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## **Who are the outsiders and what do they want? Welfare state preferences in dualized societies**

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## Who are the outsiders and what do they want? Welfare state preferences in dualized societies

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### **Abstract:**

This paper makes three contributions. First, it presents a new conceptualization and measurement of outsider-status, which is based on social class and which takes into account that the category of outsiders is composed differently in different countries, depending on labor markets and welfare states. Second, it argues theoretically and shows empirically that the class-based measure of insider-and outsider status has a stronger explanatory power with regard to individual-level welfare preferences than the measure based on labor market status. And third, it demonstrates empirically that dualization, combined with skill-levels, shapes people's preferences with regard to different welfare policies: Outsiders have stronger preferences for redistribution and for social investment than insiders. The analyses are based on micro-level ISSP data.

### **Résumé :**

*Cet article propose trois types d'apports à la littérature. Tout d'abord, il présente une nouvelle conceptualisation et une nouvelle mesure du statut d'outsider, basée sur la classe sociale et prenant en compte que la catégorie des outsiders est composée différemment dans différents pays en fonction des marchés du travail et des Etats providence. Ensuite, il défend théoriquement et démontre empiriquement l'idée selon laquelle cette mesure du statut d'outsider et d'insider basée sur la classe sociale a un pouvoir explicatif plus grand en ce qui concerne les préférences individuelles en matière de protection sociale que les mesures basées sur la position sur le marché du travail. Enfin, il démontre de façon empirique que le phénomène de dualisation, combiné au niveau de compétences, détermine les préférences des individus en ce qui concerne les différentes politiques sociales : les outsiders ont des préférences plus marquées pour la redistribution et pour l'investissement social que les insiders. Ces analyses s'appuient sur des données ISSP de niveau micro.*

## Introduction<sup>1</sup>

Labor markets, family structures and welfare states in the Western democracies have changed profoundly over the last few decades. Across all countries, there is a common trend towards a *dualization* of the workforce: 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 is in employment relations and experiences employment biographies, which deviate from the standard model. For individuals with non-standard work and work biographies, this deviation may result in specific risks of poverty and welfare losses. The structure of labor markets and welfare states influence this allocation of risks, thereby creating insiders – who enjoy the entire range of economic and social rights – and outsiders – who are penalized in terms of economic and social rights.

Research in labor market economics dealing with insider/outsider divides has mostly focused on the immediate economic preferences of individuals in the labor market. A growing literature in political science and comparative political economy, however, is asking whether this labor market dualization is actually (becoming) a real social and political dualization. Do insiders want different things politically? Do they have diverging policy or party preferences? Is there a new socio-structural conflict, which may eventually be mobilized by parties and collective actors and thereby structure politics and policies in the long run? Are the Western developed democracies even heading towards a new social cleavage, dividing the A-from the B-team (Esping-Andersen, 1999) of post-industrial economies? Social cleavages are the strongest and deepest conflict lines that structure politics. For a conflict to be a cleavage, it takes a socio-structural basis, the collective identity of the social groups involved, and the political mobilization of these social groups (Bartolini, Mair, 1990). This paper deals with the first two elements: The socio-structural basis of dualization and the preferences of the insiders and outsiders.

Usually, insiders and outsiders are distinguished on the basis of their current employment status. The validity of definitions and measurements of concepts always depends on the specific research question one investigates. If one is interested in labor market processes, the conceptualization on the basis of employment status indeed meets its analytical purpose.

However, if we are interested in politics, i.e. preferences and mobilization, we need to conceptualize insiders and outsiders on the basis of social and economic characteristics that are relatively stable and impact the opportunities and constraints of these individuals over a longer time span. In addition, we need to identify those individuals who *actually* experience disadvantages. In this paper, we therefore propose a new conceptualization and measurement of the insider-outsider distinction in terms of socio-structural classes, and we integrate the effects of different welfare regimes in the operationalization. We then compare the explanatory power of our concept of insider and outsider to the standard conceptualization and measurement of these categories in terms of the current labor market status of individuals, such as unemployment or temporary employment. On a *theoretical* level, we argue that class or occupational profiles are more relevant for the formation of policy-preferences than labor market status, because occupations are more stable. According to class theory, they strongly contribute to people's social identity and political preferences. Labor market status, by contrast, can change more quickly. On the *empirical* level, we show that our measurement has a stronger explanatory power with regard to individual-level welfare state preferences.

This new conceptualization of insiders and outsiders is the main contribution we want to make in this paper, and it can be located on the side of our independent variables. However, we also argue that in a post-industrial economy, we need to conceptualize welfare preferences – the dependent variable – more carefully than merely in terms of more vs. less welfare. Post-

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<sup>1</sup> We would like to thank David Rueda and the participants of the Conference „The Dualization of European Societies“ (Oxford, April 23rd to 25th 2009) for helpful comments on a previous related paper.

industrial societies are structured by a range of different conflict lines and old solidarities have weakened (Häusermann, 2010). The “working class” cannot be expected to hold homogeneous preferences anymore. Consequently, we argue that different social groups privilege different “welfare models”, depending on insider/outsider-status and skill-levels. The conceptualization of these welfare models is the contribution we make with regard to the dependent variable.

The paper is structured as follows. In a first part, we develop our theoretical argument regarding the analytical necessity to conceptualize insiders and outsiders in terms of typically atypical employment biographies and actual disadvantage. We operationalize different socio-structural outsider potentials and, drawing on our previous work (Häusermann, Schwander, 2009), propose a “map of dualization” that guides our measurement. In a second part, we propose a series of hypotheses regarding the expected welfare preferences of high-and low-skilled insiders and outsiders. After a section presenting the data, the operationalization and the methodological approach, we test our arguments empirically in two steps: section three compares the explanatory value of our measure of insiders/outsiders to the measure commonly used in the literature so far, and section four explores the welfare preferences of high-and low-skilled insiders and outsiders in more detail.

## **1. Theory: The dualization of post-industrial societies**

In this section, we present our conceptualization of insiders and outsiders and we develop hypotheses on their policy preferences.

### ***Who are the outsiders? The heterogeneous B-team of post-industrial labor markets***

Over the last 30 years, the industrial economies of the developed world have transitioned to the era of post-industrialism, with ever growing shares of the workforce being employed in the third sector. Much of the literature characterizes the industrial era of Western societies and economies as “the golden age”, since it was characterized by relatively stable families and stable labor markets (Esping-Andersen, 1999). The exceptional economic growth during the three post-war decades allowed for full employment, the development of the Western welfare states, a relatively high degree of status homogenization (at least in continental and northern Europe) and a high level of generalized social peace between organized labor and capital.

Three structural developments have, however, profoundly altered this “industrial equilibrium”: the tertiarization of the employment structure, the educational revolution and the feminization of the workforce (Oesch, 2006, chapter 2). The rise of the service sector -as a result of technological change and productivity gains in the industry, the saturation of product markets, the rise of the welfare state and the expansion of female employment -is a major trend in all OECD countries. 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 are either very low-skilled or high-skilled, and because service sector employment has a lower potential for productivity gains (Iversen, Wren, 1998). The educational revolution - as the second structural change of the post-industrial era - denotes the massive expansion of tertiary education throughout the OECD-countries, leading to a broader and more heterogeneous middle class. Finally, the increasing feminization of the workforce is both a consequence of and a driver for the educational revolution and tertiarization. The massive entry of women into paid labor is also related to the increasing instability of traditional family structures (Esping-Andersen, 1999).

What is crucial for this article is that this shift towards post-industrial employment leads to labor markets in which unemployment and formerly “atypical” employment relations become more and more widespread and – for some social categories such as women in continental Europe – they become even the *typical* employment pattern (Standing, 1993; Esping-Andersen, 1999b).

Atypical employment denotes all employment-relations that deviate from the standard industrial model of full-time, stable, fully protected and insured employment<sup>2</sup>. All atypical employment is potentially precarious. The reason for this is that atypical employment was simply not the norm and not taken into account in the development of the post-war employment and welfare regimes. Therefore, all atypically employed are potential outsiders<sup>3</sup>, because non-standard work tends to lead to incomplete and insufficient social rights. The potential outsider-status of any kind of atypical work is particularly obvious in continental Europe (van Kersbergen, 1995), but social insurance in *all* welfare regimes is systemically inadequate for atypical work, the best example being pension schemes based on life-long individual contributions (Myles, 1984: 135).

However, the typicality or atypicality of people's work biographies denotes only *potential* dualization: people in non-standard employment are potential outsiders. Most of the existing literature on insiders and outsiders indeed takes the current labor market status at a particular point in time (such as "the unemployed" or "part-time employed") as the basis for the categorization of insiders and outsiders (e.g. Lindbeck, Snower 2001; St. Paul, 2002; Emmenegger, 2009; Rueda 2005; 2006). In contrast to this literature, we argue that it does not suffice to look at the employment status of an individual to tell whether he or she can reasonably be expected to hold outsider-preferences for mainly two reasons. The first reason is linked to the instability of the employment status. The labor market status can be highly variable – too variable to affect an individual's political preferences (see Emmenegger, 2009, for a similar argument). Indeed, if people repeatedly move back and forth between standard and non-standard employment, i.e. if post-industrial societies are fluid and mobile, new employment patterns must not result in socio-structural patterns, at all. And if there are no patterns of advantage/disadvantage, we cannot expect new patterns of preferences. Therefore, we argue in this paper in favor of a conceptualization of outsiders that is based on occupational profiles. Occupational categories or classes reflect the typicality or atypicality of employment *biographies*. They should therefore measure permanent, structural disadvantages more reliably. Two examples may make the distinction between these two measures clearer: there may be outsiders who are in stable employment during one period of their life, but have generally highly volatile employment biographies across their life course. Many women e.g. may be employed full-time at a young age, but most of them will experience periods of career interruption or atypical employment later on, and they are generally well aware of this, meaning that the anticipation of future atypical employment will shape their attitudes and preferences. Conversely, the unemployed in thriving economic sectors, e.g., know quite well that a short period of unemployment will not affect their overall earnings-capacity in the long run. Categorizing them as outsiders would be a mistake, because unemployment has different consequences for them as compared to long-term unemployed or non employed individuals. In sum, our argument is that people form identities and preferences *not* on the basis of a momentary labor market status, but with regard to their general occupational profile, and this is what we need to grasp if we want to talk about the social and political relevance of dualization. Therefore, we have to rely on employment biographies instead of the current labor market status. We will argue below that post-industrial class theory holds the adequate conceptual tools to identify these employment biographies.

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<sup>2</sup> 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).

<sup>3</sup> Early works on the insider outsider divide (mostly in labor economics) based their distinction on employment/unemployment only (Lindbeck, Snower 2001; St. Paul 1998, 2002). Rueda (2005; 2006) was among the first to also include temporary and involuntary part-time employment in the conceptualization of outsiders (see also Davidsson, Naczyk, 2009, for an extensive discussion of this literature).

The second reason why the employment status alone does not tell us whether an individual should be considered as an insider or an outsider is that not all *potential* outsiders are also *actual* outsiders. As we have extensively discussed and shown elsewhere (Häusermann, Schwander, 2009), different welfare states and labor markets hold different opportunities for potential outsiders. Not all socio-structural outsider groups fare equally badly in all countries or welfare regimes. Hence, if we want to explore political relevance of this distinction, we have to take welfare states into account, and we have to identify the *actual* winners and losers of post-industrialism in different countries.<sup>4</sup>

The upshot of this section is that we must go *beyond labor market status* in the conceptualization of the insider outsider divide. This is what we will do in the next section.

### ***The map of dualization: identifying outsiders and insiders on the basis of class***

In the previous section, we explained that snapshot measures of outsider status based on unemployment or atypical work (as used e.g. by Lindbeck, Snower 2001; St. Paul, 2002; Emmenegger, 2009; Rueda, 2005) may be problematic for the analysis of dualization. What we propose here is a different approach: we identify socio-structural groups that share attributes in terms of class, gender and age, and we verify whether they are indeed disadvantaged in a specific labor market and welfare regime. If they are disadvantaged, they are considered outsiders, otherwise they are considered insiders. Let us explain briefly why class, gender and age are the relevant criteria (for a more detailed discussion, see Häusermann, Schwander, 2009).

Why class? Classes are socio-structural groups characterized by a particular situation in the production process, which is supposed to shape their resources, latent interests and preferences.<sup>5</sup> Class schemes are usually based on occupational profiles (Erikson, Goldthorpe, 1993; Wright, 1997; Oesch, 2006), because people in similar professions/occupations tend to have similar employment biographies, meaning that classes are characterized by “social closure”. Hence, class is a worthwhile starting point for the identification of categories of workers of which we would expect similar political preferences. However, the traditional class schemes are of limited use for the analysis of dualization, because they reflect the *industrial* labor market. Thereby, these traditional class-schemes neglect that post-industrialization have deeply transformed the class structure (Kriesi, 1998; Oesch, 2006) by broadening both the middle class on the one hand, and by differentiating the

Oesch (2006) has developed a class scheme that accounts for post-industrial labor market stratification. The scheme is constructed along two dimensions: the vertical dimension measures the extent of marketable *skills*, while the *type of work* being done is measured along the horizontal dimension. The vertical axis has four levels of marketable skills: the higher the skill-volume, the more advantages an occupation presents in terms of income and work autonomy. The horizontal dimension represents people’s “work logic”, i.e. whether a job relies mainly on technical competences, managerial power, face-to-face interaction with clients, or self-employment. Technical occupations can be found mostly in the first and second sectors, whereas the interpersonal work logic is generally concentrated in service employment. Table 1 shows how the 15 classes can be summarized into five post-industrial class groups (Kitschelt, Rehm, 2005)<sup>6</sup>: capital accumulators (CA), mixed service functionaries (MSF), low service functionaries (LSF), blue collar workers (BC) and sociocultural professionals (SCP).

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<sup>4</sup> Similarly, Esping-Andersen (1999) and Huber, Stephens (2006) argue that the new divides differ across welfare regimes: Low-skilled workers and employees in the low-end service labor market are worst off in the liberal countries, whereas women and the young are particularly at risk in continental Europe.

<sup>5</sup> 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.

<sup>6</sup> The original classification is based on ISCO-4d codes, and the summary of five classes relies on ISCO-2d codes. See table 1a in the appendix for the codes.



Of course, and as theoretically argued above, the different groups do not fare equally well or equally badly in all countries and all regimes. Based on our previous work (Häusermann, Schwander, 2009), we have developed a map of actual outsiders and insiders across the different welfare regimes. Table 2 classifies socio-structural groups on the basis of the following criteria: The individuals of a group are considered outsiders if the group-average exceeds the regime-average significantly on two of the three following indicators: atypical employment, part-time employment and unemployment<sup>8</sup> (see appendix 2 for details, results in appendix 3). This means that young female socio-cultural professionals, for instance, are considered outsiders if they have a significantly higher chance of being unemployed, atypically employed or part-time employed than the average member of the workforce in a particular regime. Regime-differences are not blatant, but one can see that dualization is clearly structured by age in the Southern regimes, by gender in continental Europe and it is generally lower in the Nordic regimes. Overall, young and female low service functionaries are the most disadvantaged groups on all three variables. Unemployment is strongly linked to skill-levels, while atypical work and part-time employment depends less on skills and more on gender. The resulting “map of dualization” is displayed in table 2.

Table 2: The map of dualization: insiders and outsiders in the four welfare regimes

	Liberal regime	Nordic regime	Continental regime	Southern Regime
Insiders	Old male LSF	Young male LSF Old male LSF	Young male LSF Old male LSF	Old male LSF
		Young female SCP		
	Young male SCP Old male SCP	Young male SCP Old male SCP	Young male SCP Old male SCP	Old female SCP Old male SCP
	Young male BC Old female BC Old male BC	Young male BC Old male BC	Young male BC Old male BC	Young male BC Old male BC Old male BC
	MSF	MSF	MSF	MSF
	CA	CA	CA	CA
	Outsiders	Young female LSF Young male LSF Old female LSF	Young female LSF Old female LSF	Young female LSF Old female LSF
Young female SCP Old female SCP		Old female SCP	Young female SCP Old female SCP	
Young female BC		Young female BC Old female BC	Young female BC Old female BC	Young female BC Old female BC

Two main insights result from this section: first, there are *variations* in the actual composition of insiders and outsiders across regimes, which must be acknowledged if we want to analyze the determinants of individual welfare preferences. It does not make sense to expect the same preferences from a 30-year old part-time employed female librarian (a socio-cultural professional) in Sweden and in Italy, because the two do not face the same economic and social risks and opportunity structures. The second insight is that both insiders and outsiders - both the A-and B-team of post-industrial economies (Esping-Andersen, 1999b) - are heterogeneous in terms of *skills*. Dualization affects not only low-skilled workers. There are both high-and low-skilled insiders and high-and low-skilled outsiders and this is likely to impact on their preferences, as we will develop in the next section.

<sup>8</sup> Except for capital accumulators and mixed service functionaries, which are considered insiders by definition.

### **Hypotheses: Dualization and welfare preferences**

Analyzing the dualization of post-industrial economies can be relevant for different reasons. The focus of labor market economists working on insider-outsider divides was mostly to assess the preferences of these workers with regard to very specific issues related to their work contracts, employment preferences and so on (e.g. Lindbeck, Snower, 2001, St. Paul, 1998; 2002). In a more political vein, it can be important to explain preferences on labor market policy, such as employment protection (e.g. Emmenegger, 2009; Rueda 2005). One may, however, want to go further and ask whether dualization may become a *political* dividing line, influencing the type of policies people advocate more generally, whether and how they organize (see Häusermann, Schwander, 2009) and who they vote for (Häusermann, Walter, 2010). Or one may even want to predict the policy positions of *collective* actors, such as parties and trade unions, from the individual-level preferences of their constituencies (Rueda, 2006; Häusermann, 2010). All these questions are steps in an analysis of the political implications of dualized societies. In a political science perspective, the question is ultimately whether differences in preference-profiles become politicized – meaning politically recognized –, whether they are mobilized, and whether they have an effect on politics and policies.

In this paper, we want to explain the preferences of insiders and outsiders with regard to welfare states. We argue that they want different kinds of welfare, because they have different needs. If the differences in their preferences are strong enough, they may indeed become mobilized politically, but this is not the topic of this paper. For the formulation of hypotheses on the welfare state preferences of insiders and outsiders, we introduce an additional determinant, which is education or skill. In fact, the theoretical and empirical identification of insiders and outsiders in terms of unemployment, part-time employment and atypical employment above has shown that “outsiderness” affects not only low-but also high-skilled groups (This finding is consistent with the recent literature, see Polavieja, 2005; Davidsson, 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 different work situations and skill-levels, all of them are “typical” outsiders. What they share is the fact that their occupational situation may imply negative consequences for their economic and social rights. Apart from that, however, they are very likely to differ in their precise preferences. The high school teacher needs day care to be able to work and earn more, the architect needs a stable job and the super-market cashier needs social benefits that compensate her lack of contribution-payments. Hence, despite being outsiders, they may not have the same political preferences (see also Kitschelt, Rehm, 2006 on the heterogeneity of outsiders). Hence, we distinguish between high-and low-skilled insiders and outsiders when developing our hypotheses on their preferred type of welfare.

With regard to the distinction between insider-and outsider-preferences, it is straightforward to assume that outsiders should oppose the *equivalence principle* of the social insurance welfare state. The equivalence principle lies at the heart of the continental welfare state (Esping-Andersen, 1990; van Kersbergen, 1995), but it is present in any social insurance. It means that benefits are strictly 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 (Palier, Bonoli, 1998) and this is – for obvious reasons – exactly what penalizes outsiders. Bridgen and Meyer (2008) have shown that all types of outsiders, both low-and high-skilled service employees as well as precarious blue-collar workers have particularly low social rights in social insurance systems. Insider, to the contrary, benefit from the equivalence principle, because it is tailored precisely for their standard work biographies, it reproduces stratification and accentuates the existing distribution of resources. Hence, we hypothesize that outsiders want a welfare state, which reallocates opportunities and resources either by redistribution or by investments in education and employability. On the other hand, insiders want a welfare state that protects the existing distribution through social insurance or non-intervention.

Table 3: Hypotheses on the preferred welfare model

	Insiders	Outsiders
High-skilled	Liberal market model	Social investment model
Low-skilled	Social protection model	Redistribution model

We expect that high-skilled insiders have a strong preference for the liberal market model, which relies on non-intervention and distributes social and economic advantages based on the performance in the labor market. High-skilled outsiders, by contrast, should have a strong preference for what Lister (2004) called the “social investment state”, i.e. an enabling welfare state which encourages the “commodification” of individuals by investing in education, in child care infrastructure, activation etc. Low-skilled insiders are the main constituency of the industrial welfare state. The social insurance schemes, such as pensions and unemployment insurance, were built by them and with them in mind. Therefore, we expect that they should prefer a welfare state based on social insurance and protection of existing distributions. Low-skilled outsiders, by contrast, should prefer a welfare state that has a strong accent on redistribution. Indeed, low-skilled outsiders have neither the education nor the employment biography to accumulate enough earnings or social rights by and for themselves. They depend on the redistribution of resources. We hypothesize also that the “opposite” group should have the *weakest* preference for the model in question. So, high-skill insiders should be least in favor of the redistribution model, whereas low-skilled insiders should be least in favor of the social investment model. The other two groups experience contrasting influences by skills and dualization and thus we expect their preferences to lie in between.

## 2. Data, operationalization, and method

In the empirical part of this paper we examine the preferences of insiders and outsiders regarding different welfare state models and contrast our new operationalization with the standard operationalization in terms of labor market status. The analysis relies on data from the International Social Survey Programme (ISSP) “Role of Government IV” 2006 and it includes 16 countries.<sup>9</sup>

### **Dependent variables**

We have four dependent variables, corresponding to the four welfare state models shown in table 3. We operationalized the four models on the basis of questions in the data set that we considered related to a particular welfare model. For each model, we performed a factor analysis on the selected variables, in order a) to test whether they reflect a single underlying dimension and b) to save the factor scores as the values of our dependent variables. Consequently, all our dependent variables are standardized factors. For the preferences on the liberal market model, we selected measures of spending preferences with regard to pensions and unemployment. People who support cuts in spending advocate the liberal model. Preferences for the social investment model are measured by the factor scores measuring approval that the government should finance projects to create new jobs, preferences for more spending on education and support for more financial help to students. All three variables reflect the idea of investing in education and employability, rather than compensating non-employment and reducing inequalities *ex post*. Measuring the social protection model turned out rather difficult, because there are no questions asking explicitly about social insurance as opposed to redistribution. We included variables that reflect the traditional post-war social insurance welfare state, by including variables measuring attitudes on spending for pensions and unemployment and questions with regard to the government’s role in providing a decent standard of living for

<sup>9</sup> Australia, Canada, Denmark, Finland, France, Germany, Great Britain, Ireland, New Zealand, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United States

the elderly and the unemployed. All these questions reflect attitudes on “insuring” people’s living standard in case of the advent of a risk. In addition, we included the question asking respondents if they are in favour of government support to declining industries to protect jobs. The idea is that all five variables measure the protection of the industrial model of welfare. Preferences for the redistribution model are measured on the basis of two questions asking respondents if the government is responsible for providing a job for everyone and whether it is the government’s responsibility to reduce income difference between rich and poor. Both are straightforward measures of redistributive policies. We recoded all variables so that higher values mean higher preferences for the corresponding welfare state model. Table 4 shows the operationalizations of the four welfare state models.

*Table 4: Operationalizations of dependent variables*

Welfare state model	Variables and factor loadings	Factor analysis results (pcf, unrotated)
Liberal market model	V22: Government should spend less on old age pensions (0.83) V23: Government should spend less on unemployment benefits (0.83)	Retained factors: 1 EV: 1.41 N: 21'848
Social investment model	V12: Government should finance projects to create new jobs (0.68) V20: Government should spend more on education (0.69) V32: It's the government's responsibility to give financial help to students (0.73)	Retained factors: 1 EV: 1.46 N: 21'412
Social protection model	V15: Government should support declining industries to protect jobs (0.56) V22: Government should spend more money on old age pensions (0.69) V23: Government should spend more money on unemployment benefits (0.74) V28: Is it the government's responsibility to provide a decent standard of living to the old (0.65) V30: It's the government's responsibility to provide a decent standard of living to the unemployed (0.72)	Retained factors: 1 EV: 2.3 N: 20'230
Redistribution model	V25: It's the government's responsibility to provide a job for everyone (0.84) V31: It's the government's responsibility to reduce income differences between rich and poor (0.84)	Retained factors: 1 EV: 1.43 N: 21'367

### ***Independent variables***

To compare the operationalization of insiders and outsiders based on socio-structural groups with the standard operationalization of dualization based on current employment status, we construct an outsider dummy variable. Outsiders are members of social groups that are

overproportionally affected by atypical employment, part-time employment and unemployment as shown in section 1.2. (and appendix 2 and 3). We consider those socio-structural groups as outsiders, which are over proportionally affected by at least 2 of these forms of precarity. All other socio-structural groups are coded as insiders. Since this measure is new and one of the main contributions of this paper, we provide table 5 below with descriptive information on the distribution of individuals in the different categories.

We contrast this operationalization with the standard measure that relies on the current employment status (Rueda, 2005; 2006; Emmenegger, 2009). Following this literature, unemployed, part-time or atypically employed respondents are coded 1 as outsiders, while full time employed are coded as insiders. Students and retirees, permanently disabled or non employed are excluded from the outsider operationalization. For details on operationalizations, see appendix 2.

As argued in section 1.3, we introduce the skill level as an additional determinant in order to examine welfare policy preferences because outsidersness affects not only low-skilled but also high-skilled groups. We measure skill in two different ways: the first relies on the ISCO codes and the second is based on the highest completed degree. The ISCO-based measure reflects whether the individual is working in a high skilled job, while the degree-measure reflects education in a more narrow sense. The two measures are linked ( $r=0.4$ ) but not identical and we chose to display the results for both measures. A detailed operationalization of the two skill variables can again be found in appendix 2.

Based on our measures of insiders/outside and of skill levels, we constructed dummy variables for our four relevant groups: high-skilled insiders, high-skilled outsiders, low-skilled insiders and low-skilled outsiders.

In all models, we include income, church attendance, if a person lives in couple household and if a person is unemployed or retired as control variables. To control for country-specific differences in the level of approval towards social and economic policy intervention, we also include country dummies. Detailed operationalization is documented in appendix 2.

*Table 5: Operationalization of insiders and outsider across regimes*

		Liberal		Nordic		Continental		Southern cont.	
<b>Outsiders</b>	N	Young	371	Young	278	Young	194	Young	251
	%	female	5.1	female	6.2	female	3.7	female	7.1
		LSF		LSF		LSF		LSF	
	N	Young	130					Young	94
	%	male	1.8					male	2.7
		LSF						LSF	
	N	Old	552	Old	461	Old	415	Old	345
	%	female	7.5	female	10.3	female	7.8	female	9.8
		LSF		LSF		LSF		LSF	
		N	Young	434			Young	317	Young
	%	female	5.9			female	6.0	female	4.5
		SCP				LSF		SCP	
								Young	84
								male	2.4
								SCP	
	N	Old	739	Old	536	Old	522		
	%	female	10.1	female	11.9	female	9.8		
		SCP		SCP		SCP			
	N	Young	91	Young	47	Young	58	Young	114
	%	female	1.2	female	1.1	female	1.1	female	3.2
		BC		BC		BC		BC	
	N			Old	110	Old	133	Old	224
	%			female	2.5	female	2.5	female	6.4

<b>Total</b>	N		2317	BC	143	BC	163	BC	1269
	%		31.6		2 31.9		9 32		36
<b>Insiders</b>	N			Young male LSF	68	Young male LSF	81		
	%				1.5		1.5		
	N	Old male LSF	214	Old male LSF	93	Old male LSF	117	Old male LSF	119
	%		2.9		2.1		2.2		3.4
	N			Young female SCP	303				
	%				6.8				
	N	Young male SCP	176	Young male SCP	138	Young male SCP	130		
	%		2.4		3.1		2.4		
	N							Old female SCP	154
	%								4.4
	N	Old male SCP	352	Old male SCP	276	Old male SCP	344	Old male SCP	141
	%		4.8		6.2		6.5		4.0
	N	Young male BC	346	Young male BC	208	Young male BC	236	Young male BC	322
%		4.7		4.6		4.4		9.1	
N	Old female BC	183							
%		2.5							
N	Old male BC	695	Old male BC	424	Old male BC	499	Old male BC	443	
%		9.5		9.4		9.4		12.6	
N	CA	1325	CA	780	CA		CA	436	
%		18.1		17.4		981 18.4		12.4	
N	MSF	1,731	MSF	769	MSF	1,292	MSF	638	
%		23.6		17.1		24.3		18.1	
<b>Total</b>	N		5022		305		316		2253
	%		68.4		9 68.1		3 68		64
		<b>Total</b>	7,339		4,491		5,319		3,522

### 3. Empirical Analysis

The goal of this empirical analysis is twofold: on the one hand, we want to investigate if insiders and outsiders hold different welfare preferences. On the other hand, we want to compare the explanatory power of our class-based dualization-measure with the standard measure based on current labor market status. We proceed in two steps. In a first section, our focus is on the comparison of the two operationalizations of dualization. In the second section, we add skill-levels to the picture and investigate whether the preferences of different post-industrial labor market groups with regard to the liberal market model, the social investment model, the social protection model and the redistributive welfare model.

#### *Comparing different measures of dualization*

Table 6 displays the estimates for the determinants of welfare policy preferences. For all four welfare policy models, we present the estimates of the new operationalization of dualization based on class (M1) and the estimates for the standard operationalization based on labor market status (M2).

*Table 6: Determinants of preferences for welfare policy*

Dependent variable	Liberal		Social investment		Redistribution		Protection	
	M1	M2	M1	M2	M1	M2	M1	M2
Outsider (class)	-0.102** (0.04)		0.100*** (0.02)		0.112*** (0.03)		0.158*** (0.03)	
Outsider (lm status)		0.003 (0.04)		0.044 (0.03)		-0.073** (0.03)		0.010 (0.04)
Income	0.106*** (0.01)	0.12*** (0.01)	-0.061*** (0.01)	-0.073*** (0.01)	-0.166*** (0.02)	-0.203*** (0.02)	-0.133*** (0.01)	-0.152*** (0.02)
Church attendance	0.017*** (0.00)	0.015*** (0.00)	-0.014* (0.01)	-0.011 (0.01)	-0.001 (0.01)	0.006 (0.01)	-0.016*** (0.00)	-0.014*** (0.00)
Living in a couple household	0.030 (0.02)	0.047* (0.02)	-0.021 (0.02)	-0.015 (0.03)	-0.055** (0.02)	-0.061** (0.02)	-0.031 (0.02)	-0.040* (0.02)
Unemployment	-0.337*** (0.06)	-0.360*** (0.05)	0.085 (0.07)	0.065 (0.07)	0.195*** (0.05)	0.253*** (0.05)	0.362*** (0.07)	0.365*** (0.06)
Retired	0.216*** (0.04)		-0.011 (0.04)		0.053 (0.04)		0.152*** (0.04)	
Constant	0.224*** (0.03)	-0.296*** (0.04)	0.395*** (0.05)	0.433*** (0.07)	-0.182*** (0.06)	0.004 (0.06)	0.033 (0.05)	0.135** (0.05)
Country fixed effect	yes							
R <sup>2</sup>	0.134	0.122	0.156	0.162	0.191	0.203	0.252	0.252
N	13529	10414	14212	10860	14147	10778	13497	10333

Values in parentheses are standard errors. The results include regional weights. \*\*\* = significant at the 0.001 level; \*\* = significant at the 0.005 level; \* = significant at the 0.01 level, Data: ISSP 2006 RoG IV

The results for our class-measure of outsiders-status show that outsiders are significantly more critical of the liberal market model than insiders, and they are clearly more supportive of the investment model, the redistribution model and the protection model than insiders. All these results confirm our expectations. Outsiders are more vulnerable to economic risks than insiders and therefore, they are more supportive of state intervention. Their support for social investment and redistribution can be explained by the fact that their specific needs and risk biographies are not taken adequately into account by the industrial welfare state. The only somewhat puzzling result is that the difference of support for the social protection model is equally strong. Since the

traditional social insurance welfare state was built for insiders, we would have expected less stark differences in the preferences of insiders and outsiders. However, the result may be explained by the overall stronger preferences for state intervention by outsiders.

Table 6 provides two important results for our paper. The first result is that insiders and outsiders indeed differ in their preferences with regard to welfare states. Dualization is a relevant socio-structural conflict line. The second important result deals with the comparison of our class-measure of outsiders and the standard labor market measure. When we operationalize dualization with current labor market status, it has a much lower explanatory power. For three welfare state models (liberal market model, social investment model, social protection model), insiders and outsiders do not differ in their preferences. While this may be a perfectly sensible result with regard to social protection (see above), it is difficult to explain when it comes to the liberal market and the social investment model. The most intriguing result, however, refers to the redistribution model. Here, currently un- and atypically employed people (considered outsiders in the standard literature) seem to want significantly *less* redistributive state intervention than insiders, which goes against our expectations. We interpret these results as evidence in favor of our class-based operationalization of dualization. The class-based indicator seems to have a better discriminating and explanatory power in predicting the welfare state preferences of insiders and outsiders than the standard operationalization relying on current employment status.

### ***Preferences for different models of welfare states***

Section 3.1. has shown that insiders and outsiders differ in their welfare preferences. However, we suggest that welfare preferences in a post-industrial economy are not only structured by a different insertion in the labor market, but also by skill-levels. Just as insiders and outsiders “need” a different type of welfare state, high- and low-skilled workers are supposed to support different types of state intervention. As developed above (section 1.3), we expect high-skilled outsiders to be supportive of the social investment model, and low-skilled outsiders to be supportive of the redistribution model. Similarly, we expect high-skilled insiders to prefer the liberal market model, while the low-skilled insiders should support the social protection model.

To test the pertinence of these hypotheses, we defined four groups (high-skilled insiders, low-skilled insiders, high-skilled outsiders and low-skilled outsiders) and we examine their preferences for the different models. We investigate each dependent variable separately. For each type of welfare (as dependent variables), we provide four estimated models: M3 and M4 present the results that we obtain when using our class-based measure of outsiders. In M3, high- and low-skilled insiders and outsiders are distinguished by means of the job-based measure of skills (based on isco-codes), whereas in M4, the degree is used to distinguish high- and low-skilled respondents. We present the results for both measures of skills for robustness reasons, but there is not specific theoretical expectation attached to the two measures. M5 and M6 are calculated with the standard operationalization of insiders and outsiders based on labor market status. Again, M5 and M6 differ with regard to the skill level measure used.

As before, retirees are included as a control variable in M3 and M4 (they are left out per definitionem in M5 and M6 due to the outsider-definition) and the estimates for the country dummies are not shown. In each model, we use as the reference category the socio-structural group for which we expect the lowest values. Hence, we are mainly interested in three results to test our hypotheses: first, we want to test whether the group for which we assumed to strongest preference for the particular model in question actually has the highest level of support. Second, if our hypotheses are correct (meaning that the reference category has the lowest level of support for the model in question), the estimates for the other three groups should all be positive. Third, we want again to compare the results with our class-measure of dualization to the standard-measure based on labor market status.

Table 7 provides the results for the determinants of preferences for the liberal market model. Low-skilled outsiders are used as reference category, because they are the most vulnerable category and we expect them to be least in favor of this model that privileges nonintervention.

We expect high-skilled outsiders to be most favorable to this model, because they have both the educational resources and the labor market access to be relatively independent of market-correcting state intervention.

*Table 7: Determinants of preferences for the liberal market model. OLS regressions. Low-skilled outsiders are the base category.*

	Liberal market model			
	M3 Outsider: class Skills: job	M4 Outsider: class Skills: degree	M5 Outsider: Im status Skills: job	M6 Outsider: Im status Skills: degree
High-skilled insider	0.325*** (0.05)	0.347*** (0.05)	0.177*** (0.05)	0.253*** (0.05)
High-skilled outsider	0.171*** (0.03)	0.218*** (0.04)	0.154*** (0.05)	0.251*** (0.05)
Low-skilled insider	0.067** (0.03)	0.083*** (0.03)	-0.050 (0.05)	0.018 (0.04)
Income	0.014*** (0.00)	0.016*** (0.00)	0.012*** (0.00)	0.013*** (0.00)
Church attendance	0.023 (0.02)	0.034 (0.02)	0.046* (0.02)	0.054** (0.02)
Couple household	-0.319*** (0.06)	-0.325*** (0.06)	-0.345*** (0.06)	-0.331*** (0.05)
Unemployment	0.076*** (0.01)	0.087*** (0.01)	0.091*** (0.01)	0.102*** (0.01)
Retired	-0.223*** (0.04)	-0.183*** (0.03)		
Constant	-0.330*** (0.03)	-0.503*** (0.05)	-0.290*** (0.05)	-0.495*** (0.06)
Country fixed effects	yes	yes	yes	Yes
R <sup>2</sup>	0.136	0.137	0.124	0.125
N	13561	14471	9849	11024

Values in parentheses are standard errors. The results include regional weights. \*\*\* = significant at the 0.001 level; \*\* = significant at the 0.005 level; \* = significant at the 0.01 level

The results confirm our expectations: M3 and M4 show that high-skilled insiders are indeed significantly more supportive of the liberal market model than low-skilled outsiders and they have the highest values of support of all groups. This result holds true for all four estimated models. Second, M4 and M5 show that all three groups have significantly more favorable preferences for the liberal model than our reference group. The results do not differ much whether we use the job-or the degree-based measure of skills. In both models, the rank order is the same: high-skilled outsiders have the second highest values of support and low-skilled insiders the third highest. Both dualization and skill-levels play a role. The clear-cut rank-ordering of preferences can also be seen when looking at the predicted preferences for the liberal market model (see appendix 4).

The third important point in table 7 refers to the comparison of M3 and M4 with M5 and M6. It seems that if we use the measure of outsiders based on current labor market status, support for the liberal market model becomes purely structured by skill-levels. The high-skilled (both in- and outsiders) are more supportive than the low-skilled, which do not split in two groups anymore. Again, we interpret this result as showing that the class-based measure has a stronger discriminating and explanatory value than the standard measure.

Table 8 provides the estimates for the social investment model. Here, we expected high-skilled outsiders to be the most favorable and low-skilled insiders to be most critical (which is why they are the reference category).

*Table 8: Determinants of preferences for the social investment model. OLS regressions. Low-skilled insiders are the base category.*

	Social investment model			
	M3 Outsider: class Skills: job	M4 Outsider: class Skills: degree	M5 Outsider: Im status Skills: job	M6 Outsider: Im status Skills: degree
High-skilled insider	-0.090** (0.03)	-0.033 (0.04)	-0.048* (0.03)	-0.028 (0.04)
High-skilled outsider	0.062* (0.03)	0.109** (0.04)	-0.002 (0.05)	0.046 (0.06)
Low-skilled outsider	0.048* (0.02)	0.035 (0.03)	0.035 (0.03)	-0.007 (0.04)
Income	-0.050*** (0.01)	-0.060*** (0.01)	-0.064*** (0.01)	-0.072*** (0.01)
Church attendance	-0.012* (0.01)	-0.014* (0.01)	-0.010 (0.01)	-0.011 (0.01)
Couple household	-0.020 (0.02)	-0.020 (0.02)	-0.013 (0.02)	-0.015 (0.03)
Unemployment	0.082 (0.07)	0.088 (0.07)	0.054 (0.08)	0.078 (0.07)
Retired	-0.005 (0.04)	-0.011 (0.04)		
Constant	0.418*** (0.05)	0.415*** (0.07)	0.454*** (0.07)	0.452*** (0.09)
Country fixed effects	yes	yes	yes	yes
R <sup>2</sup>	0.155	0.157	0.167	0.162
N	13316	14212	9714	10860

Values in parentheses are standard errors. The results include regional weights. \*\*\* = significant at the 0.001 level; \*\* = significant at the 0.005 level; \* = significant at the 0.01 level

The results again clearly confirm our first hypothesis. Both in M3 and M4, High-skilled outsiders are the most favorable to social investment (education, creation of jobs, funding for students) of all groups, and they are significantly more favorable to this model than low-skilled insiders, regardless of the measure of skill-level used.

The evidence is more mixed with regard to the second hypothesis, according to which low skilled insiders are least favorable to the social investment model. In both models, by contrast, it is the high-skilled insiders who show the lowest support for the social investment. Also, the difference between insiders and outsiders is small among the low-skilled, especially when we measure skill-levels with degrees (see also the same pattern in the predicted probabilities for Germany, appendix 4). Hence, preferences for investment on education and employability seem to be structured along a line that divides the “winners” (high-skilled insiders) and the rest of the workforce, the interesting result being that high-skilled outsiders indeed support social investment clearly more than low-skilled insiders. This can be explained by the fact that given their unstable work biographies, they favor state intervention to re-allocate resources and opportunities, but they want them to be reallocated “ex ante”, i.e. at the level of employability rather than redistribution.

When we measure dualization on the basis of labor market status, rather than class, the results are less clear. The only consistent result is again that high-skilled insiders are more skeptical of investment than the other groups, but contrary to our expectations, we find no noticeable difference between high-skilled outsiders and low-skilled insiders.

Table 9 shows the determinants of preferences for the social protection model. Here, we used the high-skilled outsiders as the reference category, because we expect them to be least favorable to a model that re-allocates welfare ex post based on the equivalence principle. We expect low-skilled insiders to be the group most supportive of this kind of welfare provision, since it reflects the industrial welfare state that was built precisely for their needs.

*Table 9: Determinants of preferences for the social protection model. OLS regressions. High-skilled outsiders are the base category.*

	Social protection model			
	M3 Outsider: class Skills: job	M4 Outsider: class Skills: degree	M5 Outsider: Im status Skills: job	M6 Outsider: Im status Skills: degree
High-skilled insider	-0.238*** (0.03)	-0.211*** (0.04)	-0.037 (0.03)	-0.022 (0.05)
Low-skilled insider	0.043 (0.03)	0.074* (0.04)	0.200*** (0.05)	0.222*** (0.06)
Low-skilled outsider	0.137*** (0.03)	0.171*** (0.04)	0.170*** (0.04)	0.243*** (0.06)
Income	-0.101*** (0.01)	-0.113*** (0.01)	-0.121*** (0.02)	-0.134*** (0.02)
Church attendance	-0.014*** (0.00)	-0.014*** (0.00)	-0.011*** (0.00)	-0.011*** (0.00)
Couple household	-0.023 (0.02)	-0.036* (0.02)	-0.038 (0.02)	-0.050** (0.02)
Unemployment	0.350*** (0.07)	0.354*** (0.07)	0.361*** (0.07)	0.337*** (0.06)
Retired	0.163*** (0.04)	0.119*** (0.04)		
Constant	0.045 (0.03)	0.169*** (0.03)	-0.014 (0.04)	0.104** (0.04)
Country fixed	yes	yes	yes	yes

effects

R <sup>2</sup>	0.264	0.263	0.264	0.262
N	12648	13497	9252	10333

Values in parentheses are standard errors. The results include regional weights. \*\*\* = significant at the 0.001 level; \*\* = significant at the 0.005 level; \* = significant at the 0.01 level

The results diverge quite substantially from our expectations, however. Low-skilled outsiders, rather than low-skilled insiders are the group that seems to be most favorable to the social protection model. In both models M3 and M4, the low-skilled outsiders are clearly more supportive of it than the reference group, in contrast to the low-skilled insiders, who do not diverge significantly from the reference group. Also, high-skilled insiders are clearly more skeptical towards this model than high-skilled outsiders. This pattern corresponds to the one we find when we look at the predicted probabilities (appendix 4). The result is counterintuitive: why would low-skilled outsider be so supportive of the social protection model, given that they do not have full-scale access to precisely this insurance system? We have two possible explanations. It could be that the respondents do not think in terms of insurance vs. redistribution. Low-skilled outsiders would support this model because it promises generally “more welfare” and they think they will benefit from it. They may just not be aware that social insurance is not the best answer to their specific needs. The second possibility relates to the measure we used. Our social protection model is operationalized on the basis of spending preferences for the elderly and the unemployed and on the role of the state in securing the decent living standard of these groups and in supporting declining industries. These questions do not explicitly ask about the way in which income should be (re)distributed towards the elderly and the unemployed. We assumed that these questions reflect the social insurance idea, because pensions and unemployment insurance are the classical pillars of the social insurance regime. However, the respondents may have understood this in terms of a more general responsibility of the government that involves redistribution. This would also explain why the high-skilled insiders are so critical to this model. In order to control for this difficulty, we also tested a narrower version of the social protection model, measuring it only on the basis of attitudes towards government support for declining industries to protect jobs, since this question captures the idea of social protection very precisely. However, the results are again very similar. Low-skilled outsiders are also more supportive of support for declining industries than low-skilled insiders. The only explanation we find for this is the generally higher vulnerability of low-skilled outsiders, which makes them more favorable to any kind of state intervention.

Again, we examined the difference to the standard operationalization of dualization. M5 and M6 at first glance seem to be more in line with our expectations, because low-skilled insiders are indeed significantly more favorable to social protection than high-skilled outsiders, while the latter do not differ much from the high-skilled insiders. At a second glance, however, it becomes clear that M5 and M6 simply indicate a skill-level difference, with the low-skilled being more favorable to social protection than the high-skilled. Dualization does not seem to matter in these models. These findings correspond to the results of Emmenegger (2009: 140) who found no evidence for an insider/outsider cleavage regarding job protection (using the labor market status operationalization). Again, we arrive at more evidence for the relevance of dualization when using the class-based operationalization.

Finally, we look at the determinants of preferences for the redistribution model in table 10. Here, the results are again entirely in line with our expectations. We used the high-skilled insiders as the reference group, because we expect the least support for redistribution from them, and we hypothesized that the low-skilled outsiders should be most favorable to this type of welfare.

Table 10: Determinants of preferences for the redistribution model. OLS regressions. High-skilled insiders are the base category.

Redistribution model				
	M3 Outsider: class Skills: job	M4 Outsider: class Skills: degree	M5 Outsider: Im status Skills: job	M6 Outsider: Im status Skills: degree
High-skilled outsider	0.181*** (0.03)	0.167*** (0.03)	-0.063 (0.04)	-0.054 (0.04)
Low-skilled insider	0.311*** (0.03)	0.315*** (0.03)	0.236*** (0.04)	0.276*** (0.03)
Low-skilled outsider	0.371*** (0.04)	0.370*** (0.05)	0.171*** (0.05)	0.203*** (0.05)
Income	-0.129*** (0.01)	-0.144*** (0.01)	-0.169*** (0.02)	-0.182*** (0.02)
Church attendance	-0.000 (0.01)	-0.000 (0.01)	0.007 (0.01)	0.008 (0.01)
Couple household	-0.045** (0.02)	-0.061** (0.02)	-0.055** (0.02)	-0.072*** (0.02)
Unemployment	0.179*** (0.05)	0.182*** (0.05)	0.210*** (0.06)	0.226*** (0.05)
Retired	0.061 (0.04)	0.015 (0.04)		
Constant	-0.425*** (0.05)	-0.268*** (0.06)	-0.194*** (0.06)	-0.060 (0.07)
Country fixed effects	yes	yes	yes	yes
R <sup>2</sup>	0.204	0.205	0.210	0.215
N	13256	14147	9637	10778

Values in parentheses are standard errors. The results include regional weights. \*\*\* = significant at the 0.001 level; \*\* = significant at the 0.005 level; \* = significant at the 0.01 level

As expected, low-skilled outsiders are clearly more supportive of the redistribution model than high-skilled insiders in both M3 and M4, and they are consistently the most favorable group for the redistribution model. Moreover, high-skilled outsiders are, as expected, somewhere in the middle, being both more supportive than their high-skilled insider counterparts, but less so than the low-skilled. Low-skilled insiders, however, are only slightly less supportive of the redistribution model than outsiders. Hence, we do find the expected evidence for the impact of dualization at the level of the high-skilled, but less clearly so at the level of the low-skilled.

The results are more difficult to understand when we use the standard measure of dualization based on labor market status. Here, it is not the group of low-skilled outsider, which is most supportive to the redistribution model, but the low-skilled insiders. This is difficult to explain in the light of our theoretical developments above: we expect outsiders to be more favorable to redistribution because this is precisely the type of welfare they need, whereas insiders can rely on social insurance and employment protection to a larger extent. Among the high-skilled, we find no evidence of the impact of dualization when using the standard measure: the high-skilled outsiders do not differ significantly from the high-skilled insiders in their preferences to the redistribution model. We argue that our results make more sense theoretically and that the weak

evidence based on the labor market measure of dualization may result from the difficulties of this measure as discussed in the first part of this paper.

#### 4. Conclusions

We see three main contributions of this paper. The first contribution is the theoretical development and empirical testing of a new conceptualization and operationalization of insiders and outsiders, which combines attributes of class, gender and age to form theoretically and empirically meaningful risk groups. We argue that political preferences are formed on the basis of stable characteristics, which is why we should base the definition of insiders and outsiders on employment biographies, rather than on a momentaneous labor market status. People experience specific risks, precarity, vulnerability depending on their stable occupational profile and this is the ground on which they develop welfare preferences. Hence, we defined a set of risk groups and examined to what extent they are affected by atypical employment, unemployment and part-time employment in different welfare regimes. All the individuals in those groups which are (as a group) particularly affected by these forms of precariousness are defined as outsiders, the others are considered insiders. Hence, individuals are categorized on the basis of group-characteristics, not individual characteristics.

The second contribution of this paper is that we tested the explanatory power and validity of our class-based measure of dualization against the standard measure found in the literature, which is based on the current labor market status of the respondent only. Both in our analyses of dualization only, and in the combined analyses of dualization and skills, our measure is a stronger predictor of insider/outsider-differences and it provides theoretically more meaningful results, which conform more closely with our hypotheses. This means that if our hypotheses are indeed theoretically plausible, the class-based measure of dualization performs better than the labor market measure. However, our measure has obviously a problem of complexity. Not only do we need detailed data on the occupational profile of respondents (isco-codes), but in this paper, we even operationalized insiders and outsiders depending on *actual*, empirical disadvantage. This is a far more complex and complicated way of measuring the concept than by looking at the current labor market status. The question is whether the additional complexity is justified in the light of the explanatory power we gain from it. We would argue that it is, but we also recognize that the data needed to operationalize insiders and outsiders as we did is lacking in many surveys. Consequently, it may be useful to take a step back and (re-)simplify our measure, by replacing some of the complex class-data by proxies or shortcuts. We have, e.g., seen that in all regimes, female low service functionaries are consistently outsiders and in most of them, even female socio-cultural professionals are structurally disadvantaged. This could be easily approximated by simply coding female service sector employees as outsiders. Similar simple approximations can be used to take into account the age-bias of dualization in Southern Europe and the gender-bias of dualization in continental Europe. All these approximations would contribute to arriving at a measure of dualization that is both theoretically meaningful and relatively easy to implement.

The third and most important contribution of this paper is, however, that dualization is indeed a new relevant conflict line in post-industrial economies. Insiders and outsiders want different types of welfare to different degrees. Outsiders are more vulnerable than insiders, and the support consistently more state intervention than insiders. In addition to dualization, skill-levels are an important intervening variable when explaining post-industrial welfare preference patterns. High-skilled workers have more educational resources to “earn” their welfare through employment. Hence, if they claim state intervention, they favor rather investments in education and employability than a compensation of lacking income. We tested the preferences of low-and high-skilled insiders, as well as low-and high-skilled outsiders on four models of welfare and found ample support for the fact that the models tend to be most supported by the group to whose needs it replies most directly. High-skilled insiders are more supportive than the other

groups on the liberal market model, while high-skilled outsiders have the strongest preferences for the social investment model and low-skilled outsiders are the “champions” of redistribution. The only puzzling result in this respect is that the low-skilled outsiders are also the most supportive group when it comes to social protection. This is surprising because the social insurance welfare state was precisely not built for them (and in many countries actually directly contributes to their status as outsiders). We hypothesized that the respondents do not really see the difference between insurance/social protection and redistribution, and that low-skilled outsiders just generally favor more state intervention, given their vulnerable situation on the labor market.

Whether we use a measure of skill based on the qualifications required in the respondent’s job or a measure based on degree, we find evidence for the impact of dualization on welfare preferences (either among the high-skilled or among the low-skilled or both) with regard to all four dependent variables. The distinction between a workforce fully integrated in the labor market and a more precarious, vulnerable part of the workforce is empirically validated and we see a picture of socio-structurally identifiable groups with distinct preferences. What remains is the question of mobilization. Do or will insiders and outsiders mobilize? Along the line of dualization or skills or both? Can there be specific alliances based on outsider-status across skill-levels, e.g. for social investment policies or for redistributive policies? These are some of the questions that are key to the next steps in the research on dualization. For this, we need to look not only at voting preferences of insiders and outsiders (new right? New left?) and membership in parties and unions, but we also have to look more closely at the political programs of the collective actors representing these groups, in order to determine whether dualization may indeed lead to a new social cleavage in post-industrial economies.

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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)

Independent work logic	Technical work logic	Organizational work logic	Interpersonal work logic	
Large employers, self-employed professionals and petty bourgeoisie with employees (CA) Self-employed <=24	Technical experts (CA) 21 Physical, mathematical and engineering science professionals	Higher-grade managers (CA) 11 Legislators and Senior officials 12 Corporate Managers	Socio-cultural semi-professionals (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	Professional / managerial
	Technicians (MSF) 31 Physical and engineering science associate professionals	Associate managers (CA) 13 General Managers		Associate professional / managerial
Petty bourgeoisie without employees (MSF) Self-employed >24	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	Skilled office workers and routine office workers (MSF) 41 Office Clerks 42 Customer Service Clerks	Skilled service and routine service (LSF) 51 Personal and protective services workers 52 Models, salespersons and demonstrators 91 Sales and services elementary occupations	Generally / vocationally skilled

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

**Appendix 2 - Table Operationalization**

VARIABLE	OPERATIONALIZATION
Liberal Model	ISSP RoGIV 2006; factor scores of PC factor analysis of V22 (gov. should spend less money on old age pensions), V23 (gov. should spend less money on unemployment benefits),
Social investment model	ISSP RoGIV 2006; factor scores of PC factor analysis of V12 (financing projects to create new jobs) V20 (government spending on education) and V32 (government's responsibility to give financial help to students)
Redistribution model	ISSP RoGIV 2006; factor scores of PC factor analysis of V25 (government's responsibility to provide a job for everyone) and V31 (government's responsibility to reduce income differences between poor and rich)
Social protection model	ISSP RoGIV 2006; factor scores of PC factor analysis of V15 (in favour or against support declining industries to protect jobs), V22 (government should spend more on old age pensions), V23 (government should spend more money on unemployment benefits), V28 (government's responsibility to provide decent standard of living to the old) and V30 (government's responsibility to provide decent standard of living to the unemployed)
Classes	ISSP RoGIV 2006; ISCO-2d codes, recoded according to appendix 1 into CA, MSF, BC, SCP, LSF
Outsider 1 (based on classes)	ISSP RoGIV 2006; Dummy variable measuring outsidership based on classes, gender and age, recoded according to table 1
Outsider 2 (based on labor market status)	ISSP RoGIV 2006; Dummy variable measuring outsider according to employment status; WRKST 1=0; WRKST 2,3,5=1;
Regimes	Liberal countries: Australia, Canada, Ireland, New Zealand, Great Britain, United States Nordic countries: Denmark, Finland, Norway, Sweden Continental countries: France, Germany, Netherlands; Switzerland Southern countries: Portugal, Spain
Unemployment	ISSP RoGIV 2006; Dummy variable measuring unemployment among all other forms of work status; WRKST 5=1; WRKST 1,2,3,4,6,7,8,9,10=0;
Part-time	ISSP RoGIV 2006; Dummy variable measuring part-time among all other forms of work status; WRKST 2,3=1; WRKST 1,4,5,6,7,8,9,10=0;
Atypical work	ISSP RoGIV 2006; Dummy variable measuring atypical employment (part-time, unemployed, helping family member, housewife/man) among all other forms of work status; WRKST 2,3,4, 5,8=1; WRKST 1,6,7,9,10=0;
Education (job)	ISSP RoGIV 2006; measuring skill-levels based on ISCO codes. High-skilled are ISCO-1 <=3; low-skilled are ISCO-1 >=4;
Education 2 (degree)	ISSP RoGIV 2006; based on highest completed education level ; (DEGREE); high_skilled=higher secondary completed (usually the degree giving access to tertiary education); low_skilled=below higher secondary

	completed;
Income	ISSP RoGIV 2006; Variable measuring the monthly mean income, based on national income-variables. Individuals are attributed the mean value of their income group (deciles if not specified otherwise in ISSP RoGIV 2006) in 1000 Euros.
Church Attendance	ISSP RoGIV 2006; based on ATTEND (how often do you go to church).
Couple	ISSP RoGIV 2006; Dummy measuring if respondent lives in a stable relationship; COHAB 1=1; MARITAL 1=1; MARITAL 2,3,4,5=0;

**Appendix 3 – Identification of insiders and outsiders****Table A 3.1: Socio-structural outsider potentials in terms of atypical work, 2006**

	Liberal		Nordic		Continental		Southern	
	N/%	%	N/%	%	N/%	%	N/%	%
Young female LSF	5.6	66.4***	6.0	43.0***	4.9	62.8***	9.3	38.1***
Young male LSF	1.8	36.6***	1.3	17.1	1.9	19.7	3.4	20.9***
Old female LSF	6.4	68.7***	8.2	44.3***	7.2	65.4***	8.7	30.9***
Old male LSF	2.9	27.0	2.1	17.5	2.0	25.3	2.7	6.9
Young female SCP	7.1	35.6***	8.0	15.9	8.1	47.0***	5.9	24.2***
Young male SCP	2.7	10.1	3.8	6.0	3.3	12.9	3.2	23.8***
Old female SCP	9.8	44.3***	13.0	18.8***	8.9	56.0***	4.6	18.0
Old male SCP	4.3	16.7	6.0	9.7	5.3	13.9	3.7	10.1
Young female BC	1.5	48.2***	1.1	32.4***	1.5	47.3***	4.2	26.6***
Young male BC	5.6	13.3	3.4	8.4	5.9	13.8	11.8	10.8
Old female BC	2.0	55.7***	1.8	29.3***	1.5	52.6***	4.1	34.9***
Old male BC	8.2	14.7	8.0	12.2	7.0	14.7	7.9	6.7
MSF	18.4	37.8***	18.8	10.6	17.5	19.7	12.8	8.5
CA	24.0	17.7	16.5	17.0	25.2	36.8***	17.8	17.3
Total / mean	5764	33.5	3077	18.5	3776	34.6	266 9	19.0

Notes: Values are group-specific frequencies. Highlighted cases indicate values that exceed the mean significantly at the 0.1\*, 0.05\*\* or 0.01\*\*\* level (t-test). Data source: ISSP 2006 Role of Government IV.

**Table A 3.2: Socio-structural outsider potentials in terms of parttime, 2006**

	Liberal		Nordic		Continental		Southern	
	N/%	%	N/%	%	N/%	%	N/%	%
Young female LSF	5.6	29.6***	6.0	20.7***	4.9	39.9***	9.3	20.5***
Young male LSF	1.8	23.1***	1.3	9.0**	1.9	12.7	3.4	7.5*
Old female LSF	6.4	25.1***	8.2	17.5***	7.2	26.8***	8.7	12.0***
Old male LSF	2.9	11.2	2.1	7.8	2.0	10.3	2.7	0.0
Young female SCP	7.1	18.9***	8.0	7.3	8.1	37.2***	5.9	16.6***
Young male SCP	2.7	7.4	3.8	2.2	3.3	7.8	3.2	17.9***
Old female SCP	9.8	21.8***	13.0	12.0***	8.9	27.6***	4.6	10.5***
Old male SCP	4.3	7.8	6.0	5.2	5.3	7.0	3.7	4.3
Young female BC	1.5	15.4***	1.1	10.6***	1.5	12.3	4.2	3.5
Young male BC	5.6	7.3	3.4	1.0	5.9	4.7	11.8	2.8
Old female BC	2.0	6.6	1.8	9.3**	1.5	10.0	4.1	2.7
Old male BC	8.2	3.9	8.0	3.8	7.0	1.6	7.9	0.5

MSF	18.4	18.3**	18.8	6.9	17.5	15.3	12.8	7.0
CA	24.0	8.7	16.5	4.6	25.2	9.3	17.8	3.5
Total / mean	5764	14.1	3077	8.4	3776	15.7	266 9	7.0

Notes: Values are group-specific frequencies. Highlighted cases indicate values that exceed the mean significantly at the 0.1\*, 0.05\*\* or 0.01\*\*\* level (t-test). Data source: ISSP 2006 Role of Government IV.

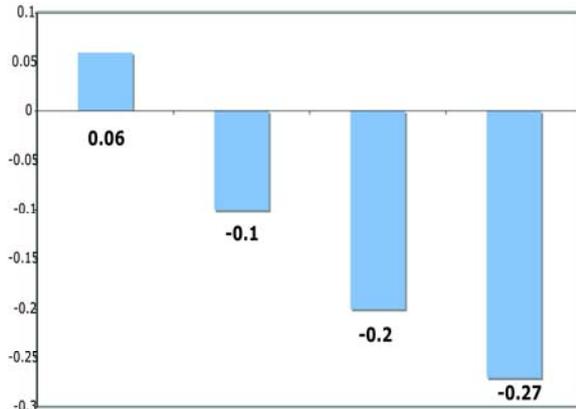
**Table A 3.3: Socio-structural outsider potentials in terms of parttime, 2006**

	Liberal		Nordic		Continental		Southern	
	N/%	%	N/%	%	N/%	%	N/%	%
Young female LSF	5.6	4.6***	6.0	6.2***	4.9	5.2***	9.3	17.3***
Young male LSF	1.8	3.9***	1.3	1.5	1.9	5.1***	3.4	12.9***
Old female LSF	6.4	2.4**	8.2	4.7***	7.2	2.2	8.7	8.7***
Old male LSF	2.9	2.8***	2.1	3.3**	2.0	6.0***	2.7	4.2
Young female SCP	7.1	1.2	8.0	2.0	8.1	1.3	5.9	7.6**
Young male SCP	2.7	1.1	3.8	3.0	3.3	3.9**	3.2	6.0
Old female SCP	9.8	1.4	13.0	1.7	8.9	1.7	4.6	3.9
Old male SCP	4.3	1.7	6.0	1.1	5.3	1.2	3.7	2.9
Young female BC	1.5	4.4***	1.1	8.5***	1.5	21.1***	4.2	22.8***
Young male BC	5.6	3.8***	3.4	5.8***	5.9	8.5***	11.8	7.8**
Old female BC	2.0	1.1	1.8	3.7***	1.5	8.7***	4.1	14.3***
Old male BC	8.2	3.6***	8.0	3.4**	7.0	5.3***	7.9	2.7
MSF	18.4	1.6	18.8	2.9	17.5	2.2	12.8	4.8
CA	24.0	0.9	16.5	2.1	25.2	2.5	17.8	3.2
Total / mean	5764	2.0	3077	3.1	3776	3.3	266 9	7.3

Notes: Values are group-specific frequencies. Highlighted cases indicate values that exceed the mean significantly at the 0.1\*, 0.05\*\* or 0.01\*\*\* level (t-test). Data source: ISSP 2006 Role of Government IV.

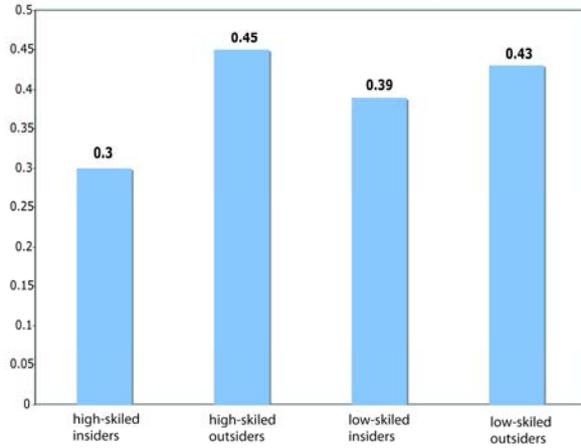
## Appendix 4 – Predicted probabilities

**Figure 1: Predicted probability that respondent favors the liberal market model**



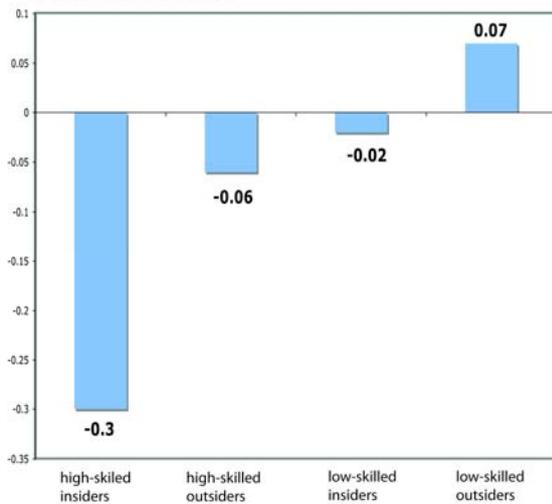
Note: Predicted probabilities were calculated for each group with all other variables held at their median (for Germany). They are based on model m3.

**Figure 2: Predicted probability that respondent favors the social investment model**



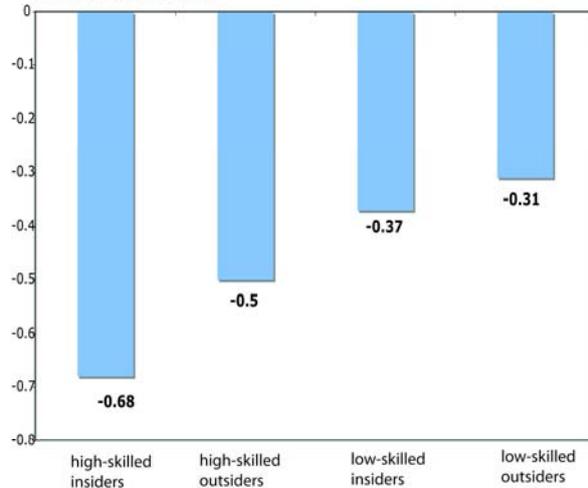
Note: Predicted probabilities were calculated for each group with all other variables held at their median (values for Germany). They are based on model m3.

**Figure 3: Predicted probability that respondent favors the social protection model**



Note: Predicted probabilities were calculated for each group with all other variables held at their median (for Germany). They are based on model m3.

**Figure 4: Predicted probability that respondent favors the redistribution model**



Note: Predicted probabilities were calculated for each group with all other variables held at their median (values for Germany). They are based on model m3.