

Changing Labour Markets, New Social Divisions and Welfare State Support

Denmark in the 1990s

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Jørgen Goul Andersen:

*Changing Labour Markets, New Social Divisions
and Welfare State Support:
Denmark in the 1990s*

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Changing Labour Markets, New Social Divisions and Welfare State Support: Denmark in the 1990s.

Paper prepared for ESA Conference, Essex, aug.27-30., 1997

European Values in Transition

Abstract:

The paper examines how social and economic challenges to the welfare state in terms of unemployment and labour market marginalisation affect solidarity and support for the welfare state in Denmark. Most discussions have revolved around the social aspects, in particular some sort of "two-thirds society" scenario with a decline of solidarity among the majority of "insiders". The paper argues that the economic aspects of labour market marginalisation and their political articulation constitute more likely threats to the legitimacy of the welfare state.

The paper concentrates, however, on a test of various aspects of the "polarization hypothesis" and some rational-choice inspired variants. It turns out that the social structure is far more complex than implied by the polarization hypothesis ; in the first place, divisions are blurred by public employees who constitute a large share of the labour force in the Scandinavian welfare states; and secondly, full participation of women in the labour force means that few (two-person) families have more than one unemployed person. The first criterion reduces the group of privately employed or privately supported to about one-third of the adult population, and if we take account of unemployment experience in the family (including spouse, parents or children), less than one-fifth of the adult population can be described as "core insiders" in the private sector.

Turning to attitudes, we find that crude economic categories do not explain political behaviour but among the 18-59 years old, we do find a polarity between "core insiders" on the one hand and publicly supported and public employees on the other. When it comes to attitudes to economic support for the unemployed, we even find a stronger polarization among the younger voters than among the 35-59 years old. However, we do not find much, if any, support to the idea that solidarity is low even among the minority of "core insiders". Since 1994, there are some indications of increasing welfare state scepticism but this seems to be rooted more in concern for the economy of the welfare state than in declining solidarity with the unemployed.

1. Unemployment, Welfare Legitimacy and Political Polarization

It is generally acknowledged that chronic unemployment and the emergence of a low-skilled "surplus population" constitutes one of the major challenges to contemporary welfare states. It constitutes a social change that may *undermine citizenship* for significant parts of the population, i.e. it may involve what has variously been labelled "New poverty" (Room 1990), "social exclusion" (Room 1995), the emergence of an "underclass", or a "two-thirds society" (Dahrendorf 1988, 1994). Alongside with ageing populations, it may also *undermine the economic foundations* of the welfare state. But little has been done to examine empirically whether it also *undermines the legitimacy of the welfare state* by generating new political divisions between the employed majority and those who are at the fringe of the labour market or entirely outside of it.

The question of polarization is not a matter of active social protest among the unemployed. In line with classical findings, the unemployed and other groups outside the labour market are generally found to be "politically harmless" (Schlozman & Verba 1979; Bild & Hoff 1988; Svensson & Togeby 1991; Bjørklund 1992). Rather, the question is whether the solidarity of the employed majority can be maintained. Thus it is often claimed that labour market marginalisation leads to a decline of solidarity among the employed which will undermine the legitimacy of the welfare state (Christoffersen 1995). Our main purpose here is to examine this hypothesis.

However, the legitimacy of the welfare state may not only be related to the notion of social change, new conflicts and solidarity. It may also be linked to perceptions of economic feasibility. If solidarity is maintained, there still remains a common concern for the *economic* consequences of the increasing "burden of support" for those outside the labour market. Our second purpose is to examine whether this may challenge the legitimacy of the welfare state.

Such questions must be posed against the background of the policies pursued in different countries. As pointed out by Esping-Andersen (1996:10-20), different welfare regimes have employed different strategies to handle the problem of the low-skilled "surplus population". The archetypical *liberal* response is to deregulate labour markets and accept increasing inequalities in order to expand low-paid, low-productive employment in private services.¹ The response in Social Democratic *Scandinavian* welfare states has until recently been expansion of public sector employment plus active labour market policies, increasingly with emphasis on the last mentioned.

1) Until recently, many economists were attracted by the liberal market solution which at least had the quality of improving employment opportunities. More recently, scepticism has increased as upward income mobility is much lower than expected (OECD 1997).

And the typical *Continental European* response, Esping-Andersen contends, was, at least until recently, to reduce labour supply, not least by means of early retirement.

However, Denmark constitutes a rather extreme case in combining *both* the last mentioned techniques and avoiding entirely the firstmentioned. As revealed by *Table 1*, Denmark is among the few countries that did not experience increasing inequality during the 1980's. The proportion of the population falling below the (relative) poverty level is unusually low, and the proportion of poor among households where head of household is unemployed, is even lower (3 per cent, c.f. Commission, 1995; Dalggaard et al. 1996).

Table 1. Indices of Inequality in the 1980s. Inequality in disposable incomes (gini coefficients), annual change in gini coefficients in the 1980s, and inequality in primary income distribution (wage inequality index).

	Gini disp.incom	Change per year	Wage difference index	
	(around 1986/7)	(1980s)	1980	1990
Denmark	.21	-.003	2.14	2.15
Sweden	.22	.004	2.00	2.08
Finland	.21	-.005	na	na
Germany	.25	.001	2.67	2.52
France	.29	.001	3.08	3.02
Netherlands	.27	.003	na	na
UK	.31	.008	2.53	3.21
USA	.34	.002	4.80	5.55

Source(1) Ministry of Finance (1995:275), based on OECD (1993a) Income distribution in OECD Countries: Based on data from the Luxembourg income study (LIS).

(2) Ministry of Finance (1995:276) Based on Rowntree report 1995.

(3) Calculated from Ministry of Finance (1995:277) whose data are based on OECD (1993b) Employment Outlook. Entries in the table are ratios between the incomes of the "high" and "low" income groups.

Because of the maintenance of high *de facto* minimum wages (there is no legal regulation), and in line with the suggestions of Esping-Andersen, Denmark had the lowest expansion of employment in the private service sector among all OECD countries from 1980 to 1991, and the second lowest proportion of the employed working in private services among the rich countries (see *Table 2*). The other side of the coin is a very large public service sector.

Table 2. Private service employment in selected countries. Proportion of labour force in private service sector, and increase in proportion, 1980-1991. Percentages.

	Proportion of Labour Force in Pri- vate Services	Increase in propor- tion in private ser- vices, 1980-1991
Denmark	36.6	1.3
Sweden	36.4	3.8
Norway	41.9	2.8
Germany	42.0	6.4
Italy	45.9	9.9
UK	50.3	11.1
Netherlands	55.2	n.a.
USA	58.1	7.2
Unweighted average 14 OECD Countries with full information	44.7	5.9

Source: OECD (1993) *National Accounts*.

This means that it becomes inescapable to consider three major groups: Publicly supported, public employees, and the privately employed (or privately supported). Alongside with the abovementioned scenario of a "two-thirds society", we also have to consider the possibility of a "one-third society", i.e. a political polarization between the majority of public employees and publicly supported who receive their income from the state, and the privately employed/privately supported.

Following a rational choice-line of reasoning, there is any reason to expect negative welfare sentiments among the last mentioned. But this does not necessarily imply any welfare backlash at the aggregate level because of the sheer numbers of those who receive their income from the state. From a rational choice perspective, one might even be concerned with the maintenance of democracy in such a system. But the question is to which degree welfare attitudes are determined by such narrow self-interests (Lewin 1991; Udehn 1996). We have suggested earlier that generally shared values as well as values related to way of life/life experience such as gender, generation, and class are more important than self-interests in the narrow sense.²

2) Social class is both a value factor and an interest factor but the predictions are different: When class is considered an interest factor, the main dividing line is between the middle class and the working class. When class is considered a way of life-factor, the main dividing line should be between ordinary wage earners on the one hand, and self employed and managers on the other.

In the following section, we describe the social structure according to labour market position or position vis-a-vis the public sector. Section 3 describes the overall trend in welfare legitimacy and discuss the dimensions of welfare attitudes to be applied here. Section 4 examines the question of decline of solidarity and new conflicts (including party choice and indicators of political trust) from a perspective of crude economic categories whereas section 5 refines the concepts and the hypotheses to conform better with sociological reasoning. Finally, section 6 briefly comments on the most recent trends in welfare attitudes in Denmark and examine the suggestion that concern for the economy is a more likely source of declining legitimacy than is declining solidarity, at least in a society where institutional preconditions for polarization are limited. Unless otherwise indicated, the data source in the following is the Danish 1994 election survey, a nation-wide, representative sample of 2021 cases, conducted in oct./nov. 1994 (Borre and Goul Andersen 1997).³

2. Social structure according to labour market position

Table 3 pictures the social structure from the perspective of position vis-a-vis the public sector. It emerges that almost two-thirds of the adult Danish population receive their main income from the state. Some 21 per cent are public employees, and some 45 per cent are (temporary or permanent) publicly supported (if we include students who receive very generous support from the state independently of parents' income from the age of 20).⁴

If identities and perceptions of self-interests follow these lines, this would put a strong pressure on the solidarity of the employed in the private sector. Below, we examine both the difference in attitudes between the gainfully employed and welfare recipients, and the difference between those who rely on income from the state vs. the rest of the population (i.e. those who are employed in the private sector and a few housewives (who comprise only 1½ per cent of the adult population)).

-
- 3) The research group behind The Danish Election Programme has conducted surveys of all parliamentary elections since 1971. A minor survey with some of the items for later time series was conducted for the first time in 1969.
 - 4) The survey-based figures are not exact measures but good approximations. We do not know the "true" figures as social and labour market statistics are still not perfectly commensurable. Standard survey weighting does not affect the figures but it does seem that early retirement pensioners (previously "disablement pensioners") and privately employed are a bit underrepresented whereas most of the remaining categories, in particular public employees, are a bit overrepresented in the survey.

Table 3. Categories of public employees, welfare recipients and state non-dependents

		Percentage of adult population in survey ⁺)
State non-dependents, total		33.7
Employees		25.3
	Manual workers	12.2
	Nonmanuals	12.3
	Not classified	0.8
Self-employed, assisting spouse		7.1
Housewives		1.4
Public employees, total		21.1
	Manual workers	4.4
	Nonmanuals	16.4
	Not classified	0.3
Publicly supported/Welfare Recipients, total		45.2
Students, pupils (largely supported by the state)		7.4
Unemployed (unemployment benefits or social assistance)*)		7.7
Parental, maternity, educational or sabbatical leave		2.8
Disabled/ Early retirement pensioners		5.1
Early retirement or transitional allowance		4.2
Old-age pensioners, state pensioners		17.4
Others		0.6

⁺) The sample is not perfectly representative. State non-dependents, early retirement pensioners and to some degree old-age pensioners are somewhat under-represented. But the deviations are relatively small.

^{*)} Including unemployed on parental leave.

Source: Election Survey 1994. N=2021.

3. Welfare State Legitimacy in Denmark, 1969-1994

3.1. Relevant dimensions

Welfare state attitudes are multidimensional, and there has been little accumulation of consensus about how to identify the relevant dimensions. The dimensions produced by factor analyses tend to be affected by question format. But elaborating on Rothstein's (1994) distinction between substantial and procedural justice, one may perhaps distinguish between three levels (which may also be identified in e.g. Svallfors 1989, 1996): (1) The level of *basic values or preferences*, (2) the level of more "*practical*" *attitudes towards the implementation of welfare policies*, and (3) attitudes to *specific issues or expenditure items*.

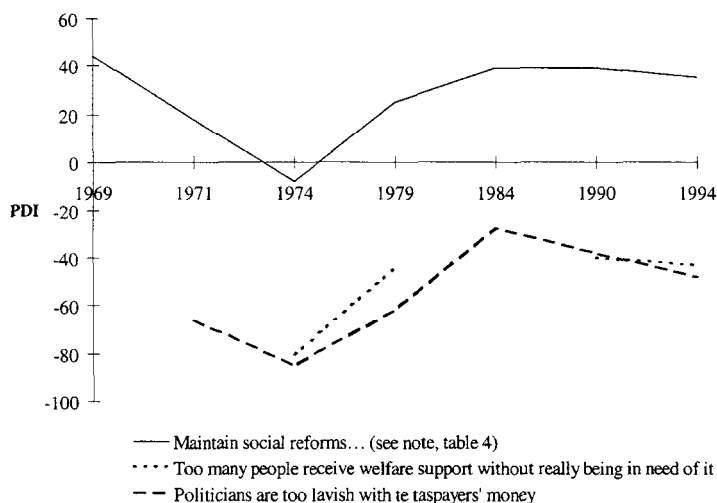
At the level of "practical" attitudes we encounter at least four aspects which are discernable in factor analysis on Danish data: Attitudes to abuse, to efficiency/privatization, to paternalism/responsiveness, and to economic feasibility. For our purpose here, abuse and economic feasibility are the relevant dimensions at this level. At the level of specific expenditure items, some three or four dimensions have been identified, among which we have selected attitudes to (the level of) unemployment benefits and social assistance. Finally, at the level of basic values and preferences, we have developed an index on general preferences for welfare (see below).

From a rational choice perspective, we should expect an alliance between public employees and publicly supported on the general preference index but not on the three others. Apart from welfare attitudes, we have also examined political trust and party choice. As far as political trust is concerned, the classical expectation is that labour market marginalisation is related to low political trust. However, the opposite is also imaginable if the privately employed become frustrated over high taxes to pay for the majority who receive their income from the state.

3.2. Trends in welfare legitimacy

We only have three indicators that cover most of the period since 1969/1971 when the first Danish election surveys were conducted (earlier indicators from various sources are meagre and not comparable with later surveys). These three indicators include: General support for the welfare state, attitudes to abuse, and perceptions that "politicians are too lavish". Although the lastmentioned item is two-dimensional (measuring both attitudes to welfare and political distrust), the three items roughly follow parallel trends, as described in figure 1.

Figure 1: Development of Welfare State attitude in Denmark, 1969-1994. PDI's i favour of Welfare State.



We observe a "welfare backlash" in 1973/1974 when Mogens Glistrup's anti-tax Progress Party entered the Danish parliament with 15.9 per cent of the votes cast,⁵ but support gradually recovered. It peaked in the mid-1980s and consolidated at a somewhat lower level in the 1990s - nearly the same level as in the 1960s. From other sources it may be inferred that the level of welfare state support in Denmark is probably roughly equivalent to what is found in other Scandinavian countries (Pettersen 1995; Taylor-Gooby 1995; Borre and Goul Andersen 1997: ch.8).

However, the relatively stable aggregate figures do not exclude the possibility that a polarization may be taking place beneath the surface. In the 1994 election survey, we are able to develop somewhat improved measures.

5) Since the mid-1980's, the party has survived more as an anti-immigration party; in 1995 the party was split into two parties with roughly equivalent programmes.

3.3. Indices of Welfare State Support

Basic preferences for welfare is measured by an additive index composed of three items (see table 4).⁶ The first one is the item referred to above which indicated a broad popular support as 63 per cent of the adult population answered that social reforms should be maintained at least at the present level whereas only 28 per cent believed that reforms had gone too far. It may be more accurate to ask explicitly about *preferences* between welfare and taxes, however, and in order to avoid possible asymmetries and fiscal illusions when each spending item is considered separately, we have used two general questions rather than questioning on individual spending areas. The first question forms part of a battery where respondents were asked which government alternative they preferred to solve a number of problems. On the item "ensure a proper balance between tax burden and social security", 40 per cent answered that they preferred the present (Social Democratic) government whereas only 25 per cent preferred a bourgeois government, the rest being indifferent or in doubt. Next, voters were asked whether they would prefer lower taxes (47 per cent) or improved public services (44 per cent) if it became possible to lower taxes in the future. For most of the analyses below, the three questions are combined into a simple additive index.

Our questions on abuse are easy to answer affirmatively but nevertheless indicate that people may be very critical towards abuse in spite of general support for the welfare state. As suspicion of abuse furthermore tend to penetrate the working class and other low-status groups who normally support the welfare state, abuse may be the achilles heel of welfare state legitimacy (Svallfors 1989; Hviid Nielsen 1994). However, the time series above show that suspicions of abuse were much more widespread in the mid-1970s; thus it does not seem that abuse is considered a pertinent problem in the 1990s.⁷

Despite strong attempts by governments to campaign on tax relief, voters have not been very responsive; for instance in the 1990 election, 54 per cent of the voters answered that taxes was the most important issue in the election campaign in the media but only 9 per cent themselves regarded taxes as the most important problem (Bille, Nielsen & Sauerberg 1992:89). But voters seem much more responsive to the argument that the welfare state is threatened by increasing

6) Technically, all indices in the following are constructed by recoding the component variables into three categories: -1, 0, and +1. Next, the sum of values is divided by the number of items. This means that an index value is interpretable as a sort of "average percentage difference index". Respondents with "don't know" answers on one half or more of the questions in the index are treated as missing, otherwise they are treated as neutral.

7) This is also confirmed by surveys conducted for the news media (see Goul Andersen 1995:43-45).

burdens of income transfers. 58 per cent agreed that "transfer incomes are getting beyond control", and 50 per cent agreed that "if we take a long view, it becomes impossible to maintain the welfare state as we know it today". These questions are also combined into an additive index.⁸

Table 4. Welfare State Attitudes, 1994. Percentages and PDI's (percentage difference indices)

	Agree	Dis-agree	Indiffer-ent/ Don't know	Total	PDI (in favour of welfare state)
1. Social reforms have gone too far	28	63	9	100	+35
2. Prefer bourgeois balance welfare and tax	40	25	35	100	+15
3. Prefer tax relief before improved publ.service	47	44	9	100	-3
Index 1: General welfare support (1+2+3)					
4a. Too many people receive welfare support without really being in need of it	63	20	17	100	-43
4b. Far too many people abuse social systems	79	15	6	100	-64
5. Many unemployed don't really want a job	52	39	9	100	-13
Index 2: Abuse (4+5)					-33
6. In the long run, we cannot afford to maintain the welfare state we have known	50	36	14	100	-14
7. Income transfers are getting beyond control	58	20	22	100	-38
Index 3: Can Afford Welfare (6+7)					-27
8. Unemployment benefits (level)	12	69	12	7	0
9. Social assistance (level)	22	54	11	13	-11
Index 4: Unemployment expenditure (8+9)					-06

Reliability coefficients (Cronbach's alpha): Index 1: .52; index 2: .44; index 3: .42; index 4: .68. Dimensionality is confirmed by factor analysis but reliability is poor on index 2 and index 3.

Wordings:

1. "First a question about government spending on social programs.
A says: We have gone too far with social reforms in this country. People should to a larger extent manage without social welfare and public contributions.
B says: The social reforms already adopted in our country should be maintained, at least at the present level.
- Do you agree mostly with A or with B?"
 2. "Who do you think are the best to solve the (following) problems... - The present government with its Social Democratic leadership, or a bourgeois government? ...
To ensure a proper balance between tax burden and social security?"
 3. "If it becomes possible in the long run to lower taxation, what would you prefer: ...
A: Tax relief or B: Improved public services?"
 - 8-9. "Now I'd like to ask about your view on public expenditure for various purposes. For each purpose, please tell me if you think the public sector spends too much money, an appropriate amount, or too little for this purpose"
-
- 8) Both the index on abuse and economic sustain ability of welfare have low reliability; however , as the individual items several reveal roughly the same patterns as the two indices, we have applied the indices anyway. It could be added, that a more reliable measure of abuse, applied in 1990, reveal the same social patterns (see Hvid Nielsen 1994).

Although most Danish voters believe that it is an unconditional government responsibility to provide for decent unemployment benefits, there may be different opinions as to appropriate standards. In 1994, an absolute majority believe that present standards are just appropriate. At this point, however, attitudes have changed up and down, responding to policy changes. For instance, by 1979, before downward adjustments in the 1980s, a majority believed that unemployment benefits were too generous.

4. Social divisions : Crude Economic Categories

We begin by examining the polarization hypothesis on the basis of the crude economic categories as suggested by rational choice theory and, more generally, by narrow economic reasoning. As dependent variables, we have not only included general preferences for welfare but also party choice (socialist voting and voting for "extreme parties"⁹ as voting for extreme parties may be a expression of feeling of powerlessness and distrust. From table 5 it emerges that there are no significant aggregate differences between the employed and the publicly supported, neither in terms of attitudes to welfare, nor in percentages voting for "extreme" parties, or for socialist parties. Sector position is important but what counts is the question of public vs. private employment, not employment vs. living on income transfers. This also means that we do encounter significant differences between privately employed and those who receive their income from the state when public employees and publicly supported are collapsed. But this is not legitimate as they do not by any means constitute a group. Correspondingly, public employees distinguish when it comes to socialist as well as voting for "extreme" parties - left wing parties have a stronghold here - but the remaining differences are negligible.

With the exception of public employees, it is the intra-class variations that are most important, not the inter-class variations. Thus there are highly significant class differences in welfare attitudes and party choice among privately employed, as there are significant differences between various categories of publicly supported. The important divisions cut across formal relationship to the public sector: Workers, public employees and some publicly supported groups

9) "Extreme" parties include two left wing parties: Unity List and Socialist People's Party; the right wing populist Progress Party, and candidates outside the party lists. "Extreme" parties should not be conflated with "extremist" parties; it is a relative concept that signals a distance to the more influential parties close to the political centre.

are the most positive towards the welfare state; self-employed, higher nonmanual employees in the private sector and old-age pensioners are the most negative.

In short, *publicly supported is a formal umbrella category, not a group in any sociological sense*. The polarization hypothesis receives no data support at all as long as we apply the crude economic categories. In particular, three sub-groups diverge: Students, old-age pensioners, and people on early retirement allowance. At best, the hypotheses need specification. The deviations may appear odd from an economic point of view but they are self-evident from a sociological point of view. Old-age pensioners, people on early retirement allowance, and students are not publicly supported for any *social* reasons but only as a stage in the *life-cycle*.¹⁰ Receiving public support as a life cycle phenomenon cannot be expected to generate common outlooks or common identities in any broader sense.

10) The formal pension age in Denmark is 67 years, and previously, persons on early retirement allowance were often referred to as a marginalised or excluded group. But this has little connection to realities (Nørregaard 1996). New value priorities in favour of self-actualization and leisure activity means that more and more people want to exploit the opportunities of early exit, and the de facto pension age in Denmark is approaching 60 years.

Table 5. Basic Welfare State Attitudes and Party Choice, by Labour Market Position. 1994.

	General welfare support		Per cent "extreme"		Per cent "extreme left"		Per cent "extreme right"		Per cent socialist		(N)
	Index	eta	per cent	eta	per cent	eta	per cent	eta	per cent	eta	
1. Non-dependents ¹⁾	02		13		7		6		35		677
2. Public Employees	33		25		21		2		56		423
3. Publicly supported	18	18***	18	11**	11	17***	6	08***	47	16***	905
Employed (1+2)	14		18		13		4		43		1100
Publ.Supported (3)	18	04	18		11	03	6	04	47	04	905
Private income (1)	02		13		7		6		35		677
Public Income (2+3)	23	16***	20		14	11***	5	03	50	14***	1328
<u>Publicly supported:</u>											
Students	20		19		16		1		37		149
Unemployed	35		28		21		5		64		154
Parental & other leave	48		19		17		2		55		56
Disabled	29		19		11		7		60		103
Early Retirem. Allowance	12		15		6		9		49		82
Old-age Pensioner	03	24***	12	15**	4	22***	9	12	39	21***	347
<u>Privately Employed¹⁾</u>											
Unskilled worker	19		20		8		11		49		125
Skilled worker	25		15		9		5		53		121
Lower nonmanual	08		14		10		4		38		168
Higher nonmanual	-		4		2		1		17		82
Self-employed ²⁾	21		13		4		9		13		139
Housewives	30		5		0		5		46		25
	32	34***		15*		13		14		33***	
<u>Public employees:</u>											
Manual worker	43		28		21		5		61		88
Lower nonmanual	33		22		19		1		57		257
Higher nonmanual	18	13	32	12	31	12	0	13	47	1	73

1) Including housewives (and a few apprentices not presented in the table).

2) Including wives working in husband's firm.

* sig < .05 ** sig < .01 *** sig < .001

From a political-sociological point of view, only those who are publicly supported for social reasons are relevant. This group includes the unemployed, the disabled aged less than 60 years, and persons on various leave arrangements.¹¹ Taken together, however, *the politically relevant groups of publicly supported comprise only some 15 per cent of the adult population.*

5. Labour Market Position and Welfare State Attitudes among 18-59 years old

To test the polarization hypothesis properly, we have to move beyond the crude economic categories. In the first place, we must exclude students and persons aged more than 60 years. Next, we must take account of the fact that people live in families. Actually, this is one of the strongest arguments against narrow economic reasoning as well as against exaggerated claims that a two-thirds society is emerging, not least in a country where housewives have virtually disappeared: Even though there are more single persons among the unemployed, and even though there is a weak association between unemployment of husband and wife, the majority of the unemployed have a working spouse. Besides, people have children or parents that may experience unemployment. This means that the distinction between those who are "integrated" and those who are "marginalised" or "excluded" is highly blurred.

This sets limits for prospects of polarization but it does not exclude the possibility of political conflict along these lines. There may be an accumulation of dissatisfaction with taxes and welfare among a minority of the privately employed, and a minority of politically aggressive people excluded from the labour market could emerge at the other pole. To test this reformulated polarization hypothesis, we have tried to identify a "core insider" group among the privately employed by sorting out those who have had any personal or family contacts with the social security system within the last two years.¹² These contacts include:

- Unemployment experience: Respondent, spouse, parents or children have been unemployed for more than one month within the last two years.

11) This does not include people on maternity leave but parental, educational and sabbatical leave which was introduced in 1992/93. Sabbatical leave is now abolished, and economic compensation for parental leave is significantly reduced.

12) It is also possible to sort out a "core outsider" group at the other pole but as it does not have any significant impact on the results, we have abstained from complicating the categories.

- Leave experience: Respondent or spouse has been on parental, educational or sabbatical leave (maternity leave is not counted as leave experience).¹³

The distribution of 18-59 years old (excluding students and a handful of state pensioners) according to these criteria is presented in table 6. According to the survey estimates, we are left with only some 20 per cent of all adults (28 per cent of the abovementioned group of 18-59 years old) who are "core insiders" in the private sector. Publicly supported aged less than 60 years comprise some 14 per cent (21 per cent of age group). If we do not find any polarization between these two *minority* groups and negative welfare state attitudes among the "core insiders", it gives little meaning to speculate about polarization and breakdown of solidarity.

Table 6. Distribution of 18-59 years old (excluding students)¹⁾, according to labour market position (1994). (A) As percentage of age group, and (B) As percentage of adult population²⁾

	Percentage of age group ¹⁾	Percentage of adult population
1. Core insiders: Privately employed ³⁾ without any unemployment or leave experience in family	28	19
2. Privately employed ³⁾ with some unemployment or leave experience in family	20	13
3. Public employees	31	21
4. Publicly supported	21	14
Total	100	67
(N)	1331	2021

- 1) Apart from students, a few state pensioners have been left out from the calculations. This holds also for the percentage basis of the first column in the table.
- 2) Publicly supported defined as above. Unemployment experience includes respondent, spouse, children or parents having been unemployed for at least one month within the last two years. Leave experience includes respondent or spouse having been on parental, educational or sabbatical leave (but not maternity leave) within the last two years.
- 3) Including housewives

13) This involves a small (but negligible) deviance as compared to my own previous operationalizations on the same data.

b. How much polarization in attitudes?

The hypotheses that follow from the polarization hypotheses are easy to specify. On general welfare support, we should expect a sharp division between public employees and publicly supported on the one hand, and core insiders on the other. On the dimensions of abuse and level of benefits for the unemployed, we should rather expect a division between core insiders and public employees on the one hand, and publicly supported on the other. On all dimensions, people with some unemployment/leave experience should fall in between. Finally, the polarization hypothesis does not only imply that there is an association; it also implies that "core insiders" should hold quite negative attitudes to the welfare state.

Our results are ambiguous. *General welfare support* largely confirm the predicted association as we find a highly significant difference between public employees and publicly supported on the one hand and "core insiders" on the other. But on the abuse dimension, the most uncritical group is public employees rather than publicly supported. Even though it is reasonable to expect a certain spill-over from general welfare support even on issues that do not affect the interests of public employees, this finding contradict our expectations. On the remaining dimensions, public employees are in an intermediary position but come rather close to the publicly supported. Besides, the effects of social class is equally strong or stronger than the effect of labour market position. Still, significant differences *do* remain between "core insiders" on the one hand, and public employees/publicly supported on the other, and these differences remain significant even when we control for party choice; as revealed by table 7, socialist party choice is quite strongly related to labour market position ($\eta^2=.24$).

Table 7. Welfare Attitudes among 18-59 years old, by labour market position, 1994. Index Values and PDI's (percentage points)

	Privately employed		Public employees	Publicly supported	Population average	effect of labour market position η_a	effect of social class ¹⁾ η_b
	Core insiders	Some unemployment/leave experience					
General welfare support	-.02	.15	.34	.38	.16	.26**	.34**
Abuse	-.30	-.13	.03	-.05	-.27	.20**	.18**
Can Afford Welfare	-.35	-.24	-.22	-.09	-.33	.13**	.17**
Unemployment Expenditure	-.14	-.06	.03	.14	-.06	.21**	.20**
Political trust	.16	-.05	.18	-.11	.08	.13**	.11
Extreme vote	.15	.13	.23	.24	.18	.12**	.16**
Socialist vote	.31	.46	.57	.61	.45	.24**	.33**
(N)	376	271	417	267	2021		

1) Among privately employed.

Indices and significance levels: See Table 5.

When it comes to political trust and "extreme" party choice, predictions from the polarization hypothesis are less clear: Both directions of associations are, in principle, imaginable. Our data, however, confirm the classical association with political trust: Unemployed and people with unemployment experience are more distrustful of politicians. Extreme vote is also a bit higher among publicly supported but not more than among public employees.¹⁴

Before we proceed, it is necessary to ask whether the described associations may be inflated by spurious effects as labour market position is related to a number of other variables. However, controls for education, gender and age only have negligible impact (gender effects are mediated by labour market position and social class rather than the opposite way around, see table 8). Unfortunately, we are not able to make perfect controls for the most important control problem: Former class and sector position for the publicly supported. Former class position for the early retired is not available from the data set, and previous sector for the publicly supported is not at all measured. But if we leave out the early retired as well as public employees, we may perform a test by assuming that all the unemployed are formerly employed in the private sector; this may lead to a small overestimation of the causal effects of unemployment.

Our labour market position variable then becomes a simple inclusion/exclusion variable. The results are presented in table 8. It emerges that a minor part of the effect of unemployment

14) The publicly supported include both long-term and short-term unemployed (as well as early retired). However, a distinction between short-term and long-term unemployed reveal no significant differences; at best, there may be a certain (but statistically insignificant) difference in attitudes to benefits to the unemployed.

is a spurious effect of social class (and that part of the class effect is mediated by differences in risk of unemployment). But both the effects of class and labour market position are only marginally affected. Thus we feel safe in concluding that the political effects of labour market position are genuine even though there is a small spurious component.

Table 8. Effect of labour market position, class, and gender, upon Welfare Attitudes among 18-59 years old who are privately employed or unemployed.(1994). MCA Analysis. Eta- and betacoefficients

	eta coefficients			beta coefficients			R ² (per cent)
	Labour market position	Class	Gender	Labour market position	Class	Gender	
General welfare support	.25	.31	.11	.18	.26**	.05	13.3
Abuse	.15	.16	.06	.15	.14**	.00	4.4
Can Afford Welfare	.13	.16	.01	.11**	.14**	.03	3.3
Unemployment Expenditure	.23	.21	.02	.20**	.17**	.04	8.3
Political trust (PDI)	.13	.13	.08	.10**	.12*	.07	3.2

Indices and significance: See table 5.

However, as illustrated by the moderate absolute level of distrust among the unemployed, an association between labour market position and attitudes is not tantamount to any *polarization*. On general welfare support and on concern for the economic consequences, we find stronger associations with social class; on attitudes to abuse and to unemployment expenditures, the effects of class and labour market position are about equally strong.

Even though a majority among the "core insiders" in the private sector would prefer tax relief rather than *improved* welfare services in the future (PDI=30), an equally large majority (PDI=26) declare that social reforms should be maintained at least at the present level. By the same token, in all four groups, 60 per cent or more think that the present level of unemployment benefits is "just appropriate"; only in one instance do we find more than one quarter demanding lower levels: 26 per cent of the "core insiders" want lower social security benefits. Furthermore, as revealed by table 8, even on the questions of levels of benefits which relate very strongly to the immediate interests of the unemployed, class effects are almost as strong as effects of labour market position.

In short, 18-59 years old who benefit from the welfare system are very positive towards maintaining the welfare system. But to a large extent, they are joined by those who pay the bill, and there is certainly no sign of increasing political distrust among this group. The effects above

reflect differences in interests but they do not justify the use of such labels as "polarization" or "erosion of solidarity".

c. Emerging trends among the young?

As a final step we may examine if a polarization is taking place among the younger generations. In Denmark, young people have moved significantly to the right, in party choice as in attitudes. This holds in particular for ideals of (increasing) equality (Svensson & Togeby 1991; Gundelach & Riis 1992) but also for some welfare state attitudes (Borre & Goul Andersen 1997: ch.8). Does this reflect an emerging trend towards a decline of solidarity and increasing polarization among the young generations?

The evidence presented in table 9 is mixed. We find little or no generation difference in attitudes or in associations as far as general support, attitudes to abuse and concern for the economic future of the welfare state are concerned. But when it comes to attitudes towards the level of unemployment benefits, the difference is quite pronounced as attitudes seem more polarized among the young, i.e. much more negative among young "core insiders".

This does not mean that young "core insiders" feel politically alienated; on the contrary, we find a high level of political distrust among the publicly supported and among those who are affected by unemployment in this age group, i.e. political trust is also more polarized. To a certain extent, this seems to hold even for extreme voting but not for socialist voting; there is a movement to the right among the younger generation that affect all groups, regardless of labour market position. On all dimensions except attitudes to abuse and extreme vote, class effects are smaller among the young than among the 35-59 years old. At least on some dimensions, this pattern could conform with an idea that labour market position is increasingly important whereas class is becoming less important. But there are, of course, a large number of alternative interpretations.

Table 9. Welfare Attitudes by age and labour market position, 1994. Index Values and PDI's
(percentage points)

		Privately employed		Public employ-ees	Publicly supported	effect of labour market position eta	effect of social class eta
		Core insiders	Some unemployment/leave experience				
General welfare support	18-34 years	-.02	.20	.31	.36	.25**	.25*
	35-59 years	-.02	.10	.35	.39	.27**	.36**
Abuse	18-34 years	-.36	-.11	-.04	-.10	.21**	.21
	35-59 years	-.27	-.15	.05	-.01	.20**	.14
Can Afford Welfare	18-34 years	-.32	-.23	-.21	-.05	.14*	.17
	35-59 years	-.37	-.24	-.22	-.12	.12**	.19*
Benefits to unemployed	18-34 years	-.27	-.08	-.03	.12	.28**	.22
	35-59 years	-.06	-.03	.05	.15	.17**	.26**
Political trust (PDI)	18-34 years	.19	-.11	.11	-.25	.18**	.13
	35-59 years	.14	.01	.20	-.02	.09	.19
Extreme vote	18-34 years	.9	.17	.21	.28	.17**	.26*
	35-59 years	.18	.10	.24	.21	.12**	.16*
Socialist vote	18-34 years	.22	.39	.50	.56	.26**	.22*
	35-59 years	.35	.53	.59	.64	.23**	.40**
(N)	18-34 years	140	134	108	109		
	35-59 years	236	137	309	158		

1) Among privately employed.
Indices and significance: See Table 5.

d. Conclusions

When we move to sociologically relevant categories, we at the same time abandon the notion of a polarization between the employed majority and a minority of marginalised or excluded from the labour market. Rather, we face a polarity between a minority of "core insiders" in the private sector at the one pole and a minority of publicly supported at the other. Even together, these two groups comprise only one-third of the adult population.

Clearly, this polarity is politically important, in some respects equally important as social class (although some of the effect hinges upon the sector difference between public and private employees). There is no doubt that the effects are largely non-spurious (they may to some extent be mediated by party choice but party choice may also be an effect of welfare attitudes): Class differences explain only a small part of the effects. We even found indications that the polarity is becoming stronger on political trust and attitudes to benefit levels to the unemployed although the age difference here may also have life-cycle interpretations (as young have lower wages,

benefit levels may appear more generous). Still, increasing polarization among the young is not a general phenomenon that pertains to all aspects of welfare attitudes.

Clearly, then, labour market position is a quite important interest factor. But the notion of employed majority vs. marginalised/excluded minority does not make much sense - and the crude economic notion of employed vs. publicly supported (as applied to the entire population) does not make sense at all. Most importantly, there are no signs in our data of a decline in welfare legitimacy, nor of vanishing solidarity among the employed. Finally, the polarity between core insiders and publicly supported (among the 18-59 years old) does not seem important in understanding or predicting aggregate welfare legitimacy.¹⁵ At this point we have to turn to other explanations, not least economic problems and political discourse.

6. Epilogue: Sources of declining welfare state support in the late 1990s

Since the welfare backlash in the early 1970s, welfare state support in Denmark has survived severe economic crises as well as sometimes quite aggressive (but verbal rather than institutional) attacks on the welfare state during more than ten years of bourgeois political rule (1982-1993). In fact, during the years of economic prosperity in the mid-1980s, welfare support reached the highest levels ever measured. To some degree, this may follow from our measurement instruments which typically ask whether people want more or less welfare; when a bourgeois government imposes strong controls upon public expenditure, it is perhaps only natural that people tend to answer that they want "more" whereas the demand for more welfare declines when Social Democrats are in office and are much more generous with money to expansion of welfare.

But it has nevertheless come as a bit of a surprise that, according to some opinion polls, people have become more sceptical about welfare during the period of economic prosperity since 1994. Thus, according to our main historical indicator, PDI's in favour of maintaining welfare reforms at least at the present level suddenly declined from +35 in 1994 to +10 in 1996 - the second lowest level ever recorded.¹⁶ It turned out that the preferences for tax relief vs. improved

15) Strictly speaking, welfare legitimacy has other aspects to it than political attitudes. But this is less relevant in the context here.

16) According to a survey conducted by A. C. Nielsen AIM, august 1996 (for a fuller description, see Goul Andersen 1997).

public services had not changed (or rather, it had tipped a bit in favour of improved services, see Goul Andersen 1997:158).

Table 10. Voters' perceptions of economic problems of the welfare state, 1994 and 1996. Percentages and PDI's.

	Year	Fully agree	Partly agree	Partly dis-agree	Fully dis-agree	Don't know	PDI: Dis-agree minus agree
Income transfers are getting beyond control	1994	29	29	12	8	22	-38
	1996	54	20	7	11	8	-56
In the long run, we cannot afford to maintain the welfare state we have known	1994	21	29	20	16	14	-14
	1996	41	18	11	23	7	-25
Source: Ugebrevet Mandag Morgen and ACNielsen AIM. Survey conducted in cooperation with Jørgen Goul Andersen, august, 1996. Nation-wide, representative telephone survey of c.1000 respondents.							

It appears that the main reason is to be found in increasing concern for the problems of financing the welfare state in the future. As evidenced by table 10, the distribution of answers on the two items that constituted our index of economic concern above have changed quite dramatically: In particular, the proportions that "fully agree" have increased a lot, and the proportions answering "don't know" have declined sharply, indicating that a process of cognitive mobilization has taken place. It furthermore turns out that the association between attitudes towards these items and attitudes towards the item that welfare reforms have gone too far has been strengthened from 1994 to 1996. But the remarkable point is that we find no signs whatsoever of an increasing social polarization from 1994 to 1996; as a proxy for labour market position, we have used a distinction between people living on transfer income and the employed: If a polarization was taken place, this would also be observable on these crude economic categories. But if anything, the opposite rather seems to have happened (see table 11)

Table 11. Perceptions of economic problems of the welfare state, 1994 and 1996, by labour market position. PDI's in Percentage points.

		1994	1996	change
Transfers beyond control (-)	Work income	-43	-58	-15
	Transfer income	-33	-53	-20
	Difference	+10	+5	
Cannot afford welfare (-)	Work income	-12	-18	-6
	Transfer income	-22	-36	-14
	Difference	-10	-18	
Social reforms gone too far (-)	Work income	+38	+12	-26
	Transfer income	+33	+10	-23
	Difference	-5	-2	

Students and housewives not included. Source: As table 10.

Our data may reflect short-term fluctuations as the debate over increasing transfer expenditures probably peaked in 1996. But there is no reason to expect that it will disappear; rather, the fear of future costs of ageing populations will contribute to keep the issue on the political agenda. Besides, political incentives among political forces that are critical towards the welfare state contribute to keep this issue a "hot" one. Thus, in the absence of (intended or perhaps unintended) institutional change which could change identities and orientations (c.f. Svallfors 1996, ch.10), it is probably in these economic problems of the welfare state, and in their political articulation, that we should seek for possible sources of declining legitimacy - even among the publicly supported - much less so in new social divisions and political conflicts between the employed and the unemployed.

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