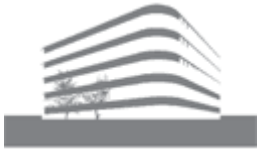

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EXPLAINING VARIATION IN PUBLIC SUPPORT FOR CUTS IN LEVELS OF UNEMPLOYMENT BENEFITS SPENDING ACROSS OECD COUNTRIES

Marta Fraile and Mariona Ferrer

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Marta Fraile is Professor of Political Science at the Center for Advanced Study in the Social Sciences, Juan March Institute and at the Universidad Autónoma de Madrid. Mariona Ferrer is a PhD candidate at the European University Institute, Florence and a teaching assistant in the Department of Political and Social Sciences, Universitat Pompeu Fabra, Barcelona.

1. Introduction

There is little doubt about the salience of the unemployment problem in the political agenda across the OECD countries. The sharp economic crisis suffered by the advanced capitalist countries during the early nineties has brought about, with very few exceptions, an important rise in unemployment rates across countries. In such a context, there has been an intense debate about the need to reform labour market regulations in order to make them more efficient. The policy packages implemented across countries have varied widely and they are well documented (for instance, Esping Andersen and Regini, 2000). What these different reforms have in common is that they pretend to reconcile competitive capitalism with social justice. This involves the general experience of potential constraints on unemployment benefits for citizens.

Some authors have studied the extent to which these policy changes have any impact on public opinion. International attitude survey data have provided consistent evidence on the general approval of welfare state spending in the nineties (Svallfors, 1997; and 1999; Taylor-Gooby, 2001). There seems to be, however, different patterns of support depending on the type of services and programmes that Welfare states provide to their citizens. In short, comprehensive and universal benefits such as health care and pensions enjoy much more popularity than targeted programmes such as unemployment benefits. (Taylor Gooby, 1996). The main differences pointed out in the previous literature pertains to citizens' individual characteristics: their political ideology (those of the left being more prone to support redistribution) and their self- interest in regard to the given programme or service (young people being keener on education, older people on pensions and health care). (Taylor-Gooby, 2004). These differences in public opinion on Welfare state's programmes and services might have important implications for policy change, since they limit the capacity of politicians to implement potential reforms, and this might be especially true for the case of targeted policies, such as unemployment benefits.

This article analyses comparative data for the last half of the nineties to investigate the determinants of individual and cross national variation in public support for cuts in unemployment benefits spending. We consider public opinion on unemployment benefits

retrenchment as a product not only of individual level characteristics but also of national-level features. With very few exceptions (for instance, Blekesaumen and Quadagno, 2003), the latter features have traditionally been limited by previous studies to the institutional characteristics of welfare policies across countries. What, however, is the process by which the institutional characteristics of the welfare state influence public opinion? In this article, we provide two causal mechanisms that potentially account for the capacities of welfare policies to shape public opinion by systematically considering cross-country variations in the seriousness of the unemployment problem, and the generosity of unemployment protection. Even if the results are tentative, we believe they open the "black box of welfare types" that until very recently has been the predominant explanation when accounting for aggregated variation in public opinion on welfare states.

The structure of the paper is as follows. In the next section, we briefly review the existing literature on the individual and contextual factors explaining public support for Welfare states. Then we present the data and methods that we have employed in the empirical analysis. We discuss how we have operationalised the dependent variable, i.e. public support for cuts in unemployment benefits spending, and the independent variables, both at the individual and contextual level. Next, we present the results of the empirical analysis. In the last section we draw some tentative conclusions and discuss the main implications of our findings for the comparative welfare state literature.

2. Individual and contextual determinants of support for cuts in unemployment benefits spending. Theoretical expectations

The literature has traditionally explained attitudes toward social policies as a product of two main individual factors: citizens' ideology, and self interests (Hasenfeld and Rafferty, 1989). We will briefly explain these two general factors in regard to unemployment benefits.

With regard to self-interest, individuals who do not directly (or potentially) benefit from unemployment protection in the near future or do not expect to do so, will show a much

higher degree of support for a reduction in the level of unemployment benefits spending than those who are more at risk of being unemployed. Who are these citizens? If we focus on their socio-demographic features, the following individual factors emerge. First, gender: empirical evidence has demonstrated that (in general terms) women are more at risk of being unemployed, except for the Scandinavian countries whose welfare states have promoted active employment policies addressed to women's participation in the labour market (Esping Andersen, 1999). Hence, we expect men to show a higher degree of support for cuts in unemployment benefits spending than women. Second, if we look at the age of individuals, two main groups are more at risk of being unemployed: young people in the process of transition to adulthood (especially for welfare regimes with highly regulated labour markets), and the older unskilled labour force in general. Therefore, the expectation here is that the medium-age and skilled labour force will show a higher level of support for a reduction in the level of unemployment benefits spending than the young and unskilled labour force.

Third, people are expected to increase their level of support for unemployment benefits' retrenchment as their level of income increases, since they tend to be less willing to pay taxes (Shivo and Usitalo, 1995). Fourth, level of education may also help to identify individual propensity to support or reject targeted welfare programmes. The expectation here is that as individuals' level of education increases, their level of support for a reduction in the level of unemployment benefits spending also increases, since the chances of being unemployed diminishes as education rises. Finally, labour market position may also affect citizens' propensity to support or reject cuts in unemployment benefits spending. Those unemployed or with a member of their family unemployed will be less prone to support unemployment benefits' retrenchment. Summarizing, those individuals that look more like potential consumers of unemployment transfers will show a lower propensity to support a reduction in levels of unemployment benefits spending. (Andreβ and Hein, 2001).

The second potential factor that may influence citizens' propensity to support unemployment benefits retrenchment is ideology. The literature agrees that welfare politics are historically structured between political right and left (Taylor Gooby, 2001). In short, left-wing citizens tend to be more supportive of the welfare state in general, and of targeted programmes in particular, than conservative people. There is abundant evidence showing that

welfare state sympathies are stronger among left-wing electors than among others groups of citizens (Groskind, 1994; Shivo and Usitalo, 1995). In sum, right-wing citizens are expected here to present the highest level of support for unemployment benefits retrenchment.

Besides these individual differences, there are some structural and institutional features of each nation that may help to explain cross-country differences in support for the welfare state. Among those factors, the most widely mentioned in the literature is the type of welfare state (Arts and Gelissen, 2001; Bloomberg and Kroll, 1999; Edlund, 1999; Forma, 1997; Svallfors, 1997). There seems to be an agreement on the influence of the characteristics of the Welfare state on citizens' attitudes and opinions. Very briefly, the literature argues that the historical role of the state in each country is a relevant factor in shaping public opinion towards different social policies. There are, however, several problems with this line of research. The first is empirical: there is abundant evidence showing that underdeveloped Welfare states such as Southern Europe countries present similar levels of Welfare state support to the Scandinavian countries (Svallfors, 1999; Svallfors and Taylor-Gooby, 1999).

The second problem is more theoretical and has already been raised by other authors (Blekesaune and Quadagno, 2003). It concerns the causal mechanism linking the historical role of the state with public attitudes. The reverse causation could be another plausible hypothesis. That is, public opinion can also influence politicians or institutions. There is an abundant literature demonstrating that public opinion affect public policy (Page and Shapiro, 1992; Stimson, Mackuen & Eriksson, 1995). [1]

The third problem concerns the explanation of the process by which the institutional characteristics of the welfare state may shape public opinion. Previous literature has shown that there is a significant incidence of welfare state type on public opinion towards social policies. This empirical evidence, however, is only an indicator of subgroup differences, but it does not explain the mechanism through which this effect is produced. In short, the type of welfare regime often appears as a "black box" with scarce explanations of the causal mechanisms that might influence individuals at the macro level. Hence, we argue that it is

[1] Stimson *et al*, 1995 argue for the existence of what they call "dynamic representation" in which politicians are aware of modifications in public opinion and adjust their behaviour accordingly.

necessary to consider other macro-level factors if we aspire to understand the causal mechanisms thorough which welfare states might shape public opinion on unemployment benefits across OECD countries.

One of the most important dimensions used to identify types of welfare regimen is that of decommodification which can be defined as the capacity of welfare states to reduce the market dependence of their citizens (Esping-Andersen, 1990). For the case of unemployment benefits, this capacity can be measured as the generosity and scope of unemployment benefits across countries. We propose to consider this dimension to better account for the relationship between welfare policies and public opinion. What, however, should be expected about the potential relationship between the generosity of the unemployment benefits and public opinion? There are two lines of thinking that simultaneously suggest the same expectation: As the generosity of unemployment benefits increase, a higher degree of public support for cuts in unemployment protection' spending at the aggregated level is expected. The logic behind this is the old liberal adage that unemployment benefits should be low enough so as to give unemployed people incentives to look for jobs. Additionally, the generosity of social transfers implies a higher degree of taxes, and hence a lack of enthusiasm of employed citizens to pay taxes in order to finance unemployment benefits.

This constitutes, nevertheless, no more than one part of the story. The other regards the seriousness of the social problem that unemployment protection is intended to solve or, at least, to alleviate. In this case, we refer to the seriousness of the unemployment problem. The inclination of some citizens to support a reduction in the level of unemployment benefits' spending because they find them too generous might potentially be compensated by their consciousness of the problem of unemployment. Put differently, persistently high levels of unemployment should be negatively associated with greater levels of public support for cuts in unemployment benefits' spending. Therefore, the expectation here is to find higher levels of support for unemployment benefits retrenchment in countries where the unemployment problem fluctuates across time and is less dramatic than in countries where the magnitude of the unemployment problem is salient and persistent across time. When the unemployment problem is persistent, it seems more difficult to argue that the responsibility for being unemployed is placed on the individual. Hence, at the aggregated level, citizens are expected

to have more concern for those unemployed since the risk of becoming unemployed is greater in the country as a whole, independently of their own individual characteristics.

We propose to operationalise these two distinctive features of unemployment protection that might influence public opinion in the following way. With regards to the generosity of unemployment benefits, several potential indicators could measure this concept. The most standard way to measure the generosity of unemployment compensation is through public expenditure on unemployment compensation as a percentage of GDP. This measure, however, is problematic because it ignores cross national variation in the duration and coverage of benefits. These dimensions should be considered if we want to understand the extent to which unemployment benefits are protecting citizens from the risk of poverty when they lose their job.

We have developed an index of unemployment generosity by considering the two aforementioned dimensions of unemployment protection. This index is the average value for each country of the two following indicators. On the one hand, and in order to get an idea about the scope of unemployment benefits, we have taken the replacement ratio as given by the OECD, and expressed as a percentage (OECD Employment Outlook, 1997). [2]On the other hand, we have computed the maximum period for which full benefits are typically available to unemployed people (measured in months). Concerning the seriousness of the unemployment problem, the most relevant macro-economic indicator to measure is surely the rate of unemployment.

In sum, public opinion about cuts in levels of unemployment benefits spending might be shaped by some contextual factors that equally affect citizens sharing the same political system, and controlling for their distinctive individual characteristics. Among these factors, we propose to systematically consider not only the type of welfare regime in which citizens reside but also the generosity of unemployment benefits, together with the seriousness of the unemployment problem that those benefits aspire to alleviate.

[2] The reference wage is defined as gross wages and even if it is not defined in exactly the same way across countries, they are comparable.

So far, we have discussed the individual and contextual factors that will potentially help us to explain cross-national variation in public support for cuts in unemployment benefits spending. We now turn to the explanation of the empirical analysis carried out in order to test the theoretical expectations already described.

3. Data, variables and methods

We use data from the survey conducted within the International Social Survey Program (ISSP). It was conducted in 1996 / 7, and constitutes the third wave of the series on "The Role of the Governments". This survey contains information about individuals' views on welfare state intervention in the economy, reforms, and retrenchment. At the same time, it contains enough socio-demographic information as to allow us to test some of the hypotheses at the individual level. It also contains information about twenty-three countries. However, we have restricted the analysis to 13 OECD countries, since the theoretical discussion summarized in previous section refers only to advanced capitalist countries.[3]

With regard to the dependent variable, we have operationalized the degree of public support for unemployment benefits, using people's opinions about government spending on unemployment benefits. More specifically, the interviewees were asked the following question: "Listed below are various areas of government spending. Please show whether you would like to see more or less government spending in each area. Remember that if you say 'much more', it might require a tax increase to pay for it: More or less government spending for: Unemployment benefits: 1. Spend much more 2. Spend more 3. Spend the same as now 4. Spend less 5.Spend much less"

Figure 1 summarizes the distribution of the responses across countries. It provides the percentage of respondents in three main categories: spend more (which groups categories 1

[3] The countries considered in the analysis are: Australia, Canada, France, Germany, Ireland, Italy, Japan, Norway, New Zealand, Sweden, Great Britain, and the United States. The rest of the sample corresponds to former East European Communist countries.

and 2 of the original question), the same (that corresponds to the third category), or less (which groups categories 4 and 5).

Various features emerge from Figure 1. First, at the aggregated level there is a high degree of empirical variation in the proportion of respondents for the categories that clearly correspond to support and rejection for unemployment benefits. Moreover, the coefficient of variation for the aggregated distribution of each of the two categories expressed as a percentage is of 47% and 50% respectively. In contrast, the medium category ("the same") presents a lower degree of empirical variation across countries with a coefficient of variation equal to 18%[4]

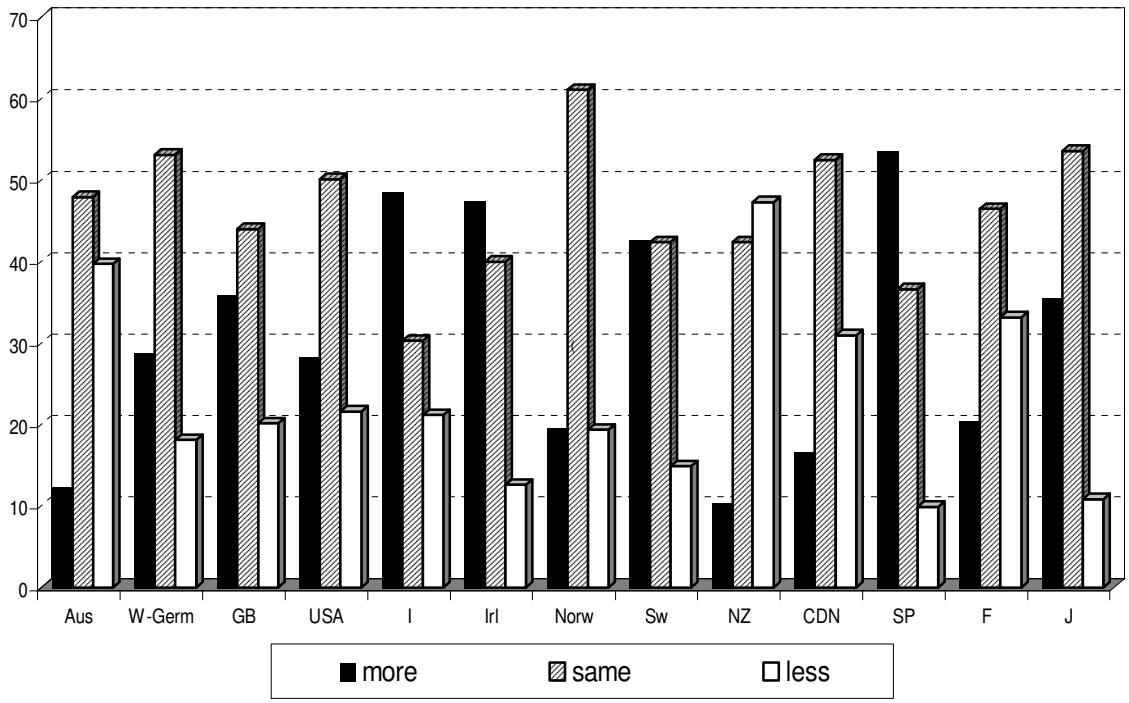
Which, however, are the countries presenting a higher degree of public support for unemployment benefits retrenchment? New Zealand, Australia, Canada, and France present percentages higher than 30%, whereas Great Britain, the USA, Italy, and Norway, percentages around 20%. Spain and Japan present the lowest percentages (below 10%). In sum, Figure 1 indicates that (at least at the aggregated level) there is not a clear pattern of differences in the degree of public support for cuts in unemployment benefits by welfare regime type. This result suggests that the institutional characteristics of the Welfare state do not necessarily influence individual attitudes in a homogeneous way across countries.

Let us now turn to the discussion about the operationalization of the dependent variable. Here we want to justify why we have estimated an empirical model of public support for a reduction in levels of unemployment benefits spending, rather than public support for unemployment benefits (positively) as the literature often does. The original variable used to measure the degree of public support for unemployment benefits is an ordinal one. However, its substantive interpretation is not clear from a comparative perspective. Consider, for instance, the third category in which respondents state that their respective governments should spend the same on unemployment benefits as they are already spending. Should we interpret this answer as an indication of public support for

[4] Variation coefficients are computed as the ratio of the standard deviation over the mean and expressed as a percentage.

unemployment benefits? Obviously, the response to this question is contingent on the socioeconomic context of each country. [5]

Figure 1. Public opinion on unemployment benefits spending across OECD countries



Source: International Social Survey, 1996-7

Due to these problems, we have preferred to estimate public support for cuts in levels of unemployment benefits spending, since we believe it is a clear way to measure the degree of public support for unemployment protection (even if following the reverse logic) that is not contingent on the socio economic context of each country. In the era of welfare states resilience, some authors have proposed to change the predominant view on political economy which explores the potential determinants of welfare states expansion. Nowadays, the

[5] Take, for instance, a British, an Italian, French, and a Swedish citizen. The four of them think that their respective governments should spend about the same money on unemployment benefits. But it cannot be argued that they all equally support unemployment benefits, since those benefits are scarce in Italy and Great Britain but generous in France and Sweden.

literature claims to investigate what has been called the political economy of welfare states retrenchment (Pierson, 1996). We propose to also incorporate this view into the literature of public opinion on welfare programmes.

In sum, we have created a dichotomous dependent variable that takes the value 1 when respondents think that their respective governments should spend less or much less on unemployment benefits (and this is substantively interpreted as support for retrenchment) and 0 for the remaining of opinions (interpreted as non-clear support for cuts in public spending on unemployment protection). Given the dichotomous nature of the dependent variable we have estimated a comparative model of public support for cuts in unemployment benefits spending through logistic regression[6]. We have considered the following independent variables. First, at the individual level, gender is a dummy variable codified as 1 for men; age is specified in its original scale (years); income as an ordinal variable contrasting those in the bottom quartile of equivalized family income distribution (for each respective country), those in the two middle quartiles of the distribution, and those in the top quartile; education is an ordinal variable going from 1 (minimum level of education) to 6 (maximum level of education); labour market position is operationalised through a series of dummy variables contrasting those who are unemployed, retired, and are never in the labour market (housewife, students) with those employed (that is, the category of reference when estimating the other three categories' coefficients).

Finally, in the data base used for this article the standard self-positioning ideological scale is not available. Hence, we have reconstructed individuals' ideology by using the

[6] An alternative equation has been estimated by using the technique of multinomial logit in order to test whether the differences between the intermediate category of the original dependent variable and the category of lack of support for cuts in unemployment benefits' spending create any kind of bias in the results. None of these tests suggest that the estimates of the simplest binomial logit are biased. Moreover, we have estimated the same equation through the multilevel technique and the results (available to the interested reader) were quite similar. We are aware of the drawback associated with not accounting for the two-level hierarchical structure of the data. Basically, the coefficients corresponding to the contextual factors may be biased, and lead to potential under or overestimation problems (Snijders and Boskers, 1999). However, we have preferred to present the simplest results of the logistic regression because the multilevel equation is not without problems in this case. We have only thirteen cases at the aggregated level, and standard methodologies assume at least thirty or more cases at the aggregated level.

ideology of the party that respondents declare to have voted for in the last election.[7] With this information we obtained a set of dummy variables contrasting those voting for a party positioned in the centre of the political spectrum with those on the right and those on the left (that is, the category of reference when estimating the coefficients of the other three categories) We have also included a category called "others" in order to avoid losing too many cases of individuals who do not answer the vote question in the questionnaire. This coefficient, however, does not have a substantive interpretation, since we do not know the ideology of these individuals.

Second, at the aggregated level, we have specified three independent variables. The first variable operationalises the type of welfare regime. We have classified the 13 countries analysed here according to Esping-Andersen's welfare regime revised typology (Esping-Andersen 1999). Therefore, we have four different groups: liberal welfare states (Australia, Canada ,Great Britain, Ireland, New Zealand, and the United States), continental welfare states (France and Germany), universalistic welfare states (Norway, and Sweden), and finally "familiaristic" welfare states (Italy and Spain). We have also included Japan in this last category, since the family is considered to have an important role in providing social protection to citizens.

The second and third variables consist of two aggregated measures: cross-country long-term unemployment rate as given by the OECD, and an index of unemployment generosity. As explained before, this index consists of the average of two measures: the rate of unemployment benefits replacement as given by the OECD (OECD employment Outlook, 1997), and the maximum period for which full benefits are typically available to unemployed people (in months) as given by Social Security programs throughout the World, and MISSOC, 1995 and 1997. Descriptive statistics regarding all these variables used in the empirical estimation of public support for cuts in unemployment benefits spending are given in Table 1.

[7] More specifically, we have used the information coming from the original question V247 in the questionnaire where political parties have been classified in the political spectrum. For the case of the sample corresponding to Italy, there was no such question available. Therefore, we have first classified the party that citizens declare to have voted for in the last election into the right, centre, and left of the political space by considering the characteristics of the Italian political system, and then attributed to individuals such ideology.

Table 1. Descriptive statistics of dependent and independent variables (N = 13678)

	Mean	*SD*	*Min.*	*Max.*
Dependent variable				
Support for cuts in levels of unemployment benefits spending	0.22	0.42	0	1
Individual characteristics				
Gender	0.51	0.5	0	1
Age	45.9	16.8	16	97
Income	1.97	0.71	1	3
Level of education	4.59	1.42	1	7
Labour market position (original codification)	1.99	1.21	1	4
Employed	0.56	0.49	0	1
Unemployed	0.05	0.22	0	1
Retired	0.21	0.41	0	1
Others (not in the labour force)	0.17	0.37	0	1
Ideology (original codification)	2.37	1.14	1	4
1 Left	0.33	0.47	0	1
2 Centre	0.17	0.37	0	1
3 Right	0.29	0.45	0	1
4 Others	0.21	0.41	0	1
Country characteristics (*N* = 13)				
Type of welfare regime (original codification)	2.23	1.23	1	4
1 Liberal	0.41	0.49	0	1
2 Continental	0.19	0.39	0	1
3 Universal	0.14	0.34	0	1
4 Familiaristic-Japan	0.25	0.43	0	1
Long-term unemployment rate	9	5.1	2.5	19.8
Benefit replacement ratio	25.63	8.6	7	39
Maximum duration of unemployment benefits (in months)	28.55	19.6	6	60
Index of generosity of benefits	412.58	328.06	21	1110

Sources: ISSP 1996-97, OECD Employment Outlook, Social Security Programs throughout the World, MISSOC, 1996.

4. Discussion of the results

The results of the empirical analysis are presented in Table 2, the first column of which presents the independent variables in each of the estimated equations. Model 1 contains all the individual factors plus a set of dummy variables representing different types of welfare state regime. This might be considered as the traditional institutionalist approach. Model 2 adds to the equation the generosity of unemployment benefits' index, and the long-term unemployment rate. As previously explained, the aim of this second model is to disentangle the potential causal mechanisms linking types of welfare regimen with public opinion on unemployment benefits retrenchment. Finally, Model 3 includes a statistically significant interaction term between the generosity of unemployment benefits' index and the unemployment rate. This constitutes empirical evidence demonstrating that when the unemployment problem is high and persistent, citizens (independently of their own individual characteristics) have more concern for those unemployed, and this can potentially neutralise their negative predisposition to pay taxes in order to finance generous unemployment protection.

The second, third, and fourth columns of Table 2 provide, therefore, the parameter estimates and associated standard errors as estimated by logit regressions for Model 1, 2, and 3. In what follows, we discuss these results.

As can be seen in Table 2, the coefficients of the independent variables are all correctly signed and (almost all) statistically significant as we expected from a theoretical point of view, and present a picture in which those citizens that look more like potential consumers of unemployment benefits show a lower propensity to support cuts in public spending on such a social policy. We start by commenting briefly on the main findings of the individual-level determinants that are very stable across the three models included in Table 2. In short, men present a higher propensity to sustain cuts in unemployment benefits spending than women, whereas one additional year of age is negatively associated with support for a retrenchment in unemployment protection[8]. Additionally, those who are unemployed show a negative effect

[8] Recall that the age coefficient represents a one year effect; for this reason the magnitude of the coefficient seems to be negligible, but in fact it is not.

Table 2. Empirical results. Individual and contextual determinants of public support for unemployment benefits retrenchment

Independent variables	Model 1 (traditional institutionalist approach)	Model 2 (Model 1+aggregated mechanisms)	Model 3 (Model 2 + Interaction term)
Intercept	-2,13 (0,16) **	-2,0 (0,16) **	-2,77 (0,25) **
Male	0,33 (0,04) **	0,35 (0,04) **	0,35 (0,04) **
Age	-0,007 (0,001) *	0,01 (0,001) **	0,01 (0,001) **
Income	0,28 (0,03) **	0,28 (0,03) **	0,28 (0,03) **
Level of education	0,03 (0,01) +	0,03 (0,01) +	0,04 (0,01) *
Labour market position: [1]			
Unemployed	-0,93 (0,13) **	-0,95 (0,13) **	-0,95 (0,13) **
Retired	-0,16 (0,06) **	-0,15 (0,06) *	-0,15 (0,06) *
Others (not in the lf)	-0,06 (0,08)	-0,07 (0,08)	-0,07 (0,08)
Ideology: [2]			
2 (centre)	0,55 (0,06) **	0,76 (0,06) **	0,76 (0,06) **
3 (right)	1,11 (0,05) **	1,08 (0,05) **	1,08 (0,05) **
4 (others)	0,23 (0,07) **	0,34 (0,07) **	0,36 (0,07) **
Type of welfare regime:[3]			
Continental	-0,83 (0,06) **	-0,61 (0,06) **	-0,54 (0,06) **
Universalistic	-1,95 (0,11) **	-1,05 (0,07) **	-1,20 (0,08) **
Familiaristic + Japan	-0,29 (0,08) **	-0,35 (0,07) **	-0,21 (0,08) *
Long term unemployment rate	----------	-0,06 (0,006) **	0,02 (0,02)
Generosity of benefits	----------	0,03 (0,001) **	0,067 (0,008) **
Generosity of benefits* Unemployment rate	----------	----------	-0,004(0,0009)**
LR Chi2	1523,4(Prob>Chi2 = 0,0000)	1661,1(Prob>Chi2= 0,0000)	1676,25(Prob>Chi2= 0,0000)
% Correctly Predicted	76%	78%	78%

Note: Entries are logit maximum-likelihood estimates and their associated asymptotic standard errors in parentheses.
** significant at the level of 99%, * significant at the level of 95%, + significant at the level of 90%.
[1]-reference category = employed; [2]- reference category = left; [3]- reference category = liberal welfare states

on the support for unemployment benefits retrenchment in comparison to those who are employed. This suggests that in fact citizens make an egocentric economic calculation when expressing their support for cuts in unemployment benefits spending. And the same causal mechanism can be referred to in order to understand the significant coefficients

corresponding to education and income. Thus, higher levels of education and income are positively associated with support for a reduction in the level of unemployment protection spending. Finally, citizens voting for centre and especially right political parties in contrast to those voting for left parties, have a positive incidence on the chances for supporting cuts in unemployment benefits spending. This constitutes additional empirical evidence showing that left-wing citizens tend to be more supportive of unemployment benefits.

The second set of relevant coefficients are the contextual determinants of public support for unemployment benefits retrenchment. The second column of Table 2 provides empirical evidence supporting the institutionalist approach. This implies that as the previous literature has demonstrated, the historical role of the state in each country is an important predictor of subjective views about unemployment benefits. Moreover, citizens living in universalistic, continental, and familiaristic welfare regimes show a lower propensity to sustain unemployment protection retrenchment in comparison to citizens living in liberal welfare regimes. The coefficient of universalistic welfare regimes compared to liberal welfare regimes displays the strongest negative effect in our model. Countries belonging to continental or familiaristic welfare regimes, compared to liberal welfare regimes, also display a negative effect, albeit minor, to sustain cuts in unemployment benefits spending.

This empirical evidence about the link between types of welfare regime and public opinion on cuts in unemployment benefits spending is, however, only an indication of subgroup differences, but it does not explain why the logit regression coefficients for each type of welfare regime are different and statistically significant. It provides sparse information about micro-macro relationships. In short, the type of welfare regime appears as a “black box”, without any explanation of the causal mechanisms that might influence individuals at the macro level. The next step is, then, to specify other macro-level factors. This is what can be seen in the third column of Table 2 (Model 2).

The effects of the type of welfare state remain quite consistent when we introduce in the analysis the other two aggregated factors, although the magnitude of the coefficients decreases. Table 2, therefore, provides empirical evidence showing that public opinion on unemployment protection is shaped by the other two contextual factors that are characteristics

of each type of welfare regime. Moreover, high levels of generosity in unemployment benefits are indeed positively associated with support for cuts in unemployment benefits spending. Two lines of thinking may be simultaneously explaining the positive coefficient regarding the generosity of unemployment protection. On the one hand, generous unemployment benefits might be financed by high taxes paid mainly by those in the labour market. On the other hand, generous unemployment benefits decrease the incentives of individuals to look for another job.

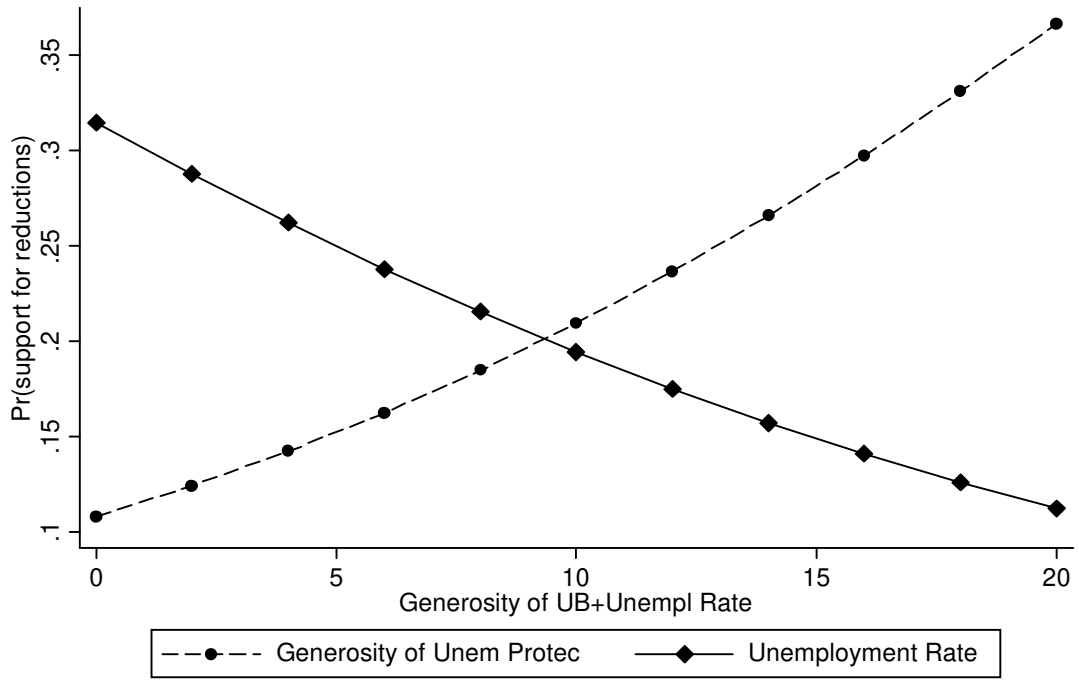
These effects might be, however, compensated by the negative coefficient associated with the long term unemployment rate. Furthermore, citizens living in countries where the level of unemployment is high show a lower propensity to sustain cuts in unemployment protection spending than citizens living in countries where the level of unemployment is low. This means that unemployment has an impact on attitudes towards cuts in unemployment benefits spending both at the individual and at the contextual level. Accordingly, citizens engage not only in egocentric economic calculi (that is, whether or not they are at the risk of being unemployed) but also in a sociotropic calculi (that is, a general concern about the seriousness of the social problem, that makes citizens more supportive of unemployment protection, independently of their own chances of being unemployed in the coming future).

So far, we have commented on the results of our empirical analysis in a rather crude way. Let us now emphasize the effect of these two contextual factors. The coefficients provided in Table 2 do not yet indicate the magnitude of the effect of each independent variable on the probability of each given citizen supporting unemployment protection retrenchment. Figure 2, however, provides this information. It translates the logit coefficients into real probabilities by way of simulations. Given the continuous nature of these two independent variables, we provide a figure to show the magnitude of the effect of these two variables on the probabilities for an "average citizen"[9] to support cuts in unemployment benefits spending. The first comment to be made is that according to our estimation, there

[9] Even if not very straightforward for the case of discrete independent variables, we have preferred to hold constant at their sample mean values the rest of the independent variables (both at the individual and at the aggregated levels) included in the equation of Model 2 in both Figures 2 and 3, since this is what we consider to be the most neutral values for the simulation exercise.

seems to be a general approval of unemployment protection, since the expected probabilities of supporting reductions in the level of unemployment benefits spending for the "average citizen"-that is, the one presenting the sample mean values- is low, and always below 50% (see the vertical axis of Figure 2). Additionally, and as can be seen in Figure 2, there is a clear increase in the predicted probabilities of an "average citizen" supporting unemployment benefits retrenchment as the generosity of unemployment benefits increases. The reverse effect can also be seen for the line corresponding to the seriousness of the unemployment problem. Moreover, there is a clear decrease in the predicted probabilities of the same "average citizen" supporting cuts in unemployment benefits spending as the structural unemployment rate increases.

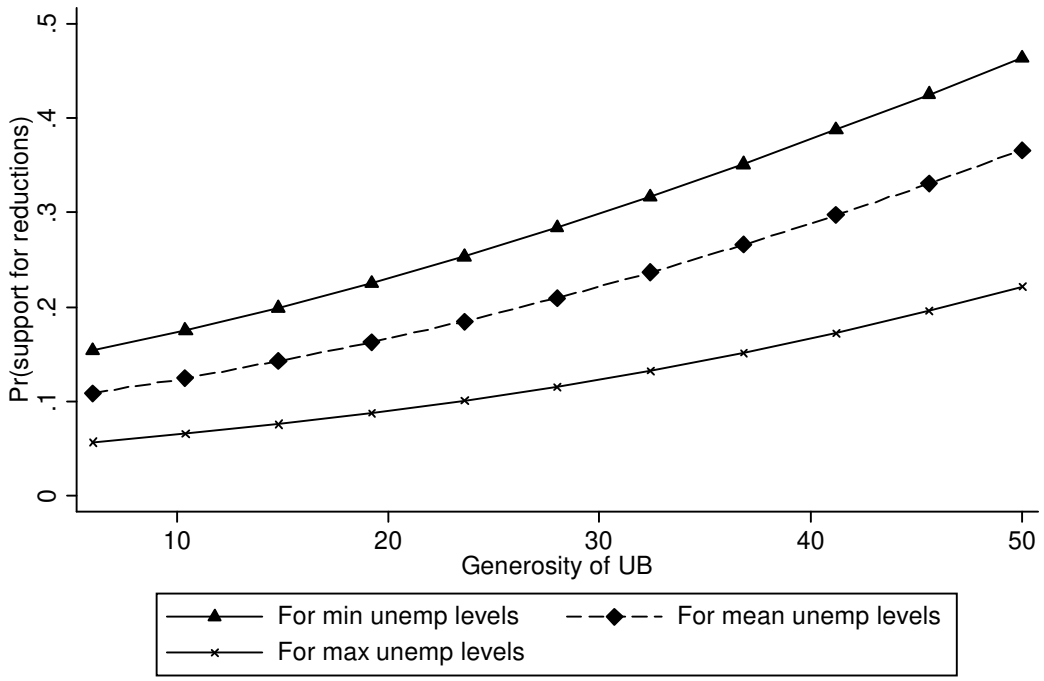
Figure 2. The effect of the generosity of unemployment benefits and the structural unemployment rate on the predicted probabilities of an "average citizen" supporting cuts in unemployment benefits spending



Note: Calculations have been made through the equation of Model 2 in Table 2. All independent variables (except the two plotted in the figure) are held at their mean sample value.

Hence, we have demonstrated that there are two contextual significant effects at the aggregated level that present different signs. Additionally, we have suggested that the positive effect of the generosity of unemployment benefits might be compensated for by a high unemployment rate. To illustrate this possibility, we have replicated the same exercise as in Figure 2, but this time plotting the effect of the generosity index on the predicted probabilities of an "average citizen" supporting cuts in unemployment benefits spending, and for different values of the structural unemployment rate. This can be seen in Figure 3.

Figure 3. The effect of the generosity of unemployment benefits on the predicted probabilities of an "average citizen" supporting cuts in unemployment benefits spending for different values of the structural unemployment rate.



Note: Calculations have been made through the equation of Model 2 in Table 2. All independent variables (except the two plotted in the figure) are held at their mean sample value.

Compare, for instance, the line corresponding to the effect of the generosity index on the predicted probabilities to support unemployment protection retrenchment for an "average citizen" living in the country presenting the lowest structural unemployment rate of the sample (Japan) with the line corresponding to the same effect but for an "average citizen"

living in the country presenting the highest structural unemployment rate of the sample (Spain). It seems clear that the magnitude of the effect is higher in Japan than in Spain. In fact, the minimum expected probabilities of supporting unemployment protection retrenchment for our "average citizen" in Japan is 15% (for the minimum value of the generosity index) whereas the maximum expected probabilities (for the maximum value of the generosity index) for the same citizen is 46% (see the vertical axis of Figure 3). This represents a difference of 31% in the predicted probabilities. [10]In contrast, the same differences in the predicted probabilities for our average citizen in Spain are only 17% (that is, 22% of maximum predicted probabilities minus 5% of minimum predicted probabilities).

This result suggests that the magnitude of the positive effect of the generosity index on the chances of supporting cuts in unemployment benefits spending might be conditioned by the seriousness of the unemployment problem. We have tested this last possibility in a statistically rigorous way by specifying an interaction term between the two contextual variables (that is, structural unemployment and the generosity index) in the estimation equation. Results can be seen in the fourth column of Table 2, and show that the aggregated effect of the generosity of unemployment benefits on public opinion about their retrenchment is conditioned by the seriousness of the unemployment problem (the long term unemployment rate). The coefficient corresponding to the interaction term is statistically significant.

As can be seen in Table 2 (last column), a negative and significant coefficient corresponding to the interaction term indicates that the positive incidence of generosity of unemployment benefits on the chances of supporting their retrenchment might be of smaller magnitude as the value of the unemployment rate increases. The other two coefficients corresponding to the main effect of the generosity index and the unemployment rate are not directly interpretable, since both variables do not present an actual value equal to 0. To better interpret the results of the interaction term, we have calculated the coefficient of the generosity index conditioned by the actual maximum, mean, and minimum value of the structural unemployment rate in the sample. In this way, the coefficients corresponding to the

[10] In formal terms, this constitutes the so-called 'first difference' that equals to: $\hat{E}\ (Y_{max})$-$\hat{E}\ (Y_{mim})$ (King 1989).

two aggregated variables (that often are called the "main effect") have a substantive and direct meaning when the interaction term is specified in the equation. The results of this exercise are summarised in Table 3.[11]

Table 3. Interpreting the results of the interaction term included in the equation (see last column of Table 2 for the rest of the equation's results)

	Coefficients conditioned to the actual *minimum* value of the sample of the two variables	Coefficients conditioned to the actual *mean* value of the sample of the two variables	Coefficients conditioned to the actual *maximum* value of the sample of the two variables
Intercept	-2,34 (0,18)**	-1,69 (0,14)**	-2,79 (0,34)**
Structural Unemployment	-0,001 (0,01)	-0,08 (0,008)**	-0,16 (0,02)**
Generosity of unemployment benefits	0,057 (0,005)**	0,03 (0,002)**	-0,01 (0,11)
Interaction term	-0,004 (0,0009)**	-0,004 (0,0009)**	-0,004 (0,0009)**

Note: This table shows only the coefficients which value change depending on the value at which they are conditioned in the calculation (obviously, apart from the interaction term that remains identical through the whole exercise) . The rest of the coefficients corresponding to the other independent variables included in the equation as given in the last column of Table 2 remain the same. Hence, we prefer not to include them in order to simplify the interpretation of this table.

Entries are logit maximum-likelihood estimates and their associated asymptotic standard errors in parentheses.
** significant at the level of 99%, * significant at the level of 95%, + significant at the level of 90%.

[11] This is done by a linear transformation of the two variables included in the interaction term. For example, when calculating the coefficient conditioned on the maximum actual sample value of the two variables that comprise the interaction term, we proceeded in the following way. For the two variables we take their old value minus their maximum value. Hence, the coefficient corresponding to the transformed generosity index indicates its incidence on the chances of supporting cuts in unemployment benefits spending when the structural unemployment presents its highest level, while the coefficient of the transformed structural unemployment variable indicates its corresponding incidence on the probabilities of sustaining unemployment protection retrenchment when the generosity of unemployment benefits also presents its highest level. The same logic applies for the other two calculations given in Table 3 (that is, the calculation of the coefficients conditioned on the mean and minimum values of the two variables).

We will concentrate our comments on the fourth row of Table 3, since it provides the coefficients corresponding to the generosity index. More specifically, the second column of Table 3 gives the coefficient of the generosity index conditioned by the actual minimum value of the structural unemployment rate in the sample. It turns out to be statistically significant and of greater magnitude than the non conditioned coefficient as given in Model 2 of Table 2 (that is, 0,057 versus 0,03). This suggests that the incidence of the generosity of unemployment benefits on the chances of supporting their retrenchment is of higher magnitude when the unemployment problem is not really serious. The magnitude of this effect, however, seems to decrease as the seriousness of the unemployment problem increases.

Compare the last coefficient (0,057) with the one given in the third column that has been calculated conditioned to the actual mean value of the structural unemployment rate in the sample. This second coefficient is also significant and positive but its magnitude decreases greatly (0,03), since the unemployment rate now is fixed at a higher value (the mean). What is more interesting for our discussion, however, is the coefficient provided in the last column of Table 3. It is negative but did not turn out to be statistically significant. What this result suggests is that in contexts where the unemployment problem is serious and persistent, the generosity of unemployment protection might not have any significant incidence on public opinion at the aggregated level. Therefore citizens in advanced capitalist countries, when expressing their opinion on the level of unemployment protection spending, seem to consider simultaneously not only how much they have to pay in order to finance potential generous unemployment protection, but also whether this protection is necessary or not in their society as a whole.

5. Conclusions

In this article we have explored the individual and contextual determinants of public support for cuts in levels of unemployment benefits spending following a comparative approach. The main conclusion that emerges from the substantive discussion presented here

is that the traditional literature studying the determinants of public support for welfare programmes have offered a rather simple picture of the contextual factors shaping public opinion at the aggregated level. We argue that previous literature has failed to provide explanations about the potential causal mechanisms linking the institutional characteristics of welfare policies to public opinion. Moreover, in explaining public support for social programmes, it seems crucial to investigate the process by which the institutional characteristics of the welfare state influence public opinion at the aggregated level.

In this article we propose two innovations in handling the comparative data on public opinion about welfare state spending. First, we estimate public support for cuts in levels of unemployment benefits spending rather than public support for unemployment benefits (positively). In line with the innovations of the political economy literature which nowadays investigates the potential determinants of welfare states retrenchment (Pierson, 1996), we claim the need to also study public opinion on welfare states retrenchment.

Additionally, we also claim that in explaining public support for social spending retrenchment, additional factors may be considered if we aspire to understand the process through which welfare policies might shape public opinion. For the specific case of a targeted social programme such as unemployment benefits, we propose to consider two causal mechanisms that potentially account for the capacity of unemployment protection to shape public opinion at the aggregated level.

The two main aggregated factors proposed are the generosity of unemployment protection, and the seriousness of the unemployment problem. We provide empirical evidence showing that these additional factors should be systematically considered if we want to understand the process by which social policies might shape public opinion. Even if the results are tentative, since we have too few cases at the aggregated level (only 13), we believe they open the "black box of welfare types" that until very recently has been the predominant explanation when accounting for aggregated variation in public opinion on welfare states.

All in all, our claim is that an innovation is needed in the literature that has insisted too much on the institutional factors, while leaving under-considered welfare state's outcomes, citizens experiences about them, as well as their concern about the seriousness of the problem that social policies aspire to alleviate.

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