Who is Leftwing and Who Just Thinks They Are?

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Abstract

This paper contrasts individuals' preferences for redistribution with their stated political positions. It shows that there are important and consistent differences associated with ageing, gender, income and education. As such, it relates to the recent literature on preferences for redistribution (see (Alesina et al., 2011)). Evidence is provided that these results are consistent across time and place, and are also robust to several different other measures of political position. Using a pseudo-panel estimator, a variety of other forms of heterogeneity in the meaning of left and right are hypothesised, tested for, and rejected.

Keywords: Preferences for Redistribution, Voter Preferences, Ideology, World Values Survey

JEL Codes: D72, H23, H11

1 Introduction

This paper contrasts individuals' preferences for redistribution with their stated political positions. It contributes to a small but growing literature that seeks to understand how individual characteristics and experiences affect preferences for redistribution. As well as providing cross-country evidence of consistent demographic patterns in these preferences, it also suggests that there are consistent demographic differences in how these preferences for redistribution map to how individuals view their own politics. A growing literature studies the effects of personal characteristics and experience on preferences for redistribution ((Alesina et al., 2011), (Alesina and La Ferrara, 2005)); culture ((Luttmer and Singhal, 2011)); the effects of immigration on these preferences ((Dahlberg et al., 2012)); and the effects of living under communism ((Alesina and Fuchs-Schündeln, 2007)). These preferences are often taken to be equivalent to the left-right scale in Political Economy models of redistribution and taxation in Economics ((Meltzer and Richard, 1981),(Wittman, 1977)). This paper tests this assumption empirically, and highlights several important discrepancies. The results are shown to be suprisingly consistent across countries and generations and thus speak to recent

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work on the physiological ((Alford et al., 2005)), psychological((Jost et al., 2003)), and neurological ((Amodio et al., 2007)) basis of differences in political beliefs. It also speaks to recent work that studies how government ideology affects policy, that leftist governments are associated with larger governments ((Pickering and Rockey, 2011)), greater health care expenditures ((Potrafke, 2010b)) and more regulation of product markets ((Potrafke, 2010a)).

2 Methodology and Results

2.1 Data and Method

The data used in this paper are taken from the World Values Survey, and describe individuals' ideological self-placement –who is leftwing – and also their answers to a (range of) substantive policy question(s) – who just thinks they are. These data, and demographic data, are from the first five waves of the WVS, and cover a period of around 25 years. Self-placement is measured by the variable, *leftright*:

> In political matters, people talk of "the left" and "the right." How would you place your views on this scale, generally speaking?
> 1: 'Left' , 2: '2' ..., 9: '9' 10: 'Right'

The decision as to which variable represents best the *actual* political preferences of individuals is complicated by the fact that the nature of political debate and the ideological cleavages that motivate it vary substantially between countries. This additional concern necessitates using a variable that both represents as much as possible the variation in individuals' ideological position, whilst remaining consistent in its interpretation across countries. I chose the following question:

> "1: Incomes should be made more equal ... 10: I need larger income differences as incentives. "

This variable, henceforth, *moreineq* represents what Immervoll et al. (2007) refer to as the "old debate"; the traditional conflict that exists between equality of provision and the efficiency of the market, between more or less redistribution, and bigger or smaller government. Of course, these are not the same things and there are other dimensions to politics. Some of these are specific to particular elections, others such as social-conservatism or foreign-policy, are universal. There are some good reasons to believe that *moreineq* may be adequate, however. Even across the entire history of the United States, Poole and Rosenthal (2006) find that nearly 80% of the votes of members of the US House of Representatives can be explained by placing them on a single policy dimension. I test the adequacy of *moreineq* empirically in Section 2.2 by considering alternative dependent variables designed to measure a wider range of political beliefs. The results are found to be robust to all these alternatives. Finally, I provide evidence of a consistent relationship between *moreineq* and *leftright* across countries and generations.

The econometric approach needs to treat the correlation between *moreineq* and *leftright* as a parameter of interest and also exploit the ordinal structure of the dependent variables. I therefore use a bivariate ordered probit estimator. Specifically, let the latent variables $y^*_{i,1}$ and $y^*_{i,2}$ denote individuals' actual belief about their ideological positon and actual their ideological positions, measured using the ordered dependent random variables $y_{i,1}$ and $y_{i,2}$, respectively. The disturbance

terms $\varepsilon_{i,1}$, and $\varepsilon_{i,2}$ are assumed to be jointly normally distributed with correlation parameter ρ and $\mathbf{x_i}$ is the vector of independent variables. Then following Greene and Hensher (2010) the estimation may be stated as a *seemingly unrelated regressions (SUR) model for the latent regressions*:

$$y^*_{i,1} = \beta_1' \mathbf{x}_{i,1} + \varepsilon_{i,1}, \quad y_{i,1} = j \text{ if } \mu_{j-1} < y^*_{i,1} < \mu_j, j = 0,...,J_1 \tag{1}$$

$$y^*_{i,2} = \beta_2' \mathbf{x}_{i,2} + \varepsilon_{i,2}, \quad y_{i,2} = j \text{ if } \delta_{j-1} < y^*_{i,2} < \delta_j, j = 0,...,J_2 \tag{2}$$

$$\begin{pmatrix} \varepsilon_{i,1} \\ \varepsilon_{i,2} \end{pmatrix} \sim N\left[\begin{pmatrix} 0 \\ 0 \end{pmatrix}, \begin{pmatrix} 1 & \rho \\ \rho & 1 \end{pmatrix}\right] \tag{3}$$

A key advantage of explicitly modelling the dependence between y^*_1 and y^*_2 is that the estimate of ρ apportions any simultaneity into the error terms, providing consistent estimates. As a first step in addressing heterogeneity, country-wave fixed effects are included, and the error terms are similarly clustered. Columns 1 and 2 of Table 1 contains results of the bivariate ordered probit estimation using *moreineq* and *leftright*.

In the interests of parsimony, I restrict our attention to variables describing gender, age, education, and income. A first-glance, at these results suggests that men are both more rightwing than women, and perceive themselves as being so. This would seem to complement the results of previous work such as that of Edlund and Pande (2002) and Aidt and Dallal (2008). Edlund and Pande (2002) argue that the decline in US marriage rates (and the increase in divorce rates) has made women less well-off and men better-off. They provide evidence that this decline is associated with the rise of a difference in political allegiance between men and women.

Aidt and Dallal (2008) exploit the variation in when women gained the franchise in Europe to obtain results that "support the hypothesis that countries experienced an increase in social spending after women were given voting rights". Cavalcanti and Tavares (2011) argue that as income per capita increases, women substitute remunerated employment for household production, and that this leads to the demand for government services. Their headline empirical result, coinciding with the predictions of their theoretical analysis, is that "an increase in female labour force participation of 10% leads to a increase of government spending of about 2.5 percent as a share of GDP". Funk and Gathmann (2015) suggest using data from Swiss Referenda that men and women favour different policies, *ceteris paribus*. Specifically, they find women "*care more about the environment, public health, social welfare and are more sceptical towards nuclear energy or the military.*"

As shown in Table 1, age (here divided by 100) seems to be an important factor for an individual's perception of their ideology. However, it has no significant effect on views on redistribution versus efficiency. In this specification, the effect of generation is confounded with age, but this result compliments that of Sørensen (2013) who analyses how age effects relative preferences for different public goods. He finds that consistent with a life-cycle model, individuals increasingly prefer health care spending to education provision as they get older. Thus, I should not necessarily expect to find here a preference over the overall degree of redistribution.

How does education affect ideology? It would seem that the better educated, if anything, are less accurate in how they perceive their ideology. Higher levels of education are associated with being less likely to believe oneself to be rightwing, whilst being simultaneously associated with being in favour of increased inequality. These results contrast with those for income: higher levels of income are associated with both believing oneself to be more rightwing as well as considering more

inequality to be necessary. The effects of income on ideological self-position are interesting. One interpretation is that, *à la* Alesina and La Ferrara (2005), on average the rich believe themselves to be richer due to their effort, and thus policy should incentivise effort. Of course, further research would be needed to establish such a causal claim.

2.2 Defining Left and Right Wing

If the single left-right actual-position measure is at all adequate then it should also relate consistently to a variety of other plausible substantive questions. Whilst I argue above that beliefs about inequality – as measured by *moreineq* – represent a key aspect of the leftwing continuum, it is worthwhile to consider other measures that capture beliefs about how society should be organised.

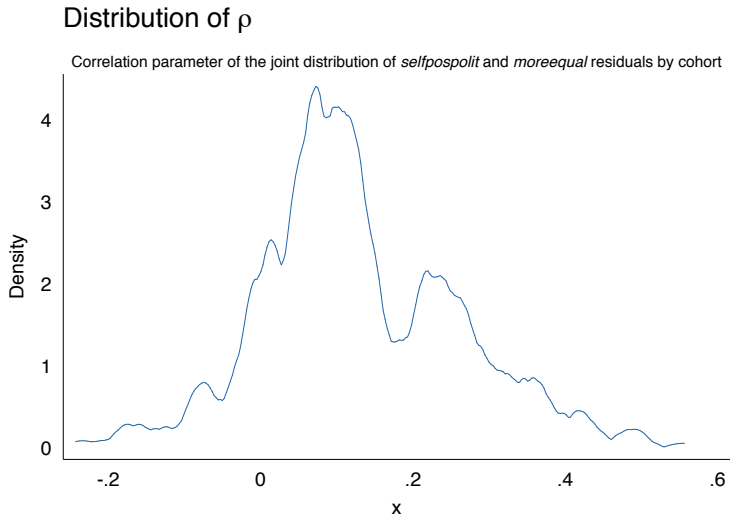
To this end, Table 2 reports results from the same specification as in Table 1, but employing alternative measures of individuals' beliefs. These are: *basicattitudetosociety*- a trinary question recording whether the respondent believes society needs radical change, reform, or defending; *stateowningfirms* -whether state ownership of industry should be increased; *govtresponsibilityto-provide* - whether it is an individuals or their governments responsibility to ensure they are provided for; *hardworkbringssuccess* - captures whether hard work or luck brings success; and *wealthzerosum* measures whether individuals believe that 'people can only get rich at the expense of others' or if 'wealth can grow so there's enough for everyone'? These abstract choices may be hard to understand, and to allay such concerns, the analysis was also repeated for the binary variable *secretarysfairpay*, which asks whether a more efficient secretary should be paid more.

Inspection of Table 2 suggests that the results in Table 1 are not artefacts of the choice of ideology measure. More specifically, there is a good deal of consistency across all six measures. Older respondents continue to see themselves as more rightwing whilst their views on the substantive questions mostly do not change. The pattern for gender also remains largely unchanged. Finally, and perhaps of greatest interest is that the effects of education and income found previously seem to be repeated here. The exceptions to these patterns are largely for the *basicattsoc*. Analysis suggests that these are driven by the statement 'society must be valiantly defended' as the rightmost of the three answers. Repeating the analysis using instead binary variables for this and the leftmost option – 'society must be radically changed', suggests the defence of society alternative picks up something different to all of the other questions. In another effort to capture the common latent variable, *f1*, the first principal component of the measures of the different dependent variables is computed, and used as a regressand. The results of this analysis are again consistent with those obtained for the individual dependent variables. Taken together, these results suggest I can be confident that our results are robust to a range of alternative conceptions and measures of the left–right dimension.

2.3 Do the results reflect variation across cohorts?

The WVS is not a panel, but rather a repeated cross-section of nationally representative polls. Thus, the results could be confounded by generational characteristics. I can address these concerns by defining cohorts on the basis of decade of birth and gender, and estimating a pseudo-panel model. I allow for sampling error, and obtain standard errors via the Bootstrap ((Deaton, 1985, Verbeek, 2008)). The estimated coefficients should now be interpreted as within-estimates. There are around 50% fewer observations as I restrict ourselves to cohorts with at least 200 observations following the simulations in Devereux (2007).

Figure 1: Distribution of Correlation between *leftright* and *moreineq*



Columns 3 and 4 of Table 1 contains estimates corresponding to the Bivariate Probit in the first two columns although now $age/100$ and *male* are subsumed into the cohort fixed effect. The results suggest that conditioning on cohorts, those who are better educated still judge themselves as more leftwing than their policy preferences suggest. Similarly, the more affluent continue to judge themselves as more rightwing than implied by their policy preferences. Indeed, the results are broadly speaking consistent with those obtained previously. This is an important result as it means that the results are not being driven by generational and gender differences or national trends. More importantly, it allows for stronger inference. I can credibly claim that the effects of education, income, or employment on individuals' actual political views and their perception of those views are consistent across the wide range of countries studied. Thus, these coefficients can be understood to measure the average effect of being, for example, better educated, rather than describing the views of more educated, for example, Germans or Argentinians.

Finally, I may also be concerned that the relationship between *leftright* and *moreineq* is unstable across cohorts. That is, one may wonder whether our results are being driven by a few cohorts with a very strong relationship. Figure 1 plots the estimates of ρ, the cross-equation correlation coefficient of the residuals, obtained from applying the specification in 1 to each cohort separately. I can see that while for a small number of cohorts the estimated within cohorts correlations is negative, for the vast majority it is large and positive. This suggests that whatever the reason for the demographic patterns in how people judge their politics they are ubiquitous.

3 Conclusion

In summary, I find that preferences for redistribution vary with age, gender, education, and income. I also find that how people view their politics varies along the same lines, but as is the case for education, often in the opposite direction. Understanding why this is the case is an important topic for future research. One important feature of this paper is that the evidence is for many countries for a long period of time and these relationships may therefore reflect some of the deep correlates of political opinion as discussed by Jost et al. (2009) rather than any current debates.

Table 1: Political Preferences and Political Self-Positioning

	Actual (moreineq)	Self-Perceived (leftright)	Actual (moreineq)	Self-Perceived (leftright)
male	0.032***	0.041***		
	(0.010)	(0.012)		
age/100	-0.032	0.180**		
	(0.055)	(0.072)		
nokids	-0.000	-0.015	-0.24	0.18
	(0.016)	(0.013)	(0.22)	(0.16)
education	0.031***	-0.018***	0.21***	-0.06
	(0.005)	(0.006)	(0.06)	(0.06)
income	0.033***	0.018***	-0.13***	0.09***
	(0.006)	(0.004)	(0.03)	(0.02)
Employment Status:				
works fulltime	0.029	-0.012	0.10	-0.26
	(0.018)	(0.021)	(0.21)	(0.18)
works parttime	-0.001	-0.018	-2.18***	2.75***
	(0.031)	(0.021)	(0.62)	(0.47)
selfemployed	0.053**	0.042*	-2.17***	-0.35
	(0.025)	(0.024)	(0.53)	(0.45)
retired	0.002	0.002	-0.99***	-0.12
	(0.021)	(0.028)	(0.24)	(0.21)
homemaker	0.039	0.069**	-0.64	-0.22
	(0.031)	(0.028)	(0.44)	(0.32)
student	0.011	-0.036	-0.19	-0.86***
	(0.029)	(0.029)	(0.37)	(0.32)
Employment Type:				
senior, non-manual	0.066***	0.010	0.66*	-0.31
	(0.019)	(0.015)	(0.38)	(0.28)
senior, manual	0.017	0.007	-3.54***	-2.78***
	(0.023)	(0.025)	(0.79)	(0.90)
skilled, manual	-0.016	-0.037**	-1.29***	-0.18
	(0.019)	(0.018)	(0.32)	(0.25)
unskilled	-0.030	0.034**	-0.38**	0.61***
	(0.020)	(0.017)	(0.18)	(0.15)
soldier	0.026	0.042	2.06	4.79**
	(0.041)	(0.044)	(2.44)	(1.98)
ρ	0.116***			
N	136,046	136,046	66,408	66,408

Columns 1 and 2 report the results of a bivariate ordered probit estimator. Also included are Country and Wave fixed effects. Parentheses contain standard errors clustered by country. Columns 3 and 4 report the results of a Pseudo-Panel estimator. Bootstrapped standard errors are in parenthesis. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table 2: Other Measures of Political Preferences

	basicattitudetosociety		secretarysfairpay		stateowningfirms		govtresptoprovide	
	selfpospolit	basicattitudetosociety	selfpospolit	secretarysfairpay	selfpospolit	stateowningfirms	selfpospolit	govtresptoprovide
male	0.03**	-0.05***	0.04***	0.06***	0.04***	0.13***	0.04***	0.04***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
age/100	0.23***	0.21***	0.18**	0.36***	0.16**	0.05	0.18**	0.01
	(0.09)	(0.08)	(0.08)	(0.07)	(0.07)	(0.07)	(0.07)	(0.05)
education	-0.02***	-0.03***	-0.02***	0.04***	-0.02***	0.03***	-0.02***	0.02***
	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)
income	0.01***	-0.00	0.02***	0.03***	0.02***	0.03***	0.02***	0.03***
	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)	(0.01)
N	82,613		128,782		129,605		135,167	

	hardworkbringssuccess		wealthzerosum		f1	
	selfpospolit	hardworkbringssuccess	selfpospolit	wealthzerosum	selfpospolit	f1
male	0.05***	0.06***	0.05***	-0.03**	0.11***	0.13***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)
age/100	0.19**	0.27***	0.19**	0.20***	0.61***	0.19***
	(0.09)	(0.05)	(0.09)	(0.05)	(0.10)	(0.05)
education	-0.02***	-0.00	-0.02**	0.00	-0.03***	0.05***
	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)	(0.00)
income	0.02***	0.01***	0.02***	0.01***	0.02***	0.05***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
N	94,658		92,510		45,667	

Notes as for Columns 1 & 2 of Table 1. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

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