INEQUALITY IN THE WORST OF TIMES: RECESSIONS AND PUBLIC CONCERN FOR INCOME INEQUALITY IN EUROPE AND THE UNITED STATES

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Abstract

The onset of the Great Recession has brought income inequality to the forefront of political debate in many democracies, although rising inequality can be traced back to the early 1980s. To account for this heightened concern, I develop a model of attitude formation on inequality that highlights the role of macroeconomic evaluations in influencing how citizens view income inequality. Specifically, I argue that economic evaluations are correlated with tolerance for income inequality at the individual-level. Consequently, as opinions on the macroeconomy decline, public opposition to income inequality increases. I contend that this relationship between economic evaluations and inequality attitudes is linked with citizens' beliefs about economic agency, and whether large income differences are attributable to circumstances that are beyond individuals' control. Leveraging cross-national and panel survey analyses, as well as comparative case studies, my findings underscore three areas in which conventional models of political economy fall short in describing inequality dynamics. Contrary to these models, I find that a) the rich and poor react similarly to inequality as their economic evaluations deteriorate; b) economic evaluations matter most as heuristics for those with ambivalent opinions on the income gap; and c) attitudes on inequality demonstrate meaningful variation over the short-run. My analysis underscores the existence of a "redistribution paradox," whereby the periods that produce the greatest intolerance amongst citizens for income inequality are also the periods during which the economic resources needed to close the income gap are most scarce.

BIOGRAPHICAL SKETCH

Jason D. Hecht has his Ph.D. from the Department of Government at Cornell University. He currently serves as the Associate Director for the Cornell Institute for European Studies. Jason was born in New York, NY, and grew up in Newton, MA rooting for the New York Yankees. He graduated from Hamilton College with a B.A., majoring in economics and world politics. Jason currently resides in Ithaca, NY with his partner Erica Ostermann and their dog Molly.

For my parents:
To infinity and beyond!

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I know the words that follow fall short in expressing my immense gratitude for those who helped me throughout this journey. This has been an extremely special time in my life, and one that I will look on with great fondness in the years to come. Its specialness derives from the friends and family who supported me along the way; to you all I say a big, heartfelt thank you.

I came to Cornell because of Chris Anderson. Throughout my time at Cornell I have come to know Chris as a teacher, advisor, mentor, and friend. On many an afternoon I would drop by 308 White Hall seeking Chris' advice, and still find myself there two hours later. Chris was always so generous with his time, experience, and resources, and his trust in me gave me the confidence that I needed to trudge through some difficult moments throughout graduate school. I feel exceedingly fortunate to have worked so closely with Chris over the past six years, and look forward to counting on his wisdom and advice for many years to come. Sid Tarrow played a huge role in my development as a thinker. Sid always pushed me to consider different perspectives, look beyond the data, and to ask and answer big questions. He is the consummate teacher, and his guidance was instrumental in shaping my research process for this dissertation. Chris Way's mentorship will continue over the next few years, as we assume leadership of the Cornell Institute for European Studies this summer. Chris' passion for social science research provided consistent encouragement throughout my dissertation process, and I am thrilled to have the opportunity to continue working with such a talented scholar, administrator, and overall great guy.

Beyond my dissertation committee at Cornell, I am extremely grateful to Sydney Van Morgan for both her mentorship and friendship. Syd's support meant so much during my final months of dissertation writing, and I am truly honored to be following in her footsteps at CIES. Peter Enns, Alex Kuo, and Michael Jones-Correa also provided valuable advice throughout my time at Cornell. Finally, this journey would have been truly impossible without the help of Government Department superstars Tina Slater, Judy Virgilio, Laurie Coon, and Stacy Kesselring. Tina came to my rescue on many occasions, and is the greatest ally of Government graduate students at Cornell.

I spent the 2012-13 academic year conducting dissertation research at the University of Oxford. David Rueda was my host and advisor, and I am indebted to David for facilitating a yearlong learning opportunity that I will never forget. I learned a lot about income inequality while at Oxford, but I learned even more about myself. David was wonderful in guiding me through both explorations, and I thank him for enriching my experience as a graduate student immeasurably. Nancy Bermeo and Geoff Evans were also generous hosts during my time at Oxford. Nancy, in particular, regularly went out of her way to make sure that my experience was a positive one, and I hope that she knows how much I appreciated her incredible hospitality. My Oxford roommates, Cynthia and Robert, also provided me with a beautiful home away from home, and I look forward to returning the favor someday.

My adventures abroad, and dissertation research more generally, would not have been possible in the absence of generous financial support. The Cornell Institute for European Studies, Cornell Graduate School, APSA British Politics Group, and the Horowitz Foundation for Social Policy provided the funding that helped to transform my research dreams into the dissertation manuscript that follows.

Graduate school can be challenging at times, and the best advice that I could give to aspiring Ph.D.'s is to make wonderful friends. My friends at Cornell provided encouragement,

inspiration, and most importantly fun! Alexis Walker, Martha Wilfahrt, and Danielle Thomsen were there from the beginning, and together we navigated the ups and downs of graduate student life. Robert Braun and Aleksandar Matovski also doubled as colleagues and friends, and our study breaks over a pint were always a welcome distraction. During my time at Cornell I earned a Ph.D., but better still I made a best friend. Michael Dichio really is the greatest friend I could ever hope to make, and I feel so incredibly fortunate to have spent so much time with him over the past six years. His return to Ithaca in early 2014 brought my graduate experience full circle, and we close this chapter as we began it: together.

At the end of the day though, none of this would have been possible without the unconditional love of my family. My cousin, Denise Benmosche and I have grown closer during my time in graduate school. She provided the support I needed to pursue research at Oxford, and has been one of my greatest cheerleaders over the past few years. My grandparents, Beatrice and Steven Levy funded my college education, and in doing so facilitated my journey through the ranks of higher education that has meant so very much to me. Harold and Hannelore Hecht have been my biggest fans throughout my life. Pupi left us in the midst of my dissertation research, but I know that somewhere he is reading *The New York Times* and is proud of his grandson. Omi, closing in on 90, continues to be one of my heroes, and I have learnt more from our weekly talks than I did in six years of graduate school.

My sister Briana and I have followed similar trajectories, although she is going to be a "real" doctor someday. To say that we have both been incredibly busy over the past few years would be understatement, but I treasure the time that we spend together. Briana never fails to make me smile, and the vitality that she brings to her life everyday serves as a constant reminder as to what is really important.

I don't even know where to begin when it comes to acknowledging the role that my parents have played in helping me to achieve this milestone. I could thank them for so many things, as they shared in literally every single victory and bump along the way. But here I will thank them for raising me in a home that treated learning as a daily pursuit that was never restricted to the classroom. I love you Mom and Dad, and I dedicate this work to you.

Last, but so very far from least, is Erica Ostermann. I met Erica for coffee on September 28, 2014, and that hour and a half completely transformed my life. I wrote the majority of this manuscript from our home in McFaddin Hall with our steadfast companion Molly by my side. The joy that Erica has brought into my life everyday is truly the greatest gift I could ever hope to receive, and our next chapter together promises to be even more exciting than this one that I am closing.

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Chapter 1: Introduction

"And that is a dangerous and growing inequality and lack of upward mobility that has jeopardized middle-class America's basic bargain -- that if you work hard, you have a chance to get ahead. I believe this is the defining challenge of our time: Making sure our economy works for every working American." (Barack Obama, December 4, 2013).

Labeling economic inequality the defining challenge of our time, President Barack Obama highlighted the impact of a socioeconomic phenomenon whose reach has extended far beyond the borders of the United States. Since the early 1980s, the gap between the richest and poorest workers has escalated across rich democracies. This has not only reshaped the manner in which economic resources are distributed, but political resources as well. As the most affluent Americans and Europeans have continued to pull away from the rest of society in terms of earning power, so too have they pulled away in terms of their influence on policy outcomes (e.g. Bartels 2008; Beramendi and Anderson 2008; Gilens 2005). Consequently, rising inequality challenges rich democratic societies on multiple fronts: economic, political, and social.

This dissertation investigates how citizens form opinions about income inequality. In doing so, it places particular emphasis on how rising levels of income inequality intersect with another dramatic socioeconomic event: recessions. Since the onset of the Great Recession in 2008, the manner in which income is distributed has received a striking amount of attention from politicians, pundits, and ordinary people alike across Western Europe and the United States. From President Obama to Pope Francis, Paul Krugman to David Brooks, Occupy Wall Street to the Indignant Movement, rising inequality have become a relevant topic for discussion from pressrooms to pubs.

Why is this the case? As I stated above and will document in greater detail later, expanding income inequality can be traced back to the early 1980s, so it can hardly be

considered a new phenomenon. Yet, widespread skepticism surrounding the income gap has become a fixture of political debate in the Great Recession era in a way that it had not been earlier in the first decade of the 21st century. I argue that this aversion to income inequality amongst mass publics can publics can be attributed to the way that individuals process the income gap when their opinions of the macroeconomy deteriorate. Specifically, as economic opinions worsen, citizens become less likely to hold others directly accountable for their economic fate. As unemployment increases, wages flatten, and hiring stops, citizens adapt their expectations of how much control others have over their earnings. To the extent that individuals believe that others possess a reasonable amount of control over their earnings, they are likely to be willing to tolerate income inequality. After all, if a person can exercise control over her earnings, differences in income can then merely be seen as a reflection of differences in talent and effort. This ethos is even reflected in the remarks made by President Obama quoted above. The notion that hard work is translatable into improved economic outcomes at the micro-level is central to how individuals perceive income inequality.

Recessions challenge citizens' tolerance of inequality in that they interrupt the relationship between merit and improved economic outcomes[1]. During recessions, citizens are more likely to observe other individuals who struggle financially despite their hard work and talent, or they may even experience such hardship themselves. This weakening of the link between merit and outcomes undermines individuals' perceived control over their economic fate. In doing so, it also makes a highly unequal income distribution more difficult to justify in that the unenviable position of those towards the bottom of the income pyramid cannot be explained

[1] See also Alesina and Angeletos' (2005) discussion of deserved versus undeserved inequality. My approach in this manuscript focuses more directly on underserved inequality, and how declining economic evaluations shape individuals' propensity to see the income gap as the product of forces that are beyond their control. I discuss the Alesina and Angeletos contribution in greater detail in Chapter 2.

as a function of lack of ability or effort, nor can the enviable position of those towards the top be explained as a function of their talent or hard work. Instead, circumstances entirely beyond the control of individual citizens may have a dramatic impact on their economic fate. While this is true at any given point in time, it becomes a more tangible notion during periods of economic downturn. Combined with an economic environment where there are too few resources to spread around, tolerance for a wide gap between society's haves and have-nots is tested during recessionary periods. While for the moment I simply posit my argument, I support it through a theoretical explication (Chapter 2) and empirical investigation (Chapters 3-5) in the pages that follow.

This combination of heightened demand for remedies to inequality alongside relative economic scarcity implies the existence of a redistribution paradox, which I discuss in greater detail later in the dissertation. Recessions both challenge mass publics' tolerance of large income differences and also erode the public finances necessary to implement policy solutions aimed at reducing the gap between rich and poor. As a result, recessions are simultaneously allies and enemies of expanding income inequality. While recessions present windows of political opportunity for parties and elites to pursue redistributive social policy due to heightened public demand, these windows are often brief, and also restrict the policy options available to governments due to diminished economic resources. This paradox can help to facilitate an improved understanding of why expanding income inequality has been so difficult to combat across Europe as well as within the United States. If we view recessions both as the most opportune political moments to challenge inequality, as well as the times during which the income gap is most difficult to address due to limited funds, we are positioned to advance our understanding of why rising inequality has proven so difficult to combat over time. In short, this

project has led me to conclude that political solutions to income inequality will continue to be elusive.

Beyond highlighting the existence of this paradox, the impact of economic evaluations on attitudes towards income inequality is a topic that merits further inquiry because it offers the opportunity to both contribute to political economic research on income inequality, as well as to provide analytical leverage on an issue area that is of great contemporary significance. Regarding the first point, although significant advances have been made in recent years towards achieving a more complete understanding of how citizens form preferences surrounding economic inequality and social policy, we still know relatively little about how changes in context affect the preference formation process. This project explicitly takes a "nested citizens" approach (Anderson 2008), whereby citizen behavior is assessed through the lens of the environment within which they are acting. By taking this approach I am able to evaluate how changing evaluations of the surrounding macroeconomy shape the manner in which individuals form opinions concerning the income gap. In doing so, I am poised to advance the preference formation discussion that has primarily treated individuals as decision makers that are divorced from any particular economic, political, or social context (see Anderson and Pontusson 2006; Rueda and Stegmueller n.d. for exceptions).

Turning to the second point, as I discuss above, income inequality as an issue has received substantial attention since the onset of the Great Recession in 2008. The Occupy and Indignant Movements both served to link the recession and rising inequality in the public imagination. However, public debate and scholarship on the intersection of these two socioeconomic phenomena is still in its nascent stages, with research increasingly moving in the direction of evaluating specifically how periods of economic hardship alter the opinion formation

process and behavioral patterns of mass publics[2]. I intend for this project to contribute to our knowledge of how recessions shape decision-making processes for citizens across rich democracies, and in particular how changing macroeconomic evaluations have the capacity to shape how citizens view the way in which economic resources are distributed across society.

This chapter provides the backdrop for the remainder of the manuscript, and aims to provide the reader with relevant empirical information and an overview of the primary theoretical debates that inspired this inquiry. To that end, this chapter proceeds as follows. Section I begins with a descriptive overview of the dynamics of income inequality across Western Europe and the United States since the early 1980s. Section II reviews growth patterns and incidences of recession during this same period, noting how the dynamics of recession interact with those of income inequality. Sections III and IV review research on inequality attitude formation and how different contexts have the capacity to shape opinion change and dynamics. These two sections provide an overview of the literature that I am contributing to, and synthesize the work that I draw upon in forming my own theory of opinion change under recession. Section V summarizes the chapter and provides a further discussion of the implications and significance of my dissertation project, as well as a roadmap of the rest of the dissertation.

I. Inequality in Western Europe and the United States Since 1980

The escalation of income inequality across the developed world has been well documented by students of comparative politics and sociology (e.g. Beramendi and Anderson 2008; Brady 2009; Kenworthy 2008). Since 1980, income inequality has generally escalated across rich

[2] One example of this Bermeo and Bartels' recently published volume on mass opinion and behavior during the Great Recession.

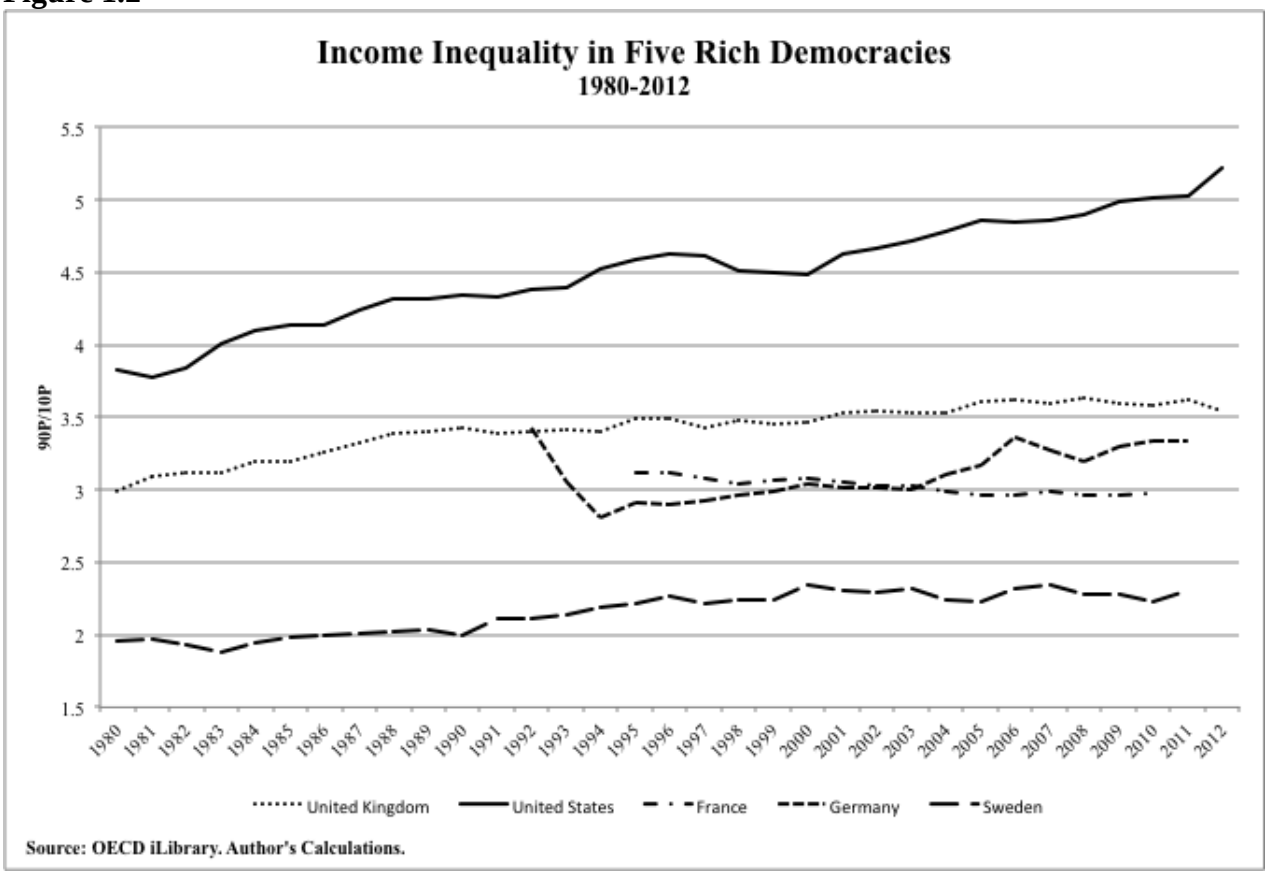
democracies of Western Europe and United States, a dynamic that is reflected below in Figure 1.1. Figure 1.1 reports average disposable income inequality rates across reporting Organization for Economic Cooperation and Development (OECD) countries between 1980 and 2012, as well as the standard deviation around that average.[3] The graph reveals three distinct periods of shift in the level of inequality during this period. The first period begins in 1980 and ends in the mid 1990s. During this time, inequality generally grew at a steady pace. The mid 1990s to early 2000s provided a brief respite from this growth as inequality declined, albeit without reverting to its previous low points of the early 1980s. Finally, the early 2000s to 2012 are characterized by dramatic growth in the level of income inequality, with the most remarkable increases occurring before the onset of the Great Recession in 2008, and with the subsequent recovery beginning in 2011. This overall increase in income inequality across the rich world obscures variation within this set of countries. The standard deviation bars in Figure 1.1 indicate that this variation across OECD countries increased in the late 1980s-early 1990s, before decreasing somewhat in the mid to late 2000s. English speaking countries have generally led the charge in terms of inequality increase, while their Continental European counterparts experienced far less growth in inequality during this time period (Piketty and Saez 2006; Atkinson et al. 2010).

[3] For Figures 1.1 & 1.2 income inequality is measured as the ratio of the 90th income percentile to the 10th income percentile. I utilize measures of disposable income inequality for these two figures.

Figure 1.1

This variation in income inequality dynamics is further highlighted below in Figure 1.2, which reports disposable income inequality in five rich democracies during this period: the United Kingdom, the United States, France, Germany, and Sweden.

Figure 1.2



There are two defining features of Figure 1.2. First, the two English-speaking countries, the United Kingdom and the United States, begin at a much higher starting point in terms of their overall level of inequality. The difference between the United States and the other four countries is particularly dramatic, with the gap widening as the series continues. France, Germany, and Sweden experience far less growth than their English-speaking counterparts, though income inequality in Sweden does also increase steadily throughout the period.

While Figures 1.1 and 1.2 provide general snapshots of inequality dynamics across rich democracies, they only tell a partial story of how inequality has shifted since the early 1980s. The dynamics of inequality over any given period of time depend in part on how inequality is defined and measured. Here I focus on disposable income inequality, which tracks income

inequality after taxes and transfers have been taken into account. I operationalize disposable income inequality as the ratio of the 90th income percentile to the 10th income percentile, which is just one of a number of popularly used methods of measuring inequality by political economists[4]. The research collaboration of Atkinson et al.[5] (2010) have popularized another method of tracking inequality over time which focuses solely on the relative share of income earned by those at the top of the income pyramid. In two seminal pieces documenting cross-national inequality dynamics (Piketty and Saez 2006 and Atkinson et al. 2010) they utilize a methodology initial developed by Kuznets (1953) that tracks top income shares using income tax records. They construct series that document top income shares in 22 countries for most of the 20th century, making their study of inequality dynamics the most robust and widely cited across the social sciences.

I briefly devote special attention to the findings of Atkinson et al. (2010) to note their findings with regard to rich democracies since 1980. In the two papers cited above, they find that most countries followed a U-shape pattern with regard to income inequality in the post-World War II period. While the years immediately following 1945 saw a decline in top income percentile shares, recent decades have demonstrated increases in the level of inequality across countries. As is noted above, these increases have been most dramatic in English-speaking countries (the UK and USA but also Australia and New Zealand), with Southern European and Nordic countries also demonstrating increases in top income shares that were less dramatic than those among their English-speaking counterparts. Finally, Continental European countries including France, Germany, the Netherlands, and Switzerland all have demonstrated only a

[4] Other commonly utilized ways of operationalizing income inequality include the ratio of the 90th and 50th income percentiles, the ratio of the 50th and 10th income percentiles, skew ([90p/50p]/[50p/10p]) (Lupu and Pontusson 2011), and the gini coefficient.
[5] This collaboration consists of Anthony Atkinson, Thomas Piketty, and Emmanuel Saez.

modest increase in their top income shares in recent decades (Piketty and Saez 2006; Atkinson et al. 2010). The authors also note that this increase in top income shares across rich democracies appears to be driven by the gains of the top percentile, and in particular, gains in the wages and salaries of members of this group. While the remainder of the top income decile has also experienced gains during this period, they have been relatively modest when compared with those of the top one percent (Atkinson et al. 2010).

This research is especially notable in that regardless of how income inequality is measured, there appears to be no debating that it has increased across rich democracies since 1980. In some countries these increases may have been relatively modest. In addition, the Great Recession years of may have produced a minor correction in the level of inequality in some societies due to the substantial losses incurred by developed economies during this period. However, the dominant trend during this period across Western Europe and the United States has been an increase in the share of income controlled by top income earners.

What are the causes of this expansion in the gap between rich and poor? While that topic is the subject of another dissertation, I briefly discuss the literature below as a means of putting this rise into context. Integrating economic and financial markets, skill-biased technological change, and deindustrialization are among the structural forces highlighted as the chief culprits responsible for escalating inequality (Esping-Andersen 2007; Garrett 1995; Iversen and Cusack 2000). These forces have influenced income distributions across the OECD over the past 30 years. However, the extent to which they have done so within countries depends largely on the degree to which a country's social policy institutions protects its citizens from the perils of the modern marketplace (Scruggs and Allan 2008). Consequently, countries such as the United States, which provide lower levels of market decommodification for their citizens, tend to

produce less egalitarian income distributions (e.g. Piketty and Saez 2006; Beramendi and Anderson 2008; Iversen 2005). In contrast, Scandinavian and northern European political economies tend to provide more robust welfare state institutions, leading to more egalitarian income distributions (Kenworthy 2004; Pontusson 2005), although these countries too have experienced a widening of the income gap in recent decades, as is discussed above.

Income distributions matter to political scientists not only because they tell us how material benefits within a country are concentrated, but because they tell us something about how political benefits are concentrated as well. A host of research reveals that political outcomes tend to disproportionately reflect the preferences of higher income citizens (Gilens 2005; Bartels 2008; Beramendi and Anderson 2008; Brady 2009). This breakdown of representational equality has also been shown to relate to political polarization (Pontusson and Rueda 2008), suppression in demand for redistribution (Lupu and Pontusson 2011), and reduced rates of political participation amongst low-income citizens (Anderson and Beramendi 2008). Taken together, these findings raise some troubling concerns about the quality of political representation for low socioeconomic status (SES) citizens within high inequality contexts.

Thus while providing a general description of the dynamics of inequality across rich democracies can be considered a relatively straightforward task, the causes and consequences of inequality's rise are immensely complex social processes. This complexity shapes the manner in which citizens experience inequality at the individual-level, making the story of who tolerates inequality and who does not much less straightforward than a simple tale of rich versus poor. Before proceeding to review the literature on how individuals form opinions on income inequality and redistribution, I next discuss the dynamics of recessions during this same period.

II. Recessions in Western Europe and the United States Since 1980

While the Great Recession that began in 2008 led to more economic upheaval than any period of downturn since the Great Depression of the 1930s, the economies of Western Europe and the United States have experienced their fair share of fluctuations since 1980. This matters for my investigation because I treat recessions as a major initiator of declining macroeconomic evaluations amongst mass publics. Therefore, to the extent that we observe the onset of recession, we should also observe the beginning of a period of widespread economic pessimism.

Theoretically, my model of attitude formation on inequality does not require the onset of a recession, as it treats economic evaluations as the point in which the attitude formation process originates. However, compositionally, I expect that aggregate evaluations of the economy will be at their worst during periods of recession. As a result, recessions play a key role in my investigation because they represent the intervals during which I anticipate that judgments about the state of the economy will have the greatest influence on demand for inequality mitigating policies. In sum, while this manuscript focuses on economic evaluations during recessions, my theory is generalizable to the normal business cycle as well.

In this section, I review patterns of recession across Europe and the United States since 1980. In doing so, I aim to highlight both that recessions occur with some degree of regularity, and are a widespread phenomenon has touched most every country in Europe, as well as the United States, at some point over the past three decades. Recession is a more a term of art than a technical term, and while it is generally used to refer to an extended period economic slowdown, its precise definition varies across sources. For example, the National Bureau of Economic

Research[6] defines a recession as "significant decline in economic activity spreads across the economy and can last from a few months to more than a year" (http://www.nber.org/cycles/recessions.html). This is a more general definition than the popularly utilized heuristic of defining a recession as a period of two consecutive quarterly declines in real GDP (Shenk 2008). Major European Central Banks including the European Central Bank, Bank of England[7], and Deutsche Bundesbank provide no official definition of recession, although European economists and news outlets also generally rely on the two consecutive quarterly declines as a recession heuristic (Stewart 2013).

Scholars interested in recessions are also similarly vague in offering a precise definition of recession as a phenomenon. In his seminal work on major British recessions, Dow defines a major recession as "occasions when GDP showed a clear absolute fall between one calendar year and the next…There were also small recessions (sometimes called growth recessions), when the rate of growth of output fell but remained positive…" (Dow 1998, 2). In his study of French and British economic policy, Hall (1986) highlights the growth rate, unemployment rate, and relative competitiveness of national industry as indicators of the onset of recession (Hall 1986, 105). Other studies of economic voting behavior and macroeconomic policy choice that make reference to recessions stop short of providing a concrete definition, but highlight low or negative GDP growth rates as an indicator of recessions (e.g. Bloom and Price 1975; Hibbs 1977; Anderson 1995; Boix 1998; Franzese 2002).

[6] I note the definition of recession utilized by the National Bureau of Economic Research because it is the committee within the United States that is responsible for determining and dating official recessions (Shenk 2008: http://www.clevelandfed.org/research/trends/2008/1108/01ecoact.cfm).

[7] The United Kingdom's Office of National Statistics considers the British economy to be in recession when the economy is "broadly flat." (Stewart 2013: http://www.theguardian.com/business/economics-blog/2013/may/01/recession-ons-double-dip-triple-dip).

More recently, Bermeo and Bartels (2014) define the Great Recession utilizing both objective economic growth data, as well as consumer confidence data from the OECD. This introduction of perceptual data in the process of defining and quantifying the extent of the recession is key for my project, as my theory of attitude formation relies heavily on the economic evaluations of citizens at the micro-level. I discuss this approach in greater detail in Chapter 2. Bermeo and Bartels' choice to lean more heavily on opinion data within the context of their volume is one that I expect we will observe more of amongst political economists in the future. I make this claim for two reasons. First, cross-national economic opinion data is becoming much more readily available than it had been in the past. Second, political economists are often interested in the political consequences of economic phenomena. Consequently, perceptual data from citizens may frequently serve as a more useful indicator of the political impact of an economic event than technical data that seeks to measure the event itself[8].

That being said, for this introduction I begin with a simple description of the dynamics of recession across Western Europe and the United States since 1980. To document these dynamics, I also utilize the recession heuristic of two consecutive periods of decline in a country's real GDP. Table 1.1 below reports incidences of recession for 22 countries in Western Europe and the United States. For many of the countries that are included, complete quarterly GDP growth rates data were not available as far back as 1980, so I report incidences of recession for those countries beginning when their data start. The table reports on recessions for 21 countries, six of which have data available that extends all he way back to 1980: France, Italy, Norway, the United Kingdom, and the United States. Table 1.1 reveals that there are three

[8] One example of this is cited above where Bermeo and Bartels (2014) utilize consumer confidence data in tandem with GDP growth data to place the Great Recession into context. Within that same volume, Anderson and Hecht show that in fact such consumer confidence data closely tracks changes in the objective economy for indicators such as GDP growth, the unemployment rate, and the inflation rate. Thus, while there is not perfect overlap between perceptual measures and technical data on recessions, there is a robust relationship between the two.

primary periods during which we tend to observe recessions across countries in Western Europe as well as the United States. Those are the early 1980s, the early 1990s, and the Great Recession period.

Table 1.1

Recessions Across Western Europe and the United States 1980-2013		
Country	*Data Availability*	*Years of Recession*
Austria	Q2 1988 – Q3 2013	1993, 2001, 2008, 2009, 2011
Belgium	Q2 1995 – Q3 2013	2001, 2008, 2009, 2011
Czech Republic	Q2 1996 – Q3 2013	1997, 2009, 2012, 2013
Denmark	Q2 1991 – Q3 2013	1993, 1997, 2001, 2002, 2008, 2009, 2011, 2013
Finland	Q2 1990 – Q3 2013	1990, 1991, 1992, 2008, 2009, 2012, 2013
France	Q1 1980 – Q3 2013	1992, 1993, 2008, 2009, 2013
Germany	Q2 1991 – Q3 2013	1991, 1992, 1993, 1996, 2000, 2003, 2008, 2009, 2013
Iceland	Q2 1997 – Q3 2013	2001, 2003, 2008, 2009, 2010
Ireland	Q2 2000 – Q3 2013	2007, 2008, 2009
Italy	Q1 1980 – Q3 2013	1982, 1992, 1993, 2001, 2003, 2008, 2009, 2011, 2012, 2013
Luxembourg	Q2 1995 – Q3 2013	2008, 2009
Netherlands	Q2 1988 – Q3 2013	2008, 2009, 2011, 2012, 2013
Norway	Q1 1980 – Q3 2013	1980, 1982, 1988, 1993, 2003, 2009, 2010, 2011
Poland	Q2 1995 – Q3 2013	*None*
Portugal	Q1 1996 – Q3 2013	2002, 2004, 2007, 2008, 2009, 2011, 2012, 2013
Slovak Republic	Q2 1997 – Q3 2013	1999
Spain	Q2 2001 – Q3 2013	2008, 2009, 2011, 2012, 2013
Sweden	Q2 1993 – Q3 2013	2008, 2009
Switzerland	Q2 1980 – Q3 2013	1981, 1982, 1990, 1991, 1992, 1993, 1996, 2001, 2003, 2009
United Kingdom	Q1 1980 – Q3 2013	1980, 1981, 1990, 1991, 2008, 2009, 2012
United States	Q1 1980 – Q3 2013	1980, 1982, 1991, 2008, 2009
Source: OECD iLibrary. Gross Domestic Product growth rate compared to previous quarter seasonally adjusted.		

Beginning with the 1980s, of the six countries that report quarterly data extending back to 1980, only France did not experience a period of recession between 1980 and 1982. This period of widespread recession across rich democracies continued a period of economic downturn that began with the stagflation of the 1970s. Some have argued that this recession can be attributed to overly restrictive monetary policies used to combat the inflation of the 1970s, although this hypothesis is subject to much debate (*The Economist*[9]). During this time unemployment reached double digits in many Western European countries, as well as the United States. The recession was the most significant period of economic downturn of the post-World War II era, and in some locations endured until the mid 1980s (Dow 1998; Hall 1986).

Less extensive was the recession of the early 1990s, which touched roughly half of the countries included above in Table 1.1. This recession is largely attributed to a combination of factors including worsened economic expectations, the Gulf War and resulting spike in oil prices, as well as general economic malaise that was spillover from financial contagion that struck rich democracies during the late 1980s[10] (see also Dow 1998).

Finally, we arrive at the Great Recession that began in late 2007, and has continued in many locations to the present day. Table 1.1 demonstrates that of the countries being analyzed, only Poland and the Slovak Republic did not experience a recessionary period between 2008 and 2013. The Great Recession's impact was felt across rich democracies, and was set off by the onset of the Subprime Mortgage Crisis in the United States in the summer of 2008, which led to

[9] See http://www.economist.com/blogs/freeexchange/2010/03/volcker_recession).

[10] This contagion can be traced back to the Black Monday stock market collapse of October 1987, during which the Dow Jones Industrial Average lost more than 22% of its value in a single day. Initially, national economies appeared to recover relatively quickly, however the onset of a global savings and loan crisis had significant international financial ramifications, leading to crises in North America, Australia, Western Europe, and Japan (McNees 1992 http://www.bostonfed.org/economic/neer/neer1992/neer192a.pdf).

the collapse of a number of major U.S. financial institutions (e.g. Reinhart and Rogoff 2009[11]). Many countries in Europe including Iceland, Ireland, Spain, and the United Kingdom also had their own real estate bubbles, which were fueled in part by the import of generous amounts of capital from abroad (Reinhart and Rogoff 2009).

The fallout from these dramatic events is still being felt today, and analysis of the economic and political ramifications of the Great Recession are ongoing, as is the recession itself. Scholars have already begun to remark that they anticipate that economic reactions to the crisis will be both significant and meaningful (Lindvall 2012). The Tea Party in the United States and right wing populism in Europe have undergone somewhat of a resurgence since the beginning of the Great Recession, underscored by the success of right wing parties in European Parliamentary elections in the spring of 2014 Previously, although economic decline produced a steep drop in the economic mood of citizens of rich democracies, this drop was driven by actual changes in macroeconomic conditions rather than by panic (Anderson and Hecht 2014). However, as the recovery across Europe and the United States has continued to proceed deliberately, patience appears to be wearing thin amongst those constituencies most directly affected by the onset of the Great Recession. Thus, while the macroeconomic evaluations of mass publics continue to be relatively accurate, their reactions to these evaluations increasingly display frustration with the slowness of the recovery.

To summarize, recessions across rich democracies since the early 1980s occurred mainly during three distinct periods: the early 1980s, the early 1990s, and the Great Recession that

[11] Reinhart and Rogoff (2009) go so far as to say that "without doubt, the U.S. financial crisis of 2007 spilled over into other markets through direct linkages. For example, German and Japanese financial institutions (and others ranging as far as Kazakhstan) sought more attractive returns in the U.S. subprime market, perhaps owing to the fact that profit opportunities in domestic real estate were limited at best and dismal at worst (Reinhart and Rogoff 2009, 242).

began in late 2007. With the exception of Poland[12], all 21 of the countries analyzed above were affected by recession at some point during this period, with many of the countries experiencing recessions during all three periods noted above. However, in addition to the ubiquity with which rich democracies have experienced recession since 1980, what is equally notable about recessions during this period has been the popular reaction to them. In particular, research on mass opinion responding to the Great Recession has noted the informed manner in which publics have reacted to the global financial crisis and ensuing period of economic slowdown. This feature of mass responsiveness to recession is central to my story of attitude formation towards inequality under recession. In the following sections, I further discuss how recessions shape individuals' economic evaluations, and in turn how those evaluations shape attitudes related to income inequality.

III. Attitude Formation on Income Inequality

What determines citizens' willingness to tolerate income inequality? In her recent work on Americans' attitudes towards income inequality, Leslie McCall (2013) argues against previous studies that emphasized Americans' tolerance of income inequality as a socioeconomic phenomenon. Instead, McCall contends that there exists "emerging sentiment that Americans are dissatisfied with their nation's growing level of inequality" (McCall 2013, 50). The notion that Americans are willing to tolerate higher levels of income inequality in part stems from their willingness, or apparent lack thereof, to promote social policies aimed at mitigating income inequality. The question of why the United States does not offer a welfare state consistent with its European cousins can be traced back all the way back to the early 20th century (Sombart 1906;

[12] I note, however, that data quarterly growth data is only available for Poland beginning in Q2 of 1995. Therefore, it is difficult to know whether Poland has truly been recession free since 1980, or even recession free since its separation from the Soviet Union in 1989.

Wells 1906), and still puzzles social scientists interested in inequality and social policy today (e.g. Lipset 2001; Lipset and Marks 2001). Moreover, given the dramatic rise of inequality across rich countries, political economists have also interrogated why many European countries fail to redistribute economic resources more extensively than they do currently (Lindert 2004; Iversen and Soskice 2009; Rehm 2011).

This failure to put the brakes on the expansion of income inequality, both in the United States as well as Western Europe, is of particular interest given recent research that argues social policies are reflective of the demands of mass publics cross-nationally (Brooks and Manza 2007; Brady 2009; Wlezien and Soroka 2010). Therefore, to the extent that redistributive mechanisms have fallen short of mitigating the expansion of income inequality across rich democracies, it would seem that they do so due to a lack of demand for more robust policy solutions. This presents a true conundrum to inequality researchers. Income inequality disproportionately benefits those at the very apex of the income pyramid. Although the top 10% of earners have gained at the expense of those from lower income strata, the true winners of the expansion of income inequality can be found amongst the top 1, or even .1% (Atkinson et al. 2010). Given that this is the case, why do mass publics tolerate its continued expansion?

This question originates in a puzzle at the individual-level, which is why do voters frequently support policies and parties that oppose their economic interests? The *What's the Matter with Kansas* problem (Frank 2004) is highlighted by research within the inequality literature that demonstrates that economic redistribution does not occur according to the predictions of median-voter models of politics (e.g. Romer 1975; Meltzer-Richard 1981). These models characterize voters as rational actors that seek to maximize their income. As the level of income inequality enlarges, the models predict that voters on the losing end of inequality will

vote to expand the size of government, and redistribute earnings from rich to poor. While empirically elegant, these models have proven to be quite controversial empirically (Lindert 2004; Kenworthy and McCall 2007; Iversen and Soskice 2009). If income does not drive an individual's stance towards income inequality or her demand for redistribution, how can we explain these preferences at the individual-level?

Political economy scholarship has highlighted the importance of social risk, in various forms, as a driver of preferences for redistribution. Such forms include the specificity of an individual's skills (Iversen and Soskice 2001), the likelihood that a worker will become unemployed (Rehm 2009, 2011), and the intersection of worker disadvantage (low-income) and riskiness of employment (Rehm et al. 2012). These accounts, however, underscore the insurance function of the welfare state, which is considered conceptually distinct from its redistributive function by political economists (e.g. Moene and Wallerstein 2001, 2003). As a result, while we can expect these approaches to provide analytical leverage over support for certain kinds of welfare policies, they are less helpful for explaining variation in tolerance for income inequality at the individual-level.

More recently, inequality researchers have sought to recover income as a salient factor for predicting individual-level preferences towards inequality and redistribution (e.g. Finseraas 2009; Rueda and Stegmueller n.d.; Stegmueller n.d.). Utilizing a variety of methodological choices, these authors demonstrate that there indeed exists a link between an individual's income and her attitudes towards inequality and social policies. Most relevant here is the work of Finseraas (2009), who shows that higher levels of inequality are associated with increased demand for redistribution, and that the median-voter is sensitive to rising inequality. Thus,

Finseraas is able to link income at the individual-level with income inequality, and provide support for the logic posited by the workhorse models of political economy discussed above.

Beyond income and social risk, inequality researchers have identified a variety of other factors that appear to matter for how individuals form their attitudes towards inequality and redistribution. These include the relative security of an individual's employment (i.e. labor market insider versus outsider) (Rueda 2005, 2008; Schwander and Häusermann 2013), the type of workplace environment and the mode of work she participates in (Kitschelt and Rehm forthcoming), as well as her degree of religiosity (De La O and Rodden 2008). Taken together, scholars of political economy and political behavior have identified a host of factors that have the capacity to shape a person's relative tolerance for income inequality at the individual-level. These factors enable us to understand *et ceteris paribus* which citizens we should anticipate would be more or less tolerant of rising inequality, or more or less supportive of heightened levels of redistribution. However, they present a relative static view of citizen preferences. Most of the factors detailed above tend to stay fixed over the medium to long-run. And to the extent that they do stay fixed, so too should their preferences.

Yet, we know that issue and policy preferences are dynamic entities that change over time (Wlezien 2004; Soroka and Wlezien 2010). With this in mind, I aim for the theoretical approach of this dissertation to contribute to the discussion of the dynamics of attitudes towards income inequality over time at the individual-level. Surprisingly little work has been done in this area, particularly given that we know that rising income inequality has proven to be anything but a static socioeconomic phenomenon. Margalit's (2013) recent research on the impact of the Great Recession on redistribution preferences provides a useful starting point for my own analysis. He demonstrates that citizens experiencing financial hardship due to the Great

Recession are more likely to be supportive of welfare policy than those who avoided such hardship during this period. This effect appears to be relatively transient, with Margalit further discovering that individuals return to their baseline level of welfare spending preferences shortly after their period of hardship has ended. Thus, not only does Margalit show that welfare policy preferences are dynamic, but that are capable of changing over the short-run given the appropriate conditions. In a separate paper, Cavaille and Neundorf (n.d.) provide further support for the notion that welfare preferences are dynamic using evidence from the British Household Panel Survey. They find that Britons frequently update their social policy attitudes, and argue that these attitudinal changes are driven by both material interests as well as by elite discourse (Cavaille and Neundorf n.d.).

My contribution here builds on the findings of the aforementioned authors in two important ways. First, I demonstrate that an individual's financial state need not change in order for her views on income inequality to do so. Rather, I find that citizens changing their views on the state of the national economy are tantamount to a sufficient condition for change of their level of tolerance of income inequality. Put differently, individuals need not lose their job or suffer a decline in the number of hours that they are able to work in order to elicit a change in their view on income inequality. Rather, they need only observe that the national economy has improved or worsened to stimulate a rethinking of their perspective on the gap between rich and poor.

Second, by focusing on attitudes towards income inequality as my dependent variable, I am able to explicitly assess how inequality attitudes are a) shaped by economic evaluations and b) susceptible to change as a result of improving or worsening economic conditions. Though researchers have made significant gains towards understanding why expanding income

inequality has eluded political solutions, we lack answers that take an explicitly dynamic approach. In contrast, my argument here suggests that income inequality has a higher likelihood of being tolerated, by individuals across ideologies and income groups, when the economy is perceived to be in relatively good shape. Although there have been numerous periods of economic downturn over the past 30 years, we should not be surprised that renewed interest in income inequality has coincided with the worst recession that the developed world has seen since the 1930s.

This perception-centric approach to the study of inequality attitudes necessitates a rich understanding of how individuals update their evaluations of the state of the economy. In the following section, I review the literature on the dynamics of mass opinion, with a particular eye towards how changing views of the economy have been shown to shape opinions in a variety of issue areas. My goal here is not only to illuminate what researchers know about public opinion dynamics, but also to highlight insights from the behavioral literature that can contribute to political economists' understanding of the preference formation process.

IV. Opinion Dynamics and Inequality Research

A useful starting point for our evaluation of opinion dynamics on the economy is that "citizens are committed to ideas about policy and government only to the extent that their current economic circumstances provide a compelling reason" (Brooks and Manza 2007, 100-1). In addition, citizens have a limited capacity to obtain information about the political and economic world that surrounds them (e.g. Downs 1957; Anderson 1995; Brooks and Manza 2007; Kitschelt 2000; Lau and Redlawsk 2006). Consequently, economically motivated opinion

formation is facilitated by heuristics that individuals use to compensate for low levels of information that they encounter when making decisions (Brooks and Manza 2007).

A commonly utilized heuristic that will play a prominent role in this dissertation is sociotropic economic evaluation, which is considered the process by which citizens take into account the performance of the national economy rather than simply their own personal economic circumstances (e.g. Kinder & Kiewiet 1981; Kiewiet 1983). This heuristic can be utilized retrospectively as well as prospectively (e.g. MacKuen et al. 1992), although the focus here will be on retrospective application of the sociotropic evaluation heuristic. Sociotropic evaluations can be utilized to assess how much blame the government has for poor economic performance (Anderson 1995), choose amongst a set of candidates (e.g. Kiewiet 1983; Lewis-Beck and Stegmaier 2000; Anderson 2000), and make judgments about policy and issue areas (Kinder and Kiewiet 1981; Wlezien 1995; Erikson et al. 2002; Soroka and Wlezien 2004; Brooks and Manza 2007).

Throughout this dissertation, I treat economic evaluations as exogenous, and as the prime mover in my causal chain leading to the formation of attitudes on income inequality. In doing so I rely on a long tradition of political behavior analyses that have treated economic evaluations as such, many of which I cite in the paragraph above. Beyond relying on the work of others who have come before me, I believe that my treatment of economic evaluations as exogenous is justifiable for two reasons.

First, analytically I am interested in investigating how attitude formation on inequality works at the individual-level. Therefore, I believe it is most appropriate to treat as exogenous the variable that begins the causal chain at the individual-level. My theoretical argument originates

with judgments that citizens make about the state of the economy, and as a result, I have decided to treat these judgments exogenously.

Second, the notion that economic evaluations are exogenous is most readily challenged by research that treats them endogenously, and that demonstrates that economic evaluations are not generated by a stochastic process (e.g. Gerber and Green 1999; Evans and Andersen 2006). The concern then becomes that because they are not generated stochastically, this introduces the possibility of producing biased results in estimating empirical models. However, because my empirical models control for many of the hypothesized determinants of economic evaluations, including partisanship, employment status, and income level, it is likely that any estimation bias that is introduced by treating sociotropic evaluations exogenously is quite minimal.

Further, it is unlikely that inequality attitudes causally shape judgments about the macroeconomic climate. Theoretically, there is little reason to expect that opinions on the gap between rich and poor would shape macroeconomic evaluations. First, and as I discuss in greater detail later, macroeconomic evaluations are more cognitively accessible than attitudes towards the income gap. Consequently, this casts doubt that the causal arrow points from inequality attitudes to macroeconomic evaluations. Second, it is dubious that individual-level attitudes on inequality inform opinions on evaluations of the macroeconomy because the logic of how this causal chain would operate is unclear. Therefore, I proceed with confidence that my analyses are safe from estimation bias introduced as a result of reverse causality.

Here I am most interested in the utility of sociotropic evaluations for how citizens make judgments about policy and issue areas. Researchers interested in this relationship have uncovered a “thermostatic” relationship whereby public policy is shaped by mass opinion, and in turn, mass opinion shapes is shaped by policies that are already in place (Wlezien 1995; Soroka

and Wlezien 2004, 2010). Thus, one can expect an increase in government spending to lead to lower public support for government policy, just as declines in government spending can be expected to yield greater public demand for increased levels of spending. Scholarship in this area has uncovered this pattern both within specific policy domains, as well as in the case of government output as a whole (Wlezien 2004).

While this notion of a thermostatic relationship between opinion and policy is helpful for understanding the ebbs and flows of the policy process, it provides somewhat less insight for understanding where an ebb begins or a flow ends. Erikson et al. (2002) illuminate this process in linking the dynamics of public opinion to the performance of the national economy. They assume that individuals are maximizers who continuously update their preferences such that their aggregated opinion is "quite nimble, changing its partisan balance in response, for example, to real economic indicators of the last quarter" (Erikson et al. 2002, xviii). For Erikson et al., this malleability is an important characteristic of the dynamics of public mood, such that economic changes or policy shifts yield nearly instantaneous changes in mass opinion.

Erikson and coauthors are not the only public opinion scholars who have uncovered a strong linkage between objective economic changes and public opinion dynamics. Page and Shapiro's seminal work finds a particularly strong relationship between unemployment and inflation rates and public opinion dynamics, while Haller and Norpoth (1997) found that economic opinion has "a firm footing in the real world" (Haller and Norpoth 1997, 26). However, others have questioned the accuracy of public responsiveness to changes in the objective economy, noting that if errors in economic evaluations are biased rather than random at the individual-level, this will lead to opinion at the aggregate-level that is faulty in how it tracks economic changes (e.g. Bartels 1996; Duch et al. 2000). Such logic helps to explain why at

times aggregate assessments of particular economic indicators prove to be inaccurate (Haller and Norpoth 1994; Bechtel 2003).

In sum, although the literature has found evidence of systematic variation in public opinion to changes in the macroeconomy, certain conditions can lead to systematic biases in opinion, even at the aggregate-level (Anderson and Hecht 2014). For the purposes of this project, I am particularly interested in how individuals form their economic evaluations during recessions. To the extent that we know about how periods of economic hardship shape the capacity for individuals to form accurate evaluations of the macroeconomy, it appears that such periods help to facilitate accurate appraisals by citizens (Duch et al. 2000; Anderson and Hecht 2014). Duch et al. find that economic assessments more closely track objective economic indicators during times when the economy is performing poorly. In addition, a recent study of economic opinion dynamics found that the link between public opinion and changes in the growth, inflation, and unemployment rate of European economies was stronger during the height of the Great Recession than during the periods that immediately preceded and succeeded it (Anderson and Hecht 2014). Relatedly, a separate analysis found that voter attitudes in the UK and Germany were strongly affected by the onset of the Great Recession, with rich and poor voters alike offering similarly negative accounts of the performance of the macroeconomy (Duch and Sagarzazu 2014).

Overall then, the literature on opinion dynamics suggests both that citizens are capable of adapting their preferences to the objective economy in a systematic fashion, and if anything, it appears that this capability is enhanced during periods of poor macroeconomic performance. Although scholars have found that under certain conditions systematic errors in evaluations can lead to biased opinion formation on the economy, there is a smaller risk of this occurring during

recessions. During times of poor macroeconomic performance citizens are more attuned to the broader economic environment, and therefore more likely to hold accurate evaluations of the state of the economy. Although I am aware of no prior work that has been done to connect citizens' macroeconomic evaluations with their views on income inequality, the above reviewed work on linkages between economic evaluations and policy preferences suggests that this is a promising relationship for analysis. In the final section of this introductory chapter, I outline a plan for assessing how the declining economic opinions elicited by recessions shape citizens' tolerance for income inequality.

V. Summary and the Road Ahead

This chapter sets the stage for the explication of my argument, as well as for the presentation of my empirics. The next chapter, Chapter 2, is an explication of my theoretical contribution. I present an argument that provides a logic for why we should expect attitudes on income inequality to be dynamic over time, as well as for why we should anticipate that economic evaluations play an important role in shaping the way that individuals view the gap between rich and poor.

Chapters 3 through 5 provide empirical support for the theory presented in Chapter 2. Chapter 3 tests the relationship between economic evaluations and attitudes towards income inequality at the individual-level utilizing cross-national data from the European Social Survey. I find that there is a strong negative relationship between economic evaluations and individuals' aversion to income inequality, with individuals' aversion towards the gap between and rich poor increasing as their economic evaluations deteriorate. This finding is robust across income

groups, with rich Europeans adapting their attitudes to roughly the same extent as poor European given similar changes in their evaluations of the health of their national economy.

Chapter 4 expands my analysis geographically and enables me to test the dynamic component of my argument. Using data from the American National Election Studies' 2008 panel survey, I demonstrate that changes in Americans' economic evaluations consistently predict changes in their attitudes towards income inequality. Somewhat counter-intuitively, these changes are most dramatic for Republicans, and in particular for those with ambivalent views about the gap between rich and poor in the United States. For those Republicans who are indifferent about inequality in early 2008, declining economic evaluations had the most dramatic impact on their tolerance for income inequality by the time that the election occurred in November 2008.

Chapter 5 is a data-driven case study of the manner in which recessions in the early 1980s, early 1990s, as well as the Great Recession shaped redistributive politics in France and the United Kingdom. I show that although declining economic opinions led to heightened demand for income-leveling remedies during these periods, the realization of new social policies in light of this demand was contingent on left party governmental control. Although substantial portions of the French and British public desired a more even distribution of economic resources during these three periods, the enactment of redistributive social policies was limited to cases where such demand was met with strong left governments who were positioned to offer such policies as part of their legislative agenda.

Finally, Chapter 6 concludes my dissertation with a review of my theoretical and empirical contributions, as well as a discussion of the broader political implications of my project. Chief among these is the notion that although recessions provide a context that

facilitates demand for a closing of the gap between rich and poor, they also are periods when the economic resources of rich democracies are most scarce. Consequently, although citizens may be most attuned to the equalizing of the income distribution during times of economic hardship, there are also relatively few resources available to make this pursuit of greater equality a reality. Moreover, when governmental coffers are full during times of robust growth, income inequality rarely manifests itself as a high-priority issue for citizens and policymakers alike. The repeating of this cycle has contributed to the continuous expansion of income inequality across rich democracies since 1980, and provides reason for skepticism that a political solution to income inequality is accessible in the short-term.

Chapter 2: Theory

2012 was a big year for economic inequality. Presidential elections in France and the United States saw candidates on the left highlight the gap between society's richest and poorest citizens as a pressing political issue. To their supporters, Hollande and Obama's calls for remedies to the expansion of economic inequality are seen as a much-needed step in equalizing the distribution of an economic pie whose choice pieces have increasingly become monopolized by the affluent. While on the surface this might appear to be business-as-usual leftist politics, in fact it was anything but. The Great Recession provided a distinctive backdrop to distributive conflicts in France, the United States, and other rich democracies. In this chapter I describe why economic performance matters for attitudes on inequality, and provide a theoretical explication of how evaluations of the macroeconomy shape the extent to which voters care about the gap between rich and poor.

Despite the dramatic rise of income inequality across the OECD over the past three decades, inequality has frequently remained on the political sidelines. This lack of focused attention to inequality is puzzling given the extent to which one might expect leftist, and in particular low-income voters, to demand political remedies for the expanding income gap. However, as I will argue below, the story of what makes inequality a prominent issue depends critically on the support of voters above the median income. Specifically, downturns in the economy facilitate increases in mass publics' aversion to inequality across income groups. This enables the formation of coalitions between the rich and the poor in opposition to inequality. In turn, this solidarity between high and low-income citizens gives greater voice to public concern for income inequality during periods when economic opinions decline.

For students of comparative politics, the rise of income inequality is not new news (e.g. Beramendi and Anderson 2008; Brady 2009; Kenworthy 2008). Integrating economic and financial markets, skill-biased technological change, and deindustrialization are among the structural forces highlighted as the chief culprits responsible for escalating inequality (Esping-Andersen 1999; Garrett 1995; Iversen and Cusack 2000). At the micro-level, demand for social insurance (Moene and Wallerstein 2001), differences in skill endowments (Iversen and Soskice 2001), and sectoral unemployment rates (Rehm 2009, 2011) are a few of the key factors that have been identified as shaping orientations towards inequality and preferences for redistribution.

Scholarly attention has also been dedicated towards addressing the consequences of rising inequality. Income distributions matter not only because they tell us how material benefits within a country are concentrated, but also because they tell us something about how political benefits are concentrated as well. A host of research reveals that political outcomes tend to disproportionately reflect the preferences of higher income citizens (Gilens 2005; Bartels 2008; Beramendi and Anderson 2008; Brady 2009). This breakdown of representational equality has also been shown to relate to political polarization (Pontusson and Rueda 2008), suppression in demand for redistribution (Lupu and Pontusson 2011), and reduced rates of political participation amongst low-income citizens (Anderson and Beramendi 2008). Combined, these findings raise some troubling concerns about the quality of political representation for low SES citizens within high inequality contexts. As the gap between rich and poor expands in terms of income, so too apparently does the gap in terms of political influence, calling into question the equality of political representation in settings that are highly unequal economically (Gilens 2005; Bartels 2008; Beramendi and Anderson 2008; Hochschild 2009).

Still, despite the significant progress that has been made in the study of inequality, we know relatively little about the dynamics of public tolerance for inequality. To the extent that we observe variation in how much citizens are bothered by inequality over time, we can use this as leverage to achieve a more complete understanding of how inequality operates as a political issue. When do voters care about large differences in income, and furthermore, why do the rich and poor sometimes agree and sometimes disagree on whether the income gap between them is a problem? In the pages that follow, I outline a theory of aversion to income inequality. My story underscores the centrality of macroeconomic evaluations for determining how much voters are bothered by the gap between rich and poor. While traditional political economy accounts of inequality assert that it is an individual's relative position on a country's income distribution that determines her preferences for inequality, I argue here that there is often widespread agreement amongst rich and poor voters on income inequality. This agreement is highlighted during periods of economic downturn when voters across income groups become more likely to oppose large income differences due to declining economic opinions. Such circumstances facilitate increased attention to inequality relative to periods of steady growth and low unemployment. In short, by heeding the broader economic environment within which citizens experience and form attitudes on inequality, I demonstrate that we can achieve a much fuller understanding of the contexts that give rise to inequality as an issue that demands the attention of voters and policymakers alike.

I. Voters and Inequality Under Boom and Bust

Since the early 1980s inequality has expanded continuously in countries across Western Europe as well as the United States, but these rich democracies' economies have seen periods of boom,

bust, and everything in between during that time span. These cycles of growth and stagnation that occurred alongside the rise of income inequality are significant because they directly impact the manner in which citizens experience rising inequality. Income inequality is a relative phenomenon that captures the gap in material wellbeing between society's most prosperous citizens and those that are less well off. However, an expansion or reduction in a country's level of income inequality tells us little about the overall health of that economy, or about the standard of living enjoyed by individuals situated within particular income classes. Consequently, the fact that income inequality has increased steadily since the early 1980s obscures the ebbs and flows that have occurred in the economic wellbeing of citizens across income classes during this three decade period.

Understanding when individuals are most bothered by inequality requires a model of how citizens process inequality at the micro-level. Within traditional political economy models this processing begins with the citizen making a judgment as to whether or not she would benefit from an expansion in the size of government. This preference is then translated into support for one of two parties, one of which supports a higher level of government spending with the other party being in opposition (e.g. Romer 1975; Meltzer and Richard 1981; Iversen and Soskice 2006). This begs the question of how much information most individuals possess about their net benefits versus contributions from social spending? Research in this area is surprisingly scant, but related research regarding individual-level knowledge on inequality suggests that most voters know a good deal less about income inequality than is assumed by traditional political economy models. For example, Neckerman and Torche (2007) argue that despite the preponderance of scholarship linking inequality to sentiments of relative deprivation and injustice, there is little empirical support to substantiate how individuals actually become aware of this complex

economic information. Moreover, research on inequality has yet to elucidate how quickly individuals are able to update their knowledge about inequality when macroeconomic conditions change, as well as how cognitive biases might shape the information acquisition process (Neckerman and Torche 2007). Further work has begun to question the causal process posited in median voter models. This process links objective inequality to individuals' perceptions of their relative earnings, and in turn shapes their attitudes towards inequality and redistribution (Bartels 2005; McCall 2005; Neckerman and Torche 2007). There is little concrete evidence supporting the notion that individuals are able to accurately self-place themselves along their country's income distribution[13]. If anything, it appears that individuals are prone to underestimating the extent of income inequality, with Americans doing a particularly poor job at forming accurate perceptions of the gap between the rich and poor (Osberg and Smeeding 2006). These findings also extend to individuals' capacity to predict their chances of becoming rich, which they consistently overestimate (DiPrete 2007).

To be clear, I am not questioning here that citizens are oblivious to, or incapable of understanding, the implications of a widening gap between rich and poor. Across a diverse set of issues, there is good evidence to suggest that although citizens may lack sophisticated knowledge in many areas of political debate, they do know enough to get by and make choices that accurately reflect their preferences (Popkin 1991; Delli Carpini and Keeter 1997; Prior and Lupia 2008). Though my argument here reflects a citizen who is generally aware of differences in income between the rich and the poor, it also calls into question the notion that rising levels of

[13] To be clear, the Meltzer-Richard and related models do not require that individuals know their exact placement along the income distribution. However, they do require that people know whether or not they would benefit from an expansion in government spending. Presumably then, this would require some knowledge as to what income group(s) would benefit from an expansion in spending, and whether they fall into such a group. Thus, while being able to self-place in terms of income is not an explicit requirement of these models, it certainly would assist the causal process that they imply.

inequality are a sufficient condition for triggering heightened aversion towards inequality amongst mass publics. Put simply, rising inequality does not automatically trigger an increase in individuals' aversion to inequality, and low and middle-income citizens do not have a monopoly on being troubled by large income differences between the affluent and the less privileged. Instead, my theory posits that aversion to inequality at the micro-level hinges critically on individuals' response to income differences as the economy grows or stagnates. This leaves open the possibility that the rich have just as much to do with opposing inequality during times of economic scarcity as do citizens from the lower half of the income distribution.

In the pages that follow, I outline a theory of inequality aversion that builds on prior work highlighting how poor economic climates alter the manner in which individuals view the gap between rich and poor. My argument reflects the importance of individual-level economic evaluations for the formation of attitudes on income inequality. However, before proceeding to explicate my own theoretical approach, I next discuss literature surrounding a related topic in comparative political economy: preferences for redistribution. While aversion to inequality and preferences for redistribution are distinct attitudinal phenomena, the preferences for redistribution literature provides a useful baseline for thinking about the types of factors that shape individuals' attitudes towards income inequality at the micro-level.

II. Redistribution, Insurance, or Something Else?

Conventional models of political economy posit that the median voter determines government policy with regard to the level of redistribution, and that she does so in order to maximize her current income[14] (Romer 1975; Meltzer and Richard 1981). Assuming that there are no deadweight costs to redistribution, all voters below the mean prefer a 100% tax rate, while those

[14] I refer to these models as RMR from this point onward.

voters above the mean prefer a tax rate of 0%. The models suggest that higher levels of inequality will produce higher levels of redistribution as the median voter becomes relatively less well off when compared to the voter with the mean income. However, there has been substantial disagreement as to whether this relationship stands up empirically. Robin Hood paradox proponents (Moene and Wallerstein 2001; Alesina and Glaeser 2004; Lindert 2004; Iversen and Soskice 2009) argue that in fact lower levels of inequality are associated with higher levels of redistribution, while others contend simply that there is reason to doubt the empirical robustness of the median voter hypothesis (Kenworthy and Pontusson 2005; Kenworthy and McCall 2008).

Kenworthy and McCall (2008) are perhaps the most explicit in their critique of the causal chain implied by RMR models. They list numerous reasons to be skeptical of the RMR causal story, including that individuals possess imperfect information about the true level of inequality, preferences for redistribution can be guided by values rather than income maximization, political behavior is the manifestation of preferences on many issues and not just redistribution, and finally that representatives and parties may not faithfully represent voters even if they behave in a manner consistent with the models' expectations (Kenworthy and McCall 2008, 36). Taken together, these rationales provide fodder for skepticism regarding the causal process implied by RMR models.

The debate and empirical controversy over RMR models does not dictate that there is no relationship between relative income and preferences for redistribution. In fact, the relationship between one's placement on the income distribution and her redistributive preferences are well established both within comparative (Finseraas 2009; Shayo 2009; Stegmueller 2013) and American contexts (e.g. Gilens 2005; McCarty, Poole, and Rosenthal 2008; Page and Jacobs 2009). However, others have challenged the notion that relative income is the crucial factor

when it comes to predicting preferences for redistribution. These approaches have tackled the relationship between income and redistribution preferences utilizing a number of distinct approaches, which I review below.

One notable camp contends that it is not so much present income that determines an individual's redistributive preferences, but rather her expectations about future income. This camp itself can be further subdivided into two groups. The first argues that the more appropriate relationship to examine is that between social insurance and risk (Baldwin 1990; Moene and Wallerstein 2001, 2003; Iversen and Soskice 2001; Mares 2003; Rehm 2009, 2011). Political economists taking this position are unified in arguing that individuals support social protections as a means of protecting themselves against future income loss. To the extent that there is variation in individuals' expectations about the level and consistency of future income flows, that variation can be utilized to explain differences in preferences for redistribution and social spending. Specifically, individuals who have a greater probability of future income loss will support higher levels of redistribution as insurance against that income loss[15] (e.g. Rehm 2009).

The second group of the future income camp examines individuals' expectations about their earnings moving forward. That is, people's preferences for redistribution are driven by their beliefs about their capacity for social mobility, as well as their expectations about the income that they will earn over the course of their lives (Picketty 1995; Benabou and Ok 2001; Haider and Solon 2006; Alesina and Giuliano 2011; Idema and Rueda 2011). Generally, these approaches posit that as an individual's expectations about her future income rises, she becomes less apt to support redistribution than her present income may lead one to believe (e.g. Benabou

[15] Iversen and Soskice's (2001) approach differs from this characterization in that individuals seek to protect their investment in skill acquisition. Those individuals who have invested in skills that are less transferable should they lose their job are likely to demand higher levels of social protection as a means of insuring themselves against income loss. In contrast, those with more general skills, which can be more readily transferred across sectors, support lower levels of social protection given their capacity to work in various sectors of employment.

and Ok 2001). Consequently, under these formulations, individuals' preferences diverge from the expectations of RMR models to the extent that their present-day income differs from that which they anticipate they will earn in the future, either in a positive or negative sense.

A third position argues that redistribution policy is a function of how society perceives that income is determined. If a society believes that income is determined through hard work and talent, then income inequality can be seen as deserved, and society will likely opt for a low level of taxes and redistribution. On the other hand, if income is determined largely through luck, birth, connections, or corruption, then income inequality can be seen as undeserved, and society will likely opt for a higher levels taxes and redistribution (Alesina and Angeletos 2005). This model is paired with an empirical finding that controlling for other relevant covariates, higher levels of societal belief that luck determines income is associated with a higher level of social spending.

A final group of scholarship highlights the role that "other-regarding preferences" play in shaping preferences for redistribution. Support for redistribution from higher income groups across many countries in Western Europe dictates that redistribution preferences cannot wholly be accounted for through short-term income maximization (Idema and Rueda 2011). As a result, some researchers have turned to altruism as a potential motivation for why relatively rich individuals support redistribution although it does not benefit them (Fehr and Schmidt 2006; DellaVigna 2009). Experimental economists and psychologists have found that large percentages of the population are motivated to act based on concern for the well-being of others, and that beliefs about fairness and reciprocity can drive decision making as well as social interactions (Fehr and Schmidt 2006).

Having provided a brief review of the preferences for redistribution literature, I now transition to offer my own micro-level theory of attitude formation on inequality. As I will discuss in greater detail below, its approach differs from the majority of those discussed above in that aversion to inequality encompasses citizens' views on whether income differences are the function of forces beyond workers' control. These can be contrasted with preferences for redistribution in that such considerations are independent of a calculus of benefitting or losing from redistribution. Specifically, my model of inequality aversion explains how people's perception of their economic environment shapes their attitudes on income inequality. To the extent that an individual is dissatisfied with the present state of the economy, she will incorporate that dissatisfaction into her judgment of whether large income differences are justifiable, or whether other factors play a role in shaping the gap between the rich and the poor.

III. Attitudes Towards Inequality Under Poor Economic Climates

In evaluating why citizens are more averse to inequality during certain times than during others it is important to consider that inequality can expand during periods of both economic boom and bust. It reasons then that individuals may experience inequality differently depending on how they perceive their economic environment while forming attitudes on inequality. Regarding this latter point, political economists have long evaluated the relationship between economic growth, inequality, and individuals' aversion to inequality. This line of inquiry highlights not only the extent to which growth tends to coincide with expanding inequality, but also how citizens' tolerance for inequality is shaped by patterns of economic boom and bust.

In devising my own theoretical contribution to the study of attitude formation on inequality, I draw on two notable approaches in this line of research. Each sheds light on why

high and low-income citizens both, at times, defy expectations when it comes to attitude formation on inequality. In addition, each contributes to an explanation of why we should anticipate that coalitions between rich and poor citizens are most likely to occur during economic recessions.

The first is Hirschman's (1973) "tunnel effect" thesis, which concerns how low-income individuals' interpretation of their economic chances affects their tolerance of economic inequality. According to Hirschman, although individuals may possess relatively little information about their economic prospects moving forward, they draw inferences about their economic expectations by evaluating changes in the economic position of those around them. For Hirschman, the extent to which individuals observe relatives, neighbors, or acquaintances improving their economic position creates an initial sense of gratification known as the tunnel effect, whereby they anticipate that their "turn will come in due course" (Hirschman 1973, 545-6). "The tunnel effect operates because advances of others supply information about a more benign external environment; receipt of this information produces gratification; and this gratification overcomes, or at least suspends, envy" (Hirschman 1973, 546). Hirschman's metaphor of the tunnel effect enables us to understand why low-income citizens often tolerate high levels of income inequality. For individuals who anticipate that they will improve their economic standing, the corresponding suspension of envy suggests that individuals will not demand heightened levels of expropriation even as inequality expands.

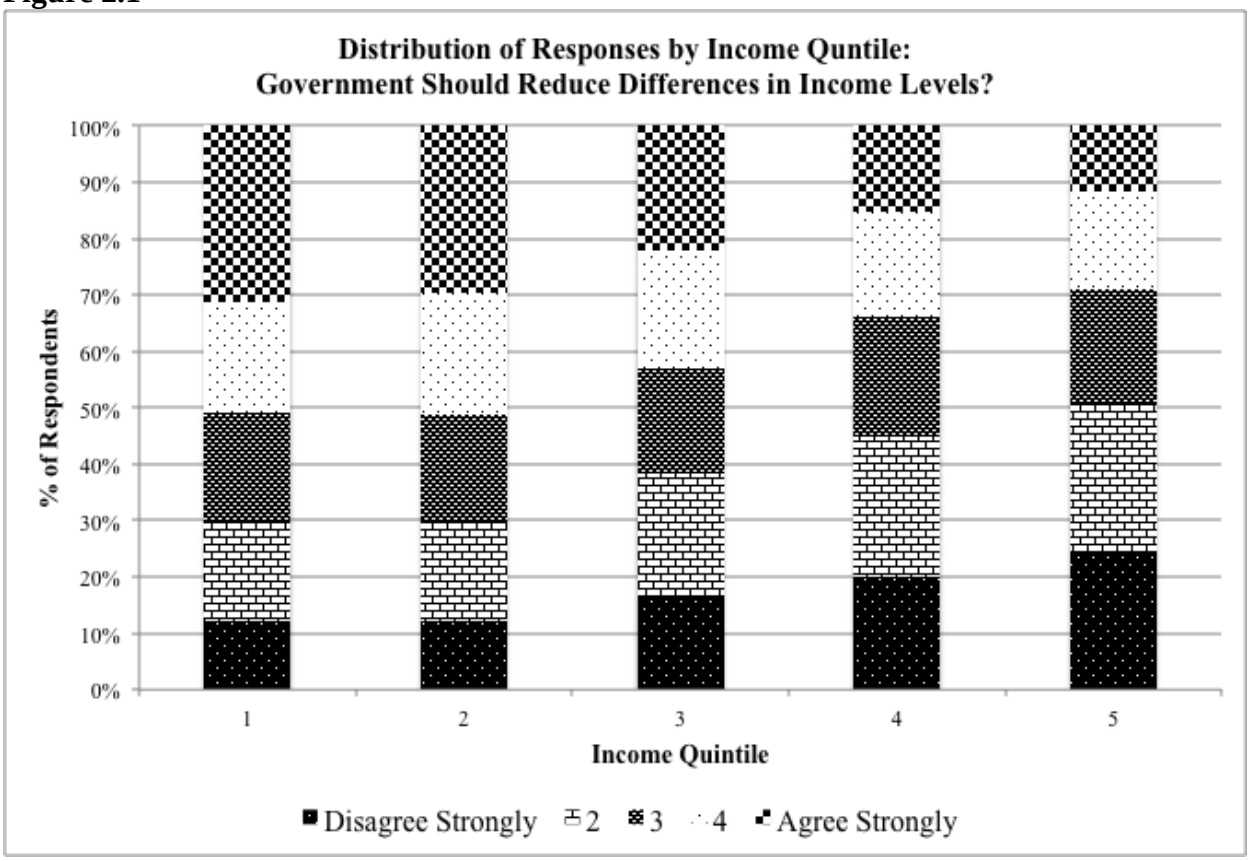
To be sure, Hirschman takes some artistic license in using this illustrative metaphor to simplify a complex phenomenon. I do not dismiss the notion that the relative gap between rich and poor plays some role in the attitude formation in both bad times as well as good. However, I understand Hirschman's illustration to mean that during periods of economic slowdown, the

tolerance that many low-income individuals have for the income gap is likely to erode. The word tolerance is key here. Within the Hirschman metaphor, low-income individuals tolerate income disparities in exchange for the promise that they too will eventually move forward. When this promise is threatened due to recession, the reservoir[16] of tolerance that they had amassed over time begins to dry up, making low-income individuals more likely to oppose income inequality.

Although some might be skeptical that individuals experiencing economic hardship are willing to look past current inequalities as the tunnel effect predicts, empirically there is a strong basis for this logic. Figure 2.1 below examines responses to a question[17] about support for redistribution from the 2008 wave of the European Social Survey.[18]

[16] In discussing the idea of a reservoir of tolerance, I draw on Easton's notion of a "reservoir of goodwill" from his work, *A Systems of Analysis of Political Life* (1965).
[17] This question asks respondents whether "government should reduce differences in income levels?" Responses range from [1] disagree strongly to [5] agree strongly, with [3] being neither agree nor disagree.
[18] http://www.europeansocialsurvey.org/

Figure 2.1



As can be seen in the figure, even amongst the lowest income respondents, nearly 30% *disagree* with the notion that government should work to reduce differences in income levels. Perhaps even more striking is that among the poorest 20% of Europeans, just under 1/3 strongly agree with government redistribution. This is a striking figure when considers that these individuals constitute the bottom of the income distribution in their respective countries. Figure 2.1 then underscores that low-income citizens are often willing to overlook current inequalities. While there is some relationship between an individual's income and her opposition to inequality, this relationship would appear to be far from straightforward.

Turning to attitude formation on the opposite end of the income distribution, the second approach that I draw upon is offered by Gilens (1999), who proposes a rationale for why upper-

income Americans are more likely to be supportive of welfare spending during periods of economic hardship. Similar to Hirschman, Gilens argues that self-interest plays only a modest role in the formation of Americans' attitudes towards inequality. Instead, he argues that a kind of contextualized individualism plays an important role in shaping citizens' orientation towards welfare. This individualism is tempered by the notion that "when individuals are in need the government has a responsibility to help" (Gilens 1999, 5). Consequently, periods of economic hardship do not lead to excessively self-interested behavior by those towards the top of the income pyramid. On the contrary, Gilens argues that "national economic adversity leads to a greater sense that poor people of circumstances beyond their control and hence to greater support for welfare" (Gilens 1999, 5).

Gilens marshals evidence showing that when the American economy took a nosedive between 1973 and 1974 the mass public became less opposed to welfare spending than it had been previously. Furthermore, he demonstrates that during the economic downturn between 1978 and 1982 Americans again became less opposed to welfare, with more conservative attitudes towards welfare returning in the 1990s when economic conditions began to improve. Gilens concludes: "Far from displaying a self-interested stinginess, the American public clearly responds to responds to periods of national economic difficulties with more generous attitudes towards welfare" (Gilens 1999, 47). In sum, when the economy undergoes a downturn, citizens are more likely to attribute poverty to circumstances that are beyond the control of the poor (Gilens 1999).

For both Hirschman and Gilens recessions are periods that facilitate a diminished tolerance for income inequality for distinct segments of the income distribution. While Hirschman's tunnel effect offers an explanation for why we should anticipate that low-income

citizens would become increasingly averse to inequality during recessions, Gilens' logic helps us to understand why non-poor citizens (i.e. middle and upper-income citizens) often disregard their self-interest and also become less tolerant of inequality during periods of downturn. Therefore, although their approaches differ somewhat, the end result for both Hirschman and Gilens is that recessions facilitate stronger opposition to income inequality. In the paragraphs that follow I offer my own theory of attitude formation that draws inspiration from the Hirschman and Gilens models. In doing so, I offer an argument that views individual-level economic evaluations as a heuristic for the extent to which labor-market participants possess control over their economic fate.

IV. A Theory of Inequality Aversion

Individuals are not predisposed to begrudging those who are in a better economic position. Figure 2.1 revealed that even amongst the lowest income Europeans, there is no consensus that government should intervene to reduce income differences. Consequently, we cannot simply view inequality attitudes as an extension of individuals' position along their country's income distribution. Instead, I argue that an individual updates her disposition towards the gap between rich and poor alongside her perspective on the state of the economy as a whole. Macroeconomic evaluations serve as a heuristic regarding the extent to which individuals can control their position along the income distribution. And in turn, when workers' control over their earnings is perceived to be relatively low, so too is tolerance for income inequality.

As I document in Chapter 3, during times of perceived economic prosperity, individuals are more likely to express optimism regarding the existence of labor market opportunities. In contrast, during periods of perceived downturn or recession, individuals are more likely to think

that a person's earnings are attributable to circumstances that are beyond her control (Gilens 1999). As a consequence, during these periods, citizens will become less tolerant of income inequality. While a wide gap between rich and poor might be tolerable when individuals possess agency over their earnings, it is much less so when many citizens lack control over where they land on the income distribution (see also Benabou and Tirole 2006).

My theory regarding sociotropic economic evaluations contributes to the literature on attitude formation on income inequality in two ways. First, in cross-section, it is a powerful predictor of an individual's relative *level* of aversion to income inequality. As I demonstrate in Chapter 3, it rivals other notable predictors including income level in terms of its predictive power of the extent to which an individual opposes the gap between rich and poor. Second, and more importantly, it is a primary driver of changes in individuals' attitudes towards income inequality over the short-run. As I discussed previously in Chapter 1, while the literature on inequality has grown substantially in terms of its understanding of why (at any given point in time) one individual is opposed to inequality while it simultaneously fails to bother another, we know little about what induces change in an individual's preferences over time. I argue here, and demonstrate empirically in Chapter 4, that sociotropic evaluations are a primary predictor of changes in attitudes towards income inequality at the individual-level. Consequently, by highlighting the role of economic evaluations in the attitude formation process, I call attention to the fact that individuals' preferences are dynamic, and merit analysis that seeks to understand this dynamism.

Evaluations of the macroeconomy serve as a powerful predictor of attitudinal dynamics in part because they are cognitively accessible. I justify this claim in two ways. First, as I discussed in Chapter 1, sociotropic economic evaluations are a commonly utilized heuristic for

citizen decision-making (e.g. Kinder & Kiewiet 1981; Kiewiet 1983; Anderson 1995; Wlezien 1995). Not only has their utility been demonstrated across a diverse set of behaviors and issue areas (e.g. Anderson 2000; Brooks and Manza 2007; Soroka and Wlezien 2004), but also such evaluations have been shown to be quite nimble in adjusting to changes in the macroeconomic environment (e.g. Erikson et al. 2002; Anderson and Hecht 2014). Although changes in a society's objective level of inequality are difficult to observe, recent analysis suggests, and as I will also demonstrate in Chapter 4, that preferences related to income inequality are capable of meaningful shifts over the short-term (Margalit 2013). Consequently, to explain such short-term variation, an explanatory variable is required that also moves meaningfully over a relatively brief period of time. To date, most of the factors that have been theorized to predict attitudes towards inequality and redistribution remain fixed over the medium to long-term (e.g. Meltzer and Richard 1981; Iversen and Soskice 2001; Rueda 2005; Rehm 2009). I argue here that economic evaluations are sufficiently malleable to be able to predict changes in attitudes towards income inequality over the short-run.

Throughout this dissertation I utilize national-level macroeconomic evaluations to operationalize economic evaluations within the statistical models that I estimate. I make use of national-level evaluations because they are more analytically appropriate than evaluations of respondents' more immediate local environment due to their prominence within the public sphere. Papers of record, news broadcasts, and public statements by economic policymakers privilege discussion of the national over the local (Baumgartner and Jones 2010). This privileged position facilitates the formation of national-level macroeconomic evaluations, making them more cognitively accessible than those at the local-level. Therefore, I argue that

national-level evaluations are most appropriate for my purposes here, due to their prominence within the mass media and "top of the head" accessibility.

Second, a model of inequality aversion based on individuals' evaluations of the state of the economy is plausible given the cognitive limitations of citizens when it comes to the topic of income inequality. Given the lack of information that most citizens possess about their relative placement on the income distribution (see Osberg and Smeeding 2006), as well as their chances for economic advancement (DiPrete 2007), judgments about the state of the economy make for a more likely heuristic when it comes to opinion formation on income inequality. Rather than relying individuals' capacity to factor their *future* income status into a judgment about income inequality *today*, I claim that inequality aversion is better explained by individuals' evaluations that large income differences are fair given the extent of control an individual possesses over her own economic fate. This explanation is not only less cognitively demanding, but also better accounts for the patterns observed in Figure 2.1, whereby the richest and poorest income segments exhibit a similar tolerance for income inequality.

Therefore, under conditions where citizens offer relatively positive economic evaluations, tolerance for income inequality will continue to extend to citizens across the income distribution. However, as citizens' economic evaluations worsen, the appropriateness of a large income gap becomes more difficult to justify under conditions of perceived economic scarcity. In making this argument I also contend that the relationship between economic evaluations and inequality attitudes is robust across income groups. That is, I make no distinction between rich and poor individuals in terms of the extent to which economic evaluations matter for their attitude formation process on inequality. This offers the possibility of cross-class coalitions in opposition to inequality for individuals from across the income distribution. While previous scholarship has

allowed for the possibility of middle/low-income coalitions (e.g. Przeworski and Sprague 1986; Iversen and Soskice 2006), I argue here that such coalitions can also include high-income voters given conditions that cause evaluations of the macroeconomy to decline.

In sum, the perception-centric approach I advocate here seeks to unify perspectives that explain why mass publics exhibit greater aversion to inequality during recessions. It also facilitates explanations for why the rich and poor frequently offer similar opinions on inequality (Kelly and Enns 2010). Macroeconomic evaluations send signals about the extent to which citizens are responsible for their own economic fate, a factor that has been theorized to contribute to preferences on inequality and redistribution (Benabou and Tirole 2006).

VI. Time Horizons, Recession Visibility, and Ideological Priors in Attitude Formation

Time Horizons

Having reviewed the causal chain of the model, I now proceed to make a few final notes about the time horizon of my theory, the significance of the visibility of recessions for my approach, and the role that ideological priors play in the attitude formation process.

Beginning with time horizons, my approach represents somewhat of a departure from many explanations for attitudes on inequality and redistribution in that it is inherently about preference formation over the short-run. The driving force behind inequality aversion according to my theory is sociotropic evaluations of the economy, which reflect individuals' immediate views about how their national economy is performing. Given that these views can vary considerably over time, their impact on individuals' opinions concerning the gap between rich and poor is prone to shift with the economic climate.

The relatively short-term time horizon of my theory therefore differs from other accounts of inequality and redistribution preferences, which highlight factors that tend to be relatively stable over the medium to long-run. Such factors include an individual's relative income (Meltzer and Richard 1981), her level of skill specificity (Iversen and Soskice 2001), her status as a labor market insider or outsider (Rueda 2005), her occupational unemployment rate (Rehm 2009), or her lifetime earnings expectations (Idema and Rueda 2011). Recent advances in the literature on preference formation have taken a turn for the short-term in highlighting the role that personal experiences can play in the preference formation process (e.g. Margalit 2013; Cavaille and Neundorf n.d.). Combined, it appears that comparative political economists are moving towards a two-track approach to evaluating preferences on inequality and redistribution. While employment related factors such as income and skill specificity shape such preferences over the medium to long-run, the evaluations of the macroeconomy that are relevant here have the capacity to influence preferences most meaningfully over the short-run.

Visibility

The aggregate impact of recessions on inequality aversion is contingent on the economic downturn being visible across income groups. In the case of recessions that occur but which are largely invisible to certain segments of the income distribution, the micro-level relationship between economic evaluations and inequality aversion is still likely to hold, however the macro-level results will deviate from those predicted by the model. For example, let us assume a recession that is observed primarily by individuals from the bottom three income quintiles[19]. In

[19] This example is purely illustrative. While empirically there may be fewer examples of recessions that occur which are more visible to high-income segments of the population than low-income segments, the logic for deviations from the predictions of my model under conditions of heterogeneous visibility works the same regardless of whether the recession is more visible for high-income or low-income citizens.

such a case, my theory would predict that many of those individuals would begin to hold increasingly negative economic evaluations, which ultimately yield higher levels of inequality aversion among those quintiles than are normally expressed. However, for the top two income quintiles, those individuals would possess no worse than normal economic evaluations.

Under such circumstances the predicted relationship between recession and inequality aversion will be somewhat muted due to the uneven observation of the recession across income groups. The argument that I offer here is most relevant for recessions that are widely visible to the mass public. Recessions that occur but that result in little change in individuals' economic evaluations, or that occur but which are felt only by individuals from certain segments of the population, will not yield as dramatic shifts in the mass public's aversion to inequality as those that are highly visible to all. Therefore, while I consider the onset of economic downturn to be the prime mover in my theory's causal chain, the end result is contingent on citizens reacting to recessions with increasingly skeptical opinions on the state of the macroeconomy.

Ideological Priors

While my theory predicts that the relationship between sociotropic evaluations and inequality aversion is robust across income groups, this does not necessarily imply that all individuals are equally impacted by their economic evaluations in forming attitudes about income inequality. I anticipate that changing sociotropic evaluations will have a lesser influence on those citizens with relatively defined preferences on income inequality. In contrast, for those individuals who possess weaker opinions on income inequality, changing sociotropic evaluations are likely to matter substantially in their attitude formation process.

Here I follow the work of Zaller (1992), whose model of attitude formation relies heavily on the notion of "top of the head considerations." In effect, when responding to a survey question, Zaller argues that a respondent averages over recent information or impressions that she has about a topic, and that this average is ultimately reflected in her given opinion. However, in the case of individuals who have relatively fixed views on a topic, they are likely to resist any information that counters their particular perspective (see Zaller 1992, 44). So, for individuals who either strongly oppose or support income inequality, changing economic evaluations will matter relatively little in their attitude formation process. However, for individuals with more ambivalent attitudes on income inequality, sociotropic evaluations matter a great deal. Put more concretely, sociotropic evaluations matter most for those individuals with ambivalent opinions on income inequality as an issue. As I demonstrate in Chapter 4, for these citizens, changing sociotropic evaluations are crucial in moving them from an ambivalent to an opinionated position on the issue of income inequality.

VII. Summary

The Great Recession has set the stage for a return of economic inequality to the fore of political debates across the OECD. This period of economic hardship has led to a heightened concern over how economic resources are distributed, making inequality a more contested topic now than it has been at any point over the past 30 years[20]. The empirical investigations that follow test my theory of attitude formation on inequality across countries and over time, and highlight the role that economic evaluations play in shaping mass publics' tolerance of the gap between rich and poor. Chapter 3 exploits variation in economic evaluations at the individual-level, and demonstrates that more negative evaluations of the macroeconomy tend to yield stronger

[20] I provide empirical justification for this argument throughout the dissertation manuscript.

opposition to the gap between rich and poor. Chapter 4 examines the relationship between evaluations and inequality attitudes over-time, showing that changes in evaluations are related to changes in inequality attitudes. Finally, Chapter 5 steps back to the macro-level to investigate how aggregate economic opinion in France and the UK shapes redistributive processes in recession versus non-recession years.

What will become clear is that contrary to the received wisdom on redistributive coalitions, high-income citizens are critical to the success of opposition to income inequality. Although rich voters lose out from higher levels of redistribution, they also have adequate income to support more generous social policies should they feel moved to do so[21]. When triggered by the appropriate cognitive response, rich voters' propensity to be averse to income inequality increases substantially. As a result, when these voters choose to utilize their voice in opposition to inequality, it becomes much more likely that redistributive coalitions are successful.

Another key implication of this argument is that an expanding gap between rich and poor, even one that grows at a fairly rapid pace, does not necessarily create the appropriate conditions for the formation of coalitions in opposition to rising levels of income inequality. The workhorse models of political economy assume that increases in the level of economic redistribution occur as a result of increased demand by citizens who are prepared to voice their preferences at the ballot box. Yet, prior scholarship has demonstrated that aversion to inequality tends to decline in high-growth economic environments (Ravallion and Lokshin 1999; Lambert et al. 2003). Ultimately this complicates how we think about the expansion of inequality across rich democracies, and the conditions that may be necessary to mitigate the dramatic rise of inequality

[21] This argument is similar to those that argue welfare state policies can be seen as a kind of "luxury good" (e.g. Stevenson 2001; Kayser 2009).

in many settings. Rather than thinking about there existing an "equilibrium" level of redistribution given a particular level of inequality, my analysis here calls for inequality researchers to consider the overall health of the macroeconomy in evaluating redistributive expectations within countries.

While it is difficult to think about what has transpired economically across Western Europe and the United States since 2008 and come away with many positive sentiments, one potential silver lining could be the attention that has been drawn to the disparity in economic fortunes between those at the top and those at the bottom of the economic pyramid. While the legacy of the Great Recession has yet to be determined, as many countries continue to struggle forward in an effort to produce jobs and economic stability, it has served the important role of underscoring just how wide the gap between the 1% and the rest of us has become. It remains to be seen whether this underscoring will translate into any discernible equalizing effect. Unfortunately, as my analysis suggests and as I discuss more fully in my conclusion, I am skeptical that this will be the case.

Still, as I will demonstrate in the pages that follow, the Great Recession has prompted increased concern for the way that economic resources are distributed in a manner that had rarely occurred over the previous twenty five years of inequality expansion. By achieving a richer understanding of the ebbs and flows of mass publics' aversion to inequality, we place ourselves in a better position to understand why redistributive processes so often fall short of our hopes and expectations.

Chapter 3: A Cross-National Analysis of Inequality Attitudes

What drives individual-level opposition[22] to income inequality? While the comparative study of income inequality and patterns of redistribution has become a prominent topic of research for political economists, one question that has gone unanswered is how much citizens are actually troubled by rising inequality. Have they been bothered by a rising gap between rich and poor, or is inequality accepted as a means of rewarding the talent and efforts of those located towards the top of the income pyramid? Having set the stage for my study in Chapter 1 and described my theoretical approach in Chapter 2, I begin my empirical analysis here in Chapter 3.

Understanding the extent to which citizens are averse to inequality matters because political economy scholarship has focused extensively on the question of why democratic processes have failed to mitigate expanding inequality in the way that median-voter models predict that they should (Moene and Wallerstein 2001; Alesina and Glaeser 2004; Lindert 2004; Iversen and Soskice 2009). This is significant because if we consider elections to be the engine that drives change in how income is distributed, it matters that we understand more precisely how citizens think about inequality. More specifically, knowing when and why citizens are bothered by income inequality helps us to comprehend the policies democratic governments can be expected to pursue, as well as how citizens behave at the ballot box.

In the pages that follow, I provide a comparative analysis of why some European citizens oppose income inequality while others do not. I find that differences in people's aversion to inequality cannot simply be seen as an expression of their position along the income distribution. There is significant variation in inequality aversion within income groups, with low-income individuals being only moderately more averse to income inequality than high-income earners on

[22] I use opposition to inequality and inequality aversion interchangeably throughout this chapter and the remainder of the manuscript.

average. In fact, given the appropriate conditions, we can expect society's richest citizens to express attitudes on inequality that are similar to those located at the bottom of the income pyramid.

In support of my theory of attitude formation on inequality, I show that sociotropic economic evaluations factor heavily into the inequality aversion calculus for individuals across income groups. These evaluations highlight how beliefs about individuals' agency over their economic fortunes matter in the attitude formation process on income inequality. This challenges more traditional notions of utility maximizing behavior as underlying micro-level attitudes on inequality. It also suggests that the rich are capable of playing a much more critical role in opposing expanding inequality across democracies than most theoretical approaches currently allow for.

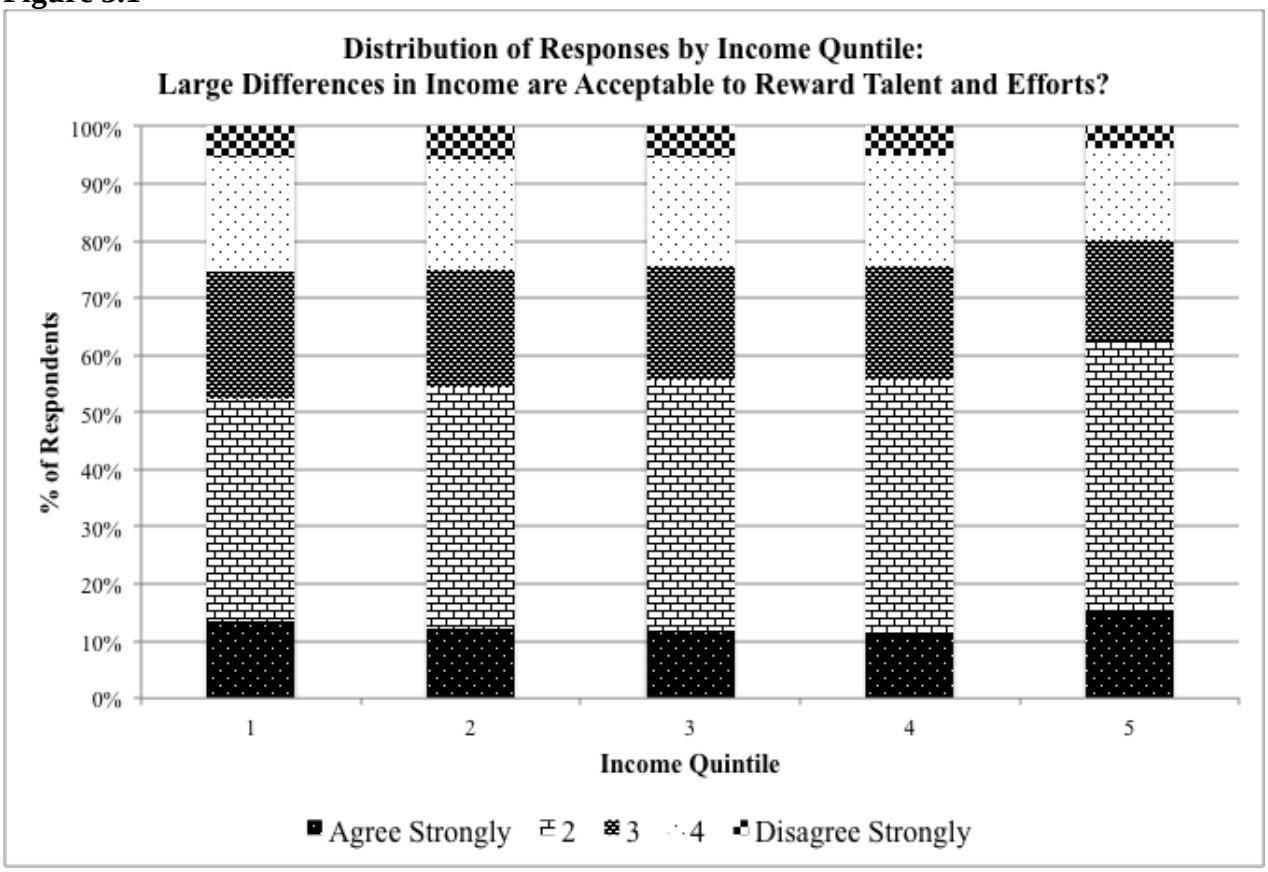
I. Evaluating the Heuristic: Explaining Inequality Attitudes with Sociotropic Evaluations

A fundamental assumption of the workhorse models of political economy[23] (Romer 1975; Meltzer and Richard 1981) is that individuals at the median income and below are sufficiently averse to income inequality to have that aversion shape their vote choice, and become increasingly opposed to inequality as the gap between the mean and median incomes expand. While the notion that individuals below the median income would hold less than favorable views of the gap between themselves and the rich makes a great deal of logical sense, this assumption fails to bear itself out in reality. Figure 3.1 below[24] examines mean responses to a question about inequality from the 2008 wave of the European Social Survey[25]. This question asks respondents whether "large differences in people's incomes are acceptable to properly reward differences in

[23] I reference these models as RMR for the remainder of the analysis.
[24] Reproduced from Figure 2.1 in Chapter 2.
[25] http://www.europeansocialsurvey.org/

talent and effort?" Responses range from [1] agree strongly to [5] disagree strongly, with [3] being neither agree nor disagree.

Figure 3.1



As can be seen in the figure, the distribution of responses across income quintiles is extremely similar, with both the median and modal response being [2] "agree that large differences in income are acceptable," across the five income groupings. While there is slightly less disagreement with the acceptability of large income differences amongst the fourth and fifth income quintiles, this discrepancy appears secondary to the comparable manner in which responses are distributed across the five groups. In fact, if one were to select two of the bars and swap them at random, it would be extremely difficult to tell which ones had been switched.

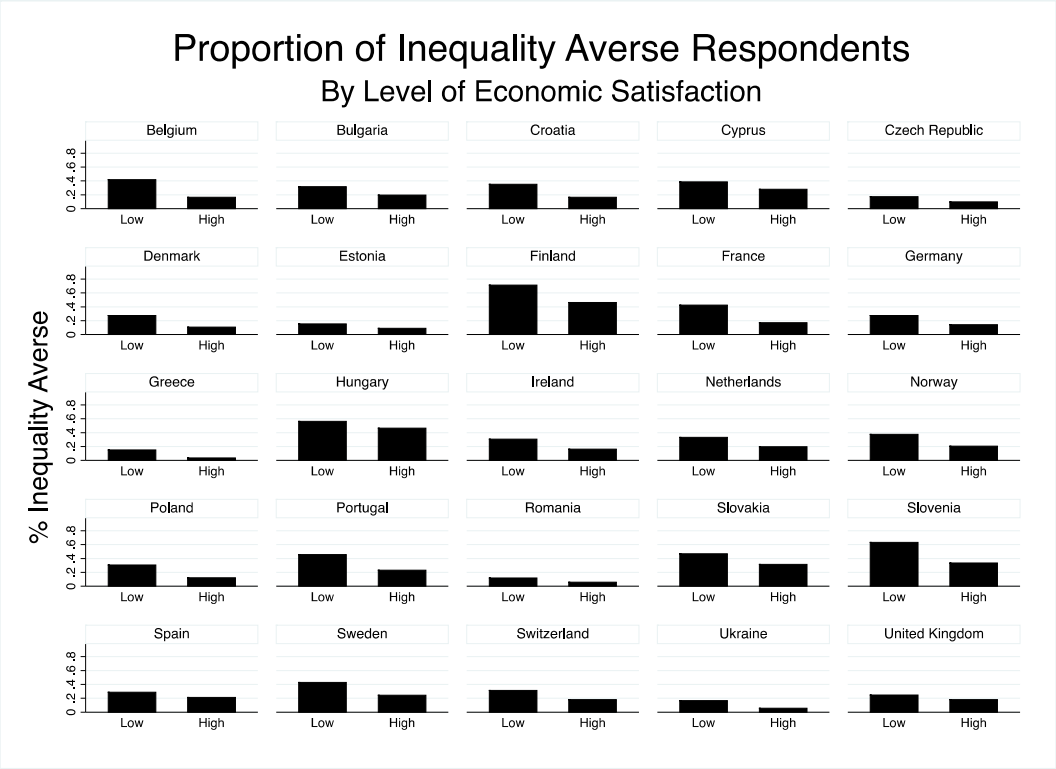
If opposition to inequality is characterized by substantial variation within income groups, how can we think about accounting for the sources of opposition to income inequality? My

theoretical approach advocates that we highlight the role of sociotropic evaluations in the attitude formation process on income inequality. As I discussed previously, sociotropic evaluations are a commonly utilized heuristic in citizen decision-making (e.g. Kinder & Kiewiet 1981; Kiewiet 1983; Anderson 1995; Wlezien 1995), however the possibility of a link between sociotropic evaluations and attitudes towards inequality has yet to be explored.

Sociotropic evaluations enter the attitude formation calculus as a shortcut for assessing how much agency citizens possess over their earnings. During recessions declining macroeconomic evaluations serve to erode tolerance for income inequality. Under these circumstances, sociotropic evaluations signal that poor economic conditions may take individuals' earnings out of their control, making the gap between rich and poor a more controversial phenomenon. Figure 3.2 below provides support for the role of macroeconomic evaluations in shaping inequality aversion at the individual-level. Figure 3.2 reports differences in inequality aversion by individuals' level of satisfaction with the economy across 30 European countries. As can be seen in the figure, respondents reporting a low level of economic satisfaction display a greater propensity for inequality aversion than respondents reporting a high level of economic satisfaction in all 30 countries. Moreover, this difference is statistically significant at the $p < .05$ level in all but five of the countries included in the figure[26].

[26] The exceptions are Cyprus, Hungary, Switzerland, Ukraine, and the United Kingdom.

Figure 3.2



At least descriptively then, it appears that a relationship exists between how citizens perceive the health of their national economy, and their willingness to tolerate income inequality. Across Europe, citizens with more pessimistic economic outlooks consistently display a greater aversion towards income inequality than those who see the economy in a more positive light. In the pages that follow I examine this relationship more carefully, and in doing so provide further evidence that economic evaluations are a meaningful predictor of individual-level attitudes towards the gap between rich and poor.

II. Hypotheses

To test my argument I utilize the following hypotheses regarding the relationship between individuals' sociotropic economic evaluations and their aversion to inequality.

Hypothesis 1: Individuals' sociotropic economic evaluations are inversely related to their aversion to income inequality.

Put another way, I anticipate that negative economic evaluations are correlated with stronger opposition to income inequality at the individual-level. Alternatively, as individuals' economic evaluations improve, I expect that their opposition to income inequality will begin to decline.

Hypothesis 2: Regardless of income level, individuals demonstrate lower levels of support for large income differences as their economic opinions worsen.

Contrary to traditional models of redistribution (e.g. Romer 1975; Meltzer and Richard 1981) I anticipate that citizens from across the income distribution are capable of voicing opposition to large income differences. Even high-income citizens become more likely to oppose income inequality and support redistribution when their opinions of the macroeconomy decline. Therefore, I anticipate that the relationship between macroeconomic evaluations and attitudes towards inequality is robust at the individual-level across income groups.

III. Data and Method

To test the three hypotheses listed above, I utilize data from the fourth wave of the European Social Survey (ESS)[27]. The ESS is a biennial survey that is administered in more than 30 countries on the European continent. To date, the survey has been administered in six waves, with the first wave taking place in 2002. The survey itself consists of a core module that is consistent across the waves, plus two more modules that rotate. Here I utilize the fourth wave because it includes a module on "Welfare attitudes in a changing Europe." Consequently, it enables me to combine responses regarding sociotropic economic evaluations alongside those concerning attitudes towards the welfare state and income inequality.[28]

[27] The data can be accessed at http://europeansocialsurvey.org.
[28] The "Welfare attitudes in a changing Europe" module has yet to be repeated by the ESS. Consequently, I only utilize the fourth ESS wave for my analysis.

I utilize two dependent variables for this portion of the analysis. The first asks respondents whether they agree, "Large differences in people's incomes are acceptable to properly reward differences in talent and efforts" (ESS Round 4 Source Questionnaire). Respondents are able to answer on a scale from [1] "agree strongly" to [5] "disagree strongly." This question operationalizes inequality aversion, and allows me to model its determinants across European democracies at the micro-level. The second question asks respondents whether they agree, "Government should reduce differences in income levels" (ESS Round 4 Source Questionnaire). Respondents are again able to answer on a scale from [1] "agree strongly" to [5] "disagree strongly." This question operationalizes preferences for redistribution. As I discuss in the subsequent section, this concept is related to, but distinct from, aversion to inequality.

The primary explanatory variable that I am interested in for this stage of the analysis is individuals' sociotropic evaluations of the economy, which allows me to test Hypothesis 1 concerning the link between such evaluations and inequality aversion. To operationalize sociotropic evaluations I utilize an ESS question that asks respondents to rank on a scale from 0 to 10 how satisfied they are with the present state of the economy[29]. As is stated in Hypothesis 1, when individuals are dissatisfied with the economy, I anticipate that they will express higher levels of inequality aversion.

In addition to sociotropic economic evaluations, I also include a number of other controls in modeling the determinants of inequality aversion at the individual-level. The most notable of these controls is household income, which the ESS codes on a scale from 1 to 10, with each of the 10 categories representing an income decile within the respondent's country. Consistent with other behavioral political economy analyses, I also control for an individual's level of education,

[29] A response of 0 indicates that a respondent is extremely dissatisfied with the present state of the economy.

age, gender, ideology[30], union membership, unemployment status[31], church attendance, and marital status. Finally, similar to other analyses that explore the determinants of preferences for redistribution, I control for an individual's level and type of skill specificity. I operationalize skill specificity utilizing the schema developed by Fleckenstein, Saunders, and Seeleib-Kaiser (2011), which distinguishes among individuals with specific skills, as well as high and low general skills[32].

To model the determinants of inequality attitudes I make use of ordered logistic regression techniques utilizing all available observations[33] from 30 European countries[34] included in Round 4 of the ESS. This sample encompasses democracies from both Western and Eastern Europe, and all told encompasses the opinions of more than 34,000 Europeans. The use of ordered logistic regression is appropriate here given that my dependent variable is coded using ordered categories on a scale from 1 to 5 (with five representing the highest level of inequality aversion). I choose to utilize ordinary ordered logistic regression, rather than multilevel or hierarchical models, because my focus here is to exploit variation in economic evaluations at the individual-level in determining how they shape individual-level attitudes. In Chapter 5, I utilized a paired comparison strategy to investigate how recession versus non-recession moments shape country-level opposition to inequality. However, here I first concentrate on establishing that

[30] Measured on a scale from 1 to 10, with 10 representing the most conservative category.
[31] The unemployment variable is a dummy variable taking a value of 1 if an individual is currently unemployed or has been unemployed at any point over the prior three-month period.
[32] Skill specificity is generally used to capture the insurance motivation for redistribution, with individuals possessing more specific skills generally demanding higher levels of redistribution as protection for their investment in those specific skills (i.e. Iversen and Soskice 2001). However, when analyzing individual-level opposition to income inequality, it is theoretically ambiguous whether one should expect a relationship to exist between it and skill specificity. Still, for reasons of completeness, I include the skill-specificity dummies in all of my regressions in this chapter.
[33] By this I mean all observations whereby respondents answered the requisite questions included in the statistical model that I estimate.
[34] The list of countries is as follows: Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Ukraine, United Kingdom.

there is a link that exists between macroeconomic evaluations and inequality attitudes at the individual-level. Consequently, it is variation in these evaluations that I am interested in as an explanatory variable, not the country's level of economic growth *per se*.

Finally, I also include country dummies to account for country-level fixed effects, and calculate my coefficient estimates using robust standard errors. I choose to omit the dummies from my tables as they are of no theoretical interest to my analysis here, which is uniquely focused on explaining individual-level variation. As a result, I only include the dummies as a means of controlling for unobserved variation in inequality attitudes that might stem from country-level factors.

IV. A Note on Measuring Inequality Aversion

The dependent variable that I use to operationalize inequality aversion asks respondents whether they agree that large differences in income are acceptable to reward differences in talent and effort amongst workers. In terms of face validity, this question appears to be a strong candidate for measuring the underlying concept of inequality aversion (Carmines and Zeller 1979; Adcock and Collier 2001). However, as a dependent variable, it does represent somewhat of a deviation from the norm in terms of measuring preferences on redistribution and inequality. As a result, I take a moment here to discuss my choice of operationalization, and how it relates to the more conventionally used measure of preferences for redistribution.

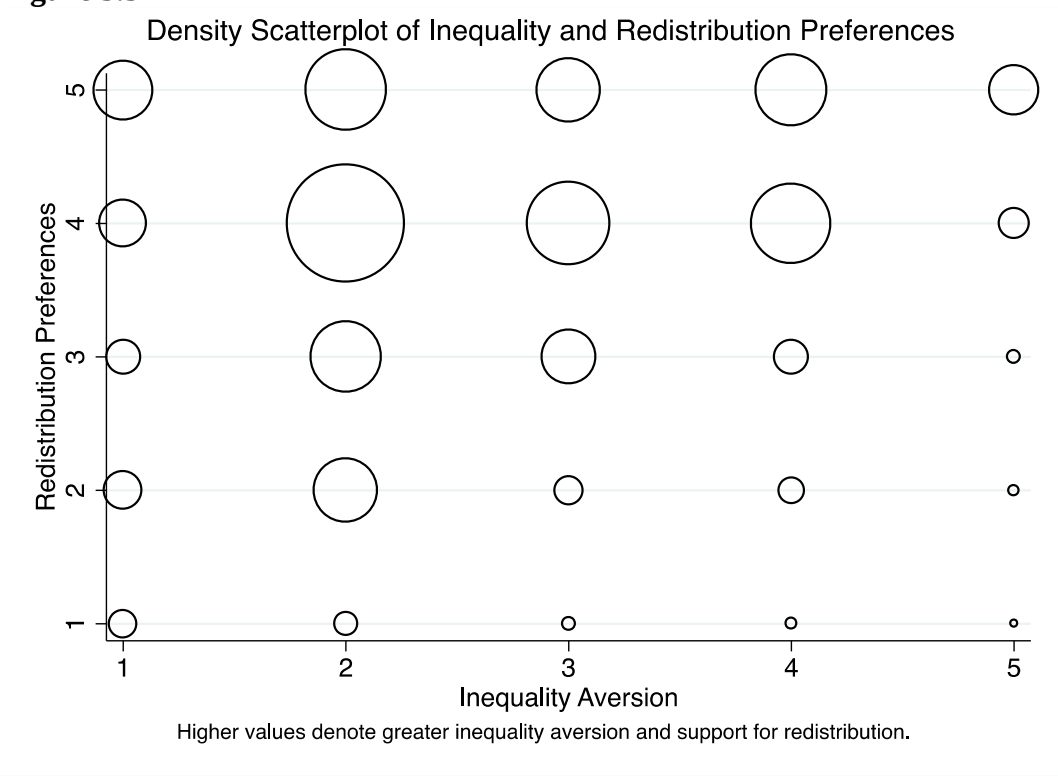
Research on preferences for redistribution (e.g. Svallfors 2007; Rehm 2009; Rueda and Stegmuller 2013) has regularly made use of the question from the ESS asking respondents to

what extent they agree that government should take steps to reduce income differences[35]. This particular question has two obvious benefits for its users. First, it targets respondents' attitudes towards redistribution in asking whether they agree that government should intervene to reduce income levels. For researchers whose scholarship directly tackles questions related to the determinants of individuals' preferences on redistribution, this question is an obvious candidate for inclusion as a dependent variable in their analyses. Second, this question appears on the ESS' core module, so it is asked each time the ESS survey is administered. Consequently, researchers have access to responses to this question from six survey rounds.

Despite these advantages, here I am primarily interested in exploring the sources of individuals' tolerance of, or opposition to, large income differences. This is related to people's preferences on redistribution, but as I proceed to demonstrate, there are some important differences between attitudes on income inequality, and whether the government should redistribute as a means of reducing that inequality. To begin, the correlation coefficient between the two variables is 0.22 (n = 54,674). So while the two variables are positively related to one another, that relationship is somewhat weaker than we might expect *a priori* given that both survey questions address issues related to income inequality. The figure below provides some initial indication of how responses to these questions diverge. Figure 3.3 is a scatterplot of response combinations from ESS Round 4 on both the traditionally used preferences for redistribution question and the income inequality question that I have selected for analysis. There are 25 possible response combinations, and the size of the circle represents the frequency that a particular combination appeared within the ESS.

[35] The exact wording is as follows: "The government should take measures to reduce differences in income levels." Respondents are able to agree strongly, agree, neither agree nor disagree, disagree, disagree strongly, or respond that they don't know.

Figure 3.3



The first notable feature of Figure 3.3 is that the rows or columns with the largest circles are the [4] and [5] response rows for the redistribution preferences question. These two rows are associated with respondents who "agree" or "agree strongly" that governments should take steps to reduce income differences. Digging a bit deeper, the largest circle in the scatterplot appears for the response combination of "agree" that governments should take steps to reduce income differences, but also "agree" that large income differences are an acceptable means of rewarding differences in talent and effort. Taken together, this indicates that more than 10,000 of the 54,674 respondents who answered both of these questions agree that large income differences are acceptable, but also think that the government should take steps to reduce those income differences.

On its face, this suggests that Europeans are prone to tolerating income inequality, but also tend to think that the government should do something about the earnings gap between rich and poor workers. Figure 3.4 below provides further evidence that this indeed is the case.

Figure 3.4

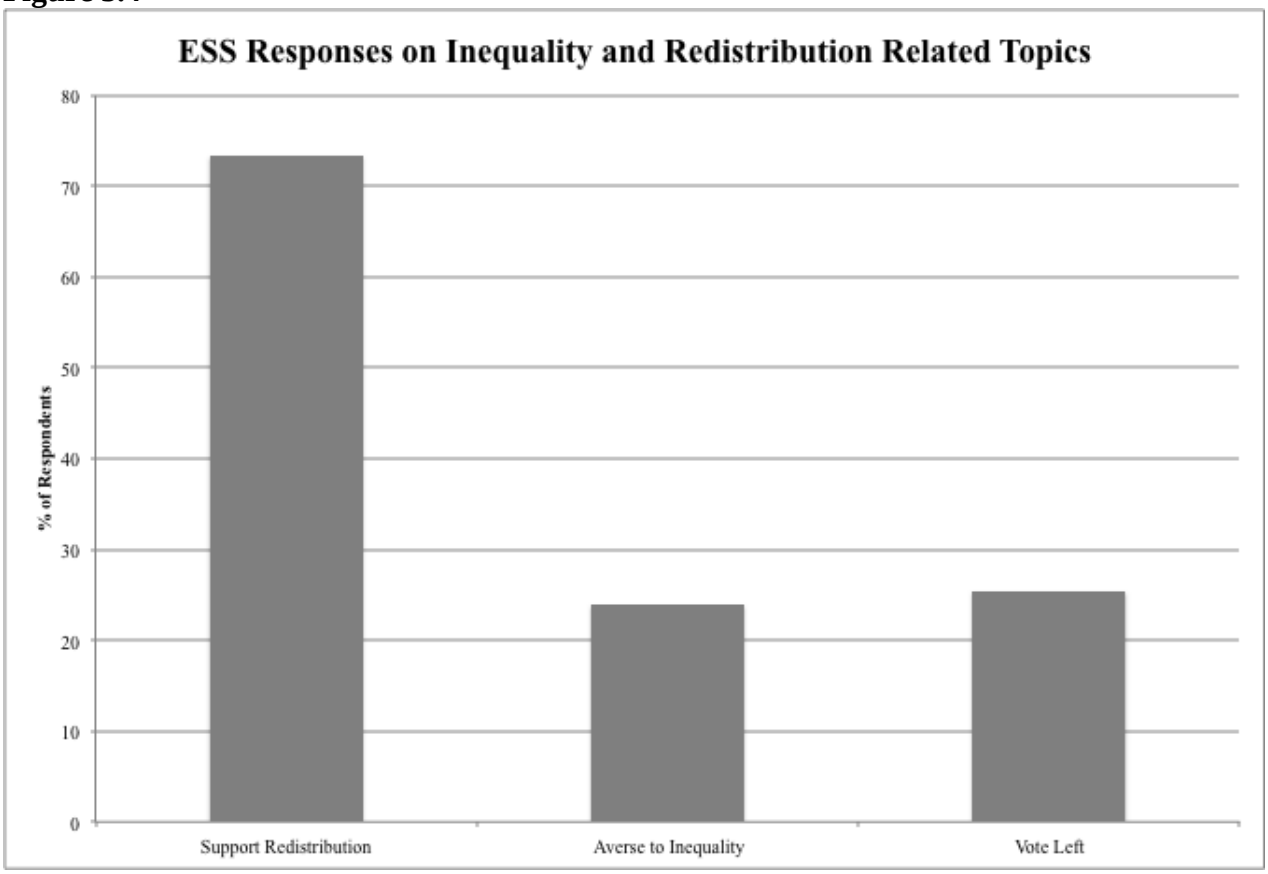


Figure 3.4 demonstrates that more than three times the number of respondents agree or strongly agree that the government should intervene to reduce income differences than think that large income differences are not an acceptable way to reward differences in talent and effort. As a point of comparison, also included in Figure 3.4 is the proportion of ESS respondents who reported voting for a left party during the last national election. This proportion (25%) is much closer to the percentage of respondents who oppose large income differences as an acceptable

means of compensation (24%) than to the percentage who at least agree that the government should be taking steps to reduce income differences (73%).

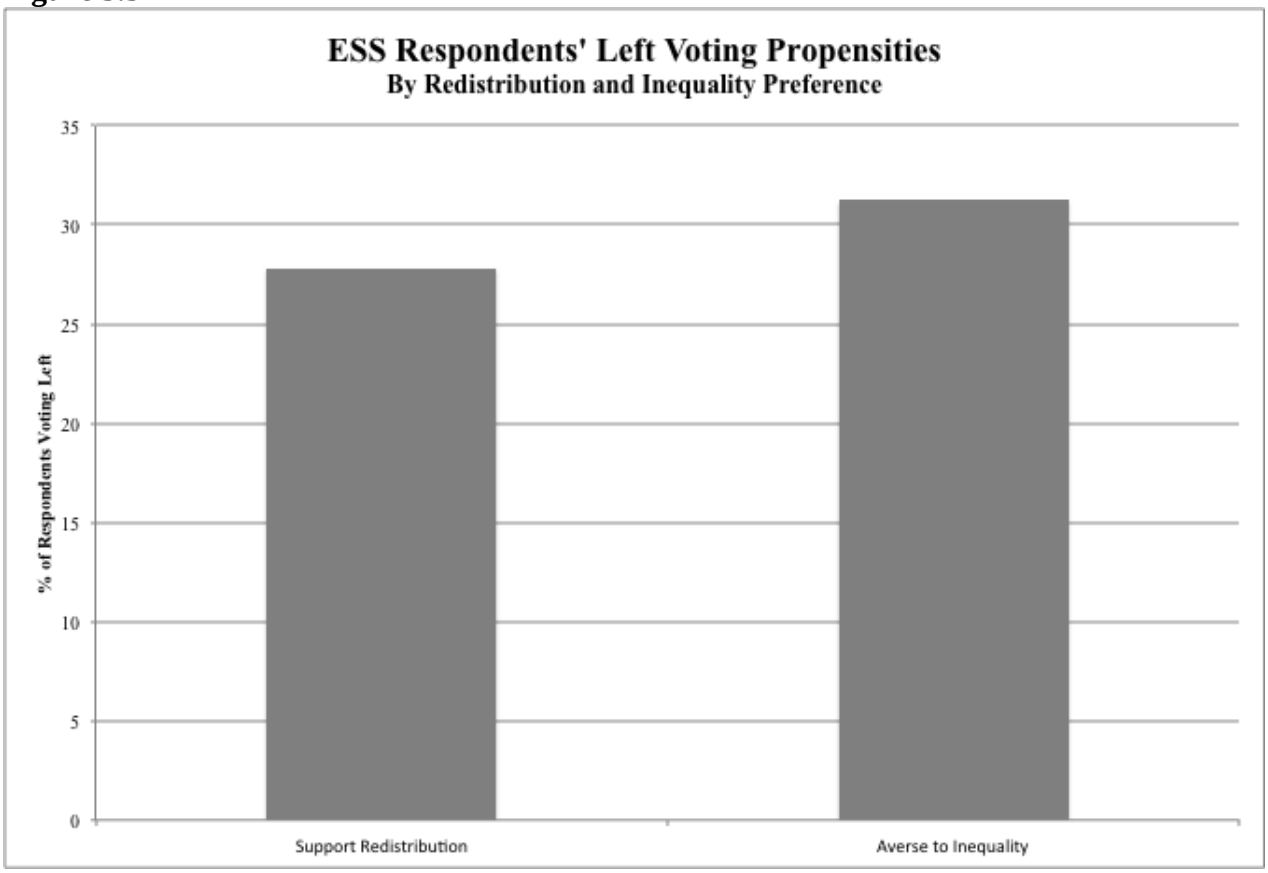
This notion that individuals are prone to both supporting redistribution and accepting large income differences as a means of compensation is not as perplexing as it first appears. Previous research on inequality attitudes has argued that opposition to inequality can be divided into two camps (Alesina and Angeletos 2005). The first camp believes that inequality should not be tolerated, even if income differences are earned, and not the product of luck or other forces beyond our control. The second camp believes that inequality should not be tolerated only if income differences arise as a product of luck[36]. Put differently, camp one thinks that inequality should not be tolerated even if that inequality is deserved, while camp two thinks that inequality should not be tolerated only if inequality is the product of forces beyond individuals' control. Although it is not a perfect proxy, the question that I utilize to operationalize inequality aversion speaks to camp one more directly. In essence, those who disagree that large income differences are acceptable as a compensation mechanism for talent and effort believe that income inequality should not be tolerated even if it is earned. And while opposition to earned (or deserved) inequality is likely to be correlated with opposition to inequality that is the product of forces beyond our control, the former is a stronger position to take against inequality. Consequently, there are far more Europeans who support redistribution, presumably to correct for market forces that are beyond the control of low-income citizens, than there are who express opposition to inequality as a compensation mechanism.

Figure 3.5 below provides support for the idea that opposition to deserved inequality is a somewhat stronger position to take on inequality. Figure 3.5 reveals that of those individuals

[36] The language I use here differs slightly from that used by Alesina and Angeletos (2005), but the spirit of it remains the same.

who oppose large income differences as acceptable compensation, a larger proportion (31%) reported voting left in the last election than those individuals who agree that the government should take measures to reduce income differences[37] (28%). Therefore it appears that deserved inequality aversion is an even stronger predictor of left party voting than support for redistribution.

Figure 3.5



Ultimately though the evidence presented in this section suggests that although there are some important differences between the two indicators discussed above, we can utilize both to achieve additional leverage in understanding the sources of individuals' beliefs surrounding income inequality and redistribution. In the next section I utilize both measures to assess the relationship

[37] This difference is statistically significant at the $p < .05$ level.

between economic evaluations and inequality attitudes, and in doing so find support for the hypotheses that I outlined above.

V. Results

Table 3.1 below reports the results of the ordered logistic models assessing the determinants of inequality aversion[38].

Table 3.1

The Determinants of Inequality Aversion **Ordered Logistic Regressions**			
	Opposition to Inequality		
Independent Variables	Model 1 *Inequality Aversion*	Model 2 *Support for Redistribution*	Model 3 *Support for Redistribution*
Satisfaction with Economy	-.049*** (.005)	-.118*** (.005)	-.109*** (.005)
Inequality Aversion			.390*** (.011)
Note: The results are ordered logistic regression estimates and their robust standard errors (in parentheses): †p<.10, *<.05, **<.01, ***<.001. Higher values indicate greater aversion to inequality. Full regression results are presented in the appendix.			

The coefficients for satisfaction with the economy take the expected sign and are significant at the $p < .001$ level in all of the models presented above. All three models operationalize satisfaction with the economy as a categorical variable taking values from 0 to 10, with a response of 10 representing individuals who are extremely satisfied with the performance of the economy. The coefficients are negatively signed, as anticipated by Hypothesis 1, meaning that individuals become more averse to income inequality, and supportive of redistribution, as their level of satisfaction with the economy deteriorates.

While the interpretation of Models 1 and 2 is straightforward, Model 3 requires further explanation. In Model 3, in addition to controlling for respondents' satisfaction with the economy, I also control for respondents' reported inequality aversion. In other words, I take the

[38] I present the model results, including full controls, in the appendix to this chapter.

dependent variable for Model 1, and utilize it is a control in Model 3. The purpose of this follows from my prior discussion of deserved and undeserved inequality. The measure of inequality aversion that I utilize here assesses individual-level sentiment regarding the appropriateness of deserved inequality. Consequently, if we assume that support for redistribution is comprised of individuals' beliefs regarding the appropriateness of both deserved and undeserved inequality, satisfaction with the economy then can be interpreted as a proxy for undeserved inequality. This is consistent with my theory of attitude formation, which posits that individuals utilize their economic evaluations to determine the extent to which individuals' economic fortunes are the product of forces beyond their control.

There are two inferences that I draw from Model 3. The first is that Europeans who are averse to deserved inequality are strong candidates for supporting redistribution ($p < .001$). This is unsurprising given my discussion above that opposition to deserved inequality represents a strong stance against the acceptability of large income differences. As a result, individuals who take up this stance tend to be supportive of government action reduce income differences. The second inference concerns the interpretation of the economic evaluations variable once inequality aversion is controlled for. Even after controlling for inequality aversion, the coefficient on economic satisfaction is negatively signed and statistically significant ($p < .001$). This finding provides us with an indication that citizens use economic evaluations to assess how much control others have over their economic fortunes. As economic opinions decline, individuals exhibit less tolerance for a gap between rich and poor that is perceived to be a product of macroeconomic forces beyond our control.

Turning to the other explanatory variables, household income is negatively correlated to a statistically significant degree ($p < .001$) with inequality aversion in all three models. This

relationship performs as anticipated, with higher income respondents being less averse to income inequality than their lower income counterparts. The coefficient estimate that appears to have the largest effect on inequality aversion is ideology, which is significant at the $p < .001$ level in all three models, with higher levels of conservatism being associated with lower levels of inequality aversion. Women, union members, and the unemployed also display higher levels of inequality aversion and support for redistribution. Finally, of the three skill specificity variables, only the high general skills variable demonstrates a consistent correlation with the dependent variables. This correlation is negative, suggesting that individuals possessing high general skills are on average less prone to opposing income inequality and supporting redistribution.

In addition to hypothesizing that a negative relationship exists between economic evaluations and inequality aversion, I also posit above that this relationship is robust across income groups (Hypothesis 2). To insure that this is the case, I rerun Models 1 and 3 separately for each income quintile in my dataset. I present the results below in Tables 3.2 and 3.2a.

Table 3.2

The Determinants of Inequality Aversion **Ordered Logistic Regressions**					
	Inequality Aversion				
Independent Variables	Income Quintile 1	Income Quintile 2	Income Quintile 3	Income Quintile 4	Income Quintile 5
Satisfaction with Economy	-.059*** (.011)	-.046*** (.011)	-.046*** (.012)	-.045*** (.012)	-.046*** (.013)
Note: The results are ordered logistic regression estimates and their robust standard errors (in parentheses): †p<.10, *<.05, **<.01, ***<.001. Higher values indicate greater aversion to inequality. Full regression results are presented in the appendix.					

Table 3.2a

The Determinants of Inequality Aversion Ordered Logistic Regressions					
	Support for Redistribution				
Independent Variables	Income Quintile 1	Income Quintile 2	Income Quintile 3	Income Quintile 4	Income Quintile 5
Satisfaction with Economy	-.147*** (.012)	-.139*** (.011)	-.092*** (.012)	-.114*** (.013)	-.049*** (.013)
Inequality Aversion	.208*** (.026)	.283*** (.022)	.436*** (.025)	.460*** (.026)	.565*** (.028)
Note: The results are ordered logistic regression estimates and their robust standard errors (in parentheses): †p<.10, *<.05, **<.01, ***<.001. Higher values indicate greater aversion to inequality. Full regression results are presented in the appendix.					

Table 3.2 demonstrates that not only is the correlation between economic satisfaction and inequality aversion spastically significant at the $p < .001$ level for all five income groups, but reveals that the correlation is similarly strong for respondents regardless of income level. In fact, although the negative correlation appears to be somewhat stronger for respondents in income quintile 1 (i.e. the lowest income quintile), the coefficient is not statistically different from that in any of the other four income categories. This suggests that not only do citizens at all income levels utilize macroeconomic evaluations in forming their attitudes on inequality, but that they do so to roughly the same degree.

Table 3.2a allows for a slightly different interpretation of the results. Again I find that both of the variables of interest take the appropriate sign and are statistically significant ($p < .001$) across all five income quintiles. However, while the strength of the satisfaction with the economy coefficient declines as income rises, the inequality aversion coefficients display stronger magnitudes as income increases. This indicates that rich individuals who express opposition to earned inequality utilize their economic evaluations less in their attitude formation process than individuals from lower income groups.

This makes sense given the strength of the viewpoint being offered by these high-income citizens. Namely, not only do they oppose income inequality, but they do so even if large

income differences are the product of hard work and talent. Individuals who express this attitude exhibit relatively strong opposition to inequality, and have less room for their evaluations of the broader macroeconomic environment to shape their beliefs. In contrast, low-income individuals who express opposition to earned inequality are taking a stance against an income distribution that works against them. As a result, their decision to support redistribution has more room to be shaped by their view of the broader macroeconomic environment, which I argue acts as a cognitive shortcut regarding the extent to which economic outcomes are shaped by forces that are beyond our control.

Finally, having reviewed my main regression results, and finding support for Hypothesis 1 for citizens across the income distribution, I turn to placing the correlation between economic evaluations and inequality attitudes into a more interpretable context.

Figure 3.6

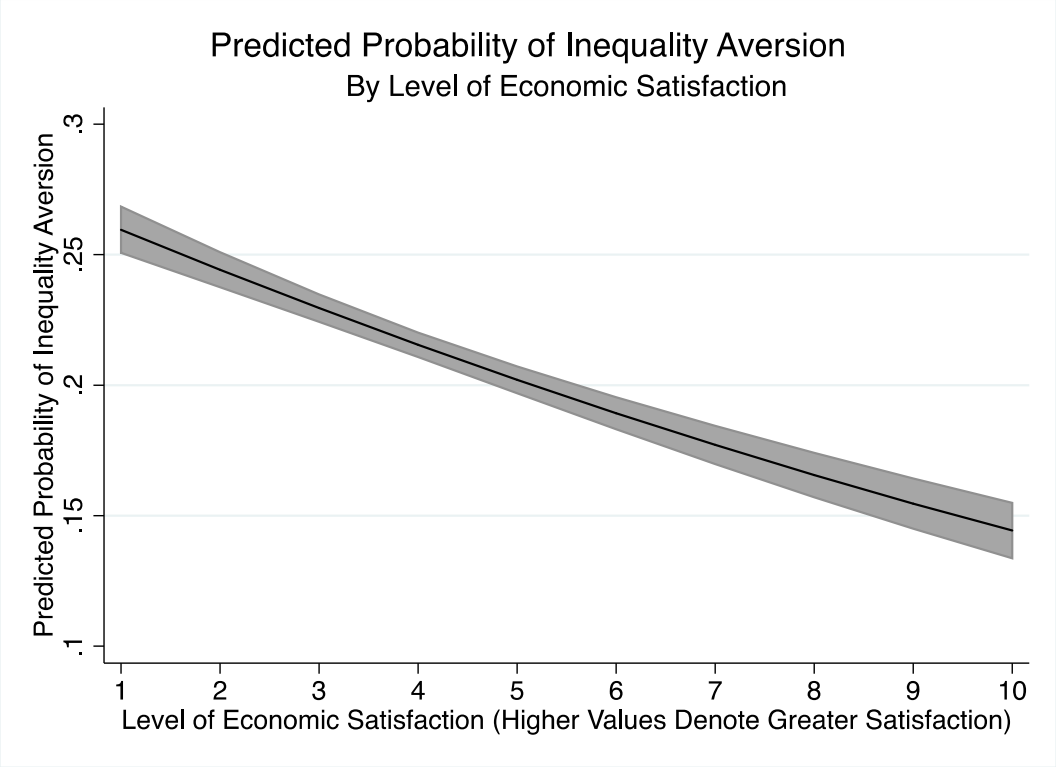
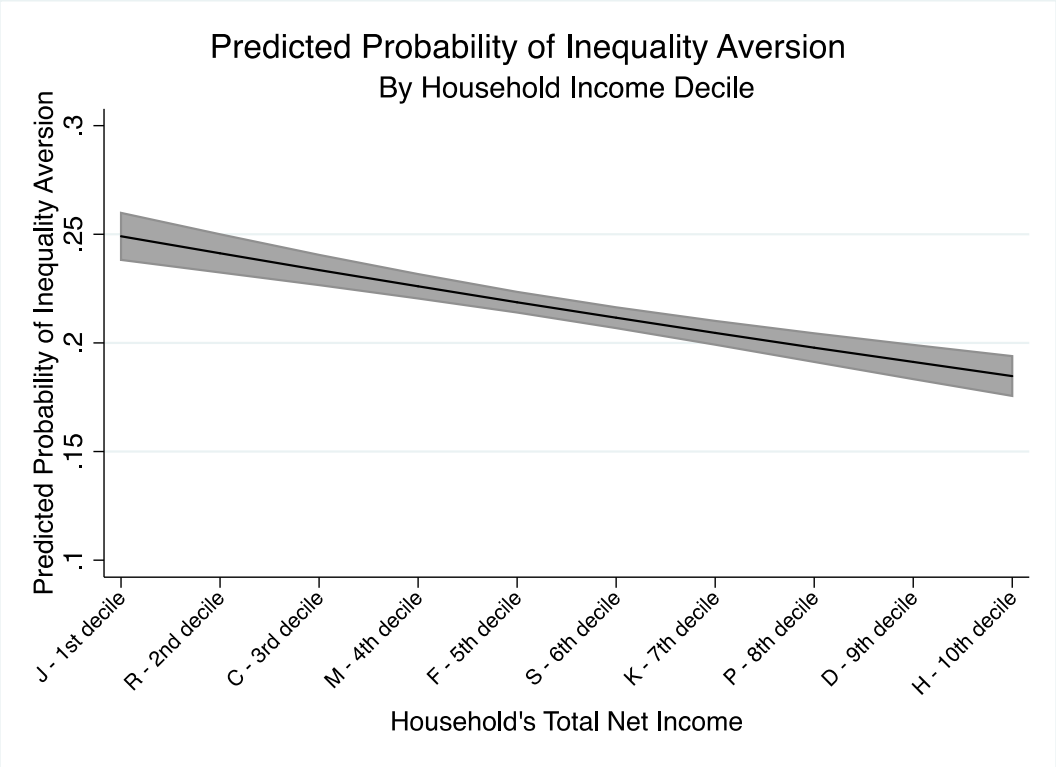


Figure 3.6 above tracks the predicted probability of being averse to inequality by respondents' level of satisfaction with the economy[39]. As can be seen in the figure, an individual's level of satisfaction with the economy has the capacity to exert a substantial effect on her aversion to inequality. A move from the lowest level of satisfaction with the economy to the highest level of satisfaction with the economy is associated with a greater than 1/3 drop in the predicted level of inequality aversion. This drop in the predicted probability of being inequality averse is even more impressive when one considers the relatively low level of inequality aversion overall amongst respondents. Recall again that the measure of inequality aversion that I use assesses the appropriateness of earned inequality. Given that only 24% of ESS survey respondents disagreed that large income differences are acceptable, the predicted drop in probability of greater than 11% over the range of possible satisfaction values can be considered quite substantial.

Another way to assess the magnitude of the relationship between satisfaction with the economy and inequality aversion is to compare it to the relationship between household income and inequality aversion. Figure 3.7 below provides such a comparison by illustrating the predicted probability of inequality aversion by level of household income.

[39] To perform this calculation all other continuous and categorical explanatory variables are held at their mean, with all other dummy explanatory variables held at their mode. Respondents are considered inequality adverse if they answer that they disagree or strongly or disagree that large income differences are acceptable to properly reward differences in talent and effort. This corresponds to respondents answering 4 or 5 on the five-point inequality aversion ESS question. Both figures 3.6 and 3.7 are produced utilizing the regression results from Model 1 presented above.

Figure 3.7



The figure demonstrates that the relationship between level of satisfaction with the economy and inequality aversion is extremely similar to that between household income and inequality aversion. In fact, while the predicted probabilities for the two curves are quite close to one another at their minimum values (26.0% for satisfaction with the economy versus 24.9% for household income), the figure shows that the household income curve declines less dramatically than the economic satisfaction curve. While the economic satisfaction curve declines to a predicted probability of 14.4% at its maximum value of 10, the household income curve only declines to a predicted probability of 18.4% at the tenth decile. This indicates that we would expect at least[40] the same decline in probability for an individual who goes from being extremely dissatisfied with the economy to extremely satisfied, as we would for an individual who receives

[40] Although the economic satisfaction curve is steeper, the confidence intervals of the curves do overlap. Consequently, I cannot rule out that the effect of household income on inequality aversion is just as large as the effect of economic satisfaction.

an increase in income that moves her from the lowest income decile to the highest income decile. With the benefit of this comparison, it becomes clear that not only is there a statistically robust relationship between economic evaluations and inequality attitudes, but that economic evaluations have a substantial role in shaping inequality aversion at the micro-level.

VI. Conclusion: Strange Bedfellows? The Rich and Income Inequality

Empirically, this chapter demonstrates that sociotropic evaluations play a meaningful role in the attitude formation process on inequality. More positive evaluations correlate negatively with inequality aversion at the individual-level for citizens across Europe, and this relationship is robust for individuals across the income distribution. This suggests that coalitions in opposition to expanding income inequality may be more readily available than conventional wisdom dictates. Indeed, one interpretation of the results presented here is that no income group has a monopoly on inequality aversion, making individuals from across the income distribution potential candidates for mobilization on the basis of opposition to inequality. Given the similarity of the manner in which the poorest individuals and richest individuals appear to evaluate income inequality, this would seem to open up new constituencies for appeals on the basis of inequality opposition by left parties, particularly during periods of economic downturn. I evaluate this claim more fully in Chapter 5, but for now the evidence here is merely suggestive that redistributive appeals are likely to have a wider audience during times of economic hardship.

This complicates more traditional accounts of redistributive conflict (e.g. Stephens 1979; Korpi 1983). While such accounts have characterized this dispute as a battle of rich versus poor, the reality appears to be far more complex, and hinges critically on perspectives surrounding the broader macroeconomic environment. This essay follows in a tradition of research that

highlights the role of macroeconomic evaluations in shaping opposition to inequality (e.g. Hirschman 1973; Gilens 1999). These evaluations draw citizens' attention not so much to the extent of the gap between rich and poor, but rather to the process that yielded this gap (see also Benabou and Tirole 2006). And in doing so, they make possible the creation of cross-class coalitions that are necessary to combat an income gap that has been expanding across rich democracies since the 1980s. Such coalitions need not be restricted low and middle-income groups, as had been posited in prior accounts of redistributive politics (e.g. Przeworski and Sprague 1986; Iversen and Soskice 2006). Instead, my analysis here suggests that high-income citizens are also fully capable of allying in opposition to income inequality, particularly as their opinions on the macroeconomy begin to decline.

Yet, for this outcome to be realized, political supply must meet political demand. While the ubiquity of inequality in recent political rhetoric suggests that political organizers and elites are aware of such demand, the policies offered by many European governments in response to the Great Recession have hardly reflected an expansion in welfare state effort that would be necessary to mitigate the existing income gap. Instead, indebted governments have frequently chosen the path of austerity, and in numerous cases rolled back the welfare state as the economy has contracted. There are myriad reasons that this has occurred, and it is beyond the scope of this chapter to discuss the specific policy choices of Great Recession-era European governments.

Still, if opposition to inequality is at its highest during recessions, when economic opinions decline and the economic resources needed to combat inequality are at their most scarce, this raises the question of whether a paradox lies at the core of rich democracies' inability to find political solutions to rising levels of income inequality. If periods of declining economic opinion offer the greatest political will to tackle inequality, but also the fewest economic

resources, is expanding inequality a phenomenon that we can realistically expect to address through the democratic process? This question is one that I have raised already and that recurs throughout the remainder of this manuscript. While I deal with it in depth in Chapter 5 as well as in the conclusion to this manuscript, I posited in Chapter 1 that I am skeptical that a viable political solution to inequality exists given this pattern of inequality opposition being highest during periods of economic scarcity.

In the following chapter I provide further evidence that mass publics' aversion to inequality is heightened during periods when macroeconomic evaluations are declining. Specifically, I examine the case of the US economy in the buildup to the 2008 presidential election. I show not only that individuals update their attitudes on inequality over the short-term, but also that changing economic evaluations are a strong predictor of how individuals adjust their opinions on inequality over time. In particular, these evaluations play an especially crucial role for those citizens with ambivalent views regarding inequality, and have the capacity to push these individuals towards taking a stronger stance on the income gap.

Appendix 3.1: European Social Survey Question Wordings

Dependent Variables
"Large differences in people's incomes are acceptable to properly reward differences in talents and efforts."

[1] = Agree Strongly; [2] = Agree; [3] = Neither Agree Nor Disagree; [4] = Disagree; [5] = Disagree Strongly; [8] = Don't Know

"Government should reduce differences in income levels."

[1] = Disagree Strongly; [2] = Disagree; [3] = Neither Agree Nor Disagree; [4] = Agree; [5] = Agree Strongly; [8] = Don't Know

Explanatory Variable of Interest

"On the whole how satisfied are you with the present state of the economy in [country]?"

[0] = Extremely Dissatisfied; [1]; [2]; [3]; [4]; [5]; [6]; [7]; [8]; [9]; [10] = Extremely Satisfied; [88] = Don't Know

Mechanism Measures

"What do you think about opportunities for young people to find their first full time job in [country]?

[0] = Extremely Bad; [1]; [2]; [3]; [4]; [5]; [6]; [7]; [8]; [9]; [10] = Extremely Good;
[88] = Don't Know

"For a society to be fair, differences in people's standard of living should be small."

[1] = Disagree Strongly; [2] = Disagree; [3] = Neither Agree Nor Disagree; [4] = Agree; [5] = Agree Strongly; [8] = Don't Know

Appendix 3.2: Tables

Table 3.1 including controls.

The Determinants of Inequality Aversion Ordered Logistic Regressions			
	Opposition to Inequality		
Independent Variables	Model 1 *Inequality as Compensation Mechanism*	Model 2 *Support for Redistribution*	Model 3 *Support for Redistribution*
Satisfaction with Economy	-.049*** (.005)	-.118*** (.005)	-.109*** (.005)
Inequality Aversion			.390*** (.011)
Income	-.043*** (.005)	-.067*** (.005)	-.061*** (.005)
Education	-.006 (.008)	-.050*** (.009)	-.054 (.009)
Ideology (Left-Right)	-.131*** (.005)	-.130*** (.005)	-.109*** (.005)
Age	.000 (.001)	.006*** (.001)	.006*** (.001)
Female	.182*** (.022)	.173*** (.021)	.142*** (.022)
Union Member	.188*** (.023)	.282*** (.024)	.242*** (.024)
Unemployed	.076** (.024)	.200*** (.024)	.185*** (.024)
Church Attendance	.020** (.007)	-.002 (.007)	-.006 (.007)
Married	.051* (.022)	.017 (.022)	.011 (.023)
High General Skills	-.099† (.059)	-.195** (.059)	-.186** (.060)
Low General Skills	-.027 (.058)	.032 (.057)	.038 (.058)
Specific Skills	.019 (.060)	.080 (.059)	.078 (.060)
Country Fixed Effects	Yes	Yes	Yes
Observations	34,676	34,720	34,467
Pseudo R^2	.047	.065	.080
Note: The results are ordered logistic regression estimates and their robust standard errors (in parentheses): †p<.10, *<.05, **<.01, ***<.001. Higher values indicate greater aversion to inequality.			

Table 3.2 including controls.

The Determinants of Inequality Aversion Ordered Logistic Regressions by Income Quintile					
	Inequality Aversion				
Independent Variables	Income Quintile 1	Income Quintile 2	Income Quintile 3	Income Quintile 4	Income Quintile 5
Satisfaction with Economy	-.059***	-.046***	-.046***	-.045***	-.046***
	(.011)	(.011)	(.012)	(.012)	(.013)
Education	-.003	.004	.014	-.012	-.023†
	(.014)	(.021)	(.022)	(.023)	(.013)
Ideology (Left-Right)	-.100***	-.105***	-.110***	-.159***	-.209***
	(.001)	(.010)	(.012)	(.012)	(.013)
Age	.000	.000	-.000	.002	.005*
	(.001)	(.001)	(.001)	(.002)	(.002)
Female	.041	.053	.235***	.252***	.306***
	(.054)	(.046)	(.048)	(.049)	(.051)
Union Member	.182**	-.003	.211***	.173**	.361***
	(.055)	(.048)	(.054)	(.054)	(.056)
Unemployed	.044	.140**	.171**	.032	-.049
	(.054)	(.049)	(.053)	(.053)	(.058)
Church Attendance	.010	.020	.025	.008	.049*
	(.016)	(.015)	(.017)	(.018)	(.020)
Married	.081	.008	.147**	.073	-.093
	(.055)	(.045)	(.049)	(.052)	(.056)
High General Skills	-.155	-.139	.172	.052	-.159
	(.117)	(.115)	(.146)	(.148)	(.209)
Low General Skills	-.111	-.141	.257†	.077	.072
	(.103)	(.109)	(.144)	(.149)	(.214)
Specific Skills	-.140	-.040	.246†	.177	.027
	(.110)	(.112)	(.147)	(.153)	(.220)
Country Fixed Effects	Yes	Yes	Yes	Yes	Yes
Observations	6,143	8,114	7,170	6,887	6,362
Pseudo R^2	.040	.045	.051	.054	.064

Note: The results are ordered logistic regression estimates and their robust standard errors (in parentheses): †p<.10, *<.05, **<.01, ***<.001. Higher values indicate greater aversion to inequality.

Table 3.2a including controls.

The Determinants of Inequality Aversion Ordered Logistic Regressions					
	Support for Redistribution				
Independent Variables	Income Quintile 1	Income Quintile 2	Income Quintile 3	Income Quintile 4	Income Quintile 5
Satisfaction with Economy	-.147*** (.012)	-.139*** (.011)	-.092*** (.012)	-.114*** (.013)	-.049*** (.013)
Inequality Aversion	.208*** (.026)	.283*** (.022)	.436*** (.025)	.460*** (.026)	.565*** (.028)
Education	-.019† (.011)	-.068** (.021)	-.058** (.018)	-.075*** (.017)	-.071** (.027)
Ideology (Left-Right)	-.068*** (.011)	-.067*** (.010)	-.114*** (.012)	-.136*** (.012)	-.165*** (.013)
Age	.007*** (.001)	.002 (.001)	.007*** (.002)	.009*** (.002)	.009*** (.002)
Female	.124* (.056)	.117* (.047)	.176*** (.049)	.081† (.049)	.118* (.050)
Union Member	.160** (.059)	.257*** (.051)	.123* (.055)	.163** (.055)	.311*** (.055)
Unemployed	.239*** (.057)	.215*** (.050)	.207*** (.054)	.093† (.056)	.144* (.059)
Church Attendance	-.024 (.016)	-.026† (.015)	-.015 (.017)	.019 (.018)	.044* (.020)
Married	-.022 (.057)	.104* (.047)	.046 (.052)	.020 (.051)	-.155** (.057)
High General Skills	.055 (.120)	-.219* (.114)	-.103 (.137)	-.205 (.162)	-.560** (.212)
Low General Skills	.125 (.106)	-.119 (.107)	.108 (.135)	.052 (.163)	-.274 (.214)
Specific Skills	.168 (.113)	-.072 (.110)	.131 (.137)	.015 (.167)	-.197 (.221)
Country Fixed Effects	Yes	Yes	Yes	Yes	Yes
Observations	6,080	8,057	7,128	6,851	6,341
Pseudo R^2	.050	.064	.082	.084	.104

Note: The results are ordered logistic regression estimates and their robust standard errors (in parentheses): †p<.10, *<.05, **<.01, ***<.001. Higher values indicate greater aversion to inequality.

Chapter 4: Inequality Aversion Under Crisis: How Changing Economic Opinions Shape Americans' Attitudes Towards Income Inequality.

To date, the literature on inequality and redistribution has focused primarily on preference formation as a process that is driven by job-related attributes that are typically fixed over the medium to long-run. Factors such as income level, skill profile, labor market status (i.e. insider versus outsider), and unemployment risk, have all figured prominently as variables that account for individuals' preferences on inequality and redistribution (Finseraas 2009; Shayo 2009; McCarty et al. 2008; Iversen and Soskice 2001; Rehm 2009, 2011; Rueda 2005, 2008). Yet, the notion that economic and political preferences demonstrate patterns of both stability as well as *change* is not new to behavioral research in political science (e.g. Wlezien 1995). Given that this is the case, it is surprising that research on inequality preferences has devoted greater attention to variables that remain sticky in the short-run. Although recent scholarship has been more willing to embrace the notion that attitudes towards inequality and redistribution are malleable (Margalit 2013; Cavaille and Neundorf 2013), the short-term determinants of inequality attitudes remain under-theorized. As a consequence, we know little about the capacity for inequality attitudes to change alongside ongoing economic, political, and social developments.

In this chapter I apply my model of inequality aversion to explore how attitudes towards inequality shifted in the United States in the run up to the 2008 election. 2008 was a notable year not only for the presidential election and corresponding ascendance of Barack Obama, but also for the subprime mortgage crisis that demarcated the inception of the Great Recession. The crisis wreaked havoc on financial markets, and ultimately led to the collapse of prominent banking institutions including Bear Stearns and Lehman Brothers. From Wall Street to Main Street, Americans' confidence in the national economy deteriorated markedly. This widespread decline in economic evaluations had consequences not only for the election, but also for how

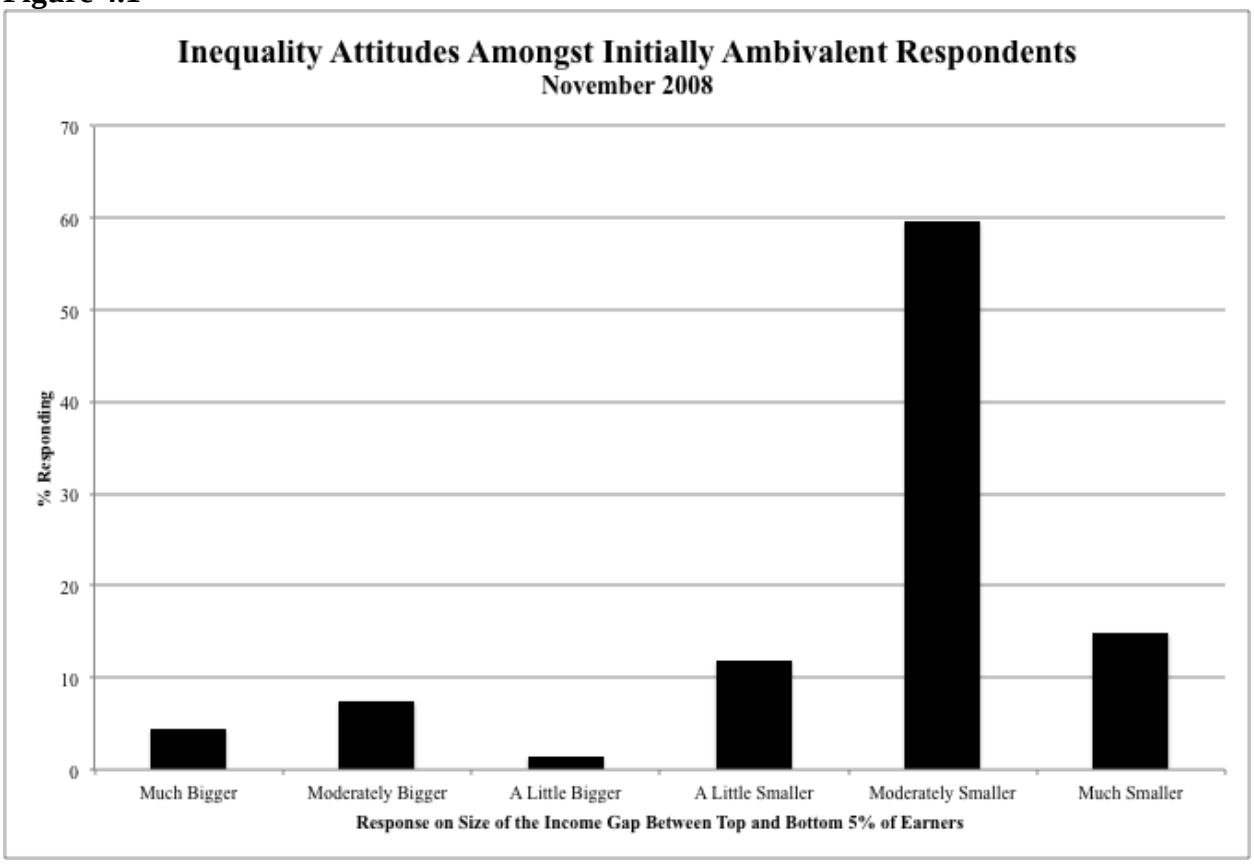
voters evaluated the gap between the wealthiest Americans and those struggling to make ends meet.

Specifically, as voters updated their opinions on the economy throughout 2008, those with increasingly negative economic evaluations became more likely to express a desire for lower levels of income inequality within American society. Between February and November 2008, nearly half (45%) changed their views on income inequality. Of those Americans who shifted their views, 25% did so by expressing much stronger opposition to income inequality[41]. Americans who initially had ambiguous views on the gap between rich and poor drove this change in opinion. In February, 35% of Americans surveyed thought that income inequality should stay at about the same level. Among this group, 87% of those who changed their response in November did so in a direction of expressing greater opposition to income inequality. I document this graphically below in Figure 4.1.

Figure 4.1 documents how Americans who were initially ambivalent about the size of the income gap shifted their views between February and November 2008. Of those who shifted their initially ambivalent position in the direction of greater or lesser tolerance for inequality, nearly 75% thought that the income gap should be "moderately smaller" or "much smaller" by November. In addition, less than 15% of initially ambivalent responders moved in a direction of greater tolerance for inequality during the nine-month period in question. In sum, and as I document in greater detail later in the chapter, growing public concern for inequality in the United States was led by those who originally were on the fence regarding income inequality. Moreover, I will demonstrate that these respondents relied heavily on their changing evaluations of the macroeconomy in arriving at these newfound opinions on the income gap.

[41] By this I mean that they shifted their opinion on income inequality by more than two categories (in the direction of stronger opposition).

Figure 4.1



By investigating these dynamics, this chapter provides further evidence of the link between economic evaluations and inequality aversion at the micro-level. I conduct a pre and post-election analysis of the relationship between economic evaluations and inequality aversion. As is detailed in paragraph above, the first wave of this panel was collected early in 2008, prior to the occurrence of the subprime mortgage crisis. The second wave of the panel took place just after November's election, but more importantly for my purposes, was therefore collected after the crisis took hold. Given this data structure, I am able to track how voters' economic evaluations shifted in light of the subprime mortgage crisis, and how these evaluations in turn updated attitudes towards the income gap.

Having outlined my objective, I proceed with a brief historical overview of the subprime mortgage crisis and the fallout that nearly toppled the United States' financial system. These events not only had a dramatic effect on America's banks and lending institutions, but also were highly visible and had a direct impact on voters' confidence in the economy. As I will argue, this sharp decline in confidence had meaningful consequences for Americans evaluations of income inequality, and their willingness to tolerate earnings disparities between those at the top and bottom of the income pyramid.

I. Economic Opinion and the Subprime Mortgage Crisis

Even prior to the advent of the mortgage crisis, 2008 had more than its fair share of newsworthy drama. Barack Obama upset Hilary Clinton, the Democratic Party's presumptive presidential candidate, and earned the party's nomination at its convention in Denver in late August. In many ways, this reshaping of the United States' political landscape presaged the magnitude of the shift that was about to occur in the country's financial system.

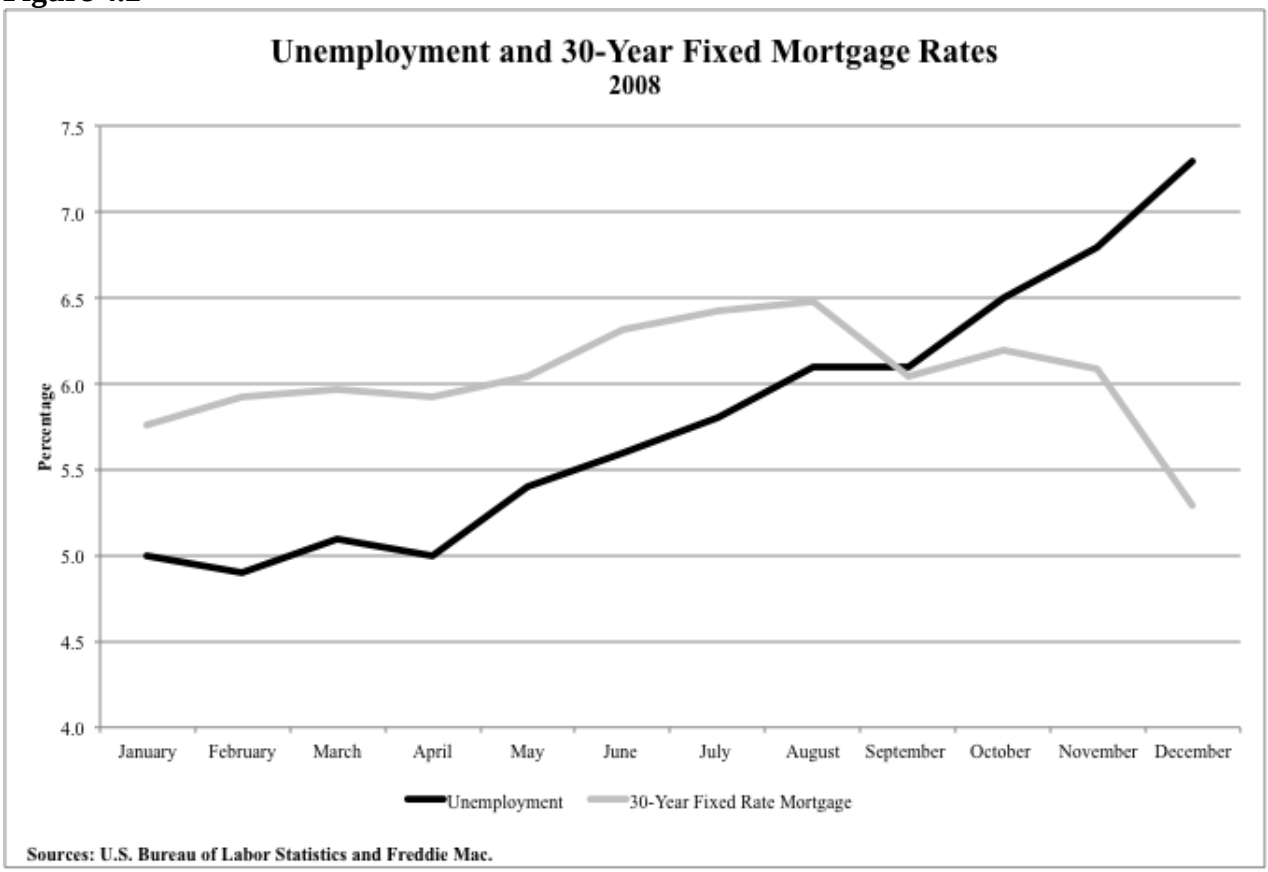
While it took until 2008 for the mortgage crisis to manifest itself in the public eye, the sources of the crisis can be traced back to the bursting of the housing bubble in 2005-06, when the long-term trend of housing prices rising ceased, and interest rates quickly escalated. This made the refinancing of mortgages significantly more difficult for many Americans than it had in the past. By August 2008, 9.2% of all outstanding U.S. mortgages were either delinquent or in foreclosure (Mortgage Banker's Association Press Release[42]). This onslaught of bad mortgages had disastrous consequences for increasingly popular financial products known as mortgage backed securities (MBSs) and collateralized debt obligations (CDOs). As more and more homes

[42] See: http://www.mbaa.org/NewsandMedia/PressCenter/64769.htm.

went into foreclosure, financial institutions holding large volumes of these securitized assets began to suffer devastating losses. The first of these institutions to fail was Bear Stearns, which in March 2008 was purchased by JP Morgan Chase for $2 a share with the aid of $30 billion in subsidies from the Federal Reserve Bank of New York (Sorkin 2008[43]). Six months later, on September 15, 2008, Lehman Brothers filed for Chapter 11 bankruptcy protection.

This turmoil in the financial industry sent shockwaves through the U.S. economy as a whole. Figure 4.2 below displays monthly unemployment and 30-year fixed mortgage rates for 2008.

Figure 4.2



The unemployment rate escalated rapidly throughout 2008, and particularly so after September's turmoil in the financial markets. All told, the unemployment rate increased by nearly 50% over

[43] See: http://www.nytimes.com/2008/03/17/business/17bear.html?pagewanted=all.

the course of the year, beginning reasonably at 5.0% and closing at 7.3%, the highest it had been at any point over the previous five years. Mortgage rates also climbed during most of 2008; however they began to decline in September, and continued to descend into year's end as the bailouts provided by the U.S. Treasury restored some confidence into the U.S. housing market (Sorkin 2010). Still, the damage had been done. The subprime mortgage crisis dealt a significant blow to Americans' sense of economic security, a fact that is reflected by declining economic opinions over the course of 2008.

Although respondents' economic outlooks could not exactly be characterized as rosy to begin the year, with approximately 3 out of 4 individuals surveyed responding that the economy was somewhat or much worse than it was a year ago, by the end of 2008 the mood was absolutely bleak.[44] At year's end, more than 9 out of 10 individuals who were surveyed responded that the economy as in worse shape than it had been a year ago, with 77% believing that it was "much worse" when compared to the previous year.

This expression of negativity surrounding the economy is also notable because it extended across income groups. Figure 4.3 reports economic opinions of ANES respondents from approximately[45] the top and bottom income quartiles.

[44] See http://www.electionstudies.org/studypages/2008_2009panel/anes2008_2009panel.htm.
[45] The structure of the data does not allow for me to select precisely the top and bottom income quartiles. Thus, the high-income group includes respondents with the top 23.75% of incomes, while the low-income group includes with respondents with the bottom 22.12% of incomes.

Figure 4.3

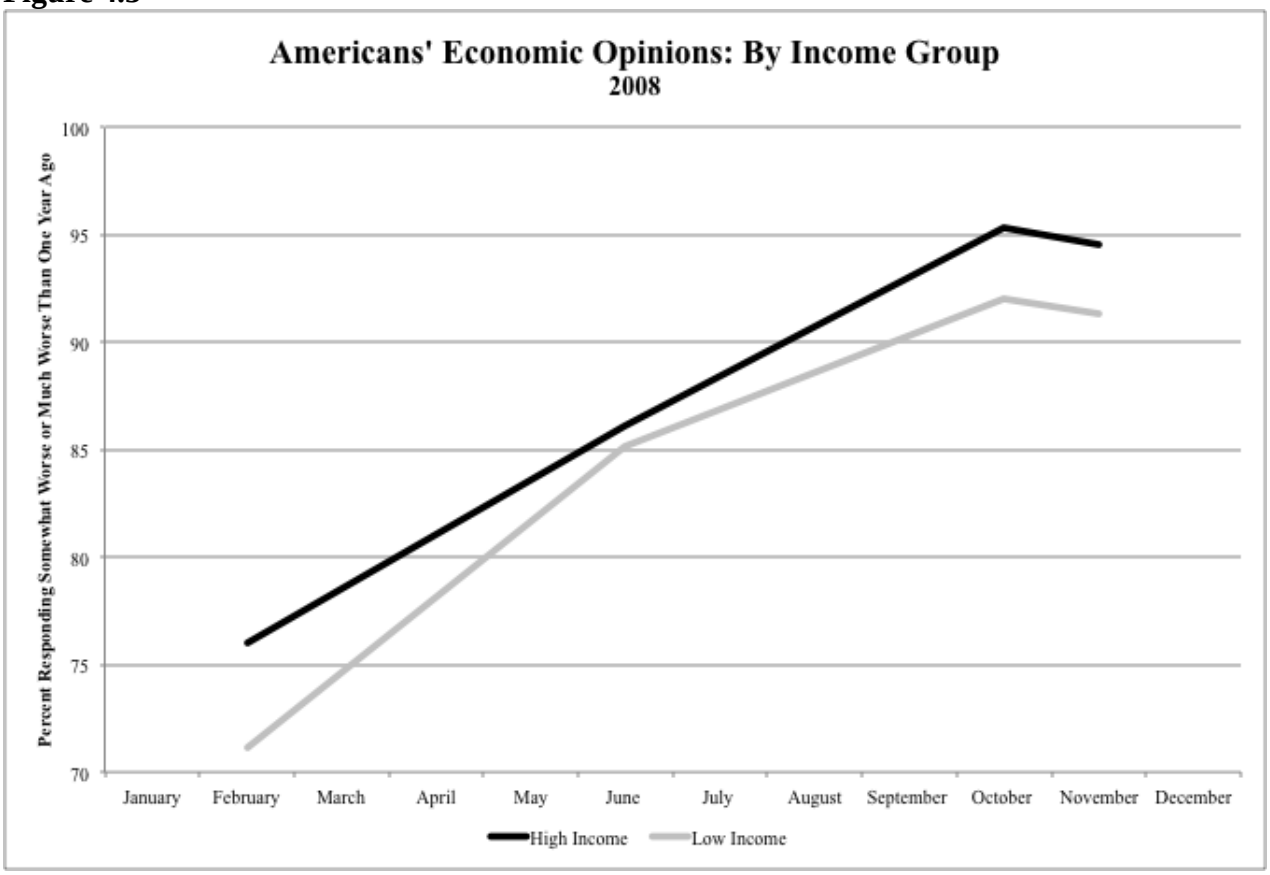


Figure 4.3 displays not only that individuals from the top and bottom of the income pyramid responded highly similarly when asked about the state of the national economy, but also (notably) that high-income respondents expressed even higher levels of economic pessimism than their low-income counterparts. Indeed, by the end of 2008, 79% of high-income respondents declared that they considered the state of the economy to be much worse than it had been a year ago. The extent of Americans' displeasure with the economy had far reaching implications not only for the election of Barack Obama, but as I will demonstrate later in the paper, for their attitudes towards income inequality. However, before proceeding to assess the influence of voters' economic evaluations on inequality aversion, I first explore a number of

alternate explanations that could account for why individuals' opinions on the gap between rich and poor could shift over the short-run.

II. Alternative Explanations

While research on preferences for inequality and redistribution have disproportionately focused on factors that remain fixed over the medium to long-run, recent scholarship has shifted to assess how malleable these preferences are over shorter time horizons. In particular, this work evaluates the role that personal circumstances play in influencing individuals' demand for welfare spending, and finds that periods of economic hardship do have the capacity to shift preferences over the short-run at the micro-level (Margalit 2013). Employment loss has an especially sizable effect of short-term changes in welfare preferences, with citizens who experience unemployment exhibiting a greater likelihood of support for welfare spending. However, this increase in support for the welfare state appears to be short-lived, with individuals reverting back to their pre-job loss preferences shortly after regaining employment (Margalit 2013). The size of the effect of job loss on welfare attitudes is also contingent on ideology, with conservatives demonstrating a larger change on average than liberals as a result of the personal economic shock (Margalit 2013).

While this research underscores the importance of personal financial hardships for shaping preferences, other recent work has theorized that preference change stems from a combination of "push" and "pull" factors, consisting of both ideological predispositions (push) and elite-level discourse (pull) (Cavaille and Neundorf 2013). The value-added of such a formulation is that it leaves room for political agency, as voters adapt their preferences according to communications delivered by politicians, parties, and candidates. Consequently, voters adapt

their preferences not only as a result of shifting ideologies, but also due to signals sent by political elites during periods of economic downturn. This approach therefore implies that a combination of ideology change (push) and elite discourse (pull) factors are jointly sufficient for producing change in preferences at the individual-level.

Finally, a third possibility exists that preferences tend to remain sticky, particularly in the short-run, and therefore are resistant to change regardless of personal circumstances or political rhetoric. Indeed, one recent study has argued that there is no basis for the notion that personal economic circumstances shape preferences for redistribution, and that individual-level attitudes on social spending are simply expressions of long-term values (O'Grady 2012). According to this approach, we should observe little over-time change in attitudes towards inequality, despite any changes that we might observe in the values of the explanatory variables discussed above.

To summarize, there are three alternate explanations that I will evaluate against my argument that sociotropic economic evaluations are responsible for heightened inequality aversion during recessions. Those three explanations are as follows. First, individuals who experience personal economic hardship[46] are more likely to oppose income inequality. Second, individuals adapt their attitudes on inequality according to both changes in their personal political ideology as well as due to messages that they receive from political elites. Third, and finally, I leave open the possibility that attitudes towards the income gap are not in fact malleable over the short-run, and therefore do not change in response to any of the explanatory variables discussed above.

[46] Although I discuss my variable operationalization in greater detail later, I note that I interpret such hardship to consist of loss of employment or income.

III. Hypotheses

Two hypotheses will guide my analysis of the role that changing economic evaluations played in shaping Americans' aversion to inequality in the months leading up to the 2008 presidential election.

Hypothesis 1: Individuals' sociotropic economic evaluations are inversely related to their aversion to income inequality.

I begin by first reproducing the primary result from Chapter 3, which finds that sociotropic economic evaluations are negatively correlated with inequality aversion at the individual-level. However, the objective of this chapter is to take this finding a step further, first, by expanding the generalizability of Chapter 3's result to the United States using a separate data source; and second, by exploring how *changes* in economic evaluations shapes *changes* in inequality aversion at the micro-level.

Hypothesis 2: Changes in individuals' economic evaluations are inversely related to changes in their aversion to income inequality.

I anticipate, therefore, that individuals with worsening economic evaluations will tend demonstrate increased levels of inequality aversion, while those with improving economic evaluations will tend to exhibit a boost in tolerance for income inequality.

IV. Data and Method

To assess the influence of sociotropic economic evaluations on inequality aversion at the individual-level during the buildup to the 2008 U.S. presidential election, I make use of a panel dataset designed and administered by the American National Election Studies (http://www.electionstudies.org/). The obvious advantage of utilizing panel data here is that it enables me to track how survey respondents' satisfaction with the performance of the national

economy changes during the election year, and how that in turn shapes their attitude towards the gap between rich and poor.

The 2008 ANES panel takes place in multiple waves, with six of those waves occurring prior to the election in November. The battery of questions asked of respondents changes throughout the course of the panel, and the dependent and explanatory variables of interest are available in two waves: February and November 2008. This timing is fortuitous, as it allows me to analyze the impact of shifts in economic evaluations on inequality aversion before and after the onset of the home mortgage crisis in late summer. In total, I am able to model the determinants of inequality aversion for more than 600 respondents across the two time periods.

For my dependent variable, I operationalize inequality aversion utilizing a question that provides information for respondents about the household income of the top and bottom 5 and 20% of households, and then asks whether that gap should be bigger, smaller, or about the same[47]. Although ideally I would be able to utilize the same dependent variables here as I used for the analysis in Chapter 3, unfortunately that is not possible working with the ANES panel. However, I am confident that the variable that I utilize to operationalize inequality aversion here will allow me to generate meaningful inferences regarding the relationship between economic evaluations and inequality attitudes. The analysis in Chapter 3 revealed that economic evaluations correlate with attitudes related to both deserved and underserved inequality (see also Alesina and Angeletos 2005). The dependent variable here does not distinguish between these

[47] Specifically, the questions are worded as follows: "The American households with incomes in the top [5/20]% earn an average of $[300,000/170,000] per year, and households with incomes in the bottom [5/20]% earn an average of less than $[10,000/11,000] per year. Should this difference be smaller, bigger, or about what it is now?" Depending on their initial answer, respondents are then able to state whether they think that the difference should be "a great deal smaller, moderately smaller, a little smaller, a great deal bigger, moderately bigger, or a little bigger?" I then recode this variable such that it takes a range from [1] to [7], where higher values denote higher levels of inequality. Specifically, a value of [1] denotes respondents who think that income differences should be "a great deal bigger," a value of [7] denotes respondents who think that income differences should be "a great deal smaller," and a value of [4] denotes respondents who think that income differences should be "about what it is now." I provide a full description of this constructed variable in the appendix to this chapter.

two faces of income inequality. However, in terms of face validity, these questions are viable measures of inequality aversion. Consequently, I anticipate that my model of attitude formation will again hold, and that I will again find a robust negative correlation between economic evaluations and opposition to inequality. However, the nature of the dependent variable does make it difficult for me to unpack whether respondents are thinking of earned inequality, unearned inequality, or both in formulating their answers.

For my primary explanatory variable, I utilize a question that asks whether respondents think that the country's economy is performing better or worse than it was a year ago[48]. I recode this variable such that higher values indicate respondents with a more positive take on the state of the economy. Beyond my dependent variable and primary explanatory variable, I also include a number of additional controls that relate to my alternative explanations, or that are typical of behavioral assessments of inequality or redistribution preferences. These include income, unemployment status, ideology, partisanship, age, gender, education level, race, religiosity, martial status, and attention to political news. Finally, for my change in inequality attitudes analysis, I also include a dummy to indicate inequality ambivalence. This variable denotes individuals who expressed ambivalence when asked whether the US's level of inequality was too high, making them likely candidates to change their preferences (in either direction) over the short-run. I discuss these ambivalent respondents in greater detail later in the "Who Moves?" section of this chapter.

The analysis proceeds in a number of steps. In a first step, I evaluate my primary relationship of interest, between economic evaluations and inequality aversion, in two cross-

[48] Specifically, the question is worded as follows: "Now thinking about the economy in the country as a whole, would you say that as compared to one year ago, the nation's economy is now better, about the same, or worse." Depending on their initial answer, respondents can then answer whether the economy is now "much better, somewhat better, much worse, or somewhat worse." I then recode this variable such that higher values indicate respondents with more positive outlooks on the national economy.

sectional regressions. The first regression is for all respondents who completed the requisite survey questions in February 2008, while the second is for all survey respondents who completed the questions in November 2008. Evaluating these regressions in cross-section maximizes my number of observations in each time period, which then will permit me to compare the strength of the relationship between economic evaluations and inequality aversion across time periods.

In a second step, I explicitly target whether changes in an individual's economic evaluations between February and November of 2008 were linked to any change in their level of inequality aversion during this period. This portion of the analysis has two objectives. The first objective is to test whether change in an individual's economic evaluations shapes changes in her attitudes towards income inequality. While the correlation between economic evaluations and inequality aversion has been tested previously in Chapter 3, and is tested again here through the first two analytical steps described above, this is the first opportunity that I have to observe whether changes in economic evaluations exert an influence on changes in inequality aversion. The second objective, which follows logically from the first, is whether inequality aversion exhibits systematic change over the short-run. The structure of the ANES dataset that I use here enables me to target whether short-run (i.e. less than a year) changes in respondents' economic evaluations shape their attitudes towards income inequality. If I find evidence in support of my hypothesis regarding changing economic evaluations and inequality aversion, I then also will have shown that attitudes towards inequality are reasonably malleable and capable of short-term change. This would make inequality attitudes somewhat more dynamic than the literature has previously portrayed.

To estimate my model I utilize first-differenced ordered logistic regressions to conduct my analysis. This approach is appropriate given the "short panel" structure of my data, whereby

I have a relatively large number of observations, but only two time periods (Hsiao 2003; Gujarati and Porter 2009). It also enables me to explicitly estimate an equation of change in short run inequality attitudes. The equation that I estimate is as follows:

$$PR(\Delta Inequality\ Aversion_{i,t}) = \beta_1(\Delta Economic\ evaluations_{i,t}) + B_2(\Delta Alternative\ Explanations_{i,t}) + \gamma Demographics_i + \varepsilon_i$$

Ordered logit is an appropriate regression technique for my purposes given that my dependent variable (inequality aversion) is operationalized as an ordinal variable. Due to the first differencing, higher values of the dependent variable denote those respondents who shifted their views to become more opposed to income inequality between February and November.

V. Results

Table 4.1 below reports the results of the cross-sectional regressions, which consist of two time periods, February and November 2008[49]. The explanatory variable of interest, economic evaluations, are negatively correlated with inequality aversion at the $p < .01$ level or better in 3 out of the 4 models. The lone exception is Model 2, which reflects the 20% threshold of the February wave, and fails to achieve conventional levels of statistical significance.

Table 4.1

The Determinants of Inequality Aversion in the United States **February and November 2008**				
	Inequality Aversion			
Independent Variables	Model 1 *5% Gap* *February*	Model 2 *20% Gap* *February*	Model 3 *5% Gap* *November*	Model 4 *20% Gap* *November*
Economic evaluations	-.308** (.101)	-.143 (.093)	-.662** (.126)	-.458*** (.121)
Observations	587	641	635	701
Pseudo R^2	.04	.04	.08	.06
Note: The results are ordered logistic regression estimates and their robust standard errors (in parentheses): †p<.10, *<.05, **<.01, ***<.001. Higher values indicate greater aversion to inequality.				

[49] I report the results of Table 4.1 with full controls in the appendix to this chapter.

Turning to the other explanatory variables, ideology alone consistently correlates with inequality aversion. It is negatively correlated with inequality in all four of the models included in Table 4.1. This result conforms to expectations; the negative sign indicates that more conservative respondents demonstrate lower levels of aversion to inequality on average. Conventional SES variables including income and education fail to correlate with inequality aversion with any consistency, as does the unemployment dummy variable. This latter result is somewhat surprising, and I discuss it in greater detail later in the discussion to this chapter.

Having demonstrated that the negative correlation between economic evaluations and inequality aversion is robust across both the February and November survey waves, I next turn to evaluate whether changes in an individual's economic evaluations correlate with changes in their attitudes towards income inequality. Table 4.2 provides evidence that confirms that a relationship exists between changes in economic evaluations and inequality aversion at the individual-level. Models 5 through 7 differ from those presented above in that the dependent variable is operationalized as an individuals' change in her level of inequality aversion between February and November 2008[50]. In addition, in contrast with the models presented in Table 4.1, the Table 4.2 models utilize change in a respondent's economic evaluations between February and November[51] as the explanatory variable of interest.

[50] I calculate this variable by subtracting a respondent's level of inequality aversion (1-7 scale; see appendix for further details) in February from her inequality aversion in November. Because higher values denote greater inequality aversion, higher values of the change variable denote increased inequality aversion between February and November. Also note that for this portion of the analysis I rely solely on attitudinal change with regard to the gap between the top and bottom 5% of households. A table of results including full controls is available in the appendix to this chapter.

[51] I calculate change in economic evaluations by subtracting a respondent's evaluation of the economy (1-4 scale; see appendix for further details) in February from her evaluation in November. Because higher values denote a more positive economic outlook, higher values of the perception change variable denote an improving economic outlook between February and November.

Table 4.2

The Determinants of Inequality Aversion in the United States Change Between February and November 2008 and By Income			
	Δ Inequality Aversion		
Independent Variables	Model 5 *Overall*	Model 6 *Respondent Income >$100,000*	Model 7 *Respondent Income <$100,000*
Δ Economic evaluations	-.489** (.193)	-.821* (.371)	-.438† (.237)
Observations	563	140	423
Pseudo R^2	.04	.15	.04
Note: The results are ordered logistic regression estimates and their robust standard errors (in parentheses): †p<.10, *<.05, **<.01, ***<.001. Higher values indicate greater aversion to inequality.			

The results reveal that there is a statistically significant relationship between changing economic evaluations and inequality aversion. Model 5 presents the baseline results for the dynamic models, and reveals that changing economic evaluations are negatively correlated with changing inequality aversion at the $p < .01$ level. The negative sign conforms to expectations, indicating that as an individual's economic evaluations improve, they are less likely to express opposition to income inequality. Model 5 provides evidence that changing economic evaluations are correlated with changing attitudes towards inequality, and therefore that attitudes towards inequality are capable of short-term, predictable change.

Models 6 and 7 reproduce models 5, but are split the sample by income level in order to discern whether there are differences in this relationship between changing economic evaluations and inequality attitudes by income level[52]. Beginning with high-income Americans, change in economic evaluations correlate negatively ($p < .05$) with change in inequality aversion. In contrast, for non high-income Americans, changes in their economic evaluations correlate negatively ($p < .10$) with changes in their attitudes towards inequality. This suggests that although the relationship between changing economic evaluations and inequality attitudes is

[52] I operationalize high-income Americans as respondents reporting household incomes of greater than or equal to $100,000, or roughly the upper 18% of respondents in the ANES panel sample.

slightly stronger for high-income Americans, it is relevant for Americans of all income levels in shaping how they evaluate the gap between rich and poor over the short-run.

Evaluating Alternative Explanations

One possibility discussed above with regard to the attitude formation process on inequality is that opinions on inequality in fact are not susceptible to systematic change over the short-run. Instead, factors that tend to shift over the medium to long-term, such as income, unemployment risk, and skill specificity, and which have been shown to shape preferences over redistribution in cross-section, could exclusively determine attitudes on inequality. However, thus far the analysis has established that attitudes on inequality do manifest meaningful variation over the short-run, and moreover, that economic evaluations play a key role in shaping how citizens think about how income is distributed. With that in mind, I now proceed to consider other potential explanations for short-term variation in inequality attitudes that have been discussed in the nascent literature on over-time preference formation.

The first alternative hypothesis I investigate is that personal economic shocks are a predictor of short-term variation in attitudes on inequality and redistribution (Margalit 2013). The results for the alternative explanations models are displayed below in Table 4.3 (Model 8).

Table 4.3

The Determinants of Inequality Aversion in the United States February and November 2008				
	Δ Inequality Aversion			
Independent Variables	Model 8 *Personal Economic Shocks*	Model 9 *Δ Political Attention*	Model 10 *Δ Ideology*	Model 11 *Δ All Alternative Explanations*
Δ Economic evaluations	-.544** (.198)	-.574** (.194)	-.407* (.194)	-.576** (.202)
Gained Employment (Between February & November)	-.137 (.332)			-.096 (.333)
Lost Employment (Between February & November)	-.047 (.571)			.375 (.598)
Unemployed (In both February & November)	-.102 (.354)	.062 (.289)	-.069 (.282)	-.217 (.356)
Δ Political Attention		.006 (.019)		.011 (.020)
Δ Ideology			-.142† (.078)	-.090 (.082)
Observations	515	546	561	497
Pseudo R^2	.05	.05	.04	.05
Note: The results are ordered logistic regression estimates and their robust standard errors (in parentheses): †p<.10, *<.05, **<.01, ***<.001. Higher values indicate greater aversion to inequality.				

To capture the potential relationship between personal economic shocks and attitudes on inequality, I include additional dummies for those respondents who were unemployed in February but found a new job by November ("Get Job"), for those respondents who were employed in February but lost their job by November ("Lost Job"), as well as for those respondents who were unemployed throughout the survey period. Simply put, my analysis here finds no relationship between employment status, including job loss and gain, on attitudes towards inequality. This finding echoes those of the cross-sectional regressions, but is nonetheless surprising and requires further attention. I speculate further as the source of this non-result in the discussion to this chapter.

I next proceed to evaluate the Cavaille and Neundorf's (2013) argument that changes in preferences at the individual-level are composed of both push (ideological predispositions) and

pull (elite discourse) factors. I assess both of these factors by controlling for changes in reported ideology between February and November, as well as by controlling for changes in political attention during that time period. To control for political attention I generated an index for both ANES waves that reports the number of days per week that a respondent reports consuming political news via television, newspaper, the Internet, and radio. To the extent that respondents are exposed to elite discourse on issues related to inequality or social policy, I assume that they gain this exposure through those four media types. I report the results for specifications that include only change in ideology (Model 9), only change in political attention (Model 10), and both ideology and attention simultaneously alongside personal economic shocks (Model 11).

While the results shown above in Table 4.3 provide weak support for the notion that changes in ideology are correlated with changes attitudes towards inequality (increasing conservatism correlates with decreasing aversion to inequality), I find no support for the elite discourse hypothesis. Specifically, I find no statistically significant relationship between exposure to political news and attitudes towards inequality in any of my model specifications. It is possible, however, that it is not the amount of elite discourse that respondents are exposed to, but rather the type of discourse in terms of its ideological predilections. Unfortunately, the ANES does not allow me to control for various forms of media content. In an effort to explore the possibility that it is the type of discourse that matters as a pull factor in the attitude formation process on inequality, I also split the sample to see whether Democrat and Republican identifiers who are exposed to greater amounts of elite discourse through the news matters for attitudes on inequality[53]. I assume here that partisan identifiers are likely to seek out news coverage that is more reflective of their partisan beliefs, which then reinforces their attitudes on inequality

[53] For the results of this split sample regression please see the appendix to this chapter.

through greater exposure. Still, I find no evidence, even with the split sample, that supports the elite discourse alternative explanation.

As a final step, I specify a model that includes variables controlling for all alternative explanations as well as changing economic evaluations (Model 11). Changing economic evaluations again demonstrates a robust relationship ($p < .01$) with inequality aversion. The coefficient for changes ideology approaches conventional levels of statistical significance but falls short. Changing employment status and attention to political news again demonstrate no meaningful correlation with inequality aversion, which coincides with results previously discussed above.

To summarize, thus far the chapter has found support for my theorized variable of economic evaluations as an agent of change that can help shift inequality attitudes. Of the alternate explanations that did not bear fruit in this case, employment status was the most surprising, as it has been found to correlate elsewhere with attitudes towards redistribution in the short-term. In order to further unpack the sources of changing inequality attitudes, I examine the demographics of who actually shifted their views on inequality most between February and November in the next section. By profiling who is changing, we can better understand why some factors appear to matter a great deal more than others in shaping inequality aversion over the short-run.

VI. Who Changes?

Between February and November 2008, roughly 25% of ANES panel respondents changed their reported attitudes towards income inequality by more than two categories on the seven point

ordinal scale utilized for the dependent variable[54]. Of those respondents who moved to become more averse to inequality in November than they had been previously in February, 75% had responded in February that they thought that the gap between the richest 5% and poorest 5% of Americans should be "about what it is now." In contrast, of those respondents who moved to become less averse to inequality over this period, 88% thought that differences in income should either be "moderately smaller" or "a great deal smaller" than they are currently when they initially answered in February.

Respondents who altered their attitudes towards income inequality can therefore generally be characterized as being one of two distinct types. Those who became *more* inequality averse during this period expressed greater ambivalence surrounding income inequality when initially questioned in February. On the other hand, those who became *less* inequality averse were previously expressing the highest possible levels of inequality aversion in February panel wave. This latter type demonstrates a ceiling effect as a result of expressing such high aversion to inequality initially, essentially forcing them to decrease their aversion to inequality if they chose to express a different preference than they had previously.

To further unpack these two types of attitudinal movers, I specify two versions of my baseline model below with restricted samples by party identification. I explore this possibility specifically following Margalit (2013), who finds that personal economic shocks have a substantially larger effect on the welfare policy preferences of Republicans than for Democrats. The logic is that this difference is at least in part attributable to a ceiling effect, whereby because Democrats tend to favor more generous welfare policies, there is less room for them to shift in light of the occurrence of a shock (Margalit 2013, 97). Conversely, for Republicans who are

[54] In this section I refer exclusively to the 5% income gap operationalization of the dependent variable.

ambivalent about issues related to inequality and redistribution, the onset of a shock offers more leeway for them to increase their opposition to the gap between rich and poor.

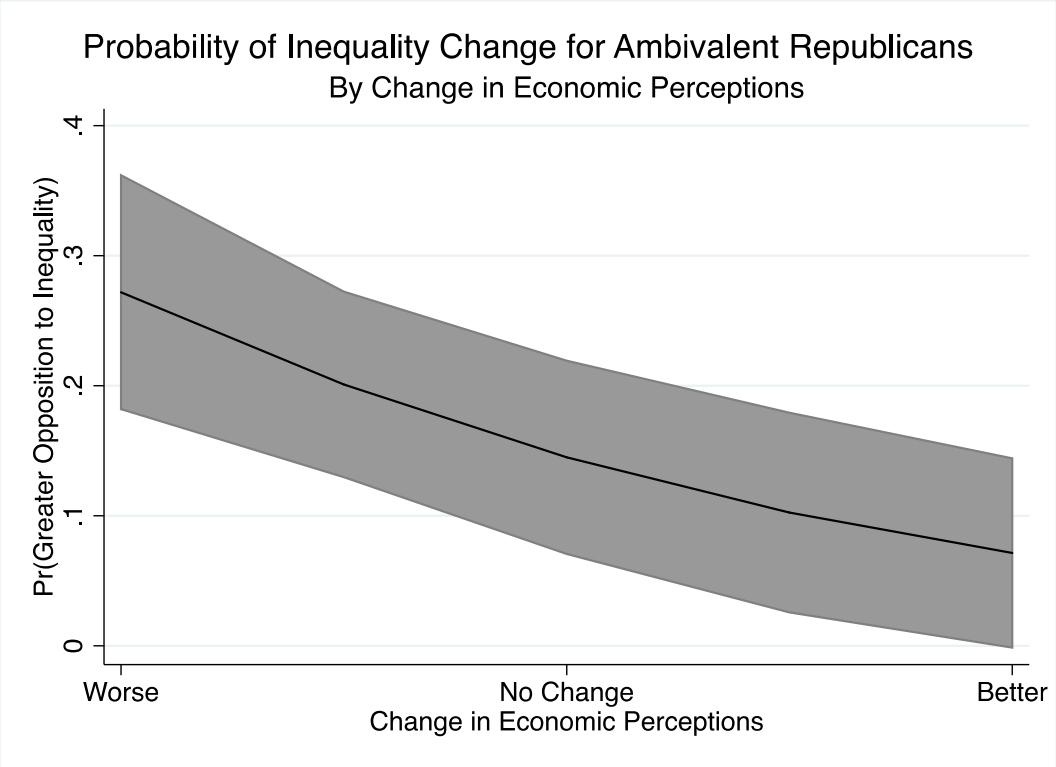
The results shown in Table 4.4 suggest that while changing economic evaluations matter similarly for respondents of both parties, inequality ambivalence (in February 2008) appears to have a particularly large impact on Republicans' propensity to express greater opposition to income inequality (in November 2008). This makes a great deal of sense, given that nearly one in four ambivalent Republicans (38 out of 157) moved in a direction of greater opposition to inequality between February and November.

Table 4.4

The Determinants of Inequality Aversion in the United States **By Party Identification**		
	Δ Inequality Aversion	
Independent Variables	Model 12 *Democratic Respondents*	Model 13 *Republican Respondents*
Δ Economic evaluations	-.615† (.320)	-.476† (.292)
Inequality Ambivalent (1 = Ambivalent)	1.502** (.501)	2.181*** (.360)
Observations	245	260
Pseudo R^2	.03	.08
Note: The results are ordered logistic regression estimates and their robust standard errors (in parentheses): †p<.10, *<.05, **<.01, ***<.001. Higher values indicate greater aversion to inequality.		

Having discovered that ambivalent Republicans were likely to move in a direction of greater inequality opposition, the next question becomes why these Republicans moved in the way that they did. And in particular, can we attribute their movement to changes in their evaluations of the macroeconomy? Figure 4.4 below suggests that the answer to this question is yes, with ambivalent Republicans becoming much more likely move towards inequality opposition as their economic evaluations worsen.

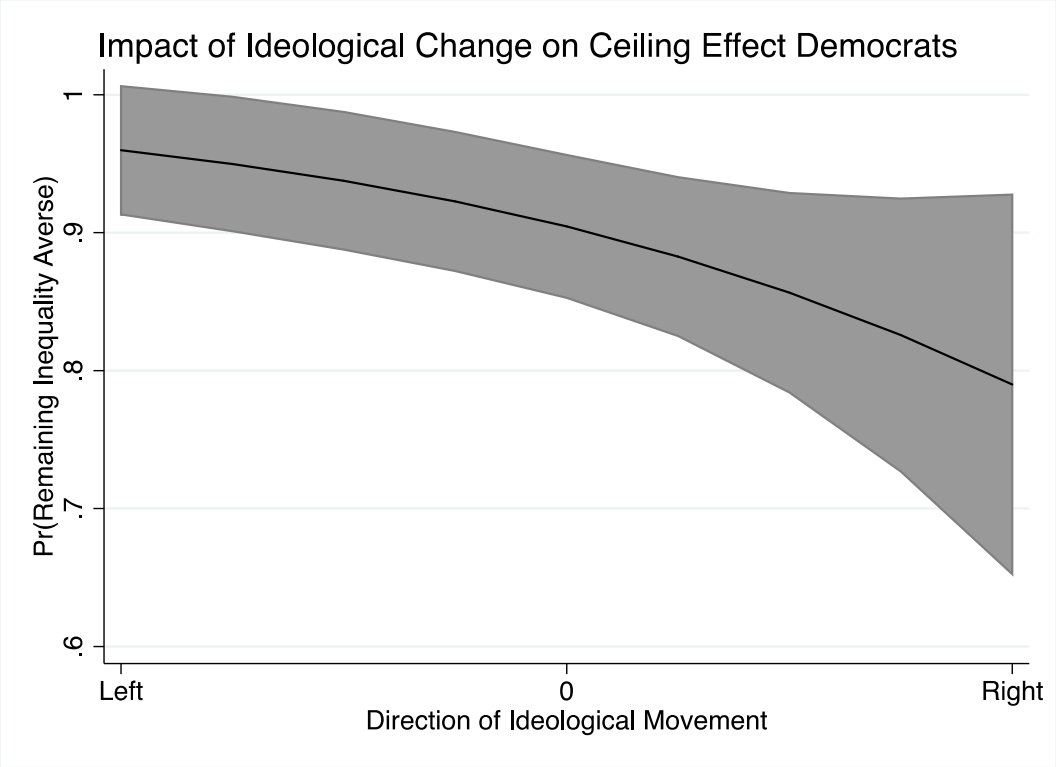
Figure 4.4



The figure clearly demonstrates that the probability of expressing greater opposition to inequality diminishes as economic evaluations deteriorate. Specifically, while ambivalent Republicans whose views worsened the most are predicted to express greater opposition to inequality nearly 30% of the time, those whose views improved the most are predicted to express greater opposition less than 10% of the time. Also of note is that those ambivalent Republicans who became more opposed to inequality are on average no wealthier or less conservative than their counterparts who did not become more opposed. However, they are more likely to identify as "Independent Republicans" or "Not Very Strong Republicans" when compared to those who did not become more opposed. Thus, while they are not less conservative or wealthier, they are less willing to be defined by their partisan attachment. And in turn, perhaps this makes them more willing to adapt their views on inequality over time, and particularly over the short-run.

Pivoting to "ceiling effect" Democrats, the source of this group's increasing tolerance of income inequality appears to be a turn to the ideological right as the election wore on. Nearly one in five Democrats (18%) in the sample changed their ideological responses to reflective greater conservatism, and this move towards the right is reflected in their probability of remaining inequality averse in November after being inequality averse in February. Figure 4.5 below reports the predicted probability of ceiling effect Democrats remaining by inequality averse by their level of ideological change between February and November.

Figure 4.5



The figure demonstrates that moving towards the ideological right was a strong source of attitudinal change for Democrats who had previously been opposed to income inequality. Although the confidence interval increases due to fewer observations as ideological change becomes more conservative, this move towards the right still seems to drive ceiling effect Democrats' diminished opposition to inequality.

Although the source of this increasing conservatism amongst Democratic identifiers is difficult to pin down, one fruitful hypothesis is that this group largely consisted of disaffected supporters of Hillary Clinton, who adopted a more conservative ideological stance after their preferred candidate failed to secure the Democratic nomination. Such an account is consistent with models of public opinion that emphasize respondents' efforts to minimize cognitive dissonance (e.g. Zaller 1992). Accordingly, Democrats who preferred Clinton to Obama may have adapted their ideological orientation in the direction of greater conservatism to justify their relative displeasure with the Democratic candidate. Descriptively, there is some evidence to support this assertion. Of the approximately 1/5 of Democrats who reported becoming more conservative as the election wore on, nearly 42% reported voting for Clinton during the Democratic primary. In addition, more than half (51%) reported voting for a primary candidate other than Barack Obama.

In sum, of the two types of respondents who shifted their views on inequality throughout the buildup to the 2008 election, economic evaluations appeared to matter most for Republicans who had ambivalent views surrounding the income gap. However, as their evaluations of the economy worsened, this ambivalent position transitioned to one that claimed that income differences between the richest and poorest Americans should be smaller. This suggests that economic evaluations matter most for those individuals with less decisive perspectives on the income gap. In the conclusion to this chapter I discuss the implications of this finding for research on inequality and redistribution preferences, as well as what this means for left policymakers and parties seeking to build sustainable coalitions in opposition to rising income inequality.

VII. Conclusion

This chapter has accomplished a number of objectives. First, I demonstrated that the negative correlation between economic evaluations and inequality aversion highlighted in Chapter 3 is generalizable to the United States. Controlling for numerous theorized determinants of attitudes on inequality, I find that there is a robust negative relationship between respondents' views on the economy and their attitudes towards the gap between rich and poor in America. Second, leveraging the panel structure of the data, I show that changing economic evaluations are associated with shifting inequality attitudes. This reveals not only that individuals adapt their preferences towards the income distribution according to their evaluation of the macroeconomy, but also that inequality attitudes are capable of changing over the short-run. I discussed earlier in the chapter that short-term preference change has received scant attention from comparative political economists, and that we know little about how to approach explaining variation in inequality attitudes over shorter, more defined time horizons (see Margalit 2013; Cavaille and Neundorf 2013 for exceptions).

Third, and finally, the analysis presented here reveals that economic evaluations served as particularly meaningful determinants of inequality aversion for Republicans with murkier views on the income gap in America. For these respondents, deteriorating evaluations of the American economy were associated with heightened skepticism surrounding the income gap. As the crisis deepened, Americans expressed widespread pessimism surrounding the state of the national economy (see Figure 4.3 above). For Republican respondents with ambivalent views on inequality, this lack of confidence in the American economy translated into opinions contending that inequality in the United States had grown too large.

This finding merits further discussion for two reasons. First, it dovetails nicely with the findings of Margalit (2013) that Republicans are particularly susceptible to short-term preference change on social policy preferences. While Margalit's research highlights the role of personal economic shocks in shaping preferences, my findings here suggest that shifting economic evaluations alone serve as a sufficient condition for preference change in the short-run. Second, the finding calls attention to the notion that students of redistribution preferences have paid little attention to preference strength. Scholarship on a different dimension of political preference formation, namely partisanship, has benefitted substantially from incorporating the strength of this affiliation into its theoretical and empirical models (e.g. Bartels 2000; Hetherington 2001; Tilley 2003). Research on redistributive preferences has yet to take this step, but the findings presented here indicate that such an extension is likely to prove valuable for inequality scholarship.

Starting from an initial point of ambivalence towards the income gap, the attitudes of many Republicans reflected remarkable malleability, and a great deal of sensitivity towards their views on the economy as a whole. While citizens with strong views on income inequality due to their income level, ideology, or labor market status may have relatively little use for economic evaluations in their preference formation process, those with less well defined perspectives are likely to rely on such evaluations much more heavily in forming their views on the gap between rich and poor. Further, to the extent that these evaluations change over the short-run, attitudes on inequality can be expected to exhibit substantial variation during periods when the macroeconomy swings in either a positive or negative direction.

This latter point further underscores the fragility of redistributive coalitions under periods of rapid macroeconomic change. Although the evidence in this chapter accentuates the notion

that periods of economic downturn offer an environment under which opposition to inequality amongst the mass public is likely to be high, the window of opportunity to capitalize on this demand may be as brief as the downturn itself. Given that this is the case, if political supply in the form of left-leaning governments is not in place when recessions hit, such demand will fall on deaf ears. Thus, as previous accounts have identified, redistributive coalitions are mercurial in nature, and rely on a complex interaction of factors in order to be successful (e.g. Baldwin 1990).

This dissertation has thus far has made clear that declining economic opinions make mass opposition to income inequality more likely. In the final empirical chapter, Chapter 5, I detail two case studies that highlight the fragility of redistributive coalition building. While periods of perceived economic downturn are capable of stimulating heightened opposition to income inequality, this opposition alone is not a sufficient condition for generating the types of redistributive policies that would serve to mitigate the income gap across rich democracies.

Appendix 4.1: Tables

Table 4.1 with full controls.

The Determinants of Inequality Aversion in the United States February and November 2008				
	Inequality Aversion			
Independent Variables	Model 1 *5% Gap* *February*	Model 2 *20% Gap* *February*	Model 3 *5% Gap* *November*	Model 4 *20% Gap* *November*
Economic evaluations	-.337** (.101)	-.161† (.093)	-.699** (.126)	-.503*** (.120)
Female	.261 (.160)	.170 (.154)	-.054 (.154)	-.089 (.146)
Age	.005 (.007)	.004 (.006)	.009 (.006)	-.000 (.006)
Income	.010 (.024)	-.018 (.023)	.003 (.024)	-.038† (.022)
Education	.089 (.081)	.073 (.076)	.028 (.078)	.128† (.072)
Ideology (Left-Right)	-.209*** (.047)	-.299*** (.046)	-.338*** (.043)	-.273*** (.040)
Unemployed	.061 (.224)	-.033 (.232)	.317 (.246)	.051 (.225)
Retired	-.022 (.225)	.001 (.239)	.067 (.239)	.131 (.224)
Married	-.222 (.188)	-.188 (.174)	-.541** (.186)	-.134 (.163)
Non-White Ethnicity	-.145 (.222)	-.666** (.227)	.067 (.219)	-.295 (.206)
Church Attendance	-.001 (.001)	-.000 (.002)	-.001 (.001)	.001 (.002)
Observations	587	641	635	701
Pseudo R^2	.04	.04	.08	.05
Note: The results are ordered logistic regression estimates and their robust standard errors (in parentheses): †p<.10, *<.05, **<.01, ***<.001. Higher values indicate greater aversion to inequality.				

Table 4.2 with full controls.

The Determinants of Inequality Aversion in the United States Change Between February and November 2008 and By Income			
	Δ Inequality Aversion		
Independent Variables	Model 5 *Overall*	Model 6 *Respondent Income >$100,000*	Model 7 *Respondent Income <$100,000*
Δ Economic evaluations	-.489** (.193)	-.821* (.371)	-.438† (.237)
Inequality Ambivalent (1 = Ambivalent)	1.809*** (.207)	3.193*** (.501)	1.561*** (.233)
Female	-.207 (.169)	-.262 (.373)	-.261 (.196)
Age	.004 (.007)	-.007 (.018)	.004 (.008)
Income	-.010 (.026)	-.009 (.147)	-.007 (.035)
Education	-.117 (.087)	-.024 (.210)	-.146 (.100)
Democrat (Relative to Independent)	.278 (.311)	-.237 (.828)	.240 (.341)
Republican (Relative to Independent)	-.144 (.314)	.859 (.758)	-.527 (.353)
Ideology (Left-Right)	-.132* (.061)	-.594*** (.156)	-.063 (.066)
Unemployed	.007 (.282)	.734 (.6230)	-.174 (.332)
Retired	.157 (.255)	-.390 (.648)	.255 (.283)
Married	-.267 (.200)	.046 (.541)	-.337 (.221)
Non-White Ethnicity	.245 (.250)	1.693** (.557)	-.147 (.288)
Church Attendance	-.001 (.001)	-.000 (.004)	-.001 (.001)
Observations	563	140	423
Pseudo R^2	.04	.15	.04

Note: The results are ordered logistic regression estimates and their robust standard errors (in parentheses): †p<.10, *<.05, **<.01, ***<.001. Higher values indicate greater aversion to inequality.

Table 4.3 with full controls.

The Determinants of Inequality Aversion in the United States Alternative Explanations				
	Δ Inequality Aversion			
Independent Variables	Model 8 Δ *Employment Status*	Model 9 Δ *Political Attention*	Model 10 Δ *Ideology*	Model 11 Δ *All Alternative Explanations*
Δ Economic evaluations	-.544** (.198)	-.574** (.194)	-.407* (.194)	-.576** (.202)
Gained Employment (Between February & November)	-.137 (.332)			-.096 (.333)
Lost Employment (Between February & November)	-.047 (.571)			.375 (.598)
Unemployed (In both February & November)	-.102 (.354)	.062 (.289)	-.069 (.282)	-.217 (.356)
Δ Political Attention		.006 (.019)		.011 (.020)
Δ Ideology			-.142† (.078)	-.090 (.082)
Inequality Ambivalent (1 = Ambivalent)	1.825*** (.216)	1.860*** (.211)	1.747*** (.205)	1.813*** (.218)
Female	-.281 (.178)	-.219 (.171)	-.220 (.169)	-.272 (.182)
Age	.005 (.008)	.005 (.007)	.003 (.007)	.005 (.007)
Income	.001 (.027)	-.022 (.026)	-.013 (.025)	-.013 (.027)
Education	-.123 (.092)	-.149† (.089)	-.098 (.087)	-.131 (.093)
Democrat (Relative to Independent)	.222 (.331)	.267 (.313)	.371 (.303)	.276 (.324)
Republican (Relative to Independent)	-.295 (.332)	-.202 (.318)	-.332 (.304)	-.529† (.323)
Ideology (Left-Right)	-.117† (.064)	-.126* (.062)		
Retired	.139 (.269)	.121 (.261)	.137 (.256)	.107 (.277)
Married	-.281 (.207)	-.190 (.203)	-.286 (.199)	-.234 (.213)
Non-White Ethnicity	.227 (.265)	.355 (.260)	.254 (.250)	.364 (.276)
Church Attendance	-.001 (.001)	-.001 (.001)	-.001 (.001)	-.002 (.001)
Observations	515	546	561	497
Pseudo R^2	.05	.05	.04	.05

Note: The results are ordered logistic regression estimates and their robust standard errors (in parentheses): †p<.10, *<.05, **<.01, ***<.001. Higher values indicate greater aversion to inequality.

Table 4.4 with full controls.

The Determinants of Inequality Aversion in the United States By Party Identification		
	Δ Inequality Aversion	
Independent Variables	Model 12 *Democratic Respondents*	Model 13 *Republican Respondents*
Δ Economic evaluations	-.615† (.320)	-.476† (.292)
Inequality Ambivalent (1 = Ambivalent)	1.502** (.501)	2.181*** (.360)
Female	-.438† (.256)	-.024 (.242)
Age	-.006 (.011)	.009 (.011)
Income	-.050 (.036)	.051 (.037)
Education	-.269† (.150)	-.099 (.151)
Ideology (Left-Right)	-.174† (.097)	-.152 (.131)
Unemployed	.049 (.569)	-.033 (.445)
Retired	.278 (.413)	-.024 (.375)
Married	.003 (.283)	-.615† (.364)
Non-White Ethnicity	-.043 (.323)	.135 (.701)
Church Attendance	-.002 (.002)	-.002 (.002)
Observations	245	260
Pseudo R^2	.03	.08
Note: The results are ordered logistic regression estimates and their robust standard errors (in parentheses): †p<.10, *<.05, **<.01, ***<.001. Higher values indicate greater aversion to inequality.		

Table 4.5: Full Results of Political Attention Model: Split by Partisanship (see footnote 53).

The Determinants of Inequality Aversion in the United States By Party Identification		
	Δ Inequality Aversion	
Independent Variables	Model 12 *Democratic Respondents*	Model 13 *Republican Respondents*
Δ Economic evaluations	-.868** (.327)	-.604† (.319)
Inequality Ambivalent (1 = Ambivalent)	1.671*** (.388)	2.249*** (.326)
Δ Political Attention	-.020 (.028)	.045 (.031)
Female	-.422 (.273)	-.026 (.257)
Age	.010 (.011)	.005 (.011)
Income	-.060 (.036)	.038 (.043)
Education	-.327* (.139)	-.153 (.148)
Ideology (Left-Right)	-.198* (.087)	-.096 (.110)
Unemployed	.416 (.493)	-.132 (.412)
Retired	.256 (.411)	-.040 (.397)
Married	.041 (.292)	-.420† (.360)
Non-White Ethnicity	.057 (.316)	.379 (.569)
Church Attendance	.002 (.002)	-.004† (.002)
Observations	237	252
Pseudo R^2	.04	.08

Note: The results are ordered logistic regression estimates and their robust standard errors (in parentheses): †p<.10, *<.05, **<.01, ***<.001. Higher values indicate greater aversion to inequality.

Chapter 5: Making The Opposition Count - A Comparison of Redistributive Politics in France and the United Kingdom

In Chapters 3 and 4 I established the role that economic evaluations play in shaping attitudes towards inequality at the individual-level. Specifically, I demonstrated that evaluations of the economy are inversely related with inequality aversion, and that changing evaluations are linked with changing attitudes on the gap between rich and poor. Given this relationship between economic evaluations and inequality attitudes, I have also discussed that demand for policies aimed at reducing the gap between rich and poor is likely to be strongest during recessions, when aggregate economic opinion is at its worst. In this chapter I evaluate that claim further by looking at the trajectory of redistributive politics in two European democracies, France and the United Kingdom, since 1980.

Specifically, I examine whether heightened inequality aversion amongst mass publics during recessions actually translates into inequality reducing social policies. While increased demand for inequality reduction amongst mass publics has the capacity to place pressure on the decision-making of political elites and parties, it need not translate into actual policy remedies aimed at reducing the size of the income gap. In fact, as I will demonstrate within this chapter, heightened public aversion to income inequality will fail to translate into inequality reducing policies in the absence of a strong left party government. The logic behind my claim is simple. In order for the wheels of redistribution to be set into motion, political demand must be met with the appropriate political supply. Consequently, although recessionary periods facilitate mass opposition to inequality, this opposition will fail to translate into increased redistribution in the absence of political elites positioned to offer policies targeted at reducing the income gap.

France and the UK present an interesting dichotomy through which to assess the dynamics of recession, mass opposition to inequality, and the passing of redistributive social

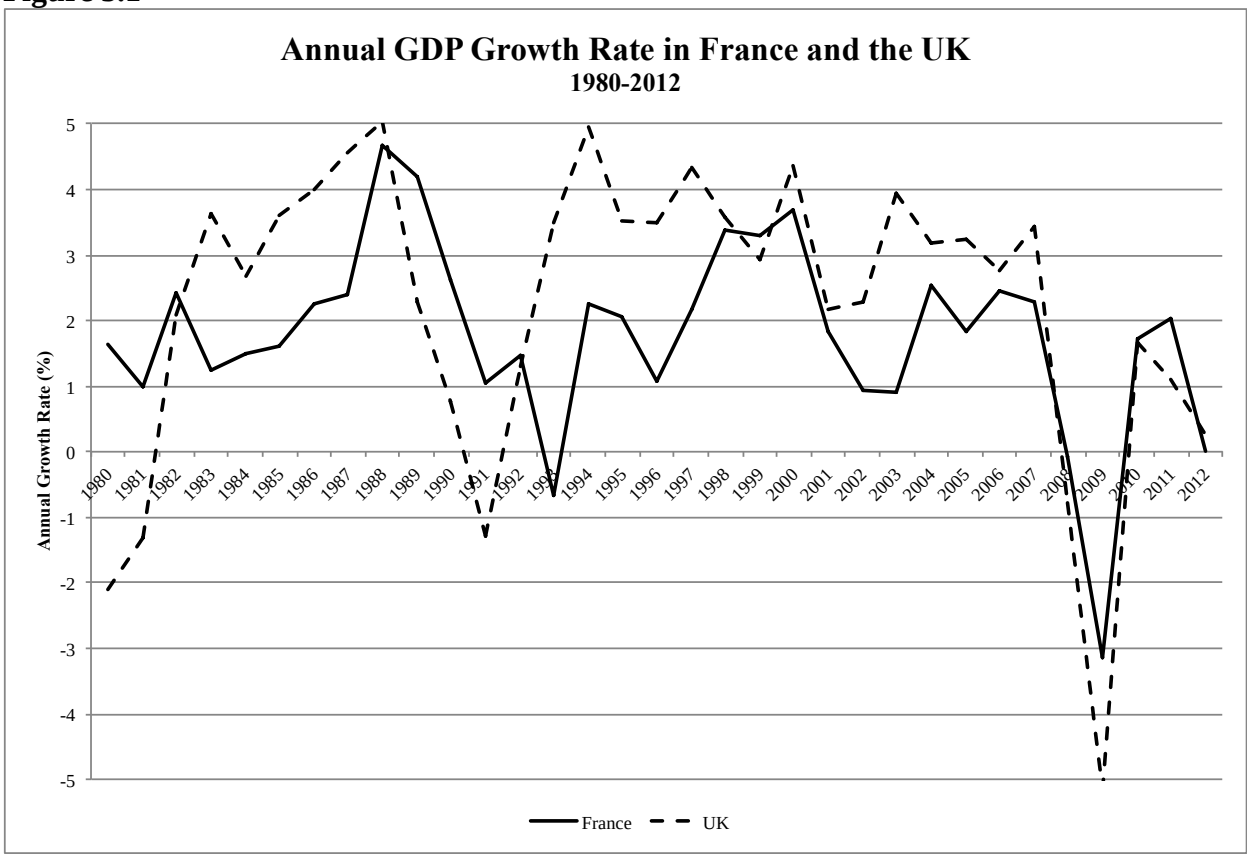
policies. As the second and third largest economies in Europe respectively, the economic fates of these two countries are tied to one another through trends in the European business cycle (Hall 1986; Kayser 2009). However, economic policymakers in Paris and London have frequently pursued distinct policy solutions to address periods of economic downturn within their respective countries. Prior research on macroeconomic policymaking has demonstrated that economic management strategies tend to vary according to the ideological predisposition of the party in power (e.g. Boix 1998). Therefore, although the French and British economies have exhibited similar macroeconomic dynamics over the past three decades, as well as similar dynamics in terms of economic opinion, the ideology of the governing party has done much to influence the redistributive trajectory of each country during that time span. As a result, while France's level of income inequality has remained more or less constant during this time period, the UK's has increased dramatically.

Prior to providing a case study of redistributive politics in both France and the UK since 1980, I begin with a brief overview of the economic paths taken by these two European economic powers over the past thirty years. Both countries experienced three distinct periods of economic slowdown during this 30 year period: the early 1980s, the early 1990s, and the Great Recession. Given that both France and the UK have experienced similar economic challenges at similar points in time, it is surprising the extent to which redistributive politics have proceeded so differently in these two countries. However, once we begin to take into account how mass economic opinion intersected with the ideology of the government in power when the recessions occurred, the source of these differences becomes all the more clear.

I. The French and British Economies Since 1980

At the beginning of the 1980s both the French and British economies were struggling. Figure 5.1 below displays GDP growth rates in France and the UK between 1980 and 2012[55]. As can be seen in the figure, while economic growth in France at the start of 1980s was not overly impressive, its performance did far exceed that of the UK. The UK began the decade mired in a deep economic slump, reflected in the negative growth rates displayed below. At the same time, France's economy was able to avoid the dramatic recession that struck many of its continental European counterparts, with annual growth hovering around the 1 to 2% mark during this period.

Figure 5.1



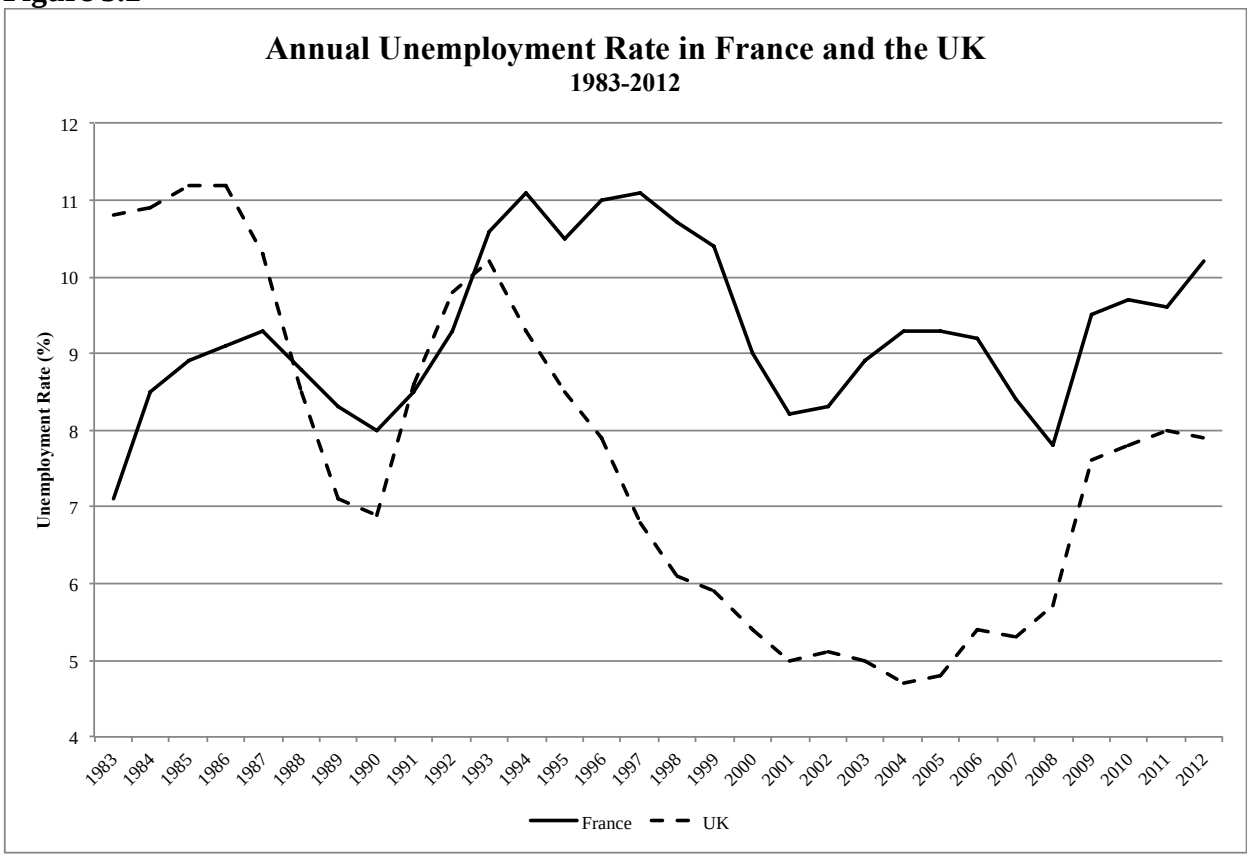
The early 1990s recession struck the UK and France at more or less the same time, with growth falling dramatically in both countries between 1989 and 1991. Here again the drop-off was

[55] All macroeconomic data displayed in Figures 5.1 through 5.4 of this chapter can be accessed at stats.oecd.org.

worse in the UK, which experienced a decline in the overall size of its economy in 1991. However, the fall in France was also severe, whose economy grew at a clip of better than 4% in 1989, and then grew at a rate of little better than 1% by 1991. Finally, both economies were dealt their worst economic blow of the past thirty years during the Great Recession, which was triggered by the contagion of the European credit crisis during the summer of 2007. By 2009, both the French and British economies struggled with negative growth rates, which mirrored the experiences of economies across the European continent.

These patterns of boom and bust are also reflected in the unemployment rates of the two countries during this period, displayed below in Figure 5.2.

Figure 5.2

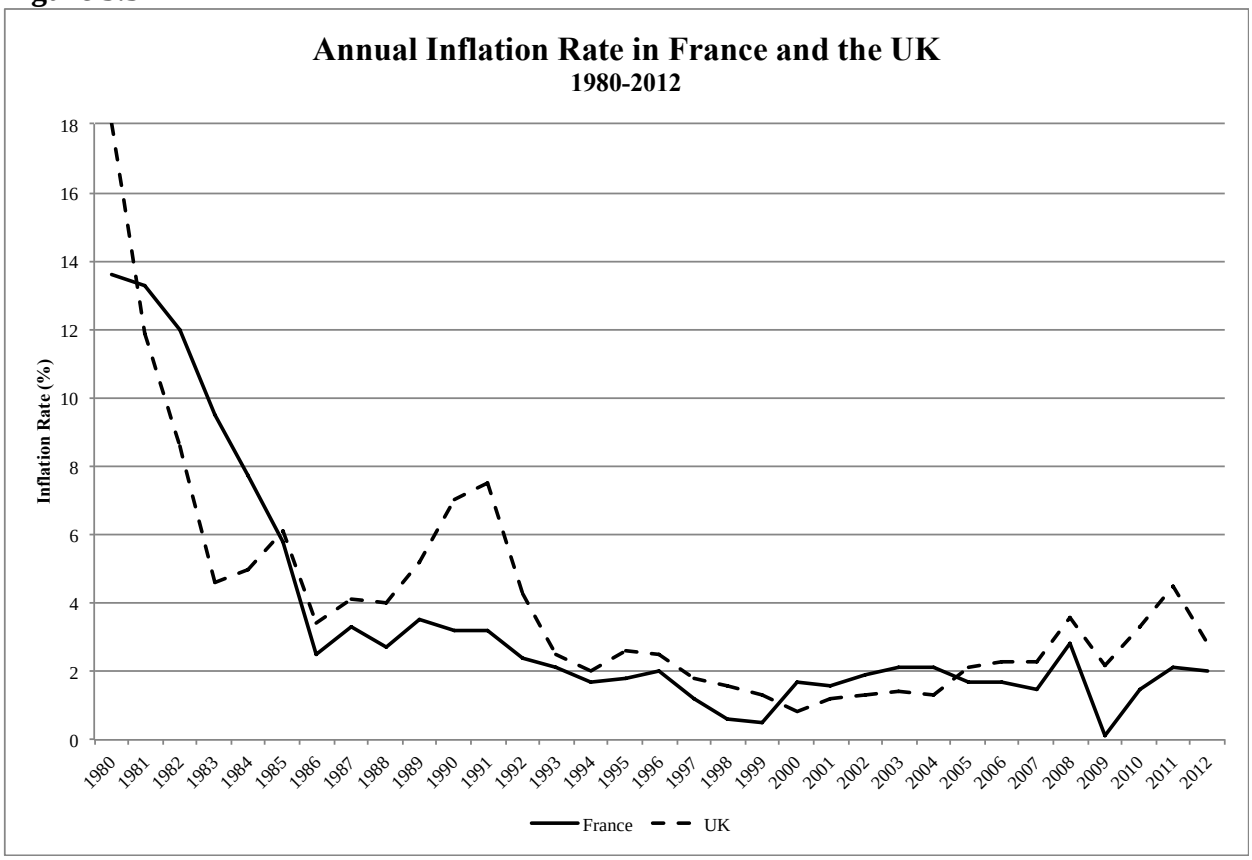


Unemployment exceeded 10% in the UK following the early 1980s recession, a rate that was 50% larger than that experienced by French workers. Indeed French unemployment at 7.1% in

1983 represents its lowest level in the 30-year period displayed in the figure above. The recession of the early 1990s led to a significant uptick in unemployment in both economies. By 1993 both France and the UK had unemployment figures in the double-digits, with French unemployment holding steady at a level of over 10% until 2000. The late 1990s and early 2000s saw unemployment decline in both countries. The reduction in unemployment was especially dramatic in the UK, where unemployment dropped to a level of 6.8% by 1997, and did not increase to a level over 6% again until the effects of the Great Recession manifested themselves in 2009. Initially, the impact of the Great Recession on unemployment in the UK was relatively modest. Unemployment levels held steady in 2007 and 2008 at 5.3 and 5.7% respectively. However, by 2009 the unemployment rate escalated to nearly 8% in the UK, and has maintained that level ever since.

The French and British experiences with inflation have also been quite similar over the past three decades. Figure 5.3 below demonstrates that with the exception of the early 1990s, trends in the general price level of France and the UK mirrored one another.

Figure 5.3



At the outset of the 1980s, inflation rates in both countries were extremely high. In the UK they exceeded 18%, while in France they approached 14%. Inflation returned to more reasonable levels in both countries by the mid 1980s, and then began to diverge temporarily in the early 1990s. During this period, the inflation rate again escalated to 7.5% in 1991 in the UK, while in France prices increased at a level of only 3.2%. By the mid 1990s though prices again stabilized in Great Britain, and have increased on average at a rate of 2.2% since 1995. Over this same time frame prices have grown similarly in France at an average rate of 1.6%. In summary, with the exception of the early 1990s, when inflation increased quite dramatically in the UK but remained essentially steady in France, prices have risen and fallen according to similar patterns for both countries since 1980.

International competitiveness has also become a struggle for both the French and British economies. Figure 5.4 reports current account balances for both France and the UK between 1980 and 2012. Reflecting the difference between an economy's net revenue on exports and its payments for imports, positive balances indicate that an economy exports more goods and services than it imports, while negative balances indicate that an economy imports more than it exports.

Figure 5.4

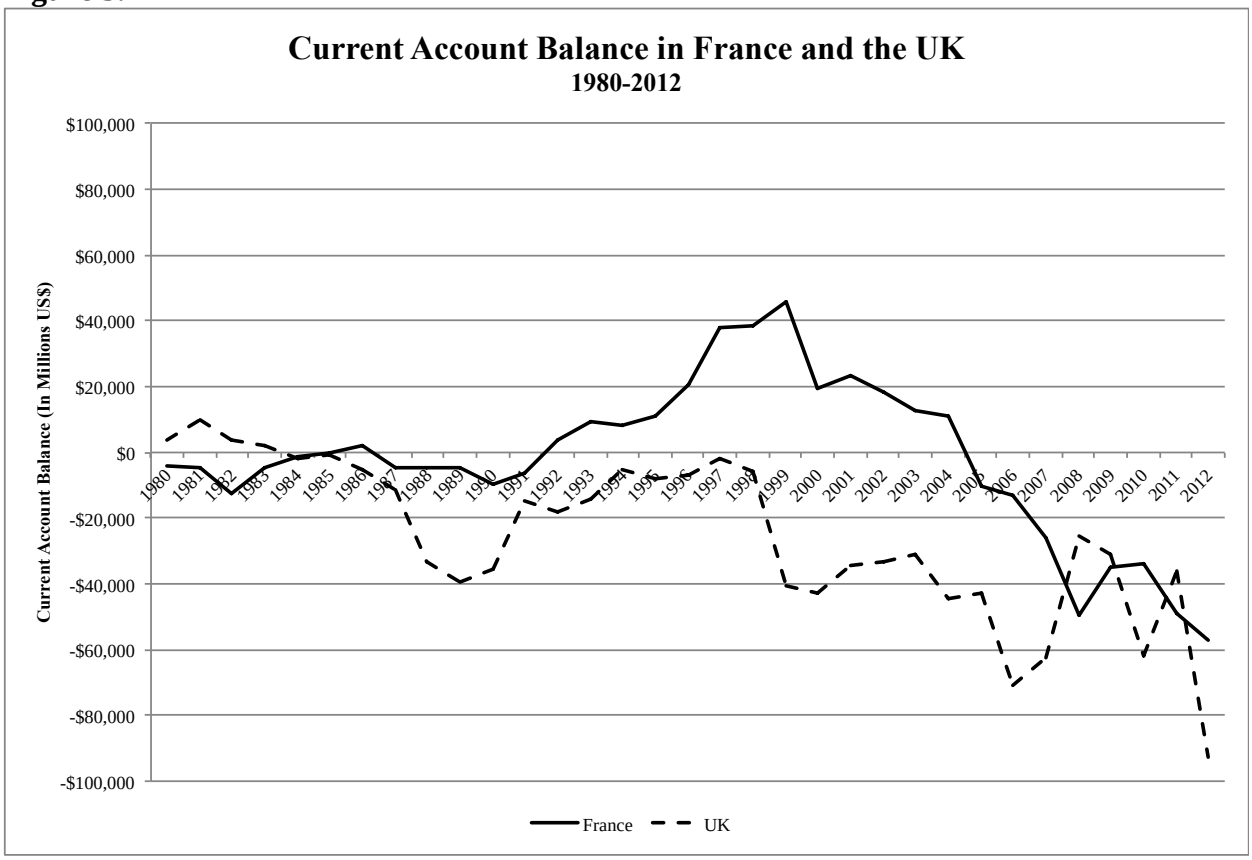


Figure 5.4 demonstrates that since the onset of the Great Recession, both the French and British economies have increasingly run current account deficits. These capital outflows from the two countries erode their capacity to raise taxable revenue, making it more difficult for them to balance their budgets and finance existing debts. That trend is evidenced in the data presented below in Figure 5.5, which reports on total central government debt as a percentage of GDP.

Figure 5.5

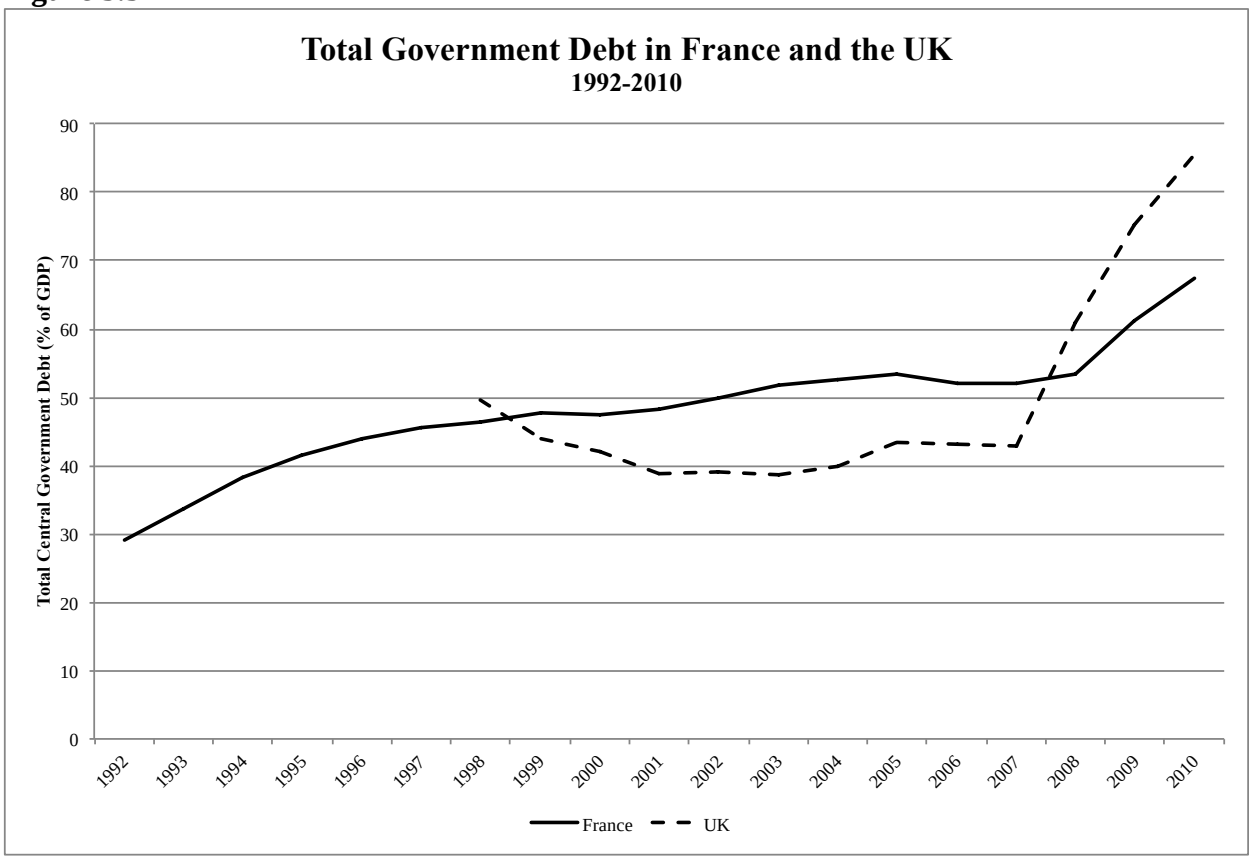
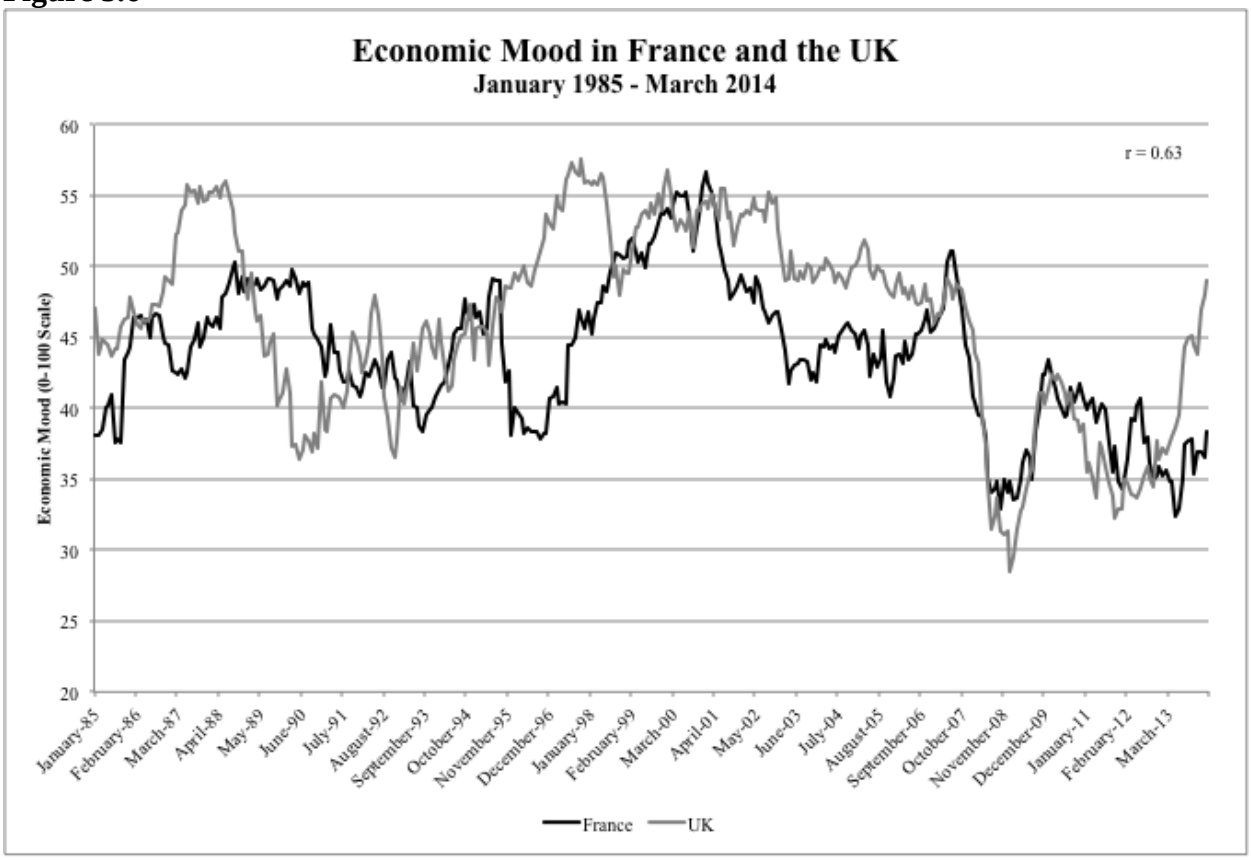


Figure 5.5 demonstrates that since 2007, the indebtedness of France and the UK has increased substantially. This is especially the case for Great Britain, whose total government debt increased from 43% of GDP in 2007, to 61% in 2008, 75% in 2009, and 85% in 2010. While the rise of government debt in France has been somewhat less dramatic than that of the UK since the onset of the Great Recession, it too increased its total indebtedness by more than 29% between 2007 and 2010.

Because the French and British economic experience has been quite comparable since the early 1980s, one would not be surprised to find that the dynamics of economic opinion in the two countries have been quite similar. Figure 5.6 below reports a measure of economic mood in France and the UK between January 1985 and March 2014. The measure is constructed using

consumer opinion data from Eurostat[56], and is compiled with Stimson's (1991[57]) dyad ratios algorithm. Figure 5.6 reveals that movement in the two time series have largely mirrored one another, correlating at a level of 0.63.

Figure 5.6



With the exception of the mid to late 1990s, economic opinion in France and the UK has advanced similarly in the two countries, and demonstrated its steepest decline in 2008 during the onset of the Great Recession. With economic opinion responding similarly to comparable macroeconomic stimuli one might expect that redistributive politics and in turn, income

[56] Eurostat's consumer opinion data can be accessed at http://ec.europa.eu/economy_finance/db_indicators/surveys/index_en.htm.

[57] See also http://www.unc.edu/~jstimson/Software.html for more information regarding WCalc, a program that can be utilized to apply the algorithm to public opinion data. I include further details on constructing the series for each country in the appendix to this chapter.

inequality, has followed a similar trajectory in the two economies. In fact, just the opposite is true, as I demonstrate below.

Figure 5.7

Figure 5.7 tracks income inequality in the two countries over the past three decades. As of 1979, income inequality in the two countries was not all that different. In fact, France's level of inequality was slightly higher at a 90th income percentile to 10th income percentile ratio of 3.9:1 versus the UK's at 3.5:1. However, since that point in time, the two countries trajectories in terms of income inequality have diverged considerably. While income inequality has increased dramatically in the UK, it has actually declined slightly in France over that time span. How can two economies that have converged in so many ways display such great difference in their inequality dynamics?

To answer this question I will demonstrate that despite the similarity in timing and scope of the economic challenges that they have faced, France and the UK have often opted for distinct policy paths in shaping how economic resources are distributed within their respective countries. These distinct policy paths have taken shape despite similar (i.e. negative) public reactions to macroeconomic downturns since 1980, which I have demonstrated correlate negatively with public opposition to inequality. However, finding political solutions to income inequality necessitates that political demand for redistribution is met with governmental supply of income equalizing social policies. That these two conditions have occurred jointly in France much more frequently than they have in the UK helps explain why inequality has advanced so differently in these two economies over the past 30 years.

II. British Redistributive Politics Under Recession Since 1980

This chapter views recessions as critical junctures for macroeconomic management. During these periods of economic upheaval governments are confronted with difficult choices as to how to best respond to the onset of recession. In the case of France and the UK, a clear pattern emerged as each country encountered recessions since 1980. Both countries experienced economic slowdowns in the early 1980s, the early 1990s, and the Great Recession. In each case, there is evidence supporting both downturns in economic opinion, as well as increasing public opposition to income inequality. However, while left-leaning French governments routinely responded to these crises with equality enhancing social policies, Conservative British governments answered with policies intended to cut costs and rollback the welfare state. I argue that these policy responses to recessions have shaped the trajectory of income inequality in both countries, and help to account for why inequality has increased in the UK while declining

slightly in France over the same period of time. I begin here with a review of the UK, and follow that with an explication of redistributive politics in France.

The Early 1980s

Margaret Thatcher took office as the Prime Minister of the UK in May 1979. She inherited an economy still reeling from the oil shock and stagflation that had adversely impacted the fortunes of many advanced economies around the globe. Thatcher's stated economic objectives upon taking office were to cut both central government expenditures as well as levels of taxation. By cutting both expenditures and taxes, Thatcher hoped to reduce both public sector borrowing as well as the share of national resources that are channeled through the state. Beyond lessening the size of the British government's presence in its economy, reducing public sector borrowing was also intended to lower the rate of growth of the money supply and to bring down the rate of inflation. However, rather than reduce public expenditure's share of the overall economy, its share actually increased by an average of 2.2% per year between 1979 and 1985. Therefore, "the Thatcher Government held the growth of public spending substantially below post-war rates, but it did not depress spending as successfully as the preceding Labour administration" (Hall 1986, 113).

There are myriad reasons why Thatcher's administration failed to cut spending in accordance with its stated objectives, but here I focus on the role of public opinion in shaping its inability to slash public expenditure. Although publicly Thatcher attributed Britain's economic woes to "big government," she ultimately proved unwilling to dismantle the UK's major social policy programs. Public opinion polls during this time period demonstrated that even those Britons who were critical of British governmental inefficiency "did not want to see substantial

cuts in the National Health Service, primary education, unemployment insurance, or old age pensions" (Hall 1986, 113). Public opinion's opposition to cuts in these welfare state programs hindered the capacity of the Thatcher Government to achieve its budget cutting objectives, as they accounted for nearly half of total public expenditures in the early 1980s (Hall 1986).

These attitudes expressed by the British public extended beyond these specific social policy realms, and into the area of income inequality and the role of government in redistributing economic resources from rich to poor. Evidence from the British Social Attitudes Information System (British Social Attitudes Information System) indicates that as early as 1983, 74% of Britons thought that the gap between individuals with high incomes and those with low incomes was too large. The proportion of Britons holding this view continued to grow towards the end of the 1980s, as the British economy once again stagnated after a brief recovery in the mid 1980s. By 1989, 82% of those surveyed in the UK thought that the income gap was too large, while only 27% of Britons surveyed in 1987 thought that large income differences are necessary for Britain's prosperity (British Social Attitudes Information System). These attitudes towards income inequality even translated into fairly robust demand for income redistribution, with 42% of survey respondents agreeing or strongly agreeing that they thought that income and wealth should be redistributed towards ordinary working people in 1985 (British Social Attitudes Information System). This figure is particularly striking given the Thatcher Government's rhetoric at the time opposing government intervention into markets, and supporting reductions in the overall size government as a means of becoming more efficient.

Although Thatcher was relatively unsuccessful in cutting social policy programs during her early tenure, due in part to strong public support for these programs, this does not mean that austerity programs that her government put into action were without distributional consequences.

Thatcher raised expenditure taxes to a proportionally greater degree than income taxes. This is significant because expenditure taxes tend to be more burdensome for low-income citizens. The bottom income quintile in Britain spent 21% of its gross income on expenditure taxes in 1975, 23% in 1979, and 27% in 1983 (Hall 1986, 123). In addition, while Labour sought to manage the distribution of income through negotiations with producer groups and unions, as well as higher transfer payments to low-income earners, the Conservatives pursued a distinctly different tactic. Instead, the Thatcher-led Conservatives approached austerity by seeking to reinforce market mechanisms through increased work incentives and the flexibility of factor inputs into the economy (Hall 1986, 123).

As a consequence, while the costs of austerity were distributed more or less evenly across the population under the previous Labour administration, Thatcher's Government placed the costs of austerity disproportionately on the shoulders of low-income earners and the unemployed. "While Labour policy narrowed income differentials across the population, Conservative policy has widened the disjunction in material well-being between the affluent and the poor, between those in work and those without it, and between those with considerable power in the labor market by virtue of wealth or skills and those without such power" (Hall 1986, 124). By the mid 1980s, it became clear that Thatcher's economic policies led to a substantial increase in the number of jobless and poor. In 1982, more than 35% of Britons located in the bottom income quintile were unemployed, compared to just 17% in 1976 (Hall 1986).

From the perspective of the Thatcher Government, there also were definite political benefits to be gained by putting in place economic policies that deepened the divide between rich and poor. Within the UK during the 1980s, decline in manufacturing and the growth of the service sector led to an increase in the proportion of white to blue-collar workers. This served to

shrink the traditional electoral base of the Labour Party, while creating new political cleavages that enabled Conservatives to target constituencies that previously had been loyal to Labour (Hobsbawm et al. 1981).

In sum, Thatcher's rise to power occurred while Britain was still mired in a deep recession. Thatcher utilized this as an opportunity to reshape the British economy according to an economically conservative policy agenda. Still, British public opinion during this time period served as restraint against further retrenchment of welfare state policies. In the absence of vocal public support for social policies including NHS, pensions, and unemployment insurance, the Thatcher Government would have been placed in an even stronger position to roll back social programs that supported lower income Britons. Furthermore, polls from this period indicate that the British public was beginning to display intolerance for an increasingly unequal distribution of income. In 1983, nearly 3 in 4 survey respondents in the UK thought that the gap between rich and poor was too large, while just over a quarter of respondents thought that income gap was necessary for insuring Britain's prosperity.

Combined this evidence suggests that while the Labour Party's inability to effectively navigate the oil shock and stagflation of the 1970s gave the Thatcher Government room to shift macroeconomic policy in the UK, British public opinion did serve as a constraint against Conservatives' capacity for even greater reforms. However, Conservatives' control of Parliament precluded the supply of more redistributive social policies during this time of economic downturn. Consequently, although opinion polls suggested that the public supported a reduction in the gap between the rich and poor, the conservative policy agenda promulgated by the Thatcher Administration was inconsistent with this perspective. In short, despite widespread

aversion to the UK's level of income inequality, Conservative policymakers under Thatcher pursued fiscal policies that reinforced the growing income gap in the UK.

The Early 1990s

Recession again struck the UK in 1989 and endured until 1993 when the economy returned to producing capacity-level output. The precise source of this extended downturn in economic performance in Britain is somewhat contentious, however it appears that unlike the recession of the early 1980s, this one did not stem from exogenous shocks. Instead, this period of protracted economic decline originated in a reversal of excessive confidence that had been building during the late 1980s (Dow 1998). Most of the economic slide that the UK experienced in the early 1990s occurred due to shortfalls in consumer spending as well as fixed investment in private industry (Dow 1998).

The recession ushered in the end of Thatcher's 11-year reign as leader of the Conservatives, with John Major assuming power as party leader and Prime Minister in 1990. Upon commencing his term in office, one of the primary priorities of Major's Administration was to oversee the recovery of the British economy. This proved difficult because the mechanism most commonly pursued by Tories seeking to bolster growth is to reduce the tax burden of British citizens. However, the early 1990s found a British public that was staunchly opposed to the rolling back of the welfare state (Boix 1998). Close to 90% of the British public expressed support social spending targeted towards eradicating poverty, while more than three out of Britons thought that welfare spending should remain at its current level or be increased. Consequently, electoral calculations on the part of the Conservative leadership precluded any substantial reduction in welfare spending as a means of seeking to stimulate growth. At most,

the Conservative Party inherited by Major appeared content to point out disincentives produced by the provision of various social policy frameworks, and to air its grievances with the managers of specific policy programs (Boix 1998).

In hindsight, the reluctance of Conservatives to rollback the British welfare state in the early 1990s seems to have been a wise political tactic. British polling data from the period indicates that public opposition to income inequality increased alongside the downturn in the economy. Figure 5.8 below reports the proportion of the British public who believes that the gap in incomes between high and low-income earners is too large[58].

Figure 5.8

The figure reveals steady increase in British opposition to income inequality throughout the period, with the most dramatic increase occurring between 1991 and 1993, after the reality of the

[58] The data for the figure come from the British Social Attitudes Information System, and can be downloaded at www.britsocat.com.

recession had taken hold of the British public. In addition, the recession also correlated with a decline in the number of British citizens who thought that income inequality was a necessary condition for the maintenance of British prosperity. In 1987, 27% of British survey respondents answered that they thought that large income differences are necessary for British prosperity. By 1991, this figure had shrunk to 19% of the British public[59].

Therefore, despite the stated objective of Conservatives to slash public sector indebtedness, British welfare programs largely avoided the chopping block as the party transferred leadership from Thatcher to Major. How were the Conservatives able to enjoy continued electoral success, and in particular avoid alienating their ideological base, while leaving the British welfare state largely in tact? The answer lies in two macroeconomic policy successes that the Conservatives enjoyed during their reign in the 1980s and 1990s. In both cases, low-income British citizens again bore the brunt of the distributional costs of these policies. The first policy victory was that Thatcher and Major's Conservatives were able to successfully reduce the inflation rate at the expense of escalating unemployment (King and Wood 1999). While prices climbed approximately 18% in 1980, by 1993, the inflation rate had been reduced to approximately 2.5% (see Figure 3). For supporters of right-wing parties, high levels of unemployment are generally a lower priority than maintaining relatively low levels of inflation (Hibbs 1977, 1982). Consequently, although unemployment continued to increase while the economy remained under Conservative stewardship, the Conservatives were rewarded for their ability to keep prices under control (King and Wood 1999).

The second policy success achieved by the Conservatives was their reduction in public sector borrowing. Public sector borrowing fell from 5.7% of GDP to 2.8% of GDP between 1980 and 1990, a reduction that is all the more surprising when one considers that real public

[59] These data again come from the British Social Attitudes Information System (www.britsocat.com).

spending actually increased alongside a decrease in taxes across income levels (King and Wood 1999). This "fiscal miracle" was achieved during a period of recession through revenues from the North Sea oil boom, revenue from council house sales, and receipts from the privatization of public industries (King and Wood 1999). As a result of these additional revenues for government coffers, Conservatives were able to successfully sell a record of decreased public borrowing and lower taxes, all while maintaining a relatively high real spending rate. Such a record again won Conservatives the national elections in 1992, which continued their control of Parliament that lasted between 1979 and 1997, when Tony Blair was elected Prime Minister.

Most important for the purposes of this analysis is that despite rising opposition to income inequality, the UK's Conservative government continued to pursue a supply-side policy agenda that placed little emphasis on controlling unemployment, while simultaneously reducing the supply of low-income housing and privatizing previously nationalized industries. Combined, these policies enabled Conservatives to cut public sector borrowing, while placing the distributive costs of these policies squarely on the shoulders of Great Britain's lower and working class citizens. Thus, while public opinion served as a barrier against further welfare state rollback, it did not prevent Conservatives from again pursuing a fiscal policy agenda that reinforced growing income differences in the UK.

The Great Recession

Distributive politics in the UK under the Great Recession can be divided into two distinct parts. The first part, lasting from June 2007 until May 2010, consists of the inception of the crisis, during which time Labour was in government under the leadership of Prime Minister Gordon Brown. The second part is demarcated by the ascension of the Conservative-Liberal Democratic

coalition to power after the May 2010 elections. While these two governments have taken distinct approaches to addressing the crisis in the UK, neither has been particularly successful at turning around the fortunes of the British economy. Meanwhile, aversion towards the gap between rich and poor has continued to escalate during this time period, with the British public voicing increasing opposition to income inequality in recent years.

Beginning with the Brown Government that took office in June 2007, its response to the Great Recession was shaped early on by the rescue of Northern Rock Bank. By September 2007, having incurred significant losses as a result of investments it had made in subprime mortgages, Northern Rock began seeking liquidity support from the Bank of England. In February 2008, the Brown Government nationalized Northern Rock, after two private proposals to rescue the bank were rejected (BBC News[60]). However, the British economy continued to slide throughout 2008, leading to at 7.85% drop in the stock market on October 6 (BBC News[61]). In response, the Brown Government announced a £400 billion rescue package on October 8. The funds, intended to restore confidence in the market, provided additional liquidity for British banks, guarantees for short-term loans and interbank lending, as well as £50 billion in investment in the banks themselves (BBC News[62]).

While these efforts were largely successful in stabilizing the UK's banking sector, they limited the capacity of the Brown Government to provide assistance to the rest of Britain's economy. By 2007, British government debt exceeded 40% of GDP. Over the course of 2008, this number escalated to greater than 60% of GDP (see Figure 5), stemming from the significant government outlays to support British banking. Still, the Brown Government attempted to stimulate the British economy through a combination of fiscal mechanisms; these included a tax

[60] See http://news.bbc.co.uk/2/hi/business/7249575.stm. Accessed on March 3, 2014.
[61] See http://news.bbc.co.uk/2/hi/business/7655288.stm. Accessed on March 3, 2014.
[62] See http://news.bbc.co.uk/2/hi/business/7658277.stm. Accessed on March 3, 2014.

cut for basic rate (i.e. lower income) taxpayers as well as a cut in the value added tax of 2.5%, combining for a total stimulus of approximately £20 billion[63] (BBC News[64]). These tax cuts contributed to the growth of British Government indebtedness, which grew to greater than 80% of GDP at its peak during the crisis in 2010. Opposition party leaders David Cameron (Conservative) and Nick Clegg (Liberal Democrat) hammered the Labour Government for the combination of Britain's sluggish recovery and growing debts, which ultimately cost Labour the election in May 2010.

The most notable aspect of the 2010 election was that it yielded no clear victor, and Cameron was forced to form an alliance with the Liberal-Democrats in order to form a government. The Conservative-Liberal Democrat coalition immediately enacted an austerity plan intended to bring down the government debt, which the coalition blamed for the country's sluggish growth. The austerity program included a reduction in approximately 490,000 public sector jobs, an average 19% cut in 4-year departmental budgets, £7 billion in welfare program cuts, and a rise in the age of retirement from 65 to 66 by 2020 (BBC News[65]). Having announced these plans in the fall of 2010, by November 2011 Prime Minister Cameron admitted that reducing Britain's debts was "proving harder than anyone envisaged" (The Telegraph). In the same speech, Prime Minister Cameron claimed that the government had to press on with its deficit reduction plans despite the fact that its current debts acted as a drag on growth. He further argued that there was "no evidence" that additional spending and borrowing would ultimately lead to less debt (The Telegraph[66]).

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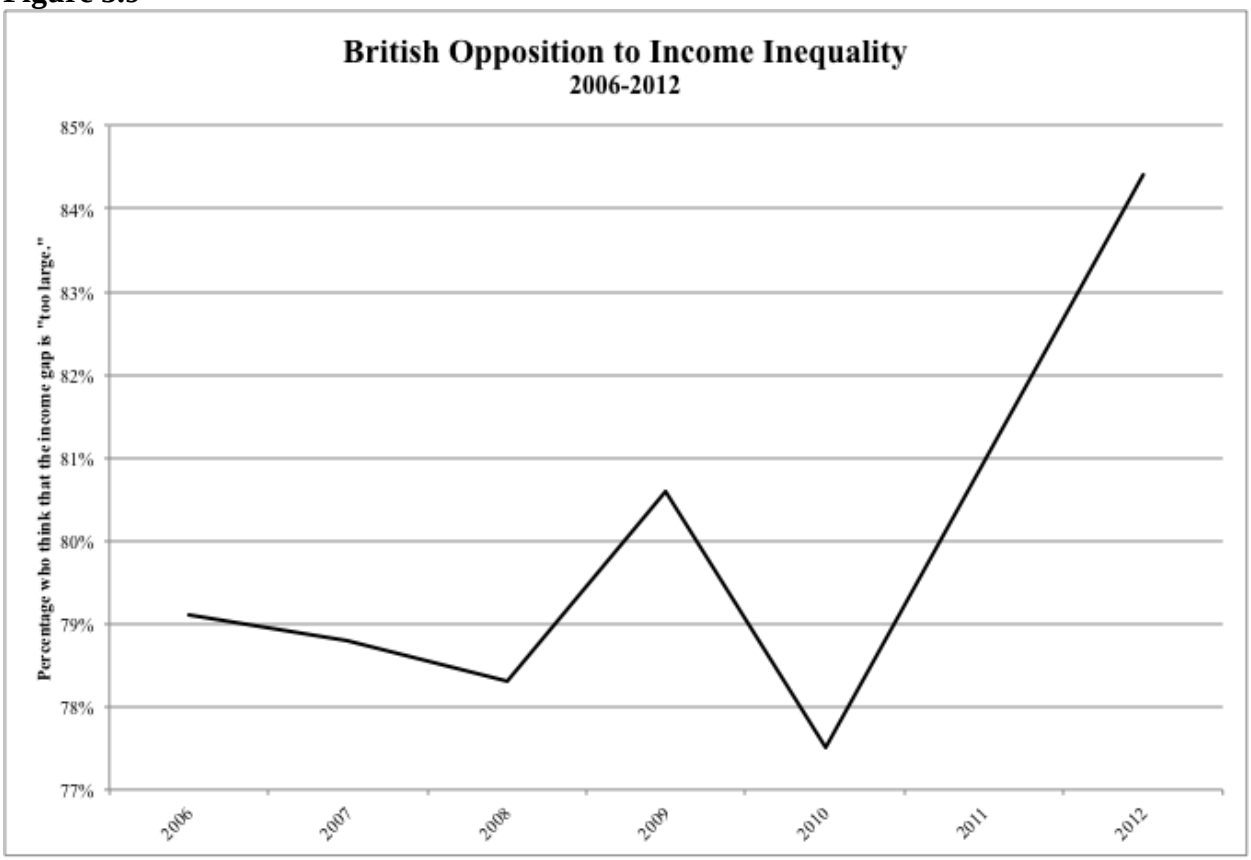
[63] This figure reflects a stimulus equivalent to approximately 1% of the UK's GDP.
[64] See both http://news.bbc.co.uk/2/hi/uk_news/politics/6472999.stm and http://news.bbc.co.uk/2/hi/uk_news/politics/7745340.stm. Accessed on March 3, 2014.
[65] See http://www.bbc.com/news/uk-politics-11569160. Accessed on March 3, 2014.
[66] See http://www.telegraph.co.uk/news/politics/david-cameron/8904118/David-Cameron-deficit-harder-to-clear-than-first-thought.html. Accessed on March 3, 2014.

Cameron's coalition has also taken on the British welfare state, claiming that receiving welfare has become an "acceptable alternative" to working (The Telegraph[67]). The focal point of these efforts has been to place a cap on the amount of welfare assistance that a household can receive in a year at £26,000. Commenting on the cap Prime Minister Cameron stated: "In many cases the answer will be for someone in that family to go out and work, and that will be the right answer for that family." Prime Minister Cameron has defended his government's welfare reforms as part of his "moral mission" for the UK, and that his long-term economic plan for the country is "not just about doing what we can afford, it is also about doing what is right" (The Independent[68]).

Public opposition to income inequality under the Conservative-Liberal Democrat coalition has increased significantly since 2010. Figure 5.9 below tracks British opposition to income inequality between 2006 and 2012.

[67] See http://www.telegraph.co.uk/news/politics/9034237/David-Cameron-Dont-complain-about-welfare-cuts-go-and-find-work.html. Accessed on March 3, 2014.
[68] See http://www.independent.co.uk/news/uk/politics/david-cameron-defends-welfare-reforms-against-archbishops-criticism-9137885.html. Accessed on March 3, 2014.

Figure 5.9



The figure reveals that British opposition to inequality under the Conservative-Liberal Democrat coalition has increased by approximately 10% between 2010 and 2012. While greater than 3 in 4 Britons surveyed thought that the income gap was too large in 2010, by 2012 this percentage had escalated to nearly 85%.

Not only has opposition to the gap between rich and poor increased during this period, but so too has support for redistribution. In 2010, 35.8% of British survey respondents agreed that the government should redistribute income for those that are "better-off to those who are less well off" (British Social Attitudes Information System). By 2012, this percentage had increased to 42.1% of Britons surveyed. In addition, the number of British survey respondents who thought "the government should spend more money on welfare benefits for the poor, even if it

leads to higher taxes" increased from 29.6% to 34.6% between 2010 and 2012. Finally, the number of Britons who thought that taxes should be increased to spend more on health, education, and social benefits increased from 30.9 to 35%, while the number who thought that taxes should be reduced to spend less in these areas decreased from 8.9 to 6.5% (British Social Attitudes Information System).

In short, the Coalition's efforts to push its austerity agenda have been met with increasing hostility from the British public. As the UK's economy has continued to struggle in the wake of the Great Recession, public opinion has responded with more vocal aversion to income inequality, and stronger support for policies aimed at reducing the income gap. Still, most crucial here is the Coalition's adoption of austerity policies at a critical juncture for Britain's macroeconomy. And while the full scope of the distributional consequences of this agenda is not yet known, it is likely that the policies pursued by the Conservative-Liberal Democrat coalition will help to widen the economic disparity between high and low-income British citizens.

III. French Redistributive Politics Under Recession Since 1980

The trajectory of income inequality in France over the past three decades has been quite distinct from that of its neighbor across the English Channel. In fact, income inequality in France has actually undergone a slight reduction since the early 1980s. While French income inequality was actually slightly higher than that of the UK in 1980, by 2010 this trend had reversed, with the 90/10-income decile ratio being nearly 50% greater in Great Britain (see Figure 7). As will become clear, during periods of economic struggle, the French public has expressed a strong opposition to income inequality. In turn, mostly leftist French governments have responded to these demands by supplying social policies intended to mitigate the expansion of the income gap.

This pattern has contributed to French success in combating expanding levels of income inequality relative to other rich democracies during this three decade time period.

The Early 1980s

In May 1981, Francois Mitterrand became the first Socialist president of France under the Fifth Republic. Unlike Prime Minister Thatcher in the UK, President Mitterrand inherited a French economy that had come out of the oil shock and inflationary period of the 1970s in decent health. Growth was low, averaging less than 2% of GDP per year through the first half of the decade, but France benefitted from a comparatively small current account deficits and falling inflation throughout this time period (see Figures 5.1, 5.3, and 5.4).

President Mitterrand promised a great deal in his 1981 presidential campaign, most specifically, a Socialist government that would restore French economic prosperity. These promises were bolstered when in June 1981, a Socialist majority returned to the National Assembly for the first time in 23 years. President Mitterrand embarked on a plan of "redistributive Keynesianism" immediately after his election, expecting that government spending would raise the incomes of lesser-paid workers and reduce unemployment (Hall 1986). President Mitterrand increased family allowances, housing allocations for low-income citizens, old-age pensions, and expanded health insurance for part-time and unemployed workers. In addition, he increased France's minimum wage by nearly 15% in real terms between the time he took office in May 1981 and December 1982 (Hall 1986).

President Mitterrand also enacted a number of programs shortly after he took office to combat rising unemployment in France. The first reduced the workweek from 40 to 39 hours, and provided the workforce with a fifth week of vacation. The second enabled French workers

from 55 to 60 to retire on 70% of their salary if their firms replaced them with younger employees. Finally, the third was enacted in March 1982, and allowed workers who had paid social security contributions for 37.5 years to retire at age 60 on 80% of their income. To supplement these job creation programs, the French Government itself hired a further 200,000 workers. All told, these job creation programs and the raising of the minimum wage had a substantial distributive impact on the French economy. Unemployment was reduced, and the position of low-income workers was improved during a time when many other economies across Europe struggled mightily (Hall 1986). Later in the decade, these reforms handicapped the Mitterrand Government due to developing financial and demographic pressures (Palier 2006; Häusermann 2010). An aging workforce and growing budget deficits incurred as a result of the redistributive Keynesian strategy pursued by the Socialists quickly became expensive, restricting the Government's capacity for further reforms (Hall 1986; Häusermann 2010).

This inability to push through further redistributive policies posed a political challenge for the Socialists, who had promised much during their 1981 campaigns. Although the early reforms of the Mitterrand Government brought down unemployment in 1981 and 1982, they failed to hold back unemployment increases throughout the remainder of the decade. The Socialists had hoped to cement a political marriage between the French working class and middle-income professionals. However, rising unemployment had a particularly adverse effect on the working class, leaving much of the Socialists' base unsatisfied with the performance of the party with Mitterrand at the helm. Consequently, rather than forming a new cross-class alliance, the tactics pursued by the Socialists in the early 1980s deepened social divisions in France (Rosanvallon 1983; Hall 1986).

The early 1980s in France therefore represents somewhat of a departure from the other periods being analyzed in this chapter. Rather than being defined by a devastating recession, as it was in the UK, this period is best characterized by the French Left receiving a mandate to kick-start a stable but slowly growing French economy. President Mitterrand and the Socialists utilized this mandate to enact an explicitly redistributive policy regime. However, unfortunately for them, their policy program was restricted by demographic trends and weakened economies elsewhere in Europe. As a result, their efforts to rescue French workers fell short of what they had promised throughout their campaigns in 1981. Ultimately though, President Mitterrand's pursuit of a more equitable economic pie did begin a trend that remained constant throughout this three decade period in France. When confronted with periods of economic downturn, French political elites have consistently supplied the French electorate with policies aimed at improving the financial welfare of the French working class and middle-income professionals.

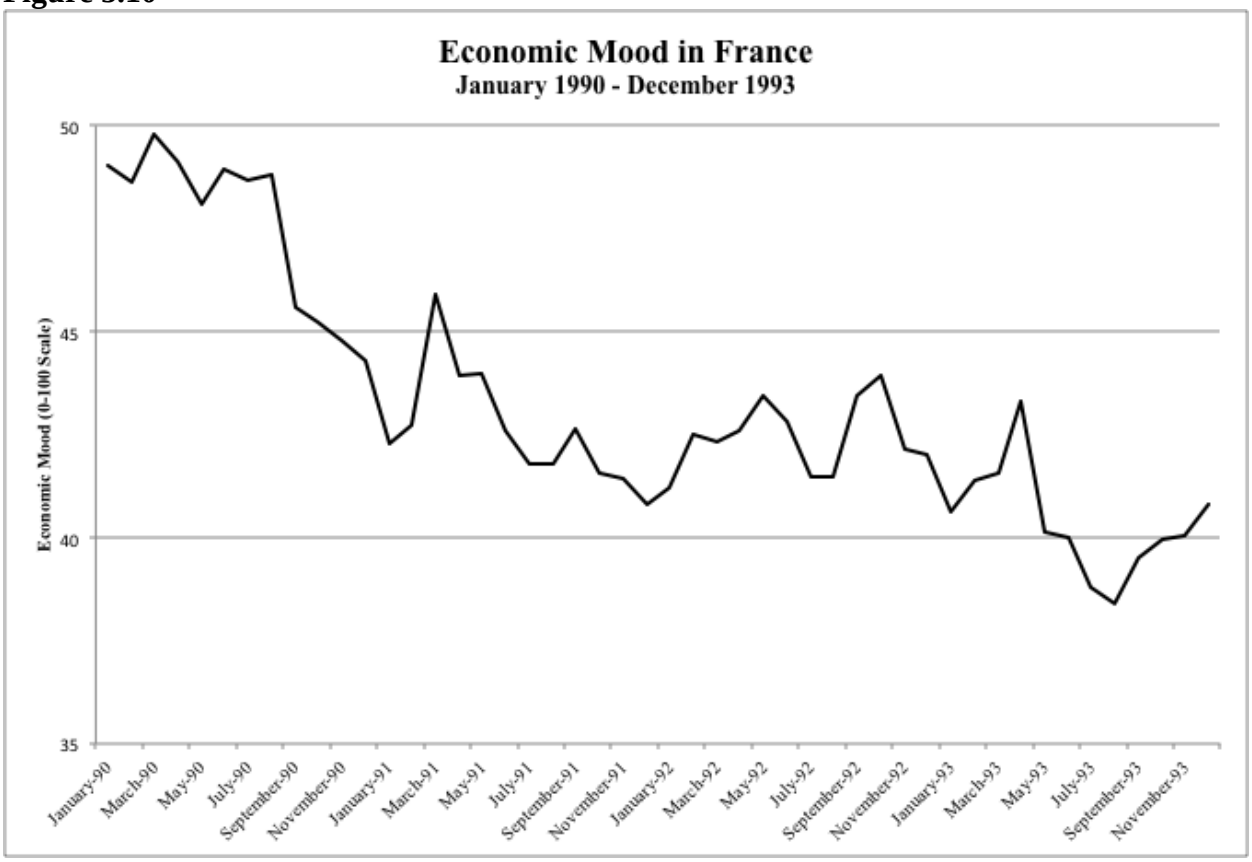
The Early 1990s

President Mitterrand was reelected in the spring of 1988, as the French economy experienced a strong surge, boasting growth figures that averaged 3.8% of GDP between 1988 and 1990. By 1990, unemployment also reached 8%, its lowest mark since 1983. However, by 1991, the French economy experienced a downward swing. Growth plummeted to just over 1% of GDP by 1991, and averaged 0.62% of GDP between 1991 and 1993. Unemployment also climbed, reaching double digits by 1993 (10.6%), and staying at this level until 2000 (see Figure 5.2). A growing current account deficit also contributed to growing French government indebtedness, which rose to over 40% of GDP by 1995, and has escalated almost continuously since that point in time (see Figure 5.5).

The source of this recession across Europe can be traced to a large swing in economic confidence following the boom years of the mid to late 1980s (Dow 1998). During this boom the French economy grew despite relatively weak consumer demand, and when growth began to slow in the early 1990s, the high savings ratio of the French public reinforced this pattern. The decline in economic confidence across Europe stemmed from numerous international trends, including restrictive monetary policy and the Gulf War, which resulted in a spike in oil prices globally in 1990 (Dow 1998). While this recession was not as harmful for France and other continental European (i.e. Germany and Italy) countries as it was for English-speaking countries (i.e. the UK, USA, Australia, and New Zealand) and Japan, its consequences were still widely felt by the French public.

Weak consumer demand in France was reflected in French economic opinion. Figure 5.10 below tracks economic mood estimates of the French public between January 1990 and December 1993.

Figure 5.10



The figure demonstrates a sharp decline in economic mood beginning in the second half of 1991, and continuing until late 1993, when it again began to show some improvement. Economic mood hit its low point in summer of 1993, which corresponds closely with the path of the objective economy during this period. The French economy was suffering from a negative growth rate, and unemployment reached levels of nearly 11% (see Figures 1 and 2). In sum, the recession of the early 1990s was among the worst economic downturns that France had experienced since World War II.

To combat the decline of the French economy, French lawmakers responded by reinforcing France's social safety net. In total, French social spending increased by nearly 20% between 1990 and 1995 (OECD). A portion of this increase can be attributed to the triggering of automatic stabilizers already built in to the French welfare state apparatus. However, much of it

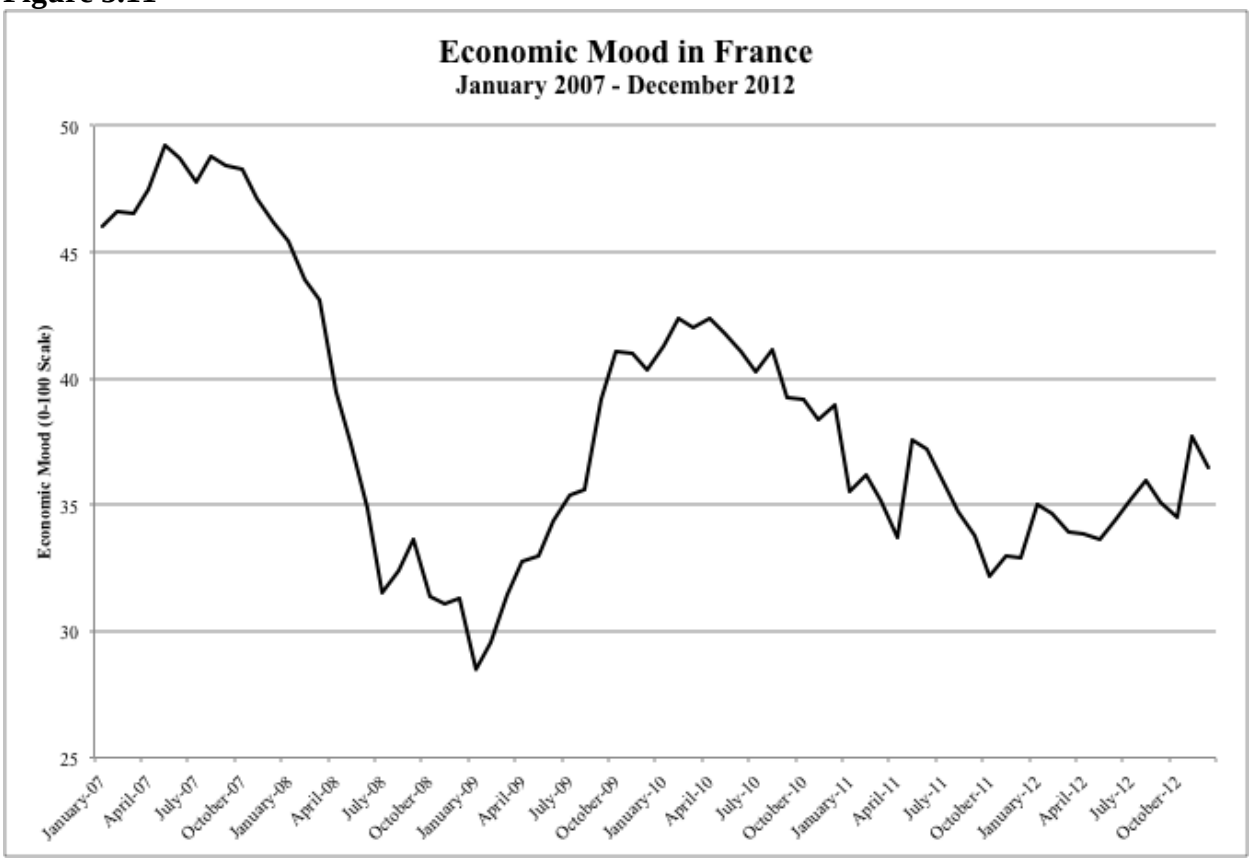
reflects the work of French policymakers, led by President Mitterrand, to bolster the economic welfare of at-risk French citizens. These efforts included a new form of unemployment insurance, which replaced multiple benefit programs with a single benefit, the AUD (*Allocation Unique Dégressive*) (Palier 2000). As a result, the recession did not yield escalating levels of income inequality in France during the first half of the 1990s. Indeed, the gap between the highest and lowest 10% of income earners held steady at a ratio of approximately 3.5 to 1, enabling France to maintain one of the more equitable income distributions in Europe despite the economic tumult it experienced during this period.

The Great Recession

As was the case in the UK, executive leadership in France changed hands during the Great Recession. With the economic environment failing to improve, the French electorate replaced President Nicolas Sarkozy, of the center-right *Union pour un Mouvement Populaire* (UMP), with a Socialist, Francois Hollande. President Hollande defeated the incumbent Sarkozy in the runoff by a margin of just greater than 3%, and assumed office on May 15, 2012.

Between 2007 and 2012 the French economy grew at a rate of just 0.47% of GDP per year. During this time unemployment averaged 9.2% and government debt more than doubled, reaching a level of 85% of GDP by 2010 (see Figures 5.1, 5.2, and 5.5). The downturn was reflected in French citizens' economic opinions, as is demonstrated below in Figure 5.11, which tracks French economic mood between January 2007 and December 2012.

Figure 5.11

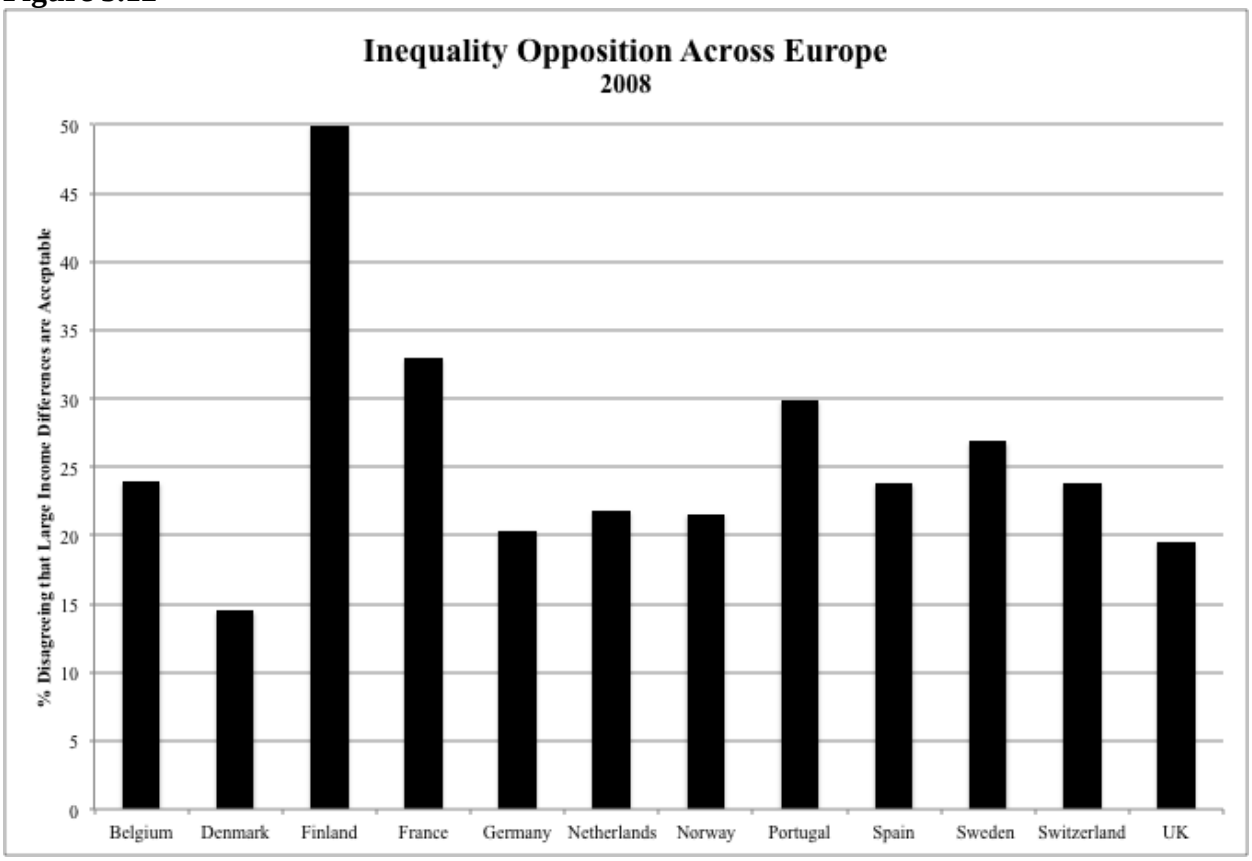


The figure shows that economic opinion in France was at its most pessimistic during the fall of 2008 and winter of 2009. It then undertook a partial recovery throughout 2009, before reverting to a downward trajectory in early 2010. Between early 2011 and late 2012 economic mood in France maintained a consistently negative, albeit stable, tone. At no point during this time frame did economic mood ever display signs of reclaiming its pre-Great Recession levels.

The steep downward trend in French economic opinion between late 2007 and early 2009 corresponds with healthy public opposition to income inequality, along with support for redistribution during this period. Figure 5.12 below reports public opposition to income inequality across 12 European countries in 2008, with respondents being asked whether they

agree that large income differences are acceptable.[69] With the exception of Finland, no country included in the sample below displays a higher level of opposition to income inequality than France.

Figure 5.12



French responses to this question also do not serve as an outlier when it comes to voicing their concern regarding the wellbeing of those towards the bottom of the income distribution. On the same survey nearly 2/3 (62.5%) of French respondents thought that for society to be fair differences in standard of living should be small; approximately half (49.55%) thought that low-income citizens get fewer benefits than they are legally entitled to; and nearly 3/5 (59.58%)

[69] Specifically the question asks whether respondents agree "large income differences are acceptable to reward differences in talent and effort?" Respondents are able to strongly agree, agree, neither agree nor disagree, disagree, or strongly disagree. This dependent variable is also used as the primary dependent variable that is analyzed in Chapter 3 of this manuscript. The data for this question comes from Round 4 of the European Social Survey (europeansocialsurvey.org).

thought that there are insufficient benefits to help those in France who are in a position of "real need." For all these questions France exhibits a public concern for the disadvantaged that is well above the sample average, and frequently places it among the top few countries in Western Europe. France's support for redistribution also remained consistently high between 2008 and 2010, with nearly 4 in 5 (79.13%) French survey respondents stating that they thought that the government should seek to reduce differences income differences. This opinion was robust across income groups, with 70% of respondents from the highest income quintile expressing support for redistribution[70].

This opposition by the French public to discrepancies between the haves and have-nots placed pressure on President Sarkozy to address the financial struggles of French citizens placed at risk by the Great Recession. In 2008 he introduced a program to subsidize work contracts of French businesses in an effort to stave off escalating unemployment (The New York Times[71]; OECD 2009). This program was part of larger stimulus package that emphasized investment in public infrastructure and support for small enterprises (OECD 2009). President Sarkozy also initiated a series of tax cuts to stimulate demand between 2008 and 2010, including the elimination of local business taxes (*taxe professionnelle*). His administration further sought to expand the welfare state as a means of supporting at-risk French workers. These included an increase in the benefit rate for part-time workers who were laid off, as well as support bonuses for low-income families and those supporting children, handicapped, or elderly relatives (Levy 2011). Finally, President Sarkozy enacted a "youth employment plan" in April 2009, which committed €1.3 billion to efforts encouraging employers to train and hire French workers under

[70] The quintile breakdown of support for redistribution in France is as follows: Quintile 1 (85%); Quintile 2 (83%); Quintile 3 (81%); Quintile 4 (79%); Quintile 5 (70%). The data come from the European Social Survey, Waves 4 and 5.
[71] See http://www.nytimes.com/2008/10/30/world/europe/30france.html.

the age of 26 (Levy 2011). As a consequence of these fiscal commitments, France ran large budget deficits during this period, which ultimately yielded the massive 85% of GDP debt load incurred by the government as of 2010.

France's growing indebtedness culminated in a downgrading of its credit rating in January 2012, which contributed to President Sarkozy's declining popularity. By the end of 2011, Sarkozy's approval rating stood at just 34%, a record low for an incumbent French president in the months leading up to an election (Bloomberg[72]). Therefore, it was unsurprising to most when the challenger Hollande led Sarkozy throughout the campaign, and ultimately defeated him in a runoff in May 2012.

President Hollande focused his campaign on the French economy, and in particular steps that he planned to take to help France recover from the impact of the Great Recession. Hollande was openly critical of the austerity measures adopted by President Sarkozy throughout 2011 and early 2012, and that had become popular across many of Europe's heavily indebted nations. He promised a 75% tax rate on the richest French households, and that unemployment would drop by the end of 2014 (The Economist[73]). While Hollande's 75% tax measure did not make it through France's Constitutional Council, he did manage to pass a corporate payroll tax for high-income employees. In addition, to combat the growing fiscal shortfall, Hollande was forced to enact a series of middle-income tax increases, and began discussing the need for possible reform within France's pension system and social safety net (The Economist[74]). By the end of 2012,

[72] See http://www.bloomberg.com/news/2011-12-18/sarkozy-approval-at-lowest-for-incumbent-poll.html.
[73] See http://www.economist.com/news/europe/21593421-french-president-promises-serious-supply-side-reformsagain-fran-ois-hollande-liberal.
[74] See http://www.economist.com/news/europe/21579827-socialist-president-who-has-no-alternative-cut-pension-and-welfare-spending-faces?zid=309&ah=80dcf288b8561b012f603b9fd9577f0e.

after little more than six months in French unemployment remained high at a level of nearly 11%, which was made worse by the fact that the French economy was barely growing at all[75].

Despite France's hardships during the Great Recession, it is notable that income inequality has not increased markedly during this period. Unlike most of its European neighbors, income inequality in France has remained more or less constant since the onset of the Great Recession in 2007. While it is debatable whether tax increases on high and middle-income French workers have helped or hurt France's overall recovery, it appears that French policymakers have opted for a path whereby the pain caused by the recession is more evenly distributed across workers of all income levels.

IV. Discussion

This chapter examines whether periods of declining economic opinion, which I have demonstrated facilitate heightened public opposition to inequality, actually translate into social policies that mitigate the expansion of the gap between rich and poor. To conduct this investigation, I have provided an analysis of the cases of the UK and France. While the trajectories of both countries' objective economies, as well as public opinion, have followed similar paths over the past three decades, the expansion of income inequality in each context could not be more different. While the UK's level of inequality has escalated dramatically since the early 1980s, France's has declined slightly over the same time frame. The key variable explaining this disparity between the two countries is partisan control of government. While robust public opposition to income inequality can be seen as a demand-side condition for the activation of redistributive mechanisms, this demand exerts little impact in the absence of the

[75] By the end of 2012, France's annual growth rate was reported as .01% of GDP according to the OECD. See Figure 5.1.

provision of supply-side social policies by governments. Consequently, to understand how similar public opposition to income inequality can yield such different inequality outcomes, we must look to the ideological predispositions of the governmental leadership charged with supplying social policy. Table 5.1 below provides an over time summary of the key variables discussed in the case studies.

Table 5.1

Summary of Key Variables in Redistribution Process **France and the United Kingdom** **1980-2012**			
	Public Opinion on Economy and Inequality	**Partisan Control Of Government**	**Change In Level Of Inequality**
Early 1980s Recession	*Public has generally positive outlook regarding economic performance. Middle and working class divided on Socialist welfare expansion agenda.* Prevailing public skepticism surrounding the UK economy. Public expresses strong support for the British welfare state and various social policy programs.	*PS controls 49% of the seats in National Assembly and forms majority coalition; Mitterrand (PS) is President.* Conservatives led by PM Thatcher control Parliament.	***Minimal change in the level of inequality, followed by declining inequality between 1984 and 1990.*** **Consistent, steady increase in the level of inequality; followed by more dramatic increase in second half of the decade.**
Early 1990s Recession	*Steep decline in economic opinion from early 1990s to mid-1993.* Steep decline in economic opinion from mid-1992 to early 1993, followed by upwards correction thereafter. Increasing public opposition to income inequality from 1992 to 1993.	*PS controls 45% of seats in National Assembly and forms majority coalition; Mitterrand (PS) is President.* Conservatives control Parliament throughout; Conservative Party leadership shifts from PM Thatcher to PM Major.	***Minimal change in the level of inequality.*** **Modest decline in level of inequality.**
The Great Recession	*Decline from 2007 to mid-2009. Brief recovery until early 2010, and decline thereafter.* Decline in economic opinion followed by brief upwards correction in fall 2009. Increasing public opposition to income inequality between 2010 and 2012.	*Control of both National Assembly and Presidency switches from UMP (Sarkozy) to PS (Hollande) in 2012.* Labour controls Parliament under PM Brown until 2010 election. Power then transfers to Conservative-Liberal Democrat coalition led by PM Cameron.	***Minimal change in the level of inequality through initial part of Great Recession.*** **Increase through initial part of Great Recession followed by a modest downwards correction.**
Note: Summaries pertaining to France are in italics; those pertaining to the UK are in standard font.			

The table helps to underscore the role that left party control of government plays in shaping the redistributive politics of the three recessionary eras discussed above. In the case of France, both the 1980s and 1990s recessions intersected with the presidency of Mitterrand and majority coalitions led by the PS. Fast forwarding to the Great Recession, President Sarkozy and his UMP led National Assembly went to great length to cater to redistributive sentiment in France. After their defeat in 2012 by the PS and President Hollande, the National Assembly promised further measures intended to aid low and middle-income French citizens harmed by the onset of the Great Recession. Consequently, during these critical junctures for French redistributive politics, robust demand for inequality-mitigating policies were met with governments positioned to meet such demand through their policy offerings. And over the course of the three-decade period in question, French income inequality has actually undergone a moderate decline, defying a trend of escalating levels of income inequality throughout Europe.

In contrast, consider the case of the UK. During the 1980s and 1990s recessions, UK Parliament was led by Conservative PMs Thatcher and Major respectively. In 2010, Britain's Labour Government was kicked out by a coalition of Conservatives and Liberal Democrats led by Prime Minister David Cameron, as the British economy continued to struggle in the wake of the Great Recession. Therefore, with the exception of the beginning of the Great Recession (mid 2007-2009), the UK has been led by Conservative governments during the three major recessionary periods of the past 30 years. As a consequence, while British opposition to inequality and support for the welfare state have also tended to increase during these periods, they have not intersected with political leadership interested in offering social policy solutions aimed at reducing the gap between rich and poor Britons. Also different from France, income

inequality in the UK has escalated dramatically since 1980, with the periods of most significant increase occurring after the 1980s recession as well as after the onset of the Great Recession.

To be clear, I am not claiming that there is a direct cause and effect relationship in France and the UK between recessions, left party control of government, and income inequality outcomes. There are far too many factors at play to deduce with certainty that these variables have combined to produce the divergent trajectories of income inequality in these two democracies. Still, to the extent that who governs matters (e.g. Dahl 1961; Hibbs 1977; Boix 1998), it is important to consider how public opposition to inequality interacts with policy programs offered by governments. When governments respond to public opposition to inequality with redistributive social policies, the probability that a country will be successful in reducing its level of income inequality is increased. However, when public demand for inequality reduction is ignored and met with austerity or supply-side economic policies, the likelihood of reducing a country's level of inequality appears to be markedly diminished.

V. Conclusion

Utilizing a paired comparison of France and the UK, this chapter has demonstrated that heightened public opposition to the gap between rich and poor does not serve as a sufficient condition for the reduction of income inequality. On the contrary, in the absence of a left government that supplies redistributive social policy legislation, income inequality is likely to continue to expand regardless of how averse a country's citizenry is to the gap between rich and poor.

While this chapter has offered descriptive evidence in support of the central role that partisan control of government plays in shaping distributive politics, this analysis stops short of

marking causal claims or inferences. Instead, each of the case studies is intended to illuminate dynamics of economic opinion, public opposition to income inequality, and partisan control of government that have contributed to the divergent trajectories of income inequality in two of Europe's foremost economies. Given the benefit of more directly comparable over-time attitudinal data, future research may be positioned to provide a more explicitly causal analysis than I have here. In addition, the analysis conducted in this chapter concerns only two cases, requiring further work to confirm whether these patterns are generalizable to a wider set of economic and political contexts.

Despite these shortcomings, this empirical chapter provides an important missing link in the story that this dissertation puts forth. That link concerns the relationship between heightened public opposition to inequality during recessions and how a country's level of inequality changes over-time. While Chapters 3 and 4 provided an empirical basis for the argument that declining economic opinion correlates with increasing public opposition to inequality, they do not address the extent to which shifting opinions on the economy and income inequality are associated with changes in the gap between rich and poor. Although the notion that public opinion shapes distributive politics has been previously established (e.g. Brooks and Manza 2007), these public attitudes provide only the demand side of the equation when it comes to combatting income inequality. Without a responsive government prepared to supply policies intended to reduce the gap between those at the top and bottom of the income pyramid, even the most vociferous public opposition to income inequality can fail to have an impact on a country's objective level of inequality.

This points us to an austerity paradox that we have observed in recent years when it comes to distributive politics. As has been detailed throughout this manuscript, the Great

Recession has provided a context for heightened attention to the gap between rich and poor across rich democracies. However, rather than trigger a pattern of new redistributive legislation across countries, the Great Recession has ushered in an era of austerity, where governments have generally responded to the crisis by trimming budgets and reforming social safety nets. As a consequence, while the recent recession has shed a brighter light on the gap between the haves and the have-nots, it has mostly failed to reduce objective levels of inequality. In the conclusion to this dissertation, I discuss the implications of this paradox in greater detail, and in doing so, underscore the brevity of the redistributive moment offered by recessions.

Appendix 5.1: Measuring Economic Mood

To track economic opinion over time in France and the UK, I construct a measure of economic mood for the two countries between 1985 and 2014. I adapted these series from earlier versions initially constructed in 2011 (see Anderson and Hecht 2014). The updated series contain approximately three years of additional monthly data, and are also constructed to best fit the dynamics of economic opinion in France and the UK. In contrast, the previous version had been fit to be generalizable to 11 West European countries. This appendix is adapted from the materials included in the appendix to Anderson and Hecht (2014).

To generate the two series I utilize Stimson's dyad ratios algorithm (Stimson 2008). Stimson's algorithm is analogous to conducting a factor analysis on aggregate time series data. Starting with changes over time in the marginal distributions for each survey question and calculating relative change scores for each individual survey question series, the algorithm then extracts the latent dimensions underlying the shared patterns of variance across these changes and produces the relevant number of summary series of public opinion. The algorithm is also equipped with an optional smoothing function, which we choose to employ in order to minimize the "noise" inherent in this kind of survey data. The algorithm uses exponential smoothing to account for sampling error because "one wishes to observe common movements in the evolution of issue series and not tailor a fit to particular zigs and zags that may be random variation around a deterministic process" (Stimson 1999, 135). As with any data reduction technique, the number of latent variables produced by the procedure is a function of the number of dimensions the data provide.

To examine consumer confidence in Europe both across countries and over time I proceeded in several steps. I first estimated the extent to which attitudes about a country's economy

expressed in responses to a variety of different survey questions share an underlying, latent construct over time. Specifically, I examined the dimensionality and scores of the variables measuring economic opinions over time in France and the UK. To examine whether economic mood has one dimension or two (or more), I investigated eigenvalues using all survey items available since 1985. As a first step, I assumed two dimensions of support to see if the items separate into more than one factor. The results revealed that eigenvalues were always greater than 1.0 on the first dimension—in some cases considerably so—and never close to 1.0 on the second dimension. Most items loaded very strongly across the two countries. Items that did not load consistently were omitted.

The results indicated that this first factor explained the vast majority of the variance in the opinion series and that the second factor contributes very little. Taken together the patterns of eigenvalues led us to conclude that, when considered over the long run of about 30 years for which I have survey data, aggregate public opinion about the economy is one-dimensional. (The full results are shown in Appendix C.) Based on these analyses, I generated a measure of economic mood over 30 years in France and the UK. This measure represents the dynamics of the latent construct over time.

Appendix 5.2: Question Wording of the Joint Harmonized EU Consumer Survey

Financial Situation Household (Retrospective): How has the financial situation of your household changed over the last 12 months? It has … got a lot better; got a little better; stayed the same; got a little worse; got a lot worse; Don't know.

Financial Situation Household (Prospective): How do you expect the financial position of your household to change over the next 12 months? It will … get a lot better; get a little better; stay the same; get a little worse; get a lot worse; Don't know.

National Economic Situation (Retrospective): How do you think the general economic situation in the country has changed over the past 12 months? It has … got a lot better; got a little better; stayed the same; got a little worse; got a lot worse; Don't know.

National Economic Situation (Prospective): How do you expect the general economic situation in this country to develop over the next 12 months? It will … get a lot better; get a little better; stay the same; get a little worse; get a lot worse; Don't know.

Unemployment Expectations: How do you expect the number of people unemployed in this country to change over the next 12 months? The number will … increase sharply; increase slightly; remain the same; fall slightly; fall sharply; Don't know.

Major Purchases Right or Wrong: In view of the general economic situation, do you think that now it is the right moment for people to make major purchases such as furniture, electrical/electronic devices, etc.? Yes, it is the right moment now; It is neither the right moment nor the wrong moment; No, it is not the right moment now; Don't know.

Personal Major Purchases (Prospective): Compared to the past 12 months, do you expect to spend more or less money on major purchases (furniture, electrical/electronic devices, etc.) over the next 12 months? I will spend … much more; a little more; about the same; a little less; much less; Don't know.

Appendix 5.3: Factor Loadings for Variables Constituting Economic Mood

Variable	France	UK
Household Financial (Retrospective)	0.901	0.820
Household Financial (Prospective)	0.911	0.732
National Economic (Retrospective)	0.965	0.949
National Economic (Prospective)	0.908	0.697
Unemployment Expectations	0.738	0.797
Good Time to Make Major Purchases	0.861	0.834
Expect to Spend on Major Purchases	0.514	0.889
Eigen Estimate (Out of 7)	**4.95**	**4.72**
% Variance Explained	**70.7%**	**67.4%**

Source: Joint Harmonized EU Program of Business and Consumer Surveys. Note: Number of observations per country, per month are as follows: France = 3,300; UK = 2,000.

Chapter 6: Conclusion

"The history of inequality is shaped by the way economic, social, and political actors view what is just and what is not, as well as by the relative power of those actors and the collective choices that result. It is the joint product of all relevant actors combined." Thomas Piketty, "Capital In The Twenty-First Century" (2014).

Reflecting on the lessons that he has learned following perhaps the most in-depth historical study of inequality ever conducted, the economist Thomas Piketty states: "…[O]ne should be wary of any economic determinism in regard to inequalities of wealth and income. The history of the distribution of wealth has always been deeply political, and it cannot be reduced to purely economic mechanisms" (Piketty 2014, 20). To begin my conclusion to this dissertation, not only do I wish to echo this assertion made by Piketty, but also would add that the politics that Piketty refers to are incredibly complex and belie easy understanding or explanation. My contribution highlights the role that economic evaluations play in shaping attitudes towards income inequality at the individual-level. While I view this contribution as helping to advance our understanding of how individuals think about inequality, and the way that income is distributed more generally, I view this as only a single step in a much greater intellectual journey. Through my research, I have come to appreciate the difficulty in understanding how people reflect on this abstract socioeconomic phenomenon, and conclude this inquiry with a multitude of questions left unanswered.

Still, I use this chapter as an opportunity to reflect on the progress that I did make; to consider those questions that I did not answer; to rethink how I could have better answered those questions that I chose to tackle; and to deliberate on the broader implications of my findings for distributive politics and the future of economic inequality across rich democracies. In pursuit of that goal, this chapter proceeds as follows. In the following section, I review my theoretical contribution and the key empirical findings that I reached through my analysis in Chapters three

through five. Section II provides a discussion of the aspects of this project I wish I had conducted differently, as well as the questions that this dissertation left unanswered and that present promising avenues for future research. Finally, Section III takes a step back and evaluates the broader impact of my research, and in doing so discusses how my findings imply the emergence of a redistribution paradox during periods of economic downturn.

I. Summary of Results

The primary purpose of this project has been to demonstrate the existence of a relationship between individuals' evaluations of the state of their national macroeconomy, and their attitudes towards income inequality. Specifically, I developed a theory of micro-level attitudes towards inequality under poor economic climates. I posited that individuals' attitudes towards the gap between rich and poor are inversely correlated with their evaluations of the macroeconomy. Consequently, during recessions, as public evaluations of the economy worsen, we can expect that public opposition to income inequality will increase. Conversely, during periods of relative economic prosperity, public opposition to income inequality will tend to decline overall.

This inverse relationship between economic evaluations and attitudes towards inequality at the individual-level is driven by the extent to which individuals perceive workers to have agency over their income level. During times of perceived economic prosperity, individuals tend to attribute greater agency to workers over their earnings. In contrast, during periods of perceived downturn or recession, individuals are more likely to think that a person's earnings are attributable to circumstances that are beyond her control. My theoretical approach builds on the work of two prominent political economists: Hirschman (1973) and Gilens (1999). Both Hirschman and Gilens provide logics for why poor and rich citizens respectively offer

unexpected opinions on income inequality during periods of economic downturn. Their approaches differ somewhat, but are thematically similar in arguing that attitudes on inequality depend on how much agency citizens are perceived to have over their earnings.

My theoretical contribution finds inspiration in these models of attitude formation on inequality, and in doing so predicts that individuals from across the income distribution will adapt their preferences according to their economic opinions. So, while we might expect poor citizens to be more averse to inequality than rich citizens on average, my theory predicts that they will both adapt their attitudes to inequality similarly as they update their views on the macroeconomy. To the extent then that during recessions mass publics become more negative in their economic outlooks, this should translate into heightened levels of opposition to income inequality for individuals of all income levels.

In addition to the mirrored responsiveness of attitudes amongst high and low-income citizens, my theoretical approach is also notable in that it provides an explanation for why we observe changes in individuals' preferences towards the manner in which income is distributed over the short-run. To date, the vast majority of research on preferences for inequality and redistribution concerns factors that tend to remain fixed over the medium to long-run such as income level, skill endowments, occupation, religiosity, etc. With a few notable exceptions, which I discuss in greater depth in Chapter 4, few scholars have examined why we observe variation in individuals' attitudes towards inequality and social policy over the short-run. Because my model of attitude formation highlights the role of an explanatory variable (economic evaluations) that are relatively malleable over the short-run, it is inherently better positioned to explain short-term variation in attitudes towards inequality.

Moreover, I expect that economic evaluations play an especially important role in the attitude formation process for those individuals with less well-defined views on the income gap. Put differently, I expect that for some, income inequality is a phenomenon that does not bother them in the least; while for others it is simply intolerable, regardless of the broader macroeconomic circumstances. However, for those with a more ambivalent view of inequality, I anticipate that macroeconomic evaluations will play an especially important role in deciding their feelings on inequality over the short-run.

Chapter 3 provides the initial empirical assessment of my theoretical approach. Using cross-national data from the European Social Survey, I find that there is a robust negative relationship between European citizens' economic opinions and their attitudes towards income inequality. This negative relationship extends to citizens of all income-levels, with low-income citizens behaving similarly to high-income citizens in terms of the extent to which their economic opinions shape their opinions on the gap between rich and poor. Chapter 3 then breaks new ground in providing evidence regarding the possibility of redistributive coalitions between high and low-income citizens. While previous scholarship has focused on middle/low-income coalition formation (e.g. Przeworski and Sprague 1986; Iversen and Soskice 2006), I argue in Chapter 3 that recessions present a unique opportunity for Left parties to unite voters from across the income distribution.

Having established that a robust empirical relationship exists between economic evaluations and inequality attitudes in Chapter 3, Chapter 4 explores the possibility that this relationship is a dynamic one. Put differently, Chapter 4 is charged with demonstrating that individuals update their attitudes towards income inequality as their evaluations of the state of the economy changes over time. Indeed this is exactly what I find. Utilizing panel data from the

2008 American National Election Study, I first reproduce my results from Chapter 3, and demonstrate that my theorized relationship of interest is able to travel across the Atlantic Ocean from Europe to the United States.

After demonstrating that the hypothesized relationship between economic evaluations and inequality attitudes is generalizable to the American case, I next test that changes in economic evaluations at the individual-level lead to changes in how Americans view the gap between rich and poor. Consistent with my theoretical expectations, I find that individuals' with worsening views of the national economy are more likely to express opposition to income inequality. Not only does this suggest that my theorized relationship is dynamic, but also reveals that inequality attitudes are capable of change over the short-run, as my panel takes place over a period of just 8 months in the buildup to the 2008 presidential election. Finally, the latter portion of the chapter examines precisely which Americans are most likely to shift their views on income inequality during this time period. I find that Republicans with ambivalent views on inequality were the most likely demographic to alter their attitudes. As members of this group experience a decline in their opinions on the national economy they become especially likely to express their opposition to income inequality.

Chapter 5 concludes my empirical investigation with a paired comparison of France and the UK, and enables me to explore the dynamics of redistributive politics during both recession and non-recession years. These two countries represent the second and third largest (respectively) economies in Europe, and have experienced similar economic trajectories since the early 1980s. Most importantly for my purposes, they underwent recessionary periods during similar points in time over the past three decades: in the early 1980s, the early 1990s, and the most recent Great Recession. However, despite this similarity in economic experience, income

inequality in the UK has skyrocketed while it has declined somewhat in France. I utilize this variation to show the importance of partisan control of government in helping to combat inequality. While public demand for policies intend to combat inequality have consistently risen during recessions in both countries, these moments have tended to intersect with governmental control by leftist parties in France, while in the UK they have occurred mostly during periods where the Conservatives have controlled Parliament. As a result, though demand for redistributive social policies may have increased in both countries during periods of economic downturn, these demands have more frequently been met with governments willing to supply such policies in the French case than in the British case. While these findings fall short of elucidating a causal story, they do suggest that in order for public opposition to income inequality to have meaningful consequences for reducing objective levels of inequality, this opposition must coincide with governments willing to supply policies that help to counteract the expansion of inequality.

Having reviewed my contributions, I next conduct an exercise in self-evaluation. First, I discuss what I view as the primary shortcomings of the theory and analysis that I have detailed within this manuscript. I have made many choices in conducting the research for this dissertation project. Some of these choices were the right ones to make, while others I might have chosen differently given the opportunity to do so again. While this manuscript represents my best effort to resolve as many theoretical and empirical inconsistencies as possible, there are a few that have been left unresolved that I will discuss in the paragraphs that follow. Second, despite the contributions I have made, my research here presents new questions for political economists and behaviorists that study inequality and redistribution. I review some of those

questions in section II, and provide my own perspective on those that offer the most promising avenues for future research.

II. Roads Not Taken: Shortcomings and Future Research

Shortcomings

As I stated at the outset of this chapter, the politics of inequality and redistribution are complicated and tend to elude easy explanation. In providing my own contribution to this expanding literature, I made numerous analytical decisions that have undoubtedly shaped my results and the conclusions I have reached. I now take the time to discuss a few of these decisions, and how I might have opted for alternative analytical choices given the benefit of hindsight.

The first choice I discuss here is one that I view as less of a shortcoming and more as a necessary evil. That choice is to treat sociotropic economic evaluations, which serve as my primary explanatory variable, as exogenous. In any causal pathway there must be a prime mover. Put differently, in evaluating a cause and effect relationship, something must be treated as exogenous such that we can begin to assess how its own variation shapes variation in another factor that we treat endogenously for analytical purposes. Here, in treating sociotropic economic evaluations as an exogenous explanatory variable, I rely on a behavioral research tradition that has long accepted such evaluations as exogenous variables that can be used to explain variation in outcomes such as vote choice, policy preferences, protest behavior, and various other measures of political participation, (e.g. Kinder & Kiewiet 1981; Kiewiet 1983; Anderson 1995; Lewis-Beck and Stegmaier 2000; Anderson 2000).

While I am comfortable with my decision to treat economic evaluations as exogenous, this approach does have its drawbacks. The first being that political scientists have worked to better understand the determinants of economic evaluations, in an effort to comprehend the process that shapes how citizens come to form opinions on the economy (Wlezien, Franklin, and Twiggs 1997; Gerber and Green 1999; Evans and Andersen 2006). These accounts emphasize that economic evaluations are informed by individuals' partisanship, vote intentions, or elite cues. Consequently, individuals tend to form their economic opinions in order to make those opinions be consistent with their political preferences (e.g. Zaller 1992). Thus, while I consider treating economic evaluations as exogenous to be a reasonable analytical assumption, these evaluations are not generated by a stochastic process, and are at least partially endogenous to other covariates included in my model. Such an analytical setup may bias my results somewhat, but I am comfortable that the robustness of my results is comparable with those in a long tradition of behavioral analyses that have utilized economic evaluations as an exogenous determinant of political opinions or behaviors.

The second drawback to treating economic evaluations exogenously is that although they function as my primary explanatory variable throughout my dissertation, they are not necessarily generated by the onset of macroeconomic decline. I set out in this project to explore how periods of recession shape attitudes towards income inequality and redistribution. In designing my empirical analysis, I chose to exploit variation in individuals' economic evaluations as a means of explaining their attitudes towards income inequality. My logic in doing so is as follows. First, pessimistic economic evaluations are correlated with periods of recession. Therefore, compositionally, we tend to observe more individuals possessing pessimistic views on the state of the economy during recessions than we would tend to observe otherwise. However, during

recessions, not all individuals undergo and downward correction in their economic opinions. Moreover, for those individuals who do become more pessimistic about the economy during a recessionary period, it is impossible for the survey analyst to directly observe whether this pessimism can be directly traced to the onset of recession.

With all that being said, I do consider individual-level economic evaluations to be the most appropriate explanatory variable for my study. This dissertation is primarily interested in elucidating a process of attitude formation on income inequality at the individual-level. For my analytical purposes, I consider that process to begin with individuals utilizing information that they glean from their surrounding environment to make a judgment about the state of the national economy. In turn I hypothesized, and demonstrated empirically, that these judgments then played a role in shaping how citizens think about the gap between rich and poor. The data for Chapters 3 and 4 were both generated during 2008, towards the beginning of the Great Recession in Europe and the United States. As a result, respondents' assessments of their national economies tended to be quite negative, as they were generated during a time when economic circumstances were already bad, and looked to be getting worse in the near-term. These views correlated with higher levels of aversion towards income inequality, leading me to conclude that periods of recession provided a context within which public opposition to income inequality was more likely to increase. Therefore, while I do not directly measure the impact of recessions on attitudes towards inequality, my analysis does allow me to conclude that the process by which individuals form their inequality attitudes is more likely to yield opponents to inequality during bad economic times than good.

A second drawback of my analysis is the extent to which I am able to precisely target the causal mechanism that connects economic evaluations to attitudes on inequality. In Chapter 3, I

attempt to test for this mechanism empirically by observing the extent to which economic evaluations serve as a heuristic for respondents in deciding whether the income gap is driven by circumstances that lie beyond individuals' control. While I was able to uncover some observable implications consistent with economic evaluations acting as a heuristic in this way, further empirical investigation is required to confirm this portion of my argument.

I discuss what such investigations might look like in my discussion of directions for future research. However, to preview my answer, I believe that this is an area where an efficacious survey experiment is likely to yield promising results. Not only would a carefully executed survey experiment allow the researcher to ask questions that more directly relate to the mechanism in question here, but it would also enable a cleaner research design such that the treatment generating mechanism could be isolated. For now, I am comfortable that I have done my best with the data at hand to isolate the mechanism that I elucidated in Chapter 2.

Finally, the third drawback to my analysis that I highlight here regards the extent to which my findings are conservative estimates of the relationship between economic evaluations and inequality attitudes. The two primary statistical analyses contained in this manuscript utilize data collected in 2008, towards the beginning of the Great Recession. As I document in both chapters, the swift economic downturn that occurred during this time period led to a dramatic decline in economic opinion. In turn, I correlated these declining economic opinions with heightened opposition to income inequality across countries and income groups.

A skeptic might argue that in a sense this period represents a "most-likely" case for finding a result with regard to a relationship between declining economic opinions and heightened levels of inequality aversion, due to the dramatic nature of the events surrounding the Great Recession. The Great Recession represents the most serious economic decline that

economies in Europe and the United States have encountered since the Great Depression. As a result, it is unsurprising that economic pessimism was rampant during the period that I analyzed. However, while I cannot entirely dismiss the timing of the Great Recession as a drawback in terms of the relative conservatism of my regression estimates, there are two points I wish to make in defense of the study's timing.

First, both the ESS and ANES datasets utilized in Chapters 3 and 4 respectively predated the beginning of the Occupy Wall Street and Indignant movements, both of which brought economic inequality to the forefront of political debate in the United States and Europe. These protests did not begin until mid-2011. So, while the collapse of the banking sector in 2008 is undoubtedly responsible for some of the inequality opposition that I observe in my analyses, I would argue that peak aversion to inequality amongst mass publics did not occur until 2011-12, after these movements placed the gap between rich and poor squarely in the public eye. Second, while I concede that the size of my effects might be somewhat inflated as a result of the time when my data were collected, the significance of the results are robust and lack sensitivity to specification change or inclusion of additional controls. So, while I cannot ignore that my findings might be different were I to investigate this same relationship during a different time period, I maintain that its direction and significance would travel even if the magnitude of its effect would be lessened.

Directions for Future Research

Having outlined a list of drawbacks to my analytical approach, I now turn to a discussion of directions for future research that are beyond the scope of this particular project, but which I consider to be promising avenues for inequality and redistribution scholarship. The first of these

directions concerns preference dynamics, which I explore most directly in Chapter 4 of this manuscript. Although our knowledge of the preference formation process surrounding economic inequality and redistribution has advanced considerably in recent years, the vast majority of this research has been conducted utilizing time invariant, cross-national survey data (e.g. Iversen and Soskice 2001; De la O and Rodden 2008; Rehm 2009, 2011). As a result, we know a considerably more about the kinds of variables that shape preferences at any given point in time, than we do about why individuals' preferences might *change* over time.

A primary reason for this is data availability. Datasets such as the European Social Survey (ESS), International Social Survey Program (ISSP), Eurobarometer, and World Values Survey (WVS) that have traditionally been used by political economists to study preference formation are collected as cross-sections. Consequently, given the ready accessibility of this data, it is unsurprising that the dynamics of this phenomenon have gone largely ignored until now. In fact, to my knowledge, there are fewer than a handful of over-time inequality and redistribution attitudes studies in print to date (see Margalit 2013 for a notable counter-example).

While it is one thing to point to an area of research that has been understudied, justifying its further study requires a bit more effort. Preference dynamics merit greater attention because they have the capacity to inform when windows of opportunity exist for tackling income inequality from a policy perspective. While the cross-national analyses that currently exist tell us a great deal about why Denmark has a more equitable income distribution than the UK, they tell us less about why income distributions within countries shift in the ways that they do over years and decades. And though the former question is intriguing and presents a formidable theoretical challenge, the latter has the capacity to provide greater insight into why efforts at finding political solutions to income inequality have largely fallen short across rich democracies.

From a policy point of view, understanding the dynamics of inequality and redistribution preferences offers the possibility a more nuanced perspective concerning when redistributive social policies will be best received by mass publics. Consequently, isolating the factors that shape policy preferences over time can help politicians and parties, particularly those on the left, to better represent their constituents on issues related to inequality and redistribution. In doing so, they are positioned not only to utilize this knowledge to their electoral advantage, but also to identify "redistributive moments," when the public expresses heightened demand for policies that are aimed at decreasing the gap between the rich and poor. In sum, while the preponderance of comparative political economy research on inequality emphasizes explanations that account for cross-national differences in inequality levels or preferences, this literature provides less practical utility in terms of understanding when redistributive appeals by elites and parties are likely to be most effective. In contrast, a more dynamic conception of inequality attitudes and redistribution preferences would offer policymakers the chance to identify redistributive moments, and respond with policy solutions aimed at mitigating the income gap.

The second promising direction for future research that I discuss here concerns the causal mechanism that connects economic evaluations to attitudes on inequality and redistribution. While I posited that economic evaluations serve as a heuristic regarding how much control workers have over their earnings, the data at my disposal to test this particular mechanism was less than ideal. As a result, while my analysis yielded some support for this hypothesis, my confidence in this result is not overwhelming at this point in time. Future research in this area may benefit from the utilization of survey experiments, which can better isolate agents of change in individuals' inequality attitudes. By isolating particular mechanisms as treatments within the survey experiment, we are positioned to better understand precisely how the mechanisms

operate, while also having the opportunity to see whether they are relevant for individuals across key covariates, including income group and political ideology.

The last area for future research that I discuss here concerns the measurement of inequality attitudes. This study has relied extensively on cross-national and survey panel data that utilize numerous distinct measures for inequality attitudes and redistribution preferences. While it would have been beneficial to utilize comparable measures of inequality attitudes across the three empirical chapters, unfortunately the design of the various surveys precluded me from being able to do so. On the one hand, I am heartened by the fact that I am able to reproduce my findings regardless of the particular measure of inequality attitude that I utilize for analysis. However, from a descriptive perspective, the use of different measures becomes problematic because it hinders our ability to neatly characterize the nature of inequality aversion across time and space.

Little has been written about how political economists have chosen to operationalize inequality attitudes and redistribution preferences, with many studies relying on a single question that from the European Social Survey that asks survey respondents whether government should intervene in markets to redistribute income (see Chapter 3 for further discussion of this question). Recent work though has identified inequality as a kind of hybrid phenomenon, which can be seen by observers as possessing both "deserved" and "undeserved" components (Alesina and Angeletos 2005). Another hybrid manner of assessing inequality would be to see it as inherently inequitable, but as a requirement for maintaining a country's level of prosperity. According to this view we could see inequality as undesirable but necessary.

The multifaceted nature of inequality as a social science concept means that measurement is an important part of the research process, and cannot be taken for granted. While political

economic research on inequality has primarily concerned itself with advancing various theoretical paradigms to the study of inequality, it would be wise to devote equal attention to the empirical challenges that we face as inequality scholars. Two questions in this area worth addressing are what dimensions best structure micro-level attitudes on inequality, and how are these dimensions reflected in the questions that currently are included on major international surveys? In addition, a push towards a more common battery of questions within social surveys, such that studies across time and countries might be more directly comparable moving forward, would facilitate knowledge creation within inequality scholarship. While efforts to advance our theoretical knowledge of how individuals think about inequality and redistribution are valuable, they ultimately are hindered by a lack of attention to how we measure the attitudes and preferences that we devote so much time to trying to explain.

III. The Big Picture

Unfortunately this dissertation does not have a happy ending. Prior to beginning this project I had hoped that my investigation into inequality dynamics would yield some reason for hope with regard to the possibility of finding a political solution that could be utilized to address the widening gap between rich and poor across Europe and the United States. I am sad to say that little of what I have learned throughout this process suggests that such a solution exists in the short-term. If anything, my investigation has made me even more skeptical that we will observe a notable decline in economic inequality at any point in the foreseeable future. There are a few reasons for my skepticism, which I elaborate on in the pages that follow. The one that originates most directly from my investigation here concerns a paradox that exists with respect to opposition to inequality. Namely, the same economic contexts that facilitate heightened public

opposition to the gap between rich and poor also provide the fewest resources for enacting social policies that can help to shrink the income gap.

A Redistribution Paradox

I have demonstrated that negative economic evaluations help to facilitate heightened opposition to the gap between rich and poor. Compositionally, public opinion on the economy is likely to be at its worst during periods of recession, and in particular during recessions that impact individuals from across the income distribution. Yet, these are also periods when economic resources are at their scarcest. Low levels of growth that define recessions erode countries' tax base, while automatic stabilizers in the form of unemployment insurance and other portions of the social safety net kick in to help protect economically at-risk citizens. Taken together, this means that there are likely to be relatively scarce resources available for furthering redistribution; particularly because those resources that are available are already being dedicated to help shield at-risk citizens from the onset of recession.

This suggests the existence of a redistribution paradox. Recessions are periods during which time opposition to inequality is likely to be at its apex. Simultaneously, the onset of economically difficult times means that resources are scarce. Social policies come with a price tag, and finding the funding for these policies is particularly burdensome during times when the economic pie is shrinking. Moreover, to the extent that reducing the income gap entails redistributing from high-income to low-income citizens, this means taking from the rich during a period when they likely have the least to offer financially. And although my analysis shows that high-income individuals express greater aversion to inequality during periods of economic downturn, it also suggests that these redistributive windows are restricted to the recessions

themselves. Therefore, although recessions offer the possibility of the formation of redistributive coalitions between rich and poor, these coalitions cannot be expected to last beyond the short-term. As a result, the gap between rich and poor presents itself as an intractable social phenomenon across rich democracies. With such brief windows of opportunity within which to act, policymakers confront considerable odds in reversing income inequality during periods of recession.

The apparent existence of this paradox contributes significantly to my skepticism that there is a political solution to inequality over the short-run. The Great Recession represents the worst economic downturn that the United States and Western Europe have confronted since the Great Depression of the 1930s. Yet, in most countries, the income gap has continued to grow since the onset of the Great Recession in 2008, even as attention to income inequality as an issue is perhaps more keen than it has ever been before. In Chapter 1 I described some of the notable political figures, ranging from Barack Obama to Pope Francis, who have expressed concern for the consequences of the continuous expansion of economic inequality. These comments came on the heels of widespread protests in countries ranging from the US, to Spain, to Greece, to Portugal, and France, voicing their displeasure with the state of how income is distributed across their respective societies.

The Occupy Wall Street and Indignant movements helped move inequality to the forefront of political agendas across many OECD countries. The rhetoric and symbolism of the 99% propelled inequality into the public consciousness, highlighting the extent of the gap between those at the top of the income pyramid and everyone else (Tarrow 2013). On October 15, 2011, protests challenging economic inequality and corporate influence occurred in more

than 40 countries, spanning all six populated continents[76]. In addition to inequality, the European protests also largely focused on austerity programs that promised to inflict even greater financial pain on middle and low-income citizens that were already hurting in the wake of the economic downturn (Della Porta 2014). Would these protests have occurred in the absence of the onset of the Great Recession? This is a difficult counterfactual to evaluate, and its evaluation lies beyond the scope of this particular project. On the one hand, the protests challenged escalating inequality, which has been on the rise since the early 1980s. On the other hand, after three decades of nearly continuous expansion of the gap between rich and poor, these protests represented a significant challenge to the status quo that had not previously been observed throughout that 30-year period.

Although my theoretical contribution addresses variation in public attitudes on inequality over time, I believe it can also help us to better understand why the Occupy and Indignant protests emerged. In short, despite inequality's dramatic rise, the onset of the Great Recession provided a context within which these episodes of contentious politics could flourish. While the recession itself was not the primary focus of the protests' frustration, my argument suggests that opposition to inequality would not have materialized into protests under more auspicious economic circumstances. Given widespread pessimism surrounding the possibility of economic recovery throughout 2010 and 2011, it is unsurprising that we simultaneously observed the most extensive protests against inequality in more than a generation (see e.g. Kriesi 2012).

In a sense, we can understand these protests as a public manifestation of the redistribution paradox that I discuss above. At the same time that individuals across the United States and Europe are paying greater attention to the disparity between rich and poor, governments are

[76] See http://www.theguardian.com/news/datablog/interactive/2012/sep/17/occupy-map-of-the-world for more information about the details of specific protests. Accessed March 31, 2014.

responding to the consequences of the economic crisis by cutting costs dramatically, including mainstays of social safety nets such as unemployment benefits and pension contributions (Blyth 2013). Under a different set of circumstances, whereby expansionary fiscal policy remained a more viable option for European governments and the United States, perhaps Left parties would have been better positioned to capitalize on the Great Recession from a policy perspective. As things currently stand though, the Left has been unable to utilize stronger demand for redistribution to its full political advantage. Given a counterfactual world where the countries hit hardest by the Great Recession enjoyed balanced budgets and the confidence of international creditors, the Left could have found itself in prime position to achieve political and policy gains on the basis of heightened redistributive demand.

If recessions represent both periods of economic scarcity, as well as periods where opposition to inequality can blossom, there will always exist a tension during these windows of opportunity for combatting the gap between rich and poor. Redistribution can take many forms. In some cases it involves directly transferring funds from those who have to support those who have less. In other instances it entails implementing social policies that minimize the consequences of being located towards the bottom of the income pyramid. Regardless of the form that redistribution takes though, finding a more equitable way to divide the economic pie becomes especially challenging as that pie shrinks. Recessions like the Great Recession touch societies at large; few go through it totally unscathed. And while inequality may seem especially distasteful during periods of scarcity, finding the resources to reduce the income gap is not only challenging, but also dictates taking from demographics that have been harmed financially. So while recessions heighten demand for solutions to inequality, parties, policymakers, and

governments alike will find that the solutions that they can supply require making difficult distributive choices.

$r > g$: The Paradox Continued

We can extend this notion of a redistribution paradox a step further. I opened this chapter by citing research from the economist Thomas Piketty. Piketty argues that divergence between rich and poor is fundamentally driven by the relationship $r > g$, whereby r represents the average annual rate of return on capital, and g represents the rate of economic growth (Piketty 2014, 25). Piketty writes: "When the rate of return on capital significantly exceeds the growth rate of the economy (as it did through much of history through the nineteenth century and is likely to be the case again in the twenty-first century), then it logically follows that inherited wealth grows faster than output and income. People with inherited wealth need only save a portion of their income from capital to see that capital grow more quickly than the economy as a whole" (Piketty 2014, 26). According to this relationship, inherited wealth will "dominate wealth amassed from a lifetime's labor by a wide margin," thus reproducing inequality across generations, as those who inherit wealth are placed in an advantageous position before they even enter the labor market.

Piketty's relationship between the rate of return on capital and economic growth also implies that we should expect levels of economic inequality to increase even more rapidly during recessions. Under conditions whereby r and g are independent of one another, as Piketty treats them in his analysis, the onset of recession will widen the disparity between the rate of return on capital and the rate of economic growth. Consequently, if we assume that Piketty's story of $r > g$ is the primary mechanism that drives economic inequality, then recessions have the capacity to

expand the gap between the rich and poor even more rapidly than we might expect during periods of steady economic growth.

Recessions then, as periods of low growth and declining economic opinions, are periods where opposition to inequality and the expansion of inequality are inversely related to one another. Therefore not only can we expect that the resources needed to combat expanding inequality are in scarce supply during recessions, but also that recessions are in fact among the greatest enemies to an equalizing of income distributions across Europe and the United States. So while recessions provide a context within which declining economic opinions can facilitate redistributive coalitions between the high and low-income citizens, they are also macroeconomic phenomena that will, on average, create wider gulfs between the haves and have-nots.

This project has revealed that recessions intermingle with patterns of inequality and redistribution in complicated ways. Recessions are both allies and enemies to economic inequality; calling negative attention to the gap between rich and poor while simultaneously expanding it further. That is the redistribution paradox elicited by recessions, which motivates my skepticism that political solutions to income inequality are accessible in the short-term.

Redistributive Coalitions As Silver Lining

Despite the pessimistic tone of this conclusion, I believe there is one silver lining in this dissertation's contribution to scholarship on the politics of inequality and redistribution. That silver lining involves the possibility of forming redistributive coalitions composed of individuals from across the income distribution. While this project has provided evidence that there some are differences across income groups in terms of their relative tolerance for income inequality, it has also demonstrated striking similarities in how both rich and poor citizens adapt their

preferences to the broader economic context. Specifically, rich Europeans and Americans, on average, display somewhat lower levels of opposition to income inequality, although this difference usually proves to be less than we might expect *a priori.* However, during recessions, they increase their level of opposition to income inequality to a similar degree as their counterparts located towards the bottom of the income pyramid. As a result, downturns in the economy facilitate redistributive coalitions between those individuals on both the winning and losing ends of expanding income inequality.

The possibility of cross-class coalition formation matters due to an inherent tension confronted by office seeking left parties. This tension was first detailed in the seminal history of electoral socialism, *Paper Stones* (Przeworski and Sprague 1986), and has been taken up in various forms by scholars since that time (e.g. Hout et al. 1993; Kedar 2005; Lindvall and Rueda 2013). Although implementing socialist reforms requires an electoral majority for these parties, the working class constituency that they seek to represent has never made up a majority of the electorate in any advanced democracy. Consequently, in order to control government, social democratic and other parties of the left are forced to seek out coalition partners, which inhibits their capacity to implement a leftist policy program.

More than a quarter century after the publication of *Paper Stones*, this electoral paradox persists for left parties across the OECD. Working class voters still do not make up a majority of the electorate in democracies across Western Europe and the United States, and if anything, a host of political science scholarship suggests that class politics is on the decline (Franklin 1985; Kitschelt 1994; Svallfors 1995; Evans 1999; Clark and Lipset 2001; Dalton and Wattenberg 2000; Kriesi et al. 2006, 2012). Increasingly sophisticated methods of elite-voter communication have yielded electorates that are characterized by more unaffiliated voters, who exhibit a great

deal of fickleness in switching between parties from election to election (Dalton and Wattenberg 2000).

In the end, this is welcome news for left parties who see combatting income inequality as a policy priority. My research here suggests that regardless of their income profile, and given the proper macroeconomic circumstances, there are broad segments of electorates across rich democracies willing to stand in opposition to income inequality. Though the preferences of these individuals are malleable, contingent, and in competition with citizens' other policy priorities, they are also latent and capable of being activated given the right environmental conditions. Recessions present left parties with challenges concerning how to best implement welfare policies during difficult economic times. However, they also present left parties with electoral opportunities to capitalize on the attitudes of individuals who are dissatisfied with the status quo of how incomes are distributed.

Income inequality has proven to be a remarkably resilient socioeconomic phenomenon that has come to shape much of the way that individuals experience modern life across Europe and the United States. Its reach is far, and touches us economically, socially, politically, and culturally. And while this dissertation provides little evidence to suggest that this era of inequality will soon end, it has served to unite unlikely groups of people since the beginning of the Great Recession. This is a good first step. If anything is clear about income inequality, it is that it will take much cooperation, and sustained effort, amongst seemingly disparate persons to bridge the gap between rich and poor utilizing democratic processes.

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