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Support for conditional unemployment benefit in European countries: the role of income inequality

Introduction

Over the last two decades, changes in European welfare states have reduced access to universal protection schemes, increased means-testing and the conditionality of benefit provision, and placed greater emphasis on individual responsibility (Blekesaune, 2007, Brady and Lee, 2014, Jensen *et al.*, 2017). Public opinion on these themes is of particular relevance, since mass preferences can influence welfare states' policy making (Brooks and Manza, 2006). Welfare cuts can be justified in many ways. One of the arguments is austerity, but another is legitimacy. The latter strategy includes framing welfare reform in terms of the (un)deservingness of welfare recipients, as this can be a powerful tool to garner public support for welfare state retrenchment (Slothuus, 2007). It is indeed much easier to justify cuts to welfare generosity if the beneficiaries are deemed undeserving of help. The question then is to define who is deserving and who is not. According to the literature (van Oorschot, 2000), the public use five criteria to define deservingness and, consequently, the conditionality to which public support is subject: the recipients' level of need, their attitude (i.e., gratefulness), the level of control over neediness (their responsibility for it), the reciprocity of giving and receiving, and, finally, the criterion of identity, or in other words, the similarity or proximity between the providers of public support (the taxpayers) and the people who should receive it (van Oorschot, 2000). The closer benefit recipients are considered to be, (i.e., the more they belong to the same in-group), the more people will be willing to help them.

We argue that the operation of these criteria at the micro-level can be affected by macro-level variables. Specifically, we focus on the structure of income inequality. The latter is an indicator of the social distance between welfare recipients and taxpayers and may be primarily linked to the identity criterion. Income inequality has been often considered in studies on attitudes towards the welfare state or welfare policies (see, e.g., Dallinger, 2010, Dion and Birchfield, 2010, Finseraas, 2009, Jaeger, 2013, Schmidt-Catran, 2014). More generally, numerous comparative public opinion analyses linked popular attitudes to economic conditions and welfare institutions (Arts and Gelissen, 2001, Blekesaune, 2007, Dallinger, 2010, Jaeger, 2006a, Jaeger, 2009, Jaeger, 2013, Kenworthy and McCall, 2008, Nauman *et al.*, 2016, Schmidt-Catran, 2014, Svallfors, 1997). We focus our attention on attitudes toward the conditionality of benefits targeting a specific needy group, the unemployed, and analyse their relationship with the distribution of income.

We add to previous literature in three ways. First, there are few comparative studies on attitudes towards conditionality of public support. Our study is both comparative and longitudinal, and also one of the few using three waves of the European Values Study, covering almost twenty years and thirty countries. Second, to the best of our knowledge, this is the first study that relates the structure of income inequality and attitudes towards conditionality, and, as we argue in the theoretical section, there are good reasons to investigate such a relationship. Third, the estimation method we applied to measure the effect of income inequality is more robust than standard comparative analyses because it makes it possible to remove much of the between-country heterogeneity.

The article is organized as follows. The following section sets out the theoretical background that informed our analysis, and reviews some of the relevant empirical studies. The research hypotheses are stated at the end of this section. In the subsequent section, we describe the data

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3 and the analytic strategy applied to them. We then present the research findings and, lastly,
4 discuss their implications in the concluding section.
5

6 **Theoretical background: deservingness and income inequality**

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9 Social solidarity consists in sharing welfare responsibilities among the members of a particular
10 community, based on a principle of redistribution: a share of some members' resources is placed
11 at the disposal of public institutions in order to satisfy the social needs of other members (Dougan
12 and Spaventa, 2005). In general, people support welfare state institutions that pool social risks and
13 redistribute resources between groups because of a moral argument¹, i.e., because they think that
14 society has an obligation to care for the most vulnerable (Mau, 2004). However, even invoking the
15 more elevated human motives of generosity, this does not imply that solidarity has to be
16 unconditional (Bowles and Gintis, 2000). Rather, solidarity is usually conditional on the fulfillment
17 of a few *deservingness criteria* by people in need. According to van Oorschot (2000), five criteria
18 define the deservingness of receiving public assistance: 1) *control* (people's responsibility over
19 their neediness): the less control, the more deserving; 2) *need*: the greater the level of need, the
20 more deserving; 3) *identity* (proximity of recipients to the providers of solidarity): the more similar
21 to "us" the needy are, the more deserving; 4) *attitude* (recipients' attitude towards support or
22 gratefulness): the more compliant, the more deserving; 5) *reciprocity* (the degree of reciprocation
23 or having earned support): the more reciprocation, the more deserving.
24

25
26 As regards recipient categories, previous research (Frederiksen, 2015, van Oorschot, 2000, van
27 Oorschot, 2006) has shown that the public considers the elderly, closely followed by the sick and
28 disabled, to be most deserving, as they generally meet three criteria: control, identity and
29 reciprocity (and often the other two as well). The elderly cannot control their aging, they are
30 usually perceived "like us" and they generally contributed with their past work to the welfare
31 system. Conversely, the unemployed find it harder to earn deservingness. Despite the negative
32 financial and health consequences of unemployment (Bambra and Eikemo, 2009, Bambra and
33 Eikemo, 2015), there are contrasting opinions about public financial support for the unemployed.
34 When it comes to providing them with state financial help, unemployment is often considered as
35 an individual fault. The reason behind this judgment is the idea that being unemployed (and
36 persisting in that status) implies some voluntary component (*control criterion*). Therefore, the
37 granting of unemployment benefits is subject to the unemployed individual's observable efforts to
38 re-enter employment.
39

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41 On the other hand, refusing a job that might end the individual's state of need is viewed as a
42 violation of the *reciprocity norm* that imposes specific requirements on the beneficiaries of public
43 assistance (Bowles and Gintis, 2000, Mau, 2004). Moreover, the unemployed, unlike the elderly,
44 did not earn enough credit toward society with their past work.

45
46 Finally, the unemployed face stronger conditionality for the support they receive because they fail
47 with regard to the *identity criterion*. As they are often the object of stigmatisation (for the reasons
48 just mentioned), they are likely to be excluded from the group. Thus, it becomes difficult for the
49 public to identify with them, since the concept of identity is linked to belonging to a social group
50 (Epstein, 1978). In this regard, previous research showed that being unemployed at present,
51 expecting to become unemployed in the near future, or having family members or close friends
52 with unemployment experience, lower the risk of blaming unemployment on the individuals
53 themselves (Furåker and Blomsterberg, 2003). In other words, direct and indirect experience of
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56 ¹ There is also a literature that views support for welfare as based on rational-choice arguments (see for example
57 Jaeger, 2006b, Rehm 2009). Even in this case, solidarity does not necessarily have to be unconditional.
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3 unemployment make people more likely to identify with the unemployed, thus influencing their
4 attitudes toward them positively. However, it should be stressed that it is not enough to have
5 some contact with the unemployed. To meet the identity criterion, the unemployed have to be
6 recognized as being similar to “us”, that is, they should be considered as members of our personal
7 in-group area (De Swaan, 1988). The latter can be defined by kinship relations or by place of
8 residence, or more generally, by “certain identity-group, like ‘our family’, ‘our town’, ‘our church’,
9 ‘our people’” (van Oorschot, 2000).

10
11 To summarize, the literature shows that control, reciprocity and identity criteria have the greatest
12 influence on people’s opinions about the conditionality of unemployment benefits, as these
13 criteria are especially salient when the public thinks of the unemployed. By contrast, need and
14 attitude do not feature prominently in the public’s view, at least when comparing the
15 deservingness of the unemployed with other social categories (Larsen 2008).

16
17 Our main argument in this article is that macro-level variables can affect public support for
18 conditional unemployment benefits because they alter the deservingness of the unemployed
19 through the operation of the criteria discussed above. The focus of our investigation is the
20 influence of the structure of income inequality on the operation of one of the deservingness
21 criteria: identity. We consider that the in-group, in this case, is defined by the level of income,
22 which is relevant for identifying different social strata. Indeed, income inequality can be thought
23 of as a measure of the social distance among individuals and groups (Brown and Langer, 2016).
24 Therefore, the higher the income gap, the higher the social distance between individuals and
25 groups, and the lower the proximity of the majority with the unemployed who in turn are less
26 likely to be considered “like us”. This is the central assumption of our study and is consistent with
27 the so-called “empathy gulf” concept (Shapiro, 2002, 119), according to which extreme inequality
28 creates such a distance between the rich and the poor that it becomes impossible or very difficult
29 for the former to imagine that they themselves (or their children) could be in need in the future
30 and thus prevents them from empathizing with the poor or other disadvantaged groups such as
31 the unemployed.

32
33 To the best of our knowledge, there are no studies that directly analyse the relationship between
34 the structure of income inequality and attitudes towards the conditionality of unemployment
35 benefits. We are aware of only one study (Paskov, 2015) on income inequality and *generalized*
36 social solidarity, i.e., not specifically targeted to the unemployed, based on European Social Survey
37 data, whose findings show that increasing income inequality is positively correlated with solidarity.
38 Notwithstanding the absence of specific studies, work on how changing income structures impact
39 on welfare state attitudes features prominently in political economy and sociology. This strand of
40 research focuses mainly on the relationship between income inequality and attitudes towards
41 redistribution or, more generally, welfare attitudes (Corneo and Grüner, 2000, Dallinger, 2010,
42 Dion and Birchfield, 2010, Finseraas, 2009, Jaeger, 2013, Lupu and Pontusson, 2011, Osberg *et al.*
43 2004, Schmidt-Catran, 2014; Shapiro 2002). Though this literature generally assumes that self-
44 interest is at the root of the relationship between income inequality and welfare attitudes, it does
45 not rule out the possibility that other (altruistic) motives may underlie it. Specifically, a few
46 authors (Lupu and Pontusson, 2011) hypothesize that changes in income distribution alter the way
47 some citizens (e.g., the median voter, the middle class) perceive their social affinity with other
48 citizens (the poor, the unemployed) and hence become more or less inclined to support welfare
49 policies. Our study fits into this kind of interpretation of the changing income structure.

50
51 We connect income inequality and identity criterion, drawing on previous literature that sees
52 income inequality as an indicator of social distance. We cannot test the mechanism empirically
53 and therefore cannot rule out that inequality also influences the operation of the other
54 deservingness criteria. We believe that the only other operating mechanism could be the need
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3 criterion, as growing inequality translates into an increase in *relative* poverty rates. However, the
4 public considers the state of need much more in absolute rather than relative terms (Castell and
5 Thompson, 2007, Hall et al., 2014). Therefore, the distance in living conditions among income
6 groups should primarily capture the identity criterion. Of course, other macro level variables
7 associated with income inequality may capture different mechanisms or deservingness criteria.
8 Our study is not intended to investigate the influence of all such macro level variables. However,
9 we have to take them into account as potential confounders of the relationship between the
10 inequality structure and the operation of the identity criterion. We discuss them below.

11 First, the diversity of the population in terms of *ethnic composition* is a component of the social
12 context's heterogeneity and, thus, may affect the identity criterion in particular. Ethnic
13 composition makes it difficult for citizens to see their fellow citizens of a different ethnic, cultural
14 or racial background as part of 'us' (Janmaat and Braun, 2009). As a consequence, citizens of the
15 ethnic majority are less inclined to offer social assistance and to feel solidarity with citizens of the
16 ethnic minorities (Rapp, 2017, Römer, 2017). However, diversity in ethnic composition often
17 overlaps to some extent with differences in income. Thus, income inequality may actually conceal
18 ethnic diversity which fosters opposition to redistribution towards the poor and the unemployed
19 because most citizens hardly identify with them and consider the poor (or the unemployed)
20 themselves responsible for being needy (Alesina and Glaeser, 2004, but see Brady and Finnigan,
21 2014 for a critique and different findings).

22 Second, the general level of unemployment can affect the structure of income inequality and relax
23 the strictness of the control criterion. The higher the unemployment rate at a certain time, the
24 less control the unemployed can have over their state of need. For this hypothesis, previous
25 research reached mixed conclusions. The findings by Blekesaune and Quadagno (2003) and Fraile
26 and Ferrer (2005), both based on International Social Survey Program data, are consistent with the
27 idea that the working of the control criterion is moderated by the unemployment rate. The latter
28 is positively associated with attitudes to state involvement in helping the unemployed, and
29 negatively associated with support for cuts on spending on unemployment benefits. On the other
30 hand, van Oorschot and Meuleman (2014) showed that unemployed deservingness in Europe is
31 not affected by the unemployment rate. Rather, they found that the policy and cultural contexts
32 matter. An earlier study (Fridberg and Ploug, 2000), based on Eurobarometer data and just seven
33 countries, also highlighted the weak or low significance of unemployment rates for public
34 attitudes towards the unemployed.

35 Lastly, the social solidarity model prevailing in a given area can significantly determine the level of
36 inequality and also affect the operation of deservingness criteria. An important characteristic of
37 welfare institutions is precisely that of the conditionality of the help provided to citizens, framed
38 by the welfare regimes' degree of generosity and degree of universalism or selectivity. According
39 to Larsen (2008), generosity and universalism are two key dimensions of the welfare regimes'
40 social solidarity models that impact on perceptions of identity. Generosity in particular influences
41 the identity criterion because it leads to fewer differences between the bottom of society and the
42 majority. As a consequence, the bottom can fulfil the identity criterion more easily. In general,
43 over the last twenty years, welfare states have changed the levels and conditions for social
44 assistance, putting increased emphasis on individual responsibility (Esping-Andersen, 2002,
45 Pierson, 2001, van Berkel and Valkenburg, 2007, Hemerijck, 2013, Marx and Schumacher, 2016.).
46 There has thus been a shift of policy-making orientations towards the so-called "activation
47 paradigm" (Serrano and Magnusson, 2007) that sets different goals for labor market and social
48 policies. The goal of activation policies becomes that of increasing labor market entry and
49 participation in order to prevent social exclusion and welfare dependency. To do so, according to
50 the proponents of such policies, options for labor market exit and unconditional benefit receipt by
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3 members of the working-age population should be removed as far as possible (Eichhorst and
4 Konle-Seidl, 2008).

5 Welfare restructuring and rise of “activation” has affected the relative importance of
6 deservingness criteria applied to welfare recipients. In the case of the unemployed, shifting the
7 focus from structural to individualized explanations of unemployment and the major impetus
8 given to the activation strategy made the criteria of control and reciprocity far more important
9 (Frederiksen, 2015).²

10
11 The theoretical framework underpinning our investigation is summarized by the following scheme
12 (Figure 1). As can be seen, income inequality influences support for conditional unemployment
13 benefit mainly through the operation of the identity criterion (although the need criterion cannot
14 be completely ruled out). The other macro-level variables are connected to the operation of
15 identity and other deservingness criteria, namely control and reciprocity. These macro-level
16 factors enter in the model as they affect or are connected with income inequality.
17

18
19 Figure 1. Macro- and micro level factors affecting support for conditional employment benefit.

20
21 [Figure 1 here]
22
23

24 *Research questions and hypotheses*

25
26 In the light of the theoretical background outlined above, we are interested in the relationship
27 between the structure of income inequality and attitudes toward conditional unemployment
28 benefits from a comparative perspective. The structure of income inequality is captured by several
29 interrelated indicators. We hypothesize that a distribution of income whereby the middle part of
30 society becomes more distanced from the bottom part fosters stronger conditionality (H1), while
31 an increase in the distance between the middle and the upper part results in less support for
32 conditionality (H2). Moreover, an increase in income dispersion in the lower part relative to the
33 upper part of the distribution should lead people to be more inclined to support conditional
34 unemployment benefits (H3). The mechanism underlying these relationships is connected with the
35 identity criterion of deservingness. In the event of a change in the structure of income inequality
36 like that we have just mentioned, the middle classes become more similar to the upper rather
37 than to the lower classes, so the social distance grows larger, making it more difficult for the
38 majority of people to feel a shared identity with the groups who are to be supported. Since they
39 hardly identify with the unemployed, people are more likely to develop negative attitudes towards
40 them and to agree on strict conditionality for providing financial assistance.
41

42
43 As discussed above, we took other variables into account that may affect income inequality but
44 are associated with different deservingness criteria (namely, unemployment rate and stock of
45 migrant population). These variables were included simply as a control to check that income
46 inequality does not capture mechanisms other than identity. Among relevant macro-level control
47 variables, we could not include welfare state measures because adequate data (e.g., expenditure
48 for unemployment benefits) are not available for the range of countries and time points we cover.
49 We then consider welfare regime only for a descriptive analysis based on a classification of
50 countries' welfare state types (see below). We are interested in how welfare regimes, as
51 representing different social solidarity models, shape citizens' attitudes toward conditionality. We
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55 ² The influence of policy reforms on public opinion does not of course rule out the other possibility, viz., that public
56 opinion influences policy reform according to the so-called *policy feedback* effect (Mettler and Soss, 2004, Pierson,
57 1993, Van Oorschot and Meuleman, 2014).
58

would expect the public to be more supportive of conditionality in welfare regimes that provide financial help to the unemployed at particularly severe conditions.

Data, variables, and method

Micro-level data

This study uses three waves (1990, 1999, 2008) of the European Values Study (EVS). In order to leverage the macro-level longitudinal dimension of these data, we selected only countries present in at least two waves. In all, we have 30 countries and 81 country-waves (see Appendix for details). The dependent variable is a question dealing with the unemployed and the conditionality of their entitlement to financial assistance. Respondents were asked to place their opinion on a 1-10 scale whose extremes are the following statements: "People who are unemployed should have the right to refuse a job they do not want" (1) "People who are unemployed should have to take any job available or lose their unemployment benefits" (10)³. For simplicity, we treat this variable as numerical in the regressions, whereas for the descriptive analysis we recoded it as a dummy (1=support for conditionality, which collapses together scores 6-10).

Since our study focuses on macro-level factors, micro-level variables predicting respondents' opinion are used here only as controls for compositional effects across nations and waves. We selected basic socio-demographic characteristics such as age (6 categories), gender, years of formal education, employment status (employed, retired, out of labor force, unemployed), and a dummy for married people⁴. For a few robustness checks, we also selected individual's religious denomination, interpersonal trust and left-right political orientation.

Macro-level data

The main independent variables at macro-level are three measures of the structure of income inequality. Synthetic measures like the Gini index cannot adequately capture the distance between specific income groups. Thus, following Lupu and Pontusson (2011), we computed the ratio of the third quintile (Q3) to the first quintile (Q1) income share – representing the distance between the middle class and the lower class – the ratio of the fifth quintile (Q5) to the third quintile income share – representing the distance between the upper class and the middle class, and finally the ratio of these two ratios. Lupu and Pontusson use a very similar measure, based on percentiles, which they call *skew* $[(P90/P50)/(P50/P10)]$. Our third measure is conceptually very similar although based on quintile income shares (the only available data): it is the Q3/Q1 ratio divided by the Q5/Q3 ratio. We call it *reverse skew* because we reversed the numerator and denominator of the skew measure in order to make the expected sign of this variable's coefficient positive. When the reverse skew increases, it means that the distance between the middle and lower classes becomes larger relative to the distance between the upper and middle classes. In the rest of the article, we refer to this measure as *relative social distance* or reverse skew. The data to compute these measures summarizing income structure come from the World Income Inequality Database (WIID, version 3.4; UNU-WIDER 2017). This variable's values, one year lagged with respect to survey year, were matched to each country-wave⁵. Other variables we consider are the unemployment rate, the GDP per capita and the stock of migrant population. The first

³ In the original data this variable is reverse coded.

⁴ We avoided using information on occupation because it was not consistently collected across waves.

⁵ As WIID provides more than one estimate for each income inequality measure, we computed an average for each yearly observation. We excluded values based on earnings and selected those referring to consumption or income. Moreover, we computed averages only on high and average quality data, except for five cases for which only low quality data were available (BG, CZ, ES, SE in wave 1; CZ in wave 2).

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3 captures the availability of job opportunities in the labor market and at the same time is positively
4 correlated with the level of income inequality. We retrieved data on unemployment from the
5 International Labor Organization database. The second of these additional variables, GDP per
6 capita, indicates a country's standard of living. It was included because citizens of richer nations
7 can more easily afford to help the unemployed and hence to impose less conditionality. At the
8 same time, changes in GDP may go hand in hand with changes in income inequality. Data on GDP
9 (at purchasing power parity) were taken from the Penn World Table (version 8.0, see Feenstra *et*
10 *al.*, 2015). Finally, to account for the possibility that the structure of income inequality conceals
11 ethnic diversity, we included in our analysis the stock of migrant population as a percentage of
12 total population. Data on migrant population come from the United Nations database (United
13 Nations, 2015)⁶.
14
15

16 *Analytic strategy*

17 To introduce the empirical evidence, we first present a descriptive analysis of aggregate data on
18 support for conditionality by country and wave (Table 1). We also grouped countries by welfare
19 regime type in order to highlight possible variations in attitudes linked to institutional differences.
20 We followed the conventional classification of welfare regimes revised by Arts and Gelissen (2002)
21 and added a fifth category comprising all the former socialist countries⁷.

22 To investigate the relationship between the structure of income inequality and support for
23 conditionality, we performed a multilevel analysis. Our data, in fact, present a multilevel structure
24 where respondents are nested in country-waves and the latter in countries. Although this is not
25 the only structure that can be assumed (cross-classified models would theoretically apply as well⁸),
26 it is the one that preserves much of the complexity of the data while facilitating estimation, given
27 the low number of waves. Thus, we followed the modeling approach suggested by Fairbrother and
28 Schmith-Catran (see Fairbrother, 2014, Schmidt-Catran and Fairbrother, 2015). A crucial feature of
29 this approach is the treatment of macro-level variables that are entered in the regressions in two
30 forms: as *between* and *within* components. The between component is the country-specific
31 average of a macro-level variable over different waves. The within component is the variable's
32 deviation from the country-specific average in each wave. The two components are, by
33 construction, uncorrelated. An interesting feature of entering macro-variables in this way is that
34 the within component, as in a panel data fixed-effects model, captures the effect of a macro-level
35 variable netting out the between-country time-invariant heterogeneity (e.g., differences in history,
36 institutions and long-term cultural aspects). Therefore, the estimation of societal contextual
37 effects is much more robust than in standard cross-sectional analyses. In the regression models,
38 we also included dummies for survey waves in order to control for any generic time trend that is
39 common across countries.
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45 **Results**

46 *Descriptive analysis*

47 Looking at Table 1, several points can be made. First, on average a majority of the public in Europe
48 supports conditionality for unemployment benefits, thus confirming ideas about popular
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52 ⁶ For the correlation matrix between macro level data see the Appendix.

53 ⁷ This classification has already been applied empirically in the field of deservingness perceptions by van Oorschot
54 (2006).

55 ⁸ It was also possible to consider individuals nested simultaneously in both countries and year. In this way, the lower
56 level units would not belong to one and only one higher level unit. Rather, lower level units would belong to a
57 combination of higher level units formed by crossing country and wave, and, thus, do not allow a strict hierarchy.
58

deservingness perceptions and the strength of the control and reciprocity criteria. Second, there has been a convergence across nations towards conditionality. In 1990, the range of average support was 25%-85% (mean = 62%), whereas in 2008 the range shrank to 44%-80% (average = 64%). In 2008, only two countries (Russia and Ukraine) have a majority of citizens supporting the right to refuse an unwanted job. Third, institutional arrangements, and welfare regimes in particular, show considerable variation across countries in each group, and thus do not seem to have a clear and meaningful influence.

At the beginning of the observation period, the lowest values of support for conditionality were found among former socialist countries (just in the aftermath of the collapse of communist regimes) as well as in liberal countries (UK and Ireland), while Scandinavian countries displayed the highest values, with corporatist and Mediterranean countries slightly below. Thus, it could not be said that public opinion reflected the institutional welfare arrangements prevalent in their nations. The degree of welfare state generosity (highest among Scandinavian and lowest among former socialist countries) seems to positively correlate with public support for conditionality. However, this is exactly the opposite of what Larsen (2008) predicted. By 2008, most former socialist countries moved toward majoritarian levels of support for conditionality, yet they remain the group with the lowest values on average. The same positive trend can be found in the UK and Ireland. Conversely, the trend has been negative in Scandinavian countries, where conditional unemployment benefits receive *less* support than in the past, although they still represent the preferred option for most citizens. Finally, in corporatist and Mediterranean countries, changes across time have been less predictable. In 2008, these countries show a high level of support for conditionality on average, but there is substantial variation within these groups (see, e.g., France vs. Germany and Greece vs. Italy). Therefore, the trend toward more conditionality, displayed by many countries except for Scandinavia, could be understood in the light of the activation turn, evident in many European nations as well as at the EU level. As pointed out above, this change in policy making might have altered the relative importance of control and reciprocity criteria among the public. Overall, descriptive results show that findings by regime type vary very little, particularly in the last period, whereas the outcomes by country within each welfare regime differ considerably.

Table 1. Average support for (% agreeing with) conditional unemployment benefits in Europe, by country, type of welfare regime and EVS wave.

Type of welfare regime and country	EVS wave		
	1990	1999	2008
<i>Corporatist regime</i>			
Austria	79	76	72
Belgium	63	60	68
France	68	68	50
Germany	62	67	74
Netherlands	60	53	68
Luxembourg		74	72
<i>Average corporatist countries</i>	<i>66</i>	<i>66</i>	<i>67</i>
<i>Std. dev. corporatist countries</i>	<i>6,8</i>	<i>7,9</i>	<i>8,1</i>
<i>Mediterranean regime</i>			
Greece		51	58
Italy	76	81	80
Portugal	67	65	72
Spain	66	71	58

1				
2				
3	<i>Average Mediterranean countries</i>	70	67	67
4	<i>Std. dev. Mediterranean countries</i>	4,5	10,9	9,4
5	<i>Liberal regime</i>			
6	Ireland	54	50	64
7	United Kingdom	52	62	74
8	<i>Average liberal countries</i>	53	56	69
9	<i>Std. dev. liberal countries</i>	1,0	6,0	5,0
10				
11	<i>Scandinavian regime</i>			
12	Denmark	65	62	63
13	Finland	84	56	60
14	Iceland	72	63	66
15	Norway	83		74
16	Sweden	75	78	68
17				
18	<i>Average Scandinavian countries</i>	76	65	66
19	<i>Std. dev. Scandinavian countries</i>	7,1	8,1	4,7
20				
21	<i>Former socialist regime</i>			
22	Belarus		50	54
23	Bulgaria	34	55	68
24	Croatia		61	60
25	Czech Republic	70	64	73
26	Estonia	32	37	56
27	Hungary	53	69	75
28	Latvia	25	49	50
29	Lithuania	48	53	59
30	Poland	62	71	63
31	Romania	51	56	60
32	Russian Fed.		44	46
33	Slovak Republic	55	65	75
34	Slovenia	85	78	78
35	Ukraine		42	44
36				
37	<i>Average former socialist countries</i>	52	57	62
38	<i>Std. dev. former socialist countries</i>	17,3	11,5	10,7
39				
40				
41	Min	25	37	44
42	Mean	62	61	64
43	Max	85	81	80
44	Std. dev.	15,5	11,1	9,4
45				

Source: our calculations from the European Values Study, longitudinal database

A first indication of the relationship between the structure of income inequality and support for conditionality comes from simple scatterplots of aggregate data. The upper part of Figure 2 (graphs A, B, C) shows the associations between the measures of income inequality and aggregate support, averaging values across EVS waves (each data point representing a country). The relationships are in the expected directions, but they appear weak and influenced by a few outliers. Specifically, we see that in countries where the income distance between the middle and lower class (Q3/Q1 ratio) is higher, support for conditionality tends to increase, albeit very modestly (graph A). In countries where the income distance between the upper and middle class

(Q5/Q3 ratio) is larger, support for conditionality tends to decrease (graph B). When the relative social distance between income groups (reverse skew) is higher, the public tends to be more in favour of conditionality (although here there is an evident outlier country, i.e., Norway). The lower part of Figure 2 (graphs D, E, F) shows the associations between *variations* in income inequality and within-country *deviations* of aggregate support from the country averages (each data point representing a country-wave). Graph D displays a strong and positive (i.e., expected) association: when the income distance between the middle and lower classes becomes higher within nations, support for conditionality tends to increase. Graph E displays a less tight and positive (i.e., unexpected) association: when the distance between the upper and middle classes increases, support for conditionality tends to rise. Finally, Graph F shows a weak and positive (i.e., expected) association between our relative social distance measure and support for conditionality. All these bivariate associations will be checked with multivariate models that control for macro-level confounding variables and compositional effects at micro-level.

[Figure 2 here]

Multivariate analysis

The first two models (Table 2, models 1 and 2) show the effects of the income share quintile ratios (Q3/Q1, Q5/Q3). Each macro-level variable is included in the two forms (between and within components). Model 1 includes only micro-level controls, while model 2 also adds macro-level controls (unemployment rate, GDP per capita and stock of migrant population). The positive and significant coefficient of Q3/Q1 (W) means that an increase (within nations) in the distance between the middle and the lower class is associated with an increase in support for conditional unemployment benefits, holding constant all micro- and macro-level variables. This result is consistent with our social distance hypothesis (H1). The coefficient of the Q5/Q3 ratio (W), on the other hand, is null (in model 1) or negative (in model 2) but clearly not significant, meaning that an increase in the distance between the upper and the middle class does not lead to significant changes in the average support for conditionality. It should also be noted that the between components of the income share quintile ratios are not significant (except for Q5/Q3 in model 1). In any case, their effects would likely be spurious as they capture many other differences between countries, whereas the within components are robust to time-invariant heterogeneity, although they are still vulnerable to correlated variables that change over time. To address this concern, we considered additional variables, beyond the ones already included among controls (see robustness checks below).

In models 3 and 4, we estimated the effect of how the two ratios are related to each other (reverse skew), i.e., our relative social distance measure. To interpret the results, it should be borne in mind that an increase in the reverse skew means an increase in income dispersion in the lower part relative to the upper part of the distribution or, in other words, that the middle class becomes more similar to the upper than to the lower class. Consistently with our hypothesis (H3), when the reverse skew increases, a majority of citizens finds it more difficult to identify with the unemployed and requires more conditionality to provide them with financial help.

The size of the estimated effects is not large, although not irrelevant. A one standard deviation increase in the Q3/Q1 ratio brings about a positive variation of 0.3 points in the dependent variable (whose range is 1-10). Such variation accounts for one third of the standard deviation of the dependent variable across country-waves and one tenth of the standard deviation across individuals. The same calculations applied to the relative social distance measure reveal that a one standard deviation increase in this independent variable yields an increase of 0.2 points in the

dependent variable or one fourth of the standard deviation across country-waves and 0.08 standard deviations across individuals.

Table 2. Multilevel regression analysis of support for conditional unemployment benefits.

	Model 1		Model 2		Model 3		Model 4	
	B	SE	B	SE	B	SE	B	SE
Constant	8.891	1.049 ***	7.376	0.915 ***	3.750	1.343 **	6.179	1.142 ***
Q3Q1 ratio (W)	0.773	0.297 **	0.803	0.304 **				
Q3Q1 ratio (B)	0.851	0.551	-0.241	0.504				
Q5Q3 ratio (W)	0.042	0.394	-0.417	0.420				
Q5Q3 ratio (B)	-2.027	0.646 **	-0.498	0.605				
Reverse skew (W)					1.721	0.736 *	1.949	0.701 **
Reverse skew (B)					2.411	1.380	-0.441	1.172
Unempl. rate (W)			-0.018	0.022			-0.018	0.022
Unempl. rate (B)			-0.023	0.036			-0.035	0.037
GDP per cap. (W)			0.007	0.026			0.004	0.025
GDP per cap. (B)			0.042	0.010 ***			0.046	0.011 ***
Stock of migr. pop. (W)			-0.066	0.030 *			-0.084	0.026 **
Stock of migr. pop. (B)			-0.047	0.016 **			-0.054	0.017 **
Wave (ref: 1990)								
Wave 2008	0.214	0.154	0.410	0.289	0.418	0.142 **	0.571	0.224 *
Wave 1999	0.073	0.158	0.256	0.189	0.295	0.146 *	0.390	0.144 **
Age cat. (ref: 15-24)								
Age cat. 25-34	-0.097	0.033 **	-0.097	0.033 **	-0.097	0.033 **	-0.097	0.033 **
Age cat. 35-44	0.001	0.034	0.000	0.034	0.001	0.034	0.001	0.034
Age cat. 45-54	0.083	0.035 *	0.082	0.035 *	0.083	0.035 *	0.082	0.035 *
Age cat. 55-64	0.392	0.038 ***	0.392	0.038 ***	0.392	0.038 ***	0.392	0.038 ***
Age cat. 65+	0.688	0.044 ***	0.687	0.044 ***	0.688	0.044 ***	0.687	0.044 ***
Gender (ref: female)								
Male	0.023	0.017	0.023	0.017	0.023	0.017	0.023	0.017
Marital status (ref.: not married)								
Married	0.138	0.019 ***	0.138	0.019 ***	0.138	0.019 ***	0.138	0.019 ***
Education (ref: lower secondary or less)								
Uncompleted								
secondary	-0.247	0.028 ***	-0.248	0.028 ***	-0.247	0.028 ***	-0.247	0.028 ***
Completed								
secondary	-0.354	0.029 ***	-0.353	0.029 ***	-0.353	0.029 ***	-0.352	0.029 ***
Tertiary	-0.522	0.029 ***	-0.522	0.029 ***	-0.522	0.029 ***	-0.521	0.029 ***
Employment status (ref: employed)								
Retired	-0.021	0.033	-0.021	0.033	-0.021	0.033	-0.021	0.033
Out of labor force	-0.174	0.026 ***	-0.174	0.026 ***	-0.174	0.026 ***	-0.174	0.026 ***
Unemployed	-1.132	0.037 ***	-1.131	0.037 ***	-1.132	0.037 ***	-1.131	0.037 ***
Random-effects (variances)	Est.	SE	Est.	SE	Est.	SE	Est.	SE
Level 3: country								
var(constant)	0.283	0.093	0.145	0.056	0.364	0.116	0.168	0.062
Level 2: country_wave								
var(constant)	0.189	0.038	0.168	0.034	0.212	0.043	0.168	0.035

Level 1: individual										
var(constant)	7.377	0.032	7.377	0.032	7.377	0.032	7.377	0.032	7.377	0.032
ICC country-wave	0.060		0.041		0.072		0.044			
ICC country	0.036		0.019		0.046		0.022			

Notes: (W) = within component; (B) = between component; all models based on 105753 individual observations. Reverse skew is the ratio between Q3/Q1 over Q5/Q3. The dependent variable ranges from 1 ("People who are unemployed should have the right to refuse a job they do not want") to 10 ("People who are unemployed should have to take any available job or lose their unemployment benefits")

To assess the robustness of our findings, we performed a few checks (all available in the online appendix). First, we excluded each country at a time in a rotating fashion and re-estimated models 2 and 4 in order to assess the presence of particularly influential outlier countries. Second, we added other micro-level variables that might affect support for conditional unemployment benefits. Namely, we included belonging to a religious denomination (alternatively, church attendance), interpersonal trust, and political orientation. Third, we added further macro level variables whose variations across time might be associated with changes in the structure of income. We considered public debt, trade openness, industrialization and economic globalization (see Appendix for their definitions). Each of these variables was added, one at a time, to models 2 and 4. None of these robustness checks significantly affected our main results⁹.

Discussion and conclusions

In this article, we argued that the operation of the deservingness criteria whereby the public forms their opinion of welfare recipients is affected by macro-level conditions. We focused on the structure of income inequality, as an indicator of social distance between welfare recipients and taxpayers, which is supposed to affect attitudes toward conditionality mainly through the operation of the identity criterion. However, the direct effect of income inequality cannot be uncovered without taking into account the influence of other macro-level conditions that are simultaneously connected with income inequality and with the other deservingness criteria, namely control and reciprocity. This is one of the few studies to address this topic with a comparative longitudinal approach, i.e., relying on within- rather than between-country changes. The within-country analysis – which removes much of the between-country heterogeneity – suggests that when the social distance grows, it is more difficult for the majority of citizens (upper and middle classes) to identify with the unemployed. This in turn leads to more negative attitudes and to imposing stricter conditionality on helping them.

At a descriptive level, we looked at how welfare regimes, as representing different social solidarity models, are related to citizens' attitudes toward conditionality. In this case, we were able to assess only between-country differences. The data show a weak association between welfare regimes and attitudes towards support for conditionality, but this association vanishes in the latest period. There is indeed substantial variation *within* the groups of countries defined by welfare state types and it is hard to infer that public opinion reflects the institutional welfare arrangements prevalent in those nations. However, as a limit that should be acknowledged, welfare state measurement

⁹ The coefficients of the main macro-level variables of interest do not change significantly across all the robustness checks performed. Specifically, the Q3/Q1 coefficient varies between 0.69 and 0.97 (it is 0.80 in the main model), the Q5/Q3 ratio is always not significant as in the main model, the reverse skew coefficient varies between 1.76 and 2.42 (1.95 in the main model).

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3 based on dummy variables (due to lack of information for all time periods considered for variables
4 such as, e.g., expenditure for unemployment benefits) is not ideal for this analysis. Therefore, the
5 relationship between welfare institutions and support for conditionality should be further
6 investigated.

7
8 Another limit of the current study concerns the fact that we inferred a connection between the
9 structure of income inequality and the operation of the identity criterion at micro level, but did
10 not directly observe it. In other words, we assumed that a change in the income structure makes
11 the majority of citizens feel more distant from the unemployed, without being able to test it.
12 Future research should provide a more direct test of the links we hypothesized between income
13 inequality (or other macro level conditions) and deservingness criteria.

14 Moreover, the data we used make it possible to capture only the distance between the top, the
15 middle and the bottom of the income distribution. This is in accordance with the concept of
16 “empathy gulf” (Shapiro, 2002), as we showed that the higher the social distance (in terms of
17 income) between individuals and groups, the lower the proximity of the majority to the
18 unemployed who in turn are subjected to more conditionality. However, extreme inequality (e.g.,
19 the distance between the top 1% and the lowest quintile) is not perfectly captured by the
20 available measures and further studies are needed to investigate its effect.

21
22 Our results are of particular relevance in the current socio-economic situation. The popularity of
23 the opinion which holds that people who are unemployed should have to take any available job or
24 lose their benefits has generally increased in Europe. In the light of our analysis, this can be
25 understood as a direct consequence of rising income inequality in many European countries
26 (Piketty, 2013, Stockhammer, 2013), as well as a feedback effect of the activation turn in policy
27 making (Eichhorst and Konle-Seidl, 2008; Serrano and Magnusson, 2007). The rise of income
28 inequality can be related to different causes, among which a prominent place is occupied by the
29 strength of effective redistributive social policies (Doerrenberg and Peichl, 2014, Kenworthy and
30 Pontusson, 2005, Page and Simmons, 2000). Our findings suggest that when the measures for
31 contrasting inequality are reduced, the ensuing increased differences between citizens results in
32 distrust toward the beneficiaries of public help. Therefore, a consequence of welfare state
33 restructuring concerns not only the legitimacy of the welfare state itself – as pointed out by
34 institutionalist theorists (Pierson, 1993, Rothstein, 1998) – but also the social representation of
35 welfare recipients and the attitudes towards the conditionality of public benefits.

36
37 Our findings also point to another consideration regarding the effect of macro-economic
38 conditions. Previous research results, according to which worsening economic conditions lead
39 citizens to ask for more government support (Blekesaune, 2007), should be reconsidered. If worse
40 economic conditions entail an increase in income inequality, as is often the case, then citizens’
41 attitudes towards the beneficiaries of welfare policies will tend to become more negative and they
42 will then demand more conditionality. This is quite paradoxical because, at the same time, in such
43 conditions, people require more government support. A possible explanation for the paradox
44 could be the very nature of self-interested requests for government support: people are more
45 likely to ask help for themselves or for their in-group, but disapprove of unconditional support for
46 the out-group members (Alesina *et al.*, 2001, Römer, 2017, Schmidt-Catran, 2014). In this regard,
47 it would be interesting to test the effects of the 2008 recession that brought about both an
48 increase in inequality and a deterioration in income levels in many countries. Unfortunately, the
49 last wave of EVS data was collected just at the beginning of the recession. The next wave of data
50 collection (2017) will hopefully make it possible to shed light on the effects of the recession.
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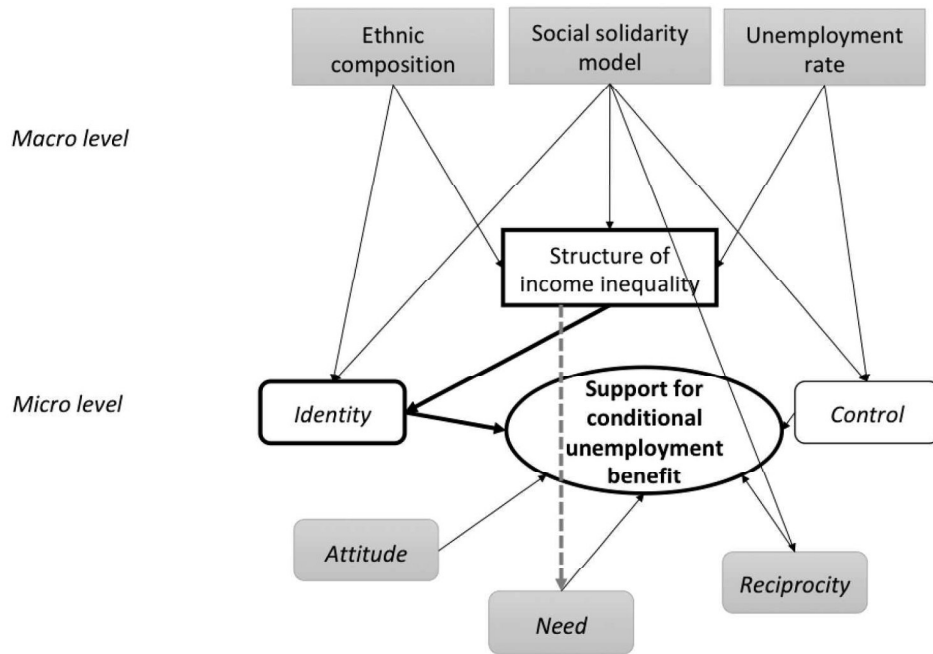


Figure 1 Macro- and micro level factors affecting support for conditional employment benefit

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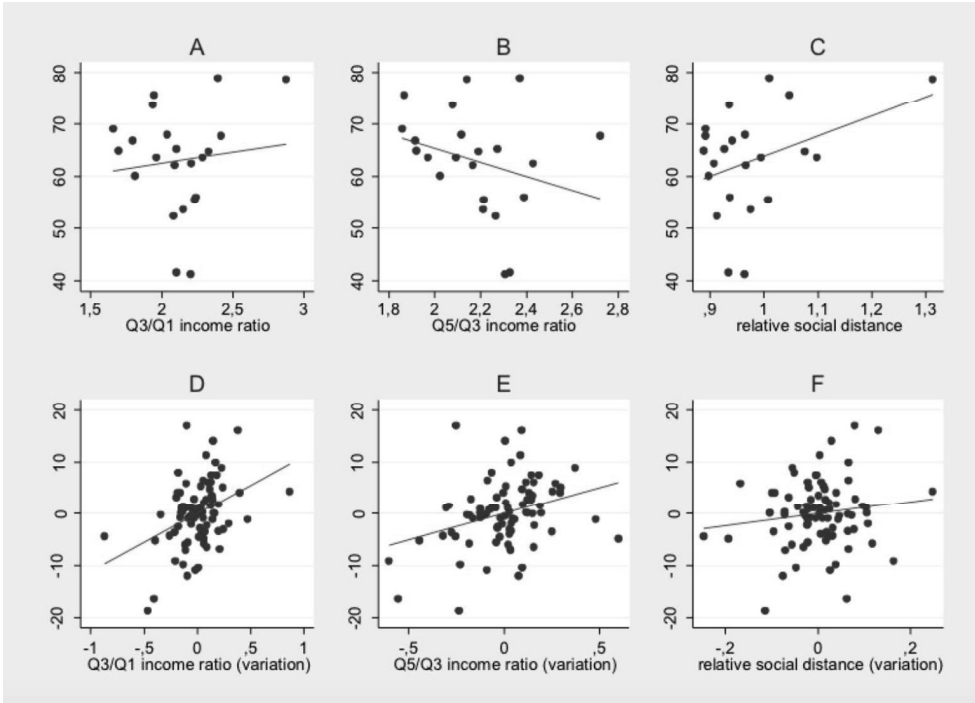


Figure 2 Bivariate associations between measures of the structure of income inequality and aggregate support for conditional unemployment benefits

Appendix

Table A1. Values of macro-level variables by country and EVS wave.

Country	WAVE 1990												
	Q3/Q1 ratio	Q5/Q3 ratio	Reverse Skew	Unemployment rate	GDP per capita	Migration stock	Public debt to GDP	Trade openness (% of GDP)	Industrialization (% of GDP in industrial activities)	Globalization inward stock (Foreign direct investments as % of GDP)	Globalization outward stock (Foreign direct investments as % of GDP)		
Austria	1.91	1.69	1.13	3.40	25270	10.29	58.93	37.72	33.20	6.93	2.17		
Belarus	.	.	.	.	.	12.21	.	.	.	.	.
Belgium	1.80	1.84	0.97	7.00	24464	8.93	.	69.39	30.60	32.00	21.00		
Bulgaria	1.62	2.03	0.80	18.40	7157	0.24	.	36.13	42.40	0.54	0.60		
Croatia	.	.	.	.	.	9.95	.	.	.	.	.
Czech Republic	1.51	1.73	0.87	2.30	13808	1.07	.	.	.	2.88	.		
Denmark	2.15	1.80	1.19	9.10	25526	4.58	56.58	33.27	26.41	6.14	5.21		
Estonia	1.89	1.73	1.10	1.50	10000	24.40	.	.	.	.	.
Finland	1.70	1.66	1.02	6.50	23361	1.27	14.27	24.40	35.28	2.72	5.45		
France	2.15	2.08	1.03	9.10	23900	10.36	34.03	22.84	26.88	6.72	7.45		
Germany	1.95	2.07	0.94	5.60	26482	7.52	40.65	.	.	.	.
Greece	.	.	.	.	.	6.10	.	.	.	.	.
Hungary	.	.	.	11.60	.	3.35	.	.	.	.	.
Ireland	2.53	2.43	1.04	15.80	19800	6.40	77.37	57.18	28.76	95.13	37.11		
Italy	2.21	2.34	0.95	10.10	23852	2.51	93.31	19.37	31.75	5.34	4.62		
Latvia	1.79	1.75	1.02	13.30	10338	24.25	.	.	.	.	.
Lithuania	1.75	1.77	0.99	15.70	12066	9.45	.	.	.	.	.
Luxembourg	.	.	.	.	.	29.81	.	.	.	.	.
Netherlands	1.79	1.84	0.97	7.30	27240	7.93	75.60	53.63	29.63	21.24	35.20		
Norway	3.74	2.40	1.56	5.40	40028	4.54	36.21	35.71	36.42	9.44	4.96		
Poland	1.88	2.00	0.94	11.30	7978	2.95	61.95	19.22	52.97	.	0.11		

Country	Q3/Q1 ratio	Q5/Q3 ratio	Reverse Skew	Unemployment rate	GDP per capita	Migration stock	Public debt to GDP	Trade openness (% of GDP)	Industrialization (% of GDP in industrial activities)	Globalization inward stock (Foreign direct investments as % of GDP)	Globalization outward stock (Foreign direct investments as % of GDP)
Portugal	2.33	2.56	0.91	3.90	15412	4.41	52.69	30.98	29.11	12.66	1.22
Romania	1.97	1.89	1.04	8.40	6114	0.58	11.10	27.76	39.03	0.59	0.38
Russian Federati	.	.	.	.	.	7.81	.	.	.	.	.
Slovak Republic	1.56	1.69	0.93	10.80	9688	0.78	.	.	.	.	.
Slovenia	.	.	.	4.90	.	8.87	.	.	.	.	.
Spain	2.23	1.89	1.18	16.40	18949	2.10	41.00	18.86	35.01	10.14	2.75
Sweden	2.06	2.26	0.91	3.30	24213	9.22	50.42	29.95	32.72	5.08	17.79
Ukraine	.	.	.	.	.	13.42	.	.	.	.	.
United Kingdom	2.18	2.34	0.93	8.50	22724	6.39	42.80	25.15	34.33	16.20	20.95

WAVE 1999

Country	Q3/Q1 ratio	Q5/Q3 ratio	Reverse Skew	Unemployment rate	GDP per capita	Migration stock	Public debt to GDP	Trade openness (% of GDP)	Industrialization (% of GDP in industrial activities)	Globalization inward stock (Foreign direct investments as % of GDP)	Globalization outward stock (Foreign direct investments as % of GDP)
Austria	1.90	1.79	1.06	3.70	30523	12.38	64.78	40.88	31.99	10.78	7.99
Belarus	1.89	2.20	0.86	6.50	6229	11.29	12.70	53.77	39.96	9.52	0.20
Belgium	2.00	2.00	1.00	8.60	28821	8.31	117.40	82.58	28.59	69.26	51.80
Bulgaria	2.16	2.41	0.90	14.10	6757	0.54	76.31	45.83	24.61	10.91	0.51
Croatia	2.33	2.37	0.98	13.50	10958	13.22	35.20	37.80	30.30	7.60	3.92
Czech Republic	1.67	1.83	0.91	8.70	15871	2.15	15.03	52.74	38.52	21.66	1.21
Denmark	2.76	2.57	1.07	5.10	30786	6.95	61.44	35.32	26.20	20.17	21.97
Estonia	2.16	2.93	0.74	11.60	9597	17.83	5.47	79.29	28.58	32.45	3.53
Finland	1.80	2.01	0.89	9.70	27608	2.63	45.66	33.46	34.98	13.55	25.03
France	2.13	2.18	0.98	12.00	26961	10.57	59.54	24.80	23.59	30.00	42.84
Germany	2.02	2.00	1.01	8.40	29908	10.98	60.49	27.91	31.37	17.99	32.41
Greece	2.83	2.47	1.15	11.70	18290	10.15	94.53	16.80	20.10	9.06	1.93

Max	3.74	2.93	1.56	18.40	61875.49	32.12	117.40	140.29	52.97	273.01	231.02
Mean	2.10	2.19	0.96	8.16	21961.63	8.99	46.04	46.06	31.09	33.80	22.53
SD	0.34	0.31	0.11	3.82	11759.17	6.60	28.20	21.55	6.15	39.74	35.90

Sources: Income structure: World Income Inequality Database (version 3.4); Unemployment rate: International Labor Organization database; GDP: Penn World Table (version 8.0); Migrant population stock: United Nations database; Public debt: Trade openness. Industrialization. Globalization: UN Conference on Trade and Development.

Table A2. Correlation matrix among macro-level variables

Wave 1990	Q3/Q1 ratio	Q5/Q3 ratio	Reverse Skew	Unemployment rate	GDP per capita	Migration stock	Public debt to GDP	Trade openness	Industrialization	Globalization inward stock	Globalization outward stock
Q3/Q1 ratio	1										
Q5/Q3 ratio	0.67	1									
Reverse Skew	0.78	0.06	1								
Unemployment rate	-0.08	0.01	-0.11	1							
GDP per capita	0.62	0.33	0.56	-0.35	1						
Migration stock	-0.06	-0.20	0.12	-0.17	-0.05	1					
Public debt to GDP	0.01	0.31	-0.21	0.22	0.12	0.24	1				
Trade openness	-0.03	-0.08	0.00	-0.05	0.23	0.43	0.36	1			
Industrialization	-0.14	-0.13	-0.13	0.28	-0.54	-0.52	-0.18	-0.35	1		
Globalization inward stock	0.22	0.34	0.02	0.34	0.09	0.28	0.43	0.64	-0.37	1	
Globalization outward stock	0.00	0.17	-0.14	0.03	0.31	0.50	0.41	0.68	-0.43	0.75	1
Wave 1999											
	Q3/Q1 ratio	Q5/Q3 ratio	Relative social distance (Q3/Q1/Q5/Q3)	Unemployment rate	GDP per capita	Migration stock	Public debt to GDP	Trade openness	Industrialization	Globalization inward stock	Globalization outward stock

Table A3. Robustness checks with micro-level variables

	Control 1		Control 2		Control 3		Control 4	
	b	se	b	se	b	se	b	se
cost	7.160	0.870	7.120	0.920	5.880	1.090	5.630	1.150
Q3Q1 ratio (W)	0.810	0.300	0.880	0.300				
Q3Q1 ratio (B)	-0.160	0.480	-0.160	0.510				
Q5Q3 ratio (W)	-0.480	0.420	-0.560	0.420				
Q5Q3 ratio (B)	-0.560	0.580	-0.640	0.610				
Reverse Skew (W)					1.990	0.700	2.180	0.700
Reverse Skew (B)					-0.300	1.120	-0.220	1.190
Unempl. rate (W)	-0.020	0.020	-0.020	0.020	-0.020	0.020	-0.030	0.020
Unempl. rate B)	-0.030	0.030	-0.020	0.040	-0.040	0.030	-0.040	0.040
GDP per cap. (W)	0.000	0.030	0.010	0.030	0.000	0.020	0.010	0.020
GDP per cap. (B)	0.040	0.010	0.040	0.010	0.040	0.010	0.040	0.010
Stock of migr. pop. (W)	-0.060	0.030	-0.040	0.030	-0.080	0.030	-0.060	0.030
Stock of migr. pop. (B)	-0.050	0.020	-0.040	0.020	-0.050	0.020	-0.050	0.020
Wave (ref: 1990)								
Wave 2008	0.460	0.290	0.340	0.290	0.600	0.220	0.450	0.240
Wave 1999	0.290	0.190	0.230	0.190	0.400	0.140	0.330	0.150
Age cat. (ref: 15-24)								
Age cat. 25-34	-0.100	0.030	-0.100	0.030	-0.100	0.030	-0.100	0.030
Age cat. 35-44	0.000	0.030	0.000	0.040	0.000	0.030	0.000	0.040
Age cat. 45-54	0.080	0.040	0.080	0.040	0.080	0.040	0.080	0.040
Age cat. 55-64	0.370	0.040	0.360	0.040	0.370	0.040	0.360	0.040
Age cat. 65+	0.630	0.040	0.620	0.050	0.630	0.040	0.620	0.050
Gender (ref: female)								
Male	0.040	0.020	0.040	0.020	0.040	0.020	0.040	0.020
Marital status (ref.: not married)								
Married	0.120	0.020	0.120	0.020	0.120	0.020	0.120	0.020
Education (ref: lower secondary or less)								
Uncompleted secondary	-0.230	0.030	-0.230	0.030	-0.230	0.030	-0.230	0.030

Table A4 Robustness checks with macro-level variables

	Control 1		Control 2		Control 3		Control 4		Control 5	
	b	se	b	se	b	se	b	se	b	se
Q3Q1 ratio (W)	0.692	0.305 *	0.958	0.324 **	0.725	0.285 *	0.916	0.316 **	0.971	0.319 **
Q3Q1 ratio (B)	-0.248	0.492	-0.337	0.556	-0.254	0.523	-0.287	0.581	-0.596	0.615
Q5Q3 ratio (W)	-0.512	0.416	-0.592	0.426	-0.724	0.403	-0.595	0.424	-0.650	0.429
Q5Q3 ratio (B)	-0.682	0.591	-0.678	0.597	-0.424	0.716	-0.559	0.644	-0.292	0.660
Reverse Skew (W)	-0.004	0.027	-0.025	0.027	-0.042	0.023	-0.024	0.025	-0.020	0.029
Reverse Skew (B)	-0.008	0.035	-0.016	0.035	-0.012	0.038	-0.010	0.037	-0.009	0.035
Unempl. rate (W)	0.023	0.025	0.027	0.030	0.027	0.025	0.027	0.030	0.029	0.030
Unempl. rate (B)	0.030	0.011 **	0.035	0.011 **	0.034	0.012 **	0.038	0.013 **	0.050	0.016
GDP per cap. (W)	-0.019	0.034	-0.037	0.036	-0.020	0.033	-0.030	0.038	-0.035	0.036
GDP per cap. (B)	-0.028	0.018	-0.030	0.020	-0.024	0.019	-0.030	0.020	-0.027	0.019
Public debt (W)	0.003	0.004								
Public debt (B)	-0.001	0.004								
Trade openness (W)			-0.004	0.012						
Trade openness (B)			-0.005	0.005						
Industrialization (W)					0.011	0.022				
Industrialization (B)					-0.052	0.021 *				
Globalization inward stock (W)							-0.002	0.003		
Globalization inward stock (B)							0.002	0.004		
Globalization outward stock (W)									-0.006	0.005

Globalization
outward stock
(B) -0.001 0.004

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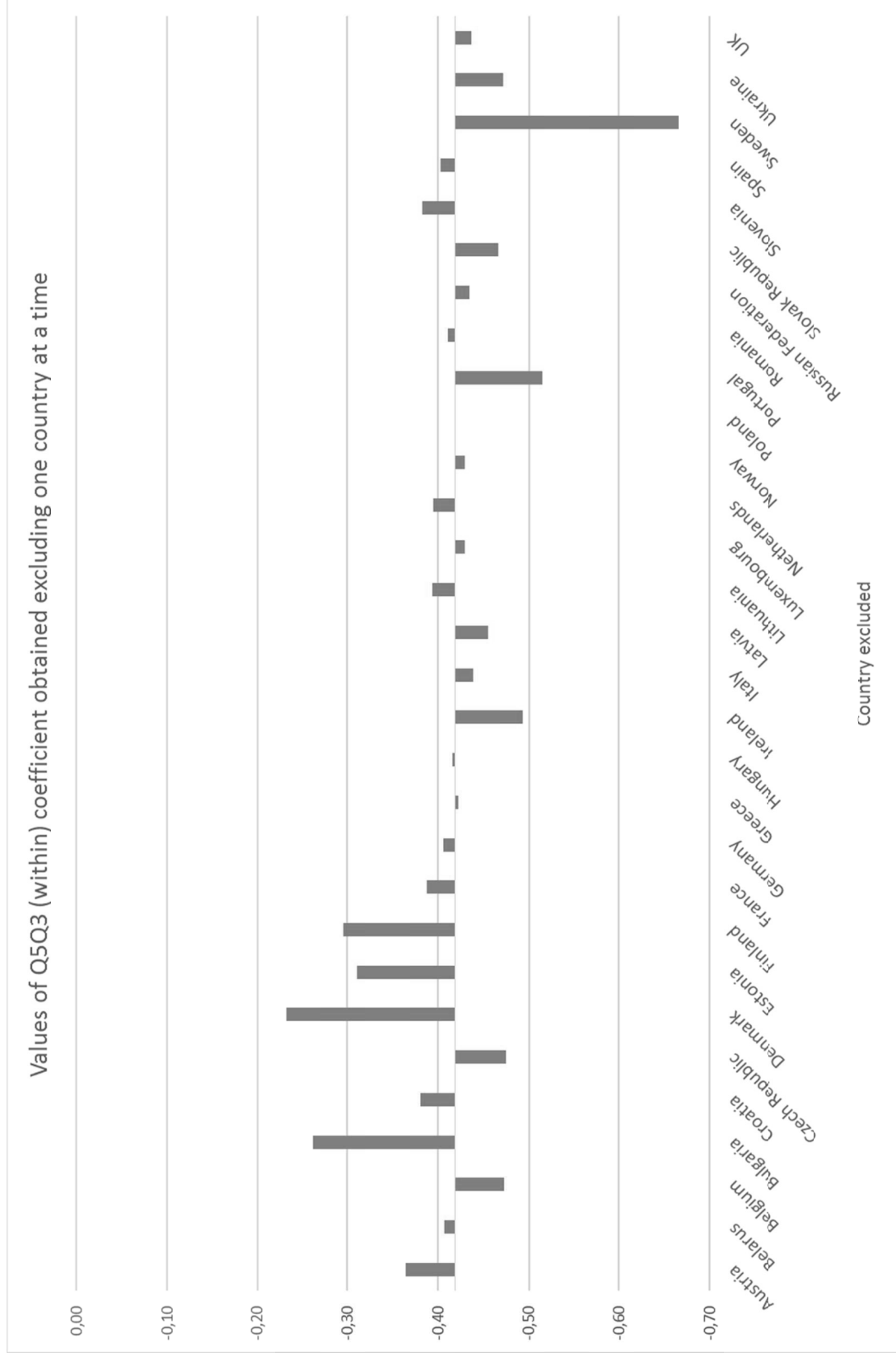
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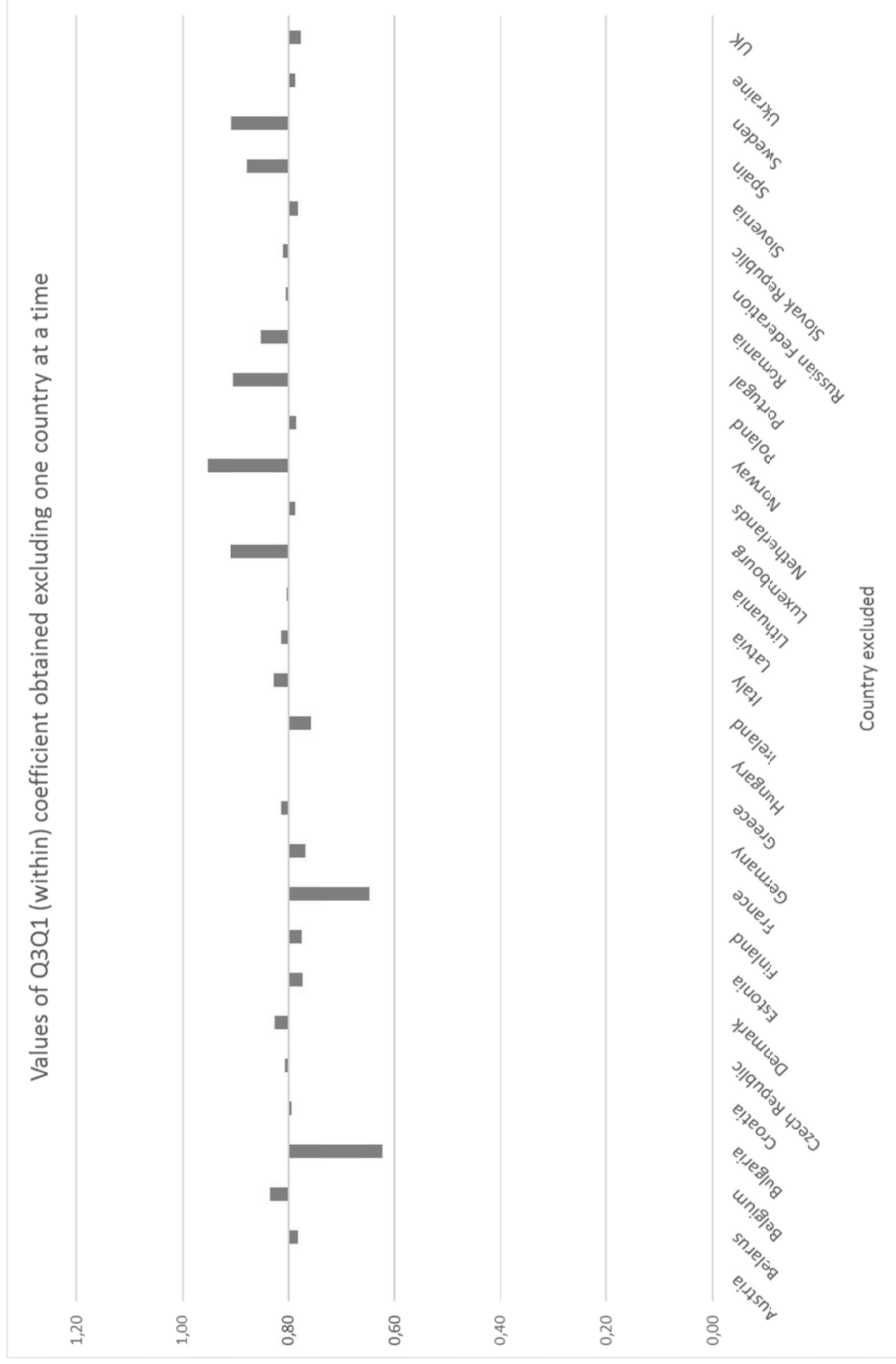
Micro level variables omitted

Table A5 Robustness checks with macro-level variables

	Control 1		Control 2		Control 3		Control 4		Control 5	
	b	se	b	se	b	se	b	se	b	se
Reverse Skew (W)	1.760	0.726 *	2.330	0.745 **	1.874	0.663 **	2.257	0.730 **	2.416	0.738 **
Reverse Skew (B)	-0.420	1.182	0.037	1.312	0.623	1.176	0.351	1.397	-1.01	1.492
Unempl. rate (W)	-0.005	0.027	-0.028	0.026	0.042	0.023	0.027	0.025	-0.02	0.029
Unempl. rate (B)	-0.022	0.038	-0.030	0.037	0.018	0.039	0.028	0.038	-0.03	0.037
GDP per cap. (W)	0.023	0.024	0.023	0.028	0.028	0.025	0.025	0.028	0.029	0.029
GDP per cap. (B)	0.037	0.012 **	0.036	0.012 **	0.038	0.012 **	0.039	0.014 **	0.051	0.018 **
Public debt (W)	-0.029	0.033	-0.046	0.035	0.023	0.032	0.041	0.038	-0.05	0.034
Public debt (B)	-0.039	0.019	-0.046	0.019	0.025	0.019	0.039	0.020	-0.04	0.02
Public debt (W)	0.001	0.004								
Public debt (B)	0.000	0.004								
Trade openness (W)			-0.003	0.012						



Graph A2 Results of robustness checks excluding one country at a time



Graph A3 Results of robustness checks excluding one country at a time

