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Published in:
Journal of European Public Policy

DOI:
10.1080/13501763.2016.1170191

Publication date:
2017

Document version
Publisher's PDF, also known as Version of record

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Citation for published version (APA):
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To cite this article: Aina Gallego & Paul Marx (2017) Multi-dimensional preferences for labour market reforms: a conjoint experiment, Journal of European Public Policy, 24:7, 1027-1047, DOI: 10.1080/13501763.2016.1170191

To link to this article: https://doi.org/10.1080/13501763.2016.1170191
Multi-dimensional preferences for labour market reforms: a conjoint experiment

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ABSTRACT

Labour market policies are multi-dimensional: their design depends on factors such as generosity, coverage, the combination of active and passive elements, and overall cost. Political conflict on one dimension often hides agreement on others, and social groups possibly care about different aspects of policies. However, most empirical studies treat policy preferences as unidimensional. This article utilizes a novel experimental conjoint design to assess how five dimensions affect support for labour market policies in Spain. It also assesses if individuals’ self-interest and ideology affect the importance of each dimension for support for a policy. We find that individuals’ support depends mostly on the generosity of policies for the most destitute and on funding. We also find that ideology shapes which dimensions of policy citizens care most about, but economic self-interest does not. Importantly, our experimental design can be applied to study preferences for different social policies.

KEY WORDS Conjoint; experiments; labour market policies; multi-dimensionality; policy preferences; Spain

Introduction

The Great Recession has brought conflicts over labour market policy (LMP) to the forefront. Particularly in Southern Europe, systems of social protection are insufficiently equipped to deal with the unemployment crisis, while public finances do not leave much leeway for reform. At the same time, increasing ethnic diversity and ‘dual’ labour markets may reduce social solidarity. It is frequently argued that divergence in the probability of becoming unemployed across social groups undermines support for LMP by those in more secure
positions. Against this background, debates about LMP in Europe are increasingly complex (Beramendi et al. 2015; Rueda 2005). Public support arguably depends on specific features of policies such as how generous benefits are, who is eligible, and how costs are funded.

While much academic work has been devoted to understanding public preferences for LMP, it rarely reflects these complexities (Cusack et al. 2006; Margalit 2013; Rehm 2009; Rueda 2005, 2006). Instead, most studies analyse LMP preferences in a one-dimensional framework that can neither assess the relative importance of different considerations in mobilizing support for LMP, nor whether this relative importance varies predictably across citizens.

The goal of this article is to contribute to an emerging research agenda on multi-dimensional preferences. Specifically, we propose a framework that enables researchers to address two pertinent questions: which policy dimension is most important in determining support or rejection of LMP reform proposals; and do citizens differ systematically in which policy dimension they prioritize?

Studying preferences over multiple policy dimensions is a methodological challenge. Following recent advances in political science (Bechtel and Scheve 2013; Hainmueller and Hopkins 2014; Hainmueller et al. 2014), we use a conjoint experiment that simultaneously varies five characteristics of a policy. This allows us to compare on a common scale how different LMP dimensions affect support for a reform proposal. While previous experimental studies into LMP preferences have manipulated the characteristics of individual recipients (e.g., Petersen et al. 2010), to the best of our knowledge no prior research has manipulated different characteristics of LMP.

We conduct our experiment in Spain, a country in which LMP reform has ranked high on the political agenda for decades and which was hit particularly hard by the Great Recession. Although Spain is not a typical case, debates about LMP are particularly relevant there. We find that respondents care mostly about the distributive effects of policies. Programmes targeted at the most needy are preferred over universal programmes. How the reform is funded also shapes preferences: expanding LMP at the expense of other social policies is unpopular, but trade-offs are accepted when defence and police spending are cut. This suggests that a previously understudied dimension of trade-offs with other expenditures is a strong determinant of LMP support.

In addition, we find that Spanish citizens are surprisingly homogeneous in their prioritization of LMP dimensions regardless of income, education and labour-market situations. Most notably, the rich and securely employed do not care more about costs than other groups. From the perspective of insider–outsider and dualization theory (Palier and Thelen 2010; Rueda 2006), this is a surprising finding. By contrast, we find that left–right ideology affects respondents’ LMP priorities. This supports the growing literature
arguing that ideology trumps economic interests when predicting attitudes towards redistributive and insurance programmes.

Our results are directly relevant for the literature on LMP preferences that predominantly assumes uni-dimensionality without subjecting it to empirical scrutiny. In addition, we make a broader methodological contribution to public policy research. Given that experiments are still underutilized in this area, we point out a fruitful avenue for how they can contribute to tackling methodological challenges related to multi-dimensionality. We thereby identify a tool that will be useful for public and social policy research beyond the present case of LMPs. Finally, our results are substantively important for policy-makers. In times of scarce resources, it is important to know around which dimension consensual reform packages can be designed.

**Dimensionality of LMP preferences**

Using uni-dimensional dependent variables to measure LMP preferences is the standard in the literature (cf. Cavaille and Trump 2015). The underlying assumption is that citizens can be placed on a continuum between strong and weak support for LMPs. However, this simplifying assumption is fundamentally at odds with the theories dominating research on social and labour market policies. In the social policy literature, multi-dimensionality of the welfare state and specific policies is explicitly theorized. We cannot review this extensive literature here and only point to some of its core arguments.

As Esping-Andersen (1990) has famously claimed, welfare states cannot be neatly placed on a uni-dimensional continuum between small and large; they cluster in regimes based on qualitative differences on several dimensions. Relatedly, a large literature on reform politics claims that welfare state change requires reconciling interests of different groups with different priorities on different policy dimensions (Breunig and Busemeyer 2012; Esping-Andersen 1985; Häusermann 2010; Korpi and Palme 1998). Concretely, LMP reforms are often achieved through compensating ‘losers’ on one dimension with expansion on another (Jensen et al. 2014; Knotz and Lindvall 2014).

Two prominent examples for multi-dimensional LMP conflicts come from the literatures on insider–outsider politics (Palier and Thelen 2010; Rueda 2005, 2006) and welfare chauvinism (van Kersbergen and Schumacher forthcoming). Both approaches argue that a privileged group (natives; insiders) favour generous protection in principle, but only in conjunction with limited coverage so they do not have to finance protection for other groups (immigrants; outsiders). Hence, dualism and welfare chauvinism are example for LMP reform options that cannot be captured by a simple more-or-less spending logic.
In sum, what the policy literature suggests is that (a) LMPs consist of different dimensions; (b) social groups and political actors differ in how they prioritize these dimensions; and (c) policy change is a complex process in which actors exploit the multi-dimensionality of LMPs for political bargains. The uni-dimensional approach to LMP preferences cannot give justice to this complexity.

An emerging literature acknowledges that welfare-state or redistribution preferences are multi-dimensional (Cavaille and Trump 2015; Roosma et al. 2013; Roosma et al. 2014). However, these contributions are limited to broad distinctions (e.g., between normative support and performance evaluations). Moreover, they address the question of whether preferences are multi-dimensional. We know close to nothing about which dimensions of a single policy (LMP in our case) is most decisive in determining support. Moreover, despite the heavy emphasis of this point in the policy literature, there is no research on individual differences in priorities. This means that there are no readily available theories on which to base our analysis. It is beyond the scope of this article to develop an original theory of multi-dimensional policy preferences. Rather, the goal is to develop a framework that can guide more comprehensive theoretical efforts in the future.

**Which LMP dimension is most important?**

As most policies, LMPs are bundles of multiple measures. Which dimensions matter most for LMP support has – to our knowledge – not been theorized explicitly. We therefore adopt an exploratory approach. To make a theoretically informed choice of which dimensions to include in our analysis, the seminal work of Esping-Andersen (1990: 47–8) is a good starting point. Regarding passive LMPs, he distinguishes as central components income replacement, benefit duration, eligibility criteria and range of entitlements. These are still prominent variables to operationalize unemployment benefits (Pallage et al. 2013; Scruggs 2006). The first two dimensions can be subsumed under benefit generosity, while the latter two can be subsumed under coverage of benefits. It is conceivable that some citizens prefer wide coverage but only limited generosity. Conversely, workers might prefer generous benefits but only if coverage is limited to a core group.

While generosity and coverage are important to capture differences across passive LMPs, another important dimension is the relative emphasis of active LMPs (ALMPs), such as training programmes for the unemployed (Beramendi et al. 2015). Indeed, countries differ strongly in how much of LMP resources they channel into such training (Bonoli 2011). Patterns of ALMP support might be very different than for benefit generosity. For instance, employers and upscale employees who reject generous benefits might support training investments because they contribute to a better skilled pool of job seekers. Similarly,
the pro-welfare working class might be divided on ALMPs depending on whether workers are in standard or non-standard jobs (Beramendi et al. 2015; Rueda 2006).

Finally, an important question is how expensive LMP reforms are and how the reform is funded. Although citizens generally are aware of the budgetary trade-offs created through additional spending (Hansen 1998), we know little about which costs and which precise trade-offs they are willing to accept for LMP expansion. Funds could be generated by increases in taxes or contributions, by cutting other expenditure, or through debt. Although there are, again, no straightforward theoretical predictions, it is reasonable to expect that even citizens who support an expansion of LMPs in principle differ in their tolerance of costs and in their preferred mode of financing the reform. Following Jensen (2012), it is for instance unlikely that the average citizen (who faces modest unemployment risk) supports LMP at the expense of ‘life course-related’ spending (e.g., for education or health care).

In sum, we include the following four dimensions in our analysis:

1. benefit generosity, which can be decomposed into initial benefit level and the duration of eligibility;
2. coverage, which can be limited by making benefits conditional on means tests, citizenship, or insurance record;
3. human-capital intensity, which is a function of the relative importance of training programmes for the unemployed;
4. costs and funding, which includes absolute costs as well as the trade-offs these costs create with other expenditures.

**Individual differences: theories of LMP conflict**

The second research question is whether citizens differ systematically in which policy dimension they prioritize. Deriving predictions for this question is a challenge, because potential theoretical starting points are at the same time scarce and abundant: there are few explicit arguments about LMP preferences in a multi-dimension framework, but there are countless theories in the wider political science literature from which such arguments could be derived. We therefore proceed in a selective way and demonstrate the usefulness of our framework with a limited set of moderators that are prominent explanatory variables in the literature on policy preferences: income; risk; education; and ideology. We do not discuss how each moderator interacts with each dimension introduced above, because of the large number of combinations this would produce. Because a fully developed theory of (heterogeneity in) multi-dimensional policy preferences is currently lacking, the literature offers little guidance here. What we can show, however, is that in our multi-dimensional framework we can derive more nuanced hypotheses from
implicitly multi-dimensional theories. We illustrate this for insider–outsider theory (Palier and Thelen 2010; Rueda 2005, 2006).

As a basic starting point, we note that individual policy preferences are shaped by two main forces: economic self-interest and ideology.

Explanations based on economic self-interest suggest that individuals will care about policy dimensions that directly benefit or cost them. Those exposed to above-average unemployment risk should support generous LMP, because they expect to get more out than they pay in (Jensen 2012; Moene and Wallerstein 2003; Rehm 2009). In this perspective, low income and high employment risk are the main determinants of LMP support. This expectation can be refined when the multi-dimensionality of LMPs is taken into account. Poor respondents and respondents exposed to risk should prioritize dimensions related to benefit generosity. They should also prioritize redistributive ways of financing benefits; that is, through increases in income tax. Preferences of rich and secure respondents, on the other hand, should be affected to a stronger degree by the cost dimension and they should prefer less redistributive ways of funding benefits, such as spending cuts or increases in consumption taxes. At the same time, middle and high incomes should be more averse to cutting social services for which take up is typically skewed towards the middle class, e.g., education and health care (Jensen 2012).

As noted above, dualization and insider–outsider theory argue that it is not so much generosity that divides the secure and the insecure, but coverage. Insiders support generous benefits, as long as outsiders are pushed into second-tier benefits with lower generosity (Palier and Thelen 2010). Rueda (2006) adds that insiders and outsiders should disagree over human-capital intensity, because training is costly and unlikely to benefit insiders. On the contrary, the resulting increase in the supply of skilled labour might put their wages under pressure. Hence, we would expect that outsiders (as opposed to insiders) prioritize expanding coverage and ALMPs, but that they do not dissent on the generosity of benefits. Because research on outsiders’ policy preferences is generally uni-dimensional (e.g., Burgoon and Dekker 2010; Marx 2014; Rueda 2005), this implication of insider–outsider theory has not been tested yet.

A second set of explanations focuses on how non-material factors shape economic attitudes (Alesina and Glaeser 2004; Benabou and Tirole 2011; Fong 2001; Linos and West 2003). Among those, the role of ideology stands out as the most powerful predictor of attitudes toward LMP (Margalit 2013). In Spain, left–right ideology is the main attitudinal factor driving political behaviour (Fraile and Lewis-Beck 2012). Previous studies emphasize that material and non-material factors are not mutually exclusive, because material factors can shape ideology and other attitudes. However, the correlation between income and economic issue positions is rather weak across countries.
(de la O and Rodden 2008), suggesting that material interests do not fully determine ideology. Other factors such as socialization, religiosity and personality play an important role (Jost et al. 2009). How can ideology be expected to affect the relative importance of LMP dimensions?

Left-wing ideology emphasizes solidarity, redistribution and social equality, and should therefore lead to attaching more weight to the generosity of benefits. Right-wing positions traditionally distrust the state as a provider of services and give a higher priority to limiting the fiscal burden of policies. Hence, high costs of programmes may be seen as positive or not relevant by left-wing people, while the costs of programme should have a strong negative effect on support among right-wing citizens.

Moreover, left-wing and right-wing ideologies differ in their affinities to funding models. Left economic ideology is influenced by Keynesianism, which provides a rationale for government debt as stimulator of the economy. Moreover, left-wing ideology is supportive of redistribution and thus favours income tax increases. Right-wing ideology, on the other hand, dictates low taxes to provide incentives for economic performance, and challenges Keynesian interventions financed through debt. In sum, we expect that respondents with left-wing ideology prioritize dimensions that contribute to social equality (benefit generosity and coverage) and social mobility (human-capital intensity). Moreover, the prospect of high costs, taxes and public debt should do little to deter their support. These latter dimensions should be the main negative determinants for LMP support among respondents with right-wing ideology.

While we derive our expectations about ideological divides from findings of the literature on economic preferences, it is important to note that previous research has found relatively little partisan disagreement on support for the welfare state in Spain (Fernández-Albertos and Manzano 2012), making this a hard case to find a direct or moderating effect of ideology on preferences for LMP reform. Moreover, ideology may be less relevant during economic crises, because also conservatives support LMPs (Margalit 2013). Also this would suggest a relatively weak role of ideology in the case of Spain.

The Spanish context

Spain is one of the countries most affected by the Great Recession. In the first quarter of 2014, about 5.93 million people were unemployed according to the Labour Force Survey. Only about 2.5 million persons received some form of unemployment benefit. Hence, large numbers of actually unemployed persons did not receive any form of benefit. Low coverage might be related to restrictive eligibility criteria for unemployment benefits that tend to exclude the numerous non-standard workers in the Spanish labour market.

LMP is one of the largest sources of social expenditures. In 2013 the annual public spending on unemployment benefits, including both benefits linked to
contributions and other subsidies, was close to 30 billion euros and the budget for professional training in 2014 is roughly 2 billion euros.

The basic structure of the benefits in Spain is as follows: in the first six months after becoming unemployed people receive a contributory benefit of 70 per cent of the salary they earned in the past 180 days. After that, they receive 50 per cent of the previous salary. Benefit duration is usually limited to two years. After the regular benefit is exhausted, the unemployed may receive means-tested social assistance of 426 euros. This subsidy is known as the last resort in the social-safety net.

Overall, the Spanish economic and institutional context clearly limits the generalizability of our findings, although they possibly bear relevance for other Southern European countries that share similar welfare institutions and labour market problems (Crouch 2015). In the conclusions, we will discuss how the results could be influenced by idiosyncrasies of the Spanish situation.

Data and methods

To assess the effect of LMP dimensions, we designed a conjoint experiment embedded in an online survey (conducted April–May 2014 by Netquest) of a representative sample of 1,508 respondents older than 18 years. The Online Appendix provides further details and a comparison of sample characteristics with a survey from the Spanish Centre for Sociological Research.

Design of the conjoint experiment

Conjoint experiments were developed in marketing and are increasingly used in political science. Generally, respondents are presented with two alternatives and are asked to choose between them (Hainmueller et al. 2014). The description of the alternatives includes several dimensions. For each dimension there are several possible attributes. By randomly varying attributes, researchers can compare the importance respondents assign to each attribute on the same scale.

We asked respondents to choose between two different policy proposals that differed in their design. The instructions read: ‘There is some talk about reforming current unemployment policies. Suppose there are two proposals with the following characteristics, which proposal would you prefer?’ The task was repeated so that each respondent made two choices.

The experiment randomly varied five features of LMP related to the dimensions discussed above: benefit structure and generosity, training, target population, costs, and financing. (question wording and example for treatment in the online supplemental data).

To minimize fatigue and lack of attention, the experiment was presented very early in the questionnaire and a prompt motivated respondents to...
read the content thoroughly. The number of five dimensions is actually below similar conjoint experiments on policy which use six (Bechtel and Scheve 2013) or even nine dimensions (Hainmueller et al. 2014).

In designing the experiment, we were confronted with a trade-off between theoretical concepts and realism. We decided to vary issues that typically feature in Spanish policy debates. An important advantage of prioritizing realism when choosing the alternatives is that respondents can more easily understand the alternative options and position themselves meaningfully. Realism also facilitates relevance for policy-makers.

In the benefit structure dimension, the baseline condition is the current system described above. The other attributes propose increasing generosity. One attribute extends the duration of non-contributory benefits by four additional months. This benefits those at risk of long-term unemployment. We expect the currently unemployed, non-standard workers, the poor and the low-skilled to support this last-resort benefit extension. Because it is the most redistributive proposal, respondents with left-wing ideology should support it as well. The other two attributes increase replacement rates of contributory benefits – either by raising the initial level (by 20 per cent in the first three months) or their duration (maintaining replacement rates at 70 per cent after six months of unemployment instead of reducing it to 50 per cent as is currently the case). According to dualization theory, these options should be less attractive for insiders who are highly protected and are unlikely to lose their jobs in Spain than for outsiders who are more likely to become unemployed.

The second dimension modifies benefit coverage. In our treatments, recipients could be any resident in Spain (universal); only Spanish citizens (welfare chauvinistic); members of households with incomes below the mean salary; or members of households where no one receives a salary or pension (targeted). All else equal, programmes targeted at the very poor are more redistributive than universal programmes, but they can also elicit less broad support (Korpi and Palme 1998). Although in Spain welfare chauvinism is not as prominent as it is in other European countries, excluding non-citizens may be popular with natives who are in competition for resources, i.e., the poor and labour market outsiders.

The third dimension focuses on human capital intensity. Training programmes for the unemployed could remain as they are or be expanded. From a self-interest perspective, those with low skills, high unemployment risk and the unemployed can expect to benefit more from training programmes than the securely employed. From an ideology perspective, we expect that right-wing respondents have negative attitudes toward training provided by trade unions and prefer private provision. In the case of expansion, we therefore also vary providers: public employment services; companies; or trade unions. Provision is a key issue in the implementation of the
reform, which has some salience because trade unions have repeatedly been involved in scandals about misappropriating training funds.

Costs of the programme could be 100, 1,000, 2,000 or 3,000 million euros. These quantities are realistic, both in relationship to the overall budget and by estimating the actual cost of the reforms proposed in the other dimensions. From a self-interest perspective, we expect people with low unemployment risk care more about costs than respondents in or at risk of unemployment. From an ideology perspective, cost should have a stronger negative effect for right-wing respondents than for left-wing respondents.

The five attributes of the funding dimension are increasing the value-added tax, increasing the income tax, increasing public debt, cutting education and health spending, or cutting spending on police, external affairs and defence. We expect insiders and the rich to care more about trade-offs than outsiders and the poor because they are more likely to contribute and less likely to benefit directly from LMPs. As noted above, right-wing respondents can be expected to show relatively strong opposition to higher taxes and public debt.

**Empirical models**

In order to analyse the data, we restack the data matrix so that each proposal $k$ of task $j$ presented to respondent $i$ is a different row. The 1,508 respondents were presented with two tasks and there were two alternative proposals per task, hence generating a total of 6,032 observations.

First, we are interested in the marginal effect of an attribute on support for the reform. We use a linear regression model to estimate elasticities. If respondents care intensely about one dimension, some attributes will predict support for a policy proposal compared to the baseline level. We regress the dependent variable, support for a reform proposal, on a series of dummy variables that take the value of one if respondents were exposed to the respective attribute. The models hence take the form:

$$y_{ijk} = X_{ijk}\beta + e_{ijk}$$

(1)

Whether respondent $i$ chooses proposal $k$ in task $j$ is modeled as a function of $X_{ijk}$, a vector containing the attributes of the policy proposal presented to the respondent in that task. We cluster standard errors by respondent. As Hainmueller et al (2014) demonstrate, the average change in the probability of selecting an alternative caused by the inclusion of each attribute can be estimated using a simple ordinary least squares (OLS) linear regression.5

In addition to the average effects in the whole sample, we ask whether the relative importance of different attributes varies across respondents, depending on their self-interest and their ideology. We examine this in two different ways. First, we report the results of analyses that interact the attributes with the individual-level characteristic $z_i$. We run a series of models in which, in
addition to the full vector of attributes, we also include one individual-level characteristic $z_i$ at a time and the interaction of this moderating variable and each attribute. The interactive terms test if the importance of an attribute varies across respondents depending on their individual-level characteristics. The models take the form:

$$y_{ijk} = \mathbf{X}_{ijk} \beta + z_i \gamma + \mathbf{X}_{ijk} z_i \delta + e_{ijk}$$

(2)

where an individual’s choice of a policy proposal is modelled as a function of a vector $\mathbf{X}$ of attributes, one individual-level characteristic $z_i$ (for instance position in the left-right scale), and the interaction between $z_i$ and this attribute. If, for instance, right-wing respondents place more weight on reducing the cost of a reform than left-wing respondents, we expect a negative interaction coefficient between ideology (larger values stand for right-wing positions) and higher costs.

Second, in the Online Appendix, we undertake split-sample analyses and report separate results for three values of each individual-level characteristic $z_i$ (e.g., for low, middle and high income). This approach does not rely on interactive terms and allows us to report all coefficients graphically in one panel.

### Results

#### LMP dimensions and attributes

Which LMP attributes are most important in determining support? Figure 1 shows our estimates of the effect of each attribute on support for a reform programme, pooling over all respondents. As explained above, the regression estimates are a measure of the average relative importance of each attribute. The interpretation of the effects is relative to the reference category in each dimension.

Respondents clearly care about the generosity of the benefits. Overall, they prefer any reform extending benefits over a reform maintaining the status quo. We estimate that extending the 426 euros subsidy after the end of the benefits for four additional months increases support for a proposal by 10 percentage points relative to the baseline of no change in benefit generosity.

Coverage also plays a role as a driver of support for policy proposals, but the effect is smaller. Relative to a universal programme that includes all residents in Spain, targeting the policy to members of households in which no member receives a salary or pension increases support for the reform. This suggests that respondents support means-tested programmes aimed at the most needy. There is no evidence of welfare chauvinistic support for excluding immigrants.

Respondents marginally prefer programmes that increase the human capital intensity of LMPs over programmes that maintain the status quo,
but only if such programmes are not provided by trade unions. Providing more training through the public employment services or in companies increases support for the programme slightly. It is noteworthy that training provided in trade unions does not increase support for the programme relative to the baseline of no changes in training. This result probably reflects the distrust of the population towards trade unions. The largest unions have been accused of financing their activities illegally through training funds. The relative lack of importance of active LMPs should be contextualized: Spanish unemployment is particularly high among young people who are often highly educated. Providing even more education may not be seen as an effective remedy to unemployment when structural unemployment is high.

The costs of the programme are not very important at predicting support for a proposal. Although support is somewhat smaller for programmes that cost 1,000, 2,000, or 3,000 million euros relative to the baseline of 100 euros, the effect sizes are small and not statistically significant. Respondents may be cross-pressured on this question. On the one hand, respondents may not like the prospect of large new programmes, which need to be

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**Figure 1.** Average treatment effects in the conjoint experiment. Notes: The dots represent the effect of an attribute on the probability of choosing a proposal, as estimated from a linear probability model with clustered standard errors at the respondent level. The bars are 95 per cent confidence intervals. A point without a bar indicates the baseline category of each dimension.
funded. The conjoint experiment reminds them of the trade-offs involved by presenting alternative ways to fund the programme. On the other hand, most respondents support increases in spending on unemployment benefits when asked in the abstract, omitting trade-offs. In a separate question, we asked whether spending on unemployment benefits should increase or decrease. Only 9 per cent of respondents want spending to decrease, 26 per cent prefer spending to stay the same, and fully 67 per cent want spending to increase. This self-reported preference, however, does not directly translate to increased support for more expensive programmes in the conjoint experiment. Hence, respondents seem ambivalent in their attitude toward costs.

The main driver of support is funding and the involved trade-offs with effect sizes larger than any other treatment. There is a visible gradient showing which forms of funding respondents prefer. A reform funded by spending cuts in education and health is strongly disliked and reduces support by 20 percentage points compared to the baseline of increases in consumption tax. This a very large effect compared to the other treatments. Only funding by spending cuts in police and defence have a similar magnitude. This attribute increases support for the reform by 20 percentage points relative to the baseline. Two other funding options are relatively popular relative to funding through consumption taxes: increasing the income tax and increasing public debt.

Overall, we conclude from this first analysis that respondents care about different dimensions of a policy when choosing between reforms presented as bundles of features. Spanish citizens support increases in the generosity of programmes and they mainly prefer redistributive programmes and programmes targeted to the poor. They appear rather ambivalent about the absolute costs, with no clear difference between more expensive or less expensive programmes, but are highly sensitive to how programmes are funded. The conjoint experiment enables a novel discovery. The exact trade-offs involved in funding social policies is a previously understudied factor that strongly drives support or rejection of specific reforms, much more so than abstract considerations about the total monetary costs of policies. Substantive arguments about how to prioritize different social policies and how to fund them with taxes seem more likely to affect public opinion than abstract costs.

**Individual differences in relative importance**

Does the importance given to the attributes vary depending on the interests and ideology of the respondents? First, we examine the individual-level characteristics related to self-interest: socioeconomic status, labour market status and risk.
We consider six moderator variables: having a temporary rather than a permanent employment contract; being unemployed rather than employed on a permanent contract; occupational unemployment rates; subjective unemployment risk; household income; and education (see Appendix C in the supplemental data for details). The interaction coefficients are obtained from multiplying the variable of interest and each attribute. As usual, the estimates of interaction models should not be interpreted in isolation (Brambor et al. 2006; Franzese and Kam 2009). Because of the large number of models, we present the results in the Online Appendix (Table C1).

We regard this analysis as a relevant test of insider–outsider theory and risk theories of economic preferences. If people with different labour market status and risk patterns are indistinguishable in their preferences for different features of LMPs, we must conclude that insider and outsider status has less explanatory power than suggested by these theories. Importantly, we do not claim that insiders and outsiders should differ in their opinion about all dimensions of policies. However, if material-interest-based theories have some merit, then we should expect labour market situation to have at least some discriminatory power at predicting support for policy proposals that directly affect the interests of different groups. Importantly, the results are robust to the inclusion of a full set of sociodemographic and economic covariates.6

While the models include a large number of coefficients, the main conclusion from the analysis is that respondents’ socioeconomic situation does not influence the weight they place on specific policy attributes when choosing between proposals. Very few of the interaction coefficients reported in the second column of Table C1 (in the Online Appendix) are significant, suggesting that socioeconomic variables do not moderate the impact of programme characteristics on support for the programme. Overall, respondents with different socioeconomic situations seem to have similar priorities. For instance, contrary to our predictions, higher economic costs do not reduce support for a proposal more among respondents with a permanent contract than among outsiders. We find similar null results for various hypotheses derived from self-interest arguments (only one significant interactive term out of 18 for the generosity dimension and one out of 18 for the funding dimension). The small number of significant interaction terms is not greatly different from what could be obtained by chance alone.

The results of the conjoint experiment suggest that economic self-interest does not affect the weight citizens attach to different aspects of a policy proposal. Knowing a person’s socioeconomic situation does not help us predict which dimension is most important for this person. This finding is striking, given that respondents in different labour market and unemployment risk situations can expect to benefit from unemployment policies to a very different extent.
After establishing the lacking explanatory power of material explanations, we turn to the analysis of non-economic factors. Table 1 presents the results of a model interacting attributes with left–right ideology.

Ideology does moderate the effect of various attributes. In particular, it shapes the importance given to costs and funding. Support among left-wing respondents increases when the reform is funded through public debt. The positive effect of debt funding declines and eventually reverses

Table 1. Ideology as a moderator of treatment effects.

<table>
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<tr>
<th></th>
<th>Main effect</th>
<th>Interaction effect</th>
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<tr>
<td>Left–right ideology</td>
<td>0.014</td>
<td></td>
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<td></td>
<td>(0.010)</td>
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<tr>
<td><strong>Generosity</strong></td>
<td></td>
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<tr>
<td>Longer 426 euros subsidy</td>
<td>0.128***</td>
<td>−0.007</td>
</tr>
<tr>
<td>(Ref. no change in benefits)</td>
<td>(0.031)</td>
<td>(0.007)</td>
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<tr>
<td>Increase at start</td>
<td>0.025</td>
<td>0.004</td>
</tr>
<tr>
<td>(Ref. no change)</td>
<td>(0.031)</td>
<td>(0.007)</td>
</tr>
<tr>
<td>Constant benefits after 6 months</td>
<td>0.057*</td>
<td>−0.003</td>
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<tr>
<td></td>
<td>(0.033)</td>
<td>(0.008)</td>
</tr>
<tr>
<td><strong>Coverage</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recipients only Spanish citizens</td>
<td>0.060*</td>
<td>−0.006</td>
</tr>
<tr>
<td>(Ref. all residents)</td>
<td>(0.032)</td>
<td>(0.007)</td>
</tr>
<tr>
<td>Below median salary</td>
<td>0.062*</td>
<td>−0.007</td>
</tr>
<tr>
<td>(Ref. all residents)</td>
<td>(0.032)</td>
<td>(0.007)</td>
</tr>
<tr>
<td>No salary in household</td>
<td>0.045</td>
<td>−0.010</td>
</tr>
<tr>
<td></td>
<td>(0.032)</td>
<td>(0.007)</td>
</tr>
<tr>
<td>Human capital intensity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training by public services</td>
<td>−0.087***</td>
<td>0.016**</td>
</tr>
<tr>
<td>(Ref. no change in training)</td>
<td>(0.031)</td>
<td>(0.007)</td>
</tr>
<tr>
<td>Training in companies</td>
<td>−0.018</td>
<td>0.004</td>
</tr>
<tr>
<td></td>
<td>(0.031)</td>
<td>(0.007)</td>
</tr>
<tr>
<td>Training in trade unions</td>
<td>0.046</td>
<td>−0.002</td>
</tr>
<tr>
<td></td>
<td>(0.031)</td>
<td>(0.007)</td>
</tr>
<tr>
<td><strong>Costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,000 million</td>
<td>−0.016</td>
<td>−0.001</td>
</tr>
<tr>
<td>(Ref. 100 million)</td>
<td>(0.032)</td>
<td>(0.007)</td>
</tr>
<tr>
<td>2,000 million</td>
<td>0.022</td>
<td>−0.014*</td>
</tr>
<tr>
<td></td>
<td>(0.031)</td>
<td>(0.007)</td>
</tr>
<tr>
<td>3,000 million</td>
<td>0.033</td>
<td>−0.014**</td>
</tr>
<tr>
<td></td>
<td>(0.031)</td>
<td>(0.007)</td>
</tr>
<tr>
<td><strong>Sources of funding</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income tax</td>
<td>0.139***</td>
<td>−0.006</td>
</tr>
<tr>
<td>(Ref. consumption taxes)</td>
<td>(0.038)</td>
<td>(0.008)</td>
</tr>
<tr>
<td>Public debt</td>
<td>0.178***</td>
<td>−0.026***</td>
</tr>
<tr>
<td></td>
<td>(0.038)</td>
<td>(0.009)</td>
</tr>
<tr>
<td>Education and health</td>
<td>−0.280***</td>
<td>0.022***</td>
</tr>
<tr>
<td></td>
<td>(0.035)</td>
<td>(0.008)</td>
</tr>
<tr>
<td>Police and defence</td>
<td>0.246***</td>
<td>−0.013</td>
</tr>
<tr>
<td></td>
<td>(0.038)</td>
<td>(0.008)</td>
</tr>
<tr>
<td>Constant</td>
<td>0.358***</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.046)</td>
<td></td>
</tr>
<tr>
<td>Observations</td>
<td>6,032</td>
<td></td>
</tr>
<tr>
<td>R-squared</td>
<td>0.091</td>
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</tr>
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Notes: *** p < 0.01, ** p < 0.05, * p < 0.1. The entries are logistic regression coefficients with clustered standard errors in parentheses estimated from four regression models.
among right-wing respondents. The predicted probability of supporting a programme funded by public debt is 62 per cent among extreme left-wing respondents but only 40 per cent among extreme right-wing respondents. The opposite pattern can be observed for cuts in education and health. This attribute strongly reduces support for the proposal among left-wing respondents, but it has a neutral effect among right-wing respondents. The probability of supporting a programme funded through such cuts is just 17 per cent for an extreme left-wing respondent, while it is 42 per cent among extreme right-wing respondents.

A further noteworthy result is the heterogeneous effect of costs. Higher costs reduce support for a policy proposal among right-wing respondents, but not among left-wing respondents. For instance, increasing the cost of a programme from 100 million to 3,000 million increases support for a proposal from 49 per cent to 53 per cent among extreme left-wing respondents, but decreases support from 56 per cent to 45 per cent among extreme right-wing respondents. The difference in the marginal effects of the treatment at the minimum and maximum values of ideology are significant at the 95 per cent level \( p = 0.04 \). In other words, even if the confidence intervals overlap, the interaction is clearly statistically significant. We illustrate the magnitude of the effects of increasing the costs of a programme from the minimum to the maximum amount in Figure 2.7

In sum, our conjoint experiment allows us to disentangle which aspects of LPM drive disagreement between the left and the right in Spain. On one hand, there is a broad societal consensus in favour of more generous benefits for the
unemployed. Behind this broad consensus, however, there is disagreement on funding. People with different ideologies disagree mostly on how much money to devote to policies and how to pay for them. If LMP were free, right-wing respondents would be happy to provide generous benefits. But social policies are expensive and our results suggest that opposition to them is mostly driven by budgetary considerations among the right.

Conclusions

This article has argued that research into LMP preferences should take multidimensionality more seriously. We addressed two questions: which policy dimension is most important in determining support or rejection of reform proposals; and do citizens differ in which policy dimension they prioritize?

The experiment revealed that funding plays a central but complex role in shaping LMP support. We uncovered a nuanced portrait that may be obscured when assessing preferences through traditional survey questions. To recapitulate, we found that: (a) most respondents want more spending on unemployment programmes; (b) averaging across all respondents, costs neither increase nor decrease LMP support; (c) policy trade-offs matter: LMP support plummets if it comes at the expense of a valued policy; (d) there is consensus in favour of generous social policies across ideological orientations; and (e) policy disagreements between the left and the right is driven by questions of funding and spending.

Our analysis has also shown that among different options to improve benefit generosity, support is highest for expanding benefits targeted at the very needy. This is a substantively important finding with direct relevance for the policy-making process in Spain. It is particularly noteworthy against the background of the alleged ‘paradox of redistribution’ that suggests less broad support for targeted benefits (Korpi and Palme 1998).

Our findings have several important implications. The widespread consensus on more generous benefits suggests that right-wing voters do not oppose LMPs because they dislike recipients. They oppose them simply because LMPs have to be paid for. A contextual factor might be that high unemployment rates in Spain make it harder to blame LMP recipients, which renders them more ‘deserving’ (Fernández-Albertos and Manzano 2012).

The finding that respondents are sensitive to spending trade-offs suggests that politicians have considerable leverage to manipulate LMP support through framing. Depending on the trade-off, citizens can be mobilized against a programme (cuts in health and education) or in favour of it (cuts in defence, higher debt, higher income tax). Overall, voters seem more responsive to arguments about trade-offs than about absolute costs.

Another substantive discovery is that higher human-capital intensity generates only modest additional support. In contrast to academic and political
hype around the social investment paradigm, the Spanish public seems sceptical about ALMPs. Given high unemployment even among university graduates, further training may simply not be seen as very promising in the Spanish context. Another context-specific finding is that unions (who have been accused of misappropriating training funds) are unpopular ALMP providers, although it can generalize to contexts where trade unions are distrusted. This is another directly relevant policy lesson.

An important null finding is that material self-interest does not help predict the weight that respondents attach to different attributes of a programme. Although Spain is a prime example of a dual labour market, employment risk, income or skill level failed to show significant differences in dimension priorities. Our results indicate that, at least in the Spanish context, political economy theories (e.g., Beramendi et al. 2015; Rueda 2006) overstate the amount of conflict over LMPs between different social groups and they cast doubts on the predictions of insider–outsider and dualization theory in particular. An important step forward in this literature would be to theorize more explicitly how insider–outsider conflicts translate into dimension priorities and to validate these theories empirically. As we have argued and shown, conjoint experiments are a suitable tool for this endeavour.

Ideology turned out to be the more important moderator in our analysis. However, it important to bear in mind that ideology and the socio-structural variable studied in political economy cannot be directly juxtaposed. The former is conceptually much closer to preferences, which means that in any comparison of their explanatory power, the cards are stacked against the latter.

It is important to emphasize that experiments, as the one presented in this article, are context dependent. Hence, there are clear limitations to the generalizability of our findings. First, we have studied LMP preferences in a rather specific macro-economic context, namely post-crisis Spain. The devastating labour market conditions could lead to a strong perception of the unemployed as ‘deserving poor’ which might compress heterogeneity in preference and explain the strong support for targeted benefits. Second, we have focused on LMP expansion, but it might very well be that stronger differences in the population surface if it has to decide on retrenching LMPs. Logical next steps would therefore be to apply conjoint experiments in different countries and to different policy choices. Third, it is plausible that economic self-interest in Spain operates more on a household or family than on the individual level and further research should explore this possibility.

**Notes**

1. We focus on LMP support rather than on preferences for redistribution. After all, abstract principles such as redistribution have to be translated into concrete policy proposals to become politically relevant.
2. As elsewhere, not all of them are registered as unemployed.
3. We do not to propose cut-backs in order to avoid unrealistic combinations of retrenchment and expansion of LMPs.
4. Interviews prior to the experiment show that respondents understood the implications of the options well and we provided supporting information for those in doubt.
5. Power analyses suggest that our experiment has a sufficient number of observations to find even small treatment effects. See Hainmueller et al (2014) for a discussion of statistical power in conjoint experiments.
6. Replications with controls for sociodemographic characteristics (age, gender, religiosity, housing situation, citizenship), ideology and all the socioeconomic characteristics reported in this analysis produce substantively similar results.
7. In the Online Appendix we present the full set of predicted probabilities to support a programme at different values of costs and ideology.

Disclosure statement
No potential conflict of interest was reported by the authors.

Funding
The research leading to these results has received funding from the People Programme (Marie Curie Actions) of the European Union’s Seventh Framework Programme (FP7/2007-2013) under REA grant agreement n° 334054 (PCIG12-GA-2012-334054).

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