

IS SOCIAL POLICY ‘POPULARLY DEMANDED’?

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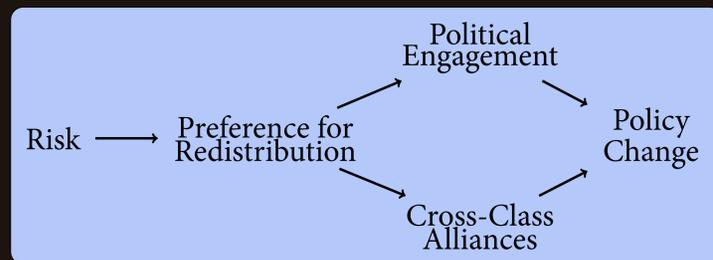
SUMMARY

- What explains variation in the generosity of social benefits? Individual-level preferences or interest groups?
- Result 1: Individuals exposed to a higher risk of unemployment are less likely to participate in the political process.
- Result 2: Labor union density and distribution of risk across occupations not correlated with over-time variation within states; preliminary evidence points to positive correlation between skill profile of state and benefit generosity.

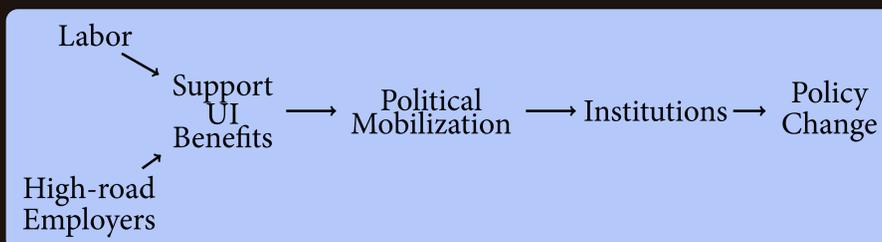
MOTIVATION

- As much variation between American states in the generosity of unemployment insurance as there is between OECD countries.
- By studying variation over time and across American states we can control for many of the national-level confounding institutions and outcomes that might also shape the differences between unemployment insurance generosity between different countries.

ALTERNATE THEORY



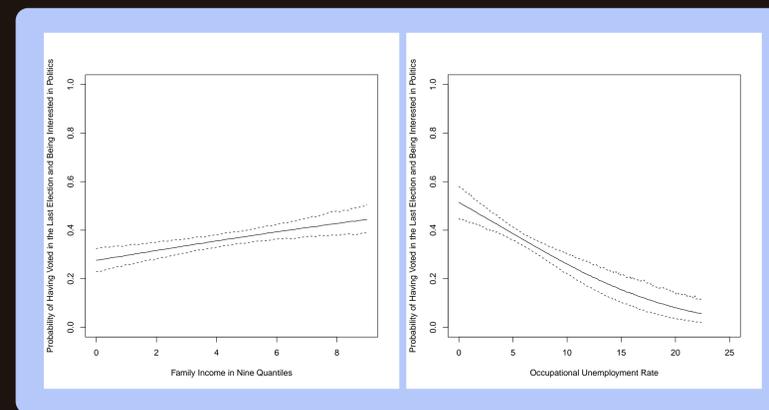
OUR THEORY



INDIVIDUAL-LEVEL ANALYSIS

- Do individuals who are exposed to higher levels of unemployment risk support higher levels of unemployment insurance spending?
- Do these risk exposed individuals then go on to participate in the political process?
- Test theories using data from the International Social Survey Program’s 2006 “Role of Government” module.
- Replicate Rehm’s original finding that individuals exposed to higher levels of risk are more likely to support higher unemployment spending.
- Our outcome variables: whether or not the individual voted in the last national election and whether the respondent reported an interest in politics.
- Main explanatory variable: unemployment risk (unemployment rate in an individual’s occupation)
- Model: bivariate probit.

RESULTS



FUTURE DIRECTIONS

We aim to extend our analysis of the effects of risk on political participation cross-nationally:

- How does this relationship vary across different countries?
- What sorts of institutions mediate this relationship?
- What are the implications of different risk-representation relationships for individual economic well-being?

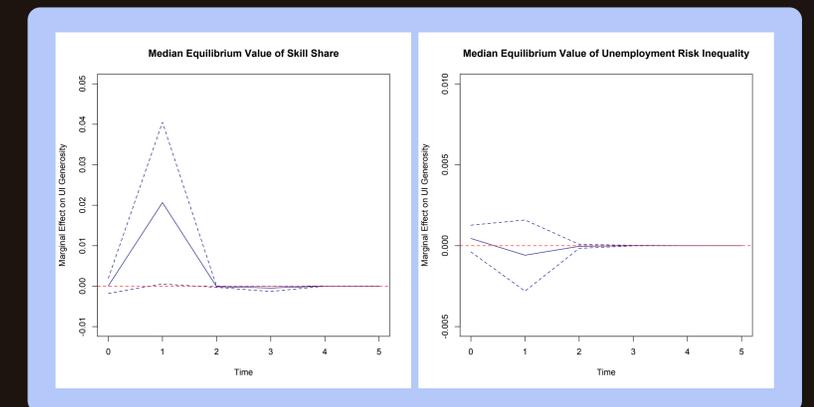
STATE-LEVEL ANALYSIS

- What explains over-time variation in unemployment insurance generosity in the American states?
- Use new dataset of state-level economic outcomes, social policies, and political institutions from 1991 to 2007.
- Main outcome: UI replacement rate (average weekly UI benefit divided by the average weekly wage for a particular state and year).
- Main explanatory variables: distribution of unemployment risk (the Gini coefficient of occupational unemployment rates across nine major occupational groups); union density; skill profile (share of high-skilled occupations).
- Model: ADL(2,1) using both panel-corrected standard errors and panel-bootstrapped standard errors.

$$y_{i,t} \sim N(\mu_{i,t}, \sigma^2)$$

$$\mu_{i,t} = \alpha + \theta y_{i,t-1} + \sum_{k=0}^1 \gamma_k x_{i,t-k}$$

RESULTS



FUTURE DIRECTIONS

In future research, we aim to improve the measurement of our variables as well as test intermediary mechanisms:

- Measure replacement rates more accurately using panel data on actual wage replacement for recipients of unemployment benefits.
- Better measures of the industry and skill profile of each state.
- Better measures of business political mobilization and strength by sector in each state.