

XIX

Volume XIX, Number 1, May 2016

Journal of Applied Economics

Eiji Yamamura

Social conflict and redistributive preferences among
rich and poor: Testing the hypothesis of Acemoglu
and Robinson



UCEMA

Edited by the Universidad del CEMA
Print ISSN 1514-0326
Online ISSN 1667-6726

SOCIAL CONFLICT AND REDISTRIBUTIVE PREFERENCES AMONG RICH AND POOR: TESTING THE HYPOTHESIS OF ACEMOGLU AND ROBINSON

EIJI YAMAMURA*
Seinan Gakuin University

Submitted December 2014; accepted August 2015

Acemoglu and Robinson (2000) provide their hypothesis that the political elite extend the franchise to avoid revolution or social unrest. For the purpose of empirically testing this hypothesis, the present paper explores how the degree of conflict between rich and poor people is associated with individual preferences for income redistribution and perceptions regarding income differences. This paper used cross-country individual-level data covering 26 countries. The key findings are as follows: (1) an individual is more likely to prefer income redistribution policy in countries where people perceive conflict between rich and poor to be high; (2) an individual is more likely to consider the income difference to be too large in countries where people perceive conflict between rich and poor to be high; and (3) after dividing the sample into high- and low-income earners, the above two findings are only obtained for high-income earners and not for low-income earners.

JEL classification codes: D63, D74, H23

Key words: conflict, income redistribution, inequality, perception.

I. Introduction

The historical transformation from an oligarchy to a democracy has been analyzed from an economic viewpoint in a number of studies (Acemoglu and Robinson 2000; North et al. 2009). According to the seminal work of Acemoglu and Robinson

* Eiji Yamamura: Professor of Department of Economics, Seinan Gakuin University, 6-2-92 Sawaraku Nishijin, Fukuoka 814-8511, Japan; e-mail yamaei@seinan-gu.ac.jp. I am indebted to GESIS online data portal for providing dataset. I also thank the Editor and two anonymous referees, participants at the Research Workshop of Department of Economic Engineering, Kyushu University and at the 2014 Spring Meeting of the Japanese Economic Association for many valuable comments. All errors are my own.

(2000), the main reason for the transformation is that “the elite extended the franchise in order to avoid a revolution or social unrest” (Acemoglu and Robinson 2000: 1168).¹ Today, more countries than ever are undergoing democratization. However, income inequality continues to exist and thus there are rich and poor groups within a country. Therefore, even in modern democratic societies, social unrest caused by inequality appears to threaten the position of the wealthy;² as a result, the conflict between rich and poor becomes a subject of public attention. It is therefore worthwhile to empirically investigate the mechanisms by which to avoid such conflict by focusing on income redistribution in the 21st century.³

Acemoglu and Robinson (2000) provided a theoretical model suggesting that political elite-led constitutional reforms that lead to redistributive programs via extended voting rights are strategically motivated and are meant to prevent widespread social unrest and revolution.⁴ This implies that the preference for redistribution among the rich is related to their perceptions of the degree of conflict between rich and poor, and not to the corresponding perceptions of the poor themselves. Furthermore, social conflict possibly leads people to consider income inequality to be higher than the acceptable level. Accordingly, social conflict is thought to influence perceived income differences among groups and individuals’ preferences for a redistribution policy.⁵ Because researchers have not yet empirically scrutinized this mechanism, this paper aims to test these

¹ As argued by North et al. (2009: 142–147), when analyzing political transformation it is important to consider not only income redistribution but also the provision of public goods that are complementary to the market. However, the key dependent variables used in the present study, such as preference for redistribution, cannot be used to test the hypothesis in North et al. (2009).

² Between 1990 and 2000 in Rwanda, as an outcome of various conflicts including civil war and genocide, many people lost their lands and homes, especially those who were land-rich before the conflict. Wealthier provinces experienced lower, even negative, economic growth after the conflict (Justino and Verwimp 2013). This suggests that a lack of modern democracy can result in the rich losing their wealth. To avoid such catastrophes, rich individuals have an incentive to foster democracy.

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

⁴ Meltzer and Richard (1981) suggested that if the income distribution is skewed, the median voter theorem enables low-income earners to redistribute the income of high-income earners to themselves. Therefore, the extension of franchise changes the economic position of decisive voters in the income redistribution (Meltzer and Richard 1981). Acemoglu and Robinson (2000) based their study on the model in Meltzer and Richard (1981).

⁵ Voors et al. (2012) conducted a field experiment and found that exposure to conflict impacts on perceptions such as discount rates. Furthermore, they provided evidence that those who experienced conflict display altruistic behavior towards their neighbors.

predictions by examining the influence of perceived conflict level on preference for redistribution and perceived differences of income.^{6,7}

The testable Hypothesis is as follows: An individual is more likely to prefer income redistribution and consider the income difference to be large if he (she) lives in a country where the conflict level between rich and poor is high. This tendency is especially observable in individuals with high incomes.

To test this Hypothesis, the present paper uses data from the International Social Survey Program (ISSP), which includes more than 13,000 observations. This paper attempts to control endogeneity bias by following the method used in Yamamura (2012; 2014), using country-level data on the average value of perceived conflict. Furthermore, in other specifications, instrumental variables such as degree of ethnic fractionalization and average years of schooling in 1870 are used to control for endogeneity bias. The key findings of this paper via estimations based on ordinary least squares and two-stage least squares (2SLS) models are as follows: an individual is more likely to prefer income redistribution policy and consider the income difference to be too large in countries where people perceive conflict between rich and poor to be high. After dividing the sample into high- and low-income earners, similar results were obtained for high-income earners, but not for low-income earners. These findings strongly support the Hypothesis of this study. The contribution of this paper is that it empirically examines the mechanism proposed by Acemoglu and Robinson (2000) using recent micro-level data from modern societies.

The remainder of this paper is organized as follows. Data and the empirical method are explained in Section II. Section III presents the estimation results and their interpretation. The final section offers some conclusions.

⁶ Some empirical works have examined the determinants of perceived income inequality (e.g., Tomioka and Outake, 2005; Meagher and Wilson, 2008; Xu and Gerand, 2010). A large number of existing works attempt to ascertain the determinants of preference for redistribution and to identify the mechanism for such a preference (e.g., Ravallion and Lokshin, 2000; Corneo and Grüner, 2002; Alesina and Angeletos, 2005; Alesina and La Ferrara, 2005; Alesina and Guuliano, 2009; Klor and Shayo, 2010; Luttmer and Singhal, 2011; Dahlberg et al., 2012; Bjørnskov et al., 2013; Yamamura, 2012, 2014). Meager and Wilson (2008) compared the perceived income differences and preference for redistribution by suggesting basic statistics. However, these empirical works have not been able to provide sufficient evidence stating how social conflict is jointly associated with the perceived income difference and preference for redistribution.

⁷ Acemoglu and Robinson (2001) developed a theoretical model to clarify the relationship between conflict, inequality and redistribution.

II. Data and methods

A. Data

ISSP data, which provides individual-level data, are used in the present paper. ISSP surveys have been conducted several times since the 1980s. The theme of ISSP surveys changes each year; ISSP 2009, which was conducted in August 2008, focused on the issue of social inequality. Thus, ISSP 2009 provides valuable data to examine the Hypothesis proposed in the previous section. ISSP 2009 covers 26 countries and in each country respondents are asked various questions concerning demography, social status, education level, economic condition and subjective perception. The total sample size of ISSP 2009 includes over 20,000 observations, and is regarded as a sufficient sample size for statistical analysis.⁸ The majority of respondents are aged 18 years and older.⁹ Sampling procedures differed among individual countries: some were simple samples and others were multi-stage stratified random samples. The mode of interview also differed among countries: some were face-to-face interviews, paper-and-pencil or postal surveys. In general, the fieldwork to collect the sample was conducted between 2008 and 2010.¹⁰ In comparison with other individual-level countrywide survey programs such as the World Value Survey, ISSP 2009 has a key advantage in that it provides information about respondents' various types of wealth, including monetary wealth (savings, stocks, or bond) and non-monetary wealth (home). To consider economically related issues such as preference for redistribution and perceived income differences, it is necessary to take individuals' wealth into account. Therefore, the ISSP 2009 is more appropriate for this analysis than the World Value Survey. The variables used in the regression estimations are shown in Table 1, which provides definitions and basic statistics (mean, standard deviation).

⁸ The original sample consisted of 54,733 observations. However, data regarding the key variables were not available for all respondents. Hence, the sample size used in the estimation was reduced to 20,000.

⁹ Respondents from Finland, Norway, and Sweden are aged 15–74, 19–80, and 17–79 years, respectively. Those of Japan are aged 16 years and older.

¹⁰ Fieldwork in Italy was conducted between 2011 and 2012.

Table 1. Definitions and basic statistics of each variable

Variable	Definitions	Mean	St. dev.
INDI_CONFLICT	Question: In all countries, there are conflicts between poor and rich people. In your opinion, in <country> how much conflict is there between poor and rich people? 5 responses are regarded as proxies for degree of conflict: 1 (there is no conflict) – 5 (very high level of conflict).	2.44	0.34
AVER_CONFLICT#	Average value of INDI_CONFLICT in a country		
GINI#	Gini coefficients before taxes and transfers in 2008 (World Bank)	0.45	0.04
REAL_CONFLICT#	Equals 1 if the conflict occurred during between 1946 and 2009, otherwise 0	0.43	—
GDP#	GDP (millions of US dollars)	34,069	8,316
POP#	Population (thousands)	55,333	81,046
PRDIST	Degree of agreement with the statement that the government should reduce income inequality: 1 (strongly disagree) – 5 (strongly agree)	3.61	1.21
DIFINCOM	Degree of agreement with the statement that income differences in <country> are too large: 1 (strongly disagree) – 5 (strongly agree)	4.08	0.99
HIGINCOM	Equals 1 if the respondent's household income is higher than the 25th percentile (Group > 25 percentile), otherwise 0	0.26	—
MIDINCOM	Equals 1 if the respondent's household income is between the 25th and 75th percentiles of household income (25th percentile \geq Group \geq 75 the percentile), otherwise 0	0.59	—
LOWINCOM	Equals 1 if the respondent's household income is lower than the 75th percentile (Group < 75th percentile), otherwise 0	0.15	—
DEBTSTOC	Equals 1 if the respondent's financial wealth (savings, stocks, or bonds) is just debt, otherwise 0	0.10	—
NOSTOC	Equals 1 if the respondent has no wealth (savings, stocks, or bonds), otherwise 0	0.20	—
SMALSTOC	Equals 1 if the respondent's wealth (savings, stocks, or bonds) is larger than 0 but smaller than the expected mean wealth, otherwise 0	0.41	—
MEDSTOC	Equals 1 if the respondent's wealth (savings, stocks, or bonds) is equivalent to the expected mean wealth using external information, otherwise 0	0.05	—
LARSTOC	Equals 1 if the respondent's wealth (savings, stocks, or bonds) is larger than the expected mean wealth but smaller than the highest category, otherwise 0	0.19	—
TOPSTOC	Equals 1 if the respondent's wealth (savings, stocks, or bonds) belongs to the highest category (no upper limit), otherwise 0	0.05	—
DEBTHOM	Equals 1 if the respondent's wealth (home or apartment) is just debt, otherwise 0	0.06	—

Table 1. Definitions and basic statistics of each variable (*continued*)

Variable	Definitions	Mean	St. dev.
NOSHOM	Equals 1 if the respondent has no wealth (home or apartment), otherwise 0	0.18	—
SMALHOM	Equals 1 if the respondent's wealth (home or apartment) is larger than 0 but smaller than the expected mean wealth, otherwise 0	0.34	—
MEDHOM	Equals 1 if the respondent's wealth (home or apartment) is equivalent to the expected mean wealth using external information, otherwise 0	0.08	—
LARGHOM	Equals 1 if the respondent's wealth (home or apartment) is larger than the expected mean wealth but smaller than the highest category, otherwise 0	0.31	—
TOPHOM	Equals 1 if the respondent's wealth (home or apartment) belongs to the highest category (no upper limitation), otherwise 0	0.03	—
AGE	Age	49.9	15.1
SCHOOL	Years of schooling	13.3	4.03
MALE	Equals 1 if respondent is male, otherwise 0	0.51	—
MARRI	Equals 1 if respondent is married, otherwise 0	0.62	—
CONSV_1	Concerning political views 1 (Liberal) – 5 (Conservative), equals 1 if the respondent chooses 1, otherwise 0	0.09	—
CONSV_2	Concerning political views 1 (Liberal) – 5 (Conservative), equals 1 if respondent chooses 2, otherwise 0	0.35	—
CONSV_3	Concerning political views 1 (Liberal) – 5 (Conservative), equals 1 if respondent chooses 3, otherwise 0	0.21	—
CONSV_4	Concerning political views 1 (Liberal) – 5 (Conservative), equals 1 if respondent chooses 4, otherwise 0	0.31	—
CONSV_5	Concerning political views 1 (Liberal) – 5 (Conservative), equals 1 if respondent chooses 5, otherwise 0	0.04	—
WOKGOV	Equals 1 if the respondent works for government, otherwise 0	0.26	—
WOKPUB	Equals 1 if the respondent works for a publicly owned firm, otherwise 0	0.07	—
WOKFIRM	Equals 1 if the respondent is employed by a firm, otherwise 0	0.52	—
WOKSELF	Equals 1 if the respondent is self-employed, otherwise 0	0.14	—
WOKOTHE	Equals 1 if the respondent works for other than WOKGOV, WOKPUB, WOKFIRM, WOKSELF, otherwise 0.	0.002	—
WOKNO	Equals 1 if respondent is not in paid employment, otherwise 0.	0.005	—

Note: # suggests that the variable is a country-level variable. GINI is obtained from OECD <http://stats.oecd.org/Index.aspx?DataSetCode=IDD#> (accessed June 27, 2013). GDP and POP are sourced from Penn World Table 7.1 <http://www.rug.nl/research/ggdc/data/penn-world-table> (accessed June 27, 2013). Other variables sourced from ISSP 2009. Sample is the equivalent of that used in column (1) of Table 4. The question regarding political position varies according to country. However, in general it asks "To what degree do you think yourself politically liberal or conservative?"

One ISSP question concerning conflict (a key variable in the present study) asked: “There are conflicts between poor and rich people. In your opinion, in your country, how much conflict is there between poor and rich people?” To answer the question, respondents could choose one of four responses (which are regarded as a proxy for the degree of perceived conflict), ranging from 1 (there is no conflict) to 4 (very high conflict).

For the purpose of capturing the economic condition of a country of residence, GINI (Gini coefficient before tax and transfers), GDP and POP (population) are used. GINI data were sourced from World Bank data.¹¹ GDP and POP data were collected from the University of Pennsylvania’s Center for International Comparisons, Penn World Table 7.1.¹² This paper used 2008 data from these sources, being the year when the ISSP 2009 was conducted. The information regarding individual characteristics sourced from ISSP data was matched with country characteristics such as the degree of perceived conflict, GINI, GDP and POP. Thus, we were able to investigate how the characteristics of the residential country influence an individual’s preference for income redistribution and perceived income difference.

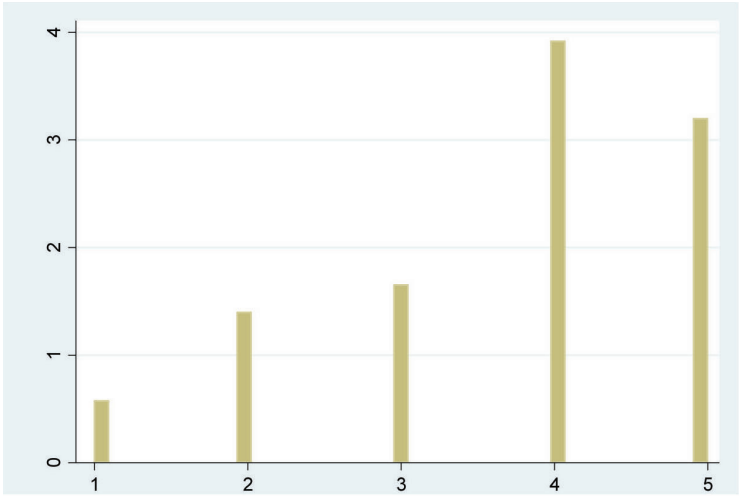
With respect to individual characteristics, PRDIST are proxies for preferences for income redistribution. A question from the ISSP 2009 asked respondents about their degree of agreement with the statement that government should reduce income inequality: there were five response options, ranging from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

¹¹ See <http://data.worldbank.org/indicator/SI.POV.GINI?page=1> (accessed on June 12, 2013).

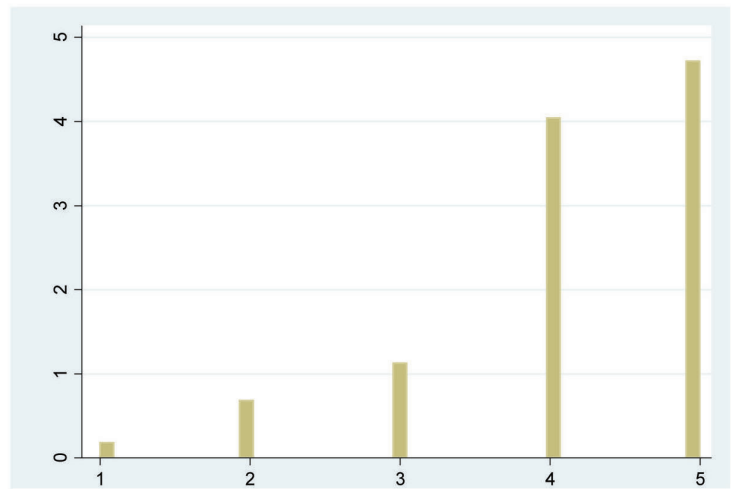
¹² The data are available at the website of Penn World Table https://pwt.sas.upenn.edu/php_site/pwt71/pwt71_form.php (accessed on August 25, 2013).

Figure 1. Distribution of perceptions in International Social Survey Program

A. Preference for income redistribution (PRIDIST)



B. Perceived income difference (DIFINCOM)



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

Information about the occurrence of real conflict was sourced from the Uppsala Conflict Data Program/Peace Research Institute Oslo Armed Conflict Dataset v.4.¹³ Based on the data, the variable dummy REAL_CONFLICT was constructed and given a value of 1 or 0, respectively, if conflict did or did not occur between 1946 and 2009. Furthermore, as explained in later sections, ethnic heterogeneity and historical education level are used as instrumental variables. Data regarding ethnic fractionalization were obtained from the website of Marta Reynal-Querol.¹⁴ Historical data about average schooling years in 1870 were found in Morrison and Murtin (2009).¹⁵

B. Econometric framework and estimation strategy

Table 2 shows that respondents belonging to a higher income group are less inclined to prefer redistribution and to perceive the income difference to be larger. The absolute difference of PRDIST between high- and low-income groups is 0.23, while the absolute difference of DIFINCOM is 0.10. Therefore, the difference between the mean values is small. However, this difference is statistically significant at the 1% level. Therefore, relative income level is thought to be associated with an individual’s view about preference for redistribution and perceived income difference.

¹³ Available at: http://www.pcr.uu.se/research/ucdp/datasets/ucdp_prio_armed_conflict_dataset/ (accessed May 24, 2015).

¹⁴ Available at: http://www.econ.upf.edu/~reynal/data_web.htm (accessed May 24, 2015).

¹⁵ An email request for access to the data

Table 2. Preference for redistribution and perceived income difference: average values of each income category

	PRDIST	DIFINCOM
High-income group: above 25th percentile	3.78	4.19
Middle-income group: between 25th and 75th percentile	3.82	4.21
Low-income group: below 75th percentile	4.01	4.29
Test "High income group" vs. "Low income group": mean difference (t-value)	0.23*** (15.1)	0.10*** (8.19)

Note: *** indicates significance at the 1% level.

In Figure 2, Panel A, the vertical axis shows the average preference for redistribution (PRDIST) within a country. In Panel B, the vertical axis shows the average perceived difference in income (DIFINCOM) within a country. The horizontal rows show the average perceived conflict (AVER_CONFLICT) within a country. A cursory examination reveals a positive association between AVER_CONFLICT and PRDIST, as well as between AVER_CONFLICT and DIFINCOM. These are in line with the Hypothesis proposed in the introduction. However, these relationships are observed when individual characteristics are not controlled for. A closer examination calls for a regression analysis using individual-level data matched with the characteristics of one's country of residence.

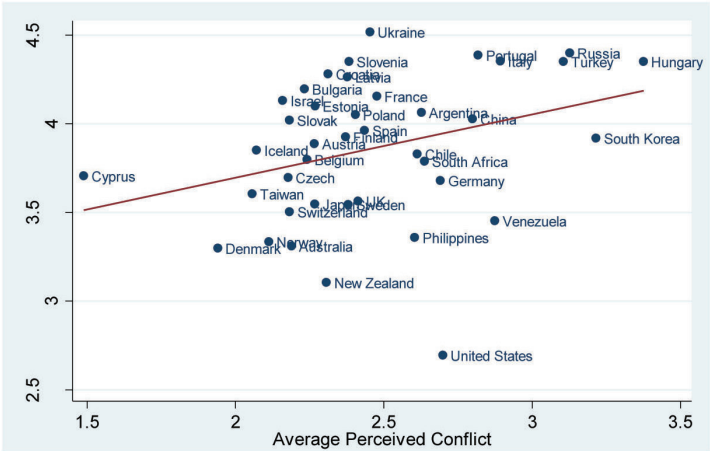
When the effect of individually perceived conflict on perceived income differences is examined, the causality between them is ambiguous because those who perceived that the difference is large are likely to perceive conflict to be high. The same happens with preference for redistribution. This inevitably causes endogeneity bias in the estimation using individual-level perceived conflict (INDI_CONFLICT). To control for endogeneity bias when examining the effect of people's perceptions of preference for redistribution, Yamamura (2014) used residential area-level variables calculated using micro-level data. Following this method, this paper controls for endogeneity bias using the average value of country-level perceived conflict rather than the individual's perception of conflict.

Even if the average value of perceived conflict is used, endogeneity bias can still exist. Hence, it is worthwhile to conduct a 2SLS estimation using instrumental variables. Historically, universal mass education has been developed as a means to create "new citizens" with a strong national identity, which in turn was seen as essential for effective state building (Uslaner and Rothstein 2015). That is, each nation's historical education level is considered to be a public good to increase income and reduce socioeconomic conflict. Average years of schooling in 1870 is used as a proxy for historical education level. Additionally, ethnic heterogeneity is observed to increase potential conflict (Montalvo and Reynal-Querol 2005). Hence,

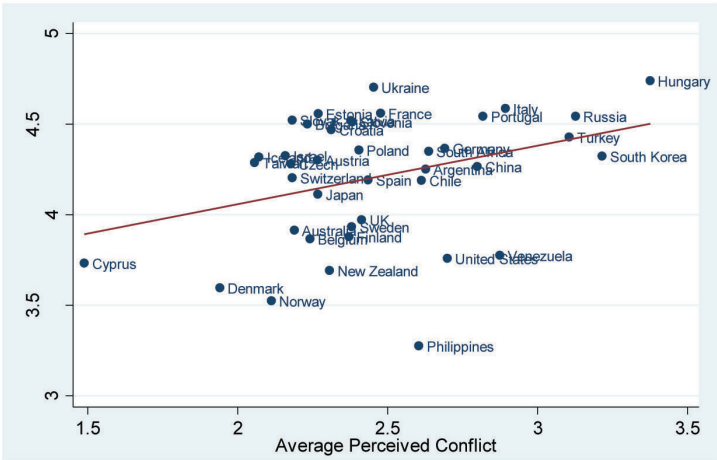
in alternative versions of the 2SLS model, the degree of ethnic fractionalization (ETHNIC FRACTIONALIZATION) and average years of schooling in 1870 (AVERAGE YEARS OF SCHOOLING IN 1870) are used as instrumental variables. From the discussion above, the coefficient of AVERAGE YEARS OF SCHOOLING IN 1870 (ETHNIC FRACTIONALIZATION) is predicted to be negative (positive) when AVER_CONFLICT is the dependent variable.

Figure 2. Association between average perceived conflict and other perceptions

A. Average preference for income redistribution (PRIDIST)



B. Average perceived income difference (DIFINCOM)



Furthermore, the occurrence of real conflict (REAL_CONFLICT) is also included as an independent variable. As income inequality motivates preference for income redistribution (Yamamura 2012; 2014), real income inequality is thought to be reflected in perceived income inequality (Yamamura 2014). Therefore, GINI should be included as an independent variable. Consistent with this prediction, as exhibited in Table 3, GINI is positively correlated with PRDIST and DIFINCOM and is statistically significant at the 1% level. Consistent with previous research that found a positive relation between economic inequality and social conflict (Esteban and Ray 2011; Macours 2011),¹⁶ Table 3 shows that INDI_CONFLICT is correlated with GINI and REAL_CONFLICT. Therefore, a multi-collinearity problem is thought to occur. To address this issue, in addition to the full model that includes INDI_CONFLICT (AVER_CONFLICT), alternative models that exclude GINI (and REAL_CONFLICT) are also estimated to check for robustness. The results are shown in the online Appendix.

Table 3. Correlation matrix for key variables

	PRDIST	DIFINCOM	INDI_CONFLICT	GINI	REAL_CONFLICT
PRDIST	1				
DIFINCOM	0.48***	1			
INDI_CONFLICT	0.16***	0.15***	1		
GINI	0.08***	0.07***	0.04***	1	
REAL_CONFLICT	0.02***	-0.02***	0.12***	0.53***	1

Note: *** indicates significance at the 1% level.

To examine the Hypothesis proposed in the previous section, the estimated function of the baseline model takes the following form:

$$Y_{ik} = \alpha_1 \text{CONFLICT}_{ik} + \alpha_2 \text{GINI}_k + \alpha_3 \text{REAL_CONFLICT}_k + X'B + \varepsilon_i, \quad (1)$$

¹⁶ A number of theoretical models show the relations between inequality and conflict although conclusions vary among researchers (Robinson 2001; Hutter 2003; De Luca and Sekeris 2012).

where Y_{ik} represents the dependent variable for individual i and country k , either $PRDIST_{ik}$ or $DIFINCOM_{ik}$. The key explanatory variable is $CONFLICT_{ik}$, captured through $INDI_CONFLICT_{ik}$ and $AVER_CONFLICT_{ik}$. X is a vector of characteristics of each country and individual, and B is a vector of coefficients. Regression parameters are represented by α . The error term is represented by ε_i . It is reasonable to assume that the observations may be correlated within a country. To control such correlation in line with this assumption, the Stata cluster command was used and t-statistics were calculated using robust standard errors. The advantage of this method is that the magnitude of correlation can be unique to each country.

Regarding the control variables included in X , GDP and POP are included to capture the economic condition of each country. Furthermore, according to the “prospect of upward mobility” (POUM) theory (Bénabou and Ok 2001), people who expect to move up the income scale are unlikely to support a redistribution policy even when they are currently poor. Hence, the sign for GDP is likely to become negative. If inequality increases social problems such as crime, then inequality leads people to perceive the income difference to be large and prefer redistribution. Thus, the coefficient of GINI is predicted to be positive.

Turning to the economic condition of individuals, people tend to compare their income with that of surrounding people (Luttmer, 2005; Clark and D’Ambrosio 2014). As exhibited in Table 2, an individual’s income position seems appropriate to capture the income effect. Hence, the relative income levels in each country are considered. For this purpose, three dummy variables are constructed: *HIGHINCOM* (respondents belong to the 25th percentile income group), *MIDINCOM* (respondents belong to the income group between the 25th and 75th percentiles), and *LOWINCOM* (respondents belong to the 75th percentile income group). In addition, to capture the wealth level, dummy variables to measure savings, stocks and bonds are constructed: *NOSTOC*, *SAMLSTOC*, *MEDSTOC*, *LARSTOC* and *TOPSTOC*. Furthermore, to measure non-financial wealth, dummy variables are created for home or apartment: *DEBTHOM*, *NOSHOM*, *SMALHOM*, *MEDHOM*, *LARGHOM* and *TOPHOM*. Previous studies controlled for individuals’ demographic and social status characteristics (e.g., Ravallian and Lokshin 2000; Corneo and Grüner 2002; Ohtake and Tomioka 2004; Alesina and La Ferrara 2005; Rainer and Seidler 2008; Alesina and Giuliano 2009; Yamamura 2012). Thus, this paper incorporates *AGE*, *SCHOOL*, *MALE*, and *MARRI* as independent variables. Perceptions about inequality and

income difference are thought to depend not only on economic conditions but also on individuals' political views. For the purpose of capturing political views, CONSV_2–CONSV_5 are included and CONSV_1 (liberal view) is the reference group. Liberal views are generally considered to support left-wing policies such as political income redistribution. Accordingly, the coefficients of CONSV_2–CONSV_5 are expected to be negative. In addition, the absolute value of the coefficient CONSV_5 is expected to be the largest among them. In addition, types of employment should be considered. Public sector employees would not like to lose their jobs as a result of a government downsize. Hence, public sector workers are thought to have a positive view about the role of government because they are likely to keep their jobs. With the aim to capture such an effect, respondents' jobs are captured by incorporating WOKGOV, WOKPUB, WOKFIRM, WOKSELF, WOKOTHE and WOKNO.

III. Estimation results

The estimation results are exhibited in Tables 4–6. In columns (1) and (4), INDI_CONFLICT is included to examine the relation between individual-level perceived conflict and the dependent variables. In contrast, in columns (2) and (5), AVER_CONFLICT is included. Furthermore, in columns (3) and (6), any endogeneity from AVER_CONFLICT is controlled by instrumental variables and the results are reported. Columns (3) and (6) also show the results of the first-stage estimation. The results of Table 4 are based on the full sample. After dividing the sample into high- and low-income groups, Tables 5 shows the results using the low-income sample, while Table 6 shows the results using the high-income sample. Furthermore, in each table, columns (1)–(3) present the results of PRDIST while columns (4)–(6) present the results of DIFINCOM. In each table, the coefficients of the independent variables are reported. Table 4 exhibits the results of the control variables. These results are not reported in Tables 5 and 6, although they are included in the estimations. This is deemed sufficient to check the key variables when testing the Hypothesis proposed in the introduction.

As for Table 4, columns (1) and (3) show that the coefficient of INDI_CONFLICT is positive and statistically significant at the 1 percent level. This is consistent with the prediction concerning the preference for redistribution and perceived income difference. Turning to the control variables, consistent with Table 2, HIGHINCOM is negative and statistically significant at the one percent level in columns (1)–(6). That is, high-income earners are less likely to support a redistribution policy and

they consider the income difference to be small. Both LARSTOC and TOPSTOC are negative and statistically significant in columns (1)–(6), meaning that high-income earners do not prefer redistribution and they do not perceive the income difference to be large. This can be interpreted as follows: income redistribution is the transfer of wealth from high-income earners to low-income earners. Therefore, income redistribution reduces the wealth of rich people, which in turn causes them to reject income redistribution. With respect to political views, CONSV_2, CONSV3, CONSV4 and CONSV5 are negative and statistically significant in all estimations. This is convincing because conservative people are thought to be against progressive policies such as income redistribution. Concerning employment type, WOKPUB, WOKFIRM, WOKSELF and WOKOTHE are negative in all columns (WOKGOV is the default variable). Furthermore, WOKFIRM and WOKSELF are statistically significant in columns (1)–(6). This implies that, compared with other kinds of employment, government employees are more likely to prefer redistribution and perceive the income difference to be large. That is, government employees consider that it is the government's role to decrease inequality, thus increasing the need for government and thereby protecting their jobs.

In columns (2) and (5) of Table 4, the coefficient of AVER_CONFLICT is positive and statistically significant, which is consistent with the Hypothesis. With respect to columns (3) and (6), before discussing the results of the second-stage estimation, the validity of the 2SLS estimation should be investigated. A specification error occurs if the instrumental variables are correlated with the error term. The overidentification test provides a method to test for exogeneity of instrumental variables. Test statistics are not significant and thus do not reject the null hypothesis that the instrumental variables are uncorrelated with the error term. This suggests that the instrumental variables are valid. The null hypothesis of the underidentification test is that the matrix of reduced-form coefficients has a rank of $K_1 - 1$ (under-identified). A failure to reject the null hypothesis suggests that the model is unidentified. The null hypothesis are rejected, so the model is appropriately identified. Considering the results of the overidentification and underidentification tests jointly, the estimations of the 2SLS model are valid in all columns. Regarding the first stage, ETHNIC FRACTIONALIZATION is positive and significant, while AVERAGE YEARS OF SCHOOLING IN 1870 is negative and significant in all columns. These are consistent with this study's predictions. The results of the second-stage estimations indicate that AVER_CONFLICT is positive and statistically significant in columns (3) and (6).

Table 4. Estimation results based on full sample

	Dependent variable: PRIDIST			Dependent variable: DIFINCOM		
	(1) OLS	(2) OLS	(3) 2SLS	(4) OLS	(5) OLS	(6) 2SLS
INDI_CONFLICT	0.24*** (9.33)			0.19*** (8.58)		
AVER_CONFLICT#		0.48** (2.41)	0.73*** (3.13)		0.37* (1.88)	0.48* (1.85)
GINI#	1.01 (0.84)	1.04 (0.79)	3.15*** (3.58)	-0.08 (-0.06)	-0.04 (-0.03)	1.50 (1.04)
REAL_CONFLICT#	0.07 (0.59)	0.08 (0.76)	0.04 (0.50)	0.11 (0.79)	0.11 (0.88)	0.14 (1.12)
Ln (GDP)#	-0.45*** (-3.05)	-0.33** (-2.42)	0.47* (1.96)	-0.50*** (-3.38)	-0.40** (-2.20)	-0.07 (-0.19)
POP#	-0.03*** (-5.82)	-0.03*** (-6.69)	-0.04*** (-7.33)	-0.01 (-1.49)	-0.01* (-1.79)	-0.01* (-1.68)
MIDINCOM	<Reference group>			<Reference group>		
HIGINCOM	-0.17*** (-3.67)	-0.19*** (-4.12)	-0.25*** (-6.46)	-0.18*** (-4.37)	-0.20*** (-4.75)	-0.23*** (-6.12)
LOWINCOM	0.07* (1.93)	0.08** (2.20)	0.05 (1.21)	-0.002 (-0.09)	0.004 (0.13)	-0.01 (-0.44)
DEBTSTOC	<Reference group>			<Reference group>		
NOSTOC	0.08 (1.57)	0.06 (1.11)	0.05 (0.90)	0.04 (0.72)	0.04 (0.64)	0.03 (0.50)
SMALSTOC	-0.07 (-1.64)	-0.09** (-1.96)	-0.04 (-1.17)	-0.01 (-0.25)	-0.02 (-0.40)	-0.03 (-0.59)
MEDSTOC	-0.06 (-0.91)	-0.08 (-1.14)	-0.02 (-0.34)	-0.06 (-1.05)	-0.07 (-1.24)	-0.05 (-1.13)
LARSTOC	-0.17*** (-3.14)	-0.20*** (-3.58)	-0.14*** (-2.71)	-0.12** (-2.03)	-0.14** (-2.26)	-0.11** (-2.20)
TOPSTOC	-0.27** (-2.81)	-0.31*** (-2.94)	-0.27** (-2.53)	-0.26*** (-4.42)	-0.29*** (-4.72)	-0.27*** (-4.87)
DEBTHOM	<Reference group>			<Reference group>		
NOSHOM	-0.01 (-0.12)	-0.03 (-0.55)	-0.05 (-0.86)	0.07 (1.04)	0.05 (0.76)	0.10 (1.60)
SMALHOM	-0.02 (-0.47)	-0.06 (-1.06)	-0.11* (-1.89)	0.05 (0.94)	0.02 (0.47)	0.03 (0.55)
MEDHOM	0.02 (0.31)	-0.01 (-0.14)	-0.12* (-1.84)	0.09 (1.44)	0.06 (1.02)	0.01 (0.21)
LARGHOM	-0.12* (-1.84)	-0.15** (-2.23)	-0.17*** (-2.62)	0.001 (0.02)	-0.02 (-0.04)	-0.02 (-0.41)
TOPHOM	-0.10 (-0.96)	-0.14 (-1.25)	-0.12 (-1.14)	-0.15 (-1.44)	-0.17 (-1.62)	-0.13 (-1.41)
AGE	0.001 (1.52)	0.001 (1.34)	0.002 (1.37)	0.01*** (4.44)	0.01*** (4.56)	0.01*** (5.09)
SCHOOL	-0.02*** (-5.12)	-0.02*** (-5.07)	-0.02*** (-5.87)	-0.02*** (-3.30)	-0.02*** (-3.34)	-0.02*** (-3.84)

Table 4. Estimation results based on full sample (*continued*)

	Dependent variable: PRIDIST			Dependent variable: DIFINCOM		
	(1) OLS	(2) OLS	(3) 2SLS	(4) OLS	(5) OLS	(6) 2SLS
MALE	-0.06*** (-2.71)	-0.08*** (-3.56)	-0.08*** (-3.48)	-0.06** (-2.78)	-0.08*** (-3.41)	-0.08*** (-3.02)
MARRI	0.001 (0.03)	-0.001 (-0.03)	-0.01 (-0.75)	0.03 (1.52)	0.03 (1.36)	0.02 (0.96)
CONSV_1	<Reference group>			<Reference group>		
CONSV_2	-0.23*** (-4.39)	-0.28*** (-4.63)	-0.33*** (-3.63)	-0.12* (-1.95)	-0.16** (-2.41)	-0.22*** (-3.04)
CONSV_3	-0.46*** (-7.69)	-0.52*** (-7.34)	-0.61*** (-6.40)	-0.31*** (-4.56)	-0.34*** (-4.75)	-0.45*** (-6.28)
CONSV_4	-0.81*** (-9.28)	-0.86*** (-8.74)	-0.92*** (-7.08)	-0.55*** (-7.56)	-0.59*** (-7.49)	-0.65*** (-7.26)
CONSV_5	-0.56*** (-4.59)	-0.57*** (-4.41)	-0.68*** (-5.50)	-0.35*** (-3.43)	-0.37*** (-3.59)	-0.41*** (-4.05)
WOKGOV	<Reference group>			<Reference group>		
WOKPUB	-0.08 (-1.13)	-0.03 (-1.13)	-0.07 (-1.29)	-0.01 (-0.32)	-0.01 (-0.27)	-0.07* (-1.73)
WOKFIRM	-0.19*** (-6.48)	-0.19*** (-7.05)	-0.19*** (-7.63)	-0.07*** (-3.00)	-0.14*** (-2.87)	-0.09*** (-3.39)
WOKSELF	-0.25*** (-6.32)	-0.25*** (-6.41)	-0.24*** (-7.23)	-0.14*** (-5.07)	-0.14*** (-5.08)	-0.16*** (-4.71)
WOKOTHE	-0.10 (-0.32)	-0.02 (-0.06)	-0.01 (-0.03)	-0.18 (-1.25)	-0.10 (-0.68)	-0.11 (-0.56)
WOKNO	-0.03 (-0.37)	-0.01 (-0.07)	0.04 (1.41)	0.19** (2.53)	0.23*** (3.21)	0.20*** (3.52)
			First stage			First stage
ETHNIC			3.85***			3.85***
FRACTIONALIZATION#			(4.56)			(4.58)
AVERAGE YEARS OF SCHOOLING IN 1870#			-0.29** (-2.23)			-0.29** (-2.22)
Underidentification test			23.5			23.6
<p-value>			<0.00>			<0.00>
Overidentification test			0.23			0.45
<p-value>			<0.63>			<0.50>
Adjusted R-square	0.23	0.22	0.24	0.19	0.17	0.19
Observations	13,325	13,664	13,664	13,372	13,724	11,785

Note: Values without parentheses are coefficients. POP is multiplied by 100 to easily interpret the results. Constant, Asian country dummy, European country dummy and French legal origin dummy are included but not reported. Values in parentheses are t-statistics calculated using robust standard errors clustered per country. *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively. # suggests that the variable is a country-level variable. Kleinerger-Paap and Wald statistics are used for the underidentification test. Hansen's J statistics are used for the overidentification test. In columns (3) and (6), centered R-square reported.

Table 5. Estimation results based on high-income sample

	Dependent variable: PRDIST			Dependent variable: DIFINCOM		
	(1) OLS	(2) OLS	(3) 2SLS	(4) OLS	(5) OLS	(6) 2SLS
INDI_ CONFLICT	0.22*** (4.96)			0.19*** (3.84)		
AVER_ CONFLICT#		0.54** (2.68)	1.28*** (4.18)		0.59** (2.31)	1.45*** (3.84)
GINI#	1.02 (0.61)	1.14 (0.66)	5.22*** (3.56)	0.49 (0.20)	0.74 (0.31)	5.11*** (2.86)
REAL_ CONFLICT#	-0.03 (-0.24)	-0.01 (-0.10)	0.03 (0.52)	0.66 (0.43)	0.08 (0.74)	0.20** (2.09)
			First stage			
ETHNIC			3.85*** (3.64)			3.85*** (3.64)
FRACTIONALIZATION#						
AVERAGE YEARS OF SCHOOLING IN 1870#			-0.29* (-1.94)			-0.29* (-1.93)
Underidentification test			14.2			14.2
<p-value>			<0.00>			<0.00>
Overidentification test			1.80			2.77
<p-value>			<0.17>			<0.10>
Adjusted R-square	0.23	0.22	0.26	0.22	0.22	0.26
Observations	3,501	3,583	3,094	3,506	3,593	3,098

Note: Values without parentheses are coefficients. Values in parentheses are t-statistics calculated using robust standard errors clustered per country. *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively. All independent variables exhibited in Table 4 are included. # suggests that the variable is a country-level variable. Kleinerger-Paap and Wald statistics are used for the underidentification test. Hansen's J statistics is used for the overidentification test. In columns (3) and (6), centered R-square reported.

Turning to Table 5, the coefficient of INDI_CONFLICT is positive and statistically significant at the 1% level in columns (1) and (4). The coefficient of AVER_CONFLICT is also positive and significant in columns (2) and (5). With respect to columns (3) and (6), the results of the overidentification and underidentification tests suggest that estimations of the 2SLS model are valid in most cases. Furthermore, ETHNIC FRACTIONALIZATION and AVERAGE YEARS OF SCHOOLING IN 1870 show the predicted signs in all columns and are statistically significant in most cases. Overall, the 2SLS model is appropriately estimated. With respect to the second-stage estimation, the coefficient of AVER_CONFLICT continues to be positive and statistically significant in columns (3) and (6). In column (3), a 1-point increase of AVER_CONFLICT results in PRDIST

increasing by 1.30 points. In column (6), a 1-point increase of AVER_CONFLICT causes DIFINCOM to increase by 1.50 points. Thus, the influence of AVER_CONFLICT on PRDIST and DIFINCOM is considered to be sizable. The absolute value of AVER_CONFLICT in column (3) is about two times those reported in column (2). The absolute value of AVER_CONFLICT in column (6) is about two and a half times those reported in column (5). That is, the underestimation bias is large and corrected by the instrumental variable. Overall, the results of AVER_CONFLICT are robust for the high-income group.

Table 6. Estimation results based on low-income sample

	Dependent variable: PRDIST			Dependent variable: DIFINCOM		
	(1) OLS	(2) OLS	(3) 2SLS	(4) OLS	(5) OLS	(6) 2SLS
INDI_CONFLICT	0.22*** (6.51)			0.19*** (6.91)		
AVER_CONFLICT#		0.001 (0.01)	0.35 (0.96)		0.08 (0.63)	0.34* (1.87)
GINI#	1.51 (0.72)	1.70 (0.96)	4.46*** (3.23)	1.15 (0.78)	1.18 (0.87)	3.13*** (3.15)
R_CONFLICT#	0.13 (0.90)	0.15 (0.90)	0.08 (0.83)	0.19 (1.46)	0.23 (1.55)	0.24*** (1.57)
			First stage	First stage		
ETHNIC FRACTIONALIZATION#			3.85*** (3.44)			3.85*** (3.46)
AVERAGE YEARS OF SCHOOLING IN 1870#			-0.29 (-1.55)			-0.29 (-1.51)
Underidentification test <p-value>			15.3 <0.00>			15.3 <0.00>
Overidentification test <p-value>			0.40 <0.52>			0.01 <0.93>
Adjusted R-square	0.16	0.13	0.15	0.12	0.10	0.11
Observations	1,981	2,069	1,814	1,984	2,077	1,822

Note: Values without parentheses are coefficients. Values in parentheses are t-statistics calculated using robust standard errors clustered per country. *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively. All independent variables exhibited in Table 4 are included. # suggests that the variable is a country-level variable. Kleienger-Paap and Wald statistics are used for the underidentification test. Hansen's J statistics are used for the overidentification test. In columns (3) and (6), centered R-square reported.

Table 6 shows that the coefficient of *INDI_CONFLICT* is positive, and statistically significant at the 1% level in columns (1) and (4). The absolute value of *INDI_CONFLICT* is approximately 0.22 when *PRIDST* is the dependent variable and 0.19 when *DIFINCOM* is the dependent variable. It is interesting to note that these absolute values are the same as those in Table 5. When endogeneity bias is not controlled, the effect of perceived conflict level does not vary according to income group. In column (2) and (5), it is surprising to observe that *AVER_CONFLICT* is not statistically significant. This means that statistical significance is drastically reduced once endogeneity bias is controlled. Columns (3) and (6) show the results of the overidentification and underidentification tests, which suggest that the estimations of the 2SLS model are valid. The results of *AVER_CONFLICT* are not statistically significant when *PRDIST* is the dependent variable.

To summarize the various estimated results presented thus far, the estimation results examined in this section strongly support the Hypothesis proposed in the introduction.

IV. Conclusions

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

To test the Hypothesis, this paper explored how the degree of conflict between rich and poor is associated with individual preferences for income redistribution as well as perceived differences in income. Cross-country individual-level data were used for statistical estimations. After controlling for individual characteristics, the key findings are as follows: (1) an individual is more likely to prefer an income redistribution policy in countries where people perceive the conflict between rich and poor to be high; (2) an individual is more likely to consider the income difference to be too large in countries where people perceive the conflict between

rich and poor to be high; (3) after dividing the sample into high- and low-income earners, the above two findings are only obtained for high-income earners and not for low-income earners.

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

References

- Acemoglu, Daron, and James Robinson (2000). Why did the West extend the franchise? Democracy, inequality, and growth in historical perspective. *Quarterly Journal of Economics* 115: 1167–1200.
- Acemoglu, Daron, and James Robinson (2001). A theory of political transition. *American Economic Review* 91: 938–63.
- Adachi, Tsuyoshi, and Yasuhiko Nakamura (2008). A theory of civil conflict and democracy in unequal societies. *Economics Bulletin* 8: 1–11.
- Alesina, Alberto, and George-Marios Angeletos (2005). Fairness and redistribution. *American Economic Review* 95: 960–80.
- Alesina, Alberto, Rafael De Tella, and Robert MacCulloch (2004). Inequality and happiness: are Europeans and Americans different? *Journal of Public Economics* 88: 2009–42.
- Alesina, Alberto, and Paola Giuliano (2009). Preferences for redistribution Working Paper 14825. Cambridge, MA, NBER.
- Alesina, Alberto, and Eliana La Ferrara (2005). Preferences for redistribution in the land of opportunities. *Journal of Public Economics* 89: 897–931.
- Aslaksen, Silje, and Ragnar Torvik (2006). A theory of civil conflict and democracy in rentier states. *Scandinavian Journal of Economics* 108: 571–85.
- Bénabou, Roland, and Efe A. Ok (2001). Social mobility and the demand for redistribution: The POUM hypothesis. *Quarterly Journal of Economics* 116: 447–87.

- Bjornskov, Christian, Axel Dreher, Justina Fischer, Jan Schnellenbach, and Kai Gehring (2013). Inequality and happiness: When perceived social mobility and economic reality do not match. *Journal of Economic Behavior and Organization* 91: 75–92.
- Clark, Andrew E., and Conchita D'Ambrosio (2014). Attitudes to income inequality: experimental and survey evidence. Discussion Paper 8136, IZA.
- Corneo, Giacomo, and Hans P. Grüner (2002). Individual preferences for political distribution. *Journal of Public Economics* 83: 83–107.
- Dahlberg, Matz, Karin Edmark, and Helene Lundqvist (2012). Ethnic diversity and preferences for redistribution. *Journal of Political Economy* 120: 41–76.
- De Luca, Giacomo, and Petros G. Sekeris (2012). Land inequality and conflict intensity. *Public Choice* 150: 119–35.
- Esteban, Joan, and Debraj Ray (2011). Linking conflict to inequality and polarization. *American Economic Review* 101: 1345–74.
- Galasso, Vincenzo (2003). Redistribution and fairness: A note. *European Journal of Political Economy* 19: 885–92.
- Gemmell, Norman, Oliver Morrissey, Oliver, and Abuzer Pinar.(2004). Tax perceptions and preferences over tax structure in the United Kingdom. *Economic Journal* 114: F117–F138.
- Greene, William (2008). *Econometric analysis*, 6th ed. London, Prentice-Hall.
- Hutter, Brian J (2003). Social identity, inequality and conflict: Correction and extension. *Economics of Governance* 4: 261–67.
- Justino, Patricia, and Philip Verwimp (2013). Poverty dynamics, violent conflict, and convergence in Rwanda. *Review of Income and Wealth* 59: 66–90.
- Klor, Esteban F., and Moses Shayo (2010). Social identity and preferences over redistribution. *Journal of Public Economics* 94: 269–78.
- Luttmer, Erzo F.P. (2005). Neighbors as negatives: Relative earnings and well-being. *Quarterly Journal of Economics* 120: 963–1002.
- Luttmer, Erzo F.P., and Monica Singhal (2011). Culture, context, and the taste for redistribution. *American Economic Journal: Economic Policy* 3: 157–79.
- Macours, Karen (2011). Increasing inequality and civil conflict in Nepal. *Oxford Economic Papers* 63: 1–26.
- Meagher, Gabrielle, and Shaun Wilson (2008). Richer, but more unequal: perceptions of inequality in Australia 1987–2005. *Journal of Australian Political Economy* 61: 220–43.

- Meltzer, Allan H., and Scott F. Richard (1981). A rational theory of the size of government. *Journal of Political Economy* 89: 914–27.
- Montalvo, José G., and Marta Reynal-Querol (2005). Ethnic polarization, potential conflict, and civil wars. *American Economic Review* 95: 796–816.
- Morrisson, Christian and Fabrice Murtin (2009). The century of education. *Journal of Human Capital* 3: 1–42.
- North, Douglass C., John J. Wallis, and Barry R. Weingast (2009). *Violence and social orders: a conceptual framework for interpreting recorded human history*. London, Cambridge University Press.
- Ohtake, Fumio, and Jun Tomioka (2005). On the perception of ‘rising economic inequality’ in Japan. *Osaka Economic Papers* 54: 421–36.
- Przeworski, Adam (2005). Democracy as an equilibrium. *Public Choice* 123: 253–73.
- Rainer, Helmut, and Thomas Siedler (2008). Subjective income and employment expectations and preferences for redistribution. *Economics Letters* 99: 449–53.
- Ravallion, Martin, and Michael Lokshin (2000). Who wants to redistribute? The tunnel effect in 1990 Russia. *Journal of Public Economics* 76: 87–104.
- Robinson, James (2001). Social identity, inequality and conflict. *Economics of Governance* 2: 85–99.
- Uslaner, Eric M. and Bo Rothstein (2015). The historical roots of corruption: state building, economic inequality, and mass education. Forthcoming in *Comparative Politics*.
- Voors, Maarten J., Eleonora E.M. Nillesen, Philip Verwimp, Erwin H. Bulte, Robert Lensink, and Daan P. Van Soest (2012). Violent conflict and behavior: A field experiment in Burundi. *American Economic Review* 102: 941–64.
- Xu, Ping, and James C. Garand (2010). Economic context and American’s perception of income inequality. *Social Science Quarterly* 91: 1220–41.
- Yamamura, Eiji (2012). Social capital, household income, and preferences for income redistribution. *European Journal of Political Economy* 28: 498–511.
- Yamamura, Eiji (2014). Trust in government and its effect on preferences for income redistribution and perceived tax burden. *Economics of Governance* 15: 71–100.
- Zhaohui, Bi (2007). Income inequality, redistribution and democratization. *Economics Bulletin* 4: 1–10.

