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Research Report

Korea's preference for redistribution and the policy decisions

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Policy Study

Korea's Preference for Redistribution and the Policy Decisions

Soo Kyeong Hwang

KOREA DEVELOPMENT INSTITUTE

Korea's Preference for Redistribution and the Policy Decisions

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ⓒ June 2020
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*This report has been written to create an English version of the KDI publication entitled *Korea's Preference for Redistribution and the Policy Decisions* (Policy Study 2019-01, KDI, 2019, ver. Korean) by Soo Kyeong Hwang for the purpose of international dissemination of the research results.

Preface

Inasmuch as “golden spoon” and “dirt spoon” are now common expressions, income disparity has become an integral part of Korea’s social structure, and has emerged as a key societal issue. Accordingly, the nation’s attention has turned to redistribution as a solution to the inequality.

However, the enduring disputes over free school lunches and half-price tuition, and the implementation process of the Moon administration’s various redistribution policies have shown us that the Korean people are very divided in their views over redistribution. This clearly reveals that there is a lack of social consensus on the standard, scope and level of redistribution in Korean society.

To that end this report aims to analyze the Korean people’s views on the government’s redistribution policies through an empirical approach. The main research topic will tackle the issue of who supports or opposes redistribution and for what reasons as well as how the preference for redistribution has changed thus far.

Based on the imperative of justification, our main objective is to discover the ways in which the standards for social redistribution can be established through a collective decision that is based on the opinions of the members of society while avoiding metadiscourse. This approach will prove helpful in creating a foundation for social consensus, reducing social conflict, and designing and implementing redistribution policies which inevitably incite discord.

Finally, we would like to close with a disclaimer that the views expressed in this report are not representative of KDI, and are solely the opinions of the researcher.

With that, I would like to extend my gratitude to all of those who have contributed to this endeavor, especially the author and commentators.

Jeong Pyo Choi
President of KDI

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Executive Summary

While Korea's compressed development has enriched and bolstered the economy, the social system still leaves much to be desired. The reason for this shortcoming lies within a short history of capitalism and growth-oriented policies that sacrifice distribution.

The end of Korea's accelerated growth and ensuing sharp drop in social mobility—which drove the dynamics of Korean society—have incited growing concern over income inequality and inherited wealth. As a result, more and more people have begun to recognize the need for redistribution policies to resolve the socioeconomic inequality. The problem is, however, how much redistribution policy will meet the people's expectations?

As evidenced by the controversies over the policies for free school meals and half-price tuition from 2010, and by the response to the various redistribution policies of the Moon Jae-in administration, Koreans are highly divided in their opinions about the level of redistribution. Nonetheless, little effort has been made to understand the degree to which views differ, and to discover the factors that lead to such conflict. Rather, debates over policy are overly focused on theoretical justification, which has served to escalate social tension, and there have been no substantial moves towards building social consensus on distributive justice.

The policies of a democracy are not justified by abstract goals and political rhetoric, but through the people's support. Thus, a good grasp is first needed of the wide array of public opinion. This study aims to highlight this issue.

The starting point of this study is the recognition that individuals have

rational reasons for their preference for redistribution. Accordingly, Chapter 2 investigates the basic theories on the determinants of the preference for redistribution to ascertain these reasons. It introduces different theoretical bases and related studies on economic factors, such as income level, possibility of upward mobility (POUM), past experiences, and externalities of inequality, along with sociocultural factors, such as political inclination, perception of fairness, social competition, and trust in government. The aim is to create a foundation on which individuals' preference for redistribution can be understood.

Meanwhile, a review of the discourse on Korea's preference for redistribution reveals that of the many empirical analyses that have been conducted, none have presented concrete fact, but rather, have left room for more controversy. Most notably, the majority of studies contend that Korea's preference for redistribution is unlike those seen in theories and Western countries; which could be owed to the different belief systems and social norms that have formed during Korea's rapid growth. Additionally, it appears as though people have yet to choose a concrete stance in terms of the welfare system and government, and build their expectations. As such, in terms of gaining a better grasp of Korea's preference for redistribution, it is more important to understand what has transpired thus far and to forecast future changes than to look at current cross-sectional characteristics.

Chapter 3 delves into the reasons for Korea's unique preference for redistribution. Ironically, although Koreans are readily accepting of market functions—as shown by their relatively positive perception of income generation and wealth expansion, and the fact that income disparity is viewed as compensation for effort rather than an inequality—they also have a strong preference for government redistribution policies, which distort the outcome of market distribution. This is in direct conflict with general normative relationships.

Two types of distributive justice are discussed to find the source of this contradictory normative relationship: micro- and macro-level distributive justice. The former is found in the economic sphere and is a rule that is connected to the specific choices of individuals and organizations, and is based on the principle of differentiating by effort or capability. The latter is found in the political sphere and is a rule that

functions under a fully universal and abstract unit (e.g. social structure or system), and is based on the principle of equality which aims to strengthen universality and protect the vulnerable population.

The focus of the empirical analysis has been placed on how people select a distributive justice. Specifically, the treatment of both forms of distributive justice are compared based on progressive political inclination. The results reveal that the progressive inclination in East Asia (including Korea), and Transition countries bolsters the demand for redistribution in the government sector, while also establishing positive opinions about market functions in the market sector. This is possible because their market norms incorporate progressive social values that root out outdated practices; which implies that, although they remain incomplete, micro- and macro-level distributive justice can both be pursued at the same time. As a result, Koreans exhibit a unique preference for redistribution that is based on dual expectations and differs from those seen in Europe, where governments redress the failures of the market, and in the US, where the market has absolute superiority.

However, as it can be seen through the Korean case, a divided perception structure does not always indicate a stable balance. This is because, as individuals acquire more experience of the market and government, the links begin to appear and they realize that the market requires a level of state intervention (sacrifice of or damage to micro-level distributive justice) to secure the resources that are needed for redistribution (realization of macro-level distributive justice). Thus, it is possible that Korea's strong preference is a transitional characteristic that manifests itself during the development of capitalism.

Meanwhile Chapter 4 provides an overview of the recent developments in the preference for redistribution among Koreans and the reasons for the changes using the World Value Survey (WVS) wave 7 which was conducted in 2017.

The results reveal that, firstly, Korea's preference for redistribution has changed drastically since 2010 with the preference for redistribution sharply waning and polarizing due to the conflict between political inclinations, increasing generational gaps, and changing social perceptions owing to tensions between political factions. In terms of political inclination, although the spectrum widened after the

impeachment of President Park in 2016-2017, it does not provide an explanation for why the preference for redistribution has become polarized. Furthermore, given that this polarization appears for all generations, the generational gap also appears not to be a direct cause. Meanwhile, there is an increasing trend in the negative perceptions of market functions and fairness, resulting in a bimodal structure that is similar to the one seen in the preference for redistribution.

To look more closely at the factors that impact the preference for redistribution, an analysis is conducted using a time-interaction term model which finds that economic factors and social perception have the biggest influence as an increasing number of individuals base their opinions on economic conditions, such as income level and type of employment, and as social perceptions of the market and fairness change. In particular, we can see that the preference for redistribution is moving closer towards contemporary theoretical explanations as the interaction term of the variable YI (positive view of market functions; competition is beneficial) shifts to negative range. This result also supports the discussion in Chapter 3 that the dual pursuit of micro- and macro-level distributive justice in Korea is a transitional phenomenon.

Finally, Chapter 5 reviews the policy implications. The key point is that, instead of recognizing it as a matter of right and wrong, the government should approach redistribution policies with an open mind, and be ready to listen to different opinions in order to broaden the foundations to build social consensus. Unlike Western countries, Korea lacks a universal principle which means that, when final decisions are made by society through a majority vote without social consensus, it may deepen the divide and weaken the base required to achieve social consensus.

In particular, the government should turn way from party politics and trying to justify its redistribution policies, and make efforts to persuade the people in a prudent manner. Efforts are also needed to encourage stakeholders and experts to participate in the policymaking process to ensure that more accurate predictions are available about the impact of such policies while controversial issues are avoided to prevent unnecessary social tension. Lastly, ample information must be provided and opinions coordinated so that the people are able to understand the broader context.

CHAPTER 1

Introduction

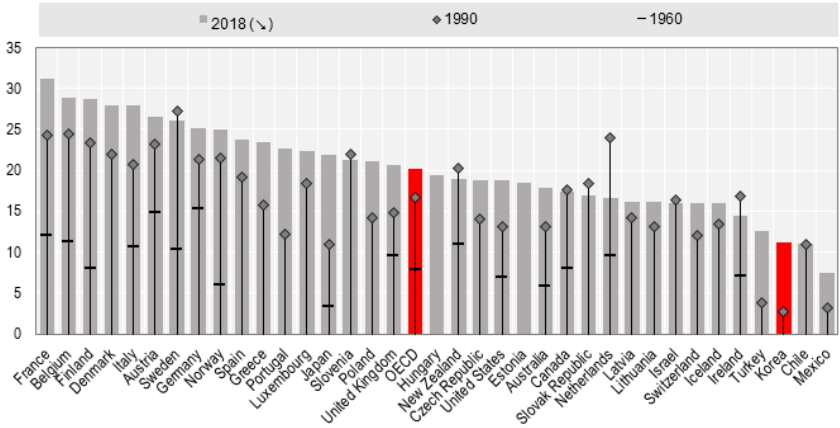
The end of Korea's rapid economic growth and ensuing decline in social mobility brought to the fore the grave issue of social and economic polarization. Yet, Korea remains among those whose redistribution levels are significantly lacking compared to the national income. Marking just 11.1% of GDP as of 2018, Korea's public social spending just barely surpasses the halfway mark of the OECD average of 20.1%, placing it at the lowest-end of the spectrum alongside Mexico and Chile (Figure 1-1). Indeed, while public social spending encompasses a variety of areas including healthcare, welfare, labor services, and support for vulnerable social groups, etc., Korea's spending is skewed towards those that have a relatively weaker income redistribution effect, such as health insurance and childcare benefits. This implies that the actual scale of expenditure targeted at direct redistribution is much smaller.

Against this backdrop, an overwhelming consensus has formed among the general public over the need for the government to expand its redistribution policies in order to resolve the escalating issue of income polarization. The 2017 presidential race well illustrates this change in societal demand with opposing parties all making promises of a shift away from the prevailing 'low-burden, low-welfare' system to one that is 'medium-burden, medium-welfare.'

However, when it comes to such aspects as the appropriate level of redistribution or distributive justice, people remain divided, and calls for at least a basic agreement have fallen on deaf ears. As seen through the heated debates over Seoul's free school lunches (2010-2011) and half-

Figure 1-1 OECD Public Social Spending (2018)

(Unit: share of GDP, %)



Note: Public social spending includes expenditures related to healthcare, welfare, labor services, and poverty.

Source: OECD Social Expenditure database(www.oecd.org/social/expenditure.htm, Access date: March, 26, 2019).

price tuition (2011-2012), the matter of specific redistribution policies have engendered intense, recurring conflict between the progressive and conservative parties; serving to drive a deeper wedge between both political and social lines. In the author's opinion, this is related to the reality that discussions over redistribution policy have been thus far politically and ideologically approached without any strong empirical foundations.

Legitimacy must be at the root of every government policy, and the primary criteria for social legitimacy in a democratic state is the support of the people. As no policy can garner 100% approval or disapproval, it is vital that the right balance is struck between the sea of differing opinions. In order to gain legitimacy and momentum, policies must first rally sufficient support. This is particularly important in the design of income redistribution policies as, essentially, redistribution is the forcible transfer of wealth and income from the rich to the poor by virtue of the power entrusted to the state, and as such, there will inevitably be a clash of interests.

This study was borne out of this very issue. The intense social discord

in regard to redistribution policies signifies that the people's views are as much divided. Therefore, gaining an understanding about the degree to which these views differ, and the causal factors will prove very meaningful from a political perspective.

In economics, personal views and attitudes towards income redistribution are defined as 'preferences for redistribution.' Put another way, preferences for redistribution represent individuals' preference in relation to how much they support redistribution policies. Classical economics assumes that, in general, individuals possess a certain level of preference for consumption (or income), and that they will maximize their utility under a series of constraints. If a similar method is applied to the preference for redistribution, the support for redistribution is determined by how much an individual benefits or loses (ultimately an increase or decrease in consumption) through it.

Nonetheless, attitudes towards redistribution are not solely driven by economic interests. A prime example is Warren Buffett, who is not only a billionaire investor and the fourth-richest person in the world, but also an advocate of the wealth tax which would see him lose a hearty sum of his fortune. There are also those in low-income groups—potentially the biggest beneficiaries of redistribution—who prefer lower taxes to welfare. This phenomenon is not unique to Korea, and undergirds the fact that economic interests alone cannot sway preference.

The above cases present the need for a deep dive into the preference for redistribution itself. Scholars have long since tackled this issue from a political, social, administrative, and social welfare perspective, and recent attempts have been made in the field of economics to systematically analyze the subject through various approaches in political economics and behavioral economics, among others. Yet, because such analyses focus on individuals' subjective value of redistribution, rather than the theoretical objective optimum level of redistribution in the traditional economic sense, while there are numerous interdisciplinary bodies of work, there are only a handful in Korea that earnestly and academically deal with the subject due to the unfamiliarity of such a research environment.

Accordingly, this study aims to explore Korea's preferences for redistribution though the most objective and empirical methods possible.

To this end, all the elements that affect the preference for redistribution will be theoretically examined and empirically analyzed using domestic data in order to identify the major factors and mechanisms that determine Korea's preferences. The empirical analysis will use the World Value Survey (WVS)'s wave 2-6 data (integrated) and wave 7 data (Korea).

In addition, based on these findings, we will explore the policy directions that will form a social consensus on the principles of redistribution, and serve to secure the required conditions and foundation.

CHAPTER 2

Theoretical Discussions about the Preference for Redistribution

1. Determinants of the Preference for Redistribution

The previous chapter defined the preference for redistribution as views and attitudes towards, and more specifically the degree of support for, redistribution policies. Also mentioned was that, in Korean society, the discrepancy of opinions in regard to redistribution is vast. Then, what are the underlying factors for this phenomenon? The answer to this question will serve as a vital footing in the understanding of personal attitudes towards redistribution, and in the creation of a foundation to build consensus.

While there is already a multitude of studies on the subject, this section will examine the determinants of the preference for redistribution; which are largely divided into economic and sociocultural factors.

A. Economic Factors

Traditional economic theory assumes that decisions are fundamentally made in line with one's 'economic' interests. This means that, under a given set of circumstances, individuals will choose to maximize their total utility by increasing consumption (income) by as much they can throughout their lifetimes. The same assumption is applied to the preference for redistribution in presenting the varying explanations.

1) Level of Income

The first factor to consider in terms of economic interest is income level.[1] Redistribution policies aim to partially transfer the income of the rich to the poor in order to redress the inequality in income and wealth. As such, it is generally acknowledged that the wealthier an individual is, the more he/she will be opposed to redistribution policies—and vice versa. This explanation is premised on the fact that there is a negative correlation between income level and preference for redistribution.

Through a simple model, let us assume that, in a given society, the government secures the funds needed for its redistribution policies through a proportional income tax, and within this scope, provides each citizen with the same amount in income transfer. Here, if y_i represents individual *i*'s income before tax, *t* the income tax rate and *g* the transferred income, the individual's consumption c_i would be:

$$c_i = y_i(1 - t) + g \tag{2-1}$$

If the average per capita income is $\overline{y}$, the conditions for fiscal balance would be $g = \overline{y}t$, and the individual's consumption would be:

$$c_i = y_i + (\overline{y} - y_i)t \tag{2-2}$$

The first represents consumption without redistribution policies while the second shows the variable portion of consumption when they are in place. Therefore, if an individual's income is higher than average ($y_i > \overline{y}$), redistribution will diminish consumption, and if it is lower ($y_i < \overline{y}$), redistribution will increase it. If an individual's utility is dependent on his/her consumption, the preference for redistribution will naturally vary as per the level of income relative to the average income.

In short, the model implies that under a redistribution system wherein fiscal balance is achieved through the transference of wealth from above-average income earners to below-average income earners, the latter will favor redistribution due to the net gain and the former will not due to the net loss.

---

1 Here, income encompasses the income and assets of an individual and his/her family that can be subject to redistribution.

This is also significant from a political economy perspective. Meltzer and Richard (1981) analyzes and discusses the implications of the decision-making mechanism for redistribution policies using the median voter theorem which argues that "a majority rule voting system will select the outcome most preferred by the median voter." If decisions over redistribution policies are indeed made via such a political process, the majority of citizens will always be in support of more redistribution as the median income is generally lower the average income. The key conclusion of the Meltzer and Richard model is that the government's size will grow in line with this.

However, in reality, the notion that the rich are averse to redistribution while the poor champion it is not set in stone. Offering one theoretical explanation for this is the prospect of upward mobility (POUM) hypothesis. The following examines economic factors other than income level, including the POUM hypothesis, which may affect the preference for redistribution.

2) POUM Hypothesis

The POUM hypothesis underscores the fact that intertemporal choice is a basic characteristic of the preference for redistribution. When choosing a position, people tend to consider the conditions before (present) and after (future) redistribution, and support the side that guarantees relatively more consumption (income). As such, reflecting the expected future income in the preference for redistribution can yield completely different results from when it is not.

The central argument of Benabou and Ok (2001) is that preferences for redistribution are influenced not only by the current income, but also by the expected future income, and that the prospect of upward mobility is an important factor. This means that even if the current level of income is low, individuals may not support redistribution on the belief that they or their children may move up the economic ladder to minimize the potential burdens.

If we were to rule out the coincidental elements, and assume that the expected income during an individual's lifetime converges with the average level, then it is highly possible that low earners will expect to

earn above-average incomes. In this case, the counterargument could be that below-average earners (e.g. median income earners) may not always favor redistribution policies as they anticipate that their incomes will increase.

Of course, this is an extreme case. However, for individuals who are more optimistic about their future incomes than what is realistically achievable, the POUM hypothesis may hold some sway. This will, in turn, offset the income effect in the preference for redistribution presented in the basic model to a certain degree.

3) Past Experiences

Regarding all past experiences as a coincidence when forming expectations over future income is excessively unrealistic. In fact, individuals believe that their past, present and future experiences are all intrinsically connected.

Piketty (1995) and Giuliano and Spilimbergo (2014) highlight the fact that misfortunes make individuals more risk-averse and pessimistic about their expected future incomes or about the possibility of upward mobility. For example, people who have been unemployed or failed economically will be more sensitive towards the dangers of falling into similar circumstances, and thus, will feel more preparations against this are needed. The argument is that this risk-averseness will give people the perception that redistribution policies are an insurance against the uncertainties of future earnings; hence, increasing the support for such policies. This explanation is also called the 'personal history hypothesis' or 'insurance hypothesis.'

The POUM and personal history hypotheses present completely opposite views in regard to the effects of the poor population's preference for redistribution. The question of which will prevail is purely empirical.

4) Externalities of Inequality

We have, thus far, examined arguments that contend that personal income—or more specifically, the current and expected future income—determines the preference for redistribution. However, the externalities of

inequality could also be a contributing factor. According to Alesina and Giuliano (2011), the externalities of inequality can be discussed from a criminal, educational, and incentive perspective.

The first external impact of inequality that can be considered is the negative external impact stemming from an escalation in social inequality and ensuing rise in the risk of crime (Thurow, 1971; Glaeser *et al*., 2008). Thurow (1971) underscores the fact that income distribution is a form of public good, and was the first to discern that income inequality has an externality that affects crime rates and social safety. Meanwhile, Glaeser *et al*. (2008) present empirical evidence showing that crime rates are higher in metropolitan areas that have high levels of inequality. If crime escalates due to rising inequality, it will threaten the guaranteed property rights of individuals and the rich will become incentivized to invest a certain amount of their wealth into social safety. This is, of course, predicated on the premise that the cost of redistribution is lower than the cost of security (safety). Through empirical analysis, Rueda and Stegmueller (2016) also identify a larger discrepancy between European countries in terms of the preference for redistribution among the rich compared to the poor. They also reveal that the rich living in highly unequal areas are more supportive of redistribution policies than their counterparts in less unequal areas due to concerns over crime.

The second is the possibility that inequality could deprive even more poor people of educational opportunities. This has a negative externality because, in cases such as this, the country's average level of education drops, which ultimately diminishes aggregate productivity. According to the OECD (2014), income inequality can negatively impact economic growth as it restricts investment in education for the lower income communities. Providing more people with educational opportunities through redistribution will bring with it a positive external impact in which the elevated overall level of education bolsters productivity. Meanwhile, the rich will endorse redistribution if they come to the conclusion that this process will also be sufficiently beneficial to them.

Taking into consideration the externalities of inequality-induced crime and education, we are able to see that a higher level of redistribution than what is presented in the basic model is required to strike a social balance.

There are also externalities that are quite the opposite. Put another

way, inequality refers to the gap in compensation which can incentivize people to work more vigorously towards success. Specifically, inequality can also have positive externalities as it raises the value of success and encourages people to work harder; which drives economic growth as long as the additional effort delivers results. In the same vein, the opposite could hold true. If people come to believe that resolving inequality will diminish incentive and economic growth, even the poorer classes will turn their backs on redistribution.

The externalities discussed thus far are included in the spectrum of economic factors that affect the preference for distribution as they sway individuals' decisions by directly/indirectly influencing their income and consumption.

B. Social & Cultural Factors

In their analysis of the preference for redistribution, economists have become accustomed to calculating the economic gains and losses of redistribution. However, the preference for redistribution is affected by more than just economic interest; for example, the aforementioned argument of Warren Buffett.

Indeed, in economics, this type of nonmonetary motivation can be explained through the concept of altruism or reciprocity. There have been attempts to expand upon this analysis by hypothesizing that individuals are interested in the gain of others, not just their own. Alesina and Giuliano (2011) point out that altruism and reciprocity are not random social noise, but rather, that they have a certain level of predictability and are grounded in consistency and rationality. In fact, there has been a huge leap in the number of projects studying the sources of nonmonetary motivation in recent years, especially in the field of behavioral economics (Fehr and Schmidt, 2006).[2]

The following will delve into the various aspects of the preference for redistribution that cannot be explained by economic interests—and we shall call them the sociocultural elements.

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2 These studies expand upon the theoretical basis through various experiments. Refer to Fehr and Schmidt (2006) for the current trends and results of related research.

1) Political Inclination and Beliefs

An individual's attitude towards the government's redistribution policy is a key criterion that separates the political sphere into left and right. This means that the preference for redistribution is that much connected to people's values, political beliefs, and ideological orientation in regards to distributive justice.

Corneo and Grüner (2002) argue that all individuals have their own public values, including opinions about the desirable level of resource allocation. How individuals see justice in distribution is deeply connected to their political belief systems. And the argument is that, because people develop a need to realize the public values that they deem desirable based on this system, they support redistribution programs that are aligned with their political views and beliefs rather than those that maximize their personal interests.

Along similar lines, Alesina and Giuliano (2011) assume that individuals have distinct beliefs about social justice, and as such, their acceptance (tolerance) level of inequality and poverty also varies. If the degree of poverty and inequality exceeds this tolerance level, it will become a direct cause of disutility.

This discussion can be summed up with the following utility function:

$$u_i = u[c_i - \delta_i(D - D_i^*)^2] \tag{2-3}$$

where c_i is an individual's consumption, D is the level of inequality in reality, and D_i^* is an individual's acceptance level of inequality.[3] Therefore, $(D - D_i^*)$ represents the discrepancy between the actual and appropriate levels of inequality, while parameter δ is the sensitivity of disutility stemming from the discrepancy.

Along similar lines, Alesina and Giuliano (2011) assume that individuals have distinct beliefs about social justice, and as such, their acceptance (tolerance) level of inequality and poverty also varies. If the

3 For this utility function, it is assumed that the degree of inequality in society can have a direct impact on an individual's utility regardless of economic interest (hence, consumption c_i). On the other hand, if externalities are taken into consideration, inequality has a direct impact on consumption (income) resulting in the utility function $u_i = u[c_i(\cdots D)]$.

degree of poverty and inequality exceeds this tolerance level, it will become a direct cause of disutility.

The key to this utility function is the view or belief system of individuals that determines D_i^*. Theoretically speaking, from an extreme liberal stance, the levels of inequality determined by the market are all justifiable, hence $D_i^* = D$. Meanwhile, from an extreme egalitarian stance, it would be $D_i^* = 0$ because the desirable state would be one in which there was no inequality.

When such a utility function is assumed, it is expected that the acceptance level of inequality would be extremely high from an individualist or liberalist perspective as inequality, for the most part, lies in the scope of personal responsibility while it is extremely low from an egalitarian perspective. Specifically, egalitarians (progressive) tend to be more supportive of redistribution policies than liberalists (conservative) because the disutility caused by inequality is greater for them.

Besides, a country's culture, religion, history, and political and welfare systems can also affect the relative weight given to individualism vs. egalitarianism when considering inequality—based on which diverse social norms are established on how much a government can intervene in the issue of distribution. These social norms, in turn, have a considerable direct/indirect impact on individuals' preference for redistribution (Esping-Andersen, 1999; Alesina and Glaeser, 2004; Benabou and Tirole, 2006; Wulfgramm and Starke, 2017).

2) Perception of Fairness

I Personal opinions about the acceptance level of inequality are also frequently associated with an individual's judgment of fairness. This is because people are likely to tolerate differences that they feel are fair, but agree that unfair differences should be remedied.

Alesina and Angeletos (2005) is a quintessential study that provides a theoretical explanation for the relationship between the perception of fairness and the preference for redistribution. They point out that attitudes towards inequality can change depending on whether the cause of the income inequality was fair or unfair. In other words, individuals make distinctions between income earned through effort and income gained

through luck, and while the former is perceived as fair, the latter is considered unfair and in need of government intervention.

Let us delve deeper. Suppose that an individual's income can indeed be broken down into that earned through effort and that gained through luck. In this case, the acceptance level for the inequality in the income earned would be high as people perceive it as fair while the opposite is true for income gained unfairly. If we reflect this distinction into the equation (2-3), we obtain the following. Superscripts (e) and (l) represent effort and luck, and the remaining symbols are the same as before.

$$u_i = u[c_i - \delta_i^{\,e}(D^e - D_i^{\,e*})^2 - \delta_i^{\,l}(D^l - D_i^{\,l*})^2] \;\; where \; \begin{cases} D_i^{\,e*} \geq D_i^{\,l*} \geq 0 \\ \delta_i^{\,e} \leq \delta_i^{\,l} \end{cases} \qquad (2\text{-}4)$$

The utility function in equation (2-4) means that people are more sensitive to the difference in income resulting from luck as compared to effort.

Alesina and Angeletos (2005) lay out the reasons for the difference in the redistribution level between the US and Europe based on this hypothesis. Specifically, while many Americans believe that the income gap stems from talent, effort, and entrepreneurship, many Europeans believe it is engendered by luck, corruption, and through relationships. Consequently, support for redistribution is weaker in the US than in Europe, despite the fact that the gap in the US' pre-tax income is significantly larger.

Perceptions of fairness can also be identified by whether an individual believes that the important elements in the accumulation of wealth or success are controllable or uncontrollable. Piketty (1995) shows that perceptions about redistribution are contingent on what an individual perceives his/her economic success is primarily based on—personal effort or family background. The focal point of this argument is that people who choose family background prefer government redistribution policies and those who choose personal effort are against them. Fong (2001) also reveals through empirical analysis that the belief and decisions about whether poverty is spawned through a lack of effort or through uncontrollable environmental forces have a bigger impact on the preference for redistribution than economic interest.

One commonality between these studies is that they all contend that judgments over the fairness of inequality play a considerable role in the

preference for redistribution. This discussion sets forth the argument that the remedy to income inequality lies within not the fairness of outcomes but the fairness of opportunities.

3) Social Rivalry

An individual's utility is affected not only by material living standards acquired through market transactions, but also by social status and social environment. As a non-market commodity, a good social environment cannot be traded. Rather, it is a positional good that can only be acquired through social standing. Accordingly, if redistribution was to affect and change an individual's relative status and the quality of his/her social environment, it will elicit a change in the preference for redistribution.

The demographics of a residential area is the most telling sign of the quality of a social environment. For example, let's say that the interaction between neighbors in a given area creates public goods and that the neighborhood is homogeneously middle-class. Then let's say that redistribution induces a change in the income ranking, raising the possibility for one lucky lower class family to move into the neighborhood and replace one unlucky family. Here, it is highly possible that the existing residents will develop a degree of hostility towards their new neighbors, and despite the absence of any economic loss, this could trigger an aversion towards redistribution. This type of non-preference often emerges in combination with racial and ethnic prejudice.

Corneo and Grüner (2002) call this effect the 'social rivalry effect.' The aforementioned externality hypothesis explains that the rich are more likely to support redistribution because an aggravation of income inequality can engender negative externalities such as a rise crime and fall in education levels. However, the social rivalry hypothesis provides the complete opposite conclusion. It foresees that as income inequality intensifies, inter-class heterogeneity will escalate, and competition rather than cooperation will become more likely.[4] In addition, Fong (2001)

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4 The separation of classes by residential area is in the same vein as Putnam's argument about the lack of communal social capital. In other words, income inequality is the

explains that an exacerbation of income inequality will widen the social distance between the rich and poor, making the rich less altruistic and the poor less willing to climb the social ladder. Such an effect will serve to diminish the level of social redistribution.

4) Trust in Government

Regardless of whether individuals believe in the principles and substance of redistribution, they will withdraw their support if the main agent of such policies, i.e. the government, is deemed inept or biased. And, there is an increasing of empirical research to confirm this fact.

Feldman and Steenbergen (2001) and Feldman (2003) reveal that, despite the severely high level of income inequality in the US, redistribution policies have failed to garner support due to the lack of public trust in the government. Feldman and Steenbergen (2001) also analyze that if the motive is humanitarianism, and not egalitarianism, the preference for redistribution is highly contingent on an individual's trust in government. If the individual has little trust, then he/she will turn to private donations rather than support government policies. Meanwhile, it is the view of Feldman (2003) that people have two independent criteria for resource distribution; one is the belief in the market and compensation system, and the other is the desire for equality on a macro level. The former is also referred to as microjustice or economic justice while the latter is referred to as macrojustice or political justice. In a case wherein there is a general belief that the market serves a more important purpose in the fair distribution of resources, economic (micro) justice will have priority over political (macro) justice.

Alesina *et al*. (2017) discovered through a social experiment involving five countries that the relationship between intergenerational mobility and preference for redistribution varies depending on ideological orientation. Specifically, on the left, the more pessimistic people are about intergenerational mobility, the more their preference for redistribution will increase. Meanwhile, there is no such relationship on the right as they

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main culprit that destroys social capital (refer to Robert D. Putnam, *Our Kids: The American Dream in Crisis*, translated by Tae-sik Jeong, Paper Road, 2016).

have no expectations over redistribution policies due to the general belief that the government is inefficient, and that it does not possess the policy tools needed to substantively improve intergenerational mobility.

On the other hand, Silva *et al.* (2016) present experimental evidence the government measures to build public trust are very effective in gaining public support for redistribution policies. A behavioral experiment in Jordan revealed that the middle-class, especially youths and those with little trust in the government, are more willing to give up their welfare for those living in poverty as the transparency in the delivery of welfare benefits improves. This shows that, in order to secure support for redistribution policies, governments must first bolster the public's trust in the delivery system.

The vital role the public's trust in government plays in determining preference for redistribution has significant implications for policymakers as it provides insight into the conditions under which redistribution programs can garner support. In short, governments will be able to secure the support of their citizens if efforts are made to present a concrete vision for redistribution policies, and to improve the transparency of and trust in policy implementation.

2. Korea's Ex-ante Research

Academic interest in the preference for redistribution is a relatively new development in Korea. While studies have been undertaken with such titles as "Welfare attitudes," "Perceptions of welfare" and "Preference for welfare policies" since the early to mid-2000s—starting with discussions over the welfare state—most are limited to identifying individual views on the introduction and expansion of welfare policies, or exploring the influencing factors. Indeed, discussions over the preference for redistribution system only hit their stride after 2010 as debates on selective welfare vs. universal welfare began in earnest in relation to policies for free school lunches.[5] Through such dialogue, it

5 Roh and Jeon (2011) is one of the most well-known comprehensive studies on Koreans' perception and attitude towards welfare.

has been established that there is a considerable rift between Korean citizens on the matter of welfare and redistribution policies, which has provoked conflict during the policymaking process.

The main sources of discord over policy in Korea include conflicts between social classes, ideologies, regions and generations; which also underlay the difference in the preference for redistribution. As exemplary determinants of the preference for redistribution, numerous comparative studies have been done on the social class and ideology (political inclination) elements as mentions above. The results reveal that in terms of ideology, a progressive stance increases the preference of redistribution, which is consistent with theoretical expectations. However, the social class element did not present any consistent outcomes. Meanwhile, although regional and generational factors—as innate determinants borne out of Korea's unique growth process—are considered to be control variables, there is still a relative lack of systematic research pertaining to these two elements.

A. Income and Class

Baek and Keum (2012) apply Meltzer and Richard (1981)'s median voter model to explain the relationship between income inequality and the preference for welfare policies in Korea. Specifically, the model estimates that, if an individual's support for redistribution policies is contingent on economic advantages and disadvantages, welfare spending will increase as the worsening income inequality spurs more voters to demand an expansion in welfare. Using the 2008 and 2010 Seoul Metropolitan Welfare Panel, they find that the relationship between inequality at the 'gu' level and the preference for welfare policies is positive. They also show through the Ordered Logit Model that, even at the individual level, the relationship between regional inequality and preference for welfare policies is significantly positive.

However, Korea's preference for redistribution does not exhibit the obvious social class-related traits seen in Western cases and theoretical discussions. Early studies in Korea concluded that perceptions of social class and political inclination—key determinants in the Western experience—were not very influential in Korean people's attitudes

towards welfare (Shin *et al*. 2000; Cho, 2001; Lee, 2002). Recent studies also confirmed that the impact of income level and income class on the preference for redistribution is inconsistent (Kim and Yeo, 2011, Lee and Lee, 2015; Lee and Hwang, 2016; Ha and Lee, 2016).

Lee and Lee (2015) were the first to test the POUM hypothesis in their studies to find the determinants of Korea's preference for redistribution. The results show that, although there are varying degrees according to the income group, the preference for policies that protect the socially vulnerable decreases as the likelihood of upward mobility increases. However, their analysis also reveals that, unlike class identity,[6] support for such policies increases as the income level rises—contrary to theory. They explain that this is because the higher individuals are on the high-income scale, the more averse they are to risk; which is why their preference for redistribution policies also increases. Lee and Hwang (2016) point out that, in terms of Koreans' attitudes toward welfare, class identity has a marginal impact compared to ideological stance. Ha and Lee (2016) observe that increases in individuals' education and income levels, and other aspects of their economic standing can positively affect their preference for redistribution. Also, they contend that the more optimistic an individual's outlook is on future income, the more he/she will prefer a high level of welfare; which completely contradicts the median voter model as well as the POUM hypothesis.[7]

Regarding the relatively weak characteristics of social class (rank) in Korea's attitudes toward welfare, Lee and Park (2016) explain that this is because socio-structural elements, such trust in government, direction of welfare policies and social perceptions of poverty, play a more important role in forming attitudes than personal interests.[8] In particular, they point out that trust in government is a useful indicator that shows Koreans' dual

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6 Comprised of five answers (① Very Low, …, ⑤ High, etc.) to the question "What would you say is your political, economic, and social status?"

7 Lee and Hwang (2016) used '2015 Political Perception Survey' published by the Hyundai Politics Institute at Sogang University. Ha and Lee (2016) used data from the Korea Welfare Panel Study (KOWEPS) and Korean Labor & Income Panel Study (KLIPS).

8 KOWEPS 8th year data (2013) was used for this analysis.

attitudes towards welfare. Specifically, although most Koreans want more welfare, they are not willing to bear the burden. This is because, if people believed that their taxes were not being used to help the economically vulnerable, but rather, was being unfairly wasted, then there would be no reason for anyone to actively support welfare policies and high tax rates.[9]

Meanwhile, using data from the 2003-2012 Korean General Social Survey (KGSS) and data from the National Election Commission's voter survey, Jeon and Shin (2014) analyze the attitudes of the lower income class in regard to policies geared towards alleviating inequality. Their conclusion reveals that, although it is true that Korea's lower income class has undergone a rapid conservatization, this conservative tendency disappears when the age effect is controlled. They also point out that the recent attitudes of low income earners towards inequality and socioeconomic policies largely coincide with their own interests, adding that such a policy attitude does not lead to supporting moderate/progressive parties because the current parties have failed to represent their needs; i.e. the so-called 'absence of poverty politics.'

Besides, Kim *et al*. (2013) and Huh and Kim (2016), among others, report that as income and class widen the gap in Koreans' attitudes towards welfare, class characteristics are steadily emerging.

B. Recognition of Inequality/Fairness

Besides personal economic interests, there are also studies that focus on the importance of social recognition, e.g. recognition of inequality, causes of poverty, and fairness, etc., in Korea's preference for redistribution.

Cho (2014) uses the 2009 KGSS to show that support for redistribution policies increases in line with rising dissatisfaction levels over income inequality, or when there is growing recognition that the conflict between the rich and poor due income inequality is serious. In addition, it is also shown that unfairness in educational opportunities—

9 Lee (2013) and Lee and Hwang (2016) also emphasize that perceptions about welfare, the national economy, and quality of government—rather than variables grounded in individual background—have a significant impact on the support for welfare expansion.

which serve as important stepping stones in upward mobility—and discontent over the treatment of women also affect the level of support for redistribution.

Using WVS data on Korea for 1990, 2001, and 2010, Shin (2016) analyzes that personal belief systems, including the individualism vs. collectivism argument, and personal cultural traits such as satisfaction with life and political participation, etc., have a continued impact on an individual's preference for income redistribution. Furthermore, he observes that the economic conditions, level of income inequality, and characteristics of the welfare system at each point in time affect the preference for redistribution—this provides one rationale for the phenomenon in which studies on Koreans' preference for redistribution have failed to show consistent results as they differentiate between the survey period and the subject of analysis.

Meanwhile, Hwang (2015) also uses the WVS to study how the preference for redistribution is connected to the recognition of fairness in the generation of income and increased wealth. In Korea's case, the preference for income redistribution policies is relatively high but, the more positively an individual views competition and the more he/she recognizes that effort is vital to success, the higher the tendency is to place more value on the government's responsibility for welfare. This contradicts the general expectation that a strong (weak) recognition of income inequality will lead to an increase (decrease) in the preference for income redistribution. Accordingly, this can be interpreted to mean that, unlike their counterparts in advanced countries where market rules have been firmly established to some degree, Koreans have a strong desire for micro-fairness (competition, market role, etc.) in the generation of income. Apart from this perception, they also expect the government to supplement the poorly equipped income redistribution system, and to pursue macro-fairness.

C. Generational Factors

As previously discussed, there are only a few studies that systematically examine how regional and generational factors—key sources of the conflict in Korean society—affect the preference for

redistribution. Regional factors have become inseparable from the political landscape in Korea, but not everything can be reduced to politics and political views. Meanwhile, generational factors can be seen as the difference in perception that stems from vastly contrasting values and cultural experiences that derive from the rapid social changes during Korea's economic growth—for which, there is again a lack of research.

One study that focuses on the welfare attitudes of different generations is Lee and Kim (2013), which differentiates the aging effect from the cohort effect, and uses the latter as the subject for analysis.[10] Their research reveals that, while the support for individual welfare policies is inconsistent, in terms of the expansion of general policies, pro-welfare sentiments become stronger as the generations become younger. They also analyze that this difference in attitudes towards welfare is closely related to the difference in historical background, academic achievement, and ideology, etc. rather than life cycle characteristics.

Based on the survey results from the 2015 'KDI Generation Study,' Choi *et al*. (2015) examine the generational differences in perceptions about inequality and attitudes towards the government's responsibility for redistribution.[11] As is the case with Lee and Kim (2013), while there are discrepancies when socioeconomic differences are not controlled, there are no such discrepancies when socioeconomic variables such as education, occupation, and political inclination, are controlled. This shows that the generational issue overlaps with the issue of socioeconomic interest.

As seen above, despite the numerous empirical analyses on Korea's preference for redistribution and attitudes towards welfare, there are still more questions than answers. In particular, Korea's preference for redistribution does not, in most cases, conform to existing theories or the West's experience; which appears to be related to the fact that there is a coexistence of different belief systems and social norms that originate from the extremely different environments created through Korea's rapid

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10 Data from the KOWEPS (2010) 5th year survey, for which a survey on perceptions of welfare was also conducted, was used for this analysis; the cohort was divided into the industrial generation (those born up to1975), democratization generation (those born in 1958 – 1971), and the new generation (those born in 1972 and beyond).

11 Here, generations are divided into age groups of those in their 20s, 30s, …, 70s, etc.

development. Korea's short history of capitalism and lack of experience with welfare systems has hampered its efforts to gain systematic stability in terms of distribution and redistribution, and to establish trust in the government. Ultimately, to obtain a better understanding of Korea's preference for redistribution, it's vital that we take stock of what has transpired thus far and forecast the direction of future changes rather than focusing in on the cross-sectional features of the present.

CHAPTER 3

Characteristics of Korea's Preference for Redistribution: A Social Norm Perspective

1. Raising the Question

In Chapter 2, we explored factors that influence preference for redistribution on an individual level. Collectively, a society's preference for redistribution will exhibit certain characteristics that differentiate one society from another in terms of the relative importance of each factor. Indeed, different demographic compositions, e.g. age and academic background, and socioeconomic conditions, e.g. economic level, state of distribution and welfare system, can create distinctions in the preference for redistribution.

Additionally, belief, perception of fairness, and other social norms play a critical role in the understanding of the characteristics of a country's preference for redistribution. In particular, perception of fairness is a classic social norm in the distribution of limited resources. Every society has a set of standards by which fairness [of distribution] is judged, and these standards affect not just the community as a whole, but every member in both a direct and indirect way.

Hwang (2015) uses the WVS to empirically analyze the characteristics if Koreans' preference for redistribution in terms of their relevance to fairness norms. The results reveal a very interesting fact; Koreans' preference for redistribution does not well conform to the general normative relationship found in Western societies. The main findings are summarized as follows.

Firstly, Koreans have a relatively positive understanding of income generation and the process of wealth expansion (**perception of fairness**). The dominant view is that competition is desirable (7.12/10),[12] while more people chose effort (6.65) when asked whether success is achieved through luck and background or through effort. Additionally, relatively more points (6.04) were awarded to the statement that everyone has opportunities to expand their wealth without needing to encroach upon the opportunities of others.

Secondly, compared to other people, Koreans tend to perceive the income gap with others as a form of compensation for effort rather than an inequality (**perception of inequality**). On a scale measuring the degree of agreement to "We need larger income differences as incentives for individual effort"[1] and "Income should be made more equal"[10], Koreans recorded an average of 4.55, while China marked 6.55, Japan 5.80, Germany 6.92, the US 5.42, and Sweden 6.12 (refer to Table 3-1).

Thirdly, Koreans are very supportive of the government's income redistribution policies (**preference for redistribution**). They also tend to place more emphasis on the government's responsibility for welfare than

Table 3-1 Comparison of the Perception of Income Fairness, Perception of Income Inequality, and Preference for Redistribution in Major Countries

(Unit: avg., 10-point scale)

		Korea	China	Japan	Germany	US	Sweden
Wave 6 (2010 -2014)	Perception of income fairness (effort is key factor)	6.65 (2.60)	7.31 (2.41)	6.32 (2.35)	6.39 (2.41)	7.17 (2.50)	6.70 (2.24)
	Perception of income inequality	4.55 (2.47)	6.55 (2.76)	5.80 (2.16)	6.92 (2.22)	5.42 (2.55)	6.12 (2.53)
	Preference for redistribution (govt.'s welfare responsibility)	7.45 (2.24)	6.35 (2.66)	7.28 (2.33)	6.25 (2.47)	4.78 (2.88)	5.48 (2.47)

Note: All figures are weighed averages, and figures in ( ) represent the standard deviation.
Source: World Values Survey 1981-2014 Longitudinal Aggregate.

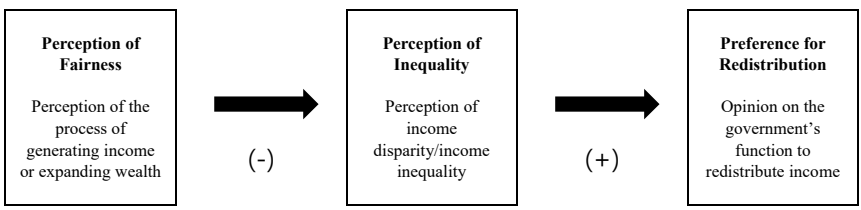
12 The score cited here are the results of WVS wave 6, and refers to the average score for the level of agreement on a scale of 1 to 10. Therefore, 5.5 would be the most neutral response.

on personal responsibility for sustaining one's livelihood (7.45), and are in strong agreement that government redistribution policies that use tax revenue are an essential element of democracy (7.44).

Theoretically, the more people feel that the current state of distribution (process and outcome) is unfair, the more sensitive they become to inequality. This leads to expectations that support for income redistribution policies will increase.[13] As the WVS puts it, if the process of income generation and economic success is considered unfair, there will be stronger agreement that efforts should be made to minimize the ensuing income disparity or inequality. As such, it more likely that support for income redistribution policies will increase or that more emphasis will be placed on the government's responsibility to provide welfare to resolve income inequality.

This relationship is illustrated in Figure 3-1 which shows that the following structural relationship exists between the three types of norms—perception of fairness, perception of inequality, and preference for redistribution. Specifically, the perceived fairness of income acquisition affects the perception of inequality from the opposite direction, and in turn, the perceived inequality in income affects the preference for redistribution from the same direction. As a result, there is a negative correlation between the perception of fairness and the preference for redistribution. In most Western countries, this relationship generally holds true.

Figure 3-1 Structural Relationship between Social Norms and Preference for Redistribution I



13 Among the factors that affect preference for redistribution, for details on perception of fairness refer to Chapter 2.

However, in Korea's case—as summarized above—people have relatively positive perceptions of income generation and the process of wealth expansion, and a strong tendency to perceive income disparity not as an inequality, but as a form of compensation for their efforts. This is clearly at odds with the usual normative relationship.

Table 3-2 illustrates the correlation between the three types of perceptions—(1) perception of fairness, (2) perception of income inequality, and (3) preference for redistribution—in six countries (Korea, China, Japan, Germany, US, and Sweden). The table shows that all of the plus and minus signs of Western countries and Japan are in the expected direction while Korea and China do not exhibit such normative relationships.

In Korea's case, the relationship between the perception of fairness and the perception of income inequality is negative, but the relationship between the perception of fairness and the preference for income redistribution is positive. This means that although it may be true that, in Korea, the fairer people perceive the process of acquiring income to be, the more positively they will view income disparity, at the same time, it is also true that they believe there is a need for more income redistribution policies. Meanwhile, in China, the relationship between the perception of fairness and perception income inequality is positive, which indicates that the more people believe effort is important in earning income, the

Table 3-2 Correlation between the Perception of Fairness, Perception of Inequality, and Preference for Redistribution

	Korea	China	Japan	Germany	US	Sweden
(1) Perception of income fairness →						
(2) Perception of income inequality	-0.176***	0.156***	-0.090***	-0.115***	-0.141***	-0.164***
(3) Government's responsibility for welfare	0.116***	0.165***	-0.026	-0.010	-0.218***	-0.157***
(2) Perception of income inequality →						
(3) Government's responsibility for welfare	0.144***	0.455***	0.331***	0.332***	0.437***	0.419***

Note: ***, **, * represent significance levels of 1%, 5%, and 10%, respectively.
Source: World Values Survey 1981-2014 Longitudinal Aggregate (wave 6).

more unequal they will perceive income to be and the higher preference for redistribution will increase. This shows that the preference for redistribution of Koreans and Chinese clearly differs from the usual demands for redistribution made in Western countries based on a belief that the state can intervene to correct the unfair distribution created in the market.[14]

These results imply that either the meanings for the three perception variables are different in Korea and China, or that the mechanism that determines preference for redistribution is different from those generally seen in Western countries. For this reason, an in-depth analysis is required to better understand the Korean people's preference for redistribution.

The purpose of this chapter is to identify the underlying causes of the contradictory relationship between the preference for redistribution and the perception of fairness in Korea. Accordingly, the various discussions and preceding research on the definition of distributive justice is first reviewed, and based on this, a hypothesis is presented to explain the normative relationships in Korea and China; which cannot be fully explained by existing theories. Finally, an empirical analysis is conducted on this hypothesis.

2. Hypothesis

A. Two Norms of Distributive Justice

It has been analyzed by many preceding studies that there are two relatively independent mindsets (norms) in regard to the distribution of social resources.

Above all, the most conventional standard for assessing the fairness

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14 It goes without saying that perception of fairness is not the only factor that determines people's preference for redistribution, as this may also be the result of a combination of factors. For example, public trust in government, current type of redistribution system, and the experience of countries can affect the preference for redistribution in different ways. A multivariate analysis that takes into account all of these elements is required for a closer examination (Hwang, 2015, p.51).

of distribution is the principle of compensating according to "what is the same should be the same" and "what is different should be different." This is rooted in Aristotle's concept of distributive justice, and is also referred to as '**relative equality**' or '**proportional equality.**'[15] Aristotle's concept of distributive justice applies to the 'rights of public citizens,' for example, honor, power, money, assets, etc. In general, the acquisition of assets may or may not be fair depending on the individual, and if equal people were to receive unequal compensation or if unequal people were to receive equal compensation, it would precipitate conflict and grievances. This is because, within the distributive justice that Aristotle refers to, all rights, gains and statuses are distributed in proportion to the 'value' of the respective citizen (principle of proportionality). Of course, everyone will have a different opinion about what the 'value' is, but it is generally assumed that distribution in proportion to contribution is fair (Aristotle. *Nicomachean Ethics*, translated by Byeong-hee Cheon, Soop Publications, 2013. p.181).

This 'relative equality' standard of fairness is a criterion through which '**difference**' can be differentiated from '**discrimination**' from an economic perspective. Indeed, difference refers to the dissimilarity between people, and suggests that we should be accepting of people's unique traits and preferences, and treat them accordingly. Meanwhile, discrimination refers to the act of treating people unfairly by distorting their value based on certain prejudices against differences that are outwardly visible. In reality, however, definitively saying where the line ends for being accepting and where the line begins for being unfairly discriminatory is not as easy as evaluating the value (contribution) in order to apply Aristotle's principle of proportionality. Nevertheless, we are able to discover from the discourse on difference and discrimination the original forms of two norms—'**recognition of differences**' and '**pursuit of equality.**'

Accordingly, it can be said that, generally, there are two conflicting principles by which people treat others. In other words, should people be

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15 As everyone understands it, the principle of 'absolute equality,' i.e. treating (compensating) everyone equally in the economic sense, is plausible in theory but unacceptable in reality.

treated the same or should they be treated differently?

In regard to these characteristics, Hochschild (1981) explains that people have two different standards of distributive justice, namely **equality** and **differentiation** (Table 3-3). According to his argument, people typically apply different norms to different spheres. Specifically, norms that derive from the principle of equality are applied in social and political spheres while norms that derive from the principle of differentiation are applied in the economic sphere. However, people often struggle with inner conflict between these two conflicting norms because the distinction is not always clear cut. For example, on the issue of redistribution, if it is approached as an economic problem, then the principle of differentiation would apply and there would be opposition against redistribution. On the other hand, if it is believed to be a political problem, the principle of equality would apply and there would be support. Whatever the case may be, conflicting values and confusion are unfortunately inevitable.

Brickman *et al*. (1981) use the concepts of microjustice and macrojustice to explain that two conflicting norms can come into play when assessing fairness (Table 3-4). They contend that **microjustice** is a criterion for assessing the fairness of compensation for individual recipients, while **macrojustice** is a criterion for assessing the fairness of compensation in society from a comprehensive perspective. Compensation

Table 3-3 Comparison of the Principles of Equality and Differentiation as a Distributive Justice

	Distributive justice	
	Principle of equality	Principle of differentiation
Norms	Strict equality Need Investment Procedure (random, majority rule, etc.)	Investment Results Ascription Procedure (free consent, social Darwinism, etc.)
Specific allocative decisions	Equal protection under the law Grades according to effort Army draft by lottery Majoritarian elections for public office	Higher pay for Ph.D.'s Piecework wages Husbands making major family decisions Legal contracts

Source: Hochschild (1981), p.47.

Table 3-4 Characteristics of Microjustice and Macrojustice

	Microjustice	Macrojustice
Focus of concern	Relationships between individuals (Aristotle)	Structure of social order (Plato)
Metaprinciple	Assessment	Citizenship
General nature of principles	Individualizing correspondent	Deindividuating self-referential
Example of principles	Need merit	Average minimum

Source: Hochschild (1981), p.179.

awarded to individuals is, for the most part, determined by the market and thus, is expressed as the pursuit of 'value/merit,' and comprehensive compensation can be summed up to be the pursuit of 'equality' in the sociopolitical context. While microjustice is closely related to individuals' personal contributions, macrojustice does not demand the equivalence between personal attributes and compensation because it sees a collective group rather than the individual. The authors present the question, "If every individual in a society is fairly rewarded, does that guarantee that compensation was fairly distributed to the society as a whole?" As an answer, they explain that it does not because people have different standards for different decisions.

Brickman *et al*. (1981) present the following case. Assume that there are two groups in society. The members of the first group have a 60% probability of becoming a good doctor while those in the second group have a 30% probability. During the admission process, if prospective students are selected strictly based on their individual merits, then 100% of future doctors would be from the first group. However, is this a prudent admissions regulation? The larger part of society would believe that a portion of doctors should come from the second group. This is because allocating medical training (or valuable resources) in a way that a particular group is completely monopolized or excluded violates the perception that all groups should be treated fairly. This is even truer if the gap in the groups' average success rates was not precipitated by the

members themselves but by society based on preexisting disparities (Brickman *et al*., 1981, pp.173-174).

Meanwhile, based on the concepts of **market justice** and **political justice,** Lane (1986) explains why, in terms of their sense of justice, Americans hold the values of capitalism in high regard. The market and government fundamentally serve different goals and values, and exhibit structural differences from numerous aspects—the most quintessential difference being their evaluation standards. Specifically, Lane makes a conceptual distinction between fairness and justice, and reveals that while the market places significant weight on 'fairness' as a method of or criterion for distribution, the government looks not at the methods/criteria within the distribution process but at the outcome and as such, uses 'justice' as the main standard for evaluation. As it can be seen, because the norms of market justice and the norms of political justice focus on different aspects of social relationships, they will always coexist and their relationship will always be strained. Lane (1986)'s definition of market justice and political justice each corresponds to Brickman *et al*. (1981)'s definition of microjustice and macrojustice.

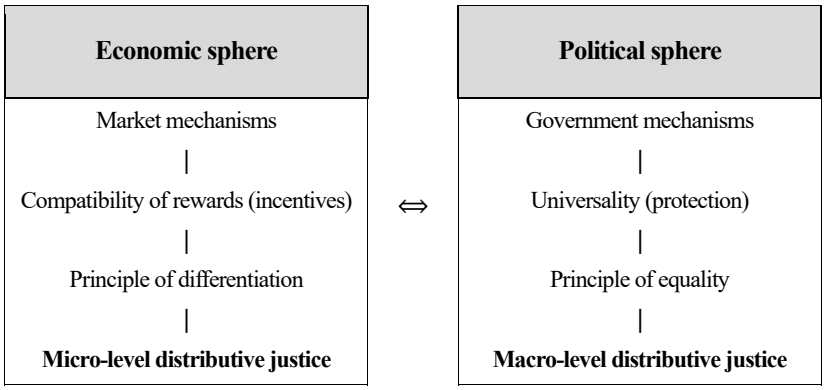
In sum, the two social norms related to distributive justice can be summarized as follows in Figure 3-2.

In the economic sphere, people essentially pursue proportional compensation, which is a market mechanism—that is, they pursue the principle of compatibility which rewards according to contribution. **Differentiation,** which results from the different efforts and outcomes of individuals, is the main standard by which fairness is assessed in the market, and under a capitalist system, this norm acts as the key mechanism to the incentive system which serves to bolster productivity.

On the other hand, in the political sphere, people assess distributive justice based on the principles of government operations which aim to uphold universality and protect the weak. As such, there is a tendency to emphasize cooperation rather than competition, and base decisions on the **principle of equality**, a fundamental virtue of democracy. This mindset is clearly a social norm that is more aligned with the production of public goods than the production of private goods.

The former is called '**micro-level distributive justice**' as it is a rule that is considered in the specific choices of individuals or individual

Figure 3-2 Duality of Distributive Justice



organizations. The latter is called '**macro-level distributive justice**' as it is a rule that operates under a fully universal and abstract unit such as social structures or systems.

However, in reality, the target of these two forms of distributive justices are not always clearly divided. Rather, the distinctions are ambiguous and there are often overlapping cases. Individuals will try to establish a consistent standard after internally mediating between these two conflicting values. In the same vein, if this is applied to a society as a whole, the members could negotiate to reach a consensus on which norm to apply. The principles by which these two norms are weighed and consistently applied are a critical element that can contribute to the systemic stability of society.

B. Which Norm in Applied?

What norms do people base their assessments of resource distribution/redistribution policies on? As discussed above, when the issue is approached from an economic perspective, individuals will mainly base their decisions on proportional compensation and differentiation (micro-level distributive justice). Conversely, if it is approached from a political perspective, the decisions will be based egalitarianism (macro-level distributive justice). Indeed, in terms of selecting a norm, the matter is, primarily, deeply connected to how people

view redistribution—is it an economic problem or a political one?

Accordingly, let us first think about the agents of distribution/redistribution, and the related mechanisms. In a capitalist economic system, the **'market**' is the primary agent of distribution. Within the market, individuals generate wealth and income through economic activities, and if their belief in the process is strong, market distributive justice will become the main norm by which assessments are made.

Meanwhile, the main agent of redistribution policies is fundamentally the **'government,'** and any and all adjustments have to pass through a political process. Therefore, people will inevitably think about redistribution in relation to the government or the political process. And, the higher the expectations are for government solutions, the more important political solutions and the principle of macro-level distributive justice become.

From this perspective, the question of which norm should be applied to distribution/redistribution will be closely connected to how people view the market (microscopic dimension) and the government (macroscopic dimension). The following will review two perspectives on the market and government, and examine the methods in which these norms are applied in the context of redistribution policies.

1) Rivalry between Market and Government Functions

The general view in the understanding of the preference for redistribution is that people tend to think about redistribution on the same lines as distribution. In other words, judgements about market operations which control distribution and judgments about government operations which control redistribution are put alongside each other in order to make a decision over which takes precedence. For example, market justice will become the main norm for assessment if it is believed that the market is functioning well in terms of income distribution while macroscopic justice becomes the dominating norm if it is believed that market operations are unfair or insufficient because people will expect the government to remedy this imbalance through redistribution. Of course, this will not be the case if the level of trust in the government and political processes is low. Indeed, in such cases, government-led redistribution

policies will fail to garner support regardless of the dissatisfaction with the market.

From this perspective, it can be said that personal preference for redistribution is directly linked to whether an individual believes the market plays a bigger role in distribution/redistribution or the government.

Most cases from the West fall under this premise. Lane (1986) explains that the preference for redistribution in the US is low because there is more trust in the market than in the government. Despite the fact that Americans tend to lean slightly more towards egalitarian outcomes than natural market outcomes, they are unsupportive of redistribution policies because they are concerned that the solutions presented by the government's [redistribution] policies will render market regulations futile. Put in another way, the most fundamental reason behind the American people's aversion to government intervention is their steadfast confidence in the market capitalist system. This argument has been well-received as a highly persuasive hypothesis that explains the US' weak preference for distribution.

Feldman (2003) also argues that the trust in government is a key determinant in whether microjustice or macrojustice norms are applied to evaluate public policy. The analysis reveals that the more trust there is in the government, the more significant macrojustice will be in terms of the chosen norm for assessment. On the contrary, if there is little trust, macrojustice standards will lose their "gravitas" and micojustice standards will prevail. The latter suggests that the people believe that the market has a larger role in the distribution of resources. This, in turn, implies that the government's redistribution policies will most likely fail in gaining support regardless of how much discontent there is about income distribution.

2) Separation of Market and Government Functions

Compared to Western countries, who have a long history of capitalism, Eastern countries such as Korea and China have had relatively little experience with market economies, and long distributed resources through state-led adjustments and intervention. As a consequence, the public will have most likely formed a strong belief that, independently

from the functions of the market, the state or government should take overall responsibility for redistribution. In this case, apart from the norms in the microeconomic sphere, individuals are eager for any form of macro-level distributive justice from the centralized government.

In other words, the standards of micro-level distributive justice are applied to income generation as it is perceived to be an economic issue while the standards of macro-level distributive justice are applied to redistribution as it is perceived to be an intrinsic function of government—that is, it is understood in the political context. As such, these two contrasting standards of justice appear to be applied separately rather than being integrated or adjusted. Additionally, from this prospective, a well-functioning market emerging at the same time as a well-functioning government is considered to be a normal phenomenon that can arise as a society progresses. This is mostly observed in developing countries.

Now, let us go back to the original question. Despite the fact that they have a relatively positive view of income fairness compared to other countries, and most prefer differentiated compensation over income equity, why do Koreans have a strong preference for redistribution?

The author will attempt to provide an explanation through cultural characteristics that derive from Korea's experiences of transplanted capitalism and a democracy oriented towards political centralization. During the rapid development that ensued the war, Korea benefited immensely from the economic efficiencies of capitalism and market norms. But, while this new found dynamism presented many with an abundance of opportunities to generate income, there was also growing recognition that these opportunities were being impeded by the expediencies and unfair practices taking place in the market. This gave rise to the desire and need for strict market principles, ultimately serving to establish a new social norm.

However, this does not mean that the people lost faith in the government's redistribution function. Indeed, irrespective of their participation and sense of responsibility, Koreans are prone to making strong demands for macrojustice from the government. For example, Korean citizens are excessively one-sided in their interest in politics, putting central politics above all else. This shows that expectations for the

centralized state system run high; which cannot be explained by high civicness which is based on participation and accountability.

From this perspective, it can be said that, rather than basing their preference for redistribution on a government that works to offset the flaws of the market system (European solution), or a market system that has absolute superiority over the government (US solution), Koreans uniquely base their preferences on their expectations for both market and government. This is also the result of people maintaining their dual expectations despite a deeply flawed government and market.

3) Importance of Context

Regardless of any expectations for or judgements over the market and government as agents of distribution/redistribution, the context in which redistribution policies are understood can also affect the selection of norms. Specifically, different norms could be taken into consideration depending on whether redistribution policies are emphasized in the economic (micro) context or in the political (macro) context. This is in the same view of how people can have different perceptions of the same issue depending on their point of view.

Bartels (2005) analyzes the irony of how the majority of everyday Americans supported the Bush administration despite the fact that the extensive tax reductions (tax cuts and abolishment of the inheritance tax)[16] implemented in 2001 and 2003 threatened to aggravate the economic disparity. He reveals that the support was not due to an indifference to economic inequality but because people were not effectively made aware

16 "In 2001, the Economic Growth and Tax Relief Reconciliation Act (EGTRRA01) lowered the maximum tax rate from 39.6% to 35%, and expanded tax benefits for IRAs. In addition, according to EGTRRA01, the inheritance tax was to be gradually phased out and completely abolished in 2010. EGTRRA01 is the most extensive tax reduction policy since 1981, with tax cuts totaling US$1.699 trillion during a ten-year period until 2011. On the other hand, the Jobs and Growth Tax Relief Reconciliation Act of 2003 focused on large tax reductions for capital gains. This lowered the capital gains tax from 20% to 15% and also adjusted the maximum tax rate applied to dividends from 35% to 15 %. Tax reduction policies that allowed accelerated depreciation for capital goods under the corporate tax system also stood out as being advantageous for capital owners." (Jun-gu Lee, 2012, p.214).

that the tax cuts could exacerbate disparity from a macro perspective. In addition, Bartels (2005) observed that people who receive ample information maintain a systematically different view of economic inequality in American society and its implications; underscoring the importance of providing sufficient information and understanding 'context' when deciding one's stance on policy.

3. Empirical Analysis

A. Data Used

The previous section discussed the possibility that Koreans' preference for redistribution may be based on the norms for macro-level distributive justice, which is separate from micro-level distributive justice. Also, it was explained that this is a problem that derives from the conflict that has arisen because separate expectations have been formed for the 'market' sphere and the 'government' sphere.

Accordingly, this section will empirically examine Korea's preference for redistribution using the WVS. As the most comprehensive time series survey on human beliefs and values, the WVS has around 100 participating countries who use standardized questionnaires to survey 1,000-2,000 citizens. The survey is conducted every five years (roughly), and was first conducted in 1981. Currently, six waves of data are available and wave 7 (2017-2019)[17] is still in underway. Since Korea has been a participant from the very beginning, there is data for 1982, 1990, 1996, 2001, 2005, and 2010.

To compare and analyze the characteristics of each country, the results from wave 6 were used as the basis. However, for countries that do not have wave 6 data, wave 5 data was used instead in order to minimize the distortion from the different survey periods, and also to include as many countries as possible. In all, a total of 80 countries were included in the dataset—60 countries with wave 6 data and 20 countries with wave 5 data.

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17 Data collection for wave 7 (2017-2019) will be completed in January 2020, and the survey will be released to the public by mid-2020.

The World Values Survey 1981-2014 Longitudinal Aggregate version was used for the analysis.

B. Explanations of Major Variables

1) Preference for Redistribution

The most important variable for the empirical analysis has to be the **preference for redistribution**. This study considers two variables to estimate individuals' preference for redistribution—1) opinions about the government's responsibility for welfare and; 2) the level of agreement on the importance of government redistribution policies.[18] When these two are closely compared, the former is asking if individual responsibility or government responsibility is more important in terms of individuals' economic situations while the latter assesses the importance of redistribution policies as an element of democracy. As such, the latter would have been considered more from a macro perspective than the former.

Figure 3-3 shows the preferences for redistribution in OECD and East Asian countries, estimated using two indicators. Because both indicators gauge answers on a 10-point scale, 5.5 will be the most neutral opinion.

Firstly, Korea, China, and Japan all exhibit strong preferences for redistribution in both indicators. Russia, Estonia, Turkey, Chile, and Slovenia, among others, also present similar results. On the other hand, in countries like Poland, Mexico, and Brazil, redistribution policies are not thought of as a requirement for democracy, but there is strong agreement that the government is responsible for the economic situations of individuals.

Meanwhile, in advanced Western countries (WEOG), while there is agreement that redistribution policies are needed in democracy, there is

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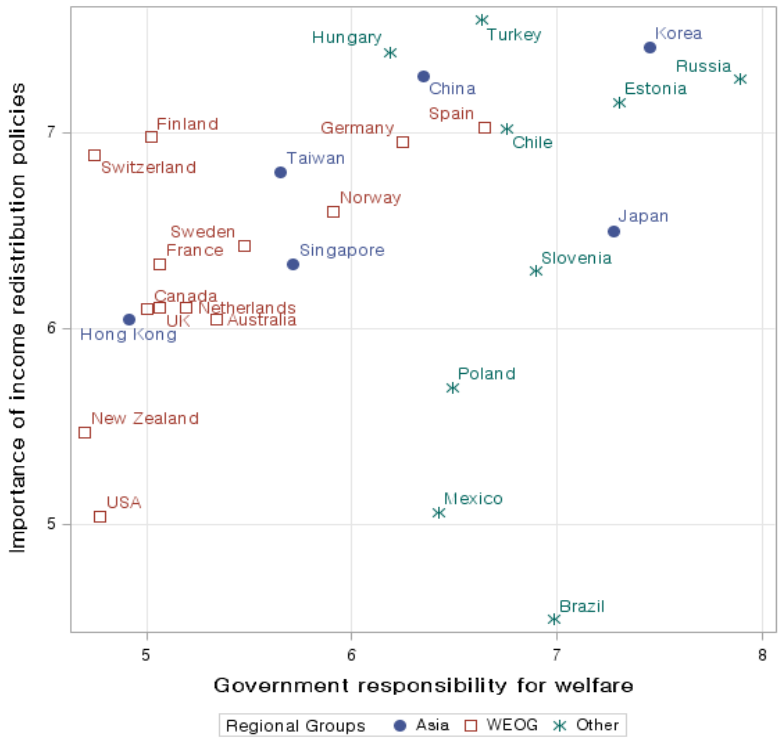
18 From the perspective of economic responsibility, (1) asks on a 10-point scale whether "People should take more responsibility to provide for themselves,"[1] or "The government should take more responsibility to ensure that everyone is provided for"[10]. Meanwhile, (2) specifically asks whether government policies aimed at "taxing the rich and subsidizing the poor" are a vital element of democracy—1 is 'No' and 10 is 'Vital.'

Figure 3-3 Two Indicators of the Preference for Redistribution: Government's Responsibility for Welfare vs. Importance of Redistribution Policies



also the belief that economic responsibility lies with the individual, and not the government. Among such countries, Spain, Germany, and Norway place relative emphasis on the government's responsibility, but the score was around 6 points on average. This shows that in a mature capital economy, people are more inclined to believe that individuals are primarily responsible for their own economic situations. Moreover, it also implies that more significance is placed on micro-level distributive justice.

2) Market Confidence and Trust in Government

In order to assess the level of **market confidence** of each country, this study uses the three questions presented in Hwang (2015) to analyze

perception of income fairness: perception of competition; whether luck/background or effort is the more important economic success factor and; opinions about the process of wealth expansion.[19] The responses will capture people's views on the many different aspects of the market from a multilayer perspective.

Due to the strong correlation between the three variables, information can be gathered by extracting one common factor through a factor analysis.[20] The results are then used to calculate the factor score.[21] which serves as an indicator for how positively each respondent views the market, i.e. a market-confidence index. Table 3-5 provides a summary of the results of the factor analysis.

Table 3-6 shows the averages of the three variables—used to construct the market-confidence index and its averages—for each of the 29 OECD

Table 3-5 Market Confidence: Factor Analysis Results

Analyzed variable	Factor loadings	Communality
Competition in beneficial	0.509	0.259
Effort is more important than luck/background	0.531	0.282
Healthy expansion of wealth	0.174	0.030
Variance explained	-	0.572

Note: The squared multiple correlation (SMC) was used as the prior communality.

19 First is the level of agreement with the negative perception that, "Competition is harmful and brings out the worst in people,"[1] and the positive perception that, "Competition is good and stimulates people to work hard and develop new ideas"[10] . The second is the level of agreement with the contrasting perceptions that, "Generally, hard work does not lead to success. It is more a matter of luck and connections,"[1] and, "In the long run, hard work usually leads to a better life"[10]. The third is the level of agreement with the perception that "People can only get rich at the expense of others,"[1] and, "Wealth can grow so there is enough for everyone"[10]. Refer to Hwang (2015), pp.26-27 for details on these variables.

20 Factor analysis is a statistical method that extracts common potential factors by identifying the potential patterns in cases where there is a consistent relationship between the observed variables. Refer to the appendix for details.

21 Individual's estimated factor score is calculated through linear summation which multiplies the standardized values of the three variables with the standardized scoring coefficients.

Table 3-6 Market Confidence Index

	Q. Level of agreement with each question (1-10)						Market confidence
	Competition is beneficial		Effort is the success factor		Healthy expansion of wealth		
Mexico	7.35	(2.63)	7.68	(2.55)	7.71	(2.50)	0.206
Taiwan	7.68	(2.23)	7.04	(2.80)	7.37	(2.41)	0.155
New Zealand	7.55	(2.70)	7.25	(3.10)	6.22	(3.07)	0.124
US	7.55	(1.81)	7.17	(2.05)	6.36	(1.94)	0.117
China	7.33	(1.70)	7.31	(1.95)	6.96	(1.81)	0.116
Australia	7.64	(2.04)	7.10	(2.48)	6.10	(2.40)	0.111
Brazil	7.26	(2.98)	6.81	(3.36)	7.56	(2.76)	0.072
Finland*	6.97	(2.33)	7.40	(2.52)	6.12	(2.40)	0.060
Hong Kong	7.04	(2.74)	7.02	(3.12)	7.09	(2.60)	0.056
Canada*	7.18	(1.83)	6.99	(2.00)	6.66	(1.75)	0.054
Sweden	7.31	(2.33)	6.70	(2.50)	5.95	(2.53)	-0.001
Korea	7.12	(2.30)	6.65	(2.91)	6.04	(2.44)	-0.021
Norway*	7.51	(2.15)	6.08	(2.74)	6.55	(2.41)	-0.025
Spain	7.12	(2.23)	6.73	(2.58)	5.62	(2.61)	-0.032
Switzerland*	7.38	(2.18)	5.75	(2.95)	6.65	(2.67)	-0.079
UK*	6.82	(2.94)	6.45	(3.25)	6.00	(2.92)	-0.086
Japan	6.86	(1.72)	6.32	(1.84)	5.89	(1.52)	-0.087
Germany	6.89	(1.70)	6.39	(2.06)	5.83	(2.02)	-0.092
Chile	6.88	(2.96)	6.17	(3.08)	6.06	(3.18)	-0.109
Turkey	6.69	(2.44)	6.63	(2.52)	5.32	(2.56)	-0.113
Singapore	6.59	(1.94)	6.53	(2.06)	5.82	(1.88)	-0.119
Estonia	7.22	(1.98)	5.87	(2.58)	5.50	(2.44)	-0.128
Slovenia	6.76	(2.69)	6.39	(3.19)	5.19	(3.30)	-0.136
Russia	6.64	(2.08)	6.07	(2.20)	5.38	(2.15)	-0.181
Italy*	6.58	(2.83)	5.69	(3.08)	6.62	(2.93)	-0.197
Netherlands	6.19	(1.71)	6.21	(1.92)	6.09	(1.88)	-0.201
Hungary*	6.71	(2.57)	5.94	(3.01)	4.46	(2.62)	-0.246
France*	5.97	(3.20)	5.68	(3.13)	6.15	(2.92)	-0.303
Poland	6.14	(3.52)	5.33	(3.61)	6.00	(3.43)	-0.327
Average	7.00	(-)	6.53	(-)	6.18	(-)	-0.049

Note: 1) In this table are 29 countries, including OECD and East Asian countries.
2) ( ) is the standard deviation, the average is a simple average of the 29 countries.
3) Wave 5 results were used for countries with an asterisk (*).

Source: World Values Survey 1981-2014 Longitudinal Aggregate (wave 5 & 6).

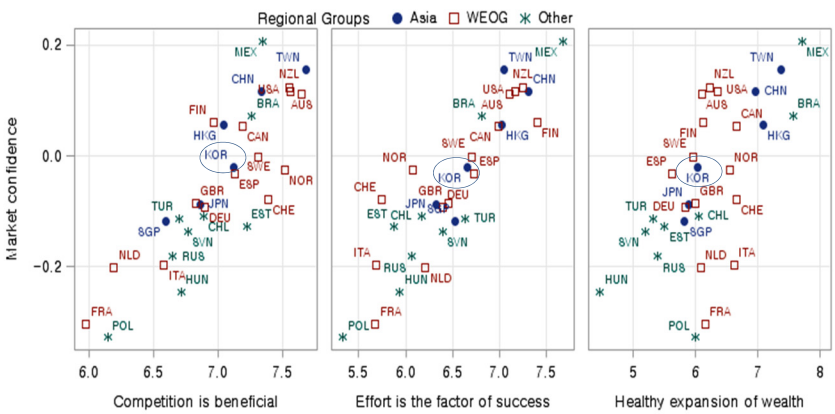
and East Asian countries that were easier to compare with Korea among the 80 used in the analysis. Meanwhile, Figure 3-4 illustrates the relationship between each variable and the market-confidence index. It can be seen that the market-confidence index has been well constructed so that it has a highly positive correlation with all three variables

When the market confidence levels of major countries are compared, Mexico, Taiwan, New Zealand, the US, and China (in order) have the highest levels while Poland, France, Hungary, Netherlands, Italy, and Russia have the lowest. Korea ranks in the middle at 12th place; which is low compared to the US and China, but it is still higher than the UK, Japan, and Germany.

The level of trust in government is a new variable that was added to this study. To construct this variable, WVS questions that directly ask about people's trust in their respective countries' various organizations and institutions are used. The question pertaining to the trust in government gauges answers on a 4-point scale ('Total confidence' to 'No confidence at all'). However, because it is asking about trust in the (central) government, it is unclear whether it pertains to the current administration or the government system.

To remedy this ambiguity, a broader index for the trust in government

Figure 3-4 Perception of Competition, Economic Success Factors, and Process of Wealth Expansion vs. Market Confidence



Note: WEOG includes Western European countries and non-European developed countries such as the US and Australia.

was constructed by including the central government, public officials, National Assembly, and political parties. It is expected that this is closer to the actual redistribution policy-related governments and government systems. Using the trust levels for the above four agencies, a factor analysis was conducted in the same way as was used to construct the market-confidence index. As a result, it was found only one factor fulfilled the proportion criterion. The factor loadings for each of the four variables is outlined in Table 3-7. The abbreviated factor will be referred to as the broader index for the trust in government or the trust in government systems.

Table 3-8 shows the average value for each country's response as well as the index for the trust in government. Taking into consideration that the responses are on a 4-point scale (2.5 is mid-value), the level of trust in each organization is more negative than the level of trust in the market. The simple average level of trust for all countries is 2.5 and below. Furthermore, it seems that there is more mistrust in the legislative system than the executive branch.

Meanwhile, Figure 3-5 presents a comparison between the trust in government in the narrow sense of the word and that in the broad sense (extracted by the factor analysis). It can be seen that the two indices have a very strong correlation.[22]

When we delve deeper into the level of trust in government, it is found that while China and Singapore have exceptionally high levels, the

Table 3-7 Trust in Government Systems: Factor Analysis Results

Analyzed variable	Factor loadings	Communality
Government	0.752	0.565
Public officials	0.672	0.452
National assembly	0.843	0.711
Political parties	0.765	0.586
Variance explained	-	2.314

22 The drawback of constructing a composite index is the increase in omitted observation values since more variables are taken into consideration. That is why the narrow meaning for government (trust index) is used in the analysis.

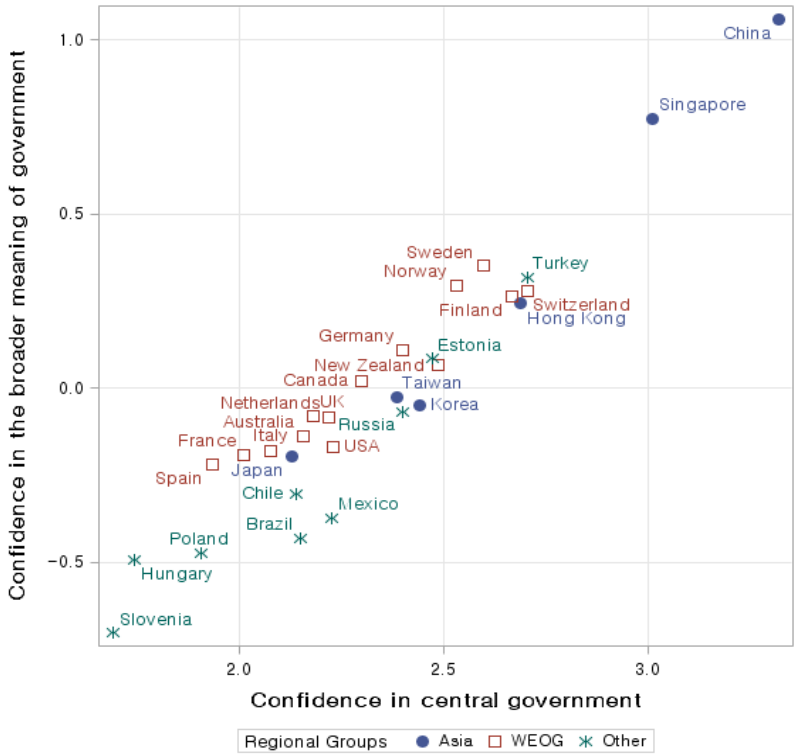
Table 3-8 Index for the Trust in Government

	Q. Level of confidence in each question (1-4)				Trust in government system
	Government	Public officials	National assembly	Political parties	
China	3.32	(0.52)	2.96	(0.55)	3.18
Singapore	3.01	(0.63)	2.92	(0.59)	2.93
Sweden	2.60	(0.89)	2.58	(0.74)	2.62
Turkey	2.71	(0.98)	2.63	(0.84)	2.60
Norway*	2.53	(0.81)	2.61	(0.69)	2.64
Switzerland*	2.70	(0.74)	2.68	(0.66)	2.52
Finland*	2.67	(0.81)	2.60	(0.82)	2.55
Hong Kong	2.69	(1.05)	2.66	(0.87)	2.45
Germany	2.40	(0.64)	2.55	(0.59)	2.40
Estonia	2.47	(0.81)	2.73	(0.64)	2.26
New Zealand	2.49	(0.96)	2.49	(0.88)	2.33
Canada*	2.30	(0.64)	2.53	(0.61)	2.29
Taiwan	2.39	(0.88)	2.62	(0.77)	2.09
Korea	2.44	(0.86)	2.42	(0.84)	2.08
Russia	2.40	(0.67)	2.41	(0.63)	2.12
UK*	2.18	(0.98)	2.40	(0.91)	2.24
Netherlands	2.22	(0.62)	2.27	(0.57)	2.23
Australia	2.15	(0.78)	2.41	(0.70)	2.16
US	2.23	(0.60)	2.44	(0.56)	2.02
Italy*	2.07	(0.87)	2.30	(0.87)	2.17
France*	2.01	(1.01)	2.46	(0.98)	2.16
Japan	2.13	(0.53)	2.27	(0.53)	2.07
Spain	1.93	(0.86)	2.28	(0.88)	2.21
Chile	2.14	(1.05)	2.14	(0.95)	1.98
Mexico	2.23	(0.82)	1.82	(0.72)	1.90
Brazil	2.15	(0.94)	2.37	(0.90)	1.70
Poland	1.90	(0.82)	2.03	(0.81)	1.83
Hungary*	1.74	(0.93)	2.31	(0.96)	1.80
Slovenia	1.69	(0.76)	1.77	(0.76)	1.66
Average	2.34	(-)	2.44	(-)	2.25

Note: 1) In this table are 29 countries, including OECD and East Asian countries.
2) ( ) is the standard deviation, the average is a simple average of the 29 countries.
3) Wave 5 results were used for countries with an asterisk (*).

Source: World Values Survey 1981-2014 Longitudinal Aggregate (wave 5 & 6).

Figure 3-5 The Two Indicators for the Trust in Government: Trust in the Central Government vs. Trust in the Government in the Broad Sense



majority of other countries lean more towards the lower end. In Korea case, it is ranked in the middle—in both the narrow and broad sense.

C. Comparison of the Preference for Redistribution between Countries

Thus far, we have taken a comprehensive look at the characteristics of the preference for redistribution, and the confidence/trust in the market and government at the national level. This section will review the characteristics of the social norms that affect the public's preference for redistribution through a regression analysis at the individual level.

To that end, countries have been divided into seven cultural and regional groups (Table 3-9)—East Asia (EAP), Latin American countries

Table 3-9 Cultural and Geographical Classifications

Regional Group	Countries [no.]
East Asia (EAP)	Korea, China*, Japan, Taiwan, Hong Kong [5]
Western countries (WEOG)	Germany, US, Sweden, UK, France, Switzerland, Italy, Spain, Netherlands, Norway, Finland, Canada, Australia, New Zealand, Andorra [15]
Transition countries (TC)	Russia, Estonia, Poland, Hungary, Slovenia, Azerbaijan, Armenia, Bulgaria, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Romania, Ukraine, Uzbekistan, Serbia Montenegro [17]
Latin American countries (LAC)	Chile, Mexico, Brazil, Argentina, Colombia, Ecuador, Guatemala, Peru, Trinidad and Tobago, Uruguay [10]
Arab countries (MENA)	Turkey, Algeria, Bahrain, Cyprus, Palestine, Iran*, Iraq, Jordan, Kuwait*, Lebanon, Libya, Morocco, Qatar*, Tunisia, Egypt, Yemen [16]
South Asia (SA)	Singapore*, Vietnam, the Philippines, Thailand, Malaysia, Indonesia, India, Pakistan [8]
Africa (SSA)	Ethiopia, Ghana, Mali, Nigeria, Rwanda, South Africa, Zimbabwe, Burkina Faso, Zambia [9]

Note: Countries with an asterisk (*) did not have survey results for political inclination, the major variable used in this study.

(LAC), Arab countries (MENA), South Asia (SA), Africa (SSA), Transition countries (TC), and Western countries (WEOG). Out of the 80 countries, China, Singapore, Iran, Jordan, Kuwait, and Qatar have not been surveyed on political inclination, and they are excluded from analyses that use political inclination as a variable.

The explanatory variables used in the regression analysis include such personal characteristics as gender, age, marital status, and educational level, and economic variables such as income level, and whether the individual is self-employed or unemployed, etc. Furthermore, political inclination (conservative 1 – progressive 10), perception of inequality, market confidence, trust in government, social trust,[23] and other social norms have been included. Besides, to control such national characteristics

23 Social trust is a dummy variable that is calculated based on the question, "Do you think people can be trusted?" to which the available responses are "Most people can be trusted,"[1] and "Need to be very careful"[0].

as a country's income level, inequality and welfare, the per capita GDP, Gini coefficient, and the share of public social spending are also included. Table 3-10 shows the basic statistics of the variables used in the analysis.

Table 3-11 presents the results from the regression analysis on the preference for redistribution of each country that participated in the WVS using the aforementioned explanatory variables.[24] The preference for redistribution was separated into two indicators: 'the government's responsibility for welfare,' and 'the importance of redistribution policies.' As for the trust in government, the narrow and broad senses have both been applied to reach four outcomes in the analysis.

The most notable aspect is that, while there is little to no difference in the estimates for the trust in government index regardless of whether it is in the narrow or broad sense, the estimate results change drastically depending on which preference for redistribution index is used. In particular, the characteristics of social norms and preference for redistribution frequently present opposite signs. For example, progressives tend to attach importance to the government's responsibility for welfare (positive), but not so much to redistribution policies (negative). The effects of market confidence and trust in government are also the opposite. This is possibly due to the different characteristics of the preference for redistribution indices, or because the differences between countries were not sufficiently controlled. In order to assess whether a generalized interpretation of these results is feasible, more specific analyses are required.

However, there is clearly a significant disparity between the regional groups' preference for redistribution. In terms of the government's responsibility for welfare, Arab countries (MENA) have the strongest preference for redistribution, followed by Transition countries (TC) and East Asia (EAP). Specifically, the preference is strong in Arab countries which are mostly dominated by monarchies; former socialist countries and; countries with highly centralized governments in East Asia. Meanwhile,

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24 There is a drop in the number of observations used in the regression analysis because data for China, Singapore, Iran, Jordan, Kuwait, and Qatar, for whom political inclination questions were not included in the survey, were excluded from the analysis. The results excluding political inclination as an explanatory variable are provided in the sub-tables in the appendix, and they are structurally similar.

Table 3-10 Basic Statistics of Major Variables

Variable	Description of variable	N	Average	Standard deviation	Min. value	Max. value
Female	Dummy variable for females	113,292	0.510	0.514	0	1
Age	Age	112,945	41.584	17.076	15	99
Young	Dummy variable for those under 40	113,292	0.506	0.515	0	1
Old	Dummy variable for those 60 and above	113,292	0.169	0.386	0	1
Single	Dummy variable for singles	113,292	0.255	0.449	0	1
Educ2	Dummy variable for middle school graduates	113,292	0.271	0.457	0	1
Educ3	Dummy variable for high school graduates	113,292	0.161	0.378	0	1
Educ4	Dummy variable for college graduates	113,292	0.241	0.440	0	1
Income	Income level	107,517	4.844	2.207	1	10
EA2	Dummy variable for self-employed	113,292	0.119	0.334	0	1
EA3	Dummy variable for unemployed	113,292	0.448	0.512	0	1
PEQ	Perception of income inequality	109,945	5.425	3.003	1	10
RD1	Government's welfare responsibility	110,791	6.298	2.985	1	10
RD2	Importance of redistribution policies	106,403	6.295	3.029	1	10
Progress	Political inclination (progressive=10)	84,886	5.264	2.406	1	10
Mconf	Market confidence	105,315	0.000	0.634	-1.792	0.962
Gconf	Trust in government	109,499	2.417	0.975	1	4
Pconf	Trust in government system	99,381	0.000	0.913	-1.458	2.026
Trust	Social trust	113,292	0.248	0.444	0	1
LnGDP	Log per capita GDP	112,072	2.180	1.379	-0.733	4.545
Gini	Gini coefficient	106,435	36.862	8.201	16.6	63.2
PSET	Public social spending to GDP	110,069	12.514	8.242	1.123	32.018

Table 3-11 Regression Analysis of the Preference for Redistribution

		Preference for redistribution I Government's responsibility for welfare		Preference for redistribution II Importance of redistribution policies	
		(1) Trust in government	(2) Trust in government system	(3) Trust in government	(4) Trust in government system
Intercept		4.794***	4.631***	5.939***	5.974***
Personal characteristics	Female	0.066***	0.066***	0.033	0.038*
	Under 40	0.059**	0.063**	-0.090***	-0.089***
	60 and above	-0.075**	-0.067**	0.045	0.049
	Single	-0.090***	-0.083**	0.107***	0.113***
	Middle school graduate	-0.038	-0.031	0.053*	0.052*
	High school graduate	-0.114***	-0.105***	-0.013	-0.007
	College graduate and above	-0.066**	-0.060**	-0.137***	-0.137***
Economic variables	Income level	-0.139***	-0.139***	-0.028***	-0.027***
	Self-employed	0.038	0.048	-0.260***	-0.248***
	Unemployed	-0.030	-0.039	0.027	0.028
Social norms	Progressive inclination	0.126***	0.125***	-0.026***	-0.028***
	Perception of inequality	0.245***	0.247***	0.055***	0.057***
	Market confidence	0.579***	0.578***	-0.088***	-0.087***
	Trust in government	-0.081***	-0.085***	0.025**	0.017
	Social trust	-0.083***	-0.081***	0.121***	0.122***
Country characteristics	Log per capita GDP	-0.154***	-0.155***	0.054***	0.059***
	Gini coefficient	-0.017***	-0.018***	-0.013***	-0.013***
	Public social spending to GDP	0.023***	0.023***	0.017***	0.018***
Regional groups	EAP	1.408***	1.405***	0.776***	0.791***
	LAC	0.955***	0.940***	-0.360***	-0.343***
	MENA	1.822***	1.786***	0.710***	0.701***
	SA	0.655***	0.672***	1.353***	1.368***
	SSA	1.252***	1.283***	0.321***	0.329***
	TC	1.406***	1.390***	0.378***	0.386***
N		72,365	70,264	71,036	69,039
R-sq		0.166	0.166	0.035	0.036

Note: 1) ***, **, * represent significance levels of 1%, 5%, 10%, respectively.

2) Regional groups: EAP (East Asia and the Pacific), LAC (Latin America and the Caribbean), MENA (Middle East and North Africa), SA (South Asia), SSA (Sub-Saharan Africa), TC (transition countries). The base group is WEOG (Western European and Others Group.

Source: World Values Survey 1981-2014 Longitudinal Aggregate (wave 5 & 6).

in terms of the importance of redistribution policies, South Asian countries rank at the top followed by East Asian countries.

Accordingly, from a cultural and geographical perspective, it is of little surprise that Korea has a strong preference for redistribution.

Additional regression analyses were conducted separately by regional groups to examine the relationship between the preference for redistribution and social norms. Table 3-12 and Table 3-13 provide a summary of the results. The narrow meaning of government was used, and all of the regression estimations included dummy variables (no. of countries minus 1) for each country.

Firstly, if we look at the preference for redistribution estimated through the government's responsibility for welfare, a significant difference can be found in the impact of social norms between the regional groups (Table 3-12). The most interesting difference can be seen in the relationship between the preference for redistribution and market confidence and trust in government. In Western countries (WEOG), the lower the market confidence and the higher the trust in government (although not statistically significant), the stronger the preference is for redistribution. Contrarily, in other countries, the preference for redistribution intensifies as market confidence increases but weakens as the trust in government increases. Although the relationship seen in Western countries is in line with the general theories on the preference for redistribution, this cannot be generalized to other countries.

As for the preference for redistribution estimated through the importance of redistribution policies (Table 3-13), the impact of market confidence and trust in government on the preference for redistribution also differs by region; albeit less dramatic than above. Aside from Western countries, in Latin American countries (LAC) and Africa (SSA), the preference for redistribution has a negative relationship with market confidence and a positive relationship with the trust in government. In other countries, the relationships are either the opposite [from the above] or both are positive. This may be because the preference for redistribution is being considered from a more macro perspective, and because countries in Latin America and Africa have been influenced by Western social norms due to colonization.

Table 3-12 Regression Analysis of the Preference for Redistribution (govt.'s responsibility for welfare) by Regional Group

	EAP	WEOG	TC	LAC	MENA	SA	SSA
Intercept	7.484*** (0.237)	2.595*** (0.122)	5.877*** (0.150)	5.004*** (0.199)	6.837*** (0.203)	5.168*** (0.186)	5.726*** (0.154)
Female	0.135* (0.073)	-0.054 (0.037)	0.112*** (0.042)	0.102 (0.064)	-0.001 (0.055)	-0.061 (0.062)	0.122*** (0.046)
Under 40	0.163* (0.096)	0.188*** (0.047)	-0.066 (0.049)	0.096 (0.074)	0.048 (0.060)	0.093 (0.070)	-0.068 (0.061)
60 and above	-0.108 (0.103)	-0.303*** (0.053)	0.129** (0.063)	0.014 (0.099)	0.099 (0.092)	0.018 (0.105)	0.098 (0.110)
Single	-0.073 (0.099)	-0.020 (0.052)	-0.020 (0.059)	0.083 (0.076)	-0.210*** (0.063)	-0.031 (0.081)	0.044 (0.052)
Middle school graduate	-0.204 (0.131)	-0.082 (0.056)	-0.124* (0.075)	-0.065 (0.082)	-0.067 (0.072)	-0.076 (0.077)	-0.210*** (0.058)
High school graduate	-0.267** (0.123)	-0.188*** (0.068)	-0.354*** (0.082)	-0.187* (0.099)	-0.075 (0.076)	-0.023 (0.103)	-0.151** (0.074)
College graduate and above	-0.236* (0.127)	-0.089 (0.057)	-0.312*** (0.079)	-0.391*** (0.092)	-0.060 (0.070)	-0.102 (0.095)	-0.108 (0.079)
Income level	-0.076*** (0.017)	-0.069*** (0.009)	-0.149*** (0.012)	-0.078*** (0.016)	-0.095*** (0.013)	-0.129*** (0.014)	-0.119*** (0.011)
Self-employed	-0.207* (0.122)	-0.112 (0.081)	-0.333*** (0.089)	-0.226** (0.097)	0.040 (0.084)	0.352*** (0.082)	-0.107 (0.067)
Unemployed	0.036 (0.083)	0.168*** (0.047)	-0.071 (0.049)	-0.060 (0.076)	0.066 (0.061)	-0.198*** (0.073)	-0.061 (0.056)
Progressive inclination	0.075*** (0.019)	0.214*** (0.010)	0.060*** (0.010)	0.055*** (0.013)	0.036*** (0.011)	0.065*** (0.014)	0.142*** (0.009)
Perception of inequality	0.205*** (0.015)	0.261*** (0.008)	0.249*** (0.008)	0.214*** (0.010)	0.170*** (0.009)	0.247*** (0.011)	0.178*** (0.009)
Market confidence	0.534*** (0.068)	-0.266*** (0.037)	0.434*** (0.035)	0.621*** (0.050)	1.452*** (0.043)	0.827*** (0.047)	1.096*** (0.037)
Trust in government	-0.319*** (0.047)	0.017 (0.026)	-0.086*** (0.025)	-0.101*** (0.033)	-0.096*** (0.025)	-0.092*** (0.036)	-0.028 (0.024)
Social trust	-0.180** (0.074)	-0.129*** (0.041)	-0.146*** (0.049)	-0.193* (0.104)	-0.005 (0.064)	0.086 (0.070)	-0.046 (0.063)
No. of countries	4	15	17	9	12	7	9
Obs	4,405	15,680	16,531	8,871	9,633	8,741	12,909
R-squared	0.225	0.207	0.170	0.113	0.252	0.154	0.224

Note: 1) Figures in ( ) represent the standard deviation.
2) ***, **, * represent significance levels of 1%, 5%, 10%, respectively.

Table 3-13 Regression Analysis of the Preference for Redistribution (importance of redistribution policies) by Regional Group

	EAP	WEOG	TC	LAC	MENA	SA	SSA
Intercept	6.908*** (0.245)	3.354*** (0.132)	6.898*** (0.162)	5.464*** (0.209)	7.473*** (0.244)	7.494*** (0.180)	5.778*** (0.177)
Female	-0.019 (0.075)	0.059 (0.041)	0.022 (0.045)	-0.111 (0.068)	0.047 (0.066)	0.146** (0.060)	-0.072 (0.052)
Under 40	0.088 (0.099)	-0.066 (0.051)	-0.224*** (0.053)	-0.110 (0.078)	-0.052 (0.072)	0.001 (0.067)	-0.014 (0.070)
60 and above	0.200* (0.106)	0.012 (0.058)	0.215*** (0.068)	-0.155 (0.104)	0.140 (0.111)	0.032 (0.101)	0.301** (0.128)
Single	-0.281*** (0.102)	0.028 (0.056)	-0.046 (0.063)	0.010 (0.079)	0.036 (0.076)	0.043 (0.078)	0.081 (0.060)
Middle school graduate	-0.104 (0.136)	0.055 (0.061)	0.246*** (0.081)	-0.199** (0.086)	0.050 (0.086)	-0.085 (0.075)	-0.205*** (0.067)
High school graduate	-0.240* (0.128)	0.008 (0.075)	0.192** (0.088)	-0.322*** (0.104)	0.112 (0.091)	0.047 (0.100)	-0.168** (0.086)
College graduate and above	0.010 (0.132)	0.076 (0.062)	-0.038 (0.085)	-0.398*** (0.096)	-0.072 (0.084)	-0.112 (0.091)	-0.123 (0.091)
Income level	-0.045** (0.018)	-0.031*** (0.010)	-0.050*** (0.013)	-0.026 (0.017)	-0.009 (0.015)	-0.022 (0.014)	-0.062*** (0.013)
Self-employed	-0.288** (0.126)	-0.034 (0.090)	-0.144 (0.095)	0.240** (0.101)	0.106 (0.100)	-0.105 (0.079)	-0.079 (0.077)
Unemployed	0.044 (0.086)	0.074 (0.052)	-0.049 (0.052)	0.110 (0.080)	-0.055 (0.073)	-0.122* (0.071)	0.068 (0.065)
Progressive inclination	0.088*** (0.019)	0.150*** (0.011)	-0.023** (0.010)	0.004 (0.013)	-0.000 (0.013)	-0.089*** (0.013)	-0.015 (0.011)
Perception of inequality	0.037** (0.015)	0.108*** (0.009)	0.045*** (0.008)	0.001 (0.011)	0.004 (0.010)	-0.046*** (0.010)	0.031*** (0.010)
Market confidence	0.209*** (0.071)	-0.390*** (0.040)	-0.096** (0.038	-0.148*** (0.052)	0.191*** (0.051)	0.481*** (0.046)	-0.104** (0.042)
Trust in government	0.018 (0.048)	0.139*** (0.028)	-0.051* (0.027)	0.168*** (0.035)	-0.092*** (0.030)	-0.098*** (0.035)	0.077*** (0.028)
Social trust	0.221*** (0.077)	0.091** (0.044)	-0.071 (0.053)	0.342*** (0.109)	0.050 (0.077)	0.061 (0.068)	-0.153** (0.072)
No. of countries	4	15	17	9	12	7	9
Obs	4,331	15,002	16,259	8,678	9,513	8,705	12,844
R-squared	0.056	0.111	0.094	0.053	0.098	0.192	0.116

Note: 1) Figures in ( ) represent the standard deviation.
2) ***, **, * represent significance levels of 1%, 5%, 10%, respectively.

With respect to the cause of these results, the author focuses on the fact that in societies that have a relatively short history of capitalism and a tendency towards strong centralized government, there will be a simultaneous pursuit of micro- and macro-level distributive justices rather than a competition between them.

In this vein, particular attention should be paid to the role of political inclination.[25] The meaning of "progressive" may vary depending on the society, but fundamentally, it is closely linked to egalitarian attitudes in the political sphere. As such, progressive political inclinations tend to drive preferences for redistribution, and this has been, in large part, proven through empirical data (refer to Tables 3-12 and 3-13). Then, what about the economic sphere? If progressive inclinations function in the economic sphere as they do in the political sphere, there will rightly be uneasiness over the competitive way in which the market works. economic workings of the market. This is because, in its pursuit of efficiency, the market fuels competition and exacerbates inequality. However, if the two spheres are normatively separated and different standards come into play, the results may be different. Specifically, a seemingly contradictory attitude could emerge which demands micro-level distributive justice in the economic sphere and macro-level distributive justice in the political sphere.

Table 3-14 shows the results of a regression analysis that uses market confidence as a dependent variable. As expected, market confidence falls as the progressive inclination become stronger in Western countries, but increases under the same conditions in East Asian (EAP) and Transition countries (TC).[26]

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25 In this study, political inclination is not classified by objective criteria, but derives from individuals' subjective responses. Specifically, it is based on responses (10-point scale) to questions on whether individuals view themselves to be ideologically conservative or progressive. Therefore, the meaning may be slightly different for each country.

26 The same regression analysis was performed on the specific perceptions that make up the market confidence index, and the results were all the same. The results for the regression analysis using the level of agreement to whether "Competition is beneficial" and "Effort is more important than luck in success" as dependent variables are outlined in the sub-table.

Table 3-14 Regression Analysis of the Market Confidence by Regional Group

	EAP	WEOG	TC	LAC	MENA	SA	SSA
Constant	-0.369*** (0.050)	0.129*** (0.025)	-0.508*** (0.032)	-0.309*** (0.041)	0.640*** (0.047)	0.074 (0.078)	0.158*** (0.035)
Female	-0.015 (0.016)	-0.052*** (0.008)	-0.016* (0.009)	-0.042*** (0.014)	-0.029** (0.013)	-0.009 (0.014)	-0.014 (0.011)
Under 40	-0.045** (0.021)	-0.002 (0.010)	0.021** (0.011)	-0.014 (0.016)	-0.026* (0.014)	0.005* (0.003)	-0.071*** (0.014)
60 and above	0.065*** (0.023)	0.064*** (0.011)	0.016 (0.014)	0.036* (0.021)	0.037* (0.022)	-0.000* (0.000)	0.053** (0.026)
Single	-0.087*** (0.022)	-0.033*** (0.011)	0.020 (0.013)	-0.014 (0.016)	-0.028* (0.015)	0.014 (0.021)	0.024* (0.012)
Middle school graduate	0.001 (0.029)	0.026** (0.012)	0.030* (0.017)	0.047*** (0.018)	0.047*** (0.017)	-0.004 (0.018)	0.056*** (0.014)
High school graduate	0.009 (0.027)	0.027* (0.015)	0.035* (0.018)	0.101*** (0.021)	0.010 (0.018)	0.015 (0.023)	0.101*** (0.018)
College graduate and above	0.044 (0.028)	0.045*** (0.012)	0.089*** (0.017)	0.171*** (0.020)	0.075*** (0.017)	0.030 (0.021)	0.107*** (0.019)
Income level	0.009** (0.004)	0.020*** (0.002)	0.017*** (0.003)	-0.005 (0.003)	-0.004 (0.003)	-0.026*** (0.003)	-0.031*** (0.003)
Self-employed	0.092*** (0.027)	0.071*** (0.018)	0.028 (0.020)	0.019 (0.021)	0.004 (0.020)	-0.020 (0.019)	-0.034** (0.016)
Unemployed	0.038** (0.018)	0.016 (0.010)	0.007 (0.011)	0.006 (0.016)	0.021 (0.014)	-0.044*** (0.017)	-0.022* (0.013)
Progressive inclination	0.016*** (0.004)	-0.047*** (0.002)	0.005** (0.002)	-0.007*** (0.003)	-0.005* (0.003)	-0.008** (0.003)	0.018*** (0.002)
Trust in government	0.075*** (0.010)	0.048*** (0.006)	0.045*** (0.005)	0.034*** (0.007)	0.008 (0.006)	-0.033*** (0.008)	0.006 (0.006)
Social trust	0.050*** (0.016)	0.047*** (0.009)	0.054*** (0.011)	-0.036 (0.022)	-0.032** (0.015)	0.008 (0.016)	-0.035** (0.015)
No. of countries	4	15	17	9	12	7	9
Obs	4,428	15,788	16,647	8,927	9,692	8,779	13,005
R-squared	0.066	0.129	0.079	0.073	0.231	0.061	0.088

Note: 1) Figures in ( ) represent the standard deviation.
2) ***, **, * represent significance levels of 1%, 5%, 10%, respectively.

Finally, can the above discussions be confirmed at the national level? Table 3-15 and Table 3-16 show the results for the regression analysis on East Asian and major Western countries. Contrary to general expectations, market confidence (Mconf) and the preference for redistribution (RD1 &

RD2) have a significantly positive relationship in East Asia. A negative relationship was found only when the index for the macro definition of redistribution (RD2) was used for China. This means that the more confidence an individual in East Asia, including Korea, has in the market, the more they will prefer redistribution policies. However, such a relationship is not possible from the perspective that the government's role is limited to rectifying market failures, and therefore, the market and government are functionally in competition. Of course, this also goes against the general trend in Western countries.

Albeit certain deviations, the relationship between market confidence and the preference for redistribution in Western countries is in general negative overall—although there are some positive signs, they are not all statistically significant. This relationship is particularly prominent in the US and the least so in Germany.

Now, let us shed light on the puzzle that appears in the relationship between social norms through the prism of political inclination. Firstly, progressive inclination has a positive relationship with the preference for redistribution in both groups of countries, i.e. East and West. However, the opposite is true in the third regression analysis which uses market confidence as a dependent variable. A positive relationship can be found between progressive inclination and market confidence in Korea, Taiwan, and Hong Kong. There are no results for China as it did not participate in the survey on political inclination—making direct analysis impossible—and the results for Japan were statistically insignificant.

On the other hand, the relationship between progressive inclination and market confidence is significantly negative in Western countries. Indeed, this relationship was only statistically insignificant in Germany, and is most similar to Japan. Coincidentally, both countries are latecomers to capitalism and share the same historical experience of militarism. Due to these historical and sociocultural characteristics, it is inferred that German citizens may exhibit characteristics that are rooted in a strong tradition of nationalism—unlike other Western countries.

Table 3-15 Regression Analysis of the Preference for Redistribution and Market Confidence – East Asia (EAP)

	Korea			China			Japan			Taiwan			Hong Kong		
	RD1	**RD2**	**Mconf**	**RD1**	**RD2**	**Mconf**	**RD1**	**RD2**	**Mconf**	**RD1**	**RD2**	**Mconf**	**RD1**	**RD2**	**Mconf**
Constant	6.846***	7.476***	-0.466***	4.461***	7.564***	-0.041	5.313***	4.855***	-0.349***	7.187***	6.180***	-0.140	4.518***	6.199***	-0.289*
Female	0.188	0.048	-0.037	-0.139	-0.054	0.036	0.127	-0.175	-0.044	0.243	0.201	0.017	-0.109	-0.251	0.039
Young	0.324*	0.392**	-0.014	0.182	0.271*	0.032	0.142	-0.237	0.056	-0.191	-0.199	-0.179**	0.377*	0.443**	-0.019
Old	0.299	0.006	0.046	-0.033	0.015	0.083**	-0.252	0.034	0.044	-0.297	0.238	0.082	-0.007	0.683***	0.161***
Single	-0.260	-0.631***	-0.006	-0.118	-0.210	-0.044	-0.158	0.183	-0.071*	-0.156	-0.373*	-0.074*	0.240	-0.240	-0.118***
Educ2	0.316	-0.544*	-0.140*	-0.357**	-0.411**	-0.019	0.024	0.236	-0.064	-0.792**	-0.268	0.023	-0.104	0.120	0.135***
Educ3	0.349	-0.683**	-0.087	-0.167	-0.439**	-0.036	-0.038	0.225	-0.022	-1.072***	-0.324	0.118**	-0.167	-0.493*	0.034
Educ4	0.534*	-0.348	-0.079	-0.019	-0.746***	0.022	-0.194	0.300	0.061	-0.730**	0.228	0.061	-0.075	-0.316	0.149***
Income	-0.081**	-0.067*	0.021**	-0.046	-0.118***	-0.018**	-0.033	-0.048*	0.019***	-0.228***	-0.091*	0.010	-0.067	0.018	-0.025**
EA2	-0.339**	-0.457**	0.089**	0.286	-0.477	-0.013	0.075	-0.441*	0.043	-0.435	0.181	0.112*	0.111	0.053	0.231**
EA3	0.038	-0.013	-0.023	0.167	0.073	-0.041	-0.073	-0.101	0.061*	0.035	0.213	0.008	0.269	0.217	0.060
Progress	0.106***	0.160***	0.018**	-	-	-	0.074**	0.108***	-0.008	0.051	0.072*	0.025***	0.080	-0.088*	0.035***
PEQ	0.159***	0.039		0.430***	0.074***		0.372***	0.149***		0.142***	0.017		0.205***	-0.025	
Mconf	0.991***	0.406***		0.494***	-0.267**		0.416***	0.014		0.392**	0.435***		0.217	0.011	
Gconf	-0.326***	-0.179**	0.126***	-0.169*	0.079	0.056***	-0.218**	0.106	0.089***	-0.263**	0.157	0.048**	-0.331***	0.068	0.048**
Trust	-0.234*	0.209	0.103***	-0.269**	-0.397***	0.056**	0.075	0.363***	0.092***		0.137	-0.015	-0.227	0.210	0.031
Obs	1,178	1,177	1,183	1,701	1,592	1,706	1,209	1,148	1,219	1,056	1,046	1,064	962	960	962
Adj.R-sq	0.104	0.051	0.049	0.217	0.026	0.012	0.135	0.034	0.061	0.081	0.028	0.066	0.067	0.015	0.062

Note: 1) Figures in ( ) represent the standard deviation.
2) ***, **, * represent significance levels of 1%, 5%, 10%, respectively.

Table 3-16 Regression Analysis of the Preference for Redistribution and Market Confidence – Western Countries (WEOG)

	UK			France			Germany			Sweden			US		
	RD1	**RD2**	**Mconf**	**RD1**	**RD2**	**Mconf**	**RD1**	**RD2**	**Mconf**	**RD1**	**RD2**	**Mconf**	**RD1**	**RD2**	**Mconf**
Intercept	3.331***	4.341***	-0.366***	3.956***	3.905***	-0.391***	4.535***	6.035***	-0.370**	2.500***	4.337***	-0.036	2.413***	3.377***	0.269***
Female	-0.073	-0.005	-0.040	0.075	0.189	-0.050	-0.060	-0.076	-0.082***	0.149	0.601***	-0.033	-0.136	0.209*	-0.061***
Young	-0.073	-0.240	-0.031	-0.042	0.306	0.042	0.324**	-0.042	-0.019	0.486***	-0.389*	-0.007	0.428***	0.076	-0.131***
Old	-0.730***	-0.217	0.017	-0.504*	0.046	0.152**	-0.098	0.297*	0.051	0.070	0.145	-0.015	-0.115	-0.031	0.040
Single	0.110	-0.243	0.077	0.211	-0.015	0.097*	-0.315*	-0.405**	-0.022	-0.342**	-0.285	-0.020	0.172	0.277	-0.054
Educ2	-0.170	0.299	0.054	-0.167	0.042	0.010	-0.411***	-0.025	0.005	0.318	0.232	0.015	-0.677	-0.714*	0.166*
Educ3	-0.403	0.436	0.091	-0.530	-0.454	-0.005	-0.492**	-0.028	-0.103**	0.291	0.509	0.005	-1.417***	-1.118***	0.243***
Educ4	-0.141	0.651*	0.112	-0.028	-0.017	-0.008	-0.837***	-0.007	-0.052	0.267	0.053	-0.061	-1.440***	-1.267***	0.328***
Income	-0.107**	0.015	0.039***	-0.128***	-0.045	0.036***	-0.099**	-0.035	0.034***	0.000	-0.015	0.021**	-0.147***	-0.036	0.007
EA2	-0.610	0.135	0.032	-0.844**	-0.408	0.124	-0.484	-0.182	0.083	-0.359	0.179	0.031	-0.078	-0.329	0.080
EA3	0.023	0.158	0.007	0.120	0.192	0.052	-0.142	-0.205	-0.026	-0.120	-0.145	-0.020	0.210*	-0.072	-0.004
Progress	0.186***	0.062	-0.028**	0.118***	0.239***	-0.045***	0.099***	0.040	-0.006	0.338***	0.152***	-0.056***	0.305***	0.241***	-0.079***
PEQ	0.270***	0.079**		0.218***	0.069*		0.341***	0.173***		0.200***	0.132***		0.352***	0.143***	
Mconf	0.041	-0.440***		-0.544***	-0.143		0.042	-0.179		-0.334**	-0.687***		-0.534***	-0.922***	
Gconf	0.136	0.238**	0.049*	-0.267**	0.202*	0.075***	-0.107	-0.130	0.091***	-0.226**	0.002	0.115***	0.374***	0.460***	0.001
Trust	-0.333	0.350*	0.090*	0.086	-0.033	0.078	0.114	0.340***	0.020	0.084	0.416**	-0.007	-0.278**	-0.326***	0.080***
Obs	669	660	676	826	824	828	1,741	1,729	1,752	1,011	1,002	1,019	2,021	2,015	2,042
Adj.R-sq	0.132	0.024	0.049	0.148	0.041	0.074	0.140	0.038	0.049	0.307	0.102	0.154	0.317	0.193	0.129

Note: 1) Figures in ( ) represent the standard deviation.
2) ***, **, * represent significance levels of 1%, 5%, 10%, respectively.

In sum, the progressive inclination in East Asian countries serves to drive the demand for redistribution in the government sphere but, at the same time, it also takes a more positive view of the market functions in the market sphere. While this phenomenon may seem like an antimony, it stems from the fact that micro- and macro-level distributive justice are pursued separately. Also, it should be noted that this is not unique to Korea, and can be witnessed throughout East Asia.

This dualistic aspect of the normative system in East Asian and Transition countries is closely related to the complexity of the social meanings embedded in market norms. On the one hand, the market encourages competition and exacerbates inequality in its pursuit of efficiency, while on the other, it roots out outdated practices, such as preferential treatment, expediency, fraud, and bureaucratic collusion between politics and business. Therefore, in circumstances in which there are remnants of nationalist capitalism—built upon the government's preferential treatment—or in which resource allocation is transferred from planning or bureaucrats to the market during the transition period, two tasks may remain incomplete: (1) establishing fair competition norms though liberal market disciplines and; (2) strengthening the redistribution role of the government (those that had large roles in late capitalist or former socialist countries) to alleviate inequality which may be (perceived to be) the product of preferential treatment and expediency; not necessarily a product of the market. This is reflected in the cries for the reform of the *chaebol* governance structure and elimination of unfair trade practices from both the left (capital-labor perspective) and right (competition perspective) in Korea who have joined forces to condemn the *chaebol* groups.[27]

4. Sub-conclusion

Collectively, the results thus far tell us that although the preference

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27 This explanation incorporates the interpretations presented by an anonymous commenter. We thank you for your commentary.

for redistribution of Western countries can be understood from a 'luck egalitarianism'[28] perspective, it is not a common phenomenon in other parts of the world. At the very least, in East Asian countries including Korea, micro- and macro-level distributive justice each affect individuals' preference for redistribution separately. As aforementioned by the author, in Western countries, market and government functions are viewed to be in competition, and the preference for redistribution is formed on the opinion that the injustices in the market are redressed by redistribution policies. However, in other countries, the preference for redistribution is formed under a dual normative system that views market and government functions independently in accordance with the level of capitalism, as well as nationalistic traditions and historical experiences.

Let us look back to the general normative relationship (Figure 3-1) in Section 1. The notion that 'perception of fairness → perception of inequality → preference for redistribution' is established under the implicit assumption that individuals view the economic sphere (micro-level distributive justice) and political sphere (macro-level distributive justice) as a single domain. However, they are two separate domains, and an additional connecting link is required if they are to be integrated. Figure 3-6 illustrates this expanded normative relationship.

Micro-level distributive justice is grounded in the principles of differentiation, which is based on effort and ability, and is considered fair in the economic sphere (top-left image). Meanwhile, macro-level distributive justice is based upon the principles of egalitarianism—which argue that every member of society should be given equal opportunities, and that the vulnerable should be protected—and it is a set of norms that establishes the preference for redistribution (bottom-right image).

One issue is how these two modes of distributive justice are linked. The empty arrows represent the links between the two, and as it can be seen, there is a clear link for Western countries but not for East Asian countries. As such, despite the fact that Koreans perceive income gaps

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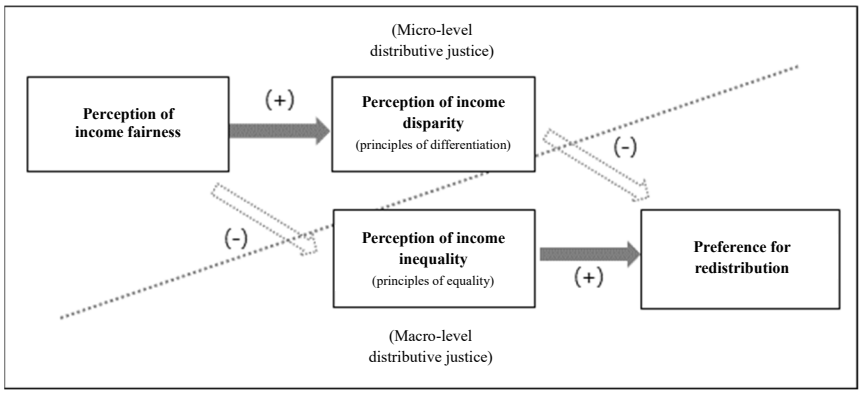
28 'Luck egalitarianism' is a distributive justice theory among egalitarians which states that redistribution is only justifiable when the individual cannot take responsibility. Ronald Dworkin, Richard Arneson, and Gerald Cohen advocate this theory based on John Rawls' theory of justice.

Figure 3-6 Structural Relationship between Social Norms and the Preference for Redistribution II



more positively as they believe the market is fair, there is also the belief that more income redistribution policies are needed to remedy the ever-growing issue of inequality.

However, at this point in time—or more specifically, at the time of the survey—this explanation does not distinguish between right and wrong; it merely offers insight into the preference for redistribution. This is because, the notion that the two domains are separate is only a theoretical assumption, and in most cases, the reality is much more complex. In particular, redistribution policies are impossible without the economic contributions from the members of society, and thus, redistribution is an issue that requires integration and coordination between the economic and political spheres.

In other words, it cannot be said that the fragmented perception structure, such as that found in Korea, is in a stable state because the redistribution of resources is fundamentally and inextricably tied to both economic and political spheres; making a clash inevitable. Let us take the minimum wage policy as an example. The minimum wage policy is a political and institutional tool for intervention that changes the rules of the market. Accordingly, it is neither possible nor desirable to only consider micro-level distributive justice or vice versa. Ultimately, in the former case, the persistence of inequality will be overlooked, while in the latter, there will likely be unexpected side effects due to a lack of

understanding on the principles set in motion by the activities of market participants. This is why comprehensive and rational assessments are needed through an adjustment of these two conflicting—but potentially complementary—norms.

Under the circumstances, it would be safe to say that Koreans' preference for redistribution is a transitional characteristic that can only be found in the development phase of capitalism. This is because, in time, as specific market and government experiences are acquired and the links slowly reveal themselves, there will be a realization that in order to expand redistribution (realization of macro-level distributive justice), a certain level of state intervention (sacrifice of or damage to micro-level distributive justice) will inevitably be required in market outcomes to secure the necessary resources. Thus, the tension and conflict between the two norms will likely gradually increase.

Insomuch as there is a lack of a universal principle for redistribution that is shared within society means that there is more room for social conflict. The reason for this is that, although individuals make their final decisions based on the norms they prioritize, the possibility that these preferences will divide groups and lead to conflict cannot be ruled out. As such, special efforts will be needed to provide ample information and to coordinate opinions to aid in the better understanding of the overall context of redistribution policy.

CHAPTER 4

Changes in Korea's Preference for Redistribution and Analysis of the Causes

1. Raising the Question

In Chapter 3, we conducted an international comparison of the characteristics of Korea's preference for redistribution. Particular focus was placed on the structural relationship between social norms to examine whether differences exist with current theories and Western cases, and how these characteristics can be explained. Accordingly, this chapter will delve deeper into the various aspects of Koreans' preferences for redistribution and the changes within them.

It has already been established in previous sections that Korea's preference for redistribution is unusually strong compared to Western countries—a characteristic that is rooted in sociocultural traditions in which income redistribution is deemed to be a government duty, and is evident throughout East Asia. It has also been suggested, however, that this strong preference may be a transitional characteristic that manifests itself as capitalism evolves. This is because micro- and macro-level distributive justice cannot be independent of each other, and as such, a compromise is needed between these conflicting norms at some point in time. For example, financial burdens serve as a link in redistribution as they bridge conjectural expectations with real-world problems when redistribution policies are implemented; possibly presenting the opportunity for integrative thinking.

This author believes that the issue of redistribution first emerged as a

point of contention in Korean society with the debates over free school lunches in 2010-2011 and half-price tuition in 2011-2012. These brought to the surface a mass of differing opinions on redistribution policies, intensifying disputes and triggering political division and controversy. Therefore, it is likely that this period brought about significant changes to the preference for redistribution.

However, the most recent data for Korea in the WVS wave 1-6 integrated data[29] is that for 2010, and it is highly likely that recent social changes have not been reflected.

The analysis in this chapter, which targets Korea, additionally uses wave 7 data for Korea[30] to reflect the recent social changes. By incorporating both sets of data, we are able to gain an understanding of the latest as well as the long-term changes. The newest wave was undertaken by the Korean Social Science Data Center (KSDC) in December 18, 2017-January 17, 2018, with 1,245 participants (men and women) aged 18 and above. Albeit minor changes to certain questions, the main variables are gauged using the same questions from wave 2 onwards to ensure consistency. This dataset has been titled 'WVS wave 2-7 Korea,' and is used in the analysis.

Accordingly, Section 2 examines how Korea's preference for redistribution has changed throughout the years, especially from 2010, while Section 3 analyzes the main factors behind the changes. Finally, Section 4 presents the analysis results and implications.

2. Changes in Korea's Preference for Redistribution

A. Changes in the Distribution of the Preference for Redistribution

As Hwang (2015) points out, when we look at the awareness level of society, attention must be given to its distribution as well as to the 'mean' or 'median' value. For example, if the distribution of a society's

29 Refers to the integrated WVS for 1981-2014.

30 Wave 7 (2017-2019) is currently underway, with data collection to be completed by January 2020. The report will be presented to the public in mid-2020. Korea's seventh wave has been completed.

preference for redistribution is bimodal, not unimodal, the mean or median value will lose its utility as a rational social standard because social decisions that are made based on such standards will likely be met with considerable opposition. In this regard, the following aims to focus on the distribution of observed values to examine Korea's preference for redistribution. To that end, the kernel density estimation (KDE) method[31] is used.

Figure 4-1 shows the estimated kernel density distribution of Koreans' preference for redistribution. The preference for redistribution was estimated using the two aforementioned variables: the government's responsibility for welfare (panel A) and importance of income redistribution policies (panel B).[32] As expected, Korea's preference for redistribution has undergone drastic changes since 2010. Indeed, after remaining relatively strong in waves 3 through to 6 (1996-2010) and showing no particular oddities, the preference for redistribution in Korea not only dropped overall in wave 7 (2017), but a highly polarized structure emerged as estimated through the government's responsibility for welfare.

Table 4-1 Koreans' Preference for Redistribution - Basic Statistics

		Wave 2 (1990)	Wave 3 (1996)	Wave 4 (2001)	Wave 5 (2005)	Wave 6 (2010)	Wave 7 (2017)
Government's responsibility for welfare	Average	4.23	7.79	7.86	7.47	7.45	5.72
	Std. Dev.	(2.87)	(2.34)	(2.27)	(2.39)	(2.24)	(1.91)
	N	1,231	1,244	1,199	1,200	1,192	1,245
Importance of income redistribution policies	Average				7.49	7.44	6.80
	Std. Dev.	-	-	-	(2.46)	(2.27)	(1.54)
	N				1,200	1,192	1,245

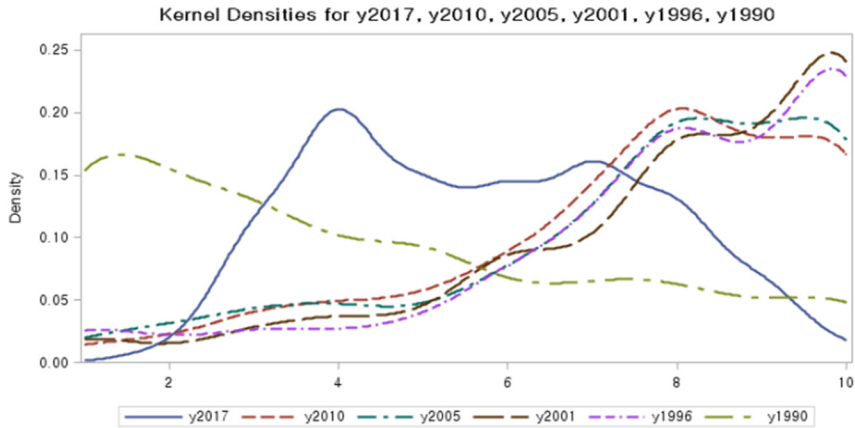
Note: Each index was measured on a 10-point scale, and the average is a weighted average.
Source: Korean data from the World Values Survey wave 2-7.

31 The kernel density estimation is a statistical tool that estimates the smooth probability density function in a non-parametric way by selecting an appropriate bandwidth from the given data and applying the known density function. In this chapter, the simple normal reference method was used to select the appropriate bandwidth.

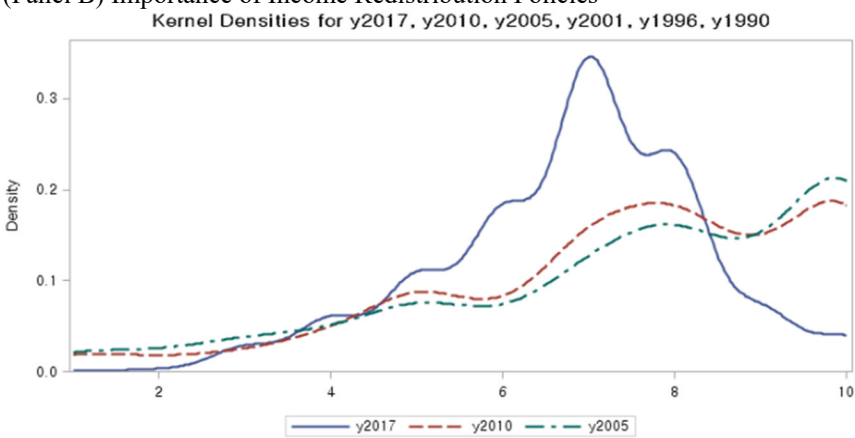
32 Refer to Chapter 3 for the indicators for the preference for redistribution.

Figure 4-1 Changes in Koreans' Preference for Redistribution

(Panel A) Government's Responsibility for Welfare



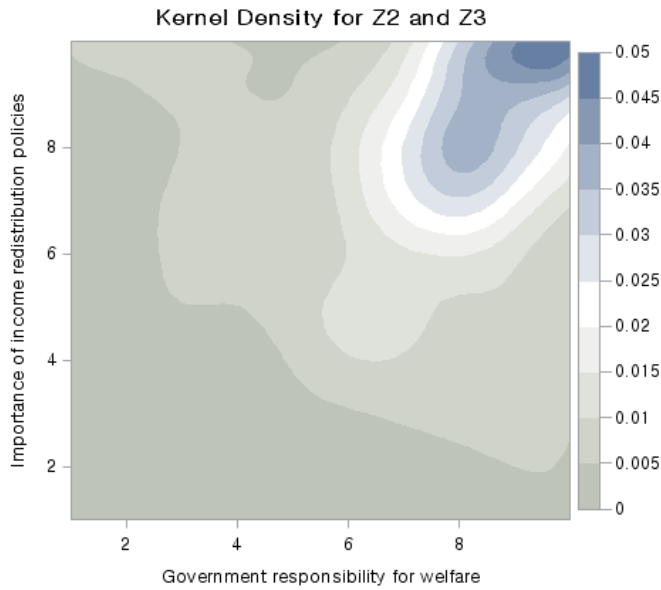
(Panel B) Importance of Income Redistribution Policies



Source: Korean data from the World Values Survey wave 2-7.

The three-dimensional graphs illustrate the changes much more vividly. Figure 4-2~Figure 4-4 are contour plots and surface graphs showing Korea's preference for redistribution in 2005, 2010, and 2017. The X-axis and Y-axis represent the government's responsibility for welfare and importance of income redistribution policies, respectively, which are the two indicators of the preference for redistribution.

Figure 4-2 Distribution of Koreans' Preference for Redistribution: 2005 (contour/surface)



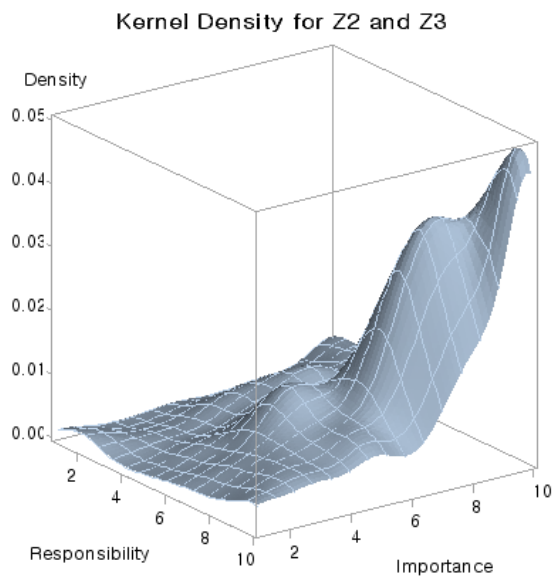
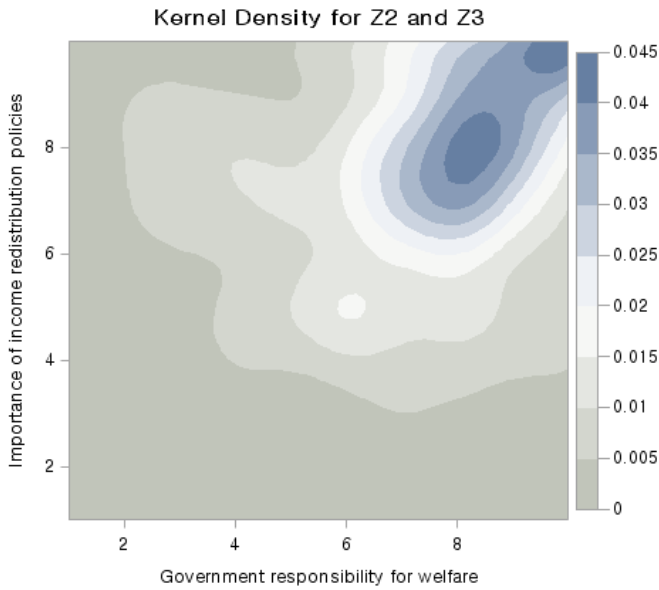


Figure 4-3 Distribution of Koreans' Preference for Redistribution: 2010 (contour/surface)



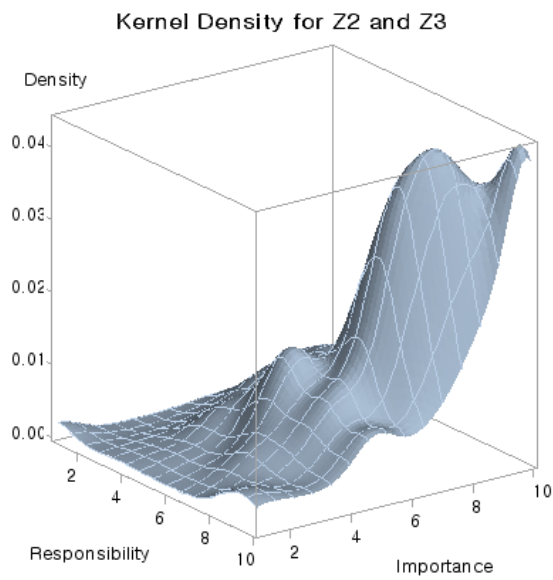
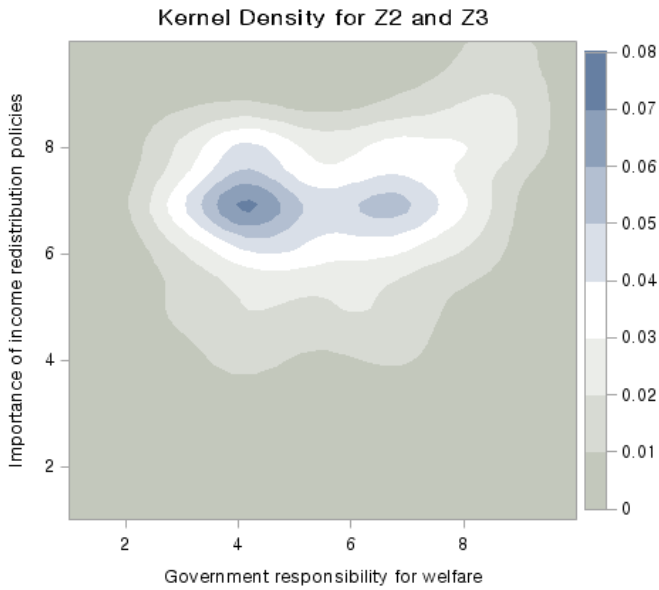
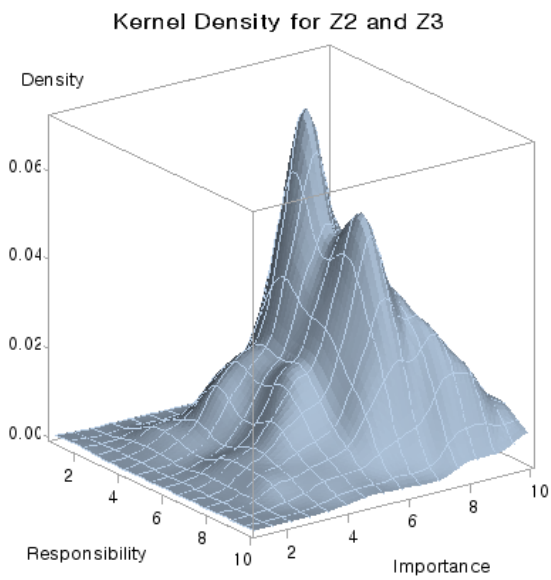


Figure 4-4 Distribution of Koreans' Preference for Redistribution: 2017 (contour/surface)





As it can be seen from the graphs, in 2005, both indicators mark extremely high levels at almost 10 points, showing that people with strong preference levels are in the highest frequency, and the frequency drops as the preference level declines. Meanwhile, in 2010, a slight separation can be seen at the peak with scores of almost 10 and 8 points, which visibly separates by 2017. When we examine the preference for redistribution levels at both peaks, we are able to see that while the preference for redistribution measured by the importance of income redistribution policies—which is relatively more abstract—falls by a small margin and remains at the 7-point range, that measured by the government's responsibility for welfare drops significantly to the 4- to 7-point range and splits into two. This implies that individuals may have established more realistic preferences by reflecting their personal positions during the debates surrounding redistribution policies in 2010-2017.

B. Political Inclination and Preference for Redistribution

Preference for redistribution is closely connected to political and philosophical belief systems that determine the desirable state of distribution. As progressives are generally more inclined to stand on the side of egalitarianism than conservatives (because their acceptance level of inequality is lower as per the concepts of the theoretical framework in Chapter 2), they are more accepting of redistribution. And, having witnessed the fervid debates over redistribution in Korea since 2010, it is reasonable to assume that a political divide could beget change in the preference for redistribution.

Table 4-2 presents the basic statistics, including the yearly average for Koreans' political inclination and trust in government, as well as the coefficient of variation (CV) which shows the characteristics of distribution. Here, political inclination was measured by where respondents put themselves on a scale of 1 (conservative) to 10 (progressive)—no other objective criteria were included. Trust in government was gauged on a 4-point scale, with 1 point for "no trust" and 4 points for "complete trust."

Koreans' average political inclination was the most progressive in 1996 during the Kim Young-sam administration, which is a reflection of the outcry for democracy with a new civilian government at the helm. In

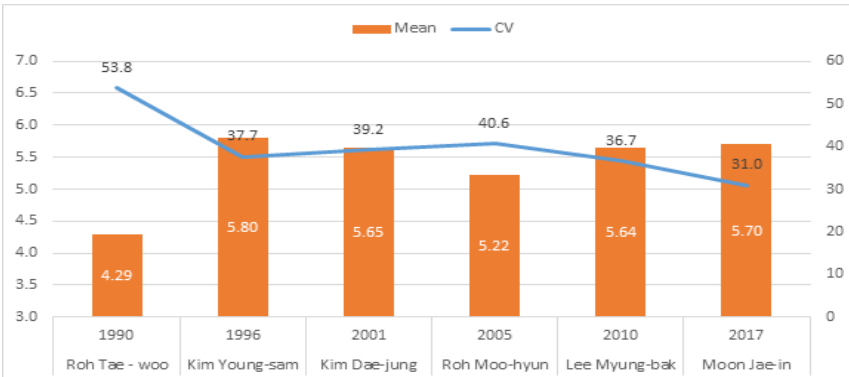
Table 4-2 Koreans' Political Inclination and Trust in Government - Basic Statistics

		1990	1996	2001	2005	2010	2017
Political inclination (conservative=1, progressive=10)	Average	4.29	5.80	5.65	5.22	5.64	5.70
	Std. Dev.	(2.31)	(2.18)	(2.22)	(2.12)	(2.07)	(1.77)
	CV	53.8	37.7	39.2	40.6	36.7	31.0
	N	1,211	1,235	1,200	1,198	1,197	1,245
Trust in central government	Average	-	2.41	2.19	2.38	2.44	2.47
	Std. Dev.		(0.71)	(0.73)	(0.71)	(0.77)	(0.70)
	CV		29.4	33.2	29.7	31.6	28.2
	N		1,244	1,144	1,195	1,197	1,245
Administration at time of survey		Roh Tae-woo	Kim Young-sam	Kim Dae-jung	Roh Moo-hyun	Lee Myung-bak	Moon Jae-in

Note: Political orientation was measured on a 10-point scale and trust in government on a 4-point scale. The averages are weighted averages.

Source: Korean data from the World Values Survey wave 2-7.

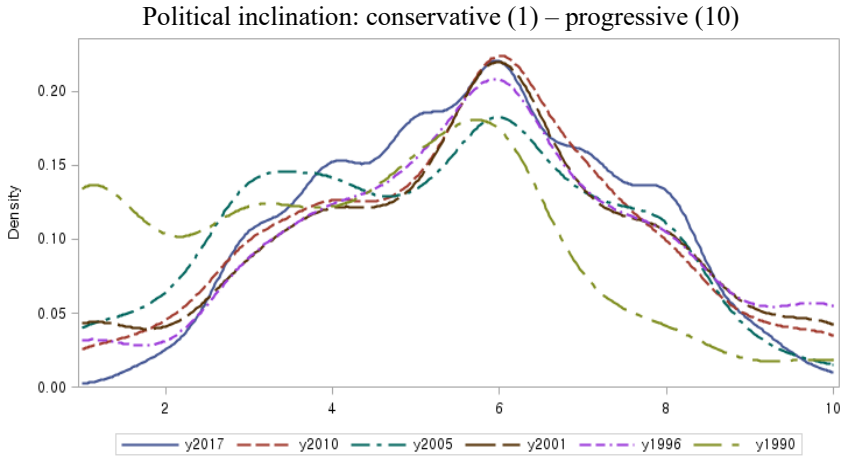
Figure 4-5 Changes in Koreans' Political Inclination (1990-2017)



contrast, conservative tendencies began to emerge after the civilian government stepped down, and political inclination marked the lowest point during the Roh Moo-hyun administration in 2005. Thereafter, a gradual and increasing return to the progressive side can be seen.

Meanwhile trust in government was at its lowest in 2001, not because of any assessment of the government at that time, but possibly due to the

Figure 4-6 Changes in the Distribution of Political Inclination (1990 - 2017)



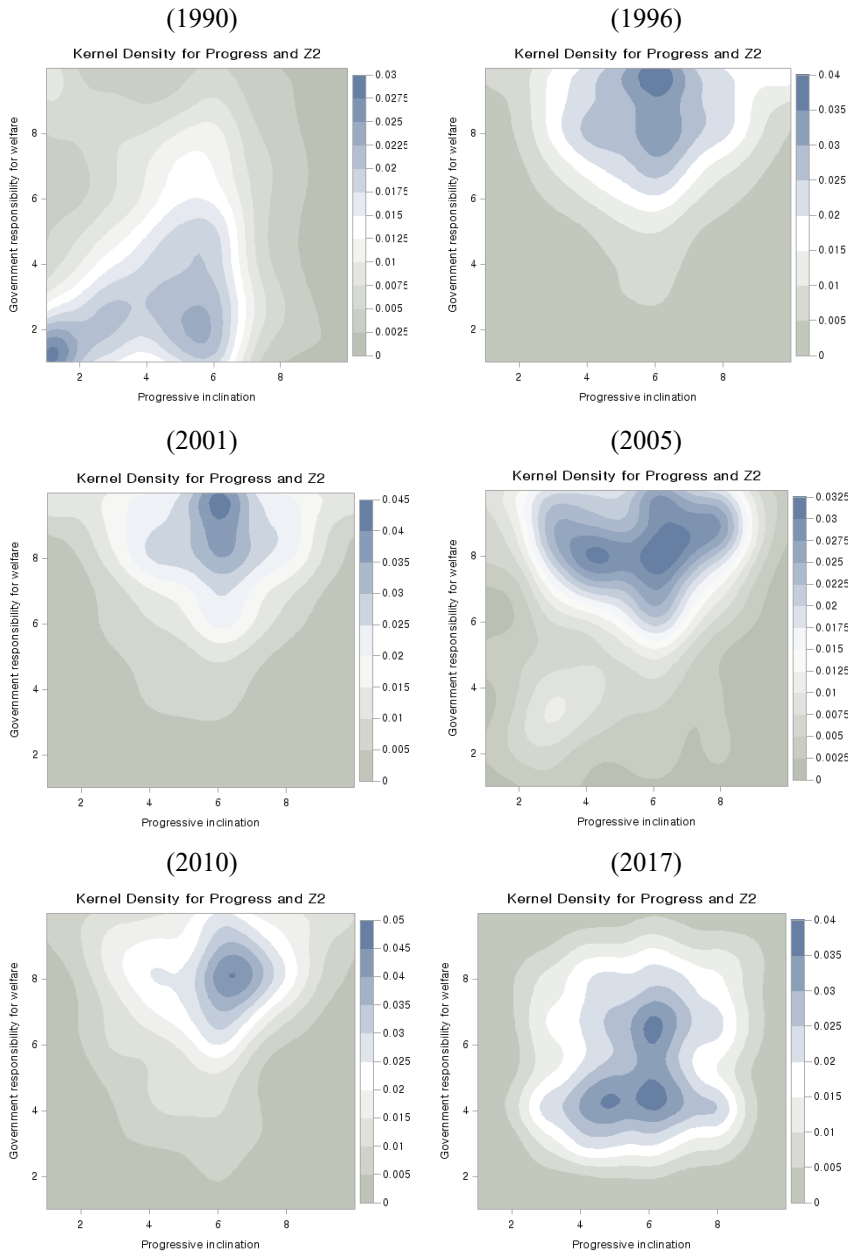
lost faith in government functions following the Korean financial crisis (also known as the IMF crisis). Like political inclination, trust levels have also been on an uptrend since.

Figure 4-6 shows the changes in the distribution of Korea's preference for redistribution in 1990-2017 as a kernel density distribution. As it can be seen, there is no clear polarization in terms of political inclination in the preference for 2010-2017. Rather, the gap between opinions appears to be closing and the frequency is concentrated at the 3- to 8-point range. From the increased concentration of distribution, we can see that the coefficient of variation has decreased from 36.7 in 2010 to 31.0 in 2017.

[Figure 4-7] is a X-Y graph for political inclination and preference for redistribution during the same period expressed as a contour density function.

A survey conducted in 1990 found that a relatively small number of respondents viewed themselves as progressive, with the majority claiming to be either a conservative or moderate. The preference for redistribution marked a low 1-3 points. Taking into account that the survey was done during Roh Tae-woo's presidency and that the concept of 'welfare' had not sufficiently taken root, it can be assumed that the prevailing stance was 'traditional,' which underscored the importance of personal responsibility.

Figure 4-7 Distribution in Political Inclination and Preference for Redistribution



Note: Preference for redistribution was measured through the people's level of agreement to the notion that the government should be responsible for welfare.

However, from 1996, there are obvious changes in people's political inclination and preference for redistribution. Indeed, the moderates increased in number, and the preference for redistribution took a sharp upward turn. This implies that, as a democratic political order took root, Koreans were swayed by the increasing demand for an expansion of the welfare system.

Although the spectrum for political inclination widened to the 2- to 8-point range in wave 4 (2005) during the Roh Moo-hyun administration, the preference for redistribution remained at around 8 points. The spectrum narrowed again during the Lee Myung-bak administration in 2010 to levels seen during the Kim Dae-jung era, although the preference for redistribution remained unchanged.

Wave 7 was conducted during the first year of the Moon Jae-in administration in 2017, during which time the impeachment of President Park had raised the people's political awareness to unprecedented levels. Accordingly, the spectrum of political inclination for this time marks a similar level to that seen during the Roh Moo-hyun administration. Meanwhile, the preference for redistribution changes drastically, with a share concentrated at the 7-point range while others group around the 4-point range. However, this bimodal response does not appear to be the direct result of changing political inclinations. Opinions over redistribution are divided within the same moderate group at around 6 points, and there are even similar preferences for redistribution in groups with differing political inclinations (4-6 points).

What is interesting is that, although a correlation can be observed between political inclination and government characteristics, the ideology spectrum does not move in line with political inclination, but rather, it widens at the middle. In fact, it is particularly wide during the terms of the most progressive administrations (i.e. the Roh Moo-hyun and Moon Jae-in administrations), possibly resulting from the intensifying synchronic phenomenon as the public becomes influenced by the conflict over numerous issues.

C. Generational Differences in the Preference for Redistribution

Another matter that is gaining attention in regard to the preference for redistribution is generational conflict, and in Korea, this has become a key social issue. Perceptions are molded by environments and experiences, and they do not easily change. Indeed, after years of rapid economic growth and democratization, and varying political and economic experiences, multiple generations with vastly different views coexist in Korean society, and communication between the young and old has inevitably broken down.

Illustrating the distribution of political inclination by birth cohort in 2017, [Figure 4-8] clearly shows the generational divide. As it can be seen, the older the generation, the more conservative the population tends to be, and vice versa.

This can be also true for the preference for redistribution. Generational gaps arise in the preference for redistribution as people become older and their status within the family structure or their economic activities changes, making them more conservatively inclined (age effect). At the same time, permanent differences in the perception of market/government functions or of inequality—due to different historical backgrounds and experiences—can also engender a rift in the preference for redistribution between generations (cohort effect).

Figure 4-8 Distribution of Political Inclination by Birth Cohort – 2017

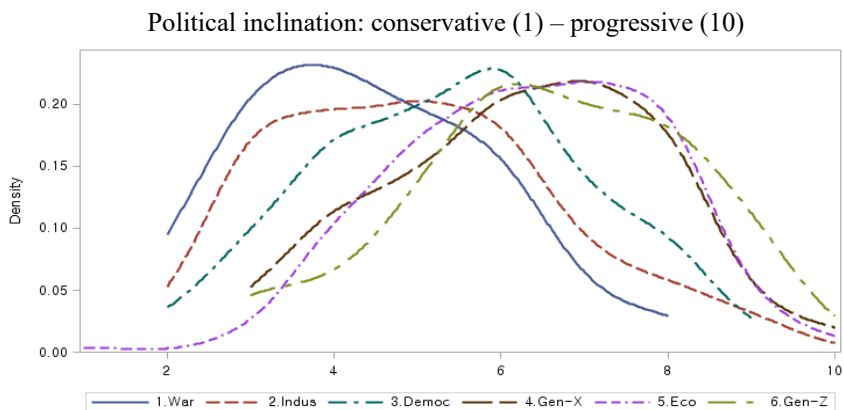


Table 4-3 presents the basic statistics for the preference for redistribution by birth cohort and survey year. As the generations were divided into 10-year intervals, and surveys were conducted approximately every five

Table 4-3 Preference for Redistribution by Generation - Basic Statistics

		1990	1996	2001	2005	2010	2017
Generation of war (before 1950)	Average	3.83	7.55	7.46	7.32	7.34	5.87
	Std. Dev.	(2.88)	(2.46)	(2.57)	(2.80)	(2.48)	(1.92)
	N	438	368	239	249	218	80
	Age group	40+	46+	51+	55+	60+	67+
Generation of industrialization (1951-1960)	Average	4.21	7.51	7.93	7.13	7.10	5.53
	Std. Dev.	(2.84)	(2.50)	(2.22)	(2.56)	(2.47)	(2.05)
	N	350	276	301	219	192	280
	Age group	30-39	36-45	41-50	45-54	50-59	57-66
Generation of democratization (1961-1970)	Average	4.63	8.04	7.98	7.65	7.27	5.70
	Std. Dev.	(2.84)	(2.22)	(2.22)	(2.40)	(2.25)	(1.90)
	N	408	363	310	267	268	273
	Age group	20-29	26-35	31-40	35-44	40-49	47-56
Generation X (1971-1980)	Average	4.66	8.12	8.02	7.55	7.63	5.55
	Std. Dev.	(2.93)	(2.03)	(2.09)	(2.01)	(2.01)	(1.93)
	N	35	235	313	297	266	242
	Age group	18-19	18-25	21-30	25-34	30-39	37-46
Eco-generation (1981-1990)	Average			7.58	7.83	7.79	6.04
	Std. Dev.	-	-	(2.26)	(1.98)	(1.96)	(1.87)
	N			36	168	230	193
	Age group			18-20	18-24	20-29	27-36
Generation Z (1991 and onwards)	Average					8.27	5.93
	Std. Dev.	-	-	-	-	(2.43)	(1.70)
	N					18	177
	Age group					18~19	18~26

Note: Preference for redistribution was measured based on the government's responsibility for welfare and the averages are weighted averages.

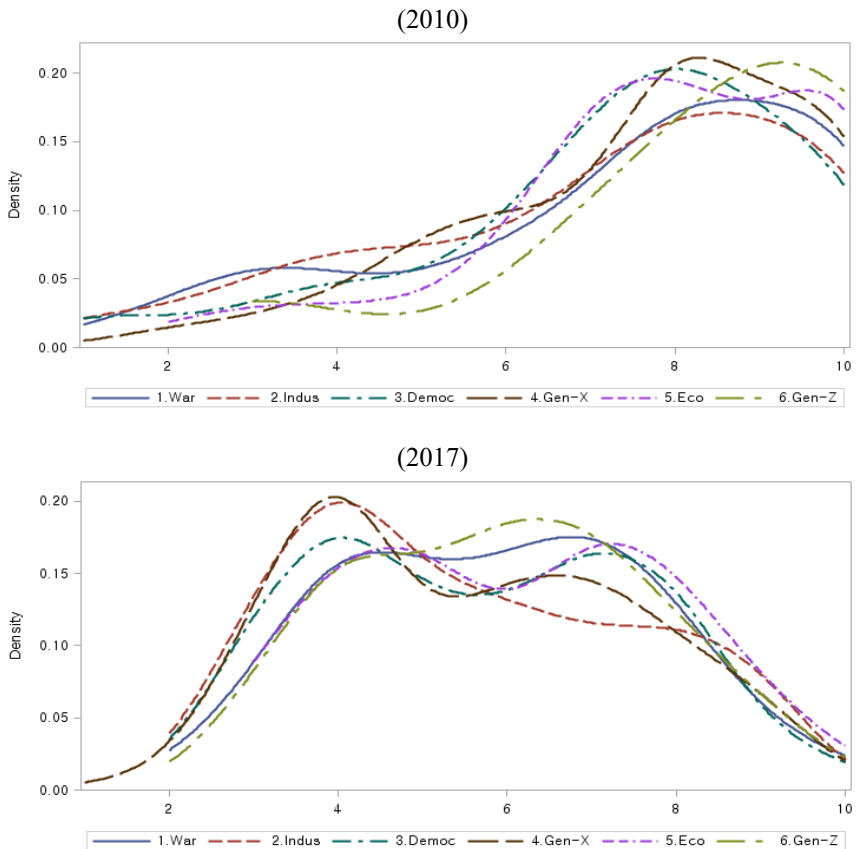
Source: Korean data from the World Values Survey wave 2-7.

years, the level of preference for redistribution within the same age group at any given point in time can be observed by diagonally connecting every other cell.

Based on the average level, preference for redistribution weakened drastically across all generations between 2010 and 2017.

Figure 4-9 illustrates the preference for redistribution by birth cohort at each point in time from 2010 to 2017. While the overall preference for redistribution is quite strong across the generations in 2010, opinions

Figure 4-9 Distribution in the Preference for Redistribution by Generation - 2010 and 2017



Note: Preference for redistribution was measured through the people's level of agreement to the notion that the government should be responsible for welfare.

Source: Korean data from the World Values Survey wave 2-7.

become divided in 2017 between relatively negative perceptions (4-point range) and positive perceptions (7-point range). There is only a slight difference in the degree of division within generations, which implies that the bimodal phenomenon in the preference for redistribution is not restricted to one particular generation, but is a universal phenomenon that can observed across the board.[33] Specifically, this shows that the political landscape, social demand, and depth of discussions about redistribution policies at each point in time are all major factors that have a direct impact on the preference for redistribution.

Figure 4-8 above confirmed that a clear generational gap existed in 2017 in terms of political inclination.[34] However, when this is compared to Figure 4-9, which shows the preference for redistribution by generation, it seems that the recent bimodal distribution in the preference for redistribution is little related to the changes in the political inclinations of the different generations.

D. Perception of Market Functions

Lastly, let us examine the changes in the preference for redistribution in relation to the confidence in market functions. The previous chapter revealed that, while the preference for redistribution generally has a negative (-) relationship with the level of individuals' confidence in market functions, Korea's is positive (+) because, unlike Western countries, market confidence and preference for redistribution are determined by dual norms.

Table 4-4 presents a summary of the basic statistics for the four indicators showing Koreans' perception of market functions. Three of the four are indicators that measure how positively respondents view market functions. On the contrary, the last indicator is aimed at discovering respondents' negative perceptions about market functions by questioning whether they view income disparity as a difference (i.e. incentive) or an

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33 The change in the distribution of the preference for redistribution by birth cohort is included in the appendix.

34 The annual distribution in the political inclination of each generation can be found in the appendix.

Table 4-4 Koreans' Perception of Market Functions - Basic Statistics

		1990	1996	2001	2005	2010	2017
Competition is beneficial	Average	8.14	6.98	6.90	6.99	7.12	6.25
	Std. Dev.	(2.25)	(2.28)	(2.24)	(2.14)	(2.06)	(1.67)
	N	1,236	1,240	1,199	1,200	1,197	1,245
Effort is important in success	Average	7.77	7.01		6.94	6.65	5.46
	Std. Dev.	(2.56)	(2.70)	-	(2.48)	(2.60)	(1.87)
	N	1,230	1,246		1,200	1,197	1,245
Healthy expansion of wealth	Average	6.24	6.66		6.00	6.04	
	Std. Dev.	(3.10)	(2.47)	-	(2.03)	(2.18)	-
	N	1,234	1,241		1,200	1,192	
Perception of income inequality	Average	5.85	4.33	4.45	4.53	4.55	4.33
	Std. Dev.	(3.11)	(2.83)	(2.75)	(2.52)	(2.47)	(1.64)
	N	1,236	1,246	1,198	1,199	1,197	1,245

Note: Each indicator was measured on a 10-point scale and the averages are weighted averages.
Source: Korean data from the World Values Survey wave 2-7.

inequality on a 10-point scale—from "We need larger income differences as incentives for individual effort"[1] to "Income should be made more equal"[10].

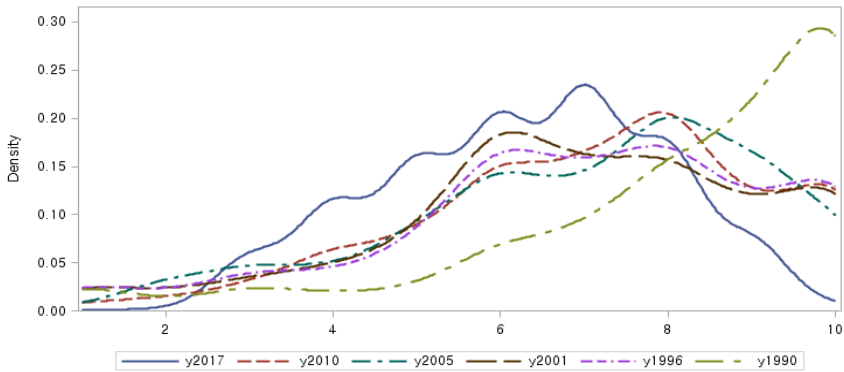
Figure 4-10 shows the changes in Korea's perception of market functions through the distribution of three indicators. Additionally, Figure 4-11 illustrates the changes in opinions about the market through a contour density function using two perceptions—perception of competition and the factors for economic success.

These figures show that, based on the two indicators measuring positive perceptions about the market (panel A and B), confidence dropped sharply in 2010-2017. Indeed, extremely positive views—competition is very beneficial, success is determined not by luck or personal background but by effort, etc.—have all but vanished as perceptions have mostly moved towards the middle or even further, towards the negative.

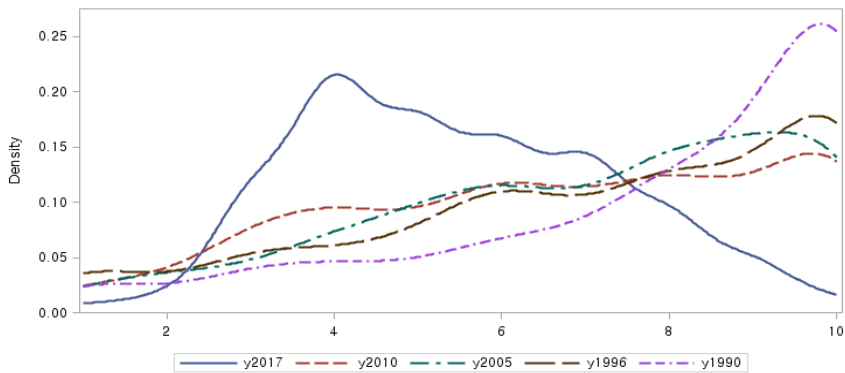
In particular, the second indicator, which asks about economic success factors, shows a clear shift to the negative (panel B). Until 2010, the

Figure 4-10 Changes in the Perception of Market Functions (1990-2017)

A. Competition is beneficial



B. Effort is the factor of success



C. Perception of income inequality

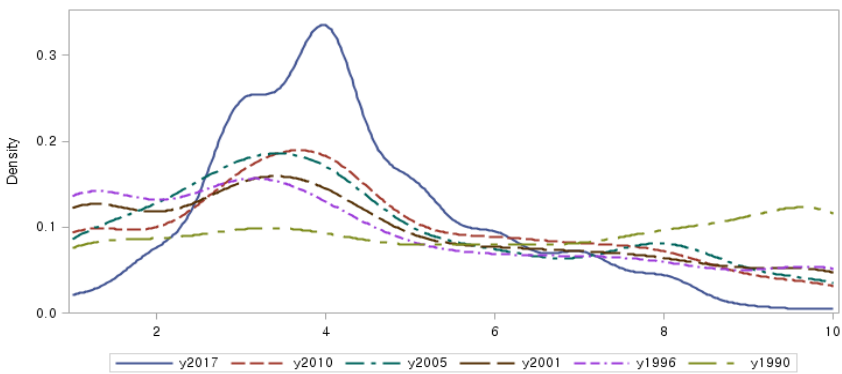
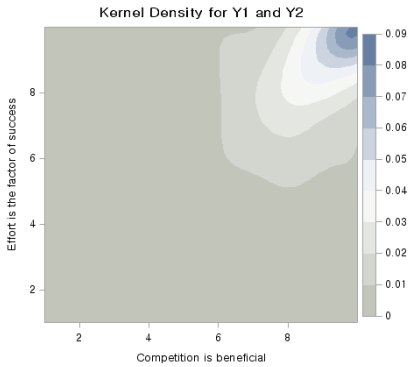
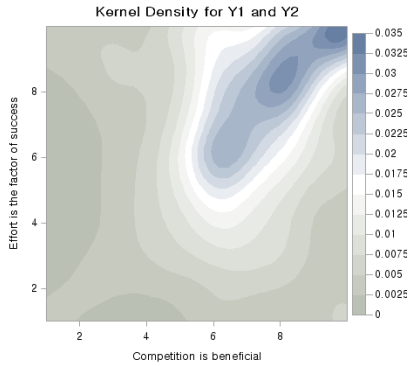


Figure 4-11 Changes in the Distribution of the Perception of Market Functions (1990–2017)

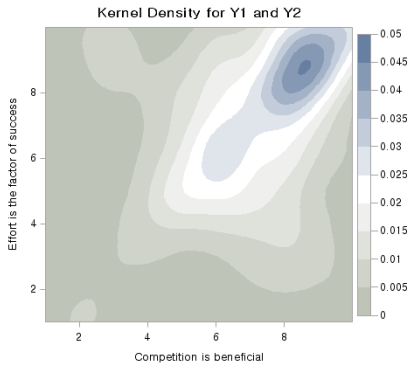
(1990)



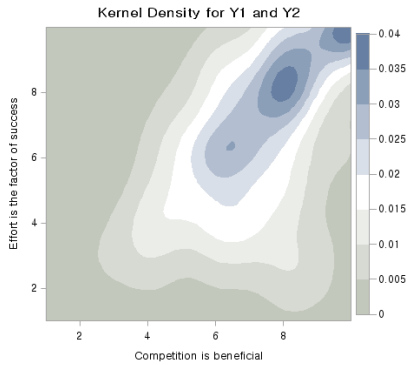
(1996)



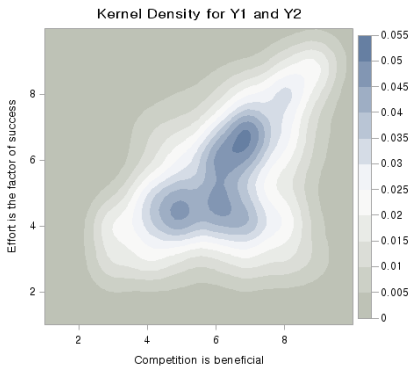
(2005)



(2010)



(2017)



majority of Koreans were in agreement that effort was the key to success, not luck or background. However, by 2017, there was a major turnaround with 54% of respondents having negative opinions and giving scores of five or below. This pessimism derives from the belief that the market does not function fairly as the poor become poorer and the rich become richer, and as concerns grow over inherited wealth in Korean society. Accordingly, this sharp turn is expected to have had a significant impact on the preference for redistribution.

In terms of income inequality, opinions have tipped from the view that income should be fairer towards the view that income should be differentiated based on effort. In fact, the share of respondents who believe in the former (6-plus points) fell from 33% in 2010 to 21% in 2017.

Given that the notions that luck and background are more important to success and that a reasonable income gap is needed to reflect effort appear simultaneously, it seems likely that Koreans may assess that the market is unfair because they feel that they are being disproportionally compensated for their efforts.[35]

The analysis above reveals that social perceptions of market fairness and income inequality in Korea have undergone drastic changes in 2010-2017, which may have significantly reshaped the landscape for the preference for redistribution.

3. Analysis of Factors that Affect Preference for Redistribution

We have, thus far, reviewed the changes in Koreans' preference for redistribution, and how it has been affected by the recent developments in political inclination, generational effects, and social perceptions. In this section, we will analyze the factors that affect the preference for redistribution and the source of the changes using a more analytical econometric model that takes into account various different elements.

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35 According to a recent survey (2017), perception of income inequality differs very little among generations. The distribution of the perception of income inequality between generations for each year is included in the appendix.

A. Analysis of the Generational Effect

A key element to the preference for redistribution in Korea is the generational effect. Despite its short history of capitalism, Korea's remarkable growth has engendered rapid social progress. Indeed, those born in the 1930-1940s who bore witness to the ravages of the Korean War; those born after the war who led the charge to industrialize and modernize Korea and; those born in a democratic land have all experienced different economic and political landscapes that are unrecognizable to each other. Moreover, each generation has formed a distinct value system that reflects its own culture—serving to drive apart perceptions more than any other country.

With such differing values and social norms, it is inevitable that the preference for redistribution will also vary. However, while some generational gaps stem from the age effect, others are a result of the cohort (or generational) effect. Beliefs and values can differ between generations due to vastly contrasting experiences, and they can also change as individuals encounter different experiences throughout their lifetimes. We call the former the cohort effect and the latter the age effect, but a differentiation cannot be made in cross-sectional data because the same generation belongs to the same age group.

Differentiating between the two effects is still challenging even if repetitive time series data is used. Moreover, in this case, a unique effect should be introduced at each point in time. For example, let us take a look at the changes in the preference for redistribution across generations (cohorts) as reviewed in Section 2. The total change in the preference for redistribution between generations incorporates the changes in opinion as people age and amass more experiences (**age effect**), as well as the effects from environmental factors during certain periods, e.g. the socioeconomic conditions and government characteristics at the time of the survey (**period effect**). Only when these two effects can be excluded can we specify the changes that have arisen because they belong to a particular generation (**cohort effect**).

Typically, a linear relationship exists between cohort (C), age (A), and period (P) as represented by $C + P = A$, and therefore, they cannot be distinguished by a general linear model. Accordingly, an estimation

method is needed that can separate the three effects by imposing an additional constraint that can change the linearity between coefficients. This is called the Age-Period-Cohort (APC) analysis model.

Because the WVS is a repeated cross-section sample survey conducted at multiple periods over a long period of time, we can distinguish these effects somewhat by adding some restrictions (Yang and Land, 2008). Here, the cross-classified fixed effect model (CCFEM)—the most typical APC model—can be used. The specific equation is:

$$Y_{ijt} = \gamma_0 + \beta_1 Age_{ijt} + \beta_2 {Age_{ijt}}^2 + \sum_{k=3}^{K} \beta_k X_{ijt} + \gamma_{1j} \sum_{j=2}^{J} Cohort_j + \gamma_{2k} \sum_{t=2}^{T} Period_t + \varepsilon_{ijt}, \qquad \varepsilon_{ijt} \sim N(0, \sigma^2) \tag{4-1}$$

where X_{ijt} is the vector for personal characteristics other than age and generation, such as gender, academic background, income level, and political inclination. The subscripts i, j, and t each represent the individual, cohort, and period. As such, the age effect is estimated through a quadratic function, the cohort effect through coefficients of $(J-1)$ number of dummy variables, and the period effect through coefficients of $(T-1)$ number of dummy variables.

Table 4-5 shows the basic statistics for the major variables used in the analysis. In addition, Table 4-6 and Table 4-7 present the various results for the estimated equation model (4-1) which uses preference for redistribution as a dependent variable. Here, preference for redistribution is measured by perceptions of the government's responsibility for welfare.

Model 1 only considers the age effect, and not the cohort effect while model 2 incorporates the cohort effect instead of the age effect, and model 3 takes both into account. Dummy variables for the survey year and variables for personal characteristics (gender, marital status, academic background, etc.) have been added as explanatory variables.

The estimation results of the basic model clearly show that, as in model 2, the cohort effect can be misinterpreted if the cohort variables are only included without considering the age effect because the estimates include the age effect. In addition, as model 3 shows, even if the age effect is taken into consideration, the cohort effect of a given generation still exists.

Firstly, age has a very statistically significant negative relationship

with the preference for redistribution. Taking the marginal effect into account, $-0.073+2\times0.0006\times Age$ which means that the preference for redistribution decreases with age until the early 60s when it reverses to an increase. Accordingly, we can deduce that the preference for redistribution has a tendency to gradually wane as individuals age whilst engaged in economic activity. But once they retire from the labor market, opinions start tipping towards the notion that the government should take more responsibility for how people make a living.

Table 4-5 Basic Statistics for Major Variables

Variable	Description of variable	N	Average	Std. Dev.	Min. value	Max. value
age	Age	7,342	41.189	14.179	17	91
CG1	Generation of war	7,345	0.223	0.416	0	1
CG2	Generation of industrialization	7,345	0.227	0.419	0	1
CG3	Generation of democratization	7,345	0.259	0.438	0	1
CG4	Generation X	7,345	0.184	0.388	0	1
CG5	Eco-generation	7,345	0.082	0.275	0	1
CG6	Generation Z	7,345	0.025	0.156	0	1
female	Female	7,345	0.508	0.500	0	1
single	Single	7,345	0.271	0.444	0	1
edu2	High school graduate	7,345	0.384	0.486	0	1
edu3	College graduate	7,345	0.162	0.369	0	1
edu4	University graduate and above	7,345	0.236	0.424	0	1
inc10	Income level	7,266	4.719	2.055	1	10
ea2	Self-employed	7,345	0.153	0.360	0	1
Progress	Political inclination	7,286	5.385	2.178	1	10
Y1	Competition is beneficial	7,317	7.064	2.189	1	10
Y2*	Effort is important in success	6,118	6.764	2.571	1	10
Z1	Perception of inequality	7,321	4.676	2.648	1	10
Gconf*	Trust in government	6,025	2.379	0.728	1	4

Note: Variables with an asterisk (*) are not included in certain years. Y2 and Gconf have been omitted from wave 4 (2001) and wave 2 (1990), respectively.

Source: Korean data from the World Values Survey wave 2-7.

Table 4-6 Estimated Results - Basic Model (wave 2-7)

Dependent variable: preference for redistribution (govt.'s responsibility for welfare)			
	Model 1	**Model 2**	**Model 3**
Intercept	5.327*** (0.349)	4.191*** (0.130)	5.897*** (0.434)
Age	-0.053*** (0.015)		-0.073*** (0.018)
Age squared	0.0004*** (0.000)		0.0006*** (0.000)
Generation of war		-0.356*** (0.091)	0.045 (0.176)
Generation of industrialization		-0.296*** (0.083)	-0.091 (0.105)
Generation X		-0.053 (0.089)	-0.263** (0.108)
Eco-generation		-0.022 (0.127)	-0.466*** (0.180)
Generation Z		0.104 (0.202)	-0.557 (0.278)
Female	0.139** (0.055)	0.148*** (0.055)	0.142*** (0.055)
Single	-0.098 (0.095)	0.100 (0.084)	-0.079 (0.095)
High school graduate	0.141 (0.088)	0.123 (0.088)	0.114 (0.089)
College graduate	0.249** (0.106)	0.222** (0.105)	0.218** (0.107)
University graduate and above	0.134 (0.099)	0.118 (0.098)	0.127 (0.100)
w3_1996	3.618*** (0.097)	3.574*** (0.098)	3.661*** (0.102)
w4_2001	3.700*** (0.098)	3.617*** (0.101)	3.797*** (0.116)
w5_2005	3.239*** (0.099)	3.117*** (0.103)	3.388*** (0.135)
w6_2010	3.353*** (0.100)	3.198*** (0.106)	3.540*** (0.155)
w7_2017	1.622*** (0.100)	1.405*** (0.111)	1.891*** (0.196)
N	7,308	7,311	7,308
Adj. R-squared	0.252	0.251	0.252

Note: Figures in ( ) represent the standard deviation; ***, **, * represent significance levels of 1%, 5%, 10%, respectively.

Source: Korean data from the World Values Survey wave 2-7.

Table 4-7 Estimated Results - Expansion Model (wave 2-7)

Dependent variable: preference for redistribution (govt.'s responsibility for welfare)			
	Model 4	**Model 5**	**Model 6**
Intercept	5.846*** (0.439)	3.538*** (0.455)	4.213*** (0.497)
Age	-0.065*** (0.018)	-0.061*** (0.018)	-0.089*** (0.019)
Age squared	0.0005*** (0.000)	0.0005*** (0.000)	0.001*** (0.000)
Generation of war	0.064 (0.177)	-0.017 (0.174)	-0.001 (0.192)
Generation of industrialization	-0.068 (0.105)	-0.088 (0.103)	-0.145 (0.113)
Generation X	-0.249** (0.109)	-0.188* (0.107)	-0.207* (0.117)
Eco-generation	-0.422** (0.181)	-0.299* (0.178)	-0.332* (0.192)
Generation Z	-0.465* (0.280)	-0.375 (0.274)	-0.468 (0.289)
Female	0.152*** (0.056)	0.147*** (0.055)	0.103* (0.060)
Single	-0.101 (0.095)	-0.151 (0.094)	-0.252** (0.103)
High school graduate	0.185** (0.091)	0.121 (0.089)	0.139 (0.099)
College graduate	0.340*** (0.111)	0.244** (0.109)	0.270** (0.119)
University graduate and above	0.273*** (0.106)	0.177* (0.104)	0.240** (0.115)
Income level	-0.067*** (0.015)	-0.052*** (0.015)	-0.065*** (0.016)
Self-employed	-0.088 (0.082)	-0.061 (0.081)	-0.083 (0.091)
Progressive		0.096*** (0.013)	0.115*** (0.015)
Y1 Competition is beneficial		0.121*** (0.013)	0.092*** (0.015)
Y2 Effort is important		-	0.027** (0.013)
Z1 Perception of inequality		0.130*** (0.011)	0.124*** (0.012)

Table 4-7 (Continued)

Dependent variable: preference for redistribution (govt.'s responsibility for welfare)			
	Model 4	**Model 5**	**Model 6**
w3_1996	3.853*** (0.109)	3.997*** (0.112)	3.963*** (0.117)
w4_2001	3.898*** (0.118)	4.053*** (0.120)	-
w5_2005	3.481*** (0.137)	3.618*** (0.136)	3.588*** (0.144)
w6_2010	3.642*** (0.157)	3.699*** (0.156)	3.671*** (0.166)
w7_2017	1.968*** (0.197)	2.135*** (0.196)	2.130*** (0.213)
N	7,231	7,173	5,966
Adj. R-squared	0.255	0.284	0.288

Note: Figures in ( ) represent the standard deviation; ***, **, * represent significance levels of 1%, 5%, 10%, respectively.

Source: Korean data from the World Values Survey wave 2-7.

The period dummy variable is also a very distinct influencing factors. Using 1990 as the base year, the coefficients are positive for all time periods in the order of 2001 ≥ 1996 ≥ 2010 ≥ 2005 > 2017.[36] All of the period effects are strong and statistically significant. This indicates that the political and economic circumstances at the time of a survey have a profound impact on the preference for redistribution.

In the extended model in Table 4-7, economic variables such as income level and self-employment were included as well as variables pertaining to personal perceptions, such as political inclination, perception of the market (Y1, Y2), and perception of inequality. The A-P-C estimation results are basically the same for the extended model. Even when economic variables are added, the direction and size of the cohort effect remain largely unchanged. However, when political

36 Based on 2001 when the preference for redistribution was at its highest, the estimates reveal no meaningful difference with 1996, and a statistically significant negative relationship in all other years. When 2010 is used as the base year, the difference from 1996 and 2005 is less statistically significant. Of course, the order of the degree of preference for redistribution is the same regardless of which year is used as the base year.

inclination and other social perception variables are included, the size and statistical significance [of the cohort effect] decrease. This is probably because the characteristics of each generation are embedded in their social perceptions.

The preference for redistribution for each generation consistently appears in the order of generation of democratization ≥ generation of war ≥ generation of industrialization ≥ generation X ≥ eco-generation > generation Z. The fact that there is a cohort effect even when the age and period effects are controlled means that the different experiences of the generations have a lasting impact on their preference for redistribution. It also implies that there may be irreconcilable differences in perceptions even as people grow older. Furthermore, this is a likely reason for the deep generational rift in Korean society.

B. Analysis of the Causes of the Changes in the Preference for Redistribution

Korea's preference for redistribution dropped sharply in 2010-2017, and the distribution of the preference for redistribution shifted to a bimodal structure (refer to Figure 4-1). So, what was the driver of these changes? This is the second research question.

First, a basic regression model was constructed for each year in order to find clues, and variables for personal characteristics and social perception, and economic variables—all of which affect the preference for redistribution—were all included as explanatory variables. Because this analysis is based on a single year, the model is equation (4-1) with the exclusion of the cohort and period dummy variables. Since the changes in 2017 are the main focus here, the analysis is based on data from wave 5 and onwards.

$$Y_{it} = \gamma_0 + \beta_1 Age_{it} + \beta_2 {Age_{it}}^2 + \sum_{k=3}^{K} \beta_k X_{ijt} + e_{it},$$

$$t = (1,\ 2,\ 3),\ \ e_{it} \sim N(0, \sigma^2) \qquad (4\text{-}2)$$

The explanatory variables are the same as in Table 4-5, and the results are presented in Table 4-8.

As expected, the estimated coefficient of each year differs significantly.

Table 4-8 Yearly Estimations of the Basic Model

Dependent variable: preference for redistribution (govt.'s responsibility for welfare)			
	Wave 5 (2005)	Wave 6 (2010)	Wave 7 (2017)
Intercept	5.396*** (0.975)	6.725*** (0.805)	4.757*** (0.788)
Age	-0.041 (0.038)	-0.074*** (0.028)	-0.053* (0.028)
Age squared	0.0003 (0.000)	0.0007** (0.000)	0.0004 (0.000)
Female	0.413*** (0.135)	0.192 (0.122)	0.125 (0.107)
Single	-0.229 (0.227)	-0.396** (0.200)	-0.262 (0.200)
High school graduate	0.312 (0.225)	0.103 (0.211)	0.223 (0.204)
College graduate	0.529* (0.274)	0.329 (0.254)	0.004 (0.257)
University graduate and above	0.211 (0.244)	0.238 (0.224)	0.189 (0.243)
Income level	-0.078* (0.040)	-0.079** (0.035)	-0.215*** (0.040)
Self-employed	-0.211 (0.297)	-0.349** (0.156)	0.111 (0.140)
Progressive	0.060* (0.035)	0.103*** (0.030)	0.070** (0.032)
Y1 Competition is beneficial	0.324*** (0.033)	0.220*** (0.034)	0.173*** (0.034)
Y2 Effort is important	0.060** (0.029)	0.080*** (0.027)	0.135*** (0.031)
Z1 Perception of inequality	0.105*** (0.027)	0.167*** (0.026)	0.219*** (0.032)
Trust in government	-0.199** (0.098)	-0.302*** (0.081)	0.056 (0.074)
N	1,190	1,183	1,245
Adj. R-squared	0.119	0.111	0.129

Note: Figures in ( ) represent the standard deviation; ***, **, * represent significance levels of 1%, 5%, 10%, respectively.

Source: Korean data from the World Values Survey wave 2-7.

In particular, between 2010 and 2017, there is a huge difference in the economic and social perception variables rather than the personal characteristic variables. The coefficient of income level increases by almost three-fold in 2017, and the coefficient of self-employment is no

longer negative. The coefficient of the social perception variable is also considerably different in size and sign in 2017. This implies that there may have been a structural change to the model for determining the preference for redistribution.

Three years of data were combined to capture the changes in the 2010-2017 period, and a **time-interaction term model** was developed, which adds the interaction term of each characteristic variable and wave 7 dummy variable (W7) to the regression equation.

$$Y_{ijt} = \gamma_0 + \beta_1 Age_{ijt} + \beta_2 Age_{ijt}{}^2 + \sum_{k=3}^{K} \beta_k X_{ijt} + \gamma_j \sum_{j=2}^{J} Cohort_j + w6 + \sum_{k=3}^{K} \delta_k X_{ijt} w7 + e_{ijt}. \quad (4\text{-}3)$$

Equation (4-3) assumes that there is only a period dummy effect in 2005-2010, and that the structure of the model itself changes in 2017 (wave 7). This means that the period effect for 2017—that is the total change in 2017—is broken down into the changes in each explanatory variable effect. Therefore, the estimation coefficient δ_k of the time-interaction term will show how the impact of the explanatory variables changed in wave 7 (2017). The estimates are summarized in Table 4-9.

Model 1 was estimated based on the same model as equation (4-1) without the time-interaction terms. Model 2 includes the interaction term of the wave 7 dummy variable with personal characteristic and economic variables while model 3 adds to the interaction term of social perception and the wave 7 dummy variable.

The most striking aspect of the results is that clear differences emerge in the effects of economic variables, such as income level and self-employment, in 2017. For example, the coefficient of the wave 7 interaction term with income level marks -0.116 in model 2 and -0.132 in model 3. The relationship between increasing income level and decreasing preference for redistribution is relatively well-established, and is confirmed by the minus values (-0.080 to -0.077) for the base effect of income level. Thus, a negative wave 7 interaction term implies that this negative relationship has further amplified—that is, the discrepancy in opinions by income level has widened.

In contrast, the self-employment interaction term has significantly strong positive values. This was caused by the fact that the self-employed

Table 4-9 Estimations of Time-interaction Term Model (wave 5-7)

Dependent variable: preference for redistribution (govt.'s responsibility for welfare)			
	Model 1	**Model 2**	**Model 3**
Intercept	7.075*** (0.799)	6.645*** (0.872)	6.728*** (0.881)
Age	-0.093*** (0.027)	-0.080*** (0.030)	-0.075** (0.030)
Age squared	0.0008*** (0.000)	0.0006** (0.000)	0.0006** (0.000)
Generation of war	0.134 (0.256)	0.126 (0.258)	0.127 (0.258)
Generation of industrialization	-0.172 (0.145)	-0.201 (0.146)	-0.199 (0.146)
Generation X	-0.275* (0.153)	-0.260* (0.155)	-0.255 (0.155)
Eco-generation	-0.422 (0.265)	-0.350 (0.275)	-0.339 (0.276)
Generation Z	-0.666* (0.384)	-0.593 (0.422)	-0.566 (0.423)
Female	0.232*** (0.070)	0.278*** (0.086)	0.294*** (0.086)
Single	-0.292** (0.122)	-0.340** (0.135)	-0.338** (0.135)
High school graduate	0.238* (0.122)	0.204 (0.143)	0.194 (0.143)
College graduate	0.280* (0.150)	0.405** (0.173)	0.388** (0.173)
University graduate and above	0.231* (0.136)	0.219 (0.153)	0.203 (0.153)
Income level	-0.107*** (0.022)	-0.080*** (0.025)	-0.077*** (0.025)
Self-employed	-0.134 (0.102)	-0.312** (0.133)	-0.323** (0.133)
Progressive	0.089*** (0.018)	0.088*** (0.018)	0.087*** (0.021)
Y1 Competition is beneficial	0.252*** (0.019)	0.250*** (0.019)	0.274*** (0.022)
Y2 Effort is important	0.077*** (0.016)	0.076*** (0.016)	0.065*** (0.018)
Z1 Perception of inequality	0.153*** (0.016)	0.152*** (0.016)	0.138*** (0.018)
Trust in government	-0.159*** (0.048)	-0.154*** (0.048)	-0.247*** (0.059)

Table 4-9 (Continued)

Dependent variable: preference for redistribution (govt.'s responsibility for welfare)				
		Model 1	**Model 2**	**Model 3**
w6_2010		0.139 (0.094)	0.158* (0.095)	0.162* (0.095)
w7_2017		-1.156*** (0.146)	-0.643** (0.321)	-1.366** (0.568)
Cross-product				
W7 ×	Female		-0.123 (0.148)	-0.156 (0.148)
	Single		0.153 (0.213)	0.223 (0.214)
	High school graduate		0.093 (0.245)	0.116 (0.245)
	College graduate		-0.332 (0.300)	-0.283 (0.301)
	University graduate and above		0.059 (0.275)	0.086 (0.276)
	Income level		-0.116** (0.051)	-0.132** (0.052)
	Self-employed		0.397* (0.206)	0.430** (0.206)
	Progressive			-0.005 (0.041)
	Y1			-0.102** (0.045)
	Y2			0.070* (0.039)
	Z1			0.077* (0.040)
	Trust in government			0.293*** (0.102)
N		3,618	3,618	3,618
Adj. R-squared		0.223	0.225	0.228

Note: Figures in ( ) represent the standard deviation; ***, **, * represent significance levels of 1%, 5%, 10%, respectively.

Source: Korean data from the World Values Survey wave 2-7.

usually have a weaker preference for redistribution than wage earners, but the results for wave 7 were reversed (Table 4-8). Given that wave 7 was undertaken during the December 2017-January 2018 period, it is likely that the attitudes of the self-employed towards redistribution policies

changed in a friendly manner as a soaring minimum wage raised their sense of crisis. However, it is not yet possible to determine whether this is temporary or permanent.

What is also revealed in 2017 is that there were meaningful changes in the relationship between social perception and the preference for redistribution. Interestingly, the interaction term of Y1 (competition is beneficial)—the most typical indicator of positive perceptions about the market—shows a significant negative sign. While the sole effect of Y1 is still positive at 0.250 to 0.274, the time-interaction effect appears to be negative. This means that, in 2017, the preference for redistribution shifted to the negative direction when market perceptions were more positive. This direction of change is in line with the theoretical explanations for the preference for redistribution. There is also a statistically significant positive relationship with the interaction term for the trust in government, meaning that as the trust grows, the preference for redistribution becomes stronger, which is again in keeping with theory.

Meanwhile, the interaction term of political inclination is not statistically significant. In fact, it is difficult to conclude that there were any particularly meaningful changes in 2010-2017.

Looking comprehensively at the analysis thus far, we are able to see that the factors that had the most impact on the preference for redistribution between 2010 and 2017 was the increasing number of people basing their assessments on their own economic situations and individuals taking on a more rational stance in terms of their social perceptions. Indeed, it seems that the heated debates over redistribution in Korea, which have divided communities and incited strife, do not always have a negative influence. They have brought people's preference for redistribution—which have been to most an abstract and obscure concept—back down to reality, and encouraged them to base their assessments on logic.

4. Sub-conclusion

This chapter using wave 7 (2017) to conduct analyses, focusing on the recent changes in Koreans' preference for redistribution, and their

drivers. The results are as follows.

Firstly, based on the analysis using the kernel density estimation method, it is found that the preference for redistribution among Koreans took a drastic turn after 2010. With the exception of wave 2 (1990), Korea's strong preference for redistribution remained largely unchanged from wave 3 (1996) to wave 6 (2010), with no particularities in distribution. However, wave 7 (2017) shows that the overall preference for redistribution dropped significantly, and distribution spilt into a bimodal structure; reflecting people's unhindered expressions of their preferences for redistribution as issues surrounding redistribution polices, e.g. free school lunches (2010-2011) and half-price tuition (2011-2012), became subjects of social debate.

Secondly, the causes of the change in Korea's preference for redistribution were traced using descriptive methods. In terms of political inclination, the spectrum of Koreans' political inclination broadened considerably during and after the impeachment of President Park in 2016-2017, which, in turn, expanded the scope of the preference for redistribution. Additionally, although the generational gap in perception added to the pluralization of the preference [for redistribution], it is not a direct cause of its polarization. This is because the polarization is not engendered by intergenerational differentiation, but is a phenomenon that can be witnessed across generations. The last element we focused on as a cause is the change in perceptions about market functions. The analysis results reveal that negative perceptions about market functions has grown explosively in recent years, shown by the sharp decline in the perception that competition is beneficial and that effort is more important than luck or personal background in achieving success.

Thirdly, our estimation of the cohort effect using the typical APC model finds that a significant cohort effect exists in some generations, even when the age and period effects are controlled. In particular, the preference for redistribution of the generation of democratization (1961-1970) is stronger than succeeding generations in all models. Moreover, as this generation is entering old age, their demand for redistribution is expected to increase further, even from an age-effect perspective. This must be taken into consideration when assessing the social balance.

Lastly, an examination was conducted on the factors that influence the

preference for redistribution using the time-interaction term model in order to analyze the causes of the change in 2010-2017. According to the results, the factors that had the biggest impact during the period were economic variables and social perception variables, implying that more people were basing their assessments on personal economic conditions, such as income level and employment status. It was also found that social perceptions, such as opinions about the market and understanding of fairness, played a key role. Meanwhile, changes in political inclination did not have a meaningful impact on recent changes, possibly due to the coexistence of both traditional and rational views about redistribution in Korean society.

Although these analyses were based on the WVS, which uses standardized survey questions in a consistent manner, it is still too early to conclude whether the changes at a certain point in time (2010-2017) of the survey are permanent or temporary. Indeed, continued ex-post research is needed to delve deeper into the onset of changes identified in this study.

CHAPTER 5

Summary and Conclusion

Korea has enjoyed robust economic growth during its compressed development period, yet it has failed to establish a social system that is on par. Government spending on redistribution is a prime example. Korea currently stands alongside Mexico and Chile as the lowest ranking countries in terms public social spending which stands at just 11.1% of GDP as of 2018 (20.1% OECD average). And a short history of capitalism and growth-oriented policies that sacrifice distribution may be at the root.

However, with an end to the high-speed growth and a sharp downturn in social mobility, concerns are escalating over income inequality and inherited wealth, and there is growing recognition that redistribution policies are needed to remedy these issues. The problem is determining the appropriate level of redistribution that would satisfy public needs. But, as made evident by past controversies over free school lunches and half-priced tuition, and the response to the various policies of the Moon administration, Korea has a vast inconsistency in opinion.

Nonetheless, very little effort has been made to understand the degree to which views differ with regard to redistribution, and what factors have led to such a clash of interests. Rather, the discourse has digressed into mere arguments over fundamental legitimacy, serving to exacerbate social conflict. Indeed, Korean society has been unable to make meaningful progress in creating a consensus on the matters of distributive justice and the appropriate level of redistribution. The legitimacy of policy in a democracy is not gained through abstract goals and political rhetoric, but through the support of the people. Accordingly, the starting

point must be gaining an understanding of the many views of the people—which this study aims to highlight.

This study begins with the recognition that preferences for redistribution are undergirded by sufficient reasoning and rationality. Chapter 2 examined this through basic theories on the determinants of the preference for redistribution. It also investigated sociocultural factors, such as political inclination, perception of fairness, social competition, and trust in government, as well as economic variables, such as income level, POUM, past experiences, and externalities of inequality, to present a theoretical basis and introduce relevant research. The ultimate goal was to provide a foundation to comprehend individuals' preference for redistribution.

In Korea, the subject only recently gained the interest of academia. Starting with discussions over the welfare state, studies have tackled welfare attitudes, perceptions of welfare perceptions, and the preference for welfare policies since the early and mid-2000s. However, the majority are restricted to identifying only the views on introducing and expanding welfare policies, or to exploring the determinants. It was only after 2010—when debates on selective welfare vs. universal welfare began in earnest over free school lunch policies—that the topic of preference for redistribution became a serious area of research.

Still, despite the many empirical analyses, contentious issues remain without any concrete conclusions. In particular, numerous studies report that the preference for redistribution in Korea differs from those presented in theory or witnessed in the West, which appears to derive from conflicting belief systems and social norms that have formed during Korea's rapid growth. It is also difficult to say with certainty that Koreans' are strongly committed to their current stance and expectations for the government and welfare system. It is, therefore, more important to understand the changes that have been made and to predict future changes in Korea's preference for redistribution rather than focusing on cross-sectional characteristics.

Chapter 3 explored the reasons behind Korea's unique preference for redistribution. Specifically, although Koreans have a fairly favorable attitude towards market functions—evidenced by their relatively positive perception of income generation and wealth expansion, and the fact that

they view income disparity as a difference in compensation that stems from effort and not inequality—ironically, they also show a strong preference for redistribution policies which distort the outcome of market distribution. This is in direct conflict with general normative relationships.

In order to find the source of this contradictory relationship, two types of distributive justice were discussed. The first can be mainly found in the economic sphere, and is based on the principle of differentiating by effort or capability. The other is dealt with in the political sphere, and is based on the principle of equality which aims to strengthen universality and protect those in the margins of society. And, the preference for redistribution belongs to this normative system. The former is called micro-level distributive justice as it is a rule that is linked to the specific choices of individuals and organizations while the latter is called macro-level distributive justice as it is a rule that functions under a quite universal and abstract unit such as a social structure or system.

The empirical analysis is this study focused on examining how individuals select a particular distributive justice. Specifically, a comparison was done on the treatment of these two types of distributive justice using progressive political inclination as a tool. The results reveal that the progressive inclination in East Asian and Transition countries not only increases the demand for redistribution but also helps create more positive attitudes towards market functions. This is because the standards for fair competition in these countries encompass socially progressive values that believe in eliminating outdated practices. This implies that micro- and macro-level distributive justice can be simultaneously pursued; both of which are still a work in progress. Due to such dual expectations [for the market and government], Korea's preference for redistribution differs from Europe, where the government works to make up for market failures, and the US, where the market has absolute superiority over the government.

However, a divided perception structure, such as that seen in Korea, does not present a stable equilibrium. This is because, when experiences of the market and government are accumulated and the links begin to emerge, people will come to recognize that state intervention is needed in market outcomes (damage to or sacrifice of micro-level distributive justice) in order to acquire the resources needed to bolster redistribution

(realization of macro-level distributive justice). For example, 65% of Koreans responded that they are unwilling to pay additional taxes to increase welfare expenditure (Lee, 2015), which derives from a failure to connect the expansion of welfare to one's own economic burden. Therefore, Korea's strong preference for redistribution may very well be a transitional aspect that is present in the development phase of capitalism.

Meanwhile Chapter 4 uses wave 7 (2017) of the WVS to summarize the recent developments in Koreans' preference for redistribution, and explore the causes of such changes. The analysis discovered the following.

There have been drastic changes since 2010 with Korea's preference for redistribution waning and polarizing. The potential drivers of this evolution are the clash of political inclinations, increasing generational gaps and changing social perceptions owing to the rift among political factions. In terms of political inclination, although the spectrum widened after President Park's impeachment in 2016-2017, it does not fully explain why the preference for redistribution became polarized. In addition, given that this polarization appears across all generations, it is difficult to assert that the generational gap in perceptions had a direct impact on the polarization. Meanwhile, social perceptions, including those of market functions and fairness, have visibly changed, and distribution of those perceptions has polarized much like that of the preference for redistribution.

For a more in-depth look into the factors that affect the preference for redistribution, an analysis was conducted using a time-interaction term model which found that economic factors and social perceptions had the largest impact. Specifically, more individuals have started to base their opinions on their financial circumstances, and the changes in social perceptions (on market functions, fairness, etc.) now play a key role in determining the preference for redistribution. In particular, we can confirm that the preference for redistribution is aligning with current theoretical explanations as the time-interaction term of the variable Y1, which views market functions in a positive light (competition as beneficial), is in the negative range. This result also supports the discussion in Chapter 3 that the dual pursuit of both micro- and macro-level distributive justice in Korea is a transitional phenomenon.

However, given that this analysis is based on a single year survey

(2017), it is difficult to assess whether this change is temporary or permanent. Accordingly, continued research is required.

Now, let us examine the political implications based on the above analysis.

All government policies should be based on and pursued through social justification, and the primary criterion for social justification in democracy is the people's support. As it is impossible for policies to gain 100% support or opposition, it is critical that the right balance is struck between opposing perspectives. A policy needs to be supported by a sufficient number of people for it to be socially justifiable and feasible. If different opinions are recognized as a matter of right and wrong, this will only exacerbate the social discord and break away the foundations to build consensus.

Determining the appropriate level of redistribution in income distribution and redistribution policies requires a more sophisticated form of social consensus. Because redistribution is, by nature, the forcible removal of wealth and income from the rich to give to the poor, based on the state's power, there will inevitably be intense conflicts of interest, and possible unintended side effects from changing the rules.

The increase in the minimum wage is a notable example. The policy is not simply about transferring income; rather, it is a policy and institutional form of intervention that changes the rules of the market. The minimum wage was raised by 29.1% in just two years in the hopes of protecting the vulnerable. Putting aside the issue of whether increasing the minimum wage is a suitable policy tool for income redistribution, the government made the mistake of overlooking the interests of a wide range of market participants. In particular, there were unexpected side effects, including an increase in the number of businesses closing down, as market participants who are actually on the margins of the economy, such as the self-employed, were left to bear the brunt of the burden. Indeed, it has become a policy that is beneficial to insiders but detrimental to outsiders. It also goes against the general normative stance in Korea which demands firmer market order, even from the progressives.

The disputes over selective welfare and universal welfare could also bring about similar outcomes. The original basis for introducing a universal welfare system was to strengthen the people's support, despite

the weaker redistribution effect. That is, by designing a system that benefits more people, the government would be able to ramp up its approval ratings. However, according to the 'KDI Generation Study 2015,' the majority of people in Korea supported selective welfare, and differentiated their support based on income level, rather than supporting a universal welfare system (Kim, 2015). If policies disregard people's real perceptions and only focus on the imperative of justification, building a social consensus will increasingly become a pipe dream.

The issue of resource distribution between generations also requires special attention. According to empirical analyses, the preference for redistribution is strongest among the generation of democratization (1961-1970), which is expected to become stronger as this population ages and the age effect is factored in. Given that this generation has considerable political and economic leverage, if their preferences are misconstrued to represent the views of society as a whole, it may result in a highly biased conclusion and trigger further generational conflict.

Another cause for concern in terms of policy is that, compared to Western countries, Korea has yet to establish a universal rule of redistribution that is shared among the public. The majority rule refers to the making of final decisions based on which norm members' favor relatively more. During this process, deep introspection is needed on whether the voices of the few should be excluded altogether because decisions made without social consensus run the risk of escalating social discord.

Any policy that alters the status quo has a certain level of redistribution, even if it is not the primary objective, and the opinions of all stakeholders must be respected. In particular, when it comes to redistribution policies, the government should consider the policies not from the standpoint of right and wrong, but by how well the people can be persuaded. Efforts are needed to encourage the participation of various stakeholders and experts in policymaking to arrive at more accurate predictions about the impact of such policies while avoiding controversial issues of metadiscourse that can provoke unnecessary conflict. In addition, continued efforts must be made to provide sufficient information and to coordinate opinions so that people can understand the broader context.

Last, but not least, in terms of the role of politics, prematurely pushing

for controversial policies to attract voters based on biased beliefs does nothing but fan the flames between the opposing sides. Taking into consideration that conservative and progressive values in Korea are all tinged with political inclination, a policy package comprised of a wide range of social development policies will prove effective in expanding centrist choices and integrating society. It is the author's view that such farsighted efforts will prove meaningful in establishing new conservative and progressive values in Korea.

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Appendix 1 Chapter 3: Concept and Interpretations of Factor Analysis

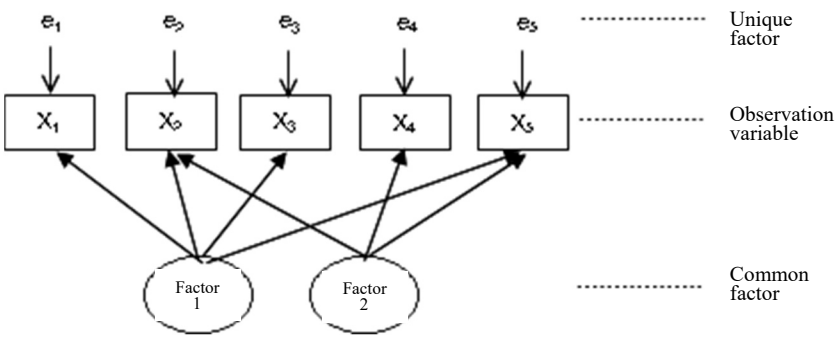
A. Concept of Factor Analysis

The factor analysis used to construct the comprehensive index in Chapter 3 is the common factor analysis (CFA). CFA is a statistical method that extracts common latent factors by identifying the underlying systematic structure when constant correlations exist between observed variables. Specifically, it assumes a certain statistical model in a covariance matrix structure between the observed variables, and extracts a small number of common factors that produce such a structure.

CFA is essentially the same method as that used by British psychologist, Charles Spearman, in 1904 to extract the general intelligence, also known as the g-factor, from student grades in different subjects.

To delve deeper, the relationship between the observed variables and latent factors in a factor analysis can be illustrated as shown in the figure below.

<Basic Structure of Factor Analysis>



Each observed variable is constantly correlated to the underlying common factors (1 and 2). In the example, factor 1 has an effect on X_1, X_2, X_3, and X_5, while factor 2 has an effect on X_2, X_4, and X_5. Therefore, appropriate statistical methods can be used to separate the parts that are related to common factors and the unique parts of the given variable.

Let us generalize this and assume that $K(<J)$ number of common factors affect J number of observed variables. In this case, the following linear model can be presented:

$$\begin{cases} x_1 = \lambda_{11}f_1 + \lambda_{12}f_2 + \ldots + \lambda_{1K}f_K + e_1 \\ x_2 = \lambda_{21}f_1 + \lambda_{22}f_2 + \ldots + \lambda_{2K}f_K + e_2 \\ \qquad\qquad \vdots \\ x_J = \lambda_{J1}f_1 + \lambda_{J2}f_2 + \ldots + \lambda_{JK}f_K + e_J \end{cases}$$

where x is the observed variables and f is the common factor that affects the variation of the observed variables. e is the unique factor of each observed variable which cannot be explained by the common factor. λ_{jk} is the factor loading and represents the extent to which j-th observed variable contributes to k-th common factor. In this case, it is assumed that the common factors are mutually independent and that there are no correlations between the unique factors and between the unique factor and common factor ($Cov(e_i, e_j) = 0, Cov(e_j, f_k) = 0$).

Under this factor structure, the observed variables x_j have the following variance:

$$V(x_j) = \sum_{k=1}^{K} {\lambda_{jk}}^2 + \psi_j \equiv {h_j}^2 + \psi_j$$

The first part of the variance ${h_j}^2$ is referred to as the communality as the variance described by k common factors, i.e. the variance shared with other observed variables. The second part ψ_j is the unique variance that is not shared with other observed variables. The model estimates the optimal value of the factor loading matrix $\hat{\Lambda}$ through repetitive calculations by adding a pre-communality to the equation above. Normally, 1 or squared multiple correlation is used as the pre-communality.

Once the factor loading matrix is obtained from this process of estimation, the individual factor scores can be calculated by substituting them for the individual observed values of the original data. Factor scores are usually standardized so that the mean is 0 and the variance is 1. And, for this purpose, the factor loading matrix is also standardized, which are called standardized scoring coefficients. Each factor score is calculated as a linear combination of the standardized observed values of the original data multiplied by the standardized scoring coefficients.

$$F_{ki} = \sum_{j=1}^{J} w_{jk} z_{ji}, \qquad k = 1, \cdots, K, \qquad i = 1, \cdots, n$$

An important issue in factor analysis is deciding the appropriate number of common factors that should be derived when there are numerous observed variables. In most statistical packages, including SAS, the appropriate number of factors (k) is suggested based on the proportion criterion, which is retained only if the factors contribute more than a certain level to the overall variation. However, this is not an absolute standard and researchers are largely in agreement that a final decision should be rationally made, taking into account theoretical rationales and the nature of the data.

The second issue is about the interpretation of the characteristics of common factors obtained through factor analysis. To that end, the common meaning of variables that have high loadings in the factor structure are first identified and based on this, the common factors are given a name and meaning. There is no fixed standard for high factor loading, but in general, 0.3 is used as an absolute value for the cutoff point.

B. Interpretation and Utilization of Analysis Results

CFA was used to construct the market confidence index and index for the broad trust in government. The market confidence indices were constructed using three observed variables (M1-M3) and the broader index for the trust in government using four observed variables (P1- P4), resulting in a decrease in the number of variables to be analyzed and significant clarity in meaning.

Table A1 Eigenvalue and Proportion Ratio Based on Primary Factor Analysis

Factor	Eigenvalue	Proportion (%)	Cumulative proportion (%)
(1) Market confidence			
1	0.572	1.756	1.756
2	-0.005	-0.014	1.741
3	-0.242	-0.741	1.000
(2) Broad trust in government			
1	2.314	1.144	1.144
2	-0.055	-0.027	1.116
3	-0.095	-0.047	1.069
4	-0.140	-0.069	1.000

Squared multiple correlation (SMC) was used as the pre-communality for estimating this model.

First, the proportion ratio and eigenvalue of factors, which were derived from the first factor analysis, are shown in Table A1. We can see that only one factor stands out in explanatory power in both models. This means that, in accordance to the researcher's prior assumptions, it would not be unreasonable to integrate the data into one common factor based on the proportion criterion.

Let us assume that the common factors extracted are called F_m(market confidence) and F_p(broad government confidence). Based on the results of the estimated model, the factor structure of F_m and F_p are reported in Table A2. These results are the same as those in Table 3-5 and Table 3-7.

According to the analysis, factor $F_m$has a high correlation with M1 and M2, and also has a certain level of correlation with M3. Meanwhile, factor F_p has a very high correlation of 0.7-0.8 with P1, P2, P3, and P4. Accordingly, it is assessed that it would be appropriate for the communality of the variables used in the analysis to be integrated into one latent variable.

Based on these analysis results, the individual factor scores can be obtained using the above method, and the scores can function as composite indicators that can substitute for the original observed variables.

Table A2 Factor Structure: Factor Loadings and Communality

Observed variable	Factor load	Communality	Standardized score coefficient
(1) Market confidence			
M1	0.509	0.259	0.356
M2	0.531	0.282	0.380
M3	0.174	0.030	0.105
(2) Broad trust in government			
P1	0.752	0.565	0.241
P2	0.672	0.452	0.175
P3	0.843	0.711	0.402
P4	0.765	0.586	0.255

Appendix 2 Chapter 3: Basic Statistics and Regression Analysis Tables

Table A3 Basic Statistics - East Asia (EAP)

Variable	Description of variable	N	Average	Std. Dev.	Min. value	Max. value
FEMALE	Female	10,152	0.522	0.470	0	1
AGE	Age	10,096	45.203	15.344	18	89
YOUNG	Under 40	10,152	0.404	0.462	0	1
OLD	60 and above	10,152	0.220	0.390	0	1
SINGLE	Single	10,152	0.243	0.404	0	1
EDUC2	Middle school graduates	10,152	0.240	0.402	0	1
EDUC3	High school graduates	10,152	0.238	0.401	0	1
EDUC4	College graduates and above	10,152	0.283	0.424	0	1
INCOME	Income level	9,332	4.716	1.902	1	10
EA2	Self-employed	10,152	0.080	0.256	0	1
EA3	Unemployed	10,152	0.376	0.456	0	1
Z1	Perception of income inequality	9,700	5.366	2.404	1	10
Z2	Government's welfare responsibility	9,781	6.220	2.498	1	10
Z3	Importance of redistribution policies	9,389	6.724	2.348	1	10
PROGRESS	Political inclination (progressive=10)	5,073	5.767	1.993	1	10
MCONF	Market confidence	9,098	0.017	0.520	-1.792	0.962
GCONF	Trust in government	9,596	2.667	0.803	1	4
PCONF	Trust in the political system	9,142	0.299	0.805	-1.458	2.026
TRUST	Social trust	10,152	0.397	0.461	0	1
lnGDP	Log per capita GDP	10,152	3.254	0.648	1.881	3.985
GINI	Gini coefficient	10,152	39.966	7.727	31.8	53.7
PSET	Public social spending to GDP	10,152	9.535	6.296	2.829	23.561

Table A4 Basic Statistics - Western Countries (WEOG)

Variable	Description of variable	N	Average	Std. Dev.	Min. value	Max. value
FEMALE	Female	20,394	0.516	0.525	0	1
AGE	Age	20,351	47.490	18.274	15	99
YOUNG	Under 40	20,394	0.367	0.506	0	1
OLD	60 and above	20,394	0.273	0.468	0	1
SINGLE	Single	20,394	0.215	0.432	0	1
EDUC2	Middle school graduates	20,394	0.276	0.469	0	1
EDUC3	High school graduates	20,394	0.140	0.365	0	1
EDUC4	College graduates and above	20,394	0.317	0.489	0	1
INCOME	Income level	18,239	5.049	2.461	1	10
EA2	Self-employed	20,394	0.066	0.260	0	1
EA3	Unemployed	20,394	0.395	0.513	0	1
Z1	Perception of income inequality	19,974	5.865	2.694	1	10
Z2	Government's welfare responsibility	19,990	5.453	2.704	1	10
Z3	Importance of redistribution policies	18,638	6.336	2.687	1	10
PROGRESS	Political inclination (progressive=10)	17,977	5.722	2.147	1	10
MCONF	Market confidence	19,330	-0.054	0.569	-1.792	0.962
GCONF	Trust in government	19,781	2.312	0.817	1	4
PCONF	Trust in the political system	17,792	0.021	0.734	-1.458	2.026
TRUST	Social trust	20,394	0.435	0.521	0	1
lnGDP	Log per capita GDP	20,394	3.889	0.310	3.377	4.545
GINI	Gini coefficient	19,391	32.371	3.957	26.233	40.7
PSET	Public social spending to GDP	19,391	24.102	4.255	18.159	32.018

Table A5 Basic Statistics - Transition Countries (TC)

Variable	Description of variable	N	Average	Std. Dev.	Min. value	Max. value
FEMALE	Female	22,684	0.536	0.529	0	1
AGE	Age	22,680	44.405	18.222	18	94
YOUNG	Under 40	22,684	0.437	0.526	0	1
OLD	60 and above	22,684	0.211	0.433	0	1
SINGLE	Single	22,684	0.186	0.412	0	1
EDUC2	Middle school graduates	22,684	0.364	0.510	0	1
EDUC3	High school graduates	22,684	0.216	0.436	0	1
EDUC4	College graduates and above	22,684	0.280	0.476	0	1
INCOME	Income level	22,256	4.634	2.045	1	10
EA2	Self-employed	22,684	0.064	0.259	0	1
EA3	Unemployed	22,684	0.486	0.530	0	1
Z1	Perception of income inequality	22,042	5.839	3.137	1	10
Z2	Government's welfare responsibility	22,308	6.857	3.041	1	10
Z3	Importance of redistribution policies	21,593	6.380	3.130	1	10
PROGRESS	Political inclination (progressive=10)	17,571	5.300	2.324	1	10
MCONF	Market confidence	21,231	-0.095	0.646	-1.792	0.962
GCONF	Trust in government	22,169	2.330	1.032	1	4
PCONF	Trust in the political system	21,102	-0.053	1.013	-1.458	2.026
TRUST	Social Trust	22,684	0.220	0.440	0	1
lnGDP	Log per capita GDP	21,464	1.845	0.906	0.135	3.146
GINI	Gini coefficient	21,464	30.558	6.027	16.6	39.733
PSET	Public social spending to GDP	21,464	15.093	5.755	6.383	23.742

Table A6 Basic Statistics - Latin American Countries (LAC)

Variable	Description of variable	N	Average	Std. Dev.	Min. value	Max. value
FEMALE	Female	12,439	0.517	0.549	0	1
AGE	Age	12,438	41.130	18.315	18	97
YOUNG	Under 40	12,439	0.513	0.549	0	1
OLD	60 and above	12,439	0.171	0.413	0	1
SINGLE	Single	12,439	0.283	0.495	0	1
EDUC2	Middle school graduates	12,439	0.295	0.501	0	1
EDUC3	High school graduates	12,439	0.138	0.378	0	1
EDUC4	College graduates and above	12,439	0.184	0.426	0	1
INCOME	Income level	12,073	4.433	2.306	1	10
EA2	Self-employed	12,439	0.119	0.356	0	1
EA3	Unemployed	12,439	0.381	0.533	0	1
Z1	Perception of income inequality	12,196	5.562	3.417	1	10
Z2	Government's welfare responsibility	12,213	6.021	3.375	1	10
Z3	Importance of redistribution policies	10,851	5.423	3.333	1	10
PROGRESS	Political inclination (progressive=10)	10,307	5.375	2.648	1	10
MCONF	Market confidence	10,827	0.033	0.688	-1.792	0.962
GCONF	Trust in government	12,261	2.241	1.024	1	4
PCONF	Trust in the political system	11,809	-0.349	0.890	-1.458	2.026
TRUST	Social Trust	12,439	0.103	0.333	0	1
lnGDP	Log per capita GDP	12,439	2.233	0.557	1.223	2.932
GINI	Gini coefficient	12,439	46.067	4.554	40.27	53.017
PSET	Public social spending to GDP	12,439	11.054	6.257	4.37	21.29

Table A7 Basic Statistics - Arab Countries(MENA)

Variable	Description of variable	N	Average	Std. Dev.	Min. value	Max. value
FEMALE	Female	21,694	0.486	0.526	0	1
AGE	Age	21,621	37.627	15.153	16	99
YOUNG	Under 40	21,694	0.599	0.516	0	1
OLD	60 and above	21,694	0.096	0.309	0	1
SINGLE	Single	21,694	0.305	0.484	0	1
EDUC2	Middle school graduates	21,694	0.176	0.401	0	1
EDUC3	High school graduates	21,694	0.153	0.378	0	1
EDUC4	College graduates and above	21,694	0.265	0.464	0	1
INCOME	Income level	20,903	5.088	2.246	1	10
EA2	Self-employed	21,694	0.122	0.344	0	1
EA3	Unemployed	21,694	0.498	0.526	0	1
Z1	Perception of income inequality	20,684	5.285	3.246	1	10
Z2	Government's welfare responsibility	21,032	7.070	2.981	1	10
Z3	Importance of redistribution policies	20,679	6.459	3.247	1	10
PROGRESS	Political inclination (progressive=10)	10,634	4.932	2.504	1	10
MCONF	Market confidence	20,183	0.119	0.697	-1.792	0.962
GCONF	Trust in government	20,594	2.427	1.091	1	4
PCONF	Trust in the political system	15,613	-0.225	0.902	-1.458	2.026
TRUST	Social trust	21,694	0.186	0.409	0	1
lnGDP	Log per capita GDP	21,694	2.069	1.126	0.359	4.395
GINI	Gini coefficient	17,060	34.954	4.346	27.6	41.1
PSET	Public social spending to GDP	20,694	9.512	5.481	1.123	22.6

Table A8 Basic Statistics - South Asia (SA)

Variable	Description of variable	N	Average	Std. Dev.	Min. value	Max. value
FEMALE	Female	9,992	0.483	0.512	0	1
AGE	Age	9,985	38.835	15.050	15	88
YOUNG	Under 40	9,992	0.546	0.510	0	1
OLD	60 and above	9,992	0.101	0.309	0	1
SINGLE	Single	9,992	0.224	0.428	0	1
EDUC2	Middle school graduates	9,992	0.237	0.436	0	1
EDUC3	High school graduates	9,992	0.122	0.335	0	1
EDUC4	College graduates and above	9,992	0.161	0.377	0	1
INCOME	Income level	9,717	5.053	2.306	1	10
EA2	Self-employed	9,992	0.244	0.440	0	1
EA3	Unemployed	9,992	0.410	0.504	0	1
Z1	Perception of income inequality	9,764	4.732	2.997	1	10
Z2	Government's welfare responsibility	9,854	5.465	3.063	1	10
Z3	Importance of redistribution policies	9,812	7.065	3.004	1	10
PROGRESS	Political inclination (progressive=10)	9,279	4.232	2.576	1	10
MCONF	Market confidence	9,486	0.013	0.665	-1.792	0.962
GCONF	Trust in government	9,766	2.754	0.965	1	4
PCONF	Trust in the political system	9,419	0.472	0.927	-1.458	2.026
TRUST	Social trust	9,992	0.266	0.453	0	1
lnGDP	Log per capita GDP	9,992	1.066	0.728	0.229	3.985
GINI	Gini coefficient	9,992	38.002	4.025	31.225	46.4
PSET	Public social spending to GDP	9,992	3.535	2.161	1.545	7.241

Table A9 Basic Statistics - Africa (SSA)

Variable	Description of variable	N	Average	Std. Dev.	Min. value	Max. value
FEMALE	Female	15,937	0.501	0.460	0	1
AGE	Age	15,774	33.595	12.385	16	98
YOUNG	Under 40	15,937	0.735	0.406	0	1
OLD	60 and above	15,937	0.062	0.223	0	1
SINGLE	Single	15,937	0.366	0.443	0	1
EDUC2	Middle school graduates	15,937	0.277	0.412	0	1
EDUC3	High school graduates	15,937	0.112	0.290	0	1
EDUC4	College graduates and above	15,937	0.097	0.272	0	1
INCOME	Income level	14,997	4.878	1.982	1	10
EA2	Self-employed	15,937	0.238	0.392	0	1
EA3	Unemployed	15,937	0.527	0.459	0	1
Z1	Perception of income inequality	15,585	4.578	2.553	1	10
Z2	Government's welfare responsibility	15,613	6.307	2.645	1	10
Z3	Importance of redistribution policies	15,441	5.757	2.893	1	10
PROGRESS	Political inclination (progressive=10)	14,045	5.298	2.318	1	10
MCONF	Market confidence	15,160	0.009	0.575	-1.792	0.962
GCONF	Trust in government	15,332	2.514	0.879	1	4
PCONF	Trust in the political system	14,504	0.196	0.805	-1.458	2.026
TRUST	Social trust	15,937	0.143	0.323	0	1
lnGDP	Log per capita GDP	15,937	0.219	0.734	-0.733	1.940
GINI	Gini coefficient	15,937	44.633	8.281	35.3	63.2
PSET	Public social spending to GDP	15,937	5.501	1.809	2.8318	9.785

Table A10 Regression Analysis of the Preference for Redistribution (excl. political inclination)

		Preference for redistribution I Government's responsibility for welfare		Preference for redistribution II Importance of redistribution policies	
		(1) Trust in government	(2) Trust in government system	(3) Trust in government	(4) Trust in government system
Intercept		5.762***	5.456***	6.129***	6.123***
Personal characteristics	Female	0.084***	0.074***	0.030	0.030
	Under 40	0.042*	0.049**	-0.094***	-0.090***
	60 and above	-0.081***	-0.071**	0.058*	0.065**
	Single	-0.061***	-0.066***	0.079***	0.078***
	Middle school graduate	-0.059**	-0.050*	0.005	0.013
	High school graduate	-0.100***	-0.093***	-0.073**	-0.055*
	College graduate and above	-0.069**	-0.063***	-0.227***	-0.210***
Economic variables	Income level	-0.151***	-0.150***	-0.042***	-0.039***
	Self-employed	-0.036	-0.031	-0.286***	-0.283***
	Unemployed	-0.015	-0.020	-0.004	-0.016***
Social norms	Perception of inequality	0.242***	0.245***	0.049***	0.051***
	Market confidence	0.563***	0.554***	-0.059***	-0.054***
	Trust in government	-0.138***	-0.153***	0.033***	0.024**
	Social trust	-0.112***	-0.113***	0.133***	0.137***
Country characteristics	Log per capita GDP	-0.151***	-0.120***	-0.078***	-0.025
	Gini coefficient	-0.020***	-0.022***	-0.004**	-0.006***
	Public social spending to GDP	0.025***	0.021***	0.019***	0.015***
Regional groups	EAP	1.385***	1.359***	0.676***	0.661***
	LAC	0.957***	0.932***	-0.695***	-0.628***
	MENA	1.769***	1.778***	0.604***	0.696***
	SA	0.574***	0.604***	0.995***	1.071***
	SSA	1.285***	1.367***	-0.211***	-0.083
	TC	1.395***	1.402***	0.161***	0.226***
N		90,948	86,347	88,727	84,358
R-sq		0.152	0.152	0.035	0.035

Note: 1) ***, **, * represent significance levels of 1%, 5%, 10%, respectively.

2) Regional groups: EAP (East Asia and the Pacific), LAC (Latin America and the Caribbean), MENA (Middle East and North Africa), SA (South Asia), SSA (Sub-Saharan Africa), TC (transition countries). The base group is WEOG (Western European and Others Group.

Source: World Values Survey 1981-2014 Longitudinal Aggregate (wave 5 & 6).

Table A11 Regression Analysis of the View that Competition is Beneficial: by Regional Group

	EAP	WEOG	TC	LAC	MENA	SA	SSA
Intercept	6.235*** (0.195)	7.905*** (0.102)	6.218*** (0.137)	6.086*** (0.173)	9.174*** (0.190)	7.351*** (0.167)	7.538*** (0.147)
Female	-0.172*** (0.063)	-0.293*** (0.033)	-0.194*** (0.040)	-0.284*** (0.058)	-0.126** (0.054)	-0.100* (0.058)	-0.116** (0.045)
Under 40	0.049 (0.083)	-0.079* (0.042)	0.078 (0.048)	-0.185*** (0.067)	-0.111* (0.059)	-0.053 (0.066)	-0.269*** (0.060)
60 and above	0.035 (0.088)	0.190*** (0.046)	-0.076 (0.061)	0.046 (0.090)	0.191** (0.090)	-0.075 (0.099)	-0.082 (0.110)
Single	-0.190** (0.086)	-0.067 (0.045)	0.103* (0.057)	-0.033 (0.068)	-0.158** (0.062)	0.031 (0.077)	0.070 (0.052)
Middle school graduate	0.125 (0.114)	0.146*** (0.049)	0.349*** (0.072)	0.269*** (0.073)	0.204*** (0.070)	0.015 (0.073)	0.188*** (0.058)
High school graduate	0.194* (0.105)	0.168*** (0.060)	0.368*** (0.079)	0.424*** (0.090)	0.134* (0.074)	0.140 (0.098)	0.408*** (0.074)
College graduate and above	0.304*** (0.110)	0.200*** (0.050)	0.703*** (0.076)	0.881*** (0.083)	0.336*** (0.068)	0.297*** (0.089)	0.483*** (0.079)
Income level	0.010 (0.015)	0.057*** (0.008)	0.009 (0.011)	-0.040*** (0.015)	-0.035*** (0.012)	-0.101*** (0.013)	-0.130*** (0.011)
Self-employed	0.354*** (0.106)	0.307*** (0.071)	0.126 (0.086)	0.067 (0.090)	0.056 (0.082)	-0.040 (0.077)	-0.139** (0.067)
Unemployed	0.145** (0.072)	0.035 (0.042)	-0.027 (0.047)	0.015 (0.068)	0.025 (0.059)	-0.054 (0.069)	-0.124** (0.056)
Progressive inclination	0.073*** (0.016)	-0.162*** (0.008)	0.035*** (0.009)	-0.014 (0.011)	0.012 (0.010)	-0.024* (0.013)	0.076*** (0.009)
Trust in government	0.063 (0.040)	0.089*** (0.023)	-0.016 (0.024)	0.105*** (0.030)	-0.017 (0.025)	-0.199*** (0.034)	-0.011 (0.024)
Social trust	0.108* (0.064)	0.063* (0.036)	0.016 (0.047)	-0.164* (0.091)	-0.130** (0.063)	0.035 (0.066)	-0.133** (0.063)
No. of countries	4	15	17	9	12	7	9
Obs	4,601	16,072	16,929	9,840	9,821	8,924	13,138
R-squared	0.033	0.098	0.057	0.042	0.177	0.041	0.099

Note: 1) Figures in ( ) represent the standard deviation.
2) ***, **, * represent significance levels of 1%, 5%, 10%, respectively.

Table A12 Regression Analysis of the View that Effort is More Important than Luck in Success by Regional Group

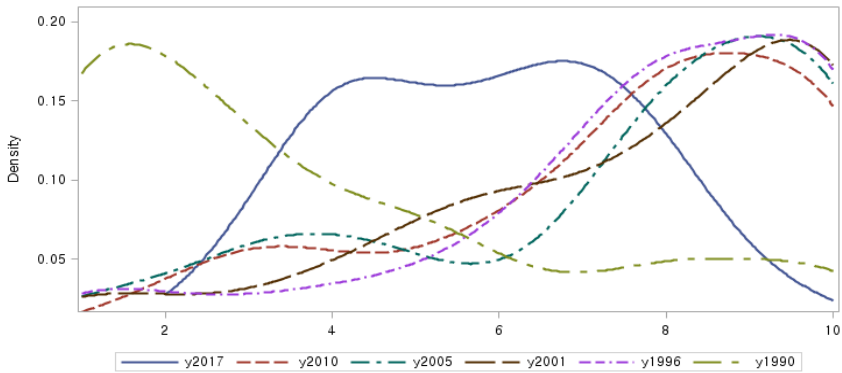
	EAP	WEOG	TC	LAC	MENA	SA	SSA
Intercept	5.062*** (0.228)	6.901*** (0.116)	4.353*** (0.149)	5.384*** (0.180)	9.097*** (0.208)	7.426*** (0.171)	7.728*** (0.157)
Female	-0.050 (0.073)	-0.189*** (0.037)	-0.022 (0.044)	-0.120* (0.062)	-0.133** (0.059)	0.044 (0.060)	0.002 (0.048)
Under 40	-0.232** (0.097)	0.118** (0.047)	0.088* (0.052)	0.051 (0.071)	-0.105 (0.064)	-0.142** (0.068)	-0.265*** (0.064)
60 and above	0.408*** (0.103)	0.241*** (0.053)	0.200*** (0.066)	0.118 (0.094)	0.094 (0.098)	-0.109 (0.101)	0.371*** (0.117)
Single	-0.402*** (0.100)	-0.181*** (0.052)	0.013 (0.062)	-0.096 (0.073)	-0.019 (0.068)	-0.012 (0.078)	0.078 (0.056)
Middle school graduate	-0.143 (0.133)	0.059 (0.056)	-0.168** (0.078)	0.067 (0.079)	0.148* (0.077)	-0.084 (0.075)	0.169*** (0.062)
High school graduate	-0.103 (0.123)	0.037 (0.068)	-0.126 (0.085)	0.241** (0.095)	-0.048 (0.081)	-0.059 (0.100)	0.240*** (0.079)
College graduate and above	0.018 (0.128)	0.115** (0.057)	-0.105 (0.082)	0.337*** (0.088)	0.207*** (0.075)	-0.071 (0.092)	0.221*** (0.084)
Income level	0.071*** (0.017)	0.078*** (0.009)	0.077*** (0.012)	0.005 (0.015)	-0.009 (0.014)	-0.105*** (0.014)	-0.129*** (0.012)
Self-employed	0.254** (0.123)	0.161** (0.081)	0.066 (0.093)	0.079 (0.093)	-0.059 (0.089)	-0.082 (0.079)	-0.090 (0.072)
Unemployed	0.126 (0.084)	0.081* (0.047)	0.089* (0.051)	0.070 (0.073)	0.122* (0.065)	-0.274*** (0.071)	-0.011 (0.060)
Progressive inclination	0.048** (0.019)	-0.145*** (0.009)	0.016 (0.010)	-0.028** (0.012)	-0.020* (0.011)	-0.007 (0.013)	0.074*** (0.010)
Trust in government	0.430*** (0.047)	0.236*** (0.026)	0.287*** (0.026)	0.097*** (0.032)	0.071*** (0.027)	-0.017 (0.035)	0.039 (0.026)
Social trust	0.251*** (0.075)	0.191*** (0.041)	0.340*** (0.052)	-0.064 (0.100)	-0.084 (0.069)	0.053 (0.068)	-0.068 (0.067)
No. of countries	4	15	17	9	12	7	9
Obs	4,610	16,088	16,998	9,140	9,852	8,967	13,149
R-squared	0.064	0.105	0.082	0.063	0.164	0.043	0.065

Note: 1) Figures in ( ) represent the standard deviation.
2) ***, **, * represent significance levels of 1%, 5%, 10%, respectively.

Appendix 3 Chapter 4: Kernel Density Distribution Graph

Figure A1 Changes in the Preference for Redistribution by Birth Cohort

Generation of war (before 1950)



Industrialization generation (born between 1951-1960)

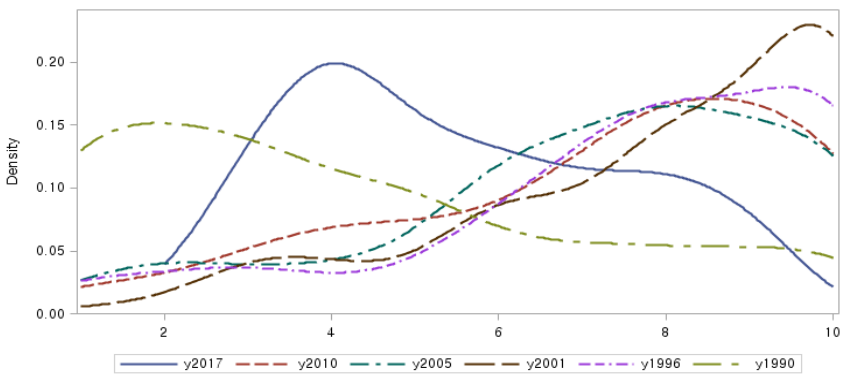
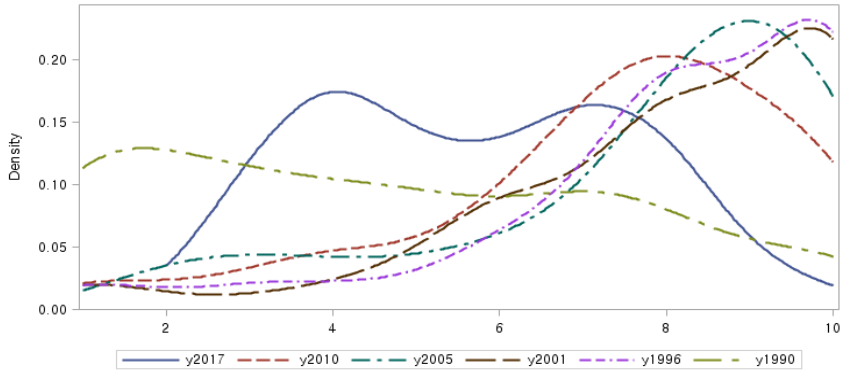


Figure A1 (Continued)

Democratization generation (born between 1961-1970)



Generation X (born between 1971-1980)

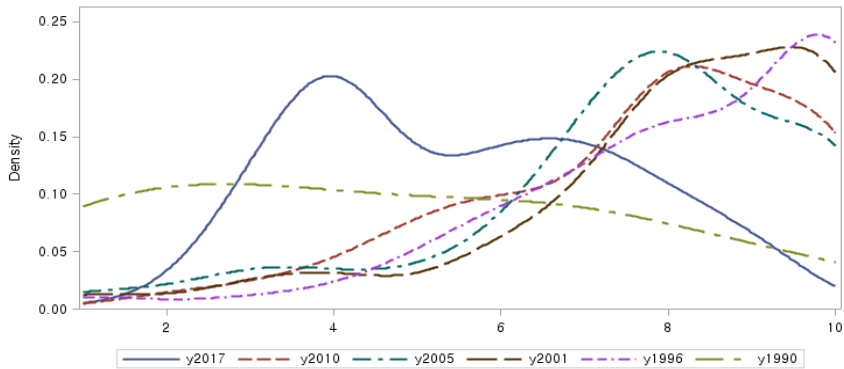
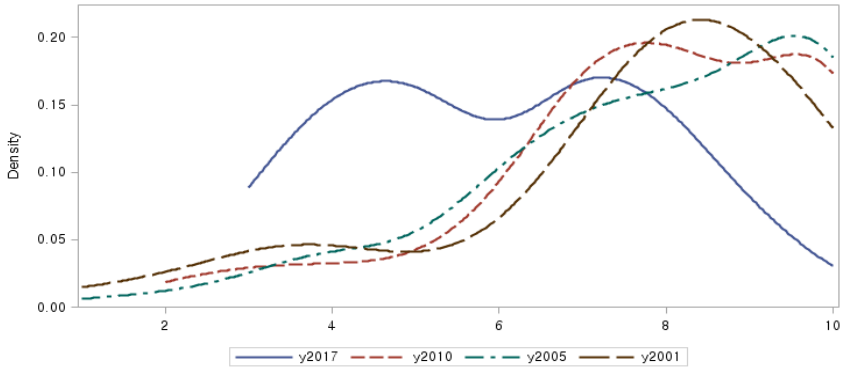


Figure A1 (Continued)

Eco-generation (born between 1981-1990)



Generation Z (born in 1991 and onwards)

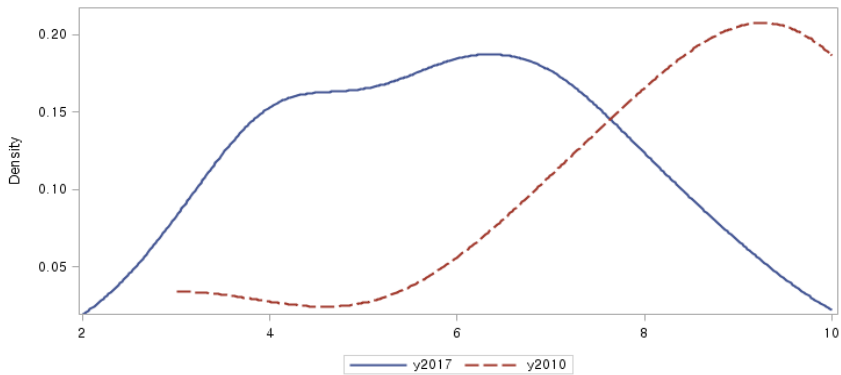
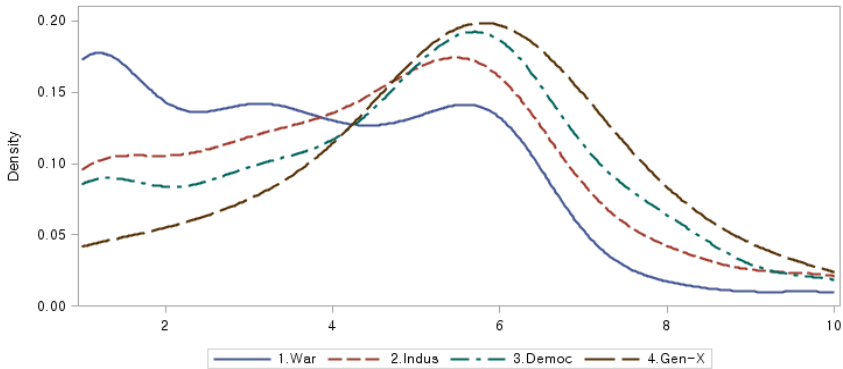
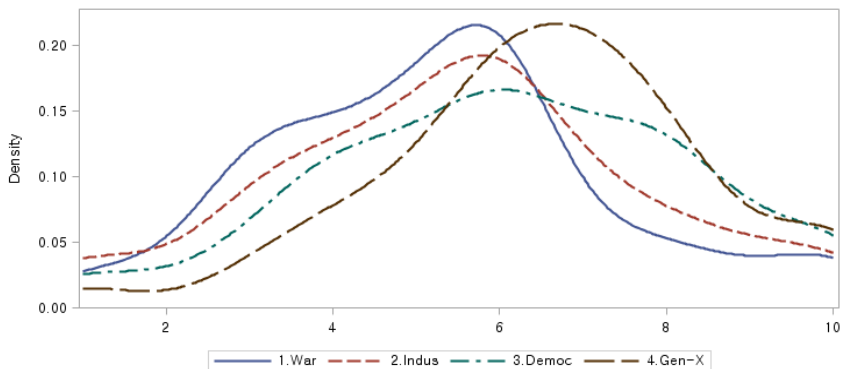


Figure A2 Generational Differences in the Distribution of Political Inclination by Year

(1990)



(1996)



(2001)

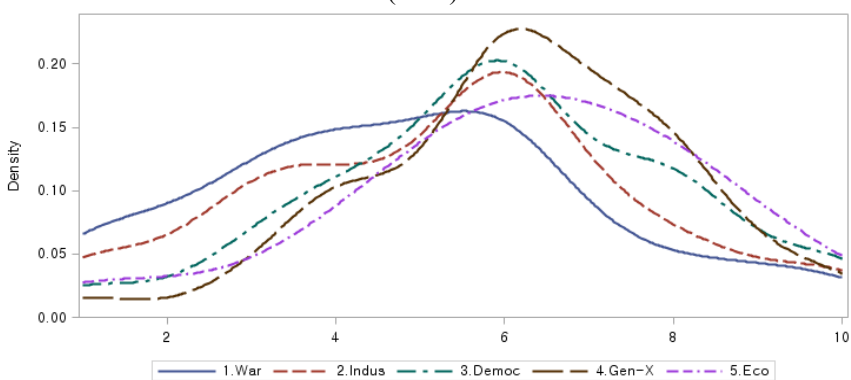
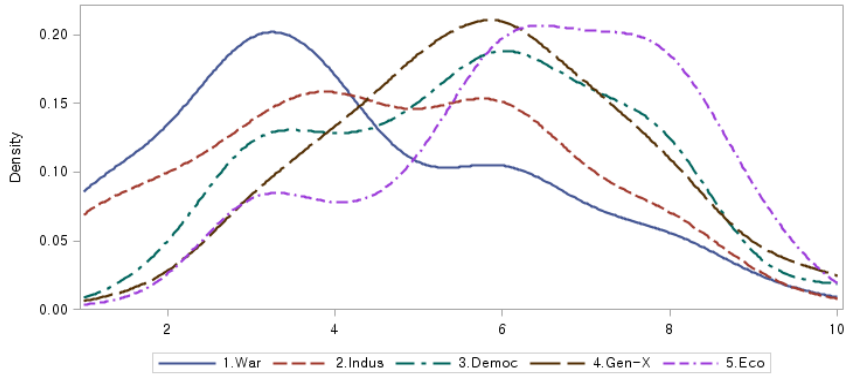
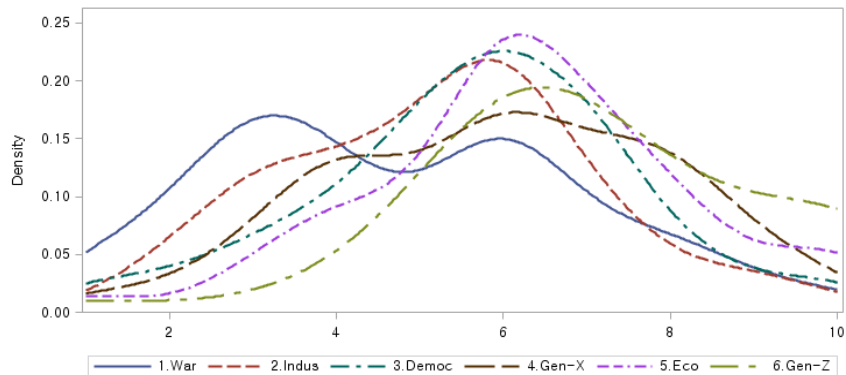


Figure A2 (Continued)

(2005)



(2010)



(2017)

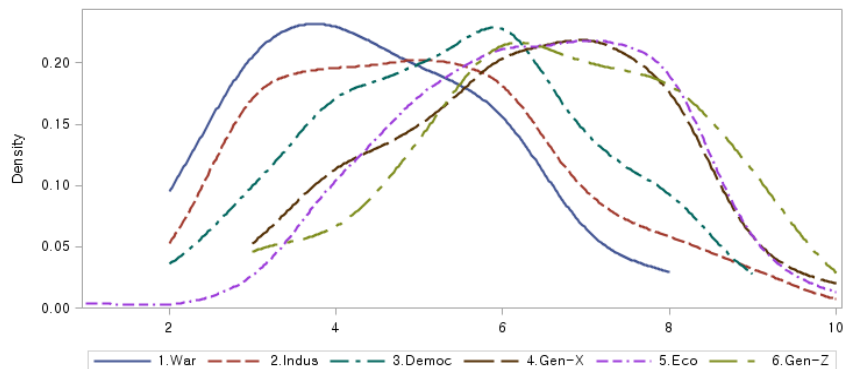
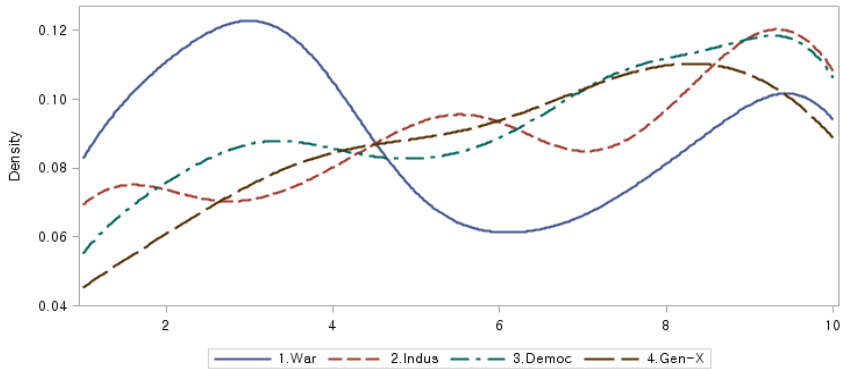
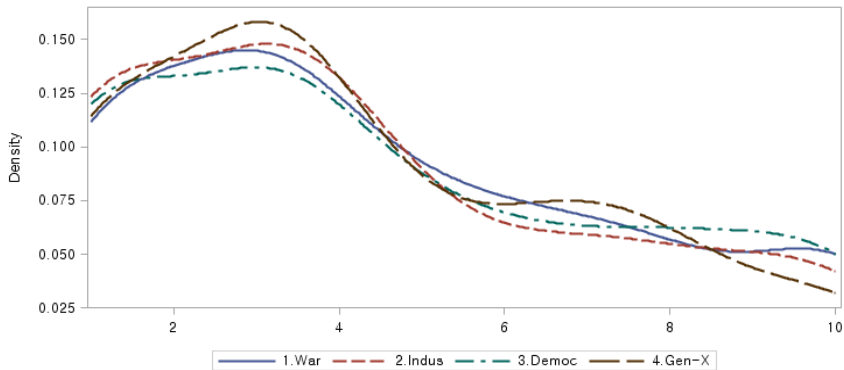


Figure A3 Generational Differences in the Distribution of Perception of Income Inequality by Year

(1990)



(1996)



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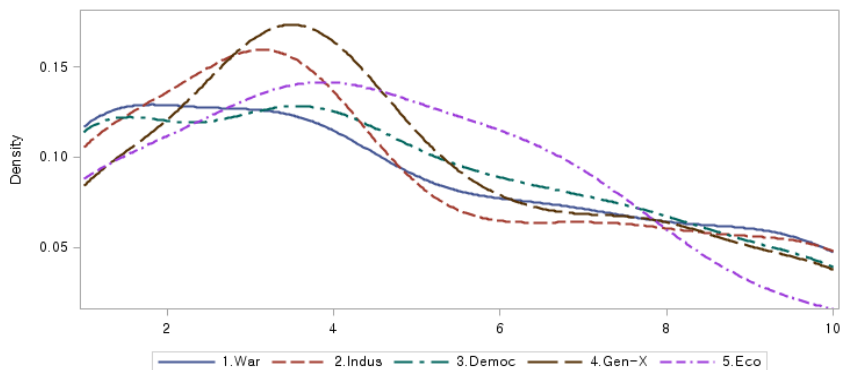
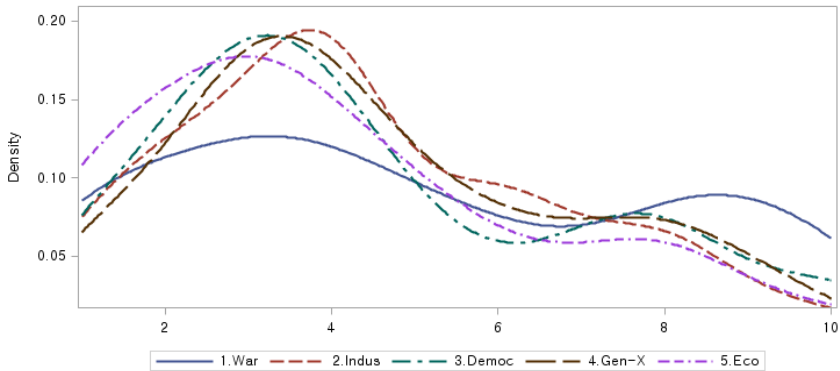
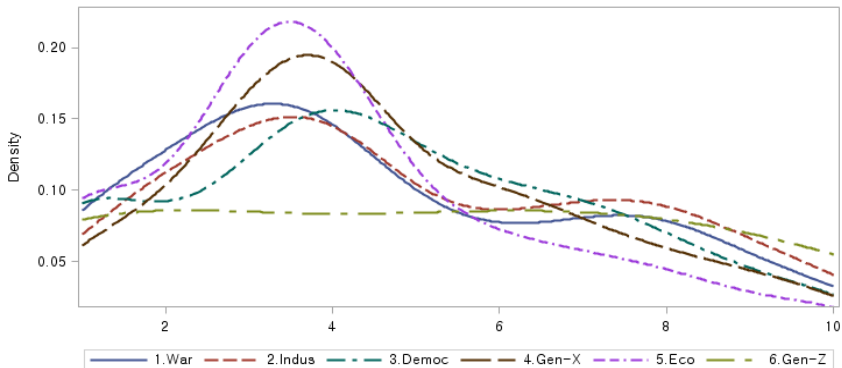
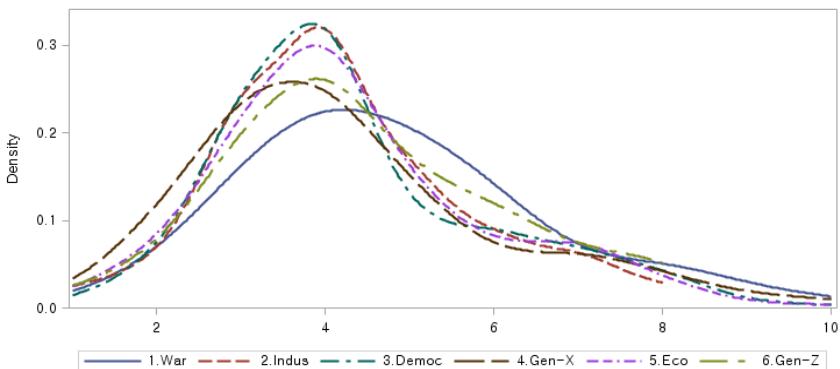


Figure A3 (Continued)

(2005)



(2010)



(2017)