REC-WP 02/2009

Working Papers on the Reconciliation of Work and Welfare in Europe

The Ins and Outs of Dualisation: A Literature Review

Johan Davidsson

Marek Naczyk

Sixth Framework Programme

Reconciling Work and Welfare in Europe
A Network of Excellence of the European Commission's Sixth Framework Programme

Johan Davidsson and Marek Naczyk

The Ins and Outs of Dualisation: A Literature Review.

REC-WP 02/2009
Working Papers on the Reconciliation of Work and Welfare in Europe
RECWOWE Publication, Dissemination and Dialogue Centre, Edinburgh

The Working Papers on the Reconciliation of Work and Welfare in Europe series seeks to promote the diffusion of research and research integration activities taking place within the network and being produced by other researchers working on issues of work and welfare in Europe.
Working papers are published either within the framework of a series of closed calls, which follow the different stages in the life-cycle of the network's activities, or as part of an open call, which aims to privilege both research focussed on cross-national comparative analysis of the various tensions between work and welfare and research focussed on the role of the European level in addressing these tensions.
All papers are peer-reviewed.

The Working Papers on the Reconciliation of Work and Welfare in Europe are published online by the Publication, Dissemination and Dialogue Centre (PUDIAC) of RECWOWE.
They can be downloaded at
http://www.socialpolicy.ed.ac.uk/recwowepudiac/working_papers/

RECWOWE / PUDIAC on the internet:
http://www.socialpolicy.ed.ac.uk/recwowepudiac

About the authors

Johan Davidsson is a PhD candidate at the European University Institute where his research centres on the politics of labour market reform. In his thesis work he studies the evolution of employment policy in Europe by comparing the cases of France, Sweden and the UK. Preliminary results of his research have been presented at conferences organised by the ECPR, ISA RC19 and ESPAnet.

Marek Naczyk is a DPhil candidate in the Department of Politics and International Relations at the University of Oxford. He is a graduate of the Institute of Political Studies in Paris (Sciences Po Paris). His thesis focuses on institutional change in Western European and Central European Bismarckian pension systems.

Abstract

"Outsiders", the "underclass", the "working poor", the "socially excluded", the "dis-advantaged" are all terms that point to what is deemed to be a key characteristic of post-industrial societies, i.e. increasing inequalities and the growth of a group of people who are at risk of finding themselves at a permanent disadvantage in the labour market and in other spheres of social activity. This article aims at providing a systematic overview of the empirical and theoretical literature on the growth of a population of outsiders in European societies and in America, a development that has been labelled "dualisation." Throughout the paper, we will study three potential dimensions of exclusion. First, we look at individuals' position in the labour market. Second, we study individuals' status in terms of social protection and, finally, we examine which effect the first two dimensions may have on individuals' political behaviour, attitudes and capacity to be represented by political organisations.

Keywords

Dualisation; Segmentation; Inequality; Labour Market Reform; Welfare States; Political representation.

Introduction[1]

"Outsiders", the "underclass", the "working poor", the "socially excluded", the "dis-advantaged" are all terms that point to what is deemed to be a key characteristic of post-industrial societies, i.e. increasing inequalities and the growth of a group of people who are at risk of finding themselves at a permanent disadvantage in the labour market and in other spheres of social activity. This article aims at providing an overview of the empirical and theoretical literature on the growth of a population of outsiders in European societies and in America, a development that has been labelled "dualisation." Throughout the paper, we will study three potential dimensions of exclusion. First, we look at individuals' position in the labour market. Second, we study individuals' status in terms of social protection and, finally, we examine which effect the first two dimensions may have on individuals' political behaviour, attitudes and capacity to be represented by political organisations.

Section two of this article focuses on the characteristics of the individuals who comprise the groups of insiders and outsiders. Even though a number of studies have emphasised the existence and the extension of a relatively large population of marginalised workers, multiple terms and multiple definitions of these terms have been used to label them. A lack of clarity in terminology puts researchers at risk of talking about "situations and populations about which it is difficult to grasp what they have in common" (1996a: 17). Therefore, the first sub-section reviews the way in which these groups have been conceptualised in the literature. The second sub-section reviews studies that try to shed light on the factors that affect the likelihood of an individual becoming an "outsider" and that try to explain cross-national variation in that regard. This part concentrates both on the individual characteristics and on the institutional features which may affect this probability.

Section three of the paper shifts the focus to the macro-level processes that lead to the emergence of insiders and outsiders and the growth of inequalities between the two groups. The first sub-section discusses the concept of dualisation as a dependent variable. Primarily two problems are raised. First, we argue that the choice of the dependent variable, i.e. how we define the insiders and outsiders, has consequences for in which countries an increasing dualisation can be said to take place. Second, we ask whether it makes sense to talk about dualisation occurring in the three dimensions of interest or whether another conceptual division is more appropriate. The second sub-section surveys the different theoretical explanations for an increased dualisation that exist in the literature. Section four of the paper concludes and highlights some conceptual and methodological questions that have arisen in the paper. It also seeks to identify what may be missing in the literature to date and which challenges lie ahead for research on dualisation.

Who are insiders / outsiders?

How have the two groups been conceptualised?

The notion that individuals may become "outsiders" in different spheres of social life has been best captured by the concept of social exclusion. This term, which was first introduced in France in the 1970s, entered the mainstream political vocabulary at the European level at the beginning of the 1990s (Paugam 1996b). "An individual is socially excluded if he or she does not participate in key activities of the society in which he or she lives" (Burchard *et al.* 2002: 30). The concept of "social exclusion" may also sometimes imply that there is a downward spiral or a vicious circle in which exclusion in one sphere of social life leads to exclusion in another dimension of social activity, resulting in a permanent state of exclusion. Nevertheless, it remains an empirical question whether such processes of ever increasing exclusion are a widespread phenomenon (Gallie *et al.* 2003). Researchers have identified a variety of dimensions of exclusion such as the loss of the ability to consume, to produce, to engage politically or to integrate with family, friend and community (Schnapper 1996, Burchard *et al.* 2002). To be sure, the emphasis given on each potential dimension of social exclusion may differ according to researchers' scientific interests. This essay will concentrate solely on the three dimensions of exclusion identified above: exclusion in the labour market, exclusion in terms of social protection and political exclusion.

Outsiders in the labour market

In this section we discuss the way in which different strands of literature in the sociology of labour market and in labour economics have conceptualised exclusion in the labour market. First, we discuss the distinction between the "primary" and the "secondary" labour markets that was drawn by dual labour market theory and the literature on segmented labour markets. Second, we discuss the notion of "insiders" and "outsiders" that has been used in labour economics and in the political economy of labour market institutions. Finally, we incorporate conceptual contributions from the sociological literature on the rise of precariousness and of atypical employment.

While in neoclassical economics and in human capital theory the labour market is understood to function in a perfectly competitive manner, dual labour market theory (Doeringer and Piore 1971, Berger and Piore 1980, Piore 1983) and the literature on segmented labour markets (Reich *et al.* 1973, Kalleberg and Sorensen 1979, Gordon *et al.* 1982, Rubery 2007, Reich 2008) posit that the labour market is divided into two segments with a reduced mobility of workers between the two. In the *primary (or internal) market*, wages and promotion are governed by administrative work rules rather than market allocation mechanisms, whereas the *secondary (or external) market* follows the rules of perfectly competitive markets. The primary market offers jobs "with relatively high wages, good working conditions, chances of advancement, (...) and above all, employment stability" (Piore 1975: 126). The secondary market is characterised by competitive wage setting practices, low wages, poorer working conditions, less training, job instability, and on the whole fewer opportunities for career advancement. While labour market segmentation theory

attempted to account for the persistence of a low-wage sector during the Fordist era, increasing flexibility that was brought about by changes in public policy and management strategies in the 1980s raised the question of whether the division between standard and non-standard forms of employment was comparable to the division between primary and secondary labour markets (Rosenberg 1989, 2007). Nevertheless, the core idea of the literature on dual/segmented labour markets remains that the institutionalisation of distinct labour market segments with different ways of functioning may force "peripheral" workers to accept "bad jobs" and may trap them permanently in this inferior labour market status, despite their having initially as high a level of skills as those "core" workers who have found good jobs.

Insider/outsider models in labour economics and political economy are a second body of literature that brings attention to exclusion in the labour market. This theoretical perspective was developed by economists to try to explain why European labour markets had failed to return to the previously low levels of unemployment after the oil and energy price crises. Rather than seeing unemployment as a result of a short-term economic shock as a valid explanation, many economists came to believe that labour market institutions were to blame for the rise of a structural unemployment (Blanchard 2006). Labour market institutions, granting workers employment protection and wage-bargaining rights, have had the side effect of excluding part of the workforce from the labour market and, by dividing workers into different groups, have also generated divergent interests among workers. It is from this perspective that Lindbeck and Snower (1988, 2001) introduced the concept of *labour market insiders and outsiders*. Insiders are defined as "experienced incumbent employees whose positions are protected by various job-preserving measures that make it costly for firms to fire them and hire someone else in their place." Outsiders "have no such protection; they are either unemployed or work at jobs in the 'informal sector,' which offer little, if any, job security" (Lindbeck and Snower 1988: 1). The two authors acknowledge that there are degrees of "insiderness" and introduce the concept of "entrants" (see also Doeringer and Piore 1971) who are those workers who have been recently employed and have not yet acquired the same rights as insiders. According to Lindbeck and Snower, the most critical source of insiders' power are *labour turnover costs*[2]. Other authors such as Solow (1985) or Blanchard and Summers (1986) have used the notion of insiders and outsiders in their work on unemployment. However, contrary to Lindbeck and Snower, Solow considers *skills* as the principal source of insiders' power: insiders have firm-specific skills, while outsiders lack them. The distinction between insiders and outsiders has been further used by scholars studying the political economy of labour market institutions, particularly active labour market policies and employment protection legislation. Saint-Paul's (1996, 1998) definition of insiders and outsiders does not differ that much from definitions proposed by labour economists, since the main distinction is between workers with high pay and high job security and the long-term unemployed. However, Saint-Paul most strongly emphasizes the role played by *political (dis-)enfranchisement* through (lack of) representation by trade unions in generating inequalities between the two categories of workers.

While the literature on dual labour markets focused on the inequality with respect to pay and employment conditions, insider/outsider models have mainly

emphasized the cleavage that exists between those in and those out of employment. However, given the changes that have occurred in labour market institutions, after flexibilizing policies were introduced in the 1980s and the 1990s, later studies using the insider/outsider distinction have drawn attention to workers who have atypical contracts. Thus, Rueda (2005, 2006, 2007) explicitly includes the involuntary fixed-term employed and the involuntary part-time employed to the category of outsiders since their jobs are "characterized by low levels of protection and employment rights, lower salaries, and precarious levels of benefits and social security regulation."[3] Non-standard work arrangements have been considered a critical source of exclusion in the labour market by another body of literature, namely sociological studies on the rise of precariousness and atypical employment. In recent years, low-status jobs have been at the centre of French sociology. Paugam (2000) defines jobs as "precarious" not only when they are characterized by a high degree of insecurity (lack of job stability) – thereby undermining workers' capacity to plan their professional career – but also when work seems boring and is badly-paid (lack of job satisfaction). Castel (2007) labels atypical contracts as a form of "under-employment" ("sous-emploi"), because they depart from the guarantees offered by standard employment in terms of duration, pay, labour law and social protection. Another contribution of sociologists to the conceptualisation of exclusion in the labour market is their bringing into light the wide and very often underestimated variety of forms that non-standard work arrangements can take. In a literature review on the topic, Kalleberg (2000) counts not only part-time work and fixed-term contracts among forms of atypical employment, but he also takes into consideration jobs offered by employment intermediaries (such as temporary help agencies), contingent work[4], and independent contractors (false self-employment). Such jobs are considered as "bad" because they offer low pay and low public or private social protection (Kalleberg *et al.* 2000).

Outsiders in terms of social protection and political representation

Even though the concept of insiders and outsiders has not been used explicitly to label people marginalised in terms of social protection and political representation, some authors have developed ways of thinking about exclusion in these two areas.

French and German sociologists (Leibfried and Tennstedt 1985, Paugam 1991, 1993, 1996b, Friot 1998, Leisering and Leibfried 1999, Paugam 2005) have tended to define outsiders in terms of social rights as people who, instead of drawing benefits from social insurance programmes, must rely on social assistance to make ends meet. This mostly continental perspective on social protection stems from two factors. First, following an analytical tradition developed by Simmel (1908), being on welfare has in fact been equated with being poor. Social assistance defines a specific social relationship between benefit claimants and the rest of society. Being offered social assistance and as a result becoming dependent on society gives people a negative identity as it entails a loss of prestige for the individual (Paugam 2005: 7). Second, since in Bismarckian welfare states the norm in terms of social protection has been to acquire rights to benefits through work, social assistance has been considered a residual tool reserved for the most marginalised social strata. However, the rise of job insecurity and of unstable career patterns reduces the capacity of social insurance

to protect people from various social risks, since some categories of workers may be unable to pay contributions for the amount of time required to get full benefits. Thus, social assistance becomes a second-best instrument of social protection for those workers who are unable to meet the eligibility criteria in social insurance programmes (Palier 2005b, 2005a). In a nutshell, from a continental point of view, insiders in terms of social protection are those workers who are able to qualify for benefits offered by social insurance, while outsiders are people who are unable to meet these requirements and who as a consequence are forced to be recipients of social assistance and to be recognized by society as "poor." Nevertheless, this perspective neglects another possible dimension of exclusion in terms of social protection, i.e. inequalities in terms of access to occupational pension and health insurance schemes (Kalleberg *et al.* 2000). The importance of such schemes for the social protection of individuals should not be underestimated (Rein and Rainwater 1986, Shalev 1996, Rein and Wadensjö 1997, Hacker 2002). In addition to the continental perspective, it may thus be important to consider the inequalities that exist between individuals who are excluded from occupational schemes or are covered by only very limited private insurance and those who get significant private benefits.

In contrast to the area of social protection, conceptual work on political exclusion has been the preserve of American political scientists. Schlozman, Verba and Brady remind us that "among the bedrock principles in a democracy is *equal consideration of the preferences and interests of all citizens*" (Verba *et al.* 2004: 635) or the "equal protection of interests" (Schlozman *et al.* 1999). In their opinion, governing elites need to be informed of all citizens' needs and preferences if they are to reach sensible decisions. Following this line of reasoning, one might argue that political insiders are those citizens whose preferences or interests are automatically taken into account by governing elites, while outsiders are those people whose preferences or interests are not taken into account by governing elites, or are considered as less important than those of insiders. Inequalities in political representation have in fact been considered as one of the defining characteristics of the distinction between insiders and outsiders in the labour market. Thus, Lindbeck and Snower (1988), Blanchard and Summers (1986), Saint-Paul (1996) all emphasize the fact that outsiders are not unionized, while Rueda (2007) also shows that they may not be defended by political parties. Exclusion in terms of political representation may originate from two different factors. One factor contributing to political exclusion is the lack of formal political rights. Thus, despite the fact that they work, pay taxes and may even claim social insurance or social assistance benefits, immigrants are generally denied the right to vote in Western democracies until they are granted citizenship. However, exclusion from formal political rights may also affect individuals who are formally considered as citizens of a country. One example of such practices is the possibility to disenfranchise people with criminal convictions as has been massively used in the United States (Manza and Uggen 2004, Gottschalk 2008). A second source of political exclusion may be a lack of political participation. Some social groups may participate less than others. As a consequence, their preferences and interests – which arguably differ from those of the groups that are most active – are

attached lower value by governing elites (Schlozman *et al.* 1999, Skocpol and Fiorina 1999).

What are the real-life characteristics of outsiders?

Conceptual work on insiders and outsiders is primarily aimed at identifying the factors that are synonymous with social exclusion in different spheres of social life. However, a number of studies adopt a more empirical approach and try to provide evidence for who outsiders are in reality. Such work has not always been explicitly linked to the conceptual contributions reviewed above. Two main questions will be asked in the following section: 1) which individual and institutional factors affect the probability of an individual becoming an "outsider"?; 2) is exclusion a transitory or a lasting phenomenon for individuals?

Outsiders in the labour market

In the first part of this section, we review studies that shed some light on the characteristics of outsiders. In a second part, we survey the literature that has attempted to assess how outsiderness at one point during the professional career affects the probability of remaining an outsider.

As has been shown in part 2.1.1, exclusion in the labour market can take on different forms, such as long-term unemployment, employment in non-standard work arrangements or in low-wage jobs. In reality, the prevalence of these forms of exclusion varies considerably between different countries. In a study on the evolution of class structure in post-industrial societies, Esping-Andersen (1993, Esping-Andersen *et al.* 1993) argues that different welfare state, education and industrial relations arrangements produce different types of employment structures. The Danish sociologist identifies three different post-industrial trajectories, each of which leads to another type of labour market exclusion. Because of the persistence of exceedingly high labour costs which stifle the development of the service sector, Germany is found to be the country that most strongly breeds a "large outsider surplus population" which is condemned to long-term unemployed or is forced to withdraw from the labour market. Women are most likely to become part of this population. In North America and to some extent in Great Britain, a large low-end consumer service labour market has developed because wages are allowed to correspond to productivity differentials. Workers in this sector, mostly youths and immigrants, earn very low wages and have few opportunities for upward mobility, even though they may sometimes use service jobs as springboards for careers in other sectors. Nordic countries, which have promoted service sector jobs by expanding the welfare state, form a third cluster of countries. Contrary to North American service jobs, welfare state jobs in Northern Europe are relatively well-paid, since they are subsidised, and offer better chances for upward mobility within the hierarchy. However, such jobs offer few opportunities for mobility to other sectors and therefore tend to segregate the labour force by gender, since mostly women are employed in this sector. Esping-Andersen's work has the merit of pointing to the cross-national differences that certainly exist in what constitutes labour market

outsiderness. However, the classification he proposes cannot be regarded as definitive, given that labour market structures and institutions have considerably evolved since the beginning of the nineties and given the rise in the use of non-standard work arrangements in all European countries (see tables in the appendix).

Thus, there is significant variation in the prevalence of different forms of exclusion, but one should not neglect potential variation in the factors that increase individuals' probability of becoming a labour market outsider. The non-empirical literature on labour market outsiders has generally presumed that exclusion in the labour market must primarily affect low-skilled individuals, women, youths as well as immigrants. However, it seems that the role of different individual characteristics may vary according to the type of exclusion that is studied. McIntosh (2004) shows that in Europe individuals who do not progress beyond lower secondary education have significantly higher unemployment rates and lower participation rates than other workers. Gershuny and Marsh (1994) have argued that in the United Kingdom the rates of unemployment for people working in occupations using various levels of skills became more sharply differentiated between the 1950s and the 1980s. However, a number of studies have shown that, contrary to unemployment, the probability of being employed on fixed-term contracts does not necessarily vary so much between different levels of formal education or levels of skills used in different occupations (e.g. Giesecke and Gross 2003, D'Addio and Rosholm 2005). Polavieja (2005) argues that segmentation affects not only low-skilled workers, but also those with high skills. Thus, in Spain, the introduction of temporary contracts has generated a process of polarization of employment chances within manual occupations but has also had important segmenting consequences among professionals.

The role of gender has also been shown to differ according to the type of exclusion that is studied. While women are in general overrepresented among temporary and part-time workers (see tables A.2 and A.3), there remain significant cross-national differences in the degree of inequality between women and men with regard to exposure to different types of work arrangements. As has been underlined by Russell and Barbieri (2000), there is also considerable variation in women's patterns of participation in the labour market and in the distribution of unemployment. While women have very high activity rates in Scandinavian countries or in the UK, participation is much lower in continental European countries and even more so in Southern European countries. Higher unemployment rates among women are a general European pattern. However, in the UK, men's unemployment rates are significantly higher than women's.

A considerable body of literature on labour market outsiders has focused on the effects of unemployment and of temporary employment on the career prospects of individuals. Economists have argued that spells of unemployment have a negative impact on workers' career prospects since they prevent them from updating or accumulating human capital. However, a number of studies suggest that the effects of unemployment on workers' position in the labour market are determined to a large extent by national labour market institutions and by the institutional features of welfare states. Whereas Steijn et al. (2006) show that in the Netherlands

unemployment at the beginning of a career is associated with bad consequences for workers' future career, Gershuny and Marsh (1994) have argued that in the UK, the effect of early unemployment does not dominate the subsequent career even though a very small minority may have life-long consequences of early unemployment. Studying the impact of career entry at a time of high aggregate unemployment on the probability of being unemployed later, De Vreyer et al. (2000) have shown that despite being universally positive this impact was less important in countries with high labour market flexibility such as Denmark and the UK than in countries with low flexibility and a high degree of segmentation.

Labour market regulation has also been shown to generate inequalities in individuals' likelihood of exiting unemployment and the duration of unemployment spells. Bernardi et al. (2000) have argued that rigid labour market institutions increase generational inequalities in the transition from unemployment to employment. In Italy, where at the time of the study the labour market was strictly regulated and protection was granted mainly to insiders, first-time job seekers were found to experience much longer spells of unemployment than in-career people looking for a new job, irrespective of their level of education. On the contrary, in Britain, where labour market regulation is looser, patterns of exit from unemployment did not differ significantly between age groups, while they were much more pronounced between individuals having different levels of schooling. However, McGinnity's (2004) finding that in the relatively strictly regulated German labour market young people have much shorter durations of unemployment than prime-age groups points to the fact that other institutions such as education systems (Shavit *et al.* 1998, Müller and Gangl 2003) or unemployment compensation (Gangl 2004, Pollmann-Schult and Buchel 2005) must also be taken into account when analysing labour market outcomes.

A real controversy exists over whether fixed-term contracts should be considered as a bridge to standard employment or as a low-status segment of the labour market. Those studies that show the positive integrative effects of temporary employment have exclusively focused on transitions from school to work or in other words, on how having a fixed-term contract as a first job affects one's future career. Booth et al. (2002) find that in the UK women who start in fixed-term employment and move to permanent jobs fully catch up to those who start in permanent jobs. Similarly, Steijn et al. (2006) in the Netherlands argue that starting to work in non-standard work has no negative consequences for later career unemployment or upward and downward mobility. However such results are also confirmed for countries that are generally considered as having more segmented labour markets. Focusing on labour market entrants, McGinnity et al. (2005) argue that in Germany fixed-term contracts serve as a springboard for those high-skilled and low-skilled youths who have not gone through the traditionally coordinated school-to-work transition. Moreover, they find that, after five years, the unemployment rates of those who started with fixed-term contracts and those who started with permanent contracts converge. Finally, Scherer (2004) shows that in the UK, but also in Germany and in Italy the type of contract at entry into the labour market has no negative effects for later occupational positions. She argues that negative effects occur when people start working in 'under-qualified' jobs (mismatch between level of

education and type of job), even though this effect is much weaker in the British labour market.

Other authors emphasize the negative effects of temporary employment on labour market integration. Giesecke and Gross (2003) find that in Germany fixed-term contracts increase the risk of finding another temporary job or of becoming unemployed after termination of the contract. Gash and McGinnity (2007) provide evidence that in France and Germany temporary employment comes with wage penalties, increased exposure to unemployment and repeated spells of fixed-term employment. However, they argue that these tendencies vary significantly by country and by gender and that French women are most negatively affected. While she demonstrates that temporary work is in the long term more likely to lead to permanent employment than to unemployment, Gash (2008) also shows that the impact of fixed-term contracts on workers' inclusion in the labour market is strongly dependent on the interplay between employment protection legislation, education and industrial relations systems. Temporary workers were found to be most likely to be exposed to unemployment in France, a country that combines tight labour market regulation and a "poorly coordinated economy". Considering French data for young workers since the early 1980s, Blanchard and Landier (2002) have argued that partial reform of employment protection has indeed been responsible for creating a new labour market segment for youths in which turnover between entry-level jobs, but also spells of unemployment have increased. Based on an analysis of Italian data, Gagliarducci (2005) argues that the probability of having a permanent contract decreases with repeated temporary jobs, but it increases when the duration of such jobs is longer. Therefore, he concludes that it is not temporary employment per se but the intermittence associated with it that is has negative consequences for the career prospects of individuals.

Outsiders in terms of social protection

Empirical studies on outsiders in terms of social protection have focused mostly on recipients of social assistance. The appearance of the "new poverty" in the 1980s and the concomitant development of the "dynamics of poverty" approach has stimulated academic interest in the study of poverty. By contrast, there have been very few studies that have tried to assess how new social risks or the increase in non-standard work arrangements may affect people's situation in work-related social protection schemes.

During the thirty years that followed the second world war, economic and social policies in industrial democracies were directed at helping to improve and protect the living standards of the "average production worker" (Korpi 1983, 1989, Esping-Andersen 1990) and of the "male breadwinner" (Lewis 1992, Orloff 1993). On the one hand, the predominance of a Fordist production regime allowed for steady increases in productivity and thus in workers' wages. On the other hand, social expenditure grew massively through an expansion of coverage by the welfare state and improvements in the generosity of social benefits. It was widely believed that economic growth combined with welfare state expansion would help eradicate poverty and that only a marginal group of people slipped through the nets of the

Bismarckian welfare states and ended up in social assistance (Schultheis 1996, Leisering and Leibfried 1999, Paugam 2005).

However, at the beginning of the eighties, the issue of "new poverty" reached the political agenda. The oil and the energy crises were followed by the persistence of long-term unemployment and a dramatic increase in the number of recipients of means-tested benefits. This new phenomenon attracted interest from the general public and prodded sociologists to study more in depth this expanding population. The availability of longitudinal income and poverty data and the introduction of new statistical methods were important factors behind the development of a new approach to the analysis of poverty. Rather than seeing the poor as a group of people excluded once and for all from society, Bane and Ellwood (Bane and Ellwood 1986) proposed to study the poor through the "spells of poverty" they experienced during their lifetime. Using American panel data, they found that, although the majority of poor persons at any time are in the midst of a rather long spell of poverty, most of those who ever become poor have short spells of poverty. However, instead of considering the poor as merely passive victims of social exclusion, Bane and Ellwood studied the way in which decisions taken in the household may influence the probability of experiencing poverty. Their analysis showed that people's likelihood of entering or exiting poverty was crucially determined by the impact on earnings of events such as the setting up of a household or the decision of the secondary family member to participate in the labour market.

This new approach to the study of poverty – later labelled "dynamics of poverty" (Leisering and Walker 1998) – has been used by continental sociologists to analyse developments in their own countries. Studying social assistance claimants in Bremen, Leibfried and Leisering (Leibfried 1995, Leisering and Leibfried 1999) have argued against the idea that most poor experience long "poverty careers". Individuals are shown generally to face spells of poverty at specific stages in life, particularly during working age, and the authors claim that most people who experience poverty succeed in coping with it and in escaping from it. One of their main theses is that the transition from industrial to post-industrial "risk" society "democratises" the risk of falling into poverty, due to the fact that people are increasingly likely to experience spells of non-standard work or of unemployment. However, the German sociologists also underline the fact that individuals' spells of poverty vary widely and are caused by different vulnerabilities.

Paugam's analyses of poverty in France focus on the heterogeneous situations of the poor. Based initially on a qualitative study conducted in Saint-Brieuc (Paugam 1991), but later corroborated by a quantitative study based on a representative sample of French social assistance (RMI) recipients (Paugam 1993), Paugam has defined three ideal-typical profiles of social assistance recipients in France classified according to their "labour market value" and the "intensity of their social ties." The first group – labelled the "fragile" – is composed of people who have a low intensity of social ties, but who have a sufficient labour market value to have a chance of becoming employed. Such individuals are essentially characterized by their precarious status on the labour market (work in non-standard work arrangements and frequent spells of unemployment) and need only sporadic aid from social services. Making up approximately 40% of social assistance recipients, they are younger than most RMI

recipients[5]. The second ideal-typical group – labelled the "assisted" – is composed of individuals who have a low 'worth on the labour market' but who have a relatively intense family life. Such people have generally had no professional activity for a few years, but need heavy social intervention. Typically, this population – that makes up approximately 45% of the recipients – is composed of women[6] who live alone or with a partner and who have one or more dependent children. Individuals falling into this group are relatively older than most RMI recipients and have a higher probability of being a foreigner. The third group – labelled the "marginalised" – which represents only 15% of all RMI recipients is composed of households that had no revenues at all before they got the RMI. This group of people is characterized by the fact that their worth on the labour market is extremely low and that they have a very low intensity of social ties. The marginalised are mostly single men living alone with no dependent children. Only very few of them are foreigners. This group is also most likely to encounter severe housing problems, which may result in their becoming homeless.

While poverty studies have shed some light on the individual characteristics of recipients of social assistance, only few studies have analysed how exclusion affects individuals in work-related social protection, particularly in pensions and health insurance schemes. Using the Current Population Survey, Kalleberg, Reskin and Hudson (2000) have shown that working in non-standard work arrangements in the United States significantly reduces workers' probability of having access to employer-provided health insurance or pension benefits. However, their study underlines the heterogeneous effects of non-standard employment, since contract employment and self-employment are shown to be more likely to come with coverage by private health and pension plans and, thus, to be more similar to standard employment. The deficiencies in private social protection caused by non-standard employment have been shown to be most severe for women (Ghilarducci and Lee 2005).

To date, studies showing the individual-level consequences of non-standard employment on levels of social protection in Europe are scarce. One noteworthy example of attempts to assess the effects of social and labour market risks in post-industrial societies for social protection is provided by Meyer's and Bridgen's micro-simulations of future pensioners' benefits provided both by public and private arrangements (Meyer *et al.* 2007, Bridgen and Meyer 2008). This project, which seeks to address the use of what the authors consider as unrealistically simple biographies in the OECD's or the EU's projections of future pensioners' incomes, takes into account the influence of a diversity of old and new social risks such as "care responsibilities, divorce, disability, unemployment, training, early retirement, change of employer or migration" (2007: 8). A number of hypothetical individuals with different levels of lifetime incomes have been conceptualized so that each individual in the simulations experiences one or more of these risks. Benefits are calculated both for men and women, working in sectors as diverse as retailing, the car industry, the construction industry, the chemical industry, financial services, welfare services or the informal sector. By considering an expanded range of typical cases, Bridgen and Meyer are thus able to highlight the consequences of increased flexibility in the labour market and changes in family relations for what workers can expect from a

number of European pension systems[7]. Despite the advantages it may have, such an approach fails to shed full light on cross-national differences in the number and the characteristics of outsiders in terms of social protection, since it is not based on individual-level survey data.

Outsiders in terms of political representation

The field of political behaviour has been marked by continuing controversies over the predicting power of different variables concerning individuals' levels of political participation, attitudes and vote choices. This section reviews only those studies that offer suggestions on how exclusion in the labour market and in terms of social protection might or might not affect people's political behaviour. We examine successively the relevant literature on political participation, studies on voting behaviour and the more recent body of literature on individual-level attitudes towards redistributive policies and the welfare state.

Political participation

While socio-demographic variables such as age, gender, ethnicity have been shown to exercise a significant impact on people's levels of participation, a number of political scientists have examined the role socio-economic resources may play in determining individuals' participation levels. Verba et al. have demonstrated over the years that civic participation increases with income and education in the United States (Verba and Nie 1972, Verba *et al.* 1995, Schlozman *et al.* 1999, Verba *et al.* 2004). To account for the explanatory power of these variables, they have developed a theoretical framework in which they suggest a number of hypotheses about the distinct roles time, money and skills play in determining political participation (Brady *et al.* 1995). Voter turnout has in fact been shown to be the most "egalitarian" act of participation, as the difference between the proportion of the affluent who turn out to vote and the proportion of the poor who take part is lowest.

Evidence on the impact of socio-economic resources on political participation has to date been much less conclusive for European countries. Dalton (2006), who compared participation rates in the 1996 U.S. presidential election and in the 1999 European Parliament elections (Great Britain, France, Germany), shows that even though education exerts a significant impact in the US and the European countries, the importance of its independent effect varies among countries. While in the US education is a strong predictor of voter turnout, its influence is moderate in Great Britain and Germany and only weak in France. Dalton argues that age and party attachment are better predictors of voter turnout in Europe than socio-economic resources. Similarly, for campaign activity, it is shown that education has a moderate effect in the US, Great Britain and France, while it has only a weak influence in Germany. Nevertheless, Gallego (2007-8) argues that socio-economic status models of political participation should not be discarded, since in a study using pooled data from the European Social Survey she shows that education and social class are – alongside age – the best predictors of civic participation. However, her analysis also suggests that when controlling for different variables including education, income and social class, the variable that might potentially reflect exclusion in the labour market – i.e. working status – is only be a weak predictor of political participation.

A number of studies have recently analysed and attempted to theorise how income inequality may exert a different effect from income on civic participation. In a primarily theoretical paper[8], Brady (2004) argues that while income affects people's *resources* for participation, income inequality may provide *motivations* for political participation. He shows that when assuming that different individuals are income maximisers and compete for government tax revenues through political contributions, increases in income inequality may have contradictory effects on the political participation of different income groups. Thus the participation of the lower classes may decrease because of the income inequality affects negatively their resources, but it may also increase, since overcoming inequalities may provide a sufficient motivation for the disadvantaged to get more involved in politics. Similarly, growing income inequality may make the upper classes more active because it increases their resources, but it may also discourage their participation "by reducing their need to protect their privileged status" (2004). On the contrary, Anderson and Beramendi (2008) argue that increases in income inequality have a depressing effect on electoral participation no matter how income inequality is operationalised. Using individual-level and macro-level data collected in 18 OECD democracies, they show both that the lower the relative income of individuals the lower their participation rates and that increases in country-level income inequality has an across-the-board negative effect on individuals turning out to vote. To explain this fact, they argue that income inequality affects high- and low-income groups through distinct mechanisms. While low-income individuals are primarily affected by inequality's impact on their *resources*, high-income individuals are affected because inequality reduces *incentives* for them to get involved.

Variables such as education, income or income inequality arguably exert a significant effect on political participation. Nevertheless, they capture the impact of exclusion in the labour market and in terms of social protection only in an indirect way. Among the dimensions of outsiderness identified in this essay, the fact of being unemployed has been the one that has drawn most attention. In the 1970s, Scholzman and Verba (1979) as well as Scott and Acock (1979) argued that the unemployed were less likely to participate in politics and more likely to have negative attitudes towards civic participation than employed voters. Scott and Acock also underlined the fact that political participation was more adversely for the unemployed of lower socioeconomic than for those of higher status.

This general pattern has been confirmed by Anderson's study on unemployed people in Europe (Anderson 2001). However, it also highlighted important cross-national differences, as for instance the unemployed were found to be as likely to vote as employed people in Italy and in Portugal. Moreover, Anderson's evidence cannot be considered compelling, since his data are of a descriptive nature and do not control for other variables. As noted above, Gallego's (2007-8) study casts doubt over the role played by working status[9], as despite decreasing electoral turnout significantly, unemployment does not exert any significant impact on work in parties and action groups, when controlling for other socio-economic variables. To date, the impact of non-standard work arrangements or of being a recipient of social assistance has been rather neglected in participation studies. However, a recent theoretical essay by Campbell (2007) suggests, following Pierson (1993), that the

designs of public policies should be a good predictor of the political involvement of recipients of welfare state benefits and that it should be expected that those who get targeted and means-tested benefits should be less active politically than those who get universal and contributory benefits. Comparative research must nevertheless still test this hypothesis.

Political preferences

There has been a strong presumption in sociological and political science studies that unemployment, job insecurity or the increase in the number of recipients of social assistance benefits should exert an influence on individuals' voting behaviour, either by reinforcing the class bases of vote – the unemployed should vote for leftist parties – or by pushing 'outsiders' to the hands of – right-wing or left-wing – extreme parties. However, the most extensive body of literature that considers unemployment as a determinant of vote choice is one that considers it as a macro-level independent variable. Studies on economic voting have indeed used unemployment rates as one of the indicators on which individuals base their retrospective evaluations of short-term economic performance and thus their voting behaviour (e.g. Anderson 1995). Recently, Mughan and Lacy (2002) have suggested that people's beliefs about 'socio-tropic job insecurity'[10] may also affect voting behaviour and that it has political consequences that are different from those of traditional indicators. They argue that job insecurity helps explain why during the 1996 US presidential election Americans rejected the Democratic and Republican Party candidates in favour of the third-party alternative, Ross Perot, whose campaign concentrated on job insecurity caused by globalisation and deindustrialisation.

Studies that consider unemployment as a micro-level variable are rather rare. In his essay on the political behaviour of the unemployed in Europe Anderson (2001) argues that, despite showing signs of political alienation, the unemployed are not more likely to vote for far-right or far-wing parties. However, these conclusions should not be regarded as definitive given the small size of the samples used. According to Mughan et al. (2003), people's position in the labour market may in fact be a driver of vote for right-wing populist parties. They find that personal job insecurity – i.e. people's judgment on their own position in the labour market – exerted a statistically significant impact on the vote for Pauline Hanson's One National Party in the 1998 election to the Australian federal House of Representatives. However, Mughan's paper uses a *subjective* measure of people's position in the labour market ('personal job insecurity'). People in a similar position may have widely different perceptions of what their real situation is. To date, there seems to be a dearth of studies that would analyse the impact individuals' *objective* status in the labour market has on their voting behaviour.

Political preferences should not be measured only in terms of voting behaviour. It is reasonable to expect that exclusion in the labour market and from social insurance should affect people's individual-level preferences for redistributive policies. Recent contributions have shown that such preferences may indeed be related to people's position in the economy. In a study on the relationship between job insecurity and welfare policy preferences, Mughan (2007) finds no relationship between the two in America, but finds one in Australia after controlling for age,

education, income, partisanship, gender and race. To account for this surprising discrepancy between the two countries, Mughan argues that the lack of a relationship in the US may be attributable to cultural factors. By using a dataset that combines a public opinion file and measures of risk exposure derived from labor force surveys, Cusack et al. (2006, 2008) as well as Rehm (2009) provide on the contrary strong evidence that "redistributional demand" is shaped by people's status in the labour market. The articles differ in that Cusack et al. (2008) argue that redistributive preferences are shaped by actual and threatened unemployment while Rehm argues that redistributive preferences are shaped by current income and by risk exposure at the occupational level. However, the three papers try to show how demand for redistribution is driven by rational actors' motivations to protect themselves against the risk of income loss and actual income loss.

Dualisation: insiders and outsiders on the macro level

The second part of the paper consists of two major subsections. In the first section we will discuss the effect that different definitions of insiders and outsiders have for the conceptualisation of dualisation on the macro level. Since the empirical literature, at least to the knowledge of the authors, is sparser on the macro than on the micro level, the empirical section will be collapsed into the conceptual one. In the second section we will survey the variety of explanations for an increasing dualisation that exist in the literature.

What is dualisation?

In the first part we discussed different definitions of insiders and outsiders on the micro level. Here we turn to look at different definitions of dualisation on the macro level. Our contri-bution should be regarded more as an attempt to provide a basis for further discussion than an argument for specific definition. This section will seek to illustrate the links that exist between the different conceptualisations of insiders and outsiders and the different possible concept-tualisations of dualisation. Additionally, the question of whether it makes sense to talk about dualisation occurring in the economic, social and political dimensions, or whether another conceptual division is more appropriate, will be addressed at the end of the section.

As described in the first part, insiders and outsiders on the labour market have been defined differently by two schools within the field of labour economics. Neoclassical economists, here represented by the insider/outsider theory, make a more narrow definition of outsiders, including in the category only the unemployed, or even only the long-term unemployed. Segmentation theorists, on the other hand, use a wider definition of outsiders as workers in the secondary labour market. Using the former definition, dualisation with regard to the labour market would be defined as an increase in the levels of unemployment, or long-term unemployment. Using the latter definition, dualisation would be defined as either an increase in the size of the secondary labour market or as a growing gap between the primary and secondary

labour market in terms of wages and employment conditions.[11] For an overview of the empirical literature on segmented labour markets, see Rosenberg (2007).

As a response to the increasing unemployment in Europe from the late 1970s countries began to deregulate their employment protection legislation either for all workers, i.e. also regular workers, or only for temporary and part-time workers. The effect has been high levels of non-standard forms of employment in some countries and high levels of short-term jobs in other countries (see below). Conceptually, workers in both forms of flexible labour could be included in the wider definition of dualisation. However, the extent to which they could be regarded to belong to the secondary labour market is an empirical question.

Following French and German sociological literature, we have defined outsiders in the social dimension according to their access to social protection equating the outsiders with those who only receive social assistance. This can be justified by the fact that social insurance and social assistance are two separate systems, governed by distinctive principles and institutions, and the stigma associated with receiving social assistance. Dualisation would then be defined as an increase in the ratio of those eligible only for social assistance to those eligible to the social, occupational and private insurances. Since the right to all three types of are primarily acquired through work, by means of qualification requirements or an employment contract, there is arguably a strong relationship between the individual's position on the labour market and his or hers right to social protection. A question of interest is, then, if the outsiders on the labour market co-vary with the outsiders in terms of social protection.

There is little empirical literature that looks at the relationship between a more flexible labour market and the numbers of social-assistance claimants or the coverage rates in the social, occupational and private insurances. However, in a study comparing welfare reforms in Germany and the UK, Clasen (2007) provides descriptive statistics that indicate a decrease in the coverage rate of the unemployment insurance from 48 per cent of the unemployed in 1980 to 16 per cent of the unemployed in 2000 in the United Kingdom. At the same time means-tested social assistance has increased its coverage from 40 per cent in 1980 to 70 per cent in 2000. In Germany, the trend is in the same direction as in the UK, but not as pronounced. The unemployment insurance falls into two types: the ALG and the ALH where the latter is means tested and has lower qualification requirements. The coverage of the ALG has decreased from 53 per cent in 1980 to 40 per cent in 2000 and the ALH has increased from 14 per cent of the unemployed in 1980 to 34 per cent in 2000. Means-tested social assistance has increased from 9 per cent in 1980 to 17 per cent in 2000.[12] No causal evidence is provided, but is nevertheless interesting to note that there has been a similar trend in two countries that have undertook different type of reforms in order to increase labour market flexibility.

In the political dimension, one way of defining insiders and outsiders is to ask whether their preferences are represented by the political system (or by trade unions and other civil organisations). Outsiders are defined as those which preferences are not taking into account, or regarded as important, by political actors. Dualisation

would, then, be defined as a growing group of people that are not being represented by the political system.

The literature on "dynamic representation" (Stimson *et al.* 1995) holds that there is a strong relationship between changes in public opinion and changes in public policy. The mechanism by which this takes place is elections and change in government policy or by an incumbent who anticipates changes in the public opinion and reviews policy. In contrast, Bartels (2008) has argued that the preferences of low-income groups, for example in relation to the minimum wage, have not been represented by the political actors in the U.S. political system.

Polavieja and Andrews (2001) have shown for the case of Spain that structural pressures have driven trade unions to revert back to a defence of their core constituency, the insiders (cf. selective corporatism in the next section). It is also likely that categories of workers that tend more often to be outsiders on the labour market, such as immigrants, women and young people, have been less represented by trade unions. Castles and Kosack (1985), for example, write that "[t]he tendency is for the unions to defend immigrants' interests only where they coincide with those of indigenous workers. As immigrants are often concentrated in certain types and grades of work, and suffer forms of exploitation which do not affect indigenous workers, this unity of interest often seems to be lacking."

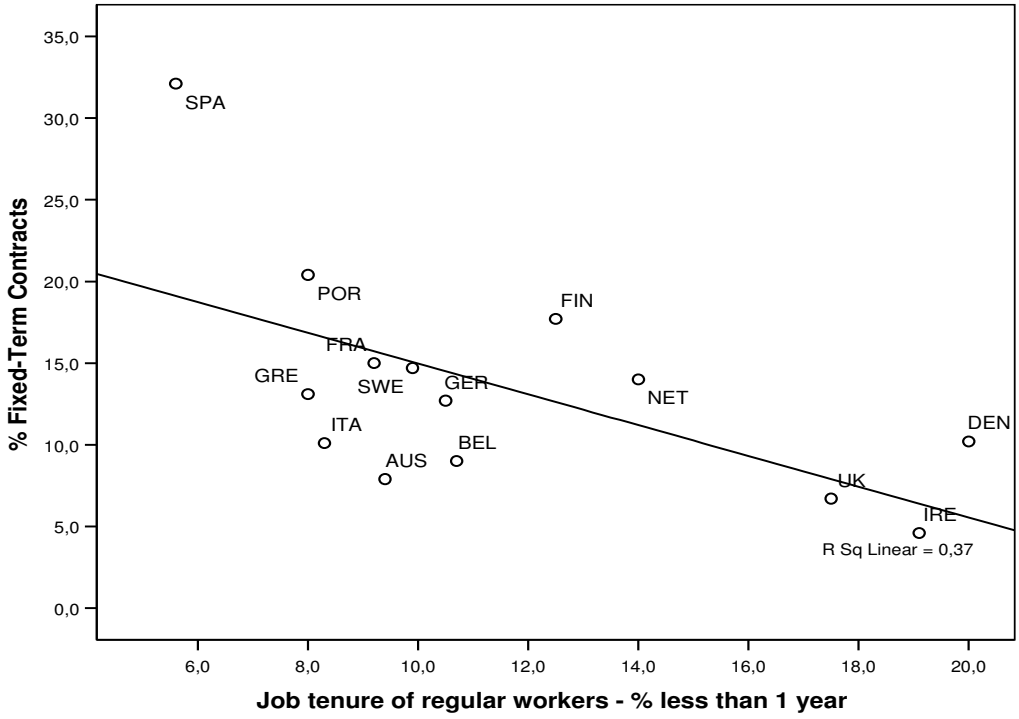
As we shall see in the next section (table 1 below), the choice of dependent variable, i.e. who are the outsiders, is crucial for determining in which countries we would observe increasing dualisation. Theories that use the more narrow definition of outsiders as the unemployed or as those in non-standard forms of employment view dualisation to be occurring in Continental Europe[13] with its on average higher unemployment rates and higher levels of non-standard forms of employment. On the other hand, theories that use the wider definition of outsiders as workers in the secondary labour market regard dualisation to be happening in Continental Europe as well as in the liberal countries, such as the U.S. and the U.K.

Looking at the effects of the flexibility reforms of the 1980s and 1990s in Western Europe, we can see that there exists a division between the liberal countries, which have low levels of fixed-term contracts but high levels of short-term jobs, and the Continental countries, which in general has high levels of fixed-term contracts and low levels of short-term jobs (see graph 1 below). Denmark is included in the liberal country-group since they continuously have had low levels of employment protection legislation for regular workers.

The relevance of these conceptual considerations is exemplified by empirical studies that have defined their dependent variable in alternative ways. DiPrete et al. (2006) have challenged the assumption of stable institutions that underlies the widely accepted view that the more flexible labour market institutions in the U.S. have adjusted to macroeconomic shocks by increasing wage inequality, and thereby retaining high levels of employment, whereas the more regulated European labour market institutions have limited increases in wage inequality, but have done so at the cost of increasing unemployment for low-skilled workers (Layard *et al.* 1991, Siebert 1997; cited in DiPrete el al. 2006, Blau and Kahn 2002). Building their argument on the case of France, they argue that European labour market institutions have become

more flexible through lower regulation of non-standard forms of employment, which in turn has produced more insecure jobs and an increased concentration of low-skill workers to insecure jobs. King and Rueda (2008) make a similar argument showing that the use of cheap labour exist in all industrial democracies. Bernardi and Garrido (2008), basing their analysis on the case of Spain, provide evidence of a growing service class made up by unskilled workers. Even if Spain is, perhaps, an extreme example, the case study highlights a development of low-wage segments also in Continental Europe.

Following their argument, secondary labour markets exist in both the liberal and the Continental countries and the more, but they are organised around different labour market institutions and have evolved through different patterns of reform.



Graph 1 Relationship between % fixed-term contracts and % job tenure < 1 year (2000)

Source: own calculations from Eurostat (LFS) and OECD Employment Outlook 2002

Thus, the discussion about insiders and outsiders exist on two levels: the level of outcomes and the level of reform. The argument here is that it is important to look at the different reform patterns, but that it is a fallacy, grounded in a too narrow definition, to say that only one type of labour market institution or one type of reform leads to increasing dualisation.

Does it make sense to talk about dualisation? In an overview of the developments of segmentation theory, Rosenberg (2007) asks: "[i]s the labor market fragmented into many relatively non-competing groups or is a form of duality or a tripartite notion a better way to characterize the labour market?" In its simplest form, dual labour market theory, and segmentation theory, divides the labour market into two parts, the primary and the secondary segment, based on the characteristics of the job. But, already from the beginning such a simple categorisation was recognised as problematic since many additional subdivisions were possible (see Hudson 2007). The first qualification, which was made by Piore (1975), Osterman (1975) and Reich et al. (1973), divided the primary segment into upper and lower ties, or into a primary independent and a primary subordinate segment. Bluestone (1970) divided the secondary segment between those in low-wage employment in the formal and informal sector respectively. Stinchcombe (1979) classifies workers in two dimensions: skilled versus unskilled labour, and employment in monopolised or competitive product markets. There is little agreement in the literature on the number of labour market segments or the principles by which they are defined.

Looking at the definition of insiders and outsiders in terms of social protection, also there are tripartite divisions possible between those who are only eligible for social assistance, those who are also eligible for the social insurances, and finally those that are also covered by significant occupational and private insurances.

Nevertheless, Hudson argues that the different variants share the "… key insight of dual labour market theory – that primary and secondary characteristics co-vary with other primary and secondary characteristics respectively" (Hudson 2007). However, this claim rests on the assumption that there are not more than two segments that co-vary, or that those segments could be collapsed into a dual categorisation. In addition, for our purposes it is of interest whether the segmentation in the economic dimension co-vary with the segmentation in the social and the political dimension.

Looking for mechanisms

In the literature there exist a number of theoretical explanations for what is here described as dualisation. The first categorization of such mechanisms we can make is to divide them into one group that use structural factors to explain the process of dualisation and another group that points to political factors.

Structural factors

In the field of economics, many have come to believe that the evolution of the economy has exacerbated the economic inequality between skilled and unskilled labour. This is attributed to three factors: international trade, skill-biased technological change, and institutional change such as, for example, the decline of labour unions and the erosion of the minimum wage (Freeman 1995, Bénabou 2003). From a structural perspective, dualisation is, then, the process by which increased global competition, technological change and the decline of unions have increasingly

put unskilled workers at a disadvantage. Additionally, theories of post-industrialism have argued that the relative rise of the service sector in itself has effects on inequality.

Within the field of economics a consensus view has emerged which holds that wage in-equality is the result of a shift in the relative demand away from unskilled labour (Atkinson 2000). However, contention persists between those who give more explanatory power to the forces of globalisation or to the forces of technological change.

For those who view globalisation as the prime mover, it is argued that that the liberalisation of trade has increased the levels of competition in the low-skill tradable sectors. Developing countries have large pools of unskilled labour and significantly lower labour costs. Hence, the labour costs of unskilled workers in the more advanced economies must fall, which results in a rise in the relative wage of skilled labour. This follows from Stolper and Samuelson's theory (1941) which holds that trade can have significant effects on income distribution. Empirically, this issue has been and continues to be hotly contested (see e.g. Burtless 1995, Economist 2008). For instance, Krugman and Lawrence (1994) called attention to the fact that imports from low-wage countries, with the exception of oil, only represented a few percent of the GDP of the U.S. economy. However, in later years Krugman (2008) has reversed his position, arguing that the growth of China and the fragmentation of production, have increased the importance of international competition over labour costs for unskilled workers. Others, for example Lawrence (2008), have argued that the rising inequality, which consists primarily of large increases in the top percentiles, is difficult to square with the argument that international trade is to blame. The increased complexity of trade patterns and the lack of adequate data have made it difficult to settle the debate.

The theory of skill-biased technological change (see e.g. Acemoglu 2002) holds that the lower demand for unskilled labour can be explained by the rapid development of new technologies and the expansion of education. As proof of such a development they highlight the fact that despite the increase in supply of educated workers in the post-war era, they have received a skill premium with regard to their income (for a critique, see e.g. Atkinson 2000). In contrast to the argument of skill-biased technological change, Olin Wright and Dwyer {, 2003 #340} have shown that the U.S. has experienced a polarized pattern in the 1990s with employment growth occurring at both the high-end and low-end, but not at the middle, of the wage scale. This stands in contrast to the developments in the 1960s where job growth was focused the middle and higher income levels. Burda and Dluhosch (2000) combine the two arguments of globalisation and technological change gives a similar picture. For them the fragmentation of production has created a situation where "The increase in services employment was by no means limited to low-skilled, poorly paid jobs, but rather has exhibited a bimodal pattern with growth especially strong at the lower and the upper end of the wage scale."

Bénabou (2003) has argued that these changes have consequences for the welfare state. Firm's potentially could choose and adapt new technologies, and forms of organisation, to the specificities of the local labour supply. However, the diffusion

of technologies, which often runs in the direction from more unequal societies, such as the U.S., to more egalitarian societies, such as Europe, could undermine local institutions leading to a convergence toward more unequal social models (c.f. Hall and Soskice 2001).

The literature associated with post-industrialism points at a process of dualisation that is inherent in the shift from an industrial economy to a service economy as the relative increase in service-sector employment necessitates a more unequal wage distribution.

Using the argument of Baumol and Bowen (Baumol and Bowen 1966, Baumol 1967) that productivity increases are more difficult to achieve in service compared to industry production, Iversen and Wren (1998) have argued that increasing wage inequality is a necessary consequence of the expansion of the service sector. This is so because most of the employment growth has come in social services, such as education and health care, and in personal services, which has low potential productivity rates (see also Esping-Andersen 1999).

A competing argument is the decrease in union coverage which is attributed to the rise of the service sector as labour unions have found it more difficult to organise workers in the contingent service sector (Freeman 1999, cited in Hudson 2007).

Political factors

Theories that make use of political factors in order to explain the process of dualisation can be divided roughly into four groups (see table below): Segmentation theory puts its focus on the behaviour and strategies of firms; the literature on selective corporatism emphasises the reaction of unions (and employers) to restructuring; the insider/outsider theory points to union power in the process of wage bargaining; the literature on the politics of insiders and outsiders looks at maximisation strategies by political parties.

It should be pointed out already here that the choice of dependent variable, i.e. where we can find the insiders and the outsiders respectively, varies considerably between these theoretical perspectives.

Segmentation theory, as it developed in the 1970s, was grounded in two different theoretical traditions: American institutionalist economics (Kerr 1954) and Marxism. The former have argued that the labour market is divided between sectors that faced stable and unstable demand respectively; where product demand was instable employment also tend to be marked by instability. On the firm level, employers created an intra-firm division between internal and external labour markets where only the latter was exposed to competition. The reason was that employers sought to protect their investments in firm-specific skill by overbidding on wages (Doeringer and Piore 1971). The latter have argued that industrialisation and the factory system homogenised the work force and concentrated it into urban areas, which strengthened the labour movement. In response, employers actively and consciously fostered labour market segmentation in an attempt to "divide and conquer" (Reich *et al.* 1973, Gordon *et al.* 1982).

A related mechanism of dualisation finds its origin in the literature on corporatism. Goldthorpe (1984) has argued that pluralistic industrial relations have increased the power of organised interest, which has undermined the market mechanism in wage setting practices. Employers could respond to this problematic in two ways: either they could opt for a strategy of corporatism if the unions could be convinced to agree to wage restraint or they could attempt a "dualist" solution. With regard to the latter, employers respond to problems of labour supply by creating a secondary labour market by employing immigrant workers or by changing production forms and employment relations. Examples of such initiatives are efforts to outsource production to smaller firms where union organization is more difficult and to make increasing use of non-standard employment contracts. From the perspective of Goldthorpe, it is the employers that are the principal actors. The role of governments is restricted to that of being the facilitators and unions only have the power to react to initiatives already taken by the employers.

The literature on selective corporatism puts the unions in the centre of attention (Esser and Fach 1981). Faced with the prospect of restructuring and downsizing, unions make a bargain in which they agree on the restructuring on the condition that the core work force would be spared. Berger (1981) writes that "[a]s the example of the reorganisation of the steel industry in the Saarland has shown, trade unions can consent to the modernization of industry of industry provided that their core-membership of skilled workers is not – or only to a small extent – hit by the consequences of such a policy. Referring to this case, Esser and Fach (1979) have spoken of 'selective corporatism.' While the jobs of the core groups of the labour force remain secure, the marginal and problem groups who cannot find a job, despite the efforts to achieve a high level of employment have to rely on the welfare services and the custody measures provided by the welfare state."

Building on the literature in welfare state studies and comparative political economy that puts more emphasis on the cooperative rather than the conflictive nature of the relation-ship between employers' organisations and unions (e.g. Swenson 2002, Mares 2003), Palier and Thelen (2008) explain the process of dualisation, which they argue to be restricted to the Continental coordinated economies, "… by an intensification of cooperation between labour and capital within the core economy, associated however with a shrinkage in the system and, with that, a growing number of workers outside the core."

The insider/outsider theory takes as its starting point the failure of the European labour markets after the oil crises to return to the previously low levels of unemployment. This led economists to argue against the economic shock as a valid explanation. Instead, many came to believe that labour market institutions were to blame (Blanchard 2006). Lindbeck and Snower (1988, 2001) argue that core workers, or in their terminology insiders, are protected by the fact that firms incur turnover costs when replacing insiders by outsiders. These are due to labour market institutions, i.e. employment protection legislation and wage-bargaining practices, and the cost of firm-specific training. The existence of turnover costs prevents the outsiders, here the unemployed, of underbidding the insiders over wages.

If the theories above have centred on the behaviour of firms, employers and unions, it is not until recently that the authors have called attention to the role of political parties in explaining, what we term here as the process of dualisation. Saint-Paul (Saint-Paul *et al.* 1996) uses a variant of median-voter theory to explain dualisation, or what he terms two-tier reform. He makes the assumption that if the government seeks to increase labour market flexibility those in employment (the decisive voter) will reject the reform whereas those in unemployment will support it. However, since the employed are more numerous than the unemployed, the initiative will fail in a majority voting-system. A two-tier reform, i.e. libera-lising the rules governing non-standard forms of employment, is politically easier to pass since it has no effects on the employed (the majority) and it is equal to the policy preference of the unemployed.

In Rueda's work (2005, 2007), the vote maximisation strategy of political parties is to focus on their core constituency. When put under pressure to reform labour markets, social-democratic parties have not been able to defend their traditional constituency, labour, as a whole. Put simply, he argues that the core constituency of the social-democratic parties is the labour market insiders who are most likely to resist broad reforms of the employment protection legislation. Consequently, the rational political strategy of social-democratic parties has been to introduce marginal reforms that do not go against the interest of the insiders. The result is similar to what Saint-Paul has termed a two-tier reform.

Finally, we would like to highlight the potential that the variables of immigration and ethnicity could have for explaining the politics of dualisation.

Kriesi et al. (2006, 2008), focusing on the supply-side of electoral politics, argue that globalisation has resulted in a transformation of the political space. The opening of national borders has led to higher levels of economic competition, of cultural competition (immigration) and of political competition (international political integration), which in turn has created new groups of "winners" and "losers." The result is the emergence of a new cleavage between the "losers" who favours protectionism, restrictions on immigration and national independence (demarcation) and the "winners" that want the process of globalisation to continue (integration). The study shows that the new cleavage has not undermined the two-dimensionality of the political space around the economic and cultural cleavages, but that it has primarily transformed the cultural dimension: "[i]n the 1970s, this dimension was dominated by issues linked to cultural liberalism. The parties' positions with respect to the army were also structured along this dimension. Over the following decades, new issues have been integrated into the cultural dimension. The most important of these is immigration." (Kriesi *et al.* 2006: 950)

Alesina and Glaeser (2004) have argued the reason for why the U.S. does not have a European style welfare state has, to an important extent, to do with the ethnic heterogeneity of its population. Put crudely, if the recipients of welfare benefits are "ethnically different," or are perceived to be so, it makes it easier to be less generous. If race becomes more important in determining who are the outsiders in the economic dimension, and if having that position also makes them outsiders in the

Table 1 – Dualisation: Political and structural factors

			Independent variable		Dependent variable (dualisation)
	Authors	**Context**	**Main actor(s)**	**Source**	**Where are outsiders to be found?**
Segmentation theory / literature on corporatism	Doeringer and Piore	Work organisation	Employers	Exogenous. Firm strategy	Secondary (external) labour markets
	Goldthorpe; Edwards, Gordon, Reich	Reacting to union strength	Employers		
Selective corporatism	Esser and Fach	Restructuring	Unions	Exogenous. Reaction by unions (and employers) to external economic pressure	Non-standard employment (periphery workers)
	Palier and Thelen		Employers and unions		
The insider-outsider theory	Lindbeck and Snower, Blanchard and Summers	Wage bargaining	Unions (insiders)	Endogenous. Maximisation strategy by unions.	Unemployment (later also non-standard employment)
The politics of insiders - outsiders	Saint-Paul	Employment policy reform	Political parties (insiders)	Endogenous. Maximisation strategy by parties	Unemployment, non-standard employment
	Rueda		Political parties (insiders)		
Globalisation	Stolper and Samuelson	Economic change	N/A	Exogenous: Free trade	Unskilled labour
Skill-biased technological change	Acemoglu	Economic change	N/A	Endogenous: Technological change	Unskilled labour
Service-sector employment growth	Iversen and Wren	Economic change	N/A	Endogenous: Service-sector employment growth	Unskilled labour, service sector

social dimension, then the support for reforms to the benefit of that group might be lower. The increasing popularity of populist right-wing parties, most of which have welfare cut backs on their agenda, might be evidence of such a political dynamic taking place also in Europe.

Hudson (2007) adds a twist to this story. In the U.S., immigrant status is more highly correlated than race to secondary labour market jobs. If immigrants come to make up a larger part of the outsider group, such a development could exacerbate the political dynamic de-scribed above.

Conclusion

In conclusion we would like to highlight three important dimensions in the discussions of the ins and outs of dualisation: conceptual questions, methodological questions and what is missing in the existing literature.

Conceptual questions

With regard to the conceptualisation of dualisation, the challenge lies in uniting the micro and the macro level. Can we identify segments that co-vary within and between the economic, social and political dimension? We should also ask the question whether a dual division is most appropriate, which rests on the assumption that there are not more than two segments that co-vary, or that those segments could be collapsed into a dual categorisation. The next step would be to ask whether there also exist causal links between the different dimensions.

How we define dualisation as a dependent variable, i.e. the definition of insiders and outsiders, is important since by using the wider definition from the segmentation literature we have the conceptual means by which we can observe potential structural transformations taking place both in the liberal and the Continental countries even though they have different types of labour market institutions, which have evolved through different patterns of reform. That said, it is an empirical question whether dualisation has increased more or less both within and between these groups of countries.

Methodological questions

Methodological problems are another difficulty that arises when doing research that aims at characterising outsiderness at the individual level. One problem is that the standardisation in the definitions and questions asked by statistical offices in national and cross-national surveys may have a negative impact on the ability of such surveys to capture the diversity of situations that people face in the labour market or in terms of social protection. Concepts such as the "unemployed", "employed under an atypical contract", or even "part-time work" may carry a very different meaning in different countries, depending on the historical construction of these terms. Thus, despite the fact that individuals are asked the same questions in different countries, their answers may not have a comparable meaning and therefore may not be reliable.

It is therefore important for researchers to pay attention to the fact whether questions asked in cross-national surveys can allow them to reconstruct the "objective" situation of respondents. For instance, when respondents consider themselves "unemployed", it may necessary to ascertain whether they fulfil the standard ILO criteria (i.e. whether they are "without work", "currently available for work", and are "actively seeking work") and to determine which kind of benefits they may or may not receive (unemployment insurance, unemployment assistance, standard social assistance or no benefits at all?).

A second methodological problem is that the sample size of cross-national surveys may be too small to draw any conclusions about the differences in outcomes or behaviour of different categories of people. Thus, for instance, sample size has been cited as one of the reasons why it has so far been difficult to demonstrate that the political behaviour of the employed and the unemployed are different (Anderson 2001).

What is missing in the literature?

Individual level

The studies that deal with the career prospects of individuals who have experienced spells of "outsiderness" have mostly analysed the way in which work status at labour market entry affects work status at later stages of a professional career. However, it seems that because of the relatively novelty of panel data current studies cannot really show the effects of labour market status in the early career stages on the rest of people's careers. This might even not be feasible in the long term given the attrition problem. Whatever the solution to that problem, future contributions should state more clearly the fact the problems faced by youths (transition from school to work) are not the same problems as those faced by middle-aged people (transition from job to job aiming at upward mobility) or by elderly workers (keeping one's last job and retirement).

With regard to research on outsiders in terms of social protection, very few studies have in fact analysed the effects of labour market developments on the capacity of the welfare state to protect individuals from social exclusion. Even though studies on institutional change in welfare states may suggest what these effects could be, it would be interesting to verify them at the individual level by using for example Bridgen- and Meyer- style simulations or other relevant methods. Conversely, research should also pay more attention to the effects of outsiderness in the social policy realm may have outsiderness in the labour market (e.g. losing skills in long unemployment spells due to the absence of training programmes). Finally, studies are also needed that will shed light on cross-national differences in the characteristics of individuals who claim social assistance benefits.

Plenty of research can be done on the third dimension of exclusion that has been analysed in this essay, i.e. the political dimension. If surveys' sample sizes do not prove to be a limitation, it might be interesting to carry out a study on how being a recipient of social assistance or having different types of work contracts influences voting behaviour. Another promising avenue for future research could be to use panel data in order to measure the influence of changes in labour market and social

protection status on political participation and attitudes. However, researchers may face considerable difficulties when assessing the effect of being an economic or a social outsider on political exclusion given the problem of multicollinearity. A few variables that are traditionally used in studies on political behaviour such as education, income and social class could be strongly correlated to the type of work contract or social protection status. If one controls for these variables, it may be very hard to measure the independent effect of the variables of interest.

Macro level

There are also very few studies on the macro level that deals with the relationship between a more flexible labour market and the coverage rates in the social insurances. Building on the descriptive data presented by Clasen (2007), one example could be to use time series analysis to look at the causal relationship between fixed-term contracts and short job tenures, on the one hand, and coverage rates in the unemployment insurance on the other hand. Using a fixed-effect time-series analysis would allow the use national-specific data.

What is missing in the literature that seeks to explain dualisation by political factors are empirical qualitative analyses of the politics of dualisation. Which roles have the political parties and the social partners played in the relevant reforms. For example, many have put the focus on the behaviour of employers and unions at the level of work organisation and wage bargaining, but few have looked at their direct political influence or their institutionalised roles in reforms.

Additionally, looking at the role that immigration plays in political life is a promising avenue for future research. Are immigrants to an increasing extent the outsiders in the three dimensions? Are welfare cut-backs legitimised by an anti-immigration discourse?

---

[1] We would like to express our warmest thanks to Patrick Emmenegger, Bruno Palier and Martin Seeleib-Kaiser for giving us encouragement and for providing us with detailed comments on a first version of this paper. We would also like to give special thanks to Philipp Rehm for accepting to read a still quite 'drafty' version of the paper and for his very useful suggestions. Finally, we are deeply grateful to the generous support of the John Fell OUP Research Fund. The paper is part of a Recwowe task on dualisation.

[2] i.e. high hiring and firing costs, induced by restrictive labour legislation and/or the costs supported by firms in their search for suitable workers.

[3] Earlier works using the insider/outsider distinction also potentially included individuals employed on non-standard work contracts among insiders (e.g. Lindbeck and Snower 2001: 166). However, the primary focus of the concept was on the inequalities between those who have stable jobs and those who are out of work.

[4] i.e. "any job in which an individual does not have an explicit or implicit contract for long-term employment or one in which the minimum hours worked can vary in a non-systematic manner"

[5] 58% are aged 35 or less versus 43% of all recipients.

[6] 56% of recipients in this group are women versus 46% of all recipients

[7] Namely the British, the Dutch, the Swiss, the German, the Italian and the Polish pension systems.

[8] The empirical evidence provided in the paper relies exclusively on bivariate data.

[9] A categorical variables with four different categories: unlimited contract, a limited contract, unemployed and any other situation.

[10] Contrary to studies that emphasize only "personal job insecurity", i.e. people's fear of job loss combined with the "perception that good jobs are harder to find locally than they used to be", Mughan and Lacy underline the role that may be played by "socio-tropic job insecurity", i.e. people's perception that all citizens in a country are having a hard time finding good jobs. For a discussion a different types of job insecurity and their determinants see also Anderson and Pontusson (2007).

[11] N.B The point here is the segmentation effect, primary and secondary labour markets should be viewed as ideal types.

[12] N.B these figures represent the development prior to the Hartz reforms.

[13] We include also the Nordic countries, with the exception of Denmark, in this category.

Appendix

Table A.1 Long-term unemployment in % of active population

Source: Eurostat

	1992			2000			2007		
	Total	M	F	*Total*	M	F	*Total*	M	F
Belgium	*4.0*	2.7	5.8	*3.7*	3.1	4.6	*3.8*	3.3	4.3
The Netherlands	*2.5*	2.0	3.3	*0.8*	0.6	1.0	*1.3*	1.2	1.4
Germany	*:*	:	:	*3.8*	3.7	4.0	*4.7*	4.8	4.7
France	*3.3*	2.5	4.4	*3.5*	2.8	4.3	*3.3*	3.1	3.6
Spain	*7.1*	3.6	13.3	*4.6*	2.8	7.4	*1.7*	1.1	2.5
Italy	*:*	:	:	*6.3*	4.8	8.4	*2.9*	2.2	3.9
Denmark	*2.4*	2.0	2.8	*0.9*	0.8	1.1	*0.6*	0.5	0.7
Sweden	*0.5*	1.0	0.1	*1.4*	1.7	1.0	*0.8*	0.9	0.8
Finland	*:*	:	:	*2.8*	2.8	2.7	*1.6*	1.7	1.4
Ireland	*9.2*	9.6	8.4	*1.6*	2.0	1.0	*1.4*	1.8	0.9
The United Kingdom	*3.5*	4.7	2.1	*1.4*	1.9	0.9	*1.3*	1.6	0.9
UE-15	*:*	:	:	*3.4*	2.9	4.1	*2.8*	2.6	3.1
US	*0.8*	1.0	0.6	*0.2*	0.3	0.2	*0.5*	0.5	0.4

Table A.2 Employees with temporary contracts in % of total employment

Source: Eurostat

	1992			2000			2007		
	Total	M	F	*Total*	M	F	*Total*	M	W
Belgium	*5.0*	3.1	7.9	*9.1*	6.7	12.3	*8.6*	6.8	10.8
The Netherlands	*10.4*	7.3	15.1	*13.7*	11.2	16.8	*18.1*	16.6	19.7
Germany	*10.5*	10.0	11.1	*12.7*	12.5	13.1	*14.6*	14.7	14.5
France	*10.6*	9.1	12.4	*15.2*	14.2	16.4	*14.4*	13.3	15.4
Spain	*34.2*	31.5	39.5	*32.2*	30.9	34.2	*31.7*	30.6	33.1
Italy	*:*	:	:	*10.1*	8.7	12.2	*13.2*	11.2	15.9
Denmark	*10.7*	9.8	11.6	*9.7*	8.5	11.1	*8.7*	7.6	10.0
Sweden	*:*	:	:	*15.8*	13.8	17.8	*17.5*	15.0	19.9
Finland	*:*	:	:	*16.3*	12.9	19.8	*15.9*	12.4	19.4
Ireland	*8.8*	6.7	11.8	*5.9*	4.9	7.2	*7.3*	6.0	8.6
The United Kingdom	*5.9*	4.8	7.3	*7.0*	6.1	7.9	*5.9*	5.3	6.4
UE-15	*11.2*	10.2	12.5	*13.7*	12.8	14.7	*14.8*	14.0	15.6

Table A.3 Part-time workers in % of total employment

Source: Eurostat

	1992			**2000**			**2007**		
	Total	M	F	*Total*	M	F	*Total*	M	F
Belgium	*12.7*	2.3	28.9	*18.9*	5.5	37.4	*22.1*	7.5	40.6
The Netherlands	*34.8*	15.2	64.4	*41.5*	19.3	71.0	*46.8*	23.6	75.0
Germany	*14.5*	2.7	30.9	*19.4*	5.0	37.9	*26.0*	9.4	45.8
France	*13.1*	3.8	25.2	*16.7*	5.3	30.8	*17.2*	5.7	30.2
Spain	*6.0*	2.2	13.8	*7.9*	2.8	16.8	*11.8*	4.1	22.8
Italy	*:*	:	:	*8.4*	3.7	16.5	*13.6*	5.0	26.9
Denmark	*23.0*	10.7	30.9	*21.3*	10.2	37.9	*24.1*	13.5	45.8
Sweden	*:*	:	:	*19.5*	8.2	32.3	*25.0*	11.8	40.0
Finland	*10.4*	7.3	13.7	*12.3*	8.0	17.0	*14.1*	9.3	19.3
Ireland	*9.1*	3.8	18.7	*16.4*	6.9	30.3	*:*	:	:
The United Kingdom	*22.9*	6.3	43.8	*25.1*	8.9	44.4	*25.2*	10.8	42.2
UE-15	*14.2*	4.2	28.8	*17.7*	6.1	33.2	*20.9*	8.3	36.7

References

Acemoglu, D. (2002), 'Technical Change, Inequality, and the Labor Market', *Journal of Economic Literature,* 40 (1), 7-72.

Alesina, A. and Glaeser, E. L. (2004), *Fighting Poverty in the US and Europe: A World of Difference* (Oxford: Oxford University Press).

Anderson, C. (1995), *Blaming the government : citizens and the economy in five European democracies* (Armonk, N.Y. ; London: M.E. Sharpe).

--- (2001), 'Desperate Times Call for Desperate Measures? Unemployment and Citizen Behavior in Comparative Perspective', in N. Bermeo (ed.), *Unemployment in the new Europe* (Cambridge: Cambridge University Press), pp. 271-90.

Anderson, C. and Pontusson, J. (2007), 'Workers, worries and welfare states: Social protection and job insecurity in 15 OECD countries', *European Journal of Political Research,* 46 (2), 211-35.

Anderson, C. and Beramendi, P. (2008), 'Income, Inequality, and Electoral Participation', in P. Beramendi and C. Anderson (eds.), *Democracy, inequality, and representation : a comparative perspective* (New York, N.Y.: Russell Sage Foundation), pp. 278-311.

Atkinson, A. B. (2000), 'The Changing Distribution of Income: Evidence and Explanations', *German Economic Review,* 1 (1), 3-18.

Bane, M. J. and Ellwood, D. T. (1986), 'Slipping into and out of Poverty: The Dynamics of Spells', *The Journal of Human Resources,* 21 (1), 1-23.

Bartels, L. M. (2008), *Unequal Democracy: The Political Economy of the New Gilded Age* (Princeton: Princeton University Press).

Baumol, W. J. (1967), 'The Macroeconomics of Unbalanced Growth', *American Economics Review,* 57, 415-26.

Baumol, W. J. and Bowen, W. G. (1966), *Performing Arts: The Economic Dilemma* (New York: Twentieth Century Fund).

Bénabou, R. (2003), 'Human Capital, Technical Change, and the Welfare State', *Journal of the European Economic Association,* 1 (2-3), 522-32.

Berger, J. (1981), 'Changing Crisis-Types in Western Societies', *Praxis International,* (3), 230-39.

Berger, S. and Piore, M. J. (1980), *Dualism and discontinuity in industrial societies* (Cambridge: Cambridge University Press).

Bernardi, F. and Garrido, L. (2008), 'Is There a New Service Proletariat? Post-industrial Employment Growth and Social Inequality in Spain', *European Sociological Review,* 24 (3), 299-313.

Bernardi, F.*, et al.* (2000), 'Who Exits Unemployment? Institutitonal Features, Individual Characteristics, and Chances of Getting a Job. A Comparison of Britain

and Italy', in D. Gallie and S. Paugam (eds.), *Welfare regimes and the experience of unemployment in Europe* (Oxford: Oxford University Press), pp. 218-39.

Blanchard, O. (2006), 'European unemployment: the evolution of facts and ideas', *Economic Policy,* 21 (45), 5-59.

Blanchard, O. and Summers, L. H. (1986), 'Hysteresis And The European Unemployment Problem', in S. Fischer (ed.), *NBER Macroeconomics Annual 1986, Volume 1* (Cambridge, MA: MIT Press), pp. 15-90.

Blanchard, O. and Landier, A. (2002), 'The Perverse Effects of Partial Labour Market Reform: Fixed-Term Contracts in France', *The Economic Journal,* 112 (480), F214-F44.

Blau, F. D. and Kahn, L. M. (2002), *At home and abroad: U.S. labor market performance in international perspective* (New York: Russell Sage Foundation).

Bluestone, B. (1970), 'Labor markets and the working poor', *Poverty and Human Resources,* (6), 15-35.

Booth, A. L., Francesconi, M. and Frank, J. (2002), 'Temporary Jobs: Stepping Stones or Dead Ends?' *The Economic Journal,* 112 (480), F189-F213.

Brady, H. E. (2004), 'An Analytical Perspective on Participatory Inequality and Income Inequality', in K. M. Neckerman (ed.), *Social inequality* (New York: Russell Sage), pp. 667-702.

Brady, H. E., Verba, S. and Schlozman, K. L. (1995), 'Beyond Ses: A Resource Model of Political Participation ', *American Political Science Review,* 89 (2), 271-94.

Bridgen, P. and Meyer, T. (2008), 'Politically Dominant but Socially Flawed: Projected Pension Levels for Citizens at Risk in Six European Multi-Pillar Pension Systems', in M. Seeleib-Kaiser (ed.), *Welfare State Transformations: Comparative Perspectives* (Houndmills, Basingstoke: Palgrave Macmillan), pp. 111-38.

Burchard, T., Le Grand, J. and Piachaud, D. (2002), 'Degrees of Exclusion: Developing a Dynamic, Multidimensional Measure', in J. Hills, J. Le Grand, and D. Piachaud (eds.), *Understanding social exclusion* (Oxford ; New York: Oxford University Press), pp. 30-43.

Burda, M. C. and Dluhosch, B. (2000), 'Fragmentation, Globalization and Labor Markets', *CESifo Working Paper No. 352*.

Burtless, G. (1995), 'International Trade and the Rise in Earnings Inequality', *Journal of Economic Literature,* 33 (2), 800-16.

Campbell, A. L. (2007), 'Universalism, Targeting, and Participation', in J. Soss, J. S. Hacker, and S. Mettler (eds.), *Remaking America : democracy and public policy in an age of inequality* (New York: Russell Sage Foundation), pp. 121-40.

Castel, R. (2007), 'Au-delà du salariat ou en deçà de l'emploi? L'institutionnalisation du précariat', in S. Paugam (ed.), *Repenser la solidarité : l'apport des sciences sociales* (Paris: Presses universitaires de France), pp. 415-33.

Castles, S. and Kosack, G. (1985), *Immigrant Workers and Class Structure in Western Europe* (Oxford: Oxford University Press).

Clasen, J. and Clegg, D. (2007), 'Levels and levers of conditionality: measuring change within welfare states', in J. Clasen and N. A. Siegel (eds.), *Investigating welfare state change : the 'dependent variable problem' in comparative analysis* (Cheltenham: Edward Elgar), pp. 166-97.

Cusack, T., Iversen, T. and Rehm, P. (2006), 'Risks at Work: The Demand and Supply Sides of Government Redistribution', *Oxford Review of Economic Policy,* 22 (3), 365-89.

--- (2008), 'Economic Shocks, Inequality, and Popular Support for Redistribution', in P. Beramendi and C. Anderson (eds.), *Democracy, inequality, and representation : a comparative perspective* (New York, N.Y.: Russell Sage Foundation), pp. 203-31.

D'Addio, A. C. and Rosholm, M. (2005), 'Temporary Employment in Europe: Characteristics, Determinants and Outcomes', *Brussels Economic Review - Cahiers Economiques de Bruxelles,* 48 (1/2), 13-41.

Dalton, R. J. (2006), 'Chapter 3: Political Participation', in R. J. Dalton (ed.), *Citizen politics : public opinion and political parties in advanced industrial democracies* (4th edn.; Washington, DC: CQ Press), pp. 35-61.

De Vreyer, P.*, et al.* (2000), 'The Permanent Effects of Labour Market Entry in Times of High Unemployment', in D. Gallie and S. Paugam (eds.), *Welfare regimes and the experience of unemployment in Europe* (Oxford: Oxford University Press), pp. 134-52.

DiPrete, T. A.*, et al.* (2006), 'Work and pay in flexible and regulated labor markets: A generalized perspective on institutional evolution and inequality trends in Europe and the U.S', *Research in Social Stratification and Mobility,* 24 (3), 311-32.

Doeringer, P. B. and Piore, M. J. (1971), *Internal labor markets and manpower analysis* (Lexington, Mass.: Heath).

Economist (2008), 'Krugman's conundrum'.

Esping-Andersen, G. (1990), *The three worlds of welfare capitalism* (Cambridge: Polity).

--- (ed.), (1993), *Changing Classes. Stratification and Mobility in Post-Industrial Societies* (London: SAGE Publications, International Sociological Association).

--- (1999), *Social Foundations of Postindustrial Economies* (Oxford: Oxford University Press).

Esping-Andersen, G., Assimakopoulou, Z. and van Kersbergen, K. (1993), 'Trends in Contemporary Class Structuration: A Six-nation Comparison', in G. Esping-Andersen (ed.), *Changing Classes. Stratification and Mobility in Post-Industrial Societies* (London: Sage Publications, International Sociological Association), pp. 32-57.

Esser, J. and Fach, W. (1979), 'Internationale Konkurrenz und selektiver Korporatismus', *10. Tagung des Arbeitskreises "Parteien – Parlamente - Wahlen" der Deutschen Vereinigung für Politische Wissenschaft.*

--- (1981), 'Korporatistische Krisenregulierung im "Modell Deutschland"', in U. v. Alemann (ed.), *Neokorporatismus* (Frankfurt-New York: Campus Verlag), pp. 158-79.

Freeman, R. B. (1995), 'The Large Welfare State as a System', *American Economic Review Papers and Proceedings,* 90 (5), 1255-75.

--- (1999), *The New Inequality: Creating Solutions for Poor America* (Boston: Beacon Press).

Friot, B. (1998), *Puissances du salariat : emploi et protection sociale à la française* (Paris: La Dispute).

Gagliarducci, S. (2005), 'The dynamics of repeated temporary jobs', *Labour Economics,* 12 (4), 429-48.

Gallego, A. (2007-8), 'Unequal Political Participation in Europe', *International Journal of Sociology,* 37 (4), 10-25.

Gallie, D., Paugam, S. and Jacobs, S. (2003), 'Unemployment, Poverty and Social Isolation: Is there a vicious circle of social exclusion?' *European Societies,* 5 (1), 1 - 32.

Gangl, M. (2004), 'Welfare States and the Scar Effects of Unemployment: A Comparative Analysis of the United States and West Germany', *American Journal of Sociology,* 109 (6), 1319-64.

Gash, V. (2008), 'Bridge or Trap? Temporary Workers' Transitions to Unemployment and to the Standard Employment Contract', *European Sociological Review*, jcn027.

Gash, V. and McGinnity, F. (2007), 'Fixed-term contracts--the new European inequality? Comparing men and women in West Germany and France', *Socioeconomic Review,* 5 (3), 467-96.

Gershuny, J. and Marsh, C. (1994), 'Unemployment in Work Histories', in D. Gallie and C. Marsh (eds.), *Social change and the experience of unemployment* (Oxford: Oxford University Press), pp. 66-114.

Ghilarducci, T. and Lee, M. (2005), 'Female Dual Labour Markets and Employee Benefits', *Scottish Journal of Political Economy,* 52 (1), 18-37.

Giesecke, J. and Gross, M. (2003), 'Temporary Employment: Chance or Risk?' *European Sociological Review,* 19 (2), 161-77.

Goldthorpe, J. H. (1984), 'The End of Convergence: Corporatist and Dualist Tendencies in Modern Western Societies', in J. H. Goldthorpe (ed.), *Order and conflict in contemporary capitalism* (Oxford: Clarendon Press), pp. 315-43.

Gordon, D. M., Edwards, R. and Reich, M. (1982), *Segmented work, divided workers : the historical transformation of labor in the United States* (Cambridge: Cambridge University Press).

Gottschalk, M. (2008), 'Hiding in Plain Sight: American Politics and the Carceral State', *Annual Review of Political Science,* 11 (1), 235-60.

Hacker, J. S. (2002), *The divided welfare state : the battle over public and private social benefits in the United States* (Cambridge: Cambridge University Press).

Hall, P. A. and Soskice, D. (eds.) (2001), *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage* (New York: Oxford University Press).

Hudson, K. (2007), 'The new labor market segmentation: Labor market dualism in the new economy', *Social Science Research,* 36 (1), 286-312.

Iversen, T. and Wren, A. (1998), 'Equality, Employment and Budgetary Restraint: the Trilemma of the Service Economy', *World Politics,* 50, 507-46.

Kalleberg, A. L. (2000), 'Nonstandard Employment Relations: Part-time, Temporary and Contract Work', *Annual Review of Sociology,* 26 (1), 341-65.

Kalleberg, A. L. and Sorensen, A. B. (1979), 'The Sociology of Labor Markets', *Annual Review of Sociology,* 5 (1), 351-79.

Kalleberg, A. L., Reskin, B. F. and Hudson, K. (2000), 'Bad Jobs in America: Standard and Nonstandard Employment Relations and Job Quality in the United States', *American Sociological Review,* 65 (2), 256-78.

Kerr, C. (1954), 'The Balkanization of Labor Markets', in E. W. Bakke (ed.), *Labor Mobility and Economic Opportunity* (Cambridge, Mass.: MIT Press).

King, D. and Rueda, D. (2008), 'Cheap Labor: The New Politics of 'Bread and Roses' in Industrial Democracies', *Perspectives on Politics,* 6 (02), 279-97.

Korpi, W. (1983), *The Democratic Class Struggle* (London: Routledge & Kegan Paul).

--- (1989), 'Power, Politics, and State Autonomy in the Development of Social Citizenship: Social Rights During Sickness in Eighteen OECD Countries Since 1930', *American Sociological Review,* 54 (3), 309-28.

Kriesi, H.*, et al.* (2006), 'Globalization and the transformation of the national political space: Six European countries compared', *European Journal of Political Research,* 45, 921-56.

--- (2008), *West European Politics in the Age of Globalization* (Cambridge: Cambridge University Press).

Krugman, P. (2008), 'Trade and Wages, Reconsidered', *Brookings Papers on Economic Activity,* (Spring).

Krugman, P. R. and Lawrence, R. Z. (1994), 'Trade, Jobs and Wages', *Scientific American,* 270 (4), 44-49.

Lawrence, R. Z. (2008), *Blue Collar Blues: Is Trade to Blame for Rising US Income Inequality?* (Peterson Institute for International Economics).

Layard, R., Nickell, S. and Jackman, R. (1991), *Unemployment: Macroeconomic Performance and the Labour Market* (Oxford: Oxford University Press).

Leibfried, S. (ed.), (1995), *Zeit der Armut : Lebensläufe im Sozialstaat* (1st edn.; Frankfurt am Main: Suhrkamp).

Leibfried, S. and Tennstedt, F. (1985), 'Armenpolitik und Arbeiterpolitik. Zur Entwicklung und Krise der traditionellen Sozialpolitik der Verteilungsformen', in S.

Leibfried and F. Tennstedt (eds.), *Politik der Armut und die Spaltung des Sozialstaats* (1st edn.; Frankfurt am Main: Suhrkamp), pp. 64-93.

Leisering, L. and Walker, R. (1998), *The dynamics of modern society : poverty, policy and welfare* (Bristol: Policy Press).

Leisering, L. and Leibfried, S. (1999), *Time and poverty in western welfare states : united Germany in perspective* (Cambridge: Cambridge University Press).

Lewis, J. (1992), 'Gender and the Development of Welfare Regimes', *Journal of European social policy,* 2 (3), 159-73.

Lindbeck, A. and Snower, D. J. (1988), *The insider-outsider theory of employment and unemployment* (Cambridge, Mass ; London: MIT Press).

--- (2001), 'Insiders versus Outsiders', *The Journal of Economic Perspectives,* 15 (1), 165-88.

Manza, J. and Uggen, C. (2004), 'Punishment and Democracy: Disenfranchisement of Nonincarcerated Felons in the United States', *Perspectives on Politics,* 2 (03), 491-505.

Mares, I. (2003), *The Politics of Social Risk: Business and Welfare State Development* (New York: Cambridge University Press).

McGinnity, F. (2004), *Welfare for the unemployed in Britain and Germany : who benefits?* (Cheltenham: Edward Elgar).

McGinnity, F., Mertens, A. and Gundert, S. (2005), 'A Bad Start? Fixed-Term Contracts and the Transition from Education to Work in West Germany', *Eur Sociol Rev,* 21 (4), 359-74.

McIntosh, S. (2004), 'Skills and Unemployment', in D. Gallie (ed.), *Resisting Marginalization. Unemployment Experience and Social Policy in the European Union* (Oxford: Oxford University Press), pp. 140-68.

Meyer, T., Bridgen, P. and Riedmüller, B. (2007), *Private pensions versus social inclusion? : non-state provision for citizens at risk in Europe* (Cheltenham: Elgar).

Mughan, A. (2007), 'Economic Insecurity and Welfare Preferences. A Micro-Level Analysis', *Comparative Politics,* 39 (3), 293-310.

Mughan, A. and Lacy, D. (2002), 'Economic Performance, Job Insecurity and Electoral Choice', *British Journal of Political Science,* 32 (03), 513-33.

Mughan, A., Bean, C. and McAllister, I. (2003), 'Economic globalization, job insecurity and the populist reaction', *Electoral Studies,* 22 (4), 617-33.

Müller, W. and Gangl, M. (eds.) (2003), *Transitions from Education to Work in Europe. The Integration of Youth into EU Labour Markets* (Oxford: Oxford University Press).

Olin Wright, E. and Dwyer, R. E. (2003), 'The patterns of job expansions in the USA: a comparison of the 1960s and 1990s', *Socio-Economic Review,* (1), 289-325.

Orloff, A. S. (1993), 'Gender and the Social Rights of Citizenship: The Comparative Analysis of Gender Relations and Welfare States', *American Sociological Review,* 58 (3), 303-28.

Osterman, P. (1975), 'An Empirical Study of Labor Market Segmentation', *Industrial & Labor Relations Review,* 28 (4), 508-23.

Palier, B. (2005a), 'Ambiguous Agreement, Cumulative Change: French Social Policy in the 1990s', in W. Streeck and K. A. Thelen (eds.), *Beyond Continuity: Institutional Change in Advanced Political Economies* (Oxford: Oxford University Press), pp. 127-44.

--- (2005b), *Gouverner la sécurité sociale: les réformes du système français de protection sociale depuis 1945* (2nd edn.; Paris: Presses Universitaires de France).

Palier, B. and Thelen, K. A. (2008), 'Dualizing CMEs: Flexibility and Change in Coordinated Market Economies', *Sixteenth International Conference of the Council for European Studies* (Chicago).

Paugam, S. (1991), *La disqualification sociale : essai sur la nouvelle pauvreté* (Paris: Presses Universitaires de France).

--- (1993), *La société française et ses pauvres : l'expérience du revenu minimum d'insertion* (Paris: Presses Universitaires de France).

--- (1996a), 'Introduction. La constitution d'un paradigme', in S. Paugam (ed.), *L'exclusion, l'état des savoirs* (Paris: La Découverte), pp. 7-19.

--- (1996b), *L'exclusion, l'état des savoirs* (Paris: La Découverte).

--- (2000), *Le salarié de la précarité : les nouvelles formes de l'intégration professionnelle* (1ère edn.; Paris: Presses Universitaires de France).

--- (2005), *Les formes élémentaires de la pauvreté* (Paris: Presses Universitaires de France).

Pierson, P. (1993), 'Review: When Effect Becomes Cause: Policy Feedback and Political Change', *World Politics,* 45 (4), 595-628.

Piore, M. J. (1975), 'Notes for a theory of labor market stratification', in R. Edwards, M. Reich, and D. M. Gordon (eds.), *Labor market segmentation* (Lexington, Mass.: D.C. Heath), pp. 125-50.

--- (1983), 'Labor Market Segmentation: To What Paradigm Does It Belong?' *The American Economic Review,* 73 (2), 249-53.

Polavieja, J. G. (2005), 'Flexibility or polarization? Temporary employment and job tasks in Spain', *Socioeconomic Review,* 3 (2), 233-58.

Polavieja, J. G. and Richards, A. (2001), 'Trade Unions, Unemployment, and Working-Class Fragmentation in Spain', in N. Bermeo (ed.), *Unemployment in the New Europe* (Cambridge: Cambridge University Press).

Pollmann-Schult, M. and Buchel, F. (2005), 'Unemployment Benefits, Unemployment Duration and Subsequent Job Quality: Evidence from West Germany', *Acta Sociologica,* 48 (1), 21-39.

Rehm, P. (2009), 'Risks and Redistribution: An Individual-Level Analysis', *Comparative Political Studies,* a (z), xx-yy.

Reich, M. (ed.), (2008), *Segmented Labor Markets And Labor Mobility* (Cheltenham: Edward Elgar).

Reich, M., Gordon, D. M. and Edwards, R. C. (1973), 'A Theory of Labor Market Segmentation', *The American Economic Review,* 63 (2), 359-65.

Rein, M. and Rainwater, L. (1986), *Public/private interplay in social protection : a comparative study* (Armonk, N.Y.: M.E. Sharpe).

Rein, M. and Wadensjö, E. (1997), *Enterprise and the welfare state* (Cheltenham: Edward Elgar).

Rosenberg, S. (1989), 'From Segmentation to Flexibility: A Selective Survey', *Labour and Society,* 14 (4), 363-407.

--- (2007), 'From segmentation to flexibility to segmentation amidst flexibility: the case of the United States', *Économies et sociétés, Série: Socio-Économie du travail,* (28), 897-924.

Rubery, J. (2007), 'Developing segmentation theory: a thirty year perspective', *Économies et Sociétés,* 28 (6), 941-64.

Rueda, D. (2005), 'Insider-Outsider Politics in Industrialized Democracies: The Challenge to Social Democratic Parties', *American Political Science Review,* 99 (1), 61-74.

--- (2006), 'Social Democracy and Active Labour-Market Policies: Insiders, Outsiders and the Politics of Employment Promotion', *British Journal of Political Science,* 36 (03), 385-406.

--- (2007), *Social democracy inside out : partisanship and labor market policy in industrialized democracies* (Oxford ; New York: Oxford University Press).

Russell, H. and Barbieri, P. (2000), 'Gender and the Experience of Unemployment', in D. Gallie and S. Paugam (eds.), *Welfare regimes and the experience of unemployment in Europe* (Oxford: Oxford University Press), pp. 307-33.

Saint-Paul, G. (1998), 'A framework for analyzing the political support for active labor market policy', *Journal of Public Economics,* 67 (2), 151-65.

Saint-Paul, G., Bean, C. R. and Bertola, G. (1996), 'Exploring the Political Economy of Labour Market Institutions', *Economic Policy,* 11 (23), 265-315.

Samuelson, P. A. and Stolper, W. F. (1941), 'Protection and Real Wages', *The Review of Economic Studies,* 8 (3), 58-73.

Scherer, S. (2004), 'Stepping-Stones or Traps?: The Consequences of Labour Market Entry Positions on Future Careers in West Germany, Great Britain and Italy', *Work, Employment & Society,* 18 (2), 369-94.

Schlozman, K. L. and Verba, S. (1979), *Injury to insult : unemployment, class, and political response* (Cambridge, Mass: Harvard University Press).

Schlozman, K. L., Verba, S. and Brady, H. E. (1999), 'Civic Participation and the Equality Problem', in T. Skocpol and M. P. Fiorina (eds.), *Civic Engagement in American Democracy* (Washington, D.C. and New York: The Brookings Institution Press and Russell Sage Foundation), pp. 427-59.

Schnapper, D. (1996), 'Intégration et exclusion dans les sociétés modernes', in S. Paugam (ed.), *L'exclusion, l'état des savoirs* (Paris: La Découverte), pp. 23-31.

Schultheis, F. (1996), 'L'Etat et la société civile face à la pauvreté en Allemagne', in S. Paugam (ed.), *L'exclusion, l'état des savoirs* (Paris: La Découverte), pp. 428-37.

Scott, W. J. and Acock, A. C. (1979), 'Socioeconomic Status, Unemployment Experience, and Political Participation: A Disentangling of Main and Interaction Effects', *Political Behavior,* 1 (4), 361-81.

Shalev, M. (1996), *The privatization of social policy? : occupational welfare and the welfare state in America, Scandinavia and Japan* (Basingstoke: Macmillan).

Shavit, Y., Müller, W. and Tame, C. (1998), *From school to work : a comparative study of educational qualifications and occupational destinations* (Oxford: Clarendon Press).

Siebert, H. (1997), 'Labor Market Rigigities: At the Root of Unemployment in Europe', *The Journal of Economic Perspectives,* 11 (3), 37-54.

Simmel, G. (1908), 'Der Arme', in S. Georg (ed.), *Soziologie: Untersuchungen ueber die Formen der Vergesellschaftung* (Leipzig: Dunker & Humblot), pp. 512–55.

Skocpol, T. and Fiorina, M. P. (1999), 'Making Sense of the Civic Engagement Debate', in T. Skocpol and M. P. Fiorina (eds.), *Civic Engagement in American Democracy* (Washington, D.C. and New York: The Brookings Institution Press and Russell Sage Foundation), pp. 1-23.

Solow, R. M. (1985), 'Insiders and Outsiders in Wage Determination', *The Scandinavian Journal of Economics,* 87 (2), 411-28.

Steijn, B., Need, A. and Gesthuizen, M. (2006), 'Well begun, half done?: Long-term effects of labour market entry in the Netherlands, 1950-2000', *Work Employment Society,* 20 (3), 453-72.

Stimson, J. A., Mackuen, M. B. and Erikson, R. S. (1995), 'Dynamic Representation', *The American Political Science Review,* 89 (3), 543-65.

Stinchcombe, A. L. (1979), 'Social Mobility in Industrial Labor Markets', *Acta Sociologica,* 22 (3), 217-45.

Swenson, P. A. (2002), *Capitalists Against Markets: The Making of Labor Markets and Welfare States in the United States and Sweden* (New York: Oxford University Press).

Verba, S. and Nie, N. H. (1972), *Participation in America : political democracy and social equality* (1st edn.; New York ; London: Harper & Row).

Verba, S., Schlozman, K. L. and Brady, H. E. (1995), *Voice and equality : civic voluntarism in American politics* (Cambridge, Mass: Harvard University Press).

--- (2004), 'Political Equality: What Do We Know About It?' in K. M. Neckerman (ed.), *Social Inequality* (New York: Russell Sage Foundation), pp. 635-66.

Recent titles in this series

download at *http://www.socialpolicy.ed.ac.uk/recwowepudiac/working_papers/*

Working Papers 2009

10/09	**Fabio Bertozzi, Giuliano Bonoli**	Measuring Flexicurity at the Macro Level
09/09	**Silja Häusermann, Hanna Schwander**	Identifying outsiders across countries
08/09	**María C. González**	Workers' Involvement at the workplace and Job Quality in Europe
07/09	**Rodolfo Gutiérrez, Ana Guillén, Ramón Peña-Casas**	Earnings inequality and in-work-poverty
06/09	**Ramón Peña-Casas**	More and Better Jobs
05/09	**Svenn-Åge Dahl, Torstein Nesheim, Karen M. Olsen**	Quality of Work - concept and measurement
04/09	**Laura den Dulk, Bram Peper**	Managing work-life policies in the European workplace
03/09	**Barbara Hobson, Susanne Fahlén**	Applying Sen's Capabilities Framework to Work Family Balance within a European Context
01/09	**Elke Viebrock, Jochen Clasen**	Flexicurity - a state-of-the-art review

Working Papers 2008

01/08	**Sophie Jacquot**	National Welfare State Reforms and the Question of Europeanization: From Impact to Usages

REC-WP

Working Papers on the Reconciliation of Work and Welfare in Europe