Politikwissenschaft

The Not-So Dualized Society: Chances of a Cleavage Formation From Labor Market Dualization

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„Postindustrial society may hold the promise of many wonders, but equality is probably not among them." (Esping-Andersen 1999b, 1)

1. Introduction

1.1 The argument in a nutshell

In April 2019, the German *Institut für Arbeitsmarkt- und Berufsforschung* (IAB) reported that 40% of all new labor contracts signed in 2018 were temporary. This affected not only young employees entering the labor market but also 36% of all new employees above the age of 40 (Bossler et al. 2019). In 2016, about 8% of all (dependent) employees in Germany were temporarily employed and more than 14% were working part-time (Statistisches Bundesamt 2018a). Scientists from the field of political economy and from sociology have for a long time pointed at the various disadvantages that come with atypical employment and lead to increased insecurity. The question this thesis asks is if the fact that a substantial share of German employees works under such conditions is likely to yield any consequences for political conflicts. A growing number of people is repeatedly laid off and re-employed, is working fewer hours per week than they would like to, or their contracts last only signed short terms. Dualization theory has coined the terms *insiders* for the secure and *outsiders* for the insecure group. In short, the question is: *Can we expect a new political cleavage to derive from labor market dualization, i.e. the division into insiders and outsiders?* I answer this question by analyzing survey data collected between 1991 and 2016. This study is the first that traces differences between insiders and outsiders over such a long time and for a large number of policy preferences. Moreover, I examine the development of dualization in Germany and the consequences it had so far in the political realm as concerns outsiders' voting behavior and the representation of their preferences, so this study is the first that analyses responsiveness towards different social groups departing from their risk levels.

As my findings show, a cleavage line between the secure and the insecure is not very likely to develop in the nearer future: The group of outsiders is quite diverse and

contains many people who are not easy to mobilize. Their political opinions diverge from those of insiders foremost on policies that are closely related to their different labor market positions, as e.g. social policies. Analyzing outsiders' voting behavior shows that there is currently no single party they rally behind but that they abstain in much higher numbers than insiders do. The populist right AfD could be such an outlet for outsiders' political demands but the programmatic overlap between them is limited. Moreover, outsiders are not a very attractive target group due to their low participation rate. Nevertheless, I argue, there might be a chance for dualization to become politicized if high-skilled outsiders teamed up with other political actors, as e.g. unions. There are already signs that unions have started to embrace outsiders and their interests. The emergence of new political movements in many Western states criticizing contemporary capitalism is probably a consequence of grown insecurity as well and could signal a beginning politicization of the insider/outsider divide.

1.2 The problem and its context

Insecurities have been a part of work ever since humans started working. Before the industrial revolution, weather conditions would pose a threat to harvests and impact people's chances to survive the winter. Other major threats to the ability to work and earn a living have always been injuries, wars, or any other unforeseen casualty. In the heydays of industrialization, accidents and illnesses (not least due to poor working conditions) were the main factors that could cause the loss of income and hence of all maintenance. However, these risks have never been spread equally throughout society. The nobility or rich entrepreneurs were not at the same risk as peasants and workers. Oversimplified, one might say if something went wrong, the former ran the risk of losing their money whereas the latter ran the risk of losing their lives.

The greatest hardships for workers were absorbed when modern welfare states emerged in the late 19th and the first half of the 20th century. The introduction of universal suffrage gave greater power to workers and forced governments to cater to their interests. Politics not only implemented social security systems but also other means of redistribution to decrease income inequality. Yet, the "golden age" of social democracy and security only lasted for a few decades after World War II. Starting in the

1970s, inequality in Western countries grew again—concerning not only income but also the opportunity to climb up the social ladder through hard work or the prospect to remain with the same employer from finishing school until retirement age. Since the 1990s, scholars from social science increasingly refer to the term "dualization" to describe the erosion of standard employment relationships and a simultaneously growing importance of atypical employment.

Inequality means a polarization of income and chances, but also of social integration. In the age of industrialization, factories provided work places for skilled workers but also for many workers with few or no particular skills. There was so much work to be done that enterprises could provide almost everyone with a job—and even invited workers from other countries, as was the case with the German *Gastarbeiter.* This way, even workers who had very few individual skills were integrated in the labor market and represented by unions. Even though they earned less, they enjoyed the same social rights as other workers.[1] We know from social scientific research that social integration at the workplace and union membership exert an important influence on political participation (Brady, H. E., Verba, and Schlozman 1995). The broad inclusion of workers from different social backgrounds thus also had an integrating effect concerning politics. The comparatively large participation rates of former times document this effect (Alford 1962; Der Bundeswahlleiter 2018).

These golden days of integration of broad parts of society into politics seem to be long gone. Meanwhile, automatization and outsourcing led to decreasing numbers of jobs for the low-skilled in industry. The change from industrial to service-oriented societies meant decreasing numbers of jobs available even for those production workers who possess specific skills. Governments reacted to these changes with generous early retirement schemes (Bonoli and Palier 2000) and attempts to qualify industrial workers for other jobs but they could not prevent rising rates of unemployment (Schierup 1985). Both the rising number of benefit recipients and governmental actions to prevent unemployment increased fiscal pressure on the welfare state. A counterstrategy often used was to flexibilize labor markets in order to make it more attractive for enterprises to provide unemployed citizens with a new job. This strategy was accompanied by

[1] This does not always go for foreign workers and, for many years, not for women, however.

measures that increased pressures on the unemployed to take up a new job, even if it did not match their qualification (Mohr 2009).

In the end, these measures, together with the ongoing change from an industry- to a service-based economy, fostered the emergence of a growing sector of precarious service workers. The service sector offers a variety of jobs for the low-skilled. With rising numbers of women working, employees in low-skilled service jobs take over a variety of tasks that were traditionally fulfilled by women (Bonoli 2005). Examples are preparing and delivering meals, cleaning, doing the laundry, or looking after children and the elderly. Digitalization has initiated a further increase in service jobs that do not require specific skills. Typical examples are delivery services, Uber drivers, or search engine optimization. This development is not restricted to people without specific skills but increasingly also affects well-educated employees. Many of them are atypically employed, i.e. they only work part-time, on fixed-term contracts, or for an income that depends on how much orders they acquire. Such jobs usually provide no decent income and oftentimes no adequate social security. In contrast to former times, employees are not fully integrated at their workplace. Sometimes they do not even have a real workplace but just their car or a bike to earn money. Others are moved from one place to another or work from home, using their own telephone and computer. Hence, they do not enjoy the same advantages employers once provided to factory workers.[2]

The antagonism of workers and capital owners did historically not only constitute a political conflict about working conditions and financial distribution. It also constituted a new class—the working class—and a perpetuated conflict that led to the emergence of a societal cleavage. This cleavage unfolded enormous power: it shaped party systems and the ways societies try to achieve equality but also the way they define equality and fairness (Lipset and Rokkan 1967; Esping-Andersen 1990).

The endurance of these conflicts shows that social security covering the risks of earlier times was not something employers provided voluntarily but something generations of workers had fought for. In the light of growing inequalities on modern labor markets, the question is how likely it is that a new workers movement arises that is carried by

[2] See McKinsey & Co. (2016) for an overview of the role so-called independent work plays nowadays in the European and US economy.

those who have work but are disadvantaged in comparison to other workers in terms of security, life chances, or income. My work departs from the idea that being an outsider (understood as an increased risk to be atypically employed or to become unemployed) represents a consistent disadvantage to those affected. As the thesis will show, there are multiple factors that contribute to this risk and not all of them (but some) are located at the micro level. Consequently, dualization cannot be explained by differences people are born into, as e.g. their social class or their mental and physical capability to perform certain tasks. Lacking or possessing certain capabilities or being born to parents from a certain social backgrounds has always determined people's job prospects and gender has so, too. Today, these factors may be less decisive to predict whether a child will have a successful career in the future or not. Even though we might think of it being a good thing if the socio-economic background loses its predictive power, this does not necessarily mean it becomes easier for previously disadvantaged groups to climb up to the higher ranks of society. Rather, it seems that a formerly advantageous background lost its positive impact. For example, even those privileged parts of a society who manage to earn a University degree are not freed from insecurity (cf. Standing 2011). Instead, a growing share of society—among them also highly-qualified—faces an unpredictable future and does not know how long they will be able to keep their job and if their future pension will be high enough to live on it.

This is clearly a disadvantage compared to earlier generations but also to people from the same generation who are in a more secure position. The fact that insecurity has spread does not mean that it spread equally to everyone. Instead, as the term dualization implies, it has created two tiers. The lower tier, i.e. outsiders, is certainly aiming to improve its position.

As dualization is a comparatively new phenomenon, one can only speculate if it will have the same transformative power in the long term as the labor movement of the 19th century had. However, it is possible to inspect if the emergence of a new cleavage is more or less likely. Social scientists developed criteria under which circumstances a new cleavage might emerge from a political conflict (Bovens and Wille 2017). As far as these criteria are accessible to empirical, data-based analyses, this thesis puts them to the test. To describe the societal inequality I am interested in, I draw on the concept of dualization, which I will further elaborate on in the subsequent chapter. For now, it is

important to know that my study departs from *labor market risks*. By labor market risks, I understand that different social groups experience different levels of risk exposure. While some groups are very unlikely to experience unemployment or atypical employment throughout their work life, others are much more likely to experience such labor-related disadvantages. I hypothesize that these diverging levels of risk result in diverging interests and different political opinions. They are a prerequisite to speak of an emerging social conflict that has the potential to foster a new cleavage. Most existing research dealing with the question how social inequality translates into political inequality focusses either on income or on social classes as the central dimension of inequality. It neglects, I argue, that people of the same class or at a similar income level can be exposed to different amounts of risk and that these divergences may lead to political inequality as well. Previous research shows that insecurity is an important predictor of demand for certain social policies or for party choice. What is more, it has been shown that social classes can predict political participation or policy preferences to a lesser extent than they could in the past. There is thus reason to believe that (in)security level might replace traditional social classes as something that strongly shapes a society's political system and its political conflicts.

1.3 Contributions of this thesis

First, the analyses conducted in this study can tell us more about what consequences labor market disadvantages and economic vulnerability have for political preferences and beliefs. I apply a concept from political economy—dualization—on a question from the field of political sociology: what people want from their government and how they behave in elections. Existing research usually focusses on social policies when studying outsiders' preferences. I broaden the scope by analyzing questions on a wide array of policies. The findings show that opinions of insiders and outsiders differ mostly on policies directly related to their increased risk—like questions on employment protection legislation or redistribution—but also on some questions from other fields as e.g. EU integration. However, the limited number of contested questions shows that dualization is not likely to create a cultural polarization, as suggested by some authors.

Second, I study responsiveness towards insiders and outsiders to see if there is a gap in the chances of both groups to get what they want from the government. If politics was more responsive towards insiders' preferences, dualization would not only create inequality on the labor market but also in the realm of politics, i.e. economic inequality would translate into political inequality for outsiders. So far, research dealing with unequal responsiveness focusses on class or income as respondents' distinctive feature. This study is the first that employs different levels of labor market risk to define different socio-economic groups in the electorate. The findings show equally low levels of responsiveness towards both groups. However, if insiders and outsiders disagree on a proposal, there is a high propensity that politics gives way to insiders' demands and ignores those of outsiders.

The thesis' third contribution is to provide more insights to the debate on what explains the rise of right-wing populism in most European countries. Germany was rather late concerning the emergence of a right-wing populist party but after the AfD was founded in 2013, it rapidly gained success and performed very well in all elections held since then. The explanations for its rise are manifold and so are the ideas which groups of voters facilitated its success. Many authors see "losers of globalization" at the core of the AfD's constituents but others show that the party finds most of its voters in the middle-class. Outsiders with their increased levels of risk and insecurity might equal "losers of globalization" and hence account for the party's success but as chapter 10 shows, it is not as easy as that. The main finding is that outsiders are more likely than insiders to abstain. The AfD becomes very popular among them once control variables are introduced but this goes—to a lesser extent—for left parties as well. The findings rather suggest that there is no party in parliament that is likely to fight for outsiders' interest. Due to the group's low participation rates, parties have little to gain from outsiders' votes.

Fourth, this study provides insights about the structure of dualization in Germany. Dualization may be a phenomenon that is here to stay (as assumed by authors from the newer strand of literature on dualization) or one that appears foremost in times of economic downturn and high levels of structural unemployment (as assumed by the traditional strand of literature that introduced the concept). Germany provides an ideal case to put this question to the test. Labor market flexibilization was introduced as a

measure to fight high unemployment rates and sluggish growth. The following years saw a significant decline in unemployment but a rise of atypical employment. From the perspective of the original insider-outsider theory, outsiders equal the unemployed and function as a buffer because they can easily be hired or laid off, depending on the economic situation. If this was the case, the number of outsiders in Germany should have massively decreased over the last years. Due to Germany's booming economy, employers should have fewer incentives to rely on a large group of unemployed or atypically employed workers, compared to the early 2000s. However, atypical employment remained on a high level even though Germany has seen consistent economic growth throughout the last ten years. Rather, we should assume that the newer strand of literature is right to perceive of dualization as a typical feature of post-industrial societies that will not vanish soon. The initial dualism of employed vs. unemployed has been replaced by secure vs. insecure employees. Whereas the unemployed used to buffer fluctuation in demand, it is now a growing army of atypical employed or underpaid workers that does the trick.

Finally, this thesis adds to the question how social policy reform shapes and changes society and thus contributes to the literature on policy feedback. The reform package of the "Agenda 2010", implemented by Social Democrats and the Greens in the early 2000s, clearly changed German labor market legislation and marks a paradigmatic change (Palier 2010; Hinrichs 2010). However, my thesis does not support the assumption that the reforms left a profound imprint on German society as regards a new divide between those affected by the reforms and those not. Even though the reforms affected a severe share of citizens and seem to have increased individual feelings of insecurity (Erlinghagen 2010), there are currently no signs of a broad upheaval among outsiders. For a policy feedback perspective, this teaches us that societies are willing to accept profound changes to the welfare state, even if it means a change for the worse for many of them. However, it might be yet too early to find any visible differences in political preferences as these tend to change very slowly and many outsiders may still be hoping to escape their disadvantageous situation.

1.4 The structure of this study

In the next chapter, chapter 2, I introduce my concept of dualization more thoroughly and present my arguments why I hold Germany to be a good case to put my research question to the test. First, I lay out why I chose to use the risk-based instead of a status-based approach. In section 2.2, I distinguish my concept of dualization from precarity. This is meant to further clarify my approach but also to differentiate dualization theory—that is prominent in the field of political economy—from a seemingly similar approach from the field of sociology. The third section deals with the reasons for my case selection.

Chapter 3 and 4 review what existing literature tells us about the roots and the consequences of dualization. In chapter 3, I review arguments dealing with the emergence of dualization from a macro perspective. My emphasis is on Germany but comparative work provides various explanations not only why dualization unfolds in the first place, but also why it should show in Germany more than in other countries. I combine these insights from comparative literature with a review of the German labor market reforms and the conditions under which they were implemented. Chapter 4 changes to a micro perspective and sums up what we know so far about who insiders and outsiders are, i.e. which individual features have an impact on belonging to one or the other group. Chapter 5 completes the literature section. Here, I review existing arguments about whether dualization is likely to create a durable political conflict and why (not). This is done to break down my research question and to inform my approach for the empirical chapters. Drawing on cleavage theory, I establish four empirical steps to see how great dualization's potential is to become an important political conflict line: First, insiders and outsiders need to be distinguishable on a descriptive level, i.e. regarding their socio-economic features. Second, they must hold diverging opinions or preferences. Third, their conflict must not be represented already in the political system. The third step is divided in two as I first ask whether the system is responsive to both groups equally and second turn to an analysis of insiders' and outsiders' voting behavior.

Chapters 6 to 10 build the empirical, analytical part of the thesis. Chapter 6 describes my data and methods. Here, I lay out how I measure the concept of dualization that

chapter 2 defined theoretically. Chapter 7 verifies the hypotheses generated from chapter 4. It examines the individual features associated with higher risk levels and traces dualization in Germany over time. Drawing on data from 1991 to 2016, the chapter not only shows that dualization affects a substantial share of the German workforce, but that this share has also grown over time. It also affirms the findings from the literature section that dualization disproportionately affects the young, the low skilled, women, migrants, and single parents. Some groups even combine increased levels of multiple risk, i.e. atypical employment and unemployment, whereas others are only affected by one type of risk. Many of the factors associated with increased risk are known to relate with an increased propensity to be politically inactive. This might pose a serious problem for a potential politicization of dualization. However, chapter 7 shows that there is also a substantial share of high—skilled outsiders. What is more, women are across the board exposed to higher risk levels than men are. Hence, being an outsider is not restricted to small, marginalized groups but affects a large share of society. There is thus the numerical potential for outsiders to unite and voice their concerns.

In chapter 8, I turn to the analysis of political preferences of insiders and outsiders. Drawing on data polled between 1991 and 2016, I show that insiders and outsiders agree on a wide range of issues but that they disagree especially when it comes to policies that relate closely to their different positions on the labor market. I do not find evidence, however, for the idea often circulated that insecurity leads to more authoritarian views and that dualization consequently triggers a polarization regarding cultural issues. Nevertheless, there are some notable differences between the groups and these have been particularly large by the time the Hartz reforms were implemented. For example, outsiders are less favorable of the Euro and a majority of them supports the idea of deficit spending to boost the economy whereas a majority of insiders rejects this proposal. The chapter thus shows some potential for political conflicts on the policy dimension, even though it is smaller than expected.

Different interests are an important, but not the only factor that is necessary for a conflict to become important for politics. Conflicts need mobilization, i.e. in addition to an *empirical*, they also need an *organizational* element (Mair 2006; Häusermann 2010). So even if they share common preferences and ideas, outsiders will need allies to

transport their demands into the political system. Only if this is the case will the insider/outsider divide be politicized, meaning it will be defined as a *political* problem which can possibly be solved by the means of politics. In chapters 9 and 10, I therefore examine how responsive politics has been towards outsiders' demands and how outsiders behaved in recent national elections. The idea behind chapter 9 is that there was no need for a politicization of outsiders' demands (and consequently for an insider/outsider cleavage) if existing policies already react to what outsiders want. In other words: If they are already represented well, why should they drive any new political conflict? The last empirical chapter, analyzing outsiders' voting behavior, asks if—irrespective of responsiveness in policy terms—there is already a party that can disproportionally gain outsiders' support and is thus likely to become an ally in the political system. Additionally, studying outsiders' voting behavior helps us to get an idea about the potential that is in outsiders for parties: if they all stayed at home at Election Day or if they were completely fragmented regarding their vote, there would be little to gain for vote-seeking parties. The findings show that politics is neither responsive towards outsiders, nor towards insiders most of the time. However, if the two disagree, insiders are much more likely to get what they want. As chapter 10 shows, this does not lead outsiders to rally behind a party from the opposition or to cast a protest vote. Rather, they abstain in high numbers. Controlling for factors that are both likely to increase risk and to depress the propensity to vote shows that risk is associated with a higher probability to cast a vote for the AfD or—to a lesser extent—for a left party.

Chapter 11 sums up the findings and discusses their implications for the research question but also for future research.

2. Concepts of this thesis

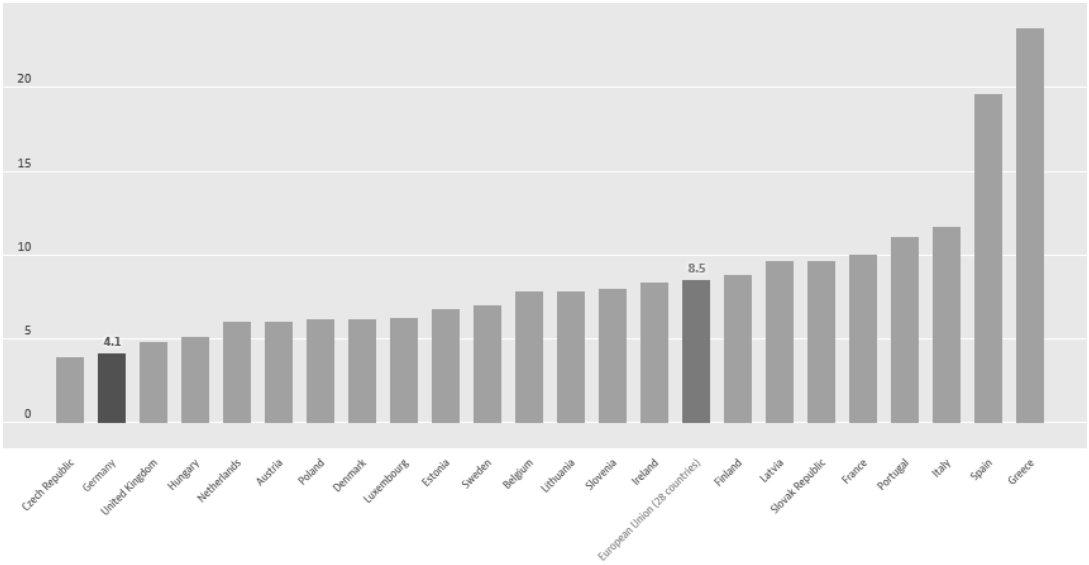
2.1 What do I mean by "dualization"?

The term *dualism* or *duality* in context of labor markets can be traced back to Karl Marx' work and his description of a duality between capital and labor (Piore 1980a, 16). Piore (1980b) saw labor markets divided into a *primary* and a *secondary sector* or an *upper* and a *lower tier.* However, his analysis focused on the question how the historic backgrounds changed capitalists' preferences and not specifically on individuals working in the different sectors (Piore 1980a, 17). Lindbeck and Snower (1985, 1988) were the first to use the terms insider and outsider to describe people inside and outside the labor market, elaborating on a theory about how unemployment affects the wage-setting possibilities of unions. Still, the way they think about this division is very formalistic and focusses on macro-economics. It does not ask about political causes or consequences of the insider/outsider divide. This changed with the rise of atypical employment relationships in the 1990s and 2000s. The insider/outsider theory was adopted by social scientists and outsiders moved to a different location in labor market models: Instead of focusing on unemployment as the defining feature of outsiders, now they could *either* be unemployed or be *included* in the labor market but *excluded* from benefits and measures of safety provided to insiders.

What all proponents of dualization theory agree upon is that atypical employment has risen in numbers and salience, especially in Southern European countries where unemployment rates are high and young people struggle to find permanent, if any, jobs (Golsch 2003) but also in richer European countries where dualization has been promoted by political reforms (Rueda 2007; Palier 2010; Palier and Thelen 2010; Palier, Rovny, A. E., and Rovny, J. 2018). Most European countries have unemployment rates below 10% (with notable exceptions in Southern Europe; see Figure 1) but data show that the share of part-time and temporary employed has risen in most countries. Between 1991 and 2016, the share of the workforce working on fixed-term contract grew on average from 10.24% to 14.23% in the current 28 EU member states (OECD

2019).[3] This does not sound very impressive but the numbers mask severe differences between countries, as Figure 2 shows. In Poland, Spain, Portugal, Croatia, and the Netherlands, more than 20% of dependent employees were temporarily employed in 2016. In contrast, the incidence of temporary contracts was below 5% in Romania, Bulgaria, and all three Baltic countries.

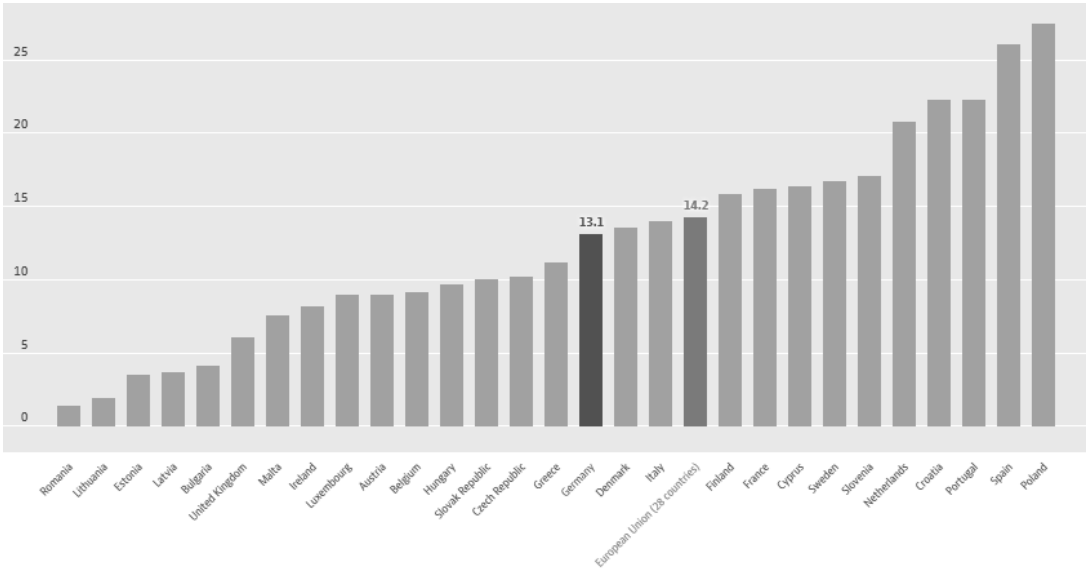
Figure 1: Share of unemployment in the EU-28 2016



Source: OECD (2019), Unemployment rate (indicator). doi: 10.1787/997c8750-en (Accessed on 11 April 2019). Note: Data are not available for all countries.

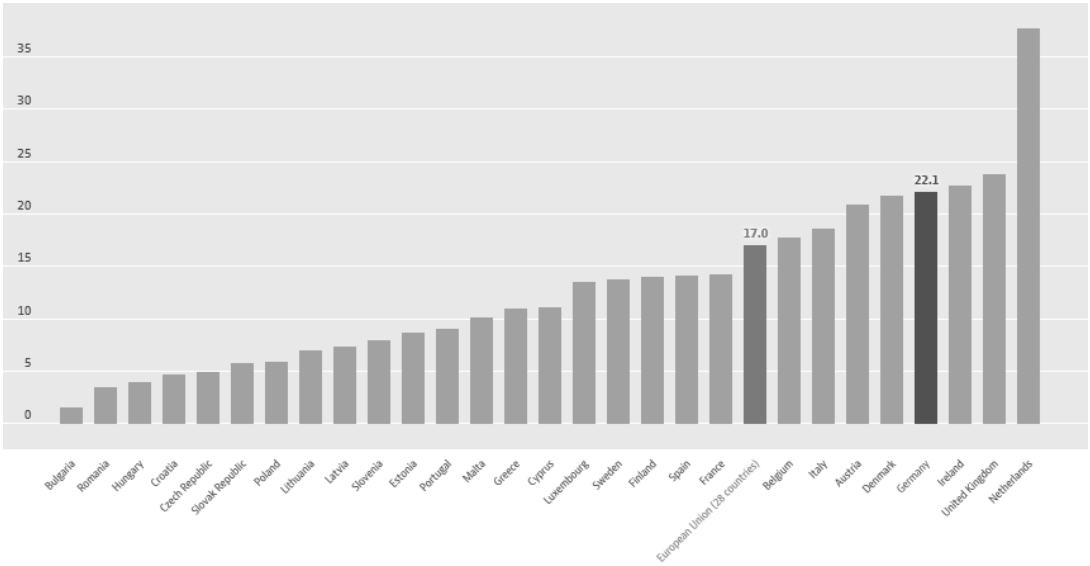
[3] As of May 2019.

Figure 2: Share of fixed-term employment in the EU-28 2016



Source: OECD (2019), Temporary employment (indicator). doi: 10.1787/75589b8a-en (Accessed on 11 April 2019)

Figure 3: Share of part-time employment in the EU-28 2016



Source: OECD (2019), Part-time employment rate (indicator). doi: 10.1787/f2ad596c-en (Accessed on 11 April 2019)

A similar pattern emerges if we look at the incidences of part-time employment in the EU- 28. On average, 17% of all employees were working part-time in 2016, ranging from less than 2% in Bulgaria to almost 38% in the Netherlands. These numbers show that it is not in the poor, economically weak countries where citizens are forced into atypical

employment. Instead, the highest shares of atypical employment occur in economically strong countries as the Netherlands or the United Kingdom.

The numbers presented above all refer to the share of employees with a certain status. In this thesis, in contrast, I understand dualization as a divergence of risk. Parts of the workforce are still well-protected and will most likely not experience longer spells of unemployment or atypical employment. Hence, they are secure as regards their running income. Stability of employment and income allows them to make plans for the further future, to get loans, buy houses, make investments for their retirement age, etc. On the other hand, there is a group that lacks all these possibilities. They have to change their jobs frequently, never knowing if they will soon find a new one after being-laid off. They never know if they will have to move for the next job or if it will pay them the same amount of money. Alternatively, they may be employed but working fewer hours per week than they would like to work. Hence, they are short of money and cannot afford longer financial commitments, as private insurances or mortgages.

The term “risk” always includes a potential. That means it does not necessarily have to come true but the probability that it will come true one day may be greater for some than for others. In this thesis, I refer to those who are at higher risk to lose their jobs or to be atypically employed as *outsiders* whereas *insiders* are those whose likelihood to experience such disadvantages is below average. So how do I identify a person’s risk? I refer to occupational risk, i.e. the risk of a certain occupational group compared to the whole population. The idea is that occupations are mostly stable throughout the life course and that experiences one makes at the job exert an influence on other parts of life as well, e.g. on political attitudes. As risks also differ between men and women as well as between the old and the young, I further distinguish people by gender and age. For most parts of this thesis, I use a risk index composed of risk of unemployment, fixed-term employment, and involuntary part-time employment. Even though the statistical correlation between the three is not very high, I nonetheless believe it makes sense to add them up. They may unfold their effects differently (for example, unemployment could be seen as a greater threat than a fixed-term working contract) but there should also be a cumulative effect. If an occupational group does not only experience a high incidence of part-time work but also a lot of colleagues coming and going due to fixed-term contracts, this should increase the group members’ insecurity

and hence the consequences of dualization I expect to see. The risk-based measure has the advantage that it allows for a gradual understanding of insiders and outsiders. Binary approaches sort everyone in one of the two categories and leave it to that. My approach may be less comprehensible and not so easy to interpret at first glance but it allows for a higher level of differentiation and hence for deeper insights.

The next section should give readers a more thorough idea of what I understand by insiders and outsiders. There, I distinguish my insider/outsider approach from precarity. The latter has played an important role in recent years' literature on the consequences of labor market reforms but, so I argue, it comes with some disadvantages compared to the dualization theory perspective.

2.2 Dualization in contrast to precarity

Precarity is a concept much discussed in recent years, especially in German sociology (e.g. Dörre 2005; Kraemer and Speidel 2005; Marchart 2013; Nachtwey 2016; Hense, A. 2017). Though it is related to the insider/outsider concept, the two are not synonyms of each other. Nevertheless, insecurity is at the core of both of them.

Perceptions of precarity in the literature cluster in two types: A broad one and a narrower one. In its broad sense, precarity is an overarching trend such as globalization or industrialization. Its advocates describe it as a sort of insecurity that affects society as a whole, not only those who work in insecure or low-paid jobs. Originating from labor markets (or, more fundamentally, from capitalism itself), it spills over to everyday life and even to institutions from the field of art or media (Bourdieu 1998; Marchart 2013).

The narrower concept focusses on precarity at the micro level. Castel (2000) starts from people's perception of their position in the labor market and comes to an ideal type of three zones. At the core of labor markets lies the "zone of integration": Most people here feel secure even though there are also some who feel threatened by a potential descent into other zones. Castel's second zone is the "zone of precarity" and comprises mostly people in non-standard employment. Finally, there is a "zone of isolation" where people are not a part of the labor market anymore. In this model, precarity equals what authors from dualization theory would call outsiderness and is initiated by politics that

flexibilize labor markets. For Link (2013), in contrast, precarity only begins when flexibility leads to an exclusion from normality. This is a very vague concept as "normality" is hard to define. Hence, the most common empirical operationalization of precarity is perceived, or subjective, insecurity which is also part of Castel's measurement. Even though atypical employment or former experiences of unemployment oftentimes increase subjective insecurity (Hense, A. 2017), not all people who are atypically employed feel insecure (Dörre 2005; Keller and Seifert 2014).

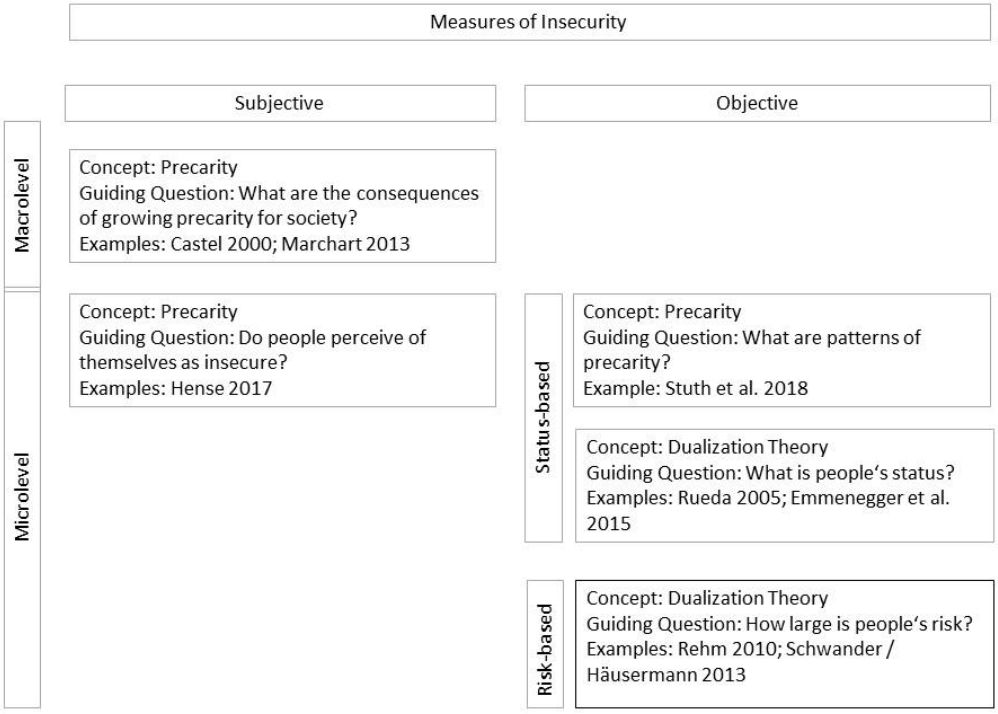
Just as outsiders are not necessarily part of the precariat, this also holds the other way round: Being an insider does not necessarily keep from feeling insecure and threatened by labor market flexibilization (Castel 2000; Kraemer and Speidel 2005). One way to explain why for some people atypical employment feeds into insecurity and for others not, is to look at different institutional settings at the national level. According to Balz (2017), the relation of type of employment and insecurity is moderated by Employment Protection Legislation (EPL): Where legislation for temporary and permanent workers shows the greatest differences, temporary workers will feel more insecure than in countries where this is not (or to a lesser degree) the case. On the other hand, it has been shown that differences in perceived insecurity cannot completely be explained by diverging institutional settings but that there is also a personal component (Bertolini 2017).

Overall, the literature review shows that precarity is a *zeitgeisty* but not so easy-to-capture term. Most of the literature operationalizes it as subjective insecurity although it is debatable whether an insider who feels threatened by globalization but earns a decent wage should be considered part of the precariat. Rather, individual psychological dispositions may be at work that can hardly be explained through common survey research. The study by Stuth et al. (2018) makes an important contribution by using a complex index of precarity that combines different objective measures such as low wage or insufficient social security. This way, it addresses the question why some people in comparatively advantageous situations feel more insecure than others in less advantageous situations. Additionally, the authors take factors in account that are not directly related to employment status (e.g. bad living conditions or high indebtedness). They find that precarity is a transient phenomenon

for many and that there is no automatism that relates atypical employment to precarity and standard employment to security, respectively.

For the further course of this thesis, it is important to keep in mind that I apply an operationalization of outsiderness that draws on objective insecurity. I do not address the question whether the people I define as insiders and outsiders do perceive of themselves as part of that group. This way, I aim to overcome the shortcomings that come with using an ambiguous concept like precarity. Concentrating on measurable labor market disadvantages should make it easier to understand *what exactly* is measured. Furthermore, I believe that labor market risk exerts an influence on people's attitudes and behavior that they may not even be aware of. My question is thus not whether people who *feel* insecure show distinct preferences and behavior but whether people who *are* actually insecure do so.

Figure 4: Different measures of insecurity in the literature



Source: own illustration

Figure 4 gives an overview of the different approaches towards insecurity in the literature. It distinguishes them into objective and subjective measures and differentiates by the level (micro or macro) they focus on. Castel's and Marchart's contributions do not directly study the individual level but are more interested in the consequences of precarity for societies as a whole. All other approaches presented here depart from the individual level. The insider/outsider concept I apply in this thesis is located at the right-hand bottom of the figure.

Now that I have laid out what I understand by dualization (and what not), I turn to another important question concerning the research design of this study: Why do I expect Germany to be a good case to test my question whether we are likely to witness a new cleavage in the making when looking at dualization and its consequences? The next section gives arguments for my case selection.

2.3 Why Germany? Case selection

In contrast to much of the existing work on dualization and its consequences, I do not employ a comparative design but do a case study instead. The case is Germany in the period from re-unification (1991) until 2016. My aim is to study one case in detail and over a longer period to see what consequences profound changes on the labor market have for the political realm. Comparative designs have the advantage to yield conclusions with a broader scope. However, as different countries usually do not experience the same changes at the same time and have different time-constant features, it is harder to draw conclusions on correlations between labor market risks and political preferences and behavior. Generally speaking, case studies allow finding results of a narrower scope but of greater depth. To test a new theory, it is thus more practicable to start with one country and to broaden the scope later to see if the findings hold for a greater number of cases as well.

Why do I suppose Germany to be a good case to test my assumptions about the consequences of labor market dualization? The main reason is that much of the literature describes Germany as the prototype of a dualized country. It comprises

several factors that are likely to cater to dualization, as will become clear from the next chapter. These include

- its welfare regime;
- an economic model that is export-oriented and relies on specific skills;
- the traditionally strong role of tripartism;
- political reforms that flexibilized the German labor market but also weakened tripartism and especially unions.

Germany thus represents a most likely case to witness consequences of dualization on an individual level. As we saw from Figure 1 and 2, there are other European countries, e.g. Spain and Greece, where numbers of outsiders are greater, especially after the Great Recession in 2008ff. Germany, however, still experiences high levels of atypical employment despite of an economic boom over the last ten years. Here, long-lasting effects of institutional settings seem to be at the roots of a dualized labor market, not a (potentially short-term) recession. Additionally, a growth in labor market dualization was politically intended and fostered by the Hartz reforms, so I hypothesize. Nonetheless, there have also been taken measures before that increased dualization. One example is marginal employment. Already since the 1970s, employers and employees were freed from the otherwise mandatory contributions to social security. This legislation makes it more attractive for employers to provide such jobs but it comes with less security for workers. As changes in political attitudes usually unfold over longer periods, it is crucial for the debate of dualization's consequences on voters' opinions and behavior to focus on a case where dualizing processes have been at work for a long time now.

However, one should keep in mind that the theories on dualization are usually deduced from trends that are empirically observed in several post-industrial countries, not least in Germany. Hence, it is not an independent case that was chosen to test dualization theory. Rather, Germany can be seen as a crucial case to test some assumptions about the consequences of dualization. In other words, if we are able to see such consequences somewhere, it should be in Germany. The reasons for this assumption are laid out in greater detail in the next chapter. There, I go more into detail which factors are likely to enhance dualization, why this is the case, and how they unfolded in Germany.

3. What causes dualization? Explanations at the macro level

In this chapter, I review the literature dealing with dualization from different perspectives. First, there is a strand of literature deriving from the theory of welfare state regimes, notably the *Three Worlds of Welfare Capitalism* by Esping-Andersen. It argues that dualization is inherent to certain types of welfare regimes, especially to the conservative or continental type. Another perspective is offered by the *Varieties of Capitalism* literature: Here, the economic model is at the roots of dualization. It would then above all be coordinated market economies that demand workers with specific skills. Those who possess these skills are in turn well-protected and form the group of insiders. On the other hand, there is also demand for workers without specific skills or some people may simply be incapable of gaining specific skills. They will be pushed to the margins of labor markets and become outsiders. A third strand of literature argues that parties play an important role in shaping dualization. Traditionally, mainstream left parties fought for redistribution and the integration of disadvantaged workers. By now, authors from this strand argue, these parties have turned into insider-friendly parties and try to protect their clientele at the expense of outsiders. As the latter have no party that truly represents them, dualization can easily spread to wider parts of society. A similar argument is made by those authors who take a closer look at the role of unions and corporatism. They argue that with lower rates of unionization, unions lose the power to protect insiders from the industrial sector and outsiders from the service sector alike. Hence, they focus on their traditional clientele production workers who are still unionized in greater numbers and are above all insiders. Together with mainstream left parties, unions are then able to form an alliance for insiders but they do not have the power (or the will) to make political decisions that improve the situation of outsiders and mitigate dualization.

In the final part of this chapter, I sum up how Germany combines all these potential explanations of dualization.

3.1 The role of the welfare state

Much work from the field of dualization theory departs from Esping Andersen's (1990) famous classification model of *Three Worlds of Welfare Capitalism*. Here, Esping-Andersen already mentioned that especially conservative welfare regimes such as Austria, France, and Germany are likely to increase dualism due to their relatively high levels of social spending and their reliance on the family as a source of social security and support. The idea of conservative welfare states as first-movers in terms of dualization found much support in later years. Thelen (2014) shows that dualization is a trajectory of change which is typical for conservative welfare regimes. A main driver behind the processes catering to dualization is the way social security is organized in these states (Palier and Thelen 2010; Häusermann and Schwander 2012). A contribution-based social security system, as it is was first implemented by Bismarck in Germany and later adopted by other countries, does not focus on equality and universalistic benefits like Social democratic welfare regimes typically do.[4] Rather, benefits in conservative regimes are closely related to labor and most of them are financed both by employers and employees. The main goal is not to provide equal standards to everyone in need but to maintain the relative income position of the person receiving these benefits. This goes foremost for pensions and unemployment benefits but e.g. the amount of money parents receive in Germany when on parental leave also depends on their former income. Hence, this system is likely to disadvantage employees with interrupted working biographies who will consequently not qualify for the full amount of old age or unemployment benefits (Hinrichs 2012).

Atypical employment can become a problem for recipients in these regimes, too. Part-time workers will earn lower incomes than their full-time employed counterparts and

[4] Scholars usually contrast benefits of the Bismarckian type with benefits of the Beveridge type. The Bismarckian system rests on a contribution system whose central aim it is to maintain the level of former income in case of indigence. The Beveridge system, in contrast, provides benefits to everyone in need, independent of former contributions. Whereas in the Bismarck system recipients paid for their benefits, Beveridgian benefits are tax-financed. Typically, conservative welfare regimes rely on the Bismarck model, while Social Democratic welfare states are closer to the Beveridge type. Liberal welfare states only provide minimum benefits that cannot be clearly classified as any of the two types. However, these are ideal types. In reality, most social security systems combine benefits of both types (Rohwer 2008).

consequently contribute less to social insurance. This is a severe problem especially for women in conservative welfare regimes. Social security systems in these countries typically build on the assumption that women will take the role as a caregiver in their family, staying home while their kids are small or if their parents become frail. With public childcare or care for the elderly being only partly available and affordable, many women are forced into part-time work or to drop out of the workforce completely—at least for a couple of years. However, this problem has been recognized by politics and reforms have been implemented that are meant to facilitate women's labor market participation (Morgan, K. 2013). Nevertheless, because of their lower contributions, women of older generations still face a much higher risk than men to be poor at old age (Goebel and Grabka 2011).

Even with the full amount of working hours per week, fixed-term employment is risky as well. Employees whose contracts are not open-ended will change their employer more often and might not be eligible for firm-related old-age pensions. In addition, they face a wage penalty compared to similar employees with open-ended contracts (Ryu 2018) which will result in a lower pension. What is more, to be fully eligible for unemployment benefits, people usually have to have paid contributions for a certain amount of time. This limitation can pose a severe problem for those working repeatedly on fixed-term contracts while at the same time they might become more frequently unemployed between the expiration of one contract and the start of a new one. Even in case they are eligible, they might receive lower unemployment benefits due to their lower contributions. So far, existing welfare state institutions have found no answer to these changing conditions. Even if welfare systems have been reformed in the way promoted by "New Labor" and its politics of the "Third Way" at the end of the 20th century, they are unfit to cater to the interests of a flexibilized workforce (Crouch and Keune 2012). Thelen (2012) adapts the term "drift" from Hacker and Pierson (2010) to describe dualization, implying that social needs and welfare state policies in conservative countries are slowly drifting apart. Others even see a dualized welfare system emerging:

> „Besides the remaining—but more individualized and partly privatized—social insurance schemes, a secondary world of work and welfare is developing for outsiders, made up of secondary ‚atypical' jobs, activation

> policies and income-tested targeted benefits. This is a new architecture for the Bismarckian welfare systems, with social insurance still central but no longer hegemonic. […] Social protection reforms have thus contributed to increased inequalities and has [sic] divided society between insiders and outsiders." (Palier 2012, 252)

3.2 Dualization in a VoC perspective

An additional perspective on dualization comes from the literature on Varieties of Capitalism (VoC) but I keep the literature review on this perspective very brief as most arguments for dualization are either included in the section on the role of welfare regimes or in the subsequent section on the role of political actors. The main argument is that dualization occurs foremost in Coordinated Market Economies (CMEs). Liberal Market Economies (LMEs) experience it much less, as their labor markets have always been deregulated. One reason for CMEs to be more affected is that they rely on high-skilled workers from the manufacturing sector (Hall and Soskice 2001). Their EPL works as an incentive for workers to gain firm-specific skills but tends to exclude those who do not hold such skills (Estevez-Abe, Iversen, and Soskice 2001). Consequently, there are fewer outsiders in the manufacturing sector but many in the service sector. However, firms from the industry sector also capitalize on dualized labor markets and “hire a mix and match of core and fringe employees for their plants“ (Hassel 2014, 75) Especially under an export-oriented growth model as the one in Germany, wage inequalities between skilled workers and others tends to further increase and enhance dualization (Ochsenfeld 2018). LMEs, in contrast, incentivize all workers to have general skills and hence produce less dualization (which is not to say they produce less inequality, however).

3.3 The role of political actors: parties and unions

Regime types are not the only explanation for a growing gap between insiders and outsiders. Another potential source of dualization are political decisions. Dualization is largely shaped by legislature. A core determinant is EPL, which contains various regulations of the relation between employers and employees. Its most important elements regarding dualization are legislative rules for limiting contracts to a fixed period or for the dismissal of workers. A flexibilization of EPL means that this set of rules becomes more advantageous for employers: it allows them to react flexibly to economic changes by being able to easily find new employees if things are going well or lay-off employees in times of recession. Employees, in turn, will be interested in possibly strict rules of EPL: It brings them job stability and, if lay-offs are inevitable, long notice periods and dismissal payoffs. On the other hand, strict EPL can work to the detriment of the unemployed: Firms become reluctant to hire new people if they know that they will find it hard to lay them off again if necessary. This is why, especially in times of economic downturn and rising unemployment rates, lowering the EPL standards is often seen by government as a feasible action to bring the unemployed back into work and many OECD countries lowered their EPL standards between 2003 and 2013 (Kwiatkowski and Wlodarczyk 2017). However, the bars were not equally lowered for all, as "(i)ts general popularity and its importance for trade unions provide little incentives for governments to attack dismissal protection." (Eichhorst and Marx 2019, 4). Reforms thus made it easier for firms to employ workers on fixed-term contracts or to dismiss employees with shorter tenure (Morandini 2016) but kept standards high for more experienced workers, creating a two-tier labor market divided into insiders and outsiders.

Why would parties—and other political actors, such as unions—support decisions that seem reasonable from employers' perspective but are likely to frustrate and alienate substantial parts of their electorate? One might think that foremost actors on the left side of the political spectrum should be able and willing to stop the process of dualization but the literature offers various arguments why this is not the case. Especially in the light of the idea that outsiders will need strong allies to put forth their

demands it makes sense to take a closer look at what these potential allies have done so far regarding dualization.

The starting point of this debate was Rueda's notion that Social Democratic labor market policies work in favor of insiders but not of outsiders (Rueda 2005, 2007). In his 2005 article, he shows that outsiders demand traditional left policies, such as a strong role of the state in creating equality and providing everyone with a job. At the same time, Social Democracy does not provide any more labor market policies that would benefit outsiders than any other party family does. Hence, Rueda argues, Social Democratic parties have abandoned their role as the political voice of the economically disadvantaged. Instead, they focus on new voters from the middle classes—many of which are insiders—and promote politics that suit them best. Outsiders are thus left without any influential political representation.

Rueda's argument is challenged by the finding that (center-)left governments still cater to the interests of both skilled and unskilled workers even though these two groups may have partly diverging interests. Left governments are associated with more generous unemployment benefits, more Active Labor Market Policies (ALMP), and they create more jobs in the public sector (Iversen and Stephens 2008; cf. also Cronert 2018). All of these measures are in the interest of outsiders. In contrast, governments that are dominated by Christian Democratic parties redistribute much less, as do governments in majoritarian systems (Iversen and Soskice 2009, 2015). There is thus an additional institutional effect at work. By drawing on the famous median voter model by Meltzer and Richard (1981), Iversen and his co-authors (Iversen and Stephens 2008; Iversen and Soskice 2009, 2015) explain why some parties do more than others to attenuate the effects of dualization on outsiders. They do not explain, however, how the emergence of dualization in the first place correlates with institutional settings and changes. Turning to unions as another influential actor in the field of labor market policies can help to shed more light on this question.

Findings on unions' role in dualization are ambiguous. Originally, unions were founded to give a voice to the disadvantaged and to increase workers' bargaining power vis-à-vis employers. They thus played an important role in the workers movement. Unions also became a central part of tripartism that accounted to a large amount for the welfare model of the "golden age". At the end of the 20th century, Esping-Andersen (1999a) was

still optimistic that unions would be able to successfully integrate the increasing number of vulnerable workers. Only a few years later, the insider/outsider literature describes unions, together with social democratic parties, as the main actors enhancing dualization by acting in the interest of insiders (Rueda 2007; Palier 2012). This effect unfolds especially in countries where unions have an important part in policy making, as is the case in corporatist regimes (Davidsson and Emmenegger 2012). How could this happen? Here, tripartism shows its downside: When confronted with the need to reform labor market policies in times of austerity (as has been the case in virtually all Western democracies), unions will try to defend the interests of their members who are rather insiders than outsiders, leaving it to the government to care for outsiders' interests (Streeck and Hassel 2003, 121). If there is no party in government that cares about outsiders either, dualization will only go further.

There is an easy reason why unions should care more about than insiders: Most of their members are insiders. The diverging unionization rates of insiders and outsiders are a result of occupational shifts: Job markets are increasingly polarized into low- and high-income jobs (Oesch 2015) or, as Goos and Manning (2007) put it, "lovely and lousy jobs". Less people are working in the industrial sector where unionization rates are traditionally high but unions have not been able to reach comparably high member rates among service sector workers (Thelen 2014). As the service sector comprises many atypically employed (Marx 2011), they lack a strong representation by unions. What is more, many unions are not "catch-all unions" but represent workers from one certain sector only. This increases inter-union heterogeneity and makes it harder to formulate common positions (cf. Buss and Bender 2018). Different unions are thus often cross-pressured when it comes to welfare state reforms and find it hard to act uniformly (Häusermann 2010, ch.4). This fragments their positions and weakens their role as a political actor.

Unions' power also decreased due to institutional changes. Germany is a prototypical example here. In the 1990s the latest, the corporatist model of the "Deutschland AG", where employers, government, and employees, represented by unions, had been deeply intertwined, came under siege (Streeck and Hassel 2003). Traditionally, employers guaranteed a high level of security for their employees and unions made sure that strikes occurred rarely and wages only increased moderately. The main

reasons why this arrangement ended were globalization and financialization. Great enterprises no longer needed a strategic partnership with unions as they could now always threat governments and employees to move their production to other countries where labor is cheaper and taxes are lower. States were increasingly indebted due to high fixed costs and declining growth rates that led to an increase in unemployment and further increased public spending. Already in the 1980s, under Ronald Reagan and Margaret Thatcher, a liberalisation of the economy was promoted to solve these problems. This meant a shift of priorities from equality and welfare, that were at the center of the concept of embedded capitalism, to individual freedom and deregulation (Merkel 2014). The traditional way of a highly intertwined domestic economy seemed outdated and unfit for the global markets of the 21st century. Consequently, the 1990s in Germany saw a politically intended weakening of the unions and an end of corporatism and the labor market reforms of the early 2000s further loosened tripartism, decreasing unions' leverage on labor market policies (Martin and Thelen 2007; Ebbinghaus 2010). As unions had already lost a high share of their members by that time, they were unable to make up for the loss of institutional power. In their agony, they did not thwart the economy's demand for flexible labor but just tried to shield their core members:

> "Too weak to take risks and too strong to give way, German unions turned into a thoroughly conservative political and industrial force opposed to experiments of any kind and defending, with industrial and political-electoral means, the accumulated entitlements of an ageing core membership." (Streeck and Hassel 2003, 121)

Employers, Streeck and Hassel continue, used the decreased power of unions to demand policy reforms to flexibilize labor markets, i.e. loosen employment protection and make labor cheaper by decreasing social contributions. What followed was a "paradigmatic change" (Palier 2010, 371; Hinrichs 2010) and policy reforms implemented by the red-green government that fostered dualization. The declining power of unions has certainly added to this development.

As authors have shown for various contexts, dualization is more likely to happen if unions are comparatively weak (Hemerijck and Eichhorst 2010; Kim, H.-J. 2016; Brady, D. and Biegert 2017). There are basically three reasons for this: First, as they lack the

power to cater to the interest of all workers, unions will concentrate on their core members, i.e. unionized workers from the manufactural sector, and defend these workers' interests. Second, not only does unions' leverage in shaping policies erode, but also their wage bargaining power. This will increase wage inequality (Kristal and Cohen 2017) as was the case in Germany due to ever more companies quitting collective wage-setting agreements (Bosch and Kalina 2017; Bosch 2018) The consequence was a growing low-wage sector—a development that was partially reversed only years later through the introduction of a minimum wage but helped to increase dualization in the first place. Finally, if unions are pushed out of decision-making institutions, it will be easier for politics to implement reforms at the detriment of employees—in particular if they are not a core clientele of any party government. The decline of unions' influence will thus further increase the representational gap between insiders and outsiders that might already exist with mainstream left parties.

On the other hand, recent research shows that it is overly simplistic to describe unions as the "bad guys" in the game of dualization. If governments' position is relatively weak, e.g. due to a strong social partnership, unions can still use their power to defend the interests of both insiders and outsiders (Rathgeb 2018; Fervers and Schwander 2015). What is more, it seems that unions react to dualization and increasingly turn to "solidarity for all" (Durazzi, Fleckenstein, and Lee 2018). In some countries, unions tried to block reforms that aimed at cutting back welfare benefits (Gordon 2017) or flexibilizing labor markets (Morandini 2016). In Germany, even the big industrial unions finally agreed to support the introduction of a minimum wage even though it benefitted outsiders more than these unions' (usually well-paid) insider members (Marx and Starke 2017; Buss and Bender 2018). One reason for this solidarity is that economic changes coming with globalization are not only disadvantageous for outsiders but also threaten insiders' allegedly secure status (Benassi 2016; Bosch 2018). Another reason is that unions realized they will only be able to regain power if they embrace changes on the labor markets and do not stick with their old clientele only (Durazzi, Fleckenstein, and Lee 2018).[5]

[5] However, there are also examples where unions thwarted government's intention to make legacy more outsider-friendly. One recent striking example is an agreement between employers and Germany's most important union in the manufacturing sector, the IG Metall. The German

Even though unions increasingly care for outsiders' interests, a representational gap remains as groups that comprise more labor market outsiders are less often unionized. Additionally, unions represent the interests of different sorts of outsiders differently: Their solidarity is high with the young unemployed but weaker with outsiders who are atypically employed (Mosimann 2017). There are also groups that have not yet gained much attention from both unions and insider/outsider research, even though their situation is precarious, too, such as domestic workers (van Hooren 2018) or employees in the so-called "gig economy". Unions yet need to find appropriate answers to new forms of labor. They oftentimes simply try to expand their old recipes to outsiders but do not necessarily take up outsiders' preferences where they diverge from insiders': While outsiders prefer ALMP over traditional means of labor market policies (Häusermann, Kurer, and Schwander 2015), Fossati (2018) shows that unions promote the latter rather than ALMP—and hence act foremost in the interest of insiders.

3.4 Macro factors in Germany

Drawing on the findings from this chapter, there are three reasons why I think Germany is a good case to test my assumptions. As this section focused on macro factors, I restrict my reasoning to the macro level as well. The question who is affected by dualization individually will be answered in chapter 4.

First, as the country where Bismarckian social policy was "invented", Germany is prone to explanations for dualization from a welfare regime perspective. The Bismarckian system with its strong role of income-based social security systematically disadvantages people with an interrupted or atypical working biography. The conservative welfare model also incentivizes couples to stick with the traditional role model of a male breadwinner and a wife who stays at home or works only part-time. The tax system grants benefits to married couples if their incomes are very different but makes it less attractive for them to earn a similar amount of money each. Consequently, Germany is

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government introduced a law in 2017 meant to limit the employment of temporary agency workers to 18 months per company. After 18 months, the worker would be eligible for an open-ended contract. The IG Metall agreed to an exception that allows companies to employ agency workers for up to four years, clearly disadvantaging outsiders.

among the countries with the highest share of part-time employees and there is a large gender-bias in part-time employment.

The second factor is the German economic model. It still rests heavily on an export-oriented industrial sector that needs workers with very specific skills (Hall and Soskice 2001). This goes together with high levels of employment protection for workers of the industrial core branches but it relatively disadvantages people with more general skills. The decisive role of skilled workers makes it possible for them to team up with employers and protect their secure position for the prize of greater insecurity for those outside these core branches (Palier 2010; Palier and Thelen 2010; Thelen 2014).[6]

A third important factor is the German model of tripartism and its decline in the 1990s. The chapter showed that unions play an ambiguous role in dualization processes. On the one hand, their traditional members are industrial workers (i.e. insiders). Unions might therefore act against the interests of outsiders as they want to protect their core clientele. Unions also have not much to gain from outsiders as they are unionized to a much lesser degree. On the other hand, unions seem to care increasingly about outsiders' interest as job numbers in typical outsider sectors are growing while blue-collar jobs become fewer and fewer. What is more, flexibilization can also increase insecurity for unionized insiders. And finally, there are outsider-friendly policies that might be benefitting insiders as well, such as the minimum wage. Strong unions can also prevent political reforms that intensify dualization, as e.g. cutting back unemployment benefits. Following this second perspective on unions' role, dualization should be reinforced if unions lose power. And this is exactly what has happened in Germany, according to several authors from the field of political economy (Streeck and Hassel 2003; Martin and Thelen 2007; Hemerijck and Eichhorst 2010).

To sum up, Germany provides a crucial case to test the assumption that dualization unfolds its consequences on an individual level and constitutes new classes of "winners" and "losers" or even a new cleavage of insiders vs. outsiders. A number of institutional features as well as political decision-making in the past should make it likely that we find evidence for such new division lines in German society. However,

[6] However, atypical work is also an issue in industry (Holst 2009; Hassel 2014; Nachtwey 2016, ch. 4).

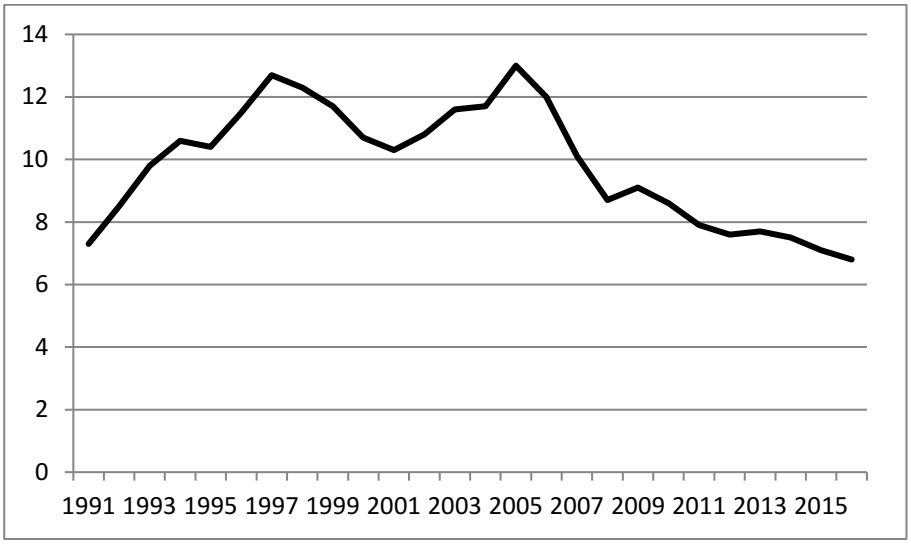
there is less clear evidence in the literature concerning the relationship between outsiders and political parties. Some authors suggest that parties—especially mainstream left or Social Democratic parties— play an important role in shaping dualization, whereas others rank other factors higher. Hence, the next section digs further into the case of Germany and describes the labor market reforms of the early 2000s. As their impact on increasing dualization in Germany is still contested, it makes sense to take a further look at what caused politicians by the time to design such legacy and what consequences it brought.

3.5 The Hartz reforms

As already sketched in the previous chapter, by the beginning of the 21st century, the welfare state had been under siege for quite some time. It was thought of as too costly and as incentivizing citizens to be lazy and live on social benefits. This was especially an issue in Germany that had additionally to burden the costs coming with re-unification. Its government tried to find solutions to the constantly high levels of unemployment and sought to reform the social system. The aim was to make the system less expensive and to modernize it in the spirit of New Labor Politics (Nachtwey 2009, ch. 7). Chancellor Gerhard Schröder, who had come into office in late 1998, published a paper together with the British Prime Minister Blair in 1999, where they pleaded to reform Social Democracy in line with Giddens' *Third Way* (Blair and Schröder, G. 1999; Giddens 1998). In subsequent years, a whole bunch of reforms (the *Agenda 2010*) was designed and implemented that caused profound changes of the labor market and social security. The reforms were backed by public opinion (Davidsson and Marx 2013) as well as by leading German scholars (Sinn 2003; Kitschelt and Streeck 2003). This shows that the narrative of Germany as "the sick man of Europe" (e.g. Siegele, Nov 17th 2004) had a great effect: The reforms were not forced on society but there was a wide-spread public demand for the government to act. The labor market reforms were designed by a commission under the guidance of Peter Hartz, a manager of the Volkswagen concern and are hence colloquially called "Hartz reforms". These reforms contained a wide range of actions to "modernize" the German labor market and overcome the "sclerosis" that had frequently been stated in the 1990s.

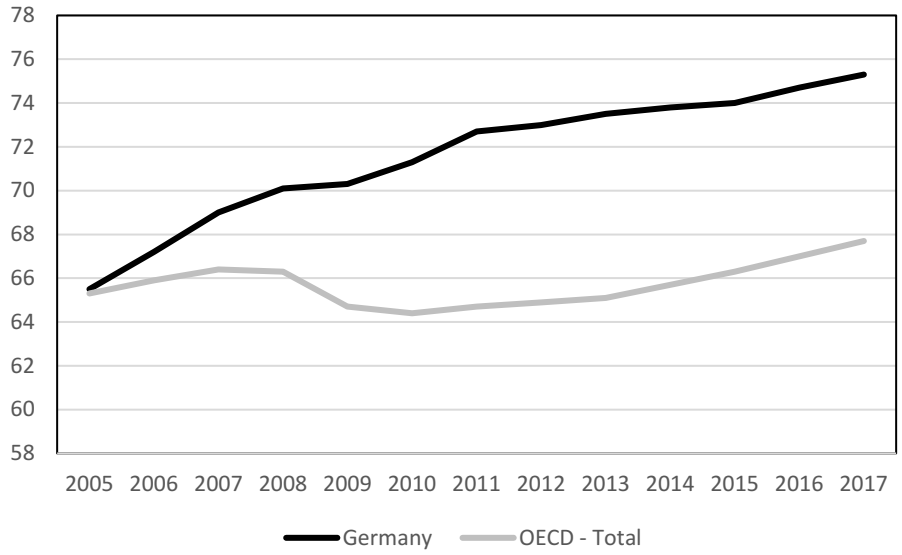
Influenced by the idea of a necessary shift from *welfare* to *workfare* (Mohr 2009), unemployment benefit generosity was lowered (Pontusson and Weisstanner 2018) and pressure on the unemployed to find a new job was increased (Mohr 2009). Additionally, EPL was lowered to tackle long-term unemployment (Giesecke and Groß 2003; Kwiatkowski and Wlodarczyk 2017, 32). The government's credo "*Fördern und Fordern*" (support and demand) was emblematic for the changes. Overall, the reform package meant to increase individual responsibility and to shift social protection—at least partly—from public to private. As far as the aim was to decrease unemployment rates, the reforms were successful. However, they did not come without a cost for society—or, as Palier (2012) puts it, vice was turned into vice.

Figure 5: Unemployment rate in Germany, 1992-2016



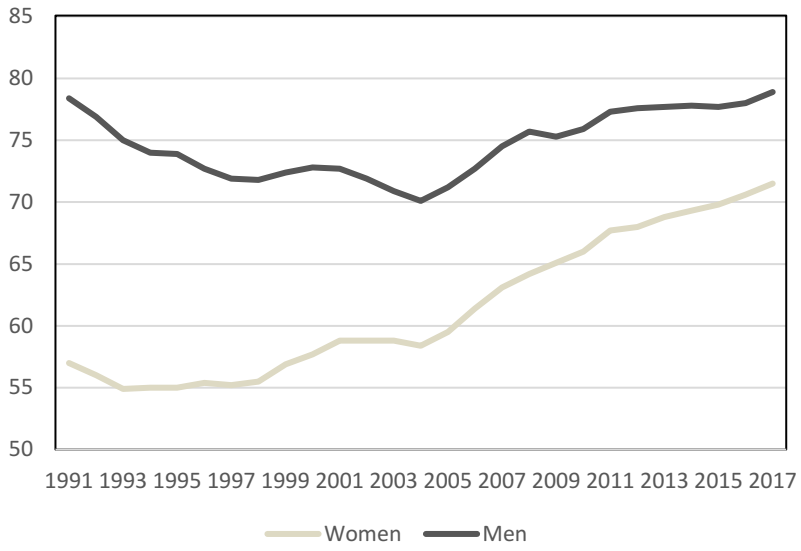
Source: Statistisches Bundesamt (2019); own illustration

Figure 6: Employment rates 2005-2016



Source: OECD (2019), Employment rate (indicator). doi: 10.1787/1de68a9b-en (Accessed on 09 January 2019); own illustration

Figure 7: Employment rates in Germany by gender, 2005-2016



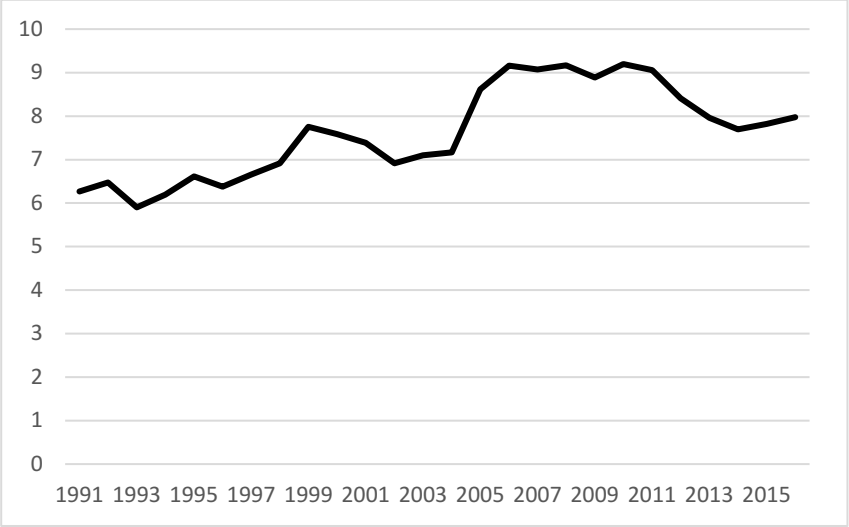
Data: OECD; own illustration

As Figure 5 shows, unemployment rates have been steadily declining since 2005. Even the Great Recession of 2008ff. could not stop this trend.[7] So the red-green coalition's reforms showed the intended effect, even though the government did not reach its goal to halve unemployment and consequently was voted out of office (Davidsson and Marx 2013, 512f.).

The reforms marked a change in the strategy to decrease unemployment. In the 1980s, the government had supported early retirement to avoid lay-offs. Especially workers from the industrial sector seized the opportunity to retire earlier without having to face severe cuts in pension benefits. However, this led to further pressure on public finances. Therefore, the Hartz reforms sought to decrease unemployment by increasing employment rates. As Figures 5 and 6 show, the plan worked out. Whereas the average share of employed persons at working age only rose slightly from 2005 to 2016 in all OECD countries, Germany experienced a much steeper rise from 65% to 75% (see Figure 6). Figure 7 shows the source of this large growth: It was foremost the employment rate of women that increased substantially.

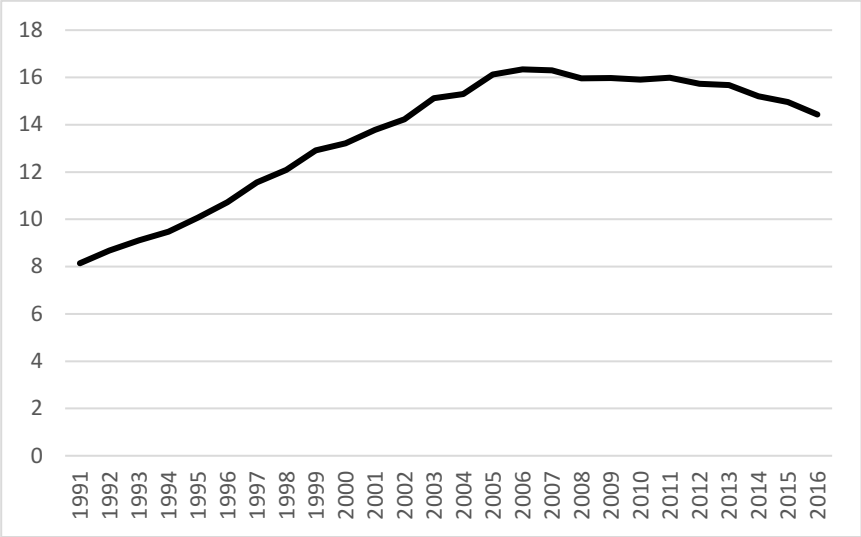
[7] Nevertheless, the way the crisis was handled partly displays dualization, too (Reisenbichler and Morgan, K. J. 2012), even though it did not hit outsiders as hard as e.g. in Spain.

Figure 8: Share of employees with a fixed-term contract, 1991-2016



Source: Statistisches Bundesamt; own illustration

Figure 9: Share of employees working part-time (20 hours or less per week), 1991-2016



Source: Statistisches Bundesamt; own illustration

However, many of the newly created employments are atypical and women are vastly overrepresented in them (WSI 2017). Since 2005, the share of atypically employed workers went up (Figures 8 and 9; cf. also Deutscher Bundestag 2018). The share of part-time employees had already been high in the years before but it remained at about 15% even in the years when high rates of unemployment and sluggish growth were overcome. What is more, many people are working for low wages (Kalleberg 2018)

which is not only a consequence of low hourly wages but also of decreased working hours per week (Bosch and Kalina 2017). Brady, D. and Biegert (2017) show that this can be traced back to the reforms, but also to the decline of union power. It cannot, however, be explained by changes in the composition of the labor force. Rubery et al. (2018) argue that the erosion of standard employment relationship is not so much a consequence of political decision-making but has been enforced by employers and is part of a greater agenda to recommodify labor.

In summary: The Hartz reforms are surely not the sole driver of grown inequality at the German labor market. Rather, they were a reaction to demands for political reforms that had been uttered for years. Nevertheless, the labor market looks different since the reforms have been implemented. Obviously, the government had succeeded in bringing down unemployment rates, but at the price of a growing force of atypically employed and low wage earners. Coming back to the origins of insider/outsider theory, one might say that the unemployed used to be the buffer for economically hard times whereas it is now the temporarily employed and part-time employees who are meant to absorb economic shocks.

The literature review brought up the question which role parties (especially those from the party family of Social Democracy) play in shaping dualization. The German Social Democrats were in charge when the labor market reforms were implemented and have also been part of the Grand Coalition from 2005 to 2009 and again since 2013. The reforms therefore provide a great example to lay out the reasons why—despite several criticisms—Rueda may be right that Social Democrats are likely to enhance dualization. At first sight, Germany seems to be the perfect case to prove him right. From what Iversen and Stephens (2008) hypothesize, in contrast, it is quite surprising that the reforms were implemented under Social Democratic leadership. They argue that proportional representation systems with strong Christian Democratic parties lead to bifurcated social systems and low levels of redistribution. Social Democrats, in turn, should opt for more redistribution, invest in education, and create more jobs in the public sector—three measures likely to decrease inequality.

The two main parties in Germany are the Social Democrats and the Christian Democrats and the latter have been leading the government for most of the time since World War II. As the Christian Democrats were in a coalition government with the liberal party for

16 years between 1982 and 1998, it seems plausible that they would retrench benefits and flexibilize labor rather than the Social Democrats and the Greens. The latter should rather have seized their years in office to mitigate the consequences of conservative-liberal welfare politics, according to Iversen and Stephen's theory.

Carlin and Soskice (2009) offer an explanation for this puzzle. First, they point to the fact that unemployment was high especially among the low qualified, making it a convincing argument to flexibilize foremost the branches that offer many jobs for low-skilled workers. Second, the German Christian Democrats are not a pronouncedly conservative party but also appeal to middle-class voters who tend more to the center-left than to the conservative right. In this situation, according to Carlin and Soskice, the Social Democrats had no choice but to move to the middle to gain majorities, even if that meant to act against the low qualified and the unemployed, which are part of the traditional left constituency. Wenzelburger, Arndt, and Jensen (2018) show that the Hartz reforms were not an outlier but that Social Democratic-led governments have always been more likely to retrench welfare benefits, whereas the Christian Democrats tended to expand the welfare state. Wenzelburger and his co-authors argue that this is a sort of "Nixon goes to China" politics – proponents of the welfare state can easier implement great reforms of the social state. However, they also find that Social Democratic governments decided so under the constraints of austerity that pressured them to act. As mentioned before, the feeling of an expanded social system that made work unaffordable and the wish to save public money were important drivers behind the reforms but also behind the popularity of the approach of the *Third Way*. In this situation, the government even found support from the opposition parties, which made it possible to push the legacy through both chambers of the parliament, whereas former intentions to reform the social system had been blocked in the second chamber. This brings us to the final explanation: a window of opportunity which may have opened after the only complete change of coalition parties that has ever happened in Germany after World War II. This office change was perceived as the beginning of a completely new era—the turn from the post-war Bonn republic to the 21st century Berlin republic. After 16 years, chancellor Kohl was replaced by a younger successor from another party and the Greens became part of the Federal government for the first time in history. In this situation, there was a chance for chancellor Schröder to convince the public of a large reform package, one of it being the reforms of the labor market.

Whatever its causes are, there is clear evidence about the consequences of atypical employment: The risk to be part of the working poor is twice as high for part-time workers and workers with fixed-term contracts than it is for full-time and fixed term employed, respectively (Eurostat 2018a, 2018b). The growth of atypical employment has thus led to an increased number of working poor in Germany (Spannagel et al. 2017) and this development was fueled by institutional change (Brady, D. and Biegert 2017) that condoned growing inequality. Even though the Hartz reforms aimed at a flexibilization of especially those branches that comprise many low-qualified workers, the problem of low wages does not only affect people with low qualifications. Rather, more than two thirds of the working poor completed vocational training or tertiary education (Kalina and Weinkopf 2016). Lengfeld and Hirschle (2009) find that flexibilization did not only affect the low-qualified service sector but also branches where many well-educated people are employed, as e.g. banking, health, and public administration.

However, the perception of Germany as a dualized society *par excellence* is not shared unanimously. Several authors doubt the claims of Palier, Thelen, and others and do not believe that dualization is a helpful concept to describe the changes on the German labor market in recent years at all. From this point of view, dualization in Germany is exaggerated and a subjective phenomenon rather than an objective fact (cf. my distinction between subjective and objective outsiderness in Chapter 2.2). As Erlinghagen (2010) and Knuth (2011) show, people shy away from changing their jobs more than they did before the labor market reforms and report more fear to lose their job than justified, concerning the German unemployment rates and the risk to fall into atypical employment. Others argue that an exclusion of outsiders is indiscernible as all employees were equally affected by labor market flexibilization (Bosch 2018).

What is more, there seems to be a reversal trend in recent years where more and more reforms are implemented to mitigate dualization. For example, employment protection legislation became slightly stricter again since 2010, after it had been lowered by the Hartz reforms (Kwiatkowski and Wlodarczyk 2017). Agency work has been restricted and a minimum wage was implemented in 2015, which was not only an outsider-friendly reform but was also backed by trade unions (Buss and Bender 2018). Marx and Starke (2017) see “unintended negative feedback effects” of dualization at work here.

They show that public opinion became increasingly critical of dualized labor market politics over time and that industrial unions finally adapted to that change by giving in to demands for a minimum wage. Schwander (2016) finds that dualization processes came to a halt after 2005 but that flexibilization went on (cf. Bosch's (2018) claim that flexibilization affects insiders and outsiders alike) and that it shows its negative effects especially for low-qualified workers. So labor market disadvantages might have been mitigated for well-educated people but they persist for those with lower qualification levels. Taken as a whole, there has been no clear trend towards "de-dualization" in Germany (Eichhorst and Marx 2019).[8]

This chapter and the previous one focused on dualization as a phenomenon at the macro level. With the next chapter, I turn to the micro level and ask what we know about the individual features of insiders and outsiders so far. This will then lead me to the question under what circumstances it is appropriate to assume the insider/outsider divide a new cleavage in the making.

4. Who are the outsiders? Factors at the micro level

The literature offers a variety of individual and institutional factors that increase an individual's likelihood to be an outsider (i.e. to be atypically employed or unemployed or to have an increased risk for these disadvantages, respectively). Outsider status cuts across educational levels (Häusermann, Kurer, and Schwander 2015) and does not only affect low-qualified workers. However, atypical employment and unemployment occur disproportionally often in jobs that are highly routinized (Marx 2011; Kiersztyn 2016) or other occupations that do not require specific skills, e.g. domestic work (van Hooren 2018; Jokela 2019). Nevertheless, outsiderness is also salient in the social sector (Marx 2011; Kroos and Gottschall 2012) and among public employees (Lengfeld and Hirschle 2009; Kroos and Gottschall 2012; Keller and Seifert 2014), many of which are also

[8] In Eichhorst's and Marx' concept, de-dualization can either happen through flexibilization of EPL for open-ended contracts or by increasing EPL strictness for temporary workers. However, they conclude that none of the two processes happened in Germany to a substantial degree and that Germany can hence still be considered a perfect example of dualization.

working in jobs with an interpersonal working logic, as e.g. teachers, social workers or nurses. The overrepresentation of women in social occupations is thus one reason why women are more likely to be outsiders. Additionally, women are far more often working part-time due to the enduring ideal of the male breadwinner that incentivizes women to work less than their male partners and the fact that most family work is still done by women. Living together with an insider can hardly make up the disadvantage, as most outsiders do not share a household with insiders (Marx and Picot 2013). Relying on marriage as a source of financial and social security is also a risky thing to do in societies where about one third of marriages end in divorce and in ageing societies where women often live several years longer than their partners.

However, dualization does not affect women equally in all countries. Institutional settings can mitigate gender differences in outsiderness. While traditional labor market policies such as EPL or unemployment benefits cater to gender-based dualization, ALMP weakens the gender-outsider nexus (Fervers and Schwander 2015; Biegert 2017). The nexus of gender and risk also varies by region: In Continental European countries, outsiderness is foremost gender-based but it is mostly a question of age in other European countries (Marques and Salavisa 2017, 5). From a VoC perspective, women are more likely than men to invest in general, transferable skills due to their higher risk of dismissal because of maternal absences. As we already saw in the chapter on macro factors, workers with specific skills enjoy high levels of employment protection in CMEs like Germany, while this is not the case for those with general skills (Estevez-Abe, Iversen, and Soskice 2001).

Across all OECD countries, a large share of those entering the labor market after finishing their education is employed on fixed-term contracts (OECD 2018). Temporary employment does not only affect those dropping out of school early but people from all educational levels (McGinnity, Mertens, and Gundert 2005). The consequences of fixed-term contracts vary by country. As Kiersztyn (2016) shows for the Polish case, fixed-term employment mainly serves as a stepping stone for highly qualified employees but is likely to become a dead end for low-skilled workers, hence working as a tool for probation for one part of the labor force but as an amplifier of dualization for another. McGinnity, Mertens, and Gundert (2005) show for West Germany that starting a career on a fixed-term contract is not associated with higher levels of unemployment in the

long-term. They conclude that temporary employment does not mark a “bad start”. However, their findings draw on data for the 1971 cohort that mostly entered the labor market before the Hartz reforms. If the assumption holds that these reforms did not only loosen employment protection but also enhanced dualization, later cohorts might have “worse starts” than those had who are by now in their mid-40s.

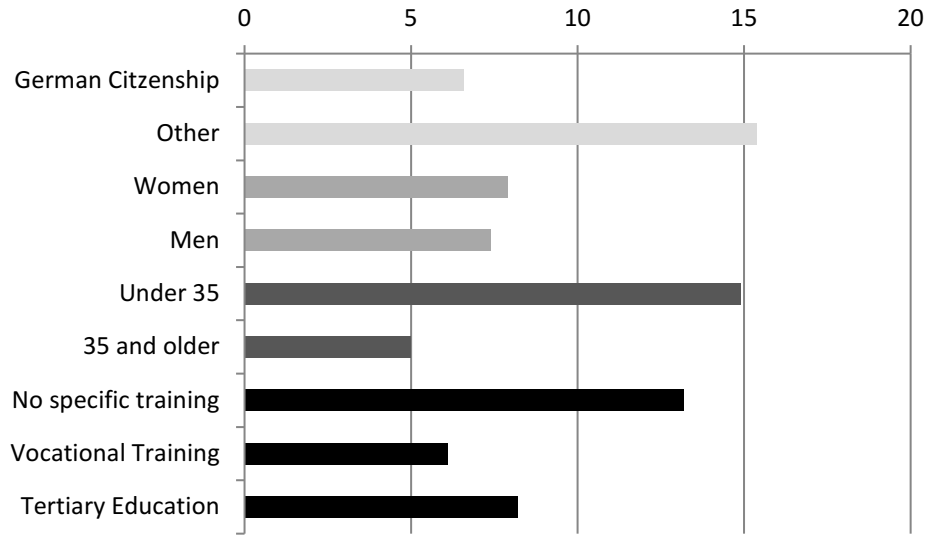
Under worse economic conditions, the transition from education to work can be much harder. As Golsch (2003) shows for the Spanish case, young workers face severe problems to find a job that offers them enough security and stability to found a family or even to establish their own household. Even though the incidence of temporary employment in Spain has grown for all age groups, it has grown disproportionately among those under 30. In contrast to the findings by McGinnity, Mertens, and Gundert (2005), Golsch (2003) also shows that a fixed-term contract increases the risk to become unemployed in the further course of the working life. This effect might have become even stronger since the economic crisis in the years 2008ff. which increased youth unemployment rates in many European countries (Verick 2009; Smith and Villa 2017).

Migrants are another group bearing a larger risk of being an outsider. One might even say that they are double outsiders as they not only face the same disadvantages as other labor market outsiders but also experience discrimination in ethnic terms. Again, their insecure position is not only an outcome of their (on average) lower qualification and cannot be explained by controlling for education or skills level; rather, a “migration penalty” seems to be at work here that pushes migrants into badly paid or atypical jobs—if they find one at all (Ballarino and Panichella 2018). Especially an illegal status makes it easy for employers to exploit migrant workers as they will shy away from claiming their legal rights (Emmenegger and Careja 2012). Service-based economies have a great demand for cheap labor, with many jobs in the service sector needing fewer skills (nowadays) than jobs in the manufacturing sector. Hence, migrants often work in routine service jobs, as e.g. cleaning staff or food preparers (Demakis 2018), which, as we saw earlier, are more exposed to risk than other occupational groups.

To sum up, three groups generally bear a high risk to be outsiders: Women, the young, and migrants. How great risks for these groups actually are, depends on institutional settings that vary by country. Education matters insofar as it correlates with

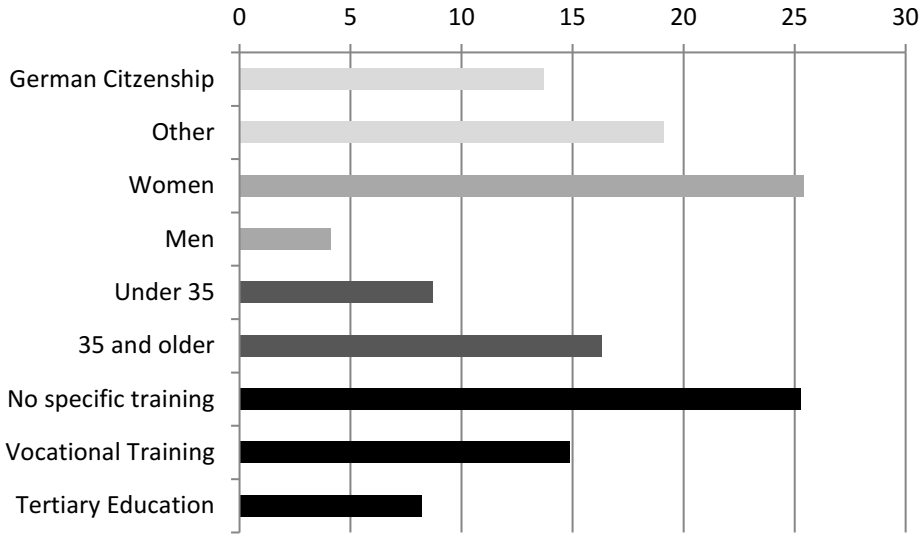
occupational groups. High qualification overall decreases risk to be an outsider, whereas more outsiders are found to be working in routine jobs with lower average levels of qualification. However, there are also occupational groups that comprise many highly qualified and outsiders at the same time. This goes especially for interpersonal jobs in the service sector and the public sector. The effect of high qualified employees' educational level is a low propensity to become unemployed but at the same time, their job choice results in an increased likelihood to be atypically employed.

Figure 10: Share of temporary employment in different socio-economic groups, Germany, 2017



Data: Statistisches Bundesamt (2018a); own illustration. Share of all dependent employees in the particular group. Data: micro census.

Figure 11: Share of part-time employment in different socio-economic groups, Germany, 2017



Data: Statistisches Bundesamt (2018a); own illustration. Share of all dependent employees in the particular group. Data: micro census. Part-time= self-assessment of respondents.

Figures 10 and 11 display the share of atypical employment in different socio-economic groups in Germany. Data are from 2017, the latest year available. It shows that the assumptions from the literature about who is an outsider all hold for the German case. Migrants (here measured as all employees who work in Germany but are not German citizens) are disadvantaged concerning both fixed-term and part-time employment, opposed to employees of German citizenship. Women are working part-time far more often than men but there is only a small gender gap in temporary employment. As concerns age, younger employees (below 35 years) are more often working on temporary contracts while part-time affects older age groups more often. Employees who have not finished any particular vocational training are disproportionally affected by both types of atypical employment. Those with the highest levels of training, in contrast, are more often temporarily employed than their counterparts with vocational training, but less often part-time employed. Migrants and the low-qualified are thus disproportionally affected by both labor market disadvantages but they are not the only ones who are pushed into atypical employment.

Another important fact to bear in mind when thinking about the individual level is that outsiderness (as a status, not a risk) oftentimes affects those who have been

temporarily employed or unemployed before (Giesecke and Groß 2003). Many people are thus not starting their career as an outsider—be it that they have to accept an atypical employment or that they are unemployed for a while before finding a job—but then become insiders soon afterwards. Rather, they have to cope with recurring spells of unemployment or atypical employment. Being an outsider may be a passage for some but for many others, it is not.

So far, I have dealt with the questions what dualization exactly means, which explanations the literature offers for its emergence, who is affected by it and who is not, and why I expect Germany to be a good case to test my assumptions about the insider/outsider divide as an important political conflict. The literature-based chapters of this thesis are still incomplete regarding one major question: Under which circumstances can we expect a new permanent conflict line in society, i.e. a cleavage, to derive from dualization? The next chapter fills this gap by reviewing arguments from cleavage theory and defining which empirical elements constitute a cleavage.

5. The transformative power of dualization: Prerequisites of a cleavage formation

Different labor market positions are likely to result in different preferences, as Kitschelt and Rehm (2014) show. While their argumentation focusses on different work logics, it is plausible that the experience of diverging security standards should have an influence on preferences, too. For example, if agency workers and workers with an open-ended contract are basically performing the same tasks but the latter get paid much higher wages (as is the case in some German car manufactures, cf. Nachtwey 2016, ch. 4), this is likely to alter workers' perspective on labor market policies.

At the same time, the traditional cleavage deriving from diverging opportunities at the labor market, labor vs. capital, has lost its power: Not only did the number of blue-collar workers decline significantly in recent decades but being a member of the working class also lost its function as a predictor of a vote for the Social Democrats (Best, R. E. 2011).

Dualization theory does not assume that capital lost its power and is out of the game but that insiders have rather teamed up with capital to protect their status and that this partnership is supported by (former) left parties. Departing from Rueda's notion that Social Democracy abandoned outsiders (Rueda 2005, 2007), the question is if there is any alternative political actor who sides with outsiders and is willing and able to process their interests. We can even think of the emergence of a new cleavage between those who work well protected at the core and those who find themselves at the fringes of labor markets. The old socio-economic cleavage of labor versus capital would then be replaced by a new dualization cleavage of insiders versus outsiders, two groups that would both have been on the same side in the old cleavage. This new cleavage would hence not run between two classes anymore but cut across classes.[9]

[9] One might also think of insiders and outsiders as new classes, following e.g. Standing (2011) who views the precariat as a new class in the making. However, the class concept comes with some major theoretical (Esping-Andersen 1999a) and methodological (Kingston 2000) caveats. What is more, there is a long debate—departing from Karl Marx' work—about whether it makes sense to define a class as a political entity if it has no class consciousness. However, the question of a class consciousness among outsiders exceeds the focus of my study. As laid out in chapter 2.2, my main interest here is on objective measures of stratification, which is why I refrain from

Existing studies on the consequences of dualization have shown that preferences for redistribution and social policies indeed differ between insiders and outsiders. This comes as no surprise as these kinds of policies are closely linked to labor, the field where the insider/outsider divide unfolds. However, building on the work of Kriesi and many others, we might expect to find diverging opinions on cultural issues, too, if outsiders are what Kriesi et al. (2008) call losers of globalization.[10]

If insiders and outsiders showed systematical differences in their preferences—what would be the premises to state a new cleavage? At the heart of the cleavage model are conflicts (Lipset and Rokkan 1967). Of course, conflicts over what to do and decide are a constitutive feature of democratic politics (Schattschneider 1960). As society comprises many different people with diverging interests, conflicts over the question which interests should be given way and which not are very common. But the fact that opinions differ does not necessarily constitute a conflict. Rather, "[…] antagonisms need [..] to be mobilized by collective political actors interested in change and powerful enough to be heard" (Häusermann 2010, 56). Hence, the political system has to react to diverging opinions, pick them up and process them. This can be done by parties but also by political actors in a broader sense, such as unions or protest movements. Additionally, there has to be some political opportunity structure that makes it attractive for these actors to care about the issue but which can also signal disadvantaged citizens that the time is ripe for their demands to be put forth (Kurer et al. Forthcoming). As mentioned before, Social Democratic parties seem to be unwilling to perform this task for outsiders but there may be other actors.

Assumed that outsiders had such a political actor at their side: when does a mere conflict become a cleavage? According to Bartolini and Mair (1990, 215), there are three prerequisites to speak of a fully-fledged cleavage: First, there has to be a social division on the basis of some socio-structural features (they call this the *empirical element*); second, these groups must perceive of themselves as a distinct group, i.e. a common identity is needed (*normative element*); and third, there has to be some sort of organizational expression (*organizational/behavioral element*) (cf. Häusermann 2010).

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trying to apply the class concept to outsiders in this thesis and stick with the (easier to operationalize) cleavage term.

[10] I review the literature on diverging policy preferences more thoroughly in chapter 8.1.

Mair (2006) also states that cleavages "are deep structural divides that persist through time and through generations" (Mair 2006, 373). If we stick with his definition, it will be very difficult to identify a cleavage in the making. Instead, we would only be able to state a cleavage retrospectively. In the case of the insider/outsider divide, scholars fifty or a hundred years in the future would only be competent to say if dualization created a new cleavage or not.

To overcome this static bias, Bovens and Wille (2017) suggest a gradual cleavage formation. By dividing a potential cleavage into the three elements mentioned by Bartolini and Mair, they search to describe how far the emergence of a new cleavage has already gone: if all three elements were present, we would consequently state a fully-fledged cleavage (Grande and Kriesi 2012). However, Bovens and Wille's approach also allows to speak of a partial cleavage, while in the Bartolini-Mair sense, a cleavage is either present or not (though it can decay and—seldom—even be substituted, cf. Mair 2006, 374).[11]

The empirical element of a cleavage can be assessed rather easily, yet the normative element is harder to identify even though both are intertwined. Not only is a conflict group more likely to succeed the more homogenous it is in descriptive terms (Olson 1982); it is also important that its members *feel* they *belong* to that particular group (Bittner and Goodyear-Grant 2017). There is serious doubt that outsiders as a group fulfil these criteria. According to Nachtwey (2016, ch. 4), outsiderness affects so many different and diverse groups that a sense of belonging or having something in common is unrealistic. Mayer et al. (2015) additionally point to the fact (backed by their empirical findings on outsiders' voting behavior) that there is no party in sight which might politicize the problems dualization engenders for outsiders.[12] Hence, insiders and outsiders may simply be what Dahrendorf calls quasi-groups:

> "We call them 'quasi-groups' because we have to do here with mere aggregates, not organized units; we speak of 'latent interests', because the opposition of outlook need not be conscious on this level; it may exist only in the form of expectations associated with certain positions. The

[11] See Schwander (2019) for an approach to the insider/outsider conflict that resembles the gradual cleavage approach suggested by Bovens and Wille (2017).
[12] I test this empirically in chapter 10.

> opposition of interests has here a quite formal meaning, namely, the expectation that an interest in the preservation of the status quo is associated with the positive dominance roles and an interest in the change of the status quo is associated with the negative dominance roles." (Dahrendorf 1958, 178)

My focus here is on objective risks and I define groups in an objective sense, irrespective of the question whether its members feel as a part of this group (cf. also chapter 2.2 and footnote 8). I might thus conclude that dualization is likely to be the root of a new cleavage whereas Bartolini, Mair and Dahrendorf would object that there is a piece missing and insiders and outsiders are just quasi-groups. However, I believe that even when leaving this aspect aside, the (non-) existence of the empirical and the organizational/behavioral cleavage elements can tell us a lot about the transformative power of dualization.

Dahrendorf associates quasi-groups with latent interests that revolve around maintaining or changing the status quo. The notion of the insider-outsider conflict being a conflict between those who are interested in maintaining the status quo and those who are interested in changing it seems persuasive. However, one could argue that all existing cleavages derive from an opposition between some who benefit from the status quo and others who are disadvantaged by it. The traditional cleavage of labor vs. capital is basically about workers' demand to receive their fair share of the pie and be able to lead a more decent life than they did under the conditions of industrialization. Why then should differently structured labor market inequalities not bring about a new cleavage? Or, to put it differently: what Dahrendorf calls latent interests could turn into manifest interests.

Finally, it may be that insiders and outsiders have different preferences but that the political system appeases conflicts arising from them. Hence, there would be no reason for a cleavage to emerge. This would e.g. be the case if insiders' and outsiders' preferences were equally considered in political decision-making; be it through finding compromises between the two groups' positions or by giving in to insiders' wants one time and to outsiders' demands next time. To see if there is a bias in political decision-making to the detriment of outsiders I analyze the responsiveness of the German parliament between 1991 and 2016. If there was no association between outsiders'

support for policies and the chance that they get implemented, we could deduce that outsiders may be justifiably dissatisfied with politics.

To sum up, there are thus three core questions that need to be answered if we want to know whether dualization is likely to create a new cleavage:

1. How similar are outsiders? Are they a homogenous group or do they comprise people from all strata of society?

2. Do they share common preferences that separate them from insiders?

3. Is the political system responsive towards their preferences? And do outsiders rally behind a certain party? Or do they react with political apathy? If the latter was the case, parties would have nothing to gain from caring about outsiders and a politicization of outsiders' situation would hence become very unlikely.

The upcoming chapter describes how I approach these questions empirically.

6. Operationalization

The literature offers different ways how to operationalize insiders and outsiders. The first decision to be made is whether to depart from current employment status (cf. e.g. Rueda 2005, 2007; Emmenegger 2009; Marx and Picot 2013; for a longitudinal approach see Emmenegger, Marx, and Schraff 2015) or from occupational risks (Rehm 2009, 2011; Häusermann and Schwander 2012; Schwander and Häusermann 2013; Häusermann, Kurer, and Schwander 2015).

The reason why I used a risk- instead of a status-based operationalization is, first, that it describes risk in the long term rather than being a snapshot at one point in time. Second, research shows that people do not base their political preferences on economic pocketbook reasoning alone but that they observe their environment and draw conclusions from what they see (sociotropic decision-making; Braun and Tausenpfund 2018). Hence, if people experience insecurity, job loss, or loss of income in their social surroundings at the workplace, it is likely to have an influence on what they want from politics. Third, the risk-based operationalization as suggested by Schwander and

Häusermann (2013) allows for a more fine-grained and continuous measure whereas status-based measurements are binary or categorical. Political attitudes remain stable even after economic shocks like becoming unemployed (Wehl 2019). Hence, I argue that a person's risk, not her status, should determine her political attitudes. The risk-based approach measures the incidences of outsider status in a certain occupational group and compares it to the mean incidence over all groups. The result then displays how far the occupational risk deviates from the mean level of risk. Finally, all individuals are assigned the risk level of their particular group, independent of their actual status as insiders or outsiders.

The second thing to decide when measuring insiders and outsiders is which labor market disadvantages to include. Some authors use unemployment to operationalize outsiders (Esping-Andersen 1999a; Rehm 2009; Margalit 2013), while others focus on atypical employment (Burgoon and Dekker 2010; Häusermann 2010; Marx 2015, 2016; Granville and Martorell Cruz 2016) or a combination of both (Rueda 2005, 2007; Emmenegger 2009; Emmenegger, Marx, and Schraff 2015; Häusermann and Schwander 2012; Häusermann, Kurer, and Schwander 2015). Some studies also include low income (Rehm 2011; Rehm, Hacker, and Schlesinger 2012).

My measure includes

- unemployment as the most severe risk employees potentially face;
- temporary employment as it represents a severe disadvantage in terms of security compared to open-ended contracts and has a high probability to perpetuate throughout a working life;
- and involuntary part-time employment. Part-time employment as such has become very common among German employees and can hardly be considered as atypical anymore (Giraud and Lechevalier 2018). Even though it comes with massive disadvantages concerning social security and income-related benefits, it is often chosen freely, whereas unemployment and temporary employment can be considered as being (almost) always involuntary (Schwander and Häusermann 2013). Therefore I measure outsiders by their risk of *involuntary* part-time employment on this dimension.

The approach to combine different measures of outsiderness is debatable. Marx (2016) shows in his analysis of voting behavior and political preferences that mixing unemployment, temporary work, and part-time work in one indicator blurs the different effects of all three. On the other hand, the argument seems persuasive that cumulated risks increase the effect of labor market vulnerability on political preferences and voting behavior. To address this problem, I use an index that combines unemployment, fixed-term employment, and involuntary part-time employment but I also look at all three separately where appropriate. This allows me to see whether one risk drives the effects more than the others do or whether the effect is mitigated because the different types of risk have different impacts. One might object that unemployment is a risk more severe than fixed-term employment and that the former shall therefore have greater weight in my index. I agree that having a job for two years is certainly better than to be unemployed for two years. Nonetheless, I do not use weights in the composition of my outsider index, as any weight would be arbitrary. To be able to determine the severance of different labor market disadvantages, we would need to rely on insights from psychology that would probably even differ between persons. Greater unit non-response rates among outsiders may be a problem in the original data my index is based on but I hope to overcome this shortcoming by using the weights provided with the data. As I use data from a panel study, they do not include the usual weights for redressment (which are no satisfactory solution for problems deriving from non-response, see Arzheimer 2009) but a variable addressing the diverging propensities of panel mortality. This, combined with its unusually large sample size, leads to information about risk that closely resembles those from official data covering the whole population (or workforce).

I gather information on occupational risk levels from the German Socio-Economic Panel (SOEP; SOEPlong 2016, v33.1)[13]. It has been conducted every year since 1984 and contains detailed information on both the labor market status and the socio-economic background of each respondent. I ignore its panel structure and simply use it as a repeated cross-section survey. As the process of re-unification in the years 1990 can be seen as a huge exogenous shock to the German economy, I restrict the analyses to the years 1991 to 2016. In the first years after re-unification, unemployment rates rose in

[13] For detailed information on the data see www.diw.de/soep/ or www.paneldata.org.

East Germany to record highs (and were one reason to seek for reform of the labor market one decade later). Comparing West Germany in the 1980s to unified Germany in the 1990s could thus lead to spurious results. In order to see if a change has happened that can be traced back to the Hartz reforms, I further distinguish between a pre (1991 to 2002) and a post Hartz era (2006 to 2016). The various reform packages were implemented in the years 2003 to 2005 and I expect them to take at least a year to unfold their influence on the labor market. However, the years 2003 to 2005 are included in analyses on which factors influence unemployment or atypical employment in general.

My operationalization of occupational risk draws on the proceeding used by Rehm (2011), Rehm, Hacker, and Schlesinger (2012) and Schwander and Häusermann (2013). However, my occupational groups are somewhat cruder. The reason is that the datasets I transfer the index to for the chapters on political preferences and voting behavior do not contain fine-grained measures of occupation like the ISCO88 scale. Instead, they just differentiate between unskilled blue-collar workers, skilled workers, low- and higher-grade employees (i.e. white-collar workers), civil servants, and the self-employed. For reasons of consistency, I use this classification throughout all empirical analyses.

I exclude self-employed respondents from my analyses because the risks they face differ severely from those of other employees. The self-employed do not depend on one single employer, so being laid-off does not have the same severe implications for them. Fixed-term and part-time employment are categories that cannot easily be applied to them, either. This does not mean, however, that the self-employed are not affected by dualization. Part of the Hartz reforms was to support the establishment of single-person-businesses *(Solo-Selbstständige).* Many of them are earning low incomes and lack sufficient social security (Buschoff, Conen, and Schippers 2017). However, this lies beyond my focus so I leave it to further research to examine the particular situation (and the heterogeneity) of the self-employed in Germany in terms of dualization theory.

I restrict my sample to those respondents of the workforce (18 to 65 years) who state that they are currently working or unemployed; people who are retired, in education or self-employed are excluded. As previous research shows that dualization unfolds differently for male and female, older and younger employees, I further divide

occupational groups between gender and age groups (18 to 44 and 45 to 65, respectively).[14] This leaves me with 20 subgroups (see Table 1 for an overview).

Table 1: Subgroups considered for policy preference analyses

1	Unskilled workers, young, female (UWYF)
2	Unskilled workers, young, male (UWYM)
3	Unskilled workers, old, female (UWFO)
4	Unskilled workers, old, male (UWMO)
5	Skilled workers, young, female (SWYF)
6	Skilled workers, young, male (SWYM)
7	Skilled workers, old, female (SWOF)
8	Skilled workers, old, male (SWOM)
9	Lower-grade employees, young, female (LEYF)
10	Lower-grade employees, young, male (LEYM)
11	Lower-grade employees, old, female (LEOF)
12	Lower-grade employees, old, male (LEOM)
13	Higher-grade employees, young, female (HEYF)
14	Higher-grade employees, young, male (HEYM)
15	Higher-grade employees, old, female (HEOF)
16	Higher-grade employees, old, male (HEOM)
17	Civil Servants, young, female (CSYF)
18	Civil Servants, young, male (CSYM)
19	Civil Servants, old, female (CSOF)
20	Civil Servants, old, male (CSOM)

Note: Young=18-44 years, old=45 years and above; employees=white-collar workers

At the individual level, all three dependent variables (unemployment, temporary employment, and involuntary part-time employment) are coded dichotomous, 1 indicating that the respective attribute applies. To assess unemployment, I cannot use the standard variable on labor force status the SOEP provides. Unfortunately, the SOEP does not ask unemployed respondents for their (previous) occupation so it is not

[14] The cut-off points also resemble the thresholds of the age categories in the data used in later chapters.

possible to calculate occupation-specific rates of unemployment. However, it asks respondents whether and how long they have been unemployed during the year since the last survey took place. If this was the case, i.e. if the variable was greater than zero, respondents were assigned a 1, meaning they had experienced unemployment the year before. Note that this does only refer to respondents who are currently re-employed as data on all others contains no information on occupation. I am well aware that this might measure fluctuation (and frictional unemployment) rather than "real" unemployment rates but it should nevertheless work as a good indicator of insecurity. Experiencing a lot of hiring and firing among their peers should enhance people's feelings of being at risk and insecure. Information on fixed-term employment is gathered from a variable that asks respondents about the duration of their current working contract. Whenever respondents stated to be working part-time and wishing to work more hours per week than appointed in their contract, they are coded as being involuntarily part-time employed.

Group risk is measured as the difference between the unemployment (fixed-term contract or involuntary part-time employment, respectively) rate of the particular group and the mean unemployment (FTE; IPTE) rate over all groups. Finally, all three risks are added up to an overall insider-outsider index. Each respondent is then assigned the risk of her particular group.[15] In 1996, the SOEP did ask respondents neither for their desired working hours per week, nor about the duration of their current contract which is why the variable is coded missing that year for two of my three risk measures and the overall risk index.

[15] For the first section of the empirical part, I stick with this continuous measure of risk to see how its structure has evolved over time. In later chapters, however, I use risk not as the dependent but as the independent variable. I introduced another step in its operationalization to predict policy preferences from risk and used the standard deviations of a given year to determine insiders and outsiders. Outsiders are those (hypothetic) respondents whose risk is one standard deviation above the average risk level in a given year; insiders' risk is one standard deviation below the mean. Table A-1 in the appendix provides risk levels and standard deviations for each group per year.

7. What dualization in Germany looks like: Outsiders back then and now

As we saw from the literature section, Germany is a most likely case to witness consequences of dualization in people's opinions. It is one of the countries theories of dualization frequently refer to (e.g. Palier and Thelen 2010; Thelen 2014) and its institutional settings facilitate the emergence of a dualism. So if dualization shows political consequences anywhere, it should be here. However, there is also a growing body of research that utters doubts about Germany being a striking example of dualization. Authors emphasize either the stability and still relatively high level of security the German labor market offers (Erlinghagen 2010; Knuth 2011) or the fact that the Hartz reforms did not split the work force into secure and insecure parts but increased insecurity for all (Bosch 2018). This chapter's aim is thus to gain a more detailed picture of how dualization in Germany shows, whom it affects, and how it changed over time.

As we saw from the literature section, certain social groups are more likely than others to experience an increased risk of outsiderness. This is the case for women, the young, migrants, and for people working in the service sector, especially if they possess low levels of qualification. Studying a period of 26 years also allows approaching the question what impact reforms can possibly have on dualization. The literature section showed that there are different ways to explain why Germany has experienced dualization. One strand of literature views the growing number of outsiders mainly as a consequence of institutional settings such as the social security system. Others emphasize the impact of governmental reforms that were either driven by a neo-liberal paradigm or taken as a measure to react to pressures such as austerity or demographic change, while trying not to alienate parties' electorates. Whereas the first strand describes dualization as a sort of "natural" consequence of welfare regimes of the Bismarckian type, the latter sees it more as an outcome of deliberate political decision-making. By looking at the developments between re-unification and 2016, we are able to see whether a change is observable in what shapes being an outsider after the Hartz reforms were implemented in the 2000s or if there is a process going on that started

much earlier and simply coincided with the reforms. To sum it up, this chapter's aim is to give an idea

1. how labor market risks spread across different occupational groups;
2. how risk relates to certain socio-economic features on the individual level; and
3. how risk exposure has changed over time.

In a first step, I provide a more thorough description of the data I use to give an idea how closely risk in my sample relates to data from official statistics and how risk spreads over the 20 subgroups I built. In the multivariate part of the analysis, I test the effect of various independent variables on my risk measure. The choice of independent variables closely builds on assumptions derived from the literature I reviewed in the previous chapters. Finally, I interact the variables with time to see how their impact on risk has changed.

The findings show that occupational groups are indeed split into insiders and outsiders and that differences between them have increased. Interacting the independent variables with two time-related variables shows that risk has increased for the low-skilled, for migrants, and for single parents. A high level of education, in contrast, leads to an even lower risk than before and the risk-increasing effect of living in East Germany becomes weaker over time (all other things being equal).

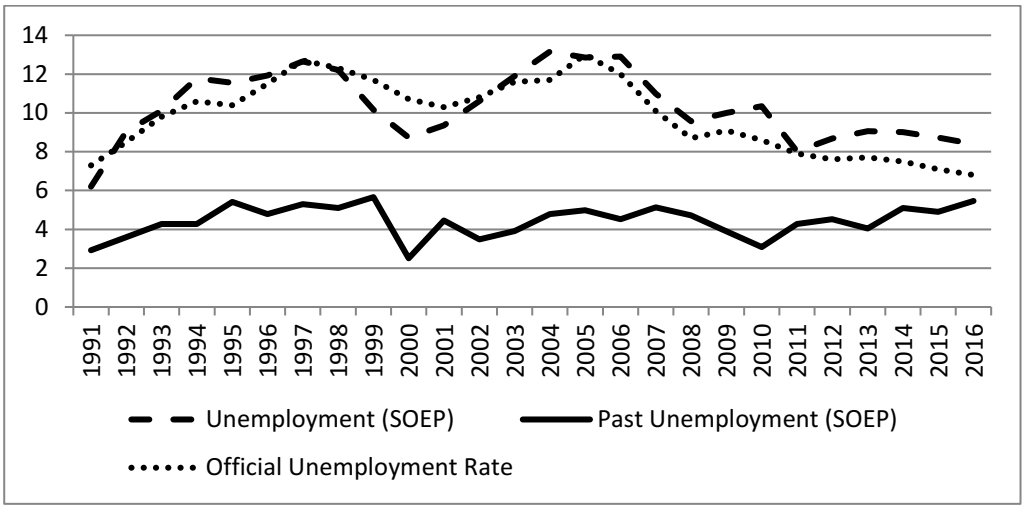
7.1 Descriptive analyses

Taking a descriptive look at the dependent variables in the dataset reveals how close they resemble official data and helps to understand the magnitude of labor market dualization in Germany. Differences between my data and the official numbers might occur due to imbalances in the SOEP sample but are more probably an outcome of divergences in measurement. Whereas the Federal Statistical Office (*Statistisches* Bundesamt) relies on its own definitions of who counts as unemployed or part-time employed, the SOEP data rest on respondents' self-reporting. Not all unemployed are officially registered and those who are currently in training or re-qualification do not count as unemployed anymore, even though they usually remain recipients of

unemployment benefits. On the other hand, there may be people who are considered unemployed by the statistics but who have given up to actively look for work or are taking a break to take care of their family. They might thus choose to answer the SOEP questions on employment status differently than as being unemployed.

Figure 12 compares the measure of past unemployment I use to calculate occupational risk with two conventional measures of unemployment: the share of SOEP respondents who state that they are *currently* unemployed and official unemployment rates that are published by the Federal Statistical Office of Germany. The incidence of the variable measuring previous unemployment is much lower.[16] However, all three measures follow the same pattern. They peak in the mid-1990s and in the early 2000s, when the labor market reforms were implemented. After the reforms' implementation, the three lines converge due to the decrease in (current) unemployment. Past unemployment, in contrast, remains at a similar level as before.

Figure 12: Comparison of unemployment measures, 1991-2016



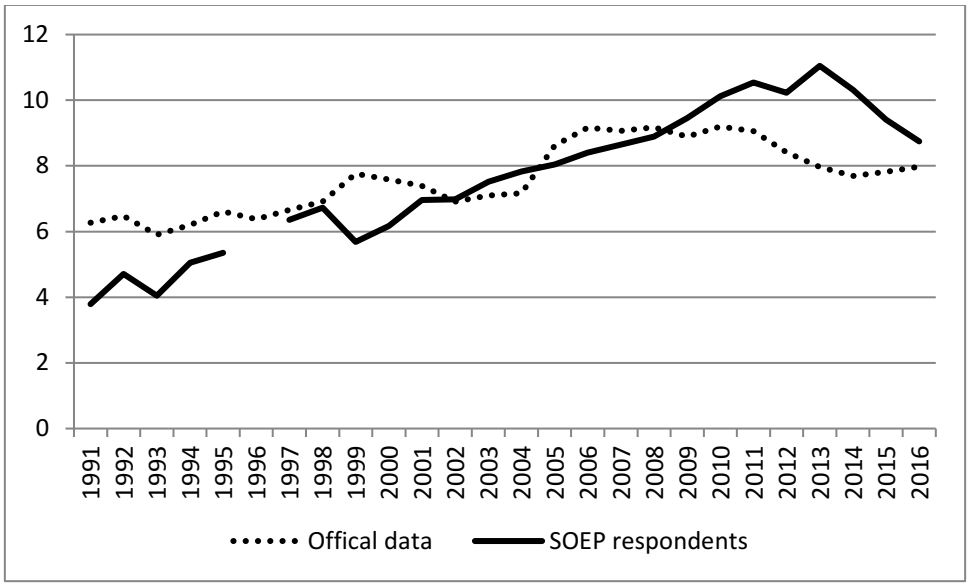
Source: SOEPlong 2016/Federal Statistical Office; own illustration

Note: Share of respondents who are 18 to 65 years old, not retired, in education, or self-employed; weights applied (for "unemployment"). Note that "past unemployment" only refers to respondents who are part of the 20 subgroups and currently re-employed while "unemployment" measures the share of all respondents.

[16] See chapter 6 why I use previous unemployment as an indicator of labor market risk.

Figure 13 compares SOEP and official data concerning the share of fixed-term labor contracts. It shows that the changes in the SOEP data are more pronounced. In the early years, the sample includes fewer temporary employees but their share in the sample overtakes the numbers from official data in the 2000s. However, both data sources report a slow but steady increase that stops or even reverses in the last years.

Figure 13: Share of respondents who are working on a fixed-term contract, 1991-2016



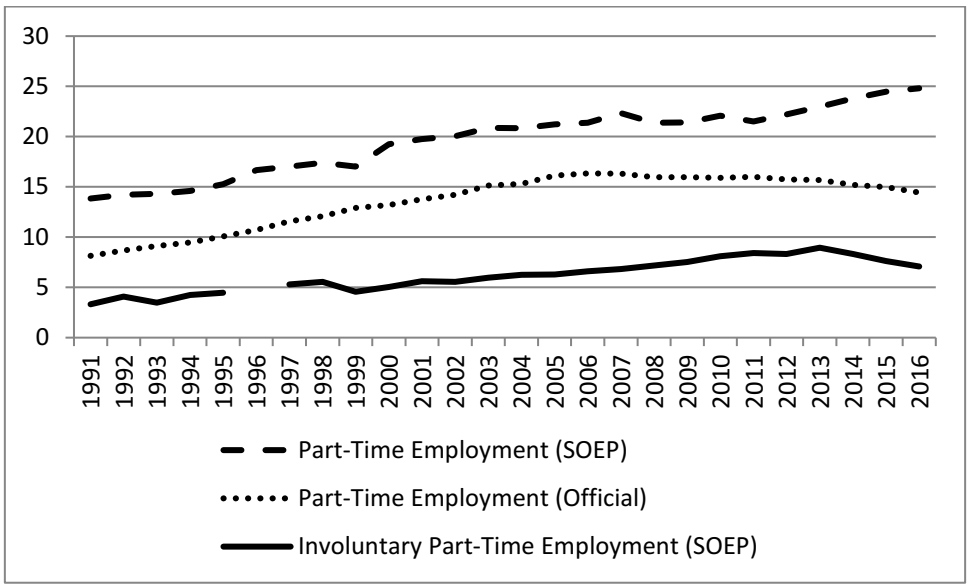
Source: SOEPlong 2016/ Federal Statistical Office; own illustration

Share of respondents who are 18 to 65 years old, currently working, not in education or self-employed; weights applied. SOEP data for 1996 are not available.

Figure 14 compares again three different measures of outsiderness: Two measures of part-time (one based on official data, one based on SOEP data) and one of involuntary part-time (generated from the SOEP data). As with unemployment, it shows that my generated measure diverges significantly from the other two. The difference between SOEP and official data is caused by diverging measurements. The Federal Statistical Office only considers a job as part-time employment if working time per week does not exceed 20 hours. The SOEP, in contrast, does not use any particular threshold and leaves it to its respondents to define themselves as part-time or full-time employees. The figure shows that "official" part-time employment grew slightly until the period when the labor market reforms were implemented. Since then, it basically stayed the same with a slight downward trend. Part-time employment as measured by the SOEP

has in contrast grown steadily. The divergence of the two data sources suggests that more people are working fewer hours than full-time per week but more than 20 hours. Part-time with up to 20 hours per week did not increase by the same amount. We can also conclude from the graph that the share of employees who work part-time and wish to work more hours has risen over time but not disproportionately (note that the variable indicates their share of all employees, not of part-time workers only). Hence, the rise in involuntary part-time employment is probably caused by the rise in part-time employment itself. However, the lion's share of part-time workers seems to be content with their situation, at least regarding working hours. Of course, this does not mitigate the disadvantages that come with part-time employment, like fewer contributions to social security and the pension system.

Figure 14: Share of respondents who are involuntarily part-time employed

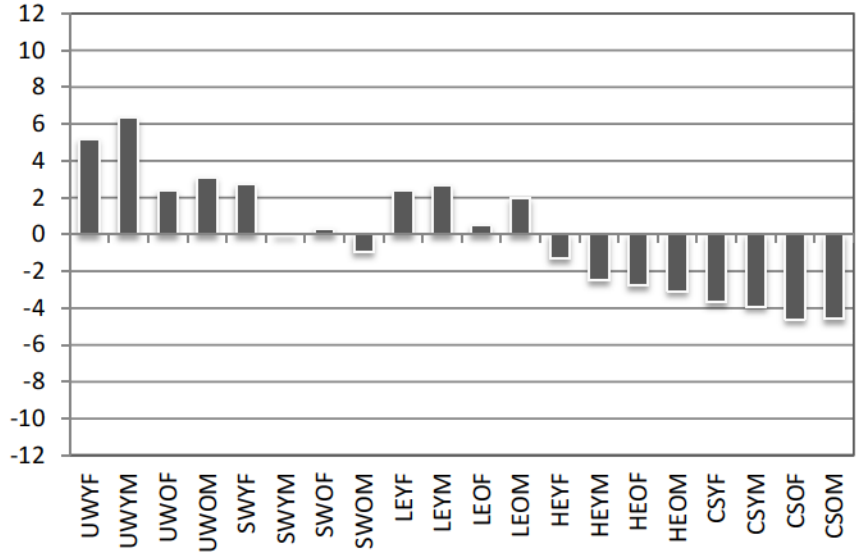


Source: SOEPlong 2016; own illustration

Share of respondents who are 18 to 65 years old, working, not in education or self-employed; weights applied. SOEP data for 1996 are not available.

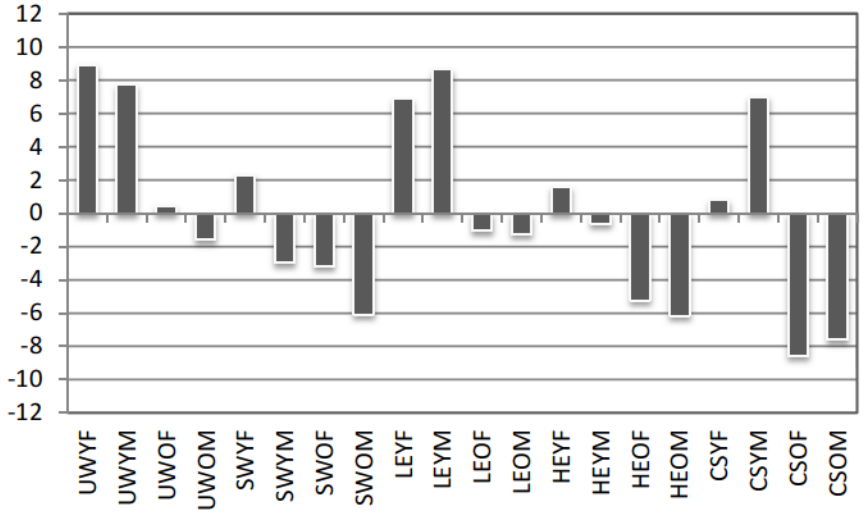
I now turn from status to my risk-related measures. Remember that they indicate the risk relative to the mean incidence in a particular year. The following graphs display the average risk level for each subgroup in the period from 1991 to 2016.

Figure 15: Group-specific rates of unemployment risk, 1991-2016



Source: SOEPlong 2016; own calculations. For an overview of abbreviations, see Table 1.

Figure 16: Group-specific rates of temporary employment risk, 1991-2016



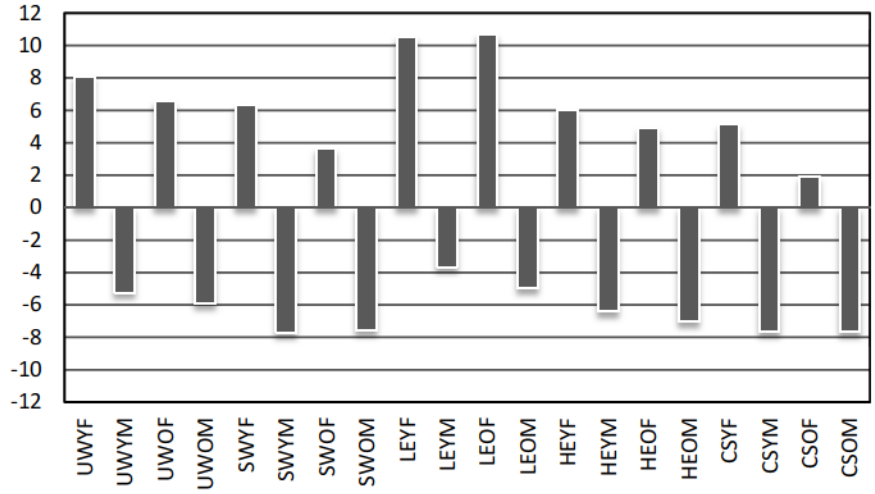
Source: SOEPlong 2016; own calculations.

Figure 15 above shows that unemployment (or fluctuation) is a risk that affects occupational groups with lower skill levels. Skilled workers are less vulnerable while lower-grade employees are also facing a risk level above the average. It shows that outsiderness is not so much driven by a decreasing number of jobs for blue-collar workers but that both blue-collar and white-collar workers with low skill levels are at danger of losing their jobs. In contrast, blue-collar workers who possess specific skills

still seem to be relatively secure. The data thus support the assumptions from dualization theory.

As Figure 16 shows, the risk of being temporarily employed is highest for young employees in routine jobs (unskilled workers and routine employees) and for young male civil servants. However, the latter can rely on becoming an insider a few years later, while this is not the case with the former. Older civil servants show the lowest risk of temporary employment, which is hardly surprising as job security is a typical feature that sets civil servants apart from all other occupational groups. Other groups with low levels of risk are skilled workers above the age of 45, and older higher-grade employees. Higher-grade employees and civil servants of all ages and genders are insiders according to this measure while especially young unskilled-workers face a risk level above the average.

Figure 17: Group-specific rates of involuntary part-time risk, 1991-2016



Source: SOEPlong 2016; own calculations.

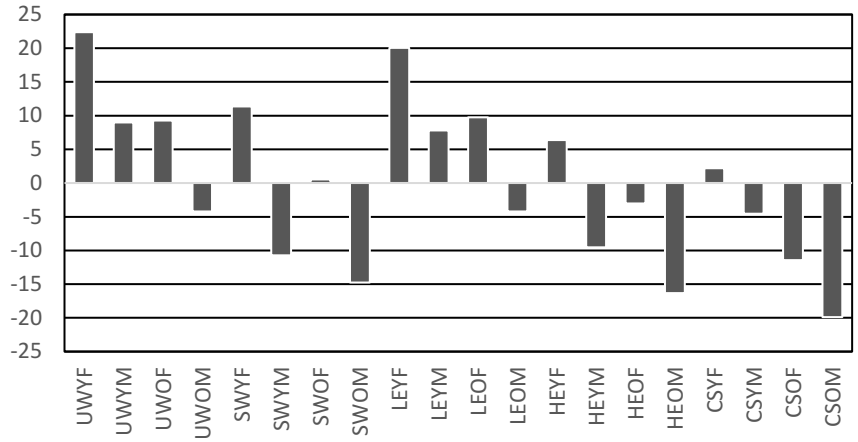
Figure 17 paints a very clear picture: Risk of IPTE is above average for all female groups. Again, older and better-qualified women hold lower risks than their younger and less educated counterparts do. Nevertheless, when it comes to involuntary part-time, outsiders are female and insiders are male. It is a concerning finding that women of all ages and qualification levels are pushed into part-time jobs against their will. Women in Germany are at a much higher risk than men are to be poor at old age as they

contribute less to the pension system (Goebel and Grabka 2011). Figure 17 does not suggest that this trend is about to reverse in the nearer future.

Even though all three risks affect different groups, there are also groups that are exposed to two or all three risks disproportionally. My theoretic argument is that such high-risk groups will hold political preferences that differ from those of more secure groups. Hence, I add up the levels of all three sorts of risk (again on a yearly basis) to an insider-outsider index. Positive numbers indicate outsiders again, whereas negative numbers demarcate insider groups.

From a mere statistical point of view, this seems not recommendable as the three factors are only loosely related with each other and involuntary part-time loads on a different factor than the other two risks (see Table A-2 in the appendix for the results of a Principal Component Analysis). However, as argued before (chapter 2.1), I am interested to see if labor market disadvantages have a cumulative effect. I therefore think it is an appropriate method to put the variables together in one and that the new variable represents a valid measure of outsiderness.

Figure 18: Combined measure of labor market risks, 1991-2016

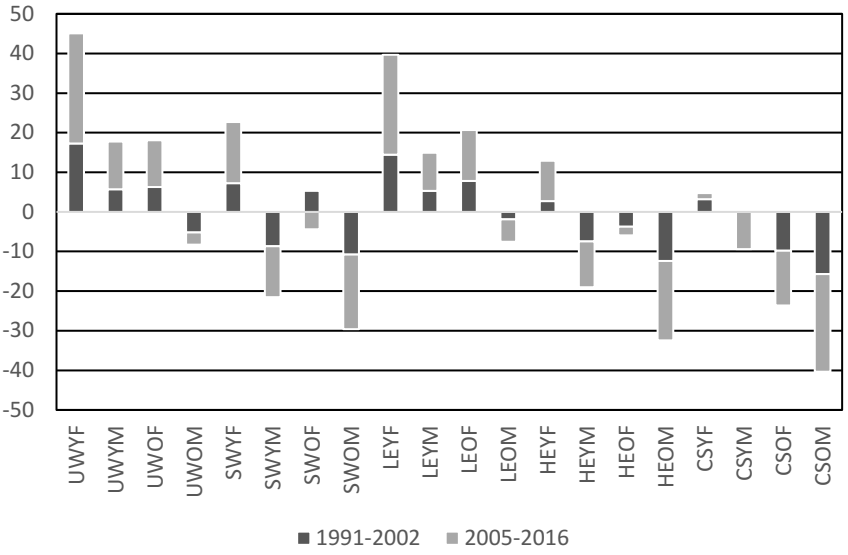


Source: SOEPlong 2016; own calculations.

Figure 18 displays combined risk levels of my 20 subgroups over all 26 years. Younger female unskilled workers are the most pronounced outsiders, followed by younger female low-grade employees and young female skilled workers. Older male civil servants, on the contrary, are at lowest risk, followed by older male higher-grade employees and older male skilled workers.

In the next step, I look at how this picture changes over time. In particular, I compare the years before the Hartz reforms (1991-2002) to the years after the reforms (2005-2016). The results are shown in figure 19. We see that differences between insiders and outsiders became more pronounced after the labor market reforms: both positive and negative risk levels increased. The only exceptions are older female skilled workers who have turned from outsiders to insiders, and younger male civil servants. They used to be insiders but tend to be outsiders in more recent years (even though their risk level deviates so little from the average that it cannot be seen in the graph).

Figure 19: Comparison of risk levels, before (1991-2002) and after the Hartz reforms (2005-2016)



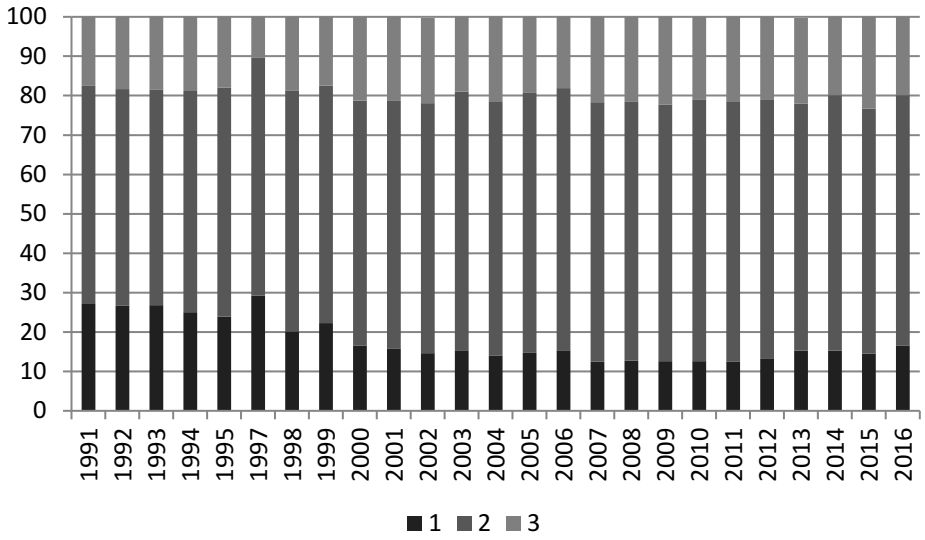
Source: SOEPlong 2016; own calculations.

The graphs above show that most groups with higher skill levels are sheltered from labor market risks. However, young women are an exception in all three occupational groups that demand at least a medium level of skills: skilled workers, higher grade employees, and civil servants. If the idea of a cross-class coalition to bring forth outsiders' demands is to become true, especially young women from these occupational groups are in charge. Their male colleagues are constantly more secure, so they will have little incentive to lobby for outsiders.[17] However, the picture above tells

[17] This pattern persists if I group the respondents in occupational groups as operationalized by Oesch(2006) and Schwander and Häusermann (2013): Young women are at highest risk

us little about numerical sizes of these groups. If we look at the share of three educational levels among outsiders (defined as members of those groups with a risk above zero), it shows that about one fifth of outsiders belongs to education level three and the vast majority belongs to level two (see Figure 20 below). The group of outsiders does obviously not only comprise low-skilled individuals who are very unlikely to participate in politics.

Figure 20: Share of different educational levels among outsiders



Source: SOEPlong 2016; own calculations.

Note: In this graph, respondents are counted as outsiders if their risk level is >0, i.e. above average.

7.2 Multivariate analyses

The literature on dualization gives several hints which factors to take into account when studying outsiderness. First, it seems to be influenced by education, even though, as the previous section and the literature review showed, empirical findings on this factor are not as clear-cut as one might expect. The findings from section 7.1 show that outsiders

throughout all groups, even if they are socio-cultural professionals (which comprise many academics). Looking at the average of all years, men are outsiders if they are young and either blue-collar workers, socio-cultural professionals, or civil servants. Older men's risk is consistently below average.

do not necessarily need to be poorly qualified but that there are indeed many high-skilled outsiders (see also Häusermann, Kurer, and Schwander 2015). This corroborates the findings by Lengfeld and Hirschle (2009) and Keller and Seifert (2014), who show that many people who feel threatened by unemployment or atypical employment work in finance, health or other public services, i.e. sectors where mostly jobs with medium or high qualification profiles can be found. In addition, not only the poorly qualified are part of the working poor (Kalina and Weinkopf 2016). However, this might be a relatively new phenomenon and the impact of education might have changed over time.

Gender undoubtedly plays an important role in shaping labor market risks, too, especially when it comes to part-time employment (Hans-Böckler-Stiftung 2015). Temporary employment is foremost a matter of (young) age (Golsch 2003; Marques and Salavisa 2016). The visual exceptions of the data presented above corroborate these findings. However, to avoid endogeneity I exclude age and gender from my regression models. They were already used to build the subgroups which are my starting point to measure risk. Including them again would lead to biased results.

Education was not included explicitly but is surely correlated to occupation groups. This goes especially for the operationalization of occupations I employ that distinguishes between unskilled and high skilled workers or lower and higher-grade employees, respectively. Belonging to one of these groups highly depends on years of schooling or vocational training. Including education to predict labor market risk might thus lead to biased results as well. However, my occupational groups are rather broad and they will most probably convene people from all three educational levels. Indeed, Cramér's V, measuring the association of education and occupation, is only .409. Being aware of the potential measurement errors deriving from the inclusion of education, I nevertheless include it in my models. However, there are also other individual features that are likely to be correlated with risk levels which are independent from my operationalization of occupational groups.

The findings by Emmenegger and Careja (2012) show that, more than in other countries, migrants in Germany are often pushed to the margins of the labor market. To see if migrant status correlates with a higher risk to be an outsider, I group my respondents into three groups: those with a direct migration background (meaning that

they were born in another country), an indirect (i.e. at least one of their parents is foreign born), or no migration background. The variable was recoded as a dummy variable for regression analyses.

To include a measure of "new social risk" and to see if its impact increased over time, I use single parenthood. Previous studies show that being a single parent increases the risk for being poor (Knuth 2015; Spannagel 2016) which may be related to difficulties in finding a permanent full-time job due to discrimination or lack of sufficient child-care options. The variable is 1 for all respondents who state they are currently not in a relationship and who have at least one child under the age of 18 living in their household.[18]

Another important factor to take into account is the difference between East and West Germany. Even nowadays, more than 25 years after re-unification, severe differences exist between Western and Eastern states. Besides wealth and pension levels, they show off in particular in the labor market structure. Unemployment rates are still higher on the territory of the former GDR. However, while they have been twice the size of those in West Germany for most of the time since 1991, the gap got much smaller over the last years. In 2017, the unemployment rate in East Germany (including Berlin) was 8.4% opposed to 5.8% in West Germany (Statistisches Bundesamt 2018a). Atypical employment, in contrast, is more common in West Germany. This difference is particularly driven by the higher number of women working part-time (Hans-Böckler-Stiftung 2015) whereas in the Eastern part of the country, women have traditionally been working full-time and more public childcare is available.

Labor market risks may not only be shaped by individuals' characteristics but also by macro-economic developments (Seifert 2017). To measure overall changes on the labor

[18] This is a rather restrictive measure, as it excludes those single parents who are in a relationship with someone else than the child's second parent. It is not possible to tell from the data whether the partner is the child's parent or not. This way, parents who are not married to each other could easily be mistaken for single parents even though they are not. Even though I might underestimate the real number of single parents in the sample, excluding single parents with a new partner also makes sense from a theoretical perspective. Being in a romantic relationship can mitigate single parents' problems on the labor market because the responsibility for the child(ren) and other duties, such as housework, can be shared. Hence, single parents with a partner will probably more easily find an open-ended full-time job than their counterparts who are not in a relationship.

market, I use change in unemployment rates. I calculate the difference in unemployment rates (in percentage points) between the survey year and the previous year. The reason is to see how correlations between individual features and labor market risk are conditioned by general developments on the labor market. Additionally, employees might be willing to accept atypical employment relations more often in times of rising unemployment. If, for example, people with low levels of education run a higher risk to be laid off than their better educated counterparts, the former will more often be temporarily employed— because they may be more willing to accept temporary contracts but also because employers know about their situation and may capitalize on it to gain a more flexible workforce.

Finally, to approach the question how the correlations of labor market risk and the independent variables change over time, I include a measure of time. In order to make it easier to interpret than survey years, I calculated a new variable, with 1991 being 0 and 2016 25. Additionally, I distinguish time into a pre- (1991-2002) and post-reform era (2006-2016) to see how correlations changed after the implementation of the Hartz reforms. Table A-3 in the appendix presents descriptive statistics on the variables used in the analyses.

7.2.1 Findings

As my dependent variable (risk level) is numerical, I use simple OLS regressions. Table A-4 in the appendix provides the full results. Risk ranges from -28.37% to 39.2%, the median is -1.93%, the mean -0.63%.

As expected, education shows a strong effect: An educational level of three instead of one decreases risk by 12 percentage points. However, this model only explains 7.6% of variance so there must be other important factors that explain risk.

Both variables measuring migration background increase risk significantly. Being born in another country than Germany is associated with a five-point increase and even having parents of foreign origin still accounts for an increase in risk of more than three percentage points. The third individual variable, being a single parent, also shows a

significant positive effect on risk. With more than 10 percentage points, it accounts for the second highest coefficient of all.

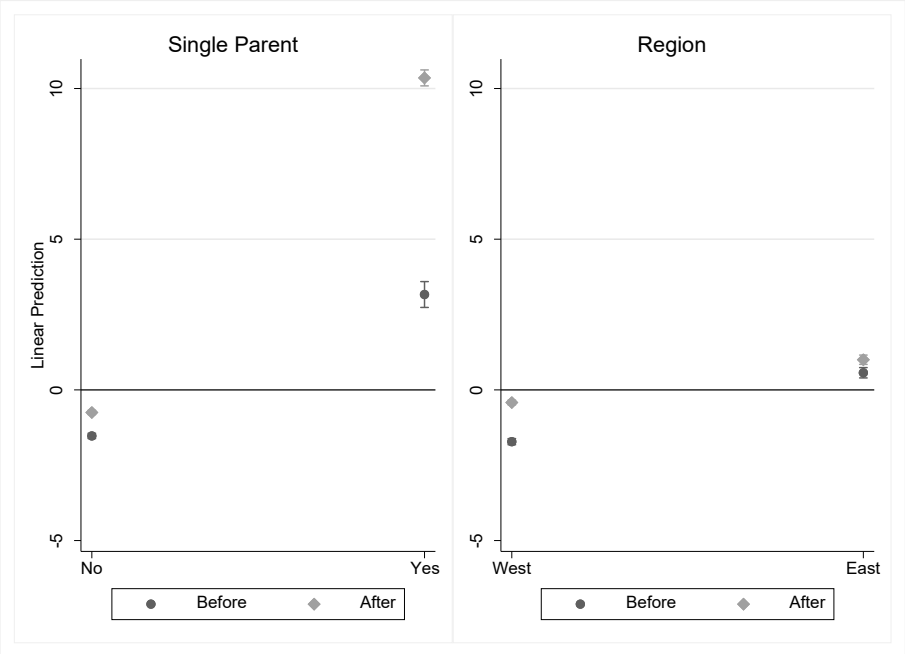
The context variables show only modest effects: Being from East Germany slightly increases risk. The annual change in unemployment rates only becomes significant once the time variable is introduced but its effect remains modest. I tested the two time-related variables (time and pre/post Hartz) separately as they are different measures of the same factor. The variable indicating whether the reforms have been implemented or not performed better and accounts for a .4% increase in risk. Albeit a very small effect, this finding gives me confidence that interacting my independent variables with time may lead to substantial findings. In other words, the Hartz reforms should have changed the factors that account for higher or lower levels of risk.

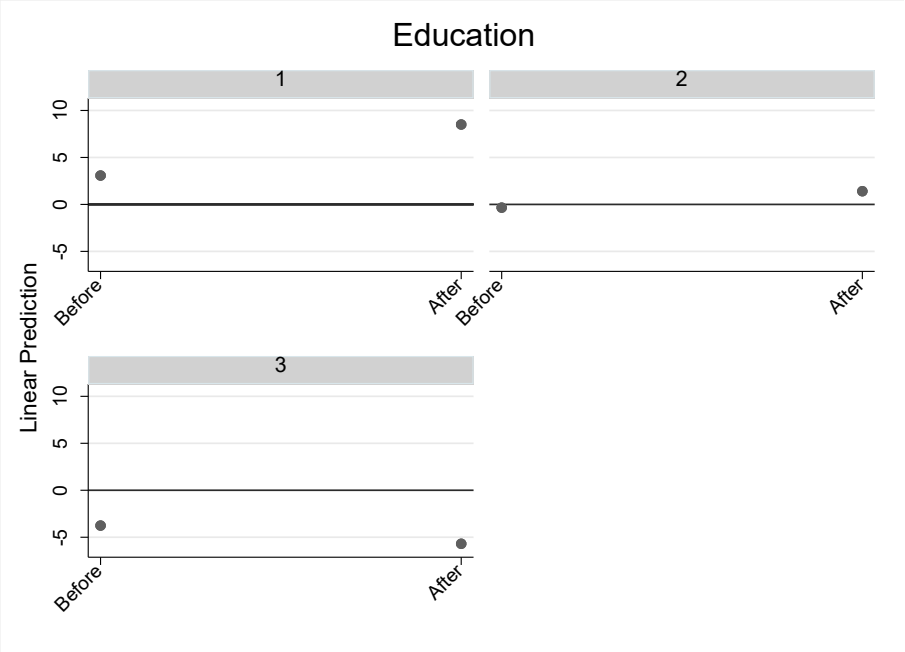
7.2.2 Changes over time

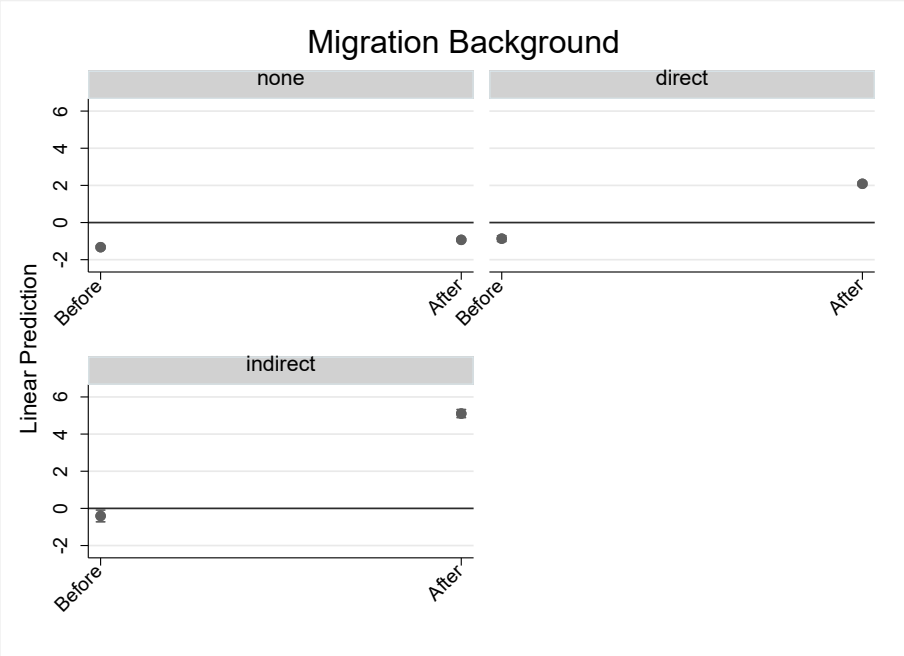
In a first step, I interact all variables from the individual level and region with my time-related variables. I try both time and before/after the Hartz reforms as the impact of the variables may have changed over time, independent of the introduction of the reforms. As change in unemployment did not yield any substantial effects, it is not part of my regression models anymore. Table A-4 in the appendix shows the results for the full model from the previous section and one additional interaction term at a time. It becomes clear from the table that interacting the variables with the reform variable constantly produces larger coefficients than the interaction with time. However, this difference is probably caused by the fact that the time variable is numerical and the reform variable is binary.

As results from interaction terms are not easy to interpret, the following figures present the predicted risk level before and after the reforms graphically. Using the results from the models with time as the interaction variable does not change the results; it simply produces linear graphs. As my theoretical interest focusses on the consequences of the reforms, I report findings from the interaction terms containing the reform variable. Note that the graphs indicate the respective independent variables' effect under the assumption of all other factors being equal.

Figure 21: Predicted risk levels before and after the implementation of the Hartz reforms







Note: 95% confidence intervals

The first plot at the left side shows that single parents' risk increased substantially. It also did for others but whereas they remained under the zero line (that separates insiders from outsiders), single parents moved up the risk scale starting from an outsider position. All other variables held constant, single parents are now at an average risk of more than ten percentage points above the average.

The effects for East Germany (first graph right side) are much smaller. Even though an individual from East Germany is still at greater risk in recent years than a similar individual in West Germany, the latter is not so much protected against outsiderness as it used to be. East Germans in contrast, face a risk level that has very little increased.

The graphs regarding education and migration status deviate from the former as they are not exactly based on the full model from Table A-4. As both of them are categorical variables, I recoded them to dummy variables with an omitted base category for the regression models. Their results have to be interpreted in relation to the base category. As regards the predicted risk level, I am interested to see the main effects for all three values. The graphs therefore derive from regression analyses without dummy variables and hence differ from the results in Table A-4. However, the results corroborate my earlier findings for education: Risk substantially increased for individuals at educational level one, it slightly increased for educational level two, and it slightly decreased for individuals at the highest

educational level. Hence, dualization increasingly affects the low qualified whereas higher levels of education shield from being an outsider even more than they used to.

Surprisingly, second-generation immigrants face higher risks since 2006 than immigrants who were not born in Germany. Before the Hartz reforms, both groups were at similar levels of risk and below the zero line but they became outsiders after the Hartz reforms and were disproportionately affected by them (Emmenegger and Careja 2012, 137). The fact that the second generation of immigrants faces a higher risk than the first generation may be caused by higher levels of persistent unemployment among the latter (cf. Emmenegger and Careja 2012, 128)[19]. As laid out in chapter 6, my way of measuring risk is prone to underestimate long-term unemployment. This might affect risk prediction by underrating first-generation migrants' risk.

7.3 Conclusion

We can conclude three things from this chapter: First, labor market risks affect occupational groups to different degrees. There is thus a dualism between insiders and outsiders as regards their propensity to become unemployed or to be atypically employed. Second, risk levels became increasingly divergent over time. This confirms that dualization (understood as a process creating a dualism) exists in Germany. Third, the chapter showed that labor market risks affect some socio-economic groups more than others since the Hartz reforms. In line with what much of the literature on the reforms' consequences suggests, it is especially individuals with lower qualifications, migrants, and single parents whose risk increased disproportionally. Those who are better qualified saw a decrease in their risk levels and East Germany could mitigate its disadvantageous situation from the first years after re-unification. Even though citizens from the Eastern part of the country are still at higher risk than their Western counterparts, the risk levels of citizens from the two regions have converged.

[19] For recent data, see also OECD data on unemployment rates among native-born and foreign-born citizens: doi: 10.1787/9e33a6ea-en and doi: 10.1787/0f9d8842-en, respectively (both accessed on 11 April 2019).

There is a major caveat regarding this chapter's findings: It is not possible to make any substantive claim about the causal influence of the Hartz reforms on dualization. To make such a claim, we would need a (quasi-) experimental setting with two groups—one which received a treatment (in this case, the implementation of the reforms) and a control group that did not receive the treatment. This would allow ruling out other factors that affected both groups and might have an effect on the results, too (cf. Morgan, S. L. and Winship 2015). However, this is not possible with federal legislation that came into effect for all German employees (and the unemployed) at the same time. My findings on the effects of the variable indicating a pre and post reform period should thus be taken at tentative evidence on the reforms' effects only. Nevertheless, much of public and scientific debates see the Hartz reforms at the root of dualization in Germany (Martin and Thelen 2007; Brady, D. and Biegert 2017). The growth in employment rates and the decline in unemployment obviously came at the price of an increased share of insecure employees but also at the price of growing inequality between people of different qualification levels and of different origin. If this consequence of the reforms was intended or foreseen or not, has to remain an open question at this point.

Coming back to the critique by Erlinghagen (2010), Knuth (2011), and Bosch (2018) mentioned at the beginning of this chapter, my findings support Bosch's notion that risk and insecurity have increased for large parts of the workforce. However, I disagree with him that the term dualization makes little sense as it describes a phenomenon that affects society as a whole. My results show that some groups are much more likely to be outsiders than others are and this is exactly what dualization is about. The notion put forth by Erlinghagen and Knuth—that insecurity is overstated—may currently be true as regards unemployment. As OECD data shows (see chapter 2.1), German employees are not overly secure in international comparison when it comes to atypical employment. In 2016, the share of Germans who were part-time employed was above the EU average and the share of fixed-term employment was only slightly below the average. If we only look at people's risk of losing their job, Knuth and Erlinghagen may be right that there is not much need to worry: most people who are laid-off will easily find a new job. But if we also consider the other risks dualization theory takes into account to define insecurity, German employees are rightly worried—especially if they do not possess advanced skills, if they are a single a parent, or if they are of foreign origin.

Regarding my main question about the potential for dualization to become politicized, the findings show that, even though lower qualification levels are positively associated with risk, there is also a significant number (about 20%) of outsiders who are highly qualified. These outsiders might act as a vanguard of a cross-class coalition to put forth outsiders' interests (cf. Häusermann 2010; Marx and Starke 2017; Schwander Forthcoming). However, a prerequisite for this to happen would be that outsiders share some common beliefs and preferences that set them apart from insiders. The next chapter examines if this is the case.

8. Is there any difference? Preference gaps between insiders and outsiders

In this chapter, I first review arguments from the literature why and how dualization should lead to diverging political preferences. I distinguish policy preferences as belonging to one of two political axes: one representing economic and the other one representing cultural issues. Additionally, I sort social policies into two types of social policies: traditional and new policies (which are further differentiated into social investment and activation). In the data and methods section, I review arguments against and in favor of public opinion surveys as a scientific source to study preferences and lay out why I think that this kind of data suits my endeavor best. Afterwards, I describe the data used in this chapter more thoroughly. The empirical part first presents findings for single questions that are of theoretical interest and then turns to questions that were asked repeatedly. Subsequently, I turn to an analysis of the whole dataset and look at opinion differences on the different dimensions. Finally, I present some robustness checks and conclude by discussing the results.

8.1 Literature review

In this section, I review different arguments from the literature that explain why I expect outsiders' opinions to be substantially different from those of insiders. I start with the argument why one's position on the labor market should affect political opinions at all and then turn to insiders' and outsiders' opinions on the two axes of politics.

First, why should we expect the insider/outsider concept to exert any influence on political preferences at all? Labor markets as a starting point of political preference formation have received a lot of attention. It has been shown that it is not only important whether citizens work or not[20], but also what kind of job they perform. Different occupations not only provide diverging sorts of civic skills (cf. Brady, H. E., Verba, and Schlozman 1995) but also different views on society. Kitschelt and Rehm (2014) examine how attitudes correlate with work logics and find that

> "(s)ocio-cultural professionals invariably are more to the "left," followed by technical professionals in the middle, and managerial professionals more on the "right." All low-authority employees, across the different work logics, are more on the redistributive left (with the exception of socio-cultural (semi-) professionals, which are as left!). But people ranked lower in the organizational hierarchy of workplaces are decidedly on the right, compared with all higher ranked professions, when it comes to socio-political governance and inclusive citizenship." (Kitschelt and Rehm 2014, 1687)

Hence, people working in jobs with much intrapersonal contact demand—on average—other political decisions than those working in technical or managerial jobs, even when controlling for effects due to self-selection or income differences.

Moreover, there is an effect of the financial means a job provides. Studies focusing on income as the predictive variable show that the rich and the poor hold different, and sometimes even opposing, views on a broad range of policies (Gilens 2009, 2012; Page, Bartels, and Seawright 2013). This does not only affect policies that are closely related to one's own income position, like taxing or welfare spending, but expands to cultural questions like abortion rights or to questions of national security (Gilens 2009, 339). It seems plausible that being an outsider should have similar effects on political preferences as low income. They both mark a disadvantage compared to more privileged parts of the society. If income differences can predict different opinions, the insider/outsider divide should predict them as well.

[20] Cf. the literature on the consequences of unemployment for political participation, deriving from the seminal work by Jahoda, Lazarsfeld, and Zeisel (1975 (1933)).

Another important theoretical argument why outsiders' opinions should differ from those of insiders comes from a rational-choice tradition. However, this approach can only explain preferences for social and economic policies but hardly why outsiders should be more or less supportive of e.g. abortion rights. Out of economic self-interest, voters should support those policies that maximize their benefit. The rich should support tax cuts and low levels of redistribution while the poor should support high taxes and high levels of redistribution (cf. Meltzer and Richard 1981; Iversen and Soskice 2006). Transferring this argument to dualization theory, outsiders should be more supportive of redistribution and welfare politics as being an outsider marks a disadvantageous position on the labor market that often comes with higher insecurity and lower income.

However, this notion is challenged. Using conjoint experiments, Gallego and Marx (2017) show that self-interest is negligible in explaining labor market policy preferences. Rather, ideology counts. Policy preferences, even in those policy fields that are closely connected to labor market position, seem to be more strongly affected by long-term convictions than by short-term changes in an individual's living conditions. Wehl (2019) investigates comparatively whether unemployment causes preferences for labor market policies or whether both variables are grounded in respondents' socio-economic features. She finds that the latter is the case. Wehl argues that it is labor market *risk* that drives preferences for governmental intervention and not so much realized risk, i.e. actually being unemployed. However, Germany is an exception to the pattern she finds: the unemployed are more in favor of labor market policies, irrespective of the preferences they held before unemployment. Here, becoming unemployed seems to have such a severe effect on respondents that they change their preferences, whereas respondents in most other countries do not. This means that both status- and risk-based outsiders in Germany favor governmental action. However, the effect of unemployment as a status is not long-lasting: After finding a new job, people return to their previous amount of support (Margalit 2013). Thus, there seems to be no lasting imprint of the experience of unemployment on people's preferences.

At the same time, traditional redistributive measures find less support nowadays among all constituents than they used to and there are arguments in the literature why outsiders can profit from the change to an "activation state". With changes in support coalitions (Gingrich and Häusermann 2015) comes an increased demand for politics that protect from new

social risks rather than traditional social risks such as unemployment or invalidity. New social risks arise from the changes brought about by post-industrialism and contain reconciling work and family life, single parenthood, having a frail relative, possessing low or obsolete skills, and having insufficient social coverage (Bonoli 2005, 434–35). Politics that shelter from these risks are mostly not focusing on individual financial benefits but on providing infrastructure such as care facilities for children and the elderly or training opportunities. Even though costs for them may not actually be lower than costs of benefits, at first glance such politics seem to be more compatible with demands for governmental austerity. Over the last 20 years, German politics has followed this trend. The Hartz reforms emphasized that the unemployed need to keep their qualifications up to date or to gain new ones. Public child care has seen a massive expansion to facilitate the return to the labor market for mothers.

These are policies that foremost please the middle classes. Constituents in insecure positions on the labor market are still in (relatively) higher need for redistributive politics. If their job does not allow them to make ends meet, high-quality day care for their children might not be their central concern. Thus, outsiders should more pronouncedly support "traditional" and not so much "new" social policies. Empirical studies corroborate this assumption: People facing income risks frequently opt for more redistribution (Rehm 2009; Rehm, Hacker, and Schlesinger 2012; Emmenegger, Marx, and Schraff 2015; Thewissen and Rueda 2019) or governmental assistance (Burgoon and Dekker 2010). However, as Häusermann, Kurer, and Schwander (2015) show, especially high-skilled outsiders opt for policies that enhance redistribution but also activation. The argument why outsiders should support ALMP is that part of it is to increase human capital. It thus has the potential to help outsiders find their way back into a stable job. This may be true where jobs become instable due to technological change and occupations disappear, as e.g. in the coal mining industry. Training can provide those laid-off workers with new skills that are more useful on the labor market. Such measures will be successful with those who already possess specific, but now obsolete, skills. It may be much harder, however, to improve qualification of those who work in branches with low qualification levels and low levels of employment protection, as e.g. shop assistants or delivery personnel.

Another part of ALMP are policies that aim to activate the unemployed not only by making it easier for them to find a new job but also by forcing (or nudging) them. This part was

strengthened through the Hartz reforms by cutting the duration of income-related unemployment benefits to one year (for most unemployed) and imposing stricter rules on the unemployed as regards e.g. the number of applications that have to write in a certain period. As outsiders are more likely to be affected by these rules, I expect them to be less in favor of such activating policy measures.

Questions of labor market regulation and redistribution are not the only policies where preferences can be affected by economic insecurity and vulnerability. Cultural issues become of ever greater importance, increasing the vote share of both green and radical-right parties (Häusermann and Kriesi 2015). However, cultural preferences of outsiders have so far attracted little scholarly attention. Previous studies mostly focus on classes and occupational groups, respectively, instead of risk exposure or vulnerability as independent variable (Häusermann 2010, Ch. 4; Dolezal and Hutter 2012; Oesch 2013; Rydgren 2013). Another empirical problem is the fact that there is a variety of approaches how to categorize policies that are not part of the economic left-right axis.

The inclusion of policies that exceed the traditional redistributional conflict departs from Inglehart's famous notion that non-materialistic orientations gain importance over time (Inglehart 1977). The post-materialistic set of orientations has liberties, such as freedom of speech and freedom of press, high on its agenda and is (relatively) less concerned about materialist issues such as stable prices. Inglehart explains this change in preferences by generational change: Younger people who were socialized in times of peace and prosperity are less concerned about material well-being than their parents and grandparents who experienced times of war and severe economic crises.[21] Since these values and preferences are not part of the traditional conflict of state versus market (or left versus right), a second, vertical axis has been established in the literature that allows to map voters' preferences and party positions in a two-dimensional space. Nowadays, the policies mapped on the vertical axis usually exceed beyond those Inglehart studied. Issues like immigration and supranational integration have gained more salience, especially in EU countries because of their intertwining and their disparate wealth levels (Kriesi 2008). The argument is that cosmopolitan elites that profit from cultural and geographical openness will oppose

[21] Other scholars have massively challenged Inglehart's findings for different reasons, however (see Abramson 2011 for a review).

defenders of the national state that feel threatened by open markets and competitors from abroad.[22]

The different ways to designate the axis in the literature display the difficulties to integrate various cultural issues in two single terms. For example, Hooghe, Marks, and Wilson (2002) use GAL/TAN (Green/alternative/libertarian versus traditional/authoritarian/nationalist) to describe the two poles of the cultural axis. Even though this differentiation seems persuasive, it is not easily applicable to all policies. For example: Are policies that aim to protect the environment Green or traditional? And is the demand for a speed limit authoritarian (because it restricts citizens' freedom to ride fast) or is it Green (because it reduces exhausts)?

Others contrast integration and demarcation (Kriesi et al. 2008)[23], libertarian-universalistic and traditionalist-communitarian values (Bornschier 2010), cosmopolitanism and communitarianism (Merkel 2017), or universalism and particularism (Beramendi et al. 2015; Häusermann and Kriesi 2015). Kitschelt and Rehm (2014) try to overcome the dualism of the two axis by integrating them in their three dimensions greed, grid, and group. It allows them to distinguish between welfare chauvinism and libertarian or authoritative values that are not differentiated in most other literature. However, their findings show that welfare chauvinistic attitudes are highly correlated with authoritarian views, so it does not seem to be an undue simplification to include welfare chauvinism in the authoritarian pole of the axis.

Of course, the emergence of new policies is not restricted to cultural issues. Häusermann and Kriesi (2015, 203) rightly point to the fact that socio-economic issues are also not as clear-cut and easy to distinguish from cultural issues as they used to be (for a similar argument, see Manow 2018). Economic issues are increasingly intertwined with cultural questions, as e.g. whether women should be fully included into the labor market or whether the main responsibility to care for children and the elderly should remain with them. These are questions that touch on cultural issues (the role of women in society) but also on

[22] Kriesi (2008) refers to these opposing groups as "winners and losers of globalization", while Goodhart (2017) makes a very similar argument but contrasts "Anywheres" and "Somewheres".
[23] The authors apply integration and demarcation not only to the cultural, but also to the economic axis.

economic issues (should government spend money on incentivizing families to take full-day care of their children or should it support women in combining work and family life).

Consequently, it is important not to restrict analyses of outsiders' preferences on questions of social policies. As said before, the literature on their preferences concerning cultural issues is still inconclusive. Nevertheless, existing studies provide some hints where to expect outsiders' preferences in a two-dimensional policy space on the cultural axis. We saw that low education increases risk and a low level of education correlates with a lower propensity to participate in elections (Schäfer 2015, ch. 5). Non-voters hold more conservative (or particularistic) preferences on the cultural axis (Dolezal and Hutter 2012) and immigration and EU-integration are disproportionately opposed by low-skilled citizens (Dancygier and Walter 2015). The latter finding is backed by Park and Kim, Y. (2018) regarding pro-Brexit voting. However, as outsiderness does not only affect low-skilled citizens, it is questionable if outsiders 1. abstain from voting significantly more often (a question I will turn to in Chapter 10), and 2. if they hold more particularistic views than insiders.

Bringing the findings just reviewed together, outsiders should favor state intervention on the economic axis, especially in terms of redistribution and ALMP. The expectations for cultural issue are less clear, but at least on average, outsiders should be more in favor of particularistic positions than insiders.

If insiders and outsiders show significant differences in their preferences, this effect should have grown over the years. Dualization and inequality in Germany have risen over time both in numbers and in salience (Palier and Thelen 2010; Palier 2012; Emmenegger et al. 2012a, 307; Thelen 2014; Brady, D. and Biegert 2017; but cf. also Fevre 2007) as did the discussion about EU integration and immigration. With growing salience of a political topic, citizens will learn more about it and hold more pronounced opinions about it.[24] Hence, we should see growing polarization on these topics.

To sum up, my hypotheses are:

H1a: Concerning economic issues, insiders are more market-friendly. Outsiders favor state intervention to a higher degree.

[24] Cf. Page and Shapiro (1983) who show that higher salience is correlated with fewer "don't know" answers in surveys.

H1b: Regarding social policies, differences between insiders and outsiders are largest on activating social policies. They are smaller concerning consumptive labor market policies and smallest regarding social investment.

H2: Concerning cultural issues, insiders are more universalistic, while outsiders hold more particularistic attitudes.

H3: Differences between the two groups have grown over time.

While some of the studies cited in this section base their concept of insecurity on actual status, I remain with the risk-based approach I already applied earlier. Scholars studying the amount and consequences of dualization have more and more turned away from simply differentiating between the unemployed and those who have a job (Rueda 2007; Emmenegger 2009). Instead, occupational risks to experience unemployment, atypical employment, or automation are used more frequently (Rehm 2009, 2011; Rehm, Hacker, and Schlesinger 2012; Schwander and Häusermann 2013; Häusermann, Kurer, and Schwander 2015; Helgason and Mérola 2017; Kevins Forthcoming; Thewissen and Rueda 2019). As few people change their occupation during their work life, these occupation group-based measures should be more appropriate to catch risk-exposure in a long-term perspective. Such long-term risk is more likely than short-term changes in their labor market situation to shape people's preferences and values. Studies on electoral behavior have shown sociotropic evaluations to be more important than egotropic evaluations (Mughan and Lacy 2002; Braun and Tausenpfund 2018). Hence, I argue that people's preferences are not only influenced by their personal experiences but also by observing their social surroundings. As the workplace is "a Site of Political Preference Formation" (Kitschelt and Rehm 2014), experiencing a lot of fluctuation and insecurity among colleagues is likely to alter the things voters want from politics.

8.2 Data and methods

Before I turn to the description of my data, let me lay out why I base my analyses on polls measuring public opinion despite some critique on this type of data in the literature.

8.2.1 Survey data as a source to study policy preferences

To study political preferences, I use survey data. I am well aware that his sort of data comes with disadvantages and is frequently contested (especially when used to access a mysterious thing called "public opinion"). Most people will find it easy to answer questions relating to their socio-economic features or their workplace, like the questions asked for the variables I used in chapter 7. Answering questions on policy preferences is much more complex. In a short piece titled "There is no such thing as Public Opinion" [Orig.: *Die öffentliche Meinung gibt es nicht],* Bourdieu (1993) argues that asking people for their opinion on a certain political issue just creates their opinion on something they did not perceive of as a problem before, let alone that they have a preference on how to tackle this problem. He also criticizes that every opinion counts the same when aggregating single opinions to one. In sum, he sees public opinion as a mere artefact that plays a much greater role in politics than it should.

In "Democracy for Realists" (2016), Achen and Bartels criticize public opinion from a different angle. They argue that voters do not base their decisions on rational reasoning but rather behave irrationally, as they hold incumbents accountable for shark attacks or bad weather. If voters evaluate politicians' performance over the past term, they do it in a very myopic way and, for example, only consider the last few months when thinking about how their economic situation developed during these years (Bartels 2008, Ch. 4). Even if citizens are aware of political problems, they find it hard to connect them to political decision-making, as Bartels (2005) shows for a tax cut that massively benefitted rich US citizens but was vastly supported by lower income groups, even though it increased income inequality. Another study finds that low-educated survey respondents find it harder than their better educated counterparts to give coherent answers that match their latent preferences (Zhou

Forthcoming). Brennan (2016) even argues that tossing a coin to answer questions about the political system and which decisions to take leads to more right results than asking citizens. His conclusion is that most people are too ignorant to make meaningful political decisions and that they should therefore be excluded from the process.

Other authors are more optimistic about citizens' ability to build informed preferences. In opposition to findings that people criticize inequality but support measures that increase it (Bartels 2005), Franko (2016) finds that respondents support more redistribution when they learn about inequality. The main argument from empirical research against the critique by Brennan, Achen, Bartels and others is that some people might hold inconsistent opinions on an individual level but that it is possible to find consistency and coherent change in public opinion in the aggregate (Page and Shapiro 1992; Soroka and Wlezien 2010).

> „Perhaps, some citizens are not well informed about state matters, and maybe not all hold meaningful attitudes on all policy issues that state governments consider. But in the aggregate, when we sum together the orientations of the state electorate at large, those who answer survey questions with guesses or nonattitudes cancel each other out. The aggregate character of the policy mood of the state electorate then reflects the attitudes of those with substantive attitudes and preferences." (Jaeger, Lyons, and Wolak 2017, 5)

What Brennan's and—to a lesser extent—Achen and Bartel's approaches have in common is that their reasoning starts from the assumption that there is such thing as right and wrong in political decision-making. I think that this assumption is wrong and endangers democratic processes. For most issues that need to be regulated or solved by politics there is no historical precedent. The dualization of post-industrial labor markets is a perfect example here. Earlier days have seen social problems that derived from the way labor was organized, too but the constraints were very different then. Hence, no one will know the perfect solution for political problems deriving from dualization. Instead, political action can best be described as permanent trial and error.[25] What is more, most political decisions in the past have shown to lead to (in the first place unintended) side effects (policy feedback; see

[25] Cf. for example the trials to tackle the problems deriving from re-unification and rising unemployment in Germany (Elsässer 2018, ch. 7) or the current debate about taking back parts of the Hartz reforms.

Campbell 2012) and to depend on decisions that were made earlier (path dependency). It is thus an improper simplification to imply that we just need to ask some real experts to come to the right decisions. Instead, democratic processes should be a constant search for a compromise that ideally satisfies a majority without violating the rights of minorities. Public opinion plays an important role here as it gives legitimacy to legislative decisions but can also restrict governmental power (Corsi 2017). Conflicting opinions are thus an integral part of democracy and should not be suppressed by discrediting opinions from the lower strata of society and leaving discussions and decision-making to assumed better-knowing technical experts (Schattschneider 1960).

What is more, from a methodological perspective, the problem with public opinion is not so much that respondents do not hold consistent opinions but that what seems like inconsistency is oftentimes survey measurement error (Ansolabehere, Rodden, and Snyder 2008) or the result of ambiguous questions (Wlezien 2005).

It also needs to be kept in mind that surveys are based on samples and usually have to deal with high levels of non-response. Non-response is not distributed equally over social groups but is greater among the economically disadvantaged. As a result, the opinions of this group are likely to be underrepresented in surveys. This, in turn, leads to an underestimation of the support for policies people with lower income favor (Berinsky 2002). The problem is thus not that poorer or lower educated citizens do not have rational or consistent opinions on politics but that they find it harder to articulate them. The reason may be the same that underlies their lower levels of political participation: A lack of efficacy and lower levels of civil skills (Verba, Schlozman, and Brady, H. E. 1995).

Despite the disadvantages of survey data, I use them here for two reasons: First, I am using data on policy preferences on an aggregate level only. As argued above, others have shown that aggregated preferences show consistent patterns and do not change arbitrarily. They should thus be suitable to estimate preferences of insiders and outsiders. Furthermore, the two groups are large enough to cancel out noise on an individual level. In the light of Berinsky's (2002) findings I might underestimate differences between the two groups as economically disadvantaged (i.e. outsiders here) are more likely to choose the "don't know" option in a survey. However, this gives me confidence that, if I find opinion differences between insiders and outsiders, they are probably larger in reality than they appear from the data. False positive results should be unlikely.

The second reason is a practical one: Using survey data is the only source that allows me to study opinions on a variety of policies and over a long time. Other sources, as for example media content, may not mirror society's opinion at large but the opinions of a very small and –on average- privileged group: journalists.[26] Even though survey data can never be an unbiased mirror of public opinion, it still is the source that gets the closest to this ideal (Verba 1996). Furthermore, it is readily available and can be analyzed with statistical methods.

8.2.2 Operationalization and measurement

In this chapter, I operationalize outsiders as those respondents whose risk is one standard deviation above the yearly mean (insiders are those one standard deviation below the mean). I do so to make diverging risks comparable over the whole period when predicting insiders' and outsiders' support for a certain policy proposal. Using outliers (smallest and highest risk in a given year) instead would most likely lead to larger differences but based on very small groups only. My measure is a more conservative one but should give us a more realistic idea about how large differences between the two groups are on average.

I access information on policy preferences from the *ResPOG* (Responsiveness and Public Opinion in Germany) database, an original dataset from another research project.[27] For this project, I added questions for the years 2015 and 2016 and information on respondents' risk level. The dataset includes information on public opinion and respective political decisions for more than 1,600 policy proposals. The questions were selected from two representative German surveys polled for different media: *Politbarometer* and *DeutschlandTrend*. The former covers the period from 1980 to 2016 and the latter from 1998 to 2016. Here, I restrict myself to survey questions from 1991 to 2016. The reason is twofold: First, there are very few questions from the early years that are structured the way I need them to be. Second, I used this same period in Chapter 7. Due to the massive shock re-unification meant

[26] This is not to say that media do not play an important part in preference formation and in increasing a political issue's salience (Mutz 1994).

[27] It was originally established as part of a project that dealt with responsiveness towards different income and occupation groups; see Elsässer, Hense, S., and Schäfer (2018).

for the labor market, it is reasonable just to consider the period in which Germany was united.

Questions in the database usually deal with political decisions that were high on the political agenda at the time or that are of general public interest and ask about respondents' agreement with a specific policy proposal. Issues range from the minimum wage or cuts in social insurance benefits to proposed changes in abortion rights or same-sex marriage. They are divided into seven policy fields: 1. International Politics, 2. Economy & Finance, 3. Work & Social Policies, 4. Environmental Policies (also containing questions on energy supply), 5. Migration, 6. Cultural Values (e.g. questions of equal rights, a mandatory service to the armed forces etc.) and 7. European Integration.

Additionally, data include information on whether the proposed policy change is located on the economic or the cultural axis and its direction (more state/more market; universalistic/particularistic).[28] I will use the terms universalism and particularism in the further course of this chapter, as this is the denomination used in the data set. As regards its content, the coding draws on Hooghe, Marks, and Wilson (2002) and their definition of the poles as GAL and TAN. This means that the variable does not only include questions about values or openness, but also environmental issues or questions on stricter laws. As I mentioned in section 8.1, not all policy proposals are easy to assign to one pole. To ensure reliability, all three of our team that initially built the database coded a subset of questions independently. In the few cases where coding differed, the choices were discussed and, if no consensus could be reached, the variables assigning questions to axes and poles were coded as missing. [29]

I hypothesize that the opinion gap between insiders and outsiders concerning social policies differs in size, depending on whether the question refers to traditional (social consumption) or "new" (social investment) social politics. To test my assumption, I draw on another variable from the dataset that divides social policies into consumption, activation, and investment.

[28] The coding always refers to the first answer option.
[29] Table A-5 in the appendix provides examples for questions and coding. The codebook is available upon request.

It is important to understand that the observations in my dataset are not individual respondents anymore, as in the previous chapter, but policy proposals. For my analysis here, I only keep questions that had two answer options (yes/no; agree/do not agree; prefer policy 1/ prefer policy 2), leaving me with an N of 1,145. For each question, I calculated the degree of support within groups of different risk levels. Hence, each observation contains information on the (predicted) support rates of insiders and outsiders. The tables below should give readers a better idea of what the variables measure.

Table 2 displays the number of questions per policy field in my data set. It shows that most questions deal with policies from the field of labor market and social security policies (more than every fourth question), followed by economy and finance, and cultural values. Environmental issues and migration comprise the fewest questions.[30]

Table 2: Number of questions per policy field

	N	Share
International Politics	112	9.78
Economy & Finance	254	22.18
Work & Social Policies	325	28.38
Environmental Policies	61	5.33
Migration	70	6.11
Cultural Values	226	19.74
European Integration	97	8.47
Total	1,145	100

[30] Table A-6 in the appendix additionally lists the number of questions per policy field and year. In some years, a particular issue is highly salient and consequently, the dataset contains many questions on that issue from one year. For example, many questions on migration were asked in 2015 and 2016 when Germany debated how to handle the growing number of refugees.

Table 3: Number of questions per type of social policy

	N	Share
Consumptive	245	85.96
Activating	27	9.47
Investment	13	4.56
Total	285	100

Table 4: Number of questions per policy dimension

		N
State -Market		507
	more state	254
	more market	253
Universalism - Particularism		405
	universalistic	231
	particularistic	174
Total		912

As Table 3 shows, the dataset only provides a limited number of questions to test my hypothesis about differences in opinions on consumptive and active labor market policies. 85% of all questions from the field of social policy that are ascribed to a type of social policy deal with consumptive politics. It goes to show that “traditional” social politics still play a much greater role and are more salient in public debates than “new” social politics.

Table 4 displays the number of questions assigned to one of the two axes and their direction. The difference to the previous table is caused by the fact that not all questions could be assigned to one of the axes. What is more, the direction on the axes was not clear for some questions. Table 4 only contains those questions for which both variables could be identified: dimension and direction. N thus varies in the following analyses, depending on whether I consider all questions in the data set or only those that are assigned to a dimension. The table shows that the distribution of questions on the two poles of the economic axis is perfectly balanced. Regarding the cultural axis, there are more questions that point to the universalistic pole. In sum, more questions refer to the horizontal axis but

the dataset provides enough questions to draw reliable inferences about cultural issues as well.

My methodological approach makes it difficult to include control variables. However, I built a second dataset that contains predicted support rates among insiders and outsiders, controlling for gender, age, education, and region. These are the only socio-economic variables available from both original data sources. However, there are some caveats even to this scarce set of variables: The problem already mentioned in chapter 7 remains that age, gender, and education correlate with risk levels. Furthermore, age is only available in four categories: 18-29, 30-44, 45-59, 60 and above. The variable distinguishing between respondents from East or West Germany is only available from 1992 on. In 1991, the survey only asked respondents from West Germany.

Despite these shortcomings, comparing policy preferences between insiders and outsiders with and without the inclusion of control variables can give us an idea whether opinion differences can be traced back to differences between the two groups other than labor market risk. If significant differences exist that disappear once the controls come in, this would point at the existence of compositional effects rather than an independent effect of risk. My approach does not allow, however, to include all kinds of variables that are of interest and potentially explain differences in opinions, as e.g. political interest. Nonetheless, I believe that differences deriving from labor market dualism have a greater potential to fuel political mobilization than differences that occur from different levels of education or from gender. In other words, an insider-outsider cleavage should be more likely to develop than a male-female or a skilled-unskilled cleavage.

The next section first presents results for selected questions that are of particular theoretical interest or that were repeatedly asked over the years. In the second step, the aggregated findings are presented by policy field and by dimensions of policies.

8.3 Findings

Table 5: Opinion differences between insiders and outsiders on selected questions

Question	Year	Insiders	Outsiders	Difference (O-I)
The government in Bonn wants to raise charges and fees to finance German re-unification. Do you agree or not?	1991	57.26%	39.34%	-17.92
To fight organized crime, it will soon be allowed to intercept private rooms. Do you think this is right or do you think it is not?	1998	62.45%	48.23%	-15.78
There is a proposal to cut unemployment benefits in order to incentivize people to pick up a new job, even if it is paid worse. Do you support this proposal or don't you?	2003	53.48%	51.4%	-2.08
Should the government invest more to boost the economy, even if that means an increase of debts, or shouldn't it?	2004	44.74%	62.9%	+18.16
[…] The retirement age will rise to 67 years until the year 2029. Do you think this is the right thing to do or do you think it is not?	2009	22.04%	13.9%	-8.14
Do you support the idea that Hartz IV-recipients increasingly should be forced to do work of public utility?	2010	77.7%	84.15%	+6.55
[…] Should Germany take a greater share of refugees coming to the European Union?	2013	52.59%	42.27%	-10.32

Note: All questions were originally asked in German. Translations are my own. Brackets indicate omissions.

Table 5 above presents support rates among insiders and outsiders for selected questions. According to my hypotheses, outsiders should more strongly support interventionist and particularistic or authoritarian proposals. The findings show that this is not the case for all questions. Whereas a majority of insiders in 1991 supported the government's idea to finance the costs coming with re-unification by generating higher revenues from fees and charges, a minority of outsiders supported this idea. The reason may be that outsiders earn lower incomes and hence feel less able to pay higher dues. When the survey asked in 2004 if the government should apply Keynesian politics and increase its spending to boost the economy, even if this meant an increase of debts, more than 60% of outsiders said yes, while only 44% of insiders were of the same opinion. In this case, the two groups show the expected behavior.

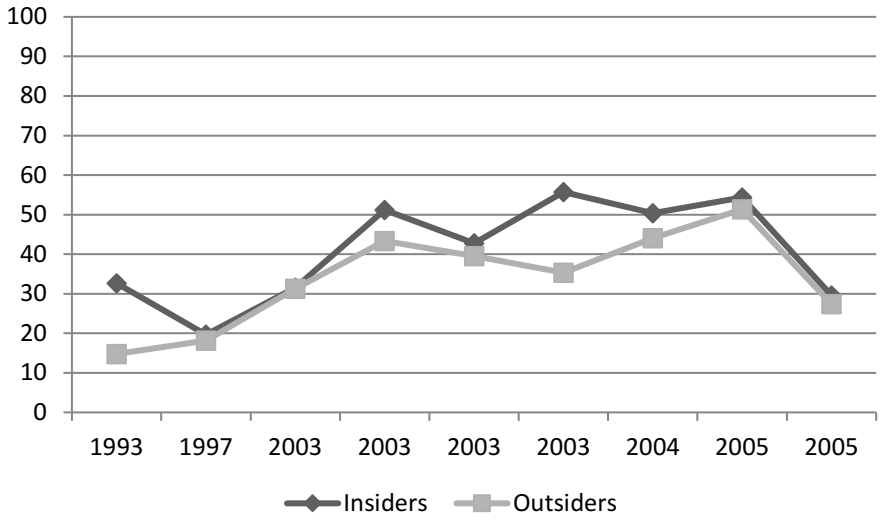
Surprisingly, outsiders are no less in favor of activating labor market policies than insiders are. Majorities of both groups supported the idea to cut unemployment benefits in order to make the unemployed accept a new job even if it is paid worse than the previous one. This example shows that there was broad support among citizens for the Hartz reforms, even among those whom they might affect in the future, i.e. outsiders. One might think that these restrictive attitudes towards the long-term unemployed changed after people had learned about the downsides of the Hartz reforms but this was obviously not the case. Asked in 2010 whether recipients of social aid ("Hartz 4") should increasingly be forced to work for the public good, outsiders supported the idea in even higher numbers than insiders, even though large majorities of both groups were in favor. At first glance, this seems no rational behavior of outsiders but it might be explained by more authoritarian attitudes. From a particularistic view, social benefits must be earned and are not something people are entitled to by birth. At least, they should show some gratitude to the public by "giving something back", e.g. by doing unpaid work that benefits the public, as cleaning parks from garbage. Both groups also agreed in rejecting the idea to raise the retirement age to 67, with outsiders being even less supportive.

Looking at two questions that touch upon cultural values leaves a mixed picture. In 2013, only 42% of outsiders supported the idea that Germany should take more refugees coming to the European Union (this was two years ahead of the vast increase of refugees arriving in the EU), opposed to 52% of insiders. We might hence say that outsiders are less universalistic than insiders. On the other hand, outsiders were more skeptical about allowing public authorities to intercept private rooms in case they suspect a person to be involved in organized crime. In 1998, a majority of insiders (62%) supported the law that created this opportunity, but only 48% of outsiders. Thus, there seems to be no simple confrontation of left-leaning, authoritarian outsiders and market-friendly, liberal insiders. However, the questions used here can at best provide tentative evidence. Current debates might exert a great influence on respondents' answers and skew them. In the next step, I therefore turn to questions that were asked repeatedly over longer periods.

8.3.1 Repeatedly asked questions

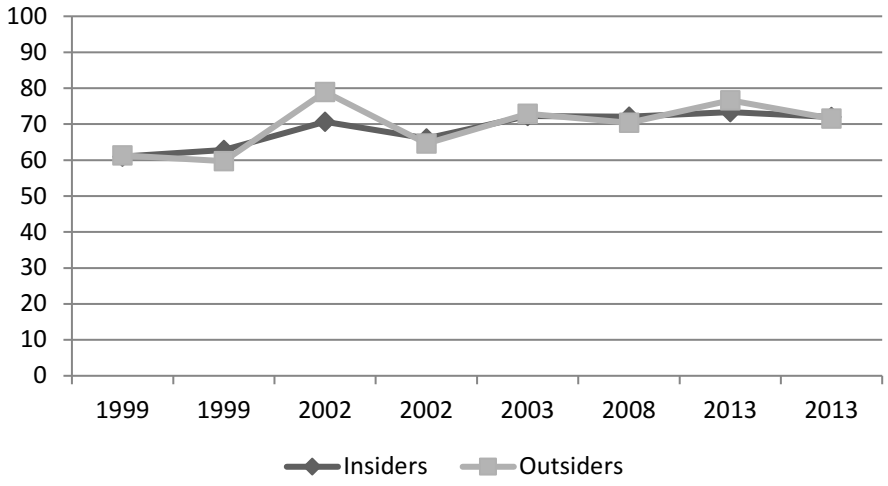
There are only few questions in my dataset that have been asked numerous times. This is because both *Politbarometer* and *DeutschlandTrend* are produced foremost for media and not for scientific purposes. Hence, their questions focus on policy proposals that are highly salient and controversial at the time the question is asked. Once the parliament or government made a decision on the topic or it becomes clear that the topic is off the agenda for now the surveys will not ask about the issue again. This makes it difficult to track changes in public opinion over time but allows researchers to track which topics were when salient in public discourse and the way they were framed. Even if questions were asked repeatedly, their framing sometimes varies over time, making it difficult to disentangle effects of framing from other effects causing different amounts of support. However, this should not be a major concern for my endeavor as I am not so much interested in the *absolute* amount of support but in the question if support *differs* between insiders and outsiders. To see if there is a sufficient difference between the two and if it exceeds policies that are immediately related to their different labor market position, I picked three questions that have been asked repeatedly and that cover both the economic and the cultural dimension of policies.

Figure 22: Agreement to cut unemployment benefits



Source: ResPOG; own calculations.

Figure 23: Agreement to re-introduce wealth tax



Source: ResPOG; own calculations.

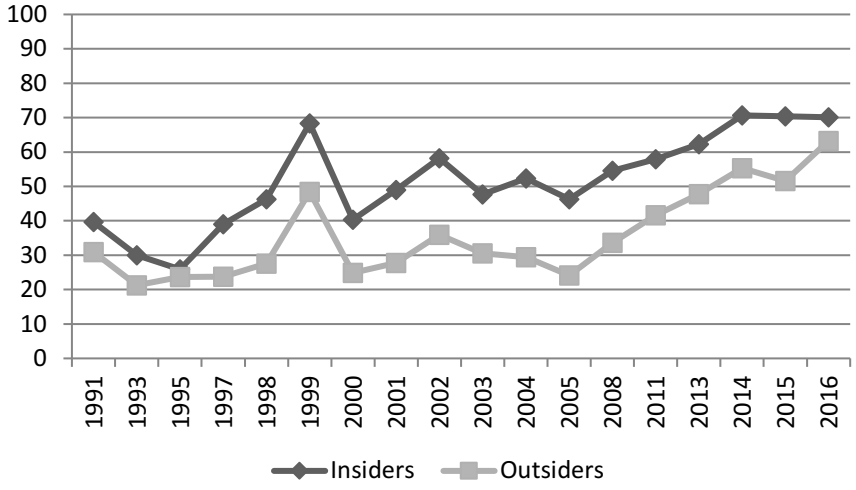
Figures 22 and 23 show the amount of support for two redistributional policies. The question if respondents agreed to cutting unemployment benefits was asked multiple times in the years 2003 to 2005 but not afterwards. This is due to the Hartz reforms that were developed and debated in the early 2000s. Changes in social policies were highly salient at that time but quickly lost salience after the parliament had agreed to implement them.

The rise and fall of support rates in Figure 22 tells an interesting story about the effects of framing in surveys: The proposal received most support when the survey question emphasized that cutting the benefits will save around three Billion Euros. Support was much lower when respondents were simply asked if unemployment benefits should be cut. Outsiders face a higher risk of becoming unemployed; hence they should be less in favor of cutting unemployment benefits. Insiders, on the other hand, face a low risk of depending on benefits, hence they should prefer saving tax money over securing an income for the unemployed (pocketbook reasoning). Throughout all questions, respondents belonging to a group with higher risk of becoming unemployed were less in favor of cutting benefits than their more secure counterparts were. On average, the difference was seven percentage points. This is in line with my expectations. However, majorities of both groups were most of the time against the proposal to cut benefits so there is no obvious political conflict about that question.

Opinion differences were even smaller concerning the re-introduction of wealth tax, as figure 23 shows. In 1996, the German government decided to suspend a special tax for the

wealthy. When the decision went into effect, the *Politbarometer* asked its respondents if they agreed to that decision. During the next years, the question re-appeared again, asking if the tax should be turned into effect again (as frequently proposed by Members of Parliament). Whenever the question was asked, a majority of both insiders and outsiders supported taxing the wealth with no group being clearly more in favor than the other is. Mean support rates deviate less than one percentage point from one another. A re-introduction of the wealth tax would affect very few respondents but benefit most of them if the government increases its revenues and has more money to spend. This result thus may be a consequence of pocketbook reasoning as well.

Figure 24: Agreement that the introduction of the Euro will be (until 1998)/ was (since 1999) a good thing



Source: ResPOG; own calculations.

This high level of agreement between insiders and outsiders vanishes if we turn to a question related to European integration that was asked repeatedly: The question if respondents think that introducing a common currency, the Euro, was a good thing. Figure 24 plots the support rates from 1991 to 2016. As the Euro was only introduced (as a virtual currency) in 1999, the question asked until 1998 was if people think it is a good thing that the D-Mark will be replaced by the Euro (or ECU, as it was initially called) in the future. Support among both groups was the highest right after the introduction of the currency and in recent years. Interestingly, support rises while all over Europe—and in Germany, too—Eurosceptics fare well in elections. These successes and the Brexit increased salience of issues related to EU integration and also initiated some counter movements (as e.g. *Pulse of*

Europe or *En Marche*). This has probably sparked higher levels of support for the Euro and other European accomplishments among parts of the electorate and can explain the growing support rates in 2014 to 2016. However, being at risk seems to significantly dampen support for the Euro: While on average, 51.6% of insiders believe that the Euro is a good thing, this belief is only shared by 35.6% of outsiders.

This section yields four preliminary findings: First, there are visible opinion differences between insiders and outsiders. Labor market risk thus seems to be a valid predictor of differences in policy preferences. However, second, the findings show that these differences do not always follow the pattern one should expect. Outsiders are more supportive of the idea that the government pursues Keynesian politics but they are less willing to pay more fees and charges to finance German re-unification. At the same time, both insiders and outsiders want to tax the rich more and are against cutting benefits for the unemployed or raising retirement age. The question whether Hartz IV recipients should be forced to work for public utility showed that outsiders are even more restrictive towards benefit recipients. The third findings thus is that there are no such clear-cut differences between the groups concerning social policies as I hypothesized. Hence, there may be policies that benefit outsiders that find also support from insiders (minimum wages being one example, unemployment benefits another). Fourth, this section provides preliminary evidence that the preference gaps between the two groups are not restricted to economic questions. Even though most research so far concentrated on insiders' and outsiders' preferences on redistribution and social policies, it showed significant differences for cultural policies. While outsiders were more skeptical concerning the law that allows public authorities the audio surveillance of private rooms, they opposed the idea to allow more refugees to come to Germany and they were less supportive of the Euro. Whereas the latter two preferences would place them at the traditional-authoritarian-nationalist pole of the axis, opposition to public surveillance would rather posit them at the GAL pole. This nicely illustrates the shortcomings of the concepts for the cultural axis once again. It may be the case, though, that outsiders take different positions on the axis, depending on the specific policy field.

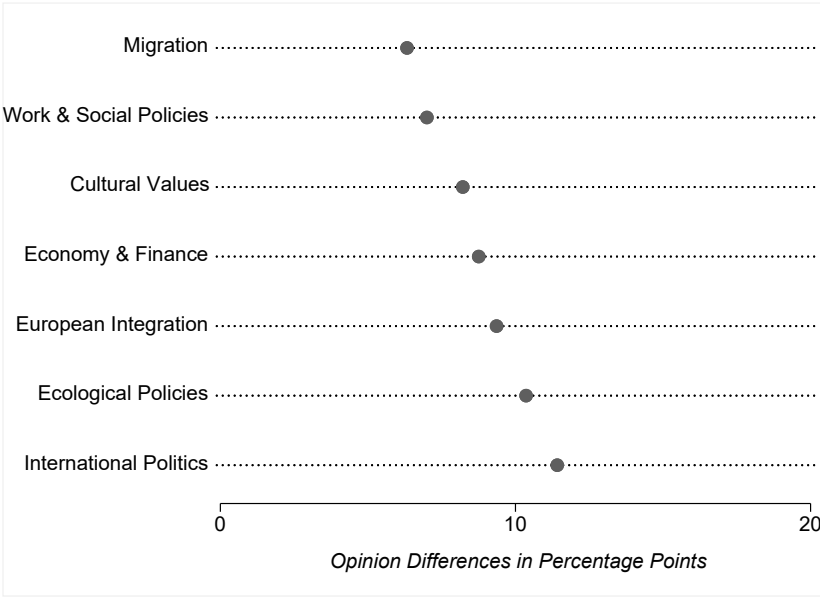
However, the findings presented here are only tentative. The next section thus includes all questions and looks at the size of preference gaps on different dimensions and in different periods. Doing so can help us to find out whether Kriesi's (2008) assumption holds that

cultural issues become of greater importance over time and if we find it mirrored in opinion gaps between insiders and outsiders.

8.3.2 Opinion differences in size and on different dimensions

How large are differences on average between insiders and outsiders? Do they agree on most issues or are they worlds apart? One way to answer this question is to correlate the support rates of insiders and outsiders for each policy proposal in the data with each other. The result shows a strong correlation of .889 between the two. That means that they support most policy proposals to similar extents—if one group backs a reform, the other one will most likely do so, too. However, the correlation measure can hardly tell us *how much* opinions differ from one another. As average opinion differences are easier to understand and compare than correlation coefficients, I will focus on the former in the further course of this chapter. On average, support rates of insiders and outsiders differ by 8.4 percentage points. This does not sound much but it might mask greater gaps on some important policies, as the selected questions from the previous section suggest. There may be policy fields that are highly controversial between the two groups while others can yield much more homogeneous opinions. Hence, I examine opinion differences in the various policy fields next (see Figure 25).

Figure 25: Average opinion differences between insiders and outsiders by policy field



Source: ResPOG; own calculations.

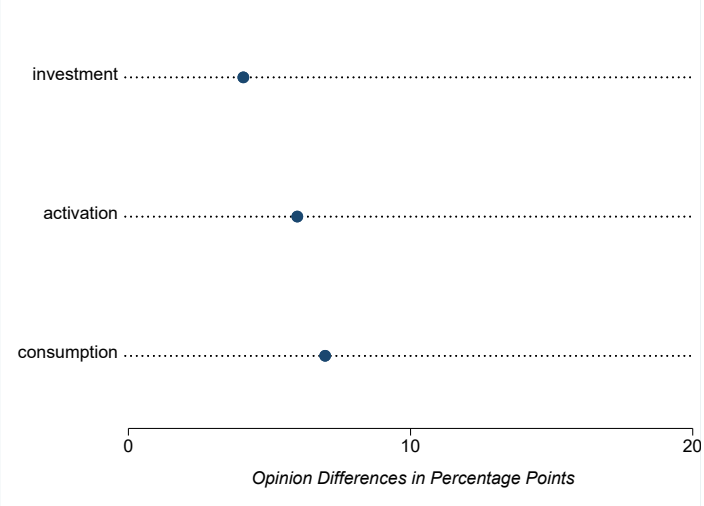
Surprisingly, migration is the least controversial policy field. From what the literature tells us about losers of globalization (or modernization)[31] as a main electorate of populist right-wing parties, we should expect the insider/outsider divide to show up especially in this policy field. However, there may be a time effect at work: Migration was very salient in Germany in the first half of the 1990s and returned as a major issue only in 2015. Hence, polarization between insiders and outsiders could have been low for most years included here but might have increased in the last years. I compare different periods in the further course of this section. For now, it is also interesting to see that the policies most scholars studying dualization focus on, i.e. social and labor-related policies, do not produce large opinion gaps either. Instead, the most controversial field is international politics, followed by ecology, European integration, and economy and finance. Questions on cultural values produce larger opinion gaps than "typical" insider/outsider policies, but only slightly.

One of my hypothesis derived from the literature review was that insiders and outsiders favor different sorts of social policies. Figure 26 presents the average opinion differences

[31] The terms "losers of globalization" and "losers of modernization" are used synonymously as globalization is part of modernization (cf. Bornschier and Kriesi 2013). I use one or the other term depending on the literature I refer to and the terms used there.

between the groups on social investment, activation, and consumption. In contradiction to my hypothesis, differences are not greatest concerning activation, but consumptive policies. As I mentioned above, this may be caused by pocketbook reasoning and by sentiments about the (un-)deservingness of the unemployed. If insiders and outsiders braodly agree upon the latter, differences between them on activation will be small.

Figure 26: Average opinion differences between insiders and outsiders by type of social policy



Source: ResPOG; own calculations.

These average opinion gaps do not tell us, however, whether insiders and outsiders hold opposing preferences on policies or how often opposing opinions occur. It may be the case a proposal finds the support of 30% of insiders and 45% of outsiders. We would then see a rather large opinion gap of 15 percentage points but there would be no dissent between the two. On the other hand, an opinion gap of 10 percentage points could hide the fact that 45% of outsiders but 55% of insiders back a certain proposal. In this case, one group would favor a policy that the other opposes by a majority. This shortcoming can easily be overcome if we look at the share of questions on which the two groups are posited at different sides of the 50%-threshold (see Table 6).

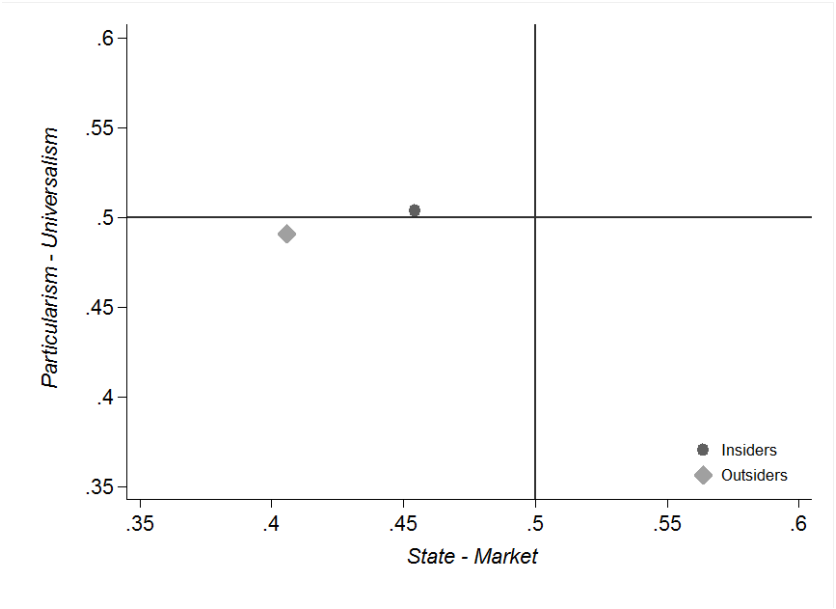
Table 6: Share of questions on which insiders and outsiders disagree

	%
All questions	17.46
Policy Fields	
• International Politics	26.13
• Ecology	25.00
• Economy & Finance	18.49
• European Integration	16.67
• Work & Social Policies	16.17
• Cultural Values	13.76
• Migration	11.76
Type of Social Policies	
• Consumption	14.29
• Investment	7.69
• Activation	3.70
Dimensions	
• State-Market	17.95
• Universalism-Particularism	15.37

On average, insiders and outsiders disagree on 17.46% of all proposals in the dataset. This does not sound much but in the most controversial policy fields, international politics and ecology, they disagree on every fourth proposal. Concerning social policies, the most contested questions deal with consumptive politics whereas very few questions on social investment and activation are contested. Finally, dividing the questions by policy dimensions shows no large differences between the vertical and the horizontal axis. About every sixth question on both dimension is a questions insiders and outsiders disagree on.

In a next step, I look at average positions of insiders and outsiders on the two political axes. As Figure 27 shows, insiders and outsiders are both more left-oriented on the economic axis but outsiders prefer state intervention to a greater degree than outsiders. In contradiction to my prior expectations but in line with Table 6, their positions hardly differ from each other on cultural issues.

Figure 27: Mean position of insiders and outsiders in a two-dimensional space, 1991-2016



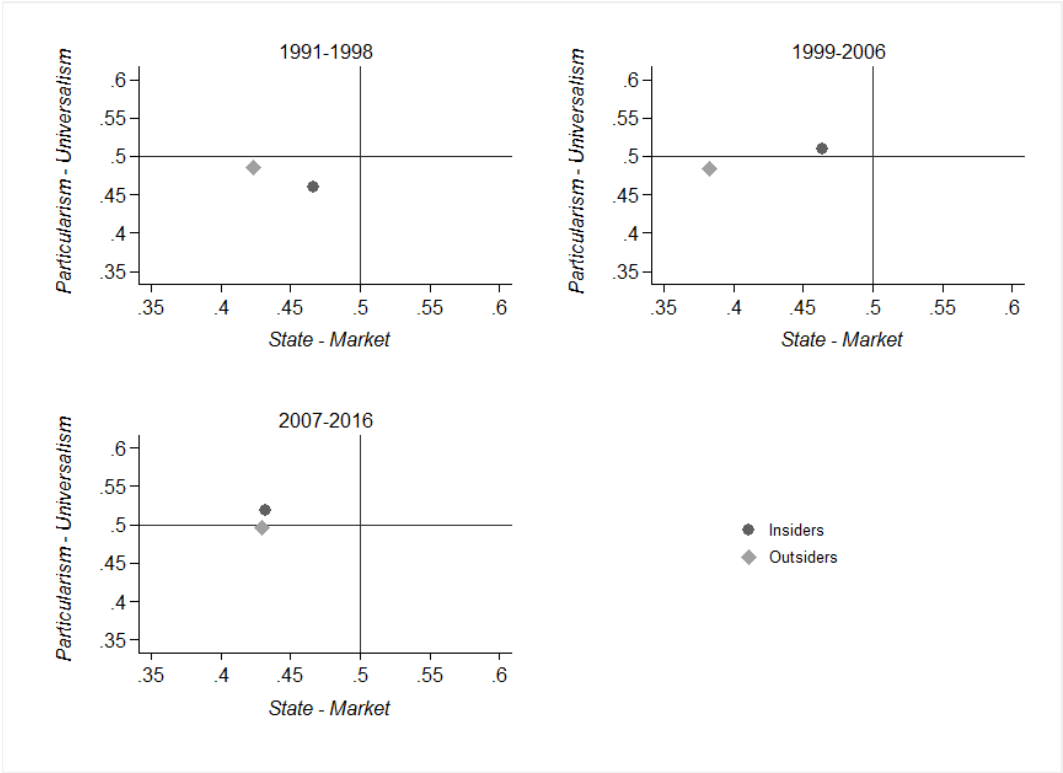
Source: ResPOG; own calculations; no data available from 1996

The figure above is a nice and comprehensible way to illustrate different positions of insiders and outsiders in the two-dimensional policy space and, comparing various periods, to see how positions change over time. However, it is hard to tell from it whether the two groups' opinions diverge substantially from each other. To see if their mean positions on both dimensions are significantly different, I ran unpaired t-tests for all points shown in this and the upcoming figures (Figures 28 to 30). Table A-7 in the appendix provides the results and the mean positions of insiders and outsiders on the two policy axes in all periods studied. As concerns Figure 27, the differences on the horizontal axis are significant but the differences on the vertical axis are not.

The figure above covers a period of 26 years with changing macro conditions and different government coalitions. To see if there have been changes in insiders' and outsiders' positioning in the two-dimensional space and if there has been a growing polarization between the two groups, I split up time into three periods that cover each eight or ten years (Figure 28). For the first period (1991-98), it shows that insiders and outsiders diverge on economic issues but hardly on cultural ones. In the period from 1999 to 2006, both move to the left but insiders also become more universalistic. Again, left-right differences are significant but top-bottom differences are not. During these years, many questions related

to social and economic policies were asked (cf. Table A-6) and this is the period when the Hartz reforms were discussed and implemented. We can thus guess that the ideas how to reform the German welfare state found diverging levels of support among insiders and outsiders. In the final period, 2007 to 2016, insiders and outsiders converge again on the economic axis (with the difference turning insignificant) and keep their (close) distance on the cultural axis. To conclude, cultural issues seem to not have become of greater importance in previous years and are insignificant in all periods. Economic issues have been much more contested until the year 2006 but not in recent years.

Figure 28: Mean position of insiders and outsiders in a two-dimensional space and three different periods



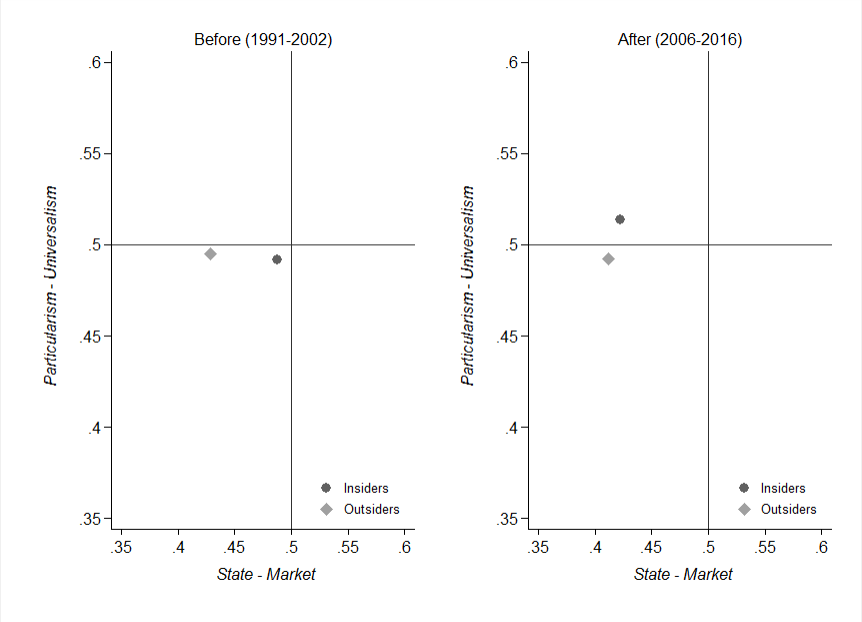
Source: ResPOG; own calculations; no data available from 1996

Like in Chapter 7, I also divided survey years into a pre and a post Hartz era to see how positions of insiders and outsiders changed during this time and to make the periods considered in this chapter easier comparable to those used in the previous chapter. Of course, this is not to say that the Hartz reforms *caused* these changing positions. Many factors have an influence on political opinions that exceed beyond the influence of domestic politics and reforms, as e.g. international crises or macro-economic changes. Besides that,

there may be natural changes of respondents and their positions in the aggregate (cf. the literature on attitudinal changes in society over time, e.g. Inglehart 1977).

As figures 29 shows, outsiders barely changed their position. In the first period, the state-market dimension marked differences between the two groups but the difference shifted to the cultural axis in the second period. Insiders became more universalistic while outsiders more or less remained in their position on the cultural axis. This is an interesting finding as it implies that the particularistic orientation of outsiders debated in the literature may only be a relative one. Instead of outsiders becoming more conservative and skeptical towards universalistic approaches, it might be that insiders have just become more universalistic over time so that they perceive of outsiders as becoming ever more particularistic although the latter have not changed their position. Outsiders would then be what Bornschier and Kriesi (2013) call "cultural losers": They find that their cultural preferences become a minority position in increasingly liberal societies and become frustrated with politics. However, both periods yield insignificant differences on both dimensions so we cannot reject the null hypothesis here.

Figure 29: Mean position of insiders and outsiders in a two-dimensional space before and after the Hartz reforms



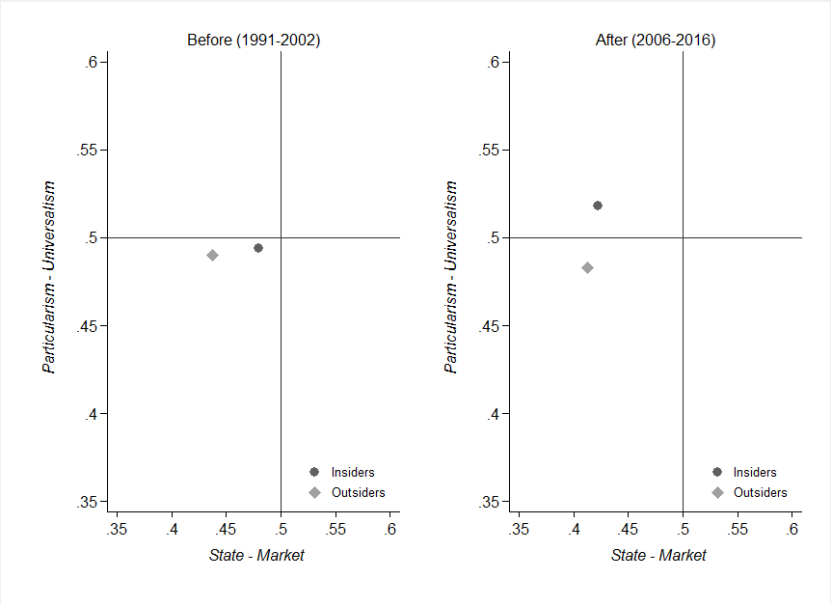
Source: ResPOG; own calculations; no data available from 1996

8.3.3 Robustness Checks

It is possible that the additive design of my risk index blurs opinion differences. To make sure this is not the case, I also looked at average positions on the two axes for insiders and outsiders of all three dimensions (i.e. unemployment, fixed-term employment, and involuntary part-time employment) separately (see Table A-8 in the appendix for results). The findings show that that there are indeed differences between my three measures of outsiderness. Risk of unemployment produces significant differences between insiders and outsiders on both dimensions if we consider all years or the period from 1999 to 2006. There are no significant differences for the years 1991 to 1998 and 2007 to 2016. If we divide time into a pre and a post Hartz period, differences on the horizontal axis are significant in the first period but insignificant in the second. In contrast, cultural issues produce significant differences in the second period whereas economic differences turn insignificant. In all periods studied, outsiders are more leftist and particularistic than insiders. Taking the risk of fixed-term employment as the factor determining insider/outsider status only produces significant results for cultural issues. Whenever they are significant, outsiders tend more to the particularistic pole. Risk to be involuntarily part-time employed, in contrast, is associated with diverging opinions only on the economic axis with outsiders taking more leftist positions than insiders. All findings on cultural issues are insignificant.

The results show that the three dimensions of outsiderness affect the overall positioning of outsiders in the two-dimensional space differently and may sometimes even cancel each other out. However, they also affirm the findings that preference gaps are not very large. But whenever significant differences emerge, outsiders tend to prefer left and particularistic politics. Insiders, on the other hand, are also mainly in favor of left politics (though not as pronouncedly as outsiders) but their cultural orientations are more universalistic.

Figure 30: Mean position of insiders and outsiders (controlled for gender, age, education, and region) in a two-dimensional space before and after the Hartz reforms



Source: ResPOG; own calculations; no data available from 1996

One might object that opinion differences between insiders and outsiders could be a product of their diverging socio-economic composition. For example, if lower-educated people were more particularistic, outsiders would be more particularistic as well as they are more often low educated than insiders. To see if insider-outsider differences are foremost caused by the different composition of the two groups, I again estimated the predicted probabilities to support a certain proposal but controlled for gender, age, education and region (East/West) this time (see Table A-9 in the appendix for results).[32]

The results show that opinion differences between the two groups shrink when control variables are included and that even more differences become insignificant. On average, risk of unemployment accounts for an opinion gap of 6.9 percentage points when including control variables, whereas risk of fixed-term employment causes a gap of 5.2 percentage points and involuntary part-time accounts for 9 percentage points difference (opposed to 10.7, 6.1, and 7.4 percentage points, respectively, when not controlling for other factors). Concerning risk of involuntary part-time employment, including controls thus even increases

[32] As mentioned before, the two data sources were not tailored to the needs of social scientific research so these are the only variables of interest that are available in both data sets. Therefore, other variables of potential interest, like left-right self-placement, could not be included.

the opinion gap. Again, this sort of risk proves to be different from the other two. However, the difference may be explained by its strong female bias that disappears when controlling for gender.

8.4 Conclusion

This chapter showed that labor market risk makes a difference not for all policy preferences but that it does for a variety of particularly contested issues. It also showed that these issues exceed beyond those tackled in existing literature on insiders' and outsiders' preferences. Citizens with low and high levels of risk not only disagree on policies that are immediately related to their advantageous or disadvantageous position. However, taking all questions in the dataset in account did not show consistent differences. As my results show, average support rates of insiders and outsiders only differ by 8.4 percentage points and only 17.5% of policy proposals are contested, meaning that they find a majority among one group but not among the other. In contrast to my prior expectations, differences in the field of social policy are largest regarding consumptive politics instead of activating policies. My expectation that differences have grown over time was not confirmed.

Nevertheless, the chapter brought some interesting insights. The differences concerning issues located on the economic axis were greatest in the period when the Hartz reforms were implemented. Differences regarding cultural issues were also largest in the second period. There is hence no discernible effect from the higher salience of migration in recent years on cultural polarization. Rather than outsiders moving towards the authoritarian pole, it seems that insiders became more liberal over time and that growing differences are the result of this process. Due to the limited number of questions with large opinion gaps, many of the findings concerning the two groups' positions in the two-dimensional policy space are insignificant. However, there is at least the tendency that outsiders support more state intervention in economic questions and are more particularistic on the cultural axis.

Robustness checks showed that composition effects cause many, but not all of these differences. When introducing control variables, the preference gap on cultural issues even widens. Looking at the three risk factors separately showed that diverging risk of unemployment leads to the greatest opinion gaps but when control variables are

introduced, IPTE becomes the strongest predictor. However, introducing controls also rendered most differences insignificant. The only dimension and period where a significant opinion gap persisted was the economic axis from 1999 to 2006. This suggests that the reforms of the Agenda 2010 found different levels of support among insiders and outsiders. While support gaps in other years can be explained through composition effects, this is not the case here. Support for social and economic policies in the period is thus not only shaped by respondents' gender, age, education, or the location of their hometown in either West or East Germany. Instead, labor market risk seems to exert an independent influence here.

So what can these findings tell us? An increased risk level does obviously not per se lead to views that are more authoritarian. Even though people with an increased risk for unemployment or involuntary part-time employment are somewhat more authoritarian than citizens who are sheltered from these risks, the effect disappears when controlling for differences in age, gender, education, and region. In the case of fixed-term employment, there was no significant effect identified in the first place. Hence, there is no substantial effect of risk on cultural views that persists if we consider the diverging composition of insiders and outsiders in terms of their socio-economic and geographical features.

Regarding issues located on the economic axis, the findings from this chapter are mostly in line with my hypotheses and prior research. Outsiders are more left-oriented, meaning that they support measures of redistribution and governmental intervention in economic issues more than insiders do. Insiders, in turn, are more willing to rely on the power of markets and are less in favor of redistributional politics. In terms of social policies, I expected outsiders to be less in favor of activating policies, whereas the difference between insiders and outsiders should be smaller regarding consumptive (or traditional) and social investment policies. The argument was that outsiders are more likely to benefit from consumptive and investment policies but should want to avoid to have activating measures imposed on them. Insiders, in contrast, should support social investment (as they are likely to profit from it) but fear that they will have to pay for too expansive consumptive policies. The larger opinion differences between insiders and outsiders on questions dealing with traditional social policies support this latter assumption but not the one regarding activating labor market policies.

We saw from this chapter that disagreement between insiders and outsiders regarding policies is not as large as often expected in the literature but that there are some contested

issues. The next chapter asks how politics deals with the two groups' opinions. If existing parties manage to cater to the interests of both groups, there was little potential for a new cleavage to emerge. In a system of proportional representation like the German electoral system, both groups could then be represented at the same time and maybe even through the same coalition government. If this was not the case and one group frequently gets what it wants while the other's interests are neglected, this might produce frustration. Under such circumstances, an enduring or even hardening conflict would become much more likely. This is why the next chapter asks how responsive German politics has been towards insiders and outsiders between 1991 and 2016.

9. Is there reason to be discontent? How politics responds to insiders and outsiders

Modern political theorists see responsiveness as a core feature of democratic government. Even though there are also voices who argue that politics ought to be influenced only by small elites who possess more knowledge than others (Brennan 2016), a majority agrees that representatives should take citizens' opinions into account and act "in a manner responsive to them" (Pitkin 1967, 209). As Dahl puts it, "[…] a key characteristic of a democracy is the continuing responsiveness of the government to the preferences of its citizens, considered as political equals" (Dahl 1971, 1). Consequently, on an empirical level, we should be able to find a correlation of what the public wants with the things democratic governments decide.

I follow the distinction from Beyer and Hänni (2018) who define congruence as "the overlap between citizens and their representatives' ideologies, policy positions, or issue priorities" (Beyer and Hänni 2018, S15) and responsiveness "as a dynamic and causal relationship between representatives and their constituents. Responsiveness requires that (shifting) constituent preferences change representatives' preferences; behavior; or, ultimately, policy outputs." (Beyer and Hänni 2018, S15). My aim here is to show how *responsive* legislators are towards insiders and outsiders, i.e. whether they react to public demands for changes in politics.

The chapter is structured as follows: The subsequent section reviews what we know so far about political responsiveness towards different social groups and substantiates why I expect to see diverging responsiveness towards insiders and outsiders. Section 9.2 describes data and methods, section 9.3 reports the findings. I conclude by discussing the findings and their implications.

9.1 Literature review

First studies examining the link between public opinion and representatives' decisions came to the conclusion that there was a high level of congruence (Miller and Stokes 1963; McCrone and Kuklinski 1979). Building on a more dynamic model, others showed that, when public opinion changes in a certain direction (e.g. growing support for increased spending on a certain policy field), representatives move in the same direction (Stimson, Mackuen, and Erikson 1995; Soroka and Wlezien 2004, 2010). Whereas responsiveness research of the early years used to investigate the opinion of the public as a whole, scholars from the field have recently more often turned to the question *whose* preferences are taken into account by political representatives. Studies on the US case document selective responsiveness of political decision-makers in favor of the better-off (Bartels 2008; Gilens 2005, 2012). Gilens (2005, 2012) uses 1.800 survey questions on policy preferences covering a wide array of policies and compares opinions of different income groups with political decisions made within four years after the questions were asked. He finds that political decisions only reflect poor citizens' opinions if these coincide with the preferences of the rich. Low- and even middle-income groups seem to have no influence once their preferences diverge from those of top income groups. Other studies corroborate these findings. In "Unequal Democracy," Bartels (2008) compares senators' votes with the preferences of their constituents and concludes that their voting decisions are skewed in favor of the rich. This is especially problematic in the light of findings that top-income citizens hold opinions that are much more conservative than those of the less well off (Page, Bartels, and Seawright 2013).

Why should legislators virtually ignore large parts of their electorate? From a vote-seeking perspective, this seems counter-intuitive, especially for left-wing parties in power who rely on the support of low- and middle-income voters. For the US context, the main explanation

is assumed to be the important role private money plays in financing elections: "U.S. elections are awash in money from affluent contributors" (Page and Gilens 2017, 93). However, the idea of money as they main factor explaining unequal responsiveness is not persuasive in a comparative perspective.

Since the importance of private donations is a rather unique feature of US politics, decisions should be more responsive to poorer citizens in other Western democracies where campaign financing adheres to stricter rules and parties are mostly funded by public money and membership contributions. However, the patterns of unequal responsiveness also exist in European countries (Donnelly and Lefkofridi 2014; Bartels 2017; Elsässer, Hense, S., and Schäfer 2018). Given these findings, it seems more plausible that unequal responsiveness is a consequence of unequal participation and unequal representation.[33] Poor people participate less in politics than their well-to-do fellow citizens (Verba, Schlozman, and Brady, H. E. 1995; Schäfer 2015) and the vast majority of legislators comes from upper social classes and/or holds an academic degree (Best, H. 2007; Bovens and Wille 2017). Hence, it might be either vote-seeking behavior or simply a similarity of attitudes that causes members of parliament to listen to the voices of the more privileged more often. However, existing studies focus on income, occupation, or education as measures of social stratification. Labor market risk has so far not been at the focus of responsiveness analyses. Nonetheless, I expect responsiveness to be as skewed towards insiders as it is towards the well-off, the highly educated, and upper social classes. The reason is that being an insider often goes hand in hand with a comparatively privileged status in other terms, as e.g. income or education. In addition, few members of the *Bundestag* were formerly employed in occupations with high levels of labor market risks. Civil servants and the self-employed are massively overrepresented while blue-collar workers are underrepresented.[34] This lack of descriptive representation is likely to result in a lack of substantive representation, too (cf. Carnes 2012). Thus, it seems plausible that the *Bundestag* follows insiders' preferences rather than outsiders' in its decisions.

[33] Vice versa, a lack of responsiveness can also cause lower levels of participation among those groups that are neglected. The two phenomena may even reinforce each other.

[34] https://de.statista.com/statistik/daten/studie/454090/umfrage/mitglieder-des-deutschen-bundestages-nach-berufsgruppen/ (accessed on 11 April 2019).

However, this is not the case, as the analyses show. Unequal responsiveness only unfolds concerning those questions that are favored by a majority of insiders but a minority of outsiders (or vice versa). For the vast majority of questions, no significant influence of support rate on the probability that policy change occurs is discernible. I briefly discuss the implications of these findings in the final section of this chapter.

9.2 Data and methods

To measure responsiveness, I use data from the ResPOG data base again. In addition to the data used in the previous section, I include a variable that shows whether the proposed policy reform was adopted within two or four years after the question was asked. This responsiveness measure is my dependent variable here, whereas the group-specific support rates for the proposals now become the independent variable. As the last year included in my analyses is 2016, I only look at the two-year period after the question was asked. However, the differences between the two variables on responsiveness are not very large: Only six percent of all proposals were adopted within four years but not within the first two years. In contrast, 55% of all proposals were adopted within two years after the question was asked. Table 7 below compares the two responsiveness variables.

I also restrict the analyses to questions the German government or the parliament are responsible for. The dataset contains some questions that are part of e.g. the EU's competence. In such cases, German politics can necessarily not act responsively. Altogether, there remain 644 questions with valid information on whether they were implemented or not. Due to the missing information, the year 1996 is again excluded from the analyses.

Table 7: The two responsiveness variables in comparison

Proposal implemented…	…within two years	…within four years
yes	358 (55.59%)	389 (61.16%)
no	286 (44.41%)	247 (38.84%)
Total	644 (100%)	636 (100%)

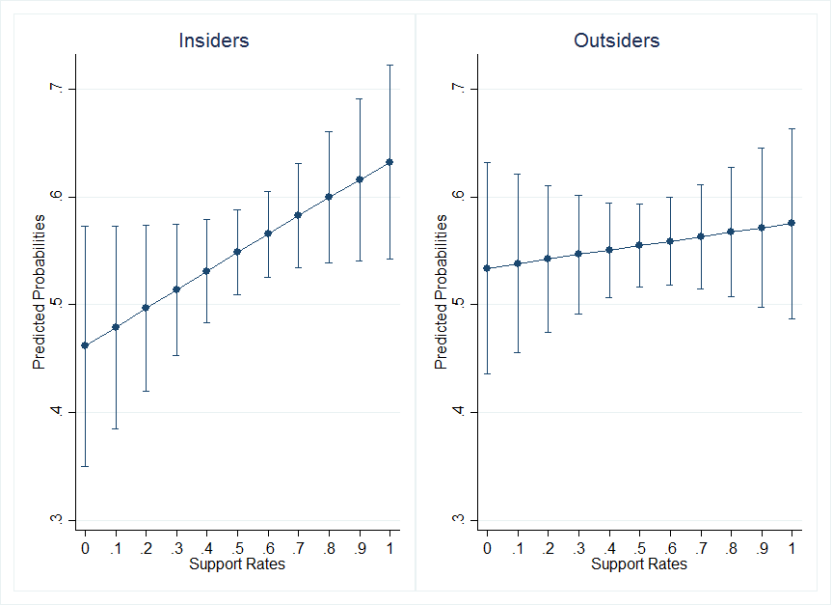
Note: The differences in absolute numbers between the two variables occur because the four-year variable was coded missing for questions asked in 2015 and 2016.

To see whose opinions exert a greater influence on the probability that a proposal is adopted, I follow Gilens' (2005, 2012) approach and use logistic regression. The dependent variable is "implementation" (0=no, 1=yes) and the independent variables are my predicted probabilities for insiders and outsiders to support the particular policy proposal (cf. chapter 8). This approach allows me to study the effect of group-specific support rates on implementation.

9.3 Findings

Considering all questions yields no significant results (see Table A-10 in the appendix). Policy change seems to be unrelated to what the public wants. This is a sobering finding given the optimistic conclusions of studies that show a relationship between the two (e.g. Soroka and Wlezien 2010). However, logistic regression coefficients tell us little about effect sizes. Figure 31 thus presents marginal effects of different support rates on policy change. The left-hand side displays the effects for insiders, the right-hand side those for outsiders. It shows that that there is a stronger positive trend for insiders than for outsiders, albeit that this trend is not statistically significant.

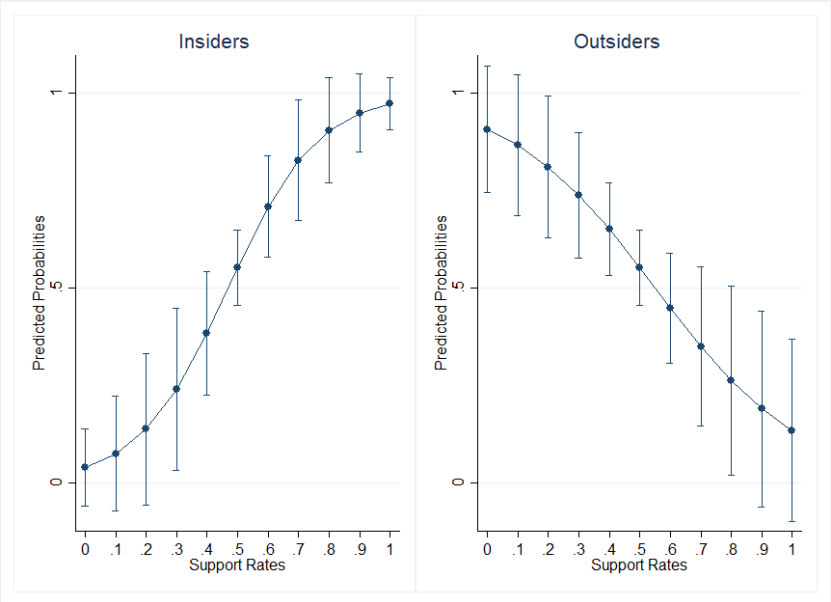
Figure 31: Predicted probability of policy change, dependent on support by insiders and outsiders, 1991-2016



Note: N=644. For full results, see Table A-10 in the appendix.

The insignificance may be caused by the high correlation of .89 between insiders' and outsiders' preferences. Therefore, the next model only includes those questions on which the two groups disagree. If politics was perfectly responsive, it should follow their preferences alternately: One time insiders should prevail and the next time outsiders. Combined, the effects of insiders' and outsiders' opinions would cancel each other out. However, this is not the case, as Figure 32 shows.

Figure 32: Predicted probability of policy change, dependent on support by insiders and outsiders if they disagree, 1991-2016



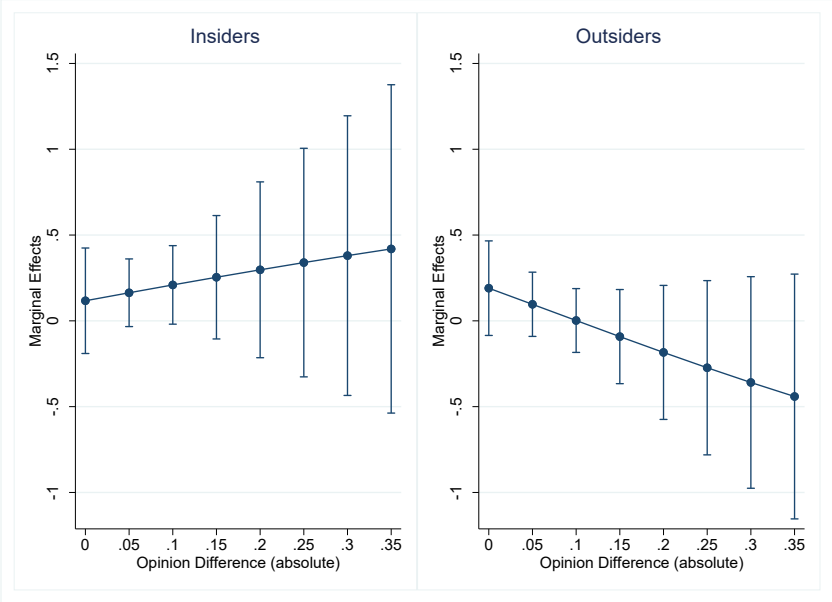
Note: N=110. For full results, see Table A-11 in the appendix.

Instead, the association between support and probability of implementation is almost perfect for insiders. If they support a policy outsiders oppose, it is very likely to be adopted. For outsiders, the pattern is reversed: The more they support a proposal insiders oppose, the less likely becomes its implementation. This time, the results are significant on the 5% level. The findings should not be over interpreted, though, as the number of questions included in the model is only 110—approximately a sixth of the number in the model before.

As mentioned earlier, support rates among both groups may fall on different sides of the 50% threshold but the actual difference in support may be small. In a final step, I interact support rates with opinion differences to see whether insiders' opinions prevail more often the larger the gap between them and outsiders' opinions is or if the previous finding only

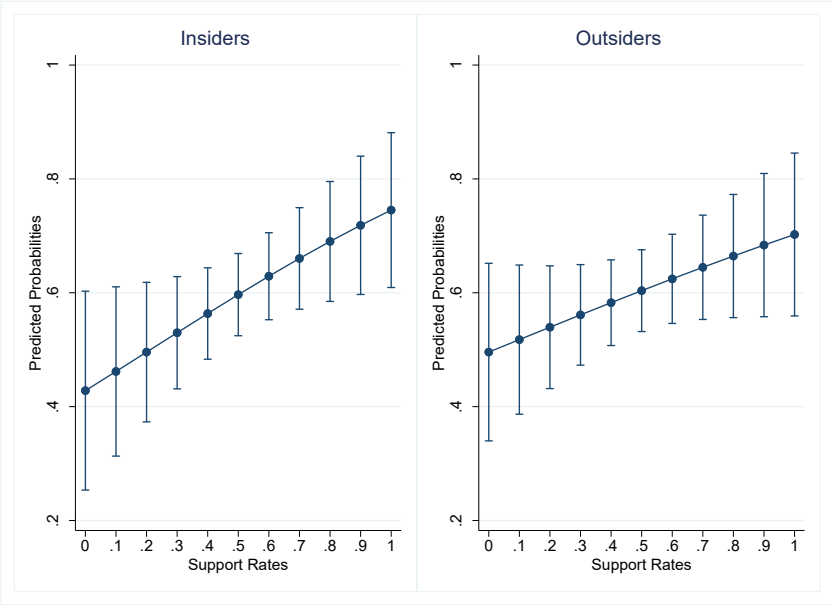
affects questions where support rates hardly differ from each other. The trend is slightly positive for insiders and clearly negative for outsiders, indicating that the chances for outsiders to have their preferred proposals adopted become smaller, the more they deviate from insiders' preferences (Figure 33). Unfortunately, the confidence intervals become very large in these models and cross the zero line. They are thus not significant.

Figure 33: Effects on the probability of policy change, dependent on the size of opinion differences



Note: This figure displays marginal effects, not predicted probabilities as the figures before. N=644. For full results, see Table A-12 in the appendix.

Figure 34: Predicted probability of policy change, dependent on support by insiders and outsiders (social and labor-related policies only), 1991-2016



Note: N=182. For full results, see Table A-13 in the appendix

In a last step, I only looked at responsiveness regarding issues from the field of social and labor-related policies. We saw from chapter 8 that opinions on these issues vary with risk levels, especially as regards consumptive social policies. Responsiveness analysis can thus give us an idea whether this field has particularly been one where outsiders' interests have been ignored. If this was the case, it might explain frustration and political apathy among them.

The findings (presented in Figure 34 and Table A-13) do not support this idea, however. The predicted probabilities show a positive trend for both groups but the coefficient is only significant for insiders. Their support thus had a modest positive effect on the implementation of social policies, whereas outsiders' support did not matter significantly. The previous finding of a—at best—weak association between the two groups' opinions and political decision-making is thus affirmed.

9.4 Robustness checks

We saw in the previous chapter that size and direction of preferences partly differed when comparing the three risks contained in the risk index. Robustness checks (not shown) show that this is not the case here. When support rates are interacted with opinion differences, their effects are insignificant for all three indicators of risk.

The same is true if I run the previous models for all three risk indicators separately (see Table A-14 in the appendix). Looking at all questions and predicting the probability of policy change from support rates shows no significant effect for any of them. If I only consider questions insiders and outsiders disagree on, risk of unemployment leads to significant differences in responsiveness. They resemble the previous findings: Whereas support among insiders is positively associated with the probability of policy change, the association is negative for outsiders. Risk of temporary employment only shows a significant (negative) effect for outsiders and involuntary part-time employment remains always insignificant. Unemployment is also the variable that comes with the highest number of questions resulting in opposing views: 22.2% opposed to 13.2 and 13.8% for fixed-term and involuntary part-time employment, respectively. Again, this means a relatively low *N* for the models including only disputed questions and impacts the scope of my findings.

Limiting the responsiveness analyses to only one policy dimension or to policy fields other than social policies does not affect the findings. Even if I restrict the model to the years and policies where opinion differences were greatest and significant, the hypothesis is not confirmed. From the angle of responsiveness theory, there is little reason why outsiders should be disappointed with politics. Rather, both insiders and outsiders have little influence on what politics decides.

9.5 Conclusion

My hypothesis was that politics responds unequally to insiders and outsiders. Previous research shows that political decisions unequally reflect the preferences of groups with higher and lower status. It was thus plausible to believe that I would find a similar effect for respondents' risk exposure. However, this was not the case. Unequal responsiveness only showed when a majority of insiders and a minority of outsiders (or vice versa) backed a proposal. This was only the case for a small fraction of questions. For the vast majority, no association between public opinion and governmental decisions was discernible. This is a sobering finding on multiple levels. First, I need to discard my hypothesis about a divergence in political responsiveness towards insiders and outsiders. This also limits the basis for a potential protest movement of outsiders. Second, what is more worrying, there is not only no *unequal* responsiveness but no responsiveness *at all.* Hence, what Dahl (1971) and Pitkin (1967) consider a prerequisite of a functioning democracy—a permanent recurrence of policies to public opinion—seems to be not given. If politics does not respond to citizens' wants and demands in any way, we should not ask whether social groups have *reason* to protest and to form political movements but rather if it makes *any sense* to do so. A political system that does not listen will only cause apathy among its constituents. Citizens will then act in accordance with the famous words by Goodin and Dryzek (1980, 292), "Don't play if you can't win", and refrain from political participation.

However, these conclusions may be too pessimistic. An alternative explanation could be a methodological one: My risk index may not catch differences well enough. If insiders and outsiders were not very different in their positions, my way of measuring responsiveness may blur responsive decision-making that follows the preferences of some respondents. Nonetheless, if politics was equally responsive towards all, the (non-)effects found here should not appear. Rather, effects in the first model should be positive for both groups and turn insignificant for contested questions. My findings do thus not contradict previous findings on unequal responsiveness towards different socio-economic groups defined by occupation or income, as reported by Gilens (2005, 2012) and Elsässer, Hense, S., and Schäfer (2018).

10. Is there an ally in sight? Insiders' and outsiders' party choice

For the last part of the empirical analyses, I turn to voting behavior as the dependent variable. The aim is to show whether insiders and outsiders vote (or abstain) differently. If this was the case, dualization could explain recent changes in election results, especially the rise of the AfD and the decline of the Social Democrats. We saw from Chapter 5 that conflicts need mobilization and that this can be done by parties or other political actors that pick up the conflict and take it to the political realm. The question this last empirical chapter is concerned with is thus if there is any party outsiders disproportionately turn to.[35] If this was the case, a politicization of their situation became more likely.

I restrict my analyses of party choice to the six parties (or fractions) that made it into the *Bundestag* in recent years: The Christian Democrats (CDU/CSU), the Social Democrats (SPD), the Liberals (FDP), the Greens, the Left, and the AfD (since 2013). Additionally, I use abstention as a potential outcome of my dependent variable. Existing research suggests that outsiders abandon mainstream left parties (in the German case, the SPD) and turn to oppositional left parties (the Left) or extreme right parties (the AfD) instead (Rovny, A. E. and Rovny, J. 2017). Regarding the findings on welfare state preferences, outsiders should also opt for parties of the "new left", i.e. the Greens in the German case. From both the literature on the political consequences of dualization and on political participation in general, I take the hypothesis that being an outsider increases the propensity to abstain.

The chapter is structured as follows: In the next section, I review the literature on the consequences of labor market risk for political participation and party choice, with a focus on voting for populist right-wing parties. Subsequently, I elaborate on changes in the German party system over the last ten years. Building on the findings from the literature review, I develop my hypotheses and describe my data and methods. Section 10.5 reports the results. In section 10.6, I sum up the findings from this chapter and briefly discuss their implications.

[35] I will not, however, answer the question which party's politics are in the interest of outsiders. This would need an analysis of e.g. party manifestos whereas I focus on the demand side only, i.e. outsiders' voting decisions.

10.1 Literature review

There is broad evidence that inequality has an effect on political participation. Generally speaking: the higher the level of economic inequality in a society, the more unequal participation becomes (Solt 2008). In contexts of high economic inequality, parties will find it especially hard to mobilize poor citizens (Anderson and Beramendi 2012) even though, from a theoretical perspective, it would be rational for low-income citizens to get engaged with politics and use their numerical power to fight for more redistribution (Meltzer and Richard 1981). Departing from these findings, we should expect turnout rates to decrease massively in the "age of dualization" (Emmenegger et al. 2012b). Indeed, they have been declining in elections on the national, the state, and the European level in Germany since the 1980s (Schäfer 2015, 93) and did so disproportionately among the less privileged (Schäfer 2015, 97).

Authors studying the relation between labor market disadvantages and participation at the individual level also report negative correlations: Steinbrecher, Huber, and Rattinger (2007) examine elections to the German Bundestag between 1980 and 2002 and find that turnout rates of the unemployed were constantly lower than those of the employed. The same goes for citizens with other labor market disadvantages, as more recent research shows (Emmenegger, Marx, and Schraff 2015; Mayer et al. 2015; Marx 2015, 2016). Assumed reasons for these findings are lower levels of internal and external efficacy among the unemployed or temporary workers (Emmenegger, Marx, and Schraff 2015; Marx and Nguyen 2016). Moreover, the experience of unemployment at an early age decreases interest in politics (Emmenegger, Marx, and Schraff 2018) and low-wage work leads to an erosion of political trust (Schraff 2019). Efficacy, trust, and political interest are all three important predictors of electoral participation. A lack of them will consequently decrease the propensity to vote.

The Civic Voluntarism Model by Verba, Schlozman, and Brady, H. E. (1995) offers another explanation why unemployment or atypical employment should have negative effects on political engagement. They emphasize that, apart from time and money, civic skills are necessary assets to get involved with politics. As one of the sites where people gain these skills is their workplace, the unemployed are naturally disadvantaged. Atypical employees

may be too loosely integrated at their workplace to profit from these side effects of work (cf. Dörre 2005).

However, the assumption of unemployment depressing political interest and participation is challenged by an innovative study that uses panel data to compare individuals who become unemployed at some point in time with their siblings who remained employed (Kroh and Könnecke 2014). The authors do not find any significant differences in political interest or participation among the unemployed siblings. Lower levels of participation are thus not a consequence of the event of becoming unemployed but rather of individual features (as e.g. lower levels of education) that are correlated to both unemployment and lower participation rates (see also Böhnke 2011). Hence, there seems to be no causal influence of unemployment on participation.

Higher rates of abstention among outsiders may alternatively be the result of a lack on the supply-side. As Rueda (2005, 2007) argues, Social Democracy used to be the party family representing the disadvantaged but has turned its back on outsiders. As dualization is to a large part driven by governmental decision-making (see Chapter 3.3), outsiders usually turn to (left) opposition parties in the following elections or, in case there is no such alternative available, abstain (Helgason and Mérola 2017; Marx and Picot 2013). Higher abstention rates among outsiders would thus not result from a general disappointment with politics but from the feeling of no party being available that represents outsiders' interests. The rising success of right-wing populist parties in most European countries has sparked the question if these parties can offer such an alternative for outsiders and if so, why. It comes hand in hand with the question whether the process of growing dualization and populist parties' success are two independent processes that coincidentally happen at the same time or whether the changes we witness in party politics are a consequence of changes on the labor market.

Right-wing populist parties have been found to be especially attractive for low-skilled people or so called "modernization losers", i.e. low-skilled people, workers, and the unemployed, respectively (Kitschelt 2013; Lux 2018). This notion is challenged by others who show that these parties are also very popular with the middle-classes (Norris 2005; Bornschier and Kriesi 2013).

The thought of right-wing populist parties just collecting the ballots of all the disadvantaged who would otherwise abstain thus seems too simplistic. According to the findings by van der Brug, Fennema, and Tillie (2000), most voters do not cast their ballots for right-wing populist parties with the intention to protest against other parties and particularly those in government. Rather, they base their voting decision on ideology and it is hence ideological proximity that makes right-wing populist parties attractive for a substantial part of the electorate (cf. also Mayer 2018).

Some authors assume that it is most of all the group of insiders from the manufacturing sector that votes radical-right. The argument is that parties of both the "old" and the "new" left are adapting to challenges for the welfare state by promoting "new" social policies such as ALMP or extended childcare, i.e. social investment instead of social consumption. These policies can be more outsider-friendly than traditional social policies (as they are less often income- or status-related), but have the potential to alienate insiders from the manufacturing sector who will then turn to moderate (Lindvall and Rueda 2014) or radical right parties defending the welfare state's status quo (Häusermann, Picot, and Geering 2013). Outsiders, on the other hand, should be more likely to vote for the left (especially parties from the "new left") instead of the radical right.

Recent findings shed doubt on the assumption of insiders as the main electorate of populists from the right. People with high labor market risks are less likely to vote for major right parties but more inclined to vote for radical-right parties (Rovny, A. E. and Rovny, J. 2017). Outsiders may assume that these parties can help them to ward off competitors arising through migration or globalization (Kriesi 2008). If this were the case, it would support the "losers of modernization" thesis. Another reason might be that people who evaluate their own economic future in a pessimistic way tend to vote for Eurosceptic parties (Braun and Tausenpfund 2018), many of which are radical right parties.

However, the notion that outsiders choose right-wing populist parties for economic reasons is challenged. Studies show that economic disadvantages cannot fully explain their success (Norris 2005; Mayer 2018) and argue that it is "cultural losers" who turn to these parties (Bornschier and Kriesi 2013). As cultural issues become of greater importance for preference formation (see Chapter 8.1), the same seems true for party choice. For the case of the German AfD, it has been shown that its support is driven by anti-immigrant (Schröder, M. 2018) and populist ideology (Steiner and Landwehr 2018), corroborating the argument by

van der Brug, Fennema, and Tillie (2000) that ideology trumps protest. Economic vulnerability seems to be not the main explanation here. At least, its effect on right wing voting is moderated by attitudes.

In an attempt to reconcile these contradictory findings, Manow (2018) argues for a "political economy of populism". Depending on whether globalization or immigration is perceived as the greatest threat to the domestic economy and the welfare state, it is either insiders or outsiders who turn to right-wing populist parties. As concerns Germany, Manow sees it as part of a cluster he calls the Northern countries, together with the Scandinavian countries. Their export-oriented economic model comes with high price levels and necessitates high levels of social security benefits (compared to liberal economies where basic security is low). When migration into these countries increases, it is easily perceived as a threat to the expensive domestic welfare state. Manow argues that these generous welfare states attract refugees rather than migrants who seek for work. Migrants will thus not foremost be perceived as cheaper competitors for jobs but as an additional cost for public finance. Consequently, he expects insiders in the Northern countries to protest against migration and be the main electorate of right-wing populist parties. Similar contributions come from Vlandas and Halikiopoulou (2018) and Meyer (Forthcoming) who argue that macro-economic features like welfare regimes or labor market rigidity decide whether it is foremost economic or cultural vulnerability that explains right-wing populists' success. Recent findings on the role of psychological factors in right-wing populist support corroborate this assumption. They show that feelings of anxiety fuel support for right-wing populists (Nguyen 2019). Depending on what is conceived as the more salient downside of immigration (increased welfare costs or new competitors), it would be either insiders or outsiders who react anxious and become open to populist ideas.

To sum it up, there is mixed evidence in the literature on whether risk of job loss fuels protest voting or anti-immigrant and anti-EU positions and consequently makes it more likely to vote for right-wing populist parties. Some authors argue that the economic vulnerable seek to thwart the immigration of cheap competitors. On the other hand, there is also reason to believe that left parties should profit from vulnerability as their politics of redistribution can attenuate economic hardships and provide a decent standard of living to those in need. It might then be insiders instead who turn to right-wing populist parties in an attempt to defend expanded welfare systems against migration.

10.2 Recent changes in the German party system

Recent years have seen some notable changes in the German party system and in the electoral support parties have been able to secure. This goes above all for the Social Democrats and the AfD. Hence, this section provides an overview of what happened in the party system since the Hartz reforms were implemented. This should deepen our understanding of why Germany has seen the steep rise of a populist right-wing party after being considered the notable exception of a Western country without such party for years (cf. Dolezal 2008).

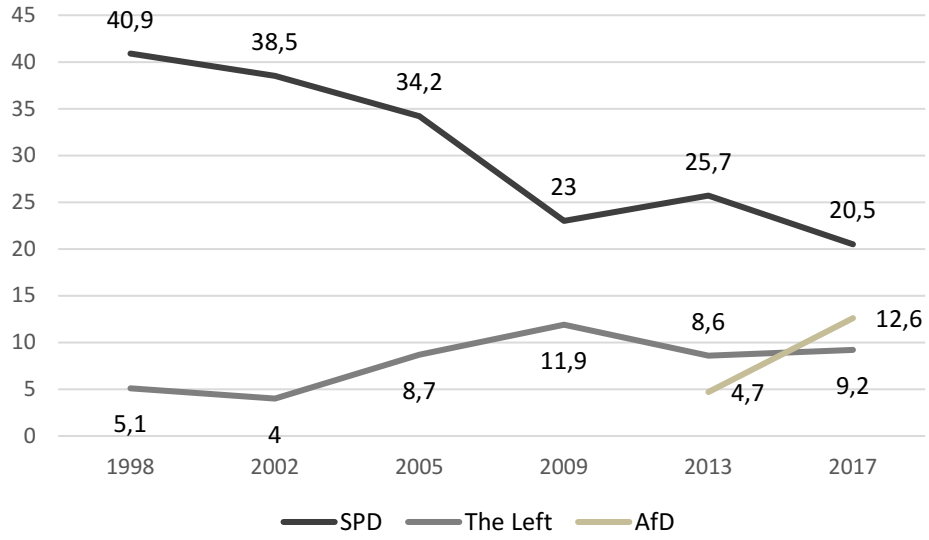
First of all, the Hartz reforms described in chapter 3.4 mark an important point in the long history of the SPD. The deliberate move away from its traditional constituents to new voters from the middle-class gained the Social Democrats governmental power for a total of seven years but also led to the emergence of a new challenger party on the left (programmatically called *The Left*). Since 2005, the Social Democratic party had to cope with severe losses in virtually all elections. Voters at the center preferred the Christian Democrats, the Liberals, or, if they were more left-leaning, the Greens[36], while the traditional Social Democratic electorate turned its back on the party (François 2017) and found a new alternative in The Left (Nachtwey and Spier 2007). However, the Left was not able to secure the ballots of all former partisans of the SPD who were frustrated by the Social Democratic reforms. Figure 35 shows that both parties together got a vote share of 46% in 1998, 42.5% in 2002, 42.9% in 2005, and only 34.9% in 2009.

The fact that there is a third party on the left side of the political spectrum that regularly enters the parliament, the Greens, is not the only reason why the Left did not profit from the SPD's weakness as much as it could have. As the Left is the successor party of the GDR's state party SED, it is still struggling with great skepticism in West Germany. In East Germany, in contrast, it risks to lose its nimbus as a party of the discontent because it has already been part of several state governments and even provides the state prime minister of

[36] It is interesting, though, that the Greens were not punished for the Hartz reforms the same way the SPD was even though both parties were in a coalition from 1998 to 2005. One explanation is that the Green partisans are better off than SPD partisans (Bach and Grabka 2013) and probably less often negatively affected by the labor market reforms. However, the Greens traditionally enjoy high support rates among highly educated socio-economic professionals and previous chapters showed that many of them also face above-average levels of risk.

Thuringia. It is difficult to keep the image of a protest party after years of governmental responsibility, as the example of the Green shows, too. Therefore, and because the Left does not provide a clear alternative to the universalistic mainstream on the cultural dimension (Nölke 2017, ch. 3), it was hardly surprising that finally a new party on the far right emerged in Germany.

Figure 35: Results of the SPD, the Left, and the AfD in elections to the *Bundestag*, 1998-2017



Note: Graph displays the share of those votes that determine a party's share of seats in the parliament (*Zweitstimmen*). Data: Der Bundewahlleiter (bundeswahlleiter.de).

Germany has long time been considered a rare exception when it comes to populist right parties (Dolezal 2008; Arzheimer 2015). The country did not have any populist right party until recently and extreme right parties have been able to attract only small numbers of voters for most years since World War II (Norris 2005, ch. 6). An alternative for protest voters at the right tier of the German party spectrum was only founded in 2013. Back then, the AfD *(Alternative für Deutschland—Alternative for Germany)* was led by professors from the field of economics who were opposed to the government's Euro bailout politics which was—more or less—supported by all parties in parliament. Since then, the AfD proved very successful and entered regional parliaments whenever elections were held and finally, in 2017, the Bundestag. With a vote share of 12.6%, they are now the third largest faction in parliament and the largest opposition party. However, the party has seen a lot of change

and internal struggles, culminating in the withdrawal of their party leader, Frauke Petry, just after she had been elected into parliament. Though the AfD was part of the populist[37] right party family right from the start (Franzmann 2018), its rhetoric became more radical over time (which was one reason for Petry's discharge) and emphasizes cultural issues (i.e. questions of immigration and national belonging) now more than economic questions (Niedermayer and Hofrichter 2016; Franzmann 2018). This was a successful strategy as the growing media coverage of migration policies helped to increase sympathy for parties addressing these topics (cf. Berning, Lubbers, and Schlueter 2019 for the Dutch case).

The stronger emphasis of cultural issues is probably also at the root of the Greens' recent success. However, it is not clear if their current high is going to last. In the federal elections of 2017, the Greens received 8.9% of all votes[38] and are now the smallest faction in the *Bundestag*. They have been very successful, though, in elections at the state level in Bavaria and Hesse and currently rank second in the polls behind the Christian Democrats.[39] As a new left party, the Greens may be attractive to outsider voters, especially if they belong to the group of high-skilled outsiders who demand traditional *and* new social policies. Regarding cultural issues, the Greens take a decidedly pro-European and libertarian stance (cf. their manifesto for the European elections 2019)[40] and are thus in clear opposition to the AfD.

The liberal party (FDP) has seen ups and downs in recent years. In 2013, they missed the threshold of five percents of all votes and were not elected into parliament again even though they had been part of the governing coalition in the previous four years. As they are traditionally associated with better off parts of society and the self-employed, they should not find much support among outsiders. The same goes, to a lesser extent, for the Christian Democrats whose electorate is the oldest of all parties.[41] As younger people face higher risks and pensioners cannot be outsiders by definition, I expect to see the findings by Rovny, A. E. and Rovny, J. (2017) corroborated that mainstream right parties are less popular among outsiders. This should hold for both the FDP and the CDU/CSU.

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[37] Following the definition by Mudde (2004) and Mudde and Kaltwasser(2012).
[38] https://www.bundeswahlleiter.de/bundestagswahlen/2017/ergebnisse.html (accessed on 17 April 2019)
[39] http://www.wahlrecht.de/umfragen/index.htm (accessed on 17 April 2019)
[40] https://cms.gruene.de/uploads/documents/B90GRUENE_Europawahlprogramm_2019_barrierefrei.pdf (accessed on 17 April 2019)
[41] https://www.bundeswahlleiter.de/dam/jcr/e0d2b01f-32ff-40f0-ba9f-50b5f761bb22/btw17_heft4.pdf (accessed on 17 April 2019)

Germany and its labor market have not been hit as hard by the financial crisis in the years 2008 ff. as many other European countries (Eichhorst and Hassel 2015). While other EU countries—above all Greece but also, for instance, Ireland, Spain, or Portugal—were forced to cut their public spending massively and experienced a vast increase of unemployment rates, this was not the case in Germany. In contrast, the country's economy has constantly grown since 2010 and unemployment rates are currently the lowest since re-unification (Statistisches Bundesamt 2019, 2018b). What is more, there have been no new social reforms as radical as the Hartz reforms. Although the return to a pension age of 63 years for some workers is insider-friendly but disadvantages outsiders, as people need a constant working biography to be eligible, the government also introduced a minimum wage which may improve the financial situation of many outsiders (Marx and Starke 2017; for a skeptical view: Kalina and Weinkopf 2016). Eichhorst and Hassel (2015) label recent years' reforms "welfare protectionism" in contrast to "welfare readjustment" that was the leading paradigm behind the reforms of the early 2000s. The economic boom resulted in growing tax revenues so there is currently no need to introduce austerity measures and cut social benefits.

On the other hand, immigration politics have shaped political debates in Germany, especially in the years 2015 and 2016 when the numbers of refugees coming to the country reached new heights, but also in later years (Emanuele and Paparo 2018). As Chapter 8 showed, outsiders hold (partly) more particularistic attitudes than insiders. They should thus be more critical of the government's liberal immigration policies and this might lead them to support the AfD in high numbers (Berning, Lubbers, and Schlueter 2019).

To conclude, Germany is a crucial case to test the findings by Rovny, A. E. and Rovny, J. (2017) that high-risk outsiders tend to support right-wing populist parties. If this were the case, it would corroborate the theory that the two recent developments of growing dualization and growing success of right-wing populists are not only coincidentally happening at the same time but that a causal relation between them exists. What is more, if outsiders favor the AfD in significantly higher numbers than insiders do, this would lend further evidence to the idea of the insider/outsider divide to be a new cleavage in the making. The party might then play the role of an actor that mobilizes conflicts deriving from dualization, which is a prerequisite for a conflict to turn into a cleavage. If outsiders are equally divided across parties, in contrast, such a mobilization will be unlikely.

10.3 Hypotheses

Even though the AfD is a relatively new phenomenon, it has been at the focus of much research in recent years. However, findings about its electorate and the reasons to vote for the party are as mixed as for other parties of the same type. While some studies find that economic disadvantage does mainly account for supporting the AfD (Lux 2018), others show that ideological orientation is key (Schröder, M. 2018; Steiner and Landwehr 2018; Bieber, Roßteutscher, and Scherer 2018) and that partisans hold more authoritarian attitudes than partisans of any other German party (Yendell et al. 2018).

As elaborated earlier, there is reason to believe that it is not so much an individual's actual economic status that counts but the risk he or she is exposed to. First attempts to explain the AfD's success through sociotropic reasoning have been made but remain scarce (Schwander and Manow 2017; Manow 2018, ch. 4). So far, the findings do not support the "losers of modernization" hypothesis. Using data from official statistics, Schwander and Manow (2017) construct a comprehensive index of deprivation for all German municipalities and show that the index does not correlate with higher support for the AfD. This holds for the *Bundestag* elections of 2013 and 2017, even though the party's profile changed massively in this period (see the previous section). The findings rather suggest that it is both a tradition of right wing voting and fear of status decline that account for how well the AfD fares in a municipality. However, Schwander and Manow's studies rely on aggregated data and do not allow transferring this correlation to the individual level. Nevertheless, they provide hints that relative insecurity (risk) may be more important than actual insecurity (status).

Over time, we should see a decline above average in outsiders' propensity to vote for the SPD. With Social Democrats being responsible for the labor market reforms that increased insecurity on the labor market, they should seek for alternative parties or even abstain in the elections 2009ff. It is rather unlikely that disappointed SPD voters changed to the Greens in high numbers as they were in a coalition with the Social Democrats when the Hartz reforms were implemented and the socio-economic profile of Green voters is very different from that of left SPD voters. There may be a small effect, however, concerning high-skilled outsiders. The Left may have been able to absorb some of the frustrated former voters of the SPD but I expect to see the greatest effect of outsiderness on the probability to

abstain. The AfD should have profited from outsiders' ballots in both 2013 and 2017. In 2013, the party's main issue was the European economy, especially the bailout politics in Greece and the question whether the Euro should be kept. We saw earlier that outsiders mainly do not believe that the introduction of the Euro was a good thing. In the light of the finding that the importance of cultural issues has grown over time, it would have been reasonable for them to base their voting decision on parties' stance on the issue of the Euro. Consequently, the AfD should have gained more votes from outsiders than from insiders. In 2017, in contrast, the party had changed their profile to a typical populist right-wing party. According to their (relatively) particularistic positions, outsiders should have voted for the party in greater numbers than insiders did.

As outsiders have been shown to avoid mainstream right parties, I expect to see a negative influence of risk on the propensity to vote for the CDU/CSU and the FDP.

To sum up, I expect outsidernesss to

1. decrease support for the SPD;
2. increase support for the AfD substantially;
3. moderately increase support for the Left and the Greens;
4. decrease support for CDU, CSU, and FDP; and
5. increase the probability to abstain.

10.4 Data and methods

Ideally, one would use panel data to trace outsiders' voting behavior over subsequent elections to the *Bundestag*. Unfortunately, there is no panel data available that covers all three elections. The SOEP data including the year 2017 were not available early enough and the questionnaires generally include only few political variables. The dataset I use in this chapter instead, the *GLES* (*German Longitudinal Election Study),* provides cross-sectional data for all three years and is enriched with numerous questions on political issues. It also provides panel data but data from 2017 are not yet included and respondents rotate, so two-thirds of respondents in 2017 have not answered the survey in 2009. It is therefore not possible to draw any causal conclusions on an individual level. However, using three cross-sectional studies with changing respondents is no major problem for the research question

that interests me. As my main focus is on differences between social groups, I am not so much interested in individual changes of voting behavior. Outsiders' probability—in the aggregate— to turn out and their party choice can also be inferred from repeated cross-sectional data.

I use data from post-election surveys provided by the *GLES*. These datasets come with the advantage that they do not ask respondents about their voting intentions but about their actual behavior and that they do so shortly after the elections. This approach can reduce social desirability and biases due to erroneous memories of respondents. However, as with all survey data, social desirability is still likely to occur. Some people may not dare to state that they prefer a radical party like the AfD (Bergmann and Diermeier 2017) and others may shy away from admitting that they did not attend the polls (cf. e.g. Schäfer, Schwander, and Manow 2016).

I constructed a new variable from information on participation in the elections and party choice. Its values are abstention, voting for the CDU/CSU, the SPD, the FDP, the Greens, the Left, or the AfD (in 2013 and 2017). In 2009, the AfD is not part of the variable. As this is a non-binary categorical variable, I use multinomial logit models. Such models have the peculiarity that they need a base category. All results then have to be interpreted in relation to that base outcome. I use "voting for the SPD" as the base outcome in all my models as the literature suggests that outsiders have—more than insiders—turned their back on the SPD in recent elections. Furthermore, I am interested to see if the Left or the AfD are an attractive alternative for outsiders or if they rather choose to abstain. However, I mainly use predicted probabilities to report the findings as these are much more comprehensive to understand than results from multinomial logit models. Another advantage of using predicted probabilities is that it allows to show results for the SPD as well even though it is omitted in the regression.

My main independent variable is occupational risk again. Gender, age, educational level, labor force status, and occupation are all known to be important predictors of political participation and party choice (e.g. Niedermayer and Hofrichter 2016 for the case of the AfD). Occupation and labor force status are already included in my measurement of risk, so I do not additionally control for them. I do control for age and gender, however, to see if risk exerts an influence on the dependent variable that extends beyond composition effects. For example, if women were more likely to vote for the AfD, I might erroneously state an effect

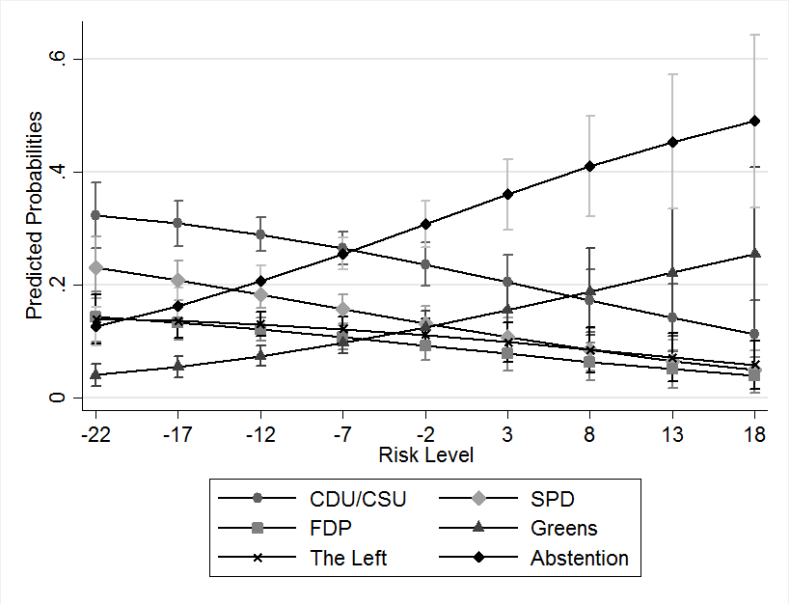
of risk on AfD choice because women hold higher levels of risk, on average. My risk index also covers age only broadly so it makes sense to include a fine-grained measure here. Gender and education are measured as before, whereas age is now measured as the actual age of respondents. As the AfD gained 21.9% of votes in East Germany in the 2017 federal elections but only 10.7% in the Western parts (Der Bundeswahlleiter 2017), I also control for region again (i.e. East vs. West Germany). Additionally, I include political interest, measured on a five-point scale ranging from 0 (not interested at all) to 4 (very strongly interested). The reason is that political interested citizens are much more likely to turn out on Election Day. Another factor I control for is union membership. Being a union member increases the probability to participate in elections and the probability to vote for a left party but decreases the propensity to vote for the radical right (Mosimann, Rennwald, and Zimmermann 2019). Finally, I include a measure of self-placement on the left-right axis that ranges from 0 (far left) to 10 (far right). Table A-15 in the appendix provides descriptive statistics on all variables used in the analyses by year.

10.5 Findings

Results from multinomial logit models are difficult to interpret. Therefore, I restrict the presentation to the predicted probabilities of citizens at different levels of risk to choose one of the seven options included in my dependent variable. These are abstention, a vote for the CDU/CSU, the SPD, the FDP, the Greens, the Left, or the AfD. Full results from the regression models can be found in Tables A-16 to A-18 in the appendix.

The following graphs include predicted probabilities on a continuous scale of risk levels, ranging from minimum to maximum in the particular year. The first three figures are all based on the simple model, with risk level as the only explanatory variable.

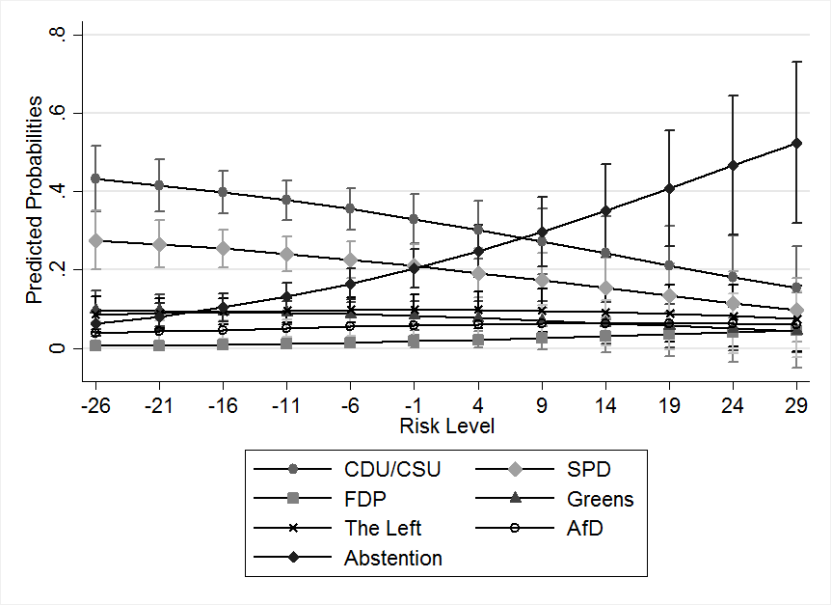
Figure 36: Predicted probabilities by risk level, 2009 (simple model)



Source: GLES 2009; own calculations

Moving up the risk scale in 2009 shows that the three main parties CDU, CSU, and SPD gain more support from insiders than from outsiders. The Left is not able to capitalize on the SPD's weakness among outsiders. Instead, the Greens are more popular among voters with higher risk levels and outsiders are more likely than insiders to abstain. In fact, abstention is by far the most popular option among outsiders.

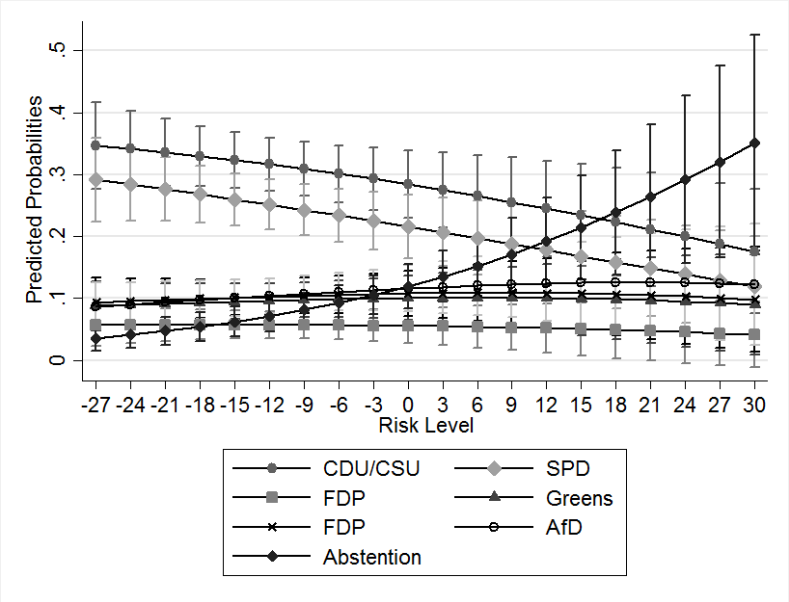
Figure 37: Predicted probabilities by risk level, 2013 (simple model)



Source: GLES 2013; own calculations

In 2013, the pattern is similar but the Greens cannot collect such a large share of outsiders' votes as in 2009. With rising levels of risk, abstention again becomes by far the most attractive alternative for citizens. Despite its anti-Euro position, the AfD is not able to draw a substantial share of votes from outsiders. However, all parties are very close together at the top end of the risk scale, probably due to the high propensity of outsiders to abstain.

Figure 38: Predicted probabilities by risk level, 2017 (simple model)

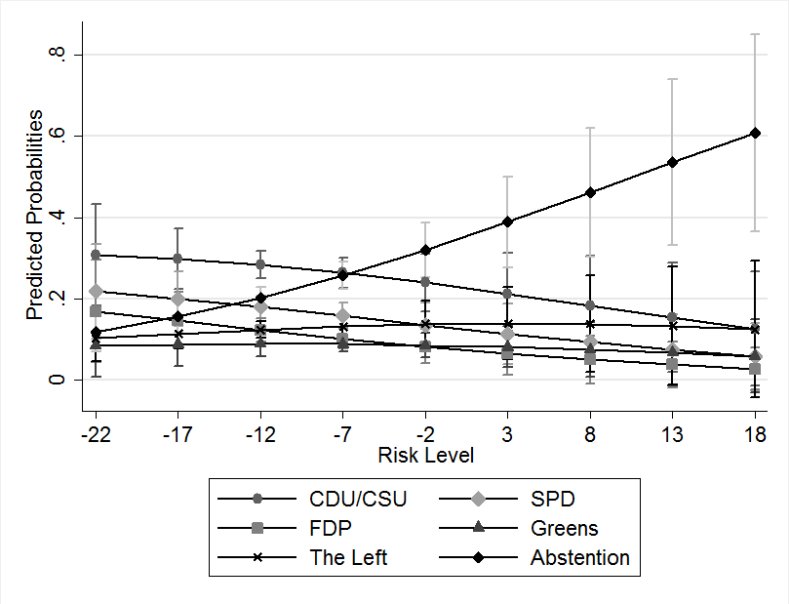


Source: GLES 2017; own calculations

In 2017, the SPD and the CDU/CSU still lose support with growing risk level. For all other parties, there is hardly any difference between insiders and outsiders and, again, abstention is the most popular alternative among high-risk citizens. The findings do not support the idea that outsiders account for the AfD's success.

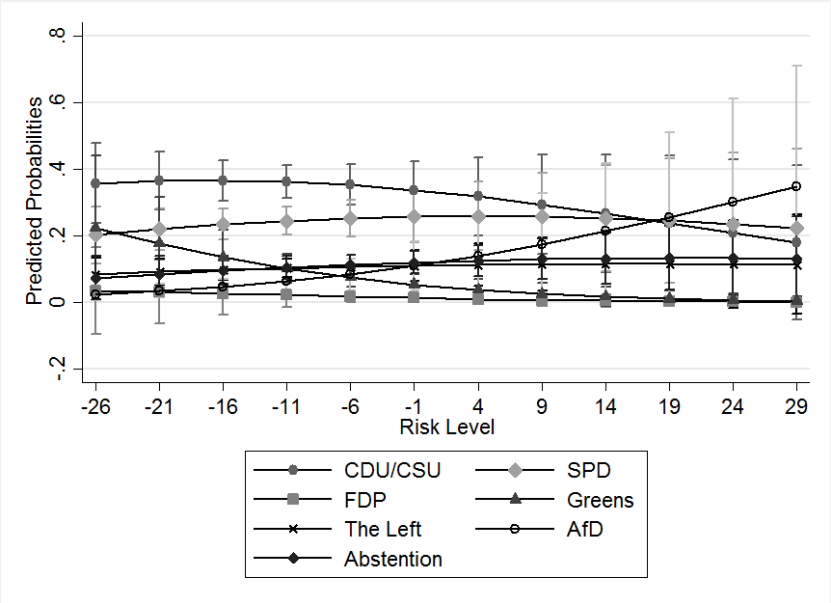
However, the graphs presented above are based on the simple model. To see if risk exerts an influence on voting behavior that exceeds beyond compositional effects (e.g. due to outsiders' higher probability to hold low levels of qualification which will increase their propensity to abstain), I also calculated predicted probabilities from the full models (Figures 39 to 41). They suggest that the AfD indeed became an alternative to abstention for outsiders. In 2009, the predicted probability for respondents at the highest risk to abstain is at 60%. It substantially drops in 2013, whereas the AfD is the most attractive option for high-risk outsiders that year. Interestingly, the SPD overtakes the AfD in 2017 but the right-wing populists are nevertheless more frequently chosen by outsiders than by insiders.

Figure 39: Predicted probabilities by risk level, 2009 (full model)



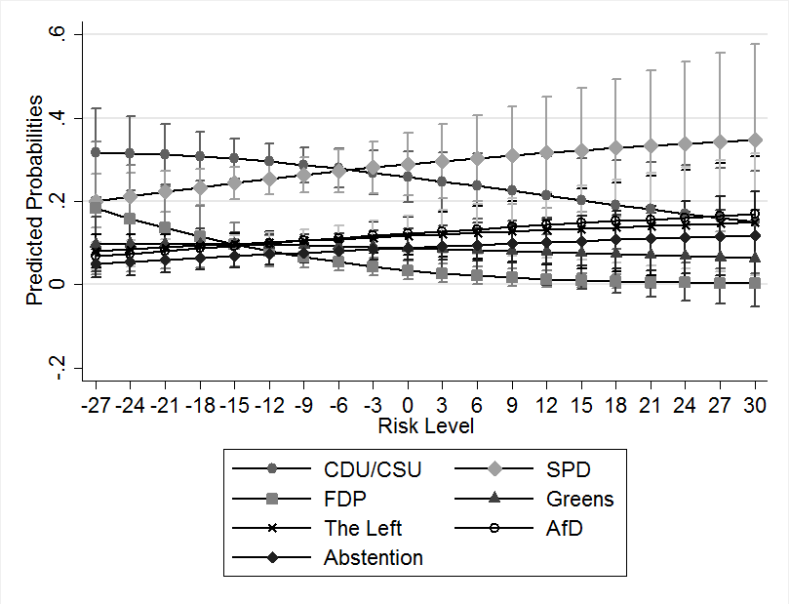
Source: GLES 2009; own calculations

Figure 40: Predicted probabilities by risk level, 2013 (full model)



Source: GLES 2013; own calculations

Figure 41: Predicted probabilities by risk level, 2017 (full model)



Source: GLES 2017; own calculations

Table 8 displays the changes in predicted probabilities when moving from lowest to highest risk. It confirms that in 2009, outsiders turned away from all parties besides the Left and were most likely to abstain. In 2013, the AfD could capitalize on outsiders but part of this advantage was lost again in the 2017 elections. In this year, the AfD, the Left, and the SPD were more popular among voters with high levels of risk than among more secure voters. Nevertheless, outsiders remained more likely than insiders to abstain.

Table 8: Changes in predicted probability when moving from lowest to highest risk (in percentage points; based on full model)

	2009	2013	2017
CDU/CSU	-18.3	-18.9	-16.6
SPD	-16.2	+1.8	+14.6
FDP	-14.2	-3.49	-18.3
Greens	-2.7	-22.1	-3.4
The Left	+2.3	+2.8	+6.9
AfD	n.a.	+34.4	+10.0
Abstention	+49.0	+5.5	+6.8

It has to be kept in mind, however, that these numbers are artificial as they are the outcome of statistics that control for a variety of other factors than risk. The model calculates the effect of risk under the assumption that all other variables included in the model remain constant. In reality, this is of course not the case with voters. We can hardly change the fact that outsiders may be, e.g., less interested in politics and hence less likely to vote. Nevertheless, the table shows that there *is* a net effect of labor market risk for most parties in most elections.

10.6 Conclusion

My first hypothesis was that outsiders have turned their back on the SPD. Considering risk as the only explanatory variable confirmed this hypothesis: In all three elections, the SPD gained more support among insiders than among outsiders. Hence, the idea of the Social Democrats as an insiders' party (as implied by Rueda's work) seems to be true. However, apart from the Greens in 2009, none of the parties considered here was more popular among outsiders than it was among insiders. Instead, abstention was by far the most popular option for outsiders in all three elections. Looking at the impact of risk on this superficial level thus only proves my fifth assumption true that abstention rates increase with risk.

Controlling for other factors that are likely to affect the propensity to vote changes this picture. The first hypothesis (a negative impact of outsiderness on the propensity to vote for the SPD) is only confirmed for the elections in 2009. In 2013, the propensity hardly differed between insiders and outsiders and in the most recent elections of 2017, outsiders were even more likely than insiders to vote for the SPD. We can thus conclude that the party is more popular among insiders due to their higher probability to choose any party at all. Once we control for the factors that make citizens more likely to stay home on Election Day, this effect diminishes.

My second hypothesis was that outsiders are more likely than insiders to vote for the AfD. There are two reasons for this assumption: Protest (driven by frustration with other parties' politics) and ideological proximity. Again, an effect only showed in the full model. The coefficients for risk are insignificant in both models, though. However, this may be an effect

of the small number of respondents who voted for the AfD (63 in 2013 and 148 in 2017). Looking at predicted probabilities shows substantial differences between insiders and outsiders. Especially in the elections of 2013, higher risk substantially increased the likelihood of a vote for the AfD but the effect also held in 2017. This finding can help to clarify the contradictory results from previous studies reported in the literature section: Risk is associated with higher support of the right-wing populists but due to outsiders' high abstention rates, the vast majority of the party's voters are no outsiders. Regarding the question if the AfD has the potential to become a vehicle for the politicization of the insider-outsider conflict, we can state that this potential exists but that outsiders will need to increase their participation rates. Otherwise, it will not be attractive for the party to speak for outsiders, as there is little to gain for a party from a group of citizens that does not turn out in significant numbers.

My third assumption was that the two left parties besides the SPD, the Left and the Greens, would only moderately profit from outsiders' votes. The reason was that, in the case of the Left, there are still reservations in large parts of the German society because of the party's Socialist past. I also assumed a diminishing nimbus of the party as a protest party. Regarding the Greens, I assumed that they would profit foremost from the votes of cross-pressured high-skilled outsiders but not from those of outsiders with lower skill levels. In the full model, the hypothesis was confirmed for the Left but not for the Greens, whereas in the simple model, the Greens were more popular among outsiders than among insiders in 2009. This supports my idea of high-skilled outsiders being closest to the Greens as this group can be expected to turn out in higher numbers than outsiders with lower educational levels. However, when controlling for the factors influencing turn out rates, outsiders become less likely to support the Greens but more supportive of the traditional redistributional politics the Left represents. The fact that the increase in support when moving from lowest to highest risk level is only moderate gives me confidence that my prior assumptions about voters' reservations towards the Left are true. However, other factors may play out as well, as e.g. the reasoning that the party had no realistic chance to enter a government coalition in any of the three elections. Voters may decide to give their votes to other parties instead that have this chance, e.g. the Social Democrats. What we can state anyway is that the Left

has not been able to establish itself as *the* party for outsiders even though party leaders recently made attempts to attract outsiders.[42]

My fourth hypothesis, regarding the mainstream right-wing parties CDU, CSU, and FDP, was confirmed. In all models, risk had a negative or no effect on the propensity to choose one of the three parties. The finding by Rovny, A. E. and Rovny, J. (2017) of outsiders abandoning mainstream right-wing parties is thus corroborated.

Fifth, I expected that the propensity to abstain increases with risk. This hypothesis was clearly confirmed: In all three elections, abstention was the most popular option for outsiders whereas few insiders stated that they did not vote. Even if we consider the fact that survey respondents tend to overstate their participation in elections, we can assume that participation rates vary largely between the two groups. However, including the control variables showed that composition effects and not a direct effect of risk mainly drive this difference. Outsiders tend to be younger, less educated, and less interested in politics. All these factors have repeatedly proven to exert a negative influence on participation in elections. Once such individual features are included in the model, risk looses its strong negative effect and the difference between insiders and outsiders becomes smaller. However, a large gap remains in 2009. The emergence of the AfD might thus had an impact on outsiders' voting behavior, be it either directly (because they voted for the party) or indirectly through a greater polarization of the party system that could have motivated partisans of other parties to turn out and vote in 2013 and 2017.

Taken as a whole, this chapter showed that there is no clear agency in the German party system which mobilizes and represents outsiders. This may be not so much an outcome of parties lacking awareness of the issue but of outsiders' lower rates of participation. In all three years, they showed significantly higher propensities than insiders to abstain. However, this effect is explained by outsiders' younger age, their lower educational level, and their lower interest in politics rather than their increased risk alone. Their lower interest in politics also makes it harder to imagine a successful political mobilization of their situation. There may be other agencies than parties, of course, who could do this, like unions. Outsiders may also choose to bring forth political demands by other means than in

[42] Cf. the foundation of „Aufstehen" or Bernd Riexinger's book (Riexinger 2018).

elections, as protest movements. However, protest alone does usually not change political agendas. At some point, protest movements need to ally with other actors, such as parties or unions, or to found such an agency of their own. The attempts made so far have not been durable and brought about little change. Whenever improvements for outsiders have been reached[43], established actors like large trade unions or the parties represented in parliament achieved them.

11. Discussion

Post-industrial societies face a new sort of inequality today. In the midst of the 20th century, it seemed that the old conflicts between labor and capital had been largely appeased. However, the end of the century saw the return of economic inequality, albeit not as devastating as in the beginning of the industrial age when large parts of society lived in poverty. This time, the dividing lines do not run between workers and employees but through the working and the middle classes. Not only did economic insecurity in terms of wealth and income increase (Piketty 2016), but also inequality regarding citizens' position at the labor market. Standard employment can hardly be considered a "standard" anymore as a growing number of people in OECD countries are atypically employed, i.e. they work part-time, on a fixed-term contract, or in marginal employment. New types of jobs have emerged that are not yet even included in the common definitions of atypical employment but these jobs also come with employment relationships marked by high levels of insecurity (as e.g. zero hour contracts or occasional work).

The question this thesis asked was if the growing number of people facing work-related insecurities has any impact on political conflicts. Drawing on dualization and cleavage theory I asked whether the new division into insiders and outsiders is likely to constitute a new political cleavage—an enduring conflict between those who are disadvantaged by dualization and those who are not.

[43] Cf. the discussion at the end of chapter 3.4.

Proponents of dualization theory are optimistic that the divide between insiders and outsiders will show political consequences regarding the two groups' policy preferences and their party alignment (see Schwander 2019 and chapter 5 of this thesis for a review of the arguments made in the literature). Others have pointed at the disparate composition of outsiders and have voiced their doubts that this group will be able to found a common form of protest, let alone a political movement (Nachtwey 2016, ch. 4).

In chapter 5, I asked three questions to operationalize, drawing on Bartolini and Mair (1990), Mair (2006) and Bovens and Wille (2017), the cleavage term. (My operationalization ignored the normative element included in their definition as I asked for the consequences of an *objective, measurable* risk exposure.) These three questions were

1. How similar are outsiders? Are they a homogenous group or do they comprise people from all strata of society?

2. Do they share common preferences that separate them from insiders?

3. Is the political system responsive towards their preferences? And do outsiders rally behind a certain party? Or do they react with political apathy?

My study focused on the case of Germany as I consider it a crucial case. Dualization theory heavily draws on the German case where EPL markedly differs for insiders and outsiders and where the share of atypical employment has considerably grown over the last decades.

Chapter 7 traced the development of dualization in Germany from 1991 to 2016. The findings showed that, despite the economic boom and shrinking unemployment rates, some socio-economic groups were at greater risk in recent years than they had been before. These are groups that already had an increased probability for disadvantageous labor market positions before: women, single parents, young people, people with lower levels of education, and migrants. Regarding my first question, we can thus state that outsiders are not a homogenous group, even though some individual features make it more likely to be an outsider. This might be a serious problem for the prospects of a political mobilization of outsiders' situation. We know from research that especially migrants and people with lower skill levels are not easy to mobilize for politics. Migrants may not be eligible to vote and may not (yet) feel particularly attached to Germany and German politics. Citizens with basic levels of education report lower interest in politics and they participate less often in

elections than higher educated citizens (Bödeker 2012). The gap between educational groups is even wider for other forms of political participation (Bödeker 2012). This poses a serious problem for politicization, as citizens need to become active and speak out if they want their situation to be recognized and changed by politics and a lack of (material and immaterial) resources depresses the ability to do so (cf. Brady, H. E., Verba, and Schlozman 1995).

A solution might be a cross-class coalition, as suggested by Häusermann (2010), Marx and Starke (2017), and Schwander (Forthcoming). Women and young people with high skill levels are also disproportionally affected by risk and they are politically more active than the low skilled. As we saw from chapter 7, about 20% of outsiders possess high levels of education, which makes them a sizable group. High-skilled outsiders might thus put forth their demands and achieve improvements for the less active parts of outsiders as well. A prerequisite for this to happen would be that outsiders hold consistent opinions on political issues and, in order to speak of dualization as the generator of a new cleavage, these should be clearly distinguishable from those of insiders (as formulated in question 2).

Chapter 8 showed that there is limited potential for such a gap between insiders and outsiders regarding their policy preferences. Especially differences concerning questions of liberalism, supranational integration, or immigration showed to be smaller than expected. In the aftermath of Trump's election, the Brexit vote, or the high support for right-wing populist parties in most European countries, much has been written about the disappointed and the left-behind as the main constituency causing these phenomena. My findings support this idea partially at best, though. Drawing on opinion polls conducted between 1991 and 2016, I asked if policy preferences of outsiders differ significantly from those of insiders and if these differences exceed beyond policies closely related to labor, as e.g. questions about unemployment benefits generosity or other measures of redistribution. The latter idea was only partially confirmed. There are single issues on which insiders and outsiders show large opinion gaps (e.g. regarding Keynesian politics or the Euro). However, overall differences between the two groups on cultural issues proved to be statistically not different from zero. Against my prior hypothesis, outsiders are not more authoritarian than insiders are. Restricting the sample to questions on migration also showed no significant differences between the two groups. The chapter thus not confirmed the idea often circulated that it is the economically disadvantaged who account for growing discontent

with the German government's immigration politics. However, the relation varies by type of risk: An increased risk of unemployment and fixed-term employment means a significantly greater proximity to the authoritarian pole on the cultural axis. Risk of involuntary part-time employment, in contrast, yielded no significant differences between insiders and outsiders, making differences for the compiled risk index indistinguishable from zero as well. Comparing insiders' and outsiders' preferences before and after the introduction of the Hartz reform showed no significant differences as well, meaning that my last hypothesis for chapter 8 (that differences between the two groups have grown over time) had to be rejected.

Regarding issues from the economic axis, the hypotheses were confirmed. In line with results from prior research, outsiders showed to be more left leaning and more supportive of redistributional politics. Regarding social policies, support rates differed most pronouncedly between insiders and outsiders on consumptive policies but less on social investment or activating measures. This is probably a result of pocketbook reasoning as outsiders have more to gain from consumptive policies, whereas insiders are more likely to be net contributors.

Taken as a whole, chapter 8 showed that some notable differences between the two groups exist. However, most of them relate closely to their positions on the labor market and my analyses do not support the idea of a growing polarization on cultural issues between "losers" and "winners". Nevertheless, the fact that differences are smaller than I expected them to be in the first place does not mean that there is no room for discontent and mobilization among outsiders, as addressed in my third question above. If politics responded unidirectionally to insiders' preferences, this might frustrate outsiders and lead to political apathy or protest voting.

In the next empirical step (chapter 9), I therefore asked how well preferences of insiders and outsiders were represented in politics between 1991 and 2016. I drew on the concept of political responsiveness and used the same questions as in chapter 8. I combined them with information on if and how politics decided on the proposed policies. In a next step, I calculated the influence the support of both groups had on the propensity that the particular proposal was implemented. The results brought a sobering finding: the effects of support on the propensity of implementation are insignificant for both groups. If we consider only those questions insiders and outsiders disagree on, the effect is positive (and

significant on the 10%-level) for insiders and negative (on the 10%-level) for outsiders. However, the groups' opinions are located on different sides of the 50% threshold only in a minority of questions: about 17% of all questions in the sample (110 of 644 questions). The potential for unequal responsiveness is thus very limited. Rather, the result from chapter 9 is that there was little responsiveness towards *both* groups.

This finding makes the question even more important if there is a party—perhaps from the opposition—that represents outsiders as voters. Even if the governments of the past 30 years did not implement policies that were in the interest of outsiders, there may be a party in parliament that is supported by outsiders disproportionally and could thus be or become an outlet for their preferences and interests. To see if this is the case, chapter 10 compared insiders' and outsiders' voting behavior in the previous three elections at the federal level. The findings showed that outsiders were much more likely to abstain in all three elections. However, if we control for factors explaining their increased abstention rates (as e.g. their younger age and their lower interest in politics), some parties proved to be more successful among outsiders than others.

In line with my prior expectations, this was the case for the right-wing populist AfD. Even though the coefficient for the risk variable was neither significant in the simple model with risk as the only explanatory variable, nor in the full model, the predicted probability to cast a vote for the AfD substantially increased with rising risk level. The same goes for the Left in all three elections (though on a much smaller level) and for the SPD in 2013 and 2017.

The new populist party on the right tier of the German party spectrum thus seems to attract outsiders. One reason could be political frustration even though the responsiveness analyses imply that outsiders should not be significantly more discontent than insiders with political decisions of the past. Nevertheless, their insecure situation alone could create anger and resentment and lead them to cast a protest vote. However, there is a second explanation which I hold to be more fruitful. Previous research shows that ideological proximity is an important predictor for populist right-wing voting (van der Brug, Fennema, and Tillie 2000; van der Brug et al. 2013; Bieber, Roßteutscher, and Scherer 2018; Steiner and Landwehr 2018). I showed in chapter 8 that outsiders tend to be more authoritarian than insiders—not overall but regarding some policies. This was e.g. the case with some questions referring to European integration: Outsiders showed to be less supportive of the Euro and less willing to let more refugees come to Germany. The AfD is currently the only

German party with a clear anti-EU profile and is very critical of the Merkel government's migration policy. If such topics were decisive issues for outsiders, it would make perfect sense from an issue-voting perspective that they chose the AfD. Another ideological explanation (which I did not test here) could be a higher share of populist attitudes among outsiders that would lead them to favor a populist party (cf. Steiner and Landwehr 2018).

However, we must not ignore that the positive effect of labor market risk on voting for the AfD only appeared in the full model. Due to outsiders' high abstention rates, they may be more prone to choose the AfD than insiders *if they vote,* but they will not be a majority among AfD voters (cf. Niedermayer and Hofrichter 2016; Lux 2018). They are thus an important, but probably not the main target group for the AfD. An alliance of outsiders and the AfD also seems unlikely from an issue-oriented perspective: My analyses showed that outsiders are more left-leaning on economic issues. As the AfD is located towards the liberal pole of the economic axis (Steiner and Landwehr 2018, 472) and not very supportive of a generous welfare state, there is no alignment between the party and outsiders on this issue. Thus, it is not very persuasive that the AfD could turn to outsiders in the nearer future and team up with them to politicize their situation.

Regarding the Left and the SPD, this seems more feasible as the effect of risk for both parties was positive and their position on economic issues is closer to the position of outsiders. However, the SPD is still seen as the party that has promoted dualization by implementing the Hartz reforms and, although they have been part of the governing coalition for most years since then, there is no clear trend yet to reverse dualization. The effects for the Left have been very modest, even though they seem to be trying much harder to appeal to outsiders. However, both parties also suffer from the low participation rates of outsiders as the positive effect only appeared in the full model. To reverse this trend, both parties (and perhaps the Greens as the third main left-oriented party) could try to appeal to high-skilled outsiders. This way, the cross-class coalition described by Schwander (Forthcoming) and others might have a chance to become true and bring about political improvements for outsiders.

An alternative could be partnerships between outsiders and political actors other than parties, foremost unions. Even though unions played an ambiguous role in dualization and sometimes exacerbated it (see chapter 3.3), this trend seems to have reversed in recent years. As unions realize that dualization threatens insiders as well and that they will hardly

be able to survive if they alienate a significant part of the workforce, they increasingly turn to "solidarity for all" (Durazzi, Fleckenstein, and Lee 2018). The low unionization rates of outsiders create a similar problem as their low participation rates but unions usually are under less pressure than parties to convince people of their program in the short run. This makes it possible for unions to take care of outsiders' interests, even though the payback (i.e. increasing numbers of outsider members) might take some time. What is more, insiders have no particular interest in dualized labor markets either, so they may also profit from politics that serve outsiders.

Third potential allies are protest movements. New movements are emerging in various countries that experienced the decline of the industrial age and growing disparities on labor markets. One might see their starting point in the 1980s when miners and steel plant workers in Great Britain and Germany went to the streets to protest against plans to shut down their work places. However, these movements had the sole aim to protect jobs and were closely connected to certain occupational groups. Younger movements bring forth more political demands and aim to cut across classes and occupations. Most of them share a critical stance on globalization. An example is the *Occupy* movement that emerged out of protest against the financial crisis of 2008 ff. In many (South) European countries, additional protest movements were founded in the aftermath of the crisis. Many of them, like Occupy, broke up in later years or lost influence. However, in some cases, the protest led to the emergence of new parties—like the Spanish *Podemos*—or to growing popularity for already existing ones—e.g. Syriza in Greece (Nachtwey 2016, ch. 5). Recent political movements as the *gilets jaunes* in France or *Aufstehen* in Germany show a growing consciousness of and discontent with rising inequality that is not restricted to labor markets but highly affects them. Even though their scope is usually broader and criticizes the way modern capitalism works at large, they may spark more focused protest as well. However, for outsiders to be successful in politicizing and finally improving their situation, they will need strong allies and a clear idea of what they want. As of today, there is room for improvement on both dimensions.

Further research

When thinking about potential avenues for future research, one should first take a look at the limitations of existing research. My study concentrated on one particular measure of risk and one single country. Moreover, as always, the data used comes with certain restrictions. There are thus four restrictions that may explain why I found only modest indicators of an evolving cleavage and that can point at desirable further research at the same time.

First, my measurement is likely to underrate the potential of a new cleavage based on dualization. There are two reasons for this assumption: my operationalization of risk and the questions on policy proposals used in chapters 8 and 9. As I laid out in chapter 6 and showed empirically in chapter 7, I based my risk index not on actual unemployment but on past unemployment during the year before the survey was polled. I decided so because of restrictions in the original data where information on occupation was not available for unemployed respondents. As Figure 12 shows, the incidence for this variable is smaller than for the "normal" unemployment variable which measures current status. The same goes for my measurement of part-time employed: Due to the high numbers of—foremost female—part-time employees in Germany, I decided to consider only those who are *involuntarily* part-time employed (i.e. they work less hours than desired). However, using this variable comes at the price of ignoring an array of atypical employed who are nonetheless disadvantaged as regards e.g. their social entitlements—even if they deliberately chose to be disadvantaged. Due to these two restrictive measures, my risk index is likely to underestimate the number of people at risk but also the variance in risk and should be taken as a conservative estimate. This means that differences between insiders and outsiders may be greater than they appear to be from my study.

Second, the structure of the data my preference and responsiveness analyses in chapters 8 and 9 are based on may also let opinion differences between insiders and outsiders appear smaller than they actually are. As mentioned in chapter 8.2.2, the questions usually refer to issues that were already high on the political agenda. Pollsters can necessarily not ask respondents about their opinion of any possible policy change. However, there may be a bias in which policies enter the agenda and this could result in not asking people the questions on which their risk level would really make a difference. Another factor to bear in mind is that not all respondents find it equally easy to generate and articulate an opinion on

various—sometimes highly complex—political issues. Especially the low educated and people hardly interested in politics will be disadvantaged here and answer question as "don't know" or just give the answer they assume to be social desirably—if they do not refuse to take part in the survey in the first place (cf. Bourdieu 1993; Bartels 2005; Zhou Forthcoming). Outsiders and their opinions may thus be underrepresented in the data.

Another possible objection refers to my comprehension of risk. The risk-based measure I used is quite abstract. It expresses a potential but not necessarily realized insecurity and its detailedness makes it more difficult to interpret. The status-based measure, in contrast, may oversimplify patterns of dualization but it also keeps them more comprehensible. Measuring outsiderness by status also has the advantage that outsiders will know they are outsiders, whereas the risk-based measure comes with the caveat that it remains unclear to what extent outsiders are aware of their risk and whether they perceive of themselves a as outsiders. I have discussed the subjective dimensions at various points in this study and I think that, even with this "blind spot", objective risk is an important factor to take into account. However, consciousness might intensify political insider/outsider differences and lead to stronger results than those I found. Future research could thus greatly profit if it takes different operationalizations into account and compares them, as Rovny, A. E. and Rovny, J. (2017) did when they studied outsiders' voting behavior.

Finally, as I mentioned in the beginning (chapter 2.3), this study is prone to the typical shortcomings of a case study. I examined only one country and it is possible that dualization plays out differently in different contexts. For example, Spain experienced much higher levels of unemployment and fixed-term employment after the Great Recession and it is plausible that risk is associated with higher levels of dissatisfaction and clearer opinion differences in the Spanish context. Future research should thus broaden the scope and compare countries with different levels of dualization regarding how differences between insiders and outsiders translate into political preferences and behavior. However, I believe that Germany is a good starting point to study consequences of dualization as it shows clear trends of dualization but is not an extreme outlier like Spain. The fact that I found a modest level of differences and no clear signs of a durable new movement or cleavage might indicate that the effects of dualization grow with the number of people affected and with the severity of risk. Conflicts between insiders and outsiders may then be strongest in contexts where outsiderness comes with the highest level of insecurity, whereas conflicts

may be weaker in more equal contexts, e.g. if EPL does not intensify outsiders' bad position. Examining one single case does not allow such inferences, so comparative research designs could teach us more about the conditions that intensify insider/outsider conflicts.

Anyway, the political consequences of new inequalities in post-industrial societies should remain an important research field for the social sciences. Studying them more thoroughly can help us to better understand the effects of social and labor-related policies and has the potential to design better legacy in the future, as reducing inequalities and avoiding to produce new ones should be aims for all democratic governments.

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Appendix

Appendix chapter 7

Table A- 1: Combined risk index per subgroup and year

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
1	7.57423	4.44268	11.37232	14.79708	16.34448	7.79058	8.11485	7.72981	11.18289	10.07873	9.77233	7.29106	8.49952
2	6.20423	11.30268	11.37232	12.86708	12.01448	12.80058	14.58485	14.76981	19.14289	10.66873	13.88233	6.89106	12.32952
3	1.66423	3.21268	4.07232	8.21708	2.91448	3.78058	0.32485	-0.29019	-0.78711	1.18873	3.32233	2.21106	10.69952
4	-3.16577	1.95268	-0.32768	-2.27292	2.50448	-1.62942	2.32485	0.43981	9.47289	1.29873	-1.14767	2.95106	-3.00048
5	-2.59577	6.60268	18.06232	11.58708	-2.23552	8.47058	-1.82515	7.75981	-0.49711	-0.43127	-1.37767	2.37106	-1.35048
6	-1.73577	-3.33732	-3.73768	-2.89292	-4.39552	-2.11942	-0.63515	-1.02019	-1.78711	-1.72127	-2.40767	-0.90894	-1.70048
7	3.32423	5.57268	8.88232	6.91708	-0.01552	12.57058	-8.38515	-8.60019	3.28289	2.76873	7.51233	0.94106	-4.71048
8	-5.99577	-4.96732	-6.81768	-8.09292	-2.48552	-0.69942	-1.64515	-6.29019	-5.67711	-5.88127	-3.47767	-3.88894	-5.83048
9	5.50423	6.97268	4.47232	3.65708	8.54448	8.77058	8.21485	4.97981	12.13289	5.46873	9.63233	7.34106	7.96952
10	6.17423	16.03268	16.73232	5.59708	25.08448	3.47058	16.66485	23.52981	8.23289	5.01873	8.97233	11.23106	12.43952
11	1.36423	-2.95732	-3.10768	-0.75292	3.41448	8.83058	-0.61515	-1.34019	-5.93711	-1.68127	-2.35767	0.13106	-5.90048
12	14.07423	4.68268	0.12232	-4.78292	-5.75552	-5.86942	-4.73515	7.41981	3.44289	5.47873	5.44233	5.44106	-5.36048
13	1.45423	1.88268	2.93232	2.59708	-1.27552	-1.85942	-2.42515	-0.77019	-2.69711	1.97873	1.43233	-0.70894	0.78952
14	-0.35577	-0.87732	-2.52768	-1.54292	-1.92552	-0.71942	-3.52515	-3.18019	-3.72711	-2.18127	-3.49767	-1.53894	-0.16048
15	-5.12577	-5.89732	-7.20768	-8.55292	-7.80552	-8.86942	-6.96515	-8.17019	-8.31711	-6.69127	-8.68767	-5.74894	-7.97048
16	-6.08577	-6.90732	-6.38768	-7.34292	-6.86552	-8.14942	-6.15515	-5.39019	-3.39711	-6.17127	-6.26767	-7.33894	-7.32048
17	3.15423	-1.76732	-6.05768	4.42708	0.86448	-2.16942	5.79485	-3.47019	-5.90711	-0.49127	2.44233	2.61106	-1.73048
18	7.78423	1.46268	1.06232	7.36708	-1.91552	-0.76942	4.84485	1.87981	4.08289	9.27873	6.63233	2.64106	7.55952
19	-10.41577	-11.99732	-13.28768	-13.92292	-12.59552	-8.77942	-2.26515	-10.88019	-10.78711	-6.98127	-10.25767	-4.42894	-6.84048
20	-7.28577	-9.35732	-11.71768	-10.79292	-10.67552	-10.43942	-9.55515	-8.69019	-11.47711	-7.22127	-8.97767	-4.49894	-5.71048
SD	6.15329204	6.95511323	8.86741112	8.23066289	9.13283312	7.28254004	7.1805971	8.58033915	8.23008883	5.71751326	6.99204066	4.93831345	7.06134956

Table A-1: Combined risk index per subgroup and year (continued)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1	6.44031	10.252	11.2936	14.26089	25.54423	18.40089	17.48701	23.2453	20.34811	20.63836	22.16689	24.30609	26.0428
2	14.84031	21.412	20.1336	16.53089	22.26423	15.44089	12.69701	21.8853	18.70811	19.08836	20.30689	18.49609	30.6428
3	3.29031	-1.768	-2.5164	0.25089	-0.52577	3.33089	3.91701	-0.2947	-2.57189	1.84836	2.03689	7.73609	2.0928
4	-3.12969	7.532	7.1336	1.96089	3.07423	5.36089	8.25701	6.4753	4.15811	3.31836	2.16689	5.95609	10.4728
5	7.01031	8.912	9.1136	5.41089	9.90423	20.56089	14.72701	15.1653	21.75811	18.42836	10.70689	1.61609	8.8228
6	-0.70969	0.372	1.3936	-0.56911	-1.79577	-3.83911	-1.30299	-2.1347	-0.19189	-7.11164	-2.92311	-5.94391	-1.1672
7	1.83031	-3.728	-0.1864	4.89089	-1.43577	-9.70911	2.38701	-6.6147	-12.53189	-13.82164	-7.91311	-7.71391	-11.7172
8	-6.76969	-7.948	-8.3564	-9.03911	-11.77577	-6.28911	-6.85299	-5.1047	-7.34189	-8.06164	-11.44311	-11.97391	-11.0072
9	9.83031	5.902	9.3636	15.32089	15.27423	10.64089	12.73701	14.2253	21.70811	19.54836	21.13689	13.44609	14.7828
10	16.21031	14.062	4.5536	24.99089	7.30423	4.39089	8.66701	11.3953	15.03811	17.25836	28.46689	22.80609	27.9428
11	-3.88969	0.172	-5.5564	-0.26911	3.11423	4.03089	0.46701	-5.4347	0.14811	-1.73164	-6.22311	-2.12391	-0.5472
12	-3.75969	-2.128	-7.7664	-4.58911	3.04423	-0.42911	0.52701	-2.6647	-2.42189	-1.23164	-3.59311	-3.88391	-3.1072
13	0.54031	0.472	0.3736	2.39089	0.88423	2.56089	2.40701	4.1153	2.04811	1.05836	4.70689	6.18609	3.0528
14	-0.36969	-3.468	0.8536	-3.07911	-4.18577	-1.65911	-2.46299	-0.2647	0.15811	1.42836	1.11689	-0.35391	0.6828
15	-6.97969	-8.358	-7.7964	-8.83911	-7.56577	-9.86911	-8.05299	-7.3647	-8.04189	-7.86164	-8.18311	-9.04391	-9.9672
16	-8.95969	-7.678	-10.4164	-12.16911	-12.30577	-10.86911	-9.83299	-12.0547	-11.64189	-9.61164	-11.65311	-11.01391	-12.3272
17	7.42031	-3.768	-1.5464	-7.82911	-6.93577	8.11089	-4.54299	-9.2147	-3.55189	-6.98164	-4.38311	1.26609	-4.4772
18	1.57031	2.182	5.1136	-6.14911	-7.03577	-4.43911	10.59701	2.1653	-3.79189	6.56836	6.12689	4.08609	-4.4272
19	-12.39969	-14.398	-13.3364	-16.78911	-15.75577	-15.45911	-13.87299	-14.7547	-14.92189	-12.65164	-16.16311	-16.25391	-16.5172
20	-10.12969	-12.598	-13.4564	-14.62911	-15.58577	-12.19911	-14.83299	-14.5847	-14.00189	-12.58164	-15.72311	-12.70391	-15.9772
SD	7.9673045	9.00803938	8.89143077	11.079569	11.5161835	10.3081909	9.52443611	11.3660818	12.1377265	11.8435651	13.1434022	11.7963742	14.2378342

For meaning of subgroup numbers, refer to Table 1 in the main text.

Table A- 2: Results from factor analysis

Method: Principal Components Analysis, unrotated

N: 240,163
Retained factors: 1
Number of parameters: 3

Factor	Eigenvalue
1	0.28941
2	-0.00996
3	-0.17324

Factor loadings (pattern matrix) and unique variances

Variable	Factor 1	Uniqueness
Unemployment	0.3630	0.8682
Fixed-term employment	0.3748	0.8595
Inv. Part-Time	0.1310	0.9828

Table A- 3: Descriptive statistics chapter 7

	N	Mean	SD	Min	Max
Year	256,133			1991	2016
Dependent Variable					
Labor Market Risk	256,133	-0.63	13.59	-28.37	39.20
Independent Variables					
Education	256,133	2.21	0.61	1	3
Migration Background	256,133	1.26	0.55	1	3
Single Parent	256,133	0.06	0.23	0	1
Region (1=East)	256,133	0.23	0.42	0	1
Change in unempl. rates	248,658	0.00	0.97	-1.97	2.48
Time	256,133				
Post reform period	225,857	0.61	0.49	0	1

Table A- 4: Results from OLS regression with labor market risk as dependent variable

	Baseline Model	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Constant	-.626 (.027)***	6.674 (.079)***	4.994 (.086)***	4.213 (.030)***	3.934 (.086)***	4.183 (.089)***	3.260 (.103)***	3.601 (.101)***
Individual Level								
Education (Ref.: Level 1)								
level 2		- 6.004 (.086)***	-4.907	-4.682 (.088)***	-4.849 (.088)***	-5.097 (.091)***	-5.247 (.091)***	-5.169 (.099)***
level 3		-12.201 (.092)***	-10.994 (.095)***	-10.537 (.094)***	-10.764 (.094)***	-11.115 (.097)***	-11.314 (.098)***	-11.300 (.106)***
Migration Background (Ref.: none)								
indirect			2.738 (.114)***	2.315 (.113)***	2.633 (.113)***	2.639 (.115)***	2.520 (.115)***	2.611 (.125)***
direct			3.349 (.074)***	3.456 (.073)***	3.818 (.075)***	4.009 (.076)***	3.947 (.077)***	4.095 (.083)***
Single Parent				9.293 (.111)***	9.291 (.111)***	9.426 (.114)***	9.281 (.114)***	9.457 (.122)***
Context level								
Region (1=East Germany)					1.648 (.062)***	1.685 (.064)***	1.758 (.064)***	1.807 (.070)***
Change in unemployment						-.072 (.027**)	.071 (.028)*	.079 (.030)**
Time (0=1991…25=2016)							.072 (.004)***	
Reform (1= after implementation)								1.081 (.061)***
R^2	0.000	0.076	0.085	0.109	0.112	0.114	0.116	0.114
n	256,133	256,133	256,133	256,133	256,133	248,658	248,658	218,382

Standard Error in parentheses

**** p<0,001, ** p<0,01, * p<0,05*

Table A-4: Results from OLS regression with labor market risk as dependent variable (continued)

	Model 7	Model 8	Model 9	Model 10	Model 11	Model 12	Model 13	Model 14
Constant	-.160 (.148)	4.496 (.102)***	3.372 (.097)***	2.863 (.099)***	1.369 (.122)***	4.262 (.100)***	3.565 (.097)***	3.262 (.098)***
Individual Level								
Education (Ref.: Level 1)								
level 2	-2.455 (.164)***	-5.356 (.088)***	-5.068 (.088)***	-5.082 (.088)***	-3.397 (.132)***	-5.231 (.096)***	-4.962 (.096)***	-4.963 (.096)***
level 3	-4.442 (.184)***	-11.359 (.095)***	-11.026 (.095)***	-11.068 (.095)***	-6.827 (.147)***	-11.283 (.103)***	-10.968 (103)***	-10.994 (.103)***
Migration Background (Ref.: none)								
indirect	2.531 (.113)***	.272 (.288)	2.527 (.113)***	2.486 (.113)***	2.606 (.122)***	1.072 (.227)***	2.622 (.122)***	2.582 (.122)***
direct	3.900 (.074)***	-1.568 (.153)***	3.801 (.075)***	3.779 (.074)***	4.000 (.080)***	.590 (.124)***	3.925 (.080)***	3.906 (.080)***
Single Parent	9.076 (.111)***	9.227 (.111)***	3.217 (.279)***	9.129 (.111)***	9.218 (.119)***	9.352 (.119)***	4.693 (.223)***	9.291 (.119)***
Context level								
Region (1=East Germany)	1.613 (.062)***	1.627 (.062)***	1.753 (.062)***	2.726 (.130)***	1.662 (.068)***	1.691 (.068)***	1.797 (.068)***	2.286 (.103)***
Time (0=1991…25=2016)	.32 (.010)***	-.003	.052 (.004)***	.089 (.004)***				
Reform (1= after implementation)					5.254 (.168)***	.126 (.064)	.779 (.059)***	1.300 (.066)***
Interaction Effects								
Educ. level 2 x Time	-.210 (.011)***							
Educ. level 3 x Time	-.471 (.012)***							
Indirect MB x Time		.140 (.016)***						
Direct MB x Time		.356 (.009)***						
Single Parent x Time			.359 (.016)***					
Region x Time				-.069 (.008)***				
Educ. level 2 x Reform					-3.377 (.183)***			
Educ. level 3 x Reform					-7.376)***			
Indirect MB x Reform						2.188 (.267)***		
Direct MB x Reform						5.397 (.155)***		
Single Parent x Reform							6.409 (.263)***	
Region x Reform								-.867 (.134)***
r^2	0.119	0.119	0.115	0.113	0.117	0.115	0.113	0.111
n	256,133	256,133	256,133	256,133	225,857	225,857	225,857	225,857

Appendix chapter 8

Table A- 5: Examples of questions that were coded to refer to the socio-economic or the cultural axis

Question	Survey year	Axis	Direction
Thinking of the 1-year increase in income taxes [to finance the costs coming with re-unification, S.H.], do you think it is order or do you think it is not?	1991	Socio-economic	State
On Monday, the government made a variety of decisions that are meant to become law as soon as possible. Please tell for each measure whether you support or oppose it: d. A guaranteed minimum pension for those who have worked 40 years and would receive less than 700€, the amount of the so called "basic security" (*Grundsicherung*).	2012	Socio-economic	State
The suggestion has been made that contributions to the public pension system will not be increased and that everybody should get a private pension instead. Do you support this suggestion or do you oppose it?	1997	Socio-economic	Market
[…] What is your opinion: Should the *Bahn* (German Public Transport Company) become an enterprise […] whose shares are traded at the stock exchange and can be held by other companies or private persons? (yes/no)	2007	Socio-economic	Market
The government plans an agricultural transformation that incentivizes ecological farming and animal welfare. Do you support this or not?	2001	Cultural	Universalism
There are demands to further develop the European Union into a confederation, the „United States of Europe". Would you appreciate it if we had the "United States of Europe" one day or wouldn't you?	2011	Cultural	Universalism
[.....] Are longer times of operation for nuclear plants the right or the wrong way?	2009	Cultural	Particularism
CSU chairman Horst Seehofer has put forth the demand that Germany should accept not more than 200,000 refugees per year. Are you in favor of such a limit or aren't you?	2016	Cultural	Particularism

Note: The questions were originally asked in German. Translations are my own. Questions were shortened where they contained unnecessary additional information (indicated by […]). Codings always refer to the first answer option.
Questions referring to the socio-economic axis were coded as "state" if they aimed at an expansion of state intervention or an increase in state revenues (e.g. through raising taxes). Questions that were coded as "market" refer to privatization or other measures to cut back the influence of the state or its revenues.
Questions referring to the cultural axis were coded as "universalism" if the asked about proposals that aimed at societal liberalization, more multilateralism or Green politics (i.e. policies to protect the environment). Questions that were coded as particularism" aimed at a stronger role of the national state, stricter rules for immigration and the preservation of traditional values.

Table A- 6: Number of questions per policy field and year

Policy Field	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
1.International Politics	11	6	5	5	9	1	1	0	11	0
2. Economy & Finance	5	3	7	4	2	16	18	2	11	7
3. Work & Social Policies	1	6	18	6	4	22	14	0	10	8
4. Environmental Policies	1	0	0	2	2	1	2	3	3	3
5. Migration	4	5	5	1	1	2	0	3	4	8
6. Cultural Values	5	9	13	10	7	8	3	8	4	8
7. European Integration	1	5	2	0	1	1	2	1	1	1
Total	28	34	50	28	26	51	40	17	44	35
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1.International Politics	8	3	4	0	2	6	4	5	5	5
2. Economy & Finance	4	12	19	9	8	7	4	25	36	17
3. Work & Social Policies	4	9	41	23	13	23	24	8	8	25
4. Environmental Policies	3	1	0	1	1	2	5	4	4	12
5. Migration	1	2	0	4	0	3	2	0	0	3
6. Cultural Values	9	3	3	10	9	8	12	13	3	18
7. European Integration	1	1	2	6	4	3	2	1	2	5
Total	30	31	69	53	37	52	53	56	58	85

Table A-6: Number of questions per policy field and year (continued)

	2011	2012	2013	2014	2015	2016
1.International Politics	9	3	3	2	3	1
2. Economy & Finance	12	9	13	3	1	0
3. Work & Social Policies	10	25	18	3	2	0
4. Environmental Policies	5	3	1	2	0	0
5. Migration	1	1	2	2	11	5
6. Cultural Values	15	20	20	3	2	3
7. European Integration	21	14	9	1	2	8
Total	73	75	66	16	21	17

Table A- 7: Mean position of insiders and outsiders on the two political axes

Period	State-Market Dimension		t-test	Particularism-Universalism		t-test
	Insiders	Outsiders		Insiders	Outsiders	
all years (1991-2016)	.454	.406	significant	.504	.491	not significant
1991-1998	.466	.424	not significant	.459	.486	not significant
1999-2006	.464	.383	significant	.510	.483	not significant
2007-2016	.432	.430	not significant	.518	.496	not significant
pre Hartz (1991-2002)	.488	.429	not significant	.492	.495	not significant
post Hartz (2006-2016)	.422	.412	not significant	.514	.492	not significant

Table A- 8: Mean position of insiders and outsiders on the two political axes by type of risk

Risk: Unemployment						
Period	State-Market Dimension		t-test	Particularism-Universalism		t-test
	Insiders	Outsiders		Insiders	Outsiders	
all years (1991-2016)	.472	.398	significant	.518	.457	significant
1991-1998	.500	.436	not significant	.470	.436	not significant
1999-2006	.474	.358	significant	.526	.455	significant
2007-2016	.438	.418	not significant	.535	.460	not significant
pre Hartz (1991-2002)	.507	.433	significant	.504	.458	not significant
post Hartz (2006-2016)	.429	.400	not significant	.530	.457	significant
Risk: FTE						
Period	State-Market Dimension		t-test	Particularism-Universalism		t-test
	Insiders	Outsiders		Insiders	Outsiders	
all years (1991-2016)	.450	.435	not significant	.495	.485	significant
1991-1998	.489	.450	not significant	.448	.477	not significant
1999-2006	.439	.417	not significant	.501	.494	significant
2007-2016	.427	.448	not significant	.513	.485	significant

pre Hartz (1991-2002)	.494	.452	not significant	.479	.491	not significant
post Hartz (2006-2016)	.415	.432	not significant	.509	.482	significant
Risk: IVPTE						
Period	State-Market Dimension		t-test	Particularism-Universalism		t-test
	Insiders	Outsiders		Insiders	Outsiders	
all years (1991-2016)	.452	.408	significant	.498	.494	not significant
1991-1998	.447	.425	not significant	.451	.465	not significant
1999-2006	.464	.391	significant	.508	.488	not significant
2007-2016	.437	.424	not significant	.512	.506	not significant
pre Hartz (1991-2002)	.475	.434	significant	.485	.484	not significant
post Hartz (2006-2016)	.427	.408	not significant	.507	.503	not significant

Table A- 9: Mean position of insiders and outsiders on the two political axes (controlling for gender, age, education, and region)

Period	State-Market Dimension		t-test	Particularism-Universalism		t-test
	Insiders	Outsiders		Insiders	Outsiders	
all years (1991-2016)	.449	.413	not significant	.506	.485	not significant
1991-1998	.465	.425	not significant	.465	.478	not significant
1999-2006	.453	.398	significant	.506	.487	not significant
2007-2016	.433	.429	not significant	.522	.487	not significant
pre Hartz (1991-2002)	.480	.438	not significant	.494	.490	not significant
post Hartz (2006-2016)	.423	.413	not significant	.518	.483	not significant

Appendix chapter 9

Table A- 10: Results from logit models with policy change as dependent and support rates as independent variables, 1991-2016

	Insiders	**Outsiders**
Constant	-.153 (.228)	.136 (.201)
Support rate	.695 (.395)	.168 (.351)
Pseudo r^2	0.078	0.000
n	644	644

Standard Error in parentheses

**** p<0,001, ** p<0,01, * p<0,05*

Table A- 11: Results from logit models with policy change as dependent and support rates as independent variables for questions on which opinions diverge, 1991-2016

	Insiders	**Outsiders**
Constant	-3.198 (1.355)**	2.286 (.992)**
Support rate	6.816 (2.62)**	-4.152 (1.981)**
Pseudo r^2	0.047	0.031
n	110	110

Standard Error in parentheses

**** p<0,001, ** p<0,01, * p<0,05*

Table A- 12: Results from logit models with policy change as dependent and support rates as independent variables, dependent on opinion differences, 1991-2016

	Insiders	**Outsiders**
Constant	-.097 (.037)	-.251 (.348)
Support rate	.473 (.635)	.772 (.577)
Opinion Difference	-1.252 (4.307)	4.669 (3.426)
Support Rate x Opinion Difference	3.837 (7.749)	-7.638 (6.016)
Pseudo r^2	0.004	0.002
n	644	644

Standard Error in parentheses

**** p<0,001, ** p<0,01, * p<0,05*

Table A- 13: Results from logit models with policy change as dependent and support rates as independent variables for questions from the field of social and labor-related policies, 1991-2016

	Insiders	**Outsiders**
Constant	-.289 (.364)	-.017 (.318)
Support rate	1.363 (.662)*	.875 (.594)
Pseudo r^2	0.017	0.009
n	182	182

Standard Error in parentheses

**** p<0,001, ** p<0,01, * p<0,05*

Table A- 14: Results from logit models with policy change as dependent and support rates as independent variables for three different labor market risks, 1991-2016

Unemployment	**Insiders**	**Outsiders**	**Insiders ***	**Outsiders ***
Constant	-.201 (.231)	.250 (.193)	-3.344 (1.046)**	2.337 (.727)**
Support rate	.779 (.399)	-.048 (.334)	6.862 (1.997)**	-4.316 (1.432)**
Pseudo r^2	0.004	0.000	0.000	0.002
n	644	644	143	143

FTE	**Insiders**	**Outsiders**	**Insiders ***	**Outsiders ***
Constant	.-.083 (.220)	.027 (.215)	-2.538 (1.599)	4.084 (1.589)**
Support rate	.571 (.382)	.370 (.374)	5.728 (3.198)	-7.589 (3.111)**
Pseudo r^2	0.003	0.001	0.066	0.058
n	644	644	85	85

IVPTE	**Insiders**	**Outsiders**	**Insiders ***	**Outsiders ***
Constant	-.067 (.224)	.125 (.201)	-1.562 (1.326)	2.641 (1.289)*
Support rate	.540 (.388)	.190 (.352)	4.016 (2.585)	-4.430 (2.587)
Pseudo r^2	0.002	0.000	0.021	0.026
n	644	644	89	89

*If support rates fall on different sides of the 50% threshold

Standard Error in parentheses

**** p<0,001, ** p<0,01, * p<0,05*

Appendix chapter 10

Table A- 15: Descriptive statistics for the variables used in chapter 10

2009	N	mean	sd	min	max
Labor Market Risk	477	-5,91	7,18	-22.45	18.87
Voting Behavior	239	1,82	0,78	1	3
Gender (1=male)	477	0,40	0,49	0	1
Age	477	42,46	11,48	18	68
Education	477	0,85	0,71	0	2
Union Membership	472	0,18	0,38	0	1
Interested in politics	473	1,62	0,98	0	4
Left-Right Self-placement	427	4,29	1,82	0	10
Region (1=East)	477	0,31	0,46	0	1

2013	N	mean	sd	min	max
Labor Market Risk	410	-10,21	12,61	-26.76	31.59
Voting Behavior	199	2,08	0,92	1	4
Gender (1=male)	410	0,51	0,50	0	1
Age	410	46,33	11,13	18	74
Education	409	0,97	0,74	0	2
Union Membership	410	0,17	0,38	0	1
Interested in politics	410	1,81	0,94	0	4
Left-Right Self-placement	372	4,40	1,70	0	9
Region (1=East)	410	0,37	0,48	0	1

2017	N	mean	sd	min	max
Labor Market Risk	500	-10,80	13,53	-27.68	30.06
Voting Behavior	239	2,51	1,03	1	4
Gender (1=male)	500	0,59	0,49	0	1
Age	500	46,31	11,95	19	82
Education	497	1,34	0,75	0	2
Union Membership	494	0,20	0,40	0	1
Interested in politics	500	2,24	1,00	0	4
Left-Right Self-placement	481	4,11	1,95	0	10
Region (1=East)	500	0,33	0,47	0	1

Table A- 16: Results from multinomial logit models with voting decision as dependent and unemployment risk as independent variable, 2009

	Baseline Model	Simple Model	Full Model
1. CDU/CSU			
Risk		.012 (.014)	0.12 (.034)
Gender (ref.: female)			-.273 (.517)
Age			.021 (.009)*
Education (Ref.: low)			
medium			.334 (.224)
high			.344 (.264)
Union Membership			-.011 (.012)
Interest in Politics			-.356 (.097)***
Left-Right			.000 (.004)*
Region (1=East Germany)			.441 (.226)
Constant	.474 (.096)***	.611 (.181)**	-.007 (.439)
2. SPD	(base outcome)		
3. FDP			
Risk		.006 (.017)	-.012 (.044)
Gender (ref.: female)			-.167 (.655)
Age			.006 (.012)
Education (Ref.: low)			
medium			.197 (.245)
high			.493 (.278)
Union Membership			-.004 (.013)
Interest in Politics			-.371 (.098)***
Left-Right			-.001 (.006)
Region (1=East Germany)			-.002 (.287)
Constant	-.411 (.120)**	-.340 (.226)	-.271 (.513)
4. Greens			
Risk		.085 (.018)***	.023 (.043)
Gender (ref.: female)			-.328 (.631)
Age			-.024 (.013)
Education (Ref.: low)			
medium			.268 (.249)
high			.420 (.282)
Union Membership			-.040 (.072)
Interest in Politics			-.027 (.143)
Left-Right			-.005 (.007)
Region (1=East Germany)			-.382 (.343)
Constant	-.665 (.130)***	.114 (.207)	.794 (.562)

5. The Left			
Risk		.017 (.017)	.042 (.037)
Gender (ref.: female)			.483 (.546)
Age			-.007 (.012)
Education (Ref.: low)			
medium			-.067 (.294)
high			-.107 (.358)
Union Membership			.009 (.010)
Interest in Politics			.068 (.128)
Left-Right			-.001 (.006)
Region (1=East Germany)			1.375 (.260)***
Constant	-.321 (.117)**	-.136 (.215)	-.374 (.539)
6. Abstention			
Risk		.073 (.014)***	.085 (.031)**
Gender (ref.: female)			1.144 (.465)*
Age			-.017 (.010)
Education (Ref.: low)			
medium			.312 (.230)
high			.397 (.270)
Union Membership			.008 (.009)
Interest in Politics			-.379 (.097)***
Left-Right			.017 (.004)***
Region (1=East Germany)			.819 (.241)**
Constant	.307 (.010)**	.996 (.174)***	1.119 (.444)*
Pseudo r^2	0.000	0.015	0.078
n	1,027	1,027	1,021

Standard Error in parentheses

**** p<0,001, ** p<0,01, * p<0,05*

Table A- 17: Results from multinomial logit models with voting decision as dependent and unemployment risk as independent variable, 2013

	Baseline Model	Simple Model	Full Model
1. CDU/CSU			
Risk		.051 (.013)***	.007 (.024)
Gender (ref.: female)			1.405 (.740)
Age			-.081 (.030)**
Education (Ref.: low)			
medium			-.351 (.711)
high			-1.533 (.862)
Union Membership			-1.082 (.741)
Interest in Politics			-1.321 (311)***
Left-Right			.288 (.146)*
Region (1=East Germany)			1.019 (.534)
Constant	-.786 (.188)***	-.405 (.218)	3.977 (1.677)*
2. SPD	(base outcome)		
3. FDP			
Risk		-.001 (.014)	.016 (.024)
Gender (ref.: female)			1.413 (.727)
Age			-.040 (.028)
Education (Ref.: low)			
medium			-.140 (.715)
high			.338 (.699)
Union Membership			.556 (.465)
Interest in Politics			-.106 (.242)
Left-Right			-.614 (.137)***
Region (1=East Germany)			.532 (.427)
Constant	-.530 (.173)**	-.545 (.245)*	2.116 (1.431)
4. Greens			
Risk		.009 (.013)	.002 (.025)
Gender (ref.: female)			.497 (.798)
Age			-.006 (.026)
Education (Ref.: low)			
medium			.071 (.680)
high			-.996 (.701)
Union Membership			-.469 (.577)
Interest in Politics			.220 (.305)
Left-Right			1.031 (.170)***
Region (1=East Germany)			1.683 (.527)**

5. The Left			
Risk		.009 (.013)	.002 (.025)
Gender (ref.: female)			.497 (.798)
Age			-.006 (.026)
Education (Ref.: low)			
medium			.071 (.680)
high			-.996 (.701)
Union Membership			-.469 (.577)
Interest in Politics			.220 (.305)
Left-Right			1.031 (.170)***
Region (1=East Germany)			1.683 (.527)**
6. AfD			
Risk		.009 (.013)	.002 (.025)
Gender (ref.: female)			.497 (.798)
Age			-.006 (.026)
Education (Ref.: low)			
medium			.071 (.680)
high			-.996 (.701)
Union Membership			-.469 (.577)
Interest in Politics			.220 (.305)
Left-Right			1.031 (.170)***
Region (1=East Germany)			1.683 (.527)**
Constant	-.492 (.171)**	-.388 (.229)	-6.326 (1.864)**
7. Abstention			
Risk		.009 (.013)	.002 (.025)
Gender (ref.: female)			.497 (.798)
Age			-.006 (.026)
Education (Ref.: low)			
medium			.071 (.680)
high			-.996 (.701)
Union Membership			-.469 (.577)
Interest in Politics			.220 (.305)
Left-Right			1.031 (.170)***
Region (1=East Germany)			1.683 (.527)**
Pseudo r^2	0.000	0.029	0.344
n	239	239	232

Standard Error in parentheses

**** p<0,001, ** p<0,01, * p<0,05*

Table A- 18: Results from multinomial logit models with voting decision as dependent and unemployment risk as independent variable, 2017

	Baseline Model	Simple Model	Full Model
1. CDU/CSU			
Risk		.051 (.013)***	.007 (.024)
Gender (ref.: female)			1.405 (.740)
Age			-.081 (.030)**
Education (Ref.: low)			
medium			-.351 (.711)
high			-1.533 (.862)
Union Membership			-1.082 (.741)
Interest in Politics			-1.321 (311)***
Left-Right			.288 (.146)*
Region (1=East Germany)			1.019 (.534)
Constant	-.786 (.188)***	-.405 (.218)	3.977 (1.677)*
2. SPD	(base outcome)		
3. FDP			
Risk		-.001 (.014)	.016 (.024)
Gender (ref.: female)			1.413 (.727)
Age			-.040 (.028)
Education (Ref.: low)			
medium			-.140 (.715)
high			.338 (.699)
Union Membership			.556 (.465)
Interest in Politics			-.106 (.242)
Left-Right			-.614 (.137)***
Region (1=East Germany)			.532 (.427)
Constant	-.530 (.173)**	-.545 (.245)*	2.116 (1.431)
4. Greens			
Risk		.009 (.013)	.002 (.025)
Gender (ref.: female)			.497 (.798)
Age			-.006 (.026)
Education (Ref.: low)			
medium			.071 (.680)
high			-.996 (.701)
Union Membership			-.469 (.577)
Interest in Politics			.220 (.305)
Left-Right			1.031 (.170)***
Region (1=East Germany)			1.683 (.527)**

5. The Left			
Risk		.009 (.013)	.002 (.025)
Gender (ref.: female)			.497 (.798)
Age			-.006 (.026)
Education (Ref.: low)			
medium			.071 (.680)
high			-.996 (.701)
Union Membership			-.469 (.577)
Interest in Politics			.220 (.305)
Left-Right			1.031 (.170)***
Region (1=East Germany)			1.683 (.527)**
6. AfD			
Risk		.009 (.013)	.002 (.025)
Gender (ref.: female)			.497 (.798)
Age			-.006 (.026)
Education (Ref.: low)			
medium			.071 (.680)
high			-.996 (.701)
Union Membership			-.469 (.577)
Interest in Politics			.220 (.305)
Left-Right			1.031 (.170)***
Region (1=East Germany)			1.683 (.527)**
Constant	-.492 (.171)**	-.388 (.229)	-6.326 (1.864)**
7. Abstention			
Risk		.009 (.013)	.002 (.025)
Gender (ref.: female)			.497 (.798)
Age			-.006 (.026)
Education (Ref.: low)			
medium			.071 (.680)
high			-.996 (.701)
Union Membership			-.469 (.577)
Interest in Politics			.220 (.305)
Left-Right			1.031 (.170)***
Region (1=East Germany)			1.683 (.527)**
Pseudo r^2	0.000	0.029	0.344
n	239	239	232

Standard Error in parentheses

**** p<0,001, ** p<0,01, * p<0,05*

Eigenständigkeitserklärung

Hiermit versichere ich, Svenja Hense, Matrikelnr. 458094,

zur vorliegenden Dissertation (Monographie) mit dem Titel

The Not-So Dualized Society: Chances of a Cleavage Formation From Labor Market Dualization

a) dass ich diese selbstständig verfasst habe, dass ich keine unerlaubte fremde Hilfe in Anspruch genommen habe und dass ich keine anderen als die in der Dissertation aufgeführten Quellen und Hilfsmittel benutzt habe und die Stellen der Dissertation, die anderen Werken – auch elektronischen Medien – dem Wortlaut oder Sinn nach entnommen wurden, auf jeden Fall unter Angabe der Quelle als Entlehnung kenntlich gemacht habe;

b) dass ich mit dem Abgleich der Dissertation mit anderen Texten zwecks Auffindung von Übereinstimmungen sowie mit einer zu diesem Zweck vorzunehmenden Speicherung der Dissertation in einer Datenbank einverstanden bin;

c) dass ich die eingereichte Arbeit noch in keinem anderen Prüfungsverfahren vorgelegt habe, die Arbeit also noch nicht Gegenstand einer staatlichen oder akademischen Prüfung gewesen ist.

Münster, _____