

Under What Conditions Do Citizens Support Future-oriented Welfare Reforms? Public Opinion and Second Dimension Welfare Politics

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Abstract: Important reforms are necessary to adjust today's welfare states to the challenges of post-industrial knowledge economies. Public opinion, however, is often sceptical towards reforms whose benefits will accrue only in the future. We analyse the conditions that affect citizens' support for such future-oriented reforms on the basis of survey experiments from two novel public opinion surveys in nine countries. Our contribution is twofold. First, we show that 'supply side factors', referring to characteristics of the reform design itself (its policy field, distributive reform effect, time horizon, and costs) are less relevant in explaining support than 'demand side factors' (self-interest, ideological predispositions). Second, we demonstrate that among these 'demand-side factors', attitudes on the socio-cultural dimension of political conflict are key to explain support for future-oriented reforms. More generally, we thus highlight the role of 'second dimension politics' for welfare state reform.

Introduction

Welfare states around the globe are challenged by the transition from industrial to post-industrial knowledge economies. Most existing welfare states have traditionally focused on social protection of predominantly male industrial workers (Esping-Andersen 1990), and accordingly have been recognised as increasingly unfit to cushion the challenges of today's skill-focused post-industrial knowledge economies and the new social risks associated in the middle- and long-term with deeply transformed social and labour market realities (Bonoli 2007; Hemerijck 2017; Morel *et al.* 2012). Important structural reforms have thus been considered necessary to readjust today's welfare states. Yet, these reforms are usually costly, and their outcomes typically remain uncertain and likely to materialize only over the medium- to long term, so that citizens and policy-makers face 'time-inconsistency problems' (Alesina and Tabellini 1988; Jacobs and Matthews 2012). Accordingly, policymakers have struggled to enact such reforms, especially because public opinion often is a latent veto point for future-oriented reforms, i.e., reforms that imply immediate costs and future returns (Pierson 1996). To give but two examples from typical key areas of welfare state adaptation, a recent major pension reform proposal failed in Switzerland despite a long and inclusive political negotiation process (Häusermann *et al.* 2019) and in Germany numerous education policy reforms have been vetoed, reversed, or watered down because of unfavourable public opinion (Busemeyer *et al.* 2020). Thus, observers are questioning the capacity of governments to adapt welfare states to present and foreseeable challenges.

We aim at better understanding the conditions under which welfare states can be reformed, asking: under what conditions are citizens willing to accept future-oriented reforms? We focus on pensions and education as two crucial and paradigmatic cases for three reasons: First, both policies have long-term implications and time inconsistency problems; second, both are enormously important in budgetary terms and generally very popular among the general public but, third, they differ in their distributive dynamics and type of social policy (investment vs. consumption). We want to know under what conditions citizens support future-oriented reforms in these two areas, and what the key conflict lines over such reforms are. Answering these questions would help to develop a better understanding of the conditions that drive welfare state reform support in a context of omnipresent fiscal constraints and policy trade-offs (Pierson 1998; Häusermann 2010; Stephens *et al.* 1999).

Our theoretical approach is twofold: First, building on existing work we identify and systematically test a range of existing potential conditions for citizens' reform support, which we group in 'supply side' and 'demand side' factors: on the one hand, 'supply side factors',

refer to the reform proposal itself: (1) its policy field (education vs. pension), (2) distributive reform effects (inclusive vs. targeted), (3) time horizon (short vs. long), and (4) size (high vs. low costs). On the other hand, we focus on a range of individual-level ‘demand side factors’, particularly (5) self-interest, as well as (6) ideological predispositions on the two key dimensions of political competition in 21st century Western European democracies: state-market and universalism-particularism.

While a few existing studies have started to explore public opinion in trade-off situations, the present paper – to the best of our knowledge – is the first comprehensive and systematic study combining several supply and demand side arguments in the same research-design. Existing work has mostly focused on specific policy areas, especially differences between investive and consumptive policies (Armingeon and Bürgisser 2021; Boeri *et al.* 2001; Bremer and Bürgisser 2020; Busemeyer and Garritzmann 2017; Fossati and Häusermann 2014; Gallego and Marx 2017; Hansen 1998; Häusermann *et al.* 2019, 2021; Neimanns *et al.* 2018), or concentrated on institutional factors (Jacobs and Matthews 2012, 2017). No study has explored in the same research design how supply *and* demand side factors affect citizens’ reform support and what their respective explanatory value is.

Moreover, existing work has focused on rather conventional demand side explanations, concentrating on self-interest and traditional left-right positions related to state-market attitudes or general welfare generosity support. However, it has neglected the fact that the ideological space of democratic mass politics in Western Europe has been deeply transformed over the past years, with a second, socio-cultural ideological dimension structuring people’s political preferences (Inglehart 1977; Kitschelt 1994; Kriesi *et al.* 2008). This second dimension has been called a ‘social value-dimension’ (Inglehart 1977), ‘universalism vs. particularism’ (Bornschieer 2010; Beramendi *et al.* 2015), or ‘GAL-TAN’ (Hooghe *et al.* 2002). Very few studies to date have rigorously analysed how this second dimension of party competition affects welfare policy preferences of citizens and welfare politics more generally (Häusermann 2010; Beramendi *et al.* 2015; Hieda 2021). We argue and demonstrate empirically that citizens leaning towards a universalist-pole are more in favour of education reform than citizens with traditionalist and particularistic values. We demonstrate that – controlling for all main rival explanations – respondents’ positions on this ideological socio-cultural dimension are indeed a key determinant of their attitudes towards welfare state reform. Hence, we provide evidence that the politics of future-oriented welfare state adaptation in Europe today is structured as much if not more by socio-cultural ideological considerations as by the traditional economic left-right attitudes.

Empirically, we draw on novel public opinion data from two representative surveys in nine countries. We present the findings of two survey experiments we designed to explore under what conditions citizens accept major welfare reforms. Our data includes nine Western European countries as the mature welfare states of Western Europe provide a hard test case for our arguments. First, we rely on an online survey that was conducted in eight European countries in the winter 2018, surveying a total of 12,000 respondents (ANONYMISED). Second, we were able to implement a high-dimensional split sample experiment in the Austrian National Election Study of 2017 (AUTNES), a representative online panel with 3099 participants.

The findings show that supply-side factors, i.e., the specific policy design, only play a rather marginal role for reform support. Crucial, in contrast, are demand-side factors, particularly respondents' self-interest, as well as their positions on the second ideological dimension.

Under what conditions do citizens accept reforms? Supply- and demand-side factors

Over the last 30 years, attitudes and preferences towards redistribution, social policy, and welfare state reform have increasingly taken a prominent place in political science, sociology, and economics. One line of research has studied attitudes and preferences towards redistribution and specific social policies (like pensions or health care), analysing in particular to what degree these are driven by self-interest, ideological predispositions, or contexts (for many: Alesina and Giuliano 2011; Andress and Heien 2001; Blekesaune and Quadagno 2003; Jaeger 2006; Linos and West 2003; Svallfors 1997, 2003). Extending this work, a more recent line of research studied preferences under so-called 'trade-off scenarios', i.e. where respondents are reminded about the (opportunity) costs of such reforms (Armingeon and Bürgisser 2021; Boeri *et al.* 2001; Bremer and Bürgisser 2020; Busemeyer and Garritzmann 2017; Fossati and Häusermann 2014; Gallego and Marx 2017; Hansen 1998; Häusermann *et al.* 2019, 2021; Neimanns *et al.* 2018).

We derive six main factors from the existing literature. We cluster these in 'supply-side factors' related to the design and attributes of the specific policy and 'demand-side factors' related to the individual-level characteristics of respondents. In what follows we discuss these factors and derive empirically observable implications to be tested.

Policy attributes ('Supply-side factors')

Starting with supply-side factors, we know that the specific attributes and design of policies matter for people's attitudes towards reforms. More specifically, we identify four relevant policy elements: the type of policy, the distributive effects, the time horizon, and the magnitude of the reform in terms of costs.

To start with, different *types* of policies receive different degrees of support. Pension policy, for example, has repeatedly been found to receive substantive support among the general public across countries, subgroups, and time, whereas other policy areas (e.g., unemployment benefits or support of migrants) achieve lower support levels. Several reasons have been put forward to explain this. A first mechanism points at the size of the beneficiary group, arguing that larger beneficiary groups are more likely to receive more support, simply because the number of current or potential future beneficiaries is larger, explaining in particular massive support for pension schemes (Jensen 2012; Rehm 2016). A second prominent argument points at the role of deservingness perceptions: van Oorschot (2006) and others have pointed out that some groups are perceived as more deserving than others, leading to higher support levels. Again, pensioners show up as being perceived as particularly deserving. A third argument is that people's welfare policy preferences have been found to be multi-dimensional, clustering around a social compensation and a social investment dimension (Fossati and Häusermann 2014; Garritzmann *et al.* 2018), whose popularity varies. Against the background of these studies, we would expect that reform support differs systematically across policy areas, even when holding rival explanations constant.

A second 'supply-side factor' are policies' *distributive profiles*. At the latest since Korpi and Palme's (1998) famous 'paradox of redistribution' article there is an ongoing discussion on how and why public support varies depending on the distributive profile of the policies. In line with the mainstream social policy literature, we distinguish three distributive profiles – inclusive (= universal), stratified (= middle-class focused), and targeted (= pro-poor) – and posit that public support on average differs systematically across these three groups in the entire population, with universal and stratified reforms gathering higher levels of support than targeted ones.

Third, policies' *time horizons* may matter (Jacobs and Matthews 2017, 2012; Jacques 2021), because time increases uncertainty and risk in individuals' perceptions, leading *ceteris paribus* to lower reform support, since humans tend to be risk averse and biased towards short-term benefits (Kahneman and Tversky 1979; Gigerenzer and Gaissmaier 2011). The literatures on risk aversion, discounting of the future, agency loss, and implementation dilemmas have

provided the cognitive and procedural mechanisms for these reasonings. *Ceteris paribus*, we would thus expect that public support for reforms decreases the longer the implementation process (i.e., the more distant the future returns to the reforms) takes.

Finally, *costs* are likely to matter. Especially the literature on preferences in trade-off scenarios has taught us that respondents do not only judge policies by their benefits, but also by their costs, at least when made explicit and tangible. More specifically, we have learned that respondents are costs-sensitive when these costs are spelled out explicitly and when they are substantial. In other words, preferences hardly change when respondents are simply reminded that increasing public expenditure ‘might require’ tax increases, but they do respond price-sensitively when presented with a frame where expansion of one policy is only possible at the expense of other policies, taxes, or public debt (Busemeyer and Garritzmann 2017; Busemeyer *et al.* 2020; Häusermann *et al.* 2021).

Individual-level determinants (‘Demand-side factors’)

While the ‘supply-side factors’ of future oriented welfare reforms are in the hands of governments designing these reform proposals, elites also confront a set of preferences on the side of voters that condition the chances of reforms. When it comes to such individual-level determinants of reform support, the literature usually distinguishes two factors: self-interest and ideological predispositions. On the one hand, we know that self-interest plays a main role when trying to explain respondents’ attitudes and preferences towards social policies: *Ceteris paribus*, beneficiaries of social policies are usually much more supportive of said policies than individuals who do not benefit: for example, unemployed persons prefer higher unemployment benefits, students prefer more education spending (Alesina and Giuliano 2011; Andress and Heien 2001; Blekesaune and Quadagno 2003; Jaeger 2006; Linos and West 2003; Svallfors 1997, 2003). Self-interest has been found to be even more prevalent in trade-off scenarios where benefits and costs are spelled out clearly to respondents (Busemeyer and Garritzmann 2017).

On the other hand, we also know that self-interest is not the only factor driving social policy preferences. Respondents’ attitudes regarding distributive fairness, regarding the desirable extent of state-correction of markets, and regarding the boundaries of the ‘pool of solidarity’ are important (Alesina and Giuliano 2011; Andress and Heien 2001; Blekesaune and Quadagno 2003; Jaeger 2006; Linos and West 2003; Svallfors 1997, 2003). Work in the tradition of partisan theory (Hibbs 1977; Alt 1985) and power resource theory (Huber and Stephens 2001; Korpi 1983; Stephens 1979) has shown the importance of ideological programmatic preferences repeatedly for the level of political parties (Garritzmann and Seng

2020; Häusermann *et al.* 2013; Obinger and Wagschal 2010; Schmitt 2016). Relatedly, micro-level analyses have demonstrated consistently that respondents' social policy preferences are systematically connected to their ideological left-right predispositions (Blekesaune and Quadagno 2003; Feldman and Zaller 1992; Margalit 2013; Svallfors 2003). Respondents favouring state- over market-solutions, ascribing to fairness, altruism, and believing that luck and inequality of opportunities play a central role in structuring life chances, are more supportive of generous social policies and redistribution.

So far, much of the literature on the role of ideological dispositions on social policy has theorized ideology in terms of the classical economic left-right (i.e., state-market) divide, i.e., the extent to which the state should intervene to correct market outcomes. However, ideological political competition today centres around at least an additional, second dimension, concerned with the internal organization of society. Today's political landscapes are (at least) two-dimensional (Bornschieer 2010; Kitschelt 1994; Kriesi *et al.* 2008). Public opinion and party politics research has consistently identified a second ideological dimension, pervasive in contemporary Western European politics, which is distinctive from, if not orthogonal to the traditional state-market dimension. This second ideological dimension has emerged since the 1980s in Europe and has over the past decades transformed in terms of the key issues that structure it. Therefore, it has been named differently across time and in different studies: it has been referred to as a 'social value dimension' (Inglehart 1977), a 'globalization vs. national demarcation dimension' (Kriesi *et al.* 2008), a 'GAL-TAN' dimension (between Green-Alternative-Libertarian and Traditional-Authoritarian-Nationalist positions) (Hooghe *et al.* 2002), or a 'universalism vs. particularism' dimension (Beramendi *et al.* 2015; Bornschieer 2010). Despite the changing key focus of the political divide underlying the second dimension (from cultural liberalism to internationalism, to migration and minority rights), the consistent finding of these studies is the insight that people's political attitudes towards politics cannot adequately be mapped with a single left-right dimension, but that we need to consider at least this second dimension to understand the electoral and political motivations of voters.

The potential importance and widespread implications of this second dimension of ideological conflict in Western Europe on welfare politics has only recently been fully recognised (e.g., Häusermann 2010; Häusermann and Kriesi 2015; Hieda 2021). Garritzmann *et al.* (2018), for example, find that respondents' positions on the first dimension are related to their preferred *size* of the welfare state, whereas their positions on the second dimension are related to the *type* of welfare state they prefer. Moreover, second-dimension arguments have been particularly useful in understanding the social policy positions of parties and voters of

‘challenger parties’, i.e. green and left-libertarian, as well as radical right populist parties (Van der Waal *et al.* 2010; Ennser-Jedenastik 2017; Lefkofridi and Michel 2014; Busemeyer *et al.* 2021; Enggist and Pinggera 2022; Chueri 2020).

Our study takes these insights seriously by highlighting the role of second dimension politics for the politics of welfare state reform. More specifically, we argue that respondents’ positions on the second dimension explain to what degree they accept different kinds of welfare reform scenarios. We focus on the ‘universalism vs. particularism’ labels here, since it most explicitly denotes that this dimension is also relevant for distributive outcomes. Indeed, much of the key debates along this ideological dimension relate to questions of inclusiveness, social egalitarianism, and defining the boundaries of communities of solidarity (see also Häusermann and Kriesi 2015). We argue that people’s positions on the universalism-particularism dimension affect their preferences towards welfare reforms. More specifically, we argue that the second dimension is particularly relevant to understand preferences towards the *type* of welfare state that people prefer (e.g., Beramendi *et al.* 2015; Häusermann *et al.* 2021; Garritzmann *et al.* 2018). We hasten to say that we do not claim that the first ideological dimension (state-market) is irrelevant. Both dimensions matter, but in different ways: The first dimension may be more related to the *size* of the welfare state, whereas the second dimension is likely to structure preferences regarding the *type* of welfare state, or *distribution within* the welfare state.

More specifically, we posit that respondents with strongly universalistic ideological attitudes should – in today’s knowledge-focused economies – be particularly supportive of a welfare state that guarantees equal chances for all (equality of opportunity), for example through inclusive social investment policies like high-quality early childhood education and care (ECEC) for all children, inclusive education policies, or family policies facilitating work-life reconciliation. The fact that the returns of these policies are distant in time and hard to predict in distributive terms (who exactly will benefit to what extent) creates a link to the universalistic-egalitarian preference profile.

Proponents of particularism, in contrast, are likely to support a more segmented approach, focusing on those individuals that they perceive as most deserving. In the general population this is usually the elderly, followed by the sick and disabled, whereas other welfare beneficiary groups, especially the unemployed and migrants, are perceived as less deserving (van Oorschot 2006). Social compensation policies (such as pensions) allow more clearly to predict the circle of (future) beneficiaries of social benefits. It follows that particularism is likely to be closely related to support for compensatory social policies, particularly of the elderly (pensions) and the sick and disabled (health care).

More generally, we argue that – controlling for rival explanations like self-interest and ideological positions on the state-market dimension – people’s positions on the universalism-particularism dimension are systematically related to the attitudes and preferences towards welfare reform.

Research Design

The data: Two public opinion surveys

We designed questions in two public opinion surveys in order to test these propositions. More specifically, we use split sample survey experiments with random assignment in order to experimentally manipulate specific policy elements while holding other factors constant. Our first survey (WP, ANONYMISED) is a representative online survey in eight Western European countries (Denmark, Germany, Ireland, Italy, Netherlands, Spain, UK, Sweden). The survey was field online by a professional company (Bilendi) between October 2018 and February 2019 and includes 1500 respondents in each country, 12,000 in total. Bilendi used quotas for age and gender (crossed) and education level and a monitoring quota for employment status. The average interview view time was 30 minutes and the completion rate varied between 3.1 (UK) and 24 percent (Germany). The dataset includes design weights. Comparisons with the high-quality European Social Survey (ESS) data reveal only minor differences regarding demographics and patterns of political attitudes but show that the respondents in our survey tend to be younger (as often is the case with online surveys) and more educated than in the ESS data (see ANONYMISED for details). One thus must be cautious with generalisations for the group of low-skilled individuals, but – importantly for our purpose – the data is representative in terms of the population’s ideological distribution.

As a second data source we use the Austrian National Election Study (AUTNES), which is a high-quality, representative survey¹. The AUTNES team had opened a competitive call for question time, which we were granted. We were invited to include questions in an online survey that was conducted in 2019 by a professional agency (Marketagent), surveying 3099 respondents. Said survey was the seventh wave of an online survey, so that information from the previous six waves is also available. The AUTNES survey used sampling quotas for age and gender (crossed), region, education, household size, and population size. The survey was conducted in German and the average response time was 24 minutes, with most questions focusing on election-relevant topics.

¹ <https://autnes.at>

Designing hypothetical, but realistic welfare reform scenarios

In both surveys we use split-sample survey experiments where respondents are randomly assigned to different hypothetical but realistic reform scenarios. In the reform scenarios, we manipulate several elements of the ‘supply side factors’, i.e., the design characteristics of the respective reform proposals. The *dependent variable* is respondents’ degree of support for the respective reform scenarios. The *independent variables* are the respective policy attributes (for the supply side arguments) as well as respondents’ individual-level characteristics (for the demand side arguments).

In the WP survey, respondents are split into four scenarios, using the following question: *‘Imagine the [COUNTRY] government were planning a large [TYPE OF POLICY]. The reform would take [TIME HORIZON] to be implemented and would cost 5 billions. Would you support such a reform?’*

Respondents could (dis)agree on a range from 1-10. The TYPE OF POLICY content is either ‘education reform’ or ‘pension reform’, and the TIME HORIZON is either ‘2 years’ or ‘15 years’. We selected education and pension as two policy areas that are both socio-economically relevant and both generally very popular among the public, but they differ in their policy logics and distributive profiles: Education policy is usually regarded as a prime example of social investments whereas pensions are selected as the key example of compensatory social policy. Moreover, while especially younger persons are likely to benefit from education, the immediate beneficiaries of pensions are the elderly. Moreover, we specified two different time horizons, with one being short (2 years), another taking longer (15 years). Of course, the selection of 2 and 15 years is arbitrary to some degree, and we could have picked an even longer time horizon (30 or 50 years), but 15 years appeared reasonable for education, as children benefitting from education today are likely to be on the labour market in 15 years’ time, whereas 15 years is not too long for most current pensioners to still be affected by.

The AUTNES survey offered a great additional opportunity for us to test our claims because due to the higher number of respondents within one context the survey allowed to introduce more splits so that we could vary more policy elements. Each respondent was confronted with one policy proposal, and we randomly assigned respondents to 18 groups, using the following split-sample questions:

Question 1 on expansion:

'Imagine, the federal government proposes a [TYPE OF POLICY] in order to [REFORM EFFECT]. Implementation would take [TIME HORIZON] and cost [COSTS]. Would you support such a reform?' (Answers 1-7)²

We manipulated the TYPE OF POLICY ('education reform' or 'pension reform'), the TIME HORIZON ('2 years' or '15 years'), the REFORM EFFECT ('improve level & quality' or 'make more inclusive'), and the COSTS ('10' vs '100 Million Euro'). Our selection of the education and pension policy and the two time horizons is identical to the logic explained above in the WP survey. Additionally, we manipulated the reform costs between 10 and 100 million Euro to see to what degree respondents are 'price-sensitive' in their responses. Like with the specification of the exact time horizon, the exact numbers here are arbitrary as well and might seem low for policy experts (improving pensions in an entire country, for example, is likely to cost much more than 10 or 100 million Euros). We still selected these numbers as respondents generally have only very little information and knowledge about the exact costs of policies (Stantcheva 2020), so that it is hard to anticipate ex ante whether they find 10 and 100 million a lot or a little. The final element we manipulated is the distributive reform effect. We wanted to capture a trade-off between quantitative expansion (therefore being more redistributive) and qualitative improvement (benefitting existing groups) of these policies, which at the same time should be usable for both education and pension policy. We thus focused on a formulation that highlights 'level and quality' as qualitative improvement and 'inclusiveness' as quantitative expansion, i.e., letting more benefit.

As an addition to this expansion scenario, in the AUTNES survey, we were able to test these four supply side arguments in a setting of welfare state retrenchment. The question reads:

'Imagine, the federal government proposes a [TYPE OF POLICY]. The reform would reduce costs by [COSTS] in [TIME HORIZON], but come at the expense of [REFORM EFFECT]. Would you support such a reform?' (Answers 1-7)³

² In German: 'Stellen Sie sich vor, die Bundesregierung schlägt eine [TYPE OF POLICY] vor, um [REFORM EFFECT]. Die Implementation würde [TIME HORIZON] dauern und [COSTS] kosten. Würden Sie eine solche Reform unterstützen?'

³ In German: 'Stellen Sie sich vor, die Bundesregierung schlägt eine [TYPE OF POLICY] vor. Die Reform würde innert [TIME HORIZON] die Kosten um [COSTS] senken, aber auf Kosten [REFORM EFFECT] gehen. Würden Sie eine solche Reform unterstützen?'

While the manipulations of TYPE OF POLICY and TIME HORIZON are the same, COSTS in this scenario capture the savings made possible by the reform and REFORM EFFECT describes whether the cutbacks are universal ('decrease level & quality') or stratified ('make more exclusive'). Here, we thus focused on a formulation that highlights 'level and quality' as qualitative deterioration and 'exclusiveness' as quantitative retrenchment, i.e., letting less benefit.

In addition to the treatment groups, we included a control group that only gets information about the type of policy (education or pension) but no treatment about time horizon, costs, and effects, in order to have a 'benchmark value' for the level of unconditional reform support.

Methods

Theoretically, we are interested in the degree to which supply-side and demand-side factors, particularly respondents' position on the second dimension, affect public support for the respective proposals. In order to capture this, we regress respondents' reform support (dependent variable) on the respective elements of the policy proposals (supply-side independent variables) and a range of individual-level determinants (demand-side independent variables).

Ideology variables and controls

The operationalisation of the ideology measures differs slightly for the two surveys. In the WP survey, they are derived from an explorative factor analysis based on the following seven statements: 'For a society to be fair, income differences should be small', 'Social benefits and services in [COUNTRY] place too great a strain on the economy.', 'Immigration is a threat to our national culture', 'Gay and lesbian couples should have the same rights to adopt children as straight couples', 'All in all, family life suffers when the woman has a full-time job', 'Immigration is a threat to the national labour market', and 'European integration has gone too far'. The factor analysis yields two dimensions. The first two indicators strongly load on what we call the first, or economic dimension. The scores have been normalised to yield from 0 (weak support for redistribution) to 1 (strong support for redistribution). The remaining five indicators strongly load on the second, or cultural dimension. Again, the scores have been normalized from 0 (strongly particularistic) to 1 (strongly universalistic).

In the AUTNES survey, the procedure is the same, but the factor analysis is based on the following eight indicators: 'Politics must fight social inequality', 'The welfare state makes

people lazy’, ‘Unemployment has to be reduced, even at the cost of higher public debt’, ‘Politics should not interfere with the economy’, ‘At the same level of qualification, women should be prioritized in hiring and promotion procedures’, ‘The authority and competences of the police should be expanded to ensure law and order’, ‘Immigration to Austria should only be allowed in exceptional circumstances’, ‘The environment must be protected, even if that implies higher costs for individual citizens’.⁴

The models include control variables for age, gender, income, education, having children, political trust, a dummy variable for pensioners, and another dummy variable that indicates whether the respondent voted for the incumbent party at the last national election.

Most analyses are based on pooled data, including both the WP as well as the AUTNES survey. In these cases, as well as in the analyses based on WP data only, we include country fixed effects. For meaningful comparisons, we rescaled all variables for which the answer scales differed between the two surveys to yield from 0 to 1.⁵

Findings

We present our findings in two steps. First, we focus on results for the supply-side factors, exploring to what degree characteristics of the policy proposals affect public support. Second, we turn towards the micro-level of individual-level determinants, particularly towards the role of positions on the second ideological dimension.

‘Supply-side factors’ – Which policy attributes affect reform support?

As a reminder, we experimentally varied four aspects of the policies: in both surveys the type of policy and the time horizon; in the AUTNES survey additionally the distributive effect and costs. To what degree do these treatments affect reform support?

Figure 1 illustrates our findings. In a nutshell, we find that regarding supply-side factors it is mainly the type of policy that affects the degree of support: In the WP survey (in which we only asked about expansion), illustrated in the left panel, both education and pensions are generally very popular – but support for pension reform is even higher than for education reform. Support for a pension reform is 0.4 points higher (6.3 on a 1-10 scale) than support for

⁴ ‘Die Politik muss die soziale Ungleichheit bekämpfen’, ‘Der Sozialstaat macht Menschen träge und faul’, ‘Die Arbeitslosigkeit muss bekämpft werden, auch wenn das hohe Staatsschulden bedeutet’, ‘Die Politik soll sich aus der Wirtschaft heraushalten’, ‘Frauen sollen bei Bewerbungen und Beförderungen bei gleicher Qualifikation bevorzugt werden’, ‘Die Befugnisse der Polizei müssen ausgeweitet werden, um für Recht und Ordnung zu sorgen’, ‘Zuwanderung nach Österreich sollte nur in absoluten Ausnahmefällen möglich sein’, ‘Die Umwelt muss um jeden Preis geschützt werden, auch wenn das für den Einzelnen teuer wird’

⁵ This includes first and foremost our dependent variable *reform support*, which in the WS survey was answered on a 1-10 scale and in the AUTNES survey on a 1-7 scale.

an education reform (5.9). We also find that the policy's time horizon matters: public support is lower for policies that take *longer* (6.0 vs 6.3). This is in line with existing theory which led us to expect that *ceteris paribus* people perceive policies with long-term horizons as uncertain and risky, resulting in lower acceptance rates.

As the middle panel of Figure 1 shows, both findings replicate in the AUTNES survey, but only the effect of type of policy reaches statistical significance. The difference amounts to 0.2 points (5.2 and 5.0 respectively, on a 1-7 scale). Hence, support for a pension reform is roughly 5 percent higher than support for an education reform in both surveys. Furthermore, support is higher for the 2-year treatment than for the 15-year treatment, but the estimates are statistically not distinguishable in the AUTNES survey, pointing at considerable variation in attitudes.

In the AUTNES sample we also find – as expected – that support levels are lower when the reform costs are higher: support drops from 5.2 to 5.1 once costs are increased from 10 to 100 millions). However, this does just not reach statistical significance at conventional levels. Likewise, we do not find statistically significant differences in support between redistributive reforms and universal reforms. A potential reason for these non-significant findings might be that the treatments are not strong enough (i.e., the distributive profiles are not clear-cut enough). Future work could test whether clearer findings emerge with more powerful treatments. Given that our scenarios can be regarded as typical real-world frames, however, we still find the result that the distributive profiles do not seem to make a significant contribution to explaining variation in reform support extremely interesting.

In addition, the results of the retrenchment experiment (which we only included in the AUTNES survey) plotted in the right panel of Figure 1, provide some interesting insights too. Besides a reversal of the effects of TYPE OF REFORM and TIME HORIZON (cutbacks that affect education rather than pensions and that take 15 rather than 10 years are more strongly supported), here the distributive profile of a reform matters. Retrenchments that affect everyone, rather than a clearly identified group of already disadvantaged, face considerably more opposition. Finally, the potential overall savings of the reform do not matter for support. Hence, cutbacks are clearly unpopular, as indicated by the low level of support for any kind of retrenching reform. However, while universal pension cutbacks seem unfeasible, opposition against regressive education reforms is considerably lower.

In sum, the main take-away is that it is particularly the policy field and partly, depending on expansion or retrenchment, the time horizon or redistributive profile that affects reform support, whereas especially the costs produce less clear results. We may conclude that the

supply-side factors only explain a minor part of the variation in reform support/opposition. This is an important finding, because it implies that (at least when it comes to education and pensions as arguably two of the most important but also ‘representative’ policies of the larger universe of investive and compensatory social policies) some crucial aspects of the design of the reform proposals do not fundamentally affect reform support or opposition among the general public.

An optimistic view on this finding could argue that this is a good sign, since respondents do not fundamentally change their preferences if a policy takes longer to be implemented or has different effects. Pessimistically speaking, particularly the finding that the distributive effects do not matter for reform support in the realm of expansions, can be interpreted as a worrying sign, as respondents do not seem to make a difference between quantitative and qualitative expansion, which – from a political economy perspective – makes a crucial difference.

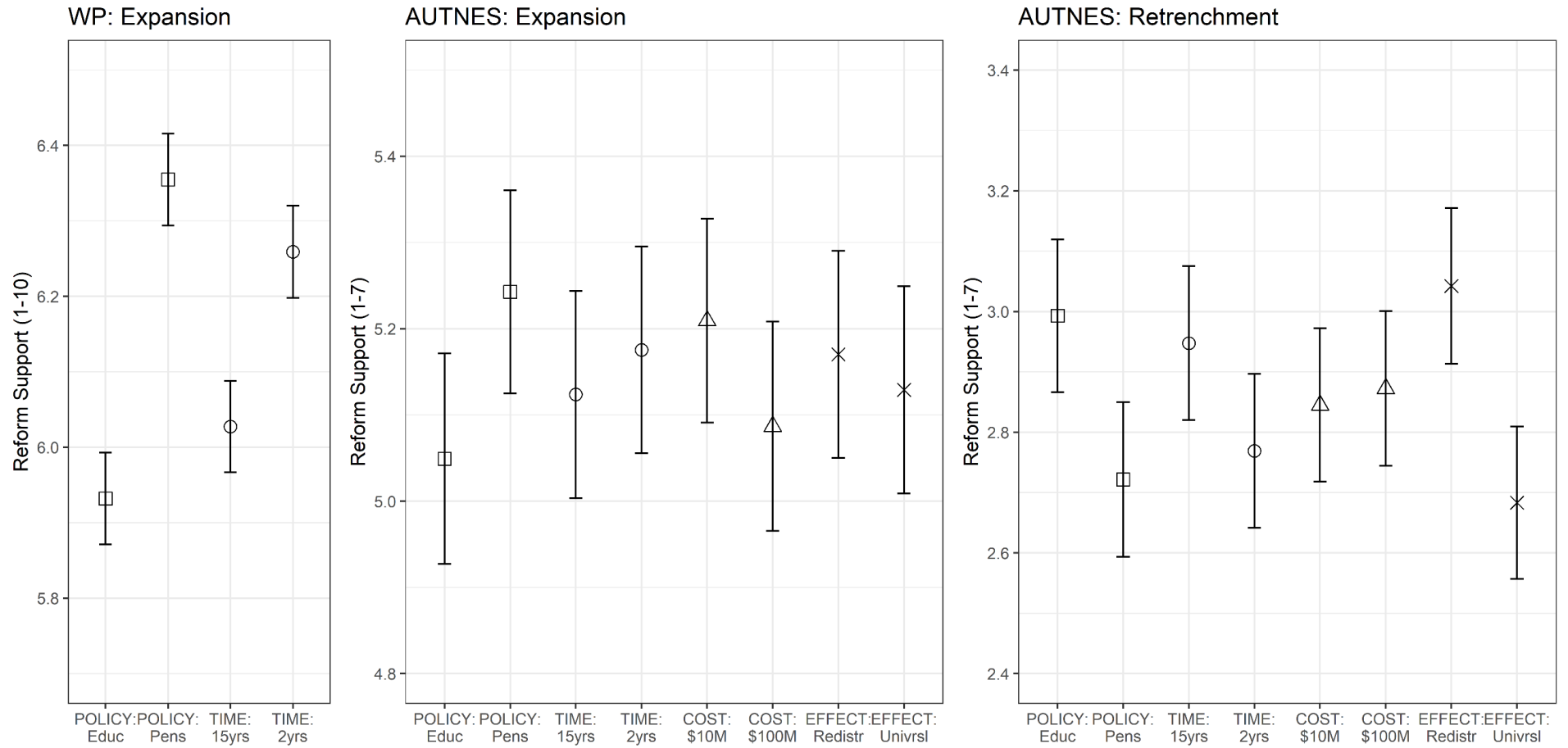


Figure 1. Effects of supply-side factors on reform support

Notes: Corresponding regression tables can be found in Appendix 1.

‘Demand-side factors’ – Individual-level determinants of attitudes

How do the individual-level ‘demand-side factors’ fare? What explains respondents’ support or opposition to reforms on the individual-level? Replicating and expanding existing work, Figure 2 shows that – as theorised – self-interest matters in the expected way: respondents support those types of policies that benefit themselves (pensioners = pensions, students/parents = education). Moreover, and relatedly, educational background matters, as the level of support for education reform catches up with the higher support for pension reform among the highest educated. That is, the highest educated favour education and pension policy to the same degree, whereas the difference is much larger among the lower-educated. Put differently, the different support levels for education and pension policy in the pooled sample are mainly driven by the lower- and medium-educated, who prioritize pensions over education.

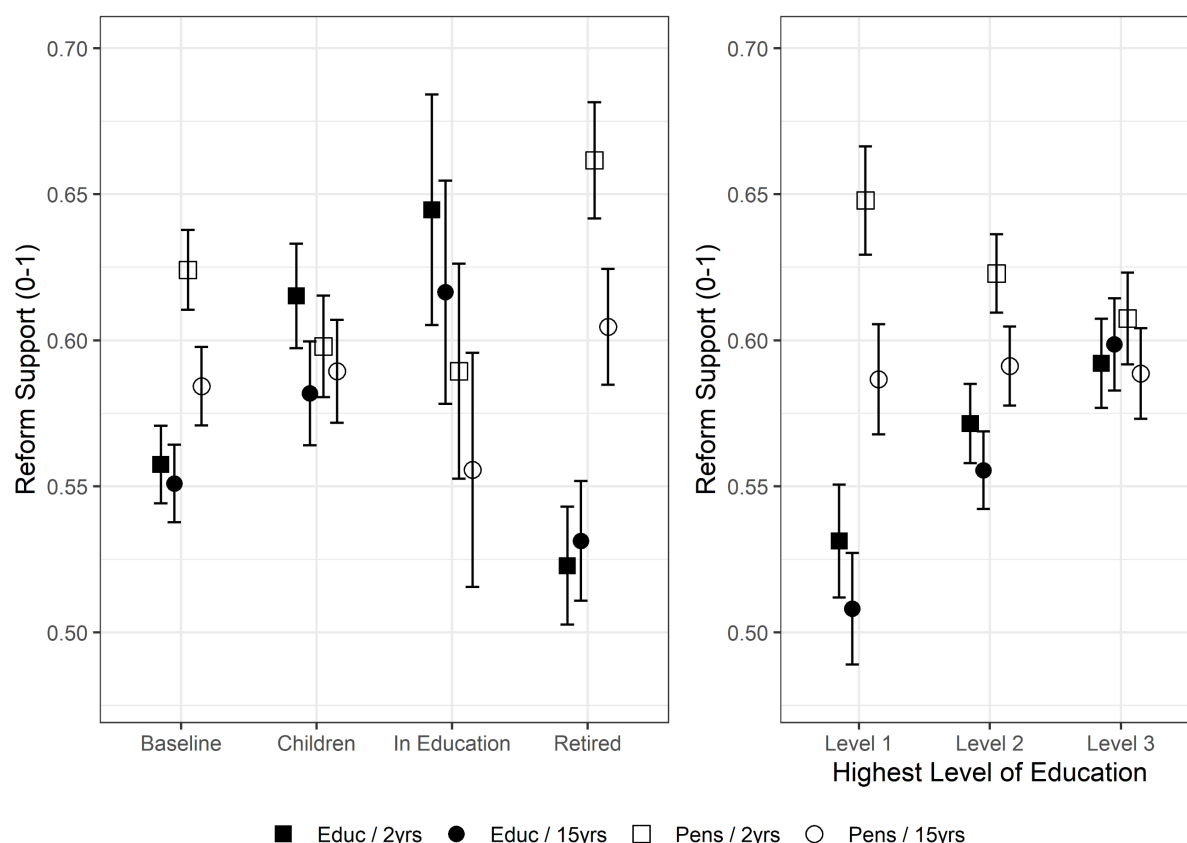


Figure 2. Effects of self-interest (recipient groups) on reform support

Notes: Based on pooled data from both the WP and the AUTNES survey; corresponding regression tables can be found in Appendix 2.

Most important for the present paper, we find very clear and strong support for our argument that reform support is related to respondents’ positions on the second ideological dimension: Figure 3 shows that for respondents who score low on that dimension (i.e., lean more towards

‘particularism’ than ‘universalism’), we find the above-described pattern that support for pension is (much) higher (6.5) than for education reform (5.1). For higher values on the dimension (i.e., positions favouring ‘universalism’ rather than ‘particularism’), though, this pattern even flips, as respondents become more supportive of education (6.8) than of pension reform (6.2). Put differently: the more universally-minded respondents are the higher their support for education, while their support for pension reform even decreases. These findings hold even when we control for rival explanations, as well as for several subgroups, as shown in Figure 4 below. That is, second dimension politics even matters under ‘adverse conditions’, e.g., universalistic pensioners or universalistic respondents without children are also more in favour of education.

Interestingly, we do not see a similar pattern for positions on the first dimension: Here, respondents just get more supportive of the proposed reforms (with this effect being a bit stronger for pension reforms), the more they lean left on the state-market dimension. This underlines, once more, that the first and second ideological do follow distinct political dynamics and underpin our point that it is not sufficient to concentrate on the first dimension alone. In terms of explanatory power (comparing the r^2), we find that the first dimension has more explanatory for attitudes towards pension policy, but the second dimension is more relevant when it comes to education policy.

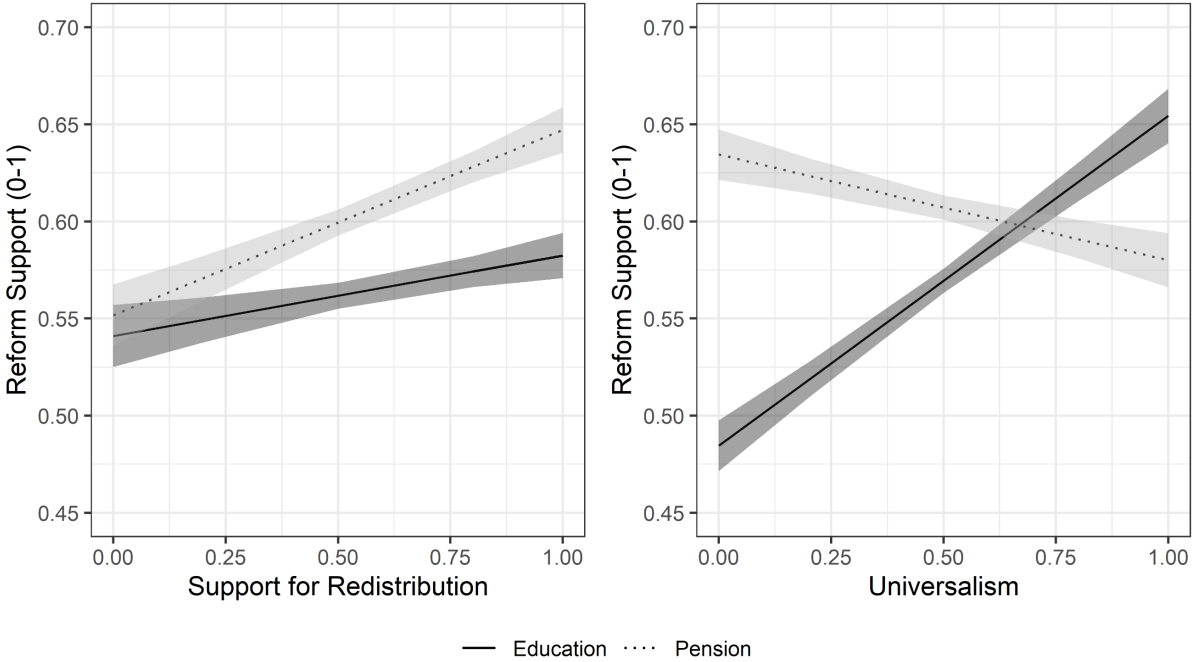


Figure 3. Effects of ideological predispositions on two dimensions on reform support
 Notes: Based on pooled data from both the WP and the AUTNES survey; corresponding regression tables can be found in Appendix 3.

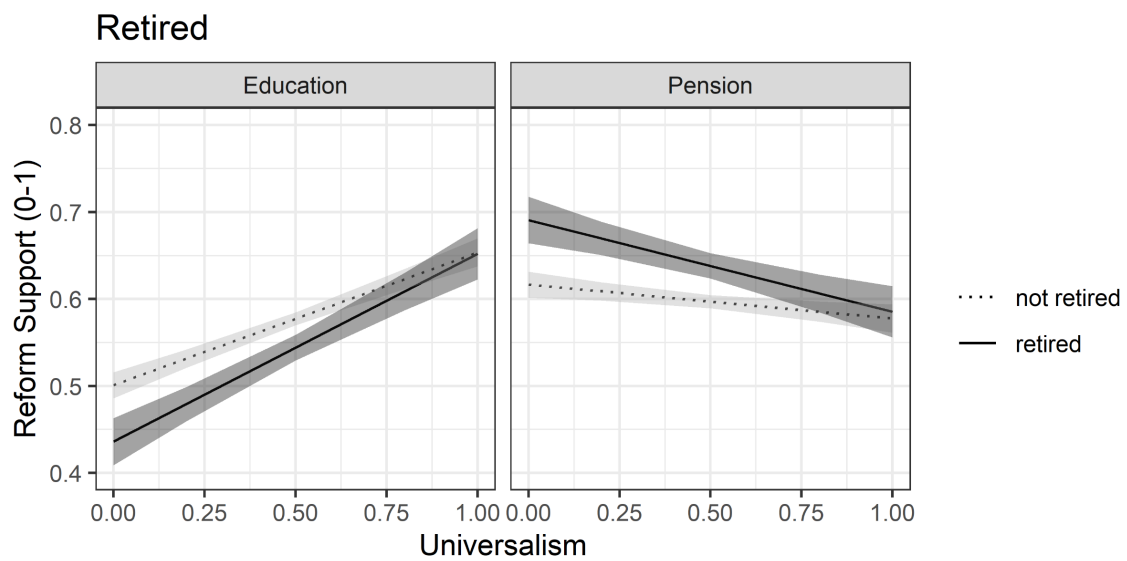
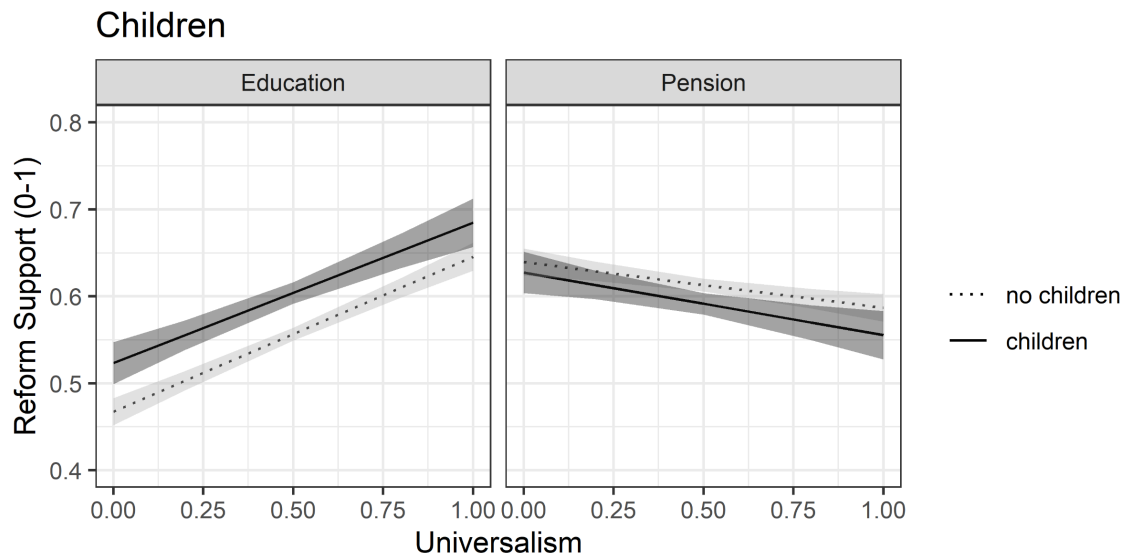
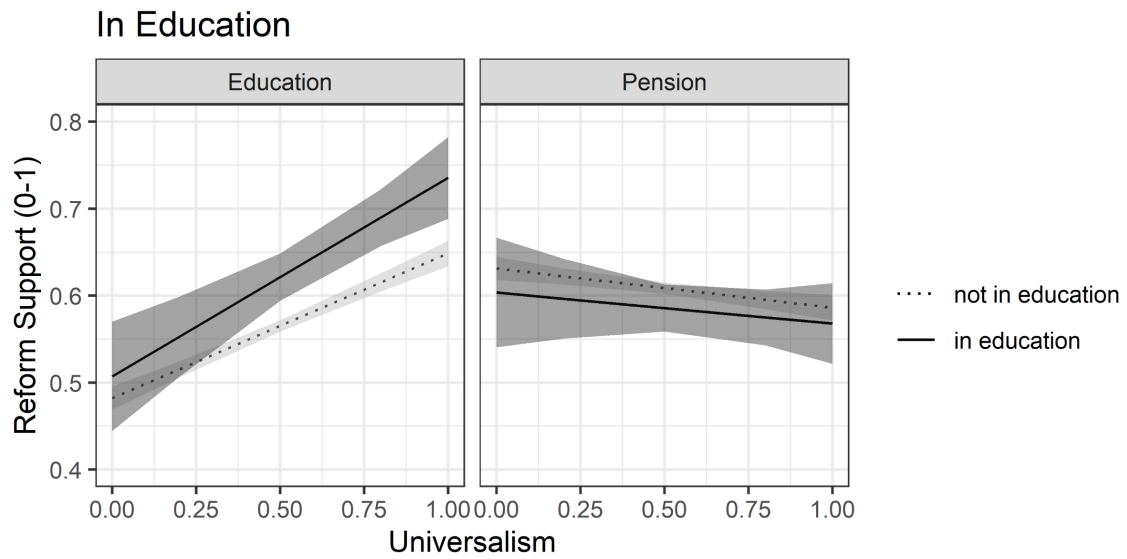


Figure 4. Effects of self-interest and ideology on reform support

Notes: Based on pooled data from both the WP and the AUTNES survey; corresponding regression tables can be found in Appendix 4.

Robustness and endogeneity

We conducted a range of robustness test. For example, the main findings replicate in each individual country and each welfare regime (Appendices 5-7). Moreover, the results are *not* driven by specific elements of our second-dimension variable (Appendix 8), i.e., it is really about the dimension and not about specific elements of it (like views on immigration). Furthermore, we can replicate the findings also with other, non-experimental attitudinal questions in our survey (traditional unconditional attitudinal welfare support questions) (Appendix 9).

Is endogeneity a concern? A critique could argue that – in testing the ‘demand-side factors’ – we regress ‘attitudes on attitudes’ and ultimately cannot judge whether ideology affects preferences, or preferences ideology. While this is strictly speaking true, we have several responses: First of all, this argument does not apply at all to the supply-side factors, which are by design independent because of the random assignment and orthogonal design. Even for the demand-side factors, we are not concerned about potential endogeneity, though. To start with, a lot of recent work on ideology and preferences has shown that respondents’ ideological positions are psychological much deeper predispositions that are hard(er) to change than preferences. We cannot imagine that a single, hypothetical question about a specific reform proposal changes respondents’ ideological positions, especially because it is embedded in a much larger survey including a range of other questions. Technically, moreover, we made sure in the questionnaire design that the question order acknowledges this. Finally, we do not have this finding for the first dimension, which puts doubt on the argument that we might affect people’s ideology in general.

Concluding Discussion

This paper adds to a burgeoning literature on public opinion towards welfare state reform, particularly in a time of ‘permanent austerity’ (Pierson 1998) and omnipresent trade-offs. Our contribution is two-fold. On the one hand, we systematize existing explanations and comparatively and systematically test ‘supply-side’ and ‘demand-side factors’ using two large novel public opinion surveys in nine countries. On the other hand, we add a new – and arguably crucial – argument to this literature by highlighting the role of second dimension politics. The multidimensionality of the politico-ideological space has been recognized by scholars of party politics and political behaviour for a long time now, but still is hardly present in mainstream welfare state research. We hope that our paper contributes to this research agenda, further connecting different literature strings in comparative political economy.

Substantively, we found that supply-side factors played a rather minor role for public opinion support: The type of policy (pension vs. education) and, to a limited degree, the time horizon and redistributive profile mattered. Regarding demand-side factors we confirmed existing work on the role of self-interest and the role of respondents' positions on the first ideological dimension. Most importantly for our argument we showed that people's positions on the second dimension crucially and systematically affect their preferences towards social policy. For education policy, we even found that the second dimension is more important than the first.

The findings have several implications. For starters, they imply that social policy scholars need to pay more attention to second dimension politics. This is particularly true for education policy, and arguably for social investment policies more generally. We would even posit that we cannot fully understand the politics of social investment (and social compensation) without paying close attention to second dimension politics. Moreover, the results imply that a crucial determinant for wide-spread welfare reform acceptance then is the number of people holding universalist-values. Social investment reforms will be publicly more accepted, *ceteris paribus*, in contexts where a larger share of the electorate holds more universalist values. Taking a macro-comparative view, this is particularly the case in Nordic Europe, and to a much lesser extend in Southern Europe and most of Central and Eastern Europe. Our findings thus add another puzzle-piece to the explanation why countries differ so tremendously in their commitment to social investment (see Garritzmann *et al.* 2022 for a global comparison). We show that welfare state reform crucially hinges on second dimension politics.

Future work could extend these findings in several ways. For one, it would be nice to see the finding replicated in more countries and more policy areas in order to learn about the scope conditions of our claims. Moreover, one could investigate whether our finding that the redistributive profile matters less, continue to hold when moving to more drastic distributive effects. Also, from a causal inference perspective it could be interesting to try to manipulate respondents' positions on the second dimension (e.g., by triggering different aspects of it), in order to get closer to causal claims. Finally, the arguments could be connected more to work on the relevance of second dimension politics for voting behaviour, party competition, and policymaking.

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