

INEQUALITIES AND PREFERENCE FOR REDISTRIBUTION

Inequalities have increased over the last thirty years. However, this increase has not been the same in every country. Moreover, the perception of these inequalities differs across countries in a paradoxical way: concern about inequality is the largest in Europe, where it has been actually slighter. Differences between actual inequalities and their perception could be explained by a difference of values in the three regions of study, USA, Europe and Japan. Does the perception of inequalities matter more than the objective determinants of inequalities as it leads to different forms of redistribution?

Day 1: July 6th, from 9:00 to 16:30

Day 2: July 7th, from 9:00 to 12:30

**Venue: Doshisha University, Imadegawa Campus,
Hakuenkan building, Meeting room #501**

This international workshop is co-organized by EHESS (Fondation France-Japon de l'EHESS) and Doshisha University (Life Risk Research Center) in the framework of the research project "Inequalities and Preference for Redistribution" supported by the Toyota Foundation.



**THE TOYOTA FOUNDATION
RESEARCH GRANT PROGRAM 2016**

PROGRAM

JULY 6TH

9:00: Opening remarks by **Sébastien Lechevalier** (EHESS, FFJ) & **Tadashi Yagi** (Doshisha University)

9:10: Keynote speech by **Christina Fong** (Carnegie Mellon University)

Redistributive Politics with Target-Specific Beliefs

10:40: *Coffee break*

Session I: Poverty Perception, Attitude towards Government Role, and Preference for Redistribution

11:00: **Zhou Xun** (Jiangxi University of Finance and Economics)

Preference for Redistribution and Poverty Perception in China using the CGSS 2006 and a Multivariate Ordered Probit Models with Endogeneity

Discussant: **Conchita D'Ambrosio** (University of Luxembourg)

11:50: **Ryo Kambayashi** (Hitotsubashi University) & **Sébastien Lechevalier** (EHESS), co-written with Marc Jenmana (PSE)

Revisiting Cross-National Variations in Preference for Redistribution: A Comparison between US, France, and Japan

Discussant: **Andrew E. Clark** (Paris School of Economics)

12:40: *Lunch break*

Session II: Political Economy Perspective

14:00: **Andrew E. Clark** (Paris School of Economics)

Economic Insecurity and Political Preferences

Discussant: **Christina Fong** (Carnegie Mellon University)

14:50: **Toshiaki Tachibanaki** (Kyoto Women's University) & **Sayaka Sakoda** (Doshisha University)

Attitudes towards Inequality and Re-distribution

Discussant: **Sébastien Lechevalier** (EHESS)

15:40 - 16:30: Discussion

JULY 7TH

Session III: Asian Cases

9:00: **Conchita D'Ambrosio** (University of Luxembourg), co-written with Andrew E. Clark & Anthony Lepinteur.

Living Conditions and Well-Being: Evidence from Asian Countries

Discussant: **Ryo Kambayashi** (Hitotsubashi University)

9:50: **Arnaud Lefranc** (Université de Cergy-Pontoise), co-written with Fumiaki Ojima (Doshisha University)

Assortative Mating, Female Labour Supply and Income Inequality in Japan

Discussant: **Toshiaki Tachibanaki** (Kyoto Women's University)

10:40: *Coffee break*

11:00: **Kunio Urakawa** (Kyushu University)

Does Learning Opportunity at College Affect Preference for Redistribution? The Case of Japan

Discussant: **Arnaud Lefranc** (Université de Cergy-Pontoise)

11:50: Concluding remarks by **Sébastien Lechevalier** (EHESS, FFJ) and discussion

12:30: End of the workshop

LIST OF COMMUNICATIONS

Redistributive Politics with Target-specific Beliefs

By **Christina Fong**

There is perennial tension between the generosity of means-tested transfers and the work efforts of recipients. Individual support for these policies is associated with beliefs about whether the poor are lazy or industrious. At the same time, support for general redistribution from the rich to the poor is viewed in terms of general beliefs that luck rather than effort determines income (or mobility). This research takes a first step toward unifying these literatures by incorporating target-specific beliefs about the rich and the poor into a model that broadly follows key insights from the literature on general beliefs and preferences for redistribution. We develop and test a theory about support for redistribution in the presence of target-specific beliefs about the causes of low and high incomes. Our theory predicts that target-specific beliefs about the poor matter most for preferences about transfers to the poor, and target-specific beliefs about the rich matter most for preferences about taxation of the rich. Survey evidence from the United States and from Germany, the latter using survey questions we wrote for a module of the German Socio-Economic Panel, confirms this. We find that 42% of Americans give different answers when asked, respectively, about the reasons for being rich and the reasons for being poor. Experimental evidence on giving money to real welfare recipients provides additional support for our theory.

Preference for Redistribution and Poverty Perception in China using the CGSS 2006 and a Multivariate Ordered Probit Models with Endogeneity

By **Zhou Xun**

We develop a multivariate ordered probit model with endogeneity of a binary explanatory variable to investigate the conditional correlations between preference for redistribution and the perceived role of "circumstances" and "effort" in China. Being a migrant can be endogenous and its effect is identified via heteroskedasticity of the error term in order to analyse the impact of the Hukou system upon attitudes. The model is estimated using the GHK simulator and two solutions are proposed to impose the positivity of the correlation matrix. The correlations found validate the hypothesis of a "sense of fairness" for China.

Revisiting Cross-National Variations in Preference for Redistribution: A Comparison between US, France, and Japan

By **Ryo Kambayashi, Sébastien Lechevalier** and Thanasak Jenmana

There are significant differences across countries in terms of redistribution by the government and they may correspond to underlying dissimilarities in preference for redistribution across the population of these countries. In particular, previous literature has compared the US and Europe from this viewpoint, and proposed several explanations of these differences, from aggregation of individual determinants (e.g. one's income) to more holistic ones such as shared values at the national level (Alesina & Giuliano, 2009; Alesina & La Ferrara, 2004; Alesina et al., 2004).

The purpose of this paper is to contribute to this literature by analyzing the impact of socio-demographic factors and social beliefs on preference for redistribution and by trying to extend the comparison between Europe and the US by including the case of a developed Asian country, Japan. More precisely, by relying on the 2009 issue of the International Social Survey Program, our aim is to explain different preferences for redistribution across the US, France and Japan.

By focusing on the differences and commonalities across the three countries in the answers to two questions – the government role in reducing the difference in income and the way the tax system deals with high income, we are able to get the following results. We first confirm the opposition between Europe and the US regarding redistributive policies and progressive taxation. We second identify a different logic in Japan with general support for welfare policies that would reduce inequalities but distrust in the taxation system.

Economic Insecurity and Political Preferences

By **Andrew Clark**

We here take advantage of long-running British and German individual panel datasets (BHPS and SOEP) and contribute to the literature on the determinants of political preferences. We first show that economic insecurity significantly increases the probability of supporting a political party in both the UK and Germany. We then demonstrate that economic insecurity does not benefit all parties equally. Greater economic insecurity significantly increases support for Right-wing parties (the Conservative Party in the UK and the CDU/CSU in Germany) and to a lesser extent Centre parties (the Liberal Democrats in the UK and the FDP in Germany). On the contrary, support for Left-wing parties falls with economic insecurity, except in East Germany where SPD support rises with economic insecurity. Economic insecurity always increases Right-wing party support in both countries over all time periods. A number of heterogeneity tests based on individual characteristics are explored, and carry out a number of robustness tests.

Attitudes towards Inequality and Re-distribution

By **Toshiaki Tachibanaki** and **Sayaka Sakoda**

The paper examines the effect of globalism, populism, and self-responsibility on inequality and re-distribution policies. As economists we pay attention to the tradeoff-relationship between efficiency and equity. Although Japan is picked up as a main empirical example, we take into account various circumstances which are observed in the other advanced countries. The study argues whether several findings obtained in the fields of philosophy and psychology are useful to understand the issues of inequality and redistribution. Finally, we are going to present our views to solve the current problems related to inequality in the world.

Living Conditions and Well-Being: Evidence from Asian Countries

By **Conchita D'Ambrosio**, Andrew E. Clark and Anthony Lepinteur

We here use three rounds of Asianbarometer data covering more than 17,000 individuals over the 2005-2015 period to explore the link between self-assessed measures of living conditions (present and future) and objective measures of individual well-being (access to basic needs). These latter are picked up by various indices of deprivation, satisfaction and inequality. We find evidence of comparisons to those who are better off, in terms of access to basic needs, in the evaluation of current living conditions. We also find some evidence of comparisons to those who are worse off in the evaluation of future living conditions. Overall, subjective well-being is both absolute and relative in Asian countries. There is notable heterogeneity by level of development, with the comparisons effects being more pronounced in poorer countries.

Assortative mating, female labour supply and income inequality in Japan

By **Arnaud Lefranc** and Fumiaki Ojima

Recent research has underscored that assortative mating and female labor supply patterns play a significant role in shaping income inequality between households. This paper analyzes economic assortative mating and its contribution to inequality in Japan, in a comparative perspective. We provide descriptive evidence on the statistical association in several socio-economic attributes of partners among Japanese couples (participation, earnings, education, occupation). Over the last 4 decades, Japan experienced a strong rise in female labor force participation as well as a slow rise in income inequality. We use data from the Employment Status Survey over the period 1982-2012 to shed lights on these evolutions and to assess the contribution of assortative mating to earnings inequality between couples.

Does Learning Opportunity at College Affect Preference for Redistribution? - The Case of Japan

By **Kunio Urakawa**

In recent years, analyses of people's preference for redistribution have been conducted actively among various countries and international institutions. Research on preference for redistribution leads to the discovery and reconsideration of people's traits and behavioral principles that were previously overlooked in society.

This study focuses on the relation between learning opportunity and study experience at college and preference for redistribution, using Japanese microdata, reflecting Japan's recent trend of strict selection of priority universities.

In the analytical results, the variables for life support at college showed no significant correlation with "sense of income disparity" and "preference for redistribution". However, graduates of G30 Universities (accepted by the MEXT's Global 30 project) and universities whose learning support levels are high tend to more represent an agreement with redistribution, even after controlling other covariates such as household types, SESs, childhood cultural capital. Opportunities for higher benefits through redistribution in the field of higher education field might affect the evaluations for current disparity and government redistribution.

PRESENTATION OF SPEAKERS



Conchita D'Ambrosio is Professor of Economics, FNR PEARL Chair, at Université du Luxembourg. She is an economist, with a Ph.D. from New York University (2000). Her research interests have revolved around the study of individual and social well-being, its determinants, and the proposal of various measures that are able to capture its different aspects. Before joining the University of Luxembourg in 2013, she was Associate Professor of Economics at the Università di Milano-Bicocca.



Christina Fong is Senior Research Scientist in the Department of Social and Decision Sciences at Carnegie Mellon University. She holds a PhD in Economics from the University of Massachusetts, Amherst. Working on public economics, experimental economics, and behavioural economics, much of her research focuses on the role of fairness in redistributive attitudes and behaviour.



Andrew Clark holds a PhD from the London School of Economics. He is currently a CNRS Research Professor at the Paris School of Economics (PSE), and previously held posts at Dartmouth, Essex, CEPREMAP, DELTA, the OECD and the University of Orléans.

His work has largely focussed on the interface between psychology, sociology and economics; in particular, using job and life satisfaction scores, and other psychological indices, as proxy measures of utility, and thus to help us to understand the structure of individual preferences and therefore of behaviour. His broad area of study is social interactions and social learning. In addition to his Paris position, he is research associate at Flinders University, the London School of Economics and IZA (Bonn). He is on the Editorial Board of eight journals, and has acted as referee for over 190 different journals in Economics, Sociology, Psychology and Statistics.



Ryo Kambayashi is Professor at the Institute of Economic Research, Hitotsubashi University. His research field is labour economics, law and economics, Japanese economic history and institutional economics. He earned his PhD in economics from the Graduate School of Economics, University of Tokyo and was previously an Associate Professor at Tokyo Metropolitan University, a visiting scholar at the Department of Economics, Stanford University.



Sébastien Lechevalier: An economist by training, Sébastien Lechevalier offers a research program at the crossroads of political economy, socio-economics and economic history. Author of several books on the Japanese economy (*The Great Transformation of Japanese Capitalism*, 2014; *Leçons de l'expérience japonaise. Vers une autre politique économique ?*, 2016), he also edited special issues in several reviews, including «Vers un renouveau de l'Etat développeur en Asie ?» (*Critique Internationale*, 2014) and "Bringing Asia into the Comparative Capitalism Perspective" (*Socio-Economic Review*, 2013). He is also one of the founders of the research network "Asian Capitalisms" within SASE (Society for the Advancement of Socio-Economics). Based on the experience gained in studying the Japanese case, he wishes to extend his research to other forms of capitalism in Asia while making comparisons with Europe.



Sayaka Sakoda is an Assistant Professor at the faculty of Economics in Doshisha University, Kyoto and obtained her PhD in 2016. She works on topics related to income distribution, family economics and health economics. She was also a visiting scholar at the Fondation

France-Japon de l'EHESS Paris dispatched by JSPS project during one year from which currently is an Associate Researcher.



Toshiaki Tachibanaki is currently visiting professor at Kyoto Women's University. After finishing his Ph.D. in economics at Johns Hopkins University in the US, he held positions at INSEE and OECD in France. He was professor at Kyoto and Doshisha Universities in Japan. His fields are

labour economics and public economics. He published more than 100 books, including edited books, both in English and Japanese, notably *Wage Determination and Distribution in Japan*, Oxford University Press, and *Confronting Income Inequality in Japan*, MIT Press, and numerous articles in English, Japanese and French.



poverty.

Kunio Urakawa is an Associate Professor of Public Economics and Welfare Policy in the Department of Economic Engineering at Kyushu University, Japan. He gained a Ph.D in Economics from Kyoto University in 2007. He has conducted empirical studies on income distribution and



XUN Zhou obtained his PhD from GREQAM, Marseille, supervised by Michel Lubrano. He is currently lecturer at Jiangxi University of Finance and Economics and Head of the Western Economics Department. His research interests include subjective measurement, social dynamics, inequality and poverty. He is in charge of the research program "Preference for redistribution and poverty cause perception, from the perspective of social mobility", funded by the Chinese National Natural Science Fund.