

Biegert, Thomas

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Welfare Benefits and Unemployment in Affluent Democracies: The Moderating Role of the Institutional Insider/Outsider Divide

Thomas Biegert

WZB Berlin Social Science Center

Part A: Descriptives, Stylized Regimes, Lagged Effects

Table A1. Macro-level Variables by Country (mean \bar{x} , within standard deviation w-sd, number of years with change compared to previous year N Δ)

	Unemp. Benefits (UB)			Min. Inc. Ben. (MIB)			EPL (permanent)			EPL (temporary)		
	\bar{x}	w-sd	N Δ	\bar{x}	w-sd	N Δ	\bar{x}	w-sd	N Δ	\bar{x}	w-sd	N Δ
AT	.63	.016	4	.42	.012	14	2.57	.197	1	1.31	.000	0
BE	.61	.015	11	.34	.012	17	1.79	.024	1	3.13	1.091	1
CH	.77	.004	4	.53	.039	13	1.60	.000	0	1.13	.000	0
CZ	.48	.011	3	.46	.069	11	3.24	.115	1	.76	.322	1
DE	.66	.005	5	.53	.013	17	2.73	.104	2	2.00	.898	5
DK	.63	.038	15	.55	.034	17	2.14	.018	1	1.38	.000	0
EE	.49	.009	5	.24	.023	6	2.74	.000	0	1.88	.000	0
ES	.62	.028	12	.21	.012	17	2.56	.457	1	3.29	.231	2
FI	.63	.032	12	.55	.035	14	2.25	.105	2	1.50	.129	1
FR	.69	.014	10	.34	.011	16	2.39	.061	2	3.63	.000	0
HU	.46	.039	9	.24	.051	10	2.00	.000	0	.90	.261	1
IE	.46	.036	16	.39	.039	16	1.40	.073	1	.382	.185	1
IT	.49	.124	13	.45	.051	17	2.76	.000	0	3.26	1.22	4
NL	.73	.027	10	.42	.008	13	2.87	.024	2	1.03	.186	1
NO	.69	.004	6	.59	.063	13	2.33	.000	0	2.96	.183	3
PT	.78	.011	5	.35	.027	13	4.51	.086	1	2.66	.370	3
SE	.73	.052	14	.53	.059	14	2.65	.067	3	1.40	.265	2
SI	.65	.005	3	.40	.015	5	2.65	.000	0	1.81	.000	0
SK	.59	.038	7	.44	.108	11	2.33	.125	2	1.17	.411	2
UK	.34	.032	12	.36	.009	16	1.13	.085	1	.30	.063	1
US	.57	.014	5	.19	.025	17	.26	.000	0	.25	.000	0
TOTAL	.60	.038	181	.41	.039	287	2.25	.130	21	1.76	.472	28

Table A1. continued

	EPL Ratio			Unionization			Centralization			UB X EPL Ratio		
	\bar{x}	w-sd	N Δ	\bar{x}	w-sd	N Δ	\bar{x}	w-sd	N Δ	\bar{x}	w-sd	N Δ
AT	1.96	.150	1	.35	.040	14	.92	.042	9	1.23	.118	5
BE	.63	.183	2	.53	.020	17	.45	.004	17	.39	.109	12
CH	1.42	.000	0	.20	.015	13	.30	.042	13	1.09	.006	4
CZ	5.02	1.962	2	.22	.049	11	.26	.009	11	2.39	.915	4
DE	1.72	.877	6	.25	.044	17	.46	.036	17	1.13	.575	9
DK	1.56	.013	1	.74	.032	17	.48	.028	17	.99	.066	15
EE	1.46	.000	0	.09	.020	4	.34	.013	2	.71	.013	5
ES	.77	.083	2	.16	.010	17	.35	.017	17	.48	.072	13
FI	1.52	.215	3	.74	.042	14	.39	.006	14	.96	.185	13
FR	.66	.017	2	.08	.005	16	.21	.002	16	.45	.018	11
HU	2.43	.744	1	.18	.025	9	.23	.011	5	1.13	.424	9
IE	4.47	1.788	2	.40	.072	16	.51	.030	16	2.04	.817	16
IT	.97	.363	4	.35	.021	17	.36	.018	17	.51	.292	14

NL	2.86	.429	2	.22	.017	13	.57	.018	12	2.08	.283	12
NO	.79	.049	3	.55	.008	13	.52	.016	13	.55	.035	7
PT	1.73	.250	3	.22	.017	13	.34	.004	5	1.34	.183	7
SE	1.98	.506	4	.78	.054	14	.52	.007	14	1.42	.250	14
SI	1.46	.000	0	.33	.067	4	.33	.004	1	.96	.007	3
SK	2.30	.939	3	.26	.066	11	.50	.004	10	1.37	.598	8
UK	3.86	.623	2	.31	.041	16	.10	.007	10	1.30	.258	13
US	1.03	.000	0	.13	.012	17	.16	.023	5	.59	.014	5
TOTAL	1.90	.672	43	.35	.035	283	.40	.021	241	1.08	.348	199

Table A1. continued

	UB X Union.			UB X Cent.			UB X Union. X Cent.			MIB X EPL Ratio		
	\bar{x}	w-sd	N Δ	\bar{x}	w-sd	N Δ	\bar{x}	w-sd	N Δ	\bar{x}	w-sd	N Δ
AT	.22	.029	14	.58	.039	11	.20	.033	14	.83	.083	14
BE	.33	.017	17	.28	.006	17	.15	.007	17	.21	.057	17
CH	.15	.012	13	.24	.032	13	.05	.004	13	.75	.055	13
CZ	.11	.023	11	.12	.004	11	.03	.007	11	2.42	1.176	11
DE	.16	.029	17	.30	.024	17	.07	.009	17	.91	.478	17
DK	.47	.047	17	.31	.035	17	.23	.035	17	.86	.055	17
EE	.05	.010	6	.16	.007	5	.02	.003	6	.35	.034	6
ES	.10	.010	17	.22	.009	17	.03	.002	17	.16	.024	17
FI	.47	.050	14	.25	.011	14	.18	.018	14	.84	.174	14
FR	.06	.003	16	.14	.004	16	.01	.001	16	.22	.005	16
HU	.09	.019	10	.11	.008	10	.02	.004	10	.56	.142	10
IE	.18	.043	16	.23	.013	16	.09	.016	16	1.68	.615	16
IT	.17	.036	17	.17	.039	17	.06	.011	17	.45	.211	17
NL	.16	.018	13	.41	.016	13	.09	.009	13	1.20	.173	13
NO	.38	.006	13	.36	.012	13	.20	.009	13	.47	.052	13
PT	.17	.015	13	.26	.003	8	.06	.005	13	.61	.133	13
SE	.57	.073	14	.38	.029	14	.29	.039	14	1.05	.217	14
SI	.21	.042	5	.21	.003	4	.07	.014	5	.58	.022	5
SK	.15	.040	11	.30	.020	11	.08	.020	11	.96	.274	11
UK	.10	.010	16	.03	.004	13	.01	.001	16	1.41	.231	16
US	.07	.009	17	.09	.012	7	.01	.001	17	.19	.026	17
TOTAL	.21	.030	287	.25	.020	264	.10	.016	287	.79	.312	287

Table A1. continued

	MIB X Union.			MIB X Cent.			MIB X Union. X Cent.			Union. X Cent.		
	\bar{x}	w-sd	N Δ	\bar{x}	w-sd	N Δ	\bar{x}	w-sd	N Δ	\bar{x}	w-sd	N Δ
AT	.15	.020	14	.39	.021	14	.14	.022	14	.32	.045	14
BE	.18	.012	17	.15	.005	17	.08	.005	17	.24	.008	17
CH	.10	.014	13	.16	.014	13	.03	.003	13	.06	.006	13
CZ	.11	.039	11	.12	.022	11	.03	.011	11	.06	.015	11
DE	.13	.023	17	.24	.019	17	.06	.006	17	.11	.013	17
DK	.40	.040	17	.27	.030	17	.20	.030	17	.36	.035	17
EE	.02	.005	6	.08	.009	6	.01	.001	6	.03	.006	4
ES	.03	.003	17	.07	.006	17	.01	.001	17	.06	.002	17
FI	.41	.049	14	.22	.012	14	.16	.018	14	.29	.014	14
FR	.03	.002	16	.07	.002	16	.01	.000	16	.02	.001	16
HU	.04	.010	10	.06	.014	10	.01	.003	10	.04	.006	9
IE	.15	.028	16	.20	.020	16	.08	.010	16	.20	.028	16
IT	.16	.013	17	.16	.013	17	.06	.004	17	.13	.012	17
NL	.09	.008	13	.24	.009	13	.05	.004	13	.12	.008	13
NO	.32	.037	13	.30	.035	13	.17	.021	13	.28	.012	13
PT	.08	.003	13	.12	.010	13	.03	.001	13	.07	.005	13
SE	.42	.074	14	.28	.031	14	.22	.039	14	.40	.031	14
SI	.13	.032	5	.13	.006	5	.04	.011	5	.11	.023	4
SK	.12	.053	11	.22	.054	11	.06	.027	11	.13	.034	11
UK	.11	.017	16	.04	.002	16	.01	.001	16	.03	.003	16

US	.02	.006	17	.03	.002	17	.00	.000	17	.02	.002	17
TOTAL	.16	.029	287	.17	.019	287	.07	.015	287	.15	.019	283

Table A1. continued

	Coverage			ALMP			Labor Taxes			Childcare		
	\bar{x}	w-sd	N Δ	\bar{x}	w-sd	N Δ	\bar{x}	w-sd	N Δ	\bar{x}	w-sd	N Δ
AT	.99	.005	2	.14	.025	14	.36	.014	14	.29	.038	13
BE	.96	.000	0	.10	.016	17	.42	.010	16	.40	.281	16
CH	.44	.033	6	.18	.030	13	.11	.008	13	.27	.061	13
CZ	.37	.033	11	.03	.011	11	.24	.028	9	.33	.025	10
DE	.71	.075	15	.13	.035	17	.37	.021	17	.39	.025	17
DK	.84	.007	2	.31	.085	17	.30	.013	17	1.90	.065	17
EE	.26	.015	1	.01	.004	6	.30	.027	6	.027	.066	6
ES	.81	.048	16	.05	.027	17	.33	.010	17	.29	.212	15
FI	.87	.016	3	.11	.012	14	.39	.018	14	.99	.076	14
FR	.93	.013	1	.11	.012	16	.42	.007	15	1.07	.231	16
HU	.40	.056	6	.06	.017	10	.42	.017	9	.65	.038	10
IE	.44	.012	1	.13	.042	16	.15	.104	16	.19	.157	11
IT	.85	.000	0	.05	.022	17	.41	.048	17	.45	.218	17
NL	.84	.006	3	.35	.110	13	.29	.007	13	.44	.264	12
NO	.73	.008	2	.19	.024	13	.29	.014	13	.83	.148	13
PT	.92	.016	2	.10	.031	13	.28	.014	13	.29	.130	13
SE	.93	.012	2	.22	.066	14	.43	.029	14	1.31	.164	14
SI	.96	.0437	3	.04	.007	5	.24	.014	5	.050	.032	5
SK	.45	.051	2	.02	.005	11	.28	.038	9	.040	.110	11
UK	.38	.064	15	.05	.021	16	.28	.011	16	.55	.429	12
US	.15	.015	17	.03	.007	17	.20	.026	17	.25	.178	14
TOTAL	.69	.032	110	.12	.039	287	.31	.031	280	.59	.179	269

Table A1. continued

	Output Gap			Central Bank Indep.			Scruggs' Unemp. Ben.			Jahn's Corporatism		
	\bar{x}	w-sd	N Δ	\bar{x}	w-sd	N Δ	\bar{x}	w-sd	N Δ	\bar{x}	w-sd	N Δ
AT	.87	1.734	14	.76	.083	1	10.31	.173	3	1.15	.123	13
BE	-.07	1.428	17	.68	.192	2	13.62	.135	12	.82	.265	17
CH	-.08	.1777	13	.60	.132	1	13.45	.452	12	-.29	.004	13
CZ	.03	3.459	11	.74	.017	1				-.38	.114	11
DE	.06	1.820	17	.78	.026	1	10.99	.559	14	.59	.040	17
DK	1.00	2.775	17	.49	.000	0	11.78	1.089	15	.55	.100	17
EE	3.59	8.634	6	.77	.008	1				-.36	.050	6
ES	.83	2.215	17	.74	.136	2	10.77	.729	13	.32	.128	3
FI	-.03	3.056	14	.70	.194	1	9.45	.453	11	.89	.263	14
FR	.26	1.745	16	.80	.000	0	10.82	.514	12	-.12	.066	16
HU	.74	2.879	10	.75	.029	1				-.40	.161	10
IE	2.29	6.816	16	.67	.177	1	9.88	1.752	13	.39	.240	16
IT	.67	1.943	17	.75	.127	2	4.77	.862	7	.27	.122	17
NL	.71	2.031	13	.75	.124	1	11.77	.416	8	.90	.147	13
NO	.60	1.893	13	.28	.098	2	14.07	.305	8	.65	.253	13
PT	1.33	1.943	13	.76	.086	1	10.46	.234	6	.13	.274	7
SE	-.28	2.585	14	.26	.000	0	10.95	1.250	14	.55	.088	14
SI	2.61	4.039	5	.79	.009	1				.97	.090	5
SK	-.80	3.287	11	.66	.045	2				.08	.236	11
UK	.10	1.856	16	.47	.165	1	8.52	.272	12	-1.06	.077	11
US	.22	2.446	17	.40	.000	0	10.30	.211	11	-1.09	.015	7
TOTAL	.58	2.931	287	.64	.106	22	10.67	.721	171	.22	.156	251

Table A2. Fixed-Effects Regressions of Unemployment on Lagged Unemployment Benefits and Their Interactions with the Institutional Insider/Outsider Divide

	<i>No Lag</i>	<i>1 Year Lag</i>	<i>2 Year Lag</i>	<i>3 Year Lag</i>	<i>4 Year Lag</i>	<i>5 Year Lag</i>
Unemployment Benefits	-.005 (.003)	-.004 (.004)	-.002 (.004)	-.003 (.004)	-.001 (.003)	-.003 (.003)
Unempl. Benefits*EPL ratio	.009*** (.002)	.009*** (.001)	.008*** (.001)	.011*** (.001)	.011*** (.001)	.009*** (.001)
Unempl. Benefits*Unionization	.015*** (.002)	.018*** (.003)	.017*** (.003)	.018*** (.003)	.012*** (.002)	-.001 (.002)
Unempl. Benefits*Centralization	.006* (.003)	-.000 (.003)	-.002 (.003)	-.001 (.003)	.002 (.002)	.001 (.002)
Unempl. Ben.*Union.*Cent.	-.021*** (.003)	-.022*** (.004)	-.016*** (.003)	-.008* (.003)	-.003 (.003)	-.007* (.003)
Minimum Income Benefits	.004 (.003)	.000 (.003)	-.003 (.004)	-.003 (.003)	-.007** (.002)	-.006* (.002)
Union.*Centralization	-.029*** (.004)	-.028*** (.004)	-.021*** (.004)	-.012** (.004)	-.003 (.004)	.001 (.004)
EPL ratio	.007*** (.002)	.008*** (.002)	.006** (.002)	.009*** (.002)	.009*** (.001)	.008*** (.001)
Unionization	-.013 (.009)	.001 (.011)	-.005 (.012)	-.009 (.012)	-.012 (.011)	.014 (.010)
Centralization	.021*** (.005)	.025*** (.005)	.037*** (.006)	.037*** (.005)	.037*** (.005)	.032*** (.004)
Coverage	.015* (.006)	.010 (.006)	.016* (.007)	.059*** (.010)	.069*** (.011)	.031*** (.007)
ALMP	-.017*** (.002)	-.020*** (.002)	-.022*** (.002)	-.022*** (.002)	-.020*** (.002)	-.016*** (.002)
Labor Taxes	.003 (.003)	-.002 (.003)	-.003 (.003)	-.000 (.003)	-.001 (.003)	-.010*** (.002)
Childcare	-.013*** (.003)	-.016*** (.003)	-.014*** (.003)	-.016*** (.003)	-.011*** (.003)	.000 (.003)
Output Gap	-.014*** (.001)	-.014*** (.001)	-.015*** (.001)	-.014*** (.001)	-.014*** (.001)	-.014*** (.001)
Marital Status	-.041*** (.003)	-.041*** (.004)	-.039*** (.004)	-.036*** (.004)	-.031*** (.004)	-.028*** (.004)
Wave Dummies	yes	yes	yes	yes		yes
<i>N</i>	1,579	1,550	1,528	1,410	1,385	1,341
Observations	18,266	16,529	15,001	13,485	12,106	10,734
<i>R</i> ² (within)	.348	.373	.372	.372	.368	.362

Note: Coefficients and (panel robust standard errors) from OLS fixed-effects regressions. Constants not shown.

* $p < .05$; ** $p < .01$; *** $p < .001$ (two-tailed tests).

Table A3. Fixed-Effects Regressions of Unemployment on Lagged Minimum Income Benefits and Their Interactions with the Institutional Insider/Outsider Divide

	<i>No Lag</i>	<i>1 Year Lag</i>	<i>2 Year Lag</i>	<i>3 Year Lag</i>	<i>4 Year Lag</i>	<i>5 Year Lag</i>
Unemployment Benefits	-.008* (.003)	-.008* (.003)	-.012*** (.003)	-.011*** (.003)	-.012*** (.003)	-.012*** (.003)
Minimum Income Benefits	.007 (.004)	.006 (.004)	.006 (.003)	.001 (.003)	.001 (.003)	-.009*** (.003)
Min. Inc. Ben.*EPL ratio	.006*** (.002)	.007*** (.001)	.006*** (.001)	.007*** (.001)	.004*** (.001)	.002 (.001)
Min. Inc. Ben.*Unionization	.015*** (.003)	.014*** (.003)	.015*** (.003)	.015*** (.003)	.008** (.002)	.001 (.002)
Min. Inc. Ben.*Centralization	.020*** (.004)	.024*** (.004)	.026*** (.003)	.031*** (.004)	.028*** (.003)	.025*** (.003)
Min. Inc. Ben.*Union.*Cent.	-.023*** (.005)	-.024*** (.005)	-.022*** (.004)	-.020*** (.004)	-.013*** (.003)	-.005* (.003)
Union.*Centralization	-.021*** (.004)	-.021*** (.004)	-.012** (.005)	-.007 (.005)	.001 (.006)	-.010* (.005)
EPL ratio	-.001 (.001)	-.000 (.001)	-.000 (.001)	-.001 (.001)	-.003* (.001)	-.000 (.001)
Unionization	-.045*** (.011)	-.042** [^] (.013)	-.042** (.015)	-.044** (.014)	-.038** (.014)	.009 (.011)
Centralization	.017*** (.005)	.017*** (.005)	.023*** (.005)	.025*** (.005)	.031*** (.006)	.021*** (.005)
Coverage	-.002 (.006)	-.005 (.006)	.002 (.007)	.030** (.011)	.037** (.012)	.003 (.008)
ALMP	-.012*** (.001)	-.015*** (.002)	-.017*** (.002)	-.019*** (.002)	-.019*** (.002)	-.016*** (.002)
Labor Taxes	.009** (.003)	.004 (.003)	.001 (.003)	.003 (.003)	.002 (.003)	-.006** (.002)
Childcare	-.005* (.002)	-.005 (.002)	-.004 (.003)	-.003 (.003)	-.002 (.003)	.006* (.002)
Output Gap	-.016*** (.001)	-.015*** (.001)	-.015*** (.001)	-.014*** (.001)	-.014*** (.001)	-.014*** (.001)
Marital Status	-.041*** (.003)	-.041*** (.004)	-.039*** (.004)	-.035*** (.004)	-.031*** (.004)	-.027*** (.003)
Wave Dummies	yes	yes	yes	yes		yes
<i>N</i>	1,579	1,550	1,528	1,410	1,385	1,341
Observations	18,266	16,529	15,001	13,485	12,106	10,734
<i>R</i> ² (within)	.355	.383	.390	.394	.379	.372

Note: Coefficients and (panel robust standard errors) from OLS fixed-effects regressions. Constants not shown.

* $p < .05$; ** $p < .01$; *** $p < .001$ (two-tailed tests).

Part B: Robustness Checks

To explore the robustness of the results, I conducted a number of sensitivity analyses. In the following, I will lay out how different specifications affected the main findings of the analyses.

Unemployment benefit generosity

I modeled unemployment benefits using net replacement rates. The indicator measures the financial support individuals receive from unemployment insurance after job loss. Regarding potential job-search-subsidy effects, the level of unemployment benefit in the period directly after losing a job is the crucial aspect of the unemployment insurance system. However, other factors also affect the generosity of unemployment benefits. Scruggs, Jahn, and Kuitto (2014) provide an indicator that comprehensively measures benefit level, strictness of eligibility criteria, potential duration, waiting periods, and population coverage. Regrettably, the indicator is available only for 16 of the 21 countries in the sample. Running robustness checks with the reduced sample using the comprehensive indicator instead of net replacement rates produces results that largely confirm the main findings (see Table B1 and Figure B1 [“Unemp. Benefit Generosity”]). Yet there is no significant three-way interaction of unemployment benefits, unionization, and centralization. Instead, there is a significant negative two-way interaction between unemployment benefits and centralization. The coefficients for minimum income benefits increase in size but otherwise remain stable when the alternative unemployment benefit indicator is included.

Potential outliers

The descriptive Figures 1 and 2 indicate that some countries saw particularly large changes in benefits and unemployment in the observed period. These countries might constitute outliers, which would have an undue influence on the results. In the case of unemployment benefits, the potential outliers are Sweden and Italy. In the case of minimum income benefits, Sweden, Italy, and the Czech Republic might be outliers. However, the main conclusions from the main models (see Table B2 and Figure B1 [“Without Potential Outliers”]) are confirmed when models without these countries are run. In the models focusing on minimum income benefits, some of the coefficients are larger than the coefficients in the main models, but the overall picture remains similar. The models on unemployment benefits seem to be more sensitive to the outliers at first sight. Neither the interaction between unionization and unemployment benefits nor the interaction between centralization and unemployment benefits yield a significant coefficient. However, the three-way interaction is statistically significant. The two-way interactions in the model that includes the three-way interaction have to be interpreted as the marginal difference the two-way interaction coefficient expresses when the three-way interaction is zero (which means one of the factors in the interaction is at the mean because the coefficients are standardized). The difference between this model and the main models is thus that unemployment benefits are not associated with a change in unemployment at the mean of either unionization or centralization (but only at the mean). As is evident from Figure B1, the “Without Potential Outliers” panel, the models confirm the configuration hypothesis. In fact, the models fit the predictions of the configuration hypothesis more neatly. Without the outliers, the association between benefits and unemployment gets strictly negative when unionization and centralization are high. After excluding these countries, the prediction for minimum income benefits’ association with unemployment is also not positive anymore for the stylized regime featuring this configuration.

Ghent countries

Besides unionization and centralization, further factors might play into the configuration of the wage bargaining process. In the Ghent system, which is prevalent in Belgium, Denmark, Finland, and Sweden, one reason for high levels of unionization is that unions administer unemployment benefits. The interaction between unemployment benefits and unions might be different here because unions actively engage outsiders. On the other hand, the Ghent system did not keep Sweden from becoming more dualized. To test if the Ghent countries are exerting an undue influence on the main findings, I ran robustness checks excluding these countries for unemployment benefit models (see Table B3). The findings largely confirm the main results. The exception is that after inclusion of the three-way interaction, the interaction of unemployment benefits and unionization becomes negative. Again, the figures (Figure B1 [“Without Ghent Countries”]) demonstrate that this only changes the point at which either of the interaction components are at the mean, but the models substantively still confirm the configuration hypothesis.

Bargaining agreement coverage

Bargaining outcome coverage is a covariate in the main models. One could argue that coverage has effects similar to centralization. If coverage is high, strong unions might be willing to consider implications for the whole economy and thus agree to wage moderation. If weaker unions are involved in wage bargaining that still covers large parts of the working population, this might lead to outcomes that benefit insiders but reduce job opportunities for outsiders. In addition, France, Portugal, and Spain, three countries that are usually considered to have a rather strong insider/outsider divide, combine low unionization with relatively low centralization but have high levels of coverage. Thus, it is possible that the main models do not capture the institutional configuration of their labor markets accurately. I ran models introducing interactions with coverage instead of centralization to test this proposition (see Table B4). The results are similar to the main models with the following exceptions: when including the interaction with coverage, there are no significant interactions between unemployment benefits and unionization. There is also no significant three-way interaction between unemployment benefits, unionization, and coverage (although Figure B1 [“Coverage”] indicates different associations according to level of coverage). There are no significant two-way interactions between minimum income benefits and coverage. However, the significant negative interaction between minimum income benefits, unionization, and coverage lends support to the configuration hypothesis.

Corporatism

Similarly, one could argue that the extent to which actors arrive at bargaining outcomes that are beneficial to the greater economy depends on the degree to which unions, employers, and the state cooperate with each other, that is, the level of corporatism. Corporatism and wage bargaining centralization are highly similar concepts but there are some differences (for a discussion, see Calmfors and Driffill 1988). Jahn (2016) provides a measure of corporatism for all countries and time points in the sample. Running robustness checks with this indicator instead of centralization produces similar results (see Table B5). Yet I do not find a three-way interaction between unemployment benefits, unionization, and corporatism (although Figure B1 [“Corporatism”] indicates different associations).

EPL for permanent contracts

I argued that EPL affects the insider/outsider divide via the disparity between EPL for permanent versus temporary contracts. I conducted a robustness check using EPL for permanent contracts instead of the EPL ratio and included EPL for temporary contracts as a control (see Table B6 and Figure B2 [“EPL Permanent Contracts”]). The coefficients of the other variables of interest remain substantively unchanged, but there are no significant interactions between EPL and benefits in any of the models. This underlines that the disparity in EPL between contract types is more decisive than the overall level of EPL, at least in regard to welfare benefit effect moderation. This finding lends further credence to the configuration hypothesis, because it seems to be the configuration of the two components of EPL, and not the general level of regulation, that shapes the insider/outsider divide.

Central bank independence

The notion that centralized wage bargaining provides incentives for strong unions to ask for rather moderate wage increases has long been prominent in the political economy literature, but the empirical evidence is mixed. Some authors, for instance, argue that the relationship between unions, the wage bargaining system, and economic outcomes such as unemployment depends on the given monetary policy regime (e.g., Iversen 1998). To test whether monetary policy affects the relationships proposed here, I ran a robustness check controlling for central bank independence (using an indicator provided by Garriga 2016). Inclusion of this indicator does not yield substantively different results (see Table B7 and Figure B2 [“Incl. Central Bank Indep.”]).

Low-educated individuals

One could assume that the effect of benefits on the job-search process is heterogeneous across social groups. Individuals with the lowest wage expectations should see generous benefits as a stronger disincentive than would those with higher wage expectations. For instance, individuals with low education should show stronger disincentive effects than would the highly educated. Heterogeneity in job-search-subsidy effects is less clear-cut. The matching of jobseekers to jobs might work more smoothly for the highly educated. On the other hand, one of the mechanisms through which job-search subsidies are supposed to boost employment is by enabling unemployed individuals to increase their skill levels. This might allow low-educated jobseekers to increase their human capital and find better matches. I used the meso-level data and ran models with a sample that was reduced to just individuals with low education (see Table B8 and Figure B2 [“Low Educated”]). Although the three-way interaction is not statistically significant in these models, the differences are minor and might partially be due to smaller case numbers. The results generally do not deviate from the main findings, thus they do not provide strong support for the claims of the disincentive perspective.

Lower work hours

To define an individual as employed, the EULFS and the CPS use the definition provided by the ILO, according to which people are employed when they have worked at least one hour in the week prior to the interview (ILO 1982). Although it is questionable whether individuals with very low working hours should be regarded as being as employed as someone with a full 40-hour work week, it is in the interests of this study to only regard those who did not work at

all as unemployed, because we only know that the individuals in question have been actively searching for a job in these cases. However, the results could be biased if individuals working low hours receive welfare benefits as top-ups despite being employed. Indeed, in some countries such as Germany, low-wage workers can still receive unemployment benefits as long as their income does not surpass a certain threshold (if it does, the income will be deducted from the benefits). A more widespread phenomenon is the receipt of minimum income benefits while working for very low pay. In 2007, in-work benefits could be obtained in about half the countries in the sample (Belgium, Finland, France, Germany, Hungary, Ireland, Netherland, Slovakia, Sweden, United Kingdom, and the United States; see Immervoll and Pearson 2009). Thus, the finding of a negative association between generous benefits and unemployment could be due to benefits subsidizing low-wage employment, rather than improved job-search outcomes. I ran a robustness check to investigate this possibility using the measure of usual weekly working hours provided in the EULFS and the CPS to create a dependent variable in which all individuals who were either unemployed or worked less than 35 hours a week were coded 1, and individuals with 35 or more work hours a week were coded 0. Running the models with this dependent variable reveals a pattern comparable to the main findings in the case of unemployment benefits (see Table B9 and Figure B2 [“<35 Hours + Unempl.”]). Yet, although the three-way interaction remains insignificant, the two-way interaction with centralization is negative, indicating a more negative association of unemployment benefits and unemployment with rising centralization. In the case of minimum income benefits, the three-way interaction between minimum income benefits, unionization, and centralization is positive and statistically significant.

Looking at this together with the findings for the main dependent variable, it is possible that, in contexts of high unionization and centralization, unemployment is lower when benefits are generous but that this is partly due to subsidized low-hour work or part-time work. However, caution is advisable when interpreting these models for several reasons. First, the measure used to define the dependent variable is problematic. “Usual weekly working hours” are very difficult to compare across countries because of different norms regarding how many working hours individuals usually work. Additionally, the measure has a lot of missing and unreliable information. Second, low-hour jobs are not necessarily a bad thing. In some countries, for instance the Netherlands, part-time employment comes with the full array of benefits and social security and governments expressly foster part-time employment. Third, the models are designed to analyze the association between benefits and unemployment based on theoretical considerations about the job-search process. The models are less appropriate for investigating work hours, as several factors that affect working hours cannot be taken into account. Still, the robustness checks point to important avenues for future research.

Inactivity and nonemployment

The definition of the dependent variable (unemployment) excludes the economically inactive, that is, jobless individuals who did not seek work in the past four weeks. This is theoretically justified because the proposed mechanisms relate to the effect of benefits on the job-search process. The inclusion of individuals who are remote from the labor market and are not seeking work would thus bias the results. However, changes in the institutional context of labor markets and welfare benefits might make inactive individuals look for employment. Furthermore, proponents of the disincentive perspective might argue that generous benefits create a disincentive for job search. Thus, while there might be no effect on unemployment, increasing benefits might lead to rising economic inactivity.

To investigate whether the sample I used obscures or biases the effects of benefits on the job-search process, I ran two robustness checks. The first uses inactivity as a dependent variable. Here, I used the full working-age population and coded individuals 1 when they were inactive and 0 when they were employed or unemployed. I thus measured the inactivity rate among all working-age individuals at the level of sociodemographic groups. The models do not show any statistically significant relationships between unemployment benefits and minimum income benefits and inactivity (see Table B10 and Figure B3 [“Inactive”]). The interaction terms are not statistically significant either. This is highly interesting because proponents of the disincentive perspective might argue that although minimum income benefits might not increase unemployment, they might draw individuals out of the labor force completely. My models deliver no evidence for this argument. The second robustness check uses nonemployment as a dependent variable (i.e., the inactive and the unemployed versus the employed). As one would expect based on the models for the inactive and the models using unemployment, this robustness check reveals a weaker version of the main models in the analysis. In several instances, the pattern looks similar to the patterns exhibited in the main models, but many of the coefficients are not significant or are notably smaller (see Table B11 and Figure B3 [“Nonemployed”]).

Random-effects models

I used fixed-effects models to account for potential sources of bias due to time-constant unobserved heterogeneity. The coefficients are based solely on within-country and within-sociodemographic group variation. To investigate whether the results look different when using between variation, I ran the analysis using a random-effects specification. The results do not substantively differ from the findings of the fixed-effects models (see Table B12 and Figure B3 [“Random-Effects Models”]). A Hausman test of the baseline model, however, indicates the need for fixed-effects models.

Weights

Finally, the case numbers differ widely between countries. Using weights that increase the contribution of reliably measured meso-level unemployment rates might thus bias the results, because countries with large samples contribute more. Running the models without the weights does not produce substantively different results (see Table B13 and Figure B3 [“No Weights”]).

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Table B1. Fixed-Effects Regressions of Unemployment on Unemployment Benefits and Their Interactions with the Institutional Insider/Outsider Divide (using Scruggs and colleagues' [2014] benefit generosity indicator)

	<i>Model 1</i>	<i>Model 2</i>	<i>Model 3</i>	<i>Model 4</i>	<i>Model 5</i>
Unemployment Benefits	-.015*** (.003)	-.041*** (.004)	-.037*** (.005)	-.014*** (.003)	-.009*** (.003)
Unempl. Benefits*EPL ratio		.011*** (.002)	.012*** (.002)		
Unempl. Benefits*Unionization		.026*** (.004)	.035*** (.004)		
Unempl. Benefits*Centralization		-.000 (.004)	-.015*** (.004)		
Unempl. Ben.*Union.*Cent.			-.003 (.005)		
Minimum Income Benefits	-.005 (.004)	-.007 (.004)	-.011** (.004)	-.020*** (.004)	-.009 (.005)
Min. Inc. Ben.*EPL ratio				.013*** (.003)	.009*** (.003)
Min. Inc. Ben.*Unionization				.025*** (.003)	.025*** (.003)
Min. Inc. Ben.*Centralization				.014** (.005)	.023*** (.005)
Min. Inc. Ben.*Union.*Cent.					-.024*** (.006)
Union.*Centralization			-.044*** (.004)		-.024*** (.004)
EPL ratio	-.001 (.002)	.002 (.002)	.003 (.002)	.005* (.002)	.004 (.002)
Unionization	-.036** (.011)	.002 (.010)	.028** (.011)	-.079*** (.011)	-.063*** (.013)
Centralization	.038*** (.006)	.018** (.006)	.015** (.005)	.003 (.006)	.010 (.007)
Coverage	.009 (.006)	.014* (.007)	-.000 (.007)	.020*** (.006)	.011 (.007)
ALMP	-.010*** (.001)	-.008*** (.001)	-.007*** (.001)	-.009*** (.001)	-.008*** (.001)
Labor Taxes	-.002 (.004)	-.002 (.003)	-.005 (.003)	.001 (.004)	.002 (.003)
Childcare	-.007** (.002)	-.006** (.002)	.003 (.003)	-.012*** (.002)	-.003 (.002)
Output Gap	-.017*** (.001)	-.018*** (.001)	-.019*** (.001)	-.017*** (.001)	-.017*** (.001)
Marital Status	-.040*** (.004)	-.039*** (.003)	-.039*** (.003)	-.040*** (.003)	-.041*** (.003)
Wave Dummies	yes	yes	yes	yes	yes
<i>N</i>	1,238	1,238	1,238	1,238	1,238
Observations	15,466	15,466	15,466	15,466	15,466
<i>R</i> ² (within)	.359	.384	.395	.381	.388

Note: Coefficients and (panel robust standard errors) from OLS fixed-effects regressions. Constants not shown.

* $p < .05$; ** $p < .01$; *** $p < .001$ (two-tailed tests).

Table B2. Fixed-Effects Regressions of Unemployment on Welfare Benefits and Their Interactions with the Institutional Insider/Outsider Divide (without potential outliers Sweden and Italy for unemployment benefits; Sweden, Italy, and Czech Republic for Minimum Income Benefits)

	<i>Model 1</i>	<i>Model 2</i>	<i>Model 3</i>	<i>Model 4</i>	<i>Model 5</i>
Unemployment Benefits	-.009** (.003)	-.016*** (.004)	-.006 (.004)	-.016*** (.003)	-.011*** (.003)
Unempl. Benefits*EPL ratio		.012*** (.002)	.010*** (.002)		
Unempl. Benefits*Unionization		.006 (.004)	-.002 (.004)		
Unempl. Benefits*Centralization		-.003 (.003)	.003 (.003)		
Unempl. Ben.*Union.*Cent.			-.036*** (.004)		
Minimum Income Benefits	.006 (.004)	.003 (.004)	.008* (.004)	.006 (.004)	.024*** (.005)
Min. Inc. Ben.*EPL ratio				.021*** (.002)	.015*** (.002)
Min. Inc. Ben.*Unionization				.014*** (.003)	.019*** (.003)
Min. Inc. Ben.*Centralization				.015*** (.004)	-.000 (.004)
Min. Inc. Ben.*Union.*Cent.					-.045*** (.006)
Union.*Centralization			-.026*** (.004)		-.016*** (.004)
EPL ratio	-.000 (.001)	.011*** (.002)	.008*** (.002)	.008*** (.001)	.008*** (.001)
Unionization	-.038*** (.011)	-.030** (.010)	-.014 (.009)	-.050*** (.011)	-.049*** (.011)
Centralization	.023*** (.005)	.022*** (.005)	.025*** (.005)	.004 (.005)	.025*** (.005)
Coverage	.002 (.006)	.014* (.006)	.020** (.007)	.019** (.006)	.012 (.006)
ALMP	-.014*** (.002)	-.016*** (.002)	-.022*** (.002)	-.011*** (.002)	-.012*** (.002)
Labor Taxes	.001 (.003)	.003 (.003)	-.003 (.003)	.001 (.003)	-.001 (.003)
Childcare	-.012*** (.002)	-.016*** (.003)	-.013*** (.003)	-.009*** (.002)	-.002 (.002)
Output Gap	-.018*** (.001)	-.016*** (.001)	-.013*** (.001)	-.017*** (.001)	-.017*** (.001)
Marital Status	-.033*** (.004)	-.033*** (.003)	-.034*** (.003)	-.033*** (.003)	-.034*** (.003)
Wave Dummies	yes	yes	yes	yes	yes
<i>N</i>	1,426	1,426	1,426	1,356	1,356
Observations	16,348	16,348	16,348	15,648	15,648
<i>R</i> ² (within)	.306	.311	.326	.327	.343

Note: Coefficients and (panel robust standard errors) from OLS fixed-effects regressions. Constants not shown.

* $p < .05$; ** $p < .01$; *** $p < .001$ (two-tailed tests).

Table B3. Fixed-Effects Regressions of Unemployment on Unemployment Benefits and Their Interactions with the Institutional Insider/Outsider Divide (sample: without Ghent countries)

	<i>Model 1</i>	<i>Model 2</i>	<i>Model 3</i>	<i>Model 4</i>	<i>Model 5</i>
Unemployment Benefits	-.009* (.004)	-.004 (.004)	-.005 (.004)	-.008 (.004)	-.007* (.004)
Unempl. Benefits*EPL ratio		.008*** (.001)	.006*** (.001)		
Unempl. Benefits*Unionization		.015*** (.004)	-.013* (.006)		
Unempl. Benefits*Centralization		.006 (.003)	.008** (.003)		
Unempl. Ben.*Union.*Cent.			-.039*** (.005)		
Minimum Income Benefits	-.002 (.004)	-.000 (.004)	.003 (.004)	-.006 (.003)	.003 (.004)
Min. Inc. Ben.*EPL ratio				.009*** (.002)	.005** (.002)
Min. Inc. Ben.*Unionization				-.004 (.004)	-.002 (.004)
Min. Inc. Ben.*Centralization				.026*** (.004)	.015** (.005)
Min. Inc. Ben.*Union.*Cent.					-.035*** (.008)
Union.*Centralization			-.019*** (.004)		-.018*** (.004)
EPL ratio	-.002 (.001)	.009*** (.001)	.004* (.002)	.000 (.002)	-.001 (.001)
Unionization	-.067*** (.012)	-.065*** (.011)	-.048*** (.010)	-.070*** (.012)	-.067*** (.013)
Centralization	.036*** (.005)	.032*** (.006)	.025*** (.005)	.019*** (.005)	.027*** (.005)
Coverage	.018** (.006)	.034*** (.006)	.036*** (.007)	.024*** (.006)	.009 (.006)
ALMP	-.025*** (.002)	-.027*** (.002)	-.029*** (.002)	-.021*** (.002)	-.021*** (.002)
Labor Taxes	.006 (.003)	.009** (.003)	-.002 (.003)	.007* (.003)	.006* (.003)
Childcare	-.010*** (.002)	-.015*** (.003)	-.012*** (.003)	-.007** (.002)	.001 (.002)
Output Gap	-.018*** (.001)	-.015*** (.001)	-.013*** (.001)	-.016*** (.001)	-.016*** (.001)
Marital Status	-.033*** (.004)	-.033*** (.004)	-.034*** (.004)	-.033*** (.004)	-.034*** (.004)
Wave Dummies	yes	yes	yes	yes	yes
<i>N</i>	1,270	1,270	1,270	1,270	1,270
Observations	14,398	14,398	14,398	14,398	14,398
<i>R</i> ² (within)	.367	.371	.380	.377	.383

Note: Coefficients and (panel robust standard errors) from OLS fixed-effects regressions. Constants not shown.

* $p < .05$; ** $p < .01$; *** $p < .001$ (two-tailed tests).

Table B4. Fixed-Effects Regressions of Unemployment on Welfare Benefits and Their Interactions with the Institutional Insider/Outsider Divide (interactions with coverage instead of centralization)

	<i>Model 1</i>	<i>Model 2</i>	<i>Model 3</i>	<i>Model 4</i>	<i>Model 5</i>
Unemployment Benefits	-.011** (.004)	-.015*** (.003)	-.012*** (.003)	-.011** (.003)	-.009* (.003)
Unempl. Benefits*EPL ratio		.015*** (.002)	.014*** (.002)		
Unempl. Benefits*Unionization		.002 (.003)	.006 (.004)		
Unempl. Benefits*Coverage		.023*** (.004)	.019*** (.004)		
Unempl. Ben.*Union.*Cov.			-.006 (.003)		
Minimum Income Benefits	.003 (.003)	.001 (.003)	.001 (.003)	.002 (.004)	.006 (.004)
Min. Inc. Ben.*EPL ratio				.009*** (.002)	.007*** (.002)
Min. Inc. Ben.*Unionization				.013*** (.003)	.020*** (.003)
Min. Inc. Ben.*Coverage				.005 (.004)	-.005 (.004)
Min. Inc. Ben.*Union.*Cov.					-.010** (.003)
Union.*Coverage			-.001 (.007)		.006 (.005)
EPL ratio	-.003* (.001)	.013*** (.002)	.014*** (.002)	-.003* (.001)	-.001 (.001)
Unionization	-.032** (.010)	-.033*** (.009)	-.029** (.010)	-.060*** (.011)	-.066*** (.012)
Coverage	-.001 (.006)	.026*** (.007)	.027** (.008)	.013* (.006)	.017* (.008)
Centralization	.028*** (.005)	.016** (.005)	.018*** (.005)	.018*** (.005)	.017** (.005)
ALMP	-.014*** (.002)	-.016*** (.002)	-.016*** (.002)	-.015*** (.002)	-.014*** (.002)
Labor Taxes	.003 (.003)	.002 (.003)	.003 (.003)	.009*** (.003)	.013*** (.003)
Childcare	-.009*** (.002)	-.013*** (.002)	-.015*** (.002)	-.014*** (.002)	-.014*** (.002)
Output Gap	-.018*** (.001)	-.016*** (.001)	-.016*** (.001)	-.019*** (.001)	-.018*** (.001)
Marital Status	-.040*** (.004)	-.040*** (.003)	-.040*** (.003)	-.041*** (.003)	-.040*** (.003)
Wave Dummies	yes	yes	yes	yes	yes
<i>N</i>	1,579	1,579	1,579	1,579	1,579
Observations	18,266	18,266	18,266	18,266	18,266
<i>R</i> ² (within)	.335	.345	.346	.343	.344

Note: Coefficients and (panel robust standard errors) from OLS fixed-effects regressions. Constants not shown.

* $p < .05$; ** $p < .01$; *** $p < .001$ (two-tailed tests).

Table B5. Fixed-Effects Regressions of Unemployment on Welfare Benefits and Their Interactions with the Institutional Insider/Outsider Divide (interactions with corporatism instead of centralization)

	<i>Model 1</i>	<i>Model 2</i>	<i>Model 3</i>	<i>Model 4</i>	<i>Model 5</i>
Unemployment Benefits	-.014*** (.004)	-.013*** (.003)	-.015*** (.003)	-.013*** (.003)	-.013*** (.003)
Unempl. Benefits*EPL ratio		.010*** (.002)	.010*** (.002)		
Unempl. Benefits*Unionization		.012*** (.002)	.010*** (.002)		
Unempl. Benefits*Corporatism		.011*** (.002)	.014*** (.002)		
Unempl. Ben.*Union.*Corp.			-.005 (.003)		
Minimum Income Benefits	.002 (.003)	.002 (.003)	.006 (.003)	.003 (.003)	.009* (.004)
Min. Inc. Ben.*EPL ratio				.014*** (.002)	.013*** (.002)
Min. Inc. Ben.*Unionization				.006* (.002)	.008*** (.002)
Min. Inc. Ben.*Corporatism				.027*** (.003)	.025*** (.003)
Min. Inc. Ben.*Union.*Corp.					-.010*** (.003)
Union.*Corporatism			.017*** (.003)		.005 (.003)
EPL ratio	-.002 (.001)	.010*** (.002)	.011*** (.002)	-.002 (.001)	-.002 (.001)
Unionization	-.022* (.010)	-.037*** (.009)	-.041*** (.010)	-.054*** (.010)	-.058*** (.010)
Corporatism	-.008*** (.002)	-.012*** (.002)	-.016*** (.003)	-.011*** (.002)	-.008** (.003)
Centralization	-.013* (.007)	.009 (.006)	.014* (.007)	.006 (.006)	.006 (.006)
ALMP	-.013*** (.002)	-.015*** (.002)	-.015*** (.002)	-.012*** (.001)	-.011*** (.001)
Labor Taxes	-.001 (.003)	.003 (.003)	.003 (.003)	.011*** (.003)	.012*** (.003)
Childcare	-.008*** (.002)	-.011*** (.002)	-.014*** (.003)	-.012*** (.002)	-.012*** (.002)
Output Gap	-.018*** (.001)	-.014*** (.001)	-.013*** (.001)	-.015*** (.001)	-.015*** (.001)
Marital Status	-.040*** (.004)	-.040*** (.003)	-.040*** (.003)	-.040*** (.003)	-.040*** (.003)
Wave Dummies	yes	yes	yes	yes	yes
<i>N</i>	1,579	1,579	1,579	1,579	1,579
Observations	18,266	18,266	18,266	18,266	18,266
<i>R</i> ² (within)	.333	.343	.347	.355	.358

Note: Coefficients and (panel robust standard errors) from OLS fixed-effects regressions. Constants not shown.

* $p < .05$; ** $p < .01$; *** $p < .001$ (two-tailed tests).

Table B6. Fixed-Effects Regressions of Unemployment on Welfare Benefits and Their Interactions with the Institutional Insider/Outsider Divide (using separate indicators for permanent and temporary EPL instead of the ratio)

	<i>Model 1</i>	<i>Model 2</i>	<i>Model 3</i>	<i>Model 4</i>	<i>Model 5</i>
Unemployment Benefits	-.014*** (.003)	-.020*** (.003)	-.014*** (.003)	-.017*** [^] (.003)	-.013*** (.003)
Unempl. Benefits*EPL (perm.)		.004 (.003)	.001 (.003)		
Unempl. Benefits*Unionization		.013*** (.002)	.020*** (.002)		
Unempl. Benefits*Centralization		.007* (.003)	.014*** (.003)		
Unempl. Ben.*Union.*Cent.			-.022*** (.003)		
Minimum Income Benefits	.003 (.003)	.001 (.003)	.001 (.003)	.002 (.003)	.008* (.004)
Min. Inc. Ben.*EPL (perm.)				.002 (.003)	.000 (.003)
Min. Inc. Ben.*Unionization				.011*** (.003)	.016*** (.003)
Min. Inc. Ben.*Centralization				.012** (.004)	.014*** (.004)
Min. Inc. Ben.*Union.*Cent.					-.019*** (.004)
Union.*Centralization			-.034*** (.004)		-.025*** (.004)
EPL (permanent)	.047*** (.007)	.051*** (.008)	.057*** (.007)	.049*** (.007)	.044*** (.007)
EPL (temporary)	.004 (.003)	.001 (.003)	.001 (.003)	.001 (.003)	.002 (.003)
Unionization	-.038*** (.009)	-.047*** (.009)	-.026** (.009)	-.052*** (.010)	-.045*** (.010)
Centralization	.022*** (.005)	.010 (.005)	.010* (.005)	.009* (.005)	.016*** (.004)
Coverage	.024** (.009)	.031*** (.009)	.034*** (.009)	.028*** (.008)	.016 (.009)
ALMP	-.013*** (.001)	-.014*** (.002)	-.015*** (.002)	-.014*** (.001)	-.012*** (.001)
Labor Taxes	.001 (.003)	.003 (.003)	.002 (.003)	.004 (.003)	.006* (.003)
Childcare	-.011*** (.002)	-.013*** (.002)	-.012*** (.003)	-.016*** (.002)	-.008** (.002)
Output Gap	-.019*** (.001)	-.019*** (.001)	-.017*** (.001)	-.019*** (.001)	-.018*** (.001)
Marital Status	-.040*** (.003)	-.039*** (.003)	-.041*** (.003)	-.040*** (.003)	-.040*** (.003)
Wave Dummies	yes	yes	yes	yes	yes
<i>N</i>	1,579	1,579	1,579	1,579	1,579
Observations	18,266	18,266	18,266	18,266	18,266
<i>R</i> ² (within)	.350	.355	.366	.358	.366

Note: Coefficients and (panel robust standard errors) from OLS fixed-effects regressions. Constants not shown.

* $p < .05$; ** $p < .01$; *** $p < .001$ (two-tailed tests).

Table B7. Fixed-Effects Regressions of Unemployment on Welfare Benefits and Their Interactions with the Institutional Insider/Outsider Divide (incl. covariate Central Bank Independence)

	<i>Model 1</i>	<i>Model 2</i>	<i>Model 3</i>	<i>Model 4</i>	<i>Model 5</i>
Unemployment Benefits	-.011** (.003)	-.011** (.003)	-.006 (.003)	-.010** (.003)	-.008* (.003)
Unempl. Benefits*EPL ratio		.009*** (.002)	.009*** (.002)		
Unempl. Benefits*Unionization		.013*** (.002)	.017*** (.002)		
Unempl. Benefits*Centralization		-.001 (.003)	.004 (.003)		
Unempl. Ben.*Union.*Cent.			-.020*** (.003)		
Minimum Income Benefits	.003 (.003)	.003 (.003)	.004 (.003)	-.001 (.003)	.007 (.004)
Min. Inc. Ben.*EPL ratio				.011*** (.002)	.007*** (.002)
Min. Inc. Ben.*Unionization				.009*** (.003)	.015*** (.003)
Min. Inc. Ben.*Centralization				.023*** (.004)	.021*** (.004)
Min. Inc. Ben.*Union.*Cent.					-.022*** (.005)
Union.*Centralization			-.026*** (.004)		-.020*** (.004)
EPL ratio	-.003* (.001)	.009*** (.001)	.007*** (.002)	-.000 (.002)	-.001 (.001)
Unionization	-.041*** (.010)	-.043*** (.009)	-.023* (.009)	-.061*** (.010)	-.049*** (.011)
Centralization	.032*** (.005)	.023*** (.005)	.025*** (.005)	.010* (.005)	.018*** (.005)
Central Bank Indep.	-.006*** (.002)	-.008*** (.002)	-.007*** (.002)	-.007*** (.002)	-.003 (.001)
Coverage	.006 (.006)	.027*** (.006)	.026*** (.007)	.019** (.006)	.002 (.006)
ALMP	-.013*** (.002)	-.015*** (.002)	-.017*** (.002)	-.012*** (.001)	-.012*** (.001)
Labor Taxes	.004 (.003)	.004 (.003)	.003 (.003)	.009** (.003)	.009*** (.003)
Childcare	-.007** (.002)	-.012*** (.002)	-.012*** (.003)	-.009*** (.002)	-.004* (.002)
Output Gap	-.019*** (.001)	-.016*** (.001)	-.014*** (.001)	-.016*** (.001)	-.016*** (.001)
Marital Status	-.040*** (.004)	-.040*** (.003)	-.041*** (.003)	-.040*** (.003)	-.041*** (.003)
Wave Dummies	yes	yes	yes	yes	yes
<i>N</i>	1,579	1,579	1,579	1,579	1,579
Observations	18,266	18,266	18,266	18,266	18,266
<i>R</i> ² (within)	.336	.342	.349	.349	.355

Note: Coefficients and (panel robust standard errors) from OLS fixed-effects regressions. Constants not shown.

* $p < .05$; ** $p < .01$; *** $p < .001$ (two-tailed tests).

Table B8. Fixed-Effects Regressions of Unemployment on Welfare Benefits and Their Interactions with the Institutional Insider/Outsider Divide (sample: low-educated individuals)

	<i>Model 1</i>	<i>Model 2</i>	<i>Model 3</i>	<i>Model 4</i>	<i>Model 5</i>
Unemployment Benefits	.001 (.004)	.004 (.004)	.009* (.004)	.001 (.004)	.003 (.004)
Unempl. Benefits*EPL ratio		.009*** (.002)	.009*** (.003)		
Unempl. Benefits*Unionization		.010** (.004)	.015*** (.004)		
Unempl. Benefits*Centralization		.013** (.005)	.018*** (.004)		
Unempl. Ben.*Union.*Cent.			-.023*** (.005)		
Minimum Income Benefits	.003 (.004)	.003 (.004)	.005 (.004)	.000 (.004)	.006 (.005)
Min. Inc. Ben.*EPL ratio				.008** (.003)	.005 (.003)
Min. Inc. Ben.*Unionization				.011** (.004)	.013** (.005)
Min. Inc. Ben.*Centralization				.017* (.007)	.020** (.008)
Min. Inc. Ben.*Union.*Cent.					-.014 (.008)
Union.*Centralization			-.037*** (.007)		-.027*** (.007)
EPL ratio	.006** (.002)	.019*** (.004)	.017*** (.004)	.009*** (.002)	.008** (.002)
Unionization	-.060*** (.015)	-.068*** (.014)	-.043** (.015)	-.076*** (.015)	-.065*** (.016)
Centralization	.027** (.010)	.011 (.010)	.016 (.009)	.009 (.009)	.016 (.009)
Coverage	-.016 (.010)	.001 (.009)	.000 (.010)	-.008 (.009)	-.020* (.010)
ALMP	-.018*** (.003)	-.020*** (.003)	-.022*** (.003)	-.018*** (.003)	-.017*** (.003)
Labor Taxes	.013** (.004)	.015*** (.004)	.014*** (.004)	.017*** (.004)	.018*** (.004)
Childcare	-.013** (.004)	-.016*** (.004)	-.013** (.004)	-.016*** (.004)	-.008 (.004)
Output Gap	-.025*** (.002)	-.020*** (.002)	-.019*** (.002)	-.023*** (.002)	-.023*** (.002)
Marital Status	-.030*** (.006)	-.030*** (.006)	-.031*** (.006)	-.030*** (.006)	-.031*** (.006)
Wave Dummies	yes	yes	yes	yes	yes
<i>N</i>	532	532	532	532	532
Observations	6,186	6,186	6,186	6,186	6,186
<i>R</i> ² (within)	.455	.462	.473	.464	.469

Note: Coefficients and (panel robust standard errors) from OLS fixed-effects regressions. Constants not shown.

* $p < .05$; ** $p < .01$; *** $p < .001$ (two-tailed tests).

Table B9. Fixed-Effects Regressions of Unemployment/<35 Working Hours on Welfare Benefits and Their Interactions with the Institutional Insider/Outsider Divide

	<i>Model 1</i>	<i>Model 2</i>	<i>Model 3</i>	<i>Model 4</i>	<i>Model 5</i>
Unemployment Benefits	.002 (.004)	.004 (.004)	.011* (.004)	.005 (.004)	.011** (.004)
Unempl. Benefits*EPL ratio		.017*** (.003)	.019*** (.003)		
Unempl. Benefits*Unionization		.022*** (.005)	.026*** (.005)		
Unempl. Benefits*Centralization		-.019** (.007)	-.016* (.007)		
Unempl. Ben.*Union.*Cent.			-.002 (.007)		
Minimum Income Benefits	.048*** (.005)	.046*** (.005)	.042*** (.005)	.043*** (.005)	.025*** (.005)
Min. Inc. Ben.*EPL ratio				.013*** (.003)	.011*** (.003)
Min. Inc. Ben.*Unionization				.008 (.005)	-.015* (.007)
Min. Inc. Ben.*Centralization				.019** (.007)	.051*** (.009)
Min. Inc. Ben.*Union.*Cent.					.034*** (.009)
Union.*Centralization			-.058*** (.010)		-.069*** (.010)
EPL ratio	.002 (.003)	.023*** (.004)	.021*** (.004)	.004 (.003)	.002 (.003)
Unionization	-.199*** (.020)	-.183*** (.018)	-.164*** (.018)	-.217*** (.020)	-.167*** (.018)
Centralization	.038*** (.011)	.033** (.010)	.032** (.010)	.018 (.009)	-.000 (.010)
Coverage	.011 (.012)	.042*** (.011)	.024* (.011)	.023 (.012)	-.011 (.011)
ALMP	-.004 (.003)	-.007* (.003)	-.008* (.003)	-.002 (.003)	-.001 (.003)
Labor Taxes	.022*** (.006)	.021*** (.006)	.024*** (.006)	.028*** (.006)	.025*** (.006)
Childcare	-.015* (.006)	-.027*** (.005)	-.015** (.005)	-.016** (.006)	.002 (.005)
Output Gap	-.021*** (.002)	-.017*** (.002)	-.016*** (.002)	-.019*** (.002)	-.017*** (.002)
Marital Status	-.080*** (.007)	-.080*** (.007)	-.081*** (.007)	-.080*** (.007)	-.081*** (.007)
Wave Dummies	yes	yes	yes	yes	yes
<i>N</i>	1,579	1,579	1,579	1,579	1,579
Observations	18,258	18,258	18,258	18,258	18,258
<i>R</i> ² (overall)	.181	.188	.197	.185	.197

Note: Coefficients and (panel robust standard errors) from OLS fixed-effects regressions. Constants not shown.

* $p < .05$; ** $p < .01$; *** $p < .001$ (two-tailed tests).

Table B10. Fixed-Effects Regressions of Inactivity on Welfare Benefits and Their Interactions with the Institutional Insider/Outsider Divide (sample: working-age population)

	<i>Model 1</i>	<i>Model 2</i>	<i>Model 3</i>	<i>Model 4</i>	<i>Model 5</i>
Unemployment Benefits	.013 (.008)	.013 (.008)	.018* (.008)	.014 (.008)	.018* (.008)
Unempl. Benefits*EPL ratio		.000 (.005)	.001 (.005)		
Unempl. Benefits*Unionization		.001 (.006)	.005 (.007)		
Unempl. Benefits*Centralization		.008 (.009)	.011 (.009)		
Unempl. Ben.*Union.*Cent.			-.010 (.011)		
Minimum Income Benefits	-.000 (.008)	.000 (.008)	-.001 (.008)	-.004 (.008)	-.013 (.009)
Min. Inc. Ben.*EPL ratio				.009 (.005)	.008 (.005)
Min. Inc. Ben.*Unionization				.010 (.006)	-.002 (.008)
Min. Inc. Ben.*Centralization				.007 (.011)	.024 (.012)
Min. Inc. Ben.*Union.*Cent.					.019 (.011)
Union.*Centralization			-.035* (.014)		-.035* (.014)
EPL ratio	.002 (.004)	.003 (.004)	.002 (.006)	.003 (.004)	.002 (.004)
Unionization	-.066* (.026)	-.072** (.026)	-.056* (.024)	-.084** (.027)	-.058* (.027)
Centralization	-.014 (.014)	-.020 (.014)	-.019 (.014)	-.026 (.014)	-.037* (.015)
Coverage	.020 (.015)	.022 (.014)	.015 (.015)	.030* (.015)	.013 (.015)
ALMP	.008 (.004)	.007 (.004)	.006 (.004)	.008* (.004)	.008* (.004)
Labor Taxes	.015 (.009)	.016 (.009)	.017 (.009)	.020* (.009)	.018* (.009)
Childcare	-.011 (.007)	-.010 (.007)	-.005 (.007)	-.013 (.007)	-.004 (.007)
Output Gap	-.007* (.003)	-.007* (.003)	-.005 (.003)	-.006* (.003)	-.005 (.003)
Marital Status	-.186*** (.008)	-.186*** (.008)	-.187*** (.008)	-.186*** (.008)	-.186*** (.008)
Wave Dummies	yes	yes	yes	yes	yes
<i>N</i>	1,582	1,582	1,582	1,582	1,582
Observations	18,312	18,312	18,312	18,312	18,312
<i>R</i> ² (within)	.220	.220	.221	.221	.222

Note: Coefficients and (panel robust standard errors) from OLS fixed-effects regressions. Constants not shown.

* $p < .05$; ** $p < .01$; *** $p < .001$ (two-tailed tests).

Table B11. Fixed-Effects Regressions of Nonemployment on Welfare Benefits and Their Interactions with the Institutional Insider/Outsider Divide (sample: full working population)

	<i>Model 1</i>	<i>Model 2</i>	<i>Model 3</i>	<i>Model 4</i>	<i>Model 5</i>
Unemployment Benefits	.007 (.008)	.008 (.008)	.015 (.008)	.008 (.008)	.013 (.008)
Unempl. Benefits*EPL ratio		.003 (.004)	.003 (.004)		
Unempl. Benefits*Unionization		.006 (.006)	.012 (.007)		
Unempl. Benefits*Centralization		.013 (.008)	.018* (.009)		
Unempl. Ben.*Union.*Cent.			-.018 (.011)		
Minimum Income Benefits	.005 (.007)	.006 (.007)	.005 (.007)	.001 (.007)	-.005 (.008)
Min. Inc. Ben.*EPL ratio				.011* (.005)	.009 (.005)
Min. Inc. Ben.*Unionization				.017** (.006)	.007 (.007)
Min. Inc. Ben.*Centralization				.017 (.010)	.033** (.012)
Min. Inc. Ben.*Union.*Cent.					.009 (.011)
Union.*Centralization			-.048*** (.013)		-.046*** (.013)
EPL ratio	.000 (.004)	.005 (.005)	.004 (.005)	.003 (.004)	.001 (.004)
Unionization	-.068** (.025)	-.078** (.025)	-.055* (.023)	-.096*** (.025)	-.068** (.025)
Centralization	.003 (.014)	-.009 (.014)	-.007 (.013)	-.019 (.014)	-.024 (.014)
Coverage	.016 (.015)	.025 (.014)	.018 (.015)	.032* (.014)	.009 (.015)
ALMP	-.004 (.004)	-.004 (.004)	-.006 (.004)	-.003 (.003)	-.002 (.003)
Labor Taxes	.017* (.008)	.019* (.008)	.019* (.008)	.024** (.008)	.023** (.008)
Childcare	-.016* (.006)	-.017* (.007)	-.011 (.007)	-.021** (.007)	-.009 (.007)
Output Gap	-.017*** (.003)	-.015*** (.003)	-.013*** (.003)	-.016*** (.003)	-.014*** (.003)
Marital Status	-.193*** (.008)	-.193*** (.008)	-.194*** (.008)	-.193*** (.008)	-.194*** (.008)
Wave Dummies	yes	yes	yes	yes	yes
<i>N</i>	1,582	1,582	1,582	1,582	1,582
Observations	18,312	18,312	18,312	18,312	18,312
<i>R</i> ² (within)	.274	.275	.278	.278	.280

Note: Coefficients and (panel robust standard errors) from OLS fixed-effects regressions. Constants not shown.

* $p < .05$; ** $p < .01$; *** $p < .001$ (two-tailed tests).

Table B12. Random-Effects Regressions of Unemployment on Welfare Benefits and Their Interactions with the Institutional Insider/Outsider Divide

	<i>Model 1</i>	<i>Model 2</i>	<i>Model 3</i>	<i>Model 4</i>	<i>Model 5</i>
Unemployment Benefits	-.012*** (.003)	-.012*** (.003)	-.008** (.003)	-.013*** (.003)	-.009*** (.002)
Unempl. Benefits*EPL ratio		.008*** (.002)	.008*** (.002)		
Unempl. Benefits*Unionization		.008*** (.002)	.011*** (.002)		
Unempl. Benefits*Centralization		-.004* (.002)	-.003 (.002)		
Unempl. Ben.*Union.*Cent.			-.009** (.003)		
Minimum Income Benefits	.004 (.002)	.004 (.002)	.003 (.002)	.004 (.002)	.006 (.003)
Min. Inc. Ben.*EPL ratio				.005*** (.001)	.003* (.001)
Min. Inc. Ben.*Unionization				.010*** (.002)	.010*** (.002)
Min. Inc. Ben.*Centralization				.007 (.004)	.011** (.004)
Min. Inc. Ben.*Union.*Cent.					-.009* (.004)
Union.*Centralization			-.023*** (.003)		-.026*** (.003)
EPL ratio	-.002 (.001)	.008*** (.002)	.005** (.002)	-.000 (.001)	-.001 (.001)
Unionization	-.012*** (.003)	-.011*** (.003)	-.008** (.003)	-.014*** (.003)	-.011*** (.003)
Centralization	.008** (.003)	.001 (.003)	-.000 (.002)	.006* (.003)	.006* (.003)
Coverage	-.001 (.003)	.007* (.003)	.004 (.004)	.006* (.003)	-.001 (.003)
ALMP	-.012*** (.001)	-.013*** (.002)	-.014*** (.001)	-.012*** (.001)	-.012*** (.001)
Labor Taxes	.006** (.002)	.005* (.002)	.005* (.002)	.006** (.002)	.008*** (.002)
Childcare	-.003 (.002)	-.007*** (.002)	-.002 (.002)	-.007*** (.002)	-.000 (.002)
Output Gap	-.016*** (.001)	-.014*** (.001)	-.014*** (.001)	-.016*** (.001)	-.015*** (.001)
Marital Status	-.042*** (.002)	-.042*** (.002)	-.043*** (.002)	-.042*** (.002)	-.043*** (.002)
Wave Dummies	yes	yes	yes	yes	yes
<i>N</i>	1,579	1,579	1,579	1,579	1,579
Observations	18,266	18,266	18,266	18,266	18,266
<i>R</i> ² (overall)	.278	.268	.268	.253	.254

Note: Coefficients and (panel robust standard errors) from OLS fixed-effects regressions. Constants not shown.

* $p < .05$; ** $p < .01$; *** $p < .001$ (two-tailed tests).

Table B13. Fixed-Effects Regressions of Unemployment on Welfare Benefits and Their Interactions with the Institutional Insider/Outsider Divide (no weights)

	<i>Model 1</i>	<i>Model 2</i>	<i>Model 3</i>	<i>Model 4</i>	<i>Model 5</i>
Unemployment Benefits	-.012*** (.003)	-.012*** (.003)	-.007* (.003)	-.013*** (.003)	-.010** (.003)
Unempl. Benefits*EPL ratio		.009*** (.002)	.008*** (.002)		
Unempl. Benefits*Unionization		.008** (.002)	.013*** (.002)		
Unempl. Benefits*Centralization		.003 (.003)	.008** (.003)		
Unempl. Ben.*Union.*Cent.			-.021*** (.003)		
Minimum Income Benefits	.006* (.003)	.007* (.003)	.007* (.003)	.001 (.003)	.008* (.004)
Min. Inc. Ben.*EPL ratio				.008*** (.002)	.004* (.002)
Min. Inc. Ben.*Unionization				.009*** (.003)	.014*** (.003)
Min. Inc. Ben.*Centralization				.021*** (.004)	.019*** (.004)
Min. Inc. Ben.*Union.*Cent.					-.022*** (.005)
Union.*Centralization			-.030*** (.004)		-.024** (.004)
EPL ratio	-.001 (.001)	.009*** (.002)	.007*** (.002)	.002 (.001)	.000 (.001)
Unionization	-.025** (.009)	-.029*** (.009)	-.014 (.009)	-.038*** (.009)	-.031** (.010)
Centralization	.020*** (.006)	.011 (.006)	.015** (.005)	-.002 (.005)	.010* (.005)
Coverage	-.002 (.007)	.014* (.007)	.013 (.007)	.003 (.006)	-.011 (.007)
ALMP	-.010*** (.002)	-.011*** (.002)	-.013*** (.002)	-.009*** (.001)	-.009*** (.001)
Labor Taxes	.005 (.003)	.006* (.003)	.005 (.003)	.008** (.003)	.009** (.003)
Childcare	-.006** (.002)	-.010*** (.002)	-.008** (.003)	-.009*** (.002)	-.003 (.002)
Output Gap	-.017*** (.001)	-.015*** (.001)	-.013*** (.001)	-.016*** (.001)	-.015*** (.001)
Marital Status	-.034*** (.003)	-.034*** (.003)	-.036*** (.003)	-.035*** (.003)	-.036*** (.003)
Wave Dummies	yes	yes	yes	yes	yes
N	1,579	1,579	1,579	1,579	1,579
Observations	18,266	18,266	18,266	18,266	18,266
R2(within)	.251	.255	.263	.260	.268

Note: Coefficients and (panel robust standard errors) from OLS fixed-effects regressions. Constants not shown.

* $p < .05$; ** $p < .01$; *** $p < .001$ (two-tailed tests).

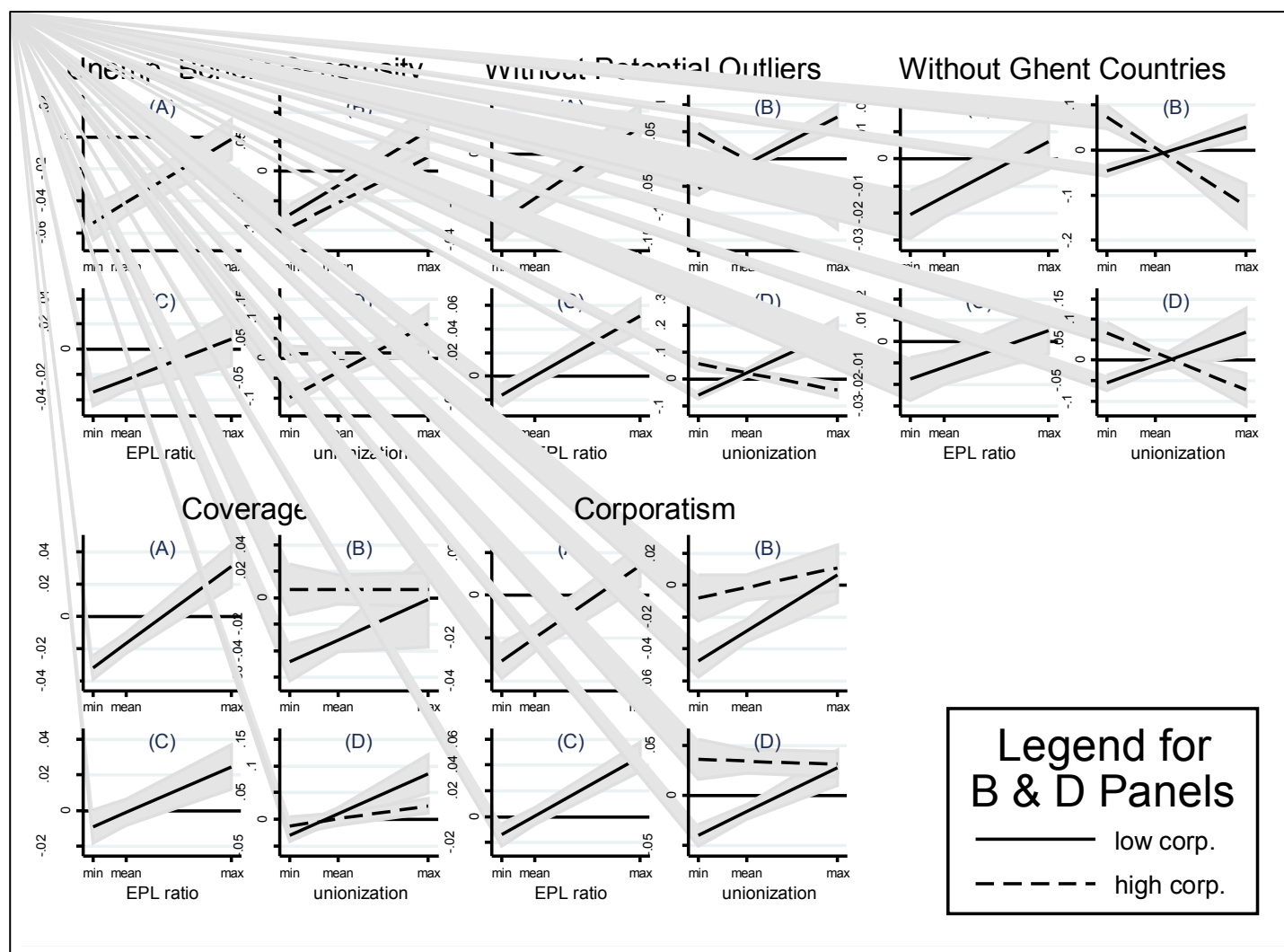


Figure B1. Robustness Checks I

Note: Marginal effects for unemployment benefits in Panels (A) and (B), for minimum income benefits in Panels (C) and (D). Marginal effects computed on the basis of Model 3 and Model 5 (see Tables B1 through B5).

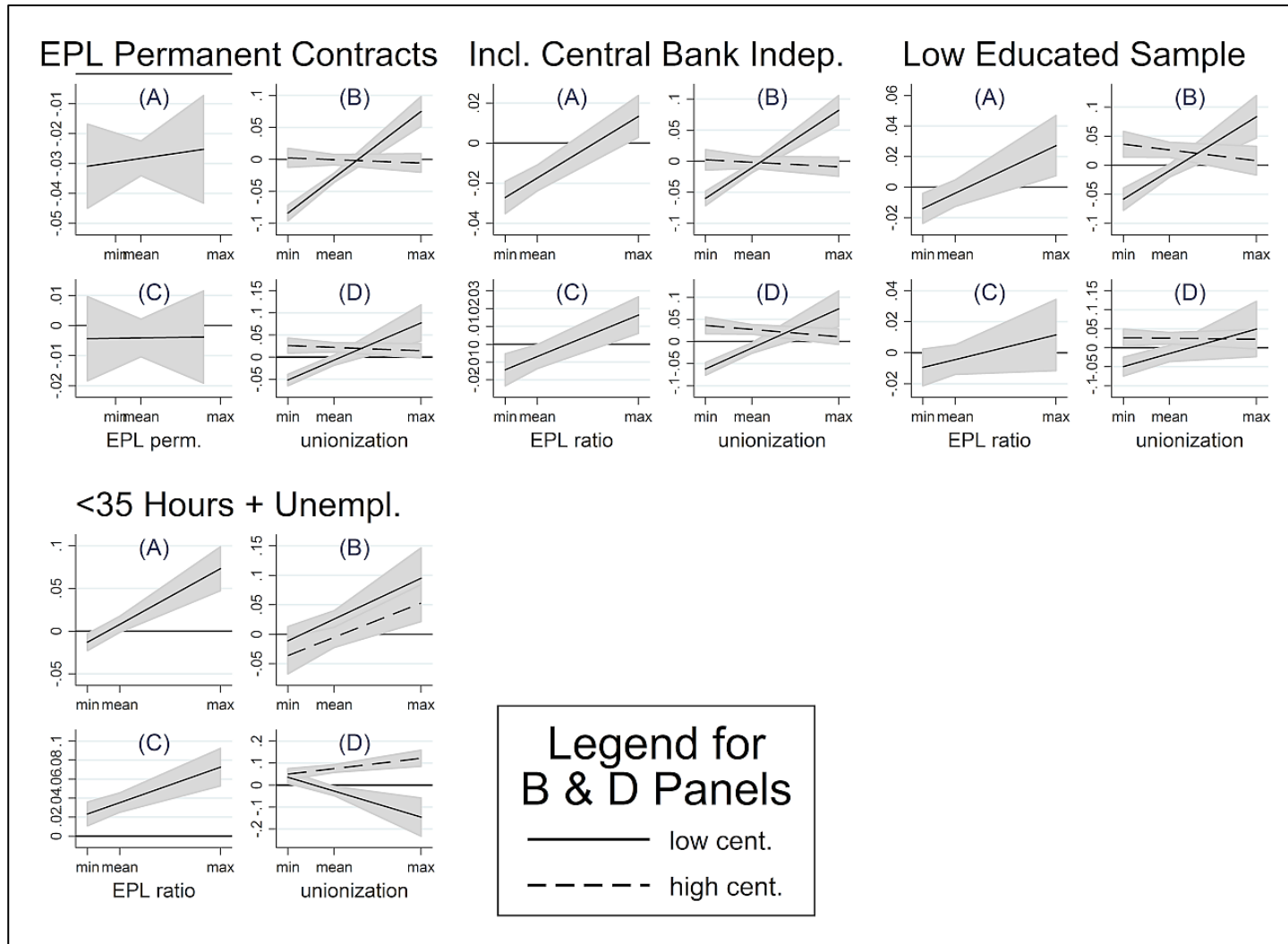


Figure B2. Robustness Checks II

Note: Marginal effects for unemployment benefits in Panels (A) and (B), for minimum income benefits in Panels (C) and (D). Marginal effects computed on the basis of Model 3 and Model 5 (see Tables B6 through B9).

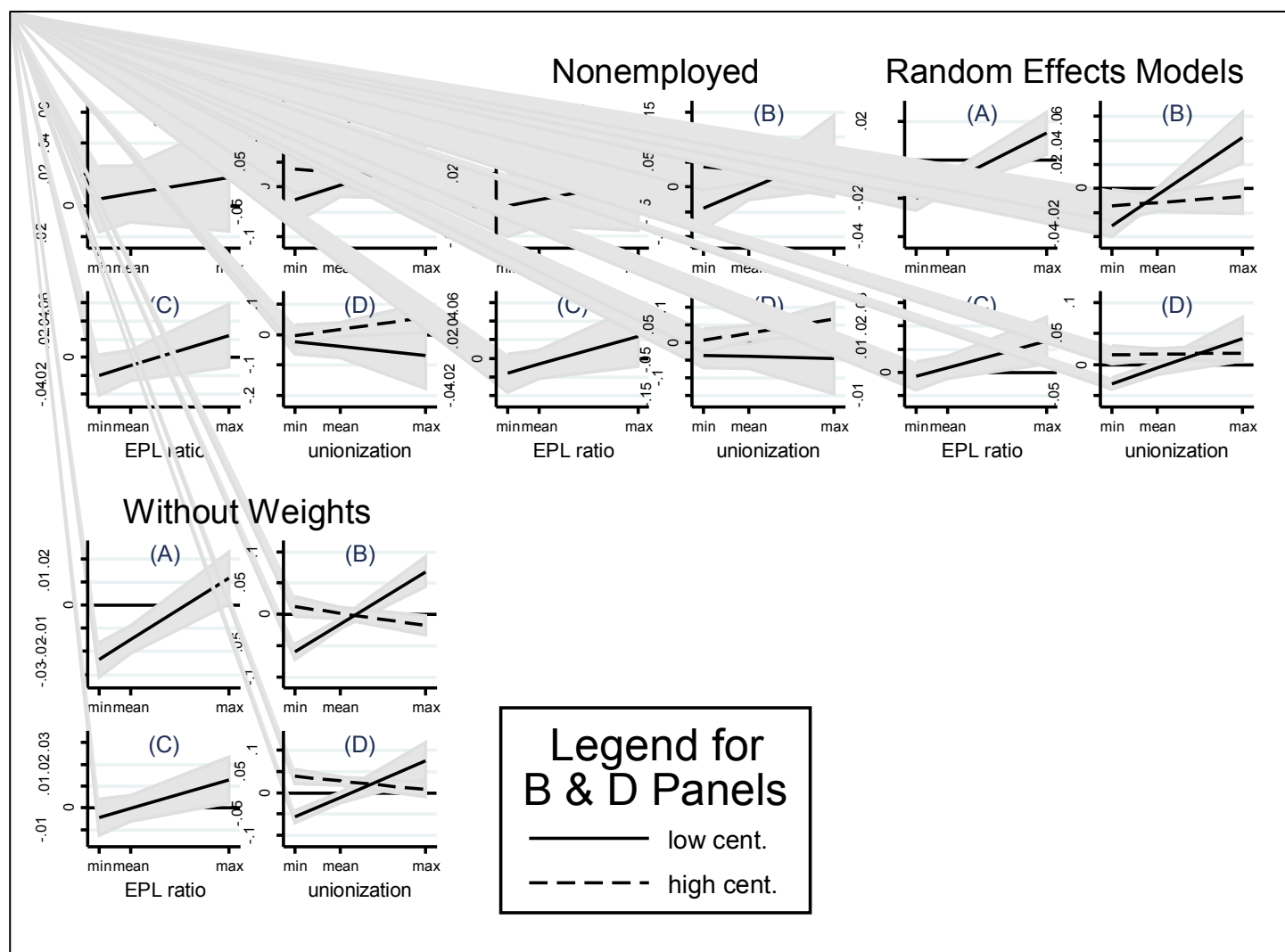


Figure B3. Robustness Checks III

Note: Marginal effects for unemployment benefits in Panels (A) and (B), for minimum income benefits in Panels (C) and (D). Marginal effects computed on the basis of Model 3 and Model 5 (see Tables B10 through B13).