Would you like to Shrink the Welfare State? The Opinions of European Citizens

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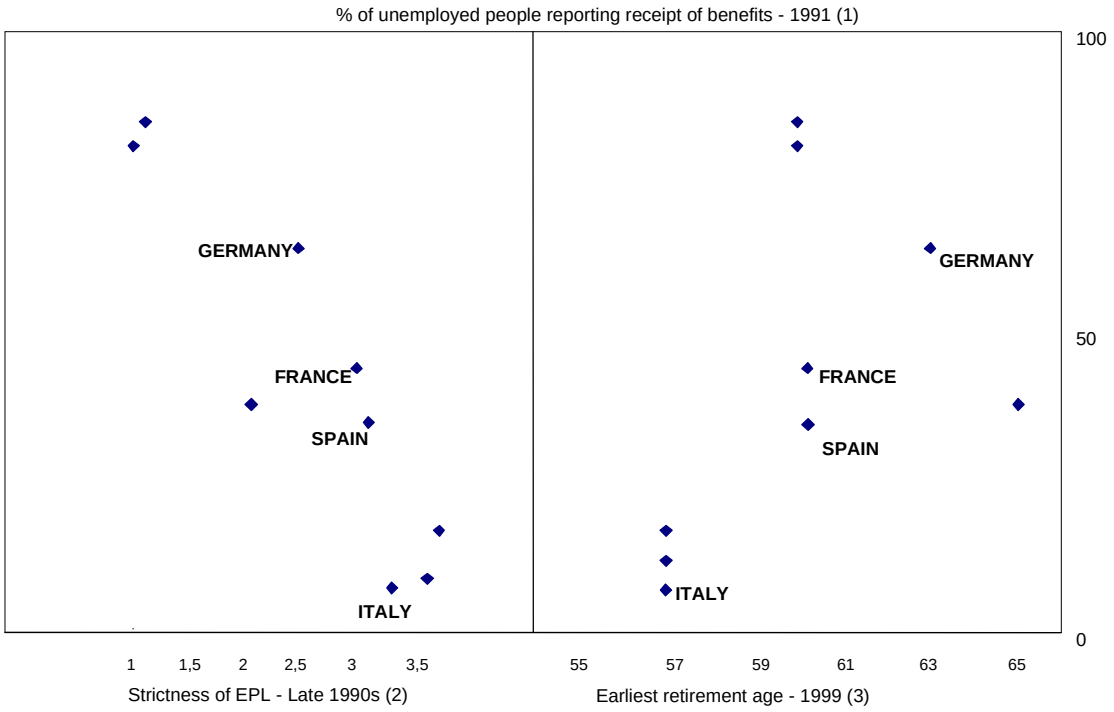
Figures, Tables, Boxes and Appendices

Figure 2.1:Trade-Offs in the Welfare State



Sources: 1) Jobs Study (OECD, 1994); data on Italy refer to 1999 and are calculated on the basis of micro-data from the LFS; 2) OECD (1999); 3) EC-MISSOC (1999); Social Security Administration (1999).

Table 2.1: Economic and Demographic Features

	France	Germany	Italy	Spain
Per capita income (PPP $, 1998)	22,320	20,810	20,200	16,060
Gini index of inequality[1] (1994)	30.3%	28.0%	34.8%	35.4%
Unemployment rate (1999)	11.3%	8.7%	11.4%	15.9%
Youth unemployment[2] (1999)	22.1%	11.3%	32.0%	28.6%
Dependency ratio[3] 2000	38.2%	41.8%	42.9%	37.7%
Dependency ratio[3] 2030	65.3%	82.5%	79.2%	67.3%
Dependency ratio[3] 2050	84.0%	101.7%	104.2%	104.9%

Notes: 1. Gini coefficient of adjusted (by family size) disposable income. 0% denotes equal distribution, 100% full concentration. 2. Unemployed 15-25 as a percentage of total unemployed (authors' calculations on OECD data) 3. Population age (60+)/(20-59).
Sources: World Development Indicators; Bertola et al. (2000); OECD Employment Outlook (2000); U.S. Bureau of the Census, International Data Base.

Table 2.2: Size of Government and Composition of Social Expenditures

	France	Germany	Italy	Spain
Total Govt. Spending (% of GDP)[1] (1999)	52.2%	45.6%	48.3%	38.6%
Public employment (% of total empl.)[2] (1995)	20.2%	14.1%	18.2%	15.1%
Effective labor tax (% gross earnings)[3](1995)	49.3%	43.5%	47.1%	31.5%
Social Expenditure (% of GDP)[4] (1997)	30.8	29.9	25.9%	21.4
Pensions (% of total social exp.)[4] (1997)	43.6%	41.9%	65.1%	46.2%
Health/Sickness/Disability (% of total)[4] (1997)	33.8%	36.1%	29.5%	36.5%
Unemployment (% of total)[4] (1997)	7.8%	9.0%	2.0%	13.9%
Poverty Relief (% of total)[4] (1997)	4.8%	2.8%	0.0%	1.4%
Family/Children (% of total)[4] (1997)	9.9%	10.1%	3.6%	1.9%

Notes: 1 Current outlays plus net capital outlays 2. Employment in the limited public sector (central or federal gov. + regional gov. or states + local gov. + municipalities) France (1993); Italy (1994) 3. The effective labour tax rate is the average income tax rate plus average social security contributions; 4. 1996 ESSPROS methodology
Sources: 1.OECD Economic Outlook (2000); 2.OECD (1999); 3.Daveri and Tabellini (2000); 4.Eurostat (2000).

Table 2.3: Retirement Income by Source (%), Mid 90s

	France	Germany	Italy	Spain
1st Pillar (State)	51%	85%	74%	92%
2nd Pillar (Occupational)	34%	5%	1%	4%
3rd Pillar (Individual)	15%	10%	25%	4%

Note: 1st pillar: Public pensions and all other public transfers; 2nd pillar: Occupational pensions; 3rd pillar: All other income sources (such as asset income, labour income, private transfers).
Source: Disney, Mira d'Ercole and Scherer (1998); country chapters in Gruber and Wise (1999).

Table 4.1: Coverage of Unemployment Insurance and Willingness to Subscribe the Proposed Unemployment Benefits Scheme

	France	Germany	Italy	Spain
"Suppose that tomorrow you were offered a job that, in case of layoff, gives you the right to receive 70 per cent of your salary during each month of unemployment, with a maximum of one year. Would you be willing to give up every month a fraction of your salary (ranging from less than 1% to 10%) in order to be covered by such an insurance?"				
Unemployed (% of all respondents)	*5.8%*	-	*5.9%*	*3.0%*
Of those: Wishing to pay for UB (% of all unemployed)	**78.0%**	-	**81.4%**	**60.0%**
"Suppose that you were offered the right to receive, in case of job loss, half of your salary during your first year of unemployment and 30% in the following year, but nothing else afterwards. Would you be willing to give up every month (ranging from less than 1% to 10%) of your salary in order to be covered by such an insurance?"				
Employees, currently not covered by UB (% of all respondents)	*3.8%*	-	*25.2%*	*6.2%*
Of those: Wishing to pay for UB (% of all uncovered employees)	**35.9%**	-	**51.2%**	**57.7%**
"Suppose that you were offered an unemployment insurance scheme giving you, in addition to what you are already entitled to, the right to receive one extra month of your salary in case of job loss. Would you be willing to give up every month a fraction (ranging from less than 1% to 10%) of your salary in order to be covered by this insurance?"				
Employees, currently covered by UB (% of all respondents)	*32.2%*	*37.7%*	*9.0%*	*33.4%*
Of those: Wishing to extend UB (% of all covered employees)	**16.5%**	**35.4%**	**26.0%**	**34.9%**

Note: The italicised percentages relate to the entire population, *not* to the labour force. The unemployment rates in France and Italy correspond within the sampling error margins to the official unemployment rates, once re-based from labour force to population. In the Spanish sample, the unemployed are slightly underrepresented. In the German sample, there are too few uncovered employees and unemployed to warrant statistically reliable results.
Source: Authors' survey.

Table 4.2: Willingness to Pay for Unemployment Benefits (ordered logit)

Dependent variable: 1=not wishing to subscribe, 2=1% of the gross wage, 3=more than 1% of the gross wage

	Currently unemployed			Employed, not covered			Employed, covered		
	Coefficient	**Std.-Error**	**Significance**	**Coefficient**	**Std.-Error**	**Significance**	**Coefficient**	**Std.-Error**	**Significance**
Young	1,257	0,537	**	0,767	0,306	**	-0,206	0,150	
Old	0,397	0,977		0,653	0,499		0,361	0,214	*
Male	-0,541	0,484		-0,335	0,313		-0,128	0,158	
Compulsory Educ.	-0,934	0,517	*	-0,092	0,347		-0,264	0,240	
Univ. Degree	-0,826	0,667		-0,205	0,375		-0,446	0,180	**
Union	0,402	0,931		-0,087	0,346		0,023	0,168	
Left	-0,156	0,549		0,122	0,348		-0,092	0,219	
Right	1,184	0,897		-0,659	0,361	*	-0,023	0,206	
France							-0,527	0,246	**
Italy	-0,370	0,626		0,955	0,448	**	-0,073	0,331	
Spain	-0,459	0,671		1,122	0,518	**	0,656	0,244	***
High Risk of Job Loss				1,418	0,597	**	0,542	0,252	**
Poor				0,190	0,451		0,659	0,225	***
Middle Income				0,045	0,290		0,202	0,166	
Public Admin.				0,012	0,386		0,112	0,249	
Manufacturing				-0,439	0,356		0,124	0,153	
Blue Collar				-0,304	0,447		0,193	0,369	
White Collar				0,012	0,411		0,057	0,352	
Household Head	0,611	0,565		-0,002	0,325		0,114	0,161	
High Unempl. Region	1,697	0,750	**	0,147	0,306		0,537	0,146	***
Crisis	-0,115	0,465		0,873	0,306	***	0,364	0,177	**
Informed				0,414	0,338		0,086	0,173	
Long Term Unempl.	0,475	0,521							
First Time Job Seeker	-0,054	0,130							
	Number Obs.	**Lik. Ratio**	**Pseu. R2**	**Number Obs.**	**Lik. Ratio**	**Pseu. R2**	**Number Obs.**	**Lik. Ratio**	**Pseu. R2**
	135	20,9	0,107	276	37,23	0,081	1174	93,89	0,050

Note: See variable definitions in Appendix 3. Significance is denoted by: one asterisk at 10%, two asterisks at 5%, and three asterisks at 1%. Lik.Ratio refers to the Likelihood ratio test of the hypothesis that all coefficients except the constant are zero, $2*(L(0)-L(\beta))$. It is chi-squared distributed with degrees of freedom equal to the number of non-constant variables. Pseudo-R2 is defined as $1-(L(\beta)/L(0))$. Reference individual and variable definitions: see Appendix 3.
Source: Authors' survey

Table 4.3: Contribution Rate

"As you know, both employers and employees pay pension contributions. Which fraction of your gross monthly salary/wage goes to public pensions? (Please take into account also your employer contributions)"

	France	Germany	Italy	Spain
Don't know/no answer	35.3%	21%	35.4%	50.8%
Of those who answered:				
Too low	52%	45%	24%	68%
Correct	43%	42%	64%	28%
Too high	4%	13%	13%	5%

Source: Authors' survey

Table 4.4: Who is Informed About the Correct Contribution Rate? (Logit Estimates)

Dependent variable: Probability of Answering Correctly the Question in Table 4.3

	Coefficient	Std.Error	Significance	ΔProb
Young	-0,249	0,121	**	-4,15%
Old	0,212	0,176		3,72%
Male	0,178	0,108	*	2,32%
Compuls.Educ.	-0,252	0,127	**	-3,13%
Univ.Degree	0,089	0,135		1,78%
Permanent Job	0,635	0,172	***	13,12%
Public Admin.	-0,042	0,161		-0,98%
Poor	-0,415	0,174	**	-7,42%
Rich	0,199	0,121		3,63%
Left	0,388	0,170	**	8,72%
Centre	0,349	0,117	***	7,68%
Union	-0,250	0,134	*	-3,48%
Germany	0,566	0,200	***	12,00%
Italy	0,646	0,163	***	9,01%
Spain	-0,863	0,188	***	-16,49%
Constant	-1,615	0,232	***	
	Number Obs.	**Lik. Ratio**	**Pseudo R2**	**BaseProb**
	1968	145,59	0,0633	46,91%

Note: See variable definitions in Appendix 3. Significance is denoted by: one asterisk at 10%, two asterisks at 5%, and three asterisks at 1%. ΔProb is the change in the base probability (denoted by BaseProb at the bottom of the table) if the corresponding dummy variable is changed from 0 to 1. Lik.Ratio refers to the Likelihood ratio test of the hypothesis that all coefficients except the constant are zero, $2*(L(0)-L(\beta))$. It is chi-squared distributed with degrees of freedom equal to the number of non-constant variables. Using the same likelihood elements, Pseudo-R2 is defined as $1-(L(\beta)/L(0))$. Reference individual and variable definitions: see Appendix 3.
Source: Authors' survey

Table 4.5: Pension System's Balance, Deficit, or Surplus

"Given all the contributions currently paid by employers and employees, and the pensions currently paid out to retirees, do you think that (a) the sum of all contributions exactly match the amount necessary to finance the sum of all pensions, (b) the sum of all contributions exceed the amount necessary to finance the sum of all pensions such that money is left over in the pension system, or (c) the sum of all contributions falls short of the amount necessary to finance the sum of all pensions such that there is need to use other government funds to subsidise the pension system?"

	France	Germany	Italy	Spain
Don't know/no answer	25%	1%	3%	23%
Of those who answered:				
(a) Balance	27%	39%	11%	21%
(b) Surplus	18%	7%	8%	28%
(c) Deficit	55%	54%	82%	51%

Source: Authors' survey

Table 4.6: Pension Crisis

"Some people speak of a possible crisis in public pension systems, which would mean that, in ten/fifteen years time we would not be able to enjoy public pensions at their actual level? Do you agree with this opinion?"

	France	Germany	Italy	Spain
Don't know/no answer	14%	6%	7%	23%
Of those who answered:				
Yes	82%	81%	72%	43%

Source: Authors' survey

Table 4.7: Likelihood of Pension Reform

"Do you think that in the course of the next 10 years there will be a reform reducing significantly the level of the public pension?"

	France	Germany	Italy	Spain
Don't know/no answer	19%	6%	16%	27%
Of those who answered:				
Yes	73%	75%	75%	47%

Source: Authors' survey

Table 4.8: Opting Out Unconditionally

"Suppose that you were offered the following "less contribution - less pension" deal. Namely, you were offered to reduce your contributions to <national public pension system> by one half (e.g., rather than paying 30 per cent, you pay 15 per cent <adjusted by country>), and receive this amount in your pay slip. When you retire, you will get a lower pension as if you had worked at 50 per cent of your salary from tomorrow onwards. Would you accept such a deal?"

	France	Germany	Italy	Spain
Don't know/no answer	6.5%	4.3%	6.6%	7.5%
Of those who answered:				
Yes	24.4%	47.2%	46.9%	18.9%

Source: Authors' survey

Table 4.9: Who wants to opt out?(logit estimates)

Dependent variable: Probability of Answering Yes to Question in Table 4.10

	Coefficient	Std.-Error	Significance	ΔProb	Coefficient	Std.-Error	Significance	ΔProb
Young	0,664	0,113	***	10,59%	0,633	0,117	***	9,89%
Old	-0,479	0,185	***	-7,04%	-0,441	0,188	**	-6,32%
Male	0,279	0,103	***	3,31%	0,308	0,105	***	3,58%
Compuls.Educ.	-0,467	0,122	***	-4,98%	-0,473	0,126	***	-4,89%
Univ.Degree	0,091	0,131		1,63%	0,085	0,135		1,48%
Permanent Job	-0,267	0,159	*	-4,77%	-0,268	0,161	*	-4,64%
Public Admin.	-0,008	0,159		-0,18%	0,046	0,162		0,95%
Poor	-0,296	0,154	*	-4,62%	-0,273	0,157	*	-4,16%
Rich	0,223	0,119	*	3,73%	0,188	0,121		3,05%
Union	-0,182	0,127		-3,38%	-0,148	0,130		-2,68%
Germany	1,586	0,200	***	21,53%	1,561	0,205	***	20,98%
East Germany	-0,354	0,151	**	-6,09%	-0,416	0,157	***	-6,88%
Italy	1,288	0,169	***	25,49%	1,323	0,173	***	26,03%
Spain	-0,339	0,184	*	-5,83%	-0,025	0,192		-0,44%
Informed	0,419	0,113	***	7,11%	0,452	0,116	***	-31,05%
Crisis					0,894	0,140	***	6,58%
Left					-0,196	0,162		-3,63%
Right					-0,008	0,162		-0,15%
Constant	-1,512	0,211	***		-2,234	0,248	***	
	Number Obs.	**Lik. Ratio**	**Pseudo R2**	**BaseProb**	**Number Obs.**	**Lik. Ratio**	**Pseudo R2**	**BaseProb**
	2005	322,49	0,1214	31,79%	1968	367,09	0,1409	31,79%

Note: See variable definitions in Appendix 3. Significance is denoted by: one asterisk at 10%, two asterisks at 5%, and three asterisks at 1%. ΔProb is the change in the base probability (denoted by BaseProb at the bottom of the table) if the corresponding dummy variable is changed from 0 to 1. Lik.Ratio refers to the Likelihood ratio test of the hypothesis that all coefficients except the constant are zero, 2*(L(0)-L(β)). It is chi-squared distributed with degrees of freedom equal to the number of non-constant variables. Pseudo-R2 is defined as 1-(L(β)/L(0)). Reference individual and variable definitions: see Appendix 3.
Source: Authors' survey

Table 4.10: Opting Out with Mandatory Private Pensions

"Consider a slightly different proposal: The compulsory contributions rather than being put in your pay slip would be put in an investment fund of your choice. You would be free to cash in from that fund only upon retirement. Would you accept such a deal?"

	France	Germany	Italy	Spain
Don't know/no answer	11.8%	4.3%	9.7%	13.2%
Of those who answered:				
Yes	49.7%	71%	67%	63%

Source: Authors' survey

Table 4.11: Use of Rebate After Opting Out

"What would you do with the money? (a) save all for old age provision, (b) spend all, (c) spend the smaller part, save the larger part for old age provision, (d) spend the larger part, save the smaller part for old age provision"

	France	Germany	Italy	Spain
Don't know	0.5%	0.5%	2.3%	5.3%
Of those who answered:				
Save all for old age provision	64.3%	66.8%	64.9%	30.1%
Spend all	6.1%	1.4%	1.8%	18.6%
Spend smaller part, save larger part for old age provision	22.8%	28.0%	25.7%	30.7%
Spend larger part, save smaller part for old age provision	6.9%	3.8%	7.5%	20.5%

Source: Authors' survey

Table 4.12: Change of opinion between the two opting-out proposals

		Opting out with mandatory savings		
		No	**Yes**	**Total**
Opting Out	**No**	30.3%	36.3%	66.6%
Unconditionally	**Yes**	10.2%	23.2%	33.4%
	Total	40.5%	59.5%	100%

Source: Authors' survey

Table 4.13: Who switches opinion? (logit estimates)

Dependent variable: probability of belonging to emphasised cell in Table 4.12

	Coefficient	Std.-Error	Significance		Coefficient	Std.-Error	Significance
Young	-0,170	0,148		**Germany**	-0,448	0,325	
Old	0,298	0,207		**East Germany**	0,265	0,179	
Male	-0,275	0,132	**	**Italy**	-0,311	0,291	
Compuls.Educ.	0,119	0,153		**Spain**	0,261	0,297	
Univ.Degree	-0,026	0,179		**Informed**	-0,229	0,153	
Permanent Job	0,062	0,219		**Crisis**	-0,125	0,166	
Public Admin.	-0,163	0,230		**Left**	-0,247	0,221	
Poor	0,194	0,180		**Right**	-0,142	0,139	
Rich	-0,091	0,154		**More UB**	0,432	0,134	***
Union	-0,055	0,164		**Constant**	-0,298	0,369	

Number Obs.	**Lik. Ratio**	**Pseudo R2**
1147	54,88	0,0372

Note: See variable definitions in Appendix 3. Significance is denoted by: one asterisk at 10%, two asterisks at 5%, and three asterisks at 1%. Lik.Ratio refers to the likelihood ratio test of the hypothesis that all coefficients except the constant are zero, $2*(L(0)-L(\beta))$. It is chi-squared distributed with degrees of freedom equal to the number of non-constant variables. Using the same likelihood elements, Pseudo-R2 is defined as $1-(L(\beta)/L(0))$.
Source: Authors' survey

Table 4.14: Opting Out with a Transition Burden

"Suppose that you were offered the above deal under less favorable conditions. Namely, you were still offered to reduce your contributions to (national public pension system) by one half, but now your pension will be calculated as if you had worked at less than 50 per cent. In particular, would you still accept the deal if your future pension is calculated as if you at worked at: (a) 45 per cent of your salary, (b) 40 per cent of your salary, (c) 35 per cent of your salary, (d) 30 per cent of your salary, (e) 25 per cent of your salary, (f) not at all?"

	France	Germany	Italy	Spain
45%	27.9%	13.8%	13.9%	18.1%
40%	5.0%	3.4%	5.8%	13.4%
35%	1.2%	*1.8%*	1.9%	5.0%
30%	1.4%	3.3%	0.4%	3.3%
25%	1.8%	3.1%	4.3%	12.3%
Acceptance	37.4%	24.9%	26.3%	52.1%
Not at all	62.6%	75.1%	73.7%	47.9%

Source: Authors' survey

Table 4.15: The size of the Welfare State

"In your opinion, should the state (a) reduce taxes and compulsory contributions, cutting pensions and/or transfers to households, (b) maintain taxes and compulsory contributions at current levels, or (c) increase pensions and/or transfers to households, by raising taxes and/or compulsory contributions?"

	France	Germany	Italy	Spain
Don't know/no answer	19.1%	6.5%	16.1%	27.7%
Of those who answered:				
(a) Less transfers/Less taxes	35.0%	26.9%	42.8%	15.9%
(b) Maintain	51.2%	59.1%	39.7%	53.2%
(c) More transfers/More taxes	13.8%	14.0%	17.4%	30.9%

Source: Authors' survey

Table 4.16: Who wants to shrink the welfare state? (ordered probit estimates)

Dependent variable: 1=Reduce, 2=maintain, 3=increase the size of the welfare state

	Coefficient	Std.-Error	Significance	Coefficient	Std.-Error	Significance	Coefficient	Std.-Error	Significance
Public Admin.	0,051	0,079		0,041	0,080		0,004	0,089	
Unemployed	-0,012	0,107		-0,003	0,108				
Permanent Job	0,040	0,071		0,030	0,072		0,031	0,084	
Curr.Working	0,190	0,055	***	0,135	0,058	**			
Self-Employed	-0,352	0,072	***	-0,368	0,073	***			
Young	-0,209	0,045	***	-0,228	0,046	***	-0,243	0,063	***
Old	0,110	0,053	**	0,134	0,054	**	0,208	0,098	**
Male	-0,067	0,037	*	-0,070	0,038	*	-0,110	0,057	*
Poor	0,119	0,046	**	0,119	0,047	**	0,120	0,084	
Rich	-0,031	0,046		-0,030	0,047		-0,016	0,066	
Compuls.Educ.	-0,036	0,044		-0,011	0,046		0,011	0,069	
Univ.Degree	-0,062	0,052		-0,067	0,053		-0,138	0,077	*
Unskilled	0,165	0,088	*	0,133	0,088		-0,050	0,132	
Medium Skills	0,255	0,077	***	0,238	0,078	***	0,156	0,120	
Union	0,153	0,048	***	0,136	0,050	***	0,208	0,068	***
Left				0,202	0,059	***	0,288	0,087	***
Right				-0,040	0,056		-0,146	0,086	*
Informed							-0,254	0,065	***
Spain	0,616	0,066	***	0,651	0,068	***	0,890	0,143	***
France	-0,116	0,066	*	-0,079	0,068		0,090	0,154	
Italy	-0,196	0,067	***	-0,163	0,069	**	-0,003	0,154	
East Germany	0,163	0,053	***	0,210	0,056	***	0,269	0,087	***
	Number Obs.	**Lik. Ratio**	**Pseu.R2**	**Number Obs.**	**Lik. Ratio**	**Pseu.R2**	**Number Obs.**	**Lik. Ratio**	**Pseu. R2**
	3978	346,9	0,044	3825	363,3	0,048	1697	201,8	0,061

Note: See variable definitions in Appendix 3. Significance is denoted by: one asterisk at 10%, two asterisks at 5%, and three asterisks at 1%. Lik.Ratio refers to the Likelihood ratio test of the hypothesis that all coefficients except the constant are zero, $2*(L(0)-L(\beta))$. It is chi-squared distributed with degrees of freedom equal to the number of non-constant variables. Pseudo-R2 is defined as $1-(L(\beta)/L(0))$. Reference individual and variable definitions: see Appendix 3.
Source: Authors' survey

Table 4.17: Opinions about the Intergenerational Conflict

"In this case <maintaining size >, should the state (a) allocate more resources to pensions and less to unemployed or young job seekers, (b) allocate less resources to pensions and more to unemployed and young job seekers, or (c) keep the current situation"

	France	Germany	Italy	Spain
Don't know/no answer	9.0%	3.3%	7.3%	9.0%
Of those who answered:				
(a) More to pensions and less to young	13.9%	16.6%	18.5%	10.2%
(b) Less to pensions and more to young	19.9%	21.6%	46.2%	30.2%
(c) Maintain	66.2%	61.8%	35.2%	59.6%

Source: Authors' survey

Table 4.18: Who wants to shift resources from the young to the old people, given no change in the size of welfare state? (probit estimates with sample selectivity correction)

Dependent variable: Probability of Answering (a) to the Question in Table 4.17

	Coefficient	Std.Error	Significance	Coefficient	Std.Error	Significance	ΔProb
Unemployed	-0,314	0,184	*	-0,285	0,180		-7,52%
Young	-0,014	0,077		-0,014	0,074		-0,23%
Old	0,240	0,092	***	0,201	0,094	**	3,17%
Compuls.Educ.	0,140	0,065	**	0,118	0,064	*	1,38%
Union	-0,030	0,089		-0,056	0,081		-1,15%
Permanent Job	0,239	0,124	*	0,178	0,121		3,32%
Spain	-0,234	0,200		-0,155	0,168		-3,22%
France	0,069	0,175		0,069	0,136		1,31%
Italy	-0,627	0,300	**	-0,476	0,277	*	-11,10%
High Unempl.				-0,159	0,067	**	-2,83%
Constant	0,737	0,439	*	1,033	0,260	***	
	Number Obs.	**Censored**	**Wald Stat.**	**Number Obs.**	**Censored**	**Wald Stat.**	**BaseProb**
	4558	2525	39,86	4558	2525	31,31	84,3%

Note: See variable definitions in Appendix 3. Significance is denoted by: one asterisk at 10%, two asterisks at 5%, and three asterisks at 1%. ΔProb is the change in the base probability (denoted by BaseProb at the bottom of the table) if the corresponding dummy variable is changed from 0 to 1. Wald Stat. refers to the Wald test of the hypothesis that all coefficients except the constant in the main equation are zero. It is chi-squared distributed with degrees of freedom equal to the number of non-constant variables in the main equation. The selectivity equation (not reported) is highly significant. Main instruments are income and skill levels. Reference individual and variable definitions: see Appendix 3.
Source: Authors' survey

Table 4.19: Status quo bias of unions

	France	Germany	Italy	Spain
Broad definition: Should the state maintain or increase taxes and benefits? (% answering yes)				
Union members	76,0%	76,0%	60,5%	92,1%
Non-members	63,6%	72,2%	56,8%	82,9%
Restrictive definition: Should the welfare state be maintained without allocating more resources to UB? (% answering yes)				
Union members	54.5%	46.5%	24.7%	42.3%
Non-members	37.7%	44.9%	20.8%	35.3%

Source: Authors' survey

Table 4.20: Opting out and maintaining the size of the welfare state (% of respondents)

		Opting out with mandatory savings		
		Yes	**No/No answer**	**Total**
Size of Welfare state	**Reduce**	17.1	7.7	24.8
	Maintain	27.9	18.1	45.9
	Increase	7.3	6.0	13.3
	No answer	7.2	8.7	16.0
	Total	59.5	40.5	100

Source: Authors' survey

Table 4.21: Who wants to opt out without shrinking the welfare state? (logit estimates)

Dependent variable: Probability of "yes" in Table 4.10 and "(b) or (c)" in Table 4.15

	Coefficient	**Std.Error**	**Significance**	**ΔProb**
Public Admin.	-0,225	0,160		-4,65%
Young	0,031	0,110		0,48%
Old	0,106	0,168		1,71%
Poor	-0,067	0,144		-1,10%
Rich	-0,037	0,115		-0,61%
Compuls.Educ.	-0,059	0,114		-0,67%
Univ.Degree	-0,302	0,132	**	-5,27%
Union	0,142	0,122		2,82%
Left	0,074	0,152		1,50%
Right	0,235	0,149		4,84%
Informed	-0,227	0,115	**	-3,66%
Crisis	0,306	0,126	**	2,28%
Spain	-0,225	0,148		-4,03%
France	-1,130	0,144	***	-17,29%
Italy	-0,672	0,152	***	-11,24%
Constant	-0,354	0,170	**	
	Number Obs.	**Lik. Ratio**	**Pseudo R2**	**BaseProb**
	1968	116,52	0,0457	34,96%

Note: Significance is denoted by: one asterisk at 10%, two asterisks at 5%, and three asterisks at 1%. ΔProb is the change in the base probability (denoted by BaseProb at the bottom of the table) if the corresponding dummy variable is changed from 0 to 1. Lik.Ratio refers to the Likelihood ratio test of the hypothesis that all coefficients except the constant are zero, $2*(L(0)-L(\beta))$. It is chi-squared distributed with degrees of freedom equal to the number of non-constant variables. Using the same likelihood elements, Pseudo-R2 is defined as $1-(L(\beta)/L(0))$. Reference individual and variable definitions: see Appendix 3.
Source: Authors' survey

Box 1.1 The Italian Unemployment Benefits System

	Ordinary Unemployment Benefit	Ordinary "Cassa integrazione guadagni" (CIGo)	Special "Cassa integrazione guadagni" (CIGs)	"Mobility List"
Workers involved	All the permanent lay-offs (excluding "apprendisti"[1]) in the private sector.[2]	All the temporary lay- offs (excluding "apprendisti"[1] and managers) in manufacturing.[3]	All the temporary lay-offs (excluding "apprendisti"[1], temporary employees and managers) working in firms in structural crisis, with more than 15 employees in manufacturing and construction and more than 200 employees in trade and tourism.	"Collective" lay-offs in firms eligible for CIGs and individual lay-offs in case of workers already in CIGs.
Replacement ratio[4]	30%	80% (there is a partially price indexed maximum level of benefit which was in 1999 about 60% of the average wage in the sector).	80% (same maximum level as CIGo).	80% in the first year, 64% in the following years (same maximum level as CIGo).
Eligibility	Full benefit: 52 weeks of contribution to the social security system in the previous 2 years. Reduced benefit: 78 days of contribution in the previous year.	No particular qualifying conditions.	3 months of seniority.	1 year of seniority.
Maximum duration	Full benefit: 6 months. Reduced benefit: number of days worked.	12 months (not necessarily continuous) in two years.	Up to 4 years.	From 1 year (for young workers in the North) up to 4 years (for old workers in th Mezzogiorno). In some special cases ("lon mobility") the duration is extended up to retirement.
Financing	Employer contribution (1,61%) plus general fiscal revenues	Employer contribution: fixed rate by size and industry + experience rated scheme	Employer contribution (fixed rate by size and industry + experience rated scheme) plus general Government revenues	Employer contribution: fixed rate (0,3%) + experience rated scheme

[1] The "apprendisti" are young workers (16-24 years old in the North 16-26 in the Mezzogiorno) in vocational training.
[2] Workers employed in agriculture and construction have more favourable treatment.
[3] There is a similar arrangement in agriculture and construction: the main differences are in the duration of the benefit (maximum three months in both sectors) and in the presence of qualifying conditions in agriculture (6 months of seniority).
[4] Benefit as a percentage of previous wage

Box 1.2 The Spanish Unemployment Benefits System

Kind of benefit	Eligibility conditions *	Replacement rate / amount	Financing
Unemployment benefit	Eligibility for unemployment benefits requires at least 12 months of contribution during last 6 years and the registration at the employment office. Further, the determinant of the unemployment status cannot be the refusal of suitable job offer or training. The entitlement period varies according to the days of contribution, up to a maximum of 720 days with 2160 days or more of contribution.	Up to the first 180 days of entitlement, the amount of the unemployment benefit is 70% of the average earnings received during the last 6 months, decreasing at 60% after 180 days. The maximum amount of the benefit equals 170% of the minimum wage, and may reach 220% for workers with children. The minimum amount of the benefit is 75% of the minimum wage, and may equal the minimum wage if at least one child is in care to the beneficiary.	The unemployment benefits system is financed by the employee (1.6% of the gross earnings, varying across 11 occupational classes), the employer (6.2 % of payroll varying across 11 occupational classes, which becomes 6.7% for fixed-term contracts and 7.7% for part-time contracts or temporary work agencies), and the government (variable subsidies). The maximum earnings considered for contribution and benefit purposes is 399,780 pesetas per month.
Unemployment Assistance	Workers not covered by the unemployment benefit or benefit exhaustees.	The allowance amounts to 75% of the minimum wage; the entitlement period is 6 months, and may be prolonged up to 18 months if past earnings was below 75% of the minimum wage.	

* The 1999 National Action Plan for Employment envisages a pilot programme called "Voluntary Commitment to Activity" for those receiving unemployment benefit. Such programme involves for the Public Employment Service and the benefit recipients a mutual obligation to carry out a wide range of activities aimed at the improvement of employability via active job search, promoted by the means of an intense offer of packages of training and counselling.

Box 1.3 The German Unemployment Benefits System

Kind of benefit	Eligibility conditions *	Replacement rate / amount	Financing
Unemployment benefit	Access to unemployment benefits is subject to registration at the employment office and to availability for work. Workers claiming unemployment benefits must have at least 360 days of contributions in the last 3 years (180 days for seasonal workers). In some cases, the right to receive the unemployment benefit can be temporarily discontinued (up to 12 weeks).	The unemployment benefit amounts to 60% of the last net earnings and is raised to 67% if the unemployed has children up to a maximum of 150% of the average blue-collar wage. The entitlement period varies between 180 and 960 calendar days according to the contribution period and the age**.	Provision of unemployment benefits is financed by the employees, the employers and the government. Insured workers and employers contribute both with 3.25% of gross earnings, while the government finances special employment programmes and covers any deficit. The maximum earnings considered for contribution and benefit purposes is 102.000 DM per year.
Unemployment Assistance	Provided to workers with at least 150 days in employment during the last year or to the unemployed no longer eligible to statutory benefits.	The level of unemployment assistance depends on previous income and is means-tested, mainly with respect to spouse's income. It equals 53% of past net work income (57% if the unemployed has children). It is payable for 360 calendar days and with no limit of duration after the exhaustion of unemployment benefits. In 1994, the average amount was 1030 DM in the old *Lander* and 810 DM in the new *Lander*.	—
Other benefits and allowances	*Short-time work benefit:* for workers experiencing short unemployment spells due to economic reasons. *Bad weather allowance:* paid to construction workers if their job has been hindered by adverse weather conditions (payable after 51 hours of forced inactivity between November 1 and March 31 of any year). *Cost of living allowance:* targeted to participants in occupational training, retraining and rehabilitation.		

* Since April 1997, the conditions for the receipt of benefits have been significantly tightened: during the first three months of unemployment, job offers must be accepted if the wage offered lies within 20% of the previous wage (30% for the subsequent three months); after the seventh month the unemployed are compelled to accept jobs if the net work income is greater than the unemployment benefit. Finally, benefit recipients must visit the labour office every three months to prove active job search.

** In particular: up to 41 years and after 24 months of work, 12 months of benefit; between 42 and 43 years and after 40 months of work, 18; between 44 and 48 years and after 44 months of work, 22 ; between 49 and 53 years and after 52 months of work, 26; after 54 years and 64 months of work, 32.

Box 1.4 The French Unemployment Benefits System

Kind of benefit	Eligibility conditions	Replacement rate / amount	Financing
Unemployment benefit	Employees eligible for unemployment benefits must be registered at the employment office and demonstrate availability and capability for work. Further, their unemployment status cannot depend on voluntary quits, misconduct and refusal of a suitable job offer.	The initial level of the unemployment benefit amounts to 57.4% of previous earnings for a period varying between 4 and 27 months according to the age and the lenght of the contribution record, without exceeding 75% of the daily reference wage. This amount is reduced every 6 months according to age and past employment spells*, **.	Employees and employers finance the unemployment insurance paying 2.21% of monthly earnings and 3.97% of the payroll respectively. The maximum earnings considered for contribution and benefit purposes is 57,880 francs a month.
Solidarity Programmes.	Such programmes are means tested and mainly addressed to the long-term unemployed having exhausted eligibility for unemployment benefits and to other specific categories of disadvantaged workers.	*Solidarity benefits* are targeted to the long term unemployed and may vary between 82,42 and 118,39 francs a day according to age and family situation. *Solidarity allowances* are payable mainly to disadvantaged older workers: their amount is variable and is renewed every 6 months. People aged over 59 years and a half with at least 12 years of contributions are eligible to the allowance until retirement age (65 years).	Entirely financed by the government.

* Unemployed people aged over 49 years with past work experience of at least 14 months in the last 2 years are entitled to receive full-rate unemployment benefits for nine months. Since March 1998, unemployment benefits recipients can combine income support with earnings from part time work for up to 136 hours per month.

** The minimum level of benefit is 106.14 francs a day, which may be increased up to 133.11 francs under certain conditions: age above 52 years, unemployment spells longer than one year, employment history of at least 20 years, with one consecutive or two separate years of employment in the last 5 years.

Box 2: Public Pension Systems

	France	Germany	Italy	Spain
Equilibrium payroll tax (a)	34.9%	27.8%	43.7%	42.3%
Statutory Contribution Rate (b)	23.9%	19.3%	32.7%	28.3%
a - b	11%	8.5%	11%	14%
Earliest Age eligible for full pension	60	63[1]	Any time after 35 years of service, or at the age of 57	60-64
Benefits	50% of best 10 years	72% of lifetime average	80% of lifetime average[2]	100% of last 8 years
After .. years of service	37.5	45	40	35
Indexation	Net wages	Net wages	COLA[3]	CPI[4]
Implicit Tax Rate on Continuing Work	45-65% for age 60-69%	30-40% for age 60-65	30-40% for age 56-59 70-80% for age 60-69%	20-40% for age 55-59 ca. 0% for ages 60-64 70-80% for age 65-69%
Labour Force Participation, Men Aged 60-64	16.5%	33%	30%	41%

Notes: The Italian description holds for the situation pre-Amato and pre-Dini reform. 1. 60 for women and unemployed or disabled men. Disability has traditionally included labour market reasons; 2. For young workers (hired from 1996) contribution payments "virtually" capitalised at the GDP growth rate and transformed into a lifetime annuity according to *actualrial fairness* (taking into account the age of retirement); 3. Cost of living adjustment; 4. Consumer price index.

Source: Social Security Administration (1999); EC-MISSOC (1999); Country chapters in Gruber and Wise (1999).

Box 3: *Fair* Contribution to the Proposed Unemployment Insurance

The table below offers estimates of the fair contribution rate to the insurance scheme offered to unemployed jobseekers. A "fair" insurance scheme equates the expected income of an insured worker (paying the contributions) to that of an un-insured worker (not paying the contributions). It is possible to show that the fair contribution rate (c*) is given by

$$c^* = \rho \frac{\delta\lambda(1-\pi)}{1+\delta(1-\lambda)}$$

where ρ is the proposed replacement rate (70% in the case of unemployed individuals), δ is the discount factor, λ is the probability of job loss and π is the probability that an unemployed finds a job within a year (analytical derivations are available upon request). The first three rows of the table provide the estimates of these parameters for an average worker. The fourth row depicts the fair contribution rate from the above equation. The contribution rates actually stated by the respondents are much higher (fifth line of the table). Such differences can be partly explained by the fact that unemployed workers will likely face larger job loss probabilities and lower job finding rates than the average worker. The lowest panel of the table shows indeed that long-term unemployed individuals wish to pay more than those having experienced shorter unemployment spells. Furthermore, unemployed individuals, especially in countries with strict EPL, are more likely to be offered a temporary contract rather than a permanent contract (7th row of the table), and workers with temporary contracts have a much higher chance of losing their job than the other workers (8th row). The last row of the table estimates the fair contribution rate when account is made of the presence of temporary contracts. As can be seen, the fair contribution rate is closer to that stated by individuals. Thus, both personal characteristics of individuals and the nature of "entry jobs" may explain why unemployed individuals wish to pay a relatively large fraction of their wage to the proposed unemployment insurance scheme.

	France	Germany	Italy	Spain
Estimating the fair insurance for an average worker:				
Probability of job loss for "regular" worker	3.6%	4.0%	2.1%	3.4%
Job finding probability	33%	27%	23%	26%
Discount factor	0.9	0.9	0.9	0.9
Fair contribution rate (% gross wage)	*0.8%*	*1.0%*	*0.5%*	*0.9%*
Average willingness to pay (survey results)				
All unemployed	*5.7%*	*n.a.*	*6.3%*	*6.4%*
Long-term unemployed (>12 months)	*6.4%*	*n.a.*	*8.9%*	*8.3%*
Estimating the fair insurance for a worker hired from unemployment:				
Share of hiring (from U) in temporary	60%	42%	75%	90%
Probability of job loss for temporary	25%	11%	19%	23%
Fair contribution rate (% of gross wage)	*4.1%*	*1.8%*	*4.1%*	*5.8%*

Source: Authors' calculations based on data from Oecd (1997, 1998, 1999) and European Communities

Box 4: Quotations

Number of Quotations of "Pension(s)" in Newspapers (1-1-99 to 31-12-99)

		Economic Daily			
		in titles		*in articles*	
		v.a.	*%*	*v.a.*	*%*
France	**Les Echos**	305	0,71	1715	4,01
Germany	**Handelsblatt**	729	1,18	5636	9,11
Italy	**Il sole 24 Ore**	1105	1,70	4673	7,19
Spain	**Expansión**	326	0,69	1413	2,97

Sources: Les Echos, on line; Verlagsgruppe Handelsblatt; il Sole24ore on line; Expansión (Documentation Office)

Note: number of articles in which the words "pension or pensions or similar" are quoted in the title or in the full text as a per cent of all articles published in 1999

In particular, we looked up:
retraite, *retraites*, *pension* for France
all words with *-rente-* except "Rentenmarkt" and similar expressions for Germany
pensione, *pensioni*, *previdenza* for Italy
pensión, *pensiones* for Spain

Box 5: Further results on Germany

In the German sample, we were able to collect some additional results which are briefly described here. First, we asked the respondents how the German pension system works, PAYG or funded. Answer (b), chosen by less than 50% of respondents, is correct. Note that high school graduates are less informed than those who have compulsory education only.

"In your opinion, for which purpose are the contributions being used that are paid by you and your employer: (a) only for your own future pension, (b) only for the pensions of today's pensioners, (c) the larger part for your own future pension, the smaller part for the pensions of today's pensioners, (d) the smaller part for your own future pension, the larger part for the pensions of today's pensioners, (e) don't know/no answer"

	(a)	(b)	(c)	(d)	(e)
Compulsory Education only	3.0%	48.4%	2.4%	36.0%	10.2%
High School	2.1%	43.8%	8.0%	43.7%	2.5%
University Degree	1.3%	49.9%	6.5%	40.6%	2.0

Second, we changed the framing of the question to introduce some "moral suasion". This substantially increased the percentage of respondents who agreed to a transition burden:

"Would you accept to pay a higher contribution rate during a transition period if this reduces the burden that your children and grandchildren have to carry?"

	Yes	No	Refused	Don't know
Age 18-24	40,33	56,86	1,92	0,88
Age 25-34	36,79	62,77	0,33	0,11
Age 35-44	50,65	47,35	0,69	1,31
Age 45-54	45,41	52,11	0,82	1,66
Age 55-64	60,44	28,94	0,49	10,13
All respondents	46,36	50,83	0,66	2,15

We finally explored which policy alternatives – reducing the replacement rate or increasing the retirement age – is preferred. Through all age classes, respondents would rather face a cut in pension benefits than retire later:

"Would you accept a reduction of the pension replacement rate if this will stabilize the contribution rate to the GRV system?"

	Yes	No	Refused	Don't know
Age 18-24	67,52	26,76	1,92	3,8
Age 25-34	48,55	50,23	0	1,21
Age 35-44	67,37	30,3	0,53	1,79
Age 45-54	50,86	45,4	0,28	3,46
Age 55-64	42,45	46,91	1,52	9,13
All respondents	54,72	41,69	0,52	3,07

"Would you accept a later retirement age if this will stabilize the contribution rate to the GRV system?"

	Yes	No	Refused	Don't know
Age 18-24	65,54	32,53	1,92	0
Age 25-34	36,47	63,42	0	0,11
Age 35-44	36,67	61,6	0,15	1,58
Age 45-54	23,48	73,51	1,34	1,68
Age 55-64	20,37	70,56	0	9,08
All respondents	32,4	65,06	0,49	2,05

Appendix 1: English-Language Version of the Questionnaire

Part 1a: Personal and household's characteristics

C1. Sex
-male
-female

C2. How old are you? _____ (if younger than 16, end of the interview)

C3. Are you...
-single
-married
-living as married
-divorced
-separated
-widowed

C4. Are you in your household the person who contributes most to the household income?
-yes —> C6
-no —> C4a

C4a. Then, what is your relationship with that person?
-partner
-son/daughter
-mother, father, mother-in-law, father-in-law
-other relatives
-no family relationship with household head

C5. What is the current labor situation of the person who contributes most to the household income?
-works at the present ----> C5a
-retired ---->C5a
-unable to work through illness ----->C5a
-unemployed with previous job experience, seeking a job ----->C5a
- unemployed with previous job experience, but not seeking a job ----> C5a
-unemployed without job experience
-student
-housewife
-other

C5a. Does /did he/she work as ...
-self employed ----> C5aa
-employee ----> C5ab

C5aa. What is/was the occupation of this person (household head)?
Farmer
Fisherman
Owner of a shop, craftsmen, other self employed person
Business proprietors, owner (full or partner) of a company
Professional (lawyer, medical practitioner, accountant, architect, ...)

C5ab. What is/was the occupation of this person (household head)?
Employed professional
General management, director or top management (managing directors, director general,…)
Middle management, other management (department head, junior manager, teacher,…)
Employed position, working mainly at a desk
Employed position, not at a desk but travelling (salesmen, driver, ...)
Employed position, not at a desk, but in a service job (hospital, police,….)
Supervisor
Skilled manual worker
Unskilled manual worker, servant
Agricultural worker

C6. What is your education?
-no formal studies
-primary school (6 years or less)
-junior secondary school (7-9 years)
-high school /grammar school
-university /college
-Post doctoral degree (Ph.D., Master….)

C7. How many people live in your household, adults (more then 15 years), including yourself?

C7a. Aged less then 16 years?

Part 1b: Labour market status and other general information

1.1. Did you do any work for pay, profit or family gain for at least an hour in the last week?
-yes —> 1.1.1.
-no—> 1.2.

1.1.1. Did you work as
-self-employed —>1.1.1a
-employee —>1.1.1b

1.1.1a What is your occupation?
-Farmer
-Fisherman
-Owner of a shop, craftsmen, other self employed person
-Business proprietors, owner (full or partner) of a company
-Professional (lawyer, medical practitioner, accountant, architect, ...)

1.1.1b What is your occupation?
-Employed professional
-General management, director or top management (managing directors, director general,…)
-Middle management, other management (department head, junior manager, teacher,…)
-Employed position, working mainly at a desk
-Employed position, not at a desk but travelling (salesmen, driver,...)
-Employed position, not at a desk, but in a service job (hospital, police,…)

-Supervisor
-Skilled manual worker
-Unskilled manual worker, servant
-Agricultural worker

ONLY TO EMPLOYEES ("employee" in 1.1.1.)
1.1.1b1. Did you work as a ...
-permanent worker
-temporary worker
-stagiaire, apprentice, or
-without any contract

TO ALL EMPLOYED PEOPLE ("yes" in 1.1.)
1.1.2. Sector of activity
- agriculture, forestry, fishing, hunting
- mining and quarrying
- manufacturing
- electricity, gas, water (distribution)
- construction
- wholesale and retail trade, restaurants and hotels
- transport, storage and communication
- finance, insurance, real estate, business services
- community, social and personal services
- public administration
- other (specify)

1.1.3. How many hours do you work per week, on average?
-0 to 5
-5 to 15
-15 to 25
-25 to 35
-35 to 45
-more than 45

TO THOSE NOT DOING PAID WORK ("no" in 1.1)
1.2. Which one of the following corresponds to your present personal situation?
-retired
-unable to work through illness
-unemployed with previous job experience, seeking a job
- unemployed with previous job experience, but not seeking a job
-unemployed, seeking my first job
- will start a job in the future
-student
- conscripted into military or substitute service
-housewife
-other

TO THOSE UNEMPLOYED SEEKING A JOB ("unemployed, with previous work experience, seeking a job" or "unemployed, seeking my first job" in 1.2)
1.3. How long have you been seeking a job?
- Less than three months

- Between three and twelve months
-Between one and two years
-More than two years

TO ALL BUT THOSE RETIRED ("retired" in 1.2) OR WIDOWED HOUSEHOLD HEADS ("widowed" in C3 and "yes" in C4). WHO ANSWER NO AT 1.1
1.4. Once retired, which of the following income sources do you think will be the most important?
-public mandatory pension
-private pension
-returns on savings or other assets (real estate, bonds, etc.)
-income support from relatives, family members
-don't know/no answer

TO RETIRED ("retired" in 1.2) OR WIDOWED HOUSEHOLD HEADS ("widowed" in C3 and "yes" in C4) WHO ANSWER NO AT 1.1
1.5. Which of the following is your primary income source?
-public mandatory pension (old age or survivor)
-private pension
-returns on savings or other assets (real estate, bonds, etc.)
- income support from relatives, family members
-don't know/no answer

Part 2: Attitudes towards unemployment insurance

TO EMPLOYEES ("employee" in 1.1.1.)
2.1. As far as you know, in the light of the conditions of your firm or sector, do you think that it is - it is very likely, quite likely, quite unlikely, very unlikely or just impossible that you may lose your job in the next two to three years?
-very likely
-quite likely
-quite unlikely
-very unlikely
-impossible

2.2. Is your current job covered by unemployment insurance, that is, in case of job loss would you be eligible to unemployment benefits or other income support scheme for workers made redundant?
- yes —> 2.2b
- no —> 2.4
- not applicable (this question does not apply to me: e.g., I am a public servant with a job for life) —>3.1

2.2b As you know, unemployment benefits are financed by contributions which you and your employer pay. Do you think that the unemployment benefit you are entitled to in case of job loss
- is adequate as it is —> 3.1

- should be less generous and contributions should be lower—> 3.1
- should be more generous even if this means higher contributions —> 2.3

TO THOSE COVERED BY UNEMPLOYMENT INSURANCE WHO WOULD LIKE MORE OF IT ("yes" in 2.2 AND "MORE GENEROUS" IN 2.2B)
2.3. Suppose that you were offered an unemployment insurance scheme giving you, in addition to what you are already entitled to, the right to receive one month of your salary in case of job loss. Would you be willing to give up every month 10 per cent of your salary in order to be covered by this insurance? (DO NOT SPECIFY IF THE WAGE IS GROSS OR NET UNLESS THE INTERVIEWED SPECIFICALLY ASKS FOR THIS INFORMATION; IN THAT CASE STATE THAT WE REFER TO THE NET, TAKE-HOME, PAY)
-yes—> 3.1.
-no—> 2.3a
-don't know/no answer—>2.3a

2.3a. Five per cent at most?
-yes —>3.1.
-no —>2.3b
-don't know/no answer —>2.3b

2.3b. Three per cent at most?
-yes —>3.1.
-no —>2.3c
-don't know/no answer—>2.3c

2.3c. One percent at most?
-yes —>3.1.
-no (= no reduction) —>3.1.
-don't know/no answer —>3.1

TO THOSE NOT COVERED BY UNEMPLOYMENT INSURANCE ("no" in 2.2)
2.4. Supposed that you were offered the right to receive, in case of job loss, half of your salary during your first year of unemployment and 30% in the following year, but nothing else afterwards. Would you be willing to give up every month 10 per cent of your salary in order to be covered by such an insurance?
-yes—>3.1.
-no—> 2.4a
-don't know/no answer —>2.4a

2.4a. Five per cent at most?
-yes —>3.1.
-no —>2.4b
-don't know/no answer —>2.4b

2.4b. Three per cent at most?
-yes —>3.1.
-no —>2.4c
-don't know/no answer —>2.4c

2.4c. One percent at most?
-yes —>3.1.
-no (= no reduction) —>3.1.
-don't know/no answer —>3.1

TO ALL UNEMPLOYED SEEKING A JOB ("unemployed, seeking my first job" in 1.2 AND "unemployed with previous job experience, seeking a job" in 1.2)
2.5. Imagine that tomorrow you were offered a full-time permanent job corresponding to your qualifications, and your monthly salary would be 350 Euros (roughly 700 thousand liras) and that this would be perfectly legal. Would you accept it? (PROPOSE ALL ALTERNATIVES UNTIL THE FIRST "YES" IS REACHED)

	Yes	No
-350 euros per month		
-500 euros per month		
-650 euros per month		
-800 euros per month		
-950 euros per month		
-1,100 euros per month		
-		
-		
-		
-		
-		
-3,000 euros per month		

(COUNTRY TEAMS: ADJUST FREELY THE NUMBERS IN THE LIGHT OF WAGE MINIMA; START JUST BELOW THE MINIMUM WAGE; TRANSLATE EURO-FIGURES INTO LOCAL CURRENCY)

2.6. Imagine that tomorrow you were offered a job that, in case of a layoff, gives you the right to receive 70 per cent of your salary per each month of unemployment, with a maximum of one year.
Would you be willing to give up every month 10 per cent of your salary in order to be covered by such an insurance?
-yes—>3.2.
-no—> 2.6a
-don't know/no answer—>2.6a

2.6a. Five per cent at most?
-yes —> 3.2.
-no —>2.6b
-don't know/no answer—>2.6b

2.6b. Three per cent at most?
-yes —> 3.2.
-no —>2.6c
-don't know/no answer—>2.6c

2.6c. One percent at most?
-yes —> 3.2.
-no (= no reduction) —> 3.2.
-don't know/no answer→3.2

Part 3: Attitudes towards pensions

TO EMPLOYEES ("employee" in 1.1.1.)
3.1.As you know, in "*NAME YOUR COUNTRY*", both employers and employees pay pension contributions. Which fraction of your gross monthly salary/wage goes to public pensions? (please take into account the total of both the employer and the employee contributions) (COUNTRY TEAMS: ADJUST FREELY THE BRACKETS AROUND THE TRUE VALUE)

-Less than 20%
-Between 20% and 45%
-More than 45%
-I do not know

3.1b Given all the contributions currently paid by employers and employees, and the pensions currently paid out to retirees, do you think that:
- the sum of all contributions exactly match the amount necessary to finance the sum of all pensions,
- the sum of all contributions exceed the amount necessary to finance the sum of all pensions such that money is left over in the pension system
- the sum of all contributions falls short of the amount necessary to finance the sum of all pensions such that there is need to use other government funds to subsidize the pension system
- don't know/no answer

TO ALL
3.2. Some people speak of a possible crisis in public pension systems, which would mean that, in ten/fifteen years time we would not be able in COUNTRY to enjoy public pensions at their actual level? Do you agree with this opinion?
-yes
-no

3.3. And do you think that in the course of the next 10 years there will be a reform reducing significantly the amounts of public pensions?
-yes
-no

TO ALL EMPLOYED ("yes" in 1.1.)
3.4. Suppose then that you were offered the following "less contribution - less pension" deal. Namely, you were offered to reduce your contributions to (INPS:ADJUST to country) by one half (e.g., rather than paying 30 per cent, you pay 15 per cent ADJUST to country), and receive this amount in your payslip. However, when you retire, you will get a lower pension, as if you had worked at 50 per cent of your salary from tomorrow onwards. Would you accept such a deal?

-yes —>3.5
-no —> 3.6.
-don't know/no answer —> 3.6.

3.5. What would you do with the money?
- save all for old age provision
- spend all
- spend the smaller part, save the larger part for old age provision
- spend the larger part, save the smaller part all for old age provision
- Don’t know

3.6 Consider a slightly different proposal: the compulsory contributions rather than being put in your payslip would be put in an investment fund of your choice. You would be free to cash in from that fund only upon retirement. Would you accept such a deal?
-yes
-no
-don't know/no answer

ONLY TO THOSE SAYING YES IN 3.4
3.7. Suppose that you were offered the above deal under less favourable conditions. Namely, you were still be offered to reduce your contributions to (INPS) by one half (and receive this amount in your payslip), but now your pension will be calculated as if you had worked at less than 50 per cent. In particular, would you still accept the deal if your future pension is calculated as if you at worked at:
- 45 per cent of your salary
- 40 per cent of your salary
- 35 per cent of your salary
- 30 per cent of your salary
- 25 per cent of your salary

TO ALL EMPLOYED (“yes” in 1.1.) OR UNEMPLOYED WITH WORK EXPERIENCE (“unemployed with work experience” in 1.2.)
3.8. Is your firm contributing (or has contributed) to a private pension fund on your behalf?
-yes —> 3.9
-no

3.9. Did you choose the fund yourself or was it your company to choose the fund?
-interviewee
-company

3.10 Do you have an individual retirement account (eg. through a life insurance or a private pension fund)

Part 4: Attitudes towards social policy trade-offs

TO ALL
4.1. In your opinion, should the state...
-reduce taxes and compulsory contributions, cutting pensions and/or transfers to households.
-maintain taxes and compulsory contributions at current levels —>4.1a.

-increase pensions and/or transfers to households, by raising taxes and/or compulsory contributions
-don't know/no answer
4.1a. In this case, should the state
-allocate more resources to pensions and less to unemployed or young jobseekers
-allocate less resources to pensions and more to unemployed and young jobseekers, or
-keep the current situation
-don't know/no answer

Part 5: Sensitive personal information

5.1. Could you indicate the amount of your household monthly income?
-Three income classes
-don't know/no answer

5.2. What are your political beliefs on a decimal left-right scale?
-0= extreme left
-10= extreme right
-don't know/no answer

5.3. Are you member of a trade union? (according to privacy law for each country)
-yes
-no
-don't know/no answer

Appendix 2: Survey Sample Design

Interviews were carried out in all countries by the means of Computer Assisted Telephone Interview (CATI) techniques. The survey universe was represented by the population aged 16 to 80 (14 to 99 in Germany, but for purpose of cross-country comparability we focused only on the same age group as in the other countries), in households with telephone connections, resident in one of the four countries (with the only exception of the Spanish Northern African cities of Ceuta and Melilla). In each country we sampled 1000 households. In Germany, where we had a larger budget, we choose to sample 1500 households in the West and 1000 households in the East to accommodate separate analyses for both parts of the country.

Random sampling was based on a two-stages procedure:

1) In the first stage Random Digit Dialling (RDD) or Add Digit Dialling (ADD) was used to identify households in proportions reflecting population density, i.e. the amount of telephone numbers generated in each cell is proportional to the demographic size of that cell.

2) In the second stage, random selection of the respondents within the selected households was made by the mean of the nearest birth date or equivalent.

The stratification of the population by geographical areas used 9 macro-regions in France, 2 in Germany (Eastern and Western Germany), 4 in Italy and 5 in Spain.

In case an individual was not available for the interview, the selected respondent was not replaced by another member of the household. Instead, up to five attempts were made at different dates and times of the day to establish a contact with her/him. After five attempts that household was dropped from the sample.

The same procedure was followed in the case of non-response. After five unsuccessful attempts, the telephone number was replaced. Twelve attempts were made before dropping phone numbers found to be engaged.

The final sample is weighted to the universe in terms of the geographical cells as explained above, as well as gender, age, marital status and household size (in France, Italy and Spain) or family income (Germany) and size of the community.

The distribution by gender and age of the sample is provided in the Table below.

Sample size and distribution by age and gender

(comparisons with Labour Force Survey data)

	France			Germany			Italy			Spain		
	Unweighted	Weighted	LFS	Unweighted	Weighted	LFS	Unweighted	Weighted	LFS	Unweighted	Weighted	LFS
Sample Size	1017			2500			1001			1013		
Male	46.40	48.00	47.80	49.70	49.92	48.24	45.85	49.00	47.94	46.79	49.60	48.23
Female	53.60	52.00	52.20	50.30	50.08	51.76	54.15	51.00	52.06	53.21	50.40	51.77
Aged:												
16-24	16.20	15.50	15.83	13.57	10.91	12.73	12.19	13.70	17.10	14.12	16.62	19.69
25-34	19.20	19.30	18.61	16.30	17.42	18.67	20.08	20.50	19.29	21.82	20.31	16.84
35-44	18.80	18.50	18.42	23.94	19.97	17.79	20.48	18.00	16.10	21.82	18.63	16.21
45-54	17.90	18.20	16.41	15.62	16.68	15.08	18.18	16.30	15.11	12.83	14.96	14.68
*55 or more**	27.90	28.50	30.74	30.58	35.02	35.73	29.07	31.50	32.40	29.42	29.48	32.59

* In the LFS this last cathegory refers to those aged more than 55, while the sample considers only those aged less than 80 years.

The Table shows that the gender and age distributions of the weighted Survey data and sample and of the Labour Force Surveys (LFS) carried out in the various countries are broadly similar. There is only a slight under-representation of the population aged 55 or more notably in Spain. Comparisons with census data also suggest that all surveys, except the German one, tend to under-represent the population of rural areas.

Appendix 3: Variable definitions and Reference Individual

Variable	Description	Type	Values
Blue-collar	Working position	Dummy	1, blue-collar. 0, Otherwise.
Comp. Edu.	Educational attainment	Dummy	1, if compulsory degree obtained. 0, Otherwise.
Crisis	Opinion on a possible crisis of the public pension system	Dummy	1, yes. 0, Otherwise.
Currently Working	Labour market status	Dummy	1, if work at present. 0, otherwise.
Eastern Germany	Region of residence	Dummy	1, if Eastern Germany. 0, Otherwise.
France	Country of residence	Dummy	1, if France. 0, Otherwise.
Germany	Country of residence	Dummy	1, if Germany. 0, Otherwise.
Head of Household	Position in the household	Dummy	1, if head of household. 0, Otherwise.
High risk of job loss	Opinion on a possible job loss	Dummy	1, if very likely. 0, Otherwise.
High u. regions	Resident in a region with high unemployment	Dummy	1, Yes. 0, Otherwise
Informed	Information on overall contribution rate to public pensions	Dummy	1, if informed. 0, Otherwise.
Italy	Country of residence	Dummy	1, if Italy. 0, Otherwise.
Left	Political ideology	Dummy	1, if left-wing. 0, Othewise.
Male	Gender	Dummy	1, if male. 0, if female.
Manufacturing	Manufacturing worker	Dummy	1, if yes. 0, Otherwise.
Medium Skilled	Job type	Dummy	1, if white-collar. 0, Otherwise.
Middle income	Income class	Dummy	1, middle income recipient. 0, Otherwise.
Old	Age class	Dummy	1, if more then 54 years. 0, Otherwise.
Permanent	Type of contract	Dummy	1, if permanent. 0, Otherwise
Poor	Income class	Dummy	1, if low income. 0, Otherwise.
Pub. Adm.	Public Sector Worker	Dummy	1, yes. 0, Otherwise
Rich	Income class	Dummy	1, if high income. 0, Otherwise.
Right	Political ideology	Dummy	1, if right-wing. 0, Othewise.
Self-employed	Type of occupation	Dummy	1, if self-employed. 0, Otherwise.
Spain	Country of residence	Dummy	1, Spain. 0, Otherwise.
Unemployed	Unemployed	Dummy	1, yes. 0, Otherwise
Unemployment duration	Duration of job search	Dummy	1, if more than 1 year. 0, Otherwise.
Union	Union membership	Dummy	1, if yes. 0, Otherwise.
Univ	Educational attainment	Dummy	1, if tertiary degree obtained. 0, Otherwise.
Unskilled	Job type	Dummy	1, if manual worker. 0, Otherwise.
White-collar	Working position	Dummy	1, white-collar. 0, Otherwise.
Without previous job experience	Job experience	Dummy	1, if without experience. 0, Otherwise.
Young	Age class	Dummy	1, if less then 35 years. 0, Otherwise

3.1 Reference individual

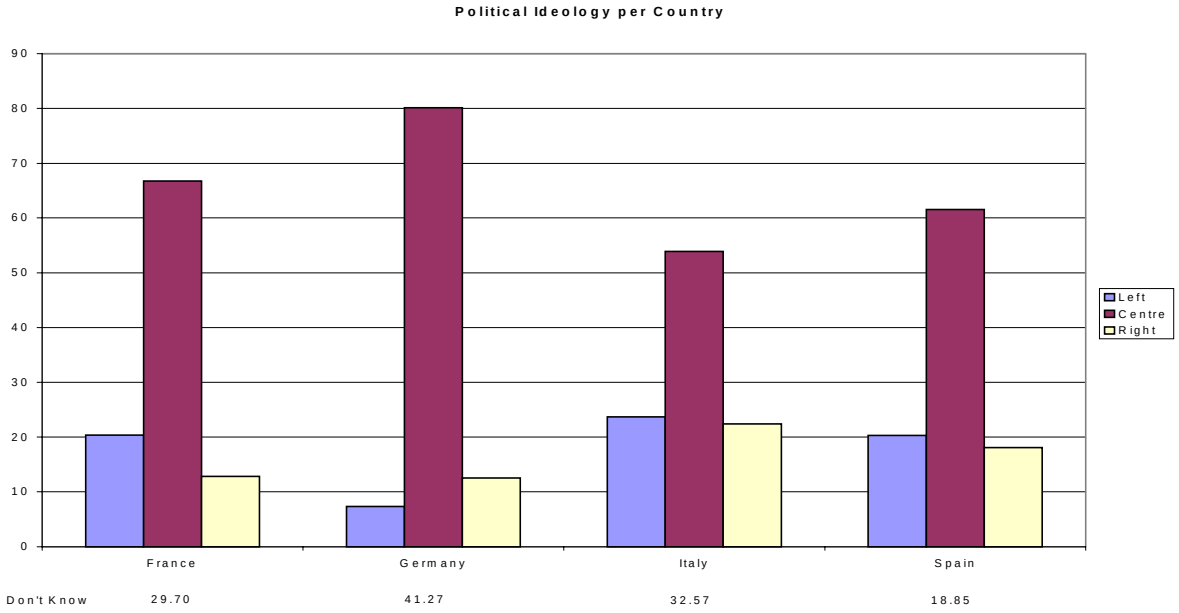
In general, the reference individual has the following characteristics:

Middle age, high school education, middle third of income distribution, dependent employment, white collar, normal risk of job loss, centre political position, non-union member, previous job experience, average unemployment region.

3.2 Political position and union affiliation

In the last part of our survey we ask what are the political position of the respondents on a left to right scale between 0 (extreme left) and 10 (extreme right). We then reclassified this measure in France, Italy and Spain on a more coarse definition of left (between 0 and 3), centre (between 4 and 6) and right (between 7 and 10). As shown in Chart 2a, most respondents classify themselves as centre voters in all countries.

In Germany, the so-called "Sunday question" ("what would you vote if elections were to take place next Sunday") had to be used to map into this scale because no 10-digit scale could be ascertained: PDS (extreme left), CDU, SPD, FDP, Green party (centre), NPD, Republicans (extreme right). This is arguably coarse because the fault lines are actually within the broad German centre parties. The following figure shows that this discrepancy is limited:



We also asked the respondents whether they are affiliated with a trade union. Only a small percentage refused to answer the question on union affiliation, while about a third did not

answer the question on political position. The following table provides information about the sample distribution of this variable:

Union density: our sample and other surveys

	France		Germany		Italy		Spain	
	Survey	Ebbinghaus and Visser (2)	Survey	Ebbinghaus and Visser (2)	Survey	Ebbinghaus and Visser (2)	Survey	Ebbinghaus and Visser (2)
Union density *as percentage of total employees*	15.68	8.6	26.76	26.5	24.54	32.4	18.52	
Non-Active members (1) *as percentage of total members*	24.32	25.00	44.24	17.90	42.55	47.40	15.00	

(1) Include unemployed, retired, students, conscripted and housewife.
(2) Ebbinghaus and Visser (2000),*Trade Unions in Western Europe since 1945*, London/New York, Macmillan.

As shown in the table, union density rates obtained from the survey are not strictly comparable to those obtained by Ebbinghaus and Visser on the basis of information provided by the unions. One of the reason for these discrepancies is that the survey enables us to better discriminate between active and non-active members of the unions. In countries like Germany, according to our survey, almost 50 per cent of union members are inactive, compared with less than 20 per cent the data reported by the unions.

3.3 Regions with high unemployment

Italy: *Mezzogiorno*

Spain: *Andalucia*, *Extremadura*, *Galicia* and *Asturias*

France: all regions with unemployment rates above the country average

Germany: the Eastern *Länder*