

# Material Welfare and Preferences for Redistribution

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# Overview

- Research question: To what extent are political preferences determined by material welfare?
- Goal of this paper: Tackle this old question with new data (GSS Panel) and methodology (individual fixed-effects models)
- Result: Cleaner test of the effect of changes in income and employment on support for redistribution

# Theory (briefly)

- Self-interest perspective (volatility)
- Values perspective (stability)
- Jury is still out

# Methodological considerations

- Endogeneity of material circumstances
  - Difficult to randomly assign unemployment and income loss (we don't have this kind of lottery)
- Lack of panel data
- Differing units of analysis

# Analytic strategy

- Exploit panel data to track changes in individuals' employment status and household income alongside changes in preferences for redistribution
- Try to isolate unique effect of changes in material welfare by using individual fixed-effects models to control for time-invariant observed and unobserved characteristics

# Why now?

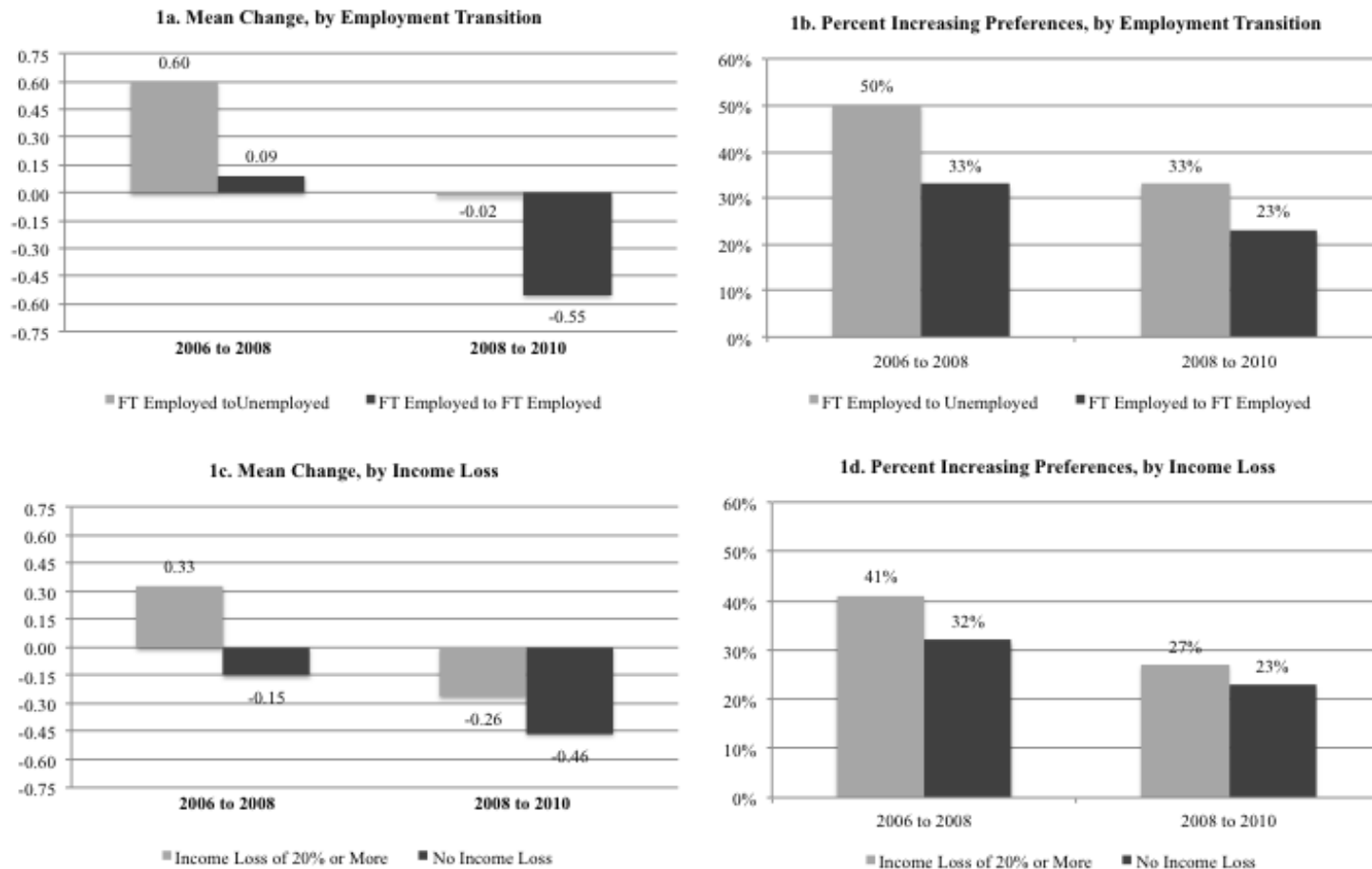
- Release of GSS and timing with the Great Recession.
- There is a sizable group of people who lose jobs and/or household income.
  - 7.8% of respondents lose their jobs
  - 18.2% of people lose 20% or more of household income between 06 and 08, 26.2% between 08 and 10

# Data

- General Social Survey Panel
  - 2006, 2008, 2010 panel
  - 2008, 2010 panel (2012 wasn't available when we went to publication)
  - DV: "eqwlth" (conventional in the literature)
  - IVs: household income, employment status

# Findings

**Figure 1. Changes in Preferences for Redistribution**





# Findings

**Table 2. Fixed Effects Models of the Relationship Between Unemployment, Income Loss, and Preferences for Redistribution**

	Preferences for Redistribution								
	Model 1			Model 2			Model 3		
	Coef.	Clustering S.E.	Sig.	Coef.	Clustering S.E.	Sig.	Coef.	Clustering S.E.	Sig.
<b>Employment Status</b>									
Unemployed	0.514	0.196	**	--	--		0.626	0.279	*
Full-Time (Omitted)	--	--		--	--		--	--	
<b>20% Loss in HH Income</b>	--	--		0.503	0.108	***	0.432	0.177	*
<b>Year</b>									
2008	0.078	0.086		-0.156	0.068	*	-0.023	0.095	
2010	-0.456	0.097	***	-0.572	0.085	***	-0.520	0.125	***
2006 (Omitted)	--	--		--	--		--	--	
<b>n (clusters)</b>	1,631			2,120			1,233		
<b>n (observations)</b>	2,917			3,506			1,895		

Significance Levels: \* $<0.05$ ; \*\* $<0.01$ ; \*\*\* $<0.001$

Notes: Listwise deletion is used to deal with missing data. Models 1 and 3 are limited to respondents who were unemployed or employed full-time. Standard errors are clustered by respondent.

# Robustness checks (overview)

- Differential attrition
- Multiple outcome measures
- Multiple income cutoffs
- Wholesale shift in attitudes
- Placebo tests

# Differential attrition

- Similar patterns to Smith and Son (2009)
  - Married and most educated least likely
- Similar results in weighted analysis (which limits results to those who remain in the sample)

# Multiple outcome measures

- Do our results rely on our particular measure of redistribution?
- Results with two other related variables are similar (“natfare” and “helppoor”)

# Multiple income cutoffs

- Are our results sensitive to our measure of income loss (20%)?
- Similar results with an absolute measure of a loss of \$10,000 and with 10%, 15%, and 25% losses

# Wholesale shift in attitudes

- Perhaps the unemployed are just fed up with capitalism?
- What if they are shifting attitudes toward government services more generally?
- No change in attitudes toward social security, mass transit, or parks and recreation
- Effect is delimited

# Placebo tests

- Spurious findings?
- Shouldn't see a change in attitudes unrelated to material welfare (no medicine)
- No change in attitudes toward gun control, gay rights, or abortion

# Conclusions

- Loss of job or income results in an increase in support for redistributive social policies
- This occurs despite aggregate public opinion shifting in the opposite direction
- Clean test of effect of pocketbook on political attitudes
- Future directions (contextual effects using geocoded data)



# Thank you

- Comments and questions to [lowens@stanford.edu](mailto:lowens@stanford.edu)
- Check out the article in *Social Forces* (advance access online)

**Table 1. Descriptive Statistics for General Social Survey Panels**

	Mean	SD	Minimum	Maximum
<i>At First Interview</i>				
<b>Redistribution (1 = No Redistribution)</b>	4.392	1.984	1	7
<b>Employment Status</b>				
Full-Time Employed	0.498	0.500	0	1
Unemployed	0.035	0.183	0	1
Part-Time Employed	0.100	0.300	0	1
Temporarily Not Working	0.022	0.148	0	1
Student	0.032	0.176	0	1
Home	0.171	0.376	0	1
Retired	0.112	0.315	0	1
"Other" Work Arrangement	0.029	0.169	0	1
<b>Household Income (Median)</b>	\$45,000	\$58,153	\$500	\$243,308
<b>Male</b>	0.440	0.500	0	1
<b>Race</b>				
White, Non-Hispanic	0.703	0.457	0	1
Black, Non-Hispanic	0.137	0.344	0	1
Other Race	0.160	0.366	0	1
<b>Age</b>	47.400	17.300	18	89
<b>Education (Years)</b>	13.500	3.100	0	20
<b>Married</b>	0.480	0.500	0	1
<i>Changes from 2006 to 2008</i>				
Full-Time Employment to Unemployment	0.038	0.191	0	1
Income Loss of 20% or More	0.182	0.353	0	1
Preferences for Redistribution	-0.002	1.940	-6	6
<i>Changes from 2008 to 2010</i>				
Full-Time Employment to Unemployment	0.069	0.254	0	1
Income Loss of 20% or More	0.262	0.414	0	1
Preferences for Redistribution	-0.443	1.970	-6	6

Notes: Under the "At First Interview" heading, we present descriptive statistics for the first time respondents were interviewed for both the 2006 and 2008 panel cohorts. Under the "Changes from 2006 to 2008" and "Changes from 2008 to 2010" headings, we present descriptive statistics about how respondents change on our key variables of interest between waves. Missing values are excluded from the descriptive statistics.

**Table 3. Fixed Effects Models of the Relationship Between Unemployment, Income Loss, and Attitudes Toward Government Spending**

	Spending on Social Security					Spending on Mass Transit					Spending on Parks & Recreation						
	Model 4 Clustered			Model 5 Clustered			Model 6 Clustered			Model 7 Clustered			Model 8 Clustered			Model 9 Clustered	
	Coef.	S.E.	Sig.	Coef.	S.E.	Sig.	Coef.	S.E.	Sig.	Coef.	S.E.	Sig.	Coef.	S.E.	Sig.	Coef.	S.E.
<b>Employment Status</b>																	
Unemployed	0.049	0.051		--	--		-0.037	0.060		--	--		-0.056	0.044		--	--
Full-Time (Omitted)	--	--		--	--		--	--		--	--		--	--		--	--
<b>% Loss in HH Income</b>																	
	--	--		0.014	0.029		--	--		-0.022	0.034		--	--		-0.036	0.030
<b>Year</b>																	
2008	0.010	0.023		-0.015	0.020		0.054	0.027	*	0.052	0.022	*	-0.040	0.022		-0.034	0.090
2010	-0.079	0.024	***	-0.100	0.022	***	-0.027	0.028		-0.017	0.025		-0.025	0.024		-0.032	0.022
2006 (Omitted)	--	--		--	--		--	--		--	--		--	--		--	--
<b>Clusters</b>																	
		2,404		3,111			2,389			3,060			2,427			3,147	
<b>Observations</b>																	
		4,247		5,110			4,206			5,000			4,351			5,198	

Significance Levels: \* $<0.05$ ; \*\* $<0.01$ ; \*\*\* $<0.001$

Notes: Listwise deletion is used to deal with missing data. Models 4, 6, and 8 are limited to respondents who were unemployed or employed full-time. All models are linear fixed-effects models and include standard errors clustered by respondent.

**Table 4. Placebo Tests of the Relationship Between Unemployment, Income Loss, and Attitudes on Social Issues**

	Abortion						Gay Marriage						Gun Laws					
	Model 10			Model 11			Model 12 Clustered			Model 13 Clustered			Model 14			Model 15		
	Coef.	S.E.	Sig.	Coef.	S.E.	Sig.	Coef.	S.E.	Sig.	Coef.	S.E.	Sig.	Coef.	S.E.	Sig.	Coef.	S.E.	Sig.
<b>Employment Status</b>																		
Unemployed	0.213	0.385		--	--		0.020	0.127		--	--		-0.419	0.423		--	--	
Full-Time (Omitted)	--	--		--	--		--	--		--	--		--	--		--	--	
<b>% Loss in HH Income</b>	--	--		-0.122	0.256		--	--		0.095	0.071		--	--		-0.021	0.257	
<b>Year</b>																		
2008	0.083	0.213		0.113	0.179		0.065	0.048		0.030	0.043		-0.149	0.212		-0.028	0.181	
2010	-0.058	0.222		0.170	0.196		0.175	0.053	**	0.127	0.049	*	-0.453	0.220	*	-0.432	0.196	*
2006 (Omitted)	--	--		--	--		--	--		--	--		--	--		--	--	
<b>(clusters)</b>	201			203			1,627			2,163			213			207		
<b>(observations)</b>	487			543			2,945			3,576			515			555		

Significance Levels: \*<0.05; \*\*<0.01; \*\*\*<0.001

Notes: Listwise deletion is used to deal with missing data. Models 10, 12, and 14 are limited to respondents who were unemployed or employed full-time. The models for abortion and gun laws are fixed-effects logit models because those dependent variables are binary. The gay marriage models are linear fixed-effects models and include standard errors clustered by respondent.

**Table A1. Fixed Effects Models of the Relationship Between Unemployment, Income Loss, and Alternative Measures of Support for Redistribution**

	Government Spending on Assistance to Poor						Government Role in Helping Poor					
	Model A1 Clustered			Model A2 Clustered			Model A3 Clustered			Model A4 Clustered		
	Coef.	S.E.	Sig.	Coef.	S.E.	Sig.	Coef.	S.E.	Sig.	Coef.	S.E.	Sig.
<b>Employment Status</b>												
Unemployed	0.099	0.053	+	--	--		0.213	0.129	+	--	--	
Full-Time (Omitted)	--	--		--	--		--	--		--	--	
<b>20% Loss in HH Income</b>	--	--		0.075	0.033	*	--	--		0.126	0.068	+
<b>Year</b>												
2008	-0.028	0.025		-0.013	0.020		-0.043	0.054		-0.032	0.044	
2010	-0.127	0.027	***	-0.137	0.025	***	-0.219	0.059	***	-0.177	0.054	***
2006 (Omitted)	--	--		--	--		--	--		--	--	
<b>n (clusters)</b>	2,420			3,138			1,627			2,108		
<b>n (observations)</b>	4,329			5,172			2,884			3,467		

Significance Levels: +<0.10; \*<0.05; \*\*<0.01; \*\*\*<0.001

Notes: Listwise deletion is used to deal with missing data. Models A1 and A3 are limited to respondents who were unemployed or employed full-time. Standard errors are clustered by respondent.

**Table B1. Ordered Logit Fixed Effects Models of the Relationship Between Unemployment, Income Loss, and Preferences for Redistribution**

	<b>Preferences for Redistribution</b>					
	Model B1			Model B2		
	Coef.	S.E.	Sig.	Coef.	S.E.	Sig.
<b>Employment Status</b>						
Unemployed	0.647	0.290	*	--	--	
Full-Time (Omitted)	--	--		--	--	
<b>20% Loss in HH Income</b>	--	--		0.680	0.160	***
<b>Year</b>						
2008	-0.310	0.093	**	-0.221	0.101	*
2010	-0.939	0.151	***	-0.814	0.125	***
2006 (Omitted)	--	--		--	--	

Significance Levels: \*<0.05; \*\*<0.01; \*\*\*<0.001

Notes: Listwise deletion is used to deal with missing data. Model B1 is limited to respondents who were unemployed or employed full-time.

**Table B1. Logistic Regression Models Predicting Who Changes on Their Preferences for Redistribution**

	<b>Change in Preferences for Redistribution</b>					
	<b>2006 to 2008</b>			<b>2008 to 2010</b>		
	Model 6			Model 7		
	Coef.	S.E.	Sig.	Coef.	S.E.	Sig.
<b>Employment Status</b>						
Unemployed	0.714	0.446		0.086	0.080	
Part-Time Employed	0.006	0.224		-0.005	0.048	
Temporarily Not Working	-0.411	0.524		-0.174	0.105	
Student	--	--		-0.065	0.132	
Work at Home	0.089	0.483		-0.107	0.093	
Retired	0.142	0.631		-0.075	0.099	
Other Work Situation	-0.281	0.907		-0.291	0.167	
Full-Time (Omitted)	--	--		--	--	
<b>Household Income (log)</b>	-0.019	0.105		-0.007	0.022	
<b>Political Views</b>	-0.065	0.059		0.002	0.013	
<b>Male</b>	-0.266	0.166		-0.049	0.037	
<b>Race</b>						
Black	-0.490	0.237	*	0.046	0.054	
Other Race	0.126	0.294		0.207	0.072	**
White (Omitted)	--	--		--	--	
<b>Age</b>	-0.076	0.042		0.007	0.009	
<b>Age-Squared</b>	0.001	0.000		0.000	0.000	
<b>Education</b>	-0.016	0.030		-0.010	0.007	
<b>Married</b>	-0.404	0.183	*	-0.035	0.041	
<b>Region Included</b>		yes			yes	
<b>n</b>		770			685	
<b>Pseudo R-squared</b>		0.0321			0.0329	

Significance Levels: \*<0.05; \*\*<0.01; \*\*\*<0.001

Notes: Log-odds presented. Listwise deletion is used to deal with missing data. Sample limited to respondents who were working full-time, working part-time, temporarily not working, or unemployed/laid off in 2006.

**Table R1. Fixed Effects Models of Employment, Income Loss, and Preferences for Redistribution -- Using GSS Weights**

<b>Preferences for Redistribution</b>						
	Model R1			Model R2		
	Coef.	Clustered S.E.	Sig.	Coef.	Clustered S.E.	Sig.
<b>Employment Status</b>						
Unemployed	0.802	0.278	**	--	--	
Full-Time (Omitted)	--	--		--	--	
<b>20% Loss in HH Income</b>	--	--		0.416	0.152	**
<b>Year</b>						
2008	0.071	0.119		-0.114	0.089	
2010	-0.506	0.125	***	-0.539	0.099	***
2006 (Omitted)	--	--		--	--	
<b>n (clusters)</b>	1,189			1,659		
<b>n (observations)</b>	2,407			2,948		
Significance Levels: *<0.05; **<0.01; ***<0.001						
Notes: Weights included in both models. Listwise deletion is used to deal with missing data. Model R1 is limited to respondents who were unemployed or employed full-time. Standard errors are clustered by respondent.						