

**Attitudes towards Redistribution and Income Taxation:
Coherence or Discrepancy? A cross-country comparison**

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List of abbreviations

ALLBUS	<i>German General Social Survey</i>
BES	<i>British Election Study</i>
BSAS	<i>British Social Attitudes Survey</i>
CEEC	<i>Central and Eastern European Countries</i>
ESS	<i>European Social Survey</i>
GER	<i>Germany</i>
GER-E	<i>East Germany</i>
GER-W	<i>West Germany</i>
GSS	<i>General Social Survey</i>
HIE	<i>High-income earners</i>
ISSP	<i>International Social Survey Programme</i>
ITA	<i>Italy</i>
LIE	<i>Low-income earners</i>
MIE	<i>Middle-income earners</i>
NTA	<i>National Tax Association</i>
OECD	<i>Organisation for Economic Co-operation and Development</i>
PIT	<i>Personal Income Tax</i>
POL	<i>Poland</i>
POLPAN	<i>Polish Panel Survey</i>
SHIW	<i>Survey on Household Income and Wealth</i>
SOEP	<i>German Socio-Economic Panel</i>
SWSS	<i>Swedish Welfare State Surveys</i>
UK	<i>United Kingdom</i>
USA	<i>United States of America</i>
VAT	<i>Value Added Tax</i>
WVS	<i>World Values Survey</i>

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1. Introduction

In past decades, income inequality has been on the rise in nearly all regions of the world (Alvaredo et al. 2017; OECD 2011). Naturally, governments can make use of various policy measures to decrease inequalities in market incomes. However, redistributive measures by means of a tax and transfer system to achieve more equal distributions of net incomes are less laborious. Disapproving of the latter, proponents of the classical economic theory expressed doubts towards welfare state intervention, arguing it would undermine both incentives to work and investment incentives (Lazear and Rosen 1981; Okun 2015). Conversely, recent empirical studies have not only shown that inequality is detrimental for economic growth, but also that redistributive policies merely slow down economic growth to a negligible extent (OECD 2008; Ostry et al. 2014). Moreover, transfer programs allow for low-income households to better their situation through investments in health and education (Galor and Moav 2004). Hence, there exists large consent that high rates of income inequality are problematic since they lead to economic costs for society in the medium term (Stieglitz 2012).

In order to counter market income inequality, increased redistributive policies are regularly promulgated during political campaigns, as is currently the case in the United States of America (USA)¹ and the United Kingdom (UK)². Once in power, governments have various means at their disposal to implement redistributive policies. Progressive tax systems and social benefits have become important instruments of redistribution (Hümbelin 2016). In particular, the personal income tax (PIT) has proven its efficacy for governments (Edlund 1999). In terms of volumes, it remains the most significant tax in various countries (Hümbelin 2016; Pedone 2009). And yet, a discrepancy appears with regards to people's attitudes: on one side, people generally tend to support an increase in social spending and redistribution. On the other side, the same people are opposed to tax increases to finance the former. This paradox has led scientists to conclude that people want something for nothing (Citrin 1979; Winter and Mouritzen 2001; Peters 1991).

¹ Elizabeth Warren, see <https://elizabethwarren.com/plans/ultra-millionaire-tax>, last accessed on 4th December 2019, 12pm.

² Jeremy Corbyn, see <https://labour.org.uk/wp-content/uploads/2019/11/Real-Change-Labour-Manifesto-2019.pdf>, last accessed on 4th December 2019, 12pm.

The discrepancy between people's attitudes becomes intriguing when considering its impact on democratic legitimacy. According to one line of thought in the theory of political representation, representatives use citizen's preferences as guidelines for their political agenda. More precisely, the people's preferences in their pure form are ideally transferred into specific policies (Pitkin 1967). In that sense, the close link between people's preferences and adopted policy measures is associated with inherent democratic legitimacy. And yet, when it comes to attitudes towards taxation, normative democratic standards face some challenges. One might expect people to be highly concerned with tax policy due to its vital functions in society, notably with regards to redistribution. Having looked at evidence from the USA and the UK (Lewis 1978; Citrin 1979; Beedle and Taylor-Gooby 1983), however, Steinmo (1998) concludes that scholars investigating people's attitudes and their knowledge of tax policies observed general misinformation and confusion. Thereof resulting implications for welfare state policies are straightforward. For instance, Wilensky (1975) points out that perceptions of a fair distribution of taxes are crucial in legitimising a welfare state. Not only do results of redistributive policies depend on individual's responses to taxes, but also on what "people believe their taxes are being used for" (Congdon et al. 2009, p. 384). The people's perception of a just distribution of taxes thus becomes a driving factor for legitimising redistributive policies, even though the issue has rarely been treated (Roosma et al. 2016).

People's perceptions, however, shall not be the centre of attention. Instead, I will primarily refer to term *attitude* hereafter. Even though regularly used interchangeably with the terms *perception* and *preference*, it does not have the exact same meaning. *Perceptions* are generally related to how people perceive certain alternatives (Bahamonda-Birke et al. 2015). *Perceptions* can thus be understood as passive value judgments in the frame of a decision-making process. Similarly, *preference* is a term usually referred to by economists when describing a person's hierarchical ordering of certain alternatives during a decision-making process, which makes a *preference* an active value judgment. For one thing, an *attitude* resembles a *preference* in the sense that it is commonly defined as an "individual's favourable or unfavourable predisposition toward a target" (Riemer et al. 2014, p. 619). However, an *attitude* is more an inherent characteristic of a person vis-à-vis a value and thus not necessarily linked to a choice situation. Moreover, a vast majority of the literature treated in this thesis refers to the term *attitude*.

The choice to solely focus on the PIT, on the other hand, is threefold: first, the PIT is an important source of government revenue in terms of volume (Hümbelin 2016; Pedone 2009). Second, the PIT is a directly levied tax and therefore highly visible for people. Some argue that the PIT can even be considered to be the most visible tax (Brys et al. 2011). Tax visibility has a significant impact on people's attitudes towards taxes. Especially for people strongly averse to taxes, the visibility of taxes trumps all other explanatory factors for their discontentment (Hibbs and Madsen 1981). Of course, there are other direct and visible taxes like the wealth tax, for example. But the latter neither affects a large majority of people in society in the same way the PIT does, nor is the wealth tax levied in numerous countries anymore (OECD 2018). Finally, this naturally leads to a lack of reliable data bases as well as a lack of country comparability – both of which are given for the PIT and the attitudes related thereto.

As mentioned above, there have been many observations in the past suggesting that people are in favour of redistributive policies to reduce inequalities while at the same time being opposed to paying the taxes necessary for the policy measures necessary (Peters 1991; Korpi 1980; Bartels 2005; Roosma et al. 2016). This discrepancy between people's attitudes towards redistribution and attitudes towards taxation requires further research to better grasp people's attitudes towards welfare state policies. As Roosma et al. (2016) point out, perceptions of a just distribution of taxes are important for welfare state legitimacy, even though this issue has not been given great attention. This goes in line with recent claims to expand the research into the connection between social policy preferences and taxation (Steele and Breznau 2019). More precisely, it is claimed that studies on attitudes towards redistribution and studies on attitudes towards taxation should be brought together, as they are not independent from each other (Naumann 2018). By means of a literature review, this thesis contributes to closing the above research gap by combining the literature on attitudes towards redistribution and the literature on attitudes towards income taxation. The subsequent analysis is based on the following research question:

What are the coherences and discrepancies between people's attitudes towards redistribution and their attitudes towards income taxation?

In order to answer the question, I draw on both cross-country and country-specific studies investigating either attitudes towards redistribution or attitudes towards income taxation, without any claim to completeness. I then develop an overview of factors helping to explain coherences and discrepancies among the above-mentioned attitudes³. Although only suggestive, I outline possible interdependencies between the explanatory factors and evaluate their respective meaningfulness against each other. The sample used in this context consists of six countries: Germany (GER), Italy (ITA), Poland (POL), Sweden (SWE), the United Kingdom (UK), and the United States of America (USA).

The thesis is structured as follows: the second chapter presents a literature review of research on attitudes towards redistribution, grouped into cross-country and country-specific studies. The same grouping applies to the third chapter in which studies on attitudes towards income taxation are outlined. The subsequent chapter presents results of a descriptive analysis, combining the two respective attitudes dealt with before. Chapter five gives a systematic overview on factors explaining coherences and discrepancies among attitudes towards redistribution and income taxation – both on a micro and macro level. A final chapter concludes.

2. Attitudes towards redistribution

A large amount of research has dealt with people's attitudes towards redistributive policies. In order to compare those attitudes across countries, scholars mainly rely on the International Social Survey Programme (ISSP)⁴. Since 1985, ISSP surveys regularly include questions on the 'Role of Government'. In this module, respondents are asked about their attitudes towards aspects of the welfare state, such as employment policies, health care, education, and the reduction of income differences. Hence, the ISSP is often considered to be the best providing data for cross-country comparison (Brooks and Manza 2006; Lübker 2007; Osberg and Smeeding 2006; Svallfors 2006). The following literature review only takes into

³ For the operationalisation of the respective terms 'discrepancy' and 'coherence', see p. 28 (Ch.: Synopsis & Illustration).

⁴ As a cross-country programme of cooperation, the ISSP conducts annual surveys covering topics relevant to social sciences (see <http://www.issp.org/menu-top/home/>, last accessed on 4th December 2019, 12pm).

consideration waves of the 'Role of Government' module until 2006, due to a lack of studies covering the latest results of the 2016 wave.

Using ISSP data from 1985 to 2006, Bechert and Quandt (2010) shed light on people's attitudes towards the welfare state. Despite varying data availability of countries in some of the survey periods, some conclusions on attitudinal changes over time can be drawn.

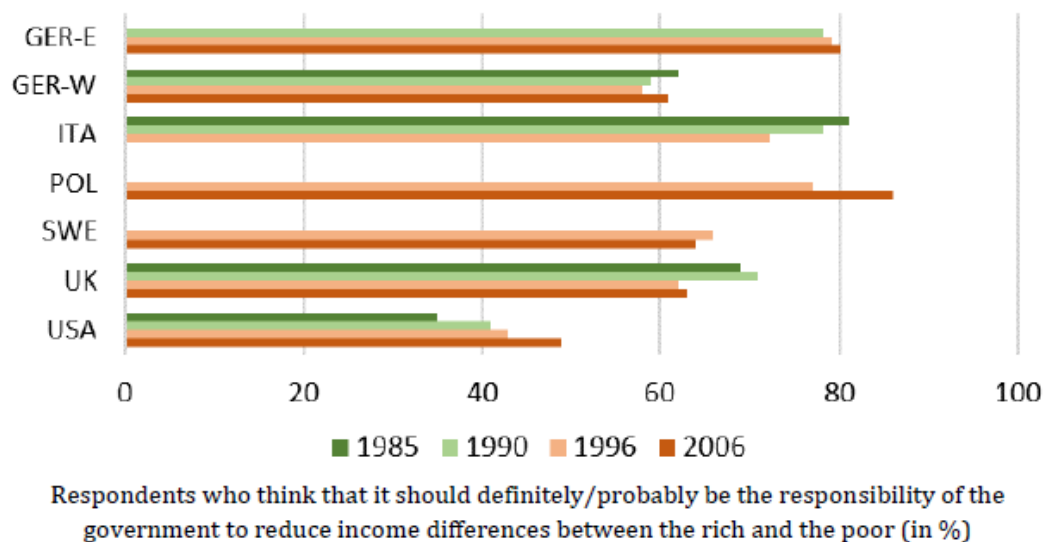


Figure 1: Attitudes towards the welfare state over time

Own illustration based on Bechert and Quandt (2010)

Overall, an absolute majority of respondents favour the idea of the government reducing income differences in 2006. Except for the USA, where less than 50 % of respondents favour state intervention to reduce income differences. At the same time, an upwards trend in support can be observed for the USA in preceding years. The same holds for East Germany⁵ and Poland – the two countries with the highest support for the reduction of income differences (80 % and 86 %, respectively). This trend is interpreted as a “counter-reaction to the increase of income inequality that has been observed for a number of OECD countries in recent decades” (Bechert and Quandt 2010, p. 36). Results for West Germany⁶ and the UK, however, do not support this trend. Further, respondents in Italy and Sweden tend to become less supportive of government intervention to reduce income differences, with values

⁵ When writing about “East Germany”, I always refer to studies working with data from respondents living within the boundaries of the former *German Democratic Republic*.

⁶ When writing about “West Germany”, I always refer to studies working with data from respondents living within the boundaries of the *Federal Republic of Germany* before its reunification with the *German Democratic Republic* in 1990.

decreasing from 81 % in 1985 to 72 % in 1996 (ITA) and from 66 % in 1996 to 64 % in 2006 (SWE), respectively.

Equally based on ISSP data, Kenworthy and McCall (2008) conduct a longitudinal study analysing attitudes towards the reduction of income differences. More precisely, both the modules 'Role of Government' and 'Social Inequality' are used, including the following survey question: "How much do you agree with the statement: 'It is the responsibility of the government to reduce the differences in income between people with high incomes and those with low incomes?'" (Kenworthy and McCall 2008, p. 39). On a five-point-scale, respondents chose answers ranging from (1) strongly disagree, or (2) disagree, to (3) neither agree nor disagree, to (4) agree, or (5) strongly agree.

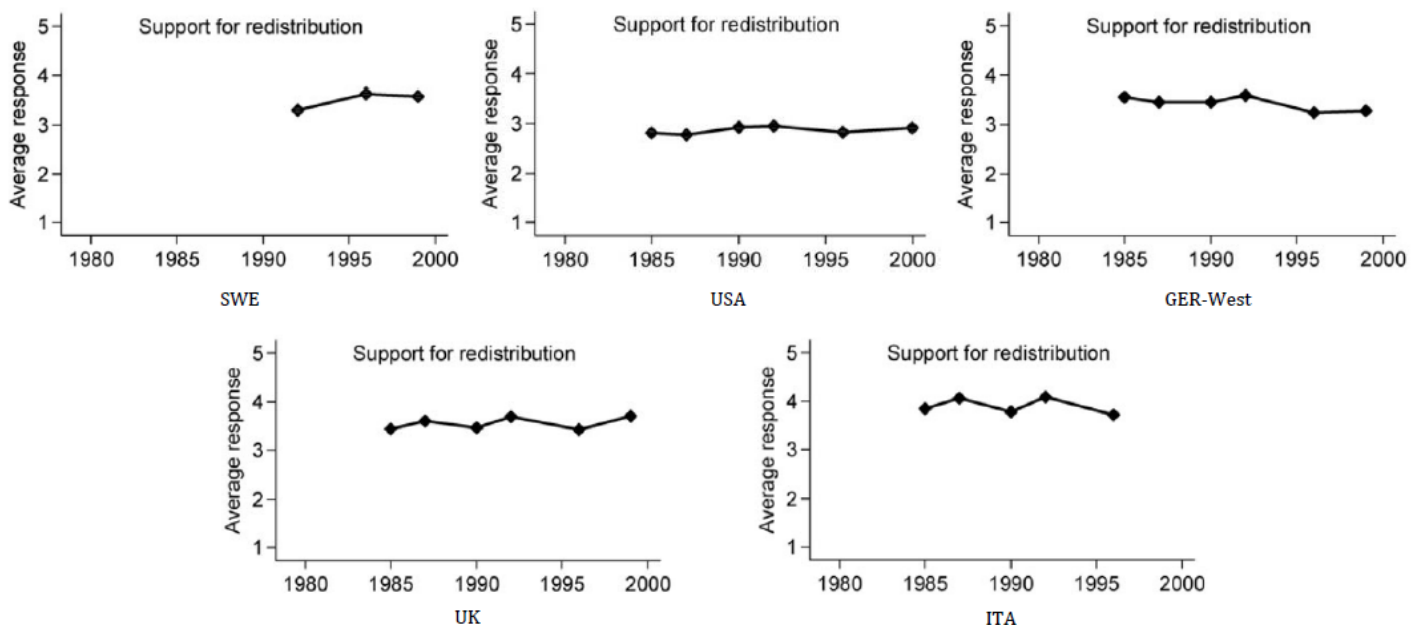


Figure 2: Attitudes towards income redistribution by government over time

Source: Kenworthy and McCall 2008, pp. 46–58

In Sweden, an increase of support for redistribution can be observed for the first half of the 1990s. No clear change in attitudes among respondents in the USA becomes apparent. If anything, there has been a slight increase in support for redistribution in the 1990s. The data for West Germany reveals a constant support for redistribution until the early 1990s, followed by a slight decrease in the mid-1990s and a subsequent constant support again. Support among respondents in the UK and Italy, however, is rather mixed. In the UK, people's attitudes remain rather constant over time, despite minor increases and decreases in support of redistribution. Similarly fluctuating, support for redistribution among respondents

in Italy is relatively high, even though a slight decrease in the early 1990s can be observed (Kenworthy and McCall 2008).

Merely focusing on the year 1992, Corneo and Grüner (2002) find that attitudes towards redistribution among citizens of formerly socialist countries differ significantly from those of citizens in western countries. Comparing West Germany and the USA to East Germany and Poland, the authors find that in the former countries, respondents favouring the reduction of income differences by the state make up an amount of 65 % and 38 %, respectively. At the same time support in the latter countries is at 89 % and 77 %, respectively (Corneo and Grüner 2002). Similar results arise from an analysis focusing on ISSP data of the year 2006. In a cross-country comparison, Guillaud (2013) finds that just over 50 % of US citizens agree with the statement that it is the government's responsibility to reduce income differences between the rich and the poor. Results for Sweden and the UK are similar, with respective 68 % and 69 % supporting the above statement. The biggest support is found in Poland, with almost nine out of ten (88 %) respondents favouring government's reduction of income differences – followed by Germany, with 72 % of the respondents supporting the idea of redistribution. When dividing Germany into West and East, however, "East Germans have their odds of being favourable to redistribution more than doubled [...], as compared to West Germans" (Guillaud 2013, p. 71). The author thus concludes that former communist countries are significantly more supportive of the government's role to reduce income differences.

Finally, country-specific differences in attitudes towards redistribution are summarised by Schneider (2015) who relies on Dallinger's (2010) categorisation of value regimes. Based on insights from the ISSP module 'Social Inequality' of the year 2009, Schneider finds the largest support for the reduction of income differences by the state in post-communist countries. Accordingly, 82 % of respondents in countries like Poland support income redistribution. Amounting to 79 %, support is second highest in conservative countries such as Italy and Germany. 60 % of respondents in social-democratic countries such as Sweden support redistribution, whereas support is lowest in liberal countries: in both the UK and the USA, the average support for redistribution is 48 % (Schneider 2015).

The European Social Survey (ESS)⁷ is referred to by many studies on people's attitudes towards redistribution, too. Since its initiation in 2001, the ESS includes questions regarding attitudes towards redistribution. Respondents are asked whether they agree with the statement that "[t]he government should take measures to reduce differences in income levels" (ESS 2002, p. 15). Like in the ISSP surveys, answers are framed on a five-point-scale ranging from (1) strong agreement to (5) strong disagreement.

Analysing the results of the first ESS wave in 2002, Finseraas (2008) investigates the link between levels of inequality and the demand for redistribution. With a mean value of 2.45, the strongest support for redistribution prevails in Germany, followed by the UK (2.50) and Sweden (2.67). Considerably less support for redistribution prevails in both Poland (2.94) and Italy (3.05). Roosma et al. (2012) equally examine cross-country differences in Europe, using results of the ESS wave in 2008. Working with several dimensions of the welfare state – such as *range*, *degree* and *efficiency* – the authors allow for a multi-dimensional investigation of people's attitudes. For the purposes of this thesis, I will merely refer to Europeans' attitudes towards the *goal* dimension, since it is operationalised through the question of whether it is the government's role to reduce differences in income levels, as specified above. Albeit not broken down for each country, the results presented by the authors indicate a general high level of support for redistribution among all European countries. Indeed, pro-welfare attitudes – the sum of (1) and (2) on the answer scale – amount to 71 %, whereas anti-welfare attitudes – the sum of (4) and (5) on the answer scale – only amount to 14 % (Roosma et al. 2012).

Yet another study investigates the relation between income and subjective well-being, using the four ESS waves between 2002 and 2008. For their analysis, Hajdu and Hajdu (2014) refer to the mean values of people supporting the idea of income redistribution for each country throughout the years of observation. Accordingly, the highest support for redistribution is found in Sweden (48 %), followed by Germany (47 %), Poland (30 %), the United Kingdom (27 %), and Italy (24 %). Conversely, Alesina et al. (2019) disentangle country-specific support for income redistribution over the years and extend their analysis by including ESS waves until

⁷ As an academically driven cross-country survey, the ESS conducts surveys on attitudes, beliefs and behavioural patterns on a biennial basis (see <https://www.europeansocialsurvey.org/about/>, last accessed on 4th December 2019, 12pm).

2015. For both Germany and the UK, the authors observe a steady increase in support for income redistribution in comparison to the year 2002. On the other hand, results for Italy and Sweden indicate mixed trends with support for income redistribution in 2015 being approximately the same as in 2002 (Alesina et al. 2019).

Then again, summarised results of the different waves are regularly published by the ESS itself. The most recent publication presents European's attitudes towards the welfare state which are derived from responses in the ESS round 8 module of the years 2016 and 2017 (Meuleman et al. 2018). However, the authors merely present attitudes towards aspects of the welfare state regarding the elderly, the unemployed and refugees. Even though support is particularly high across Europe to provide decent living standards for the elderly – in contrast to support for the unemployed and refugees which is found to slightly differ between Northern and Western European countries on one side and Eastern European countries on the other side – no conclusions are drawn regarding support for income redistribution (Meuleman et al. 2018).

To supplement the cross-national studies presented above, the subsequent section deals with country-specific studies investigating people's attitudes towards redistribution. For convenience only, the countries are listed in an alphabetic order.

2.1. Germany

Throughout recent studies, continuously high support for redistribution was found among respondents in Germany (Krömmelbein and Nüchter 2006; Heinrich et al. 2017; Engelhardt and Wagener 2016). Analysing a research project on attitudes towards the welfare state commissioned by the German Ministry for Health and Social Security, Krömmelbein and Nüchter (2006) found that between 2005 and 2008, 80 % of the respondents believed that social injustice had increased as well as differences in income levels. Consequently, respondents seem to be in favour of an increase in redistributive spending, with those in East Germans stating higher welfare claims than those in West Germany in the following way:

Increased spending on...	GER-E	GER-W
... families & children	88 %	77 %
... elderly care & care in the event of illness	70 %	66 %
... provision of healthcare	68 %	56 %

Table 1: Attitudes towards redistributive spending GER-E and GER-W

Own illustration based on Krömmelbein and Nüchter (2006)

Around one decade later, similar results were found by Heinrich et al. (2017). Of the 2,000 respondents, a large majority considered that the gap between the rich and the poor had become too large, with four in five respondents fully (49 %) or generally (33 %) considering the social inequality untenable. The consequently expressed counter measures all result in increasing redistribution by the state. In particular, the widespread conviction of the government's role to secure people from risks occurring due to the course of life translates in the following way: around 95 % of the respondents hold the government responsible for both health care provision and elderly care. Subsequent priorities for respondents are the reconciliation of family and career (86 %) and the provision of professional perspectives for the unemployed (85 %). Moreover, 72 % of the respondents support the government's role of reducing levels in income differences, whereas one in four (25 %) respondents believe the opposite (Heinrich et al. 2017).

Solely focusing on people's attitudes towards income redistribution, Engelhardt and Wagener (2016) provide survey respondents with a seven-point-scale on which the indicated preferences range from (1) "There is too much effort to equalize incomes", to (4) "It is fine as it is", to (7) "Income equality is far too high and should be reduced (Engelhardt and Wagener 2016, p. 8). As one of the main results, the authors find that 83 % of the respondents were in favour of more income redistribution (categories 5 to 7), whereas 11 % stated indifference and a negligible minority of 6 % stated that there was too much income equalisation already – a result which goes in line with Heinrich et al. (2017). The second main finding associates respondents' preferences for redistribution with perceived income deciles. Accordingly, Engelhardt and Wagener found homogeneously strong support for redistribution among all income groups, ranging from mean values of 4.125 (moderate support for redistribution) in the highest income decile to 6.1

(considerable support for redistribution) in the lowest income decile (Engelhardt and Wagener 2016).

2.2. Italy

Very little research could be identified regarding attitudes towards redistribution in Italy. Investigating underlying values driving demand for redistribution, Sabatini et al. (2017) provide evidence for a strong link between unfairness aversion and redistribution. Therefore, the authors draw on the Survey on Household Income and Wealth (SHIW) conducted by the Bank of Italy, which operationalises redistribution through the following statements: first, “The more someone earns, the more (in percentage) he/she should contribute to government spending” and second, “The Government should levy higher taxes on income (personal and company) and lower taxes on consumption (VAT)” (Sabatini et al. 2017, p. 7). Respondents were then asked to indicate their agreement with the above statements on a five-point-scale ranging from (1) not at all to (5) very much. With a mean value of 3.8, the authors report general high support for redistribution among the Italian population (Sabatini et al. 2017).

2.3. Poland

For the purpose of measuring opinions and attitudes towards inequality and the role of the state in Poland, the Polish Panel Survey (POLPAN)⁸ has been conducted on a five-year basis since 1988. Referring to POLPAN data from 1988 to 2013, Wysienska-Di Carlo and Di Carlo (2014) create a synopsis of people’s attitudes towards redistribution. Therefore, the authors focus on the two statements that “The state should provide jobs for everyone who wants to work” and “The state is responsible for reducing differences in people’s incomes” (Wysienska-Di Carlo and Di Carlo 2014, p. 4). Based upon responses indicated on the five-point-scale – ranging from (1) strongly agree, to (3) neither agree nor disagree, to (5) strongly disagree – the following graphs emerge:

⁸ As a program of panel surveys, POLPAN conducts surveys with a focus on the social structure and its change in Poland on a five-year basis (see <http://polpan.org/en/about-polpan/project-description/>, last accessed on 4th December 2019, 12pm.)

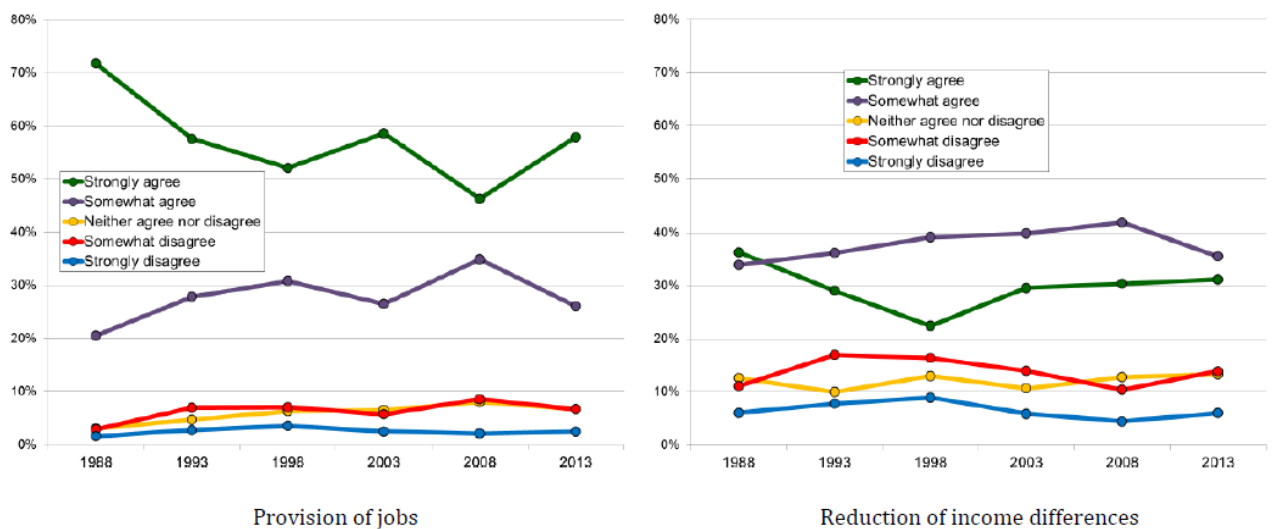


Figure 3: attitudes towards redistribution in Poland

Source: Wysienska-Di Carlo and Di Carlo 2014, pp. 4–5

Regarding attitudes towards the reduction of income differences, an overall majoritarian level of support can be observed. While constantly increasing since 1998, slightly less respondents support income redistribution in 2013. The number of respondents with indifferent or even opposing attitudes, on the other hand, remains rather constant over time. The same is true for respondents being indifferent or opposed to the government’s role to provide jobs for those who want one, although less in numbers. Attitudes supporting the government’s role to provide jobs, however, are rather fluctuating. Nonetheless, levels of support remain very high, with a considerable increase in people indicating strong agreement for the year 2013 (Wysienska-Di Carlo and Di Carlo 2014).

2.4. Sweden

In Sweden, attitudes towards various aspects of the welfare state are regularly investigated by the Swedish Welfare State Surveys (SWSS). Svallfors (2011) analyses results from SWSS waves between 1986 and 2010. For pertinence reasons of this chapter, I will exclude the findings on collective financing and individual contributions and rather focus on welfare service delivery and general attitudes towards public expenditure. With regards to the former, respondents in Sweden were asked who they “consider best to deliver the following services” (Svallfors

2011, p. 813), given the choice between state or local authorities on one side, and alternative service providers, on the other side.

State or local authorities best suited to provide...	1986	2010
... education	91 %	85 %
... health services	91 %	83 %
... child care	55 %	69 %
... care for elderly	81 %	78 %
... social work	91 %	85 %

Table 2: Attitudes towards redistributive service delivery in Sweden

Own illustration based on Svallfors (2011)

Despite the increased privatisation of care service delivery, the authors still find that for education, health services, childcare, care for elderly, and social work, respondents indicate considerable support for provision by the state or local authorities over time. Further, they tend to be increasingly favourable towards public provision of childcare, with an increase of 14 percentage points between 1986 (55 %) and 2010 (69 %).

<u>Increase</u> / <u>decrease</u> spending in...	1986	2010
... medical and health care	<u>45</u> % 3 %	<u>66</u> % 2 %
... support for elderly	<u>30</u> % 1 %	<u>70</u> % 2 %
... support for families with children	<u>31</u> % 12 %	<u>27</u> % 8 %
... housing allowances	<u>13</u> % 36 %	<u>11</u> % 25 %
... social assistance	<u>16</u> % 22 %	<u>22</u> % 15 %
... comprehensive and secondary schooling	<u>26</u> % 7 %	<u>60</u> % 1 %
... employment policies	<u>69</u> % 6 %	<u>45</u> % 9 %

Table 3: Attitudes towards public spending in Sweden

Own illustration based on Svallfors (2011)

Respondents were then asked about their attitudes towards public spending: “Taxes are used for different purposes. Do you think that the amount of tax money used for the following purposes should be increased, remain the same, or decreased?” (Svallfors 2011, p. 811). The author finds that in a constant manner, respondents expressed increased social spending until the end of the 1990s, due to the crisis in that very decade. Until 2010, answers are rather mixed, though. Despite the financial crisis of the years 2007 and 2008, relatively less people demand increases in spending for medical and health care, as well as for schooling. Instead, people tend to demand slightly larger increases in spending for employment policies and social assistance in 2010 (Svallfors 2011).

2.5. United Kingdom

Montagnoli et al. (2017) make use of results of the British Election Study (BES)⁹ between 2014 and 2015 to analyse the link between financial literacy – i.e., “the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being” (Hung et al. 2009, p. 3) – and attitudes towards income redistribution. As an exhaustive survey studying attitudes and behaviour in the UK, the BES first asks respondents: “Some people feel that government should make much greater efforts to make people’s incomes more equal. Other people feel that government should be much less concerned about how equal people’s incomes are. Where would you place yourself on this scale?”, with answers ranging from (0) pro-income equalisation to (10) contra-income equalisation attitudes (Montagnoli et al. 2017, p. 12). The BES then asks: “How much do you agree or disagree with the following statement? Government should redistribute income from the better off to those who are less well off”, with answers ranging from (1) “strongly disagree” to (5) “strongly agree” (Montagnoli et al. 2017, p. 12).

Answers to the first question result in a balanced pattern: two out of five people believe that government should be less (40 %) or much more (42 %) concerned about the equal distribution of incomes, respectively. Almost all remaining respondents (17 %) indicate indifferent attitudes. However, a shift towards more redistribution by the government to redistribute income to those who are less well-

⁹ The BES is one of the longest running election studies world-wide and the longest running social science survey in the UK (see <https://www.britishelectionstudy.com/get-started/#.XZR6LmbgrIU>, last accessed on 4th December 2019, 12pm).

off emerges from the second question. While the absolute majority (52 %) of respondents favour the latter, only 25 % remain indifferent and even less (23 %) disagree with income redistribution to the less well-off (Montagnoli et al. 2017). One can therefore conclude that respondents in the UK support an active state intervention in income redistribution when specifically aimed at those at the bottom of the income distribution.

2.6. United States of America

Various databases are consulted to investigate preferences for redistribution in the USA. Fong (2001) makes use of the 1998 Gallup Poll Social Audit Survey due to its large variety of questions regarding inequality and redistribution. The author combines a selection of questions to construct a dependent variable measuring support for redistribution. Among other things, results indicate that a majority (53 %) of respondents believe that the discrepancy between the rich and the poor is problematic and therefore needs to be resolved. Further, more than 70 % state that it is the government's responsibility to "improve the social and economic situation of the poor" (Fong 2001, p. 243). Despite a vast majority (67 %) favouring a more even distribution of wealth in the USA, only 46 % support an increased taxation of the rich (Fong 2001).

Considerably more prominent, the General Social Survey (GSS)¹⁰ monitors and explains attitudes within the US American society since the 1970s. Alesina and La Ferrara (2005) use GSS data from 1972 to 1994 to estimate determinants of preferences for redistribution. Throughout the survey, people were asked about the government's role in reducing income differences between the rich and the poor, with answers on a seven-point-scale ranging from (1) full refusal, to (4) indifference, to (7) full agreement. Adding up the percentage points of answers favouring income redistribution (5-7), the authors derive general support for the latter: over time, support generally fluctuated around 50 %. However, a substantial decrease in support can be observed in the early 1990s, with only around 40 % of respondents indicating support for income redistribution (Alesina and La Ferrara 2005, p. 912).

¹⁰ Since 1972, the GSS gathers data on contemporary American society in order to monitor and explain trends and constants in attitudes, behaviours, and attributes. (see <http://www.gss.norc.org/About-The-GSS>, last accessed on 4th December 2019, 12pm).

Extending the observation period by ten years until 2004, Alesina and Giuliano (2011) analyse GSS data to discover average attitudes towards redistribution. On a five-point-scale ranging from (1) “Some people think that the government in Washington should do everything to improve the standard of living of all poor Americans” to (5) “Other people think it is not the government’s responsibility, and that each person should take care of himself” (Alesina and Giuliano 2011, p. 104), respondents indicated their support for redistribution. Over the 32 years of observation, the authors find an average support of redistribution of 3.12, indicating that respondents in the USA are indifferent about the government’s role in redistribution, with a negligible tendency to oppose redistribution.

Structured in the same way, the following chapter will give an overview on literature dealing with people’s attitudes towards income taxation. After introducing cross-country analyses, the overview will be complemented by country-specific studies for all six countries.

3. Attitudes towards income taxation

Cross-country analyses on people’s attitudes towards income taxation are not strongly pronounced. To begin with, renowned cross-national surveys like the European Social Survey (ESS) or the World Values Survey (WVS) rarely treat questions regarding people’s tax-related attitudes. And when they appear, survey questions are usually part of a superordinate study and narrowly framed¹¹. To the best of my knowledge, only ISSP surveys regularly include questions on people’s tax burdens, based on different revenue levels. More specifically, ISSP waves on the ‘Role of Government’¹² and ‘Social Inequality’¹³ include the following questions: “Generally, how would you describe taxes in [Country] today? (We mean all taxes together, including wage deductions, income tax, tax on goods and services and all the rest.) First, for those with high incomes; next, for those with middle incomes;

¹¹ E.g., WVS Wave 6: respondents in Turkey were asked whether they consider taxing the rich to be an integral part of democracy (see <http://www.worldvaluessurvey.org/WVSOnline.jsp?WAVE=6&COUNTRY=875>, last accessed on 4th December 2019, 12pm).

In the ESS wave 2004, respondents were only asked about attitudes towards tax compliance (see https://www.europeansocialsurvey.org/docs/round2/fieldwork/source/ESS2_source_main_questionnaire.pdf, last accessed on 4th December 2019, 12pm).

¹² Of the following years: 1985, 1990, 1996, 2006, 2016

¹³ Of the following years: 1987, 1992, 1999, 2009

lastly, for those with low incomes. Respondents were asked if they consider taxes as much too high, too high, about right, too low, much too low or if they can't choose." (Bechert and Quandt 2010, p. 89) The three studies presented hereafter all analyse people's attitudes towards taxes based on ISSP data. It is crucial at this juncture to recognise that respondents tend to disproportionally focus on their income taxes when asked about the overall tax burden. More precisely, the close connection between people's perceived distribution of all taxes and the actual income tax rates has been emphasised (Power and Stacey 2014). I will therefore assume that studies focusing on people's perceived tax burdens can be transferred to their perceived income taxes in the broadest sense.

Focusing on people's understanding of a fair tax burden, Roosma et al. (2016) develop six different tax opinion profiles, including support for progressive taxation, general satisfaction with the tax burden, as well as clear opposition to all taxes. For Germany, the authors find most people (31.9 %) corresponding to the 'linear progressive cluster', i.e., they consider the tax burden for high-income-earners (HIE) to be too low, as opposed to a too high tax burden for low-income earners (LIE). Middle-income earners (MIE), on the other hand, pay their fair share. A similar amount of respondents in Germany (28.3 %) correspond to the 'contentedness cluster', indicating a general feeling of taxes being fairly distributed. The 'linear progressive cluster' is also predominant among respondents in Poland, with 33.5 % of respondents indicating the according perceptions. However, almost one in five respondents (17.1 %) is unsatisfied with the current distribution of taxes. Similarly, 23.3 % of people in Poland correspond to the 'overburdened low- and middle-class cluster', indicating a fair tax share for HIE, whereas both LIE and MIE are imposed a too high tax burden. The same cluster applies for most respondents in Sweden (29.0 %). Only a notably lower amount of respondents indicate satisfaction with the current tax burden (23.3 %) or correspond to the 'linear progressive cluster' (22.0 %). In the Anglo-Saxon countries, however, the 'contentedness cluster' is widespread. Around one third respondents in the UK (34.3 %) indicate satisfaction with the current tax burden, compared to one in five of the respondents corresponding to the 'overburdened low- and middle-class cluster' (22.1 %) and the 'linear progressive cluster' (21.3 %), respectively. This tendency is even more pronounced in the USA, where nearly half of the respondents indicates satisfaction with the current tax burden (43.3 %), compared to minor proportion of people

corresponding to the 'overburdened low- and middle-class cluster' (15.1 %) and the 'linear progressive cluster' (16.9 %). In all the above countries, merely a small single-digit number of people opposes to all taxes (Roosma et al. 2016).

In the context of analysing the multidimensional nature of preferences for redistribution, Bernasconi (2006) sheds light on respondents' attitudes towards a fair tax burden for the years 1987, 1992, and 1996. Presenting the average results for all three years per country, the author finds cross-country differences, despite general similarities. Accordingly, the tax burden for both LIE and MIE are usually considered to be too high, whereas the tax burden for HIE is considered to be too low. More precisely, an average of 79 % of answers over all countries considers the tax burden for LIE to be too high. For MIE, that average value only amounts to 54.7 %. With an average of 41.7 %, a large portion of the respondents indicate satisfaction with the current tax burden for MIE, with those in the UK at the top (56.1 %). On average, respondents in the UK are also most satisfied with the current tax burden for HIE (35.4 %), compared to a minimum average satisfaction indicated in East Germany (15.9 %). Overall, in over nine out of ten countries (91 %), the relative majority of people consider the tax burden for HIE to be too low (Bernasconi 2006).

Finally, Bechert & Quandt (2010) focus on people's attitudes towards progressive taxation in the years 1985 and 1990, based on the following question: "Some people think those with high incomes should pay a larger proportion (percentage) of their earnings in taxes than those who earn low incomes. Other people think that those with high incomes and those with low incomes should pay the same proportion (percentage) of their earning in taxes. Do you think those with high incomes should...? (1) pay a much larger proportion, (2) pay a larger proportion, (3) pay the same proportion as those who earn low income, (4) pay a smaller proportion, (5) pay a much smaller proportion, or (6) can't choose" (Bechert and Quandt 2010, p. 88). For both survey periods, a large majority favour progressive tax rates where those with high incomes pay a (much) larger share than those with low incomes, with support ranging from 56 % (USA) to 91 % (East Germany). Most support for flat tax rates – i.e., where both HIE and LIE pay the same proportion – is found in countries characterised by free market beliefs, such as the USA. Beyond all countries, people's attitudes tend to be stable over time. Except for the UK, where an increased

support for progressive income tax rates could be observed (Bechert and Quandt 2010).

3.1. Germany

A mixed bag of research deals with attitudes towards taxation in Germany (Seidl and Traub 2001; Blaufus et al. 2015; Schupp and Wagner 2005; Spiegel and Kloss 2017; Hennighausen and Heinemann 2015). First of all, a general pattern arises regarding people's perceived income tax burden. Despite varying research designs – such as longitudinal and cross-sectional studies with samples representative of the German population and small samples merely consisting of employees – studies consistently found that a majority respondents in Germany consider their income tax burden to be too high (Blaufus et al. 2015; Seidl and Traub 2001; Schupp and Wagner 2005). This particularly applies to the income tax burden of LIE (Blaufus et al. 2015). Indeed, almost two thirds of the representative sample in the German Socio-Economic Panel (SOEP) are of the latter opinion. Even more people (around 75 %) believe that managers in executive boards of large companies do not pay enough income taxes (Schupp and Wagner 2005).

Attitudes towards a fair income tax rate, however, are more ambivalent. Naturally, one would assume that people considering their income tax burden to be too high should express tax rates below the current tax rate to be fair. This is true for three in four income groups proposed to subjects (Blaufus et al. 2015). On the other side, Seidl and Traub (2001) found that of the people considering their income tax burden to be too high, two thirds stated tax rates exceeding current ones to be fair. While education was found to be positively correlated to perceived tax fairness (Blaufus et al. 2015), age does not help to explain the above presented attitudes as well. Some authors attribute a positive linear influence of age on perceived tax fairness (Blaufus et al. 2015), whereas others contest this finding. It is rather suggested that both younger and older respondents consider the current tax burden to be unfairer than middle-aged respondents (Spiegel and Kloss 2017).

Finally, large consent prevails regarding the progressivity of the income tax rates. Throughout studies, a general support for progressivity of approximately 80 % was found. While a constant progressive taxation is considered to be fair by almost 75 % of respondents in Blaufus et al. (2015), both Seidl and Traub (2001), as well as

Henninghausen and Heinemann (2015) reveal that around four in five respondents favour more progressive income tax rates. Moreover, support exceeds the 80 % when respondents were asked to introduce a separate high-income tax to increase progressivity (Spiegel and Kloss 2017).

3.2. Italy

Studies concerning attitudes towards taxation in Italy almost exclusively focus on tax compliance. Given that findings based on different proxies for tax evasion suggest considerably low compliance rates for Italy (Schneider and Buehn 2016) as well as high tax evasion rates (Santoro and Fiorio 2011), this is hardly surprising. However, studies on tax compliance partly investigate the attitudes towards income taxation in a first step.

For example, Abbiati et al. (2014) use an experiment with university students to analyse the effect of how providing subjects with information influences their expressed adequate income tax rate. In their understanding, 'adequate' refers to "the tax burden that Italian participants perceive as 'high enough' and 'fair' to pay to finance the Italian public expenditure" (Abbiati et al. 2014, p. 8). Besides an 'Information' and a 'Preference' group, members of the 'Control' group were asked about what income tax rate they consider adequate. I will therefore only consider answers of the 'Control' group and compare them with actual income tax rates in 2013, at the time of the experiment. Subjects of the 'Control' group indicated an average adequate tax rate of 27.3 % - a value exceeding the average tax rate for an average Italian single without children which is 21.6 % (OECD 2013). Although the sample cannot be considered representative of the Italian population, the findings still suggest that respondents are willing to contribute more through income taxation than they currently do.

Equally relying on university students for their experiment, Zhang et al. (2016) explore the people's willingness to contribute to public goods via taxation. Different scenarios with varying income tax rates and levels of redistribution were used for each round of the experiment: in the first three rounds, a flat tax of 30 % was proposed while the extent of redistribution varied. In rounds four to six, a high level of redistribution was held constant while flat tax rates varied from 10 % to 50 %. In rounds seven and eight, low progressive tax schemes were introduced, whereas in

the final round, all collected taxes were given to a charity organisation. Results suggest that respondents are particularly willing to contribute, when (1) knowing that taxes produce a large amount of public goods, (2) there is a low flat tax rate, and (3) revenues are transferred to charity organisations. Thus, progressive income tax rates do not gain much support (Zhang et al. 2016).

3.3. Poland

To the best of my knowledge, there has not yet been any anglophone publication of studies investigating attitudes towards income taxation in Poland. So far, research has focused on how public discourse frames attitudes towards specific tax reforms (Zatónski et al. 2018) and people's attitudes towards tax compliance (McGee and Ross 2014; Berenson 2018). Regarding the latter, Berenson (2018) finds that in comparison to Ukrainians and Russians, respondents in Poland are "far more willing and compliant" (Berenson 2018, p. 197) when it comes to paying taxes. The author further observes patterns of quasi-voluntary compliance, meaning that respondents indicate relatively high levels of trust towards their government and thus contribute to the financing of public goods. Nonetheless, income taxation is not of particular concern in that study.

3.4. Sweden

Bearing in mind Sweden's prominence as a country combining a broad tax base, relatively high incomes and large amounts of income redistribution (Kleven 2014), the wide range of research into attitudes towards income taxation is not unexpected. First of all, people in Sweden generally consider their overall tax burden to be too high (Edlund 2003; Hammar et al. 2008). In particular, more than four out of five respondents (84 %) believe that the tax burden for LIE is too high. Half of the respondents (50 %) believe the same for MIE. At the same time, Snanadaji and Wallace (2010) find that on average, people underestimate the average tax burden of an ordinary worker by more than 20 %. Consequently, results of Hammar et al. (2008) fit the overall picture: when asked about their attitudes towards both the municipal and the state income tax, half of the respondents expressed the wish to decrease both taxes. While this pattern is most common among respondents considering themselves as little knowledgeable regarding society, the willingness to

pay income taxes is highest among university educated respondents and regular newspaper readers. However, the author draws attention to misleading interpretations of the above results: while around two thirds of respondents support the idea of tax reductions in general, not even one out of three respondents favours a consequent decrease of the public sector. Rather, respondents claim the functioning of a welfare state able to provide fundamental services (Hammar et al. 2008).

Moreover, Svallfors (2011) demonstrates the people's wish to contribute to the public sector through taxation. Referring to the SWSS between 1986 and 2010, the author analyses the respondents' indications towards what specific welfare policy they are willing to contribute to through taxes. Accordingly, people's attitudes have been rather stable between 1997 and 2002. In 2010, however, respondents indicated an increased willingness to contribute, especially for redistributive measure focusing on education, health care, and support for the elderly (Svallfors 2011). At first glance, the combination of the above findings – the demand for tax cuts and the increased willingness to contribute to redistribution via taxes – might appear conflicting. Having said this, Edlund (2003) finds popular support for progressive tax rates among Swedes, with three quarters of Swedes even expressing an increase of tax progression. This finding can be interpreted as potentially resolving the possible discrepancy: respondents in Sweden might be generally willing to contribute more through taxation and yet be favourable of income tax cuts, conditional on a more progressive tax rate. In other words, tax burdens could be relieved, especially for LIE, while an accordingly adjusted tax rate for HIE might increase the overall contribution to redistributive policies.

3.5. United Kingdom

For respondents in the UK, a first impression of attitudes towards income taxation indicates repulsion: "Some of your money just disappears from your control and use, and that isn't a pleasant thought" (Hedges 2005, p. 15). In the same study, the author observes a tendency towards over-taxation. Since the findings are based on a small-scale qualitative survey, Hedges concludes that one should consider them not as facts but rather as "grounded hypotheses" (Hedges 2005, p. 1). However, the tendency is supported by Gemmell et al. (2004) who observes that the respondents consider the tax burden to be too high. Further, respondents of the British Social

Attitudes Survey (BSAS)¹⁴ state that LIE should carry a less important portion of the tax burden compared to HIE, implying the desire for a more progressive income tax rate. The latter is found by Power and Stacey (2014), who strongly suggest that public support for a more progressive income tax rate is considerably high. More than four in five people (82 %) indicate that the highest income decile should contribute a larger share compared to the lowest decile. Moreover, 96 % of the respondents would like to see the progressivity of the income tax increased (Power and Stacey 2014). Even Hedges (2005) suggests that respondents in the UK consider income taxes to be fair, provided that they are constructed in a progressive manner, so that HIE contribute relatively more than LIE.

Bearing in mind the tendency of respondents to overestimate both their tax burden (Hedges 2005; Gemmell et al. 2004) and the progressivity of the UK's tax system (Power and Stacey 2014), it would be risky to conclude that the wish for a more progressive tax rate is actually underestimated. One might assume that respondents would support a more progressive tax rate if they knew the actual progressivity of the UK's tax system. However, it remains uncertain to what extent the desire for a more progressive distribution of tax burdens might be equalled out, when tax burdens are accurately estimated.

In addition to the above studies, recent survey data suggests the increased willingness to contribute to redistribution via taxes among respondents in the UK (Deloitte 2018). Accordingly, the authors find that people are increasingly supportive of an extension of government services – even if that entails more taxes. The latter is found for more than 60 % of the respondents, whereas less than 10 % favour both tax cuts and restricted public services. Although the analysis does not reveal the exact number people are willing to contribute additionally, there is evidence suggesting a modest rise in people's willingness to contribute (Deloitte 2018).

¹⁴ Conducted by NatCen, Britain's largest independent social research agency, the BSAS annually investigates attitudes about various aspects of society among respondents in the UK (see <http://natcen.ac.uk/our-research/research/british-social-attitudes/>, last accessed on 4th December 2019, 12pm).

3.6. United States of America

For some time, the USA was considered a country in which the willingness to contribute to public services through taxes is not widespread. Instead, prominent claims involved continuous tax cuts (Bartels 2005; Fong 2001). Recent studies on attitudes towards taxation, however, draw a different picture.

Investigating the link between political orientation and attitudes towards income taxation, a poll was launched among a representative sample of over 1,000 US citizens (GALLUP 2017). In a first step, respondents were asked about the fairness of income taxes. Representing the highest value since 2009, 61 % of the people considered their income taxes to be fair. This result further exceeds the amount of 45 % of the respondents who considered their income taxes to be fair in 1999. According to the authors of the poll, the result is due to Republicans and Independents who increasingly state their satisfaction with income tax rates. In a second step, respondents were then asked to evaluate their paid income tax in the categories 'too high', 'about right', and 'too low'. The authors find that compared to the year 2002, 14 % less respondents stated that their income taxes were 'too high', whereas 11 % more considered them to be 'about right'. This trend is principally due to changes among Democrats (GALLUP 2017).

Findings of Williamson's (2015) dissertation on attitudes towards taxes go in line with the above results, confirming a widespread willingness to pay taxes among respondents. Further, the quantitative component of the dissertation investigates people's perceived income tax burden. On one side, respondents consider the tax burden for LIE to be too high. On the other side, the majority of respondents also state that HIE should generally contribute more through income taxes. These findings correspond to the claim of over two thirds of US Americans who campaign for a progressive tax rate (Williamson 2015).

However, support for progressive income taxation has not always been found to be straightforward. In the mid-1990s, Roberts et al. (1994) discovered discrepant attitudes: when framed in abstract terms, a considerable majority (75-80 %) favour progressive tax rates. But when framed in concrete terms, a flat tax rate is favoured to a progressive tax rate by the ratio of four to one (Roberts et al. 1994). In turn, Lim et al. (2013) find large support for a more progressive personal income tax rate, while at the same time observing decreased support for flat income tax rates. As

these results merely stem from surveys conducted among experts from the National Tax Association (NTA) and thus do not represent the US American citizenry, they should be taken cautiously. Mixed results concerning people's attitudes towards tax progressivity resonate with the qualitative component of Williamson's dissertation, who found consistently egalitarian views among interviewees. Consequently – and instead of favouring progressive tax rates – a majority of the respondents state preferences in support of flat tax rates (Williamson 2015).

4. Synopsis and illustration

The two preceding chapters allow for a concise overview of people's attitudes towards redistribution and income taxation in Germany, Italy, Poland, Sweden, the United Kingdom, and the United States of America. However, the studies presented above largely differ in their respective samples: cross-country studies rarely include all the six countries relevant for this thesis. Country-specific studies, on the other hand, are based on data based on varying research designs which make a direct comparison unsuitable. Then again, some studies rely on experimental settings that merely include university students (e.g., Abbiati et al. 2014), whereas other studies rely on longitudinal surveys provided by renowned research institutes (Schupp and Wagner 2005; Williamson 2015) or even statistics from government agencies (e.g., Svallfors 2011). Moreover, survey periods range from 1985 (Bechert and Quandt 2010) to 2015 (Pampel et al. 2019).

It therefore seems feasible to illustrate the above presented studies through an analysis of ISSP data, given its suitability for comparative purposes (Brooks and Manza 2006; Lübker 2007; Osberg and Smeeding 2006; Svallfors 2006). In that regard – and in contrast to a majority of studies on people's attitudes towards redistribution – I do not refer to the narrow definition of redistribution which is operationalised through respondents' agreement with the claim that it is the government's role to reduce income differences (see e.g., Corneo and Grüner 2002; Schneider 2015; Finseraas 2008; Hajdu and Hajdu 2014; Alesina et al. 2019; Guillaud 2008). Framed in this way, the definition of redistribution only gives partial insight into public support for redistribution (Kenworthy and McCall 2008). Rather, I will refer to a wider definition of redistribution including the government's role to provide for the sick, the elderly, the unemployed and others (see e.g., Kenworthy

and McCall 2008; Roosma et al. 2012; Meuleman et al. 2018; Svallfors 2011). More precisely, the ISSP wave 'Role of Government' regularly contains seven variables describing the government's redistributive role. Accordingly, respondents are asked whether it is the government's role to (1) provide a job for everyone who wants one, (2) provide health care for the sick, (3) provide a decent standard of living for the old, (4) provide a decent standard of living for the unemployed, (5) reduce income differences between the rich and the poor, (6) give financial help to university students from low-income families, and (7) provide decent housing for those who cannot afford it. Respondents then indicate on a four-point-scale whether they think it (1) definitely should be, (2) probably should be, (3) probably should not be, or (4) definitely should not be the government's role to provide the above-listed services (ISSP 2016).

Regarding taxation, people are asked about their attitudes towards the tax burden for LIE, MIE, and HIE, respectively. Answers then range from (1) much too high or (2) too high, to (3) about right, to (4) too low or (5) much too low. Despite not being precisely tailored to people's attitudes towards the PIT, this statement can still be used as a proxy for people's attitudes towards income taxation. As mentioned in the preceding chapter, people's predominant focus on income taxes was observed when asked about their tax burden (Power and Stacey 2014) which justifies my choice for the reliance on people's attitudes towards the various tax burdens.

Consequently, the following questions arise: who supports redistributive policies by the government, while at the same time indicating a willingness to contribute to it through income taxation? And who supports redistributive policies by the government, but is not willing to contribute to it through income taxation?

When respondents indicate that their tax burden is either (much) too low or about right, I assume that those individuals tend to be willing to contribute to redistributive policies through income taxation. On the other hand, if individuals consider their tax burden to be (much) too high, I assume that they tend not to be willing to contribute to redistributive policies through income taxation. In a next step, it is necessary to group respondents in three categories corresponding to LIE, MIE, and HIE. This becomes crucial since respondent's answers regarding their tax burden are aimed at the respective income classes. For that, I refer to the years 1996, 2006, and 2016 in which the ISSP asked respondents about their subjective social

class. The latter relates to an “individual’s perception of his own position in the social hierarchy” (Jackman and Jackman 1973, p. 569). Of course, income alone does not define someone’s subjective social class. But the two main driving factors are one’s position in the labour market and one’s income (GESIS 2011). Further, studies regularly find a positive correlation between an individual’s income and his or her subjective social class (GESIS 2011). I take this as an indication to derive from the subjective social classes stated by a respondent his or her affiliation to either LIE, MIE, or HIE.

For the 1996 wave, the ISSP proposes six categories for respondents to indicate their subjective social class: (1) lower class, (2) working class, (3) lower middle class, (4) middle class, (5) upper middle class, and (6) upper class. For both the 2006 and 2016 wave, however, the ISSP asks respondents to indicate their subjective social class on a ten-point-scale with (1) being the lowest and (10) the highest. Following ALLBUS (2008), I use the categorisation presented hereafter to assign respondents to LIE, MIE, and HIE. In 1996, respondents in Germany, Italy, Poland, Sweden, the UK, and the USA were not all given the same categories of subjective social classes. Thus, the below classification becomes even more feasible, resulting in a sufficiently large number of responses for each category.

1996		corresponds to		2006 & 2016
Lower class	}	Low-income earners (LIE)	}	1
Working class				2
				3
Lower middle class	}	Middle-income earners (MIE)	}	4
				5
Middle class				6
				7
Upper middle class	}	High-income earners (HIE)	}	8
Upper class				9
				10

Table 4: Categorisation subjective social class

Further, the consideration of three different survey periods – strictly following a ten-years-interval – allows for the observation of some longitudinal trends. However, not all six countries are part of the sample of all three ISSP waves in 1996, 2006, and 2016.

1996	2006	2016
GER-West	GER-West	GER
GER-East		
ITA	GER-East	SWE
POL	POL	
SWE	SWE	UK
UK		
USA	USA	USA

Table 5: Country samples in 1996, 2006, and 2016

In order to conduct the analyses, I consult raw data made accessible online by the ISSP¹⁵. With regards to redistribution, I merge the seven variables mentioned above to find the average support for redistribution for each income group. Hence, respondents indicating that it should (definitely/probably) be the government's role to provide redistributive policies are categorised as individuals in favour of redistribution. Respondents indicating that it should (definitely/probably) *not* be the government's role to provide redistributive policies are categorised as individuals *not* favouring redistribution.

Aligned with *Table 4*, I then merge the various categories of subjective social classes to define LIE, MIE, and HIE. Finally, respondents are grouped according to their attitudes towards the tax burden. Hence, people considering their tax burden to be (much) too low or about right are categorised as individuals with a tendency of being willing to contribute to redistribution through income taxation. People considering their tax burden to be (much) too high, on the other hand, are categorised as individuals with a tendency of *not* being willing to contribute to redistribution through income taxation.

¹⁵ See, e.g. for 2016:

<https://zacat.gesis.org/webview/index.jsp?object=http://zacat.gesis.org/obj/fStudy/ZA6900>, last accessed on 4th December 2019, 12pm.

As a result, four patterns of attitudes towards redistribution and income taxation arise:

- 1) People in favour of redistribution by the government and indicating a willingness to contribute to it through income taxation
- 2) People against redistribution by the government and no indication of a willingness to contribute to it through income taxation
- 3) People in favour of redistribution by the government and no indication of a willingness to contribute to it through income taxation
- 4) People against redistribution by the government and indicating a willingness to contribute to it through income taxation.

Clearly, cases 1) and 2) suggest that people have coherent attitudes towards redistribution and income taxation. Opposingly, cases 3) and 4) suggest that people have discrepancies between their respective attitudes¹⁶. In the subsequent graphs, those patterns are reflected in the following way: when people tend to have coherent attitudes, responses approving redistribution and the contribution to it through income taxes (“Yes”) should correspond to each other. In other words, the bars should be approximately on the same level for the respective categories “Yes” and “No”. If, on the other hand, people tend to have discrepancies between their attitudes, the bars of the respective categories should be distant from each other.

¹⁶ It might be challenged to derive clear discrepancies in people’s attitudes for case 3). One can imagine respondents favouring redistribution and an increase in income taxes to contribute to redistribution. And yet, the same respondents might not indicate a willingness to contribute due to their restricted financial scope – namely among LIE. In my illustration, this case would be classified under ‘discrepant attitudes’, even though this statement might be biased by the just described exceptions. However, this aspect won’t gain further attention in my calculation, because data provided by the ISSP does not allow for an adequate assessment.

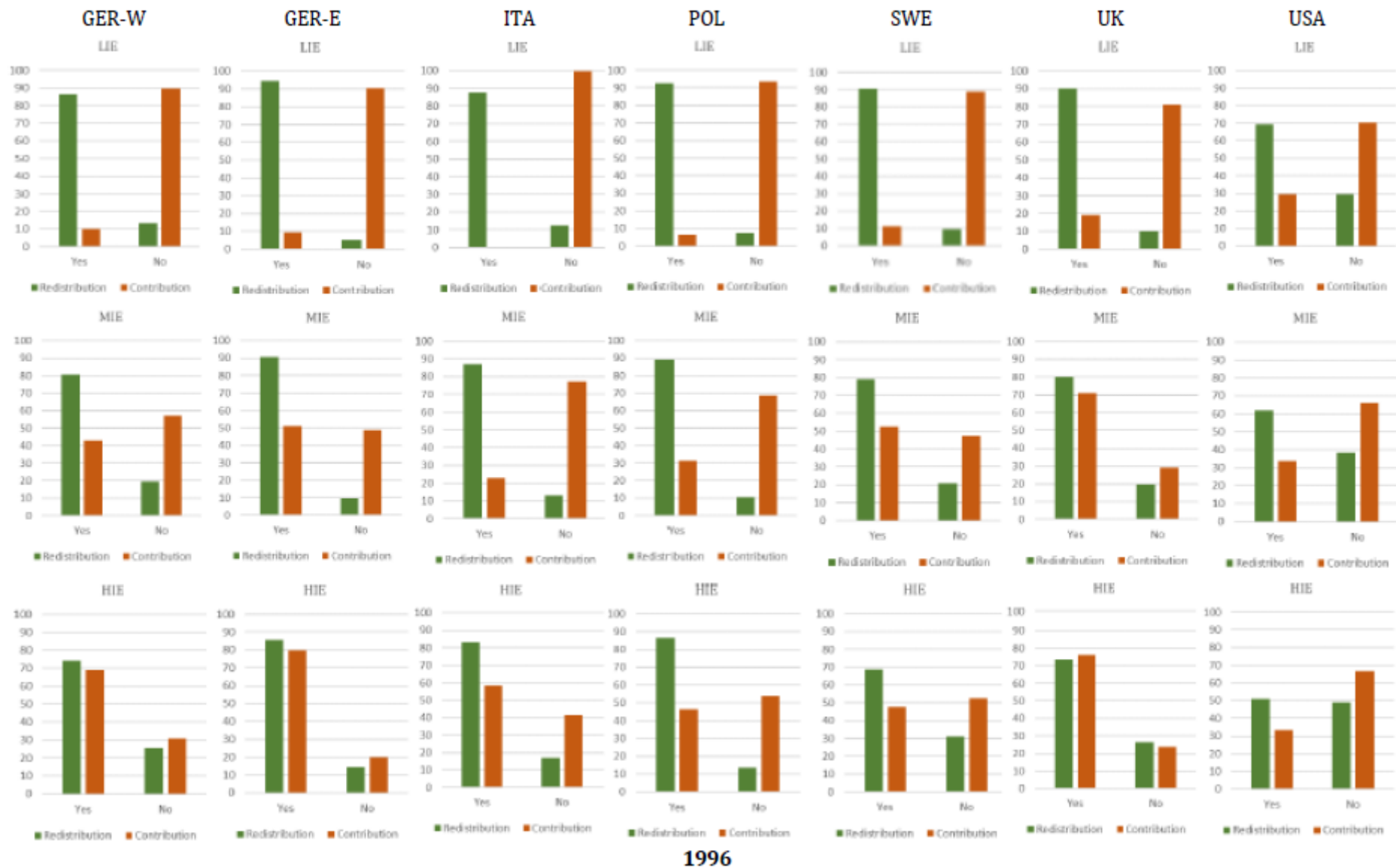


Figure 4: Attitudes towards redistribution and willingness to contribute 1996

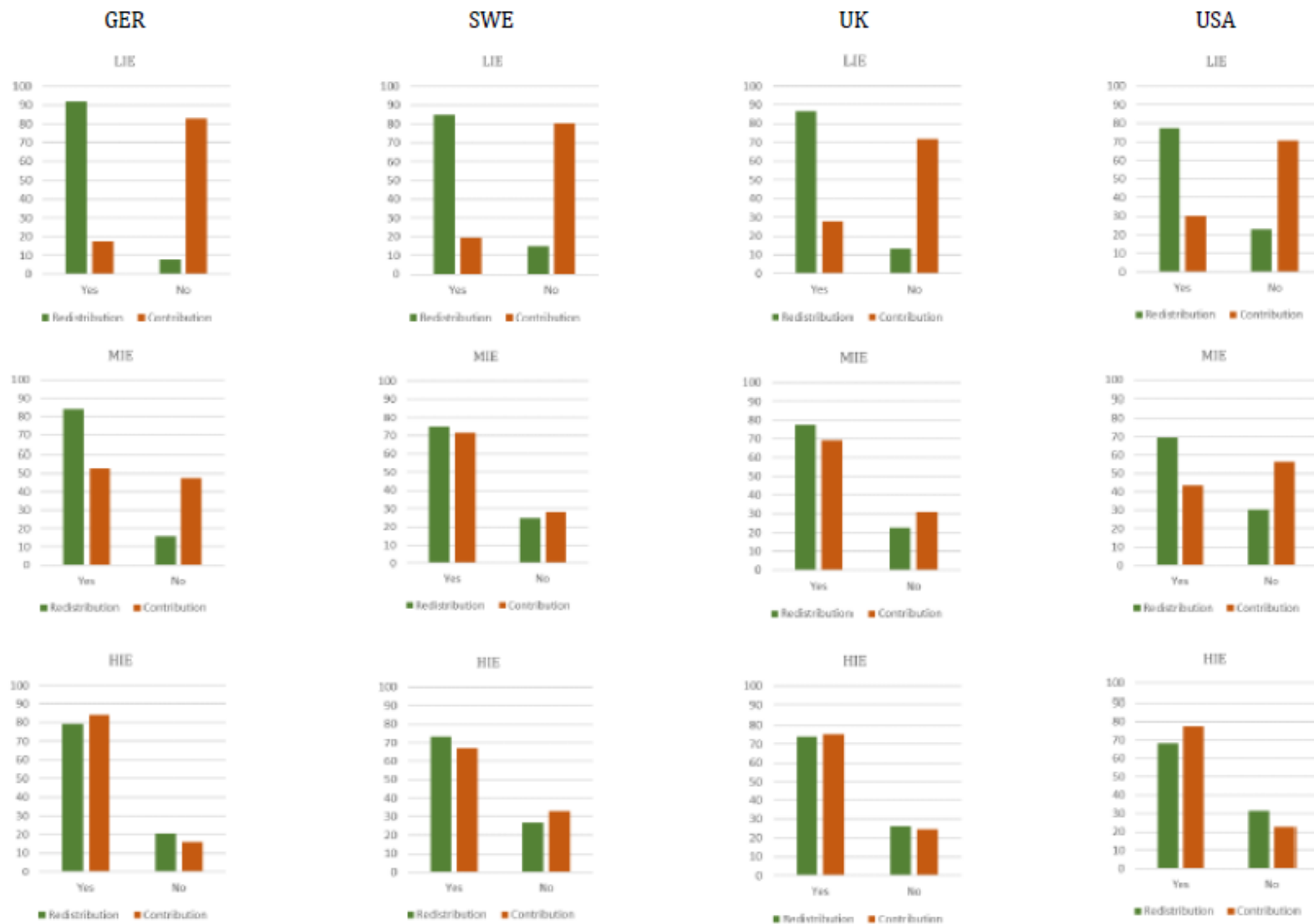
Own illustration based on own calculation



2006

Figure 5: Attitudes towards redistribution and willingness to contribute 2006

Own illustration based on own calculation



2016

Figure 6: Attitudes towards redistribution and willingness to contribute 2016

Own illustration based on own calculation

At first sight, some general trends can be observed across countries and years. Support for redistribution is generally the highest among LIE, negatively evolving with income. In other words, for both MIE and HIE, support for redistribution declines. However, support for redistribution among HIE converges over time – a trend observable across countries: while being remarkably high in Poland and East Germany (close to 90 %) in 1996, only 50 % of HIE approved redistributive policies in the USA. In 2016, on the other hand, almost 70 % of HIE in the USA support redistribution, compared to around 80 % of HIE in Germany. Despite the large support for redistribution among LIE, the willingness to contribute to it varies around 10 % for the majority of countries in 1996, with the USA constituting an exception (around 30 %). Until 2016, however, the willingness to contribute among LIE constantly increases, with an average reference value of one out of five compared to only one out of ten during previous years.

A tendency for discrepancies between people's attitudes towards redistribution and income taxation generally prevails more among LIE and MIE, notably for the years 1996 (excluding the UK) and 2006. Further, a tendency for increased coherence can be observed for MIE in 2016. Overall, the willingness to contribute among LIE and MIE is somewhat higher than their opposition to redistribution. Thus, it is suggested that when LIE and MIE tend to be coherent in their attitudes, they are prone to support both redistributive policies and the contribution thereof, rather than being opposed to both.

Having presented some general observations to begin with, I will now shed light on each of the three observation periods in particular and combine the studies' findings presented in the first two chapters with insights of my analyses. This more thorough perspective allows me to ascertain to what extent the former is reflected in the latter.

In 1996, a majority of LIE consider their tax burden to be too high and therefore do not indicate a willingness to contribute to redistributive policies. Insofar, findings can be supported suggesting that a considerable majority of people across countries consider the tax burden for LIE to be too high (Bernasconi 2006). Further, support for findings of Hedges (2005) and Gemmell et al. (2004) seems plausible, indicating a tendency among LIE in the UK to overestimate their tax burden and thus be particularly opposed to taxation. At the same time, around nine out of ten LIE

indicate support for redistribution – a tendency that is less pronounced in the USA. Support for redistribution among MIE is less strong, while their willingness to contribute to redistribution is higher than that of LIE. Especially in the UK and Sweden, MIE are willing to contribute to redistribution. The latter only partly goes in line with Edlund (2003) and Hammar et al. (2008) who found that respondents in Sweden consider the tax burden to be too high for both LIE and MIE.

For HIE, however, attitudes towards redistribution and taxation tend to be better aligned, compared to LIE and MIE. Indeed, 85 % of HIE in East Germany indicate support for redistribution, while 80 % also indicate a willingness to contribute to it. Similarly, 73 % of HIE in the UK support redistribution and are even more willing to contribute to it (76 %). At the same time, the least support for redistribution is found in the USA, with only half of the respondents (51 %) being in favour. Analogically, two thirds (66 %) of HIE in the USA consider their tax burden to be too high and hence do not show a willingness to contribute to redistributive policies. Overall, these findings go in line with several studies (see e.g., Corneo and Grüner 2002; Krömmelbein and Nüchter 2006) that find considerably larger support for redistribution in East Germany and Poland compared to West Germany and the USA. However, different definitions of redistribution must be born in mind and make a direct comparison inconclusive. Moreover, the low willingness to contribute among HIE in the USA tends to go in line with Fong (2001) who finds low support for heavy taxation on the rich. In Italy, only around 23 % of MIE and 58 % of HIE seem to be willing to contribute to redistribution, while the willingness to contribute is non-existent for LIE. Even though comparison is based on unstable grounds due to varying survey periods and samples, my findings somewhat challenge those of Abbiati et al. (2014), who find respondents in Italy to be rather willing to contribute to redistribution.

The analyses for the year 2006 show continuous high support for redistribution for both East and West Germany. These findings corroborate results of Heinrich et al. (2017) who emphasise the relatively high support for the government's redistributive role in Germany. At the same time, it is suggested that respondents in Germany consider their tax burden to be too high (Seidl and Traub 2001; Blaufus et al. 2015). While this corresponds to LIE, it becomes less plausible regarding MIE and HIE. In particular, MIE in Germany tend to be more willing to contribute in 2006 than in 1996. Similarly, an increased willingness to contribute to redistribution can

be observed for respondents in Poland – a tendency supporting findings by Wysienska-Di Carlo and Di Carlo (2014). The above results do not suggest considerable changes in respondents' attitudes in Sweden, supporting findings by Alesina et al. (2019). On the contrary, it is suggested that support for redistribution in both East and West Germany as well as Poland outweigh the support in Sweden. Thus, findings suggesting the opposite (see e.g., Finseraas 2008; Hajdu and Hajdu 2014) cannot be supported here. However, it might be reasonably assumed that varying definitions of redistribution best explain the differences. Finally, the analyses' results concerning the USA underpin findings of Bechert and Quandt (2010) who observe an upwards trend in the support for redistribution. Guillaud's (2013) findings, on the other hand, do not gain much endorsement here, since the average support for redistribution of roughly 50 % suggested by the author are largely exceeded by the above results. One can thus conclude that attitudes among HIE in the USA tend to become more coherent.

Analyses for the last observation period in 2016 suggest stable support for redistribution in Germany. The relatively high support for redistribution among all income groups suggests underpinning of earlier studies (see Engelhardt and Wagener 2016). Moreover, an increasing number of respondents in Germany seems to be willing to contribute to redistribution: accordingly, both HIE and LIE tend to be more satisfied with their tax burden or even wish to contribute more. A similar trend is observable in Sweden. Particularly, MIE tend to be more willing to contribute. In that regard, the above results go in line with Svallfors (2011) who finds a relatively high willingness among respondents in Sweden to contribute to welfare policies through income taxes. Consequently, people's attitudes towards redistribution and income taxation both in Germany and Sweden seem to have become more coherent. No clear shift in attitudes is found for respondents in the UK between the years 1996 and 2016, as already suggested by Kenworthy and McCall (2008). Accordingly, relatively high support for redistribution prevails in the UK, corroborating findings by Montagnoli et al. (2017). If anything, change merely appears among LIE, who tend to become more willing to contribute. This partly supports Deloitte (2018) who found a generally increased willingness to contribute in the UK. Lastly, results of the above-listed analyses for the USA correspond to study results in various ways: on one side, support for redistribution further increased, especially among LIE. On the other side, findings clearly show an increased

willingness to contribute among MIE and HIE, reflecting an overall willingness to further contribute to redistributive policies through income taxes (GALLUP 2017). Nonetheless, the tax burden is still considered to be (much) too high by LIE, suggesting support for results presented by Williamson (2015).

5. Explanatory factors

In order to draw out potential explanations for the above findings, it is important to grasp driving factors for both the support for redistribution and the willingness to contribute to it through income taxation. This chapter is devoted to an overview presenting explanatory factors regularly referred to in the literature and an evaluation of their interdependencies. For structural reasons, I will classify the factors by their either belonging to the micro or macro level. Accordingly, the following figure¹⁷ emerges:

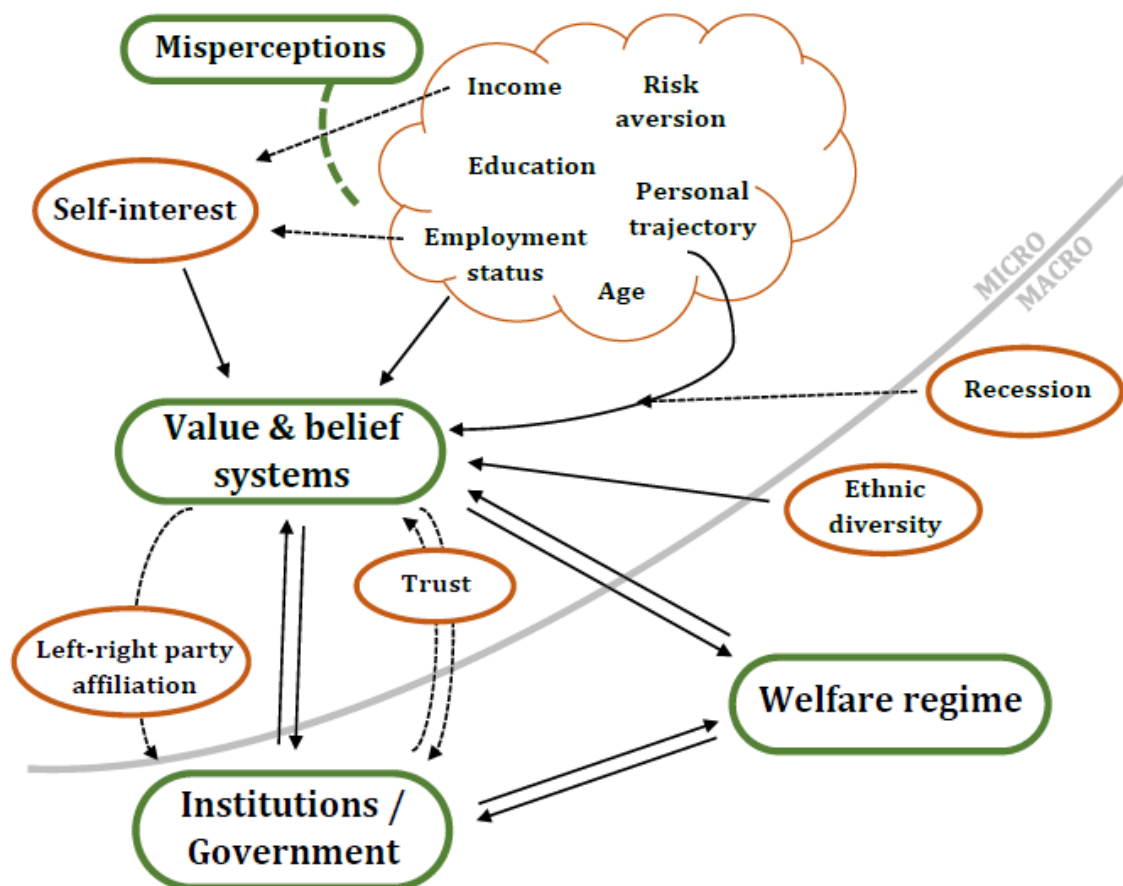


Figure 7: Overview and interrelation of explanatory factors

Own presentation

¹⁷ Potential interdependencies indicated through arrows merely reflect my own illustration of the explanatory factors presented in this chapter, without any claim to completeness.

The core explanatory factors are framed in green and include people's values and belief systems and their misperceptions on a micro level, and the institutional setting of a country and its respective government as well as the related welfare regime on a macro level. Further explanatory factors are framed in orange: individual characteristics such as self-interest on one side and a cloud of mainly socio-economic characteristics such as the employment status, income, and education on the other side considerably influence people's values and belief systems on a micro level. People's values and belief systems can also be influenced by factors on a macro level, namely, the ethnic diversity of a country's society or a phase of economic downturn (recession) in a country. Interdependencies between the various explanatory factors are displayed by arrows, indicating the respective direction of influence. I choose continuous arrows for effects that seem to be of direct and major importance, whereas I consider dashed arrows to be of subordinate and rather indirect importance. In the following, I present the above factors one by one and explain the links between them in more detail.

5.1. Self-interest

Attitudes towards redistribution have often been found to be influenced by people's self-interest (Cusack et al. 2008; Estevez-Abe et al. 2001; Rehm et al. 2012; Alesina and Giuliano 2011). In general, people tend to support redistributive policies when they can expect to gain from it personally (Schwarze and Härpfer 2004). Several studies found empirical support for the self-interest argument, indicating that wealthier individuals are less affected by inequality (Alesina et al. 2004; Oishi et al. 2011) and thus less supportive of redistribution (Alesina and Giuliano 2011; Alesina and La Ferrara 2005; Molnár and Kapitány 2006; Rainer and Sielder 2008; Gelissen 2000). More precisely, Corneo (2002) builds upon the self-interest argument and develops what he calls the 'homo economicus effect'. Accordingly, an individual's support for redistribution can be derived from its effect on the individual's net income. Support for redistribution becomes higher as an individual's position on the income scale decreases. This effect partly explains support for redistribution both in East and West Germany as well as in Poland and the USA (Corneo and Grüner 2002). However, Reed-Arthurs and Sheffrin (2010) found that for the USA, while self-interest is a major driver in explaining support for redistribution among the middle class, it is only marginal among the lower class.

People do not only behave in a self-interested way when favouring redistribution, because they might be potential beneficiaries of redistributive policies. One can further distinguish between ‘contributors’ on one side, namely, people who tend to show negative attitudes towards redistribution because of them paying taxes (Sihvo and Uusitalo 1995). On the other side, there might be ‘producers’ of redistribution – people employed in the public sector and whose job security and working conditions depend on redistribution (Andreß and Heien 2001). Critics of the self-interest argument claim, however, that individuals are not perfectly self-interested. Rather, they take the welfare of their co-citizens into account and care about the procedural fairness generating redistributive outcomes (Congdon et al. 2009).

5.2. Socio-economic factors A

The amount of *revenue* an individual earns was found to shape both attitudes towards redistribution and taxation. Most studies provide evidence for a negative correlation between income and preferences for redistribution (Gärtner and Mollerstrom 2018; Rae 2017). Accordingly, support for redistribution is commonly prevalent among LIE (Dallinger 2010; Svallfors 1997; Corneo and Grüner 2002). In that respect, an increased income can affect people’s self-interest, such that received benefits of redistributive policies decrease or tax rates to contribute to the latter increase – both negatively affecting people’s attitudes supporting redistribution. Moreover, tax progressivity moderates the effect: in progressive welfare states, income nearly always negatively affects the support for redistribution, whereas the effect is less pronounced in less progressive welfare states (Beramendi and Rehm 2016; Dion 2010). Attitudes towards taxation, on the other hand, are influenced by income in various ways. First, higher income is negatively correlated with attitudes favouring taxation – an effect strongly observable in high-tax societies (Sumino 2016). Then again, Blaufuß et al. (2015) found that higher income increases the probability of people underestimating their tax burden. Finally, income influences people’s tax morale, namely, their “intrinsic motivation to pay taxes” (Alm and Torgler 2006, p. 241). However, findings are unclear, suggesting that higher income

either decreases people's tax morale (Torgler and Schneider 2007) or has a positive effect on tax morale (Lago-Penas and Lago-Penas 2010)¹⁸.

The individual's *status of occupation* influences support for redistribution, too. Large support is shown to be high among those individuals whose "primary source of income is pensions, unemployment benefits, or social benefits" (Luttmer and Singhal 2011, p. 167). Similarly, tax morale is high among retired people and those who are employed at public institutions (McGee and Ross 2014). Opposingly, both self-employed people and those with investment income as a primary source of revenue tend to be less in favour of redistribution and less opposed to tax evasion (Luttmer and Singhal 2011; McGee and Ross 2014; Lago-Penas and Lago-Penas 2010). Thus, an individual's employment status can affect his or her self-interest, as expected benefits from redistributive policies might increase. For others, redistributive policies are not supported per se, since own effort is considered as key for an individual's economic success.

5.3. Misperceptions

Before I continue to present further socio-economic factors, it is important to shed light on misperceptions people might have. Regarding income in general and their placement on the income distribution in particular, people's misperceptions can alter significantly and thus affect their self-interest.

The classical view using the median voter hypothesis to claim the positive link between market income inequality and redistribution was originally proposed by Meltzer and Richard (1981). In their seminal work, the authors stated that the more inequality prevails in a democracy, the higher the demand for redistribution. However, the empirical evidence for this claim is contested. While some studies confirmed the influence of inequality on redistribution (Finseraas 2008; Milanovic 2000), others question its significance (Lübker 2004, 2007). Rather, it is suggested

¹⁸ In this chapter, some references will be made regarding people's tax morale. For one thing, it seems plausible to assume that people with a high tax morale are more willing to contribute to redistributive policies through taxation, due to high levels of intrinsic motivation to pay taxes in general. On the other hand, it might also be assumed that there is no link between people's tax morale and their willingness to contribute: the former does not necessarily imply the latter, since people might be intrinsically motivated to pay taxes, while at the same time being unsatisfied with the tax burden. Consequently, I consider references to tax morale worth mentioning. However, the explanatory power of tax morale for my purposes needs to be taken with caution.

that perceived inequality – including potential misperceptions – directly affects people's demand for redistribution (Bublitz 2016b). Indeed, insights from behavioural economics stress the imperfectly rational behaviour of individuals. Thus, people's behaviour is considerably influenced by the subjective construction of surrounding anchor points (Congdon et al. 2009). For instance, to place oneself on the income distribution, people construe a comparison group to set their income in ratio. Most likely, this reference group cannot be considered representative of society and thus results in a biased perception of reality by the individuals (Schneider 2015). Accordingly, Bublitz (2016a) finds that in Germany, the UK, and Sweden, people tend to underestimate their own position on the income scale. Based on ISSP data from the year 2009, Schneider (2015) further finds that both respondents in the UK and the USA tend to clearly underestimate the level of inequality in their respective countries (3 % and 6,8 % respectively), whereas respondents in Sweden, Germany, and Italy overestimate the level of inequality (1,2%, 3%, 3,1%, respectively). In addition, people's biased beliefs were also revealed regarding the wealth distribution (Norton and Ariely 2011) with a consequent effect on their attitude towards redistribution (Page and Goldstein 2016). Finally, the effect of people's misperception on their attitudes and subsequently their behaviour was found in Gemmell et al. (2004), who showed that people who misperceive their tax burden tend to overestimate it and thus favour tax cuts.

However, providing people with information relevant to correcting their biased views do have significant effects on their attitudes and thus change their behaviour (Cruces et al. 2013; Karadja et al. 2017; Abbiati et al. 2014; Bublitz 2016a; Gärtner and Mollerstrom 2018). Accordingly, people with a previously underestimated position on the income distribution are likely to become less supportive of redistribution, whereas people with a previously overestimated position on the income distribution are likely to become more supportive of redistribution (Karadja et al. 2017). At the same time, the provision of information does not only help to correct biased beliefs. Informing taxpayers on government expenditure also helps to increase tax morale (Hedges 2005; Abbiati et al. 2014). The latter can further be increased by participation in the decision-making process: elements of direct democracy were shown to have a significant impact on tax morale in the US (Alm and Torgler 2006).

5.4. Socio-economic factors B

Going in line with Luttmer and Singhal (2011), a positive link between *age* and redistribution was found in several studies. Findings unanimously show that elderly people are more likely to favour redistributive policies (Luttmer and Singhal 2011; Rae 2017; Gärtner and Mollerstrom 2018). Further, people were found to become more ethical with age, showing clear tendencies to oppose tax evasion (McGee and Ross 2014; Lago-Penas and Lago-Penas 2010). Notably the more widespread presence of egalitarian views leads elderly people to be more in favour of a progressive tax rate than their younger co-citizens (Hennighausen and Heinemann 2015).

Education can shape people's attitudes towards redistribution in two ways: on one side, education leads people to learn about civic values of society such as equality and thus support redistributive policies (Robinson and Bell 1978). Conversely, a successful course of education might incite people to believe more strongly in individual effort and therefore become sceptical about redistribution (Andreß and Heien 2001). With a focus on Poland, Rae (2017) finds support for the latter, suggesting that higher education leads people to dispute the effectiveness of redistributive policies as well as their universalist claim. A positive effect of education was found in Germany, where higher education appears to increase the accurate estimation of an individual's tax burden (Blaufus et al. 2015). Tax morale, however, seems to be negatively affected by education: people with higher levels of education tend to be less averse to tax evasion (McGee and Ross 2014; Lago-Penas and Lago-Penas 2010).

Moreover, support for redistribution can be explained when investigating people's degree of *risk aversion*. Indeed, redistribution can be understood as an insurance mechanism that people are willing to pay for in order to be guaranteed a minimum income as well as protection against a situation of low revenue (Barr 1998; Sinn 1995; Schwarze and Härpfer 2004). Thus, "the more risk-averse an individual, the higher, *ceteris paribus*, one's demand for redistribution" (Grimalda et al. 2018, p. 7). Increasing with age, risk aversion was found to particularly apply to elderly people, but equally to women (Gärtner and Mollerstrom 2018). The latter is mainly explained by women's lower average income compared to their male counterparts (Luttmer and Singhal 2011; Gärtner and Mollerstrom 2018).

Finally, the *personal trajectory* can equally influence an individual's attitudes. From different historical experiences in various cultures (Stichnoth and van der Straeten 2009), to the experience of a *recession* during formative years (Giuliano and Spilimbergo 2014), to varying levels of information due to different economic positions (Piketty 1995), individual attitudes can be shaped in a variety of ways. More specifically, the personal experience of unemployment leads individuals to support further redistribution by the government (Blekesaune 2007). In addition, people having experienced unemployment might become more risk averse and therefore support redistributive policies (Alesina and La Ferrara 2005; Hajdu and Hajdu 2014).

5.5. Ethnic diversity

Reflecting from a macro level point of view, ethnic diversity was found to reduce support for redistribution. Originating from studies in the USA, the hypothesis claims that the less ethnic homogeneity prevails in a country, the less people favour redistributive policies (e.g., Luttmer 2001; Alesina and Glaeser 2004; Glazer 1998; Goodhart 2004). In particular, a majority of respondents in the USA believe that redistribution is, above all, advantageous for racial minorities (Alesina and Glaeser 2004). The authors hence derive that ethnic diversity explains why the US American welfare state differs from welfare states in Europe. At the same time, Stichnoth and van der Straeten (2009) claim that ethnic diversity as an explanatory factor for low support for redistribution in the USA cannot be transferred to European countries. And yet, the increasing share of immigrants in Sweden has led to a decreased support for redistributive policies in that country – a negative effect especially pronounced among HIE (Dahlberg et al. 2012). In addition, ethnic diversity was found to reduce tax compliance in a variety of European countries (Lago-Penas and Lago-Penas 2010).

5.6. Value and belief systems

In my view, all of the above factors can be analysed separately and their effect on people's attitudes towards redistribution and taxation comprehensibly justified. However, it also seems intuitive that they all influence people's values, which in turn equally shape attitudes towards redistribution and taxation, as is shown in

numerous studies (e.g., Alesina and Angeletos 2005; Alesina and Glaeser 2004; Alesina et al. 2001; Fong 2001). According to Garcia-Sanchez et al. (2019), the general idea is that values and beliefs such as equality of opportunity can be considered system-justifying ideologies (see Jost and Hunyady 2005) and thus might undermine support for redistribution and taxation (Alesina and Angeletos 2005; McCall 2013). Indeed, societies characterised by the belief in an open and fair society of equal opportunity, such as the USA in the 1990s, consider it to be an individual's fault if he or she is poor (Alesina et al. 2001). Kangas (2003) provides support for this conception, stating that people value redistribution based on the criterion of whether an individual in need is able to control his or her situation: "If the need is perceived as volitional or self-acquired, the general opinion is uncharitable, whereas if the cause for the need is beyond the individual's control, general opinion is more generous" (Kangas 2003, p.739). The former is corroborated by individuals who believe in a fair market with equal shares of opportunity to succeed and who therefore tend to be less supportive of redistribution (Fong 2001; Corneo and Grüner 2002). The latter, however, is predominant among individuals who believe that luck, wealth and social connections cause success in life and they are therefore more likely to support redistribution (Grimalda et al. 2018; Gärtner and Mollerstrom 2018; García-Sánchez et al. 2019). The USA is often referred to as a classic example of a society in which people do not support redistribution since people dependent on transfer payments are considered to be lazy. Europeans, on the other hand, tend to consider poor people to be unfortunate (Alesina et al. 2001). Moreover, the two above mentioned beliefs can be applied to income, too (see e.g., Stichnoth and van der Straeten 2009). Accordingly, people believing that luck determines income, and therefore more supportive of redistribution, were found to be prevalent in Germany. People who believe that hard work determines income, and are therefore less supportive redistribution, were more prevalent in the USA (Bartels and Neumann 2018). The same reasoning leads to differing tax systems: in societies like the USA, both redistribution and taxes tend to be relatively lower. However, higher taxes are levied in societies believing that luck determines success (Alesina and Angeletos 2005).

The way in which people's value and belief systems shape their attitudes towards redistributive policies and taxation is further influenced by their sense of belonging.

When respondents in the USA consider themselves as part of a political community with shared interests, they signal a considerable willingness to contribute to it through taxes. But if they feel that their contribution rather benefits a political community they do not belong to, the willingness to contribute decreases (Williamson 2015). Similarly, strong family ties can imply people's reliance on family members as an economic unit and consequently create a distance towards the redistributive role of the government (Alesina and Giuliano 2010).

In contrast to prevailing beliefs in West Germany, both Corneo (2001) and Alesina and Fuchs-Schündeln (2007) find that people living in East Germany show more support for redistribution by the state. These country differences, the authors argue, are explained by the firm establishment of the belief that luck determines success in East Germany. Nonetheless, not only has West Germany become more supportive of redistribution over time, but it is also suggested that it will take up to two generations for an average East German and an average West German to have similar views (Alesina and Fuchs-Schündeln 2007).

One way in which value and belief systems affect a country's government and the respective institutions is through the individual's *left-right party affiliation*, because of its consequent effect on the formation of a government. Preferences for redistribution were found to go in line with the party people voted for: those favouring more redistribution tend to vote for parties on the political left (Gärtner et al. 2017). At the same time, people affiliated to left-wing parties also express support for a progressive tax rate, whereas people affiliated to right-wing parties generally tend to consider their tax burden to be too high (Roosma et al. 2016). Those findings complement previous studies according to which the rich and people voting for right-wing parties in Europe are unaffected by inequality, whereas people voting for the left-wing parties seem to be negatively affected by inequality (Alesina et al. 2004).

A second way in which a country's institutions and government can be affected is through the moderating effect of *trust*, as has been shown in the increasing number of studies investigating the link between trust and attitudes towards redistribution and taxation (Mau 2004; D'Attoma 2018). Derks (2004) suggests that the lack of trust in the government undermines support for redistribution. Similarly, Algan et al. (2011) conclude that mediocre trust in the government reduces redistributive

policies in the Anglo-Saxon countries. Conversely, evidence was found that regions with high degrees of trust in the government express larger support for redistribution. At the same time, the population of these regions also perceive their tax burden as lower (Yamamura 2014). Further, Scholz and Lubell (1998) found that when people show high levels of trust in the government, higher rates of tax payments can be observed. But trust also affects people among each other. Accordingly, not only does mutual trust among people lead to higher satisfaction with the actual tax burden, people also tend to believe that co-citizens pay their fair share (Roosma et al. 2016). Thus, people's willingness to pay taxes increases with generalised trust (Hammar et al. 2009; Frey and Torgler 2007). More specifically, the effect of trust on tax morale finds large empirical support. Torgler (2007, 2011) finds that even if high tax rates might induce people to evade taxes, an environment of pronounced trust leads people to comply with their fiscal obligations. Similarly, trust in government is shown to affect people's fairness perceptions and thus can increase tax morale (Jimenez and Iver 2016). Poland can serve as an example in that respect, given that the state has been able to maintain a considerable level of trust with the Polish citizens, leading to comparatively high rates of tax compliance (Berenson 2018).

5.6.1. Culture

At this point, it is worth mentioning that the effect of cultural ideas on attitudes towards redistribution has been investigated several times (Andreß and Heien 2001; Van Oorschot 2000; Guiso et al. 2006). According to Guillaud (2013), the increasing number of studies investigating cultural values in determining preferences for redistribution sheds light on a considerable factor explaining people's attitudes. Similarly, people's willingness to pay taxes – and tax morale in a broader sense – is affected by their civic culture (Almond and Verba 1963; Alm and Torgler 2006; Guiso et al. 2006). Having said this, the link between culture and attitudes faces an important difficulty: using the term 'culture' to explain cross-national differences would require a certain amount of coherence within a country's population. In that sense, 'culture' disregards the variety of views and attitudes within countries (DiMaggio 1997; Morgan and Prasad 2009). If, however, 'culture' is understood not as a "unified system that pushes action in a consistent direction" (Swidler 1986, p. 277) but rather as a "multiplicity of complex conceptual

structures” (Geertz 1973), it has to take into consideration the particular diversity of views within a country. Since this challenging endeavour has not been paid much attention in the majority of studies presented here, I will not refer to ‘culture’ as a main explanatory factor in this chapter. Rather, I will adhere to the focus made on people’s value and belief systems introduced above, since they stem from individuals forming complex structures within a society’s culture.

5.7. Institutions and government

In contrast to culture, several studies focus on institutions to explain cross-country differences in people’s attitudes (Bergmann 2009; Steinmo 1993; Steinmo and Watts 1995). Accordingly, institutions may influence people’s attitudes in various ways: through electoral and legislative procedures, the set-up of taxes and transfer payments, the quality and effectiveness of the government, as well as the government’s responsiveness vis-à-vis its citizenry (Rothstein 1998). More precisely, the design of a tax system was found to have a major impact on people’s attitudes towards redistribution (Jesuit and Mahler 2004). Further, the electoral system of a country impacts people’s attitudes towards redistribution (Finseraas 2008). Alesina et al. (2001) found that in the USA, a socialist party could not be formed due to the two-party system and thus a lack of proportional representation. Therefore, the authors conclude that the US American political system has prevented considerable redistribution.

Moreover, institutions can increase voluntary tax compliance, given the favouring conditions they can create (Levi 1989). Especially the institution’s effectiveness and efficiency positively influence people’s willingness to pay taxes (Frey and Torgler 2007; Pommerehne et al. 1994; Scholz and Lubell 1998; Frey and Feld 2002; Levi et al. 2009). For some authors, the former forms the essence of the institutionalist approach, namely that political institutions “can create conditions that facilitate or attenuate voluntary compliance and trust in tax payments” (Pampel et al. 2019, p. 1341). Finally, it is argued, institutions can further generate positive feedback effects on people’s attitudes (Mettler and Soss 2004; Pierson 1993; Soss and Schram 2007). Indeed, under specific institutional settings people with the tendency to evade taxes were found to still be compliant, following the behaviour of the majority (Castles 1978; Rothstein 1998). In that sense, institutions might generate self-

reinforcing effects (Pampel et al. 2019), which explains the up and down arrows in *Figure 7* between ‘Value & belief systems’ and ‘Institutions / Government’.

The close interplay between people’s value and beliefs systems and a country’s institutional setting must be completed by a country’s welfare regime. In my opinion, the latter can be understood as an umbrella concept, under which institutions and values can be merged. Accordingly, people’s varying attitudes towards redistribution and taxation across countries can be explained by “differences in the institutional structure of the different welfare regimes” (Larsen 2008, p. 146). At the same time, a society’s moral conceptions are reflected within welfare institutions (Mau 2004), which emphasises the relation of the latter to informal institutions such as cultural ideas (Dallinger 2010). To that effect, the interdependence of people’s values and the country-specific institutions can be illustrated by causal circuits between people’s attitudes and the welfare regime of a country (Kangas 2003). The consequent section thus deals with different welfare regimes as explanatory factors for people’s attitudes.

5.8. Welfare regime

In his seminal work *The Three Worlds of Welfare Capitalism* (1990), Gosta Esping-Andersen introduces three ideal-typical arrangements of the state, market, and family – so-called welfare regimes. The regimes can either be liberal, conservative, or social democratic, depending on their specificities regarding the provision of public versus private welfare schemes, the extent of universality of welfare services based on egalitarianism, and traditional family values (Esping-Andersen 1990).

Applying the categorisation listed above to people’s attitudes, Svallfors (1997) finds support for the three welfare regimes: in Liberal welfare regimes, there prevails low support for redistributive policies combined with inegalitarian views on income distribution. In Conservative welfare regimes, support for redistributive policies is high, while people hold inegalitarian views on income distribution, too. Finally, Social democratic welfare regimes combine both strong support for redistributive policies with egalitarian views on income distribution (Svallfors 1997). Similarly, Andreß and Heien (2001) provide evidence for the explanatory potential of different welfare regimes. In particular, he shows that both respondents in the USA and West

Germany are less favourable towards government redistribution than those in East Germany.

However, various studies have criticised the welfare regime typology proposed by Esping-Andersen. Serving as an example for the various critiques, Arts and Gelissen (2002) summarise the shortcomings of the three-fold typology. First, Mediterranean welfare regimes were wrongly considered as immature Continental welfare regimes; second, the assignment of the Antipodean welfare regimes to the Liberal welfare regime; and third, the insufficient attention paid to the gender-dimension in welfare policies (Arts and Gelissen 2002). Consequently, the often-suggested hypothesis of large support for redistribution in Social democratic welfare regimes (see e.g., Svallfors 1997; Gelissen 2000; Andreß and Heien 2001) do not provide consistent evidence of the link (Jaeger 2006). Rather, results analysing the regime hypothesis – namely, the impact of a specific welfare regime on its people's attitudes towards redistribution – are mixed (Jaeger 2006).

Naturally, a considerable number of authors revised Esping-Andersen's original typology and suggested further enhancements. For instance, the UK can be considered a hybrid form of the Liberal welfare regime, with large support for solidarity installed through government intervention (Arts and Gelissen 2001). The same study further suggests a hybrid form of the Mediterranean welfare regime for Italy, with its citizenry expressing strong solidarity among each other. Combining Italy with other southern European countries like Greece, Portugal, and Spain, Ferrera (1996) suggests common criteria of a Southern welfare regime, such as a shallow state intervention in welfare policies and the continued existence of clientelism. Then again, other authors suggest a specific welfare regime for Central and Eastern European Countries (CEEC) (Cerami 2008). The latter found support by Roosma et al. (2012), who suggest significant differences between people's attitudes due to the specific welfare regime in CEEC. Specifically, the authors suggest that following the transition from a former communist economy to a market economy, Eastern European countries were not able to provide the same welfare system as their Western European counterparts which lead to an increased demand for redistribution (Roosma et al. 2012). This effect finds large support (see e.g., Corneo and Grüner 2002; Alesina and Fuchs-Schündeln 2007; Hajdu and Hajdu 2014), indicating a direct effect of socialism: favouring a more equal society, people in Eastern Europe tend to be more supportive of reducing income differences by the

government (Alesina and Fuchs-Schündeln 2007; Hajdu and Hajdu 2014). The Polish society, for example, favours the principle of universality to a considerable extent, and expresses support for free public services, too (Rae 2017).

On the other hand, Olivera (2015) concludes from an observation of 33 European countries between 2002 and 2010 that the effect of former Communist regimes on people's attitudes has already faded. It might thus be assumed that increased levels of support for redistribution in Eastern European countries might also be due to economic development (Dallinger 2010). In other words, if a country faces economic prosperity, demand for redistribution decreases. On the contrary, in phases of economic uncertainty, citizens transfer both expectations and responsibility to the welfare state.

5.9. Reflection

In a final section of this chapter, I reiterate the bottom line of the above configuration and interdependencies of explanatory factors. The emphasis on the four core explanatory factors stems from a variety of literature continuously referring to misperceptions, people's value and belief systems, a country's institutions and its government, as well as welfare regimes. In particular, the meaningfulness of people's misperceptions regarding their own position in the income distribution in explaining their attitudes towards redistribution has gained increased importance (Bublitz 2016a, 2016b; Schneider 2015). The same holds for studies investigating people's attitudes towards taxation, highlighting the role of misperceptions in explaining people's satisfaction with their tax burden (Gemmell et al. 2004).

Other explanatory factors, such as socio-economic ones, surely are at the core of numerous studies investigating people's attitudes towards redistribution and income taxation, too. However, I consider it to be plausible to assume that they all influence people's value and belief systems. It therefore becomes intuitive to focus on the latter right away. Even more, since values and beliefs such as those in a fair market of equal opportunities have been shown to be system-justifying and as such have a considerable effect on people's attitudes (García-Sánchez et al. 2019).

Moreover, a country's institutions and its government affect people's attitudes in a multifaceted way: through specific tax and transfer systems, the effectiveness of the government as well as electoral and legislative procedures (Rothstein 1998). A

mutual link between people's attitudes and institutions can further be installed through feedback effects leading to voluntary tax compliance (Mettler and Soss 2004; Pampel et al. 2019). Finally, the triad of constant interplay becomes complete when welfare regimes are added to people's value and belief systems and a country's institutions and its government. Not only has the effect of institutions of a particular welfare regime on people's attitudes towards redistribution and taxation been shown (Larsen 2008). But also, welfare institutions are considered to reflect a society's moral conceptions and belief systems (Mau 2004). I therefore follow Kangas (2003) who claims that the interdependence of people's values and country-specific institutions can be illustrated by causal circuits between people's attitudes and the welfare regime of a country.

In the subsequent chapter, I recapitulate the initial motivation of the thesis and its approach to answer the research question. I present main findings and possible explanations, as well as suggestions for further research. In a concluding section, I critically assess the definition for redistribution and income taxation used in this thesis.

6. Conclusion and discussion

Governments regularly rely on redistributive policies in order to react to increasing income inequality. Progressive tax systems and social benefits assist low-income households to better their situation and ultimately promote economic growth (OECD 2008; Ostry et al. 2014; Galor and Moav 2004; Hümbelin 2016). For that purpose, the personal income tax (PIT) has turned out to be a valuable tool for governments and remains among the most significant taxes in various countries (Edlund 1999; Pedone 2009; Hümbelin 2016). However, people's attitudes towards redistribution and income taxation not always seem to match: despite a general large support for redistribution, the financing of the latter through increased taxation was found to be little popular. Scientists therefore conclude that people want something for nothing (Citrin, 1979; Winter and Mouritzen 2001; Peters 1991). At the same time, people's attitudes are constantly taken into consideration for policy making and thus become crucial for the legitimacy of redistributive policies.

In this thesis, I join both the literature on attitudes towards redistribution and the literature on attitudes towards income taxation. The literature review attempts to better grasp what the coherences and discrepancies between people's attitudes towards redistribution and their attitudes towards income taxation are.

Results from the literature review and my own illustration indicate the following. Overall, support for redistribution is the highest among low-income earners (LIE), negatively evolving with income. Among high-income earners (HIE), support for redistribution converges over time, with increased support observable in all six countries (GER, ITA, POL, SWE, UK, USA). In contrast to support for redistribution, people's tendency to be willing to contribute to redistribution evolves positively. HIE indicate by far more willingness to contribute than LIE. However, support for increased taxation increases among LIE, with an average of around 20 % over all countries in 2016, compared to only around 10 % in preceding years. Overall, discrepancies among people's attitudes towards redistribution and income taxation are largest among LIE, while the most coherent attitudes can be observed among HIE. Attitudes among middle-income earners (MIE) seem to become more coherent over time.

More specifically, the following observations were made. In 1996, a large majority of respondents in all countries considered the tax burden for LIE to be too high, which explains the negligible willingness to contribute to redistribution among LIE. Attitudes among HIE appear to be rather coherent, albeit clear differences among countries: while both support for redistribution and willingness to contribute are high in East Germany (85 % and 80 %, respectively), they are moderate in the USA (51 % and 76 %, respectively). In 2006, the tax burden for LIE is still considered to be too high by a majority of the respondents, corresponding to the very low willingness to contribute among LIE. An upwards trend can be observed regarding support for redistribution in the USA. Finally, the willingness to contribute to redistribution increases over all countries in 2016, even among LIE. Considerable increase in support for redistribution as well as the willingness to contribute can be observed in the USA.

The literature provides a mixed bag of factors explaining both attitudes towards redistribution and income taxation. On a micro level, self-interest and mainly socio-economic factors such as income, education, and employment status influence

people's attitudes. For instance, support for redistribution is commonly high among people expecting benefits from it (Schwarze and Härpfer 2004). Conversely, people contributing to redistributive policies through a considerable tax burden tend to be less in favour of redistribution (Sihvo and Uusitalo 1995). Income, in turn, negatively affects preferences for redistribution. This goes in line with the results presented above, where support for redistribution is the highest among LIE, while HIE are the least supportive of redistribution.

Ultimately, however, I place a focus on four main explanatory factors for coherences and discrepancies in people's attitudes. First, misperceptions influence people's positioning on the income distribution. Accordingly, respondents in Germany, the UK, and Sweden tend to underestimate their own position on the income scale (Bublitz 2016a). In the UK, people who misperceive their tax burden tend to overestimate it and thus favour tax cuts (Gemmell et al. 2004). Both exemplary findings suggest the considerable impact of people's misperceptions: in the former case, respondents are clearly in favour of redistribution, while in the latter case, people tend to be less willing to contribute to redistribution through income taxation.

Second, people's value and belief systems account for their respective attitudes to a large extent. In particular, two system-justifying ideologies were found to be pivotal: on one hand, the belief in a fair market with equal shares of opportunity to succeed leads to low levels of support for redistribution. When people are considered to be the architects of their own fortune – a paradigm prevalent in the USA (Bartels and Neumann 2018) – the lack of support for redistribution leads to lower levels of taxation. On the other hand, societies characterised by the belief that luck determines success show larger support for redistribution. While generally prevalent in Europe in the 1990s (Alesina et al. 2001), this is particularly true for former socialist countries such as East Germany and Poland (Alesina and Fuchs-Schündeln 2007; Corneo 2001).

Third, electoral procedures, specificities of tax and transfer systems, and the effectiveness of a government affect people's attitudes. In particular, it is argued that the US American political system has prevented the establishment of a socialist party and therefore considerable amounts of redistribution (Alesina et al. 2001). People's willingness to pay taxes, on the other hand, can be facilitated through

positive feedback effects of institutions (Levi 1989; Frey and Torgler 2007; Pampel et al. 2019).

Finally, a country's welfare regime as the last core explanatory factor is closely interdependent on both country's institutions and its government, as well as people's belief and value systems. In other words, the link between people's values and country-specific institutions can be illustrated by causal circuits between people's attitudes and the welfare regime of a country (Kangas 2003). Accordingly, Liberal welfare regimes such as the UK and the USA were found to be characterised by low support for redistribution and inegalitarian views on income distribution. In Conservative welfare regimes such as Germany, large support for redistribution prevails, while views on income are inegalitarian. Finally, Social democratic welfare regimes such as Sweden are characterised by large support for redistribution and egalitarian views on income distribution (Svallfors 1997). Adaptations of the initial approach proposed by Esping-Anderson (1990) emphasise the role of welfare regimes in former socialist countries, where even larger support for redistribution can be observed (Alesina and Fuchs-Schündeln 2007; Dallinger 2010; Hajdu and Hajdu 2014).

The choice of the above core explanatory factors needs to be taken with caution, though. The amount of research covering the latter is relatively high compared to studies investigating other explanatory factors. Together with recent trends particularly focusing on people's misperceptions, I take this as an indication for the relevance of misperceptions, people's value and belief systems, country's institutions and their governments, as well as welfare regimes as explanatory factors. However, a thorough quantitative analysis combining all the explanatory factors presented in this thesis would be required to analyse their respective significance and to examine possible endogeneity problems. In this way, the following open questions might be tackled: does the overall increased coherence in attitudes among MIE lead to more welfare state legitimacy?¹⁹ Is the considerable increase in willingness to contribute to redistribution among respondents in the USA due to severe personal experiences during the financial crisis of 2007 and 2008, or the democratic impact²⁰ of the eight-year-long Obama administration, or none of

¹⁹ See suggestions by Wilensky (1975)

²⁰ See suggestions by GALLUP (2017)

both? Does the regular publication of studies on country-specific income distributions correct people's former underestimation of their position in the income distribution and thus increases demand for redistribution?

Further research should also attribute importance to narratives in the public discourse. People's attitudes towards redistribution and taxation can be biased due to narratives framing specific political issues (Gamson and Modigliani 1987; Kangas 1997, 2003; García-Sánchez et al. 2019). If factors such as individual effort and hard work are promoted and the significance of luck for an individual's success undermined, inequality becomes morally more acceptable (Weiner et al. 2011). If, however, wealth is framed as a way of giving back to society, positive downstream effects might arise and thus people become more willing to pay their share through taxation (Whillans et al. 2016). Therefore, not only political discourse becomes crucial in shaping people's attitudes towards redistribution and taxation, but also media coverage (Kangas 2003; Williamson 2015).

Finally, attention needs to be paid to varying definitions of both redistribution and income taxation. A large amount of studies used in this thesis relies on the common understanding of redistribution simply defined as the government's role to reduce income differences. Results thus slightly differ from those of my own calculation, since the latter is based on a variety of indicators for redistribution. However, further research on attitudes towards redistribution should rather rely on the multi-faceted definition of redistribution, since respondents might assess some aspects of redistribution more positively than others. The same is emphasised by Roosma et al. (2012), who demand appropriate measurement of people's attitudes towards the different aspects of the welfare state. A multidimensional approach to measure people's attitudes towards redistribution further accommodates critique on the traditional, one-dimensional definition of redistribution: the latter is considered to be ambivalent, since respondents sometimes confuse their redistributive ideals with attitudes towards actual redistributive policies implemented by the government, which makes an overall assessment of people's attitudes towards redistribution incoherent (Dallinger 2010).

As mentioned in chapter two (*Attitudes towards income taxation*), respondents of ISSP surveys were asked to assess their current tax burden. In those surveys, it has been clarified that the tax burden includes income taxes, taxes on goods and services

and all the others. Even though it was found that people predominantly focus on their income tax when asked about their tax burden (Power and Stacey 2014), it might be more appropriate to use survey questions specifically tailored to people's income tax for further research. In the same vein, Hammar et al. (2008) suggest that people's attitudes towards taxation need to be broken down, since attitudes tend to vary across different taxes. However, the proxy used in this thesis to measure people's attitudes towards income taxation appears to be the most suitable, given the available data and state of research.

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Hamburg, 5th December 2019

Eike Bengt Nürnberger