

# WZB

Social Science Research Center  
Berlin



Unterstützt von / Supported by



**Alexander von Humboldt**  
Stiftung / Foundation

## **Income Inequality and Participation: A Comparison of 24 European Countries**

Bram Lancee and Herman van de Werfhorst

GINI Concluding Conference, Amsterdam, 4 June 2013

# Today

Lancee, B. and Van de Werfhorst, H. G. (2012). Income inequality and participation: A comparison of 24 European countries. *Social Science Research*, 41(5), 1166-1178.

# Introduction

- There are many studies on inequality and undesirable outcomes like bad health, low trust, housing, crime, etc.
- Also for participation.

— Main arguments:

“The direct effect of inequality on participation arises when inequality of resources leads people in lower economic brackets to refrain from participating, either **because they have fewer resources** or **because they believe that getting involved will be fruitless because the system is stacked against them.**”(Uslaner and Brown)

# Contribution of this study

- To study the impact of different levels of inequality
- Examining macro-level inequality and micro-level resources separately: One's individual position in the income distribution has different implications for social engagement under different levels of societal inequality
- Separate 'resources argument' from 'social-psychological argument' by controlling for the availability of resources on both macro and micro level.

# Two forms of participation

- Social: frequency of interaction with friends and family.
- Civic: involvement in and membership of organizations and activities that constitute ‘civil society’.

# Social-psychological (inter-individual) theory

Inequality depresses participation because certain conditions for social interaction are not met:

- people have diverging statuses and therefore fewer opportunities to share common goals.
- Status differences trigger status competition and that causes feelings of threat, anxiety and stress. (Richard Wilkinson)
- As a consequence, people will opt out of civic and social interaction.

# Resources theory

It is the availability of resources (micro and macro) that determines participation.

- Micro: individual resources (income, education) enable participation.
- Macro: Thus far mostly focusing on **GDP**.
  - In addition: in more generous **welfare states** there may be more opportunities to receive subsidy for setting up associations and memberships.

# Both theories predict:

*Income inequality is negatively associated with participation, even when controlling for individual income.*



# Inequality and individual income

- If inequality matters for participation it is likely that one's individual position in the income distribution matters as well.
- That is, to be poor in an unequal country is different from being poor in an equal country.
- *Hyp. 2: In countries where income inequality is larger, the association between income and participation is stronger.*

# WZB Psychological versus resources theory

- If only resources explain inequality effects, there should be no inequality effects on participation once we hold constant for income, education, welfare state expenditure and GDP. (*Hypothesis 3A*)
- If, on the other hand, there is a psychological effect of inequality, H1 and H2 should hold even when controlling for the availability of individual and collective resources (*Hypothesis 3B*)

# Data and measurement

- European Union Statistics on Income and Living conditions 2006 (EU-SILC), 24 countries
- Household sample. We randomly selected one adult household member. 3-level design (individuals, households, countries) led to similar results.
- 142.000 individuals, age 25-65 that were included in module social participation.
- Controls: Gender, age, education, marital status, population density, labour market status.
- Macro: Income inequality: Gini, GDP, Social expenditure.

# Dependent variables

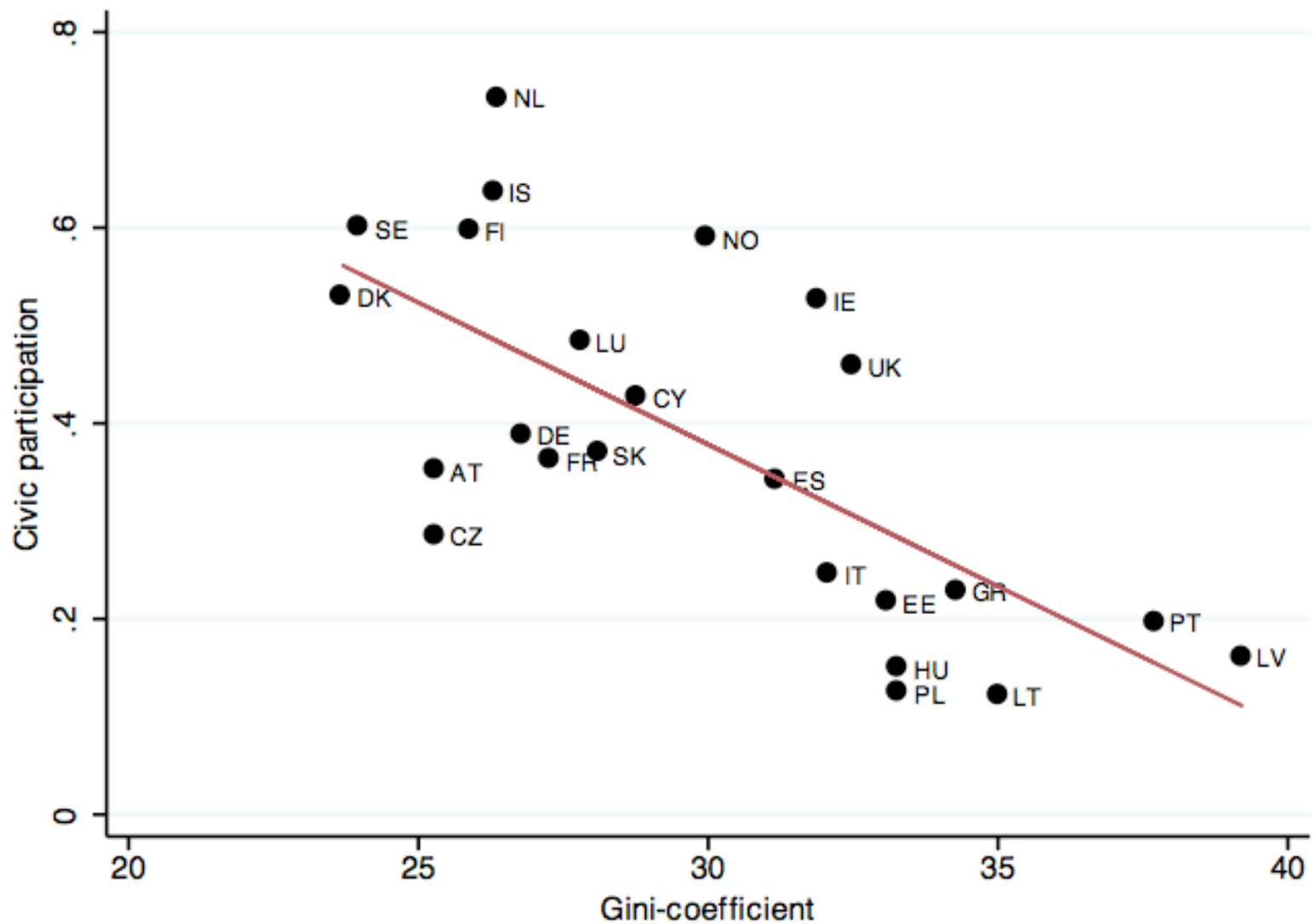
## — **Social Participation:**

— Frequency of (i) getting together and (ii) contact with relatives and with friends (4 items,  $\alpha=0.72$ ).

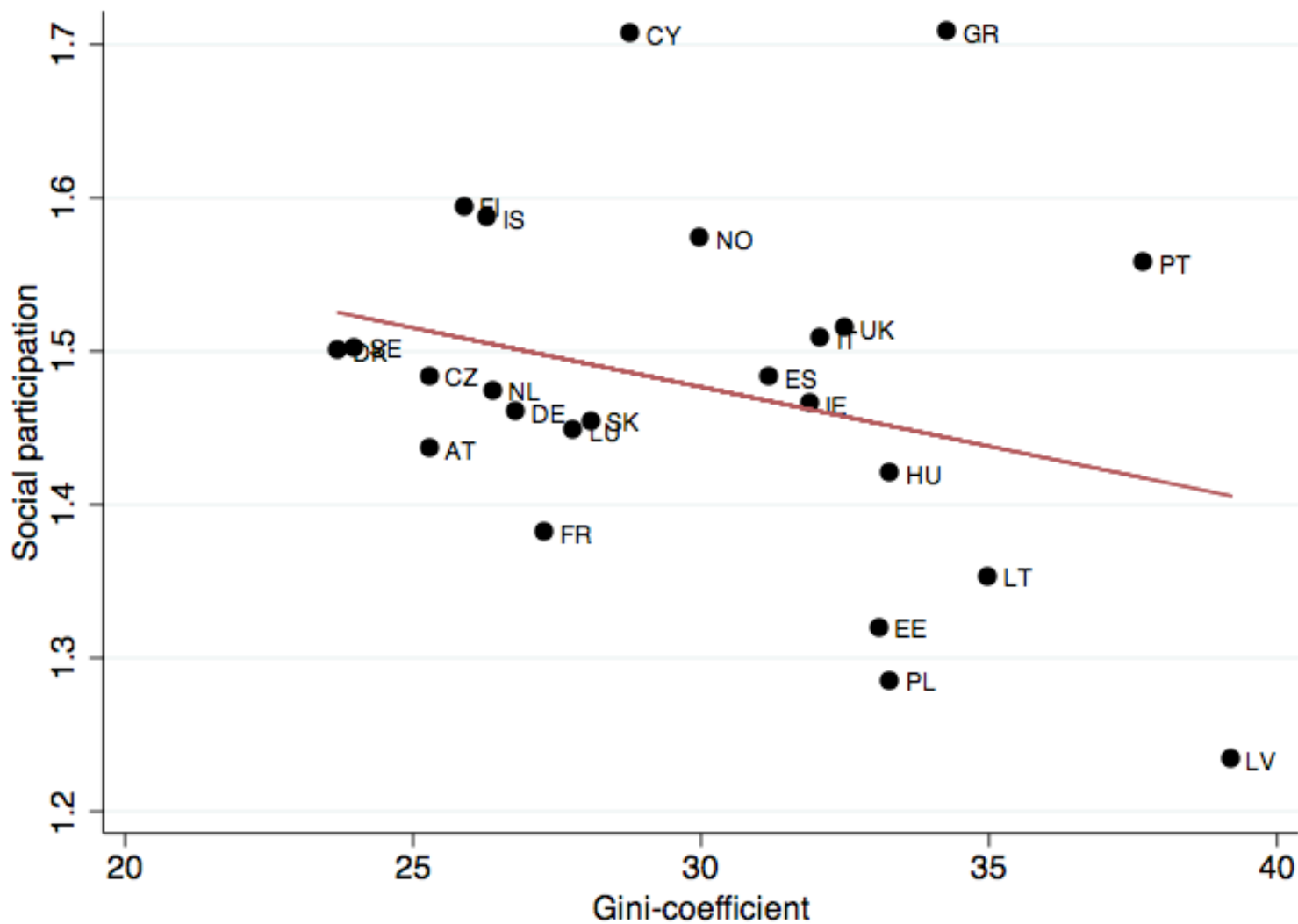
## — **Civic Participation (0/1):**

— Participation in any of the following:  
neighbourhood associations, environmental organisations, civil right groups, peace groups, charitable organisations, recreational organisations, political parties, political associations or trade unions

## Civic participation by level of household income inequality (measured by the Gini coefficient)



## Social participation by level of household income inequality (measured by the Gini coefficient)



# WZB Civic participation (multilevel model)

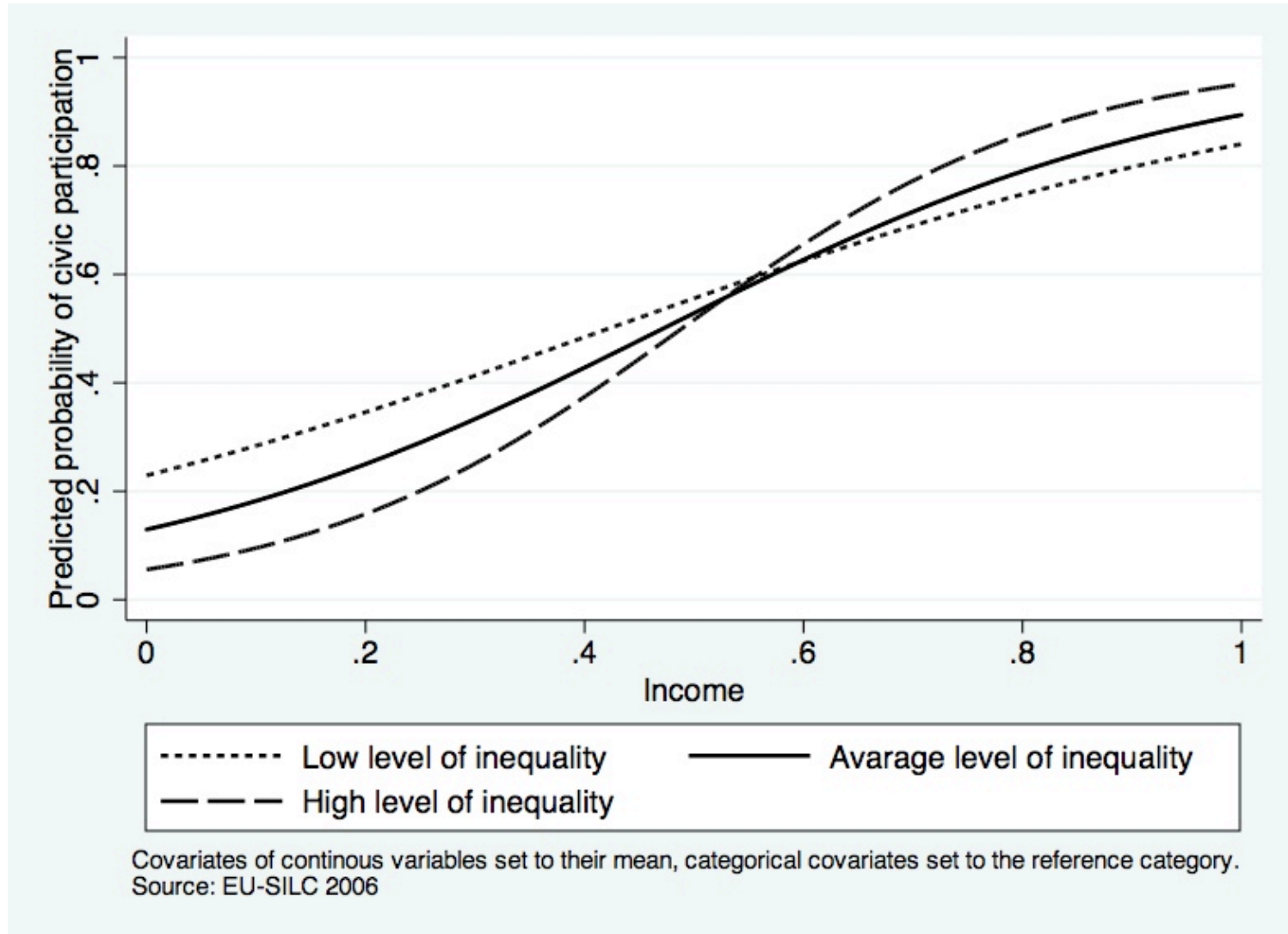
	Model 1	Model 2	Model 3
Equivalentized disp. household income	4.149***	4.001***	3.994***
Gini-coefficient	-.088*	-.111**	-.109**
Gini*income		.181***	.121**
Social expenditure*income			-.085**
Social expenditure	-.009	.001	.012
GDP per capita	.010**	.010**	.010**
<i>Individual level control variables</i>			
Constant	-.773**	-.798**	-.779**
Log-likelihood	-79095.9	-79082.5	-79075.5
$\sigma^2 u_{ij}$	.680	.671	.677
Intra-class correlation	.123	.120	.122

# Social participation (multilevel model)

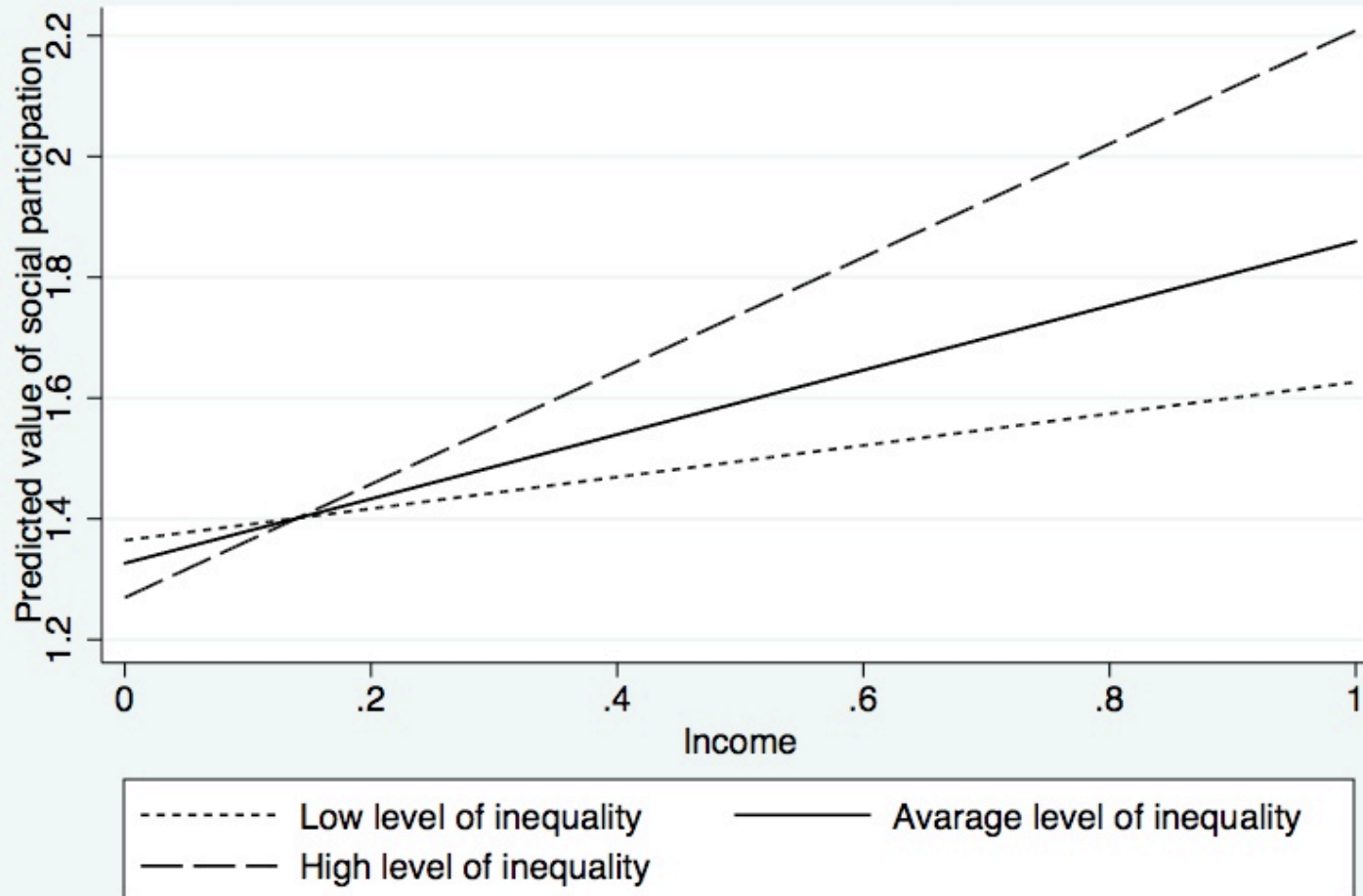
	Model 1	Model 2	Model 3
Equivalized disp. household income	.574***	.533***	.522***
Gini-coefficient	-.001	-.006	-.004
Gini*income		.045***	.013*
Social expenditure*income			-.030***
Social expenditure	.003	.005	.009
GDP per capita	.001	.001	.001
<i>Individual level control variables</i>			
Constant	1.944***	1.951***	1.952***
$\sigma^2 u_{ij}$	.133***	.128***	.130***
$\sigma^2 e_{ij}$	.306***	.306***	.306***
Log-likelihood	-33121.3	-33074.2	-33052.0
Intra-class correlation	.159	.149	.153



# Predicted probabilities civic participation



# Predicted values social participation



Covariates of continuous variables set to their mean, categorical covariates set to the reference category.  
Source: EU-SILC 2006

# Discussion

- Both psychological and resources theory explain why inequality detracts participation, and why it magnifies the effect of income on participation.
- Arguments have not been empirically separated before.
- Yet, ‘evidence’ in favor psychological theory is ‘unexplained variance explanation’. More evidence needed.

# Thank you for your attention!

## Reference

Lancee, B. and Van de Werfhorst, H. G. (2012). Income inequality and participation: A comparison of 24 European countries. *Social Science Research*, 41(5), 1166-1178.