

Unionized Workers
And
Support for Active Labor Market Policies

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Abstract: Trade union members, as stably employed individuals, presumably face low incentives to support active labor market policies because these policies aim to increase the employability of workers in precarious employment and the unemployed. Given the theoretical expectation of low levels of trade union member support for these policies, this paper aims to explain the high average level of support of trade union members in the data by drawing out two dimensions of trade union support, a policy-seeking dimension and an institution-seeking dimension. The results show that trade union members are more likely to support active policies when structural change is occurring rapidly, employment protection is low and union membership is more encompassing.

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1. Introduction

Responses to increased levels and duration of unemployment since the mid-1970s vary widely. All countries have implemented some form of labor market deregulation, but some countries have also used alternative strategies that place individuals in jobs without necessarily shifting authority from the state to the market. Active labor market policies, such as wage subsidies and training programs, represent one way in which to implement this alternative strategy for increasing employment levels. These policies increase employment by providing workers with resources that improve their chances of finding and keeping jobs.

The bases for winning coalitions for active measures remain underspecified. The organization of business has been positively related to active measures (Martin 2004; Martin and Swank 2004), but the role of unions is less clear. Studies pointing to a link between business organization and firm participation in and spending on active programs contend that business organizations improve firms' ability to influence the form of active policies as well as disseminate information about these policies after they have been implemented. Understanding trade unions' positions towards active labor market policies is not so straightforward, primarily because their members, as generally stably employed individuals, do not appear to be the principal beneficiaries of these policies. In addition to the low demand for active measures among members, active policies may also actually increase job competition for these workers according to the insider-outsider theory. In short, trade union members not only face a low propensity to use active measures, but these policies may also lead to heightened job insecurity for these workers.

As it turns out, however, the data do not bear out these expectations. Trade union members generally demonstrate on average a higher propensity to support active labor market policies than non-members. This paper responds to this puzzle by drawing out two dimensions of union support for active labor market policies: a policy-seeking dimension whereby trade union members support active policies when they face higher job insecurity and an institution-seeking

dimension whereby trade union members support active measures when such policies reaffirm the power of trade unions in the national bargaining arena.

Using public opinion data for thirteen advanced industrialized countries,¹ the strength of these two dimensions in shaping unionized workers' preferences is tested. An estimated dependent variable approach is employed, whereby the coefficients of the effect of union membership on preferences towards active measures estimated in the individual level analysis are regressed on national level variables. The results provide evidence for the hypothesis that union members are more likely to support active labor market policies when they face a higher probability of using these policies themselves and when union organizations are more encompassing.

2. The Puzzle: Union Member Support and Active Labor Market Policies

With respect to active labor market policies, it remains questionable that trade unions would lend their support for two reasons. The first reason is related to the probability that trade union members will in fact use these policies. Trade union members are predominantly those in stable employment, which means that they have a permanent contract and a full time position. While scholars have already noted this regularity (Esping-Andersen 1999; Bonoli 2004), data from the Eurobarometer 44.3 survey provides additional support. The percentage of union members who agree that their job is either quite or very secure (compared to those who respond that this is either only a little secure or not at all secure) is 71 percent compared to 50 percent of non-members. As workers who have a higher propensity to have stable jobs, trade union members are unlikely to demonstrate a high demand for active measures and are therefore less likely to prioritize these policies over other concerns.

Second, trade union members may also face increased job competition as a result of policies that reduce hiring and firing costs. Active labor market policies arguably do just this

¹ The thirteen countries include Australia (AUL), Austria (AUS), Canada (CAN), France (FR), Germany (GER), Ireland (IRE), Italy (ITA), New Zealand (NZL), Norway (NOR), Switzerland (CH), Sweden (SWE), the UK, and the USA. The years available for each country vary. See Table 1 for more information.

when viewed from the perspective of the insider-outsider theory. The insider-outsider theory proposes that stably employed workers hold an advantage over workers who are unemployed or in precarious employment (Lindbeck and Snower 1988; Lindbeck and Snower 2002). This advantage arises from the difficulties firms face in replacing workers as measured by hiring and firing costs. Hiring costs include making new workers acquainted with their tasks and about the firm more generally, whereas firing costs include severance pay and administrative costs involved in getting rid of workers. Active labor market policies potentially reduce hiring costs because they increase the skills of the unemployed and provide firms with subsidies for taking on unemployed workers. Both of these effects have the consequence of increasing competition for jobs among already employed individuals. Unionized workers, as insiders interested in maintaining their advantage within the firm, will be opposed to active labor market policies because of the effects of such policies on their job security. In sum, both the low propensity to use these policies themselves as well as the potential consequences of these policies on job security leads to the conclusion that trade union members will be less supportive of active labor market policies than non-unionized workers.

Looking at the data, however, there does not appear to be any support for this prediction. The survey question employed in this analysis asks individuals whether they agree that the government should finance job creation policies. There are five possible answer categories, ranging from strongly disagree to strongly agree. Responses to this question are used as a proxy for preferences towards active labor market policies. Other analyses have used similar questions as a measurement for preferences over active labor market policies (Taylor-Gooby 2004; Rueda 2005a; Rueda 2005b).

[Table 1]

In Table 1, descriptive statistics show that generally union members are *more* likely to support job creation programs and not *less* likely as one might suspect given the propensity of trade union members to use these policies compared to other workers as well as the possible

negative effects that these policies have on unionized workers' job security. In only two country years are trade union members less supportive of active measures than non-members—Switzerland and Ireland in 1996. However, in the former case, trade union members were still statistically significantly more likely to be *in favor* of active measures. This can be seen by looking at an unpaired test statistic, which is calculated over the whole range of possible answer categories. The other country years in which union members are significantly more likely to prefer government financing of job creation programs are noted with an asterisk.

Having demonstrated the strong support for active measures among trade union members, this paper sets out to explain the determinants of support for active labor market policies among these workers. The central question is the following: Why would trade union members support policies that will probably not make them better off and might make them worse off? The next section elaborates on this question and proposes a model with which to understand union members' preferences over active labor market policies. This model is then tested and the results are analyzed.

3. Theoretical Framework

The positive impact of trade unions in the development of social policy has been elaborated in many scholarly works. The power resources theory on the development of the welfare state points to the importance of trade unions along with left parties in pushing for advancements in social policy (Stephens 1979; Korpi 1983). Trade unions have also gained social policy advancements as a side-payment for wage restraint through a process of “political exchange” (Pizzorno 1978; Lehmbruch 1984). During the period of welfare state expansion, trade unions are generally agreed to play a facilitating, if not fundamental, role in the development of social policy.

The relationship between trade unions and social policy development has arguably become more contingent since the 1970s. Reasons for this change stem from shifting demand over social policies as well as in changes in the representativeness of trade unions. While

traditional social policies unquestionably retain widespread support, difficulty in gaining access not only to these policies but also to the labor market more generally should cause workers in precarious employment to prefer new social policies aimed at labor market integration relatively more than their stably employed cohorts. And, since trade union members are generally those in stable jobs, it becomes a question whether trade union members will actually support new social policies aimed at increasing the job security of marginalized workers into the workforce since the likelihood is that they do not directly benefit from such policies.

As case in point, active measures represent one policy field which helps to give those in precarious work conditions the job training and skills that facilitate the movement into stable employment. Such policies generally consist of training courses, job creation in the public sector and wage subsidies to private employers. While stably employed workers may have some access to these policies, mainly in the form of training opportunities, they are much less likely to use these policies.

Given the role of active labor market policies as defined above, one can begin to theorize about the conditions under which trade union members may prefer increased spending on active measures. In particular, two central dimensions are hypothesized to shape trade unions' preferences over active labor market policies: propensity for using these policies themselves (policy-seeking factors) and the degree to which these policies reaffirm existing institutional investments (institution-seeking factors) (see Clegg 2005).

Three factors are hypothesized to increase trade union members' propensity to use these policies: high unemployment, rapid deindustrialization and low employment protection. First, high unemployment is hypothesized to indicate high average job insecurity across the national economy. Second, rapid deindustrialization also increases job insecurity, but in this case the risk of becoming unemployed is tied expressly to structural changes in the economy. The likelihood that individuals in industrial and agricultural sectors will lose their jobs rises because employment in these sectors is decreasing. As a result, the capacity for these individuals to find new

employment is reduced because they possess redundant skills. Third, in countries with low employment protection, union members may face a higher risk of unemployment than members in countries with high employment protection.

Hypothesis 1: Trade union members will be more supportive of active labor market policies when deindustrialization is increasing rapidly.

Hypothesis 2: Trade union members will be more supportive of active labor market policies when unemployment is high.

Hypothesis 3: Trade union members will be more supportive of active labor market policies when employment legislation is less stringent.

In addition to needs-based arguments about the potential for trade union members to use active measures, additional incentives for trade union members to support active labor market policies may arise from the possible effect of these policies on the influence of trade unions in the national bargaining arena. Influence in the national bargaining arena provides actors with a bargaining chip with which to push for policies that they prefer. In this way, institutions that protect trade union influence may draw trade union members' support because members wish to protect the organizational strength of the trade union and thereby the capacity of the trade union to influence policy outcomes.

The capacity of unions to influence active measures is hypothesized to increase with the participation of unions in the policy-making process and the encompassing nature of union membership: the former because unions have an institutionalized capacity to influence policy formation and the latter because it increases the credibility of unions' demands. Previous studies have also noted a positive relationship between union density and spending on active labor market policies (Rueda 2005a; Rueda 2005b), which suggests that trade unions impact these policy outcomes. When both these variables are high, union members are hypothesized to be more supportive of active labor market policies.

Hypothesis 4: Trade union members will be more supportive of active labor market policies when trade unions participate more in the national bargaining arena.

Hypothesis 5: Trade union members will be more supportive of active labor market policies when union membership is more encompassing.

A schema representing both the policy-seeking and institutional-seeking preferences is presented below. The two dimensions combined suggest that trade union members located in quadrant I will have the highest levels of support for active labor market policies, those in quadrant III will have the lowest levels of support for these policies and those in quadrants II and IV will demonstrate middle levels of support towards active labor market policies.

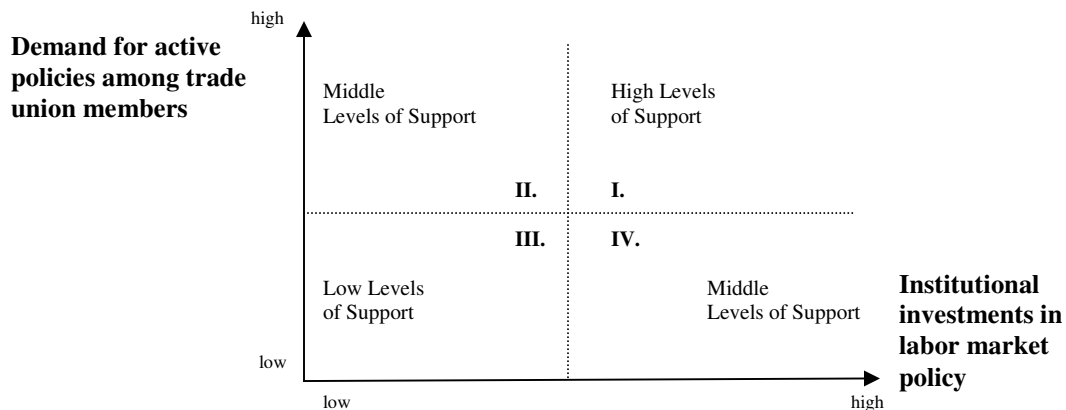


Figure 1. Dimensions of Trade Union Members' Preferences

The next section describes a way of testing these hypotheses about the preferences of trade union members towards active labor market policies. After providing a description of the estimated dependent variable approach used to analyze the hypotheses listed above, the results are presented and discussed.

4. Data and Analysis

The public opinion data employed in this study comes from three waves (1985, 1990, and 1996) of the International Social Survey's Role of Government surveys.² During these three rounds of the ISSP's Role of Government Survey, individuals were asked about their preferences

² Information on the original data is available at <http://www.issp.org/data.htm>. I am grateful to Thomas Cusack, Torben Iversen and Philipp Rehm for permission to use their dataset.

towards job creation policies. Specifically, individuals were asked: “ ‘Here are some things that the government might do for the economy. Circle one number for each action to show whether you are in favour of it or against it’. Here: Government financing of projects to create new jobs.” The response categories range from 1 (“strongly disagree”) to 5 (“strongly agree”).³ This question is used over other questions that ask whether individuals believe that it is the government’s responsibility to provides jobs. Invoking the need of government funds to finance job creation programs presents respondents with the opportunity cost of program financing, namely lower taxes or different fund allocation. In doing so, this question is preferred because it arguably gets at respondents’ actual spending preferences rather than normative beliefs about the role of government. The distribution of responses is represented in Graph 1 below. The percentage of respondents in each answer category is listed at the top of each bar.

[Graph 1]

As a result of missing values for the independent variables in the macro analysis, Spain is dropped from the analysis. In addition, data on East Germany and West Germany are combined so that East Germany enters the sample in 1996. The sample is constrained to those in the labor force (specifically the employed and the unemployed).

The macro variables used to test the influence of contextual effects on union members’ preferences are derived from a number of sources listed below in Table 2. Deindustrialization is measured following Iversen and Cusack (2000) as 100 minus the percent of the workforce employed in the industrial and agricultural sectors. In order to capture dynamics, the variable is measured as the average change in deindustrialization over the previous five year period. The variables for unemployment and union density are lagged by one year. Finally, the variable

³ The five answer categories include: 1 “Strongly Agree” 2 “Agree” 3 “Neutral” 4 “Disagree” 5 “Strongly Disagree” 8 “Can’t Choose” and 9 “NA”. Values 8 and 9 were switched to missing values and the scale of the remaining response variables was reversed to facilitate interpretation.

measuring union participation in policy-making comes from the index provided by Traxler, Blaschke, and Kittel (2001).⁴

[Table 2]

Given the theoretical discussion in Section 3, it is of central interest why the support of union members for active labor market policies is so strong relative to non-union members. Unfortunately, at this time no survey exists that asks about the varying effects of active labor market policies. Such a survey could of course be assembled. Questions could be formulated that ask individuals whether they think existing active labor market policies benefit them directly in any way, allowing researchers to test the strength of the policy-seeking dimension. Additional questions could ask individuals if the administration of active policies increases the influence of trade unions in the national bargaining arena. These questions would allow one to assess the importance of the institution-seeking dimension.

At this point in time, however, such detailed questions about the supposed effects of active labor market policies are not available. However, there is a second way to get at testing the two dimensions hypothesized. National contextual variables can be used to get leverage on understanding when trade union members will support active labor market policies. Using individual level data in tandem with macro data via hierarchical linear models allows one to understand how the parameter estimates for the individual level explanatory variables varies across different contexts.

⁴ The scores for this variable vary between 0 and 1 and represent an average of union participation in 12 different policies areas of which 2 are categorized as general activities and 10 are categorized as specialized activities. The generalized activities include influence over national government or parliamentary bodies with regard to labor market activities and representation of union interests on national corporatist institutions. The specialized activities include whether unions participate or implement (or participate in the implementation of) in five different programs including industrial policy programs, regional development programs, public occupational programs and active labor market policies, research and development programs, and quality control programs and/or standardization of product. The generalized activities are weighted by 9 since they represent the central dimensions of union participation, whereas specialized activities are weighted by 8. For more information refer to Traxler, F., S. Blaschke, et al. (2001). National labour relations in internationalized markets : a comparative study of institutions, change and performance. Oxford, Oxford University Press.

There is no obvious way to model the impact of contextual factors on individual level preferences. Usually, and as above, individual level estimations are agnostic in regards to contextual variables and typically control for country-specific factors by including country-fixed effects. An explicit way to incorporate contextual effects is hierarchical linear models (Snijders and Bosker 1999; Raudenbush and Bryk 2001; Steenbergen and Jones 2002). However, these models are not particularly well-suited for comparative politics. Hierarchical linear models were developed in the education sciences. In the typical data-situation there are around 30 level-1 units (students) and a lot of level-2 units (classes, schools). The situation in comparative attitudinal research, however, is just reverse: there are lots of level-1 units (usually 1000 or so respondents) and very few level-2 units (usually about 20 or so countries). This poses very different questions and requires different statistical handling.

Very recently, this issue has found attention. Several papers conclude that a two-stage regression approach to contextual modeling is most appropriate for the typical data-situation in comparative politics (Franzese 2005; Huber, Kernell et al. 2005; Jusko and Shively 2005; Lewis and Linzer 2005). The approach is very intuitive. In a first step, the regression of interest is performed for each level-2 unit separately (usually countries). This leads to different coefficient estimates for each country. In a second step, the coefficient of interest or a related measurement derived from the first step is made the dependent variable (a so-called “estimated dependent variable” approach; see Lewis and Linzer 2005). The contextual variables of interest are included as explanatory variables.

This paper follows the two-stage approach to model contextual factors. It generates country-by-country estimates for the coefficient of union membership where preferences for active labor market policies are the dependent variable. In the country-by-country regressions, ordered probit regressions are performed.⁵ Each country’s coefficient for union membership

⁵ The individual level analysis was also conducted using OLS regression. The results were substantively the same.

becomes a new dependent variable for the second step. In this second step, the coefficients for union membership are regressed on the contextual variables of interest, using OLS techniques with White's heteroscedastic consistent standard errors. This method has been shown to be superior under a lot of circumstances (Lewis and Linzer 2005).

The first step is ordered probit analysis where the coefficients are estimated for each country separately. The model is

$$\begin{aligned}
 ALMP_{ijt} &= \alpha_{ijt} + M_{ijt}\beta_{1jt} + I_{ijt}\beta_{2jt} + E_{ijt}\beta_{3jt} + \\
 &A_{ijt}\beta_{4jt} + G_{ijt}\beta_{5jt} + U_{ijt}\beta_{6jt} + \varepsilon_{ijt} \quad (1) \\
 i &= 1, \dots, I, j = 1, \dots, J, t = 1, \dots, T
 \end{aligned}$$

where the j presents the separate country estimations and i and t stand for individual and year, respectively. The key variable in the analysis is M , which stands for union membership. The remaining variables are controls and include the following: I for income, E for education, A for age, G for being female and U for unemployment status. A brief theoretical justification for each control variable will be discussed.

Individuals with a high income and who are more educated are hypothesized to face lower labor market risk and therefore be less supportive of active labor market policies.

The effect of age on workers' preferences towards active labor market policies is ambiguous. According to one account, "older workers are more likely to be concerned with job security and income than are younger workers because their time to retirement is shorter, and their ability to find new employment is likely to be more limited" (Iversen and Soskice 2001). On the other hand, older workers are more likely than younger workers to be protected by 'last in, first out' laws. As such, younger workers may face more challenges in finding stable employment.

Female workers are hypothesized to be more supportive of active labor market policies because they face more uncertain career paths due to breaks taken to have children as well as exhibiting a higher probability of falling into precarious employment or being unemployed

(Quinlan, Mayhew et al. 2001). Active labor market policies facilitate reintegration after a period of absence during which the individual has lost existing skills or failed to accumulate new expertise. A similar line of argument supports the expectation for relatively higher support for active measures among unemployed workers. The results for the preliminary individual level analysis are displayed below in Table 3.

[Table 3]

Before turning to the macro-analysis, a brief review of the individual level results is in order. First, Table 3 demonstrates that in the pooled analysis union membership significantly increases support for active measures on the individual level. Income and education are, as predicted, negatively related to support for active measures and being female and unemployed are positively related to support for active measures. Age is predominantly negatively associated with support for active measures, but this is not true in all cases.

A further discussion of the trade union variable is warranted in order to set up the second part of the analysis. In the individual country-year estimations shown above, union membership is only negatively related to support for active measures in one case (Italy 1996), and it is not significant. In every other case, union membership is positively related to preferences for active measures. This positive relationship in 21 of 22 cases is statistically significant in 11 of 22 country-years.

Table 4 below displays the predicted probabilities for the effect of union membership on the probability of falling into each answer category for each country-year in the sample. For example, in Australia in 1985, holding all other variable at their mean (or minimum for dichotomous variables), union membership has the effect of increasing the probability of an individual switching into the “strongly agree” category by 7.15 percent. Looking at the ‘strongly agree’ category, one can see that union members always have a higher predicted probability of choosing this answer than non-members. The converse is true for the neutral options and the disagree categories—union members are less likely to fall into these categories than non-

members. The agree category seems to be an in between category, where union members are sometimes more likely to fall into this category and sometimes less likely to fall into this category than non-members. This is most likely the case in countries where union members have a high probability of answering “strongly agree.”

Taking account of the overall spread of the predicted probabilities provides insight into the role of union membership variable in influencing preferences over active labor market policies. The average change in predicted probability is the absolute value of each response category divided by the total number of response categories. The average change provides a measurement of the total weight or influence of trade union membership on individuals’ preferences towards active policies. A small average change means that union membership does not have a large influence on individuals’ preferences over active policies. A large average change means that union membership greatly increases the probability of falling into different response categories.

In light of the empirical analysis, the average change statistic represents not only the magnitude of the effect of trade union membership, but also the direction of this effect. The positive coefficient on the union membership variable for the pooled analysis and 21 out of 22 of the country-year estimations provides substantial evidence that union membership is related to *increases* in support for active labor market policies. Having established a positive relationship between union membership and support for active measures, the average change in predicted probability can be seen to represent the strength of the union membership variable in increasing support for active labor market policies. Given the similarity in substantive meaning between the average change in predicted probability and the coefficient for union membership, it is not surprising that the correlation between the two is 0.94. While the coefficient for union membership will be used in the macro regression analysis, the average change statistic will be used in the discussion because of the relative ease with which this statistic can be interpreted.

[Table 4]

This review of the coefficients of union membership and their substantive effect on individuals' probability of supporting active labor market policies sets the stage for the second part of the analysis. In this second part, the coefficients for union membership are regressed on a number of contextual variables. This second step, then, measures the national level determinants of the probability that union membership increases support for active labor market policies. The models in the second step are corrected using a robust-cluster estimator of the standard errors. Robust clusters are used when there may be error arising within clusters, in this case countries. Given that some countries are represented at multiple time points, whereas most are represented at just one time point, the robust cluster method resolves the issue that observations within countries (across years) are correlated. On the other hand, they assume that observations across panels are not correlated. The issue of cross-temporal heterogeneity is not considered, but this is theoretically justified considering that preferences for active measures arise from factors within the national economy.

The hypotheses are divided into a policy-seeking model and an institution-seeking model, in accordance with the theoretical discussion. This is also done due to data limitations, namely the small number of 22 country years. The model for the policy-seeking preferences,

$$\beta_{jt} = \Phi_0 + DC_{jt} \Phi_2 + UL_{jt} \Phi_1 + EPL_{jt} \Phi_3 + \varepsilon_{jt}, \quad (2)$$

measures the salience of union support for active labor market policies, which are captured by the coefficients of union membership determined from the results in model (1). In this model, β_{jt} is the coefficient for union membership from Model 1, DC is changes in deindustrialization, UL is level of unemployment, and EPL is employment protection. A second model captures the institution-seeking preferences of unions. The model

$$\beta_{jt} = \Phi_0 + UP_{jt} \Phi_1 + DEN_{jt} \Phi_2 + \varepsilon_{jt} \quad (3)$$

includes UP, a measure of union participation in policy-making, and DEN, a measures of union density.

The results are listed below in Table 5. In regards to the policy-seeking dimension, the results for deindustrialization and employment protection provide support for the hypotheses that trade union members will favor active measures when they stand a high probability of using these policies themselves. More concretely, rapid structural change and low employment protection are related to increased support for active labor market policies among trade union members. Levels of unemployment are, contrary to the hypothesis, found to be related to lower levels of support for active measures.

In order to interpret the substantive effects of these results, it is useful to look at the country-years with the lowest and highest values of the variable in question and the corresponding predicted probabilities on the dependent variable. With regards to deindustrialization, the lowest rate of deindustrialization is found in New Zealand in 1996 and the highest rate of deindustrialization is found in Italy in 1985. The overall difference in the rate of deindustrialization between these two country years is 2.06 percent with a corresponding difference in the effect of union membership of 4.2 percent.

A similar interpretation can be done for employment protection legislation. The country year with the lowest employment protection is the US (in any year) and the country with the highest employment protection is Italy (in any year). The US has on average a lower employment protection score by 3.4 units, with a corresponding decrease in the effect of union membership of 0.13 percent.

[Table 5]

The results for unemployment are significant but not in the expected direction. The hypothesis stated that union members would favor active measures when unemployment is high because under these conditions they are more likely to use these policies themselves. The results indicate the opposite, or that high unemployment decreases union support for active labor market policies. The county-year with the highest unemployment is Ireland in 1996, and the country-year with the lowest unemployment is Switzerland in 1996. The higher level of unemployment in

Ireland of 8.8 percent has a lower corresponding effect of trade union membership on preferences of 1.36 percent.

Turning to the institution-seeking model, the results provide support for the claim that union density increases support for active labor market policies. The actual participation of union organizations in policy-making, however, does not appear to increase union member support for active measures. Again, a look at the minimum and maximum values for union density provides a snapshot at the impact of this variable on union members' preferences towards active measures. The country-year with the lowest union density is France in 1996, and the country-year with the highest union density is Sweden in 1996. The difference in union density scores of 76.8 percent is related to a 1.3 percent in the effect of union membership on support for active labor market policies.

5. Discussion

The results indicate that trade union members are more likely to support active labor market policies when deindustrialization is increasing rapidly, unemployment and employment protection are low and union density is high. This lends some support to the hypothesis that trade union members hold policy-seeking and perhaps institution-seeking preferences as well. The results for rapid deindustrialization and employment protection support a straightforward rational choice logic for trade union member support for active measures: union members are more supportive of active measures when they face a higher probability of using these policies themselves.

In order to gain a better empirical understanding of these results, the average change in predicted probabilities are plotted against various independent variables that were found to influence significantly union members' preferences for active measures in the macro-analysis.⁶ The average change in the predicted probabilities is used because this is the most straightforward

⁶ Countries abbreviations are explained in footnote 1.

way available with which to assess the strength of union membership in increasing individuals' support for active measures.

[Graph 2]

Graph 2 plots the average change of the predicted probabilities against changes in deindustrialization. The correlation between the rate of deindustrialization and trade union member support for active measures can be gauged from the graph. Changes within countries over time are also evident for the six countries for which time series data is available. Only Australia does not support the expectation, with a sharp increase in the rate of deindustrialization leading to a small decrease in union member support for active measures. Data on Norway, the US, Germany and Italy, however, confirm the hypothesis that rapid industrialization increases union support for active measures and lower rates of deindustrialization lower support.

Graph 3, situated below, plots the average change in predicted probabilities against the level of unemployment. The relationship does not appear to be very strong, despite the regression results, but since the results go against the theoretical discussion these findings do not hold much weight. Moreover, looking at trends within countries frequently contradicts the supposed negative relationship between unemployment and trade union member support for active measures, as in the UK between 1990 and 1996, Germany between 1985 and 1996.

[Graph 3]

Though the results for unemployment do not appear to conform to the expectations stated in the theoretical section, one possible explanation may be found in the insider-outsider theory's founding concept that those in stable employment hold an advantage over outsiders in precarious employment and the unemployed. This advantage, which cannot be exploited if structural change is occurring rapidly or employment protection is low, may persist through periods of high unemployment. In other words, trade union members, as insiders in stable jobs, may not necessarily face heightened job security as a result of high unemployment. Further, high unemployment has prompted calls for deregulation of labor market policies according to the neo-

liberal agenda. In this way, trade union members, as insiders in stable positions, may not support spending on active measures during periods of high unemployment because they see active measures as a package of reform policies that act to decrease their advantage in the labor market. As case in point, active labor market policies were used primarily to keep skilled labor abundant in the golden years of welfare capitalism when unemployment was very low. Since the rise in unemployment since the mid-1970s, active labor market policies are more geared to reducing unemployment. In this way, spending on active measures during periods of low unemployment may not threaten trade union members' jobs and may even help them, whereas these policies may be harmful for trade union members when unemployment is high.

Employment protection legislation does not appear to have a strong relationship with union support for active measures as can be seen below in Graph 4. Moreover, since the data on employment protection legislation does not vary over time it is not possible to establish trends within countries over time. However, the negative relationship between employment protection legislation and trade union member support for active labor market policies is better grasped when dividing countries in two clusters, those with lax employment protection and those with stringent employment protection. This division is justified on the grounds that these two clusters represent different types of capitalist organization, with the low-protection cluster representing liberal market economies and the high-protection cluster representing coordinated market economies (Hall and Soskice 2001). Employment protection in coordinated market economies not only protects an individuals' relationship with a particular firm but it also protects workers' investment in specific skills; in this way, while lower employment protection increases job security among trade union members in both liberal and coordinated market economies, it arguably does so in a somewhat different manner because of the different risks assumed by the workers in those regimes.

[Graph 4]

Turning now to the institution-seeking model, the results are somewhat more ambiguous. There is evidence that union density leads to higher support for active measures, though the overall participation of trade unions in policy-making does not seem to play a role. One explanation may be that the diversity of employment situations increases as union density increases. As the number of workers in trade unions increases, the average trade union members in that country is less likely to be an insider to the extent that increased union density infers the incorporation of workers in less traditional working situations. This is a relatively safe assumption given that the core membership of trade unions includes traditional industrial sectors and increasing membership since the mid-1970s relies on increasing membership among less stably employed service sector workers. In this way, higher union density may simply indicate a more varied membership profile with the average member in a low density country being against active measures and the average member in a high density country supporting active measures. Seen in this way, high union density does not necessarily indicate stronger support among the core union members but rather the inclusion of workers in more precarious working conditions who are relatively more supportive of active measures.

Turning to the effect of union density in Graph 5, the positive relationship between union member support for active measures and the encompassing nature of the union movement can be seen. The countries for which time series data is available, however, do not experience large increases or decreases in the number of workers that are union members. This precludes even a rough estimate of how union member support responds to changes in union density.

Further, union participation in decision-making may not be linked with preferences over active labor market policies because unions may prioritize other policies. In this way, the level of union participation in decision-making does not influence preferences because members may not expect trade unions to lobby strongly for these policies. This is not to say that trade unions do not form preferences over active labor market policies, but it may suggest that the strength of the

institution-seeking dimension cannot be entirely decoupled from the policy-seeking dimension, or, in other words, the actual employment positions of trade union members themselves.

Finally, plotting the results for the each dimension against one another to mirror Figure 1 provides a final assessment of the degree to which the policy-seeking and institution-seeking model works in predicting the degree of trade union member support for active labor market policies.

An index of trade union members' policy-seeking preferences is constructed and plotted on the corresponding axis. The index of policy-seeking preferences is made by constraining each of the relevant variables, rate of deindustrialization, unemployment and employment protection, to a range between 0 and 1, and then simply adding the resulting values.⁷ On the institution-seeking axis, the values of union density are plotted for each country year. The four quadrants established in Figure 1 are created by drawing lines at the mean values of the institution-seeking and policy-seeking preferences, respectively. The mean values of the average change in predicted probability (of the effect of union membership on preferences towards active measures) are reported for each quadrant. The rank of predicted union member support for active labor market policies is the following: I>(II, IV)>III. The results confirm these expectations. Quadrant I has the largest average change value (3.47), Quadrants II and IV are in the middle (2.46, 2.785) and Quadrant III has the lowest (2.032).

[Graph 6]

One perhaps striking note about Graph 6 is that the country years in which trade union members are most likely to support active labor market policies are not the countries that spend the most on active labor market policies. Countries in quadrant IV spend the most, followed closely by those in quadrant III. Countries in quadrants I and II spend roughly a third the amount of countries in the other two quadrants.

6. Conclusion

⁷ More information about the construction of this index is available in the Appendix.

This analysis provides evidence that trade union members will support active policies out of policy-seeking preferences and perhaps, but not definitively, out of institution-seeking preferences as well. Support for active labor market policies among trade union members increases with the speed by which jobs are moving from industrial and agricultural employment to services. Low employment protection appears to increase further the level of support. While high unemployment decreases support for active measures, the logic behind this relationship is unclear. Trade union members may feel that active measures implemented in periods of high unemployment undermine their advantage in the labor market since these policies are more targeted at reducing unemployment and because these policies may be accompanied by more wide-reaching reform.

The positive relationship between trade union density and higher levels of trade union member support presents some evidence for the institution-seeking dimension, although this may be a result of the changing composition of trade unions rather than the different influence of trade unions in the national bargaining space. This critique is not meant to write off the importance of union density in increasing support for active measures, but rather to point out that the importance of union density may rely on a micro logic different from the one specified in the theoretical discussion. The initial hypothesis that the encompassing nature of trade unions increases support for active measures *across all types of trade union members* and that this support arises from the ability of trade unions to influence policy outcomes cannot be affirmed. The labor market position of the average trade union member in high density countries may simply be more precarious, thereby leading the average trade union members in these systems to support active labor market policies. Yet another explanation could be that even stably employed workers in high density systems are socialized to be more sympathetic towards the concerns of workers in less stable positions. In short, it is difficult to differentiate trade union members' concerns over their own job from their concerns over the job security of other trade union members. More

detailed information on the job security of individual workers is necessary to get a handle on the incentives for workers in high density systems to support active labor market policies.

In short, the results presented here provide strong evidence that trade union members are more likely to support active labor market policies when they face a high probability of using these policies themselves. Future research should test the degree to which union members' preferences are represented in the policy positions of trade union organizations and ultimately in policies implemented by the government. In addition, attention should be paid to two as of yet unresolved findings in this paper. First, the negative relationship between unemployment and trade union member support raises, albeit weakly, the possibility that unemployment polarizes workers. At high levels of unemployment, this paper predicts that trade union members will be less supportive of active labor market policies. Assuming unemployed workers and those in precarious employment will be in favor of such policies, it remains to be seen whether unemployment creates a political cleavage between workers. Second, the mechanism by which union density increases support for active measures demands more attention in order to ascertain whether the micro-logic has to do with the more precarious labor market position of the average worker in high density systems or with the influence of the trade union organization itself on the socialization of members as well as policy outcomes.

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Appendix:

[Table 6]

Table 1. Preferences over Active Labor Market Policies (ranked by differences in preferences of union members and non-union members)

Country	Year	Percent of Non-Union Members who Agree or Strongly Agree	Percent of Union Members who Agree or Strongly Agree	Difference Between Union Members and Non-Union Members	Average Response on Survey Question
Switzerland*	1996	77.63	77.01	-0.61	3.92
Ireland	1996	89.83	89.80	-0.03	4.26
USA	1996	73.70	73.75	0.05	3.85
Norway	1996	83.33	83.76	0.43	4.04
New Zealand	1996	53.32	53.85	0.53	3.43
Germany	1990	74.22	74.76	0.55	3.94
Italy	1996	90.15	91.35	1.20	4.38
Canada	1996	69.20	70.43	1.23	3.75
France	1996	76.58	78.42	1.84	4.10
Germany*	1985	70.03	72.02	2.00	3.81
Germany*	1996	82.34	85.00	2.66	4.22
United Kingdom*	1985	86.40	89.38	2.97	4.17
Australia*	1985	72.29	76.59	4.30	3.79
USA	1990	70.88	75.36	4.49	3.86
United Kingdom*	1990	82.72	87.74	5.02	4.06
Italy*	1985	87.92	93.54	5.62	4.41
United Kingdom*	1996	83.14	89.04	5.90	4.12
Norway*	1990	79.21	85.49	6.27	4.00
Australia*	1990	66.92	73.26	6.34	3.70
USA*	1985	66.49	73.33	6.84	3.75
Austria*	1985	68.29	78.57	10.28	3.91
Sweden*	1996	58.28	69.59	11.31	3.70
AVERAGE		75.58	79.18	3.60	3.96

* Differences between union members and non-union members is significant using a paired t-test.

The data in this table and in the following analysis include those in the labor force (the employed and unemployed)

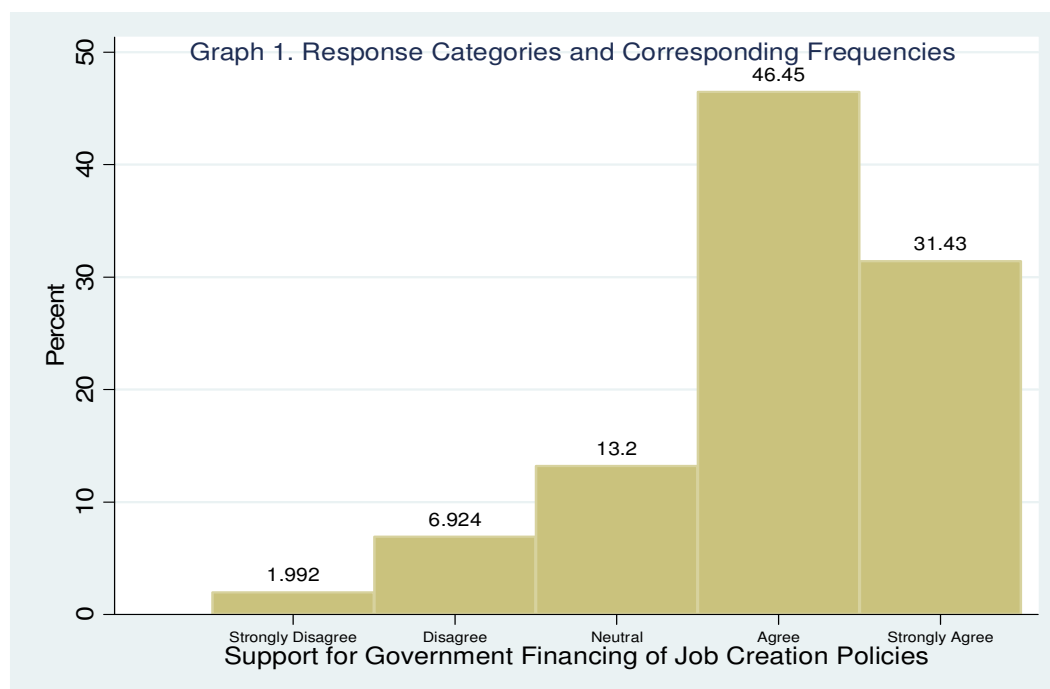


Table 2. Variables in the Macro Analysis

Variable	Source	Mean	Std. Dev.	Min	Max
Change in Deindustrialization	Huber and Stephens Comparative Welfare States Dataset	0.62	0.52	-0.47	1.60
Unemployment	Huber and Stephens Comparative Welfare States Dataset	7.6	2.56	3.5	12.3
Employment Protection	OECD Labor Force Statistics Database	1.72	1.25	0.2	3.6
Union Participation in Policy-Making	Traxler, Blaschke, and Kittel	0.68	0.31	0	1
Net Union Density	Huber and Stephens Comparative Welfare States Dataset	38.16	17.59	9.8	86.6

Table 3. Determinants of Preferences Towards Active Labor Market Policies

Country	Year	Union Member	Income	Education	Age	Female	Unemployed	N	Wald Chi2
All	All	0.176*** [0.021]	-0.036*** [0.004]	-0.121*** [0.014]	-0.047*** [0.007]	0.144*** [0.018]	0.222*** [0.042]	18674	1711.22
Australia	1985	0.243*** [0.075]	-0.071*** [0.017]	-0.164*** [0.052]	-0.055* [0.033]	0.165** [0.078]	-0.022 [0.250]	855	48.7
Australia	1990	0.260*** [0.062]	-0.064*** [0.015]	-0.150*** [0.044]	-0.045* [0.026]	0.245*** [0.062]	0.436*** [0.166]	1332	89.4
Austria	1985	0.472*** [0.123]	-0.005 [0.025]	-0.290** [0.129]	0.086* [0.050]	-0.08 [0.124]	0.064 [0.250]	387	25.7
Canada	1996	0.171 [0.124]	-0.047 [0.029]	-0.076 [0.094]	-0.046 [0.055]	0.279*** [0.105]	0.081 [0.309]	673	14.19
France	1996	0.096 [0.134]	-0.088*** [0.023]	-0.157* [0.081]	-0.089* [0.053]	0.239** [0.107]	0.156 [0.191]	758	51.97
Germany	1985	0.190* [0.102]	-0.046* [0.024]	-0.184** [0.075]	0.027 [0.040]	0.05 [0.116]	0.195 [0.314]	545	19.93
Germany	1990	0.048 [0.074]	-0.022* [0.013]	-0.006 [0.045]	-0.044* [0.026]	0.106 [0.065]	0.267 [0.182]	1205	14.28
Germany	1996	0.216** [0.091]	0.002 [0.013]	-0.014 [0.047]	-0.016 [0.025]	0.021 [0.060]	0.555*** [0.105]	1658	36.57
Ireland	1996	0.041 [0.104]	-0.033 [0.026]	-0.022 [0.087]	-0.077* [0.041]	0.276*** [0.107]	0.001 [0.182]	550	14.5
Italy	1985	0.326*** [0.109]	-0.007 [0.021]	-0.244*** [0.080]	0.009 [0.044]	0.045 [0.114]	0.411* [0.232]	652	20.1
Italy	1996	-0.019 [0.128]	-0.002 [0.021]	-0.066 [0.072]	-0.073* [0.041]	0.107 [0.105]	0.058 [0.241]	571	6.18
New Zealand	1996	0.045 [0.102]	-0.044** [0.020]	0.05 [0.101]	-0.006 [0.033]	0.254*** [0.081]	0.269 [0.192]	683	20.12
Norway	1990	0.292*** [0.081]	-0.036* [0.019]	-0.267*** [0.060]	-0.082*** [0.032]	0.164** [0.077]	0.494** [0.223]	859	51.81
Norway	1996	0.051 [0.088]	-0.037* [0.019]	-0.229*** [0.057]	-0.155*** [0.036]	0.206** [0.082]	-0.003 [0.271]	743	51.21
Sweden	1996	0.341*** [0.103]	-0.046*** [0.017]	-0.149*** [0.053]	-0.058* [0.033]	0.245*** [0.081]	0.552*** [0.168]	756	55.31
Switzerland	1996	0.148** [0.076]	-0.027** [0.012]	-0.079 [0.057]	-0.017 [0.027]	0.248*** [0.062]	0.459* [0.249]	1591	37.37
UK	1985	0.133 [0.085]	-0.089*** [0.026]	-0.04 [0.062]	0.033 [0.032]	-0.055 [0.082]	0.033 [0.149]	798	19.48
UK	1990	0.135 [0.098]	-0.034 [0.023]	-0.049 [0.077]	-0.096*** [0.037]	-0.064 [0.093]	0.059 [0.228]	617	12.27
UK	1996	0.215* [0.119]	-0.056** [0.029]	0.073 [0.080]	-0.055 [0.046]	-0.084 [0.107]	0.028 [0.217]	496	10.67
US	1985	0.303** [0.141]	-0.133*** [0.034]	-0.218** [0.101]	-0.097** [0.049]	0.16 [0.122]	-0.069 [0.267]	451	47.83
US	1990	0.142 [0.135]	-0.01 [0.019]	-0.213*** [0.071]	-0.063** [0.031]	0.188** [0.081]	0.352 [0.249]	742	26.89
US	1996	0.163 [0.135]	-0.062*** [0.018]	-0.247*** [0.066]	-0.082*** [0.031]	0.186** [0.075]	0.001 [0.245]	852	57.19

Robust standard errors in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Table 4. Effect of Union Membership on the Probability of Falling Into Each Response Category

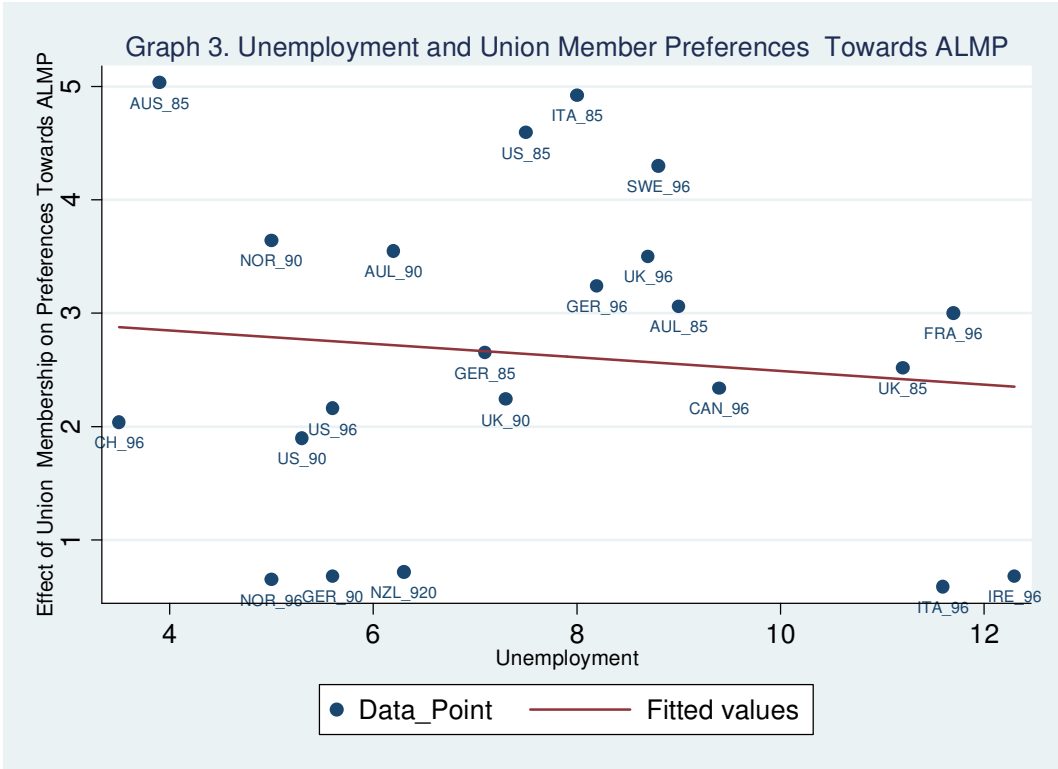
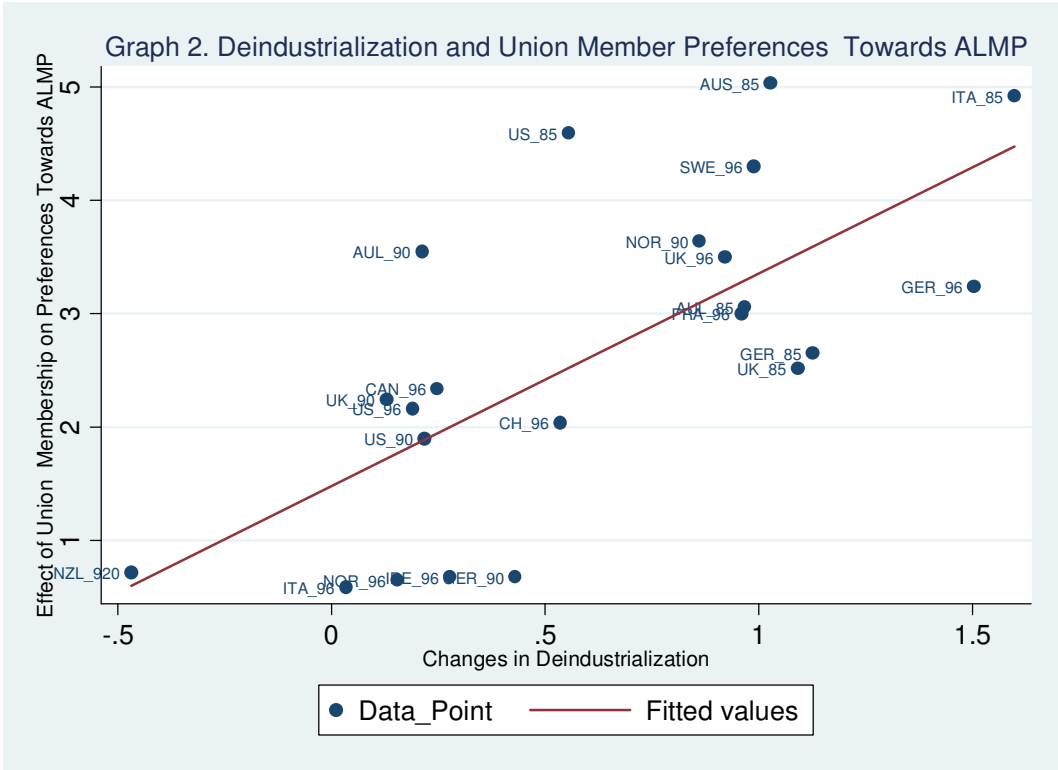
Country	Year	Average Change	Stongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Australia	1985	3.06	-1.92	-3.17	-2.57	0.52	7.15
	1990	3.55	-1.10	-3.73	-4.05	2.96	5.92
Austria	1985	5.03	-1.47	-3.36	-7.43	-0.32	12.58
Canada	1996	2.34	-1.10	-2.68	-2.08	0.37	5.49
France	1996	3.00	-1.11	-2.11	-2.06	-2.21	7.50
Germany	1985	2.65	-1.46	-2.64	-2.28	-0.23	6.61
	1990	0.68	-0.25	-0.55	-0.72	-0.18	1.71
	1996	3.24	-0.66	-1.09	-3.02	-3.32	8.09
Ireland	1996	0.68	-0.09	-0.33	-0.31	-0.96	1.69
Italy	1985	4.92	-0.46	-1.61	-2.96	-7.27	12.30
	1996	0.59	-0.05	-0.30	-0.27	-0.86	1.48
New Zealand	1996	0.72	-0.36	-0.77	-0.67	0.99	0.80
Norway	1990	3.64	-0.83	-3.27	-3.26	-1.73	9.09
	1996	0.65	-0.10	-0.42	-0.69	-0.42	1.63
Sweden	1996	4.30	-1.56	-4.56	-4.62	4.17	6.57
Switzerland	1996	2.04	-0.62	-1.68	-2.14	-0.67	5.11
UK	1985	2.52	-0.32	-1.20	-1.83	-2.95	6.30
	1990	2.24	-0.20	-1.52	-2.09	-1.79	5.60
	1996	3.50	-0.43	-1.31	-3.54	-3.48	8.76
US	1985	4.59	-1.56	-5.00	-4.71	-0.20	11.47
	1990	1.90	-0.46	-1.74	-2.43	-0.12	4.76
	1996	2.16	-0.81	-1.95	-2.24	-0.39	5.39

Table 5. Determinants of Trade Union Preferences Over Active Labor Market Policies

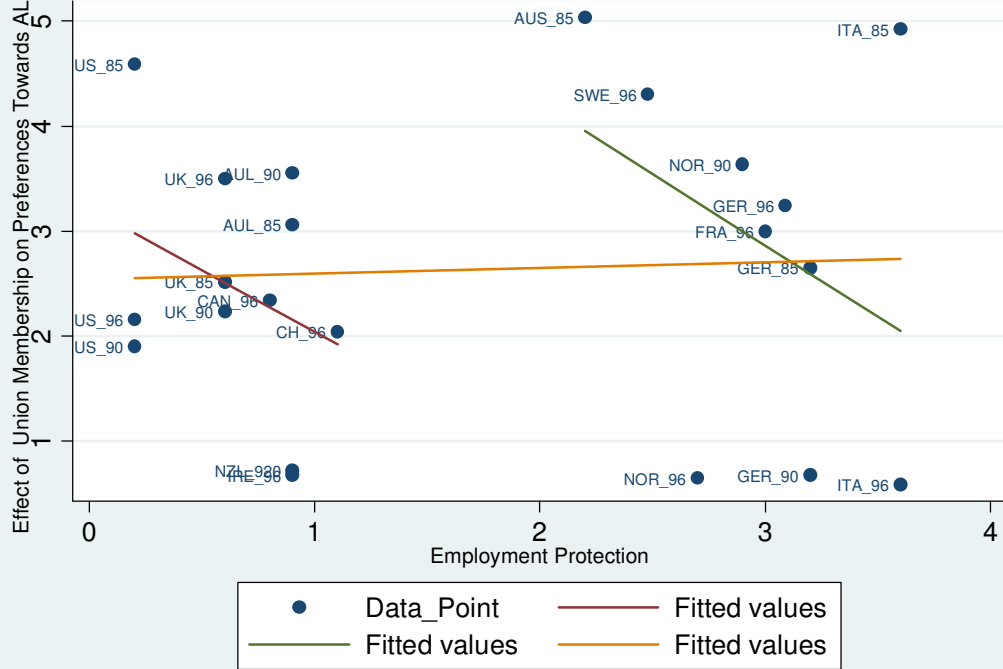
	Policy-Seeking	Institution-Seeking
Change in Deindustrialization	0.179*** [0.030]	
Unemployment	-0.019** [0.008]	
Employment Protection	-0.029* [0.015]	
Union Participation		-0.014 [0.057]
Union Density		0.002** [0.001]
Constant	0.269*** [0.062]	0.098 [0.067]
Observations	22	22
Adjusted R-squared	0.5253	0.0344

Robust standard errors in brackets

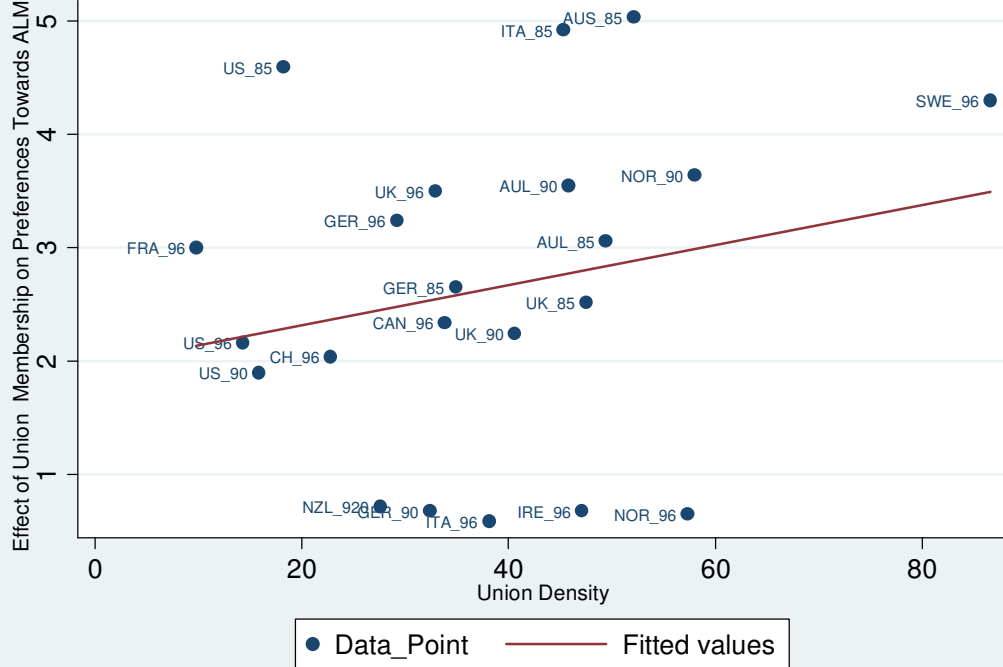
* significant at 10%; ** significant at 5%; *** significant at 1%



Graph 4. Employment Protection and Union Member Preferences Towards ALMP



Graph 5. Union Density and Union Member Preferences Towards ALMP



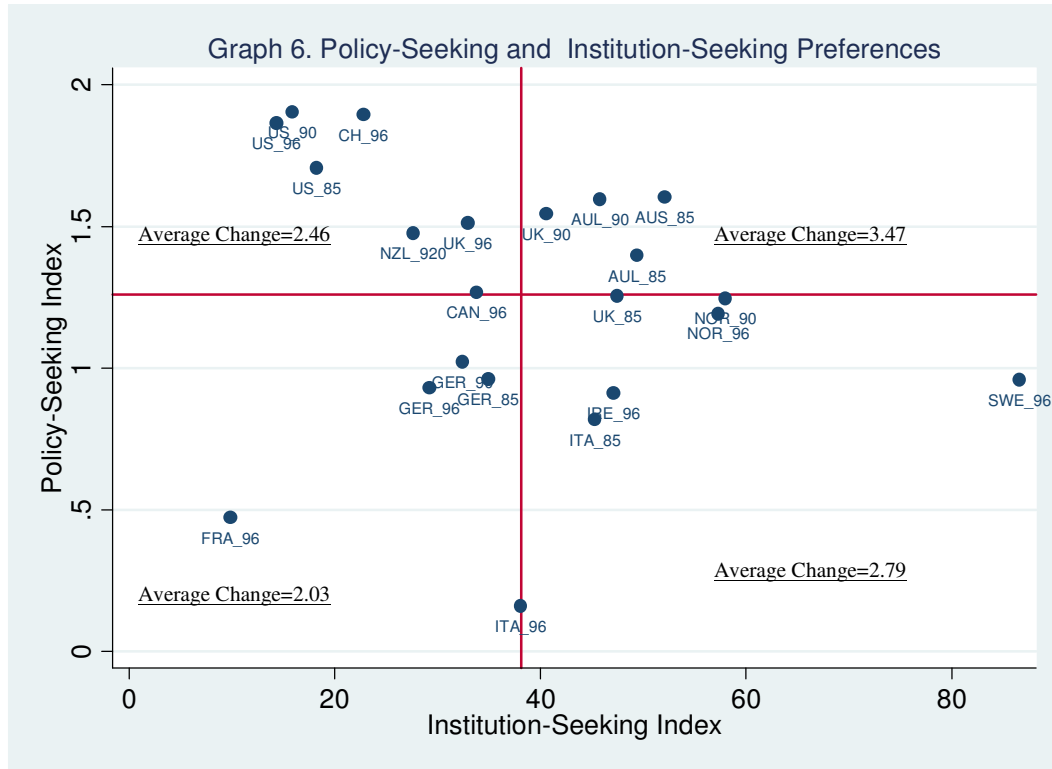


Table 6. Standardized Scores for Policy-Seeking Preferences and the Policy-Seeking Dimension Index

		Coefficient (Probit)	Coefficient (Regression)	Change in Deindustrialization	Unemploy- ment	EPL	Union Participation	Union Density
USA	1985	0.303	0.339	0.555	7.5	0.2	0.35	18.3
USA	1990	0.142	0.134	0.217	5.3	0.2	0.35	15.9
USA	1996	0.163	0.127	0.190	5.6	0.2	0.35	14.3
Canada	1996	0.171	0.144	0.247	9.4	0.8	0.35	33.8
UK	1985	0.133	0.099	1.091	11.2	0.6	0.35	47.5
UK	1990	0.135	0.096	0.128	7.3	0.6	0.35	40.6
UK	1996	0.215	0.154	0.920	8.7	0.6	0	32.9
Ireland	1996	0.041	0.028	0.277	12.3	0.9	0.81	47.1
France	1996	0.096	0.063	0.959	11.7	3	0.81	9.8
Switzerland	1996	0.148	0.121	0.536	3.5	1.1	0.85	22.8
Germany	1985	0.190	0.190	1.126	7.1	3.2	1	34.9
Germany	1990	0.048	0.041	0.430	5.6	3.2	1	32.4
Germany	1996	0.216	0.145	1.503	8.2	3.09	1	29.2
Austria	1985	0.472	0.384	1.027	3.9	2.2	1	52.1
Italy	1985	0.326	0.197	1.598	8	3.6	0.85	45.3
Italy	1996	-0.019	0.007	0.034	11.6	3.6	0.86	38.1
Sweden	1996	0.341	0.294	0.988	8.8	2.48	0.5	86.6
Norway	1990	0.292	0.236	0.861	5	2.9	1	58
Norway	1996	0.051	0.049	0.154	5	2.7	1	57.3
Australia	1985	0.243	0.219	0.967	9	0.9	0.88	49.4
Australia	1990	0.260	0.212	0.212	6.2	0.9	0.92	45.8
New Zealand	1996	0.045	0.026	-0.469	6.3	0.9	0.42	27.6