

# **The future of the welfare state: paths of social policy innovation between constraints and opportunities**

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# An institutional embeddedness of welfare opinions?

The link between public opinion and social policy in the Netherlands (1970-2004)

Judith Raven, Peter Achterberg, Romke van der Veen and Mara Yerkes

## Abstract

*A major shortcoming in the existing literature on welfare legitimacy is that it has yet to answer the question: in what policy areas do social policy designs follow public preferences and when does public opinion adjust to existing policy designs and why? Scholars examining individual level influences on welfare policies as well as scholars investigating institutional influences on individual welfare attitudes find empirical evidence for both relationships. While the existence of both directions of influence are plausible, these scholars almost never investigate the mutual relationship between individual level welfare preferences and institutional level welfare design. Therefore, we still do not know under what circumstances welfare institutions themselves invoke public approval of welfare policies and under what circumstances public opinion seems to drive the direction of welfare policy. In order to better understand social security legitimacy, this paper addresses this issue in an attempt to increase our understanding of social security legitimacy. The results show that individual opinions only matter with regard to relatively new policies of which the subject is not established yet and hence the policy designs are still evolving and developing (for example, active labour market policy), while social policy influences individual opinions with regard to old, established and highly institutionalised policies (such as old age pensions).*

## 1 introduction

During the last few decades, welfare state legitimacy has intensively been discussed and studied by social scientists. Yet, while much is known within the existing welfare state literature about the reasons why individuals support the welfare state, a number of unanswered questions remain. At the micro level, we know what motivates individuals to support welfare: individuals mainly support welfare because of their personal interest {Korpi, 1983 #379 ; Van Oorschot, 2002 #3; Brooks, 2006

#127}, but also social norms, moral obligations and reciprocity are motives for support {Ullrich, 2002 #263; Kangas, 1997 #208; Bowles, 2000 #324; Van Oorschot, 2002 #3}. We also know that these motives are to some extent dependent upon the institutional context at the macro level {Arts, 2001 #71; Albrekt Larsen, 2006 #171; Mau, 2003 #210; Svallfors, 1997 #21}. However, we still do not know under what circumstances public opinion adjusts to policy designs and in what cases policy designs are adapted to public opinion. Why are welfare institutions themselves sometimes responsible for how welfare institutions transform and why, under other circumstances, does public opinion seem to drive the direction of welfare reforms? Existing studies do not answer this question. They do, however, study one direction of this relationship: either the opinion-policy nexus – in which policy adjusts to opinion - or the policy-opinion nexus – in which opinion adjusts to policy.

On the one hand, studies investigating the policy-opinion-nexus concentrate on investigating how different welfare regimes, introduced in Esping-Anderson's (1990) path-breaking book the "Three worlds of welfare capitalism", bring forth particular welfare opinions {e.g. \Svallfors, 1997 #21: 283; Arts, 2001 #326; Albrekt Larsen, 2006 #171}. The main argument in these studies is that citizens approve of welfare arrangements present in their welfare regime (see Arts and Gelissen 2001; Albrekt-Larsen 2006), and this "proves" there is an institutional influence on individual attitudes. These studies received several critiques, but above all, these studies are problematic because they cannot ascertain that institutions determine the attitudes of citizens (see also Halvorsen 2007: 253) because it is empirically difficult to prove the direction of causality in this manner. Also, these studies most often find only minor support for attitudes structured by regime type (compare \Jaeger, 2009 #375). Moreover, several authors argue that in the present era of "permanent austerity" (Pierson 2001: 410), the internal consistency Esping Andersen has relied on to cluster his welfare regimes may have decreased or even disappeared {Pfeifer, 2009 #371; Hinrichs, 2003 #372; Bannink, 2007 #163; Kasza, 2002 #374}. If this is the case, welfare regimes are not likely to structure welfare attitudes, because the structuring elements of welfare regimes would then be of an arbitrary nature. Finally, studies that do demonstrate a relationship between institutions and individual level attitudes are often empirically problematic. These studies either fail to control for crucial country-level differences such as "general mechanisms, based in the division of labour in capitalist societies and [...] nationally specific institutions when it comes to public policies and organized politics" (Svallfors 2003: 14) not defined in Esping-Andersen's regime characteristics<sup>1</sup>, or

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<sup>1</sup>Assuming that Esping-Andersen's regime classification is still valid, the classification of countries into regime types is disputable. See for example Larsen {, 2006 #171}, who has defined the Netherlands as a social democratic regime on the basis of Esping-Andersen's 1990 book. Yet Esping-Andersen revises this classification in his 1999 book, in which he adapts his earlier ideas. In this 1999 book, Esping-Andersen defines the Netherlands as a hybrid welfare regime, containing elements of all three ideal types. The regime dependent

the measurement of the policy-opinion relationship is insufficient given that institutional characteristics are often represented by a small number of countries {Blekesaune, 2003 #325}.

On the other hand, studies investigating the opinion-policy nexus have flaws as well. Micro-level theory states that individual opinions influence social policy because of their translation into political consequences {e.g.\ Korpi, 1998 #185; Brooks, 2006 #127}. Ever since Page and Shapiro's classic article 'Effects of Opinion on Policy' (1983), numerous accounts have attempted to verify two questions. One, does public opinion affect social policy? If so, to what degree? Obviously, some authors argue there is only a modest influence (Page and Shapiro, 1983; Jones, 1994) while others argue that opinion is very important (Stimson, MacKuen and Erikson, 1995). These conclusions stand or fall with the researchers' own arbitrary norms and ideas about what exactly constitutes a strong or modest influence. Furthermore, as Cook et al. (2002) show, while policy elites concerned with social security frequently invoke public opinion, these invocations are seldom empirically informed.

While both the policy-opinion nexus and the opinion-policy nexus have been subject to empirical investigation, the number of studies integrating both nexuses is scarce. Despite the idea that reciprocal influences are also plausible, mutual influences are rarely compared to one another. Svallfors argues that "Within some boundary limits, the relationship [between institutions and orientations authors] is instead a probabilistic one as well as one of mutual dependency and development. Certain institutions tend to make some orientations more likely than others; given a certain set of orientations, some institutions are more easily implemented or changed than others" (2006: 10). That this mutual relationship is rarely empirically examined entails a shortcoming in the existing literature. This problem is exacerbated by a lack of micro-data. As Korpi and Palme (1998: 682) state, "... the empirical testing of the macro-micro-links among institutions and the formation of interest and coalitions provides a major challenge for social scientists, but comparative micro-data currently are lacking". For these reasons, Mettler et al. (2004: 56) argue that we need studies "for wide-ranging empirical research to explore this agenda".

One of the few studies that investigates the mutual relationship between policy and public opinion is Sharp's *Sometime Connection* (1999), which shows that there is a "sometime connection" between policy and opinion. Sometimes policy seems to determine public opinion and sometimes public opinion seems to shape social policy. However, Sharp does not explain why social policy sometimes seems to follow the public's preferences, while it does not in other circumstances, or the other way around: why does public opinion adjust to existing social policy in certain cases, while

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attitudes found in Larsen's study might therefore disappear if the Netherlands were characterised not as a social democratic welfare regime but as a different regime type altogether.

being resistant to policy influences in other cases? Building on Sharp's idea that the direction of the relationship may depend on the policy being considered, the present paper attempts to discover under which circumstances public opinion shapes social policy and under which circumstances social policy shapes public opinion. We try to disentangle the relationship in the best possible way using existing data. The central question to be answered is:

*In what policy areas do social policy designs follow public preferences and when does public opinion adjust to existing policy designs and why?*

In the next section we elaborate on existing theory before posing a new explanation for the connection between social policy and public opinion. Following this discussion, this possible explanation is tested using longitudinal data for the Netherlands.

## **2 Theoretical approaches to the relationship between public opinion and social policy**

There are two central ideas that govern the literature on the link between policy and public opinion. The first focuses on why public opinion supposedly influences social policy, and the second is centered on why social policy is expected to influence public opinion. We outline both of these ideas below.

### **2.1 opinion-policy nexus and policy-opinion nexus**

When considering the opinion-policy nexus, the key to understanding how policy preferences determine policy outcomes lies in the so-called power resources model (Korpi, 1983). The power resources model foresees that public opinion will lead to policy through two processes. First, public opinion can assert its influence on social policy indirectly "through the voting ballot". Social actors – individuals or collectivities – are differentially provided with the ability to punish or reward other actors (Korpi, 1983). In other words, once people have enough power resources at their disposal, they can determine the policy-formation process and the outcomes of this process. Class struggle, a conflict over the allocation of material wealth and life chances, is translated into electoral ties between class position and political parties: members of the working class have generally voted for leftist parties and members of the middle class have commonly voted for parties on the right. 'The simplest explanation for this widespread pattern is simple economic self-interest. The leftist parties represent themselves as instruments of social change in the direction of equality; the lower-income groups support them in order to become economically better off, while the higher-income groups

oppose them in order to maintain their economic advantages. The statistical facts can then be taken as evidence of the importance of class factors' (Lipset 1981: 239). In short, left-wing tendencies in the working class and right-wing tendencies in the middle class may be explained by their longing, respectively aversion to, an expensive, generous welfare state, which aims to redistribute wealth from the rich to the poor. Through the electoral process, public opinions, driven by class differences, thus assert influence on policies regarding the maintenance of the welfare state.

Second, public opinion may also directly influence social policy "through the fear of electoral punishment". Public opinion may change in such a way that politicians fear future electoral punishment, thereby abstaining from unpopular decisions. Scholars have argued in various accounts that in order to sustain large, expensive welfare states, support – in the form of policy preferences – is of crucial importance (Brooks & Manza, 2006; Erikson, MacKuen, & Stimson, 2002). Political parties attempting to reduce the size and the costs of the welfare state run the risk of being punished during future elections. Brooks and Manza note that 'government officials have incentives to incorporate policy preferences into policymaking so as to avoid voter sanctions in the form of electoral defeat or public protest' (Brooks & Manza, 2006: 818). This is what Pierson (1994, 1996, 2001) terms the mechanism of "blame avoidance".

For the policy-opinion nexus, the question to be answered is if and how social policy determines welfare attitudes. Before answering this question, we need to stress that "policies, once established, act as institutions, because they create a framework in which certain resources, rules, and norms are imposed upon citizens" (Lowi 1964: 644). Therefore, institutional theory applies to this relationship. Durkheim {, 1951 #33}, one of the classic sociologists, argued that institutions determine individual opinion, by contending that utilitarianism provided no explanation for group solidarity, rather institutions did (by producing norms which citizens internalise). In doing so, Durkheim downplayed the role of the individual. Hence, the idea that institutions influence individual opinions is almost as old as sociology itself.

Reasons that are frequently given for a supposed influence of institutions on public opinion are that citizens do not form their opinions independently, but that they do so within a specific, institutional context. The "most profound decisions about justice are not made by individuals as such, but by individuals thinking within and on behalf of institutions" {Douglas, 1987 #259: 124}. Public policy defines the boundaries of a political community; it defines membership, and as a consequence it also defines who deserves (financial) help and who does not. Next to defining boundaries, public policy also directs public perceptions of societal problems, policy agendas and governmental action by identifying target groups and defining solutions {Mettler, 2004 #364}.

Consequently, the “individual tends to leave the important decisions to his institutions while busying himself with tactics and details” {Douglas, 1987 #259: 111}.

This institutional influence on public opinion is somewhat conditional: the public has to be convinced that these institutions are legitimate. Rothstein (1998: 217) puts forth three conditions for institutional legitimacy: institutions should “install a feeling of trust that others will cooperate”; state leaders should “put forward a moral argument that what is to be achieved by this cooperation is a morally just cause”; and institutions should “be successful in showing that the institution that is going to be responsible for the implementation of this morally good cause is a “just institution””. Together, these three reasons are assumed to create public support. Hence, “[w]here ‘good reasons’ for a certain set of social provisions are given, people are more likely to comply and to sustain the institutional asset. It is the public affirmation and recognition of welfare policies that provides the ‘normative fundament’ on which the institutional architecture rests” (Mau 2003:31-32). In other words, individuals approve of social security institutions not only out of personal interest, but also because norms of reciprocity are embedded in these institutions {Mau, 2003 #210; Bowles, 2000 #324; Ullrich, 2002 #263}.

Having outlined theory on how public opinion could influence welfare institutions as well as on how welfare institutions could influence public opinion, the next question to be answered is under which circumstances which theory is applicable. As we saw in the introduction, Sharp (1999) investigated the interaction between both theoretical streams. Sharp concludes: depending upon the choice of policy domain, sometimes policy precedes opinions and sometimes opinions precede policy. Although Sharp’s study is a good attempt at investigating the mutual connection between social policy and public opinion, Sharp does not explain this “sometime connection”; the study does not clarify why this connection differs by policy domain. We argue that by borrowing some ideas deriving from Pierson’s (1996) theory on old and new politics, an explanation can be provided. The next section explores how.

## *2.2 Explaining a mutual connection between social policy and public opinion*

Pierson (1996, 2001) argues that there is a fundamental difference between old and new politics of the welfare state, particularly in the mechanisms driving these politics. Old politics refer to the politics that were present in times that welfare states arose and were characterised by ongoing expansion. Old politics was about building and designing welfare policies, in which politics (and also public opinion through politics) played an important role. This process was not hindered by path

dependency or policy feedback mechanisms (as we will discuss below), but was driven by politicians who were still inventing policies (or institutions) in an era of welfare expansion. Therefore, old politics offer an explanation for the introduction and expansion of “new” social policy domains, in which public opinion supposedly influences policy designs as discussed above: through politics, through the power resource model and through blame avoidance.

In contrast to the old politics of welfare expansion, new politics aim to decrease the size of the welfare state through retrenchment. Pierson’s main argument is that reforming highly institutionalised policy appears to be difficult, because of path dependency and feedback mechanisms. Path dependency signifies that “once a country or region has started down a track, the costs of reversal are very high” (Levi 1997: 28), which implies that the costs of retrenchment following a period of institutional welfare expansion are high. According to Pierson, this concept of path dependency is best captured by the idea of increasing returns, which could also be described as self-reinforcing or positive feedback processes (2000: 251). Following this feedback mechanism logic, former policy seems to influence current policy to a high degree. In the presence of these new politics, there is little space for the public to influence highly institutionalised social policy designs that arose during a period of welfare expansion. Rather, the public seems to form their attitudes within this context, which makes it likely that the public approves of established and highly institutionalised policies. The study of Gusmane, Schlesinger and Thomas (2002: 731) supports this argument. The authors show that “... lessons about the performance of institutions [...] represents the most important effect of existing policy on public attitudes”. In addition, institutional theory also claims that while being established, it is important that welfare state institutions receive public approval, but thereafter, institutions start to control the collective memory of its members {Douglas, 1987 #259: 112; Mau, 2003 #210}. Hence, institutional theory also supports these claims that public opinion has its influence during the establishment of institutions, but thereafter institutions determine individual opinions under the precondition that “good reasons” for trusting these institutions are given.

In this era of new politics, however, new policy domains have also been introduced. With retrenchment being the main goal of welfare states (in order to contain costs and to adapt to demographic changes), the overarching welfare philosophy has changed accordingly from that of a welfare state to an enabling state {Gilbert, 2004 #335}, or a social investment state (Giddens. 1998; Esping-Andersen, 2001). In this enabling or social investment state, an important new policy domain supported by public approval is that of active labour market policies (Gilbert, 2004; Achterberg, van der Veen and Raven, submitted). With regard to this relatively new policy domain, the discussed mechanisms of expansion which should be in force in regards to evolving policy areas, are applicable.

This means that two types of policy exist. First, there are policies that were introduced during the period of welfare state expansion, which are now highly institutionalised and difficult to manipulate or change. Second, since the 1980s, relatively new policies have emerged, policies which are still evolving and developing, which implies that they are more easily manipulated and changed. A recent study by Albrekt Larsen (2008) supports the idea that public opinion can influence relatively new, not yet highly institutionalised policy domains. Albrekt Larsen shows for Australia that public opinion influences the relatively new social policy domain of active labour market policy. Because the general public prefers that different active labour market strategies be applied to young people and to older unemployed, Albrekt Larsen shows that exceptions for these two groups are present in actual social policy. Young people are required to meet harsher criteria than older workers.

Next, we will explore in more detail which policy domains are highly institutionalised and which policy domains are relatively new and still evolving. Highly institutionalised and established policy domains consist of the traditional social security schemes, such as social assistance, unemployment schemes, old age pension schemes or disability schemes. Since the 1980s, some relatively new policies have arisen, and these concern policy domains such as childcare benefits and active labour market policy. Compared to the already existing welfare institutions, such as unemployment schemes, designing new policies is also dealing with relatively new and still evolving subjects<sup>2</sup>.

In conclusion, dependent upon the choice of policy domain, there will be more or less space for the influence of public opinion on welfare policy. In regards to well-established and highly institutionalised policy subjects, welfare institutions themselves are expected to influence reforms in these policies, which makes it much more likely that these highly institutionalised policies influence public opinion in these policy areas {compare \Gusmano, 2002 #376}. In regards to relatively new policy subjects, public opinion supposedly influences these policy designs {compare \Mau, 2003 #210; Douglas, 1987 #259}. This brings us to the following propositions:

- 1 In the case of highly established and institutionalised policy areas such as unemployment schemes or old age pensions, public opinion will adapt to existing social policy designs.

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<sup>2</sup> It must be noted that active labour market policy is also applied to certain old policy domains, such as unemployment schemes. However, in this paper we consider active labour market policy as a separate area, because this is how it is viewed by politicians. Moreover, active labour market policy is technically an evolving policy domain, despite the fact that it can have consequences for existing social benefits.

- 2 In the case of a non-institutionalised policy area where the social policy design has not yet been established, such as labour market activation, social policy designs will adapt to public opinion.

In the following, these two propositions will be tested empirically with Dutch longitudinal data, after outlining data sources and measurements used.

### 3 Data and methods

In order to test the propositions put forth above, we need longitudinal data, covering a long period and covering multiple policy areas. Therefore, in this paper we used representative survey data from the Netherlands: the 'Cultural Changes in the Netherlands' data, which among others covers support for unemployment schemes, old-age pensions, and child care provision. This data stems from a longitudinal project started during the 1970s, carried out by the Netherlands Institute for Social Research (SCP)<sup>i</sup>. These surveys contain questions on general support for the welfare state and questions on support for specific social security arrangements. We analyse this data in two steps. We start by measuring the effect of public opinion on social policy through the use of a time-series model. This model measures the aggregate effect of public opinion on social policy. Following, we measure the effect of policy on public opinion by applying a multi-level model that measures the effect of policy on individual level opinions.

For the time-series analyses, public preferences for more or less expenditure on social security is measured at the aggregate level by a series of four items measuring attitudes to unemployment, disability and pension schemes and attitudes to child care facilities. Factor analysis showed that these items could be combined into a scale ( $\alpha=.74$ ). Respondents were asked to indicate whether unemployment schemes, old age pensions, and disability schemes are (1) too good, (2) sufficient, or (3) insufficient. Attitudes on childcare have been measured by asking respondents whether "the government should build cheaper childcare facilities". Answer possibilities are measured on a five-point scale ranging from (1) strongly agree to (5) strongly disagree. Higher scores on the scale stand for more support for increasing expenditure on social security arrangements.

For the multi-level analyses, we were unable to include all four items because factor analyses showed that these items do not fall into one dimension at the individual level. By excluding attitudes on childcare facilities, however, and including attitudes towards social assistance we were able to create a scale based on attitudes towards expenditure on social security benefits with a robust  $\alpha$

score ( $\alpha = .72$ ). Higher scores on both social security scales entail support for higher spending on social security arrangements<sup>ii</sup>.

We also use data from the OECD (2004) social expenditure database (SOCX), which provides data on welfare state spending as a percentage of GDP. We use data covering expenditure on both well-established, highly institutionalized welfare domains as well as on relatively new and evolving welfare policies. With regard to the former, expenditure data on unemployment benefits and old age pensions are used to measure social policies of unemployment and old age pensions. For the latter, we use expenditure data on active labour market policies.

As mentioned above, to empirically test the mutual relationship between public opinion and social policy, two different methods are used. We start elucidate on the multi-level regression analyses to test the influence of social policy on public opinion. The advantage of multi-level analyses is that it is possible to analyse to what extent a dependent variable at the individual level is explained by both individual and higher-level factors. Multi-level analyses are preferable for testing the policy-opinion nexus because opinion data is nested within a given year: People within a given context tend to be more similar to one another than people from two contexts. In using this method, attitudes are measured and analysed at the individual level, therefore, public opinion in one year is independent of public opinion in the year before. However, observations of public opinion at the aggregate level are not independent of each other, meaning that standard OLS regression assumptions cannot be met. We performed four separate analyses using time-lag variables for t-1, t-2, t-3 and t-4. While the literature assumes public opinion adapts itself to social policy within one year (Sharp, 1999), there is little empirical research to show how long it takes before policy is affected by public opinion. Therefore, we use a total of four time-lag variables to test the adaptability of policy to public opinion within one 4-year election period.

For the analyses of the opinion-policy nexus, we have chosen to use time-series analyses. Multi-level analysis is not possible here, because policy observations, which now is the dependent variable, are not independent of each other. After all, it is very likely that policies in a certain year are very similar to policies in the preceding year. Time-series analysis with autocorrelations allows us to correct for this path dependency of social policy observations— giving a more accurate picture of the associations involved. As we did with the multi-level analyses, we use four time-lag variables for the time-series analyses as well. We deviate from the literature at this point because we are not entirely convinced that public opinion can adapt itself to policy within one year. Moreover, to remain consistent with our first analyses, we have decided to use the same time-lag variables of t-1, t-2, t-3 and t-4. Furthermore, in all analyses, we control for standardized unemployment, because

unemployment levels can influence both the policy-opinion nexus and the opinion policy nexus (Compare for example Albrekt Larsen 2006; Svallfors 1997).

## **4 Results**

In this section, results of the empirical testing of the two central propositions of this paper are presented. We test whether public opinion does or does not influence the well-established and highly institutionalised policies of unemployment and old age pensions as discussed above, simultaneously considering whether the opposite relationship exists, namely that expenditure on these policies have the expected strong influence on public opinion. These results are presented in section 4.1. In section 4.2 we outline the results of our analysis of the relatively new and not yet established social policy domain, active labour market policy. The expectation is that public opinion strongly influences the relatively new active labour market policy. The opposite effect, that active labour market policies would influence public opinion, is expected to be absent or weak.

### **4.1 Determinants of relatively old and established social policy domains**

Looking at the opinion-policy nexus, results of the time-series analyses are as expected with regards to old age pensions: public opinion on pension expenditure (with time lags of one, two, three and four years) has no influence on real expenditure on old age pension schemes (see table 1). The strength of the parameters is weak and statistically not significant. These results confirm our expectation: there is no policy responsiveness to public opinion on pension expenditure. Regarding the relationship between public opinion and unemployment expenditure, public opinion with a time lag of two and three years has a positive effect on unemployment expenditure, while it does not with a time lag of one and four years (see table 2). This means that if citizens prefer higher expenditure on unemployment benefits, actual expenditure increases two and three years thereafter. While these results contradict our expectation, the explanation probably lies in the fact that Dutch unemployment schemes are more susceptible to change than Dutch old age pension schemes (Raven 2008; Van Oorschot, 2006). Across time, Dutch pension schemes have remained nearly the same, yet the Dutch unemployment scheme has been adjusted to include stricter obligations for benefit recipients and an increased emphasis on activating the unemployed to find a job. In other words, it could be argued that Dutch pension schemes are more established and institutionalised than the Dutch unemployment scheme. This would lead to stronger results between institutions and public

opinions in the case of old age pensions in comparison to unemployment benefits, which is exactly what we find.

[Table 1 about here]

[Table 2 about here]

Turning to the policy-opinion nexus examined with multi-level analyses, the intraclass correlation for our data is .11, which tells us that multi-level analysis is a sound methodological choice. The analyses show that the public adapt their opinion on old age pensions expenditure to actual expenditures (see table 3). Parameters of this variable are positive and strong for all time lags, hence expenditure on pensions influences opinions on expenditure after one, two, three and four years. Once again, the influence of unemployment expenditure on opinions of unemployment expenditure is not conform our expectations. In this case, these results seem to stem from controlling for unemployment rates. When we omit this control variable, unemployment expenditures affect public opinion as expected. It seems that support for higher expenditures on unemployment increases if the unemployment rate increases (probably due to increasing risks to become unemployed), but support declines if actual expenditure on unemployment benefits increases, because an increase in taxes would be necessary to cover the increase in expenditure.

In sum, our first proposition is confirmed. Public preferences for higher expenditure do not determine expenditures on well-established, highly institutionalised policy domains. On the contrary, expenditure on these traditional policies determines public preferences for more or less expenditure on these policies.

[Table 3 about here]

#### 4.2. Determinants of relatively new social policy domains

The second proposition -- that social policy designs are supposed to adapt to public opinion when it concerns a relatively new and not yet institutionalised policy area -- is confirmed. With regard to the opinion-policy nexus, the results show that preferences for increased social security expenditure has a positive and significant effect (even despite the low sample size) on active labour market policy expenditure (see table 4). Public opinion also influences active labour market policy up to three years

after these attitudes have been measured. With regard to the policy-opinion nexus (see table 3), however, active labour market policy expenditure does not significantly affect public opinion on these expenditures. In sum, the results substantiate proposition two. Public opinion strongly influences active labour market policy expenditures, while actual expenditures do not or only scarcely influence public opinion.

[Table 4 about here]

## 5 Conclusion

The existing literature on welfare state legitimacy fails to answer the question: In what policy areas do social policy designs precede public opinion and when does public opinion precede existing policy designs and why? Scholars examining individual level influences on welfare state policies as well as scholars investigating institutional influences on individual welfare attitudes find empirical evidence for both relationships. Despite the existence of a plausible relationship in either direction, these scholars almost never investigate the presence of a mutual relationship. Until now, we did not know under which circumstances welfare institutions themselves invoke public approval of welfare policies and under which circumstances public opinion seems to drive the direction of welfare policy. This gap in the literature mainly exists due to a lack of micro data. In this paper, we use longitudinal survey data from 1970 to 2004 in the Netherlands as well as social expenditure data to test the relationship between social policy and public opinion. In this manner, this paper contributes to a better understanding of social security legitimacy. Although our analyses are an improvement from former research into this relationship (in which welfare regimes count as the institutional component in examining the policy-opinion nexus and in which studies on the opinion-policy nexus are seldom empirically informed), our analyses still contain unavoidable shortcomings due to the limited availability of multiple years within the data series. Nevertheless, although we can not overcome the shortcoming of the small sample size (which is often a shortcoming in studying trends, but not a reason to omit trend studies), by using time-series analysis as well as multi-level analyses it is possible to control for dependency of observations from the dependent variables in the analyses.

In general, our analyses indicate that there is no evidence for policy responsiveness to public opinion where traditional and highly institutionalised social security policies are concerned. However, when it comes to new and less institutionalized policy areas such as labour market activation programmes, public opinion does seem to have its expected influence on these policies. This is a remarkable and important conclusion, which enhances existing studies that stress the importance of

support for traditional social security policies. Public opinion seems to matter only in the case of new policy domains that are not yet fully established because politicians are still shaping these policies. In the case of traditional, highly institutionalised policy areas, policy feedback mechanisms induce path dependency, which leaves little room for the public to influence these policies. If we look at the consequences of these results with regard to the mechanism of blame avoidance, politicians apparently do not really have to fear electoral punishment after reforming traditional, established and highly institutionalised policies like old age pensions. Moreover, these results might also have broad implications for studies that explain the outcomes of elections through class voting behaviour (e.g. Achterberg, 2006). Within these studies, the main assumption is that the lower social classes vote for parties that serve interests of employees. This assumption is meaningless if our results are true and public opinion has no influence on traditional, well-established social security policy designs.

Our analyses also show that precisely the opposite relationships exist regarding the influence of social policy on public opinion. Retrenchment of unemployment or pension policy seems to lead to support for decreasing expenditure on these traditional and highly institutionalised social security arrangements. In contrast, relatively new policies, such as labour market activation, do not influence public opinion of this policy. This conclusion supports studies of scholars arguing that generous and extensive welfare states will enjoy high support due to material interests (De Beer 2007; Goodin and Le Grand 1987; Korpi and Palme 1998; Leisering and Leibfried 1999; Wilensky 1975). However, our results contradict arguments that retrenchment undermines welfare state support for reasons of decreasing interests {Pierson, 1994 #54; Pierson, 2001 #81}. Our analyses show that retrenchment of traditional, highly established policy areas does not provoke electoral punishment, because these policies themselves influence how the public evaluates these policies. Hence, material interest as motive for citizens' support is overestimated, moreover public opinion on traditional social security policies is apparently highly shaped by these institutions.

Finally, we want to stress that we do not argue that political elites or the media have no independent influence on social policy or on public opinion. Obviously, political elites independently affect social policy designs (as shown by Albrekt Larsen and Goul Andersen 2008), and at the same time, political elites and mass media affect public opinion (Cook et al. 2002). Future research should shed light on direct influences between social policy and public opinion controlled for these indirect determinants via mass media or political elites.

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**Table 1: Influence of public opinion on traditional, highly institutionalised social policy (old age pension schemes); time-series analyses**

	Expenditure traditional policy (old age pensions)			
	Exp. pension (public opinion (t-1))	Exp. pension (public opinion (t-2))	Exp. pension (public opinion (t-3))	Exp. pension (public opinion (t-4))
	B	B	B	B
Public opinion expenditure social security	-0,04 (0,16)	0,08 (0,17)	0,04 (0,17)	0,20 (0,23)
Unemployment rate	0,01 (0,05)	-0,03 (0,04)	-0,001 (0,04)	-0,03 (0,05)
Rho (AR)	0,84*** (0,12)	0,81*** (0,14)	0,57 (0,35)	0,66+ (0,34)
Constant	7,09*** (0,42)	7,40*** (0,40)	7,29*** (0,33)	7,48*** (0,49)
RSS (adjusted)	0,74	0,66	0,69	0,6
Log-likelihood	0,67	0,89	0,41	0,74
N	14 (8)	15 (9)	14 (10)	16 (11)

Sources: The Netherlands Institute for Social Research (SCP) data series 'Cultural Changes in the Netherlands' (years); OECD social expenditure data (SOCX)

\*\*\*p<.001 \*\*p<.01 \*p<.05 + p<.10

† Number of cases at the beginning of the series (at the end of the series)

**Table 2: Influence of public opinion on traditional, highly institutionalised social policy (Unemployment schemes); time-series analyses**

	Expenditure traditional policy (unemployment benefits)			
	Exp. UEB (public opinion (t-1))	Exp. UEB (public opinion (t-2))	Exp. UEB (public opinion (t-3))	Exp. UEB (public opinion (t-4))
	B	B	B	B
Public opinion expenditure social security	0,20+ (0,11)	0,23* (0,10)	0,34** (0,10)	0,04 (0,15)
Unemployment rate	0,20*** (0,03)	0,17*** (0,02)	0,18*** (0,02)	0,15** (0,03)
Rho (AR1)	0,55+ (0,26)	0,34 (0,31)	0,27 (0,34)	0,56+ (0,30)
Constant	1,13** (0,28)	1,38*** (0,20)	1,23*** (0,19)	1,74*** (0,31)
RSS (adjusted)	0,61	0,3	0,33	0,26
Log-likelihood	1,86	5,67	5,09	5,67
N†	14 (8)	15 (9)	14 (10)	16 (11)

Sources: The Netherlands Institute for Social Research (SCP) data series 'Cultural Changes in the Netherlands'; OECD social expenditure data (SOCX)

\*\*\*p<.001 \*\*p<.01 \*p<.05 + p<.10

† Number of cases at the beginning of the series (at the end of the series)

**Table 3: Influence of traditional, highly institutionalised social policy and relatively new active labour market policy on public opinion; Multi-level analyses**

	Public opinion (policy t-1)	Public opinion (policy t -2)	Public opinion (policy t -3)	Public opinion (policy t -4)
Constant	-70.22 (16.91)	-57.74 (8.48)	-33.34 (6.47)	-45.21 (11.35)
Year	.04 (.01)	.03 (.00)	.02 (.00)	.02 (.01)
Old age pensions expenditures	.15 (.06)	.11 (.02)	.14 (.02)	.15 (.04)
Unemployment benefits expenditures	-.12 (.04)	-.14 (.02)	-.10 (.02)	-.08 (.04)
Active labour market policy expenditures	-.24 (.17)	-.27 (.10)	.05 (.08)	-.03 (.13)
Unemployment rate	.04 (.01)	.03 (.00)	.01 (.00)	.01 (.00)
-2ll null model†	31215.15	29685.42	29685.42	28181.98
-2ll current model	31179.15	29628.50	29617.03	28141.99
N individual	34,532	32,882	32,882	30,779
N year (range)	17 (1980-2000)	16 (1980-1998)	16 (1980-1998)	15 (1980-1997)

*Sources: The Netherlands Institute for Social Research (SCP) data series 'Cultural Changes in the Netherlands'; OECD social expenditure data (SOCX)*

\*\*\*p<.001 \*\*p<.01 \*p<.05 + p<.10

† Intra Class Correlations of null model equals 0.11.

**Table 4: Influence of public opinion on relatively new, and not yet institutionalised social policy; time-series analyses**

	Expenditure new policy (active labour market policy, ALMP)			
	Exp. ALMP (public opinion (t-1))	Exp. ALMP (public opinion (t-2))	Exp. ALMP (public opinion (t-3))	Exp. ALMP (public opinion (t-4))
	B	B	B	B
Public opinion expenditure social security	0,21** (0,06)	0,23* (0,09)	0,30** (0,07)	0,15 (0,12)
Unemployment rate	-0,03 (0,19)	-0,04+ (0,02)	-0,03 (0,02)	-0,04+ (0,02)
Rho (AR1)	0,56+ (0,30)	0,44 (0,37)	0,38 (0,38)	0,32 (0,41)
Constant	1,31*** (0,16)	1,30*** (0,17)	1,16*** (0,14)	1,36*** (0,22)
RSS (adjusted)	0,19	0,19	0,15	0,16
Log-likelihood	9,91	8,65	10,35	8,53
N	14 (8)	15 (9)	14 (10)	16 (11)

Sources: The Netherlands Institute for Social Research (SCP) data series 'Cultural Changes in the Netherlands'; OECD social expenditure data (SOCX)

\*\*\*p<.001 \*\*p<.01 \*p<.05 + p<.10

† Number of cases at the beginning of the series (at the end of the series)

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<sup>i</sup> The Netherlands Institute for Social Research (SCP) is a government agency that conducts research on the social aspects of all areas of government policy.

<sup>ii</sup> However, we would have preferred to do the analyses with two attitude scales: one measuring public opinion on expenditure on traditional policy domains and one measuring public opinion on relatively new policy domains. Unfortunately, the data does not allow an analysis based on these two separate attitude scales. The data includes only one item measuring attitudes towards a new policy domain, namely childcare provision, yet this item is not specifically related to active labour market policy. Moreover, using the item on childcare to measure attitudes towards expenditure on new policy reduces the sample size. This is not preferable given the small size of the sample in the first place. Therefore, we have chosen to use general scales measuring either attitudes towards traditional and new policy domains (for the time-series analyses) or attitudes towards traditional policy domains (for the multi-level analyses). Despite these shortcomings, this is a logical decision. First of all, factor analyses have shown that the items in the scale all measure the same, which means that citizens preferring an increase in expenditure on one of the items prefer an increase in expenditure on the other items in the scale as well. Moreover, the results show no effect of public opinion on expenditure on traditional policies, while public opinion does have an effect on expenditure on new policy domains, in which more space exists for public influences.