

Convergence in attitudes to inequality and redistribution: cohort perspective

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Introduction

Why are attitudes to inequality important?

- they shape preferences for redistribution
- they influence voting behavior
- they are indicators of the legitimacy of a given social system

Attitudes to inequality, concepts:

	Distributional outcomes (eg. level of inequality)	Principles determining income
Perceptions: what is the situation?		
Values: how should it look like?		
Judgements: does actual situation conform to the values?	Agreement: „Inequalities are too large”	

Research question 1: Effect of rising inequality on discontent

What is the effect of rising inequality on the discontent with inequalities?

- Value-based theories : rising inequality increases discontent with inequalities, if the level of preferred inequality is stable.
- According to self-interest theories increasing inequality might lead to
 - rising discontent: relative deprivation, a deterioration of their relative position compared to their reference group.
 - accept rising inequality, if this informs them about a likely improvement of their own situation in the near future (Hirschman, 1973).

Research question 2: Convergence in opinions about inequality

Transition from socialism to market economy/democracy: increasing similarity between post-socialist countries and market economies

- in degree of income inequality
- in way inequalities are formed

Question: do attitudes/opinions about inequality and redistribution become more similar?

Theories (Edlund 2009):

- Modernization theory: as countries get richer they develop similar economic, political and social structures and this leads to similar values and beliefs (convergence).
 - Institutionalist theory: political institutions affect preferences
- Socialist legacy hypothesis

Earlier empirical studies

Effect of inequality on discontent with inequalities:

- Lubker (2004): significant effect of Gini in country-level regression,
- Murthi and Tiongson (2008): significant effect of Gini, WVS
- Hadler (2005): no effect of Gini in multilevel model (ISSP 1999 data)
- Kerr (2011)

Studies on attitudes to inequality in post-socialist countries:

- People in transition countries are willing to accept higher inequalities than before the fall of socialism. Gijsberts (2002), Kelley and Zagorski (2004), Grosfeld and Senik (2010)
- Alesina and Fuchs-Schündeln (2007): East-Germans are more pro-redistribution in 1997, but the difference decreases between 1997 and 2002. 1/3 of aggregate attitude change is due to generational replacement.
- Svallfors (2010): ISSP Role of Government, convergence in support for state intervention: Eastern support declined between 1990-2006, while support in West Germany is stable.

Data and measurement

Data:

- Integrated Values Survey 1981-2008, all waves of World Values Survey, European Values Study
- Analysis of attitudinal convergence: 3 waves used here: 1989-1993, 1999-2004 1999-2004.
- Inequality data come from The Standardized World Income Inequality Database (Solt, 2008-09). GDP data come from World Bank and Eurostat.

Measurement of attitudes:

- Attitudes to inequality: WVS/EVS variable E035 (10-point scale) reversed:
1 „income differences should be larger to provide incentives for individual effort”
10 „incomes should be made more equal”

This is a **judgement** about the level of inequalities, which expresses the relation between **preferred** level of inequality and **perceived** level of inequality.

Empirical methods (ctd)

Model specifications used in the analysis:

1. Random intercept multilevel models, 3-level

$$\text{Attitude}_{i,c,t} = \alpha + \beta_1 \text{avGini}_c + \beta_2 (\text{Gini}_{c,t} - \text{avGini}_c) + \gamma M_c + z N_{c,t} + \delta X_{i,c,t} + \mu_c + v_{c,t} + \varepsilon_{i,c,t}$$

2. Regression with country fixed effects

$$\text{Attitude}_{i,c,t} = \alpha_c + \beta \text{Gini}_{c,t} + \gamma M_{c,t} + \delta X_{i,c,t} + \varepsilon_{i,c,t}$$

3. Models for the study of attitudinal convergence:

$$\text{Attitude}_{i,c,t} = \alpha + \beta_1 \text{PS} + \beta_2 T + \beta_3 \text{PS} * T + \gamma M_c + z N_{c,t} + \delta X_{i,c,t} + \mu_c + v_{c,t} + \varepsilon_{i,c,t}$$

Controls:

Individual: gender, age, age², marital status, education (age left school -14, 14-17, 18-20, 21+), employment status (employee, self-employed, unemployed, inactive), relative income position (position in cumulative frequency distribution),

Macro-level: Gini index of income inequality, GDP per capita.

Results of multilevel regression models

Dep.var: „incomes should be made more equal”, 10-point scale

	Model 1	Model 2	Model3	Model 1 developed countries
Gini difference	0.0575** (2.66)	0.0578** (2.67)	0.0554* (2.44)	0.0827** (2.63)
Mean Gini	-0.00357 (-0.25)	-0.00344 (-0.24)	-0.00493 (-0.34)	-0.00335 (-0.14)
LnGDPpc	0.311* (2.13)	0.305* (2.09)	0.313* (2.14)	0.452 (1.53)
Income position (continuous)	-1.010*** (-40.35)			-1.132*** (-37.31)
2 nd income group		-0.151*** (-8.18)		
3 rd income group		-0.372*** (-19.58)		
High income group		-0.737*** (-37.54)		
Constant	3.249* (2.08)	3.057* (1.96)	2.135 (1.36)	1.826 (0.54)
Individual controls	Yes	Yes	Yes	Yes
N of individuals	199102	199102	194183	129186
N of countries	57	57	57	35
N of country-years	182	182	182	121

Results of models with country fixed-effects

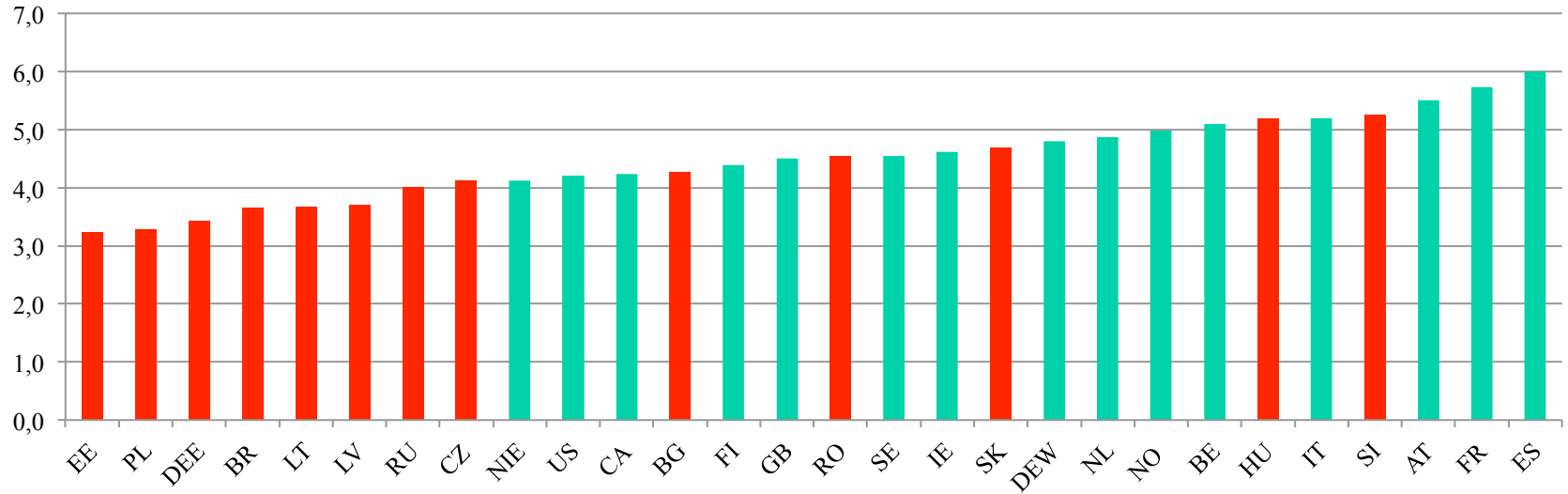
~~Dep.var: „incomes should be made more equal”, 10-point scale~~

	Model 1 (OLS regression)	Model 1 developed countries	Model 2 (Ordered logit model)	Model2 developed countries
Gini	0.0482* (2.45)	0.0592 (1.71)	0.0311* (2.28)	0.0430 (1.85)
LnGDPpc	0.633* (2.47)	1.081** (3.35)	0.388* (2.30)	0.667** (3.14)
Income position	-0.995*** (-18.54)	-1.106*** (-18.51)	-0.597*** (-16.98)	-0.702*** (-16.77)
Constant	-0.453 (-0.20)	-8.221* (-2.26)	5.512*** (3.77)	10.03*** (4.40)
Individual controls	Yes	Yes	Yes	Yes
Country dummies	Yes	Yes	Yes	Yes
N of individuals	199102	129186	199102	129186
N of countries	57	35	57	35
N of country-years	182	121	182	121

Evolution of discontent with inequality (1)

(incomes should be made more equal, 10-point scale)

1990

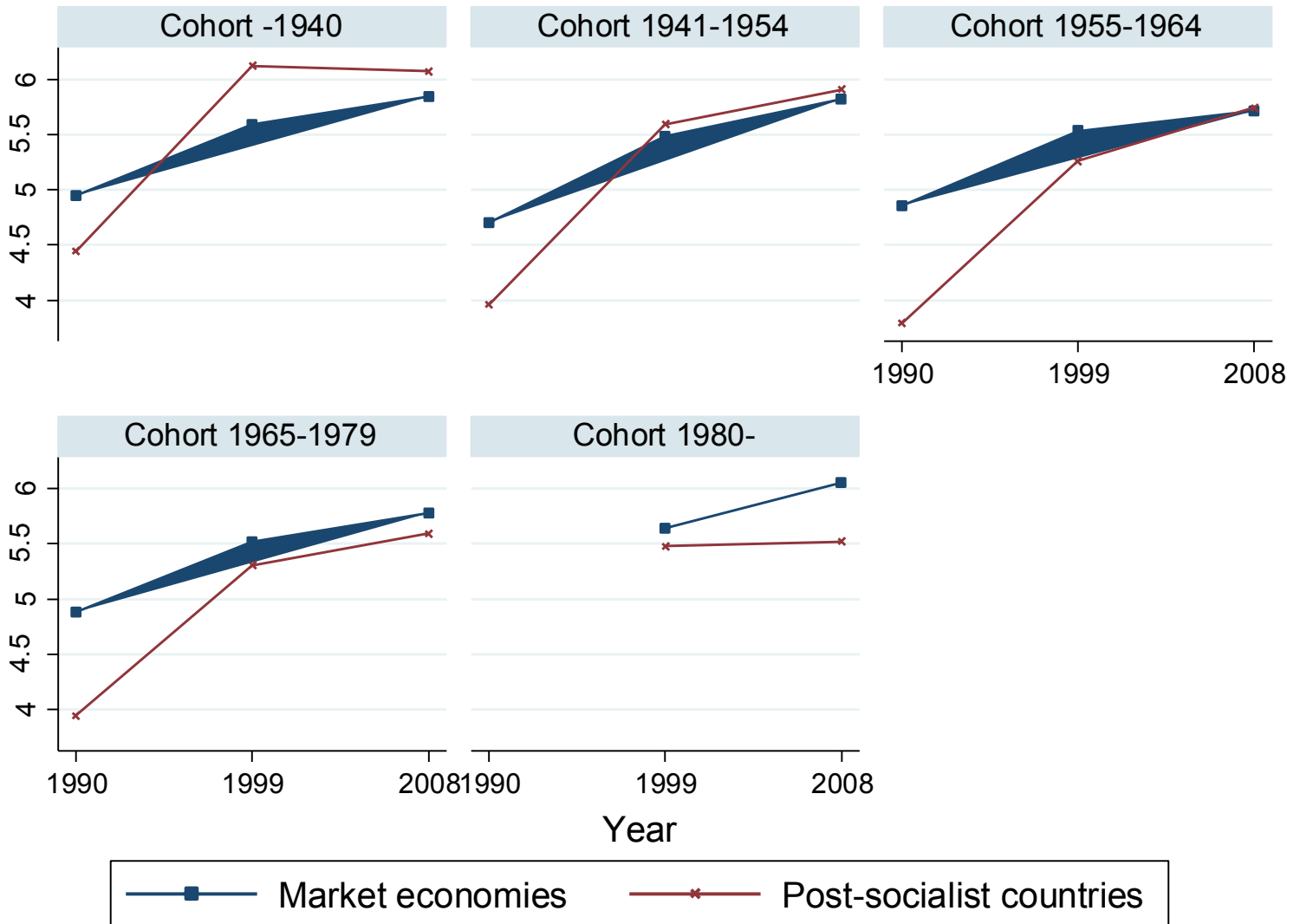


2009



Evolution of inequality attitudes by cohort (2)

(incomes should be made more equal, 10-point scale)



Regression results: attitudes to inequality

Dep.var: „incomes should be made more equal”, 10-point scale

	Total sample	Low income group	2nd income group	3rd income group	Highest income group
Wave 1999	0.106 (0.46)	0.297 (1.39)	0.559* (2.50)	0.577* (2.55)	0.660** (3.10)
Wave 2008	0.303 (1.20)	0.537* (2.37)	0.886*** (3.65)	0.877*** (3.56)	1.061*** (4.69)
Post-socialist	-1.218*** (-8.25)	-1.619*** (-8.04)	-1.249*** (-4.72)	-1.621*** (-7.80)	-1.206*** (-5.62)
Int: Post-socialist	1.598*** (9.08)	1.596*** (5.70)	1.342*** (4.58)	1.565*** (5.56)	1.027*** (3.57)
*Wave 1999					
Int: Post-socialist	1.277*** (8.41)	1.414*** (5.91)	1.084*** (3.68)	1.253*** (4.43)	1.149*** (4.46)
*Wave 2008					
Individual controls	Yes	Yes	Yes	Yes	Yes
Macro controls	Yes	Yes	Yes	Yes	Yes
N	86328	23636	21585	20051	21056
N of countries	27	27	27	27	27

Regression results: attitudes to inequality

Dep.var: „incomes should be made more equal”, 10-point scale

	Cohort born before 1940	Cohort 1941-1954	Cohort 1955-1964	Cohort 1965-1979	Cohort 1980-
Wave 1999	0.441* (2.08)	0.458* (2.03)	0.512* (2.33)	0.415 (1.81)	-0.134 (-0.61)
Wave 2008	0.702** (3.03)	0.814** (3.24)	0.565* (2.25)	0.773** (3.02)	.
Post-socialist	-1.366*** (-7.27)	-1.507*** (-6.98)	-1.542*** (-6.99)	-1.492*** (-5.40)	-0.441 (-1.30)
Int: Post-socialist	1.637*** (6.31)	1.374*** (4.89)	1.070*** (3.75)	1.280*** (4.12)	0.0500 (0.18)
*Wave 1999	1.373*** (5.15)	1.233*** (4.73)	1.455*** (5.49)	1.308*** (4.40)	.
Int: Post-socialist					
*Wave 2008					
Individual controls	Yes	Yes	Yes	Yes	Yes
Macro controls	Yes	Yes	Yes	Yes	Yes
N	22760	21668	19565	17387	4948
N of countries	27	27	27	27	27

Conclusions

- Discontent with the level of inequalities rises with increasing income inequality.
- No relation between cross-country differences in inequality and attitudes.
- During the 1990-2010 period attitudes to inequality in post-socialist countries did converge to attitudes in market economies in aggregate.
- For inequality attitudes the regression analysis also shows convergence taking place for all but the youngest cohort. Young cohorts were similar in 2000, and did not change differently.
- Attitude convergence is universal, smaller role of cohort replacement in overall convergence.
- Evidence is not in favor of a strong version of the „socialist legacy” hypothesis. But the effect of „socialist legacy” is difficult to separate from the effect of transition trauma.

Thank you !