

## CHAPTER 34

## EDUCATION

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## INTRODUCTION

IN an early contribution to the comparative welfare state literature, Harold Wilensky (1975) argued that 'education is special'. Education, claimed Wilensky, should be seen and analysed separately from other parts of the welfare state. The reason is that social policies influence equality more directly than investments in education. Furthermore, education, especially higher education, is closely linked to and conditioned by the occupational structure, so that the move from elite to mass education in the post-war decades was not followed by a commensurate decline in inequality. Consequently, argues Wilensky, these inherent differences between education and social policies would necessitate an analytical strategy that systematically distinguishes between the two.

Arguably, Wilensky's verdict contributed to the neglect of the study of education as an aspect of social policy. It is telling that seminal contributions to the literature of recent decades (Esping-Andersen 1990; Huber and Stephens 2001a) do not discuss the role of education systematically, although, as this chapter will show, there are obvious 'elective affinities' between welfare state and education regimes (Busemeyer 2009a; Estévez-Abe et al. 2001; Iversen and Stephens 2008). Moreover, the distinction between education and social policies is not just an analytical one, but has obvious empirical correlates. In some welfare state regimes, education is regarded as an integral part of the welfare state, whereas in others, the two spheres of policy making are much more separated in terms of politics and institutions (Allmendinger and Leibfried 2003). Hence what is required is a refocusing of the analytical perspective of

the comparative welfare state literature in such a way that it systematically incorporates the study of education. This chapter seeks to provide a step in this direction.

More specifically, we discuss the relationship between education and social policy from a comparative and historical perspective. We address the following questions: how can we make sense of the large diversity of education systems? Which institutional and political forces shaped their development? And where was education seen as an integral part of the welfare state rather than a separate sphere of policy making and why? In answering these questions, we rely on descriptive analyses of aggregate data for OECD countries and seek to identify distinct country clusters, i.e. worlds of 'human capital formation' (Iversen and Stephens 2008) that might be related to Esping-Andersen's typology of welfare state regimes. Subsequently, we present a tentative explanatory framework that may help to account for the observed variation.

But first, some conceptual groundwork is in order. Wilensky's verdict is appropriate in the sense that there are important differences between education and social policies. First, social insurance and similar welfare state policies need an encompassing infrastructure, often at the national level, that defines the boundaries of solidarity and redistribution. In contrast, education can be provided in a much more decentralized fashion, because it does not redistribute directly (Busemeyer 2008). Second, to a larger extent than other social policies, investments in education entail private benefits. Certainly, investments in education also create public benefits: a higher level of general education enhances productivity and the economic well-being of a society and can also be an important social policy instrument for promoting equality of opportunity and reducing social inequality (Allmendinger and Leibfried 2003). However, education is a basic element in the creation of individual human capital (Becker 1994), thereby affecting individual payoffs and employment opportunities in labour markets. Third and, perhaps, most importantly, education indirectly and prospectively affects the primary distribution of incomes in the labour market rather than compensating income inequalities *ex post* in the manner of most social insurance policies. To Wilensky (1975), this difference between education and other social policies is related to the different principles of social justice that the two kinds of policies serve, i.e. 'equality of opportunities' versus 'equality of outcomes'. Arguably, however, with the advent of the 'knowledge' economy and the enhanced importance of human capital, this picture seems increasingly incomplete. Given the strong relationship between educational achievements and family background, policy intervention in the field of education is a much more important determinant of equality than is implied by Wilensky (see Kaufmann 2003a for a similar assessment).

This makes the relationship between education and other welfare state policies worth investigating. We can identify three main accounts in the literature. First, education and social insurance policies may be seen as functionally equivalent. Analysing the long-term development of public policies in Europe and the United States, the rise of the welfare state and the expansion of new educational opportunities, Arnold Heidenheimer (1973, 1981) saw the difference in the focus on education and social policy between countries as 'alternative strategies pursued by emerging welfare states', i.e. the amelioration of social inequalities by different means. The relative timing of

macro-social processes (industrialization, democratization) as well as cultural and political factors determined whether a country followed the 'education' (e.g. the United States) or the 'social insurance' (many European countries) route.

A second account of the relationship between education and other social policies sees education and social policy as complementary rather than as substitutes. For T. H. Marshall, the right to education is an important element in the catalogue of social rights: 'The right to education is a genuine social right of citizenship, because the aim of education during childhood is to shape the future adult. Fundamentally it should be regarded, not as the right of the child to go to school, but as the right of the adult citizen to have been educated' (Marshall 1964a: 81–2; see also Chapter 35). While Heidenheimer identifies a functional equivalence of education and welfare state regimes, Marshall emphasizes the fact that the full realization of social rights of citizenship necessarily entails the universal provision of a right to education (i.e. a right to being educated) in addition to other social rights.

Finally, the recent debate on the 'social investment state' (Giddens 1998) and 'activation' policies (see Chapter 30 above) implies a third perspective on the relationship between education and other social policies. From this perspective, economic and social change together with the fiscal constraints they produce necessitate the redrawing of boundaries between 'active' and 'passive' social policies. Viewing education as a *social investment* is seen as a way out of the key dilemma that policymakers face in a globalized knowledge economy. In an era when fiscal constraints seem to prevent the realization of universal rights of social citizenship that Marshall promoted, the notions of social investment and 'activation' go along with a new conception of social rights in which participation in labour markets is the prime motivation and goal.

As will become clear in the later parts of this chapter, these three accounts of the relationship between education and social policy are useful heuristic tools to describe changes over time as well as differences across countries. In the following section, we provide an overview of the variety of education regimes in advanced industrialized democracies. In the subsequent section, we offer an analytical framework locating the political and institutional foundations of diverse development paths that helps make sense of the observed variation of education regimes.

## THE VARIETY OF EDUCATION REGIMES

OECD data on education spending and related measures reveal relatively robust patterns that mirror conventional groupings into families of nations (Castles 1993) or welfare state regimes (Esping-Andersen 1990; Iversen and Stephens 2008). As a starting point, we look at relativities of education vis-à-vis social spending, variations in total education spending as well as public expenditure on tertiary education,

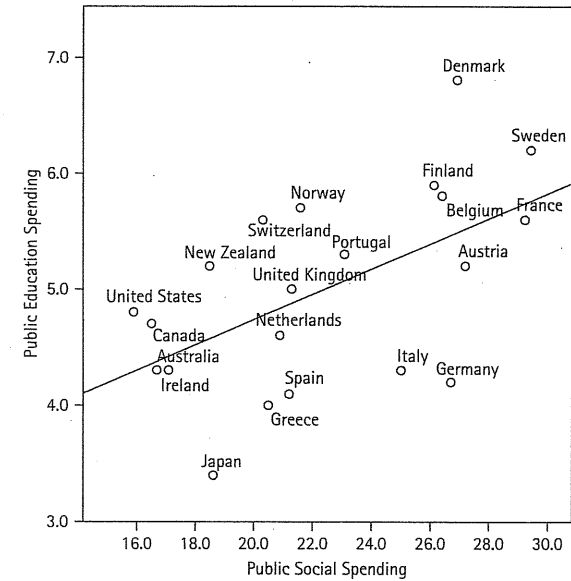


Figure 34.1 The relationship between public education and social spending in per cent of GDP (2005)

Sources: OECD 2008c; OECD 2009d: subsection social expenditure.

and, most importantly, the share of public relative to private spending. Figure 34.1 depicts the relationship between public social and education spending in OECD countries. In general, we find a positive association, i.e. higher public social spending is associated with higher education spending, indicating that Marshall's notion of a complementary relationship between the two is at least partly adequate.

However, by looking at the distance of countries or country groups from the regression line, we gain insights about the relative importance of education vs. social spending. For instance, Germany, Greece, Japan, Spain, and Italy exhibit far lower levels of education spending than one might expect on the basis of their levels of social spending. The United States as well as Switzerland and New Zealand, on the other hand, lie clearly above the regression line, indicating the relatively greater importance of education than of social policy in these countries. The Scandinavian countries exhibit high levels of social and education spending in general, but their positioning above the regression line shows that these countries spend even more on education than on social policies in relative terms.

In Figure 34.2, data on private and public education spending (as percentages of GDP) are presented. Several things can be seen from this graph: First, there is substantial variation in spending among OECD countries, with the Scandinavian

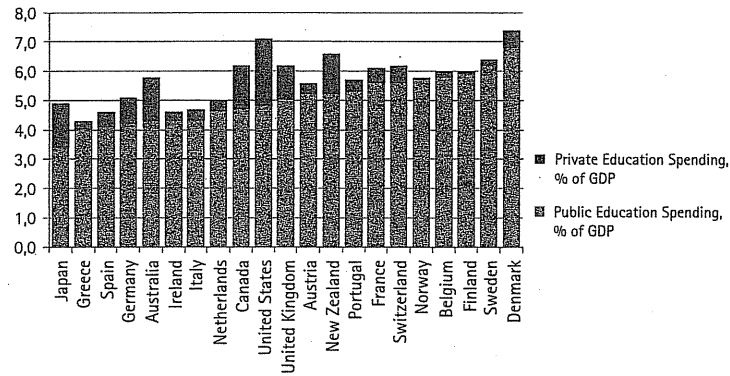


Figure 34.2 Variation of spending on education (2005)

Source: OECD 2008c.

countries spending the most, followed by Belgium, Switzerland, and France. Most other continental European countries (i.e. Germany, Italy, and the Netherlands) can be found in the lower middle field. Second, the English-speaking countries and Japan exhibit above average levels of private spending. Because of high levels of private spending, the United States vies with Denmark for the top position in this comparison of spending levels.

A more detailed analysis (Figure 34.3) reveals that the observed spending patterns are related to and driven by differences in public and private spending on tertiary education. Figure 34.3 shows that the variation between OECD countries in spending on tertiary education is even greater than in the case of spending on all levels of education. In addition, the variation in the relative importance of public and private spending is more pronounced. The special position of the United States with its high levels of private spending becomes even more obvious. However, Scandinavian countries still occupy top positions. This indicates that their high commitment to education is not restricted to primary and secondary education. However, in comparison to Figure 34.2, the lead of the United States and Canada in levels of spending is larger. In other words: Scandinavian countries are more willing to spend on high quality primary and secondary education in addition to tertiary education (see also Iversen and Stephens 2008). Countries like New Zealand and Portugal are different. They fall back in the ranking relative to their position in Figure 34.2, i.e. their emphasis is more on primary and secondary education than on tertiary education.

A way of examining clustering amongst these countries is by means of hierarchical cluster analysis. The raw data for the analysis is based on recent figures from the OECD's Education at a Glance series and relates to common indicators used in the

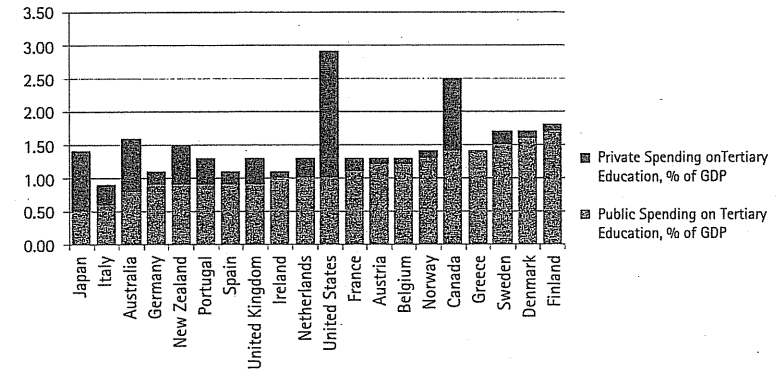


Figure 34.3 Variation of spending on tertiary education (2005)

Source: OECD 2008c.

comparative education science to distinguish and classify education systems (Hopper 1968; Müller et al. 1997).<sup>1</sup>

1. The division of labour between the state and private actors in the financing, administration, and provision of education.
2. The extent of public investment in education (across educational sectors as well as in relation to other public policies).
3. The organization of vocational training in schools and firms.
4. The distribution of students across and levels of enrolment in different educational sectors.
5. The degree of decentralization and the distribution of policy-making powers across levels of government.
6. The extent and forms of segregation of educational tracks (i.e. differentiation between separate academic and vocational tracks).
7. The degree of variation between schools and school forms with regard to curricula, exams, and quality of learning opportunities.

The cluster analysis in Figure 34.4 reveals three relatively robust groups of countries: Northern Europe, the Mediterranean countries, and the English-speaking countries (plus Japan).

<sup>1</sup> More specifically, we include data on public, private and total spending (for all levels of education, primary and secondary education as well as tertiary education), the public share of spending for all levels of education as well as for tertiary education, the share of the population (25–64 years old) with at least an upper secondary degree and the population share with tertiary education (all data are given in OECD 2008c). Because of missing data, Switzerland and Greece had to be excluded from the cluster analysis. Where available, the data for the year 2005 is used. In other cases, we rely on the most recently available data point.

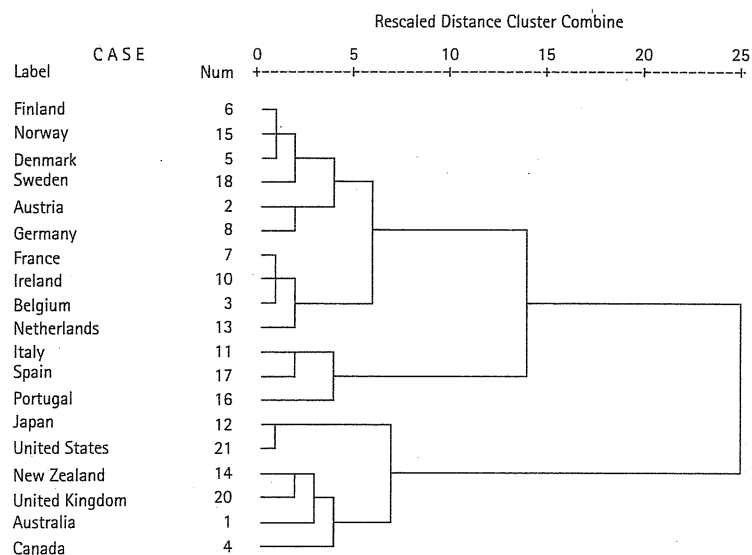


Figure 34.4 Hierarchical cluster analysis of education systems: Ward method, Euclidian distance measure (c. 2005)

## Northern Europe

The first point to note is the existence of a broadly defined cluster of Northern European countries, which group into three quite distinct sub-clusters.

*The Scandinavian countries.* Within the Northern European grouping, Denmark, Finland, Norway, and Sweden have a quite distinct profile. The most important characteristics of this group are high levels of public education spending, low levels of private spending, and a high share of the population with at least upper secondary education. These are also countries which perform comparatively well in international comparisons of educational attainment, and exhibit an egalitarian distribution of competencies (Allmendinger and Leibfried 2003: 70). They are also strongly committed to vocational training, which is largely provided in vocational schools, with the exception of Denmark which retains a strong apprenticeship system.

The concept of a comprehensive education system is the foundation of what has been called the 'Nordic Model in Education' (Ofstedal Telhaug et al. 2006). Historically, the Scandinavian countries started out with segmented education systems quite similar to those that still prevail in countries like Germany. Starting in Sweden

in the late 1950s, however, the formerly elitist education systems were transformed into universal, comprehensive, and non-discriminatory regimes, in which access to higher education was opened up and vocational training was fully integrated into the general schooling system (Busemeyer 2009a; Erikson and Jonsson 1996). Thus, by the early 1980s, Sweden came very close to a citizenship-based model of comprehensive education (Ofstedal Telhaug et al. 2006), the goal of which was to establish a national education system offering similar access and learning conditions to all pupils, levelling out differences in educational achievements due to socio-economic background or geographical residence to the greatest extent possible. However, since the 1980s, the education systems of these countries has undergone significant changes. For example, Sweden has significantly deregulated its education system in the 1990s by introducing competition and expanding the role of private, albeit publicly funded (independent), schools (Lundahl 2002).

*Germany and Austria* form a separate sub-cluster in the broader Northern European cluster with some similarities to the Scandinavian grouping, but other quite distinct characteristics. In a manner similar to the Scandinavian countries, they are characterized by a low share of private spending on primary, secondary and tertiary education, by above average levels in the share of the population with at least upper secondary education, and a strong emphasis on vocational training. In contrast to the Scandinavian countries (with the partial exception of Denmark), vocational training is provided in the form of dual apprenticeship training, combining practical training in firms with theoretical training in vocational schools. As a consequence, private spending on primary, secondary, non-tertiary post-secondary education is above average in Germany, because spending of firms on apprenticeship training is counted as private education expenditure (Heidenheimer 1996; Schmidt 2002b). Another significant difference between Germany and Austria on the one hand and the Scandinavian countries on the other is that levels of public education spending on primary and secondary as well as on tertiary education are significantly lower in the German-speaking countries (see Figures 34.2 and 34.3).

In terms of educational institutions, the German-speaking countries remained committed to a segmented secondary school system, which channels pupils onto different educational tracks (vocational or academic) at an early stage in their education career with limited possibilities to 'change tracks' later on. To a certain extent, the segmented school system and firm-based vocational training are functionally dependent on each other. In a 'differentiated' skill regime (Busemeyer 2009a), the firms' willingness to invest in training hinges on the assurance that graduate apprentices remain with the training firm and do not wander off to higher education instead.

Segmented school systems produce and replicate educational inequalities across generations, which is why recent reforms have tried to expand access and enhance educational mobility. In Austria, the introduction of the *Berufsreifeprüfung* combining vocational qualifications with academic studies as well as the generally higher emphasis put on school-based vocational education result in easier transitions of students,

apprentices and pupils across educational sectors. Reforms in Germany, however, remain more incremental, although some *Länder*, including Hamburg and Berlin, are transforming their three-track system into a less segmented two-track set-up.

*The continental European countries* of France, the Netherlands, Belgium, and, perhaps surprisingly, Ireland constitute a final Northern sub-cluster, related, but at a higher level, to the Scandinavian and Germanic sub-clusters. The characteristics of this sub-cluster are medium to somewhat above average levels of public spending on primary and secondary education, but little in the way of private spending. Public spending on tertiary education is low or average and private spending is also low. Moreover, the share of the population with at least upper secondary education is below average, and it is this factor which distinguishes these countries from the German-speaking nations and puts the latter closer to the Scandinavian cluster.

One conspicuous element that these countries have in common is a strong heritage of Catholicism (with the partial exception of the Netherlands). The importance of religious schooling in these countries is well-known, although it does not show up in above average levels of private spending as non-state education institutions receive generous public subsidies (Neave 1985). In Belgium, Ireland, and the Netherlands, the majority of pupils, primarily at the lower education levels, are enrolled in non-state institutions run by religious authorities (i.e. mostly the Catholic Church, except in the Netherlands). The share of pupils in non-state, i.e. government-dependent private schools in France is lower than in the other countries (between 15 and 30 per cent depending on the level of education; OECD 2008c: 436), but still significant. Italy also has a strong tradition of Catholicism, but there, the separation between state and church is more pronounced, resulting in much less direct subsidization of religious schools by the state (Neave 1985: 323, 334). In exchange for generous public subsidies, religious (i.e. 'free') schools are required to follow national standards and criteria in terms of the curriculum and examination standards in many areas (*ibid.*: 334).

### The Mediterranean Countries

The Mediterranean countries (Italy, Spain, and Portugal) form a distinct cluster of their own. These countries are characterized by low levels of public and private spending—especially on tertiary education. The shares of the population with at least an upper secondary or tertiary degree lie well below the OECD average. Related to this, their positioning in rankings of educational performance is in the lower half, although variation of competencies within these countries seems to be less pronounced—as is argued by Allmendinger and Leibfried (2003: 70) for the case of Spain. These countries have many obvious cultural and historical commonalities: late industrialization, a late and interrupted course of democratic development, and a Catholic tradition if anything stronger and more conservative than in continental Europe.

### The English-Speaking Countries (plus Japan)

Canada, the United States, Australia, New Zealand, and the United Kingdom (but not Ireland!) represent another homogeneous group. Its characteristics are medium levels of public spending, but high levels of private spending, associated with a low public share in education financing. This finding mirrors the importance of private social spending in the English-speaking countries (see Chapter 8). The share of the population with tertiary education is high (especially in the United States, Canada, and Australia), and variance in student performance is low, albeit higher than in the Scandinavian countries.

Japan also falls into this group, if only because the American occupation transferred important characteristics of the United States' education system (such as the comprehensive high school) to Japan in the wake of World War II. In comparison to the English-speaking countries, Japan exhibits very low levels of public education spending.

The United States stands slightly apart from the other English-speaking countries. Until the advent of World War II, the US occupied a pioneering position in the expansion of mass primary and secondary education (Heidenheimer and Layson 1982; Lindert 2004), when the British education system was still elitist in nature. Over time, other countries caught up: In 1960, Canada and New Zealand exhibited levels of tertiary enrolment similar to the United States, followed shortly afterwards by the Scandinavian countries (Castles 1998a: 179). In overcoming its elitist heritage, the British education system became more similar to that of its cousins, although it retains some peculiarities such as the public funding of formally independent higher education institutions and a stronger emphasis on vocational training than in the other English-speaking countries.

## EDUCATION REGIMES AND WORLDS OF WELFARE CAPITALISM

How do these clusters and sub-clusters of countries correspond to established typologies such as the three worlds of 'human capital formation' (Iversen and Stephens 2008), 'worlds of welfare capitalism' (Esping-Andersen 1990), or 'families of nations' (Castles 1993)? First, the fact that the Mediterranean countries constitute a clearly defined cluster fits with the view that there is a 'fourth' distinct world of welfare capitalism (Castles 1993, 1998; Ferrera 1996). The patchy coverage and dualism of the Southern European welfare states is mirrored in the selectiveness of their education systems, exemplified by low levels of spending and enrolment in higher education. At the other extreme are to be found the Scandinavian countries, where the universal social democratic welfare state corresponds with an education regime

based on the notion of egalitarian citizenship education (Ofstedal Telhaug et al. 2006). The comparison of the Scandinavian and the Mediterranean countries thus supports Marshall's (1964*b*) claim that education and social policy more conventionally defined stand in a complimentary relationship with each other rather than being substitutes.

The countries making up Esping-Andersen's conservative world of welfare capitalism are to be found in two of the sub-clusters constituting the broader Northern European grouping. In both the Germanic and continental European sub-types however there are clear resonances between welfare states regimes and education systems. The privileges granted to religious and free schools in the continental European countries correspond to the subsidiarity principle that van Kersbergen (1995) has identified as a central characteristic of Christian democratic social policy. The occupational stratification of social insurance institutions of a Bismarckian type is mirrored in the differentiation of separate educational tracks within the schooling system that lead to different 'places in society', which is equally reminiscent of Christian democratic ideology in social policy (Van Kersbergen 1995).

Finally, the reliance on markets in the liberal welfare state and the notion of social policy as a 'last resort' find their equivalents in the emphasis that English-speaking countries put on the provision of education as a 'first resort', i.e. the most effective insurance against labour market risks, an emphasis that the English-speaking world has recently been exporting to the wider world in the guise of activation strategies. It should also be underlined that, in the English-speaking countries, the division of labour between public and private in education is similar to that in social policy (Hacker 2002: ch. 8), with a much bigger role for private spending in both spheres than elsewhere in the OECD.

## The Historical and Political Foundations of Education Systems

We conclude this analysis by offering a preliminary framework of analysis aimed at making sense of the observed variation of education regimes. Our overarching thesis is that the concrete manifestations of today's education regimes as well as their historical and contemporary development paths rest on historical foundations that should be understood in terms of the interaction between the relative timing of macro-social processes on the one hand and concrete political and institutional contexts on the other. The broad isomorphism of educational clusters and welfare regimes noted in the previous section arises because they share similar political and historical foundations.

*Timing.* Towards the end of the nineteenth century, industrialization increased the demand for more educated workers in Western countries. However, early democratization fuelled the demand for education instead of social insurance policies. In the

Bismarckian welfare state, the provision of social insurance was a tool in the hands of the ruling elite to protract democratization and stifle the rising power of labour. In contrast, early democratization in the United States promoted the expansion of educational opportunities, precisely because, in line with Marshall, education was seen as an important component of citizenship. Competition between local, state, private, and religious educational institutions in a context of a weak public bureaucracy contributed to the early expansion of education in the United States (Heidenheimer 1973, 1981). Where bureaucratization preceded democratization (e.g. Germany), education was used to systematize and restrict access to bureaucratic elites. Although Prussia was the first country to introduce compulsory schooling, educational expansion was protracted by a powerful bureaucratic elite restricting access to higher levels of education. In the cases of Portugal and Spain, late democratization has delayed the onset of educational expansion well into the second half of the twentieth century.

*Religious heritage.* The outcome of the state-church conflict over education significantly affected the overall commitment to education in relation to other social policies as well as the public-private division of labour (Wolf 2009). Generally speaking, Protestant countries (predominantly Scandinavia, North America) exhibit higher levels of total spending on education than countries with a Catholic heritage. However, the division of labour between the public and the private sphere varies in accordance with the type of Protestantism prevailing (see Chapter 18). Lutheran Protestantism (Scandinavia) goes along with a predominance of the public sphere in education, while Reformed Protestantism is associated with a strong role for private initiative (the United States, Canada). Most continental European countries have a strong heritage of Catholicism (France, Belgium, Italy, Spain, Portugal), which slowed down the expansion of educational opportunities in comparison to the expansion of the welfare state (Castles 1994*a*, 1998*a*).

In part, this distinction is founded on ideological differences between Protestant denominations as well as between Catholicism and Protestantism. However, it can be speculated that the relative power position of religious institutions played a decisive role, shaping the severity of the state-church conflict over education and the structure of political cleavages (Swaan 1988; Manow and van Kersbergen 2009; Chapter 18 above). In the Scandinavian setting, the Lutheran church could pursue a 'maximalist' strategy (de Swaan 1988), employing the public school system to promote religious education. The Catholic Church, however, wanted to maintain the independence of religious education from the public school system, which generally meant that participation rates and spending had to catch up with other countries after World War II (Castles 1998*a*). In the United States, Reformed Protestantism and religious pluralism led to a strong separation between public and private providers of education (i.e. the state and the churches). Because no single denomination had a dominating position, but all remained committed to religious and general education, religious pluralism fuelled the expansion of secondary and higher education (Heidenheimer 1981).

## The Balance of Power between Business and Labour

Historically, the position of the left (social democratic parties and trade unions) had an impact on the relative importance of education vis-à-vis social insurance policies. In the United States, unions regarded public welfare measures as potential competitors to their own bargains with employers (Heidenheimer 1973) and favoured the expansion of education instead. In contrast to the United States, where labour unions were active supporters of post-primary education, their counterparts in Europe did not become interested in education until the 1930s (Alber 1986; Heidenheimer 1973). Participation in the self-governance of social insurance institutions became an important power resource for unions in Bismarckian welfare states, and in countries like Germany, labour unions concentrated more on vocational education and the social protection of skilled workers. As a consequence, education and social policy have been institutionally and politically separated until today (Allmendinger et al. 2009).

In the period after World War II, the government participation of leftist parties spurred the expansion of educational opportunities (Schmidt 2007) as well as the welfare state in general, which is in line with Marshall's notion on the progressive development of social citizenship. The long reign of social democrats in the Scandinavian countries was a crucial factor in the shaping of the comprehensive school system. The literature is still undecided, however, on the question of whether social democrats in government were more interested in expanding opportunities in higher education or general and vocational education (Ansell 2008*b*; Boix 1998; Busemeyer 2009*b*). Ansell (2008*b*) argues that social democrats initially opposed the expansion of higher education, because upper income classes benefit from this form of education to a larger extent than lower income classes. In contrast, Busemeyer (2009*b*) finds that government participation of social democrats is positively associated with increases in higher education spending, because leftist parties cater to new voter groups in the middle class.

**Decentralization.** A central finding of the welfare state literature (Obinger et al. 2005*a*) is that the extensive decentralization of power to lower levels of government has slowed down the expansion of welfare states. Federalism and fiscal decentralization can also be seen as playing a major role in education policy making (Archer 1989). Lower levels of government generally play a greater role in the provision of education than is the case of other public policies. Hence, in the case of education, extensive decentralization protects and possibly even promotes investment in education (Busemeyer 2008), because it enhances the competition between localities ('race to the top'). Here, it is important to distinguish between the decentralization of fiscal authority and federalism as a general principle of political decision making. Fiscal decentralization in federal (Canada, the United States, and Switzerland) as well as in non-federal countries (Denmark and Sweden) is likely to enhance the salience of education vis-à-vis social policy, whereas the predominance of joint decision making across levels of government or fiscal centralization (i.e. low levels of genuine

decentralization of authority) hampers the expansion of education relative to social policy (e.g. Germany, Italy, France; see Figure 34.1).

Besides its impact on educational expansion and the importance of education relative to social policy, decentralization shapes the politics of education reform. Archer (1989), for example, argues that in centralized systems, education reformers are forced to pursue their agenda via the national arena of policy making. In contrast, decentralized systems are flexible enough to allow local innovation and variation. However, this implies that, from a systems perspective, decentralized systems are expected to resist encompassing reforms to a larger extent than centralized systems. The unequal success of social democratic reform efforts in Sweden and Germany in the 1970s plainly illustrates this mechanism.

## CONCLUSIONS

Our chapter has reflected on resonances between the development of social and education policies across the OECD region. We find that conventional theses about the role of the relative timing of macro-social processes and the balance of power between business and labour have similar effects in both spheres. However, some factors such as the state-church conflict seem to be more important in the case of education, while others (decentralization and federalism) seem likely to affect the development of education in ways rather different from social policy.

How scholarship views the linkage between the spheres differs between clusters: in the English-speaking and Scandinavian countries education and social policy are viewed as related parts of wider strategies of societal intervention; however, in the states of continental Europe the study and practice of education and social policy are more separated (Allmendinger and Leibfried 2003; Heidenheimer 1981). The notion of the 'social investment state' (Giddens 1998) which has percolated from its English-speaking origins into a wider European and EU discourse may begin to change this. Indeed, the very fact of a wider Northern European grouping revealed in our cluster analysis might be taken as possible evidence of the beginnings of a convergence of education systems away from the English-speaking and Mediterranean peripheries. In general, the importance of early childhood education, lifelong learning, and further training—the longstanding pillars of the Scandinavian welfare state and education regime—are increasingly emphasized (Esping-Andersen et al. 2002), although reforms in countries such as Germany are still incremental rather than fundamental.

However, it should also be said that activation policies undertaken in the spirit of the 'social investment state' have often become discredited as they leave for welfare state retrenchment. Such strategies are perceived as weakening the decommodification of traditional social insurance policies while strengthening the commodification of

education. In the words of Marshall (1964*b*), the social right to having been educated is incrementally transformed into a duty to stay educated in order to be able flexibly to meet the demands of changing economies and labour markets. It, therefore, remains an open question whether and to what extent the education regimes of OECD countries will converge on the Scandinavian or the British version of the social investment state. In any case, if education policy is supposed to step in for more traditional forms of social security, we need a better understanding of the limits of this approach as an effective tool for mitigating social inequality. Thus, future research in social policy needs to clarify the relationships between educational investment, educational institutions, and the distribution of life chances in different welfare state and education regimes.

A further topic for future research is the need to explore in greater depth the common political and historical foundations of welfare state and skill regimes. Within the confines of this chapter, we have explored the historical and contemporary variation of education regimes and presented an explanatory framework that may assist in understanding and explaining the observed variation. Clearly, this is only a first step. Future research should try to clarify the contribution of partisan and institutional factors to the historical and contemporary development of education regimes. In this, the analytical perspective should be broadened beyond the 'usual' suspects and include Eastern European and Asian countries—in particular countries such as Japan and South Korea.

## PART VI

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# POLICY OUTCOMES

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