

Restructuring welfare politics: post-industrial labor markets, globalization and welfare preferences

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*Paper prepared for the Panel “Multilevel Approaches to the Demand for Welfare Policies”,
General Conference of the European Consortium for Political Research ECPR
September 10-12, 2009, Potsdam, Germany*

First draft. Comments welcome.

Abstract

While the welfare states in advanced capitalist economies reflect the class politics that have shaped them in the industrial age, welfare politics have changed in the post-industrial era. Permanent financial austerity has transformed welfare politics into a zero-sum game, because welfare gains for one group of beneficiaries now tend to come at the cost of other groups. In this context of sharpened distributional conflict, increasingly dualized labor markets and globalization have led to the emergence of new conflict lines within the labor force. Our paper makes two contributions. First, we analyze whether contemporary welfare politics is indeed characterized by new conflict lines. For this purpose, we analyze how the new cleavages between *labor market insiders and outsiders* and between *globalization winners and losers*, in interaction with different skill-levels, determine preferences for two different types of welfare-related policies: redistribution (i.e. the political lowering of income differences) and structural protectionism (i.e. the political support for jobs in declining industries). We show that the insider/outsider divide and globalization contribute to explaining individual-level variation in policy preferences. Second, we explore different determinants to explain cross-national differences in the saliency of these new conflicts by analyzing them in a multi-level framework. We examine the relevance of the welfare regime and the size of the welfare state, as well as the country's openness for the saliency of the new post-industrial conflict lines. On the micro-level, our analysis is based on ordered logit models performed on cross-national survey data from the ISSP RoG IV 2006.

1. Introduction

The analysis of individual-level policy preferences in economic and social policy has recently come back to the forefront of research in the fields of both comparative and international political economy. For example, a growing literature addresses various new and old determinants of welfare state preferences, such as skill level and specificity (e.g. Iversen and Soskice 2001)Gingrich and Ansell 2009), labor market status (Rueda 2005, 2006, Emmenegger 2009), exposure to international openness (Scheve and Slaughter 2004; Walter and Maduz 2009; Walter forthcoming), occupation (Rehm 2009) or class (Kitschelt and Rehm 2005, Häusermann and Schwander 2009). While these studies share the belief that material interests and individual social risks are important determinants of social policy preferences, they differ in their opinion on which of these risks and interests are the salient ones.

Two important developments have led to this renewed interest in the drivers of individual-level preferences: On the one hand, labor markets and social risks have changed dramatically over the last decades, and on the other hand, the nature of welfare policies has changed as well. As a result, scholars have approached the issue of new welfare politics and the role of individual policy preferences from two sides. First, there are new territories to explore on the side of the *independent* variables: the context of social and economic policy making has changed in terms of post-industrialization, globalization and austerity. Post-industrialization and globalization make the preferences of the “working class” more heterogeneous, because labor markets have become more differentiated. In a context of austerity, distributive policymaking becomes a zero sum game, such that improvements for one social group may come at the expense of others. This sharpens distributional struggles and leads to new conflicts. The other reason why we observe a renewed interest in the drivers of individual policy- preferences is that welfare politics in mature welfare states is not just about more vs. less welfare anymore, but about new and specific policies that may benefit to some groups, but not to others (Pierson 2001). Since measuring welfare state preferences just in terms of more vs. less benefits has thus lost quite a bit of its theoretical and substantial significance, we need more refined *dependent* variables to conceptualize and measure the direction and type of welfare state change individuals want and need.

This paper advances our understanding on both of these two sides. Regarding the independent variables, we focus on two new conflict lines that are likely to become increasingly salient in structuring people’s welfare values: their labor market situation (insiders vs. outsiders) and their exposure to international competition (globalization winners vs. globalization losers).

Both characteristics may foster intra-labor conflict and blur vertical class conflict patterns. In this paper, we assess the extent to which post-industrialization and globalization affect individual policy-preferences, and how these two determinants *interact* with each other and with skill-levels. The issues of insider-outsider conflict and the individual-level impact of globalization have received a lot of attention (see in particular Rueda 2005, 2006; Emmenegger 2009 for the former and (Scheve and Slaughter 2004; Hays et al. 2005; Walter forthcoming) for the latter), but recognition of their importance has typically been confined to their specialized fields. By bringing together two strands of literature from the comparative and the international political economy tradition, we aim at fostering a better understanding of the demand side dynamics of modern welfare politics both in theoretical and empirical terms. This is the first contribution we want to make.

With respect to the second contribution, on the side of the dependent variable, this paper shows how these new conflict lines shape policy preferences with regard to two very different logics of welfare policies: redistribution and economic protectionism. Redistribution implies a politically mandated reallocation of resources from the rich to the poor and is based on need. In contrast, protectionist policies, such as support for declining industries imply a preservation of the existing distribution of privileges and jobs. Those who are already enjoying these privileges, such as insiders employed in protected economic sectors, will typically want to preserve those privileges in times of austerity, while outsiders and those not employed in these sectors typically prefer to restructure and change the existing distribution of privileges.

The paper is structured as follows. In a first part (section 2), we develop our theoretical argument about the structure of policy preferences and political conflict in post-industrial, dualized, and economically open societies. We theorize how the effects of post-industrialization and globalization interact with skills and propose a series of micro-level hypotheses regarding the expected welfare preferences of individuals with different labor market situations, skill-levels and exposure to international competition. We then discuss how the country-specific context in terms of economic openness and the type and size of the welfare state may influence the saliency of the new conflict lines – dualization and globalization. Section 3 presents the data, operationalization and our methodological approach. In the fourth section, we test our argument empirically. We begin with a micro-level analysis and show that both dualization and globalization have important consequences for how individuals assess different welfare policies. We then turn to the macro-level and explore how the country-context affects the intensity of conflicts over social policy. Section 5 concludes.

2. Theoretical framework: the transformation of welfare preferences in an era of dualization and globalization

In the “golden decades” after the Second World War, Western welfare states grew rapidly and strongly. The trade union movement and the Social Democratic parties were the spearheads of this development, representing the interests of industrial workers and their families. The “vertical” class conflict was clearly predominant both in the Nordic and in the Anglo-saxon countries (Korpi 1983, Stephens 1979). In the countries of continental Europe, the Left allied with Christian Democrats and raised social welfare by introducing generous large-scale social insurance schemes against the major risks of income-loss: unemployment, disability, sickness and old age (van Kersbergen 1995). These mainly benefitted the lower classes. Consequently, even though the industrial working class had various allies in its political struggle for social security, the traditional left-right conflict was the most important cleavage over these years, with the left privileging “more welfare” and the right preferring “less welfare”. On the individual level, this conflict mirrored a vertical class cleavage between high-income welfare state-opponents and low-income welfare state proponents. Both power resources theory (e.g. Esping-Andersen 1990, Korpi 1983) and standard political economy models (Meltzer and Richard 1981) argue that the low-paid, materially underprivileged industrial workers favor more social welfare, whereas the privileged classes of the workforce fight for less state intervention in order to preserve their advantages. Since wealthy people are able to privately insure social risks, they are less inclined toward large-scale, publicly funded social insurance schemes that raise their tax levels. In contrast, low-income individuals, know that they will receive more than they have to pay into these schemes and are therefore supposedly proponents of the welfare state (Meltzer and Richard 1981).

While this argument worked very well for the post-war era, it has become questionable whether this pattern of welfare preferences still makes sense theoretically and whether it holds empirically in a post-industrial era, where labor markets have become more flexible, feminized, dualized and subject to global competition, and where social expenditures are challenged by austerity and demographic change. In such a context, welfare politics tend to become a zero-sum game, where the gains for one group of beneficiaries come at the cost of, or foreclosure of, benefits for other groups of beneficiaries. Therefore, different occupational and social groups may diverge in their attitudes regarding how much and what kind of welfare they consider desirable. In what follows, we discuss how these changes have created new

winner and losers, and consequently new proponents and opponents of specific social and economic policies.

2.1. Conflict in dualized societies: Insiders vs. outsiders

Big and mature welfare states are not only shaped by, but also actively influence social stratification, and thus contribute to shaping the attitudes of people towards social policy (Pierson 2001). One of the most important aspects in this regard is the eligibility of welfare benefits. Not everybody receives the same benefits. Indeed, eligibility to pensions, unemployment, accident or disability insurance is frequently employment-related, and benefits are proportional to previous earnings. This means that people in so-called atypical employment or unemployed people have little or no access to these benefits. This is not a rare phenomenon: over the last two decades, the transition from an industrial to a post-industrial economy has contributed to rising unemployment and to the spread of atypical employment biographies, which deviate from the stable, full-time, open-ended work relations that characterize standard industrial employment. Post-industrial labor markets are characterized by a massive rise in part-time or temporary jobs, and in employment biographies that are interrupted by periods of unemployment or child-care. This development towards more unstable, fragmented and precarious work biographies is strongly linked to the massive rise in female employment in a post-industrial economy and occurs most frequently in the service sector and in occupational classes with an interpersonal work logic (Oesch 2006).

Individuals characterized by atypical employment biographies have little or no access to traditional social insurance schemes and are therefore referred to as “outsiders”, as opposed to the “insiders” with traditional employment biographies and full access to these schemes. The divide between insiders and outsiders is reflected in the concept of “dualization”, i.e. a society where economic and social rights and political integration differ for the insiders and the outsiders (Palier and Martin 2007, Häusermann and Schwander 2009). Outsiders can be severely penalized in terms of social rights, particularly if welfare states rely on social insurance for income-protection. Social insurance was created for standard employees with standard employment biographies. The atypically employed tend to have low, discontinuous contribution-records, which may result in inadequate coverage against the main poverty-risks (Bridgen and Meyer 2008). Typical outsiders such as unskilled unemployed workers, part-time employees or young job market entrants in precarious jobs work in very different circumstances, but they all share the experience that their occupational situation penalizes

them in the traditional social insurance welfare state. As a consequence, outsiders tend to have low incomes and they tend to experience particular poverty risks related to their atypical employment biographies. They have a rational interest in strengthening redistribution, i.e. welfare benefits that are distributed on the basis of needs, not contributions, because it is the only way for them to achieve income-security (Cusack et al. 2006). In contrast, standard “insider” wage-earners, both low- and high-skilled saw a massive improvement of their social rights until the 1980s. In a mature welfare state, threatened by financial austerity, the defense of this income security tends to become the insiders’ major concern (Pierson 1996, Rueda 2005). This discussion suggests that outsiders tend to favor income redistribution, while insiders prefer policies that protect the benefits they enjoy through social insurance schemes or protectionist policies. Empirical evidence for the case of Switzerland supports this conjecture (Häusermann and Walter forthcoming, Häusermann and Walter forthcoming).

Individuals’ skills condition these effects of the labor market status on their social and economic policy preferences. Even though “outsiderness” affects not only low but also high skilled groups (see Häusermann and Schwander (2009: 11ss) for a more detailed argument on this), the level of skills alters the risk structure an individual faces. High-skilled outsiders have the human capital resources to perform well on the labor market and to privately insure themselves against social risks. Since they do not receive large payments out of the public insurance schemes (given their atypical employment biographies) and need to safeguard their post-tax income to pay for their private insurance, these highly skilled outsiders should be opposed to the expansion of traditional welfare schemes, which are typically financed by taxes of the wealthy. Private insurance is typically unaffordable to low-skilled outsiders, however, so that they must rely on the redistribution of income. This suggests that even though all outsiders should favor redistribution, this preference should be particularly strong amongst low-skilled outsiders.

By contrast, insiders are the core constituency of the existing social insurance welfare states. They have an interest in a welfare state based on social insurance, which preserves the existing stratification and rewards differences in labor market performance. Indeed, social insurance schemes distribute benefits based on contributions, so that individuals with high earnings/contributions receive high benefits and individuals with low earnings/contributions receive low benefits. Consequently, both high- and low-skilled insiders should favor policies that protect the economic and social status quo. Similarly, they should share a more reluctant attitude towards redistribution, because redistribution alters the existing allocation of goods and privileges. Welfare benefits based on redistribution go to the most needy, rather than to

those who paid the highest contributions. However, as amongst the outsiders, different skill-levels should also have a conditional impact on these policy preferences: highly skilled insiders are typically quite wealthy, so that they are net payers in a redistribution scheme. This should make them particularly averse to income redistribution. Low skilled insiders, i.e. the traditional blue-collar industrial workforce, may not be particularly interested in redistribution. Rather they mainly fear structural change and job-loss. Hence, they look for policies that preserve their jobs and social privileges. They are therefore likely to be the group that turns to the state most strongly with demands to defend them against structural change. Low-skilled insiders are therefore supposed to be the champions of specific protectionist social and economic policies. High-skilled insiders tend to be more mobile and rely less on the state. Their preference for such protectionist policies should therefore be more limited.

To summarize, combining the social risks associated with dualization and different skill-levels leads us to the following hypotheses:

Table 1: Expected preferences with regard to redistribution and protectionism

	Insiders	Outsider
High-skilled	Against redistribution	Against economic and social protectionism
Low-skilled	For economic and social protectionism	For redistribution

We expect a symmetrical distribution of preferences with regard to the two logics of welfare state change, redistribution and social protection. Low-skilled insiders should be the most ardent defenders of social and economic protectionism, whereas high-skilled outsiders have the least incentives for supporting this policy. Low-skilled outsiders should be most favorable towards redistribution, whereas we expect the strongest disapproval of redistribution from high-skilled insiders. To this pattern of expected social policy preferences, we now add globalization, an additional source of risk in modern economies.

2.2. Conflict in globalized economies: globalization winners vs. globalization losers

The second large trend affecting the logic of conflict on welfare state issues in modern post-industrial societies is the *globalization* of production, capital, and services. This trend creates a new conflict line between globalization winners, who disproportionately benefit from the access to global markets, and globalization losers, who predominantly face higher risks in terms of income and job security.

Where exactly this line between winners and losers should be drawn has been hotly debated. Some authors argue that sector- or industry-specific factors determine the sides in this conflict (Frieden 1991). People in more exposed professions are more threatened by market liberalization than people in sheltered sectors. This sectoral Ricardo-Viner model (Jones 1971; Samuelson 1971) emphasizes the comparative advantage of certain industries and assumes that the factors of production cannot move easily and costlessly between industries or occupations¹. This suggests that workers in internationally competitive industries are pitted against those in internationally uncompetitive industries. Others, however, contend that factor endowments, including endowments in human capital, are key to understanding the conflict between globalization winners and losers economically (Rogowski 1989). The factoral models, most notably in the Stolper-Samuelson tradition (Stolper and Samuelson 1941; Findlay and Kierzkowski 1983), focus on how human capital conditions the effect of international competition on relative wages. For advanced economies like those in our sample, these models predict that capital and high skilled labor benefit most from globalization, while low-skilled workers lose out. The sectoral and factoral models thus make different predictions about who will be amongst the winners, and who will be amongst the losers of globalization.

More recent research suggests that a combination of sectoral and factoral considerations determines how globalization affects people's well-being (Hiscox 2002). Within the same industry, global competition can be harmful to some people, but not to others. For example, globalization is likely to strongly increase the risk of job loss for an unskilled assembly-line worker in a manufacturing factory (a low-skilled exposed insider), but is much less likely to threaten an equally unskilled part-time working cleaning lady (a low-skilled sheltered outsider), because the factory job can quite easily be transferred (or "offshored") to a factory

¹ A variant of the sectoral model points out the differences between employment in the tradables and the nontradables sector and the fact that not all individuals are equally exposed to the forces of globalization (Frieden and Rogowski 1996).

abroad, while the cleaning service cannot be provided abroad. Similarly, high-skilled individuals, such as teachers, doctors, IT professionals, and bank managers, face different levels of exposure to the global economy.

Following Walter (forthcoming), we therefore conceptualize individuals' vulnerability to globalization as resulting from the specific configuration of their industry-specific and factor-/skill-specific characteristics. In an advanced economy, low-skilled individuals who are highly exposed to international competition (such as unskilled assembly-line workers in manufacturing firms) face serious problems. Their jobs are the easiest to move abroad, leading to downward pressure on wages and an increased risk of job loss. These individuals can consequently be classified as "globalization losers." Low-skilled individuals working in sheltered occupations (such as cleaning personnel) also face the negative effect of globalization on wages, but do not share the unemployment risk experienced by their more exposed counterparts. In contrast, high-skilled individuals in exposed occupations – think of a bank manager – can be characterized as "globalization winners." This is because they can globally sell their service, in which they are likely to have a comparative advantage. These individuals therefore disproportionately benefit when they work in internationally active industries or companies. Because they can attract business from abroad, exposure reduces, rather than increases, their labor market risks. High-skilled workers in sheltered sectors, such as teachers or doctors, benefit less from globalization than globalization winners, but do benefit from the positive wage effect. In sum, this means that low-skilled individuals in occupations that can easily be moved abroad are most negatively affected by globalization. They are the losers from globalization. High-skilled individuals in internationally competitive occupations can be characterized as 'globalization winners.'

How does exposure to globalization affect people's social and economic policy preferences? Since globalization has such heterogeneous effects on globalization winners and losers, we predict that its effects vary as well. For low-skilled individuals exposed to international competition, globalization entails significant labor market risks. As a consequence, globalization losers can be expected to demand compensation for these risks through an expansion of social insurance policies and the welfare state more generally (Cameron 1978; Ruggie 1982; Katzenstein 1985; Rodrik 1998). Using survey data, previous research has found support for this argument, which is frequently referred to as "compensation hypothesis" (Walter forthcoming; Walter and Maduz 2009). Moreover, globalization losers are more likely to favor policies that limit the effects of social competition. Several studies show, for example, that low-skilled individuals are more likely to favor trade restrictions that highly

skilled individuals (e.g. Scheve and Slaughter 2001; Hays et al. 2005; Mayda and Rodrik 2005; Mayda 2008).

The reverse holds for high-skilled individuals exposed to global competition, who should favor welfare state retrenchment and further economic liberalization for three reasons: First, globalization winners need to rely less on publicly provided social protection, because they can privately insure themselves against social risks. Second, as beneficiaries of global economic integration, they tend to be wealthy. This makes them net contributors in redistributive welfare schemes and increases their tax burden when the state implements redistributive policies or spends money to protect groups or industries from modern market risks. Third, these individuals benefit from living in an internationally competitive environment (Rehm and Wren 2008). Since protectionist policies typically implicate a less competitive environment, the winners of globalization are therefore likely to oppose such developments. This effect resonates with the so-called “efficiency view” of globalization, which holds that international economic integration reduces governments’ ability to provide social spending (Cerny 1995; Rodrik 1997; Huber and Stephens 2001; Swank and Steinmo 2002).

2.3. The combined effect of dualization and globalization on individual social and economic policy preferences

We have argued so far that both the dualization and the globalization of modern labor markets have created new conflict lines. New groups of stakeholders have emerged, who differ with regard to their social and economic policy preferences both in terms of their desired types of policies and the intensity of preferences. However, the two developments are not developing separately from each other, but occur simultaneously and affect the same people. To fully understand their effect on individual policy preferences, we therefore need a differentiated analysis of this combined effect.

In order to provide such an analysis, we extend our insider-outsider analysis presented in section 2.2 by adding globalization exposure as a third dimension (see table 2). We still distinguish between high- and low-skilled insiders and outsiders, but differentiate these further by noting whether they are exposed to or sheltered from international competition.

Table 2 *Expected preferences with regard to redistribution and protectionism in a dualized and globalized economy*

		Insiders	Outsider
High-skilled	Exposed	Strongly against redistribution	Strongly against economic and social protectionism
	Sheltered	Against redistribution	Against economic and social protectionism
Low-skilled	Sheltered	For economic and social protectionism	For redistribution
	Exposed	Strongly for economic and social protectionism	Strongly for redistribution

We focus on the same two types of welfare policies: redistribution and economic and social protection. Since both of these imply an increase in state intervention, globalization winners are likely to oppose both. However, the degree of their aversion to these programs will be influenced by their labor market status. Insider-globalization winners will be most strongly opposed to redistribution, whereas outsider-globalization winners will view policies that provide economic and social protection most negatively. Globalization exposure thus amplifies and accentuates the existing preferences of high-skilled insiders and outsiders.

Globalization equally intensifies the policy preferences of low-skilled individuals. These are typically members of the lower classes with low-levels of income and they face much higher labor market risks than high-skilled individuals. Globalization exposure adds an additional type of risk for them. Globalization losers (exposed) face even more risks than their low-skilled counterparts in sheltered sector and are consequently likely to voice even stronger demands for policies that cushion these risks. Which type of policies are most suitable for this purpose once more depends on their labor market status. Insider-globalization losers will prefer policies that protect their existing privileges and jobs, while outsider-globalization losers are likely to have a particularly pronounced preference for redistribution.

Overall, this discussion suggests that the main proponents and opponents of redistributive and protectionist policies lie diametrically opposed to each other (table 2). High-skilled insiders, who are exposed to global competition are expected to be the starkest opponents of redistributive policies, while low-skilled outsiders with high exposure to global markets are supposed to be most in favor of such policies. Regarding policies that offer social and

economic protection, high-skilled and exposed outsiders are most likely to be strongly opposed to these policies, while low-skilled, exposed insiders are expected to constitute their strongest supporters.

2.4. Explaining cross-national variation in the saliency of the new conflict lines

All advanced industrial democracies are affected by both post-industrialization and globalization. Hence, we expect to find the conflicts of interest described above in all of them. However, countries vary on two dimensions that may affect the extent to which these new conflicts emerge. Therefore, we expect variation in the saliency of these new distributional conflicts over social and economic policies.

The first dimension likely to affect country-specific preference patterns is the *openness of the economy*. The more open an economy, the more intensely are individuals affected by globalization, both in terms of international competition but also in terms of the benefits that international trade and capital mobility offer to globalization winners. Hence, the more open an economy, the more pronounced is the difference in risk structures between exposed and sheltered individuals. We would expect international openness to exacerbate the distributional conflicts discussed above. In other words, the conflict between proponents and opponents of redistributive and protectionist policies should be stronger the more open an economy.

The second contextual factor that affects the saliency of conflict is the type and size of *welfare states*. We have explained above that insiders and outsiders are to a large extent “generated” by the welfare state itself. The more a welfare state relies on contribution-financed, employment-related social insurance (vs. universal or targeted benefits, based on mere citizenship or needs), the more strongly outsiders in atypical employment are penalized. The degree of reliance on social insurance – i.e. the weight of the equivalence principle – is directly related to the regime-type (Esping-Andersen 1990(Balcells Ventura 2006)). Continental welfare states are characterized by the fact that their benefit and right structure is based on the insurance of the “male breadwinner-income,” whereas they have only few redistributive or universal elements (Esping-Andersen 1990, van Kersbergen 1995, Bonoli and Palier 1998). While these continental welfare states provided sufficient social coverage and protection to almost all members of the society during the industrial age (because both labor markets and families were stable), this very structure of the welfare state creates new distributional divides in the post-industrial era (Häusermann forthcoming). The Nordic welfare states, in contrast, have always placed a higher emphasis on income redistribution and

a more egalitarian benefit structure. Therefore, we expect dualization and insider/outsider divides to be stronger and more salient in continental than in Nordic and Anglo-Saxon welfare states.

Finally, the sheer size of the welfare state is likely to impact on the saliency of distributional conflicts as well. Bradley et al (2003), as well as Huber et al. (1993) have demonstrated that while the insurance vs. need-based structure of the welfare state matters, the size of the welfare state itself goes a long way in explaining poverty and social hardship. Continental welfare states may privilege insiders over outsiders, but they are big welfare states. So even if outsiders benefit systematically less, they may still be better off than their counterparts in the small (liberal) welfare states, which provide hardly any safety net, at all. We therefore hypothesize that the smaller the welfare state, the more salient the new conflicts, both with regard to redistribution and with regard to policies that provide economic and social protection.

3. Data and Method

To evaluate our hypotheses, we use survey data from the 2006 wave of the International Social Survey Project (ISSP) for 16 industrial countries. This wave was designed to elicit detailed responses about respondents' opinions on the role of government and is therefore particularly suitable for our purposes. The countries included in our analysis share two important characteristics: they are advanced industrialized and open economies. Thus, all of these countries are experiencing processes of dualization and globalization and should hence be subject to the new conflicts about redistributive policies and economic and social protection discussed above.

In what follows, we first discuss our operationalization for the micro-level analyses and then turn to a discussion of our exploratory macro-level analyses.²

3.1. Explaining Policy Preferences at the Micro-Level

Dependent variables: Preferences for redistribution and support for social and economic protectionism.

In order to measure attitudes on *redistribution*, we use a question that asks respondents whether they think that it is the responsibility of the government to reduce income differences

² Unless specified in the text, all operationalizational details are explained in appendix 1.

between rich and poor. Attitudes on the desired level of economic and social *protection* are measured by a variable which asks respondents whether they agree that the government should support declining industries to save jobs. Both variables are measured as ordinal variables. High values reflect a policy preference for more redistribution and more protection, respectively.

Independent variables: New stakeholders in dualized and globalized labor markets.

To identify the eight groups of stakeholders identified in table 2, we proceed in two steps. First, we separately categorize all individuals with regard to their labor market status, skill level and exposure to the international economy. In a second step, we use these criteria to generate a dummy variable for each of the stakeholder-groups.

Labor market status. To identify individuals as insiders and outsiders, we rely on Häusermann and Schwander (2009b). In opposition to much of the literature on dualization (Rueda 2005, 2006, Emmenegger 2009), their conceptualization of outsiders is not based on the current labor market status, but on post-industrial classes, on gender and on age. The identification of classes are based on Oesch's (2006) and Kitschelt and Rehm's (2005) categorizations of occupations (ISCO-codes) into five class groups (capital accumulators, mixed service functionaries, socio-cultural professionals, low service functionaries and blue-collar workers) (see Kitschelt and Rehm 2005 for the precise coding). Häusermann and Schwander (2009b) combine these classes with gender and age and identify empirically to what extent the different groups are disadvantaged in the labor markets and welfare regimes of the different countries. Outsiders are defined as those individuals who are over-proportionally affected by two of the following forms of precariousness: atypical employment, part time employment and unemployment. All other socio-structural groups are coded as insiders. The categorization is shown in detail in appendix 2.

Skill-Levels. We measure an individual's skill-level in two ways. First, we measure skill-levels as the highest achieved education level of a respondent. While individuals can also dispose of skills acquired through on-the-job-training, the operationalization as educational attainment seems a reasonable approximation of an individual's skill level, because higher educational achievement is positively related to higher occupational skills (Spitz-Oener 2006).³ We consider individuals who have at least completed their higher secondary education as highly skilled, whereas individuals with less than that are coded as low skilled.

³ The survey also lacks a better operationalization of skills.

Second, we measure skill-levels based on the skill-level required for the job the individual performs. The ISCO-classification contains information with regard to the competencies and skills individuals have to perform in a given job. This measure is independent from formal education and measures the skill-level based on the job the individual is actually performing. Individuals in jobs at professional/managerial and associate professional/managerial levels (first number of ISCO-code ≤ 3) are considered highly skilled, whereas respondents in jobs requiring general or vocational skills or low/no skills (first number of ISCO-code > 3) are considered low skilled.

Exposure to Global Competition. To capture the exposure to globalization, we focus on one aspect that is particularly salient for individuals: their offshoreability, i.e. the ease, with which jobs can be moved to other countries. Occupations vary greatly with regard to this characteristic. Individuals with jobs that can easily be offshored are much more exposed to international competition than individuals whose jobs cannot be substituted with jobs abroad. We use the “Offshorability-Index” developed by Blinder (2007). This index measures a job’s potential to be moved abroad, i.e. whether the service the job provides can be delivered over long distances with little or no degradation in quality. The ordinal index is based on occupational categories as defined by the US Labor Department’s Standard Occupational Classification (SOC), which have been adopted to the ISCO Classification used in the ISSP by Walter and Maduz (2009). Following this classification, Blinder distinguishes more than 800 different occupations, which are ranked according to their offshoreability-potential. Occupations, in which individuals are required to be at a specific work location in their country in order to perform their task or where the entire work unit needs to be in the same country, are considered as non-offshorable occupation and hence sheltered from global competition. Examples are doctors, childcare workers, or hairdressers. In contrast, if the occupation is not work-place specific and a worker either does not have to be physically close to his or her work unit or it is not necessary that the entire work unit be in the same country, the occupation is coded as an offshorable occupation, which means that the worker is exposed to internal competition. Examples for exposed occupations are IT programmers or handling agents.

Controls.

We control for respondents’ age, gender, household income, whether they are retired and whether they are living in a couple household. To control for country-specific differences in

the level of approval towards social and economic policy intervention, we also include country dummies.

Method.

We use ordered logit analyses to test the empirical implications of our argument. Since respondents from the same country share a common context, observations within the same country are not independent. To account for this context-dependence, we include country dummies and additionally cluster the standard errors on the country level to address the related problem of within-country correlation of errors. The data are weighted.

3.2. Explaining The Intensity of Distributional Conflict at the Macro-Level

Dependent variables: Intensity of Distributional Conflict.

In our exploratory macro-level analysis, we examine how the country-specific context affects the intensity of distributional conflict in each country. To gauge the intensity of this conflict, we performed the same regression analyses⁴ as in the first part of this paper on a country-by-country basis. Based on these country-specific regression results, we then calculated the predicted probabilities that an individual reports a preference or a strong preference for redistribution and supporting declining industries for each of the diametrically opposed groups. We thus calculated the country-specific predicted probability that high-skilled, exposed insiders – the group that we expect to be most strongly opposed to redistribution – express a preference for redistribution, as well as the predicted probability for low-skilled, exposed outsiders – redistribution’s biggest champions.⁵ To measure the intensity of the distributional conflict on redistribution, we then subtracted the predicted probability of the redistribution proponents (low-skilled, exposed outsiders) from that of the redistribution opponents (high-skilled, exposed insiders). We proceed similarly for the conflict about support for declining industries, but focus here on the difference in opinion between low-skilled, exposed insiders (the strongest proponents of such support) and high-skilled, exposed outsiders (the strongest opponents). The larger these differences the stronger is the distributional conflict in the respective country.

⁴ Using the models using the highest degree of education as skill-measure (models 1a and 1b).

⁵ For these calculations, the other variables were held at the full sample’s median. The predicted probabilities were thus calculated for a 47-year old, non-retired male with an income of 1.565 and living in a couple household.

Independent variables: Trade Openness and Welfare State Regimes.

Welfare state regimes are coded according to the relevant literature (see e.g. Huber and Stephens 1993, Bradley et al 2003). To measure the extent of globalization, we use trade openness from the World Penn Tables (data for for 2003). We checked the robustness of our results to this operationalization by using the level of foreign direct investment (FDI) relative to GDP as an alternative indicator of openness (also from the WPT, 2003). As to the size of the Welfare state, we rely on a measure of total social security expenditure per GDP (for the year 2000) and we cross-checked the robustness of the pattern with the measure of total public expenditures per GDP (for 2003). Both measures are based on OECD-data and taken from the Comparative Political Dataset⁶.

4. Empirical Analysis

4.1. Individual-level analysis of preferences on redistribution and support for declining industries

How do the new distributional conflicts in dualized labor markets between insiders and outsiders, globalization winners and losers, and high-skilled and low-skilled individuals affect individuals' assessment of different types of social and economic policies? To answer this question, tables 3 and 4 present the results from ordered logit regressions on the determinants of policy preferences with regard to redistribution (i.e. the reduction of income differences by the state) and protectionism (i.e. public support for declining industries). For each dependent variable, we present two models that vary with regard to the measure of skill we used.

Our theoretical argument developed above suggests clear hypotheses as to what kind of conflict between insiders and outsiders, high- and low-skilled these issues should generate, a conflict that we expect to be amplified when individuals are exposed to globalization to amplify the differences in preferences. In what follows, we discuss the results for each type of policy (and thus each dependent variable) along three lines:

First, our argument makes clear predictions about which of the eight groups should be most in favor of the respective policies and who should be most critical. Redistributive policies are expected to be favored most strongly by low-skilled outsiders with high exposure to global markets, while high-skilled insiders exposed to global competition are expected to be the

⁶ Klaus Armingeon, Marlène Gerber, Philipp Leimgruber, Michelle Beyeler. Comparative Political Data Set 1960-2006, Institute of Political Science, University of Berne 2008.

starkest opponents of such policies. Regarding policies that offer social and economic protection, we expect highly-skilled and exposed outsiders to be most strongly opposed to these policies, while low-skilled, exposed insiders are expected to constitute their strongest supporters. In each of the models presented below, we use the group that is expected to view the respective policy most favorably as the base category to which the other groups are compared. Consequently, we expect that all other groups will show a weaker preference for the respective policy, which would be indicated by negative coefficients. Second, we have clear predictions as to which groups should view these policies most unfavorably and thus expect the most strongly negative coefficient for this group. In both tests, the main aim is to validate our argument about the effects of dualization, skill-levels, and globalization. In a third step, we examine how exposure to globalization affects individuals' policy preferences by comparing the coefficients of exposed and sheltered groups that share the other two characteristics.

Support for Declining Industries. Table 3 presents the results for the determinants of preferences for public support for declining industries. The first column proxies skills as the highest education degree, while the second column uses the occupation-based skill measure. Since logit coefficients are difficult to interpret, Figure 1 presents the corresponding predicted probabilities (based on model 1a) that a respondent will strongly favor government support for declining industries for each of the eight groups discussed above.

Low-skilled insiders exposed to globalization are expected to favor social and economic protectionism, and hence support for declining industries, most strongly because they want to defend the insider-privileges they have, they rely on the state for this defense because of their low skills and they claim most protection because their jobs are offshoreable. We therefore use this group of individuals as base category. As expected, individuals in this group are indeed strong proponents of industry-specific protection. An “average” member of this group is predicted to favor such policies with a probability of 43.1%, and to strongly favor them with a probability of 18.9%. In model 1a, no other group has statistically significantly more favorable attitudes towards protectionism than low-skilled exposed insiders. The picture looks slightly different when we measure skill-levels on the basis of jobs (model 2a), because in that case, low-skilled sheltered individuals (both insiders and outsiders) support protection of jobs even more than our reference group to a statistically significant degree. Figure 1 also shows these groups among the most fervent proponents of state support for declining industries, in

addition to the expected group of low-skilled and exposed insiders. Hence, we can confirm that low-skilled exposed insiders are indeed strongly favorable to state support for declining industries, but we do not find a strong dualization conflict among the low-skilled. Insiders and outsiders (when controlled for skills and globalization) do not diverge strongly from each other with respect to their opinion on supporting declining industries. However, we do observe a clear demarcating line between low-skilled and high-skilled individuals, with low-skilled individuals favoring protectionist policies significantly more strongly than high-skilled individuals.

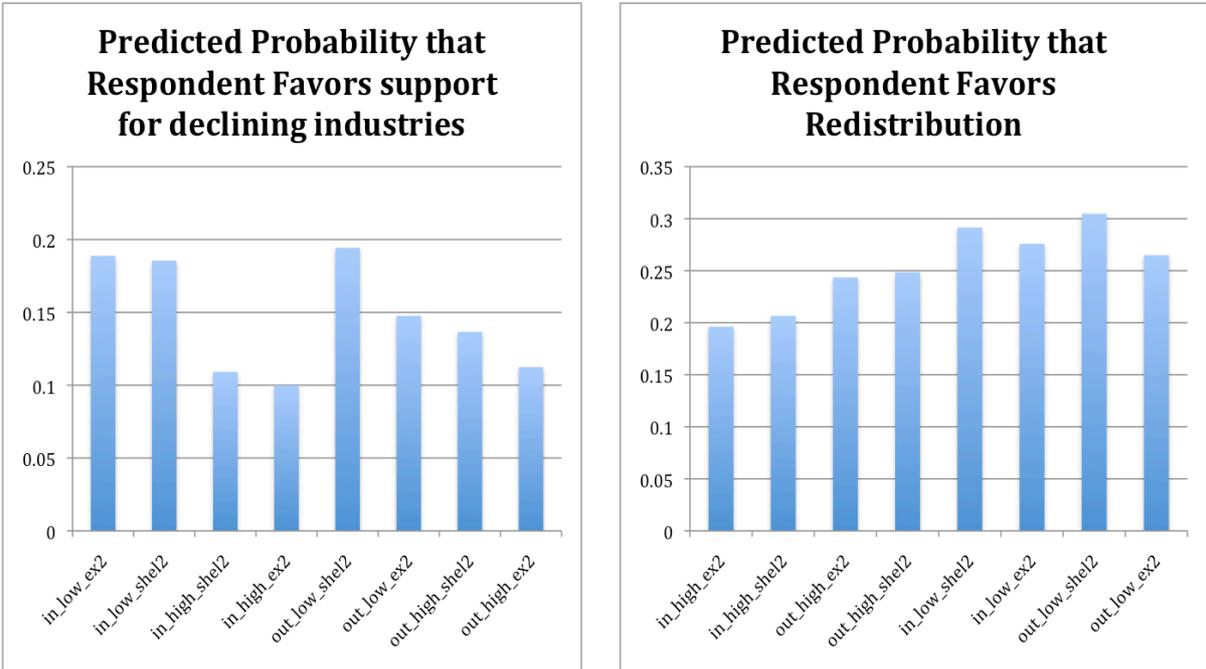
Table 3 Determinants of preferences on support for declining industries. Ordered logit regressions. Low-skilled exposed insiders are the base category.

	Model 1a (skill-level based on degree)	Model 2a (skill-level based on jobs)
Insider / high skilled / exposed	-0.740*** (0.09)	-0.460*** (0.05)
Insider / high skilled / sheltered	-0.642*** (0.08)	-0.446*** (0.07)
Outsider / high skilled / exposed	-0.609*** (0.16)	-0.287** (0.14)
Outsider / high skilled / sheltered	-0.387*** (0.11)	-0.159** (0.07)
Insider / low skilled / sheltered	-0.022 (0.08)	0.222*** (0.05)
Outsider / low skilled / exposed	-0.296 (0.18)	-0.058 (0.13)
Outsider / low skilled / sheltered	0.035 (0.10)	0.251*** (0.08)
Age	-0.008*** (0.00)	-0.005*** (0.00)
Gender	0.349*** (0.03)	0.371*** (0.04)
Retired	-0.060 (0.07)	-0.050 (0.06)
Household Income	-0.233*** (0.02)	-0.210*** (0.02)
Living in a couple household	0.024 (0.03)	0.038 (0.03)
Country fixed effects	yes	yes
Pseudo R ²	0.063	0.064
N	15416	15416

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

The variation of policy preferences among high-skilled individuals conforms less to our expectations. Here, high-skilled insiders both exposed and sheltered are more critical towards protectionism than high-skilled outsiders, which we expected (to be more critical towards protectionism because they generally benefit very little from these policies (given that they do not have the stable, good jobs). Figure 1 also suggests that high-skilled outsiders are more supportive of protectionism than insiders. How can we explain this? Part of the answer may simply lie in the fact that outsiders have generally a more favorable attitude towards state intervention, because they are more vulnerable. Hence, they may favor the protection of jobs in declining industries, even though this is a policy that will most probably not directly benefit to the kind of jobs they have themselves. High-skilled insiders, by contrast, may indeed benefit most from a downsizing and restructuring of the industries they work for, which may explain their rejection of protectionism.

Figure 1. Predicted Probabilities



Note: Predicted probabilities were calculated for each group with all other variables held at their median. The predicted probabilities were thus calculated for a 47-year old, non-retired male in a relationship with an income of 1.565 and living in Germany.⁷ They are based on models 1a and 1b.

⁷ Germany was chosen because in this country the mean values for the dependent variables were closest to the mean values in the full sample.

Finally, we do find evidence for our globalization-hypothesis with regard to high-skilled, but not with regard to low-skilled individuals. When looking at the higher-skilled groups,⁸ we indeed find that exposed respondents reject protectionism more strongly than their sheltered counterparts. This is what we expected. Among the low-skilled, however, we find no statistically significant difference between exposed and sheltered groups in model 1a and even a reversed and statistically significant effect in model 1b. Low-skilled individuals in sheltered jobs support protectionism equally or more strongly than people in exposed jobs. Why is that, given that their jobs not being offshoreable should offer them some sort of “natural protection” anyway? Why would they still want more government protection than the exposed workers? One answer could be that their own jobs (cleaning, restaurants etc.) depend indirectly on the viability of the industries they work for, an aspect that is not accounted for in our model because we lack information on respondents’ industry of employment. But the relative absence of both a dualization- and a globalization-conflict among the low-skilled workers remains surprising. It seems like outsiders tend to support government policies that stabilize the very structures which penalize outsiders in the first place. This is in accordance with similar studies, which find support among outsiders for job protection policies (Emmenegger 2009).

In sum, we find mixed evidence for our hypotheses on all three aspects. First, we find that low-skilled want more state protection for declining industries than the high-skilled. Second, we find that among the high-skilled, workers in jobs that can be offshored are even more skeptical towards protectionism than workers in sheltered jobs and third, we find a difference between the preferences of insiders and outsiders at the level of the highly skilled. While high-skilled insiders reject state intervention altogether, high-skilled outsiders are somewhat less reluctant to relinquishing a strong role of government policies in the labor market.

Redistribution. Table 4 presents the results for the determinants of preferences on the lowering of income differences by government policy. As before, the results in the first column use the highest education degree as a proxy for skills, while the second column shows the results obtained when using the occupation-based skill measure. The right-hand panel in figure 1 presents the corresponding predicted probabilities. The base category in table 4 is the group of low-skilled exposed outsiders, whom we expect to exhibit the strongest preference for redistribution because their low skills, precarious employment contracts and exposure to

⁸ The results are less clear in figure 1, but note that these figures provide predicted probabilities for one specific country (Germany) only.

global competition make them particularly vulnerable. By contrast, we expect high-skilled exposed insiders to be most skeptical towards redistribution, because they do not need it and - working in jobs with strong international competition – they privilege economic efficiency arguments over equality.

The results confirm that low-skilled exposed outsiders are indeed among those groups who have the strongest preferences for redistribution and that high-skilled exposed insiders are indeed most reluctant towards redistribution by the state. The most interesting result in table 4, however, is that we actually find a pattern of three groups of support: the high-skilled insiders, the high-skilled outsiders and the low-skilled. Skill-level (which is of course closely connected to other indicators of vertical stratification such as income) is still an important dividing line. The highly-skilled are generally more reluctant towards state redistribution than the low-skilled, which can be explained quite straightforwardly by the fact that they have the skills to earn their income on the market directly. What is new and typically post-industrial, however, is that a high skill-level is less of a guarantee for security and protection and this is reflected in individuals' welfare preferences. Among the high-skilled, we see a difference between the preferences of insiders and outsiders on redistribution. High-skilled outsiders have a stronger preference for redistribution than high-skilled insiders and equally strong or even stronger preferences for redistribution than low-skilled exposed outsiders. When we look at the coefficients in table 4 (and at the probabilities in figure 1), we see that high-skilled outsiders are more in favor of redistribution than high-skilled insiders but less so than low-skilled workers, both insiders and outsiders. This makes sense and it provides evidence for our hypotheses on dualization at least among the highly skilled. Outsiders have atypical, incomplete and precarious employment biographies. Therefore, and in contrast to the insiders, they usually do not have the necessary contribution record to reach an adequate level of protection through the social insurance system, but have to rely on redistribution instead. We argue that this is why redistribution does not just divide the better-off and the worse-off anymore, but it cross-cuts these old class lines.

In both models, low-skilled individuals exhibit a higher preference for redistribution than high-skilled individuals, a traditional finding that seems to persist in the post-industrial era. However, we also find some unexpected results with regard to variation among low-skilled respondents. In model 1b, all four low-skilled groups hold preferences that do not diverge significantly from each other. In model 2b, however, the other low-skilled groups favor redistribution more strongly than the low-skilled exposed outsiders, which counters our expectations. We believe that this is a result of the fact that when we measure skills with

ISCO-codes, we end up with a reference category that contains very few cases, which makes our results more vulnerable.

Table 4 Determinants of preferences on support for redistribution. Ordered logit regressions. Low-skilled exposed outsiders are the base category

	Model 1b (skill-level based on degree)	Model 2b (skill-level based on jobs)
Insider / high skilled / exposed	-0.446*** (0.11)	-0.170** (0.08)
Insider / high skilled / sheltered	-0.381*** (0.11)	-0.103 (0.07)
Outsider / high skilled / exposed	-0.169 (0.12)	0.129 (0.11)
Outsider / high skilled / sheltered	-0.141 (0.11)	0.140* (0.07)
Insider / low skilled / sheltered	0.076 (0.09)	0.416*** (0.08)
Insider / low skilled / exposed	-0.056 (0.08)	0.323*** (0.07)
Outsider / low skilled / sheltered	0.140 (0.09)	0.430*** (0.08)
Age	0.008*** (0.00)	0.011*** (0.00)
Gender	0.021 (0.05)	0.056 (0.05)
Retired	-0.138* (0.08)	-0.125 (0.08)
Household Income	-0.265*** (0.03)	-0.244*** (0.03)
Living in a couple household	-0.134*** (0.05)	-0.120*** (0.05)
Country fixed effects	yes	yes
Pseudo R ²	0.057	0.058
N	15389	15389

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

As for the impact of globalization, the results again tend to support our hypotheses for the high-skilled but not among the low-skilled respondents. Within each group of high-skilled workers, those exposed to globalization exhibit a less favorable opinion towards redistribution than their sheltered counterparts. Among the low-skilled, however, we find the same relationship, which is contrary to our expectations. Rather than favoring more redistribution, low-skilled workers tend to view redistribution more favorably when they are sheltered from

global competition. One possible explanation for this finding might be that the level of incomes is generally higher in exposed jobs (mostly industries with strong unions) than in low-skilled sheltered jobs (mostly in services that are weakly unionized) so that people in sheltered jobs “need” more redistribution.

Overall, these micro-level analyses provide evidence for the relevance of skill-, dualization- and globalization-conflicts in post-industrial societies. We have shown that welfare preferences are not just structured vertically by class (anymore), but that they are also affected by labor market status, skills and offshoreability.

4.2. Macro-level analysis of determinants of conflict saliency

Of course, countries vary in the extent to which they are affected by globalization or in the extent to which their institutions discriminate between insiders and outsiders. Therefore, we expect variation in the saliency of these new distributional conflicts over social and economic policies over countries. In this exploratory part of our analyses, we plot our measures of conflict intensity (based on differences in country-specific regression predicted probabilities between the polar groups of the analysis, see section 3.2. above) against measures of international openness and welfare spending and see whether we can detect a pattern.

We begin with international economic openness, measured by trade openness, as a predictor of the level of conflict. Figures 2 and 3 present scatterplots for trade openness and distributional conflict on protectionism, measures as the difference in opinion between low-skilled, exposed insiders (the strongest proponents of such support) and high-skilled, exposed outsiders (the strongest opponents), and redistribution, measured as difference in predicted probabilities of redistribution-proponents (low-skilled, exposed outsiders) and redistribution opponents (high-skilled, exposed insiders).

In both cases, we find a negative relationship between trade openness and distributional conflict intensity, a relationship that is particularly pronounced with regard to protectionist policies (Figure 2) In economically open countries such as Ireland, Switzerland, Denmark, Canada or Finland, conflict remains rather low whereas the preferences diverge more clearly in more closed countries such as the US, Australia, the UK, France or New Zealand. Figure 3 shows the results with regard to the conflict on redistribution.

Again, the slope of the fitted values is slightly negative (this is, however, largely due to the case of France). The results in both figures 2 and 3 are robust when we replace trade openness

with FDI/GDP. They show that “more globalization” does not necessarily lead to more distributional conflict within the country, maybe even the reverse. How can we explain this?

Figure 2. Trade openness and the level of conflict over support for declining industries

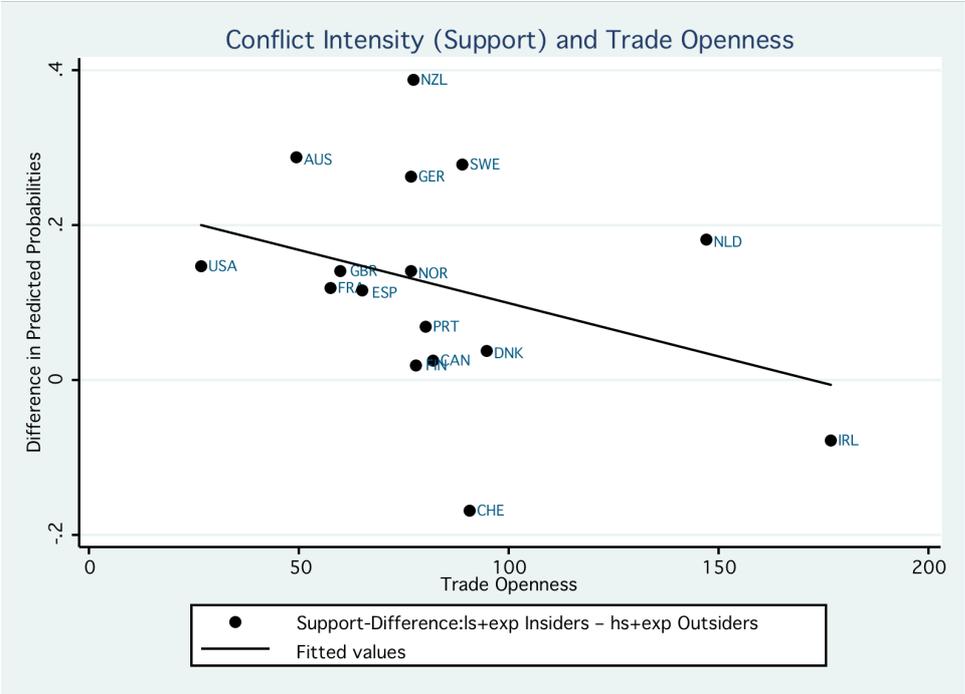
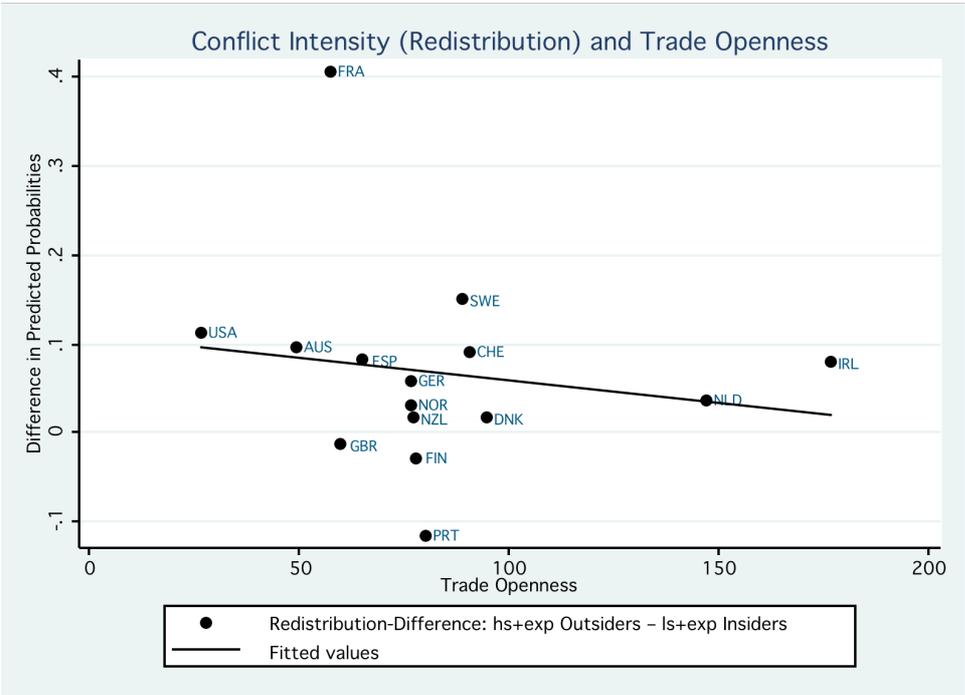


Figure 3. Trade openness and the level of conflict over redistribution



We initially expected that increasing openness would exacerbate conflict within the economies, because it increases the competitive pressure on the economy. This does not seem to be the case. For an explanation, it may be worthwhile to keep in mind that the literature has shown that the most open economies also tend to have policies that compensate the “losers of globalization” in order to politically enable a flexible adaptation to the changes in the world markets (Katzenstein 1984). In addition, one may think that in (small) open economies, distributional conflict is lower, because the entire economy depends very much on the competitiveness of the export-oriented industries, so that there is more solidarity and cohesion among the workforce as a whole. Therefore, in economically open countries, a societal consensus may have developed over time about the significance of such policies, whereas protectionism remains more of a contentious issues in countries, where relatively small portions of the population are directly affected by global competition. This may explain why we do not see a positive relationship in figures 2 and 3.

We also suggested that the size and type of welfare state might have an impact on the level of conflict. We expected conflict to be stronger in continental welfare states than in the Nordic regimes (with the liberal states in between) and we expected bigger welfare states to ease distributional conflict. Figures 4 and 5 display the scatterplots of welfare state size and conflict on protectionism and redistribution. With regard to the regimes, we see indeed that all the continental conservative countries (Germany, the Netherlands, Spain, Portugal, France, with the exception of Switzerland) have rather high levels of conflict on protectionism. This makes perfect sense given that the conservative states are those with the highest levels of dualization (Häusermann and Schwander 2009). However, the welfare state regime is by far not a perfect predictor of conflict saliency. Among the countries with high levels of conflict, we also find Australia, Sweden and Norway, i.e. liberal and Nordic welfare states. Hence, the continental structure of welfare provision is not the only determinant of post-industrial conflict.

Interestingly, the size of the welfare state is positively associated with the intensity of distributional conflict. In large welfare states, such as Sweden, Germany or France, the differences in the predicted policy preferences of the most strongly affected groups (low-skilled exposed insiders vs. high-skilled exposed outsiders for “support” and low-skilled exposed outsiders vs. high-skilled exposed insiders for “redistribution”) are higher than in small welfare states such as Switzerland, Ireland, Canada or Portugal. The link is far from perfect and should not be overstated, but it is rather clearly visible, similar in both figures and

it is robust when we check with a second indicator of welfare state size (total public expenditure/GDP instead of total social security expenditure/GDP). In any case, it comes out rather clearly that there is no negative correlation between welfare state size and conflict intensity.

Figure 4. Welfare state size and the level of conflict over support for declining industries

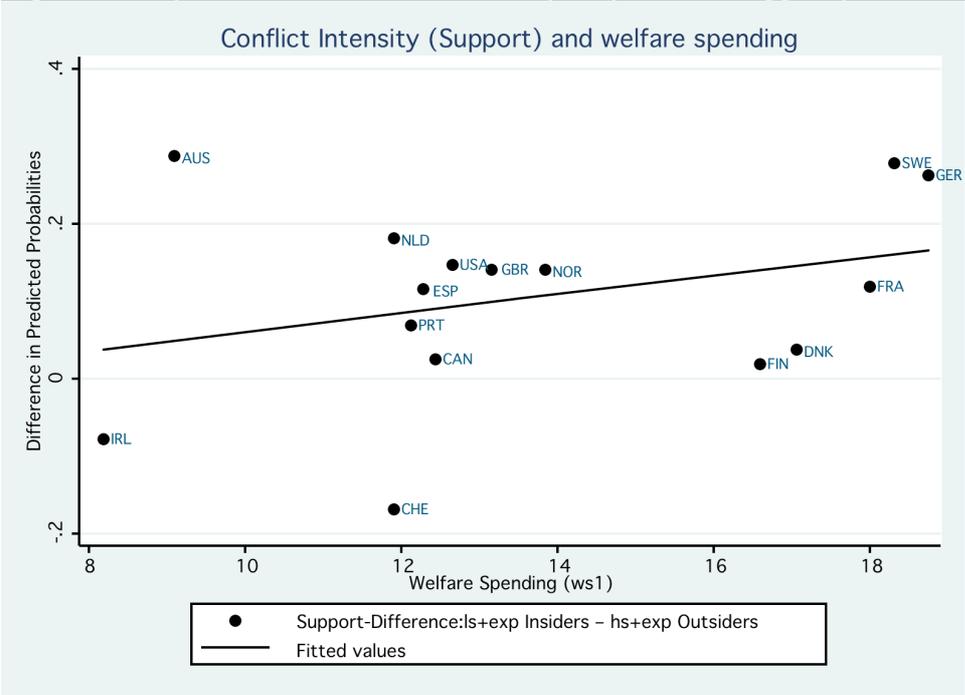
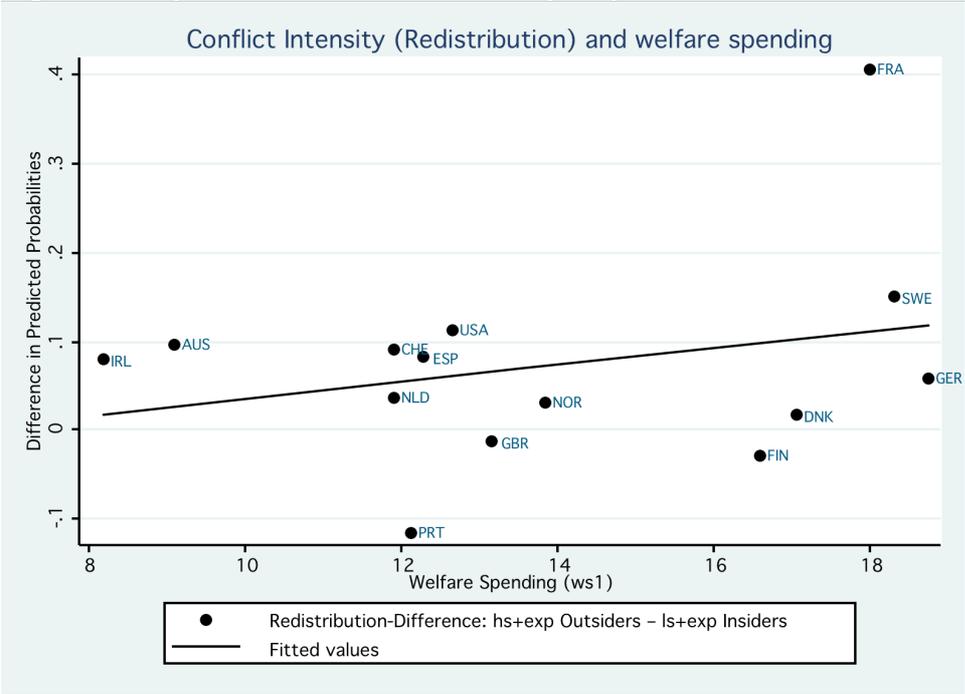


Figure 5. Welfare state size and the level of conflict over redistribution



At first glance, this again contradicts our hypotheses, since we expected bigger, more generous welfare states to ease distributional conflicts. However, the recent welfare state literature may provide an explanation for this positive association of size and conflict. The neo-institutionalist literature (Pierson 1996, 2001) has argued that mature, large welfare states have themselves, i.e. “endogenously”, altered the type and stakes of distributional conflict. In other words: by becoming bigger and distributing more benefits to ever larger groups of beneficiaries, mature welfare states have created their own constituencies. These entail groups of winners, who are well integrated in the system and who - through established social rights - have a quasi-guarantee of rather generous benefits. These groups (mostly the insiders) defend the old welfare state. At the same time these mature, generous welfare states also generate losers, not only among the tax-payers, but also among new social risk groups that are less well endowed with social rights. In that sense, welfare states themselves contribute to the type and the intensity of distributional conflict. In countries like Germany, France or Sweden, state intervention both in terms of social protection and redistribution is already high. This raises the stakes of distributional politics. The opponents of protectionism and redistribution have more to fight against and the proponents have more to defend. This might be one line of explanation for the results we find in figures 4 and 5. However, the macro-level analyses presented here are obviously only a first step towards a multi-level analysis that must integrate more refined measures of welfare state structure.

5. Conclusion

This paper has examined how social and economic policy preferences are determined in the post-industrial era characterized by increasingly dualized and globalized labor markets. The paper has made two theoretical contributions: First, it has argued that contemporary welfare politics is characterized by new conflict lines based on the new cleavages between *labor market insiders and outsiders* and between *globalization winners and losers*. In interaction with different skill-levels, these conflict lines determine policy preferences in post-industrial societies. Second, the paper has differentiated between different types of welfare-related policies: redistribution (i.e. the political lowering of income differences) and structural protectionism (i.e. the political support for jobs in declining industries). We have argued that high-skilled insiders, who are exposed to global competition, should be the starkest opponents of redistributive policies, while low-skilled outsiders with high exposure to global markets should be supposed to be most in favor of such policies. With regard to redistribution, high-skilled and exposed outsiders should be most strongly opposed to redistributive policies,

while low-skilled, exposed insiders should constitute their strongest supporters. By moving away from the traditional more-vs.-less-welfare debate, this differentiation allows us to examine the effects of dualization and globalization on individual policy preferences in a more nuanced manner.

We have tested the argument with a mix of micro- and macro-level analyses using cross-national survey data from the ISSP RoG IV 2006. The results support our argument that new conflict lines have emerged in post-industrial societies, but also yielded some surprising results.

At the micro-level, we have found that when looking at preferences for protectionist policies, skill is the clearest conflict line. Low-skilled individuals want more state protection for declining industries than the high-skilled. In addition and as expected, among the high-skilled, workers in jobs exposed to global competition are even more skeptical towards protectionism than workers in sheltered jobs. However, with regard to the effects of dualization our results are mixed: We do find a difference between the preferences of insiders and outsiders at the level of the high-skilled, where insiders tend to reject state intervention but outsiders are less skeptical regarding a strong role of government policies in the labor market. This result was fairly *unexpected*, because protectionism does not typically benefit the outsiders. Among the low-skilled, we did not find evidence for an insider/outsider-conflict: all low-skilled workers tend to approve of protectionist policies, even if it benefits mostly the insiders.

Regarding redistributive policies, we again found some support for the traditional conflict line between high- and low skilled individuals, with low-skilled individuals preferring more redistribution than highly skilled individuals. This effect was strongest for insiders. We also found rather strong evidence for the predicted insider-outsider conflict: outsiders (even highly skilled outsiders) typically demand more redistribution than insiders. This result constitutes high-skilled outsiders as a new „demand-group“ for redistribution. It indicates that in a post-industrial society, high-skilled individuals are no longer clearly “against” welfare, because high skills are not a shelter from precariousness. Finally, globalization-exposure generally reduced demands for redistribution. While we expected this result for the highly skilled, it is somewhat surprising for the low-skilled.

Overall, our results at the micro-level suggest that skill-based, vertical stratification remains one of the most relevant conflict lines in modern welfare politics. However, there is also a lot of evidence that insider-outsider dynamics and conflict amongst workers exposed to and sheltered from global competition play an increasingly important role in structuring welfare policy demands in post-industrialized societies. Interestingly, these new conflicts appear to be

much more pronounced among high-skilled workers than among low-skilled workers, who typically support “more welfare” and do not differentiate between different types of policies. In addition to these micro-level results, our macro-level analyses suggest that distributional conflict is associated with economic openness and the size of the welfare state: we find that distributional is less pronounced in more open economies and that higher levels of welfare spending are associated with higher levels of distributional conflict.

These findings point to a number of promising avenues for future research: At the micro-level, future research should examine more closely why the new conflict lines are more pronounced among high-skilled workers. It appears particularly interesting to investigate, to which extent this finding is based on different levels of labor market risks among high- and low-skilled workers, or on different levels of understanding about the effectiveness of different welfare policies. At the macro-level, future research should investigate more closely how the economic and political context influence the intensity of distributional conflict between different groups of winners and losers in post-industrial societies. The causal mechanisms underlying the negative relationship between economic openness and conflict intensity and the positive relationship between welfare spending and conflict intensity warrants much closer attention.

Appendix 1 - Table Operationalization

VARIABLE	OPERATIONALIZATION
Redistribution	ISSP RoGIV 2006; V31: government's responsibility to reduce income differences between poor and rich
Support	ISSP RoGIV 2006; V15: in favour or against support declining industries to protect jobs
Classes	ISSP RoGIV 2006; ISCO-2d codes, recoded according to appendix 1 into CA, MSF, BC, SCP, LSF
Outsider	ISSP RoGIV 2006; Dummy variable measuring outsidership based on classes, gender and age, recoded according to Appendix 3 (see Häusermann and Schwander 2009 for a development of the measure)
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
High-skill1	ISSP RoGIV 2006; measuring skill-levels based on ISCO-codes. High-skilled are ISCO-1 <=3; low-skilled are ISCO-1 >=4;
High-skill 2	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;
Exposed	Based on the qualitative job description given by each respondent (q98 (1996) and v242 (2007)), each respondent was assigned the value for the corresponding profession in the "Offshorability-Index" developed by Blinder (2007)(2007) and applied to 381 different professions in Switzerland by Muhl (2007)(2007), measuring whether the service a job provides can be delivered over long distances with little or no degradation in quality. "Index ranging from 0 (no offshoring-potential) to 100 (high offshoring potential).
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.
Gender	ISSP RoG IV 2006; Dummy variable; 1=female, 0=male;
Age	ISSP RoG IV 2006; Age in years;
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;

Size of the welfare state 1	Social security transfers as a percentage of GDP in 2000 (OECD data). From CPDS I (Klaus Armingeon, Marlène Gerber, Philipp Leimgruber, Michelle Beyeler. Comparative Political Data Set 1960-2006, Institute of Political Science, University of Berne 2008)
Size of the welfare state 2	Total public social expenditure as a percentage of GDP in 2003 (OECD data). From CPDS I (Klaus Armingeon, Marlène Gerber, Philipp Leimgruber, Michelle Beyeler. Comparative Political Data Set 1960-2006, Institute of Political Science, University of Berne 2008)
Openness 1 (trade)	Trade openness (current) PENN World tables
Openness 2 (trade)	Trade openness (constant) PENN World tables
Openness 3 (FDI)	Inward foreign direct investment as a percentage of GDP for 2005 (Unctad FDIstat; http://stats.unctad.org/FDI)

Appendix 3 – Insiders/outside

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, unemployed, helping family member, housewife/man), part-time employment and unemployment. Identification based on ISSP RoG IV data.

	Liberal regimes	Nordic regimes	Continental regimes	Southern regimes
Insiders		Young male LSF	Young male LSF	
	Old male LSF	Old male LSF	Old male LSF	Old male LSF
		Young female SCP		
	Young male SCP	Young male SCP	young male SCP	
	Old male SCP	Old male SCP	old male SCP	Old female SCP Old male SCP
	Young male BC	young male BC	young male BC	Young male BC
	Old female BC			Old male BC
	Old male BC	Old male BC	old male BC	Old male BC
	MSF	MSF	MSF	MSF
	CA	CA	CA	CA
Outsiders	Young female LSF	Young female LSF	Young female LSF	Young female LSF
	Young male LSF			Young male LSF
	Old female LSF	Old female LSF	Old female LSF	Old female LSF
	Young female SCP		Young female SCP	Young female SCP Young male SCP
	Old female SCP	Old female SCP	Old female SCP	
	Young female BC	Young female BC	Young female BC	Young female BC
		Old female BC	Old female BC	Old female BC

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