Social Policy Preferences in Mature Welfare States: the Role of Reciprocity

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Abstract

In this paper, I propose a new model of social policy preferences that incorporates both self and other-oriented motives to explain changes in demand for redistribution in mature welfare states. I argue that social policy preferences are shaped by two core behavioral schema: self-interested income maximization and cooperation-inducing reciprocity. Reciprocity captures humans' propensity to be group-minded and to punish free-riding individuals (or perceived as such), as well as to reward those with good intentions (or perceived as such). Altruistic behavior, e.g. support for redistributive policies that benefits others more than oneself, is thus partly conditional on the perceived intentions of social benefit recipients. The inclusion of cooperation-inducing reciprocity provides novel predictions regarding the structure of redistributive preferences, the nature of beliefs about the work ethic of the poor, and the role of policy design in shaping the relationship between these beliefs and support for redistributive social policies. More generally, this model can help explain the demand side of "welfare to workfare" reforms in mature welfare states. Using cross-sectional attitudinal data covering 20 countries (the ESS, wave 4) , I find strong evidence that reciprocity profoundly shapes mass attitudes toward redistributive social policies.

Keywords: Social policy preferences, Welfare state reform, Workfare, Conditional Altruism, Reciprocity

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The economic and social context of Western welfare states has been radically transformed by structural changes such as de-industrialization, globalization and population aging. These changes are a threat to the financial health of generous social policies in developed countries (Pierson 2001), triggering a decline in revenue [1] at a time of growing expenses [2] (Iversen and Wren 1998; Häusermann 2011; Streeck and Mertens 2011). This paper aims to improve our understanding of the role of demand-side dynamics (i.e. attitudinal change) in enabling and constraining welfare state reform in this "Age of Austerity."

Existing research on the demand side of redistributive politics starts from the assumption that each individual supports a level of redistribution that will maximize their income over their lifetime. One key prediction is that demand for redistribution decreases as permanent income increases. Behavioral economists and psychologists have documented dynamics that interfere or run counter to this simple prediction. Indeed, individuals appear more willing to share and help others than predicted by self-interested income maximization models. In this paper, I build on this research to draw attention to a family of motives that has received little attention in the literature on the determinants of social policy attitudes.[3]

I argue that social policy preferences are shaped by two core behavioral schema: self-interested income maximization and cooperation-inducing reciprocity ("reciprocity" for short). The latter motive has been shown to play an important role in explaining cooperation in the production of common-pool goods (Ostrom 1998; Meier 2006; Bechtel and Scheve 2014). Reciprocity encompasses three empirical regularities that constitute important departures from self-interest narrowly defined: 1) attention to how other people behave with regards to collective endeavors (in this case, publicly provided social insurance), 2) a deeply rooted drive to provide in-kind response to beneficial (positive reciprocity) or harmful (negative reciprocity) behavior and 3) an assessment of beneficial or harmful behaviors that mainly focuses on the intentions of individuals whose behavior is under-scrutiny. In other words, reciprocity captures humans' propensity to be group-minded and to punish free-riding individuals (or perceived as such), as well as to reward those with good intentions (or perceived as such).

Self-interested income maximization, on the one hand, predicts the well-known correlation between proxies of permanent income (current income, education, skills) and support for redistribution (Rueda and Stegmueller 2014; Amable 2009; Rehm 2008; Alesina and Giuliano 2009; Alesina and Schuendeln 2005). Reciprocity, on the other hand, helps explain why

[1] The decline or stagnation of the working age population, higher unemployment and low productivity growth decrease the tax base. Competition over labor costs and capital taxation limits governments' capacity to raise new funds.

[2] Higher pensions costs resulting from population aging, re-training costs and income support for workers displaced by de-industrialization and globalization.

[3] For a similar claim see Fong, Bowles and Gintis (2006).

“support for policies favoring the poor depends to a large extent on whether the poor are perceived as “deserving” or as “undeserving” " and why deservingness is a function of the perceived intentions and degree of agency of the poor (Fehr and Schmidt 2006: 673) (see also Petersen (2012)).

As shown by Fong (2001), Fong (2007) and Cavaille (2014), the correlation between beliefs about the poor and policy preferences cannot be explained by narrowly defined economic self-interest: individuals who do not stand to benefit from a given policy favoring the poor are not more likely to hold negative attitudes toward the poor. In contrast, and in line with the reciprocity motive, I find a strong correlation between proxies of an individual's general sensitivity to free-riding (i.e. group-oriented moral values) and beliefs about the deservingness of out-of-work welfare recipients.

More generally, I argue that each policy components of the welfare state primes a different mix of self-interested income maximization and other-oriented reciprocity. Beliefs about the intentions and deservingness of the poor and the unemployed will predict support for components of the welfare state that prime the “other" over the “self." In contrast, policies that prime a self-oriented perspective will be poorly predicted by individual-level beliefs about the poor and the unemployed. In other words, the extent to which one behavioral schema becomes more relevant, relative to the other, is partly a function of policy design, with some designs emphasizing reciprocity more than others.

I also argue that the social insurance component of the welfare state should be understood a common-pool good, monitored by cooperation-inducing reciprocity. In countries where high levels of social spending often coexist with large deficits, one can expect concerns over free-riding to be particularly salient. I show that the relative weight of reciprocity concerns is not only a function of policy design but also a function of the size and funding of the welfare state. The model of social policy preferences presented in this paper is thus especially suited to explaining attitudinal and policy change in mature welfare states, which have expansive policies and increasingly limited resources.

In section one, I provide a quick overview of the state of the field. I show that the existing literature on social policy reform in mature welfare states, which mainly conceives of public opinion as a steadfast defender of the status quo, can only explain support for a limited subset of social policies, namely policies that cover universal and widespread risks such as the pension system and health care. In contrast, opinions vis-a-vis policies that cover more unequally distributed risks, such as unemployment insurance or means-tested transfers, are much less consensual. In section two, I point to the the role of reciprocity, alongside self-interest, as a fundamental motive shaping support for redistributive policies. I propose a new model of

social policy preferences that emphasizes the role of the institutional and economic context (Korpi and Palme 1998; Larsen 2008; Beramendi and Rehm 2011; Gingrich and Ansell 2012) for explaining how the two motives combine to shape social policy preferences in advanced post-industrial countries. Section three tests this model. Section four concludes with a discussion of the implication of this model for our understanding of the structure of social policy preferences and how these preferences might enable and/or constrain reformed-inclined politicians.

1 The Demand-Side of Social Policy Reform in Mature Welfare States: State of the Art and Empirical Puzzles

Most of the early research on social policy reform in mature welfare states starts with the expectation that welfare state retrenchment should follow from weaker growth rates, heightened tax competition, population aging and the decline in the bargaining power of labor-friendly interests groups. However, retrenchment has failed to materialize. Reviewing the available spending, coverage and generosity data, Pierson concludes that " despite the dramatic social transformations and acute fiscal pressures of the past generation, the overwhelming majority of major social programs are more generous than they were towards the end of the 'Golden Age' " (Pierson 2011: 18).

This resilience, Pierson argues, stems from the welfare state's capacity to build mass self-interested support for its core social programs. Social programs can become politically "locked-in" as "the very expansion of the welfare state itself changes the rules of the political game by changing the preferences and expectations of voters and interest organizations" (Häusermann, Picot and Geering 2013). Politicians are reluctant to support cutbacks that would negatively impact a large shares of the electorate. In addition, specific social policies have created their own active constituency, namely highly mobilized interest groups defending social spending that benefits them (Campbell 2003).[4] Based on an analysis of cross-country and over-time patterns in affluent countries in the late 1980s and the 1990s, Brooks and Manza (2008) contend that public opinion is indeed a key element behind welfare state persistence (but see Kenworthy 2009).

Given such mass support, most of the research on social policy reform in advanced capitalist countries move away from demand-driven models to focus on elite-level politics. This

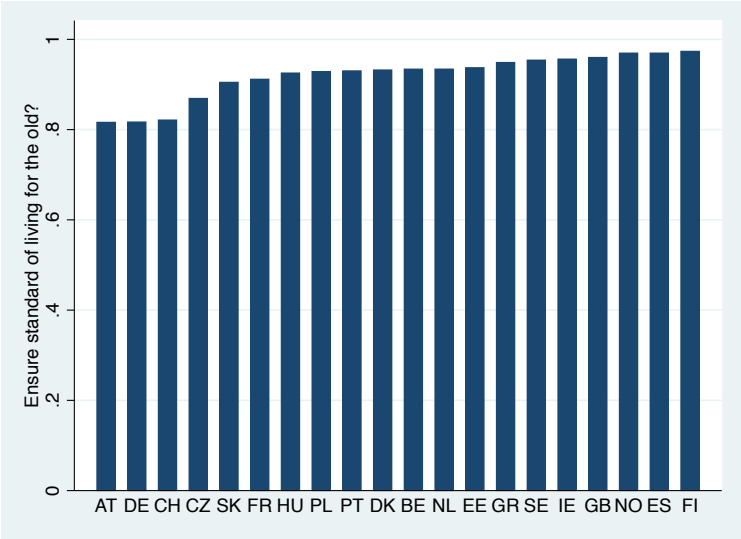
[4] The Variety of Capitalism literature provides a more sophisticated version of the "policy make politics" argument but with similar implications. Existing redistributive policies survive not so much through successful labor mobilization or inertia but because they are rooted in preferences and politics whose resilience and strength stem from the strong complementarities between the institutions that anchor national production systems.

research draws on concepts such as “low-profile adjustments”, “blame avoidance” and “policy drift” to explain successful and less successful social policy reforms: reform happens in spite of voters not because of them.

This approach to the demand side of welfare state reform is most likely to be true for universal social policies that cover widespread risks such as illness and old age. Defense of the status quo is rooted in well-understood self-interest and buttressed by loss aversion (Tversky and Kahneman 1991). It severely constrains reform-inclined politicians as vividly illustrated by the 1995 strikes in France or the more recent 2014 December lock-down in Belgium. In these countries, the consensus behind the government’s involvement in the provision of health care and retirement pensions is overwhelming.

Figure 1 plots the share of respondents who, in 2008, indicated that it was the government’s responsibility to ensure a reasonable standard of living for the old. Thanks to the use of a 0 to 10 scale, respondents where allowed to vary their response by "intensity" of agreement with this claim. The figure plots the share who picked any category from 6 to 10. In all countries, more than 50 percent of respondents chose the 8, 9 or 10 answer. Agreement with the statement that the government should ensure adequate health care for the sick is even more unanimous: in all countries more than 60 percent of respondents chose the 8, 9 or 10 answer (not shown).

Figure 1: Percentage of respondents that support government’s involvement in old age pensions



Source: European Social Survey 2008

An emphasis on public opinion as status quo preserving fails to highlight and explain the

relevance of mass attitudes for more complex patterns of policy change. Indeed, a closer look at social policy reforms in mature welfare states reveals important reform dynamics that are hard to track in aggregate spending measures. Hemerijck (2012) sums up what is a growing consensus among social policy experts: " behind stable government social spending and only tepid benefit retrenchment (...) the welfare state (...) has experienced profound institutional transformation" (Hemerijck 2012: 27). He lists several areas of reform, of which two have received most of the political ans scholarly attention. First, on the funding side, Hemerijck points to the move away from Keynesian macroeconomic policy in favor of "stricter, rule-based fiscal and monetary policy framework centered on (...) low inflation, sound budgets and public debt reduction." In the area of labor market policy, the most striking changes have been the shift to approaches to unemployment combining investment in human capital and stronger work incentives. The latter has been the most visible through the general introduction of "workfare" policies with individual action-plans to activate the unemployed and under-employed and the abolition of generous passively-granted benefits. This philosophy has been extended to most targeted social benefits beyond unemployment benefits.

Overall, these reforms more specifically concern a second component of welfare state spending, different from the provision of social insurance against universal risks such as old age or illness. They concern transfers dedicated to redistributing income between workers with high levels of bargaining power on the labor market, on the one hand, and workers with weaker labor market attachment, on the other. Members of the first group can expect to spent only limited amounts of time away from full time employment and when employed, will most likely receive higher wages. Members of the second group, in contrast, are exposed to multiple bouts of unemployment, are more exposed to long term unemployment and when employed are less likely to receive comfortable wages. A decrease in counter-cyclical spending as well as an increase in targeting and conditionality is especially detrimental to this group of workers with limited access to secure income streams. Tight budgeting has also prevented the creation and expansion of policies designed to serve the growing needs of this insecure population (Armingeon and Bonoli 2007; Hacker 2005; Palier and Thelen 2010; Emmenegger et al. 2011).[5] These trends have been criticized from the left of the political landscape as evidence of growing re-commodification, a de-pooling of income-related risk and as responsible for an overall increase in social inequality (see Rueda (Forthcoming) for some preliminary evidence).

According to Pierson, these more nuanced trends provide additional support for a frame-

[5]One important exception to this trend is the creation and expansion of the Earned Income Tax credits in the UK and the US, something that the model presented in this paper can more easily account for than existing models that focus on material self-interest narrowly defined.

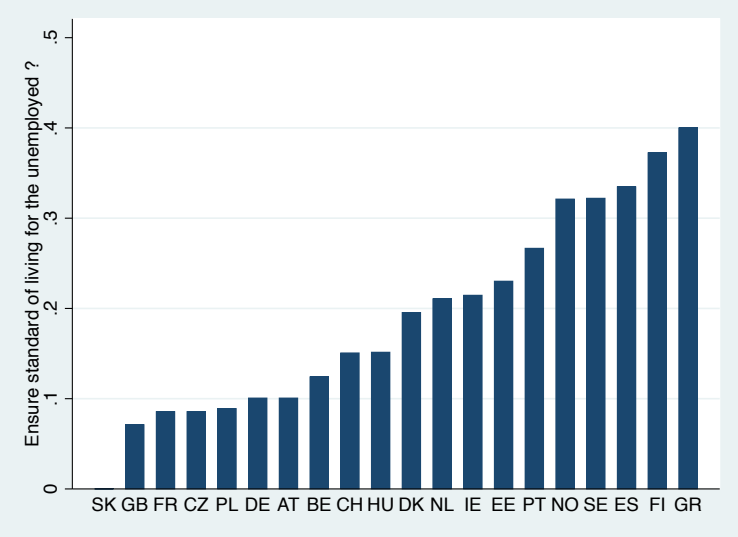
work that conceives of public opinion as the self-interested defender of the status quo. Indeed, the policies that have experienced retrenchment are those that lack their own built-in constituency because of the type of risks these policies cover.“ While everyone hopes to retire, most don't hope or necessarily expect to draw unemployment (...) by the time the unemployed receive their benefits they are rarely in a position to mobilize politically" (Pierson 2011: 19). This feature would then explain the absence of of a strong opposition to the transition to a "workfare" philosophy. In this approach, public opinion is mainly *reactive*. Political elites and interest groups craft policy packages that then get passed or failed to do so based on how mobilized the beneficiary of policies impacted by the reform are. There is no mass support for workfare reforms and tight budgeting, just mass indifference.

Indifference, however, is not what public opinion surveys show. Figures 2 and 3 plot the share of respondents who agree with the statement that the government should insure a decent standard of living for the unemployment and should provide a job to anyone who wants one. I have scaled the figure so as to capture the share of support beyond the 50 percent baseline. Policies targeted to workers with a weak labor market attachment are far from consensual. In most countries, there is enough strong oppositions for entrepreneurial politicians to mobilize voters against policies targeted to those without a job. In changing economies, where the share of workers with obsolete or inadequate skills is growing, there are strong reasons to believe that programs aimed at transferring resources to this group will become increasingly hard to defend and expand. Cavaille and Trump (forthcoming) document such an unraveling of mass support for these policies in the UK, this despite resilient support for the general policy principle of income redistribution.

In the next section, I argue that individuals are far from being indifferent to benefits targeted to those out-of-work. Conditional on certain policy features, a distinct *other-oriented*[6] motive, the reciprocity motive, becomes an important predictor of policy attitudes. It shapes support for these benefits in surprising ways, turning public opinion into an active supporter (vs a passive enabler) of workfare reforms.

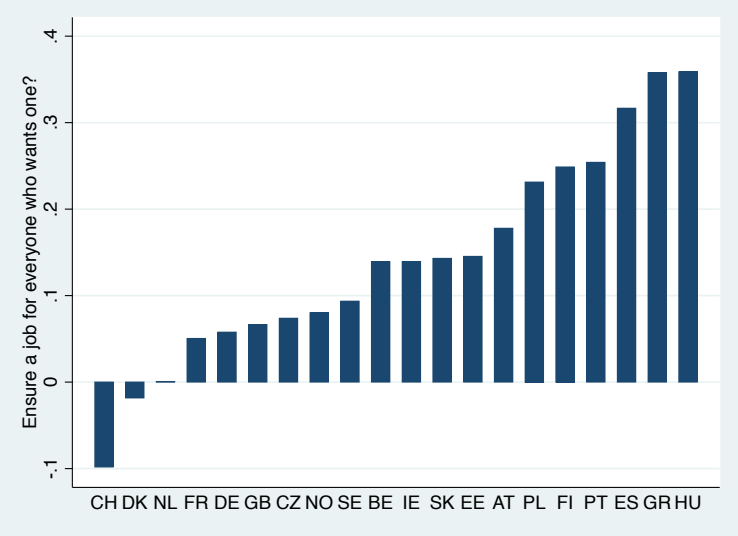
[6]Meaning here that who the others are and what they do matter

Figure 2: Percentage of respondents that support government involvement in the ensuring a decent standard of living for unemployed



Source: European Social Survey 2008

Figure 3: Percentage of respondents that support government involvement in providing a job for all



Source: European Social Survey 2008

2 Social Policy, the Self and the Other

To understand the determinants of support for policies targeted to individuals who are unemployed or with weak labor market attachment, I start from the assumption that two main motives underlie support for redistributive social policies. One motive is the well know and much studied self-interested income maximization. The other is cooperation-inducing reciprocity, which generates a distinct behavior called, for reason that will become clear in the next section, “conditional altruism". I lay out the contextual factors that condition the importance of reciprocity and conditional altruism across different institutional and economic environments. This section presents the testable predictions generated by this theoretical framework.

2.1 Conditional altruism and the reciprocity motive

Most of the existing research on redistributive preferences starts with the assumption that self-interested income maximization is the main motive behind support for redistributive social policies. Under the “maximalist" version of this assumption, individuals are knowledgeable about the design of the welfare state and can compute *a priori* whether they will be net beneficiaries of an array of policy mixes. In the “minimalist" version reviewed in the previous section, individuals maximize their self-interest in less cognitively demanding ways by deciding to support the status quo if they benefit from it or oppose it if they do not.

In many of the models that rely on economic self-interest, the needs of the least well-off constitute a second order consideration. Under common assumptions about welfare state design and democratic politics, welfare policy will vary appropriately with the needs of the poor, even if voters are assumed to only care about their own welfare (Moene and Wallerstein 2001). In contrast, a casual observer of social policy debates might easily conclude that beliefs about the poor are central to an individual’s reasoning about redistributive policies. Debates over social policies are indeed laden with references to social solidarity, equality, welfare chauvinism and the deservingness of the least well-off that poorly overlap with class interests and often cut across income divides.[7]

This has prompted researchers to re-examines the determinants of redistributive preferences with a focus on other-oriented motives, i.e. universal heuristics or modes of reasoning where preferences and behavior are partly responses to what other individuals are doing, who they are, or what happens to them. One line of inquiry start from a simple utility function depending on both individual income and on the material resources that other agents receive. An example is “pure" altruism, broadly defined as the willingness to give up one’s own re-

[7] See Cavaille and Trump (forthcoming) and Cavaille (2014) for a more detailed analysis.

sources in order to improve the well-being of others. Assuming a progressive tax rate, higher income increases an individual's self-interested opposition to redistribution. Assuming declining marginal returns to private consumption, it can also increase his or her likelihood of behaving altruistically and supporting redistribution (Rueda 2014).[8] Another important line of argument about other-oriented motives starts from human beings' propensity to see the world through group membership and hierarchies such as class, race and ethnicity. In-group bias (Shayo 2009), social distance between groups (Lupu and Pontusson 2011) and status maximization (Corneo and Grüner 2000; Shayo 2009) are expected to profoundly shape affinity with other welfare recipients and thus willingness to support redistributive social policies.

There is a third family of other-oriented motives, beyond (pure) altruism and in-group bias, that has received only cursory attention among students of social policy preferences. Laboratory and field experiments have highlighted the existence of a powerful psychological apparatus, which researchers call reciprocity, that plays a key role in explaining why individuals and groups succeed in cooperating in the face of social dilemmas (Ostrom 1998; Henrich et al. 2001; Bowles and Gintis 2011; Bechtel and Scheve 2014; Kolm 2000; Fischbacher, Gächter and Fehr 2001; Fehr and Gächter 2000). Reciprocity can be defined at its most basic level, as an individual's willingness to "act in a pro-social manner in response to the friendly behavior of others and in a hostile manner in response to unfriendly behavior" (Meier 2006: 8).

In other words, most individuals are "conditional altruists" (Fong 2007): the utility one drives from helping another individual is highly contextual and conditional on how the others are behaving (Rabin 1993; Falk and Fischbacher 2006; Dufwenberg and Kirchsteiger 2004).[9] Individuals who appear to be altruists in one situation might appear selfish in another if they consider that the potential recipient of their generosity has behaved unkindly (more on unkind behavior below). Furthermore, experimental evidence suggests that individuals have a very strong reaction to "misbehavior" and are willing to punish individuals who behave in such a fashion, even at a cost to themselves.

Researchers have tried to disentangle the extent to which unconditional(i.e. pure) and conditional altruism coexist. Reciprocity comes out as the clear winner: there appears to be

[8] Experimental evidence has helped identified the parameters that further shape altruistic behavior. Inequity aversion, for instance, predicts that high income individuals will be more supportive of redistribution than predicted by self-interest models, conditional on them not losing their relative income ranking as a result of redistribution (Lu and Scheve 2013; Bechtel and Scheve 2014). While most individuals prefer an outcome that maximize the social surplus, Kuziemko et al. (2012) hypothesize and document a case where low-income individual might oppose a Pareto-improving policy change if it threatens their income position relative to the lowest income group.

[9] Most experiments however reveal that about a fourth of participants seem to be mainly following their individual self-interest and do not react to how others behave (Bechtel and Scheve 2014; Fischbacher, Gächter and Fehr 2001).

“a single pro-social trait that governs behavior in many different settings (e.g., charity, incomplete labour contracts, and public redistribution)", and which is characterized by the sensitivity of kind and generous acts to the “the information and beliefs that people have about others." (Fong 2007: 1010)

The reciprocity motive is central to research trying to explain the emergence of human cooperation when free-riding is the dominant strategy to maximize fitness. In this context, reciprocity is a psychological mechanism that makes individuals willing to cooperate by default, because they feel it is the right thing to do, while also making them ready to punish defectors even at a personal cost. Bad behavior, in this literature, is defined as free-riding on the public good created by voluntary cooperation. The public good is sustained because there is a sufficient share of individuals who behave in reciprocal ways (willing cooperators and potential punishers) and believe that others will do the same. Without punishment, cooperation decays “ because frustrated conditional cooperators" reduce their contributions after having adjusted their beliefs to the observed behavior of others. The introduction of punishment limits the share of individuals who decide to free-ride (both *a priori* and after having been punished) and increases the share of individuals who believe that others will cooperate (both *a priori* and after having observed other people's behavior).

Researchers have systematically investigated the nature of the cues individuals focus on when evaluating the behavior of others. Good or bad behavior is judged less on outcomes (e.g. differences in resources between two individuals) and more on individuals' intentions (are these differences the result of individual decisions or the result of constraints external to the individual?) (Fehr and Schmidt 2006; Meier 2006; Akbaş, Ariely and Yuksel 2014). In large modern societies, where one-shot encounters with unrelated strangers are ubiquitous, and information is rarely transparent, conditional altruism, rooted in positive and negative emotional responses to cooperators and free-riders, can help sustain cooperation.

Survey data on social policy preferences reveals patterns of beliefs and attitudes that echo the experimental findings on cooperation-inducing reciprocity. Beliefs about the intentions of welfare recipients and how responsible they are for their plight have been shown to be highly correlated with support for redistributive social policies. In other words, letting the poor receive a bigger share of pooled resources is the right thing to do if the poor are not willingly free-riding, i.e. making no conscious effort to avoid being in the position to need the financial help of others. If this is the case, emotional reactions to free-riding can result in the willingness to punish the poor by withdrawing resources (Gilens 1999; Alesina, Glaeser and Sacerdote 2001; Van Oorschot 2006; Larsen 2008, 2013; Fong 2001, 2007; Sniderman, Tetlock and Brody 1993; Petersen et al. 2011).

Fong (2007) and Petersen (2012) have further investigated these preferences experimen-

tally in real world settings, i.e. beyond the usual student population used in behavioral economics experiments. By changing beliefs about recipients' responsibility for their situation, they dramatically change preferences for redistributing to the poor.[10] In addition, Petersen (2012) shows that American and Danish subject behave in similar ways if they share the same beliefs about recipients. Differences across countries in the willingness to help the poor is most likely rooted in different priors about the behavior of the poor, not in cultural differences in the propensity to help the deserving and punish the undeserving poor.

Fong also examines whether the effect of these beliefs on redistributive preferences are spurious, i.e. if they are themselves the result of income-maximization considerations (Fong (2001), for an overview see Fong, Bowles and Gintis (2006)). She finds no evidence that self-interest explain the relationship between beliefs about the responsibility of the poor and redistributive preferences. Most of her findings indicate the self-interest and conditional altruism are two non-overlapping motives. In a regression where beliefs about the causes of wealth and poverty (individual responsibility vs luck) and a large number of objective and subjective measures of and proxies for self-interest are included alongside each other, the effects of being in the least economically privileged category[11] as opposed to the most privileged are similar in size to the effects of believing that luck alone causes wealth and poverty as opposed to believing that effort alone causes wealth and poverty.

Evolutionary biologists debate the origins of the reciprocity motive. The *ultimate* cause is most likely self-interested: by excluding free-riders, and forcing them not to free-ride, individuals successfully cooperate in insuring themselves against cyclical or random resource shocks. Groups who successfully survive thanks to this cooperative behavior are more likely to pass on the norms that sustain such cooperation, as well as the genetic predispositions that make individuals more emotional sensitivity to such norms.[12] In explaining preferences toward redistributive social policies, I focus on the *proximate* cause behind the willingness to conditionally share resources with the least well-off, i.e. the reciprocity motive and conditional altruism as powerful psychological mechanisms and heuristics that individuals rely

[10] Fong and Luttmer (2009) examine the role of the worthiness of Katrina victims on people's willingness to help them. Worthiness here was defined as having helped other victims or having taken precautions to minimize the consequences to oneself of the Hurricane. Unlike previous experiments, they found little impact of worthiness manipulated in such a fashion. This is most likely due to the fact that being a victim of Katrina has little to do with individual responsibility. Such event is random and the assets destroyed impossible to move. Intentions become irrelevant in the face of such contextual constraints.

[11] i.e. non-white, female, single, union member, part-time worker, no college education, in lowest income category, household size greater than four, and almost always worries about bills.

[12] There is much debate around the nature of this behavioral heuristic. Is it wired into our brains or is it better understood as a shared norm? A middle of the road answer can be summed up in Ostrom's overview of the existing literature: "Substantial evidence has been accumulated (...) that humans inherit a strong capacity to lern reciprocity norms and social rules that enhance the opportunities to gain benefits from coping with a multitude of social dilemmas." (Ostrom 1998: 10)

on, alongside self-interested income maximization, when deciding to support redistributive social policies.

In this section, I have reviewed important observational and experimental evidence that conditional altruism, rooted in the cooperation-inducing reciprocity motive, is an important universal heuristic, distinct from self-interest, that is responsible for the willingness to redistribute to those worse-off. In the next two sections, I further investigate the role of reciprocity by hypothesizing the contextual conditions under which this motive might matter more vs less. I first examine the conditions under which individual are more vs less likely to behave as conditional altruists. I then further probe the nature of conditional altruism by examining how individuals' beliefs about the behavior of the poor and the unemployed are correlated with an individual's general sensitivity to free-riding. Finally, I return to the issue of self-interest. By approaching the social insurance component of the welfare state as a common-pool good, monitored by cooperation-inducing reciprocity, I hypothesize a new channel through which self-interest concerns can affect social policy preferences.

2.2 When does conditional altruism matter for policy preferences?

How do self vs other-oriented motives coexist within individuals? Roch et al. (2000) propose a two-stage model in which individuals first anchor on an other-oriented motive and then adjust their behavior in a self-serving manner. In a similar way, I hypothesize that the amount of self-serving adjustment is related to how self-serving the policy is in practice. In other words, it is related to how likely one will ever need and receive a given social benefit (the "minimalist" definition of economic self-interest). If a policy is self-serving then one will support the status quo independent of his or her beliefs about the poor. Thus, the more likely one is to benefit from a policy, the less likely beliefs about the recipients of this policy will shape support for this policy. The less likely one is to benefit from a social program, the more beliefs will matter. While most models predict that individuals who do not benefit from a policy will oppose it, I argue that individuals will turn against this program, if and only if they believe recipients to be undeserving. Because these beliefs are uncorrelated with how self-serving a policy is, most models cannot predict how support for these policies are distributed in the population.

The probability of needing and thus receiving a benefit varies with the type of social program considered. Moene and Wallerstein (2001) distinguish between benefits that are universal in kind and others that cover risks that are not uniformly distributed in the population. By design, the transfers generated by these latter public insurance programs only go to the segment of the population for whom the risk has been realized. Consequently, a benefit that insures against a risk that is neither universal nor uniformly distributed in the population will

benefit a smaller share of the population. Korpi and Palme (1998), Esping-Andersen (1990) and Larsen (2008) (see also Beramendi and Rehm (2011)) argue that the the type of risk covered is not the only parameter that shapes the share of a population that stands to benefit from a social program. They argue that low-income targeting - i.e. how progressive and redistributive a social policy is - turns better-off workers against such programs as they must pay for them without receiving any benefits. I similarly argue that low income targeting increases the likelihood that a smaller share of the population will show self-interested support for the status quo. However, in contrast to this line of argument, I expect opposition to not be "automatic" but to be conditional on beliefs about recipients.

There is an additional factor to consider, itself highly correlated with how progressive a policy is (i.e. the extent to which transfers go to those who need them the most). This additional factor is the income replacement rate of social insurance programs. Average replacement rates vary widely across countries. In some countries, they are very close to one and, play, for the majority of the population, an important role for smoothing income across good and bad times. When replacement rates are low, the income smoothing property of a given social insurance is negligible and this policy become more of a purely redistributive transfer than an insurance program, especially from the point of view of middle and high income groups. In countries with high replacement rates, middle and high income groups who are less exposed to long term jobloss might still show self-interested support for social insurance policies because they help them make it through rare but consequential income shocks. In countries with low replacement rate, self-interested support for the status quo is most likely to be more limited.

Unequal risk exposure, progressivity and replacement rates all shape the extent to which a large vs a small share of the population will support a policy for self-interested reasons. Each of these three factors are hard to disentangle. I consider them jointly under the single concept of benefit concentration: when risk exposure is more unequally distributed, when progressivity is high and when replacement rates are low, benefits are more likely to be concentrated among low-income households. In countries where risk exposure is more uniformly distributed, where benefits are not mean tested and where replacement rates are high, households along the full income distribution are more likely to benefit from and receive these social insurance transfers.

Hypothesis 1: The correlation between beliefs about the intentions and deservingness of social policy recipients, on the one hand, and support for a given policy program, on the other, is higher for programs that concentrate benefits among the least well-off.

To the extent that beliefs have been shown to not be endogenous to interests (Fong 2001; Fong, Bowles and Gintis 2006; Cavaille 2014), I do not expect benefit concentration to shape beliefs about the poor, but only to shape the *correlation* between beliefs and policy support. In that regard, hypothesis one departs from claims made by Larsen (2008) who argues that, by discriminating in favor of the poor, programs that concentrate benefits on the least-well off decrease “empathy" and “social affinity" for the poor.

2.3 Are beliefs about Recipients Really About Free-Riding?

Most researchers stop short from explaining where beliefs about recipients come from (Fong 2001, 2007; Alesina, Glaeser and Sacerdote 2001; Gilens 1999). Overal, we still have a poor understanding of what makes one more or less likely to believe that the poor are lazy vs unlucky hard workers, welfare scroungers vs individuals entitled to social solidarity. Direct contact with recipients as well as beliefs shared withing a network are likely to be play an important role. Gilens points to American “culture" to explain why perception of the poor happier to be harsher in the US than they are Europe.[13] Larsen (2008) and Korpi and Palme (1998), previously mentioned, trace the origins to beliefs about the poor to policy design. The empirics presented in this paper provide only limited evidence for the cultural or institutional origins of these beliefs.[14]

In this section, I do not offer a theory of the determinants of these beliefs, this would be beyond the scope of this paper and require a different type of micro-level data. I draw from the literature on cooperation-inducing reciprocity to further probe the nature and meaning of beliefs about the poor, an important first step to generating theories about the determinants of these beliefs. In other words, in this section, the goal is not causal but descriptive inferences: I lay out a set of predictions that allow me to test the most likely heuristics survey respondents rely on when answering questions about the recipients of social benefits.

If indeed, conditional altruism stems from cooperation-inducing reciprocity then beliefs about the poor are a function of the perceived intentions of the poor as free-riders or not. Empirically, this is partly captured by the type of survey items used, which explicitly ask about whether one thinks the poor are free-riding or not. To further test whether indeed perceived intentions is what is driving survey answers, I need an alternative measure of an individual’s propensity to impute good vs bad intentions to others in general, disconnected from issues that relate to social policies.

[13] See Alesina and Angeletos (2005); Benabou and Tirole (2006) for models explaining this cultural difference.

[14] Indeed, as we will see, countries like the UK and France appear to hold beliefs that would not put them out of place in the US. In addition, I find no correlation between design and average beliefs about the poor across 20 European countries.

I rely on moral psychology to suggest an alternative measure of an individual's general inclination to perceive others as free-riding and to draw strong disutility from it. I hypothesize a strong correlation between general sensitivity to free-riding and beliefs about welfare recipients. I then examine the contextual conditions under which this correlation might vary, as predicted by cooperation-inducing reciprocity. By generating predictions about cross-national variations in how much beliefs about recipients are indeed shaped by concerns over free-riding, I provide an additional test of the relevance of the reciprocity motive in shaping mass policy preferences.

Measuring general sensitivity to free-riding

According to research on reciprocity, beliefs about recipients as deserving or not is shaped by the intentions individual impute to recipients. To test this assumption, we need an alternative measure of the extent to which one is likely to perceive others as free-riding, i.e. as having bad intentions, and is likely to want to punish these individuals. The moral psychologist Jonathan Haidt documents empirical patterns using survey data that are useful for our endeavor.

Haidt defines his field of enquiry, the moral domain, as "interlocking sets of values, practices, institutions, and evolved psychological mechanisms that work together to suppress or regulate selfishness and make social life possible" (Graham, Haidt and Nosek 2009: 70). In other words, Haidt and his team argue that morality can be defined as the shared norms that regulate free-riding and encourage cooperative behavior. More specifically, these"moral matrices" provide a "common (and intuitive) normative framework against which people can and do judge the actions of others, *even when those actions have no direct implications for the self* " (emphasis added) (Graham et al. 2013: 37).

More specifically, Haidt and colleagues distinguish between 1) harm/care, i.e. intuitive moral reasoning responsive to the neediness, suffering and distress of the individual whose behavior is being evaluated,[15] 2) fairness/reciprocity, i.e. reasoning which is sensitive to evidence of cheating and cooperation in a two-way partnership,[16] 3) ingroup/loyalty, which takes into account threats to and betrayal of the group, 4) authority/ respect, which gives weight to visible hierarchies and status ranking and finally 5) purity/sanctity, which relies on perceptions of behaviors as degrading and unclean. These foundations, they argue, are "moral intuitions derived from innate psychological mechanisms that co-evolved with cul-

[15] Care/harm, according to haidt is a moral foundation that emerged in response to the need for human groups to protect the young during their lengthy period of helplessness; according to this line of argument, it applies narrowly and cannot be generalized to concern for the welfare of all humans

[16] Similarly to care/harm, the scope of this intuitive reaction is limited to specific interactions between given individuals

tural institutions and practices."[17] Individuals build on them to develop a moral system through which they assess and judge other actors' actions. The items used by Haidt and colleagues to measure reliance on each of the five foundations are reproduced below. These items explicitly tap into concerns about others behavior, disconnected from economic issues and self-interest. Respondents are asked "When you decide whether something is right or wrong, to what extent are the following considerations relevant to your thinking? Whether or not..."

Harm/Care	Authority
someone was harmed	the people involved were of the same rank or status
someone suffered emotionally	someone failed to fulfill the duties of his or her role
someone used violence	someone showed a lack of respect for legitimate authority
someone cared for someone weak or vulnerable	an authority failed to protect his/her subordinates
	someone respected the traditions of society
Fairness	**Purity**
some people were treated differently than others	someone did something disgusting
someone was denied his or her rights	someone did something unnatural or degrading
someone acted unfairly	someone acted in a virtuous or uplifting way
someone ended up profiting more than others	someone violated standards of purity and decency
	someone was able to control his or her desires

Ingroup
someone did something to betray his or her group
the action was done by a friend or relative of yours
someone showed a lack of loyalty
the action affected your group
someone put the interests of the group above his/her own

The first two sets of items (Harm/Care and Fairness) probe what have been described as the *individualizing* foundations, while the latter three have been described as the *binding* foundations. To simplify, individuals who rely mainly on the latter abide by moral systems that try to "suppress selfishness by strengthening groups and institutions and by binding individuals into roles and duties in order to constrain their imperfect natures." This *binding* approach focuses on the "group as the locus of moral value" (Graham, Haidt and Nosek 2009: 1030). Individuals who rely mainly on the individualizing foundations abide by moral systems which aim at "suppress(ing) selfishness by protecting individuals directly (often using the legal system) and by teaching individuals to respect the rights of other individuals" (Turiel 1983; Shweder et al. 1997). While these descriptions are ideal-types, they help capture heterogeneity in worldviews within western populations.[18] Most relevant for this project is Haidt's

[17] They rely heavily on evolutionary biology (Trivers 1971) to build their argument, see Graham et al. (2013) for an overview.

[18] Anyone having taken introductory philosophy courses might recognize the famous contrast between a Hobbesian and a Lockean approach to the social contract.

most striking and extremely robust finding : while some individuals rely on the five foundations more or less equally, some rely more heavily on the first two foundations than on the last three foundations. [19]. The extent to which one might be on one side of the spectrum vs the other can be usefully captured using survey items about non-economic “moral" issues such as abortion, the dealth penalty or gender norms.[20]

These findings indicate the existence of two ideal-typical ways of assessing the (mis)behavior of other individuals. This empirical regularity, I propose, can shed light on differences in the population regarding perceptions of welfare abuse. On one end of the spectrum is an ideal-typical individual who is less likely to rely on group-binding loyalty (ingroup), duty (authority), and self-control (purity) to assess other individuals' behavior. To the contrary, this individual will be more likely to assess another person's behavior from the point of view of how the group has behaved toward this person - as she been harmed or treated fairly? - and less from the point of view of how the individual has behaved toward the group. On the other end of the spectrum is an ideal-typical individual who is more inclined to perceive the interests of the group (and how they have been harmed) when considering the behavior of a given individual. While the former individual will be less likely to impute bad intentions to others and to punish them, the other will be more likely to perceive others as free-riding and to want to punish them.[21]

For ease of presentation, I call individuals who emphasize the binding moral foundations as “moral conservatives" and those who emphasize the individualizing moral foundations as “moral liberals." I will rely as best as I can on the same measurement items as the ones used

[19]“ Additional evidence of the robustness of this basic pattern of foundation differences is reported by Graham, Nosek, and Haidt (in press), who obtained the same results in a representative sample of U.S. citizens. Graham et al (2011) have also replicated this ideological pattern using respondents at YourMorals.org from 11 different world regions " (Graham et al. 2013)

[20]I am agnostic over whether or not Haidt and his team have indeed succeeded in providing convincing answers to the questions that guide their research endeavor such as “where does morality come from?" ,“ Why are moral judgments often so similar across cultures, yet sometimes so variable?" (Graham et al. 2013). Their answer, a mix of evolutionary theory (we are born with a “first draft of the moral mind, organized in advance of experience by the adaptive pressures of our unique evolutionary history") and psychology (individual and group differences in reliance on the various moral foundations as emerging from the interactions of differences in biology - inherited dispositional traits such as the big 5, cultural socialization and individual experience, see Haidt, 2012, ch. 12), is theoretically appealing in its scope but by definition hard to test. Here I am more interested in important empirical regularities they unearth and how they can help me probe meaning using survey data.

[21]Haidt's findings echo and systematize a very large literature on personality types and dispositions,[22] and more specifically, on what has been called “authoritarian personality" (Lipset 1959; Adorno, Levinson and Sanford 1950; Altemeyer 1996). I understand Haidt et al as having quantified the qualititative findings of the authoritarian disposition research framework. They do so without too sharp of a focus on the “authoritarian personality" paradigm, a dangerous territory for social scientists because it tends to position authoritarian views as a deviation from liberal[23] norms. Their items have a neutral wording and their framework puts equal emphasis on the particularities of both poles of the spectrum (liberal and conservative). Their findings however echo a long line of research.

by Haidt and his team. Broadly speaking, I expect morally liberal individuals to be both less distrustful of the behavior of others, as well as less likely to support collectively enforced regulation of individual behavior. This stems from moral liberals' reliance on a moral framework that tackles the individual as a potential victim of the collective, whereas moral conservatives start from a moral framework with equal emphasis on both the individual and the group. In addition, relative to morally conservative individuals, a "liberal" individual has simply less points of reference (two instead of five) to judge a transfer recipient as misbehaving. This increases the opportunities for conservatives to feel " wronged" by recipients relative to liberals.

Hypothesis 2: More morally liberal individuals are less likely to perceive an individual as well-intentioned and will also draw less disutility from free-riding. The converse will be true for morally conservative individuals. I thus expect a strong correlation between non-economic moral values and beliefs about the intentions of recipients of social benefits.

Reciprocity has been described as a key mechanism that enables human beings to cooperate in solving social dilemma. The welfare state, as already pointed out by Moene and Wallerstein (2001) and Iversen and Soskice (2001) is as much about redistribution as it is about the public provision of insurance :"self-interested voters support welfare policy to obtain protection against risks that private insurance markets fail to cover." The welfare state is thus also a solution to the private market's incapacity to provide quasi universal insurance coverage against time spent away from full unemployment. Cooperation-inducing reciprocity, as manifested in conditional altruism, is a core mechanism to maintain cooperation and the public good enabled by it. It functions mainly through high levels of sensitivity to free-riders and the existence of an emotional drive to punish them.

I expect this mechanism to be more important in high spending, generous welfare states. Indeed, in these countries, opportunity to free-ride are numerous because of how numerous and generous benefits are. As a result, when individuals answer questions about welfare recipients they are more likely to be responding in ways that echo their own sensitivity to free-riding as described above.

Hypothesis 3: I expect concerns over free-riding to be heightened in large welfare states where opportunity to free-ride are more numerous and free-riders harder to monitor. More specifically, in large welfare states, the correlation between individual-level general sensitivity to free-riding and beliefs about recipients if higher than in small welfare states.

2.4 Back to Self-Interest

As already mentioned earlier, most existing models assume that those who do not stand to become poor or unemployed or who will not benefit from transfers to the poor and the unemployed should oppose such policies. Implicit, is the assumption that this will be partly driven by lower levels of affinity with the poor and the unemployed, i.e. more negative beliefs about recipients. Fong (2001, 2007) and Cavaille (2014) have found no evidence that this might be the case. As mentioned earlier, the inclusion of proxies capturing the probability of needing benefits does not weaken the size of the regression coefficient on beliefs.[24] Substantively, the effect is has large for beliefs as it is for a bundle of material interest variables.

Does this mean that self-interest plays no role in shaping beliefs about the intentions of benefit recipients? Studying the welfare state as a common-pool good managed through cooperation-inducing reciprocity points to another way in which material interest concerns might matter. In times of scarcity, I argue, when the resources to go around are decreasing, individuals will be more likely to want to exclude others from accessing these resources. In other words, individuals who are likely to draw on the resources of the welfare state but who are concerned about its funding should be more likely to want to limit the size of the group of individuals who can draw from the common-pool. One way to exclude others is to define them as undeserving recipients, i.e. free-riders that have no right to draw on the common-pool good. Indeed, in line with cooperation-inducing reciprocity the monitoring and exclusion of free-riders is one coping strategy to maintain the financial health of the common-pool resource.

In other words, if the welfare state is a common-pool resource partly monitored through the reciprocity motive, then self-interest predicts a relationship between perceptions of scarcity and perceptions of the share of undeserving recipients.A self-interested individual with a stake in the common-pool resource will be more likely to perceive this share as small, if he or she believes that the common-pool resource is at risk. Empirically, this form of resource hoarding in times of scarcity generates the following hypothesis:

[24] Fong separates her analysis between the very rich and secure on the one hand and the very poor and insecure on the other and shows that “among those who are poor and do not expect their lives to improve, those who believe that lack of effort causes poverty oppose redistribution. Analogously, support for redistribution is high among those securely well off respondents who believe that poverty is the result of back luck" (Fong, Bowles and Gintis 2006: 15). Cavaille (2014) and Cavaille and Trump (forthcoming) also show that income is a very poor predictor of beliefs about the poor and the unemployed. Only education is correlated with such beliefs: the more educated the more trustful of the intentions of the poor and the unemployed one is. Cavaille (2014), following Rehm (2008) measures individual risk exposure using occupational unemployment as a proxy of the probability of experiencing bouts of unemployment in the future. This measure is uncorrelated with beliefs about the intentions of the poor. The only material interest predictor that is substantively correlated with beliefs is whether a respondent is unemployed or not.

Hypothesis 4: I expect individuals who are concerned about the future of the welfare state to be more likely to perceive other welfare recipients as free-riders. At the country level, the higher the share of the population concerned about the funding of universal social policies, the more negative mean beliefs about the intentions of the poor and the unemployed are.

3 Data and Analysis

I use the 2008 European Social Survey to examine whether the structure of social policy attitudes across 20 European countries match the predictions presented in the previous section. I first examine the relationship between beliefs about recipients and support for the provision of unemployment insurance by the government. I then turn to cross-national differences in how beliefs about recipients are correlated with an individual's general sensitivity to free-riding. I conclude with the relationship between perceptions of scarcity and beliefs about recipients.

3.1 Policy design and conditional altruism

I expect a positive relationship between the concentration of benefits in a population, on the one hand, and the correlation between beliefs about welfare recipients and support for the program that provides these benefits, on the other.

Benefit concentration is first the outcome of the type of risk covered by the social program: is it a universal risk such as old age or to the contrary is it a risk concentrated on specific groups like unemployment? Benefit concentration is further compounded by policy design, i.e. the rules that regulate access to the benefit and income replacement rates. Together, these factors shape the extent to which self-interested support for a specific policy will over-run other-oriented concerns about the intentions of recipients. The more unequally distributed the risk is, the more support for benefits that cover this risk shift from being self to other-oriented. The more mean-tested the access to the benefit is, the less it serves as an income smoothing device for the middle and upper middle class and the less self-oriented concerns dominate other-oriented ones.

Measuring the importance of conditional altruism

To measure the extent to which self-interest dominates conditional altruism, I examine the predictive power of beliefs about recipients for predicting levels of support for unemployment insurance. The lower the predictive power of beliefs, the more likely self-interested concerns dominate other-oriented ones.

To measure support for unemployment insurance, I use the same item as the one used in Figure 2. I recode this item from a 1-10 to a 1-5 scale. I measure individual beliefs about the behavior of transfer recipients using five survey items. Two items explicitly ask about the extent to which recipients are free-riders ("most unemployed people do not really try to find a job" / "Many manage to obtain benefits/services not entitled to") . Three items ask about respondents' beliefs about the behavioral consequences of receiving social benefits. These items measure whether or not respondents think that social benefits make individuals less self-reliant and further reliant on social benefits ("Social benefits/services make people lazy" / " Social benefits/services make people less willing to care for one another" / " Social benefits/services make people less willing look after themselves/family"). These five items all load on the same dimension in all the countries in the sample. Strikingly the factor loadings are of similar size across all countries and all are higher than 0.6. I thus compute factor scores, relying on the average factor loadings to compute item specific weights. For the unemployment insurance item, the higher the value the higher the support for unemployment insurance. For the belief factor scores, the higher the value the less respondents believe recipients are lazy and free-riding the "system."

I use the coefficient on beliefs in a regression predicting support for unemployment insurance as an estimate of the covariance between support for government's involvement in the provision of unemployment benefits and beliefs about recipients. I compute these coefficients by estimating a series of hierarchical linear models predicting support for unemployment insurance with beliefs about recipients. The models are run with random intercepts, with a random slope for the belief variable. I recover country-specific coefficient from best linear unbiased predictions. These estimates are equivalent to running a regression with country fixed effects interacted with the individual-level predictor (here beliefs about recipients).[25]

I use two distinct sets of controls. In model one, I control for compositional effects of education, gender and age. I also control for income, labor market status and, for individuals' job market status (whether or not one is unemployed, has been recently unemployed or is in a precarious job contract). The income measure is not available for Slovakia. Because controlling for income does not impact the size of the coefficients used in the analysis, I use, in the results presented below, the estimates returned without including income as a control, allowing me to retain Slovakia in the analysis. In model two, I do not control for any socio-economic factors and only include measures of ideology, namely subjective placement on the left-right scale and support for government intervention in the economy.[26]

[25] I also ran models where I allowed slopes for the controls to vary by country, the results were the same.

[26] I measure support for government intervention in the economy using several items that ask about governent

There is little difference between the raw coefficients without any controls and the coefficients recovered after controlling for socio-economic variables (model 1). In contrast, the correlation between estimates recovered without any controls and those recovered after controlling for ideology (model 2) is smaller than 1 (between 0.6 and 0.7 depending on model specifications). The results presented below use the coefficients from this second model,i.e. after controlling for general left-right and pro vs anti-government ideologies. I prefer to use these estimates because it allows me to measure the impact of beliefs on policy support net of ideological coherence. Indeed ideological coherence is high in Scandinavian countries where the left and trade unions have been historically powerful, and weaker in countries such as France or Spain. By controlling for subjective ideology, I minimize the risk that my results are driven by cross-national variations in elite-provided ideological packages.

The results, however, are robust to using either sets of estimates (model 1 or model 2). The overall size of the “effect" of benefit concentration on country-specific belief-slope is the same irrespective of the estimates used. The main difference is that the country-level measure of benefit concentration explains less of the variation in the belief-slopes for slopes recovered using SES controls only (model 1), than slopes recovered using ideological controls only (model 2).

Measuring benefit concentration

To measure benefit concentration, I follow Beramendi and Rehm (2011) and use a measure computed by the OECD using labor force survey data collected in 2004-2008. The lower the value, the more benefits are concentrated among lower income groups. I rely on the OECD measure because the only other publicly available dataset with information about benefits (the LIS data) does not, for many countries, distinguish between different types of benefits (e.g. unemployment, disability, pension, health....). The OECD, in contrast, provides distinct measures for unemployment insurance, old age insurance, health care , as well as a measure that examines all benefits jointly. The correlation between this latter “general" measure and a similar estimate that I computed using the LIS data is 0.75.

I argued that the level of concentration is both the result of the distribution of unemployment risk and of policy design. As a robustness check, one can examine whether indeed the OECD measure can be predicted using both the distribution of risk and policy design. To measure the latter, I use a recently updated version of a dataset originally developed by Korpi

involvement in pensions, health care, childcare and the provision of income support to those having to care for a sick family member. Factor analysis reveals a unique latent factor shaping answers to all these items, which I interpret as latent support for government intervention in the provision of social insurance. I extracts these individual measures using either a simple additive index, or factor scores. The results are not sensitive to the variance extraction method (principal component analysis or factor analysis).

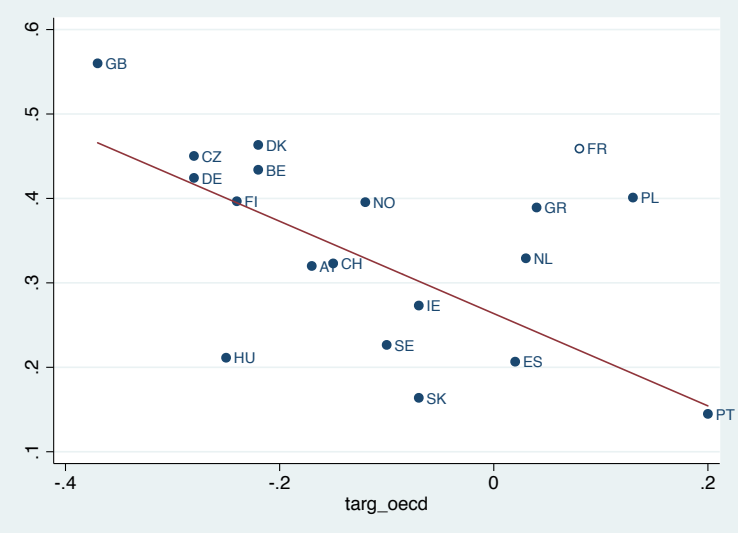
and Palme Ferrarini et al. (2013) that measures differences across countries in average replacement rates of unemployment benefits. Measures of the distribution of unemployment risks are harder to recover, something I briefly discuss in the appendix. I thus only test the assumption that design and benefit concentration are highly correlated. While the correlation is only of 0.4 in the whole sample (N = 19), it is equal to 0.65 once I drop Eastern European countries from the sample (N = 15).

Results

Figure 4 plots the bivariate relationship between benefit concentration and the coefficient capturing the relationship between beliefs about recipients and support for unemployment insurance. I also add the linear fit after excluding the outlier: France. The correlation coefficient is very high, - 0.68 (-0.50 for the whole sample). The benefit concentration measure explains close to half of the variation of the slope estimates (0.44 percent).

I will come back to the case of France later in the paper. To the extent that, as I will show, my model can account for France's position as an outlier, I am comfortable excluding it from the sample and focusing on the higher estimate of the bivariate correlation computed after excluding this country.

Figure 4: Benefit concentration and the predictive power of beliefs about recipients on support for unemployment insurance



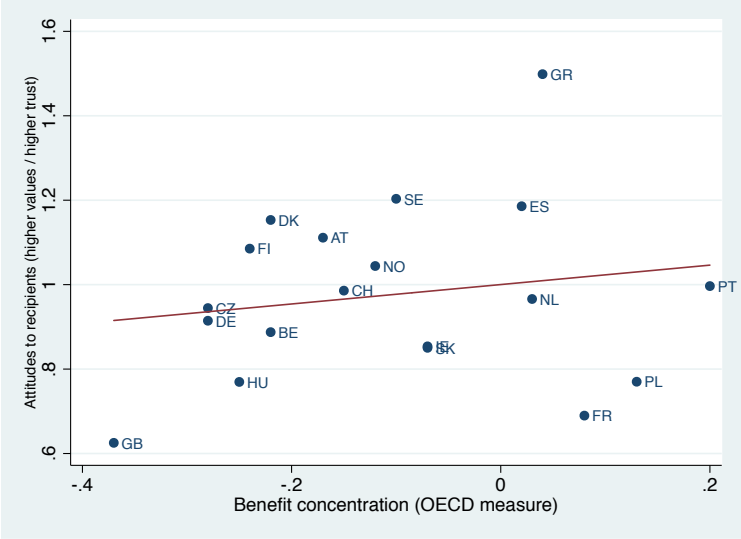
Source: European Social Survey 2008

Given this strong bivariate relationship, running the analysis using a multivariate, multi-

level model returns the same robust findings. Results are available on request and I do not present them here as they do not convey additional information.

In contrast to expectations about the role of policy design on levels of trust and hostility to the poor, I find no evidence that policy design shapes *mean* beliefs about recipients (see Figure 5). Respondents in countries with more concentrated benefits are more likely to rely on conditional altruism when expressing support for unemployment insurance. However, they are not more likely to express higher levels of hostility.

Figure 5: Benefit concentration and mean beliefs about recipients



Source: European Social Survey 2008

As a robustness check, I examine a different measure of benefit concentration with considers all benefits jointly, not just unemployment benefits. If I am correct, then this measure should *not* be correlated with the belief-slopes linking beliefs about recipients to unemployment insurance. This measure should also *not* covary with average belief about recipients. Indeed, I find that the robust correlation described above between slope estimates and benefit concentration does not hold when using a measure of concentration that is not specific to the policy realm under consideration. Furthermore, there is still no relationship between average beliefs about recipients and this alternative measure of concentration.

Beyond unemployment insurance

In contrast to Alesina and Glaeser (2004), I do not expect beliefs about recipients to be strong predictors of support for redistribution in general. Indeed, I expect these beliefs to be more predictive of support for targeted policies such as unemployment insurance as already shown above. Alesina and Glaeser mostly make their point using American data. What does this relationship look like on the other side of the Atlantic?

Figures 6 and 7 examine this relationship. To measure support for redistribution I use a 1-5 item which asks about levels of agreement to the following claim: " government should reduce differences in income levels". To measure the covariance between the distribution of beliefs about the poor on the one hand and the distribution of support for redistribution on the other, I use the same method as described above for unemployment insurance. I compute the belief-slopes without any controls (M0), then controlling for socio-economic factors such as age, gender, education and income (M1) and then controlling for all socio-economic factors and adding subjective left-right ideological orientation (M2).[27] Results presented below are robust to using either sets of of individual controls though results are more striking after controlling for subjective left-right placement.

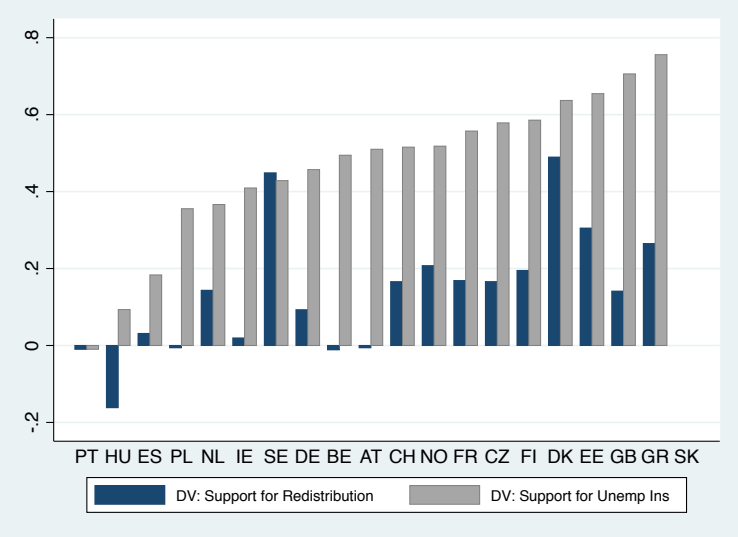
In Figure 6, I compare the predictive power of beliefs about recipients when explaining support for redistribution and when explaining support for unemployment insurance. Because both outcomes of interests are on a 1 to 5 scale, I directly compare the size of the coefficients recovered from a multilevel ordinal logit. In this case, I present coefficients controlling for socio-economic variables and for subjective left-right placement.[28] Only in Sweden and Denmark are beliefs about recipients predictive of both support for redistribution and support for unemployment insurance. In most countries, knowing that someone believes that recipients are cheating and not self-reliant does not say anything about whether one is likely to support redistribution or not. This is most likely because debates over redistribution in most European countries have to do more with self-oriented redistribution from the rich than other-oriented redistribution to the poor, something examined in more details in Cavaille and Trump (forthcoming) and Cavaille (2014).

Figure 7 plots country averages on the belief scores against the country average support for redistribution. I recoded the 1-5 variable into a binary variable with individuals agreeing or strongly agreeing coded as one. The figures thus plots that share of the population who shows some support for redistribution. Countries that are the most hostile to benefit recipients are not more likely to oppose redistribution than countries with more positive attitudes toward

[27] I do not include the measure of support for government intervention as a control as it is highly correlated with support for redistribution in most countries, see Cavaille and Trump (forthcoming).

[28] I thus recomputed the slope estimates for predicting unemployment insurance, using the same sets of controls.

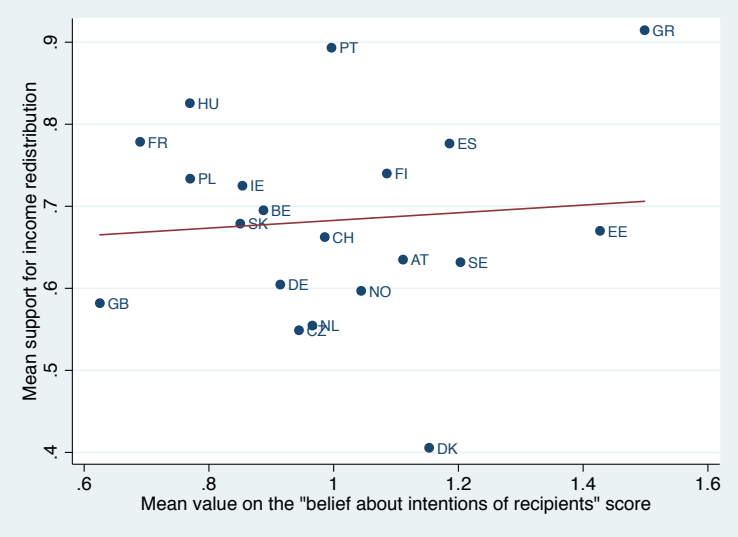
Figure 6: Comparison in belief-slopes : support for redistirbution vs unemployment insurance



Source: European Social Survey 2008

the poor and the unemployed.

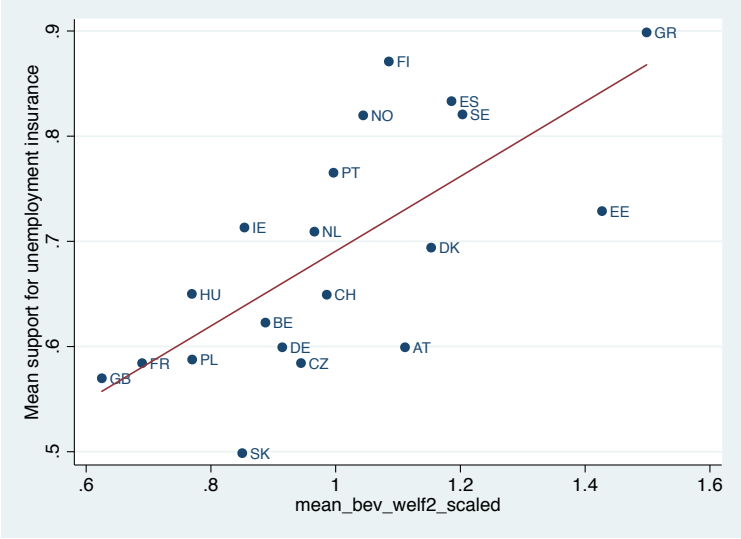
Figure 7: Mean hostility toward social benefit recipients and Mean support for redistribution



Source: European Social Survey 2008

In other words, to know about a country's mean attitudes toward recipients says little about a country's share of the population that supports redistribution. In contrast, to know about a country's mean attitudes toward recipients says a lot about the share of the population that support unemployment insurance (see Figure 8).[29]

Figure 8: Mean hostility toward social benefit recipients and Mean support for unemployment insurance



Source: European Social Survey 2008

I have provided strong evidence that conditional altruism is less likely in policy areas where benefits are less concentrated among low income groups. Within this policy area, conditional altruism is less likely where benefits are less concentrated both because of the distribution of risk and because of policy design. In these countries, individuals rely less on conditional altruism when answering survey items about benefits that go to the unemployed because this heuristic is partly over-run by self-interested concerns. In the next section I investigate the nature of conditional altruism further by examining whether indeed, beliefs about the poor and the unemployed are shaped by perception of their intentions, disconnected from self-interest considerations.

[29] Similarly, any individual who shows some support is coded 1, i.e. individual who chose any value from 6 to 10 on the 1-10 scale.

3.2 Sensitivity to Free-Riding in Mature Welfare States

In section 2, I relied on findings in moral psychology to argue that individuals vary in their overall propensity to be sensitive to other individuals free-riding. More specifically, I argued that individuals vary both in terms of the probability that they impute bad intentions to others and their willingness to punish free-riders. To further investigate the role of reciprocity in shaping social policy attitudes, I examine the extent to which concerns about free-riders are on top of respondents' mind when answering survey items about recipients of social benefits. To measure the extent to which sensitivity to free-riding is a strong concern, I rely on the correlation between the items used by students of moral psychology and the items that tap into beliefs about recipients of social benefits.

Measurement strategy

To measure general sensitivity to free-riding, I use six items. Three items directly tap into individual-level differences in attitudes toward punishment and discipline ("Schools teach children obey authority / Terrorist suspect in prison until police satisfied / People who break the law should get much harsher sentences"). The other three items ask about "moral" issues that have been shown by Haidt and his team to be useful measurement items of the liberal vs conservative latent predisposition described earlier ("Gays and lesbians free to live life as they wish / Woman should be prepared to cut down on paid work for sake of family / Men should have more right to job than women when jobs are scarce"). Answers to these items are recorded using an agree strongly (1) - disagree strongly (5) scale. Higher values indicate more liberal moral predispositions.

All items load on a unique latent dimension with an eigen-value equal or superior to one. Factor loadings however vary by country. In some countries, the punishment items are more important than the gender and homosexuality items. In other countries, the gender items have the highest factor loadings. I computed the scores using both average factor loadings from an analysis ran on the pooled data and country-specific factor loadings recovered by running a separate analysis for each countries. The results are robust to using either strategy. As a final robustness check, I compared the evidence for the UK using a UK specific dataset that has high quality items for measuring moral predispositions. I found the same micro-level results (Cavaille 2014). However, the analysis presented in this section is better understood as a first cut at understanding the nature of beliefs about welfare recipients. Additional work, with a different measurement strategy, will be required before drawing strong conclusions.

To measure social spending, I use the measure provided by the OECD through the social expenditure dataset.

I regress beliefs about recipients on moral dispositions, pooling all the data together and

running a mutlilevel analysis with observations nested in countries. I allow for intercepts to vary by country. I also include three sets of controls.

First , I control for proxies of economic well-being. Indeed individuals who have conservative moral predispositions might also be more likely to be recipients themselves and thus to be more empathetic to this group. I have already reviewed evidence that self-interest does not shape beliefs about recipients and do not expect these variables to have much predictive power, but include them as a first set of controls.

An obvious control variable to include is anti-immigrant attitudes. Individuals with negative attitudes towards immigrants might also have negative attitudes toward recipients because they believe that these recipients are mainly members of immigrant out-groups. In addition, moral predispositions have been shown to be correlated with attitudes toward immigrants (Hainmueller and Hiscox 2007). To measure anti-immigrant attitudes, I rely on three items that ask about attitudes regarding the increase or decrease of immigration flows into the country.[30] Finally, I control for left-right ideology, in an attempt to avoid having my results driven by small groups of coherent ideologues at both extreme of the subjective ideological spectrum.

Results

Table 1 presents the main results of a model with random intercepts. The relationship between moral predispositions and beliefs about recipients is substantively important and very robust to the inclusion of socio-economic controls (M2). The standard deviation of the individual-level residuals decreases by around 7 percent. A change in moral predispositions equal to a standard deviation is associated with a change in beliefs about recipients close to half of a standard deviation (0.42). The inclusion of attitudes toward immigration does reduce the coefficient but only marginally (M3). The inclusion of subjective ideology does not have any effect on the relationship between moral predispositions and beliefs about recipients. In the final model, I run the analysis without moral predispositions. As a result, the coefficient on the dummy capturing whether the respondent holds a university degree or not becomes associated with less hostile attitudes toward welfare recipients. Indeed, moral liberalism is often higher among individuals who have received a tertiary education. Overall,the only proxy of material interest that predicts more benevolent attitudes toward social benefit recipients is one's current status as unemployed.

According to hypothesis three, the strength of the relationship between these two sets of

[30] To what extent do you think [country] should 1) Allow many/few immigrants of same race/ethnic group as majority; 2) Allow many/few immigrants of different race/ethnic group from majority; 3) Allow many/few immigrants from poorer countries outside Europe.

Table 1: Moral dispositions and beliefs about the intentions of recipients of social benefits

DV: Beliefs	(M0)	(M1)	(M2)	(M3)	(M4)	(M5)
Moral dispo		**0.38**	**0.44**	**0.39**	**0.36**	
		(0.03)	(0.05)	(0.03)	(0.02)	
Income			-0.01	-0.01	-0.00	0.00
			(0.00)	(0.00)	(0.01)	(0.01)
Educ (ref:none)						
Lower II			-0.03	-0.03	-0.03	0.01
			(0.03)	(0.03)	(0.03)	(0.03)
Upper II			-0.02	-0.03	-0.02	0.06
			(0.02)	(0.02)	(0.02)	(0.03)
Post II/Non III			-0.02	-0.04	-0.01	0.08
			(0.04)	(0.05)	(0.04)	(0.05)
III educ			**0.11**	**0.08**	**0.09**	**0.27**
			(0.04)	(0.03)	(0.03)	(0.06)
Job status (ref:unemp)						
Outsider3			**-0.17**	**-0.18**	**-0.17**	**-0.13**
			(0.03)	(0.03)	(0.03)	(0.03)
Outsider2			**-0.21**	**-0.22**	**-0.21**	**-0.21**
			(0.05)	(0.05)	(0.05)	(0.04)
Outsider1			**-0.22**	**-0.22**	**-0.20**	**-0.18**
			(0.06)	(0.06)	(0.06)	(0.05)
Insider			**-0.23**	**-0.24**	**-0.23**	**-0.21**
			(0.04)	(0.03)	(0.03)	(0.03)
Age			0	0	0	0
			(0.00)	(0.00)	(0.00)	(0.00)
Woman			-0.03	-0.02	-0.03	0.01
			(0.02)	(0.02)	(0.02)	(0.02)
Anti-immi				**-0.16**	**-0.15**	**-0.24**
				(0.05)	(0.04)	(0.06)
Subj Left-Right					**-0.05**	**-0.07**
					(0.01)	(0.02)
cons	**3.61**	**3.57**	**3.80**	**4.19**	**4.36**	**4.67**
	(0.06)	(0.05)	(0.08)	(0.10)	(0.13)	(0.19)
RE country	**0.24**	**0.22**	**0.23**	**0.25**	**0.25**	**0.25**
	(0.03)	(0.04)	(0.04)	(0.05)	(0.05)	(0.04)
RE individual	**0.91**	**0.84**	**0.84**	**0.83**	**0.83**	**0.86**
	(0.03)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)

Coefficients in bold $p < 0.05$

M0 = Null, M1=Moral disp, M2 = M1 + SES, M3 = M2 + immi, M4 = M3 + L/R scale

M5 = M4 - Moral disp

Outsider3 = unwanted fixed-term / Part-time contract + unemployed in the past 6 months

Outsider2 = unwanted FT or PT + no previous exp of unemp

Outsider1 = Full time long term contract, previous exp with unemp

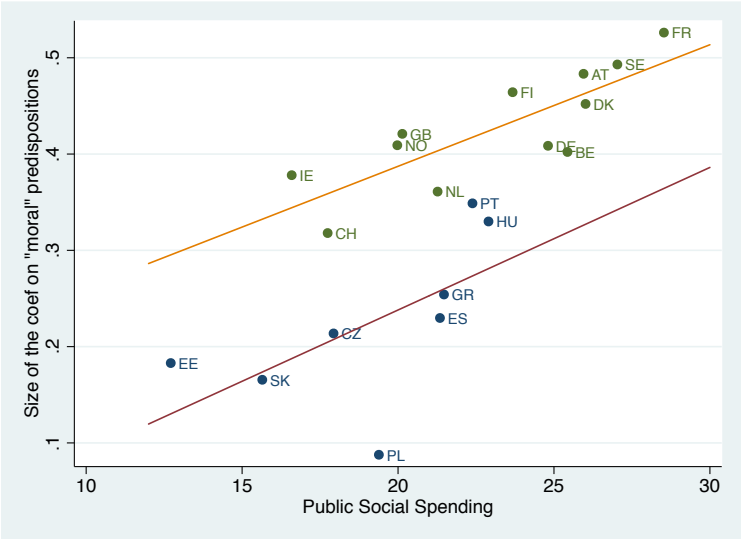
Insider= Full time long term contract, no previous exp with unemp

Sample limited to individuals currently on the job market

survey items should increase with the amount of social spending. I use both M2 and M4 in Table 1 and allow the slope on moral predispositions to vary by country. I recover country specific estimates using the same method as the one described above for the relationship between beliefs about the welfare recipients and support for unemployment insurance. In the rest of this section, I present results with the estimates computed using M2. However, the results are robust to using the estimates computed after controlling for immigration preferences and subjective ideology (M4).

Figure 9 plots the relationship between social spending and the country-specific estimates of the covariance between public opinion's sensitivity to free-riding and beliefs about welfare recipients. There is a tight relationship between the two measures. The overall correlation is equal to 0.8. Social spending first discriminates between low-spending "young" welfare states and high spending "mature" welfare states. The average coefficient in the first group is half the average coefficient in the second group. Social Spending also predicts differences in the attitudinal estimates within each group. The ranking for France, Sweden, Austria, Denmark, Germany and Belgium on one variable is close to perfectly mirrored by their ranking on the second variable. Similarly , Portugal and Hungary stand out within young welfare states has having higher attitudinal coefficients and higher levels of spending.

Figure 9: Social spending and the correlation between moral predisposition and beliefs about recipients

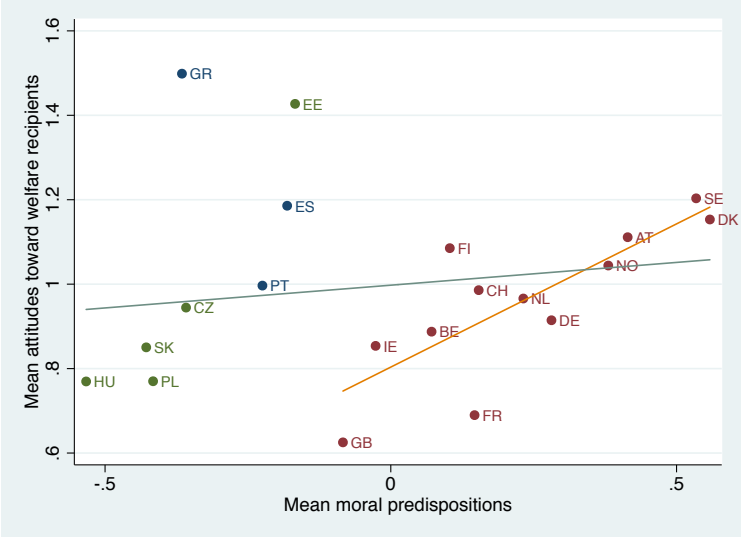


Source: European Social Survey 2008

Figure 10 plots average moral predisposition scores against country averages on the belief about recipients factor scores. I include two linear fits, one for countries with high coeffi-

cients, i.e. mature welfare states, and another for countries where the two scores are poorly correlated, i.e. young welfare states. While the two averages are correlated in the first group, there is only limited evidence that this might be the case in the second group (though, this result mostly hinges on the inclusion of Greece in the analysis).

Figure 10: Mean hostility toward social benefit recipients and Mean moral predispositions



Source: European Social Survey 2008

I find strong evidence for hypothesis four, namely that concerns over free-riding and thus conditional altruism is more important in large welfare states than in smaller welfare states where opportunities to free-ride are less plentiful.

3.3 Resource Hoarding in Mature Welfare States

I have argued that concerns over the future of the welfare state should translate into more exclusionary attitudes toward other welfare recipients. In other words, individuals who fear that the welfare state is going to run out of funds are more likely to hold negative attitudes toward the recipients of social benefits.

To measure concern over funding, I use two items which ask respondents whether or not the current status quo over healthcare and pensions is sustainable. I coded as 1 individuals who chose the option : "Thinking about 10 years from now, [country] will not be able to afford the present level of public health care/old age pension." Individuals who answered that their country will be able to afford an increase the level of health care/old age pension were coded as 3. Individuals who believe the current levels of provision will be maintained but

not increased were coded as 2. I then add the two health care and old age items to have an individual-level measure of concern over the future funding of universal social policies. The higher the value, the more optimistic one is about the future of the welfare state. There is an important share of individuals who do not provide an answer declaring they “do not know" which answer to pick. I interpret this absence of an opinion as a lack of worry about the future of the welfare state (re-coded as 2). This re-coding yields the same result as taking the "DNK" respondents out of the analysis.

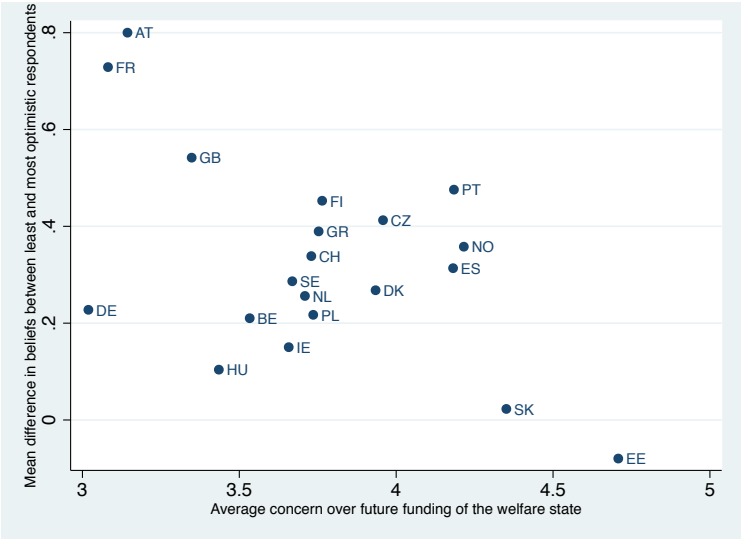
I first compare differences in attitudes toward recipients between funding pessimists and funding optimists. To do so, I re-run model 4 from Table 1, including the “concern over funding" score as a categorical variable. I compare the results to a model with only the “concern over funding" variable without any of the controls used in M4 (not shown). Overall, there is a strong relationship between concern over funding and beliefs about welfare recipients. On average, moving from the least optimistic category (equal to 2, around a quarter of the sample) to the two most optimistic categories (equal to 5, and 6, also around a quarter of the sample), is associated with an change in belief equal to a third of the standard deviation of the dependent variable. The size of the relationship is the same with and without controls.

An analysis of random effects (after allowing for varying slopes on the concern variable) reveals that the size of the coefficient is somewhere between 0.2 and 0.4 in most countries. Several countries stand out namely France, Austria and Great Britain where the effect is sizable and Slovakia and Estonia where there is close to no relationship between the two individual-level attitudinal variables. Figure 11 plots these country-level differences (y-axis) against average concern over the funding of the welfare state (x-axis). Countries with the highest predictive power are also countries where a higher share of the population is concerned about the future of the welfare state. Germany, despite high levels of concern, stands out as a country where the difference between pessimists and optimists is not as high.

As one might expect from these individual-level findings, at the country level, there is a robust correlation between overall concerns about the welfare state and overall beliefs about other recipients (Figure 12).

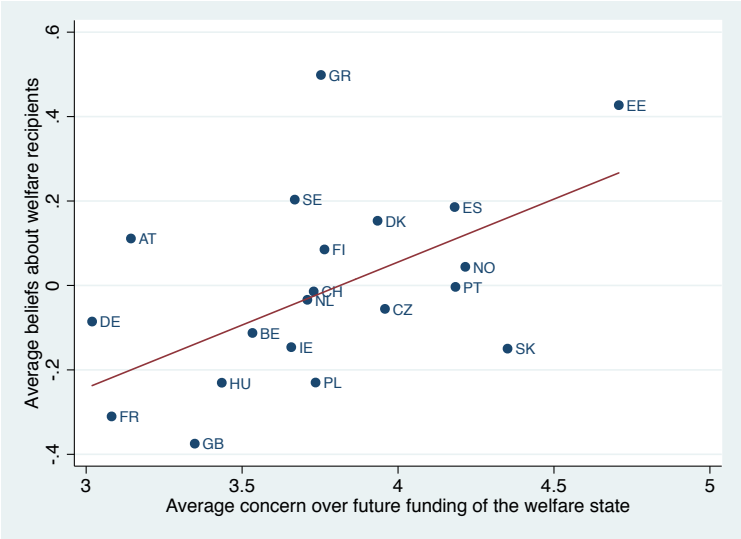
Hypothesis 4 finds support in the data. This section provides preliminary evidence that positive and negative attitudes toward the recipients of welfare benefits is shaped by concerns over the future funding of the welfare state. The resulting behavior, which I have called resource hoarding, is the development of exclusionary beliefs toward other social policy recipients. This is a very distinct set of predictions than the ones generated by mainstream self-interest models, which predict that attitudes toward welfare recipients should be a function of the probability of ever becoming poor or unemployed. In contrast I find that self-interest broadly defined, might make individuals who are the *most* likely to rely on benefits more likely

Figure 11: Mean concern over future funding of the welfare state and predictive power of concern for beliefs about welfare recipients



Source: European Social Survey 2008

Figure 12: Mean concern over the funding of the welfare state and mean baliefs about welfare recipients



Source: European Social Survey 2008

to hold negative attitudes toward welfare recipients.

3.4 To sum up

In the latter two sections, I have examined in more details the nature of individual-level variations in the perceptions of social benefit recipients. I find evidence for the hypotheses laid out in section 2.

In Table 2, I examine how much country differences in average moral dispositions and average concern over the future of the welfare state can help explain cross-national differences in beliefs about welfare recipients. Model 1 presents the result on the full sample. The variables explain about a third of the variation. Model 2 runs the analysis excluding Greece, which has been an outlier in most of the analysis. Once Greece is taken out, the explained variance doubles to more than 60 percent. Model 3 examines whether this can also explain the variation within mature welfare states. With such a small sample size, no strong conclusion can be drawn but the very large R-squarred is encouraging.

Table 2: Explaining country differences in average belief about the intentions and deservingness of recipients

DV: Average belief about recip	(M1)	(M2)	(M3)
Moral dispo	$.22^{+}$	$.34^{**}$	$.61^{**}$
Concern over funding	$.29^{*}$	$.32^{***}$	$.15^{+}$
r2	.32	.62	.72
N	20	19	12

Country-level regression, showing standardized coefficients
M1 = all countries in the sample
M2 = excluding Greece
M3 = Mature welfare states only

4 Conclusion: Implications and Next Steps

In this paper, I offered preliminary evidence in favor of an alternative model of social policy preferences that emphasizes the role of reciprocity and conditional altruism for understanding how support for redistributive social policies is distributed in a population.

For close to a decade now, the existing literature has argued that beliefs about the poor and the unemployed matter for explaining support for policies targeted to this group. I advanced this literature further by linking this robust empirical patter to the literature on conditional altruism and cooperation-inducing reciprocity. I argued that reciprocity is more likely to matter

for specific subset of policies within the welfare states, and is more likely to matter in countries with high levels of spending and with high levels of concern over the future funding of universal benefits.

The empirical test of this model is done through a multitude of weak tests. While each of them fails to meet the strong criteria of causal identification, considered jointly they provide a novel and coherent picture that can better explain some of the empirical patterns of welfare reform described in section 1. This model can help us understand why welfare state reforms in mature welfare states have been mainly focused on transfers targeted to those with weak labor market attachment and why these reforms have taken place through the mobilization of frames and narratives about the deservingness of the poor.

The fact that these reforms have mainly taken place in the UK can also be explained by the institutional and macroeconomic context in this country. Indeed, all the conditions are met for a perfect storm: Thatcher single handedly increased the level of benefit concentration in th elate 1980's, opening the door to a second set of workfare reforms under Tony Blair in the early 2000's. Concerns over the future of the NHS and of the pension system are high enough to further feed into negative beliefs about welfare recipients. Finally, the UK is a country with highly punitive moral values, increasing the probability that, when primed, conditional altruism can undermine existing levels of support for a given policy.

As already argued by Moene and Wallersten, "the political contests over pensions or government spending on health care may differ significantly from the political contest over programs that insure against the loss of income" (Moene and Wallerstein 2001: 632). I arrive to the same conclusion by similarly defining the welfare state as mainly about the provision of social insurance. However, by describing the welfare state as a an answer to a social dilemma that primes cooperation-inducing reciprocity as much as it primes self-interest, I provide a very different set of predictions and results. My findings provide a better fit with the policy reform and attitudinal patterns described by students of social policy reform (see section 1).

This paper also extends a growing literature that focuses on social affinity with the poor to explain social policy preferences. I show that the extent to which this might be the case is profoundly shaped by policy design , levels of spending and concerns over the future of the welfare state.

Additional work needs to be done to better test the many assumptions of this new approach to social policy preferences. One could imagine testing the role of perceptions of resource scarcity on beliefs about the proportion of free-riders in a group. Similarly, more work needs to be done to understand the relationship between moral predispositions and redistributive issues. I documented empirical patterns that indicate that moral thinking can, under the conditions described in this paper, permeate economic and redistributive issues

(Ryan 2014). Overall, I hope that the robust correlation patterns unearthed in this paper will give researchers enough confidence to seriously investigate the reciprocity motive and its contextual triggers.

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Appendix

Thoughts on measuring the distribution of risk in a population

The concentration of benefits in a population is both the result of how risk is distributed in the population and of policy design. In the body of the text, I provided evidence that replacement rates where indeed predictors of benefit concentration. Measuring risk distribution, is more difficult. There are important papers in the field that try to do just that. The most re-

cent one is a paper by Rehm, Hacker and Schlesinger (2012) that examines the relationship between the distribution of unemployment risks and support for unemployment insurance. To measure the distribution of risk, the authors use occupational unemployment rates and occupational income, with occupation computed at the three-digit level. The correlation between these two values is then used as a proxy for how unequally distributed unemployment risks are in the population (the higher the correlation, the more exposed low income individuals are, relative to high income ones). They find that this correlation is much higher in countries such as the UK and the US where support for unemployment insurance is low. In contrast, the correlation is much lower in countries like Sweden or Denmark, where support for unemployment insurance is much higher.

The problem with their measure is that it measures a behavior, not a risk. Thus the presence of more unemployed individuals among middle and high income occupations in Sweden or Denmark might be the result of individuals deciding to spend more time unemployed to find a better job match. This strategy is enabled by high income replacement rates in these countries, compared to lowe replacement rates in the UK and the US. Indeed, once I include the replacement rates computed by Ferrarini et al. (2013), the relationship between their risk measure and average support for unemployment insurance vanishes.

Unfortunately, as it stands, we do not have a measure of risk that is independent of institutional design and the generosity of the welfare state.