

## **Between the market and the state**

### **A longitudinal comparative study of inequality perceptions in five European countries**

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#### **Abstract**

Traditionally, inequality has been one of the most important political issues in Western Europe. During much of the post-war era, it was assumed that the state had to correct inequalities through taxation, welfare state interventions and similar measures. From the 1970s onwards this started to change. Against the background of increasing financial problems of the welfare state, market liberalism as an alternative to state interventionism grew considerably stronger. In several countries governments changed from social democratic to conservative or liberal, and when the formerly socialist countries of Eastern Europe collapsed at the end of the 1980s, the transition towards the hegemony of meritocratic and liberal ideologies appeared all but perfect. The past few years have witnessed a notable change in many European countries, however. If one takes government elections as an indicator, public attitudes appear to be changing again: in many countries the "new social democracy" has taken over from liberal governments. At the same time, however, parties of the extreme right also have gained strength in several countries.

On the basis of data taken from the International Social Survey Programme's studies on social inequality of 1987 and 1999 the paper looks at these changes in five different countries (Austria, Germany, Netherlands, Switzerland, United Kingdom) between the late 1980s and the late 1990s by asking whether attitudes towards inequality have really changed during the 1990s and what could be behind this change. The results show a high degree of stability in patterns of perception and their explanation on the basis of ideological beliefs and structural position within countries but large differences between countries which even appear to have increased over time thus contradicting both the convergence hypotheses as well as views which stress an increase in critical assessments in connection with recent economic and political developments throughout Europe.

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Note: The paper is based on ongoing research funded by the Swiss National Science Foundation (grant number 5004-058475).

## 1. Overview

Since the 1970s, welfare state interventionism has come under increasing pressure from groups advocating market liberalism as an alternative to conventional models of economic and social policy in many highly developed countries. For conservative and liberal political parties, "state bashing" became a popular means to attract votes, and during the 1980s many countries have witnessed a power shift from socialist or social-democratic to liberal or conservative governments. These new governments – most notably so in the United States and the United Kingdom – set out to restrain the state and to de-regulate and liberalise markets. With the collapse of the formerly socialist counter core this movement gained further impetus.

During the second half of the 1990s, however, the public mood started to change back again. A prolonged economic recession, increasing or at least stable levels of unemployment and poverty and increasing differences between high and low incomes contributed to the rise of the "new social democracy" which eventually took over from liberal or conservative governments in various countries (e.g. Germany, United Kingdom, Netherlands).

Yet, two decades of market ideology and "state bashing" have also left their marks in the programmes and actions of the new governments. Against the background of continuing financial problems and increasing international integration and competition the "new social democracy" is not just turning back the clock but is looking for a "third way" between conventional socialist and liberalist politics. In fact, many societies appear to be stuck halfway between an (old) interventionist model that no longer seems to work and a (new) liberal model that has not held its promises. As a result, conventional state or market ideologies appear to have made way for either mixed attitudes towards the state and the market or diffuse patterns of protest against modernisation, immigration and globalisation.

The paper reports preliminary findings from an examination of changes in public attitude towards inequality between the late 1980s and the late 1990s in a comparative perspective.<sup>1</sup> Against the background of a general model for explaining intra- and inter-country differences in attitudes towards inequality (see chapter 2) and on the basis of data taken from the International Social Survey Programme (ISSP, see chapter 3), the connection between general background conditions, changes in the inequality structure, and attitudes towards inequality is examined for five countries (Austria, Germany, Netherlands, Switzerland, United Kingdom, see chapter 4). It is argued that it is not so much the inequality structure or its perception that has changed during the 1990s. Rather, there have been gradual changes in the distribution of basic principles underlying one's interpretations of inequality which may have contributed to the political shift. As the "new social democracy" appears to have grasped these changes best, it was able to win some important elections over the course of the past few years. In addition, differences between countries, i.e. national specificities in institutional arrangements and general cultural background conditions, must be taken into account in the assessment of changes in inequality perceptions.

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<sup>1</sup> The full report (in German) from this ongoing research will be available from the authors in Winter 2002/2003.

## 2. Theoretical background

Since the 19<sup>th</sup> century, political and academic discussions on inequality have been dominated by two conflicting perspectives: Whereas functional and liberal views suggested that a certain degree of inequality was a prerequisite for and a natural side-effect of social development and modernisation, socialist or egalitarian views held that inequality was essentially the result of power differences and attempts to preserve privileges and thus needed correcting. In the form of liberal and socialist ideologies these two perspectives have shaped much of the political and social development of Western Europe over the past century (Wegener 1995, Amiel and Cowell 1999, Mayer 2001).

Prior research has shown that these ideologies and principles also explain a great deal of variation in attitudes towards inequality in a given society. People and groups subscribing to egalitarian principles usually have a more critical perception of inequality and consequently favour state interventions aimed at reducing inequalities. Meritocratic and liberal principles, on the other hand, are conducive to critical assessments of state actions, a preference for market solutions and a higher tolerance for a larger extent of inequality (see for example Haller et al. 1995, Haller 1996, Swift et al. 1995, Wegener 1995, Kluegel and Mateju 1995, Noll 1998, Gijsberts 1999, Marshall et al. 1999).

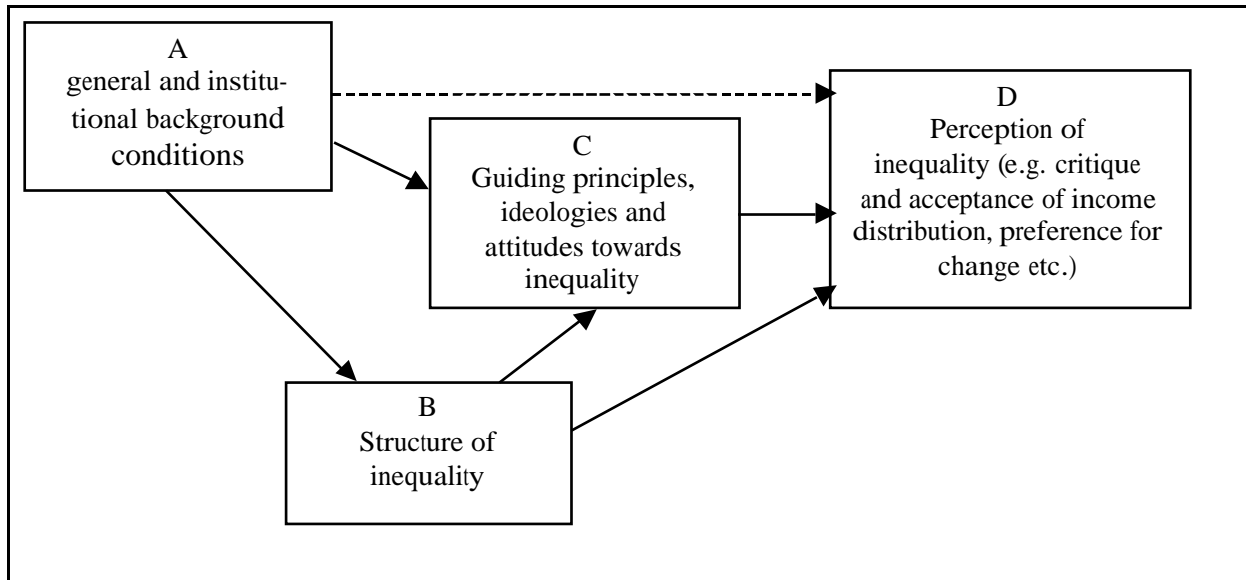
Of course, ideologies and distribution principles as well as specific perceptions of inequality do not just afflict people and groups without reason. As figure 1 shows, at least two important processes are at work in forming preferences for specific principles and shaping one's attitudes towards inequality. On the one hand, general and institutional background conditions at the societal level (A) define historical preferences within a given society as well as differences in acceptance levels of different principles and attitudes between societies. On the other hand, the factual structure of inequality (B) shapes individual and group-specific preferences and attitudes (C, D).

A comparative analysis of the perception of inequality has to take into account all three of these influences in order to arrive at a satisfying explanation of group-specific as well as international differences. In addition, recent research has also noted that "pure" ideologies have lost some of their importance during the past few decades. Due to an increasing differentiation of social structure and a number of new political issues which no longer fit the traditional spectrum of liberal vs. egalitarian (e.g. ecological, gender or energy issues), what has been termed "split consciousness", i.e. the combination of liberal and egalitarian principles appears to have become more important (Gijsberts 1999, Wegener 1995, Wegener and Liebig 1995). A case in point in the political arena is the "new social democracy" that has won several elections in various European countries during the past few years and which explicitly has distanced itself from its socialist roots by looking for a "third way" between market liberalism and egalitarian socialism.

Starting from the observation, that the mood of the electorate appears to have changed during the second half of the 1990s towards a "softer form of market liberalism" (part A of figure 1), the empirical section of the paper asks whether this change was due to a renewed interest in issues of social inequality (i.e. part D of figure 1) or rather to a changing interpretation of these issues (part C of figure 1). Finally, we shall examine whether the relationship between

structural position, basic attitudes and inequality perceptions (parts B, C and D of figure 1) has changed between the late 1980s and the late 1990s.

Figure 1: A general model for inter- and intra-country differences in the perception of inequality



- A: General background conditions and institutional prerequisites: Background conditions include general features of the political, economic and social system such as a country's type of welfare state (Esping-Anderson 1990), system of (corporatist) interest mediation, the distribution of political power (e.g. party strength in government, importance of labour unions), and the country's relationship to the European Union and the world market (see also Obinger and Wagschal 2000), but also general historical and cultural features of a country. General background conditions influence the level and structure of inequality and conflict (B) as well as basic attitudes towards inequality (C). In addition, they may also hamper or accentuate specific perceptions of inequality (D).
- B: Structure of inequality: To a large extent, the distribution of wealth and power in a society is directly dependent upon the general background conditions discussed under A. In addition, most class and stratification theories suggest that one's individual or group-specific position within the inequality structure influences one's "general view of the world" (C) as well as group-specific patterns of perception and action (D).
- C: Basic attitudes, ideologies and principles: Prior research has shown that in most societies a limited number of guiding principles and ideologies regarding the "just distribution" of wealth and power are competing for predominance, the most important being egalitarian (socialist), meritocratic (liberal) and anti-egalitarian hierarchical (conservative) ideologies. It is supposed, that the distribution of such principles within a population is, on the one hand, the result of historical and institutional processes in the sense of a basic consensus (A). On the other hand, the preference for a special set of principles also reflects one's own structural position (B) and influences the perception of specific inequalities. In addition, recent research on "split consciousness" has also shown that different ideologies are not mutually exclusive but have increasingly made way for mixed attitudes (see Haller et al. 1995, Haller 1996, Wegener 1995, Gijsberts 1999).
- D: Perception of inequality: It is supposed that the acceptance of distribution criteria and the factual distribution of wealth and power varies according to one's structural position and to general as well as group-specific basic ideologies and attitudes towards inequality.

### **3. Data, operationalisation and methods**

The empirical section of this paper reports preliminary findings from a study on the perception of inequality that originated from the authors' participation in the Swiss part of the "International Social Survey Programme's" study on "social inequality" of 1999. Starting from a thorough examination of the 1999 findings for Switzerland (see Stamm et al., in preparation), a second and ongoing phase of the project is dedicated to historical and international comparisons in the framework of a research programme sponsored by the Swiss National Science Foundation.

The project primarily attempts to explain and understand recent developments in Switzerland. As a result the selection of countries for the comparison as well as the time frame for the empirical analysis was very much given. On the one hand side, countries that were in some respect comparable to or interesting from the point of view of Switzerland were to be selected. On the other hand, only countries with comparable data could be examined. As a result, the data used for the empirical analysis were taken from the "International Social Survey Programme's" studies on "social inequality" of 1987 and 1999. Even though social inequality was also the theme of the 1992 ISSP study, Switzerland did not take part then. As a result, the 1992 data could not be used.

Apart from Switzerland, only four countries met the criteria of having participated in both the 1987 and 1999 surveys and of being of some interest from the Swiss point of view, namely the two neighbouring countries Germany and Austria, the Netherlands as another small country characterised by different institutional arrangements and the United Kingdom which was by many observers seen as a "model country" of neo-liberal adjustment from the 1980s onwards.

It is important to note that even though the ISSP aims at creating comparable data sets for different countries and over time, changes in the questionnaires between 1987 and 1999 were quite substantial. As a result, only a small number of questions regarding the perception of inequality are comparable. In addition, there are some differences in individual questions regarding independent variables in some countries that further reduce comparability. Thus, the following empirical analyses only render possible a limited test of the model shown in figure 1 above.

- A) General background conditions: Due to the small number of cases (5 countries at two points in time), background conditions can only be used as a means to provide additional qualitative interpretations (see also section 5)
- B) Structure of inequality: Both data sets include a number of socio-demographic and socio-economic variables. For the present analysis, only a number of conventional variables were used, namely sex, age, formal education, personal as well as household equivalence income and occupational prestige scores.<sup>2</sup> In further analyses, more complex models of social structure will be tested, however (see section 5).

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<sup>2</sup> Household equivalence incomes were calculated on the basis of the Atkinson scales which divide total income by the square root of the number of household members. In cases where only categorical data were available, class means were used as basis for the calculation of personal and household incomes. Both variables were finally recoded into quintiles. Occupational prestige scores were recoded from ISCO codes on the basis of Ganzeboom and Treiman (1996).

C) Basic principles and ideologies: In their earlier studies, Haller et al. (1995) and Gijsberts (1999) have provided an in-depth analysis of the dimensions of guiding principles and basic ideologies. Even though the number of comparable variables for 1987 and 1999 is small, the most important dimensions of egalitarian-etatist and meritocratic-liberal principles are present. The following four variables have been used to operationalise principles:

i. Item "No one would study for years to become a lawyer or doctor unless they expected to earn a lot more than ordinary workers." (meritocratic)

ii. Item "Large differences in income are necessary for country X's prosperity" (liberal orientation)

iii. Item "It is the responsibility of the government to reduce the differences in income between people with high incomes and those with low incomes" (egalitarian-etatist)

iv. Items "Do you think that people with high incomes should pay a larger share of their income in taxes than those with low incomes, the same share, or a smaller share?" (egalitarian)

Factorial analyses show that these four variables in fact reflect two separate dimensions of meritocratic-liberal (i, ii) and egalitarian-etatist (iii, iv) orientations. In line with the split consciousness thesis, a closer analysis shows, however, that the two dimensions are not mutually exclusive: At the individual and group level, the two dimensions are often mixed. For the subsequent analysis the scores on the original variables were thus combined into a new variable including "pure meritocratic-liberal", "pure egalitarian-etatist", "mixed" and "unclear" orientations. The latter are a residual category composed of persons who could not be classified into any of the other three groups because they did not subscribe to any of the four items.

D) Perception of inequality: The ISSP studies include a number of variables measuring the perception of inequality. Even though several dimensions of inequality perception are discussed at the beginning of the empirical section<sup>3</sup>, the multivariate analysis is confined to the perception of income inequalities for the sake of simplicity.

The empirical section of the paper starts with some simple descriptive and bivariate statistics aimed at demonstrating distribution patterns and connections between different variables. For the test of the interrelations between different variables and levels of the model, OLS and logistic regression techniques have been used.

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<sup>3</sup> The following items are discussed: i. "Differences in income in country X are too large."; ii. "Inequality continues to exist because ordinary people don't join together to get rid of it."; iii. "Inequality continues to exist because it benefits the rich and powerful."

## 4. Selected results

### *Structural change and the perception of inequality*

During the 1990s a number of significant developments took place in Europe: the transformation of Eastern Europe, the increasing economic and political integration of (Western) Europe as well as a further erosion of autonomous action capacity of national states due to financial problems and the increasing globalisation of the economy. As a result, a number of national economies witnessed recessions and structural adjustments during the first half of the 1990s with rising levels of unemployment and stagnating salary levels. Towards the end of the 1990s, growth and unemployment rates had recovered in several countries, however. Thus, whereas unemployment was higher in Germany and Switzerland at the end of the 1990 than at the end of the 1980s, the opposite was the case in the Netherlands and the United Kingdom (see Eurostat 2000, Bieling and Deppe 1997).

The turbulent 1990s do not appear to have had a negative impact on the income distribution of the five countries under study. If the assessment is based on Gini-indices calculated from the personal and household incomes available in the ISSP-studies of 1987 and 1999, one finds that the income distribution has slightly improved (Austria, Switzerland, Netherlands) or remained stable (United Kingdom) in all countries but Germany. Even though one could argue that studies such as the ISSP are biased towards the middle-classes and do therefore not include complete information on which to base the calculation of Gini-indices, it is noteworthy that the distributional structure within the populations under study has not worsened.

Table 1: Gini-indices of personal and household income

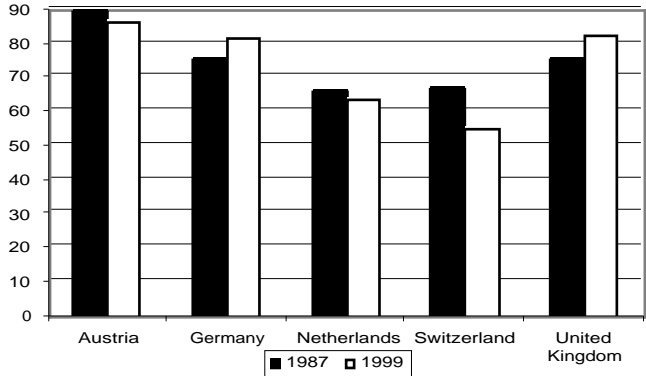
	Personal income		Personal income of working population		Household income (equivalence scales)*	
	1987	1999	1987	1999	1987	1999
Switzerland	.38	.34	.34	.33	.33	.26
United Kingdom	.34	.33	.34	.33	.33	.33
Germany	.29	.33	.25	.30	.25	.27
Austria	.30	.25	.26	.22	.23	.19
Netherlands	n.a.	n.a.	n.a.	n.a.	.28	.25

The fact that the distribution of income appears to have been stable or even improving in all but one country explains a great deal of the results shown in figure 2: Despite what could have been assumed on the basis of electoral results and macroeconomic indicators, basic attitudes towards inequality have not changed substantially between the late 1980s and the late 1990s in the five countries under study. In 1999, two countries (Germany, United Kingdom) report a somewhat more critical perspective on income inequality (part a of figure 2), whereas the other three countries (Austria, Netherlands, Switzerland) have become less critical. With the exception of

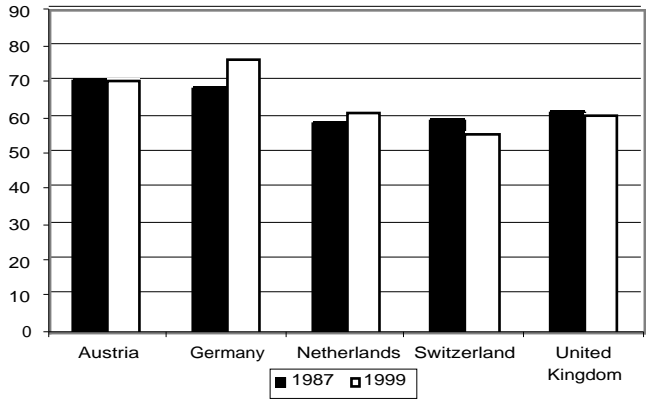
Switzerland, however, the level of criticism has remained remarkably stable. In 1987 as well as in 1999, differences between countries have been considerably more pronounced than differences within a given country over time. This finding lends strong support for arguments stressing the importance of country specific differences in basic principles and institutional arrangements rather than a trend towards convergence within the European context.

Figure 2: Inequality perceptions in five countries, (percentage of respondents (strongly) agreeing with the respective statements, 1987 and 1999)

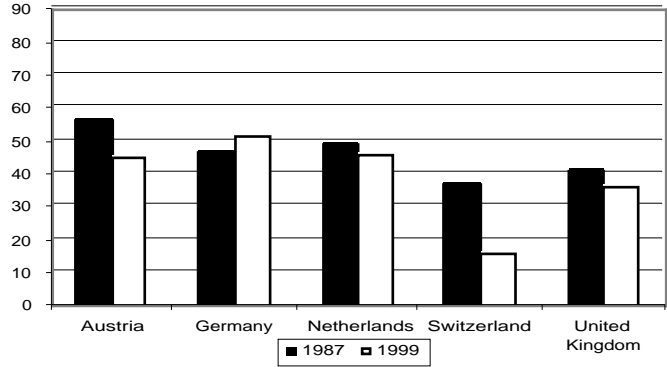
a) Item: "Differences in income in country X are too large."



b) Item: "Inequality continues to exist because it benefits the rich and powerful."



c) Item: "Inequalities continue to exist because ordinary people don't join together to get rid of them."





The same argument also applies to the other two items shown in figure 3: There has been hardly any intertemporal variation with respect to the "class-conscious" argument that inequality benefits the rich and powerful (the exception being Germany where German unification may have caused the increase), but differences between Austria and Germany, on the one hand, and the remaining three countries, on the other hand, are quite pronounced. Finally, the argument that the current levels of inequality are due to a lack of solidarity show considerable variation over time in Austria and Switzerland, but, once again, differences between countries are generally bigger than differences over time.

As a result, the remainder of the paper examines whether these country differences are rather caused by differences in social structure and basic principles (parts B and C of the model in figure 1) or have their origin in general "cultural" differences in institutional arrangements (part A).

### ***Guiding principles and ideologies***

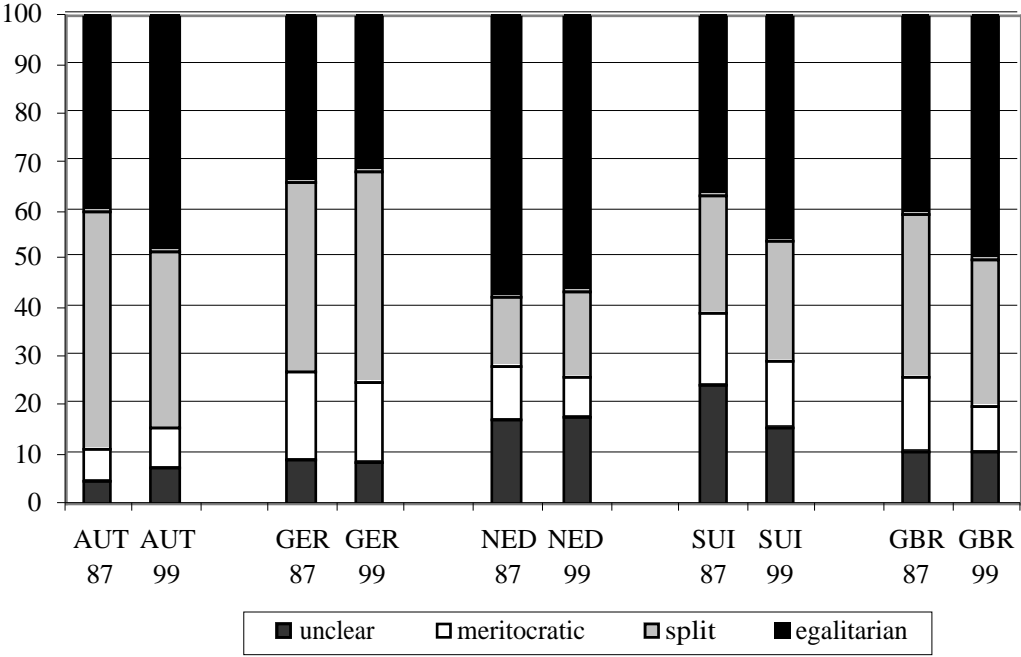
The hypothesis contradicting convergence is also supported by a look at guiding principles in the five countries under study. In fact, if one looks at the distribution of basic principles and ideologies in the five countries under study (figure 3) one finds an interesting, yet complicated association between these, the level of income inequality and the assessment of inequality. The Netherlands have a very large share of people subscribing to egalitarian principles, yet inequality does not appear to be as big a problem as in other countries. This may be due to comparatively low levels of factual income inequality. Switzerland, the other country with a comparatively uncritical assessment of the situation, is characterized by comparatively high levels of inequality and a relatively small share of "egalitarians". Somewhat the same applies to the United Kingdom even though the share of people with mixed beliefs is higher here.

Finally, Austria is characterised by a traditionally critical assessment of inequality and a growing share of "egalitarians", whereas in Germany, the only country where the income distribution has worsened substantially, the share of egalitarians has decreased in favour of the share of people holding mixed beliefs. The results for Germany must be interpreted with caution, however, because the 1987 data only included former Western Germany, whereas the data of 1999 refer to both Western and Eastern Germany. As a result of German unification a worsening of the income distribution as well as major shifts in basic principles are plausible developments.

Yet, even with respect to basic principles we find a high degree of stability: Egalitarian countries such as the Netherlands or populations with a higher share of undecided or meritocratic people (Switzerland, Germany) did not completely change between 1987 and 1999. Some changes are notable, however, particularly the increase of "egalitarians" in Austria, Switzerland and the United Kingdom and the corresponding decrease in the share of meritocrats (United Kingdom), mixed (Austria) or undecided people (Switzerland). In addition, mixed beliefs appear to have gained weight in Germany. Finally, it is also important to note that the sum of egalitarian and mixed beliefs has increased in all but one country (Austria) at the cost of meritocratic and/or unclear orientations. This gradual change in the overall distribution of principles may well

explain part of the recent wins of the "new social democracy": By distancing itself from conventional socialist beliefs and including a number of liberal principles in its programmes it may well have won over a part of the "median voters" which hold mixed or split beliefs.

Figure 3: Distribution of different configurations of basic principles in five European countries, 1987 and 1999



To sum up, differences between countries have been very marked at the end of the 1980s as well as the 1990s. In fact, our results on basic principles and the perception of inequality strongly contradict the idea that there is a process towards convergence within Europe. The contrary appears to be the case: Even though there is a high degree of overall stability within the countries over time, the countries appear to have become even more different during the course of the 1990s. The difference between the most equal and inequal countries in terms of Gini-indices has increased, and so has the difference between the most (Austria) and the least critical country (Switzerland). Finally, also with respect to basic principles there is no indication that the countries are converging in a significant manner.

Despite these differences, in all countries under study there are significant, yet not very marked relationships between the choice of basic principles and various dimensions of social position. Table 2 illustrates this point on the basis of correlation coefficients. In all countries, educational background, occupation and income play an important role in determining one's preferences. In addition, sex and age effects are also present in some instances. Interestingly, however, the choice of meritocratic or egalitarian principles appears to follow the same basic causal pattern: People with higher education, occupation and incomes tend to support both types of principles less than their counterparts in social structure. Yet, the effects are more marked for egalitarian principles, i.e. egalitarian principles are even less popular in the higher groups which appear to favor mixed beliefs.

Table 2: Relationships between guiding principles and structural variables (Pearson correlation coefficients)

	Austria		Germany		Netherlands		Switzerland		United Kingdom	
	M	E	M	E	M	E	M	E	M	E
<b>1987</b>										
Education	-.11	-.26	-.11	-.13	-.09	-.18	-.18	-.09	-.24	-.14
Occup. prestige	-	-.17	-	-.23	-	-.23	-.14	-.17	-.13	-.19
Household income	-	-.25	.07	-.22	-	-.28	-.12	-.31	-.12	-.22
Personal income	-	-.18	.10	-.19	*	*	-.11	-.25	-	-.17
Sex	-	.07	-	-	-.11	.13	-	-	-	-
Age	-	.15	.14	-	.09	-	.10	-	.16	-
<b>1999</b>										
Education	-.17	-.23	-.11	-.12	-.16	-.22	-.09	-.16	-.19	-.15
Occup. prestige	-	-.16	-	-.15	-.09	-.22	-.09	-.07	-.11	-.15
Household income	-	-.11	.07	-.21	-	-.27	-	-.20	-.18	-.19
Personal income	-	-.24	-	-.23	*	*	-	-.17	-	-.19
Sex	-	.08	-	.11	-.14	.08	-	.13	-.11	-
Age	.12	-	-	.06	-	-	.13	-.13	.10	-

Coefficients significant at the 95%-level; M: Additive index of meritocratic-liberal principles; E: Additive index of egalitarian-estatist principles

As the comparison of 1987 with 1999 shows, the connection between social position and principles appears to have decreased slightly in most countries. It should be noted, however, that the overall effect of structural position on choice of principles is generally low. As regression analyses indicate, only between 1 and 12 percent in the variance of the support of meritocratic and egalitarian principles can be explained on the basis of the variables shown in table 2 – and generally, the amount of variance explained has even decreased between 1987 and 1999. In sum, once again we find a high degree of variation between countries, but within countries structural background only plays a limited role in the process of forming one's basic perception principles. As will be discussed in section 5, however, this finding may also be due to measurement problems: preliminary analyses for Switzerland indicate that more complex models of social structure and position fare better in explaining the choice of different principles.

### ***Structural position, guiding principles and perception of inequality***

Another question refers to the relationship between structural position, basic principles and inequality perception. Our basic model introduced in section 2 suggests that there is not only an

indirect effect of structural position on the perception of inequality (i.e. an effect that is mediated by basic principles), but also a direct linkage of position and perception. Against this background table 3 shows the results of a multiple regression analysis including structural variables as well as dummy variables for different sets of basic principles for the years 1987 and 1999 (a similar analysis on the basis of logistic regression models can be found in the appendix).

Table 3: Explanation of differences in perception of inequality on the basis of structural position and basic principles (OLS regression results for five countries, 1987 and 1999)

	Austria	Germany	Nether-lands	Switzer-land	United Kingdom
<b>1987</b>					
Education	-	-.09	-.11	-	-
Occupational prestige	-.10	-.08	-.08	-	-
Household income	-.08†	-	-.11	-.14	-.10
Sex	-	-	-	-	.05†
Age	-	-	-	.07†	-
meritocratic-liberal beliefs*	-.10	-	-.10	-	-
egalitarian-etatist beliefs*	.42	.53	.61	.41	.62
mixed beliefs*	.40	.46	.36	.36	.50
R <sup>2</sup>	.15	.25	.50	.23	.31
n	628	568	953	659	896
<b>1999</b>					
Education	-	-	-.11	-.11	-
Occupational prestige	-.13	-	-.07	-	-
Household income	-	-.15	-.15	-.16	-
Sex	-	.07†	.05	-	-
Age	.12	-	.05	-	-
meritocratic-liberal beliefs*	-.15	-	-.05	-	-
egalitarian-etatist beliefs*	.53	.47	.51	.33	.57
mixed beliefs*	.43	.43	.38	.23	.43
R <sup>2</sup>	.26	.23	.35	.15	.18
n	403	484	1139	1070	651

† coefficient significant at the 90% level; other coefficients significant at the 95%-level  
 \* dummy variables

It is evident from table 3 that basic principles are very important predictors of one's perception of inequality: People holding egalitarian or mixed principles and beliefs assess the current situation more critically. Only in two countries – Austria and the Netherlands – meritocratic principles play a significant role. Overall, the strongest effects can be found in Austria and the United Kingdom, whereas in Switzerland the relationship between basic principles and perception of inequality is the least pronounced.

Whereas basic principles are important in all countries and at both points in time, the evidence for the direct effect of structural position is more mixed: in the Netherlands, structural position has mattered quite a lot in 1987 and also in 1999 whereas these effects appear to have become more important in Switzerland over time, remained more or less stable in Germany and have decreased in Austria and the United Kingdom. In addition, the degree of explanation has decreased in all countries except Austria from an average of about 25% to about 20%. In Austria, egalitarian and mixed principles appear to have become more important over time thus improving the values for  $R^2$  from .15 to .26. At both points in time, the degree of explanation in the Netherlands was the highest, whereas Austria (1987) and Switzerland (1999) were at the opposite extremes.

Table 4: Explanation of differences in perception of inequality on the basis of structural position, basic principles and country (OLS regression results, 1987 and 1999)

	1987	1999
Education	-.06	-.08
Occupational prestige	-.04	-.06
Household income	-.09	-.09
Sex	.03	-
Age	-	.04
meritocratic-liberal beliefs*	-.05	-.06
egalitarian-etatist beliefs*	.54	.44
mixed beliefs*	.42	.32
Austria*	.09	.05
Germany*	-	-
Netherlands*	-.13	-.18
Switzerland*	-	-.16
$R^2$	.35	.27
n	3708	3752
$R^2$ without country dummies	.33	.23

All coefficients significant at the 95%-level; \* dummy variables

The differences in effect sizes and patterns suggest, once more, that differences between countries might be more important than general processes of social change and convergence at the international level. To test this hypothesis, a simultaneous analysis for all five countries was performed. The single countries were introduced in the form of dummy variables to see whether independent country effects mattered.<sup>4</sup> The results of an OLS regression analysis are shown in table 4 whereas corresponding estimates from a logistic regression analysis can be found in the appendix.

Table 4 first shows that country specific effects play a role. Even though basic principles remain the most important explanatory variables for inequality perceptions, the country effect is on average larger than the effect of structural position. We find that residents of Austria have, independent of other effects a more critical stance towards inequality, whereas the opposite is the case for Switzerland and the Netherlands which exhibit considerably lower levels of criticism. Thus, the multivariate analysis confirms the findings of figure 2 as effective country differences rather than mere effects of a different inequality structure or a different distribution of basic principles. Once again, the degree of explanation has decreased over time, however. This is mainly due to a weaker contribution of distribution principles to the overall explanation. Structural effects, on the other hand side, appear to have remained quite stable at a low level and country differences appear to have become more marked.

## **5. Concluding remarks**

The preliminary results concerning the linkage of structural position, basic principle and inequality perception suggest a number of conclusions:

1. Intertemporal stability in the perception of inequality: Despite what could have been expected from the experience of the "turbulent" 1990s, the assessment of distribution inequality has not changed dramatically between the late 1980s and the late 1990 in the five countries under study. In most countries, the extent of criticism has been surprisingly stable.
2. Linkage of structural position, guiding principles and inequality perception: The basic beliefs one holds about distributive principles have a strong (yet slightly declining) effect on one's perception of inequality. In most countries, egalitarian or mixed principles appear to be on the rise at the cost of "pure" meritocratic ideologies. These two opposite processes – declining determination by basic principles and rising relevance of non-meritocratic principles – may explain some of the overall stability in inequality perceptions mentioned above.

The results also show that preferences for specific guiding principles appear to evolve relatively independent from one's structural position, and that this association has further weakened during the 1990s. It is important to note, however, that only very crude measures of social position have been used in this study. In line with the recent discussion on the differentiation of stratification in highly developed countries (see, for example Müller 1992,

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<sup>4</sup> The United Kingdom does not feature in the analyses to prevent overdetermination.

Hradil 1997, Otte 1998, Noll 1998) it can be argued that preferences evolve dynamically from a complex interplay of different dimensions of social position. With respect to Switzerland, an earlier study has demonstrated that a more complete model of structural positions that takes into account the observation that relationships between different dimensions do not necessarily have to follow a linear pattern is able to explain a higher degree of variance within countries (Stamm et al., in preparation, Lamprecht and Stamm 2000). In the further course of the study, this extended model of inequality will be applied to the five countries under study.

3. Country differences: Compared to the relatively high degree of stability within countries, differences between countries are marked and appear to have increased over time. There appears to be a trend towards divergence in inequality perceptions throughout the five countries that contradicts the hypothesis of increasing convergence within Europe. This finding is in line with comparative research on the recent development of European welfare states which suggests that institutional arrangements and "cultural preferences" are surprisingly stable throughout Europe (Wagschal 2000, Svallfors and Taylor-Gooby 1999, Korpi and Palme 1998). Together with specific local developments they appear to have a bigger impact on perceptions than general structural dimensions at the transnational level (see also Mau 1997).

However, the connection between inequality perception and institutional background does not follow a simple pattern. For example, if one takes Esping-Anderson's (1990) typology of welfare states as a starting point, some insights can be gained but many questions remain open: Switzerland and the United Kingdom, for example, are usually assigned to the "liberal" type of welfare states, and even though they exhibit comparatively high level of factual income differences (see table 1), they differ greatly with respect to the overall assessment of inequality. The Netherlands, on the other hand, conform quite well to what would be expected from the social-democratic type of welfare-states. Finally, Austria and Germany both belong to the "continental" (Obinger and Wagschal 2000) or "conservative-corporatist" type of the welfare state (Esping-Anderson 1990, Butterwegge 2001) but show marked differences. These differences may be partly due to the special problems Germany encountered during the process of unification of the 1990s but also to specific economic problems. Austria, Switzerland and, most recently, also the Netherlands also show that the gradual shift towards egalitarian and mixed principles must not necessarily be linked to a strengthening of the social-democratic left: In all of these three countries, parties of the far-right have managed to capture a large proportion of votes from a segment of the population which holds a "diffuse" grudge against existing (distributive) structures.

These short remarks show that the analytic perspective has to be extended to more complex models of social structure, but has also to take into account country-specific differences and developments. Such an extended perspective should also be able to contribute to our understanding of the increased interpenetration of "state" and "market" perspectives as they have been advanced by the "new social democracy" or moderate liberal parties in recent years.

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## Appendix

An alternative approach to explaining inequality perception on the basis of structural position and guiding principles (logistic regression results)

	Austria	Germany	Nether-lands	Switzer-land	United Kingdom	Five countries
<b>1987</b>						
Education	-	-	-.38	-	-	-.23
Occupational prestige	-	-	-.41	-	-	-
Household income	-	-	-.22	-.24	-.21	-.16
Sex	-	-	-	-	.50	.23
Age	-	-	-	-	-	-
meritocratic-liberal beliefs***	-	-	-.93	-	-	-.30
egalitarian-etatist beliefs***	2.19	2.33	3.04	1.72	3.25	2.53
mixed beliefs ***	2.10	2.26	2.64	1.94	2.21	2.09
Austria***	**	**	**	**	**	.96
Germany***	**	**	**	**	**	-
Netherlands***	**	**	**	**	**	-.62
Switzerland***	**	**	**	**	**	-
Constant	.74	-.27†	1.93	.49†	-.53†	.66
Nagelkerke R <sup>2</sup>	.13	.27	.54	.25	.40	.39
n	629	569	954	660	897	3709
<b>1999</b>						
Education	-	-	-.15	-.15	-	-.12
Occupational prestige	-.68	-	-.32	-	-	-.20
Household income	-	-.38	-.21	-.26	-	-.19
Sex	-	-	-	-	-	-
Age	-	.19	-	-	-	-
meritocratic-liberal beliefs***	-	-.83	-.53†	-	-.85	-.61
egalitarian-etatist beliefs***	3.21	2.14	2.28	1.19	2.44	1.82
mixed beliefs***	3.27	1.54	2.08	.95	1.65	1.50
Austria***	**	**	**	**	**	.35
Germany***	**	**	**	**	**	-
Netherlands***	**	**	**	**	**	-1.07
Switzerland***	**	**	**	**	**	-1.49
Constant	1.76	1.35	1.39	.95	.32†	2.27
Nagelkerke R <sup>2</sup>	.40	.34	.37	.15	.30	.33
n	368	485	1140	1010	647	3650

\* Dependent variable: Critical perception of inequality, codes 1 if respondents (strongly) agree to the item "Inequality is too big", coded 0 in all other cases; \*\* variable not included in the analysis; \*\*\* dummy variables; † coefficient significant at the 90%-level; all other coefficients significant at the 95%-level.