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Change in Preferred Levels of Income Inequality: Poland, 1988 – 2003

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1

Questions

What level of earnings inequality is considered fair, and how this level changes in time?

Specifically, how did fair inequality between earnings in lowest-and highest-paying occupations change in course of the transition from centrally-planned to market economy?

What we know
about attitudes toward inequality

- Higher tolerance of inequality among men, the higher educated, the richer, and those with stronger meritocratic beliefs.

- Median-voter hypothesis renders weak empirical support.

Insights from Social Psychology

Theories: justification principle, status quo bias & status attribution

"even individuals who do not benefit from inequality are more likely to acquiesce in and even prefer unequal distributions, if they perceive that the differential rewards are earned" (Trump 2013:7).

Ideas about "what ought to be" tend to follow "what is believed to be" and "what objectively exists" (Krauze and Słomczyński 1986).

Hypotheses

Increase over time

Meritocratic attitudes and welfare state support

Gender, education, income

Data

Polish Panel Survey (POLPAN)

Waves: 1988-1993-1998-2003

1241 respondents in all 4 waves

DV: Fair Earnings Inequality

How much - in your opinion - should people earn in these occupations to achieve some justice?

...

owner of a large factory

...

unskilled worker

Ln(fair_factory / fair_worker)

IV: Meritocratic attitudes

Things important for achieving success in life

(1-5 Likert scale)

Education

Hard work

Ambition

Abilities and talent

IV: Welfare state support

Agreement or disagreement:

- state should assist children from poor families in facilitating their access to higher education

- state is responsible for reducing differences in people's incomes

- state should provide jobs for everyone who wants to work

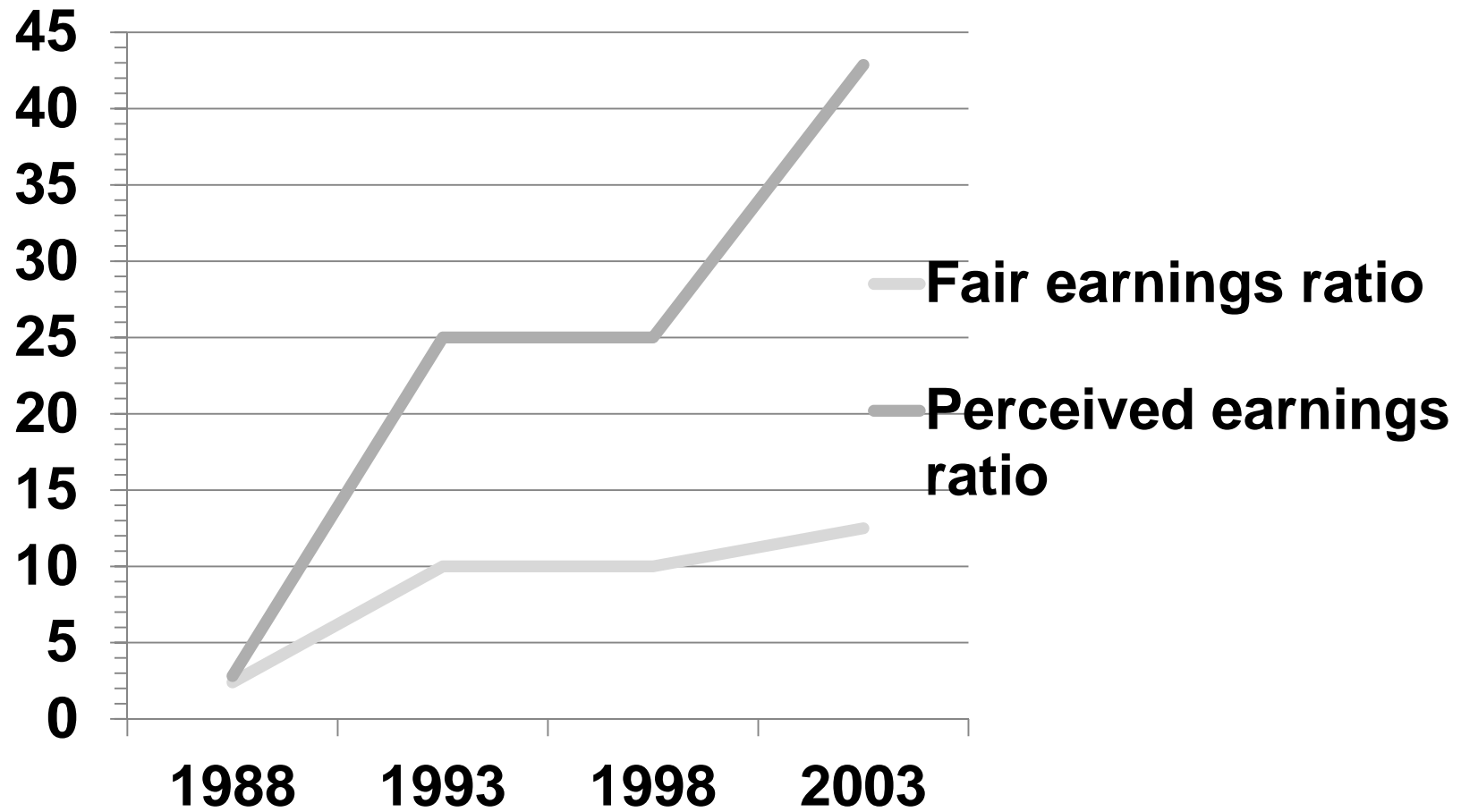# Controls

Household income per capita

Gender

Age

Education in years of schooling

Perceived vs. Fair

Medians of perceived and preferred monthly earnings ratios.

By-wave OLS	1988	1993	1998	2003
ln (fair ernings ratio)	B	B	B	B
Constant	0.285*	1.862***	1.791***	1.794***
Age	0.005*	-0.009*	-0.001	0.001
Gender (1M)	0.059	0.316***	0.146*	0.258***
Education (years)	0.035***	0.068***	0.051***	0.054***
Income	0.085**	0.067	0.037	0.108**
Meritocracy	0.032	0.065	-0.033	0.077*
Welfare state support	-0.008	-0.135**	-0.131**	-0.104**
Adj. R2	0.158	0.153	0.063	0.093

$* < 0.05, ** < 0.01, *** < 0.001$

HLM	Model 1	Model 2	Model 3
ln (fair earnings ratio)	B	B	B
Intercept	0.623***	0.761***	0.760***
Occasion	0.418***	0.406***	0.412***
Age	-0.001	-0.001	-0.001
Gender (1M)	0.236***	0.211***	0.208***
Education (years)	0.068***	0.059***	0.058***
Income	0.090***	0.072**	0.070**
Meritocracy		0.040*	0.039*
Welfare State Support		-0.096***	-0.093***
Level 2 (ind) Var	0.090	0.087	0.013
Level 1 Var	0.815	0.808	0.763
Cov (occ, cons)			0.013
BIC	7362.896	6894.225	6892.264
* < 0.05, ** < 0.01, *** < 0.001			

Conclusions

Fair earnings inequality increased 5 times from 1988 to 2003

Meritocratic attitudes, education, income, and being male are associated with higher fair earnings inequality

Welfare state support is associated with lower fair earnings inequality

Support for social psychology theories

Questions

Why has there been hardly any increase in perceived/fair inequality between 1993 and 1998?

What will happen next?

Who is the „owner of large factory"?

Acknowledgements

polpan.org