Risk Sharing When Unemployment Hits: How Policy Design Influences Citizen Support For European Unemployment Risk Sharing (EURS)

Bertelsmann Stiftung
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Introduction

- Frank Vandenbroucke, Brian Burgoon, Theresa Kuhn, Francesco Nicoli, Stefano Sacchi, David van der Duin, Sven Hegewald, *Risk Sharing When Unemployment Hits: How Policy Design Influences Citizen Support For European Unemployment Risk Sharing (EURS)*. 2018. AISSR Policy Report 1 (December).
- Zusammenfassung: *Grenzüberschreitende Solidarität Bei Beschäftigungskrisen: Wie Politikgestaltung Die Öffentliche Zustimmung Hinsichtlich Der Risikoteilung Bei Erhöhter Arbeitslosigkeit Unter Den Bürgern Europas Beeinflusst*

- ✓ **Why conduct a survey on public support for cross-border risk sharing?**
- ✓ **Our methodology: a survey experiment with 'conjoint analysis'**

A survey experiment: making people think…

- *Fixed points* of all the policy packages:
  - disbursement of EU support for a MS is triggered by significant increases in unemployment in that MS;
  - EU support is used to subsidize national unemployment systems;
  - common (minimum) floor to the generosity of unemployment benefit levels in all the participating countries.

- *Moving parts*:
  - generosity (3);
  - conditions w.r.t. training and education (2);
  - between-country redistribution (3)
  - Taxation (3);
  - EU or national administration (2);
  - conditions w.r.t. job search effort dimension (3).

=> 324 packages

IPSOS Screen shot:

	Option 1	Option 2
How much does the new programme subsidize the national unemployment benefit, when a country is in need?	70% of the last wage, covering the first 6 months of unemployment	70% of the last wage, covering the first 6 months of unemployment
Are there conditions for unemployed people?	Yes, the unemployed must apply for at least one job per week, **and** accept any suitable job offer, or lose the benefit	Yes, the unemployed must apply for at least one job per week, **and** accept any suitable job offer, or lose the benefit
Who will administer the programme?	The European Union	National governments
What is the long-term impact on the taxes you have to pay?	In the long run, taxes will increase with 1% of income only for the rich in your country	In the long run, taxes will increase with 0.5% of income for everyone in your country
Are there conditions that countries in need must fulfil to obtain the support?	No conditions	A country can only receive support if it offers education and training opportunities for all its unemployed citizens
May some countries receive more support from the programme than they pay into it?	No, in the long run countries cannot receive more support from the programme than they paid into the programme	Yes, in the long run poor countries will receive more support from the programme than they paid into it, while rich countries will receive less support from the programme than they paid into it

Which one of the two options for this European programme do you prefer?

- ○ Option 1
- ○ Option 2

How much are you in favour or against option 1?

- ○ Strongly in favour
- ○ Somewhat in favour
- ○ Neither in favour nor against
- ○ Somewhat against
- ○ Strongly against

Figure 3: Support for Package (by country)

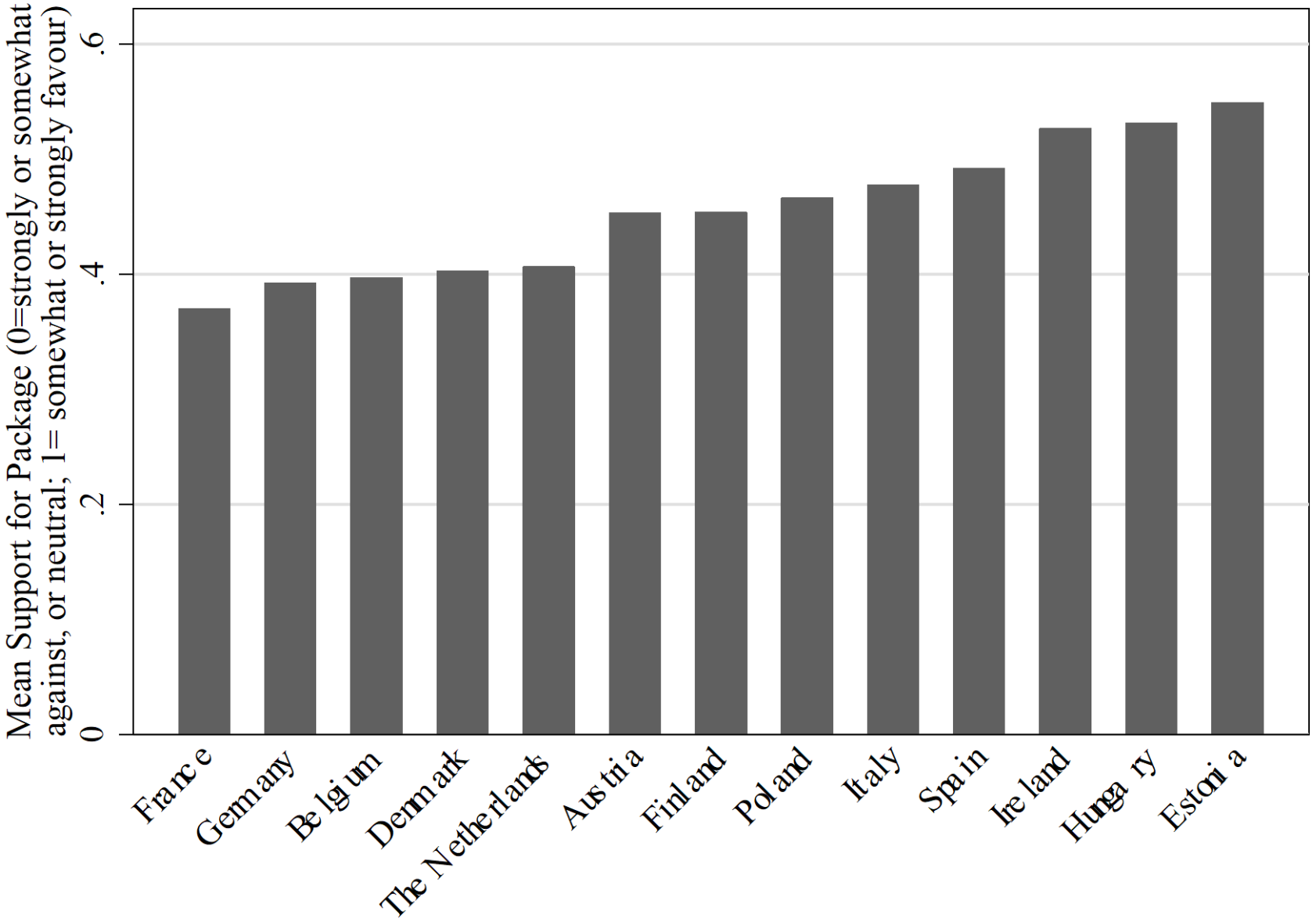
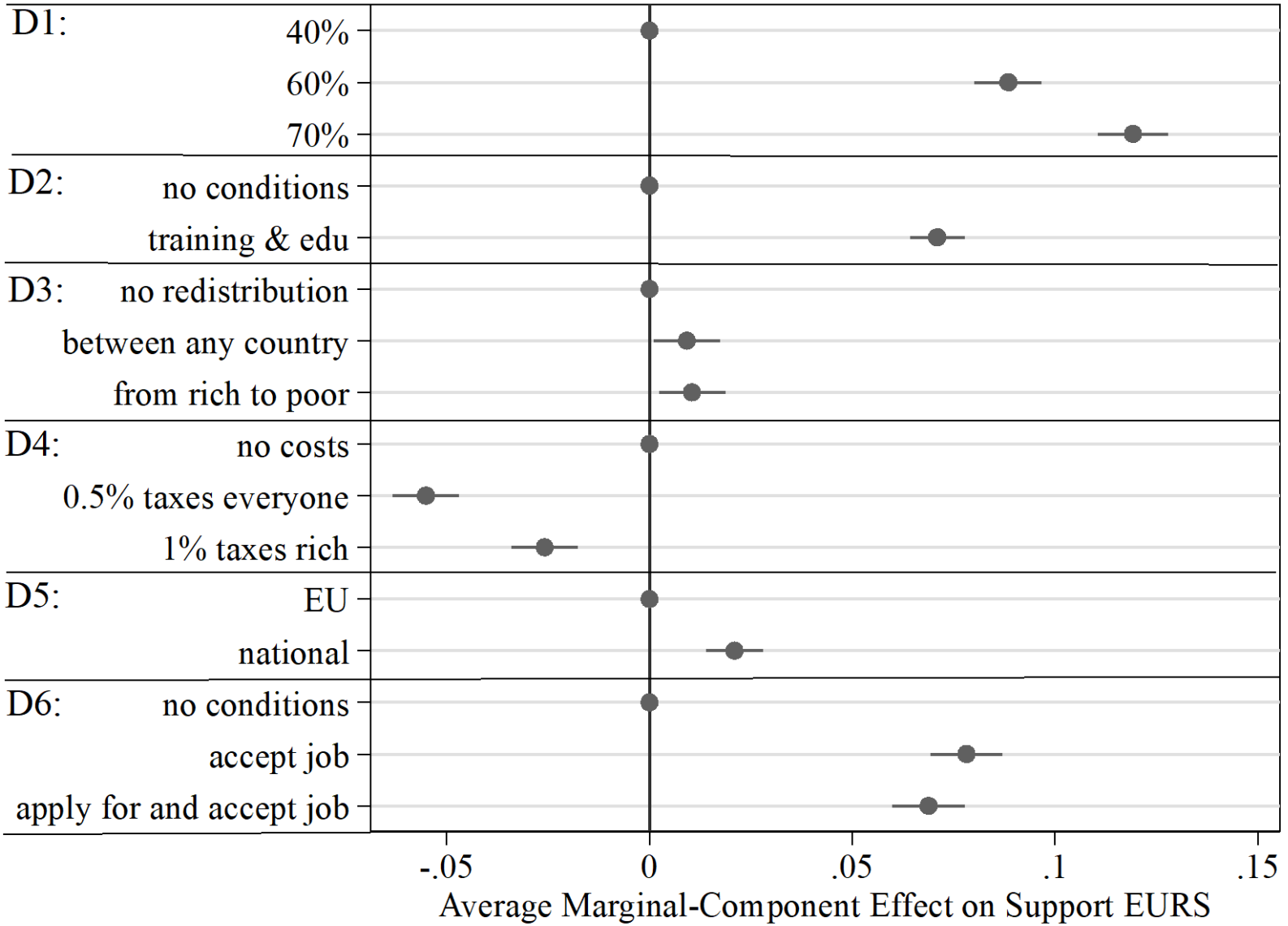
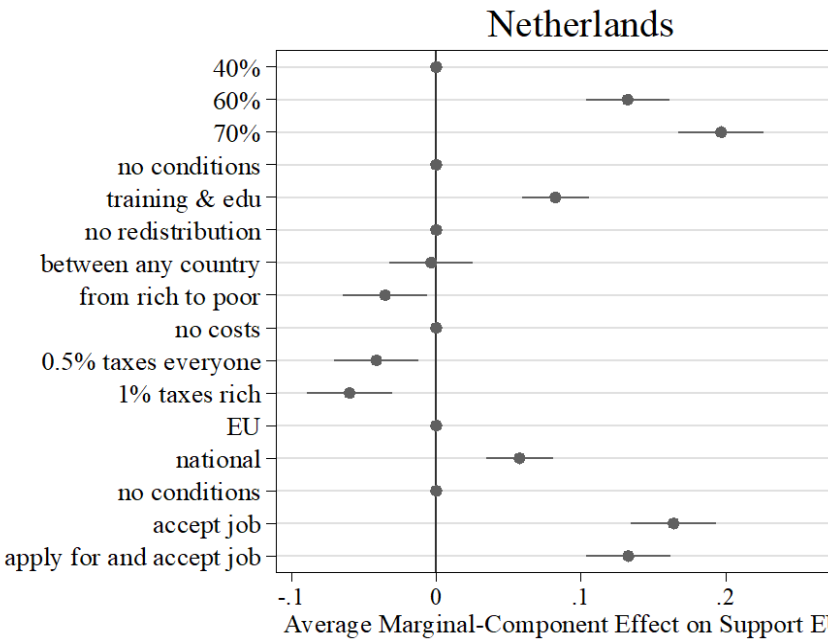


Figure 11: Average Marginal-Component Effect (AMCE) of Dimension Attributes on Support EURS




Netherlands
40%
60%
70%
no conditions
training & edu
no redistribution
between any country
from rich to poor
no costs
0.5% taxes everyone
1% taxes rich
EU
national
no conditions
accept job
apply for and accept job
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0
.1
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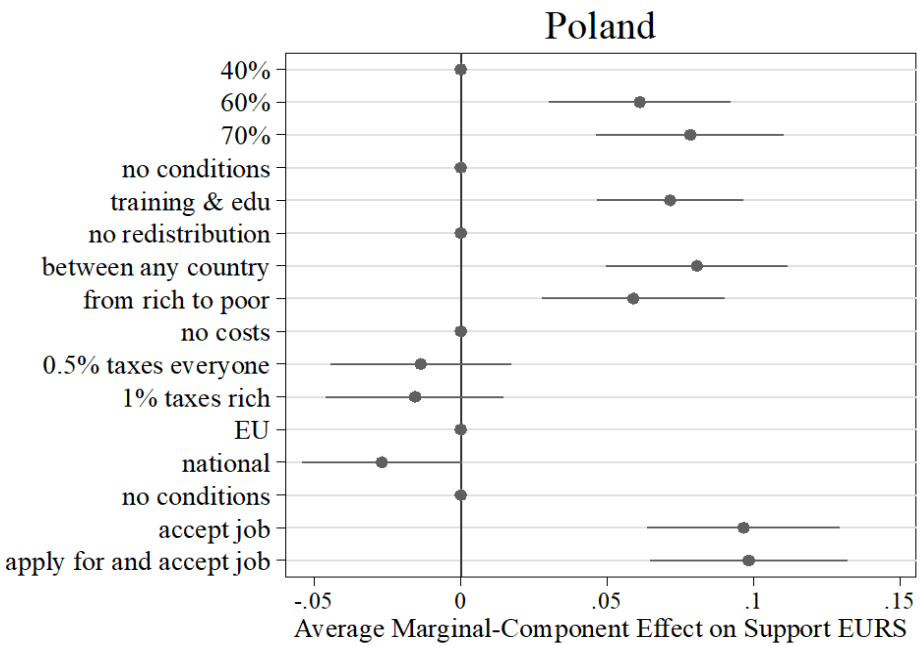
Average Marginal-Component Effect on Support E


Poland
40%
60%
70%
no conditions
training & edu
no redistribution
between any country
from rich to poor
no costs
0.5% taxes everyone
1% taxes rich
EU
national
no conditions
accept job
apply for and accept job
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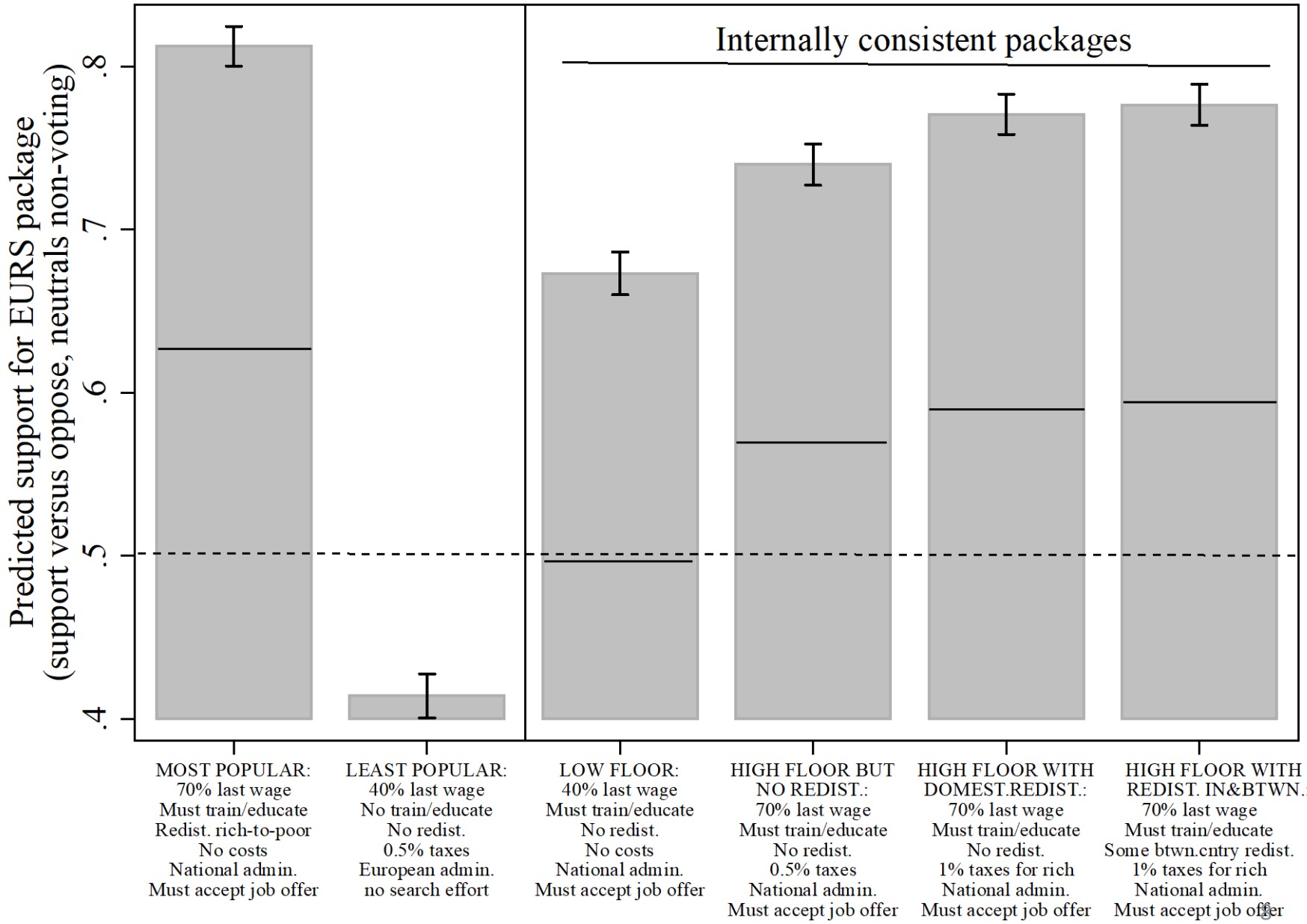
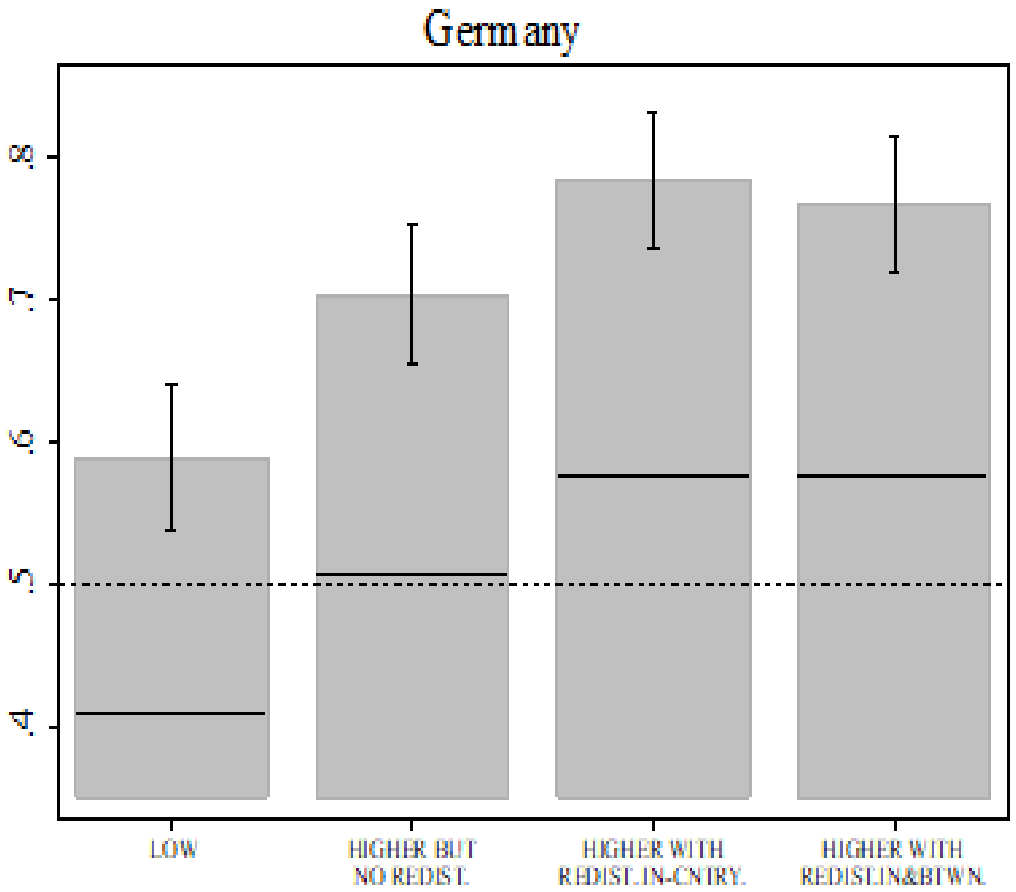
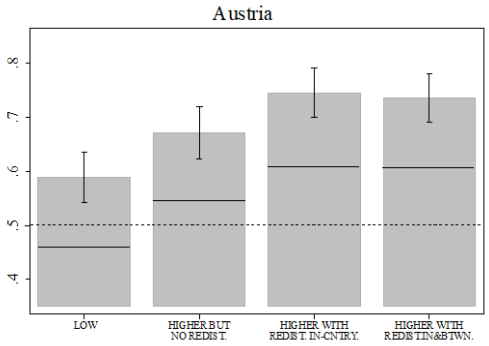
Average Marginal-Component Effect on Support EURS

Figure 14: Predicted Vote for Sample Packages, Pooled Sample (13 countries)



Predicted vote for sample of consistent packages, Germany




Austria
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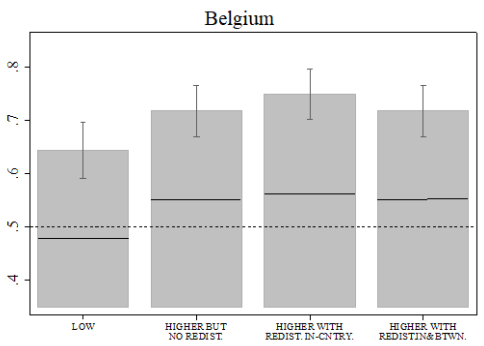
LOW
HIGHER BUT NO REDIST.
HIGHER WITH REDIST. IN-CNTRY.
HIGHER WITH REDISTIN&BTWN.


Belgium
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HIGHER WITH REDIST. IN-CNTRY.
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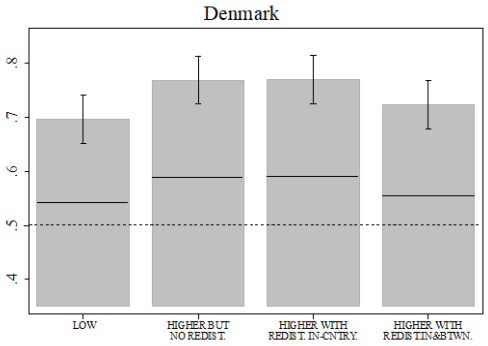
Denmark
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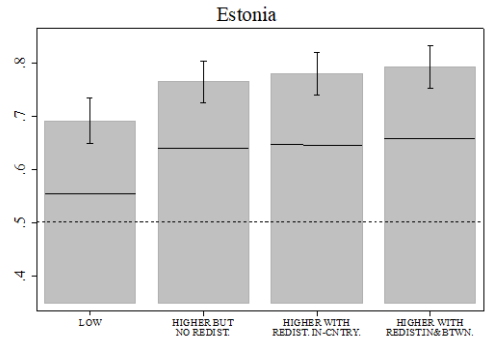
Estonia
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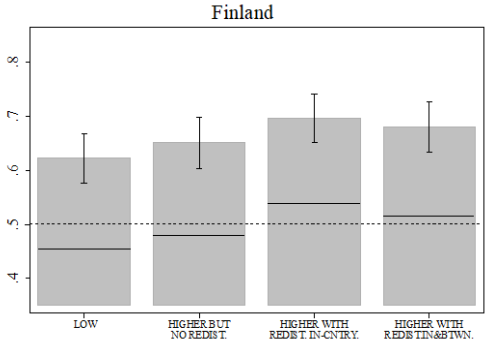
Finland
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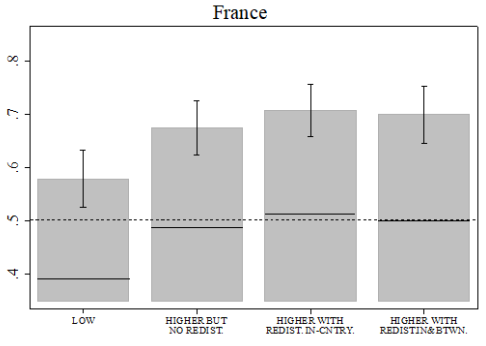
France
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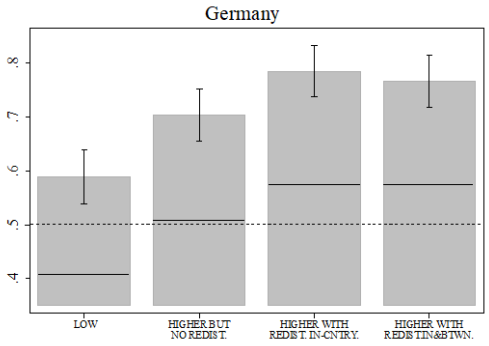
Germany
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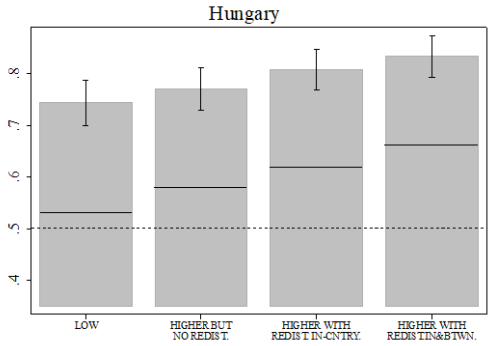
Hungary
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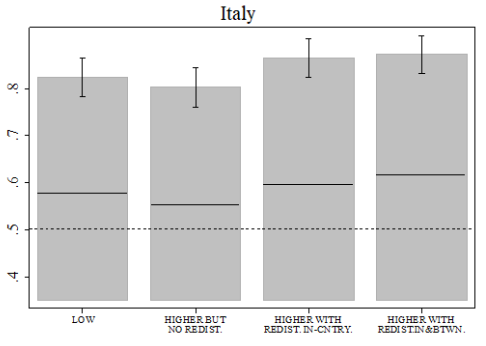
Italy
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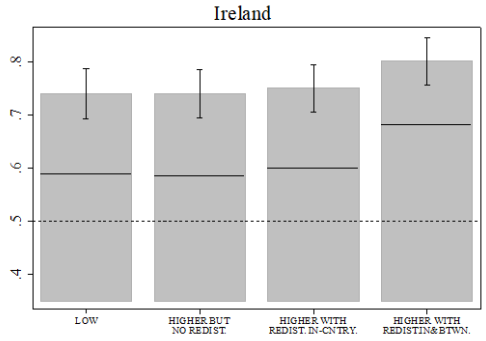
Ireland
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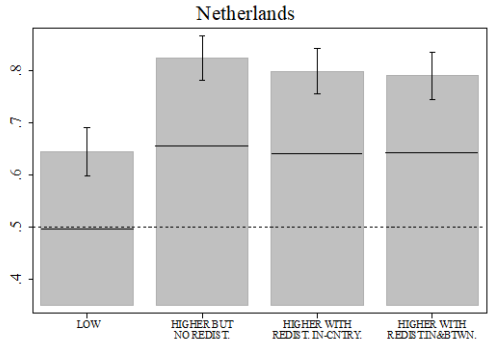
Netherlands
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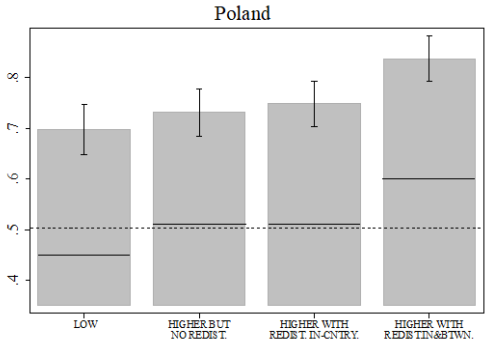
Poland
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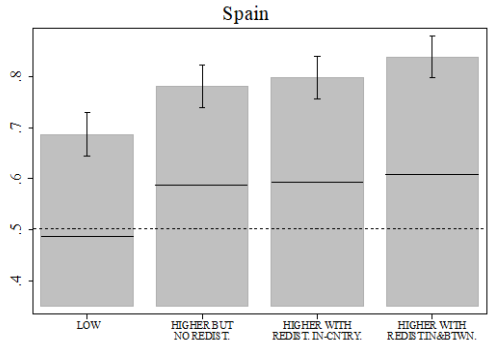
Spain
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Conclusions

- Fundamental opposition to EURS is confined to a relatively small segment of the population.
- Citizens are sensitive to the design of EURS.
- Generous packages can carry majorities in each of the countries in our sample, even if a generous package would require additional taxation In some countries, domestic redistribution from rich to poor of the eventual tax burden (if there would be a tax burden) is necessary to rally sufficient support.
- In most countries, support is larger if the implementation of EURS is decentralized.
- In all countries, support increases if EURS is associated with *social investment* policies.
- A debate that exercises the policy community a lot, i.e. the question how tolerant the scheme should be with regard to structural between-country redistribution, seems less important for citizens, when they express preferences, than for policymakers. This is not to say that such debates are not important; but other issues – such as education, training and activation requirements – seem to carry more weight for citizens' judgment.

Thank you

- Full report and synthesis in **German**: http://aissr.uva.nl/news