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Social policy: inside out.

Social policy preferences and their representation in the political process

Vorgelegt von

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Preface:

This cumulative dissertation, titled "Social policy: inside out. Social policy preferences and their representation in the political process" and submitted at the University of Heidelberg, consists of a summary report as well as of the following five papers:

Paper 1: Voigt, L., 2019. Get the Party Started: The Social Policy of the Grand Coalition 2013–2017. *German Politics*, 28(3), pp.426-443.

Paper 2: Voigt, L., n.d. Should I guess or should I know? The clash between policy knowledge, new information, and preferences regarding labour market programmes in Germany. Unpublished manuscript.

Paper 3: Engler, F. and Voigt, L., forthcoming. There is power in a union? Union members' preferences and the conditional effect of labour unions on left parties in different welfare state programmes. *British Journal of Industrial Relations*. Accepted for publication.

Paper 4: Voigt, L. and Zohlnhöfer, R., 2020. Quiet Politics of Employment Protection Legislation? Partisan politics, electoral competition and the regulatory welfare state. *The ANNALS of the American Academy of Political and Social Science*, 691(1), pp.206-222.

Paper 5: Zohlnhöfer, R. and Voigt, L., 2021. The partisan politics of employment protection legislation: Social democrats, Christian democrats, and the conditioning effect of unemployment. *European Political Science Review*, 13(3), pp.331-350.

In the summary report (Part A), I present an overview of the dissertation by discussing its general research interests and the connection between the five papers. Afterwards, I briefly summarize the existing literature, the dissertation's main arguments as well as its empirical findings. In the conclusion of Part A, I discuss the contributions of each paper and of the dissertation as a whole. Finally, Parts B to F consist of the five papers of this cumulative dissertation.

Publications (chronological):

Jost, D., Scherer, P., Schmidt, C., Voigt, L. and Zöckler, L., 2018. Grüne Gentechnik – Theorie versus Praxis? Der Einfluss von Bildung auf die Zustimmung zu Erforschung und Anbau gentechnisch veränderter Pflanzen. *Forum Marsilius-Kolleg*, 16, pp.49-65.

Voigt, L., 2019. Get the Party Started: The Social Policy of the Grand Coalition 2013–2017. *German Politics*, 28(3), pp.426-443.

Voigt, L., 2019. Let the good times roll – Eine Bilanz der Sozialpolitik der dritten Großen Koalition 2013-2017. In: T. Saalfeld and R. Zohlnhöfer, eds. 2019. *Bilanzband der dritten Großen Koalition*, Wiesbaden: Springer VS. pp. 415-443.

Voigt, L. and Zohlnhöfer, R., 2020. Quiet Politics of Employment Protection Legislation? Partisan politics, electoral competition and the regulatory welfare state. *The ANNALS of the American Academy of Political and Social Science*, 691(1), pp.206-222.

Zohlnhöfer, R. and Voigt, L., 2021. The partisan politics of employment protection legislation: Social democrats, Christian democrats, and the conditioning effect of unemployment. *European Political Science Review*, 13(3), pp.331-350.

Voigt, L., forthcoming. Andrea Nahles. In: U. Kempf und M. Gloe, eds. forthcoming. *Kanzler und Minister 2013-2021*, Wiesbaden: Springer VS.

Zohlnhöfer, R. and Voigt, L., forthcoming. Political Parties and Labour Market Policies, in: N. Durazzi and D. Clegg, eds. forthcoming. *Handbook of Labour Market Policy in Rich Democracies*. Edward Elgar publishers.

Voigt, L., forthcoming. Stabilität nur für Insider? Die Arbeitsmarktpolitik der Großen Koalition 2018-2021, in: R. Zohlnhöfer and F. Engler, eds. forthcoming. *Eine Bilanz der Regierung Merkel 2018 bis 2021* (preliminary title), Wiesbaden: Springer VS.

Engler, F. and Voigt, L., forthcoming. There is power in a union? Union members' preferences and the conditional effect of labour unions on left parties in different welfare state programmes. *British Journal of Industrial Relations*.

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Part A: Introduction and Summary Report

1. Introduction

The key characteristic of representative democracies is that the people vote for political actors and institutions who represent and implement policies according to the voters' will (Schmidt 2010a: 688f., own translation). Thus, the functioning of this representational link in the political process is crucial for democracy's legitimacy. To understand this link, its policy outputs, and the circumstances under which it unfolds, we have to investigate individuals and their representatives in more detail.

Among the large number of policy fields, these factors are analyzed for social policy in-depth within this dissertation. The reasons for this focus are numerous: The demand for social policy[1] is unbroken as well as its relevance for societies, state budgets, and political actors (see Häusermann 2015; Zohlnhöfer 2003; Zohlnhöfer 2019). Social policy is not only linked to socio-economic problem pressure, but it is influenced deliberately by political actors, especially political parties (Zohlnhöfer 2003). The reason for the great interest of political parties in shaping social policy is that this policy field is in the focus of public attention (Zohlnhöfer 2003). This results from the fact, inter alia, that the resulting policy designs directly influence citizens' life risks and chances (Häusermann 2015). High or even rising demands for welfare generosity are a logical consequence (see ISSP 1990-2016; Appendix table A1). Political representatives respond according to this demand and offer more generosity in terms of spending: In the year 2019, the average of social policy spending in 21 established OECD countries accounts for about 25 percent of the Gross Domestic Product (GDP), which equals the largest share of states' expenditures (Zohlnhöfer 2019). This share has risen continuously over the last decades from 16,5 percent in the 1980s (OECD 2019a, own calculation). However, a closer look at different aspects of social policy, namely aggregated and disaggregated[2] spending data as well as regulatory data on

[1] In this dissertation, social policy is defined as a policy that intervenes in societies and economies in order to protect from social risks by regulation, distribution of material goods as well as state supported services (cf. Häusermann 2015: 593, own translation).

[2] The problems of using aggregated data for analyzing social policy is intensively discussed in the literature. There are large differences in spending levels and developments comparing different policy fields as pensions, unemployment benefits, and sick pay (cf. e.g. Obinger/Starke 2007).

employment protection legislation, reveals huge differences in generosity levels and level changes between the 21 established democracies within OECD countries over time (see Appendix figure A1 and A2). Analyzing these differences is a key task for many policy researchers. Thus, the relevance of this policy field is mirrored in the enormous number of research articles published on social policy, which became one of the central and most investigated topics in comparative public policy studies (Häusermann 2015).

In this regard, the influence of political parties is one of the main explanatory variables examined in many of these studies (Engler/Zohlnhöfer 2019; Knill/Tosun 2020: 49ff.) (cf. Amable et al. 2006; Emmenegger 2007; Hibbs 1977; Jensen et al. 2014; Kittel/Obinger 2003; Potrafke 2017; Schmidt 1996; Schmitt/Zohlnhöfer 2019; Zohlnhöfer et al. 2013).

There are two theoretical approaches for deducing partisan differences: the first focuses on the representation of voters' preferences and the second underlines political parties' members' preferences as explaining factors for partisan differences (Zohlnhöfer 2019; see chapter 2 for details). Nonetheless, the expected results are the same: political parties matter for public policy-making and, thus, also for social policy in particular. However, the empirical results are somewhat inconclusive: the majority of quantitative studies does not find any partisan effects on social spending, but there is also evidence that parties matter (see Zohlnhöfer et al. 2018 for an overview). One reason for this inconsistent picture is found by Potrafke (2017), who concludes that partisan effects existed until the 1990s, but that they vanished since then. In line with this argumentation is the finding that partisan effects have become subtler and more nuanced in the last decades (e.g. Emmenegger 2007). Most relevant for this dissertation is the finding that partisan effects only become visible under special circumstances as, e.g. high problem pressure (Aaskoven 2019; Zohlnhöfer/Voigt 2021), or party competition (Kitschelt 2001; Voigt/Zohlnhöfer 2020), and along with power resources (Engler 2021; Engler/Voigt forthcoming; Kwon/Pontusson 2010; Swank 2020).

In sum, this comprehensive research field is still developing and has become more diverse in the last decades. This is not surprising as socio-economic circumstances as well as political factors change dynamically (see chapter 2 for more details) and the need for further research on partisan effects under these circumstances become visible. This dissertation offers an important contribution to this literature by

providing more sophisticated analyses of partisan effects and favorable circumstances. Thus, the dissertation fills blind spots in the literature with new findings: It shows how labor unions can shift left parties only in certain policy fields, how partisan effects vanish over time, how party competition is at work under very specific socio-economic circumstances, and how important it is to compare different policy fields and programs, and to investigate more than only left and right party families.

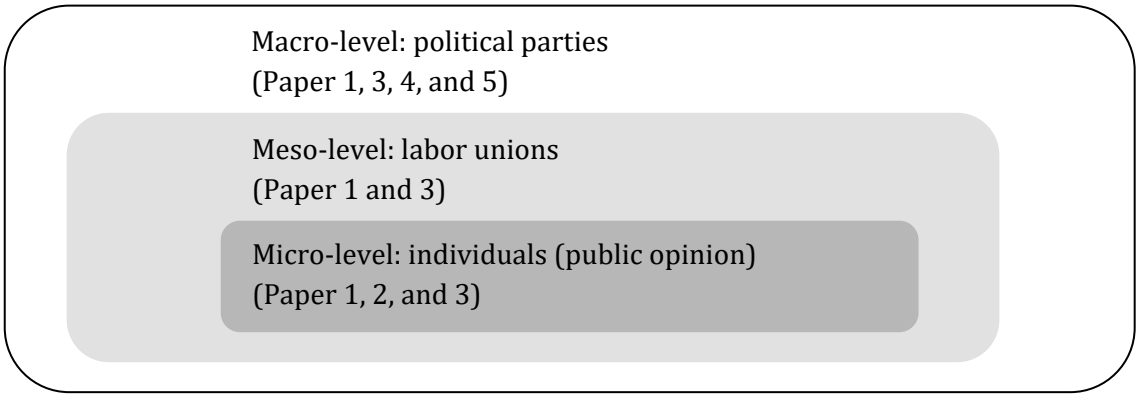
However, what the two approaches discussed above for deducing partisan differences have in common, are the individual policy preferences that parties represent – regardless of the status as a mere voter or as a party member. Thus, for political parties it should be of relevance how their voters' or their members' preferences arise and change.

Focusing on this similarity, many studies especially focus on social preferences (e.g. Alt/Iversen 2017; Andersen/Curtis 2015; Blekesaune/Quadagno 2003; Busemeyer 2009; Cusack et al. 2006; Gelissen 2000; Gilens 2001; Gingrich/Ansell 2012; Häusermann et al. 2015, 2016; Heinemann et al. 2009; Iversen/Soskice 2001; Kitschelt/Rehm 2014; Margalit 2013; Rehm 2011; Svallfors 2013; Walter 2010). Three strands of literature can be identified (see chapter 2 for more details): The first strand focuses on individual self-interest, the second underlines the importance of ideological variables in this regard, the third explains variations in preferences at the macro-level by different welfare state systems or socio-economic and political factors. What this literature misses are the impacts of further explanatory variables, such as policy knowledge, and a clear connection between micro-, meso-, and macro-level when analyzing social policy preferences' representation. This is what this dissertation offers.

In a nutshell, the present dissertation provides new insights for social policy preferences and their representation, especially through political parties, by combining different aspects, adding important differentiations, and emphasizing holistic approaches when investigating social policies. The dissertation seeks to answer the overall question **which factors influence social policy**. Each of the five papers sheds light on different aspects of social policy and actors. Therefore, they follow a holistic approach in studying these developments at the micro-, meso-, and the macro-level (see figure 1). Firstly, the dissertation focuses on the more specific research question (paper 1, 2, and 3): **How do social policy preferences arise, how**

can they be described and changed as well as how are they represented in the political process? Secondly, this political process is examined in greater detail as this representation is conditioned by party competition, power resources, and socio-economic developments (paper 1, 3, 4 and 5). Therefore, the second specific research question is: **Under which circumstances do parties (still) matter in social policy?** The papers in this dissertation are sorted accordingly on a continuum between micro-, meso-, and macro-level (see figure 1).

Figure 1: Levels of investigation within states.[3]



Source: Own illustration.

Starting at the micro-level, the **first** paper, published in German Politics (Voigt 2019), underlines how important public opinion (aggregated individuals' opinions) is for public policy-making. It argues that vote-seeking political parties reacted to the overall positive opinion demanding more generous social policy. Social policy preferences concerning the minimum wage, the rent control law, and the care as well as the pension reforms are investigated. However, it also explains policy outputs by examining factors as labor unions, problem pressure, Europeanisation, and – first and foremost – political parties. It underlines especially the importance of party competition for votes under favorable circumstances. The paper is based on a case study for the grand coalition from 2013 to 2017 in Germany and marks the starting point of the dissertation's

[3] One could argue that political parties and labor unions are both actors at the meso-level in comparative studies whereas states are central actors at the macro-level. However, this figure only focuses on different levels of (aggregated) representation within states. The hierarchy is plausible as labor unions are not key actors in policy decision-making and implementation. They only impact policy-making indirectly via political parties. Moreover, unions are often supported by a smaller group of citizens and they represent only certain segments of the society compared to the broader voter base for all political parties in a state.

arguments and analyses as it highlights the relevance of both specific research questions for this dissertation.

The **second** paper, a not yet published manuscript, sheds light on the origins of social policy preferences at the micro-level. The empirical data is drawn from a representative online survey with experimental elements in Germany in 2021. It argues that knowledge and new information affect (the change in) individual policy preferences. Therefore, it examines how policy knowledge arises and differs between social groups and how it correlates with policy preferences in a first step. In a second step, new information is given to the treatment group that is subsequently analyzed regarding their (changing) social preferences.

The **third** paper, written together with Fabian Engler, is accepted for publication in the British Journal of Industrial Relations (Engler/Voigt forthcoming). It studies the effect of labor unions on policy-making in six social policy programs after the 1980s using a two-level-strategy: At the micro-level, it investigates union members' social preferences. At the macro-level, it analyzes a conditional effect of unions on left parties expecting the former to push the left towards more generous labor market-related programs. Therefore, it connects the micro-level-papers of the dissertation with the following two macro-level-papers.

Published with Reimut Zohlnhöfer in The ANNALS of the American Academy of Political and Social Science, the **fourth** paper focuses on the macro-level (Voigt/Zohlnhöfer 2020): The paper investigates three mechanisms of party competition and their influence on employment protection legislation (EPL) from 1985 to 2013. It argues that the composition of left parties' electorates, the strength of pro-EPL parties (Christian democrats and left parties), and the emphasis put on social justice by pro-EPL parties should be decisive for EPL.

The **fifth** paper's analyses are also conducted at the macro-level: It argues that the partisan composition of the government should influence employment protection legislation. Therefore, it analyzes specifically the effect of government participation of Social democrats and Christian democrats in 21 established OECD countries from 1985 to 2019 on EPL. The co-authored paper has been written together with Reimut Zohlnhöfer and published in the European Political Science Review (Zohlnhöfer/Voigt 2021).

The remainder of the introduction to this dissertation is structured as follows: Firstly, I briefly summarize the literature, the theoretical arguments, and central concepts on which the papers are based. Subsequently, I give an overview over the empirical strategies. Therefore, I describe the investigation periods, the case selections, data, and methods. After presenting the empirical results of the papers, I underline the dissertation's contribution to the literature and point out where future research should head.

2. Theoretical Arguments, Central Concepts, and Literature Review

The five related articles in this doctoral thesis aim at enhancing the understanding how social policy is shaped by political parties, labor unions, and individual social preferences, as well as how social preferences themselves arise, are represented, and how they change. The connecting link between the different investigation levels is the basic assumption that democratic responsiveness is at work. It is defined as the result "what occurs when the democratic process induces the government to form and implement policies that the citizens want" (Powell 2004: 91).[4] Without any links between representatives and voters, democracy would not have any theoretical or practical justification (Powell 2004). Or, to phrase it according to Dahl's seminal work, "the continuing responsiveness of the government to the preferences of its citizens" (Dahl 1973: 1) is the key characteristic of democracy. It is backed up empirically that political parties adjust their policy position according to shifts in public opinion (e.g. Adams et al. 2004, 2009; Dassonneville 2018; Ezrow et al. 2014).

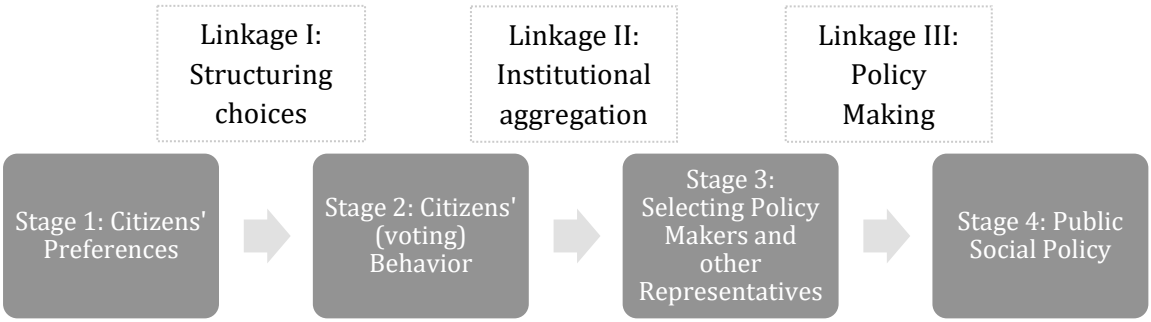
However, the definition above regarding "responsiveness" has to be enlarged in the respect as labor unions are investigated as well and they are also treated as representatives, especially of their members. Thus, despite the fact that only the government can implement policies in the end, labor unions should represent their

[4] The same idea that citizens' opinion about welfare state policies matter for representatives and thus policy output is discussed by Clem Brooks and Jeff Manza (2006, 2007), who introduce the "embedded preferences" approach.

members' policy demands and try to influence political parties and policy-making (see paper 3 for details).[5]

In this doctoral thesis, it is not stated that parties or labor unions as representatives are mere transmission belts without their own interests or preferences. However, there is clearly a connection between the "agent" and the "principal" (see Gilardi/Braun 2004 for an overview). The causal link between the micro-level and the policy output, on which this dissertation relies, is illustrated in figure 2.[6]

Figure 2: Democratic Responsiveness with stages and linkages.



Source: Own illustration based on Powell 2004: 92.

Starting with **stage 1**, the dissertation assumes that individual preferences are relevant in influencing labor unions' and political parties' social policy positions and, thus, public social policy in the end (see Rueda/Stegmueller 2019 for a similar argument). Preferences are defined as "total comparative evaluations and hence as rankings of alternative choice options in terms of all considerations that the person finds relevant" (Hausmann 2005: 33-35, cited after Engelen 2017: 256).

Thus, taking a closer look at the explaining factors of social policy preferences, I identify three strands in the literature[7]: 1) Most authors argue that policy preferences are

[5] In this dissertation, political parties are defined as organized associations of like-minded citizens in order to promote common political issues in opinion- and decision-making processes about public affairs especially via expression of opinion, vote-seeking, office-seeking, direct as well as indirect influence on governmental policies, and policy pursuit (Schmidt 2010a: 577; own translation). Labor unions are understood as permanent interest groups of employees, which base on voluntary membership and which aim at the representation of their economic, social, and political interests (Schmidt 2010a: 313; own translation).

[6] It is not denied that there are feedback effects (see Easton 1965) that influence the different stages, e.g. social policy reforms can shift citizens' preferences or representatives can influence the individual's behavior. As these feedback effects on changing preferences are not in the research focus of this dissertation, they are not discussed further or illustrated.

[7] The first two strands of the political science literature match with literature from economics (Engelen 2017), which makes the findings of this dissertation valuable for more than one research discipline.

based on self-interest (e.g. Jakobsen/Listhaug 2012). The "self-interest thesis states a direct relationship between one's position in the social structure and one's attitudes" (d'Anjou et al. 1995: 357), which means, consequently, that individuals who benefit from policies or anticipate such benefits, support them. There are many authors who confirm this thesis empirically (e.g. Bean/Papadakis 1998; Gelissen 2000; Häusermann et al. 2015, 2016; Rehm 2011). The critique on the first thesis is that the causal link between self-interest and preferences is too simplistic. 2) Thus, it is argued that preferences (also) result from individual values and attitudes. This "ideology argument" (Blekesaune/Quadagno 2003: 416) assumes preferences to be rooted in more general value systems regarding the link between individuals and the state or other institutions (ibid.). This expectation is also backed up empirically (e.g. Arikan/Bloom 2015; Blekesaune/Quadagno 2003; Gelissen 2000). 3) However, preferences do not arise and exist in a vacuum. In contrast, socio-economic as well as political circumstances influence preferences as, e.g. different welfare states promote different policy preferences or economic crises shift those preferences (e.g. Andreß/Heien 2001; Bean/Papadakis 1998; Blekesaune 2007; Gingrich/Ansell 2012; Larsen 2008; Svallfors 1997, 2003).

Nevertheless, this literature neglects to focus on the effect of cognitive factors. Policy knowledge[8] can actually influence policy preferences as well (e.g. Blinder/Krueger 2004; Gilens 2001; Heinemann et al. 2009). This void in the literature comes along with the possibility, which is seldom investigated, that preferences are not static and can be changed. For example, new information can change knowledge about policies and, thus, can alter preferences (e.g. Becker 2019; Boeri/Tabellini 2012; Boudreau/MacKenzie 2018; Gouveia 2017; Jensen/Kevins 2018; Kuklinski et al. 1998 for empirical evidence). The main theoretical arguments are based on the information processing approach from psychology which suggests, in the end, that people update their preferences according to new stimuli (see Betsch et al. 2001). Furthermore, preferences are not homogenous in societies. For example, there are huge differences in preferences when only looking at the labor market and when investigating insiders and outsiders separately (e.g. Häusermann et al. 2015, 2016). This categorization is based on Rueda's (2005) seminal work in which labor market insiders are defined as

[8] Policy knowledge is defined as factual information which is objective, declarative, and explicit (Westle 2011: 838) regarding policies (political content), not including political knowledge, i.e. knowledge on politics (processes) and polity (structures, including political actors).

persons with secure employment and highly protected jobs and labor market outsiders are defined as the unemployed, low-paid workers or those with insecure employment (see Rueda 2005).

In sum, comparative policy studies often treat social preferences as given (Rueda/Stegmueller 2019: 7). This is where the second paper of this dissertation starts: As policy knowledge is seldom investigated in German political science until now (except for, e.g. Schübel 2018; Stadtmüller 2016; Tausendpfund/Westle 2020; Westle 2011; Westle/Tausendpfund 2019), I try to fill this void in the literature in offering new data and results (see chapter 5). The paper combines the well-known explaining factors from the literature with the factor "policy knowledge" and the aim to enhance the understanding of the differences in social preferences in society, especially insiders and outsiders, and their possible change when confronted with new information.

In addition, literature regarding stage 1 is enriched by the findings of paper 3 in this dissertation, as union membership (regardless of the argumentation over ideology or self-interest) can influence preferences, which is mostly included in studies only as a control variable.

Turning to **stage 2** (figure 2), voting is identified as an important step to translate individual preferences into the sphere of political representation.[9] However, not only voting as classical political participation should be of relevance for the representatives. Also other kinds of political behavior as, for example, the membership in labor unions can be forms of expression of individual opinions. In sum, preferences are expressed in individual political behavior which in the end influences political parties and other political agents (cf. Rueda/Stegmueller 2019: 7). Voting decisions are not investigated in detail in this dissertation, only as measurement for a party's support (see paper 4). In contrast, union membership is examined in paper 2 in greater detail and enriches the thin literature regarding its explicit link to individual social preferences.

Stage 3 focuses on election outcomes and government formation. Despite interesting literature on voters' preferences for coalition government formation (see, e.g.

[9] For a theoretical discussion of this argument and the connection between preferences and voting behavior see, e.g. Downs 1957a, 1957b and vote-seeking parties for the respective mechanism see, e.g. Strøm 1990; for empirical evidence regarding the link between preferences and voting behavior see, e.g. Fisman et al. 2017; Guntermann/Lachat 2021; Lewis 1980).

Debus/Müller 2014; Plescia/Eberl 2021) and the bargaining and formation processes (e.g. Bassi 2013; Riker 1962), it is beyond the research scope of this dissertation. This thesis is more interested in the linkage between **stage 3** and **4**, in which it is argued that unions and political parties significantly influence the implementation of policies by policy-making.

In a first step, I focus on political parties and discuss why political parties should matter for public policy and why they make a difference. The question whether political parties influence public policy, and especially social policy, is frequently examined in comparative policy research. Originally, there are two theoretical approaches for deducing partisan differences in public policy-making:

(1) First, I turn to the electoral approach that goes back to Douglas Hibbs (1977). His original formulation of the partisan differences' hypothesis is based on the assumption that society is divided into social classes with distinct economic and social policy preferences. The political parties are understood as representatives of these distinctive classes. For Hibbs, capital owner and workers can be distinguished and, thus, right and left parties are identified as their natural representatives respectively. In consequence, it is expected that these parties, when they gain office, translate their voters' policy preferences into policies. This means for social policy that left parties should promote more generosity as their voters are thereby protected against the vicissitudes of life. Right parties should be hesitant to demand for a generous welfare state as their voters suffer more from the costs via taxes than they can profit from generous social policies (Zohlnhöfer 2019).

Since this "classic formulation" (Schmidt 1993: 374, own translation) of the partisan differences' theory, a huge strand of literature emerged (see Potrafke 2017 or Appendix of Zohlnhöfer et al. 2018 for an overview). In sum, this deduction of partisan differences is based on the idea that the electorate's composition is decisive for political parties and their representation – this is tackled by the following approach.

(2) The actor-centered approach, in contrast, considers parties' members as crucial factors in explaining public policy as parties represent their programmatic positions (Wenzelburger/Zohlnhöfer 2021; Zohlnhöfer/Voigt forthcoming). This bases on the idea that parties can be defined as "groupings of people with similar beliefs, attitudes, and values" (Ware 1996: 4). This understanding goes back to Edmund Burke's (1770) classic definition of political parties. Thus, individuals that favor free markets over state intervention should be right parties' members; those individuals who favor social

protection over free markets should be members in left parties. When gaining office, these parties should implement those policies that are congruent with their members' preferences. This agency-based approach, put forward recently by Georg Wenzelburger und Reimut Zohlnhöfer (2021), does not deny the importance of voters' preferences. However, the authors emphasize that policy-makers themselves and their ideology and preferences matter.

Regardless of the choice of argumentation, why parties should make a difference (for empirical evidence see, e.g. Allan/Scruggs 2004; Castles/Obinger 2007; or Zohlnhöfer 2018 for an overview), it is questioned whether they can do or should make a difference in recent times along three of the biggest lines of changes:

(1) Regarding economic circumstances, the "golden age of the welfare state" ended in the 1970s and was replaced by a period under permanent austerity. Rising and persistent unemployment, increasing public debt, mature welfare states with already high generosities, and growth limits as well as beneficiaries from existing policies made retrenchment policies necessary but problematic (Kittel/Obinger 2003; Pierson 1996, 2001).

(2) This development influenced political factors: According to the seminal work of Pierson (1996), the "new politics of the welfare state" emerged. Welfare state retrenchment is rather accompanied by blame avoidance than credit claiming strategies that the political parties pursue (see e.g. Jensen et al. 2014). Wherever possible, political actors will try to find broad consensus or they try to blur responsibility or spread the blame (Pierson 1996). These changing political circumstances influence political parties also in party competition and in regard of institutional constraints (e.g. Kittel/Obinger 2003; Schmidt 1996).[10]

(3) Taking a closer look at social circumstances, societies have undergone dramatic changes as well. In consequence, the underlying assumption that political parties are representatives of their voters' preferences is frequently called into question in the last decades. First, it is argued that there has been substantial changes and differentiations in social classes and their heterogenous preferences in the last decades (Oesch 2006).

[10] In consequence, e.g. politicization should be used differently and only under favorable circumstances (cf. Voigt/Zohlnhöfer 2020). Within the scope of party competition, politicization is one instrument that can be used by political parties in, e.g. credit claiming. The focus is led on this example as it is examined in the fourth paper. It is understood as "making a matter a subject of public policy-making and/or a subject of public discussion" (Wilde and Zürn 2012: 139, cited after Feindt et al. 2021: 512) "and political conflict" (Broekema 2016, cited after Feindt et al. 2021: 512).

This could lead, in consequence, to a vanishing link between parties and voters, summarized in the dealignment-thesis (Gingrich/Häusermann 2015; Zohlnhöfer 2019). Against this argumentation, one could assume new links (realignment-thesis) between new social classes and political parties that arise (ibid.).
All in all, the existing studies acknowledge these changes and find out that political parties' effects have not vanished completely, but that they have become more subtle (Kittel/Obinger 2003). This is the starting point for this dissertation, as I try to enrich the findings regarding circumstances under which political parties (still) matter for social policies in taking each of these three big changes of social, political as well as economic circumstances into account, especially in papers 1, 3, 4, and 5. In addition, each theoretical deduction of partisan differences hypotheses is enriched by the focus on an individual's social policy preference formation. This is the contribution of the second paper of the dissertation, which offers empirical evidence how the individual preferences arise and how they can be changed – regardless of the status of the individual as a voter or as a party member.

In a second step, I focus on labor unions as representatives instead of political parties. The question arises whether labor unions can (still) influence political parties, and thus, political outputs. This is broadly discussed in the literature (e.g. Häusermann 2010; Pontusson 2013). On the one hand, there is empirical evidence for the unions' influence on political parties, especially their "natural allies" in the form of left parties. The power resources theory provides a theoretical ground, as it presumes that those political actors with more power resources have a higher chance to change or implement those policies congruent to their preferences (Korpi 1983). Nevertheless, the literature regarding the conditional effect of labor unions on left parties' policy-making concerning aggregated data is rather thin (except for, e.g. Garrett 1998; Hicks et al. 1989; Kwon/Pontusson 2010). For disaggregated data the literature is even thinner (except for, e.g. Engler 2021; Swank 2020; Zohlnhöfer et al. 2013). On the other hand, it is questioned whether unions are still able to influence policy-making as they suffer from declining union membership over the last decades. Furthermore, resembling the debate on changing parties' electorates, the changing member base of labor unions is discussed in the literature and the question whose preferences unions represent (e.g. Cronert/Forsén 2021; Nijhuis 2009, 2011). Paper 3 enriches the literature in taking a closer look at the conditioning effect of labor unions on partisan

effects in six different parts of the welfare state, taking developments over time and micro-foundations into account.

Turning to **stage 4**, it is important to note that I focus on policy outputs in contrast to policy outcomes in this dissertation. This is based on the following reasons: As Knill et al. (2010) point out, there are several problems that arise when examining policy outcomes: There is a (potential) lack of control regarding omitted variables that influence the link between output and outcome. In addition, there is a time lag between governmental decisions and their effects. Thus, the connection between the two variables can be blurred and is, in consequence, more difficult to analyze than policy outputs as a more valid indicator for what political parties, and in the end the voters or party members, want. But this is exactly what this dissertation is interested in.

3. Methodological approach and research design

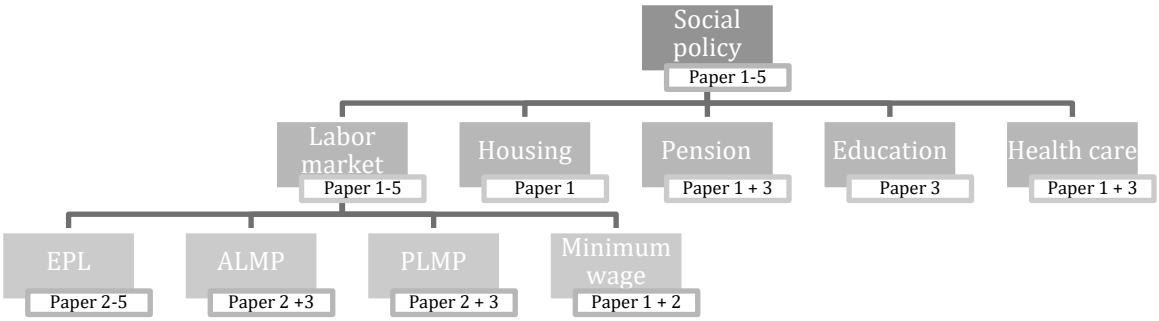
In this chapter, I give an overview of the different empirical strategies employed in the five papers in outlining similarities and differences.

3.1 Case selection and methods

All five papers focus on social policies for a number of reasons: As already discussed in the introduction, social policy is relevant for state budgets, political actors, and societies. In addition, this dissertation assumes responsiveness to be crucial within this policy field: Expensive social policy is financed to a large extent by citizens, it is visible, many instruments are durable and, thus, it is highly dependent on political support (Rehm 2011: 271). Because of its visibility, this policy field is more strongly influenced by party competition than other policy fields (Zohlnhöfer 2003). In sum, it represents a most likely case (Levy 2008) for investigating the question of partisan effects and is especially interesting for examining individual preferences and their representation.
Labor market policies are particularly examined, but they are also compared to other policies as, e.g. pension or health care (see figure 3). This broad selection in two of the five papers is based on the argument that labor market-related risks should follow different logics for individuals as well as for the representation by labor unions and political parties in comparison with rather life course-related risks (see Jensen 2012). Based on this idea, the focus on labor market policies results from empirical evidence

that individuals have more diverse opinions on labor market programs, e.g. passive labor market policy, than about e.g. pension (ISSP 2018; figure A1 in paper's 2 Appendix). This, in turn, has consequences for political parties as they cannot represent easily the median voter who asks for more generosity, but they have to prioritize some programs or some voters' preferences over others. Labor market policies are, thus, the most likely case (see Levy 2008) for answering the research questions regarding social preferences and partisan effects, especially when taking a closer look at different labor market status groups and voter clientele. Consequently, in focusing on one specific policy field, nuances can become visible which might be blurred when only comparing, e.g. aggregated data or partisan differences in several policy fields.

Figure 3: The policy fields under investigation.



Source: Own illustration; EPL = employment protection legislation, ALMP = active labor market policy, PLMP = passive labor market policy.

The dissertation is mostly based on quantitative methods as it is interested in generalizability of the results and, thus, overarching patterns in a large number of cases (Schmitt 2015). Quantitative methods are employed at the micro- and the macro-level in the dissertation, which enable the researcher(s) to identify universal explanatory factors (Schmitt 2015).

However, the strengths of qualitative methods are not denied. They can offer a deeper understanding of cases, causal mechanisms, and processes. As Schmitt (2015) describes, qualitative methods as e.g. case studies can inspire quantitative methods. This is the case regarding this dissertation as the first paper, in which a case study is

conducted, was the starting point for the following four quantitative analyses.[11] The finding that public opinion, problem pressure, and political parties are important explanatory factors for social policy motivated further quantitative research in order to generalize the results. In table 1, I give an overview of the dependent variables and methods used in the five papers.

Table 1: Methods and dependent variables.

Paper	Methods	Dependent variables
1	Qualitative Method (case study)	Social policy
2	Quantitative Method (survey-based t-tests, OLS regression, ordered logit regression)	Social policy preferences and policy knowledge
3	Quantitative Method (ordered logit regression, logistic regression, OLS regression)	Social policy preferences and social policy
4	Quantitative Method (OLS regression)	Social policy
5	Quantitative Method (OLS regression)	Social policy

Source: Own illustration.

All five papers focus on established democracies within the OECD countries (figure 4). This is based on four reasons: Firstly, I ensure the comparability with most studies on social policy which focus on OECD countries and enrich their theoretical and empirical basis. Secondly, in these democracies, responsiveness should be at play as presented in the theory chapter. This is the base for a fruitful investigation of the connection between the micro-, meso-, and macro-level. Thirdly, I assume theoretically that these rich democracies, equipped with huge amounts of resources, should be the most likely cases for the functioning of the representative links between individuals, interest groups, and political parties in parliament as economic, political, and social restrictions should be smaller than in other countries; and thereby, the availability of resources is kept rather constant in these analyses. If no results for representative links occur when investigating these cases, then it will be unlikely that there are strong links in other

[11] In addition, honoring qualitative research, paper 4 and paper 5 offer case-study based evidence and confirmation for their results.

countries.[12] Fourthly, in western democracies social policy is highly dependent on political parties (Zohlnhöfer 2019). As this dissertation, inter alia, focuses on partisan effects, it is conducive to investigate established democracies in which parties matter. The special focus on Germany in two of the five papers is chosen because of the void in the literature regarding policy knowledge (paper 2) and the fact that especially German citizens are more skeptical about welfare state retrenchment in comparison to other countries' citizens; thus, it is a fruitful starting point for this dissertation to investigate public opinion and party competition in detail (paper 1; Schmidt 2010b: 302).

Figure 4: Regional focus.

Source: Own illustration.

The investigation periods range from the 1980s until the 2020s (table 2). Therefore, this dissertation is able to examine changes over time as well as current developments. This is especially interesting as there are numerous studies on the decreasing link between voters and political parties (e.g. Dalton/Wattenberg 2002), and consequentially vanishing partisan effects as well as between individuals and interest groups, e.g. labor unions (see e.g. Ebbinghaus 2015: 70ff.; declining unionization in Visser 2016; see chapter 2) in these decades.

Table 2: Investigation periods in the five articles.

1980s	1990s	2000s	2010s	2020s
5	5	5	5	
4	4	4	4	
3	3	3	3	
				2
			1	

Source: Own illustration.

[12] The overall logic behind the selection of most likely cases regarding countries and policy fields is that this dissertation is interested in nuances and differentiations within the expected effects.

3.2 Data

This section introduces the data sets used in this dissertation. The data availability for social policies in OECD countries is very good as it is mostly complete for long timeseries. In table 3, an overview of data sets is given for dependent and independent variables separately. All data sets are retrieved from well-established sources and they are used in many studies enhancing the comparability of this dissertations' findings. The representative online survey is created by the author herself and conducted with the help of the RespondiAG, as the data, in which the author was interested in, is not available in existing studies (see paper 2 and Appendix table A2).

Several data sources are used regarding spending data or other generosity indices. What is similar in all quantitative studies at the meso- and macro-level is that the partisan composition of government is retrieved from Schmidt (2015) and from the updated data set of Schmidt et al. (2020). These data sets allow to examine cabinet participation in detail regarding several party families from 1945 onwards.

Table 3: Overview of data sets used in the dissertation.

Paper	Independent variables	Dependent variables
1	Qualitative indicators from secondary literature (e.g. BMAS 2017; Mabbett 2016)	Federal Ministry for Social Affairs and Labor
2	Representative Online Survey (conducted by RespondiAG)	Representative Online Survey (conducted by RespondiAG)
3	1) International Social Survey Programme's (ISSP) Role of Government data set (1986, 1992, 1999, 2008, 2018) 2) Partisan Composition of Government in OECD Democracies (Schmidt 2015)	1) International Social Survey Programme's (ISSP) Role of Government data set (1986, 1992, 1999, 2008, 2018) 2) OECD Employment Protection Legislation Database (OECD 2019b), Comparative Welfare Entitlements Dataset (Scruggs et al. 2017), Comparative Political Data Set (Armingeon et al. 2019)
4	Partisan Composition of Government in OECD Democracies (Schmidt 2015); European Social Survey (2002-2012); Eurobarometer trend-file (1980-	OECD Employment Protection Legislation Database (OECD 2019b)

	2002) (Schmitt et al. 2008); Comparative Manifesto Project (CMP) dataset (Volkens et al. 2018)	
5	The Partisan Composition of Governments Database (PACOGOV) (Schmidt et al. 2020)	OECD Employment Protection Legislation Database (OECD 2019b)

Source: Own illustration.

4. Empirical findings

In this chapter, the most important results of the papers are summarized in outlining some of the main arguments.

4.1 Summary of the results of Paper 1: Get the party started

In the first paper, four key decisions during the 18th legislative period are examined: the minimum wage, the rent control law, and the pension and care reform are investigated with various explanatory factors from policy research.

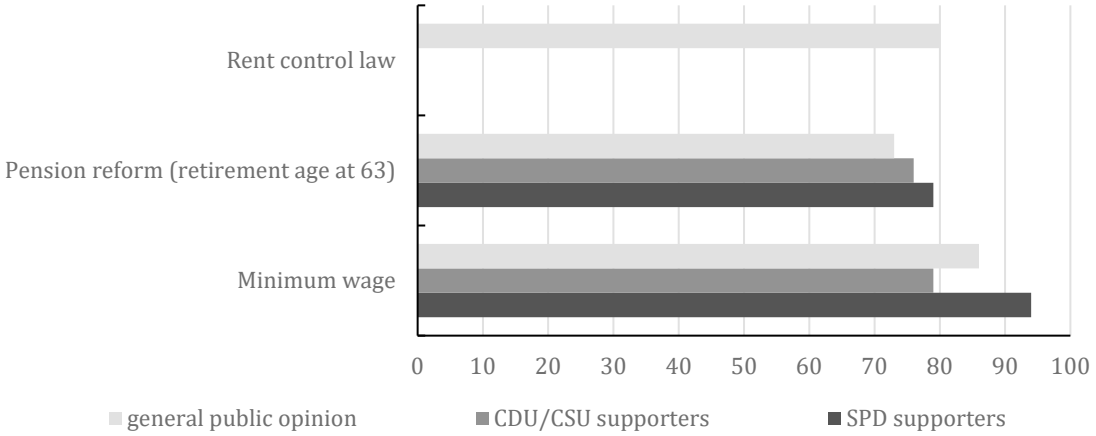
In general, the paper finds out that social spending and social security were expanded during the 18th legislative period due to favorable socio-economic as well as political circumstances, e.g. low unemployment rates, strong social support for welfare state enlargement, and weak opposition parties without "liberal corrective" (Egle/Zohlnhöfer 2010: 22). In addition, an ongoing trend of (re)regulation tendencies and growing governmental responsibility and intervention can be stated.

Regarding the first decision, the paper underlines that party competition was one of the most important reasons that CDU/CSU adopted the SPD's opinion regarding the statutory minimum wage and why the SPD itself turned its back on their Agenda 2010-reform path. The voters' critical stances regarding liberalizing ideas as well as their favorable opinions regarding the minimum wage, especially shortly before the election, are seen as decisive (see figure 5).

When analyzing the second decision, the rent control law, the same patterns become clear: The electoral considerations are strong explanatory factors in the parties' preferences regarding the policy design (see figure 5). However, more than in the first decision, the differing preferences within the governing parties have led to a policy compromise.

Turning to the third and fourth reform, these intra-party negotiations are again visible which led to joint compromises for pension and care policies. And, again, the favorable public opinion regarding more generosity is the main explanatory factor (see figure 5).

Figure 5: Support for social policy reforms (in percent).



Note: Data from Infratest Dimap 2014, 2015 and opinion research institute Splendid Research 2015.

This comparison between the four decisions discusses more than the presented explanatory factors, namely, Europeanisation, problem pressure, veto players, and power resources; but it turns out, that public opinion and political parties are the most important aspects. To sum up, more empirical evidence is found for the "reform hypothesis", expecting that (only) grand coalitions can solve big problems, instead of the "blockade hypothesis", which postulates politics on the lowest common denominator (Egle/Zohlnhöfer 2010: 17, 20). Many blockades were abolished beforehand because of the preference changes within and party competition between the political parties in accordance with the public opinion.

4.2 Summary of the results of Paper 2: Should I guess or should I know?

There are several research questions[13] that paper 2 tries to answer:
Firstly, it investigates which factors influence policy knowledge in four labor market programs, namely, EPL, unemployment benefits I and II, and the statutory minimum wage (see figure 6). Based on the insider-outsider-theory, it argues that especially outsiders should know more about policies than insiders as information costs pay off

[13] As this is a not yet published manuscript, the author aims at splitting the paper along the three causal mechanisms presented in figures 6-8.

for this group of potential beneficiaries. Empirically, the opposite holds true. Furthermore, it finds out that neither objective nor subjective insider-outsider-variables have statistically significant effects on policy knowledge when taking control variables into account. Interestingly, when comparing different aspects between policy types according to Lowi (1972), the study finds out that all respondents, especially insiders in comparison with outsiders, know more about regulative than distributive aspects.

Figure 6: Causal mechanism regarding the dependent variable policy knowledge.

Source: Own illustration.

Secondly, it discusses that policy knowledge influences policy preferences (see figure 7). Arguing again on the basis of the insider-outsider-theory and self-interest-hypothesis, it finds out that outsiders more often demand for generosity's expansion than insiders as expected. However, the hypothesis expecting insiders to call more often for retrenchment than outsiders is rejected. Furthermore, regression analysis shows that policy knowledge, ceteris paribus, has a statistically significant effect on preferences: The more respondents know or the more accurate their knowledge is about labor market programs, the more they ask for their expansions. And with increasing knowledge, the less likely they call for retrenchment. However, regression analysis finds out that those who overestimate generosity, opt more often for its retrenchment. Those who underestimate generosity, opt less often for its expansion. Turning to Lowi's categorization and against expectations, insiders do favor more generosity regarding distributive than regulative policies.

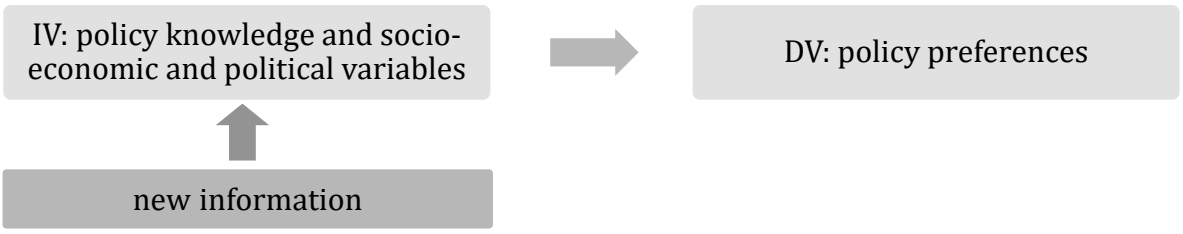
Figure 7: Causal mechanism regarding the dependent variable policy preferences.

Source: Own illustration.

Thirdly, it is analyzed whether new information change policy preferences (figure 8). Based on the enlightened preferences theory (Gelman/King 1993), it is argued, that the treatment group (with new information) should hold different preferences than the control group (without new information); however, this effect is differentiated between those who overestimated and those who underestimated the generosity of the status quo.

Interestingly, despite the fact that not all hypotheses can be corroborated, the following patterns are interpreted as the proof that, indeed, information change preferences: The statistically significant positive effect of "insiderness" concerning retrenchment preferences disappears when both, the overestimating and underestimating insiders, get their misinformation corrected. This fits nicely with the finding that the coefficient for underestimating outsiders in the treatment group shows a statistically negative effect on generosity demands, which is not statistically significant in the control group. The focus on Lowi's typology shows that contrary to the expectations, regulative generosity overestimating insiders do less often ask for more generosity when getting their misperceptions corrected.

Figure 8: Causal mechanism regarding the dependent variable policy preferences.



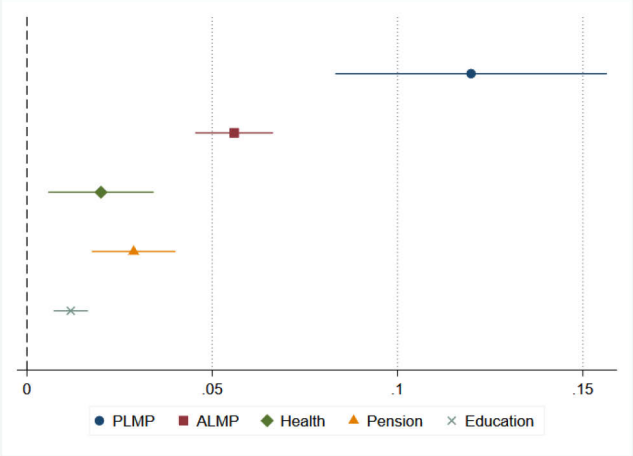
Source: Own illustration.

4.3 Summary of the results of Paper 3: There is power in a union?

The third paper studies the conditional effect of labor unions on six social policy programs, which can be categorized in programs with stronger links to the labor market (passive and active labor market policy, employment protection legislation) and with weaker ties to the labor market (old-age pensions, health care, and education). Therefore, it follows a two-level strategy: At the micro-level, union members' preferences are investigated. We argue that union members prefer those social policy programs that are the closest to their organizational affiliation and that

they prefer income protection over activation because of their anticipated benefits. Thus, we expect that the effect of union membership is the strongest when it comes to passive and active labor market policy as well as employment protection and it is stronger for old-age pensions and health care than for education. Our ordered logit regression indicates that, indeed, union membership has a statistically significant positive effect on individual preferences. When comparing these preferences regarding the six different policy programs, a more fine-grained picture results: the average marginal effects of union membership from logistic regressions show that union membership enhances the chance to be in favor of more generous state intervention for all social programs; the effect of union membership is especially large regarding passive and active labor market policy, and it is much smaller for health care, pensions, and education. In addition, it becomes clear that union members focus on income replacement more than on activation in labor market-related programs (preferring passive over active labor market policy) as well as in less-labor market-related programs (preferring old-age provision over education) (see figure 9).

Figure 9: Average marginal effects of union membership on preferences.



Notes: The average marginal effects are taken from the regression results in table A2 in the appendix of the paper written by Engler/Voigt (forthcoming). The lines show the 95-percent confidence intervals. PLMP = passive labor market policy; ALMP = active labor market policy.

At the macro-level, we investigate the conditional effect of unions on left parties. As theoretically expected, the effect of left parties increases with the organizational power of labor unions regarding labor-market related programs, namely, unemployment benefits and active labor market policy spending. Turning to EPL, we find no

conditional effect at all for temporary contracts, while regarding regular contracts, left parties' positive effect even vanishes with increasing union density.

Also corroborating most of our theoretical arguments, less-labor market-related programs play out differently: Health care and education spending correspond with the expectation that labor unions do not condition left parties in these programs. However, the conditional effect of old-age pensions is unexpectedly negative.

Overall, unions have been powerful in promoting their members' social policy preferences via left parties in government. However, we find out and discuss that social preferences have been quite stable over the last decades, but that the conditional effect of unions on the left's social policy-making has vanished over time – a result that underlines the main finding of this dissertation (see chapter 5).

4.4 Summary of the results of Paper 4: Quiet Politics of Employment Protection Legislation?

In this paper, we examine partisan effects on EPL. In particular, we test three mechanisms how electoral competition conditions these partisan effects.

Firstly, following the voter-based model and the changing electorates introduced in chapter 2, we argue that the electoral importance of working-class voters favoring EPL should keep left parties from liberalizing EPL. Empirically, we find out that the composition of the left parties' electorates does not condition partisan effects on EPL.

Secondly, following the ideology-based model, we argue that left and Christian democratic parties should prefer stricter EPL in contrast to right parties, which favor liberal EPL. In consequence, we expect that the liberalizing effect of right government participation decreases when Christian democratic and left parties gain electoral and parliamentary strength. We do not find any empirical support for this hypothesis.

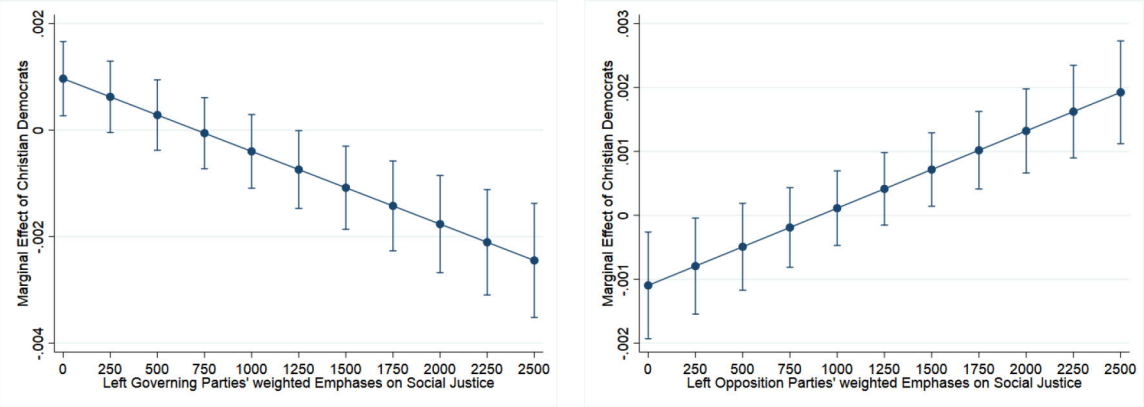
Thirdly, we turn to the question whether the emphasis put on social justice by pro-EPL parties conditions partisan effects. We argue that left and Christian democrats own the issue of social justice (and thus, EPL), which leads to a politicization of the issue especially when right parties are in government. We expect that the liberalizing effect of right parties' government participation should decrease the more the pro EPL-parties emphasize the issue. This is rejected by our empirical analysis.

However, pro-EPL parties themselves also compete over this issue. Thus, EPL liberalization should be risky for left parties if Christian democrats emphasize social

justice and vice versa. In distinguishing between a coalition government between these two party families and the situation in which one of the parties is in opposition, we expect the following: The positive effect of left parties and Christian democrats decreases when the emphasis on social justice increases, as no credible alternative is available for the dissatisfied voter and blame sharing strategies prevail. In contrast, this positive effect increases when the opposition emphasizes the issue as the governing parties fear that the voters turn to the political alternative.

Regarding EPL for temporary contracts, our expectations cannot be backed up empirically. However, EPL for regular contracts play out differently: We see in figure 10 (left), that Christian democrats in government have a positive effect on EPL when left parties in government remain silent about the issue. This effect turns negative as the left parties politicize the issue more and become stronger. The effect turns around when Christian democrats face strong left opposition parties (figure 10, right). Christian democrats liberalize EPL when the left opposition remains silent. The effect becomes positive when the left opposition increasingly politicize social justice.

Figure 10: Conditional effects of left governing and left opposition parties' emphases on Christian democrats' effect on EPL for regular contracts.



Notes: Figure 10 combines parts of figures 4 and 5 of the paper written by Voigt/Zohlnhöfer (2020). The whiskers show the 90-percent confidence intervals.

4.5 Summary of the results of Paper 5: The partisan politics of employment protection legislation.

The fifth paper investigates whether partisan politics matter for EPL. We argue theoretically that Social democrats as well as Christian democrats should be advocates of EPL. Social democrats aim at enhancing social security for employees and workers,

their classic voter clientele, via EPL; Christian democrats should promote strict EPL because of their traditional family model, in which the male breadwinner should be protected. When securing the single wage earners' jobs via EPL, stricter EPL could stabilize the traditional family model as a whole. However, we take changing circumstances into account. Therefore, we employ a two-level strategy: In a first step, we take a closer look at partisan effects during the "golden age of the welfare state", where the expected partisan effects should prevail. To examine the EPL *levels* in 1985, we analyze government participation of Social democrats and Christian democrats between 1960 and 1985. The results corroborate our hypothesis that there is a positive effect of Social democratic and Christian democratic government participation on the strictness of EPL.

In a second step, we investigate *changes* of EPL during the era of "the new politics of the welfare state" (Pierson 1996) and the trend of rising unemployment since the late 1970s onwards. This is why we expect the positive effect of Social democratic and Christian democratic government participation to disappear. These hypotheses are corroborated to a large extent.

Nonetheless, we find fine nuances when splitting EPL regarding regular (labor market insiders) and temporary contracts (labor market outsiders). For Social democrats, EPL liberalization for insiders should be risky as they form their core voter clientele. Thus, we hypothesize that Social democrats' government participation should still unfold a positive effect on EPL for regular contracts during the new era. This is what we also expect regarding temporary contracts; however, when problem pressure rises, namely high unemployment prevails, we expect them to liberalize EPL, but only for outsiders (temporary contracts). Empirically, we find out that Social democrats continue to have a positive effect on regular contracts, however, only at low and medium levels of unemployment. Against our expectations, at very high levels of unemployment, Social democrats even liberalize more than other parties. Regarding EPL for temporary contracts, our hypothesis holds, as Social democrats liberalize less than other parties when unemployment is low. Turning to Christian democrats, high problem pressure should lead to a prioritization of insiders over outsiders; meaning a positive effect of Christian democrats on regular contracts' EPL, but a negative effect on temporary contracts' EPL. This negative effect cannot be corroborated, but indeed and as expected, Christian democrats liberalize EPL for regular contracts less than other parties to protect the male breadwinner when unemployment rises.

5. Conclusion

To investigate "Social policy: inside out" is the main aim of this dissertation. Each of the five papers presented contributes to this aim in focusing on the micro-, meso-, and the macro-level and in answering the two research questions, which are presented in the introduction: 1) How do social policy preferences arise, how can they be described and changed as well as how are they represented in the political process? 2) Under which circumstances do parties (still) matter in social policy?

The first paper "Get the party started" answers the question which factors influenced the Grand Coalition's social policy decisions between 2013 and 2017. Its main contribution is that the case study offers in-depth analysis for several social policies and the identification of common explanatory factors, namely, favorable public opinion, socio-economic as well as political circumstances in addition to the importance of party competition. Therefore, it enriches the qualitative literature, especially on political parties, the representation of public opinion, and social policy. Turning to the paper's limitations, it cannot rule out alternative explanations for the investigated policy outputs. In addition, the emphasis of certain explanatory factors and their importance is only based on secondary literature. Regarding the vast and innovative literature on policy process theories, e.g. the multiple streams approach (Herweg et al. 2015; Kingdon 1984) or the advocacy coalition framework (Sabatier 1993; Sabatier/Weible 2007), the case study would profit from more data on and insights into political actors and their beliefs and statements regarding their decisions. Future case studies should combine policy theories which base on rather one explanatory factor with more in-depth analyses that policy process theories can offer (Zohlnhöfer 2016). This would also enlighten our understanding of how voters' and party members' preferences are weighted, contributing to the theoretical debate on partisan differences.

The main contribution of the second paper is that it investigates policy knowledge as a very new research field in Germany. First and foremost, it enriches the few existing studies with well-structured new data. It also proves that it is fruitful in this context to examine different social groups and policy types separately. Finally, it summarizes that policy knowledge has a statistically significant and substantial effect on preferences. Furthermore, it underlines that new information can shift these preferences. This is an

important finding for political science as comparative studies often treat preferences as given as well as for political practice as enhancing policy knowledge can ensure congruent preferences from individuals and representatives. However, this study has its drawbacks as the data is not comparable to other surveys which limits the generalizability. Furthermore, it cannot investigate long-term effects of information treatments and changes over time in knowledge and preferences. Nonetheless, the results show that it is fruitful to gather new empirical data on these variables. Thus, future research has to ensure data sets that include variables on policy knowledge and policy preferences, beyond simple spending demands, to compare countries and to investigate time trends. In addition, further research should focus on explaining factors for social preferences beyond self-interest, values, and macro-variables and should take cognitive factors into account (as e.g. Westle 2019). Especially the German political science will profit from a deeper understanding of policy knowledge, its change via new information, and its link to preferences.

In our paper "There is power in a union?", we offer an important contribution to the literature on social preferences, as researchers mostly include union membership only as a control variable. However, we point out that it significantly influences preferences. Our macro-level and our micro-level analyses underline the importance to investigate social programs separately as the mentioned influence is stronger in closer labor market-related programs; the same holds true for the power of labor unions to push their left allies only in labor market-related programs. Its quantitative analyses unveil clear empirical patterns across countries and over time. This advantage comes along with the disadvantage that this study cannot rule out reversed causality regarding preferences and union membership as it does not offer in-depth case studies about the reasons for individuals to become union members. Furthermore, the macro-analysis relies on aggregated data on union strength, which is problematic against the background of changing membership bases. Thus, future comparative research should examine more sophisticated data, a larger number of countries, and a longer time span in order to differentiate between various kinds of labor unions more explicitly, which represent mostly blue-collar workers or white-collar workers (see Nijhuis 2009, 2011). Nonetheless, this study's two-step approach, that combined the analysis of individual preferences and their representation via unions and also left parties, is the main strength of this paper. As it is the first article on union members' preferences and

the policy impact of labor unions that explicitly connects the macro-level to its micro-foundations, it enriches the existing literature. Future research could adapt this holistic approach to enlarge the knowledge about the micro-macro-connections in other fields as well.

The fourth paper builds awareness of the very specific circumstances under which party competition can prevail. It adds nuances regarding policy dimensions (EPL for regular and for temporary contracts) and the "power of talk" regarding different government compositions (see Jensen/Seeberg 2015). The main contribution to the literature is, on the one hand, that it is the first paper that investigates how electoral competition affects EPL. Thereby, it underlines that also opposition parties can influence policy outputs which is a fruitful base for further research and a real enrichment for the existing literature that predominantly focuses only on government parties. On the other hand, the discussed nuances show how complex social policies and party competition are. Furthermore, this study sheds light on a rather regulatory policy which stands in stark contrast to the majority of comparative policy studies that rely mostly on spending data for (re-)distributive policies (e.g. Amable et al. 2006; Emmenegger 2007; also Jensen/Seeberg 2015 with their focus on the power of talk). In sum, the literature could benefit from investigating "the regulatory welfare state" (Levi-Faur 2014) in more depth against the background of permanent austerity and the "new politics of the welfare state" (Pierson 1996).

The fifth paper underlines that most literature fails to investigate Christian democrats and their effects on EPL with their distinct preferences from left and right parties. This is what future research should consider when investigating partisan effects. Furthermore, future studies could adapt the comparison between the "golden age of the welfare state" and the era under permanent austerity as this paper impressively flesh out the change from clear partisan differences to their fading accordingly. Building on this finding, the main contribution is that changing circumstances in the post-golden era unfold huge effects on partisan effects – which only comes to surface when examining different policy categories. The limit of this paper is its data base as EPL reforms are rare and also the conditional effect of high unemployment builds on a rather small number of cases. However, it raises awareness of these effects and offers a starting point for research on more policy programs. Beyond the research scope is

the analysis of the reasons why Social democrats do not prioritize insider-preferences according to the insider-outsider theory (Rueda 2005). Thus, it could be fruitful to investigate not only Christian democrats in more detail, but to examine Social democrats' regulatory policy preferences intensively as a contribution to the longstanding debate on their "third way" (see e.g. Giddens 1998).

Combining the results of the five papers, it becomes clear that the answer to this dissertation's overall research question, which factors influence social policy, is that not only political parties at the macro-level, but also labor unions at the meso-level as well as individuals at the micro-level influence social policy-making.

In sum, answering the first research question, I conclude that social policy preferences are influenced by policy knowledge, self-interest, individual values as well as union membership. In addition, preferences vary widely when differentiating between policy programs, policy instruments as well as social groups. However, policy preferences are not stable on the short-run. New information on policies can change them. This is an important finding for research as well as for political practice, as social policy preferences are highly relevant for political representation. In a nutshell, public opinion, special interests of political parties' voters and of union members still influence the respective representatives in their opinion and policy-making.

Turning to the second question, it becomes visible that political parties still matter for social policy-making, but that these effects become more nuanced. The papers identify these specific circumstances under which parties unfold effects on policies, e.g. high unemployment as a conditional factor for the expansion and the retrenchment of EPL with focuses on temporary or regular contracts; party competition between pro-EPL parties in government and opposition; strong labor unions that push left parties to more generous policies but only in certain policy fields. Overall, this dissertation confirms recent literature on "vanishing" partisan effects, but underlines that they unfold again under several circumstances.

All in all, the papers in this dissertation enrich the existing literature especially in two ways: They contribute new theoretical arguments to the literature on social preferences and to studies regarding labor unions and (their effect on) partisan effects. Furthermore, this dissertation provides new empirical insights concerning policy knowledge and the circumstances under which partisan effects unfold. In addition, it contributes to a better understanding of how social preferences are represented in the

political process in examining the interaction between the micro-, meso-, and the macro-level. This clearly enlightens our understanding of social policy at different investigation levels in making, admittedly, the specialized and vast literature even more diverse.

Nonetheless, this dissertation underlines the importance to rethink established theories, as e.g. the insider-outsider theory (Rueda 2005) as well as to investigate already examined phenomena from a new perspective as there are still blind spots in the existing literature.

Clearly and beyond the research aim, this dissertation could not offer a new theoretical base that includes all examined investigation levels. However, the main contribution of this dissertation is the holistic approach it follows: Future research should keep track of the interaction and developments at the micro-, meso-, and macro-level. As political science literature tends to become more and more specific and detailed, it should balance the focus on, firstly, more nuances and differentiations as well as changes within social policy programs, political parties, and social preferences and, secondly, the connection and exchange between individuals and their representatives. Thus, future research should continue to investigate “social policy: inside out”.

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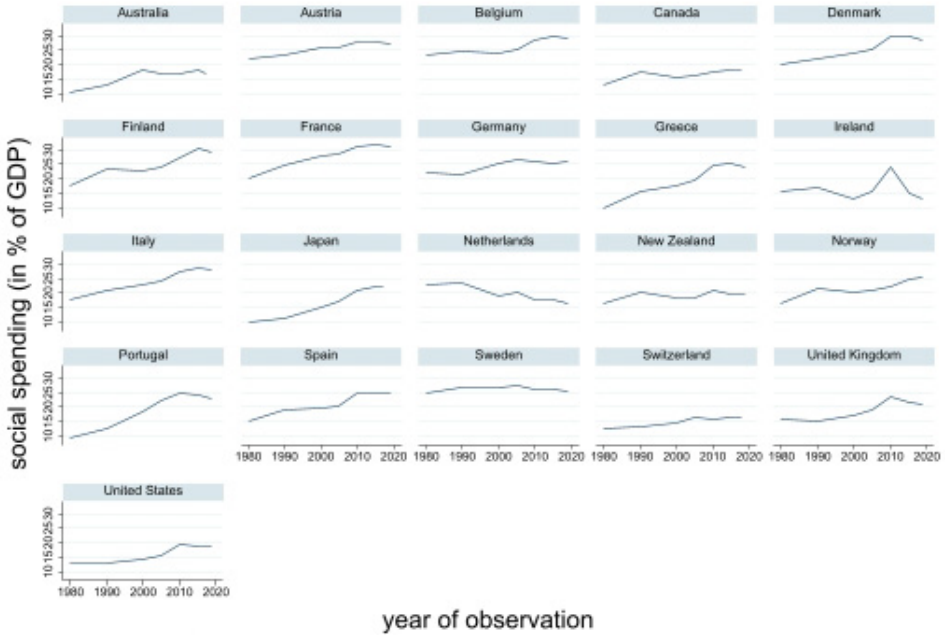
7. Appendix:

Table A1: Preferences (mean) from 1 (spend much less) to 5 (spend much more).

Country	1990	1996	2016
Belgium			Health: 3.88 Pension: 3.81
Denmark			Health: 3.96 Pension: 3.45
Finland			Health: 3.81 Pension: 3.65
France		Health: 3.51 Pension: 3.30	Health: **3.74** Pension: **3.62**
Germany	Health: 4.06 Pension: 3.68	Health: 3.67 Pension: 3.52	Health: **4.03** Pension: **3.91**
Japan		Health: 4.00 Pension: 3.81	Health: 3.65 Pension: 3.49
New Zealand		Health: 4.20 Pension: **3.52**	Health: 4.13 Pension: **3.52**
Norway	Health: 4.07 Pension: 3.86	Health: **4.10** Pension: 3.68	Health: 3.92 Pension: 3.50
Spain		Health: 4.02 Pension: 3.81	Health: **4.27** Pension: **4.02**
Sweden		Health: 4.01 Pension: 3.70	Health: **4.18** Pension: **3.97**
Switzerland		Health: 3.27 Pension: 3.38	Health: **3.47** Pension: **3.67**
United Kingdom	Health: 4.26 Pension: 4.09	Health: **4.34** Pension: 4.06	Health: 4.18 Pension: 3.71
United States	Health: 3.89 Pension: 3.49	Health: 3.77 Pension: **3.52**	Health: 3.73 Pension: **3.72**

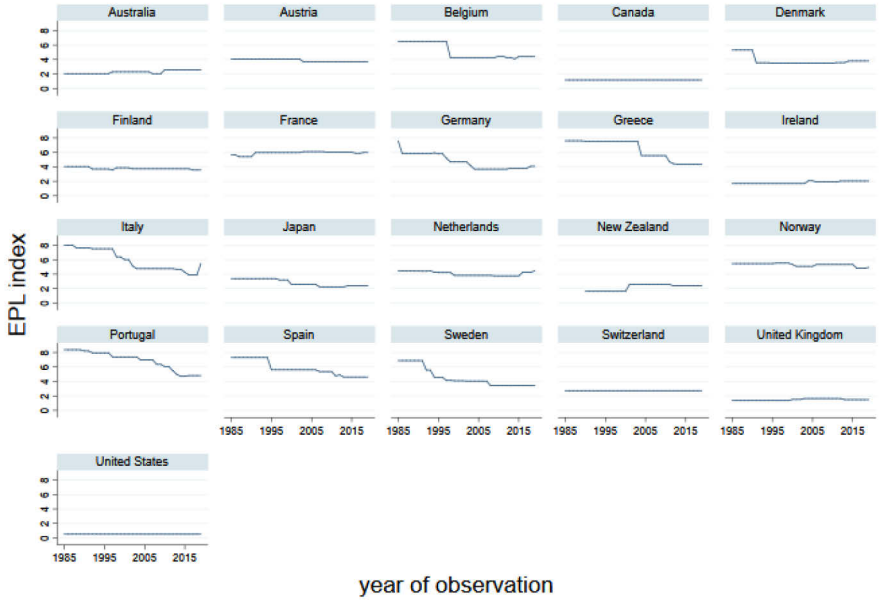
Note: The exact sample of countries varies between the different Role of Government waves. Equal or higher means in comparison with the previous wave are marked in bold.

Figure A1: Aggregated social spending (in percent of GDP) from 1980-2019.



Source: Own illustration based in OECD Social Expenditure Database (2019a).

Figure A2: Stringency of employment protection legislation (EPL index) from 1985-2019.



Source: Zohlnhöfer/Voigt (2021) based on data from OECD Employment Protection Legislation Database (2019b).

Table A2: Overview over data sets relevant for the second paper of the dissertation.

Data set	Case selection	Investigation period(s)	Disadvantage (information regarding missing data)
ALLBUS	Germany	Since 1980	No recent data (because of Covid-19), many variables regarding attitudes towards state intervention (monetary as well as non-monetary), but no concrete and consistent collection of different state activities in different policy fields and policy programs
Eurobaro-meter	Countries in the European Union	since 1974 yearly survey with various waves (e.g. 2001, 2006, 2011, 2016, 2021)	No concrete and consistent collection of different state activities in different policy fields and policy programs (only that the state intervenes too much, criteria for spending, spending in some policy areas)
European Values Study	European countries (around 38 in the last wave)	Wave 1: 1981-1983 Wave 2: 1989-1993 Wave 3: 1999-2001 Wave 4: 2008-2010 Wave 5: 2017-2020	No concrete and consistent collection of different state activities in different policy fields and policy programs (only whether the state should take more responsibility, more control over companies, more privatization)
Inter-national Social Survey Pro-gramme	international survey (around 50 participating countries)	since 1985 yearly surveys regarding different topics (role of government (RoG) focus in the years 1985, 1990, 1996, 2006, 2016)	No recent data with RoG focus; different policy fields, monetary as well as non-monetary state activities; but no data on policy knowledge
World Value Survey	80 states around the world	Wave 1: 1981-1984 Wave 2: 1990-1994 Wave 3: 1995-1998 Wave 4: 1999-2004 Wave 5: 2005-2009 Wave 6: 2010-2014 Wave 7: 2017-2020	Representative survey with over 250 questions regarding values, attitudes, worries; no concrete and consistent collection of different state activities (only e.g. whether the state should take more responsibility in different policy fields)
Westle, Bettina (2017)	Germany	2009 (Hauptstudie)	Political knowledge in Germany (Polity and politics, but less policy; especially no concrete design of policies; no systematic evaluation of different policy types), no collection of individual preferences regarding policies

Note: own illustration.

Part B: Paper 1

Get the Party Started:
The Social Policy of the Grand Coalition 2013–2017

Abstract

This article analyses social policy during the third grand coalition (in power from 2013 until 2017). Generous and expansionary reforms were implemented during the 18th legislative period. The implementation of these reforms was facilitated by favourable socio-economic and political circumstances, such as low unemployment rates, strong social support for welfare state enlargement and weak opposition parties without a liberal corrective. Through various theoretical approaches to public policy analysis, the occurrence and concrete arrangement of four key decisions are explained: the minimum wage, the rent control law, and the pension and care reform. It is concluded that the grand coalition turned away from liberalisation and deregulation tendencies of the last years and governmental responsibility gained in importance. Thus, state interventions were able to counteract some hitherto existing inequalities and undesirable developments. However, unpopular and extensive structural reforms were not undertaken and the future financial viability of the existing reforms is questionable. Nevertheless, the motto of the present social policy is: let the good times roll.

1. Introduction

The grand coalition of the 18th legislative period was, similarly to 2005, a kind of marriage of convenience between the CDU/CSU and the SPD, because the favoured alliances with other political parties were either not possible or the political will was missing (Schuler and Otto 2017; Zohlnhöfer and Egle 2010, 578). Under these circumstances, it could be expected that the grand coalition of 2013–2017 would conform to the 'blockade hypothesis', which posits politics based on the lowest

common denominator (Egle and Zohlnhöfer 2010, 17, 20). However, as an analysis of the third cabinet of Chancellor Angela Merkel's social policy shows, there is more empirical evidence for the 'reform hypothesis', according to which (only) grand coalitions can solve big problems (ibid.: 17). Even if comprehensive and unpopular social policy reforms were not undertaken despite – or maybe because of – favourable circumstances, extensive socio-political measures were implemented. The social policy of the last four years can be described as expansionary and generous – and hence probably popular. At the same time, it can be criticised for its high costs and lack of financial viability, which will entail rising social insurance contribution rates, retrenchments, and corrective measures in the future. This article will be guided by the following questions: Which decisions were made concerning social policy and how can they be explained? How did these measures change social policy in Germany? The first section will discuss the development of Germany's social policy in relation to the political, social, and economic background. Then, the four most important reforms of the government's social policy, namely the minimum wage, the rent control law, the care reform and the pension reform, are explained using theoretical approaches to public policy analysis. Finally, the main findings are discussed in the conclusion.

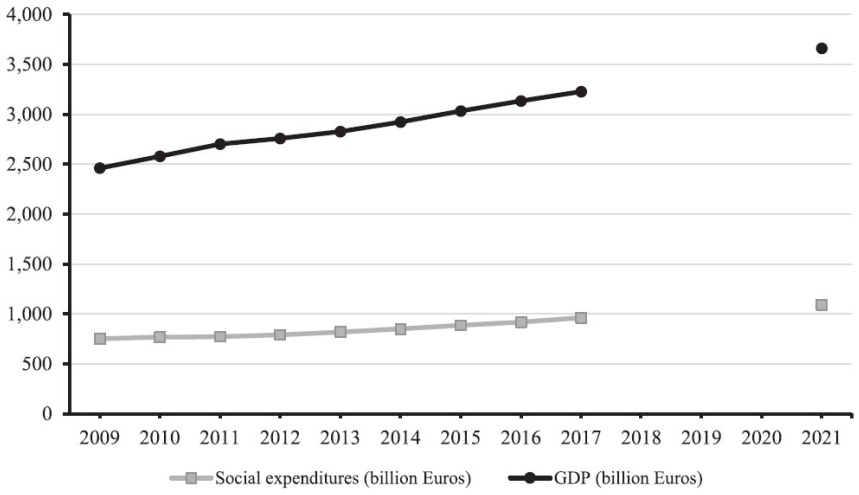
2. Summary of the Social Policy and its circumstances from 2013 until 2017

One important aspect to consider when discussing the social policy of the 18th legislative period is the development of the expenditure. The trend of growing social spending, which lasted for decades, continued under the third coalition led by Angela Merkel: the expenditure for social benefits reached a new peak level of 918 billion Euros in 2016 (BMAS 2017, 196–7). Whereas the social expenditure ratio decreased during the 17th legislative period, it increased slightly but continuously during the 18th election period from 29 per cent in 2013 up to the predicted value of 29.8 per cent in 2017 (Schmidt 2015, 403; BMAS 2017, 198–9). An upward trend can therefore be identified in the 18th legislative period, as compared to the long-term development of the social expenditure ratio since 1991 (25 per cent) (BMAS 2017, 198–9).[14] The grand

[14] Numbers before and after 2009 are not easily comparable because of a new calculation procedure (BMAS 2017, 198).

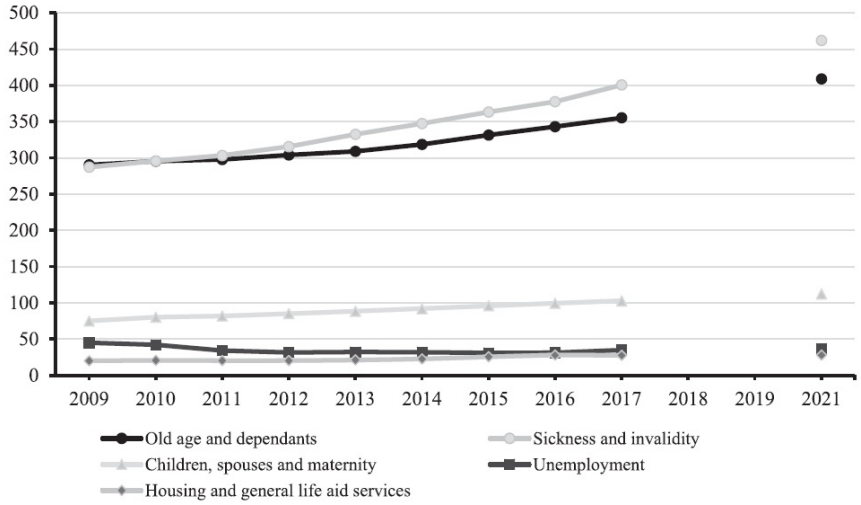
coalition's decisions will cause rising expenditures in the future, with a predicted value of 1.1 trillion Euros in 2021 (see Figure 1). This can mainly be explained by the generous benefits of the social insurance system (ibid.).

Figure 1: Development of Social Expenditure and the Gross Domestic Product.



Source: BMAS (2017: 196); own illustration. The data for the years 2017 and 2021 are predicted.

Figure 2: Development of expenditures (billion euros) for benefits concerning different life risks.



Source: figures until the year 2011 from BMAS 2013, 175-180, figures from 2011 until 2021 from BMAS 2017, 200-206. The data for the year 2021 is predicted.

The German social state provides for a wide range of needs. In terms of the amount of spending, there is a focus on the health risks associated with old age, surviving dependants, sickness, and invalidity. The latest generous care and pension reforms fit neatly within this trend (see Figure 2). The costs covering these risks are by far the

highest compared to other social expenditure and they will rise within the next years (BMAS 2017, 200). Overall, the spending is (still) rising in all areas – except for unemployment –, in line with the spending of the 17th legislative period.

2.1 The Socio-Economic and Political Circumstances

The analysis of the expenditure, developments and decisions concerning social policy must consider Germany's macroeconomic and social situation (see also Murswieck 2017, 125–6). Despite the euro crisis, the German economy remains stable. The gross domestic product increased steadily during the 18th legislative period (see Figure 1). Additionally, the unemployment rate dropped to its lowest level since German reunification and the rates of employed people paying mandatory social security contributions remained at an all-time high (BMAS 2017, 1). Furthermore, tax revenues and receipts from social-insurance contributions increased. Low interest rates meant a further relief for the national budget, as interest payments for the national debt were lower, which resulted in savings. In comparison with the 2009 government coalition between CDU, CSU, and FDP, which had to govern in the aftermath of the financial crisis, the third grand coalition had a good macroeconomic basis (Schmidt 2015, 403). As a result, the governing parties used this increased spending potential for its generous social policy – a reaction that is not unusual in times of a good economic situation.

Moreover, the social circumstances were favourable for an expansive social policy: not only did the voters of the governing parties have a positive attitude towards the expansion of social security, but the German public is exceptionally critical of welfare state retrenchment, especially compared to other countries (Schmidt 2010, 302).

In terms of the political circumstances, the grand coalition also had the advantage of a greater parliamentary majority compared to previous government(s): the parliamentary groups of the CDU/CSU and the SPD occupied 502 seats, which is equal to four-fifths of all seats in the German Bundestag, compared to 127 seats held by a weak opposition consisting of the Left and the Greens.[15] In addition, the party political conditions were favourable for an expanding social policy because of the governing parties themselves: the SPD and the CDU/CSU, both seen as 'social state parties', aim to gain electoral votes by providing public services (Schmidt 2010, 302). Furthermore, a 'liberal corrective' (Egle and Zohlnhöfer 2010, 22) was missing in this legislative period

[15] For more about the (in-)activity of the weak opposition see Franzmann (2018).

due to the FDP's weak showing at the 2013 parliamentary election, which enabled the grand coalition to expand welfare state policies. There was also a favourable seat distribution in the Bundesrat, in which the grand coalition did not get the majority, but neither did the opposition. Consequently, in contrast to the previous government, the opposition was unable to raise an objection concerning bills that do not require Bundesrat consent. Regarding consent bills, the governing parties had to take steps towards political concurrence to avoid a blockade in the Bundesrat. However, there was no considerable resistance to the welfare state by opposition parties, as was originally expected.[16] In particular, the increasing power of the Greens, due to the growing participation in government of the federal states along with the party's potential to block bills in the Bundesrat, meant that they closely cooperated with the grand coalition. As a result, the Greens were intensively involved in the legislative process even before the Bundesrat decisions, which explains the lack of blockades for numerous reforms (Jungjohann 2016).

2.2 Summary of the Social Policy Decisions

Within the 18th legislative period more measures – in purely quantitative terms – were taken by the governing parties than within the 17th legislative period: the projects summarised in the respective social reports amount to 286 in the balance year 2013 for the government consisting of FDP and CDU/CSU in comparison with 305 projects under the grand coalition from 2013 to 2017 (see Table 1).

As can be seen in Table 1 there is a big difference between the 17th and 18th governments' measures concerning 'Migration, Integration, and social inclusion'. This points to another aspect of the socio-economic situation, namely the refugee crisis of autumn 2015. Any resources needed for managing this crisis could not be used for other social policy concerns. This explains – among other things – a decreasing reform agenda in the second half of the legislative period. In the first half, the governing parties fulfilled many of their central electoral promises concerning social policy, such as the minimum wage, the rent control law, changing the pension age to 63, a modification of the pension for mothers and the first part of the care reform.

[16] The Bundesrat only voted against two legislative proposals: the law about secure States of origin and an amendment to the Asylum Seekers Benefits Act.

In addition to these four key reforms representing four different thematic areas,[17] more measures from the remaining five areas mentioned in Table 1 are presented as examples of an expansionary social policy under the grand coalition:

Table 1: Summary of Social Policy measures in the 17th and 18th legislative period

Policy sector	Numbers of measures in 2017 (2013 in brackets)
Labour market policy[18]	28 (48)
Migration, Integration, and social inclusion	101 (20)
Health, prevention, rehabilitation	26 (26)
Rehabilitation and participation of disabled people	27 (10)
Child and youth policy as well as for families, seniors and engagement	24 (65)
Equality policy	14 (29)
Old-age provision	20 (16)
Care policy	13 (10)
Further fields of social protection	52 (62)

Source: BMAS (2013, 2017); own illustration.

Several measures were taken concerning migration, integration, and social inclusion that were aimed at integration and providing assistance to asylum seekers. In the year 2015, there was an expansion of benefits. This was followed by a restriction of benefits beginning in 2016, in the form of a growing number of conditions for reception.

In the areas of health, prevention, and rehabilitation, many generous measures to improve medical supplies were taken, such as the prevention bill or the law improving the supply within the statutory health insurances.

In the area of rehabilitation and participation of disabled persons, the *Bundesteilhabegesetz* is of particular significance. It is a law consisting of four reform stages that strengthens the position of handicapped persons with regard to monetary and juridical aspects.

In family policy, the 'parental benefit plus' with relationship bonus, aimed at enhancing the reconcilability of family and working life, increased child benefits and child benefit supplements and higher tax-free child allowances were implemented.

[17] The minimum wage is located in the category 'labour policy', the pension reform in 'old-age provision', the care reform in 'care policy', and the rent control law in 'Further fields of social protection'.

[18] In the social report of the year 2013, the chapters 'Labour market policy' and 'Labour law and occupational safety' were counted together. In the social report 2017: the chapter 'Minimum wage, temporary work, contract for work, occupational safety' and 'Labour market policy and training policy' were summed up.

As for gender equality policy, the gender quota came into force on 1st January 2016 to stipulate the proportion of women in the public and private sector (30 per cent in supervisory boards). Furthermore, a law on equal marriage for same-sex couples was approved by the German Bundestag despite criticism of the CDU/CSU (the so-called *Eheöffnungsgesetz*) in the last months of the grand coalition.

In summary, the grand coalition took generous and extensive measures in all social policy areas, intended to counteract hitherto existing inequalities and undesirable developments. A trend can also be identified towards an increased (regulatory) responsibility of the state, which gained in importance in comparison to private responsibility.

Although these listed examples are mostly popular reforms, there is no empirical evidence backing the 'blockade hypothesis'; rather, it seems more likely that the 'reform hypothesis' is true. Overall, only a few social policy ideas in this legislative period were abandoned. These include the *solidarische Lebensleistungsrente*,[19] which was promised in the coalition agreement, a legislative proposal concerning the right to return to full-time employment after part-time employment, and a 'family money' bill (aiming at a better compatibility of family life and work through funding working parents).

3. Important social policy decisions

In this section, four decisions of the grand coalition falling under different areas of social policy are presented and discussed. There are several reasons for why these reforms in particular are selected for analysis. First, the timing of the decisions is important: without the restrictions caused by the refugee crisis, more of the political parties' programmatic ideas could be pursued. Furthermore, the reactive logic of governing in times of crises could hide causal mechanisms of interest in this article. Second, all four reforms can be positioned on the socio-economic axis of party competition, which at the time was salient to the voters, so that re-election considerations can be analysed (see Engler, Bauer-Blaschkowski, and Zohlnhöfer 2018; Franzmann 2018). Lastly, they are key decisions that fulfil the criteria of a certain breadth and depth of reform and

[19] A 'solidary pension' – which means a financial reinforcement for old-age pensions, financed by tax money, which is paid to those retired persons who cannot cover the cost of living despite long-term employment and contributions to the pension insurance.

that were met with clashing viewpoints during the decision-making process (see von Beyme 1997).

In addition, these four policies tackle different voter groups: the rent control law and the minimum wage are relevant for the whole electorate, but have the potential to directly affect only a relatively small voter group, in comparison with the care and pension reforms, which potentially concern the whole electorate (see life course risks in Jensen 2012). Furthermore, these four reforms cover all policy changes described by Hall (1993, 278–287). The minimum wage is a third order change (a new established paradigm as a watershed in comparison with the Hartz-IV-paradigm. See Mabbett 2016, 1242). The rent control law is a second order change (new established instrument). The pension reform combines first order changes (existing instruments that were adjusted or changed, e.g. *Reha-Deckel*) and second/third order changes. And lastly, the care reform can be categorised as a first order change. In sum, the selected cases show large variation regarding these two aspects (different target groups and scope of policy change). Overall, comparing the four reforms can be fruitful, because additional explanatory factors potentially having similar impact on the policy output can be identified despite these dissimilar aspects.

The sequence of the listed explanatory factors is based upon the causal distance to the policy output, and is divided in three levels (Wenzelburger and Zohlnhöfer 2015, 28ff.). The policy-makers comprise the first level that is analysed, for they are closest to the explanandum. In doing so, the focus lies on political parties, as the presented hypotheses have a strong emphasis on the role of the (governing) political parties as decision-makers that significantly pave the way for policies.

Three theoretical approaches are pertinent in this analysis of government characteristics. First, the partisan theory, which focuses on the government's ideological preferences. Second, the veto player theory and in particular its emphasis on party-political veto players and their cohesiveness. Third, the diffusion theory of ideas, policies, and mechanisms. Depending on the ideological preferences of and distance between the governing parties as well as the ideas learned by diffusion, the government places some policies on its political agenda (ibid.: 28). Whether these policies become a law depends on the second level of analysis, the context factors. These include institutional characteristics, the electoral considerations of the political parties and the power resources of organised interests. The theoretical approaches that cover these variables assume that constraints and incentives for action influence

the governments' decisions. Finally, the third level considers approaches emphasising problem pressure and Europeanisation as explanatory factors. These approaches argue that governments react to socio-economic and political pressure with appropriate policies (ibid.: 29). However, their influence on the policy-output can be filtered by national factors of the second and first level, which is why they comprise the third level, the furthest away from the policy output.

3.1 The Minimum Wage

On 16th August 2014, the *Tarifautonomiestärkungsgesetz* entered into force, a law strengthening the autonomy of collective bargaining and regulating the minimum wage in article 1. The minimum wage law sets a general statutory minimum wage in the gross amount of 8.50 Euros per hour as of 1st January 2015. There are a few exemption clauses, for example for long-term unemployed persons, mandatory internships, and apprenticeships. The minimum wage was increased to 8.84 Euros per hour with an amendment that entered into force on the 1st January 2017.[20]

3.1.1 First Level: Policy-Maker

Similar to the election campaigns in 2005 and 2009, in 2013 the SPD was the major supporter for a statutory minimum wage. Furthermore, the minimum wage was a non-negotiable condition for the SPD's participation in government. Therefore, the implementation and the amount of the minimum wage were already fixed in the joint coalition agreement (CDU/CSU/SPD 2013, 9, 67–8).

The SPD had undergone a programmatic change even before the parliamentary election in 2013, due to its renewed emphasis on its issue ownership in labour market policies and the welfare state (Mabbett 2016, 1241–2). The credibility of and support for the SPD had suffered under the Hartz reforms, due to social security reduction and the liberalisation of the labour market (ibid.). With the clear return to these issues, the SPD turned its back – at least partly – on the Agenda 2010, which exerted pressure on the CDU in the 2013 national election (Zohlnhöfer and Engler 2014, 292–3).

[20] Through four leading decisions, the German Federal Labour Court decided on details of the minimum wage: in sum, the rights and advantages for those concerned were generally improved – under certain conditions – by the decisions allowing the minimum wage implementation regarding sickness, on-all time, night surcharges, and public holidays.

After this change, the CDU/CSU also showed a certain change in opinion. Traditionally, these parties positioned themselves against a statutory minimum wage[21] and in favour of a negotiated minimum wage, whereby the monopoly of wage determination lies in the hands of the social partners (Bandau and Dümig 2014, 345–6). The FDP's failure in the parliamentary election in 2013 is one possible explanation for the change in the Christian Democrats' position: market-liberal policies did not receive as much support as welfare state supporting measures.

The ideological preferences of the governing parties – and thus of potential veto players – did not diverge strongly (anymore) with regard to the basic policy in favour of a minimum wage. Finally, most of the SPD demands were realised in the legislative proposal by the Minister of Employment Andrea Nahles (SPD). However, the minimum wage became a project of compromises: the conflicting opinions of the left wing of the SPD and the economic wing of the CDU explain this result and show the power of veto players within the political parties.

In addition, the final decision can be partly interpreted as a result of diffusion, as Germany was oriented towards the (successful) experience of other countries. In contrast to most of the OECD and European countries, Germany had not implemented a minimum wage until 2014 (Dostal 2012, 92). The orientation towards its neighbouring European countries can be seen as early 2006, when Chancellor Angela Merkel said that it was difficult to explain why there was no minimum wage in Germany, when it had already been implemented in fifteen other European countries (Schäfer and Hagelüken 2006 cited after Rieble and Klebeck 2006, 829). Olaf Scholz (SPD) also referred to a successful implementation of the minimum wage in other countries without any severe economic disadvantages, which shows a diffusion of ideas.

3.1.2 Second Level: Further National Filters

As early as 2011, the majority of the CDU/CSU was in favour of a minimum wage, in order not to lose this campaign issue to its opponent (Dostal 2012, 93, 104). Party competition was one of the most important reasons that the CDU/CSU adopted the opposition's point of view towards the minimum wage (Zohlnhöfer and Engler 2014, 296–7). Linked to electoral considerations, one reason for the realignment of both

[21] See CDU/CSU-FDP coalition agreement.

parties was the influence of public opinion, which was mostly against a labour market deregulation and in favour of a statutory minimum wage (Dostal 2012, 93). Voters of both governing parties showed increasing support for this proposal: 63 per cent of the SPD supporters and 46 per cent of the CDU/CSU supporters were in favour of the minimum wage in 2006. Shortly before the national election, these approval ratings increased to around 94 per cent among SPD supporters (2014: 95 per cent) and around 79 per cent among CDU voters (2014: 82 per cent) in June 2013 (Infratest Dimap 2015, 7). Therefore, both office- and vote-seeking parties were aware that the public reacted negatively towards its former dualising reforms (see Marx and Starke 2017) and, thus, had the incentive and a certain pressure to realise the voter's will.

Furthermore, the related explanatory approaches focusing on power resources and corporatism, which analyse social interest groups and their potential influence, must be considered. During the 2000s, a single minimum wage won the support of most of the unions and their umbrella association (Mabbett 2016, 1248–9; for more reasons see Marx and Starke 2017). In comparison, there was only weak employer's resistance (Marx and Starke 2017). In addition, the veto power of the umbrella association of employers was weakened, so that the existing weak criticism of the minimum wage had no influence (Mabbett 2016; Marx and Starke 2017). However, both sides suffered from a significant loss of political influence in the past years. Therefore, this theoretical approach is not satisfactory in explaining the implementation of the minimum wage; even though the newly established *Mindestlohnkommission* (commission for the minimum wage consisting of employers and unions) will decide on the amount and the evaluation of the minimum wage in the future.

Germany's political system is not only characterised by corporatism, but by a high number of veto players. In the Bundesrat, the vast majority voted in favour of this law – despite the missing approval of Saxony due to pressure from the FDP's participation in the federal state government. Besides this, widespread approval was reached by an early involvement of the opposition parties on federal state level. The Federal Constitutional Court – one of the veto players – let the law pass despite some criticism of ambiguities, by rejecting the incoming constitutional complaints as inadmissible.

3.1.3 Third Level: Problem Pressure and Europeanisation

A certain problem pressure functioned as a kind of catalyst for the minimum wage decision. In Germany's dualised system, employees in the growing low-wage sector

were unable to participate in the social insurance system and were dependent on state subsidies. In the long run, a consensus among the political parties emerged based on the shared insight that this development could not create a promising future. The social partners could not reach an agreement through collective bargaining, and thus the state decided to intervene through the implementation of a minimum wage (Mabbett 2016, 1241).

Finally, there are some signs of Europeanisation: the idea of a European minimum wage had been the subject of discussions in Brussels for a long time. Through the open method of coordination, the minimum wage has been and currently is evaluated on a regular basis and opinions on best practice are shared. From the grand coalition's point of view there were also economic reasons, which regarded the European Union, for implementing the minimum wage. Decreasing wage levels caused by European competition due to the free movement of workers could be counteracted by the implementation of a minimum wage, thus supporting the financial stability of the social security system (Mabbett 2016, 1253; Marx and Starke 2017, 577).

In combining theoretical approaches for explaining this political output, it can be seen that the interplay of the listed reasons led to a consensus between the coalition partners in favour of a minimum wage. Concerning this decision(-making), special emphasis is placed on the political parties, their ideological orientations as well as their electoral considerations.

3.2 The Rent Control Law

The cap for rents in conurbations is another significant social policy decision. Also known as *Mietpreisbremse* (rent control law), the *Mietrechtsnovellierungsgesetz* entered into force on 1st June 2015. This law limits the possible price increase for rentals in existing flats: in areas with a crowded housing market, the demanded rent can only exceed the local comparative rents by 10 per cent or less. In addition, the *Bestellerprinzip* (the principle of 'whoever employs shall pay') was implemented, which obliges whoever employs the letting agent – mostly the landlord and not the tenant – to pay its commission. The rent control law was not applied to the whole federal territory, but only to those areas that the federal state government would declare as a crowded housing market, by means of a legislative decree for a maximum of five years. Because of the different levels of rent within the federal territory, a nationwide application was not necessary. Consequently, the federal state governments

must evaluate the housing market on a federal state level and react flexibly to changes according to the principle of subsidiarity. So far, the rent control law has been implemented in twelve out of sixteen federal states – but its future is already questioned judicially and politically.[22]

3.2.1 First Level: Policy-Maker

After the SPD declared the rent control law one of its central issues in its election campaign of 2013, the CDU demanded a cap to rents as well.[23] The initiative for this programmatic change was taken by Angela Merkel. The conflict that had flared up within the party was solved by the party's chairwoman by means of a compromise: the implementation of the rent control law would go ahead despite the criticism, but, in line with various demands made, it was not to be applied nationwide. Instead, decisions on the amount of the cap and the affected areas would be left to the federal state governments. The government parties agreed on this project in their coalition agreement (CDU/CSU/SPD 2013, 115).

However, the draft law presented by Minister of Justice Heiko Maas (SPD) in March 2014 and given to the interdepartmental coordination was initially criticised by the CDU/CSU. It was argued that the presented draft law was not in line with the coalition agreement. In the presented proposal, the CDU worried that investments regarding housing construction would slow down, resulting in a dire lack of housing space. This criticism was especially salient in the CDU's economic wing, a veto player within the party that had been unable to implement its preferences concerning the minimum wage and the pension reform beforehand. In July 2014, Maas gave in and announced that new buildings (and initial lettings after comprehensive renovation) were to be excluded from the proposal with the aim of not slowing down investments. This was not in line with the SPD's initial demand to include new buildings as well. Furthermore, the rent control law in its final iteration was temporally limited and restricted geographically. In summary, the political bargaining processes between and within the parties, which had differing arguments for and against the proposal, led to this compromise.

[22] The rent control law is not yet implemented in Saxony, Saxony-Anhalt, Mecklenburg-Western Pomerania, and Saarland.

[23] A proposal of the Greens regarding the rent control law was rejected by the CDU/CSU in June 2013.

3.2.2 Second Level: Further National Filters

The electoral considerations of political parties are strong explanatory factors of the rent control law. First, it is important to describe the (affected) voters: the German housing market is characterised by a relatively low number of homeowners and a high number of tenants – especially in urban areas (Kholodilin, Mense, and Michelsen 2016, 4). Therefore, the rent control law had a great impact on many (potential) voters, who were positively inclined towards it even before its implementation (INNOFACT AG 2014). The parties had to adopt the voters' stance to be successful in vote- and office-seeking. Consequently, the Christian Democrats demanded a rent control law – which had seemed impossible under the former government – with the aim of not losing possible votes to their competitor, in a similar pattern to their stance towards the minimum wage (Korte 2016, 122).

The developments after this decision can also be interpreted by analysing electoral considerations: whereas the SPD's calls for readjustment of the rent control law became louder, further tightening or modifications were rejected by the CDU/CSU in the following months. The closer the campaign, the less both sides were willing to compromise (Schuler and Otto 2017). In doing so, both parties focussed on not disadvantaging their own electorate through compromises that could have resulted in a weaker outcome in the elections (ibid.).

In Germany, only the Federal Constitutional Court can act as a veto player within the judiciary. That veto can then be seized upon by regional courts. This option was increasingly likely due to the intensifying criticism of the judiciary in the first half of 2014. Several presidents of Higher Regional Courts and other experts working with tenancy law voiced their concerns. Consequently, one possible interpretation could be that, anticipating some sort of judicial backlash, the existing legislative proposal was revised by the government, which wanted to avoid any judicial veto.

In addition, interest groups as well as expert opinions could have played a role in this political process: home-owners associations criticised Maas' former legislative proposal and argued that the planned reform could have the consequence of slowing investment activity, whereas the German tenants' association expressed its support (Einem 2016, 282).

Altogether, the critical voices of the consulting economic research institutes and experts, which had voiced their concerns years before the implementation of the rent control law, prevailed. This criticism was incorporated in the end – at least partially –

in the adopted law and thus, it can be identified as an explanatory factor for the final implementation of the rent control law (Deutscher Bundestag 2014; Einem 2016, 286).

3.2.3 Third Level: Problem Pressure and Europeanisation[24]

The socio-economic problem pressure can also be identified as an explanatory factor for this decision. One reason for the need for the *Mietrechtsnovellierungsgesetz* was the rising rents within conurbations (BT-Drucksache 18/3121). This price increase began with a trend reversal, when more and more people moved to large cities, resulting in a shortage of living space and rising real estate prices (Kholodilin, Mense, and Michelsen 2016, 4–6; Hiller and Gröbel 2016, 337). This rising demand was also affected due to rising foreign investments, because the German real estate market was an attractive option for financial investments due to low interest rates and cheap housing prices (Hiller and Gröbel 2016, 337–8). The refugee crisis aggravated the shortage of affordable living space, which was especially prominent in conurbations (ibid.: 338).
For the middle class, which can be a decisive voting group in national elections, flat hunting became increasingly difficult, thus influencing the electoral considerations of the parties (Einem 2016, 280–1). In addition, the topic attracted great media attention (ibid.: 280, 282). In summary, this problem was very prominent and forced the parties to assert their political stance: the primary responsibility for counteracting undesirable developments shifted once again from the individual and the free market to the (regulatory) state.
In conclusion, the decision-making process that went into the final iteration of the rent control law was more difficult and protracted than the minimum wage law – especially because of the veto players. These disagreements between and within the political parties, the negotiation processes as well as the criticism of experts and owners' associations shed light on the implementation of the rent control law. Special emphasis is placed on the problem pressure, which spurred a political decision.

3.3 Reforms Within the Social Insurance Schemes: Care and Pension Reform

Concerning reforms within the social insurance scheme, two extensive packages of measures in the care and the pension sector are discussed together because the explanatory factors in both cases resemble each other.

[24] Europeanisation is not identified as an explanatory factor regarding the rent control law and thus it will not be explained in this section. This also applies to section 3.3.3.

The grand coalition carried out one major reform that consisted of three laws to strengthen care, called *Pflegestärkungsgesetze.* On the one hand, higher expenditures and improved services better adjusted to individuals' needs were adopted in these laws. On the other hand, higher revenues were generated through an increase of the contribution rate. According to the subsidiarity principle, all three laws transfer many competences from the national to the local level or strengthen already existing competences (Brüker et al. 2017). The care reform was aimed at enhancing the care system for care-dependent people, relatives, and nursing staff. It was a very generous reform in regards to benefits and the access to these (Rothgang and Kalwitzki 2015). Another major reform was the extensive pension reform, which consisted of several measures that were implemented. The law for benefit improvement within the statutory pension insurance (*RV-Leistungsverbesserungsgesetz*) of 26th June 2014 included the deduction-free old age pension at the age of 63 for the long-term insured (45 years of employment at least). At the same time, the so-called *Mütterrente* (pension for mothers) expanded the calculation basis of childcare periods relevant for the retirement-pension claim to children born before 1992. Furthermore, some amendments were made regarding the reduced-earning-capacity pension: the supplementary period was extended for a period of two years. In addition, the calculation basis' long-term development will be reviewed and selected for the benefit of the pensioners concerned.[25] Moreover, the budget of the statutory pensions insurance for rehabilitation services granted to those insured with precarious or restricted earning capacity was modified (the so-called *Reha-Deckel*). Besides the hitherto existing calculation considering the expected wage development, future calculation will also take demographic trends into account. This finally ensures more financial resources for rehabilitation services in the statutory pensions insurance. Furthermore, the basis for the flexible pension law regulating the transition from working life to retirement in a more flexible manner was incorporated in this package of measures, which was finally adopted on 8th December 2016. The rigid regulations regarding monthly measured earning opportunities were relaxed. In addition, continued employment after the regular retirement age became more attractive, because the employer's contributions for the additional income increase the individual pension and a pension supplement is paid for each month in which one works over the

[25] In spring 2017, a further amendment was made regarding the reduced-earning-capacity pension in the form of a gradual extension of the credited compensation period by three years up to the age of 65.

regular retirement age. Moreover, the law makes it possible to compensate pension reductions resulting from early retirement by additional contributions until the regular retirement age. It also included a voluntary insurance for those retired persons with full pension, with contributions that could increase the individual pension payment.

Furthermore, the German Bundestag passed a law on 1st June 2017 aiming at equalising the pensions in East and West Germany by 2025 – the so-called *Rentenüberleitungs-Abschlussgesetz*. In summary, the pension and care reforms saw a generous and popular benefit increase.

3.3.1 First Level: Policy-Maker

In total, the pension reform was characterised by compromises negotiated by the party-political veto players. The first example is the *Mütterrente*, which was a prominent campaign issue of the CDU/CSU and a non-negotiable condition for the grand coalition's formation – even against the will of the CDU's economic wing. The retirement at 63 as well as the improvement of the reduced earning capacity pensions, however, were projects of the SPD, which the CDU/CSU had to accept. The flexible retirement age was included in the pension reform only shortly before the vote in the Bundestag because of pressure by the CDU/CSU's economic wing. Acting as a veto player within the party, the wing imposed this measure as a condition for the approval of the pension reform. In the end, the flexible retirement age can be described as a concession to the economic wing or even as compensation for the retirement at 63, which the wing had strongly criticised and only agreed to reluctantly. In sum, the whole pension reform is equally marked by the ideas and joint compromises by the veto players within the SPD and CDU/CSU.

The pension reform's composition is unique in comparison with other states, but some diffusion of ideas can be identified regarding particular measures. For example, the flexible retirement age had been implemented in Scandinavia for quite a long time and is often referred to by many politicians due to its success (Schwenn and Schäfers 2014). On the other hand, the early retirement at the age of 63 without deductions is very rare, because most of the European countries only grant early retirement with reduced payments. Therefore, there is no evidence for the spreading of a best practice (CESifo 2014). However, learning can be identified as one mechanism of diffusion (Jahn 2015): as Gilardi (2010) argues, political parties do not only learn from policy outcomes but also

from political outcomes. It can be argued that the former pension policies were not judged as policy failures, but that the voters' support for these measures – the political outcome – was quite weak, leading to the pension reform in question.

3.3.2 Second Level: Further National Filters

Most of the pension and care reform measures entail advantages and more self-determination for elderly voters. Due to demographic changes, this growing electoral group is crucial for vote-seeking political parties. Furthermore, the electoral group's voter turnout is especially high compared to other groups, and they are therefore particularly important for elections (Schmidt 2015, 409). This electorate is traditionally essential for the CDU/CSU, which explains their core issue, *Mütterrente*, as well as their agreement to the other measures (ibid.: 410). The SPD also recognised the importance of this area of reform for its re-election. Furthermore, a flexible retirement age was supported by two thirds of the population. This explains the favourable stance towards the '*Flexirente*', as it appealed to re-election concerns of both of the governing parties (Schwenn and Schäfers 2014).

The pension age at 63 was a U-turn compared to former measures expanding the pension age due to demographic change and the related 'growing financial burdening of the public pension system' (Buchholz, Rinklake, and Blossfeld 2013, 882). The SPD tried to regain their issue ownership of the pension policy and turned away from its previous resolution in 2007 for the retirement age at 67, which was broadly rejected by the general public. In contrast, the pension age at 63 was extremely popular (see Infratest Dimap 2014): in 2014, 73 per cent of the respondents were in favour of this project (79 per cent of the SPD supporters, 76 per cent of the CDU supporters). In the end, only a small group of core SPD voters can benefit: to reach the required 45 years of employment, a person has to work uninterruptedly from the age of 18 on. Furthermore, only the birth cohorts from 1951–2 can benefit. For the following cohorts, the retirement age rises gradually by two months per year to age 65. It makes sense especially for the SPD to promote this temporary measure due to re-election considerations. In summary, re-election considerations, party competition, and strategies of credit claiming shed light on the agreement between the governing parties and the adoption of the pension and care reform.

3.3.3 Third Level: Problem Pressure and Europeanisation

There is an increasing number of elderly people in need of (long-term) care, which aggravates the nursing crisis (BMAS 2017, 88f). These social developments resulted in growing criticism of the existing nursing insurance – especially its non-sustainable financing and insufficient benefits (Kehl 2016, 51). During the last years, the pension policy was increasingly criticised because of problems of how to finance the pension policy/system. The positions of these critical voices were strengthened after the current reforms: increasing costs have to be financed by increasing social insurance contributions in the future, so the current pensioners are supported at the expense of the younger generation (Öchsner 2013).

The prospective problem pressure has not surfaced yet. Instead, the current favourable circumstances are still prominent. Overall, the generous expansion of benefits for elderly people in the listed reforms is a manifestation of the lacking problem pressure due to decreasing unemployment rates, increasing tax revenues and social insurance contributions, which enabled the grand coalition to implement these expansionary policies without restructuring the system.

4. Conclusion

Which decisions concerning social policy were made in the 18th legislative period and how can they be explained? How have these measures changed social policy in Germany? In summary, the generous reforms by the grand coalition signaled a turn away from liberalisation and deregulation tendencies of the last fifteen years (Zohlnhöfer; cited after Schuler and Otto 2017). Regulative state interventions in the market, in the form of the rent control law or the minimum wage, are indications of this trend reversal. Aberrations or problematic initial positions were corrected, e.g. regarding the growing dualisation in Germany, which required a political corrective in the form of the minimum wage (Mabbett 2016, 1240). The same applies to the too-tight definition of care dependency that was used in the implementation of the nursing insurance and was seen as an initially problematic situation to be corrected within the scope of the care reform. Still, there are some challenges left to meet, e.g. growing old-age poverty (for more critical voices see e.g. Butterwegge 2017; Murswieck 2017, 125, 129).

The SPD and the Union parties as two 'social state parties' (Schmidt 2010) have spurred on the expansion of social policy as expected. Regarding the expansiveness of the measures, the governing parties have outdone each other. At the same time, these costly reforms lead to a doubtful financial feasibility in the future. In particular, the generous pension reform means that the current campaign goodies and 'clientele policy' (Öchsner 2013) will be foreseeably financed through rising contribution rates.
Overall, the measures of the third grand coalition were clearly influenced by the Social Democrats. In particular, the projects in the first half of the legislature period were stamped by the SPD, while the second half of the parliamentary term was dominated by the refugee crisis, where the CDU/CSU were the formative political parties (Schuler and Otto 2017).
There is not much empirical evidence for the 'blockade hypothesis', and this analysis instead supports the 'reform hypothesis'. The governing political parties agreed on most social policy projects and adopted them with a large majority. However, there is some evidence for the blockade hypothesis with regard to the decision-making process and the final policy outputs, which consisted of many compromises to appease the veto players. Furthermore, the CDU/CSU and the SPD decided on very popular and generous social policy reforms. The governing parties did not use the large political scope and the possibility of blame sharing to implement unpopular reforms. Urgent structural reforms regarding social policy were held off.
The political parties used the favourable socio-economic circumstances for their numerous measures: whether it be the strong social support for welfare state enlargement or the propitious economic situation, e.g. the decreasing unemployment rate, growing GDP and increasing number of social insurance contributions payers. In addition, the political conditions were advantageous: the grand coalition had a large parliamentary majority, and the weakened opposition parties were also in favour of a comprehensive social state and lacked any type of liberal corrective. Several factors could determine whether and to what extent this new development and alignment of social policy – away from deregulation and liberalisation, towards generous and expansive reforms – will continue: not only are economic and social development decisive factors, the competitive dynamic between the German political parties are to be considered as well. The generous social policy has to be scrutinised for its long-term financial viability (or lack thereof) and will (and have to) entail corrective measures. However, for the present the motto is: let the good times roll.

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Part C: Paper 2

Should I guess or should I know?

The clash between policy knowledge, new information, and preferences regarding labour market programmes in Germany

Abstract

This paper examines how social policy preferences regarding labour market programmes emerge in regard of policy knowledge in four labour market programmes (employment protection legislation, unemployment benefits I and II, statutory minimum wage) and the impact of new information. Firstly, it argues theoretically that the individual status as labour market insider or outsider explains policy knowledge. Secondly, it discusses that policy knowledge influences policy preferences. Thirdly, in enhancing policy knowledge on labour market programmes, it assumes different effects on these enlightened preferences depending on the insider-outsider-status and on the policy type. Empirically, it assesses new empirical data from a representative online survey among German citizens in 2021. Regression analyses show that insiders do know significantly more about labour market programmes than outsiders do. However, this status is not as relevant as other explaining factors for knowledge. The empirical differentiation between policy types does not entirely support theoretical expectations. However, regression results show that knowledge has indeed statistically significant effects on retrenchment and expansion preferences. And additional information for over- and underestimating persons let clear retrenchment and expansion preferences vanish.

Key words: Insider-Outsider, policy knowledge, new information, labour market preferences, Germany

1. Introduction

It is well known from the literature that „most people know very little and have thought very little about most policy issues" (Fishkin et al. 2000: 657; see also Gilens 2001).

However, policy and political knowledge are important for the voters' preference formation as well as political action and thus, the functioning and quality of democracies (Delli Carpini/Keeter 1996; Westle 2011). For many welfare states, these consequences are severe as social policy has to be adjusted constantly to the voters' preferences and its support has to be ensured as the welfare system is financed by the voters to a large extent. This is especially important for e.g. the German welfare state that has one of the highest public social spending ratios among the OECD countries (OECD 2019). Thus, investing these resources provided by the voters in a manner that matches the preferences is especially crucial for Germany. However, these adjustments differ between various welfare programmes that are generally divided into protection against life course- and labour market-related risks (Jensen 2012). The former are programmes from which almost all citizens profit in the short or in the long run as they are dependent on the life cycle and which all welfare states provide based on rather stable preferences. The latter only target labour market participants and are highly dependent on the structure and developments of the states' labour markets and are, thus, more fluid. This means that welfare states have to adjust their labour market policies more precisely to the voters' preferences. This is especially crucial for the German labour market which underwent, at least since the Hartz reforms in the early 2000s, substantial developments as a declining decommodification and a growing dualization between insiders and outsiders of the labour market (Seeleib-Kaiser 2016). But, despite its importance for preference formation and state responsiveness, low levels of social policy knowledge regarding the labour market among Germans are reported: For example, only about 50 percent of the respondents can accurately estimate the unemployment benefits II (called "Hartz IV")[26] (Die Zeit 2018). Even 'policy experts' could not answer all questions about regulations regarding Hartz IV correctly, although the topic is salient and controversially discussed in recent years (Jensen/Zohlnhöfer 2020). Interestingly, and contradictory to the assumption that knowledge influences preferences, many respondents seem to have clear preferences concerning Hartz IV regardless of their level of (mis)information: Only 3 percent of the respondents cannot choose or do not give any answer; around 35 percent of Germans want the government to spend much more or more for unemployment benefits and 14

[26] Unemployment benefits II are rudimentary benefits that are paid to those people who are unemployed or working poor and, thus, cannot ensure their basic social security.

percent favour less or much less spending (own calculation, ISSP 2018). How do these findings fit together? Do preferences at least correlate with (false) knowledge?

Regarding the existing level of misinformation within the population, providing new information is one instrument to tackle these developments. Despite the debate regarding the effectiveness of new information that tackle existing misperceptions (see e.g. Baumberg-Geiger/Meueleman 2016), we know little about this link in Germany. In sum, most studies investigating policy and political knowledge as well as new information are conducted in the US and the UK and, thus, analyses about Germany are comparatively rare (Maier et al. 2009; Westle 2011; Schübel 2018). The aim of this paper is to fill this research gap by investigating the link between labour market-related policy knowledge, preferences, and new information in Germany about four labour market programmes (unemployment benefits I and II, the statutory minimum wage, and EPL) on the basis of a representative online survey with experimental elements in the year 2021. In a nutshell, the paper answers several research questions: How much does the German population know about labour market policies? Which factors correlate with high or low levels of policy knowledge? Does labour market knowledge differ between insiders and outsiders? Which influence does knowledge have on preferences? Do those that over- or underestimate the facts tend to be in favour of more cuts or expansion in a systematic manner? And finally, what influence does new information have on social preferences? And how do these relationships play out concerning different policy types?

In sum, this paper's contribution to the literature is threefold: Empirically and most importantly, it enriches the literature with empirical findings for the rarely researched German case. Despite the enormous and growing number of surveys (see Maier et al. 2009), specific policy knowledge on certain social programmes and corresponding preferences are not collected systematically. Data retrieved from experimental designs on this relationship is also missing. To the best of my knowledge, this is the first study that collect well-structured new data from a representative survey-based randomized experiment in Germany on different labour market policies in detail. Theoretically, the paper argues that fully-informed individuals should change labour market-related preferences according the enlightened preference theory. In combination, it is shown that this link plays out differently when differentiating labour market groups based on specific self-interests. Furthermore, it is argued why various policy instruments on the labour market should be distinguished. Methodologically, the experimental design

within the survey is quite innovative and the paper emphasises the advantages of this method.

The paper is structured as follows: First, after a literature review, I will present the theoretical arguments and hypotheses based on the enlightened preferences theory and the labour market insider-outsider-cleavage. Afterwards, the investigation strategy is discussed. Then, the empirical results will be presented. The final section concludes.

2. Literature review

2.1 Policy knowledge. The dependent as well as – in a second step – the independent variable under investigation is policy knowledge, which focuses on knowledge about policies (political content) and does not include political knowledge, i.e. knowledge on politics (processes) and polity (structures, including political actors). More precisely, this paper focuses on policy knowledge regarding labour market programmes. The literature shows that there are many differences between policy and political knowledge, e.g. respondents perform better regarding questions on political actors and structures than on contents (e.g. Maier et al. 2009). And as Gilens (2001) found out, policy knowledge has a greater effect on individual opinions on policies than political knowledge. However, although political knowledge is covered by numerous surveys, policy knowledge is seldom included. In consequence, there are only a few scientific studies that examine policy knowledge about the welfare state in general - exceptions focus mostly on the US and UK (e.g. Kuklinski et al. 1998; Blinder/Krueger 2004), even fewer studies analyse the German case. Exceptions are Maier et al. (2009) who find policy knowledge in general to be rather low in the German population - especially in comparison with political knowledge. Schübel (2018) analyses the determinants for low and high political and policy knowledge, which will be discussed in the method chapter. Regarding labour market-related policies, he shows that roughly 70 percent of the respondents are misinformed about the unemployment rate. Westle and Tausendpfund (2019, 2020) enlarge this focus in their edited books regarding measurement and consequences of policy knowledge in more detail, but they fail to measure knowledge on concrete policies in a systematic manner. Despite the fruitful approach promoted by Westle (2012) to establish a knowledge index for Germany, what this index is missing is also the focus on policies, especially labour market related

policies. However, this is included by Jensen and Zohlnhöfer (2020). They compare Danish and German 'policy experts' and show that even university students have low levels of labour market related knowledge, e.g. 33.5 percent of German social science students know how long beneficiaries can draw unemployment benefits. However, the respondents performed even worse on the generosity of the replacement rates: 24.2 percent gave correct answers, 28.4 percent underrated and 20.4 overrated this generosity accordingly. Regarding a more salient topic, Hartz IV, the students' knowledge was more accurate: More than 90 percent knew that the financial situation is decisive for benefit eligibility and that recipients do not need to accept every job offer across the country. However, only 52.6 percent were correct in answering that recipients do not have to pay into a social insurance fund to receive Hartz IV benefits. The authors touch upon the connection to social preferences and evaluation of policies, but leave in-depth structured and representative analyses for future research. What are the findings in existing studies regarding this link?

2.2 Policy knowledge and social preferences. The empirical results regarding policy knowledge and its influence on social preferences are contradictory. For the US, Blinder and Krueger (2004) find out that knowledge on social security does not significantly influence attitudes towards its privatisation. Nevertheless, they also show that people overestimating the minimum wage are less likely to support its increase. For this case, knowledge is affecting social preferences as strong as ideology is. Gilens (2001) underlines the importance of knowledge and information for preference formation. He shows that people that are fully-informed about declining unemployment rates are less supportive to raise spending in order to help the unemployed. For Germany, the literature is thin. One reason is missing data: There are some data sets that include preferences regarding unemployment benefits in Germany (see especially ALLBUS 2008 or ISSP 2018), but these studies do not offer corresponding questions on specific knowledge about the programmes and preferences. Furthermore, these existing studies have in common that they include just one or a very few questions regarding several policy fields and mostly on spending preferences. Consequently, only few authors establish theoretical and empirical relationships between knowledge and preferences: Heinemann et al. (2009) demonstrate that information influences labour market policy preferences. Nevertheless, the authors have a broader definition of information than this paper has, namely, proxies of educational achievements and self-assessment concerning political

information. However, they do not focus on knowledge of certain social policy programmes and do not measure knowledge directly, which this paper tries to achieve. Therefore, this paper is more based on Jensen's and Zohlnhöfer's approach (2020). They report that the (mis)information regarding unemployment benefits seem not to coincide completely with the evaluation that unemployed are treated badly in Germany: Around 16 percent agree and around 51 percent disagree. However, they show that those who agree do know less about the German welfare state.

In sum, policy knowledge should at least covariate with the dependent variable in the second step, namely labour market preferences. However, values and other factors also influence these preferences. A famous strand of literature shows the importance of partisan orientation and deservingness heuristics, but also self-interest and demographic data. These variables are discussed in the method chapter and are included as controls.

2.3 New information. Some authors show that individuals do not "have an accurate view of the benefits system, instead believing 'myths'" (Baumberg-Geiger/Meulemann 2016: 292; see also Jensen/Kevins 2018). Regarding unemployment benefits for example, the authors report that respondents widely overestimate monetary support and fraud. What does this misperception mean for preferences and what happens when these misperceptions are busted? Do preferences based on misinformation differ from fully and correctly informed preferences? In the following, misinformation is understood as the opposite of correct facts.[27] Thus, this paper includes both possibilities that e.g. benefits and social securities are over- as well as underestimated. Indeed, a growing body of research assesses the extent to which political judgements and preferences differ if the respondents were well informed via experimental designs (see Fishkin et al. 2000; Gilens 2001). The findings belong to the strand of literature that observe that new information modify social policy preferences (e.g. Becker 2019; Boeri/Tabellini 2012; Boudreau/MacKenzie 2018; Gouveia 2017; Jensen/Kevins 2018; Kuklinski et al. 1998). The other strand presents non-findings regarding this relationship (e.g. Hopkins et al. 2019; Kuziemko et al. 2015). Explanations for the lacking effect of new information refer to consistency biases and motivated reasoning: Respondents face cognitive dissonance regarding their current opinions and ideology

[27] Unfortunately, this paper cannot distinguish between misinformed people and those that do not have any information, that only guess or judge ad hoc based on heuristics. However, this is beyond the research aim.

that is contradicted by new information and thus, they will disparage or deny the new stimulus in order to defend their former opinions (Kraft et al. 2015; Lewandowsky 2012). Furthermore, offering new information contradicting the individual world view can even result in a backfire effect meaning that participants become even more committed to the misinformation (see Lewandowsky 2012). For the German welfare state, Stadtmüller (2016) investigates the effect of new information and framing on the preferences towards the reform which raised the retirement age to 67 years. He shows that new information combined with the frame emphasising the importance of a raised retirement age for the labour market leads to increasing support of the reform. In general, the German literature lacks a systematic comparison between misinformed preferences and preferences after offering new information (without framing). Thus, this study offers new policy-specific information to check whether it changes individual judgments.

3. Theoretical Argument

3.1 Policy knowledge

This paper is based on rational choice theories and assumptions: Starting with the self-interest-hypothesis and based on empirical evidence (e.g. Wulfgramm/Starke 2016), I assume that individuals that are more likely to benefit from labour market programmes are also more likely to inform themselves on existing social services. Consequently, I argue that these persons have higher knowledge levels about these programmes as they have to check regularly to which extent their needs are tackled. In contrast, persons not depending on welfare state benefits, and considering him/herself as less likely to do so, have no self-interest in collecting this costly information which results in lower knowledge levels. Applying this approach to the labour market, self-interest comes in different shapes when analysing different groups (not) participating in the labour market: Labour market outsiders, defined as the unemployed or those with insecure employment (see Rueda 2005), should know more about social security, eligibility criteria, and benefits because of their vulnerability to be or become beneficiaries. For them, it is rational to be well-informed as the information costs pay off in the case their demands are tackled by the representatives. In consequence, labour market insiders, as those with secure employment and highly protected jobs (see Rueda 2005), who are not likely to benefit from those programmes should not be well-

informed: As it is costly to collect political information, it would not be rational to be informed about a programme that does not fulfil self-interests.

H1) *Labour market outsiders have higher policy knowledge about labour market-related policies than labour market insiders.*

3.2 Labour market preferences

Based on this self-interest-hypothesis, I assume that those persons who benefit or who have higher chances to benefit from more generous welfare programmes will be in favour of their expansion. Apart from their actual level of knowledge, outsiders will be in favour of more generosity as they will benefit from the programmes (empirical evidence regarding employment promotion, see Rueda 2006). In contrast, labour market insiders do have low(er) risks to benefit from generous labour market programmes. Thus, without having any information about the programme, they should be in favour of less generosity and retrenchment or reluctant to its expansion as they finance the welfare state to a greater extent than the beneficiaries do and in addition, less money and attention can be paid to those programmes that insiders benefit from.

H2a) *Labour market outsiders are more in favour of more generous labour market-related policies than insiders.*
H2b) *Labour market insiders are more in favour of less generous labour market-related policies (retrenchment) than outsiders.*

However, it should make a difference whether respondents do over- or underestimate the facts. Regardless of the insider-outsider-status, I assume that those who overestimate generosity more should opt more often for its retrenchment. Those who underestimate generosity should ask more often for expansion.

H3a) *The more respondents overestimate generosity, the more likely they ask for its retrenchment.*
H3b) *The more respondents underestimate generosity, the more likely they ask for its expansion.*

3.3 Knowledge and preferences regarding different policy types

In addition, there should be differences regarding policy knowledge and preferences between policy programmes: People should know more about benefits than about regulatory aspects as eligibility criteria, sanctions, but even whole regulatory programmes as EPL. This is based on Lowi's (1972) argumentation that regulatory policies are less visible and less conflictive.[28] Costs and benefits for social groups are less obvious and thus, winners and losers based on the regulation are hardly identified. Additionally, the clear divide regarding (anticipated) benefits between insiders and outsiders should not be that visible when it comes to regulatory policies as EPL. Furthermore, these regulatory programmes and regulatory aspects of distributive programmes are not as salient in the media and in politics as benefits and their design (see Jensen/Zohlnhöfer 2020). In contrast, benefits are highly visible for beneficiaries and costs are visible - at least in the political discourse - for those who do not benefit directly but finance the system to a large extent.

H4a) *All respondents know less about regulatory than (re)distributive aspects.*

What does this mean for the insider-outsider-divide? As outsiders are again more vulnerable and, thus, also more dependent on regulatory programmes, they should know more about the programmes' policy design.

H4b) *Labour market outsiders know more about regulatory aspects than labour market insiders.*

One could argue that regulatory programmes as EPL, covering rules regarding collective and individual dismissals, are not anticipated with visible costs for labour market insiders and they could even benefit from stricter protection. In contrast to benefits which are paid to beneficiaries that shrink the budget for other programmes, there is no such visible trade-off for them regarding regulatory aspects. They do not suffer from costs and thus, it is argued, they could be in general less reluctant to their expansion than regarding benefits. In addition, even insiders can benefit from e.g. employment protection as their jobs become more secure.

[28] Lowi himself discusses this categorisation regarding the development over time, as all regulatory policies might be (re)distributive in the long run. This paper emphasises as Lowi that policies should be categorised regarding their short-time effect. In this paper, this approach is appropriate as individual preferences weight immediate costs and benefits higher than future costs and benefits.

H5) *Labour market insiders favour the expansion of regulatory aspects more than distributive aspects.*

3.4 The impact of new information

Sometimes, people do not know that the existing programme they are evaluating is not yet designed to fulfil their (future) self-interests. In consequence, they guess and judge based on (mis)perceptions. This leads to the next step in which new information is added. The underlying assumption is based on the information-processing approach from psychology, which suggests that people update their preferences according to new stimuli (see Betsch et al. 2001). Gelman and King (1993) established the theory of enlightened preferences at the micro-level in accordance with this assumption. The authors argue in their US election study that people vote according to their "fundamental variables" as their social and economic position, partisan affiliation, and ideology. However, at the beginning of election campaigns, voters neither have full information about their fundamental variables and their appropriate weight nor about the representatives. During campaigns, voters learn about their own fundamental variables and which party or candidate represent their preferences best and vote rationally according to their self-interest. Thus, voters "enlighten" their preferences and vote choices during election information campaigns.[29] This mechanism should not only function in election context but also in survey context, as both situations focus on new information and articulated preferences.[30] In sum, new information should have significant impact on the relationship between knowledge and preferences, as respondents gather new information in the survey context, update their mind-set, and will have enlightened preferences in the end.

However, Gelman and King (1993) admit that people do have opinions and they judge before being enlightened - in fact, many respondents judge on a not-fully informed

[29] This stands in contrast to Dalton (2021) who shows that voters make voting decisions that match their preferences regardless of their political sophistication. However, in this study we focus on opinions on single issues and not on issue dimensions, which are more stable over time, to show that the disaggregated data analysis finds more nuanced effects than aggregated data. In this case, the information effect on preferences can be traced more accurately than in Dalton's study.

[30] Still, there are differences between these settings: In an election campaign setting, arguments in favour or against policies are repeated more often and over a longer period of time. This can lead to a slow persuasion process and evaluation of individual opinions. In contrast, in a survey context this process is very short. However, based on empirical evidence from the literature, it is argued that information can at least shift opinions in the short run.

basis of misperceptions. In consequence, correcting misinformation should have significant impact on this relationship. However, this expectation has to be adjusted to different labour market groups and their "enlightened preferences" based on their self-interest and, additionally, the direction of misjudgement prior to new information.
First, as argued in H2b that labour market insiders should be in favour of less generous labour market programmes, they should even ask for retrenchment. Those labour market insiders who initially overestimate the benefits should even more strongly ask for retrenchment. When receiving new information, they should have their misperception be corrected and moderate their demands according to the new information. Considering the remaining influence of self-interest, and the possibility that the perceptions of beneficiaries are not changed by these new information as well as the desired internal consistency, it could be argued that these "enlightened" respondents do at least less often vote for retrenchment. However, when insiders underestimate the benefits this should not moderate their demands. In contrast, those insiders that learn that beneficiaries even get more financial help than expected enforce their retrenchment demands based on their self-interest.

H6a) *Labour market insiders in the treatment group who initially overestimate the benefits opt less often for retrenchment in comparison with all other insiders; those in the treatment group who underestimate generosity are more strongly in favour of retrenchment than all other insiders.*

Second, outsiders who initially underestimate the benefits could learn that the benefits are still not yet high enough to fulfil their self-interests and demand for more. However, and more likely, in contrast to other outsiders, some of the respondents could be satisfied with the current benefits as they learned that they are higher than expected. Regarding outsiders overestimating the benefits, they could be more reserved regarding their self-interest triggered demand for more generous measures in contrast to other outsiders, as they may know about the rather sceptical public opinion regarding, e.g. unemployment benefits they could adapt their answer according to social desirability and could be satisfied with the status quo.

H6b) *Labour market outsiders in the treatment group who initially overestimate generosity are less likely in favour of more generosity than all other outsiders; those in*

the information group who initially underestimate generosity are less likely in favour of expansion than all other outsiders.

However, even the correction of misinformation should have different effects when differentiating between policy instruments. Overestimating insiders regarding regulatory aspects do not suffer from costs and, thus, it is argued that they are more easily convinced of more generosity when confronted with actual information. However, no systematic difference is expected among outsiders.

H7) *Labour market insiders overestimating regulatory programmes are more often convinced by new information and demand for more social security than they are regarding benefits.*

4. Method and data

4.1 Case selection

There are several reasons why to choose Germany for this case study: Germany is a case for which the variance regarding labour market preferences should be quite high as many authors attest a clear outsider-insider-divide and, thus, the dualization of the German labour market (Palier/Thelen 2012; Seeleib-Kaiser 2016). However, existing results from the US and UK cannot be transferred to Germany easily: Despite different labour market as well as economy structures (see VoC literature, e.g. Hall/Gingerich 2009), German citizens are, on the one hand, in international comparison very critical about welfare state retrenchment (Schmidt 2010: 302), on the other hand, rather sceptical about unemployed. Additionally, the welfare regimes are different: Despite the ongoing structural changes we could consider Germany as a conservative welfare state and the UK and the US as liberal regimes. In consequence, Germany has much higher social spending rates than the UK and the US (OECD 2019). Its financing depends largely on the employers' and employees' contributions. Thus, the German welfare state has to ensure especially their support for the policies. One way to increase this support is via information distribution through the media and the political discourse. Even these factors play out differently in Germany, as they are not as polarised and ideologically biased as e.g. in the US. In consequence, information effects and preferences could be very different in the German case. Studying labour market preferences in the German case as dependent variable is interesting, as the labour

market (performance) has been one of the most pressing problems, indicated among most of the voters (Forschungsgruppe Wahlen 2021), in Germany for a long time. In addition, labour market related topics are still very relevant for vote choices (e.g. 94 percent of the respondents find fair wages very important or important for their vote choice in the last national election, see Infratest Dimap 2017).

There are several reasons why to choose labour market policies and especially four programmes, namely, unemployment benefits II (Hartz IV), unemployment benefits I, the minimum wage, and EPL. Firstly, labour market preferences are well-studied and, thus, control variables are already identified which is essential to check the influence of mere knowledge and new information without a high risk of omitted variables. Secondly, according to Jensen (2012) and Jensen and Petersen (2017), labour market- and life course-related risks (as e.g. old age and health) differ substantially. The latter are uncorrelated to income distribution and individuals have a high chance to become beneficiaries or at least anticipate benefits. The median voter has, thus, a clear self-interest and demands more generosity regarding these policies. Empirically, this can be corroborated (ISSP 2018; see Appendix figure A1): There is no high variance in preferences which is problematic for the study of knowledge and new information. Consequently, the case of labour market is selected because of a higher variation in self-interest and preferences concerning the labour market and more possibilities of correcting misinformation regarding beneficiaries (see Jensen/Petersen 2017). Thirdly, building on Lowi's typology regarding policy types, three (re)distributive policies (Hartz IV, unemployment benefits, the minimum wage), and one regulatory policy (employment protection legislation) are chosen. The policies range from very salient (benefits) to rather undiscussed instruments (sanctions, regulations, eligibility criteria). However, the preferences regarding the minimum wage are expected to be different to the unemployment benefits as it is only relevant for employed people which are judged more positively than unemployed people. In sum, these four policies can be placed on a continuum ranging from highly conflictive to less conflictive.

4.2 Methodological strategy

In this paper a representative survey-based randomized experiment is conducted to gain new, well-structured data on policy knowledge and misinformation correction, which is almost missing for Germany. Embedding randomized experiments within a representative survey allows to draw generalized conclusions on the causal effect of

new information on the interaction between the dependent variable of labour market preferences and the independent variable of policy knowledge (see Gilens 2001).

Therefore, a three-step strategy is applied: First, the respondents have to complete a knowledge quiz.[31] Second, the sample is split randomly into two groups. A control group is distinguished from the treatment group. The latter is confronted with relevant information immediately after answering the knowledge quiz.[32] A red box appears in case of wrong answers, declaring the error and offering the correct information. A green box underlines the correctly given answer. Despite the discussion in the literature regarding the presentation of "empty information" for the control group in order to control for potential fatigue effects (Stadtmüller 2016), I refrain from presenting empty information as the potential bias could be bigger than the control effect as no equivalent information can be found that is similar, regarding time and cognitive resources that respondents invest, to scanning the wrong/right-answer boxes. Third, I inquire about individual preferences and opinions regarding the social programmes. Additionally, demographic characteristics are collected from the respondents as well as attitudinal data.

The survey was conducted in April 2021 among 1016 German citizens. As national elections came up in September 2021, the timing keeps the biasing effect of higher knowledge shortly before and after an election at minimum resulting in a more appropriate estimation of knowledge levels (Maier et al. 2009).

4.3 Operationalisation, data, and methods

The most important questions in measuring the independent variable, policy knowledge, are: How much can the average citizen know about social programmes and e.g. their very specific rules, sanctions, eligibility criteria - especially about programmes that this citizen has never experienced or whose anticipated benefits are rather low? As suggested by Delli Carpini and Keeter (1993) I asked policy experts[33] about their opinion on relevant facts that average citizens should know. I only included those questions on which the experts agreed. In addition, I conduced a pretest to test

[31] For the whole survey, see Appendix B.

[32] The approach to bust the misinformation immediately by a direct refutation has proven more effective in correcting misperception than the mere exposure to the same new information (see Lewandowsky 2012).

[33] I asked four policy experts: One person works with unemployed people and trains them in order to reintegrate them in the labour market and the other person works at the Germany job agency and works with unemployed people who register for their benefits. The last two experts are researchers from political science.

comprehensibility and difficulty of the questions.[34] The second important question tackles the structure of knowledge in a population. There are two contradicting assumptions: On the one hand, some studies show that people are generalists who have unidimensional knowledge meaning that they either know much or less regarding all political topics (e.g. Delli Carpini/Keeter 1993). In this case, one overarching index is suitable to measure knowledge. On the other hand, some scholars show that people are specialists who have multidimensional knowledge meaning that they have more or less knowledge on specific topics depending on e.g. the importance of the topic for the individual (see Westle/Tausendpfund 2019: 12). This measurement of policy knowledge is based on the theoretical argument discussed above indicating that people are expected to be specialists according to their self-interests and individual circumstances.

As I define policy knowledge as factual information which is objective, declarative, and explicit knowledge (Westle 2011: 838), missing knowledge is not covered explicitly. Consequently, this paper abstains from including a "don't know" (DK) option in the knowledge quiz based on several reasons: Firstly, there are numerous studies that show that women choose DK more often than other answers when being not sure in comparison with men. Thus, results could be biased because of gender specific answer strategies. Secondly, including a DK option could offer the opportunity to differentiate between misinformation and missing information. However, as respondents are asked to judge the policy programmes later on, I want them, at least, to articulate their educated guesses which function as heuristic in the survey regarding their preferences. Therefore, in the instruction this intention is expressed by using a forgiving wording. Thirdly, as Schübel (2018: 176 ff.) discusses, there are several more biasing effects when offering DK options: the percentage of no knowledge is overestimated based on DK answers when asking about controversly discussed topics (as Hartz IV surely is); when people pursuit a strong satisficing-strategy; when this quiz setting stresses people which results in uncertainty and in DK answers consequentially.

Relying on this, policy knowledge is coded as suggested by the literature (see Schübel 2018: 185 for an overview)[35]: correct answers are coded with 1 and false answers are

[34] After this pretest with 15 persons, the questionnaire was slightly adjusted. First and foremost, it had to be shortened. Questions regarding self-interest and economic beliefs were reduced.

[35] Whether someone tried to achieve better results in gathering further information was checked via "tab switching" after every knowledge question category. As the number of tab-switching respondents was limited, this strategy seems not to bias the results.

coded with 0. No answers given are also coded as 0.[36] In a first step, I compute an index for every person for the whole quiz which indicates the sum of all correct answers. All in all, this is a very optimistic view of knowledge as possible "lucky guesses" are coded as correct information; aggravated by the non-existing DK option and the instruction text encouraging respondents to guess. However, with this index all research questions can be answered. This "knowledge index" reaches from 0 to 25. In the later study this index is differentiated between distributive aspects regarding benefits and the regulatory aspects. The higher the index, the higher the individual policy knowledge. The first question on each topic is always on (financial) benefits measured as categorial variable with some distractors for better differentiation between knowledge levels. Then four questions follow asking about regulatory aspects coded as dichotomous variables. These dummy variables lead to higher rates of lucky guessers and to less distinction between knowledge levels. However, the biggest advantage for these answer categories is the simplicity as the interviewed policy experts warned of low knowledge levels and easy frustration because of too technical and specific questions. These simple answer categories minimise the risk to seek for additional information as it can be seen when asking more demanding or open-ended questions (see Gummer/Kunz 2019). This operationalisation takes the concerns into account how much the average citizen can know. As a consequence, more questions about regulatory aspects are included to tackle this problem by quantitative solution strategies (as guesses may follow the normal distribution). In sum, this leads to four issues with 5 questions each. For Hartz IV, the most salient issue, five questions are added concerning sanctions and obligations. Thus, a second knowledge index without these additional questions reaches from 0 to 20.

Those who do not know better and guess or answer according to their misperceptions are categorised in overestimating and underestimating the status quo. For benefits, we code those that overestimate the benefits with 1, correct answers and underestimations get a 0. We also include a 1 for each underestimated status quo, correct answers and overestimations get a 0. Turning to regulations, we first have to categorise the questions in those that state that the status quo is more generous or less generous than it is. If the question is pretending the status quo is more generous and

[36] However, no answers are prevented by a one-time suggestion to give a missing answer, when respondents skip a page without answering all questions.

the respondents agree, then we add "1" to a sum (overestimating) and "0" when the answer is correct. If the question is presenting the status quo as less generous and the respondents agree, we add a "1" to a sum (underestimating), and "0" when the answer is correct. All in all, overestimations reach from 0 to 12 (with sanctions regarding Hartz IV 15), and underestimations from 0 to 18 (or 22). Higher scores indicate that respondents overestimate or underestimate more. For each index the information group is distinguished from the control group.

Turning to preferences, two separate indices are constructed: First, the "expansion" index sums up equally weighted the agreements (+1) with the statements that the programmes should be expanded. Second, the "retrenchment" index is constructed in the same way when respondents agree with statements (+1) that programmes should be reduced. The middle category, agreeing with the status quo and no preference for change, is always coded as 0. In sum, as there are two preference questions for each programme (distributive and regulatory aspects), the indices can reach from 0 to 8 (or 10 when including preferences on Hartz IV sanctions).

Additional control variables[37] known from the literature regarding labour market related preferences and knowledge are included. First, self-interest variables are included known from the rationalist strand of research: It is controlled for persons and/or their families who currently benefit themselves (Busemeyer/Neimanns 2017) as their self-interest should lead to higher demands. The same effect is expected for persons living in precarious socio-economic circumstances (Andersen/Curtis 2015; Rueda 2006). According to the vulnerability hypothesis, this holds also true for persons that feel insecure regarding their economic situation and those that fear the dependence from the welfare state (see compensation hypothesis from Rehm 2011 and Walter 2010). This is why a question about an anticipated probability of unemployment is included as dummy (0=not afraid, 1=afraid of becoming unemployed). Moreover, women (dummy=0) are expected to be in favour of a more generous welfare state than men (dummy=1) (e.g. Jakobsen/Listhaug 2012); and that women know less about policies (see gender knowledge gap, e.g. Dassonneville/McAllister 2018). Another control variable is income, which is negatively correlated with the support for more unemployment benefits (Rehm 2011)

[37] See Appendix table A1 for the measurement and coding of all control variables.

and positively correlated with policy knowledge (Tausendpfund/Westle 2020). Negative correlations are also expected regarding demands for higher unemployment benefits and higher educational levels as education can serve as protection against unemployment. Furthermore, higher education should increase policy knowledge (argumentation based on resources), the same holds true for political interest and the frequency for gathering political information (argumentation based on motivation; ibid.). Age in years is included as it is positively correlated with higher demands for more support of the unemployed (Busemeyer/Neimanns 2017; Rehm 2011) and with higher policy knowledge (Tausendpfund/Westle 2020). Second, individual beliefs are included based on Tosun et al. (2019: 524) argumentation that beliefs and self-interest are interrelated. Thus, political ideology and the perception of unemployed beneficiaries also play a significant role in preferences and judgements (Jensen/Petersen 2017). Left ideology is positively correlated with demands for more generosity of unemployment benefits (Busemeyer/Neimanns 2017; Jensen/Kevins 2017; Rehm 2011). This is important as it is argued in the literature that individuals do not need full information for their judgements and opinions. They can use cues or information shortcuts and heuristics to evaluate the current situation. For example, a political party that promotes a certain programme is information enough to evaluate this programme (Maier et al. 2009): Respondents could know that the SPD supported and was responsible for the Hartz IV reform. In consequence, persons attached to the SPD could be in favour of Hartz IV without knowing much about the programme itself. Thus, variables for partisan affiliation are included. Based on Heinemann et al. (2009) and taken from ALLBUS (2000), two more controls regarding economic beliefs are included. Less generosity should be promoted by those people who think that people are responsible for their own economic situation and that differences in income foster the individual effort. More generosity should be demanded by those respondents agreeing with the statement that benefits should not only depend on individual effort, but that people should get everything they need for living. Lower values indicate stronger support.

Especially for policy knowledge, political interest and general political knowledge are included as controls in the models. Political interest is measured via self-assessment and political knowledge is captured in answering about the impact of the second vote in Germany. As Gilens (2001) finds out, people with higher political knowledge incorporate new policy-specific facts into their opinions more likely than less

politically knowledgeable and interested people. Additionally, the literature shows that people that have a greater understanding and knowledge on politics can absorb and process new information more easily (see knowledge-gap hypothesis Tichenor et al. 1970; Gilens 2001). In addition, the frequency of gathering political information is included in the models as the more informed people are, the more they know about politics. Lastly, the respondent's certainty is measured as this explains wrong/right guesses.[38]

Firstly, I run OLS-regression models to explain the policy knowledge index. Secondly, in order to explain the differences between insiders and outsiders, t-tests are conducted. Thirdly, the dependent ordinal-scaled variable are preferences regarding labour market programmes. Therefore, ordered logit regression results are presented.

5. Empirical Analysis

Only 76 persons dropped out during the survey in comparison with 1016 persons that completed the questionnaire, which is a drop-out rate from 7,48 percent. This is comparatively low, which means that the questionnaire was not too difficult. The representative sample consists of 507 female and 509 male respondents.

5.1 Policy knowledge

What do these respondents know about labour market policies in Germany? In sum, the respondents seem to be quite well-informed: The mean for the index reaches 18,07 points ranging from 8 to 25 (see Appendix figure A2; 14,60 for the index without Hartz IV sanctions). As already discussed, this good performance might be a methodological artefact as guessing has a high chance to win. However, differences in knowledge levels become visible in comparing the different policies (see Appendix table A2): The respondents know the most about ALG I (mean 3,94) and the minimum wage (3,82). For ALG I, it seems as if one question was too easy as the minimum of correct answers is 1 instead of 0 regarding the three other programmes. Interestingly, respondents know least about Hartz IV (mean 3,58 with a SD about 1,23) regarding distributive programmes – although this topic is salient in the last months – and, in line with the

[38] Uncertainty is understood in the general sense as "imperfect information" (Schwieren 2003: 39).

theoretical argumentation, employment protection as regulatory programme (mean 3,27).

The t-test between insiders and outsiders shows that outsiders have a lower average knowledge index (18.092) than insiders (18.510). This finding, which is significant on a 5 percent level, does not corroborate **hypothesis 1** as we expected outsiders to have more self-interest triggered knowledge. Nonetheless, the difference between the averages of the two groups is statistically significant on a 10 percent level (table A3).

Turning to the second research question which factors influence (the cumulative index for) policy knowledge, regression analyses in table 1 show that the independent variables in model 1 (insider/outsider) and model 2 (fear of unemployment) do not reach statistically significant thresholds. That means neither rather objective nor subjective indicators for insiders/outsiders have significant influence on knowledge levels. This finding calls the theoretical assumptions into question that self-interest triggers knowledge. Nonetheless, the control variables either corroborate findings of the existing literature or do not reach statistical significance in both models: One of the most robust finding in previous studies is the gender knowledge gap, which can be confirmed in our results regarding higher knowledge levels among men. The older the persons and the higher their educational degree, the more they know about policies. In addition, the interest in politics and higher frequencies of gathering political information is positively associated with higher policy knowledge indices. In contrast, respondents who were uncertain regarding their given answers perform worse than those who were sure and confident in their answers or guesses.[39]

[39] As it could be argued that the dependent variable is rather ordinal scaled, I re-estimated ordered logit regressions. All results remain the same (see Appendix table A4). For the robustness check regarding the interaction effect between fear of unemployment and outsiderness see table A5.

Table 1: OLS-Regression results for the dependent variable policy knowledge (index with (Model 1a and 2a) and without Hartz IV sanctions (Model 1b and 2b)).

	Model 1a	**Model 2a**	**Model 1b**	**Model 2b**
Insider (=1) /	.144		.139	
Outsider (=0)	(.227)		(.196)	
Afraid of		-.446		-.242
unemployment		(.274)		(.238)
Age	**.025*** **	**.023*** **	**.023*** **	**.021*** **
	(.009)	(.007)	(.008)	(.006)
Gender	**.503** **	**.512*** **	.273	**.271***
	(.222)	(.187)	(.192)	(.163)
Political	**.226** **	**.161***	**.195** **	**.161***
knowledge	(.115)	(.098)	(.099)	(.085)
Income	.075	**.090** **	.0645	**.074** **
	(.051)	(.040)	(.044)	(.035)
Interest in	.202	**.238***	.154	**.211***
politics	(.148)	(.124)	(.128)	(.108)
Frequency of	**-.486*** **	**-.534*** **	**-.391*** **	**-.467*** **
pol. information	(.136)	(.116)	(.117)	(.100)
Education	**.197*** **	**.255*** **	**.161** **	**.207*** **
	(.074)	(.062)	(.064)	(.054)
Certainty	**-1.271*** **	**-1.294*** **	**-1.097*** **	**-1.149*** **
(answers)	(.151)	(.123)	(.1304)	(.106)
Constant	**18.792*** **	**18.699*** **	**15.472*** **	**15.488*** **
	(.868)	(.720)	(.748)	(.625)
N	649	874	649	874
Adj. R^2	0.1610	0.2043	0.1524	0.1968

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01, standard errors in parentheses.

5.2 Labour market preferences

Corroborating **hypothesis 2a**, outsiders have indeed higher demands (3.22) for expansion of the labour market programmes than insiders have (2.94). The difference is statistically significant on a 5 percent level (see table A6, model 1). In contrast, **hypothesis 2b** has to be rejected: Insiders do more often call for retrenchment, but the difference to outsiders is not statistically significant (see table A6, model 2).

In order to answer one of the research questions, regression analysis shows that policy knowledge, ceteris paribus, has a statistically significant effect on retrenchment and expansion preferences (table 2). The more respondents know or the more accurate their knowledge is about labour market programmes, the more they ask for their expansions. And with increasing knowledge, it gets less likely to call for

retrenchment.[40] Interestingly, coefficients for insiders and outsiders show the expected signs regarding expansion or retrenchment preferences, but they do not reach statistical significance.[41] The control variables either confirm the expected effects or they are not statistically significant: The more income individuals earn, the less self-interest they have in the expansion of generous labour market programmes; the more people agree with the statements regarding need and effort, the less/more likely it gets to ask for more generosity as expected.

When analysing the substantial effect of policy knowledge (see beta-coefficients in table Appendix A8), it gets clear that it is the third biggest explanatory factor for generosity preferences after both ideology-based variables. Its influence is as big as education and one ideological variable in the retrenchment-model. This means for both models that preferences decrease (retrenchment) or increase (generosity) by 0.1 standard deviations each when policy knowledge increases by one standard deviation.

[40] The same results appear when using logit regression regressions for dichotomised dependent variables and OLS regression (see Appendix table A7).

[41] Häusermann et al. (2015) point out that the educational status and the employment status are not interchangeable and emphasise the interaction effect of high-skilled outsiders on generosity preferences. The robustness check does not find evidence for this (see Appendix figure A3).

Table 2: Ordered logit regression results for the dependent variable policy preferences.

	Model 1 "expansion"	**Model 2** "retrenchment"
Insider/Outsider	-.103	.010
	(.156)	(.157)
Policy knowledge index	**.069*** **	**-.060** **
	(.026)	(.026)
Political interest	**-.223*** **	.036
	(.075)	(.075)
Age	-.007	.000
	(.006)	(.006)
Gender	-.087	-.108
	(.151)	(.152)
Education	-.072	**-.130** **
	(.051)	(.052)
Income	**-.072** **	.034
	(.035)	(.035)
Economic belief (need)	**-.491*** **	**.169*** **
	(.064)	(.062)
Economic belief (effort)	**.301*** **	-.096
	(.067)	(.066)
Partisan affiliation	.019	.000
	(.050)	(.050)
N	649	649
Pseudo R^2	0.0508	0.0111

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01, standard errors in parentheses. Cut-off points not reported.

The significant effect of the knowledge index leads to the research question whether those that over- or underestimate the facts are in favour of retrenchment or expansion in a systematic manner. The ordered logit regression in table 3 only partly finds the expected patterns: Overestimating persons are more likely to be in favour of retrenchment. The positive effect is statistically significant on a 1 percent level. Against expectations, those who underestimate generosity more are more reluctant to its expansion. The negative effect is statistically significant on a 5 percent level. At least, these findings indicate that (missing) knowledge, indeed, has explanatory power for labour market preferences. **Hypotheses 3a** is corroborated, and **3b** is rejected.

Table 3: Ordered logit regression with under-/overestimating indices.

	Model 1a "expansion"	**Model 1b** "expansion"	**Model 2a** "retrenchment"	**Model 2b** "retrenchment"
Insider/Outsider	-.093	-.110	-.013	.015
	(.157)	(.156)	(.157)	(.157)
Political interest	**-.236*** **	**.240*** **	.033	.054
	(.076)	(.075)	(.075)	(.074)
Overestimation Index	-.059		**.153*** **	
	(.056)		(.059)	
Underestimation Index		**-.083** **		.044
		(.032)		(.033)
Age	-.005	-.005	.000	-.001
	(.006)	(.006)	(.006)	(.006)
Gender	-.066	-.089	-.125	-.119
	(.151)	(.151)	(.152)	(.152)
Education	-.064	-.071	**-.130** **	**-.135*** **
	(.051)	(.051)	(.052)	(.052)
Income	**-.069** **	**-.073** **	.035	.034
	(.035)	(.035)	(.035)	(.035)
Economic belief (need)	**-.471*** **	**-.491*** **	**.155** **	**.164*** **
	(.063)	(.064)	(.062)	(.062)
Economic belief (effort)	**.315*** **	**.295*** **	**-.115***	-.100
	(.066)	(.067)	(.066)	(.066)
Partisan affiliation	**.315*** **	.016	-.005	-.000
	(.050)	(.050)	(.050)	(.050)
N	649	649	649	649
Pseudo R^2	0.0484	0.0505	0.0118	0.0097

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01, standard errors in parentheses. Cut-off points not reported. The knowledge-index reaches too high VIF scores, thus, it is not included in the models.

5.3 Knowledge and preferences regarding different policy types

Hypotheses 4a, stating that all respondents know more about distributive aspects than regulatory aspects have to be rejected: The mean for the knowledge indices' means (standardised via means for easier comparison) is 0.738 for regulative aspects and 0.699 for distributive aspects. However, this interpretation might still be problematic as these means do not consider the different difficulties between the question items. Against our expectation, **hypothesis 4b** cannot be corroborated either, as outsiders do not know more than insiders about regulatory aspects (see table 4). The opposite holds true: Insiders know significantly more than outsiders do. The difference is statistically significant on a 5 percent level.

Table 4: T-test for differences in knowledge levels means on regulatory aspects between insiders and outsiders.

	Observation	**Mean (Standard Error)**
Outsider	218	.737
		(.009)
Insider	431	.757
		(.006)
N	649	
difference		-.021
diff < 0	diff!=0	diff > 0
Pr (T<t) = 0.0251	Pr (|T| > |t|) = 0.0503	Pr (T>t) = 0.9749

Contrary to the expectation developed in **hypothesis 5**, the paired sample t-test shows that insiders do not favour the expansion of regulatory aspects more than distributive aspects. In contrast, the mean for more generosity in regard to distributive aspects is much higher (2.023) than the mean for more generosity in regard to regulative aspects (.645). The difference is statistically significant on a 1 percent level (see Appendix table A9 and figure A4). Thus, **hypothesis 5** is rejected.

5.4 The impact of new information [42]

In order to investigate the **hypothesis 6a**, I compare ordered logit regression coefficients between treatment and control groups within the group of insiders, ceteris paribus (table 5): When focusing on the coefficients regarding over- and underestimation, we see that, indeed, the more insiders overestimate the generosity of these labour market programmes, the more they ask for retrenchment (model 1a). This positive effect is statistically significant on a 5 percent level. In contrast, the coefficient for insiders that overestimated the generosity and got the correct information, turns even negative as theoretically expected in the first part of **H6a**. However, the effect does not reach any significance level (1b). Those insiders without treatment who underestimated the generosity still ask for more retrenchment (2a). The effect is statistically significant and positive. Interestingly, the coefficient of those underestimating insiders who get their misperceptions corrected turns negative, but loses its significance (2b). This does not corroborate the second part of **H6a**. Comparing the control groups shows that insiders always ask for retrenchment

[42] For robustness checks for this chapter see Appendix tables A10-A15. All results are mostly the same.

regardless of their knowledge level. Interestingly, when receiving the information, the preferences shift or vanish. In sum, this might be an indicator for an effect of knowledge and correcting misinformation, however, that individual values still have significant (and bigger) influence on preferences.

Table 5: Ordered logit regression results for insiders' preferences regarding retrenchment of the programme's generosity.

	Model 1a	**Model 1b**	**Model 2a**	**Model 2b**
Insider Control (overestimation)	**.133**** (.065)			
Insider Treatment (overestimation)		-.030 (.063)		
Insider Control (underestimation)			**.059*** (.035)	
Insider Treatment (underestimation)				-.019 (.033)
		Control variables		
N	431	431	431	431
Pseudo R^2	0.0174	0.0149	0.0165	0.0150

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01, standard errors in parentheses. Cut-off points not reported.

Turning to the outsiders and to **H6b** (see table 6), the control group of outsiders shows a higher, but no statistically significant, probability for demanding more generosity even when overestimating the benefits (1a). Interestingly, the coefficient for those outsiders in the treatment group overestimating the benefits is negative regarding the demand for more generosity (1b). This could be interpreted as a "satisfaction with the status quo" and as corroboration of the first part of **H6b**. Both coefficients are not statistically significant, however, the switching sign may be interpreted as a hint for an effect of corrected misinformation. Against the expectations, the control group for underestimating outsiders show a negative coefficient, that is still not statistically significant. Nonetheless, again in line with the hypothesis, the coefficient for underestimating outsiders show a statistically negative effect on generosity demands.

Table 6: Ordered logit regression results for outsiders' preferences regarding expansion of the programme's generosity.

	Model 1a	**Model 1b**	**Model 2a**	**Model 2b**
Outsider Control (overestimation)	.017 (.090)			
Outsider Treatment (overestimation)		-.116 (.080)		
Outsider Control (underestimation)			-.034 (.044)	
Outsider Treatment (underestimation)				**-.095**** (.044)
		Control variables		
N	218	218	218	218
Pseudo R^2	0.0596	0.0619	0.0602	0.0650

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01, standard errors in parentheses. Cut-off points not reported.

The last hypothesis focuses on labour market insiders and their possibilities to change their generosity preferences due to new information in comparing between regulatory and distributive aspects (table 7). Contrary to the expectations, regulative generosity overestimating insiders do less often ask for more generosity when getting their misperceptions corrected (1b). This effect is statistically significant on a 1 percent level, ceteris paribus, which matches at least with self-interest-hypotheses. This stands in contrast to the finding of those that overestimated the benefits: the coefficient is still positive, however, not statistically significant. In sum, **hypothesis 7** cannot be corroborated. However, the coefficients' signs switch in both comparisons or lose significance between the control and information group, which might be at least a hint that information actually influence preferences.

Table 7: Ordered logit regression results for insiders' preferences regarding the expansion of regulatory and distributive programme's generosity.

	Model 1a "Regulation"	**Model 1b** "Regulation"	**Model 2a** "Distribution"	**Model 2b** "Distribution"
Insider Control (overestimation)	.110 (.089)			
Insider Treatment (overestimation)		**-.272*** ** (.098)		
Insider Control (overestimation)			-.178 (.160)	
Insider Treatment (overestimation)				.096 (.158)
		Control variables		
N	431	431	431	431
Pseudo R^2	0.0095	0.0167	0.0859	0.0853

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01, standard errors in parentheses. Cut-off points not reported.

6. Conclusion and discussion of the results

What does the German population know about labour market programmes and which factors influence this knowledge? Does labour market knowledge differ between insiders and outsiders or different policy types? How does this knowledge correspond to individual preferences? Do those that over- or underestimate the facts tend to be in favour of more cuts or expansion in a systematic manner? Does new information change initially misinformed attitudes? This paper found answers on these research questions: In sum, Germans seem to be quite well-informed about labour market policies. However, there are differences regarding programmes as respondents know more about distributive than regulative programmes. Interestingly, they know the most about ALG1, less about the minimum wage, even less about Hartz IV, and the least about employment protection. In addition, there are statistically significant differences between insiders and outsiders, the latter being less informed about labour market programmes in general. This contradicts the assumptions about self-interest induced policy knowledge regarding insiders and outsiders. Apart from this, variables known from preference formation literature based on this self-interest still have statistically significant impact on policy knowledge. Moving to labour market preferences, the statistically significant effect of policy knowledge on preferences is striking: The more accurate the people's knowledge is, the more generosity and the less retrenchment they demand. More precisely, those who overestimate the generosity tend to favour its

retrenchment. Those who underestimate the generosity are more reluctant to its expansion.
Adding the insider-outsider-status to this finding, only few theoretically expected patterns become visible, e.g. underestimating outsiders show a statistically negative effect on generosity demands. A not expected, but interesting, result is that insider overestimating the regulatory generosity favour more retrenchment after treatment.
In sum, it becomes clear, that most people judge policies and guess their policy position regardless of their knowledge. However, the most important finding of the experimental design is that information treatments indeed shift short-time preferences. This enriches the literature as this offers insights in causality and not only in correlation.

However, the paper has its drawbacks: First of all, knowledge and preference formation are complex variables and consequently, this research faces the omitted variable problem. More control variables as postmaterialism or immigration background could be included (see Westle 2011). In addition, further work-related values and experiences (e.g. self-sufficiency, see Tosun et al. 2018: CUPESSE project; Tosun et al. 2019, but also Kraaykamp at al. 2019) as well stereotypes and prejudices, e.g. regarding unemployed, should be integrated (see Schwieren 2003). However, there is a trade-off regarding the quantity and quality of survey data as e.g. fatigue effects could affect the responses' quality even if more data is generated. Furthermore, it could be that attitudes and preferences are quite stable towards e.g. Hartz IV and new information could be searched and interpreted in order to fit with this preference as the literature on motivated reasoning suggests. Then, the causal effect would be reverse and this interpretation cannot be rejected. Second, a negative carry-over effect within the study design cannot be eliminated. Some respondents will feel tested in the knowledge quiz and in case of a bad performance, could be negative-minded. Third, the survey cannot distinguish between not informed and misinformed respondents. Last, but not least, the results only show the short-term effect of policy information but not the long-term effect on attitudes. The induced change of preferences can be interpreted as the temporary response to the stimulus. However, recent studies show that new information can have lasting effects on preferences (Becker 2019). Further research should focus on this long-term influence of new information. Furthermore, the ongoing corona pandemic is problematic as it can shift all preferences towards more security

as labour market and economy are suffering from severe changes. However, one could argue that this makes social security related labour market programmes more salient among the voters and, thus, everybody can judge on the basis of more information. The timing of the survey is also problematic, as the minimum wage and also the unemployment benefits rose on the 1st January. This new information might be not well distributed among the citizens yet. However, I argue that the salience of the topic in the media counteracts this bias.

In sum, the paper speaks to the existing literature in many ways as it corroborates the influence from policy knowledge on preferences and the explanatory factors for these two variables. The contribution of this paper goes along with important aims for future research: 1) As policy knowledge is still an under-investigated research field in Germany and data is missing, it is fruitful to investigate the interplay between knowledge and preferences based on new and well-structured data. Further research should develop more questions on policy knowledge and focus on a comparability between policy indices over time. 2) Analysing disaggregated data on policy knowledge regarding policy programmes, policy instruments, and different social groups, showed many nuances that are otherwise hidden when only focusing on respondents' spending preferences. Future research should take these nuances seriously. 3) The influence of new information seems to play an important role in changing short-time preferences. Future research should include more experimental designs to investigate this information effect in more detail.

In sum, the results show that policy knowledge is indeed a complex, and interesting variable for research and even for politics that we ourselves should know more and less guess about.

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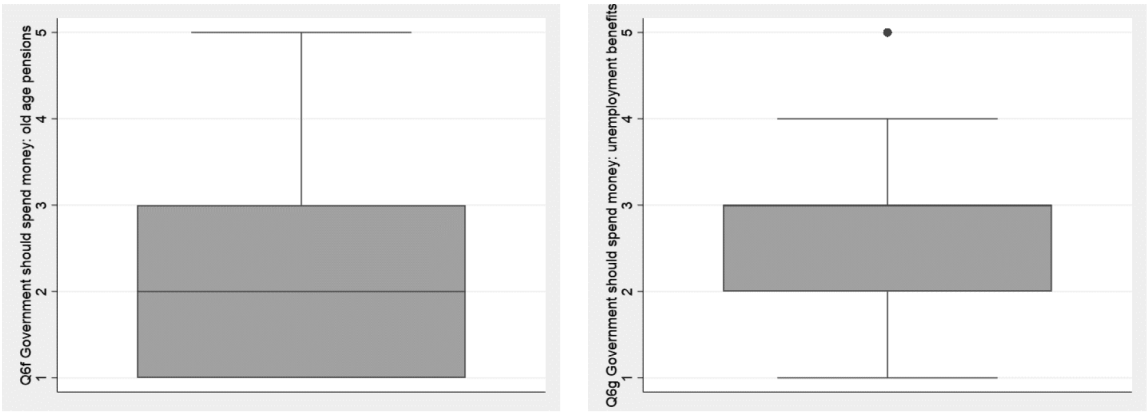
8. Online Appendix:

Appendix A: Additional data and information

Figure A1: Comparison between preferences regarding pensions and passive labour market policy in Germany.



Source: ISSP 2018, own illustration.

Table A1: Summary of the control variables.

Variable	Measurement	Mean (Standard Deviation)	Min	Max
Gender	Dummy; female=0, male=1	.501 (.500)	0	1
Education	Categorial; 1=without graduation; 2=Hauptschule, 3=Mittlere Reife/Realschulabschlus, 4=Fachhochschulreife, 5=Abitur, 6=University	4.115 (1.442)	1	6
Income	Categorial; household income 1=0€-1000€; 2=1000€-under 2000€; 3=2000€-under 3000€; 4=3000€-under 4000€; 5=4000€-under 5000€; 6=5000€-unter 7500€; 7=7500€-under 10000€; 8=over 10000€	3.353 (1.507)	1	8
Age	Categorial	44.519 (14.455)	18	69
Eco. Belief (Need)	Categorial; 1= I do absolutely agree, 2=I rather agree, 3=I partly agree/disagree, 4=I rather disagree, 5=I do not at all agree	2.670 (1.176)	1	5
Eco. Belief (Effort)	Categorial; 1= I do absolutely agree, 2=I rather agree, 3=I partly agree/disagree, 4=I rather disagree, 5=I do not at all agree	2.992 (1.137)	1	5
Partisan affiliation	Categorial; 1=Die Linke; 2=SPD; 3=Bündnis 90/Die Grünen; 4=FDP; 5=CDU/CSU; 6=AfD; 7=Andere	3.833 (1.409)	2	5

Figure A2: Frequency of correct answers given.

Index 0-25 (with Hartz IV sanctions) Index 0-20 (without Hartz IV sanctions)

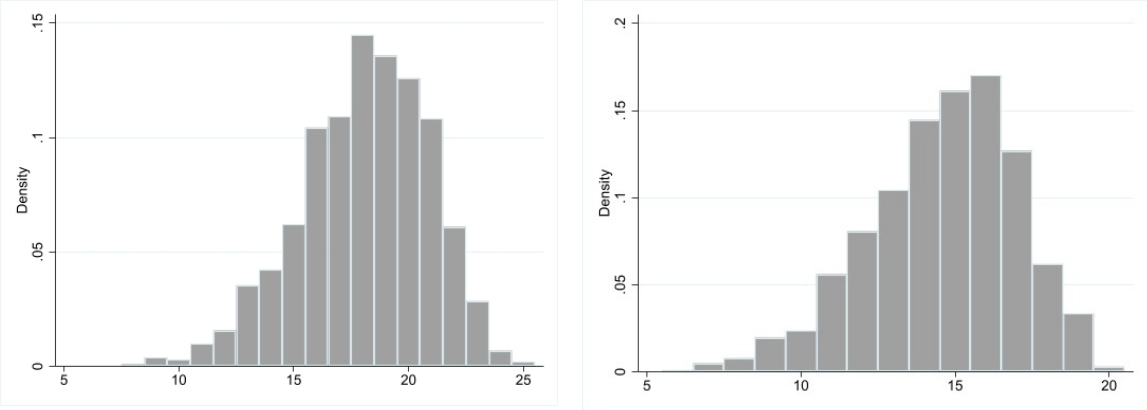


Table A2: Descriptive statistics comparing different labour market programmes.

	Mean	Standard Deviation	Min	Max	N
Knowledge Minimum Wage	3.819	.954	0	5	1016
Knowledge ALG I	3.944	1.007	1	5	1016
Knowledge Hartz IV	3.568	1.129	0	5	1016
Knowledge employment protection	3.269	.990	0	5	1016

Table A3: T-test for the difference between insiders and outsiders regarding policy knowledge.

	Observation	**Mean (Standard Error)**
Outsider	218	18.092
		(0.199)
Insider	431	18.510
		(0.132)
N	649	
difference		-0.419
diff < 0	diff!=0	diff > 0
Pr (T<t) = 0.0368	Pr (|T| > |t|) = 0.0737	Pr (T>t) = 0.9632

Table A4: Ordered logit regression results (model 1a and 2a = policy knowledge with Hartz IV sanctions; model 1b and 2b = policy knowledge without Hartz IV sanctions).

	Model 1a	**Model 2a**	**Model 1b**	**Model 2b**
Insider/Outsider	.026		.041	
	(.155)		(.156)	
Afraid of unemployment		-.223		-.139
		(.193)		(.194)
Age	**.016****	**.015*****	**.016****	**.016*****
	(.006)	(.005)	(.006)	(.005)
Gender	**.370****	**.391*****	.241	**.235***
	(.153)	(.130)	(.154)	(.130)
Political knowledge	**.129***	**.117***	**.128***	**.132***
	(.077)	(.068)	(.077)	(.068)
Income	.052	**.060****	**.060***	**.062****
	(.035)	(.028)	(.036)	(.028)
Interest in politics	.161	**.182****	**.173***	**.196****
	(.102)	(.086)	(.103)	(.086)
Frequency of pol. information	**-.355*****	**-.402*****	**-.351*****	**-.404*****
	(.094)	(.082)	(.095)	(.081)
Education	**.163*****	**.192*****	**.159*****	**.185*****
	(.051)	(.043)	(.051)	(.043)
Certainty (answers)	**-.952*****	**-.953*****	**-.971*****	**-.996*****
	(.109)	(.091)	(.110)	(.091)
N	649	874	649	874
Adj. R^2	0.0426	0.0515	0.0437	0.0540

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01, standard errors in parentheses.

Table A5: Robustness check: OLS-Regression for knowledge with interaction between oudsiderness and fear of unemployment.

One could argue, that outsiders do only have more policy knowledge if they feel insecure about their jobs. However, interaction effect between outsiderness and fear of unemployment do not reach statistical thresholds. The marginal effects plot confirms this non-finding (available from author upon request).

	Model 1 (DV: policy knowledge with Hartz IV sanctions)	**Model 2** (DV: policy knowledge without Hartz IV sanctions)
Insider/Outsider	.104	.132
	(.247)	(.215)
Afraid of unemployment	-.365	-.163
	(.340)	(.295)
Afraid of unemployment*outsiderness	-.274	-.283
	(.585)	(.508)
Age	**.024*** **	**.0211*** **
	(.007)	(.006)
Gender	**.525*** **	**.287***
	(.189)	(.164)
Political knowledge	**.162***	**.162***
	(.098)	(.085)
Income	**.090****	**.074****
	(.041)	(.035)
Interest in politics	**.234***	**.207***
	(.125)	(.108)
Frequency of pol. information	**-.532*** **	**-.464*** **
	(.116)	(.101)
Education	**.254*** **	**.206*** **
	(.062)	(.054)
Certainty (answers)	**-1.291*** **	**-1.144*** **
	(.124)	(.107)
Constant	**18.659*** **	**15.437*** **
	(.728)	(.632)
N	874	874
Adj. R^2	0.2027	0.1954

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01, standard errors in parentheses.

Table A6: T-test regarding retrenchment or expansion demands among insiders and outsiders.

	Observation	**Model 1 „Expansion"** Mean (Standard Error)	**Model 2 „Retrenchment"** Mean (Standard Error)
Outsider	218	3.229	2.344
		(.133)	(.119)
Insider	431	2.949	2.371
		(.092)	(.081)
N	649		
difference		.280	-.027
t-test			
diff < 0, Pr (T<t)		0.9598	0.4240
diff!=0, Pr (|T|> |t|)		0.0804	0.8481
diff > 0, Pr (T>t)		0.0402	0.5760

Table A7: Logit regression for the dependent variable policy preferences.

When splitting the dependent variable ranging from 0-10 (including Hartz IV sanctions) and generating a dummy (0=rather low interest in more generosity/more retrenchment when persons score from 0-4 on the index; 1=rather high interest in more generosity/more retrenchment when persons score from 5-10), the results regarding policy knowledge remain the same.

	Model 1 „Expansion"	**Model 2 „Retrenchment"**
Insider/Outsider	-.012	-.137
	(.241)	(.280)
Policy knowledge index	**.142*** **	**-.141*** **
	(.042)	(.045)
Age	-.010	.009
	(.010)	(.011)
Gender	.064	-.126
	(.233)	(.268)
Education	-.061	**-.181***
	(.080)	(.094)
Income	-.090	.081
	(.058)	(.062)
Economic belief (need)	**-.623*** **	.087
	(.107)	(.109)
Economic belief (effort)	**.509*** **	**-.295** **
	(.106)	(.123)
Partisan affiliation	.021	**.189** **
	(.078)	(.096)
Constant	**-3.273*** **	.606
	(.992)	(1.062)
N	649	649
Pseudo R^2	0.1589	0.0613

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01, standard errors in parentheses.

Table A8: OLS regression for the dependent variable policy preferences with beta-coefficients.

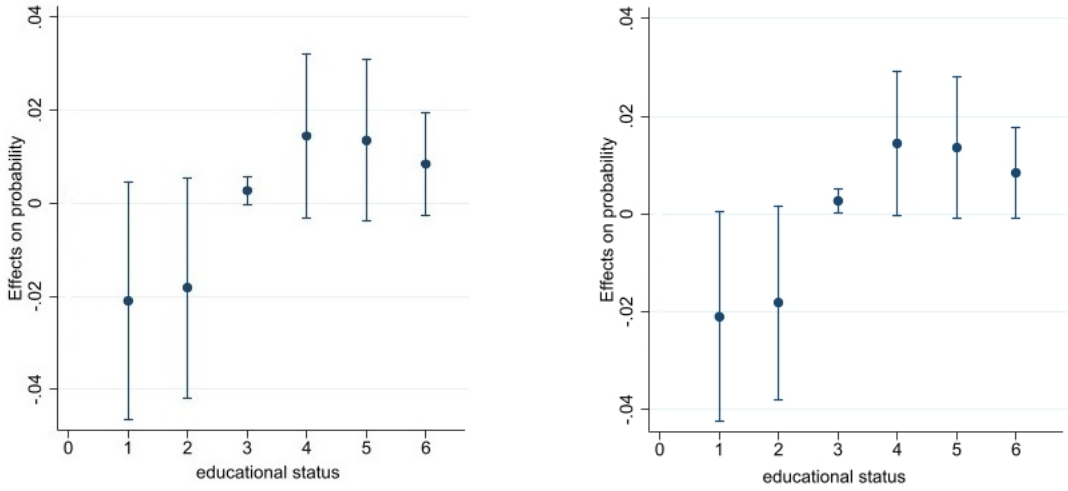
	Model 1 "Expansion"	**Beta-Coefficient**	**Model 2 "Retrenchment"**	**Beta-Coefficient**
Insider/Outsider	-.083	-.020	.010	.003
	(.154)		(.149)	
Policy knowledge index	**.083*** **	.121	**-.065*** **	-.107
	(.025)		(.024)	
Political interest	**-.218*** **	-.120	.036	.022
	(.073)		(.070)	
Age	**-.010***	-.063	.000	.000
	(.006)		(.006)	
Gender	-.036	-.009	-.091	-.027
	(.149)		(.144)	
Education	-.078	-.060	**-.125** **	-.108
	(.050)		(.049)	
Income	**-.064***	-.070	.034	.042
	(.035)		(.034)	
Economic belief (need)	**-.489*** **	-.302	**.152*** **	.106
	(.061)		(.059)	
Economic belief (effort)	**.332*** **	.191	-.100	-.065
	(.065)		(.062)	
Partisan affiliation	.019	.014	.015	.012
	(.050)		(.048)	
Constant	**3.592*** **		**3.777*** **	
	(.732)		(.706)	
N	649		649	
Pseudo R^2	0.1845		0.0274	

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01, standard errors in parentheses.

Figure A3: Average marginal effects of outsiderness on expansion preferences regarding different educational levels.

As argumented by Häusermann et al. (2015), I investigate whether there is a conditional effect of education on ousiders' preferences regarding expansion. The expected tendency that especially high-skilled outsiders have more generosity preferences can also be seen in the marginal effects' plots. Low levels of education (no degree or the lowest educational level) have rather negative effects on generosity preferences and higher levels of education (e.g. university degrees) show the tendency of positive effects. However, all these effects never reach statistical significance. This can be the result of the low number of cases in the different categories within the already small outsider group. Only at medium levels of education (in Germany:

"Realschule") and for the 90 percent confidence interval we see a statistically significant positive effect on generosity preferences.



Note: The lines show the 95-percent confidence intervals in the left figure, whereas the lines in the right figure show the 90-percent confidence intervals.

Table A9: Paired T-test for the difference in preferences regarding distributive and regulative aspects within the group of insiders.

	Observation	**Mean (Standard Error)**
Insider (distributive preferences)	431	2.023
		(.056)
Insider (regulative preferences)	431	.645
		(.041)
N	431	
difference		
diff < 0	diff!=0	diff > 0
Pr (T<t) = 1.0000	Pr (|T| > |t|) = 0.0000	Pr (T>t) = 0.0000

Figure A4: Boxplot for insiders' preferences for more generosity in regard to distributive aspects of labour market programmes (left) and regulative aspects (right).

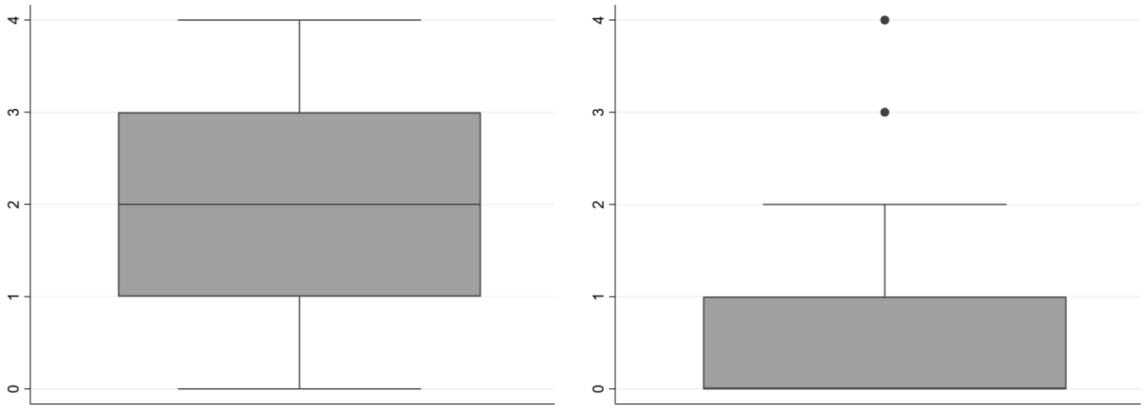


Table A10: Ordered logit regression results for the group of overestimating insiders' preferences regarding retrenchment of the programme's generosity (hypothesis 6a).

Variables	**Model 1**	**Model 2**
Insider Control (overestimation)	**.119*** (.066)	
Insider Treatment (overestimation)		-.045 (.065)
	Control variables	
N	403	403
Pseudo R^2	0.0187	0.0168

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01, standard errors in parentheses. Cut-off points not reported. Only insiders that overestimate (overestimation index > 0) are compared with each other.

Table A11: Ordered logit regression results for the group of underestimating insiders' preferences regarding retrenchment of the programme's generosity (hypothesis 6a).

Variables	**Model 1**	**Model 2**
Insider Control (underestimation)	.056 (.035)	
Insider Treatment (underestimation)		-.024 (.033)
	Control variables	
N	424	424
Pseudo R^2	0.0154	0.0045

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01, standard errors in parentheses. Cut-off points not reported. Only insiders that underestimate (underestimation index > 0) are compared with each other.

Table A12: Ordered logit regression results for the group of overestimating outsiders' preferences regarding expansion of the programme's generosity (hypothesis 6b).

Variables	**Model 1**	**Model 2**
Outsider Control (overestimation)	.019 (.092)	
Outsider Treatment (overestimation)		-.120 (.082)
	Control variables	
N	206	206
Pseudo R^2	0.0586	0.0612

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01, standard errors in parentheses. Cut-off points not reported. Only outsiders that overestimate (overestimation index > 0) are compared with each other.

Table A13: Ordered logit regression results for the group of underestimating outsiders' preferences regarding expansion of the programme's generosity (hypothesis 6b).

Variables	**Model 1**	**Model 2**
Outsider Control (underestimation)	-.036 (.044)	
Outsider Treatment (underestimation)		**-.098**** (.044)
	Control variables	
N	214	214
Pseudo R^2	0.0597	0.0646

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01, standard errors in parentheses. Cut-off points not reported. Only outsiders that underestimate (underestimation index > 0) are compared with each other.

Table A14: Ordered logit regression results for the group of overestimating the distributive generosity insiders' preferences regarding of distributive aspects of a programme's generosity (hypothesis 7).

Variables	**Model 1**	**Model 2**
Insider Control (overestimation)	-.164 (.162)	
Insider Treatment (overestimation)		.113 (.159)
	Control variables	
N	403	403
Pseudo R^2	0.0893	0.0889

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01, standard errors in parentheses. Cut-off points not reported. Only insiders that overestimate (overestimation index > 0) are compared with each other.

Table A15: Ordered logit regression results for the group of overestimating the regulatory generosity insiders' preferences regarding retrenchment of regulative aspects of a programme's generosity (hypothesis 7).

Variables	**Model 1**	**Model 2**
Insider Control (overestimation)	.137 (.091)	
Insider Treatment (overestimation)		**-.265***** (.100)
	Control variables	
N	403	403
Pseudo R^2	0.0120	0.0181

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01, standard errors in parentheses. Cut-off points not reported. Only insiders that overestimate (overestimation index > 0) are compared with each other.

Appendix B: Survey

Ruprecht-Karls-Universität Heidelberg • Institut für Politische Wissenschaft
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Fragebogen zum deutschen Arbeitsmarkt

In diesem Fragebogen interessieren wir uns für Ihre Meinung zu Arbeitsmarktprogrammen in Deutschland. Die ungefähre Dauer der Befragung beträgt **10-15 Minuten**.
Die Ergebnisse werden ohne Bezug auf Ihre persönlichen Daten in einer Forschungsarbeit an der Universität Heidelberg verarbeitet. Ihre Angaben werden **absolut anonym** und **vertraulich** behandelt und nicht an Dritte weitergegeben.
Bei Rückfragen können Sie sich jederzeit an die oben genannte E-Mail-Adresse wenden.
Wir bedanken uns für Ihre Teilnahme!

Instruktion:

Wir beginnen mit einem kurzen Wissensquiz über den deutschen Arbeitsmarkt. Wenn Sie sich nicht sicher sind bei einer Antwort, ist das nicht schlimm. Kreuzen Sie die Antwort an, die Sie für wahrscheinlich oder korrekt halten.

Ergänzung für beide Gruppen:

Recherchieren Sie bitte nicht zusätzlich im Internet nach Informationen, sondern beantworten Sie die Fragen einfach ganz spontan.

Zusätzliche Ergänzung für **Treatment-Gruppe**, die die Auflösungen zu ihren Fragen erhalten, an dieser Stelle bitte einfügen:

Wie bei einem normalen Quiz werden Sie nach jedem Themenblock direkt die Auflösungen erhalten, welche Antworten korrekt oder falsch waren. Sie können nach diesen Informationen einfach zu den nächsten Fragen weiterklicken.

Ergänzung für beide Gruppen:

Und los geht es mit dem Quiz!

Teil 1 - Wissensquiz über den deutschen Arbeitsmarkt

Wir beginnen mit einem kurzen Wissensquiz über den deutschen Arbeitsmarkt. Wenn Sie sich nicht sicher sind bei einer Antwort, ist das nicht schlimm. Kreuzen Sie die Antwort an, die Sie für wahrscheinlich oder korrekt halten.
Recherchieren Sie bitte nicht zusätzlich im Internet nach Informationen, sondern beantworten Sie die Fragen einfach ganz spontan.

Thema: Mindestlohn

Wie hoch ist der aktuelle gesetzliche Mindestlohn pro Stunde (seit Januar 2021)?

□ 8,50 Euro
□ 8,84 Euro
□ 9,50 Euro
□ 10,45 Euro
□ 11,35 Euro

Es gibt bestimmte Regulierungen, die den Mindestlohn betreffen. Bitte kreuzen Sie an, ob die folgenden Aussagen zu diesen Regulierungen des Mindestlohns richtig oder falsch sind.

	Richtig	Falsch
Der gesetzliche Mindestlohn darf unterschritten werden, wenn Arbeitnehmer und Arbeitgeber dies vereinbaren.	□	□
Der gesetzliche Mindestlohn gilt nicht für alle Arbeitnehmer, sondern es gibt Ausnahmen für bestimmte Personengruppen (z.B. Pflichtpraktikanten).	□	□
Der Mindestlohn gilt unabhängig von Staatsangehörigkeit und Wohnsitz des Arbeitnehmers, solange er in Deutschland tätig ist.	□	□
Der Anspruch auf den Mindestlohn wird im Krankheitsfall ausgesetzt.	□	□

Thema: Arbeitslosengeld I (kurz: ALG I)

Wie viel Prozent des vorherigen Nettogehalts erhält man in Deutschland als Arbeitslosengeld I (ALG I), wenn man keine Kinder hat?

□ 10%

□ 20%
□ 30%
□ 40%
□ 50%
□ 60%
□ 70%
□ 80%
□ 90%
□ 100%

Es gibt bestimmte Voraussetzungen, die Personen erfüllen müssen, damit sie Arbeitslosengeld I (kurz: ALG I) beziehen können. Bitte kreuzen Sie an, ob die folgenden Aussagen zu den Voraussetzungen zum ALG I richtig oder falsch sind.

	Richtig	**Falsch**
Eine Meldung der Arbeitslosigkeit bei der Bundesagentur für Arbeit ist eine notwendige Voraussetzung, um ALG I beziehen zu können.	□	□
Die Empfänger müssen mindestens 12 Monate in den letzten 30 Monaten vor der Arbeitslosigkeit beschäftigt gewesen sein.	□	□
Um ALG I zu erhalten, müssen Empfänger während der Beschäftigung vor der Arbeitslosigkeit in eine Arbeitslosenversicherung eingezahlt haben.	□	□
Privates Vermögen wird bei der Auszahlung von ALG I eingerechnet. Das heißt, dass man zuerst sein privates Vermögen einsetzen muss, bevor man ALG I beziehen kann.	□	□

Thema: Arbeitslosengeld II (kurz: ALG II oder Hartz IV)

Seit dem 01.01.2021 liegt der Hartz IV Regelsatz (Regelbedarf ohne z.B. Miete) für Alleinstehende pro Monat ...

□ unter 200 Euro
□ zwischen 200 Euro und 400 Euro
□ zwischen 401 Euro und 600 Euro
□ zwischen 601 Euro und 800 Euro
□ über 800 Euro

Es gibt bestimmte Voraussetzungen, die Empfänger erfüllen müssen, damit sie Anspruch auf Hartz IV haben. Kreuzen Sie an, welche Aussagen zu den Voraussetzungen richtig oder falsch sind.

	Richtig	Falsch
Erwerbsfähige Personen über 15 Jahren sind anspruchsberechtigt.	☐	☐
Empfänger müssen die deutsche Staatsbürgerschaft haben, um Hartz IV beziehen zu können.	☐	☐
Empfänger müssen vor der Arbeitslosigkeit in die Arbeitslosenversicherung eingezahlt haben.	☐	☐
Privates Vermögen wird bei der Auszahlung von Hartz IV eingerechnet. Das heißt, dass man zuerst sein privates Vermögen einsetzen muss, bevor man Hartz IV beziehen kann.	☐	☐

Um Leistungen zu beziehen, müssen die Hartz IV-Empfänger Pflichten erfüllen. Bitte kreuzen Sie an, ob die Aussagen zu diesen Pflichten richtig oder falsch sind.

	Richtig	Falsch
Die Empfänger müssen sich aktiv eine Arbeit suchen und persönlich erreichbar sein.	☐	☐
Die Empfänger müssen unaufgefordert alle privaten Ausgaben vollständig offenlegen.	☐	☐
Die Empfänger müssen eine zumutbare Maßnahme beziehungsweise Arbeit grundsätzlich annehmen.	☐	☐
Die Empfänger dürfen sich ausschließlich in der Bundesrepublik Deutschland aufhalten.	☐	☐

Was passiert, wenn Hartz IV-Empfänger ihre Pflichten nicht erfüllen?

☐ die Leistungen werden weitergeführt
☐ die Leistungen werden ausgesetzt
☐ die Leistungen werden gekürzt
☐ die Leistungen werden gestrichen

Thema: Kündigungsschutz

Durch den Kündigungsschutz ist festgelegt, unter welchen Bedingungen Arbeitnehmern gekündigt werden kann.

Ab wann greift der Kündigungsschutz?

□ während der Probezeit
□ nach der Probezeit

Es gibt bestimmte Bedingungen, unter denen der Kündigungsschutz gilt oder nicht gilt. Kreuzen Sie an, welche Aussagen zu den Bedingungen zum Kündigungsschutz richtig oder falsch sind.

	Richtig	**Falsch**
Der Kündigungsschutz gilt erst ab einer gewissen Größe des Betriebes (d.h. Anzahl der Mitarbeiter).	□	□
Der Kündigungsschutz gilt auch für Personen, die auf 450-Euro-Basis arbeiten (Minijob).	□	□
Der Kündigungsschutz gilt ausschließlich bei unbefristeten Arbeitsverträgen, das heißt für befristete Arbeitsverträge gilt der Kündigungsschutz nicht.	□	□
Der Kündigungsschutz gilt nicht für Schwangere und Personen in Elternzeit.	□	□

Abschließend die Frage: Wie sicher oder unsicher waren Sie sich bei der Beantwortung der Fragen?

□ sehr sicher
□ sicher
□ teils/teils
□ unsicher
□ sehr unsicher

Teil 2 - Angaben zu Ihrer Person

Bitte geben Sie Ihr Geschlecht an:
□ weiblich □ männlich □ divers □ keine Angabe

Bitte nennen Sie das Bundesland, in dem Sie derzeit wohnen:
_____ □ keine Angabe

In welchem Jahr sind Sie geboren?
_____ □ keine Angabe

Wie oft informieren Sie sich über Politik?
□ täglich
□ ein- oder mehrmals pro Woche
□ ein- oder mehrmals pro Monat
□ seltener
□ nie

□ keine Angabe

[FILTERFRAGE: Wenn etwas anderes als „Nie“ angegeben wird] Woher haben Sie die meisten Informationen über Politik?
□ Radio (inkl. Webradio)
□ Fernsehen (inkl. Mediathek)
□ Soziale Medien (z.B. Facebook, Twitter)
□ andere Internetquellen (z.B. E-Mail-Anbieter, Blog)
□ Zeitung (inkl. Onlineangebot)
□ persönliches Gespräch
□ andere Quelle und zwar _____

□ keine Angabe

Einmal ganz allgemein gesprochen: Wie stark interessieren Sie sich für Politik?
□ sehr stark
□ stark
□ mittelmäßig
□ weniger stark
□ überhaupt nicht

□ keine Angabe

Nun weiter mit der Erwerbstätigkeit und Ihrem Beruf. Was von dieser Liste trifft auf Sie zu?
□ Vollzeit berufstätig (mehr als 30 Stunden/Woche)
□ Teilzeit berufstätig (bis 30 Stunden/Woche)
□ Lehrling/Azubi
□ Schüler/Student
□ in Umschulung
□ zurzeit arbeitslos

□ zurzeit in Kurzarbeit
□ Bundesfreiwilligendienst, Freiwilliges Soziales Jahr (FSJ), Freiwilliges Ökologisches Jahr (FÖJ)
□ Pensionär/Rentner
□ in Mutterschutz/Elternzeit
□ nicht berufstätig (Hausfrau/Hausmann)

□ keine Angabe

[**FILTERFRAGE:** wenn Personen „Vollzeit" oder „Teilzeit" ankreuzen]: **Um was für ein Arbeits- und Angestelltenverhältnis handelt es sich dabei?**
□ regulär befristet
□ regulär unbefristet
□ Zeit-/Leiharbeit befristet
□ Zeit-/Leiharbeit unbefristet

□ keine Angabe

Befürchten Sie, in naher Zukunft arbeitslos zu werden oder Ihre Stelle wechseln zu müssen? (Ein freiwilliger Stellenwechsel ist hier nicht gemeint)
□ Nein
□ Ja, befürchte, arbeitslos zu werden
□ Ja, befürchte, Stelle wechseln zu müssen

□ keine Angabe

Bei der Bundestagswahl haben Sie ja zwei Stimmen, eine Erststimme und eine Zweitstimme. Wie ist das eigentlich, welche der beiden Stimmen ist ausschlaggebend für die Sitzverteilung im Bundestag?
□ die Erststimme □ die Zweitstimme □ Beide Stimmen sind dafür gleich wichtig
□ Weiß nicht

In Deutschland neigen viele Leute längere Zeit einer bestimmten politischen Partei zu, obwohl sie auch ab und zu eine andere Partei wählen. Wie ist das bei Ihnen: Neigen Sie - ganz allgemein gesprochen - einer bestimmten Partei zu?
□ Ja □ Nein □ keine Angabe

[FILTERFRAGE, wenn Ja:] Wenn ja, welcher Partei neigen Sie zu?
□ CDU/CSU
□ SPD
□ FDP
□ Bündnis 90/Die Grünen
□ AfD
□ Die Linke
□ anderer Partei, und zwar: _____

□ keine Angabe

Welchen höchsten Bildungsabschluss haben Sie erreicht?
□ Schule beendet ohne Abschluss
□ Hauptschul-/Volksschulabschluss

□ Mittlere Reife/Realschulabschluss
□ Fachhochschulreife (Abschluss einer Fachoberschule)
□ Abitur (Hochschulreife)
□ Universitäts-/Fachhochschulabschluss
□ anderer Abschluss, und zwar: _____
□ bin noch Schüler

□ keine Angabe

Wie hoch ist das monatliche Netto-Einkommen Ihres Haushaltes insgesamt? Damit ist die Summe gemeint, die nach Abzug der Steuern und Sozialversicherungsbeiträge übrigbleibt.
□ 0 € bis unter 1.000 €
□ 1.000 € bis unter 2.000 €
□ 2.000 € bis unter 3.000 €
□ 3.000 € bis unter 4.000 €
□ 4.000 € bis unter 5.000 €
□ 5.000 € bis unter 7.500 €
□ 7.500 € bis unter 10.000 €
□ über 10.000 €

□ keine Angabe

Bitte kreuzen Sie an, inwieweit Sie den folgenden Aussagen zustimmen oder nicht zustimmen:

	Stimme voll und ganz zu	**Stimme eher zu**	**Stimme zum Teil zu/zum Teil nicht zu**	**Stimme eher nicht zu**	**Stimme gar nicht zu**
Das Einkommen sollte sich nicht allein nach der Leistung des Einzelnen richten. Vielmehr sollte jeder das haben, was er mit seiner Familie für ein anständiges Leben braucht.	□	□	□	□	□
Nur wenn die Unterschiede im Einkommen und im sozialen Ansehen groß genug sind, gibt es auch einen Anreiz für persönliche Leistungen.	□	□	□	□	□

Teil 3 - Arbeitsmarktrelevante Präferenzen

Abschließend interessieren wir uns für Ihre Meinung zu einzelnen Aspekten der Arbeitsmarktprogramme. Ihre Antworten auf unsere Fragen können nicht richtig oder falsch sein. Manche Menschen haben keine klare Meinung oder sind sich nicht sicher, wie sie manche Aspekte beurteilen sollen. Auch wenn Sie unsicher sind oder keine klare Meinung haben, interessieren wir uns im Rahmen der Forschung für die Beurteilung einiger Aussagen. Deshalb beantworten Sie bitte auch die folgenden Fragen am besten ganz spontan.

Wir starten mit Ihrer Meinung zum Thema „Hartz IV“:
Der Regelsatz von Hartz IV für Alleinstehende sollte...
□ erhöht werden
□ beibehalten werden
□ gekürzt werden

Die Voraussetzungen, um Hartz-IV beziehen zu können, sollten...
□ ausgebaut werden
□ beibehalten werden
□ reduziert werden

Die Pflichten für Hartz IV-Empfänger sollten...
□ ausgebaut werden
□ beibehalten werden
□ reduziert werden

Die Kürzungen für Hartz IV-Empfänger, die ihre Pflichten nicht erfüllen, sollten...
□ ausgebaut werden
□ beibehalten werden
□ reduziert werden

Nun kommen wir zum zweiten Themenbereich: der Mindestlohn.
Der gesetzliche Mindestlohn sollte...
□ erhöht werden
□ beibehalten werden
□ gekürzt werden

Die Regulierungen des Mindestlohns, z.B. Ausnahmen von Personengruppen, sollten...
□ ausgebaut werden
□ beibehalten werden
□ reduziert werden

Als nächstes kommen wir zu Ihrer Meinung zum Thema „Arbeitslosengeld I“.
Der prozentuale Anteil des vorherigen Gehalts, was man als ALG I beziehen kann, sollte...
□ erhöht werden
□ beibehalten werden
□ gekürzt werden

Die Voraussetzungen, um ALG I zu erhalten, sollten...
□ ausgebaut werden
□ beibehalten werden
□ reduziert werden

Als letztes möchten wir Ihre Meinung zum Kündigungsschutz erfahren.
Der Beginn des Kündigungsschutzes sollte...
□ früher einsetzen
□ beibehalten werden
□ später einsetzen

Die Bedingungen bzw. die Voraussetzungen, die erfüllt sein müssen, sodass der Kündigungsschutz gilt und somit eine Kündigung schwieriger wird, sollten...
□ ausgebaut werden
□ beibehalten werden
□ reduziert werden

Haben Sie noch weitere Punkte zum Thema Arbeitsmarkt, welche Sie uns gerne mitteilen würden?

Herzlichen Dank für Ihre Teilnahme!

Part D: Paper 3

There is power in a union? Union members‘ preferences and the conditional effect of labour unions on left parties in different welfare state programmes

Abstract

This article studies the effect of labour unions on policy-making in six different parts of the welfare state (passive and active labour market policy, employment protection, old-age pensions, health care, and education) in OECD countries after 1980 with a two-level strategy: At the micro-level, we investigate union members' preferences. Ordered logit regression analyses indicate that union members favour generous social policies more strongly than non-members. Moreover, this effect is stronger for programmes closely related to the labour market than for programmes without a strong labour market link. At the macro-level, we investigate the conditional effect of unions on left parties expecting the former to push the left towards more generous labour market-related (but not towards less-labour market-related) programmes. Regression analyses essentially provide evidence for such a relationship. Overall, unions have been powerful in promoting their members' social policy preferences via left parties in government but their power is recently vanishing.

Keywords: labour unions, welfare state, partisan politics

1. Introduction

For a long time, labour unions and left parties have been found to be natural allies when it comes to the promotion of working-class interests (see, e.g., Korpi 1983; Stephens 1979). However, they do not act at the same level of representation. Unions as intermediary organisations are often understood as the major linkage between the

welfare state preferences of (organised) workers at the micro-level and the social policy-making of left parties in government at the macro-level. This article aims at an empirical evaluation of this mechanism in times of tremendously declining union membership. In investigating this relationship, we answer the following research questions: What exactly are the welfare state preferences of union members and how effective are labour unions in pushing left parties[43] to be responsive to union members' interests in different parts of the welfare state?

What can we learn from existing literature? At the level of individual welfare state preferences, studies often include union membership but mostly only as a control variable. Quite consistently, union members favour more redistribution or higher aggregate social spending (e.g. Cusack *et al.* 2006; Finseraas 2009; Häusermann *et al.* 2016; Iversen and Soskice 2001; Kitschelt and Rehm 2014; Mosimann and Pontusson 2017; Rehm 2009). Furthermore, they prefer more government intervention and higher spending on individual social policies (e.g. Busemeyer and Neimanns 2017 for unemployment support and childcare; Engler and Zohlnhöfer 2019 for industrial aid and market regulation; Gingrich and Ansell 2012 for health care, and unemployment support; Häusermann *et al.* 2016 for job creation). However, what this group of studies lacks is a systematical comparison of union members' preferences across various disaggregated welfare state programmes.

When it comes to the macro-level and unions' direct impact on policy-making, labour power mostly has a positive effect on unemployment benefits (e.g. Jensen 2012a), active labour market policies, and employment protection (e.g. Rueda 2006 for both indicators). However, it has no impact on (or even negatively affects) old-age provision and health care spending (e.g. Jensen 2012a). Regarding the conditional effect of labour unions on left parties, the literature is fairly thin: For aggregated data, some studies provide evidence for a positive conditional relationship (Hicks *et al.* 1989) or show that unions push left parties to globalisation-induced welfare state expansion (Garrett 1998; Kwon and Pontusson 2010). For disaggregated data, existing empirical evidence is even thinner: Only recently, Swank (2020) shows that strong unions reinforce the left's positive effect on minimum income protection and active labour market policies,

[43] We conceptualise left parties as those parties that historically have strong ties to the labour movement, i.e. social democrats and socialists. Häusermann (2010) and others call this group of parties the 'old left' in contrast to the 'new left' that is much more libertarian and that is much less characterised by working-class voters, such as green parties.

and Engler (2021) reports that labour power conditions left parties‘ reactions to globalisation regarding unemployment benefits. Besides, Zohlnhöfer, Wolf, and Wenzelburger (2013) provide evidence that in the 1990s, left parties have rather reduced pension generosity with increasing union density. Yet, the dependent variables being studied in the existing literature are not representative for the welfare state in general. Therefore, what the existing literature lacks is a theoretical elaboration and a simultaneous empirical test of the intermediary role of labour unions and their impact on left parties in government across several welfare state programmes.

This article aims at filling these gaps and contributes to the existing literature in a number of ways: Firstly, we study every step of the causal mechanism that runs from labour union members to social policy-making. This is, to the best of our knowledge, the first article that explicitly connects the macro-level (unions' effect on left parties' social policy-making) to its micro-foundations (union members' welfare state preferences). Secondly, we systematically compare various programmes. This allows drawing a broader picture than studying individual welfare state policies separately. To this end, leaning on Jensen's (2012a) categorisation, we deduce and test theoretical expectations for both programmes that are close and programmes that are less close to the labour market as well as both policies of income protection and policies of activation. Overall, our findings have more general implications regarding labour unions' role as intermediary organisations between workers' (and other employees') interests and left parties in government by learning whether unions are able to effectively push the left to satisfy their members' preferences.

We proceed as follows: In the next section, we discuss theoretically how the social policy preferences of union members should look like, why labour unions should care about their members' preferences, and why left parties should be responsive to labour unions. Subsequently, we present a two-step empirical analysis. Firstly, we analyse the social policy preferences of union members. Secondly, we investigate the conditional effect of labour power on left parties in different welfare state programmes. The final section concludes.

2. Theory

Before outlining our theoretical arguments on union members' preferences and unions' impact on left parties' social policy-making, we discuss our choice of welfare state programmes. In order to distinguish between the wide range of programmes, we primarily lean on Jensen (2012a, b), who separates labour market-related from life course-related programmes without a strong link to the labour market. In addition, we further subdivide these categories and make use of the differentiation between income protection and activation measures (see, e.g., Häusermann 2012). As we elaborate in the following, these dimensions allow deducing arguments on the social policy preferences of labour unions and their members. In order to paint a broad picture of welfare state policies, our study includes six programmes. With regard to labour market-related programmes, we investigate employment protection as well as passive and active labour market policies. Concerning less-labour market-related policies[44], we look at old-age pensions, health care, and education. This choice of programmes allows investigating a wide spectrum of welfare state areas and gives an idea of what kind of programmes union members exactly prefer and what unions should stand up for in their interaction with left parties.

While studying the relationship between labour unions, left parties, and the welfare state at the macro-level is popular among scholars, connecting such cross-country analyses to their micro-foundations is largely unexplored. However, questions such as 'Which social policies do union members actually prefer?' and 'Why should left parties in government be responsive to the demands of labour unions at all?' are relevant questions that need to be addressed before investigating the interplay between labour power and left parties. To this end, we assume that unions have a certain self-interest: They are member-seeking and -maintaining and, thus, have to act in accordance with their (potential) members' preferences in order to claim credit for their implementation (see also Jensen 2012a). Even if unions prefer more generous welfare state policies in general, they face a first trade-off where to employ their own scarce

[44] Terms like 'less' or also 'not primarily' are rather simplistic and are used for convenience only. Of course, pension generosity usually depends on an individual's previous position in the labour market. Not least, programmes may be financed by taxes or by social security contributions with the latter being relatively closer to both individuals' labour market position and labour market developments in general. Nonetheless, we argue that the social risks that pensions, health care, and education address are rather life course-related (see also Jensen 2012a, b) and less closely related to the labour market than passive and active labour market policies or employment protection.

human resources as well as a second trade-off concerning the expansion of which programmes to demand from their left allies in government, who, in turn, have to deal with fiscal constraints. Hence, we expect unions to focus on those social policy fields that are of prior interest to their members, namely programmes that are related to their labour market status.

To be clear, unions are not necessarily unitary actors and union members may very well have different social policy preferences. On the one hand, for example, Arndt (2018) argues that the preferences of white-collar workers should differ from those of blue-collar workers (against vs. in favour of more redistribution and intervention) and, thus, there are different union federations representing these varying preferences resulting from differences in the composition of their membership. Similarly, Nijhuis (2009, 2011) reports that the union structure affects its position towards social policy. On the other hand, we know that at least parts of the white-collar group (socio-cultural (semi-) professionals) tend to support redistribution (Kitschelt and Rehm 2014) or share the same policy positions regarding cuts in public spending as blue-collar workers (Engler and Zohlnhöfer 2019), and we know that union members – even when controlling for income or public employment – support more redistribution (e.g. Häusermann *et al.* 2016; Kitschelt and Rehm 2014) and the generosity of programmes that rather target low-income groups, such as unemployment benefits or subsidies (Busemeyer and Neimanns 2017; Gingrich and Ansell 2012). Moreover, we argue that differences between the social policy preferences of blue- and white-collar union members may only exist for labour market-related programmes rather than for programmes that are not primarily labour market- but rather life course-related. While both groups should benefit from an expansion of the latter, the former particularly target the needs of the more vulnerable blue-collar workers (see also Svallfors 2004). Furthermore, it is also possible that union membership comes along with the internalisation of egalitarian norms – even among their white-collar, high-income members (Mosimann and Pontusson 2017).

Turning to the question on union members' preferences, we fall back on the dimensions discussed before. This allows painting a more fine-grained picture than previous literature's finding that union members generally demand for more generous social policies (e.g. Busemeyer and Neimanns 2017; Gingrich and Ansell 2012): We argue that union members (compared to non-members) prefer those social policy

programmes that are the closest to their organisational affiliation.[45] As unions particularly operate in labour market-related policy fields, we expect their members to have strong preferences regarding passive as well as active labour market policy and regarding employment protection legislation. Conversely, the impact of union membership should be rather small when it comes to not primarily labour market- but rather life course-related policies, expecting such issues to be equally relevant for both members and non-members. However, when it comes to policies without a strong link to the labour market, we expect different logics for the three programmes under investigation, as it should be additionally relevant whether a measure aims at income protection or at activation. The argument being that union members are interested in securing their economic status quo. Accordingly, we expect that those policies of this category that provide social security to individuals in need most directly and that ensure future benefits in the case of need are characterised by a stronger support of union members than activation programmes. This should be particularly the case for old-age pensions but also for health care. While the former provides future benefits in general and income protection in particular, the latter provides benefits in the case of need, too, but with no element of income protection.[46] In contrast, activation policies such as education provide no or rather few future benefits for union members, as most of them have completed their training periods in the past. Thus, their self-interest in encompassing education policies should be rather low. In sum, we expect union members to favour labour market-related programmes over less-labour market-related programmes with future benefits over less-labour market-related programmes without future benefits. Correspondingly, our micro-level hypothesis reads as follows: The effect of union membership is the strongest when it comes to passive and active labour market policy as well as employment protection and it is stronger for old-age pensions and (to a smaller extent) health care than for education.

[45] One could object that individuals should have certain social policy preferences before becoming union members and that these preferences are the reason for their membership in the first place (e.g. Checchi *et al.* 2010; Cusack *et al.* 2006). Yet, as others have shown (see, e.g., Ahlquist and Levi 2013; Kim and Margalit 2017; Pontusson and Rueda 2010), union membership itself transforms or at least sharpens individuals' preferences through socialisation processes or the provision of information. We assess the possibility of reversed causality in more detail in the micro-level analysis.

[46] Of course, sick pay is an important but fiscally rather minor part of health care policies aiming at income protection of individuals being currently employed. Hence, this part of health care should rather follow the pattern of labour market-related programmes. We come back to this argument in our macro-level analysis.

Why and by whom should these preferences be translated into policies? Our argument builds on the strong link between the micro- and macro-level, namely individuals and their organisation in labour unions on the one hand and left parties on the other hand. There is a broad literature on the disintegrating link between the working-class and the left, identifying two trends: First, the number of (both organised and non-organised) workers rapidly declines due to changes in the economy and the occupational structure (e.g. Oesch 2006). Second, the social structure of left parties' electorate has changed with the share of workers decreasing over the last decades (e.g. Kitschelt 1999; Oesch and Rennwald 2018). As a consequence, and assuming that left parties are primarily office-seeking because they can influence policies more effectively when being in office, they have to mobilise more than only their (former) core constituency. Accordingly, a priori, left parties might have an electoral incentive to implement those welfare state policies that not only address the needs of workers and other employees but that appeal to broad voter segments (see also Jensen 2012a). Still, we expect the effect of left parties on social policies to be conditioned by workers' organisational representation for several reasons: Firstly, these two organisations have been found as natural allies, with the left representing the interests of workers and other employees for decades (e.g. Garrett 1998; Korpi 1983; Stephens 1979). Secondly, union members have just until recently been more supportive (voters) of left parties (e.g. Arndt and Rennwald 2016; see also Ramiro (2016) for the support of radical left parties). Hence, from a vote- and office-seeking perspective, it is electorally rewarding for the left to be responsive to unions' social policy claims even in times of socio-structural changes within their electorate. Thirdly, the literature also shows that strong unions push left parties to adopt more leftist policy positions (Pontusson and Rueda 2010), and it is plausible to assume that, ultimately, these more leftist positions result in more leftist policies when the left is holding office. Therefore, in accordance with our micro-level expectations and based on the assumption that labour unions

transfer their members' preferences into the political arena[47], we argue that the conditional effect of unions on left parties differs between labour market-related and not primarily labour market-related policies. For the former group of policies, we hypothesise that the effect of left parties increases with labour union power. This should hold true for passive and active labour market policy as well as for employment protection legislation. While some scholars argue that labour unions mostly represent labour market insiders (Rueda 2005, 2006) and, hence, should particularly push for employment protection of regular contracts, others expect the representation of outsider interests to increase with union density (Becher and Pontusson 2011; Martin and Swank 2012; Swank 2014), which should, in turn, rather result in a conditional effect of labour power on left parties when it comes to the employment protection of temporary contracts. Yet, we expect no substantial differences between these two categories of employment protection, arguing that, first and foremost, employment protection legislation is a regulatory policy.[48] Thus, the trade-off regarding invested resources is smaller than when it comes to (re-)distributive policies. Accordingly, in theory, employment protection can be improved for both regular as well as temporary contracts simultaneously. Conversely, we hypothesise that the effect of left parties is not conditioned by labour union power when it comes to less-labour market-related policies, as we expect such programmes to be of minor concern to union members. In addition, unions facing a trade-off where to employ their own resources should rather focus on policies that are most directly related to their organisational raison d'être than on policies that are less targeted on their members.

[47] Of course, unions do not only function as "transmission belts" (Jensen 2012a: 221) but also act in their own self-interests (see also Pontusson 2013: 799). However, our assumption is based on Jensen's argument (2012a: 221): Unions, and especially union leaders, are interested in gaining and maintaining members, as spoils are provided by a large membership, which is similar to the benefits of political parties when gaining office. To achieve this goal, unions fight effectively for their current and future members' preferences in the visible political arena. Additionally, unions failing to represent workers' interests may face decreasing membership and, in turn, lower organisational power resources. Empirically, previous studies have shown that union members not only favour redistribution (e.g. Häusermann *et al.* 2016; Kitschelt and Rehm 2014; Mosimann and Pontusson 2017) but that unions successfully represent these preferences in the political arena, especially up until the 1990s (Iversen and Soskice 2006; Pontusson 2013).

[48] Of course, employment protection includes (re)distributive elements, such as, e.g., severance payments, too. However, relying on the OECD's (2019) Employment Protection Legislation indicator's dimensions, there are more regulatory elements included, such as, e.g., notification procedures in the case of individual dismissal of a worker with a regular contract, delay involved before notice can start, and a definition of unfair dismissal.

3. Micro-level analysis: union members' social policy preferences

3.1 Method and data

We test our micro-level hypothesis for 13 OECD countries[49] using all waves of the International Social Survey Programme's (ISSP) Role of Government data set. We use five waves, namely 1985, 1990, 1996, 2006, and 2016 (ISSP 1986, 1992, 1999, 2008, 2018).

As our investigation units are individuals, our dependent variables are their social policy preferences. More precisely, we use ISSP questions with five response categories asking whether the government should spend more or less for health care, pension, education, and unemployment benefits. For easier interpretation, we re-code the categories originally ranging from 1 (spend much more) to 5 (spend much less) into 1 (spend much less) to 5 (spend much more). The most accurate indicator to operationalise active labour market policy is whether it is the government's responsibility to provide a job for everyone.[50] We also re-code the four categories of this indicator in a more intuitive way from to 1 (definitely should not be) to 4 (definitely should be). Unfortunately, there is no data available regarding employment protection legislation preferences.

Our independent variable is an individual's present labour union membership operationalised as a dummy variable (1=member; 0=non-member).

We include several control variables. We control for age in years. Sex is added as a dummy-variable (1=male; 0=female). Education is measured by an individual's degree in several categories. We test for the effect of religiosity by adding a dummy variable with the value 0 if individuals do not attend any religious services and the value 1 if individuals do so. Additionally, we included a country-specific standardised (z-transformed) income variable.[51]

[49] Belgium, Denmark, Finland, France, Germany, Japan, New Zealand, Norway, Spain, Sweden, Switzerland, the United Kingdom, and the United States. The exact sample of countries varies between the different Role of Government waves (see online appendix).

[50] Although this indicator is suboptimal, it is the most appropriate one in the Role of Government questionnaire for our research interest. We argue that the provision of a job includes offering training programmes and other active labour market policies in order to provide a job for everyone.

[51] Descriptive statistics for the independent variables are summarised in appendix table A25.

As our dependent variables are ordinal, we run pooled ordered logit regressions.[52] All models include country as well as wave dummies and robust standard errors clustered by country.

3.2 Empirical Results

What do the social policy preferences of union members actually look like? Table 1 shows the results of the pooled ordered logit regressions. Firstly, we have a closer look at the control variables, which either show the expected sign or do not reach statistical significance: Women more strongly support generous social policies, as they have a higher labour market vulnerability and a higher risk to become dependent on social security programmes (see also Häusermann *et al.* 2016). High income negatively affects preferences for more intervention as those individuals are more independent from the welfare state. The same holds true for a higher educational degree. Reversely, a higher age comes along with stronger welfare state preferences. In sum, these effects corroborate recent literature on preference formation, in which these findings are explained by self-interest as those people with lower educational degrees, lower income, higher age, and women have a higher risk to become dependent on social programmes.

Table 1: Results of the pooled ordered logit regressions

	Passive labour market policy	Active labour market policy	Health care	Pension	Education
Union member	0.361***	0.247***	0.248***	0.181***	0.097**
	(0.067)	(0.026)	(0.046)	(0.051)	(0.042)
Sex	-0.162***	-0.267***	-0.285***	-0.198***	-0.086**
	(0.047)	(0.042)	(0.054)	(0.046)	(0.039)
Age	0.004***	-0.000	0.002**	0.008***	-0.001
	(0.001)	(0.001)	(0.001)	(0.003)	(0.001)
Religion	-0.204***	-0.084	-0.196***	0.147***	-0.212***
	(0.064)	(0.063)	(0.033)	(0.043)	(0.055)
Income	-0.240***	-0.271***	-0.158***	-0.219***	-0.012
	(0.031)	(0.027)	(0.033)	(0.029)	(0.023)
Education	-0.092***	-0.176***	-0.081***	-0.197***	0.097***
	(0.032)	(0.025)	(0.028)	(0.030)	(0.021)
Observations	34,743	34,508	35,418	35,003	35,217
Pseudo R^2	0.061	0.061	0.049	0.047	0.036

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01; standard errors clustered by country in parentheses; cut-off points, country dummies, and wave dummies not reported.

[52] We refrain from applying multi-level analyses because our small sample of countries could bias confidence intervals (see Stegmueller 2013 for details).

With regard to our main variable of interest, union membership has a statistically significant positive effect on individual preferences in all policy fields. Accordingly, union members favour generous social policies more strongly than non-members. These findings are perfectly in line with previous studies reporting that union membership affects individuals' preferences on unemployment support, job creation, or health care (e.g. Busemeyer and Neimanns 2017; Gingrich and Ansell 2012; Häusermann *et al.* 2016).[53]

In order to investigate our micro-level hypothesis more explicitly, we check whether our expected order of preferences can be corroborated, i.e. that the impact of union membership on programmes closely connected to the labour market is stronger than on less labour market-related programmes and that the effect on less-labour market-related programmes is stronger for those that provide future benefits than for those that do not. To this end, we estimate average marginal effects of union membership for binary logistic regression models. We dichotomise our dependent variables coding 1 for the categories "spend more" and "spend much more" and coding 0 for the categories "spend less" and "spend much less" for the indicators on passive labour market policy, health care, pensions, and education. For the active labour market policy indicator, the response options "probably should be" and "definitely should be" are coded 1 and the options "probably should not be" and "definitely should not be" are coded 0. Accordingly, the number of observations drops substantially for most indicators, as we exclude the middle category ("spend the same"). We decided to exclude this category when focusing on differences between the various programmes for several reasons: Firstly, while all but one of the original dependent variables include a middle category, the original active labour market policy indicator does not. Thus, our coding decision leads to a better comparability between the programmes. Secondly, we argue theoretically that the middle category has no substantial claim for our analysis and should not shift partisan effects and unions' actions. Thirdly we follow existing literature due to comparability (see, e.g., Häusermann *et al.* 2016), and fourthly,

[53] We assess the possibility of reversed causality by running logistic regressions with union membership as dependent variable and social policy preferences as independent variable. Our findings suggest that we cannot rule out that causality is reversed (see online appendix table A1), as preferences for more generous state interventions are statistically significant determinants of union membership. By far, however, this result is no unequivocal proof of reversed causality because there is no temporal dimension in our data that allows concluding that the social policy preferences antecede union membership.

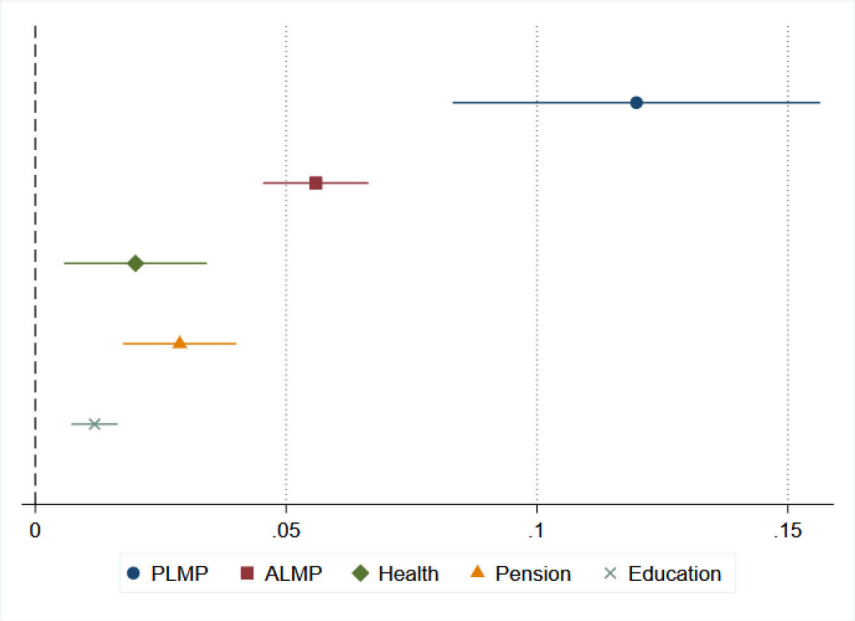
presenting average marginal effects from logistic regressions allows for an easier and more intuitive presentation.

Figure 1 shows the average marginal effects of union membership and their confidence intervals in different programmes. All coefficients are statistically significant, indicating that union membership enhances the chance to be in favour of more generous state intervention for all social programmes (for the regression results, see online appendix table A2). However, the size of the average marginal effect differs substantially across programmes. Regarding passive labour market policy, union membership increases the chance to be in favour of more spending by about twelve percentage points, while for active labour market policy, it is increased by six percentage points. Conversely, the average marginal effect of union membership is much smaller for health care, pensions, and education, ranging between one and three percentage points. Interestingly, the confidence intervals of active and passive labour market policy do not overlap, with the coefficient for passive labour market policy being significantly higher. This result indicates that union members focus on income replacement more than on activation, even in the field of labour market-related programmes. Furthermore, the confidence intervals of these two programmes do not overlap with the programmes being not closely related to the labour market. This corroborates our micro-level hypothesis. Indeed, union membership has a stronger effect on active and passive labour market policies than on health care, pension, and education. Moreover, results substantiate the hypothesised differences between the latter three programmes: Non-overlapping confidence intervals show that union membership has a significantly stronger effect on preferences for old-age pensions (future benefits and income protection) than on preferences for education (no future benefits and activation). In contrast, the confidence interval for health care preferences overlap with the interval of pension and education, which perfectly reflects our line of reasoning that the income-protective element of this programme is much smaller than that of old-age pensions.

In sum, the order of preferences in figure 1 fits perfectly with the existing literature: The median voter indeed has higher preferences for health care as the risk to become in need of that measure is not predictable. At the same time health care and other life course-related programmes such as education for middle- and high-income earners are (almost) as popular as for low-income earners. Thus, the non-existing or less clear differentiation for life course-related programmes as well as the gap between these

programmes and labour-market-related programmes reflects the theoretical arguments and the macro-level results in other studies, most notably Jensen (2012b).

Figure 1: Marginal effect of union membership on individuals' social policy preferences



Notes: The average marginal effects are taken from the regression results in table A2 in the online appendix. The lines show the 95-percent confidence intervals. PLMP = passive labour market policy; ALMP = active labour market policy.

As robustness checks, we specify several re-estimations (see online appendix tables A3 to A12). Firstly, we use a different measurement of religiosity (belonging to a religious group). We see that the effects remain the same and that religious respondents tend to ask for less generosity. Secondly, we additionally include partisan left-right orientation (scaled from 1=far left to 5=far right). Results remain almost the same but the positive effect for education misses conventional significance levels, which at least corroborates our theoretical expectations regarding the lower importance of less-labour market-related policies without future benefits for union members. However, the partisan variable corroborates the theoretical expectation: Left voters are significantly more in favour of higher generosity than right voters. Thirdly, we focus on those individuals that are currently employed and use their belonging to a social class based on their job and their educational level as indicator for the economic status (instead of income). To this end, we follow previous studies (Engler and Zohlnhöfer 2019; Gingrich and Häusermann 2015) that distinguish four social classes that are

based on Oesch's (2006) classification of ISCO codes into several categories of work logics and skills. We find out that the effect of union membership on all five programmes can be corroborated. Fourthly, we include a dummy for those individuals who live together with children in one household (=1) and those who do not (=0), arguing that this could influence anticipated benefits for next generations. In line with this argumentation, we see that all results for union membership remain the same but the effect for education; in this case, the control variable for children is positive and statistically significant. Fifthly, we run ordered probit regressions for the main models. All results remain the same. Sixthly, we re-run our main models for the three latest ISSP waves 1996, 2006, and 2016 separately to assess the stability of our findings over time (ISSP 1999, 2008, 2018). Across these sensitivity analyses, almost all of the main models' results remain the same and are stable over time. The only exception is that the statistical significance of union membership disappears for education in the 2006 wave. Again, this is in line with our expectation, as we do not expect labour union members to be strongly in favour of more education spending. Lastly, we study the role of union members' income status and class membership that might impact the effect of union membership on social policy preferences as well: Figure A1 in the online appendix shows the average marginal effect plots for the models that additionally include an interaction term for union membership and income. The confidence intervals do not cover "0", indicating that the positive effects of union membership do not vanish as the individual income rises. A similar picture emerges when it comes to the interaction of union membership and social classes: Middle-class membership does not significantly change the effect of union membership on all programmes under investigation here but pension (compared to working-class union members as reference group). This finding supports the argument put forward by Mosimann and Pontusson (2017), according to which socialisation processes among union members result in a convergence of social policy preferences – regardless of an individual's wealth or class membership. All in all, the sensitivity analyses show that union membership has a robust statistically significant positive effect on individuals' preferences in all policy fields, which is stable over time.

4. Macro-level analysis: the conditional effect of unions

4.1 Method and data

Turning to the question, whether union members' preferences are translated into the political sphere, we test the conditional effect of labour unions on left parties' social policy-making for 21 OECD countries[54] between 1980/1985 and 2011/2013.[55] Following other studies (e.g. Garritzmann and Seng 2016; Obinger *et al.* 2014; Schmitt and Zohlnhöfer 2019), we use cabinets as unit of analysis, which has been found to be more appropriate when testing partisan effects on public policies (Schmitt 2016). In doing so, we lean on Boix (1997: 483), who defines a cabinet as a government "with the same party composition (even if there are new elections or the prime minister changes but is of the same party)". Yet, we count a new cabinet after an election, too, even when the party composition did not change. The first and the last year, in which a government is in office for six months or longer, are used as a cabinet's first and last year respectively. We do not count cabinets that have been in office for less than one year.

For our dependent variables, we make use of seven indicators.[56] Following Esping-Andersen's (1990: 21) argument that it is "difficult to imagine that anyone struggles for spending per se", we expect that unions are interested in more generous social benefits for their (potential) members rather than in mere spending. Accordingly, we study generosity indicators in all but one case. Regarding programmes that are less-labour market-related, we cover old-age pensions with replacement rate data. Health care, in contrast, is covered by total health care spending, which should follow different patterns than sick pay as a rather narrow generosity indicator. Education is operationalised with a standardised indicator relating public education spending to the share of population aged between 15 and 29 years. Regarding labour market-related programmes, passive labour market policy is covered by unemployment replacement rates, while spending on active labour market policies is standardised by

[54] Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom, and the United States. Aiming at the inclusion of the most comprehensive sample of established and advanced OECD democracies, this sample is larger than the micro-level sample. For reasons of comparability, we discuss the macro-level results for the micro-level model in the robustness checks.

[55] The period of observation is limited due to data availability. The main models cover the longest possible periods for each indicator.

[56] Online appendix table A13 provides more detailed variable descriptions and the data sources and table A26 reports descriptive statistics.

unemployment. Lastly, we operationalise employment protection with the OECD's employment protection legislation indicators for regular and temporary contracts separately. We use changes between the last and the first year of a cabinet as dependent variables. For the purpose of easier interpretation of the regression results, we multiplied the indicators for active labour market policy, employment protection, and education by 100.

Our main independent variable is measured by the cumulated cabinet seat shares of social democratic and socialist parties, while labour union power is covered by union density. In order to test our conditional argument, we construct multiplicative interaction terms between these indicators.

Regarding control variables, firstly, we test for globalisation, unemployment, elderly population, economic growth, and budget balance. Secondly, we consider a government's institutional constraints, and thirdly, we include EU membership. Lastly, we include a dummy for the financial crisis after 2008, the level of a dependent variable in a cabinet's first year, and cabinet duration.

While the cabinet seat share of left parties is by definition constant during a cabinet, labour union strength and most of the controls are measured by their average within the first half of a cabinet's term – except for EU membership, the financial crisis dummy, the level of the dependent variable, and cabinet duration. This allows avoiding endogeneity problems that would occur when using a variable's average for a cabinet's total term in office.

We employ cross-section OLS regression analyses and estimate robust standard errors clustered by country.

4.2 Empirical results

Does labour union power condition left parties' effect on different parts of the welfare state? Before answering this question, we briefly present the control variables (see table 2): Firstly, globalisation tends to induce retrenchment, particularly in those fields that are characterised by the strong opposition of capital owners, such as old-age provision. In addition, increased economic openness results in the dismantling of labour market regulation, with temporary contracts facing a reduction of their legal employment protection. Secondly, economic growth not only results in higher active labour market policy spending per unemployed but also in a decline of both pensions

and unemployment benefits. The other socio-economic indicators have no consistent effect. Thirdly, other factors have only limited impact. Interestingly, European Union membership unfolds no negative effect on regulatory (employment protection) or fiscally expensive (old-age provision) programmes, which is rather surprising considering that the EU is widely seen as a liberalisation project (Scharpf 1999). Lastly, our findings provide substantial evidence for beta-convergence. Cabinets with high starting levels cut significantly more (or expand less) than others.

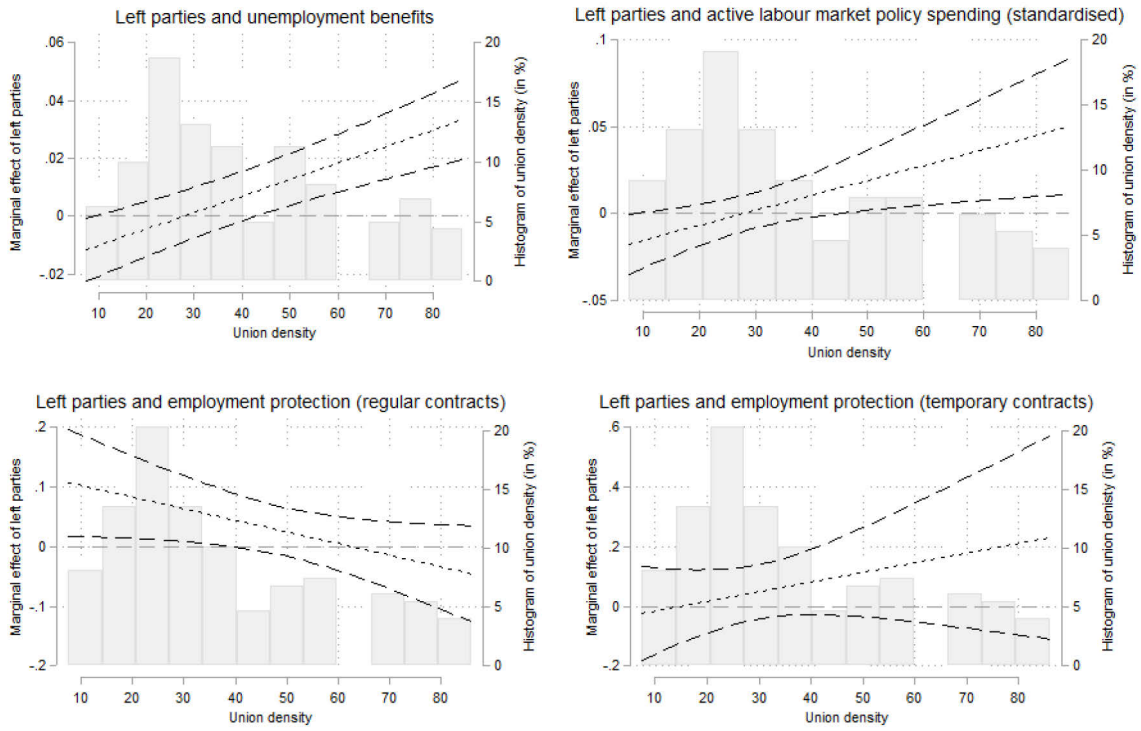
Table 2: Conditional effect of labour union power on left parties in different parts of the welfare state

	Unemployment benefits	Active labour market policy	Employment protection (reg. contracts)	Employment protection (temp. contracts)	Pensions	Health care	Education
Left cabinet	-0.016**	-0.024**	0.122**	-0.048	0.047**	-0.136	0.703
	(0.006)	(0.010)	(0.049)	(0.093)	(0.017)	(0.161)	(0.429)
Union density	-0.035*	-0.033	0.093	-0.321	0.065**	-0.685***	1.145
	(0.020)	(0.020)	(0.069)	(0.249)	(0.023)	(0.187)	(0.883)
Left x union density	0.001***	0.001**	-0.002**	0.003	-0.001***	0.003	-0.004
	(0.000)	(0.000)	(0.001)	(0.003)	(0.000)	(0.003)	(0.012)
Globalisation	-0.027	-0.001	0.010	-0.263*	-0.033**	-0.006	0.934
	(0.019)	(0.022)	(0.059)	(0.139)	(0.015)	(0.226)	(0.669)
Unemployment	-0.128	-0.022	-1.671**	-1.498*	-0.067	-2.974***	-2.884
	(0.086)	(0.076)	(0.643)	(0.868)	(0.073)	(0.780)	(3.278)
Elderly	-0.101	-0.047	-0.236	-2.408**	-0.221	1.735	2.821
	(0.145)	(0.145)	(0.433)	(0.952)	(0.147)	(1.974)	(4.147)
GDP growth	-0.316**	0.438***	0.426	0.864	-0.282**	0.267	-11.722
	(0.151)	(0.148)	(0.450)	(0.850)	(0.128)	(1.348)	(8.849)
Budget	0.116	0.110	-0.309*	0.395	-0.034	0.915	0.199
	(0.083)	(0.073)	(0.161)	(0.646)	(0.089)	(0.713)	(2.199)
Institutional constraints	-0.114	0.086	0.039	-2.667**	0.037	1.767	4.033
	(0.166)	(0.173)	(0.653)	(1.214)	(0.178)	(1.907)	(5.782)
EU membership	1.452*	1.847**	4.386	7.541	0.396	14.344*	4.814
	(0.835)	(0.696)	(3.499)	(5.665)	(0.521)	(7.513)	(20.892)
Financial crisis	0.332	0.213	-0.156	5.459	0.311	29.141***	-26.989
	(0.633)	(0.683)	(2.720)	(5.483)	(0.682)	(6.971)	(26.095)
Start value (depend. var.)	-0.074**	-0.112***	-0.039**	-0.076***	-0.027	-0.151***	-0.165***
	(0.028)	(0.022)	(0.018)	(0.022)	(0.022)	(0.034)	(0.040)
Cabinet duration	-0.091	-0.099	-0.513	-6.202	0.258	6.138	13.134
	(0.340)	(0.326)	(1.391)	(4.124)	(0.317)	(3.590)	(12.218)
Constant	10.025***	1.231	14.468**	99.089***	4.288*	87.239***	114.058
	(2.822)	(3.166)	(5.801)	(31.593)	(2.174)	(19.582)	(87.141)
Observations	160	152	148	148	151	177	164
R^2	0.168	0.209	0.194	0.239	0.231	0.300	0.160

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01; robust standard errors clustered by country in parentheses.

Turning to our main variables of interest, the marginal effect plots in figure 2 depict the results for the labour market-related programmes. These figures show the marginal effect of left parties at different levels of union density. As theoretically expected, the effect of left parties increases with the organisational power of labour unions in terms of unemployment benefits and (standardised) active labour market policy spending. For both programmes, the effect of left parties is positive and statistically significant when more than about 45 percent of all employees are organised in unions, which is the case in about one third of the observations in the respective models. Conversely, the findings for the two employment protection indicators do not corroborate our macro-level hypothesis. Regarding temporary contracts, there is no conditional effect at all, while regarding regular contracts, left parties' positive effect even vanishes with increasing union density. This finding somewhat contradicts the claim of parts of the literature that unions primarily organise and represent the interests of labour market insiders with stable and long-term employment (e.g. Rueda 2005, 2006) that should particularly demand employment protection for regular contracts. Conversely, the evidence provided here rather reflects the expectation that unions also promote outsider interests (such as generous unemployment benefits) as their organisational degree increases (see also Becher and Pontusson 2011; Martin and Swank 2012; Swank 2014). Trying to shed some light on the negative conditional relationship between left parties and labour unions in the case of regular contracts, several arguments have already been put forward by others: Firstly, left parties might only dare to liberalise social rights when they can share blame with strong unions (Zohlnhöfer *et al.* 2013). And secondly, left governments may be more likely to enforce employment protection liberalisation even in the face of strong unions when promoting 'flexicurity', i.e. when simultaneously compensating unions and workers in general via more generous unemployment benefits (Simoni and Vlandas 2021).

Figure 2: Conditional effect of labour union power on left parties' social policy-making in labour market-related programmes.



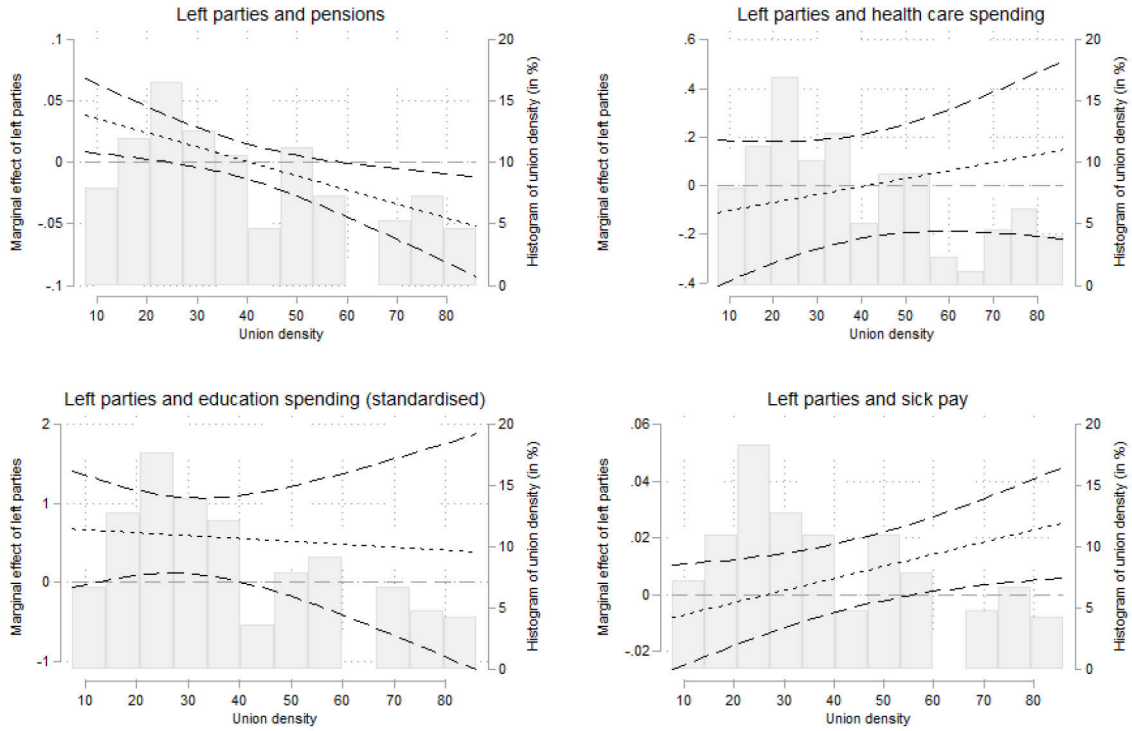
Notes: Marginal effect plots are based on respective models in table 2. The dashed lines show the 95-percent confidence intervals.

Turning to the marginal effect plots for the not primarily labour market-related policies in figure 3, the findings largely corroborate our hypothesis as well. Health care and (standardised) education spending clearly correspond with the expectation that labour unions do not condition left parties in these programmes. However, old-age pensions play out differently, with the conditional effect being negative: Left parties reduce pension replacement rates when more than about 60 percent of employees are unionised. While this result evidences that indeed unions do not push left parties towards more generous policies in fields other than labour market-related programmes, the negative effect may indicate that there is a fiscal trade-off, which unions (and left parties) are facing when demanding (and implementing) expansions of passive and active labour market policies. Alternatively, this finding might support the argument brought forward by Zohlnhöfer, Wolf, and Wenzelburger (2013) that the left is willing to cut pension generosity but only if it is in a position to share the blame with strong unions. In addition, relating to the issue ownership literature (e.g. Ross

2000) and a 'Nixon goes to China'-logic, it is left parties rather than other party families that should be able to cut pensions, particularly when facing strong unions.

Relating to our choice of indicator for health care policies, we re-run our main model for sick pay replacement rates as dependent variable, which provides interesting insights (see table A27): While health care spending in general undoubtedly provides protection against life course-related risks (Jensen 2012a, b), sick pay follows a different pattern. Here, the conditional relationship between unions and left parties is positive with the left unfolding a positive effect on this programme at high levels of union density. This is not surprising given that sick pay protects wage earners' income and, in doing so, it is much closer to the needs of organized (and non-organized) workers. Accordingly, sick pay rather reflects the pattern of labour market-related policies.

Figure 3: Conditional effect of labour union power on left parties' social policy-making in less-labour market-related programmes



Notes: Marginal effect plots are based on respective models in table 2. The dashed lines show the 95-percent confidence intervals.

Overall, the reported findings essentially corroborate our macro-level hypotheses: Labour unions indeed condition left parties' effect in particular parts of the welfare state, i.e. when it comes to labour market-related programmes but not when it comes to less-labour market-related programmes. To assess the sensitivity of these results, we run several robustness checks (see online appendix tables A14 to A24): Firstly, we change our labour power indicator in order to study whether unions condition left parties via mechanisms other than their organisational degree. To this end, we take Ghent systems, strike activity, and the share of union members among left party voters into account. Concerning Ghent systems, it is possible to argue that unions should only be able to push left parties to provide generous labour market-related programmes when they are legally guaranteed administrative and decision-making powers in these areas. Concerning strike activity, one could argue that unions' willingness to promote their members' interests by striking affects left parties' policy-making, too. Concerning the share of union members among left party voters, we fell back on data from all ISSP waves and Eurobarometer. This indicator should relate our micro-level discussion more closely to the macro-level, expecting left parties to be the more responsive to the demands of unions and their members' preferences, the higher the share the latter make up among the left's electorate. Empirically, we can only substantiate expectations for Ghent systems and the micro-level indicator: Labour unions' access to (and responsibility for) the administration of welfare state programmes as well as the share of union members among left party voters are alternative mechanism that allow unions and their members pushing left parties towards more generous labour market-related social policies. Secondly, we test whether our findings are robust when using a broader definition of left parties, additionally including the share of green cabinet members. Here, we expect that the conditional effect of labour unions on left parties is weaker because green parties should be less close (and, therefore, less responsive) to workers' organisations than parties of the 'old left'. Thirdly, we extend our main models by including additional controls: We take deindustrialisation processes, the role of female labour force participation, and Ghent systems into account. Fourthly, we control for country-specific effects by including country dummies, which is not implausible when analysing several cabinets within each of the 21 countries. Fifthly, we re-estimate the main models for the smaller micro-level sample, which could be argued to be more appropriate when comparing the two steps of our empirical analysis. Sixthly, we re-run our main models for the more commonly used country-years as unit of

observation. To this end, we specify time-series cross-country regression models with panel-corrected standard errors and both with and without country and year fixed effects. In sum, these sensitivity analyses support our main findings for both labour market-related and less-labour market-related programmes.

Finally, we split our sample in two sub-periods. Our findings show that the conditional effect of unions concerning labour market-related welfare state programmes has vanished over time: While labour unions were successful in pushing left parties to promote their members' main social policy preferences up until the mid-1990s, they seem to have lost this capacity ever since. Yet, this finding may not necessarily solely be related to the decrease in the number of union members over the past decades but could also be related to several other developments: Firstly, the tremendous changes in left parties' electorates in the past decades with decreasing shares of working-class voters (e.g. Gingrich and Häusermann 2015; Oesch and Rennwald 2018) might have negatively affected the left's responsiveness to workers' demands and shifted the lefts' attention towards other groups. Secondly, social democratic parties themselves have changed ideologically from supporting traditional social security instruments to promoting cross-class policy measures or even engaging in retrenchment reforms (e.g. Merkel *et al.* 2011). Lastly, recent socio-economic challenges such as permanent austerity or globalisation limit the political actors' fiscal room for manoeuvere, which might have made it difficult for left parties to be responsive to unions' demands as well. What is more, concerning programmes that are not primarily related to the labour market, we find positive conditional effects in the post-1995 sub-period for health care and education spending. This evidence, in turn, might hint to changes in the social structure of unions' membership or to efforts of union leaderships seeking new members, especially middle- or high-income individuals that should demand these programmes rather than class-based issues such as unemployment benefits.

5. Conclusion

This study assessed the role of labour unions in different parts of the welfare state in advanced democracies, answering the two questions which social policies union members actually prefer and whether unions (still) effectively influence left parties in

government. We did so by connecting the micro-level of individuals' preferences to the macro-level of governments' policy-making in several labour market-related programmes (passive and active labour market policy, employment protection legislation) and less-labour market-related programmes (old-age pensions, health care, education).

Overall, our empirical analyses provide evidence for our theoretical arguments: At the micro-level, we show that union members have stronger preferences for more state interventions across all social policies under investigation than non-members. More specifically, we find that the effect of union membership is stronger for labour market-related than for those that are not primarily labour market-related. Moreover, our findings provide evidence that union members prefer the increase of less-labour market-related programmes with future benefits (old-age pensions) over the increase of programmes without future benefits (education). For the macro-level, we can report that labour unions indeed condition left parties' social policy-making when it comes to labour market-related policies. At least regarding passive and active labour market measures, we find that strong unions push the left towards more generous policies. Yet, our analysis of sub-periods indicates that this conditional relationship has vanished in recent years. Conversely, labour power has largely no such effect when it comes to programmes that are less relevant for union members, especially health care and education.

These findings have several implications for our understanding of the political role of labour unions: Firstly, this article identifies important differences between welfare state programmes. Regarding individual-level preferences, it goes beyond previous research, which has reported in separate contributions that union membership affects some individual programmes. In contrast, our study not only corroborates that this holds true across major parts of the welfare state but that the degree of union members' social policy preferences actually varies between issues. Regarding the macro-level of governments' policy-making, we show that other studies' findings on the interplay between labour unions and left parties for aggregate social spending (e.g. Garrett 1998; Hicks *et al.* 1989; Kwon and Pontusson 2010) are essentially driven by labour market-related policy instruments and are not representative for all parts of the welfare state. Secondly, and more generally, our results imply that labour unions have been powerful intermediary organisations and effective promoters of their members' interests by influencing their left allies in government in the past. However, our results

for sub-periods indicate that their power is vanishing – even though our micro-level results show that individual preferences of union members are perfectly stable over time.

Finally, we put forward some subjects that still need to be addressed in more depth. Starting at the micro-level, further research should take a closer look at the possible reversed causality regarding social policy preferences and union membership. Analyses focusing on the temporal dimension and even in-depth interviews could shed light on the causal relationship. Second, the interplay between labour unions and left parties surely is not confined to the core of welfare state policies. At least with regard to economic policy instruments, we know that union members' support for industrial aid, market regulation, or state ownership of enterprises is stronger than among non-members (Engler and Zohlnhöfer 2019; Gingrich and Ansell 2012). Hence, future research should go beyond the social policy-centred view that we took here by studying other policy fields. Third, recent decades were not only characterised by a substantial decline in union membership across almost all advanced democracies but also by tremendous changes in both left parties' electorates as well as the national and international socio-economic conditions. In addition, two changes are observed by Häusermann (2006): On the one hand, 'old' social risks are increasingly accompanied by 'new' social risks that change the policy outputs. On the other hand, this leads to changing alliances between unions and left parties regarding the expansion or retrenchment of the different policies. While it is well established that these developments affect left parties' social policy-making in general, we still know too little about their consequences for labour unions' capacity to push left parties effectively towards more generous policies.

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7. Online Appendix

There is power in a union? Union members' preferences and the conditional effect of labour unions on left parties in different welfare state programmes

Table A1: Reversed causality test: Results of the logistic regression of union membership on social policy preferences

	Dependent variable: union membership				
Passive LMP (in favour)	0.637*** (0.109)				
Active LMP (in favour)		0.272*** (0.027)			
Health care (in favour)			0.498*** (0.192)		
Pension (in favour)				0.621*** (0.150)	
Education (in favour)					0.305*** (0.066)
Sex	0.124 (0.102)	0.082 (0.118)	0.077 (0.103)	0.104 (0.105)	0.081 (0.106)
Age	-0.003 (0.002)	-0.002 (0.003)	-0.002 (0.003)	-0.005 (0.004)	-0.001 (0.002)
Income	0.244*** (0.033)	0.213*** (0.033)	0.238*** (0.035)	0.248*** (0.029)	0.198*** (0.036)
Education	0.106** (0.045)	0.104** (0.042)	0.104** (0.044)	0.103** (0.048)	0.099** (0.045)
Religion	0.065 (0.044)	0.063 (0.044)	0.091** (0.043)	0.054 (0.045)	0.019 (0.038)
N	17,533	34,508	26,778	20,992	24,576
Pseudo R^2	0.194	0.183	0.193	0.187	0.175

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01; standard errors clustered by country in parentheses; country and wave dummies not reported.

The data used for this reversed causality test are the same as in our main models in table 1. Preferences are coded based on the ISSP data sets (Role of Government) from 1985-2016.

Table A2: Average marginal effects of the logistic regressions

	Passive labour market policy	Active labour market policy	Health care	Pension	Education
Union member	0.120***	0.056***	0.020***	0.029***	0.012***
	(0.019)	(0.005)	(0.007)	(0.006)	(0.002)
Sex	-0.050***	-0.061***	-0.025***	-0.038***	-0.014***
	(0.013)	(0.010)	(0.005)	(0.005)	(0.004)
Age	0.001**	-0.000	0.000***		-0.000**
	(0.001)	(0.000)	(0.000)		(0.000)
Religion	-0.061***	-0.009	-0.0143***	-0.003	-0.010
	(0.017)	(0.011)	(0.004)	(0.007)	(0.007)
Income	-0.083***	-0.063***	-0.013***	-0.015***	-0.002
	(0.010)	(0.006)	(0.002)	(0.003)	(0.003)
Education	-0.026***	-0.035***	-0.006**	-0.019***	0.003
	(0.009)	(0.005)	(0.003)	(0.003)	(0.002)
N	17,533	34,508	26,778	21,400	24,576

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01; standard errors clustered by country in parentheses; country and wave dummies not reported.

Table A3: Micro-level robustness check: Results of the ordered logit regressions – including religion (belonging to a religious group) as additional control variable

	Passive labour market policy	Active labour market policy	Health care	Pension	Education
Union member	0.360***	0.227***	0.255***	0.173***	0.116**
	(0.067)	(0.034)	(0.048)	(0.050)	(0.047)
Sex	-0.154***	-0.269***	-0.264***	-0.177***	-0.080**
	(0.043)	(0.041)	(0.049)	(0.044)	(0.036)
Age	0.003***	-0.000	0.001	0.008***	-0.002
	(0.001)	(0.001)	(0.001)	(0.003)	(0.001)
Income	-0.238***	-0.270***	-0.155***	-0.211***	-0.012
	(0.030)	(0.027)	(0.033)	(0.032)	(0.023)
Education	-0.090***	-0.174***	-0.073**	-0.187***	0.097***
	(0.029)	(0.023)	(0.030)	(0.032)	(0.019)
Religion	-0.164**	-0.067	-0.115**	0.011	-0.203***
	(0.065)	(0.072)	(0.053)	(0.057)	(0.067)
N	37,611	37,467	38,368	37,931	38,134
Pseudo R^2	0.063	0.069	0.046	0.045	0.035

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01; standard errors clustered by country in parentheses; cut-off points, country and wave dummies not reported.

Table A4: Micro-level robustness check: Results of the ordered logit regressions – including partisan left/right orientation as additional control variable

	Passive labour market policy	Active labour market policy	Health care	Pension	Education
Union member	0.285***	0.163***	0.203***	0.168***	0.045
	(0.070)	(0.024)	(0.056)	(0.053)	(0.042)
Sex	-0.143***	-0.248***	-0.272***	-0.168***	-0.064
	(0.047)	(0.036)	(0.053)	(0.048)	(0.046)
Age	0.006***	0.000	0.002	0.010***	-0.001
	(0.002)	(0.001)	(0.001)	(0.004)	(0.002)
Income	-0.184***	-0.235***	-0.131***	-0.226***	0.006
	(0.032)	(0.026)	(0.034)	(0.031)	(0.019)
Education	-0.101***	-0.185***	-0.096***	-0.207***	0.096***
	(0.030)	(0.027)	(0.028)	(0.030)	(0.023)
Religion	-0.101*	-0.021	-0.186***	-0.120**	-0.205***
	(0.061)	(0.073)	(0.035)	(0.049)	(0.060)
Partisan left/right orientation	-0.471***	-0.329***	-0.229***	-0.108***	-0.271***
	(0.054)	(0.037)	(0.032)	(0.032)	(0.039)
N	23,775	23,646	24,212	23,961	24,092
Pseudo R^2	0.082	0.074	0.058	0.054	0.045

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01; standard errors clustered by country in parentheses; cut-off points, country and wave dummies not reported.

Table A5: Micro-level robustness check: Results of the ordered logit regressions – including social classes as additional control variables (unconditional model)

	Passive labour market policy	Active labour market policy	Health care	Pension	Education
Union member	0.285***	0.308***	0.205***	0.161***	0.096**
	(0.073)	(0.040)	(0.051)	(0.058)	(0.042)
Sex	-0.130**	-0.287***	-0.247***	-0.261***	0.034
	(0.054)	(0.055)	(0.073)	(0.068)	(0.057)
Age	0.018***	-0.003	0.004**	0.016***	-0.001
	(0.003)	(0.002)	(0.002)	(0.004)	(0.002)
Income	-0.199***	-0.248***	-0.199***	-0.225***	-0.028
	(0.033)	(0.036)	(0.040)	(0.041)	(0.028)
Education	-0.033	-0.153***	-0.104***	-0.218***	0.088***
	(0.041)	(0.030)	(0.030)	(0.032)	(0.025)
Religion	-0.187***	-0.047	-0.187***	-0.144**	-0.235***
	(0.062)	(0.072)	(0.033)	(0.058)	(0.077)
Working class	*Reference category*	*Reference category*	*Reference category*	*Reference category*	*Reference category*
Routine class	0.080	0.110	0.080	-0.201**	0.183***
	(0.117)	(0.084)	(0.070)	(0.080)	(0.066)
Middle class	-0.185***	-0.182***	-0.185***	-0.098**	0.153***
	(0.057)	(0.067)	(0.056)	(0.040)	(0.046)
Employers class	-0.591***	-0.351***	-0.591***	-0.329***	0.039
	(0.125)	(0.078)	(0.074)	(0.046)	(0.101)
N	14,342	14,227	14,552	14,369	14,501
Pseudo R^2	0.073	0.060	0.048	0.050	0.044

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01; standard errors clustered by country in parentheses; cut-off points, country and wave dummies not reported.

Table A6: Micro-level robustness check: Results of the ordered logit regressions – including children in household as additional control variable

	Passive labour market policy	Active labour market policy	Health care	Pension	Education
Union member	0.352***	0.230***	0.236***	0.186***	0.062
	(0.067)	(0.025)	(0.047)	(0.055)	(0.039)
Sex	-0.158***	-0.258***	-0.290***	-0.206***	-0.072**
	(0.051)	(0.037)	(0.056)	(0.047)	(0.037)
Age	0.004***	0.000	0.002*	0.007**	-0.000
	(0.001)	(0.001)	(0.001)	(0.003)	(0.001)
Income	-0.233***	-0.262***	-0.153***	-0.204***	-0.011
	(0.033)	(0.031)	(0.036)	(0.033)	(0.021)
Education	-0.096***	-0.176***	-0.077***	-0.194***	0.099***
	(0.032)	(0.026)	(0.028)	(0.030)	(0.020)
Religion	-0.186***	-0.072	-0.196***	-0.146***	-0.200***
	(0.061)	(0.061)	(0.031)	(0.044)	(0.043)
Children	-0.073*	0.010	-0.005	-0.149***	0.223***
	(0.039)	(0.036)	(0.026)	(0.044)	(0.029)
N	31,897	31,657	32,508	32,127	32,323
Pseudo R^2	0.065	0.062	0.047	0.044	0.041

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01; standard errors clustered by country in parentheses; cut-off points, country and wave dummies not reported.

Table A7: Micro-level robustness check: Results of the ordered probit regressions for the main model (ISSP waves 1985-2016)

	Passive labour market policy	Active labour market policy	Health care	Pension	Education
Union member	0.208***	0.144***	0.148***	0.103***	0.063**
	(0.037)	(0.016)	(0.027)	(0.029)	(0.024)
Sex	-0.088***	-0.159***	-0.166***	-0.120***	-0.057**
	(0.026)	(0.026)	(0.031)	(0.026)	(0.024)
Age	0.002***	-0.000	0.001**	0.004**	-0.001
	(.000)	(0.001)	(0.001)	(0.001)	(0.001)
Religion	-0.112***	-0.046	-0.114***	-0.071***	-0.122***
	(0.036)	(0.038)	(0.019)	(0.024)	(0.033)
Income	-0.135***	-0.157***	-0.088***	-0.116***	-0.009
	(0.018)	(0.015)	(0.018)	(0.017)	(0.013)
Education	-0.053***	-0.103***	-0.046***	-0.116***	0.054***
	(0.017)	(0.014)	(0.016)	(0.018)	(0.013)
N	34,743	34,508	35,418	35,003	35,217
Pseudo R^2	0.059	0.060	0.049	0.045	0.035

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01; standard errors clustered by country in parentheses; cut-off points, country and wave dummies not reported.

Table A8: Micro-level robustness check: Results of the ordered logit regressions. Role of Government 1996

	Passive labour market policy	Active labour market policy	Health care	Pension	Education
Union	0.415***	0.260***	0.253***	0.247***	0.139*
member	(0.104)	(0.050)	(0.090)	(0.057)	(0.073)
Sex	-0.338***	-0.408***	-0.412***	-0.290***	-0.222***
	(0.052)	(0.038)	(0.065)	(0.080)	(0.062)
Age	0.001	-0.002	0.000	0.006**	-0.007***
	(0.002)	(0.004)	(0.002)	(0.003)	(0.002)
Religion	-0.301***	-0.168	-0.266***	-0.214**	-0.265***
	(0.111)	(0.114)	(0.073)	(0.085)	(0.091)
Income	-0.297***	-0.335***	-0.210***	-0.300***	0.009
	(0.053)	(0.025)	(0.029)	(0.029)	(0.039)
Education	-0.146***	-0.235***	-0.184***	-0.272***	0.092**
	(0.052)	(0.027)	(0.039)	(0.029)	(0.036)
N	9,164	9,034	9,284	9,184	9,236
Pseudo R^2	0.051	0.067	0.093	0.069	0.039

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01; standard errors clustered by country in parentheses; cut-off points and country dummies not reported.

Table A8 shows the regression results for the sample in the Role of Government 1996. Due to comparability, we included 10 out of the 13 countries, which are covered by our main models based on Role of Government 2016, namely, France, Germany, Japan, New Zealand, Norway, Spain, Sweden, Switzerland, the United Kingdom, and the United States. Belgium, Denmark, and Finland are missing in the data set from 1996.

Table A9: Micro-level robustness check: Results of the ordered logit regressions. Role of Government 2006

	Passive labour market policy	Active labour market policy	Health care	Pension	Education
Union member	0.353***	0.238***	0.231***	0.150***	0.054
	(0.089)	(0.071)	(0.060)	(0.057)	(0.052)
Sex	-0.142**	-0.178**	-0.278***	-0.190**	-0.057
	(0.070)	(0.072)	(0.061)	(0.074)	(0.064)
Age	0.011***	-0.001	0.002	0.017***	-0.003*
	(0.003)	(0.002)	(0.002)	(0.004)	(0.002)
Religion	-0.221***	-0.052	-0.198***	-0.158***	-0.218***
	(0.076)	(0.055)	(0.046)	(0.049)	(0.067)
Income	-0.247***	-0.291***	-0.132***	-0.196***	0.007
	(0.045)	(0.052)	(0.039)	(0.046)	(0.033)
Education	-0.106***	-0.195***	-0.108***	-0.228***	0.075**
	(0.040)	(0.037)	(0.034)	(0.036)	(0.034)
N	11,211	11,192	11,440	11,313	11,356
Pseudo R^2	0.081	0.067	0.037	0.055	0.047

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01; standard errors clustered by country in parentheses; cut-off points and country dummies not reported.

Table A9 shows the regression results for the sample in the Role of Government 2006. Due to comparability, we included 12 out of the 13 countries, which are covered by our main models based on Role of Government 2016, namely, France, Germany, Japan, New Zealand, Norway, Spain, Sweden, Switzerland, the United Kingdom, and the United States. Belgium is missing in the data set from 2006.

Table A10: Micro-level robustness check: Results of the ordered logit regressions. Role of Government 2016

	Passive labour market policy	Active labour market policy	Health care	Pension	Education
Union	0.338***	0.232***	0.253***	0.162***	0.128**
member	(0.045)	(0.030)	(0.044)	(0.060)	(0.051)
Sex	-0.098	-0.249***	-0.247***	-0.219***	-0.008
	(0.064)	(0.065)	(0.075)	(0.064)	(0.045)
Age	0.004**	0.000	0.001**	0.005	-0.001
	(0.002)	(0.001)	(0.001)	(0.004)	(0.001)
Religion	-0.085	-0.043	-0.123***	-0.090	-0.157***
	(0.070)	(0.068)	(0.047)	(0.070)	(0.043)
Income	-0.206***	-0.227***	-0.138***	-0.187***	-0.022
	(0.032)	(0.044)	(0.034)	(0.042)	(0.020)
Education	-0.064*	-0.146***	-0.070***	-0.221***	0.092***
	(0.033)	(0.028)	(0.019)	(0.026)	(0.014)
N	12,720	12,634	12,998	12,842	12,923
Pseudo R^2	0.069	0.056	0.039	0.053	0.045

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01; standard errors clustered by country in parentheses; cut-off points and country dummies not reported.

Table A10 shows the regression results for the sample in the Role of Government 2016.

Table A11: Micro-level robustness check: Results of the logit regressions including an interaction term for income and union membership

	Passive labour market policy	Active labour market policy	Health care	Pension	Education
Union member	0.636***	0.250***	0.404**	0.481***	0.303***
	(0.108)	(0.027)	(0.179)	(0.120)	(0.063)
Sex	-0.267***	-0.290***	-0.515***	-0.637***	-0.351***
	(0.073)	(0.047)	(0.114)	(0.096)	(0.095)
Age	0.008**	-0.001	0.007***		-0.003**
	(0.003)	(0.001)	(0.002)		(0.001)
Religion	-0.324***	-0.044	-0.306***	-0.048	-0.255
	(0.089)	(0.054)	(0.099)	(0.116)	(0.200)
Income	-0.456***	-.0330***	-0.280***	-0.264***	-0.057
	(0.068)	(0.028)	(0.042)	(0.059)	(0.074)
Education	-0.140***	-0.168***	-0.123**	-0.307***	0.070
	(0.050)	(0.027)	(0.058)	(0.058)	(0.055)
Income x Union	0.050	0.116***	0.115***	0.107	0.045
member	(0.075)	(0.030)	(0.036)	(0.070)	(0.075)
N	17,533	34,508	26,778	21,400	24,576
Pseudo R^2	0.1986	0.0968	0.1893	0.1238	0.0679

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01; standard errors clustered by country in parentheses; country and wave dummies not reported.

Table A12: Micro-level robustness check: Results of the ordered logit regressions – including an interaction term for social classes and union membership

	Passive labour market policy	Active labour market policy	Health care	Pension	Education
Union member	0.380***	0.217**	0.176***	0.269***	0.088
	(0.099)	(0.098)	(0.066)	(0.068)	(0.060)
Sex	-0.132**	-0.286***	-0.247***	-0.263***	0.035
	(0.054)	(0.055)	(0.073)	(0.068)	(0.057)
Age	0.018***	-0.003	0.004**	0.016***	-0.001
	(0.003)	(0.002)	(0.002)	(0.004)	(0.002)
Income	-0.201***	-0.246***	-0.165***	-0.227***	-0.027
	(0.032)	(0.036)	(0.040)	(0.041)	(0.028)
Education	-0.032	-0.154***	-0.104***	-0.217***	0.088***
	(0.041)	(0.029)	(0.030)	(0.031)	(0.025)
Religion	-0.186***	-0.047	-0.117***	-0.143**	-0.235***
	(0.062)	(0.072)	(0.033)	(0.058)	(0.077)
Working class	*Reference category*	*Reference category*	*Reference category*	*Reference category*	*Reference category*
Routine class	-0.008	0.082	-0.023	-0.235***	0.230***
	(0.119)	(0.082)	(0.068)	(0.088)	(0.074)
Middle class	-0.131**	-0.228***	0.045	-0.036	0.139**
	(0.066)	(0.077)	(0.058)	(0.041)	(0.061)
Employers class	-0.495***	-0.392***	-0.133	-0.260***	0.047
	(0.102)	(0.108)	(0.086)	(0.054)	(0.096)
Working class x union member	*Reference category*	*Reference category*	*Reference category*	*Reference category*	*Reference category*
Routine class x union member	0.278*	0.068	0.233**	0.117	-0.143
	(0.164)	(0.119)	(0.118)	(0.141)	(0.097)
Middle class x union member	-0.150	0.122	0.017	-0.166**	0.038
	(0.111)	(0.125)	(0.070)	(0.080)	(0.081)
Employers class x union member	-0.385**	0.121	-0.033	-0.243	-0.047
	(0.190)	(0.165)	(0.152)	(0.149)	(0.175)
N	14,342	14,227	14,552	14,369	14,501
Pseudo R^2	0.073	0.060	0.048	0.050	0.044

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01; standard errors clustered by country in parentheses; cut-off points, country and wave dummies not reported.

Table A13: Description of the macro-level variables

Variable	Description	Data source
Unemployment benefits	Unemployment replacement rate (mean of replacement rate for a single worker and for a married worker in a single-earner household with two children)	Scruggs et al. (2017)
Active labour market policy (standardised)	Active labour market policy spending in percentage of GDP relative to the unemployment rate, multiplied by 100	Armingeon et al. (2019)
Employment protection (reg. contracts)	Index measuring the strictness of employment protection legislation for regular contracts, multiplied by 100	OECD (2019)
Employment protection (temp. contracts)	Index measuring the strictness of employment protection legislation for temporary contracts, multiplied by 100	OECD (2019)
Pensions	Standard pension replacement rate (mean of replacement rate for a single worker and for a married worker in a single-earner household with two children)	Scruggs et al. (2017)
Health care	Total health care spending in percentage of GDP, multiplied by 100	Armingeon et al. (2019)
Education (standardised)	Public education spending in percentage of GDP relative to the share of population aged between 5 and 29 years, multiplied by 100	Armingeon et al. (2019) for education; United Nation's World Population Prospects program for youth share
Left cabinet	Cumulated cabinet seat shares of social democratic and socialist/communist parties in government	Schmidt (2015)
Union density	Net union membership relative to the number of employees	Armingeon et al. (2019)
Globalisation	KOF globalisation index (economic dimension)	Gygli et al. (2019)
Unemployment	Unemployment rate	Armingeon et al. (2019)
Elderly	Share of population aged above 64 years	Armingeon et al. (2019)
GDP growth	Growth of real GDP	Armingeon et al. (2019)
Budget	Budget balance of general government as a percentage of GDP	Armingeon et al. (2019)
Institutional constraints	Augmented index of institutional structure (additive index, based on Huber et al. 1993)	Armingeon et al. (2019)
EU membership	Dummy variable ([1] country is/becomes EU member during a cabinet's term; [0] no EU member)	Own coding
Financial crisis	Dummy variable ([1] cabinet in office in or after 2008; [0] otherwise)	Own coding

Table A14: Macro-level robustness check: Ghent system as labour union power indicator

	Unemployment benefits	Active labour market policy	Employment protection (reg. contracts)	Employment protection (temp. contracts)	Pensions	Health care	Education
Left cabinet	0.003	-0.001	0.040	0.056	0.010	-0.015	0.651**
	(0.005)	(0.005)	(0.029)	(0.048)	(0.008)	(0.114)	(0.293)
Ghent system	-0.663	-1.660**	2.031	-6.738	2.225	-12.387	74.988*
	(1.137)	(0.713)	(2.878)	(12.876)	(1.326)	(13.032)	(38.252)
Left x Ghent system	0.018**	0.064***	-0.047	0.063	-0.047*	0.017	-0.466
	(0.009)	(0.012)	(0.032)	(0.198)	(0.024)	(0.227)	(0.611)
Globalisation	-0.029	-0.004	0.023	-0.285*	-0.035*	-0.084	0.853
	(0.019)	(0.024)	(0.068)	(0.139)	(0.018)	(0.210)	(0.608)
Unemployment	-0.155	-0.071	-1.720***	-1.787*	-0.024	-3.092***	-2.397
	(0.091)	(0.071)	(0.582)	(0.927)	(0.078)	(0.969)	(3.061)
Elderly	-0.099	-0.070	-0.379	-2.367**	-0.235	1.838	2.112
	(0.146)	(0.138)	(0.431)	(1.045)	(0.163)	(2.189)	(4.098)
GDP growth	-0.286*	0.398**	0.848	1.277	-0.309**	0.602	-11.535
	(0.139)	(0.149)	(0.729)	(0.952)	(0.132)	(1.333)	(8.847)
Budget	0.098	0.107	-0.208	0.229	-0.007	0.641	0.709
	(0.079)	(0.068)	(0.174)	(0.652)	(0.100)	(0.764)	(2.375)
Institutional constraints	-0.029	0.085	0.119	-1.765	-0.079	3.863*	1.415
	(0.140)	(0.154)	(0.546)	(1.230)	(0.162)	(2.035)	(4.161)
EU membership	1.408	1.687**	4.938	8.304	0.587	17.560*	-2.284
	(0.835)	(0.594)	(3.443)	(6.113)	(0.611)	(8.567)	(24.060)
Financial crisis	0.464	0.391	-0.829	6.925	0.140	33.316***	-32.242
	(0.602)	(0.696)	(2.887)	(5.689)	(0.708)	(7.567)	(27.217)
Start value (depend. var.)	-0.072**	-0.136***	-0.037**	-0.072***	-0.030	-0.138***	-0.173***
	(0.029)	(0.031)	(0.016)	(0.025)	(0.023)	(0.039)	(0.037)
Cabinet duration	-0.100	-0.183	-0.145	-6.306	0.341	6.134	14.232
	(0.340)	(0.310)	(1.434)	(4.056)	(0.313)	(3.695)	(11.943)
Constant	8.736***	1.842	16.431**	87.507***	6.537***	52.670**	174.415*
	(2.844)	(3.021)	(7.455)	(30.261)	(2.073)	(18.583)	(91.533)
Observations	161	153	149	149	151	178	164
R^2	0.156	0.232	0.200	0.228	0.175	0.256	0.173

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01; robust standard errors clustered by country in parentheses.

Table A15: Macro-level robustness check: Strike activity as labour strength indicator

	Unemployment benefits	Active labour market policy	Employment protection (reg. contracts)	Employment protection (temp. contracts)	Pensions	Health care	Education
Left cabinet	0.008	0.013*	0.061**	0.063	-0.006	0.096	0.740**
	(0.005)	(0.007)	(0.024)	(0.061)	(0.009)	(0.086)	(0.309)
Strike activity	0.000	-0.000	0.000	0.008***	0.004	0.013***	-0.020
	(0.001)	(0.000)	(0.001)	(0.003)	(0.003)	(0.004)	(0.016)
Left x strike activity	-0.000	-0.000	-0.000	0.000	0.000	-0.001*	-0.001
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.001)
Globalisation	-0.030	-0.012	0.001	-0.343*	-0.026	-0.254	0.714
	(0.019)	(0.025)	(0.072)	(0.168)	(0.019)	(0.203)	(0.741)
Unemployment	-0.159*	-0.042	-1.593**	-1.873*	-0.063	-3.148**	-2.308
	(0.089)	(0.078)	(0.622)	(0.975)	(0.092)	(1.223)	(3.444)
Elderly	-0.092	-0.040	-0.522	-2.133*	-0.111	-0.058	0.647
	(0.154)	(0.136)	(0.443)	(1.058)	(0.134)	(2.362)	(4.296)
GDP growth	-0.284*	0.468***	0.144	1.215	-0.332**	0.123	-15.185*
	(0.149)	(0.150)	(0.413)	(0.905)	(0.144)	(1.342)	(8.652)
Budget	0.112	0.095	-0.214	0.591	0.016	1.400*	-0.033
	(0.089)	(0.063)	(0.168)	(0.518)	(0.106)	(0.778)	(3.052)
Institutional constraints	-0.026	0.080	-0.015	-1.264	-0.086	4.444**	-4.278
	(0.177)	(0.158)	(0.562)	(1.405)	(0.147)	(1.799)	(5.101)
EU membership	1.351	1.613**	5.354	9.669	0.714	19.001*	-1.498
	(0.831)	(0.678)	(3.614)	(6.807)	(0.592)	(10.402)	(21.068)
Financial crisis	0.302	0.148	0.038	6.300	0.570	35.579***	-37.875
	(0.706)	(0.639)	(2.984)	(5.562)	(0.651)	(8.254)	(30.803)
Start value (depend. var.)	-0.070**	-0.093***	-0.039**	-0.094***	-0.044*	-0.129***	-0.147***
	(0.030)	(0.019)	(0.016)	(0.031)	(0.022)	(0.031)	(0.028)
Cabinet duration	-0.070	-0.009	-0.429	-6.706*	0.269	8.286***	19.552
	(0.369)	(0.346)	(1.550)	(3.722)	(0.307)	(2.454)	(11.930)
Constant	8.357***	0.320	21.450**	89.477**	5.725**	73.019**	179.135*
	(2.694)	(2.616)	(8.267)	(32.114)	(2.278)	(29.296)	(90.966)
N	154	145	141	141	150	168	157
R^2	0.154	0.186	0.189	0.261	0.184	0.312	0.170

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01; robust standard errors clustered by country in parentheses.

Table A16: Macro-level robustness check: Share of union members among left party voters as labour strength indicator

	Unemployment benefits	Active labour market policy	Employment protection (reg. contracts)	Employment protection (temp. contr.)	Pensions	Health care	Education
Left cabinet	-0.006	-0.010	0.111*	-0.043	0.034**	-0.030	0.330
	(0.009)	(0.009)	(0.060)	(0.054)	(0.016)	(0.149)	(0.471)
Union members / left electorate	-2.508	-2.022	7.962	-22.839	3.000	-64.373***	25.485
	(2.121)	(1.480)	(10.724)	(16.893)	(2.212)	(19.860)	(81.837)
Left x union members / left electorate	0.034	0.067**	-0.167	0.117	-0.073**	0.217	1.442
	(0.022)	(0.031)	(0.119)	(0.171)	(0.034)	(0.321)	(1.146)
Globalisation	-0.014	0.008	-0.019	-0.391*	-0.033	-0.311	-0.488
	(0.031)	(0.015)	(0.064)	(0.222)	(0.022)	(0.230)	(1.054)
Unemployment	-0.255**	-0.045	-1.673**	-1.557*	-0.121	-3.541***	-5.744
	(0.110)	(0.046)	(0.747)	(0.807)	(0.084)	(0.937)	(3.750)
Elderly	-0.162	-0.026	-0.532	-2.023**	-0.302	0.492	-0.500
	(0.155)	(0.087)	(0.411)	(0.769)	(0.185)	(1.669)	(6.089)
GDP growth	-0.156	0.440***	-0.084	0.641	-0.188	-0.414	-8.440
	(0.196)	(0.145)	(0.449)	(0.883)	(0.154)	(1.563)	(11.121)
Budget	-0.028	0.020	-0.117	0.785	0.009	1.452	0.397
	(0.100)	(0.053)	(0.290)	(0.496)	(0.094)	(0.934)	(2.327)
Institutional constraints	0.069	-0.023	-0.012	-2.787*	-0.075	1.381	-1.106
	(0.181)	(0.068)	(0.711)	(1.558)	(0.221)	(2.092)	(7.213)
EU membership	2.688**	1.354**	5.234	6.751	0.863	21.671*	64.562***
	(1.220)	(0.573)	(4.611)	(7.012)	(0.998)	(10.450)	(22.189)
Financial crisis	0.804	-0.143	-0.197	5.616	0.910	29.354***	-4.938
	(0.678)	(0.531)	(3.401)	(6.711)	(0.656)	(7.458)	(32.585)
Start value (depend. var.)	-0.061	-0.991***	-0.990***	-0.991***	-0.021	-0.991***	-0.992***
	(0.039)	(0.000)	(0.000)	(0.000)	(0.031)	(0.000)	(0.001)
Cabinet duration	-0.697	-0.271	-0.446	-6.894	0.120	7.814***	2.322
	(0.441)	(0.314)	(1.746)	(4.640)	(0.334)	(1.806)	(12.806)
Constant	9.908**	0.946	22.391**	106.883**	6.530**	112.679***	360.830**
	(4.409)	(1.803)	(9.261)	(41.698)	(3.089)	(26.181)	(136.503)
N	107	118	120	120	103	120	115
R^2	0.216	1.000	1.000	1.000	0.168	1.000	1.000

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01; robust standard errors clustered by country in parentheses.

Table A17: Macro-level robustness check: Left party indicator additionally including green parties

	Unemployment benefits	Active labour market policy	Employment protection (reg. contracts)	Employment protection (temp. contracts)	Pensions	Health care	Education
Left cabinet	-0.015**	-0.024**	0.122**	-0.056	0.045**	-0.141	0.670
	(0.006)	(0.010)	(0.048)	(0.091)	(0.017)	(0.154)	(0.418)
Union density	-0.035*	-0.034	0.097	-0.343	0.064**	-0.699***	1.081
	(0.020)	(0.020)	(0.069)	(0.252)	(0.023)	(0.184)	(0.874)
Left x union density	0.001***	0.001**	-0.002**	0.004	-0.001**	0.003	-0.003
	(0.000)	(0.000)	(0.001)	(0.003)	(0.000)	(0.003)	(0.012)
Globalisation	-0.027	-0.001	0.008	-0.260*	-0.033**	-0.005	0.929
	(0.019)	(0.022)	(0.059)	(0.138)	(0.015)	(0.225)	(0.674)
Unemployment	-0.130	-0.022	-1.677**	-1.497	-0.064	-2.969***	-2.917
	(0.086)	(0.076)	(0.638)	(0.868)	(0.074)	(0.781)	(3.308)
Elderly	-0.101	-0.047	-0.244	-2.437**	-0.227	1.719	2.647
	(0.145)	(0.144)	(0.433)	(0.955)	(0.148)	(1.980)	(4.179)
GDP growth	-0.317**	0.438***	0.454	0.839	-0.278**	0.240	-11.666
	(0.152)	(0.150)	(0.456)	(0.860)	(0.127)	(1.337)	(8.854)
Budget	0.115	0.108	-0.314*	0.389	-0.030	0.917	0.152
	(0.082)	(0.072)	(0.160)	(0.646)	(0.089)	(0.713)	(2.213)
Institutional constraints	-0.115	0.082	0.028	-2.703**	0.034	1.746	3.851
	(0.166)	(0.170)	(0.639)	(1.219)	(0.181)	(1.905)	(5.818)
EU membership	1.440	1.813**	4.337	7.396	0.425	14.358*	4.403
	(0.836)	(0.696)	(3.491)	(5.616)	(0.523)	(7.499)	(20.855)
Financial crisis	0.315	0.159	-0.046	5.238	0.362	28.909***	-26.887
	(0.630)	(0.666)	(2.761)	(5.521)	(0.684)	(6.973)	(26.036)
Start value (depend. var.)	-0.074**	-0.110***	-0.039**	-0.076***	-0.026	-0.150***	-0.164***
	(0.028)	(0.022)	(0.018)	(0.022)	(0.022)	(0.034)	(0.040)
Cabinet duration	-0.095	-0.095	-0.509	-6.180	0.261	6.152	13.182
	(0.338)	(0.322)	(1.390)	(4.143)	(0.319)	(3.603)	(12.209)
Constant	10.049***	1.260	14.512**	100.053***	4.390*	87.571***	118.442
	(2.814)	(3.163)	(5.627)	(31.728)	(2.221)	(19.353)	(87.124)
N	160	152	148	148	151	177	164
R^2	0.168	0.208	0.195	0.240	0.217	0.300	0.162

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01; robust standard errors clustered by country in parentheses.

Table A18: Macro-level robustness check: Inclusion of additional controls

	Unemployment benefits	Active labour market policy	Employment protection (reg. contracts)	Employment protection (temp. contracts)	Pensions	Health care	Education
Left cabinet	-0.019***	-0.026**	0.124**	-0.054	0.048**	-0.110	0.667
	(0.006)	(0.011)	(0.051)	(0.094)	(0.017)	(0.151)	(0.414)
Union density	-0.065	-0.073***	0.181*	-0.465	0.063**	-1.044***	0.020
	(0.045)	(0.022)	(0.098)	(0.375)	(0.025)	(0.287)	(0.875)
Left x union density	0.001***	0.001***	-0.002*	0.003	-0.001**	0.003	-0.003
	(0.000)	(0.000)	(0.001)	(0.003)	(0.000)	(0.003)	(0.011)
Globalisation	-0.014	0.007	0.037	-0.284	-0.022	-0.223	1.068*
	(0.021)	(0.031)	(0.059)	(0.211)	(0.018)	(0.271)	(0.598)
Unemployment	-0.099	0.008	-1.718***	-1.363	-0.034	-3.213***	-0.928
	(0.112)	(0.094)	(0.599)	(0.939)	(0.086)	(0.789)	(3.100)
Elderly	-0.101	-0.073	-0.127	-2.535**	-0.212	1.141	1.290
	(0.157)	(0.144)	(0.437)	(1.043)	(0.147)	(1.879)	(4.273)
GDP growth	-0.339*	0.434***	0.332	0.905	-0.294*	0.420	-11.757
	(0.167)	(0.151)	(0.476)	(0.888)	(0.142)	(1.414)	(8.797)
Budget	0.137	0.116*	-0.305	0.444	-0.033	0.903	-0.628
	(0.086)	(0.066)	(0.218)	(0.835)	(0.102)	(0.713)	(2.615)
Institutional constraints	-0.088	0.013	0.368	-3.059*	0.090	0.356	0.800
	(0.202)	(0.210)	(0.679)	(1.537)	(0.201)	(1.862)	(6.161)
EU membership	1.026	1.459	4.555	7.230	0.313	15.491*	11.382
	(1.266)	(0.878)	(3.543)	(6.054)	(0.664)	(8.958)	(20.584)
Financial crisis	0.382	0.086	0.404	5.034	0.397	27.331***	-41.176
	(0.652)	(0.691)	(2.856)	(5.471)	(0.692)	(6.221)	(28.314)
Deindustrialisation	-5.535	-3.323	-8.398	-0.417	-6.035	93.944**	-118.855
	(7.215)	(8.632)	(20.643)	(65.117)	(5.049)	(45.025)	(209.751)
Female labour force	-0.005	0.018	-0.049	0.069	0.017	-0.151	2.779*
participation	(0.038)	(0.060)	(0.120)	(0.516)	(0.045)	(0.342)	(1.570)
Ghent system	1.760	2.023*	-4.290	6.745	-0.072	21.450**	52.629
	(2.129)	(1.103)	(3.285)	(12.204)	(1.262)	(9.595)	(43.543)
Start value (depend. var.)	-0.084**	-0.122***	-0.042**	-0.077**	-0.031	-0.164***	-0.205***
	(0.034)	(0.031)	(0.020)	(0.027)	(0.020)	(0.029)	(0.045)
Cabinet duration	-0.077	-0.045	-0.626	-6.106	0.230	5.845*	12.655

	(0.340)	(0.319)	(1.454)	(4.189)	(0.333)	(3.169)	(13.070)
Constant	14.776**	3.493	18.358	101.833*	6.765*	73.339**	121.809
	(6.815)	(5.001)	(19.591)	(59.037)	(3.494)	(29.902)	(115.165)
N	156	150	146	146	146	171	162
R^2	0.183	0.221	0.202	0.241	0.237	0.327	0.188

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01; robust standard errors clustered by country in parentheses.

Table A19: Macro-level robustness check: Inclusion of country dummies

	Unemployment benefits	Active labour market policy	Employment protection (reg. contracts)	Employment protection (temp. contracts)	Pensions	Health care	Education
Left cabinet	-0.019**	-0.027*	0.145**	-0.135	0.032	-0.113	0.554
	(0.008)	(0.015)	(0.054)	(0.168)	(0.021)	(0.161)	(0.522)
Union density	-0.126	-0.089*	-0.284	0.592	-0.031	-1.063	-3.945
	(0.093)	(0.050)	(0.389)	(0.818)	(0.045)	(0.803)	(2.789)
Left x union density	0.001***	0.001**	-0.003*	0.005	-0.001*	0.003	0.002
	(0.000)	(0.000)	(0.001)	(0.005)	(0.000)	(0.004)	(0.014)
Globalisation	-0.038	-0.126	-0.265	-0.694	-0.079	0.312	-1.448
	(0.061)	(0.092)	(0.352)	(0.612)	(0.053)	(0.557)	(1.825)
Unemployment	-0.253*	0.121	-0.873	-4.006**	-0.223	-5.167**	-7.216
	(0.142)	(0.183)	(0.840)	(1.841)	(0.149)	(1.887)	(4.991)
Elderly	-0.140	0.322	-0.818	-0.590	-0.203	5.382*	6.121
	(0.286)	(0.297)	(0.717)	(1.515)	(0.182)	(2.690)	(6.586)
GDP growth	-0.257	0.532***	0.719	1.288	-0.235	-0.893	-10.215
	(0.179)	(0.149)	(0.516)	(0.918)	(0.143)	(1.336)	(8.648)
Budget	0.044	0.222**	-0.195	0.070	-0.109	0.762	-3.724
	(0.116)	(0.104)	(0.393)	(1.032)	(0.159)	(1.239)	(2.537)
Institutional constraints	1.387	-1.193**	2.924	-27.854*	1.708**	-1.512	63.701**
	(0.973)	(0.534)	(3.388)	(14.518)	(0.758)	(6.991)	(24.451)
EU membership	-0.277	-0.779	-3.256	17.237	1.238	10.318	27.476
	(1.917)	(2.121)	(4.893)	(10.879)	(1.274)	(14.889)	(48.058)
Financial crisis	0.136	1.064	1.784	7.440	0.462	26.919***	-32.878
	(0.657)	(0.883)	(3.342)	(6.721)	(0.854)	(6.886)	(34.474)
Start value (depend. var.)	-0.188***	-0.254***	-0.368***	-0.182*	-0.203***	-0.270***	-0.293***
	(0.052)	(0.063)	(0.074)	(0.097)	(0.060)	(0.051)	(0.066)
Cabinet duration	-0.171	0.103	-0.397	-7.912	-0.314	4.381	15.429
	(0.298)	(0.361)	(1.450)	(4.830)	(0.264)	(4.038)	(14.318)
Constant	12.601**	7.832*	75.690***	195.591*	11.451***	134.060***	233.664
	(5.046)	(3.976)	(25.780)	(104.085)	(3.813)	(31.936)	(142.599)
N	160	152	148	148	151	177	164
R^2	0.375	0.432	0.389	0.468	0.476	0.408	0.321

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01; robust standard errors clustered by country in parentheses; country dummies not reported.

Table A20: Macro-level robustness check: Micro-level sample

	Unemployment benefits	Active labour market policy	Employment protection (reg. contracts)	Employment protection (temp. contracts)	Pensions	Health care	Education
Left cabinet	-0.010	-0.022*	0.071***	-0.126	0.047*	0.050	0.571
	(0.007)	(0.012)	(0.022)	(0.097)	(0.022)	(0.166)	(0.579)
Union density	-0.013	-0.020	-0.005	-0.513*	0.082***	-0.687**	1.694*
	(0.030)	(0.018)	(0.072)	(0.262)	(0.026)	(0.251)	(0.948)
Left x union density	0.001***	0.001**	-0.001*	0.005	-0.001**	0.001	0.001
	(0.000)	(0.000)	(0.001)	(0.003)	(0.000)	(0.004)	(0.011)
Globalisation	-0.022	-0.015	0.117	-0.131	-0.048	0.058	1.671***
	(0.037)	(0.028)	(0.089)	(0.154)	(0.027)	(0.245)	(0.480)
Unemployment	0.039	0.016	-2.276***	-0.838	0.168*	-4.114***	0.504
	(0.143)	(0.117)	(0.648)	(0.999)	(0.087)	(0.886)	(2.101)
Elderly	-0.039	0.095	-0.240	-1.714	-0.115	0.254	3.205
	(0.202)	(0.185)	(0.448)	(0.976)	(0.163)	(2.129)	(3.224)
GDP growth	-0.494*	0.365	0.486	0.669	-0.264	2.743	-19.153*
	(0.231)	(0.280)	(0.590)	(1.813)	(0.194)	(2.019)	(10.570)
Budget	0.302*	0.181	-0.258	1.173**	0.073	-1.041**	3.078
	(0.145)	(0.120)	(0.303)	(0.528)	(0.108)	(0.466)	(2.979)
Institutional constraints	0.265	0.206	-0.348	-2.770*	0.279	-1.030	6.405
	(0.213)	(0.284)	(0.843)	(1.362)	(0.216)	(2.141)	(4.966)
EU membership	0.292	1.507	7.301	9.719	-0.302	18.660**	-10.737
	(1.077)	(1.113)	(4.229)	(7.468)	(0.629)	(7.356)	(19.244)
Financial crisis	0.589	0.345	-3.874	2.437	1.100*	40.918***	-67.137**
	(0.925)	(0.946)	(2.826)	(6.289)	(0.608)	(6.600)	(23.379)
Start value (depend. var.)	-0.082*	-0.133***	-0.034	-0.087***	-0.063**	-0.153***	0.001
	(0.046)	(0.026)	(0.020)	(0.024)	(0.027)	(0.022)	(0.009)
Cabinet duration	-0.799**	-0.515	0.989	-9.634	-0.152	8.696**	11.680
	(0.304)	(0.457)	(2.834)	(6.996)	(0.351)	(3.189)	(9.118)
Constant	9.969**	0.808	9.494	102.354*	4.729	95.614***	193.200*
	(4.349)	(4.613)	(6.891)	(47.441)	(2.748)	(21.879)	(104.190)
N	96	96	92	92	99	108	105
R^2	0.207	0.222	0.304	0.255	0.267	0.404	0.275

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01; robust standard errors clustered by country in parentheses.

Table A21: Macro-level robustness check: Country-years as unit of observation, without country and year dummies

	Unemployment benefits	Active labour market policy	Employment protection (reg. contracts)	Employment protection (temp. contracts)	Pensions	Health care	Education
Left cabinet	-0.005	-0.014**	0.049*	-0.047	0.022***	-0.000	0.025
	(0.005)	(0.006)	(0.027)	(0.050)	(0.005)	(0.000)	(0.133)
Union density	-0.017**	-0.012	0.066**	-0.175*	0.028***	-0.003***	0.180
	(0.008)	(0.011)	(0.027)	(0.091)	(0.006)	(0.001)	(0.233)
Left x union density	0.000*	0.000**	-0.001**	0.002	-0.001***	0.000	0.005
	(0.000)	(0.000)	(0.000)	(0.001)	(0.000)	(0.000)	(0.003)
Globalisation	-0.011	0.012	-0.002	-0.159	-0.026***	-0.001	0.289
	(0.009)	(0.015)	(0.040)	(0.113)	(0.009)	(0.001)	(0.250)
Unemployment	-0.012	0.032	-0.500**	-0.243	-0.065**	-0.015***	-1.762***
	(0.030)	(0.028)	(0.204)	(0.307)	(0.027)	(0.003)	(0.651)
Elderly	0.026	0.011	-0.021	-1.025**	-0.110***	0.004	-0.647
	(0.042)	(0.043)	(0.163)	(0.472)	(0.033)	(0.005)	(1.044)
GDP growth	-0.134***	0.176***	0.374**	0.084	-0.117***	-0.005	-5.079***
	(0.035)	(0.059)	(0.167)	(0.432)	(0.038)	(0.008)	(1.514)
Budget	0.020	0.045	-0.109	0.250	-0.025	0.012***	1.455**
	(0.018)	(0.027)	(0.095)	(0.241)	(0.018)	(0.003)	(0.738)
Institutional constraints	-0.074*	-0.041	0.164	-0.944	-0.037	0.010**	1.351
	(0.041)	(0.051)	(0.207)	(0.578)	(0.057)	(0.005)	(1.263)
EU membership	-0.065	0.480	1.237	3.854	0.244	0.091***	13.332
	(0.241)	(0.366)	(1.017)	(2.598)	(0.244)	(0.031)	(8.300)
Financial crisis	-0.027	-0.115	-0.229	4.907*	0.139	0.117	15.458
	(0.262)	(0.414)	(1.059)	(2.523)	(0.213)	(0.080)	(12.916)
Start value (depend. var.)	-0.028***	-0.093***	-0.017**	-0.035***	-0.010	-0.054***	-0.075***
	(0.006)	(0.025)	(0.007)	(0.012)	(0.007)	(0.012)	(0.014)
Constant	3.262***	-0.591	1.834	36.045***	3.917***	0.555***	112.012***
	(0.972)	(1.369)	(3.889)	(12.265)	(0.962)	(0.135)	(32.264)
N	613	589	578	578	576	627	619
R^2	0.045	0.139	0.089	0.079	0.103	0.148	0.091

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01; panel-corrected standard errors in parentheses.

Table A22: Macro-level robustness check: Country-years as unit of observation, with country and year dummies

	Unemployment benefits	Active labour market policy	Employment protection (reg. contracts)	Employment protection (temp. contracts)	Pensions	Health care	Education
Left cabinet	-0.008*	-0.018***	0.067**	-0.114**	0.021***	-0.001	-0.044
	(0.005)	(0.006)	(0.030)	(0.054)	(0.006)	(0.001)	(0.143)
Union density	-0.062***	-0.054***	-0.011	-0.162	0.021	-0.006**	-1.640**
	(0.017)	(0.021)	(0.134)	(0.241)	(0.019)	(0.002)	(0.682)
Left x union density	0.000**	0.001***	-0.001***	0.003**	-0.001***	0.000*	0.008**
	(0.000)	(0.000)	(0.001)	(0.002)	(0.000)	(0.000)	(0.003)
Globalisation	-0.020	0.002	-0.333	-0.415	-0.050	-0.004	0.635
	(0.034)	(0.035)	(0.216)	(0.487)	(0.040)	(0.003)	(1.352)
Unemployment	-0.006	0.105**	-0.470	-1.367**	-0.080*	-0.015***	-2.012
	(0.048)	(0.042)	(0.299)	(0.563)	(0.045)	(0.005)	(1.367)
Elderly	0.013	-0.015	-0.219	-1.773**	-0.187***	0.014**	2.063
	(0.099)	(0.108)	(0.288)	(0.765)	(0.062)	(0.007)	(1.728)
GDP growth	-0.194***	0.235***	1.069***	0.407	-0.147***	-0.012**	-5.919***
	(0.042)	(0.057)	(0.227)	(0.589)	(0.051)	(0.006)	(1.608)
Budget	0.028	0.074**	-0.291***	-0.431	-0.058*	0.007*	-0.784
	(0.026)	(0.032)	(0.112)	(0.324)	(0.030)	(0.004)	(0.939)
Institutional constraints	0.621***	-0.402*	1.761*	-8.797**	0.487**	-0.010	16.800
	(0.225)	(0.207)	(0.909)	(4.322)	(0.218)	(0.033)	(10.913)
EU membership	-1.486***	-0.784	-3.399	7.678*	0.127	0.029	-2.941
	(0.349)	(0.574)	(2.359)	(4.575)	(0.423)	(0.041)	(16.554)
Financial crisis	0.150	1.161	3.872	10.871	-0.841	0.092	-40.893
	(0.622)	(0.919)	(2.737)	(7.828)	(0.748)	(0.098)	(31.414)
Start value (depend. var.)	-0.105***	-0.158***	-0.125***	-0.128***	-0.114***	-0.111***	-0.132***
	(0.015)	(0.030)	(0.045)	(0.026)	(0.023)	(0.024)	(0.020)
Constant	5.560***	0.891	29.882**	100.750***	9.418***	1.034***	113.470
	(1.875)	(1.499)	(15.115)	(24.272)	(2.014)	(0.254)	(76.856)
N	613	589	578	578	576	627	619
R^2	0.221	0.290	0.204	0.217	0.254	0.369	0.325

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01; panel-corrected standard errors in parentheses; country and year dummies not reported.

Table A23: Sub-period analysis 1980/1985-1995

	Unemployment benefits	Active labour market policy	Employment protection (reg. contracts)	Employment protection (temp. contracts)	Pensions	Health care	Education
Left cabinet	-0.026	-0.110**	0.172	-0.112	0.056**	-0.212	0.087
	(0.019)	(0.044)	(0.280)	(0.179)	(0.020)	(0.254)	(0.756)
Union density	-0.043	-0.027	0.313	-0.097	0.030	-0.475*	1.270
	(0.028)	(0.045)	(0.259)	(0.205)	(0.029)	(0.251)	(1.594)
Left x union density	0.001**	0.003***	-0.003	0.005	-0.001***	0.003	-0.006
	(0.000)	(0.001)	(0.005)	(0.004)	(0.000)	(0.005)	(0.015)
Globalisation	-0.068*	-0.013	0.060	0.098	-0.118***	0.154	0.537
	(0.035)	(0.049)	(0.133)	(0.098)	(0.027)	(0.225)	(1.137)
Unemployment	-0.030	0.251	-3.242**	-1.575**	0.195*	-2.838*	-0.372
	(0.136)	(0.233)	(1.458)	(0.743)	(0.107)	(1.364)	(5.092)
Elderly	-0.199	0.293	-2.623	-5.902**	0.283	-0.175	12.554
	(0.293)	(0.632)	(2.145)	(2.811)	(0.280)	(3.085)	(9.376)
GDP growth	-0.355	0.422	1.050	-0.779	-0.389	-0.129	-7.785
	(0.272)	(0.263)	(0.952)	(1.156)	(0.225)	(2.338)	(13.345)
Budget	0.268	0.268	-0.566	1.451	-0.127	0.610	1.552
	(0.192)	(0.187)	(0.543)	(1.083)	(0.083)	(1.223)	(5.237)
Institutional constraints	-0.538*	0.245	0.245	1.659	-0.563*	5.335**	9.892
	(0.268)	(0.381)	(1.308)	(1.507)	(0.296)	(2.333)	(11.811)
EU membership	0.694	3.142**	13.999	21.274*	-1.573*	9.334	-40.278
	(0.957)	(1.334)	(9.018)	(10.472)	(0.905)	(8.494)	(45.675)
Start value (depend. var.)	-0.106***	-0.259***	-0.051**	0.012	-0.092**	-0.137**	-0.124**
	(0.030)	(0.088)	(0.022)	(0.023)	(0.042)	(0.051)	(0.053)
Cabinet duration	-0.097	0.543	0.401	1.244	0.435	3.135	10.668
	(0.685)	(0.846)	(2.057)	(2.198)	(0.518)	(7.465)	(23.100)
Constant	16.787***	-6.212	37.483	71.339**	6.858**	96.151**	-38.071
	(4.355)	(9.483)	(30.857)	(33.437)	(2.596)	(41.808)	(152.613)
N	72	52	47	47	69	77	64
R^2	0.342	0.403	0.398	0.542	0.403	0.298	0.128

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01; robust standard errors clustered by country in parentheses.

Table A24: Sub-period analysis 1996-2011/2013

	Unemployment benefits	Active labour market policy	Employment protection (reg. contracts)	Employment protection (temp. contracts)	Pensions	Health care	Education
Left cabinet	-0.007	-0.002	0.147	-0.003	0.030*	-0.184	0.642
	(0.011)	(0.013)	(0.089)	(0.111)	(0.016)	(0.182)	(0.542)
Union density	-0.042*	-0.022*	0.091	-0.463	0.056*	-0.857***	0.668
	(0.023)	(0.012)	(0.121)	(0.295)	(0.031)	(0.281)	(0.999)
Left x union density	0.000	0.000	-0.002	0.002	-0.001*	0.006*	0.010
	(0.000)	(0.000)	(0.002)	(0.002)	(0.000)	(0.003)	(0.011)
Globalisation	0.030	0.003	0.001	-0.190	0.014	-0.460	1.364
	(0.020)	(0.024)	(0.077)	(0.343)	(0.036)	(0.401)	(1.013)
Unemployment	-0.078	0.001	-0.223	0.836	-0.257**	-4.621***	-5.016
	(0.106)	(0.092)	(0.256)	(1.233)	(0.118)	(1.482)	(5.131)
Elderly	0.018	-0.010	-0.412	-0.050	-0.195	1.365	-2.598
	(0.134)	(0.103)	(0.492)	(1.278)	(0.176)	(1.899)	(6.273)
GDP growth	-0.319**	0.425***	-0.092	0.855	-0.189	0.404	-20.900**
	(0.124)	(0.135)	(0.547)	(1.574)	(0.163)	(1.953)	(9.578)
Budget	0.040	0.015	-0.064	1.435	-0.143	1.448	0.699
	(0.087)	(0.064)	(0.286)	(1.273)	(0.143)	(1.180)	(2.957)
Institutional constraints	0.043	0.078	0.411	-4.221**	0.085	0.732	3.776
	(0.125)	(0.112)	(0.592)	(1.798)	(0.187)	(2.741)	(6.966)
EU membership	1.559	0.918	-0.364	-1.296	0.345	31.278**	54.721*
	(0.928)	(0.770)	(2.472)	(13.122)	(1.179)	(14.973)	(31.415)
Financial crisis	-0.050	0.124	-1.073	3.199	0.248	32.679***	-31.517
	(0.774)	(0.743)	(3.350)	(6.812)	(0.659)	(7.963)	(30.524)
Start value (depend. var.)	-0.032	-0.048	-0.015	-0.151**	-0.027	-0.147***	-0.248***
	(0.034)	(0.036)	(0.010)	(0.068)	(0.024)	(0.038)	(0.052)
Cabinet duration	0.254	0.116	-2.070**	-8.769	0.435	6.532**	8.392
	(0.282)	(0.305)	(0.780)	(5.874)	(0.274)	(2.537)	(12.736)
Constant	0.487	-1.225	12.769*	76.880*	1.649	125.034***	328.044**
	(2.940)	(2.546)	(7.254)	(39.970)	(4.732)	(40.507)	(152.130)
N	88	100	101	101	82	100	100
R^2	0.176	0.145	0.199	0.335	0.229	0.351	0.345

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01; robust standard errors clustered by country in parentheses.

Table A25: Descriptive statistics for the micro-level variables

Micro-level analysis	Mean	Standard deviation	Min	Max
Gender (Dummy)	0.483	0.500	0	1
Degree	3.852	1.725	0	9
Religious attendance (Dummy)	0.670	0.470	0	1
z-standardised income	-0.000	0.992	-1.833	14.148
Age	47.760	17.293	4	98

Table A26: Descriptive statistics for the macro-level variables

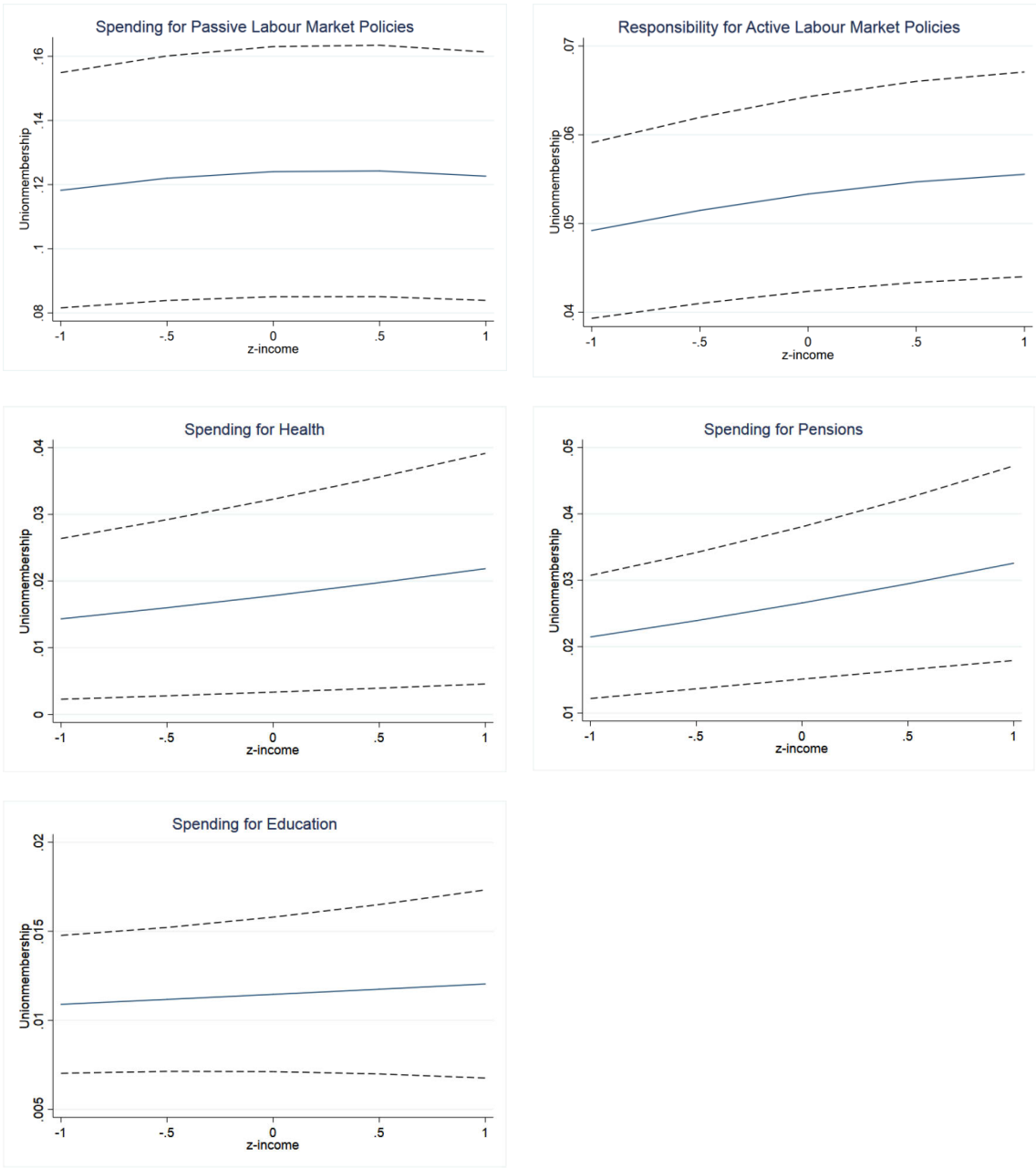
Macro-level analysis	Mean	Standard deviation	Min	Max
Left cabinet	34.915	39.882	0	100
Union density	38.146	20.508	7.560	86.050
Globalisation	57.365	17.551	23.856	90.533
Unemployment	7.479	4.012	0.185	27.500
Elderly	14.575	2.559	9.450	23.150
GDP growth	2.207	2.131	-5.460	9.787
Budget	-3.044	4l.342	-14.160	17.565
Institutional constraints	2.010	2.122	0	7
EU membership	0.574	0.496	0	1
Financial crisis	0.231	0.422	0	1
Cabinet duration	3.375	0.912	2	5

Table A27: Labour union power, left parties, and sick pay

	Sick pay
Left cabinet	-0.011
	(0.010)
Union density	-0.040**
	(0.016)
Left x union density	0.000**
	(0.000)
Globalisation	-0.034**
	(0.015)
Unemployment	-0.128*
	(0.067)
Elderly	-0.208
	(0.131)
GDP growth	-0.101
	(0.171)
Budget	0.005
	(0.075)
Institutional constraints	-0.133
	(0.151)
EU membership	1.427
	(1.027)
Financial crisis	1.200
	(0.702)
Start value (depend. var.)	-0.002
	(0.014)
Cabinet duration	-0.079
	(0.302)
Constant	6.836**
	(2.472)
N	164
R^2	0.090

Notes: * = p < 0.1; ** = p < 0.05; *** = p < 0.01; robust standard errors clustered by country in parentheses.

Figure A1: Average marginal effect plots on the interaction between union membership and standardized income



Notes: The plots are based on the respective models in table A2. The dashed lines show the 95-percent confidence intervals.

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Part E: Paper 4

Quiet Politics of Employment Protection Legislation? Partisan politics, electoral competition and the regulatory welfare state

Abstract

Political parties and party competition have been important factors in the expansion and retrenchment of the fiscal welfare state, but researchers have argued that regulatory welfare is not part of political debate among parties. We explore this claim theoretically, and then empirically examine it in the case of employment protection legislation (EPL) in twenty-one established democracies since 1985. EPL is a mature and potentially salient instrument of the regulatory welfare state that has experienced substantial retrenchment. We test three prominent mechanisms of how electoral competition conditions partisan effects: the composition of Left parties' electorates, the strength of pro-EPL parties, and the emphasis put on social justice by pro-EPL parties. We find that the partisan politics of EPL is conditioned by electoral competition under only very specific circumstances, namely when blame sharing becomes possible in coalitions between EPL supporters.

Keywords: Employment Protection Legislation, Partisan Politics, Regulatory Welfare State, Electoral Competition, Welfare State Retrenchment

1. Introduction

The regulatory welfare state (RWS) is considered as a way to cater for "the social needs of vulnerable groups" (Haber 2017, 445) and can be a "redistributive instrument" that is "functionally equivalent to social spending" (Levi-Faur 2014, 604 and 606). Nonetheless, there are some relevant differences between regulating for welfare and

social spending (as the classic way to deliver social security). As Levi-Faur (2014, 610) observes: "Money is visible and regulations are not". This claim has two implications. First, agents that would need to pay for social spending and that have increasingly obtained an exit option due to globalization might be more willing to accept the invisible regulatory welfare state than the visible levying of taxes and social security contributions. Consequently, regulation is often seen as a rather attractive alternative to providing benefits from the public purse in the era of "permanent austerity" (Pierson 1998). Policy-makers hope that regulation will attain similar goals as welfare transfers without eliciting significant public spending. In that sense, the regulatory state is sometimes regarded as a potential "rescue of the welfare state" (Levi-Faur 2014, 610). Therefore, the regulatory welfare state has been on the rise for quite some time now.

Second, the greater visibility of spending compared with regulation may have consequences for the politics of the different "faces" of the welfare state. It is largely undisputed that the development of the spending welfare state was significantly driven by credit-claiming parties that sought to attract voters by either increasing (highly visible) welfare spending or by preventing tax increases for their respective electorates (see, for example, Huber and Stephens 2001). Likewise, retrenchment of the fiscal welfare state often became an exercise in "blame avoidance" (Weaver 1986) due to the high visibility and electoral salience of the respective programs (cf. Pierson 1994, 1996).

In contrast, the "quiet politics" (Culpepper 2010) of the regulatory welfare state were much less salient among the voters and, consequently, parties may have had much less incentives to compete on this issue. This, in turn, might have led to the irrelevance of partisan politics for the shaping of welfare regulation. Haber (2017, 457), in a recent study on the regulatory welfare state, substantiates this claim empirically: "The politics of regulatory welfare are not the high stakes, ideological and highly conflictual politics of fiscal welfare … regulatory welfare is not politically contested: it is not a matter of party-political debate."

In this paper, we wish to study the relation between political parties and the regulatory welfare state in a little more detail. We do so by analyzing Employment Protection Legislation (EPL) in twenty-one established democracies since 1985. The investigation of EPL promises a number of new insights for the study of the regulatory welfare state.

First, EPL is not at all a recent addition to the welfare state and was never meant to substitute social spending. Rather, it was complementing spending programs to begin with.

Second, while the argument about regulation as the "rescue of the welfare state" (Levi-Faur 2014, 610) suggests that the regulatory welfare state tends to be expanded also in times of "permanent austerity", the example of EPL shows that more regulation for welfare has not been the only game in town. Rather, while we see that up until the 1980s EPL was expanded in all advanced democracies, it was somewhat retrenched in many countries – particularly with regard to temporary employment and after the financial crisis of 2008 (Emmenegger and Marx 2019, 707-711). So, just like with welfare spending, there is not necessarily a unidirectional development of the regulatory welfare state.

Third, EPL exemplifies a regulatory program that at least at times has been politically salient due to a substantial potential for redistribution. Labor market insiders cherished dismissal protection where it existed, while employers often found EPL an unwanted intervention into their managerial powers associated with potentially considerable costs. Moreover, substantial parts of the academic literature have identified EPL as being responsible for labor market problems in many countries (cf. Siebert 1997; Blanchard 2006).[57] Given what is at stake – a quite visible protection of labor market insiders versus a potential improvement of the employment situation in case of EPL liberalization – political parties may have translated these different views into different partisan positions. Right parties (i.e. Conservatives and Liberals) should side with employers and advocate a liberalization of the labor market to spark employment dynamics, while left parties (above all Social democrats, but also [Post] Communists), should seek to protect labor market insiders' interests in employment protection (Rueda 2005, 2007).

With some notable exceptions (Jäkel and Hörisch 2009; Potrafke 2010), the literature suggests that the expected partisan differences have indeed materialized in the post-war period (Algan and Cahuc 2006; Rueda 2005, 2007; Siegel 2007), although some

[57] The empirical evidence for a negative effect of EPL liberalization on unemployment is mixed (Avdagic 2015). Nonetheless, our argument does not rest on the assumption that EPL liberalization is an effective way of fighting unemployment empirically; rather, we assume that parties may have expected that liberalization might help fight unemployment.

differentiation seems to be in order. First, center parties and Christian democrats in particular seem to behave more like Left parties than like Right parties (Botero et al. 2004; Emmenegger 2011; Heinemann 2007; Huo et al. 2008; Zohlnhöfer and Voigt 2019). Second, just like with regard to welfare spending, partisan effects seem to diminish over time in the sense that partisan differences were quite strong until the 1980s and have become less relevant since then (Zohlnhöfer and Voigt 2019). Third, partisan effects have been found to depend on other factors, most notably the veto player constellation (Avdagic 2013; Becher 2010), the level of unemployment (Zohlnhöfer and Voigt 2019) or debt and income inequality (Aaskoven 2019).

What follows from these observations is that in a number of key aspects, EPL as an important part of the regulatory welfare state is not too dissimilar from fiscal welfare. It is a mature welfare program with substantial redistributive implications that also came under retrenchment pressure since the 1980s – although evidently not because it was too expansive, but rather because it was claimed to dampen labor market dynamics. Accordingly, also the politics of employment protection could be similar to those of fiscal welfare.

This would lead us to expect that the liberalization of EPL, which we observe in many advanced democracies between 1985 and 2013, should have been unpopular among substantial parts of the electorate (Avdagic 2013). The literature on the fiscal welfare state and Paul Pierson's (1994, 1996) argument about "the new politics of the welfare state" and the importance of blame avoidance in particular (see Jensen, Wenzelburger, and Zohlnhöfer 2019 for a recent assessment) would lead us to expect that its unpopularity will shape the politics of EPL liberalization. More specifically, partisan differences should generally disappear or should be conditional on the constellation of electoral competition. Surprisingly, though, nobody has analyzed how electoral competition affects EPL yet. In this paper, we seek to address this void in the literature.

In the next section, we make a theoretical argument why parties should make a difference in EPL in principle and why and how electoral competition could affect the politics of EPL reforms. We then take the three most relevant mechanisms from the literature on the fiscal welfare state and adapt them to the case of EPL. Next, we explain our empirical strategy and operationalization before we present our results. We end with a concluding section. We do find very little evidence that electoral competition

shapes the partisan politics of the regulatory welfare state except for very specific circumstances. Indeed, Christian democrats have an easier time liberalizing when in a coalition with a Left party that strongly emphasizes social justice, probably because they can share the blame with these strong welfare supporters. Nonetheless, these effects are only statistically significant for employment protection for regular employment.

2. Theory: Partisan politics, voters, and issue emphasis

In the literature, there are two approaches to deduce partisan differences in public policy theoretically. Some authors essentially argue that parties translate their voters' preferences into public policy; and to the extent to which the preferences of voters of different parties differ, the policies these parties adopt will also differ. Others maintain that the preferences and ideologies of party members and party leaders are relevant, and party positions and eventually public policies differ to the extent that the ideologies of various parties differ (for a more detailed discussion, see Wenzelburger and Zohlnhöfer 2020). Although both of these approaches arrive at the theoretical expectation that Left parties tighten employment protection while Right parties liberalize EPL, we keep the two distinct for this article - the reason being the way electoral competition plays out differs between the two. We start with the voter-based model. Rueda (2005, 2007), for example, argues that labor market insiders, who stand to benefit from dismissal protection, belong to the core supporters of Left, particularly social democratic, parties. Consequently, these parties will translate the preferences of their voters into public policy and will seek strict EPL if they get into government. In contrast, those who vote for Right parties, such as managers, the self-employed, and the better-off in general do not depend on employment protection and feel that this is an impediment to their entrepreneurial freedom and thus prefer EPL liberalization. As Right parties tend to follow the preferences of their core voters, too, they will abstain from regulation and might even deregulate labor markets once in office. Interestingly, just like for the fiscal welfare state (van Kersbergen 1995; Huber and Stephens 2001), some authors also expect Christian democrats not to behave like Right parties with regard to EPL (Emmenegger 2011; Zohlnhöfer and Voigt 2019). Factory workers, who tend to benefit from employment protection, used to be among these parties' core

voters, so Christian democrats do not have electoral incentives to resist labor market regulation.

Therefore, according to this approach, the electoral importance of labor market insiders keeps left parties from liberalizing EPL. What happens, however, if the relative electoral importance of labor market insiders for left parties declines? Indeed, empirical research suggests that, since the 1980s, the working-class voters who are considered as labor market insiders were increasingly replaced by parts of the middle class like "socio-cultural professionals", that is, well-educated individuals working in interpersonal service occupations, as core voters of left parties (Gingrich and Häusermann 2015; Engler and Zohlnhöfer 2019). Whether these middle-class voters prefer strict labor market regulation to the same extent as classic working-class voters is questionable, because sociocultural professionals typically work in the public sector with a much lower risk of dismissal than workers in the private sector. Moreover, these people are highly educated, which also implies a lower risk of being laid off (and a higher chance to find a new job quickly in the case of unemployment). Thus, as the composition of the electorate of Left parties changes, the relevance of labor market insiders keen on EPL diminishes, and the relevance of sociocultural professionals who are likely to care less for employment protection increases, we should expect these parties to become less fervent advocates of strict EPL. The opposite should hold true when the share of Left parties' voters from the working class rises. Thus, our first hypothesis is:

(H1) The positive effect of Left parties on the strictness of EPL increases with the share of working-class voters among their electorates.

One can come to virtually identical expectations regarding partisan differences in EPL if one assumes parties seek policy. Left parties, based on an ideology of supporting weak members of society by more state intervention in the economy, will advocate stricter EPL as a means to increase job security and to further the well-being of the less well-to-do. Right parties, in contrast, preferring the market over government intervention, will make the point for EPL liberalization in order to create dynamic labor markets and employment growth. Finally, Christian democrats are opposed to the unfettered operation of the market ideologically and they consider EPL as a way to protect their favorite model of the family, the male breadwinner model, which depends

particularly on safe full-time regular employment for the husband. Thus, also when considering party ideologies, Christian democrats should be in favor of EPL.

Electoral considerations play out differently in the ideology-based model of partisan differences than in the voter-driven approach, however. While in the latter, parties tend to follow the preferences of their core voters, in the former, parties pay attention to the median voter. Dismissal protection is considered very popular among many voters, so it is likely that the median voter will rather support employment protection (Avdagic 2013). Consequently, EPL expansion should be a vote winner, while liberalization will be electorally risky. Therefore, while rising unemployment - that many economists (Siebert 1997; Blanchard 2006) and some international organizations (OECD 1994) have linked with comparatively strict labor market regulation - may have suggested labor markets should be liberalized, these kinds of reforms are politically challenging. Like most attempts at welfare state retrenchment in the spending area, parties might also fear to losing votes if they liberalize EPL, and might thus avoid it.

Just how risky a liberalization of EPL is depends on which party adopts it, however. Left and Christian democratic parties have expanded EPL in the past and voters are likely to be aware of that. Now imagine a Right party liberalizes EPL. Dissatisfied former voters of that party might switch to one of the pro-EPL parties as a result. If pro-EPL parties were in a strong political position in terms of votes and parliamentary seats already prior to the reform, these additional votes could put the right governing party's reelection into question. Therefore, this Right party might shy away from the reform under these conditions, while it might adopt deregulation if EPL-defending parties are politically weak (for a similar argument cf. Hicks and Swank 1992). Therefore:

(H2) The liberalizing effect of Right (i.e. conservative and liberal) parties' government participation decreases with the electoral and parliamentary strength of Christian democratic and Left parties.

Apart from the sheer electoral and parliamentary strength of the party families that defend EPL, the risk of losing votes due to unpopular EPL reforms depends on whether the defenders of EPL politicize the reform (Armingeon and Giger 2008; Zohlnhöfer 2017). Other things being equal, Left - and to some extent also Christian democratic parties - are likely to emphasize issues of social justice in their public statements and

their election manifestos. The reason for this expectation is that an increasing salience of these issues among voters is likely to benefit these parties electorally because voters associate these parties with welfare issues (Budge 2015). From that perspective, Left and Christian democratic parties, willing to defend EPL, could point to the potentially negative effects of EPL liberalization and characterize deregulation as a threat to social justice. An increasing emphasis of pro-EPL parties on issues of social justice will in turn lead to a politicization of the (unpopular) EPL liberalizations, which is likely to increase the electoral risk for Right parties to adopt these reforms (Jensen and Seeberg 2015).[58] Therefore, parties that can credibly criticize a government's unpopular policies in principle have a strategic interest in talking about these issues as much as possible. Nonetheless, there are many reasons why they cannot do so all the time (Budge 2015: 770; Jensen and Seeberg 2015: 218). Some of these reasons are beyond their control; in other cases, these parties might tone down their criticism for strategic reasons, for example because they (quietly) agree with the liberalization. Therefore, it is likely that the emphasis EPL-defending parties put on the issue of social justice can vary substantially. Hence, we expect:

(H3) The liberalizing effect of Right (i.e., conservative and liberal) parties' government participation decreases the more Christian democratic and Left parties emphasize issues of social justice in their public statements.

This argument might just as well work if the parties that have expanded EPL previously now aim at liberalizing employment protection themselves. A liberalization of EPL would also be more risky for a Left government if a Christian democratic party emphasizes issues of social justice (and vice versa). Therefore, a left (Christian democratic) government competing with a Christian democratic (Left) party that emphasizes issues of social justice might be inclined to keep their hands off EPL liberalization. We might need to distinguish between whether the defenders of EPL are in government together in a coalition or whether one of these parties is in opposition, however. While the restraining effect we have discussed should be particularly visible when one party that emphasizes social justice is in opposition, things could look

[58] Right parties can try to convince voters of the necessity of EPL liberalization, of course, and they can refer to their perceived economic policy competence in this context. Nonetheless, they are likely to be more successful in their attempt to convince voters when the opposition does not emphasis the issue, while the electoral risk of an EPL liberalization increases, at any given level of government justification, as the opposition politicizes the issue.

differently when these parties govern jointly. If a coalition partner that emphasizes social justice can be convinced to back an EPL liberalization, this might permit a blame sharing strategy. Thus, Christian democrats in government could dare to liberalize EPL when their Left coalition partners emphasize social justice (and vice versa), because no credible alternative exists for dissatisfied voters if the coalition partner supports the reform. This way, the issue would be insulated from electoral competition. Thus, we hypothesize:

(H4a) The positive effect of Christian democratic (Left) parties' government participation on EPL decreases as Left (Christian democratic) *governing* parties' (i.e. coalition partners') emphasis on social justice increases.

(H4b) The positive effect of Christian democratic (Left) parties' government participation on EPL increases as Left (Christian democratic) *opposition* parties' emphasis on social justice increases.

3. Method and Data

Our dependent variable is EPL. Among various existing indicators for EPL, we decided to use the relevant OECD (2019a) indicators. The OECD measures EPL using twenty-one items in three fields: 1) protection of regular workers against individual dismissal, 2) regulation of temporary forms of employment like fixed-term or temporary agency employment, 3) specific conditions for collective dismissals (OECD 2014). The indicators for each field quantify the strictness of the regulations on a scale from zero to six. Higher values indicate stricter regulations. We chose these indicators for two reasons: First, they are available on a yearly basis for a long period of time and for many OECD countries. Second, we can distinguish between EPL for regular and temporary contracts. Moreover, summing up the two categories (regular and temporary contracts) equally weighted[59] to a composite index picks up all changes in both areas. Since we are interested in the liberalization or tightening of EPL, we employ the changes of the three indices (i.e., an individual index's value in a cabinet's end year minus the value in the start year) as dependent variables.

[59] By choosing equal weights for EPL for regular and temporary EPL, we follow the literature. Moreover, we do not see an obvious alternative. We exclude collective dismissals from the analysis because the data are not available prior to 1998.

Our key explanatory variable is the partisan composition of governments. We use the cabinet seat shares of Left parties (Social democrats, [Post]Communists), Right parties (conservatives, liberals), and Christian Democrats based on Schmidt's (2015) dataset. Cabinets are our unit of analysis (cf. Schmitt 2016). They are defined as governments "with the same party composition (even if there are new elections or the prime minister changes but is of the same party)" (Boix 1997, 483). We slightly diverge from this definition in one respect. If a government of the exact same party composition is re-formed after an election, we still count it as a new cabinet. We think our counting rule is appropriate for our data because our data on parties' issue emphases are available for every election and our way of counting cabinets is able to make use of this data structure. Therefore, our sample consists of 124 cabinets.

The share of working-class voters among Left parties' electorates, which we need to test H1, is from Engler and Zohlnhöfer (2019) who follow Gingrich and Häusermann (2015) in combining data from various waves of the European Social Survey (2002-2012) and the Eurobarometer trend-file (1980-2001).[60] To test whether parties' emphasis on social justice limits the room for maneuver of their competitors, we use the Comparative Manifesto Project (CMP) dataset (Volkens et al. 2018). We measure emphasis on social justice by the sum of the three categories "welfare state expansion positive (per 504)", "labour groups positive (per 701)" and "equality positive" (per 503).[61] We code the emphasis for all Left parties falling in the CMP's categories "Socialist Parties or other left parties" and "Social democratic parties"[62], for all Right parties in the categories "Liberal parties" and "Conservative parties" and for all Christian democratic parties. The emphasis on social justice is weighted by party strength, i.e. the sum of the vote and the parliamentary seat share gained in the most recent election. If more than one political party belongs to the same party family, we refer to the parties' combined vote and seat shares.

[60] No data are available for this variable for Australia, Canada, Japan, New Zealand and the USA. Thus, the number of cabinets drops to seventy-six in the relevant regression.
[61] Given our theoretical argument, we would have also liked to use data on parties' emphasis on employment regulation. The CMP data does not include such an item, however.
[62] The CMP data erroneously code the Partido Social Democrata in Portugal as a Left party, while it really is a Right party (and is coded as such in our cabinet data). We changed the respective coding for the emphasis data.

We test our hypotheses for a sample of twenty-one (sixteen for H1) established OECD countries[63] for the period 1985 to 2013. The period of observation is limited due to the data availability of our dependent variable. We run pooled OLS regression models with standard errors clustered by country.

We include several control variables.[64] High GDP growth (from OECD 2019b) may lead to less need for EPL liberalization. Additionally, we consider the de facto index of economic globalization from the KOF dataset (Gygli et al. 2019). The more economically open a country is, the more we expect a liberalizing pressure on EPL to stay competitive. Furthermore, we include unemployment rates (from Armingeon et al. 2018) in our regression models: EPL is often described as a cause of high unemployment, which in turn should lead governments to liberalize EPL. Trade unions should facilitate stricter EPL and even force governments to strengthen EPL. We capture this effect by including union density (net union membership as share of employees) and strike activity (working days lost per 1,000 workers) from the Comparative Political Data Set (Armingeon et al. 2018). Moreover, to measure a government's institutional room to maneuver we add veto player range according to Jahn et al. (2018). We control for EU membership as a dummy variable. Finally, we include cabinet duration, as governments could have higher chances of reforming EPL when they stay in government longer, and the level of the dependent variable at the beginning of the respective cabinet to control for β-convergence. The control variables (with the exception of cabinet duration and the level of EPL at the beginning of the cabinet) reflect averages for the first half of the respective cabinet to avoid endogeneity problems.

4. Results

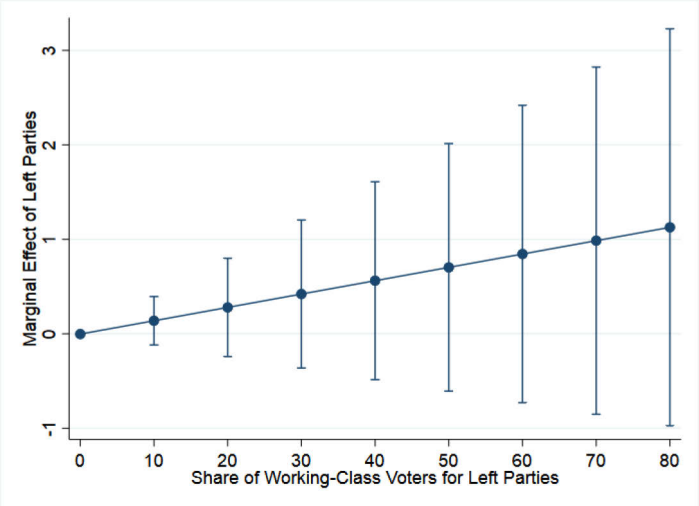
As we investigate interaction terms, we provide graphical illustrations in the form of marginal effects plots (MEP) for ease of interpretation. These figures show the marginal effects of the partisan composition of government on EPL changes at different levels of working class shares in the electorate, strengths of EPL defender parties and

[63] Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the UK, and the United States.
[64] See online Appendix 1 for detailed descriptive statistics of the variables.

emphasis on social justice, respectively. The whiskers show the 10 percent confidence intervals. An effect is significant when the confidence interval does not include the zero line. The complete numerical results including robustness checks can be found in the online appendices. Moreover, we only report results for the composite EPL index unless findings for regular and temporary EPL differ substantially.[65]

First, we turn to our Hypothesis 1 (H1). As we can see in figure 1, the positive effect of Left parties on the strictness of EPL increases with the share of working-class voters among their electorates. Nevertheless, this effect never reaches statistical significance. Thus, H1 cannot be corroborated.[66]

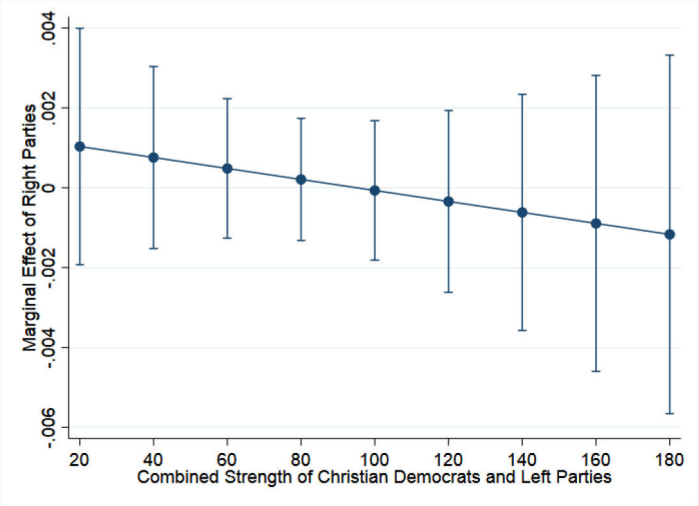
Figure 1: Conditional effect of left voters among the working class on left parties' effect on EPL.



Neither does our Hypothesis 2 hold true (figure 2): against theoretical expectations, the effect of Right parties on EPL becomes more negative when the strenght of Left parties and Christian democrats rises. The effect is far from statistical significance.

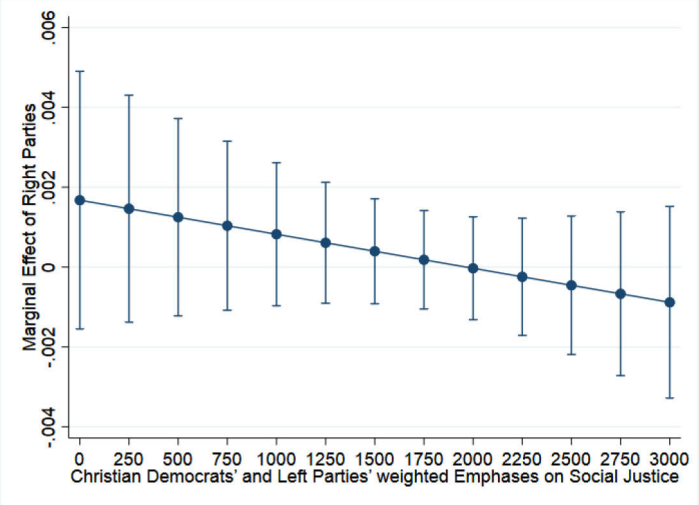
[65] Results not reported are available from the authors upon request.
[66] Note that the number of cabinets is lower than in the other regressions due to missing data.

Figure 2: Conditional effect of the combined strength of Christian democrats and left parties on right parties' effect on EPL.



According to Hypothesis 3, the "power of talk" (Jensen and Seeberg 2015) should play a role. The liberalizing effect of Right parties should decrease as the pro-EPL parties politicize the issue. Figure 3 shows that, against our expectations, the more the defenders of EPL emphasize their issues, the more Right parties liberalize EPL. The effect never reaches statistical significance, however.

Figure 3: Conditional effect of Christian democrats' and Left parties' weighted emphases on social justice on Right parties' effect on EPL.



Next, we turn to Hypothesis 4 (H4), which looks at the interaction of Left parties' emphasis and Christian democratic government participation.[67] Here, distinguishing between regular and temporary contracts makes a significant difference.[68] We start with H4a that deals with Left and Christian democratic parties *governing together in a coalition* (figure 4). The MEP on the left side shows that Christian democrats in government have a statistically significant positive effect on EPL for *regular contracts* when Left parties in government remain silent about the issue. When Left parties start to politicize the topic, however, the effect of Christian democrats soon disappears. The Christian democrats' effect even turns negative, when Left governing parties get stronger and emphasize social justice more. From a weighted emphasis value of 1,250 on,[69] the effect is even significantly negative. This result corroborates H4a. The MEP on the right side shows a different picture: Christian democrats even liberalize EPL for *temporary contracts* more when their Left-wing coalition partners remain silent and they continue to liberalize up to a weighted Left party emphasis on social justice of around 750.[70] When the Left parties' issue emphasis rises, the effect shows a positive trend but turns insignificant; that is, Christian democrats facing a strong politicizing Left coalition partner stop liberalizing EPL for temporary contracts.

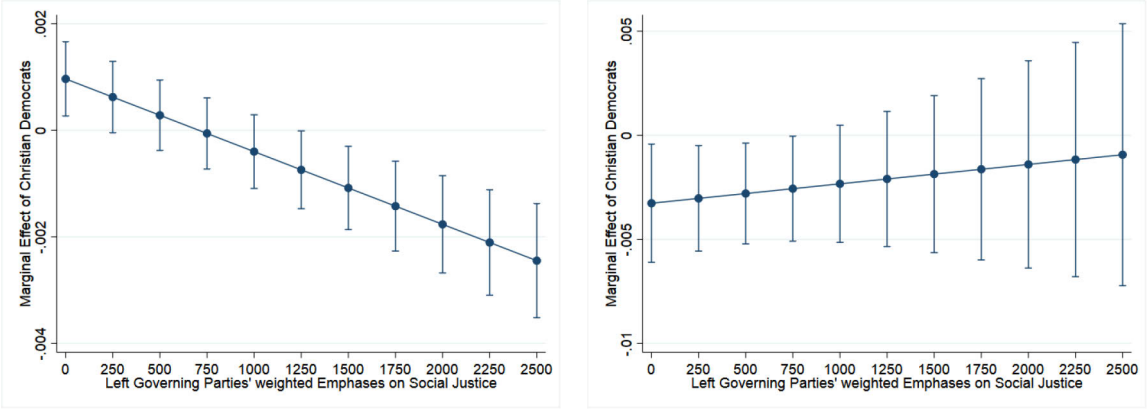
[67] We refrain from reporting results on how Christian democratic parties' emphasis on social justice conditions the effect of left parties on EPL. The reason is the rather low number of countries in which Christian democrats are relevant. If we distinguish between Christian democrats in government and in opposition, the number of zeros becomes exceedingly high, which makes interpretation of the results highly problematic. Results available from the authors upon request.

[68] As the signs of the conditional effects differ between regular and temporary EPL, we do not report results for the composite index, which (unsurprisingly) are not statistically significant. Results available from the authors upon request.

[69] That would be a Left party that gained 35 percent of both the votes and seats and spent slightly less than 18 percent of its manifesto on issues of social justice would receive such a score, for example.

[70] That would be a Left party that gained 25 percent of both the votes and seats and spent 15 percent of its manifesto on issues of social justice, for example.

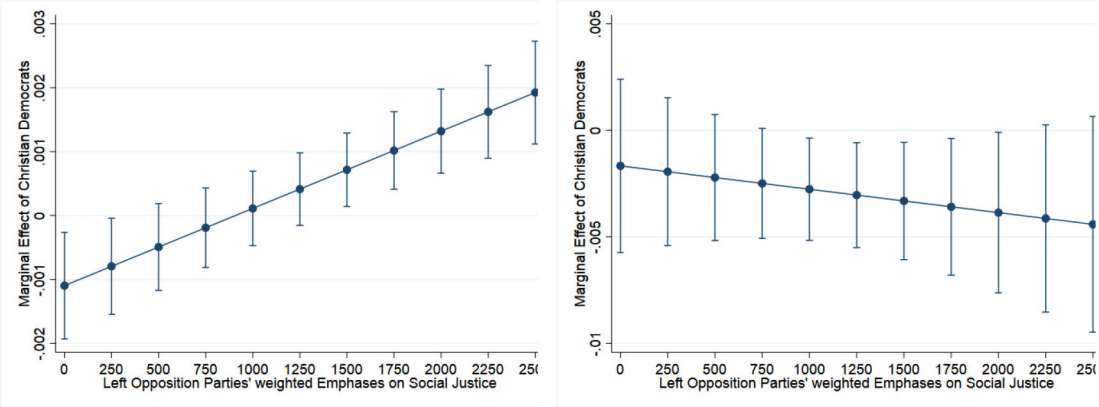
Figure 4: Conditional effect of left governing parties' weighted emphases on social justice on Christian democrats' effect on EPL (regular contracts left, temporary contracts right).



These effects turn around, when Christian democrats face strong Left *opposition* parties. The left side of Figure 5 shows that Christian democrats liberalize EPL for *regular contracts* when Left opposition parties remain (nearly) silent. However, they tighten EPL further as a Left opposition increasingly emphasizes social justice. The effect reaches statistical significance on a 10-percent level at weighted emphasis scores from 1,400 upwards.[71] On the right side, the effect gets more negative and is significant at moderate levels of Left issue emphasis for *temporary contracts*. Thus, only the results for regular contracts are mostly in line with hypothesis 4b.

[71] That would be a Left party with 40 percent of votes and seats that spends 17.5 percent of its manifesto on social justice.

Figure 5: Conditional effect of left opposition parties' weighted emphases on social justice on Christian democrats' effect on EPL (regular contracts left, temporary contracts right).



While our results conform to H4a and H4b when analyzing regular employment, this is not the case for temporary employment. One possible explanation for these different patterns could be that Christian democrats have started to liberalize employment protection for atypical work as a response to rising unemployment in order to protect the male breadwinner model, which depends upon EPL for regular jobs (Zohlnhöfer and Voigt 2019). If Christian democrats themselves aimed at deregulating the labor market for temporary contracts, it would make sense that they would only do so when Left opposition parties do not strongly emphasize these issues (figure 5), and that it would take very committed and strong Left coalition partners to achieve a significant positive effect (figure 4).

The control variables corroborate our expectations or fail to reach statistical significance. We ran several robustness checks including long-term unemployment (OECD 2019c) instead of unemployment rates and a dummy for the financial crisis (1 = all cabinets in power in or after 2008, 0 = otherwise). Results do not change substantially (see online appendices).

5. Conclusion

We have investigated whether theoretical approaches from the study of the fiscal welfare state based on partisan politics have explanatory power for the regulatory welfare state (RWS). The results are somewhat sobering. We do not find much evidence that electoral competition shapes the partisan politics of the regulatory welfare state.

Testing the main arguments regarding the conditioning effect of electoral competition on partisan differences from the literature on the fiscal welfare state does not yield particularly conclusive results. The composition of Left parties' electorates conditions their effects significantly nor are Right parties deterred from liberalizing EPL by the strength or issue emphasis of those parties who can credibly claim to protect employment protection. Surprisingly, politicizing strategies of pro-EPL parties do have an impact when focusing only on the competition between themselves. At least when confining the analysis to EPL for regular contracts, we find a pattern of blame sharing when Christian democrats and Left parties form coalitions, while even parties that have expanded EPL previously are kept from liberalizing employment protection when a credible competitor in opposition emphasizes issues of social justice. That is to say: When the Left opposition is strong and emphasizes the issue, Christian democrats fear to lose voters to a credible alternative claiming that they would act differently when in government – and abstain from liberalizing.

What accounts for the lack of evidence for our hypotheses that have been adapted from the literature on the fiscal welfare state and which we argued could plausibly be transferred to the regulatory welfare state? An explanation for the lack of evidence for H1 on the support-base of left parties could be that the new middle-class voters of Left parties do not care so much for employment protection, as they do not benefit directly from liberalization. This would allow even those Left parties that are experiencing a strong inflow of middle-class voters to cater for their traditional constituency regardless of the working-class voters' relative importance. Alternatively, parties might simply not care that much for the specific interests of individual voter groups but might behave more policy-oriented (cf. Wenzelburger and Zohlnhöfer 2020).

Turning to our other hypotheses, one could argue that employment protection, like many other elements of the regulatory welfare state, is characterized by a quiet politics, which is not salient and thus not affected by electoral competition. Looking at qualitative evidence from Germany as an example, this seems unlikely, however. There, the infamous Hartz reforms, which contained some EPL liberalization, remained highly salient for years and have substantially affected the party system (Schwander and Manow 2017; Fervers 2019). Moreover, our results concerning blame sharing among pro-EPL parties show that electoral concerns may play some role in specific circumstances (for example, when two large pro-welfare parties compete).

Finally, one might suggest that we do neither find conditional nor unconditional partisan effects because parties' programs have converged with regard to EPL. A recent study, however, looking at the programmatic positions of all major parties on non-standard employment in four European countries between 2007 and 2013, still finds important programmatic differences. Nonetheless, the most vocal opposition to liberalization comes from smaller Left parties such as (Post)Communists and Greens, while this kind of opposition "is expressed more mutedly" by the major parties of the Left (Picot and Menéndez 2019, 914). Although that study is based on data from only four countries and only looks on what we have analyzed as temporary EPL, it might provide an interpretation for our results, namely that the major parties that are also most relevant for forming governments and influencing public policies could indeed have converged somewhat (at least temporarily). This convergence might only have been a partial one, however. Parties in countries with a history of stubborn structural unemployment or comparatively low employment rates in the 1990s and 2000s (like the ones analyzed by Picot and Menéndez [2019] analyzed) might have concluded that liberalization is a reasonable response to the labor market problems, irrespective of the programmatic positions. That would mean that partisan differences in EPL are conditioned by the labor market situation in a country (cf. Zohlnhöfer and Voigt 2019).

What do our findings mean for the politics of the regulatory welfare state? Regarding its substance, our paper makes clear that the regulatory welfare state is not only about regulation to the benefit of vulnerable groups as a side-aspect of economic reforms (cf. Haber 2017); but also programs which genuinely aim at social protection should be considered (Levi-Faur 2014). These programs are often older, more mature, more salient and less a compensation for retrenchment of the fiscal welfare state. Rather, they have often become an object of retrenchment themselves. Therefore, it is likely that also the politics differ substantially between different areas of the regulatory welfare state. While its more recent parts may be characterized by quiet politics, as implied by Haber's (2017) important contribution, this is not necessarily the case for EPL. Although the effects we find are extremely nuanced and subtle at best, the reasons for the lack of partisan differences in EPL since the mid-1980s are likely to be different. Rather than quiet politics, it is probably the partial programmatic convergence of mainstream parties in the face of high structural unemployment, that drove EPL reforms in the last decades. This ultimately implies that it may well be worth applying

theoretical approaches from the study of the fiscal welfare state at least to the salient parts of the regulatory welfare state, as we have done in this paper.

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7. Online Appendix:

Quiet Politics of Employment Protection Legislation? Partisan politics, electoral competition and the regulatory welfare state

Online Appendix 1: Descriptive statistics.

Variable	Minimum	Maximum	Standard deviation	Mean
Level of EPL at beginning of cabinet	.51	8.38	2.007	3.8963
Cabinet duration	2	5	.8497	3.4742
Economic growth	23.2626	92.3406	17.2216	59.5503
Long-term unemployment	5.61	75.81	16.8183	32.6545
Unemployment	.48	27.5	4.0729	7.4815
Union density	7.5566	86.05084	20.5096	36.7313
Strikes	.0805	3678.364	353.1013	107.5925
Veto players	0	35.0645	7.7116	7.3436
Left parties' strength	0	170.967	28.4070	75.7672
Christian democrats' strength	0	100.362	30.5948	26.0224
Weighted Emphasis left parties	76.5277	3896.509	698.5376	1548.978
Weighted Emphasis Christian democrats	0	2972.366	487.4613	556.6448

Online Appendix 2: Effects of left parties and the share of left voters among the working class.

	(1) Reported Model	(2) Robustness check	(3) Robustness check
Level of EPL at beginning of cabinet	**-.1272*** **	**-.1041*** **	**-.1268*** **
	(.0293)	(.0241)	(.0269)
Cabinet duration	-.1391	**-.1463***	-.1464
	(.0839)	(.0786)	(.0849)
Economic growth	**.0527*** **	**.0889*** **	**.0609****
	(.0210)	(.0264)	(.0226)
Long-term unemployment		**-.0093*** **	
		(.0028)	
Unemployment	**-.0308***		**-.0324****
	(.0151)		(.0143)
Union density	-.0027	**-.0046***	-.0024
	(.0029)	(.0024)	(.0028)
Strikes	-.00002	-.0003	-.0000
	(.0004)	(.0006)	(.0004)
Veto players	-.0110	-.0095	-.0102
	(.0074)	(.0065)	(.0072)
EU	-.1912	-.1514	-.1568
	(.1206)	(.1066)	(.1216)
Financial crises			.1218
			(.0923)
Economic globalization	-.0046	-.0004	-.0058
	(.0047)	(.0050)	(.0045)
Left parties' cabinet shares	-.0032	-.0032	-.0037
	(.0037)	(.0036)	(.0036)
Share of left voters among working class	-.3503	-.2169	-.3669
	(.8009)	(.7514)	(.8166)
Interaction left parties * working class voters	.0141	.0123	.0156
	(.0124)	(.0117)	(.0123)

Constant	**1.7733*** **	**1.4634*** **	**1.7978*** **
	(.4678)	(.3853)	(.4421)
N	76	76	76
R^2	0.3083	0.3269	0.3160

Robust standard errors clustered by country in parentheses *** p<0.01, ** p<0.05, * p<0.1

Online Appendix 3: Effects of right parties and Christian democrats' and left parties' combined strength.

	(1) Reported Model	(2) Robustness check	(3) Robustness check
Level of EPL at beginning of cabinet	**-.0806*** **	**-.0694*** **	**-.0805*** **
	(.0242)	(.0228)	(.0241)
Cabinet duration	-.0921	-.0976	-.0924
	(.0632)	(.0622)	(.0640)
Economic growth	**.0466** **	**.0739*** **	**.0470** **
	(.0164)	(.0227)	(.0176)
Long-term unemployment		**-.0057** **	
		(.0022)	
Unemployment	-.0177		-.0178
	(.0107)		(.0107)
Union density	-.0024	**-.0039** **	-.0023
	(.0022)	(.0019)	(.0023)
Strikes	.0002	-.0000	.0002
	(.0003)	(.0002)	(.0003)
Veto players	-.0031	-.0021	-.0031
	(.0045)	(.0044)	(.0044)
EU	.0281	.1005	.0292
	(.1349)	(.1253)	(.1336)
Financial crises			.0094
			(.0675)
Economic globalization	.0027	**.0048***	.0026
	(.0027)	(.0023)	(.0026)

Right parties' cabinet shares	.0013	.0024	.0013
	(.0021)	(.0020)	(.0021)
Combined strength of CD and left parties	.0003	.0005	.0003
	(.0017)	(.0017)	(.0018)
Interaction right parties * Combined strength of CD and left parties	-.0000	-.0000	-.0000
	(.0000)	(.0000)	(.0000)
Constant	.3952	.2118	.3969
	(.4271)	(.3394)	(.0000)
N	124	116	124
R^2	0.2590	0.2861	0.2591

Robust standard errors clustered by country in parentheses *** p<0.01, ** p<0.05, * p<0.1

Online Appendix 4: Conditional effect of Christian democrats' and left parties' emphasis on right parties' effect on EPL.

	(1) Reported Model	(2) Robustness check	(3) Robustness check
Level of EPL at beginning of cabinet	**-.0834*** **	**-.0751*** **	**-.0835*** **
	(.0235)	(.0241)	(.0233)
Cabinet duration	-.0887	-.0956	-.0886
	(.0623)	(.0622)	(.0637)
Economic growth	**.0443** **	**.0704*** **	**.0441** **
	(.0165)	(.0224)	(.0184)
Long-term unemployment		**-.0048* **	
		(.0024)	
Unemployment	-.0153		-.0153
	(.0107)		(.0108)
Union density	-.0026	**-.0040** **	-.0026
	(.0020)	(.0018)	(.0021)
Strikes	.0002	-.0000	.0002
	(.0003)	(.0003)	(.0003)

Veto players	-.0030	-.0017	-.0030
	(.0044)	(.0043)	(.0043)
EU	.0211	.0923	.0207
	(.1258)	(.1180)	(.1249)
Financial crises			-.0029
			(.0698)
Economic globalization	.0025	**.0045***	.0025
	(.0027)	(.0026)	(.0026)
CD and left parties' emphasis	.0001	.0001	.0001
(weighted by strength)	(.0001)	(.0001)	(.0001)
Right parties' cabinet shares	.0017	.0026	.0017
	(.0019)	(.0017)	(.0019)
Interaction right parties * CD and	-.0000	-.0000	-.0000
left parties emphasis	(.0000)	(.0000)	(.0000)
Constant	.3179	.1546	.3167
	(.3859)	(.3144)	(.3941)
N	124	116	124
R^2	0.2630	0.2897	0.2630

Robust standard errors clustered by country in parentheses *** p<0.01, ** p<0.05, * p<0.1

Online Appendix 5: Conditional effect of the Christian democrats' emphasis on left parties' effect on EPL.

	(1) Reported Model	(2) Robustness check	(3) Robustness check
Level of EPL at beginning of cabinet	**-.0906*** **	**-.0800*** **	**-.0904*** **
	(.0249)	(.0247)	(.0246)
Cabinet duration	-.0960	-.1041	-.0966
	(.0602)	(.0603)	(.0616)
Economic growth	**.0396** **	**.0655*** **	**.0405** **
	(.0143)	(.0216)	(.0164)
Long-term unemployment		**-.0061** **	
		(.0027)	

Unemployment	**-.0198***		**-.0199***
	(.0114)		(.0114)
Union density	-.0028	**-.0041***	-.0027
	(.0025)	(.0022)	(.0026)
Strikes	.0002	-.0001	.0002
	(.0002)	(.0003)	(.0002)
Veto players	-.0027	-.0017	-.0026
	(.0044)	(.0042)	(.0044)
EU	.0458	.1136	.0476
	(.1235)	(.1166)	(.1223)
Financial crises			.0162
			(.0693)
Economic globalization	.0018	.0027	.0016
	(.0027)	(.0028)	(.0026)
Christian democrats' emphasis	-.0000	.0001	-.0000
weighted by strength	(.0001)	(.0001)	(.0001)
Left parties' cabinet shares	.0011	.0009	.0011
	(.0008)	(.0008)	(.0008)
Interaction left parties *Christian	.0000	.0000	.0000
democrats emphasis	(.0000)	(.0000)	(.0000)
Constant	.5320	.4472	.5334
	(.3517)	(.2947)	(.3534)
N	124	116	124
R^2	0.2682	0.2892	0.2683

Robust standard errors clustered by country in parentheses *** p<0.01, ** p<0.05, * p<0.1

Online Appendix 6: Conditional effect of left parties' emphasis on Christian democrats' effect on EPL.

	(1) Reported Model	(2) Robustness check	(3) Robustness check
Level of EPL at beginning of cabinet	**-.0808*** **	**-.0719*** **	**-.0808*** **
	(.0231)	(.0233)	(.0231)

Cabinet duration	-.0869	-.0979	-.0876
	(.0613)	(.0626)	(.0628)
Economic growth	**.0401****	**.0679*****	**.0409****
	(.0170)	(.0235)	(.0189)
Long-term unemployment		**-.0055****	
		(.0026)	
Unemployment	**-.0221***		**-.0222***
	(.0116)		(.0116)
Union density	-.0031	**-.0042****	-.0031
	(.0020)	(.0019)	(.0021)
Strikes	.0003	-.0000	.0003
	(.0002)	(.0003)	(.0002)
Veto players	-.0026	-.0013	-.0025
	(.0045)	(.0043)	(.0044)
EU	.0488	.1030	.0512
	(.1336)	(.1255)	(.1335)
Financial crises			.0145
			(.0800)
Economic globalization	.0027	.0046	.0025
	(.0028)	(.0028)	(.0028)
Left parties' emphasis weighted by strength	.0000	-.0000	.0000
	(.0001)	(.0001)	(.0001)
Christian democrats cabinet shares	.0004	.0006	.0006
	(.0047)	(.0044)	(.0053)
Interaction Christian democrats * left parties' emphasis	-.0000	-.0000	-.0000
	(.0000)	(.0000)	(.0000)
Constant	.4423	.3389	.4449
	(.3475)	(.2967)	(.3512)
N	124	116	124
R^2	0.2676	0.2849	0.2678

Robust standard errors clustered by country in parentheses *** p<0.01, ** p<0.05, * p<0.1

Part F: Paper 5

The Partisan Politics of Employment Protection Legislation. Social democrats, Christian democrats and the conditioning effect of unemployment

Abstract

Political parties are likely to hold differing views about Employment Protection Legislation (EPL). While pro-welfare parties could support EPL, pro-market parties might focus on labour market deregulation. In this paper, we investigate empirically whether partisan politics, especially the government participation of Social democrats and Christian democrats, matter for EPL in 21 established OECD countries from 1985 to 2019. We show that during the golden age of the welfare state, the level of EPL was much higher where Social and Christian democrats dominated the government than elsewhere. After the golden age and under conditions of high unemployment, these unconditional effects mostly disappeared. Instead, the level of unemployment conditions partisan differences. Christian democrats liberalize EPL for regular employment significantly less than other parties under high levels of unemployment. In contrast, Social democrats defend high levels of EPL for regular and temporary employment when unemployment is low. Against expectations, they even liberalize employment protection for labor market insiders more than other parties at very high levels of unemployment.

Keywords: Political Parties, Labor Law, Employment Protection Legislation, Unemployment

1. Introduction

Many economists have criticized employment protection legislation (EPL) for being the root cause for the dismal employment performance in continental Europe (particularly since the 1980s) and Southern Europe (especially in the crisis years after 2008) (cf. Siebert, 1997; Blanchard, 2006). At the same time, EPL can be regarded as an

inexpensive way to provide employment security to potentially vulnerable groups on the labour market – an aspect that might seem particularly attractive for welfare state supporters under conditions of permanent austerity. Given these different aspects of EPL, it is plausible that political parties hold differing views about this issue. While pro-welfare parties could support EPL and try to further regulate the labour market or at least defend the current level of regulation, pro-market parties could focus on deregulation in order to incite stronger employment dynamics. Therefore, partisan differences could play an important role when it comes to regulating the labour market.

The extant literature is far from an agreement in this regard. While Potrafke (2010) does not find any partisan effects, other scholars do report that parties make a difference. For example, Algan and Cahuc (2006) use a dichotomous variable measuring the partisan composition of government and find that right-wing parties tend to relax employment protection when in government. Correspondingly, Rueda (2005, 2007), Siegel (2007), and Simoni and Vlandas (2020) report that left parties expand employment protection or resist liberalization. Avdagic (2013) corroborates that left parties generally display less propensity to deregulate EPL than right parties, although that effect is heavily dependent on the veto player constellation. This finding nicely fits with Becher's (2010) results that the partisanship of a labour minister only matters in EPL when the ideological distance between veto players is small. Aaskoven (2019) also finds conditional partisan effects, but according to his study, left parties adopt more stringent labour market regulations only under conditions of high inequality and high public debt. Somewhat similarly, Botero et al. (2004) find a positive effect of left and centre parties, although for a broad sample of countries including many developing and non-democratic states. In contrast, Heinemann (2007), distinguishing between left, centre and right parties, finds that left as well as right parties deregulate labour markets more than centre parties, that is, centre parties are in favour of labour market regulation. Similarly, Huo et al. (2008) suggest that Christian democratic (CD) parties have a positive effect on the regulation of the labour market. Finally, Emmenegger (2011), employing fsQCA, finds that CD parties are weakly relevant for labour market regulation at least in some countries.

These somewhat divergent findings seem to be due to at least five drawbacks of the existing literature. First, the dependent variable of the relevant studies varies considerably. While some studies use the OECD dataset on EPL, others resort to the

relevant indicators of the Economic Freedom of the World index while still other authors have compiled data themselves. More importantly, many studies lump together regulations of regular employment and regulations for temporary or atypical work or focus on only one of these measures.

Second, even many studies that focus explicitly on partisan effects use somewhat inadequate operationalizations of the independent variable of core interest. For example, some studies only look at the partisan affiliation of the head of government or the Minister of Labour, while others only distinguish between left and right governments. If, however, Heinemann (2007), Huo et al. (2008) and Emmenegger (2011) are correct that centre parties or CDs make the decisive difference, the dichotomy between left and right parties simply misses the point. Moreover, it seems preferable to measure *cabinet seat shares* of various party families in order to represent adequately their influence in a (coalition) government than simply a party family's government participation.

Third, scholars seem to assume that partisan effects remain stable over time. Pierson's (1996) argument about the 'new politics of the welfare state' suggests, however, that partisan politics could play out differently under conditions of retrenchment and liberalization compared with the era of welfare state expansion – and some of the empirical welfare state literature seems to corroborate this expectation (e.g. Ross, 2000; Kittel and Obinger, 2003; Allan and Scruggs, 2004; Kwon and Pontusson, 2010).

Fourth, reforms of EPL are comparatively rare. This poses specific problems for the (statistical) analysis, which the standard approach of analyzing country-years does not deal with satisfactorily.

Fifth, potential interactions of partisan effects are only rarely investigated and some have not been considered at all yet. Surprisingly, this is also true for the interaction between EPL and unemployment[72] although the economics literature suggests that policy-makers should relax EPL in order to improve labour market performance.

In this paper, we seek to address these issues. More specifically, we will argue that not only Social democrats (SD), but also CDs should be advocates of EPL and will test this

[72] Simoni and Vlandas (2020) discuss how unemployment conditions the effect of trade unions on employment protection.

argument with an adequate operationalization. At the same time, we analyze the partisan influences on the level of EPL at the earliest possible point in time (1985) and on the changes over time since then independently, which allows us to test whether partisan politics have changed in the era of the 'new politics of the welfare state'. Moreover, we investigate different aspects of EPL separately, but also as a composite indicator to find out if the partisan politics of EPL differ between these items or if there are broader patterns. Methodologically, apart from running cross-section regressions for the analysis of EPL levels, we use cabinets rather than country-years as unit of analysis as suggested by Schmitt (2016) and others in order to deal with the rather small number of changes in EPL.

We proceed as follows. In the next section, we will argue theoretically, why parties should make a difference in EPL and why CDs, in particular, could play a decisive role. Moreover, we will discuss how partisan politics could have changed in the era of retrenchment and how unemployment could affect EPL reforms. Next, we will explain our empirical strategy and operationalization before we present our results. The final section concludes.

2. Theory: Social democrats, Christian democrats, employment and the male breadwinner

The idea that it makes a difference policywise, which political party is in government has been discussed for decades in comparative public policy research (cf. Hibbs, 1977; Häusermann et al., 2013; Potrafke, 2017; Schmitt and Zohlnhöfer, 2019). Depending on the exact causal argument, the literature expects left parties to be more interventionist in economic affairs and more in favour of the welfare state either because the voters of these parties stand to benefit from these policies (Hibbs 1977; Gingrich and Häusermann 2015) or because these parties' ideologies lead them to pursue these policies (Wenzelburger and Zohlnhöfer 2020).

The literature on the determinants of EPL in advanced democracies deduces from these expectations that social democratic parties should favour a stricter regulation of the labour market because employment protection is a way to increase the economic security of workers and employees (Rueda, 2005, 2007). If layoffs are made more difficult, the individual worker or employee, that is, the classic voter of SD parties (and

left parties more generally), has to worry less that his or her main source of income runs dry unexpectedly and at short notice. In contrast, market liberal parties like conservatives should prefer little regulated labour markets, which allow employers to hire and fire workers as needed. Again, this policy preference can either be deduced from the interests of some core groups of these parties' voters like business people and managers; or conservative parties' reluctance to regulate the labour market can be attributed to their belief that (labour) markets work better the less the government interferes.

While these theoretical expectations are probably rather uncontroversial, some of the literature discussed above might have too wide a concept of what a market-liberal party is with regard to EPL. More specifically, Christian democrats usually are considered as bourgeois parties and are therefore subsumed as right-wing parties in the quantitative literature. This is a somewhat problematic assumption, however, because CDs have always looked for cross-class compromises and some third way between capitalism and socialism, not least because substantial parts of their electorates come from the working class (Kalyvas and van Kersbergen, 2010). Thus, they tend to be equally unsympathetic towards the unfettered operation of market forces and government intervention into the economy (Emmenegger, 2011). At the same time, CDs have been strong supporters of the welfare state, at least during the golden age (van Kersbergen, 1995; Huber and Stephens, 2001).

One issue area that used to be of prime importance for CDs is family policy (Huber and Stephens, 2001; Kalyvas and van Kersbergen, 2010). Here, they have usually advocated the traditional family model, including a division of labour with the husband as the single wage earner and a caregiving wife. This model rests upon stable employment for the male breadwinner because a loss of the husband's job would mean substantial financial problems for the whole family. Therefore, by protecting the male breadwinner's job via EPL, CDs can protect the whole family and, by the same token, stabilize the traditional family model (Emmenegger, 2011). Consequently, CDs should also be strong advocates of EPL.

This leads to our first hypothesis:

(H1) There is a positive relationship between social democratic and Christian democratic government participation and the strictness of EPL during the golden age of the welfare state.

These expectations build on the experience of the golden years of welfare state development. Since the mid-1970s, a number of changes have occurred, however, which are argued to have transformed welfare politics, not least with regard to partisan differences (Pierson, 1996). In particular, the substantial and persistent rise of unemployment in many advanced democracies from the late 1970s onwards can be expected to be highly consequential for EPL. As unemployment failed to drop to pre-crisis levels even during booms in many countries in the 1980s and 1990s, economists increasingly pointed to labour market rigidities in general and EPL in particular as an important reason for the dismal labour market performance of many European countries (e.g. Siebert, 1997). While the empirical evidence seems to be ambiguous,[73] many economists and influential International Organisations, like the OECD (1994), advocated the view that EPL is responsible for labour market problems.

What do the rising levels of unemployment and the discourse about EPL's responsibility for that development mean for the partisan politics of EPL? For *social democratic parties*, unemployment poses a substantial problem. Programmatically, SDs have focused on full employment (and still do so today), not least because a high level of employment is a prerequisite for the funding of generous welfare states (e.g. Scharpf 1991; Huber and Stephens, 1998; Huo et al., 2008; Merkel et al., 2008). Moreover, on the one hand, a substantial number of (potential) voters of SDs tends to be hit by unemployment[74] and on the other hand, many voters see unemployment as a major problem governments have to attend to and perceive SD parties as particularly competent in dealing with the issue (Seeberg 2017). Hence, SDs also have electoral motives to fight unemployment – not least because even SD governments experience

[73] For example, Bradley and Stephens (2007) and Dümig (2015) find that employment protection reduces employment, while Avdagic (2015), Esping-Andersen and Regini (2000) and Baccaro and Rei (2007) do not find effects of EPL on labor market performance.

[74] Measuring the risk of redundancy for voters of specific party families is not easy. Nonetheless, the "social democratic core constituency" is comprised of voters who are in a precarious position on the labour market and experience a high risk of redundancy, mostly due to their low human capital endowment (Arndt, 2013). Similarly, voters who feel economically insecure (operationalized as job insecurity) are more likely to support government intervention, which, in turn, makes them much more likely to vote for SDs (Walter, 2010).

significant votes losses if unemployment increases (Dassonneville and Lewis-Beck, 2013; Helgason and Mérola, 2017).

While they could (try to) fight unemployment with Keynesian macro-economic policies until the 1970s, this option became mostly unavailable from the 1980s onwards (Scharpf 1991), as the failure of the Keynesian employment policies under French president Mitterrand in the early 1980s demonstrated. Since classic Keynesian demand management therefore had to be dropped from the toolbox of social democratic employment policy, even SDs should have become more open towards the idea that unemployment needed to be fought via labor market reforms, and reforms of EPL in particular.[75] Therefore, we hypothesize:

(H2a) After the golden age, the positive effect of social democratic government participation on overall EPL decreases or disappears.

Nonetheless, EPL liberalization is difficult for SDs programmatically as well as electorally. As argued above, programmatically, the protection of the core source of income for many employed people was an important goal that strict EPL promised to attain. Electorally, EPL liberalization would likely affect potential voters of SDs negatively. Employees with permanent jobs, that is, labor market insiders, should disapprove of EPL deregulation because that policy reduces their employment security. At the same time, these labor market insiders belong to the core voters of SDs (Rueda, 2005, 2007) and these parties should try to avoid pursuing policies that are not in line with this group's preferences. Therefore, SDs should be more hesitant than other parties to liberalize EPL for regular employment. While other parties should have responded to unemployment with a liberalization of EPL also for regular employment, this pattern is less likely for SDs. Only at very high levels of unemployment,[76] SD parties should consider a liberalization of EPL for regular employment at all. At that point their programmatic goal of reducing unemployment as well as the electoral motive of demonstrating the ability to tackle one of the most important economic policy

[75] EPL liberalization was certainly not the only policy option SDs considered and adopted as a response to rising unemployment. For example, SDs may also have followed a human capital investment strategy (see Boix, 1998). Nonetheless, these strategies are complementary rather than mutually exclusive.

[76] To give readers an idea of what "high unemployment" refers to: The mean of unemployment in our post-1985 sample is 7.5% with a standard deviation of 4. Defining one standard deviation around the mean as the middle category, we arrive at the following categories: 0-5.4% low unemployment, 5.5% to 9.5% middle category and above 9.5% high levels of unemployment.

problems might override the consideration of preferences of one of their core voter groups – hence, at that point, SDs might prioritize employment over protection. Even then, though, EPL liberalization for regular employment should be less far-reaching than under other parties due to the preferences of labor market insiders. Hence, we expect:

(H3a) Even after the golden age, Social democrats have a positive effect on EPL (i.e. less liberalization or more regulation)[77] for regular employment regardless of the level of unemployment.

EPL for temporary employment could follow a different trajectory. Labour market insiders are likely to be indifferent in this respect while employed labour market outsiders should be opposed to the liberalization of atypical employment, which would make their jobs even more precarious. Although employed labour market outsiders tend to vote for SDs, they are outnumbered by insiders in these parties' electorates (see Online Appendix 1 and Bürgisser and Kurer, 2019: 45).[78] Hence, their electoral relevance for SD parties is small(er). Consequently, if SDs start to believe that they have to deregulate the labor market in the face of high unemployment, they will prefer to liberalize EPL for temporary employment rather than for regular employment. However, given their traditional programmatic stance and the preferences of the outsider voters, Social democrats will only start liberalizing when unemployment is high. Therefore, we expect:

[77] One might worry that the partisan politics of (unpopular) liberalization and (popular) regulation could differ and hence it would be unfortunate to consider both in the same model. Empirically, this worry does not seem to be justified. First, if the patterns of regulation and liberalization differed that would be due to electoral competition. Voigt and Zohlnhöfer (2020) show, however, that the partisan politics of employment protection is not conditioned by electoral competition. Second, the number of cabinets which have re-regulated the labour market is small in our sample (between 12 (temporary contracts) and 14 (regular contracts) out of 140) and the re-regulations that have occurred are mostly marginal. Focusing only on the cases of liberalizations by dropping the cases with re-regulation does not change our results significantly (results available upon request).

[78] The share of outsiders in Online Appendix 1 also includes the unemployed.

(H4a) Even after the golden age, Social democrats have a positive effect on EPL for temporary employment (i.e. less liberalization or more regulation) when unemployment is low. This positive effect decreases with rising unemployment.[79]

For *Christian democratic parties*, the situation after the golden age differs from the situation of SDs in two respects. First, full employment is much less significant programmatically for CDs compared with SDs. CDs have never aimed at high employment rates along the lines of SDs – indeed there is a negative correlation between CD government participation and the employment rate in advanced democracies at least until the 1990s (Dümig, 2015) – and they have tended to pursue a strategy of reducing the labour supply in response to rising unemployment. Therefore, CDs did not have an immediate programmatic incentive to respond to unemployment with EPL liberalization. Nonetheless, at some point, the problems of 'welfare without work' (Esping-Andersen, 1996) are likely to have grown so severe that even CDs may have felt compelled to incite stronger employment dynamics, at least in order to stabilize the welfare state.[80] Moreover, the failure to deal with the unemployment issue, which was atop the political agenda in several countries in many years, would have been electorally risky as it may have impaired voters' perceptions of the economic policy competence of CD parties. Hence, given the discourse about the relation between EPL and the labor market situation among economic policy experts, CDs also had reasons to respond to high unemployment by liberalizing EPL. Consequently, we expect:

(H2b) After the golden age, the positive effect (i.e. less liberalization or more regulation) of Christian democratic government participation on overall EPL decreases or disappears.

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[79] One might also consider another group of labour market outsiders, namely the unemployed. This group could benefit from a deregulation of the labor market because liberalization could facilitate their entry into paid employment. It is unclear, however, whether they really have such a preference. Should they expect to find a new job soon (e.g., because they believe their unemployment is of seasonal or cyclical nature), they should favor strict EPL which will protect their new employment. Moreover, this group is comparatively small and turnout among the unemployed is low (Rueda 2007), so their relevance as part of the electorate of SDs is less relevant. Hence, it is unlikely that unemployed voters will move the policy stance of SDs towards EPL liberalization.

[80] It is impossible to specify theoretically the exact level of unemployment which prompts CDs to liberalize EPL. Sometimes, the crossing of some symbolic threshold puts the issue on the agenda. For example, the German CDU/CSU adopted substantial liberalizations after the number of unemployed had increased to over 4 million in 1996 (Zohlnhöfer 2003).

Second, employees (insiders as well as outsiders) are less relevant electorally for CDs than for SDs because CDs tend to recruit a larger number of other voters (Online Appendix 1). Hence, from a vote-seeking perspective, CDs could have an easier time deregulating the labour market than SDs. Nonetheless, particularly labour market insiders, as the larger of the two groups, do have some strategic relevance for CDs despite their limited electoral relevance because they are important for the ability to gain majorities and for the cross-class-image of CDs. Therefore, if CDs seek to liberalize EPL, they should focus on deregulating EPL for temporary employment, which is likely to cost them fewer votes.

Moreover, the focus on a liberalization of temporary employment also fits in with the programmatic positions of CDs discussed above. CDs may still want to protect the male breadwinner via EPL. From a CD perspective, the job of a family's main breadwinner deserves particular protection even, or maybe particularly when unemployment is high. Therefore, CDs will continue to avoid the liberalization of EPL for regular employment even at levels of unemployment at which other parties will resort to liberalization of EPL even for insiders. Hence, we expect:

(H3b) After the golden age, Christian democrats have a positive effect on EPL (less liberalization, more regulation) for regular employment when unemployment is high.

In contrast, CDs do not have a specific programmatic commitment to employment protection of temporary employment. On the contrary, the labour market participation of many labour market outsiders, like women or the young is not considered as essential to earn their families' living in the traditional family model. Hence, CDs could deem a particular protection of these jobs unnecessary. Given that high unemployment will put pressure on these parties to liberalize and they have a strong commitment not to deregulate EPL for regular employment, while the electoral and programmatic obstacles for liberalization are negligible regarding temporary employment, we expect:

(H4b) After the golden age, Christian democrats have a negative effect on EPL (more liberalization, less regulation) for temporary employment when unemployment is high.

3. Method and Data

We measure our dependent variable, employment protection legislation, by the OECD's EPL indicators (OECD, 2020). The OECD operationalizes EPL along 21 basic items in three main areas, namely 1) the protection of regular workers against individual dismissal, 2) the regulation of temporary forms of employment (like fixed-term work contracts or temporary work agency employment), and 3) additional, specific requirements for collective dismissals (OECD, 2014). The indicators for each area measure the strictness of the regulations on a scale from 0 to 6. Higher values indicate stricter regulation. We use three indicators as dependent variables: the two indices for EPL concerning temporary and regular contracts separately (ranging from 0 to 6) and a composite index, which is the sum of the two equally weighted individual indices (ranging from 0 to 12). We are thus able to investigate whether different politics drive the level and development of EPL for regular and atypical employment and which factors are relevant for the overall development. We refrain from including collective dismissals because the relevant data are only available from 1998 onwards.

Although there are various ways to operationalize employment protection, we decided to employ the OECD indicators, which are available for a fairly long period of time and across all established OECD countries on a yearly basis.[81] Furthermore, the OECD indicator provides the possibility to distinguish between different types of employment and thus the indicator is the best available measurement for our research interest (cf. Allard, 2005, p.5). This distinction is fruitful, as the indictors develop differently (see Online Appendix 4). In general, the regulation of temporary contracts has changed substantially more often than the regulation of regular contracts. In addition, changes in one category do not always coincide with changes in another category. Finally, the composite index picks up all these changes.

Admittedly, EPL for regular employment only changes rarely. Nonetheless, on the one hand, changes in EPL for regular employment – when they occur – are far too important to exclude them from the analysis, while on the other hand, we have specific hypotheses for EPL for temporary and regular employment, respectively. Therefore, the most appropriate and transparent way to deal with these issues is to report regressions for the composite index as well as for the individual parts separately.

[81] In contrast, the Economic Freedom Index only offers data for the years 1985, 1990, 1995, and from 2000 onwards. Using this index would therefore be infeasible for our cabinet-based approach.

Moreover, our cabinet-based empirical approach mitigates the problem of rare reforms somewhat, as we discuss below.

We test our hypotheses on a sample of 21 established OECD countries[82] for the period 1985-2019.[83]

We apply a two-step strategy: In the first step, we run cross-sectional regressions with robust standard errors on the *levels of EPL* in the year 1985, that is, the first year, for which data for our dependent variable are available. We thus seek to find out which parties have shaped EPL in the golden post-war era before the troubles of high and persistent unemployment made themselves felt.[84] For each of our three dependent variables, we report two models: First, a full model, in which we include all theoretically relevant control variables in addition to the partisan composition of the government. Admittedly, these models somewhat strain the number of degrees of freedom. Therefore, we also report parsimonious models, in which we only include variables that are statistically significant at least at the 5-percent-level.

In the second step, we run regressions on the *changes in EPL* in the 1985-2019 period to find out if partisan effects changed under conditions of high and persistent unemployment from the 1980s onwards. Rather than using country-years as the unit of observation, as is the default option in the related literature, we follow recent research in using cabinets as unit of analysis (Obinger et al., 2014; Schmitt, 2016; but already Boix, 1997). In the extant literature, cabinets are defined as governments "with the same party composition (even if there are new elections or the prime minister changes but is of the same party)" (Boix, 1997, p.483). We slightly diverge from this definition in one respect. If a government of the exact same party composition is re-formed after an election, we still count it as a new cabinet, while the classic approach would count these two governments as one cabinet. We think our counting rule is more appropriate for two reasons: First, it slightly increases the number of cabinets and

[82] Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

[83] Allard (2005) has extended the OECD data back until 1950, but only for the composite index. Therefore, we cannot use these data for our analysis.

[84] One might object that the golden age ended already in the mid-1970s and 1985 could thus be too late as year of observation that reflects developments of the golden age. In contrast, we argue that the changing conditions that marked the end of the golden age needed time to be recognized by policy-makers. For example, the rising unemployment in the late 1970s was perceived as cyclical and not as structural unemployment by most policy-makers (Scharpf, 1991). Hence, liberalization of EPL was not considered a relevant policy option at that point. Only from the mid-1980s onwards, policy-makers considered the persistent unemployment as structural. Therefore, 1985 seems to be suitable.

countries with highly stable governments and few changes of government (think of the UK 1979-1997 and 1997-2010) are now represented in our sample with more cabinets than is usually the case. Second, cabinets govern under and react to different and changing circumstances, which we can take into account better, if we count a new cabinet after an election even if the cabinet seat shares remain stable.

As is common practice in this literature, we use the first year, in which a government has been in power for at least six months, as that cabinet's starting year (and similarly for the end year). If a government therefore comes to power in March of a given year, that particular year is defined as the start year; if a cabinet comes to power in August, however, the next year is defined as the start year. If the start and end years of a cabinet are the same, that cabinet drops out of the sample. In total, our sample consists of 140 cabinets.

There are two main reasons why we employ cabinets as the unit of analysis. First, as Schmitt (2016) has argued, cabinets are the most appropriate way to test partisan differences and this unit of observation solves a number of problems that traditional country-year settings have to struggle with. Second, the cabinet approach allows dealing with a peculiarity of our dependent variable, namely the fact that reforms of EPL are comparatively infrequent. Although the number of observations necessarily decreases when we aggregate a number of country-years to individual cabinets, at the same time the number of cases in the sample with no change drops significantly, not only in absolute numbers but also relative to the overall number of observations. Take the following example: if a cabinet that is in power for four years liberalizes EPL in year two, we would have one observation of change and three observations of no change in a country-year-setting. In the cabinet approach in contrast, we would only count one cabinet and observe change.

As we are interested in the liberalization or tightening of EPL in this second step of our analysis, we employ the changes of the three indices (i.e. an individual index's value in a cabinet's end year minus the value in the start year) as dependent variables. We start with basic models for each of our three indicators, in which we test unconditional partisan effects on EPL changes. Afterwards, we check whether partisan effects depended on the level of unemployment by including interaction terms. Note that each interaction term for different political parties is included in a separate model in order to

avoid multicollinearity. All models are estimated using robust standard errors clustered by country as the cabinets within each country are not independent from each other (Obinger et al., 2014).

Our key explanatory variable is the partisan composition of governments.[85] We use the cabinet seat shares for Social democrats and Christian democrats. In our cross-section regressions, we take the average share of cabinet seats of the respective party family in a country over the 1960-85 period, while in our cabinet regressions we use the respective seat shares for the relevant cabinet.

Several control variables are included in order to consider alternative determinants of EPL. We control for unemployment rates, as EPL is often argued to trigger high levels of unemployment, which in turn should put governments under pressure to liberalize EPL. In order to test hypotheses 3 and 4, we include the interaction of CD as well as SD government participation and unemployment in our models.

We also control for GDP growth rates in our cabinet regressions and for GDP per capita in our cross-section regressions as high economic growth can be expected to make EPL liberalization less necessary. Growth rates are more appropriate for the change model as the control variable is more volatile. In addition, we include union density and strike activity in our regression models to capture the impact of trade unions on EPL reform.[86] One could expect that unions will fight for the expansion and resist retrenchment of employment protection to secure their members' income. Moreover, to measure a government's institutional room to manoeuvre we add veto player range. We hypothesize that the higher the ideological range between the veto players is, the harder it becomes to change the status quo. A government's room for manoeuvre can also be influenced by globalization. As economic globalization rises, we expect a liberalizing trend as countries may try to incite investment by offering flexible labour market regulation.

Furthermore, in our cabinet-based models, we control for cabinet duration, as is common practice in the relevant studies, because governments might have a higher chance of reforming EPL when they remain in government longer. Moreover, we also

[85] See Online Appendix 2 for the operationalisation and sources of all included variables. See Online Appendix 3 for descriptive statistics of the cabinet dataset.
[86] As there is no high correlation between the two variables, we include both.

include the level of the dependent variable at the beginning of the respective cabinet to control for β-convergence.

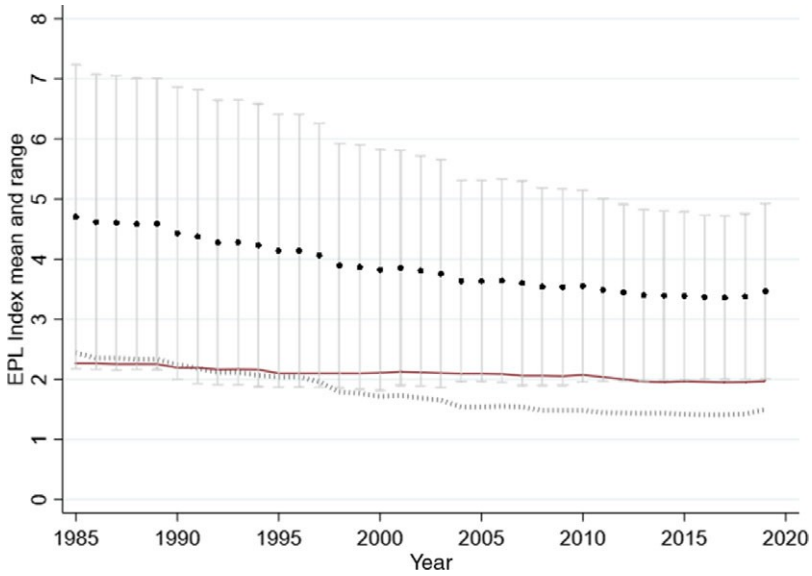
For our cross-section regressions, we employ averages of the control variables for the years 1975 to 1985 (remember we use the average of the 1960-85 period for government composition). For the cabinet regressions, the control variables (with the exception of cabinet duration and the level of EPL at the beginning of the cabinet) reflect averages for the first half of the respective cabinet in order to avoid endogeneity problems (see Obinger et al., 2014). We deliberately abstain from including country dummies into our regressions for two reasons. First, including country dummies would shift the focus of our analysis away from cross-country variation, while most of the variation in our dependent variables is precisely between the countries. Moreover, using fixed effects somewhat changes what we are investigating. Paraphrasing Schmitt and Zohlnhöfer (2019, p.987) (who employ a research design that is very similar to ours), with fixed effects, we analyze the effect of changes in the partisan composition of a government in a specific country on the deviation of EPL change from the average EPL change in that country. That is not what we are interested in. Second, the recent methodological literature demonstrates that fixed effects are 'not so harmless after all' (Plümper and Troeger, 2019) as a default solution in the social sciences. However, we include country fixed effects in our robustness checks. Moreover, due to the cabinet data structure, we cannot run classic time series cross-section models. In order to take the time dimension into account, we include period dummies and a time trend variable as robustness checks (see Online-Appendix 2 for details).

4. Results

As we can see in Figure 1 (dots), average employment protection (composite index) in our 21 OECD countries has declined almost continuously in our period of observation.[87] The standard deviation also has become smaller, which means that EPL has become more similar internationally. Moreover, looking at the sub-indices shows that most of the liberalization happened in the area of temporary employment. But which role did parties play in that development? We now turn to this question.

[87] This trend can be regarded as corroboration of the argument about an 'institutional deregulation' of industrial relations (Baccaro and Howell, 2011).

Figure 1: Development of the EPL composite index and the sub-indices.



Source: Own figure based on OECD (2020) and own calculations for the index. The dots mark the EPL index mean, the whiskers illustrate the standard deviation. The dark line stands for the mean of the EPL for regular contracts; the small dotted line below shows the mean of temporary contracts.

First, we look at cross-section regressions for the *levels* of EPL in the year 1985, the first year, for which data for our dependent variable are available. The results can be found in Table 1.

We find the expected statistically significant positive coefficients for both social democratic and Christian democratic government participation in all six regression models. Moreover, the coefficient for SDs in power is slightly larger than that of CDs in all regressions. Thus, everything else being equal, a country entirely governed by SDs between 1960 and 1985, would have had an 8.8 points higher index score than a country without any SD government participation in that period according to the full model for the composite index. The difference between an all-CD and a non-CD government during the same period would have been 6.4 index points (again according to model 1, everything else being equal). Therefore, the empirical evidence supports our expectations of a positive effect of Social democrats and Christian democrats (H1).

Moreover, these results are remarkably robust in a number of respects. First, we do not find noteworthy differences between the three indicators of EPL. So SDs and CDs adopted stricter employment regulation regarding regular as well as temporary employment in the golden age. Second, results remain unchanged when we only include one party family at a time, drop control variables or try alternative

operationalizations of the institutional setup. Third, jack-knife analyses essentially corroborate our findings, too.[88] Finally, we checked whether our partisan effects are conditioned by unemployment. This is not the case, however (Online Appendix 5).

[88] If Italy is dropped from the full model for temporary employment and regular contracts, the coefficient for CD cabinet share falls below standard thresholds of significance (p=.154 and p=.149, respectively). The same is true for the Netherlands (p=.130) and the UK (p=.127) regarding regular contracts and CDs.

Table 1. Cross-section models: the influence of Christian democratic and social democratic parties on employment protection legislation in 1985.

	Index (full model)	Index (parsimonious)	Temporary contracts (full)	Temporary contracts (parsimonious)	Regular contracts (full)	Regular contracts (parsimonious)
Christian democratic cabinet share	**.0645*** ** (.0151)	**.0634*** ** (.0157)	**.0453*** ** (.0141)	**.0447*** ** (.0114)	**.0193*** ** (.0089)	**.0189*** ** (.0087)
Social democratic cabinet shares	**.0875*** ** (.0180)	**.0860*** ** (.0161)	**.0557*** ** (.0172)	**.0553*** ** (.0119)	**.0317*** ** (.0108)	**.0232*** ** (.0071)
GDP per capita	.0002 (.0002)		.0003 (.0002)		−.00002 (.0001)	
Unemployment	**.3595*** ** (.1220)	**.2494*** ** (.0793)	**.1966*** ** (.0837)	**.1529*** ** (.0506)	.1628 (.0986)	
Union density	−.0069 (.0329)		−.0074 (.0230)		.0005 (.0182)	
Strikes	−.0022 (.0019)		−.0009 (.0015)		−.0013 (.0015)	
Institutions (veto player range)	0.430 (.0326)		.0201 (.0386)		.0229 (.0227)	
Economic globalisation	**−.2388*** ** (.0495)	**−.1998*** ** (.0410)	**−.1561*** ** (.0321)	**−.1302*** ** (.0305)	**−.0826*** ** (.0302)	**−.0621*** ** (.0243)
Constant	**12.9920*** ** (3.0587)	**12.6162*** ** (2.5094)	**7.2625*** ** (1.8902)	**7.6156*** ** (1.9758)	**5.7211*** ** (2.0931)	**5.2758*** ** (1.6084)
N	21	21	21	21	21	21
Adj. R^2	0.5251	0.5737	0.4434	0.5064	0.1883	0.2616

Robust standard errors in parentheses. *** $P < 0.01$, ** $P < 0.05$, * $P < 0.1$.

Regarding the control variables, results are mostly in line with expectations or insignificant. Globalization turns out to be the most important control variable: The higher economic globalization was during the 1975-85 period, the lower was the level of all three EPL indicators in 1985. This is clear corroboration of the efficiency thesis of globalization, particularly because this variable is highly robust and displays the highest beta-values in all six regressions. Similarly, unemployment goes hand in hand with stricter employment protection (although the coefficient for regular employment slightly misses statistical significance). This finding suggests that in the 1970s and 1980s, governments have responded to unemployment with tightening EPL.[89] The other controls are statistically insignificant.

Next, we look at the determinants of *change* in EPL between 1985 and 2019 (Table 2). As expected in H2a and H2b, partisan effects have mostly vanished after the golden age. The only exceptions are the positive effect of SDs on EPL for regular employment and a negative effect of CDs on temporary contracts. Both coefficients are significant at the 10-percent-level. In all other regressions, the coefficients for SD and CD cabinet shares are insignificant.[90] These findings conform with our argument that under conditions of high unemployment, SDs and CDs reconsider and revise their policies. In line with H3a, SDs seem to focus more narrowly on labor market insiders, while they do not have a significantly positive effect on EPL for temporary employment anymore. Moreover, and as suggested in the theory section, CDs focus their liberalization attempts mostly on temporary contracts and do so even more than other parties.

[89] One might also think about reverse causality, i.e. an impact of EPL on unemployment. The fact that we have used the average unemployment rate of the 1975-1985 period to predict the level of EPL in 1985 makes this relation improbable.

[90] See Online Appendix 6 for the robustness check separating the two party families into two otherwise similar models. The results persist.

Table 2. Cabinet models: effects of Christian and social democratic government participation on changes on employment protection legislation in 1985–2019.

	Index	Temporary Contracts	Regular Contracts
Christian democratic	−.0016	**−.0023***	.0001
cabinet shares	(.0014)	(.0013)	(.0006)
Social democratic	.0009	.0007	**.0005***
cabinet shares	(.0007)	(.0007)	(.0002)
Level of EPL at the	**−.0827*****	**−.1222*****	**−.0376*****
beginning of cabinet	(.0184)	(.0337)	(.0077)
Cabinet duration	−.0770	**−.0704***	.0026
	(.0452)	(.0406)	(.0131)
Economic growth	**.0336****	**.0350****	−.0023
	(.0133)	(.0128)	(.0035)
Unemployment	**−.0135***	−.0075	−.0053
	(.0069)	(.0070)	(.0059)
Union density	−.0028	**−.0041*****	.0008
	(.0018)	(.0013)	(.0006)
Strikes	.0002	.0003	**−.0001***
	(.0002)	(.0002)	(.0001)
Institutions (veto	−.0036	−.0031	−.0012
player range)	(.0033)	(.0031)	(.0013)
Economic	**.0038****	**.0034*****	.0006
globalization	(.0014)	(.0011)	(.0005)
Constant	.3597	.2837	.02805
	(.2200)	(.1934)	(.0436)
N	140	140	140
Adj. R^2	0.2070	0.2477	0.0684

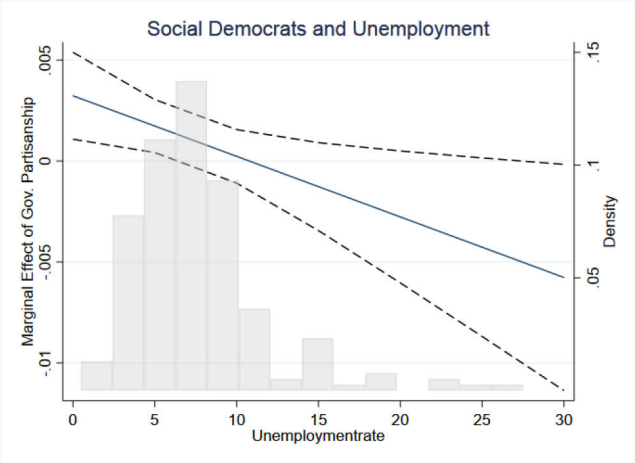
Robust standard errors clustered by country in parentheses. *** $P < 0.01$, ** $P < 0.05$, * $P < 0.1$.

Next, we include interaction terms in our models to investigate whether unemployment conditions partisan effects on various forms of EPL.[91] For easier interpretation, we only provide graphical illustrations of these relations in the form of marginal effects plots; the complete numerical results can be found in Online Appendix 7.

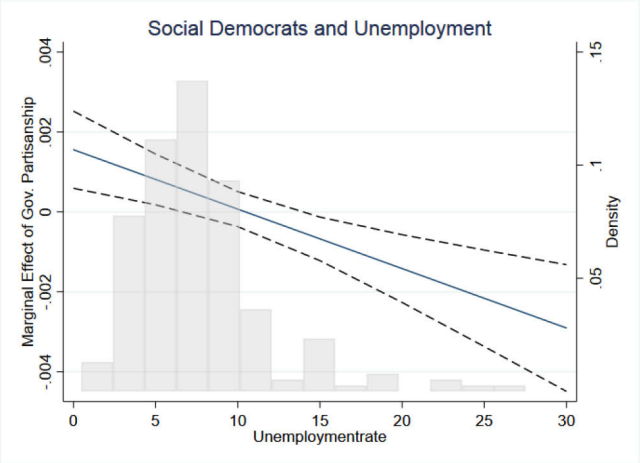
[91] As we expect different effects of CDs and SDs in the interactions, we include only one party family in the interaction models and run two otherwise similar models. We report the results with both party families in the interaction models in online appendix 8. Results do not change.

Figure 2. Conditional effect of unemployment rates on Social democratic parties' effect on EPL (a) Index, (b) Regular Contracts, (c) Temporary Contracts.

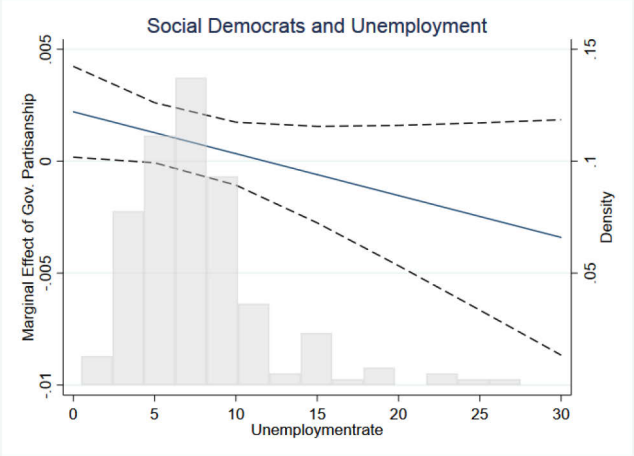
(a) Index



(b) Regular Contracts



(c) Temporary Contracts



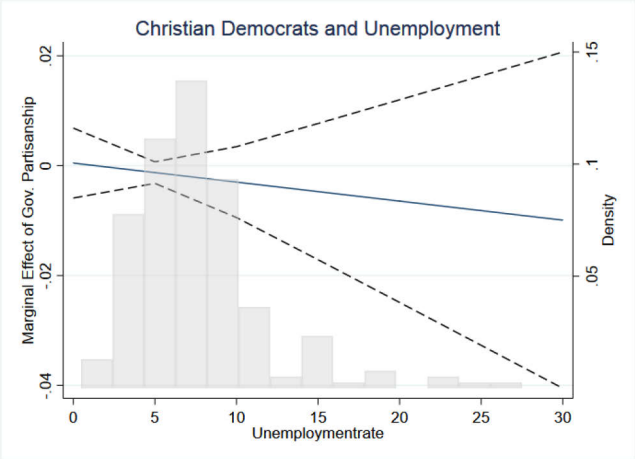
Note: The dashed lines show the 95 percent confidence intervals.

Hypothesis 3a predicts that Social democrats should focus on EPL for *regular* employment more than other parties, independent of the level of unemployment. While the above results without the interaction effect seem to corroborate this hypothesis, Figure 2b does not support it anymore without limitations. Rather, only at low to medium levels of unemployment of up to 9 percent, SDs continue to have a positive effect on EPL. This effect becomes insignificant at medium levels of unemployment and – contrary to expectations – even turns around at high levels of joblessness. Therefore, when unemployment climbs above 15 percent – admittedly a very high level of unemployment –, SDs liberalize EPL for regular employment *more* than other parties. Regarding EPL for temporary employment, our hypothesis H4a holds, as SDs liberalize less than other parties when unemployment is low and do not make a significant difference as unemployment rises above 7 percent (Figure 2c). For the composite index, we also find the positive effect of SDs at low levels of unemployment that turns insignificant above an unemployment rate of 9 percent (Figure 2a).

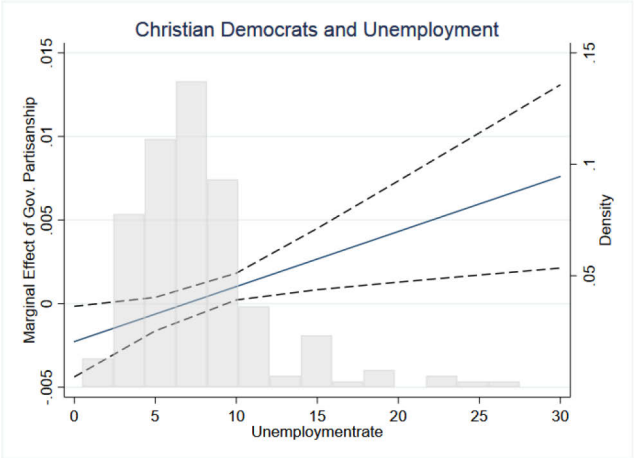
Next, we turn to Christian democrats. According to hypothesis 3b, we expect them to respond to rising unemployment by liberalizing EPL for *regular* employment significantly less than other parties in order to protect the male breadwinner. Figure 3b corroborates this hypothesis. At very low levels of unemployment, CDs liberalize more than other parties. This effect becomes insignificant for medium levels of unemployment and – as expected – turns positive for unemployment rates of 10 percent and more. In contrast, and against hypothesis 4b, CDs do not exert any significant effect on EPL for temporary employment after the golden age (Figure 3c). Moreover, CD effects for the composite index are not conditioned by unemployment at all (Figure 3a).

Figure 3. Conditional effect of unemployment rates on Christian democratic parties' effect on EPL (a) Index, (b) Regular Contracts, (c) Temporary Contracts.

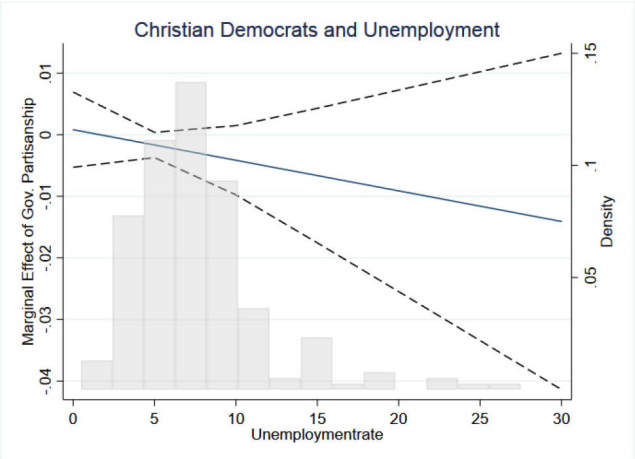
(a) Index



(b) Regular Contracts



(c) Temporary Contracts



Note: The dashed lines show the 95 percent confidence intervals.

Again, the conditional partisan effects turn out to be quite robust in a number of alternative specifications. To check for potential endogeneity, we have run robustness checks using the unemployment rate in the first year of the respective cabinet rather than the average over the first half of the cabinet's term in office. Results are virtually identical (Online Appendix 9). Hence, it is really the unemployment rate that drives policy-makers' decisions to liberalize because it is impossible that the unemployment rate at the beginning of a cabinet should be affected by reforms a government adopts during its term. Likewise, results remain the same when controlling for membership in the European Union and the EU's Employment Strategy that started in 1997 (Online Appendix 10). Similarly, including a variable for different Varieties of Capitalism or welfare state regimes does not change the results (Online Appendices 11 and 12).

In the aftermath of the financial crisis of 2008, far-reaching EPL reforms were adopted, particularly in Southern Europe (Bulfone and Tassinari, 2020). Many of these reforms were responses to external pressures. To examine if these events drive our results, we included dummy variables for the financial crisis (1=all cabinets in power in or after 2008, 0=otherwise) and for Southern Europe (1=Greece, Italy, Portugal, Spain, 0=otherwise) and included them first separately and then together. Moreover, we created a variable that specifically picks up the effects of the financial crisis in Southern Europe (1=Greece, Italy, Portugal, Spain in and after 2008, 0=otherwise). Controlling for these effects does not change our results either (Online Appendix 13). Moreover, we included period dummies and a time trend variable to test whether there are more general period-specific developments or a general time trend towards liberalization. Results turn out to be robust, too (Online Appendix 14). Finally, we include country fixed effects. Unsurprisingly, our partisan variables drop below standard levels of statistical significance (Online Appendix 15). As argued above, however, including country dummies shifts the focus of the research away from what we are interested in. Regarding control variables, we find β-convergence, i.e. a process of catch-up (or catch-down) in which countries with high (low) levels of employment protection liberalize most (least or even regulate more). Similarly, countries with strong economic growth feel less of a need to deregulate temporary employment contracts (hence a positive sign). Economic globalization also keeps governments from deregulating atypical jobs, which is surprising as the coefficient thus flips its sign compared with the regressions on EPL levels in 1985. Similarly, we find that the sign of the coefficient of unemployment has turned around compared with our cross-section regressions above

although it is only significant when we use the composite index as the dependent variable. This finding suggests that governments have abandoned EPL as a solution to the problem of unemployment and might even have started to believe that EPL is part of the problem.

Studying various aspects of EPL separately also produces interesting findings with regard to strikes and union density. For union density, we find a pattern that is consistent with an insider-outsider interpretation (Rueda, 2007; Davidsson and Emmenegger, 2013). Most importantly, even encompassing unions with a comparatively large membership do not seem to consider the interests of labour market outsiders as the coefficient of union density is significantly negative for EPL for atypical employment.[92] Moreover, strikes seem to trigger a deregulation of EPL for regular employment.

5. Conclusion

Our empirical analysis shows that parties have strongly shaped the level of EPL during the golden age. More importantly, not only Social democrats have adopted high levels of EPL; the same is true for Christian democrats, which have been ignored in most previous contributions. Interestingly, we find these partisan differences for regular as well as temporary employment and they are very robust and are not conditioned by unemployment.

There has been a dramatic change since the mid-1980s. Unconditional partisan effects have weakened substantially or even disappeared when we look at changes in employment protection between 1985 and 2019. While we find that SDs liberalize less when it comes to regular employment, as insider-outsider-theory would predict, our interaction models show that this positive SD effect is limited to situations with low unemployment. As unemployment increases, SDs stop protecting labour market insiders more than other parties and at very high levels of unemployment we even find that they liberalize EPL for regular employment more than other parties.

[92] On the basis of comparative case studies, Rathgeb (2018) has recently argued that encompassing trade unions advocate a better protection also for outsiders. Our results suggest that his findings cannot be generalized. Note, however, that his argument is more complex because he predicts encompassing trade unions to only be successful if they are confronted with weak governments. Testing this argument in full is beyond the scope of this paper. Nevertheless, we investigated if the conditioning effect of unemployment on partisan effects on EPL differs between countries with encompassing and non-encompassing unions. This seems to be the case. We find the conditioning effect of unemployment only in countries with weak trade unions (Online Appendix 16).

The pattern for temporary employment is somewhat similar with significantly higher levels of EPL at low levels of unemployment and the vanishing of this effect as unemployment rises. Hence, also SDs have responded to high unemployment by liberalizing EPL for atypical employment. This is also shown in case studies on Sweden (Murhem, 2012) and Germany (Baccaro and Benassi, 2017), for example. It is important to note, however, that Social democrats have not liberalized EPL for temporary employment more than other parties.

So our findings somewhat go against what insider-outsider theory would predict: According to our findings Social democrats are clearly not the agents of labour market insiders and the parties responsible for labour market dualisation. What could account for this finding?

There are at least three possible explanations. First, the electoral relevance of insider voters for SDs may differ quite substantially between countries. One could therefore argue that only SDs with a relatively large share of insider voters should have an incentive to protect these voters while SDs with a small insider-voter base have no reason to differ from other parties with regard to EPL for regular employment (for a similar argument, Bürgisser and Kurer, 2019). We have empirically tested this possibility. The results in Online Appendix 17 are not particularly conclusive, however, probably due to the lower number of cases.[93] On the one hand, the result that SDs with many insider voters liberalize EPL for regular employment less at medium levels of unemployment could be regarded as corroboration of the argument that the composition of the electorate matters. On the other hand, however, this argument is difficult to square with the finding that SDs with few outsider voters liberalize EPL for regular employment more than everybody else at medium levels of unemployment. Moreover, all other marginal effects plots suggest that the composition of the electorates of SDs does *not* matter.[94]

Indeed, Bulfone and Tassinari (2020), in their comparative case study on labour market reforms and electoral dynamics in Southern Europe, show that simply focusing on the most recent composition of a party's electorate might be too simplistic. Instead,

[93] Since data on the electoral relevance of insiders and outsiders for individual parties are not available for many cabinets as we rely on ESS waves 1-9, the number of cases declines dramatically. Furthermore, by splitting the sample into cases with high and low relevance of insider voters, the number of cases drops even further.

[94] Similarly, the result that CDs with a *low* share of insider voters produce *higher* EPL for regular employment (Online Appendix 17), is also difficult to reconcile with the argument about the relevance of the composition of parties' electorates.

these authors suggest that parties that felt compelled to liberalize the labour market have chosen reform strategies that sought to exempt different groups for electoral reasons. While Portugal's PS, for example, initially aimed at limiting liberalization for their insider voters, the Italian Partito Democratico under Matteo Renzi embraced a liberalization agenda (see also Picot and Tassinari, 2017), which sought to create what Bulfone and Tassinari (2020, p.6) call a 'centrist pro-EU coalition', i.e. a voter coalition that includes managers, socio-cultural and technical professionals, non-unionised private sector workers and highly skilled atypical workers and which therefore relied much less on labour market insiders. Hence, 'reform strategies are not only shaped by the extant composition of parties' electorates and by the imperative of protecting or retaining the support of groups that are preserves of a given party family (…). They can also serve the function of constructing or consolidating a new social bloc by attracting support from groups contested among different party families (…)' (Bulfone and Tassinari 2020, p.5). Therefore, although further research is clearly needed in this regard, at this point we cannot argue that the electoral relevance of insider voters for SDs solves our puzzle.

Second, a Nixon-goes-to-China-logic might be at play (Ross, 2000). SDs are usually perceived as owning the issue of employment policy and are therefore seen as competent in this issue area. Therefore, their core voters could have believed that, if SDs (who are known to prefer strict EPL) start liberalizing under conditions of high unemployment, a liberalization would really be necessary. That could have facilitated EPL deregulation for SDs while the prospect of being punished electorally for labour market liberalization may have kept market-liberal parties from deregulating more than SDs. The German example is instructive to evaluate this argument. While experimental evidence corroborates the Nixon-goes-to-China logic for an individual EPL liberalization in Germany (Sulitzeanu-Kenan and Zohlnhöfer, 2019), labour market deregulation is not just a one-off reform. If, however, SDs continue to liberalize, voters might have second thoughts about their policy expectations and start punishing SDs electorally (Arndt, 2013), as the SPD has experienced after its labour market reforms in the early 2000s (Schwander and Manow, 2017).

Of course, SDs might still have believed that they are sheltered from voter wrath about liberalization when adopting the reforms. But even if that were the case, that would only mean that SDs have an advantage in getting away with the reform, but they should

still not have a preference for those reforms in the first place. So the Nixon-goes-to-China logic cannot explain why our findings go somewhat against expectations, either. This leads to our third point. From a policy-seeking perspective, unemployment is a high-priority policy problem for SDs, because a good employment performance is vital for achieving many important social democratic goals, most importantly the funding of generous welfare states. SDs might thus have considered the liberalization of EPL a suitable means to improve the employment performance under these specific circumstances. Hence, they might have been willing to burden parts of their core voters in order to attain a major programmatic goal. This was not only the rationale behind the German and Swedish reforms alluded to above, but also behind the Spanish 1994 labour market reform, which at least aimed at liberalizing employment protection also for insiders (although with limited success; cf. Dubin and Hopkin n.d.; Rueda 2007) in view of unemployment far above 20 percent.

The programmatic shift of SDs towards more liberal EPL to improve the labour market situation is not only visible in the reforms they have enacted, however. At least as relevant are the reforms that these parties have failed to adopt. In both, Spain and Portugal, for example, due to fears of the economic consequences the SD-led governments of Pedro Sánchez and António Costa refrained from revoking the significant EPL liberalizations their bourgeois predecessors had enacted (Bulfone and Tassinari 2020). Similarly, despite some marginal re-regulations, the British Labour Party did not even try to reverse the liberalization of the labour market upon its arrival to power in 1997 (Glyn and Wood, 2001; Merkel et al., 2008). Other examples could be added.

Hence, although further research is clearly needed in this regard, too, it might seem that SDs may have moderated their preference for strict employment protection at least during periods of high unemployment, mostly to improve employment dynamics. At the same time, in some cases SDs have sought to compensate voters (and trade unions) for liberal labor markets via more generous unemployment benefits (Simoni and Vlandas, 2020). This, of course, is the basic idea of the Danish flexicurity system, but similar compensations have also occurred in recent Italian reforms (Picot and Tassinari, 2017).

So far, we have found that SDs are not responsible for labour market dualisation in the form of liberalization of protection for atypical employment and continuing strict EPL for regular employment. But who is? Our results suggest that Christian democrats are

a likely candidate. Given the important programmatic preference to protect the traditional male-breadwinner model, these parties liberalized EPL for regular employment (i.e. for jobs that are typically held by male breadwinners) significantly *less* than everybody else. To make up for this lack of liberalization of the insider segment of the labour market, these parties focussed on deregulation of atypical employment. Consequently, we find an unconditional negative effect of CD government participation for EPL for temporary employment. While the interaction effect does not become significant in our main models, there is case study evidence that indeed high unemployment triggered the liberalization of EPL for atypical employment under CD governments. Take the German case as an example (cf. Zohlnhöfer, 2003): The CDU/CSU-led governments of the 1980s and 1990s initially only very moderately deregulated EPL and focused their liberalizing attempts entirely on atypical employment. In view of record-breaking levels of unemployment in the mid-1990s, however, liberalization was substantially intensified but again remained confined to EPL for temporary employment.

Based on our findings, future research should focus on two things. First, scholars need to investigate what kept Social democrats from prioritizing insider preferences in the way insider-outsider theory predicts. Second, scholars should focus more on the role of Christian democrats in the process of labour market dualization than has been the case so far. Both approaches promise to further improve our understanding of the liberalization of employment protection in the past 35 years.

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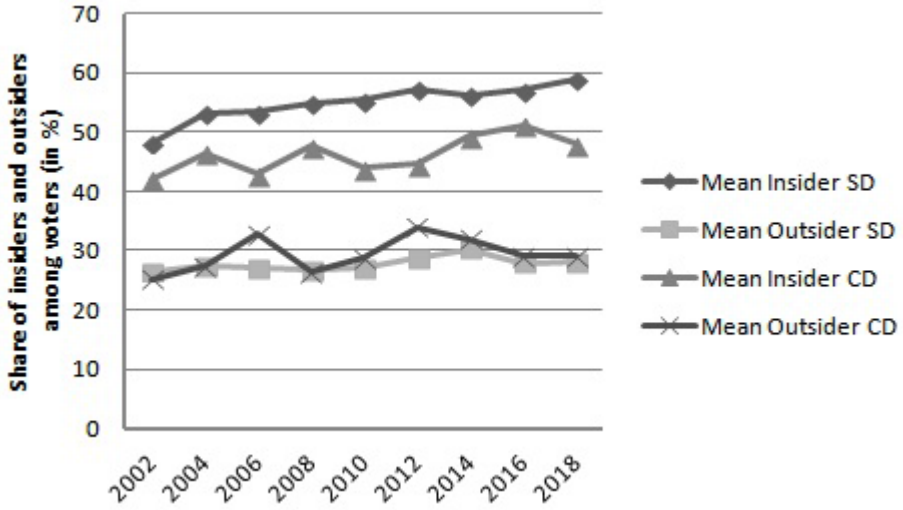
7. Online Appendix

for the paper "The Partisan Politics of Employment Protection Legislation. Social democrats, Christian democrats and the conditioning effect of unemployment"

Online Appendix 1: Distribution of the share of insiders and outsiders among voters of Social democrats and Christian democrats.



Source: Own data based on ESS waves 2002-2018 for 16 advanced democracies.

Online Appendix 2: Summary of the operationalizations of the variables.

Variable	Operationalization	Source
Employment protection legislation	OECD's EPL indicators for temporary employment, regular employment and an index (summing these two categories up equally weighted)	OECD (2020a) 'OECD Indicators of Employment Protection', accessed at www.oecd.org/els/emp/oecdindicatorsofemploymentprotection.htm on December 07, 2020.
Partisan composition of governments	Cabinet seat shares for Social democrats, Christian democrats, Conservatives and Liberals 1) For "level"-regression: average share of cabinet seats of the respective party family in a country over the 1960-85 period 2) For "change"-regression: the respective seat shares for the relevant cabinets	Schmidt, Manfred G., Zohlnhöfer, Reimut; Bartscherer, Falk; Trocka, Caroline, 2020: The Partisan Composition of Governments Database (PACOGOV), Version 1.0. available at: www.uni-heidelberg.de/politikwissenschaften/personal/zohlnhoefer/forschung/DataPartisanComp.html on December 07, 2020.
Unemployment	Unemployment rates	Armingeon, K., Wenger, V., Wiedemeier, F., Isler, C., Knöpfel, L., Weisstanner, D. and Engler, S. (2018) Comparative Political Data Set 1960-2016, Bern, Institute of Political Science, University of Berne.
Economic Growth	1) For "level"-regression: GDP per capita	OECD (2020) 'Data on the Gross domestic product (GDP)', accessed at https://data.oecd.org/gdp/gross-domestic-product-gdp.htm#indicator- chart on December 07, 2020.
	2) For "change"-regression: GDP growth rates	OECD (2020) 'Data on the real gross domestic product', accessed at https://data.oecd.org/gdp/real-gdp-forecast.htm on December 07, 2020.
Union density	Net union membership as share of employees	Armingeon, K., Wenger, V., Wiedemeier, F., Isler, C., Knöpfel, L., Weisstanner, D. and Engler, S. 2020. *Comparative Political Data Set 1960-2018*. Zurich: Institute of Political Science, University of Zurich.
Strike activity	Working days lost per 1000 workers	Armingeon, K., Wenger, V., Wiedemeier, F., Isler, C., Knöpfel, L., Weisstanner, D. and Engler, Sarah. 2020. *Comparative Political Data Set 1960-2018*. Zurich: Institute of Political Science, University of Zurich.
Institutional setting	Veto Player Range	Jahn, D., Düpont, N., Kosanke, S., Oberst, C., Behm, T. and Rachuj, M. (2018) 'PIP – Parties, Institutions & Preferences: PIP Collection [Version 2018-02]', Chair of Comparative Politics, University of

		Greifswald, accessed at http://comparativepolitics.uni-greifswald.de/data.html on December 07, 2020.
Economic globalisation	De facto index of economic globalisation from the KOF dataset	Gygli, S., Haelg, F., Potrafke, N. and Sturm, J.-E. (2019) The KOF Globalisation Index – Revisited, Review of International Organizations, The Review of International Organizations, 14, 543–574. Data accessed at https://kof.ethz.ch/en/forecasts-and-indicators/indicators/kof-globalisation-index.html on December 07, 2020.
Cabinet duration	End year – Start year of a cabinet Own calculation based on Schmidt's et al. (2020) cabinet data set	Schmidt, Manfred G. , Zohlnhöfer, Reimut; Bartscherer, Falk, Trocka, Caroline, 2020: The Partisan Composition of Governments Database (PACOGOV), Version 1.0. available at: www.uni-heidelberg.de/politikwissenschaften/personal/zohlnhoefer/forschung/DataPartisanComp.html on December 07, 2020.
Period dummies	Period dummies for the start year of a cabinet in the periods 1985 to 1990; 1991 to 2001; 2002 to 2007; 2008 to 2019.	Own Coding
Time trend	1: 1985-1990; 2: 1991-2001; 3: 2002-2007; 4: 2008-2019	Own Coding
Insider Outsider	Percentage of voters of social democratic or Christian democratic parties (according to Schmidt et al. 2020) of insiders and outsiders; Insiders: working people with more than 30 working hours/week, unlimited working contracts Outsiders: unemployed, people with temporary contracts, people who work less than 30 hours/week	Various waves (1 - 9) of European Social Survey, available at: https://www.europeansocialsurvey.org/data/round-index.html, last accessed on December 07, 2020.
High and low outsider/insider share	High = 1, above mean of the sample Low = 0, below mean of the sample	Own coding based on insider/outsider coding see above
Varieties of Capitalism	LMEs include: USA, UK, Canada, Australia, NZ, Ireland = 1; MMEs include: Portugal, Spain, France, Italy, Greece = 2; CMEs include: Germany, Japan, Austria, Sweden, Norway, Denmark, Finland, Netherlands, Belgium, Switzerland = 3	Own coding according to categories found in: Hall, P., Gingerich, D., 2009: Varieties of Capitalism and Institutional Complementarities in the Political Economy: An Empirical Analysis British Journal of Political Science, Vol. 39, No. 3: pp. 449-482.
Welfare state regimes	Conservative WFS: Austria, Belgium, France, Germany, Italy, Netherlands, Switzerland = 1; Social democratic WFS:	Own coding according to Esping-Andersen

	Denmark, Finland, Norway, Sweden = 2; Reference category: USA, Japan, Australia, Canada, Greece, Ireland, Portugal, Spain, New Zealand, United Kingdom	
Strong unions and weak unions	Mean of union density (coding see above); if the country is above the sample mean regarding union density on average over the years, it is coded as a strong union country; if it lies below the sample mean, it is coded as weak union country	Own coding based on union density coding see above

Online appendix 3: Descriptive Statistics, Cabinet models.

Variables	Mean	Standard deviation	Minimum	Maximum
Cabinet seat share CD	10.1	20.1	0	79
Cabinet seat share SD	33.1	38.4	0	100
Union density	36.1	19.5	8.1	83.8
Unemployment rate	7.5	4.0	0.6	27.5
Strikes	132.6	366.8	0	3678.4
Cabinet duration	3.4	.9	2	5
Economic globalisation	62.6	17.6	23.3	89.7
Veto player range	7.5	7.4	0	35.1
EPL Index change	-0.1	0.4	-2.3	0.9
EPL temporary contracts change	-0.1	0.4	-2.3	0.6
EPL regular contracts change	-0.02	0.2	-1.2	0.5

Online appendix 4: Development of EPL indices 1985-2019.

Figure A1: Development of the EPL Index from 1985-2019.

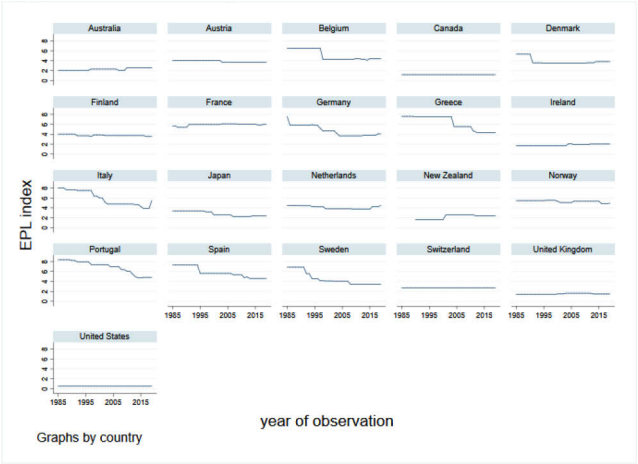


Figure A2: Development of the EPL indicator for regular contracts from 1985-2019.

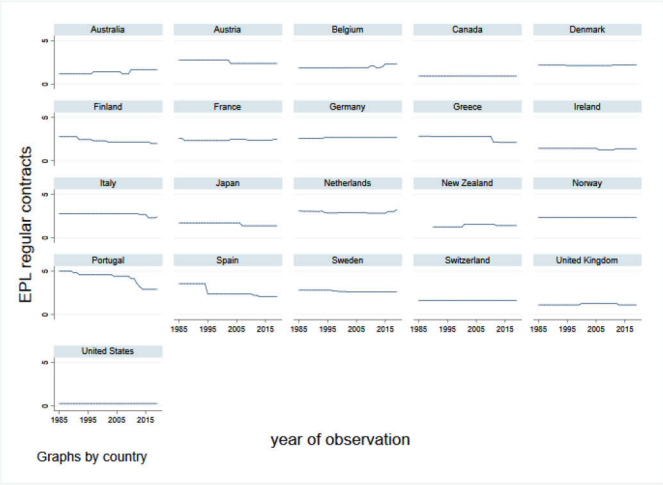
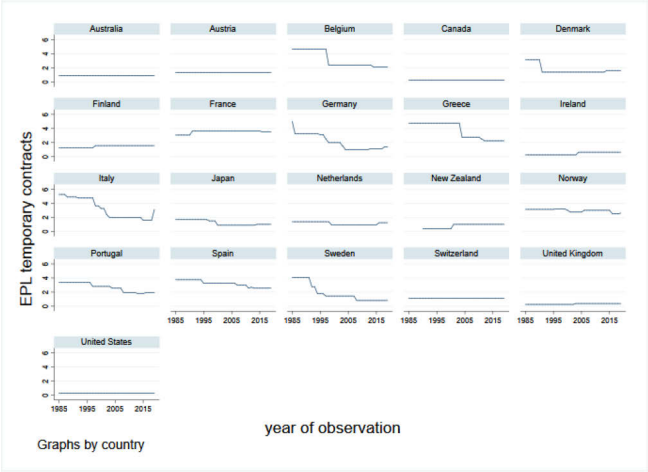


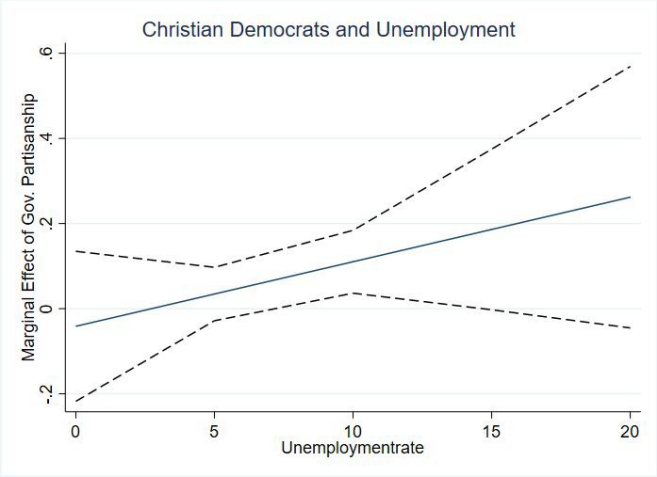
Figure A3: Development of the EPL indicator for temporary contracts from 1985-2019.



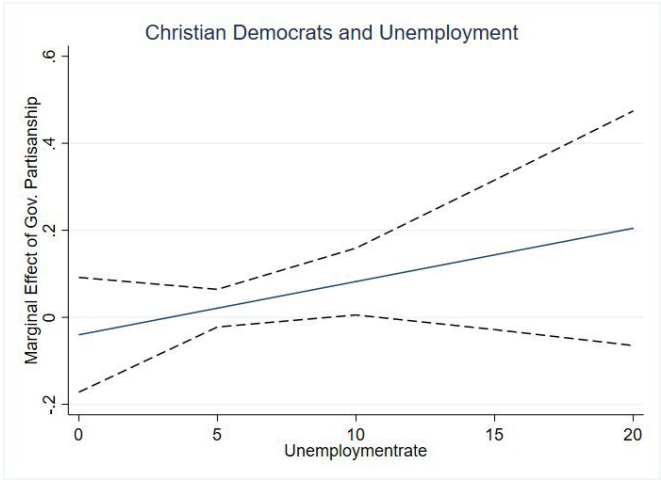
Source: Own figures based on OECD (2020a) and own calculations for the index.

Online Appendix 5: Marginal Effects Plots for the cross-section model.

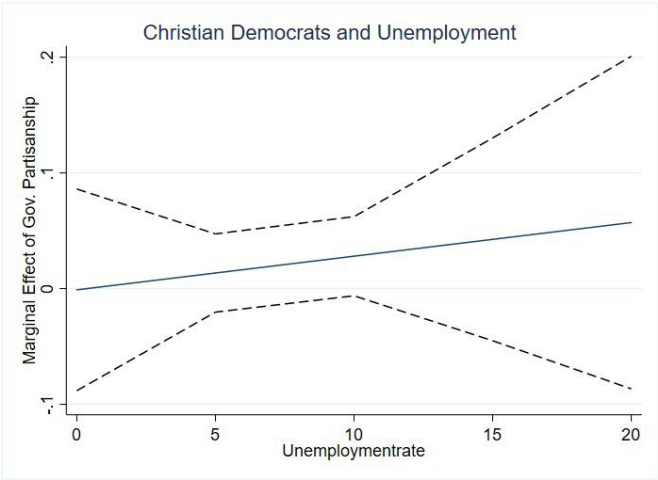
Index – Christian democrats



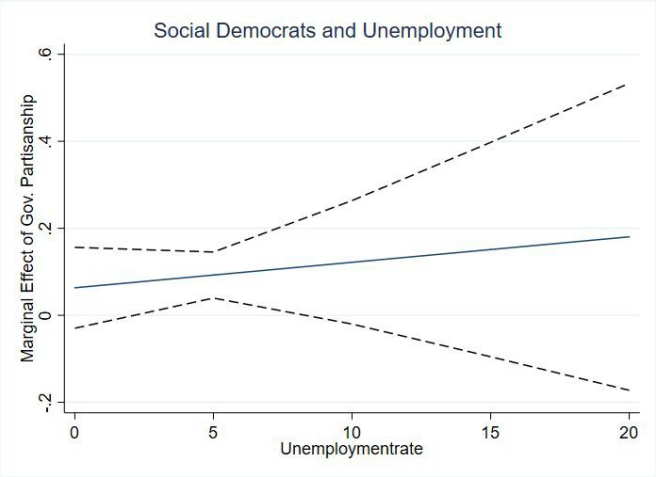
Temporary EPL – Christian democrats



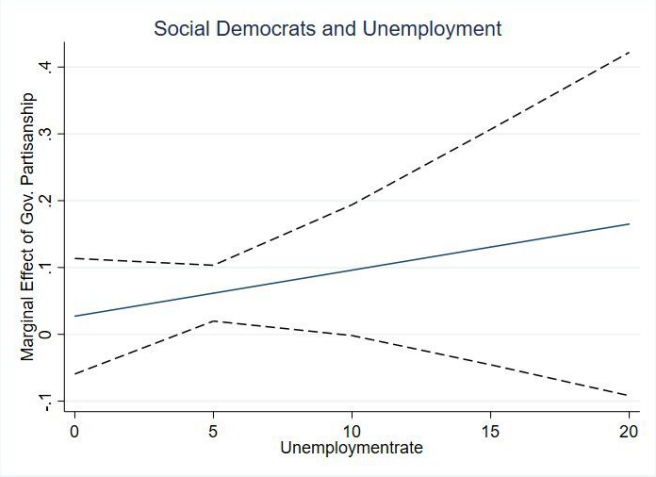
Regular EPL – Christian democrats



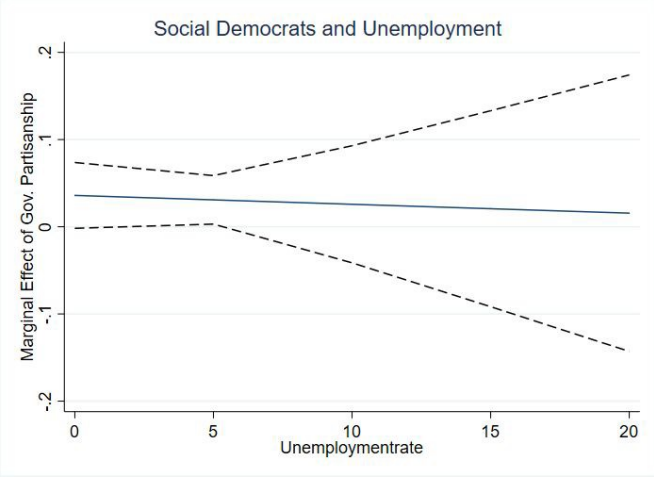
Index – Social democrats



Temporary EPL – Social democrats



Regular EPL – Social democrats



Note: The dashed lines show the 95 percent confidence intervals.

Online Appendix 6: Robustness check: Cabinet models (Table 2) Effects of Christian and social democratic government participation (separately) on changes on employment protection legislation, 1985-2019.

	(1) Index	(1) Temporary Contracts	(1) Regular Contracts	(2) Index	(2) Temporary Contracts	(2) Regular Contracts
Christian democratic cabinet shares	-.0018	**-.0025***	-.0000			
	(.0013)	(.0012)	(.0005)			
Social democratic cabinet shares				.0011	.0009	**.0005***
				(.0006)	(.0006)	(.0002)
Level of EPL at the beginning of cabinet	**-.0771*****	**-.1159*****	-.0331***	**-.0867*****	**-.1298*****	**-.0372*****
	(.0167)	(.0315)	(.0064)	(.0194)	(.0353)	(.0072)
Cabinet duration	-.0756	-.0694	.0030	**-.0793**	**-.0731**	.0028
	(.0455)	(.0406)	(.0135)	(.0467)	(.0426)	(.0130)
Economic growth	**.0371****	**.0376****	-.0004	**.0338****	**.0353*****	-.0023
	(.0135)	(.0133)	(.0032)	(.0127)	(.0119)	(.0034)
Unemployment	**-.0139***	-.0078	-.0053	**-.0121***	-.0055	-.0053
	(.0067)	(.0069)	(.0058)	(.0068)	(.0073)	(.0058)
Union density	-.0028	**-.0041*****	.0009	-.0025	**-.0038****	.0008
	(.0017)	(.0013)	(.0005)	(.0018)	(.0014)	(.0005)
Strikes	.0002	.0004	-.0001	.0002	.0003	**-.0001***
	(.0002)	(.0002)	(.0001)	(.0002)	(.0002)	(.0001)
Institutions (Veto Player Range)	-.0038	-.0032	-.0013	-.0038	-.0032	-.0012
	(.0033)	(.0031)	(.0013)	(.0034)	(.0032)	(.0013)
Economic globalisation	**.0042*****	**.0037*****	.0008	**.0032****	**.0024****	.0006
	(.0014)	(.0012)	(.0005)	(.0014)	(.0010)	(.0004)
Constant	.3310	.2660	.0165	.3799	.3057	.0270
	(.2231)	(.1951)	(.0454)	(.2302)	(.2016)	(.0429)
N	140	140	140	140	140	140
Adj. R^2	0.2067	0.2497	0.0593	0.2078	0.2401	0.0755

Robust standard errors clustered by country in parentheses *** p<0.01, ** p<0.05, * p<0.1

Online Appendix 7: Main interaction model: Effects of Christian and Social democratic government participation on EPL's change from 1985-2019.

	(1) Index	(1) Temporary Contracts	(1) Regular Contracts	(2) Index	(2) Temporary Contracts	(2) Regular Contracts
Christian democratic cabinet shares	.0005	.0008	**-.0023****			
	(.0031)	(.0029)	(.0010)			
Social democratic cabinet shares				**.0032*****	**.0022****	**.0016*****
				(.0010)	(.0010)	(.0005)
Level	**-.0773*****	**-.1138*****	**-.0293*****	**-.0848*****	**-.1292*****	**-.0345*****
	(.0167)	(.0310)	(.0054)	(.0195)	(.0355)	(.0055)
Cabinet duration	-.0729	-.0647	.0010	**-.0818***	**-.0747***	.0019
	(.0446)	(.0402)	(.0138)	(.0461)	(.0424)	(.0123)
Economic growth	**.0374****	**.0380****	-.0009	**.0357****	**.0365*****	-.0014
	(.0138)	(.0136)	(.0032)	(.0127)	(.0120)	(.0037)
Unemployment	-.0110	-.0039	-.0081	-.0011	.0015	.0002
	(.0071)	(.0067)	(.0058)	(.0058)	(.0078)	(.0064)
Union density	-.0026	**-.0038*****	.0007	-.0030	**-.0040****	.0006
	(.0017)	(.0013)	(.0006)	(.0018)	(.0014)	(.0005)
Strikes	.0002	.0003	-.0000	.0003	**.0004***	-.0001
	(.0002)	(.0002)	(.0001)	(.0002)	(.0002)	(.0000)
Institutions (Veto Player Range)	-.0039	-.0034	-.0011	-.0033	-.0029	-.0009
	(.0032)	(.0029)	(.0013)	(.0034)	(.0033)	(.0012)
Economic globalization	**.0041*****	**.0035*****	.0009	**.0030****	**.0023****	.0005
	(.0013)	(.0011)	(.0006)	(.0014)	(.0011)	(.0004)
Interaction Christian democrats * unemployment	-.0003	-.0005	**.0003****			
	(.0006)	(.0005)	(.0001)			
Interaction Social democrats * unemployment				**-.0003****	**-.0002***	**-.0001*****
				(.0001)	(.0001)	(.0000)
Constant	.3026	.2186	.0365	.3179	.2709	-.0053
	(.2144)	(.1865)	(.0516)	(.2129)	(.1919)	(.0399)
N	140	140	140	140	140	140
Adj. R^2	0.2037	0.2512	0.0756	0.2134	0.2394	.0399

Robust standard errors clustered by country in parentheses *** p<0.01, ** p<0.05, * p<0.1.

Online Appendix 8: Robustness check: both party families in one regression model (change model)

	(1) DV Index	(1) DV Temporary Contracts	(1) DV Regular Contracts	(2) DV Index	(2) DV Temporary Contracts	(2) DV Regular Contracts	(3) DV Index	(3) DV Temporary Contracts	(3) DV Regular Contracts
Christian democratic cabinet shares	-.0016	**-.0023***	.0001	.0009	.0010	**-.0020***	-.0014	**-.0022***	.0002
	(.0014)	(.0013)	(.0006)	(.0030)	(.0029)	(.0011)	(.0014)	(.0012)	(.0005)
Social democratic cabinet shares	.0009	.0007	**.0005***	.0010	.0007	**.0005***	**.0030*****	**.0019***	**.0016*****
	(.0007)	(.0007)	(.0002)	(.0007)	(.0007)	(.0002)	(.0010)	(.0010)	(.0005)
Level	**-.0827*****	**-.1222*****	**-.0376*****	**-.0832*****	**-.1202*****	**-.0336*****	**-.0813*****	**-.1221*****	**-.0353*****
	(.0184)	(.0337)	(.0077)	(.0186)	(.0332)	(.0060)	(.0185)	(.0338)	(.0060)
Cabinet duration	-.0770	**-.0704***	.0026	-.0741	-.0657	.0007	**-.0796***	**-.0719***	.0017
	(.0452)	(.0406)	(.0131)	(.0442)	(.0401)	(.0134)	(.0447)	(.0406)	(.0124)
Economic growth	**.0336****	**.0350****	-.0023	**.0338****	**.0354****	-.0026	**.0354****	**.0361****	-.0013
	(.0133)	(.0128)	(.0035)	(.0136)	(.0132)	(.0035)	(.0132)	(.0128)	(.0037)
Unemployment	**-.0135***	-.0075	-.0053	-.0105	-.0036	-.0079	-.0028	-.0014	.0003
	(.0069)	(.0070)	(.0059)	(.0072)	(.0066)	(.0059)	(.0055)	(.0073)	(.0065)
Union density	-.0028	**-.0041*****	.0008	-.0026	**-.0039*****	.0007	**-.0032***	**-.0043*****	.0006
	(.0018)	(.0013)	(.0006)	(.0018)	(.0013)	(.0006)	(.0018)	(.0014)	(.0005)
Strikes	.0002	.0003	**-.0001***	.0002	.0003	-.0001	.0003	.0004	-.0001
	(.0002)	(.0002)	(.0001)	(.0002)	(.0002)	(.0001)	(.0002)	(.0002)	(.0000)
Institutions (Veto Player Range)	-.0036	-.0031	-.0012	-.0038	-.0033	-.0010	-.0032	-.0028	-.0009
	(.0033)	(.0031)	(.0013)	(.0033)	(.0030)	(.0013)	(.0033)	(.0032)	(.0012)
Economic globalisation	**.0038****	**.0034*****	.0006	**.0037****	**.0032*****	.0007	**.0036****	**.0032****	.0005
	(.0014)	(.0011)	(.0005)	(.0013)	(.0010)	(.0006)	(.0015)	(.0012)	(.0005)
Christian democrats * unemployment				-.0004	-.0005	**.0003****			
				(.0005)	(.0005)	(.0001)			
Social democrats * unemployment							**-.0003****	-.0002	**-.0002*****
							(.0001)	(.0001)	(.0000)
Constant	.3597	.2837	.0280	.3303	.2362	.0460	.3025	.2546	-.0036
	(.2200)	(.1934)	(.0436)	(.2098)	(.1846)	(.0492)	(.2047)	(.1849)	(.0406)
N	140	140	140	140	140	140	140	140	140
Adj. R^2	0.2070	0.2477	0.0684	0.2045	0.2493	0.0822	0.2116	0.2457	0.0857

Robust standard errors clustered by country in parentheses *** p<0.01, ** p<0.05, * p<0.1; regressions (1) are identical with table 2 and are reproduced to allow an easy comparison.

Online Appendix 9: Robustness check: Unemployment rate in the cabinets' starting years in the change model (only partisan variables and interaction terms are reported).

	DV Index	**DV Temp. C.**	**DV Reg. C.**	**DV Index**	**DV Temp. C.**	**DV Reg. C.**
Christian democratic cabinet shares	-.0017	**-.0024***	-.0000	.0001	.0007	**-.0023****
	(.0013)	(.0012)	(.0005)	(.0029)	(.0029)	(.0009)
Christian democrats * unemployment rate (cabinet start year)				-.0003	-.0005	**.0003*****
				(.0005)	(.0005)	(.0001)
Unemployment rate (cabinet start year)	**-.0133****	-.0070	-.0057	**-.0112***	-.0036	-.0084
	(.0059)	(.0066)	(.0056)	(.0063)	(.0065)	(.0053)
N	140	140	140	140	140	140
Adj. R^2	0.2070	0.2487	0.0656	0.2030	0.2494	0.0837

	DV Index	**DV Temp. C.**	**DV Reg. C.**	**DV Index**	**DV Temp. C.**	**DV Reg. C.**
Social democratic cabinet shares	.0011	.0009	**.0005***	**.0033****	**.0022***	**.0017*****
	(.0006)	(.0006)	(.0002)	(.0012)	(.0011)	(.0005)
Social democrats * unemployment rate (cabinet start year)				**-.0003****	-.0002	**-.0002*****
				(.0001)	(.0001)	(.0000)
Unemployment rate (cabinet start year)	**-.0118***	-.0050	-.0057	-.0011	.0012	.0017
	(.0061)	(.0072)	(.0055)	(.0051)	(.0080)	(.0059)
N	140	140	140	140	140	140
Adj. R^2	0.2087	0.2402	0.0810	0.2164	0.2395	0.1081

	DV Index	**DV Temp. C.**	**DV Reg. C.**	**DV Index**	**DV Temp. C.**	**DV Reg. C.**	**DV Index**	**DV Temp. C.**	**DV Reg. C.**
Christian democratic cabinet shares	-.0014	**-.0022***	.0001	.0007	.0010	**-.0021****	-.0013	-.0021	.0002
	(.0014)	(.0013)	(.0005)	(.0029)	(.0028)	(.0010)	(.0013)	(.0012)	(.0005)
Social democratic cabinet shares	.0009	.0007	**.0005***	.0010	.0007	.0004	**.0031****	**.0018***	**.0017*****
	(.0007)	(.0007)	(.0003)	(.0007)	(.0007)	(.0003)	(.0012)	(.0011)	(.0005)
Unemployment rate (cab. start year)	**-.0128****	-.0065	-.0056	-.0104	-.0030	-.0081	**-.0790***	-.0011	.0003
	(.0060)	(.0068)	(.0056)	(.0064)	(.0065)	(.0054)	(.0046)	(.0073)	(.0059)
Unemployment rate (cab. start year)*Social democrats							**-.0003****	-.0002	**-.0002*****
							(.0001)	(.0001)	(.0000)
Unemployment rate (cab. start year)*Christian democrats				-.0003	-.0005	**.0003****			
				(.0005)	(.0005)	(.0001)			
N	140	140	140	140	140	140	140	140	140
Adj. R^2	0.2074	0.2469	0.0741	0.2038	0.2480	0.0891	0.2140	0.2449	0.1018

Online Appendix 10: Robustness check: European Employment Strategy and EU included in the change model (only partisan variables and interaction term).

a) EES

	DV Index	**DV Temporary Contracts**	**DV Regular Contracts**	**DV Index**	**DV Temporary Contracts**	**DV Regular Contracts**
Christian democratic cabinet shares	-.0018 (.0014)	**-.0024*** (.0012)	-.0000 (.0005)	.0004 (.0031)	.0009 (.0031)	**-.0021**** (.0010)
Christian democrats * unemployment				-.0003 (.0006)	-.0005 (.0005)	**.0003**** (.0001)
EES	-.0493 (.0792)	-.1075 (.0884)	**.0580*** (.0310)	-.0486 (.0795)	-.1078 (.0876)	**.0550*** (.0295)
N	140	140	140	140	140	140
Adj. R^2	0.2030	0.2571	0.0786	0.1999	0.2588	0.0923

	DV Index	**DV Temporary Contracts**	**DV Regular Contracts**	**DV Index**	**DV Temporary Contracts**	**DV Regular Contracts**
Social democratic cabinet shares	**.0011*** (.0006)	.0010 (.0006)	**.0005*** (.0003)	**.0032***** (.0011)	**.0022*** (.0011)	**.0015***** (.0005)
Social democrats * unemployment				**-.0003**** (.0001)	-.0002 (.0001)	**-.0002***** (.0000)
EES	-.0547 (.0870)	-.1161 (.0961)	.0551 (.0319)	-.0503 (.0865)	-.1129 (.0974)	**.0565**** (.0267)
N	140	140	140	140	140	140
Adj. R^2	0.2046	0.2495	0.0922	0.2098	0.2480	0.1105

b) EU

	DV Index	DV Temporary Contracts	DV Regular Contracts	DV Index	DV Temporary Contracts	DV Regular Contracts
Christian democratic cabinet shares	-.0019	**-.0025***	-.0001	.0004	.0008	**-.0023****
	(.0014)	(.0013)	(.0006)	(.0031)	(.0030)	(.0010)
Christian democrats * unemployment				-.0003	-.0005	**.0003*****
				(.0006)	(.0005)	(.0001)
EU	.0290	.0141	.0164	.0287	.0104	.0115
	(.1015)	(.0964)	(.0349)	(.1010)	(.0927)	(.0299)
N	140	140	140	140	140	140
Adj. R^2	0.2012	0.2441	0.0535	0.1982	0.2455	0.0691

	DV Index	DV Temporary Contracts	DV Regular Contracts	DV Index	DV Temporary Contracts	DV Regular Contracts
Social democratic cabinet shares	.0011	.0009	**.0005****	**.0034*****	**.0022****	**.0016*****
	(.0006)	(.0006)	(.0002)	(.0011)	(.0010)	(.0005)
Social democrats * unemployment				**-.0003****	-.0002	**-.0002*****
				(.0001)	(.0001)	(.0000)
EU	.0252	-.0026	.0185	.0463	.0102	.0272
	(.1026)	(.1019)	(.0332)	(.1109)	(.1058)	(.0367)
N	140	140	140	140	140	140
Adj. R^2	0.2022	0.2342	0.0702	0.2088	0.2335	0.0893

Online Appendix 11: Robustness check: Varieties of capitalism as control variable in the change model (only partisan variables and interaction term).

	DV Index	DV Temporary Contracts	DV Regular Contracts	DV Index	DV Temporary Contracts	DV Regular Contracts
Christian democratic cabinet shares	-.0023	**-.0032****	-.0001	-.0005	-.0008	**-.0025****
	(.0014)	(.0012)	(.0006)	(.0033)	(.0033)	(.0011)
Christian democrats * unemployment				-.0003	-.0003	**.0003****
				(.0006)	(.0006)	(.0001)
VoC	.0513	**.0680***	.0044	.0450	.0582	.0100
	(.0513)	(.0355)	(.0126)	(.0407)	(.0382)	(.0145)
N	140	140	140	140	140	140
Adj. R^2	0.2062	0.2565	0.0524	0.2017	0.2540	0.0702

	DV Index	DV Temporary Contracts	DV Regular Contracts	DV Index	DV Temporary Contracts	DV Regular Contracts
Social democratic cabinet shares	.0011	.0009	**.0005***	**.0036*****	**.0026****	**.0016*****
	(.0007)	(.0006)	(.0002412)	(.0010)	(.0010)	(.0005)
Social democrats * unemployment				**-.0004*****	**-.0002****	**-.0002*****
				(.0001)	(.0001)	(.0000)
VoC	.0332	.0394	.0030	.0525	.0525	.0101
	(.0428)	(.0400)	(.0125)	(.0432)	(.0421)	(.0128)
N	140	140	140	140	140	140
Adj. R^2	0.2043	0.2389	0.0685	0.2134	0.2414	0.0873

Online Appendix 12: Robustness check: Welfare state regimes included as control variable in the change model (only partisan variables and interaction term).

	DV Index	DV Temporary Contracts	DV Regular Contracts	DV Index	DV Temporary Contracts	DV Regular Contracts
Christian democratic cabinet shares	-.0014	-.0020	-.0007	.0006	.0009	**-.0033*****
	(.0018)	(.0018)	(.0007)	(.0032)	(.0034)	(.0010)
Christian democrats * unemployment				-.0003	-.0004	**.0004*****
				(.0010)	(.0005)	(.0001)
			Reference category			
Social democratic WFS	.0731	.0727	**.0703****	.0631	.0529	**.0789****
	(.1076)	(.1060)	(.0316)	(.1074)	(.1085)	(.0290)
Conservative WFS	**.3240***	**.3338****	.0186	**.3174***	**.3187****	.0219
	(.1576)	(.1380)	(.0304)	(.1587)	(.1438)	(.0306)
N	140	140	140	140	140	140
Adj. R^2	0.2182	0.2670	0.0703	0.2144	0.2662	0.0932

	DV Index	DV Temporary Contracts	DV Regular Contracts	DV Index	DV Temporary Contracts	DV Regular Contracts
Social democratic cabinet shares	.0010	.0008	**.0005***	**.0033*****	**.0023****	**.0015*****
	(.0007)	(.0007)	(.0003)	(.0009)	(.0009)	(.0005)
Social democrats * unemployment				**-.0003*****	**-.0002****	**-.0001*****
				(.0001)	(.0001)	(.0000)
			Reference category			
Social democratic WFS	.0380	.0194	.0500	.0374	.0213	.0495
	(.0984)	(.0941)	(.0341)	(.0938)	(.0944)	(.0300)
Conservative WFS	**.3328***	**.3482****	.0210	**.3389***	**.3533****	.0227
	(.1730)	(.1515)	(.0368)	(.1641)	(.1512)	(.0322)
N	140	140	140	140	140	140
Adj. R^2	0.2231	0.2651	0.0775	0.2300	0.2654	0.0941

Online Appendix 13: Robustness check: Dummy for financial crisis as control in the change model (only partisan variables and interaction term).

	DV Index	DV Temp. Contracts	DV Regular Contracts	DV Index	DV Temp. Contracts	DV Regular Contracts
Christian democratic cabinet shares	-.0017 (.0014)	**-.0024*** (.0013)	-.0001 (.0006)	.0009 (.0033)	.0014 (.0031)	**-.0025**** (.0010)
Christian democrats * unemployment				-.0004 (.0006)	-.0006 (.0005)	**.0004***** (.0001)
Financial Crisis Dummy	.0385 (.0597)	.0421 (.0493)	-.0205 (.0221)	.0498 (.0627)	.0592 (.0531)	-.0299 (.0211)
N	140	140	140	140	140	140
Adj. R^2	0.2020	0.2458	0.0555	0.1999	0.2491	0.0756

	DV Index	DV Temp. Contracts	DV Regular Contracts	DV Index	DV Temp. Contracts	DV Regular Contracts
Social democratic cabinet shares	.0011 (.0006)	.0009 (.0006)	**.0005*** (.0002)	**.0033***** (.0010)	**.0022**** (.0009)	**.0015***** (.0005)
Social democrats * unemployment				**-.0003**** (.0001)	**-.0002*** (.0001)	**-.0001***** (.0000)
Financial Crisis Dummy	.0480 (.0539)	.0555 (.0431)	-.0189 (.0202)	.0523 (.0541)	.0577 (.0442)	-.0168 (.0195)
N	140	140	140	140	140	140
Adj. R^2	0.2039	0.2376	0.0713	0.2100	0.2372	0.0876

Robustness check: Dummy for Southern Europe (Greece, Italy, Portugal, Spain) as control in the change model (only partisan variables and interaction term).

	DV Index	DV Temporary Contracts	DV Regular Contracts	DV Index	DV Temporary Contracts	DV Regular Contracts
Christian democratic cabinet shares	-.0019 (.0013)	**-.0025**** (.0012)	-.0001 (.0006)	.0005 (.0031)	.0010 (.0030)	**-.0023**** (.0010)
Christian democrats * unemployment				-.0004 (.0006)	-.0005 (.0005)	**.0003**** (.0001)
South Dummy	-.0283 (.1761)	-.0465 (.1385)	-.0025 (.0543)	-.0395 (.1707)	-.0683 (.1296)	-.0039 (.0510)
N	140	140	140	140	140	140
Adj. R^2	0.2009	0.2449	0.0520	0.1981	0.2476	0.0684

	DV Index	DV Temporary Contracts	DV Regular Contracts	DV Index	DV Temporary Contracts	DV Regular Contracts
Social democratic cabinet shares	.0011 (.0006)	.0009 (.0006)	**.0005*** (.0002)	**.0032***** (.0010)	**.0022**** (.0010)	**.0016***** (.0005)
Social democrats * unemployment				**-.0003**** (.0001)	**-.0002*** (.0001)	**-.0001***** (.0000)
South Dummy	.0029 (.2027)	-.0306 (.1638)	-.0039 (.0513)	.0029 (.1972)	-.0274 (.1627)	-.0084 (.0472)
N	140	140	140	140	140	140
Adj. R^2	0.2017	0.2347	0.0683	0.2073	0.2338	0.0854

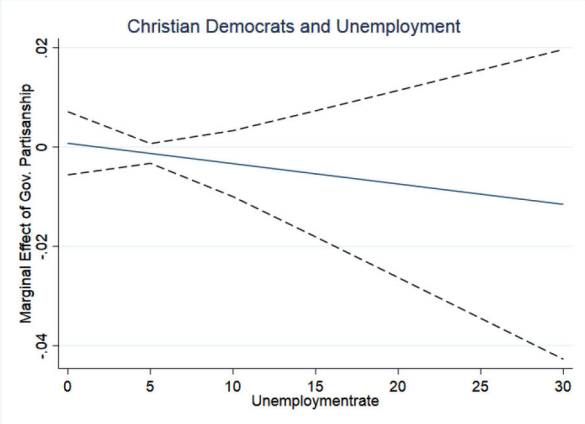
Robustness check: Interaction Financial crisis and Southern Europe in the change model (only partisan variables and interaction term).

	DV Index	DV Temporary Contracts	DV Regular Contracts	DV Index	DV Temporary Contracts	DV Regular Contracts
Christian democratic cabinet shares	-.0020 (.0013)	**-.0025*** (.0012)	-.0001 (.0005)	.0007 (.0030)	.0010 (.0029)	**-.0023**** (.0010)
Christian democrats * unemployment				-.0004 (.0006)	-.0005 (.0005)	**.0003**** (.0001)
Financial Crisis*South	-.1394 (.2564)	-.0431 (.2208)	-.0179 (.0420)	-.1750 (.2531)	-.0924 (.2169)	.0069 (.0387)
N	140	140	140	140	140	140
Adj. R^2	0.2027	0.2441	0.0523	0.2008	0.2464	0.0684

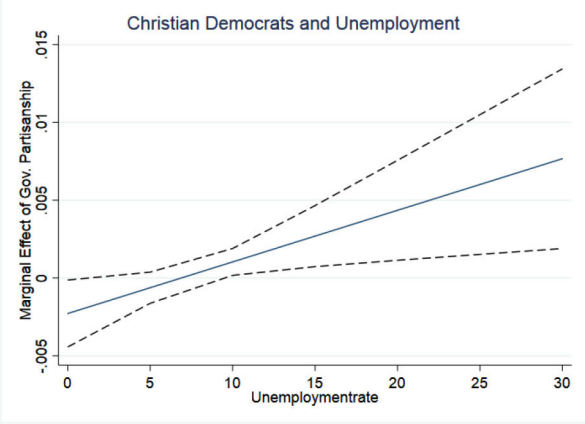
	DV Index	DV Temporary Contracts	DV Regular Contracts	DV Index	DV Temporary Contracts	DV Regular Contracts
Social democratic cabinet shares	**.0011*** (.0006)	.0009 (.0006)	**.0005**** (.0002)	**.0034***** (.0010)	**.0022**** (.0009)	**.0016***** (.0005)
Social democrats * unemployment				**-.0003**** (.0001)	**-.0002*** (.0001)	**-.0002***** (.0000)
Financial Crisis*South	-.1365 (.2471)	-.0298 (.2126)	-.0012 (.0418)	-.1581 (.2371)	-.0410 (.2067)	-.0444 (.0464)
N	140	140	140	140	140	140
Adj. R^2	0.2037	0.2343	0.0693	0.2100	0.2337	0.0870

Online Appendix 13 (continued): Marginal Effect Plots for robustness check including the interaction Financial crisis and Southern Europe in the change model.

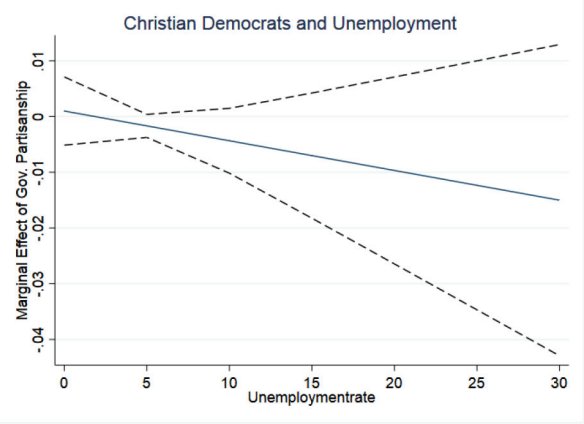
Index



Regular Contracts



Temporary Contracts



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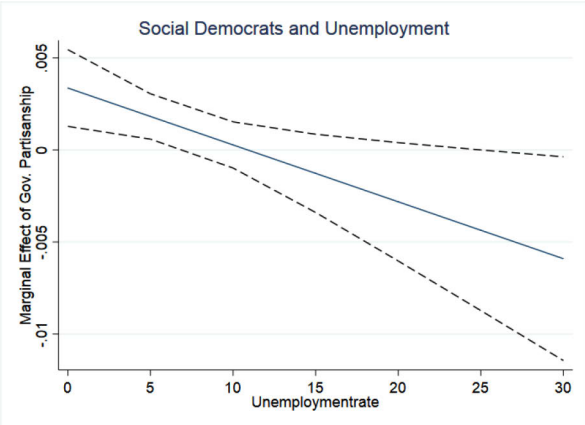
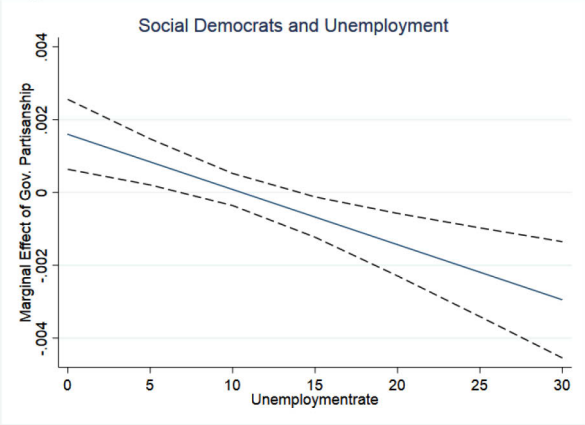
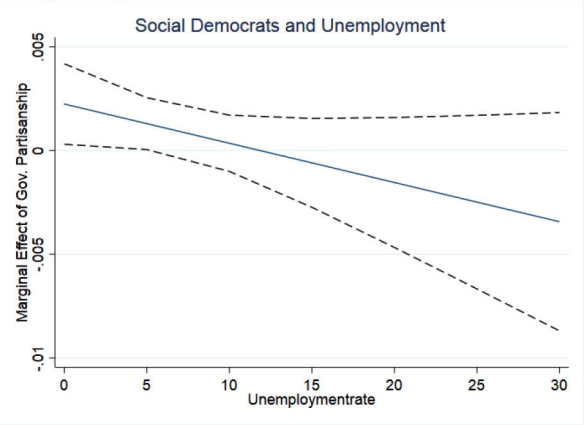


Regular Contracts



Temporary Contracts



Online Appendix 14: Robustness check: Cabinet models controlling for different time periods (only partisan variables, time variables, and the interaction terms).

a) Period dummies (reference category 1985-1990).

	Index	Temp. Contracts	Regular Contracts	Index	Temp. Contracts	Regular Contracts
Christian democratic cabinet shares	.0016	.0016	**-.0025****			
	(.0032)	(.0029)	(.0010)			
Social democratic cabinet shares				**.0035*****	**.0024****	**.0016*****
				(.0010)	(.0010)	(.0005)
Interaction Christian democrats* unemployment	-.0005	-.0006	**.0004*****			
	(.0006)	(.0005)	(.0001)			
Interaction Social democrats * unemployment				**-.0003****	-.0002	**-.0001*****
				(.0001)	(.0001)	(.0000)
			Reference category: 1985-1990			
1991-2001	-.0716	-.1095	.0003	-.0487	-.0897	.0047
	(.1341)	(.1458)	(.0376)	(.1259)	(.1363)	(.0366)
2002-2007	.0040	-.0540	-.0038	.0413	-.0173	.0109
	(.1439)	(.1630)	(.0305)	(.1407)	(.1574)	(.0295)
post 2007	.0656	.0136	-.0280	.1054	.0439	.0002
	(.1531)	(.1702)	(.0346)	(.1453)	(.1637)	(.0304)
Constant	.3053	.2578	.0426	.3048	.3030	-.0094
	(.2500)	(.2396)	(.0547)	(.2476)	(.2476)	(.0504)
N	140	140	140	140	140	140
Adj. R^2	0.1991	0.2509	0.0583	0.2115	0.2387	0.0717

Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Online Appendix 14 (continued)

b) Time trend.

	Index	**Temp. Contracts**	**Regular Contracts**	**Index**	**Temp. Contracts**	**Regular Contracts**
Christian democratic cabinet shares	.0013	.0015	**-.0025****			
	(.0033)	(.0031)	(.0010)			
Social democratic cabinet shares				**.0035*****	**.0024****	**.0015*****
				(.0009)	(.0010)	(.0005)
Interaction Christian democrats * unemployment	-.0004	-.0006	**.0003*****			
	(.0006)	(.0005)	(.0001)			
Interaction Social democrats * unemployment				**-.0003*****	**-.0002***	**-.0001*****
				(.0001)	(.0001)	(.0000)
Time trend variable	.0401	.0279	-.0102	.0533	.0378	.0001
	(.0395)	(.0424)	(.0096)	(.0372)	(.0408)	(.0087)
Constant	.2087	.1526	.0591	.1870	.1821	-.0056
	(.2507)	(.2364)	(.0584)	(.2331)	(.2330)	(.0512)
N	140	140	140	140	140	140
Adj. R^2	0.2025	0.2481	0.0711	0.2165	0.2387	0.0852

Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

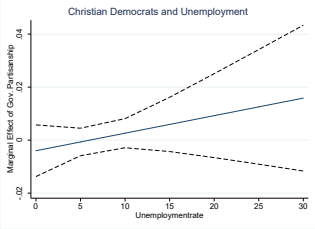
Online Appendix 15: Robustness check: Cabinet model with fixed effects and the corresponding marginal effects plots.

	Index	**Temp. Contracts**	**Regular Contracts**	**Index**	**Temp. Contracts**	**Regular Contracts**
Christian democratic cabinet shares	-.0040	-.0045	-.0029			
	(.0049)	(.0045)	(.0019)			
Social democratic cabinet shares				**.0035***	**.0033****	.0006
				(.0018)	(.0017)	(.0008)
Level	**-.4031*****	**-.3779*****	**-.3665*****	**-.3892*****	**-.3740*****	**-.3747*****
	(.0650)	(.0628)	(.0758)	(.0624)	(.0592)	(.0821)
Cabinet duration	**-.0914****	**-.0789****	.0038	**-.0841****	**-.0743****	.0072
	(.0392)	(.0357)	(.0150)	(.0380)	(.0346)	(.0147)
Economic growth	**.0343****	**.0333****	.0010	**.0317****	**.0333****	-.0005
	(.0157)	(.0144)	(.0061)	(.0158)	(.0146)	(.0062)
Unemployment	**-.0302***	-.0228	-.0050	-.0122	-.0043	-.0025
	(.0161)	(.0148)	(.0061)	(.0165)	(.0151)	(.0065)
Union density	-.0078	-.0061	-.0021	-.0104	-.0087	-.0021
	(.0081)	(.0074)	(.0032)	(.0078)	(.0071)	(.0031)
Strikes	.0003	.0002	.0001	.0002	.0002	.0000
	(.0003)	(.0003)	(.0001)	(.0003)	(.0003)	(.0001)
Institutions (Veto Player Range)	-.0028	-.0021	-.0020	-.0023	-.0014	-.0017
	(.0051)	(.0047)	(.0020)	(.0051)	(.0047)	(.0020)
Economic globalisation	**-.0094****	-.0053	**-.0036****	**-.0098****	-.0060	**-.0036****
	(.0044)	(.0038)	(.0017)	(.0044)	(.0038)	(.0017)
Interaction Christian democrats * unemployment	.0007	.0006	.0003			
	(.0006)	(.0006)	(.0002)			
Interaction Social democrats * unemployment				-.0003	-.0003	.0000
				(.0002)	(.0002)	(.0001)
	Separate country dummy effects not reported here					
Constant	**3.4794*****	**2.1018*****	**1.1181*****	**3.2388*****	**1.9592*****	**1.0855*****
	(.6541)	(.4600)	(.2703)	(.6337)	(.4410)	(.2922)
N	140	140	140	140	140	140
Adj. R^2	0.3155	0.3486	0.1453	0.3337	0.3648	0.1530

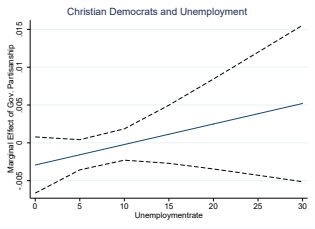
Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Online Appendix 15 (continued)

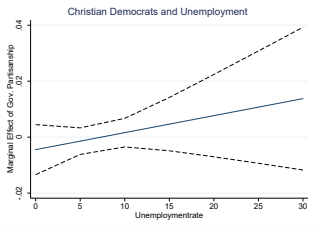
Index EPL CD



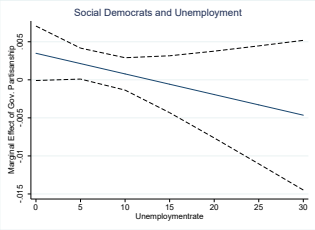
Regular Contracts CD



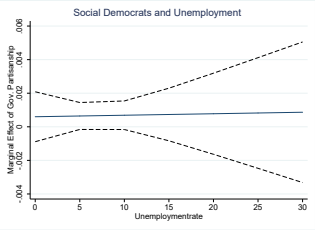
Temporary Contracts CD



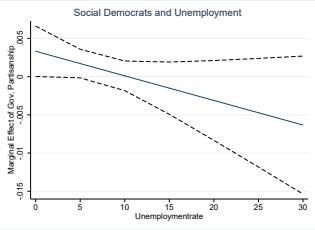
Index EPL SD



Regular Contracts SD



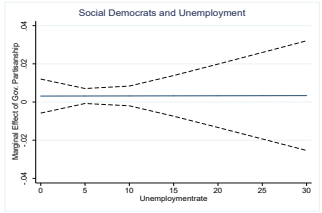
Temporary Contracts SD



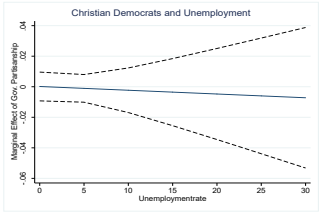
Online Appendix 16: MEPs for interaction effects for the cabinet models for countries with strong and with weak unions.

Countries with strong Unions (n = 51)

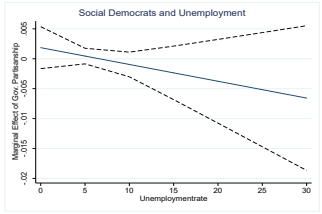
Index SD



Index CD



Reg. Contracts SD



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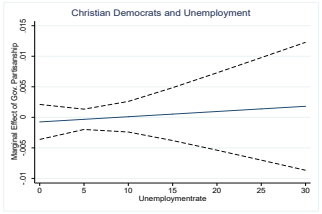
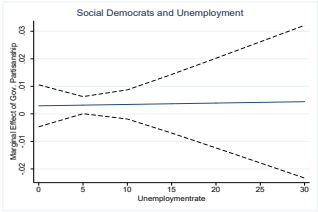
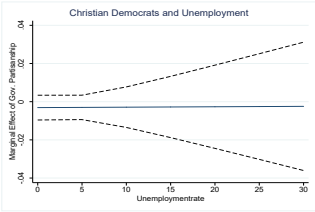


Online Appendix 16 (continued)

Temp. Contracts SD

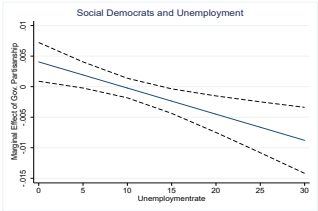


Temp. Contracts CD



Countries with weak Unions (n = 89)

Index SD



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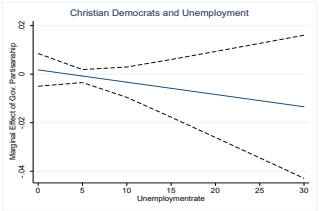
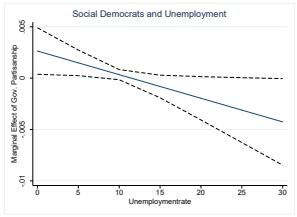


Online Appendix 16 (continued)

Reg. Contracts SD



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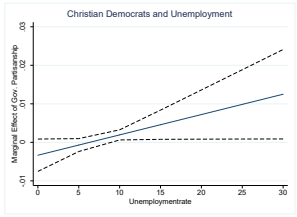

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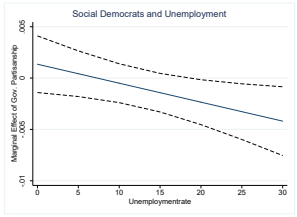

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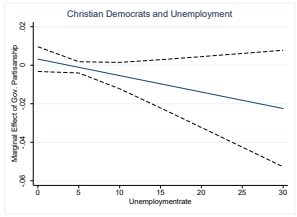
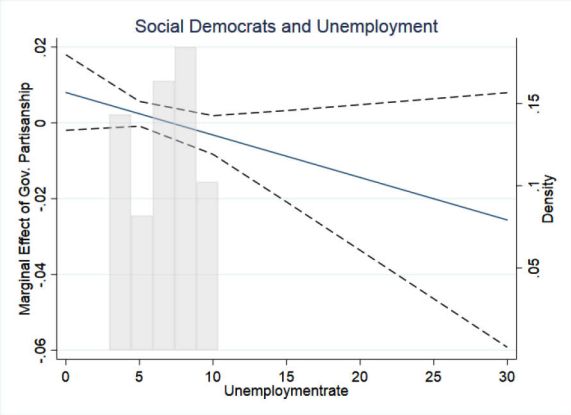


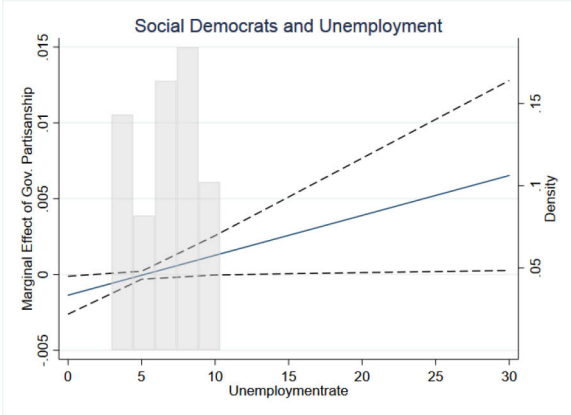
Online appendix 17: Marginal Effects Plots for interaction effects for the cabinet models by high/low insider/outsider share of Social democratic/Christian democratic parties.

1a) Cabinets with high insider voter share for social democratic parties (n=26)

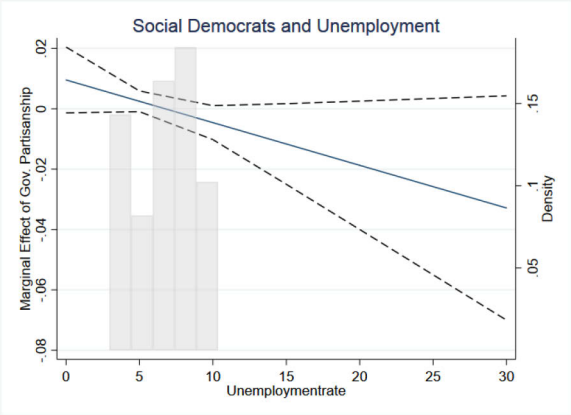
Index



Regular contracts

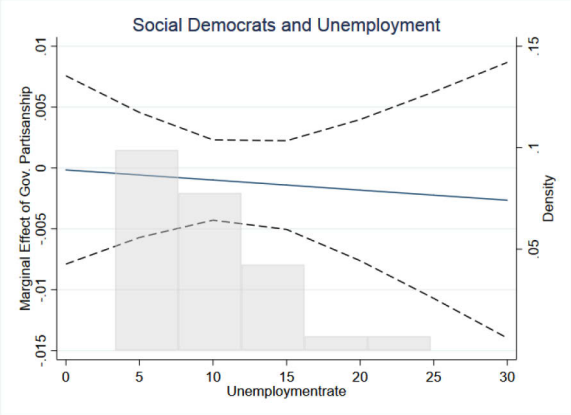


Temporary contracts

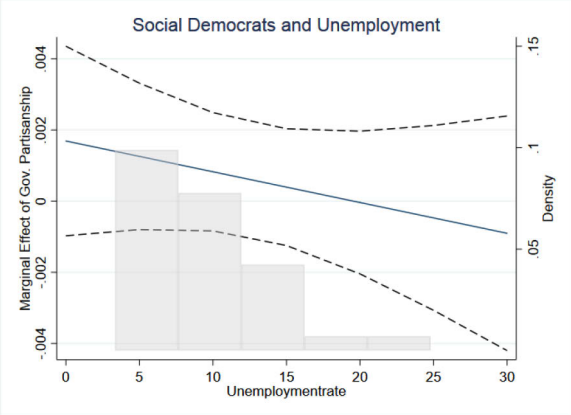


1b) Cabinets with low insider voter share for social democratic parties (n=21)

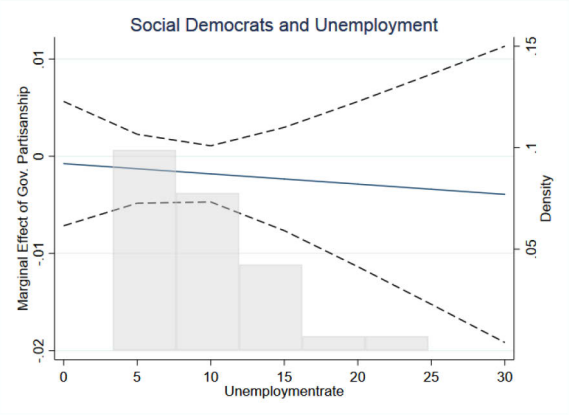
Index



Regular contracts



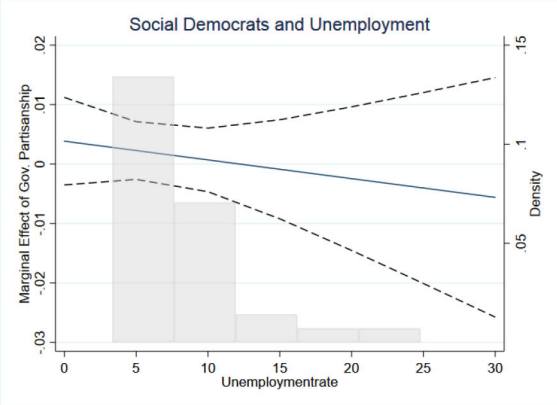
Temporary contracts



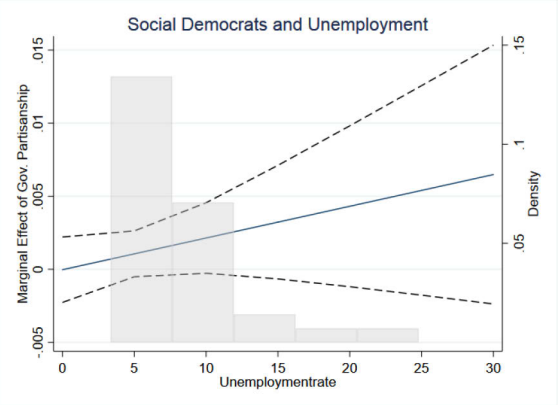
Online appendix 17 (continued)

2a) Cabinets with high outsider voter share for social democratic parties (n=24)

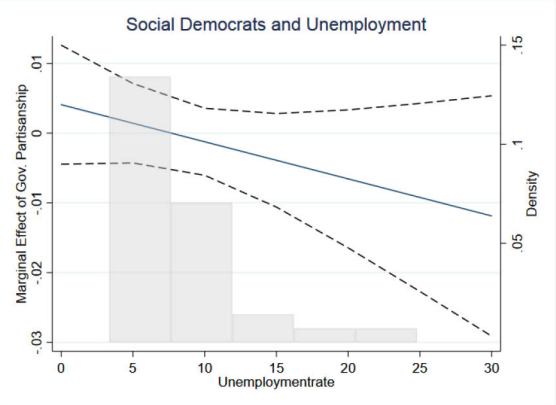
Index



Regular contracts

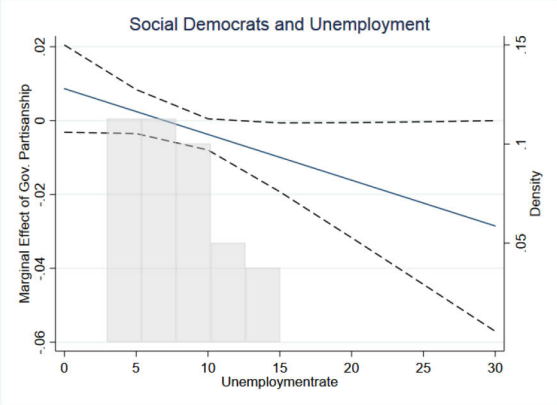


Temporary contracts

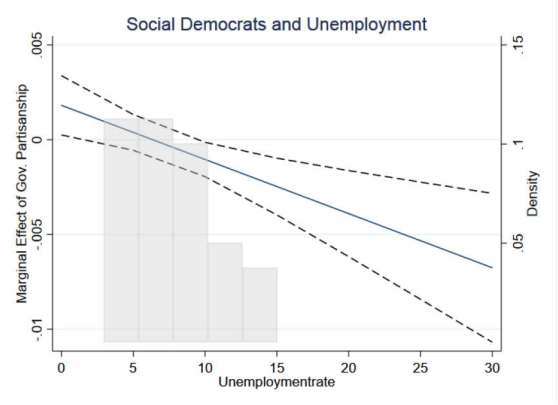


2b) Cabinets with low outsider voter share for social democratic parties (n=23)

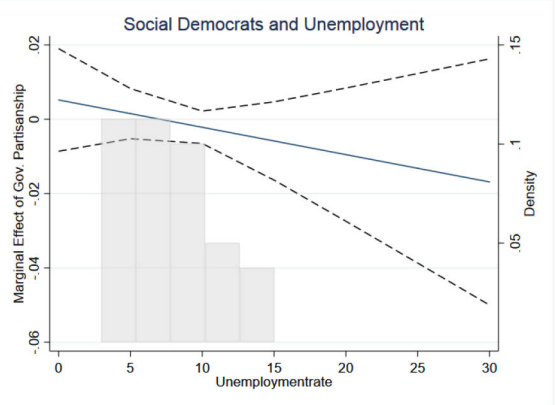
Index



Regular contracts



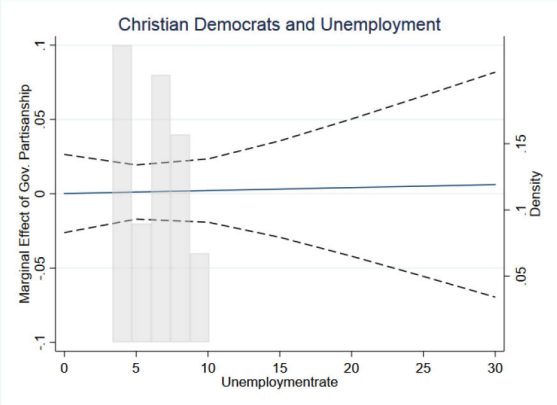
Temporary contracts



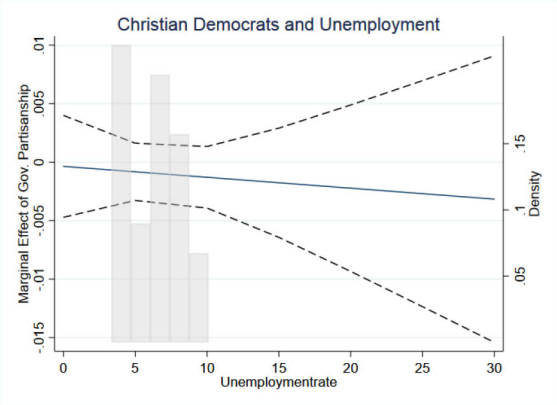
Online appendix 17 (continued)

3a) Cabinets with high insider voter share for Christian democratic parties (n=26)

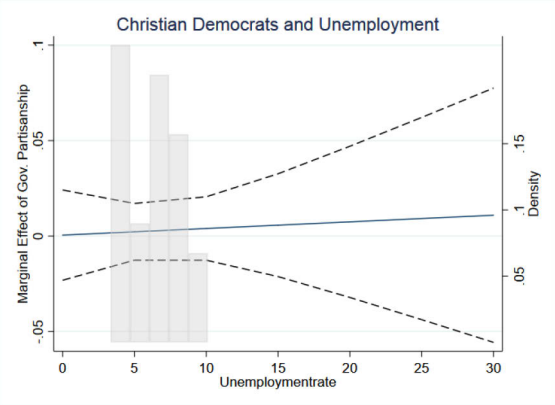
Index



Regular contracts



Temporary contracts



3b) Cabinets with low insider voter share for Christian democratic parties (n = 12)

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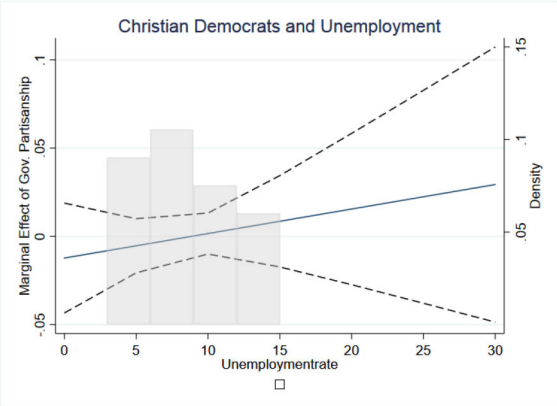
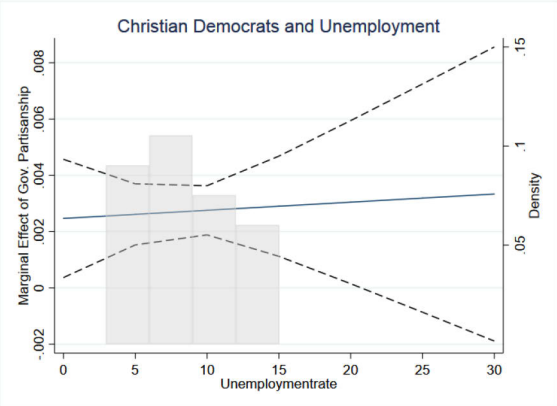


Regular contracts



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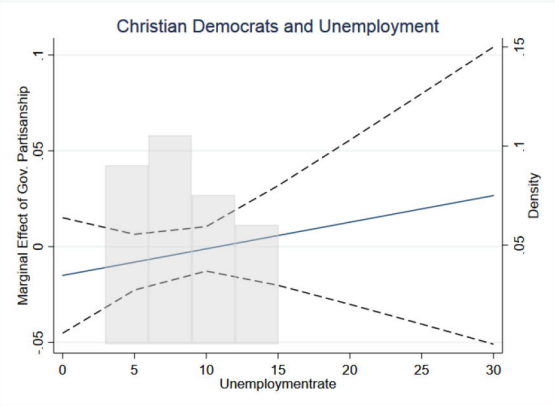

Online appendix 17 (continued)

4a) Cabinets with high outsider voter share for Christian democratic parties (n=20)

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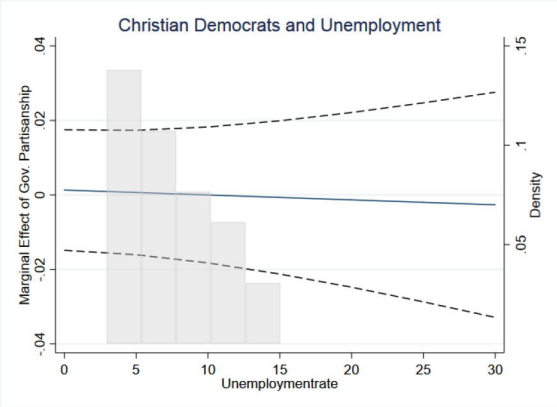
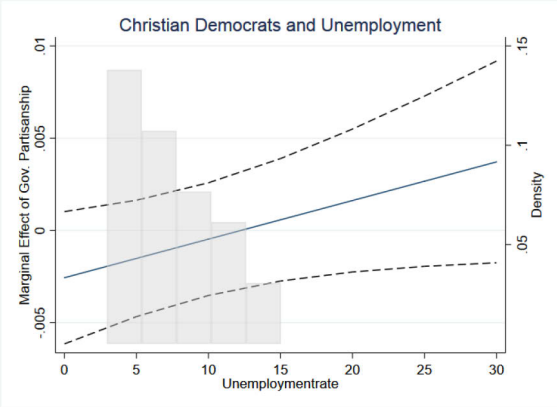


Regular contracts



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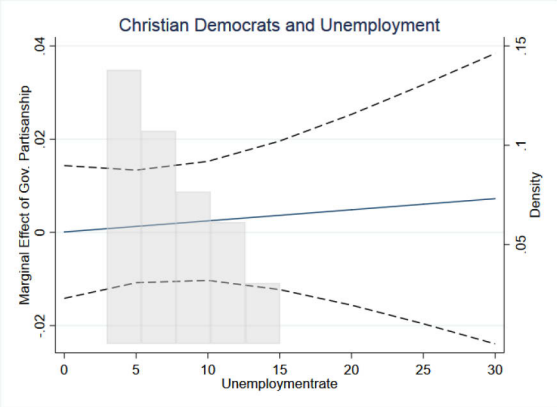

4b) Cabinets with low outsider voter share for Christian democratic parties (n=18)

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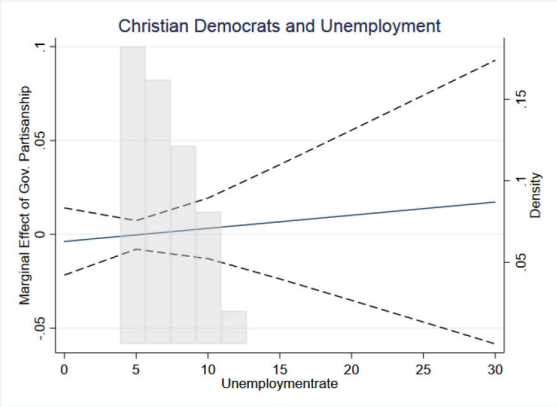
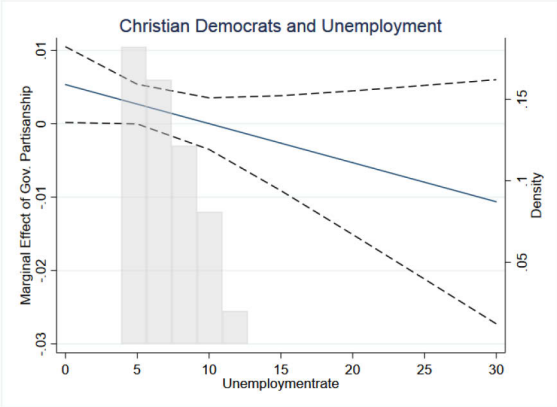


Regular contracts



Temporary contracts