Economic Openness and Domestic Demand for Social Protection: A Multi-Level Analysis of Social Security Preferences between 1990 and 2006

Ursula Dallinger
Department of Sociology – FB IV
University Trier
dallinger@uni-trier.de

Abstract

Comparative research revealed that social programs did not suffer significant decline despite globalisation and stiffer international competition. Instead, a striking stability of social expenditure is observed which is explained by voters' demands for social protection because of new uncertainties connected to economic openness. The domestic demand approach conceives the welfare state as a means to compensate for the risks a globalised economy puts on citizens' job security, and as a means to foster the acceptance of an open economy. Given the prominence of these assumptions little research has been conducted to test them. Does economic openness actually increase unemployment and feelings of job insecurity? Does this in turn lead to a higher voter demand for social security? This paper analyses the propositions of domestic demand approaches based on a data set comprised of waves of the module "Role of Government" from the International Social Survey Programme (1990, 1996 and 2006) and additional country-level features. The results show that economic openness has a negative effect when other insecurity-causing trends are controlled. Also subjective job insecurity instead of the projected positive effect rather shows a negative relation. Social security demand decreases the more job insecurity people perceive. This is interpreted as a consequence of the fear of those still employed that voting for more expenditures would endanger existing jobs. Moreover, the hypothesis that economic openness now spreads economic risks and feelings of insecurity over a broader social strata rather than remaining mired at the low end of the social spectrum is not confirmed.

1. Introduction

There is an intense debate among social scientists regarding how a country's economic openness is connected to the size of its social welfare programs and the level of security it provides its citizens. In public debates it has often been argued that social provisions are retrenched in order to adapt national social security systems to the increased competition that results from growth through integration in European or global markets, but the view that growing economic openness has negative effects on the "welfare effort" has been challenged. Scholars have observed expanding social expenditures going hand in hand with more economic openness, which means the popular wisdom that globalisation leads to a "race to the bottom" toward a minimalist welfare state has been rejected (Cameron 1978; Rodrik 1998; Fligstein/Merand 2002; Iversen 2005). It is argued that the welfare state is resilient toward expenditure and programme cuts because of rising public demand for social security and the subsequent fulfilment of these wishes by politicians who would like to avoid the wrath of voters. In open economies people experience more insecurity and thus demand social insurance by governments, therefore by expanding social security systems governments make economic openness more acceptable to the electorate (Pierson 1996; Rieger/Leibfried 1998; Garrett 1998a und 1998b; Rhodes 1996). Obviously, in these "domestic compensation" approaches voter demands for social security play a major role. They are the causal mechanism linking openness, perceptions of economic insecurity, the ensuing demands for public social protection and the subsequent political responses.

Studies on the relationship between economic openness and the welfare state usually link openness with measures of the welfare effort like social expenditures and public employment. Whether these macro-indicators are actually driven by perceived economic insecurity and resulting demands of voters is neglected. This paper directs its attention to the causal link between globalisation and the welfare state, which domestic demand approaches put forward to explain welfare state stability. It shows the place of voters' preferences in domestic demand theories and provides an

empirical test of the relationship between globalisation and the public's demand for social protection. The research question is: Do open economies actually increase insecurity and the voters' demand in government protection? The article assumes that the effect of economic openness on rising insecurity and social expenditure is mediated through domestic political factors and other context variables. Globalized economies do not *per se* mean more unemployment and insecurity, and may even benefit people by triggering growth in new sectors and providing new jobs.

The question of whether globalisation and its consequences make social provisions contract or expand is not yet decided. Research points to selective cuts in social programs (Korpi and Palme 2003), but also supports the hypothesis of an expansion of the welfare effort because of unemployment and population aging (Kenworthy and Pontusson 2005). Others criticize the flawed dependent variable the measurement of 'welfare effort' is based on. Another body of research maintains that the effects of globalisation on the welfare state vary according to the political power relations in a country. The effects of partisan policy, the role of left parties in government, voter turnout, the degree of unionization or wage coordination and the features of a country's constituency are all considered since they shape a specific domestic response (Rodrik 1998; Mahler 2004; Brady et al. 2005; Clayton and Pontusson 1998; Huber and Stephens 2001).

The rejection of the view of a shrinking welfare state due to open markets is built on the basic assumption of a rise in job and income insecurity, and politicians that subsequently fulfil the security demand of the people. Therefore, the analysis of the impact of economic openness on the welfare effort mediated via the rise of public demand must distinguish between the *social security* and the *redistributive function* of social policy (Barr 2001; Alesina and Giuliano 2009). The integration of national economies into global markets increases *social security demands* for programs like health care, old-age pensions and unemployment, and they all stabilize life-cycle income. Demand for *public redistribution*, however, should decline since redistribution that favors greater income equality loses acceptance in a market-friendly climate. The main research question of this article involves the social security function: Did deregulated capitalism actually increase popular demand for social security by governments?

The paper also scrutinizes the impact of globalisation in terms of class differences. Often it is argued that insecurities spread over the social strata

regardless of class. Thus, class is getting irrelevant for social protection needs. Others see the negative effects of globalisation, technological change and industrial decline on job security as concentrated only in certain social classes (Svallfors 1995, 2004; Linos and West 2003). Put more bluntly, those who enjoy high human capital find favorable labor market conditions while people with weak skills and low productivity bear the risks of an open economy, and therefore only the latter will demand social protection and a social wage that shelters them against the vagaries of a global economy. Moreover, those in the former category will oppose redistribution in favor of the economically weaker.

Research on the effect of globalisation on the welfare state effort based on macro-level data can draw on time-series data over a longer period with a reasonably large number of countries and measurements over time. An analysis of voter demand for social security is in a less favorable situation since comparable cross-national public opinion data only exist since 1985 collected by the International Social Survey Programme (ISSP). Since the earliest studies by the ISSP contain only a few countries this article observes the pooled data set for a period between 1990 and 2006 that combines three waves of the ISSP module "Role of Government." Data on perceived job insecurity are added from the module "Work Orientations." The pooled data set is enlarged by variables for the country context serving as level 2 variables in a multilevel analysis.

The article first outlines domestic demand approaches then introduces the distinction between insurance and the redistributive function of social policy, followed by a hypothesis stemming from these arguments. The method and research variables are then presented following a description of the data. The last section discusses the implications of our findings for research on the link between globalisation and public demands for the welfare state.

2. Previous Research

2.1 *Economic Openness and Public Support for the Welfare State*

Scholars of the political economy of the welfare state have often emphasized that economic openness does not lead to cuts in social protection

expenditure, while others argue that social security must be decreased due to the increased competition in global markets. The fact is that resilience in the welfare state is observed when examining the share of the GDP governments devoted to the expansion of social expenditures between 1992 and 2003. A broad stream of study emerged that tried to explain the stability or expansion of the welfare effort during that time (Kenworthy and Pontusson 2005; Dreher et. al. 2006; Begg et. al. 2008). Globalisation and the welfare state appear to go hand in hand when it is social programs that bear the costs of economic change and unemployment as countries attempt to compensate for economic risks (Garrett 1998; Garrett and Mitchell 2001). Social interventions in a "risky" liberal market under conditions of open economies get even more political legitimacy (Rhodes 1996: 308).

An influential strand of literature on the effect of globalisation on the welfare state points to the rising importance of how governments react to similar economic pressures. The adaption to international market forces obviously varies by country and governments channel globalisation through specific *domestic responses.* Political elites "choose a variety of economic and social policies that prevent the costs of change from causing political eruptions" (Katzenstein 1985: 24). It is maintained that the overall size of the welfare state and the extent of redistribution remain a matter of *political choice* even under economic constraints (Rodrik 1997; Scharpf 2000; Mahler 2004; Brady et al. 2005). This is especially true of small European states that accepted economic adaption in open dynamic markets and at the same time were seeking a strategy of *domestic compensation*. "Economic openness and dependence established a compelling need for consensus, which through complex and delicate political arrangements has transformed conflict among the main social forces in small European states." (Katzenstein 1985: 34) Social policy programs are an instrument of compensation for the individual and the social costs citizens shoulder, and an instrument to achieve consent of the citizens for economic openness (Rodrik 1998; Rieger and Leibfried 1998; Garrett 1998a; De Beer and Koster 2009).

Economically advanced nations need a citizenry that does not block economic openness by voting for national closure. Social provisions in the post-war decades promising a life independent of market vagaries created the precondition for the abandonment of protective foreign trade barriers. "The claims for social protection and for the compensatory equalization

of distributional market outcomes for the politically and electorally significant groups in society had to be efficiently fulfilled before foreign trade barriers could be lowered." (Rieger and Leibfried 2003: 133). Today this yields a situation where "Governments cannot afford to do what is good for the economy in the long run if this immediately hurts their core electoral constituencies..." (Garrett 1998b: 7). Social policy is navigating between capital's exit threat and popular demands for social security. Even if political leaders see the necessity to retrench social programs to adapt to the exigencies of competitive open markets a reluctant electorate makes this impossible (Rodrik 1997, 1998; Huber and Stephens 2001).[1]

The overall importance of voter demand in domestic *compensation approaches*, especially as it pertains to people's feelings of *insecurity*, are crucial. People's insecurity about the labor market and income opportunities would rise because open markets would ostensibly increase the volatility of the economy. Those struck by unemployment as well as those fearing layoffs would develop feelings of insecurity due to the fear of becoming a victim of global markets that are no longer controlled by a national government (Garrett 1998a). Hence, 'income from social rights' by public policy is not only a means to reduce individual insecurity but also to trigger acceptance for further market liberalisation and industrial-technical change (Rieger and Leibfried 2003).

Results of previous research on the link between globalisation and the welfare state are mixed. They depend on which dimension of economic openness – trade, foreign direct investment and capital flows – is analyzed.[2] Rodrik (1997) found that openness of trade (relative to the social product) is linked to decreasing expenditures for social security, but if the analysis concentrates on external risks understood as the fluctuation in terms of trade, the relation turns to a positive one and seems to confirm that open countries compensate risks with higher social transfers. According to

---

[1] The "New politics" approach (Pierson 1994, 1996), too, moves the public attitude toward social programs into the centre. Politicians can hardly ignore the preferences of the majority of voters, so the interests of groups receiving benefits in cash or employment in publicly financed social services prevent retrenchment. In this way the mature welfare state itself creates and nourishes groups that fight against the cutback of social programs. Thus, domestic demand dominates over the pressures of globalisation. Also, national institutions and social policy cultures create paths of dependency on reform options that allow internal factors to dominate over global pressure.

[2] Some scholars further focus on trade with low-wage countries (Garrett 2001).

Garrett (2001), trade openness rather than trade with the least developed countries creates a negative effect, suggesting that international financial openness was negatively related to the welfare effort while foreign direct investment yielded an insignificant result. Other studies showed that financial openness has a significant negative impact on the welfare effort in terms of social expenditure, but no significant impact on public redistribution (Mahler 2004). Some report positive effects of trade openness on welfare-state generosity (measured by the indices of Scruggs and Allan), while others report negative effects regarding social expenditures (Brady et. al. 2005). The only constant seems to be that the importance of globalisation for the development of the welfare effort is rather weak compared to internal pressures like population aging.

Domestic compensation approaches argue that national political powers drive the development of the welfare effort even under external pressures. Internal pro-welfare constituencies are thought to push governments to act in the interest of voters. The influence of the voters depends on the power of political actors carrying voter demands into the political arena as well as on political institutions or electoral turnout (Kenworthy and Pontusson 2005). Existing research on the impact of economic openness takes into account the power of different parties, the composition and left-right orientation of governments, union membership or the voting system to explain the variation of domestic responses (Cameron 1978; Garrett 1998 a, b; Mahler 2004). In the present analysis, however, political factors must not be considered because voter demand occurs first in the chain of arguments on how globalisation affects public policy, which figure one represents.[3]

Most empirical research on the relationship between globalization and the welfare state sheds light just on both of the 'end points', while the arguments in between them are hardly analysed (see Figure 1). Measures of economic openness on the one hand are linked to indicators of the welfare effort (or other outcome variables) on the other hand. Also, the impact of political factors on the effect of globalization is analysed in detail. But the effect of public demand for security on economic openness

---

[3] The role of partisanship and the political position of parties and governments on the left-right-axis in postmodern societies was questioned. Some authors see the impact of political ideologies on social expenditures disappearing and find that both left and right governments are proponents of social expenditures to gain public sympathy. Others argue that left political positions still have a strong impact on social policies (Mahler 2004).

Figure 1

Chain of arguments in domestic compensation approach

| Ec. Openness: trade, foreign direct investment, financial flows | → | Volatility: unemployment subjective job insecurity | → | Demand social security: pensions, unemployment, redistribution | → | Reaction to voter demand: pol. institutions, parties, lr-pos. of government | → | Outcome of 'welfare effort': different measures: social expenditure |

and social-policy outcomes are rarely observed directly. It is open to debate whether higher capital mobility and greater flexibility in the allocation of production and financial assets really generates issues of unemployment, job insecurity or more general economic uncertainty that results in a higher demand of social expenditure.

Few studies have looked more closely at the causal links. Scheve and Slaughter (2004) ask if economic openness engenders perceived job insecurity. Based on individual-level panel data from Great Britain from 1991 to 1999 they demonstrate that the size of foreign direct investment activity in industry is positively correlated with workers' perceptions of security (or insecurity, as the case may be). Scheve and Slaughter argue that this finding provides evidence for the influence of globalization on public demand for social insurance; however, whether globalisation actually increases social security demands is not tested. Anderson and Pontusson (2007) shift the perspective since they ask whether the level of social protection has an impact on workers' fear of loosing their job. Here, job insecurity is the dependent variable rather than an explanatory one as in domestic demand perspective. Their findings show that higher social expenditure does not necessarily decrease job insecurity. So, the results underscore the hasty nature in which connections are assumed between globalisation, job insecurity and public policy. The present paper aims to fill the empirical lacuna within domestic demand approaches.

The *first hypothesis to be tested is: The more open national economies are, the higher the public demand for social security.*

As Garrett (2001: 176) warned, analysis on the link between economic openness and the welfare effort should avoid simplification. It should not be taken for granted that economic openness *per se* increases unemployment and feelings of job insecurity that result in higher social security demands.

Data included in this paper underscores this doubt, since economic openness is not correlated with unemployment (appendix Table A1). As shown in the table, the positive relationship between openness and feelings of job insecurity gets weaker from wave to wave, therefore economic openness cannot be equated with unemployment and economic volatility, which are both known to trigger feelings of insecurity. By considering other factors besides globalisation as possible drivers of public demand for government protection, this paper aims at a more precise understanding of what influences demand for social protection.

Hypothesis 2 therefore is: The more unemployment and job insecurity we observe in a country the higher is public social security demand. In the presence of these features the impact of globalization should diminish.

Social policy research has pointed to the difference between a security and an equality dimension of social provision (Barr 2001). On the one hand, welfare states pool collective resources to cope with risks that may occur over the individual's lifespan. Social insurance represents a collectivisation of individual risks that fits well with the material self-interest that drive security preferences (de Swaan 1988). On the other hand, welfare states redistribute income (and other resources) to achieve more equality. Social policy is a mixture of collective risk-sharing and income redistribution by government (Leitner and Lessenich 2003; Iversen 2005: 12ff.). That said, people do distinguish between security and equality. The rather high acceptance of social insurance programs is generated by the fact that they serve the security motives of the individual; redistribution is not the primary aim of these programs (even if redistribution occurs). Backed by the insecurities tied to economic openness and ensuing social protection demands of the public, expansion rather than contraction of social security programs is a plausible consequence. However, the effects of rising economic openness on the redistributive dimension of social policies are different. It does not pertain to the plausible consequences of economic openness that the public demand for narrowing the income distances between the rich and the poor will increase. The decline of the economic position of the poorer households triggers demand for redistributive public policies in this part of society, but not within the majority.

Hypothesis 3: Economic openness fosters the citizen's demand for social protection, but demands for equality are negatively linked to globalisation.

Furthermore, research has to consider that the effects of economic openness are socially structured (Rodrik 1997; Blossfeld, Buchholz, and Hofäcker 2006). "Low-income groups . . . have found themselves subject to increasingly ruthless and unforgiving international competition that has seriously jeopardized their wages, benefits, and job security." (Mahler 2004: 1027). Whether people gain or lose in an open economy depends on their qualifications and skills. Since globalisation arguably decreases the job opportunities of the less skilled, the demand for domestic compensation is predicted to increase in this group (Garrett 1998b: 4; Taylor-Gooby 2004; Svallfors 1997, 2004). Meanwhile, highly skilled workers are predicted to show less support.[4] Thus, we expect a growing *polarization* of public support for social provisions over time (Osberg and Smeeding 2006). The development toward post-industrial service economies enforces this polarization of preference for government protection. Industrial jobs, earlier offering high wages even for the less qualified, are lost due to de-industrialisation and competition from workers in low-wage countries. The expanding service and knowledge economy and a "skill-biased technological change" make the demand for highly qualified labor rise. De-industrialisation forces middle-class jobs into extinction, which adds to the insecurity of those groups who are placed in the expanding sector for routine non-manual jobs and personal services (Esping-Andersen 1999; Rohrbach 2008).

Others argue that job risks in open economies are becoming widespread over most social strata. New risks caused by atypical employment are undermining labor-market security in a wide array of social groups and are well-known causes of job insecurity. Therefore factors up to now known to determine demands for social expenditure, like education and occupational class, lose their relevance. In statistical terms, this should be visible by a weaker association between occupational class or education and the

---

[4] Additionally, one can consider how "skill-specific" labour markets and workers' capacity can influence the demand for social insurance (Iversen and Soskice 2001). High skill specificity requires more time searching for a new job and includes a higher risk of suffering income losses in a new job. This explains high security demands among skilled workers in coordinated market economies and the low demands for social expenditures of unskilled laborers who work in a highly flexible labor market (Cusack et al. 2008; Svallfors 2006: Ch. 4–5).

social expenditure demands. The share of variance which can be explained by the classical class related predictors decreases. Residual variance should in turn increase.

Hypothesis 4a: If class affects a respondent's demand for social security the differences between socioeconomic groups will increase. 4b: If economic openness causes insecurity to spread beyond the lower classes, the effects of the social-class indicators must grow more similar.

3. Data and Methods

The empirical analysis is based on a dataset of the International Social Survey Programme (ISSP), and combines the waves 1985, 1990, 1996 and 2006 of the module "The Role of Government."[5] Since the 1985 wave includes just a few countries, only the waves 1990, 1996 and 2006 were selected. This results in 49 observations at the country level (for 21 countries; see Table A1).[6] The ISSP module provides a series of items rating the preferences for different social security systems: "Listed below are various areas of government spending. Please show whether you would like to see more or less government spending in each area. Remember that if you say 'much more', it might require a tax increase to pay for it." Items which serve as measures for the *security* demands are health, old age pensions and unemployment benefits. Respondents can choose five categories: strongly agree, agree, neither agree nor disagree, disagree, strongly disagree. Factor analysis and Cronbach's alpha (a test for construct validity) advise against combining items. Approval of government spending for the unemployed on one hand and of government spending for old age and health on the other hand are different dimensions. Also, indices for health and old-age spending cannot be combined because the statistical relationship between globalisation and preferences for health spending switches during the three waves. Therefore, *security* demand is measured by the single item 'approval of government spending for the unemployed' since unemployment and related public policy is most associated with the assumed insecurity due to globalisation. The *equality* demand is captured by an item on "do you think

---

[5] Details at http://www.gesis.org/en/data_service/issp/

[6] The 1990 wave is still restricted compared to later waves and exists in Australia, Germany, Great Britain, Hungary, Italy, Israel, Norway and the U.S.

it should or should not be government's responsibility to: – reduce income differences between the rich and poor." The rating scale now offers four categories: "definitely should be, probably should be, probably should not be, definitely should not be."

The small number of waves precludes the analysis of the impact of time-variant globalisation on demand for social security using panel-regression or fixed-regression techniques. Instead, we rely on a cross-sectional design that captures the effect of increased globalisation by comparing countries with different levels of globalisation and then looking for the correlates of cross-national variance. Cross-sectional analysis is justified by an ANOVA Test of variance showing that cross-national variance (12% for social security for unemployed, and 8% for redistribution) is much bigger than temporal variance (F-test). However, both inter-temporal and cross-national variance is significant.[7] Temporal variance of the dependent variable between the waves is captured by dummy variables. Time dummies allow the intercepts to differ between waves and also grant that parameter estimates refer to spatial variance only.

We prefer *multilevel regression* that allows an estimation of the effects of both context and individual-level variables on an individual-level dependent variable. Multilevel analysis takes into account the hierarchical data structure – i.e. individuals are nested in countries – and treats the variance at the country level separately. Therefore, the estimates for the country-level predictors and standard errors are more precise. Random intercept models let country means vary randomly and explain random variance by country-level features. Random slope models, a further option within multi-level methods assuming that the effect of the coefficient varies, are not practicable because of the small number of cases at level 2 (21 countries). Since the variables have two different ordinal scales, they were transformed into binary response variables (0 and 1) and analysed by multilevel logistic models. They model the expected response not as a linear function, but as the probability that the response is 1. Like in models for continuous responses covariates of different levels enter the regression (Rabe-Hesketh

---

[7] Analysing change by the "differences-in-differences approach" (Wooldridge 2004, chap. 13) is precluded since this approach is insensitive to cross-national variance, i.e. the different *levels* of openness on welfare preferences. This is a drawback in situations with dominant cross-sectional difference in the dependent variable.

and Skrondal 2005: 231–51). Logistic models display regression coefficients which are not easily interpretable, or odds ratios. The article refers to the latter. Odds ratios show the predicted chance that the response variable has a value of one. Odds ratios below one indicate a decrease, figures above one an increasing chance.

The sub-analysis on class differences regarding the effects of globalization on insecurity perceptions and social security demands is conducted by ordered logistic models because of the smaller set of countries.

Independent Variables

The main independent variable is economic openness. Research on the impact of globalisation on the welfare state often distinguishes dimensions of openness to see exactly which aspect of the phenomenon is decisive: international *trade* in goods and services, the multi-nationalization of *production and investment*, or financial *capital mobility* (Garrett 1998a; Mahler 2004; Brady et. al. 2005). Yet empirical models tracking the different dimensions of openness soon become very complex.[8] The KOF index for economic openness was preferred as a summary measure that integrates the dimensions trade, production and financial transactions, and captures openness in each dimension with several indicators (Dreher 2006). KOF considers *flows* like trade (as a percentage of GDP), foreign direct investment (also as a percentage of GDP), portfolio investment, income payments to foreign nationals and *restrictions* like hidden import barriers, tariff rates, taxes on international trade and capital account restrictions.

Domestic compensation approaches are based on insecurities and what volatile open markets mean to employment and the financial security of the people. Labour-market risks translate globalisation into a public demand for social protection. These risks first result from individual unemployment. This then evolves into higher economic volatility and can manifest itself in subjective insecurity without personally being hit by unemployment. This is why context-level variables like the unemployment rate of a

---

[8] If three indicators for economic openness are used, one needs room to test each of them with further controls and to interpret the different effects of openness measures. Moreover, it seems less important to separate different dimensions of globalisation in an analysis of the people's social security demands than in an analysis of openness on, say, social expenditure or generosity.

country can measure a general climate of risks.[9] Perceived job insecurity, a variable central to the domestic demand approach, is not part of the module "Role if Government," but is included in the ISSP module "Work Orientations" (Waves 1989, 1997 and 2005), and is used as country-average context variable.[10] The temporal gap of one year between the two modules is not perfect, but acceptable.

To test Hypothesis 4, which states that economic openness threatens actual or perceived security especially in lower socioeconomic groups, the Erikson-Goldthorp-Portocarrero class scheme (EGP) is used (Ganzeboom and Treiman 1996, 2003). The EGP distinguishes occupational categories according to the respondent's job (according to the ISCO code), the number of people supervised and the extent to which the person independently organizes her work. The variable with the ISCO-code based on information on the respondent's job, which is necessary to construct the EGP class scheme, caused many exclusions. Because the ISCO was not part of the survey in many countries in 1990 this wave was excluded completely. In some countries of the 1996 wave the ISCO variable contains too many missing data. These countries were excluded.[11] This leaves 20 cases at level 2 in 10 countries where the ISCO variable is good enough in both waves.[12] The low number of cases precludes multilevel techniques so ordered logistic regression with country dummy variables is used. Temporal change in terms of the link between class and demand for social security (Hypothesis 4b) is modelled by separate regressions by wave and a comparison of the effects.

Social expenditures (as a percentage of GDP) come into play as control variables since the people's demands in social protection and income redistribution should be sensitive to the level of existing government spending.[13]

---

[9] Data on unemployment rates are from the OECD (29.5.2012) http://stats.oecd.org/Index .aspx?DatasetCode=MEILABOUR#

[10] The wording of the item is: "My job is secure" with rating on a scale from 1 (strongly agree) to 5 (strongly disagree). The question on job insecurity only applies to those in employment.

[11] Australia, Canada, Germany, Israel, Italy, Japan, Latvia, New Zealand, Poland, Russia and Sweden.

[12] Czech Republic, France, Hungary, Ireland, Norway, Slovenia, Spain, Switzerland, Great Britain and the U.S.

[13] Source OECD Social Expenditure Database http://www.oecd.org/document/9/0,3343,en_2649_34637_38141385_1_1_1_1,00.html#socx_data.

The Gross Domestic Product (GDP) is a further control that helps capture the effects of business cycles and people's expected income security through gainful employment.[14] A dummy variable for the post-socialist countries is inserted into each model to control the specific conditions of transformation processes (openness rose strongly, but social security demands decreased; see figure 2). Individual-level control variables like education, age, and sex must be factored in as they control composition effects that result from the heterogeneous social structure of the populations in the dataset. Sex (ref. female) enters as dummy variable. Age and "education in years" were group-mean-centered. Centering neutralizes cross-national differences of the duration of education. Now, education measures the distance of each individual from a country-specific mean.

4. Empirical Results

Since the data contain both inter-temporal and cross-sectional variation we first must examine both dimensions separately. The domestic demand hypothesis adopts a temporal perspective, so the change in globalisation and its possible effects on voter demand for social protection is treated first. Figure 2a plots the difference between the first and latest observations of the economic openness index and of demand for more security for the unemployed. The lines separate countries below or above the average development.

In each of the countries, economic openness as defined by the KOF index increased over time. Post-socialist countries experienced an above-average increase in openness from a starting point at very low levels. The dominant pattern in these countries is a decline of social security demands. This development is the opposite of what the domestic compensation approach predicts, but cannot be interpreted as a failure of theory because of the specific circumstances in the transition countries. As can be seen in figure 2b, these countries started in 1990 with a high level of demand for social security and very low economic openness. These demands for an encompassing social state dropped as a result of the transformation process after the fall of

---

[14] Source GDP: World Development indicators. The World Bank. April 2010. Washington DC. http://data.worldbank.org/data-catalog/world-development-indicators.

Figure 2a

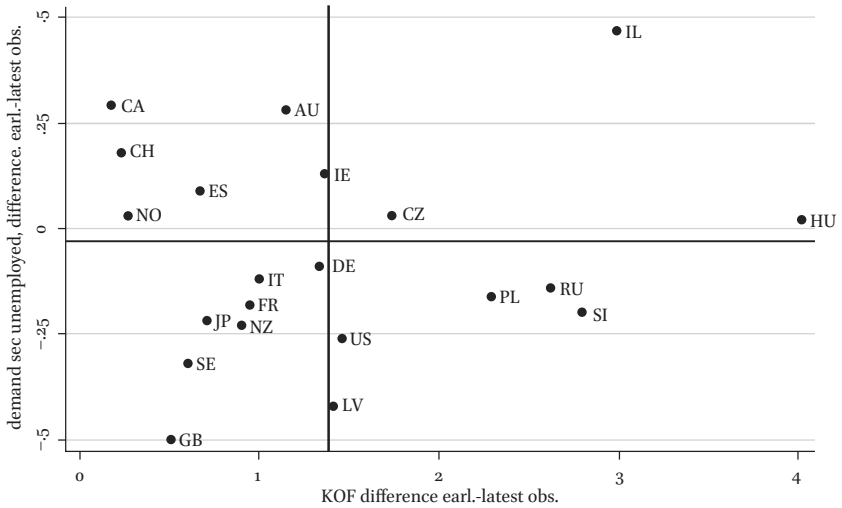Change of globalisation and change of demand for social security for the
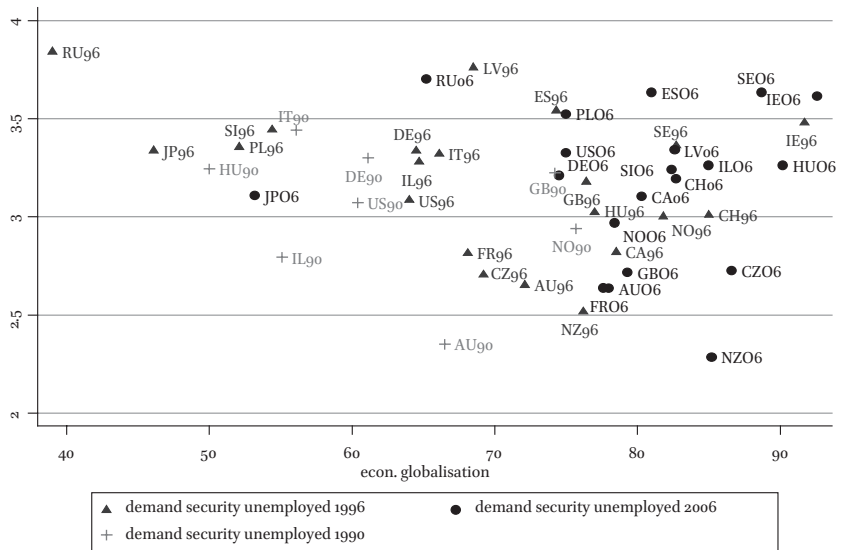unemployed

Figure 2b

Social security demand and economic openness

Source: ISSP Role of government, cumulative file – own calculation
Note: For correlations in each wave see table A1.

the Iron Curtain. In most of the other countries in the ISSP selection, voter preferences for social security also decreased. This group is represented by a mixture of a few liberal countries (U.S., New Zealand and Great Britain) and a few generous welfare states like Sweden, Germany and France.

The relationship predicted by domestic demand approaches is visible in just a few cases like Australia, Canada, Switzerland and Ireland. These are countries placed in the upper-left square while the upper-right square is almost empty, even if this square represents the expectations of domestic demand most perfectly. In the square where increased economic openness is combined with declining social security demands we find the conservative and social-democratic European countries. Even if the small numbers of cases make generalizations difficult, it seems clear that a change in openness rarely triggers rising demand for social security. Other country contexts must be considered. This task is accomplished in the next step by multilevel models. Attention must first be given to Figure 2b, which represents both the over-time and cross-national variation of voter demand for social security. Even if the relationship seems positive at first glance, this is incorrect because longitudinal and cross-sectional perspectives are mixed. What Figure 2b clearly shows is that country differences in security demands win out over change.

Whether people ask for domestic compensation does not only depend on economic openness, but also on additional individual- and country-level predictors. Table 1 presents results of multilevel logistic models for two dependent variables. For each, two models have been estimated, a baseline model containing only economic openness with individual-level (education, age and sex) and country-level (social expenditure, post social-ist countries, wave dummies) control variables, and a second model with the variables capturing job insecurity. These individual-level variables side-step the composition effects that result from populations with different age and educational structures that lead to bias.

The first model tests the impact of economic openness on *demand for social security in the case of unemployment*. The KOF index has a negative and significant, but small effect. An odds ratio just a bit below 1 means that the chance of security demands that protect unemployed decreases slightly when economic openness is high. The negative impact increases slightly when the variables indicating objective insecurity (unemployment rate and individual unemployment) are added (model 2). After controlling for

insecurity-generating factors an independent, but small negative impact of globalisation is stable. So, *Hypothesis 1* stating that economic openness engenders increased demand for social security is not confirmed. Higher unemployment rates, as expected, raise the probability that social security is demanded. The effect of the share of people in a country rating their job as insecure is highly significant, but negative rather than positive, as anticipated. The chance that people call for higher government spending for the unemployed, decreases by almost a factor of two with each unit increase of job insecurity.[15] This strong effect (compared to other estimates) clearly rejects Hypothesis 2. How can it be explained? It might be a manifestation of the hopes of people who are still employed who hope to protect their jobs by limiting social spending. Within the context of economic openness, reducing the demand for government spending might be coupled with the hope to protect jobs. The results point to insider-outsider divides discussed in recent literature (Emmenegger et al. 2012). People with jobs see an expansion of social spending for the unemployed as a threat, while labor-market "outsiders" seek social protection.

In the second model also unemployment entered as an individual level variable, representing actual insecurity. The individual experience of unemployment raises the chance that people demand government social protection by 2.77. This positive effect must be seen as part of the puzzle mentioned above. The unemployed vote for more security, but people perceiving job insecurity demand less.

The other variables in model 1 and 2 are controls and need not be discussed. However, some comment to the dummies for waves are helpful. They allow the intercept to differ across periods. Usually wave dummies show the average difference between this wave and the omitted period, but Table 1 gives odds ratios. So, a negative and highly significant odds ratio for the 1990-dummies in model 1 and 2 indicate that the probability of demand for social security for the unemployed was lower in this first wave when compared to 2006. The increase of the parameter estimates of the time dummies due to the independent variables in the second model indicates that these predictor variables had an impact on temporal change of demand for social security against the risks of unemployment by government each

---

[15] If the figure of .514 is transformed to make it comparable with the figures above 1, we get −1.946.

according to its sign. Demand would have risen stronger with less economic integration, less job insecurity and more unemployment. The model fit improves even more by adding the insecurity indicators, mainly because of the strong impact of individual unemployment.[16]

The models analysing the *demand for government redistribution* show different features. Economic openness alone (but with the necessary controls for post-socialist countries and social expenditures) is insignificant. When unemployment and job insecurity as features actually inducing demand for redistribution are added, globalization gets a small positive effect. So, in more globalized countries the probability of public redistribution demands is just a bit higher. Different from previous models, the impact of the unemployment rate is negative and the impact of job insecurity positive. A higher level of unemployment makes people less motivated to achieve equality, perceived job insecurity engenders public demand for redistribution. But both odds ratios report just a small impact. Also individual unemployment (dummy) has the expected positive sign, but the small odds ratio indicates that the unemployed hardly show remarkable higher redistribution demand. The time-dummy estimates are not as remarkable as in the models for social security demand. One time dummy loses its effect in the presence of insecurity indicators. So, lower redistribution demands in 1996 when compared to 2006 can be stated.

With insecurity variables in the model the explained variance at the country level rises significantly. According to the size of the odds this is mainly caused by individual unemployment and job insecurity. Since both estimates have the opposite sign, a divide between those needing public support and those with jobs but fearing layoffs can be assumed. The context of unemployment makes the citizens less inclined to demand more equality from their government while the growing number of unemployed would strive for a more egalitarian society.

----

[16] Unlike linear multilevel regression, the output of logistic models shows no variance at the individual level. The Intra-Class Correlation (ICC), which breaks down total variance into a country and an individual level share, is calculated according to Snijder/Bosker (1999). The estimates of an "empty'" RIO (random intercept only) model can be found in a footnote in Table 1. On this basis measures for model improvement are calculated according to a "proportional reduction of error" method.

Table 1

Multilevel logistic models on demand for social security and equality.

	Unemployed 1		Unemployed 2		Redistribution 1		Redistribution 2	
KOF	.992***(.002)		.983***(.002)		1.00	(.002)	1.004*	(.002)
Unemployment rate	–		1.038***(.008)		–		.943***	(.007)
Job insecurity	–		.514***	(.057)	–		1.40**	(.157)
Post–socialist	1.82*	(.581)	1.62	(.465)	1.76	(.458)	1.92*	(.577)
Soc. expenditure	1.00	(.003)	1.00	(.004)	1.00	(.004)	1.01	(.004)
Wave 90	.683***	(.030)	.537***	(.027)	.879**	(.035)	.958	(.047)
Wave 96	1.02	(.030)	.921*	(.031)	.826***	(.022)	.890***	(.028)
Age (centered)	.998*	(.001)	.998	(.001)	1.006***	(.000)	1.01***	(.001)
Male (dummy)	.875***	(.015)	.871***	(.016)	.811***	(.013)	.799***	(.014)
Years educ. (centered)	.997***	(.001)	.983**	(.001)	.995***	(8.23)	.996***	(.001)
Unemployed (dummy)	–		2.77***	(.119)	–		1.66***	(.082)
Constant	.668	(.154)	4.96***	(1.66)	1.43	(.313)	.864	(.299)
–2 LL	–39897.6		–35413.8		–42390.3		–37244.2	
Var cons.	**.434 (.134)**		**.350 (.109)**		**.287 (.089)**		**.175 (038)**	
R–Sq. level 2	13,7%		30,4%		16,8%		49,3 %	
N level 2	21		21		21		21	
N level 1	70.028		61893		70028		61893	

Notes: Entries are odds ratios; standard errors in brackets. Significance: ***p<0.001; **p<0.01; *p<0.05. Abbreviations: Var =Variance.
RIO Models, level2 variance for 2 dependent variables: Demand unemployed benefits = .503 (.156), -2LL= 43042.9. Demand redistribution = .345 (standard error .107), -2LL= 45066.72. Variance of individual level in multilevel logistic regression is fixed to 3.29 ($\pi^2/3$).
ICC unemployed: .503/ (.503+3.29) = 13,3%. ICC redistribution: .345 / (.345 +3.29) = 10,5%.

Differences between Socioeconomic Groups

On the one hand, socioeconomic groups are known to strongly influence social security demands (f.e. Svallfors 2004), but on the other hand processes of economic openness are assumed to engender insecurity on a broad scale of social strata. The two figures below show the coefficients from ordered logistic regression models first on the demand for social security for the unemployed (figure 3a), and second on the demand for more

redistribution (3b). The EGP class scheme was used in a version with eight categories and transformed into a series of dummy variables (referencing the higher service class), and all models control for age and education and a full set of country dummy variables. The coefficients are all highly significant (p-values lower then .001), except for a few socioeconomic groups (e.g. farmers). The figures compare the estimated effects of the EGP-Dummies in the two waves of 1996 and 2006. Is class relevant at all? Did the impact on security and equality demands change over time?

Figure 3a indicates that most socioeconomic groups have higher social security demands in the case of unemployment than the higher service class (reference group). Only self-employed persons and farmers deviate, the former with a preference for less social security. Unskilled workers are most supportive of social security. In 1996 skilled workers follow with just a small gap. Manual supervisors tend closer to the service classes, but 'workers' still range far above the service-class occupations in terms of social security demand. The occupational group forming the bottom of the service sector, the routine non manual class, is less supportive of social security in the case of unemployment than workers and close to the lower service class. These results confirm Hypothesis 4a which assumed class differences.

The picture changes remarkably in 2006. In all social classes but one the demand for social security in the case of unemployment decreased. Just in the lower service sector the opposite occurred: this socio-economic group gets more alike the working class and comes close to the unskilled workers. The routine non-manual occupations can be sorted to a lower-middle class, which scholars see as the new proletariat of the service society. The second remarkable trend is the waning security demand of skilled workers and manual supervisors. If we interpret this fact on the background of the debate on the link between globalization and demand for public protection, the threat of both socioeconomic groups by an open economy seems to have dropped from the mid-90s to the mid-2000s.[17] This would be an interesting result on the backdrop of debates on dualization. However, it might also be caused by higher demands of the reference group, the higher service class. This point requires closer examination by further research.

---

[17] Whether unemployment decreased more markedly in these groups than in others cannot be answered on the basis of our data and is a question for further research.

In general, because of the decline of the social security demands of qualified workers, a gap emerges between them and the unskilled. The lower working class gets accompanied by the lower service class. Obviously not only the lower working class perceives a worsening of its labour-market position in past decades when economic openness rose, but the lower service class too. The erosion of the labour market and concomitantly of the income position of unskilled workers has been widely described by scholarly literature (f.e. Aldersen et al. 2005; Atkinson 2008). It is indicative of a polarization process which also is reflected in voter demands for social protection, as our data show. The trend described above is twofold and just partly confirms Hypothesis 4b. One the one hand more similarity emerged between the lower non-manual and the lower working class in terms of social protection demands. On the other hand within the working class an internal divide grew; the skilled workers and supervisors move away from the lower skilled and, in a manner, from their worries and expectations in terms of the social protection. This result just partly underscore debates on the expansion of job and income insecurity into wider social strata (Breen 1997).

By contrast, the redistribution demands shown in Figure 3b stay socially structured even in 2006. Each of the socioeconomic groups has higher demands in a state that provides more equality, but the differences compared to the top social group, the higher service class, lose ground. In 2006 each of the classes below the top decreased their demands for equality and are now lower. Classes still differ regarding the emphasis they put on equality, but at the same time the distance to the top is shortened. This underlines the different development of redistribution demands compared to security demands.

The R-square of the model in 2006 is a bit higher and shows that the same variables in the explanation now better fit the data structure. A glance at the model fit helps to judge the different models and the assumptions they test. According to the r-square the share of explained variance by socio-economic classes in general is weak: 5% percent in 1996 and 6% in 2006. Compared to a model without the EGP variables (but with age, education and sex) the model including these predictors contributes only 1% more of explained variance. But the size of model fit which is achieved by socioeconomic class and a few socio-demographic variables should not be attributed to a lack of relevance of socioeconomic class, since these models

Figure 3a

Socio-economic class and demand for social security for the unemployed, 1996 and 2006.
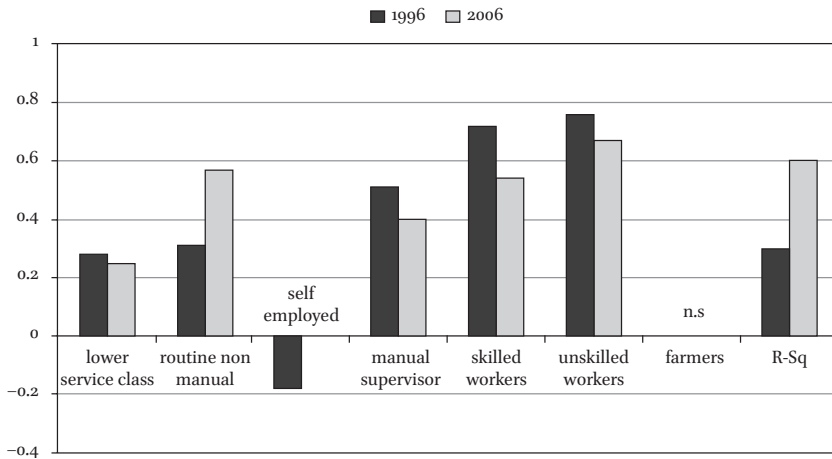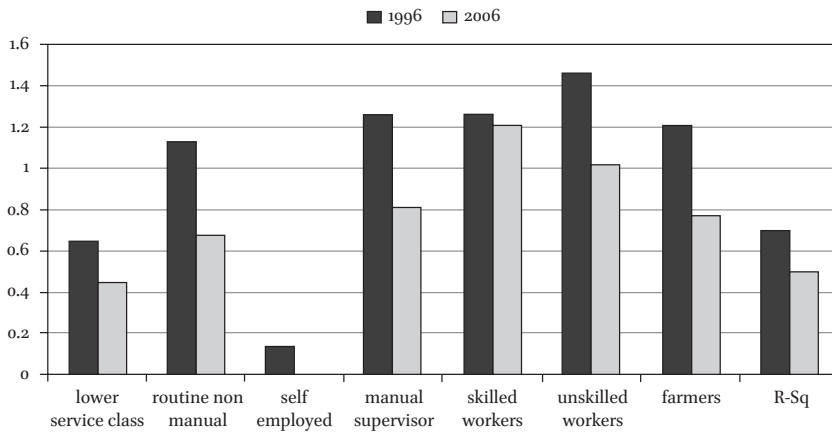

Figure 3b

Effects of socioeconomic class on demand for redistribution, 1996 and 2006

Note: The figures show the coefficients of dummy variables from ordered logit regression models with country dummies. Estimates indicate the difference between the EGP-group and the higher service class, the reference group.

only use a simple specification without further context and individual-level variables.[18] Their aim is to test the expected loss of the impact of class. Such a general decline is not supported by the R-square, rather the internal shifts within the social classes described above are supported by the data.

4. Conclusions

A central question in political and academic debates about the effects of the increase in international economic integration is whether globalization makes welfare states expand social programs because voters demand more social insurance from governments. Especially domestic compensation approaches put forward that voter demands for social security should rise given the job-insecurities globalization engenders. This seems plausible, because countries with open economies also show high social expenditures. But, previous research on the effects of globalisation and welfare-state development often directly links economic openness and welfare-state outcomes like inequality or social expenditure, without also testing the intermediate causal arguments.

The present paper addressed this gap by analyzing whether openness, unemployment, job insecurity and public demands for social security actually are linked. The analysis of ISSP data could not confirm this assumption. Economic openness instead turned out to be negatively correlated to public demands. This is a first and still limited proof, speaking against assumptions of the domestic demands approach. Our attempt to scrutinize the relationship between economic openness and voter demands for social security by governments specified models including unemployment and job insecurity which more directly are insecurity inducing factors. A high unemployment rate (and also individual unemployment) had the expected positive impact. Countries with more unemployment (and unemployed individuals) plausibly engender a broader public, preferring state protection. A second unexpected result requires explanation: Perceived job insecurity instead of driving up demand for social security, make

---

[18] A model specification with post-socialists countries does not improve model fit. So, the assumption that the overall results might be biased because of the lacking separation of specific effects of transformation countries does not hold.

it shrink instead. The interpretation this article offered is that those still in employment fear to vote for more expenditure, since they expect higher social expenditure to be a threat to their own job.

This interpretation gets support by the results on class differences. Against the background of the argument that globalisation does not affect each socio-economic group uniformly I analysed class differences of social security demand. Between 1996 and 2006 the lower service-sector occupations on the one hand and unskilled workers on the other moved closer together in terms of the scope of social protection they expect from the state. At the same time, the preferences of skilled workers and those in qualified service sector occupations shrunk. The combined effect is a more distant position between the two social strata in terms of the level of social security the government should provide. This shift between the lower service and working classes with insecure job- and income prospect further apart from those in the middle classes with more secure jobs resembles *dualization* processes (Emmenegger et al. 2013) and is the most plausible explanation for the peculiar empirical results, i.e. the negative effect of globalization in regression models on voter demand for social security. Previous research on domestic responses takes for granted that broad segments of society feel homogeneous impacts of globalization, develop the same political interests and, moreover, that public policies react to all groups of voters. This is not adequate, as the present analysis suggests. Rather, globalization affects different socio-economic group differently, and these groups develop demands for different policy measures (Rueda 2005). The lacuna of research on the effects of globalisation on governments or public policies was that micro-level reactions of voters were hardly observed, but insecurity just stated.

That people with higher service-class status are less inclined to expand the safety net is well known, but the rising s*ocial distance* of "welfare preferences" between the bottom and middle of society has not been demonstrated by previous research. My analyses gave a more nuanced picture of the connection between economic openness, insecurity and demands for social security than just assuming a general increase of economic vulnerability and fear within the population and of political reactions by expanding social programs. It showed that the group expected to be most generous when it comes to pool resources to collectively shoulder the risks of the less advantaged, skilled workers, is getting less generous.

Recent debates maintaining that job risks and atypical employment encourage job and income insecurity in a broad array of social strata also are rejected. The lower social classes carry this burden and so demand more social protection. The lower service class is not privileged compared to the unskilled workers. So these groups probably are candidates for political coalitions, but hardly stand for the election winning coalition. Our result also has consequences for the constituency of Left parties (Pontusson and Rueda 2010): The split within both working and service class can't be easily reconciled.

Which effects integration into global markets has on the public and on public policies of course deserves further research. Our analysis showed that popular statements do not hold or just hold with some qualifications. One such qualification involved class. Social strata are very differently hit by negative impacts of openness. A further qualification was our distinction between the equality and the security dimension. Demand for redistribution is quite stable over time compared to the rise of security preferences in the case of old age and unemployment. The signs of the country-level effects also differ. A negative effect of the unemployment rate shows that equality loses its attractiveness as an aim for social policy when problems of joblessness arise. Openness and perceived job insecurity have positive but small effects, so we can conclude that redistribution demand is a stable matter of the people and more independent from the context.

Tasks for further research on the relationship between globalisation, job insecurity and voter demand are manifold. The availability of items both on job insecurity and social policy preferences is most important. This paper could only draw on insecurity as country level variable. Moreover, data on inter-temporal change instead of cross-sectional comparisons would improve the situation.

The debate on the increasing insecurity in wider social strata and growing demand for security is also lacking an empirical examination of voting behaviour and political power. Are those decisive in elections actually threatened by job loss? This hardly can be taken for granted. Not the middle class, but lower social strata are negatively affected by the labour market development and job-deregulation. But, voter preferences from those down below will not bring through social programs. The trend our data showed with social-protection demand increasing in the lower service class

as well as among unskilled workers and at the same time the vanishing of the traditional basis of welfare-state programs, skilled workers and manual supervisors, raises questions about who will form the political coalition for social expenditure in the new service economies.

Appendix: Tables and Figures

Table A1
Correlations of relevant individual and country level variables (*significant at the 5% level or better.)

	Demand security unemployed	Demand redistribution	KOF	Unemployment rate
1990				
Dem. redistribution	.316*			
KOF-ec. openness	−.105*	.018*		
Unemployment rate	−.067*	−.057*	−.241*	
Job insecurity/ cntry av.	−.092*	.091*	.443*	.086*
1996				
Dem. redistribution	.325*			
KOF-ec. openness	−.143*	−.068*		
Unemployment rate	.172*	.160*	n.s.	
Job insecurity/ cntry average	.043*	.026*	.224*	.412*
2006				
Dem. redistribution	.301*			
KOF-ec. openness	−.068*	n.s.		
Unemployment rate	.142*	.161*	−.058*	
Job insecurity/ cntry av.	−.158*	n.s.	.192*	.285*

Countries in 1990: AUS, DE, GB, HU, IL, IT, NO, U.S.

Table A2

Countries and waves in which the dependent variables are available, cumulated dataset, ISSP Role of Government, 1990–2006. Entries are the percentage of the answers "strongly agree" and "agree".

Country	Wave	Redistribution (V56)	Unemployment (V41)
AU	1990	51.18	67.75
	1996	51.72	79.90
	2006	60.63	90.27
CA	1996	50.54	55.56
	2006	67.79	77.11
CH	1996	60.42	36.29
	2006	69.28	47.93
CZ	1996	61.72	82.77
	2006	54.58	72.27
DE	1990	69.15	73.00
	1996	69.41	59.41
	2006	72.19	65.66
ES	1996	90.08	79.62
	2006	86.34	87.13
FR	1996	74.21	48.94
	2006	77.66	59.59
GB	1990	73.79	89.93
	1996	67.69	91.52
	2006	69.31	82.12
HU	1990	81.13	95.66
	1996	78.66	93.28
	2006	85.57	93.51
IE	1990	81.58	–
	1996	78.15	83.57
	2006	79.53	92.89
IL	1990	72.86	79.84
	1996	83.32	84.61
	2006	85.60	89.97
IT	1990	78.22	84.84
	1996	75.40	76.85

Table A2 (*cont.*)

Country	Wave	Redistribution (V56)	Unemployment (V41)
JP	1996	64.47	69.00
	2006	65.99	64.73
LV	1996	72.24	92.74
	2006	83.26	87.20
NO	1990	71.68	83.23
	1996	73.24	85.25
	2006	74.14	85.62
NZ	1996	47.03	87.61
	2006	50.21	83.81
PL	1996	84.08	93.87
	2006	87.70	92.16
RU	1996	81.03	96.14
	2006	86.24	89.15
SE	1996	70.59	76.58
	2006	67.73	79.90
SI	1996	85.02	80.74
	2006	90.80	80.99
US	1990	44.42	72.19
	1996	47.94	67.58
	2006	52.27	80.20

References

Aldersen Arthur A., Jason Beckfield and Nielsen Francois. 2005. "Exactly How Has Income Inequality Changed? Patterns of Distributional Change in Core Societies" *International Journal of Comparative Sociology*. 46: 405–423.

Alesina, Alberto F. and Giuliano Paolo. 2009. *Preferences for Redistribution*. NBER (National Bureau of Economic Research) Working Paper 14825.

Andersen, Christopher and Jonas Pontusson. 2007. "Workers, worries and welfare state. Social protection and job insecurity in 15 OECD countries" *European Journal of Political Research*. 46: 211–235.

Atkinson, Anthony B. 2008. *The Changing distribution of Earnings in OECD countries.* Oxford: Oxford University Press.

Barr, Nicolas. 2001. *The welfare state as a piggy bank. Information, Risk, Uncertainty and the Role of the State.* Oxford, New York: Oxford University Press.

Beer, Paul T. and Ferry Koster. 2009. *Sticking Together or Falling Apart? Solidarity in an Era of Individualization and Globalization.* Amsterdam: University Press.

Begg, Ian, Juraj Draxler and Jorgen Mortensen. 2008. *Is Social Europe Fit for Globalisation*? A study of the social impact of globalisation in the European Union. Report for the EU. European Communities. http://www.ibm.com/ibm/governmentalprograms/pdf/simglobe_fin_rep_en.pdf.

Blossfeld, Hans-Peter, Sandra Buchholz and Dirk Hofäcker. 2006. *Globalization, Uncertainty and Late Careers in Society*, London: Routledge.

Brady, David, Jason Beckfield and Martin Seeleib-Kaiser. 2005. "Economic Globalization and the Welfare State in Affluent Democracies, 1975–2001" *American Sociological Review* 70: 921–948.

Breen, Richard. 1997. "Risk, Recommodification and Stratification." *Sociology* 31: 473–489.

Cameron, David R. 1978. "The Expansion of the Public Economy: A Comparative Analysis" *American Political Science Review* 72: 1243–61.

Clayton, Richard and Jonas Pontusson. 1998. "Welfare State retrenchment revisited: entitlement cuts, public sector restructuring and inegalitarian trends in advanced capitalist societies" *World Politics* 51: 67–98.

Cusack, Thomas R., Torben Iversen and Philip Rehm. 2008. "Economic Shocks, Inequality, and Popular Support for Redistribution". Pp. 203–231 in *Democracy, Inequality, and Representation – a Comparative Perspective*, edited by P. Beramendi and C. Andersen. New York: Russell Sage Foundation.

De Swaan, Abram. 1988. *In Care of the State. Health Care, Education and Welfare in Europe and the USA in the Modern Era*, Oxford: Polity Press.

Dreher, Axel. 2006. "Does Globalization Affect Growth? Empirical Evidence from a new Index" *Applied Economics* 38, 10: 1091–1110.

Emmenegger, P., Häusermann, S., Palier, B., and Seeleib-Kaiser, M. (eds.) 2012a. *The Age of Dualization. The Changing Face of Inequality in Deindustrializing Societies*. Oxford: Oxford University Press.

Esping-Andersen, Gösta. 1999. *Social Foundations of Post-industrial Economies*. Oxford. University Press.

Fligstein, Neil and Francois Merand. 2002. "Globalization or Europeanisation? Evidence on the European Economy Since 1980" *Acta Sociologica* 45 (1): 7–22.

Ganzeboom, Harry B.G. and Donald J. Treiman. 1996. "Internationally comparable measures of occupational status for the 1988 International Standard Classification of Occupations" *Social Science Research* 25: 201–39.

Ganzeboom, Harry B.G. and Donald J. Treiman. 2003. "Three internationally standardised measures for comparative research on occupational status" pp. 159–93 in Hoffmeyer-Zlotnik, J. and Wolf, C. (eds.), *Advances in cross-national comparison*, New York: Kluwer.

Garrett, Geoffrey. 1998a. "Global Markets and National Politics. Collision Course or Virtuous Circle?" *International Organization* 52: 787–824.

——. 1998b. *Partisan Politics in the Global Economy*, Cambridge: University Press.

——. 2001. "Globalization, government spending and taxation in the OECD" *European Journal of Political Research* 39: 145–177.

Garrett, Geoffrey and Donald Mitchell. 2001. "Globalisation, Government spending and taxation in the OECD" *European Journal of Political Research* 39: 145–177.

Huber, Evelyn and John D. Stephens. 2001. *Political Choice in Global Markets: Development and Crisis in Advanced Welfare States*, Chicago University Press.

ILO (International Labour Organization), LABORSTA Labor Statistics Database, Labour Force Survey, http://laborsta.ilo.org/STP/guest.

Iversen, Torben. 2005. *Capitalism, Democracy, and Welfare.* Cambridge. Cambridge University Press.

Iversen, Torben and David Soskice. 2001. "An Asset Theory of Social Policy Preferences" *American Political Sciences Review* 95: 875–893.

Jessop, Bob. 2002. "Liberalism, Neoliberalism and Urban Governance: A State Theoretical Perspective" Pp. 105–25 in *Spaces of Neoliberalism*, edited by Brenner, N. and Theodore, N. Malden: Blackwell.

Katzenstein, Peter J. 1985. *Small States in World Markets. Industrial Policy in Europe.* Ithaca and London.

Kenworthy, Lane and Jonas Pontusson. 2005. "Rising Inequality and the Politics of Redistribution in Affluent Countries" *Perspectives on Politics* 3: 449–471.

Kopri, Walter and Joakim Palme. 2003. "New politics and Class Politics in the Context of Austerity 18 Countries. 1975–1995." *American Political Science Review* 97: 425–446.

Leitner, Sigrid and Stefan Lessenich. 2003. "Assessing Welfare State Change: The German Social Insurance State between Reciprocity and Solidarity" *Journal of Public Policy* 23; 325–347.

Linos, Katarina and Martin West. 2003. "Self-interest, Social Beliefs, and Attitudes to Redistribution. Re-adressing the Issue of Cross-National Variation" *European Sociological Review* 19: 393–409.

Mahler, Vincent A. 2004. "Economic Globalisation, Domestic politics, and Income Inequality in the Developed Countries. A Cross National Study" *Comparative Political Studies* 37: 1025–1053.

Oesch, Daniel. 2008. Coming to grips with a Changing Class Structure. International Sociology 21(2): 263–288.

Osberg, Lars and Timothy Smeeding. 2006. "Fair inequality. Attitudes towards pay differentials: The United States in a Comparative Perspective" *American Sociological Review* 71: 450–473.

Pierson, Paul. 1996. "The New Politics of the Welfare State" *World Politics* 48 (2): 143–79.

——. 1994. *Dismantling the Welfare State*? Cambridge: Cambridge University Press.

Pontusson, Jonas and David Rueda. 2010. "The Politics of Inequality. Voter Mobilization and Left Parties in Advanced Industrial States." *Comparative Political Studies* 43: 675–705.

Quality of Government: http://www.qog.pol.gu.se/.

Rabe-Hesketh, Sophia and Anders Skrondal. 2005. *Multilevel and longitudinal Modeling Using Stata*. StataCorp.

Rhodes, Martin. 1996. "Globalization and west European welfare states: a critical review of recent debates" *Journal of European Social Policy* 4 (6): 305–327.

Rieger, Elmar and Stefan Leibfried. 1998. "Welfare State Limits to Globalisation" *Politics and Society* 26 (4): 363–390.

——. 2003. *Limits to Globalization. Welfare States and the World Economy*, Cambridge: Polity Press.

Rodrik, Dany. 1997. *Has Globalization Gone too far?* Washington: Institute for International Economics.

——. 1998. "Why Do More Open Economies Have Bigger Governments?" *The Journal of Political Economy* 106 (5); 997–1032.

Rohrbach, Daniela. 2008. "Sector Bias and Sector Dualism: The Knowledge Society and Inequality" *International Journal of Comparative Sociology* 50: 510–536.

Rueda, David. 2005. Insider-Outsider Politics in Industrialized Democracies. *American Political Science Review* 99: 61–74.

Scruggs, Lyle and James P. Allan. 2006. "Welfare-state decommodification in 18 OECD countries: A replication and revision" *Journal of European Social Policy* 16: 55–72.

Scharpf, Fritz W. 2000. "The viability of advanced welfare states in the international economy: vulnerabilities and options" *Journal of European Public Policy* 7: 190–228.

Scheve, Kenneth and Matthew J. Slaughter. 2004. "Economic Insecurity and the Globalisation of Production" *American Journal of Political Sciences* 48: 662–674.

Svallfors, Stefan. 1995. "The End of Class Politics? Structural Cleavages and Attitudes to Swedish Welfare Policies" *Acta Sociologica* 38, 53–74.

——. 1997. "Worlds of Welfare and Attitudes to Redistribution. A Comparison of Eight Western Nations" *European Sociological Review* 13 (3): 283–304.

——. 2004. "Class, Attitudes and the Welfare State: Sweden in comparative perspective" *Social Policy & Administration* 38: 119–138.

——. 2006. *The Moral Economy of Class: Class and Attitudes in Comparative Perspective,* Stanford: Stanford University Press.

Taylor-Gooby, Peter. 2004. "Open markets and Welfare values: Welfare Values, Inequality and Social Change in the Silver Age of the Welfare State" *European Societies* 6: 29–48.

Tonelson, Alan. 2000. *The race to the bottom: Why a world worker surplus and uncontrolled free trade are sinking American living standards*, New York: Westview.

Wooldridge, Jeffrey M. 2004. *Introductory Econometrics. A Modern Approach*, Thomson South-Western: Mason.