*PA*rtecipazione e *CO*nflitto
** The Open Journal of Sociopolitical Studies*
http://siba-ese.unisalento.it/index.php/paco
ISSN: 1972-7623 (print version)
ISSN: 2035-6609 (electronic version)
***PACO*, Issue 9(3) 2016: 986-1014**
DOI: 10.1285/i20356609v9i3p986

Published in November 15, 2016

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RESEARCH ARTICLE

OUTSIDERNESS AND PARTICIPATION IN LIBERAL AND COORDINATED MARKET ECONOMIES

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ABSTRACT: The number of labour market outsiders in Europe has dramatically increased, especially among the youth, potentially influencing social and political participation. Using logistic regressions and comparable survey data – the British Household Panel (BHPS) and the German Socio-Economic Panel (GSOEP) – we connect insights drawn from Varieties of Capitalism and dualization literature with an investigation of individual level outcomes in Britain and Germany. First, we disentangle the impact of skills on outsiderness among the overall population and the youth. Second, we analyse the influence of skills and outsiderness on people's social and political participation. We suggest that skills matter in protecting individuals from labour market outsiderness, but they do so in different ways across liberal and coordinated market economies and age groups. While the possession of specific skills reduces the likelihood of being a labour market outsider among young people, it has the opposite effect on political participation. In contrast, education fosters participation but does not reduce the risk of becoming an outsider in the same age cohort. Moreover, although there is no difference between insiders and outsiders when it comes to political participation, being an outsider may reduce social participation. Finally, young people are more likely to be

excluded from social and political participation in Britain than in Germany as a consequence of different welfare and socio-economic systems.

KEYWORDS: Outsider, Precarisation, Youth Participation, Social Participation, Political Participation

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1. Introduction[1]

The growth of youth unemployment, which reached new heights of 22.5% across the EU-27 in 2015 (Eurostat, 2015), as well as the precarisation of labour market conditions (Standing, 2011; Ferragina, 2014) reveals that the gap between labour market 'outsiders' and 'insiders' is widening. One of the most dramatic possible consequences of this growing divergence could arguably be the disenfranchisement of labour market outsiders, especially young people, from social and political participation.

The aim of this paper is to bring new insights to this debate by linking traditional political economy macro-frameworks such as Varieties of Capitalism (VoC) and dualization literature with an investigation of individual-level outcomes in Britain and Germany. In this respect, we specifically test whether: (1) alternative skill sets influence the likelihood of being a labour market outsider across different age groups; and (2) whether being a labour market outsider affects social and political participation. By selecting Britain and Germany, which are widely considered to be prototypical examples of two distinct socio-economic models, we underscore the broader significance of our study.

Respectively, Britain and Germany constitute the prime European examples of liberal and coordinated market economies (LMEs and CMEs), with very different welfare arrangements (Esping-Andersen, 1990; Soskice, 1991; 1999; Hall and Soskice, 2001). The British welfare state is considered minimalist in nature and characterised by means-testing, while benefits in Germany are seen as more generous with an earnings-related dimension aimed at status maintenance (Esping-Andersen, 1990; 1999; Ferragina and Seeleib-Kaiser 2011; Ferragina et al. 2013a; 2015). Whereas workforce skills are relatively interchangeable in Britain and portable between sectors of the economy, they are more specialised in Germany and specific to the operations of particular industries (Estevez-Abe et al., 2001; Iversen and Soskice, 2001; Iversen, 2005).

[1] This work was supported by the John Fell Fund (for the project: 'Social Inclusion and Participation in Rich Democracies: An Empirical Analysis through the Lens of Citizenship') and by a public grant overseen by the French National Research Agency (ANR) as part of the "Investissements d'Avenir" program LIEPP (reference: ANR-11-LABX-0091, ANR-11-IDEX-0005-02).

The remainder of the paper is structured as follows: First, we review the background literature to support the formulation of our research questions. Then, we illustrate the methodology used in the study and present our findings. Our conclusion discusses the wider implications of the paper.

2. Theoretical Background

Literature on dualization (for an overview see Emmenegger, et al., 2012) seeks to explain the increasing social divisions between labour market insiders and outsiders in rich OECD countries. It is important to note, however, that there is no consensus regarding the definition of labour market outsiderness within this debate. While there is agreement that the unemployed and individuals with temporary contracts – especially if their status is long-term – should be considered outsiders, a discussion has emerged regarding the status of part-time workers. Somewhat surprisingly, little attention has been paid to low-wage workers, who are often not included in the definition (see Häusermann and Schwander, 2012). Since the 1990s, however, Germany has experienced a significant increase in low-wage work, creating a large cohort of 'working poor', while Britain has retained relatively high levels of in-work poverty (Brady, 2009). The working poor, similarly to those who are traditionally considered labour market outsiders in the literature, may also be largely excluded from economic and social life.

Considering this long-standing debate and our aim to connect the macro- and micro-levels of analysis, we define outsiders as people in precarious labour market positions (such as unemployment or temporary contracts) as well as those with incomes below the poverty line. In this definition, part-time doctors with high incomes are insiders, while workers with permanent contracts but low pay are outsiders.[2] We argue that this analytical category of outsiderness is useful to investigate and compare countries with different structural characteristics such as Britain and Germany. In both countries, the words 'Prekariat' (Barbier 2005) and 'Precariat' (Standing, 2011) are far less common in the political and academic debate than in other European countries, despite the deregulation of the German labour market (with the consequent increase of non-standard forms of employment such as 'mini-jobs') and the rising numbers of 'working poor' in Britain. We therefore use this analytical category to investigate whether certain working conditions and income levels might limit the ability of people to be full members of society.

[2] We thereby deviate from Rueda (2007) who includes part-time workers among outsiders.

In their analyses of the global shift of de-industrialization and the changing role of political actors, dualization scholars tend to rely on highly aggregated macro data, paying little attention to the potential role of skills and other micro-determinants (see Tomlinson and Walker, 2012) of outsiderness, or to the effect of labour market outsiderness on social and political participation.

First, at the theoretical level, the VoC literature (e.g. Estevez-Abe, et al., 2001; Hall and Soskice, 2001; Iversen and Soskice, 2001; Thelen, 2004; Iversen, 2005; Cusack et al., 2006; Iversen and Stephens, 2008) suggests that skills matter in determining the labour market status of individuals. How then do skills affect the odds of being a labour market outsider? Furthermore, are there any contrasting patterns between Britain and Germany that relate to differences in these countries' respective socio-economic structures?

Historically, Britain can be understood as a prototypical LME, with a labour market predominantly relying on general skills. By contrast, Germany relies on a comparatively larger share of specific skills in the labour market, therefore representing a CME (Hall and Soskice, 2001). As general skills are more portable than specific ones, LMEs 'require' less generous welfare state arrangements for skill formation and skill retention (Hall, 2007). On the basis of a more specific definition of labour market outsiderness and relying on the insights of the VoC and dualization literatures at the individual level of analysis, we reason that employment in jobs requiring 'specific' skills or 'high/low' general skills (see Fleckenstein, et al., 2011) might have a different effect on the likelihood of being a labour market outsider. Moreover, the impact of skills may prove to differ across age groups.

Second, we suggest that labour market outsiderness and the possession of certain skills might also affect – in conjunction with other variables, i.e., education – social and political participation. Interest in politics constitutes the backbone of political participation, which is a clear manifestation of citizens' engagement in wider societal issues. Further, secondary groups are the foundation of social participation (involving membership in third sector organisations): they are 'necessary (intermediate) bodies to graft atomistic individuals to the life of a nation' (Durkheim, 1893). They lose this mediating function if large segments of the younger generation are excluded because they are labour market outsiders. In increasingly complex and modern societies, micro-social communities such as the family are insufficient to give people a sense of inclusion and participation. In order to feel a part of societal development, one needs to connect with others outside narrow informal networks through social and political participation (Gorz 1992; Ferragina, 2010; 2012; 2013a). On this basis, we argue that insecure and unstable employment may potentially threaten social and political participa-

tion (Gorz, 1992:180; Ferragina, 2012) and that this risk might be greater in LMEs. Hence, we investigate how labour market outsiderness, in conjunction with employment in jobs requiring different skills, affects the social and political participation of British and German citizens.

3. Methodology and Data

We operationalise our definition of outsiderness by including the following categories: unemployed people, workers with temporary or fixed-term contracts and those with net household incomes below 60 per cent of median income. We classify outsiders nested in a family with an overall household income above the poverty line as insiders.

The empirical models are based on logistic regressions as our dependent variables are binary. We are thereby predicting the logarithm for the odds of being an outsider from a clutch of predictors. We proceed in two steps: First, we explore how skills and age affect outsiderness. Second, we investigate how being an outsider, in conjunction with skills, influences social and political participation.

The analysis is based on British Household Panel Survey (BHPS) and German Socio-Economic Panel (GSOEP) data (1995-2009), including around 14,000 and 20,000 individuals, respectively, for each wave. Our descriptive analysis uses the full length of the panel, while the regression models are limited to a single observation point (because data on social and political participation are included for the 2006 wave only). These two surveys are designed to enable subsequent comparative study (see McGinnity, 2002; Scherer, 2001).

3.1 Model A: The effect of skills and age on outsiderness

We use the International Standard Classification of Occupations (ISCO-88)[3] to categorise different skill groups, which are captured using dummy variables for high general, low general, and specific skills. Although the distinction between specific and general skills captures key differences between British and German labour markets (as theorised by VoC scholars), the national composition of human capital has changed significantly as a result of deindustrialization. We therefore adopt Fleckenstein et al.'s

[3] We use the *previous* year's ISCO-88 code for each respondent in the panel as unemployed people would otherwise be excluded from our sample.

(2011: 1626) methodology to differentiate between the three skill-sets above to account for the potential of skill polarization in post-industrial economies. [4]

Alongside skills, our predictors include socio-demographic variables such as gender, age, educational attainment, and household type.[5] We do not control for income because it is used to define our dependent variable. The comparability of British and German systems of educational qualifications is ensured by using the International Standard Classification of Education (ISCED), with dummies for the comparative ISCED-levels ranging from basic to higher education.[6] We split respondents into five age groups to focus on the 'young', defined as those between 16 and 24 years of age (other age-groups are: 24-35; 36-50; 51-64), and cut all those aged above 65 or below 16 out of the sample, as well as respondents who do not report occupational codes (with the exception of unemployed people and workers with temporary contracts). For Germany, we use 'marital status' to determine the influence of family structure on the likelihood of becoming an outsider. For Great Britain, we use the 'household type' (a variable not included in the GSOEP) instead, taking into account more detailed classifications such as single parenthood (Ferragina et al., 2013b).

In addition, we control for the receipt of unemployment benefits in order to capture the structural differences between unemployment protection systems in both countries (German unemployment protection is more generous than its British counterpart; see Esping-Andersen, 1990). In Germany, transfers include two tiers of unemployment benefits (Arbeitslosengeld I/II) and in Britain they comprise the receipt of Income Support (IS) or the Jobseekers' Allowance (JSA). Finally, in the case of Germany, we further

[4] We classify 'legislators/senior officials/managers' (Major Group 1), 'professionals' (Major Group 2) and 'technicians and associate professionals' (Major Group 3) as groupings of occupations requiring high general skills, while 'elementary occupations' (Major Group 9), 'service workers/shop and market sales workers (Major Group 5) and 'clerks' (Major Group 4) are identified as occupations requiring low general skills. Finally, 'craft and related workers' (Major Group 7) and 'plant and machine operators and assemblers (Major Group 8) are grouped in the specific skill category.

[5] These predictors are commonly used to project labour market status, i.e. Alavinia and Burdorf (2008), as well as social and political participation, i.e., Van Oorschot and Arts (2005).

[6] Under 'basic education', we include the ISCED categories of 0 ('in school'), 1 ('inadequate') and 2 ('general elementary') in the GSOEP and 0 ('not defined'), 1 ('primary') and 2 ('low secondary') in the BHPS. 'Basic education' captures respondents who have attained a *Hauptschulabschluss* in Germany or completed their GCSEs in the UK. The other categories, notably 'secondary', 'secondary + vocational degree' and 'higher vocational' are exactly the same in Germany and the UK, and use the ISCED classifications 3, 4, 5, respectively. Finally, in both countries we compress 6 ('first degree') and 7 ('higher degree') into the dummy 'higher education', because the category 'higher degree' has a very small sample size (less than 3% of the population sample in both countries)

control for East German residency. These independent variables are used to predict the odds of being a labour market outsider.[7]

To sum up, we investigate how different skill-sets affect the odds of being a labour market outsider, whilst controlling for gender, educational attainment, age, marital status and/or household type, unemployment benefit receipt and region. In addition, we run regression models separately for different age groups (16-24, 25-35, 36-50, and 51-64).

3.2 Model B: The effect of outsiderness on social and political participation

We investigate the effect of outsiderness on social and political participation by using the items 'interest in politics', 'propensity to vote', 'membership in associations' and 'political party support[8]' (Tables 4 and 5). We control for the same predictors as described above. Comparable variables for measuring 'interest in politics' are available in both countries. Both surveys ask respondents to rate their interest in politics.[9] We also scrutinise a person's 'propensity to vote'. In the BHPS, political participation is measured using the responses to the question 'Did you vote in the May 2005 UK general election?'[10] The GSOEP does not include information on whether a respondent voted in the last election. Instead, we use answers to the question 'If the next election to the German "Bundestag" (the lower house of parliament) were next Sunday, would you vote?'. [11] Social participation is measured by capturing 'membership' in the following associations: trade unions, environmental groups, professional organisations, and social groups/social clubs. The BHPS includes membership of a more detailed battery of organisations, but in order to achieve comparability, we rely on the sum of membership in the associations enumerated above.[12]

We therefore investigate how labour market outsiderness and skills affect the odds of being interested in politics, the likelihood of voting, and membership in secondary

[7] Insider=0/outsider=1.

[8] On the choice of these items, see literature review and Ferragina (2012).

[9] 'Much' or 'Very much'=1; 'Not much' or 'Not at all'=0.

[10] 'Yes'=1/'No' or 'Couldn't vote'=0.

[11] 'Definitely' and 'Probably'= 1; 'maybe', 'Probably not', 'Definitely not' and 'Not eligible to vote'=0.

[12] We run an additional model in the UK including 14 different types of associations (these associations are those traditionally used to measure associational participation (Ferragina, 2012) and the results are similar. In addition, using the indicator membership in associations or participation in associations (also traditionally used in the social participation/social capital literature) does not make any significant difference in the magnitude and direction of the effect of outsiderness and skills on participation in secondary groups.

associations while controlling for the predictors outsiderness, gender, education, age, marital status and/or household type, unemployment benefit receipt and region.

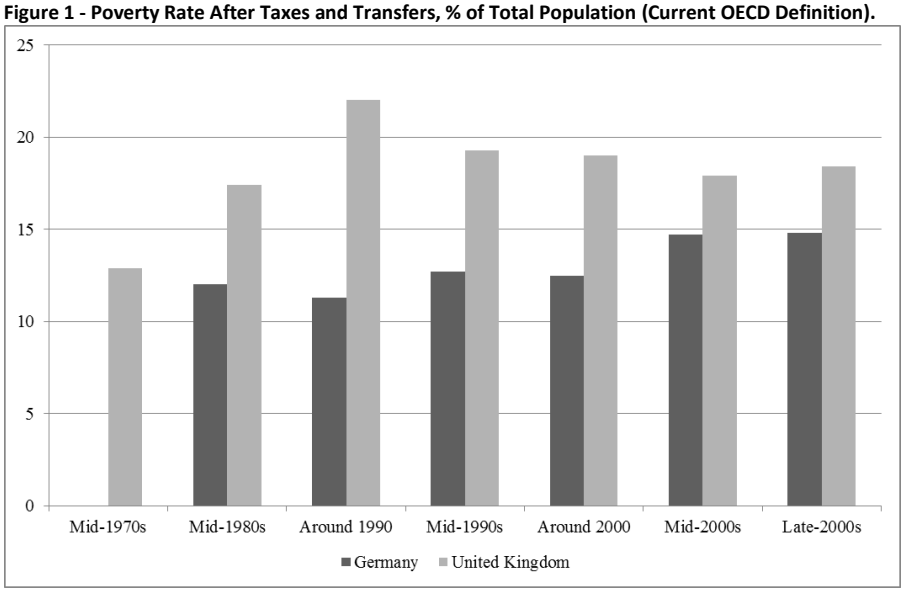
4. Results

4.1 Descriptive Overview of Labour Market Outsiderness in the UK and Germany

To shed light on the development of outsiderness in the UK and Germany over the past decades, we consider low income, unemployment and temporary work trends separately. Figure 1 depicts poverty rates after taxes and transfers in the United Kingdom and Germany since the mid-1970s (our definition coincides with the OECD definition), showing that poverty has steadily increased in Germany (to almost 15% of the population by the late 2000s). In the UK, poverty rates peaked in 1990, declining steadily thereafter but increasing slightly again towards the late 2000s. Overall, at 18.4%, poverty rates are significantly higher in the United Kingdom than they are in Germany (14.8%). This difference is reflected in our sample, although overall poverty rates are lower (16% and 11% for the UK and Germany, respectively) due to our sample being restricted to members of the labour force[13] rather than the population as a whole. Although the aggregate OECD data for poverty rates cannot be divided into age groups, our micro data shows that poverty is more severe among the young than the overall population.

[13] We cut our sample to include all respondents who report ISCO-88 occupational codes in the nine Major Groups, as well as unemployed people and temporary workers (regardless of whether they report an occupational code or not). We exclude those younger than 16 or older than 64, as well as respondents who fall into Major Groups 0 (Armed Forces) and 6 (Skilled agricultural and fishery workers).

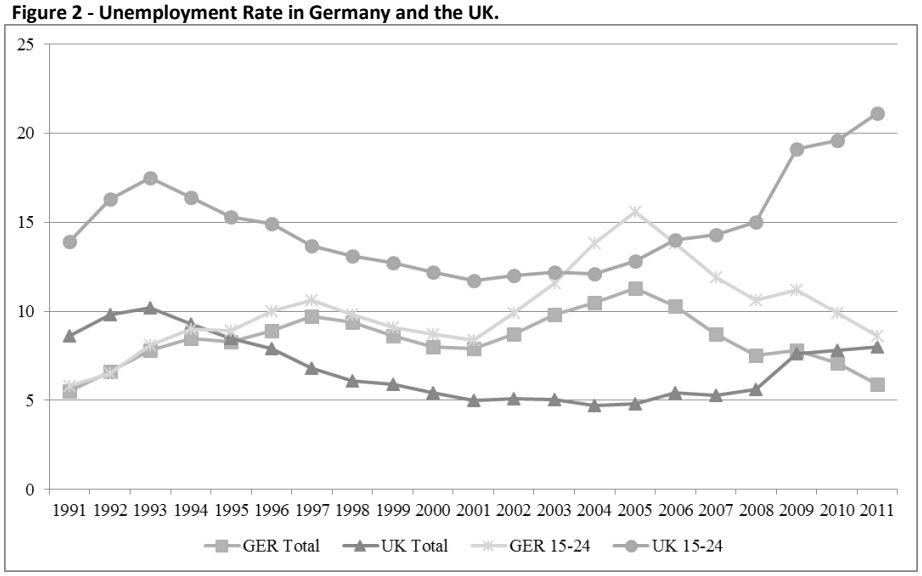
Figure 1 - Poverty Rate After Taxes and Transfers, % of Total Population (Current OECD Definition).



Source: OECD

Unemployment rates between the UK and Germany largely diverge over the period analysed (Figure 2). Since the mid-2000s, German unemployment rates have fallen substantially while the economic crisis fuelled a sharp increase in the UK. This pattern is particularly striking among young people, with unemployment in the 16-24 age-group surging from around 12% to over 21% in the UK during the 2000s, while the German rate has stabilised at 8% (after an increase from 5% during the crisis).

Figure 2 - Unemployment Rate in Germany and the UK.

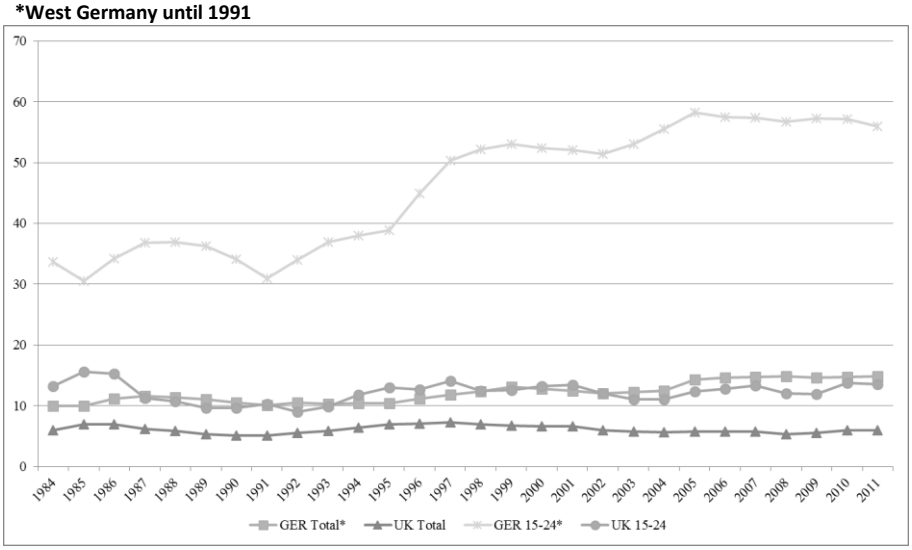


Source: Eurostat, LFS

Similarly, the proportion of workers with fixed-term contracts has diverged between the two countries (Figure 3). While it has increased steadily in Germany since the mid-1980s, reaching close to 15% of the total labour force in 2011, in the UK the trend has been less linear (increasing up until 1997, falling thereafter, and rising again during the crisis). With just 6% of British workers in temporary contracts in 2011, figures remain considerably lower than in Germany. This large difference is partly explained by the apprenticeship system in Germany, with up to a third of German youths (16-24) occupying temporary contracts until the mid-1990s. Since then, the figure has jumped to over 50% in Germany while it has never reached more than 14% for the same age group in the UK. To avoid bias in the regression model, we exclude young people in apprenticeships from our sample.

Figure 3 - Figure 3: Temporary Employees in Germany and the UK. As % of Total Number of Employees.

***West Germany until 1991**



Source: Eurostat, LFS

Given increases in the numbers of working poor, unemployed people (especially in the UK) and workers with temporary contracts, outsiderness has been rising in both countries in recent decades. Dualization scholars (Emmenegger, et al., 2012) argue that the process of deindustrialization and labour market reforms are core drivers of this phenomenon. According to our sample, over 23% of the labour force can be considered 'outsider' in the UK compared to 21.6% in Germany. Levels of outsiderness among young people (16-24) are considerably higher than this, reaching 42.4% in the UK and 56.1% in Germany. [14] These trends appear to indicate wide and growing disparities between generations.

In the face of globalisation, deindustrialization, stagnant economic growth and structural readjustment of their economies, LMEs and CMEs appear to have developed different paths of labour market exclusion for young people. In the UK, the numbers of young unemployed people are increasing. In contrast, outsiderness among young people in Germany is characterised by atypical employment.

[14] The higher figure in Germany is explained by the exclusion of apprentices, who represent over 50% of the age group and would largely be considered 'insiders'.

4.2 The effect of skills on outsiderness

4.2.1 Overall model

In Germany, after controlling for the socio-economic predictors of our model, people occupying jobs requiring low general skills are more likely to be outsiders than those occupying positions requiring specific skills. Moreover, there is no difference between respondents with high general skills and specific skills. In contrast to Germany, individuals occupying positions requiring high general skills are less likely to be outsiders in the UK (Table 1). Although occupations requiring specific skills appear to protect individuals from outsiderness compared to low general skilled jobs (as in Germany) the odds ratio is much smaller in the UK.

Table 1 - Predicting Outsiderness in the UK and Germany, 2009

Variable		Germany			United Kingdom		
		B	Exp(B)	M (SD)	B	Exp(B)	M (SD)
Skills							
				0.190			0.161
	Specific (ref.)			(0.392)			(0.368)
		0.029		0.502	-0.310***		0.411
	High general	(0.091)	1.029	(0.500)	(0.113)	0.734	(0.492)
		0.323***		0.308	0.232**		0.428
	Low general	(0.089)	1.382	(0.462)	(0.102)	1.262	(0.495)
Unemployment Benefits							
	Receiving unem-						
	ployment	2.501***	12.20	0.142	2.849***	17.27	0.041
	Benefits	(0.073)	0	(0.349)	(0.160)	7	(0.198)
Region							
	West Germany			0.754			
	(ref.)			(0.431)			
		0.141**		0.246			
	East Germany	(0.066)	1.152	(0.431)			
Gender							
				0.494			0.500
	Female (ref.)			(0.500)			(0.500)
		-0.218***		0.506	0.037		0.500
	Male	(0.062)	0.805	(0.500)	(0.072)	1.037	(0.500)
Age							
	Young (16-24)			0.060			0.165
	(ref.)			(0.238)			(0.371)

	-1.024***		0.195	-0.944***		0.234
25-35	(0.110)	0.359	(0.396)	(0.097)	0.389	(0.423)
	-1.786***		0.442	-1.199***		0.383
36-50	(0.120)	0.168	(0.497)	(0.092)	0.301	(0.486)
	-1.793***		0.303	-1.064***		0.219
51-64	(0.135)	0.167	(0.460)	(0.106)	0.345	(0.413)
Education						
			0.109			0.145
Basic (ref.)			(0.311)			(0.352)
	-0.044		0.482	-0.547***		0.313
Secondary	(0.093)	0.957	(0.500)	(0.096)	0.579	(0.464)
Secondary + vocational degree	-0.049		0.071	-0.447***		0.171
	(0.134)	0.953	(0.256)	(0.109)	0.640	(0.376)
	-0.309**		0.081	-0.602***		0.175
Higher vocational	(0.146)	0.734	(0.273)	(0.120)	0.547	(0.380)
	-0.052		0.258	-0.351***		0.196
Higher education	(0.113)	0.949	(0.438)	(0.121)	0.704	(0.397)
Marital Status						
			0.598			
Married (ref.)			(0.490)			
	0.474***		0.265			
Single	(0.084)	1.606	(0.441)			
	0.702***		0.016			
Widowed	(0.215)	2.018	(0.123)			
	0.582***		0.098			
Divorced	(0.097)	1.789	(0.297)			
	1.056***		0.024			
Separated	(0.162)	2.875	(0.152)			
	0.281***		0.362			
Children	(0.069)	1.325	(0.481)			
Household type						
				0.485***		0.079
Single (young)				(0.134)	1.624	(0.270)
				-0.451		0.004
Single (old)				(0.593)	0.637	(0.066)
Couple (no children) (ref.)						0.237
						(0.425)
Couple (dependent children)				0.382***		0.385
				(0.091)	1.465	(0.487)
Couple (non-dependent chi)				-0.050		0.164
				(0.110)	0.951	(0.370)
Lone parent (dependent chi)				0.961***		0.048
				(0.145)	2.614	(0.215)
Lone parent (non-dependent chil-				0.185		0.048
				(0.157)	1.203	(0.214)

	dren)				
	Unrelated		0.945*** (0.216)	2.574	0.015 (0.121)
Constant		-0.857*** (0.164)	-0.713*** (0.157)		
N		11959	8652		

Notes: * p<.1; **p<.05; ***p<.01; (standard error): Sources: GSOEP, BHPS 2009

This finding is in line with the VoC literature. On the one hand, Germany is said to constitute a CME in which, historically, people with specific skills are well protected by the social security system and the training regime. On the other hand, the UK is a LME which relies on a social security system and a training regime that is not designed to protect specific skills as strongly as in Germany (see Estevez-Abe, et al., 2001; Wasmer, 2002; Kitschelt, 2006; Emmenegger, 2009). The comparative lack of employment and unemployment protection in LMEs means that workers are discouraged from investing in specific skills, leading firms to adopt technologies heavily relying on transferable, general skills. The rising importance of general skills in LMEs has gone hand-in-hand with a rapidly growing service sector, which profits substantially from this labour supply (Hall and Soskice, 2001: 30). CMEs such as Germany, on the other hand, retain non-market institutions that encourage workers, and thereby firms, to cultivate specific skills. However, the overall proportion of workers with specific skills has reduced despite the increasing productivity of the German manufacturing sector, which has improved relative to other countries (Carlin and Soskice, 2008).

The importance of skills in Germany also manifests itself in the weak effect of education on predicting outsiderness. Only workers with higher vocational degrees enjoy lower odds of outsiderness compared to employees with 'basic' education. At the same time, education plays a much larger role in the UK, as demonstrated by higher educational attainment being consistently associated with lower odds of outsiderness. Although the effect of gender is not significant in the UK, male respondents face lower odds of becoming outsiders than women in Germany. This confirms several studies reporting an enlarged gender wage gap for low-skilled women at the bottom of wage distribution (Fitzenberger and Wunderlich, 2002; Arulampalam, et al., 2007).

Both being single and having children in the household are associated with higher odds of outsiderness in both countries, and when these two factors are combined in single parenthood, the odds of outsiderness are considerably higher in the UK. Furthermore, the receipt of unemployment benefits is associated with a higher likelihood of outsiderness – an expected result, given that unemployment is included in our defi-

nition of outsiderness. This effect is stronger in the UK than it is in Germany, as previously hypothesised. It is also unsurprising that East Germans face higher odds of falling into outsiderness than West Germans. Age is associated with lower odds of outsiderness in both countries. However, these odds are greater in Germany than in the UK, predominantly due to the higher rates of atypical employment in Germany (Figure 3).

4.2.2 Multi-sampling age groups

For the overall sample, we identified that employment in jobs requiring specific or high general skills reduces the odds of falling into outsiderness compared to jobs requiring low general skills in Germany. In an interesting contrast to the UK, the high general skill dummy is associated with higher odds of being an outsider compared to the specific skill dummy amongst the two youngest age groups in Germany (16-24 and 25-35). This effect is reversed for the oldest age group (51-64), in which the high general skill dummy carries much lower odds of being an outsider than the specific skill dummy (Tables 2 and 3). This finding may suggest that the persistent skill-gap and the demand for young and specialised workers improve the labour market chances of young people possessing specific skills (BMAS, 2011).

Table 2 - Predicting Outsiderness in Germany Between Age Groups, 2009

Variable		16-24		25-35		36-50		51-64	
		B	Exp(B)	B	Exp(B)	B	Exp(B)	B	Exp(B)
Skills									
	Specific (ref.)								
	High-general	1.169*** (0.276)	3.217	0.391** (0.173)	1.478	-0.218 (0.148)	0.805	-0.688*** (0.198)	0.503
	Low-general	0.338 (0.264)	1.402	0.573*** (0.168)	1.774	0.114 (0.144)	1.120	0.327* (0.184)	1.387
Unemployment Benefits									
	Receiving unempl. benefits	1.757*** (0.270)	5.794	1.814*** (0.136)	6.132	2.728*** (0.118)	15.303	3.025*** (0.141)	20.583
Region									
	West Germany (ref.)								
	East Germany	0.089 (0.213)	1.093	-0.000 (0.124)	1.000	0.189* (0.111)	1.208	0.397*** (0.139)	1.487
Gender									
	Female (ref.)								
	Male	0.036 (0.201)	1.037	0.013 (0.112)	1.013	-0.460*** (0.105)	0.631	-0.125 (0.139)	0.882
Education									
	Basic (ref.)								
	Secondary	-0.168 (0.215)	0.845	0.020 (0.186)	1.020	-0.145 (0.156)	0.865	-0.176 (0.205)	0.838
	Secondary + voc. degree	0.589 (0.409)	1.802	-0.050 (0.234)	0.951	-0.364 (0.234)	0.695	-0.008 (0.352)	0.992
	Higher vocational	-0.578 (0.912)	0.561	-0.428 (0.316)	0.652	-0.454** (0.226)	0.635	-0.137 (0.292)	0.872
	Higher education	-0.835 (0.524)	0.434	0.315 (0.216)	1.370	-0.256 (0.188)	0.774	-0.104 (0.245)	0.901
Marital Status									
	Married (ref.)								
	Single	0.828 (0.527)	2.290	0.417*** (0.136)	1.517	0.445*** (0.137)	1.560	0.831*** (0.240)	2.295
	Widowed					0.447 (0.434)	1.564	0.873*** (0.272)	2.394
	Divorced			0.741** (0.334)	2.099	0.502*** (0.141)	1.651	0.718*** (0.167)	2.051

Notes: * p<.1; **p<.05; ***p<.01; (standard error). Source: GSOEP 2009

Table 3 - Predicting Outsiderness in the United Kingdom Between Age Groups, 2009

Variable		16-24		25-35		36-50		51-64	
		B	Exp(B)	B	Exp(B)	B	Exp(B)	B	Exp(B)
Skills									
	Specific (ref.)								
	High-general	0.073 (0.269)	1.076	-0.608*** (0.231)	0.544	-0.412** (0.190)	0.662	-0.130 (0.245)	0.878
	Low-general	0.719*** (0.215)	2.053	0.183 (0.208)	1.200	-0.041 (0.183)	0.960	0.079 (0.226)	1.082
Unemployment Benefits									
	Receiving unempl. benefits	2.099*** (0.273)	8.155	2.939*** (0.308)	18.898	3.400*** (0.339)	29.954	3.221*** (0.400)	25.049
Gender									
	Female (ref.)								
	Male	0.082 (0.137)	1.086	0.054 (0.158)	1.056	-0.058 (0.133)	0.944	0.112 (0.174)	1.118
Education									
	Basic (ref.)								
	Secondary	-0.706*** (0.198)	0.494	-0.466** (0.221)	0.627	0.549*** (0.166)	0.577	-0.472** (0.202)	0.624
	Secondary + voc degree	-0.256 (0.198)	0.774	-0.556** (0.250)	0.574	-0.716*** (0.225)	0.489	-1.049*** (0.315)	0.350
	Higher vocational	-0.771** (0.366)	0.463	-0.674** (0.273)	0.510	-0.785*** (0.196)	0.456	-0.348 (0.233)	0.706
	Higher education	-0.229 (0.269)	0.795	-0.336 (0.260)	0.715	-0.394* (0.207)	0.674	-0.378 (0.278)	0.685
Household type									
	Single (young)	0.845** (0.341)	2.328	0.644** (0.280)	1.903	0.404 (0.258)	1.498	0.281 (0.252)	1.324
	Single (old)							-0.637 (0.614)	0.529
	Couple (no chi) (ref.)								
	Couple (dep chi)	0.453** (0.203)	1.573	0.668*** (0.187)	1.950	0.444** (0.177)	1.559	-0.253 (0.253)	0.776
	Couple (non-dep chi)	0.070 (0.207)	1.073	0.747*** (0.268)	2.112	-0.292 (0.262)	0.747	-0.521** (0.208)	0.594
	Lone parent (dep chi)	0.642** (0.281)	1.899	1.598*** (0.308)	4.943	1.023*** (0.252)	2.780	0.786 (0.488)	2.194
	Lone parent (non-dep chi)	-0.029 (0.270)	0.971	0.539 (0.397)	1.714	0.652** (0.317)	1.919	-0.020 (0.335)	0.980

Notes: * p<.1; **p<.05; ***p<.01; (standard error). Source: BHPS 2009

The role of educational attainment in predicting outsiderness also varies in significance across age groups. In Germany, education remains largely insignificant, except for the 36-50 age group, where higher vocational and education degrees are associated with lower odds of outsiderness compared to basic education. This effectively wipes out the effect of skills in this age group. In the UK, education levels associated with vocational degrees appear to strongly moderate the odds of being an outsider. Although secondary and higher education also contribute to reducing the probability of being an

outsider (in comparison to basic education), this effect seems significant only for the 36-50 age group.

Gender is only significant among Germans aged 36-50 years, while male respondents display lower odds of outsiderness than females. East Germans are only more likely to be outsiders than West Germans within older age groups (36-50 and 51-64), while this regional dummy is insignificant for younger cohorts. This may indicate that the gap between the two regions is progressively disappearing, although this can only be verified once younger cohorts enter their 30s. The receipt of unemployment benefits and having children are associated with higher odds of outsiderness across all age groups.

4.3 The effect of outsiderness on social and political participation

Overall, in both countries, there is no significant difference between outsiders and insiders in predicting the odds of interest in politics or the likelihood to vote (Table 4). By contrast, outsiders are less likely to engage in social participation. These findings highlight the complex relationship between labour market outsiderness and participation. The increasing detachment from politics in the overall population (involving both insiders and outsiders) may be a reaction against isolated élites and the reduced salience of the right-left ideological cleavage. In addition, persistent differences in social participation between outsiders and insiders might be linked to the capacity of certain secondary groups (i.e., trade unions) to support specific segments of the 'insider' population (i.e., people occupied in jobs requiring specific skills) (Ferragina 2013a; 2014).

Table 4 - Predicting Political Participation in the UK and Germany, 2009

Variable		Germany					United Kingdom				
		Interest in Politics		Propensity to Vote		M (SD)	Interest in Politics		Propensity to Vote		M (SD)
		B	Exp (B)	B	Exp (B)		B	Exp (B)	B	Exp (B)	
Outsider											
	Outsider	0.049 (0.067)	1.050	-0.065 (0.085)	0.937	0.216 (0.412)	0.036 (0.072)	1.037	-0.096 (0.077)	0.908	0.234 (0.423)
Skills											
	Specific (ref.)					0.190 (0.392)					0.161 (0.368)
	High general	0.733*** (0.066)	2.082	0.784** (0.091)	2.190	0.502 (0.500)	0.637*** (0.081)	1.890	0.351*** (0.086)	1.421	0.411 (0.492)
	Low general	0.349*** (0.070)	1.418	0.335** (0.086)	1.398	0.308 (0.462)	0.287*** (0.080)	1.332	0.154* (0.084)	1.166	0.428 (0.495)
Unemployment Benefits											
	Receiving unempl. benefits	-0.213** (0.083)	0.808	-0.621** (0.092)	0.537	0.142 (0.349)	-0.223 (0.155)	0.800	-0.099 (0.157)	0.906	0.041 (0.198)

Region										
West Germany (ref.)					0.754 (0.431)					
East Germany	-0.307*** (0.053)	0.736	-0.293** * (0.069)	0.746	0.246 (0.431)					
Gender										
Female (ref.)					0.494 (0.500)					0.500 (0.500)
Male	1.083*** (0.047)	2.954	0.165** (0.070)	1.179	0.506 (0.500)	0.982*** (0.055)	2.670	0.083 (0.060)	1.086	0.500 (0.500)
Age										
Young (16-24) (ref.)					0.060 (0.238)					0.165 (0.371)
25-35	-0.062 (0.123)	0.940	0.213 (0.131)	1.237	0.195 (0.396)	0.310*** (0.090)	1.364	0.805*** (0.100)	2.237	0.234 (0.423)
36-50	0.392*** (0.125)	1.480	0.332** (0.138)	1.393	0.442 (0.497)	0.499*** (0.086)	1.647	1.532*** (0.098)	4.627	0.383 (0.486)
51-64	0.866*** (0.132)	2.377	0.678** * (0.153)	1.969	0.303 (0.460)	0.962*** (0.092)	2.616	2.232*** (0.110)	9.316	0.219 (0.413)
Education										
Basic (ref.)					0.109 (0.311)					0.145 (0.352)
Secondary	0.283*** (0.083)	1.327	0.362** * (0.362)	1.436	0.482 (0.500)	0.531*** (0.088)	1.700	0.334*** (0.083)	1.397	0.313 (0.464)
Secondary + vocational degree	0.567*** (0.111)	1.763	1.144** * (0.166)	3.139	0.071 (0.256)	0.926*** (0.098)	2.524	0.597*** (0.098)	1.817	0.171 (0.376)
Higher vocational	0.555*** (0.107)	1.742	0.865** * (0.150)	2.374	0.081 (0.273)	0.970*** (0.097)	2.639	0.742*** (0.097)	2.100	0.175 (0.380)
Higher education	1.240*** (0.092)	3.454	1.303** * (0.131)	3.681	0.258 (0.438)	1.522*** (0.101)	4.583	1.416*** (0.106)	4.119	0.196 (0.397)
Marital Status										
Married (ref.)					0.598 (0.490)					
Single	0.032 (0.067)	1.033	0.031 (0.094)	1.032	0.265 (0.441)					
Widowed	0.105 (0.177)	1.110	0.173 (0.274)	1.189	0.016 (0.123)					
Divorced	-0.118 (0.077)	0.889	-0.480** * (0.097)	0.619	0.098 (0.297)					
Separated	-0.050 (0.144)	0.951	-0.286 (0.190)	0.752	0.024 (0.152)					
Children	-0.026 (0.053)	0.975	0.097 (0.073)	1.102	0.362 (0.481)					
Household type										
Single (young)						-0.209** (0.102)	0.812	-0.171 (0.109)	0.843	0.079 (0.270)
Single (old)						-0.269 (0.384)	0.764	0.103 (0.436)	1.108	0.004 (0.066)
Couple (no-children) (ref.)										0.237 (0.425)
Couple (dependent children)						-0.176*** (0.066)	0.839	-0.100 (0.071)	0.905	0.385 (0.487)
Couple (non-dependent children)						-0.032 (0.079)	0.968	0.193** (0.089)	1.213	0.164 (0.370)

Lone parent (dependent children)			-0.334**	0.7	-0.369***	0.6	0.048
			(0.139)	16	(0.136)	91	(0.215)
Lone parent (non-dependent children)			-0.118	0.8	-0.214	0.8	0.048
			(0.128)	89	(0.136)	07	(0.214)
Unrelated			0.540***	1.7	0.024	1.0	0.015
			(0.202)	16	(0.231)	25	(0.121)
Constant			-2.562***		-1.502***		
			(0.141)		(0.148)		
N	11923	11299	8537		7280		

Notes: * p<.1; **p<.05; ***p<.01; (standard error). Source: GSOEP, BHPS 2009

Moving to the effect of skills, British and German workers in occupations requiring high and low general skills are more likely to be interested in politics and to vote in general elections than those employed in jobs requiring specific skills. Specialization in firm-based skills seems to reduce peoples' interest in wider societal issues.

This effect is further confirmed by two empirical findings: First, the odds are greater in Germany, where training for specific skills occurs at a much younger age and more profoundly shapes the lack of interest in the public sphere than it does in the UK (Table 4). Second, formal education is more important in fostering political participation than the acquisition of vocational or firm-based specific skills (Table 4). Although general education appears to be less important for current generations than previous ones in reducing the risk of labour market outsiderness, it retains an important role in fostering social and political participation in both countries (cf. Hall, 1999 for the British case).

In contrast to political participation, the effect of skills is reversed when it comes to predicting social participation. Here, workers in occupations requiring low general skills display lower odds of being members of organisations than employees in jobs requiring specific skills (Table 5). This finding is explained by the trade union membership component of the overall membership variable, because workers in occupations requiring specific skills are more likely to be union members than employees in jobs requiring low general skills. If union membership is excluded from the social participation variable, the statistical significance disappears. The fact that people with specific skills tend to be more unionised than people with general skills does not come as a surprise. This could be due to the prevalence of industrial workers among those employed in jobs requiring specific skills (see Ferragina 2014).

Table 5 - Predicting Membership in Organisations in the UK and Germany, 2008/2007

Variable	Germany			United Kingdom		
	B	Exp(B)	M (SD)	B	Exp(B)	M (SD)

Outsider							
		-0.365***		0.206	-0.556***		0.189
	Outsider	(0.062)	0.694	(0.405)	(0.077)	0.573	(0.391)
Skills							
				0.202			0.165
	Specific (ref.)			(0.401)			(0.372)
		0.234***		0.492	0.134		0.401
	High general	(0.060)	1.263	(0.500)	(0.082)	1.143	(0.490)
		-0.105*		0.306	-0.160**		0.433
	Low general	(0.069)	0.900	(0.461)	(0.082)	0.852	(0.496)
Unemployment Benefits							
	Receiving unemployment	-0.491***		0.159	-0.464**		0.033
	Benefits	(0.069)	0.612	(0.366)	(0.211)	0.629	(0.178)
Region							
	West Germany (ref.)			0.760			
				(0.427)			
		-0.469***		0.240			
	East Germany	(0.048)	0.626	(0.427)			
Gender							
				0.485			0.501
	Female (ref.)			(0.500)			(0.500)
		0.488***		0.515	0.099*		0.499
	Male	(0.043)	1.629	(0.500)	(0.055)	1.104	(0.500)
Age							
	Young (16-24) (ref.)			0.061			0.168
				(0.240)			(0.374)
		-0.191*		0.198	0.661***		0.238
	25-35	(0.101)	0.826	(0.399)	(0.100)	1.937	(0.426)
		0.176*		0.460	1.192***		0.379
	36-50	(0.104)	1.192	(0.498)	(0.095)	3.294	(0.485)
		0.413***		0.281	1.264***		0.215
	51-64	(0.113)	1.511	(0.449)	(0.101)	3.538	(0.411)
Education							
				0.108			0.145
	Basic (ref.)			(0.311)			(0.352)
		0.240***		0.483	0.134		0.321
	Secondary	(0.069)	1.271	(0.500)	(0.085)	1.143	(0.467)
	Secondary + vocational degree	0.332***		0.070	0.158		0.165
		(0.097)	1.394	(0.256)	(0.994)	1.171	(0.371)
		0.498***		0.084	0.719***		0.179
	Higher vocational	(0.094)	1.645	(0.277)	(0.092)	2.052	(0.383)

	0.653***		0.255	1.310***		0.191
Higher education	(0.080)	1.922	(0.436)	(0.098)	3.705	(0.393)
Marital Status						
			0.614			
Married (ref.)			(0.487)			
			0.255			
Single	0.058 (0.062)	1.060	(0.436)			
			0.014			
Widowed	-0.066 (0.172)	0.936	(0.119)			
	-0.201***		0.094			
Divorced	(0.071)	0.818	(0.291)			
			0.024			
Separated	0.077 (0.132)	1.080	(0.152)			
	0.091*		0.381			
Children	(0.048)	1.095	(0.486)			
Household type						
				-0.110		0.079
Single (young)				(0.100)	0.896	(0.270)
				-0.432		0.005
Single (old)				(0.358)	0.649	(0.067)
Couple (no children) (ref.)						0.246 (0.431)
Couple (dependent children chi)				-0.244*** (0.065)	0.784	0.380 (0.485)
Couple (non-dependent children)				-0.133* (0.080)	0.875	0.159 (0.365)
Lone parent (dependent children)				-0.051 (0.131)	0.951	0.049 (0.216)
Lone parent (non-dependent children)				-0.021 (0.130)	0.980	0.047 (0.211)
				-0.034		0.015
Unrelated				(0.216)	0.966	(0.122)
	-0.606***			-1.918***		
Constant	(0.132)			(0.141)		
N	12015			8468		

Notes: * p<.1; **p<.05; ***p<.01; (standard error). Source: GSOEP 2007, BHPS 2008

Male respondents in both countries enjoy better odds of political and social participation than females. The only exception is found in the model that predicts the propensity to vote in the UK, in which gender is insignificant. Looking at marital status

and/or household type, divorced people in Germany and lone parents in the UK display lower odds of political and social participation.

Finally, the most striking difference between the UK and Germany is linked to the age category. Although age is associated with greater odds of social and political participation, the odds ratios are considerably larger in the UK than they are in Germany. For example, while individuals in the 51-64 age group are twice as likely to vote in Germany than youths aged between 16 and 24, British 51-64 year olds are over nine times likelier to vote than their younger counterparts (Table 4).

Looking at these results, young people in the UK seem much more excluded from social and political participation than their German counterparts. This finding may be explained by two factors: First, there is a greater share of unemployed people among the British youth outsiders. As argued by Ferragina et al. (2013b), people in atypical employment are more likely to participate in associative life than unemployed people. This may be because they spend time in the workplace, regardless of whether it is precarious employment. This time provides a greater scope for 'socialization' and engagement in associational life than being unemployed and remaining at home. Second, the institutional settings of LMEs might deepen the negative impact of labour market outsiderness on the political and social exclusion of young people because of incomplete social protection, an effect that does not appear in the overall population.

5. Conclusion

The number of outsiders, especially among young people, is increasing in both the UK and Germany because of deindustrialization and concomitant labour market reforms (Eichhorst and Marx 2012; Emmenegger et al. 2012). This increase predates the recent and on-going economic crisis, perhaps signaling a more profound shift in contemporary labour markets (as shown in Figures 1-3). Despite this similar trend, the nature of outsiderness and its effect on social and political participation varies between the two countries, a fact that may be associated with differences in political economy and social security models. Increases in youth outsiderness appear to reflect growing unemployment in the UK, compared to growing poverty and forms of atypical employment in Germany.

By investigating how socio-demographic factors, in particular age and skills, influence outsiderness, and how skills and outsiderness affect social and political participation, we have garnered four insights: First, skills seem to matter in explaining labour market outsiderness. This is especially true for Germany, where, in agreement with the literature, our models show that specific skills protect workers from outsiderness com-

pared to low general skills. Specific skills are acquired through the apprenticeship system in Germany, which provides young people with an attachment to the labour market. Skills play a less significant role in the UK, a LME, than they do in Germany. In the UK, specific skills do not offer the same protection from outsiderness compared to high general skills. Instead, higher levels of educational attainment partially replace skills in offering protection against outsiderness. This is confirmed by the higher returns on education measured in the UK compared to Germany (Corak, 2006). In contrast to the general model, the analysis of individual age groups in the UK shows that not even higher education helps young people reduce their chances of falling into outsiderness.

Second, skills seem to have a different effect across age groups. Among young people in Germany, workers occupying jobs requiring specific skills face a lower likelihood of becoming outsiders than people in positions requiring high general skills. The advantages of high general skills only appear to manifest themselves for those in the 51-64 age bracket. Despite having to rely on a low level of remuneration, young people are aware that the successful completion of an apprenticeship significantly increases their chances in the labour market. Furthermore, wage inequality has historically been lower in Germany than in the UK, signaling to young people that they might be able to achieve middle class status without graduating from university (D'Addio, 2007).

Third, although there is no significant difference between insiders and outsiders when it comes to predicting political participation, being an outsider seems to reduce the odds of social participation in both countries. Further, in contrast to the positive impact in mitigating the likelihood of being a labour market outsider, employment in a job requiring specific skills seems to put a brake on political participation compared to employment that requires low general skills.

In contrast to skills, we observe that higher educational attainment directly increases social and political participation, especially in the UK. Among younger generations, education has completely lost its ability to reduce the risk of labour market outsiderness. That said, it retains an important role in fostering social and political participation. On a broader level, this finding suggests the existence of a potential trade-off for policy makers in an age of austerity. They face the prospect of investing in specific skill formation or general education, especially in Germany where specific skills play a much larger role in reducing outsiderness.

Fourth, the difference in the levels of social and political participation between age groups is much larger in the United Kingdom than it is in Germany. Even when controlling for socio-demographic factors as well as outsiderness, people below the age of 24 remain significantly more excluded in the UK than they do in Germany.

The enormous discrepancy between the odds of a young and an old person engaging socially and politically reflects the depth of youth outsiderness in Britain, where the proportion of young outsiders that are unemployed is much larger than among German youth, who instead tend to be in temporary contracts. Moreover, the lack of social protection within the welfare system seems to negatively affect young people more when compared to the United Kingdom's wider population. This in turn signals an important problem for the United Kingdom. If the market does not provide consistent job opportunities (as it has in previous decades), the shortcomings of a liberal welfare state system may depress social and political participation.

Before concluding, we would like to highlight that our contribution by no means exhausts the important debate on the relationship between outsiderness, its determinants and participation. Micro-data helps individuate some important trends, but does not allow us to fully disentangle the mechanisms that connect these variables. A more in-depth analysis of the effects of different degrees of outsiderness on social and political participation might help to complete the picture we present here.

For instance, in-depth interviews and/or experiments could be undertaken among young outsiders in the UK and Germany to analyse forms of political and social participation that are not captured by standardised household surveys. If the objective of policymakers is to revive social and political participation (see Ferragina and Arrigoni, Forthcoming) in a period of great disenchantment and declining legitimacy for our democracies, there is definitely scope for further enquiry into the effects of youth outsiderness on social and political participation in years to come.

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