

Labor Market Dualization and Preferences for Unemployment Programs: A Conjoint Experiment

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Introduction

A large literature in political science tries to explain citizens' economic-policy preferences. This is typically done in a uni-dimensional framework: citizens can prefer left over right economic policies, prefer more or less social spending, or more or less generous pensions. However, in reality economic policies are multi-dimensional. The ways to expand or retrench, for instance, a social policy are manifold. Policy-seekers may change the level of benefits or their duration. They may change the funding source, the provision, or the balance between cash and in-kind components. Policy-makers may also propose package deals, in which they compensate retrenchment on one dimension by expanding on another (Bonoli 2005). Previous research on citizens' social-policy preferences has largely failed to take into account multi-dimensionality. Consequently, we know little about which dimensions of social policy receive most support in the population and, conversely, which ones stir opposition.

This question is not only of academic relevance. The recent economic crisis has revealed the insufficiency of social protection schemes in many European countries. Particularly in Southern European welfare states, social policy fails to provide universal protection against economic hardship. At the same time, these countries are characterized by deep dualism in the labour market, a situation which has been portrayed as hampering reform capacity, because conflicting interests of 'insiders' and 'outsiders' are pitted against each other (Bentolila et al. 2012; Rueda 2005; Saint-Paul 1996). In this context we ask: which elements of social-policy expansion gain wide acceptance in the population? The answer is relevant for policy makers and academics alike.

Academically, we contribute to the literature on determinants of social policy preferences by shifting the perspective from uni- to multi-dimensional preferences. We also contribute to insider-outsider theory and test its power to explain multi-dimensional conflicts over social policy. Finally, we make a methodological contribution. One reason why preferences are typically studied on a single dimension arguably is that survey respondents have a hard time disentangling policy components. This could be due to lacking sophistication or the motivation to provide consistent answers. We therefore propose using conjoint experiments, a novel method in political science that 'forces' respondents to choose between different dimensions.

By conducting such a conjoint experiment in Spain, we aim to assess the relative weight of different dimensions of unemployment insurance on support for a fictional reform proposal. We also assess if income, employment risk and labour market position give rise to multi-dimensional conflict over unemployment insurance. Spain is an ideal case to test the importance of labor market position on preferences for insurance programs, because of high rates of unemployment and temporary work. Yet, our results show that labor market position has a surprisingly little influence on the importance given to characteristics of the unemployment insurance. This runs counter to political economy theories based on economic self-interests. By contrast, ideologies turn out to be more divisive when it comes to the question which dimensions of unemployment insurance should be prioritised. This evidence provides strong support for the growing literature that finds that ideology dominates interests when predicting attitudes towards redistributive and insurance programs.

Theory

The dominant political-economy paradigm relies of economic self-interest to understand economic policy preferences. Redistribution and insurance, the two essential roles of modern welfare states, have been at least partly explained by low-income and labor market risks-concerned groups' successful political demands. In the case of current unemployment policies, it is unavoidable to resort to the literature on the new divisions within the working class regarding the different labor market profiles. This literature (Rueda 2005a 2005b), has argued that postindustrial transformations, magnified in some contexts by specific institutional choices, have created a division within the working class between "insiders" (those with standard, relatively well-paid, and permanent jobs) and "outsiders" (those either unemployed, or with access to unstable, temporary, or precarious employment opportunities). When labor markets become dualized, according to this literature, either because of the variation in the economic characteristics of insiders and outsiders or because their different degree of institutionalized protection they enjoy, their exposure to labor market related risks becomes markedly different across these two groups.

To what extent these new configuration of conflicts theorized in this literature shapes preferences over social policies? Differences in labor market risks should map into different policy priorities related to unemployment: while the latter should become more interested in policies that facilitate the employment opportunities for the unemployed and the stability of protection programs for those excluded from the labor market, the former should be more concerned with the financial and opportunity costs (in terms of other social policy priorities) of these employment programs.

It is important to highlight, however, that the insider / outsider divide do not automatically translate into a single, unidimensional conflict over labor market policies between these two groups, as the distributional consequences of different aspects of labor market policies are not always equivalent. Active labor market policies (i.e. policies aimed at facilitating the access to employment to those currently unemployed) benefit disproportionately outsiders, as their risk profiles makes them more obvious candidates to be at some point users of these programs. Insiders and outsiders should also have different views towards how the benefits related to unemployment are dispersed: insiders are likely to limit eligibility criteria and the redistributive content of these programs, while outsiders are expected to prefer more stable and generous benefits for those who fall into unemployment.

In sum, we argue that unemployment policies is precisely the social policy area where the preferences of insiders and outsiders should be expected to diverge more markedly. Spain is furthermore also the most favorable context to detect such new policy cleavage, given the political saliency of unemployment in the current crisis, and the fact that its labor market ranks prominently as one of the most dualized in the developed world.

Of course, preferences over the specific design of unemployment policies are also likely to be affected by other factors different from the insider / outsider position in the labor market, such as income or degree of economic vulnerability, or the ideology of the respondent. In the research design section below we discuss how we operationalize these different hypotheses.

Unemployment policies in Spain

In 2013 the annual public spending on unemployment benefits, including both subsidies and contributions, was close to 30,000 million euros and the budget for professional training in 2014 is 1,815 millions euros.

The basic structure of the benefits in Spain is as follows: In the first six months after becoming unemployed people receive 70 percent of the salary in the 180 prior worked days. After that, they receive 50 percent of the previous salary. The contributory benefit has a limit of two years, but the exact length depends on the time the person has contributed to the public scheme. After the regular benefit is exhausted, the unemployed can receive a subsidy of 426 euros, provided there is no other income in the household. The duration of which depends on different characteristics of the recipient. This subsidy is very well-known to citizens as the last resource in the social safety network. The number of recipients is large, but due to the unprecedented growth of long-term unemployment, many unemployed persons have run out of all benefits. In April 2014, 2,56 million Spaniards were receiving some form of unemployment subsidy, of which 1,06 million were linked to previous contributions. According to the official Labor Force Survey statistics, the number of unemployed in the first quarter of 2014 was 5,93 million.¹

Data and methods

In order to assess the relative importance of the main dimensions of unemployment policy for different types of respondents, we designed a conjoint experiment and embedded it in an online survey. The survey was administered in Spain between April and May 2014 by Netquest, a commercial survey company, to a quota sample of respondents over the age of 18. In total, 1,508 respondents completed the questionnaire. Participants were rewarded with points convertible to euros. The quotas were designed to approach the actual composition of the Spanish population in terms of sex, age, education level, and region of residence. The survey focuses on causal inference rather than descriptive inference, but we note that this sample is somewhat skewed in that respondents are more left-wing than the population. The appendix provides further details of the survey and a comparison of the characteristics of this sample and the most recent wave of the European Social Survey, one of the highest quality surveys in Europe.

Design of the conjoint experiment

Conjoint experiments are a type of survey experiment widely used in marketing and increasingly used in political science and other social sciences in which respondents are presented with two alternatives that differ along multiple dimensions, and are asked to choose or evaluate them (see Hainmueller, Hopkins, and Yamamoto 2014). For instance, respondents may be asked to choose between two beverages that differ in different dimensions such as the color of the product label, the shape of the container, the liquid quantity, and the price. Researchers randomly assign the attributes of each dimension to the two products and ask respondents to choose between pairs of products, often multiple times. The design allows researchers to assess how much importance respondents assign to

¹ There are two sources for unemployment data in Spain: the registries of the Public Employment Services ("registered unemployment"), which typically underestimate unemployment during crisis as there is no formal obligation to register and it is perceived to barely affect the chances of finding job opportunities, and the (much preferred) quarterly Labor Force Survey, which provides statistics on EU-standardized measures of labor market status of a large representative sample of the Spanish population.

each attribute on the same scale.² Conjoint experiments have been recently used to study support for public policies. For instance, Bechtel, Hainmueller, and Margalit (2014) study how dimensions of a bailout program affect support for the program and Bechtel and Scheve (2013) analyze how different aspects of a climate change agreement affect public support for it.

To explore which dimensions of an unemployment reform affect support for the policy, and for whom, we asked respondents to choose between two different policy proposals that differed in their design. Respondents could read: “There is some talk about reforming current unemployment policies. Suppose there are two proposals with the following characteristics.” Every respondent chose between two pairs of such proposals. After each comparison, they were asked: “Which proposal would you prefer?”

The experiment varied five key dimensions of unemployment policies: the structure of the benefits, the provision of training programs, the target population of beneficiaries, the cost of the policy, and the alternative ways to pay for those costs. We randomly assigned the attributes for each dimension, ensuring that the treatment groups are comparable with respect to observable and unobservable variables. Figure 1 presents an example of how respondents encountered information and the supporting information presents the exact question wording of the attributes.

Figure 1: Sample pair of choices in the conjoint experiment

	Proposal 1	Proposal 2
Change in benefits	Extend the 426 euros subsidy in 4 additional months	Increase the benefits in the first three months of unemployment by 20%
More training programs for the unemployed	No change	Run by trade unions
Recipients	No one in household has a salary or pension	All Spanish residents
Cost of the program	3000 million euros	100 million euros
How to pay for the reform	Cuts in education and health	Increasing the income tax

The first dimension informs about how the reform changes the structure of unemployment benefits. In the baseline condition the proposal maintains the current structure of benefits. The values of the other attributes altered the main characteristics of unemployment benefits. Most importantly, changes in benefits can focus in their duration or in their monetary amount. We hypothesize that some people may be more likely to benefit from or prefer specific aspects of unemployment programs.

One attribute extends the final 426 euros subsidy for four additional months. A longer temporary duration of benefits help the most vulnerable, who have had long unemployment spells and still cannot find a job, and prevent them from losing all sources of income. We expect that the currently unemployed and people with a poor insertion in the labor market should be most interested in this last-resort extension. This is also the most redistributive reform, as it targets the very poor. Hence, left-wing respondents should favor it relatively more than right-wing respondents.

² We distinguish between dimensions and attributes. Dimensions refer to the category of change (e.g. cost of the product) and attribute is the specific value within a dimension (e.g. 1, 1.5, 2 dollars).

Another attribute increases the amount of the contributory benefit received during the first three months of unemployment by 20 percent. Temporary workers often have short spells of unemployment, and may be interested in higher benefits at the beginning of an unemployment spell. This option is less attractive for people currently in unemployment because they are unlikely to benefit from it.

Some people, such as mortgage owners, may be particularly concerned about the replacement rate of the benefit. The third attribute proposes to increase the amount of the contributory benefit after the initial six months of unemployment until the end of the contributory benefits. As explained above, this amount currently drops from 70 percent to 50 percent of the previous salary. The proposal was to maintain it at 70 percent for the whole period.

This is the most cognitively demanding of the five treatment dimensions. Although we provided very specific information about unemployment benefits, we expect respondents to understand the basic characteristics of the treatments. The Spanish population is well acquainted with the structure of the subsidy. In cognitive interviews prior to administering the survey we found that respondents understood the implications of the options. We also provided supporting information in grey color, which respondents could choose to check if they had doubts.

The second dimension introduces changes in training programs for the unemployed. These could remain as they are, or they could increase and be run by public employment services, by companies, or by trade unions. These are different models in which occupational training is provided in different welfare systems. We expect ideology to shape preferences for these attributes. While left-wing people may support training provided in unions and public services, right-wing respondents may oppose training provided by trade unions, because these programs strengthen unions, and may prefer that training be provided by businesses.

The third dimension modifies the profiles of the recipients of the programs. Social insurance programs can be universal, they can exclude some population groups, or they can target others. All else equal, programs targeted at the very poor are more redistributive than universal programs, but they can also elicit less broad support. Although in Spain this issue is not in the public debate as it is in other European countries, it is possible to exclude non-citizens from some programs, which may be popular with natives in competition for resources. Our recipients dimension had four attributes. Recipients could be any resident in Spain, only Spanish citizens, members of households with incomes below the mean salary, or members of households where no one receives a salary or pension.

The next dimension is the cost of the program, which could be 100, 1000, 2000, or 3000 million.³ We kept these quantities realistic, both in relationship to the overall actual budget and by estimating the actual cost of the reforms proposed in the other dimensions. We expect that people with a low likelihood of being unemployed care more about the costs than people at a higher risk or in unemployment. Ideology should also shape the importance

³ In order to explore a fuller range of possible policy proposals we would have needed to include both proposals that increase the program's benefits and the costs and proposals that reduce them. We decided against doing so because we could generate many unrealistic proposals, which extend benefits and reduce costs. Further research can explore the reactions to reforms that downsize unemployment programs.

given to the cost of the program, with financial cost weighting in more as a consideration for right-wing respondents than for left-wing respondents.

Finally, enlarging social programs in a world with budget constraints involves tradeoffs. The funding must be either obtained by increasing taxes or debt, or by reducing spending in other sources. The five attributes of this dimension are increasing the value-added tax (called IVA), increasing the income tax, increasing public debt, via spending cuts in education and health, or via spending cuts in police, external affairs, and defense.

We attempted to motivate respondents to read the content thoroughly. The experiment was presented very early in the questionnaire, when survey fatigue is lowest. We also introduced a prompt asking respondents to read the text very carefully. The number of dimensions, five, is actually somewhat below similar conjoint experiments on policy which use six (Bechtel and Scheve 2013) or even nine dimensions (Hainmueller, Hopkins, and Yamamoto 2014).

Individual characteristics: Risk and ideology

The survey included a wide range of socio-economic, socio-demographic, and political questions. Overall, the sample is varied in socio-economic terms and matches the economic profile of the Spanish population at the time of fieldwork well. We report the main measures used in the analyses here, with a fuller discussion in the supporting information.

Our first measure of economic risk and exposure to unemployment is employment status at the time of taking the survey. We collapse the response options into four options: being employed with a fixed-term contract, employed with a temporary contract, unemployed or in other situations. Given the dualism in the Spanish labor market, the sample contains a large number of temporary workers (9 percent) and unemployed persons (20 percent). We also employ perceived risk of becoming unemployed as a measure of risk of exposure to unemployment. Among those currently employed, 75 percent think that it is not at all or not very likely that they will lose their job and 25 percent think that this is very or quite likely.

Besides their employment status and perceived risk, it has been recently argued that having access to saving is a relevant dimension of economic risk (Hacker, Rehm, and Schlesinger 2013; Rehm, Hacker, and Schlesinger 2012). We included a measure of economic buffers. At the upper end, 24 declare that if for some reason they suddenly stopped receiving their regular income, they would be able to live on savings for more than one year. At the lower end, 21 percent would not be able to pay for their expenses during the first month.

As for the ideological measures, we asked respondents about their left-right position in a 0 to 10 scale. Spanish respondents are one of the most left-wing populations in Europe according to self-reports in the European Social Survey. This sample is not unusual with the average left-wing score of 3.8 in a 0 to 10 scale.

Besides ideology, we also asked four questions about economic attitudes and estimate the respondents economic issue positions based on responses to these questions. The questions are if spending in unemployment programs should increase or decrease; if spending in pensions should increase or decrease; if income taxes for families making more than 30,000 euros a year should increase or decrease; and if public services should be improved even if that involves rising taxes. The position on economic issues is the factor score of the four items. The distribution of this variable is approximately normal with a longer right tail.

The sample contains a very small number of respondents, only 3 percent, who do not have the Spanish nationality. The results do not vary substantively when we exclude them, and hence we keep them in the analyses.

Analysis

In order to analyze the data, we restack the data matrix such that each alternative proposal k of task j presented to respondent i is a different row. Since the 1508 respondents were presented with two tasks and there were two alternative proposals per task, this generates a total of 6,032 observations.

We are interested in the marginal effect of an attribute on support for the reform, and hence we use a linear regression model to estimate elasticities. We regress the dependent variable, support for a reform proposal, on a series of dummy variables that take on the values of the attributes. One of the attributes of each dimension is the reference category. This specification allows for nonparametric estimation of the effect of including an attribute on support for the proposal. We also estimate the effects using a logit model, with similar results (see supporting information). The models take the form:

$$y_{ijk} = X_{ijk}\beta + e_{ijk} \quad (1)$$

Whether respondent i chooses proposal k in task j is modeled as a function of X_{ijk} , a vector containing the attributes of the policy proposal presented to the respondent in that task.

In addition to the average effects in the whole sample, we ask if the relative importance of different attributes varies across respondents, depending of their risk situation and their ideology. To examine this, we run a series of models in which, in addition to the full vector of attributes, we also include one individual-level characteristic z_i at a time and the interaction of this moderating variable and each attribute. The interactive terms tests if the importance of an attribute varies across respondents.

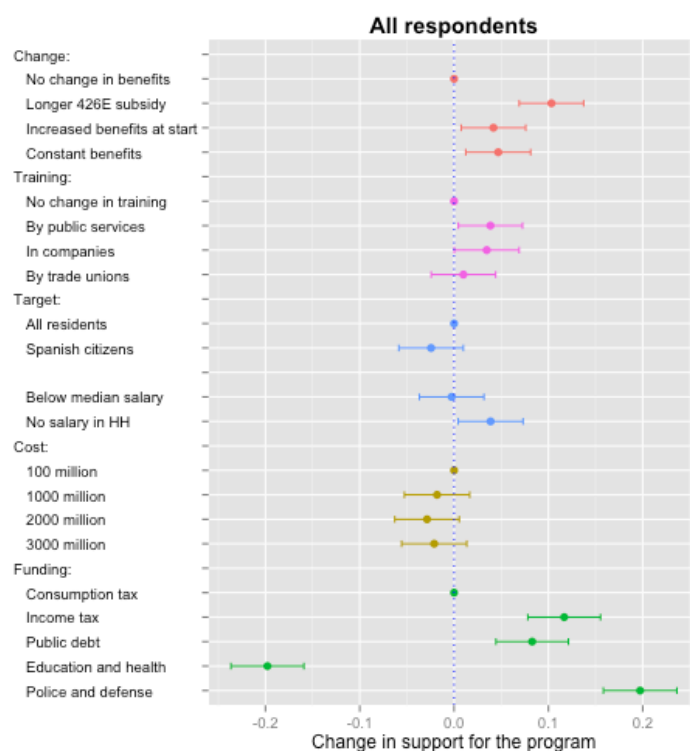
$$y_{ijk} = X_{ijk}\beta + z_i\gamma + X_{ijk}z_i\delta + e_{ijk} \quad (2)$$

Where an individual's choice of a policy proposal is modeled as a function of a vector X of attributes, individual-level characteristic z_i , for instance position in the left-right scale, and the interaction between z_i and each attribute.

Results

Our first aim is to examine which attributes of an unemployment program respondents consider more important when evaluating a proposal. Figure 2 shows our estimates of the effect of the inclusion of each attribute on preference for a program, pooling over all respondents. As explained above, the regression estimates are a measure of the average relative importance of each attribute. The interpretation of the effects is relative to the reference category in each dimension.

Figure 2: Average treatment effects in the conjoint experiment



Note: The dots represent the effect of an attribute on the probability of choosing a proposal, as estimated from a linear probability model. The bars are 95 percent confidence intervals. A point without a bar indicates the reference category of each dimension.

Two dimensions stand out as predicting support for reforms of unemployment benefits.

First, respondents care about the structure of the benefits. Overall, they prefer reforms that extend the benefits over reforms that maintain the status quo (but could increase training programs). We estimate that extending the 426 euros subsidy after the end of the benefits for four additional months increases support for a proposal by 10 percentage points relative to the baseline.

The second major driver of support for the program is the trade-offs involved in a reform. A reform funded by spending cuts in education and health is strongly disliked. This attribute alone reduces the probability of choosing the reform by 20 percent points below the baseline. By contrast, reforms funded by spending cuts in police and defense programs are very popular. This attribute increases support for the reform by 20 percent points relative to the baseline of funding through increases in the consumption tax. Two other funding options are more popular than funding through increases in the consumption tax: increasing the income tax and increasing public debt.

Respondents are less sensitive to changes in training programs. Providing more occupational training through the public employment services or in companies increases support for the program slightly. It is noteworthy that training provided in trade unions does not increase support for the program relative to the baseline of no changes in training. This result probably reflects the distrust of the population towards trade unions. The largest unions have been precisely accused of financing their activities illegally through funds aimed at training programs.

The target population also plays a minor role as a driver of support for policy proposals. Relative to a universal program that includes all residents in Spain, targeting the policy to members of households in which no member receives a salary or pension increases support for the reform, but only slightly.

The costs of the program are relatively unimportant at predicting support for a proposal. Although support is somewhat smaller for programs that cost 1000, 2000, or 3000 million euros relative to the baseline of 100 euros, the effect sizes are small. This result is unsurprising because respondents may be cross-pressured on this question. On one hand, respondents may not like the prospect of large new programs, which need to be funded. The conjoint experiment reminds them of the trade-offs involved by presenting alternative ways to fund the program. On the other hand, most respondents support increases in spending on unemployment benefits when asked in the abstract, omitting trade-offs. In a separate question, we asked whether spending on unemployment benefits should increase or decrease. Only 9 percent of respondents want spending to decrease, 26 percent prefer spending to stay the same, and fully 67 percent want spending to increase.

The second aim of our analysis is to establish if the importance given to the attributes varies across ideological groups and depending on the employment and risk status of the respondent. To assess variation in the effects of the attributes depending on the characteristics of the respondents, we run a linear regression model⁴ for each individual-level variable of interest, and interact every attribute with that variable.

Table 1 presents the results of linear probability models interacting respondents' ideology with each attribute. We run the interactive model discussed in Equation (2) first with self-reported ideology in the left-right scale (columns 1 and 2) as the moderating individual-level characteristic z_i and then with our measure of economic issue position (columns 3 and 4) as the moderator.

For each model, the first column displays the coefficient γ of the individual-level ideological measure z_i and the vector of coefficients β or the "main" effects of the attributes X . The second column displays the vector of interaction coefficients δ discussed in Equation (2). They are the coefficients of the interaction term obtained from multiplying the ideological variable of interest and each attribute. As usual, the estimates of interaction models should not be interpreted in isolation (Brambor, Clark, and Golder 2006; Franzese and Kam 2009).

⁴ The results of logistic regression models are provided in the supporting information.

Table 1: Attributes of the program and respondents' ideology

	Left-right self-placement		Economic issue position	
	Main coef.	Interaction	Main coef.	Interaction
Ideological variable	0.035*** (0.009)		0.167*** (0.035)	
Longer 426 euros subsidy (Ref. no change in benefits)	0.128*** (0.031)	-0.007 (0.007)	0.103*** (0.018)	-0.051* (0.026)
Increase at start	0.025 (0.031)	0.004 (0.007)	0.042** (0.018)	0.001 (0.027)
Constant benefits after 6 months	0.057* (0.033)	-0.003 (0.008)	0.048*** (0.018)	-0.022 (0.028)
Training by public services (Ref. no change in training)	0.060* (0.032)	-0.006 (0.007)	0.040** (0.017)	-0.051** (0.026)
Training in companies	0.062* (0.032)	-0.007 (0.007)	0.033* (0.018)	-0.013 (0.026)
Training in trade unions	0.045 (0.032)	-0.010 (0.007)	0.008 (0.017)	-0.058** (0.026)
Recipients only Spanish citizens (Ref. all residents)	-0.087*** (0.031)	0.016** (0.007)	-0.025 (0.017)	0.039 (0.026)
Below median salary	-0.018 (0.031)	0.004 (0.007)	-0.004 (0.018)	-0.032 (0.025)
No salary in household	0.046 (0.031)	-0.002 (0.007)	0.038** (0.018)	-0.015 (0.026)
1000 million (100 million)	-0.016 (0.032)	-0.001 (0.007)	-0.020 (0.018)	0.001 (0.026)
2000 million	0.022 (0.031)	-0.014* (0.007)	-0.031* (0.017)	-0.052* (0.027)
3000 million	0.033 (0.031)	-0.014** (0.007)	-0.023 (0.018)	-0.044* (0.027)
Indirect taxes (Ref. Education and health)	0.280*** (0.035)	-0.022*** (0.008)	0.198*** (0.019)	-0.111*** (0.028)
Consumption tax	0.419*** (0.034)	-0.027*** (0.008)	0.316*** (0.019)	-0.119*** (0.028)
Public debt	0.458*** (0.033)	-0.048*** (0.008)	0.280*** (0.019)	-0.133*** (0.029)
Police and defense	0.526*** (0.032)	-0.034*** (0.007)	0.394*** (0.019)	-0.093*** (0.029)
Constant	0.078* (0.041)		0.211*** (0.024)	
Observations	6,032		6,032	
R-squared	0.091		0.090	

*** p<0.01, ** p<0.05, * p<0.1. The entries are logistic regression coefficients with clustered standard errors in parentheses estimated from two regression models. Columns 1 and 2 correspond to a single regression model. Column 1 displays the uninteracted or "main" effects of the variables of interest and column 2 displays the coefficients of the interaction between ideology and each attribute (e.g. longer 426 euros subsidy*left-right position). Columns 3 and 4 replicate the same analysis with economic issue position as the main variable of interest. See the methods section for a discussion of the models.

Table 2: Attributes of the program and respondents' risk level

	Permanent job vs temporary job		Permanent job vs unemployed		Likelihood of losing job		Size of economic buffers	
	Main	Interact.	Main	Interact.	Main	Interact.	Main	Interact.
Risk variable	0.088*** (0.031)		0.088*** (0.031)		0.245** (0.097)		0.115*** (0.042)	
Longer 426e. subsidy (Ref. no change)	0.024 (0.030)	0.087 (0.066)	0.024 (0.030)	0.064 (0.050)	0.147 (0.090)	-0.047 (0.033)	0.071* (0.040)	-0.004 (0.012)
Increase at start	0.062** (0.031)	0.107* (0.061)	0.062** (0.031)	-0.001 (0.048)	0.070 (0.096)	-0.036 (0.031)	0.070* (0.042)	-0.009 (0.012)
Constant benefits	0.012 (0.031)	0.028 (0.063)	0.012 (0.031)	-0.076 (0.051)	0.048 (0.102)	0.001 (0.033)	0.054 (0.041)	-0.007 (0.012)
Training public services (Ref. no change)	0.010 (0.032)	-0.004 (0.068)	0.010 (0.032)	0.002 (0.051)	0.327*** (0.105)	-0.009 (0.035)	0.081** (0.040)	-0.004 (0.012)
Training in companies	-0.031 (0.030)	0.041 (0.067)	-0.031 (0.030)	0.033 (0.049)	0.089 (0.106)	-0.107*** (0.035)	0.073* (0.040)	-0.015 (0.012)
Training in trade unions	-0.027 (0.031)	0.053 (0.066)	-0.027 (0.031)	0.075 (0.048)	-0.167* (0.100)	-0.036 (0.036)	-0.009 (0.038)	-0.021* (0.012)
Recipients only Spanish (Ref. all residents)	-0.054* (0.031)	-0.046 (0.068)	-0.054* (0.031)	0.060 (0.050)	-0.065 (0.105)	0.045 (0.034)	-0.009 (0.041)	-0.005 (0.012)
Below median salary	0.014 (0.030)	0.042 (0.069)	0.014 (0.030)	0.066 (0.050)	-0.060 (0.101)	0.012 (0.035)	-0.025 (0.040)	0.002 (0.012)
No salary in household	-0.024 (0.032)	0.003 (0.065)	-0.024 (0.032)	0.026 (0.050)	0.047 (0.106)	0.033 (0.034)	-0.013 (0.041)	0.021* (0.012)
1000 million (100 million)	-0.028 (0.029)	0.079 (0.072)	-0.028 (0.029)	0.005 (0.051)	0.220** (0.102)	-0.020 (0.036)	-0.050 (0.040)	-0.001 (0.012)
2000 million	-0.014 (0.031)	0.029 (0.067)	-0.014 (0.031)	0.033 (0.050)	0.071 (0.110)	-0.089** (0.035)	-0.060 (0.041)	0.007 (0.012)
3000 million	0.207*** (0.034)	-0.038 (0.068)	0.207*** (0.034)	0.051 (0.051)	0.336*** (0.113)	-0.038 (0.037)	0.192*** (0.045)	0.013 (0.012)
Indirect taxes (Ref. Edu. and health)	0.288*** (0.032)	0.056 (0.075)	0.288*** (0.032)	-0.039 (0.055)	0.348*** (0.123)	-0.047 (0.038)	0.356*** (0.042)	0.002 (0.013)
Consumption tax	0.303*** (0.032)	0.105 (0.075)	0.303*** (0.032)	0.055 (0.052)	0.307*** (0.115)	-0.021 (0.041)	0.318*** (0.045)	-0.014 (0.012)
Public debt	0.376*** (0.033)	0.000 (0.075)	0.376*** (0.033)	-0.030 (0.053)	0.333*** (0.116)	-0.010 (0.039)	0.394*** (0.045)	-0.012 (0.013)
Police and defense	0.257*** (0.042)	-0.008 (0.073)	0.257*** (0.042)	0.046 (0.052)	0.011 (0.139)	0.011 (0.039)	0.173*** (0.055)	0.000 (0.013)
Constant	-1.067*** (0.190)		-1.067*** (0.190)		-2.251*** (0.670)		-1.447*** (0.259)	
Observations	2,576		3,224		2,836		6,032	
R-squared	0.082		0.087		0.084		0.084	

*** p<0.01, ** p<0.05, * p<0.1. The entries are logistic regression coefficients with clustered standard errors in parentheses. For each variable, the first row displays the coefficients of the attribute of interest and the second variable displays the interaction of the attribute and the individual risk variable.

We are interested in the question if the weight respondents attach to the attributes of a proposal vary systematically depending on individual level characteristics. While the models include a large number of coefficients, the main conclusion from the analysis is clear. Ideology moderates the effect of many program attributes on support for a program. This suggests that left-wing and right-wing citizens (both in terms of their self-reported ideology and their economic issue positions) differ in the characteristics that they find most important when evaluating proposals. Overall, the results are in line with our hypotheses. For instance, while left-wing respondents do not find a larger cost of a program as negative feature of a proposal, right-wing respondents are less likely to support more expensive programs. Left-wing and right-wing respondents also exhibit very different preferences about how to fund the programs.

By contrast, our results suggest that labor market position and risk profiles do not moderate the effects of program attributes on program support. Individuals with very different employment situations and at different levels of economic risk do not vary significantly in their preferences. Being unemployed, at risk of unemployment, or having no economic buffers does not make respondents more likely to place importance on characteristics of the programs.

Conclusions

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Supporting information

A. Survey and sample

The analyses are based on an original conjoint survey experiment conducted in April and May of 2014 in Spain by Netquest, a commercial company. The sample size was 1600, of which 1508 have complete information for all variables. The company employs a quota sample drawn from their pool of respondents recruited in different websites. Respondents accrue points from their participation, which they can then exchange for money. The exact amount varies depending on responses in behavioral measures. The survey contained quotas for age, sex, education, and region. The aim of this study is not to produce descriptive frequencies of variables in the population but to examine causal treatment effects across different groups and hence a fully representative sample is not required. While the sample is more left-wing than the population we have sufficient variation across relevant socio-demographic and political dimensions to compare treatment effects between groups.

Table I reports some socio-economic and political characteristics of the sample that were asked in similar ways in a survey by the Spanish Center for Sociological Research (CIS) conducted in May 2014.

Table I: Comparison of the online survey and CIS

	Online survey May 2014	CIS survey May 2014
% working (fix or temporary contract)	43	40
% unemployed	20	25
If working, not at all/very likely to lose job	75	75
If unemployed, not at all/very likely to find job	80	64
% with households income < 3000 €/month	63	60
Average position in left-right scale	3.8 (in 0-10 scale)	4.6 (in 1-10 scale)

Important for the purposes of this research, we have a large number of unemployed respondents and ample variation in the risk of unemployment across respondents. Fully 20 percent of the sample is unemployed, of which 53 percent have been so for more than two years, 20 percent between one and two years, 14 percent between six months and one year. The official unemployment rate in Spain at the moment of fieldwork was higher at 25 percent. We don't expect a full agreement for several reasons: The sample also contains inactive population such as pensioners or students; and a non-negligible number of officially unemployed people work in the black market such that the numerator is overestimated in the official figure but not in our survey which included the option of working without a contract (4 percent of respondents). Unemployed respondents were pessimistic about their prospects of finding a job. Only 20 percent report that it is very or quite likely to find a job, but 59 percent report that the likelihood of finding a job is small and 21 percent report that it is not at all likely.

Among those in employment, who make 47 percent of the sample, 72 percent have an unlimited contract, 19 percent have a temporary contract, and 9 percent have no contract. As can be expected from the dualized nature of the Spanish labor market, a large part of those who are currently employed perceive their employment to be relatively secure:

75 percent think that it is not at all or not very likely that they will lose their job and 25 percent think that this is very or quite likely. Past experiences of unemployment are relatively common. While 46 of those in employment has never been unemployed before, 23 percent has been in unemployment in the last five years and 31 has had experiences earlier.

Besides their employment status, respondents vary in respect to the economic buffers to which they have access. At the upper end, 24 declare that if for some reason they suddenly stopped receiving their regular income, they would be able to live on savings for more than one year. At the lower end, 21 percent would not be able to pay for their expenses during the first month.

When compared to the CIS survey, respondents in our survey are similar or slightly more left-wing. The mean score in our survey is 3.8, and the mean score in the 2014 CIS survey is 4.5, but the rating scales differ. While it ranges from 0 to 10 in our survey, it ranges from 1 to 10 in the CIS survey.

B. Question wording of the conjoint experiment

The conjoint experiment asked respondents to choose between pairs of policy reforms that could differ along five dimensions described in the main text. Each of the five dimensions had several attribute levels and these were fully randomized, implying that some pair of proposals could have the same attribute (e.g. both proposals could have the same cost), while varying on others. The experiment allows us to assess the influence of different possible characteristics of unemployment policies on support for a proposal of policy change. This approach allows for the non-parametric estimation of the treatment effects of each attribute, and those effects are all estimated on the same scale.

The experiment was the second question the respondents encountered in the questionnaire. They could read “There is some talk about reforming current unemployment policies. Suppose there are two proposals with the following characteristics” and after reading the two proposals, they were asked “Which proposal would you prefer?”

The attribute of each dimensions were:

Change in subsidies:

- No change
- Extends the 426 euros subsidy in 4 additional months
- Increases the benefit by 20% for the three first months of unemployment
- Maintains the benefit after the six first months

More training programs:

- No changes
- Run by the public employment agency
- In companies
- Run by trade unions

Recipients:

- All residents in Spain
- Spanish citizens

- Households with an income lower than the mean salary
- Households in which no one receives a salary or pension

Additional cost:

- 100 million euros
- 1000 million euros
- 2000 million euros
- 3000 million euros

How to pay for the reform:

- Increasing IVA (consumption tax)
- Increasing the income tax
- Increasing public debt
- Cuts in education and health
- Cuts in police, external affairs and defense

C. Results with logistic regression models

Figure i displays the estimates of the effects of attributes on support for a policy proposal with the same specification as Figure 2 in the text but using logistic regression models instead of linear models.

Figure i: Average treatment effects in the conjoint experiment, logistic regression coefficients



Note: The dots represent the effect of an attribute on the probability of choosing a proposal, as estimated from a logistic model. The bars are 95 percent confidence intervals. A point without a bar indicates the reference category of each dimension.

Tables ii and iii replicate the analyses presented in Tables 1 and 2 in the main text, but use logistic regression models instead of linear models.

Table ii: Attributes of the program and respondents' ideology

	Left-right self-placement		Economic issue position	
	Main coef.	Interaction	Main coef.	Interaction
Ideological variable	0.184*** (0.044)		0.829*** (0.164)	
Longer 426 euros subsidy (Ref. no change in benefits)	0.598*** (0.143)	-0.036 (0.032)	0.460*** (0.078)	-0.245** (0.116)
Increase at start	0.113 (0.140)	0.017 (0.031)	0.182** (0.077)	-0.003 (0.116)
Constant benefits after 6 months	0.261* (0.148)	-0.014 (0.033)	0.211*** (0.078)	-0.102 (0.121)
Training by public services (Ref. no change in training)	0.279* (0.148)	-0.030 (0.031)	0.183** (0.076)	-0.240** (0.113)
Training in companies	0.291** (0.145)	-0.035 (0.032)	0.149* (0.077)	-0.069 (0.113)
Training in trade unions	0.212 (0.145)	-0.046 (0.032)	0.043 (0.076)	-0.261** (0.115)
Recipients only Spanish citizens (Ref. all residents)	-0.393*** (0.142)	0.072** (0.030)	-0.112 (0.076)	0.173 (0.113)
Below median salary	-0.085 (0.141)	0.017 (0.031)	-0.013 (0.077)	-0.143 (0.109)
No salary in household	0.214 (0.144)	-0.013 (0.031)	0.171** (0.077)	-0.078 (0.115)
1000 million (100 million)	-0.069 (0.145)	-0.002 (0.031)	-0.088 (0.079)	0.007 (0.113)
2000 million	0.097 (0.141)	-0.058* (0.031)	-0.133* (0.076)	-0.226* (0.117)
3000 million	0.152 (0.144)	-0.062** (0.031)	-0.097 (0.078)	-0.194 (0.118)
Indirect taxes (Ref. Education and health)	1.367*** (0.173)	-0.120*** (0.037)	0.909*** (0.090)	-0.559*** (0.132)
Consumption tax	1.934*** (0.170)	-0.144*** (0.036)	1.392*** (0.088)	-0.593*** (0.131)
Public debt	2.099*** (0.171)	-0.228*** (0.037)	1.246*** (0.089)	-0.651*** (0.133)
Police and defense	2.409*** (0.169)	-0.177*** (0.036)	1.728*** (0.093)	-0.487*** (0.140)
Constant	-1.996*** (0.208)		-1.302*** (0.111)	
Observations	6,032		6,032	

*** p<0.01, ** p<0.05, * p<0.1. The entries are logistic regression coefficients with clustered standard errors in parentheses.

Table iii: Attributes of the program and respondents' risk level

	Permanent job vs temporary job		Permanent job vs unemployed		Likelihood of losing job		Size of economic buffers	
	Main	Interact.	Main	Interact.	Main	Interact.	Main	Interact.
Risk variable	-0.588 (0.439)		-0.421 (0.306)		0.384* (0.226)		0.052 (0.077)	
Longer 426e. subsidy (Ref. no change)	0.381*** (0.132)	0.403 (0.294)	0.381*** (0.132)	0.299 (0.222)	1.106** (0.433)	-0.216 (0.146)	0.503*** (0.184)	-0.018 (0.055)
Increase at start	0.107 (0.127)	0.480* (0.267)	0.107 (0.127)	-0.005 (0.208)	0.653* (0.393)	-0.162 (0.136)	0.310* (0.176)	-0.041 (0.052)
Constant benefits	0.270** (0.135)	0.134 (0.278)	0.270** (0.135)	-0.330 (0.222)	0.303 (0.429)	0.005 (0.144)	0.307* (0.185)	-0.031 (0.054)
Training public services (Ref. no change)	0.050 (0.134)	-0.015 (0.300)	0.050 (0.134)	0.015 (0.223)	0.224 (0.452)	-0.042 (0.155)	0.236 (0.181)	-0.020 (0.053)
Training in companies	0.042 (0.137)	0.188 (0.295)	0.042 (0.137)	0.149 (0.215)	1.475*** (0.476)	-0.481*** (0.158)	0.357** (0.177)	-0.068 (0.053)
Training in trade unions	-0.136 (0.129)	0.230 (0.293)	-0.136 (0.129)	0.333 (0.212)	0.406 (0.473)	-0.160 (0.161)	0.321* (0.176)	-0.090* (0.052)
Recipients only Spanish (Ref. all residents)	-0.113 (0.134)	-0.217 (0.300)	-0.113 (0.134)	0.261 (0.217)	-0.758* (0.447)	0.207 (0.152)	-0.038 (0.167)	-0.021 (0.051)
Below median salary	-0.231* (0.132)	0.183 (0.304)	-0.231* (0.132)	0.285 (0.219)	-0.309 (0.464)	0.062 (0.156)	-0.038 (0.178)	0.010 (0.052)
No salary in household	0.060 (0.127)	0.019 (0.288)	0.060 (0.127)	0.120 (0.221)	-0.268 (0.450)	0.145 (0.150)	-0.106 (0.177)	0.091* (0.052)
1000 million (100 million)	-0.105 (0.136)	0.351 (0.320)	-0.105 (0.136)	0.026 (0.226)	0.208 (0.475)	-0.088 (0.159)	-0.061 (0.181)	-0.006 (0.054)
2000 million	-0.121 (0.127)	0.127 (0.296)	-0.121 (0.127)	0.147 (0.223)	0.988** (0.462)	-0.396** (0.156)	-0.220 (0.174)	0.032 (0.051)
3000 million	-0.060 (0.132)	-0.176 (0.300)	-0.060 (0.132)	0.227 (0.226)	0.316 (0.490)	-0.166 (0.163)	-0.261 (0.178)	0.056 (0.052)
Indirect taxes (Ref. Edu. and health)	0.917*** (0.157)	0.287 (0.358)	0.917*** (0.157)	-0.141 (0.256)	1.545*** (0.541)	-0.226 (0.182)	0.873*** (0.207)	0.003 (0.060)
Consumption tax	1.246*** (0.147)	0.513 (0.365)	1.246*** (0.147)	0.257 (0.246)	1.600*** (0.581)	-0.120 (0.192)	1.546*** (0.196)	-0.061 (0.058)
Public debt	1.306*** (0.149)	0.072 (0.361)	1.306*** (0.149)	-0.098 (0.245)	1.424*** (0.551)	-0.076 (0.184)	1.388*** (0.208)	-0.055 (0.061)
Police and defense	1.616*** (0.157)	0.036 (0.361)	1.616*** (0.157)	0.239 (0.253)	1.534*** (0.566)	0.017 (0.190)	1.706*** (0.214)	-0.000 (0.063)
Constant	- 1.067*** (0.190)		- 1.067*** (0.190)		-2.251*** (0.670)		- 1.447*** (0.259)	
Observations	2,576		3,224		2,836		6,032	

*** p<0.01, ** p<0.05, * p<0.1. The entries are logistic regression coefficients with clustered standard errors in parentheses. For each variable, the first row displays the coefficients of the attribute of interest and the second variable displays the interaction of the attribute and the individual risk variable.