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## A New Political Divide?

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# **Chapter 6**

*Conclusion*



Inspired by recent events in the political environment, I studied political ideology and its economic implications. In this thesis, I asked whether the traditional left-right divide is still able to capture political beliefs or whether it should be replaced by new measures. That is, it was tested whether individuals' left-right political ideology is able to predict preferences for equality versus efficiency, and a novel, multi-dimensional measure of political beliefs was proposed. The individual heterogeneity in underlying values and beliefs were also studied, as to shed light on potential drivers of political ideology. Moreover, implications of ideology were examined by researching its role in determining redistributive preferences. It was tested whether political ideology has an indirect effect on the demand for redistribution via expectations of income mobility. In this chapter, I conclude this thesis by shortly summarising the findings of these studies and by exploring new research opportunities that follow from them.

In Chapter 2, I looked into the determinants of preferences for redistribution, a channel through which political ideology has economic implications. As existing research suggests that expectations of income mobility relate to both ideology and redistributive preferences, it was investigated whether and how mobility expectations and political ideology work together in affecting individual demand for redistribution. Based on the prospect-of-upward-mobility hypothesis, some individuals might rationally demand lower levels of redistribution when they expect upward income movements, even though currently they would benefit from it. Taking an intragenerational perspective, I tested this hypothesis, while at the same time taking into account an indirect effect of political ideology. As such, the effect of upward income mobility on preferences for redistribution was allowed to vary with political beliefs. Relying on left-right political beliefs, a robust prospect-of-upward-mobility effect on redistributive preferences was found that is conditional on political ideology. Only for right-wing individuals it holds that expecting upward income movements in the future lowers demand for redistribution. Left-wing individuals, on the other hand, prefer redistribution regardless of their mobility expectations.

My research findings open up avenues for future studies. For example, scholars could examine how actual intragenerational mobility experiences of individuals affect redistributive preferences, and how this is influenced by political beliefs. That is, these studies should not rely on expectations or perceptions of mobility, but on the actual mobility process of individuals over the course of their life. Such studies do require detailed longitudinal panel data. This would allow scholars to shed more light on how

mobility expectations affect voters' demand for redistribution, and how this differs between voters with different political preferences. Moreover, in a world in which the inequality between the poor and the rich is growing, studies like the one in Chapter 2 reveal opportunities for policy-makers to create larger societal support for inequality. By focusing policies on increasing mobility instead of aiming policies on reducing inequality via redistribution, policy-makers could increase the social acceptance of the growing inequality, especially among right-wing voters. Whether such policies would lead to a society that we should aspire to, is something I leave open for debate.

In Chapter 3, I examined whether the traditional left-right measure is valid. In other words, it was studied whether self-reported left-right political ideology is a significant predictor of, what are considered to be, core economic beliefs of this ideological divide. Using an experimental setting, preferences regarding the trade-off between equality and efficiency were captured, and it was examined if *ex-ante* self-reported left-right political ideology was able to explain these preferences. More specifically, a real-effort distribution experiment was conducted, in which decision-makers had the choice to allocate income equally or efficiently. For some decision-makers this income was given to them as 'manna-from-heaven', whereas others had to earn the income in a real-effort task, as to create entitlement feelings. Using centre ideologists as reference category, it was found that, conditional on entitlement feelings, right-wing ideology significantly predicts preferences for efficiency. Self-reported left-wing ideology, however, does not have any predictive value in explaining preferences for equality or efficiency.

After finding evidence opposing the predictive validity of the traditional left-right measure of ideology, I challenged the one-dimensionality of this measure in Chapter 4. Using both anecdotal evidence from the contemporary political environment and academic evidence from political science and political psychology, I argued that political ideology is multi-dimensional. Therefore, a measure of ideology should be multi-dimensional as well. Such a measure was proposed and the (socio-economic) determinants of political beliefs were studied. Using a representative sample of Dutch citizens, it was examined by how many dimensions political ideology would be best represented. An exploratory factor analysis was conducted to uncover the relevant dimensions of ideology, and a confirmatory approach was used to subsequently validate these dimensions. Four dimensions were identified that capture preferences for economic equality, preferences for markets and efficiency, preferences for personal

and cultural freedom, and nationalist, protectionist and populist preferences. Using these dimensions and the socio-economic background of the respondents, it was found that there is substantial heterogeneity in the determinants of the political ideology of voters. Moreover, comparing these with determinants of the conventional left-right measure of ideology, much of this heterogeneity is concealed when relying on a left-right divide.

On the basis of the findings in Chapter 3 and 4, I believe that scholars studying economic implications of political ideology should take into account the following. Firstly, they should bear in mind that political beliefs are multi-dimensional in nature. Secondly, they should consider that left and right have heterogeneous interpretations over the electorate. Thirdly, a linear left-right scale is not an appropriate measure of political attitudes, and thus, scholars should allow for non-linearity in ideological effects. Lastly, they should take into account that only right-wing ideology is a valid predictor in terms of the traditional economic interpretation of left versus right ideology. Researchers that, regardless of these issues, choose to rely on a one-dimensional measure of ideology should be aware of its limitations.

Relating the findings of Chapter 3 to those in Chapter 2, opportunities for future research arise. The findings in Chapter 2 suggest that redistributive preferences of right-wing voters depend on their self-interest, whereas for left-wingers this is not the case. In other words, on a societal level right-wingers' preferences regarding redistribution seem to be (partly) motivated by self-interest. However, when they are in a position to directly influence the distributional outcome as in Chapter 3, right-wing individuals are not affected by self-interest. That is, right-wingers do not significantly change their behaviour when offered a monetary incentive. This finding is either induced by the experimental setting of Chapter 3 or it suggests that having a significant influence on the outcome matters for these individuals. When the latter is the case, this could affect right-wing individuals' likelihood to vote, and subsequently, their voting behaviour. Studying how being pivotal affects behaviour of individuals with differing ideologies would shed more light on this. I leave this as a direction for future research.

Furthermore, as I have argued, there are caveats when one relies on a left-right ideological measure. In light of Chapter 2, the most important one is that centre to left ideology is not a significant predictor of equality versus efficiency preferences, as found in Chapter 3. It is not clear what kind of (other) beliefs a left-wing or centre self-report on the left-right scale represents. In Chapter 2, however, a robust and unconditional

effect of left-, centre and right-wing ideology on redistributive preferences was found. This, in turn, suggests that the left-right measure of ideology might be a valid measure to capture redistributive preferences. On first thought, this seems contradictory, i.e. arguing that left-wing ideology is not a valid measure for equality preferences, but could be for redistributive preferences. On second thought, however, these findings suggest that individuals might feel different about the trade-off between equality and efficiency than about redistribution on a societal level. Moreover, in the lab individuals have the power to decide the outcome, whereas in a survey their answers do not have any consequences. This could induce differences in behaviour between the two cases. As such, the validity of left-right ideology as predictor for redistributive preferences should be tested in a laboratory setting in which individual decisions are incentivised.

The findings in Chapter 3 and 4 also bring about other opportunities for further research. Based on the findings in Chapter 3, I would like to examine the validity of left-right ideology using a representative sample of the Dutch population. Moreover, setting the validity question aside, it is interesting to examine how decision-makers in distribution experiments would respond to changing monetary incentives. Is there a tipping-point where decision-makers are solely motivated by self-interest, i.e. by maximising their personal pay-off? And if so, does this vary with decision-makers' personal characteristics, such as their political ideology?

Additionally, I would like to validate the dimensions of political ideology found in Chapter 4 out of sample, using both survey data and experimental data. The former would indicate whether the dimensions are reliable, whereas the latter would show whether they are valid. As a starting point, I would conduct such further analyses in the Netherlands. Then, I would extend it to more countries, creating a cross-country multi-dimensional index of voter ideology in the process. Moreover, future work could investigate whether individuals attach different weights to dimensions of ideology. Would it be the case that one voter is driven more by her equality preferences, whereas the other voter is driven by her preferences for personal freedom? If so, this could shed light on voting behaviour and might help better explain the recent rise of nationalist and populist parties.

A natural follow-up of studying voter ideology is to study the dimensionality of party ideology. Scoring party ideology on the dimensions of ideology would leave us with a multi-dimensional measure at the party-level. Moreover, this index could be used to score government ideology, e.g. by using the share of party-seats in the parliament

as weights. Having both individual-level and party-level measures of ideology also allows researchers to study the congruence between voters and parties. It can then be examined how such congruence affects, for example, voting behaviour, public support for certain policy proposals or trust in the government.

In Chapter 5, I studied heterogeneity in values and beliefs between students of different disciplines. Relying on existing research from political science and political psychology, I argued that individual differences in values and beliefs underlie differences in political ideology. When students' values and beliefs are influenced by discipline-specific effects, it is thus likely that students' political preferences are influenced by such effects as well. In this study, the focus was on business studies. As business students are likely to become the (business) leaders of tomorrow, any discipline-specific effects they might show are of particular interest. In order to grasp how business students are different from others, both self-selection effects and socialisation effects were studied. To capture selection-effects, differences across business students and students of four other disciplines were examined. Regarding socialisation effects, changes within business students over one year of education were examined.

Significant differences between business students and students from four other disciplines were found at the start of their academic education in both their beliefs and values. Thus, the results showed that business students tend to self-select into the field. It was also found that, at the end of the year, some differences in beliefs and values are persistent, while others are not. This is indicative of changes in beliefs and values occurring among students in their first year. However, it does not allow me to draw any conclusions regarding which students, i.e. students of which discipline, have changed their beliefs and values. Hence, the beliefs and values of business students at the start of their first year were compared with those at the end of their first year of academic education. Socialisation effects, being a combination of learning, social interactions and differential attrition, were found in both beliefs and values. Considering these findings, I conclude that there is considerable heterogeneity in values and beliefs of students from different disciplines. Moreover, some of this heterogeneity is reinforced, and in some cases strengthened by studying. Assuming that ideology originates, at least partly, in values of individuals, these findings suggest similar differences in political attitudes. The findings in this chapter might also suggest that similar consequences of socialisation and self-selection on beliefs and values can be found in other groups in

other contexts, think for example of colleagues, neighbours and members of political parties. Self-selection and socialisation could, as such, influence matters as political polarization and voting behaviour.

The findings in this study also relate to those in Chapter 3 and 4. As to the measurement of political ideology, values that underlie elements of the dimensions were examined, especially the dimensions capturing preferences for economic equality and preferences for markets and efficiency. Since it was found that students self-select into a discipline based on these values, it is most likely that they differ as well on (at least one of) these dimensions of ideology. Moreover, as it was found that values change over the course of only one year of studying in some fields, the same might hold for the dimensions of ideology. This would suggest that the dimensions of ideology that were identified could be susceptible to socialisation effects.

As to the validity of left-right political ideology, studying heterogeneity between students gives insights into whether it matters who your participants are in economic experiments. As it was found that students from different fields vary with respect to their values and beliefs, they might also vary with respect to their self-reported left-right ideology. In Chapter 3, such sample selection effects were (in part) controlled for; however, having a more diverse set of subjects participating in the experiment would strengthen the results.

Future work should follow individual students from multiple institutions of (higher) education over the course of their studies. Having such a detailed panel dataset allows scholars to examine what causes changes in beliefs and values over time: learning, social interactions or differential attrition. Studies could also consider students' voting behaviour and policy preferences. This allows researchers to test whether higher education affects this, and subsequently, test whether this is due to what is being taught. If the latter is the case, it could raise an ethical debate regarding the role of education in shaping political and, consequently, societal outcomes.

All in all, I focused in this thesis on political ideology and its economic implications, combining and improving upon findings from political science, political psychology and political economy. Whether or not a new political divide would be embraced by scholars, interesting questions and opportunities follow from the work in this thesis. Many of which I look forward to study.



