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## Economic conditions and public attitudes toward welfare state policies

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# Economic Conditions and Public Attitudes Towards Welfare State Policies

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## ABSTRACT

Can changing economic conditions predict changes in public attitudes toward welfare state policies? More specifically, does public support for governmental provision and economic redistribution increase in periods of economic strain and low employment? This has been a popular hypothesis among political commentators but has been subject of limited empirical scrutiny. The hypothesis is tested using data from three waves of the World Value Survey and fixed effects models at country level following cross-sectional analyses at the level of respondents which control for individual characteristics. The hypothesis is supported by three out of four effects being tested. These effects are largely contextual as individual level compositional effects can only explain a minor part. The results also indicate that the formation of public opinions towards welfare state policies is predictable and rational.

This paper will test one hypothesis: In a booming economy, when employment rates are high and economic strain is rare, people tend to have more confidence in individual responsibility and believe that governments should only play a limited role in providing for them and in reducing income differences. But when economies contract, when more people are worse off than expected, people tend to believe that governments should take more responsibility for economic provision and reducing income differences. We may call it the governmental protection hypothesis.

This hypothesis was popular among political commentators in explaining the economic prosperity and political stability in Europe during the 1950s and 1960s as compared to the more turbulent 1930s and 1940s, as shown by Lipset (1968), who also argued that prosperous economic conditions would lead to a decline in class conflict. But it has also been contested. Durr (1993) argued that economic worries would cause people to focus on self-interest and give less weight to the concerns of the disadvantaged.

The governmental protection hypothesis is tested in this paper by analysing changes in public attitudes toward state responsibility for economic provision and redistribution of income. The empirical analysis uses data from 39 countries in two or three waves of the World Value Survey spanning from around 1990 to around 2000. It is done in two stages. First, a cross-sectional analysis at the level of individuals indicates which individual characteristics are associated with preferences for welfare states policies. Secondly, a longitudinal analysis at the level of countries indicates how public attitudes change within countries as the economic conditions of the countries change.

### **Explaining public attitudes toward welfare states policies**

In most modern economies governments render a number of social programs which provide economic security in cases of unemployment, disability and old age. Several countries also have minimum income policies and/or policies aiming to redistribute incomes towards the poor. Collectively, these programs are labelled welfare state policies.

#### *Individual level explanations*

Public attitudes toward welfare state policies have been studied from various perspectives. The most popular approach has been to investigate how the characteristics of individuals affect attitudes toward welfare state policies. In these studies individual characteristics are sometimes viewed as indicators of the self-interest individuals have toward welfare policies

and redistribution, or as indicators of the political ideology which these policies either represent or challenge (Sears *et al.*, 1980; Hasenfeld and Rafferty, 1989; Andress and Heiden, 2001).

The self-interest argument claims that those who are likely to be or become recipients of welfare state benefits/programs are likely to hold more positive attitudes towards these policies than those who are less likely to receive them. Furthermore, all people have to contribute to the financing of these policies by paying taxes. Thus, we have a conflict of interest between contributors and potential recipients of welfare state benefits.

Empirical studies have supported the self-interest argument. Hasenfeld and Rafferty (1989) found that those who are economically most vulnerable and thus most likely to receive welfare state benefits are also most likely to be supportive of them. Later research has found similar consistency between class and status groups (Svallfors, 1997) and between occupational and income groups (Edlund, 1999) also when comparing public attitudes toward welfare policies in different countries.

The ideology argument presumes that attitudes toward welfare states are rooted in more general value systems regarding the proper relationship between the individual, the state and other institutions such as labour markets and voluntary organisations (Feldman and Zaller, 1992). Welfare state policies are supported by the belief that citizens have some basic social rights including the right to live according to prevailing social standards (Marshall, 1964). This belief is, however, in conflict with another popular belief that citizens should do what they can to be economically self-sufficient. The welfare state undermines this principle by excusing some from their economic responsibilities and by fostering inappropriate behaviour among recipients of benefits. These contradictory values and beliefs provide ideological justifications for both supporting and opposing welfare state benefits and economic redistribution (Lipset, 1963).

Empirical studies have supported the ideology argument as well. The endorsement of social rights has been found to be a key predictor of welfare state support (Sears *et al.*, 1980; Hasenfeld and Rafferty, 1989). Furthermore, Jacoby (1994) found a more coherent structure in public attitudes towards social welfare expenditures than towards other governmental expenditures which, he hypothesised, reflected stronger ideological conflict over these policy issues.

### *Country level explanations*

Another approach is to investigate how the characteristics of countries affect public attitudes toward welfare state policies. The most popular explanation in cross-sectional research has been to see attitudes toward welfare policies as products of the institutional characteristics of welfare policies in each country (Svallfors, 1997; Edlund, 1999; Arts and Gelissen, 2001; Linos and West, 2003; Jæger, 2006).

Korpi (1989) and Esping-Andersen (1990) argued that a political history of class coalitions has created various regime types of welfare states. Institutional theory indicates that these institutional structures shape the articulation of social solidarity and thus public attitudes toward welfare state programs (Korpi, 1989). Welfare state regime theorists do allow for ideological and religious factors to affect the development of different welfare state regimes (e.g. Esping-Andersen, 1990; 1999; Huber and Stephens, 2000). But empirical analyses of public attitudes toward welfare state policies have solely investigated how regime types of welfare states may affect public attitudes (i.e. Svallfors, 1997; Edlund, 1999; Arts and Gelissen, 2001; Linos and West, 2003).

The empirical support for the regime type explanation of public attitudes appears to be scarce even under this very strict theoretical assumption (i.e. Svallfors, 1997; Edlund, 1999; Arts and Gelissen, 2001). Some analysts argue that the empirical support would have been stronger if hypotheses had been specified differently (Linoss and West, 2003) or if institutional characteristics had been measured directly rather than via stereotyped regimes (Gæler, 2006).

Other country level predictors have also been investigated in studies using either cross-sectional data for several countries or longitudinal data for one country. Blekesaune and Quadagno (2003) analysed attitudes to welfare state policies using both individual level and country level predictors, assuming that the articulation and formation of these attitudes is made at multiple levels. People living in countries with high unemployment express more positive attitudes toward welfare policies generally and those directed towards the unemployed in particular. The authors hypothesised that high unemployment levels public attitude because it increased the awareness of the risk of becoming unemployed and because of public concerns for those already unemployed.

There is not much longitudinal research studying changes in public attitudes toward welfare state policies, not even at the level of countries. Some studies have investigated changes in public attitudes to various policy issues, however, typically within a single

country. One type of study has investigated the temporal order between changes in attitudes and policies, inspired by the opposing views of institutional and democratic theory (e.g. Page and Shapiro, 1983; Soroka and Wlezien, 2005; Burstein, 2003). Whereas institutional theory argues that institutional characteristics affect public attitudes, democratic theory argues conversely that public attitudes affect policy decisions. Findings support both arguments, but the balance between them is subject to debate (Erikson, Write and McIver, 1993; Burstein, 2003). Few studies have focused on social policies specifically. Brooks and Manza (2006) have, however, predicted welfare state policies by public attitudes towards the welfare state using longitudinal data for multiple countries.

Another type of study has investigated country level changes in leftist political preferences, which are associated with approval for state responsibility for economic support and redistribution. According to this literature, periods of economic insecurity and economic deprivation should lead to stronger public support for leftist political ideas (Lipset, 1963; 1968; Plutzer, 1987). Durr (1993) argued, seemingly contrarily, that economic worries cause people to focus on self-interest and thus give less weight to the concerns of the disadvantaged. Erikson, MacKuen and Stimson (2002) found one way to reconcile these arguments; they claimed that unemployment causes public opinion to move to the left while inflation causes a move to the right (Weakliem, 2003).

Most empirical studies of changes in public attitudes towards various policy issues have used data from the USA (e.g. Page and Shapiro, 1983; Plutzer, 1987; Durr, 1993; Erikson *et al.*, 2002). We don't know how far these findings can be extended to other countries, or even to other periods. For example, the USA has developed less comprehensive welfare state programs than most other highly developed economies (Esping-Andersen, 1990; Quadagno, 1999), and "liberal" political ideas in the USA are different from "socialist" ideas found in most other countries (Lipset, 1963; 1968).

### *Hypotheses*

The empirical analysis will investigate public attitudes towards welfare state policy measured as state responsibility for economic security and redistribution. Two explanatory variables will be investigated: employment and satisfaction with income. Both factors will be investigated at two levels: individuals and countries.

At the level of individuals we hypothesise that non-employment and low satisfaction with income is associated with preference for stronger state responsibility for economic



security and redistribution. At the level of countries we hypothesise that lower employment rates and lower financial satisfaction lead to preference for state responsibility for economic support and redistribution beyond what can be explained by these factors at the level of individuals. It is thus presumed that attitude formation does not only occur at the individual level but is also a collective phenomenon. Even if this collective level effect is estimated at the level of countries, it can take place at multiple levels, from families and friends to national level articulations of social problems and social policies. But our data does not allow us to distinguish between different collective levels.

The empirical analysis investigates individual level explanations cross-sectionally (we have no longitudinal data for individuals) whereas country level explanations are investigated longitudinally (we can follow countries in time). The main contribution is the analysis of how economic changes affect public attitudes towards welfare state policies at the level of countries, and the opportunity to decompose these effects as purely compositional versus collective levels of preference formation.

## **Data and methods**

The data is from the World Value Survey (WVS). A first wave of WVS was carried out in 1981–1984, but this wave does not include the variables to be investigated here. Thus the three waves of 1989–1993, 1994–1999 and 1999–2004 will be used. The empirical analysis includes only countries providing data for at least two of these three waves, giving a total of 39 countries and 89 waves; 28 countries have two waves each, 11 countries have three waves each.<sup>1</sup>

The dependent variables are from a set of questions (the number varies) on policy attitudes: ‘Now I’d like you to tell me your views on some important political issues. How would you place your views on this [1–10] scale?’

- ‘The state should take the initiative to provide for all people’ [value 10] versus ‘Individuals should take the initiative to provide for themselves’ [value 1]
- ‘Incomes should be made more equal’ [value 10] versus ‘Greater incentives should be provided for individual effort’ [value 1]

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<sup>1</sup> Argentina, Chile, China, India, Japan, Mexico, Nigeria, South Africa, Spain, Turkey, and the USA were represented in three waves each whereas Albania, Bangladesh, Bosnia-Herzegovina, Brazil, Bulgaria, Belarus, Canada, Czech republic, Estonia, Finland, Germany, Hungary, Republic of Korea, Latvia, Republic of Moldova, Norway, Pakistan, Peru, Philippines, Puerto Rico, Romania, the

The key explanatory variables are employment and financial satisfaction. Employment is a binary variable: those employed (full time, part time or self-employed) have value 1 and everyone else (retired, housewife, student, unemployed, other) have value 0. Financial satisfaction is a single item question: ‘How satisfied are you with the financial situation of your household?’ Responses can be from 1 (dissatisfied) to 10 (satisfied).<sup>2</sup>

The statistical analysis is done in two stages. Firstly, attitudes toward welfare state policies are analysed cross-sectionally at the level of individuals. Explanatory variables are employment status and satisfaction with income plus age and gender. Age is measured with piece wise constant slopes (splines) for age below 30, age 30 to 50, and age above 50 (unique slopes for each age range). Age coefficients indicate a ten year increase (which makes the age coefficients larger and more visible in the tables) using decimals for individual years. Gender is measured with a female indicator variable.

From the individual level analysis adjusted mean attitudes at aggregated levels are estimated for all combinations of countries and waves, using a joint random intercept (residual term) for all waves for all countries (n=89). For descriptive purposes two separate random intercepts are presented in Table 1 at the level of both countries (n=39) and waves for each country (n=89).

Secondly, country level changes in policy preferences are analysed using fixed effects models. These estimates indicate how changes in explanatory variables (employment rates and financial satisfaction) are associated with changes in public attitudes toward welfare state policies. The dependent policy preference variables analysed in this aggregate level analysis have been adjusted for individual level characteristics in the previous individual level analysis. Two types of adjustment are used: model 1 controls only for age and sex composition. Model 2 also controls for individual level employment and financial satisfaction. Comparing model 1 and model 2 will thus indicate how far country level estimates (between economic situation and attitudes toward welfare state policies) are purely compositional (resulting from changes in the number of respondents being employed or satisfied with their economy) or being contextual in one way or another by reflects employment and satisfaction among other people as well (beyond the characteristics of individual respondents). In this analysis, satisfaction with income is calculated as a crude

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Russian federation, Slovakia, Slovenia, Sweden, Macedonia, republic of, Venezuela, and Serbia-Montenegro were represented in two waves each.

<sup>2</sup> Several European countries did not include this question about redistribution in the 1999-2004 wave and were thus represented in only two waves.

mean for each country and wave (n=89) whereas employment rates are calculated as (age and sex) adjusted means at the level of waves and countries (n=89). The different treatment of these variables is motivated by the fact that employment rates vary much more by age and sex than financial strain.

When studying how changes in one country level variable (economic condition) is statistically associated with another country level variable (attitudes toward welfare states) over a relatively short period (approximately 5 to 10 years), there will always be some uncertainty as to whether or not these variables affect each other at all. This uncertainty is much smaller when using fixed effects estimates for 39 countries than when analysing temporal trends in only one country, as in much previous research. But it is still possible that both economic conditions and public attitudes changed in a number of countries for reasons other than those hypothesised here. Period effects are thus controlled for using a linear year variable, indicating a ten year increase with decimals for individual years. With this specification, country level effects indicate how far countries experiencing more/less than average change in employment rates and financial satisfaction also experienced a different change in attitudes toward state responsibility and redistribution.

Since our main hypotheses refer to temporal variation at country level we use one-tailed tests in the aggregate level analysis but two-tailed tests in the individual level analysis. Standard errors in fixed effects models are normally based on rather strict assumptions and will typically be underestimated. This is corrected for using the modified sandwich estimator or variance in Stata (clustered on countries).

## **Results**

### *Cross-sectional estimates at individual level*

Table 1 presents regression results for the two dependant variables ('public attitudes toward state versus individual responsibility for economic provision' and 'public attitudes toward redistribution versus incentives for individual effort') at the level of individuals. Random variation (the lower part of the table) is unexplained variation between countries, waves (within countries) and individuals (within countries and waves), here presented as standard deviation statistics at each level.

Employed people tend to prefer individual responsibility whereas those not employed prefer state responsibility for economic provision. Employed people also tend to prefer incentives for individual effort whereas the non-employed prefer redistribution. The

difference between employed and non-employed people is larger on the issue of redistribution versus incentives (-0.28) than on the issue of who should be responsible for economic provision (-0.19).

Those satisfied with the financial situation tend to prefer individual responsibility whereas those less satisfied prefer state responsibility for economic provision. Those satisfied with their economy also tend to prefer incentives for individual effort whereas those less satisfied prefer redistribution of income. Also, the difference between people being satisfied and not satisfied with their economy is larger on the issue of redistribution versus incentives (-0.14) than on the issue of individual versus state responsibility for economic provision (-0.12).

**Table 1: Attitudes toward welfare state policies: cross sectional estimates at the level of individuals in 2/3 waves in 39 countries**

	<b>State versus individual responsibility for economic provision</b>		<b>Redistribution versus incentives for individual effort</b>	
	Estimates	S.E.	Estimates	S.E.
<b>Coefficients</b>				
Female or not (1/0)	0.20**	(.02)	0.15**	(.02)
Age slope <30 <sup>a</sup>	0.00	(.03)	0.03	(.03)
Age slope 30-50 <sup>a</sup>	0.01	(.01)	0.08**	(.01)
Age slope 50+ <sup>a</sup>	0.06**	(.02)	0.08**	(.02)
Employed or not (1/0)	-0.19**	(.02)	-0.28**	(.02)
Financial satisfaction (1-10)	-0.12**	(.00)	-0.14**	(.00)
Constant	6.63**	(.15)	5.77**	(.12)
<b>Random variation (S.D.)</b>				
Countries (39)	0.76**	(.12)	0.48**	(.13)
Waves (89)	0.70**	(.07)	0.81**	(.08)
Individuals (N)	2.88**	(.01)	2.87**	(.01)
N individuals	124,198		123,639	

\* = p<0.05, \*\* = p<0.01 in two tailed tests; <sup>a</sup> = age slopes indicate a ten year increase

When comparing the two explanatory variables, we find that attitudes toward welfare state policies are more strongly correlated with financial satisfaction than with employment status. The difference between the employed and those not employed corresponds to a mere 1.6 difference on the 1 to 10 financial satisfaction scale as regards responsibility for economic

provision (0.19/0.12). As regards redistribution the employment effect corresponds to a difference of 2.0 on the 1 to 10 financial satisfaction scale (0.28/0.14). In fact, employment versus non-employment corresponds to only half of a standard deviation on the financial satisfaction scale (0.26, see Appendix Table A1).

When considering gender and age we find that women are more positive towards state responsibility and redistribution whereas men believe more in individual responsibility and in rewarding effort. The three age slopes indicate that elderly people are more positive towards state responsibility and redistribution than younger people who believe more in individual responsibility and reward. This age effect is stronger on the redistribution issue than on the issue of who should be responsible for economic provision. The gender effect, on the other hand, is slightly stronger for state responsibility than for redistribution.

The random components indicate much more country level variation in the issue of state responsibility for economic provision (0.76) than in the issue of redistribution (0.48). There is, on the other hand, slightly more temporal (wave level) variation in the issue of redistribution (0.81) than in the issue of who is responsible for economic provision (0.70).

#### *Longitudinal estimates at country level*

Longitudinal estimates at country level are presented in Table 2 (state versus individual responsibility for economic provision) and Table 3 (redistribution of income versus incentives for individual effort). Notice that this analysis disregards all time invariant (fixed) variation in attitudes between the 39 countries (correlations between attitudes and other country level characteristics), and only focuses on how we can explain temporal (wave level) variation in attitudes within these 39 countries. Technically, this is done using a dummy variable for each country being studied. As a result the coefficients indicate how changes in one characteristic in these countries are associated with changes in attitudes between waves.

This table also presents unexplained variation using standard deviation statistics. The rho statistics indicate the proportion of unexplained variance (squared standard deviation) being between the 39 countries of all unexplained variation between the 89 aggregated level observations being studied.

***Table 2: Attitudes toward state versus individual responsibility for economic provision at country level. Fixed effects estimates and standard errors***

	<i>Model 1</i>		<i>Model 2</i>	
	Estimates	S.E.	Estimates	S.E.
<b>Coefficients</b>				
Employment rates (*10)	-0.36**	(.15)	-0.29*	(.15)
Financial satisfaction ( $\bar{x}$ )	-0.39*	(.17)	-0.28*	(.16)
Year (/10) <sup>a</sup>	0.58**	(.16)	0.66**	(.17)
Constant	1.73*	(.93)	1.12	(.91)
<b>Unexplained variation</b>				
Countries (39) (S.D.)	0.78		0.76	
Waves (89) (S.D.)	0.51		0.52	
Rho (39/89) (variance)	0.70		0.69	

\* =  $p < 0.05$ , \*\* =  $p < 0.01$  in one tailed tests; <sup>a</sup> year slope indicate a ten year period effect

In a majority of the countries studied employment rates fell in the study period, financial satisfaction was also reduced somewhat, and attitudes toward state responsibility for economic provision and redistribution of income became more positive (see Appendix Table A3). This analysis controls for these general changes across countries in the study period (using a linear year/period effect). The estimates (in Table 2) indicate that countries with a stronger than average fall in employment rate and financial satisfaction also had a stronger than average shift in attitudes from individual to state responsibility for economic provision. Conversely, countries with a less than average fall in employment rate and financial satisfaction had a smaller change in public attitudes toward economic provision. A 10% fall in employment rate is associated with 0.36 attitude change toward state responsibility, whereas a unit fall in financial satisfaction is associated with a 0.39 change in these attitudes.

The previous analysis (Table 1) indicated that individuals who are not employed and not satisfied with their financial situation are more positive towards state versus individual responsibility for economic provision. As more people were out of employment and less satisfied with their financial situation we would expect that public attitudes also changed for purely compositional reasons: as more respondents were themselves non-employed and not satisfied. A comparison between model 1 (not controlling for individual composition) and model 2 (controlling for individual composition in employment and financial satisfaction) indicates that this compositional effect is only a small part of the explanation for why public attitudes towards welfare state policies changed following changes in employment rates and financial satisfaction. The composition effect (at the level of individuals) can only account for 18% (0.29/0.36) of the employment effect and 28% (0.28/0.39) of the financial

satisfaction effect. Thus, the major part of the effect of changing economic conditions on attitudes toward welfare state policies is in some way contextual.

**Table 3: Attitudes toward redistribution of income versus incentives for individual effort. Fixed effects estimates and standard errors**

	<i>Model 1</i>		<i>Model 2</i>	
	Estimates	S.E.	Estimates	S.E.
<b>Coefficients</b>				
Employment rates (*10)	-0.44**	(.18)	-0.42*	(.18)
Financial satisfaction ( $\bar{x}$ )	-0.12	(.21)	0.03	(.22)
Year (/10) <sup>a</sup>	0.68**	(.21)	0.68**	(.21)
Constant	0.21	(1.17)	-0.59	(1.18)
<b>Unexplained variation</b>				
Countries (39) (S.D.)	0.86		0.86	
Waves (89) (S.D.)	0.69		0.69	
Rho (39/89) (variance)	0.61		0.61	

\* =  $p < 0.05$ , \*\* =  $p < 0.01$  in one tailed tests; <sup>a</sup> year slope indicate a ten year period effect

Attitudes towards redistribution are also sensitive to changes in employment rates (Table 3). Countries experiencing more than average fall in employment had more than average increase in positive attitudes toward redistribution of income versus incentives for individual effort. A 10% fall in employment is associated with a 0.44 change in attitudes towards more redistribution. This effect is almost entirely contextual. Controlling for individual composition of employment status makes very little change in this estimate (as indicated by comparing model 1 and 2).

Changes in financial satisfaction at the level of countries are, on the other hand, not correlated with changes in attitudes toward redistribution of income versus incentives for individual effort.

Would these results have been different if we had not controlled for a linear period trend across the countries? The two effects of changing employment rates would have been stronger whereas the single effect of financial satisfaction would have changed only marginally from those presented here. Thus, the overall findings would not have been very different had we allowed for period effects to be part of the interpretation of these results. But a period effect is part of the explanation why changing employment rates are associated with crude changes in attitudes toward welfare state policies.

## Discussion

This analysis has investigated a hypothesis that changing economic conditions at country level are an important predictor of changes in public attitudes toward welfare state policies. Several people have argued in favour of such effects, both analysts and political commentators (Lipset, 1968). Erikson and colleagues (2002: 232) even argue: “We know that when unemployment increases, demand for government activity (i.e. *liberalism*) follows. When the employment rates improve, the demand weakens.” Empirical support for these claims appears to be confined, however, to qualitative observations (Lipset, 1968), changes within only one country (Erikson *et al.*, 2002), or purely cross-sectional analyses (Blekesaune and Quadagno, 2003).

Our empirical analysis supports these ideas as regards effects of changes in employment rates: lower employment rates are associated with changes in public opinion: that governments should take more responsibility for economic provision and redistribution of income. Increased financial strain is also associated with stronger support for state responsibility for economic provision, but not for redistribution of income.

Thus, three of four hypothesised effects at country level are supported. But why is there no association between financial strain and economic redistribution? The simplest explanation is that these factors don't affect each other. But it is also possible that low financial satisfaction triggers different types of responses that could cancel each other out. Durr (1993) claimed that time series data from the USA indicates that economic worries cause people to focus on self-interest and thus give less weight to the concerns of the disadvantaged. Thus, it is possible that both Lipset (1968) and Durr (1993) were right as regards financial satisfaction and redistribution, but it is also possible that none of them were right regarding these variables.

There is also a larger issue within political sociology concerning how far changes in public opinion towards policy issues are predictable and rational. Page and Shapiro (1992) argued that opinion formation is predictable and rational. They found that public opinions about crime and death penalty became more conservative as crime rates increased. Best (1989) argued conversely that popular concerns with various social problems rise and fall with little or no connection with actual conditions. The findings presented here largely support the type of rationality and predictability argued by Page and Shapiro. On the other



hand, it is not clear whether the deviant finding for financial strain and redistribution supports the opposite argument.

This analysis cannot say how public attitudes toward welfare state policies change when national economies contract or improve. We do find, however, that individual level compositional effects can only explain a small part, and in one case no part, of the longitudinal correlation between changes in economic conditions and public attitudes toward welfare state policies at country level. It is possible that these largely contextual effects indicate that the articulation of social problems and appropriate policies at high levels, such as countries, is important in the formation of public attitudes toward welfare state policies. But these issues should be investigated using longitudinal data at a number of different levels such as individual, household and family, as well as geographical units within countries.

Comparative research on attitudes towards welfare state policies has, at least in Europe, largely ignored the possibility that these attitudes could be affected by economic situations at country level (Blekesaune and Quadagno, 2003), possibly because this research has a historical affiliation to structuralist and institutional theory (Weaklim, 2003). A recent study by Brooks and Manza (2006) indicates that public attitudes affect social policies. The present analysis provides support for the view that this welfare policy analysts would benefit from paying more attention to changing economic conditions and what might be seen as the demand side of welfare state policies, and focusing less exclusively on institutional characteristics and political history.

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## Appendix

**Table A1: Descriptive statistics of data at the level of individuals**

	Mean	S.D.	Low	High
State versus individual provision	5.9	3.1	1	10
Redistribution versus incentives	5.2	3.0	1	10
Age	40.6	15.7	15	99
% female	51.2 %		0	1
% employed	56.0 %		0	1
Satisfaction with income	5.4	2.6	1	10

**Table A2: Descriptive statistics of the data (non-weighted) at the level of waves for all countries (N=89)**

	Mean	S.D.	Low	High
State vs. individual provision				
adjusted for sex and age (model 1)	0.0	1.1	-2.7	1.9
plus ind.employ. & fin.satisf. (model 2)	0.0	1.0	-2.5	1.9
Redistribution vs. incentives				
adjusted for sex and age (model 1)	0.0	1.0	-1.9	2.3
plus ind.employ. & fin.satisf. (model 2)	0.0	1.0	-1.8	2.4
Mean employment rates (adjusted)	-0.1	1.2	-3.5	2.5
Mean financial satisfaction (non-adjusted)	5.4	1.0	3.1	7.4
Year	1995.6	4.0	1990	2002
Number of valid respondents				
State vs. individual provision	1395	636	532	3735
Redistribution vs. incentives	1389	640	535	3859

**Table A3: Estimated 10 year changes in all aggregate level variables as used in the aggregate level analysis (Table 2 and 3). Fixed effects estimates and standard errors**

	<b>Model 1</b>	
	Estimates	S.E.
<b>Linear 10 year change in</b>		
Sate vs. individual responsibility for economic provision	0.95**	(.19)
Redistribution vs. incentives for effort	1.03**	(.19)
Employment rates (*10)	-0.69**	(.16)
Financial satisfaction ( $\bar{x}$ )	-0.32*	(.14)

\* =  $p < 0.05$ , \*\* =  $p < 0.01$  in one tailed tests