs and generous unemployment scheme are run on general revenues (Estevez-Abe, Iversen, and Soskice, 2001: 163). In this case, citizens rather than firms fund the welfare system through relatively high income tax and VAT. If contributory schemes are inevitable, they would seek exemption from mandatory contributions.

Employers in big business have different preferences. They are likely to oppose such tax-financed universal programs that pass the most unpaid cost onto them. A means for big firms to avoid this "sucker's payoff" (that is, paying for extra costs on behalf of recalcitrant

small business) and simultaneously soothe workers' grievances is to internalize the benefits of social welfare within individual firms. Their favored outcome would thus be corporate welfare and social insurance programs that restrict benefits to contributors only.

In liberal market economies like the US, employers in big business may be more dependent on corporate welfare than social insurance programs, since firm-based welfare attracts workers' feeling of attachment and loyalty to their firms and induces workers' investment in firm-specific skills, which help increase productivity. In coordinated market economies such as Germany, by contrast, industry-based social insurance schemes may develop. Industry-wide employer associations can ensure a leveling of the playing ground to avoid an unnecessary upward spiral of competitive bidding for wage and corporate welfare. However, there is no immediate reason for employers to support a universal big welfare state, since they are worried about the costs of tax hikes and solidarity, the most important power resource of the working class.

In short, different cost sensitivity, need for skills, and degrees of business association cause individual companies to have different preferences for social policies (Swank and Martin, 2001; Swenson, 2002; Culpepper, 2001; Thelen, 2004). The same logic can be applied to the issue of labor market flexibility. Large firms would prefer to retain a small internal labor market composed of the best of the best in part through policies that protect skills while maximizing flexible use of the external labor market. Smaller firms would rely more heavily on flexibility and want to retain the discretion to hire and fire at will.

3) Interests, Power, and Preferences of Politicians

In the industrialized democratic regimes, competitive party politics is ensured. Who wins the elections become the key to determining the provision of social welfare. In this regard, electoral rules gain importance since they shape the mechanism for translating votes into seats and eventually affect the party system. Moreover, they affect voters' voting behavior

and politicians' strategies for (re)election (Iversen and Soskice, 2006; Estéves-Abe, 2008; Stratmann and Baur, 2002; Geddes, 1994; Sartori, 1997; Cox, 1997; Ramseyer and Rosenbluth, 1993; Duverger, 1959).

In general, there are two ideal types of electoral systems: the proportional (PR) system and plurality system such as the single-member-district (SMD) system.³⁾ If the PR system is modified to keep the number of 'relevant parties' down to three or four as in many postwar European countries, the system generally provide more favorable conditions than the plurality SMD system for the provision of social welfare as a public good. First, MPs and party leaders will not hesitate to approach voters by 'marketing' encompassing policies based on class or stratum interests, which will help mobilize support distributed nationwide or across large constituencies. The working class is one of the biggest nationwide social forces and cannot be ignored even by conservative parties. Therefore, it would not be surprising to observe that conservatives compete with leftists for support from the working class by 'selling' social welfare policies (Huber, Ragin, and Stephens, 1993; Ashford, 1986; Wilensky, 1981). This tendency increases as leftist parties become popular enough to win elections (Korpi, 2006; Hicks, 1999).

Secondly, new parties are more likely to enter the parliament than the SMD system, since voters who do not worry over wasting votes tend to vote for their first choice no matter how weak and young their favorite parties are. For this reason, in newly democratized countries under the PR system, political parties of the working class are more likely to enter parliament. As a result, the chance of incorporation of the industrial working class into the established political system is high, and they are likely to become a stable political basis for the development of the welfare state.

In contrast, in the SMD system, rural areas tend to be systematically overrepresented,

³⁾ In short, electoral rules determine how votes are converted into seats. In the SMD plurality system (often called 'first-past-the-post'), the winning candidate is simply the one who receives the most votes in a particular district or constituency. In the standard PR system, the principle is that seats should be gained in direct proportion to votes. Thus, the number of votes won by a party determines how many candidates are elected. But a pure PR produces excessive party fragmentation. Thus, many countries adopt a 'threshold' usually of 4 or 5 per cent of total votes as a minimum requirement. In the SMD system, voters vote for a candidate, while they vote for a party in the PR system.

while urban and industrial areas are underrepresented in the parliament. Even MPs in urban/industrial districts have little electoral incentive to spend their scarce resources to achieve social welfare for the working class, since their effort at encompassing social policies cannot be compensated by votes outside their constituencies. Therefore, individual MPs are likely to invest more energy in geographically targeted benefits or local constituency services.⁴⁾ On the other hand, the SMD system discourages minor parties and new challenging parties. In order to avoid wasting their votes, voters, who would prefer a newly entering party may feel compelled to vote for the second choice from an existing major party candidate whom they regard as having higher chances of winning. This tendency has tremendously negative implications for the development of the welfare state particularly in a new democracy that inherits large conservative or liberal parties that dominate the center. Under such conditions, new left-wing parties devoted to social welfare are less likely to become major parties. Even entering the parliament would not be easy unless ideologically determinant leftist voters are concentrated in certain constituencies.

The type of constitutional government also affects welfare politics and public policy making (Crepaz, 1998; Haggard and McCubbins, 2001; Linz and Valenzuela, 1994; Shugart and Mainwaring, 1997; Sartori, 1997). There are three typical combinations of government type and electoral rules in OECD countries: parliamentary government with a PR system (e.g. Sweden, hereafter ParPR), parliamentary government with a plurality SMDS (e.g. the United Kingdom, hereafter ParSMD), and presidential government with a plurality SMDS (e.g. the United States, hereafter PreSMD). When all other factors are equal, the ParPR would provide the most favorable conditions for stable development of the welfare state, since leftist parties have higher chances of forging a ruling coalition as leading forces or at least as junior partners. In addition, a parliamentary system characterized by coalitional government has higher responsiveness to diffuse welfare state issues and higher degrees of policy continuity (Crepaz, 1998).

⁴⁾ Of course, it is not impossible for party leaders, who have long-term goals, to discipline their MPs and candidates. Even in this case, it is less likely for a stable policy network to be forged between political parties and class-based social groups than in the PR system.

The ParSMD is a mixed blessing for the development of the welfare state. On the one hand, leftist political forces have high chances of forming a single party government (if they successfully established their own political party in the early period of universal franchise), since the SMD system strongly favors a two-party system. This means that a single leftist party can govern the assembly and the government simultaneously. The ruling party can control its agenda and timetable in a decisive manner in favor of a rapid development of the welfare state. On the other hand, welfare reforms could be drastically reversed by the incoming conservative government that dominates the assembly. Thatcher's dramatic anti-welfare state reform is a prominent case in point.⁵⁾

The PreSMD is also mixed blessing for the development of the welfare state, but for somewhat different reasons. A popularly elected president (or presidential hopeful) has encompassing interests since a president is elected in a single nationwide constituency. Unlike ordinary MPs, encompassing goals such as economic growth and nation-wide social policies are important policy agendas for a president, even if (s)he is conservative (Olson, 1995).⁶⁾ Therefore, the negative tendency inherent in the SMD system, especially in new democracies where leftist parties tend to be marginalized, could be in part counterbalanced by a presidential system. Additionally, if the president and his/her party's ideology and policy orientation are pro-welfare, then supply-side welfare politics will be highly visible.⁷⁾ However, the PreSMD faces the same fate as the ParSMD due to the 'winner-take-all' nature of presidentialism. There is no guarantee that new social policy initiatives would take root since new power holders can always reverse the outgoing government's policies.

⁵⁾ Moreover, this winner-take-all nature and low policy continuity in the ParSMD (often called Westminster model) threatens consensual politics within and outside the assembly such as corporatism, through which labor and minorities input their interests and policy preferences.

⁶⁾ This does not denote that presidents are ideologically neutral and they are all pro-welfare. My point is that presidents have more encompassing interests than individual MPs and are more capable and flexible in responding to diffuse interests than prime ministers or party leaders of disciplined parties in Europe.

⁷⁾ Yet, presidents' initiative and capability for the public social welfare depend on the extent to which their political leadership overcomes the critical veto point stemming from a separation of power (Linz and Valenzuela, 1994). It could happen that a pro-welfare minority government plays a tug-of-war with a conservative parliament which may seek to maim or abort social welfare initiatives. Thus, the most favorable condition for social welfare would be a pro-welfare presidential party's majority status in the parliament. If this is not the case, the second best scenario would be to form a coalitional government to marginalize the opposition parties in the parliament.

4. Conclusion: synthesis and a short theoretical reading of reality

This article presented a theoretical framework to explain the diverse collective action regarding welfare state building. In this model, the standard power-resources theory was combined with institutions that affect the policy preferences of key actors in welfare politics: organized labor, employers, and politicians (refer to Table 1).

Table 1. Institutional Features Favoring Small and Big Welfare States

		Small Welfare States	Universalistic Big Welfare States
Country		Korea, Japan, the US	Sweden, Denmark
Demand-side actors	Labor	Narrowly based unionism (Enterprise unions)	Encompassing unionism (National/industrial unions)
	Employer	- Big company-dominated economy - No nation or industry-wide coordination	- Big company-dominated economy (Sweden) - Small company-dominated economy (Denmark) - Nation or industry-wide centralization of employers' organization
Supply-side actors	Politician	- Majoritarian (SMD) - 'Winner-take-all' democracy (Presidentialism)	- PR - Consensual democracy (Parliamentalism)

The theoretical discussion strongly suggests that Scandinavian countries have been endowed with the most favorable institutional configuration for developing a universalistic big welfare state, which is a public good for all citizens. In contrast, Korea has the least favorable institutional conditions for the construction of a universalistic big welfare state. Enterprise unions are the dominant form of labor organization and collective bargaining occurs at the company level. Enterprise unions that possess collective bargaining power tend to confine their distributive demands to wage increase, corporate welfare, and job security. Affluent big business, or chaebol, can afford to 'buy' distributive demands by offering generous corporate welfare and wage. In the past, the massive distributive demands used to be stifled by the authoritarian developmental state. Now the demands are satisfied by chaebol

companies which, voluntarily or reluctantly, seek cross-class alliances at the firm level with skilled workers. In this circumstance, it is rare for organized labor to publicly articulate distributive demands and call for social security for all. The enormous potential power of organized labor has evaporated at the workplace. Similar patterns can be found in Japan and the US. Corporate welfare and lifetime employment in Japan (Estevez-Abe, 2008; Cho, 1994) and 'welfare capitalism' promoted by large corporations such as AT&T, Du Pont, GE and GM in the US are the case in point (Brendes, 1976; Jacoby, 1998; Swenson, 2002; Hacker, 2002). In these countries, social welfare is provided rather in the form of club goods to insiders rather than public goods for all.

On the other hand, unlike the big welfare states in Europe, the political empowerment of labor was delayed due to an adverse electoral system in Korea. The SMD-dominated mixed system has placed a high preventive threshold for leftist parties to enter electoral competition since democratization in 1987. The Democratic Labor Party grew to be the third largest party in 2004, but the party is not free from the fate of the 3rd party under the SMD system. They are significantly underrepresented in the National Assembly while other two dominant parties enjoy higher representation rates than their actual approval rates. Moreover, the small district size in the SMD system encourages candidates and political parties to rely more on pork barrel spending, constituency services and regionalism than diffused interests like social welfare. Again, these tendencies remind us of geographically targeted political activities in Japan and notorious pork barrel politics in the US where nationwide pro-welfare politics are relatively rare compared to the big welfare states in Europe.

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제도주의적 권력자원론과 복지국가 형성의 다양성

양재진*

본 논문은 복지 국가 형성의 다양성을 이해하기 위하여, 제도적 권력자원 모델에 근거한 연역적인 이론틀을 제안하고자 한다. 이 모델에서, 표준적인 권력-자원 이론과 달리, 복지정치 의 주요 행위자들의 정책적 선호에 영향을 미치는 제도와 구조의 영향력을 중시한다. 즉, 조직화된 노동, 사용자 그리고 정치가들의 이해관계와 상대적 힘은 물론 이들의 사회복지정책에 대한 다양한 정책선호의 형성을 이해하고자 하는 것이다. 이론적 틀은 기존의 정치경제학적 논의들, 즉 조합주의, 선거제도, 그리고 자본주의의 다양성론에 기반하여 구성되었다. 이 모델은 한국이 복지국가 발전을 추동한다고 여겨지는 전형적인 사회경제적인 구조적 변화(산업화, 민주화, 노동운동)에도 불구하고, 중위수준에서 복지국가 발전을 어렵게 하는 제도적 환경(기업별 노조, 대기업 중심의 양극화된 산업구조, 소선거구제)을 가지고 있었음을 강하게 암시한다.

주제어: 한국복지국가, 작은복지국가, 기업별 노조주의, 재벌, 선거제도

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