Explaining welfare preferences in dualized societies

Hanna Schwander
University of Oxford, UK
University of Zurich, Switzerland
Email: schwander@ipz.uzh.ch

Silja Häusermann
University of Zurich, Switzerland
Email: silja.haeusermann@ipz.uzh.ch

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Abstract

A growing literature argues that politics in mature welfare states is characterized by new distributive conflicts. New risk groups are expected to advocate specific policies, which respond to their particular needs. The dualization-literature conceptualizes these risk groups in terms of *insiders and outsiders*, depending on their labor market vulnerability. In this paper, we test whether insiders and outsiders differ in their policy preferences. Redistribution and social investment typically target the needs of outsiders, while social insurance and performance-related incomes are more advantageous for insiders. Hence, we test whether we find insider-outsider divides with regard to preferences for these policies. In addition, we also test interaction effects with education, since high- and low-skilled outsiders have distinctive risk profiles and needs. The analysis is based on micro-level data from the ESS 2008.

The results consistently confirm the expected insider-outsider divide with regard to all analyzed policy preferences (redistribution, social investment, social insurance and the respondent's support for performance-related incomes). Further, the analysis of interaction effects with education shows that insider-outsider divides on social investment and social insurance prevail only among the medium- and high-skilled respondents, whereas attitudes on the redistribution of income differ between insiders and outsiders throughout the whole workforce and across all welfare regimes.

The paper provides evidence that the increasing dualization of labor markets is reflected in individual preferences and attitudes. This is an important result for studies that analyze the political mobilization of insiders and outsiders and – more generally – the implications of dualization for post-industrial welfare politics.

Introduction[1]

The socio-structural foundations of the Western welfare states have changed profoundly over the last few decades. Structural developments such as de-industrialization, tertiarization, rising education levels, and the feminization of the workforce have created new risk structures and new risk groups in terms of labor market vulnerability, new social risks and income insecurities. Consequently, the welfare needs of different parts of the workforce have become more diverse, ranging from employment protection to income replacement, active labor market policies or childcare services (see e.g. Bonoli 2005, Armingeon and Bonoli 2006, Lister 2004, Rueda 2005, Kitschelt and Rehm 2006). In times of austerity the intensity of distributive conflict increases and these diverse welfare needs may foster difficult trade-offs. At the same time, the maturation of welfare states has endogenously influenced the structure of risks, needs and political conflict (Pierson 2001, Campbell 2003, Häusermann 2010). Social insurance welfare states, e.g., penalize people with atypical and discontinuous employment biographies, thereby "producing" outsiders in post-industrial labor markets. Similarly, generous pension schemes or employment protection levels may contribute to the mobilization of those who benefit from these schemes, in defense of the status quo against retrenchment or alternative allocations of resources. The general implication of this literature is that post-industrial welfare politics is not just about "more vs. less" social protection anymore, and is does not just oppose the "rich and the poor".

It has therefore become somewhat difficult to grasp a "positive" definition and conceptualization of post-industrial social policy preferences and politics. If welfare politics today indeed is about specific kinds of benefits, services and rights that answer the needs of particular risk groups, then the question is how we define these risk groups and their preferences.

In this contribution, we refer to the literature on "dualization" to test an answer to this question. This implies that we conceptualize risk groups and policy preferences with reference to *labor market insiders and outsiders*. We define two sets of policies and preferences that correspond to the specific risks and needs of insiders and outsiders, and we test whether – in times of austerity and sharpened distributive conflicts – their preferences with regard to these policies differ significantly. We argue that given their exposure to labor market risks and their more tenuous attachment to the labor market, outsiders should prefer

[1] We would like to thank David Rueda and John D. Stephens for helpful comments on a previous version of this argument, which was presented at the 17th International Conference of Europeanists, Montreal, CA.

policies that allocate resources based on need, rather than contribution-payments. In addition, we expect outsiders to be strongly in favor of policies that create jobs and that enhance their employability and labor market prospects. Conversely, insiders are characterized by stable employment relationships and they fully contribute to the social insurance schemes. Hence, we expect insiders to favor policies that reward their – more continuous and stable – labor market performance. We thus expect them to be more supportive of social insurance than outsiders. In addition, we also test whether insiders are more willing to accept market income differences that reward effort and performance.

In a second step, we investigate whether insider-outsider divides depend on *levels of education*. Education endows individuals with (human capital) resources allowing them to gain income from the labor market and increasing therefore their earnings potential. Hence, we expect that the higher the education, the stronger the preferences of outsiders for activation-policies, and thus the stronger the insider-outsider divide. Similarly, the higher the level of education, the higher the stakes of insiders in the social insurance system, which should also increase the insider/outsider divide on this issue. The reverse applies, of course, for income redistribution, which is particularly important for respondents with lower levels of education.

In a third step we examine if the insider/outsider divide can be found in all welfare regimes. As high barriers to enter the labor market, strong industrial trade unions and a welfare state relying on the social insurance principle amplify the divide between insiders and outsiders, the divide is expected to be particularly pronounced in continental and Southern welfare states (Esping-Andersen 1999, Palier and Thelen 2010, Häusermann and Schwander 2010)

With this analysis, we want to make contributions both to the dualization-literature and to the definition of different "welfare state models" more generally. Most importantly, however, we want to investigate to what extent post-industrial societies are characterized by new socio-structural conflicts, which may eventually be mobilized by parties and collective actors, and thereby structure politics and policies in the longer run. This is clearly what the dualization-literature would expect as a more long-term consequence. Esping-Andersen's (1999) distinction between an A- and a B-team of post-industrial economies exemplifies this idea. Hence, the underlying question is whether the post-industrial era is characterized by new cleavages that are different from the old class divide.

The paper is structured as follows. In a first part, we provide the theoretical framework for the analysis, by discussing the determinants of welfare preferences and by conceptualizing different models of welfare that respond to outsider- or insider-needs. After presenting the data, operationalization and methodological approach, we test our arguments empirically. The empirical analyses test the determinants of preferences for different policies sequentially, first in a pooled analysis and then for each welfare regime separately. In conclusion, we summarize the findings and spell out implications for the analysis of welfare politics in post-industrial societies.

2. Theory: Who wants what from the post-industrial welfare state?

Recent research on the effects of welfare states shows that generous welfare states have strong redistributive effects. Generous welfare states protect the weakest members of their society even they are organized in terms of social insurance rather than universalism (Bradley et al. 2003, Huber and Stephens 2006). Hence, "more" is generally "better" for the most vulnerable social groups. Nevertheless, different social policies have specific distributive effects. In "times of austerity" (Pierson 2001) welfare politics becomes closer to a zero-sum game and the allocation of scare resources to specific policies becomes more important. Politicians in mature welfare states may not be able or willing to expand social policies for all risk groups equally. In this context, we would expect different risk groups to privilege those policies that are most clearly tailored to their needs. In the face of trade-offs, these specific preferences have the potential to become distributive conflict lines. Therefore, it is important to identify the relevant risk groups and their specific preferences.

2.1. Dualization and welfare preferences

The new social risk literature (Bonoli 2005, Armingeon and Bonoli 2006) was among the first contributions to claim that social risks, needs and policy demands in post-industrial societies have become more diverse and more group-specific: young unemployed labor market entrants need jobs, rather than income protection. Part-time employed workers contribute only insufficiently to social insurance schemes: hence, they need redistribution, rather than income insurance. Working parents need policies that enable them to stay in the labor market, and elderly unemployed workers with obsolete skills need (re-)training. Some contributors to this literature argued that the needs have become too distinct and the specific risk groups too diverse to be clearly identified and – even less so – become politically

organized (e.g. Kitschelt and Rehm 2006). If this is true, the diversification of needs and demands might lead to a weakening of general welfare state support, because old solidarities wane while new ones are unable to grow.

A different strand of recent research, however, claims that patterns of preferences and conflict can still be identified, and that they may become politically mobilized and relevant. The literature on dualization argues that there is a common trend in post-industrial societies towards a divide of the workforce into insiders and outsiders: ever fewer people's work biographies correspond to the industrial blueprint of stable, full-time and fully insured insider employment, while a growing proportion of the population deviates from the standard model and incurs higher risks of labor market vulnerability (unemployment and atypical employment). This divide between labor market insiders and labor market outsiders is called dualization. The outsiders tend to be penalized by barriers to the labor market, and they are rather weakly protected by the traditional social insurance model (most prevalent in continental Europe), i.e. by exactly those policies that are in the main interest of insiders. Hence, insider-outsider divides may become not only a structural, but also a political dividing line. We take the idea of dualization as the starting point for our conceptualization of the determinants of welfare preferences. Before outlining the divergent social policy preferences of insiders and outsiders, we briefly discuss the concept and origins of dualization in the following section.

The empirical starting point of the dualization literature is the fact post-industrial labor markets differ fundamentally from industrial labor markets. The exceptional economic growth during the three post-war decades allowed for full employment, a relatively high degree of status homogenization (at least in continental and northern Europe), a relatively cohesive and homogenous working class and social peace. The tertiarization of the employment structure, the educational revolution and the feminization of the workforce (Oesch 2006, chapter 2), however, have profoundly altered this equilibrium. After 2000, service sector employment outdid industrial employment throughout the OECD by a factor of 2 to 3 (Oesch 2006: 31). Jobs in the service sector differ from industrial employment, because they tend to be either very low-skilled or high-skilled, they involve more atypical employment (Gottschall and Kroos 2009), and because service sector employment has a lower potential for productivity gains (Iversen and Wren 1998). The educational revolution - as the second structural change of the post-industrial era – has led to a broader and more

heterogeneous middle class (Kriesi 1998, Oesch 2006). Finally, the massive entry of women into paid labor that was driven by the educational revolution, changing values and the increasing instability of traditional family structures (Esping-Andersen 1999) coincides with the spread of atypical employment throughout Western Europe's coordinated market economies (Estévez-Abe 2006).

For this study, it is crucial that this shift towards post-industrial employment leads to labor markets in which *unemployment* and formerly *"atypical"* employment relations become more and more widespread. It is straightforward that unemployment – especially long-term and youth unemployment – is a form of precariousness that is linked to insufficient social insurance protection and a risk of poverty. Also atypical employment (i.e. all employment-relations that deviate from the standard industrial model of full-time, stable and insured employment)[2] is a source of economic precariousness. Post-war welfare regimes are built on the model of continuous employment providing atypical employees with only incomplete protection against labor market risks, and atypically employed have lower earnings-power and lower access to training and promotion (Häusermann and Schwander 2010). In line with the political science literature on dualization (Rueda 2005, 2006; Emmenegger 2009) and our previous work (Häusermann and Schwander 2009, 2010; Häusermann and Walter, 2010), we therefore consider labor market *outsiders those individuals who are particularly vulnerable to the risk of being unemployed or atypically employed.*

The trend towards a structural dualization of labor market risks in Western Europe is rather firmly established. A different question, however, is whether insiders and outsiders form specific *policy preferences* based on their labor market risks[3]. Rueda, e.g. shows that insiders and outsiders differ significantly in their level of support for employment protection and active labor market policies (2005). Emmenegger (2009) contests this finding, showing (with different data) that outsiders are equally supportive of employment protection than insiders.

[2] Part-time and temporary employment contracts are among the most prominent types of atypical employment, and they have grown massively over the last two decades. According to Standing (1993: 433), the number of workers on temporary contracts across the entire European Union, for instance, has been growing by 15-20% annually since the 1980s, which is about ten times the overall rate of employment growth (see also Esping-Andersen 1999). Similarly, part-time employment counted for close to 80% of the net job creation in the EU since the mid-1990s (Plougmann 2003). For women in continental Europe "atypical employment" has even become "typical" (Standing 1993, Esping-Andersen 1999b).

[3] Note that this question goes beyond the initial focus of the insider/outsider literature labor market economics, which focused exclusively on employment protection (Saint-Paul 1998, 2002; Lindbeck and Snower 2001), and not on welfare policies.

In this paper, we broaden the focus by asking if insiders and outsiders differ in their level of support for specific *social policies*.

The theoretical basis for this hypothesis lies mainly in the different distributional implications of social insurance vs. redistribution. Social insurance is based on the equivalence principle, which means that social benefits are proportional to contributions. Those who contribute more get more and those who – for whatever reason – do not accumulate a full contribution-record will get lower benefits or are not entitled at all. Consequently, social insurance welfare states are strongly linked to employment (Bonoli and Palier 1998). For obvious reasons this link to employment disadvantages outsiders. In one of the very few empirical studies on this subject, Bridgen and Meyer (2008), show that outsiders have particularly low social rights in social insurance pension systems. Insiders, by contrast, benefit from the equivalence principle, because it is tailored precisely to their continuous work biographies and insures their income. This implies that outsiders should be more favorable to policies, that either provide benefits and services independent from their contributions (redistribution policies), or which enable them to participate in the labor market and contribute to the social insurance schemes (social investment policies). In the following section, we develop a set of hypotheses on the policies with regard to which we expect insider-outsider divides.

2.2. Different needs, different preferences? Distinguishing insider- and outsider-policies

Based on the different risk profiles and needs of insiders and outsider developed above, we hypothesize that outsiders should be more strongly in favor of two kinds of policies: redistribution and social investment. Their preference for redistribution follows straightforwardly from the fact that outsiders are typically disadvantaged by the equivalence principle. They need compensation for a more tenuous and discontinuous labor market attachment in the form of redistributive policies.

An alternative to redistribution is social investment (Lister 2004). Social investment policies attempt to increase employment opportunities and the employability of individuals, rather than compensating for income loss. Hence, policies focusing on education, training, activation and care services are at the center of this approach. We expect outsiders to be

more supportive of these policies than insiders, because stable and continuous access to the labor market is exactly what they do not have, whereas insiders have a much lower chance of being affected by unemployment or atypical employment.

On the other hand, we expect insiders to be more favorable to social insurance policies and liberal market policies than outsiders. With regard to social insurance, insiders may want to defend the contributions and rights they have accumulated, rather than distributing them on the basis of needs. Similarly, they should be more willing to let market mechanisms determine levels of income than outsiders, because they are in a more secure position in the labor market.

While we expect the general tendency of insider-outsiders divide to hold across these policies, we also hypothesize that they interact with the effect of individual human capital resources on policy preferences[4]. The level of education influences an individual's earnings power in the labor market[5]. As long as highly skilled workers have jobs and can participate in the labor market, they have the necessary resources to gain their income. Hence, we imagine high-skilled outsiders to have a particularly strong preference for activation. Low-skilled outsiders, however, might still depend on income support even if they have a job, because they have lower incomes and "bad jobs". An example may illustrate this idea: imagine a young university graduate who just cannot find a job, and an unemployed super market cashier. Both are labor market outsiders. We assume that the former wants to put her education to use in the labor market, while the latter is concerned about covering his daily expenses with income from any source, be it a job or the state. Hence, we assume that low-skilled outsiders have a particularly strong preference for policies with an emphasis on output equality, i.e. policies *correcting* market outcomes, while the high-skilled need less of a correcting welfare state, and more of an *enabling* state. Consequently, we expect the insider-outsiders divide to increase with the level of education when it comes to social investment, and to decrease with the level of education when it comes to redistribution.

[4] It is important to realize that there are both low- and highly educated insiders and outsiders (Polavieja 2005, Davidsson and Nacyk 2009: 6). Imagine a 30-year old part-time high school teacher who is a single mother, a freshly graduated freelance architect who goes from one small, temporary project to the next, or a divorced 50-year old unemployed supermarket cashier: Despite their very different skill-levels, all of them are outsiders due to their tenuous employment situation. Apart from that, however, they are likely to differ in their preferences.

[5] We theorize preferences in terms of skill-levels rather than skill specificity (as do Iversen and Soskice 2001) because our argument is on earnings power. Earnings power can be high for both (highly) generally or specifically skilled individuals, depending on the regime-type. The level of education, by contrast, translates in higher earnings power.

A similar interaction effect is expected with regard to insider-policies. The stakes of an individual in social insurance increase as his or her level of education increases. The "better" the job and the higher the income (i.e. the higher the contributions paid), the more an individual is expected to support income insurance as opposed to redistribution. Therefore, we expect the insider outsider divide on social insurance to increase with the level of education. The similar reasoning applies – a fortiori – to attitudes concerning the support for performance-related market income. Here, too, we expect high-skilled insiders to differ more strongly from high skilled outsiders than the low-skilled insiders from low-skilled outsiders.
We also expect different effects across welfare regimes: We expect the difference in welfare preferences to be largest in continental and Southern welfare states. In these regimes dualization is most pronounced and institutionalized for three reasons: first, strong employment protection legislation erects high entry barriers to the labor market (Esping-Andersen 1999). Second, industrial trade unions that tend to represent inside labor are strong (Palier and Thelen 2010) and the welfare state relies on the equivalence (or social insurance) principle that benefits continuous contribution payers more than individuals with discontinuous contribution records (as it is typical for outsiders) (Häusermann and Schwander 2010).

A final word on the kind of effects and conflicts we expect: as insiders may also benefit to some extent from activation and redistribution policies, and as outsiders may also benefit to some extent from social insurance, we do not expect their preferences to be diametrically opposed. In other words, we do not expect outsiders to fight social insurance or insiders to reject activation altogether. Rather, we expect that their levels of support differ significantly. Both may generally be in favor of a specific policy, but to different extents. The level of support is important with regard to policy priorities in times of sharpened distributive conflict and policy trade-offs.

3. Data, operationalization and method

In the empirical part of this paper we examine the preferences of insiders and outsiders regarding social policy preferences. The analysis relies on data from the European Social

Survey 4 (2008) including 13 countries[6]. The detailed operationalization is described in appendix 2.

3.1. Dependent variables

We operationalize social policy preferences with five variables from the ESS survey.

Outsider policies. Preferences for redistribution are measured with a question asking respondents whether they think that for a society to be fair, income differences should be low. For the social investment model, we choose a variable relating to the public provision of childcare services. These services have a clear focus on increasing labor market participation by alleviating the care work of parents. Unfortunately, the ESS does not contain questions relating to investment in training and active labor market policies. Further, we include a question measuring the respondents' support for government responsibility in providing jobs for everybody. We also conceptualize this question as a measure of social investment preferences, even if it has a redistributive aspect, too. All three questions clearly target the specific needs and interests of outsiders.

Insider policies. With regard to the insider policies, we test preferences on the social insurance model by means of a variable that asks respondent measures whether respondents think that people who have contributed more to unemployment insurance should be entitled to higher benefits (as opposed to people with greater needs being entitled to higher benefits). To our knowledge, this is so far the most direct measure of social insurance (vs. redistribution) preferences. Finally, we include a question asking respondent whether they think market incomes should be able to reflect differences in talent and effort. Both questions refer to policies and practices that reward labor market performance.

We recoded all variables so that higher values mean higher preferences for the corresponding social policy. Table 1 summarizes the choice of questions.

Table 1: Operationalization of dependent variables

Insider policies	**Social insurance** ESS D 37: Some people say that higher earners should get more benefit when they are temporarily unemployed because they paid

[6] Belgium, Switzerland, Germany, Denmark, Spain, Finland, France, Uk, Greece, Netherlands, Norway, Portugal and Sweden.

	more in tax, whilst others think that lower earners should get more because they are in greater need. Please tell me which of the following three statements you agree with most? 1. Higher earners who become unemployed temporarily should get more in benefit. 2. High and low earners should get the same amount of benefit. 3. Lower earners who become unemployed temporarily should get more in benefit. **Labor market performance** ESS D1: Large differences in people's incomes are acceptable to properly reward differences in talents and efforts.
Outsider policies	**Redistribution** ESS D4: For a society to be fair, differences in people's standard of living should be small **Childcare services** ESS D19*:* how much responsibility the government should have to ensure sufficient childcare services for working parents? **Job creation**: ESS D15: How much responsibility the government should have to ensure a job for everyone who wants one?

3.2. Independent variables

Insiders/outsiders. Outsiders are defined by their particularly high risk of atypical employment (part time employment, fixed term contracts, agency work, unemployment). The question is, of course, how we measure this risk, i.e. how we decide whether to empirically code an individual as insider or outsider. In contrast to much of the existing literature, which defines outsiders simply by their current labor market status (e.g. Lindbeck and Snower 2001, St. Paul 2002, Emmenegger 2009, Rueda 2005), we use a measure that relies on the *risk* for atypical employment (for an extensive discussion of this operationalization, see Häusermann and Schwander 2009, Schwander and Häusermann 2010). Individuals are outsiders if they have an over-proportional risk of being affected by atypical work and unemployment during their entire working life. Hence, respondents in jobs that are typically affected by atypical employment need to be classified as outsiders even if they happen to be in full-time employment at the time a particular survey is conducted. This implies that people are categorized based on the characteristics of their occupational category and not on their individual situation alone.

The probability of experiencing atypical employment depends on the incidence within a respondent's occupational category. Consequently, we define a range of occupational

categories, determine their specific rates of unemployment and atypical employment and – consequently – code all the individuals in these particular categories as insiders or outsiders.

Post-industrial labor market are structured by class, gender and age[7]. Classes are socio-structural groups characterized by a particular situation in labor market, which shapes their resources, latent interests and preferences[8]. Class schemes are based on occupational profiles (Erikson and Goldthorpe 1993, Wright 1997, Oesch 2006), because people in similar professions tend to have similar employment biographies, i.e. they share permanent, structural commonalities. Class is therefore a meaningful starting point for the identification of category-specific risks of atypical employment. We rely on the class schema by Oesch (2006)[9], which was regrouped by Kitschelt and Rehm (2005) into five classes: Capital accumulators (high-skilled managers, self-employed and experts, about 14% of the workforce (ESS 2008)), socio-cultural professionals (high-skilled professionals in the public and private service sector, about 21% of the workforce), blue-collar workers (unskilled and skilled workers mostly in the industry, about 21% of the workforce), low service functionaries (unskilled and skilled employees in interpersonal services, about 21% of the workforce), and mixed service functionaries (routine and skilled clerks, about 22% of the workforce). Appendix 1 represents the location of these five classes in the class schema. Capital accumulators are clearly the most privileged members of the workforce. Hence, they are all coded as insiders. For the other four classes we further distinguish occupational categories according to age and gender. The combination of 4 classes, 2 sexes and 2 age groups (below/above 40) leaves us with 16 occupational groups, which are the basis of our measurement of unemployment/atypical employment risk.

For each group in each welfare regime, we have computed the group-specific rate of unemployment and the rate of atypical employment (including part-time employment as well as temporary or fixed-term employment), compared it to the regime-average in the

[7] Post-industrial labor markets are strongly gendered (Esping-Andersen 1999: 308, Taylor-Gooby 1991 Kitschelt and Rehm 2006). They also tend to hold different occupational prospects for young and older workers (Chauvel 2006, Esping-Andersen 1999, Kitschelt and Rehm 2006).

[8] Oesch (2006) advocates a pragmatic use of the notoriously contested concept of class: „class is simply referred to as a proxy for similarity in the position within the occupational system." (2006: 13). We share this definition that eludes the normative discussions and implications of the concept of class.

[9] The Oesch class schema is explicitly developed to reflect post-industrial societies in two regards: a) it takes into account a heterogeneous middle class, which makes horizontal differentiation of classes necessary (Kriesi 1998), and b) it distinguishes between different types of low-skilled employees who can no longer be reasonably subsumed under a single category of (blue-collar or manual) workers (Oesch 2006: 98ff).

workforce and tested whether the difference is significant. Occupational groups that have a significantly higher rate of either atypical employment are defined as outsiders. We performed this analysis across a range of 8 surveys that are frequently used in the analysis of social policy preferences[10], in order to increase the robustness of our measure of insiders and outsiders. Eventually, we coded all occupational groups as outsider-groups that had a significantly higher rate of either unemployment or atypical employment in a majority of the analyzed surveys. Appendix 3 presents the coding and distribution of insiders and outsiders across the regimes[11].

Education. We measure skill-levels with regard to the highest completed degree (in five levels from primary education to tertiary education). We prefer this variable to measures based on years of education, because the degree counts for a person's labor market chances, which is what we want to measure in this article.

Controls. We control for household income and if a person lives in a couple household in order to test for the impact of household structure on insiders and outsiders' preferences. We also control for retirement, which might affect people's welfare preferences. To control for country-specific differences in the level of approval towards social and economic policy intervention, we include country dummies, and we control for Southern countries because income is very differently distributed in these countries. The precise operationalization of all variables is documented in appendix 2.

Methods. In terms of methods, we rely on ordered logit models and we illustrate the results graphically by plotting the marginal effects of being an outsider as opposed to an insider at different levels of the interaction variable (education) and with figures illustrating substantial effects (predicted values and probabilities).

4. Empirical analysis: insider/outsiders divides in policy preferences

[10] The 2002 and 2008 ESS waves, the ISSP Role of Government III 1996 and IV 2006 surveys, the ISSP Work Orientations III 2005 survey, the Eurobarometer 44.3, as well as the Swiss and the British household panels.

[11] We also computed a „survey-specific" measure of outsiders for the ESS 2008, which we use in this paper, following the same operationalization. While the proportion and socio-structural profile of dualization differs to some extent (the ESS-measure is somewhat less gendered than the consolidated measure), the results are robust with both measures of outsiderness. These results are available from the authors.

In this section, we analyze the determinants of preferences for outsider and insider policies respectively. For each dependent variable, we show two models: the first tests the impact of being an outsider as opposed to an insider. The second model interacts outsider status and the degree of education, to test whether the marginal effect of being an outsider varies at different degrees of education. We discuss the models sequentially. As a last step we examine the impact of being an outsider and the interaction effect between outsider status and the degree of education for each regime separately.

4.1. Policies targeted on outsiders: redistribution and social investment

We first focus on the models without interaction effects (M1, M3, M5) in table 2. They analyze the impact of being an outsider on preferences for redistribution of income, the creation of jobs by the government and the public supply of childcare facilities (social investment). The first observation we make in all three models is that outsiders are clearly and significantly more favorable to these policies than insiders. An average outsider is about 5 percentage points more likely than an insider to agree to the statement that income differences should be small. On a scale from 0 to 10 measuring support for job creation and childcare infrastructure, the same average outsider has a value that is between 0.25 and 0.4 higher than an insider (see appendix 4 for predicted values and probabilities). The effect is significant and holds even though we control for household income and whether the respondent lives in a couple household. Furthermore, we recalculated the results with a control for gender (since the outsider-variable is strongly gendered) and in all three models, the effect of being an outsider remains significantly positive (results not shown). This result is consistent with our hypothesis that outsiders support redistributive and social investment policies more strongly than insiders.

The second important result refers to the effect of education in models 1, 3 and 5. More highly educated respondents are less likely to support income redistribution and public job creation than those with a lower degree of education. This makes sense given the higher earnings power of the highly educated in the labor market. When it comes to childcare services, however, education does not have a significant effect.

Table 2: Determinants of preferences for outsider policies. Ordered logit regressions.

	Outsider Policies	
Redistribution	Job creation	Childcare services

	M1	M2	M3	M4	M5	M6
Outsider	0.189***	0.134	0.257***	0.053	0.201***	0.041
	(0.04)	(0.11)	(0.03)	(0.16)	(0.07)	(0.22)
Education	-0.059***	-0.067***	-0.095***	-0.138***	-0.005	-0.027
	(0.02)	(0.02)	(0.02)	(0.04)	(0.02)	(0.02)
Outsider x education		0.016		0.093*		0.048
		(0.03)		(0.05)		(0.05)
Income	-0.078***	-0.078***	-0.080***	-0.080***	-0.041***	-0.041***
	(0.01)	(0.01)	(0.02)	(0.02)	(0.01)	(0.01)
Couple household	-0.078	-0.078	-0.035	-0.033	-0.114*	-0.113*
	(0.07)	(0.07)	(0.03)	(0.03)	(0.06)	(0.06)
Retired	0.143**	0.142**	-0.008	-0.012	-0.235***	-0.236***
	(0.06)	(0.06)	(0.04)	(0.04)	(0.06)	(0.06)
Southern Regime	2.846***	2.845***	0.930***	0.932***	0.132***	0.133***
	(0.20)	(0.20)	(0.10)	(0.10)	(0.02)	(0.02)
Country fixed effects	yes	yes	yes	yes	yes	yes
Pseudo R2	0.039	0.039	0.029	0.029	0.023	0.023
N	19182	19182	19111	19111	19166	19166

Values in parentheses are standard errors. The data is weighted and the results include regional weights. Cutpoints are not reported.

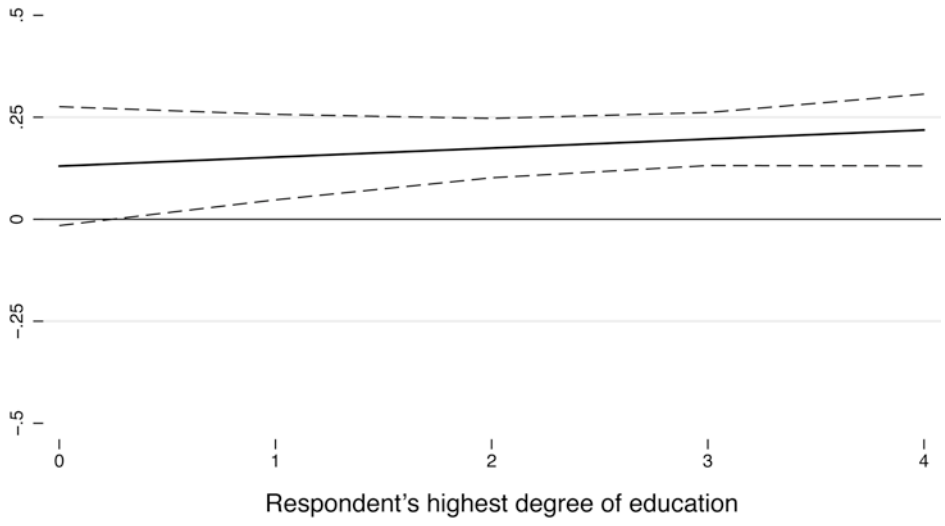
*** = significant at the 0.001 level; **= significant at the 0.005 level; *= significant at the 0.01 level

As to the control variables, we observe a clearly negative and significant effect of income. The vertical stratification still clearly structures welfare preferences, with higher income groups being less supportive of redistributive and social investment policies than the lower income groups. Living in a couple household only impacts on preferences for public childcare services, with single people being slightly more favorable to public support for care work. Finally, the retired are slightly more in favor of redistribution and do not differ markedly from the active population when it comes to job creation. However, they have a clear and significantly weaker preference for public childcare support, which may to some extent reflect the more conservative values of the older generation. Finally, we find people living in Southern Europe to be consistently more supportive of outsider policies than in the rest of Europe.

If we now turn to the models with interaction effects (M2, M4, M6), we see from table 2 that the effect of being an outsider increases significantly with each higher degree of education only when it comes to preferences for public job creation. The interaction effects are most clearly visible graphically in figures 2, 3 and 4. When comparing these three figures, we see that the slope of the line indicating the marginal effect of being an outsider is steepest in figure 3 (job creation), which is consistent with the significant interaction effect we find in

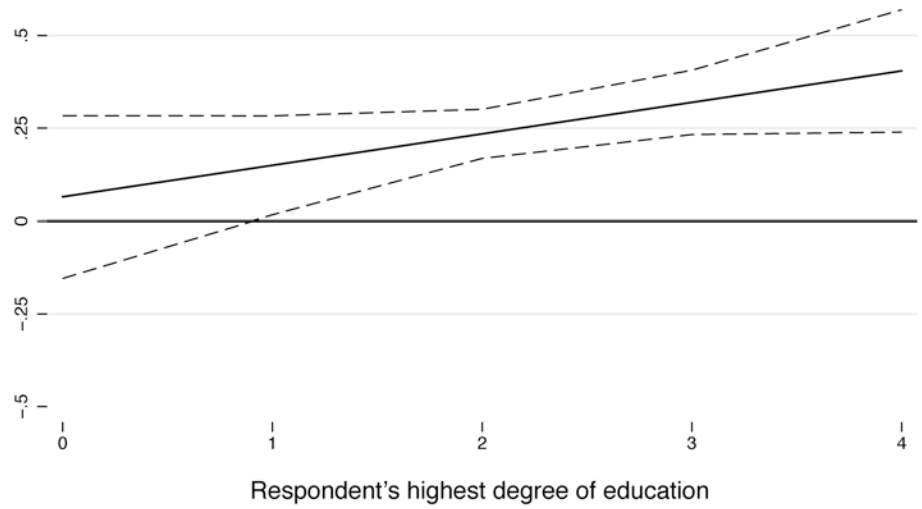
M4. Figure 2 shows that when it comes to income redistribution the difference between outsiders and insiders is positive and significant across almost all degrees of education (except for respondents with primary schooling only, which is about 15% in our sample). Consequently, our hypotheses that this effect should be stronger among the low-skilled is not confirmed. High-skilled outsiders also prefer more redistribution than high-skilled insiders, even though they have a higher earnings power on the market.

Figure 2: Marginal effect of being an outsider on preferences for REDISTRIBUTION at different degrees of education



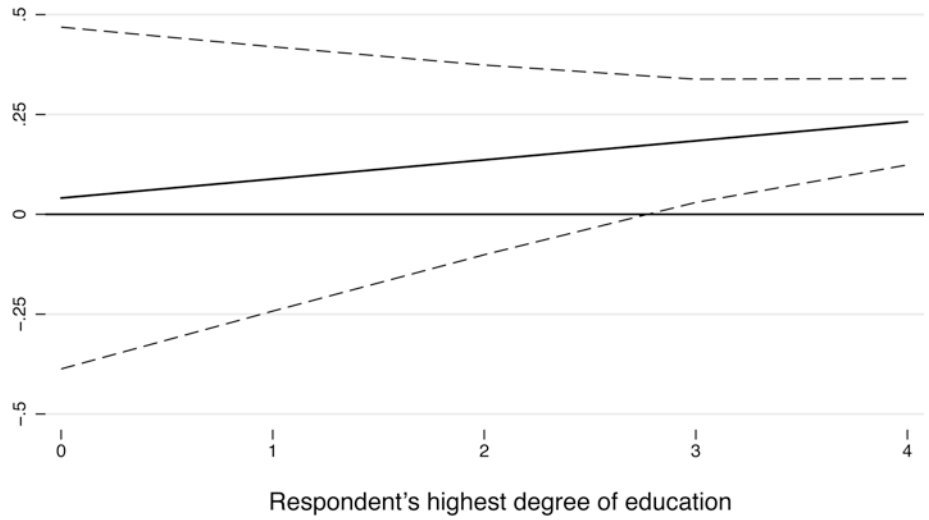
When it comes to social investment, our hypothesis was that the preference for activation should be particularly strong among high-skilled outsiders, which is why we expected a deeper insider-outsider divide among the high-skilled than among the low-skilled. Both figures 3 and 4 confirm this expectation. The more highly educated the respondents, the stronger insiders and outsiders differ in their preferences of publicly supported job creation. The insider outsider divide is significant only for respondents with a lower secondary degree or higher (those are, however, the vast majority, i.e. about 85% of the sample).

Figure 3: Marginal effect of being an outsider on preferences for JOBCREATION at different degrees of education



With regard to the public supply of childcare services for working parents, outsiders are significantly more favorable to this policy than insiders only if they have a post-secondary or tertiary degree of education (about 30% of the respondents in our sample). For the rest of the workforce, outsiders' preferences do not differ significantly from those of insiders. This result reflects the strong preference of high-skilled outsiders for labor market participation, which is consistent with our hypotheses.

Figure 4: Marginal effect of being an outsider on preferences for CHILD CARE SERVICES at different degrees of education



In sum, table 2 and figures 2-4 provide evidence that outsiders have a stronger preference for policies that target their specific risks and needs than insiders. The effect holds for all

outsiders when it comes to income redistribution, whereas it applies mostly (for policies that create jobs) or exclusively (for childcare services) to more highly-skilled respondents with regard to social investment.

4.2. Policies targeted on insiders: social insurance and performance-related market incomes

Table 3 shows the determinants of preferences for policies that are more favorable to the risk profiles and labor market situation of insiders. The social insurance variable measures to what extent respondents agree that people who have contributed more to unemployment insurance should also receive higher benefits in case of unemployment (as opposed to lower income earners receiving higher benefits based on needs). The liberal market model measures the support of respondents for the idea that income differences are acceptable if they reflect effort and talent. We assumed that insiders should be more supportive of both social insurance and performance-related income differences, because – through their continuous and stable integration in the labor market – they benefit more from them than outsiders. Models M7 and M9 test the impact of being an outsider without interacting it with education, and they both show the expected effect: outsiders are significantly less likely to support social insurance and performance-related income inequality than insiders. An average outsider is 1.2 percentage points less likely to think that people who have contributed more to unemployment insurance should receive higher benefits, and he/she is even 5.4 percentage points less likely to agree with the statement that income differences are acceptable if they reflect talent and effort (for predicted probabilities, see appendix 4). The divide between insiders and outsiders remains equally significant when we control for gender (not shown). The higher educated the respondents, the stronger they agree that unemployment benefits should be proportional to contributions, rather than distributed on the basis of needs. However, the level of education does not have an impact on whether people favor performance-related income differences (which might be due to the fact that "effort and talent" are not education-related).

Table 3: Determinants of preferences for insider policies. Ordered logit regressions.

	Insider Policies			
	Social insurance		Liberal market model	
	M7	M8	M9	M10
Outsider	-0.145***	-0.059	-0.262***	-0.130**
	(0.02)	(0.12)	(0.05)	(0.06)

Education	0.105***	0.133***	-0.009	0.018
	(0.02)	(0.03)	(0.02)	(0.03)
Outsider x education		-0.061		-0.058***
		(0.04)		(0.02)
Income	0.074***	0.074***	0.064***	0.064***
	(0.01)	(0.01)	(0.01)	(0.01)
Couple household	-0.061***	-0.062***	0.070	0.069
	(0.02)	(0.02)	(0.06)	(0.06)
Retired	0.153**	0.154**	0.075*	0.077*
	(0.07)	(0.07)	(0.04)	(0.04)
Southern regime	1.564***	1.567***	-0.576***	-0.577***
	(0.06)	(0.06)	(0.04)	(0.04)
Country fixed effects	yes	yes	yes	yes
Pseudo R2	0.082	0.082	0.014	0.015
N	18632	18632	19597.000	19597.000

Values in parentheses are standard errors. The data is weighted and the results include regional weights. Cutpoints are not reported. *** = significant at the 0.001 level; **= significant at the 0.005 level; *= significant at the 0.01 level

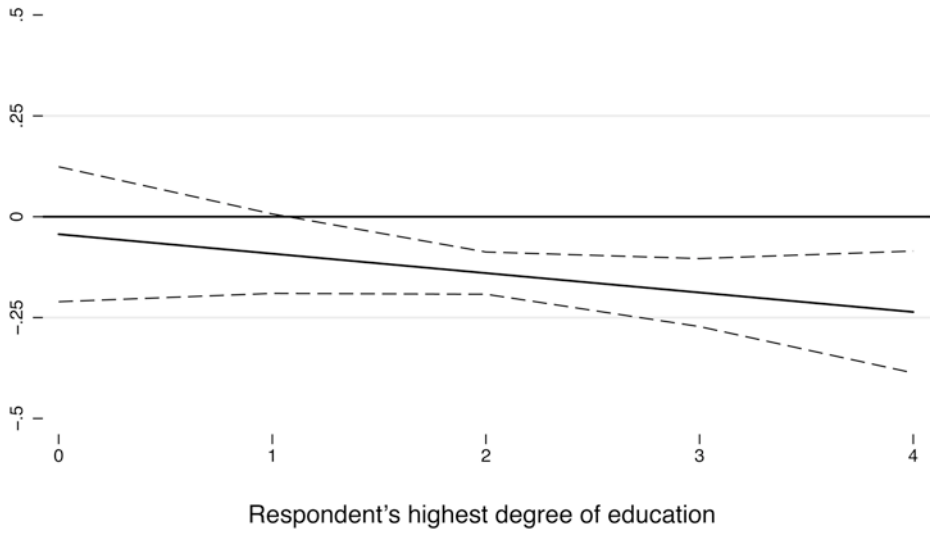
When it comes to the controls, income has the expected positive effect on preferences for insider policies. The higher the income, the higher the stakes respondents have in social insurance and income-redistribution, which explains why higher income classes favor the equivalence principle. The retired in both models support social insurance and performance-related incomes more strongly than the working population. Finally, the stronger preference of Southern Europeans for social insurance may reflect the particularly strong insurance-aspect of these welfare regimes.

With regard to the interaction effect, we assumed that the difference between insider and outsider preferences should increase with the level of education, because for more highly skilled respondents (who have a higher earnings potential) there is more at stake. If we look at models M8 and M10 and figures 5 and 6, we find interesting effects of the interactions for both variables.

With regard to social insurance, the difference of the marginal effect of being an outsider at different levels of education is not significant. However, figure 5 shows that the insider outsider divide becomes significant only for respondents with secondary, post-secondary or tertiary education (levels 2 and higher, about 65% of the respondents). Below that level, the difference between insiders and outsiders is not significantly different from zero. This result is consistent with what we expected: for low-skilled insiders, social insurance is not very

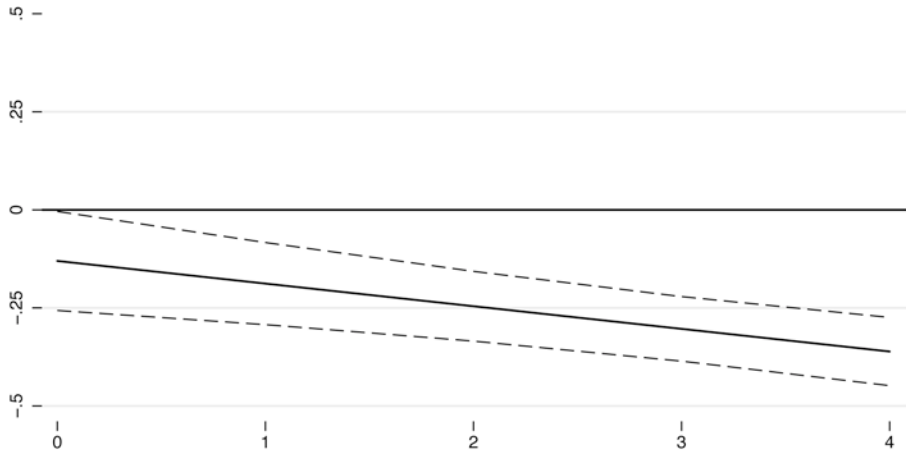
beneficial either, because they do not have very high incomes. The higher the earnings power, however, the more insiders advocate their preference for insurance.

Figure 5: Marginal effect of being an outsider on preferences for SOCIAL INSURANCE at different degrees of education



For the liberal market model the variation of the marginal effect of being an outsider is stronger, which explains why the interaction term is significant (M10). However, figure 6 shows that even though more highly educated insiders differ from outsiders more strongly than less educated insiders, the insider outsider divide as such is consistent and significant across the whole workforce. At all degrees of education insiders support the idea of "effort and talent"-related income differences more strongly than outsiders, who have a more tenuous attachment to the labor market. But again, in line with our expectations, the insider outsider divide is stronger the higher the earnings power of the respondents.

Figure 6: Marginal effect of being an outsider on preferences for the LIBERAL MARKET MODEL at different degrees of education



In sum, table 3, as well as figures 5 and 6 confirm that insiders, as expected, are more favorable to the equivalence principle than outsiders. Their more stable integration in the labor market explains this divide. Furthermore, the size of the divide depends on the degree of education of the respondents. For social insurance, an insider outsider divide only appears among the more highly skilled, whereas the same divide – while existing for all levels of education – becomes stronger with increases in education.

So far, we analyzed welfare state preferences for all countries pooled. Previous studies on dualization, however, find that dualization is more distinct in certain welfare regimes than in others. Due to its strong reliance on the equivalence principle and strong employment protection legislation, the divide between insiders and outsider assumed to be of particular relevance in continental welfare states (see Esping-Andersen 1993, 1999, Häusermann and Schwander 2919 Palier and Thelen 2010). Therefore we analyze welfare state preference in the next step separately in the next section.

Due to space restriction, we show only the estimates for the analysis without the interaction effect for each welfare regime. (Appendix 5 contains the tables with the interaction effect.)

4.3. Regime Analysis

Table 4: Determinants of preferences for outsider policies for each regime seperately. Ordered logit regressions.

Outsider Policies

	Continental Regime			Nordic Regime		
	Redistri-bution	Job creation	Childcare service	Redistri-bution	Job creation	Childcare service
	M11	M12	M13	M11	M12	M13
Outsider	0.244***	0.247***	0.148	0.132**	0.386***	0.311***
	(0.05)	(0.05)	(0.11)	(0.06)	(0.05)	(0.10)
Education	-0.095***	-0.113***	0.012	-0.091***	-0.076**	-0.028
	(0.02)	(0.03)	(0.03)	(0.01)	(0.03)	(0.03)
Income	-0.102***	-0.102***	-0.053***	-0.089***	-0.059**	-0.003
	(0.01)	(0.03)	(0.01)	(0.01)	(0.03)	(0.02)
Couple household	-0.179***	-0.070***	-0.110	-0.209***	-0.027	-0.229***
	(0.03)	(0.02)	(0.07)	(0.05)	(0.17)	(0.06)
Retired	0.161	-0.022	-0.258***	0.188***	0.008	-0.106
	(0.11)	(0.04)	(0.10)	(0.06)	(0.08)	(0.07)
Country fixed effects	yes	yes	yes	yes	yes	yes
Pseudo R2	0.019	0.009	0.021	0.042	0.007	0.004
N	7825	7821	7789	6338	6331	6320

	Southern Regime			Liberal Regime		
	Redistri-bution	Job creation	Childcare service	Redistri-bution	Job creation	Childcare service
	M11	M12	M13	M11	M12	M13
Outsider	0.092***	0.178	0.238***	0.138	0.317***	0.293***
	(0.03)	(0.11)	(0.07)	(0.10)	(0.10)	(0.10)
Education	-0.010	-0.056***	0.002	-0.003	-0.041	-0.030
	(0.01)	(0.02)	(0.02)	(0.04)	(0.04)	(0.04)
Income	-0.042***	-0.034	-0.041***	-0.044**	-0.049**	-0.019
	(0.01)	(0.02)	(0.01)	(0.02)	(0.02)	(0.02)
Couple household	-0.098	-0.064	-0.331**	0.170*	0.062	0.056
	(0.07)	(0.05)	(0.14)	(0.10)	(0.10)	(0.10)
Retired	0.079	-0.018	-0.242***	0.070	0.162	-0.181
	(0.11)	(0.05)	(0.08)	(0.12)	(0.13)	(0.12)
Country fixed effects	yes	yes	yes	yes	yes	yes
Pseudo R2	0.008	0.002	0.012	0.005	0.006	0.003
N	3103	3089	3092	1916	1925	1919

Values in parentheses are standard errors. The data is weighted and the results include regional weights. Cutpoints are not reported. *** = significant at the 0.001 level; **= significant at the 0.005 level; *= significant at the 0.01 level

In all but the liberal regime outsiders are consistently more supportive of redistribution than insider while education structures preferences for redistribution only in the Nordic and the continental welfare states (M11). The effect of being an outsider is strongest in the continental regime, followed by the Nordic and the Southern welfare regime. This finding confirms our hypothesis partly: We expected the divide to be most pronounced in the continental and Southern regime but less so in the Nordic regime.

Regarding support for the social investment model we find that preferences for state job creation are structured by both the outsider status and levels of education in Nordic and continental welfare states. In Southern welfare states outsiders do not differ in their preferences regarding public job creation from insiders, but low-skilled are more strongly in favor of public job creation than insiders. In the liberal regime, preferences are structured the opposite: outsiderness structures preferences for public job creation in the liberal regime but education has no impact (M12). For the second variable of the social investment model, being an outsiders does not affect preferences for public childcare service in continental regimes but does so in Nordic, Southern and liberal welfare states while education has no significant effect on childcare preferences in neither of the regimes (M13).

Regarding the controls, effects are mixed across regimes: Income has in all regimes a negative impact on preferences for redistribution and for public job creation, but preferences for childcare services are not affected by income levels. The effect of living in a couple household is mixed according to the policy and according to welfare regime: a person living in a couple household supports less redistribution in continental, Nordic and liberal welfare states. For preferences on public job creation this holds only in the continental regime. The household composition affects preferences for publicly funded childcare services in Nordic and Southern welfare states, singles being more supportive of childcare services than individuals living in a couple household. Whether a person is retired or not does not affect his or her preferences for outsider policies with the exception of childcare services in continental and Southern welfare states. This could be explained by the fact that childcare services are a new source of public spending and as they do not correspond to the needs of retired they are less supportive of it.

In the previous section we found an interaction effect between outsider and education. Now we analyze whether the marginal effect of being an outsider varies at different degrees of education in different welfare regimes (tables in Appendix 5). The most relevant finding is that the interaction effect does not hold in all welfare regimes and not for all outsider policies. In continental welfare states we find an interaction effect between the outsider status and education only for preferences for childcare services while in Nordic countries the effect of being an outsider increases with each degree of education for preferences of both redistribution and public job creation.

Table 5: Determinants of preferences for insider policies for each regime separately. Ordered logit regressions.

	Insider Policies							
	Continental Regime		Nordic Regime		Southern Regime		Liberal Regime	
	Social insurance	Liberal model	Social insurance	Liberal model	Social insurance	Liberal model	Social insurance	Liberal model
	M14	M15	M14	M15	M14	M15	M14	M15
Outsider	-0.210***	-0.311***	-0.249**	-0.402***	-0.142*	0.081***	-0.125	-0.314***
	(0.06)	(0.06)	(0.10)	(0.05)	(0.08)	(0.02)	(0.13)	(0.11)
Education	0.225***	0.035	0.271***	0.023	0.092***	-0.096***	0.043	0.058
	(0.02)	(0.02)	(0.04)	(0.05)	(0.02)	(0.02)	(0.05)	(0.04)
Income	-0.006	0.036***	0.115***	0.104***	0.059***	0.074***	0.067**	0.061***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)	(0.03)	(0.02)
Couple household	-0.118*	0.129**	0.082**	0.320***	-0.193***	-0.080	-0.030	-0.118
	(0.07)	(0.06)	(0.04)	(0.02)	(0.04)	(0.10)	(0.13)	(0.10)
Retired	0.194***	0.032	0.023	0.126***	0.210*	0.228***	0.019	0.151
	(0.07)	(0.07)	(0.07)	(0.04)	(0.12)	(0.09)	(0.17)	(0.12)
Country fixed effects	yes	yes	yes	yes	yes	yes	yes	yes
Pseudo R2	0.004	0.004	0.043	0.046	0.085	0.015	0.008	0.011
N	7823	7823	6175	6347	2917	3081	1904	1925

Values in parentheses are standard errors. The data is weighted and the results include regional weights. Cutpoints are not reported. *** = significant at the 0.001 level; **= significant at the 0.005 level; *= significant at the 0.01 level

Regarding preferences for insider policies we find a consistent effect of being an outsider across all four regimes. In all regimes (with the exception of preferences for the social insurance model in the Southern regime), being an outsider means to be less supportive of the argument that people who have contributed more to unemployment insurance should also receive higher benefits in case of unemployment (M14) and to be less supportive of the idea that income differences are acceptable if they reflect effort and talent (M15). Higher educated individuals are more supportive of the social insurance model in continental, Nordic and Southern welfare states but less supportive to the liberal model in the Southern regime (M14). Preferences towards insider policies are not structured by skill levels in the liberal welfare state but by income and for the idea that income differences are acceptable if they reflect effort and talent also by being an outsider.

With regard to the interaction effect between outsider and education we find that the effect of outsider on both insider policies decreases significantly in the continental regime as well as in the Nordic regime on support for the liberal model (see appendix 5). In the liberal and Southern regimes we observe no interaction effect between outsider and education.

5. Conclusion

The dualization of European labor markets and welfares states into insiders and outsiders is a structural development that is increasingly researched empirically. However, there exist only very few analyses, which study whether differences in the risk profiles and labor market situations of insiders and outsiders are reflected in their political preferences. Furthermore, the evidence we do have is mostly limited to employment protection preferences, where the findings are not conclusive (see e.g. Rueda 2005, Emmenegger 2009). However, if we argue that dualization is a relevant socio-structural dividing line, the analysis of corresponding micro-level preferences is key, because the political implications of dualization depend on them. If dualization was a process that insiders and outsiders themselves are "not aware of", it would be very difficult to explain the behavior of trade unions or political parties who mobilize these insiders and outsiders. Hence, as an intermediate analytical step between the socio-structural changes and their impact on politics and policies, we need to observe the attitudes of insiders and outsiders. Only if they share certain values and preferences may they become relevant politically.

In this paper, we tested whether insiders and outsiders differ in their welfare preferences. We expected outsiders to be more favorable than insiders to redistributive and social investment policies; we expected insiders to have stronger preferences than outsiders for social insurance and performance-related incomes and we expected these differences to be largest in continental and Southern Europe. All hypotheses are motivated by the specific labor market situation and risk profiles of insiders and outsiders. In addition, we expected insider-outsider divides to be stronger among the highly skilled when it comes to social investment and social insurance, and to be stronger among the low-skilled when it comes to redistribution, because of the respective earnings potential of high- and low-skilled labor market participants.

The results we find are consistent with all the hypotheses that deal with the insider-outsider differences generally, and with most of the interaction and regime hypotheses. We found evidence that outsiders have a stronger preference than insiders for income redistribution, publicly supported job creation, as well as publicly funded childcare services. This divide prevails among all outsiders when it comes to income redistribution, whereas it applies mostly (in the case of job creation programs) or exclusively (in the case of childcare services) to more highly skilled respondents. Insiders, by contrast, are more favorable than outsiders to social insurance and performance-related income differences. Their more

secured integration in the labor market explains this divide, because the equivalence principle rewards precisely this stronger labor market attachment. The size of the divide depends on the degree of education of the respondents: for social insurance, an insider-outsider divide only appears among the more highly skilled, whereas for the liberal market model, the same divide holds throughout the workforce and simply becomes stronger with education.

Regarding regime differences, we found that the insider/outsider divide is significant in all regimes but most pronounced in the continental regime. This corresponds to our expectations. In contrast to our expectations, however, the insider/outsider divide is also marked in the Nordic welfare states. Considering the fact that dualization is less distinct in the Nordic regimes (see Häusermann and Schwander 2010), this comes as a surprise. An possible explanation could be that outsiders are more politicized in the Nordic welfare states as there is no significant difference in the political integration of insiders and outsiders in terms of union membership and political participation (Häusermann and Schwander 2010).

What is the relevance of these findings? First, it is important to understand that the insider-outsider divides we found – though significant – do not imply that insiders and outsiders antagonistically oppose each other on these policies. Overall, the substantial differences between the levels of their support for each of these policies are relatively small. Low-skilled workers, for instance, are more likely than not to agree that for a society to be fair, income differences should be small. This holds for both insiders and outsiders. Similarly, insiders do not oppose public childcare services upfront. However, the differences in the levels of their support for these policies (i.e. the intensity of their preferences) are significant. This implies that if insiders and outsiders have to make hard choices (between different party programs, for example), they may have different priorities. Hence, the finding that insiders and outsiders have distinctive preferences supports the idea that dualization has the potential to be a political conflict.

In conclusion, we would like to point out one need for further research that we could not discuss and investigate in this contribution: different studies have shown that the structural dualization of the workforce (i.e. the specific disadvantages of outsiders as compared to insiders) varies across welfare regimes (e.g. Esping-Andersen 1999b, Bonoli and Armingeon 2006). Being affected by unemployment or atypical employment has less severe economic implications in the Nordic countries than in the continental and liberal world (Häusermann and Schwander 2010). Hence, we would expect that the size and intensity of insider-outsider

divide with regard to their policy preferences vary, depending on the extent of structural dualization. The empirical analysis of this relation is an important next step, because it may help us understand the politicization of dualization in different regimes.

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APPENDIX

Appendix 1 - Classification of occupations in post-industrial class groups

Classification of occupations in post-industrial class groups, based on Oesch 2006 and Kitschelt and Rehm 2005: 23, (adapted from Häusermann 2010)

<table>
<tr><th>Independent work logic</th><th>Technical work logic</th><th>Organizational work logic</th><th>Interpersonal work logic</th><th></th></tr>
<tr><td rowspan="2">Large employers, self-employed professionals and petty bourgeoisie with employees (CA)
Self-employed <=24</td><td>Technical experts (CA)
21 Physical, mathematical and engineering science professionals</td><td>Higher-grade managers (CA)
11 Legislators and Senior officials
12 Corporate Managers</td><td rowspan="2">Socio-cultural semi-professonals (SCP)
22 Life science and health professionals
23 Teaching professionals
24 Other professionals
32 Life science and health associate professionals
33 teaching associate professionals
34 Other associate professionals</td><td>Professional/ managerial</td></tr>
<tr><td>Technicians (MSF)
31 Physical and engineering science associate professionals</td><td>Associate managers (CA)
13 General Managers</td><td>Associate professonal / managerial</td></tr>
<tr><td>Petty bourgeoisie without employees (MSF)
Self-employed >24</td><td>Skilled crafts (BC)
71 Extraction and building trades workers
72 Metal, machinery and related trades workers
73 Precision, handicraft, printing and related trades workers
74 Other craft and related trades workers</td><td rowspan="2">Skilled office workers and routine office workers (MSF)
41 Office Clerks
42 Customer Service Clerks</td><td rowspan="2">Skilled service and routine service (LSF)
51 Personal and protective services workers
52 Models, salespersons and demonstrators
91 Sales and services elementary occupations</td><td>Generally / vocationally skilled</td></tr>
<tr><td></td><td>Routine operatives and routine agriculture (BC)
61 Market-oriented skilled agricultural and fishery workers
92 Agricultural, fishery and related laborers
81 Stationary-plant and related operators
82 Machine operators and assemblers
83 Drivers and mobile-plant operators
93 Laborers in mining, construction, manufacturing and transport</td><td>Low/ un-skilled</td></tr>
</table>

Two-digit numbers in front of job descriptions are ISCO88-2d codes.

Appendix 2 - Table Operationalization

VARIABLE	OPERATIONALIZATION
Liberal market model	ESS 4 2008; 5 point scale ranging respondent's answer to D1 "Large differences in people's incomes are acceptable to properly reward differences in talents and efforts" (1) disagree strongly (2) disagree (3) neither disagree nor agree (4) agree (5) agree strongly; recoded so that higher values means higher agreement with redistribution;
Social investment: childcare services	ESS 4 2008; 10 point scale ranging respondent's answer to D19 "how much responsibility the government should have to ensure sufficient childcare services for working parents?" (1) "not government's responsibility at all" (10) "entirely government's responsibility"
Social investment: job creation	ESS 4 2008; 10 point scale ranging respondent's answer to D15 „How much responsibility the government should have to ensure a job for everyone who wants one?" (1) "not government's responsibility at all" (10) "entirely government's responsibility";
Social insurance	ESS 4 2008; respondent's answer to D 36 "Some people say that higher earners should larger old age pensions because they paid more in, whilst others think that lower earners should get more because they are in greater need." (1) Higher earners should get larger old age pensions. (2) High and low earners should get the same amount. (3) Lower earners should get larger old age pensions.
Redistribution	ESS 4 2008; 5 point scale ranging respondent's answer to D4 "For a society to be fair, differences in people's standard of living should be small" (1) disagree strongly (2) disagree (3) neither disagree nor agree (4) agree (5) agree strongly; recoded so that higher values means higher agreement with redistribution;
Classes	ESS 4 2008; ISCO-2d codes, recoded according to appendix 1 into CA, MSF, BC, SCP, LSF;
Outsider (based on classes)	ESS 4 2008; Dummy variable measuring outsiderness based on classes, gender and age, recoded according to Appendix 3;
Welfare regimes	Liberal countries: Australia, Canada, Irleand, New Zealand, Great Britain, United States Nordic countries: Denmark, Finland, Norway, Sweden Continental countries: France, Germany, Netherlands, Switzerland, Southern countries: Portugal, Spain
Unemployment	ESS 4 2008; Dummy variable measuring unemployment among all other forms of work status; mnactic=3,4;
Part time	ESS 4 2008; Dummy variable measuring part time with working hours; wkhct<=30;
Fixed term contract	ESS 4 2008; Dummy variable measuring fixed term contract; wrkctra=2, 3;

Atypical work	ESS 4 2008; Dummy variable measuring atypical employment (part-time, unemployed, helping family member, housewife/man) among all other forms of work status; mnactic=3, 4, 8; parttime=1; wrkctra=2, 3;
Education	ESS 4 2008; based on highest completed education level; 0=primary education, 1=lower secondary (usually mandatory school), 2=upper secondary, 3= post-secondary, 4=tertiary; based on edulvl;
Income	ESS 4 2008; variable measuring the household's total net income from all sources in deciles, based on hinctnta;
Retired	ESS 4 2008: Dummy measuring if respondent is retired; mnactiv=6;
Couple	ESS 4 2008; Dummy measuring if respondent lives in a stable relationship; based on partner;

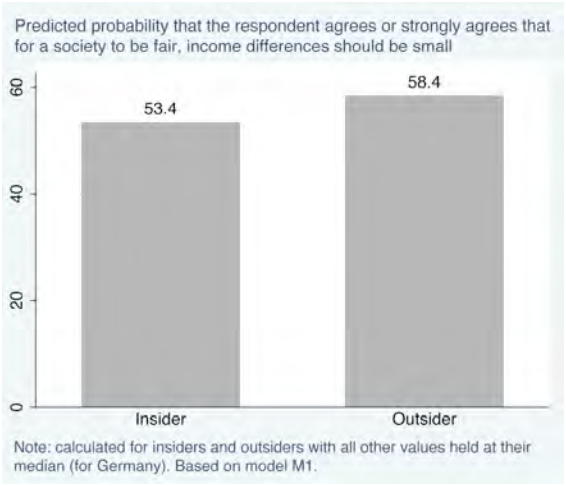
Appendix 3 – Identification of insiders and outsiders across regimes

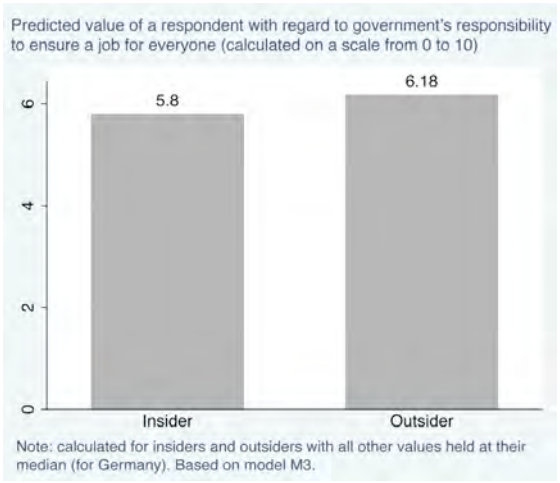
ESS 2008

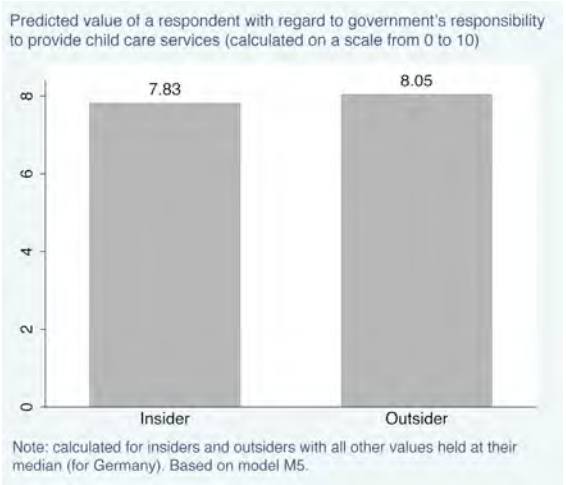
	Liberal regimes	Nordic regimes	Continental regimes	Southern regimes
Outsiders	Young female LSF	Young female LSF	Young female LSF	Young female LSF
Insiders	Young male LSF	Young male LSF	Young male LSF	Young male LSF
	Old female LSF	Old female LSF	Old female LSF	Old female LSF
	Old male LSF	Old male LSF	Old male LSF	Old male LSF
	Young female SCP	Young female SCP	Young female SCP	Young female SCP
	Young male SCP	Young male SCP	Young male SCP	Young male SCP
	Old female SCP	Old female SCP	Old female SCP	Old female SCP
	Old male SCP	Old male SCP	Old male SCP	Old male SCP
	Young female BC	Young female BC	Young female BC	Young female BC
	Young male BC	Young male BC	Young male BC	Young male BC
	Old female BC	Old female BC	Old female BC	Old female BC
	Old male BC	Old male BC	Old male BC	Old male BC
	Young female MSF	Young female MSF	Young female MSF	Young female MSF
	Young male MSF	Young male MSF	Young male MSF	Young male MSF
	Old female MSF	Old female MSF	Old female MSF	Old female MSF
	Old male MSF	Old male MSF	Old male MSF	Old male MSF
	CA	CA	CA	CA
% outsiders	57.2%	40.2%	47.1%	38.8%
% female outsiders	70.3%	93.3%	100%	84.0%
% young outsiders (<40 years)	34.2%	26.6%	34.7%	52.4%
N	2,243	6,881	9,205	5,951

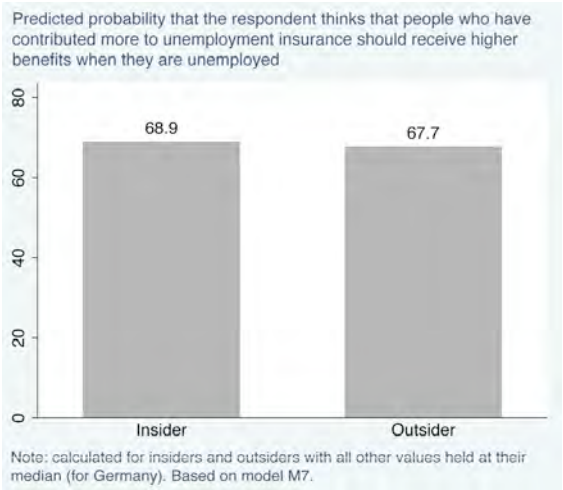
Note: Highlighted groups are significantly more affected by unemployment and/or atypical employment than not highlighted groups; based on the survey evidence in appendix 2; descriptive statistics from ESS 4 2008;

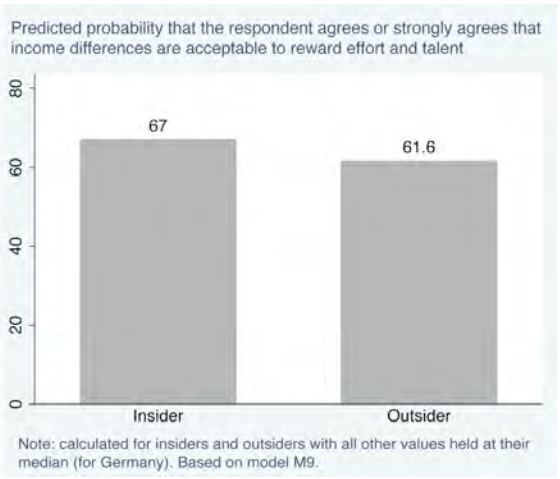
Appendix 4 – Predicted values and probabilities for different welfare models
(all differences significant at the 0.01 level)











Appendix 5: Regime analysis

Table A5.1: Determinants of preferences for insider policies for each regime separately. Ordered logit regressions.

	Outsider Policies					
	Continental Regime			Nordic Regime		
	Redistri-bution	Job creation	Childcare service	Redistri-bution	Job creation	Childcare service
	M11	M12	M13	M11	M12	M13
Outsider	0.385***	0.021	-0.403***	-0.356***	0.003	0.369***
	(0.11)	(0.30)	(0.14)	(0.12)	(0.08)	(0.09)
Education	-0.087***	-0.142***	-0.062*	-0.147***	-0.101*	-0.022
	(0.02)	(0.01)	(0.04)	(0.03)	(0.05)	(0.04)
Outsider x education	-0.011	0.017	0.158***	0.144***	0.111***	-0.017
	(0.01)	(0.02)	(0.02)	(0.05)	(0.04)	(0.03)
Income	-0.100***	-0.103***	-0.052***	-0.088***	-0.062***	-0.003
	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)	(0.02)
Couple household	-0.183***	-0.072***	-0.110	-0.204***	-0.058	-0.229***
	(0.03)	(0.02)	(0.07)	(0.05)	(0.10)	(0.06)
Retired	0.155	-0.043	-0.252***	0.192***	0.028	-0.106
	(0.11)	(0.04)	(0.09)	(0.06)	(0.07)	(0.07)
Country fixed effects	yes	yes	yes	yes	yes	yes
Pseudo R2	0.019	0.013	0.022	0.043	0.015	0.004
N	7770	7765	7789	6338	6331	6320

	Southern Regime			Liberal Regime		
	Redistri-bution	Job creation	Childcare service	Redistri-bution	Job creation	Childcare service
	M11	M12	M13	M11	M12	M13
Outsider	0.358***	0.488***	0.551***	-0.164	0.251	0.584**
	(0.06)	(0.09)	(0.15)	(0.29)	(0.28)	(0.28)
Education	0.025***	-0.048***	0.044	-0.051	-0.051	0.015
	(0.00)	(0.02)	(0.03)	(0.06)	(0.06)	(0.05)
Outsider x education	-0.105***	-0.110***	-0.122***	0.087	0.019	-0.084
	(0.03)	(0.01)	(0.03)	(0.08)	(0.07)	(0.07)
Income	-0.042***	-0.045***	-0.041***	-0.044**	-0.049**	-0.019
	(0.01)	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)
Couple household	-0.100	-0.059**	-0.332**	0.171*	0.061	0.058
	(0.07)	(0.03)	(0.14)	(0.10)	(0.10)	(0.10)
Retired	0.104	0.034	-0.217***	0.061	0.160	-0.176
	(0.11)	(0.07)	(0.07)	(0.12)	(0.13)	(0.12)
Country fixed effects	yes	yes	yes	yes	yes	yes
Pseudo R2	0.008	0.010	0.013	0.006	0.006	0.003
N	3103	3089	3092	1916	1925	1919

Table A5.2: Determinants of preferences for insider policies for each regime separately. Ordered logit regressions.

	Insider Policies			
	Continental Regime		Nordic Regime	
	Social insurance	Liberal model	Social insurance	Liberal model
	M14	M15	M14	M15
Outsider	0.353**	0.038	-0.093	-0.085
	(0.17)	(0.17)	(0.25)	(0.11)
Education	0.301***	0.082**	0.288***	0.060
	(0.03)	(0.03)	(0.05)	(0.06)
Outsider x education	-0.164***	-0.100**	-0.045	-0.094***
	(0.05)	(0.04)	(0.04)	(0.03)
Income	-0.006	0.036***	0.114***	0.103***
	(0.01)	(0.01)	(0.01)	(0.01)
Couple household	-0.118*	0.129**	0.081**	0.317***
	(0.07)	(0.06)	(0.03)	(0.02)
Retired	0.186**	0.026	0.021	0.122***
	(0.07)	(0.07)	(0.07)	(0.04)
Country fixed effects	yes	yes	yes	yes
Pseudo R2	0.015	0.004	0.044	0.046
N	7636	7823	6175	6347

	Southern Regime		Liberal Regime	
	Social insurance	Liberal model	Social insurance	Liberal model
	M14	M15	M14	M15
Outsider	-0.228***	0.123	-0.302	-0.082
	(0.05)	(0.12)	(0.34)	(0.30)
Education	0.080***	-0.090***	0.015	0.096
	(0.03)	(0.03)	(0.07)	(0.07)
Outsider x education	0.034	-0.017	0.051	-0.067
	(0.04)	(0.04)	(0.09)	(0.08)
Income	0.060***	0.074***	0.068**	0.060***
	(0.00)	(0.01)	(0.03)	(0.02)
Couple household	-0.193***	-0.081	-0.030	-0.118
	(0.04)	(0.10)	(0.13)	(0.10)
Retired	0.202*	0.232***	0.017	0.156
	(0.11)	(0.09)	(0.17)	(0.12)
Country fixed effects	yes	yes	yes	yes
Pseudo R2	0.085	0.015	0.009	0.011
N	2917	3081	1904	1925