

Brady, David; Bostic, Amie

Article — Published Version

Paradoxes of Social Policy: Welfare Transfers, Relative Poverty, and Redistribution Preferences

American Sociological Review

Provided in Cooperation with:
WZB Berlin Social Science Center

Suggested Citation: Brady, David; Bostic, Amie (2015) : Paradoxes of Social Policy: Welfare Transfers, Relative Poverty, and Redistribution Preferences, American Sociological Review, ISSN 1939-8271, Sage Publications, Thousand Oaks, CA, Vol. 80, Iss. 2, pp. 268–298-, <https://doi.org/10.1177/0003122415573049>

This Version is available at:
<https://hdl.handle.net/10419/190198>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

ONLINE SUPPLEMENT

to article in

AMERICAN SOCIOLOGICAL REVIEW, 2015, VOL. 80

Paradoxes of Social Policy: Welfare Transfers, Relative Poverty, and Redistribution Preferences

David Brady

WZB Berlin Social Science Center

Amie Bostic

Duke University

Table S1. Samples of Countries (All Available in LIS Samples, Except Australia and Brazil)

<i>Country</i>	<i>Abbreviation in Figures</i>	<i>Year</i>	<i>Rich Democracies?</i>	<i>ISSP?</i>
Australia	AUS	2003	Yes	Yes
Austria	AUT	2004	Yes	No
Belgium	BEL	2000	Yes	No
Brazil	BRA	2006	No	No
Canada	CAN	2004	Yes	Yes
China	CHI	2002	No	No
Colombia	COL	2007	No	No
Czech Republic	CZE	2004	No	Yes
Denmark	DEN	2004	Yes	Yes
Estonia	EST	2004	No	No
Finland	FIN	2004	Yes	Yes
France	FRA	2005	Yes	Yes
Germany	GER	2004	Yes	Yes
Greece	GRE	2004	Yes	No
Guatemala	GUA	2006	No	No
Hungary	HUN	2005	No	Yes
India	IND	2004	No	No
Ireland	IRE	2004	Yes	Yes
Israel	ISR	2005	Yes	Yes
Italy	ITA	2004	Yes	No
Japan	JAP	2008	Yes	Yes
Luxembourg	LUX	2004	Yes	No
Mexico	MEX	2004	No	No
Netherlands	NET	2004	Yes	Yes
Norway	NOR	2004	Yes	Yes
Peru	PER	2004	No	No
Poland	POL	2004	No	Yes
Russia	RUS	2004	No	Yes
South Korea	SKO	2006	No	Yes
Slovenia	SLO	2004	No	Yes
Slovak Republic	SLR	2007	No	No
South Africa	SOA	2008	No	Yes
Spain	SPA	2004	Yes	Yes
Sweden	SWE	2005	Yes	Yes
Switzerland	SWZ	2004	Yes	Yes
Taiwan	TAW	2005	No	Yes
Uruguay	UGY	2004	No	Yes
United Kingdom	UKM	2004	Yes	Yes
United States	USA	2004	Yes	Yes

Note: In summary, the LIS sample includes 20 rich democracies and 17 other countries. The ISSP sample includes 16 rich democracies and 9 other countries. Australia and Brazil are included only in the figures but not the analyses, because of limited or missing data on education and marital status.

Sensitivity Analyses for Model 8 in Tables 2 and 3

LIS Analyses in Table 2

First, we inspected Figure 1 for any outlying or particularly influential countries, but we did not detect any particularly problematic cases. Second, we reestimated Model 8 while dropping one country at a time. Those reestimated models usually converged but had difficulty converging when we omitted Austria, Belgium, Germany, Greece, Peru, or Sweden. For those six models, we achieved convergence by randomly selecting 5,000 cases within the 37 countries and then dropping each of those countries. In every single model, transfer share remained significantly negative, low-income targeting remained significantly positive, and universalism remained insignificant.

Third, we calculated DFBETAs to assess if any countries had an absolute value greater than .33 (i.e., $>2/(\text{square root of level-2 } N)$). Belgium, Germany, Greece, the Netherlands, Poland, South Africa, and the United States exhibited high DFBETAs for transfer share. If we omit all seven, transfer share remains significantly negative ($z = -3.80$ versus Table 2's $z = -3.94$). China, Peru, Poland, and the United States exhibited high DFBETAs for low-income targeting. If we omit all four, low-income targeting remains significantly positive ($z = 2.27$ versus Table 2's $z = 2.59$). Belgium, Czech Republic, Estonia, the Netherlands, Poland, Russia, and South Africa exhibited high DFBETAs for universalism. If we omit all seven, universalism remains insignificant ($z = .49$ versus Table 2's $z = .17$).

ISSP Analyses in Table 3

First, we inspected Figure 3 for any outlying or particularly influential countries. This encouraged us, for example, to omit Japan and the United States from Model 4 (as discussed in the text). Second, we reestimated Model 8 while dropping one country at a time. In every model, transfer share remained insignificant, low-income targeting remained significantly negative, and universalism remained insignificant. Third, we calculated DFBETAs to assess if any countries had an absolute value greater than .4 (i.e., $>2/(\text{square root of level-2 } N)$). The Czech Republic, Poland, Slovenia, South Africa, and South Korea exhibited high DFBETAs for transfer share. If we omit all five, transfer share remains insignificant ($z = .18$ versus Table 3's $z = -.17$). No country exhibited a high DFBETA for low-income targeting. The Czech Republic and Slovenia exhibited a high DFBETA for universalism. If we omit both countries, universalism remained insignificant ($z = .30$ versus Table 3's $z = .07$).

Code for Calculating Dimensions of Welfare Transfers in Luxembourg Income Study

```
*create program to calculate dimensions*  
program define welfdim
```

```
*drop missing values for disposable household income*  
drop if dhi==.
```

```
*drop if household weight missing, recode household weight by number of HH members*  
drop if hwgt==.  
replace hwgt=0.01 if hwgt==0  
gen pwt=hwgt*nhhmem
```

```
*equivalize, bottom- and top-code household income following standard LIS protocol*  
gen eqinc=dhi/(sqrt(nhhmem))  
qui sum eqinc  
gen botlin=0.01*_result(3)  
replace eqinc=botlin if eqinc<botlin  
quietly sum eqinc, de  
gen topline=10*_result(10)
```

```
*create HH public transfers as total transfers minus private transfers, and if missing substitute with sum of  
components of public transfers*  
gen transfer=hit-hitp  
replace transfer =hits+hitsu+hitsa if transfer==.
```

```
*equivalize HH transfers by square root of number of members, and bottom code at zero*  
replace transfer= transfer/(sqrt(nhhmem))  
replace transfer=0 if transfer<0
```

```
*calculate transfer share*  
gen tshare=100*(transfer/eqinc)
```

```
*create pre-transfer (posttax) household income*  
gen pretrinc=eqinc-transfer  
replace pretrinc=0 if pretrinc<0
```

```
*Transfer share is mean of tshare*  
tabstat tshare [w=pwt], stats (mean)  
*Low-Income Targeting is -1 multiplied times concentration coefficient generated here*  
sgini transfer [aweight=pwt], sortvar(pretrinc)  
*Universalism is 1/CV of transfer*  
tabstat transfer [w=pwt], stats (cv)  
end
```

```
*Example of country*  
use $au03h, clear  
keep dhi hwgt nhhmem hit hitp hits hitsu hitsa  
welfdim
```

Table S2. Multilevel Mixed Models of Scale of Government Responsibility and Left-Right Party Affiliation (Individual-Level Variables Not Shown): Coefficients and (Z-scores)

	Scale of Govt. Responsibility		Left-Right Party Affiliation	
	Rich Democracies	Broader Sample	Rich Democracies	Broader Sample
Transfer Share	-.004 (-.31)	.004 (.73)	-.002 (-.12)	-.001 (-.23)
Low-Income Targeting	-.956 (-.93)	-1.132** (-2.72)	.041 (.03)	-.293 (-.61)
Universalism	1.117 (1.81)	.289 (.94)	.727 (1.00)	.204 (.72)
<i>N</i>	16,532	27,732	11,867	17,891
Countries	16	25	15	23

Note: All individual-level variables from Table 3 are included but not shown. The results are consistent if the models are decomposed into separate models for each dimension. The six questions in the scale of government responsibility ask whether it should or should not be the government’s responsibility to: “provide a job for everyone who wants one”; “provide a decent standard of living for the unemployed”; “provide a decent standard of living for the old”; “provide decent housing for those who can’t afford it”; “provide healthcare for the sick”; and “reduce income differences between rich and poor.” Using the underlying ordinal responses, the standardized item alpha for this scale is .77. The left-right party affiliation variable is coded 1 = far right; 2 = right, conservative; 3 = center, liberal; 4 = left, center left; 5 = far left. There are fewer countries in these models because of missing data for Israel and Taiwan.

* $p < .05$; ** $p < .01$; *** $p < .001$ (two-tailed tests).

Figure S1. Macro-Level Bivariate Associations between Gini Coefficient and Dimensions of Welfare Transfers

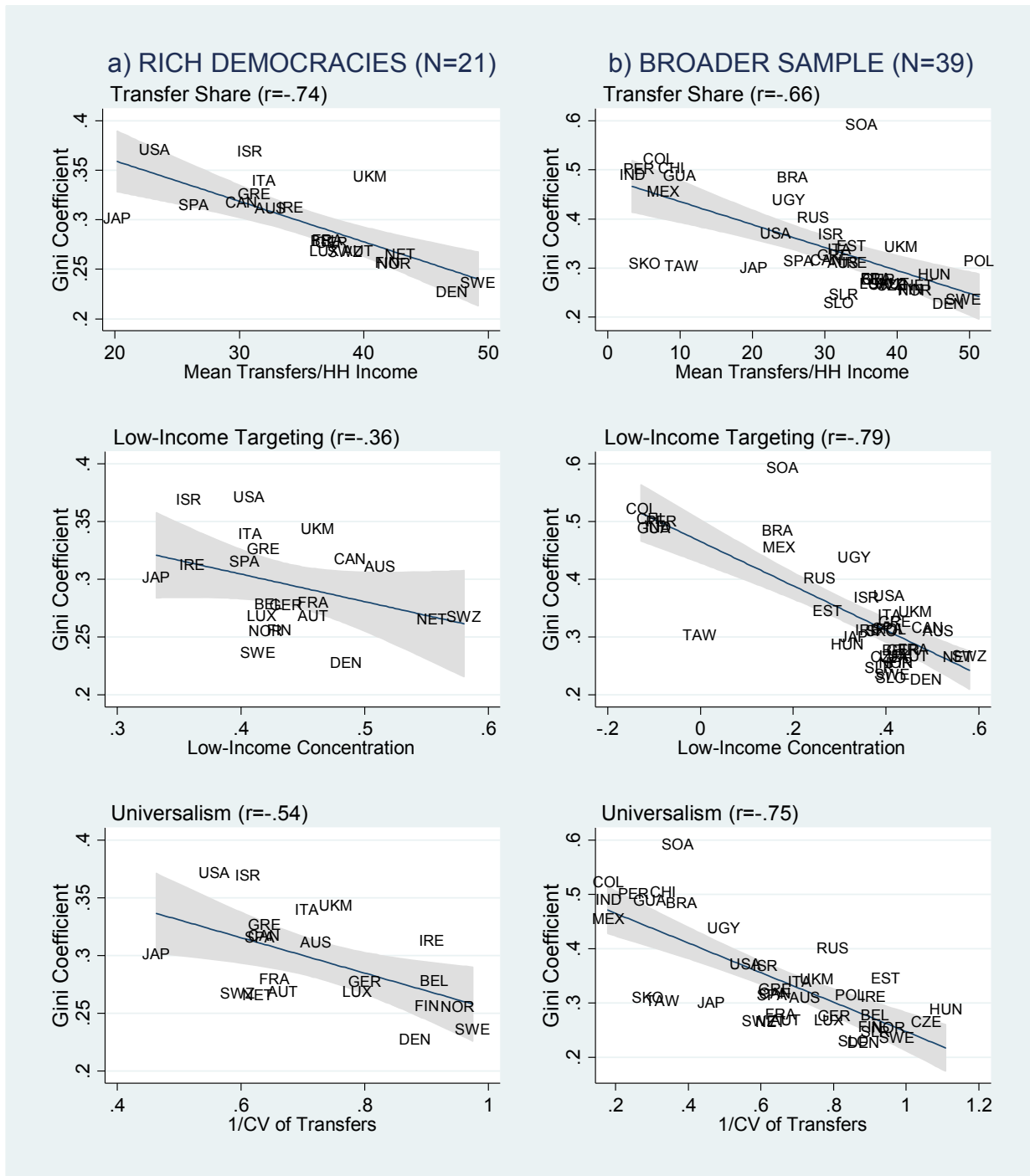


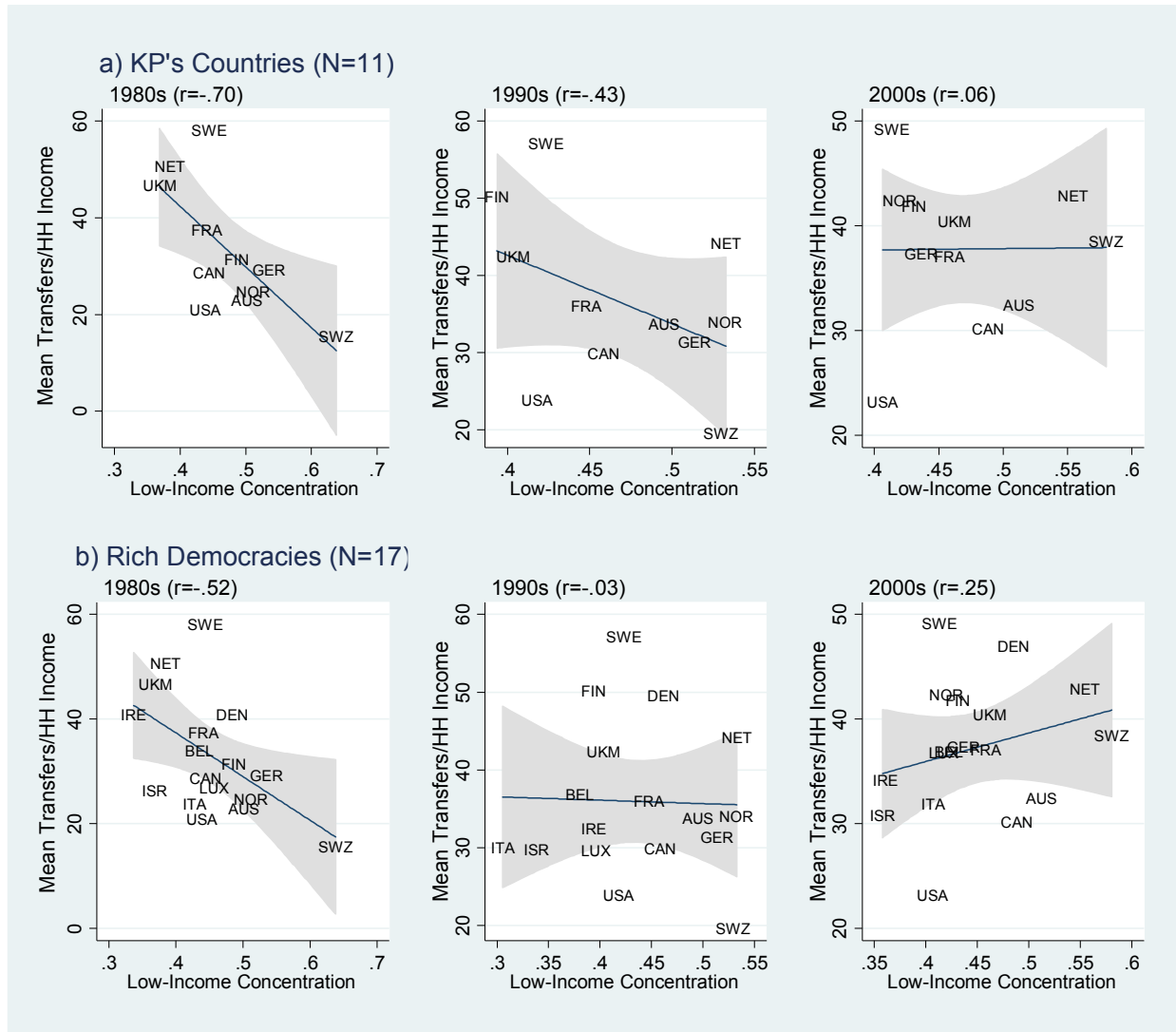
Table S3. Multilevel Random Coefficient Logit Models of Redistribution Preferences Interacting Income and Dimensions of Welfare Transfers: Coefficients and (Z-Scores)

	(1) Rich Democracies	(2) Broader Sample	(3) Rich Democracies	(4) Broader Sample	(5) Rich Democracies	(6) Broader Sample
Relative Income	-.038 (-.25)	.074 (.81)	.325 (1.64)	.177* (2.00)	-.252 (-1.36)	-.029 (-.25)
Relative Income x Dimension	-.008* (-1.97)	-.010** (-3.95)	-1.472** (-3.33)	-1.137** (-5.23)	-.106 (-.42)	-.338* (-2.18)
Transfer Share	-.004 (-.29)	-.015 (-1.41)				
Low-Income Targeting			-2.345 (-1.65)	-2.882** (-3.27)		
Universalism					.345 (.51)	-.533 (-.95)
<i>N</i>	15,890	26,755	15,890	26,755	15,887	26,755
Countries	16	25	16	25	16	25

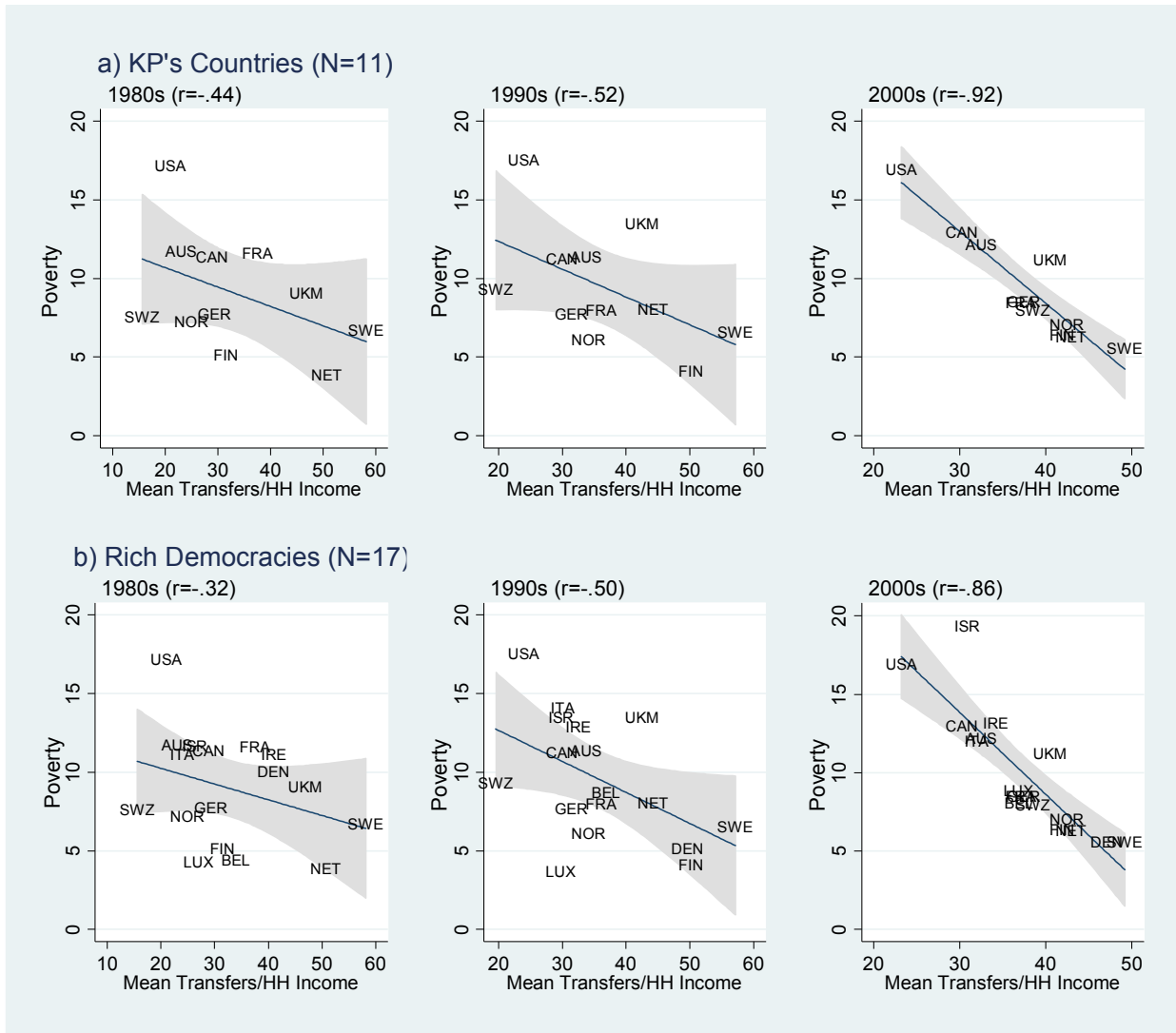
Note: These models are multilevel logit models with a random intercept, a random coefficient, and an unstructured covariance matrix. The random coefficients are cross-level interactions between the individual-level income variable and the country-level dimension of welfare transfers. Each model includes only one country-level dimension and only one cross-level interaction. For example, Model 1 interacts transfer share and relative income and Model 3 interacts low-income targeting and relative income. All individual-level variables from Table 3 are included but not shown.

* $p < .05$; ** $p < .01$ (two-tailed tests).

Figure S2. Comparison of KP Sample and 17 Rich Democracies for Macro-Level Bivariate Associations between Transfer Share and Low-Income Targeting: 1980s, 1990s, and 2000s



Figures S3. Comparison of KP Sample and 17 Rich Democracies for Macro-Level Bivariate Associations between Poverty and Transfer Share: 1980s, 1990s, and 2000s



Figures S4. Comparison of KP Sample and 17 Rich Democracies for Macro-Level Bivariate Associations between Relative Poverty and Low-Income Targeting: 1980s, 1990s, and 2000s

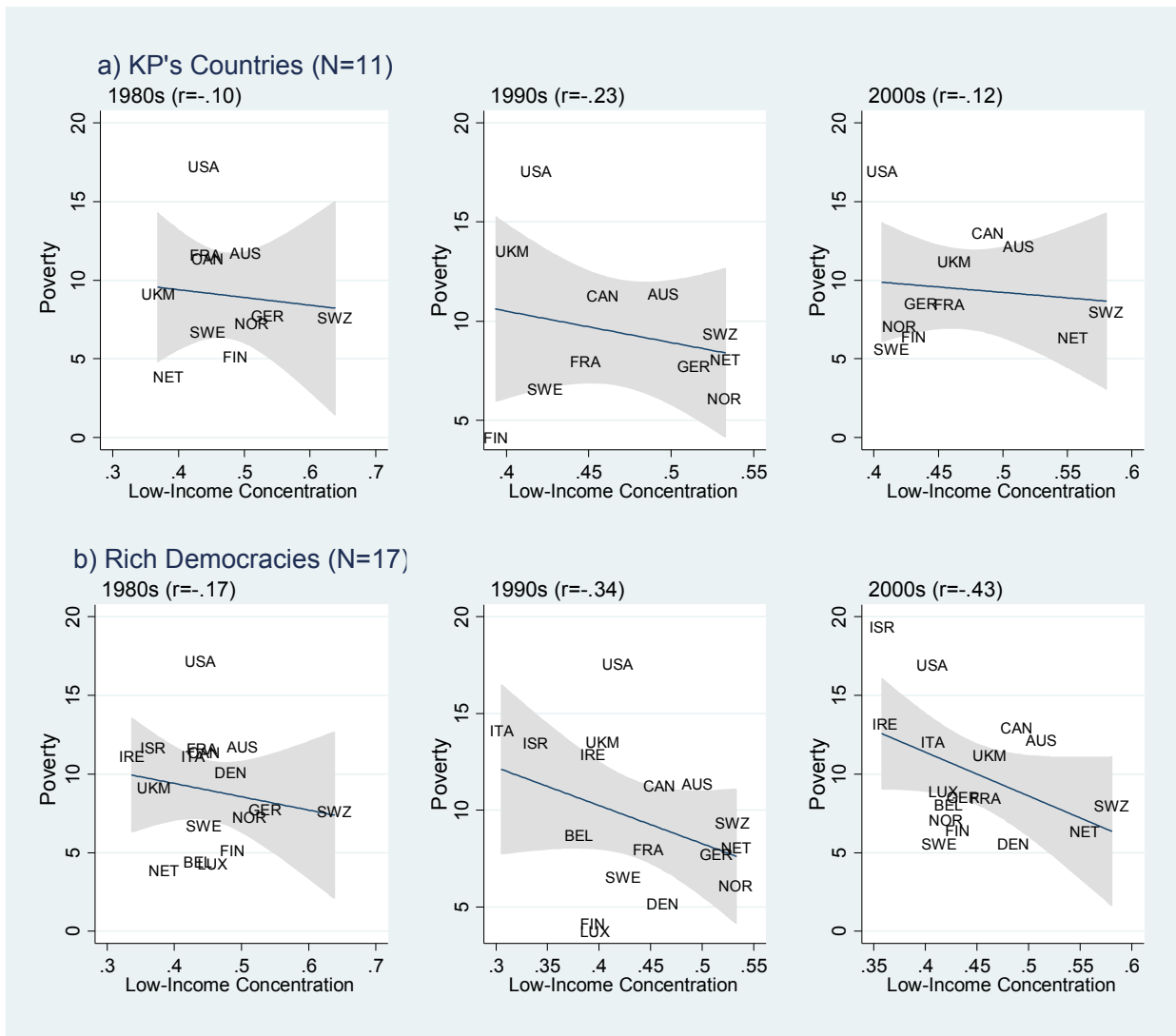


Figure S5. Three-Way Scatterplots between Dimensions of Welfare Transfers

