Social Security and Social Justice

European Welfare States, Conceptions of Social Justice and their Distributive Consequences

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Abstract

The analysis deals with a cross-national analysis of the the efficiency of European welfare states on the background of both welfare state typologies and empirical social justice preferences. The theoretical background consists, on the one hand, of a modified version of ESPING-ANDERSEN'S welfare state typology which differentiates between a conservative model with a South European *latin rim* variant, the liberal welfare state, and the Scandinavian model. Because this typology implicitly consists also of different social justice conceptions, the empirical social justice preferences are evaluated as well, using adequate survey data. On this background, the analysis then evaluates the performance of the welfare states using harmonized panel data. Different dimensions of distributive justice (such as labor market participation) and different population groups are referred to. Furthermore, the theoretical framework is also extended to the "life dimensions approach" (*Lebenslagenansatz*) which captures living conditions in several dimensions which partly overlap with dimensions of distributive justice. The performance of the welfare state in guaranteeing minimum social standards as an additional aspect of distributive justice is evaluated as well, applying event-history models to comparative social assistance micro data (where available). The welfare states are represented by Italy (*latin rim* model), Germany (conservative model), Finland (Scandinavian model) and the UK (liberal model). The data-base consists of the ISSP and of the ECHP. For the ECHP, the waves covering the years 1996 to 2001 are used. Besides the national level, also a regional level is considered using social assistance spell data (where available) for different European cities.

1 Introduction

The challenges of a globalized economy, high levels of unemployment, current deficits of the public sector and also the demographic changes in terms of an aging population are exerting pressure on the welfare state. From a cross-national perspective, most western welfare states are affected by these challenges. A consequence is a shortage of those budgets which are available for redistribution. Therefore, it is the welfare state, its funding and its generosity which is questioned more and more in the public discussion. As this discourse focuses also on the distinction between deserving and undeserving poor, it is also the topic "Social Justice" which draws more and more attention. But it is not quite clear how to define "Social Justice": the absence of economic or social inequality is not *per se* equal to social justice. Instead, it is the reasoning of the unequal distribution of goods and resources which makes it unjust or not. In general, this problem is the focus of most theories of social justice (MERKEL 2001). Because the following analysis deals with social justice conceptions on the one hand, and welfare state performance on the other, a very moderate concept of social justice is used. The main reason is the need to operationalize the social justice concept to make it accessible for statistical analysis. Thus, the following analysis deals much more with distributive justice rather than with complete and complex social justice concepts.

If we are interested in welfare state performances and social justice, it is fruitful to take an European perspective, because in the decades of globalization the nations are not independent of each other, and national social policy may be influenced by the diversity of the different welfare state models. Therefore, common welfare state typologies form the background for both the evaluation of social justice preferences and the the analysis of welfare state performance. What kind of social justice conceptions can empirically be identified in the population of the different welfare states, and how can the distributive performance of the different nations be interpreted against the background of these social justice preferences and the typology itself? How successful are the different national social policies in combating poverty and in the attempt to solve the problem of social justice?

This study exploratory evaluates how the welfare state works with reference to both the social justice principles and welfare state typologies. In section 2, the dimensions of distributive justice and common welfare state typologies are described and conceptualized to constitute the theoretical framework for the underlying analysis. After a discussion of underlying methods and data sets (section 3), the social justice concepts are empirically evaluated on the basis of adequate survey data (section 4.1).

The performance of the welfare state with respect to the theoretical framework is evaluated in section 4.2 using appropriate panel data for 4 European countries. Methods will cover simple descriptive models as well as more advanced logit models for cross-sectional and longitudinal data. Additionally, social minimum standards (as one dimension of distributive justice) are evaluated on

the basis of social assistance spell data (if available) for selected European cities using descriptive and multivariate event history models.

2 Theory: Welfare State Types and Conceptions of Distributive Justice

In a well-known study of *Gøsta Esping-Andersen* (ESPING-ANDERSEN 1990), groups of similar welfare states are systematized and arranged in ideal types (the liberal model, the conservative-corporatistic model, and the scandinavian model; see below). Most important for this typology was the concept of decommodification: it describes the degree to which an individual is liberated from the need to work to maintain a given living standard. The deg ree of decommodification is evaluated using numerous indicators, one important being the system of old-age pensions (SCHMIDT 1998[2]). Furthermore, the impacts of both the structure of the welfare state and the decommodification on the social stratification are also taken into account, as well as the mix between state, market and the family. But the welfare state typology has not only economic and political implications; it refers also implicitly to different social justice conceptions (OPIELKA 2004):

2.1 Welfare State Typologies

The *liberal model* relies heavily on the market; the degree of decommodification is comparatively low. Social benefits are usually selective, means-tested and subordinated to market and familial solutions. This type includes the UK and especially the US. The *social-democratic model* is characterized by the important role of the state, by a high degree of decommodification and universalism, an active labor market policy and considerable equality of men and women in family and employment. This type is represented by Finland or Norway. The conservative-corporatistic model is focused on the central role of the family (principle of subsidiarity), tries primarily to ensure the social status and offers a comparably high degree of decommodification.

In the literature, this typology is often times extended to a fourth type (LEIBFRIED 1990, LESSENICH 2000), the rudimentary, South-European latim-rim state where for given groups (usually those well integrated in the labor market) the degree of decommodification is high, whereas all other person are referred to the family. As in the conservative model, entitlement to social benefits depends on the position on the labor market, usually of the male breadwinner. In both states the principle of subsidiarity plays an important role, thus the state intervenes only if familial potentials of help are exhausted. This becomes manifest in laws like the German *Unterhaltsverpflichtung* or the Italian *obbligazzione per legge al manimento*, both committing family members of persons in need to reimburse cash benefits under certain conditions. The difference between both states is that in Italy the person in need is referred to the family which is to a considerable extend only via the

male breadwinner subject to benefits, where in Germany the family itself is entitled to welfare state benefits.

In the following study, we use Finland as a social-democrat welfare state, Germany as a conservative-corporatistic model, UK as a liberal and Italy as a Southern European welfare state. Each welfare state offers different frameworks for the granting of social benefits. Some of these differences refer also to dimensions which are not explicitly captured by *Esping-Andersen*: first, it can be distinguished between the male-breadwinner model and the individual model (SAINSBURY 1994). The male-breadwinner model bases on a traditional division of labor between both spouses; the husband is considered to be responsible for the family's income, whereas the wives are referred to housework. Their entitlements to social benefits are in principle derived from the male breadwinner (GUSTAFSSON, VOGES 1998). In the German case, this is reflected in the taxation system, where it is possible to sum up the individual income of both spouses and make it to equal parts subject to income tax ("Ehegatten-Splitting"): because of the progression in the the German taxation system, tax benefits can be realized if there is a difference between both incomes; if the incomes of both spouses are equal, no tax benefit can be derived. This system is considered to support the male breadwinner model, because usually it is the husband with a good-paid job. In the individual model, on the contrary, both spouses are equally responsible for their living maintenance. Social benefits are directed to the individual, not the family. In Sweden, for example, the income of working spouses is separately subject to income taxation since 1971 (GUSTAFSSON, VOGES 1998). Scandinavian countries belong to this model.

Second, categorical systems can be distinguished from universalistic systems (SARACENO, VOGES 1997), especially with reference to social assistance. In a universalistic system, any person in need is (in principle) entitled to social benefits if he or she cannot help him- or herself or cannot fall back on the help of the family. In a categorical system, only those are entitled to social benefits who belong to an additional category (i.e. lone parents). Being in a condition of need is not a sufficient criterion to be entitled to social assistance. Only in case of cumulative need the welfare state reacts. Some regions in Italy can be characterized this way (KAZEPOV 1998). A further aspect refers to the funding of social assistance benefits. In some Italian regions (i.e. Milan), social assistance is funded on the base of a budget. This budget is fixed and constraints the generosity of the regional welfare system: if the budget is exhausted, social assistance expenditures are cut off. On the contrary, social assistance can be funded on a demand principle: in case of need, a claimant has in principle the right to receive benefits even if it requires deficit spending for the local authorities. This is the case in Germany and the Scandinavian countries, for example.

2.2 Conceptions of Distributive Justice

The academic debate on social justice was strongly influenced by *John Rawls* and his epoch making book "A Theory of Justice" (RAWLS 1971). According to his line of argumentation, inequality is just if the poorest people are not worse off as if the inequalities would not exist. But there are several meanings of social justice in the academic debate (NULLMEIER, DÖRING 1995). First, it is distinguished between social justice referring to actual needs ("Bedarfsgerechtigkeit") and social justice referring to economic power and performance ("Leistungsgerechtigkeit"). The former means that a person in need gets what he or she actually needs, the latter that one gets more if his or her economic performance is better. Usually, the market is assigned to the justice based on ones economic performance, and the family or society to the justice based on ones actual needs. In the welfare state, distributive justice must be added with the state as the responsible agent (OPIELKA 2004)[1].

In the literature, *Merkel* identifies 5 dimensions of distributive justice with reference to *Rawls* (see MERKEL 2001):

1. Avoidance of poverty, because only above the poverty line it is possible to perform individual dignity, integrity and autonomy
2. Highest educational standards, because educational attainment influences the chances in later life
3. Inclusion in the labor market, because it is the most important way to distribute income and wealth
4. Minimum social standards, because this is the dimension where individual help and redistribution is organized
5. Reduction of income inequality

The last topic will be excluded from the analysis because there ist an ongoing discussion in the (neoclassic) economic theory whether a high degree of income inequality produces jobs or not; in the former case it could create a conflict, because one dimension is the highest possible inclusion in the labor market. The other dimensions constitute the frame for the empirical analysis of the individual social justice preferences as well as the welfare state performance in each dimension.

[1] a fourth dimension, justice based on social participation ("Teilhabegerechtigkeit") could also be added (OPIELKA 2004)

3 Methods: Distributive Justice and the Analysis of Poverty

The first and most important dimension of distributive justice refers to the combat against poverty. This raises the question how to measure and operationalize poverty in an empirical analysis. Within the academic tradition of poverty research, there has always been a discussion about how to measure poverty and living conditions. The identification of poverty is more a question of the normative reference rather than a technical problem (KLOCKE 2000, KRÄMER 1997, VOGES 2002). Utilizing a concept of *relative* poverty, usually referring to income poverty, being below a given threshold is put on the level with being poor. Often times it is criticized that it is not possible to scientifically reason a poverty threshold (i.e. 50 % of the median of the equivalised household income); furthermore, the actual use of given income resources cannot be evaluated. On the other hand, the "Dimensions of Living" Aproach" (*Lebenslagenansatz*) focuses on the actual standard of living of individuals or households in several dimensions (GLATZER, HÜBINGER 1990; VOGES, JÜRGENS, MAUER, MEYER 2003). The theoretical approach was originally developed by *Otto Neurath*[2] (NEURATH 1979*a*), with further developments by *Gerhard Weisser*, *Kurt Grelling* and *Ingeborg Nahnsen*. The term "Dimensions of Living" refers to a multi-dimensional view of social inequality: it includes economic, non-economic and immaterial aspects of individual living conditions and emphasizes the related options for individual action. Contrary to common concepts of relative poverty, it refers not only to a given poverty threshold, but to the actual living conditions in several dimensions like housing or health (CLEMENS 1994).

Of main interest are insufficient dimensions of living which make it impossible to participate at the economic and social life to an extent which is considered to be "normal" in modern society. This concept can be described by three main aspects (GLATZER, HÜBINGER 1990):

- the multi-dimensionality of living conditions, implying economic, material and non-material aspects
- income remains still as the most important aspect
- the focus on the restrictions the dimensions may impose on an actor when making choices

In the following analysis, the "Dimensions of Living Approach" will be used to examine the distributional consequences of welfare state regimes because it covers the first three aspects of distributional justice identified by *Merkel* (see section 2.2). Special reference to income, education and employment will be made. It will be especially fruitful to combine a concept to capture living conditions with conceptions of social justice in a cross-national perspective.

[2] Otto Neurath (1882–1945), Austrian philosopher and economist;

The living conditions at a given point in time are both the result and the cause of the disposal and use of resources and goods. Thus, the "Dimensions of Living" concept can be viewed both as explanans and explanandum in the model of sociological explanation (VOGES 2002; VOGES ET AL. 2003). Because the social justice preferences are incorporated in a given welfare state regime and determine the principles of redistribution (NULLMEIER, DÖRING 1995), the welfare state regime and its incorporated social justice principles constitute, together with general social and economic conditions, the macro-level framework at t_1. This framework determines the opportunities and restrictions of the individuals, the *logic of the situation*, (ESSER 1995, see also COLEMAN 1990). If we agree to the idea that political institutions shape also the normative orientations of the actors on the long run ("akteurszentrierter Institutionalismus", SCHARPF 2000, see also MERKEL 2001), then also the individual interpretation of the situation is influenced by the institutionalized social justice conceptions: the statements and activities of corporative actors influence the incentives for individual action and may strengthen or weaken individual perceptions of opportunities or restrictions (VOGES ET AL. 2003). Together with the individual social justice preferences, they are part of the bridge hypothesis (see ESSER 1998 on bridge hypothesis in general) which connects the objective situation with the individual expectations and evaluations. Therefore, the social justice preferences are on the micro-level part of the framework in which the theory of action is embedded. The actors make their choices according to their preferences, their evaluation and interpretation of the situation. In turn, the sum of the individual actions constitutes the aggregated living conditions of whole population groups at t_2. Thus, the outcome on the macro-level at t_2, generated by aggregated individual actions, can be interpreted as collective living circumstances which are also at least influenced by institutionalized and individual social justice conceptions.

The following examination combines the dimensions of distributive justice with the "Dimensions of Living Approach", because they partly overlap. Both integration in the labor market and highest educational standards are part of the dimensions of living, whereas the prevention of poverty and social minimum standards point to the overall concept. Furthermore, the dimensions of distributive justice are extended to the dimensions of health and retirement. These additional dimensions are not derived with reference to *Rawls* as parts of a social justice concept, but are useful dimensions when referring to the "dimensions of living approach" and add further information on social justice preferences.

3.1 Longitudinal Poverty Research

According to the assumptions that in an individualized society also poverty is individualized and contingent over time, it is necessary to utilize adequate methods in the sociological analysis of poverty. Thus, an increasing number of studies are based on longitudinal methods of empirical

analysis (LEISERING, WALKER 1998). The traditional subject of sociological analysis, the individual embedded in his social context, is now expanded to another dimension: time. Especially with the background of a prospective approach to measure living conditions, a longitudinal design should be preferred (VOGES ET AL. 2003): On the basis of a pure prospective design, the information on the individual refer only to the time of the interview; there is no information on the individual history. As a result, the identification of explanans and explanandum and therefore the identification of processes of social exclusion is problematic. Thus, a longitudinal, prospective perspective should be combined with retrospective reconstruction of individual biographies to describe the temporal patterns of living conditions. Studies on poverty using a longitudinal design revealed the temporal pattern of poverty: even in the lower income sector, poverty can be overcome after a short period for a considerable proportion of the poor (BUHR 1995, LEIBFRIED, LEISERING 1995). On the other hand, repeated disruptions in the job or family histories can be observed for other parts of the population. Using a longitudinal design reveals the considerable heterogeneity of poverty. The ECHP combines a prospective longitudinal design with retrospective information on the individual history; the reconstruction of individual life courses becomes possible.

3.2 The Data

The social justice preferences are evaluated on the basis of the ISSP survey. The ISSP (*"International Social Science Project"*) was established in 1983. Since 1985 it carries out annual, cross-sectional surveys covering several topics of interest for the social sciences. For the underlying analysis, the latest survey on "Role of Government" (1996) is used. For Germany, the data contains 2 361 individuals for West and 1 109 individuals for East Germany. For Italy, 1 104 cases are included. The British subsample comprises of 989 persons. Unfortunately, Finland is not included in the ISSP, thus Norway and Sweden are substituted (1 344 individuals). The ISSP allows to identify social justice preferences with reference to the dimensions of distributive justice mentioned in section 2.2 on page 7. It contains questions on whether the state should pay more for the unemployed or for education and allows to evaluate the individual preferences about the responsibility of the state, about etatism and redistribution, and, on the contrary, on preferences for market-based solutions.

The analysis of poverty and deprivation is based on the ECHP. The ECHP (*Euopean Community Household Panel*) is a panel study initiated by *Eurostat*. From 1994 up to 2001, 65 000 households comprising of ca. 150 000 individuals aged 16 and above were interviewed each year. It contains between 12 and 15 countries (depending on the year). It was one of the first attempts to collect panel data on living conditions in Europe in a harmonized way (ex-ante harmonization). The topics of the ECHP include income, components of income, employment, housing and health, but also biographic information as education, job history and others. For the purpose of the study, Germany, Italy, the UK and Finland are selected. Finland joined the ECHP in 1996 for the first time, so both wave 1

and 2 are excluded from the analysis. Germany and the UK decided during the initial course of the ECHP to substitute the original ECHP data with national panel data using an ex-post harmonization strategy. Therefore, compatibility in terms of the availability of variables is sometimes restricted.

The analysis of minimum social standards is based on social assistance data. Due to data protection laws, it is not possible to include all countries in that part of the analysis. Longitudinal social assistance spell data for the UK and for Finland were not accessible at the time of this study. Thus, the UK is excluded completely for this part of the analysis; Finland is substituted by Norway. Only individuals making successfully claims for social assistance for the first time are used. The underlying data basis contains Norwegian register data of social assistance receipients (*FD-Trygd*, see for example DERAKHSHANFAR, SANDNES 2002). The selected subset contains full samples of all successful first-time social assistance claimants in Bergen, Trondheim and Stavanger in 1993. For the preceding year, it can be controlled that none of them had received social assistance. For Bremen, a 10 %-random sample of all first-time claimants of the year 1989 is used. They can be observed up to 60 months after the initial receipt. For the preceding 5-year period, it is controlled that none of them received social assistance. For Bolzano, all individuals who claimed social assistance 1993 and 1994 for the first time are included (a small proportion of those who claimed social assistance in these years, but received it later are also accounted for). The Milan data include recipients of the years 1998 to 1992. It is not known whether they received social assistance the year before or not. For all social assistance data sets, the observation window was set to 48 month after the initial receipt.

4 Results: Conceptions of Distributive Justice and Welfare State Performance

The preferences according to the dimensions of distributive justice mentioned above can be evaluated using the data of the ISSP. To evaluate the preferences about state interventions for education, logit models are used. The questions whether the state should spend more money for education, for health, for the retired and for the unemployed are used. Education and unemployment point directly to both distributive justice conceptions and the “Dimensions of living approach”. The corresponding variables are originally coded on a rating scale. Depending on the answer, it ranges from 1 (”agree strongly”) to 5 (“disagree strongly”). There is an ongoing discussion among methodologists whether these scales could be treated as metric or just ordinal. Obviously, a ranking is implied, but it is not straightforward to accept that the distances between the items are substantially equal. To avoid this problem, binary logit models on the basis of a dichotomous response variable are utilized, in addition to ordinal logit models which can be used with ordinal outcomes. For the first binary model the dependent variable was recoded so it takes value 1 for the statements “agree strongly” and

Table 1: Should the State Spend More Money On – Education

	Binary Logit Model				Ordinal Logit Model			
	Model 1		Model 2		Model 1		Model 2	
National context								
East Germany	0,35**	(0,07)	0,38**	(0,08)	0,39**	(0,07)	0,42**	(0,07)
UK	1,64**	(0,10)	1,64**	(0,10)	1,28**	(0,07)	1,28**	(0,072)
Italy	0,84**	(0,08)	1,03**	(0,10)	0,76**	(0,07)	0,93**	(0,09)
Sweden	0,30**	(0,07)	0,26**	(0,07)	0,29**	(0,07)	0,24**	(0,07)
Norway	-0,01	(0,07)	-0,06	(0,07)	-0,06	(0,06)	-0,11	(0,07)
Erwerbsstatus:								
Employed	–	–	-0,03	(0,04)	–	–	-0,04	(0,04)
Unemployed	–	–	0,21**	(0,07)	–	–	0,22**	(0,06)
Retired	–	–	-0,23**	(0,05)	–	–	-0,23**	(0,04)
Subjective social stratification:								
Lower classes	–	–	-0,02**	(0,01)	–	–	-0,02**	(0,01)
Education:								
ISCED 0–2	–	–	0,02*	(0,01)	–	–	0,02**	(0,01)
Constant	0,05**	(0,04)	0,12**	(0,05)	–	–	–	–
τ_1	–	–	–	–	-4,71	(0,14)	-4,79	(0,14)
τ_2	–	–	–	–	-2,87	(0,06)	-2,95	(0,07)
τ_3	–	–	–	–	-0,09	(0,04)	-0,16	(0,05)
τ_4	–	–	–	–	1,90	(0,05)	1,83	(0,05)
ℓ_0	-5 287.1360		-5 287.1360		-9 409.1402		-9 409.1402	
ℓ_1	-5 065.2445		-5 047.2826		-9 189.9564		-9 168.7098	

Source: ISSP 1996. Recoding for logit model: "'agree"' + "'strongly agree"' = 1, 0 otherwise.
Recoding for ordinal logit model: "strongly agree" = 5, . . . "strongly disagree"=0

"agree", and 0 otherwise. Additionally, an ordinal logit model is calculated: the dependent variable is recoded from the original ISSP data in a way that reverses the original ranking: "agree strongly" equals 5 and "disagree strongly" equals 1.

4.1 Empirical Conceptions of Distributive Justice

Table 1 presents the results whether the state should pay more for education or not. On a first step, only the national context is considered. West and East-Germany are treated separately. Using West-Germany as reference category, it turns out that all countries besides Finland have a positive, significant effect. That means that those countries prefer much more state interventions for education than West-Germans do. Especially for the UK, this is an interesting effect because in a liberal welfare state it could be expected that the population prefers in fact market solutions. For East-Germany, in 1996 this effect may be historically determined: the reunification was only 6 years ago, so the respondents were probably still influenced by the socialistic norms which were inherent in the former GDR. In the case of Sweden, it also could be expected that the respondents prefer more public expenditures. Only Norway has a negative coefficient, but it is not significant.

Table 2: Social Justice Preferences in 5 Countries – Unemployment

	Binary Logit Model				Ordinal Logit Model			
	Model 1		Model 2		Model 1		Model 2	
National Context:								
East Germany	1,14**	(0,08)	1,12**	(0,08)	1,13**	(0,07)	1,09**	(0,07)
UK	0,32**	(0,08)	0,28**	(0,08)	0,11**	(0,07)	0,06	(0,07)
Italy	0,85**	(0,08)	0,89**	(0,10)	0,51**	(0,07)	0,55**	(0,09)
Sweden	0,61**	(0,07)	0,61**	(0,08)	0,47**	(0,07)	0,45**	(0,07)
Norway	-0,50	(0,08)	-0,47**	(0,09)	-0,29	(0,06)	-0,27**	(0,06)
Employment status:								
Employed	–	–	-0,51**	(0,04)	–	–	-0,52**	(0,04)
Unemployed	–	–	0,77**	(0,07)	–	–	0,76**	(0,06)
Retired	–	–	-0,22**	(0,05)	–	–	-0,20**	(0,04)
Subjective Social Stratification:								
Lower Classes	–	–	0,05**	(0,01)	–	–	0,04**	(0,01)
Education:								
ISCED 0–2	–	–	0,01	(0,01)	–	–	0,01	(0,01)
Constant	-0,60**	(0,05)	-0,49**	(0,05)	–	–	–	–
τ_1	–	–	–	–	-3,07	(0,07)	-3,43	(0,07)
τ_2	–	–	–	–	-1,42	(0,04)	-1,78	(0,05)
τ_3	–	–	–	–	0,82	(0,04)	0,51	(0,05)
τ_4	–	–	–	–	2,52	(0,05)	2,25	(0,05)
ℓ_0	-5 137.5974		-5 137.5974		-10 375.126		-10 375.126	
ℓ_1	-4 893.7750		-4 794.0395		-10 157.098		-10 375.126	

Source: ISSP 1996. Recoding for logit model: "'agree"' + "'strongly agree"' = 1, 0 otherwise.
Recoding for ordinal logit model: "strongly agree" = 5, . . . "strongly disagree"=0

Considering additional characteristics of the respondents, like unemployment or education, it turns out that the national effects remain substantially unchanged. The unemployed have a preference towards more state intervention, because in general they would profit from more redistribution. They same effect can be observed for those with educational attainment lower than ISCED 3. For the retired, on the contrary, there is a negative effect because on the basis of rational choice models they won't profit in any way by rising public expenditures for education. Interestingly, also respondents who consider themselves to belong to lower classes have a negative effect, indicating that they prefer other solutions than state interventions.

As a second step, an ordinal logit model is used, with the dependent variable recoded so that the original rating scale is reverted: the answer of the question "Should the state spend ore money on . . . education" are coded as 5 ("agree strongly") and 1 ("disagree strongly"). A positive coefficient again means high preference to state interventions. Substantially, all effects remain the same and are thus comparatively robust.

In the case of unemployment (table 2), we observe similar effects. Again, with West-Germany serving as a reference category and the dependent variable coded as 1 for "agree" and "strongly agree", all countries except Norway have positive coefficients. Again, West-Germany seems to be most liberal if public expenditures for unemployment are concerned. In the case of the UK, it is

again striking that the population of a liberal welfare state does not prefer market solutions; instead, a majority agrees or strongly agrees that the state should pay more. Only Norway has again a negative, but non-significant effect. The East-German preferences are again historically determined, because the survey was conducted a comparatively short period after the unification. Including additional predictors, it is again revealed that the national contexts are robust. The unemployed prefer more state interventions because they belong personally to the group that would profit most; members of lower classes (self-reported) also agree to more public expenditures. The employed and the retired respondents, on the contrary, show significant negative effects, thus they disagree to more redistribution in this respect. All effects remain substantially the same when changing to an ordinal logit model.

Additionally, we examine also the preferences to retirement and health, because the former refers to an important population group included in further analysis, the latter to an important dimension of the "Dimension of Living Approach" (see VOGES ET AL. 2003).

Table 3: Should the State Spend More Money on – Retirement

	Binary Logit Model				Ordinal Logit Model			
	Model 1		Model 2		Model 1		Model 2	
National context								
East Germany	0,61**	(0,07)	0,57**	(0,08)	0,61**	(0,07)	0,57**	(0,07)
UK	1,61**	(0,09)	1,59**	(0,09)	1,35**	(0,07)	1,32**	(0,07)
Italy	0,97**	(0,08)	1,02**	(0,10)	0,75**	(0,07)	0,80**	(0,09)
Sweden	0,50**	(0,07)	0,52**	(0,07)	0,47**	(0,07)	0,49**	(0,07)
Norway	0,51	(0,07)	0,56**	(0,07)	0,42	(0,06)	0,47**	(0,07)
Employment status:								
Employed	–	–	-0,40**	(0,04)	–	–	0,42**	(0,04)
Unemployed	–	–	0,20**	(0,07)	–	–	0,16**	(0,06)
Retired	–	–	0,26**	(0,05)	–	–	0,32**	(0,04)
Subjective social stratification:								
Lower classes	–	–	0,04**	(0,01)	–	–	0,03**	(0,01)
Education:								
ISCED 0–2	–	–	0,01	(0,01)	–	–	0,01	(0,01)
Constant	-0,22**	(0,04)	-0,04	(0,05)	–	–	–	–
τ_1	–	–	–	–	-4,81	(0,16)	-5,04	(0,16)
τ_2	–	–	–	–	-2,91	(0,07)	-3,14	(0,07)
τ_3	–	–	–	–	0,16	(0,04)	-0,03	(0,05)
τ_4	–	–	–	–	2,17	(0,05)	2,02	(0,05)
ℓ_0	-5 348.2203		-5 348.2203		-9 136.0837		-9 136.0837	
ℓ_1	-5 135.2622		-5 059.2507		-9 136.0837		-9 168.7098	

Source: ISSP 1996. Recoding for logit model: "'agree"' + "'strongly agree"' = 1, 0 otherwise.
Recoding for ordinal logit model: "strongly agree" = 5, . . . "strongly disagree"=0

In the case of retirement, the preferences of the respondents in all countries points towards more redistribution, again with West-Germany as a reference category (table 3). As in the preceding model, the effect for UK with the highest coefficient of all countries is surprising, and remains robust also when changing to the ordinal model. The consideration of additional predictors reveals

that this time the retired prefer more state interventions to market solutions. The unemployed and respondents belonging to lower classes share this preference with the retired, because on the long run they would be the beneficiaries as well. On the contrary, the employed have a negative significant coefficient indicating that they in fact do not prefer higher public expenditures, because they would have to fund it either with their social insurance contributions or, in case of pure state interventions, with their taxes.

Table 4: Should the State Spend More Money On – Health

	Binary Logit Model				Ordinal Logit Model			
	Model 1		Model 2		Model 1		Model 2	
National context								
East Germany	0,76**	(0,08)	0,62**	(0,09)	0,76**	(0,07)	0,73**	(0,07)
UK	2,23**	(0,12)	2,38**	(0,13)	1,60**	(0,07)	1,59**	(0,07)
Italy	1,05**	(0,08)	1,38**	(0,09)	0,87**	(0,07)	0,79**	(0,10)
Sweden	1,03**	(0,08)	1,18**	(0,08)	0,82**	(0,07)	0,83**	(0,07)
Norway	1,60**	(0,09)	1,93**	(0,09)	1,02**	(0,06)	1,06**	(0,07)
Erwerbsstatus:								
Employed	–	–	-0,19**	(0,05)	–	–	-0,25**	(0,04)
Unemployed	–	–	0,22**	(0,08)	–	–	0,23**	(0,06)
Retired	–	–	0,08	(0,06)	–	–	0,06	(0,04)
Subjective social stratification:								
Lower classes	–	–	0,54*	(0,01)	–	–	0,02**	(0,01)
Education:								
ISCED 1–2	–	–	-0,67	(0,01)	–	–	-0,01	(0,01)
Constant	0,20**	(0,04)	0,28**	(0,05)	–	–	–	–
τ_1	–	–	–	–	-5,07	(0,19)	-5,21	(0,19)
τ_2	–	–	–	–	-2,76	(0,07)	-2,89	(0,07)
τ_3	–	–	–	–	-0,29	(0,04)	-0,42	(0,05)
τ_4	–	–	–	–	1,77	(0,05)	1,66	(0,05)
ℓ_0	-4 686.3210		-4 686.3210		-9 427.0239		-9 427.0239	
ℓ_1	-4 321.8075		-4 292.8474		-9 140.3830		-9 108.4281	

Source: ISSP 1996. Recoding for logit model: "'agree"' + "'strongly agree"' = 1, 0 otherwise.
Recoding for ordinal logit model: "strongly agree" = 5, . . . "strongly disagree" = 0

Turning to health, again with West-Germany (as the reference category) seems to be most liberal. All other countries, including Norway, have significant positive effects indicating that they prefer redistributive schemes conducted by the state. The unemployed and member of lower classes reveal also positive significant effects. Employed respondents reveal a negative significant coefficient; their preferences point again to other solutions than those based on the state. With the ordinal logit model, all effects remain unchanged.

In sum, it is an interesting result that, with reference to the dimensions of distributive justice and the additional ones of health and retirement, the social justice preferences are not necessarily consistent with the welfare state typologies. This becomes evident especially in the case of the UK, when in all models a significant effect towards more state intervention can be observed. West-Germany seems to be (in 1996) most liberal, where the effects for East-Germany were obviously

historically determined: it was still the heritage of the socialistic state which finds its expression in preferences for more public expenditures. Only Norway has, in two cases, a non significant effect which means that the differences between Norway and West-Germany are comparatively small.

4.2 Welfare State Performance

The first aspect of distributive justice which can be found in the literature is the combat against poverty (MERKEL 2001). Poverty will be defined as 60 % of the median equivalised monthly household income per head. The underlying equivalence scale is the modified OECD equivalence scale which gives a weight of 1 to the head of the household, 0.5 to other adults (aged 14 and over), and 0.3 to minors below 14. Compared with the "original" OECD equivalence scale, it assigns lower weights to additional household members and thus weights down the needs of greater households; with respect to poverty analysis it means that the proportion of those households below the poverty threshold will be lower. But in the literature this scale is assumed to capture the implied economies of scale in the best way.

Table 5: Poverty: 60 %/ median of equivalised monthly household income, all individuals

Country	1996	1997	1998	1999	2000	2001
Finland	12.3	12.3	14.4	14.2	14.6	14.0
E-Germany	9.3	8.0	8.1	8.5	9.7	8.3
W-Germany	11.0	11.2	11.8	10.0	10.9	10.1
Italy	17.4	17.3	16.4	17.6	18.0	16.9
UK	16.3	17.2	17.9	17.3	18.2	15.9

Relative frequencies (%)
Source: ECHP UDB, version April 2004, own calculations

For East- and West-Germany, poverty lines and figures were calculated separately. During the 6-year period under examination, poverty rates clustered around 10 % to 12 % for Finland, East- and West-Germany, whereas in Italy in the UK they are about 16 % to 17 % (see table 5). If we differentiate between our risk groups, the picture changes slightly[3]. Lone mothers in all the observed countries have a higher risk of falling below the poverty line than their counterparts living as couples with children (figure 6). In West-Germany and the UK, lone mothers have the highest risk of falling below the poverty line compared with the other countries. But compared to 2001 (figure 7), the proportion of poor lone mothers decreases for both the UK and West-Germany, whereas in Finland and East-Germany this number increases. The retired in the UK more are more affected by income poverty than all other adults aged 16 and above; but whereas in the UK this proportion remains stable over time, for Italy and Finland this proportion increases. The figures in East-Germany are difficult to interpret because of the low case numbers for 1996. Young adults aged 29 and below have also

[3]due to limitations of space, the analysis of poverty and deprivation with referecne to risk groups is only carried out for the years 1996 and 2001, the start and the end of the period under examination.

a higher poverty risk (with the exception if the UK) in both years. In all countries, individuals with an educational attainment of ISCED 2 or less[4] are, as expected, more affected by income poverty than those with ISCED 3 or higher. This proportion increases over time at least to a slight extend.

Table 6: Income Poverty and Population Groups – 1996

	Finland	Germany		Italy	United Kingdom
		West	East		
Lone mother	18.0	41.6	[31.0]	25.5	41.5
Couple: father	8.2	9.0	8.0	19.6	15.0
Couple: mother	8.2	8.8	8.0	19.5	16.3
Retired	10.3	10.6	[8.2]	14.7	26.6
Other adults (16+)	13.0	11.1	9.8	18.5	12.7
Young adults	21.8	13.4	11.5	23.6	16.1
Other adults (30+)	9.7	10.4	8.8	15.4	16.4
Ill/disabled	15.0	18.0	10.6	28.4	21.8
Other adults (18+)	12.8	10.9	9.6	17.8	11.9
Education $<$ ISCED 3	15.2	17.1	18.1	20.9	21.3
Education $\geq$ ISCED 3	10.5	8.4	7.4	9.0	8.9
Unemployed	31.1	38.7	24.6	46.0	48.6
Employed	3.1	5.8	5.2	9.3	4.6

Relative frequencies (%), square brackets = less than 30 cases
Source: ECHP UDB, version April 2004, own calculations

On a multivariate basis, using logit models with being poor or not as the dependent variable, the national contexts, the risk groups and other demographic factors are included as explanatory factors. With West-Germany serving as the reference category for the national context, it turns out that East-Germany has a significantly negative effect on the poverty risk, where the UK and Italy have positive significant coefficients (for wave 3). In other word, the regional context of East-Germany points to a lower poverty risk (referring to two, separately calculated poverty lines), whereas in Italy and the UK it indicates a higher risk. Finland is substantially not different from West-Germany in terms of poverty risks. When controlling for other demographic factors, the effect for East-Germany vanishes; all the risk groups have a higher risk of impoverishment.

If we calculate models for each country separately, we observe in Italy positive significant effects, meaning a high poverty risk, for all risk groups besides the retired. In Finland, on the contrary, there is no significant effect neither for lone mothers nor the retired. Being married decreases the poverty risk. In Germany, with West-Germany as reference group, we observe a negative effect for the east, indicating a lower poverty risk. The elderly have a non-significant negative effect, whereas the retired have a higher risk of impoverishment (although pensions in Germany are considered to

[4]ISCED=International Standard of Education 1976 (the later version of 1997 was not used in the ECHP); ISECD 0–2= lower secondary education or less.

Table 7: Income Poverty and Population Groups – 2001

	Finland	Germany		Italy	United Kingdom
		West	East		
Lone mother	25.7	33.0	38.8	23.1	37.6
Couple: father	9.1	9.6	9.3	17.7	13.3
Couple: mother	9.2	9.8	9.3	17.7	12.2
Retired	15.4	10.4	4.9	15.6	26.4
Other adults (16+)	13.5	10.0	9.8	17.5	12.0
Young adults	21.9	17.5	13.3	22.2	13.9
Other adults (30+)	12.0	8.7	7.3	15.5	16.4
Ill/disabled	22.8	15.8	13.3	26.9	19.6
Other adults (18+)	13.2	10.0	9.6	17.0	11.3
Education $<$ ISCED 3	19.0	17.8	20.0	21.4	23.8
Education $\geq$ ISCED 3	11.6	6.8	6.7	10.8	9.5
Unemployed	44.7	29.2	23.6	50.5	41.7
Employed	5.7	6.2	4.7	8.8	4.5

Relative frequencies (%)
Source: ECHP UDB, version April 2004, own calculations

Table 8: Determinants of Poverty in 4 Countries

	2001							
	Italy		Finland		Germany		UK	
National Context:								
East Germany	–		–		-0.19*	(0.09)	–	
Risk group:								
Unemployed	1.72**	(0.08)	1.57**	(0.15)	1.71**	(0.11)	1.96**	(0.16)
Retired	0.11	(0.09)	0.27	(0.19)	0.70**	(0.13)	1.10**	(0.14)
Lone mothers	0.56*	(0.22)	0.43	(0.27)	1.29**	(0.17)	0.76**	(0.17)
ISCED $\leq$ 2	1.06**	(0.05)	0.25*	(0.10)	1.07**	(0.08)	0.70**	(0.07)
Socio-economic context:								
HH size^a $\geq$ 4	0.68**	(0.05)	0.25	(0.17)	0.48**	(0.10)	-0.42**	(0.14)
No. of children	0.50**	(0.03)	0.21**	(0.04)	0.33**	(0.04)	0.45**	(0.04)
Married	-0.07	(0.06)	-0.17**	(0.11)	-0.18	(0.10)	-0.35**	(0.09)
Divorced	-0.05	(0.21)	-0.17	(0.20)	0.83**	(0.15)	0.35*	(0.14)
Age $\leq$ 29	0.33**	(0.07)	1.27**	(0.11)	0.61**	(0.11)	0.52**	(0.10)
Age $\geq$ 65	0.05	(0.10)	0.14	(0.21)	-0.27	(0.25)	0.51*	(0.14)
Sick/disabled	0.39**	(0.11)	0.41*	(0.17)	0.43**	(0.11)	-0.02	(0.10)
Constant	-2.91**	(0.08)	-2.27**	(0.12)	-3.40**	(0.12)	-2.92**	(0.11)
Observations	13 329		5 118		10 358		8 025	
ℓ_0	-6 404.0502		-1 986.3669		-3 199.7894		-3 223.4011	
ℓ_1	-5 726.1097		-1 766.3199		-2 792.0877		-2 844.8259	
-2ℓ	1 355.88**		440.09**		815.40**		757.15**	

Source: ECHP UDB, version April 2004, own calculations. Significance: **:p<0.01; *:p<0.05; standard error in parentheses

be relatively generous). Lone parents and those with low educational attainment are also at a higher risk. Also in the UK, the risk groups reveal positive significant effects.

Table 9: Education: education less than second stage of second level (≤ ISCED 2), all individuals

Country	1996	1997	1998	1999	2000	2001
Finland	39.0	39.5	37.1	35.6	31.9	32.1
E-Germany	16.8	17.6	15.4	14.7	12.8	12.0
W-Germany	28.3	29.5	28.1	28.5	22.9	29.3
Italy	62.0	61.9	60.0	59.5	58.9	57.8
UK	59.2	58.6	41.4	40.6	46.7	44.7

Relative frequencies (%)
Source: ECHP UDB, version April 2004, own calculations

Changing to educational attainment (table 9), it must be noted that the education variable of the ECHP (*pt022*) is sometimes questioned in the academic community[5]. Especially the distribution of the different ISCED levels raises discussions about the quality of *pt022*. The ECHP provides the ISCED levels of 1976: in the following, less than ISCED 3 (less than second stage of second level education) is defined as deprivation in educational attainment. We can observe high proportions of low educational attainment in Italy and the UK, with sometimes more than 50 %. This proportion decreases, in the case of the UK dramatically to about 40 % in 1999. West-Germany and Finland cluster around 30 to 40 %, with East Germany having lowest proportions (about 15 %). If we examine the distribution of low educational attainment within risk groups (to see where we could expect cumulative disadvantage, table 10), it is not surprising that the unemployed are most affected. Only in East Germany the differences between employed and unemployed with respect to low educational attainment are comparatively small. Also the older population reveals higher proportions of those with ISCED 2 or lower. These distribution does not substantially change between 1996 and 2001 (table 11).

Table 10: Educational Attainment (≤ ISCED 2) and Population Groups – 1996

	Finland	Germany		Italy	United Kingdom
		West	East		
Lone mother	30.5	26.1	1.4	41.3	65.5
Couple: father	23.1	15.2	2.3	52.4	42.9
Couple: mother	15.4	21.9	4.3	52.7	57.2
Retired	67.1	36.6	23.6	83.9	76.9
Other adults (16+)	25.2	13.6	13.0	54.9	53.1
Young adults	30.3	43.1	39.7	52.2	50.5
Other adults (30+)	41.4	25.1	11.6	65.3	61.5
Unemployed	40.8	38.5	13.9	57.5	66.8
Employed	21.6	20.3	10.0	45.1	48.2

[5] see queries No. 22, 28, 43 and 46 on http://epunet.essex.ac.uk/services_queries.php

Table 11: Educational attainment and Population Groups – 2001

	Finland	Germany		Italy	United Kingdom
		West	East		
Lone mother	12.3	20.9	14.8	36.8	43.2
Couple: father	16.2	16.4	4.7	48.9	26.3
Couple: mother	8.9	21.9	1.8	44.0	37.3
Retired	60.6	40.9	14.2	84.7	71.9
Other adults (16+)	22.1	24.5	11.1	46.9	34.5
Young adults	24.7	41.5	36.1	36.6	24.3
Other adults (30+)	33.9	26.9	7.2	63.5	49.2
Ill/disabled	47.2	38.3	9.1	78.2	50.6
Other adults (16+)	21.0	23.2	22.1	47.8	32.6
Unemployed	35.0	31.6	10.1	44.5	45.1
Employed	16.9	20.1	8.1	39.4	29.9

The third aspect of distributional justice refers to the inclusion in the labor market. In the following analysis, unemployment cannot be defined similar to the official ILO-definition, because in the British ECHP-clone the appropriate variable codes “economically inactive”, “discouraged workers” and “unemployed” togehter in one value. Instead, the self-reported main activity status of the respondent is used. This can lead to apparent inconsistencies in the results. The reference group is made up by all individuals in workforce (all economically inactive person, students, pupils, the retired etc., but also the self-employed, are excluded).

Table 12: Main activity status: unemployed, all individuals in work-force

Country	1996	1997	1998	1999	2000	2001
Finland	19.8	18.1	13.2	12.1	11.3	9.7
E-Germany	18.1	19.9	23.4	18.5	18.0	20.6
W-Germany	9.6	10.3	9.9	8.9	7.9	8.0
Italy	18.3	18.6	18.0	17.6	15.9	15.2
UK	7.3	6.1	5.3	4.7	5.3	4.4

We can observe comparatively low unemployment rates in the UK and West-Germany. In the UK, unemployment rates decrease across the waves to less that 5 %. Also in Finland, Italy and West-Germany unemployment rates decrease across waves. Only in East-Germany there is a slight increase. If we compare the distribution of unemployment among population groups, it is not surprising that in all countries those individuals with an educational attainment less that ISCED 3 are more affected by unemployment than their better educated counterparts. Also lone mothers reveal in all countries higher unemployment rates, surprisingly also in Finland. Young adults have also a higher poverty risk in all countries except Germany (which is consistent with findings in prior studies). The health status plays also an important role, those with constricted health have also higher

rates of unemployment. For West-Germany, lone mothers have lower unemployment rates in 2001 with respect to their female counterparts living as couples with at least one dependent children. For the other groups, the proportions change only slightly over time.

Table 13: Unemployment and Population Groups – 1996

	Finland	Germany		Italy	United Kingdom
		West	East		
Lone mother	23.9	17.4	20.5	10.4	10.6
Couple: father	11.5	5.3	9.8	5.1	9.1
Couple: mother	17.0	10.1	22.4	7.9	2.3
Young adults	28.0	7.6	13.4	38.5	10.0
Other adults (30+)	17.7	10.2	19.6	8.7	6.2
Ill/disabled	33.2	24.9	36.2	31.3	18.7
Other adults (18+)	19.6	8.7	17.3	18.2	6.7
Education $<$ ISCED 3	31.8	16.8	23.8	21.8	9.8
Education $\geq$ ISCED 3	15.8	7.6	17.6	14.5	4.8

Table 14: Unemployment and Population Groups – 2001

	Finland	Germany		Italy	United Kingdom
		West	East		
Lone mother	13.9	6.0	37.0	10.7	7.5
Couple: father	3.9	3.3	19.0	3.8	3.0
Couple: mother	4.3	9.0	16.0	7.4	2.1
Young adults	9.7	6.7	16.5	31.1	7.8
Other adults (30+)	9.7	8.3	21.5	9.0	3.1
Ill/disabled	9.6	28.9	35.8	18.1	9.2
Other adults (18+)	9.8	6.6	19.3	15.2	4.1
Education $<$ ISCED 3	18.2	12.0	24.5	16.8	6.0
Education $\geq$ ISCED 3	7.8	6.9	20.2	14.1	6.0

Of we change to a logit model model (table 15), we observe that being a lone mother has no significant effect in Italy. This can be observed also in the other countries. On the contrary, those individuals with low educational attainment have a significant higher risk which could be expected. Young adults have no significant effect in Germany and Finland. Household size is significant in Italy and the UK, indicating that with rising household size problems can accumulate.

Logit models can not only be used for the analysis of cross-sectional data, but also for the analysis of longitudinal panel data (VOGES, JÜRGENS 2003, VOGES ET AL. 2003). In a fixed effects model, the discrete outcome is observed for all the successive waves, which takes the history of the process into account. One aspect of conditional logit models is that only time-varying covariates can

Table 15: Determinants of Unemployment

	2001							
	Italy		Finland		Germany		UK	
National Context:								
East Germany	–		–		1,14**	(0,09)	–	
Risk group:								
Lone mothers	0,39	(0,29)	0,07	(0,41)	0,22	(0,26)	0,36	(0,33)
ISCED ≤ 2	0,36**	(0,08)	0,90**	(0,15)	0,70**	(0,11)	0,55**	(0,15)
Socio-economic context:								
HH size$^a \geq 4$	0,32**	(0,08)	0,15	(0,29)	-0,17	(0,14)	0,53**	(0,19)
No. of children	0,14*	(0,06)	-0,13	(0,07)	-0,04	(0,05)	0,08	(0,07)
Married	-1,15**	(0,10)	-0,58**	(0,17)	0,14	(0,14)	-0,60**	(0,19)
Divorced	-0,66*	(0,28)	-0,03	(0,26)	0,59**	(0,21)	-0,06	(0,33)
Age ≤ 29	0,91**	(0,09)	0,05	(0,16)	-0,07	(0,13)	0,82**	(0,18)
Sick/disabled	0,83*	(0,34)	0,29	(0,37)	1,38**	(0,15)	1,21**	(0,22)
Constant	-1,74**	(0,05)	-2,02**	(0,17)	-2,95**	(0,15)	-3,49**	(0,22)
Observations	5 536		2 879		6 048		4 585	
ℓ_0	-2 522.0094		-884.5606		-1 986.2389		-825.1037	
ℓ_1	-2 202.8719		-851.7107		-1 861.3074		-770.0088	
-2ℓ	638.27**		65.70**		249.86**		110.19**	

Source: ECHP UDB, version April 2004, own calculations. Significance: **:p<0.01; *:p<0.05; standard error in parentheses

be taken into account. That means, they do not only have in theory to be time-varying; in fact, there must be a considerable amount of variation within the predictors to be included into the model[6]. As a result, time-invariant predictors like gender cannot be included into the model.

Using this dynamic approach (table 16, page 23), we can observe that in West-Germany young adults have a significant higher risk of being affected by poverty than their counterparts in East-Germany, because in the East the labor market offers more work opportunities for young adults (during the period of examination, the nineties). This seems to be case also in the other countries besides the UK. For the remaining countries, this is consistent with the assumption that young adults are a comparatively heterogeneous group which has not *per se* a higher poverty risk (HRADIL 2001). For West-Germany, the findings are consistent with other studies where the poverty rates for young adults for Germany were above the average (VOGES ET AL. 2003): Especially if it is controlled whether young adults have an own household or not, it turns out that those with an own household are at higher risk of falling below the poverty line.

[6]The estimator is based on the conditional likelihood; and it is one consequence that unit-specific effects con only be estimated in the absence of concordance within the predictors and the outcome variables (that means, they must vary across the waves). This could imply a loss of observations which then, in turn, can lead to decreased efficiency and biased parameter estimates.

Table 16: Determinants of poverty – Conditional Logit Model

	W-Germany		E-Germany		Italy		Finland		UK	
Age ≤ 29	0.7903**	(0.2002)	0.2494	(0.3210)	0.0235	(0.1141)	0.2262	(0.2275)	0.3917*	(0.1686)
Marriage	-0.6218**	(0.2149)	0.4332	(0.4007)	-0.3034*	(0.1331)	-0.4809**	(0.1787)	0.1297	(0.1727)
Divorce	-0.1987	(0.3211)	1.0908*	(0.5294)	0.1316	(0.3486)	0.8241*	(0.3326)	0.0881	(0.2326)
Retired	1.1578**	(0.2615)	0.1848	(0.4246)	0.5020*	(0.2003)	-0.1000	(0.3354)	1.7137**	(0.2527)
No. of kids	-0.0774	(0.0712)	0.2504	(0.1375)	0.5215**	(0.0550)	-0.1601	(0.0839)	0.5269**	(0.0649)
Lone mother	1.4995**	(0.3102)	1.2189*	(0.4753)	0.6701*	(0.2631)	0.1000	(0.3497)	1.3645**	(0.1968)
Unemployed	1.3866**	(0.1258)	1.1851**	(0.1578)	1.0819**	(0.0735)	1.4511**	(0.1592)	1.3787**	(0.1341)
ISCED ≤ 2	-0.0438	(0.1313)	-0.2319	(0.2918)	0.0667	(0.0879)	-0.8512**	(0.1644)	0.0067	(0.1007)
HHSize ≥ 4	-0.4946**	(0.1363)	0.1586	(0.2390)	0.6879**	(0.0800)	-0.4639*	(0.1807)	-0.1914	(0.1509)
Sick/disabled	0.0017	(0.1620)	0.0954	(0.2708)	0.5962**	(0.1858)	0.1090	(0.2213)	-0.0957	(0.1473)
Observations	4 318		1 638		7 487		2 460		4 401	
ℓ_0	-2 054.1017		-781.9622		-5 421.3444		-1 416.2810		-2 787.5273	
ℓ_1	-1 941.0557		-738.1632		-5 213.8958		-1 331.2960		-2 642.5438	
-2ℓ	226.092**		87.598**		414.897**		169.970**		289.967**	

Source: ECHP UDB Version April 2004; Waves 3–8; own calculations

The family status plays an important role. Marriage decreases the the risk significantly in West-Germany and Italy, pointing to the familialistic context of the conservative welfare state. Surprisingly, also in Finland this effect can be observed. Furthermore, divorce reveals in Finland a positive effect. In Finland, the individual model in the social security system should liberate woman from the male breadwinner, but it seems that the Scandinavian welfare state is not completely free of familialistic effects.

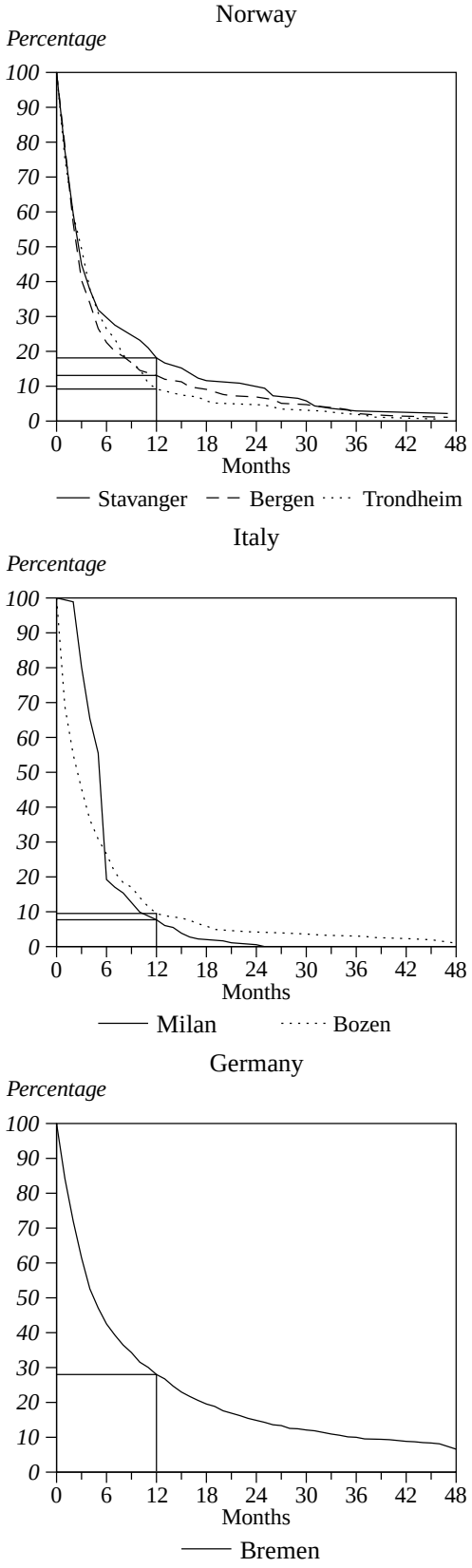
For the retired, the results are not that consistent across countries. There are higher poverty risks in Italy and the UK, which could be expected. For Germany, a higher poverty risk for the retired can be observed. This is not always in line with prior studies: Because the underlying analysis for Germany makes use of the GSOEP-based ECHP "clone", the result is consistent with further findings based on the GSOEP where it turned out that the retired were more affected by income poverty (VOGES ET AL. 2003). On the other hand, in the same study on the basis of alternative databases, the retired in Germany experienced lesser poverty. The higher risk of the retired in West-Germany is contrary to some prior findings and needs further explanations.

The number of kids reveal only in Italy and the UK higher poverty risks. As expected, lone mothers have a higher risk of falling below the poverty line in each country except Finland. The positive, significant effect of the unemployed is in fact observable in all the countries under study: that means that unemployment benefits have not the expected protecting effect. For the sick, no effect can be reported except in Italy.

The last aspect under study is the granting of minimum social standards. For this dimension, social assistance dynamics will be examined. Social assistance is also another aspect of poverty research, even though this approach has a number of shortcomings especially if we want to compare social assistance dynamics across countries. But it can make sense to look at social assistance dynamics if we are very modest in our interpretations. It may not be suitable to generalize from local social assistance patterns without considering that there can be considerably local differences within a country. On the other hand, social assistance is one of the most important means of the welfare state to combat poverty and to offer minimum social standards (LEIBFRIED, LEISERING 1995). Because of the restricted availability of social assistance data, the UK has to be excluded. Also Finland has to be substituted by Norway which also represents a Scandinavian, social-democratic welfare state: Bergen, Stavanger and Trondheim will be included in the analysis as examples for Norwegian cities. For Italy, Bolzano and Milan will be used, Bremen for Germany.

On a descriptive level, we use Product-Limit Estimations for each city (see figure 1 on page 25). This methods sorts the episodes according to their length and relates the events to the proportion of the population still at risk to have this event at that given point in time. Censored observations are considered to be observable up to and including the observed ending time of the episode (BLOSSFELD, ROHWER 1995).

Figure 1: Duration of Social Assistance Receipt in 6 European Cities



In the Norwegian cities between 9 to 19 % receive social assistance for longer than 12 months. In Milan and Bolzano, between 8 to 10 % receive social assistance for more than a year, but the reasons for this pattern are in Milan different from the scandinavian case: the budget principle on which the funding for social assistance is based constrains the access to social assistance (VOGES, KAZEPOV 1998), even if a comparatively dynamic labor market also facilitates the termination of social assistance receipt. In Bremen, more than 28 % are still on their first cash episode 12 month after they have started the receipt initially.

From the point of view of social justice theory, this is a considerable burden: the scandinavian welfare state realizes a better inclusion in the labor market, whereas this is not the case for Germany and some regions in Italy (e.g. Milan).

Table 17: Determinants of Exiting Social Assistance

Determinants	Coefficients							
	All		Norway		Italy		Germany	
0– 6 month	-1.9191**	(0.0794)	-1.4626**	(0.0870)	-1.7073**	(0.1134)	-1.6374**	(0.1464)
6–12 month	-1.8769**	(0.0897)	-1.8953**	(0.1130)	-0.7132**	(0.1214)	-2.0379**	(0.1888)
12–18 month	-2.4522**	(0.1139)	-2.2623**	(0.1512)	-1.5234**	(0.1940)	-2.2178**	(0.2264)
18–24 month	-3.0328**	(0.1608)	-2.9993**	(0.2331)	-2.0031**	(0.3197)	-2.4986**	(0.2817)
24–36 month	-2.7851**	(0.1365)	-2.2026**	(0.1660)	-2.6455**	(0.3993)	-2.7957**	(0.2804)
36–48 month	-2.7029	(0.1735)	-1.9496**	(0.2389)	-2.0944**	(0.3806)	-2.8862**	(0.3315)
Bergen	0.4293**	(0.0761)	0.0126	(0.0743)	–		–	
Stavanger	0.3311**	(0.0817)	–		–		–	
Trondheim	0.4316**	(0.0822)	0.0447	(0.806)	–		–	
Milan	0.3508**	(0.0905)	–		-0.2759*	(0.1081)	–	
Bozen	0.5285**	(0.0852)	–		–		–	
Female	-0.1161*	(0.0480)	-0.0237	(0.0633)	-0.1054	(0.1017)	-0.3274*	(0.1456)
Nat	-0.4565**	(0.0637)	-0.7071**	(0.0961)	0.0988	(0.1238)	-0.4364**	(0.1297)
Age ≤ 25	0.0654	(0.0507)	0.1233*	(0.0637)	0.0144	(0.1372)	-0.0952	(0.1207)
Age ≥ 55	-0.2023*	(0.0965)	0.2328**	(0.1592)	-0.4040**	(0.1362)	-0.4612	(0.2801)
HHsize ≤ 2	-0.1524**	(0.0496)	-0.1858**	(0.0657)	-0.3166**	(0.1026)	-0.0317	(0.1285)
HHsize ≥ 5	-0.0197	(0.0803)	0.0504	(0.1063)	-0.0930	(0.1491)	-0.1452	(0.2368)
Lone Mother	-0.1107	(0.0760)	-0.3088*	(0.1578)	0.0180	(0.1019)	-0.3027	(0.2397)
Children	-0.0207	(0.0547)	-0.0500	(0.0866)	0.2962**	(0.0981)	-0.2117	(0.1802)
Observations	1 949		587		487		875	
ℓ_0	-6 237.4835		-3 301.1458		-1 818.0523		-1 058.4487	
ℓ_1	-6 014.0466		-3 151.2984		-1 733.1233		-1 013.0087	
-2ℓ	446.8738**		299.6948**		169.858**		90.88**	

From the literature, we know the effect of falling hazard rates over time when examining temporal social assistance patterns (BUHR 1995). To take this effect into account in the most flexible way, a piecewise constant exponential model is used which divides the time-axis into several time intervals. Within these intervals the hazard rate is constant, but between them it can vary (see BLOSSFELD, ROHWER 1995). The dependent variable in this model is the hazard rate, which is

(in case of continuous time) the propensity to have an event at t_i under the condition that no event occurred prior to t_i. The event is defined as leaving social assistance, so a positive coefficient indicates a higher propensity to leave social assistance, whereas a negative one indicates a higher risk of staying longer on cash benefits.

Obviously, the popular assumption that generous social assistance schemes lead to long durations on social assistance cannot be hold (see table 17): the Scandinavian cities have a significantly higher propensity to terminate social assistance receipt with reference to a conservative model. The thesis of a welfarization-effect as a result of generous social assistance programme can not be confirmed. Instead, better economic conditions and more efficient support lead to shorter spells of social assistance receipt. In addition, also in Milan and Bolzano a higher propensity to stop social assistance can be observed. In case of Milan, this is again much more the outcome of budgetary constraints and the restrictive criteria for entitlement: both create a picture of lower dependency on social assistance, but it is the outcome of a categorical, budget-funded system of social assistance. In Bolzano instead, recipients benefit from the very good economic conditions in the region of *Alto Adige*.

The propensity to leave social assistance is not only determined by the generosity of a local welfare regime, but also by individual characteristics. Unfortunately, the data sets differ to a considerable amount with reference to the information they contain on demographic characteristics. As risk groups, lone mothers and young adults are included. The retired are excluded in most data-sets. Sick or disabled recipients cannot be universally identified and are also not part of the analysis. It turns out that, surprisingly, only in Norway lone mothers have a lower chance of terminating social assistance. In Bremen, no effect for lone mothers can be observed. Instead, gender itself has a negative effect on the propensity to leave social assistance. In the Italian cities, no significant effect can be observed, neither for lone mothers nor for females. For non-nationals, there are also negative effects in the Norwegian and German cities under study.

5 Summary

In the underlying study, social justice preferences with reference mainly to distributive justice were evaluated using the ISSP data. It turned out that some of the empirical social justice preferences must not necessarily correspond to welfare state types. With reference to social justice preferences, it turns out that the most liberal attitudes are pointed out by the West-German population. The only exception is Norway for the dimensions education, retirement and unemployment where there is no significant difference to West-Germany. In a second step, descriptive and multivariate analysis of the welfare state performance on a regional level using social assistance data and on a

national level on the basis of the ECHP were used. In sum, when looking at the whole population, without differentiating between population groups, it is evident that both the liberal and the conservative-familialistic model do not succeed in combating income poverty to the same extent like the conservative-corporatistic and especially the scandinavian model. But when we distinguish between different sub-groups within the population, the figures vary to some extent across the countries. Lone mothers are, with reference to their counterparts in the other welfare models, in the conservative-familialistic welfare state less affected by income poverty; in fact, there are only small differences between lone mothers and couples. In the conservative-corporatistic model, lone mothers are to a high extent affected by income poverty, whereas couples on the contrary have a lower risk of falling below the poverty line. This is especially true for East Germany. In the UK, lone mothers have the highest risk of falling below the poverty line. But British couples have the same poverty risk as their German counterparts, which is considerably lower than in the "latin rim" state. The retired are in the conservative welfare state (both Italy and Germany) less affected by income poverty than all other adults. In the liberal welfare model, the retired have the highest poverty risk regarding the other welfare states, and it exceeds also the poverty risk of all other British adults.

If we look at the social minimum standards, it turns out that the propensity to leave social assistance is quite heterogeneous. The short duration of social assistance spells is the expected result of the restrictions imposed by a budget-based funding, categorical measures and thus more an administrative outcome, although there are also effects of a considerable dynamic labor market. In the Scandinavian and Italian cities, most recipients have left social assistance before the end of the observation window, whereas in Bremen more than 5 % stay on cash benefits for more than 48 month. Because in the Scandinavian cities, social assistance is granted in a most generous way, longest durations of social assistance receipt could be expected. Instead, the shorter duration compared to Bremen points to a more effective welfare instrument of the Norwegian welfare state, but also to better economic conditions. Especially the active employment policy have a positive impact on the durations of social assistance spells. Furthermore, different family models in included in the welfare systems (male-breadwinner model in Italy and Germany, individual model in Norway) lead to gender-specific distributed chances to terminate social assistance receipt: female recipients have obviously lower chances to terminate the receipt.

The preliminary results suggest that the Scandinavian model is the most successful in combating poverty and providing minimum social security standards. Thus, it comes closest to the corresponding social justice conceptions. The performances of both the *latin rim* model and the conservative model vary considerably with reference to regional differences within the countries, e. g. between East and West Germany. Therefore they are only partly more successful in combating poverty than the liberal state; moreover, when considering other dimensions of distributive justice as labor market participation it becomes evident that their welfare state performance can be even worse.

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