

Preferences for Unemployment Insurance and Labor Market Risks: over time developments in Germany and US*

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ABSTRACT

This paper examines the relationship between labor market risks and demand for social insurance. It looks at the over time variations in preferences for unemployment insurance in Germany and US and delineates the links with these and one's position in the labor market. The results suggest that rather than the type of human capital investment, occupational unemployment rate is explanatory for the demand for social insurance, along with income. Our analysis challenges the widespread association, in the literature, between higher specificity and higher social spending.

Keywords: insurance, specificity, risk, unemployment rate, social policy

JEL Classification: H55, J38, J63

1. Introduction

All advanced economies spend considerable amounts of public resources on social policies and many of the social policies have displayed substantial changes over time. One of the biggest challenges for social policy in the recent era is international integration, which is changing the economic structures and hence the need and scope of social policy. Nevertheless, social policies are still to a certain extent, determined by domestic institutional settings and political processes. And these institutions are partially shaped by people's policy preferences. Thus, the responses to the

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developments over time will vary from country to country, contingent on the social protection choices of citizens.

A major channel through which integration affects risk structures is via its impact on the labor market and its institutions. We will consider two main labor market related areas to labor market where internationalization can influence preferences; changes in income and changes in risk profiles. Although the paper does not deal with indicators of integration per se, it will try to capture the effects of it by the time element; hence the developments in labor market risks over time would be our main concern.

The paper will try to analyze the supposition that integration has increased the risks faced by skill specific workers, leading to a rise in their support for social insurance. Surely, this would be conditional on the wage differential in the pre and post integration jobs and probability of finding such a job. On the other hand, generic workers would not face such a loss, in so far as they are employed. Hence the effect of integration on demand for social protection is conditional on unemployment prospects. To see which effect is dominant for each group, we will look at developments in occupational unemployment rates and incomes. In addition, we will, particularly, emphasize the evolution of support for unemployment insurance among different groups of workers. Our argument is that the risks for both specifically and generically skilled workers might increase over time, which might induce higher support for social insurance. We will attempt to examine this recursively, by showing the effects of time on measures of job loss risk, specificity and income.

Specific skills are not perfectly transferable across firms or industries while generic skills could be easily utilized in a variety of occupations (Becker, 1964). Iversen and Soskice argued that this would lead to higher demand for social

protection by specifically skilled workers since they will be exposed to risks, which require non-market safety (Iversen and Soskice, 2001). According to the specificity literature, countries with labor markets that include a high proportion of specifically-skilled workers tend to favor more social protection. This will also bring a limited retrenchment over time, given that the comparative advantage enjoyed by such countries would necessitate protecting such skills. While, countries with a generically skilled labor force could undergo relatively higher cutbacks, since these types of workers would adjust themselves easily to the changing market conditions brought up by internationalization.

The paper will argue that workers' main risk arises from their employment prospects. The employment prospects of each type of worker will depend on the nature of skills they hold as well as the occupational security. We will claim that certain specifically skilled workers face lower risks of job loss compared to their generic counterparts. Thus, the net effect of specificity on demand for unemployment insurance is indeterminate. To this end, we will present the empirical evidence from Germany and US, which are by and large accepted as prime examples of specifically skilled and generically skilled countries respectively. Therefore, we believe that the countries chosen would be illustrative for the broader theoretical argument that the prospect of unemployment is the crucial factor in shaping the preferences for social insurance. The data is obtained from the ISSP [International Social Survey Program] surveys on the role of government and to our knowledge this paper is the first attempt to utilize all four modules.

Our results contradict the literature on the specificity-protection nexus (Iversen and Soskice, 2001; Rickard, 2006, and Mares, 2003) in which the type of human capital investment shapes the social expenditure preferences. The proposition

offered here affirms that unemployment risk differentials between specifically and generically skilled workers would be decisive. This has important policy conclusions as in any country we can find a mixture of secure and specific workers coexisting with insecure and generic workers.

The rest of the paper is as follows. Section two will summarize the existing literature and present the critiques. Section three will provide a brief outline of the labor market characteristics in Germany and United States. Section four sketches the empirical method utilized and presents the preliminary results. Section five will conclude.

2. Skill Specificity, Unemployment Insurance, and Integration

Factor specificity is attributed a central role in shaping the preferences of workers and firms over major social policy dimensions. Additionally, it determines the way and the pace by which each economy adjusts to exogenous shifts in world markets and technology by reallocating productive inputs between industries. The specificity of labor arises from human capital investment and hence skills acquired. It is presumed that in “coordinated market economies”ⁱ, labor is more specific and less mobile between firms, sectors, or industries, whereas, in “liberal market economies”, it is versatile and can move among jobs, sectors, or industries easily.

For example, it is claimed that many European countries organize their production in a way which would necessitate specific skills, whereas U.S and other Anglo-Saxon countries specialize in commodities that can be manufactured by general skills (Porter, 1990). Therefore, the insurance aspect becomes much more vital for Europe where specific skills would call for extensive protection and this protection would be supported both by employers and employees. By contrast,

demand for social insurance wouldn't be as prevalent in Anglo-Saxon nations (Mares, 2003).

Bowles and Pagano, by employing a correlation between risk and skill specificity, extend the assessment of social insurance to a global level and discuss the ways through which globalization affects the support for redistribution by intensifying the impact of specialization (Bowles and Pagano, 2003). According to their analysis, different production arrangements can lead to diverse social protection systemsⁱⁱ. The requirement of high levels of specific skills in production might result in more comprehensive welfare schemes with globalization. Nevertheless, the opposite can take place when social insurance is sacrificed. In that case specialization will be lowered as a mechanism to reduce risk and countries might reorganize their industries relying on more generic skills. The exact outcome depends on the contending effects of globalization on skill specificity, risk exposure, and cost of redistribution.

Finally, Iversen argues that the expansion in the welfare state arrangements could be explained by deindustrialization since it is the major source of risk for many workers (Iversen, 2000). Most skills acquired in manufacturing (and agricultural) occupations travel very poorly to services occupations. Even low-skilled blue-collar workers find it hard to adjust to similarly low-skilled service sector jobs because they lack something (e.g. social skills). In other words, the distinction between services and the traditional sectors represent a particularly 'thick' skill boundary in the economy. The boundary between manufacturing and services has been subject to a lot of 'traffic' in most countries since the early 1960s. Iversen states that not only are the gross figures for de-industrialization large, there is also considerable variance in this variable across time and spaceⁱⁱⁱ. And this could illuminate the dispersions in social insurance in different countries.

Above-mentioned studies mainly consider the relationship between skill levels, income, and demand for social protection, and only Iversen and Soskice establish a formal link between skill specificity and social insurance (Iversen and Soskice, 2001). Our argument differs from Iversen and Soskice in one very important aspect; we affirm that the agents are not just heterogeneous in terms of the degree of skill specificity but also in their unemployment prospects. Although, there are few studies using occupational unemployment rates in their empirical assessment, these do not investigate the over time effects (Kitschelt and Rehm, 2004; Cusack et al., 2006). There are several studies that build basic models to analyze the links mentioned above, however to our knowledge there isn't any work particularly focusing on the occupational unemployment rate and its impacts on unemployment insurance preferences over time.

In the studies establishing a link between skill specificity and social policy preference, the implicit assumption is such that skill specificity brings higher risk either because the income loss in the case of reemployment is greater compared to the case of generic skills or specifically skilled workers face larger unemployment possibilities. However, it has been argued that, on average, rates of inter-industry labor movement^{iv} tend to be higher in "coordinated" economies than they are in "liberal" economies, and these rates differ across nations within each classification as much as they vary across nations in different categories (Hiscox and Rickard, 2002). Besides, it is not apparent why the risks involved in investments in specific assets would automatically deter such investments if expected returns rise with risk. The ways through which the costs related to riskier human capital investments are distributed may vary across countries. Nevertheless, it does not lead to the conclusion that such investments are not undertaken in "liberal" economies^v.

Moreover, the implicit assumption in this framework - higher expected cost of job loss for skill specific workers - is not substantiated by empirical evidence. In a study by Lefranc, it is pointed out that the wage losses are greater for US workers compared to the workers in France in the case of displacement (Lefranc, 2003). A decline of 13 to 20% is experienced in the former case as opposed to 10% loss of previous wage in the latter. Moreover, Leonhard and Audenrode documented that displaced workers experienced no wage loss in Belgium, and Burda and Mertens found very low post-displacement wage losses in Germany (Leonhard and Audenrode, 1995; Burda and Mertens, 1998). This is because job security might not be a problem for several groups of high-skilled-specific workers. And even if these kinds of workers are displaced they could find similar jobs more easily in Europe. Hence, it is not entirely clear why risk is positively related to skill specificity, independent of skill levels, especially for industrial or occupational skills.

Unemployment insurance could be supported when there is a high risk of job loss and low probability of re-employment. Nevertheless, it is not accurate to presume that risk of job loss for a skill specific worker would be higher than a worker with general skills, because some specific workers might face low risks if the probability of job loss is low for such a group. The probability of unemployment differs between professions; some very skill specific employees have a smaller chance of getting fired compared to other workers with general skills. Even though a lawyer or a doctor will lose an enormous proportion of her income when she is employed in another sector she could be less inclined to support income insurance or protection by government simply because her job is relatively secure and carries a lower risk of unemployment. Therefore, the skill specificity is not necessarily linked with riskiness. Thus, it would be useful to incorporate job security, which could be treated as an alternative or

complementary measure of risk. In this respect, the unemployment rate could be a good proxy of job loss risk rather than specificity.

To study the effects on skill specificity and occupational unemployment rate over time, we can presume that there is change in both determinants. Shifts of jobs from traditional sectors and obliteration of jobs would unquestionably alter the unemployment rates and earnings. And due to the specific nature of certain skills some workers might face even greater losses. The important factors determining the demand for social insurance are wage, specificity, and occupational unemployment rate. Besides, the interaction of these variables with time will display the impact of internationalization.

3. Specificity and Occupational Unemployment Rate over Time in Germany and US

In the literature, it is widely affirmed that German workers invest more in specific human capital, while US workers invest more in general human capital. Also, the government in Germany assists this type of human capital investment more than the US government does (Cusack et al., 2006). While public expenditure on labor market training was 0.33% of GDP in Germany, it was 0.05% of GDP in United States in 2006. Another difference between the two countries appears in the type of the post-secondary education workers get. In Germany apprenticeship and vocational training are the main post-secondary education paths while in the U.S a college degree is the foremost choice of workers. In 2006, university graduates comprised 36% of the whole population in the U.S, and only 20% in Germany. Also, apprenticeship and job training activities continue to be minimal in the former country. Lastly, Germany has more generous unemployment benefits. In 2004, the average gross replacement rate in

Germany was 24% whereas the same was 14% in the U.S; also these numbers have been quite stagnant over time^{vi}.

The asset specificity literature claims that the specific skills are more difficult to transfer between sectors and occupations, hence sectoral and occupational mobility costs are much higher in Germany than in the US. For that reason, German workers are expected to desire greater social protection to ensure security against their losses. However, as stated earlier, the limited empirical evidence on wage losses didn't find a greater decline in Germany among displaced workers. This might indicate that the German system is successful in generating more marketable skills or that social insurance provides the workers with the opportunity to find a more suitable job. According to our argument, the occupational unemployment rates would affect workers' preferences for social insurance. Furthermore, this effect might undermine the specificity of human capital investment if workers are secure in their jobs. To perceive how specificity and occupational unemployment distributions were altered in these two countries below we will look at some descriptive statistics depicting the labor markets.

In the following section we will try to investigate the specificity and job loss risk characteristics of German and U.S employees. Four modules of ISSP surveys are used for this purpose. According to the descriptive statistics obtained from surveys, 42.3% of all German respondents are employed in a job that has specificity slightly above the sample mean^{vii}. The biggest share of the workers is employed in craft and related trades in Germany. Technicians and associate professionals, and professionals follow. The mean of skill specificity is 1.34 in the US, which is slightly lower than the sample average and most people are employed under the groups of professionals and clerks. From the histograms of skill specificity premium measure and occupational

unemployment rate, it could be clearly seen that skill specificity distribution has been quite stable over the years^{viii}. However, the occupational unemployment rate has been more concentrated in 1985 and 1990. In 1990, the occupational unemployment rate was more frequent at the lower levels of specificity whereas in 1996 and in 2006, the rate became more wide spread. This indicates that in Germany between 1986 and 2006, job loss risk has become more even for employees with different levels of asset specificity.

When we look at the histograms for the U.S, we observe that the skill specificity measure has been more diverse in earlier years, especially in 1990. In 1996, the specificity measure was more frequently observed at the medium levels, while in 2006, there was no significant change in the human capital feature of the average worker. The frequency of occupational unemployment rates have been rising from 1985 to 1990, but showed a moderate decline onwards. Nevertheless, in 2006, they have seen a rise again, and it is still more condensed at the lower end.

Now, when we turn to percentages of people asking for higher unemployment benefits, of the workers employed in a specifically skilled job and workers having different risks, we can immediately see that these vary over time. It can be noticed from Table 1 that in Germany there was an initial rise in the support for higher unemployment benefits but this has declined in 1996, and in 2006, 28.43% of people preferred higher levels. Furthermore, more and more of the respondents asked for less spending over time. Especially, there was a significant increase in the share of respondents asking for lower spending from 1996 to 2006. It should be noted that to avoid data problems that could arise from unification and because in the first survey year the unification wasn't completed, only West Germany is considered. There is a different picture in the United States, where the demand for greater benefits showed a

slight decrease between 1985 and 1996 but a rise since then. In 2006, 36.94% of people in U.S opted for higher unemployment benefits. Also, there has been a steady decline in the percentage of people preferring lower expenditures. This might be contradictory to the asset specificity explanations because U.S. is supposed to have generic skilled labor force and therefore wouldn't choose more protection. When we look at the levels of people supporting higher unemployment benefits, it could be seen that Germany had a higher percentage till 1996, however since that time the gap has declined. For people supporting less spending, U.S has always a higher percentage except 2006.

Insert Table 1

In Table 2, the specificity characteristics of the respondents are analyzed. This might give us an idea if there was a structural shift in the labor force regarding their skills throughout time in both countries. Germany experienced a decline in the most specific occupations from 1985 to 2006 and the ratio has gone to 3.11%. At the same time, there was a slow growth in the least specific jobs from 1985 to 1996, but in 2006 the ratio had declined to 7.06%. For the United States, the most specific occupations showed a decline from 4.69% in 1985 to 1.19% in 2006. The least specific jobs reached 10.85% of all jobs in 2006 from 8.65% in 1985. These numbers suggest that at least for the three year survey conducted there was a trend of a decline in specific jobs for both Germany and U.S. Even though generic skilled jobs tended to increase in Germany, there was no clear trend for the U.S. Hence, the specificity argument should be inspected more closely.

Insert Table 2

Table 3 provides the data on average occupational unemployment rates at the most and least specific jobs. For all years and both countries, most specific jobs have

a lower unemployment rate than least specific jobs. In Germany, the rate has declined from 2.8% in 1985 to 2.71% in 2006. In the U.S, the rate has increased from 1% in 1985 to 2.3% in 2006. Moreover, the least specific jobs have become more insecure in the U.S over time; especially there was a sharp rise in 1996. The average occupational unemployment rates in least specific skilled jobs in Germany have been steadier over the time period. These statistics suggest that least specific jobs tend to have a higher unemployment rate and hence people in these jobs might favor greater unemployment insurance.

Insert Table 3

4. Empirical Testing

Following the above discussion, we now attempt to test the relationship between the changes in preferences for social insurance and skill specificity. Our hypotheses are: 1) individuals with high income favor lower unemployment insurance policies. And if there is a rise in their income over time they would go for less unemployment insurance. It should be noted that income might have a positive relationship with insurance if the risk aversion is high enough; 2) individuals with more specific skills demand greater unemployment insurance and if there is an alteration in the sectoral composition over time, which will render specific skills obsolete, the demand for unemployment insurance will rise; and 3) individuals facing high job insecurity will demand greater unemployment insurance and if the job loss risk increases over time workers would prefer more social protection independent of skill type.

These hypotheses will be checked for Germany and the United States. Germany with its apprenticeship system is viewed as a country whose labor market

entails a high level of specificity and has more extensive unemployment insurance, whereas the United States with a more general education system is regarded as a generically skilled economy and has limited unemployment insurance. Given that these countries are prime examples of specific and generic labor markets respectively, the estimation results could be fairly illustrative.

We can turn to the regression estimations to test directly whether the risk patterns have changed in a way to cause an increase in welfare support, specifically unemployment insurance. The regression equation is as follows:

$$R_{it} = a w_{it} + b s_{it} + c u_{it} + \varepsilon \quad (1)$$

where R is the preference for unemployment insurance, w is income, s is skill specificity, u is the job loss risk (occupational unemployment rate), and ε is the error term. The subscripts i and t stand for country and time respectively.

To gauge skill specificity, a measure is used which is taken from Iversen and Soskice (2001) and based on the occupational classification and educational requirements of the jobs. Although there are several shortcomings to this way of computing skill specificity^{ix}, to make our results comparable with the existing studies, we employ the same skill specificity measure. To estimate risk, we introduce a measure of riskiness based on the occupational unemployment rates of workers, which might better capture the demand for social policies. This measure is derived from the information from Labor Force Surveys, which provides unemployment and employment data at the ISCO-88 3-digit level. The earnings are taken from the ISSP surveys. In the estimation the dependent variable is based on an index of preferences about unemployment insurance. The question asks whether the respondents want to

see higher government spending on several public programs. They are informed about the possible costs in terms of tax increases for choosing greater spending.

There are several control variables used in the estimation including, age, gender, union membership, labor market status (i.e. unemployed, non-employed, part-time employed, and self-employed), left-right party support, and education. Workers become usually more supportive of the welfare state as they get closer to retirement. Female workers may demand more protection than men in comparable jobs because of the generally more vulnerable position of women in the labor market. Additionally, the need for childcare could lead to greater support for public assistance. Given that the one of the main functions of a union is to insure members against risks, it is realistic to expect that union members are particularly concerned with social protection (Korpi, 1989). The unemployed will support higher income protection based on the fact that they rely on transfers as a source of income. Esping-Andersen (1999) maintains that non-employed might demand social policies if they believe these policies would help them to re-enter the labor market. The preferences of part-time employed workers can go both directions since they are the most vulnerable but at the same time they need more flexible labor markets. The self-employed are expected to favor lower levels of social protection. Being informed about policies might lead to ambiguous results. Finally, ideological orientations are important for attitudes towards social policy and we will expect left party supporters to ask for broader welfare programs.

From our analysis, we would expect a negative coefficient on wage (w), a positive coefficient on job loss risk (u), and an insignificant relationship between specificity (s) and dependent variable. Therefore, when wages rise, workers would demand lower replacement rates since they can now use their high incomes to self-

insure. Integration might bring an increase in the earnings of high skilled workers whereas it might lead to lower wages for low skilled workers. Integration can also cause severe variations in unemployment rates, especially for particular sectors and occupations, which are subjected to the effects of international integration. As opposed to the existing literature we do not expect a significant relationship between skill specificity and people's unemployment insurance preferences.

If we focus on the variables that are anticipated to change over time we will consider income, skill specificity and occupational unemployment rate variables. The results are shown in Table 4 and 5^x. With the time dummies and time interaction variables included, income is significant in every year for both countries. Occupational unemployment rate turns out to be significant for all years and each country with the exception of 3rd specification for Germany. However, skill specificity is always insignificant for Germany and U.S. This again contradicts the skill specificity arguments. When we look at the interaction variables of time and determinants of social insurance, it could be noted that the skill specificity variables remain insignificant for Germany. Moreover in Germany, for occupational unemployment and time interaction variable, the significance has been obtained in 1990, 1996, and 2006. The income and time interaction variable is significant for all years. In U.S, none of the interaction variables have explanatory power apart from the interaction variable between occupational unemployment rate and time variable in 2006.

Insert Table 4 and Table 5

These results appear to support our hypothesis that developments in support for unemployment benefits cannot be determined by skill specificity measures only. Job security is a more prominent factor for insurance demands and over time the risk

of becoming unemployed significantly influences people's preferences for social insurance at least in Germany. The income variable seems to provide evidence for a negative relationship between income and support for social insurance.

The coefficients on control variables, age, gender, labor market status, education and party affiliations have anticipated signs. The non-employed and unemployed dummies turn out to be significant for every specification for Germany. In the U.S case, unemployed for all specifications and self-employed for the last two specifications are statistically significant. Union membership variable is significant and robust for both countries. Also, party affiliation and education have high explanatory power especially for U.S.

When we look at the effect of a change of one standard deviation in the variables upon the dependent variable we see from Table 6 that labor market status, income and have the highest effects for Germany. The effect of occupational unemployment rate is greater than skill specificity alone and with time dummies for Germany. Table 7 presents the results for U.S and we can observe that party affiliation, education, income and unemployment dummy have the greatest effects. The effect of occupational unemployment rate is more than skill specificity alone and with time dummies for every specification.

Insert Table 6 and Table 7

5. Conclusion

In this paper we have attempted to present an explanation of the changes in demand for social insurance by looking at skill specificity characteristics and labor market risks. As opposed to the literature on asset specificity, we did not find a robust relationship between specificity and changes in unemployment insurance preferences.

This might arise from the fact that there is no one to one correspondence between skill specificity and job loss risk at the occupational level. Hence, highly specific and skilled workers do not automatically demand greater social protection. In previous papers, specificity is evaluated as a measure of risk; however, there is low correlation between these two determinants. Instead, occupational unemployment rate at a detailed level might capture labor market risk better. The outcome is contingent on the level of risk exposure and income for each type of worker and the joint effect of these three parameters, specificity, income, and risk, would determine the changes in the final demand for social insurance. Hence, associating the degrees of enlargement or shrinkage in social insurance programs over time to skill features of the labor force has drawbacks.

To this end, we have investigated the hypothesis that skill specificity is positively related to unemployment insurance and accordingly it would be demanded more if international integration causes skill specific jobs to be destroyed. Additionally, we have tested our hypothesis that job insecurity is central to the changes in demands for greater social protection. The over time developments depend on job security, capacity to self-insure, which is measured by earnings, and skill specificity combined with unemployment risk. In this respect, we have inspected two representative countries, United States and Germany over four survey years, 1985, 1990, 1996, and 2006 more closely.

The skill specificity variable turns out to be insignificant in all estimations when job loss risk and time interaction variables are included. Occupational unemployment rate is significant with the exception of 3rd specification. For U.S the skill specificity variable has an insignificant relationship to unemployment insurance demands. However, the occupational unemployment rate is significant and robust.

This validates our criticisms towards the asset specificity models. The preferences for social protection could not be explained on the basis of skill specificity alone, since skill specificity cannot capture the riskiness of the workers. Job loss prospectus is a better indicator and hence offers a more appropriate channel through which individual demands for social protection can be examined.

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ⁱ See Hall and Soskice, 2001 and Huber and Stephens, 2001 among others for a detailed comparison of 'coordinated' and 'liberal' market economies.

ⁱⁱ The different outcomes of globalization in labor markets in Europe and US are explained by the institutional variation.

ⁱⁱⁱ Iversen argues that there seems to be a misconception that de-industrialization is uniform across countries, and therefore cannot explain the cross-national variance in the speed of welfare state expansion.

^{iv} Hiscox and Rickard (2002) use data on changes in sectoral employment patterns to gauge the speed and extent of inter-industry labor movement over time.

^v There is an extensive literature on the growing importance of worker training in US manufacturing industries during recent decades, and the related expansion in the use of fringe benefits tied to seniority as a way to encourage longer tenure among employees once they have been trained on the job.

^{vi} Figures are taken from OECD, Benefit Systems and Work Incentives over various years.

^{vii} The sample mean of skill specificity is 1.387 and the German mean is 1.418.

^{viii} Histograms can be asked from the author.

^{ix} The measure mainly captures relative skill specificity and is derived from the occupational requirements rather than what people really has and use in their jobs.

^x The insignificant variables are not presented in the tables.

Table 1. Percentage of People Supporting More/Less Spending on Unemployment Benefits

	1985		1990		1996		2006	
	Much more and more spending	Much less and less spending	Much more and more spending	Much less and less spending	Much more and more spending	Much less and less spending	Much more and more spending	Much less and less spending
<i>Germany</i>	32.31	12.84	35.13	13.41	28.8	18.8	28.43	21.72
<i>U.S</i>	26.54	22.87	26.31	18.7	28.33	21.69	36.94	13.97

Source: ISSP (1985, 1990, 1996 and 2006)

Table 2. Percentage of People in Jobs with Specific and Generic Skills

	1985		1990		1996		2006	
	Most specific	Least specific	Most specific	Least specific	Most specific	Least specific	Most specific	Least specific
<i>Germany</i>	6.23	7.19	4.02	7.95	1.19	8.73	3.11	7.06
<i>U.S</i>	4.69	8.65	2.51	10.46	1.28	6.83	1.19	10.85

Source: ISSP (1985, 1990, 1996 and 2006)

Table 3. Average Occupational Unemployment Rates at the Most and Least Specific Jobs

	1985		1990		1996		2006	
	Most specific	Least specific	Most specific	Least specific	Most specific	Least specific	Most specific	Least specific
<i>Germany</i>	2.84	3.38	2.57	3.05	2.4	3.2	2.71	3.4
<i>U.S</i>	1	2.01	1.2	3.28	1.4	8.6	2.3	4.2

Source: ISSP (1985, 1990, 1996 and 2006)

Table 4. Support for Social Spending in Germany: 1985, 1990, 1996, and 2006

	(1)	(2)	(3)	(4)
Age	-.003** (.0009)	-.003** (.0009)	-.003** (.0009)	-.003** (.0009)
Union membership	.2** (.038)	.18** (.04)	.18** (.04)	.19** (.04)
Unemployed	.7** (.09)	.73** (.09)	.72** (.09)	.71** (.09)
Non-employed	.13** (.036)	.12** (.04)	.13** (.04)	.13** (.04)
Education	-.01 (.009)	-.02* (.009)	-.03* (.009)	-.02* (.01)
Income	-.03** (.004)	-.03** (.004)	-.01* (.004)	-.02* (.005)
Skill Specificity	.02 (.03)	.01 (.03)	.01 (.03)	.01 (.03)
Occ. Unemp.	.2* (.08)	.3** (.09)	.02 (.1)	.2* (.07)
Skill Specificity (1985)	-.009 (.01)			
Skill Specificity (1990)		.02 (.01)		
Skill Specificity (1996)			.04 (.08)	
Skill Specificity (2006)				.03 (0.7)
Occ. Unemp. (1985)	-.08 (.24)			
Occ. Unemp. (1990)		.45* (.16)		
Occ. Unemp. (1996)			.4* (.16)	
Occ. Unemp. (2006)				.4* (.14)
Income (1985)	-.01* (.008)			
Income (1990)		-.01* (.006)		
Income (1996)			-.03** (.007)	
Income (2006)				-.02* (.006)
Pseudo R-square	.16	.17	.15	.17
N	7219	7219	7219	7219

Estimates are ordered probit estimates. Standard errors are in parentheses.

p* = .05, p** = .01

Table 5. Support for Social Spending in US: 1985, 1990, 1996, and 2006

	(1)	(2)	(3)	(4)
Union membership	.14**	.13*	.15*	.14*
	(.06)	(.06)	(.06)	(.05)
Self-employed	-.06	-.08*	-.09*	-.08*
	(.05)	(.05)	(.05)	(.05)
Unemployed	.6**	.6**	.6**	.6**
	(.13)	(.13)	(.13)	(.13)
Party Affiliation	-.15**	-.16**	-.15**	-.16**
	(.02)	(.02)	(.02)	(.03)
Education	-.08**	-.07**	-.08**	-.08**
	(.02)	(.02)	(.02)	(.02)
Income	-.03**	-.03**	-.03**	-.03**
	(.006)	(.007)	(.006)	(.006)
Skill Specificity	.01	.07	.1	.08
	(.04)	(.06)	(.05)	(.06)
Occ. Unemp.	.8*	1**	1**	.9**
	(.3)	(.3)	(.3)	(.3)
Skill Specificity (1985)	-.01			
	(.03)			
Skill Specificity (1990)		.005		
		(.02)		
Skill Specificity (1996)			.02	
			(.03)	
Skill Specificity (2006)				.03
				(.05)
Occ. Unemp. (1985)	-.4			
	(.4)			
Occ. Unemp. (1990)		.2		
		(.5)		
Occ. Unemp. (1996)			.27	
			(.44)	
Occ. Unemp. (2006)				.3*
				(.5)
Income (1985)	-.01			
	(.01)			
Income (1990)		-.001		
		(.009)		
Income (1996)			-.002	
			(.001)	
Income (2006)				-.003
				(.01)
Pseudo R-square	.33	.31	.34	.32
N	4762	4762	4762	4762

Estimates are ordered probit estimates. Standard errors are in parentheses.

p* = .1, p** = .05, p*** = .01

Table 6. Marginal Effects at Sample Means for Germany

	(1)	(2)	(3)	(4)
Age	-.03	-.05	-.05	-.05
Gender	.03	.02	.04	.04
Union membership	.08	.06	.06	.06
Part-time employment	.02	.01	.02	.02
Self-employed	-.03	-.01	-.03	-.03
Unemployed	.12	.12	.12	.12
Non-employed	.07	.06	.06	.06
Party Affiliation	-.02	-.03	-.02	-.02
Education	-.02	-.04	-.04	-.04
Income	-.11	-.13	-.05	-.12
Skill Specificity	.01	.01	.01	.01
Occ. Unemp.	.05	.06	.007	.06
Skill Specificity (1985)	.02			
Skill Specificity (1990)		.03		
Skill Specificity (1996)			.05	
Skill Specificity (2006)				.04
Occ. Unemp. (1985)	.08			
Occ. Unemp. (1990)		.07		
Occ. Unemp. (1996)			.08	
Occ. Unemp. (2006)				.07
Income (1985)	.03			
Income (1990)		-.08		
Income (1996)			-.04	
Income (2006)				-.07

Table 7. Marginal Effects at Sample Means for US

	(1)	(2)	(3)	(4)
Age	-.02	-.03	-.02	-.02
Gender	.02	.02	.02	.02
Union membership	.05	.04	.05	.05
Part-time employment	.02	.02	.02	.02
Self-employed	-.02	-.04	-.03	-.03
Unemployed	.09	.09	.09	.09
Non-employed	.04	.04	.04	.04
Party Affiliation	-.2	-.16	-.15	-.15
Education	-.1	-.15	-.1	-.1
Income	-.1	-.15	-.15	-.15
Skill Specificity	.04	.05	.05	.05
Occ. Unemp.	.08	.09	.07	.07
Skill Specificity (1985)	.02			
Skill Specificity (1990)		.02		
Skill Specificity (1996)			.01	
Skill Specificity (2006)				.02
Occ. Unemp. (1985)	.05			
Occ. Unemp. (1990)		.04		
Occ. Unemp. (1996)			.07	
Occ. Unemp. (2006)				.08
Income (1985)	-.08			
Income (1990)		-.04		
Income (1996)			-.03	
Income (2006)				-.04