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COMPARING THE INFLUENCE OF CONFLICT ON THE PERCEPTIONS OF RICH AND POOR: TESTING THE HYPOTHESIS OF ACEMOGLU AND ROBINSON

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Comparing the influence of conflict on the perceptions of rich and poor: testing the hypothesis of Acemoglu and Robinson

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Abstract

Conflict can cause negative externalities to arise, and this can result in economic loss. Such externalities are also thought to influence individuals' perceptions about economic issues. Acemoglu and Robinson (2000) provide their hypothesis that the political elite extend the franchise to avoid revolution or social unrest. For the purpose of empirically testing this hypothesis, the present paper explores how the degree of conflict between rich and poor people is associated with individual preferences for income redistribution and perceptions regarding income differences. This paper used cross-country individual-level data covering 26 countries and consisting of 20,000 observations. After controlling for individual characteristics, the key findings are as follows: (1) an individual is more likely to prefer income redistribution policy in countries where people perceive conflict between rich and poor to be high; (2) an individual is more likely to consider the income difference to be too large in countries where people perceive conflict between rich and poor to be high; and (3) after dividing the sample into high- and low-income earners, the above key findings are only obtained for high-income earners and not for low-income earners.

JEL classification: D63; D74; H23;
Keywords: Conflict; Income redistribution; Inequality; Perception.

1. Introduction

A Kuznetz curve demonstrates that inequality increases and then decreases in the process of economic development (Kuznetz, 1955). This claim is mainly derived from historical observations rather than theoretical explanations. The seminal work of Acemoglu and Robinson (2000) provided a theoretical model that suggested that the expansion of voting rights leads to redistribution policies. This theory explains that democratization triggers the implementation of redistribution policies, which results in a fall in income inequality. Historical evidence from Western societies shows that the elite ran oligarchies and enjoyed their benefits at the expense of the rest of society. At a later date, these oligarchical political systems were reformed by extending the franchise. However, such political reform is thought to enhance income redistribution by increasing the tax on the elite, that is, the wealthy (Meltzer and Richard, 1981). Thus, this reduces the interest of the elite. If this is true, the elite are opposed to political reform to maintain their interest. This also raises the question of why the elite would extend the franchise. The main reason for the transformation from an oligarchy to a democracy is that "the elite extended the franchise in order to avoid a revolution or social unrest" (Acemoglu and Robinson 2000, p. 1168).

Today, more countries than ever are undergoing democratization. However, income inequality continues to exist and thus there are rich and poor groups within a country. In modern democratic societies, situations similar to oligarchies persist. That is, social unrest followed by inequality seems to threaten the position of the wealthy[1]. Accordingly, conflict between rich and poor is brought to public notice. Current research has found via statistical methods a positive relationship between economic inequality and social conflict (Esteban and Ray, 2011; Macours, 2011)[2]. Social conflict possibly leads people to consider income inequality to be higher than the acceptable level. In this situation, people prefer redistributive policies to decrease the social unrest. The social conflict might inevitably influence perceived income differences between groups and individuals' preferences for a redistribution

[1] Between 1990 and 2000 in Rwanda, as an outcome of various conflicts including civil war and genocide, many people lost their lands and homes, especially those who were land-rich before the conflict. Wealthier provinces experienced lower, even negative, economic growth after the conflict (Justino and Verwimp, 2013).

[2] A number of theoretical models show relations between inequality and conflict although conclusions vary among researchers (Robinson, 2001; Hutter, 2003; De Luca and Sekeris, 2012).

policy. Voors et al. (2012) conducted a field experiment and found that exposure to conflict impacts on perceptions such as discount rates. Furthermore, they provided evidence that those who experienced conflict display altruistic behavior towards their neighbors.

Some empirical works have examined the determinants of perceived income inequality (e.g., Tomioka and Outake, 2005; Meagher and Wilson, 2008; Xu and Gerand, 2010). A large number of existing works attempt to ascertain the determinants of preference for redistribution and to identify the mechanism for such a preference (e.g., Ravallion and Lokshin, 2000; Corneo and Grüner, 2002, Alesina and Angeletos, 2005; Alesina and La Ferrara, 2005; Alesina and Guuliano, 2009; Klor and Shayo, 2010; Luttmer and Singhal, 2011; Dahlberg et al., 2012; Bjornskov et al., 2013; Yamamura, 2012, 2014). Meager and Wilson (2008) compared the perceived income differences and preference for redistribution by suggesting basic statistics. Although empirical works have not been able to provide sufficient evidence stating how social conflict is jointly associated with the perceived income difference and preference for redistribution, Acemoglu and Robinson (2000, 2001) developed a theoretical model to clarify the relationship between conflict, inequality and redistribution[3]. Thus, it is worthwhile to empirically investigate the relationship in modern society.

The aim of this paper is to explore the influence of the degree of conflict between rich and poor on not only individuals' perceived income difference but also on preference for income redistribution. Furthermore, historical observations show that social unrest has a large effect on the elite's preference for democratization and therefore redistribution. In modern society, inequality has a different influence on the happiness of the rich and poor (Alesina et al., 2004). In Sweden, the effect of immigration on one's preference for redistribution differs between different income groups (Dahlberg et al., 2012). Therefore, this paper investigates how the effect of perceived conflict is different between high- and low-income groups.

For this purpose, the present paper uses data from the International Social Survey Program (ISSP), which includes more than 20,000 observations. The key findings of this paper via various specifications estimated by an ordered probit model are as follows: (1) an individual is more likely to prefer income redistribution policy in countries where people perceive conflict between rich and poor to be high;

[3] There are number of theoretical studies concerning democracy and conflict (e.g., Przeworski, 2005; Aslaksen and Torvik, 2006; Zhaohui, 2007; Adachi and Nakamura, 2008).

(2) an individual is more likely to consider income differences to be too large in countries where people perceive conflict between rich and poor to be high; (3) after dividing the sample into high- and low-income earners, the above two key finding are only obtained for high-income earners and not for low-income earners. The contribution of this paper is that it empirically examines the mechanism proposed by Acemoglu and Robinson (2000) using recent micro-level data from modern societies.

The remainder of this paper is organized as follows. In Section 2, the testable hypotheses are presented. Data and the empirical method are explained in Section 3. Section 4 presents the estimation results and their interpretation. The final section offers some conclusions.

2. Hypotheses

The opportunity cost of theft is low for people with a low wage rate. That is, even if they are arrested and then sent to prison, the reduction of their income during the period is not so large and therefore the economic damage is low. Hence, in comparison with revenue from theft, its cost is smaller if the wage rate is sufficiently low. Furthermore, poor people have emotional hostility towards the rich if the conflict between rich and poor is high. This in turn also provides poor people with an incentive to commit theft against the rich. Therefore, when conflict between rich and poor is high, poor people are likely to engage in criminal behavior: poor people break into the homes of rich people. Even if there is no economic motivation, poor people's hostility possibly causes them to commit violent crimes against the rich. Naturally, rich people are threatened by such possibilities and are then exposed to the danger of criminal acts, for example, attacks by poor people. Therefore, income inequality is thought to lead to conflict between the rich and poor, resulting in a negative externality on rich people. Under the condition that such externality does not exist, rich people do not prefer income redistribution because the tax burden reduces their disposable income. However, assuming that the negative externality of income inequality leads to a large cost, such as the risk of theft or violent crime, rich people attempt to reduce the externality. For instance, if income inequality decreases, the externality becomes small. Therefore, rich people prefer redistribution policies when the externality is sufficiently large. Here, *Hypothesis 1* is advanced:

Hypothesis 1:

An individual is likely to prefer income redistribution if he (she) lives in a country where the conflict between rich and poor is high. This tendency is remarkable for individuals with a high income.

An individual's happiness is observed to be negatively associated with the income level of others (Luttmer, 2005). If this holds true, larger inequality leads rich people to feel happier. However, social unrest rises as inequality increases, leading to a negative influence on rich people's happiness (Acemoglu and Robinson, 2000). Thus, this externality is regarded as the cost of inequality for rich people. Inequality is the optimum level when the marginal benefit of inequality is equal to its marginal cost. At the optimum level of inequality, the conflict between rich and poor is also at an optimum level. In other words, when the conflict is higher than the optimum level, inequality is perceived to be larger than the optimum level. This inference leads to *Hypothesis 2*.

Hypothesis 2:

An individual is likely to think that the income difference is too large if he (she) lives in a country where the conflict between rich and poor is high. This tendency is remarkable for individuals with high incomes.

3. Data and Methods

3.1. Data

ISSP data, which provides individual-level data, are used in the present paper. ISSP surveys have been conducted several times since the 1980s. The theme of ISSP surveys changes each year; ISSP 2009, which was conducted in August 2008, focused on the issue of social inequality. Thus, ISSP 2009 provides valuable data to examine the hypotheses proposed in the previous section. ISSP 2009 covers 26 countries and in each country respondents are asked various questions concerning demography, social status, education level, economic condition and subjective perception. The total sample size of ISSP 2009 includes over 20,000 observations, and is regarded as a sufficient sample size for statistical analysis[4]. The majority of

[4] The original sample consisted of 54,733 observations. However, data regarding the key variables were not available for all for all respondents. Hence, the sample size used

respondents are aged 18 years and older[5]. Sampling procedures differed among individual countries: some were simple sample and others were multi-stage stratified random samples. The mode of interview also differed among countries: some were face-to-face interviews, paper-and-pencil or postal surveys. In general, the fieldwork to collect the sample was conducted between 2008 and 2010[6].

The variables used in the regression estimations are shown in Table 1, which provides definitions and basic statistics (mean, standard deviation).

One ISSP question concerning conflict (a key variable in the present study) asked:

"There are conflicts between poor and rich people. In your opinion, in your country, how much conflict is there between poor and rich people?" To answer the question, respondents could choose one of four responses (which are regarded as a proxy for the degree of perceived conflict), ranging from 1 (there are no conflicts) to 4 (very strong conflicts).

When the effect of individually perceived conflict on perceived income differences is examined, the causality between them is ambiguous because the perceived conflict is considered an endogenous variable. That is, those who perceived that the difference is large are likely to perceive conflict to be high. This inevitably causes endogeneity bias. To avoid such bias, this paper uses the degree of perceived conflict in the country of residence, rather than the individual's trust level. The average values within each country are calculated and these values are used as a measure of the degree of conflict.

For the purpose of capturing the economic condition of a country of residence, GINI (Gini coefficient before tax and transfers), GDP and POP (population) are used. GINI data were sourced from World Bank data[7]. GDP and POP data were collected from the University of Pennsylvania's Center for International Comparisons, Penn World Table 7.1[8]. This paper used 2008 data from these sources, being the year when the ISSP 2009 was conducted. The information regarding individual

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in the estimation was reduced to 20,000.

[5] Respondents from Finland, Norway, and Sweden are aged 15–74, 19–0, and 17–79, respectively. Those of Japan are aged 16 years and older.

[6] Fieldwork in Italy was conducted between 2011 and 2012.

[7] See http://data.worldbank.org/indicator/SI.POV.GINI?page=1 (accessed on June 12, 2013).

[8] The data are available at the website of Penn World Table https://pwt.sas.upenn.edu/php_site/pwt71/pwt71_form.php (accessed on August 25, 2013).

characteristics sourced from ISSP data was matched with country characteristics such as the degree of perceived conflict, GINI, GDP and POP. Thus, we were able to investigate how the characteristics of the residential country influence an individual's preference for income redistribution and perceived income difference.

With respect to individual characteristics, PRDIST are proxies for preferences for income redistribution. A question from the ISSP 2009 asked respondents about their degree of agreement with the statement that government should reduce income inequality: there were five response options, ranging from "1 (strongly disagree)" to "5 (strongly agree)". PRDIST represents the values the respondents chose. Figure 1 illustrates the distribution of PRDIST, and shows that the number of respondents who chose 1, 2 or 3 is distinctly smaller than those who chose 4 or 5. This implies that the shape of the histogram is skewed towards the right. In the ISSP 2009, respondents were also asked about their degree of agreement with the statement that income differences in their country are too large. There were five response options, ranging from "1 (strongly disagree)" to "5 (strongly agree)". DIFINCOM represents the values the respondents chose. The distribution of DIFINCOM is demonstrated in Figure 2; the larger values show that more people chose those responses. Thus, most people perceive the income difference to be too large. Considering Figures 1 and 2 shows that people are more inclined to prefer redistribution and perceive the income difference to be too large.

It is plausible to argue that political ideology is one of determinants concerning preferences for redistribution and so should be controlled for when preferences for income redistribution are estimated (Alesina and Giuliano, 2009; Yamamura, 2012). The ISSP contains the following question: "Where on the following scale would you say your political views lie?" There are five response options: "1 (Liberal)" to "5 (Conservative)". Based on the responses to that question, a proxy was constructed to capture political ideology effect. Political views are captured by dummies: CONSV_5 equals 1 when the response is 5, otherwise 0; CONSV_2, CONSV_3, and CONSV_4 are defined in the same manner.

3.2. Econometric Framework and Estimation Strategy

Table 2 shows that respondents belonging to a higher income group are less inclined to prefer redistribution and to perceive the income difference to be larger. Hence, relative income level is associated with an individual's perception. In Figure 3, the vertical axis shows the average preference for redistribution (PRDIST) within a country. In Figure 4, the vertical axis shows the average perceived difference in

income (DIFINCOM) within a country. In Figures 3 and 4, the horizontal rows show the average perceived conflict (CONFLICT) within a country. A cursory examination of Figure 3 reveals a positive association between CONFLICT and PRDIST. Similarly, Figure 4 shows a positive association between CONFLICT and DIFINCOM. These are in line with the hypotheses raised in Section 2. However, these relationships are observed when individual characteristics are not controlled. A closer examination calls for a regression analysis using individual-level data matched with the characteristics of one's country of residence.

For the purpose of examining the hypotheses proposed the previous section, the estimated function of the baseline model takes the following form:

$$PRDIST(or\ DIFINC)_{ik} = \alpha_1 \text{CONFLICT}_k + \alpha_2 GINI_k + X'B + \varepsilon_i$$

X: Vector of characteristics of country's and individual's characteristics

B: Vector of coefficients of country's and individual's characteristics,

where $PRDIST(or\ DIFINC)_{ik}$ represents the dependent variable for individual i and country k. Regression parameters are represented by α. As explained earlier, values for *PRDIST* and *DIFINC* range from 1 to 5 and an ordered probit model was used to conduct the estimations. The error term is represented by ε_i. It is reasonable to assume that the observations may be spatially correlated within a country, as the country of one agent may well relate to the preference of another in the same country. To control such spatial correlation in line with this assumption, the Stata cluster command was used and z-statistics were calculated using robust standard errors. The advantage of this method is that the magnitude of spatial correlation can be unique to each country.

Regarding the control variables included in *X*, GDP and POP are included to capture the economic condition of each country. Furthermore, according to the "prospect of upward mobility" (POUM) theory (Bénabou and Ok, 2001), people who expect to move up the income scale are unlikely to support a redistribution policy even when they are currently poor. Hence, the sign for GDP is likely to become negative when PRDIST is the dependent variable. In contrast, people do not perceive the income difference as high. Hence, the coefficient of GDP is likely to become negative when DIFINCOM is assessed. If inequality increases social problems such as crime, then inequality leads people to perceive the income difference to be large and prefer redistribution. Thus, the coefficient of GINI is predicted to be positive in the estimation when PRDIST and DIFINCOM are dependent variables.

Turning to the economic condition of individuals, people tend to compare their

income with that of surrounding people (Luttmer, 2005). As exhibited in Table 2, an individual's income position seems appropriate to capture the income effect. Hence, the relative income levels in each country are considered. For this purpose, three dummy variables are constructed: HIGHINCOM (respondents belong to the 25th percentile income group), MIDINCOM (respondents belong to the income group between the 25th and 75th percentiles), and LOWINCOM (respondents belong to the 75th percentile income group). In addition, to capture wealth level, dummy variables to measure savings, stocks and bonds are constructed: NOSTOC, SAMLSTOC, MEDSTOC, LARSTOC and TOPSTOC. Furthermore, dummy variables are created to measure home or apartment: DEBTHOM, NOSHOM, SMALHOM, MEDHOM, LARGHOM and TOPHOM. Previous studies controlled for individuals' demographic and social status characteristics (e.g., Ravallian and Lokshin, 2000; Corneo and Gruüner, 2002; Ohtake and Tomioka, 2004; Alesina and La Ferrara, 2005; Rainer and Seidler, 2008; Alesina and Giuliano, 2009; Yamamura, 2012a). Thus, this paper incorporates AGE, SCHOOL, MALE, MARRI, and DIVO as independent variables. Perceptions about inequality and income difference are thought to depend not only on economic conditions but also on individuals' political views. For the purpose of capturing political views, CONSV_2–CONSV_5 are included and CONSV_1 (liberal view) is the reference group. Liberal views are generally considered to support left-wing policies such as political income redistribution. Accordingly, the coefficients of CONSV_2–CONSV_5 are expected to be negative. In addition, the absolute value of the coefficient CONSV_5 is expected to be the largest among them. In addition, types of employment should be considered. Public sector employees would not like to lose their jobs as a result of a government downsize. Hence, public sector workers are thought to have a positive view about the role of government because they are likely to keep their jobs. With the aim to capture such an effect, respondents' jobs are captured by incorporating WOKGOV, WOKPUB, WOKFIRM, WOKSELF, WOKOTHE and WOKNO.

4. Estimation Results

The estimation results are exhibited in Tables 3, 4, and 5. The results of Table 3 are based on the full sample. After dividing the sample into high- and low-income groups, Table 4 shows the results using the low-income sample while Table 5 shows the results using the high-income sample. Furthermore, in each table, columns (1)–(3) present results of PRDIST while columns (4)–(6) present the results of

DIFINCOM. For a robustness check of the results, various independent variables are used in different columns. In columns (1) and (4) of each table, all control variables are incorporated as independent variables (however, the sample size is smaller than in other columns because information about some control variables was not available). In each table, the coefficients of the independent variables are reported[9].

Table 3 shows that the coefficient of CONFLICT is positive, being statistically significant at the 1 percent level in columns (1)–(3). This is consistent with the prediction concerning the preference for redistribution. In contrast, the coefficient of CONFLICT is positive and statistically significant in columns (4)–(5). This is congruent with the prediction concerning the perceived income difference. Turning to the control variables, the results of the individual-level variables are shown in Table 3. Consistent with Table 2, HIGHINCOM is negative and statistically significant at the one percent level in columns (1)–(6). That is, high-income earners are less likely to support a redistribution policy and they consider the income difference to be small. LARSTOC and TOPSTOC are negative and statistically significant at the 1 percent level in all columns. This is congruent with the prediction that high-income earners do not prefer redistribution and they do not perceive the income difference to be large. With respect to political views, CONSV_2, CONSV3, CONSV4 and CONSV5 are negative and statistically significant in all estimations. This is convincing because conservative people are thought to be against progressive policies such as income redistribution. Concerning employment type, on the condition that WOKGOV is the default variable, WOKPUB, WOKFIRM, WOKSELF and WOKOTHE are negative in columns (1) and (4). Furthermore, WOKFIRM and WOKSELF are statistically significant. This implies that compared with other kinds of employment, government employees are more likely to prefer redistribution and perceive the income difference to be large. That is, government employees consider that it is the government's role to decrease inequality, thus increasing the need for government and thereby protecting their jobs.

With respect to Tables 4 and 5, the results for CONFLICT relate to *Hypotheses 1*

[9] The marginal effects of PRIDST (and DIFINCOM) can be calculated for each value (Greene, 2008, p. 831–835). That is, their marginal effect on the probability that PRDIST (and DIFINCOM) is 5, their marginal effect on the probability that PRDIST (and DIFINCOM) is 4, their marginal effect on the probability that PRDIST (and DIFINCOM) is 3, their marginal effect on the probability that PRDIST (and DIFINCOM) is 2, and their marginal effect on the probability that PRDIST (and DIFINCOM) is 1. Please note, the results of the marginal effects are not reported because of space limitations.

and *2.* Table 4 reports that the coefficient of CONFLICT is positive in columns (1)–(6). However, it is interesting to observe that CONFLICT is not statistically significant, with the exception of column (3). Based on this result, the following argument can be derived: for high-income earners, the perceived conflict is not associated with a preference for redistribution and perceived income difference. In contrast, Table 5 shows that the coefficient of CONFLICT is positive and statistically significant at the 1 percent level in all columns. Therefore, it can be argued that for high-income earners, the perceived conflict is positively associated with a preference for redistribution and a perceived income difference. Furthermore, the coefficient of CONFLICT is approximately 0.70 in columns (1)–(3) of Table 5, which is two times larger than the coefficient of CONFLICT in columns (1)–(3) of Table 4. Similarly, the coefficient of CONFLICT is approximately 1 in columns (4)–(6) of Table 5, being four times larger than the coefficient of CONFLICT shown in columns (4)–(6) of Table 5. To sum the various estimated results presented thus far, the estimation results examined in this section strongly support *Hypotheses 1* and *2*.

Expressive behavior (Hillman, 2010) explains, to some extent, the reason why the effect of social conflict has a different effect on an individual's perceived income difference and preference for redistribution. According to the expressive voting hypothesis, individuals vote to express their views regarding particular issues, even if they do not intend to affect the outcomes of the election (e.g., Tullock, 1971; Copeland and Laband, 2002; Sobel and Wagner, 2004). As a consequence, individuals vote for a certain policy despite the fact that the actual implementation of the policy would reduce their material utility. High-income earners consider income inequality to be too large, which expresses their sympathy to low-income earners. High-income earners' support for income redistribution is thought to reflect their support for the generosity of the welfare state. These expressions increase the utility of high-income earners. The estimation results in this paper were obtained using survey data. Survey responses can be interpreted as expressive because the responses have no effect on redistribution policies in any way. There is no material loss from expressing generosity regarding the welfare state even when expressive utility increases by signaling conformity with group-defined equality norms (Tullock, 1971).

5. Conclusions

Conflicts cause negative externalities, which in turn result in economic losses. Such externalities are also thought to influence individuals' perceptions about economic issues. The larger the conflict between rich and poor, the more high-income earners are likely to be the target of criminal behavior. For instance, high-income earners are more inclined to fear burglary. Social unrest puts pressure on high-income earners to reconcile such conflict. Thus, the argument in this paper is that high-income earners consider inequality to be too large when the conflict increases to a level that threatens their property and safety. However, high-income earners support income redistribution policies if the burden of progressive tax is smaller than the cost of the externality of conflict.

To test these inferences, this paper explored how the degree of conflict between rich and poor is associated with individual preferences for income redistribution as well as perceived differences in income. Cross-country individual-level data were used for statistical estimations. After controlling for individual characteristics, the key findings are as follows: (1) an individual is more likely to prefer an income redistribution policy in countries where people perceive the conflict between rich and poor to be high; (2) an individual is more likely to consider the income difference to be too large in countries where people perceive the conflict between rich and poor to be high; (3) after dividing the sample into high- and low-income earners, the above two finding are only obtained for high-income earners and not for low-income earners.

The main contribution of the present paper is twofold: first, this paper is the first to investigate the effect of conflict between rich and poor, not only regarding perceived income differences but also on preferences for redistribution; second, these effects differ according to income group. Following previous studies (Yamamura 2012, 2014; Dahlberg et al., 2012), this paper sheds light on differences in income levels to investigate how socio-economic circumstances affect perceptions regarding the welfare state. The findings of this paper empirically support the claim theoretically proposed by Acemoglu and Robinson (2000).

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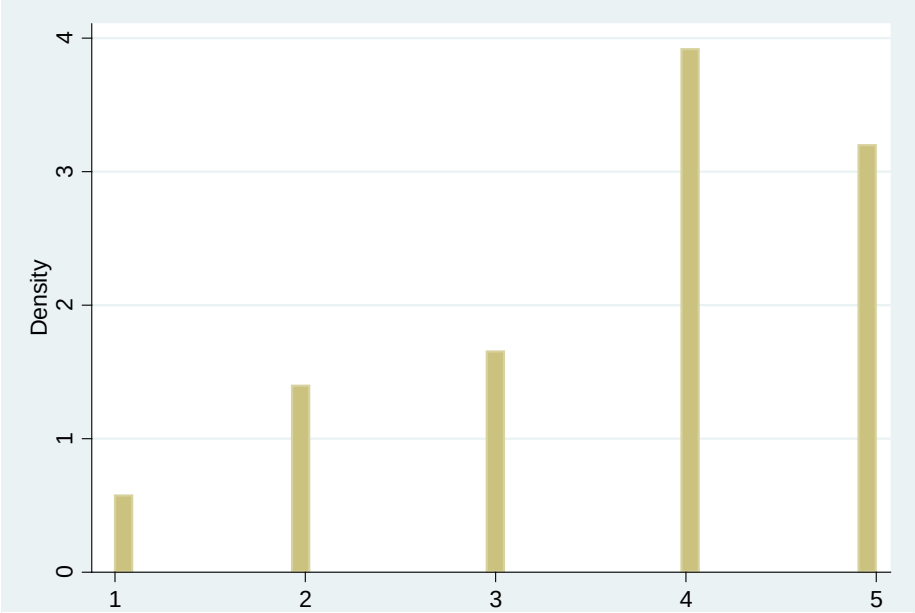

Figure 1. Distribution of views regarding preference for income redistribution

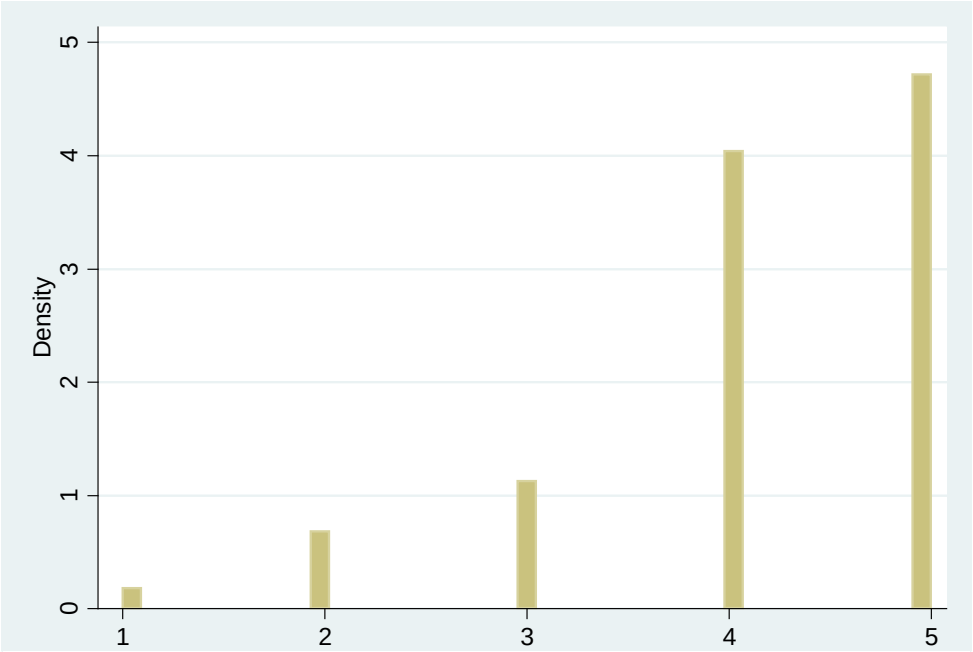

Figure 2. Distribution of views regarding perceived income difference in country of residence

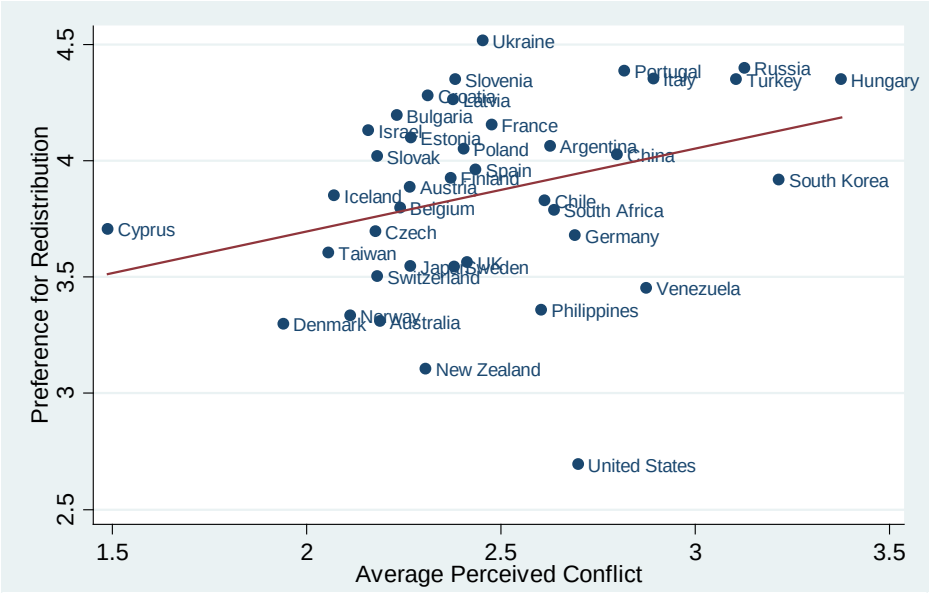

Figure 3. Association between average perceived conflict and average preference for income redistribution

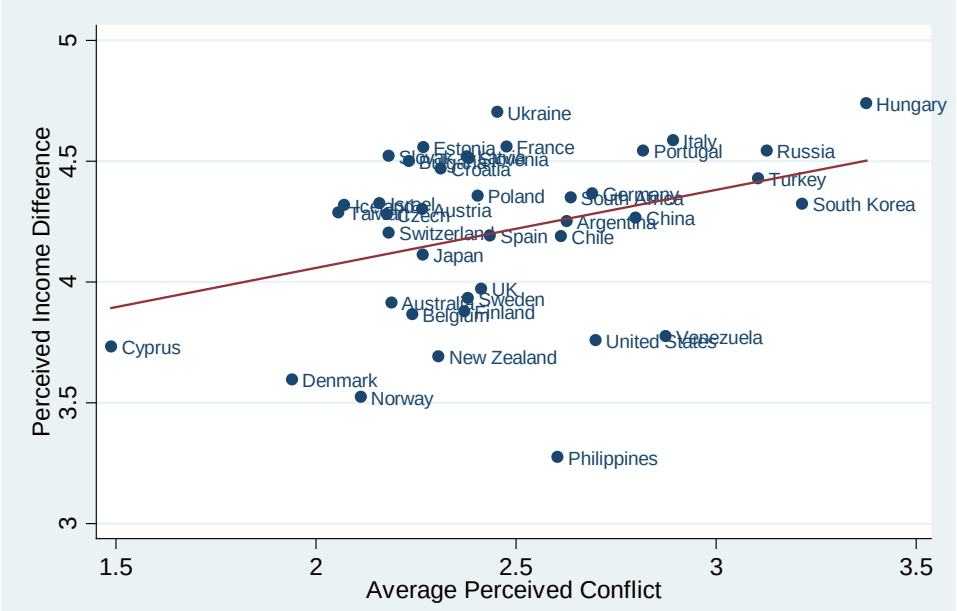

Figure 4. Association between average perceived conflict and average perceived income difference in country of residence

Table 1
Definitions and basic statistics of each variable

	Definitions	Mean	Standard deviation
Country characteristics			
CONFLICT	CONFLICT is the average value of proxy for degree of conflict in a country Question: In all countries, there are conflicts between poor and rich people. In your opinion, in <country> how much conflict is there between poor and rich people? There are 5 responses, which are regarded as proxies for degree of conflict: 1 (there are no conflicts) – 5 (very high conflicts)	2.44	0.34
GINI	Gini coefficients before taxes and transfers in 2008 (World Bank)	0.45	0.04
GDP	GDP (Millions of US dollars)	34,069	8,316
POP	Population (thousands)	55,333	81,046
Individual characteristics			
PRIDIST	Degree of agreement with the statement that the government should reduce income inequality: 1 (strongly disagree) – 5 (strongly agree)	3.61	1.21
DIFINCOM	Degree of agreement with the statement that income differences in country are too large: 1 (strongly disagree) – 5 (strongly agree)	4.08	0.99
HIGINCOM	Equals 1 if the respondent's household income is higher than 25th percentile (Group > 25 percentile), otherwise 0.	0.26	___
MIDINCOM	Equals 1 if the respondent's household income is between 25th and 75th percentile of household income (25th percentile > = Group > = 75 the percentile), otherwise 0	0.59	___
LOWINCOM	Equals 1 if the respondent's household income is lower than 75th percentile (Group < 75th percentile), otherwise 0	0.15	___
DEBTSTOC	Equals 1 if the respondent's wealth (savings, stocks, or bonds) is just debt, otherwise 0	0.10	___
NOSTOC	Equals 1 if the respondent has no wealth (savings, stocks, or bonds), otherwise 0	0.20	___

SMALSTOC	Equals 1 if the respondent's wealth (savings, stocks, or bonds) is larger than 0 but smaller than the expected mean wealth, otherwise 0	0.41	___
MEDSTOC	Equals 1 if the respondent's wealth (savings, stocks, or bonds) is equivalent to the expected mean wealth using external information, otherwise 0	0.05	___
LARSTOC	Equals 1 if the respondent's wealth (savings, stocks, or bonds) is larger than the expected mean wealth but smaller than the highest category, otherwise 0	0.19	___
TOPSTOC	Equals 1 if the respondent's wealth (savings, stocks, or bonds) belongs to the highest category (no upper limitation), otherwise 0	0.05	___
DEBTHOM	Equals 1 if the respondent's wealth (home or apartment) is just debt, otherwise 0	0.06	___
NOSHOM	Equals 1 if the respondent has no wealth (home or apartment), otherwise it takes 0	0.18	___
SMALHOM	Equals 1 if the respondent's wealth (home or apartment) is larger than 0 but smaller than the expected mean wealth, otherwise 0	0.34	___
MEDHOM	Equals 1 if the respondent's wealth (home or apartment) is equivalent to the expected mean wealth using external information, otherwise 0.	0.08	___
LARGHOM	Equals 1 if the respondent's wealth (home or apartment) is larger than the expected mean wealth but smaller than the highest category, otherwise 0	0.31	___
TOPHOM	Equals 1 if the respondent's wealth (home or apartment) belongs to the highest category (no upper limitation), otherwise 0	0.03	___
AGE	Ages	49.9	15.1
SCHOOL	Years of schooling	13.3	4.03
MALE	Equals 1 if respondent is male, otherwise 0	0.51	___
MARRI	Equals 1 if respondent is married, otherwise 0	0.62	___
DIVO	Equals 1 if respondent is divorced, otherwise 0	0.08	___
CONSV_1	Concerning political views, equals 1 if respondent chooses 1, otherwise 0 1 (Liberal) – 5 (Conservative)	0.09	___
CONSV_2	Concerning political views, equals 1 if respondent chooses 2, otherwise 0 1 (conservative) – 5 (progressive)	0.35	___

CONSV_3	Concerning political views, equals 1 if respondent chooses 3, otherwise 0 1 (conservative) – 5 (progressive)	0.21	___
CONSV_4	Concerning political views, equals 1 if respondent chooses 4, otherwise 0 1 (conservative) – 5 (progressive)	0.31	___
CONSV_5	Concerning political views, equals 1 if respondent chooses 5, otherwise 0 1 (conservative) – 5 (progressive)	0.04	___
WOKGOV	Equals 1 if respondent works for government, otherwise 0	0.26	___
WOKPUB	Equals 1 if respondent works for a publicly owned firm, otherwise 0	0.07	___
WOKFIRM	Equals 1 if respondent does not work for government, a publicly owned firm and is not self-employed, otherwise 0	0.52	___
WOKSELF	Equals 1 if respondent is self-employed, otherwise 0	0.14	___
WOKOTHE	Equals 1 if respondent works for other than WOKGOV, WOKPUB, WOKFIRM, WOKSELF, otherwise 0. Other works (not)	0.002	___
WOKNO	Equals 1 if respondent is not in paid employment, otherwise 0.	0.005	___

Note: GINI is obtained from OECD (http://stats.oecd.org/Index.aspx?DataSetCode=IDD#. accessed on June 27, 2013). GDP and POP are from Penn World Table 7.1 (http://www.rug.nl/research/ggdc/data/penn-world-table. accessed on June 27, 2013). Other variables sourced from ISSP 2009.

Sample is equivalent to that used in column (1) of Table 3. Question about political position varies according to country. However, in general it asks "To what degree do you think yourself politically liberal or conservative?"

Table 2

Preference for redistribution and perceived income difference: average values of each income category.

	PRIDIST	DIFINCOM
High-income group: Group > 25th percentile.	3.78	4.19
Middle-income group: 25th percentile > = Group > = 75th percentile.	3.82	4.21
Low-income group: 75th percentile > = Group	4.01	4.29

Table 3
Estimation results based on full sample (ordered probit)

	Estimation for preference for income redistribution Dependent variable: PRIDIST			Estimation for perceived income difference Dependent variable: DIFINCOM		
	(1)	(2)	(3)	(4)	(5)	(6)
Country characteristics						
CONFLICT	0.79***	0.74***	0.67***	0.63**	0.59**	0.56***
	(3.94)	(3.64)	(4.37)	(2.50)	(2.51)	(2.67)
GINI	3.13**	3.19***	2.99**	1.66	1.79	1.75
	(2.58)	(2.61)	(3.24)	(1.16)	(1.26)	(1.42)
Ln (GDP)	−0.63**	−0.59**	−0.58***	−0.64***	−0.64***	−0.63***
	(−2.37)	(−2.28)	(−3.33)	(−2.68)	(−2.84)	(−3.51)
Ln (POP)	−0.18**	−0.17**	−0.15**	−0.06	−0.06	−0.07
	(−2.40)	(−2.30)	(−2.54)	(−0.90)	(−0.83)	(−1.21)
Individual characteristics						
MIDINCOM	<Reference group>			<Reference group>		
HIGINCOM	−0.18***	−0.19***	−0.18***	−0.22***	−0.22***	−0.20***
	(−4.55)	(−4.50)	(−4.55)	(−5.32)	(−5.28)	(−4.70)
LOWINCOM	0.05	0.06	0.05	0.001	0.002	0.007
	(1.40)	(1.26)	(1.40)	(0.01)	(0.04)	(0.20)
DEBTSTOC	<Reference group>			<Reference group>		
NOSTOC	0.01	0.01	−0.001	0.03	0.01	−0.004
	(0.20)	(0.09)	(−0.04)	(0.36)	(0.07)	(−0.06)
SMALSTOC	−0.07	−0.07	−0.12***	−0.03	−0.05	−0.10
	(−1.58)	(−1.44)	(−2.71)	(−0.49)	(−0.82)	(−1.65)
MEDSTOC	−0.06	−0.07	−0.15***	−0.10	−0.12*	−0.19***
	(−1.01)	(−1.16)	(−2.90)	(−1.38)	(−1.74)	(−3.24)
LARSTOC	−0.21***	−0.21***	−0.25***	−0.19***	−0.21***	−0.25***
	(−4.72)	(−4.62)	(−5.68)	(−2.93)	(−3.47)	(−4.05)
TOPSTOC	−0.32***	−0.31***	−0.43***	−0.35***	−0.38***	−0.46***
	(3.29)	(2.94)	(3.84)	(−5.35)	(−5.39)	(−5.77)
DEBTHOM	<Reference group>			<Reference group>		
NOSHOM	−0.01	0.002	−0.01	0.05	0.06	0.07
	(0.01)	(0.03)	(−0.28)	(0.61)	(0.63)	(0.88)
SMALHOM	−0.06	−0.04	−0.07*	0.01	0.03	0.02
	(−0.93)	(−0.70)	(−1.82)	(0.20)	(0.39)	(0.42)
MEDHOM	0.02	0.04	−0.02	0.09	0.10	0.07
	(0.21)	(0.41)	(−0.28)	(0.80)	(0.91)	(0.73)
LARGHOM	−0.09	−0.08	−0.14	−0.01	0.01	−0.02
	(−0.71)	(−0.78)	(−1.54)	(−0.05)	(0.05)	(−0.28)
TOPHOM	−0.13	−0.13	−0.24**	−0.19	−0.18	−0.21*
	(−1.13)	(−1.26)	(−2.35)	(−1.60)	(−1.56)	(−1.93)

AGE	0.003***	0.003***	0.003***	0.007***	0.007***	0.006***
	(2.60)	(3.04)	(3.70)	(5.70)	(5.88)	(5.89)
SCHOOL	−0.02***	−0.02**	−0.01**	−0.01***	−0.01**	−0.01**
	(−2.86)	(−2.43)	(−2.27)	(−2.67)	(−2.52)	(−2.31)
MALE	−0.05*	−0.07***	−0.09***	−0.07***	−0.09***	−0.10***
	(−1.94)	(−2.81)	(−4.00)	(−2.67)	(−3.20)	(−3.47)
MARRI	0.01	0.01	0.02	0.06*	0.06*	0.06**
	(0.65)	(0.62)	(0.92)	(1.86)	(1.87)	(2.32)
DIVO	−0.01	−0.02	−0.003	0.06	0.06	0.10***
	(−0.39)	(−0.55)	(−0.09)	(1.35)	(1.52)	(2.85)
CONSV_1	<Reference group>			<Reference group>		
CONSV_2	−0.30***	−0.29***		−0.29***	−0.26**	
	(−2.81)	(−2.84)		(−2.68)	(−2.50)	
CONSV_3	−0.54***	−0.54***		−0.49***	−0.47***	
	(−4.86)	(−4.86)		(−4.13)	(−4.00)	
CONSV_4	−0.86***	−0.87***		−0.80***	−0.78***	
	(−6.17)	(−6.19)		(−6.45)	(−6.18)	
CONSV_5	−0.50***	−0.49***		−0.49***	−0.46***	
	(−3.01)	(−3.01)		(−3.27)	(−3.16)	
WOKGOV	<Reference group>			<Reference group>		
WOKPUB	−0.15**			−0.04		
	(−2.53)			(−0.65)		
WOKFIRM	−0.14***			−0.06**		
	(−5.97)			(−2.11)		
WOKSELF	−0.19***			−0.13***		
	(−4.60)			(−3.51)		
WOKOTHE	−0.17			−0.27		
	(−0.44)			(−1.30)		
WOKNO	−0.004			0.20*		
	(−0.03)			(1.84)		
Marginal effect of CONFLICT: Pr (Y = 5)	0.24*** (3.84)	0.23*** (3.52)	0.22*** (4.19)	0.24** (2.52)	0.22** (1.51)	0.22*** (2.66)
Log pseudo-likelihood	−18,924	−20,267	−28,391	−16,059	−17,155	−23,814
Observations.	13,716	14,655	20,573	13,777	14,716	20,688

Note: Values without parentheses are coefficients. Values in parentheses are z−statistics calculated using robust standard errors clustered for per country. *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.

Table 4
Estimation results based on low-income sample (ordered probit)

	Estimation for preference for income redistribution Dependent variable: PRIDIST			Estimation for perceived income difference Dependent variable: DIFINCOM		
	(1)	(2)	(3)	(4)	(5)	(6)
Country characteristics						
CONFLICT	0.32 (1.21)	0.28 (0.97)	0.39* (1.85)	0.25 (1.08)	0.23 (0.98)	0.32 (1.45)
GINI	2.43* (1.66)	2.74* (1.83)	3.05*** (2.71)	1.56 (1.21)	1.69 (1.31)	1.61 (1.39)
Ln (GDP)	−0.71*** (−3.10)	−0.71*** (−2.80)	−0.60*** (−3.59)	−0.80*** (−3.44)	−0.80*** (−3.15)	−0.60*** (−2.98)
Ln (POP)	−0.15** (−2.14)	−0.14* (−1.78)	−0.13** (−2.05)	−0.07 (−1.15)	−0.05 (−0.84)	−0.06 (−1.12)
Individual characteristics						
DEBTSTOC	<Reference group>			<Reference group>		
NOSTOC	0.21** (2.06)	0.16* (1.76)	0.07 (1.18)	0.04 (0.33)	−0.02 (−0.20)	−0.05 (−0.57)
SMALSTOC	0.05 (0.47)	0.01 (0.12)	−0.09 (−1.14)	−0.05 (−0.73)	−0.13* (−1.88)	−0.20*** (−2.67)
MEDSTOC	0.24 (1.34)	0.16 (0.93)	−0.003 (−0.03)	−0.13* (−1.69)	−0.20 (−1.16)	−0.27** (−2.00)
LARSTOC	−0.10 (−0.85)	−0.15 (−1.47)	−0.25*** (−2.62)	−0.15 (−1.31)	−0.24*** (−2.70)	−0.32*** (−4.06)
TOPSTOC	0.02 (0.13)	0.04 (0.23)	−0.13 (−0.91)	0.29 (1.35)	0.11 (0.60)	−0.05 (−0.49)
DEBTHOM	<Reference group>			<Reference group>		
NOSHOM	−0.31** (−2.28)	−0.20* (−1.66)	−0.24*** (−2.63)	−0.18 (−1.64)	−0.08 (−0.97)	−0.09 (−1.13)
SMALHOM	−0.27* (−1.82)	−0.15 (−1.16)	−0.18* (−1.88)	−0.14 (−1.08)	−0.05 (−0.44)	−0.04 (−0.52)
MEDHOM	−0.24 (−1.31)	−0.11 (−0.69)	−0.18* (−1.69)	−0.13 (−1.00)	−0.05 (−0.46)	−0.04 (−0.35)
LARGHOM	−0.49*** (−3.18)	−0.36*** (−2.64)	−0.38*** (−3.45)	−0.30 (−1.61)	−0.18 (−1.13)	−0.15 (−1.17)
TOPHOM	−0.15 (−0.74)	−0.10 (−0.47)	−0.23 (−1.16)	−0.56*** (−3.39)	− 0.45*** (−3.57)	−0.39*** (−2.99)
AGE	0.001 (0.87)	0.001 (0.82)	0.002 (1.35)	0.003 (1.62)	0.003** (1.94)	0.003** (2.05)
SCHOOL	−0.01 (−1.10)	−0.01 (−0.94)	−0.01 (−0.90)	−0.01 (−0.73)	−0.01 (−0.64)	−0.01 (−0.61)
MALE	−0.08* (−1.73)	−0.07* (−1.74)	−0.05 (−1.58)	−0.09*** (−2.63)	−0.09*** (−2.91)	−0.06* (−1.67)

MARRI	0.08 (1.33)	0.11* (1.84)	0.05 (0.89)	0.16* (1.96)	0.19** (2.35)	0.13* (1.74)
DIVO	0.04 (0.76)	0.08 (1.43)	0.06 (1.65*)	0.04 (0.63)	0.09 (1.34)	0.13** (2.54)
CONSV_1	<Reference group>			<Reference group>		
CONSV_2	−0.29** (−2.32)	−0.26** (−2.40)		−0.27*** (−2.66)	−0.24*** (−2.71)	
CONSV_3	−0.44*** (−3.08)	−0.42*** (−3.60)		−0.36*** (−2.70)	−0.32*** (−2.78)	
CONSV_4	−0.69*** (−4.15)	−0.62*** (−4.33)		−0.69*** (−5.26)	−0.60*** (−5.35)	
CONSV_5	−0.37** (−2.11)	−0.36** (−2.46)		−0.36* (−1.70)	−0.38** (−2.10)	
WOKGOV	<Reference group>			<Reference group>		
WOKPUB	−0.11 (−1.05)			−0.01 (−0.13)		
WOKFIRM	0.005 (0.12)			0.10 (1.63)		
WOKSELF	0.03 (0.45)			0.11 (1.45)		
WOKOTHE	0.95 (1.58)			0.46 (1.26)		
WOKNO	0.22 (1.62)			0.55*** (2.79)		
Marginal effect of CONFLICT: Pr (Y = 5)	0.11 (1.22)	0.10 (0.97)	0.14* (1.84)	0.10 (1.09)	0.09 (0.98)	0.13 (1.45)
Log pseudo-likelihood	−2,739	−3,068	−4,367	−2,263	−2,534	−3,644
Observations.	2,074	2,229	3,380	2,082	2,306	3,401

Note: Values without parentheses are coefficients. Values in parentheses are z−statistics calculated using robust standard errors clustered per country. *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.

Table 5
Estimation results based on high-income sample (Ordered Probit)

	Estimation for preference for income redistribution Dependent variable: PRIDIST			Estimation for perceived income difference Dependent variable: DIFINCOM		
	(1)	(2)	(3)	(4)	(5)	(6)
Country characteristics						
CONFLICT	0.97***	0.88***	0.71***	1.09***	1.09***	0.82***
	(4.27)	(4.08)	(4.10)	(3.60)	(3.40)	(2.90)
GINI	3.22***	3.10***	2.56**	3.25**	3.23**	3.00*
	(2.66)	(2.61)	(2.26)	(2.10)	(2.10)	(1.88)
Ln (GDP)	−0.63**	−0.61**	−0.67***	−0.58**	−0.56**	−0.68***
	(−2.26)	(−2.18)	(−3.67)	(−2.14)	(−2.12)	(−3.35)
Ln (POP)	−0.18**	−0.17**	−0.14**	−0.11	−0.10	−0.11
	(−2.30)	(−2.33)	(−2.46)	(−1.38)	(−1.31)	(−1.64)
Individual characteristics						
DEBTSTOC	<Reference group>			<Reference group>		
NOSTOC	−0.05	−0.04	0.02	0.11	0.12	0.18*
	(−0.52)	(−0.44)	(0.35)	(0.82)	(0.90)	(1.84)
SMALSTOC	−0.15	−0.14	−0.10	−0.07	−0.05	0.01
	(−1.64)	(−1.49)	(−1.55)	(−0.66)	(−0.55)	(0.09)
MEDSTOC	−0.06	−0.06	−0.08	−0.12	−0.11	−0.04
	(−0.80)	(−0.77)	(−1.12)	(−1.09)	(−0.98)	(−0.52)
LARSTOC	−0.25***	−0.25***	−0.22***	−0.19*	−0.19*	−0.12
	(−2.74)	(−2.70)	(−3.23)	(−1.75)	(−1.73)	(−1.20)
TOPSTOC	−0.41***	−0.41***	−0.50***	−0.37***	−0.38***	−0.38***
	(−3.70)	(−4.06)	(−5.04)	(−3.18)	(−3.17)	(−3.14)
DEBTHOM	<Reference group>			<Reference group>		
NOSHOM	0.15	0.11	0.09	−0.001	0.01	0.0
	(1.10)	(0.79)	(1.16)	(−0.01)	(0.06)	1 (0.14)
SMALHOM	0.01	−0.03	−0.05	0.04	−0.001	−0.02
	(0.05)	(−0.25)	(−0.90)	(0.03)	(−0.01)	(−0.25)
MEDHOM	0.14	0.10	0.02	0.11	0.11	0.03
	(0.99)	(0.69)	(0.28)	(0.61)	(0.61)	(0.29)
LARGHOM	0.08	0.03	−0.06	0.01	0.005	−0.08
	(0.53)	(0.23)	(−0.61)	(0.07)	(0.03)	(−0.60)
TOPHOM	−0.05	−0.10	−0.24*	−0.21	−0.21	−0.31*
	(−0.32)	(−0.60)	(−1.89)	(−1.14)	(−1.12)	(−1.96)
AGE	0.01***	0.01***	0.01***	0.01***	0.01***	0.01***
	(2.94)	(2.69)	(2.93)	(5.20)	(4.71)	(5.00)

SCHOOL	−0.01 (−1.48)	−0.01 (−1.22)	−0.01 (−1.09)	−0.01 (−1.57)	−0.01 (−1.42)	−0.01 (−1.10)
MALE	−0.07* (−1.91)	−0.10** (−2.33)	−0.12*** (−2.95)	−0.10** (−2.20)	−0.12** (−2.39)	−0.11** (−2.40)
MARRI	−0.05* (−1.67)	−0.06** (−2.14)	−0.03 (−1.08)	−0.05 (−1.12)	−0.06 (−1.23)	−0.03 (−1.01)
DIVO	0.03 (0.26)	0.02 (0.21)	0.08 (0.98)	0.09 (0.66)	0.08 (0.60)	0.17* (1.84)
CONSV_1	<Reference group>			<Reference group>		
CONSV_2	−0.37*** (−2.97)	−0.37*** (−3.00)		−0.39** (−2.55)	−0.35** (−2.33)	
CONSV_3	−0.66*** (−4.43)	−0.67*** (−4.44)		−0.60*** (−3.33)	−0.58*** (−3.20)	
CONSV_4	−1.02*** (−6.69)	−1.03*** (−6.61)		−0.95*** (−5.49)	−0.93*** (−5.31)	
CONSV_5	−0.64** (−2.51)	−0.66** (−2.51)		−0.66*** (−3.29)	−0.61*** (−2.80)	
WOKGOV	<Reference group>			<Reference group>		
WOKPUB	−0.17* (−1.94)			−0.07 (−0.78)		
WOKFIRM	−0.13** (−2.36)			−0.07 (−1.10)		
WOKSELF	−0.27*** (−3.63)			−0.22*** (−2.99)		
WOKOTHE	−0.28 (−0.53)			−0.23 (−1.39)		
WOKNO	−0.07 (−0.33)			0.01 (0.04)		
Marginal effect of CONFLICT: Pr (Y = 5)	0.26*** (4.17)	0.23*** (3.99)	0.21*** (4.00)	0.39*** (3.65)	0.35*** (3.45)	0.30*** (2.89)
Log pseudo−likelihood	−5,157	−5,359	−7,419	−4,555	−4,721	−6,391
Observations.	3,610	3,745	5,133	3,621	3,756	5,150

Note: Values without parentheses are coefficients. Values in parentheses are z−statistics calculated using robust standard errors clustered in the country. *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.