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Economic Individualism and Cross-National Differences in Redistribution

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Abstract of the Dissertation

Economic Individualism and Cross-National Differences in Redistribution

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Redistributive policies and public support for redistribution vary greatly across countries. Although a large literature on the factors that influence the cross-national variation in redistribution has accumulated, behavioral factors such as cultural influences have received limited attention. In this dissertation, I address the effect of the political culture of economic individualism and shared subjective beliefs regarding the role of government on cross-national differences in the size of government, relative generosity of welfare policies, and support for redistribution. I show that a political culture that emphasizes the values of individual autonomy, self-reliance, pursuit of self-interest and achievement generates stronger support for capitalism and deter the development of strong redistributive policies. On the other hand, rather than being direct, cultural variables' effect on redistributive policy is indirect, and is mediated by existing institutions such as the electoral system and government type. In addition, the effect of political culture is not restricted to redistributive spending at the national level. Shared cultural values of economic individualism, by influencing the context within which political debates take place, the way political issues are framed and limiting the range of options available to societies also affects individual policy preferences, thus creating a cross-national heterogeneity in attitudes towards redistributive policies. Taking the cultural context into account improves our understanding of cross-national variation in both redistributive policies and support for such policies, thus pointing to the often-ignored link between mass attitudes and policy outcomes. In addition, results suggest that the effect of institutions is also conditional upon the cultural context within which they operate. That is, institutions do not have the predicted effects on redistribution in all polities, and their effect on political outcomes depend on the dominance of individualist values in the society. Overall, the findings support the arguments that cultural factors have significant explanatory power on political outcomes and both through their impact on national policies as well as their power to condition individual attitudes and public opinion.

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I. Introduction

Redistributive policies vary greatly across nations. Income support policies and safety nets such as family, disability, sickness, unemployment, and retirement benefits are different even in countries with similar levels of socio-economic development. While education and healthcare are seen as the sole responsibility of the state in some countries, others leave the provision of such benefits on families, employers, or communities (Benabou, 2000). The size of the governments tends to be large in some countries, whereas government expenditures comprise a small portion of government budgets in others (Torrisi, 2007). The amount spent on welfare policies, which play a fundamental role in redistributing income and alleviating social inequalities are highly generous in some countries, but not in others (Alesina & Glaeser, 2004). Some countries have progressive tax regimes that accompany their relatively larger governments and extensive welfare benefits, and others have low tax rates (Persson & Tabellini, 2003).

Public support for redistribution and spending on welfare policies also varies greatly across countries. Cross-national surveys document a large variation in citizen support for economic regulation, government responsibility in reducing income differences, and spending on welfare. Specific welfare programs such as unemployment insurance, retirement benefits, the provision of universal healthcare receive disproportionate support in some countries. Data from cross-national surveys also shows that Americans are less positive than Europeans on most social welfare matters –even on those issues that enjoy relatively broad support in the United States such as retirement

benefits, healthcare, jobs and housing, which matches low government spending on social welfare policies (Shapiro & Young, 1989). The policy preferences of the citizenry also seem to match the differences in government size and the generosity of welfare policies (Boeri et al., 2001; Smith, 1987). In fact, there is some evidence that the policy preferences of the citizens have an impact in social policy outputs, and particularly welfare spending (Brooks & Manza, 2006).

Although a large literature on the factors that influence cross-national variation in redistribution has accumulated, behavioral factors such as cultural influences have received limited attention (Oorschot, 2006). In explaining the size of governments and relative generosity of welfare regimes, scholars have usually focused on factors such as economic development and socioeconomic and demographic conditions associated with it (Cutright, 1965; Flora & Alber, 1981; Wilensky, 1975), income inequality (Meltzer & Richards, 1981; Moene & Wallerstein, 2001), the strength of labor unions and left-wing parties (Huber & Stephens, 2001; Korpi, 1983; Stephens, 1979), working class movements and the political coalitions they engender (Esping-Andersen, 1990; Huber et al., 1993), partisan composition of governments (Hicks & Swank, 1992), electoral systems (Austen-Smith, 2000; Iversen & Soskice, 2006; Persson & Tabellini, 2003, 2004), and forms of government (Persson & Tabellini, 2003; Persson et al., 2006). On the other hand, these explanations, although backed by substantive formal models or empirical evidence have a number of limitations. First, some of the theories seem to better explain variation over time rather than variation across countries. Second, most studies either focus on explaining government spending, or public support for welfare policies. Yet, as mentioned above, variation in support for social welfare policies and

government spending seem to be strongly related. Institutional explanations, especially those that focus on electoral competition or government type do not take this link into account. The institutionalist perspectives also assume that values and preferences of the masses are identical across nations, implying that, all factors being equal, all institutions would have the same effect on redistributive policies. Yet, as Gabel & Hix (2005) note, institutions may have different consequences for redistributive spending, depending on the distribution of mass preferences. In addition, almost none of the economic or institutional explanations have considered or controlled for behavioral factors, and especially the explanatory power of political culture[1]. Only recently, have the scholars attempted to incorporate behavioral factors such as ideological orientations and policy preferences of the masses (Brooks & Manza, 2006; Gabel & Hix, 2005) or subjective beliefs about poverty (Alesina & Glaeser, 2004) to explain cross-national variation in redistribution. Although cultural factors, and especially the political culture of individualism has been widely cited in explaining the small welfare state and low levels of redistribution in the United States (Jacobs, 1992, King, 1973b; Kluegel & Smith, 1986; Lipset, 1996, Lockhart, 2003a, 2003b, 2003c), there is a tendency to treat the case of United States as an exception. Accordingly, research in this area has been limited to a few case studies (but see Jacobs, 1992; Lipset, 1996; Lockhart, 2003b, 2003c). In other words, political culture has not been seen as a potential factor that explains the

[1] The concept of political culture is most often reserved for orientations of people toward the basic elements in the political system including orientations towards government structures, orientations towards others in the political system, and orientations towards one's political activity (Rosenbaum, 1975), which corresponds to the civic elements in culture. Some others such as Inglehart (2006) offer a less restricted definition of political culture, which refers to values, beliefs, and skills of the public that have an impact on politics and particularly democratic institutions. Such a definition is broader and allows for the conceptualization of any aspect of culture that affects the realm of politics (such as egalitarianism, individualism, achievement orientation, work ethic) as political culture. Throughout this dissertation, I adopt this less restricted definition of political culture, and unless otherwise noted use the terms culture and political culture interchangeably.

differences in redistributive policies and support for redistribution across countries. In addition, none of the studies incorporated political cultural factors such as individualism in large-n studies. This is rather surprising especially when we think that the political culture of individualism has been a very popular explanation for the small size of government and limited generosity of the welfare system in the United States. The dominant ideology of individualism is believed to be the main factor that hindered the development of a European-style welfare state in the United States (King, 1973b; Kluegel & Smith, 1986; Lipset, 1996)[2].

In this dissertation, I address the question of whether the political culture of individualism and shared subjective beliefs regarding the role of government explain the cross-national variation in the size of government, relative generosity of welfare policies, and popular support for redistribution. Based on the arguments about American exceptionalism, it seems that the cultural dimension that influences mass preferences and policy outcomes regarding redistribution is individualism. As a cultural dimension, individualism is associated with the values of individual autonomy and freedom, pursuit of happiness and well-being, self-reliance, achievement. Individualism also shows within-culture variability and could be used to explain various individual differences (Kagitcibasi, 1997). Some definitions suggest that, individualism also has a strong economic component that refers to self-reliance and making decisions in the economic sphere. At the individual level, economic individualism is also related to support for

[2] On the other hand, there was not a serious attempt to provide empirical evidence to support this argument. First, the fact that Americans are more individualistic than other nations is usually taken for granted. Yet, psychological measures of individualism does not show extraordinarily high differences between US and Western Europe (Oyserman et.al., 2003). Second, individualism is not the only feature that distinguishes US from the other advanced capitalist countries. Racial heterogeneity, weakness of organized labor and a highly decentralized national government could also explain why US has an exceptional welfare state (Alesina & Glaeser, 2004; Quadagno, 1987).

capitalism, laissez faire and strong preference for a smaller role of government (Lukes, 1973; McClosky & Zaller, 1984).

Based on these definitions, a society that values economic individualism and places emphasis on individual autonomy, self-reliance, pursuit of self-interest and achievement should be defined by stronger support for capitalism, which should deter the development of strong redistributive policies. I argue that, rather than having a direct effect, the influence of cultural factors in welfare policy is indirect, and is moderated by existing institutions such as the electoral system and government type. In addition, I argue that the effect of political culture is not restricted to redistributive spending at the national level. Political culture, by influencing the context within which political debates take place, the way political issues are framed and the range of options available to societies also affects individual policy preferences, thus leading to cross-national differences in support for redistributive policies. Taking the cultural context into account should improve our understanding of cross-national variation in both support for redistributive policies and support for such policies, thus pointing to the often-ignored link between mass attitudes and redistributive policies.

Theory and Hypotheses

Since individualism is a cultural orientation, I draw upon the definitions and theories of culture to build a theory about its role in explaining cross-national variation in support for redistribution and redistributive policies. Culture could be defined as subjective beliefs that are widely shared by the members of a group, which transmitted from generation to generation through learning and socialization (Hofstede, 1980; Swartz & Jordan, 1980; Triandis, 1994, 1995). Culturally shared beliefs and values are believed to provide limits and effective guides for individual action and behavior. In another words, culture provides the members of the group a range of behaviors from which they can choose to meet various goals. A second characteristic of culture is that it is widely shared among the members of a certain group[3]. The third element of culture is that it is transmitted across generations through learning and socialization. This is an important element in distinguishing culture from other concepts such as attitudes or orientations towards contemporary issues and events, preferences or affect towards objects or events in the social and political system. Fourth, the fact that younger generations adapt shared values and assumptions through learning and socialization implies that culture has a stable element[4]. Finally, all these features make culture an important component of social, political and economic life and a vital element in understanding similarities and differences across countries. Cultural orientations influence the selection of what is considered socially important. Socially shared values about what is good, what is bad and

[3] The group of people who share these common assumptions could be a nation, ethnic or religious subgroups or a broader group of people that share the same set of assumptions. In cross-cultural studies, most research focuses on national cultures, although the assumption that nations are more or less homogenous with regards to dominant cultural values is questionable. These issues are discussed in detail in Chapter III.

[4] On the other hand, it is misleading to see culture as being completely static: Culture is also adaptive. This issue will also be discussed in detail in Chapter III.

what is desirable are also expressed in the organization and goals of social institutions as well as their modes of operation (Schwartz & Ros, 1995).

It is possible to outline two ways to think about culture and how it affects other social and political outcomes. Culture could be defined and operationalized as the sum of individual values that make up the collectivity. This definition is based on the assumption that individual value priorities are a function of shared environment as well as unique personal experiences. Members of a particular society all have distinct aspects, yet broad similarities of experience produce communalities with respect to fundamental beliefs and value priorities (Lockhart, 2003b: 11). Similar experiences with the political, social and economic environment as well as socialization and education lead members of a society to internalize cultural values almost unconsciously. As far as individual value orientations are concerned, values have significant and consistent effects on policy preferences, attitudes towards social groups, political action, partisanship and vote choice (see Feldman, 2003 for a review). Since values are central to evaluations, attitudes and preferences, it follows that culturally transmitted values should have an impact on policy preferences of the masses. These preferences should be reflected in the institutions of a polity, or policies enacted by governments, at least as far as democratic societies are concerned. Therefore, according to this perspective, individual value orientations are the basic mechanism through which culturally shared beliefs are reflected in aggregate political outcomes[5].

[5] Shared beliefs may also influence institutions and policy through the values of political elites. Since political elites are also socialized into the dominant cultural orientations of their societies, their policy preferences and priorities should also reflect such shared beliefs. In fact, Verba et.al (1987) find substantive variation among political elites who come from parties of similar ideological orientation or who are members of interest groups with same interests and goals (such as labor union leaders) in Sweden, Japan and United States . Perhaps because it is hard to measure political elites' interests through surveys, many

Apart from being the sum of individual value orientations, culture could also be seen as "societal common knowledge" (Greif and Laitin, 2004) or "tool kit" of worldviews, which people may use in various configurations to solve different kinds of problems (Swidler, 1986). It is also possible to see culture as consisting of the unwritten, unspoken rules of the game that coordinates individuals' expectations from each other (North, 1990; Triandis, 1994). These unwritten rules are commonly known among the members of the group and determine their expectations from each other (Greif, 1994). Individuals who belong to societies with diverse cultural beliefs have different understandings, and evaluations of similar situations, and think and react differently. Seen in this way, culture constrains the range of options available to the members of the group (Kagitcibasi, 2007: 31). Such similar worldviews should also influence political outcomes such as public policy by coordinating the expectations of group members.

Culture also influences the context within which human development takes place (Kagitcibasi, 2007) and culturally shared values influence individual perceptions, cognitions, categorizations, beliefs, ideals, values, and expectations (Triandis, 1994). Apart from being the sum of individual value orientations, culture is collective meanings groups create, share and symbolically express (Wilson, 2000). These symbols and meanings provide for the process by which "people come to describe, explain, or otherwise account for the world in which they live" (Gergen, 1985: 3). Cultural symbols and meanings shape psychological processes and lead to the cultural construction of "reality" (Kagitcibasi, 2007: 31). Culture, then, should also influence the context within

studies about culture and institutions focus on the impact of culture through mass publics, rather than political elites. Therefore, in this dissertation, I only consider mass preferences as the mechanism through which culturally shared values are reflected in redistributive policies.

which political phenomena takes place and political issues are discussed, constrain the range of policy options available, and influence issue frames concerning public policies. Therefore, at the macro level, we expect political culture to influence policy both through individual value orientations and through providing common points of concern and expectations among group members and constraining the range of options available to the members of the group.

Such an argument implies a significant relationship between the preferences of the masses and the policies enacted by governments. In the light of previous research, it seems reasonable to expect such policy responsiveness. It has been argued that office-holders have incentives to incorporate mass preferences to avoid electoral defeat or public protests and mass policy preferences have been shown to have a significant impact on policy outcomes, such as military and defense spending, tax rates, healthcare and welfare benefits, environmental policy, as well as policies promoting growth (see Burnstein, 1998 for a review). Therefore, as far as the democratic countries are concerned, there is enough theoretical and empirical justification to suggest that citizen preferences affect government policy. On the other hand, in non-democratic countries, where politicians are not effectively constrained by citizens and use means to bypass citizen demands, we may not observe a direct link between mass policy preferences and government policy.

In the absence of any kind of institutional arrangement it is possible to assume that shared beliefs, either through individual value orientations, or through providing common expectations and constraining range of options available to the members of cultural groups directly influence other political outcomes such as public policy.

However, this would rarely be the case, since mass orientations, elite values, or common points of concern are translated into policy outputs through the already existing institutional structures. Institutions act as another constraint in determining policy outputs and shared subjective beliefs work in interaction with other variables such as the existing institutional structure and external conditions (North, 1994). Institutional design affects redistributive policies and explains some of the cross-national variation in redistribution. For example, majoritarian elections are likely to produce single-party governments, which are associated with smaller governments. Dispersion of political power within the state and the ability of minority interests such as lobby groups to obstruct legislation are also cited as important factors in explaining government size and redistributive policy. Since elite or mass preferences are reflected in policies through existing institutions that also act as constraints, individualism should work in interaction with the institutional arrangements to influence government spending on redistributive policies.

Culture as a system of meaning and a process that sets the context and provides the range of options available to the members of the society should also influence individual orientations towards redistributive policies. I argue that apart from forming the basis of individual judgments, evaluations and attributions, culturally shared values of individualism set the context and the language of political debate, affect the framing of issues in terms of the dominant priorities of the collectivity, and socialize the members of the society to think and act in particular ways. Political debates and solutions provided to problems in different cultural environments reflect the influence of shared beliefs and unquestioned assumptions of the society (Hertog & McLeod, 2001; Zald, 1996). All members of the social group, even if they do not share the dominant orientations, are

exposed to culturally derived influences to an extent. Therefore, such cultural dynamics should also exert an influence on the individual that lead to different outcomes had the individual been acting in isolation from the cultural group. Accordingly, my second main argument is that individualism also influences individual preferences regarding redistribution. On the other hand, since individuals do not internalize culturally shared values to the same extent, or have different ideological orientations and interests that affect their attitudes or behavior, the effect of cultural influences should be conditional upon individual characteristics. That is, I argue that culturally shared values of individualism work in interaction with individual level characteristics to affect individual preferences on redistribution.

These arguments will be tested using various datasets. The first argument, which states that culturally shared values of individualism affects policy outcomes requires cross-sectional data on government size, welfare effort, institutional structure, as well as other control variables that effect redistributive policies. For their *The Economic Effects of Constitutions* project, Persson and Tabellini have collected data from a cross-section of 85 electoral democracies, which includes the necessary variables. I use this dataset to test the hypotheses concerning the effects of individualism. Apart from aggregate-level variables, the hypotheses also require a measure of individualism at the cultural level. As will be discussed in greater detail in the following chapters, although various individualism measures are available, none of them captures the economic component of individualism. I therefore develop a measure of individualism at the cultural level using data from World Values Surveys.

My second argument requires individual-level data on support for redistribution and welfare policies as well as individualism values. I also make use of the World Values Survey to develop an individual-level measure of economic individualism and to test the hypotheses about the interactive effect of culture on individual values and support for redistribution. In addition, some of the hypotheses are concerned with other individual-level factors and their interaction with culturally shared beliefs and values. Those hypotheses are also tested using World Values dataset and, in an effort to provide robustness to the findings, with International Social Survey Programme (ISSP) Role of Government survey data.

Overview

In the next chapter, I first provide an operational definition of culture as well as a detailed definition of individualism and discuss why it should be related to redistributive attitudes and policies. Based on these definitions, I then present the theory and the hypotheses concerning the effect of individualism. I argue that the effect of political culture of individualism would be observable at two-levels: At the macro level, political culture interacts with institutions that also affect redistributive policy and explains part of the cross-national variation in redistributive policies. In addition, I argue that the effect of institutions is conditional upon the cultural context within which they operate:

Majoritarian elections and presidential regimes constrain the size of the government only when the political culture is individualist. At the individual-level, the political culture of individualism, by influencing the context in which political debates and interactions with the members of groups take place as well as issue frames, affects individual attitudes towards such policies. On the other hand, since individual preferences are also affected by other socioeconomic factors, values and ideology, I expect individualism to have an indirect effect on redistributive preferences as well.

The hypotheses derived in Chapter II require individualism measures both at the individual and at the cultural levels. Accordingly, Chapter III is devoted to a detailed definition and operationalization of individualism at both levels. I use World Values Survey to build these measures at both levels. At the national level, there are various issues concerning the measurement of culture, which will be discussed in detail in this section. At the individual level, the cross-cultural equivalency of constructs based on survey data is an issue that needs elaboration. I use Multi-Group Structural Equation Modeling (MG-SEM) to control for item biases in the measurement of individualism at the individual level.

Chapter IV presents the results of the analyses concerning the moderating effect of individualism on government size and welfare spending. I find that the effect of individualism on government size is moderated by electoral system and government type. In addition, the effect of institutions on redistribution is not uniform, but is conditional upon political culture. Chapter V tests the theory of culture's direct and indirect effects on individual policy preferences. The political culture of individualism also moderates individual attitudes towards redistribution and welfare spending. Individuals who have

similar values or ideological orientations but who live in different cultural settings respond differently to redistributive policies. Chapter VI concludes with the implications of the findings and discussion of the limitations of the research.

II. Theoretical Framework

In this chapter, I provide an operational definition of culture and present the theoretical foundations for the hypotheses concerning the effect of political culture of individualism in explaining cross-national variation in individual attitudes towards redistribution and welfare as well as government size and welfare effort. Next, I present a definition of individualism and argue that it is the main cultural dimension that affects redistributive preferences and policies. Then, based on the conceptualization and definition of culture and individualism, I present the hypotheses concerning individualism's effects at the national and the individual level.

Defining Culture

Before presenting the arguments about individualism's effect on cross-national differences regarding redistributive outcomes, one must first clarify what constitutes culture, as "culture's centrality to social explanation depends largely on how it is defined" (Lockhart, 2003: 8). Although culture is a core concept and a widely used term in all social sciences, it lacks a precise definition. As Schak laments, "unlike concepts such as 'work' or 'energy' in physics that are precisely defined, there are hundreds of

definitions of culture in anthropology and considerable disagreement over what it exactly refers to" (Schak, 2005: 301). In fact, in their monumental study, Kroeber and Kluckhohn present 164 different definitions of culture.

Although there is no established definition of culture, many scholars agree that it refers to mental constructs; that human behavior (except for reflex actions) is influenced by culture; and that culture underlies human behavior (Schak, 2005: 302). Again, most scholars agree on the fact that culture encompasses subjective beliefs that are independent of social structure and self-interest. On the other hand, different social scientists use the term in different ways (Chamberlayne, 1999). While some scholars provide a definition based on the psychological aspects of culture such as values, beliefs, emotions, cognitions, some emphasize collective meanings, symbols and discourses that groups create and share. For example, Giddens defines culture as "the values the members of a given group hold, the norms they follow, and the material goods they create" (Giddens, 1993: 31), while for Garland culture also encompasses cognitive and affective aspects such as emotional configurations or "sensibilities" (Garland, 1990: 195). According to Keesing culture also consists of "publicly available symbolic forms through which people experience and express meaning" (Keesing, 1974), whereas for Geertz culture refers to the "whole way of life" of a group of people, including practices, symbols, institutions and human relationships (Geertz, 1973). For those whoadopt Geertz's "thick description", a strict distinction between culture and structure would be misguided since the two realms are locked in a symbiotic relationship (Lowi, 1984 quoted in Lockhart, 2003). However, for analytical purposes, culture should be distinguished from other concepts such as formal and informal institutions or organizations since a thick

description does not allow for the assessment of the relationships between culture, individual values, institutions, structures or policy outcomes. As Chamberlayne comments, the problem with such a definition is that "if culture is everything, there may be nothing to say" (Chamberlayne, 1999: 13).

Accordingly, culture should be distinguished from other concepts such as institutions or society. In their highly influential piece, Helmke and Levitsky (2004) distinguish between formal and informal institutions and between informal institutions and culture, by defining informal institutions in terms of shared expectations, and culture in terms of shared values. While, informal institutions are defined as "socially shared rules, usually unwritten, that are created, communicated, and enforced outside of officially sanctioned channels" (p. 727), culture is a much broader concept, which also influences informal institutions. As with most anthropologists, Helmke and Levitsky agree that culture encompasses shared values, or shared mental constructs. I also adopt their definition of formal institutions, which are "rules that are created, communicated and enforced through official channels, including state institutions such as courts and bureaucracies and state-enforced rules such as laws, regulations and constitutions" (p. 727)[6] and argue that culture should be seen as being distinct from both formal and informal institutions.

[6] Douglass North (1990) also makes a similar distinction between culture, informal institutions and formal institutions. He defines culture as "transmission from one generation to the next, via teaching and imitation, of knowledge, values, and other factors that influence behavior" (p. 37). Formal rules refer to the written rules, such as constitutions, statute and common law and, regulations. Informal rules are unwritten constraints on behavior such as conventions, moral rules and social norms. According to North, informal rules emerge and change spontaneously, through the interaction of individuals and are mainly derived from culture of a society. I prefer to rely on Helmke & Levitsky's definition since they make a much clear distinction between culture and informal constraints.

Culture is also distinct from concepts such as society or social system although there are close connections between them (Giddens, 1993: 31). Society possesses culture, and culture cannot exist without society, but the two concepts are fundamentally different. A society could be defined a system of interrelationships which connects individuals together (Giddens, 1993). A social system comprises the behavior of multiple individuals within a culturally-organized population, including their patterns of interaction and networks of social relationships" (Rohner, 1984: 126), while culture refers to the values, beliefs, ways of life of that society or the social system. Social systems define the patterns of behavior whose meaning is provided by their cultural context, and cultures make social systems comprehensible (Smith et al., 2006). Culture is also distinct from social structure, which is defined as "patterned interrelationships among a set of individual and organizational statuses, as defined by the nature of their interacting roles." (Schooler, 1996: 327)

While the definition of culture I adopt here also emphasizes the psychological aspects of culture such as values and beliefs, I also take culture as being above and beyond shared values and beliefs. While my arguments are not based on the "holistic" definitions of culture, I also view culture as consisting of meanings, symbols and discourses that provide meaning to reality and set the context within which behavior takes place. My argument is that dominant shared values and beliefs should be reflected in the symbols, meanings, and interpretations, which in turn have effects for political phenomena in question. Therefore, the definition of culture I rely on emphasizes shared values and beliefs, which for those interested in cultural explanation is the major link

between culture and action (Swidler, 1986: 273) and rests on the powerful and internalized beliefs and values held by individual actors (Swidler, 1995: 25).

Accordingly, I define culture as "common shared understandings that members of other groups do no necessarily share and being transmitted through learning and socialization" (Swartz and Jordan, 1980) or "collective programming of the mind that distinguishes the members of one group or category of people from another" (Hofstede, 1980). A slightly different version defines culture as "unstated assumptions, standard operating procedures, and ways of doing things that have been internalized to such an extent that people do not argue about them." (Herskovits quoted in Triandis, 1994)

A recurring theme in all these definitions is that culture consists of shared understandings among a group of people that makes the members of the group different from other groups. These shared understandings or collective programs are believed to provide limits and effective guides for individual action and behavior. Culture "consists of standards for deciding what is, standards for deciding what can be, standards for deciding how one feels about it, standards for deciding what to do about it, and standards for deciding how to go about doing it." (Goodenough, 1963) In another words, culture consists of shared subjective beliefs that provide the members of the group a range of behaviors from which they can choose to meet various goals.

A second feature of culture is that it is widely shared among the members of a certain group. The group of people who share these common assumptions could be a nation, an ethnic or religious group or a broader group of people such as those who live in a certain area, or in a certain period of time. In cross-cultural studies, most research focuses on national cultures, although the assumption that nations are more or less

homogenous with regards to dominant cultural values may not be so realistic since nation-states often embrace minorities or sub-cultures that have different cultural configurations. This issue will be discussed in greater detail in Chapter III. On the other hand, since my hypotheses concern the effect of individualism on variation in redistributive policies and support for these policies across nations, it requires an operationalization that takes the nation as the cultural unit of analysis.

The third element of culture is that it is transmitted across generations through learning and socialization. This is an important element in distinguishing culture from other concepts such as attitudes or orientations towards contemporary issues and events, preferences or affect towards objects or events in the social and political system. Concepts such as satisfaction with government, political involvement, happiness, trust or support for institutions are neither basic predispositions nor adapted through learning and transmitted across generations, although they may be influenced by existing cultural orientations.

Fourth, the fact that younger generations adapt shared values and assumptions through learning and socialization implies that culture has a stable element. According to Inglehart:

> "The more central and early-learned aspects of culture are resistant to change, both because it requires a massive effort to change central elements of an adult's cognitive organization, and because one's most central values become ends in themselves, the abandonment of which would produce deep uncertainty and anxiety. In the face of major and enduring shifts in societal conditions, even central parts of a culture may be transformed, but they are much more apt to change through intergenerational population replacement than by the conversion of already-socialized adults." (Inglehart, 1990: 18-19)

On the other hand, it is misleading to see culture as being completely static: Culture is adaptive. Cultural adaptation involves changes of all sorts that continually affect society's relationship with its environment (Bates & Franklin, 2003). Changes in physical, political or economic environment may alter the cultural orientations shared by the members of the group. For example, industrialization is one of the most important factors that alter cultural orientations of societies and lead to profound changes in the organization of societies (Inglehart, 1997). Similarly, Inglehart's postmaterialism thesis traces the changes in value orientations of the Western publics to the increase in material standards, prosperity and economic security in the postwar period. Lockhart (2003b) argues that social dislocation caused by the Great Depression changed the value orientations of some Americans, leading to calls for increased government activity. These examples show that culture is not all static. Yet, one should not exaggerate the dynamic nature of cultural orientations. It takes both significant changes in the environment and time to alter the basic cultural configurations of a society. Cultural change is usually slow, and when it occurs, it takes place more readily among younger groups than among older ones, resulting in intergenerational changes (Inglehart, 1990:19).

Finally, all these features make culture an important component of social, political and economic life and a vital element in understanding similarities and differences across countries. As Devine suggests, "the concept of culture allows the analyst to forge a connection between the values of the members of a political system and the form of government in the system." (Devine, 1972: 3) Cultural orientations influence the selection of what is considered socially important. Socially shared values about what is good, what is bad and what is desirable are expressed in the organization and goals of

social institutions as well as their modes of operation (Schwartz & Ros, 1995), although not all political scientists would agree with such arguments (see Jackman & Miller, 2004). Despite the fact that anthropologists, sociologists and psychologists readily accept culture's role in explaining social phenomena, among political scientists there is a big controversy over the usefulness and value of culture in explaining political behavior and institutions. On the other hand, although culture has remained a largely residual category in the political science literature, evidence in favor of its explanatory effects on cross-national variation in institutions (Greif, 1994, Zerbe & Anderson, 2001), their performance (Almond & Verba, 1963; Inglehart & Welzel, 2005; Licht et al., 2004; Putnam, 1993), economic growth and development (Granato et al., 1996a, 1996b; Inglehart, 1990; McClelland, 1961; Tabellini, 2006), and public policy (Jacobs, 1992; Lockhart, 2003a, 2003b) is accumulating.

As mentioned above, arguments about American exceptionalism mention the individualism dimension in influencing the development of redistributive policies[7]. Although some studies have assumed individualism to be a unique feature of the American society, research in cross-cultural psychology has shown that all cultures embrace individualistic values to some extent. Before proceeding to the hypotheses about

[7] It is also possible that egalitarianism with its emphasis on equality and social justice could also be the cultural dimension that influences support for redistribution and generous welfare policies. Egalitarianism is associated with transcendence of selfish interests in favor of voluntary commitment to promoting welfare of others. Egalitarian cultures place emphasis on equality, social justice, freedom, responsibility and honesty (Schwartz & Ros, 1995). Emphasis on egalitarian values indicates more concern with the well-being of others in the society and responsible behavior. Cross-cultural psychologists argue that cultures that score high on egalitarian values favor a distribution of rewards based on the principle of equality rather than on the basis of equity and performance (Fischer & Smith, 2003) suggesting that the nature of support for social welfare policies across countries is could also be founded in individualism but in egalitarianism. However, in this dissertation I restrict my theory and analysis to the cultural dimension of individualism. As I discuss in greater detail in the next section, there is enough theoretical justification to argue for the importance of individualism in explaining the variance in mass political support and government policies on social welfare. In addition, limitations of space and the availability of data only allow me to test for the effects of individualism. Therefore, I will not be concerned with the effects of other cultural dimensions.

individualism's effects, I provide a definition of this dimension and discuss its relevance for redistributive policies and attitudes towards redistribution.

Defining Individualism

Individualism is a term that is widely used in social sciences and humanities in different contexts (and) to refer to diverse concepts. Social scientists and historians have used and continue to use individualism in a variety of contexts, and ascribe many different properties to it, including the dignity of man, autonomy, privacy, self-development, the abstract individual, political, economic, religious, ethical, epistemological, and methodological individualism. The usage and meaning of the term has also changed over time.

The term individualism first appeared within the context of European reaction to French Revolution and carried a negative connotation as it was seen as a threat to the social order and hierarchy and well-being of the commonwealth (Lukes, 1973; Oyserman et.al., 2002). Counter-revolutionary thinkers saw individual reason and autonomy as a worldview posing great dangers to community and the collective social structure, and as a doctrine that would destroy the idea of obedience and duty to the community. Among the socialists of the nineteenth century "individualism has been contrasted with an ideal, cooperative social order, variously described as association, harmony, socialism and

communism" (Lukes, 1973: 10). Individualism in their usage referred to laissez faire and to anarchy, social atomization and exploitation produced by industrial capitalism. 19th century philosophers have defended individualism by placing individual at the center and referring to individual conscience as the ultimate source (Lukes, 1973). In the late Victorian era, the idea of anti-statist and anti-collectivist individualism that is associated with political liberalism, majoritarian rule, tolerance, freedom of speech and equality of all men under the law (sometimes referred as democratic individuality) was emphasized (Lukes, 1973). Despite differences in connotation, in almost all of these usages, individualism implies individual uniqueness and emphasizes the interests of the individual at the expense of the society as opposed to collectivism, which refers to a preference for a tightly knit social framework in which individuals can expect their relatives, clan or other in-group to look after them, in exchange for unquestioning loyalty (Hofstede, 1980).

Today, the view that "society is nothing more than an aggregate of individuals" no longer carries negative connotations, as individualism is seen as the backbone of modern Western society and "the true philosophy linking individual autonomy, equality of respect and the notion of society as the product of individual wills." (Elie Halevy quoted in Lukes, 1973: 42) Social scientists generally assume that individualism as a cultural orientation is more prevalent in industrialized Western societies, arguing that Protestantism and civic emancipation resulted in social and civic structures that championed the role of individual choice, personal freedom and self-actualization. (Oyserman et al., 2002; Inglehart & Oyserman, 2004) Individualism is also associated with Italian Renaissance and Protestantism, and with the rise of capitalism and the growth

of a possessive market society (Lukes, 1973: 40-41). According to Watson (2005), the greatest psychological change in Renaissance was the rise in individuality, which led to a rise in self-consciousness, a growth of competitiveness, and an increased interest in the uniqueness of people (Watson, 2005: 403). In these usages, it is again possible to see the notions of individual autonomy, freedom, and uniqueness as opposed to focus on the collectivity, concern for the groups that one belongs to, and as well as embeddedness, conformity, and deference to group norms and values. Again, in these discussions, the term individualism is associated with achievement orientation, competitiveness, capitalism and market economics.

Contemporary definitions of individualism and collectivism come close to Weber's distinction between individual-focused Western European Protestantism that promoted self-reliance and pursuit of self-interest and collective-focused Catholicism, which promotes permanent and hierarchical relationships; and Tonnies' contrast of community-focused *Gemeinschaft* and association-based *Gessellschaft.* Although there is a long Western tradition of contrasting societies with individualistic and collectivistic focus, the concept owes its popularity in cross-cultural and organizational psychology to Geert Hofstede's seminal work on *Culture's Consequences*. Hofstede (1980) administered questionnaires to 117,000 IBM workers in 39 countries in 1968 and 1972. The factor analysis of work goal items produced four distinct dimensions, one of which he named the individualism-collectivism dimension. After Hofstede's work, the concept became very popular, and although the dimensions of culture he laid out were not

restricted to the individualism-collectivism, this dimension almost became the sole focus of research in cross-cultural psychology[8].

Hofstede defines individualism at the cultural level as "a preference for a loosely knit social framework in society in which individuals are supposed to take care of themselves and their immediate families as opposed to … a preference for a tightly knit social framework in which individuals can expect their relatives, clan or other in-group to look after them, in exchange for unquestioning loyalty" (Hofstede, 1980: 260). His definition reflects a theme that has been at the very core of classical sociology such as Durkheim's or Tönnies' distinctions between societies with individual versus collective focus (Oyserman et al., 2002). Following Hofstede's work, the distinction between societies that emphasize the means, needs, and goals of the individual as opposed to that of the collectivity has become a core theme in almost all the definitions and conceptualizations of individualism and collectivism. While individualism emphasizes the independence and autonomy of the individual from the groups and the society (together with pursuit of self-interest, happiness, as well as individual uniqueness) the core element in collectivism is the assumption that groups bind and mutually obligate individuals. Rather than the values of individual autonomy, achievement and competetiveness, the values of collectivist societies emphasize the well-being of the society as well as duties and obligations towards the society at the expense of the individual interests. According to Triandis (1995), there are four defining attributes of the individualism-collectivism dimension: 1) the definition of the self as personal or

[8] According to Kagitcibasi (1997) this widespread interest in individualism-collectivism dimension may have to do with its perceived potential to explain variations in economic development, as it resembles the construct of achievement motivation that was seen as a crucial aspect of societies in economic achievement. Another reason for the popularity of individualism-collectivism might be due to its simplicity as a one-dimensional construct.

collective, 2) personal goals having priority over group goals or vice versa, 3) emphasis on exchange rather than on communal relationships, and 4) the relative importance of personal attitudes versus social norms in person's behavior. In general, then, in its contemporary usage, the term individualism refers to societies in which individuals are seen as autonomous from the collectivity, whereas collectivism refers to societies in which groups are the basis of social interactions and values emphasize the well-being of the group at the expense of individual interests and goals. . As mentioned in the previous chapter, individualism and collectivism also shows within-culture variability and can be used to explain individual or group differences in a society (Triandis et.al., 1985; Kagitcibasi, 1997). At the individual level, individualism refers to the definition of self independently of specific groups or collectivities, concern with personal goals even if it means inconsistency with group interests, and seeking individual pleasure as opposed to carrying out obligations imposed by the collectivity (Triandis, 1995). To this basic definition, researchers have also added other attributes such as happiness, competition, and creativity.

As mentioned above, some definitions relate individualism defined as autonomy, freedom, self-reliance, and concern with the well-being of the self to *economic* individualism, "a philosophy emphasizing in matters economic the values and interests of the individual" (Bozeman, 2007: 3-4), which embraces self-reliance and individual autonomy in making decisions in the economic sphere. Scholars stress that from the beginning, individualism went hand in hand with the development of capitalism, and self-assertiveness, competition, and a desire for fame (which we can presume achievement) were highly valued during the rise of capitalism in Europe. Stress on achievement rather

than on birth was also an important stress in change in psychology during this period (Watson, 2005).

Economic individualism is also rooted in the ideas of economic theorists such as Adam Smith and David Ricardo. Self-interest, which is a defining characteristic of individualism, has always been linked to capitalism (Forman, 1973; Kagitcibasi, 1997). Conservative thinkers such as Hayek (1955) see economic individualism as an inseparable element of individual freedom and autonomy. Hayek (1955) argues that true individualism necessitates man to be free to follow his conscience in moral matters, make full use of his knowledge skills and be guided by his concern for the particular things of which he knows and for which he cares (p. 14). According to Hayek:

> "From the awareness of the limitations of individual knowledge and from the fact that no person or small group of persons can know all that is known to somebody, individualism also derives its practical conclusion: its demand for a strict limitation of all coercive and exclusive power"(p. 16)

Hayek contends that economic individualism is crucial in fulfilling the goals of individual autonomy and freedom. Wilson (1997) also argues that the individualists' concern with autonomy calls for an emphasis on negative rights and the demand that governments provide a framework within which competition and the price mechanism would be protected and promoted as opposed to positive rights, which are the main concern of egalitarianism with its emphasis on caring with others rather than individuals' autonomy. Many scholars also agree that the pursuit of happiness has a strong economic component. (Meenaghan & Washington, 1980)

Individualism defined as such (i.e. which includes a strong economic self-interest component) is believed to be an essential characteristic of the American society (Uyl,

1986). Ever since the visit of Tocqueville to United States, it has been common to describe US as a highly individualistic society. Although individualism emerged as a philosophy in England, spurred by the ideas of Adam Smith and Jeremy Bentham, manifested in market-oriented approaches to public policy and management, it gained more popularity in the United States when distrust of government collided with "nation's special native brand of capitalism" (Bozeman, 2007). According to Potter, the individualism of self-reliance (sometimes referred to as "rugged individualism") was essentially a response or adaptation of people who had an undeveloped continent in front of them and who lacked institutional or technological devices for conquering it. In 19th century, both individualism and *economic* individualism went hand in hand in the US as both of them enjoined the individual to fight for his own aspirations first and to subordinate consideration for the enterpriser acting alone and both made a virtue of independence (Potter, 1971: 59-60). For the earliest American citizens, the autonomy of the individual was the ideological link between property and liberty and, later, between capitalism and democracy (Brown, 2005: 145). Individualism in the United States also promoted the ideals of freedom and equality, as well as values of self-reliance and separation, self-interest, ambition, achievement, competition and pursuit of profit.

Although economic individualism is a much discussed and more or less well-defined concept, and although there is much emphasis on the definition and consequences of economic individualism, there is almost no mention of the opposite end of the dimension, which we can name economic collectivism. If economic individualism is defined as individual autonomy and responsibility in making decisions in the economic sphere, and emphasis on competition, achievement and pursuit of happiness, and is

associated with desire for lack of government interference in economic affairs and support for capitalism and laissez faire, then, economic collectivism could be defined in terms of the duties and obligations of the individuals towards the society in the economic sphere as well as the embeddedness of the individual within the group in private as well as economic matters. Again, if we define economic individualism as autonomy and responsibility of the individual, then, the opposite end of the dimension should emphasize the obligation of the society to help and provide for the well-being of others. Since collectivist societies are characterized by the valuing the interests of the group at the expense of the individual, we expect these societies to emphasize the moral *duty* of the society and the government to help those in need. In addition, since individuals' welfare depends on the well-being and actions of the group, in societies with collectivist focus, we expect individuals to support policy outcomes that would benefit the group as a whole as opposed to support for individual initiative.

Some clarifications should be made in order to avoid confusions about what these dimensions refer to. First of all, the values of individualism or economic individualism do not necessarily refer to preference for inequality in the society. In fact, those with a strong commitment to individualism also show care and concern for the well-being of others in the society and individualism could in fact be quite compatible with humanitarian values (Feldman & Steenbergen, 2001: 660). Definition of individualism as concern for the well-being of the self (as opposed to others) does not bring with it a preference for the inequality of outcomes. The distinguishing feature of individualism is the perception of the individual as being responsible for her own well-being. That is why, individualists, or individualist societies should prefer government policies that support

individual initiative. On the other hand, individualists may still prefer actions that would enhance the welfare of the poor and the needy, but they should prefer individual action such as charity and private donations to help those who are in need. Collectivists, on the other hand, see the individual as embedded in the social group and therefore should see the group as responsible for the welfare of the members of the society.

While economic collectivism emphasizes the duty and obligation of society to care for others, at the expense of individual autonomy, competition or individual achievement it should also be distinguished from egalitarianism, which could be defined as concern with the well-being of others in the society and voluntary commitment to promoting the welfare of others (Schwartz & Ros, 1995). Egalitarian cultures emphasize equality in economic and political sphere in addition to social justice, freedom, as well as responsibility and honesty (Schwartz, 2002). Although the terms egalitarianism and economic collectivism seem to be the same concepts, egalitarianism emphasizes voluntary commitment to the equality of outcomes whereas economic collectivism mainly sees it as the duty and obligation of the society to provide for the well-being of those who are members of the society. In an egalitarian society, there is still room for individual initiative whereas economic collectivism sees the society as a single entity.

Although earlier discussions regarded individualism as an exceptional feature of the United States, research in cross-cultural psychology has shown that individualism-collectivism dimension varies across societies. The values of achievement, self-reliance, responsibility, and competition are also included in the definitions and measures of individualism in cross-cultural psychology as well (Triandis, 1994, 1995; Ho & Chiu, 1994). In addition, the terms individualism and collectivism are also used within the

context of social welfare and redistribution in other countries such as Sweden (Bjork, 1972; Lockhart, 2003c), Britain (Beer, 1982; Jacobs, 1992; Kavanagah, 1985; McQuail and Smith, 1972), France (Friedlander, 1962) and Japan (Martin & Stronach, 1992). Accordingly, the *economic* component of individualism and collectivism should also vary across countries, and it should be the key cultural dimension that affects redistributive attitudes as well as policies.

The dominance of individualistic values in society is expected to predict many things about the political and social order. For example, Hofstede (2003) notes that his individualism measure is strongly correlated with social mobility measures as well as Schmitter's social corporatism measure, with less individualist (European) countries being more prone to social corporatist arrangements. Individualism is also found to have high correlations with health and education budgets, and is believed to be at the core of the exceptional nature of the American welfare state. Individualism, defined with a strong economic component has also been linked to economic development and modernization, and seen as promoting growth and development (Tabellini, 2005).

Given its strong association with support for capitalism, and values of self-reliance, and competition, economic dimension of individualism should also predict individual attitudes towards redistribution. At the individual level, the values of economic individualism are usually associated with support for capitalism and consequent presumption against economic regulation (Lukes, 1973: 88). Individualist values are also related to support for capitalism, laissez faire and strong preference for a smaller role of government (Lukes, 1973; McClosky & Zaller, 1984). Individuals who believe in self-reliance and the primacy of competition should also be less supportive of government

policies that distribute from the rich to the poor. Therefore, I focus on the *economic* component of individualism as the potential cultural dimension that could explain differences in welfare effort and government size. I argue that the effect of individualism as a cultural dimension should be both through the value orientations of individuals and through the context it creates in matters related to redistribution. I argue that these effects would be observable at two levels: At the macro level, individualism should influence government policies towards redistribution. At the individual level, the effect of the cultural context should lead individuals in societies with varying levels of individualism to have varying reactions to such policies.

Individualism and Cross-National Differences in Redistributive Policy

I argue that economic individualism is the cultural dimension that accounts for cross-national variation in redistribution, which will be measured as central government spending and spending on social welfare policies. More individualist cultures, with their emphasis of individual autonomy, self-reliance, pursuit of self-interest and achievement values should generate stronger support for laissez faire and deter the development of strong redistributive policies. On the other hand, I expect the effect of cultural orientations to be moderated by existing institutional structures.

Although a large literature on the economic and political factors that explain the cross-national variation in redistribution has accumulated, the role of cultural influences has received limited attention (Oorschot, 2006). It must be noted that, despite some limitations, the literature on welfare states and redistributive policies is very rich, and it is beyond the limits of this section to appraise all the studies that have been done in this area. Here, I briefly review some of the most critical studies and perspectives that have shaped the theories and empirical research on cross-national differences in redistribution.

It is possible to identify three main perspectives on factors affecting redistributive policies of governments: economic, political-structural, and institutional. The economic perspective attributes the variation in redistribution to economic growth and development. The most widely cited proponent of this view, Harold Wilensky (1975) has argued that the level of economic growth explains why the welfare states were established in the first place and welfare state development across nations. According to Wilensky, the more developed the countries get, the larger share of the population will be insured against the risks of modern life. In Wilensky's account the ideology or the values of the political actors do not matter, and neither do other factors. In fact, both Wilensky's and Cutright's (1965) empirical analysis has shown that for a sample of 76 nations, economic development as measured by levels of energy consumption is the best predictor of the length of time of social insurance programmes have been in existence.

In Wilensky's model, the role of economic growth on welfare spending is not direct, but is mediated by the proportion of the old population. In fact, the mechanism that translates economic development into public policy is the transformation of the demographic structure which creates a "population in need and a political force for

further social security development" (Wilensky, 1975: 13). Wilensky argues that economic growth and development lead to a decrease in birth rates, which leads to an older society. As the proportion of elderly in the population increases, they become a significant political power, forcing governments to increase spending on welfare programs. A second substantive variable in Wilensky's model is the age of the social security system. According to Wilensky, earlier economic development leads to earlier aging of the population and pressures for reform, and thus the large correlations between proportion of the old population, age of the system and current welfare spending.

The relation between old age, economic development and welfare spending is a substantive contribution to the literature. Yet, a problem with Wilensky's theory is its conclusion that nations with comparable levels of economic development would converge at similar levels of welfare state development (Myles & Qadagno, 2002) rendering all other factors redundant. Although studies usually find a positive relationship between national income and welfare spending, not all countries with about the same level of economic growth and development have equally generous welfare policies. In his objection to Wilensky, Rea (1979) points that higher income might be a proxy for a modern industrial country with its particular social structure, which makes individuals dependent on state programs for support. On the other hand, less developed countries may not necessarily institutionalize the transfers as people rely on family and friends for support. Castles (1982) also criticizes the empirical evidence of Wilensky and Cutright arguing that rather than showing that welfare programs extend as countries become more industrialized or richer, all these authors have shown is that welfare expenditures are higher in industrialized and richer countries. Castles (1982) has also

shown for the 1960-70 period, there is no convergence in public and welfare spending patterns in advanced industrialized countries. In addition, although old age is the most consistent and robust predictor of government size and welfare generosity, it is not clear whether it is the proportion of the elderly that forces governments to spend more on redistributive policies, or whether the generosity of social welfare programs increase life expectancy and lead to a population in which the proportion of the elderly is higher.

Another economic factor that has been suggested to be a significant predictor of redistribution is the pre-tax distribution of income (Meltzer & Richard, 1981; Moene & Wallerstein, 2001; Romer, 1975). Meltzer and Richard (1981) stipulate that the gap between the pretax earnings of the median-income voter and mean income would lead to more demand for distribution by the median-income voter. In other words, public support for redistributive policies rises as the need for them increases. On condition that there is majority voting and universal suffrage, the voter with median income will be the decisive voter and will vote for candidates who support increases in taxes and government spending. One implication of the Meltzer-Richard model is that government spending across countries depends on the income of the decisive voter, hence income distribution. A second implication of the model is that alterations in voting rules may change the decisive voter, thus affecting the size of government.

There is some empirical evidence supporting the Meltzer-Richard model: For example, after enfranchisement social security expenditures usually increased in European countries .Yet the model seems to be more of an explanation of over-time variation in government spending, rather than a full account of variation across countries. In addition, the despite high income inequality, public support for welfare policies and

government spending have always been lower in the US compared to European countries[9]. It seems that greater inequality does not necessarily increase the demand for redistribution[10] or lead to the supply of more generous redistributive policies.

Economic openness is also cited as another long-term economic factor that explains the redistributive efforts of governments. For example, Katzenstein (1985) has argued that governments in small and highly open European economies such as Sweden, Austria, and the Netherlands have sought to provide a cushion against the risks of exposure to international economic forces and have done so by extending their powers. Katzenstein also notes that only in the 1950s and 60s, during time of international liberalization had the public sector assumed such a prominent role in these small European states. Cameron (1978) has also argued that economic openness puts more pressure on governments to increase spending to insure workers against risks associated with domestic vulnerability to international markets. In fact, in Rodrik's (1997) analysis, there is a strong positive correlation between exposure to international trade and government expenditures for 17 advanced industrialized countries. Exposure to trade is also a statistically significant predictor of the expansion in government size in the early 1960s. On the other hand, in a larger dataset, which included more than 50 countries,

[9] Alesina & Glaeser (2004) note that Income inequality in US is much higher than Europe whether one uses an aggregate inequality measure such as the Gini coefficient or specific measures of wage dispersion (p. 3).

[10] A revised version of the Meltzer-Richard model posits that increase in inequality does not necessarily lead to increased support for all kinds of welfare spending. Moene & Wallerstein (2001) argue that the effect of inequality on political support for welfare policies depends on the way in which benefits are targeted (p. 871). The model puts forward that when incomes become more unequal, support for policies that provide insurance against income loss will fall, but the demand for redistribution of wealth will increase. The logic behind this conclusion is that there is not much rationale in demanding for insurance against loss of earnings when earnings themselves are low. Yet, as incomes get more equal, support for benefits that insure workers against unemployment will increase. Despite the plausibility of their arguments, it seems that the model still does not adequately explain the cross-national variation in welfare policies for the reasons mentioned above.

Rodrik was not able to find positive relationship between openness to trade and welfare spending[11]. Trade openness does not emerge as a robust predictor of government size and redistributive efforts in Persson and Tabellini's analysis, which includes a cross-section of 85 electoral democracies. (Persson & Tabellini, 2003)

The second major perspective on redistribution emphasizes the organizational power of the labor organizations and left parties as primary source of differences across welfare regimes (Korpi, 1983; Stephens, 1979; Huber & Stephens, 2001). According to this perspective, the strength of working class organization is an important variable accounting for differences in welfare spending and explains the differences across welfare states with differences in working class organization. Huber & Stephens (2001) extend this perspective and argue that during the three decades following World War II, the dominance of left and Christian parties aided by labor mobilization created a largely irreversible welfare policy[12]. Esping-Andersen (1990) further adds to this perspective by arguing that the oppositional power of left parties also matter, and that the growth of electorally significant left-wing parties has sometimes led conservative governments undertake welfare-expanding reforms. Alternatively, Castles (1982) has proposed that right-wing partisan control of the government leads to lower spending on public and social programs, and the presence of social democratic or labor parties in government could be taken as a sign of weakness of right-wing parties (pp. 83-84).

[11] In Rodrik's analysis, the expected results are borne out only if the interaction of trade openness and the volatility of trade are controlled for (what Rodrik calls exposure to external risk). Although trade openness alone is not a significant predictor of government size, higher openness, coupled with volatility may indeed force governments to spend more. On the other hand, not all governments may be able to respond to these effects due to limited income.

[12] According to this theory, the reason why center Christian parties became the major promoters of welfare state expansion is the need for the mediation of diverse interests of the social base in Catholic and religiously mixed societies where Christian democratic parties have managed to attract significant working and lower-class base.

The power resources theory, the strength of the working class movements, and parties historically tied to working class movements can explain a great deal of variation in government size and welfare effort across nations. On the other hand, such a perspective does not take into account the diversity of political preferences across countries. It assumes, for example, that all the conservative voters in a particular country want the same level of government spending, or all individuals that belong to labor unions or identify with left-wing political parties prefer the same amount of redistribution in all societies. The structural explanations all assume that a center-left voter (or politician) in Britain and Sweden are equal in terms of the extent of redistribution and welfare spending they desire. On the other hand, it is possible that individuals who share the same ideology or belong to the same social groups across different countries desire different levels of government intervention. In fact, Verba et al. find substantive variation among political elites who come from parties with same ideology or those with similar interests (such as labor union leaders) in Sweden, Japan and United States (Verba et al., 1987). What accounts for the difference in welfare preferences of the political elites, even after such ideological variables are controlled for? It is possible that shared cultural values of individualism affects the variation in support for redistributive policies among the political elites of comparable status and ideology. Institutional design is another factor that explains some of the cross-national variation in government size and welfare spending. According to Austen-Smith (2000), Lizzeri & Persico 2001, Persson and Tabellini (2003, 2004), and Persson, Roland and Tabellini (2006), public spending depends on the type of government, that is whether a coalition of parties or a single majority party is in government. Drawing on the research on the effects of electoral rules,

these authors argue that majoritarian elections are likely to produce single-party governments more often than proportional electoral systems. In proportional systems, which are likely to produce coalition governments, each party in the coalition has different spending priorities. Therefore coalition governments end up taxing and spending more compared to single-party governments[13]. According to Iversen & Soskice (2006), majoritarian elections also affect social policy and redistribution through the propensity to elect right-wing governments. The authors argue that in a two-party majoritarian system, center-right parties are more likely to win elections and redistribute less compared to proportional systems where the center parties are more likely to enter into coalitions with left parties[14]. Therefore, according to this perspective, redistribution is the result of electoral systems and the class coalitions they engender.

Dispersion of political power within the state and the ability of minority interests to obstruct legislation are also cited as important factors in explaining government size and redistributive policy. According to Huber et al. (1993) and Swank (2002), presidential systems, by dispersing political power and offering multiple veto points of influence in the making and implementation of policy, deter the expansion of welfare

[13] According to the theory, when the government is composed of a majority single party, the conflict at the polls is between the incumbent party and the opposition. On the other hand, when the government is supported by a coalition of parties, the conflict is both among the coalition parties and between the coalition and the opposition parties. Such an electoral conflict within the ruling coalition induces higher spending under all electoral rules. Since majoritarian systems overall create more majority governments, those electoral systems are associated with lower spending compared to mixed and proportional systems. A similar reasoning was also formalized by Austen-Smith (2000) who concludes that PR systems are associated with higher taxation. Since the number of parties represented in the parliament would be higher under PR, tax rates will be the result of legislative bargaining between a number of parties with different constitutents (rather than one single party) hence leading to higher tax rates under PR.

[14] The model is built on the assumption that there are three classes in the society (low, medium, and high income) and the society is equally among these three groups. In a majoritarian system, the median voter faces low taxes if the center party deviates to the right, but faces high taxes and redistribution to lower income groups if a center-left party deviates to the left. Therefore, the median voter will be more likely to vote for the center-right party since it entails less risk.

state. In addition, Persson & Tabellini (2003) note that greater concentration of powers in parliamentary regimes makes it easier for politicians to collude with each other at the expense of voters and result in higher rents, higher taxes, and higher government spending (pp. 23-24).

Lately, the purely economic and institutional have been challenged by those studies that emphasize voter preferences and subjective beliefs of the masses. Gabel & Hix (2005) directly challenge the findings of Persson & Tabellini and argue that the effect of institutions on political outcomes is only possible when they are reinforced by citizen preferences. They find that that the size of government is the product of the interaction between median voter's position on the left-right ideological dimension and electoral institutions. Once interactions are added to the models, majoritarian electoral systems do in fact reduce the level of public spending but only when the electorate is sufficiently far to the right. Similarly, Brooks & Manza (2006) point to the importance of mass policy preferences in accounting for the persistence in the overall output and size of welfare states and argue welfare states persist thanks to the preferences on the part of the working and middle class citizens in addition to established factors. Alesina & Glaeser (2004), Be´nabou (2000), Be´nabou and Roland (2000), Oorschot (2006) and Fong (2001) all find significant relationship between poverty attributes of individuals and their support for social welfare policies. These studies suggest that preferences of the citizens should also be taken into account when explaining the variation in redistributive policies across nations. I argue that the political culture of economic individualism is an important source of such subjective beliefs and mass policy preferences and have an impact on redistributive policy.

Based on the definitions of culture, it is possible to outline two ways in which political culture may affect the types of institutions, their performance and public policy. One way through which shared cultural values are reflected in political outcomes is through the value orientations of individuals. Values are basic to other kinds of shared understandings because they are cognitions about the desirable goals of the individual and the society, and are used to evaluate other understandings and their consequences. (Schwartz, 199; Swartz & Jordan, 1980) Values are "the criteria people use to select and justify actions and to evaluate people (including the self) and events" (Schwartz, 1992: 1), and are also central to political evaluations and policy preferences (Braithwaite, 1997; Feldman, 1988; Jacoby, 2002), attitudes toward social groups (Kristiansen & Zanna, 1994), political action (Gundelach, 1995), left-right self-identifications (Knutsen, 1995, 1997), partisanship and vote choice (Evans, 2009; Inglehart, 1997), and policy preferences (Feldman, 1988; Feldman & Steenbergen, 2001).

Individual values are acquired both through socialization to dominant group values and through the unique learning experiences of individuals (Schwartz, 1994: 21). Since individual values are partly derived from culture and since different cultures emphasize different value orientations to varying degrees, mass preferences partly reflect the cultural orientations of the societies. Mass policy preferences also have a significant impact on policy outcomes, such as military and defense spending, tax rates, healthcare and welfare benefits, environmental policy, as well as policies promoting growth (see Burnstein, 1998 for a review). Therefore, at least in democratic societies, we expect culture to have an impact on institutions through individual values, which affect policy

preferences of the public that the political elites have to take into account when designing institutions or enacting policies.

Culturally transmitted beliefs also affect institutional outcomes and policy-making by providing shared expectations and common points of concern, facilitating similar expectations, and constraining the range of options available to the members of the society. According to this perspective, culture coordinates individuals' expectations from each other because it consists of the unwritten, unspoken rules of the game (North, 1990; Triandis, 1994). These unwritten rules are commonly known among the members of the group and determine their expectations from each other (Greif, 1994). Therefore, apart from the sum of value orientations, culture is also a "'tool kit' of worldviews, which people may use in varying configurations to solve different kinds of problems and provides components that are used to construct strategies of action" (Swindler, 1986: 273)[15]. Individuals that belong to societies with diverse cultural beliefs have different understandings, and evaluations of similar situations, and think and react differently.

In fact scholars such as Greif (1994) provide insight and evidence about such similar worldviews determine institutional outcomes by coordinating the expectations of group members. Greif (1994) argues that in medieval times, collectivist orientations among the Maghribi traders led them to rely on a collective enforcing mechanism to ensure their agents would not cheat. The organization in such a collectivist society was based on high levels of communication and collective punishment of the cheating agents, which was compatible with their cultural beliefs. On the other hand, individualist

[15] Of course, not every individual shares precisely the same theory of the cultural code, but culture could be treated as a general *system of knowledge* differentially distributed among the members of the society, yet partially realized in the minds of individuals (Keesing, 1974: 89).

Genoese traders did not rely on such collective mechanism, and formed a structure with low levels of communication and no collective punishment, which required the development of formal legal and political enforcement institutions. Consequently, the Genoese developed an extensive legal system for registration and enforcement of business contracts, while the Maghribis entered into contracts and attempted to resolve disputes informally. That is, the organization of trade reflected the cultural priorities of these two different societies. Similarly, Zerbe & Anderson (2001) show how culturally shared beliefs helped overcome collective action problems among gold miners in California during the Gold Rush. Different ethic groups made different property arrangements suited to their shared values. While beliefs about equality, fairness, respect for property, and rewards commensurate to work provided for the development of property arrangements based on individual claims among the American and European gold miners, miners from Latin countries worked in corporate ventures, and the Chinese worked as employed groups. In both examples, culture provided the members of the groups with a common understanding of the questions to be solved (organization of trade in the first case, and property arrangements in the latter), facilitated similar expectations among them, such as the expectation that a trader cheated by an agent would report that agent to other traders. These understandings and expectations defined the "toolkit" available to the members of these groups in choosing the appropriate institutions: Among the collectivist Maghribi traders, there was an expectation that a trader cheated by his agent would disclose this information to other traders through informal networks and communication, and punishment of such agents would thus be through a collective mechanism (where no trader hires a cheating agent). Similarly, among the members of

the group where respect for individual property prevails, such as American gold miners of California, forming an organization based on communal sharing of the rewards was probably not an issue. Culture, as these examples show, influences the development of organizations compatible with the shared beliefs and expectations.

Therefore, we expect individualism to affect redistribution by facilitating common beliefs and expectations among the masses, and providing common points of concern for political actors. Since individualism emphasizes individual autonomy, freedom, self-reliance, and concern with the well being of the self as opposed to others, we expect policy debates about redistribution to center around notions of individual responsibility, individual effort and deservingness of the potential beneficiaries in individualistic societies. In collectivist countries, which emphasize concern for others and equality of outcomes such debates should stress helping those in need, and leveling the playing field for all members of the society. Such common points of concern should constrain the range of options available to the actors when designing redistributive institutions. For example, King (1973a, 1973b) observes that in unlike their American counterparts conservatives in Canada, France, Germany, and Great Britain are committed to making extensive use of machinery of the state and are not consistently anti-Statist (p. 419). In addition, reforms expanding the role of state in the United States were enacted by Congresses and administrations of a generally reformist character, mostly in times of national crisis, and were opposed by powerful interest groups (including trade unions), whereas in other cases public ownership were extended by governments of different ideological orientations, under varying circumstances, and did not cause too much controversy about the role of state in economic policy (pp. 303-304). Variations in

cultural orientations have the potential to explain the range of political debate that took place in these countries.

In the absence of any kind of institutional arrangement it is possible to assume that shared beliefs, either through individual value orientations or through providing common expectations and constraining range of options available to various political actors directly influence political outcomes such as public policy. However, this would rarely be the case, since mass orientations, elite values, or common points of concern are translated into policy outputs through the already existing institutional structures. Since preferences are reflected in policies through existing institutions that also act as constraints, culture and institutions should work in interaction to produce policy outcomes. This argument also implies a caveat in the purely institutionalist perspective, which assumes that the values and preferences are identical across nations. In such a framework, majoritarian elections are associated with small governments because of the assumption that single-party governments would always be tempted to spend less. But, as Gabel & Hix (2005) note, in majoritarian systems, even a small change in voter preferences could have an important effect on which party holds the majority. In case the elections bring to power parties whose voters value more equal income distribution, single party governments may in fact end up taxing and spending more. In addition, in such countries, even the right-wing parties might prefer higher redistribution than their counterparts in more individualistic countries. *Therefore, although majoritarianism should be associated with low government spending in general, the highest spending may occur under majoritarian elections if the political culture emphasizes collectivist values* (*Hypothesis 1*). As countries become more individualistic, we expect single-party

governments and right-wing governing parties (which are the outcome of majoritarian elections) to be less pro-redistribution. On the other hand, no matter how individualist a country is, under a mixed or proportional electoral system we expect higher spending due to the different spending priorities of parties in the coalition. *Therefore, the effect of individualism on redistribution should be relatively stronger in majoritarian systems* (*Hypothesis 2*).

Similarly, the institutionalist perspective assumes that presidential systems redistribute less because of the presence of veto players that block pro-spending legislation. However, in countries where collectivism is a widely shared value orientation, we expect veto players to value more redistribution, and therefore deter reform attempts towards decreasing spending. *Therefore, presidentialism may in fact be associated with higher redistribution in collectivist countries* (*Hypothesis 3*). As countries become more individualistic, emphasis on individual self-reliance should lead to pressures to redistribute less, and when coupled with an institutional structure that makes policy change difficult, we expect to observe even greater reductions in spending. *In parliamentary or semi-presidential systems, where it is easier to enact pro-redistributive legislation without the obstruction of other veto players, the decrease in government size as countries get more individualistic should be less pronounced* (*Hypothesis 4*).

Individualism and Cross-National Differences in Attitudes towards Redistribution

The effect of culture on political outcomes should not be limited to institutions or public policy. Whether one defines culture as the sum of individual values, beliefs and orientations, or as a broader system of meaning that encompasses discourses, symbols, and interactions between individuals, it should also influence individuals who are exposed to various cultural influences. Socialization and continuous interactions with the socio-cultural environment affects the psychological orientations of the group members, such as their perceptions, attributions, and evaluations. All cultures carry unstated assumptions and norms that both provide the context within which individuals give meanings to events and the range of options available to the society to solve various problems. Culture, defined as collective meanings, symbols, frames and discourses lead individuals think and react differently than members of other groups.

Culture influences individual perceptions, categorizations, beliefs, ideals, values, and expectations (Triandis, 1994). Individuals are molded by the cultural contexts into which they are born. The environment, personal upbringing and immediate interpersonal and social contexts, all contribute to the creation of recognizably different profiles of individuals from different cultures (Smith et al., 2006). In this sense, culture is a standard for judging events as it shapes the way members of cultural groupings view their environment and evaluate various events and phenomena. As a result, individuals socialized into different cultural settings differ in the judgments and attributions they make. For example it has been shown that Americans, as members of an individualistic society, tend to use internal dispositions as attributions of their or others' behavior, whereas Indians, as members of a collectivist society use context factors more often than dispositions (Miller, 1984). Individuals from different cultural settings also differ in the

attributions they make concerning social and political issues. Alesina and Glaeser (2001) show that Americans tend to attribute the cause of poverty to lack of individual effort and laziness, while citizens of most European countries blame contextual factors such as luck, or social and economic conditions for poverty.

Apart from influencing individual judgments and evaluations, culture also provides the context within which political, social and economic phenomena takes place. The dominant culture of a society has evolved over long periods of time and functions as the broadest and most fundamental context for social interaction (Johnston & Klandermans, 1995: 4). Different cultures embody different norms and unquestioned assumptions that constrain the range of options available for group members. For example, Triandis (1995) notes that in the United States, disagreement among a group of people will be most likely to be solved by bringing the issue to vote, whereas in Japan, the custom is to talk until there is agreement by consensus. According to Triandis, this shows the contextual effect of different cultures in two countries: In the United States, voting as a means of solving group conflict is simply taken for granted and the losing side accepts the outcome[16].

Political debates that take place in different cultural environments should reflect the influence of such norms and unquestioned assumptions. In Triandis' example, culture

[16] There are other examples of culture as being the source of unstated norms and unquestioned assumptions. For example, individuals from different cultures differ in terms of their preferences for reward allocation or conflict resolution methods. Leung & Bond (1982) found that individuals in collectivist cultures tend to use the "equality" principle when allocating rewards to group members, while members of individualistic societies tend to distribute rewards on the basis of "equity". Similarly, individuals from individualistic countries are more likely to engage in direct confrontation in resolving conflicts whereas collectivists prefer procedures that preserve the harmony between the disputants (Leung and Stephan, 2001: 387). Differences in handling conflicts are also noted, with collectivists using avoidance and indirect methods such as suggesting and ingratiation and individualists preferring direct methods like persuasion, bargaining and compromise (Leung and Stephen, 2001).

should affect the nature of the political debate as members of the group from United States would not even discuss the possibility of a consensus model, but rather would focus on the details of the voting procedure and choose the appropriate voting model to solve the dispute. In this sense, the cultural context constrains the range of options available to the members of the cultural group and "summarize the dispositions of the society in favor of a range of alternatives" (Elkins & Simeon, 1979). Accordingly, in more individualistic cultures, the limited role of government in social policy should be taken for granted, leaving small room for government action in the debates concerning social welfare policies and redistribution.

Since culture is also collective meanings groups create, share and symbolically express (Wilson, 2000: 249), it also sets the context in which political and social issues are discussed by influencing issue frames and the discourse of the political debate. Political frames are part of the deep structure of a culture (Hertog & McLeod, 2001: 143) and they work to symbolically and meaningfully structure the social and political world[17] (Reese, 2001:11). Framing of issues (by the media, political elites, etc) determine what context is relevant to discussion of a social concern, and by categorizing a phenomena "in" the frame, phenomena that could potentially be thought as related to the issue under consideration are no longer relevant to the discussion (Hertog & McLeod, 2001: 144). Frames also define the roles individuals, groups, or institutions should play for the social phenomena in question. An issue such as increase in unemployment or poverty could be framed in terms of what appropriate action government should take in a society where

[17] For example, Zald (1996) argues that "a woman's body is her own", a phrase popular in women's movement, only makes sense in a cultural discourse that highlights notions of individual autonomy and equality of citizenship rights, and should make little sense in a society in which most people were slaves, or believed to belong to the family or the collective (pp. 266-267).

government is naturally seen to be responsible for the economic well-being of individuals, but in a highly individualistic society in which government is not seen as the only responsible body to fight such problems, the framing of the issue could involve the responsibilities of other actors, such as charities, voluntary associations, etc. Similarly, we expect the debate over redistribution and the role of government in economy to include different symbols and frames as political elites and the mass media draws upon dominant cultural value orientations in presenting or debating such policies. Since economic individualism emphasizes individual autonomy, freedom, self-reliance, and concern with the well being of the self, we expect policy debates about redistribution to revolve around notions of individual responsibility, individual effort and deservingness of the potential beneficiaries in individualistic societies. In collectivist countries, which emphasize concern for others and equality of outcomes such debates should stress helping those in need, and leveling the playing field for all members of the society. If issues about expanding welfare are mostly framed in terms of helping those in need, individuals should not even question whether it is the role of the government to engage in redistributive efforts. Although there is no direct evidence for the differences in issue frames or political discourses across different countries with different individualistic orientations, there is some evidence that shows that political actors in different countries emphasize different concerns when considering redistributive policies. For example, King (1973a) observes that in the United States, during the debates concerning redistributive policies, there was acute controversy, that all of the measures were opposed by powerful interest groups, private charities, and even trade unions, which mostly took the form of principle objections that consisted in part of general assertions that it was

quite improper for the state to act in spheres that had hitherto been reserved for individuals or voluntary associations (p. 303), whereas in Canada, France, (West) Germany, and Great Britain such issues did not cause too much controversy about the role of state in economic policy. In addition, King (1973b) notes that unlike their American counterparts conservatives in Canada, France, Germany, and Great Britain are committed to making extensive use of machinery of the state and are not consistently anti-Statist (p. 419). Variations in cultural orientations have the potential to explain the range of political debate that took place in these countries.

Culture's influence on social and political context should lead individuals think and react differently about political issues. Cultural context should exert an influence in individual attitudes even if the individuals do not share the dominant value orientations of the society. Broad, encompassing discourses that shape social interactions, determine the context and frames should influence individuals whether or not they deeply internalize socially shared values[18]. All members of the cultural group, even those who do not share the dominant orientations of the society are exposed to culturally derived influences to an extent, which should affect their judgments, evaluations, the way they see the political issue and the political actors responsible for solving the issue, which should make them think and react differently had they been exposed to different cultural influences. Such cultural dynamics should influence the individual attitudes that would lead to different outcomes had the individual been acting in a different cultural setting. If culture socializes people into patterns of thinking, provides different points of concern, and limits the range of alternatives available to solve conflicts through norms, unstated assumptions,

[18] In addition, according to Swidler, although most culture theory assumes that culture has more powerful effects where it is deeply internalized in individual psyches, it may have more powerful effects when it is not deeply internalized as well (Swidler, 1995: 31).

culturally constructed frames, then we should observe some variation in the way people react to political phenomena under the influence of different cultural environments. Accordingly, *a cultural context dominated by individualist values should affect individual attitudes such that those who are exposed to such influences should be less supportive of redistribution in general (Hypothesis 5).*

Yet, since individuals do not internalize culturally shared values to the same extent, or have different ideological orientations or interests that affect their opinion, cultural influences should also influence attitudes towards redistribution through their interaction with individual characteristics. That is, although culture has a contextual effect on individual behavior, its effect should also depend on individual characteristics. For example, working and lower classes in all countries are generally more supportive of redistribution, or right-wing identification is almost always negatively associated with support for more egalitarian policies. But the fact that individuals with similar orientations are exposed to different political-cultural dynamics should make a difference in the strength of the relationship between individual characteristics and attitudes. Even working or lower class individuals or left-wing identifiers might tend to view poverty as resulting from lack of individual effort or think that the government should not go too far in redistribution under highly individualistic cultural influences, which will result in individuals with similar predispositions to have different attitudes under different cultural contexts. That is cultural influences should moderate the relationship between individual predispositions and policy preferences.

Many individual-level characteristics such as values, ideology, social class, income, employment status, gender affect individuals' support for redistribution. Among

those, I focus on the interactive effect of culture on economic individualism values, left-right identification on the political spectrum, social class and status, and income. Since economic individualism emphasizes beliefs and values that oppose larger governments and more egalitarian economic outcomes, it should be negatively associated with support for redistribution. A cultural context dominated by individualist values should lead to the strengthening of the negative relationship between economic individualism values and support for redistribution (even for those who hold more collectivist values). Therefore, *as the dominant value orientations of the society emphasize economic individualism, individuals regardless of their economic individualism values should be less supportive of redistribution (Hypothesis 6a)*. Since cultural-level economic individualism strengthens the negative relationship between values and redistributive attitudes, and since it is the most individualistic people who are less favorable to redistribution, *the most individualist individuals in most individualistic cultures should be the least supportive of redistribution* (*Hypothesis 6b*). Similarly, since a collectivist culture emphasizes the opposite concerns and goals, and collectivist people are more supportive of redistribution, *people who are the least individualistic and live in collectivist societies should be the most supportive of redistributive policies* (*Hypothesis 6c*).

Individuals' policy preferences do not only depend on their values but also on their ideological orientations. Accordingly, dominant cultural orientations should also influence individual behavior through their interaction with ideology. In all societies, there are those on the right of the ideological spectrum who want less government and those on the left who want more. But in a cultural context that emphasizes individual autonomy in economic matters and smaller governments, even the left-wing identifiers

should be less supportive of redistribution compared to those who also identify as left-wing but who are exposed to opposite cultural influences. That is, *individuals should be less favorable towards redistribution as cultures become more individualistic regardless of their ideological orientations (Hypothesis 7a).* Again, this expectation implies that individuals who live in cultural influences that emphasize similar goals and desirable ends with their ideological orientations should be even stronger about redistribution. Therefore, *right-wing identifiers in individualistic countries should be least supportive (Hypothesis 7b)* and *left-wing identifiers in communitarian countries should be most supportive of redistributive policies (Hypothesis 7c).*

For the same reasons discussed above, culture should also lead to cross-national heterogeneity in policy preferences among individuals who belong to similar socioeconomic backgrounds but are exposed to different cultural influences. Although people who share similar social or economic conditions have more in common, and react to the same political events or objects in more or less the same way, cultural orientations and historical traditions should influence the way people with similar interests or characteristics think and act in different contexts. In explaining culture's influence on individual behavior, William Caudill (1973) also raises this point:

> "Middle-class managerial personnel in England and France may have more in common than either group has with working-class machine operators in their own country. At the same time, however, I do not think that anyone would say that such Englishmen and Frenchmen are indistinguishable in their approach to work, politics, family life, or sexual activity. They are different in those historically derived and culturally patterned ways of thinking, feeling, and behaving that are passed on, and often unknowingly, from one generation to the next and are shared in considerable part by all members of the society… Each of these dimensions-position in modern social structure, and continuity of historical culture- exerts a relatively independent influence on human behavior, … both dimensions need to be considered

> simultaneously in the investigation of the psychological characteristics of a people…" (Caudill, 1973: 345-346)

In fact, although universal relationships between structural characteristics and individual preferences usually hold across countries, there is variance in attitudes and behavior of individuals from different cultural contexts. For example, in a study concerned with the relation between work organization and work attitudes, Lincoln & Kalleberg (1990) find that the organization of the firms have a significant impact on work attitudes among both Japanese and U.S. employees, but there is also considerable variance between the employees in two countries, which the authors attribute to culture. Similarly, Inkeles (1983) finds robust relations between exposure to social-structural conditions associated with industrialization and psychological aspects of individual modernity in six industrializing nations, yet nationality also has an independent effect on individual psychological orientations, which, according to Inkeles is indicative of "the impact on individual modernity of the general character of the social milieu in which each individual lived." (Inkeles, 1983:66) Likewise, although there are universal structural determinants of support for larger government and generous welfare policies at the individual level, such as income, or social class, due to the variation in individualism across nations, I expect a significant cross-cultural heterogeneity in the strength of the relationship between socioeconomic variables and individual preferences. More specifically, while all lower or working class identifiers tend to be more supportive of welfare policies, *individuals with comparable class identifications or socio-economic status should be less supportive of redistribution in more individualistic countries (Hypothesis 8a).* Since economic individualism strengthens the attitudes of those who do not want large governments, *it should be the upper class individuals in individualistic*

countries who are least supportive (Hypothesis 8b) and lower class individuals in collectivist countries who are most supportive of redistribution (Hypothesis 8c). The same logic should apply to individuals who are at different income levels, that is, *individuals with similar income levels should be less favorable towards redistribution in more individualist countries (Hypothesis 9a)*. Since low income individuals are expected to be more sympathetic towards redistribution, and vice versa, *individuals who are at the top of the income distribution in individualistic countries should support redistribution the least (Hypothesis 9b) and individuals in communitarian countries who are at the bottom of the income scale should support redistribution the most (Hypothesis 9c).*

These hypotheses will be tested using different data sources. To test Hypotheses 1-4, which consider the effect of individualism on national redistributive policies, I rely on Persson & Tabellini's the Economic Effects of Constitutions dataset. The rest of the hypotheses are tested with individual-level data from World Values Surveys and ISSP-Role of Government Survey. The key independent variables for all the hypotheses are cultural and individual level economic individualism. Although there are some measures of individualism available at the national level, none of them adequately captures the *economic* aspect of individualism-collectivism dimension. In addition, to be able to test the hypotheses concerning the interaction of individualism values and culture, I need an individualism measure at the individual level. Since there are no cross-national surveys that have items specifically designed to tap these values, I rely on data from World Values Survey to build both measures. This brings various issues of measurement including acquiescence bias, item and construct bias and how best to conceptualize and measure a value orientation with questions not specifically designed to tap it. Moreover,

at the cultural level, there are many issues concerning the measurement and operationalization of culture, as well as the appropriate unit of analysis. The next chapter is devoted to a full discussion of these issues as well as the methods used in constructing both measures.

III. Measuring Individualism: Individual and Cultural Levels

This chapter is discusses the measurement of individualism at both individual and cultural levels. The measures derived in this section are used as the key independent variables in testing the hypotheses about the effect of individualism on attitudes towards and policies of redistribution in the remaining chapters. As discussed in the previous section, individualism a cultural orientation and it also shows within-culture variation. In the measurement of individualism at the cultural level, issues and problems concerning the operationalization of culture should therefore be discussed. Since individualism also varies at the individual level, measuring it at the individual-level brings into the questions of whether the constructs and scales are equivalent in different cultural settings, that is, whether scale scores measure the same construct of interest and whether the metric is invariant across different cultures. The fact that I use a dataset that does not have items that are specifically designed to measure economic individualism also leads to some measurement issues. In the rest of this chapter, I first discuss issues regarding conceptualization of economic dimension of individualism, selection of data and items, as well as the measurement model. I then discuss the cross-national equivalency of the individual-level individualism measure. In the last section, I discuss issues concerning the measurement of culture in detail. After presenting the measurement model for the aggregate-level individualism scale, I also check its external validity by comparing it with other individualism scales.

Individualism: Conceptualization and Measures

As discussed in the previous chapter, individualism refers to a society in which the ties between individuals are loose and individuals are expected to look after themselves and their own immediate families as opposed to collectivism, which refers to a preference for a tightly knit social framework in which individuals are supposed to take care of community's interests (Hofstede, 1980). Individualism and collectivism also show within-culture variability and can be used to explain individual differences in a society (Triandis, 1985). Individualism, both as a value orientation and a cultural characteristic of societies is associated with the values of individual autonomy and freedom, pursuit of happiness and well-being, self-reliance, and individual achievement whereas collectivism emphasizes communal relations the values of duty and obligation of the individual towards the society and prioritizes group goals at the expense of individual interests (Triandis, 1994). As far as individualism's relation to economic outcomes is concerned, it is associated with support for capitalism, laissez faire and strong preference for small governments (Lukes, 1973; McClosky & Zaller, 1984) whereas collectivist societies should prefer higher government interference in the economic sphere. At the national level, individualism is highly correlated with national wealth and greater social and occupational mobility (Hofstede, 2001: 251) and is believed to be related to economic systems based on individual interests, market capitalism, stimulation of competition, and the prevalence of individual interests over the collectivitiy's.

Cross-cultural psychologists devised different measures of individualism-collectivism at the societal level. Hofstede, who is the pioneer in contemporary studies in individualism, devised an index, which is composed of variables that tap the work goals of IBM employees. Work goals such as personal time ("have a job which leaves you sufficient time for your personal or family life"), "challenge" ("have challenging work to do –work from which you can get a personal sense of accomplishment"), and "freedom" (have considerable freedom to adopt your own approach to the job") load positively on one factor, which Hofstede names individualism. According to Hofstede, these work goals stress the actor's independence from the organization while the items that load negatively on this dimension, "use of skills", "physical conditions" and "training opportunities" emphasize the opposite. The use of work goals items in the measurement of individualism was criticized by many researchers who argued that these items do not appear to be conceptually similar to the definitions of the constructs of individualism and collectivism. (Kagitcibasi, 1997: 11) However, Hofstede claims that the relative emphasis on individual freedom versus dependence on the organization provides some clues regarding the individualism-collectivism construct. (Kagitcibasi, 1997: 11) The fact that Anglo-Saxon countries of United States, Australia, and Great Britain, which are theoretically thought to be more individualist than other nations are the countries that rank the highest in Hofstede's individualism measure seems to lend further support to his argument.

Other cross-cultural psychologists produced different measures and conceptualizations but used Hofstede's work as a point of reference (see Kagitcibasi, 1997 for a good review). Another influential name in cross-cultural psychology, Shalom

Schwartz has argued that the simple dichotomy of individualism-collectivism is not adequate to capture universal value orientations and the individual level, and the cultural values at the national level and initiated an extensive study of value orientations, at both levels (Schwartz, 1992, 2004; Schwartz & Ros, 1995). Schwartz derives ten types of values at the individual level: universalism, benevolence, tradition, conformity, security, power, achievement, hedonism, stimulation, and self-direction. Schwartz considers hedonism, achievement, self-direction, power, and stimulation as being individualistic types of values, while the rest emphasize collectivist values. At the cultural level, Schwartz derives seven types of value orientations that go beyond the simple individualism-collectivism dichotomy. His dimension of autonomy versus embeddedness corresponds to the individualism-collectivism construct both theoretically and statistically (Schwartz, 2004). This cultural dimension embraces the values of broadmindedness and curiosity that tap a broader dimension of intellectual autonomy; pleasure and exciting life that indicate importance given to affective autonomy; versus preference for social order, obedience, and respect for tradition that indicate embeddedness.

Ingehart's (1997) factor analysis of country scores from the World Values Survey has produced two main dimensions, which account for more than 70 percent of the cross-national variance. The second of these is the "survival versus self-expression" dimension. Societies that rank high on self-expression give high priority to environmental protection, tolerance of diversity including gender equality, value broad-based participation in decision-making in economic and political life, and emphasize child-rearing values such as imagination and tolerance. Societies that are low on self-expression values emphasize material needs, and are characterized by low levels of subjective well-being, low

tolerance towards out-groups, low interpersonal trust, and emphasize child-rearing values of hard work rather than tolerance or imagination. Inglehart's self-expression dimension is highly correlated with Hofstede's and Triandis' individualism-collectivism rankings as well as Schwartz's autonomy versus embeddedness dimension (Inglehart & Oyserman, 2004).

Although it could be possible to use one of the existing measures, all of these constructs seem to measure different aspects of individualism, and they do not fully capture the *economic* component of individualism. Although Hofstede's individualism index is related to market economy, upward mobility, and economic competition, it measures the degree to which individuals are integrated into groups rather than self-reliance, achievement, and competition values. Schwartz's intellectual autonomy dimension emphasizes the degree to which individuals are expected to pursue their own ideas and intellectual directions independently; and his affective autonomy dimension captures whether individuals are encouraged to pursue positive experiences for themselves. Inglehart's survival versus self-expression dimension is highly correlated with his materialism-postmaterialism index (Inglehart & Oyserman, 2004), and seems to be more a measure of modernity versus traditionalism. The fact that all these measures are highly correlated with national wealth suggests that all those measures capture some aspect of economic development and modernization. In addition, since hypotheses about the conditional effect of culture on the relationship between individualism values and support for redistribution require an individual-level measure, I need to devise a measure that captures the *economic* component of individualism-collectivism dimension both at individual and at cultural level.

The next issue is finding cross-national surveys that contain appropriate items for the measurement of individualism. The two potentially accommodating cross-national surveys are the World Values Surveys/European Values Surveys (WVS/EVS, from now on WVS), and the European Social Surveys (ESS). As of 2008, the WVS has been conducted in 83 countries, and consisted of four waves. An advantage of WVS is that it has the largest number of countries, although the surveys have a number of disadvantages in terms of the items they contain. The European Social Surveys is conducted in a number of European countries and has three waves. A main advantage of ESS is that it contains the Schwartz values survey, yet it has a number of shortcomings, the most obvious being the exclusion of other advanced industrial democracies and particularly the United States. Another problem with ESS is that it has only one or two items that could be used to measure support for redistribution and social welfare[19]. Therefore, despite its limitations, WVS seems to be more accommodating than the other alternatives.

Although the WVS does not have any items that are specifically devised to measure economic individualism, they contain child-rearing values and work-related goals, which should also capture individualist orientations. An advantage of these items is that they are designed to tap core values that are not contaminated by salient events, political frames, ideology or partisanship[20]. In addition, values about family or how

[19] The fourth wave of the ESS includes a survey module that has a number of items that tap social welfare and redistribution attitudes, but the data was released in late 2009.

[20] Using individual values as indicators of broader cultural syndromes has many advantages. First, all cultures carry value components; they all have guidelines about what is good, what is bad, and desirable. For example, in an individualist culture, individual autonomy is highly valued, and it is thus desirable for individual to pursue the goals of autonomy and independence. Second, values are acquired both through socialization to dominant group values and through the unique learning experiences of individuals, thus reflecting partly the value priorities of the society and specific experiences of the individuals. Cultural value priorities are shared, and explicit and implicit value emphases that characterize a culture are passed on to members of the group through everyday exposure to customs, laws, norms, scripts, and organizational

children should be raised should reflect the principal concerns of the respondents. In fact, child-rearing patterns in collectivist and individualist cultures differ, with the parents of the former emphasizing obedience, responsibility, and proper behavior, and the latter being more concerned with self-reliance, independence, and creativity (Triandis, 1989: 510). Child-rearing values are also used in the measurement of survival versus self-expression values (Inglehart & Welzel, 2005) and authoritarian versus libertarian values (Flanagan & Lee, 2003). Hofstede (1980) relies on work goals in his measurement of broader cultural syndromes such as individualism, power distance, uncertainty avoidance, and masculinity. Although Hofstede's use of work values has been subject to criticism, the fact that Hofstede's cultural dimensions show substantive and expected correlations with other economic, geographic, and demographic indicators, and with other individualism measures (Hofstede, 2003) gives credibility to the usage of work values in the measurement of cultural syndromes such as individualism.

The first item I chose asks the respondents to choose the statement they agree with:"Regardless of what the qualities of one's parents are, one must always love and respect them," and "One does not have the duty to respect and love parents who have not earned it by their behavior and attitudes." Although this question may be devised to tap traditional versus modern attitudes, it should also be an indicator of individual autonomy at the expense close family relations. Responses to the second statement, which indicates valuing individual responsibility is coded 1, and responses to the first statement are coded as 0. I also selected a number of items tapping desired child qualities. In the WVS, respondents are presented a list of eleven qualities that children could be encouraged to

practices that are shaped by and express the prevailing cultural values (Licht et al., 2007). Finally, values are psychological constructs, and are quite stable, which provides a convenient way to measure culture, which is also resistant to change in the short-run.

learn at home and are asked to choose up to five of them[21]. Among these items, I select independence, imagination, hard work, determination and perseverance, and feeling of responsibility. Choosing independence and imagination as desirable child qualities should indicate valuing individual autonomy and individual freedom as opposed to embeddedness, while hard work and determination should be related to achievement orientation. Individualism is also associated with individual responsibility, so I also add the feeling of responsibility to the item pool.

The surveys also contain a number of questions about work-related values. Similar to the child qualities questions, respondents are asked to choose from a pool of eleven items that they think are important in a job. Contrary to the child qualities, in the work goals items, respondents are free to choose as many options as they would like[22]. Again, although these items are not necessarily devised to measure individualism, some of the items should still capture individualist orientations. Choosing "a responsible job", "opportunity to use initiative", and "a job in which you can achieve something" should indicate valuing achievement, responsibility and self-reliance as opposed to embeddedness in the group and priority of group's interest at the expense of the individual's. Choosing "a job that is interesting" and "that meets one's abilities" should be related to individual freedom and autonomy, since they indicate personal fulfillment with the jobas opposed to the perception of work as an obligation.

[21] These are good manners, independence, hard work, feeling of responsibility, imagination, tolerance and respect for other people, thrift saving money and things, determination and perseverance, religious faith, unselfishness, and obedience.

[22] The items presented to the respondents are good pay, not too much pressure, good job security, a respected job by the people in general, good hours, an opportunity to use initiative, generous holidays, a job in which you feel you can achieve something, a responsible job, a job that is interesting, a job that meets one's abilities.

As mentioned above, as of the fourth wave, WVS dataset includes 83 countries. I choose the latest wave for which the data is available for each country. For most of the countries in the final dataset, this is the fourth wave, which is conducted in the period of 1999-2001. For some countries for which data was not collected during this wave, or countries with missing items I use the latest wave available. Some of the countries had to be dropped from the dataset, either because the items were missing, or because problems about sampling or respondents comprehending questions were noted[23]. Despite sampling issues, I still include some countries such as China or Philippines to provide as much variance as possible in the dataset. The final measurement model includes data from 67 countries. Appendix 1 provides a list of the countries in the WVS dataset and reasons for the exclusion of certain countries.

Measuring Individualism at the Individual Level

The Measurement Model

Research in political culture or cross-cultural psychology usually makes use of additive indices or factor scores based on exploratory factor analysis to measure value orientations. On the other hand, such methods are not desired for the data at hand for a number of reasons. First, the questions in WVS are not specifically designed to measure

[23] I relied on the WVS web site to identify such issues.

individualism and capture other traits. A simple aggregate index would thus be biased since the items tap values other than individualism. In fact, an exploratory factor analysis (EFA) based on tetrachoric item correlations in the pooled dataset produces three Eigenvalues that are greater than 1. The first factor in which all work-related goals have high loadings, has an Eigenvalue of 3.11. In the second factor (Eigenvalue = 1.70) "love and respect for parents" and child quality items of independence, hard work, determination, and imagination load high. In the third factor, which has an Eigenvalue of 1.07 the child quality item of responsibility has high loading. On the other hand, even though the EFA does not produce a single dimension, the definition of individualism suggests that the items should be theoretically related to each other in some way[24]. A potential reason for the emergence of three factors could be due to the fact that the items also capture other traits. In addition, the reason why work goals and child rearing/parent-child relations show higher correlation among each other and load on distinct dimensions could be due to questionnaire design and acquiescence bias. Since, in the work-related goals question, respondents are allowed to choose as many items as possible, acquiescence bias could account for the high correlations among these items. In addition, it has been noted that factor analysis based on tetrachoric correlations may yield too many factors (Hambleton & Swaminathan, 1985).

Another problem with simple additive indices is the fact that items may not measure the same construct on the same metric for members of different cultural groups. This is called item bias, or differential item functioning (DIF). An item is said to be biased, or have differential item functioning (DIF) if respondents with the same standing

[24] In fact, many researchers criticize the use of EFA as a tool to derive new theories based on such analysis (Watkins, 1989). Researchers are often warned to rely on existing theoretical knowledge to select variables to be analysed so that a sense could be made of the results (Armstrong, 1967).

in the underlying construct who are members of different groups (gender, race, age, cultural groupings, etc.) do not have the same mean score on the item (Van de Vijver, 2003a: 148). There are many examples of DIF in psychological or educational tests, but DIF can also be a big problem in cross-national surveys. Item bias in cross-cultural surveys can arise from poor translation, low familiarity or the appropriateness of the item content in different cultures, connotations associated with the item wording, or different levels of social desirability. Items may also be interpreted dissimilarly in different contexts. DIF might also be the result of different social or political contexts: For example, a question about whether the government should increase spending on welfare policies does not probably measure the latent trait of attitude towards welfare spending on the same level in all countries, since the welfare spending in each country differs. Two respondents who answer the question in the same way but who live in countries in which the government is already spending too much and in which the government is spending very little could not be considered to be on the same standing with regards to their attitudes towards government spending on social welfare. Therefore, different contexts could also be the reason why items do not equally measure the constructs across members of cultural or social groups. If certain items used in a measure are biased, then differences between countries or cultural groups in mean levels or in the pattern of correlations are potentially artifactual (Reise et al., 1993), and reflect, at least to some extent, the effect of auxiliary psychological constructs or measurement artifacts rather than true differences between groups (Van de Vijver, 2003a).

In an effort to overcome these problems, I use confirmatory factor analysis (CFA) to develop the individualism measure. CFA is a specialized case of structural equation

modeling, and although it may be seen as an extension of classical exploratory factor analysis, it has many advantages and has more flexibility compared to EFA (Brown, 2006; Van de Vijver & Leung, 1997). In CFA, the researcher starts with a hypothesis about the factorial structure that is thought to reflect the observed covariance structure of the items. The hypothesis about the factorial structure may specify a) the number of common factors, b) the nature of the relationship among factors, and c) the magnitude of factor loadings for each variable (Kim & Mueller, 1978: 55). Apart from the advantage of testing hypothesis concerning factor loadings and comparison of alternative models thanks to goodness of fit indicators, CFA also allows the researcher to specify relations between latent variables, fix the loadings of certain parameters while keeping some factor loadings to be estimated freely, or fix certain parameters at different values. Moreover, methods effects can also be specified as part of the error theory of the measurement model (Brown, 2006:3). Another advantage of CFA is that various hypotheses about cross-cultural similarities and differences can be tested (Watkins, 1989). One such advantage is through multi-group analysis, which allows for testing item invariance across cultural groups while estimating the model simultaneously for the full dataset. This property of CFA allows for the identification of differential item functioning.

Before addressing the issues concerning cross-national equivalency of the individualism measure, I first develop the measurement model and test the internal consistency of the items in the pooled dataset. Figure 1 shows the hypothesized confirmatory factor model. From the definition of economic individualism, I propose that all the selected items are indicators of a single latent dimension. For estimation purposes, the loading of the first item is set to one. Since respondents are allowed to choose as

much as they would like from the work-related items, acquiescence bias could be a problem. To account for the potential error introduced by acquiescence, I add a measurement factor, which is also specified as a latent factor. All factor loadings are set to one, indicating that the propensity to acquiescence will affect responses to work items to the same extent. The correlation of the measurement factor and individualism factor are set to zero, which reflects the fact that acquiescence factor is not related to the individualism factor. In addition, since in child-rearing questions, respondents are allowed to choose up to five items, each item chosen by the respondent leads to a restriction in the choice set available to the respondent in the next step, which leads to the error terms of these variables being correlated with each other. Therefore, I also include correlated error terms for child quality items in the confirmatory model[25].

[Figure 1]

There are different tests for goodness of fit available to evaluate the CFA models. On the other hand, there is no straightforward way of evaluating model fit. That is why it has become commonplace to present a set of fit statistics and base conclusions on a combination of their results (Van de Vijver & Leung, 1997). Among the most widely used are the goodness of fit indicators are Comparative Fit Index (CFI), Tucker-Lewis Index (TLI), and Root Mean Square Error of Approximation (RMSEA). Both the CFI and the TLI (also known as NNFI, Non-Normed Fit Index) compare the specified model against a null (or baseline) model in which the covariances among all input indicators are fixed to zero. The only difference between the two fit indicators is that TLI includes a penalty function for adding freely estimated parameters that do not markedly improve the

[25] The correlated errors suggest that two indicators covary for reasons other than the shared influence of the latent factor and are often specified on the basis of method effects (Brown, 2006: 54).

fit of the model (Brown, 2006: 85). The closer the indices are to one, the better the fit of the model, with values greater than .9 indicating reasonably good fit (Hu & Bentler, 1999). RMSEA is a parsimony-adjusted index, which measures the discrepancy per degree of freedom. The null hypothesis is that fit of the model in the population is *not* assumed to be perfect. If the null hypothesis is true, RMSEA is 0, and its value increases as the null hypothesis becomes more and more false (Kline, 2005: 137-138). Usually RMSEA values lower than 0.05 are assumed to indicate acceptable model fit.

[Table 1]

Table 1 shows the results of alternative confirmatory factor models for individualism measure. In the first model, only one latent variable is specified. The second model adds a methods factor that takes into account the acquiescence bias in work-related goals. The last model adds the correlated error terms for the child rearing items to account for additional methods effects in the questionnaire. My expectation is that all chosen items would be positively related to the individualism factor. In addition, I expect a significant degree of acquiescence bias for the work goals items. Therefore the addition of the methods factor to the model should significantly improve model fit. The methods effects for the child rearing items should also lead to an improvement in goodness of fit indicators.

In the first model, the standardized loadings of "love and respect for parents" and child-quality items are relatively low compared to the loadings of the work goal items. On the other hand, the loadings of all the items are statistically significant. One unanticipated finding is the negative loading on the "hard work" item, which will be discussed in detail below. The squared values of the standardized loadings show the

proportion of the variance of the indicator that is explained by the latent factor (Brown, 2006: 131), in this case economic individualism. Accordingly, only 4 percent of the variance in "love and respect for parents" item, which has the lowest loading is accounted for by the latent factor of economic individualism. Since the items are not specifically devised to measure individualism and are indicators of other traits, low variances are not surprising. The variance accounted by economic individualism in "using initiative" in one's job, which has the highest loading is 79 percent. The rest of the work-related goals also have high factor loadings. However, these high loadings could also be due to methods effects, and particularly acquiescence bias. In fact, when an additional factor for methods effects for work goals is added to the model, the factor loadings of the work-related items drop significantly, which means that the high loadings of these items on the individualism factor in Model 1 was artificial. The standardized estimates of the work goals items for the methods factor in Model 2 are .694; that is, about 47 percent of the variance in the items is explained by acquiescence bias. The addition of a methods factor also improves the fit of the model drastically. While, the fit indices of Model 1 are below the acceptable thresholds (CFI = .881, TLI = .881, and RMSEA = .062), Model 2 has goodness of fit indicators that are well above acceptable values (CFI=.956, TLI= .949, RMSEA = .041). A chi-square difference test between the models is statistically significant at $p<0.000$ ($\chi^2= 4006.48$, d.f. = 1)[26]. That is, the fit of the second model is significantly better than the first.

The third model specifies correlated residuals between child-quality items to account for additional methods effects. Since the respondents are allowed to choose up to

[26] For chi-square difference tests, DIFFTEST option of MPLUS is used.

five items from an item pool of eleven items, choosing one item should decrease the probability of choosing the others, and this is why correlated residuals between these items are specified. The addition of correlated residuals to the model leads to an increase in CFI from .956 to .964 while TLI and RMSEA remain the same. The difference test between Model 2 and Model 3 yields a χ^2 value of 1431.793 (d.f. = 10, $p<0.000$) indicating that the more restricted model significantly degrades the fit of the model[27]. That is, the proposed measurement model (Model 3) fits the data best.

Overall, the loadings of the work goals on the individualism factor are not that impressive in models 2 and 3. Yet, all the factor loadings are statistically significant, and since the aim of CFA in this analysis is to test the full measurement model rather than testing specific hypotheses about factor loadings, we can conclude that the proposed model (Model 3) fits the data well. One unexpected result is the negative loading of the "hard work" item. This is rather surprising since hard work has been considered to be an important characteristic of the Protestant ethic and economic individualism. There are frequent references to hard work as an essential element of American political culture and economic individualism, and attitudes about hard work are frequently included in individualism and collectivism measures. There may be two explanations for this unexpected finding. First, hard work may be interpreted differently by individuals from different cultures. While it could be seen in connection with individual effort to succeed and as an essential element of self-reliance in some cultures, it could be perceived as hampering the individual's self-realization in the others. Especially when asked in the context of values a child should acquire, respondents in some countries might see it as an

[27] The chi-square statistic tests the null hypothesis of identical fit of the two hierarchical models (Kline, 2005). Smaller values of the χ^2 statistic lead to the failure to reject the equal fit hypothesis.

essential element of individual success and achievement, and others might think about hard work as implicating the duties of the child towards the parents and the society. Thus, the item may be interpreted dissimilarly in different contexts. Some previous research notes such instances where certain survey questions lead to disagreement and confusion among the members of different cultural groups. For example, Triandis (1994) notes that in individualistic Western cultures, words such as "discipline" and "duty" produce a lot of disagreement among the respondents of the same country whereas these concepts are considered as being positive characteristics in collectivist cultures. Similarly, the hard work item may lead to confusion among respondents in some countries. In addition, the unexpected negative loading of the item could be due to questionnaire design. The fact that respondents in countries that are low on Inglehart's self-expression dimension place emphasis on hard work values suggest that as a child-rearing value, hard work could be perceived as a duty towards society, and thus could be associated with collectivist orientations and conformity to traditional norms.

Another interesting finding is the low factor loadings on the "a job that meets one's abilities" variable. Except for the first model, the standardized coefficients for this item are below 0.05, although they are statistically significant. On the other hand, dropping this variable from the models results in decline in fit: The CFI drops to .962 and TLI to .937 and the RMSEA raises to .042. When both "meets one's abilities" and "hard work" items are excluded from the model, the CFI is .965, and the TLI is .946. Both indicators point to a decrease in model fit when compared to the model in which only "hard work" is excluded. (CFI = .967, TLI = .956) Therefore, despite the low factor loading, the item is included in the final measurement model.

Overall, the child qualities of determination, independence, imagination, and responsibility have the highest loadings in the individualism factor. This shows that the values of autonomy, independence and self-realization are important components of economic individualism as opposed to embeddedness and emphasis on group norms and goals. Determination, which has the highest loading should be related to achievement orientation. Love and respect for parents item, which also has a high factor loading is also an indicator of valuing individual autonomy as opposed to unquestioned love and respect for parents. These values are also mentioned as the most important values associated with individualism. "A job that is responsible" is also a good predictor of individualism, suggesting that emphasis on responsibility is also an important component of economic individualism at the individual level. As mentioned above, hard work should also be positively related to individualism, but the negative loading of the item implies that hard work, at least in the context of desired values a child should learn, is usually associated with collectivist orientations. The rest of the items, which have relatively low loadings stress using initiative at work, which again should be related to individual autonomy, working in an interesting job, which should be related to self-realization, "a job in which one can achieve something", which is related to achievement values. It seems that the values of autonomy, self-reliance and freedom, as well as determination are best indicators of economic individualism at the individual level.

The goodness of fit indicators suggest that the items are indicators of a single latent dimension. The fact that these fit values are well above the desired thresholds shows that economic individualism is a meaningful concept and the items have high internal consistency among themselves. Yet, although the fit of the models in the pooled

dataset are satisfactory, this does not necessarily mean that the items are unbiased or that the concept of individualism is interpreted in the same way in different countries or the measure is comparable across different cultures. For cross-cultural comparisons to be meaningful, the factor structure of the concept of interest should be the same across all cultural groups (structural or factorial invariance), and the items should measure the same concept in the same way among the members of different groups (item or measurement invariance). The assessment of the factorial and item invariance of the measurement model will be discussed next.

Structural Equivalence

There are many sources of bias in cross-cultural survey data (see Van de Vijver, 2003a for a comprehensive list). Construct bias, or structural or factorial variance occurs when the items designed to measure a certain trait do not measure or partially measure the same trait across different groups. For example, Cheung et al. (1996, quoted in Van de Vijver, 2003a) found that Western-based five-factor model of personality does not cover all the aspects deemed relevant by the Chinese to describe personality. Face and harmony, which are not the Western factors of personality, are found to be relevant factors in the Chinese context. Similarly, with regards to individualism, we may find that some of the selected items are part of individualism construct in some societies, but not in others. The presence of factorial variance indicates that the concept cannot be meaningfully discussed in the countries or cultures being considered. That is, latent concept in question is interpreted differently in different contexts.

Although there is no standard procedure to test for factorial invariance across groups (Glockner-Rist & Hoijtink, 2003), by examining the factor loadings, factor covariances, and error variances, and model fits, it could be possible to show whether the theoretically expected structures are borne out across all societies. If a poor fit is found in at least one country, it can be concluded that the postulated measurement model does not hold and that the latent variable of interest is not equivalent across countries (Van de Vijver, 2003b). The violation of structural invariance assumption means that the individualism measure will partly cover the relevant aspects of the concept in some societies. Therefore those cases that do not confirm to the specified factor model should be eliminated from the analysis.

To evaluate the structural equivalence of items across different cultures, I run the final measurement model (Model 3) for a number of countries and evaluate the fit indicators. The cases are chosen to represent different cultural and geographical groupings: USA, Canada, and Great Britain represent the cluster of Anglo-Saxon countries, which are also assumed to be highly individualistic. Sweden, France, Portugal, Italy, and Greece represent West Europe. Turkey is also one of the selected countries because it is somewhere in between Western European and Latin American cultures (Schwartz, 2005). From Eastern European and post-communist countries Romania, Ukraine, and Russian Federation are chosen. Japan, China, and Singapore represent the Confucian cultures. Argentina, Mexico, Uruguay, Venezuela, and Dominican Republic are selected to represent Latin American cultures. From Asia, I selected India, Iran, and Armenia. The least represented continent in WVS dataset is Africa. Among the few African countries in the final dataset, I chose Egypt and South Africa.

[Table 2]

Since “hard work” is the item that produces results contrary to expectations in the pooled dataset, the final individualism model is run both with and without this item for individual countries (see Table 2). The most obvious result is that in 18 of the 27 countries, this item has a negative loading. Only in Argentina, Armenia, China, Egypt, Greece, India, Iran, Portugal, and South Africa does the item have the expected positive loading on the latent variable. Although it seems that the item loads positively on the individualism factor in countries that are usually associated with collectivist values, the item has negative loading in some countries that are regarded as being collectivistic, such as Brasil, Japan, Uruguay, Turkey, or Venezuela. Therefore, it is not possible to conclude that the loading of the item differs on the basis of cultural context. Instead, we observe a random pattern. It seems that while in some countries hard work is a component of individualism, and associated with self-reliance, competition and autonomy, in others, it is related to collectivism and viewed as fulfilling duty towards the parents or the society.

As can be seen in Table 2, some of the models in which “hard work” is excluded have slightly better fit compared to those that include the item. For most of the countries, when “hard work” is excluded, there is some improvement in goodness of fit indicators. For Armenia, Brazil, Japan, and Sweden the rise in CFI, TLI and RMSEA are more dramatic when “hard work” is not included in the model. For Turkey, Uruguay, USA, Singapore, Portugal, and Russia the fit of the models in which hard work is excluded are slightly better, and no change in fit indicators are observed for Argentina, France, and Greece. The change in fit indicators does not seem to be related to the positive or negative loading of the item in any way. In any case, Table 2 suggests that “hard work” is

not related to individualism in the same way in all countries. On the other hand, the exclusion of the item does not yield a significant increase in the fit of the models in most countries, which suggests that the item should also be included in the final measurement model.

Table 2 also shows that the proposed model performs reasonably well in selected countries. Overall, there is visible variance in fit indicators models from individual countries, with the best model fit having CFI and TLI values of .998 (Venezuela), and the worst with a CFI of .891 and TLI of .839 in Canada. Except for Canada all the countries have CFI and TLI values that are above the acceptable .9 threshold, with the majority having fit values higher than .95, which suggests that the indicators measure the same concept in all countries. The Canadian case is intriguing, since even after dropping hard work, the model does not yield fit indicators that are above the acceptable levels. In addition, in the alternative models (Model 1 or Model 2), Canada emerges as the country that always has the lowest fit. This is especially surprising, since the two other countries that are usually regarded as being in the same cultural cluster with Canada – US and GB have very good fit indicators. The fit indicators suggest that the items used in the analyses only partially capture the concept of individualism in Canada and that there might be an additional aspect of individualism that is distinctive to the Canadian context. Although the fit indicators for Canada are not terribly low, it still shows that the internal consistency of the items is not very good for this country, and therefore it will be excluded from the successive analyses.

Although structural equivalence is a necessary condition to create unbiased measures, it is not adequate. For measures to be invariant across cultures or countries, the

items should measure the construct of interest in the same way among members of different groups. Therefore, in the next section, I discuss and evaluate the issue of item bias in measuring individualism.

Differential Item Functioning

Although structural equivalence is necessary to build unbiased measures, it still is an insufficient condition. Similarity of factor structures does not imply that the scores will be free of measurement error. Item or measurement bias is also a potential source of bias in cross-national survey data. If respondents with the same standing on the underlying construct but who come from different cultures (or groups) do not have the same mean score on the item, then the items are said to have item bias or differential item functioning. Among the many techniques used to detect and deal with DIF, those that are based on item response theory (IRT) or multi-group (MG) structural equation modeling (SEM) are the most popular ones. In the analysis of item bias, I rely on SEM, which is not only a more flexible method but also enables the researcher to detect and correct for item bias in more complicated measurement models.

To test item bias in a MG-SEM framework, the researcher starts with a model in which factor loadings for all groups are constrained to be equal, while factor means, variances, covariances and residuals are freely estimated for each group. In the next steps, the researcher estimates models with factor loadings of proposed items are freely estimated. By comparing the fit statistics of restricted unrestricted models, SEM enables to test the equivalency of factor loadings and factor covariances. A significant improvement in the fit of a less restricted model would imply that the freely estimated

items are variant across groups. If this is the case, the items that perform differently across countries can be given different weights so that a common measurement scale can be produced (Reise et al. 1993).

[Table 3]

The fit indicators of the full invariance model as well as some of the partial invariance models from selected models are presented in Table 3[28]. The fit of the full invariance model, where all factor loadings are constrained to be equal is very poor, with CFI of .881, TLI of .848, and RMSEA of .074. On the other hand, poor fit of the constrained model does not necessarily show that individualism items function differently in different countries. It only shows that the data does not fit the model when factor loadings are constrained to be equal across countries. Only if the partial invariance models perform better can we conclude that items function differently in different countries.

The rest of the models in Table 3 are all partial invariance models, which constrain the loadings of some items to be equal across nations, while allowing the loadings of the other items to be estimated freely. The freeing of some parameters does not ensure that the fit will improve as well, as the second model in which three items are fixed shows. In fact, constraining the items "love and respect parents", and child qualities of "responsibility" and "imagination" to be equal and letting others vary freely across

[28] Under ideal circumstances, we would like to start running partial invariance models in which only one of the items is constrained to be the same across all groups, and then start adding a second fixed item, and then a third, and so on. Yet, in such a large dataset that includes about 88,195 individual observations and 70 groups and a complicated model in which many parameters need to be estimated, it is impossible to ensure the convergence of the models. Even though the convergence criterion is raised to 0.1 and the number of iterations to 100,000, it is almost impossible to get results. None of the models converges unless at least three items are fixed.

countries significantly degrades the model fit. The third model further constrains the factor loadings of using initiative in job, interesting job and a job that meets one's abilities items. The fit of this model is much better than the second one, but is still inferior to the full invariance model. Allowing factor loadings to be estimated freely does not necessarily yield better model fit in all cases, since it leads to a significant decrease in degrees of freedom, which leads to lower model fit if the freely estimated items do not have significant bias across countries.

The fourth and the fifth partial invariance models, on the other hand, have much better fit compared to the full invariance model. The fit of both models are significantly better than the full invariance model, which shows that all items are not related to the trait in the same way across countries. Between these two models, the fifth one, which fixes the loadings of "love and respect for parents", child qualities of "responsibility" and "imagination", and job goal of "opportunity to use initiative" and which has the best fit among the alternative partial invariance models is chosen as the final multi-group partial invariance model[29]. According to this model, the constrained items function more or less the same way in the countries in the dataset. In other words, these items seem to measure the concept of individualism in the same way in all the cultural contexts, whereas the items whose factor loadings are allowed to vary freely (child qualities of independence, hard work, determination; and work goals except for using one's initiative) function differently across different contexts. That is, people who have the same standing on economic individualism would give different responses to these questions in different contexts. While the items "love and respect for parents", "responsibility", "imagination",

[29] Please note that only the fit indicators of a sample of the alternative partial invariance models are shown in Table 3.

and “initiative” provide equivalent measurement across groups, the rest of the items do not. The final individualism measure is derived by saving the factor scores for each individual with common weights for the invariant items but different weights, depending on group membership, for the other items. This measure will be used to test the conditional effect of culture on values and redistributive attitudes in Chapter 5.

Measuring Individualism at the Cultural Level

Measuring Cultural Orientations

The measurement of culture is one of the thorniest issues in political culture studies. The question is how to operationalize and measure a concept which embraces shared meanings, symbols, and continuous interactions between group members. There are a number of ways to infer the specific aspects of cultures of societies. Many anthropologists infer the cultural attributes of societies by analyzing many aspects of everyday behavior of the members of the group. Objective aspects of cultures, products such as tools, works of art or media could also be used to understand differences in cultures. Detailed content analysis of these products is also a way of understanding the specific features of cultures. For example, McClelland (1961) coded the themes emphasized in textbooks read by children from second to fourth grade levels to measure the level of emphasis on achievement orientation in different societies. Merelman (1991)

content-analyzed TV shows, magazine advertisements, and textbooks in an effort to reveal the dominant cultural configurations in Canada, Britain and the United States.

Another alternative of inferring cultural characteristics is to directly measure the subjective aspects of cultures such as norms, values and beliefs. A widely used way of directly measuring the subjective aspects of culture is to infer them from individual level surveys or questionnaires. Most of these studies aggregate individual values to infer the cultural-level value priorities at the national level, a questionable practice, which I will discuss in the following section.

Inferring cultural attributes from individual values assumes that individual value priorities are products of both shared cultural and unique individual experiences: Members of each cultural group share many value-relevant social experiences, but within cultural groups there is individual variation in value priorities due to unique experiences. Such an approach assumes that the average priorities attributed to different values by societal members reflect the central thrust of their shared enculturation. Average priorities are assumed to point to the underlying, common cultural values. (Schwartz & Ros, 1995: 94) Such an approach assumes that the average priorities attributed to different values by societal members reflect the central thrust of their shared enculturation.

The issue, then, is finding an appropriate way of aggregating individual responses that enable the researcher to observe meaningful and generalized patterns about specific cultural attributes. Earlier studies relied on the observation, evaluation, and (where possible) comparison of frequencies and percentages of values, attitudes, and preferences (Almond and Verba, 1963; Devine, 1972; McClosky & Zaller, 1984). One problem with

such an approach is establishing an acceptable threshold to conclude that certain values are widely shared among the members of a cultural group. In addition, evaluation and comparison of percentages becomes difficult with high number of observations. With the expansion of large-n cross-cultural survey studies, researchers have started taking average value priorities for specific attitude questions or scales for each nation (Inglehart, 1990). On the other hand, the use of average value priorities could be problematic for many reasons. Although country-level means are taken-for-granted measure of culture, there are serious doubts about whether mean is an adequate indicator. The mean points towards a central tendency in the group, a high mean would mean that the individual members of the group tend to score high than members of some other group. In addition, averaging the value priorities of individuals within each nation is a practice that is not recommended by a number of researchers who point to the changing level of analysis when comparing cultures (Hofstede, 1980). Although a substantive portion of studies use indices based on within-society (individual-level) correlations to compare cultural orientations, this practice could be misleading since items that are correlated with each other at the individual level might not show internal consistency at a higher level. Hofstede (1980) labels this practice of constructing ecological indexes from variables correlated at the individual level as *reverse ecological fallacy*. Van de Vijver and Poortinga (2002) also argue that comparing cultures on indices created for the individual level is a fallacy just as making inferences from ecological data as if they apply to individuals. Researchers suggest the use of ecological (between-society) correlations to devise such indices, calculated from the mean values of items for each society or from percentages or proportions in case dichotomous variables (Hofstede, 1980; Hofstede et

al., 1993). In such an approach, mean scores for each item would be calculated for cultural units. Since score for each case is the mean of a large number of individuals, such means are extremely stable, and independent of odd individual answers (Hofsetede et al., 1993). In addition, in indices based on between-society correlations, the differences in scores are not due to individual attributes, but due to contextual or societal factors (Van de Vijver & Poortinga, 2002). I also use the same strategy to build an individualism scale at the aggregate level. The next issue to be discussed is the unit of analysis on the basis of which the aggregation would be made.

Unit of Analysis

Since culture is not a unit of social and political organization with readily identifiable boundaries (Levi, 1997: 61) aggregating individual responses to measure cultural orientations raises issues about the appropriate unit of analysis. In the literature one often comes across references to European culture, Islamic culture, French culture, Afro-American culture, rural or minority cultures, etc. The unit of analysis is different in all these references. Since different scholars define and operationalize culture in different ways, the unit of analysis may also differ from study to study. Research in political culture usually treats nations as cultural units. Yet, serious objections could be made to taking nation as the legitimate unit of cultural analysis. Nations are not necessarily homogenous with regards to dominant cultural values, although it forces towards integration in established nations such as the common dominant language, political and educational systems, shared mass media and national symbols could be said to produce substantial sharing of culture (Hofstede, 1980). The assumption that a nation shares

common attitudes and values could be especially problematic in multi-ethnic or multi-lingual societies. In fact, in their analysis of democratic attitudes using World Values Surveys, Silver & Dowley (2000) find substantive variance among minority groups within certain countries. They show that ethnic and linguistic groups in some countries show substantial disparities in interpersonal trust, achievement motivation, levels of pride in country and confidence in institutions. The disparities in trust between the dominant and minority groups are especially pronounced for blacks in the United States, Yoruba in Nigeria, French speakers in Canada, and Catholics in Northern Ireland. With regards to scores on achievement motivation and pride in country, Russians and Poles in Lithuania, Flanders in Belgium, Francophones in Canada, Moslems in India, Yoruba and Ibo in Nigeria, Turks and Gypsies in Bulgaria show substantial discrepancies with the scores of dominant groups. Silver & Dowley suggest that in countries where there are wide disparities in core values, ethnic groups should not be submerged in aggregate figures for the country.

On the other hand, although there may be variations in the orientations of sub-cultural groups, members of each nation share many value-relevant social experiences. Many nations are characterized by language policies mandating a *lingua franca* for use in education or government. Many nations are also small enough to be subject to relatively uniform geographical conditions. National policies of education are frequently applied across the spectrum of primary and secondary education, permitting only slight regional variations in curricula or procedures. In all these aspects, nations may be considered as systems of constraints and affordances. Despite high ethnic diversity, society's institutions press their inhabitants towards greater cultural unity (Smith et al., 2006: 56).

Therefore, despite the potentials for difference, a nation's various ethnic groups do often produce similar profiles on psychologically relevant measures vis-à-vis those from other nations (Smith et al., 2006). There is also some empirical evidence supporting these claims. In order to assess cultural unity within nations, Schwartz (2004) compared the cultural distance differences between every pair of teacher or student samples for seven countries (France, Germany, Russia, Turkey, Japan, and USA) in which samples from dominant groups in different regions were available. His comparisons include both within country and between country cultural distances. The cultural distance between two samples is the squared distance between the scores of the samples on each cultural orientation, summed across seven cultural dimensions. He found that the cultural distance between samples from different countries is almost always greater than the distance between samples from the same country, suggesting that the similarity of cultural value orientations within nations, when viewed against the background of cultural distance between nations is considerable and argues that nations could be taken as meaningful cultural units (p. 57).

The Measurement Model

For the cultural-level individualism measure, I also rely on confirmatory factor analysis. Since the questions are not specifically designed to measure individualism, CFA is a better strategy to evaluate the dimensionality and the internal consistency of the items. In addition, country-level acquiescence bias may be a source of error for work goals items, and CFA is an effective tool in assessing such methods issues. Individuals in some cultures might be more prone to saying "yes", which could lead to work items

correlating highly among each other but not with other items. In fact, an EFA analysis of the items (averaged over each country) produces two factors with eigenvalues greater than 1. In the first factor, which has an eigenvalue of 3.57, work-related goals load highly, and in the second factor, child quality items have high loadings (eigenvalue is 2.04). Country-level acquiescence bias could be a reason why EFA produces two factors. Research indicates that acquiescence bias varies across cultures. For example, Greek respondents tend to offer more positive responses than other European respondents (Van Herk, 2000). Landsberger and Saavedra (1967) report higher acquiescence bias among Spanish speakers in the United States. Smith et al. (2006) also report that data from 7 different surveys each of which sampled at least 34 nations find substantial consensus as to which nations tend to score higher and which tend to score lower in acquiescence bias, with collectivist nations usually having higher acquiescence bias.

One caveat in using CFA is the fact that estimation relies on maximum likelihood (ML). Since maximum likelihood estimators have desirable asymptotic properties of being unbiased, consistent, and efficient (Kmenta, 1971) estimates obtained from a small sample size may not have the desired properties. Within the framework of CFA, although there is a general agreement that large number of observations (N>100) are always desirable (Boomsma, 1982), there are no clear guidelines about what the minimum number of observations should be under different research settings. On the other hand, a number of studies, which are mostly based on Monte Carlo simulations, show that, although small sample size leads to higher variance in parameter estimates –factor loadings, uniqueness, and factor correlations, variance in parameter estimates decreases as a function of increased indicator reliability and increased number of indicators per

factor (Gerbing & Anderson, 1985; Jackson, 2001; Marsh et al., 1997; Marsh & Han, 1999), concluding that having more indicators per latent variable (usually p>4) compensates for smaller sample size (MacCallum et al. 1996; Marsh et al., 1998). Gerbing & Anderson (1985) also note that ML estimates in CFA generally exhibit little bias and that the bias drops as number of indicators per factor increases, concluding that large number of observations is not necessary to achieve robust parameter estimates.

[Table 4]

The proposed measurement model is a two factor model, in which all the items in Figure 1 are indicators of a single latent dimension, which is the economic component of individualism-collectivism. A measurement factor for country-level acquiescence bias in work goals is added to the model. Again, the loading of the first item is set to one for estimation, and the loadings of the items for the measurement factor are set to 1, while the covariance of the two items are set to 0, indicating that acquiescence factor is not related to the individualism factor. Table 4 compares the results of the CFA for the simple one-factor model and the model that includes the measurement factor. Since the number of observations and degrees of freedom are rather small, it is not surprising to obtain fit indices that are rather low. The simple model which specifies one factor has a CFI value of 0.519, TLI of 0.398, and RMSEA of 0.509. Specifying a measurement factor improves the fit of the model dramatically: CFI rises to 0.750, TLI to 0.681, and RMSEA to 0.18. In addition, in the second model the factor loadings of the items have smaller standard errors, although the item loadings are not very high.

The standardized estimates of the individualism items for the second model in Table 4 are relatively low compared to the estimates of the models at the individual level.

The hard work item has the highest loading and is again negatively related to individualism. It seems that hard work is the most important component of individualism-collectivism at the national level, with about 4 percent of the variance in the item being explained by collectivism. “Love and respect for parents”, which partly taps individual autonomy and modern, as opposed to traditional value has the second highest loading on the individualism factor. Child qualities of “independence”, “determination” and work goal of “using initiative” are the other items that load high on the national-level individualism factor. The structure of the individualism factor at the country-level is comparable to the factor structure of the concept at the individual level as well. Determination, independence and feeling of responsibility are the highest loading items at the individual level, and, at the aggregate level, hard work, love and respect for parents and independence load the highest. Individual autonomy and independence emerge as the most important values associated with economic individualism at both levels. These are also the defining characteristics of individualism in the literature and the fact that items that tap independence and autonomy values load high in the measures developed here further justifies the measurement models. At the national level, hard work, determinations, being able to use initiative in job, and responsibility have high loadings, which tap the economic values associated with individualism. The high-loading items on the individualism factor are also statistically significant.

[Table 5]

Table 5 shows the country scores on the individualism-collectivism measure. As I expected, post-communist countries as well as a number of developing countries such as Zimbabwe, Armenia, Iran, Philippines and Egypt score low on economic individualism,

with scores lower than .3. China, which usually emerges as high on collectivism also has a lower score on economic individualism (.227) although it is not the least individualist country. Latin American countries such as Brazil (.216), Venezuela (.266), Peru (.293), and Argentina (.330) also score relatively low on the economic individualism dimension. Mexico (.493) and Chile (.588) have somewhat higher scores on the measure. These are countries that rank relatively higher on Hofstede's individualism dimension among other Latin American countries. Among developing countries, South Africa (.266), India (.277), Turkey (.280) and Singapore (.290) are more collectivist. Overall, Western European countries as well as the English-speaking world have the highest scores on individualism. While the United States is regarded as the most individualistic country, its ranking is in the middle. Surprisingly, Scandinavian countries Sweden, Denmark, Norway and Finland as well as the Netherlands, Germany and Japan have the highest ranking in the economic individualism measure. There could be two possible explanations for this unexpected finding. First, these countries could be high on economic individualism. Although these countries are usually regarded as economically collectivist, due to their extensive welfare states and high government spending, they may not necessarily be so. Or, these countries may have been more collectivist in the economic domain at some point, but there might be some value change over time. Second, despite all the efforts to remove questionnaire effects and other types of error that could result from the fact that the questions are not necessarily devised to tap economic individualism; the measure could still contain some bias. This possibility will be investigated in detail in the next chapter.

Although the factor loadings of the rest of the items are low and their standard errors are relatively large and there are some unexpected results with regards to country scores on the measure, the comparison of the individualism measure derived from saving the factor scores from the CFA model with other individualism measures shows that it performs reasonably well. In Table 6, I compare the CFA-based country-level economic individualism measure with the individualism measures of Schwartz and Hofstede, as well as other alternative measures of economic individualism. Since Schwartz and Hofstede's indices are concerned with measuring the degree to which individual autonomy and freedom are valued in a culture, I expect their scores to have moderate but not strong correlations with my economic individualism scale, which also captures these orientations to an extent. This is in fact the case. Economic individualism has a correlation coefficient of .41 with Hofstede's individualism measure, and .51 and .57 with Schwartz's affective autonomy and intellectual autonomy measures. All these correlations are statistically significant at the $p<0.05$ level. In addition, I also compare the economic individualism scale built by saving factor scores from CFA with a simple additive index, which is built by simply adding country-level means. Given the fact that both of these measures are built from the same items, additive index and the CFA scale should have reasonably high correlations. On the other hand, since a simple additive measure will contain too much error, it should have low correlations with Hofstede's and Schwartz's individualism indices. The correlations confirm these expectations. The additive index correlates moderately with the CFA-based economic individualism scale ($r = .39$) but have very low correlations with Schwartz and Hofstede measures ($r=-.102$ for

Hofstede's individualism, r=.155 for Schwartz's affective autonomy, and r=.054 for Schwartz's intellectual autonomy).

[Table 6]

Overall, these correlations of the individualism measure with other indices provide evidence for its validity. In addition, we find that an index based on the simple addition of the items at the national level, performs worse than the CFA-based individualism measure. The additive individualism index has a correlation of -.10 with Hofstede's individualism index and its correlation with Schwartz's affective and intellectual autonomy measures are .15 and .05 respectively. The fact that the additive index is weakly correlated with other individualism measures is further evidence that methods effects such as acquiescence leads to significant bias in simple measures that do not take such effects into account.

Summary

In this chapter, I proposed a measurement model for the *economic* component of individualism-collectivism at both individual and aggregate levels. The results suggest that, in line with theoretical expectations and previous research about individualism, the construct applies at both levels. That is, economic individualism is both a value orientation of individuals and a cultural characteristic of societies. At the individual

level, child qualities of determination, independence, imagination and responsibility have the highest loadings on the economic individualism factor. The fact that independence and imagination have high loadings on the factor shows that the values of autonomy, self-realization and uniqueness, besides from being associated with the individualism-collectivism construct in cross-cultural psychology, are also important components of economic individualism at the individual level. Determination and responsibility should relate to self-reliance and individual autonomy in making decisions in the economic sphere. In addition, "a job that is responsible" item is also a good predictor, which suggests that responsibility is an important component of economic individualism at the individual level.

At the national level, hard work is the most important value that distinguishes individualistic countries from the collectivist ones. However, contrary to my expectations, hard work is negatively related to individualism, and is associated with collectivist orientations in the society. It seems that "hard work" is not perceived as part of individual fulfillment, as the classical theories that link Protestant ethic to individualism suggest, but rather provokes notions of individual's duty towards the society. Items that measure the extent to which individual should be autonomous from the family or the society such as "love and respect for parents" and child quality of "imagination" are the other highest loading items at the cultural level, in addition to the child quality of "determination" and the work goal of "using initiative". Although autonomy, independence and uniqueness emerge as the most important values, these values are stronger determinants of economic individualism at the individual level,

whereas economic individualism at the cultural level is mostly dominated by importance attached to hard work.

Although other individualism measures exist, they are only available for a limited number of countries, and they mostly focus on the individual autonomy dimension of individualism. In addition, all the existing measures are at the country-level, and do not allow the testing of hypotheses at the individual level. Using the measurement model proposed above also makes it possible to test hypotheses concerning the effect of economic individualism besides support for redistribution and welfare.

One of the important contributions of this chapter to the literature is the demonstration of the use of alternative models in the absence of appropriate datasets. The items a researcher needs may not be available in existing cross-national surveys. In such circumstances, the researcher could make use of CFA and SEM by using the available items. Even if the items are not specifically designed to measure the relevant trait, if the items could be thought as being related to the latent factor the researcher is interested in, these tools could be used to devise measures of the latent trait. By specifying different factors that measure the other traits, and by controlling for methods effects, it is possible to obtain factor scores of the latent trait in question.

An issue which has often been ignored in comparative political behavior research is cross-national equivalency of constructs, that is, whether the devised scales are invariant across different social contexts. Again, by making use of the flexibility of CFA and SEM approaches, it is possible to test and even correct for bias in measurement models. One of the important findings concern the bias resulting from acquiescence in survey questions. For both individual and national levels, the results of the models

suggest high acquiescence bias in answering survey questions. The fact that a simple additive measure of economic individualism is very weakly correlated with other individualism measures shows that failure to take into account such methods effects leads to significant amount of bias in measures.

Finally, I discussed the issues related to the measurement of culture. Problems and questions in this area include whether value orientations are an appropriate way of measuring culture, which is a property of collectivity, and which consists of deeper structures of meaning, collective symbols and frames. I argued that, even if aggregation of individual value orientations may not be the best approach to measuring culture, the effects of culture as a collective property should still have observable effects on individual orientations. By aggregating these orientations using the appropriate methods, it is not only possible to infer certain dominant characteristics of cultures, but also, compare and rank these dominant orientations. Given the limitations with case studies, it seems that this is the best way especially if the researcher wants to test the research hypotheses using a large number of observations.

Therefore, using the best available items, I proposed a model which measures economic individualism at the national-level. Again, an issue concerning the measurement of culture is whether nations are the appropriate unit of analysis, given the heterogeneity of dominant orientations in the society. Whereas this is a justified objection, the research question may often require a national-level indicator of cultural value orientations. While it may be possible to control for the heterogeneity of cultural orientations using other measures, such as the variance of value orientations at the

individual level, I argue that the aggregated factor scores is still a reasonable indicator for cultural orientations, as the results of the empirical analyses in the next chapters show.

Figure 1. Confirmatory Factor Model for Economic Individualism (Individual-Level)

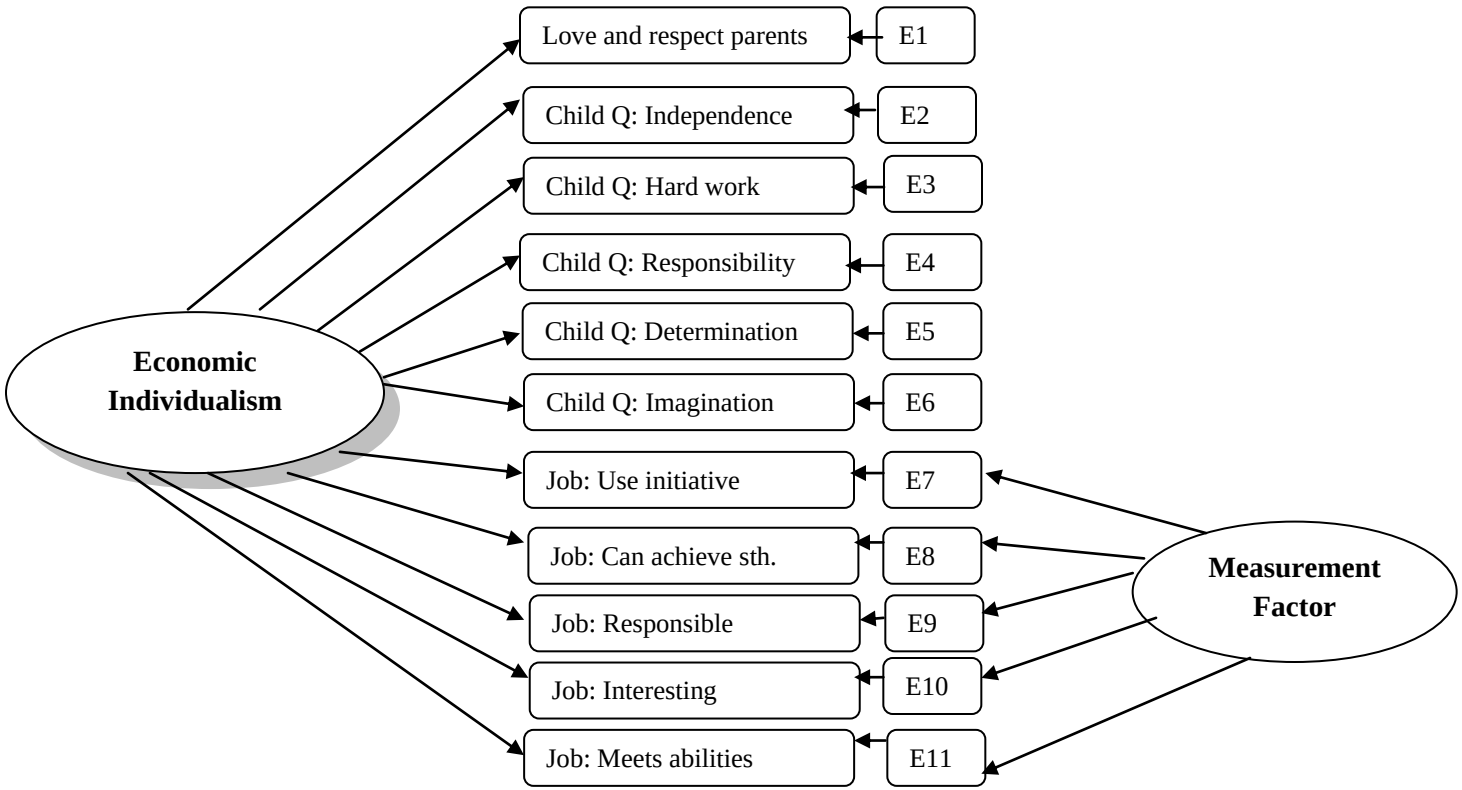


Table 1. Results of Confirmatory Factor Analysis for Economic Individualism* (Individual Level, Pooled Dataset)

	CFA with One Factor			CFA with Measurement Factor			CFA with Measurement Factor and Correlated Errors		
	Estimates	***Std. Estimates***	***Std. Error***	***Estimates***	***Std. Estimates***	***Std. Error***	***Estimates***	***Std. Estimates***	***Std. Error***
Individualism Factor (F1)									
Love and respect parents	1.000	0.069	0.000	1.000	0.428	0.000	1.000	0.352	0.000
Child Q: Independence	1.898	0.132	0.166	0.984	0.421	0.026	1.413	0.497	0.089
Child Q: Hard work	-1.186	-0.082	0.114	-1.025	-0.439	0.027	-1.182	-0.416	0.077
Child Q: Responsibility	2.048	0.142	0.183	0.549	0.235	0.021	1.186	0.417	0.080
Child Q: Determination	2.622	0.182	0.223	1.089	0.466	0.029	1.940	0.682	0.119
Child Q: Imagination	1.583	0.110	0.146	0.614	0.263	0.021	1.176	0.414	0.078
Job: Use initiative	11.790	0.819	0.970	0.741	0.318	0.021	0.754	0.265	0.020
Job: Can achieve sth.	10.775	0.748	0.888	0.498	0.213	0.019	0.523	0.184	0.019
Job: Responsible	10.417	0.723	0.860	0.291	0.125	0.017	0.300	0.105	0.017
Job: Interesting	8.578	0.596	0.706	0.366	0.157	0.017	0.444	0.156	0.017
Job: Meets one's abilities	9.367	0.650	0.774	0.104	0.044	0.017	0.145	0.051	0.017
Measurement Factor (F2)									
Job: Use initiative	-	-	-	1.000	0.694	0.000	1.000	0.699	0.000
Job: Can achieve sth.	-	-	-	1.000	0.694	0.000	1.000	0.699	0.000
Job: Responsible	-	-	-	1.000	0.694	0.000	1.000	0.699	0.000
Job: Interesting	-	-	-	1.000	0.694	0.000	1.000	0.699	0.000
Job: Meets one's abilities	-	-	-	1.000	0.694	0.000	1.000	0.699	0.000
Factor Correlations									
F1 with F2	-	-	-	0.000	0.000	0.000	0.000	0.000	0.000

* The default WLSMV estimator in MPLUS is used in all analyses.

Table 1 (continued)

	CFA with One Factor			CFA with Measurement Factor			CFA with Measurement Factor and Correlated Errors		
	Estimates	***Std. Estimates***	***Std. Error***	***Estimates***	***Std. Estimates***	***Std. Error***	***Estimates***	***Std. Estimates***	***Std. Error***
Error Term Correlations									
Child Q: Independence									
Child Q: Hard work	-	-	-	-	-	-	-0.004	-0.004	0.014
Child Q: Responsibility	-	-	-	-	-	-	-0.153	-0.153	0.015
Child Q: Determination	-	-	-	-	-	-	-0.117	-0.117	0.022
Child Q: Imagination	-	-	-	-	-	-	-0.138	-0.138	0.014
Child Q: Hard work									
Child Q: Responsibility	-	-	-	-	-	-	-0.014	-0.014	0.013
Child Q: Determination	-	-	-	-	-	-	0.100	0.100	0.019
Child Q: Imagination	-	-	-	-	-	-	0.039	0.039	0.013
Child Q: Responsibility									
Child Q: Determination	-	-	-	-	-	-	-0.318	-0.318	0.019
Child Q: Imagination	-	-	-	-	-	-	-0.125	-0.125	0.013
Child Q: Determination									
Child Q: Imagination	-	-	-	-	-	-	-0.199	-0.199	0.019
Factor Variances									
F1	0.005	1.000	1.000	0.184	1.000	0.007	0.124	1.000	0.008
F2	-	-	-	0.482	1.000	0.003	0.488	1.000	0.003
	N=88195			N=88195			N=88195		
	Chi-Square=13653.699			Chi-Square= 5150.084			Chi-Square=4142.517		
	d.f.=40			d.f.= 35			d.f.=28		
	P=0.0000			P= 0.0000			P=0.0000		
	CFI=0.882			CFI=0.956			CFI=0.964		
	TLI=0.882			TLI=0.949			TLI=0.949		
	RMSEA=0.062			RMSEA = 0.041			RMSEA = 0.041		

Table 2. Structural Equivalence of the Economic Individualism Measure: Fit Indicators for the Measurement Model for Selected Countries (Models including and excluding the "hard work" item)

	Model including "hard work"						Model excluding "hard work"				
	N	***Chi-square***	***d.f.***	***CFI***	***TLI***	***RMSEA***	***Loading of Hard Work***	***Chi-square***	***d.f.***	***CFI***	***TLI***	***RMSEA***
Albania	976	100.827	23	0.942	0.909	0.059	Negative	82.604	19	0.951	0.922	0.059
Argentina	1253	82.453	29	0.923	0.885	0.038	Positive	76.644	25	0.923	0.889	0.041
Armenia	1968	213.815	28	0.925	0.900	0.058	Positive	174.466	23	0.937	0.915	0.058
Brazil	1145	69.217	29	0.911	0.868	0.035	Negative	51.288	25	0.925	0.892	0.030
Canada	1909	158.991	29	0.889	0.828	0.48	Negative	140.519	25	0.891	0.839	0.049
China	963	55.546	29	0.974	0.967	0.031	Positive	50.998	25	0.975	0.969	0.033
Dominic R.	412	28.787	26	0.987	0.981	0.016	Negative	24.571	22	0.988	0.982	0.017
Egypt	3000	289.202	29	0.942	0.920	0.055	Positive	293.441	25	0.940	0.921	0.060
France	1548	99.972	28	0.958	0.942	0.041	Negative	90.822	24	0.958	0.942	0.042
G.B.	1141	104.505	30	0.952	0.934	0.042	Negative	94.557	26	0.955	0.941	0.043
Greece	1091	69.182	25	0.973	0.961	0.040	Positive	65.529	22	0.973	0.964	0.043
India	1924	83.343	27	0.993	0.993	0.033	Positive	69.61	23	0.994	0.995	0.032
Iran	2350	105.388	29	0.975	0.967	0.033	Positive	90.874	25	0.979	0.973	0.033
Italy	1920	112.57	26	0.974	0.964	0.042	Negative	111.642	23	0.973	0.965	0.045
Japan	1143	77.364	28	0.917	0.962	0.039	Negative	62.926	23	0.975	0.967	0.039
Mexico	1512	127.985	30	0.925	0.897	0.046	Negative	116.297	25	0.928	0.902	0.049
Portugal	974	87.702	28	0.958	0.946	0.047	Positive	85.764	24	0.956	0.945	0.051
Romania	1069	58.739	24	0.989	0.986	0.037	Negative	53.948	21	0.990	0.987	0.038
Russia	2418	102.059	30	0.970	0.959	0.032	Negative	102.857	26	0.967	0.956	0.035
Singapore	1505	72.06	28	0.950	0.923	0.032	Negative	83.755	26	0.930	0.903	0.038
S. Africa	2938	120.629	30	0.960	0.943	0.032	Positive	97.586	26	0.968	0.956	0.031
Sweden	960	78.694	30	0.907	0.866	0.041	Negative	64.613	26	0.928	0.898	0.039

Table 2 (continued)

	Model including "hard work"						Model excluding "hard work"				
	N	***Chi-square***	***d.f.***	***CFI***	***TLI***	***RMSEA***	***Loading of Hard Work***	***Chi-square***	***d.f.***	***CFI***	***TLI***	***RMSEA***
Turkey	3359	147.692	27	0.932	0.892	0.036	Negative	144.252	23	0.923	0.880	0.040
U.S.A.	1191	55.832	27	0.964	0.941	0.030	Negative	52.937	23	0.960	0.938	0.033
Ukraine	1136	72.308	27	0.985	0.981	0.038	Negative	59.438	24	0.988	0.986	0.036
Uruguay	972	40.556	27	0.989	0.984	0.023	Negative	39.21	24	0.987	0.983	0.026
Venezuela	1175	40.047	25	0.997	0.997	0.023	Negative	32.46	21	0.998	0.998	0.022

Table 3. Multigroup Full Invariance and Partial Invariance Models (Individualism Factor with Measurement Model and Correlated Residuals)*

	Chi-square	*d.f.*	*CFI*	*TLI*	*RMSEA*
Full Invariance Model	16147.418	2058	0.881	0.848	0.074
Partial Invariance Model-1	24233.667	1818	0.811	0.726	0.099
Love and respect parents (Fixed)					
CQ: responsibility (Fixed)					
CQ: imagination (Fixed)					
Partial Invariance Model-2	16288.666	1894	0.879	0.831	0.078
Love and respect parents (Fixed)					
CQ: responsibility (Fixed)					
CQ: imagination (Fixed)					
Job: initiative (Fixed)					
Job: interesting (Fixed)					
Job: Meets abilities (Fixed)					
Partial Invariance Model-3	10771.708	1875	0.925	0.895	0.061
Love and respect parents (Fixed)					
CQ: responsibility (Fixed)					
CQ: imagination (Fixed)					
Job: initiative (Fixed)					
Job: Meets abilities (Fixed)					
Partial Invariance Model-4	10014.399	1845	0.931	0.902	0.059
Love and respect parents (Fixed)					
CQ: responsibility (Fixed)					
CQ: imagination (Fixed)					
Job: initiative (Fixed)					

* To ensure the convergence of the models, convergence criteria is set to 0.001

Table 4. Results of Confirmatory Factor Analysis for Country-Level Economic Individualism

	CFA with One Factor			CFA with Measurement Factor		
	Estimates	***Std. Estimates***	***Std. Error***	***Estimates***	***Std. Estimates***	***Std. Error***
Individualism Factor (F1)						
Love and respect parents	1.000	0.531	0.000	1.000	0.096	0.000
Child Q: Independence	0.159	0.084	0.171	0.836	0.081	0.255
Child Q: Hard work	-0.010	-0.005	0.154	-2.037	-0.197	0.400
Child Q: Responsibility	0.124	0.066	0.157	0.483	0.047	0.150
Child Q: Determination	0.136	0.072	0.162	0.657	0.063	0.142
Child Q: Imagination	0.121	0.064	0.157	0.203	0.02	0.160
Job: Use initiative	1.276	0.678	0.856	0.524	0.051	0.208
Job: Can achieve sth.	0.910	0.483	0.610	0.380	0.037	0.210
Job: Responsible	1.109	0.589	0.743	0.364	0.035	0.225
Job: Interesting	0.736	0.391	0.494	0.332	0.032	0.253
Job: Meets one's abilities	0.816	0.433	0.547	-0.069	-0.007	0.217
Measurement Factor (F2)						
Job: Use initiative	-	-	-	1.000	0.125	0.000
Job: Can achieve sth.	-	-	-	1.000	0.125	0.000
Job: Responsible	-	-	-	1.000	0.125	0.000
Job: Interesting	-	-	-	1.000	0.125	0.000
Job: Meets one's abilities	-	-	-	1.000	0.125	0.000
Factor Correlations						
F1 with F2	-	-	-	0.000	0.000	0.000
Factor Variances						
F1	0.282	0.381	0.740	0.009	0.003	2.908
F2	-	-	-	0.016	0.003	5.273
	N = 67			N = 67		
	Chi-Square=1641.863			Chi-Square=429.766		
	d.f. = 55			d.f.= 55		
	P = 0.000			P = 0.000		
	CFI = .519			CFI=.750		
	TLI = .398			TLI = .681		
	RMSEA = .509			RMSEA = .180		

Table 5. Country Scores on Economic Individualism*

Country	Economic Individualism
Zimbabwe	*0.000*
Russian Federation	*0.047*
Uganda	*0.069*
Georgia	0.084
Ukraine	0.106
Latvia	*0.119*
Romania	*0.124*
Poland	*0.127*
Armenia	0.129
Slovakia	*0.153*
Belarus	0.158
Lithuania	0.158
Serbia and Montenegro	0.161
Philippinnes	*0.164*
Czech Republic	*0.195*
Estonia	*0.195*
Portugal	*0.211*
Brazil	*0.216*
Bulgaria	*0.216*
Moldova	0.222
China	0.227
Iran	0.230
Malta	*0.237*
Egypt	0.248
South Africa	*0.266*
Venezuela	*0.266*
India	*0.277*
Puerto Rico	0.280
Turkey	*0.280*
Spain	*0.285*
Singapore	*0.290*
Peru	*0.293*
Croatia	0.327
Argentina	*0.330*
Dominic Republic	*0.330*
Hungary	*0.343*
Bosnia and Herzegovina	0.356

Country	Economic Individualism
France	*0.375*
Taiwan	0.375
Albania	0.417
Italy	*0.430*
Indonesia	0.443
Republic of Korea	*0.459*
Great Britain	*0.464*
Northern Ireland	0.475
U.S.A.	*0.491*
Mexico	*0.493*
Ireland	*0.496*
Luxembourg	*0.509*
Canada	*0.515*
Switzerland	*0.515*
Slovenia	0.530
Belgium	*0.533*
Iceland	*0.583*
Chile	*0.588*
Uruguay	*0.609*
Greece	*0.615*
New Zealand	*0.615*
Japan	*0.681*
Austria	*0.715*
Germany	*0.723*
Finland	*0.763*
Netherlands	*0.887*
Norway	*0.934*
Denmark	*0.963*
Sweden	*1.000*

*Countries included in the analyses in Chapter IV and Chapter V are in italics.

Table 6. Correlation Matrix for Country-Level Economic Individualism and Other Individualism Measures

	Economic Individualism	Hofstede - IDV	Schwartz - Affective Autonomy	Schwartz - Intellectual Autonomy	Additive Individualism Index	Mean - Ind. Level Economic Individualism
Economic Individualism	1.0000					
Hofstede - IDV	0.4167*	1.0000				
Schwartz - Affective Autonomy	0.5127*	0.5543*	1.0000			
Schwartz - Intellectual Autonomy	0.5762*	0.4288*	0.6408*	1.0000		
Additive Individualism Index	0.3924*	-0.1015	0.1548	0.0536	1.0000	
Mean - Ind. Level Economic Individualism	0.3953*	0.0203	0.1077	0.0517	0.4295*	1.0000

* Statistically significant at the $p<0.05$ level.

IV. Individualism and Cross-National Differences in Redistributive Policies

In this chapter, I present the results of the empirical analyses concerning individualism's effect on redistributive policy, measured as the size of government and the generosity of welfare policies. In Chapter II, I have argued that the political culture of individualism affects redistributive policy both through the value orientations of the citizens and through facilitating common beliefs and providing common points of concern for political actors in the society. On the other hand, since institutions act as another constraint on policy, the effect of cultural orientations should be conditional upon the already existing institutional structures. In the literature, majoritarian elections and presidential systems are usually associated with smaller governments and low welfare spending. I argue that *although majoritarianism should be associated with low government spending in general, the highest spending may in fact be observed under majoritarian elections if the political culture emphasizes collectivist values (Hypothesis 1).* This hypothesis is based on the theoretical expectation that under majoritarian elections, even a small change in voter preferences could have an important effect on which party holds the majority in the legislature. For societies where collectivism is a widely shared orientation, this means that the majority party should also endorse collectivistic policies, leading to higher government spending under majoritarian elections. As countries become more individualistic, on the other hand, majoritarianism

should be associated with lower government spending since it leads to single-party governments or right-wing governing parties that are associated with smaller governments. On the contrary, under a mixed or proportional electoral system, we expect high spending due to the different spending priorities of parties in the coalitions. That is, with the exception of highly collectivistic countries, mixed or proportional elections should always lead to more government spending compared to majoritarian elections. *Therefore, as countries become more individualistic, the effect of individualism on redistribution should be relatively stronger in majoritarian systems* (*Hypothesis 2*).

Similarly, although presidential systems are generally associated with smaller governments and less redistribution due to the presence of multiple veto players that block pro-redistributive legislation, in countries where collectivism is a widely shared value orientation, veto players should value more redistribution, and deter reform attempts towards decreasing spending. *Thus, presidentialism should be associated with higher redistribution in collectivist countries* (*Hypothesis 3*). But, as countries become more individualistic, emphasis on individual self-reliance should lead to pressures to redistribute less, and when coupled with an institutional structure that makes policy change difficult, we expect to observe even greater reductions in spending under presidential regimes. However, *as countries get more individualistic, in parliamentary or semi-presidential systems, where it is easier to enact pro-redistributive legislation without the obstruction of other veto players, the decrease in government size should be less pronounced compared to presidential systems* (*Hypothesis 4*).

These hypotheses are tested using OLS regressions. Below, I present the data and operationalization of variables and the results of the empirical analyses. Cultural values

could also be influenced by the existing redistributive policies, and therefore could be endogeneous. In the third section of this chapter, I address the possibility of endogeneity in cultural orientations, and conclude that it is not a problem that affects the results of the empirical analysis.

Data

The dataset that I use for the analysis in this chapter is Persson and Tabellini's Economic Effects of Institutions Dataset, which is available through the authors' web site. The dataset has various observations for a cross-section of 85 countries. All observations in the dataset are averaged over the period of 1990-1998. Since the economic individualism measure is not available for all countries in the Persson and Tabellini dataset, the final models that predict government size contains observations from 48 countries Argentina, Austria, Belgium, Brazil, Bulgaria, Canada, Chile, Czech Republic, Denmark, Dominic Republic, Estonia, Finland, France, Great Britain, Germany, Greece, Hungary, Iceland, India, Ireland, Italy, Japan, Latvia, Luxembourg, Malta, Mexico, Netherlands, New Zealand, Norway, Peru, Philippines, Poland, Portugal, Republic of Korea, Romania, Russian Federation, Singapore, Slovakia, South Africa, Spain, Sweden, Switzerland, Turkey, United States, Uganda, Uruguay, Venezuela, and Zimbabwe. Since measures of welfare effort were not available for a number of

countries, models that predict welfare spending exclude India, Peru, South Africa, Uganda and Venezuela, and therefore consist of 43 observations.

To measure redistributive efforts by the governments, I use two different measures: the size of government, which is measured as the central government expenditures as a percentage of GDP, and welfare effort, which is consolidated central government expenditures on social services and welfare spending as percentage of GDP. Central government expenditures include spending on general public services, defense, public order and safety, education, health, social security and welfare, housing and communal amenities, recreation, cultural and religious affairs, economic affairs and services, and interest payments. Among the countries included in the final analysis, Argentina (14 percent), Uganda (14.65 percent) and Dominic Republic (14.82 percent) have the lowest central government spending during the period in question. Countries that spend the most on government services are Netherlands (51.17 percent), Hungary (49.95 percent) and Italy (48.80 percent). Expenditures on social and welfare services comprise old age and disability benefits, occupational injury and disease, sickness benefits, services for the poor and the elderly, survivors' benefits, family cash benefits and services, labor market programs, unemployment, health, housing and other categories. In the dataset, Philippines is the country that spends lowest on social welfare services (.43 percent). Dominic Republic (.647 percent), Singapore (.65 percent) and Turkey (1.17 percent) are the other countries with the lowest levels of welfare effort. The highest welfare spending during the 1990-1998 period took place in Sweden, which spent more than 22 percent of the GDP on providing social welfare services to its citizens.

Luxembourg is the country that has the second highest welfare effort (21.32 percent), followed by Poland (19.75), Belgium (19.65) and the Netherlands (19.11 percent).

There is much debate in the literature about whether to use central or general government expenditures as indicator of government size, since spending incurred by federal states and local governments also make up a substantive portion of general government spending. On the other hand, data on general government expenditures is collected and released by OECD, which embraces about 30 countries. Data on central government, on the other hand, is compiled by IMF and World Bank, and is available for a much larger number of countries. Therefore, I use central government expenditures to be able to have a larger dataset and more variance in my observations and use federalism dummy as a control variable.

One of the restrictions of the existing research on welfare and redistribution is the omission of developing countries from the models. The Persson and Tabellini dataset includes developing countries that are electoral democracies and a number of them are also included in the analyses in this chapter. Yet, it could be argued that the expectation that there is a direct link between preferences and policy may not be reliable, first, because of the representation gap in developing countries that are not considered to be genuine democracies; and second because of the lack of capital and resources to reach target redistribution in the economically less developed countries. In addition, some developing countries that have signed agreements with international institutions such as the IMF are bound by certain conditionalities, which require them to shrink the size of government. Therefore, although culture might have an influence in generating public support for welfare policies, the link between public support and policy outcomes may

not be found in countries whose spending policies are restricted by the international agreements they have signed. In an effort to see if this is the case, I first ran the analyses separately for those countries that have signed by-stand agreements with the IMF during the 1990s, and those that did not and found that the results are not very different between these two groups of countries. In addition, I ran the analyses with the whole dataset, this time using a dummy variable for countries that signed IMF agreements. The dummy variable has a positive coefficient, which means that the countries that were bound by IMF agreements during the period had larger governments and higher welfare spending, and the coefficient is not statistically significant. Therefore, I present the results for the whole dataset below.

It could be also be argued that European integration and common economic and social policies adopted by EU member states could constrain governments' ability to shape redistributive policies. On the other hand, despite the success of integration of capital and product markets, and despite the completion of European internal market, positive integration in the EU has lagged far behind negative integration. EU member governments (with the exception of UK) annexed a Protocol on Social Policy to the main text of the Maastricht Treaty to underscore their intention to proceed on a social as well as economic path (Rodrik, 1997 – Has Globalization Gone Too Far?) Although some attempts have been made at harmonizing social policies and national regulation in health and industrial safety, environmental risks and consumer protection, current social policy scheme of the EU is far from constraining member governments on redistributive and welfare policies. In addition, the unanimity clause and the conflict of interests between

the richer and the poorer countries make the harmonization of social policies unlikely in the near future (Brinegar et al., 2004, Scharpf, 1996).

The key independent variable is the factor score of each country in the economic individualism scale, normalized to vary between 0 and 1. Based on the review of the relevant literature above, there are a number of factors that should be controlled for in the analysis. These control variables are[30]:

Democracy: Democratization, by leading to party competition around the median voter is expected to lead to an increase in public expenditures. The measure for democracy is Freedom House's civil liberties and political rights index, measured on a 1-7 scale with 1 representing the highest degree of freedom and 7 the lowest. Since the dataset is restricted to electoral democracies, the actual scores in the analysis vary between 1 (free) and 4.88 (partly free). Countries with scores higher than 4 and have relatively more restricted civil liberties and political rights include Turkey (4.05), Peru (4.38), Singapore (4.66), Zimbabwe (4.88) and Uganda (4.88). *Economic development*: As mentioned above, some researchers have argued that economic development and socioeconomic and demographic changes associated with modernization leads to pressures on governments to increase redistributive efforts (Cutright, 1965; Wilensky, 1975). Log of per capita GDP is used to capture economic development. As with the other measures included in the analysis, this variable also shows considerable variation. Countries with lowest logged GDP per capita include

[30] Other variables such as working age population, ethnic fractionalization, income inequality, size of the country and gender-related variables are also proposed to explain cross-national variation in public and social welfare expenditures. In an effort to increase the degrees of freedom, I excluded these variables from the models presented here. The inclusion of gender variables and working age population does not lead to substantive changes in model fit and coefficients of other variables, while income inequality and ethnic fractionalization do not seem to have the proposed effects.

Uganda (6.42), Ukraine (6.79), Zimbabwe (7.09), and India (7.26). The wealthiest countries in the dataset are Germany (9.94), United States (9.84), Luxembourg (9.84), Canada (9.74), Norway (9.72) and Switzerland (9.67). *Old Age Population:* According to Wilensky (1975), the mechanism that translates economic development into public policy is the transformation of the demographic structure. Wilensky argues that economic growth and development lead to a decrease in birth rates, which leads to an elderly society that forces governments to increase spending on welfare programs. In fact, most empirical work finds that old age population is the most robust predictor of spending on welfare and other redistributive policies. Old age population is measured as the percentage of population over the age of 65 in the total population (averaged over the 1990-1998 period).

Trade Openness: It has been argued that economic openness puts more pressure on government to increase spending to insure workers against risks associated with domestic vulnerability to international markets (Cameron, 1978; Katzenstein, 1985). Trade openness is measured as the sum of exports and imports of goods and services measured as a share of GDP (averaged over the 1990-1998 period).

Federalism: In line with Persson & Tabellini (2003) who use central rather than general government spending, I also include a control variable for federal systems. Federalism is a dummy variable, equal to 1 if the country has a federal political structure.

Majoritarianism: Dummy variable that equals to 1 if all the lower house is elected under plurality rule.

Presidentialism: Dummy variable for forms of government, 1 for presidential regimes, 0 for other.

Summary statistics for dependent and independent variables can be found in Appendix 4.

Results

Table 1 presents the results of OLS regressions for central government and social welfare expenditures. In these models, no interactive effects of institutions are controlled for. In both models, the coefficients of the democracy variable are in the suggested direction: Countries that score higher in the civil liberties and political rights index are those with low levels of freedom, and, on average, spend less than countries that score lower in the index (and thus are classified as free). Since the index ranges from 1 to 7, the least democratic countries are expected to spend about 10 percent less in public services and social welfare policies compared to the most democratic countries. Although this finding is in line with the proposition that empowerment of the masses puts more pressures on governments to increase spending on social services and welfare, the coefficient of the variable has a very large standard error, and is not significantly different from zero.

[Table 7]

Economic development is proposed to have a positive effect on the size of government and welfare expenditures (Wilensky, 1975: 13). However, in the models in Table 7 (and also in Tables 8 and 9) the effect of economic development, measured as

logged GDP per capita is negative and not statistically significant. This could be due to the fact that in the countries included in the analysis, economic development does not vary too much to yield a result in the expected direction. The natural logarithm of GDP per capita varies from 6.42 (Uganda) to 9.94 (Germany). Economic development could be a factor that accounts for the amount of government expenditure only when there is a very large gap between the development levels of countries, which do not seem to be the case in this dataset.

Wilensky (1975) has also proposed that the effect of economic development on redistribution would be mediated by demographic factors, most notably by the proportion of the elderly in the population. In fact, this variable is the most robust and statistically significant predictor of central government expenditures as well as spending on social services and welfare in both models in Table 7, as well as the rest of the analyses (Tables 8 and 9).

Trade openness does not seem to have the proposed effect on government spending. Its coefficient is negative in the first model in Table 7, which suggests that, contrary to theoretical expectations, vulnerability to international economic forces does not necessarily lead to an increase in the size of government. On the other hand, openness to trade has a positive effect on social welfare expenditures. Overall, a ten percent increase in the share of exports and imports in GDP is associated with about 0.06 percent increase in the share of welfare spending, which is not very impressive. In addition, the coefficient of the variable is not statistically different than zero in both models, and as will be clear in the later sections, its direction is not robust across all models. Thus, although the effect of trade openness is in the expected direction in some

models, it fails to be a reliable predictor of government spending. This finding is also in line with some of the previous research, which was not able to find a significant relationship between trade openness and redistribution (Huber & Stephens, 2001; Persson & Tabellini, 2003).

Federalism, which is included as a control variable is negatively related to central government expenditure and spending on social and welfare services. A federal structure is associated with a smaller central government as expected. However, the variable is not statistically significant for social welfare spending, which suggests that federalism is not necessarily associated with low central government spending on social welfare services. The other institutional variables, the presence of majoritarian elections and presidentialism also have the expected effects on redistribution. All else being equal, a country with majoritarian electoral system is expected to spend 3.8 percent less on general public and social services, and 1.4 percent less on social and welfare services. Similarly, presidential regimes, on average, are associated with 5.9 percent less central government spending, and 0.5 percent less social welfare spending compared to other forms of government where number of veto points is smaller. Although the coefficients of the institutional variables are significant in the first model, they have large standard errors in Model 2, suggesting that institutions do not have explanatory power on welfare expenditures. These results, too, seem to be in line with the findings of Persson & Tabellini.

The key independent variable, individualism, has a negative coefficient in the first model and is thus associated with smaller government size as expected. All else being equal, the most individualistic country is expected to spend 4.5 less on public services

compared to the most communitarian country. However, because of the large standard error, it is not possible to reject the null hypothesis that the coefficient of the variable is statistically different from zero. In addition, the variable is positively related to social and welfare expenditures, which is clearly in the unexpected direction and is not statistically significant. However, the failure to establish a direct relationship between individualism and redistribution should not lead to the conclusion that shared cultural values do not explain the cross-national variation in government size and welfare effort. As discussed above, institutions also act as constraints in influencing policy outcomes, and therefore the effect of individualism on redistribution could be conditional upon the type of institutions that are also influential in determining government expenditures. These hypotheses are tested in Models 3-6 below.

[Figure 2]

In the previous chapter, the country-level measurement model yielded country scores that were contrary to the conventional wisdom. While it is possible that Scandinavian countries as well as the Netherlands, Austria, Germany and Japan are in fact more individualist than the rest of the nations, it is also possible that the measure contains some bias. In an effort to refute such objections, I plot the economic individualism measure against the error term of the regressions for Models 1 and 2. As Figure 2a shows, the residuals of the regression in Model 1 are very close or around 0 for Norway, Denmark, Sweden, Finland and Germany, which had unexpectedly high individualism scores. Despite the high values of economic individualism in these nations, the model predicts central government expenditures well. On the other hand, the model overpredicts central government spending in Zimbabwe, Brazil, Netherlands and

underpredicts government size in Japan. Overall, the model predicts welfare effort with less error compared to central government expenditures (Figure 2b). Although the residuals for Poland and Greece are relatively higher, in general, the residuals vary between -5 and 5. The model predicts Denmark, which is one of the highest ranking nations in economic individualism with great precision. Residuals for Netherlands, Sweden, Norway and Zimbabwe –the country that is the lowest in economic individualism are relatively higher, but they are still within acceptable bonds. The fact that the countries with the highest and lowest scores on economic individualism do not emerge as outliers in the models provides evidence for the reliability of the economic individualism measure.

[Table 8 and Table 9]

Tables 8 and 9 present the models in which the interactive effect of individualism with institutions are specified. The coefficient and standard errors of the democracy variable do not change substantively. In both models, the coefficient for GDP per capita is in the expected direction for central government expenditures. Although the coefficient is still not statistically significant, it shows that, on average, more developed, or wealthier countries redistribute more. Proportion of the elderly is a significant and robust predictor of both types of spending. In all of the models it has a positive effect on government size and welfare effort, and has small standard errors. This variable is also the single robust and statistically significant predictor of welfare spending, which is again in line with the findings of the previous studies.

The coefficient of individualism is positive for welfare effort in both models. When we take into account the interactive effects, we observe a negative relationship

between individualism and welfare spending, but none of these variables are statistically significant predictors. Based on these results, there is not enough evidence that supports individualism's effect on welfare spending. It is possible that egalitarianism is the cultural orientation that influences attitudes towards social welfare. Egalitarian cultures place emphasis on equality, social justice, freedom, responsibility and honesty and are more concerned with the well-being of others in the society (Schwartz & Ros, 1995). It could be that support for individual responsibility and concern with more equal income distribution are two different dimensions captured by individualism and egalitarianism respectively. Since in the models that predict welfare spending, none of the coefficients are statistically significant and individualism's effect on welfare effort is questionable, I focus on those models that predict central government spending in the rest of the paper.

The effect of individualism on redistribution is in the expected direction in models where government size is the dependent variable. However, the coefficients still have large standard errors, which imply that there is not enough statistical evidence for the direct, independent effect of the political culture of individualism on redistribution. On the other hand, interactive terms are in the expected direction, and are statistically significant. In addition, the coefficients of the institutional variables are almost always in the expected direction (with the exception of federalism variable in Model 4), unless their interaction with individualism are specified. In cases where majoritarianism or presidentialism are interacted with the cultural variable, their coefficients are in the wrong direction. But when the interactive effects are considered, the expected relationships are borne out. I discuss these findings in detail below.

[Figure 3]

Figure 3 plots the conditional effect of individualism on central government expenditures, mediated by electoral system[31]. The relationship between individualism and redistribution is in the expected direction regardless of the type of elections. That is, more individualistic countries have smaller governments under all conditions, as was expected in Hypothesis 1. In addition, the most government spending is observed in highly collectivist countries with majoritarian elections, which provides empirical support for the second hypothesis. This finding implies that, contrary to what the purely institutionalist perspective states, majoritarian elections are not necessarily associated with low redistribution under all circumstances. Depending on the political context within which they operate, majoritarian systems may end up in redistributing more.

Although individualism is associated with lower spending under all conditions, the decline is much more pronounced in countries with majoritarian elections, which is a validation of the third hypothesis. In countries with mixed or proportional elections, the expected difference in central government expenditures when is about 6 percent. On the other hand, countries with majoritarian elections have much more variance in government spending: Expenditures decrease by about 36 percent when one moves from the most collectivist to most individualistic country. It seems that under coalition governments parties are indeed pressed to spend more, even if dominant cultural values emphasize smaller governments. The presence of single-party governments and center-right ruling parties associated with majoritarian elections strengthen the relationship between individualistic orientations and redistribution.

[Figure 4]

[31] The predicted values are calculated using CLARIFY! (see Tomz et al., 2001 and King et al., 2000). When calculating the predicted values, democracy, GDP per capita (logged), proportion of the elderly, and trade openness variables are set at their means, and federalism is taken to be 0.

We observe the similar trends for the interactive effect of presidentialism and individualism (Figure 4). Again, as expected in Hypothesis 1, more individualistic countries are associated with smaller governments regardless of form of government, and the effect of individualism on redistribution is stronger under presidential systems (Hypothesis 5). The expected decline in government spending when one moves from the least to most individualistic country is only about 4 percent under parliamentary and semi-presidential systems. Among countries with presidential systems, however, the expected decline is about 27 percent. Therefore, as expected, presidentialism strengthens the relationship between individualism and redistributive outcomes by leading to even more reductions in government size. In addition, the most government spending occurs in collectivist countries with presidential systems, which provides support for Hypothesis 4. These findings suggest that rather than being associated with low government spending under all circumstances, presidential systems have the effect of preserving the status quo. In collectivist countries, which tend to have larger governments, presidential systems with higher number of veto points seem to deter reform proposals favoring reduction in government expenditures.

[Table 10]

I also estimate the models using other individualism measures developed by Hofstede and Schwartz. Table 10 presents the coefficients of the cultural variables and their interaction with institutions. Similar to the models presented above, other control variables include democracy, economic development, trade openness, proportion of the elderly in the population, and the institutional variables. Since these measures mostly capture individual autonomy and the degree to which individuals are independent from

the society, I expect these measures not to have a statistically significant effect on government size and welfare effort. Table 10 shows that this is in fact the case. In Table 4a, I use the individualism measure developed by Hofstede[32] and its interaction with majoritarianism and presidentialism variables. Although the coefficient of Hofstede's individualism measure is statistically significant in all of the models, it is in the wrong direction: The more individualist countries also spend more than the less individualist ones. Although the coefficients of the interaction variables are in the expected direction and are statistically significant, when the interactive effects are considered, they lead to the wrong conclusions: According to the results in Table 10, majoritarian elections are associated with more central government and social welfare spending in highly individualist countries. The results lead to similar conclusions for presidential systems as well. These findings suggest that Hofstede's individualism measure is related to modernization and economic development, and do not capture economic individualism values.

I also estimated the models using Schwartz's affective and intellectual autonomy measures[33] and their interactions with institutional variables. In Table 10b, I only present the results for majoritarianism because its effects on government spending seem to be more robust than presidentialism. In fact, the standard errors of the coefficients are much higher in the models where the effect of presidentialism is controlled for. Schwartz's affective autonomy measure captures the extent to which cultures emphasize pleasure and exciting life as opposed to social order, obedience, and respect for tradition, while his intellectual autonomy dimension embraces the values of broadmindedness and curiosity.

[32] The measures are taken from Hofstede, 2003.
[33] The measures are taken from Licht et al. (2004).

Except for the first model, the coefficients of the affective autonomy measure are in the expected direction: In cultures where affective autonomy is valued, government size is smaller and welfare spending is lower. Yet, these variables also have very high standard errors and fail to achieve statistical significance. In addition, although the independent effect of majoritarianism is in the expected direction, its interactive effect with affective autonomy is in the wrong direction: In more individualistic countries, majoritarianism is associated with higher government spending, which is inconsistent with the expectations. The interactive effects also have very large standard errors, and therefore, their effects are statistically indistinguishable from zero. Although the intellectual autonomy measure has the expected effect on government spending, the coefficients of the variable is in the wrong direction in the models where the dependent variable is social welfare spending. Moreover, the interactive variables are not statistically significant, and are also in the wrong direction.

The results suggest that the Hofstede and Schwartz measures of individualism do not necessarily capture the *economic* dimension of individualism. The fact that these measures do not produce the expected relationships between culture, institutions, and redistributive policies but the economic individualism measure developed in the previous chapter does suggests that it is not necessarily the autonomy and independence values that predict variation in redistributive policies. It is the emphasis on self-reliance, achievement, and competition values that predict the cross-national variation in government size.

Endogeneous Political Culture?

So far, I have taken cultural variables as exogenous to policy and did not consider the possibility of cultural values of individualism being influenced by already existing redistributive arrangements. However, socialization into existing institutions might also lead members of the society to adopt worldviews compatible with those institutions. This has been a big debate in theory civic culture: While some argue in favor of the primacy of trust, tolerance, and feelings of efficacy in the stability of democratic institutions (Almond & Verba, 1963; Inglehart, 1997; Inglehart & Welzel, 2005; Norris, 2002; Putnam, 1993), some others claim that it is actually the successful persistence of democracy that causes increases in levels of civic values (Barry, 1978; Jackman & Miller, 1998; Muller & Seligson, 1994; Pateman, 1980). These scholars suggest that civic attitudes such as trust, subjective competence, and confidence in democratic political institutions emerge through habituation and institutional learning under stable and well-functioning democratic institutions.

Similar objections have been raised by others in the debates about the relationship between subjective beliefs about poverty and redistributive policies. For example Alesina & Glaeser (2004) argue that beliefs about poverty and income mobility are byproducts of national policies and not independent causes of welfare regimes. They posit that the difference in attitudes towards the poor and beliefs about income mobility between the

United States and Europe stems from different types of indoctrination associated with the redistributive regimes. While indoctrination in the United States is controlled by wealthier classes that emphasize nationalism and American opportunity, it is mostly controlled by Marxist-influenced unions, teachers, and politicians (p. 197). Benabou & Tirole (2006) also argue that belief in self-sufficiency and convictions that individual effort will pay off are endogenous to redistributive institutions. However, according to their theory, adopting different views regarding deservingness, individual effort, and source of poverty do not necessarily stem from ideological indoctrination, but rather from the "signals" people receive about redistribution under different policies. In countries with smaller governments, anticipation of less redistribution motivates individuals to believe in self-sufficiency. Similarly, Lockhart (2003c) also points to the possibility that the beliefs and values redistributive institutions embody may shape the views of people who live under them and contribute to the early socialization of successive generations (2003: 289).

While the arguments in favor of the primacy of institutions have their own merit, there should still be a limit to the value of institutional arrangements in explaining culture (Lockhart, 2003c). After all, institutions and policies do not arise in a vacuum, and they should reflect the priorities of those who designed them. As Lockhart posits, "the form of these institutions cannot explain their own design" (Lockhart, 2003c: 389). In addition, cultural values are enduring, and, in some instances, they are resistant to the institutional structure within which they operate. For example, Tabellini (2008) and Rice & Feldman (1997) have shown that civic attitudes of European immigrants to the United States persist in their contemporary descendants. Trust and respect values of Americans today

resemble the citizens of European nations with whom they share common ancestors. Besides, change in institutional structure does not immediately lead to value change as the example of countries with democratic constitutions that are struggling to consolidate democracy and civic attitudes show.

On the other hand, the potential of existing redistributive regimes in influencing beliefs about autonomy, self-reliance, and achievement should be acknowledged. If that is the case, that is if culture is an endogenous variable, then our inference about the effect of cultural values on policy outcomes shown in the previous models could be biased. A proposed solution to this problem is instrumental variable estimation and 2-stage least squares (2SLS) regression. In a 2SLS framework, one should find instruments that explain the variance in economic individualism but are unrelated to contemporary redistribution. In the first stage, these instruments and other exogenous variables are regressed on the endogenous variable, and in the second stage, estimates of the endogeneous variable from the first regression are used to produce consistent estimates.

However, for 2SLS to produce consistent results, some strict assumptions should be met. First of all, the instruments should be uncorrelated with the error term of the second-stage regression. That is, they should have no effect on the outcomes of interest other than their impact through the endogenous regressor (Acemoglu, 2005), in this case economic individualism[34].In addition, the instruments used to predict the endogenous variable and thus are excluded from the second stage should be good predictors of this

[34] That is, instruments should be unrelated to the dependent variable, or be uncorrelated with variables that potentially explain the dependent variable but are omitted from the model.

variable. Weak instruments, that is instruments that are poor predictors of the endogenous variable also lead to inconsistent estimates in the second-stage regression.

It is possible to use historical determinants of economic individualism as instrumental variables, assuming that dominant cultural values of today are at least partly determined by past historical conditions (Licht et al., 2006, Putnam, 1993, Tabellini, 2006). There are a few alternative variables that that has the potential to explain contemporary economic individualism and seem to be unrelated to government size or welfare effort. For example, Protestantism is cited as one of the most important factors that led to the diffusion of values of individual autonomy, responsibility, achievement, and self-reliance[35]. In addition, some scholars argue important parallels exist between Confucian and Protestant cultures. Confucianism upholds the importance of self-improvement and respects achievement motivation (Harrison, 1992; Pye, 2000). The Chinese children are taught the importance of striving for success, and Chinese rank in McClelland's (1961) need for achievement is very high. The importance of merit in rising to important positions and the reward for success should have motivated individuals, and diffused the values of achievement, and responsibility. Another potential instrument that could capture the individualism autonomy associated with economic individualism, is pronoun drop -whether a language licenses the dropping of pronouns in a sentence, which has also been used by Licht et al. (2006) and Tabellini (2006, 2008) as instrument for *autonomy* (as opposed to *embeddedness*) and generalized morality (as opposed to *limited* morality, which is associated with hierarchical structures). The reasoning for the use of linguistic variables as an indicator of cultural characteristics comes from the arguments of

[35] In fact, in Hofstede's analysis, eight of the ten countries with highest individualism indices are historically Protestant countries.

some linguists and social psychologists who posit that languages influence the worldviews of societies, shape social inferences and value judgments (see Kashima & Kashima, 1998 for a good review). Kashima & Kashima (1998) argue that the grammatical rules about pronoun drop in languages are linked to the degree of psychological differentiation between the speaker and the social context of speech. The requirement to use pronouns such as "I" or "you" in a sentence emphasizes individual uniqueness, whereas in the license to drop pronouns require the separation of the subject from the context. In fact, the pronoun drop variable has high correlations with individualism and collectivism dimensions.

The three instruments are in fact good predictors of culturally shared beliefs of economic individualism. All the coefficients are in the expected direction, statistically significant, and they overall explain about 51 percent of the variance in the dependent variable. In addition, in the 2SLS analysis (Model 7), the first-stage F-statistic for excluded instruments has a value of 11.49, which is statistically significant at the $p = 0.04$ level. Therefore, we can conclude that the instruments chosen are not weak (Baltagi, 2008: 263). On the other hand, the instruments used in 2SLS should also pass the test of being uncorrelated with the error term of the second equation. However the Sargan test of over-identifying restrictions gives a value of 11.052, which rejects the null hypothesis of instrumental variables being uncorrelated with the residuals (Model 7). Since H_0 is rejected, we should conclude that the instrumental variables are correlated with the error term. The Sargan tests for models 8 and 9 also reject the null hypothesis. Since the Sargan test failed, I also ran the 2SLS models with the combinations of two instrumental

variables[36]. The Sargan test fails in all the models as well. In an effort to produce a model in which instrumental variables are uncorrelated with the error term of the second equation, I also ran 2SLS models using other historical variables that may explain the variance in contemporary economic individualism. It is argued that one of the factors that led to the development of economic individualism in the United States was the availability of land, further emphasizing the creed of individual responsibility, personal achievement, and self-help (Trattner, 1999: 43). I used settler colony variable as an indicator of availability of land, and although it is positively correlated with the economic individualism measure as well as Hofstede's individualism and Schwartz's affective autonomy dimensions, it fails to be a significant predictor economic individualism. Perhaps, land availability was only important in the development of economic individualism in the United States. In addition, the Sargan test fails in models in which settler colony variable is included as an instrumental variable in combination with other instrumental variables. Another option could be to include McClelland's need for achievement measure as a factor that is associated with economic individualism values. However, this variable is not available for all the countries in the dataset, leading to significant decrease in the degrees of freedom. In addition, it is negatively related to the economic individualism, Hofstede's individualism measure and Schwartz's intellectual autonomy dimension and is thus not appropriate to use as an instrument. Therefore, the final 2SLS model presented here uses the three instrumental variables: pronoun drop, Confucianism and Protestantism.

[36] Since the Sargan test is a test of over-identifying restrictions, the models should be overidentified. Therefore it is not possible to run Sargan test for models in which only one instrumental variable is used.

For the final models (Models 7-9) the Hausman endogeneity test, which tests whether a set of estimates obtained by OLS is consistent or not[37] gives a chi-square value of 11.11, with a p-value of 0.13. In Hausman test, the null hypothesis is that the difference in OLS and 2SLS coefficients is not systematic. The failure to reject the null leads to the conclusion that the estimates from OLS and 2SLS are not different, that is, the OLS estimates are consistent. Therefore the model can be consistently estimated using OLS (Wooldridge, 2003: 119). The results of the Hausman endogeneity test provides empirical basis for the argument that redistributive policies do not have a decisive influence on socially shared values of individualism.

In 2SLS estimation, the inclusion of a nonlinear function such as an interaction term with the estimates of endogenous variables produces inconsistent estimates (Wooldridge, 2000). Specifying the interaction term as another endogenous regressor, which is predicted by the exogenous variables, instruments and their interaction with institutional variables is more appropriate in this case[38]. Therefore in Models 8 and 9, the interaction between institutions and economic individualism is specified as another endogenous variable, and the interactions of Protestantism, Confucianism, and pronoun drop with these variables are included in the first-stage regressions.

[Table 11]

[37] The first step of Hausman test involves regressing the potentially endogenous variables on all the exogenous variables in the equation (including instrumental variables) and obtaining the residuals. In the second step, the residuals from the first step are included in the original regression, and their coefficient estimates are tested against zero. Statistically significant residuals mean that they explain some of the variance in the dependent variable, and therefore the dependent variable is endogenous.
[38] See Stata discussion at http://www.stata.com/statalist/archive/2005-03/msg00437.html, Accessed 10.28.2009.

The 2SLS models in fact produce results that are very similar to OLS estimates[39]. In all models, the directions and the significance levels of all variables are identical to Models 1, 3, and 5 (except for the democracy variable, which is statistically significant in the models in Table 11). In the simple model, the economic individualism has a negative coefficient, and again has large standard errors. Although the variable does not achieve significance in Models 8 and 9, its coefficient is still in the expected direction, and its interactions with institutional variables are statistically significant. Although the Sargan test fails, taking into account the results of the Hausman test and the fact that the 2SLS coefficients are not very different from OLS estimates, it is possible to conclude that endogeneity of the cultural orientations are not a serious problem – at least to the extent of biasing our inference concerning individualism's effect on redistributive policies.

Summary

Although the results of the Sargan test do not make it possible to confidently conclude that the political culture of individualism has a direct causal effect on redistributive policies, interesting results emerge from the analyses. First of all, economic

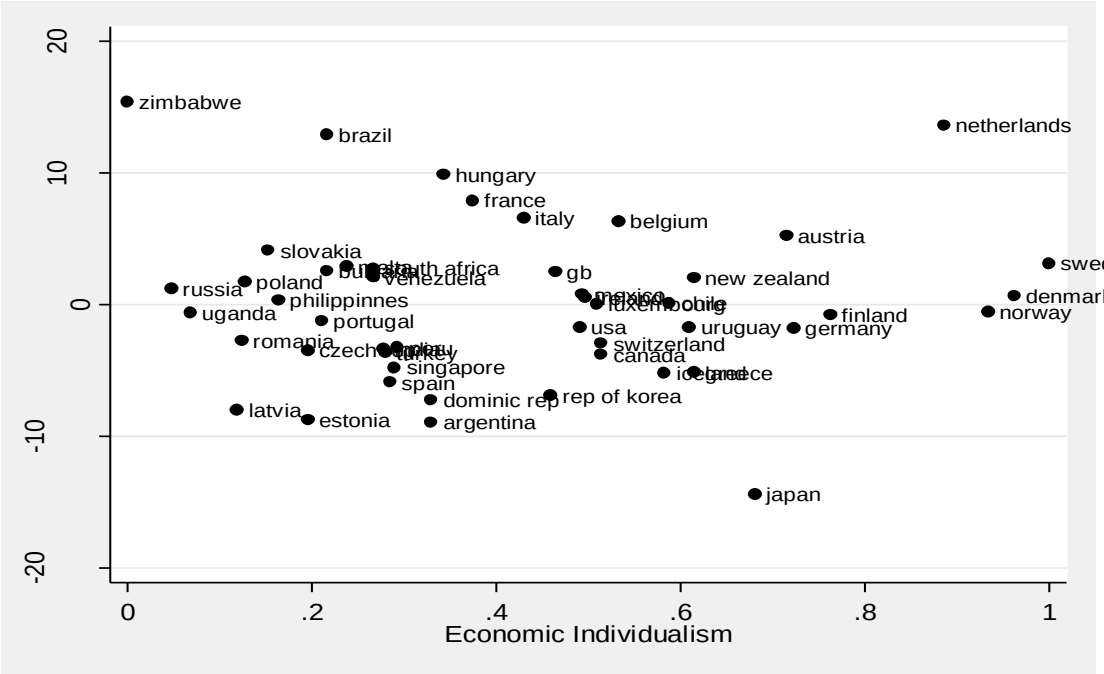
[39] Since the number of observations is very small, in order to be parsimonious, I did not include the trade openness variable, which has been found to be a non-robust predictor of government size and welfare effort in these models. In addition, the inclusion of the variable does not lead to a substantive change in regression coefficients.

individualism is associated with smaller governments, but not necessarily with less welfare effort. On the other hand, shared cultural values of individualism only have a statistically significant effect on the size of government through the existing institutional structure. Their effect on central government is stronger in presidential and majoritarian systems. That is, the effect of cultural orientations is stronger when the existing institutions also reinforce the culturally influenced preferences. Apart from providing support for the initial hypotheses, the results also imply that the effect of institutions on policy is not uniform, but is conditional upon the value orientations of societies. Majoritarian elections and presidential systems are not necessarily associated with low spending under all conditions, and their effect on policy depends on the preferences that are derived from the political culture. These findings are also in line with Gabel & Hix (2005) that majoritarian elections and presidential systems lead to reductions in public spending only when the preferences of the electorate is further to the right. These results suggest that behavioral factors such as historical-cultural influences or mass preferences should be taken into account when trying to predict the effects institutions would have on public policy, or other political outcomes.

Of course, the results do not necessarily imply that culture makes all the difference. Redistributive policies depend on many factors and economic individualism is just one of those factors that explain the cross-national variation in such policies. Rather than being a determining factor, culture shapes social action. Culture is not the destiny of nations, but it has considerable effects on political outcomes.

Figure 2. Regression Residuals and Economic Individualism

2a. Model 1



2b. Model 2

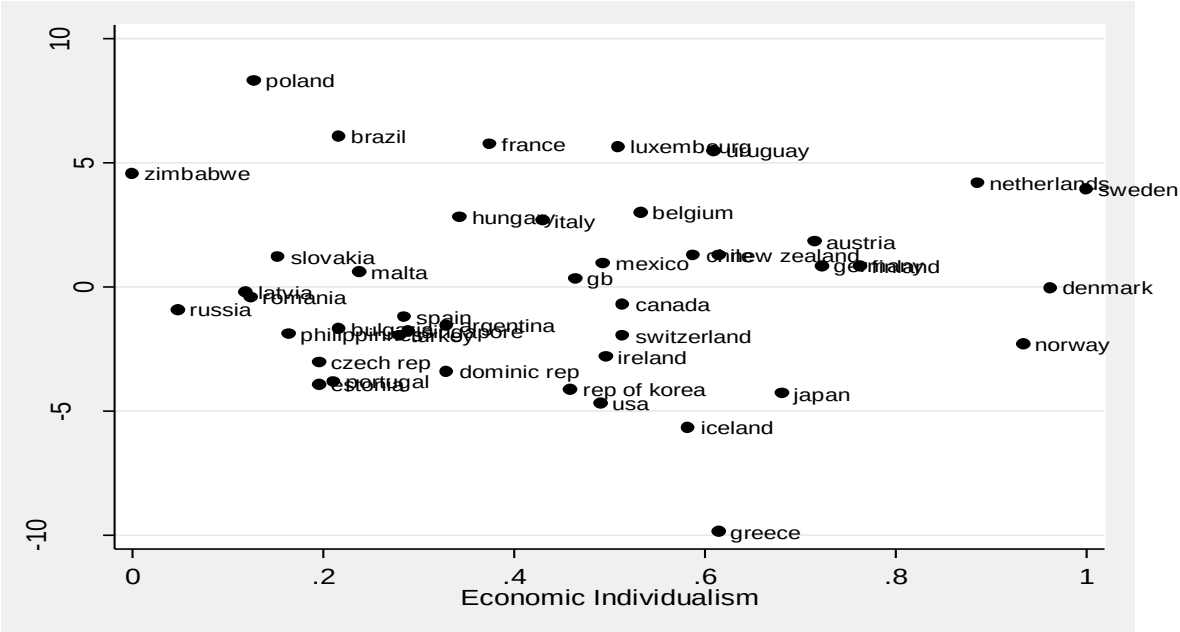


Figure 3. The Interactive Effect of Economic Individualism and Majoritarianism on Government Size

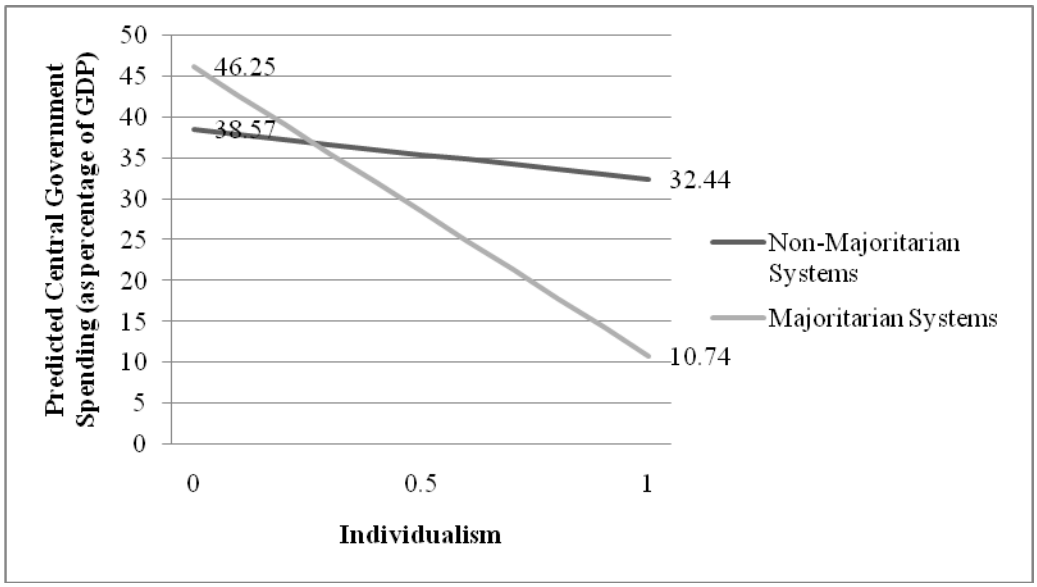


Figure 4. The Interactive Effect of Economic Individualism and Presidentialism on Government Size

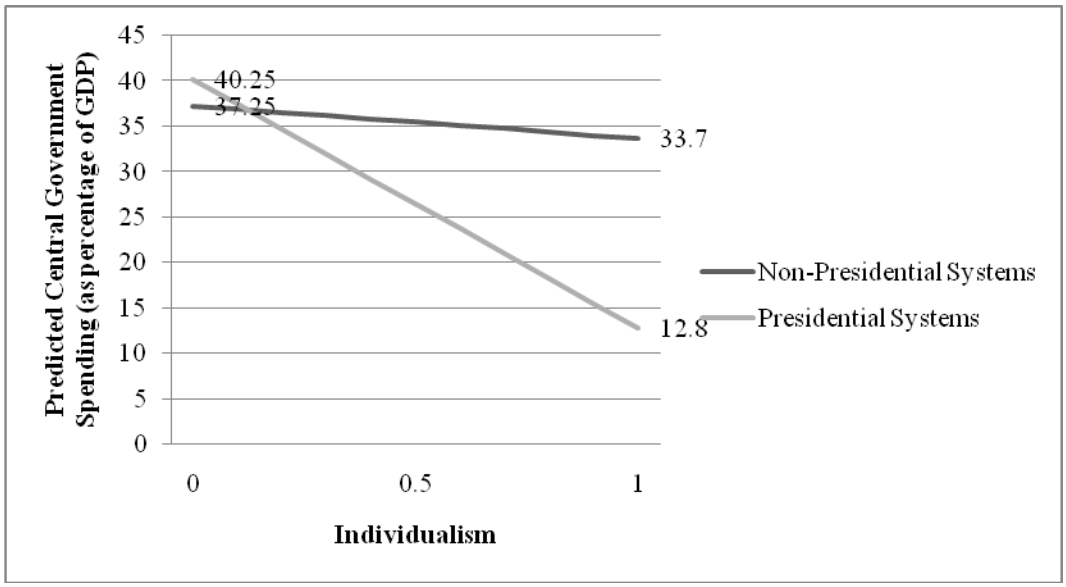


Table 7. Government Size and Welfare Effort: The Effect of Economic Individualism (OLS Estimates)

	Model 1			**Model 2**		
	DV: Central Government Expenditures			**DV: Social Services and Welfare Expenditures**		
	Coef.	***Std. Err.***	***P>|t|***	***Coef.***	***Std. Err.***	***P>|t|***
Constant	31.239	20.49	0.135	11.055	15.88	0.491
Democracy	-1.436	1.62	0.381	-1.600	1.10	0.156
GDP per capita (logged)	-0.217	2.3	0.926	-0.757	1.77	0.672
Old Age Pop.	1.066	0.40	0.011	0.845	0.30	0.007
Trade Openness	-0.002	0.02	0.922	0.006	0.01	0.686
Federalism	-5.510	2.65	0.044	-0.207	2.04	0.92
Majoritarianism	-3.820	2.28	0.102	-1.404	1.64	0.399
Presidentialism	-5.911	2.90	0.048	-0.585	2.33	0.803
Economic Individualism	-4.581	6.02	0.451	1.104	4.06	0.787
	N = 48			N= 43		
	F (8, 39) = 11.01			F (8, 34) = 7.79		
	Prob. > F = 0.0000			Prob > F =0.0000		
	R-squared = 0.6931			R-squared=0.6471		
	Adj. R-squared=0.6301			Adj R-squared=0.5640		
	Root MSE = 6.5206			Root MSE = 4.0709		

Table 8. Government Size and Welfare Effort: The Interactive Effect of Economic Individualism and Majoritarianism (OLS Estimates)

	Model 3			Model 4		
	DV: Central Government Expenditures			DV: Social Services and Welfare Expenditures		
	Coef.	***Std. Err.***	***P>|t|***	***Coef.***	***Std. Err.***	***P>|t|***
Constant	19.129	19.47	0.332	10.672	15.79	0.504
Democracy	-2.194	1.53	0.159	-1.92	1.13	0.098
GDP per capita (logged)	1.666	2.27	0.468	-0.561	1.77	0.753
Old Age Pop.	0.971	0.37	0.013	0.81	0.3	0.01
Trade Openness	-0.017	0.02	0.405	0.002	0.01	0.915
Federalism	-5.599	2.46	0.028	0.052	2.04	0.98
Majoritarianism	7.719	4.71	0.11	2.582	3.72	0.493
Presidentialism	-6.685	2.7	0.018	-1.084	2.35	0.648
Economic Individualism	-5.926	5.6	0.296	1.19	4.04	0.77
E. Individualism*Majoritarianism	-29.356	10.71	0.009	-9.271	7.78	0.242
	N = 48			N = 43		
	F (9, 38) = 12.25			F (9, 33) = 7.17		
	Prob > F = 0.0000			Prob > F = 0.0000		
	R-squared= 0.7437			R-squared= 0.6616		
	Adj R-squared = 0.6830			Adj R-squared = 0.5693		
	Root MSE = 6.0363			Root MSE = 4.0460		

Table 9. Government Size and Welfare Effort: The Interactive Effect of Economic Individualism and Presidentialism (OLS Estimates)

	Model 5			Model 6		
	DV: Central Government Expenditures			DV: Social Services and Welfare Expenditures		
	Coef.	***Std. Err.***	***P>|t|***	***Coef.***	***Std. Err.***	***P>|t|***
Constant	24.025	19.64	0.229	8.596	16.68	0.61
Democracy	-2.166	1.57	0.175	-1.674	1.12	0.145
GDP per capita (logged)	0.879	2.27	0.7	-0.453	1.88	0.811
Old Age Pop.	0.934	0.38	0.02	0.837	0.3	0.009
Trade Openness	-0.002	0.02	0.904	0.005	0.01	0.694
Federalism	-6.071	2.52	0.021	-0.472	2.12	0.825
Majoritarianism	-4.506	2.18	0.046	-1.591	1.7	0.355
Presidentialism	3.027	4.7	0.523	1.166	4.01	0.773
Economic Individualism	-3.391	5.73	0.557	1.109	4.1	0.789
E. Individualism*Presidentialism	-23.714	10.12	0.024	-3.964	7.34	0.593
	N = 48			N = 43		
	F (9, 38) = 11.52			F (9, 33) = 6.81		
	Prob > F = 0.0000			Prob > F = 0.0000		
	R-squared = 0.7318			R-squared = 0.6502		
	Adj R-squared = 0.6683			Adj R-squared = 0.5548		
	Root MSE = 6.1746			Root MSE = 4.1139		

Table 10. Government Size and Welfare Effort: Hofstede and Schwartz Measures

10a. Hofstede's Individualism Measure

	Dependent Variable: Central Government Spending						Dependent Variable: Welfare Spending					
	Coef.	***Std. Err.***	***Coef.***	***Std. Err.***	***Coef.***	***Std. Err.***	***Coef.***	***Std. Err.***	***Coef.***	***Std. Err.***	***Coef.***	***Std. Err.***
IDV	0.146	0.058	0.232	0.062	0.143	0.065	0.064	0.036	0.119	0.039	0.087	0.039
Majoritarianism	-	-	1.601	4.023	-	-	-	-	0.967	2.468	-	-
Majoritarianism*IDV	-	-	-0.139	0.075	-	-	-	-	-0.08	0.044	-	-
Presidentialism	-	-	-	-	0.462	4.307	-	-	-	-	4.334	2.666
Presidentialism*IDV	-	-	-	-	-0.124	0.094	-	-	-	-	-0.100	0.056
	N = 55		N = 55		N = 55		N = 49		N = 49		N = 49	
	F(6, 48)=19.26		F(8, 46)=17.86		F(8, 46)=15.69		F(6, 42)=20.55		F(8, 40)=19.44		F(8, 40)=16.3	
	Prob>F=0.0000		Prob> F=0.0000		Prob>F=0.0000		Prob>F=0.0000		Prob>F=0.0000		Prob>F=0.0000	
	R-sq.=0.7066		R-sq.=0.7565		R-sq.=0.7317		R-sq.=0.7459		R-sq.=0.7954		R-sq.=0.7653	
	Adj. R-sq.= 0.6699		Adj. R-sq.=0.7141		Adj. R-sq.=0.6851		Adj. R-sq.=0.7096		Adj. R-sq.=0.7545		Adj. R-sq.=0.7183	
	Root MSE=6.5921		Root MSE=6.1346		Root MSE=6.4384		Root MSE=3.5852		Root MSE=3.2968		Root MSE=3.5310	

***** Democracy, economic development, trade openness, proportion of the elderly in the population, federalism, majoritarianism and presidentialism are the independent variables in all the model

10b. Schwartz's Affective Autonomy and Intellectual Autonomy Measures

	Dependent Variable: Central Government Spending							
	Coef.	***Std. Err.***	***Coef.***	***Std. Err.***	***Coef.***	***Std. Err.***	***Coef.***	***Std. Err.***
Affective Autonomy	0.148	2.714	-2.203	3.202	-	-	-	-
Intellectual Autonomy	-	-	-	-	-0.007	3.754	-2.924	4.581
Majoritarianism	-	-	-35.911	18.882	-	-	-18.802	29.365
IA* Majoritarianism	-	-	-	-	-	-	2.857	6.527
AA* Majoritarianism	-	-	8.578	5.352	-	-	-	-
	N = 44		N = 44		N = 44		N = 44	
	F(6, 37)=8.38		F(8, 35)=8.51		F(6, 37)=8.38		F(8, 35)=7.72	
	Prob> F=0.0000		Prob>F= 0.0000		Prob>F=0.0000		Prob>F= 0.0000	
	R-sq.=0.5760		R-sq.=0.6605		R-sq.=0.5760		R-squared=0.6384	
	Adj. R-sq. =0.5072		Adj R-sq.=0.5829		Adj R-sq.=0.5072		Adj. R-sq. =0.5557	
	Root MSE=7.4204		Root MSE=6.8273		Root MSE=7.4207		Root MSE=7.0459	

	Dependent Variable: Social Welfare Spending							
	Coef.	***Std. Err.***	***Coef.***	***Std. Err.***	***Coef.***	***Std. Err.***	***Coef.***	***Std. Err.***
Affective Autonomy	-0.309	1.416	-1.51	1.789	-	-	-	-
Intellectual Autonomy	-	-	-	-	1.916	1.905	0.673	2.433
Majoritarianism	-	-	-15.678	10.453	-	-	-10.985	16.277
IA* Majoritarianism	-	-	-	-	-	-	2.015	3.585
AA* Majoritarianism	-	-	3.867	2.937	-	-	-	-
	N = 41		N = 41		N = 41		N = 41	
	F(6, 34)=12.33		F(8, 32)=10.29		F(6, 34)=12.84		F(8, 32)=9.95	
	Prob>F=0.0000		Prob>F=0.0000		Prob>F=0.0000		Prob>F=0.0000	
	R-sq.=0.6852		R-sq.=0.7200		R-sq.=0.6939		R-sq.=0.7132	
	Adj. R-sq.=0.6296		Adj R-sq.=0.6500		Adj R-sq.=0.6398		Adj R-sq.=0.6415	
	Root MSE=3.7345		Root MSE=3.6305		Root MSE=3.6827		Root MSE=3.6745	

***** Democracy, economic development, trade openness, proportion of the elderly in the population, federalism, majoritarianism and presidentialism are the independent variables in all the models.

Table 11. Government Size: 2SLS Estimates

	Model 7			Model 8			Model 9		
	Coef.	***Robust Std. Error***	***P>|z|***	***Coef.***	***Robust Std. Error***	***P>|z|***	***Coef.***	***Robust Std. Error***	***P>|z|***
Constant	41.06	15.41	0.008	31.53	18.02	0.080	35.84	11.29	0.002
Democracy	-3.35	0.83	0.000	-4.12	1.31	0.002	-3.75	0.93	0.000
GDP per capita (logged)	-0.28	2.13	0.897	1.10	2.22	0.621	0.51	1.53	0.741
Old Age Pop.	0.83	0.28	0.003	0.84	0.32	0.009	0.73	0.26	0.006
Federalism	-5.18	1.81	0.004	-5.71	2.18	0.009	-6.07	1.8	0.001
Majoritarianism	-6.39	2.03	0.002	8.73	7.51	0.245	-6.31	2.23	0.005
Presidentialism	-7.45	1.53	0.000	-6.69	2.15	0.002	- *	- *	- *
Economic Individualism	-8.26	10.61	0.436	-11.19	8.05	0.164	-7.62	7.77	0.327
E. Ind.*Majoritarianism	-	-	-	-34.4	15.72	0.029	-	-	-
E. Ind.*Presidentialism	-	-	-	-			-18.71	3.51	0
	N = 39			N = 39			N= 39		
	F(7, 31)=14.17			F(8, 30)=11.11			F(7, 31)=20.69		
	Prob>F=0.0000			Prob>F=0.0000			Prob>F=0.0000		
	Centered R-sq.= 0.7616 Uncentered R-sq.=0.9756			Centered R-sq.=0.7475 Uncentered R-sq.=0.9741			Centered R-sq.=0.7709 Uncentered R-sq.=0.9765		
	Root MSE=5.294			Root MSE=5.448			Root MSE=5.19		

* Presidentialism was dropped from the analysis due to multicollinearity.

V. Individualism and Cross-National Differences in Attitudes towards Redistribution

In this chapter, I test the hypotheses concerning the contextual effect of the political culture of individualism on individual attitudes towards redistribution and social welfare spending. I argue that, by socializing people into patterns of thinking, providing different points of concern, and limiting the range of alternatives available to the members of the cultural group through norms, unstated assumptions, or culturally constructed frames, culture exerts an influence on individual attitudes that leads to different outcomes had the individual been acting in a different cultural setting. Although the effect of cultural context would be conditional upon other individual predispositions, its effects should also be observed among those individuals who do not share the dominant value orientations of the society in which they live in.

Since economic individualism emphasizes autonomy and self-reliance in the economic realm, it is opposed to larger governments and more egalitarian outcomes and should be negatively related to support for redistribution. In countries where economic individualism is a widely shared value orientation, we expect policy debates, discourses and frames to be constructed in ways that emphasize individual autonomy and self-reliance, which should influence all individuals that are exposed to such dynamics. Therefore, all else being equal, *those in more individualistic countries should be less*

supportive of redistribution in general (Hypothesis 5). In addition, since individuals do not internalize the politically relevant values to the same extent, or have different ideological orientations or interests that affect their behavior, the effect of cultural influences should not be uniform among all citizens of a nation. Individuals should be more resistant or compliant to cultural influences depending on their predispositions. Accordingly, culture's effect on individual attitudes towards redistribution should be conditional upon individual characteristics such as values, ideology, social class, income, employment status, or gender. In this chapter, I focus on the conditional effect of culture on economic individualism values, left-right identification, social class and status, and income.

Apart from being a cultural orientation, economic individualism also shows within-culture variation and should affect individual attitudes towards redistributive policies and welfare spending. Under all circumstances, we expect the more individualist people to be less supportive of redistribution, and the more collectivists to be more pro-redistribution. On the other hand, even a collectivist individual who lives in a highly individualistic society is exposed to cultural influences that emphasize individual responsibility and limited government action. Therefore, *if the dominant value orientations of the society emphasize economic individualism, individuals, regardless of their individual value orientations should show less support for redistribution (Hypothesis 6a).* On the other hand, cultural influences, which are in conflict with individual's values should, consciously or unconsciously affect the individual. Although the political culture of individualism should affect all individuals, it should have a stronger effect on those who are already have anti-redistributive predispositions. That is,

a cultural context that emphasizes economic individualism should strengthen the negative relationship between individualism and redistributive attitudes at the individual level. Accordingly, *the most individualist individuals in most individualistic cultures should be the least supportive of redistribution* (*Hypothesis 6b*). Similarly, since a collectivist culture emphasizes the opposite concerns and goals, and collectivist people are more supportive of redistribution, *people who are the least individualistic and live in collectivist societies should be the most supportive of redistributive policies* (*Hypothesis 6c*).

Since individuals' policy preferences also depend on their ideological orientations, dominant cultural orientations should also intervene in the relationship between ideology and redistributive attitudes. *Individuals should be less favorable towards redistribution as cultures become more individualistic regardless of their ideological orientations (Hypothesis 7a).* Again, this expectation implies that individuals who live in cultural influences that emphasize similar goals and desirable ends with their ideological orientations should be even stronger about redistribution. Therefore, *right-wing identifiers in individualistic countries should be least supportive (Hypothesis 7b)* and *left-wing identifiers in communitarian countries should be most supportive of redistributive policies (Hypothesis 7c).*

In addition, I expect a significant cross-cultural heterogeneity in the strength of the relationship between socioeconomic variables and individual preferences. More specifically, while all lower or working class identifiers tend to be more supportive of welfare policies, *individuals with similar class identifications or with similar socio-economic status should be less supportive of redistribution in more individualistic*

countries (Hypothesis 8a). Since economic individualism strengthens the attitudes of those who do not want large governments, *it should be the upper class individuals in individualistic countries who are least supportive (Hypothesis 8b) and lower class individuals in communitarian countries who are most supportive of redistribution (Hypothesis 8c*). The same logic should apply to individuals who are at different income levels, that is, *individuals with similar income levels should be less favorable towards redistribution in more individualist countries (Hypothesis 9a).* Since low income individuals are expected to be more sympathetic towards redistribution, and vice versa, *individuals who are at the top of the income distribution in individualistic countries should support redistribution the least (Hypothesis 9b) and individuals in communitarian countries who are at the bottom of the income scale should support redistribution the most (Hypothesis 9c).*

Data and Variables

To test the hypotheses on the conditional effect of culture on redistributive attitudes, I use two different datasets. Apart from the World Values Surveys, I also make use of the International Social Survey Programme's (ISSP) Role of Government survey module, which was conducted in 2006 in 34 countries. ISSP has the advantage of including more items that tap not only attitudes towards redistribution but also measures

individual preferences for increased spending on a number of government policies. Therefore, apart from providing robustness to the findings, the ISSP dataset also enables me to test the effects of economic individualism on attitudes towards welfare spending. On the other hand, since ISSP does not include any questions that could be used to build an economic individualism measure at the individual-level, I will not be able to replicate the models for the values-attitudes relationship.

The first dependent variable I use comes from WVS. I selected three items that measure individual support for redistribution. These are:

- "Incomes should be made more equal" versus "We need larger income differences as incentives for individual effort"
- "Private ownership of business and industry should be increased" versus "Government ownership of business and industry should be increased"
- "The government should take more responsibility to ensure everyone is provided for" versus "People should take more responsibility to provide for themselves"

The items are measured on a 1-10 scale. The items are recoded so that higher values represent higher support for redistributive policies. A confirmatory factor analysis of the three items give a CFI of .988, TLI of 1.000, and RMSEA of 0.000, showing that the items have high internal consistency. Ideally, we would like to control for potential item biases. However, it is hard to argue that at least one of these items is bias-free across countries. Fixing the loading of an item that is potentially biased could lead the latent factor to be even more biased in this case. In addition, there are only three items that

could be used to build a support for redistribution scale for a large number of countries[40]. Therefore, it is not possible to control for any differential item functioning in this case. The scale values are constructed by saving the factor scores from confirmatory factor analysis. After saving the factor scores for observations, the final scale is normalized to vary between 0 and 1.

ISSP-Role of Government Survey (2006) has a large pool of items that tap attitudes towards government's role in the economy, support for redistribution and welfare policies. Using a number of these items, I construct two dependent variables, one that measures attitudes towards redistribution, and the other that measures support for increased government spending on welfare policies. The support for redistribution scale is constructed using seven 4-category items. The survey asks the respondents, "On the whole, do you think it should or should not be the government's responsibility to":

- Provide health care for the sick
- Provide a decent standard of living for the old
- Provide a decent standard of living for the unemployed
- Reduce income differences between the rich and the poor
- Give financial help to university students from low-income families
- Provide decent housing for those who can't afford it

The responses are coded so that higher values represent higher support for redistribution. Again, since none of the items used in both scales seem to be appropriate

[40] Although the survey contains a number of questions that tap individual attitudes towards the role of government in the economy, these questions are not asked in all countries. Therefore in an effort to include as many cases as possible, and keep the level-2 degrees of freedom high, I only make use of these three items to build the scale.

to be used as anchors, I am not able to control for differential item functioning. The confirmatory factor analysis of the redistribution items yield acceptable fit values, with CFI=.917, TLI=.938, and RMSEA=.139. The support for increased welfare spending is constructed by using three 5-category items, which ask the respondents whether they would like to see more or less government spending for the sick, for the old and the unemployed. Again, the items are coded so that higher values represent higher support for welfare spending. The fit values of the scale is CFI=1, TLI=1, and RMSEA=0. Both dependent variables are constructed by saving factor scores from CFA, and the final factor scores are recoded to vary between 0 and 1.

The key independent variable at the cultural level is the country-level economic individualism scores. The individual-level economic individualism scale is only used for the models for the WVS dataset. Other independent variables include age, gender, marital status, income, education, employment status, social class[41], and ideology. The details of the variables in different datasets and their codings are presented in Table 1. Summary of the variables could be found in Appendix 5.

[Table 11]

[41] In the WVS dataset, the social class variable is not available for all countries, which decreases the number of level-2 observations. Therefore, in an effort to keep the degrees of freedom high in the models, I use the social class variable only in the model where I consider its interaction with culture.

The Multilevel Models

I use multilevel modeling to test the direct and indirect effects of culture on attitudes towards redistribution. Multilevel modeling has the advantage of accounting for causal heterogeneity, and by interacting subgroup characteristics with predictors measured at a lower level of analysis, allows the researcher to account for differences in the partial slopes of these predictors across subgroups (Steenbergen & Jones, 2002: 220). The first model I use to test the hypothesis of the direct effect of cultural influences on individual attitudes towards redistribution and social welfare spending (Hypothesis 5) (Models 1, 2, and 3 below) is a random intercept model in which the variation in individual-level regression parameters is specified as a function of country-level individualism variable. If culture has a direct effect on individual attitudes as Hypothesis 5 posits, we expect a degree of heterogeneity between the citizens of countries, and we expect cultural-level economic individualism to explain this heterogeneity. By specifying a random intercept where cultural-level economic individualism is an explanatory variable, we can test whether this is the case. Accordingly, the first multi-level model I use is the following:

$$\text{Support for Redistribution}_{ij} = \beta_{0j} + \beta_{1j}*\text{Age} + \beta_{2j}*\text{Male} + \beta_{3j}*\text{Married} + \beta_{4j}*\text{(Any)Children} + \beta_{5j}*\text{Education} + \beta_{6j}*\text{Income} + \beta_{7j}*\text{Unemployed} + \beta_{8j}*\text{Self-Employed} + \beta_{9j}*\text{Retired} + \beta_{10j}*\text{Ideology} + \beta_{11j}*\text{IND-Economic Individualism} + \varepsilon_i$$

where β_{0j} is the country-level intercept, which represents the direct and independent effect of cultural-level economic individualism on support for redistribution. Since I hypothesize that cultural-level economic individualism has direct effects on individuals' support for redistribution, β_{0j} is defined as:

$$\beta_{0j} = \gamma_{00} + \gamma_{01}*\text{CULT-Economic Individualism}_j + \delta_{0j}$$

where γ_{00} is the country level intercept, and γ_{01} is the effect on cultural-level economic individualism on the model intercept β_{0j}. The reduced form of the model is:

$$\text{Support for Redistribution}_{ij} = \gamma_{00} + \gamma_{01}*\text{CULT-Economic Individualism}_j + \beta_{1j}*\text{Age} + \beta_{2j}*\text{Male} + \beta_{3j}*\text{Married} + \beta_{4j}*\text{(Any)Children} + \beta_{5j}*\text{Education} + \beta_{6j}*\text{Income} + \beta_{7j}*\text{Unemployed} + \beta_{8j}*\text{Self-Employed} + \beta_{9j}*\text{Retired} + \beta_{10j}*\text{Ideology} + \beta_{11j}*\text{IND-Economic Individualism} + \varepsilon_i + \delta_{0j}$$

If culture has direct effect on individual attitudes as stated in Hypothesis 5, then we expect γ_{01} to be negative and statistically significant.

I ran a slightly different version of the first model in order to test the conditional effects of cultural influences on individual attitudes towards redistribution and welfare policies. This time, I specify cross-level interactions between cultural-level economic individualism and individual predispositions. By modeling individual characteristics such as values, ideology, social class, or income as an interactive function of country-level culture variable, it will be possible to evaluate whether culture conditions individual responses to redistribution through individual characteristics that also affect redistributive preferences. The multilevel models for the rest of the analyses in this chapter in which the interaction of individual and country level economic individualism are specified as:

Support for Redistribution$_{ij}$ = β_{0j} + β_{1j}*Age + β_{2j}*Male + β_{3j}*Married + β_{4j}*(Any)Children + β_{5j}*Education + β_{6j}*Income + β_{7j}*Unemployed + β_{8j}*Self-Employed + β_{9j}*Retired + β_{10j}*Ideology + β_{11j}*IND-Economic Individualism + ε_i

where β_{0j} is again the country-level intercept that represents the direct and independent effect of cultural-level variable on support for redistribution. β_{0j} is defined as:

$\beta_{0j} = \gamma_{00} + \gamma_{01}$*CULT-Economic Individualism$_j$ + δ_{0j}

where γ_{00} is the country level intercept, and γ_{01} is the effect on cultural-level economic individualism on the model intercept $\beta_{0j.}$ Since my central hypothesis posits that cultural-level economic individualism will condition the effect of individual-level economic individualism on support for redistribution, the coefficient of the individual-level individualism variable is:

$\beta_{11j} = \gamma_{110} + \gamma_{111}$*CULT-Economic Individualism$_j$ + δ_{11j}

where γ_{110} is the intercept for the slope of individual-level economic individualism (β_{11j}) and γ_{111} is the effect of cultural-level individualism. The reduced form for the model is:

Support for Redistribution$_{ij}$ = $\gamma_{00} + \gamma_{01}$*CULT-Economic Individualism$_j$ + γ_{1j}*Age + γ_{2j}*Male + γ_{3j}*Married + γ_{4j}*(Any)Children + γ_{5j}*Education + γ_{6j}*Income + γ_{7j}*Unemployed + γ_{8j}*Self-Employed + γ_{9j}*Retired + γ_{10j}*Ideology + γ_{110}*IND-Economic Individualism$_{ij}$ + γ_{111}* CULT-Economic Individualism$_j$*IND-Economic Individualism$_{ij}$ + δ_{0j} + ε_i.

The rest of the models are basically the same, except, in these models the cross-level interactions include ideology, income, and working class rather than individual values. The models are run using the xtmixed command in STATA-9.

Results

The Direct Effect of Cultural-Level Economic Individualism on Individual Attitudes

[Table 12]

I first test the hypothesis concerning the direct effect of political culture on individual attitudes towards redistribution and welfare spending. Table 12 presents the results of the multilevel models in which the national-level economic individualism is specified as a level-2 predictor of the random intercept. In Model 10, the dependent variable is the support for redistribution measure constructed from three items in the WVS. Almost all the control variables have the expected effects on support for redistribution. Self-employment, higher levels of income and higher education are negatively associated with support for more government involvement in the economy to provide more equal outcomes. Men are less supportive of redistribution compared to women. Respondents who are unemployed, retired, and have children tend to show stronger support for redistributive policies although coefficient of the last variable is not

statistically significant. Age, on the other hand, does not have the expected effect on the dependent variable: The elderly are not necessarily more supportive redistributive policies. In fact, no matter how the age variable is coded, one fails to find support for the argument that the elderly are more supportive of redistribution. Adding the squared value of age to the model, or recoding age into young, middle, and old categories do not change the results. It is possible that the elderly are more supportive of specific social welfare policies that directly benefit them such as pensions, or healthcare but are not necessarily in favor of more egalitarian outcomes in general. In fact, findings from the ISSP dataset suggest that this is the case: With the exception of the results in Model 11, the rest of the results suggest that the elderly are not necessarily more supportive of redistribution, but they are more supportive of increased spending on welfare.

Both economic individualism and ideology have the expected effects on support for redistribution. The coefficients of both variables are negative and statistically significant. Respondents who are more individualistic tend to support redistribution less. The estimated difference between the most individualistic and most collectivistic respondent's support for redistribution is -0.12 on a scale that varies between 0 and 1. Right-wing identification also has the expected effect on redistributive preferences: Individuals who place themselves on the right of the ideological spectrum tend to be less favorable towards government involvement in the economy.

Models 11 and 12 present the results from ISSP Role of Government Surveys. The dependent variables are support for redistribution and support for increased spending on welfare policies. The effects of the control variables on the dependent variables for the ISSP dataset are also in the expected direction. Age is positively related to support for

redistribution (which does not replicate in the rest of the models) and increased spending on social welfare. Gender, marital status, income, education, being unemployed, retired, and disabled also have the expected and statistically significant effects on both types of policies. Since most governments offer more favorable benefits to their employees, I expected those who work in the public sector to be more favorable towards redistributive policies, but this is clearly not the case. Union membership and top-bottom self-identification have the expected effects on support for redistribution, but not necessarily on support for higher welfare spending. Ideology, which is derived from party-affiliation variable in the ISSP dataset is in the expected direction and statistically significant. Although this variable is not a direct measure of ideological self-identification, it still has the expected effect on both dependent variables.

The key independent variable in all three models is the country-level economic individualism measure. If culture has a direct effect on how individuals respond to redistribution, then we expect the coefficient of the variable, which is the random intercept, to be negative and statistically significant. In fact this is the case. The country-level individualism measure has a coefficient of -0.086 in Model 1, which is statistically significant in a one-tailed test, indicating that, holding all individual level characteristics constant, individuals in more individualistic countries are less supportive of redistribution. The measure has a coefficient of -0.081 and -.168 in Models 11 and 12, where the dependent variables are support for redistribution and support for increased welfare spending respectively. Both coefficients are also statistically different from zero.

These results provide strong evidence for the effect of cultural influences on individual attitudes towards redistribution. Clearly, countries show a degree of

heterogeneity in terms of citizen support for redistribution, and this heterogeneity could be explained by the dominance (or weakness) of individualist orientations in the society. Individuals are affected by these orientations no matter what their initial predispositions are. Apart from influencing attitudes towards redistribution, culturally shared values of individualism also affect how individuals feel about spending on welfare policies. This is also an interesting finding, since in the previous chapter, no effect of cultural orientations of economic individualism on policy was found. That is, even though economic individualism influences anti-welfare attitudes at the national level, it does not seem to have an effect on policy.

The Conditional Effect of Culture on Economic Individualism Values and Attitudes towards Redistribution

In the rest of the chapter, I test the hypotheses concerning culture's conditional effect on individual attitudes, through its interaction with individual values, ideological orientations, and socio-economic status. Apart from being less supportive of redistribution in general, living under cultural influences that emphasize individualistic values should also affect the way individuals with similar predispositions respond to redistributive policies. I first test the hypothesis of culture's conditional effect on redistribution through the values of economic individualism.

[Table 13]

Table 13 presents the result of the multilevel model where values' interaction with dominant cultural orientations is specified. The coefficients of the control variables are

very similar to Model 10. The coefficients of ideology and economic individualism variables are also in the expected direction and statistically significant. Right-wing identifiers, as well as those who score high on economic individualism are more supportive of smaller governments as expected. The coefficient that shows the direct effect of culture on individual attitudes, that is, the coefficient of the random slope is negative and statistically significant. In addition, the coefficient of the cross-level interaction term is positive and statistically different from zero. The positive coefficient of the interaction term implies that culture strengthens the negative relationship between economic individualism values and redistribution attitudes. That is, the negative relationship between individualism values and redistributive attitudes is much more pronounced in more individualist cultures.

[Figure 5]

In order to show the effect of culture on respondents with different individualism values, I plot the predicted levels of support for redistribution for minimum, mean, and maximum values of cultural and individual-level economic individualism orientations in Figure 5[42]. Hypothesis 6a posits that respondents should be less supportive of redistribution regardless of their individual value orientations as individualism becomes a more dominant value orientation in the society. This is the case for respondents who are at the minimum and the mean of economic individualism measure, but not for those who are highly individualistic. In fact, the effect of cultural-level individualism is just the opposite for highly individualistic people: They become more supportive of redistribution as individualism becomes a widely shared orientation in the society. This unexpected

[42] When calculating the predicted values, income, education, and ideology are held at the mean, and all the dummy variables are coded as 0.

finding may be due to the fact that cultural orientations affect conformity. It has been shown that individuals in collectivist nations, which emphasize interdependence values, are more responsive to others' influences, while in individualist societies, which emphasize autonomy and originality, are not affected to the same extent (Bond et al., 1996; Triandis et.al, 1988). However, almost all of these studies have dealt with the effect of culture on conformity, and there is not much evidence as to whether individualists and collectivists within a cultural group differ in terms of their conformity to social influences. If this is the case, then we may be able to explain why individualists become more supportive of redistribution as culture becomes more dominated by individualist orientations. Since the economic individualism measure is related to the individualism-collectivism construct in cross-cultural psychology both theoretically and empirically, low conformity by individualistic respondents may explain the unexpected result. The fact that those respondents high on collectivist values are most affected by the cultural context also seems to provide some support for this argument. On the other hand, I am not able to fully support this argument since I do not have the necessary items to devise an individualism measure and test whether individualism makes individuals less prone to the effect of cultural influences.

Since individualists become more supportive of redistribution as culture becomes more individualistic, it is not the most individualist individuals in individualist cultures that are the least supportive of redistribution as Hypothesis 6b posits. On the other hand, the rest of the respondents' attitudes are in line with the expectations of the other hypotheses. Both collectivists and those with mean levels of individualism show less support for redistribution in more individualist cultural contexts. In addition, it is the least

individualistic people in most collectivist societies that support the redistribution most, which supports Hypothesis 6c.

Overall, there is strong evidence in favor of culture's influence on individual attitudes towards redistribution. Individuals in more individualistic countries are less supportive of redistributive policies in general, as the negative and statistically significant coefficient of cultural-level economic individualism indicates. In addition, the political culture of individualism has a significant conditional effect on individual attitudes towards redistribution. Although individualistic respondents become more supportive of redistribution as the cultures become more individualistic, for other individuals, cultural influences strengthen the negative relationship between individualist values and support for redistributive policies.

The Conditional Effect of Culture on Ideology and Attitudes towards Redistribution

Next, I consider culture's conditional effect on ideology and attitudes towards redistribution. The political discourse and the context within which the debates about redistribution take place should influence individuals regardless of their existing predispositions. In the case of ideology, dominant collectivist orientations should convince even the extreme-right wing identifiers to be more supportive of redistribution and vice versa. Since ideology is measured so that higher values represent more conservative orientations, we expect a negative relationship between ideology and redistributive attitudes. Since dominant individualistic orientations should make individuals more critical about government intervention in the economy, we expect

cultural-level individualism to strengthen this negative relationship, just as in the case with values. I test the hypotheses using both the WVS and ISSP datasets. The multilevel models in this part are essentially the same as the previous one in which culture and values interactions are specified, except this time the cross-level interactions include ideology rather than individual values. The results are presented in Tables 14 and 15.

[Table 14 and Table 15]

As can be seen in both tables, individual level fixed effects are almost identical to the effects in previous models. In Table 14, which presents the results from the WVS dataset (Model 14), the coefficient of the random intercept is positive and not statistically significant. Yet, since this variable is interacted with ideology, it should not be interpreted in isolation from the cross-level interaction term. In fact, the cross-level interaction term is negative and statistically significant. I discuss the implications of the results in detail below.

For the models in which ISSP dataset is used, the effects of cultural variables and their interactions are mixed. In Model 15, in which the dependent variable is support for redistribution, the effect of economic individualism and its interaction with ideology is similar to the results in Model 14. Again, although the coefficient of culture is positive and not statistically significant, the interaction term has a negative and statistically significant coefficient. On the other hand, in Model 15, where the dependent variable is support for welfare spending, the coefficients of cultural-level economic individualism and its interaction with ideology are in the unexpected direction and not statistically significant. There could be two possible explanations for this: Either economic individualism is not the dominant cultural orientation that influences attitudes towards

welfare policies, or ideological orientations could be too resistant to the influence of cultural factors for social welfare attitudes. The results from the random intercept model, which suggest that cultural context affect individual responses to welfare policies, as well as the results of the following models suggest that the second explanation is probably the reason why we do not see the expected effects in Model 16.

[Figure 6]

Figure 6 plots the conditional effect of culture on the relationship between ideological orientation and support for redistribution for Models 14 and 15. In both models, the effect of cultural-level individualism is in the expected direction for moderates and extreme-right wing identifiers. In addition, culture does not influence individual attitudes uniformly: Individualism's effect is strongest for right-wing identifiers, who are already less pro-redistribution. That is, individualism's effect on individual attitudes is stronger if respondents' political predispositions are already anti-redistribution. Also, extreme-right wing identifiers show more variation in their attitudes across differing levels of cultural individualism whereas the attitudes of moderates and extreme left-wing identifiers vary less across cultural groups.

On the other hand, the Hypothesis 7a is not fully supported since the extreme-right wing respondents do not become less supportive of redistribution in more individualist cultural contexts. In fact, they tend to support redistribution more if they live in more individualistic countries. Yet, although the relationship between ideology and support for redistribution is in the unexpected direction for extreme-left identifiers, the substantive effect of culture is far from being impressive. For the WVS dataset, all else being equal, the increase in support for redistribution scale for extreme-left identifiers in

most and least individualistic countries is 0.02, which is about the $1/50^{th}$ of the range of the support scale. In ISSP, the difference is 0.005, which is about $1/200^{th}$ of the range of the dependent variable. Since, the substantive effect of culture on extreme leftist individuals is very small, we may conclude that cultural influences do not drastically affect the attitudes of extreme-leftists towards redistribution. In fact, extreme leftist ideologies might be too resistant to be influenced by the cultural context, especially in the matters of equal distribution of income. This finding again shows that the effect of cultural influences on individual attitudes is not uniform. Cultural context may affect individuals with certain predispositions more, and may not have any effect on the opinions and attitudes of other individuals. Individuals holding extreme-leftist positions may resist cultural influences and discourses, whereas moderate and right-wing individuals may be more prone to be affected by these influences.

In both models, it is the right-wing individuals who live in most individualistic countries who are least supportive of redistribution, which provides empirical support for Hypothesis 7a. On the other hand, those who support the redistribution the most are the extreme-left identifiers in most individualistic countries, which is contrary to my initial expectations. It is also interesting to note that for the ISSP data, individuals in collectivist nations are equally supportive of redistribution regardless of their ideological orientations. This could be due to the fact that only 29 countries are included in the analyses, which are mostly European nations, or due to the fact that ideology is derived from party affiliation in the dataset, which may not adequately capture the economic dimension of left-right compared to self-identification. However, it may also be due to culture's strong influence on the ideology-redistributive attitudes relationship. In fact,

rearranging the predicted values, as shown in Figure 7, shows us that the effect of ideology on support for redistribution is completely dependent upon the cultural context. Figure 3 shows that in collectivist cultures, the range of support for redistribution is very narrow. All citizens, regardless of their ideological orientation support redistribution, and there seems to be a consensus among the citizens of collectivist nations about the role government should play in redistributing income. On the other hand, the range of support for redistribution across ideological camps is wider in individualist countries, with large expected differences in support for redistribution between extreme-left and extreme-right identifiers. This variation may partly be the result of extreme leftists who are pretty much fixed in their position, and it also implies that more conflict and debate occur about redistribution between the extremist camps in individualistic countries.

[Figure 7]

Figure 7 shows us one more time that the extreme leftists are not affected by the cultural context, and they are supportive of redistribution regardless of what the dominant orientations of their society are. On the other hand, the level of support for redistribution among the moderates and right-wing identifiers (or anyone other than extreme left wingers) is determined by the cultural context within which they live in. For example, all else being constant, a moderate individual is expected support redistribution moderately (0.5 on a scale of 0-1, where 1 is the highest support). On the other hand, a moderate who lives in a society where economic individualism is highly valued, will be more reluctant to support redistribution (0.45 on a scale of 0-1), whereas a moderate individual in a highly collectivist society is expected to support redistribution more (0.54).

These results suggest that cultural context has a strong influence on the way people from different ideological orientations react to redistribution. Individuals with similar ideological standing do not feel equally strong about redistribution in different countries. Moderates, or right-wing individuals are influenced by the dominant cultural orientations, and do not support redistribution equally under different cultural settings. Left-wing identifiers, on the other hand, seem to be less affected by cultural context. Moreover, cultural context influences to what extent ideology determines support for redistribution. Even the right-wing individuals do not seem to question the role government should play in redistributing income in collectivist countries, whereas individualist cultures are characterized by more variation in terms of redistributive attitudes among the identifiers of different ideological orientations.

The Conditional Effect of Culture on Socioeconomic Status and Attitudes towards Redistribution

Next, I present the results of the multilevel models in which the conditional effect of culture on socio-economic characteristics is considered. I first test whether cultural level economic individualism affects the redistributive attitudes of members of different social classes. The social class item in the WVS is a nominal variable with five categories (lower, working, lower-middle, upper-middle, and upper). I recoded each category as a dummy variable and ran different models in which these dummies were interacted with cultural-level individualism variable. To make the presentation clearer, here, I only present the results of the models in which lower and working class dummies and their

interaction with culture are included. The inclusion of the other class dummies or their interaction does not change the findings.

I expect both lower and working class identification to be positively related to support for redistribution. Since cultural-level economic individualism is expected to influence support in the opposite direction, the cross-level interaction should be negative, that is individualistic influences should weaken the strong support of working and lower classes. Table 6 presents the results of the multilevel model for the WVS. In Model 17, the coefficient of the cultural level economic individualism variable is in the expected direction, but not statistically significant. Also note that the coefficient of the working class identification variable is in the negative direction and is statistically significant, implying that those who identify themselves as working class are in fact less supportive of larger governments. This contradictory finding is also replicated in a pooled OLS regression, and regression models in which other social class dummies are included and regressions ran for each country separately[43]. These findings suggest that the social class item may not be measured reliably in the WVS. In addition, individuals in different countries may interpret the term working class differently, or may not have working class consciousness in the classical sense of the term[44].

[43] The countries that have the social class variable are Albania, Argentina, Armenia, Brazil, Canada, Chile, China, Taiwan , Dominican Republic, India, Iran, Japan, Mexico, Moldova, New Zealand, Norway, Peru, Philippines, Puerto Rico, Singapore, South Africa, Serbia, Montenegro, Serbian Rep. of Bosnia, and Bosnia Federation. Only for Canada, Taiwan, Mexico, South Africa, and Serbian Republic is the coefficient of the variable in the expected direction, but it fails to achieve statistical significance.

[44] In fact, some scholars have argued that working classes tend to identify more and more with middle class and conservative values (Zweig, 1960), which is sometimes referred as working class *bourgeoisification*, or working class *embourgeisement* (see for example Scott,1996). In addition, there is some evidence from the United States that people understand what goes into the terms middle or working class in abstract, but find themselves in complicated positions that imply different class identities, and tend to identify with the class their income, occupation and education implies for them (Hout, 2007).

The coefficient of the cross-level interaction variable in Model 8 is also in the unexpected direction. Although, the calculation of predicted level of support for redistribution shows that working class individuals are less supportive of redistribution in more individualistic cultures, the interactive term is not statistically significant.

[Table 16]

On the other hand, in Model 18, where the interactive effect of culture with lower class identification is considered, all the key coefficients are in the expected direction. Identifying as lower class positively affects support for redistribution. However, the coefficients for the cultural economic individualism and its interaction with class variable are not statistically significant. Therefore, although the interaction term indicates that lower class individuals in more individualistic cultures are less supportive of redistribution, there is not enough statistical evidence to conclude that culture conditions the attitudes of working and lower classes towards redistribution. Social class identification and especially identification with lower class might again to be too resistant to cultural influences, in addition to left-wing political identification.

The ISSP does not include a social class variable in the classical sense of the term, but it includes an item that asks respondents' self-placement on a 1-10 top-bottom social stratification scale. The question wordings in all countries are different, and in most countries, the question is worded as: "In our society there are groups of people which tend to be towards the top and groups which tend to be towards the bottom? Below is a scale that runs top to bottom. Where would you put yourself on this scale?"

Similar to economic individualism values and ideological orientation, top-bottom self-placement should have a negative relationship with support for redistributive policies

and increased spending on social welfare. Therefore, the top-bottom identification variable should have a negative sign, and interaction variable should have a positive coefficient.

[Table 17]

The results multilevel models in which the interaction of the top-bottom scale with cultural-level individualism variable are presented in Table 17. In Model 19, although the coefficient of top-bottom identification is in the expected direction, the coefficient of the interaction term is not. In addition, the standard errors of both coefficients are too large. Again, it seems that redistributive attitudes of individuals from different social status do not show variation across nations. On the other hand, in Model 21, where the dependent variable is support for social welfare spending, the coefficient of the interaction term is statistically significant. That is, although cultural influences do not seem to affect the redistributive attitudes of those who belong to different social class or strata, they do seem to have an impact on attitudes towards welfare spending.

[Figure 8]

Figure 8 plots the predicted levels of support for increased spending on social welfare for those who identify with lowest, middle, and highest social status. As individualistic values become more socially shared, individuals, regardless of their social status become less supportive of higher government spending on areas of social welfare, and the impact of individualistic culture is strongest for highest social status respondents. Individuals from lowest strata in different cultural contexts do not have a lot of variance in terms of their support for social welfare policies. Similar to left-wing ideological orientations, identification with lower status groups could be a very strong predisposition

to be influenced by cultural context. It is also interesting to note that it is the highest status identifiers in most collectivist countries who are most supportive of egalitarian policies. In addition, again, in collectivist countries, support for redistribution does not vary much across different status groups, indicating a general consensus among the citizens of collectivist nations.

Last, I consider culture's conditional effect on the attitudes of different income groups for redistribution. In Table 18, which presents the results of the analyses from the WVS data, the coefficients of the key independent variables are in the expected direction and statistically significant. The predicted levels of support for government intervention in the economy in Figure 9 show that the conditional effect of culture is consistent for individuals with different income levels. For all income levels, individuals become less supportive of redistribution as they are exposed to more individualistic influences. Also, culture seems to strengthen the relationship between income and attitudes on redistribution: Those with lower incomes –who should be more supportive of redistribution are the most supportive of such policies if they are exposed to collectivist cultural influences. High income earners, on the other hand, are the least supportive of redistribution if they live in countries that emphasize economic individualism values, which strengthen their negative attitude towards such policies.

[Table 18]

[Figure 9]

I also replicate the analysis using the ISSP dataset. Since the income variable is country-specific in the ISSP dataset, I coded those who fall in the lowest 25th percentile as low-income. All the coefficients have the expected signs in Model 23, and the

interaction term is statistically significant. Although the coefficient of income variable is not in the expected direction in Model 24, the calculation of the predicted values show that, for both models, people with low incomes become less supportive of redistribution as they are exposed to more individualistic cultural influences. The results of these models provide further empirical evidence for Hypotheses 9a-9c.

[Table 19]

Summary

So far, the literature on culture has considered its effect on aggregate political, social and economic outcomes, such as institutions, institutional performance, and economic growth. This chapter contributes to this debate by showing that cultural context has a strong influence on individual preferences regarding redistributive policies and social welfare spending. The cultural context within which political issues concerning redistribution are framed and discussed affects individual policy preferences both directly, and indirectly through their initial predispositions. First of all, individuals in more collectivist countries have a general tendency to support redistribution and higher levels of spending on welfare policies. In addition, cultural context also conditions how individuals with different predispositions would react to such policies. Individualism's impact on individual attitudes is not uniform, and is dependent on their values,

ideological orientations, as well as socio-economic status. For example, left-wing ideology and social status seem to be strong predispositions that are resistant to cultural influences. Individuals who place themselves on the top of the social spectrum, and right-wing identifiers, those who are already less pro-redistribution and individuals with collectivist values are those most affected by culturally shared influences. Individualism's effect on redistributive attitudes are most consistent for the objective income variable, indicating that all else being equal, individuals with different income levels differ in their support for more egalitarian policies under different cultural influences.

In addition, the findings of this chapter implies that culture may have a strong influence on the way redistributive debates take place in different countries. In collectivist countries, we mostly observe high consensus among the citizens regardless of their ideological orientations and social status, whereas the individuals with different predispositions seem to have more variation in their redistributive attitudes in individualist countries. This suggests that in collectivist nations would be dominated by a general level of understanding about the role of government in alleviating income inequalities and the range of debates that take place about such policies would be more limited, while the individualistic nations should be characterized by more conflict and debate about the proper role of government in redistributing income.

Of course, this chapter is only concerned with one dimension of culture and its effect on one type of policy. In order to have more confidence in culture's contextual influence, research should be extended to include other cultural orientations and their effect on other issue areas. The results of the analysis also pose interesting questions for

future research, such as the effect of such differences on policies and institutions, on party platforms and discourses of political elites.

Figure 5. The Conditional Effect of Cultural-Level Economic Individualism on Individual Values: Predicted Levels of Support for Redistribution*

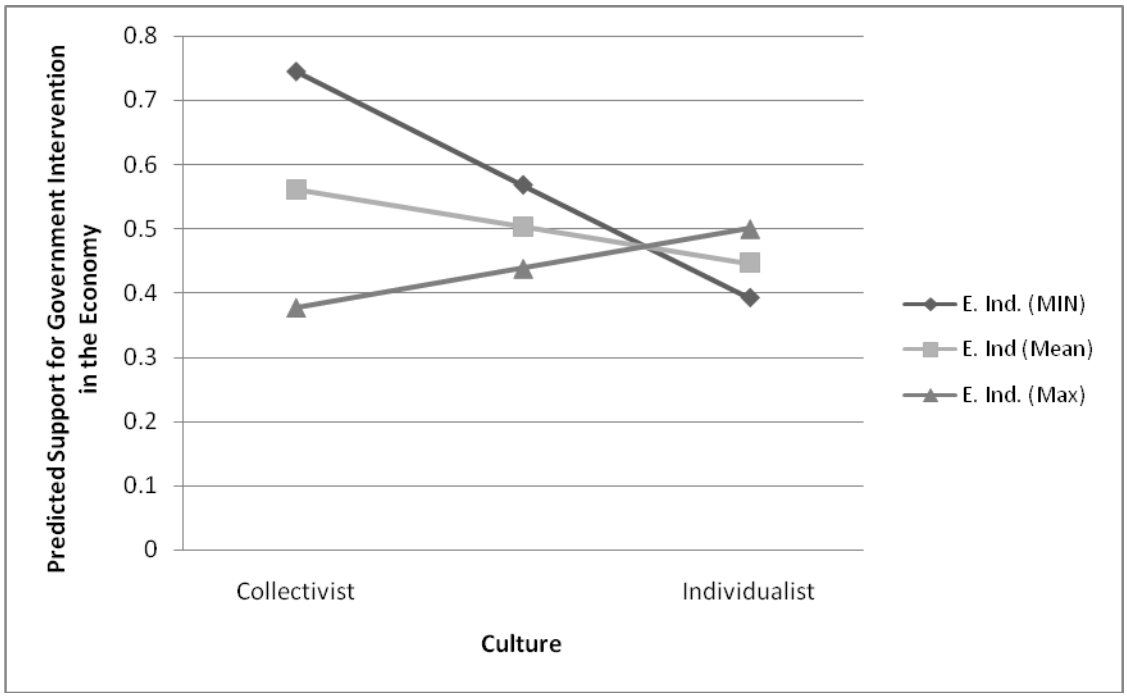
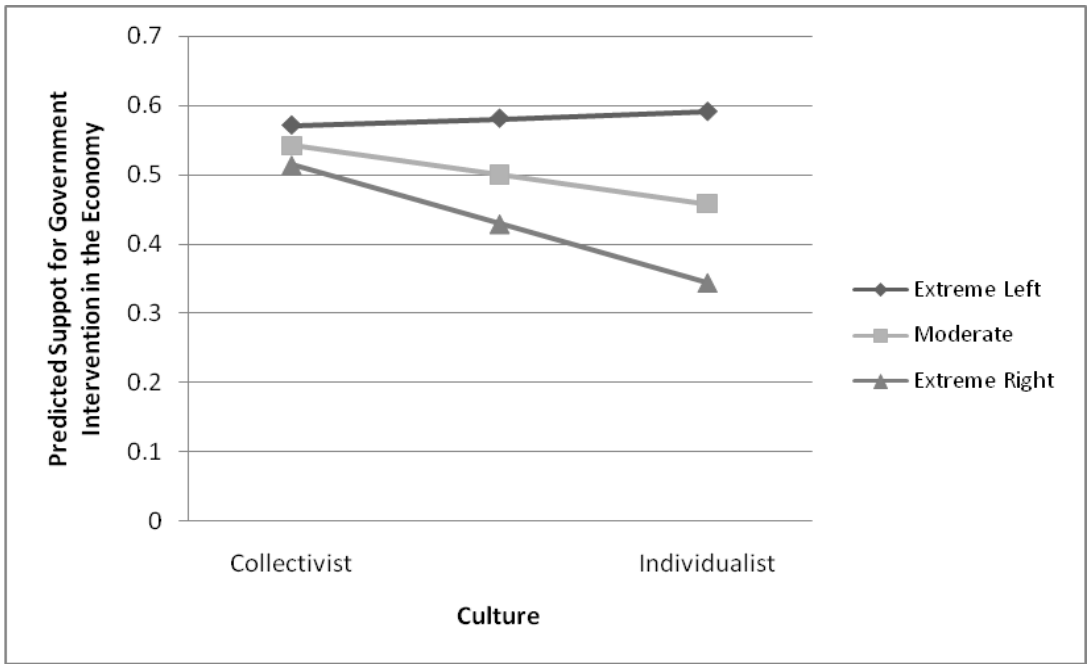


Figure 6. The Conditional Effect of Culture on Ideology: Predicted Levels of Support for Redistribution

6a. World Values Survey (Model 5)



6b. ISSP – Role of Government (Model 6)

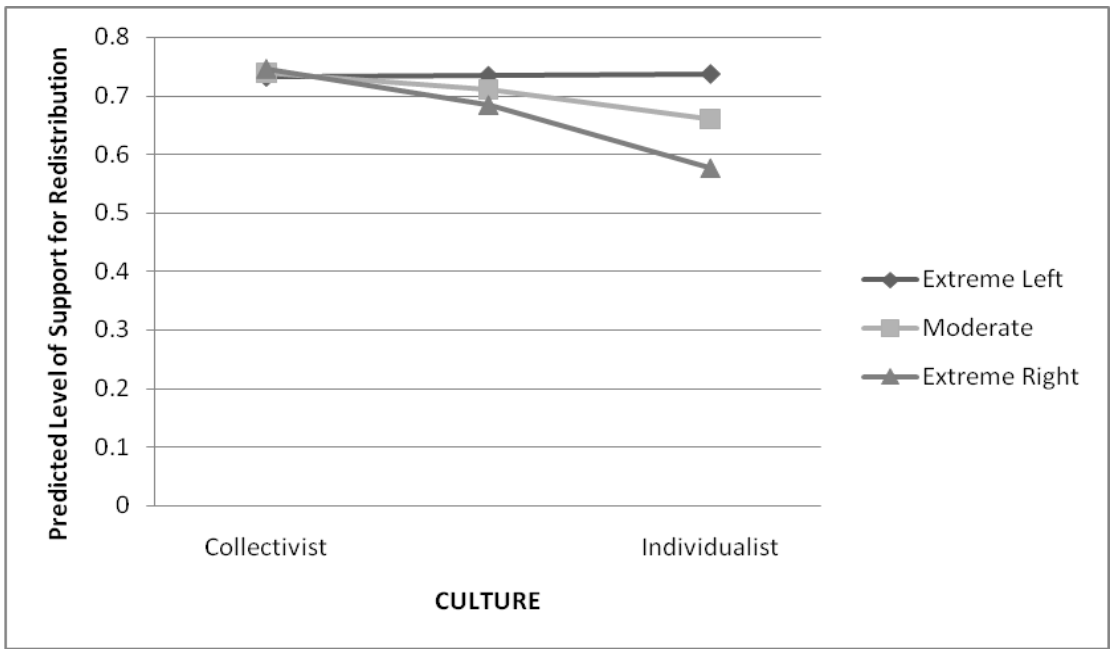


Figure 7. The Effect of Ideology as being dependent on culture: Predicted Levels of Support for Redistribution (WVS)

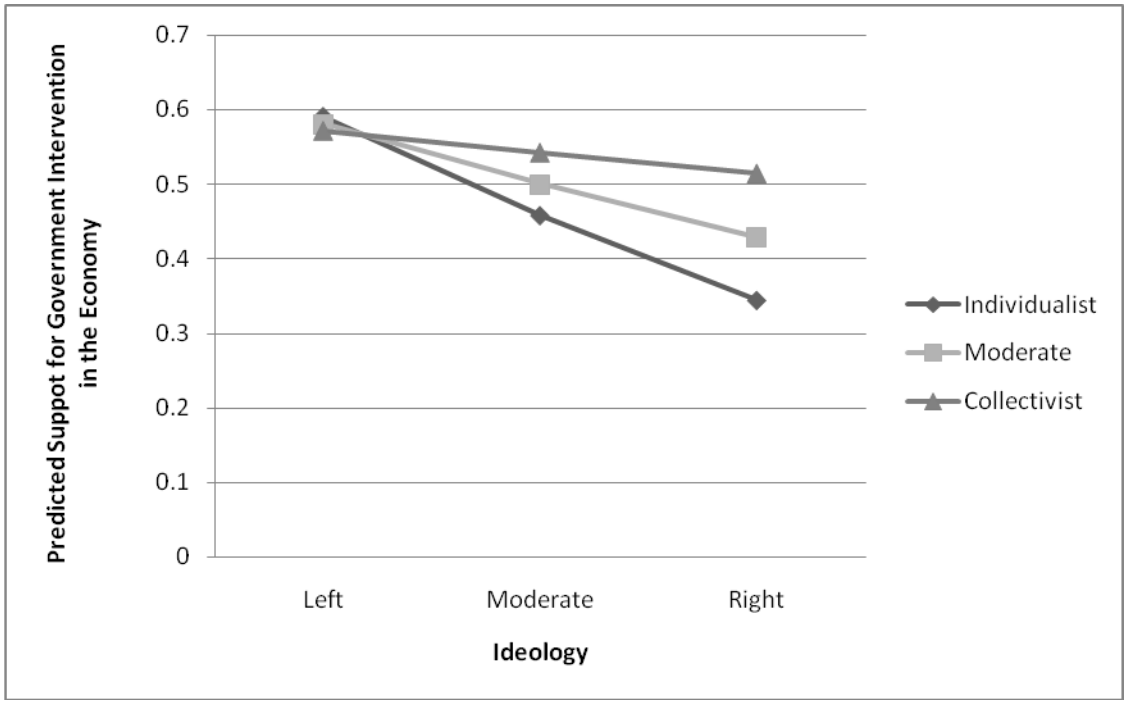


Figure 8. The Conditional Effect of Culture on Social Status: Predicted Levels of Support for Welfare Spending (ISSP, Model 17)

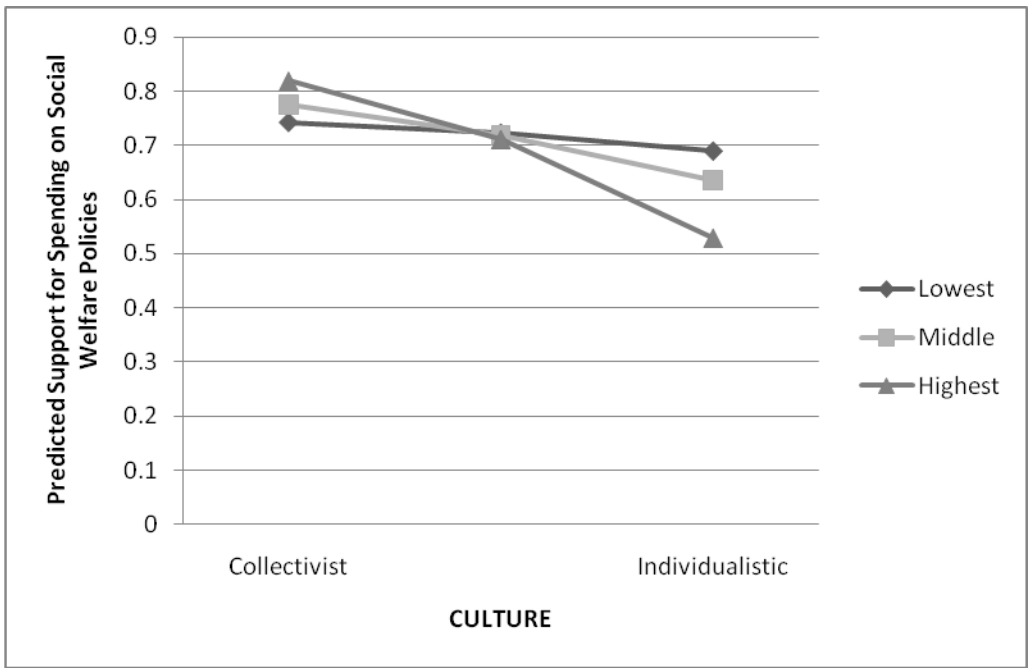


Figure 9. The Conditional Effect of Culture on Income: Predicted Levels of Support for Government Intervention in the Economy (WVS)

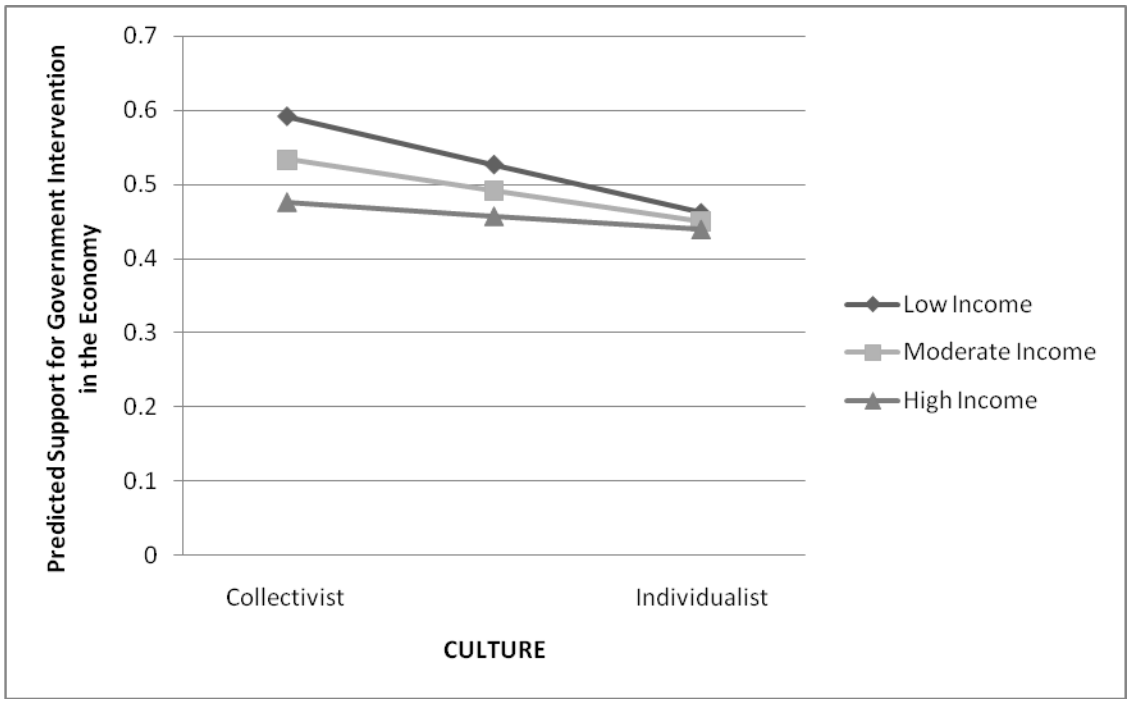


Table 12. Independent Variables Used in the Multilevel Models

World Values Survey (4th Wave)	ISSP- Role of Government Survey (2006)
Age: Age of respondent	Age: Age of respondent
Gender: 1 if male	Gender: 1 if male
Marital Status: 1 if married, 0 otherwise	Marital Status: 1 if married, 0 otherwise
Having Children: 1 if respondent has any children	
Unemployed: 1 if respondent is unemployed, 0 otherwise	Unemployed: 1 if respondent is unemployed, 0 otherwise
Self-employed: 1 if respondent is self-employed, 0 otherwise	Self-employed: 1 if respondent is self-employed, 0 otherwise
Retired: 1 if respondent is retired	Retired: 1 if respondent is retired
	Disabled: 1 if respondent is disabled
	Government worker: 1 if respondent works for public sector
Ideology: 1-10 left-right self-identification scale*	Ideology: 5-category scale, derived from country-specific party affiliation ***
Income: 10-category variable, normalized to vary between 0 and 1	Low income: Country-specific varible. Lowest 25th percentile recoded as low income
Education: 3-category variable, normalized to vary between 0 and 1	Education: 6-category variable, normalized to vary between 0 and 1.
Working Class Identification**: 1 if the respondent identifies as working class Lower Class Identification**: 1 if the respondent identifies as lower class	
	Top-Bottom: Top-bottom self placement in terms of social status on a 1-10 scale
	Union member: 1 if the respondent is a union member
Economic Individualism: Factor scores from MG-PI CFA, normalized	
Economic Individualism (country-level) : Factor scores, normalized	Economic Individualism (country-level) : Factor scores, normalized
* Missing values (about 15,000) were replaced with the mean of the scale, 5.5 ** Due to low number of observations, social class is only used in models where its interaction with culture is considered.	*** The ISSP does not include self-identification on left-right scale, but rather derives ideology from individual party affiliation. About one-fourth of the dataset is missing on party affiliation variable, so a multiple imputation procedure is used to fill in the missing values. The regressions are run separately for each country, include age, gender, income, education, top-bottom identification, and size of community.

Table 13. The Direct Effect of Cultural-Level Economic Individualism on Attitudes towards Redistribution: Random Intercept Models

13a. World Values Survey

	Model 10: Support for Redistribution (WVS)		
	Coeff.	***Std. Err.***	***P>|z|***
Intercept	0.726	0.024	0.000
Level-1 (Individual) Effects			
Age	0.000	0.000	0.413
Male	-0.024	0.002	0.000
Married	-0.001	0.003	0.644
Child (any)	0.004	0.003	0.225
Education	0.019	0.004	0.000
Income	-0.029	0.004	0.000
Unemployed	0.009	0.004	0.018
Self-employed	-0.013	0.001	0.000
Retired	-0.079	0.004	0.000
Ideology	-0.044	0.003	0.000
IND- E. Individualism	-0.126	0.016	0.000
Level-2 (Country) Effects			
CULT- E. Individualism	-0.086	0.05	0.086
Variance Components			
Country Level			
Constant	0.078	0.008	
Individual Level	0.216	0.000	
	N. Level-1 Units= 49,944		
	N. Level-2 Units = 48		
	Wald Chi2 (13) = 2352.25		
	Prob >Chi2 = 0.000		
	-2 x Log Likelihood = -10,818.4		

13b. ISSP Role of Government Survey

	Model 11: Support for Redistribution (ISSP)			Model 12: Support for Spending on Social Welfare (ISSP)		
	Coeff.	***Std. Err.***	***P>|z|***	***Coeff.***	***Std. Err.***	***P>|z|***
Intercept	0.846	0.024	0.000	0.795	0.026	0.000
Level-1 (Individual) Effects						
Age	0.000	0.000	0.000	0.001	0.000	0.000
Gender	-0.018	0.002	0.000	-0.030	0.002	0.000
Marital Status	-0.010	0.002	0.000	-0.011	0.002	0.000
Education	-0.066	0.003	0.000	-0.066	0.003	0.000
Low Income (dummy)	0.027	0.002	0.000	0.002	0.002	0.291
Unemployed	0.030	0.003	0.000	0.036	0.003	0.000
Self_employed	0.002	0.002	0.303	-0.030	0.002	0.000
Retired	-0.002	0.003	0.483	0.027	0.003	0.000
Disabled	0.018	0.006	0.002	0.041	0.005	0.000
Government Employee	-0.005	0.002	0.039	-0.026	0.002	0.000
Ideology	-0.034	0.003	0.000	-0.010	0.003	0.002
Union Member	0.006	0.002	0.007	0.000	0.002	0.964
Top-bottom Identification	-0.006	0.001	0.000	-0.001	0.001	0.128
Level-2 (Country) Effects						
CULT- E. Individualism	-0.081	0.044	0.064	-0.168	0.046	0.000
Variance Components						
Country Level						
Constant	0.065	0.000		0.066	0.009	
Individual Level	0.164	0.000		0.162	0.000	
	N. Level-1 Units = 45,787			N.Level-1 Units = 44,591		
	N. Level-2 Units = 29			Number of Level-2 Units = 27		
	Wald Chi2(15)=2026.06			Wald Chi2 (15) = 2291.72		
	Prob>Chi2=0.0000			Prob>Chi2=0.0000		
	-2 x Log Likelihood = -35,609.2			-2 x Log Likelihood = -35742.8		

Table 14. Interactive Effects of Cultural and Individual Level Economic Individualism (WVS)

	Model 13: Support for Redistribution (WVS)		
	Coeff.	***Std. Err.***	***P>|z|***
Intercept	0.864	0.055	0.000
Level-1 (Individual) Effects			
Age	0.000	0.000	0.574
Male	-0.024	0.002	0.000
Married	-0.001	0.003	0.674
Child (any)	0.004	0.003	0.226
Education	-0.042	0.003	0.000
Income	-0.078	0.004	0.000
Unemployed	0.019	0.004	0.000
Self-employed	-0.028	0.004	0.000
Retired	0.007	0.004	0.047
Ideology	-0.013	0.001	0.000
IND- E. Individualism	-0.367	0.083	0.000
Level-2 (Country) Effects			
CULT- E. Individualism	-0.353	0.122	0.004
Cross-Level Interactions			
IND-E.Ind.*CULT-E.Ind.	0.476	0.181	0.009
Variance Components			
Country Level			
IND-E. Individualism	0.245	0.036	
Constant	0.172	0.023	
IND-E. Individualism,Constant	-0.883	0.039	
Individual Level	0.216	0.000	
	N. Level-1 Units = 49,944		
	N. Level-2 Units = 48		
	Wald Chi2(13)=2067.11		
	Prob> Chi2=0.0000		
	-2xLog Likelihood=-10,963.35		

Table 15. Interactive Effects of Ideology and Cultural Level Economic Individualism (WVS)

	Model 14: Support for Redistribution (WVS)		
	Coeff.	***Std. Err.***	***P>|z|***
Intercept	0.689	0.028	0.000
Level-1 (Individual) Effects			
Age	0.000	0.000	0.636
Male	-0.024	0.002	0.000
Married	-0.001	0.003	0.636
Child (any)	0.003	0.003	0.259
Education	-0.042	0.003	0.000
Income	-0.076	0.004	0.000
Unemployed	0.019	0.004	0.000
Self-employed	-0.028	0.004	0.000
Retired	0.009	0.004	0.015
Ideology	-0.006	0.003	0.042
IND- E. Individualism	-0.127	0.015	0.000
Level-2 (Country) Effects			
CULT- E. Individualism	0.021	0.059	0.723
Cross-Level Interactions			
Ideology* CULT-E. Ind.	-0.019	0.007	0.006
Variance Components			
Country Level			
Ideology	0.010	0.001	
Constant	0.089	0.010	
Ideology, Constant	-0.476	0.121	
Individual Level	0.216	0.000	
	N. Level-1 Units = 49,944		
	N. Level-2 Units = 48		
	Wald Chi2(13)=1648.39		
	Prob>Chi2=0.0000		
	-2 x Log Likelihood=-11993.34		

Table 16. Interactive Effects of Ideology and Cultural Level Economic Individualism (ISSP – Role of Government Dataset)

	Model 15: Support for Redistribution (ISSP)			Model 16: Support for Welfare Spending (ISSP)		
	Coeff.	***Std. Err.***	***P>|z|***	***Coeff.***	***Std. Err.***	***P>|z|***
Intercept	0.819	0.027	0.000	0.781	0.033	0.000
Level-1 (Individual) Effects						
Age	0.000	0.000	0.000	0.001	0.000	0.000
Male	-0.019	0.002	0.000	-0.032	0.002	0.000
Married	-0.010	0.002	0.000	-0.011	0.002	0.000
Education	-0.064	0.003	0.000	-0.067	0.003	0.000
Low Income (dummy)	0.029	0.002	0.000	0.002	0.002	0.228
Unemployed	0.028	0.003	0.000	0.034	0.003	0.000
Self-employed	0.004	0.002	0.057	-0.028	0.002	0.000
Retired	0.000	0.003	0.931	0.030	0.003	0.000
Disabled	0.028	0.006	0.000	0.044	0.005	0.000
Government Employee	-0.005	0.002	0.026	-0.026	0.002	0.000
Ideology	0.014	0.037	0.706	0.020	0.043	0.649
Union Member	0.006	0.002	0.011	0.002	0.002	0.329
Top-bottom Identification	-0.006	0.001	0.000	-0.001	0.001	0.224
Level-2 (Country) Effects						
CULT- E. Individualism	0.005	0.050	0.918	-0.115	0.059	0.051
Cross-Level Interactions						
Ideology*CULT-E.Ind	-0.175	0.069	0.011	-0.109	0.078	0.160
Variance Components						
Country Level						
Ideology	0.101	0.014		0.120	0.016	
Constant	0.073	0.010		0.084	0.012	
Ideology, Constant	-0.482	0.147		-0.600	0.128	
Individual Level	0.161	0.000		0.160	0.000	
	N. Level-1 Units=45,787			N. Level-1 Units = 44,591		
	N. Level-2 Units= 29			N. Level-2 Units = 27		
	Wald Chi2(15)=1960.82			Wald Chi2(15)=2313.92		
	Prob>Chi2=0.0000			Prob>Chi2 =0.0000		
	-2 x Log Likelihood=-36959.61			-2 x Log Likelihood=-36366.1		

Table 17. Interactive Effects of Working Class Identification and Cultural Level Economic Individualism (WVS)

	Model 17: Support for Redistribution (WVS)			Model 18: Support for Redistribution (WVS)		
	Coeff.	***Std. Err.***	***P>|z|***	***Coeff.***	***Std. Err.***	***P>|z|***
Intercept	0.681	0.036	0.000	0.677	0.034	0.000
Level-1 (Individual) Effects						
Age	0.000	0.000	0.375	0.000	0.000	0.535
Male	-0.023	0.003	0.000	-0.023	0.003	0.000
Married	-0.002	0.004	0.607	-0.002	0.004	0.677
Child (any)	0.003	0.005	0.579	0.004	0.005	0.452
Education	-0.031	0.005	0.000	-0.032	0.005	0.000
Income	-0.053	0.006	0.000	-0.057	0.006	0.000
Unemployed	0.014	0.005	0.005	0.013	0.005	0.009
Self-employed	-0.024	0.005	0.000	-0.024	0.005	0.000
Retired	0.007	0.006	0.274	0.007	0.006	0.243
Ideology	-0.009	0.001	0.000	-0.009	0.001	0.000
IND- E. Individualism	-0.082	0.026	0.001	-0.087	0.026	0.001
Working Class Identification	-0.036	0.016	0.020	-	-	-
Lower Class Identification	-	-	-	0.036	0.017	0.035
Level-2 (Country) Effects						
CULT- E. Individualism	-0.038	0.081	0.64	-0.031	0.077	0.694
Cross-Level Interactions						
Working Class* CULT-E. Ind.	0.01	0.037	0.783	-	-	-
Lower Class* CULT-E. Ind	-	-	-	-0.02	0.043	0.643
Variance Components						
Country Level						
Class Id.	0.029	0.006		0.030	0.007	
Constant	0.079	0.008		0.070	0.011	
Class Id., Constant	-0.170	0.154		0.140	0.262	
Individual Level	0.216	0.000		0.227	0.001	
	N. Level-1 Units = 24,488			N. Level-1 Units = 24,488		
	N. Level-2 Units = 23			N. Level-2 Units = 23		
	Wald Chi2(13)=569.97			Wald Chi2(13)=596.16		
	Prob>Chi2=0.0000			Prob>Chi2=0.0000		
	-2 x Log Likelihood=-3132.2038			-2 x Log Likelihood=-3090.361		

Table 18. Interactive Effects of Social Status and Cultural Level Economic Individualism (ISSP – Role of Government 2006)

	Model 19: Support for Redistribution (ISSP)			Model 20: Support for Welfare Spending (ISSP)		
	Coeff.	***Std. Err.***	***P>|z|***	***Coeff.***	***Std. Err.***	***P>|z|***
Intercept	0.836	0.030	0.000	0.745	0.034	0.000
Level-1 (Individual) Effects						
Age	-0.001	0.000	0.000	0.001	0.000	0.000
Gender	-0.016	0.002	0.000	-0.028	0.002	0.000
Marital Status	-0.009	0.002	0.000	-0.009	0.002	0.000
Education	-0.065	0.003	0.000	-0.066	0.003	0.000
Low Income (dummy)	0.026	0.002	0.000	0.007	0.002	0.000
Unemployed	0.028	0.003	0.000	0.031	0.003	0.000
Self_employed	0.005	0.002	0.042	-0.031	0.002	0.000
Retired	0.001	0.003	0.632	0.030	0.003	0.000
Disabled	0.019	0.006	0.001	0.029	0.005	0.000
Government Employee	0.005	0.002	0.025	-0.020	0.002	0.000
Ideology	-0.040	0.003	0.000	-0.009	0.003	0.003
Union Member	0.004	0.002	0.106	-0.002	0.002	0.448
Top-bottom Identification	-0.005	0.005	0.325	0.009	0.006	0.155
Level-2 (Country) Effects						
CULT- E. Individualism	-0.037	0.055	0.504	-0.028	0.061	0.646
Cross-Level Interactions						
Top-Bottom id. *CULT-E.Ind	-0.007	0.009	0.439	-0.026	0.011	0.014
Variance Components						
Country Level						
Top-bottom id.	0.013	0.002		0.015	0.002	
Constant	0.080	0.011		0.087	0.121	
Top-bottom id., Constant	-0.582	0.126		-0.649	0.113	
Individual Level	0.161	0.000		0.159	0.000	
	N. Level-1 Units= 45,787			N. Level-1 Units = 44,591		
	N. Level-2 Units = 29			N. Level-2 Units = 27		
	Wald Chi2(15)=1265.96			Wald Chi2(15)=2051.67		
	Prob>Chi2=0.0000			Prob>Chi2=0.0000		
	-2 x Log Likelihood=-36800.016			-2 x Log Likelihood=-36955.98		

Table 19. Interactive Effect of Income and Cultural Level Economic Individualism (WVS Dataset)

	Model 21: Support for Redistribution (WVS)		
	Coeff.	***Std. Err.***	***P>|z|***
Intercept	0.742	0.024	0.000
Level-1 (Individual) Effects			
Age	0.000	0.000	0.618
Male	-0.024	0.002	0.000
Married	0.000	0.003	0.985
Child (any)	0.003	0.003	0.312
Education	-0.041	0.003	0.000
Income	-0.116	0.021	0.000
Unemployed	0.016	0.004	0.000
Self-employed	-0.028	0.004	0.000
Retired	0.006	0.004	0.109
Ideology	-0.013	0.001	0.000
IND- E. Individualism	-0.125	0.016	0.000
Level-2 (Country) Effects			
CULT- E. Individualism	-0.130	0.051	0.011
Cross-Level Interactions			
Income* CULT-E. Ind.	0.094	0.047	0.047
Variance Components			
Country Level			
Income	0.069	0.008	
Constant	0.079	0.008	
Income, Constant	-0.170	0.154	
Individual Level	0.216	0.000	
	N. Level-1 Units = 49,944		
	N. Level-2 Units = 48		
	Wald Chi2(13)=1336.33		
	Prob>Chi2=0.0000		
	-2 x Log Likelihood=-11057.6		

Table 20. Interactive Effect of Income and Cultural Level Economic Individualism (ISSP Dataset)

	Model 22: Support for Redistribution (ISSP)			Model 23: Support for Welfare Spending (ISSP)		
	Coeff.	***Std. Err.***	***P>|z|***	***Coeff.***	***Std. Err.***	***P>|z|***
Intercept	0.855	0.024	0.000	0.808	0.027	0.000
Level-1 (Individual) Effects						
Age	0.000	0.000	0.000	0.001	0.000	0.000
Gender	-0.018	0.002	0.000	-0.026	0.002	0.000
Marital Status	-0.011	0.002	0.000	-0.011	0.002	0.000
Education	-0.067	0.003	0.000	-0.065	0.003	0.000
Low Income (dummy)	0.003	0.013	0.798	-0.032	0.021	0.120
Unemployed	0.033	0.003	0.000	0.038	0.003	0.000
Self_employed	0.001	0.002	0.786	-0.032	0.002	0.000
Retired	0.001	0.003	0.725	0.032	0.003	0.000
Disabled	0.017	0.006	0.004	0.043	0.005	0.000
Government Employee	-0.002	0.002	0.304	-0.021	0.002	0.000
Ideology	-0.035	0.003	0.000	-0.014	0.003	0.000
Union Member	0.007	0.002	0.003	0.003	0.002	0.111
Top-bottom Identification	-0.007	0.001	0.000	-0.002	0.001	0.000
Level-2 (Country) Effects						
CULT- E. Individualism	-0.092	0.044	0.036	-0.19	0.047	0.000
Cross-Level Interactions						
Low Income*CULT-E.Ind	0.051	0.025	0.044	0.088	0.037	0.018
Variance Components						
Country Level						
Low Income	0.036	0.005		0.053	0.007	
Constant	0.065	0.009		0.068	0.009	
Low Income, Constant	-0.182	0.194		-0.317	0.178	
Individual Level	0.163	0.000		0.160	0.000	
	N. Level-1 Units = 45,787			N. Level-1 Units= 44,591		
	N. Level-2 Units = 29			N. Level-2 Units = 27		
	Wald Chi2(15)=1402.59			Wald Chi2(15)=2057.51		
	Prob>Chi2=0.0000			Prob>Chi2=0.0000		
	-2 x Log Likelihood=-35982.18			-2 x Log Likelihood=-36699.74		

VI. Conclusion

Economic individualism is a cultural orientation that explains cross-national variation in redistribution, measured as government size as well as variation in support for redistributive policies across nations. In addition to providing empirical support for the effect of political culture of individualism on redistributive policies and popular support for redistribution, these findings also have broader implications for the political culture literature. In the political science community, culture has usually been treated as a residual category in explaining policies, institutions and institutional change. Although in the last decades interest in political culture studies has been on the rise, and the centrality of culture in explaining social, political and economic outcomes is acknowledged in the new institutionalism literature, there has yet to be a lot done in this area. Many studies lack a proper definition of culture and a sound theoretical framework explaining how and through which mechanisms culture affects political outcomes. For those who agree that culture is an essential element in shaping social, political, and economic outcomes, the relationship is obvious, so much so that with a few exceptions, researchers have not attempted at developing strong and comprehensive theories about why and how culture matters. On the other hand, those who believe culture is not an important factor in explaining political outcomes either ignore it or do not bother to explain why cultural influences should not matter at all. In addition, some of the studies fail to provide a sound

definition of culture, and in a number of neo-institutionalist approaches, culture is simply defined as everything else that is not institutions.

In an effort to show individualism's effect on redistributive outcomes, I defined culture as shared subjective beliefs among the members of a social group (in this vase, the nation) that members of other groups do no necessarily share and that are transmitted from generation to generation. Such a definition allows for the systematic analysis of culture and its effects on other phenomena, such as individual attitudes or national policies. I argued that culture could be seen as both embedded in individual values and also as an emergent property, both of which could be measured with reference to the aggregate of individual value orientations in the society. This operationalization is based on the assumption that even though culture is more than the sum of individual value orientations, and embraces deeper meanings and collective representations, it also functions through individual values since individual actors draw upon their culturally derived value orientations, beliefs and norms when evaluating phenomena, making decisions, and taking appropriate actions. Although an aggregate approach may be too simplistic to understand the deeper meanings and symbols a culture embraces, it still seems to be a convenient way of inferring the effect of cultural orientations on political outcomes and integrating cultural elements into large-n studies. Of course, alternative approaches such as detailed case studies could provide further evidence on the effect of dominant cultural orientations on policy or public opinion and enhance our understanding of how culture works to influence various political outcomes.

I defined economic individualism as a cultural orientation, and argued that it is a significant source of cross-national variation in redistributive policies. I further argued

that culture should influence policy outcomes both through its effect on individual values and through providing the context within which social and political phenomena takes place. The empirical analyses show that economic individualism is associated with smaller governments, but not necessarily with less welfare effort. Although cultural level economic individualism explains the cross-national heterogeneity in support for welfare spending, it has no explanatory power on government spending on social welfare policies. The fact that individualism as a cultural orientation conditions citizens' attitudes towards social welfare spending, but does not predict government spending on these policies is interesting. It is possible that individualism is not the cultural dimension that affects welfare policies and other cultural dimensions such as egalitarianism is influential in explaining spending on social welfare policies. On the other hand, it is also possible that government spending on social welfare policies as percentage of GDP is not and adequate measure of welfare effort. Welfare states not only vary in terms of the amount they spend on welfare policies but also in terms of their treatment of different groups of needy people. For some groups, social protection is more easily accessible, more generous, longer lasting and/or less subject to reciprocal obligations (Oorschot, 2006: 23). For example, some welfare states, like Austria spend a large share of benefits to privileged civil servants, others spend disproportionately on means-tested social assistance (Esping-Andersen, 1990). In fact, Esping-Andersen argues that looking at the amount of spending on welfare could be misleading. He argues that different criteria and conceptualization is necessary to understand and account for the differences in welfare states. Measures reflecting such qualitative differences in welfare states could be used to assess the effect of individualist orientations on different welfare policies or different

aspects of the welfare regime. In addition, amount spent on welfare may not be a reliable measure because the cost of same extent of coverage will depend on the average price welfare services. For example, US is among the OECD countries that spend the most (in terms of percentage of its GDP) on healthcare, yet, because of the high cost of health services, it is still not able to provide coverage for a large section of the population. That is, even if some countries may be spending a lot of money on welfare services, it does not necessarily mean that large groups of people are provided for. Developing more refined and reliable measures for welfare effort could be useful in assessing the relationship between cultural influences and welfare effort.

Another important finding is that the effect of individualism on government size is not direct, but is moderated by existing institutions. That is, culture works in interaction with other factors that also constrain policy outputs. The implication of this finding is that scholars working in the field of political culture should also consider the effect of other factors when theorizing about cultural influences. An equally important finding is that the effect of institutions on policy is not uniform, but is conditional upon the value orientations of societies. Majoritarian elections and presidential systems, which are associated with lower government spending do not necessarily produce small governments under all conditions. Contrary to the conventional wisdom, in countries where collectivist orientations dominate the political context, these institutional structures are associated with larger governments. These results suggest that behavioral factors such as cultural influences or mass preferences should be taken into account when trying to predict the effects institutions on political outcomes.

One of the problems with these results is the failure to make confident statement about the direct causal effect of individualistic orientations on redistributive policies. Endogeneity and/or reverse causation are important and thorny issues in cross-sectional studies in which econometric methods may provide some guidance but may be inadequate. In the case of economic individualism and redistributive policy, I find that economic individualism is not endogeneous to redistributive policy, at least to the extent of biasing inferences. While this provides some empirical for the effect of culture on policy outcomes, the results should still be interpreted with caution due to the failure of Sargan tests. Further research in this area, which may make use of both quantitative methods and in-depth studies, would definitely shed more light on the relationship between culture and policy outcomes.

Even if debate about the influence of cultural orientations on institutions or public policy may not be resolved, there is very strong evidence for the influence of cultural context on individual attitudes towards redistribution. The cultural context influences individual attitudes so that individuals with similar predispositions should respond to policy etc differently under different cultural contexts. The literature on political culture has usually considered its effects on policy, institutions or institutional performance but has not treated culture as a source of social influence. The fact that individualist cultural orientations have strong effects on individual preferences regarding redistributive policies and social welfare spending carries implications for research in cross-cultural psychology and social psychology as well. These fields generally take the effect of culture on differences between attitudes and behavior for granted, and there has been little theory and direct empirical tests about the contextual effect of culture on individual behavior. I

argued that the broader cultural context within which political issues concerning redistribution are framed and discussed affects individual policy preferences whether individuals share the dominant orientations of their society or not. Using multilevel regression, I provide strong evidence for the contextual effect of culture on individual attitudes towards redistribution. In line with my theoretical expectations, individuals in more collectivist countries tend to support redistribution and government spending on welfare more. In addition, the results show that cultural context also conditions how individuals with different predispositions react to such policies. Individualism's impact on individual attitudes towards redistribution is dependent on the existing predispositions of respondents. That is, a person who values individual autonomy and independence in economic sphere or a person who identifies with political right would not behave the same way with a similar individual under different cultural influences. These findings establish culture's contextual influence on individual behavior and attitudes.

In addition, individualism has a strong effect on the way ideological orientations influence support for redistribution. This suggests that the dominance (or weakness) of individualism values in the society may influence the way debates about redistribution takes place among the supporters of different ideological orientations in different countries. While we observe a high consensus among the citizens of collectivist countries regardless of their ideological identification, individuals with different ideological predispositions have more variation in their redistributive attitudes in individualist countries. This implies that collectivist nations are dominated by a general level of understanding about the role of government in alleviating income inequalities. Consequently, the range of debates that take place about such policies should be more

limited, while individualistic nations should be characterized by more conflict and debate about the proper role of government in redistributing income among the identifiers of different political ideologies. This should also affect the way political parties and leaders address and handle these issues, as well as the level of conflict between parties and political leaders concerning redistributive policies. More research into party manifestos or discourses and the conflict between right and left wing parties is needed to provide empirical support for these implications.

In this dissertation, I also presented alternative methods for the measurement of culture. I have shown that where appropriate datasets are not available to infer the cultural orientations of societies, it is still possible to make use of alternative data sources, as long as they contain a number of items that at least partly tap culturally relevant value orientations. Flexible measurement methods such as confirmatory factor analysis or structural equation modeling may in fact make it possible for the researcher to develop measures of certain latent traits even though the items may not be necessarily devised to measure such traits. This way, it should be possible to measure and compare other cultural dimensions using the available cross-national datasets.

The results from the individual and cultural level individualism models show that acquiescence bias is a very serious problem in the measurement of values and culture. This is an important issue that researchers of political culture and values should take into account when developing their measures. Simple additive indices or measures based on scores from explanatory factor analysis do not take into account such effects, and would therefore be seriously biased. In addition, I have also addressed the issue of cross-national equivalency of measures constructs. Again, the findings suggest that measures

may not necessarily be invariant across different social contexts and the failure to take into account factorial variance or differential item functioning would lead in serious errors in the measures. Again, by making use of the flexibility of structural equation modeling, the researchers could test and correct for such biases where they exist.

While the results of the empirical tests suggest strong evidence for the effect of cultural orientations on individual and aggregate level outcomes, I have only been concerned with one dimension of culture and its effect on one type of policy. For the findings to be generalizable more research on other dimensions of culture and their effect on economic or social policies and public opinion should be addressed. In addition, current study emphasizes the importance of culturally shared value orientations and assumes that intercultural communication, including political discourse, communication styles, and issue frames would be affected by the dominant cultural orientations of the society and assumes that political discourses and issue frames disseminated by the media and political elites constrain the range of options available to the members of the society concerning the responses to specific policy issues. Further research should be carried to assess how cultural context is reflected in these processes and to understand the process by which cultural context affects the way individuals describe, explain and account for the political phenomena and how they respond to it. In addition, future research could also address how culturally constructed meanings shape psychological processes that lead to attitude formation and change and how the interactions between the individual and the social and political context affect the process of attitude formation as well as how social, political and institutional context affects attitude change in the long term.

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Appendix 1. Countries and Waves Used in Building the Individualism Measures

Country	Wave	Year	Reason for exclusion	Sampling Issues
Albania	4	2002		
Algeria	4	2002	High d.k. in certain variables	
Azerbaijan	3	1997	High d.k. in certain variables	
Argentina	4	1999		
Australia	3	1995	Missing some IND items	
Austria	4	1999		
Bangladesh	4	2002	High d.k. in certain variables	
Armenia	3	1997		
Belgium	4	1999		
Bosnia&Herzeg.	4	2001		
Brazil	3	1997		
Bulgaria	4	1999		
Belarus	4	2000		
Canada	4	2000		
Chile	4	2000		
China	4	2001		Urban population is overrepresented.
Taiwan	3	1994		
Colombia	3	1998	Missing some IND items	
Croatia*	3	1996		
Czech Rep.	4	1999		
Denmark	4	1999		
Dominic Rep.	3	1996		Sample is not nationally representative.
El Salvador	3	1999	Missing some IND items	
Estonia	4	1999		
Finland	4	2000		
France	4	1999		
Georgia	3	1996		
Germany	4	1999		
Greece	4	1999		
Hungary*	3	1998		

Country	Wave	Year	Reason for exclusion	Sampling Issues
Iceland	4	1999		
India	4	2001		
Indonesia	4	2001		
Iran	4	2000		Sample is not nationally representative.
Iraq	4	2004	Missing some IND items	Sampling problems noted (not specific).
Ireland	4	1999		
Israel	4	2001	Missing some IND items	
Italy	4	1999		
Japan	4	2000		
Jordan	4	2001	High d.k. in certain variables Some questions did not make sense	
Rep. of Korea	4	2001		
Kyrgyzstan	4	2003	Does not appear in the dataset.	
Latvia	4	1999		
Lithuania	4	1999		
Luxembourg	4	1999		
Malta	4	1999		
Mexico	4	2000		
Rep. of Moldova	4	2002		
Morocco	4	2001	Sampling issues Some questions did not make sense	Urban population overrepresented.
Netherlands	4	1999		
New Zealand	3	1998		
Nigeria	4	2000	Some IND variables missing	Sampling issues noted.
Norway	3	1996		
Pakistan	4	2001	Sampling issues	
Peru	4	2001		

Country	Wave	Year	Reason for exclusion	Sampling Issues
Philippinnes	4	2001		
Poland	4	1999		
Portugal	4	1999		
Puerto Rico	4	2001		
Romania	4	1999		
Russian Federation	4	1999		
Saudi Arabia	4	2003	High d.k. in certain variables	
Singapore	4	2002		
Slovakia	4	1999		
Viet Nam	4	2001	Extreme agreement on questions	
Slovenia	4	1999		
South Africa	4	2001		
Zimbabwe	4	2001		
Spain	4	2000		
Sweden	4	1999		
Switzerland	3	1996		
Turkey	4	2001		
Uganda	4	2001		
Ukraine	4	1999		
Macedonia	4	2001		
Egypt	4	2000		
G. B.*	2	1990		
Tanzania	4	2001	High d.k. in certain variables	
United States	4	1999		
Uruguay	3	1996		
Venezuela*	3	1996		
Serbia and Montenegro	4	2001		
Northern Ireland	4	1999		

Appendix 2. Summary Statistics of Items used in the Individual-Level Individualism Scale (Pooled Dataset)

Variable	Number of Observations	Mean	Std. Deviation	Minimum	Maximum
Love and respect parents	88467	0.1923	0.3941	0	1
Child Q: Independence	91285	0.5122	0.4999	0	1
Child Q: Hard work	91289	0.5634	0.4960	0	1
Child Q: Responsibility	91285	0.7295	0.4442	0	1
Child Q: Determination	91273	0.1970	0.3977	0	1
Child Q: Imagination	91272	0.3702	0.4829	0	1
Job: Use initiative	91333	0.4884	0.4999	0	1
Job: Can achieve something	91364	0.6067	0.4885	0	1
Job: Responsible	91350	0.4904	0.4999	0	1
Job: Interesting	91383	0.6207	0.4852	0	1
Job: Meets one's abilities	91374	0.6310	0.4825	0	1

Appendix 3. Summary Statistics of Items used in the Cultural-Level Individualism Scale (Aggregated Dataset)

Variables	Number of Observations	Mean	Std. Deviation	Minimum	Maximum
Love and respect parents	67	0.2036	0.1409	0.0252	0.6794
Child Q: Independence	67	0.5156	0.1775	0.1726	0.8855
Child Q: Hard work	67	0.5489	0.2485	0.0207	0.9166
Child Q: Responsibility	67	0.7398	0.1043	0.4606	0.9233
Child Q: Determination	67	0.2005	0.0939	0.0263	0.4089
Child Q: Imagination	67	0.3759	0.1141	0.0910	0.6902
Job: Use initiative	67	0.4868	0.1524	0.1412	0.9027
Job: Can achieve something	67	0.6015	0.1484	0.3070	0.9306
Job: Responsible	67	0.4766	0.1762	0.1420	0.9542
Job: Interesting	67	0.6258	0.1406	0.1780	0.9155
Job: Meets one's abilities	67	0.6267	0.1487	0.2940	0.9583

Appendix 4. Summary Statistics of Variables Used in OLS Regressions (Chapter IV)

Variables	Number of Observations	Mean	Std. Deviation	Minimum	Maximum
Economic Individualism	67	0.377	0.231	0	1
Central Government Expenditures	67	29.154	11.134	9.743	51.178
Social and Welfare Expenditures	59	9.518	6.689	0.129	22.385
Democracy	69	2.306	1.185	1	4.889
Per Capita GDP (Logged)	69	8.584	0.908	6.427	9.942
Trade Openness	69	73.543	50.582	17.562	343.387
Old Age Population	68	9.483	4.77	2.367	17.43
Federalism (Dummy)	68	0.191	0.396	0	1
Majoritarianism (Dummy)	69	0.319	0.469	0	1
Presidentialism (Dummy)	69	0.377	0.488	0	1
Protestant Legacy (Dummy)	67	0.191	0.396	0	1
Confucian Legacy (Dummy)	67	0.441	0.207	0	1
Pronoun Drop (Dummy)	51	1.392	0.493	1	2

Appendix 5. Summary Statistics of Variables Used in Multilevel Regressions (Chapter V)

	Number of obs.	Mean	Standard Deviation	Minimum	Maximum
World Values Survey					
Support for Redistribution	65536	0.502	0.234	0	1
Age	93645	42.3	16.659	15	99
Gender	93814	0.475	0.499	0	1
Marital Status	93473	0.621	0.485	0	1
Has Child	92680	0.722	0.448	0	1
Education	90377	0.420	0.368	0	1
Income	81372	0.400	0.279	0	1
Unemployed	90992	0.092	0.289	0	1
Self-employed	90992	0.083	0.275	0	1
Retired	90992	0.157	0.364	0	1
Ideology	70963	5.510	2.270	1	10
Ideology (mean-imputed)	93862	5.508	1.974	1	10
Working Class Identification	51611	0.198	0.398	0	1
Lower Class Identification	51611	0.134	0.341	0	1
E. Individualism (Individual-level)	87208	0.536	0.167	0	1
E. Individualism (country-level)	93862	0.359	0.219	0	1
ISSP-Role of Government (2006)					
Support for Redistribution	84148	0.719	0.181	0	1
Support for Spending on Welfare	82215	0.695	0.190	0	1
Age	95258	45.701	17.731	15	98
Gender	95566	0.455	0.498	0	1
Marital Status	94993	0.545	0.498	0	1
Education	94133	0.528	0.308	0	1
Low Income (dummy)	77819	0.274	0.446	0	1
Unemployed	94985	0.073	0.260	0	1
Self_employed	78474	0.176	0.381	0	1
Retired	94985	0.192	0.394	0	1
Disabled	94985	0.020	0.138	0	1
Government Employee	78474	0.190	0.392	0	1
Ideology	51978	0.474	0.250	0	1
Ideology (imputed)	89765	0.484	0.260	0	1
Union Member	85214	0.161	0.367	0	1
Top-bottom Identification	91134	4.929	1.868	1	10
E. Individualism (country-level)	85272	0.370	0.246	0	1