The Politics of Trade-offs: Studying the Dynamics of Welfare State Reform with Conjoint Experiments

Silja Häusermann, Thomas Kurer, Denise Traber

Abstract
Under what conditions can welfare states be reformed in times of austerity? This question has taken center stage in the research on welfare state reforms. The key theories in the field refer to public opinion as the key obstacle to reform, because welfare state retrenchment is highly unpopular among those negatively affected by it. Successful reforms therefore depend on carefully balanced political exchange and package deals. But which compensations work? And for whom? In other words: when are individuals willing to agree to welfare state reforms that contain elements they clearly reject?

Studying such “politics of trade-offs” requires that we know the relative saliency of different reform elements for specific groups, something standard survey data does not provide. We introduce conjoint survey analysis as an appropriate tool, because it prompts respondents to choose between different policy packages and is therefore perfectly suited to examine individual preferences in the context of multi-dimensional reforms.

We present findings from a study of pension retrenchment reform in Switzerland. The analysis relies on data from an original survey experiment with 1’873 respondents, yielding over 18’000 single ratings of specific policy packages. Thanks to detailed information on the socio-structural and political characteristics of the respondents, we are able to study both the determinants of relative saliency, as well as the determinants of reform support. We find that retrenchment indeed has a “cost” in terms of support, which can be compensated by specific benefit expansions for relevant opposition groups. Further, ideology outperforms material self-interest as a predictor of the effectiveness of compensations. Eventually, even among left-wing voters who are explicitly opposed to cutbacks, no less than 31 percent of reform packages that indeed include cutbacks receive majority support.

Our findings bear important implications for the reform capacity of mature welfare states in an era of permanent financial constraint: they show that structural and institutional constraints do not prevent successful welfare reform. Rather, agency and politics matter: governments have ample room for tailoring compensations to the relevant opposition groups.
Introduction

The modern welfare state is one of the major social and political achievements of the 20th century post-war era in the developed OECD world. It has supported democratic stability and has allowed shielding most citizens throughout Europe from the main risks of income loss and poverty, such as sickness, old age or unemployment. At the beginning of the 21st century, European welfare states have come under political pressure for two – conflicting - reasons: first, demographic and economic structural change calls for financial consolidation and even retrenchment of welfare benefits (Pierson 2001, Huber and Stephens 2001); second, new social risks and the economic crisis have expanded and increased social demands towards the welfare state (Pierson 2001, Bonoli 2005). Given the tremendous significance of the welfare state for the material well-being and life chances of citizens, it is no surprise that the sustainability of welfare states and the dynamics of welfare reforms have become key topics in comparative politics (Esping-Andersen 1999, Pierson 2001, Huber and Stephens 2001, Hacker 2004, Kuhnle 2000, Brooks and Manza 2007, Palier 2010, Häusermann 2010, Rehm et al. 2012, Hemerijck 2013, Gingrich 2014, Huber and Stephens 2015, Lindvall forthcoming).

However, despite strong functional pressure and political saliency of welfare reforms, both the adaptation of welfare states to new social needs and demands, as well as the financial consolidation of major welfare programs are difficult and highly conflictual politically. A large literature has established how institutional feedback processes create endogenous stabilizers for existing welfare state programs. Pierson (2000) identifies a range of causal mechanisms that account for such stabilization: mature welfare states create their own support constituencies, and given the inherent loss aversion of citizens in terms of policies, the growing numbers of beneficiaries introduce a bias in welfare state development in favor of the status quo. Moreover, existing welfare state policies benefit from endogenous power asymmetries: in terms of collective action and political clout, beneficiaries of existing rights and benefits can mobilize more easily than advocates of change and/or new benefits. More generally, existing institutions create normative expectations and cultural beliefs that contribute to stabilizing the status quo (Brooks and Manza 2007).

When conceptualizing these different mechanisms of institutional stabilization (such as support constituencies, status quo bias, power asymmetries, mobilization capacity, norms and expectations), it is striking to notice that all of them refer to individual-level preferences and
public opinion as stabilizing factors. Public support for existing welfare programs explains direct and indirect barriers to welfare reforms, either in terms of direct electoral or non-electoral protest against cuts, or in terms of different blame-avoidance strategies of political elites (Vis 2015). In democratic societies, public opinion is a powerful factor driving politics. In this light, the key question for welfare state research in the 21st century has become under what conditions welfare states can be adapted to changing needs and demands. Under what conditions are democratic governments – whose power depends on popular support – willing and able to implement such adaptation?

The key answer the welfare state literature has developed to this question is that significant welfare reform is possible when (potential) opponents are compensated. Unpopular reforms need to be counterbalanced to be viable politically. If a reform contains both contested as well as popular elements, individuals and social groups are confronted with a trade-off: while they reject the reform based on the cutbacks, they may be interested in the reform being adopted based on the compensating aspects. Eventually, people may support the overall package despite their opposition to certain parts of the reform. The aggregate support for the reform will depend on the relative saliency that different reform elements have in the preferences of this particular individual or a social group. The effectiveness of compensation has been shown in a great number of empirical studies, which have established political exchange as a key mechanism of current welfare reform politics (Levy 1999, Bonoli 2000, Pierson 2001, Rhodes and Natali 2004, Häusermann 2010, Huber and Stephens 2015).

But which compensations work? And for which groups? In other words: when are individuals willing to agree to welfare state reforms that contain elements they explicitly reject? Despite the acknowledged importance of political exchange, we have very few theoretical arguments and empirical studies on a) patterns and types of compensation and b) on the effectiveness of such compensations. The reason for this lack is that studying the politics of compensation empirically requires information on the relative saliency of different reform elements – or reform dimensions - for specific social groups, which is something that standard survey data does not provide. As a consequence, all we can study with comparative survey data is the “linear” support social groups give to specific social programs, and we may then infer the effectiveness of compensations ex post and indirectly (e.g. via electoral outcomes, Giger and Nelson 2013), when unpopular reform elements were indeed implemented. However, this kind of indirect test of effectiveness, or backward induction, implies that we can never test the mechanism itself, and neither can we empirically identify the relative effectiveness of different compensation strategies.
In this paper, we use conjoint survey analysis – an experimental survey design that has only recently started to spread in political science – to study the political dynamics of compensation in welfare reform. Conjoint analysis is particularly suited for this purpose, because it prompts respondents to choose between different policy packages, rather than simply asking about support for one specific measure. The packages contain diverse reform elements and are therefore perfectly suited to examine reform support, as well as compensation effectiveness in the context of multi-dimensional welfare reform. Our empirical case is the ongoing pension reform in Switzerland, a reform process that exemplifies different compensation strategies in the one social policy field – pensions – most strongly affected by path dependency (Jensen 2012), i.e. where benefit retrenchment and financial consolidation are the least popular.

1. Theory: the politics of trade-off. Who can be compensated? And how?

Compensation and political exchange play a key role in today’s welfare reform capacity. This argument is largely uncontested in the welfare state literature (cf. Huber and Stephens 2015, and Lindvall forthcoming for contributions that take stock of the insights of the past decade of welfare state research). Of course, there are specific institutional and political circumstances, in which even harsh cutbacks can be imposed by governments\(^1\), but when it comes to the large, established and central pillars of the welfare state - such as old age pensions - on which the financial stability of the entire regime ultimately depends, such unilateral, uncompensated cutbacks have turned out to be politically unviable (Pierson 2001, Vail 2010, Häusermann 2010, Jensen 2012). The main reasons why such uncompensated pension cutbacks are unviable is that existing benefits enjoy very strong support among a broad majority of the citizens, and thus the defenders of existing benefit levels and benefit structures have political visibility and clout, both in the public debates and in organized politics. In a recent study, Busemeyer (2014) indeed shows that when confronted with trade-offs between different desirable goals (such as expansion of education spending, avoiding public debt, or defending existing pension levels), people were consistently unwilling to accept cutbacks in established pension benefit levels to achieve other desirable goals.

\(^1\) Retrenchment and financial consolidation can also be pushed through a) when power is undivided and governments do not fear the electoral backlash (cf. Kitschelt 2001, Ross 2000, or Schumacher and Vis 2012 on the reasons why Left governments are more able to implement welfare retrenchment) or b) when retrenchment affects a small group who bears concentrated risks (Jensen 2012) or social groups that are considered “undeserving” (van Oorschot 2006).
Both the scope and the intensity of popular support to existing levels of benefits makes (selective) compensation for retrenchment politically key. Existing research has conceptualized and observed different kinds of compensation, which can be grouped into four strategies.

First, a government can shield opponents from the negative consequences of a policy reform, by (partially) exempting them from cutbacks. This mechanism of compensation has been observed mainly in two fields: in pension reform, benefit cutbacks can be typically delayed temporally in order to gain the support of older cohorts (e.g. Bonoli and Palier 1998; Jacobs and Matthews 2012); in the field of labor market reforms, dualizing strategies exempt insiders from liberalization at the cost of the atypically or marginally employed (Emmenegger et al. 2012, Beramendi et al. 2015). Both strategies mitigate opposition against reforms by lessening the reform consequences for parts of the opponents.

Two further compensation strategies rely on a different logic of compensation: rather than exempting some groups, opponents are compensated via side-payments on different dimensions of the reform: Targeting and Recalibration (Häusermann 2010) denote strategies that consist in combining retrenchment with benefit expansions for selected groups of beneficiaries. In the case of targeting, governments counterbalance cutbacks with targeted benefit expansions in favor of low-income beneficiaries. The negative effects of cutbacks are thereby mitigated for the most vulnerable, usually through the strengthening of means-tested aspects of the social policy schemes (for examples with regard to pension and labor market reforms, see e.g. Rhodes 2001, Knotz and Lindvall 2014). Targeting thereby fosters support for the reform both among the direct beneficiaries of targeted expansions, as well as among people opposed to greater inequality.

Recalibration, on the other hand, links benefit cutbacks to welfare state “updating” (Pierson 2001), i.e. adapting social policies to changed family patterns and employment biographies. Improving social benefits for part-time workers, de-coupling rights from marriage status or granting social benefits for child care duties are typical examples of recalibrating compensation (for examples in the area of pension policy, see e.g. Bonoli 2000 or Häusermann 2010). Recalibration benefits mostly women, as well as more generally people with discontinuous employment biographies. It is supposed to foster support among those groups in particular, and among advocates of universalistic, gender egalitarian social policies more generally.

Finally, a fourth strategy of compensation refers to combining benefit cutbacks with increased
revenues for social security, in order to bolster the financial stability of social security in the longer run and to share the burden between both sides of expenditures and revenues (see e.g. Palier 2010 with regard to contribution increases as a reform strategy in continental Europe). Balancing financial consolidation between taxes and expenditures has been a long-standing claim of the Left in many countries, which is why this compensation strategy should bolster support for the reform particularly among left-wing voters.

In this paper, we test the effect of including such compensations on overall support for a reform package that contains unpopular retrenchment. Before developing more specific expectations, we state as a first, general hypothesis (H1) that compensation does increase popular support for welfare reform. More specifically (in terms of an observable implication), we expect to find reform packages, which contain elements that are clearly and strongly rejected on their own, but which nevertheless receive overall majority support when they include compensating measures.

The more specific question, of course, is which compensation strategy is effective for whom? Answering this question requires that we identify social groups that are likely to be particularly opposed to welfare state retrenchment, and this question refers directly back to the question of interests vs. ideology as determinants of social policy preferences. Brooks and Manza (2007: 30) argue that social policy preferences are “embedded” in two ways: first, both the socio-structural location of individuals and the institutional set-up of a social policy scheme condition unequal access to, or possession of resources. The more dependent individuals are on the benefits distributed by a social policy scheme, the stronger their preference for this social policy. For the case of old age pensions, this implies that we look closely at low-income voters and pensioners as social groups particularly interested in maintaining existing public pension provision. Similarly, the interaction of gender-specific employment patterns and the male breadwinner-orientation of continental pension regimes makes women particularly vulnerable to pension retrenchment. Hence, in terms of self-interested reactions to compensation, we will focus on low-income individuals, women and pensioners. We expect people with lower incomes to be particularly responsive to targeting as a strategy of compensation (H2) and women to be particularly responsive to recalibrating compensation (H3). In other words, we expect targeting to contribute to the support for a reform package among lower income people, and we expect recalibration to increase the support for a reform among women. Furthermore, we expect pensioners’ support for reform to increase with current pensions being exempt from consolidating reforms (H4).
The second way in which social policy preferences are “embedded” is ideologically. Social organization such as political parties expose individuals to political values, an exposure which fosters and reinforces individuals’ policy preferences. In this regard, we would expect voters of left parties to be particularly skeptical against benefit cutbacks (independent of their own income situation), because of the implications of such retrenchment for the material well-being of beneficiaries and for inequality more generally. However, left-wing voters should be particularly responsive to recalibration, targeting, as well as increased revenues, since all of these compensation strategies address key concerns of left-wing political programs, i.e. the correction of inequalities (H5).

2. Studying the politics of trade-offs empirically: design and methodological strategy

a. The empirical case: pension reform in Switzerland

We study the effects of different compensation strategies in the field of pension policy reform in Switzerland.

Pension reform generally is the prime example of an area of the welfare state where adaptation to new social risks and financial consolidation are constrained by public opinion, because mature pension regimes in the developed OECD countries – despite regime differences – affect almost all citizens and feature precisely the endogenous institutional feedback effects that account for wide-spread opposition against retrenchment and adaptation. Hence, pension policy is most likely the area in which political exchange and compensation are the most important pre-conditions for reform viability. Pension policy is also a fruitful area to study different compensation strategies, because old age income protection implies a range of different distributive principles. Most countries combine elements of social insurance, redistribution, means-tested minimum-protection and occupational or even private insurance.

Switzerland provides the perfect empirical setting to study our research question for three reasons. First, the institutional set-up. The Swiss pension system relies on three pillars: the first pillar (AHV) provides universal, flat-rate basic public pensions with a very strong redistributive character. By contrast, the second pillar, while public, provides occupational pensions on a strictly actuarial basis (social insurance), and the third pillar consists in tax subsidies for private pension savings. Hence, while the first pillar provides ample opportunities for targeting compensations, the Achilles heel of the second pillar typically is a bias against typically female
employment biographies, which brings demand for recalibration on the agenda. Hence, upon consolidating pension policy financially, the different compensation strategies all become (potentially) relevant and available.

Second, the ongoing pension reform (“Altersvorsorge 2020”) provides the perfect example of a policy package aimed primarily at financial consolidation, but supposed to foster popular support by compensation. In its reform proposal from the fall 2014, the government’s explicit aim is to secure the financial stability of the pension regime at least until 2030. To this effect, the government has decided to follow an unusually encompassing reform strategy by combining the reform of the first (AHV) and second pillar (BVG) in a single reform package, with the explicit goal of thereby expanding the room for negotiation (i.e. for compensation). Hence, the reform package includes not only elements of retrenchment in both the first and the second pillars (an increase in the age of retirement, cuts in widows’ pensions and – most importantly – a lowering of the conversion rate in the capitalized second pillar), but also recalibrating and targeting elements, as well as a proposal for increasing revenues (via VAT) for the first pillar. The ongoing reform is thereby the most ambitious and encompassing reform package in the history of Swiss pension politics. This particular reform strategy is actually the result of a learning process of the government, who made several attempts at cutting back pension benefits unilaterally and failed repeatedly when voters turned down these reforms at the polls. Hence, the strategic aspect of compensating opponents to foster public support is very explicit.

Third and finally, Switzerland is a particularly good case for studying public opinion and social policy preferences regarding welfare reform, because there is a direct link between voter preferences and reform outputs: Switzerland being a semi-direct democracy, major pension reforms are usually subject to a direct democratic referendum. This implies that evaluating these policy trade-offs and compensations is a highly realistic scenario for the survey respondents, and given the row of (failed) reform attempts over the past decade, we can expect

\[2 \text{ http://www.bsv.admin.ch/altersvorsorge_2020/} \]

\[3 \text{ The conversion rate denotes the rate at which the capitalized old age savings in the second pillar are calculated into annual pension benefits. Currently, this rate is at 6.8%. Example: if an individual has contributed 100’000 CHF to a pension fund of the second pillar (BVG) over the course of his/her employment biography, then he/she would receive 6800 CHF per year in second pillar pensions after retirement. A lowering of the conversion thus equals pension level cutbacks.} \]

\[4 \text{ Referenda on reforms of laws are not mandatory in Switzerland, but optional. If opponents of the reform manage to collect 50’000 signatures in 90 days, the reform will be voted on. Despite not being mandatory, major social policy reforms are almost always subject to a referendum. Since 1995, there have been 5 referenda on pension-related issues.} \]

\[5 \text{ In 2003, the voters rejected a reform of the first pillar (AHV). A second attempt at this same reform then failed in Parliament in 2010. In 2009, the voters also rejected a reform of the second pillar (BVG). All three} \]
a comparatively high level of information among respondents about the substance of the reform at stake.

b. The design of the study: conjoint survey experiment

Studying the “politics of trade-offs” requires that we identify the relative saliency of different reform elements: when a reform package contains both, elements that a voter rejects and other elements that he/she favors, the voter will perform an (implicit) balancing of the relative preference saliency, which eventually determines whether he/she supports or rejects the reform package as a whole. Standard survey does not allow us to measure relative preference saliency. All we know from standard comparative surveys is the extent to which individuals support the welfare state in general, specific social policies or reform elements. Generally, support levels are very high in favor of generous social policies and very low for social policy retrenchment (Busemeyer 2014). However, from this information, we cannot evaluate public opinion on actual welfare state reforms, since we know by now that these reforms are very often multidimensional.

We use conjoint survey analysis as an appropriate tool to analyze current welfare politics, because it precisely prompts respondents to choose between different policy packages. It is therefore perfectly suited to examine individual preferences in the context of multi-dimensional reforms. Conjoint designs have a long history in psychology, marketing and sociology (Green et al. 2001, Wallander 2009) but they have only recently started to spread in political science, with a few pioneering studies showing the substantial value for political science research questions (Bechtel and Scheve 2012, Bechtel et al. 2013, Hainmüller and Hopkins 2014, Gallego and Marx 2015) and providing methodological support for applications in political science (Hainmüller et al. 2014, Hainmüller et al. 2015).

Conjoint analysis is the ideal tool to study the effectiveness of compensation strategies, because it allows identifying the importance of specific reform elements for the support of the entire reform package. This coefficient (the “average marginal component effect” (Hainmueller et al. 2014), is a valid indicator of the relative saliency of specific reform elements. In addition, conjoint analysis allows for the testing of possible interactions between attributes of respondents (e.g. age, income, labor market status, partisanship) and particular reform elements. Thereby, we can estimate the importance specific social groups attribute to particular compensation strategies.

failed reform attempts had in common that they were strongly directed towards retrenchment and contained only very little compensation elements (Häusermann 2010, Raschle 2015).
Being an experimental design, conjoint analysis relies on randomization. This means that the design specifies a number of attributes (elements of the reform package) and levels (the different values each reform elements can take). Reform packages are then generated randomly: they contain a fixed number of attributes (in random order), and a random composition of levels.

Survey respondents are presented with two such randomly generated (hypothetical) reform packages that they are asked to compare. They then indicate a) which of the two reform packages they prefer (the “choice” variable), and b) how likely they would be to support each of the two reform packages individually in a popular referendum (the “ranking” variable). Through randomization and a high number of such pairwise comparisons, conjoint analysis allows us to identify – and quantify - the causal effect individual reform elements have on the support for the entire reform, compared to a reform that contains the baseline category on a particular attribute. To give an example: Including a certain element in the reform (e.g. raising the age of retirement to 67) will reduce the support for the reform by XY percentage points relative to a reform package that keeps the retirement age at the baseline (status quo). This effect can be quantified for all attributes of the reform, which allows us to compare their magnitudes (i.e. the relative saliency of these different elements).

The definition of attributes and levels is, obviously, key for a meaningful design of the survey. In our case, we identify 6 key elements of the ongoing reform and we defined 3 values for each, according to the same principle: status quo, government proposal, claims to go beyond the government proposal. Table 1 shows the design. It was important for us to include only levels that are realistic and are actually debated in the ongoing reform (which is why for the last attribute we defined only two values).
<table>
<thead>
<tr>
<th>Attribute: reform element</th>
<th>Levels: reform options that are being discussed</th>
<th>Theoretical relevance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age of retirement</td>
<td>1: status quo 64 for women, 65 for men</td>
<td>Retrenchment (exemption for the pensioners)</td>
</tr>
<tr>
<td></td>
<td>2: government proposal Increase for women by 1 year: 65 for both women and men</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3: further claims Stepwise increase for both men and women to 67</td>
<td></td>
</tr>
<tr>
<td>Conditions for early retirement</td>
<td>1: status quo Early retirement allowed, but implied a linear cutback in the benefit level</td>
<td>Compensation: targeting</td>
</tr>
<tr>
<td></td>
<td>2: government proposal Early retirement should be financially subsidized for low-income earners</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3: further claims Early retirement should be financially subsidized for all</td>
<td></td>
</tr>
<tr>
<td>Widows’ pension</td>
<td>1: status quo no cuts</td>
<td>Retrenchment</td>
</tr>
<tr>
<td></td>
<td>2: government proposal Only widows with children under the age of 16 should be eligible for pensions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3: further claims Stepwise elimination of widows’ pensions overall</td>
<td></td>
</tr>
<tr>
<td>Additional VAT revenues for 1st pillar stabilization</td>
<td>1: status quo No increase in VAT</td>
<td>Compensation: increased revenues</td>
</tr>
<tr>
<td></td>
<td>2: government proposal Increase of VAT by max. 1.5 percentage points</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3: further claims Increase of VAT by max. 3 percentage points</td>
<td></td>
</tr>
<tr>
<td>Conversion rate for capitalized pensions (2nd pillar)</td>
<td>1: status quo No cuts (6.8% conversion rate)</td>
<td>Retrenchment (exemption for the pensioners, as the cutback applies only to future pensions)</td>
</tr>
<tr>
<td></td>
<td>2: government proposal Cutback. Balance the lowering of pension levels partially by having people contribute more.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3: further claims Cutback. No balancing of lower pension levels.</td>
<td></td>
</tr>
<tr>
<td>Access to second pillar pensions</td>
<td>1: status quo No change. Only people earning more than 24’000 CHF/year have access to occupational pensions.</td>
<td>Compensation: recalibration</td>
</tr>
<tr>
<td></td>
<td>2: government proposal Extend the access to occupational pensions for people with lower incomes and part-time workers</td>
<td></td>
</tr>
</tbody>
</table>

Table 1: Attributes and levels of the conjoint design, and theoretical relevance

Note: The attributes and the labels (highlighted in grey) are the elements that respondents see when comparing hypothetical packages in the online-survey.
Each respondent compared 5 pairs of hypothetical reform packages and had to make a decision between the two of them (“forced choice”) before being able to continue the survey. All respondents were also forced to answer whether they would support the reform in a referendum or reject it (see Appendix 1 for a screenshot). For respondents to be prepared for this complex task, the survey questionnaire started with a few screens that explained the overall structure of the pension system (1st and 2nd pillar), the context of the reform, as well as the meaning of the reform attributes. After the actual conjoint survey part (pairwise comparisons), we asked about 30 additional questions about their attitudes towards pension reform generally (their view of reform pressure, attitudes on the individual elements of the reform, etc.), general political attitudes, political participation and party preference, as well as socio-structural characteristics.

The survey was conducted in both the French and the German speaking parts of Switzerland between March and June 2015 (after a pre-test in February) and implemented by the survey company “gfs.bern”. It contains 1873 fully completed interviews, which results in over 18'000 evaluated hypothetical reform packages. Sampling was done on the basis of the national telephone register, which indicates the first phone number an individual registered (mobile or landline number). Respondents were recruited via CATI interview, in which they indicated their e-mail address. They then received within 24h an e-mail with their access code to the online survey. Respondents were – if needed – reminded three times (via e-mail after 2 and after 3 weeks, and via telephone after 4 weeks). Our sampling strategy was based on quota for the region, age and gender, drawn from the national census. We chose to oversample respondents over 65, because this age group usually has lower participation rates in online surveys. Table 2 shows sampling and response rates by region, age and sex. Our overall response rate was a comparatively very high 63%.

<table>
<thead>
<tr>
<th>Language region</th>
<th>Recruited via CATI</th>
<th>Login Online</th>
<th>Completed interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>German</td>
<td>2307</td>
<td>1720</td>
<td>1570 (68%)</td>
</tr>
<tr>
<td>French</td>
<td>637</td>
<td>340</td>
<td>303 (45%)</td>
</tr>
<tr>
<td>Total</td>
<td>2980</td>
<td>2060</td>
<td>1873 (63%)</td>
</tr>
</tbody>
</table>

6 We also randomized the order in which the attributes are shown, in order not to suggest an implicit ranking of elements. The only pairwise comparison we excluded were two identical packages, all other combinations were allowed. The design was defined in a static way, which means that all possible combinations had the same probability of appearing across the five paired comparisons.
Despite the quotas, our data resulted somewhat biased towards German speakers and older respondents. Hence in the analyses we use the data weighted by region, age and gender. We also applied weights for party preferences (based on the national election results) for the analyses. The analysis of the conjoint data was done with the “cjoint”-package in R\textsuperscript{7}. The data and replication files are, of course, available from the authors.

3. Analyses and findings

We present and discuss our findings in two steps: first, we start by showing that retrenchment is highly unpopular, but that compensation overall can be effective. In a second step, we look at low-income voters, women, pensioners and left voters in particular, in order to examine which compensation strategies are particularly effective.

3.1. Retrenchment is unpopular, but compensation works

Our first hypothesis states that compensation does increase popular support for restrictive welfare reform. Before testing this hypothesis empirically, let us establish that there actually is a need for compensation: retrenchment is highly unpopular. In our survey, we asked two direct (traditional) questions relative to this: on the one hand, we asked what people thought of the governments’ strategy to consolidate old age income protection via a package of both retrenchment and increased revenue. People could answer that they agree with a balanced package, that they would prefer consolidation through harsher cutbacks or that they would prefer to secure old age pensions via increased revenues, since they find lower benefits “unacceptable”. Figure 1 shows that overall, almost 60% of respondents (N=1873) think lower

\textsuperscript{7} Strezhnev, Anton, Hainmueller, Jens, Hopkins, Daniel, Yamamoto, Teppei: „AMCE Estimator for Conjoint Experiments.“ 08.03.2016.
benefits are unacceptable (only 10% advocates harsher cutbacks, not shown), with the opposition against lower benefits being strongest among left-wing voters (N=405) and low-income respondents (N=402).

![Figure 1: Percentage of respondents agreeing that “lower pension benefits are unacceptable”](image1)

![Figure 2: Percentage of respondents disagreeing that “second pillar pension should be lowered”](image2)

More specifically, we asked respondents if they think that second pillar occupational pensions should be lowered (lower conversion rate) in order to adapt the pension system to the growing life expectancy. In Figure 2, the findings are again striking: Between 60 and 80% of respondents disagree with this statement. The opposition against retrenchment seems to be strongest generally among left-wing voters, but also low-income respondents and women. Pensioners, on
the other hand, are least opposed to such cutbacks by which they themselves will not be affected (even if a majority of the retired reject them, as well).

Hence, figures 1 and 2 clearly establish that retrenchment alone would be very likely to fail in a popular vote, as it did in 2009, when more than 72% of Swiss voters rejected a lowering of the conversion rate at the polls. Hypothesis 1 states that compensation is able to counter-balance such opposition. To gauge this effect empirically, figure 3 presents the findings of the conjoint analysis for the full sample of respondents.

![Figure 3: Effects of reform elements on support for the pension reform package](image)

**Figure 3: Effects of reform elements on support for the pension reform package**

*Note:* Estimates of the effects of the randomly assigned reform attribute values on the probability of supporting pension reform. Bars represent 95% confidence intervals. The baseline denotes the attribute value that is the reference category for each attribute.

The coefficients in figure 3 indicate for each reform element (attribute value) the average change in the probability of a reform package being supported, if the package includes this specific value of the attribute as opposed to the baseline value (status quo). They rely on over 18'000 evaluations of hypothetical reform packages (the “choice” variable). In other words and as a reading example: how much support does a lower conversion rate “cost” as opposed to the
status quo? A lower conversion rate costs about 4 percentage points of support if the cutback is balanced with higher contributions and almost 10 percentage points of support if unbalanced. These numbers do not depend on the values of the other reform attributes, as they denote an average effect (including all other possible value combinations). As expected, we see from figure 3 that a pension retrenchment (a lower conversion rate, retirement age 67 and lower widows’ pensions) clearly, significantly and sometimes massively reduce support for the reform\(^8\).

When we look at the average effect of the different compensation strategies, we see that their effects differ strongly: Subsidies for the lower-income earners in favor of their possibility to retire early are a form of targeting compensation. In our sample, however, they do not increase the support for the entire reform significantly (confidence interval crosses the vertical line). Even though the coefficient is slightly positive, this reform element is not salient enough in the entire sample of respondents to reach significance. The same holds for increased revenues from VAT (1.5%), while a more massive tax increase even reduces the chances of the reform package clearly. The only compensation strategy that yields significant support for the entire package in the full sample of respondents is recalibration: extending eligibility to second pillar pensions for low income earners and part-time workers (mostly women) increases the probability of a reform being accepted by almost 5 percentage points. In other words, this compensation is able to counterbalance the cost of lowering the conversion rate as proposed by the government.

As an observable implication of our hypothesis 1, we suggested that there should actually be reform packages, which contain elements that are clearly rejected on their own (such as the lower conversion rate), but which nevertheless receive overall majority support. On the basis of the “ranking” variable (“how likely would you support this package in a referendum?”) figure 4 shows that this is indeed the case. The dotted line shows the average distribution of all (486) hypothetical reform packages depending on the extent of support they receive. The solid line provides the same information for only those packages that contain retrenchment (lower conversion rate, i.e. 2/3 of the 486 = 324 packages). The fact that the solid line lies left of the dotted line confirms that packages containing retrenchment are less popular. However, even among these restrictive packages, we find a sizeable number of combinations (29 percent of all restrictive packages) that lie above the 50% acceptance rate. In other words, these packages

\(^8\) More surprisingly, the increase in women’s retirement age from 64 to 65 contributes to bolster the support for the entire reform package. It seems that most voters do not perceive this change as massive retrenchment, but rather as social modernization.
would receive a majority of votes, despite including a very contested element. We interpret this as evidence for the fact that compensation indeed works.

Figure 4: Support for reform packages (all packages vs. only those including lower 2nd pillar pensions)

Note: X axis: share of positive responses to the question: "If you had to vote on package X in a popular referendum, would you support the reform or reject it?". Y axis: density of the support level for all the different reform packages (hypothetical combinations of attribute values). Total number of hypothetical reform packages: 486.

3.2. The effectiveness of different compensation strategies by social groups

In a second step, we examine the average marginal component effects of our reform elements among specific sub-groups which should be particularly responsive to compensation, based on either their material interests or ideological orientation.

Hypothesis 2 suggested that lower-income people should respond particularly strongly to
compensations that target their specific pension rights. Subsidies for early retirement are such a
compensation, but also the extension of the eligibility to second pillar pensions has some
(limited) traction for lower-income earners’ pensions. Accordingly, figure 5 shows the conjoint
findings for individuals living in lower-income households\(^9\) compared to higher income classes.
Pensioners are excluded, as their pensions would not be affected by the compensations.
We find that targeted subsidies indeed increase support for the reform by 5.7 percentage points,
while the middle- and higher income earners are basically indifferent towards them. However,
neither the effect among the low-income earners nor the difference between the income groups
relative to this reform element are significant (Appendix 2 provides the information on
significance of interactions\(^10\)).

\[
\begin{array}{ll}
\text{Conversion Rate:} & \\
\text{(Baseline = Status quo)} & \\
\text{cutbacks – balancing} & \\
\text{cutbacks – no balancing} & \\
\text{Early Retirement:} & \\
\text{(Baseline = Status quo)} & \\
\text{Targeted subsidies} & \\
\text{Subsidies for all} & \\
\text{Eligibility 2nd Pillar:} & \\
\text{(Baseline = Status quo)} & \\
\text{Extend for low-income/part-time} & \\
\text{Retirement Age:} & \\
\text{(Baseline = Status quo)} & \\
\text{65 men & women} & \\
\text{67 men & women} & \\
\text{VAT:} & \\
\text{(Baseline = Status quo)} & \\
\text{increase max. 1.5%} & \\
\text{increase max. 3%} & \\
\text{Widows Pensions:} & \\
\text{(Baseline = Status quo)} & \\
\text{Restriction} & \\
\text{Abolishment} & \\
\end{array}
\]

**Figure 5: By income: effects of reform elements on support for the pension reform package**

*Note:* Estimates of the effects of the randomly assigned reform attribute values on the probability of supporting pension reform. Bars represent 95% confidence intervals. The baseline denotes the attribute value that is the reference category for each attribute.

---

\(^9\) We define lower-income individuals as those living in households with a combined income of below 6000 CHF/month. This corresponds to the median individual income in Switzerland and represents 1.5 times the threshold the government defined for individuals to be eligible for subsidies for early retirement.

\(^{10}\) The figures are based on sub-sample analyses. To check if the difference between subgroups is significant, appendix two provides the relevant average component interaction effects for all comparisons and all attribute values.
Recalibration, by contrast, significantly increases support for the reform packages among low-income earners, as it does among the other income groups. Again, the difference between the subgroups is not significant. Hence, while we do find that low-income earners are generally responsive to compensations, income as such (and in the rough classification we used in this analysis) does not seem to be a very strong predictor of the specific relative saliency different compensations have for different groups. Attitudes among low-income earners are not sufficiently distinct from those of higher income groups to make such a claim. Nevertheless, compensations do work also among this group: 27.5% of reform packages that include a lower conversion rate still receive majority support among low-income individuals who explicitly reject a lower conversion rate.

Differences are stronger when we compare men and women (again excluding pensioners) based on their relative material interests in the compensations offered.

![Figure 6: By sex: effects of reform elements on support for the pension reform package](image)

*Note:* Estimates of the effects of the randomly assigned reform attribute values on the probability of supporting pension reform. Bars represent 95% confidence intervals. The baseline denotes the attribute value that is the reference category for each attribute.
We suggested that if material interests drive the effectiveness of compensations, women should be more responsive to recalibration than men, as the extension of eligibility to second pillar occupational pensions affects mostly women (about 85% of employed women in Switzerland work only part-time). Indeed, recalibration (eligibility_2nd_pillar) increases support for the reform significantly by 6.1 percentage points, while the effect is small and not significant for men. With regard to their response to recalibration, men and women indeed differ significantly (see appendix 2). Overall, it appears that compensating women is particularly important for the success of reform, since some of the gender-specific, restrictive elements of the reform (lowering widows’ pensions, increase women’s retirement age by 1 year) generate stronger resistance against the entire package than among men. Within the government proposal, men oppose only the lower conversion rate (which would affect them directly), while they are supportive of increasing women’s retirement age and they are indifferent against restricting widows’ pensions to those widows who still raise children. Hence, it seems that among men, the reform overall should have a better chance of being supported than among women. Indeed, the government seemed aware that women’s votes would have to be won in this process, as it explicitly argued that since several of the cutbacks bear more heavily on women than on men, women’s overall pension rights should be bolstered in the second pillar. According to our results, this strategy resonates with the electorate. Overall, among the women who reject a lower conversion rate, 25.5% of the restrictive reform packages would nevertheless receive majority support.

As a final materially defined group, we look at pensioners. The reform we study does not include explicit compensations via exemption, as cutting back on the benefits of current pensioners was never on the agenda. Nevertheless, we could expect that the overall support for the package could be bolstered by pensioners agreeing to cut future pensions. Eventually, all votes count equal in a referendum, irrespective if people will be affected by a reform themselves or not. The observable implication of this reasoning is that when comparing pensioners to active respondents, we would expect the former to think more positively about the cutbacks than the latter (H4). Support for the overall package may even increase among pensioners with cutbacks. To quite some extent, this is what figure 7 indeed shows. Both the increase in retirement age, as well as the cutbacks of widows’ pensions have a significantly more positive effect on overall

reform support among pensioners than among active respondents (see appendix 2 for the significance estimations). Pensioners are the only group in our sample for which retirement age 67 does not significantly reduce reform support. Pensioners are also more positively inclined towards lowering the conversion rate, but these coefficients do not differ significantly from the attitudes among the active population. Self-interest goes quite a long way in explaining reform support here: pensioners think positively or indifferent towards each and every cutback the government actually proposed. Nevertheless, pensioners also – together with actives – support recalibrating compensation, as well as increased revenues to the pension system (via VAT, which they pay themselves, as well).

To conclude, we test ideology as a determinant of the effectiveness of different compensation strategies. Figures 1 and 2 showed that left-wing voters in Switzerland are the one group that is most strongly opposed to retrenching pensions generally, and to lowering the conversion rate in particular. Also, in all past referenda, it was the Social Democrats and trade unions that launched the referenda against reforms and that led the campaigns. Hence, it seems particularly

Figure 7: By labor market status: effects of reform elements on support for the pension reform

Note: Estimates of the effects of the randomly assigned reform attribute values on the probability of supporting pension reform. Bars represent 95% confidence intervals. The baseline denotes the attribute value that is the reference category for each attribute.
important for the government to foster support for the reform among left-wing voters.

Figure 6: By party affiliation: effects of reform elements on support for the pension reform

Note: Estimates of the effects of the randomly assigned reform attribute values on the probability of supporting pension reform. Bars represent 95% confidence intervals. The baseline denotes the attribute value that is the reference category for each attribute.
We suggested (H5) that retrenchment should reduce support more strongly among left-wing voters than among center-right and far-right voters; in addition, recalibration, targeting and increased revenue should increase support for the reform among left voters more strongly than among voters of the center-right or the far-right, because they address long-standing claims that the left has raised regarding old age income security in Switzerland.

Figure 6 compares attitudes of left-wing voters (Green party and Social Democrats) to those among voters of the moderate right (Christian Democrats and Liberals) and voters of the far right (Swiss People’s Party). First, we find that even though left-wing voters are opposed to pension retrenchment, these cutbacks do not reduce the overall support for the reform more strongly among left wing voters than among right-wing voters (the difference among left-wing voters and all right-wing voters is not significant on any of the retrenchment items). Interestingly, opposition against retrenchment is similar across the electorate, even though the party elites of the right advocate these changes. However, it may still be relevant for the government to compensate left-wing voters in particular, as the left leadership is likely to lead a referendum campaign and their followers will be more inclined to follow them than the right-wing voters.

In terms of compensation, we see exactly the pattern we would expect: targeted subsidies for the early retirement of low-wage earners (targeting), better occupational pensions for women (recalibration), as well as increased revenues via VAT significantly increase the support for the entire reform package among left-wing voters, whereas they do not among the voters of the right. Compensations appear to be able to make retrenchment acceptable among left-wing voters: eventually, 30.2% of all reform packages that include a lower conversion rate still receive majority support among those left voters that explicitly rejected precisely this lower conversion rate in our survey.

In terms of a comparative assessment of the effectiveness of different compensation strategies, table 3 provides the average marginal component effects of the different compensating elements for the various sub-groups we have focused on. The coefficients in the cells are simply the coefficients shown in the above figures with significance levels identified more clearly than in the graphical representation of the conjoint findings. We ask which compensation strategy works among which group. Three findings are particularly noteworthy: first, recalibration is most effective in generating support for the overall reform package among all subgroups. In other
words: it is the most salient compensating factor in this reform package. Second, ideology is a more forceful predictor of the effectiveness of compensations than pure material self-interest, as all three compensation strategies have most traction among left-wing voters. Finally, exemption in our sample has the predicted effect insofar as pensioners are least opposed to the restrictive elements of the reform. However, cutbacks are unpopular, even among those voters who are not directly affected by them.

<table>
<thead>
<tr>
<th></th>
<th>Targeting (subsidize early retirement for low-income earners)</th>
<th>Recalibration (extend access to second pillar pensions for women)</th>
<th>Increase revenues (Increase VAT by 1.5pp)</th>
<th>Exemption (lowering conversion rate for future pensions, no balancing)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-income respondents</td>
<td>0.057*</td>
<td>0.081***</td>
<td>-0.002</td>
<td>-0.089***</td>
</tr>
<tr>
<td>Women</td>
<td>0.029</td>
<td>0.061***</td>
<td>-0.005</td>
<td>-0.078***</td>
</tr>
<tr>
<td>Pensioners</td>
<td>0.002</td>
<td>0.054***</td>
<td>0.050*</td>
<td>-0.083***</td>
</tr>
<tr>
<td>Left voters</td>
<td>0.074***</td>
<td>0.087***</td>
<td>0.052*</td>
<td>-0.117***</td>
</tr>
</tbody>
</table>

Table 3: Effects of different compensation strategies on reform support among sub-groups

Note: highlighted are those compensations that significantly increase support for the overall reform (average marginal component effect)

Conclusions

The question under what conditions welfare states can be reformed in times of austerity has become crucial in research on welfare politics. Compensation as a strategy to foster support for reform is one of the key explanations. Compensating (parts of) the opponents of welfare reforms may divide – and thereby lower – opposition, because it presents opponents with a trade-off: while they reject certain elements of a reform, they are interested in securing other elements. Conjoint survey analysis is able to capture precisely this mechanisms of evaluating trade-offs. It allows us to analyze empirically a range of crucial research questions regarding the politics of compensation: Are there policy reform packages that receive majority support when combining

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12 At this point, we can only speculate about the reasons for this finding. Our main hypothesis is that it has to do with the saliency of the topic in the public debate. The government has most strongly insisted on the compensating effects for women. In an ongoing research project, we will be able to test the influence of media saliency of different reform elements empirically through a panel design of multiple conjoint waves.
retrenchment and compensation? Which compensation strategies are most effective? And what factors determine the effectiveness of different kinds of compensation among particular social groups?

The answers we provide to these questions in this paper rely on a conjoint survey experiment conducted in the context of the current reform of old age income protection in Switzerland. This context is of particular interest beyond the single case for mainly three reasons: First, pension reform is the one field where opposition against retrenchment is strongest while reform pressure is highest. It is therefore the key area to study the politics of trade-offs. Second, Swiss pension policy relies on a complex system of several policy tiers, based on different distributive principles, which makes various compensation strategies comparable within the same policy reform. Third, Swiss voters regularly express their opinion on pension reform in direct democratic referenda. Hence, studying public opinion and policy preferences in the context of Switzerland provides a particularly realistic context.

On the basis of our original survey among 1873 Swiss voters, we have shown that the retrenchment of existing benefit levels is indeed highly unpopular. Between 60 and 80 percent of respondents reject the claim that benefit levels need to be lowered. Even when such retrenchment is embedded in a wider reform package, it has a clear negative effect on the acceptability of the reform. More concretely, lowering pension benefit levels in the occupational pension pillar would reduce the probability of the reform being accepted in a direct democratic referendum by 5 to 10 percentage points (the average marginal component effect), compared to a reform proposal that retains the status quo in terms of benefit levels. This is the “cost” in terms of public opinion that compensation needs to counter-balance. However, the effectiveness of different compensation strategies turned out to differ quite strongly: targeting compensation (providing subsidies to low-income earners who want to retire early) does not increase the chances of a reform significantly, neither among the entire population nor among the main beneficiaries of the measure (low income earners). Recalibration is more effective in this respect, as it increases the chances of a reform being accepted significantly by 5 percentage points in the full sample and by 6-8 percentage points among the beneficiaries (women and low income earners). Exempting pensioners from cutbacks also helps the chances of the reform, as pensioners turn out to be the only group that is indifferent to such cutbacks. However, material self-interest only takes us so far in explaining responses to compensation (pensioners, e.g., also support recalibration and increased VAT significantly, even though these are not in their self-interest). The political logic seems to have more leverage: compensation has clear, positive and
significant effects among voters of the Left: here, targeting and recalibration each increase the probability of a reform package being accepted by 7-9 percentage points and increasing revenues (from VAT) even add 5 percentage points support to that. Given the fact that it is the Left that generally tends to organize opposition against pension cutbacks (not only in Switzerland), this is an important finding. If the government manages to divide the opposition, the chances of a reform increase strongly. Indeed, among those left voters who explicitly reject lower occupational pensions, no less than 31 percent of all reform packages that include precisely such lower occupational pensions nevertheless receive majority support.

These findings obviously bear important implications for the reform capacity of mature welfare states in an era of permanent financial constraint: not only do they show that broad reform packages are more likely to gather sufficient support than narrow reform proposals, but they also confirm that structural and institutional constraints are not deterministic. Rather, agency and politics matter: governments do have ample room for maneuver to tailor compensations to the relevant opposition groups.

Beyond these specific findings on compensation and reform capacity, we want to emphasize the potential and usefulness of conjoint analysis for the study of current welfare politics. We see four main assets of conjoint analysis. First, almost all current research on welfare state change relies on theoretical arguments involving individual-level preferences and public opinion as a key mechanism driving political dynamics. However, we know from survey research that when asked directly, most people tend to support generous welfare spending in all areas, just as they support low tax levels (which is why we have such skewed distributions in general survey questions on the welfare state). It is hard to add constraints to such questions in a way that reveals more narrow preferences and increases variance. Conjoint analysis allows to model realistic constraints directly.

Introducing such realistic constraints is – and this is our second point – particularly important in current welfare state research, since most of our theoretical arguments actually rely on assumptions regarding policy priorities rather than policy position. Almost all respondents reject pension retrenchment, but such retrenchment does not have the same saliency for all respondents. Priorities have become highly relevant since the context of contemporary welfare politics resembles a zero-sum distributive game, where gains for some social groups come at the expense of others. Again, conjoint analysis gives us a tool that allows to conceptualize and measure policy priorities, i.e. the relative saliency of multiple desirable goals. It has therefore
tremendous potential for applications in welfare state research way beyond the question of retrenchment and reform capacity.

Third, conjoint analysis is an experimental survey technique. Its strength therefore naturally lies in internal validity more so than in external validity. However, we have reason to think that conjoint analysis provides more external validity than traditional survey experiments (Hainmüller et al. 2014: 27): conjoint pairs can be designed in a highly realistic way and may therefore capture actual opinion-formation processes more adequately than traditional surveys that oftentimes place respondents in a more artificial situation.

Finally, and because of the realistic decision-making situation conjoint analysis can create for respondents, the policy-relevance of our empirical findings may be higher than with traditional survey research that is unable to capture the complexity and multidimensionality of the decisions at hand.
References


Appendix 1: conjoint pairwise comparison – screenshot of the online survey

<table>
<thead>
<tr>
<th>Category</th>
<th>Reformpaket 1</th>
<th>Reformpaket 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Witwenrente</td>
<td>Wird schrittweise abgeschafft.</td>
<td>Keine Kürzung.</td>
</tr>
<tr>
<td>Mehreinnahmen für die AHV</td>
<td>Erhöhung der Mehrwertsteuer um maximal 1.5 Prozentpunkte.</td>
<td>Erhöhung der Mehrwertsteuer um maximal 3 Prozentpunkte.</td>
</tr>
</tbody>
</table>

Falls Sie noch einmal nachlesen möchten, worum es bei den Reformelementen geht, klicken Sie bitte hier. Um zurück zur Umfrage zu gelangen, können Sie einfach oben wieder in den gewünschten Tab klicken.

Welches Reformpaket bevorzugen Sie?
- Reformpaket 1
- Reformpaket 2

Wenn Sie über Reformpaket 1 abstimmen müssten, würden Sie der Reform zustimmen oder sie ablehnen?
- sicher zustimmen
- eher zustimmen
- eher ablehnen
- sicher ablehnen
- weiss nicht / keine Antwort

Wenn Sie über Reformpaket 2 abstimmen müssten, würden Sie der Reform zustimmen oder sie ablehnen?
- sicher zustimmen
- eher zustimmen
- eher ablehnen
- sicher ablehnen
- weiss nicht / keine Antwort
### Appendix 1: Average component interaction effects

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Level</th>
<th>female vs. male</th>
<th>low income vs. high income</th>
<th>pensioners vs. active</th>
<th>left vs. right</th>
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<tbody>
<tr>
<td>Retirement age</td>
<td>Baseline: Status quo</td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
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<td>-0.068</td>
<td>**</td>
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<td></td>
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<td>*</td>
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<td>Baseline: Status quo</td>
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<td></td>
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<td>Widow's pensions</td>
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<td></td>
<td></td>
<td></td>
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<tr>
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<td>Restriction</td>
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<td></td>
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<td></td>
<td>increase max 1.5%</td>
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<td>increase max 3%</td>
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<td>0.061 *</td>
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<td>Conversion rate</td>
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<td>-0.029</td>
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<td>cutbacks - no balancing</td>
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<td>Eligibility 2nd pillar</td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Extend for low-income/part-time</td>
<td>0.043</td>
<td>*</td>
<td>0.043</td>
<td>0.012</td>
</tr>
</tbody>
</table>

| Number of Respondents      | 1145           | 964          | 1873     | 1193     |

*Table A1: Average Component Interaction Effects (ACIE) for the different groups*