THE POLITICS OF ENVY AND ESTEEM
IN TWO DEMOCRACIES

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Abstract

Implicitly or explicitly, research on democratic politics often assumes that citizens seek primarily to maximize their material wealth or power. By contrast, drawing on insights from social psychology and behavioral economics, this dissertation argues that individuals also care deeply about their relative positions within groups, particularly vis-à-vis neighbors and co-ethnics. High within-group status is pleasurable in itself, and under certain circumstance citizens pursue it at the expense of their material interests. The innovation of the dissertation is to highlight the importance of within-group status concerns (envy, spite, the desire for esteem) for understanding real-world political behavior.

The core of the dissertation uses within-group status concerns to address three important puzzles. First, I ask why democracies sometimes fail to meet the needs of their citizens. Specifically, I look at instances of Pareto-improving policies that, despite promising to make no one materially worse off, often go unimplemented. I show that citizens’ concerns for within-group status give rise to public opposition to such policies when, though Pareto-improving, the policies make some citizens better off than others. Second, I consider puzzles about preferences over government redistribution. Why, despite conventional wisdom, do citizens sometimes vote for redistribution schemes that would make them materially worse off? I show that citizens do so when policies promise them status benefits instead. Finally, I explore the classic collective action dilemma. When and why do ordinary citizens choose to participate in protests and other forms of political collective action given that they could reap the benefits and bear none of the costs if they abstain? I show that the promise of higher within-group status can act as a powerful selective incentive for citizens to participate. In
testing these arguments, I employ methods ranging from interviews and archival document review to large-n statistical analyses to field experiments.

I concentrate the empirical analyses in two democracies: South Africa and the United States. I do so because these two countries provide tough places for the theory to hold while also demonstrating that the theory can hold in different contexts. The final chapter considers the scope of the findings and offers suggestions for extensions.
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Chapter 1

INTRODUCTION

Under what conditions do democracies fail to meet the needs of their citizens? How do ordinary citizens evaluate and vote on public policies? Why and under what conditions do citizens choose to participate in politics? These are long-standing political questions. Although they are not often examined together, this study investigates all three.

But it does so from a particular angle. We often think of politics as primarily about the quest for resources or power or some other material interest. Many cutting-edge works in comparative politics center around these goals. Citizens vote based on a desire to maximize their own resources and physical safety (e.g. Posner, 2005; Ferree, 2011; Magaloni, 2006). Elites allow democratization and democratic consolidation when doing so means the least threat to their own income (Boix, 2003; Acemoglu and Robinson, 2006; Dunning, 2008). Conflict arises where possessions and power are at stake, whether because citizens want to protect their access to resources (Dancygier, 2010), or because elites see the instigation of violence as a way to hold onto power (Wilkinson, 2006). Citizens participate in politics when the material and physical costs of doing so decrease and when their power vis-à-vis elites has declined (Teitelbaum, 2011; Chen, 2012). Each of these studies sheds extraordinary light on both macro and micro political outcomes. Yet, missing is an accounting of citizens’ and
elites’ desires for status.

This study relaxes assumptions that citizens seek primarily to maximize their resources, power or other material interests when they enter the political arena. Instead, it allows that, sometimes, they envy and spite each other. Sometimes, they simply desire each other’s esteem. Either way the innovation of this study is to allow citizens’ desires to do well relative to other citizens to influence their political preferences and behavior, even at the expense of other interests. A great deal of social psychological research has shown that, as much as man is by nature a political animal, he is also a status-obsessed animal. The question here is whether his concern for status has independent consequences for his politics.

I approach this topic through a series of what might be called essays, in Montaigne’s sense of the word. Each chapter constitutes an attempt to relax common assumptions and see if we can explain more about political behavior by allowing for status concerns. Consider a simple observation from social psychology: people constantly compare themselves with other, like people. It is a natural process. Within groups of people assumed to share similar backgrounds and capabilities—often within groups of neighbors and among members of the same racial, ethnic, or occupational groups—individuals compare how much stuff they have with how much the others have; they compare their achievements with those of the others; they compare various attributes—bravery, sociability—with those of the others. They also seek the admiration of these people. People engage in within-group comparisons and desire in-group admiration because each wants to gauge her own individual social status—

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1It is important to be clear that this framework does not contradict rational-choice paradigms per se. Rational choice models are compatible with a variety of human desires. It happens that much of political science research has focused on the desire to maximize individual economic well-being or to stay in office (positions of power). This study posits a different constellation of desires.

2An area of political science research that explicitly does not make assumptions about the quests for resources and power is scholarship on ethnic politics that builds on social identity theory from social psychology (e.g. Horowitz 1985, Lieberman 2009, Shayo 2009 drawing on, among others, Turner, 1982). The framework of this dissertation builds on insights from this literature. For one, I take seriously the finding that individuals often prioritize relative welfare at the expense of absolute welfare and I apply this notion to intra-group behavior.

3For a thorough overview of the relevant literature, see Fiske 2010.

4Chapter 2 discusses and justifies the range of applicable reference groups in detail.
her position\textsuperscript{5} among others in a given group based on assets, actions and traits (Weiss and Fershtman 1998). Knowing her social status helps an individual cope with certain questions: For instance, does she make a lot of money? Has she been successful? Is she a good person? Often she can feel good about how she is doing only through positive comparisons with others similarly situated. Under these circumstances, occupying a high within-group status becomes a good for which she is willing to make real sacrifices. It can bring with it other goods (e.g. increased attention, economic opportunities and influence), but within-group status is also pleasurable in itself and sometimes pursued at the expense of other interests.\textsuperscript{6}

The following essays show that these observations have important implications for political behavior. The basic starting point is that individuals’ concern for their within-group status is not interchangeable with their concerns for resources or for power. Under some circumstances, high within-group status is a good people seek for its own sake—a good for which they make real material sacrifices. Indeed, the quest for within-group status can lead people to seek satisfaction, not in their own benefit, but rather in harming others.

In relating these insights to politics, I do not attempt to cover all areas of political behavior. Instead I address three particular puzzles that have to do, broadly, with what citizens get from government, what they want from government, and whether and when they participate in politics. First, I examine the question of why democracies sometimes fail to meet the needs of their citizens. Specifically, I look at instances of Pareto-improving policies that, despite promising to make no one materially worse off, often go unimplemented. I show that citizens’ concerns for within-group status give rise to public opposition to such policies when, though Pareto-improving, the policies make some citizens better off than others. Second, I consider puzzles about citizens’ preferences over government redistribution. Why, despite conventional wisdom, do citizens vote against redistribution schemes that would make them materially better off? I show that citizens often do so when policies promise them status

\textsuperscript{5}As I will describe in greater detail later, by “position” I mean not only rank within a group but also the distance between ourselves and those who are doing better and worse than we are in terms of material welfare and social esteem.

\textsuperscript{6}More on the conceptual distinction between desires for status, property and power below.
benefits. Finally, I explore the classic collective action dilemma. When and why do ordinary citizens choose to participate in protests, rallies and other forms of public collective action given that they could reap the benefits and bear none of the costs if they abstain? I show that the promise of higher within-group status can act as a powerful selective incentive for ordinary citizens to participate.

If Lasswell (1936) was right that “politics is who gets what, when and how,” then these applications of the theory cut to the heart of what we should be trying to explain in political science. But the applications are not just theoretically interesting. The following essays should also be of interest to policy-makers. They reveal that, in order to be implemented successfully, policies need to be not just Pareto-improving but also equitable. If one wants to reduce inequality in a democracy, one has to empower those who can gain status benefits from redistribution. Policies that take within-group status concerns seriously can also motivate political participation by using low-cost, symbolic gestures that promise in-group admiration. Thinking differently about political behavior both enriches our theoretical explanations and should improve our policies.

I concentrate these essays on two democracies: South Africa and the United States. These countries are both unlikely places for within-group status concerns to matter. If we are looking for the influence of comparisons within ethnic and racial groups, for instance, we might expect these countries to be two of the unlikeliest places for such comparisons to shape political behavior. Both countries have histories of severely racist institutions and racial segregation, such that perceptions of linked fate among members of the same race are strong (Dawson, 1994; Gilens, 2000; Horowitz, 1992; Marx, 1998). Although in both countries within-group inequalities are real and pervasive, political rhetoric has often focused on differences and inequalities between race groups, masking inequalities within them. As a result, we do not generally expect a citizen in the United States or South Africa to compete with other members of her race group for status, especially not at the expense of her own material welfare and power or that of her group.
There are other reasons for which these two countries are tough cases for the general theory. For one, we might expect that narratives of individual enrichment are strong enough in the United States to undermine any desire for status at the expense of personal fortune. The ideology of the American Dream is that all individuals, if they work hard enough, can “make it.” This narrative accomplishes two things. First, it elevates absolute wealth above other possible goals. Second, it implies that, if a person simply works hard enough, he can rise to the top of the economic hierarchy. He should not need to sacrifice his own power and possession or have to cut others down in the process. As a result, we might not expect ex ante that within-group status concerns would be powerful explanators of the political behavior of most Americans. For another, the following essays look at South African politics in the late 1990s and early 2000s, soon after the transition from apartheid. This transition was one that cut down barriers to power and fortune for a majority of South Africans. Other scholars (Hirschman and Rothschild, 1973) have predicted that such transitions will leave a warm glow, at least for a little while. Citizens should be so elated by seeing others like them succeed that they refrain from competing for within-group status. For this reason, South African politics just after the transition to apartheid is also an unlikely place to find a strong influence of within-group status concerns on political behavior.

While the United States and South Africa are tough places to test the theory, the two countries also quite different. Both countries are democracies, where the motivations and actions of citizens are most likely to have an observable effect on public policy and patterns of governance. But they offer examples of a consolidated democracy, on the one hand, and of one still transitioning, on the other. They also offer examples of both a developed economy and a developing one. Some scholars have argued that status concerns matter for social behavior only in developed economies, (Clark and Oswald, 1996; Clark et al., 2008; Caporale, 2009; Bookwater and Dalenberg, 2009; Akay and Martinsson, 2011). These studies argued that within-group status matters to people only when they do not have to worry about basic resources on a daily basis. The essays in this study nevertheless demonstrate the
profound ways in which within-group status concerns can influence political behavior even among the poor in South Africa. They thus demonstrate that within-group status concerns can be powerful motivators of political behavior under varying circumstances.

In Chapter 2, I engage in a full discussion of the theory and its applications. I review and elaborate on relevant literatures in social psychology, sociology, and economics to illustrate what we know about the human drives for status goods. What are within-group status goods? With whom do we compete for them? Under which circumstances are we willing to make material sacrifices in order to win them? In which areas of political behavior should we expect the quest for status to be most relevant? After laying this general theoretical foundation, I apply it to the three specific puzzles about political behavior.

At the outset, however, it is worth thinking in general terms about status goods. Do they differ conceptually from material goods and from power, and if so, why? And why should we expect ex ante that the quest for status goods will be relevant to politics?

**Status, Property and Power**

As I will elaborate more in Chapter 2, when I argue that people desire within-group status, I mean they desire a bundle of “status goods” that includes both objective and subjective components. People desire to be measurably and visibly better off than others: to have more visible property, to consume more, to have more trophies. They also desire the less easily measurable but nevertheless palpable components of within-group status—that is, the esteem or the high opinion of others within that group. I bundle both of these desires together as concerns for status goods. Others have described a similar bundle of motivations as “status passions,” a category which Grant (2008) argues includes vanity, pride, envy, jealousy, and the desire for honor and glory (453).

Weber describes a tripartite model of human social groupings, namely “class, sta-
tus, and party.” Each grouping relies on aspirations for conceptually different goods: for property and wealth (class), for prestige and a high relative position (status), and for power (party). According to this model, the three categories of aspirations, including aspirations for within-group status, are conceptually distinct. Runciman (1996), drawing on Weber, emphasizes, “To want wealth is not necessarily to want prestige or power; to want prestige is not necessarily to want wealth or power; to want power is not necessarily to want wealth or prestige” (228). Later I will argue that empirically, under certain circumstances, the three motivations lead to divergent forms of political behavior. But why should we begin with this possibility? Why should we not believe \emph{a priori} that status concerns are derived from concerns for material gains or for power?

Weber is not alone in arguing that status concerns arise independent of and therefore can face trade-offs with concerns for material wealth and for power. Adam Smith, for example, is often treated as the paramount example of a thinker who conceptualized public behavior as driven primarily by concern for material goods. Yet he wrote eloquently of human beings’ desire for social esteem as an end in itself:

\begin{quote}
Nature, when she formed man for society, endowed him with an original desire to please, and an original aversion to offend his brethren. She taught him to feel pleasure in their favourable, and pain in their unfavourable regard. She rendered their approbation most flattering and most agreeable to him \emph{for its own sake}.
\end{quote}

(Smith, Theory of Moral Sentiments, 1756, 116, emphasis added)

There is something enjoyable about the good opinion of others and also about doing well compared to others, even if no other benefits (riches or power) result. In his \textit{Discourse on the Origin and Foundations of Inequality}, Rousseau (1754) drew a distinction between \textit{amour-de-soi} and \textit{amour-propre}. Both are kinds of self-love. Yet the first focuses on self-preservation, on basic needs, on material interests. The second by contrast focuses on distinction from others. \textit{Amour-propre} is the desire to be better than others, and even to put others down
so one can surpass them. It is a self-love that arises independently from other concerns and for which human beings make real sacrifices both in terms of absolute wealth and influence.

In their careful essays in *The Economy of Esteem*, Brennan and Pettit (2005) identify several reasons for which human beings desire social status goods. Some of these are indeed tied to the desire for property and power. For instance, having esteem can smooth relations with other people, making it easier to get what we want. Similarly, having more resources than others may grant the power to use force against, to bribe or to otherwise influence those who stand in our way. In these senses, status goods can serve as gateways to more power in the short-term and to more property over the long-term. Yet these authors, like Smith and Rousseau, also argue that there is something inherently pleasurable about occupying a high social status, even if one were to die the next moment, earning nothing additional from the experience. A high social status, they argue, gives us a sense of heightened self-worth. They acknowledge that it may very well be the case that there is some evolutionary basis to our desire for high status (see also, Beach and Tesser, 2000). Perhaps at some point in time occupying a high status ensured our survival or ensured our ability to procreate. Yet, that status may have served this purpose at one time does not eliminate the possibility that it holds independent value today—and that its pursuit can lead to trade-offs with the pursuit of material welfare and power. Indeed, researchers have found that most social comparisons are “spontaneous, effortless, and unintentional” and therefore “relatively automatic” rather than calculated (Gilbert, Giesler and Morris, 1995). Furthermore, they find that the self-esteem raising and pleasurable characteristics of within-group status can, under some conditions, outweigh other instrumental considerations.

There are dissenters, of course. James Scott (1989), for instance, thought of status as

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8 “The idea that the desire for esteem is to some extent biologically hardwired is not outlandish, since a person’s inclusive fitness would seem to be increased by the presence of that desire. It might be hardwired in this way, so far as it exists as a modular, motivational force that operates independently of information about the effects of its satisfaction” (Fodor, 1983).
a subset of power. He argued that we can have power without prestige, but that prestige is always accompanied by power. This take on prestige, however, does not account for certain aspects of human behavior. As Brennan and Pettit (2005) have argued, human beings also value the esteem of strangers and the esteem of future generations. We act in furtherance of esteem after our deaths, even though we cannot possibly benefit from increased resources or power after we are gone. We care about earning the esteem of strangers and about doing better economically than they, even though we do not expect to meet them again or to earn reputations with others as a result. As I will describe below, in experiments subjects have sacrificed money in order to outrank other anonymous subjects whom they will never meet again. Some have even argued that the desire for the esteem of strangers explains our tipping behavior in restaurants we do not frequent (Elster, 1989).

Hobbes is also a dissenter, though he allows that “status passions” are distinct from desires for material possessions. In *Leviathan*, he writes of other social, political animals who live peacefully with one another and do not need a common authority to keep them “in awe.” Why are humans different? For one, he answers, those creatures “have no other direction than their particular judgments and appetites” whereas “men are continually in competition for honour and dignity...and consequently amongst men there ariseth on that ground, envy and hatred, and finally war” (Part 2, Chapter 17). Here, concerns for status—for honour and dignity—are distinct from concerns for basic needs and for self-preservation, for other political animals follow appetites for survival and basic needs but, according to Hobbes, do not share status motivations. Hobbes continues,

Secondly, amongst these [non-human] creatures, the common good differeth not from the private; and being by nature inclined to their private, they procure thereby the common benefit. But man, whose joy consisteth in comparing himself

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9“When and if deference is directly contradicted by general off-stage contempt, we are alerted that we are in the presence of power unaccompanied by prestige” (146).
10“Prestige can be thought of as the public face of domination” (146).
11We know now from studies of both chimpanzees and dogs that other animals also share status motivations. See, for example, Range et al. (2001) and Brosnan, Schiff and de Waal (2005).
with other men, can relish nothing but what is eminent.

(Part 2, Chapter 17)

Whereas other creatures are concerned simply with their own survival, with their private appetites, human beings wish naturally to stand out from other human beings. Their joy—their utility—draws in part on distinction from others, and not just on the absolute value of their properties. Indeed, as Hobbes continues, it is clear that man’s *politics* arise precisely from these status concerns. Other social animals can live peacefully with no common power. By contrast, it is at least in part because of competition for honour and dignity that men must voluntarily consent to the Leviathan in order not to be in a constant state of war.

Yet, though Hobbes allows that status passions are distinct from desires for material possessions, he ultimately views status passions as instruments to power (Grant, 2008). He identifies esteem and honor as types of power—power being the ability to secure all manner of future goals. Hobbes explains that man wants “to assure for ever, the way of his future desire,” and for this purpose he seeks power. He adds, “In the first place, I put for a general inclination of all mankind, a perpetual and restless desire of power after power, that ceaseth only in death” (Leviathan, Part I, Chapter XI). Status goods in this sense are pursued instrumentally. Man “relish[es] nothing but what is eminent” because only in this way can he clear the path for obtaining his future desires. Only by exceeding other similarly situated men in all things (property, physical strength, and reputation) can he assure his future well-being. Indeed, in *The Elements of Law Natural and Politic*, Hobbes defines honor as “the acknowledgment of power” (8.4).

Nevertheless, as do Brennan and Pettit, Hobbes allows that men desire esteem, honor and eminence after their deaths, even “though after death, there be no sense of the praise given us on earth.” He explains that though the esteem of future generations clearly serves no instrumental purpose for an individual, it is still valued: “Men have present delight therein, from the foresight of it...which though they now see not, yet they imagine; and any thing
that is pleasure to the sense, the same also is pleasure in the imagination” (Leviathan, Part I, Chapter XI). According to Hobbes, men relentlessly pursue power; and status is an instrument to power. But this means that men also pursue status even when they might not actually realize—but only imagine—the power from it.

Indeed, we now have evidence from experimental work that, in many settings, individuals do pursue better relative positions even when doing so will gain them neither property nor power. Consider evidence from anonymous laboratory experiments in which subjects are given the opportunity to leave the lab in a better relative position but with less money and with no further opportunity to interact with other subjects from the lab. Fehr, Hoff and Kshetremade (2008) found widespread evidence of what they call “spiteful behavior” in the experiments they conducted in Uttar Pradesh, India. They define spite as “the desire to reduce another’s material payoff for the mere purpose of increasing one’s relative payoff” (494). In single-shot trust games with third-party punishment, third parties frequently punished the other players at a cost to themselves. The cost to the punisher was always slightly less than the cost to the punished, thus reducing the difference in payoffs between them and improving the third party’s relative position. The third parties punished players in this way regardless of the way in which the first and second parties had behaved towards each other. Third-party players explained willingness to punish in post-experiment surveys by saying, “I wanted to destroy [player] B,” “I was jealous of B; that is why it is important to impose a loss on him,” or “Imposing a loss in the game gives enjoyment” (496).

Similarly, Zizzo (2001) allowed subjects in his lab in Britain to “burn” the money of other subjects after money had been allocated through a betting round. Eliminating (“burning”) the money of other players was costly and the game was one-shot, so engaging in burning behavior meant that a subject walked out of the lab with less money but in a better relative position vis-à-vis other participants than he would have been in had he not engaged in burning. The subjects could not have expected to have more power over other subjects as a result of their improved relative positions either, because the experiment was
conducted anonymously. Nevertheless, Zizzo found that over 60% of the subjects engaged in burning behavior.

Using a different operationalization of status, Huberman, Loch and Oncüler (2004) conducted an experiment with an investment round followed by a lottery round. Subjects’ eligibility to participate in the lottery round depended on how much they invested in the first round, but their chances of winning the lottery round depended on the size of their remaining endowment. In other words, investing more in the first round increased a subject’s chances of moving on but decreased her chances of actually winning the lottery round. In the “status condition,” the subject who invested the most in the first round of the experiment was given a tag that read “winner” and was rewarded with applause from the other participants. Huberman, Loch and Oncüler found that subjects invested at a much higher rate in the first round under this condition than when no recognition was provided to the winner of the first round. Because investing more in the first round reduces one’s chances of winning the lottery, subjects lowered their expected earnings by about 18% on average in order to gain the expressed esteem of others. Subjects did not know each other’s identity, so they could not expect other material or power rewards to result from pursuing esteem.

Building on this empirical evidence and on insights from many political theorists, the contention in the rest of the dissertation will be that while status, wealth and power are often intertwined as Hobbes suggests, under certain conditions they can motivate individuals independently and with different consequences.

**Status and Politics**

Conceptually and empirically, I have reason to believe that concerns for material possession, for power and for status are distinct human motivations. But why integrate status motiva-
tions into the study specifically of political behavior? In Plato’s Republic, Socrates discusses the spirited part of the soul (thymos). Among the thymatic passions are those that strive for distinction and for glory. The thymatic passions are independent from the desiring part of the soul which seeks to satisfy basic appetites and needs. The thymatic passions are the ones that create conflict among men and thus the need for government. They create the impetus and the ongoing need for political structures. Indeed, envy—the desire to harm another person just because he is comparatively better or better off 12—is omnipresent in stories of state formation, starting with Cain’s founding of Enoch (Genesis 4:17) and continuing with the establishment of Rome. As St. Augustine writes in City of God, “Thus the founding of the earthly city was a fratricide. Overcome with envy, he slew his own brother...We cannot be surprised that this first specimen of crime, should...find a corresponding crime at the foundation of that city which was destined to reign over so many nations” (City of God XV: 5). For many authors, concerns for status are literally at the foundation of government.

There are two common definitions of politics, one which focuses on the site of political behavior (Sartori, 1973) and one which focuses on its processes (Leftwich, 2004). There are reasons to expect ex ante that within-group status concerns would be relevant to politics whichever definition we use. Consider the claims in Plato’s Republic and in City of God. If our definition of politics centers on activity that happens within the realm of government or the state (that is, on the site of political behavior), 13 then status concerns are likely to be important because they provoke conflict with which the state has to grapple—with which perhaps only the state can grapple. To the extent that the site of politics is also the public square, status concerns must certainly be a feature of it. Status concerns arise only when inter-personal differences in wealth or behavior are visible—that is, when they are public. James Scott (1989) wrote, “Completely covert status or prestige is almost a contradiction in terms” (145). We envy what is visible and can be esteemed only for what others know

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12 Cain’s envy towards his brother arose “for no other reason than because [Abel was] good, and [better than Cain]” (City of God XV: 5).
13 “[Political behavior] does not point to any particular type of behavior; rather, it denotes a locus, a site of behavior” (Sartori, What is Politics? 1973: 17).
about us. Even in myth, envy is intimately linked with what can be seen. In *Purgatorio*, for instance, Dante visits those guilty of the sin of envy. As punishment, they have their eyes sewn shut with iron wire. Within-group status concerns are a natural feature of public sites where people live close to one another and view how much they have and how much others have. Based thus solely on a definition of politics as site, one might expect that status concerns are important features of political life.

Yet, even if our definition centers on politics as process, status concerns should also be important. As a process, politics is a feature of all kinds of groupings, whether governed by a state, characterized by a public square, or not. Unlike some other types of activities, though, politics revolves specifically around the origins, forms, distribution, and control of power. Lasswell’s quip that politics is about “who gets what, when, how” is a variation of this definition of politics that focuses on the tight connection between resources and power. Yet, to understand the origins, forms, distribution, and control of power, we must understand both the pursuit of power and resources and also the goals that can trump it. As one of those goals that can trump the pursuit of power, status can thus help us understand the contours and timing of political behavior.

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Having argued that status concerns are conceptually distinct from desires for property and power, and that they are likely important ingredients in political behavior, the goal of the rest of the study is to explore this likelihood empirically.

**Looking Ahead**

The rest of the dissertation proceeds as follows. In Chapter 2, I lay the theoretical groundwork for the empirical chapters. First I define both intuitively and formally what I mean by

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14Thorstein Veblen wrote in *The Theory of the Leisure Class*(1899) that “Wealth or power must be put in evidence, for esteem is awarded only on evidence” (36).
within-group status concerns. How do they differ from other types of other-regarding motivations? Are status concerns really just concerns for fairness? Does the concept presented here differ from relative deprivation, status anxiety, and last-place aversion? Second, I draw on research in social psychology and economics to shed light on the following questions: Against whom do we measure our social status? And under what conditions do we prioritize status at the expense of material possessions and power? This review combines the insights of scholarship on inter- and intra-group social psychological processes with work in behavioral economics and political economy. I use answers to these questions to build a general theory of how social status concerns might influence political behavior. I argue that there is a set of situational triggers that raise the salience of within-group status concerns among citizens. In the presence of these triggers, citizens favor policies and government actions that level down assets and incomes within neighborhoods and among in-group members. In the presence of these situational triggers, citizens are also particularly likely to participate in collective forms of political behavior. Within-group status concerns both boost political participation and increase the likelihood of leveling-down policies.

In Chapters 3, 4, and 5, I test the general theory in the contexts of particular empirical puzzles. In Chapter 3, I tackle a puzzle that has important consequences for economic development, namely why do some communities successfully provide individually-targeted goods (houses, toilets, livestock) to low-income families while others do not? I find that where within-group status concerns are highly salient, citizens lobby for equal and simultaneous delivery of individually-targeted, visible goods even though they understand that such lobbying lowers their chances of ultimately receiving the goods and even though allowing piecemeal delivery of the goods would not undermine their lobbying power. One punch-line from this chapter is that where within-group status concerns are highly salient, Pareto-improving but inequitable policies are more likely to be met with resistance and to become difficult to implement.

In Chapter 4, I examine broader attitudes toward taxation and progressive redistri-
bution policies. Why do many rich individuals support progressive taxation from which they do not stand to gain? And why do many poor individuals oppose progressive taxation from which they would benefit materially? I find that where situational triggers raise the salience of within-group status concerns, citizens’ attitudes toward taxation are conditioned by their relative positions among neighboring co-ethnics. Citizens support taxation policies that will better their status among co-ethnic neighbors, even if they will have less money as a result. This finding holds even in places where differences across ethnic groups have been highly politicized. The chapter presents a novel way to think about citizens’ redistributive preferences, one that is grounded in local comparisons and that allows individuals to prioritize their social status at the expense of their pocketbooks. Indeed, distributional outcomes and attitudes toward redistribution examined in Chapters 3 and 4 are an obvious but tough place for me to begin testing the theory because conventional wisdom often conceives of relative position concerns mattering for these outcomes only because relative position concerns have direct consequences for individuals’ absolute material welfare. Here I demonstrate that they can be conceived of otherwise.

Chapters 3 and 4 center on within-group status as objective relative position, so in Chapter 5 I turn to the subjective, felt aspects of within-group status—to the desire for esteem. Here, I focus on the puzzle of why citizens choose to participate in collective forms of political action, given the material benefits of free-riding. I use a field experiment to test whether the promise of in-group esteem can act as a selective incentive that induces individuals to participate in a political rally. Subjects in the experiment sacrifice time and resources for the prospect of higher within-group esteem, without the prospect of earning influence or additional resources as a result. The promise of within-group esteem itself boosts political participation. The chapter provides both a novel way to test for social incentives and a new way to think about the act of participating in collective action.

15 The Meltzer-Richard model of taxation, for instance—a model that is the basis for much political science work, including Boix (2003) and Acemoglu and Robinson (2006)—assumes that individuals try only to maximize their post-tax-and-transfer income. Relative position in the Meltzer-Richard model matters only when it has direct implications for absolute income.
In each of the empirical chapters, I look for observable implications of the theory in two democracies: South Africa and the United States. I do so because these two countries provide tough places for the theory to hold while also demonstrating that the theory can hold in different contexts. I look for the implications in two democracies because citizens’ preferences and actions are most likely to have traceable effects on policy and government action in these regimes. In Chapter 6, I turn to a discussion of the scope conditions of the findings in the three empirical chapters. This discussion opens up space to suggest other areas of political behavior for which social status concerns are likely to be relevant. The goal is to leave the reader with concrete ideas for pursuing this line of inquiry in future research.
Chapter 2

THEORY

Within-group status concerns are pervasive and powerful in social life. They are conceptually distinct from concerns for property and for power. Yet they have often been ignored in studies of political behavior. This chapter begins to fill that gap by discussing some basic building blocks for a theory of within-group status concerns and by highlighting three fundamental puzzles about political behavior that a theory of within-group status concerns can help us address.

Let me begin by being a bit more precise about the conceptual framework. What is social status? How do status concerns differ from such similar concepts as inequality aversion, fairness, relative deprivation, status anxiety, and last-place aversion? With whom do we compare, and under what conditions are we more likely to prioritize status over absolute material welfare and power? After offering some answers to these questions, I apply a general theory of status-concerned political behavior to puzzles about policy implementation, attitudes toward redistribution, and political participation.
2.1 What is Social Status?

2.1.1 Definition

When I say that humans are positional, or that they care about their individual social status, I mean that they value “status goods.” As a category, status goods all involve doing well relative to other people on some socially valued dimension of income, assets, attributes, actions, or achievements. In this dissertation, I explore status goods on two common dimensions: an economic one (in terms of both income and assets) and an attitudinal one (in terms of esteem). Human beings enjoy occupying a higher relative economic position vis-à-vis others: earning more money, owning more property, living more lavishly. Human beings also desire to be highly esteemed—to enjoy a high place in the opinion of others. Human beings are rational pursuers of status goods, and high relative income and high social esteem are both examples of such goods.

That said, there are various forms of relative position on these two dimensions. When an individual focuses on her relative position in income or esteem, she pays attention to

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1 Hirsch, 1976 argues that we pursue status in particular with regard to “positional goods”—products and services whose value stems from the very fact that they are desired by others and from the fact that one consumes more of them than others do. Here, I allow that individuals may pursue status with regard to goods that are also valuable in themselves. Thus, a house provides shelter against bad weather, which is valuable to an individual even if others do not also desire a house, but an individual may derive additional disutility from seeing others occupy houses over and above the disutility she derives from living at the mercy of the elements. See Fiske 2010 for evidence that individuals compare status on the basis of non-positional goods such as health, marriage quality, depression and risks of accidents (Fiske, 2010, Chapter 3).

2 One could also explore the ways in which status emotions (envy, pride, spite) distort rational calculations. In Othello, for instance, Shakespeare writes, “Trifles light as air seem to the jealous confirmation strong as proofs from holy writ.” Status emotions (of which jealousy is one) may amplify our estimation of how low we rank or may distort our perceptions of the intentions of others. This line of exploration should be pursued in future research but is left aside in this dissertation.

3 Another term for social esteem is honor. Honor is often used in reference to aristocratic values. Yet, in the modern age, with the dismantling of the aristocracy, “Honor is not dead with us. It has hidden its face, moved to the back regions of consciousness, been kicked out of most public discourse regarding individuals (though it remains available for use by nation-states to justify hostility); it can no longer be offered as a justification for action in many settings where once it would have constituted the only legitimate motive. But in spite of its back alley existence, honor still looms large in many areas of our social life, especially in those, I would bet, that occupy most of our psychic energy” (Miller 1993 : x).

4 Here I treat income and esteem as independent dimensions on which status can be measured. This treatment simplifies the empirical analyses. In some contexts, of course, it may be the case that higher levels
her position within a reference group—a collection of other individuals with whose behavior and possessions she compares her own. Below I say more about the specific groups individuals use to gauge status, but for now I use the general term “reference group” to refer to the comparators. An individuals cares both about her rank within her reference group and about the disparities between her and others within the group. That is, she cares about relative position in both an ordinal and a cardinal sense. Occupying a high relative position therefore can mean maximizing rank within the group, minimizing disparities between her own income or esteem and that of those better off in the group, maximizing disparities in income or esteem vis-à-vis those worse off in the group, or maintaining at least the average level of income and esteem within the group.\footnote{McAdams (1992) lists several definitions of the desire for a “relatively favorable position”: “the desire (A) to have the highest rank, (B) to maximize the positive difference between what one has and what others have, (C) to avoid the lowest rank, (D) to maximize the positive difference between what one has and what the lowest ranking others have, (E) to have at least an average rank, or (F) to minimize the negative difference between what one has and what average ranking individuals have”(9).}

One way to begin to take these various forms of status concerns into account is to start with a two-person situation and to model the utility function of each person as follows (Zizzo 2001, Camerer 2003, Sobel 2004):\footnote{Using a utility equation to model desires for relative position, such as envy, does not capture all of the psychological aspects of feeling those desires. For instance, psychological research shows that although envy generates a desire for the reduction of another actor’s income, an actual reduction may or not bring added pleasure in the end (Cuddy, Fiske and Glick, 2007; Grant, 2008; Smith, 1991). Thus, by saying that A can increase her overall utility by punishing B is only a rough translation of the psychological process and its consequences.}

\[ U_A = u(x) - \alpha \cdot v(y) \]  

where \( u \) is a positive function of individual A’s income \( x \); \( v \) is a positive function of another individual B’s income \( y \); and \( \alpha \) is the weight A puts on \( v \). A’s utility is thus a function not of income also denote competence and thus also bestow esteem upon an individual. In other words, higher relative income can in some cases mean higher levels of esteem. Indeed, Smith argued that the reason we seek out wealth is that by doing so we win distinction and esteem: “It is the vanity, not the ease or the pleasure, which interests us” (Theory of Moral Sentiments, 50). According to both Aristotle and Aquinas, envy and the desire for esteem are closely linked not only conceptually, as desires for status, but also empirically, for “men are envious of those goods in which a good name consists, and about which men like to be honored and esteemed” (Aquinas, Summa Theologica, On Envy).
only of her own material income but also of B’s. When A wants to maximize her relative position,\(^7\) \(\alpha\) is greater than 1. This means that A’s utility can decrease if B’s income goes up, even when there has been no change in her own income.

Yet the equation above assumes that A’s utility shifts in response to absolute changes in B’s income. Notions of rank and disparity are more precisely about the *difference* between A’s and B’s levels of income. In order to incorporate the difference between their incomes, I follow Fehr’s and Schmidt’s (1999) formal theory\(^8\) and revise equation 2.1 as follows:

\[
U_A = x - \alpha \max(0, y - x) + \beta \max(0, x - y) + \epsilon_A \tag{2.2}
\]

where \(\alpha\) and \(\beta\) are both greater than 0 and where \(\epsilon_A\) represents other, non-status factors influencing A’s utility. In other words, when A is worse off than B, the difference between A’s and B’s income enters negatively into A’s utility. When A is better off than B, the difference between A’s and B’s income enters positively into A’s utility.

To generalize to a multi-person situation, let us assume that A’s reference group consists of \(n\) people (including A), and let us again assume that A cares both about her ordinal and cardinal relative positions within that reference group. Let the index of income be \(x = x_1, ..., x_n\). Income here is the example, but \(x\) could also be used to represent other dimensions on which status is measured, including levels of esteem. Again following Fehr and Schmidt (1999) while allowing for positive utility from being better off than others in the group, we can define A’s utility function as follows:

\[
U_A(x) = x_A - \alpha_A \frac{1}{n-1} \sum_{j\neq A} \max(x_j - x_A, 0) + \beta_A \frac{1}{n-1} \sum_{j\neq A} \max(x_A - x_j, 0) + \epsilon_A \tag{2.3}
\]

\(^7\)If, instead, A derived pleasure from seeing B do well, the sign on \(\alpha\) would be positive instead of negative. I consider this possibility below in the discussion of inter- and intra-group biases.

\(^8\)This equation actually draws on Fehr’s and Schmidt’s (1999) formalization of inequity aversion. So there is an important difference between their equation and mine: here when A is better off than B, the disparity between their respective income enters positively into A’s utility instead of negatively into A’s utility.
where $\alpha_A$ and $\beta_A > 0$. According to this equation, $A$ derives utility from the absolute level of her own income ($x_A$). But she also derives disutility from the proportion of people in her reference group who are better off than she and from the degree to which they are each better off than she (second term, weighted by $\alpha_A$). And she derives positive utility from the proportion of people in her reference group who are worse off than she and from the degree to which they are worse off than she (third term, weighted by $\beta_A$). Fehr and Schmidt also assume that $\alpha_A > \beta_A$. The assumption is made since individuals weight losses (including in status) more heavily than gains (Kahneman and Tversky, 1979). People may also fear the envy of others and thus value being relatively better off than others to a lesser degree than they devalue being worse off than others. I test this assumption directly in Chapter 4.

Notice that person $A$ compares her level of income to that of everyone else in the group (second and third terms), but she does not care about inequality within the group per se. Rather, her concern for inequality is self-centered. It is a concern for status—for minimizing the disparities between her own income and those better off than she, for maximizing the disparities between her own income and those worse off than she and for achieving a high ordinal position within the group. Because the second and third terms are weighted summary terms, if the proportion of people better off than $A$ increases even while the disparity between her income and that of the highest consumer stays constant, her utility will decrease. Following Fehr and Schmidt, the summary terms of the equation are weighted by $\frac{1}{n-1}$ so that her utility does not depend on the number of persons in (the size of) her reference group but instead on her relative position in a group of whatever size.

Some economists have employed the concept of “last-place aversion” to describe individuals’ concerns with status, but the definition employed in equation 2.3 is more general. Under the last-place aversion framework, individuals do not compete for relative position across the board but do suffer special indignity if they are in last place. Kuziemko and her colleagues (2012) operationalize last-place aversion as: $U_i = (1 - \alpha) f(y_i) - \alpha \ast \mathbb{1}(y_i > y_L)$, where $\alpha$ is between 0 and 1, and $\mathbb{1}(y_i > y_L)$ is an indicator for whether person $i$ is in last
place or not. In other words, individual $i$’s utility is simply a function of her income ($y_i$) unless she is ranked last, in which case she suffers an additional loss in utility because of her position. As Kuziemko and her colleagues argue, there is empirical evidence that people are particularly ashamed when they are in last place and are willing to sacrifice income in order to avoid that predicament. But there is also evidence that individuals sacrifice income in order to achieve first place (Huberman et al., 2004) or to lower the income of those better off than they no matter their rank in the income hierarchy (Zizzo, 2001). Thus, I allow at the start that individuals at all levels of the social hierarchy value their relative position as well as their absolute income. Whether individuals at the very bottom of the hierarchy place additional weight on their relative position is an empirical question that can be explored.

The definition of status concerns used here (Equation 2.3) is general enough that we can apply it to many puzzles about political behavior. Nevertheless, there are still questions about equation 2.3 that we have to answer before we can investigate status-motivated political behavior empirically. For instance, who is person A’s reference group? Which factors (either dispositional or contextual) influence the magnitude of $\alpha_A$ and $\beta_A$—that is, the weight individuals place on status goods (rather than on absolute income or other non-status variables)?

Before turning to these questions, it is useful also to say what social status concerns are not and to highlight some kin concepts. For instance, how do status concerns differ from inequality aversion, altruism, and notions of fairness? How do status concerns relate to relative deprivation and status anxiety—other concepts that have been touched on in political science research? Below I discuss each of these concepts in turn. The general point is that status concerns are self-centered preferences that value relative position itself (not necessarily as a means to some other goal) and that they therefore do not create commitments to the welfare of the worst-off or to general principles of equity. Status concerns deserve separate analytic attention in political science because of these distinct and precise characteristics.
2.1.2 Inequality Aversion and Altruism

As defined here, status concerns are interdependent yet self-referential preferences. They are interdependent in the sense that each person’s utility is affected by what others have. They are self-referential because an individual’s utility is affected by differences between what she has and what others have but not by inequality per se. Status concerns thus differ from inequality aversion writ large. They also differ from other types of interdependent preferences. Altruism, for instance, is an interdependent preference, but it means that an individual’s utility increases in others’ welfare, and often particularly in the welfare of those worse off than she. By contrast, status concerns mean that an individual’s utility decreases as those worse off than she become better off and thus rise closer to her.

Consider Person B in the stylized example in Table 2.1. Table 2.1 outlines three policy options that would yield material payoffs to three people: A, B, and C. Each policy has different consequences for the status and absolute welfare of each person, as well as for the level of inequality among the three. Let us assume, for simplicity, that $\alpha = \beta = 1$ for all three persons.

<table>
<thead>
<tr>
<th></th>
<th>Option 1</th>
<th>Option 2</th>
<th>Option 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Person A</td>
<td>10</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Person B</td>
<td>8</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Person C</td>
<td>5</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>23</strong></td>
<td><strong>16</strong></td>
<td><strong>18</strong></td>
</tr>
</tbody>
</table>

If Person B cares about status, he will choose Option 2. According to equation 2.3, Option 2 gives him a utility of 9.5 rather than of 8.5 (Option 1) or of 6 (Option 3). He receives more absolute points in Option 1 than in Option 2, but in Option 1 he is worse off than Person A and better off than Person C by only 3 points. Under Option 2, no one else is
better off than B and B is better off than C by 5 points. Valuing absolute payoffs and status equally ($\alpha = \beta = 1$), Person B would, in this case, choose the option in which his status is higher.

Notice, by contrast, that if B wanted to minimize inequality per se, he would choose Option 3, in which everyone is strictly equal. He would also choose Option 3 if he cared about making the least well-off person the most well-off (Rawls, 1971, “the difference principle”), because Option 3 gives Person C 6 points instead of only 5 or only 2. In this way, inequality aversion, altruism towards the least well off in society, and Rawls’ difference principle are conceptually distinct from status concerns. Pursuing status means maximizing the distance between oneself and those worse off rather than minimizing overall inequality or improving the absolute welfare of those worse off than oneself. In this example, the pursuit of status for Person B is also conceptually distinct from the pursuit of overall societal welfare, for if B wanted to maximize the number of points distributed to the group, he would choose Option 1, which yields 23 points rather than 16 or 18.

Notice also that, in this particular example, status concerns create more conflict among the three persons than the other motivations. If all three persons (A, B, and C) care about minimizing inequality, about the difference principle or about maximizing overall welfare, they will agree on the best option. If all three persons seek primarily to maximize their own absolute welfare, Persons A and B will prefer Option 1 to the other options and Person C will prefer Option 3. At least by majority rules, the group would reach a decision. If all three persons care about their own status, on the other hand, then Person A will prefer Option 1; Person B will prefer Option 2; and Person C will prefer Option 3. For Person A, Option 1 gives him a utility of 13.5; Option 2 gives him a utility of 9.5; and Option 3 gives him a utility of 6. Meanwhile, for Person C, Option 1 gives him a utility of 1; Option 2 gives him a utility of 9.5; and Option 3 gives him a utility of 6. Meanwhile, for Person C, Option 1 gives him a utility of 1; Option 2 gives

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9Rawls argues that we should choose an allocation that makes those worst-off in a society the best off that they can be. This principles is justified in two ways: First, if each member of society has an equal claim on the goods provided in that society, then inequality is permissible only if it benefits the least well off. Second, if we were to choose the allocation before knowing which position we would each occupy in the distribution of wealth, we would all foresee the possibility of occupying the position of the least well-off and would therefore choose the allocation that follows the difference principle.
him a utility of -3; and Option 3 gives him 6. Each person has a distinct preferential ordering of the three preferences, and a decision by either majority voting or consensus cannot be reached. This is not to say that status concerns will always make cooperation more difficult. Indeed, that is not the case in some of the chapters that follow. Rather it illustrates that in some contexts status concerns can pose obstacles to policy agreement. The value of exploring the implications of status-concerned political behavior is both to enrich our understanding of the mechanisms behind political behavior and also to gain leverage over outcomes that could not be explained by reference to other extant theories.

### 2.1.3 Fairness

Some worry that manifestations of envy—or other status concerns—are simply manifestations of a concern for “fairness” (Rawls, 1971). Indeed, it may be the case that, when asked why she would rather not be worse off than her neighbor, an individual will not say, “It makes me envious,” but instead will respond, “Because it is unfair.” When accused of basing tax reform proposals on envy, United States President Obama similarly answered, “Actually, they are about fairness.”

From an analytical perspective, both answers are rather uninformative because fairness is a very broad concept. The concept of status concerns is more precise. The English-language word, *fair*, comes from the Gothic *fagrs* (“pleasing to behold”) and from an Indo-European word, meaning “to be content.” From these origins, “fair” did not evolve to define one consistent principle. Instead it was used in sports contests and tribal battles to refer to settlements that are “pleasing” to both sides. “Always, fairness was an abstract idea of right conduct that could be applied in different ways, depending on the situation” (Fischer, 2012).

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10 I return in a later section to a discussion of the social undesirability of admitting to certain status concerns. Fairness is a more palatable term to describe the same behavior.
12 See Fischer, 2012, for an exploration of the etymology of fairness as well as a fascinating account of the origins of fairness and freedom discourses in former British colonies.
2012: 16). Not surprisingly then, individuals frequently label states of the world as “fair” or “unfair” without any particular consistency (Hochschild, 1986). In their studies of fairness in English-speaking countries, Hochschild (1986) and Fischer (2012) found that citizens and politicians articulate a whole range of colloquial notions of fairness, including principles of strict equality (all people should receive the same amount regardless of their individual characteristics), principles of requisites (resources should be allocated according to people’s needs), principles of investment (people should receive resources according to the amount of effort they put into obtaining them), principles of results (people should receive according to the quality of their outputs) and many others. Simply identifying that someone perceives an allocation as unfair tells us little about the principle of fairness upon which that perception relies. Thus, even if individuals call status concerns “fairness concerns,” the analytic framework proposed in this dissertation is useful because it is more precise.

Indeed we can distinguish status concerns conceptually from many principles that fall under the rubric of concerns for fairness. We can do so on two counts. First, status concerns are self-referential. Corneo and Gruner (2002) point out that many uses of the term fairness refer to general, abstract principles of allocation and behavior, rather to ones that rely on knowing our own position vis-à-vis others. Such notions of fairness as strict equality, the difference principle, resource allocations according to need, investment or results are in theory applicable regardless of one’s own position in the economic hierarchy. Status concerns, by contrast, are self-centered motivations rather than universal principles. For instance, when we are concerned with status, we will want to reduce inequality only if we are at the bottom of the economic hierarchy. Status concerns do not incorporate the well-being of others except to the extent that we seek to distinguish what we have from what they have. Many

13 Fischer (2012) documented at least seven distinct and contradictory fairness principles used regularly in political discourse in the United States and New Zealand—used by political parties on both the left and the right.

14 Consider Table 2.1 again. If A, B and C instead believe that it is “fair” if everyone receives exactly the same share (“strict equality,” Hochschild, 1986), then they should all choose Option 3. By contrast, when the three persons care about achieving a high status, only the worst off person (Person C) prefers the option that results in strict equality.
fairness principles, by contrast, are designed to apply regardless of one’s personal position.

Second, status concerns are conceptually independent of the process by which an allocation has been made. Individuals value high relative income even if those with whom they are competing for status have “earned” their income through need, investment, or results. Below I discuss empirical evidence that individuals are quite willing to pursue status at the expense of material welfare when they are uncertain about the procedural basis of personally disadvantageous allocations. If status concerns were indistinguishable from procedural principles of fairness (such as those based on need, investment or results), individuals should reduce the income of those better off than they when they are confident that the disadvantageous allocation has violated one of those principles. Instead, they often do so when they are unsure.

Conceptually, then, status concerns are self-referential preferences for higher individual relative positions within groups, regardless of the process by which goods are distributed. Fairness, by contrast, is a very general term applied to many different kinds of inter-personal allocations of goods. Its use varies based on context. It will not be surprising if actors sometimes describe status-concerned behavior as motivated by a desire for fairness. To the extent that status concerns are consistent with fairness concerns, however, they are fairness concerns of a very particular type.

2.1.4 Relative Deprivation and Status Anxiety

The arguments presented here are related to but distinct from those in earlier political science literatures on relative deprivation and status anxiety. Those literatures also draw on the insight that being relatively worse off than others—and not just falling below some absolute standard of income—produces discontent. Yet, in relating that discontent to political behavior these earlier literatures often assume that occupying a low status simply provokes individuals to make more demands for improvement in their absolute welfare. The theory
proposed here instead takes seriously the possibility that under certain conditions citizens value relative position as \textit{the} goal.

For instance, the 1960s literature on status anxiety in the United States argued two things: First, that shifts in prestige across entire communities prompted individuals who had lost status to become Progressives, so that they could push for reforms to win themselves higher incomes and levels of education (Hofstadter, 1955; King). Second, that individuals who are of high status on one dimension (say, education) but of low status on another dimension (say, income) will be particularly troubled. As a result, they are likely to support political parties that favor social change (Lenski, 1966; Segal and Knoke, 1968). Both of these arguments allow that changes and inconsistencies in status affect political behavior. Yet they still assume that individuals desire primarily to become better off in absolute terms. Likewise, relative deprivation theories (Runciman, 1966; Gurr, 1970; Reenock et al., 2007; Cramer and Kaufman, forthcoming) allow that discontent arises where citizens suddenly lose status (Gurr 1970, p.56). Yet, ultimately, most relative deprivation theories assume either that individuals then rebel in order to improve their objective material circumstances or participate in violence simply to “vent their fury” with no particular instrumental goal in mind (Keen, 1988; see also Berkowitz, 1962; Gurr, 1970). Relative deprivation in other words triggers irrational rage or a sense of entitlement to more material goods. The starting point of these theories—that low status produces discontent—is useful. Here I argue that additional analytic leverage can be gained from allowing that individuals pursue status \textit{itself} as a goal.

Relative income is akin to the notion of “relative gains” raised in a late 1980s and early 1990s debate about international cooperation (e.g. Grieco, 1988; Powell, 1991). In response to new explanations for inter-state cooperation (Keohane, 1984), Grieco argued that cooperation between states is difficult to achieve because leaders of states care not only about absolute material gains from cooperation but also about whether one of the parties to cooperation obtains more gains than the other. The concept of relative gains put forward by
Grieco is in the same spirit as the arguments here: that actors value relative position in itself. Yet, Powell (1991) then largely collapsed relative gains back into theories based on concern for absolute welfare and power. He argued that state leaders care about relative gains only when relative gains can later be converted into the use of force. In other words, state leaders care about relative gains only when relative gains imply gains in absolute wealth and power over the long-term. The arguments presented here revisit this debate in a domestic politics context. Indeed, to abandon the discussion of status-concerned political behavior where Powell left it would be premature. Here I explore the influence of relative gains-concerned behavior for a variety of other outcomes besides inter-state cooperation and in a variety of situations other than in the context of anarchy.\(^{15}\) There are certainly situations in which power, long-term absolute welfare and status are deeply intertwined, but one should also allow that under some conditions there are trade-offs among the three. Under those conditions, status concerns can serve as a distinct motivator for political behavior.

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In sum, status concerns are self-centered preferences and thus differ from altruistic motivations and general concerns for equity. They arise even where individuals are uncertain as to whether inequality is just or unjust and thus differ from many conceptions of fairness. Status concerns also value relative position itself. They do not treat relative position as simply a means to some other goal. They therefore differ from the ways in which some political scientists and historians have previously treated relative deprivation, status anxiety, and relative gains. Status concerns deserve separate analytic attention because of these distinct and precise characteristics.

\(^{15}\) All of the following chapters deal with political behavior in the presence of a state with a decent monopoly on force.
2.2 With Whom Do We Compare?

I now turn back to questions raised by the definition of status concerns, for the purposes of preparing for empirical analyses. First, with whom do we compare? Within which reference groups is status typically gauged?

2.2.1 Within-Group Comparisons

Aristotle wrote, “We envy those who are near us in time, place, age or reputation” (On Rhetoric, Book X). And, indeed, research in social psychology has found that status comparisons are usually made among neighbors (near in place), classmates (near in age), coworkers (near in reputation), and family members and co-ethnics (often near in both place and reputation, sometimes age)—all of whom are near in time (Fiske, 2010; Knight et al., 2009; Festinger, 1954; Wills, 1981). By contrast, individuals rarely gauge their status against people who are geographically remote (Senik, 2009; Knight et al., 2009; Kingdon et al., 2009) or against people who are vastly and visibly different from them in background, experience and reputation (Fiske, 2010). “We do not compare with men who lived a hundred centuries ago...or those who dwell near the Pillars of Hercules, or those whom, in our opinion or that of others, we take to be far below or far above us” (Aristotle, ibid).

But why gauge individual status within these groups? We pursue a high relative position within these particular groups for two reasons: evaluation and visibility. We seek comparisons that tell us something informative about the level of self-esteem we ought to carry but that are also not cognitively taxing to make. For instance, those near to us in reputation provide us with ways to calibrate our own self-esteem. We believe these people to be similar to us in capability and also to be in a knowledgeable enough position to esteem or disesteem us. “People who are similar to us provide us with a proxy self” (Fiske, 2010: 82).
When they achieve more, have more or are more highly regarded, it is a reproach to us.\textsuperscript{16} If they obtained that wealth or won that esteem, we should have and could have won it, too.

There are a few groups with whose members we assume we share similar capabilities. Our coworkers are one—especially those tasked with roughly the same functions (Frank, 1985). Our age cohorts are another (Senik, 2009). We do not require much information to assess whether we are of the same general age group as another individual. Often physical appearance is enough. And age signals one’s level of intellectual and social development as well as the amount of time one has had to accumulate property or esteem. They thus provide obvious benchmarks for how we judge ourselves. Moreover, where ethnic categories are socially salient, co-ethnics are the more frequent and robust reference group (Senik, 2009; Rotheram-Borus, 1990). Co-ethnicity between two people is often used as a relatively low-cost and (often) socially-acceptable heuristic for gauging similarity on a variety of dimensions. It is often used as a signal that two individuals share similar backgrounds, since it is a descent-based category (Chandra, 2004). It is used as a signal that the two individuals have similar capabilities, even though these judgments are often based on stereotypes (Major, 1994; Crocker and Major, 1989). Falling behind a co-ethnic is thus particularly likely to highlight failure in oneself, because —given these similarities—one might have achieved a similar level of success (Gardner et al., 2002).

On the other hand, those most frequently visible to us also provide cognitively easy comparisons, though not necessarily as informative ones. “We [often] compare so spontaneously that we do it automatically, and we use whoever is at hand” (Fiske, 2010: 84). While we may not have deep relationships with our neighbors and while they may differ from us in some ways, they and their possessions are highly and frequently visible to us and create the opportunity for automatic comparisons. We constantly gather information about the clothes they wear, the cars or bicycles they own, the houses they live in, their public

\textsuperscript{16}We “envy those whose possession of or success in a thing is a reproach to us: these are our neighbours and equals; for it is clear that it is our own fault we have missed the good thing in question; this annoys us, and excites envy in us” (Aristotle, On Rhetoric, Book X).
conduct—whether we intend to or not (Knight et al., 2009; Kingdon et al., 2009). Where residential areas are ethnically homogeneous, social comparisons vis-à-vis co-ethnics are likely to be even more salient (Luttmer 2005, Silver and Sabini 1978, Salovey and Rodin 1984, Tesser 1991). Generally when human beings gauge status, they engage in local comparisons with neighbors rather than in more global ones.

Individuals typically evaluate their status against people whom they regard as reasonable benchmarks for themselves or who are so frequently visible that comparisons become automatic. The obvious candidates for these groupings are neighbors, co-ethnics, classmates and co-workers. Where possible, the following empirical chapters look at all of these. But because reliable data are often available only for neighbors and co-ethnics, many analyses in the following pages approximate reference groups by examining those two.

### 2.2.2 Between-Group Comparisons

The framework I have suggested thus relies on a conception of individual status comparisons within groups, particularly within ethnic groups and neighborhoods. One might object, however, that research generally shows that individuals enjoy seeing in-group members do well. Chen and Li (2009), for instance, find that their laboratory subjects were much more likely to exhibit envy towards out-group members than toward in-group members and were much more likely to make sacrifices to help in-group members (rather than out-group members) do well.¹⁷ Hirschman and Rothschild (1973) argue that observing those similar to us (co-ethnics, neighbors, co-workers) do well provides a hopeful signal that our own lot may improve in the future. These authors expect that we will tolerate being worse off than in-group members for this reason. So why not look at the implications of between-group status concerns instead?

It is important to acknowledge that the central arguments of this dissertation draw

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¹⁷ In fact, the evidence that co-ethnics always seek to support each other’s welfare more than they do the welfare of non-co-ethnics is mixed (Habyarimana et al. 2009).
inspiration from research on between-group comparisons. Specifically, I draw on the insight that individuals often prioritize relative position over gains in absolute welfare. In their seminal minimal group studies in social psychology, for instance, Tajfel and Turner (1982) presented their laboratory subjects with three choices: (1) make one’s in-group absolutely better off, (2) make an out-group absolutely better off, or (3) make one’s in-group relatively better off than the out-group but no better off in absolute terms. The authors found that subjects more often than not chose the third option. In other words, these studies found that individuals value relative position itself, although the studies focused on the relative position of groups rather than of individuals within groups.

The innovation of this dissertation is to highlight the importance of within-group relative position for understanding political behavior, even among citizens in societies where group status has been politicized. Rather than assuming that either within-group or between-group status comparisons are omnipresent, it is analytically useful to think about the contexts under which citizens are likely to focus on one or the other. Tesser (1991) makes a distinction between two psychological processes: a “comparison process” and a “reflection process.” In the comparison process, individuals use their relative position vis-à-vis in-group members as a metric for self-evaluation and derive self-esteem if they are doing relatively well. When engaged in this process, Tesser finds, individuals pursue status within the group at the expense of other goods, and they also prefer being a high-achieving member of an unsuccessful group to being a low-achieving member of a successful group. In the reflection process, by contrast, individuals derive self-esteem from being a member of a group that is doing well relative to other groups and they view the successes of in-group members as part of their own, individual success. They “reflect” the success of other members of the group rather than comparing their own achievements to it. If engaged in the reflection process, individuals try to strengthen associations with more successful in-group members rather than to punish them for being more successful. They seek to increase the relative position of the group vis-à-vis other groups even at the expense of the absolute welfare of the group or of
their own individual status within the group.

This dissertation asks what the relative importance of each of these processes is in shaping political attitudes and behavior by theorizing and testing the contexts under which each is likely to be salient. Both are processes concerned with status, and examining their interaction will enrich our understanding of the mechanisms underlying political attitudes and behavior. Empirically, by focusing on cases in the United States and South Africa, I show that the desire for within-group status influences political behavior even where between-group differences have been highly politicized. There are, however, contexts that amplify the influence of within-group status comparisons on political behavior at the expense of other motivations. In that spirit, the next section turns to the factors that can influence the magnitudes of $\alpha$ and $\beta$ in equation 2.3—that is, the factors that influence whether individuals place particular weight on their within-group status.

2.3 The Salience of Status Concerns

The observation that human beings care about within-group status does not tell us much about variation in behavioral or attitudinal reactions to status concerns. What are the factors that influence whether within-group status concerns are salient?

2.3.1 Dispositional Factors

Some factors may be dispositional. Status comparisons are natural and prevalent, but some people care more about within-group status than others do. That is, some individuals are more aware of differences in social status than others and more inclined to punish others in order to improve their own relative position. There is a personality trait called Social Comparison Orientation (SCO), which social psychologists Abraham Buunks and Frederick
Gibbons measure through a series of questions about how much and how often a person compares her assets and achievements with others.\textsuperscript{18} Those scoring high on the SCO scale tend to be self-conscious,\textsuperscript{19} yet highly aware of inter-personal interdependence. They also tend to be more neurotic and less intellectually open and creative than individuals who score low on the SCO scale (Gibbons and Buunk, 1999). They may suffer clinical depression or be more likely to suffer clinical depression in the future (Smith et al. 1999).

The other personality trait that tends to predict a focus on within-group status is “Social Dominance Orientation” (SDO). People who score highly on SDO are more forceful with others, openly admitting that they enjoy imposing their will on others and steering conversations. One study also found that these people tend literally to view the world in more vertical terms than others do. Subjects were shown split-second flashes on vertical and horizontal dimensions of a computer screen. Those with dominant personalities were quicker to notice the flashes on the vertical dimension (Moeller, Robinson, and Zabelina, 2008). Personally dominant people often exhibit physical signs of discomfort in response to being worse off than others within their reference group—symptoms that can be relieved only by putting others down even when it is costly to do so (Assor, Aronoff and Messe, 1981, 1986). They are thus more likely than people without dominant personality traits to pursue within-group status at the expense of other goals.

Theories about dispositional factors are interesting, but unless we expect and can document systematic differences in personality traits across societies and across generations, dispositional factors will not be particularly helpful in explaining variation in political attitudes and behavior across time and space. Laboratory experiments also show that even

\textsuperscript{18} “How often do you compare how your loved ones are doing with how others are doing? Do you pay a lot of attention to how you do things, compared with how others do things? Do you compare your accomplishments with what others have accomplished in life? Do you like to talk with others about mutual opinions and experiences? Agree or disagree with the following statements: Other people are the source of my greatest pleasure and pain; I am greatly influenced by the moods of the people I am with; I am interested in knowing what makes people tick.”

\textsuperscript{19} When I say self-conscious, I mean in part that the notion of self comes more regularly and immediately to mind in all situations. For instance, one study asked participants to try to guess the translation of foreign pronouns—a standard technique for measuring how self-oriented someone is. High-SCO scorers tend to guess first-person pronouns, because self is always at the forefront of their minds.
individuals randomly assigned to an inferior within-group status can be stimulated to experience a reduction in happiness and a greater willingness to punish others in certain contexts (Fast et al. 2012; Falk, Fehr and Fischbacher 2005). In other words, although there may be dispositional factors that make some individuals value status more than others, there are also situational factors that, on average, make it more likely that individuals of all personality types place a heftier weight on the pursuit of within-group status. Indeed, the proponents of SCO acknowledge that the measure is not as stable as measures of other personality traits and therefore may be mostly subject to context (Gibbons and Buunk, 1999). According to these authors, we may not be able to take individual dispositions as given. We would be better served by paying attention to the contexts under which individuals tend to prioritize status.

2.3.2 Situational Factors

While people engage in within-group status comparisons to varying degrees, there are certain circumstances under which, on average, individuals of all types place greater emphasis on protecting and improving their within-group status. These contextual factors will be helpful for explaining variation in political behavior and attitudes across place and time. These contextual factors can also help us create tough tests for our hypotheses. Here, I highlight three such factors: (a) rapid increases in within-group inequality, (b) rhetorical priming, and (c) linkages between status and power. The focus of the empirical chapters will then be on (a) and (b) in order to demonstrate the independent explanatory power of status motivations.

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First, (a), the salience of within-group status concerns can be triggered in times of rapid social, political or economic change, when the status hierarchy within groups is in flux and where within-group inequality is rapidly increasing (Salovey and Rodin 1991,
Fiske et al. 2007). There are likely two reasons for this, one which has to do with the psychology of attention and one which has to do with how people grapple with uncertainty (Hopkins, 2010: 40). With regard to the psychology of attention: when people filter the vast amounts of information about their environment, they are selective, and they pay particular attention to change. On average individuals are more attuned to elements of their social environment when those elements have recently shifted (Kahneman and Tversky, 1979). For instance, we pay more attention to ethnic diversity when our communities have recently become more or less diverse (Hopkins, 2010/2009; Horton 1995; Green, Strolovitch, and Wong 1998). Similarly, we pay more attention to our relative position within groups when our relative position has recently and dramatically changed. Social psychology research on attention has found that attention to status is heightened specifically where within-group inequality has increased. In moments of rapidly increasing levels of within-group inequality—when barriers to achievement, assets, and incomes have been recently removed, when some profit while others do not and when the relative position of all members of a group are shifting—individuals focus on maintaining or improving their relative positions at whatever cost. Indeed, de Tocqueville observed this fastidious attention to maintaining one's relative position during the dismantling of the aristocracy in both America and Europe. He noticed that in this context, men care about how equal they are to others, regardless of how well they are doing in absolute terms.

There are certain epochs at which the passion men entertain for equality swells to the height of fury. This occurs at the moment when the old social system, long menaced, completes its own destruction after a last intestine struggle, and when the barriers of rank are at length thrown down....Tell them not that by this blind surrender of themselves to an exclusive passion they risk their dearest interests: they are deaf.

(Democracy in America, Book II, Chapter I, emphasis added).
While we might at first guess that high or low levels of inequality make people focus on status, instead increases in within-group inequality focus people’s attention on it. During rapid increases in within-group inequality, individuals are likely to prioritize their status at the expense of other interests.

But status concerns are heightened during periods of increasing within-group inequality also because of the uncertainty such periods create. At such times, individuals face uncertainty about the bases of economic advancement for some and not others: why am I being left behind? why have I succeeded while others remain in poverty? The answer to these questions—be it luck, dirty dealings, talent or some other factor—is not always obvious in the wake of rapid increases in inequality, and this type of uncertainty has been linked both in the lab and in the field to envy and spite. For instance, during rapid economic change in many parts of Africa in the 1980s and 1990s, anthropologists observed that individuals had difficulty making sense of rapidly increasing inequalities within families, among neighbors and within ethnic groups. The resulting behavior, which clung to the goal of regaining lost status or furthering newly won status at the expense of other interests, “[brought] down the successful innovators as well as those whose gains were ill-gotten” (Widner, 2001: 382). Rapid increases in within-group inequality created uncertainty about whether some had gotten ahead at the expense of others, undermining what might otherwise have been enjoyment in the success of their neighbors and co-ethnics. “New forms of [inequality] seem to rupture old domestic solidarities. Thus they evoke strong sentiments of jealousy and therefore hidden aggression” (Geschiere, 1998: 10).

A laboratory experiment I conducted in 2010 further illustrated that this kind of uncertainty can lead to the prioritization of status over absolute welfare. Divided into anonymous pairs, subjects were given the opportunity to eliminate (“burn”) some of the money won by their partner at a cost.\(^{20}\) Choosing to eliminate money meant that both partners left

\(^{20}\)Specifically, adult residents of the greater Princeton area were recruited to participate in the experiment. After completing a spelling test and answering a series of questions about the types of people they know personally (in political office and in business), individuals were randomly and anonymously assigned into pairs in each subsequent round. In each round, $10 were divided unevenly between the two individuals in
the lab with less money but that that the “burner” left the lab in a better relative position vis-à-vis his anonymous partner. In other words, “burning” meant sacrificing real money for status. 54% of subjects given the opportunity to burn did so. They sacrificed on average 23.3% of their potential earnings. But the likelihood that subjects engaged in burning depended on how the money had been allocated in the first place. Subjects were most likely to engage in burning when they did not know how the money had been allocated. When they knew that their partners had earned money based on either the results of a spelling test or based on how many people in business and politics they know, subjects “burned” money less frequently. The results from the “unknown” condition in this experiment suggest that individuals are more willing to sacrifice income for status when they are uncertain about the bases of inequality. Rapid increases in within-group inequality both sharpen individuals’ attention to status and, through psychological reactions to uncertainty, generate impulses to maintain or improve it.

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Second, (b), the salience of status can be deliberately primed. Political entrepreneurs and group leaders can emphasize the linked fate of co-ethnics, which tends to decrease the

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21 Earnings at the end of the experiment were based on only one round of the experiment, so neither reputation nor accumulated wealth were at stake in each decision.

22 The mean frequency of burning in the uncertainty condition differed from the mean frequency of burning when money was allocated according to spelling skills (p=0.01) and from the mean frequency of burning when money was allocated according to personal connections (p=0.015). P-values are from two-sample t-tests with unequal variances.

23 Under the personal connections condition, subjects sacrificed more of their potential earnings on average than they did under the other two conditions (p=.02 comparing skills and connections, p=.04 comparing uncertainty and connections). These results suggest that some individuals make quite large material sacrifices for their relative position when they view the sources of relative position as illegitimate but that, on average, individuals are much more likely to make some material sacrifices when they are uncertain about the bases of inequality.
salience of within-group status concerns, or they can underscore the legitimacy of within-
group status comparisons. Gardner, Gabriel and Hochschild (2002) conducted a study
to investigate the contextual factors that might affect how individuals adjudicate between
within-group and between-group status when the two conflict. During the experiment, the
researchers gave some subjects a passage to read that emphasized how the success of one
group member “increases the power and prestige of the group as a whole.” In the alternate
condition, subjects were given a passage that emphasized that the success of an individual
enhances the power and prestige only of that individual and not of the group as a whole.
When subjects read the group-enhancing story before engaging in a competitive task, per-
forming worse than another member of the same group did not lower their self-esteem as
much as when subjects read the other story. Priming individuals with tales of linked fate,
in other words, decreased the salience of within-group status concerns. Conversely, priming
individuals with legitimating accounts of the individual quest for relative position increased
the salience of within-group status concerns.

So where between-group inequalities and linked fate are primed by elites, we should
expect a tough test for the theory that the desire for within-group status influences political
behavior. I deliberately use this insight in Chapters 3 and 4 to set up significant hurdles
for the main theory to surpass. Yet, we can also test whether elite priming of within-group
status concerns triggers the salience of those concerns. Willer (2009/2010) and Gächter and
Fehr (1998) find in their laboratory experiments, for instance, that the explicit promise of
esteem from experimenters or group leaders can spur individuals to make material sacrifices.
To test this trigger, in Chapter 5 individuals are randomly assigned to receive the explicit
promise of in-group esteem in return for participating in certain types of collective action.

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Rapid increases in within-group inequality and elite priming of within-group status
should both trigger the salience of within-group status concerns. In the empirical chapters,
I test these hypotheses directly. There is, however, a third context that should increase the
salience of status concerns. That is that individuals are likely to be particularly focused on status when their long-term welfare is contingent on it (Heffetz and Frank, 2010; Ball and Eckel, 1998). As Hobbes argued, status is likely to be particularly salient when it is intertwined with the ability “to assure for ever, the way of [one’s] future desire.” National leaders may care more deeply about relative gains to inter-state cooperation when those relative gains can be converted into the future use of force (R. Powell, 1991). Likewise, in many political parties, members have to raise more money for the party than others do in order to secure leadership positions (E. Powell, 2009). The absolute amount of money they need to raise is not what is important. But they have to be attuned to within-party rank precisely because it gives them a shot at future power and wealth. In these contexts, status is highly salient because it is instrumental—its value increases because it facilitates long-terms desire for absolute material welfare and for power.

In the following chapters I focus on the first two situational factors that trigger the salience of within-group status concerns. This is not to deny that there are contexts in which the desire for status and the desire for power reinforce each other. Rather, I focus on the first two contextual factors in order to demonstrate that there are important instances of political behavior and political outcomes that are driven by status even when status has no consequences for power.

2.4 Three Puzzles from Comparative Politics

We now have building blocks to construct more precise hypotheses about the influence of within-group status concerns on political attitudes and behavior. I have given a general, and formal, definition of individual utility that incorporates a concern for within-group status. I can derive from that definition hypotheses about how different actors would evaluate particular actions or policies if within-group status concerns were salient. I have discussed a specific
set of reference groups that individuals are likely to use to evaluate their individual status. Finally, I have discussed a set of situational “triggers” that should increase the magnitudes of $\alpha$ and $\beta$—that is, the salience of individual within-group status. Together, these building blocks should help us address a range of puzzles about political behavior.

As we will see in the following chapters, the implications of status concerns for political behavior are not what one might think at first. The “politics of envy,” for instance, is a phrase that is bandied about in the public discourse in many democracies, but its meaning is often imprecise and difficult to distinguish from the politics of absolute material welfare or power. In 2012, for instance, United States Republican presidential hopeful, Mitt Romney, remarked that President Obama’s speeches about tax reform in the United States were dangerous because they engaged in “the bitter politics of envy.”

24 The 2011 London riots were interpreted by some observers as manifestations of the politics of envy “end[ing] up in flames.”

25 Farm seizures in Zimbabwe, redistribution policies in Russia, and anti-ISI movements in Latin America have all been labeled the result of “the politics of envy.” Rarely defined precisely, the phrase usually denotes perceived incidences of class warfare. It usually refers to poor citizens’ demanding policy reforms that are at odds with the interests of the rich, and it is often used to de-legitimize discussions of systemic income inequality. Yet it is not clear from the public discourse whether pressure for tax reform in the U.S., for land redistribution in Zimbabwe or for lower unemployment rates in the U.K. have anything to do with the desire for relative position itself rather than with the desire for more material goods or for more power. Indeed, the politics of envy when defined in terms of status concerns turns out not to be equivalent either to class warfare or to inequality aversion. As we will see in the following chapters, both rich and poor engage in the quest for status. Status-concerned citizens do not simply press for redistribution from rich to poor and oppose inequality. Indeed, often they oppose redistribution, support inequality, and oppose policies that benefit

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the poor.

In order to demonstrate how status concerns, precisely defined, shape political behavior, one should start with puzzles central to the study of politics. In that spirit, I use the following chapters to address puzzles about variation in government performance, policy preferences, and citizen engagement with the state. I draw on three literatures in Comparative and American Politics: (1) research on variation in local government performance and economic development, (2) research on individual attitudes towards redistribution and taxation, and (3) research on participation in contentious politics. In addressing each puzzle, I endeavor to contrast claims based on status motivations with extant theories, particularly with theories that rely on the assumption that people seek primarily to maximize property and power in the political arena.\textsuperscript{26} The next three sections describe each puzzle in detail. Table 2.2 summarizes contrasts between the predictions of a status-based theory and the predictions of extant theories.

\section*{2.4.1 Explaining Variation in Government Performance}

In comparative political research, we often assume that Pareto-improving policies—that is, policies that make no one worse off—will not meet with public opposition. Any failure to implement such policies should not be due to social resistance but instead to a lack of resources (Tiebout, 1956; Korpi, 2006), to low technical capability (Ziblatt, 2008), or perhaps to corruption (Olken, 2010; Rose-Ackerman, 1999). Yet, as discussed in Chapter 3, under-spending of available resources is a pervasive and persistent problem in many polities. Money is available and earmarked for Pareto-improving projects, but instead of being spent as intended or pocketed, it remains transparently unspent. Puzzlingly, this variation in underspending persists in many places even when we control for the technical capacity of the governments.

\footnote{By property, I mean absolute material welfare in the short-term; and by power, I mean the ability to ensure self-preservation and increase one’s material welfare over the long-term.}
In order to shed light on these puzzles and to explore a new argument for variation in government performance, I look at cases where funding has been earmarked for low-income housing projects in South Africa. Because these projects are, for the most part, in-situ upgrades, meaning that formal houses are built where informal shacks formerly stood (Schensul, 2009; Schensul and Heller, 2010), they provide material benefits not only to housing recipients but also to owners of nearby houses and to non-recipient shack dwellers. Where the money is already earmarked for the projects, we might expect fairly straightforward implementation. Instead, over the last decade, the average percentage of the earmarked municipal funding actually spent has been quite low. Some municipalities have spent one hundred percent of their earmarked housing budgets, while others have spent as little as 20% and returned the rest to the provincial government. Accounting for variation in bureaucratic competence (Ziblatt, 2008), political fractionalization (Banfield and Wilson, 1963), demographic diversity (Easterly and Levine, 1997; Habyarimana et al. 2009) and social engagement with the government (Putnam, 1993) does not eliminate the variation. If we want to understand variation in government performance and poverty alleviation, we should care about explaining where and why this under-spending occurs.

I use the definition of status concerns in Equation 2.3 to model the utilities of all the relevant actors under two different policy conditions: (1) where the housing project meets with resistance and money is returned to the province unspent; and (2) where the local government implements the proposed housing project, and thus some individuals in the informal settlement receive houses while others do not. I argue that, where status concerns are highly salient, we should observe on average a higher incidence of policy condition 1 (underspending) than policy condition 2 (spending the allocated housing budget). When potential housing recipients care about status as well as about absolute material welfare, many should be resistant to housing projects that cover only a fraction of co-ethnic neighbors in a given area even if the alternative is to build no houses at all and return the money.

27 An amount that covers the salary of housing staff but not the planned housing projects.
Likewise, when residents of nearby formal houses care about status as well as about absolute material welfare, they should oppose housing projects even though such projects raise the value of their properties. I test whether rapid increases in within-ethnic group inequality trigger the salience of within-group status concerns and thereby give rise to resistance to housing projects that cover only a fraction of eligible beneficiaries in a given settlement.

Throughout Chapter 3, I contrast the observable implications of the principal hypotheses with those of alternative explanations, including of theories based on property and power maximization. For instance, if theories of property maximization were to hold, we should expect that actors of all types would believe that returning earmarked funds would make the future receipt of funding more likely. Instead, I find that actors understand that returning earmarked funding decreases the likelihood of obtaining as much money in the future. Overall, contrasting extant theories with a status explanation, I use low-income housing delivery in South Africa as a case to show that, where social status concerns have been triggered, Pareto-improving development policies become difficult to implement.

2.4.2 Explaining Variation in Redistribution Preferences

Having examined popular reactions to Pareto-improving policies, I turn in Chapter 4 to policies that impose costs on some citizens in order to create gains for others. Specifically, I ask how ordinary citizens formulate preferences over national redistribution policies.

There are three main strands of extant explanations for preferences over redistribution, each of which leaves important variation unexplained. One strand—reaching back at least to Karl Marx and more recently formalized by Meltzer and Richards (1981)—has emphasized individuals’ concerns for maximizing their own income over the short term. Stated succinctly, a citizen prefers the taxation scheme that will maximize her immediate post-tax-and-transfer income. This theory is akin to general assumptions that individuals focus on maximizing their property in the short-term. A second strand of explanations has focused
on individuals’ desires to manage risk. According to these theories, a citizen supports redistribution to create a safety net if her income is likely to drop and opposes redistribution in order to protect herself against high taxes if her income is likely to rise in the future (e.g. Moene and Wallerstein, 2003; Rehm, 2009). These theories emphasize a concern for power in a Hobbesian sense—for the ability to achieve one’s ends over the long-term. The third strand has emphasized individuals’ concerns for group welfare (e.g. Luttmer, 2005; Huber and Stanig, 2011; Alesina and Glaeser, 2004). According to such theories, individuals prefer the taxation policy that will make their ethnic or racial group better off in absolute terms and better off than other ethnic or racial groups in relative terms.

Yet, as I will show in Chapter 4, these three types of claims leave a lot of variation in preferences over redistribution unexplained. For instance, looking at attitudinal data from countries in Sub-Saharan Africa, where ethnic groups are politically relevant, and at attitudinal data from the United States, I still find that many rich members of relatively rich ethnic groups support more progressive redistribution, even though neither they nor their groups would profit. Likewise, many poor members of relatively poor ethnic groups oppose redistribution, despite their short and long-term material interests. Using our definition of status concerns in Equation 2.3 to model individual utility, I make the case that much of this unexplained variation can be accounted for if we allow that individuals value doing well relative to their co-ethnic neighbors, even at the expense of their other interests. For instance, where status concerns are salient, wealthy individuals who are relatively worse off compared to their co-ethnic neighbors should, on average, be much more likely to support redistribution than wealthy individuals who are relatively better off than their co-ethnic neighbors, all else equal. Redistribution offers status benefits even to some members of the wealthy.

I test these arguments in Chapter 4 using attitudinal and demographic survey data from South Africa and the United States. The data allow me to match political attitudes with objective and subjective measures of relative position among co-ethnic neighbors and to control for a host of co-variates. Moreover, these countries provide hard cases for the
theory that within-group status concerns ever shape preferences over redistribution because of the degree to which between-group wealth comparisons have been politicized and institutionalized historically. I find that social status concerns are also particularly salient and influential on preferences over redistribution in the presence of the situational trigger identified earlier. Where inequality among neighboring co-ethnics has dramatically increased, I observe a substantively larger and more significant, negative correlation between individual within-group status and support for redistribution.

This theory also has implications for electoral behavior where parties distinguish themselves on redistributive issues. Specifically, I make the case that, all else equal, income skew (a proxy for the within-group status of the median voter—specifically measured as the degree to which the median voter is economically distant from rich reference group members while also economically close to poor reference group members) should be negatively correlated with the median voter’s support for anti-redistribution parties where status concerns are salient. Chapter 4 demonstrates support for this theory in the United States.

2.4.3 Explaining Participation in Contentious Politics

If status concerns can help us understand more about government (in)action and about citizens’ attitudes toward government policies, can they also help us understand more about when and why citizens take politics to the streets? Chapter 5 turns to the question of whether status concerns can give us leverage over variation in citizen engagement with the state. The chapter examines status concerns along an attitudinal dimension, whereas Chapters 3 and 4 explored the implications of status concerns along economic dimensions. Individuals care about their relative position in terms of income and assets, but they also care about being highly ranked in the minds of others. In caring about within-group status, in other words, they also care about in-group esteem. Chapter 5 shows that the desire for this aspect of within-group status motivates political behavior as well.
From recent protests in the Middle East (Anderson, 2011) and in the United States, to demonstrations leading to the demise of the Soviet Union (Beissinger, 2002) and to state repression in Tiananmen square (Tarrow, 1998), to service delivery protests in various parts of Sub-Saharan Africa (Alexander, 2010), there is a myriad of examples of collective, contentious, political events whose timing, scope and results political scientists have sought to explain. At the center of many of these puzzles are the conditions under which ordinary people choose to participate in mass demonstrations asserting claims against the state. Indeed, many political scientists, particularly those with a rational-choice focus, have been fascinated by the occurrence of any kind of political collective action, because, they contend, individuals stand to benefit materially from not participating—i.e. from free-riding off of others. In trying to explain the occurrence of collective action, Olson (1965) argued, for instance, that rational, self-interested individuals participate when they can gain excludable benefits from doing so.

In Chapter 5, I make the case that participation in contentious politics can offer excludable opportunities for individuals to win the esteem of in-group members. Specifically, participation in public, collective action on behalf of a clearly-defined social identity group offers an individual the opportunity to be perceived as both “competent” (efficacious) and “warm” (friendly toward the interests of others). These are qualities shown to be correlated with social esteem. When offered explicitly by group leaders—that is, when primed—these esteem opportunities, on average, trigger individual participation. That is, the explicit promise of esteem acts as a selective incentive for individuals to participate. Even if there are short-term material costs involved in participating and even if participating offers an individual no likely increase in long-term influence, the promise of esteem can induce participation because it is pleasurable in itself. This argument combines rational choice logic with findings from social psychology.

In Chapter 5, I test the hypothesis that the explicit promise of in-group esteem can induce participation in contentious politics through a field experiment. Specifically, each of
3651 potential participants in a political rally for gay rights and marriage equality in New Jersey was randomly assigned to one of three conditions. Two of those conditions meant that a subject was invited to participate in the rally with an explicit promise of esteem from other members of the LGBT community. The third condition meant that a subject was invited with information only about the timing, purpose and location of the event. Using measures of intent to turnout, actual turnout, and reported turnout, I look for evidence that the promise of in-group esteem induces higher rates of attendance than simply informing individuals of the timing, purpose, and location of the event. Despite the ways in which this particular rally might have undermined the results, I find that the promise of in-group admiration acts as a selective incentive to induce participation.

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Table 2.2 summarizes how focusing on status concerns should change our expectations about the three outcomes examined in the following chapters. The chapters explain these expectations more thoroughly. Together, the three chapters demonstrate that, when triggered, status concerns provide independent analytic leverage for explaining variation in the implementation of Pareto-improving policies, in attitudes towards taxation and redistribution policies, and in individual decisions to participate in contentious politics.

2.5 Methodological Considerations

The following chapters employ a mixed-methods approach to assess the theoretical expectations in Table 2.2. The methods used range from case studies that allow me, through interviews and archival documents, to trace each step of the theoretical argument; to statistical analyses of a large number of units (both polities and individuals) that allow me to gauge uncertainty about my principal inferences; to an experiment that allows me, in a real-world setting, to assign triggers of status motivations in a way that should be orthogonal
Table 2.2: New Theoretical Expectations

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Current Theories</th>
<th>Status Theory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapter 3 Implementation</td>
<td>Will vary based on gov’t capacity or corruption but NOT because of public opposition</td>
<td>Will fail where status concerns are salient BECAUSE of public opposition</td>
</tr>
<tr>
<td>of Pareto-Improving Policies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chapter 4 Support for Redistribution</td>
<td>Will vary based on income, group membership, risk profile; level of national inequality should explain variation in voting across polities</td>
<td>Will vary based on within-group status; structure of inequality within groups should explain variation in voting across polities</td>
</tr>
<tr>
<td>Chapter 5 Participation in Collective Action</td>
<td>Will vary depending on material costs and rewards of participating</td>
<td>Will become more likely with the promise of in-group status (esteem)</td>
</tr>
</tbody>
</table>

2.5.1 Social Desirability

Envy—the desire for others to be brought low only so that one is not worse off than they—is considered a sin in most parts of the world. Ovid’s allegorical representation of Envy in *The Metamorphoses* lives in a house hidden at the bottom of a valley, unexposed to the wind from the surrounding areas. She is a hidden vice. Elster argues that “envy is unique because it is the only emotion we do not want to admit to others or to ourselves” (1998: 164). Spite—the desire to punish others just so that they are worse off than we—is regarded as an immoral sentiment, too (Fiske, 2010). And while behavior driven by a desire for esteem is generally not seen as reprehensible, some view expressing the desire for esteem as distasteful (Elster,
1998; Brennan and Pettit, 2005). One might be concerned then that the social undesirability of expressing and acting on status concerns could make self-reports of behavioral motivations unreliable for the purposes of empirical research.

We should be cautious about social desirability bias in the following chapters but should not let it prohibit our investigation for three reasons. First, with regard to rational choice models, in which actors are assumed to maximize property or power, we rarely require that actors actually articulate these motivations as reasons for their decisions. We generally look for the observable implications of such motivations in their behavior rather than in their words. It seems odd to demand a different standard here. Respondents in the following chapters occasionally articulate a logic that is consistent with a theory based on status concerns. This evidence should be compelling since we expect, if anything, that actors will attempt to conceal these motivations. But the following chapters also draw most of their evidence from behavior consistent with the theory rather than solely from the explanations of the actors themselves.

Second, individuals are less hesitant to report the status-motivated behavior of others than they are to report their own status concerns (Cuddy et al., 2009; Fiske, 2010). Thus we can also use the observations of third-parties to gauge whether status-concerned behavior is perceived to occur in certain communities. In many cases, these perceptions are causally relevant variables. For instance, if the hypothesis (as in Chapter 3) is that public policy decisions are influenced by the status concerns of citizens, then one important empirical question is whether politicians perceive constituents as having status concerns and perceive consequences if they do not respond to such concerns. We can have more confidence in the reports of politicians about their perceptions of the social status concerns of their constituents than we could in self-reports.

Third, the social stigma against admitting to status concerns can actually exacerbate conflicts provoked by those concerns (McAdams, 1992). If individuals felt welcome to state envious or spiteful preferences to one another, they might be able to find a mutually agreed-
upon, Coasian bargain. They might voluntarily reduce their own income, for instance, in order to placate others’ envy. In fact, where social rules about avoiding “the evil eye” are explicit, people do sometimes engage in these kinds of behaviors—subsidizing others in order to reduce within-group inequality, hiding their riches or good fortune from others’ gaze, or choosing to forgo opportunities to become better off (Kebede and Zizzo, 2010). Where envious and spiteful preferences are taboo, however, status concerns do not disappear but instead goes unsatisfied. As a result, they often demand the attention of third parties, including governments.

I should add that while status concerns are often viewed as normatively bad, or, at least, distasteful, the starting point of this dissertation is more agnostic. The following chapters take the definition of status concerns developed earlier in this chapter and trace the observable implications of those motivations in several real-world political settings. In the concluding chapter, I return to the question of whether status motivations consistently produce normatively “bad” behavioral and policy outcomes. The picture, it turns out, is mixed. While in some cases status motivations stymie policies we think would improve the lot of many, in other cases status motivations, where triggered, make possible socially-beneficial policies and political actions that might not otherwise occur. In either case, though, accounting for status concerns can change what political institutions accomplish.

28Documented strategies for avoiding envy in such societies include skirting contact with individuals thought to be particularly envious, shunning compliments, hiding any evidence of prosperity (livestock, pregnancy, fancy clothes, salaries), and avoiding leadership positions. Anthropologists have found evidence of the fear of envy across many different types of societies, from Northern Pakistan (Lindholm, 2008) to the Phillipines (Guthrie, 1977), to New York (Golden, 1960; Dundes, 1992). Ghosh (1983) notes that in an Egyptian town where fear of the evil eye was explicit, individuals would walk far out of their way so as not to pass the windows of households thought to be particularly envious. They also kept their livestock in the backrooms of their house, rather than outside, so that neighbors would not see them. Some chose to plant corn, even when they had the ability to buy more-profitable livestock. Individuals feared that they would lose relationships with other community members or even have their livestock attacked if they were seen to be obviously better off than others.
2.5.2 Selection into Groups

Another possible methodological challenge centers around the exogeneity of within-group status to other social processes. Human beings derive pleasure from status, but as a result they may select into groups in which they can more easily achieve high relative position or esteem. They may “choose the right pond” in order to be a relatively big fish (Frank, 1985). Such selection processes could mean that the relationship between one’s within-group status and one’s attitudes or behavior is spurious. Both could be driven by factors influencing the selection of individuals into particular groups. In other words, the patterns found in the following chapters could be endogenous to the process of “choosing the right pond.”

For example, I argue that individuals’ attitudes toward public policies and their political behavior are both influenced by their relative positions among co-ethnic neighbors. In places like the United States and South Africa, where ethnic and racial groups have historically been divided by social and political institutions, it may be reasonable to assume that membership in these groups is on average fairly sticky. Yet, in this day and age, many individuals are not bound to a particular neighborhood or geographic area. Unless they are without any means, their living in a particular neighborhood probably involves some degree of choice. One might object then that an underlying selection process may be driving both relative economic positions and preferences over redistribution.

In some cases, I expect geographic selection actually to undermine the relationships between an individual’s within-group status and her political attitudes and behavior. In the case of support for redistribution in Chapter 4, for instance, the processes that drive selection into neighborhoods are likely to run counter to the main hypothesis. Individuals who choose to “move on up” into a neighborhood in which they are relatively worse off—who choose to be “small fish in a big pond” (Frank, 1985)—are likely also to be people who believe in upward mobility, who believe that they will continue to become better and better off in absolute terms over time. We expect that these individuals generally oppose
progressive redistribution in order to protect their future absolute welfare. They should, if they are selecting into neighborhoods in this way, see those richer than they as a proxy for their future selves and refuse to increase their taxes. Instead, I find the opposite pattern, which is consistent with a theory in which individuals value status itself. This negative association between within-group status and support for redistribution thus seems to persist despite possible underlying selection processes.

Where I cannot be sure that the underlying selection process works against my main hypotheses, I use other statistical and research design approaches to help assess concerns about endogeneity. In Chapters 3 and 4, I conduct tests of the sensitivity of the results to the presence of a simulated omitted variable. In Chapter 3, I also use an instrumental variable approach to check the robustness of the results. For Chapter 5, I designed a field experiment in order to assign the “trigger” of status concerns randomly across individuals and observe how they respond. Although individuals in Chapter 5 may have selected initially into the main reference group, treatment assignment should by design be orthogonal to any unobservable traits that drive such selection processes.

### 2.5.3 Level of Proof

In each of the following chapters, I attempt to isolate the observable implications of hypotheses based on status concerns from the observable implications of extant theories. In order to do that, I outline as many competing theories as possible—particularly theories in which individuals seek primarily to maximize their material welfare over the short term (property) or to maximize their ability to influence material outcomes over the long-term (power). It may, however, still be tempting to try to spin any findings consistent with status concerns into accounts of property or power maximization. The test at that point will have to be one of parsimony. We will have to ask ourselves which theory accounts for the most observable implications with the least conceptually stretching and the fewest empirical backbends.
2.6 Conclusion

The following chapters investigate the politics of status in a manner that is grounded in both social psychology and political economy. With a precise definition of status concerns, as well as a set of reference groups, triggers and methodological challenges in mind, I can now proceed to assess whether and under what conditions the quest for within-group status has an independent influence on political behavior, apart from the quest for property or power.
Chapter 3

CHALLENGES TO

PARETO-IMPROVING POLICIES

A house may be large or small; as long as the neighboring houses are likewise small, it satisfies all social requirement for a residence. But let there arise near to the little house a palace, and the little house shrinks to a hut. The little house now makes it clear that its inmate has no social position at all to maintain, or but a very insignificant one.
Karl Marx, Wage Labour and Capital, Chapter 6.

3.1 Introduction

In comparative political research, we often assume that Pareto-improving policies—that is, policies that make some people better off and no one worse off—will be supported by citizens. Any failure to implement such policies should not be due to social resistance but instead to a lack of resources (Tiebout, 1956; Korpi, 2006), to low technical capability (Ziblatt, 2008), or perhaps to corruption (Olken, 2010; Besley, 2005; Rose-Ackerman, 1999). Yet, transparent underspending of allocated budgets is a pervasive and persistent problem even where
governments have the capacity to deliver. South Africa’s Finance Minister reported that municipal governments in that country had spent on average only 68% of their earmarked budgets in 2010. The record in previous years had been no better.\footnote{“Gordhan Wars On Underspending,” Mail and Guardian, February 22, 2010.} Even among South African municipalities deemed “high capacity” by Municipality IQ in 2005,\footnote{Based on low population-staff ratios, high levels of staff education, and few auditing irregularities.} a quarter spent on average 30% of their allocated budgets or less between 2003 and 2010.\footnote{Based on author’s calculations from data on municipal budget spending discussed further below.} The problem is not unique to South Africa. In India, both higher capacity states like West Bengal and lower capacity states like Bihar have regularly underused their allocated budgets, reportedly spending only 64%-80% of their allocated central transfers between 1997 and 2006 (World Bank, 2005a; Government of Bihar, 2006, Mathew and Moore, 2011). Between 1995 and 2002, some Latin American states spent on average only half of their allocated social sector budgets (World Bank, 2005b, 80). Indeed, by some estimates, underspending is at least as frequent a problem in developing countries as overspending is (Addison, 2012). Yet, particularly when funds have been allocated for Pareto-improving policies and where technical expertise is available, we lack explanations for where and why underspending occurs.

In this chapter, I closely examine variation in spending on one Pareto-improving policy: low-income housing construction in South Africa. Slums, or “informal settlements,” are widespread in South Africa, and access to formal, low-cost housing is a major challenge for many citizens. Under apartheid, black South Africans were removed to designated “homelands”, which, though black South Africans constituted over 80% of the population in South Africa, made up only about 13% of the land. In search of employment, many black South Africans migrated closer to “white areas.” Because they were not technically allowed or encouraged to live there, large squatter settlements arose. All political parties in post-apartheid South Africa have committed to a platform of building single-family houses for those living in informal settlements. The policy of the party in power, the African National Congress, has been for municipalities to implement “in-situ upgrades,” which means that low-income
housing is constructed on the same sites as existing informal settlements for the shack residents living there (Schensul, 2008). This kind of upgrade construction actually increases the value of surrounding formal properties. It also provides material benefits even to those in the area who do not receive a house but qualify for one. Among other benefits, the ground is made more level for construction, thus reducing drainage issues in the area. Roads are paved to allow construction material to move in and out and to connect the upgraded area to town. Once funding has been allocated for the projects, construction makes the various parties materially better off, though to varying degrees.

Yet there is surprisingly wide variation in the degree to which South African municipalities have spent money earmarked for low-income housing construction. Over the last decade or so, since funding earmarked for in-situ upgrades has been funneled through provincial governments to be spent in South African municipalities, on average only 69.4% of those funds (standard deviation 37%) have been spent. Much of the rest of the funds have been openly returned to the provinces.

The returned money is not being pocketed, so are instances of underspending simply due to technical incompetence? Or is social opposition playing a role, and, if so, how? After employment, housing is the second most salient policy issue among South Africans, according to all rounds of the Afrobarometer survey. Implementing funded projects could benefit both South Africans without formal houses and South Africans in surrounding areas—improving infrastructure, alleviating overcrowding, and rais-

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4This is a different situation than if low-income housing were built near formal properties where no poorer residential area existed before. Such situations introduce “not in my backyard (NIMBY)” objections that are not at issue here. For discussion of NIMBY politics and housing, see, for instance, Piat 2000. A few housing projects have been constructed in Durban in so-called “greenfield” areas, which are empty areas of land on the periphery of the towns and not near high-value properties (Schensul, 2008). Because the space is not otherwise used and because construction does not downgrade anyone’s property values, these construction projects do not raise “not in my backyard” concerns. Upgraded settlements are also typically far from the center of town, so these greenfield projects do not create further distance from the center for their residents. Like in-situ upgrades, greenfield projects are largely Pareto-improving.

5There are, of course, other development issues and disagreement among South Africans on spending priorities. But once money has been earmarked for low-income housing construction and must be spent in these projects, it is puzzling when the projects are not implemented.

6Author’s calculations from the South African National Treasury records of capital expenditures by each municipality from 2003 through 2010. Of course, one cannot be sure that the money recorded as spent was not in fact pocketed. Instead, the puzzle is why so much money has been transparently not spent.
ing property values. Understanding where and why houses have been actually been delivered is thus not a trivial endeavor but is instead one of real policy import. If we care about governance and development policy, understanding variation in spending on Pareto-improving policies like this one should be of particular importance.

Paying attention to individuals’ concerns for within-group status can help us better understand this variation. Pareto-improving policies may not make anyone materially worse off, but they may make *some* people in a group much better off and thereby introduce losses in status for those left behind. Where status concerns are highly salient, governments are likely to face additional pressure to implement policies in ways that are not only Pareto-improving but also equitable. This pressure can lead to long delays and to inefficient allocations of government resources where governments do not have enough funding to provide goods equally and simultaneously to all qualifying constituents. By contrast, where status concerns are not highly salient, governments can distribute goods to low-income citizens in a piecemeal, yet often more manageable, fashion.

The chapter advances scholarship on local governance and development, since an enduring puzzle in political science is why political communities vary substantially in the consistency with which they deliver both public and semi-private goods (Tiebout, 1956; Lake and Baum, 2001; Korpi, 2006; Ziblatt, 2008; Habyarimana et al., 2009). But the chapter also contributes to two other important literatures in political science. First, it addresses the large literature in comparative politics that examines the political consequences of economic inequality. A number of scholars have argued that the *level* of economic inequality in a society plays an important role in shaping conflict over both regime type and redistribution, thus affecting the level and quality of public and semi-private goods (e.g., Boix, 2003; Acemoglu and Robinson, 2006; Meltzer and Richard, 1981). Theoretically, however, it is often unclear whether we should expect high income heterogeneity to help or hinder public and means-tested goods provision, and theories that focus on the level of income heterogeneity

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7On the one hand, income heterogeneity might be expected to instigate competitive rent-seeking between rich and poor groups as well as polarization in the redistributive preferences of those groups. Indeed, empir-
have met with mixed empirical support. One possible explanation for this mixed record is that disputes over goods delivery revolve more around citizens’ psychological reactions to the structure of inequality within groups and to changes in that structure than around larger levels of inequality (Graham and Sukhtankar, 2004; Cramer and Kaufman, 2011). This chapter examines one instance in which that is the case.

Second, the chapter contributes to research on ethnic politics, much of which focuses on the political consequences of inequality between groups for the quality of governance (e.g., Baldwin and Huber, 2010; Dawson, 1994; Horowitz, 1985; Tajfel, 1982). Scholars of ethnic politics often pay less attention to status competition within groups. But within-group status has an important role to play in the politics of development, because concerns for it can hamper the implementation of policies that otherwise seem to be in everyone’s material interest. This chapter demonstrates that, even in a place like South Africa where between-group inequalities have been highly politicized, concerns for within-group status have profound implications for the implementation of development policies.

This chapter proceeds as follows. In the next section I give some intuition about the influence of status concerns over policy preferences. I then outline a theory. I review the triggers of status concerns discussed in Chapter 2 in order to theorize where and when we might expect to observe objections to housing construction. I also discuss the reasons for which politicians may or may not have an incentive to respond to citizens’ status concerns. In the third section, I discuss alternative explanations. Section 4 offers a methodological approach for assessing the hypotheses. In Section 5, I discuss four cases studies of negotiations over housing construction among South African citizens and their local representatives and bureaucrats. In Section 6, I conduct statistical analyses across all South African municipalities and several robustness checks of the main findings. Section 7 concludes.

ically, high levels of inequality have sometimes been found to undermine public goods provision (Bergstrom et al., 1986; Isaac and Walker, 1988; Anderson, Mellor and Milyo, 2008). On the other hand, one might expect public goods and means-tested transfers to be more prevalent in more unequal societies, because income heterogeneity is associated with a less well-endowed median voter who votes in favor of these goods (Meltzer and Richards, 1981.
3.2 Theory

3.2.1 General Intuitions

Subjects in laboratory experiments have found Pareto improvements unpalatable when such improvements make some subjects better off than others. Sauermann and Kaiser (2010), for instance, conducted a series of experiments in which they asked subjects to vote on different policy options. Some options increased group welfare but left a few subjects better off than the others; some options did not increase group welfare as much but kept all subjects equal. The authors summarized their findings as follows:

Subjects do not care about maximizing group material welfare directly, [but] they do care about the...distribution of welfare. This is of major importance for institutional engineers. New institutions that theoretically create Pareto improvements compared to a given status quo might fail in practice if the resulting distribution increases inequality (2010: 680)

The theory and analysis in the rest of this chapter demonstrate that these results are not limited to the lab.

Indeed, in 2009, I had two conversations that illustrate the ways in which concerns for relative distribution rather than for maximizing material welfare complicate the implementation of Pareto-improving policies in the real world. One conversation was with Noluthando. Noluthando was living in a shack in KwaMashu E, a section of one of the larger townships in Durban, South Africa. She had been waiting for over nine years for a government-built house, referred to as an “RDP house” after the Reconstruction and Development Program, which was introduced by Nelson Mandela’s government just after the transition from apartheid in 1994. When asked how she felt about her housing situation, Noluthando replied that she

8Names have been changed to preserve the privacy of informants.
“want[s] a house more than anything” but that she has felt even more “depressed” lately after watching the changing circumstances of others around her. She said,

I see many [African] people doing very, very well. Some have big business or have fancy cars or a big house now. I am happy for them...this is for the better, I know. But me, I feel less dignity. Maybe I want to keep looking around and seeing others like me, you know?...Even in these shacks...I want people to stay the same as me.

In another conversation, I spoke with Nomsa—also a shack-dweller in KwaMashu at the time. She had just been told by a municipal administrator that she was among those selected to move into a new RDP house with her family once a new planned housing project had been completed. Having receiving the news, Nomsa nevertheless seemed a bit apprehensive. Asked why, she said, “I am happy soon to have real walls and a home of my own. But I wonder what I will tell my friends, those who are also waiting. I hope they will understand. I hope I will not lose or anger them.”

Noluthando’s and Nomsa’s reactions to government housing delivery reveal an important dimension of political attitudes that is often overlooked. Namely, individuals, at least in some polities and at some times, are not just concerned with getting the most they can from government. They also care deeply about how the things they get (or do not get) from government affect their within-group status and thereby their own sense of dignity and their social relationships. Both Noluthando and Nomsa want a house. They want good lives for themselves and their families. Yet Noluthando’s perception of her own self-worth—her sense of dignity—is affected not just by her objective living conditions but also by watching others become richer around her. She experiences a loss in utility when others in her reference group become better off, even if her circumstances remain unchanged. She perceives that her own sense of dignity is under threat because she continues to live in a shack while neighboring co-ethnics have quickly accumulated wealth. She indicates that it would make
her feel better if others continued to live in shacks even though that would not make her materially better off. At least then, her social status would not be completely undermined. On the other side, Nomsa is pleased to receive a house but worries about how it might alter her social relationships. Even though her receiving a house does not change the material circumstances of her friends, she indicates that her new status will make them unhappy, perhaps even angry.

In the cases that follow, I formally examine the concerns for status expressed by Nomsa and Noluthando and generate specific hypotheses about spending on funded housing projects. The hypotheses indicate that Pareto-improving policies may fail in practice if they introduce status losses.

### 3.2.2 Status Concerns and Preferences over Housing

Suppose that there are two types of citizen in a municipality: (1) citizen ($N$) who currently lives in a shack and who qualifies for a government-built house and (2) citizen ($W$) who already lives in a formal house, either government built or purchased. Suppose these two types of citizens are of the same reference group and therefore might care about their relative economic position vis-à-vis each other if so primed. Suppose there are $n$ citizens of type $N$ and $w$ citizens of type $W$. Now consider citizen preferences over the implementation of a housing project that would benefit $j$ individuals and for which government funding has already been allocated. The citizens ($N$) who qualify for government housing do not know in advance which $j$ individuals will receive the houses. Instead each has a probability ($p > 0$) of receiving a house if the project is implemented. Living in a shack yields a zero payoff, and living in a formal house of any kind yields a payoff of 1. Assume that the in-situ upgrade does not harm those who do not receive a house (either of type $N$ or type $W$) but also yields them no major material benefit.$^9$

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$^9$One could also conduct this exercise allowing all citizens some marginal payoff $\epsilon$ to implementation through, e.g., improved infrastructure or higher property rates. Doing so does not change the basic result
If citizens do not care about their relative economic status within the reference group and instead care only about maximizing absolute material benefits, \( W_i \) has an expected utility of 1 if the housing project is implemented and 1 if it is not. \( N_i \) has an expected utility of \( p \) if the housing project is implemented and an expected utility of zero if it is not. Very simply, citizens of type \( W \) are indifferent between the two actions and, as long as \( p \) is any value greater than zero, citizens of type \( N \) prefer implementation to the status quo.

<table>
<thead>
<tr>
<th></th>
<th>Implement Project</th>
<th>Don’t Implement Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>( W_i )</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>( N_i )</td>
<td>( p )</td>
<td>0</td>
</tr>
</tbody>
</table>

\( W_i \) is indifferent

\( N_i \) prefers to implement

Table 3.1: Preferences When Maximizing Absolute Payoffs

If, however, citizens of both types suffer a loss of status when others in their reference group have more than they do and gain in status when others in their reference group have less, we should expect a different constellation of preferences. Specifically, for \( W_i \), implementing the project no longer means no change in utility. Instead, status goods are now at stake, because if implemented, \( j \) more individuals join (or at least come closer to) her level of economic resources. Thus \( W_i \) now faces a loss in status goods if the policy is implemented. Likewise, \( N_i \) now looks at the proposal for implementation and sees it not just as a simple lottery over getting a house. Instead, implementation means getting a house and increased status with some probability or having to suffer a loss in status if, with some probability, she does not get a house. Suppose the total population of the reference group is \( c \). Recalling our utility equation (2.3) from Chapter 2, I derive the results in Table 3.1.¹⁰

¹⁰These calculations use equation 2.3 from Chapter 2: 
\[
U_i(x) = x_i - \alpha_i \sum_{j \neq i} \max\{x_j - x_i, 0\} + \beta_i \sum_{j \neq i} \max\{x_i - x_j, 0\},
\]
where \( x_i \) is the payoff to citizen \( i \) from living in a formal or informal house, \( n = c \) and, since status concerns are triggered, I assume for simplicity \( \alpha_i = \beta_i = 1 \).
Importantly, implementation of the housing project now means a certain loss in status for $W_i$ and a possible loss in status for $N_i$, whereas before the housing project meant either no change in utility or a positive gain. As a result, $W_i$ now always opposes implementation because implementation introduces a $-\frac{j}{c-1}$ loss in utility and offers no gains over the status quo. Likewise, $N_i$ is more likely to oppose implementation than in the scenario in which she disregarded relative position. Notice, for instance, that if $p = 0$ — that is, if $N_i$ has no chance of receiving one of the houses — she would now oppose implementation ($-\frac{w-j}{c-1} < -\frac{w}{c-1}$), whereas before she would have been indifferent. Likewise, if $p$ is low, or if she weights losses more heavily than gains (Tversky and Kahneman, 1979), then $N_i$ will prefer that the project not be implemented, whereas before she would have always preferred implementation as long as $p$ took any value greater than zero.

The bottom line is that when status concerns are triggered, opposition to Pareto-improving policies can arise, whereas without triggered status concerns there would have been no opposition. Citizens of the $W$ type — that is, those who compare themselves to potential housing beneficiaries but who already live in formal houses — will oppose housing project implementation when status concerns are triggered, regardless of the extent to which the proposed project covers all qualified beneficiaries. The size of their additional status loss from implementation ($-\frac{j}{c-1}$) increases the more individuals are benefited by the proposed

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**Table 3.2: Preferences When Also Care about Within-Group Status**

<table>
<thead>
<tr>
<th>$W_i$</th>
<th>Implement Project</th>
<th>Don’t Implement Project</th>
<th>$W_i$ always opposes implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1 + \frac{n-j}{c-1}$</td>
<td>$1 + \frac{n}{c-1}$</td>
<td>$W_i$ always opposes implementation</td>
<td></td>
</tr>
<tr>
<td>$N_i$</td>
<td>$p[1 + \frac{n-j}{c-1} + (1-p)[-\frac{w-j}{c-1}]]$</td>
<td>$-\frac{w}{c-1}$</td>
<td>$N_i$ prefers implementation only if $p &gt; \frac{j}{2c-1}$ and if she doesn’t weight future loss more heavily than future gain</td>
</tr>
</tbody>
</table>

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66
policy, but they will oppose implementation even if a small number would be given houses. Citizens of the $N$ type — that is, those who qualify for houses and presently live in shacks — are also more likely to oppose implementation when status concerns are triggered, but especially when their probability of receiving a house is low. Only when $p = 1$ are citizens of $N$ always going to support implementation because when $p = 1$ there is no loss in status that might be weighed more heavily than possible gains. $p = 1$, for instance, if the proposed housing project would benefit all qualifying citizens at once. Where status concerns are triggered, we might expect citizens of type $N$ to raise objections to implementation specifically on the grounds that the proposed project covers only a fraction of eligible individuals.

**H1:** Where status concerns are triggered, we should observe increased popular opposition to low-income housing projects.

**H1a:** Where status concerns are triggered, opposition from potential beneficiaries should be on the grounds that the proposed project covers only a fraction of qualified individuals.

### 3.2.3 Situational Trigger of Status Concerns

As we discussed in the previous chapter, there are certain circumstances under which individuals place greater emphasis on status goods, even at the expense of improvements in their objective material circumstances. In particular, status concerns tend to be heightened in times of rapid social or economic change, when the status hierarchy within groups is in flux and within-group inequality is dramatically increasing. Such periods sharpen attention and increase the value placed on within-group status.

In the case of South Africa, the vast majority of potential low-income housing recipients and their neighbors are black South Africans because of displacements forced by
apartheid policies. With the transition to full democracy in 1994 came the breakdown of many legal (though not all practical) barriers to employment and accumulation of wealth for black South Africans. In practice, opportunities were suddenly open to some. As a result, income inequality among black South Africans rapidly increased in the post-apartheid years even though inequality across groups remained roughly constant (Natrass and Seekings, 2002). Yet, although increasing black income inequality was the national trend, there is a great deal of sub-national variation in whether black income inequality increased or not, as we will see below, particularly across municipalities. Black South Africans who did become richer during the early years after the transition rarely moved away from the towns and cities they lived in pre-apartheid, at least until the early to mid-2000s (Kracker and Heller, 2010). As a result, as Noluthando witnessed above, some local areas experienced dramatic, visible increases in black income inequality and others did not. If increased within-group inequality triggers status concerns, we might expect that, where there were rapid increases in inequality among black South Africans, potential housing recipients and their neighbors would have place more weight on status concerns, even at the expense of improvements in their absolute welfare. Following H1, then:

H2: Where income inequality among black South Africans has increased, we should observe popular opposition to low-income housing projects.

3.2.4 Incentives of Politicians

Suppose that status concerns are indeed triggered where within-group inequality has increased and indeed generate opposition to the implementation of housing projects that ben-

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11They more often than not stayed in the same neighborhoods, too. Exceptions are in the largest cities where neighborhoods are more spread out to begin with and separated to a greater degree by highways. There, newly upper middle and upper class blacks moved between 1994 and 2001 to neighborhoods far removed from the townships to which they were previously confined (Kracker/Heller, 2010). Even in these big citizens, newly middle class blacks did not tend to move, even within the same city. Below I can exploit this variation to test assumptions about the reference groups citizens are using.
efit only a fraction of qualifying families. Why should local politicians bother to respond to this opposition? If they have the money to spend on the project and they understand that they will have to return unspent money to the province, why would they not go ahead with the project?

Let us assume that local politicians are looking to stay in office. South African local politicians are elected in two ways: by plurality or by proportion. Each ward within a municipality\textsuperscript{12} has a representative on the municipal council who is elected by plurality in a first-past-the-post race. For these politicians, having both potential housing recipients and their neighbors oppose the implementation of a housing project is enough to cause concern about re-election. These politicians are unlikely to win or ensure any votes by going ahead with the project. Even if they might win favor with higher-ups in the party by spending allocated money, they cannot advance in the party if they do not hold onto office.

These ward representatives are also required to live permanently in their wards and deal regularly with inter-personal disputes. According to Afrobarometer polls, local councilors are second only to religious leaders as the authority figure most often consulted on inter-personal conflicts.\textsuperscript{13} As I discuss in more detail below, the opposition raised in response to housing projects is not docile. Citizens sometimes threaten to take action to punish their neighbors if they have to watch their neighbors move into government-built houses while they continue to live in shacks. As Nomsa indicated above, where status concerns are salient, unequal distributions can make those left behind upset and even angry. Some individuals may decide it is better for no one to have a house if they do not have one. Interpersonal disputes can escalate, even become violent. A ward representative in Durban explained to me that she encouraged the council to vote down a housing project because she had heard threats in the public meetings that those left behind would burn down the built houses. “I didn’t want jealousy incidents,” she said. At the very least, she wanted to prevent such incidents.

\textsuperscript{12}A given informal settlement is usually contained within a single ward.

\textsuperscript{13}The percentages of respondents on the 2006 Afrobarometer who said they had contacted each type of leader at least once were: 22.4% for local councilors, 4.8% for members of parliament, 5.8% for government administrators, 14.3% for party officials, 14.8% for traditional leaders, and 31.4% for religious leaders.
because she would have to deal with them personally. “I would like to avoid these things happening....For my own sake,” she said.\footnote{Interview, 1 July 2009.} While ward representatives may have to deal with social disruption more directly, these concerns about violence and social disturbance can be salient to politicians elected proportionally, too. Where social status concerns are salient, few votes can be won directly by going forward with the project and yet if the project goes forward, violent incidents could occur. If such incidents decrease the popularity of the council as a whole, all local politicians in the area might suffer.

### 3.2.5 Decision-Making Process

Politicians have incentives to respond to opposition both because of concerns about re-election and because of concerns about violence. Yet, even if politicians have incentives to respond to opposition to housing projects where it arises, citizens still need a channel through which they can express their preferences over housing construction in order for their preferences to have an influence on spending. The policy implementation process appears at least formally to be fairly consistent across South African municipalities, often proceeding as follows. The provincial governments\footnote{South Africa has three levels of government: national, provincial, and municipal.} distribute funds earmarked for housing construction to be spent in each municipality. With formal responsibility for housing issues, the provincial government then oversees the following execution process.\footnote{Because of this supervisory role, I include province fixed effects in later regressions and conduct case studies in the same province.} Under the supervision of provincial housing directors, local politicians and municipal bureaucrats work with steering committees to draw up plans for specific housing projects on which the money will be spent—identifying the sites in need of in-situ upgrading, the number of qualifying beneficiaries, and the number of units needed. The size of each house (in square meters) is nationally mandated and houses must meet a certain standard of quality, so the number of houses that can be built with the allocated budget is fairly fixed during these investigations.
But the committee’s investigation discovers the extent to which the allocated funding will cover the number of qualifying families living in that area. Steering committees are made up of residents from the areas in need of low-income housing, including potential beneficiaries and their neighbors.17 Also on these committees are one or two bureaucrats involved in housing policy in the municipalities and the local politicians elected in the wards with informal settlements.

Steering committees then hold public meetings in informal settlement areas that need to be upgraded. In the public meetings, the steering committees and politicians present the housing project proposals, and members of the public are given an opportunity to raise questions or voice objections. The minutes of these public meetings and of the steering committee meetings are submitted to the full municipal council, along with recommendations from the committee, before projects are implemented.18 The council then reviews these reports and votes on whether to continue with the proposed housing projects or not. If the council votes to proceed with the project, the provincial housing office conducts a review of the full list of qualifying beneficiaries and decides which families will receive the houses that can be built with the allocated funding.19 The full decision-making process thus allows for citizen preferences to be expressed at two points: during the steering committee meetings and during the public meetings in the informal settlements. In the case studies, I will be particularly interested in whether opposition is voiced at these points and by citizens or

17The process for selecting these individuals is not particularly transparent. One might worry that, in municipalities with increasing black inequality, these committees are captured by those residents opposed to building houses. This explanation is still puzzling, however, since at least two or three potential recipients sit on the committee in each case and since the policy, which is already funding, should make everyone better off. Thus, even if there is some variation in the members of the committees across municipalities, we would still need a theoretical account of why there is opposition to the housing projects in any of the municipalities.

18Heller 2001 shows that the African National Congress stymied much independent non-governmental organization lobbying after the 1994 transitioning by incorporating representatives from these organizations into the party itself. As a result, Heller 2001 and Schensul 2008 argue, “What little direct influence African residents...have is through [interactions with] local councillors, who are oriented towards delivering services and infrastructure for votes” (Schensul, 2008: 26).

19Preference ordering varies and not particularly transparent. Author interviews in Eastern Cape housing office, November 3, 2010; author interview with Cacadu district housing supervisor, November 4, 2010; author interviews with steering committee steering committee heads in Makana, September 30, 2010 and in Ndlambe, November 14, 2010. The algorithm in theory involves length of residence in the municipality, family size and disabilities.
whether opposition arises at some other stage and/or among elites.

The decision-making process allows for a fair test of our hypotheses. The information provided to constituents during the process is the same across municipalities. (This should become clear in the case studies.) As in the model, members of the steering committee and attendees at the public meeting know how many potential beneficiaries there are in the area (and therefore the fraction of the total number of beneficiaries that would benefited by the project), but they do not know with precision whether they themselves will receive a house. They have some chance \( p \) of receiving a house, and, except in extreme and rare cases, these probabilities are often assumed to be roughly equal across potential beneficiaries. One might be concerned that in municipalities where black income inequality has increased there would be a perception among citizens that certain individuals will capture the policy process and secure houses for themselves. As I will show in the statistical analyses, however, perceptions of corruption and trust in locally elected politicians do not vary by the degree to which black income inequality has increased. Furthermore, recall from Table 3.1 that, were status concerns not an issue, even individuals who believe they have no chance of receiving a house (because of elite capture or corruption) should not oppose housing construction once funding has been allocated. Differences in information about the housing project and trust in the process should not confound the main results.

\[20\] If, for instance, a resident has a documented and severe disability, his chances of receiving a house are higher than that of others.

\[21\] Authors' interviews with steering committee heads in Makana, September 30, 2010 and in Ndlambe, November 14, 2010.
3.3 Alternative Explanations

3.3.1 Other Drivers of Underspending

There are several existing explanations for variation in the delivery of goods to low-income citizens that fall largely into three camps: (1) those that focus on the technical capacity and resources of the government, (2) those that focus on elite cooperation, and (3) those that focus on demographic heterogeneity and social capital among citizens. The main argument advanced in this chapter is a demand-side explanation since it focuses on particular configurations of social preferences and connects those preferences to government outputs.

Yet, on the supply side, Ziblatt (2008) has argued that the level of technical capability on the part of the staff charged with delivering goods to needy citizens is crucial. Low levels of technical capability lead to costly, time-consuming mistakes and can undermine coordination among bureaucrats. In other words, one main alternative explanation for variation in goods delivery that we must pay attention to is that some government bureaucracies are better staffed, better educated and better coordinated than others (Skocpol and Feingold, 1982).

Also on the supply side, Banfield and Wilson (1963) have argued that where governments are divided—where no one party dominates or where there are factions within the ruling party—the delivery of goods, especially to low-income citizens, is often uneven and halting even where resources are available. Elites spend much of their time fighting about who should get the benefits and cannot coordinate on common goals. This explanation, like that of technical capacity, emphasizes that the social preferences of constituents are unlikely to matter much if politicians and bureaucrats themselves are distracted by infighting or unable to spend resources because of deficiencies in capability.

On the demand-side, scholars often point either to levels of heterogeneity (ethnic or economic) or to levels of social capital in order to explain political communities’ ability to deliver goods quickly and efficiently (Easterly /Levine, 1997; Miguel, 2004; Putnam, 1993). In
terms of social capital, communities of citizens who are highly engaged in and well-informed about politics may be more effective in monitoring local governments to make sure that allocated money is actually spent. Where there are a lot of new migrants, by contrast, communities may be out of equilibrium and have difficulty working together to press for important policies, including housing delivery. In terms of demographic diversity, ethnic or income heterogeneity may lead to underspending, because members of different groups have trouble agreeing on priorities for public policy (Lieberman and McClendon, forthcoming). Or, related to the supply-side and to social capital arguments, these kinds of demographic heterogeneity may slow goods delivery because members of different groups do not share common technologies (e.g., language) or do not trust each other enough to coordinate implementation of public policies (Habyarimana et al., 2009; Putnam, 2007). Or, where ethnic groups map on to economic classes (Baldwin and Huber, 2010), stereotypes about members of poorer groups as “undeserving” may bolster opposition among richer groups to the delivery of goods to low-income citizens, halting spending (Luttmer, 2001). Furthermore, increasing levels of ethnic diversity may undermine the overall commitment to investing in policies that benefit low-income residents as some residents contemplate moving out of the locality (Hopkins, 2009). Population size may also matter; it is possible that large municipalities enjoy the benefits of economies of scale and are more efficient in spending allocated resources, or it is possible that large municipalities have a harder time coordinating projects.

In short, we might expect that low-income houses are more likely to be built where citizens share preferences over public policies, trust one another, have the technologies to cooperate, have lived together for a while, and are engaged in politics, regardless of whether...
they care about their within-group status or not. In the empirical analysis below, we can control for each of these explanations and observe whether our main hypotheses persist. Table 3.3 summarizes the main hypotheses as well as hypotheses about other drivers of spending on housing construction.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Spending on Funded Housing Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in Black Income Inequality</td>
<td>−</td>
</tr>
<tr>
<td>Bureaucratic/Technical Capacity</td>
<td>+</td>
</tr>
<tr>
<td>Government Unity</td>
<td>+</td>
</tr>
<tr>
<td>Ethnic/Linguistic diversity</td>
<td>−</td>
</tr>
<tr>
<td>Level of Income Inequality</td>
<td>−</td>
</tr>
<tr>
<td>Increase in Ethnic Diversity</td>
<td>−</td>
</tr>
<tr>
<td>Residents’ Political Engagement</td>
<td>+</td>
</tr>
<tr>
<td>Percentage Migrants</td>
<td>−</td>
</tr>
<tr>
<td>Population Size</td>
<td>?</td>
</tr>
</tbody>
</table>

### 3.3.2 Rival Mechanisms

In contrast to the drivers of underspending that are distinct from but might supplement our main hypotheses, there are also explanations that could account for many of the same observable implications of H1 and H2 but through mechanisms other than status concerns. I call these rival explanations. Such explanations fall largely into two camps: (1) far-sighted/power calculations and (2) elite-citizen relationships.

In the first camp is the possibility that, where within-group inequality has increased, potential housing recipients oppose proposed housing projects because they believe opposition will either (1) make the receipt of additional funds over the long-term more likely or (2) preserve a coalition to lobby for more houses in the future. Increased within-group inequality might contribute to a perception that the number of individuals sharing common interests would fall largely into two camps: (1) far-sighted/power calculations and (2) elite-citizen relationships.

In the first camp is the possibility that, where within-group inequality has increased, potential housing recipients oppose proposed housing projects because they believe opposition will either (1) make the receipt of additional funds over the long-term more likely or (2) preserve a coalition to lobby for more houses in the future. Increased within-group inequality might contribute to a perception that the number of individuals sharing common interests with distance to the coast or to a major metropolitan area as an instrument for increases in black income inequality (because of access to employment in the tourism industry).
with the poorest off is going to quickly dissipate. Perhaps if construction goes forward, there
will no longer be enough residents in need of a house to lobby for additional housing funding in the future. If this were the case, increased within-group inequality might correlate with underspending because it heightens concerns about long-term material welfare or power rather about status. In her 2009 theoretical piece on legislator behavior, Penn observes, for instance, that “farsighted voters will take the preferences of others into account when voting, not because of a behavioral assumption... but because the preferences of others will matter when passing future legislation” (37, emphasis added).24

Yet, although this explanation might account for some of the observable implications of the main hypotheses, it cannot account for all. For one, this explanation does not predict opposition to housing projects from individuals other than potential beneficiaries where within-group inequality has increased. A status explanation does predict some opposition from these groups. For another, under this rival explanation, we would not expect potential housing beneficiaries to acknowledge that unimplemented projects mean less money for housing in the future. A status explanation, by contrast, predicts that potential beneficiaries would oppose housing projects even if opposition lowers the likelihood of their receiving a house in the future. Through both the case studies and interviews, I will show that the observable implications favor a status explanation over a farsighted/power explanation.

The second camp of rival explanations involve the nature of elite-citizen relationships. Gerber and Lewis (2004) find that representatives in more heterogeneous districts are more susceptible to party pressures and less sensitive to constituent preferences, perhaps in part because heterogeneous populations make preferences more difficult to predict (Boix and Posner, 1998). If municipalities where black income inequality has recently increased are also as a result more economically heterogeneous, perhaps there is a weaker link between citizen preferences and policy outcomes in these municipalities. Perhaps spending less than the

24She adds that “farsighted individuals tend to favor policies that yield equitable distributions of payoffs, and frequently vote for certain normatively “fair” alternatives over their own ideal points...thus farsighted voters may willingly concede utility in the short term for more beneficial policy outcomes later on”(37).
allocated funds is not what citizens prefer but instead wins locally elected politicians favor with higher-ups in the party. According to this rival explanation, underspending on housing construction might correlate with increases in black income inequality not because of status concerns but because local politicians are more sensitive to party pressures in economically heterogeneous districts.

There are nevertheless ways to distinguish this rival explanation from a status explanation as well. First, we can control for overall economic heterogeneity across municipalities. An elite-citizen relationship explanation would need increases in black income inequality and economic heterogeneity to be highly correlated and for economic heterogeneity to explain the variation in underspending on housing construction. Second, a status explanation predicts objections from constituents to housing projects whereas an elite-citizen relationship explanation predicts that constituent preferences stay largely the same but that politicians’ attentions change. As I will discuss below, the balance of the evidence favors a status explanation.

3.4 Methodological Approach

In the rest of this chapter, I employ a mixed methods approach. Rather than rely on any single instrument of investigation, I leverage statistical analyses of a large number of cases, close qualitative examination of a few cases, surveys and interviews to test the main hypotheses as well as the alternative and rival explanations. As Karl Deutsch observed, “Truth...lies at the confluence of independent streams of evidence. The prudent social scientist, like the wise investor, must rely on diversification to magnify the strengths, and to offset the weaknesses, of any single instrument.”

I first examine actual negotiations over housing delivery in four municipalities in the Eastern Cape of South Africa between the years 2000 and 2006. The four municipalities

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(Makana, Ndlambe, Kou-Kamma, and Sunday’s River Valley) provide variation in changes in black income inequality just before this period and are fairly similar in terms of alternative factors (technical expertise, political unity, political engagement and ethnic diversity) that might also influence the speed in housing delivery. Examination of these four municipalities allows me to look carefully for each step in the main argument, using evidence from local government minutes, interviews, newspaper stories and housing committee minutes. Who were the actors involved in the negotiations? Did they object to housing project implementation under the circumstances and in the manners predicted by the theoretical argument? In this way, the case studies serve as an “intensive study of a [few units] for the purpose of understanding a larger class of similar units” (Gerring, 2004: 342). They provide a way to trace the full causal chain described in the main hypotheses as well as to check for evidence of alternative hypotheses at a more precise level of detail than would be possible across a large sample of municipalities.

But how can we be sure that the evidence from the case studies is not an artifact of those specific municipalities? To address this question, I take a second approach and conduct a statistical analysis of housing budget spending across all municipalities in South Africa during this period. This statistical analysis provides a measure of confidence in the inference that changes in black inequality have indeed been associated with the implementation of housing projects across a range of municipalities. A regression approach also opens some avenues to test whether within-group inequality is associated with omitted variables that may in turn influence the construction of low-income housing. I therefore conclude with instrumental variable and sensitivity analyses.

South Africa is a good place to examine the main hypotheses at the municipal level because the municipal level of government, which is involved in designing the housing projects and selecting their sizes, became fully functional along the current boundaries only in 2001. I therefore am able to look at changes in black inequality prior to 2001 and then to compare policy-making in the early 2000s across political units that did not exist before 2001 and
therefore could not have shaped the initial changes in black inequality directly. This helps me address the possibility of reverse causality, i.e., that delayed housing delivery could have caused increases in inequality among black South Africans.

3.5 Case Studies

I selected four very similar municipalities, two of which experienced sharp increases in black income inequality from 1996-2001 (Kou-Kamma and Ndlambe) and two of which did not (Makana and Sunday’s River Valley). I then examined negotiations over housing delivery in these four municipalities during the term of the first post-apartheid municipal councils (2001-2006) and conducted interviews with participants. These four municipalities are very similar on a variety of dimensions, including the size of the informal housing problem they faced in 2001, the degree of technical competence of the first municipal governments, the pace at which houses had been built before the 2001 re-demarcation, the level of ethnic diversity, and the level of participation in the first local government election in 2000. With all of these commonalities, one might have expected that these four municipalities would have performed similarly when implementing low-income housing construction. Yet, despite these commonalities, two of the municipalities (Makana and Sunday’s River) spent most of their allocated housing budgets during this term but the other two (Kou-Kamma and Ndlambe) did not.

Figure 3.1 shows a map with these four municipalities outlined in black. Table 3.4 then shows the values of a variety of indicators for the four municipalities.

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26 Transitional Local Councils (TLCs) governed smaller units between 1996 and 2001. Within the four municipalities I examine in detail, there were TLCs governing the largest towns from 1996 to 2001, and these TLCs built a few housing units before the municipalities were re-demarcated in 2001. The number of units built per capita, however, was nearly identical across these particular towns, which makes the variation in housing delivery after 2001 more surprising.
Figure 3.1: Case Studies Map with Changes in Black Income Inequality 1996-2001
<table>
<thead>
<tr>
<th>Table 3.4: Variation in Key Variables Across Case Study Municipalities</th>
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<tbody>
<tr>
<td><strong>District</strong></td>
</tr>
<tr>
<td>% Housing Budget Spent ('03)</td>
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<tr>
<td>Average % of Allocated Housing Budget Spent ('03-'06)</td>
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<tr>
<td>Ch. 90:10 Black Inc. Ratio ('96-'01)</td>
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<td>Decile Dispersion Ratio ('01)</td>
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<td>% HH in Informal Housing ('01)</td>
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<td>Houses Built Per Capita by TLCs '96-'01</td>
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<td>African pop share ('01)</td>
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<td>Ch. African pop. share ('96-'01)</td>
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<tr>
<td>Racial Fractionalization ('01)</td>
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<td>Linguistic Fractionalization ('01)</td>
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<tr>
<td>ANC PR Vote Share ('01)</td>
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<td>ANC Council Seats Share ('01)</td>
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<td>Qual. Evidence of In-Fighting Within the Ruling Party ('01-'06)</td>
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<td>Population: Municipal Staff ('03)</td>
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<td>MM w/ Tertiary Ed ('03)</td>
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<td>Years of MM’s Experience in Gov’t ('03)</td>
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<tr>
<td>Turnout in '00 Local Election</td>
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<td>Total Population ('01)</td>
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<td>Avg. Black Personal Inc. ('01)</td>
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The four municipalities share similar histories. All four lie within the Cacadu District in the Eastern Cape, in areas that were designated official “white” areas under apartheid though all four were also home to a large number of black African and coloured residents throughout the same era. The eastern border of the Cacadu District still marks the point where the British halted their expansion into Xhosa territory in the early 19th Century. Many of the initial black African residents of the areas that would later become these four municipalities were refugees from colonial wars or labor recruited by the British to work on farms around their new garrison towns. Slum villages with a mix of formal houses and shacks grew up around the colonial towns as a result. After apartheid, transitional local councils (TLCs) continued to govern former white areas, and these councils oversaw the building of some housing units from 1996 to 2001, although, importantly, the number built per capita was similar across the towns.

In 2000, the National Demarcation Board drew new municipalities out of areas that had previously been administered separately. The goal in designating the new boundaries was to place racially segregated areas under the same municipal roof. Given the stark economic disparities among racial groups left as a legacy of apartheid, racially segregated municipalities would not be economically viable. White, richer residents had to provide a tax base for services supplied to lower income residents from other race groups. As a result, each of the four municipalities examined here emerged from the amalgamation of a core white area (previously administered by a white council with its own tax base), coloured and black “locations” (previously funded by grants from the national government, though usually under-funded), and surrounding agricultural areas (often previously administered by a district council that managed all surrounding white agricultural areas). As a result, in 2001, the new municipal councils had to face new political units that had never been governed as such before.

27These areas included Grahamstown, Port Alfred, Alexandria, Bathurst, Kenton-on-Sea, Kareedouw, Joubertina, and Kirkwood—smaller towns that would be joined with other towns, former black homelands, and rural areas to form the new municipalities in 2000. Grahamstown, for instance, constituted an area of 100 km, while Makana (under which it was subsumed) covers an area of 2500 km².
Of these four particular municipalities, two were mid-sized in 2001 with populations of 55-75,000, while the other two were slightly smaller with a population of about 40,000. Yet, after the new municipal councils began governing in 2001, each faced a demographic landscape in which 7-15% of households lived in informal housing. The challenge of building formal structures for low-income constituents to live in was clear, especially after both the African National Congress and the Democratic (minority) Party declared housing one of the top priorities for all levels of government during the 1999 national elections (Ley 2010).

Yet, as we will see, the four municipalities fared differently in the face of this challenge, despite having much in common. A close examination of the records of the decision-making processes in these four municipalities and interviews with participants reveals that, in the two municipalities that did not experience dramatic increases in black income inequality, the negotiation process proceeded as one might have expected for a funded, largely Pareto-improving policy. Potential beneficiaries—whether or not they had a high chance of receiving a house—expressed support for implementation and also made the argument that spending allocated money would make the receipt of future funding more likely. By contrast, in the two municipalities that experienced dramatic increases in black income inequality, potential beneficiaries and their neighbors objected to funded housing projects. Potential beneficiaries did so on the grounds that the proposed projects benefited only a fraction of qualifying families while acknowledging that canceling the project might make future construction less likely. Municipal councils voted the projects down based on these objections and concerns about social disturbance.

3.5.1 Ndlambe

Ndlambe municipality was created in 2000 by joining Port Alfred—a coastal town—with the surrounding, non-coastal towns of Alexandria and Bathurst, as well as several more rural areas, resulting in a population of just over 55,000 residents. Taking its name from the
legendary Xhosa chief who fought both the encroaching Afrikaaners and the British in the early 19th century, the new municipality sought to celebrate the 78 percent of its population that in 2001 was Xhosa-speaking.

Yet the black-African residents, most of whom were Xhosa-speaking, did not all face the same economic realities and opportunities in the aftermath of the transition from apartheid. As new opportunities in business (particularly in tourism and service sectors) opened up for black Africans in the few years after the first democratic elections and the taking of national power by the African National Congress in 1994, some black residents from the area later to be designated Ndlambe municipality won lucrative employment in the tourism industry along the coast near Port Alfred as well as in the pineapple-growing agricultural areas near Bathurst. While most of the bed and breakfast and hotel establishments on the coast remained white-owned, several businesses involved in organizing tours and recreational activities incorporated black individuals into high-ranking positions, particularly in order to appeal to the new black political elite in Johannesburg who started coming to the “Sunshine Coast” for vacations. In addition, a black-initiated project from Bathurst (“Siyazikhulisa”/“We are cultivating it”) to boost pineapple sales won a grant from the central government in 1999 and focused on integrating black/African local residents into the business as managers (Gibb, 2006). Locally elected politicians, who later served on the municipal council in Ndlambe, recalled that the mid to late 1990s witnessed visible changes in the economic circumstances of some black residents but certainly not all. One politician recalled, “There has always been a lot of white wealth here, especially for people who retire to the beach, but after the transition we saw some of those involved in the struggle actually profiting. New larger houses were built near the townships in [Port Alfred]. We started seeing BMWs around, you know, owned by some people part of the struggle.” By the time the newly formed council took its seats in 2001, 15 percent of the housing structures in the area were still informal shacks. The average income of black South African residents in the bottom income decile had risen in real terms between 1996 and 2001 (by 37 percent), but
the average income of black South Africans in the top income decile in the group had grown by 55 percent.

During its first term, the municipal council in Ndlambe received funding from the provincial government for housing projects but the execution of those housing projects often met with resistance from steering committees, both from the potential beneficiaries on the committee and from committee members living in formal housing. As early as February 2001, a memo from a steering committee was submitted to the new council, opposing a project to build houses in Station Hill and stressing that there was not enough in the allocated funding to build the additional 113 units of houses needed. The municipality had recently received enough funding to build 20 housing units in that neighborhood, but the steering committee had identified 133 families that qualify for and need low-income housing. The steering committee memo argued that building should not go forward even for the 20 units; that in public meeting citizens had indicated that community problems might arise if it were to go forward; and that funding should either be transferred to another neighborhood project if it could round out the full number of units needed there or be returned to the province. The memo gave this recommendation while acknowledging that future funding “might be hard to secure.” In the council meeting the following month, the council decided, on the recommendation of the Station Hill steering committee, not to implement the housing project because there were not enough funds to build all units and because the Nemato neighborhood project, which was funded at the level needed, was already going forward. On 24 April 2001, the council committed anew to applying for additional funding for the housing project in Station Hill, but as late as January 2003, the province continued to deny the request.

The input of the Station Hill steering committee is just one example of the kinds of concerns that stalled housing projects in Ndlambe during this period. There are records of similar steering committee and public meeting concerns about projects planned in 2002, plans for construction finally proceeded in 2003, after the province approved funding for the additional 113 units.
2003 and 2004 that would service only a fraction of identified beneficiaries. These projects too were stalled, even though steering committee members acknowledged that not spending the money would might jeopardize future budgets. In April 2003, a report by the council’s land and housing committee (staffed by elected politicians) sited “social instability in local neighborhood” as a reason for not proceeding with plans to build a handful of units near an area called Mimosa. Asked what “social instability” might refer to, an ANC ward politician who sat on the Ndlambe council between 2001 and 2006 told me, “We do not like to say exactly because people in other parties might use it as a way to talk badly about our constituents but, to be honest with you, we were worried about neighbor problems if we went through with the plan. It’s like everyone in the neighborhood is trying to get up the ladder but some people...would like to keep others down if they suddenly get a leg up.”

In April 2003, the full council meeting minutes noted a problem for a planned housing project in Wentzel Park, writing that the allowance given by the province could not build units for all 400 beneficiaries in that neighborhood at the nationally-mandated size of 40 square meters. The council sited objections from the public. Rather than suggesting that the project consider building fewer units, the council proposed either asking for a waiver from national government in order to build smaller units or finding a contractors who could build the 40 square meters with cheaper materials. In other words, rather than going forward with the project, the council found it more politically palatable to treat beneficiaries equally but to give them less.

Alternative explanations do not have the same explanatory power in the record. There were certainly tensions as well within the ANC in Ndlambe during this time, unrelated to any constituents’ concerns about equitable policies. In particular, the local newspaper documents a constant divide between ANC councillors from Port Alfred and ANC members from Kenton and Alexandria. In council meetings throughout 2001 and 2002 at least, ANC

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29Interview, November 24, 2010.  
councillors openly voted against ANC proposals, particularly those involving the nomination of leaders (for mayor, committee chairs, etc.). The mayor several times made open pleas during the council meetings for councillors to work together.31 Yet these particular divisions did not drive the decisions over the execution of housing projects. No reference is made in the municipal record of housing disputes between the Port Alfred and Kenton/Alexandria factions of the ANC. One ANC councillor recalled,

Disagreements during this time were often about where we should hold meetings...like, how far would people have to travel if they were coming from different parts of the municipality...or about who would hold important positions...sometimes Alexandria just wanted to be its own council. But housing was really a cause that all sides got behind. We just couldn’t always get enough funding to do what the people wanted us to do.32

Likewise, when it came to technical capacity, the new Ndlambe municipality did not fare badly. The former town clerk of Alexandria, who had several years of experience as an administrator, assumed the position of municipal manager during the first several years, and was accompanied by former members of her staff. Councillors I interviewed remembered her as competent and efficient. Investigators from the province in 2001 praised the general efficiency of the municipal management staff in Port Alfred.33 There were concerns about some of the contractors hired to execute housing projects, but these were usually linked to concerns about the quality of the structures once built.34 To my knowledge, the municipal record and the recollections of councillors link the non-implementation of housing projects more closely to steering committee and public meeting concerns about the scope of the projects, rather than to bureaucratic capacity. In Ndlambe, steering committee recommendations pushed

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32 Interview, October 29, 2011.

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the council to ensure equitable distribution of houses to low income families, even at the risk of reduced long-term funding and sometimes of lower quality housing units.

3.5.2 Makana

Makana municipality was created in 2000 by joining historically British Grahamstown—home to Rhodes University—with the surrounding towns of Alicedale and Riebeek East and several rural areas, resulting in a population of just under 75,000, 77 percent of whom were black African (mostly Xhosa-speaking as in Ndlambe). Many of the challenges the Makana council faced were similar to those faced by other municipalities, particular by those sharing its demographic features. Like Ndlambe, for instance, the Makana council had to amalgamate three towns, as well as the surrounding rural areas, all of which had been governed by different authorities before and after the transition to democracy in 1994. Like in Ndlambe, disputes arose between new councillors living in those towns over where meetings should take place, who the mayor should be, and how much of the roads and water budget would be spent on formerly district-governed areas like Alicedale and Riebeek East rather than on the main revenue-raising town of Grahamstown.

Yet disparities among black residents were not growing as rapidly or visibly in the area to be designated Makana as they had been in Ndlambe during this time. Some of the social mobility within the black population was directed through the university but this did not result in a newly visible accumulation of wealth in the hands of a few. As one local councillor recalled, “It was a time of change but most of the up and coming Africans in this town were going through Rhodes. They were young, not yet established and they were moving up and moving out.”35 To be sure, there were some larger houses in the townships of Makana, notably in Extensions 4 and 5, but these had been there since well before the transition and remained relatively modest (ISER 2008). Car ownership also did not increase rapidly in the

35 Interview, September 18, 2010.
historically black areas of Makana until after 1999 (ISER 2008). The local newspaper noted that Makana did not seem to be developing the same pockets of newly acquired black wealth as quickly developing Port Alfred.\textsuperscript{36} By the time the newly formed council took its seats in 2001, 13 percent of the housing structures in the area were still informal shacks. As in Ndlambe, the average income of black South African residents in the bottom income decile had risen in real terms between 1996 and 2001 (by 20 percent). Yet, unlike in Ndlambe, the average income of black South Africans in the top income decile in the group had grown less dramatically (by less than 19 percent).

Soon after its inauguration in 2001, the new council executed new housing projects bit by bit. In 2001, the council continued a project that built just 55 RDP houses in Ndancama and Newtown (ISER 2008), and no debates over the number of units arose in the steering committee recommendations or council records, even though it was clear that at least 150 families in these same areas qualified for low-income housing at the time. A dispute arose once between the ANC and the Democratic Alliance in 2001 over how closely to cooperate with provincial housing supervisors on the Mayfield Housing Project,\textsuperscript{37} but the question of whether enough units were being built was never raised by the steering committee or other community advisors. (Only half of the qualified beneficiaries on the list for Mayfield would be serviced by the new development.) Indeed, when the province failed to select a contractor right away, the mayor took a council vote to decide on a stronger role for the municipality in the project so that it could go forward.\textsuperscript{38} In none of the municipal records between 2001 and 2006 were there records of concerns about the scope of housing projects or about the possibility of social instability should all beneficiaries not be serviced. Housing projects continued in all parts of the municipality with the recorded support of potential recipients and those who lived nearby. By the end of 2003, Makana was recognized by the province as the

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\textsuperscript{36}Grocott’s Mail, 19 January 2001, Vol. 132, No. 5.


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“top achiever in Housing” in the Eastern Cape.  

Makana, like Ndlambe, did have a relatively robust municipal staff. The new municipal manager who took his position in 2001 was a trained attorney and accountant with several years of experience in municipal government. Like Ndlambe, Makana built a full housing staff in these early years, with engineers and planners on staff who could work with the province. In interviews, the Cacadu district and the provincial supervisors for housing projects in these municipalities at the time identified Ndlambe and Makana as the better staffed municipalities in the district. These technical capabilities undoubtedly helped both municipalities in executing plans and hiring contractors, but since both municipal bureaucracies were well-regarded, technical capability does not explain the difference in housing delivery and particularly the difference in concerns over the scope of housing projects.

Furthermore, in Makana, these housing projects proceeded despite a background of some political infighting on the council. Though it controlled a healthy share of the municipal vote, the ANC was not unified in Makana during this period. One councillor recalled infighting beginning in 2001 between the South African Communist Party (SACP) and the ANC, even though members of both were ostensibly ANC councillors. He recalled, in his first year as an opposition party (DA) councilor, going to a funeral and having the SACP ANC members ask him to give them a lift back to the township instead of getting in car with their ANC counterparts. “I knew from then that something was going on between them,” he recalled. Indeed, in 2001 and 2002 there was an open controversy about the selection of the mayor, with four councillors opposed to the ANC-caucus nominee. An ANC councillor remembered that the ANC had two predominant factions and that this came up at most political meetings and caucuses at least until 2004. Nevertheless, housing expenditure proceeded without hindrance. These internal disputes did not appear linked with discussions over housing projects in the municipal record.

40 Grocott’s Mail, 8 August 2002, p.3.
41 Interview, 27 September 2010.
3.5.3 Sunday’s River Valley

The record in Sunday’s River reflect many of the same patterns as in Makana, though in a smaller sized municipality with less competent bureaucracies. Sunday’s River Valley (SRV) municipality was created in 2000 by joining Kirkwood—an inland town surrounded by citrus farms—with the surrounding towns of Addo (home to an elephant game park) and Paterson and several rural areas, resulting in a population of just under 42,000 residents, 77 percent of whom were black African (mostly Xhosa-speaking) in 2001. Like both Ndlambe and Makana, SRV faced competition between the three major towns, all previously governed separately. In particular, the Addo faction of the ANC councilors lobbied to have the center of the municipality moved from Kirkwood to Addo and openly opposed several crucial nominations for political leadership of the ANC in the municipality. Indeed, fighting between the Addo, the Paterson and the Kirkwood factions of the ANC delayed appointment of the municipal mayor for several months after the council first met at the beginning of 2001.42

In addition, the bureaucratic administration of SRV in these early days—and still to this day—was not particularly robust. In the first year, a trained engineer of German descent was selected to head the municipal planning section, but he was soon reassigned to another municipality. The subsequent municipal managers and managers of the planning sections had not even completed secondary education. The staff was generally small, and each individual staff member had to manage several projects at once.43

Yet despite both political infighting and low bureaucratic capacity, as in Makana, housing projects were carried out in SRV bit by bit during the term of the first municipal council. Funded projects could rarely meet the needs of all identified beneficiaries, given national mandates about the size of housing units. According to municipal council and steering committee records, such projects never confronted the objection that such deficiencies could create social unrest or violence by leaving some residents worse off than others. Indeed,

42Interviews with a DA councillor and two former ANC councillors, October 20, 2010.
43Interview with municipal bureaucrat who has worked in this municipality since 2001, October 20, 2010.
the steering committee reports were generally quite short. One, from 2004, stressed that “the municipality is in great need of houses, any that can be funded.”\textsuperscript{44} Municipal records sometimes included “happiness reports” from beneficiaries after housing projects had been implemented, bearing individual testimonies to their satisfaction with the units. Overall, the record indicates no public opposition to the implementation of funded projects.

Why might the potential beneficiaries not be as concerned about witnessing neighbors receive houses while they continue to wait? Though 12% of houses were informal in SRV in 2001, black residents at the top of the income distribution had not become as visibly richer in SRV as they had in Ndlambe. The management of both the citrus farms and the game parks remained in white hands at this point. With new labor laws in place, the hired help was doing better economically since the transition. Average black income among those in the bottom income decile rose in real terms by 70% between 1996 and 2001. By contrast, average income among black/Africans in the top income decile of their group grew less rapidly (by less than 65%). On the whole, black/Africans in Sunday’s River Valley were becoming better off relatively evenly. And, indeed, consistent with the theory, the legislative record shows no evidence of citizen pressure to provide houses equally and simultaneously to low-income black residents.\textsuperscript{45}

3.5.4 Kou-Kamma

Kou-Kamma municipality was created in 2000 by joining the two towns of Joubertina and Kareedow—both the commercial centers for surrounding farmland—a coastal area with tourist attractions (game parks) and other rural areas, resulting in a population of 35,000 residents, just under 30 percent of whom were black/African in 2001. Kou-Kamma was

\textsuperscript{44}Special thanks to Susan Fourie in the registry of Sunday’s River Valley who assisted with gathering the municipal records for this period, which had not been well catalogued.

\textsuperscript{45}I should note, however, that despite the efforts of the SRV registry, the minutes of the council minutes from much of 2001 could not be found when I requested them in the fall of 2010. It is therefore possible that conflicts over the equity of housing projects took place during this time, although interviewees from this municipality did not mention any.
thus the most ethnically diverse of the four municipalities if we look at race alone. If, however, one looks at language, Kou-Kamma’s level of diversity was quite comparable to the levels in the other three municipalities, because 80% of Kou-Kamma residents (including many black/Africans) speak Afrikaans. Nevertheless, Kou-Kamma exhibited housing expenditures and implementation conflicts that look more like Ndlambe’s than like the other two municipalities’, despite the shared demographic features. Kou-Kamma was also the most partisanship-split of the four municipalities at this time, with only 63% of the council seats held by members of the African National Congress in 2001. Nevertheless, disputes between councillors in different parties were not linked to discussions over housing projects in the municipal legislative record between 2001 and 2006.\textsuperscript{46}

Like SRV, Kou-Kamma’s bureaucratic capacity during this period was not high. While the Cacadu district and the provincial supervisors for housing projects in these municipalities at the time identified Ndlambe and Makana as the better-staffed municipalities in the district, they also identified Kou-Kamma and SRV as among the weaker municipalities bureaucratically.\textsuperscript{47} Like SRV, Kou-Kamma did not have a permanent engineer on staff in these early years to assist with municipal planning, though it did have a municipal manager who had completed more than a secondary-school education.\textsuperscript{48}

Despite its similarity to Sunday’s River Valley in its bureaucratic capacity and size, Kou-Kamma’s housing record during this period looked more like Ndlambe’s. The record in Kou-Kamma, too, revealed citizen concerns over making some residents in a neighborhood better off if every qualifying beneficiary cannot receive houses. In September 2001, for instance, there was a recorded council meeting to approve 484 units as part of the Mbabala project. The council did not approve the project, however, because the steering committee where the project would take place could not reach a consensus as to whether enough units had been provided. The steering committee asked for more time to review the beneficiaries

\footnotesize{\textsuperscript{46}Special thanks to the staff in the Kou-Kamma registry in Kareedouw who helped with locating municipal council minutes and assisted with reading some of the sections, which were written in Afrikaans.}

\footnotesize{\textsuperscript{47}Interviews on 16 and 18 November 2010, respectively.}

\footnotesize{\textsuperscript{48}Interview, October 12, 2010.}
list because they did not want to confront the consequences if some individuals in the neighbor-
hood did not receive a house and others did. During the council meeting, an opposition politician suggested that the steering committee should be advised that delaying “might put the funding in jeopardy.” The councillor was reportedly told that the steering committee was aware of this issue.

Examples appeared throughout the record. In October 2001, for instance, the council identified an area in Mountain View for a new housing project, but “some concerns were lodged against the location of the project.” The concern had reportedly been raised by a member of the steering committee with a Xhosa surname after two public meetings had been held. He argued that the project would not provide enough room for the number of units necessary for all beneficiaries to get a house right away. In May 2002, a steering committee wrote a memo to the Kou-kamma Municipality, “re: Joubertina Housing Project,” stating that the committee had determined that they needed 600 housing units but understood from the council that only enough money for 300 units had been received from the Provincial Housing Development Board. Because of this scarcity, the committee recommended that an additional public meeting be called before any construction began. After such a meeting on 16 May, 2002, the Joubertina committee proposed to the Council that it either purchase more land or cancel the project—that it not, “under any circumstances,” proceed with the construction of 300 units. The committee reportedly agreed on consensus after the public meeting that it would rather wait for more money than continue with the original plan even if waiting meant that future funding “could be an issue.” The committee’s memo mentioned “the possibility of disturbance.” On 27 June 2002, the Council agreed to pursue new tactics in order to build more units. On 27 November 2002, the council concluded that it could not secure enough land. On 13 December 2001, the council recorded in its meeting minutes that money for the housing project could not be spent until more land or money had been secured for more units. As a result of concerns over the scope and equity of housing projects, some housing projects met long delays and others never began.
Like in Ndlambe, and unlike in Makana and Sunday’s River Valley, there were visibly emerging pockets of black wealth in Kou-Kamma just after the transition from apartheid. The coastal tourist businesses, in particular, opened up lucrative opportunities for some black residents (Gibb, 2006), while many remained farm workers or unemployed. Councillors who took office in 2001 remember that a few large houses—plantation-style houses—with black owners had popped up near those coastal areas and just outside of the major towns even by the late 1990s. Average annual household income among black residents in the bottom decile of black income had increased between 1996 and 2001, by about 19% in real terms, but average annual household income among black residents in the top decile of black income had increased much more dramatically (by 140%) in those five short years. In the wake of this movement in the income of the richest black residents, concerns over the coverage and equity of housing projects to benefit low-income black residents became prevalent and led to costly delays in implementation.

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The four municipalities shared the same political institutions, similar levels of ethnic and linguistic diversity and many of the same amalgamation challenges: bringing together rural and more dense areas, white, coloured and black areas governed separately under apartheid. Yet the ease with which these four new municipalities executed housing projects between 2001 and 2006 varied quite a bit. Three of the municipalities struggled with internal divisions within the ANC, while the fourth dealt with a stronger opposition party presence. Yet none of these political divisions linked clearly with housing expenditure. Likewise, two of the municipalities were governed by experienced and capable bureaucrats, while the other two struggled to hire and keep competent administrators. But these features did not line up directly with low-income housing construction either. Instead, where income inequality had increased rapidly among black/African residents, citizen members of steering committees and attendees at public meetings voiced concern about building fewer than the total number of housing units needed in a given neighborhood, often citing potential “social instability” or
“community problems.” Councils responded by canceling projects, submitting further funding applications (often to no avail) or by seeking legal waivers to build smaller, but more numerous, units.

### 3.6 Statistical Analysis

The case studies in the previous section allowed me to trace the various steps of the main argument. Yet, one would also like to know whether the observable implications of the main argument generalize to a larger set of political communities. With what measure of certainty can we infer that status concerns are associated with spending on housing construction? With what measure of certainty can we infer that other explanations are not substantively more important on average?

To address these questions, I conduct a statistical analysis of the determinants of spending on housing delivery across all South African municipalities just after the creation of these municipalities. The main dependent variable is the percentage of the municipality’s budget allocated for housing in a given year that was recorded as actually spent.\(^{49}\) One might be concerned that the percent of the allocated housing budget spent might sometimes signal efficient implementation of housing projects. There is little evidence that this is the case. Because resources in South Africa are generally scarce, the provincial and national governments tend to be conservative in allocating funding in the first place.\(^{50}\) Indeed, scholars, policy analysts and journalists in South Africa have all underscored municipal budget

\(^{49}\)Data for this measure were provided to me by the South African National Treasury’s Municipal Liaison Office and cover 2003 through 2006. In the chapter, I mostly present the analyses using money spent in the year 2003, but the substantive results remain statistically significant and diminish in magnitude only slightly over time if one uses data for the years 2004 through 2006. One might also like to have a measure of the number of housing units built divided by the number planned for construction. Unfortunately, however, municipalities did not record these numbers in a standardized format as they did for expenditures during this period.

\(^{50}\)Interviews with Municipal Liaison Officers in the National Treasury and Eastern Cape Provincial Treasury, November 11 and 12, 2010. Interview with the provincial supervisor of housing delivery in Nelson Mandela Bay Metro, November 24, 2010.
under-spending as an indicator of low levels of public and semi-private goods provision.\textsuperscript{51} Using the percentage of the earmarked budget (rather than the total amount spent) also takes into account the wealth of the municipal government. The question is not why do some governments spend more total money than others or why do some governments receive more funding than others. Instead, the question is: given the funding each municipality receives, why do some municipalities spend it and others do not?

The main measure of increases in inequality among black residents is the change in the 90:10 income ratio among black/Africans between 1996 and 2001—that is the change in the ratio of the pre-tax annual household income in the 90th percentile of black incomes in the municipality to the annual pre-tax household income in the 10th percentile of black incomes in the municipality. In some analyses, to check the robustness of the results, I also use the change in the decile dispersion ratio among black residents—that is, the change in the ratio of the average household income of black/Africans in the highest decile of income in the municipality relative to the average household income of blacks in the lowest decile of income in the municipality.\textsuperscript{52} Since most potential housing beneficiaries and their neighbors in South Africa are black/African, the theory predicts that changes in inequality within that race group will influence the salience of social status concerns among the relevant players, in turn shaping preferences over the extent to which money is spent on planned housing projects.\textsuperscript{53}


\textsuperscript{52}Both measures are generated using data on annual household income, by race of the head of the household, from the 1996 and 2001 South African censuses. Members of the geography unit at Statistics South Africa used GIS codes to reformulate the 1996 data to reflect 2001 municipal demarcations so that the measures of income decile dispersion in the two years would be geographically comparable and reflect the demography that the new municipal councils confronted in 2001. Thank you especially to Diego Inturralde and Kenneth Chatindiara for their assistance in formatting and providing this data. On each census, household income was reported in 14 brackets. In calculating the values for the main independent variable (change in the black decile dispersion ratio), each household was coded as earning the average of the upper and lower bound of its income bracket. For households in the highest income bracket (for which no upper bound was reported), each household was coded as earning 110\% of the lower bound (e.g., in 1996, households in the upper-most income bracket were coded as earning ZAR 360,001 + 0.1*360,001=ZAR 396,001).

\textsuperscript{53}Although these results are not shown, changes in income inequality among whites or coloureds are not robustly associated with levels of housing expenditure.
I include various controls for the alternative and rival explanations. To account for the size of the housing problem faced by municipalities, I include the percentage of households in each municipality that lived in informal housing (a shack or tent) in 2001. One might expect that new municipalities with a larger housing problem would more aggressively spend any funding they receive to alleviate the problem. To proxy for technical capacity, I use two kinds of measures. First, I use the ratio of the municipal population to the number of administrative staff in the municipal government in 2003. Municipalities with a smaller population-staff ratio have more hands on deck and should be able to execute projects more easily. Second, I use dummy variables for whether the Municipal Manager and the Financial Manager in 2003 held a tertiary degree in 2003. Both measures come from the South African Municipal Demarcation Board’s Annual Reports, which are publicly available starting in 2003. As a measure of the unity of municipal governments, I use the vote share as well as the square of the African National Congress’ vote share in municipal elections in 2000. The expectation is that more divided governments (where the ANC vote share approaches 0.50) will have a more difficult time coordinating the implementation of housing projects.

Other control variables include ethnic diversity, change in diversity, turnout, overall inequality, internal migration, population size, and province fixed effects. For ethnic diversity, I use the share of the population that was black/African in the 2001 census. In many municipalities, this percentage is an accurate proxy of the level of racial diversity within that municipality. Where that percentage is high, the municipality is quite homogeneous. The difference in the black share of the population between 1996 and 2001 indicates the degree to

54 Data come from the South African Independent Electoral Commission.
55 As noted in the case studies, vote share for the ANC is not a perfect measure because often the political tension that hinders policymaking occurs within the ANC rather than between the ANC and other parties. We do not have an ideal measure of the internal tension within the ANC, so I use the party’s vote share to control for other types of political fractionalization that might hinder consensus about policy priorities. The case studies discussed in the last section show that factionalism within the ANC alone could not explain variation in housing spending. Makana, Ndlambe, and Sunday’s River Valley all contended with ANC factionalism but only one of them (Ndlambe) experienced problems with housing implementation.
56 As a robustness check, I also calculate a Herfindahl index of ethnic fractionalization in each municipality, using data on the race of residents (white, coloured, asian, black/African) from the 2001 census. This measure of racial fractionalization indicates the probability that any two randomly drawn residents will be from different ethnic groups. The higher the probability, the more diverse the municipality is.
which the municipal area diversified over this period. I also include the percentage of registered voters who actually voted in the 2000 local government elections (to elect councils for the newly created municipalities). This variable serves as a measure of political engagement among the residents of a municipality.\footnote{Turnout ranges from 29.2\% to 78.9\% (mean 52.9\%) in the sample.} In addition, I include the 90:10 income ratio for the entire municipal population in 2001 in order to control for the possibility that some municipalities are more economically heterogeneous than others and that citizen-representative relationships are different in these municipalities. I include the percentage of the population in 2001 that reported having lived permanently elsewhere in the country in the previous five years to account for levels of internal migration (which might be correlated with changes in black income inequality) as well as the size of the population (logged) in each municipality. Finally, I include dummy variables for each of the provinces, with the Eastern Cape as the excluded category. Since funding for housing is distributed through the provinces, it is possible that some provinces are themselves less efficient in delivering funds to municipalities and supervising projects than others, which also might contribute to underspending.

Table 3.5 summarizes the hypotheses to be tested in the large-n analysis.

### Table 3.5: Hypotheses for Large-n Analysis

<table>
<thead>
<tr>
<th>Variable</th>
<th>Association with % Housing Budget Spent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in 90:10 Black Income Ratio (1996-2001)</td>
<td>−</td>
</tr>
<tr>
<td>Percent Housing that is Informal (2001)</td>
<td>+</td>
</tr>
<tr>
<td>Pop:Staff Ratio, Staff Tert. Degrees (2003)</td>
<td>+</td>
</tr>
<tr>
<td>ANC Vote Share</td>
<td>+</td>
</tr>
<tr>
<td>Turnout in Local Elections (2000)</td>
<td>+</td>
</tr>
<tr>
<td>90:10 Among All Residents (1996-2001)</td>
<td>−</td>
</tr>
<tr>
<td>% Pop. Migrated (2001)</td>
<td>−</td>
</tr>
<tr>
<td>Population (2001)</td>
<td>?</td>
</tr>
</tbody>
</table>
3.6.1 Main Results

Figure 3.2 shows box plots of the percentage of allocated housing budget spent in 2003. The top box plot summarizes the percentage of the housing budget spent for municipalities in which the 90:10 ratio among black residents stayed the same or decreased between 1996 and 2001. On average, 78% of the allocated housing budgets were spent in those municipalities, with a total range from 45% to 98%. By contrast, the bottom box plot summarizes the percent of the housing budget spent for municipalities in which black income inequality increased between 1996 and 2001. On average, only 26% of the allocated housing budgets were spent in those municipalities, with a range from 0% to 63%. A two-sample t-test with unequal variance allows me to reject the null hypothesis that the means of these two groups are equal (p-value= 0.000).

Figure 3.2: % Housing Budget Spent (2003) By Change in Black Income Inequality

The relationship between increased black income inequality and the percentage of the housing budget spent is robust to the inclusion of the controls in Table 3.5. Figure 3.3\textsuperscript{58}
shows results from an OLS regression of the percent of the allocated annual housing budget actually spent in 2003 on a dummy variable for whether the 90:10 income ratio among blacks increased or not between 1996 and 2001, including the controls. The coefficient on increased black inequality is negative, as hypothesized, statistically different from zero, using a 95% confidence interval, and large. Indeed, changing from a municipality in which black income inequality stayed the same or decreased to a municipality in which black income inequality increased is estimated to be associated with more than a 46 percentage point decrease in the percentage of the allocated budget actually spent.

The relationship between increased black income inequality and the percentage of the housing budget spent is more substantively and statistically significant than the association between housing expenditure and any of the other control variables. Only the coefficient on voter turnout (positive as hypothesized) exceeds the magnitude of the estimated coefficient on increased black inequality, but the standard errors are too large to yield much confidence that the coefficient on turnout is different from zero. Whether the municipal manager has some tertiary education is positively associated with the percent of the housing budget spent, as hypothesized, and its coefficient is statistically significant using a 95% confidence interval. Yet it increases the percent of the housing budget spent by only 12 percentage points. The coefficients on overall inequality (the 90:10 income ratio in the municipality) and size of internal migration are not quite statistically different from zero. The coefficient on the size of the population is positive and statistically significant but one standard deviation change increases the percentage of the housing budget spent by only 15 percent points, which is only a third of the change associate with having experienced an increase in black income inequality.

One might be concerned about using income reported in the census to construct a measure of changes in relative wealth in South Africa. The concern might be that individuals do not always know or accurately report their annual household income before taxes and that we do not know how the errors in their responses are structured. Income may also not
Bars around the point estimates indicate 95% confidence intervals, using robust standard errors; tick marks indicate the lower and upper bounds of the 90% confidence interval for each estimate. The model includes province fixed effects.

tell us about the actual lives that people live (Sen 1998). Yet, if one substitutes the indicator for increases in black income inequality with an indicator for an increase between 1996 and 2001 in the percentage of black/African residents who report being employed in “finance, business, insurance or real estate industries”—occupations associated with the upper middle and upper classes in South Africa (Kracker and Heller, 2010)—the findings in the subsequent analyses remain substantively and statistically similar. This is in keeping with the theory since we hypothesized that observing some members of the black community entering visibly lucrative professions and becoming relatively and visibly richer would trigger status
One might also be concerned that by using a dummy variable for whether black income inequality has increased, I am simply *assuming* that increases and not changes in inequality trigger status concerns and perhaps masking important underlying variation. If we examine the results using a continuous measure of change in black income inequality, however, the use of a dummy variable appears reasonable. Figure 3.4 shows the estimated changes in the predicted probability of spending at least 90% of one’s earmarked housing budget in 2003 that are associated with various levels of change in the 90-10 black income ratio. The estimates come from a logit model that includes all the control variables in Table 3.5.

The probability of spending at least 90% of the housing budget is not predicted to
change much at all across municipalities that have experienced decreases in black income inequality. Only once we pass the zero change mark and move on to positive changes (increases) in black income inequality do we see shifts in the predicted probability of spending at least 90% of the housing budget.

As discussed in section 2.2, in most municipalities the consumption of these newly richer blacks remained close to and visible to poorer black residents between 1996 and 2001. Yet, in the biggest cities, where neighborhoods are more spread out to begin with and separated to a greater degree by highways, upper middle and upper class blacks moved during this period to neighborhoods far removed from the townships to which they were previously confined, although even there middle and lower class blacks stayed put (Kracker and Heller, 2010). Consistent with the theory, in these bigger cities, the correlation between change in the 50:10 percentile ratio of income of blacks and the percentage of the housing budget spent is tighter than than the correlation between change in the black 90-10 income ratio and the percentage of the housing budget spent. This finding is in keeping with the argument that changes in within-group inequality that are proximate and visible to lower-income residents drive social status salience and, in turn, challenges to housing construction.

3.6.2 Alternative: Social (Mis)Trust?

One might be concerned that increasing black income inequality simply means that group dynamics are unraveling within a given municipality. Perhaps, rather than being concerned

\[59\] Among these municipalities, the correlation between change in the 50:10 black percentile ratio of income and the percentage of allocated housing budget spent is quite small \((r=0.06)\), as is the correlation between change in the average income of the bottom decile of black residents between 1996 and 2001 and the percent of the housing budget spent \((r=0.19)\). In other words, implementation of housing projects in these municipalities is associated with movement at the top of the income distribution and not with movement in the lower half or bottom of the income distribution.

\[60\] By bigger cities, I mean those with a population over 100,000 residents, which consists of 19 municipalities out of the 200 municipalities in the dataset, including Nelson Mandela Bay, Ekurheleni, Johannesburg, Pretoria/Tshwane, Durban/eThekwini, and Cape Town. This classification is based on Heller and colleagues’ sociological work on the neighborhood geography and movement in post-apartheid towns and cities.

\[61\] -0.593 versus -0.212.
with status, residents in these municipalities exhibit lower levels of social trust and thus have a harder time coming together to lobby for the implementations of development policies. Or perhaps the municipalities that experienced increasing black income inequality in the wake of apartheid were those with already low levels of social trust.

The case studies found little evidence of this mechanism, but we can further test for it in two ways. First, Nathan Nunn has collected data on towns’ and cities’ exposure to the slave trade, which Nunn and Wantchekon (2011) found correlates highly with social mistrust in much of Sub-Saharan Africa. In South Africa, however, exposure to the slave trade was largely limited to the Eastern Cape and was, in the end, quite low. (Only 631 individuals were taken by Nunn’s count.) Furthermore, if anything, Xhosa-speakers from the Eastern Cape—the descendants of those exposed to the slave trade—express slightly higher levels of social trust than other groups in the Afrobarometer survey data used by Nunn and Wantchekon (2011). Second, Figure 3.5 merges responses from the 2002 Afrobarometer to data from the 2001 South African census. A question on that Afrobarometer asked respondents if, during the past year, they have “gotten together with others to raise an issue” and, if not, whether they would if they had the chance. In a simple logit model, I regressed a dummy variable indicating that a respondent said she “would never get together with others to raise an issue” on whether the respondent’s municipality had experienced an increase in black income inequality between 1996 and 2001, clustering errors by municipality. Figure 3.5 presents the predicted probabilities of respondents’ saying they would never join together with others for different categories of respondents, comparing the predicted probabilities in municipalities where black income inequality had increased with predicted probabilities in municipalities where black income inequality had decreased or stayed the same. No matter the category of respondents we examine, there are no significant differences based on whether black income inequality had increased or not.
Figure 3.5: Predicted Probability —Would Not Join With Others to Raise an Issue

Lines with tick marks demarcate the 95% confidence intervals around the predicted probabilities for each sub-group, clustering errors by municipality.

3.6.3 Alternative: Corruption or Mistrust of Government?

Social trust may not account for the correlation between increases in black income inequality and housing spending but what about citizen-elite relationships? Perhaps citizens trust their local government less or believe that the government is corrupt in municipalities that have recently become more economically heterogeneous. Perhaps citizens tried to block housing projects in these places not because they care about status but because they suspect that houses will be used as payoffs for friends of the council. The 2002 Afrobarometer asked South African citizens about the degree to which they trust their local council. The Afrobarometer also asked South African citizens, “How many of the following people do you think are involved in corruption: elected leaders, such as...local councillors?” to which they could reply: “None,” “Some of them,” “Most of them,” “All of them” (4-point scale).62 Figure

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62 I exclude “Don’t know” responses.
3.6 shows the results of a simple logit model regressing the response that “I trust my local government not at all” on whether black inequality increased in the respondent’s municipality between 1996 and 2001, clustering errors by municipality. Predicted probabilities of giving this response do not vary by whether black income inequality increased no matter the type of respondent one examines. Figure 3.7, meanwhile, shows the average scores on the 4-point scale of perceived corruption for four types of respondents, comparing the average scores for those in municipalities where the 90:10 black income ratio increased to those in municipalities where it stayed the same or decreased. The bars in this figure denote standard deviations around the mean score for each category of respondents in each type of municipality. Again, I see no glaring differences among respondents from the two different types of municipalities, no matter the category of respondent I examine.
Figure 3.7: Avg. Level of Reported Corruption Among Local Councillors

Lines with tick marks demarcate one standard deviation on either side of the mean score for each category of respondents in each type of municipality.

3.6.4 Alternative: Changes in Priorities?

One might suppose, however, that increases in income inequality among blacks were accompanied by shifts in preferences over government priorities, rather than by shifts in preferences over the manner in which public priorities were executed. An alternative account of my main findings might be that newly rich black residents are less likely to view housing as a priority for the government to address. Maybe, encouraged by the improved circumstances of their co-ethnic neighbors, poorer blacks are also less likely to prioritize housing where within-group inequality has increased, because they are optimistic that they will not need government-provided housing in the near future. Either way, it might be the case that where income inequality among blacks increased, housing was in lower demand.

There is not much evidence for this alternative hypothesis. In 2002, for instance, the Afrobarometer survey asked respondents in South Africa to list the top three problems they thought should be the highest priority for the government to address. Figure 3.8 examines the predicted probability that respondents in municipalities where income inequality has
decreased or stayed the same and in municipalities where income inequality has increased named “housing” as one of their top three priorities. The figure also disaggregates the analysis by four subgroups of respondents: (1) black South Africans whose annual income was low enough for them to qualify for a government house, (2) black South Africans whose annual income was too high for them to qualify for a government house, (3) non-black South Africans whose annual income was low enough for them to qualify for a government house, and (4) non-black South Africans whose annual income was too high for them to qualify for a government house. I do not see any differences in the predicted probability of prioritizing housing except among black South Africans whose annual income was low enough for them to qualify for a government house. And among them I find that qualified beneficiaries were more likely to prioritize housing if they lived in a municipality that has experienced an increase in black income inequality.

Figure 3.8: Housing Among the Top Three Priorities for Government to Address

Lines with tick marks demarcate the 95% confidence intervals around the predicted probabilities for each sub-group, clustering errors by municipality.
3.6.5 Alternative: Tunnel Effect?

One might still counter that increases in black income inequality could bring optimism and thereby lower pressure on governments to deliver goods to low-income families. Albert Hirschman and Michael Rothschild (1973) proposed an alternative theory that could account for rapid increases in within-group inequality being linked to spending on development policies. They argued that when previously subordinate groups experience new and rapid social mobility, those “left behind” will feel optimistic for a while. Reading the social mobility of co-ethnics as a good omen for their own futures, they will refrain from placing pressure on politicians to distribute goods to them because they trust (at least for a while) that their lives are likely to improve without the government’s help.

This alternative story, however, finds no support in South African municipalities. Again merging municipal-level data on changes in black income inequality with responses to an Afrobarometer question asked in South Africa in 2002, I examined whether living in a municipality where black income inequality had increased was associated with greater predicted probability of expressing optimism about one’s own future living conditions. Variation in responses is not related to changes in black income inequality. Figure 3.9 shows the predicted probability of indicating “Much better” or “Better,” disaggregated by whether black income inequality had increased in a municipality or not and by the same four subgroups used in the previous analyses. No matter which group of respondents I examine, there are no discernible differences in optimism about future living conditions between municipalities where black income inequality had increased and municipalities where black income inequality had stayed the same or decreased.

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63The question on the Afrobarometer asked respondents, Looking ahead, do you expect the following to be better or worse: your living conditions in twelve months time? Respondents could indicate, Much better, Better, Same, Worse or Much worse.
Figure 3.9: Optimism About Own Living Conditions Over Next 12 Months

Lines with tick marks demarcate the 95% confidence intervals around the predicted probabilities for each sub-group. Errors are clustered by municipality.

3.6.6 Sensitivity Analysis

An alternative to checking each of these alternative explanations individually is to check how sensitive the key findings are to the presence of a simulated omitted variable. Figure 3.10 shows the results of a test of the sensitivity of the results in Figure 3.3 to the inclusion of a simulated omitted variable. I vary the degree to which that simulated variable correlates with the key independent variable (the dummy for whether black inequality increased between 1996 and 2001) and with the percentage of the allocated housing budget spent in 2003.\(^{64}\) The horizontal axis shows how much the simulated variable is correlated with increased black inequality, and the vertical axis shows how much the simulated vari-

\(^{64}\)R code available from the author upon request.
able is correlated with the percentage of the allocated housing budget spent. Because I am concerned specifically about a variable that would confound a negative association between increased inequality and the percentage of the housing budget spent, I simulated a variable that was negatively correlated with spending but positively correlated with increased black inequality. Each “cell” in the grid reflects approximately 500 simulations, and the color of each cell reflects the percentage of p-values for the coefficient on increased inequality that are below 0.05 when I re-run the main regression in Figure 3.3 with the simulated omitted variable included. The deepest red, which occurs in only a few cells in the bottom right corner of the grid, indicates that approximately zero percent (0.3%) of the p-values were less than 0.05 once the simulated variable was included. The lightest yellow indicates that one hundred percent of the p-values were less than 0.05. The deepest orange indicates that 66.7% of the p-values were still less than 0.05 even once the simulated variable was included.

As the colors in the grid demonstrate, the main result holds in 100% of the simulations in most cells and drops to holding in two-thirds of the simulations only when the omitted variable is highly correlated with both increased inequality and the percentage of the budget spent. The correlations must be at least 0.45 or higher between the simulated variable and increased inequality as well as extremely high between the simulated variable and the percentage of the housing budget spent (.9 if the correlation with increased inequality is 0.45, .7 if the correlation with increased inequality is .7). In order for the main result to disappear completely, the simulated variable must be extremely highly correlated with increased inequality (bottom right-hand corner of the graph, correlation greater than 0.8) and moderately correlated with the percentage of the housing budget spent (.55 if the correlation with increased inequality is .8, .4 if the correlation with increased inequality is .9). These requirements are stringent. For instance, even the highest correlation in the dataset—between African population share and ANC vote share—is only 0.54. To have both variables so highly correlated with an omitted variable seems unlikely.
3.6.7 Instrumental Variable Approach

Despite having controlled for multiple alternative explanations, having explored several rival accounts of the correlations and having conducted a sensitivity analysis, one might still be concerned that the correlation between increases in within-group inequality and the percentages of the housing budget spent is spurious. To test for this possibility in one additional way, I use an instrumental variable approach. I instrument for increases in black income inequality with the distance of a municipality from the coast in kilometers (measured from the geographical center of the municipality). Figure 3.11 shows a map of South African municipalities in 2001 shaded by whether the 90:10 black income ratio increased between 1996 and 2001. For the purposes of seeing differences clearly in a black and white image,
I show only two levels of changes (whether black income inequality increase or did not). With some exceptions, the darker shade (where black income inequality increased) appears frequently close to the coast, which runs along the southern border of the country.

Municipalities close to the coast were dominated by tourist industries before and during the transition from apartheid, and tourism provided more accessible job opportunities for black South Africans than most other industries, because it did not require much formal education (outside of a command of English, which many black South Africans had learned during the anti-apartheid movement in protest of learning Afrikaans) and also benefited from employees who had deep knowledge of “indigenous” languages and cultures. But it is not an industry that could afford opportunities to vast numbers of employees, so it quickly provided

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65 A color map with finer-grained shadings of changes is available upon request from the author.
lucrative opportunities to some black South Africans in a given municipality and not others. Indeed, distance from the coast is correlated with increases in black income inequality from 1996 to 2001 (r=0.42). It is not, however, correlated with other variables that might drive both increases in within-group inequality and housing delivery. For instance, it is not correlated with exposure to the slave trade (0.009), which Nunn and Wantchekon (2011) have argued proxies for social trust.\textsuperscript{66} Distance from the coast is not highly correlated with housing prices, contrary to what one might expect, probably because highly valued properties lie both well inland (in Johannesburg, Pretoria) and on the coast (in Capetown).\textsuperscript{67}

Table 3.6 shows the results from a reduced form OLS regression with the percentage of the housing budget spent in 2003 as the dependent variable and a dummy variable for whether the municipality is less than 100 kilometers from the coast as the main independent variable. All controls are included. These results are meant to test simply whether the instrument is highly correlated with the outcome of interest. We cannot interpret the magnitude of the coefficients, but we can observe that the relationship between nearness to the coast and the percentage of the housing budget spent is negative and statistically significant.

Table 3.7 then shows the results of the second stage of a two-stage least squares regression, wherein the dummy for an increase in black income inequality is instrumented

\begin{table}[h]
\centering
\begin{tabular}{|c|c|}
\hline
{Dummy if Distance to Coast} & {Coefficient (Robust S.E.)} \\
< 100 km & -0.09 (0.02) \\
(N=239;Controls) & \\
\hline
\end{tabular}
\caption{Table 3.6: Reduced Form OLS; % Housing Budget Spent (2003) as DV}
\end{table}

\textsuperscript{66}The relationship Nunn and Wantchekon find holds much more consistently for countries in West and East Africa where exposure to the slave trade was prolonged and intense. In South Africa, only 631 Xhosa-speaking individuals were captured, and many other groups live along the South African coastline.

\textsuperscript{67}Results not shown.

\textsuperscript{68}Also included in both stages: Province fixed effects, change in % black, pop. size (logged), ANC vote share, % turnout.
for with the dummy variable indicating if the municipality is less than 100 kilometers from the coast. Using this instrument, an increase in within-group inequality is still negatively associated with the percentage of the allocated housing budget spent. Municipalities that experienced an increase in black income inequality instrumented by distance to the coast on average spent 28% less of their allocated housing budgets than municipalities that experienced no increase in black inequality.

<table>
<thead>
<tr>
<th></th>
<th>Coefficient (Robust S.E.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased Inequality</td>
<td>-0.28 (0.11)</td>
</tr>
<tr>
<td>% Informal</td>
<td>-0.12 (0.09)</td>
</tr>
<tr>
<td>FM Tertiary Ed</td>
<td>0.05 (0.03)</td>
</tr>
<tr>
<td>90-10 Black Income Ratio</td>
<td>-0.08 (0.10)</td>
</tr>
<tr>
<td>% Black</td>
<td>-0.16 (0.17)</td>
</tr>
<tr>
<td>N</td>
<td>239</td>
</tr>
</tbody>
</table>

### 3.6.8 Additional Evidence for Social Status Mechanism

We can say with some certainty that increases in black income inequality were associated with lower levels of housing spending across South African municipalities and that the correlation is not spurious. But is there direct evidence in addition to the case studies that increases in black income inequality were indeed associated with the salience of social status? One more piece of direct evidence comes from a pen and paper survey of locally elected politicians conducted in 2009. I included status-relevant questions on a survey designed chiefly for Evan Lieberman’s project on the Governance of Infectious Disease (Lieberman, 2011).
166 local councilors, from eleven municipalities in the Eastern Cape province, responded to the survey.\(^{69}\) The survey required the councillors to respond to over 150 questions\(^{70}\) including two questions designed to assess whether politicians observe status concerned behavior among constituents. These two questions presented the respondent with two statements, and respondents were asked to choose which one they agreed with more.\(^{71}\) When comparing the veracity of the two statements, councillors were asked to think about average behavior in the constituency they were elected to represent. The pairs of statements were presented in the following order:

1. “Statement A: People focus on getting the most for themselves and pay little attention to whether they are better or worse off than others.

   Statement B: People frequently compare how much they have to how much others have.”

2. “Statement A: When someone does well—makes money, earns good marks, lives in a nice house—it generally causes jealousy and conflict.

   Statement B: When someone does well—makes money, earns good marks, lives in a nice house—others generally celebrate their successes.”

Answers to the two questions situate respondents along two axes, according to how much politicians think constituents engage in social comparisons and according to how much councillors think constituents support others’ successes. Overall, 45% of these local politicians reported behavior consistent with high social status salience—that their constituents engage

---

\(^{69}\) Lieberman selected specific metros and smaller municipalities within the province so as to maximize variation in aspects like racial make-up, while holding geographic and provincial level characteristics constant (Lieberman, 2011: 679). The survey was sent to all councilors in those municipalities, usually as a paper hardcopy, with email and fax follow-ups where necessary.

\(^{70}\) Questions solicited basic demographic and professional information about them as well as asking them about the main problems and risks facing their constituents, about their policy preferences on a variety of issues, about which government and non-governmental actors they think should be responsible for dealing with policy problems, and about the councillors’ perceptions of their constituents’ behavioral tendencies.

\(^{71}\) They could also indicate if they agreed with both and were instructed to leave the question blank if they agreed with neither statement.
in frequent social comparisons\textsuperscript{72} and respond negatively when others become better off.\textsuperscript{73}

Yet there was a great deal of variation among politicians, as one might expect if context triggers status concerns. Using data from the 2007 Community Survey in South Africa, which asked respondents about their annual household income and reports this data by race group, I calculated changes in the 90:10 black income ratio in each municipality in the Eastern Cape between 2001 and 2007. Following the theory, politicians from municipalities where black income inequality had increased between 2001 and 2007 were much more likely to report behavior consistent with high social status salience (frequent social comparisons plus negative reactions to others’ becoming better off) in 2009. Specifically, having had an increase in black income inequality between 2001 and 2007 predicted an increase of 30 percentage points in the probability that politicians from that municipality reported status salient behavior among their constituents in 2009.\textsuperscript{74}

3.6.9 Additional Observable Implications

There are additional observable implications of the theory that also find empirical support. For instance, one would expect that increases in black income inequality should also affect the delivery of other goods that are visible and that easily differentiate family from family. And indeed, if, for instance, I look at spending on the construction of flush toilets, I observe that the average percentage of the budget earmarked for toilets actually spent is much lower in municipalities that have experienced an increase in black income inequality than in those that have not (Figure 3.12). These toilets are often built for a few families to share, but they easily distinguish the families that share them from families who use pit latrines or buckets. Because they are built to be shared, they often stand separately and visibly from housing

\textsuperscript{72}I.e. They agreed with Statement B in the first question
\textsuperscript{73}I.e. They agreed with Statement A in the second question.
\textsuperscript{74}This result comes from a logit model regressing the selection of Statement B in question 1 and Statement A in question 2 on whether black income inequality increased, clustering errors by municipality. Because the sample of municipalities is small, the standard errors around the estimate are large, but the direction of the effect is in the predicted direction.
units. Even when built for individual families, they employ external piping that is easily visible on the exterior of a house.\textsuperscript{75}

On the other hand, one might not expect changes in within-group inequality to have an impact on the delivery of goods that are not easily divisible. Those sorts of goods do not have implications for the social status of those who receive them and those who do not. Roads and storm water are arguably these types of goods. Individual families do not receive new roads or storm water collection infrastructure. Their use is fully shared. And, in fact, if we look at the percentage of the municipal budget earmarked for roads and storm water (tracked together in municipal budget reporting), percentages are about equal across the two types of municipalities. See Figure 3.13. More generally, this analysis suggests that research on local governance, redistribution and goods provision might be well served if it were to distinguish carefully between goods that are visible and individually-targeted (and that therefore have social status implications) and goods that are communally shared or less

\textsuperscript{75}Interview with the provincial water and sanitation department supervisor for Nelson Mandela Bay, November 25, 2010; also confirmed through site visits to toilet and housing construction projects in Nelson Mandela Bay, Makana, Ndlambe, and Sunday’s River Valley Municipalities.
visible. Pareto-improving policies that distribute goods that are easily hidden might not have to be equitable. Pareto-improving policies that distribute communally shared goods are often equitable by definition and thus not subject to the problems brought about by high status salience. Table 3.8 suggests a scheme for distinguishing types of goods. In bold are the goods that have clear implications for the within-group status of recipients and non-recipients.

Table 3.8: Types of Government-Delivered Goods Subject to Status Concerns

<table>
<thead>
<tr>
<th>Visibility: High</th>
<th>Individually-Targeted</th>
<th>Shared</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Housing, Toilets, Land, Computers, Livestock</strong></td>
<td>Roads, water, clinics</td>
</tr>
<tr>
<td>Visibility: Low</td>
<td>Cash, pensions, food stamps</td>
<td>Universal tax credits</td>
</tr>
</tbody>
</table>
3.7 Conclusion

I began the chapter with a puzzle about underspending on Pareto-improving policies. Why is it that funded projects that would make no one worse off sometimes fail to be implemented, even when the government is competent and does not pocket the money? Through careful examination of municipal politics and low-income construction in South Africa, I found that, where status concerns are highly salient, Pareto-improving policies can meet with public opposition. When policies fail to make all constituents equally better off at the same time, they introduce losses in status for some even if no one is made materially worse off. The salience of status concerns proved a more robust explanation for variation in housing spending than government capacity, demographic diversity, social trust, farsighted strategies and a host of other possible explanatory variables. I even found evidence that the salience of status concerns is associated with the implementation of other Pareto-improving policies, especially those that would deliver visible, individually-targeted goods to some and not others. These findings suggest that status concerns can have profound effects both on political behavior and on development outcomes.

Is this argument simply blaming the victim for policy failures? On the one hand, it is. It points to circumstances under which the very beneficiaries of policies step in the way of their implementation. In order for institutions to be more effective, I have argued that it is important to understand the dynamics of popular opposition. As social scientists, we often have to be honest about such patterns even if it makes the argument unsavory. On the other hand, however, I have not argued that elites are blameless when it comes to policy failures. It can hardly be denied that incompetence and corruption are important problems in South Africa as in most other polities around the world. Indeed, the results of this study showed that having better educated local bureaucrats makes an important difference in whether the budget is properly spent.

What I hope to have pointed out is that there is important variation in spending on
development policies that cannot be accounted for by these variables alone. And, importantly, the problems stemming from status concerns are solvable. If, for instance, elites were to direct more resources to communities where status concerns are highly salient—such that all qualifying families in a particular neighborhood could benefit at the same time—they likely could quell much of the opposition to implementation. Thus, although the argument implicates the beneficiaries of policies that have not been implemented, it does not leave the problem at their doorstep. Taking status concerns into account should alter the policies of elites.
Chapter 4

TAXATION AND STATUS COMPENSATION

4.1 Introduction

The previous chapter examined a policy that was Pareto-improving. Once funding had been allocated for low income housing construction, the implementation of the policy would have made no one materially worse off and would have made some better off. Yet housing construction met with resistance where status concerns were salient. Understanding more about when and how citizens prioritize within-group status at the expense of material welfare helped us account for variation in spending on Pareto-improving policies.

But what about policies that are not Pareto-improving—policies that instead impose costs on some citizens and not others? Where triggered, do status concerns have implications for preferences over these types of policies as well? Looking specifically at attitudes towards national redistribution policies in this chapter, I find that they do. Extant research on preferences over redistribution falls largely into three camps: (1) explanations that focus
on individuals’ concerns for their own pocketbooks, (2) explanations that focus on individuals’ desires for insurance against risk, and (3) explanations that focus on individuals’ concerns for the overall welfare of their social identity groups. I find, however, that these three camps leave much variation unexplained. Then, using data from the United States and South Africa, I find that individuals’ relative economic positions vis-à-vis neighboring co-ethnics can account for this variation. Low within-group status is strongly correlated with support for redistribution—more strongly than many standard explanatory variables of attitudes towards redistribution are. Individuals whose local relative position means that they will gain within-group status from a more progressive national redistribution policy are much more supportive of redistribution even if it is costly to them. I also show that individual within-group status helps explain variation in voting patterns for pro-redistribution and anti-redistribution parties. In other words, as well as being an important and robust empirical correlate of attitudes toward redistribution, status concerns provide rich micro-foundations for broader behavioral patterns.

An enduring academic and popular puzzle is that democratic citizens are often tolerant of high levels of national inequality. Many expected, for instance, that the transition from apartheid to full democracy in South Africa would result in wealth redistribution, but the eighteen years since have seen relatively few moves to reduce national inequality (Natrass and Seekings, 2002). In the United States, many have puzzled over why many poor and working class white Americans continue to vote against redistribution even though redistribution would be in their material self-interest (Bartels, 2008; Frank, 2006, Gilens, 1999). The New Yorker recently asked whether, even with the recent Occupy movement, there will ever be a forceful and sustained movement against inequality in the United States.\footnote{Nicholas Lemann, “Evening the Odds: Is There a Politics of Inequality?” The New Yorker, 23 April 2012.} Despite high and growing levels of inequality in both South Africa and the United States, there is often a glaring lack of popular concern for reducing it.

This chapter offers a new perspective on this puzzle. First, it suggests that if indi-
viduals care about within-group status, they are likely to focus less on national-level forms of inequality than we generally expect them to. Concerns for status focus individuals’ attention on other people whose economic successes or failures are relevant and meaningful comparisons for their own. Citizens pay more sustained attention to comparisons within local groups of people like them rather than to comparisons with the nation as a whole.

Second, the argument offered here suggests that when people care about status they care about the *structure* of inequality within their reference groups rather than about levels of inequality, as is more commonly assumed. National redistribution offers status benefits only if an individual is economically distant from the rich members of her reference group but close to the poor members. Citizens may be fairly insensitive to inequality per se and care more about their positions within local hierarchies.

The rest of the chapter proceeds as follows. First, I discuss existing accounts of preferences over redistribution and the variation they leave unexplained. In the next section, I move beyond these existing explanations to develop a theory of how within-group status concerns might influence individuals’ attitudes toward national redistribution. In section 4, I discuss empirical strategies for assessing the main hypotheses. In section 5, I discuss the results of the empirical analysis for both individual attitudes toward redistribution and voting behavior. Section 6 concludes.

### 4.2 Extant Explanations

The literature on attitudes toward redistribution is particularly vibrant but falls largely into three camps: explanations that focus on short-term income maximization, explanations that focus on long-term risk minimization, and explanations that focus on overall group welfare.\(^2\)

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\(^2\)One prominent exception is Bartels (2008) who argues that political parties have, at least in the United States, succeeded in orchestrating growth around election time such that myopic voters overlook overall
In the first camp are models that assume that individuals support whichever redistribution policy will maximize their post-tax- and-transfer income (Meltzer and Richards, 1981; Romer, 1975). The poor favor high taxes; the rich favor low or no taxes at all. Individuals’ support for taxes and redistribution decreases as their incomes rise. These models have had a wide theoretical impact. Many authors have grounded explanations for other political phenomena (Boix, 2003; Acemoglu and Robinson, 2006; Collier, 2003) in the predictions of these models. I call this strand of explanations “pocketbook theories.”

The second camp of explanations has called attention to the ability of redistribution to insure citizens against the risks of economic shocks and income loss. An individual might be rich but might have such specific skills that any shock to the economy could force her into unemployment or into a sector in which her skills are not valued (Cusack, Iversen and Rehm, 2006). An individual might be poor but work in a sector that is relatively immune to high rates of unemployment (Moene and Wallerstein, 2003). According to this camp of theories, individuals think about redistribution not just as a policy that impacts their current income but as a policy that shelters them from risk (Mares, 2003). Factors such as skill specificity (Iversen and Soskice, 2001) and optimism about future income (Piketty, 1995) should condition preferences over redistribution even controlling for household income. I call this strand of explanations “social insurance theories.”

The third camp of explanations has been particularly prominent among scholars trying to account for the lack of attention to inequality in places like the United States and South Africa, where race group boundaries are strong. These scholars have argued that individuals’ policy preferences are conditioned by their membership in social identity groups (Shayo, 2009; de la O and Rodden, 2009; Stasavage and Scheve, 2006; Dawson, 1994, 2001; Alesina and Glaeser, 2004; Lieberman, 2002; Luttmer, 2001; Lieberman and McClendon, forthcoming). Individuals want to maximize not just their own absolute income but also the average income of their group. This means that poor individuals who are members of a rich incumbent performance. Below I focus on explaining variation in attitudes and voting behavior within a particular year and/or election cycle, which Bartels’ theory is not designed to account for.
group might oppose progressive redistribution both because they care about fellow group members and because they hold negative stereotypes of out-groups (Gilens, 1999; Luttmer, 2001). Likewise, rich individuals who are members of a poor group might support progressive redistribution, even though it would be personally costly. In general and especially where group boundaries are strong, individuals’ support for redistribution should be decreasing in their social identity group’s average wealth, all else equal. I call this strand of explanations “group welfare theories.”

In many ways, these three camps bear resemblance to general categories of theories based on possession and power discussed in Chapter 1. Pocketbook theories focus on short-term material income. They assume that individuals want to have as much as they can in their possession. Social insurance theories focus on long-term threats to self-preservation, on individuals’ desires to ensure, even with some short-term costs, that they can continue to pursue their goals and desires over the long-term. This is a weak version of Hobbes’ concept of power. To the extent that group welfare theories argue that individuals care about group welfare because they believe their fates are linked to the group’s (Dawson, 1994), these theories also focus on maximizing possessions and power over the long-term. Group welfare theories do sometimes make the case that individuals care about average group income because they want their group to be positively distinguished from others—to occupy a high status (e.g. Shayo, 2009). Lacking from all three camps, however, is room for individuals to care about within-group status.

Indeed, there remains important variation in individuals’ preferences over redistribution not accounted for by pocketbook, social insurance or group welfare theories. Consider Figure 4.1, which comes from areas of the world (Sub-Saharan Africa and the United States) where ethnic group identities are socially salient and where ethnic groups also tend to be economically unequal. The figure shows examples of responses to questions on the 2002-4 Afrobarometer and the 2006 General Social Survey about income inequality that do not

Consider the responses of rich individuals from relatively rich ethnic groups (black bars) and poor individuals from relatively poor ethnic groups (dark grey bars). According
both to models based on post-tax-and-transfer income maximization and to group welfare models, rich individuals from rich groups should prefer that inequalities be tolerated and poor individuals from poor groups should prefer that inequalities be reduced. These preferences would reflect a concern both for individual absolute income and relative group welfare. In fact, however, there is much more variation in attitudes among these respondents than one would expect. On average, across the 11 countries in the survey that report household income, ethnic group and responses to the question about income inequality, 56% of rich individuals who are members of rich groups (RR) actually support reducing income inequalities. This stance is contrary to both the goal of maximizing their personal income and the goal of maximizing their group’s average income relatively to other ethnic groups’. Also surprisingly, on average 35% of poor individuals who are members of poor ethnic groups (PP) in these countries oppose reducing income inequalities. This stance does not seek to maximize either personal tax-and-transfer incomes or the overall welfare of their ethnic groups for PP respondents. Overall, this pattern suggests that pocketbook and group welfare theories do not account for the attitudes of between 17% and 28% of the respondents in these surveys (light grey bars).

Variation still remains if we account for explanations that focus on skill specificity and optimism about future incomes. (See Figure 4.2.) The surveys for both South Africa and for the United States include questions about occupation and about perceptions of past and future income. We would expect to classify individuals with an income below the national average who belong to a relatively poor race group and who have specific skills or who are not optimistic about their future incomes as supportive of redistribution. Instead, we find in South Africa\(^5\) that 34% of black African respondents with a below average household income and with high skill specificity disagreed that large gaps in inequality should

\(\text{classified as rich (poor) if they reported a household income above (below) the average household income for all respondents in each country survey. Figure 4.1 lists the relatively rich and poor groups for each country.}^{\text{5}}\)

\(\text{I coded respondents as having high skill specificity in South Africa if they reported being a professional worker with a specific degree or a skilled manual worker or a skilled textile factory worker. South African respondents were also asked if they expected their individual economic situations to get worse, stay the same or get better over the next 12 months (3 point scale).}^{\text{5}}\)
be avoided. Among black respondents with a below average household income and with low levels of optimism about their income over the next 12 months, 39% disagreed that large gaps in inequality should be avoided. By contrast, 24% of white respondents with an income above the national average and low skill specificity agreed that inequality should be avoided and 39% of white respondents with an income above the national average who were optimistic about their future income agreed that inequality should be avoided. In the United States, respondents were asked about the nature of their employment contracts and about whether their economic circumstances had gotten worse, stayed the same or improved (3-point scale) over the last year. Thirty-two percent of African-Americans with a below-average household income who are irregular employees (e.g. work under temporary contracts) nevertheless do not strongly support redistribution. Thirty percent of African-Americans with a below-average household income who report that their economic situations have recently gotten worse also do not strongly support redistribution. By contrast, 50% of white respondents with above average incomes and who are regular employees strongly support redistribution. Forty-six percent of white respondents with above average incomes who reported that their economic situations has recently improved also strongly supported government-led redistribution.

One might object that extant explanations are all about attitudes on average. But, if, for South Africa, we include race group indicators, household income, optimism about the next twelve months and skill specificity in a probit model with agreement that large gaps in income should be avoided as the dependent variable, only 52% of predicted values are correctly classified. Similarly, if, for the United States, we include race group indicators, household income, employment regularity and an improved economic situation in a probit model with strong agreement that the government should reduce income inequality (scores 1

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6I classified respondents as irregular employees if they reported being “paid by a temporary agency” or that they “work for a contractor who provides workers under a contract” or if they reported being a “freelance worker.” Other options included “regular permanent employee” or “on-call.”

7Black, Asian, Coloured; White as the omitted category.

8Black, Other Race; White as the omitted category; results unchanged if Hispanic is separated from Other Race.
and 2 on a 7-point scale), we find that only 63% of predicted values are correctly classified. There is thus variation that still needs to be explained.

Much of this variation can be accounted for by individuals’ concern for their status among co-ethnic neighbors. People care about their relative, and not just their absolute, positions when evaluating taxation and redistribution policies.\(^9\) Contrary to extant theories, this means that people are often willing to support a higher tax rate in order to occupy a better relative economic position among neighboring co-ethnics, even if their own incomes

\(^9\)Corneo and Gruner (2002) called this motivation a “social rivalry effect.”
Citizens’ attitudes towards taxation and redistribution policies are likely to be influenced by a variety of different factors. In the empirical sections, I explain how I test for, among other factors, the influence of individuals’ beliefs about their own future mobility, their affinity for the poor, their concerns for other conceptions of fairness, and their sensitivity to risk. I also control for other individual-level factors that might influence preferences over redistribution, including religiosity, union membership, concerns about crime, employment status, education, gender, age and marital status. All of these factors contribute toward a rich account of the influences on citizens’ attitudes towards taxation and redistribution. As I show, however, the influence of status concerns persists when controlling for these alternative explanations.

### 4.3 Theory

#### 4.3.1 Status Concerns and Individual Preferences

In Chapter 2, I argued that individuals often derive utility not only from their own income but also from the degree to which their income differs from the income of others in their reference group. For reasons discussed in Chapter 2, I explore here the implications of status comparisons among neighboring co-ethnics. Recall the utility equation for a status-concerned person \( i \), which followed Fehr and Schmidt (1999):

\[
U_i(x) = x_i - \alpha_i \frac{1}{n-1} \sum_{j \neq i} \max\{x_j - x_i, 0\} + \beta_i \frac{1}{n-1} \sum_{i \neq j} \max\{x_i - x_j, 0\}
\]  

(4.1)

where \( \alpha_i, \beta_i > 0 \) represent the weights individual \( i \) places on status goods. To see how this utility might have implications for individual \( i \)’s preferences over redistribution, let’s assume, as most general models of political economy do (e.g. Boix, 2003; Meltzer and Richards, 1981;
Persson and Tabellini, 2000), that the state in which individual $i$ lives uses a linear tax $\tau$ on citizen income ($y$). The state then distributes total revenue equally among all citizens. The transfer for each individual therefore equals $\tau \cdot \bar{y}$ where $\bar{y}$ is the average income in the state.

Under traditional models, each individual votes for the level of redistribution ($\tau$) that maximizes her post-tax-and-transfer income, taking into account some small welfare loss due to taxation, represented for simplicity as $\frac{\tau^2}{2}$. Each voter $i$ thus faces the following maximization problem:

$$\max (1 - \tau)y_i + \bar{y}\tau - \frac{\tau^2}{2}$$

(4.2)

Solving for the optimal $\tau$ reveals that $\tau^* = \bar{y} - y_i$. An individual’s preferred tax rate increases the further individual $i$’s income drops below the average income in the state. To the extent that individual $i$’s relative economic position matters in this scenario, then, it is only because the further her income diverges from the average, the more she stands to lose or gain in absolute terms for a given level of $\tau$ (Meltzer and Richards, 1981). Her preferred tax rate rises as her income falls below the national average because she gains more from the transfer than she loses from paying taxes. In other words, relative position in these traditional models matters only relative to the national average and only in so far as it affects an individual’s absolute income. These theoretical intuitions that center on average national income are often what lead us to be so puzzled when democratic citizens seem unconcerned about national level inequality. Across individuals within a given state $\bar{y}$ is constant so the most basic result from these traditional models is that, as an individual’s income increases, her preferred tax level decreases.

But what if we suppose that individuals care about their within-group status as a good in and of itself and not just about maximizing their post-tax-and-transfer income? Using the utility equation (2.3) from Chapter 2, I can hold all else constant, including the average income in the society as a whole and thus the size of the transfer to each individual. For simplicity, let me call the total within-group income disparity above individual $i$
\[
\left(\frac{1}{n-1} \sum_{j \neq i} \max\{x_j - x_i, 0\}\right) D_A.
\]
Likewise, let me call the total within-group income disparity below individual \(i\) \(\frac{1}{n-1} \sum_{i \neq j} \max\{x_i - x_j, 0\}\) \(D_B\). Individual \(i\)'s task in this scenario is to choose \(\tau\) to maximize the following:

\[
\max(1 - \tau)y_i + \bar{y}\tau - \frac{\tau^2}{2} - \alpha(1 - \tau)D_A + \beta(1 - \tau)D_B
\]

(4.3)

If I solve for \(i\)'s optimal \(\tau\), I have that \(\tau^* = \bar{y} - y_i + \alpha D_A - \beta D_B\). In other words, now, with all else equal, her preferred tax rate \(\tau^*\) is increasing in the total within-group income disparity above her \((D_A)\), weighted by some factor \(\alpha\), which I can estimate; similarly, all else equal, her preferred \(\tau\) is decreasing in the total within-group income disparity below her \((D_B)\), weighted by some factor \(\beta\), which I can estimate. This result yields the following hypothesis.

**H1:** Holding all else equal, where status concerns are salient, an individual’s support for redistribution should be decreasing in the total within-group income disparity below her and increasing in the total within-group income disparity above her.

The basic intuition here is that a higher national tax rate compresses the income distribution within the group. A high tax rate thus yields status benefits for individual \(i\) if there are neighboring co-ethnics much better off than she and yields status losses if there are neighboring co-ethnics much worse off than she.\(^{10}\) Redistribution offers the highest status benefits to those who are *both* economically distant from their richer co-ethnic neighbors and economically close to their poorer co-ethnic neighbors. Notice that if I find empirically

\(^{10}\)Corneo and Gruner (2002) make a similar argument that as the difference between an individual’s occupational prestige and the occupational prestige of her lower class neighbors increases, the individual’s support for progressive redistribution decreases, especially if accompanied by a decrease in the difference between the individual’s occupation prestige and the occupational prestige of her upper class neighbors. Because of limitations in their data, however, the authors do not test this hypothesis with neighborhood data (or with data in any other sub-national reference group), nor do they test it except among the middle class.
that $\alpha = \beta$—that is, if I find that individuals on average weight both components of their within-group status equally — then $\tau^* = \bar{y} - y_i + \frac{\alpha}{n-1}D_A - \frac{\beta}{n-1}D_B$ reduces to $\tau^* = \bar{y} - y_i + \bar{y}_g$ where $\bar{y}_g$ is the average income of $i$’s neighboring co-ethnics. Thus, if, in addition to support for H1, I find that $\alpha = \beta$, we can also test the following hypothesis:

$$H1a: \text{If } \alpha = \beta > 0, \text{ an individual’s support for redistribution should be increasing in the average income of her neighboring co-ethnics.}$$

4.3.2 Status Concerns and Voting Patterns

In some circumstances, these propositions should extend beyond individual attitudes to voting behavior. If there is a clear difference in redistributive policies across parties or candidates running for office, then, all else equal, voters should use their preferences over redistribution in deciding for whom to vote. Let us suppose there are two parties, one in favor of raising the tax rate and one in favor of lowering it. A typical citizen should be more likely to vote for the redistributive party as the total within-reference group income disparity above her increases and as the total within-reference group income disparity below her decreases. Where status concerns are salient, this proposition should hold true for any citizen, including the median voter.

According to median voter theorems (Meltzer and Richard, 1981; Romer, 1975; Iversen and Soskice, 2006; Lupu and Pontussan, 2011), the preferences of the median voter within a particular geographic area generally determine the outcome of electoral contests in that area, especially under first-past-the-post rules. If the median voter’s relative economic position influences her voting preferences, then the relative economic position of the median voter should also influence which party wins. The more the median voter is economically distant from richer members of her reference group while also economically close to poorer members of that group, the more she can gain status from a higher tax rate and the more
likely she should be to prefer the redistributive party, all else equal. In this way, the relative position of the median voter in a given geographic area should be related to which party or candidate wins electoral contests there.

By definition, the median voter of a given area occupies the middle rank among other residents of that area (her neighbors) and earns the 50th percentile income there. I can thus approximate the median voter’s relative economic position by looking at the disparity of income above the median income in that area in ratio to the disparity of income below the median income in that area. I can calculate for instance, the difference between the 90th percentile income and the 50th percentile income there and put it in ratio to the difference between the 50th percentile income and the 10th percentile income: \[ \frac{90-50}{50-10} \]. I call this measure skew.\(^{11}\) As skew increases, the more the median voter is economically close to her poorer neighbors but far from her richer ones. As skew decreases, the more the median voter is far from her poorer neighbors but closer to her richer ones. Higher skew means that the median voter has more status benefits to gain from raising the tax rate. According to the theory then, as skew increases, the redistributive party or candidate should be more likely to win an electoral contest in that area and the less redistributive party or candidate should be more likely to lose.

\[ \text{H2: As income skew } \left( \frac{90-50}{50-10} \right) \text{ increases, all else equal, the probability that the more redistributive party will win an electoral contest there should also increase.} \]

Skew is different from inequality per se. Consider Figure 4.3. In both graphs, the level of inequality is the same. If we consider simply the difference between the income of

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\(^{11}\)In an examination of levels of redistribution across OECD countries, Lupu and Pontusson (2011) also rely on median voter theories and use a similar measure of skew (\( \frac{90:50}{50:10} \)) at the national level. They find that the level of redistribution across OECD countries (which they assume is determined by the median voter) is increasing in skew. Lupu and Pontusson do not test directly for the individual-level mechanism driving this pattern nor do they specifically look at the outcome of electoral contests. But status concerns provide a plausible, parsimonious individual-level mechanism that is consistent with the relationship they find between national structures of inequality and levels of redistribution if one assumes the reference group is the nation as a whole.
those in the 90th percentile and those in the 10th percentile, it is the same in both graphs ($a_1 = a_2$). The 90:10 income ratio, a standard measure of inequality, is also the same in both graphs. But in the top graph, skew ($c_1$) is high. The income of the median voter is much closer to that of those in the 10th percentile than it is to that of those in the 90th percentile. Meanwhile, in the bottom graph, skew ($c_2$) is low. According to the theory, I expect a higher
level of electoral support for redistribution in the top graph than in the bottom graph even though the level of inequality is the same in each.

Skew as I have operationalized it here is also different from the notion of skew suggested by Meltzer and Richard (MR) in 1981. Those authors argued that, if the median voter wishes to maximize her post-tax-and-transfer income, she will be more likely to vote for redistribution as the ratio of the national mean income to her own income increases. The national mean-median income ratio is also a measure of structure, rather than level, of inequality (even though some subsequent work has interpreted the MR model to refer simply to levels of inequality). But the point of reference in the MR model is different than the one hypothesized here. Here, I am arguing that median voters care about maximizing their within-group status, particularly among their neighbors. Their votes should therefore be influenced by income skew within their reference groups rather than within the nation as a whole, as predicted by pocketbook theories like the MR model. In the empirical analysis below, I look at variation in electoral outcomes across sub-national geographic areas within one country. I control for the median voters’ incomes within those sub-national areas as well as for the levels (90:10 ratio) of inequality across the areas. By controlling for median voters’ incomes, I am testing the MR hypothesis directly. Since the national mean income is held constant in a within-country analysis, one would expect that as the income of a median voter within a sub-national unit rises, her support for redistribution should decrease because she has less to gain in absolute terms from a higher tax rate. I find that this is, weakly, the case but that the influence of within-group skew on her support for redistribution is statistically and substantively more robust.

4.3.3 Triggers

The degree to which people are willing to trade short-term income for status goods can vary by context, as discussed in Chapter 2. In particular, concern for status can be heightened in
times of rapid social or economic change (Salovey and Rodin, 1991; Fiske et al., 2007). People pay attention to those elements of their social environments that have recently changed (Kahneman and Tversky, 1979) and rapid increases in within-group inequality can both focus their minds on within-group status and increase uncertainty as to the sources of such inequality. Rapidly increasing within-group inequality should make it more likely that individuals are facing the maximization problem in equation 4.3 rather than simply trying to maximize their post-tax-and-transfer income (equation 4.2). It should make it more likely that status concerns influence citizens’ evaluations of redistributive programs and platforms, even given the myriad of other influences (concern for risk, concern for group welfare) on such evaluations. We should thus expect that, all else equal, recent, rapid increases in within-group inequality will condition the effect of status concerns on support for redistribution.

**H3:** The relationship between an individual’s within-group status and her support for redistribution and the relationship between income skew and election outcomes should both be stronger where inequality among neighboring co-ethnics has recently increased.

***

In sum, I expect that an individual’s relative position among co-ethnic neighbors will influence her support for redistribution, even controlling for her household income, group membership, skill specificity and other standard explanations for attitudes towards redistribution. Where parties take distinct positions on redistribution, I also expect that a higher level of income skew will be associated with a higher probability of victory for the redistributive party in first-past-the-post electoral contexts. The relationship between an individual’s within-group relative position and her support for redistribution and the relationship between income skew and electoral outcomes should both be stronger where within-group inequality has recently increased.
4.4 Empirical Strategy

To test these hypotheses, I examine variation in preferences over redistribution and voting behavior in South Africa and the United States. The two places provide tough tests for the theory that within-group status influences preferences over redistribution. The United States is a place where beliefs in individual social mobility are so strong that they are often expected to overwhelm any desire to punish others’ relative success (Benabou and Ok, 2001; Linos, 2003). Likewise, some scholars have argued that South Africa is a prime case for the “tunnel effect,” whereby recent democratic opening and liberalization mean that citizens regard others’ economic success as a hopeful sign for their own rather than as something that should be minimized (Kingdon and Knight, 2007). In addition, the legacies of historically racist institutions have fostered a strong sense of linked fate within race groups in both countries—particularly among whites and among black/Africans in South Africa and among African-Americans in the United States (Marx, 1998; Dawson, 1994 and 2001). There is certainly evidence that U.S. citizens’ preferences over redistribution are heavily influenced by in-group interests and out-group stereotypes (Gilens, 1995; Alesina and Glaeser 2004). Likewise, South African whites complied willingly with personally costly taxes under apartheid at least in part because they believed the revenue would benefit their race group at the expense of others (Lieberman, 2002). Competition for status within groups would seem to be very unlikely given these between-group rivalries. Indeed, given the salience of beliefs in social mobility as well as in-group linked fate and out-group stereotypes in these particular countries, one might expect that the influence of concerns for within-group status on preferences over redistribution would be negligible. I show, however, that this is not the case. Even in these places, there is a robust relationship between concerns for relative position within groups and attitudes towards redistribution.

The following analyses employ a combination of survey data on social and political attitudes from the Afrobarometer and the International Social Survey Programme (ISSP)
and demographic data drawn from official censuses and community surveys. I use the demographic data to construct objective measures of relative economic position among neighboring co-ethnics for each of the respondents in the surveys. In addition, one nationally representative survey conducted by the ISSP in South Africa asks respondents about their perceived relative economic position vis-à-vis neighbors. I explore the relationship between this subjective measure of relative position and attitudes towards national inequality and redistribution as a robustness check for the other analyses. Because the hypotheses focus on expectations about relationships while all else is equal, I employ a variety of strategies to isolate the associations among the variables of interest.

In the United States, there are also fairly clear differences on redistribution issues between the two national parties. Since the 1970s, the Republican Party has been generally associated, rhetorically, with keeping taxes low for all citizens (Johnston et al., 2004) and, in practice, with generating faster income growth among the very wealthy than among the poorest in the country (Bartels, 2008). Meanwhile, the Democrats have been generally associated both in rhetoric and in practice (Bartels, 2008) with policies that reduce income gaps between the nation’s rich and poor. We can therefore test whether, if the individual-level attitudinal hypothesis (H1) holds in the United States, variation in income skew among neighbors is associated with whether Republican or Democrat candidates win the majority of votes from that group (H2).

In South Africa, there have been fewer consistent differences in redistributive platforms between the dominant African National Congress (ANC) and its opponents since the transition from apartheid. In a careful analysis of campaigning across the 1994, 1999, and 2004 national elections in South Africa, Ferree (2011) found that the clearest differences on redistributive issues were voiced by the parties during the 1994 campaigns. That year, the ANC’s political consultants advised a “politics as usual approach” focused on issues and not...
on the wrongs of apartheid (Greenberg, 2009). The ANC emphasized its Reconstruction and Development Programme, which advocated reducing and redistributing concentrations of economic power (Ferree, 2011), whereas the later Mandela years and Mbeki presidency would turn to a focus on growth and liberal trade policies rather than redistribution. In 1994, the National Party and Democratic Party took slightly less redistributive stances, emphasizing their abilities to govern rather than on policies to redistribute. Lodge (1994, 1999) characterized the ANC as to the left of center and the NP and DP as slightly to the right in 1994. In later elections, however, especially as the ANC’s policies moved to focus more on growth, the platforms of the various parties converged on issues of redistribution. Ideally, then, we could test for a relationship between skew and electoral outcomes during the 1994 election. There are two reasons I do not do this. First, the implications of the theory are clearest in first-past-the-post contests and these are not held in South Africa until local elections in 2000. Second, in practice the data on income skews at the neighborhood (ward) level are not reliable specifically between 1990 and 1996 as the country was undergoing the transition from apartheid.\(^{13}\) The data become reliable only with the 1996 and 2001 censuses. As a result, I test the hypotheses about individual-level attitudes (H1) in South Africa at a later date and leave the analysis of voting patterns (H2) to the United States.

\section*{4.5 Results}

\subsection*{4.5.1 Individual Preferences in South Africa}

To test H1 and H3 in South Africa, I conducted two analyses: one that used an objective measure of citizens’ relative position among co-ethnic neighbors and one that used a subjective measure. To construct the objective measure, I matched individual responses to the

\(^{13}\text{Author’s guided examination of ward-level data at Stats SA with Diego Inturralde.}\)
2002\textsuperscript{14} wave of the Afrobarometer in South Africa with data on the distribution of pre-tax household income among respondents’ co-ethnics in the same municipality from the 2001 national census.\textsuperscript{15} For each respondent, I recorded the annual pre-tax household income she reported in response to Q90\textsuperscript{16} and used it to calculate the total within-group income disparity above and below her. Total within-group income disparity above her ($D_A$), for instance, is equal to $\frac{1}{n-1} \sum_{j \neq i} x_j - x_i$ where $n$ is the total number of co-ethnic households in respondent $i$’s municipality, $x_i$ is equal to the annual pre-tax household income respondent $i$ reported for 2001 in the Afrobarometer, and $x_j$ is the pre-tax household income reported in the 2001 national census for each household in the municipality richer than $i$.\textsuperscript{17}

According to H1, I expect that respondents’ support for redistribution will be increasing in the total within-group income disparity above them ($D_A$) and decreasing in the total within-group income disparity below them ($D_B$) even controlling for a host of other influences on preferences over redistribution. If respondents weigh the two within-group income disparities equally, then I expect that a respondent’s support for redistribution will be increasing in the average income of her co-ethnic neighbors (H1a).

Municipalities are the smallest geographical unit reported in the Afrobarometer that can be matched to the census, and using them to approximate respondents’ neighborhoods has some advantages. For instance, municipalities do not levy separate income tax in South

\textsuperscript{14}I use data from this particular wave because it is temporally proximate to the 2001 Census data and includes the crucial questions on support for redistribution and on income needed for the analysis. Individuals in this wave were also asked for their household’s monthly income before taxes (Q90).

\textsuperscript{15}Respondent’s municipality was the smallest geographical unit reported for a large enough number of the respondents on the 2002 Afrobarometer in South Africa. Though the geographical unit is larger than I would like, the results using South African’s subjective assessment of their relative position vis-à-vis their neighbors are the same. This geographical unit is also much smaller than the smallest geographical unit reported on surveys with comparable questions, such as the World Values Survey, which reports the respondent’s province (of which there are only 9 in South Africa).

\textsuperscript{16}For ease of calculation, annual income was divided by 1,000.

\textsuperscript{17}See appendix for summary statistics of all variables. All annual incomes were divided by 1000 for ease of calculation. Some respondents did not report their household income on the Afrobarometer or refused to report their race. In addition, in a few cases, only the respondent’s district (a larger geographical unit) rather than the municipality was a reported on the Afrobarometer, this method reduced the number of individuals in the dataset from 2400 to 1823.
Africa. All income taxation policy is set at the national level. If an individual is concerned about her post-tax and transfer income, then she should evaluate her relative position within the nation as a whole, rather than her economic position among co-ethnics in the same municipality. Yet, in other respects, municipalities are not an ideal approximation for respondents’ neighborhoods. For one, they may be too large. The average size of the 131 municipalities matched to respondents from the 2002 South African Afrobarometer is 33,671 households. For another, individuals’ perceptions of the boundaries of their neighborhoods do not always coincide with census boundaries (Wong, 2010). In order to minimize these limitations, I conduct two separate analyses: one using municipalities and the other using a subjective measure of respondents’ economic position vis-à-vis their neighbors.

In the International Social Survey (SASAS) conducted in South Africa in 2005, individuals were asked directly, “How does your household income compare with that of other households in your neighborhood or village?” Respondents could choose: “Much above average,” “Above average,” “Average,” “Below average” or “Much below average.” I use their answers as a subjective measure of within-group status and expect that support for redistribution will be higher among those who report being below or much below average among their neighbors, all else equal. The SASAS also provides evidence that neighbors are a highly salient reference group for South Africans. In a separate, prior question, respondents were asked, “When you think about your progress in life...with whom do you compare yourself most often?” A plurality (43%) responded that they compare themselves with their neighbors, whereas only 11% compared themselves with typical citizens in the country as a whole, 8% with “people of other ethnic groups in my country,” 9% with former school mates,
dents were asked, “Whom do you compare your income mostly with?” A plurality (45%) said “Neighbours or others in the village/township.” The percentage of respondents who said neighbors was at least 27.4 percentage points higher than the percentage of respondents giving any other answer. Only 4.3% said they compared their income to “People in South Africa as a whole.”

The dependent variables, whether using an objective or subjective measure of within-group status, come from questions about reducing inequality within the country as a whole. The 2002 Afrobarometer (from which I drew an objective measure of within-group status) asked respondents whether inequalities in income should be tolerated or reduced. The question wording was as follows:

Which of the following statements is closest to your view? Choose Statement A or Statement B.

A: It is alright to have large differences of wealth. B: We should minimize large gaps between the rich and the poor because they create jealousy and conflict.

Respondents were then allowed to specify whether they agreed strongly or moderately with Statement A or strongly or moderately with Statement B (a 4-point scale). I created a binary measure of support for redistribution that takes a value of 1 if a respondent agrees, “We should minimize large gaps between rich and poor” and a value of 0 if the respondent agrees that “it is alright to have large differences in wealth.” Using an ordinal measure with the full 4-point scale, however, did not substantively change the results. The SASAS survey (from which I drew the subjective measure of within-group status) asked respondents to agree or
disagree that, “In South Africa, incomes are too unequal” and to agree or disagree that “The government should take more responsibility to make sure that inequalities are reduced.” Two measures of support for redistribution were coded as agreeing that incomes are too unequal or that the government should take responsibility for reducing inequality, respectively. Below I show results using agreement with the second statement about government responsibility as the dependent variable, though results are comparable using either question.

Figure 4.4 reports the results using the Afrobarometer questions and the objective measures of within-group status from the national census. The figure shows point estimates from a logit model that reflect estimated changes in the predicted probability of supporting redistribution for some change in each independent variable, clustering errors by municipality. Where the independent variable is a dummy, the change in predicted probability corresponds to a change in the independent variable from 0 to 1. For all other variables, the change in predicted probability corresponds to a standard deviation change in the independent variable. Bars show 95% confidence intervals around the point estimates and tick marks show the relevant 90% confidence intervals. Where the bars or tick marks do not cross zero, the association between that variable and support for redistribution is statistically significant.

Without any controls, the coefficients on both components of respondents’ within-group status are statistically significant (\(p = 0.006\) for within-group disparity above and \(p = 0.010\) for within-group disparity below) when estimated in a logit regression. And even when I control for individual income and a host of other covariates, total within-group income above is associated with an increase in support for redistribution, and total within-group income below is associated with a decrease in support for redistribution, as shown in Figure 4.4. The magnitudes of the effects are substantively large. A one standard deviation increase in total within-group income disparity above is associated with an 18.7 percentage point increase in the probability that a respondent will agree that national income inequalities should be reduced (\(p = 0.000\)). A one standard deviation increase in total within-group
Figure 4.4: Change in Pred. Prob. of Supporting Redistribution, South Africa

Note: Errors are clustered by municipality. Black/African is the omitted racial category.
disparity below is associated with a 7.7 percentage point decrease in the probability that that a respondent will agree that national income inequalities should be reduced \( (p = 0.011) \).

The magnitudes and statistical significance of these effects are remarkable particularly since they persist despite the politicization of between-group differences in South Africa. Indeed, black and white South Africans differ markedly in their probabilities of supporting redistribution in Figure 4.4. The predicted probability that a white South African supports redistribution is, for instance, 54 percentage points lower than the probability that a black South African (the omitted category) will do so. The predicted probability that a coloured South African will support redistribution, however, is only 5.5 percentage points lower than the probability that a black South African will do so—a smaller percentage point change in absolute value than that associated with either within-group disparity above or within-group disparity below. Indeed, the change in predicted probability of supporting redistribution associated with a standard deviation change in within-group disparity above is larger than the estimated change in probability associated with movement in any of the other control variables other than “white.”

Even if I adjust them to reflect one unit change in the independent variables, the coefficients on total within-group income disparity above \( (D_A) \) and on total within-group income disparity below \( (D_B) \) are not equal.\(^{24}\) In evaluating redistribution, respondents in South Africa placed greater weight on the disparity between their own incomes and the incomes of richer co-ethnic neighbors than they did on the disparity between their own incomes and the incomes of those poorer than they. Another way to put this is that the disutility individuals derived from envy (from resenting those better off than they) was greater than the utility they derive from spite (from feeling superior to those worse off than they). Because the two coefficients are not equal, I do not expect that I can simply use the average income of her co-ethnic neighbors to explain a respondent’s support for redistribution, as supposed in Hypothesis 1a. Instead, the structure of inequality among her co-ethnic neighbors—which

\(^{24}\)95% confidence intervals around the estimated coefficients do not overlap.
includes both the income disparities above and below her— influences her preferences over redistribution.

The host of controls included in Figure 4.4 account for pocketbook, social insurance and group welfare theories, as well as other possible influences on preferences over redistribution. I control for household income since our short-term income maximization model predicted simply that support for redistribution would decrease as income rises. Household income is monthly household income before taxes as reported by Afrobarometer respondents.\textsuperscript{25} Ethnic group membership is included as a series of dummy variables for each race group, with black/African as the omitted category. I also conducted analyses using an ordinal variable reflecting the respondent’s answer to the question, “Are your ethnic groups economic conditions worse, the same or better than other groups’ in this country?” (5 indicates “much worse” and 1 “much better.”)\textsuperscript{26} Group welfare theories suggest that an individual should be more likely to support redistribution if she believes her group as a whole is relatively worse off even when she herself is relatively well off. Third, I control for the respondent’s level of skill specificity and optimism about future income. Skill specificity is meant to speak to the argument that having a high degree of skill specificity increases one’s risk of becoming and/or remaining unemployed in difficult economic times (Cusack et al. 2001; Moene/Wallerstein, 2003). Optimism controls for two possibilities. First, it may be that optimism about one’s future income or the future income of one’s children proxies for a weaker concern about risk over the long term. Second, optimism provides a rival mechanism that could connect within-group status and preferences over redistribution. It could be that, rather than focusing on status goods, individuals who are further from poor group members and richer group members may doubt their own future social mobility. By controlling for optimism, I look at the effect of within-group status on support for redistribution that does not operate through

\textsuperscript{25}The Afrobarometer provides both a variable indicating the numerical amount (in Rand) and a categorical variable in brackets.

\textsuperscript{26}I also created a dummy variable that takes a value of 1 if a respondent believes that her ethnic group’s economic conditions are worse than those of other groups and zero otherwise.
beliefs in social mobility.\textsuperscript{27}

I also control for the respondent’s reported pride in being a South African. Shayo (2009) argues that individuals who identify with the nation as a whole will be less supportive of redistribution because of the affinity they feel for the country’s rich as well as for its poor. In other models, I have controlled for whether the respondent thinks crime is a top priority for the government to address and for whether the respondent has experienced a criminal attack (theft or physical attack) in the past year. If poverty increases the incidence of criminal activity, such individuals may support redistribution even if it is personally costly to them. Third, I controlled for the frequency with which respondents report attending religious services, because those who belong to religious communities may enjoy a certain degree of non-governmental social insurance that lowers their support for redistribution (Stasavage and Scheve, 2006). I also controlled for respondent’s gender, age, for whether the respondent lives in an urban or rural area and for whether the respondent is a member of a union.

Lastly, one might also be concerned that a relationship between within-group status and support for redistribution is driven by some other factor than a concern for status goods. For instance, having vastly wealthier neighbors might mean that higher-priced stores dominate the neighborhood, reducing one’s purchasing power. If an individual is relatively worse off among co-ethnic neighbors, she might support redistribution in order to keep local prices at a reasonable level.\textsuperscript{28} To provide some control for this possibility, I include a measure of whether respondents agree that current prices are reasonable (binary: 1-agree, 0-disagree).\textsuperscript{29}

Table 1.1 summarizes the hypotheses for these control variables and contrasts them with the results. Starred results were statistically significant. With the exception of house-

\textsuperscript{27}The measure of optimism is the difference between a respondent’s answer to the question, “On a scale between 0 and 10, where 0 are ‘poor’ people and 10 are ‘rich’ people, which number do you expect your children to attain in the future?” and the respondent’s answer to the same question about her own present living conditions. This variable rises as individuals’ beliefs in their children’s future upward mobility strengthen. Results were the same when I used respondents’ binary answer to the question, “Looking ahead, do you expect the following to be better or worse: your living conditions in twelve months time?”

\textsuperscript{28}Of course, one can imagine many reasons why having richer neighbors and allowing them to stay relatively rich could also be of material benefit to an individual: it could raise the value of her property; it could mean less crime; it could mean that higher quality goods are sold in her neighborhood.

\textsuperscript{29}In the multi-level model below, I also control for local consumer price indices.
hold income, national pride and religious service attendance, the relationships between many of the control variables and support for redistribution are as hypothesized in the full sample model. Optimism about one’s children’s future living conditions is negatively correlated with support for redistribution, as hypothesized, but not significantly. Believing that prices are reasonable reduces the probability of supporting redistribution, while saying that crime should be a priority issue increases the probability of supporting redistribution. High skill specificity workers and union members are more supportive of redistribution, though the relationship between skill specificity and the probability of supporting redistribution is not statistically significant. Religious attendance, however, is not significantly associated with support for redistribution, and the magnitude of the change in predicted probability associated with a standard deviation change in religious attendance is close to zero. Furthermore, while Shayo’s theory (2009) predicts that support for redistribution should be decreasing in affinity for the nation, the relationship in this analysis in South Africa is reversed. Those who identify strongly with the nation are more supportive of redistribution (see, Lieberman, 2002).

These results show that extant theories either fail to account for variation in preferences over redistribution in South Africa or need to be supplemented by accounting for

<table>
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<tr>
<th>Variable</th>
<th>Hypothesized Direction</th>
<th>Results</th>
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<tr>
<td>Total Within-Group Disparity Above</td>
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<td>+*</td>
</tr>
<tr>
<td>Total Within-Group Disparity Below</td>
<td>-</td>
<td>-*</td>
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<tr>
<td>Household Income</td>
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<td>+</td>
</tr>
<tr>
<td>White/Coloured (rel to Black)</td>
<td>-</td>
<td>-*</td>
</tr>
<tr>
<td>National Pride</td>
<td>-</td>
<td>+*</td>
</tr>
<tr>
<td>Belief in Future Mobility</td>
<td>-</td>
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</tr>
<tr>
<td>Skill Specificity</td>
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<tr>
<td>Prices Reasonable</td>
<td>-</td>
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<tr>
<td>Crime a Priority</td>
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<td>Religious Attendance</td>
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concerns for within-group status. Household income, skill specificity, religious attendance and beliefs about future mobility are not significantly correlated with support for redistribution. Between-group status comparisons are so correlated but can be supplemented by accounting for concerns for within-group status. Respondents do not appear to be motivated by inequality aversion writ-large. If they were, the coefficient on within-group income disparity below would have been positive. Furthermore, since income tax policy is set at the national level, individuals with the same household income should have similar preferences over redistribution across South Africa. Instead, being relatively better off or worse off than neighbors of the same race group is associated with changes in preferences over equalizing incomes.

One might be concerned that an individual’s within-group status is simply a proxy for her perceptions of inequality within the country as a whole. Perhaps individuals simply cannot grasp national levels of inequality and so they use their position within smaller geographical areas and within ethnic groups as a cognitive shortcut to assess how much they are likely to gain or lose from national redistribution policies. There is, however, little evidence to support this contention. For instance, South African Afrobarometer respondents were asked, “In general, how do you rate your living conditions compared to those of other South Africans?” Respondents could answer on a five-point scale (with 1 being “much worse” and 5 being ”much better”). The correlation between answers to this question and respondents’ within-group status is very low ($r = -0.04$ with $D_A$ and $r = 0.09$ with $D_B$). A bivariate regression of support for redistribution on respondents’ comparisons of their own income to those of South Africans in general shows no significant relationship between the two ($p = 0.55$). South Africans are not using their position among co-ethnic neighbors to make sense of how to maximize their post-tax-and-transfer income. In fact, their perceptions of their position within the nation as a whole have little relationship to their attitudes toward redistribution policies.

If I restrict the sample to only those respondents with a household income above the
national average (for whom minimizing inequalities would certainly be personally costly),
the magnitude of the change in probability of supporting redistribution associated with a
standard deviation change in the within-group income disparity above a respondent actu-
ally increases, to 19.6 percentage points, though the statistical significance of the estimate
decreases slightly ($p = 0.037$).

Figure 4.5 shows the change in predicted probability of support for redistribution
based on subjective within-group status. Support for redistribution means that respondents
agreed with the statement: “The government should take more responsibility to make sure
that inequalities are reduced.” The key independent variable is a dummy indicating that
a respondent reported being either “below average” or “much below average” compared to
the financial situation of her neighbors and zero otherwise. The model includes a similar
set of controls as in the previous analyses, all drawn from the SASAS: household income
before taxes (5 brackets), answering that “it makes me feel proud to be called a South
African” (binary), belief that one’s living conditions will improve in the next 12 months
(binary), religious attendance, employment status, age, gender, education and race group
membership.\textsuperscript{30}

There is a 12.5 point difference in the predicted probability of supporting redistri-
bution between an individual who perceives that she is worse off than her neighbors and
an individual who perceives that she is as well or better off than her neighbors. This is
a larger difference than that between a black South African and a coloured South African
(6.4 percentage points) and only slightly smaller than the difference in predicted probabil-
ity between a black South African and a white South African (14.6 percentage points).\textsuperscript{31}
These results are remarkable given that South Africa provides a tough test of the theory
that within-group status would influence preferences over redistribution given the politiciza-

\textsuperscript{30}Other variables were, unfortunately, not available in the survey.
\textsuperscript{31}Results for the other control variables are similar to those in the Afrobarometer analyses. Income alone
is not a significant predictor of support for redistribution, contrary to the theories of short-term income
maximization. Again, pride in being a South African is associated with a higher probability of supporting
redistribution, contrary to Shayo’s (2009) predictions.
Figure 4.5: Change in Pred. Prob. of Supporting Redistribution, Subjective Status

Note: Errors are robust standard errors. Black/African is the omitted racial category.
tion of between-group differences. Unlike in the Afrobarometer analyses where the objective measure of within-group status was constructed prior to and independently from respondents’ answers to questions about reducing inequality, I can be less sure here about reverse causality (that answering questions about reducing inequality did not influence respondents’ subjective status). But the SASAS analysis confirms that the direction of the relationship between within-group status and support for redistribution is robust to whether I use an objective or subjective measure of the former.

If I limit the sample to only those respondents above the national household income—for whom redistribution is certainly personally costly—the relationship between relative position vis-à-vis neighbors and support for redistribution remains statistically significant ($p = 0.02$). The change in predicted probability associated with a binary change in relative neighborhood position is only slightly less among the nationally rich (9.3 percentage points) than among the poor (12.5 percentage points). Perceiving that they are worse off than their neighbors still influences rich citizens’ evaluations of the appropriate level of redistribution. Furthermore, if I limit the sample to black/South Africans (individuals from a relatively poor group) with incomes below the national average, the perception that one is relatively better off than one’s neighbors decreases support for redistribution by 14.5 percentage points, controlling for all the same variables. If we run the model with poor black South Africans including all the variables except relative position and then run it again including relative position, the percentage correctly predicted improves by 8.5%.

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To test hypotheses H3 about the contextual factors that might trigger status concerns, I used a random slopes multi-level logit model with municipal-level variables at level 2 and individual-level variables at level 1. I limited the sample to black/African respondents so as not to introduce too many levels of variation and to maintain enough degrees of freedom. There are 1605 black/Africans in the sample.\(^{32}\) The municipal-level variables include

\(^{32}\)If I were to have examined all respondents, I would have needed to include changes in within-group inequality for all groups and to have introduced a third level to the model.
changes in the 90-10 income ratio among black/Africans from 1996 to 2001 (i.e. in the five years prior to the Afrobarometer survey). I also included local consumer price indices for 2002, which were calculated across urban and semi-urban municipalities by Statistics South Africa in 2002.\footnote{From Statistics South Africa. Including this variable reduces the sample to 101 municipalities.} As mentioned above, an alternative reason for which within-group status might influence support for redistribution is that having vastly wealthier neighbors means that higher-priced stores dominate the neighborhood, reducing one’s purchasing power. The local consumer price indices allowed me some control for differences in affordability across municipalities.

To test H3, the model allowed the relationships between total within-group income disparities (above and below) and support for redistribution to vary with different values of change in black income inequality at the municipal level. The hypothesis was that the associations between total within-group income disparity and support for redistribution would be amplified where black income inequality had increased.

Figure 4.6 graphs estimates of the relationship between total within-group income disparity above ($D_A$) and preferences over redistribution for different levels of change in the 90:10 black income ratio. Each plotted point represents the absolute value of the estimated change in predicted probability of supporting redistribution associated with one standard deviation change in respondents’ $D_A$, given a certain change in black income inequality in a given municipality. The association between total within-group income disparity above and support for redistribution strengthens as within-group inequality increases, as hypothesized. Where within-group inequality has recently increased, the 95% confidence intervals around the point estimates\footnote{The 95% CIs are marked by the vertical bars and ticks.} do not cross zero. Where within-group inequality has recently increased, the point estimates are also positive, reflecting that a positive change in the probability of supporting redistribution is associated with an increase in the total within-group income disparity above the respondent. I hypothesized that increases in within-group inequality would sharpen individuals’ attention to the status benefits of redistribution. And,
indeed, where *triggered*, status concerns influence preferences over redistribution in South Africa.

Figure 4.6: Testing the Trigger: South Africa, Black Respondents

![Figure 4.6: Testing the Trigger: South Africa, Black Respondents](image)

4.5.2 Individual Preferences in the United States

To test H1 and H3 in the United States, I matched responses from the 2006 General Social Survey to data on pre-tax household incomes in 2005 from the American Community Survey’s Public Use Microdata Areas (PUMAs). Like municipalities in South Africa, these are not units that levy income or property taxes so if individuals are interested in maximizing their post-tax and transfer income they should not use their position among co-ethnics in this geographical unit to evaluate redistribution policy. Yet the evidence I present below suggests they do. I calculated total within-group disparities above and below each respondent by looking at the respondent’s co-ethnics in her PUMA who are better off and worse off than

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35I refer here to 5% PUMAs rather than to the larger “super PUMAs.” Five percent PUMAs were the smallest geographical unit for which I could match demographic and survey response data. PUMAs can have 100,000 to 150,000 people in them.
she using her self-reported pre-tax family income from the GSS (INCOME), her self-reported racial group (RACE) and data on household incomes (using FTOTINC) in the respondent’s PUMA from the Community Survey.\textsuperscript{36} Combining RACE and HISPANIC I used four racial categories: black, white, non-white Hispanic, and other to categorize households in each PUMA by the race of the household head. Total within-group income disparity below a respondent ($D_B$), for instance, was calculated as \( \frac{1}{n-1} \sum_{j \neq i} x_i - x_j \) where \( n \) is the total number of co-ethnic households in respondent \( i \)’s PUMA, \( x_i \) is equal to the annual pre-tax household income respondent \( i \) reported in the GSS,\textsuperscript{37} and \( x_j \) is the pre-tax household income reported in the 2005 Community survey for each household in the municipality poorer than \( i \).

The dependent variable in the U.S. analysis comes from responses to a GSS 2006 question (EQWLTH) about whether the government should make incomes more equal. The question asked the following:

\begin{quote}
Some people think that the government in Washington ought to reduce the income differences between the rich and the poor, perhaps by raising the taxes of wealthy families or by giving income assistance to the poor. Others think that the government should not concern itself with reducing income differences between the rich and the poor. Here is a card with a scale from 1 to 7. Think of a score of 1 as meaning that the government ought to reduce the income differences between rich and poor, and a score of 7 meaning that the government should not concern itself with reducing income differences. What score between 1 and 7 comes closest to the way you feel?
\end{quote}

This question asks directly about whether the national government should reduce gaps between the rich and the poor and specifically mentions taxation and redistribution. For the

\textsuperscript{36}Household income in both the GSS and the Community Survey is reported in brackets. I use the midpoints of each bracket, divided by a thousand for ease of calculation. For the top bracket (which does not have an upper bound, I use 110\% of the lower bound.

\textsuperscript{37}Noted in 1000s of US dollars.
purposes of analysis, I reversed the scoring and created a binary variable for support for redistribution, with a value of 1 indicating a score of 1 and 2 and a value of 0 indicating a score of 3-7.\textsuperscript{38}

In a logit model, I included many controls comparable to those used in analysis of the South African data. Individual income came from self-reported pre-tax family income on the GSS (INCOME). I included indicators for self-reported respondent race group, with white as the omitted category. The analysis includes a control for whether the respondent believes her income is likely to increase over the next few years. As in the South Africa analyses, this is to test for whether optimism about one’s future economic mobility accounts for the relationship between within-group status and support for redistribution. Unfortunately, the 2006 GSS did not include a question about respondent occupation that would indicate skill specificity, so to account for respondents’ vulnerability to risk from economic shocks I used responses to a question about whether the respondent is a temporary, freelance/contracted, or permanent employee (WRKTYPE) to create a dummy (0=permanent, 1 = temporary or contracted) to proxy for uncertainty of employment. I also included controls for gender, age, union membership, religious attendance, urban residence, education and marital status. The model includes a dummy variable indicating whether the respondent identifies as a Democrat, because Democrat partisanship might make her prone to favoring redistribution, regardless of her other characteristics.\textsuperscript{39}

The US data also allowed for the inclusion of control variables not available in the South Africa data. For instance, the model includes a variable to control for affinity with the poor and for belief in the fairness principle that income from hard work should not be redistributed (Fong, 2001). This variable came from a question about whether “getting ahead” is a function of hard work or of luck and connections. A higher score of “Hard Work” means the respondent believes more strongly that success in life comes from hard work. This vari-

\textsuperscript{38}Similar results were estimated when I used the 7-point ordinal scale, reversed from the original question wording.

\textsuperscript{39}The GSS in 2006 did not include any questions about national pride.
able proxies for affinity with the poor because if one believes that success comes from hard
work rather than from luck or connections, one is less likely to view the poor as deserving.
One might be concerned that being economically distant from rich co-ethnic neighbors but
close to poor co-ethnic neighbors simply increases one’s ability to empathize with the poor
and to view them as deserving. If so, within-group status might be correlated with support
for redistribution through affinity for the poor rather than through status concerns per se.
By controlling for beliefs about the sources of “getting ahead,” I can be more sure that any
relationship between within-group income disparities and support for redistribution is due
to concerns for status rather than to this other mechanism.40

Controlling for these various other explanations, Figure 4.7 supports H1.41 The relations-
ships between both measures of within-group disparity and support for redistribution
are in the predicted directions and statistically significant. The magnitudes of the associated
changes are also substantively large. The magnitude of the estimated decrease in the pre-
dicted probability of supporting redistribution associated with a standard deviation increase
in within-group disparity below, for instance, is 16.3 percentages points. This is only slightly
smaller than the change associated with a standard deviation change in absolute household
income: 17.7 percentage points. Unlike in South Africa, household income is significantly
and negatively associated with support for redistribution, but even controlling for house-
hold income, within-group status remains an important explanator. The change associated
with within-group income disparity below (16.3 percentage points) is larger than the change
associated with believing that success is due to hard work (8.8 percentage points) and the
change associated with being a Democrat (11.5 percentage points).

Again, I find that \( \alpha \) and \( \beta \) (the weights on the two components of within-group status)
are not equal. The estimated change in the predicted probability of supporting redistribu-
tion associated with within-group status above, for instance, is about half (8 percentage
points) of the change associated with within-group status below (16.3 percentage points). In

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40 See the appendix for summary statistics of all of these variables.
41 Details on the use of weighting variables available on request.
evaluating redistribution, US respondents on average appear to be placing a greater weight on the disparity between their own incomes and the income of poorer co-ethnic neighbors than they do on the disparity between their own incomes and the income of those richer than they. As a result, I do not expect that the average income of an individual’s co-ethnic neighbors will alone explain her support for redistribution (H1a). Instead, the structure of inequality among her co-ethnic neighbors—which includes both the income disparities above and below her—appears to influence her preferences over redistribution.

As in South Africa, these findings are remarkable because the relationship between
within-group status and support for redistribution persists even when controlling for race
group membership. Black Americans are significantly more likely to favor redistribution than
are white Americans, regardless of income level and within-group status, and non-white His-
panics are slightly less likely to favor redistribution than white Americans, regardless of
income level and within-group status. Nevertheless, though ethnic groups are unequal and
politically mobilized in the United States—as in South Africa—individuals’ within-group
status is still associated with support for redistribution. I have argued that this associa-
tion persists because individuals derive esteem from doing well relative to reference group
members, that they value their relative position within the reference group itself, even if
maintaining or improving it is costly. Although one might argue that individuals respond to
their relative position because of beliefs about social mobility or beliefs about the worthiness
of the poor, Figure 4.7 shows that the relationship between within-group status and support
for redistribution persists even after optimism about future income and beliefs about the
sources of success are controlled for.

Recall Figure 4.1, which showed that 45% of white American respondents with house-
hold incomes above the national average favored redistribution, despite being relatively rich
individuals and members of a race group that is rich relative to many other race groups in the
country. If I limit the sample to these individuals, within-group income disparity above and
within-group income disparity below are still significantly associated with the probability
that respondents support redistribution ($p = 0.03$ and $p = 0.025$ respectively). If I include
all the co-variates (household income, race group, etc.) in a logit model using this sample
but leave out the two measures of within-group status, the percent of correctly predicted
values is 64. Including the two measures of within-group status increases the percent of
correctly predicted values to 82.

i. Multi-level Analysis

To test the contextual factors in the U.S. case, I built a random slopes multilevel
model that allows the relationship between relative position vis-à-vis other PUMA residents
and support for redistribution to vary with changes in within-PUMA inequality. As in the South African analysis, in order not to complicate the model with changes in within-group inequality for all groups (such that there would be multiple values per PUMA), I limit the sample to white Americans. To calculate change in within-group inequality, I used data from PUMAs in the 2000 Census to calculate the 90-10 household income ratio among whites in each PUMA and subtracted it from the 90-10 household income ratio in 2005 among whites in each PUMA. Results show that, as in South Africa, the absolute value of the change in predicted probability of supporting redistribution associated with a standard deviation change in a respondent’s within-group income disparity above is larger in PUMAs where there has been a recent increase in within-group inequality.
4.5.3 Voting Behavior in the United States

To test H2 about voting behavior, I look at the results of US presidential elections across US counties. I use census data to calculate levels of county income skew, which H2 hypothesized would influence the median voter’s choice between Republican and Democrat candidates. Figure 4.9 shows a map of all counties in the continental United States shaded by whether they exhibited high or low income skew in 1999. For the purposes of showing differences clearly, the map shows only two levels of skew. Dark gray counties exhibited skews higher than the national average and white counties exhibited skews lower than the national average.\(^{42}\) Income skew is calculated as the difference between the annual pre-tax income among the 90th percentile of county households and the annual pre-tax income among the 50th percentile of county households, divided by the difference between the annual pre-tax income among the 50th percentile of county households and the annual pre-tax income among the 10th percentile of county households \(\frac{90-50}{50-10}\).\(^{43}\)

As should be clear from Figure 4.9, there is a great deal of variation in skew across counties. Importantly, the variation in skew (county \textit{structures} of inequality) is quite different from the variation in 90-10 income ratios (county \textit{levels} of inequality). Figure 4.10 shows whether each county exhibited a high or low 90-10 income ratio—that is, a high or low level of income inequality. Again, for ease of viewing, only two levels of inequality are shown in the map.\(^{44}\) Comparing Figures 4.9 and 4.10, one might notice, for instance, that many counties in the south of the US exhibited a high level of income inequality (shaded dark gray) in 1999 and yet a relatively low level of skew (not shaded). If the median voter cared about reducing inequality \textit{per se}, one might have expected lots of wins for the Democrats in the South in the 2000s based on county inequality data alone. Yet although there are high levels of inequality in southern counties in 1999, the median voters there occupied fairly high

\(^{42}\)Color maps with finer-grained shadings of skew are available upon request from the author.

\(^{43}\)Data on household income come from the 2000 Census which collected data on household and personal incomes in 1999.

\(^{44}\)Color maps with finer-grained shadings of levels of inequality are available upon request from the author.
relative economic positions and therefore had few status benefits to gain from higher taxes. I argued earlier, using Figure 4.3, that the 90-10 income ratio (the level of inequality) and skew (the structure of inequality) measure two different concepts. In these maps one can see that levels of inequality and skew also capture two different empirical phenomena that are not highly correlated in practice.

To test H2 (that counties with higher income skew should be less likely to choose the Republican candidate than counties with lower income skew), I regress a dummy variable for whether the Republican presidential candidate won a majority of county votes on county income skew.\textsuperscript{45} I do this separately for the US presidential elections in 2000, 2004 and 2008. Since I expect skew to have an impact holding all else equal, I control for a number of other factors that might influence the outcome of the elections. I control for overall levels of county inequality (the 90:10 income ratio shown in Figure 4.10), the median income in the

\textsuperscript{45}Data on county vote shares come from David Leip’s Atlas of US Presidential Elections. Unless otherwise noted, all county data are from the 2000 Census, which collected data on household incomes in the 1999 calendar year.
county (to test the Melzer-Richard hypothesis), the number of households in the county, the share of households in the county with an African-American head, the share of households in the county with an Hispanic head, and state fixed effects. I also control for whether the Republican presidential candidate won a majority of county votes in the previous presidential election. (I do not show the results for the 2000 election when including the variable for Dole in 1996 but the results are robust to the inclusion of this variable.) Because the median voter’s preferences over redistribution might be driven by a concern for the provision of social insurance, I also include the average monthly unemployment rate in the year before the election. Hypothesis 2 expects that, conditional on these other factors, a higher county skew will be correlated with a lower probability of Republican victory.

One might be concerned, however, that, even if skew is negatively correlated with Republican victories, that this does not mean that the median voter cares about status *per se*. Perhaps instead income skew correlates with average purchasing power or with the value of the labor force. If that were the case, a median voter closer in income to her poorer neighbors
but far from her richer neighbors might vote for redistribution not for the status benefits but instead because she believes that compressing the income distribution will allow her to buy more things or hire more labor. In order to test for this possibility, I control for the cost of living in each county in the following models. The cost of living scores are provided by the Council for Community and Economic Research, average a score of 100 across all counties and take into account such costs as groceries, housing, utilities, and transportation, excluding income taxes and the transfers resulting from them.

Table 4.2 shows the results from a series of probit regressions. Skew is negatively correlated with Republican victory as hypothesized, and the relationship is statistically significant across models. One standard deviation increase in skew is consistently associated with a 2 to 4.7 percentage point decrease in the predicted probability that the Republican presidential won a majority of the county votes. These estimated changes constitute about a fifth of a standard deviation of the predicted values of the dependent variable.

The relationship between skew and Republican victory persists despite a number of control variables. The percentages of minority households were, in most cases, associated with a larger absolute change in the predicted probability that the Republican presidential candidate won the county. Yet despite the inclusion of these robust correlates, skew remains statistically significant. Among the economic variables included, skew is consistently associated with a larger change in the predicted probability of Republican victory than any of the others are. For instance, county inequality (90:10 ratio) is consistently both statistically and substantively insignificant across models. Median voter were clearly not voting to reduce inequality per se. In addition, if median voters were simply pocketbook voters, we might have expected their votes to be more strongly influenced by the magnitudes of their incomes. Meltzer-Richard argued that a measure of national skew (the mean-median income ratio) should influence support for redistribution if the median voter wants to maximize her post-tax-and-transfer income. In the within-country analysis here, the MR hypothesis would predict that median income would be robustly associated with Republican victory. And yet
Table 4.2: County Skew and Estimated Change in Probability of Republican County Victory in Presidential Elections (Probit)

<table>
<thead>
<tr>
<th></th>
<th>2000 (a)</th>
<th>2004 (b)</th>
<th>2004 (c)</th>
<th>2008 (a)</th>
<th>2008 (b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skew in 1999</td>
<td>-0.045***</td>
<td>-0.023***</td>
<td>-0.018*</td>
<td>-0.012</td>
<td>-0.047***</td>
</tr>
<tr>
<td></td>
<td>(0.015)</td>
<td>(0.007)</td>
<td>(0.004)</td>
<td>(0.010)</td>
<td>(0.011)</td>
</tr>
<tr>
<td>Inequality in 1999</td>
<td>-0.019</td>
<td>-0.014</td>
<td>-0.008</td>
<td>-0.004</td>
<td>-0.025*</td>
</tr>
<tr>
<td></td>
<td>(0.014)</td>
<td>(0.008)</td>
<td>(0.004)</td>
<td>(0.003)</td>
<td>(0.012)</td>
</tr>
<tr>
<td>Median Inc. (log, 2000)</td>
<td>0.046**</td>
<td>0.022**</td>
<td>0.009</td>
<td>0.013***</td>
<td>-0.005</td>
</tr>
<tr>
<td></td>
<td>(0.016)</td>
<td>(0.011)</td>
<td>(0.005)</td>
<td>(0.005)</td>
<td>(0.017)</td>
</tr>
<tr>
<td>Share Black in 2000</td>
<td>-0.227***</td>
<td>-0.138***</td>
<td>-0.044***</td>
<td>-0.052**</td>
<td>-0.257***</td>
</tr>
<tr>
<td></td>
<td>(0.016)</td>
<td>(0.010)</td>
<td>(0.006)</td>
<td>(0.008)</td>
<td>(0.019)</td>
</tr>
<tr>
<td>Share Hisp. in 2000</td>
<td>-0.093***</td>
<td>-0.056***</td>
<td>-0.016***</td>
<td>-0.021*</td>
<td>-0.128***</td>
</tr>
<tr>
<td></td>
<td>(0.012)</td>
<td>(0.007)</td>
<td>(0.004)</td>
<td>(0.009)</td>
<td>(0.013)</td>
</tr>
<tr>
<td>Bush Victory ('00)</td>
<td>-</td>
<td>-</td>
<td>0.150***</td>
<td>0.180***</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(0.016)</td>
<td>(0.019)</td>
<td></td>
</tr>
<tr>
<td>Increased Ineq. (00-03)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-0.008</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(0.004)</td>
<td></td>
</tr>
<tr>
<td>Increased Ineq.*Skew</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-0.075**</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(0.022)</td>
<td></td>
</tr>
<tr>
<td>Obs.</td>
<td>3034</td>
<td>2983</td>
<td>2983</td>
<td>2983</td>
<td>2980</td>
</tr>
</tbody>
</table>

Note: ***p<0.001, **p<0.01, *p<0.05; models include state fixed effects; dependent variable is whether the Republican presidential candidate won a majority of the votes in a county in the indicated election year. Estimated change in predicted probability is calculated by varying each independent variable by one standard deviation for continuous variables and by one unit for binary variables, while holding all other variables at their means. All models also include the number of households in a county (2000 census); average monthly unemployment rate in each county in the year before the election (Bureau of Labor Statistics); and county cost-of-living index in 2000 (provided at city-data.com).

The relationship between Republican victory and logged median income is statistically insignificant in half of the models. Where it is significant, one standard deviation increase in the log of the median voter's income is associated with only an equivalent or smaller change in the predicted probability of Republican victory than skew is.

The one model in which the coefficient on skew is not statistically significant is in 2004(c) where I included a dummy variable for whether income inequality (90:10 ratio) in
each county increased between 2000 and 2003\textsuperscript{46} as well as an interaction between increased income inequality and skew. Recall that hypothesis 3 expected that increasing within-group inequality would trigger the salience of status. In the presence of increasing inequality among her neighbors, I expect that the median voter would pay more attention to the status benefits of redistribution. And, indeed, it is in counties that experienced a recent increase in income inequality that skew is tightly and robustly associated with support for the Republican presidential candidate. Among these counties, the predicted probability that the Republican presidential candidate won the county vote decreases by an estimated 7.5 percentage points with each standard deviation increase in skew. The results in Table 4.2 thus provide support for both hypotheses 2 and 3.

\textbf{4.5.4 Sensitivity Analysis}

One might, however, be concerned about omitted variable bias, since median voters are not randomly assigned to counties with different levels of income skew. Skew might be correlated with the error term in the regressions presented above. There might be an omitted variable that causes both higher levels of skew in a county \textit{and} lower levels of support from the median voter for the Republican party. Perhaps, for instance, income skew, is correlated with the value of the labor supply in such a way that was not captured by the inclusion of cost of living scores and such that median voters in high skew counties want redistribution to be able to to afford to buy things and hire people and not because status is pleasurable in itself. Or perhaps because in this day and age living in a particular county involves some degree of choice, an underlying selection process is driving both income skew and party victories.\textsuperscript{47}  

\textsuperscript{46}Data for 2003 come from the American Community Survey.  
\textsuperscript{47}In general, this selection process should have undermined a negative relationship between the median voter’s within-neighborhood status and her support for redistribution in the analysis above. Median voters who choose to “move on up” into a neighborhood in which they are further from richer neighbors and closer to poorer ones—who choose to be “small fish in a big pond” (Frank, 1985)—are likely also to be people who believe in upward mobility, who believe that they will continue to become better and better off both absolutely and relatively. One might expect, then, that these individuals would oppose redistribution in
As in the last chapter, I can conduct an assessment of how sensitive the findings are to such scenarios. Figures 4.11, 4.12, and 4.13 show the results of sensitivity tests in which I simulated an unobserved omitted variable and varied the degree to which it correlated with income skew and with the dummy variable for Republican victory. I then re-ran the respective models from Table 4.2 (columns 2000, 2004b and 2008b) including the simulated omitted variable. The horizontal axis in each figure shows how much the simulated variable is correlated with income skew, and the vertical axis shows how much the simulated variable is correlated with the dummy for Republican victory. The grid presents results from approximately 25,000 such simulations as the correlations with skew vary by steps of 0.05 and as the correlations with Republican victory vary by steps of 0.05. Each “cell” in the grid reflects 100 simulations. The color of each cell reflects the percentage of p-values for the key coefficient that are still less than 0.05 when I re-run the regression 100 times with the simulated omitted variable included.
Figure 4.11: Sensitivity to Omitted Variable, Bush 2000

![Image of correlation matrix for Bush 2000]

Legend:
- Yellow: 100%
- Light yellow: 98%
- Orange: 90%
- Red: 67%
- Maroon: 50%
- Red: 0.3%

Correlation of Omitted Variable with Skew

0.05 0.1 0.15 0.2 0.25 0.3 0.35 0.4 0.45 0.5 0.55 0.6 0.65 0.7 0.75 0.8 0.85 0.9 0.95

Correlation of Omitted Variable with 2000 Bush Victory

-0.95 -0.9 -0.85 -0.8 -0.75 -0.7 -0.65 -0.6 -0.55 -0.5 -0.45 -0.4 -0.35

Figure 4.12: Sensitivity to Omitted Variable, Bush 2004

![Image of correlation matrix for Bush 2004]

Legend:
- Yellow: 100%
- Light yellow: 98%
- Orange: 90%
- Red: 67%
- Maroon: 50%
- Red: 0.3%

Correlation of Omitted Variable with Skew

0.05 0.1 0.15 0.2 0.25 0.3 0.35 0.4 0.45 0.5 0.55 0.6 0.65 0.7 0.75 0.8 0.85 0.9 0.95

Correlation of Omitted Variable with 2004 Bush Victory

-0.95 -0.9 -0.85 -0.8 -0.75 -0.7 -0.65 -0.6 -0.55 -0.5 -0.45 -0.4 -0.35
As the colors in the grids demonstrate, in order for the main results to disappear fully in 2000 or 2004, the omitted variable would have to be highly correlated with skew. Only the deep red colors indicate that the significance of our key variables has disappeared. In 2000, the omitted variable would have to be almost perfectly correlated with skew to eliminate the main result. The correlation coefficients would have to be at least .9 with skew and at least -.65 with Bush victory for the key result to be statistically insignificant in even a third of the simulations. Similarly, in 2004, the correlation between skew and the omitted variable would have to be at least .85 for the key relationship between skew and Republican victory to disappear. To put it in perspective, the highest correlation in the data set, other than among Republican victories from one year to the next, is between median income and the number of households in a county, which is 0.36. The correlations across Republican victories from year to year is never higher than .66. It is highly unlikely that an omitted variable could meet the requirements to eliminate the statistical significance of the relationship between
skew and Republican victory in 2000 or 2004.

The robustness of the key result does appear to diminish over time. The correlation between skew and the omitted variable does not have to be quite as high in 2004 as in 2000 for the key relationship to become statistically insignificant in most simulations. Still the relationship is robust in almost all cells of the two heatmaps. By contrast, the relationship between skew in 1999 and Republican county victory in 2008 is susceptible to omitted variable bias. In 2008, if the correlation between skew and the omitted variable is 0.2 and the correlation between McCain victory and the omitted variable is -0.35, the coefficient on skew would be statistically insignificant most of the time. Because I am using a measure of skew from 1999, it is perhaps not surprising that by 2008 the relationship would become less robust. Skew may have changed in the meantime. In addition, the 2008 presidential election took place under unusual circumstances. It involved an African-American candidate for the Democrat Party and took place in the midst of a recession. Still, at least in 2000 and 2004, the key relationship between skew and Republican victory is robust to the presence of an omitted variable.

4.6 Conclusion

In the last chapter, status concerns had profound implications for whether Pareto-improving policies were implemented or not. In this chapter, we have seen how status concerns, where triggered, can also influence the ways in which democratic citizens think about and vote on issues of inequality and redistribution. Citizens of unequal democracies have often exhibited surprising and glaring levels of ambivalence about national level wealth disparities. This chapter offers a new perspective on that puzzle. Individual attitudes toward government-led redistribution in South Africa and the United States were much more highly correlated with individual positions vis-à-vis neighboring co-ethnics than with individual positions in the
national income distribution. Where status concerns were triggered, citizens paid attention to comparisons within local groups of people like them rather than to comparisons with the nation as a whole. They were also sensitive to the structure of inequality rather than to levels of inequality. Inequality might be high, and a citizen might be poor, but if she occupies a high relative position among neighboring co-ethnics, she is nevertheless likely to want to maintain the status quo. If citizens care about status as well as about their pocketbooks, it is not surprising that redistributive politics do not always take the form conventionally assumed.

Indeed, one implication of this analysis is that those who favor redistribution may not strictly be the poor or members of poor race groups, as is often assumed. Instead, citizens who are rich by national standards but who occupy a low status within local reference groups may have preferences in common with poor citizens who also occupy a low status within local reference groups. These different types of individuals may not typically organize together; they may not make up the majority of the country’s citizens or otherwise be favored by electoral rules. Yet they have something in common: they can gain status (even if not necessarily income) from redistribution. Conventionally, the “politics of envy” is used in the public discourse to refer to class warfare. Here, envy—the desire for others’ incomes to be reduced so that one can occupy a higher relative position—results in commonalities of preferences across classes.

I arrived at these implications using data from South Africa and the United States, both hard cases for the claim that within-group status matters in redistributive politics. Despite the politicization of race and between-race inequalities in both countries, the influence of within-race status concerns persisted. It also persisted despite a strong narrative of upward mobility within the US. These two countries provided rich attitudinal and demographic data, such that I was able to use measures of both objective and subjective relative position vis-à-vis neighbors and co-ethnics to test the hypotheses. The data also allowed support for redistribution to be measured in a couple of different ways and for a host of control vari-
ables to be accounted for. Many existing explanations of preferences over redistribution have emphasized individuals’ concerns for maximizing their own income over the short or long term, or have focused on individuals’ concerns for the welfare of their social identity groups. Yet the influence of status concerns persisted when controlling for individual income, group membership, risk profiles and beliefs about the bases of inequality.

Questions remain, of course. For instance, I focused in this chapter on individuals’ relative economic position among co-ethnic neighbors. There are strong theoretical reasons for supposing that this would be an important reference group, as discussed in Chapter 2, and there is empirical evidence in South Africa that people engage in financial comparisons most frequently with neighbors. But I have engaged in little analysis of whether there are other influential reference groups that individuals use when thinking about redistribution. Indeed, we might also ask whether and under what conditions an individual’s reference group might change. For instance, with the spread of social media platforms (Facebook, Twitter, etc.)—which happened largely after the data examined in this chapter was collected—one might ask if citizens’ primary reference groups have shifted. Do all reference group comparisons influence citizens’ attitudes towards economic policies? Is the relationship between status and support for redistribution stronger within some reference groups than within others? This chapter has demonstrated that there is a relationship between status among neighboring co-ethnics and preferences over redistribution in South Africa and the United States. I return to questions about generalizability in Chapter 6.

In addition, within-group status is not just about economic disparities. It also involves the respect and admiration of others. I have spent two chapters examining the influence of desires for within-group status along an economic dimension. Those two chapters examined the ways in which status concerns on that dimension can influence citizens’ interactions with policies and thereby also affect policy implementation and electoral behavior. But one might ask whether the desire for esteem also motivates political behavior. The next chapter addresses this question.
4.7 Appendix

Table 4.3: South Africa Summary Statistics (Afrobarometer, 2002; Census, 2001)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
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<th>Max</th>
<th>No. Observ.</th>
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Table 4.4: South Africa Summary Statistics (SASAS, 2005)

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Table 4.5: United States Summary Statistics (GSS, 2006; Community Survey, 2005)

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Chapter 5

RALLYING FOR STATUS

The desire of the esteem of others is as real
a want of nature as hunger...and the neglect
and contempt of the world as severe a pain
as the gout or stone.
–John Adams.

5.1 Introduction

In the previous two chapters, status concerns yielded insights into citizens’ attitudes toward
public policies—both Pareto-improving and non-Pareto-improving. Yet in comparative pol-
itics we do not care only about citizens’ preferences. We also care about whether citizens
are willing to act on them. In the previous chapters we saw that citizens acted on status
concerns through institutional channels: in public hearings, on committees, during elections.
What if those channels are absent? Can status concerns also help us understand more about
when and where citizens take politics to the streets? And can it help us understand more
about why citizens are sometimes willing to participate in politics and sometimes not?
From recent protests in the Middle East (Anderson, 2011) to participation in the U.S. civil rights movement (Chong, 1991), from demonstrations against the Soviet Union (Beissinger, 2002) to mass protests in various parts of Sub-Saharan Africa (Alexander, 2010; Bratton and van de Valle, 1992), understanding the occurrence of “contentious politics”¹—of protests, demonstrations, rebellions, riots, and social movements—has long been of interest to political scientists. Many researchers focus on the structural conditions and dynamic processes that lead to the occurrence of such events: to the relative strengths of political coalitions (Bratton and van de Valle, 1992), to the incentives of political elites (Wilkinson, 2006), to “critical incidents” that spark new grievances (Opp, 1998) or re-shape abilities to communicate and coordinate (Kielbowicz and Scherer, 1986; Tarrow, 1998), and to the way in which mass events themselves change incentives, identities and relationships to the state (Beissinger, 2002).

Yet implicit or explicit in these macro-theories are questions about the factors that motivate individuals to take part in political forms of collective action. When, where, and why does an ordinary citizen decide to take part? Who participates, and who does not? Indeed, many scholars looking at contentious politics from an individual-level perspective, particularly those with a rational-choice focus, have been puzzled by the occurrence of any kind of collective action. They contend that each individual should abstain because she stands to benefit from not participating—from “free-riding” off of others (Olson, 1965; Tullock, 1971; Muller et al. 1980; DiPasquale and Glaeser, 1996). To participate, she would have to take on material costs, but these costs are not worthwhile since her participation is not uniquely necessary and since she cannot be excluded from the benefits of a successful collective action effort even if she abstains.

One plausible but under-tested solution to this puzzle is that the opportunity to im-

¹Contentious politics are “episodic, public, collective interaction[s] among makers of claims and their objects when (a) at least one government is a claimant, an object of claims or a party to the claims and (b) the claims would, if realized, affect the interests of at least one of the claimants” (McAdam et al., 2001: 5).
prove one’s within-group status is a powerful selective incentive.² Specifically, a long line of social psychological and sociological research demonstrates that people desire esteem from in-group members.³ Esteem is one important component of within-group status—one that I did not explore in previous chapters. Organizers of contentious collective action can offer excludable opportunities for individuals to win the esteem of in-group members and thus to increase their within-group status if they participate. Organizers can offer this opportunity because participation requires both that individuals take action and act on behalf of others. Individuals who participate are thus perceived as both “competent” (efficacious) and “warm” (friendly toward the interests of others), qualities correlated with social esteem. Those who do not participate risk being perceived both as passive and as unfriendly toward others. Even if participation involves material costs in terms of resources, security and time, the promise of status benefits can compel individuals into the fray.

I use a field experiment to test whether the promise of in-group esteem induces participation in contentious politics.⁴ Specifically, each of 3,651 potential participants in a political rally for gay rights and marriage equality was randomly assigned to one of three conditions. Two of those conditions meant that the subject was invited to participate in the rally with an explicit promise of admiration from other members of the LGBT community. The third condition meant that the subject was invited with information only about the timing, purpose and location of the event. The conditions were designed to isolate the promise of within-group status from other possible drivers of participation, such as information about the event, the material costs of participating or intrinsic concerns for the goals of the event. This particular rally posed significant hurdles for the theory because of the

²Both Olson (1965) and Chong (1991) suggest this possibility when they write of external social incentives but do not test it.
³From here on I treat the esteem of others and the admiration of others as the same thing—that is, the positive assessment by others that one has met and exceeded social standards for behavior and/or achievement as well as the emotions that go along with that assessment. Others (see Brennan and Pettit, 2005) use a slightly different definition of admiration and distinguish the two concepts.
⁴The experiment discussed in this paper was approved by the Princeton University Institutional Review Board, Protocol Number 5285.
mode of communication and the nature of the group. Nevertheless, using three measures of participation (intent to turnout, actual turnout, and reported turnout), I found that the promise of in-group esteem induced higher rates of participation than simply informing individuals of the purpose, timing, and location of the event.

As in the other chapters, the research design in this chapter attempts to parse status concerns from concerns for material interests and power. I randomly assigned subjects to the promise of esteem for participating, which means that treatment assignment should be orthogonal to unobservable individual costs of participating as well as to unobservable inclinations to participate. Unobservable differences in inclination might include the extent to which individuals feel an intrinsic (unmonitored) obligation to help others or the extent to which individuals feel intrinsic pride in standing up for a cause. I confirmed that subjects’ observable material costs for participating (e.g. travel distance to the rally) were balanced across conditions. In addition, the treatments promised admiration but did not promise additional influence (e.g. leadership positions within the group). I also ruled out mediation effects that would have suggested that a desire for more influence within the group was driving the treatment effects. As a result, I can more reasonably infer that the effect of promised social esteem on individual participation was not driven by differences in attachment to the goals of the event, information, material costs, or the desire for power within the group.

By testing for the influence of promised social esteem on individual participation in a political rally, this chapter addresses important theoretical and empirical gaps in the existing literatures on participation in contentious politics. For one, researchers have found time and time again that the most likely participants in contentious politics are people who know other participants (e.g. Kuran, 1991; Lohmann, 1993/4; Schussman and Soule, 2005; Opp and Kittell, 2010). Yet the link between social ties and participation could operate through several different mechanisms: the provision of information, the mobilization of grievances or the promise of social esteem. Whether one or any of these mechanisms is at work has never

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5Discussed in section 2.1.
been rigorously tested. A few laboratory experiments have found some evidence that esteem can be won by taking part in collective action (Willer 2009, Gächter/Fehr 1999, Lemonier 1996, Ridgeway 1982), but whether this mechanism persists in a real-world system remains unknown. There is evidence that wanting to look good in front of one’s neighbors helps explain voting (Gerber and Green, 2008) but we do not know if these patterns extend to participation in contentious politics. Some observational research on contentious politics has posited that the desire for social esteem may be an important factor motivating participation, but, in relying on self-reports, the studies acknowledge that they are unable to disentangle a status mechanism from other possible mechanisms. By contrast, this experiment isolates the esteem mechanism and tests for its influence in a real-world setting.

This chapter also makes an argument for why individuals might view the promise of social esteem for participating as a credible promise. Previous studies that have suggested an esteem mechanism (Gerber and Green, 2008; Scacco, 2012) simply assume that participating is an esteem-worthy form of behavior. If it were not, the desire for esteem might instead suppress individual inclinations to participate (Kitts, 2000). This paper offers a theoretical explanation by relying on research on the psychology of admiration.

The rest of the chapter proceeds as follows. Next, I outline a theory of esteem and participation in contentious politics and discuss its relationship to extant findings in political and sociological research. I then describe the experimental design (including ethical considerations) and data. In section 3, I present the main results. The final section concludes.

### 5.2 Within-Group Status and Participation

Olson (1965) famously argued that rational, self-interested individuals participate in collective action only when they can gain excludable benefits from doing so. Such excludable benefits might be tangible or intangible. Materially, for instance, individuals might be paid

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6See Kitts (2000) and Scacco (2012) for reviews of interviews and surveys on this point.
to participate (Brown, 2003) or they might believe that participating provides them with needed physical security (Scacco, 2012). The Student Nonviolent Coordination Committee (SNCC) of the U.S. civil rights movement, for instance, offered to do chores for Mississipians so as to encourage their participation in marches and sit-ins (Carson, 1981: 79-80).\(^7\) Psychologically, participants might be frustrated with their living conditions and see participation simply as an opportunity to vent aggression (Keen, 1988) or to have fun (Banfield, 1968), or individuals might be intrinsically motivated to stand up for a cause they believe in (Inman and Andrews, 2011; Klandermans, 2002). Participants in anti-corruption protests in Senegal, for instance, reported simply enjoying the act of taking a stand against government, even though they viewed the protests as unlikely to be successful (Inman and Andrews, 2011).\(^8\)

Importantly, selective incentives might also be social. Indeed, one of the most robust findings from the literature on participation in protests, social movements, and high-risk forms of collective action is that social ties are necessary to bring individuals into the fray (Kuran, 1991; Lohmann, 1993/4; Pfaff, 1996; Goodwin, 1997; Schussman and Soule, 2005; Opp and Kittell, 2010). People are much more likely to join in collective action if they have some prior social connection to other joiners (Opp and Kittell, 2010; McAdam, 1986); and they are likely to participate if they have been asked to do so (Klandermans and Oegama, 1987). These social “pull” factors persist in the absence of material and psychological incentives and reliably predict participation in various types of collective action.\(^9\)

There could, however, be a variety of mechanisms that link prior social ties to actual participation. Indeed, three such mechanisms have been raised in extant scholarship but have rarely been tested directly. First, much of the literature has offered an informational mechanism (Granovetter, 1978; Kuran 1991; Macy 1991; Lohman 1993; Chwe 1999). When embedded in a social network, an individual has a better sense of who else and how many others might participate; she also has access to accurate information about when and where

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\(^7\)Although, as Chong (1991) and Carson both note, the SNCC leadership did this not just to provide material incentives but also to “win their confidence and trust” (Chong 1991, 33).

\(^8\)These latter incentives have been called “expressive” benefits.

\(^9\)See Kitts (2000) for one review of these findings.
the event will take place. These bits of information can facilitate her participation and perhaps reassure her that the costs will not be overwhelming. Second, other research has offered a grievance mechanism, whereby social ties help to build a sense of shared identity and purpose (Fireman and Gamson, 1979; Gould, 1991; Klandermans, 2002). According to this mechanism, social networks function “as workshop[s] where grievances, identities and strategies of resistance are constructed” (Kitts, 2000: 241). Third and finally, social networks and relationships might spur individuals to participate because they care about their social standing within those groups (Klandermans, 1984; Opp et al., 1995; della Porta, 1988; Chong 1991; Scacco 2012). Participants may understand or be told that joining in will win them admiration from other group members when compared to non-participants; they may also fear and be warned of the shame that will result if they abstain. Shame is the emotional cost of a low within-group status. Compared to the informational and grievance mechanisms, this third mechanism is the one rooted in a concern for within-group status. It is an extrinsic motivation. It depends on the promise that others will both observe and reward participation.

Yet these three mechanisms have rarely been tested independently in a real-world setting. Indeed, in his seminal work, Olson (1971) mentioned social incentives as a possible category of selective incentives but worried that their effects on behavior, compared to the effects of material incentives, could never be accurately measured or disentangled from one another. “It is not possible to get empirical proof of the motivation behind any person’s actions...a reliance on [moral or social] explanations could thus make the theory untestable” (61). In response, many studies have relied on self-reports of individuals who were asked to articulate how social ties propelled them or might propel them into participation (della Porta, 1988; Opp, 1989; Scacco, 2012). Yet, because individuals may not always be able to articulate these mechanisms separately and because informational, solidarity and status mechanisms sometimes have similar behavioral implications (Kitts, 2000: 246), whether the status mechanism has an independent impact on individuals’ likelihood
of participation in contentious politics remains to be tested empirically. We need a way to prime status incentives for some potential participants and to do it in such a way that the priming of status incentives is orthogonal to other motivations to participate. A field experiment can help accomplish these goals.

Extant research has often assumed, rather than theorized, that participation in contentious politics earns individuals in-group esteem. This assumption is not obvious. If participation were not regarded as worthy of admiration, social ties might just as likely inhibit participation as promote it (Fernandez and McAdam, 1986; Kitts, 2000). To specify why, and under what conditions, we should expect individuals to win social esteem from participating, it is useful to consult social psychological research on the correlates of admiration. According to this research, admiration is a positive emotion felt in reference to individuals and groups who are both competent and warm (Fiske et al., 2007; Immordino-Yang et al., 2009). Competence involves perceived skill and efficaciousness. Warmth involves a demonstration that the individual or group is friendly and cooperative. So, it would be theoretically plausible that participation in contentious politics could win an individual within-group esteem if participation were to convey that the individual is competent and warm in some way.

Participation conveys warmth when an individual is acting on behalf of a clearly-defined social group. When individuals choose to show up on behalf of a group—to rally for recognition of that group, to protest discrimination against it, to protect it, to contribute to its resources—they demonstrate visible support for the demands and interests of others in that group. Though participants could have reaped all of the benefits of a successful collective endeavor while staying at home and borne none of its costs, they instead decided to show up. Their participation demonstrates both to co-participants and to non-participant in-group members, that they are “friendly” to other members of the group.

Participation also conveys competence because it necessitates that individuals take action. Participants have to arrange to arrive on site; often they take on tasks to facilitate
the event. They do not stay at home, free-riding off of the efforts of others. Although non-participants may be at work or engaged in other activities apart from the event, they are not easily identified as such and may be perceived as passive. Indeed, that opponents of protests often engage in vigorous efforts to characterize participants as “lazy” suggests that the perception of protesters as competent is powerful enough to need countering.\textsuperscript{10} Participation also signals efficaciousness when each individual’s participation marginally increases the likelihood of the event’s success. Guerrero 2010, for instance, points out that, while each individual vote does not increase the likelihood that an election will take place, it does help to determine the \textit{strength} of support for a particular candidate.\textsuperscript{11} Similarly, in the case of rallies, protests, demonstrations, the influence of the event depends in part on having as \textit{many} individuals turnout as possible (Lohman, 1995). Participants are efficacious because the strength and influence of the event increases marginally with each additional participant.

Participation may also win admiration for other reasons, but at least on these grounds we have reasons to suppose that social esteem can act as a credible selective incentive.\textsuperscript{12} In particular, we should expect that the promise of esteem will boost participation in contentious collective action when the action is conducted on behalf of a clearly-defined social group. Within this context, leaders should be able to prime potential participants to consider the status benefits of participating.\textsuperscript{13}

\textit{Hypothesis To Be Tested}: All else equal, individuals who receive an explicit promise of admiration from in-group members for participating should on average be more likely to participate than those who learn simply about the goals of the

\textsuperscript{10}Listen, for instance, to Rush Limbaugh’s radio comments about the Occupy Wall Street protesters on October 6, 2011 on “The Rush Limbaugh Show.”

\textsuperscript{11}His margin of victory.

\textsuperscript{12}Although there may be other correlates of admiration other than competence or warmth, these are the most common and universal (Cuddy et al., 2009).

\textsuperscript{13}Individuals may also vary in disposition. Some may desire the admiration of their in-group members more than others. Because it is difficult if not impossible to manipulate individual dispositions, I randomly assign some individuals to be primed with the promise of in-group status and then consider heterogeneous treatment effects.
5.3 Experimental Design

5.3.1 Context and Subject Pool

I used a field experiment to separate the above hypothesis from other theories of participation in contentious, collective politics. Specifically, the experiment investigated whether members of the Lesbian, Gay, Bisexual and Transgendered community in New Jersey would be more likely to participate in a political rally promoting LGBT rights if they were promised ingroup esteem for doing so than if they were invited with only information about the purpose, timing, and location of the event. I conducted the experiment in cooperation with the Hudson Pride Connections Center (HPCC), the primary LGBT advocacy and support organization in Northern New Jersey. HPCC organized a political march and rally to demonstrate political support for marriage equality in New Jersey and to celebrate the repeal of Don’t Ask, Don’t Tell. The event took place on October 9, 2011 and provided an instance of collective action on behalf of a well-defined group.

While there are many examples throughout the world of rallies conducted on behalf of a well-defined social group, I used this one for an initial test of the theory because it provided an example of a contentious issue while at the same time providing a relatively safe environment for participants. For ethical reasons, I could not have had my interventions put subjects at high physical risk. At the same time, the issue is contentious because marriage of same-sex couples is not legal in New Jersey, and, although the neighboring state, New York, legalized marriage for same-sex couples in June, 2011, New Jersey does not recognize

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14 In order for this hypothesis to be plausible, however, it must be the case that responding to the promise of esteem does not lessen the admiration-worthiness of participation. See Brennan and Pettit (2005) for a thorough discussion of how individuals who are known to be seeking the esteem of others nevertheless can still win that esteem.
same-sex marriages performed in other states. In response to the legalization of marriage for same-sex couples in New York State, the governor of New Jersey, Chris Christie, quickly told the press that, “I am not a fan of same-sex marriage...I wouldn’t sign a bill like the one that was in New York.”\textsuperscript{15} Although the state legislature barely passed a bill legalizing same-sex marriage in February, 2012, the governor vetoed the bill. Capitalizing on the disappointment of the New Jersey LGBT community with the open opposition of their governor to the legalization of marriage for same-sex couples, Hudson Pride Connections Center organized a political march and rally to demonstrate support for marriage equality. Headquartered in New Jersey for close to seventeen years, HPCC is primarily a support and community center for LGBT adults and youths and for individuals living with HIV/AIDS in the Northern New Jersey area, but the Center also engages in advocacy and political activities. The practical question for HPCC—and the theoretical question under consideration here—was whether certain messages and promises would be more effective than others in motivating members of the LGBT community to participate in the rally.

Although it took place in a relatively safe environment, the organization of this rally provided other tough hurdles for the theory. For one, participants were invited through email, which is a very impersonal form of communication compared to knocking on doors, phone calls or even sending invitations through the post. We might expect that the promise of social esteem is more convincingly communicated through personal contact and among individuals who have close personal relationships, rather than through a listserv. Indeed, some studies of email efforts to get people to vote have encountered weak results (Nickerson, 2008). For another, the LGBT community is a social identity group whose members often cannot be identified by outward appearance alone. Many members, even in New Jersey, do not want to be publicly “outed” and might be less willing to participate in an LGBT event if told that their participation will be observed (even if celebrated) by a wider audience. Indeed, cooperating HPCC staff members expressed expectations that the treatments in this

\textsuperscript{15}Interview on “Meet the Press,” 26 June 2011, quoted in Molly Peterson, “Christie Says He’s ‘Not a Fan’ of Gay Marriage,” Bloomberg News.
study might depress turnout within this particular group, even if they would boost turnout in other settings. That I find significant and large treatment effects even for this rally should increase confidence in the generalizability of a status explanation for political participation.

On October 2, 2011 (a week before the event), individuals on HPCC’s listserv\(^\text{16}\) each received an email inviting them to attend. Each email address\(^\text{17}\) on the listserv was randomly assigned to one of three treatment conditions which in turn determined the content of the message about the event. In total, the organization sent email invitations to 3651 email addresses: 1217 email addresses in Condition 1, 1217 email addresses in Condition 2, and 1217 email addresses in Condition 3.\(^\text{18}\)

HPCC uses an online email and marketing program, Vertical Response, to manage its listserv and to compose and send out emails. Every time HPCC staff send emails through Vertical Response, Vertical Response keeps track of any email addresses to which mail is undeliverable. If mail cannot be delivered to an email address within three days, Vertical Response marks the address as “bounced” and removes it from the listserv. As a result, the list of email address remains one of active email addresses and very few, if any, emails bounce in any given batch sent out. In the case of this experiment, the system deemed only 4 emails (out of 3561) undeliverable. These four subjects were dropped from the analysis.

In many field experiments that involve paper or electronic mail (e.g. Green and Gerber, 2008), researchers have not been able to observe whether subjects actually opened and read the mail containing treatment messages. Vertical Response, however, keeps track of recipients who click on an icon within the email in order to “display images below.” When this action is observed, one can be fairly certain that a human recipient actually opened the email and attempted to view it in full. Automated systems cannot take this action, and the

\(^{16}\)These were 3,651 individuals who had signed up for the listserv and who each pay about ten dollars a year to be a member of HPCC. Individuals may or may not otherwise know each other.

\(^{17}\)Every effort was made to make sure that the listserv contained only one email address per subscribed recipient. In a few cases, the same first and last name appeared alongside multiple email addresses. In this case, all but the most recently subscribed email address were removed for each individual.

\(^{18}\)In his 2007 experiment on voter turnout, Nickerson examined whether email messages could motivate turnout among college students. He found little evidence that they did. Here, however, certain types of email messages were more effective in inducing turnout than others.
action would not be observed if the email were deleted before it were opened. That said, if a recipient views the email in plain text (rather than in HTML format) or does not mind reading without all graphics displayed, Vertical Response would not classify the recipient as having opened the email, even though he or she has done so. In other words, emails classified as “opened” by Vertical Response were definitely opened and read, but emails not classified as “opened” by Vertical Response may or may not have been read. Below, I leverage this knowledge in order to test whether there are treatment effects among those who we can be certain opened the email. I am able to conduct this analysis because “open” rates do not differ statistically across conditions.

5.3.2 Treatment Conditions

Three types of email invitations were sent out by the Hudson Pride Connections Center. The first section of the appendix contains the text of the email invitations. The body of the emails differed across conditions. The second section of the appendix shows an example of the formatting of the email messages which did not differ across conditions.

In Condition 1 (the “information-only condition”), individuals were informed about the purpose of the event, encouraged to join, and given specific details about when and where they should go to participate. The second email text (Condition 2, the “newsletter condition”) contained the same content as the first. Subjects in this condition, however, were also told that they would be worthy of admiration for participating and were promised that their names would be listed in the monthly newsletter if they attended so that their attendance could be “celebrated” by other supporters of HPCC (both participants and non-participants). This condition gave subjects the additional promise that they would receive esteem of other in-group members for attending the rally.

One might be concerned that any effect on turnout from the second email text was due to the threat of public shaming rather than to the promise of esteem— to what Ger-
ber and Green have called “social pressure” (Gerber and Green, 2008). It could be that members of the LGBT community in Condition 2 were more likely to participate in the rally because they feared the shame of not appearing on the list of participants in the newsletter. Of course, it is important to remember that esteem and disesteem (shame) are two sides of the same coin (Fiske, 2010; Brennan and Pettit 2005). We can fear shame for not doing something only if taking that action is worthy of esteem. Researchers may not be able, therefore, to fully separate these motivations, nor should we want to. At a minimum the contribution of Condition 2 is that it tests the social pressure findings of the voting experiments in another setting.

Moreover, Condition 3 (the “Facebook condition”) provided a treatment that places even more focus on the esteem side of the admiration-shame coin. Rather than promising that participants’ names would be circulated in the newsletter, the Facebook condition instead invited individuals to post photos of themselves at the event to the group’s Facebook page. They were invited to do this so that other group members could “like” the photos. Facebook allows members of the same group page to express admiration for each other’s posts by clicking a “Like” button (with a thumbs up) but does not allow users to disapprove (“Dislike”) posts. In this third condition, participants were thus explicitly invited to attend the rally in order to win the admiration of in-group members without the possibility of receiving their contempt. Both Conditions 2 and 3 were designed to be conditions in which individuals received the promise of in-group esteem, while Condition 1 was designed to be a control condition in which individuals did not receive the promise of in-group esteem.

One might be concerned, given the slightly longer length of the emails in Condition 2 and 3 or given that they both explicitly highlighted recipients as potential supporters

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19In their study of voting turnout, Gerber and Green found that by promising to reveal whether or not subjects voted to their neighbors, researchers could significantly raise the likelihood that subjects would vote. In the study under consideration here, the treatment is slightly different: the list in the newsletter includes only those who did participate, rather than indicating for every group member whether she did or did not attend.

20I would be surprised if a change in the number of words (regardless of the content of those words) could induce a statistically significant difference in actual turnout. In fact, one might suppose that longer emails might deter individuals from reading the entire text and thus from obtaining information about the location
of LGBT causes, that the emails primed some other motivation (e.g. the importance of the event or cause, the social nature of the event). Through a post-experiment survey (discussed below), I was able to test for these other possible mechanisms and found that the main treatment effects were mediated by a perceived promise of esteem for participating rather than other motivations.

The email messages were designed to give individuals in all three conditions an incentive to check in at a specified meeting spot if they did attend the rally. Specifically, individuals in all three conditions were told that by presenting a code (provided in the email and different for each experimental condition) at the entrance to the rally site, they could obtain free tickets for a raffle to win an iPad2. Because HPCC had previously conducted raffles as part of its public advocacy events, this detail provided a realistic mechanism for keeping an accurate record of individuals from all conditions who attended the rally on October 9. I could both count the number of individuals who showed each code (corresponding to each condition) and match the names of attendees (which they wrote on the raffle ticket stubs) to the HPCC listserv. I would not have wanted individuals in Condition 1 to have had less of an incentive to have their presence observed as a result of being assigned to Condition 1 rather than to Conditions 2 or 3. Otherwise, any difference in observed turnout across the three conditions could be due to measurement error. The raffle provided a means to give an incentive to individuals in all three conditions to check in with volunteers at the event. The next section discusses this aspect of the study in greater detail.

In order to make it more difficult for subjects to become inadvertently treated with and timing of the event (presented further down in the email), which is crucial to being able to show up. Thus it is possible that the difference in length across conditions would actually work against the hypothesis evaluated and supported here.

21The entrance was largely closed off in order to make it difficult for attendees to enter without picking up raffle tickets.
22A public march in 2010, conducted to protest the U.S. military’s “Don’t Ask, Don’t Tell” policy, also included a raffle for HPCC supporters.
23Attendees had their hands stamped once they had used a code so that they could not be counted twice. Volunteers in charge of distributing the tickets did not know which codes corresponded to which conditions.
24Individuals who forgot their codes could purchase tickets and thus still provided their names on the tickets stubs which were then matched to the listserv database.
emails from conditions other than that to which they had been assigned, all social media click options (options to share the event on Facebook or Twitter) within the emails were disabled. The Evites (discussed below) were also set up such that subjects could not invite others to RSVP. Recipients could still, however, forward the emails through their own email clients, so in the post-experiment survey, respondents were asked to recall if they had received forwarded emails from friends and/or other organizations about the march and rally. Only four respondents reported having received forwarded messages sent by HPCC that differed in content from the one they had originally received. Each of these respondents was assigned to the information-only condition and reported receiving a forwarded version of one of the esteem invitations. The number four might seem oddly low and, unsurprisingly, adjusting for these inadvertently treated control subjects does not alter the main results. I discovered, however, that the use of the iPad2 lottery may have depressed incentives to forward the email. In the survey, I asked respondents in an open-ended question whether and why they had forwarded the email invitations to others. With the exception of three respondents who reported forwarding the email to friends for the purposes of sharing information about the event, the other respondents reported not having forwarded the emails because of the lottery code. Those who planned on attending reported they did not want to share the lottery code and thereby depress their chances of winning the iPad2; those who did not plan on attending reported that they thought the lottery code was an individualized lottery code and therefore could only be used by them and would confuse their friends if shared. Although I included the lottery as part of the experimental design for other reasons, it turned out that it may have helped to reduce the incidence of email sharing as well.

5.3.3 Measuring Turnout

Other large-scale field experiments that have examined participation in collective action have typically investigated voting, rather than forms of contentious politics. The advantage of
investigating voting is that public records are usually kept of the identities of all individuals who vote. Thus the researchers are guaranteed a systematic measure of turnout. Measures of individual participation in contentious politics, however, are rarely systematically and publicly documented; the events are also usually planned without much advance notice. As a result, to find out who participates, previous studies have relied on self-reports. Individuals reported whether they intended to turnout (Klandermans, 2002; Inman and Andrews, 2011) or, if the event took place in the past, whether they remembered attending (Inmans and Andrews, 2011: Scacco, 2012; Mueller, 2010; Bratton et al., 2005; Chong, 1991). In other words, previous studies have used measures either of intent-to-turnout or of reported turnout but rarely both. And few if any of these studies examine actual turnout. Here, I use measures of all three.

In this experiment, I measured participation in the following ways. First, in response to the email invitations, individuals were asked to RSVP electronically—to indicate, in other words, their intent to turnout. Specifically, subjects were directed in the email from HPCC to a website on which they could indicate whether they would attend or would not attend the rally. I had set up three websites, one for each condition. Each website repeated the text of the message contained in the HPCC email (which depended on the condition to which the subject had been assigned) but was identical in style and formatting to the websites for other conditions. Subjects could not forward the invitation to any other email addresses, and individuals with email addresses not on the HPCC listserv or not in a given condition were blocked from RSVPing.

Second, HPCC volunteers and I measured actual turnout at the event using ticket stubs. Attendees who had received an email invitation presented the code from that email to the volunteers in order to obtain free raffle tickets. The code each individual presented was written on the back of her ticket stubs (which was kept), and each individual also wrote

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25 Evite.com
26 I used these electronic settings to minimize the possibility that individuals who had not been randomly assigned to a given condition could nevertheless RSVP in response.
her name and email address on the stubs so that she could be contacted if she were to win a prize. Codes corresponded to the treatment conditions, so, after the fact, I could count how many individuals attended from each condition based on the ticket stubs. I could also match the names and email addresses from the stubs to entries on the listserv and thus also to records of intent-to-turnout and reported turnout for later analysis. The volunteers distributing tickets and collecting codes did not know which codes corresponded to which conditions.

Third, an online survey was sent to all members of the HPCC listserv a week after the event. On the survey, respondents were asked if they attended the rally on October 9. All respondents viewed identical surveys but arrived at the survey questions through a link that depended on the treatment condition to which they had been assigned before the event. This method allowed me to keep track of how responses differed depending on which condition respondents had been assigned to. Survey respondents were also asked to explain their decisions to attend (or not to attend) the march and rally, to indicate how they found out about the rally (in order to check whether they remembered receiving the emails), to answer a series of demographic questions, and to indicate whether they received any forwarded emails about the rally from friends or other organizations. Below I discuss results for each of these measures: intent-to-turnout, actual turnout, and reported turnout.

5.3.4 Ethical Considerations

As in many large-scale field experiments, I did not ask subjects in this experiment for their consent in advance of the study, neither did I debrief them after the study. Debriefing was not used, because the experiment included no deception and because the subjects’ identities and personal information were always kept by HPCC, an organization to whose

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27 Attendees had their hands stamped once they had used their codes to ensure further that no one would be counted twice.

28 Volunteers also did not themselves receive the emails.

29 Administered through SurveyMonkey.com.
listserv subjects had voluntarily subscribed. All of the information provided to potential attendees—including information about the timing, purpose and location of the event, as well as information about the raffle and about the ways in which attendees would be shown esteem after the event—was accurate. All subjects had voluntarily registered their email addresses with HPCC in order to receive information about events, services and HPCC’s e-newsletter just like the emails sent as part of the experiment. Subjects can unsubscribe from the listserv at any time and expect to receive regular communication from the organization. Omitting the details of the study should not have posed any additional risk to the subjects and ensured that individuals would not change their behavior because they knew a study was in progress. Subjects’ personal information was stored only in HPCC’s Vertical Response account, or collected by HPCC volunteers at the event. Before I transferred information about intent-to-turnout, actual turnout and reported turnout to my personal computer, I deleted names and email addresses and replaced them with subject numbers. The ticket stubs with personal identifying information were destroyed once all the data were collected, and personal identifying information was never distributed to any party outside of the HPCC. This protocol allowed me to keep the identities of individual subjects confidential and to ensure that I never violated the privacy statements on the HPCC website.

5.4 Results

The ex ante expectation was that intent-to-turnout, actual turnout, and reported turnout would each, on average, be higher among individuals who received the explicit promise of esteem from in-group members than among individuals who were given the same basic information about the event but did not receive the promise of in-group esteem. I hypothesized that both the newsletter and the Facebook treatments would increase intent-to-turnout, actual turnout and reported turnout relative to the invitation that provided information only
about the timing, location and purpose of the rally.

5.4.1 Main Results

Figures 5.1 and 5.2 present the results for intent-to-turnout, actual turnout, and reported turnout, comparing subjects in the newsletter condition and in the Facebook condition to the subjects assigned to Condition 1 (the “information-only” condition). The black dots represent point estimates of the intent-to-treat effects of the newsletter condition relative to the information-only condition from a difference in means two-sided t-test. White dots represent point estimates of the intent-to-treat effects of the Facebook condition relative to the information-only condition. Bars around the point estimates show 95% confidence intervals.

Consider Figure 5.1, which shows the results for the full sample of subjects. Compared to the information-only condition, the newsletter condition boosted the rate of “yes” RSVPs by 2.55 percentage points and increased actual attendance by 1.32 percentage points. Both estimates are statistically significant using a 95% confidence interval. Similarly, compared to the information-only condition, the Facebook treatment boosted “yes” RSVPs by 2.4 percentage points and increased actual turnout by 1.24 percentage points.\(^{30}\) These results are substantively significant. In the information-only condition, for instance, 21 people actually turned up to participate in the rally. Almost double that number attended from each of the esteem conditions.

I can also examine differences in average behavior across conditions among only those respondents who definitely read the email messages. Vertical Response classified as “opened” 9.38% of the emails in Condition 1, 9.34% of the emails in Condition 2, and 9.69% of the emails in Condition 3. The differences across these percentages are not statistically significant. Indeed, Table 5.1 presents the results from a simple OLS model that regresses

\(^{30}\) The differences in intent-to-turnout and actual attendance between the newsletter and Facebook conditions is not statistically significant. In addition, if I account for individuals who said in the survey that they received forwarded HPCC emails (indicating that they may have been treated with multiple conditions)—these results do not change.
Note: Bars around the point estimates mark a 95 percent confidence interval. Black dots indicate point estimates for difference in means between Newsletter treatment and the control condition; white dots indicate point estimates for difference in means between Facebook treatment and the control condition. N=1217 for newsletter and control conditions; N=1213 for Facebook condition.
Table 5.1: Do Open Rates Differ Across Conditions?

<table>
<thead>
<tr>
<th></th>
<th>Coefficient</th>
<th>Robust Standard Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newsletter</td>
<td>-0.002</td>
<td>0.022</td>
</tr>
<tr>
<td>Facebook</td>
<td>0.003</td>
<td>0.011</td>
</tr>
<tr>
<td>Constant</td>
<td>0.078</td>
<td>0.008</td>
</tr>
</tbody>
</table>

OLS regression; the Information-only condition is the omitted category.

an indicator for whether or not a subject “opened” the email on the treatment conditions (with the information-only email as the omitted category). Based on these results, I can reject the possibility that the emails were opened at different rates across conditions, and I can analyze the subjects who “opened” their emails separately.

Figure 5.2 show the results among subjects who definitely opened the emails. Again, the differences in the percentage of subjects who signaled an intent to turnout and who actually turned out were statistically different between the esteem and information conditions. Here, the magnitudes of the differences are larger. When subjects were fully exposed to the treatments (actually read the emails), the average difference in behavior across conditions was substantial. For intent-to-turnout, the difference between subjects in the newsletter conditions and in the information condition was 15.42 percentage points, while, for actual attendance, the difference was 16.33 percentage points. The difference between the Facebook condition and the information condition was 14.79 percentage points for intent-to-turnout and 17.06 percentage points for actual turnout.⁴¹

The newsletter and Facebook treatments increase turnout among those who opened the email even if I control for available co-variates. Doing so also reveals the substantive significance of the treatment effects. Because of HPCC’s privacy policies, the only pre-

⁴¹Again, there were no statistically significant differences in intent-to-turnout, actual turnout or reported turnout between the two esteem conditions: Conditions 2 (newsletter) and Condition 3 (Facebook). The differences in actual turnout between the esteem conditions and the information-only condition disappear if the sample is restricted to subjects who were not recorded by Vertical Response having opened the emails. An OLS regression of attendance on opened, the two esteem conditions (with the information condition as the omitted category), and interactions between opened and each of the two esteem conditions revealed that only the coefficients on opened (p=0.005) and on the two interaction terms (p=0.003 for interaction between opened and newsletter; p=0.001 for interaction between opened and Facebook) were statistically significant.
Figure 5.2: Subjects Who Opened the Email/Responded to the Survey, Intent-to-Treat Estimates

Note: Bars around the point estimates mark a 95 percent confidence interval. Black dots indicate point estimates for difference in means between Newsletter treatment and the control condition; white dots indicate point estimates for difference in means between Facebook treatment and the control condition. For intended to attend and attended, N=95 for control condition, N=93 for newsletter condition, N=98 for Facebook condition; for survey respondents, N=98 for control condition, N=103 for newsletter condition, N=97 for Facebook condition.
experiment personal details available for all subjects are their genders (male or female), their residential location (town, state), and the date on which the subject joined the listserv. These pre-treatment co-variates are balanced across treatment conditions. (Results not shown.) Still, we might think that these co-variates—particularly the latter two—could influence the outcome of interest. For instance, living further away from the rally site might discourage individuals from attending, and length of time on the listserv might correlate with the strength of an individual’s attachment to the in-group and therefore perhaps with an attachment both to the purpose of the rally and to the promise of in-group esteem. I can incorporate these co-variates into a logit model that also includes a dummy for whether a subject “opened” the email, dummies for the two esteem conditions and interaction terms.

Figure 5.3 shows the estimated change in the predicted probability that a subject attended the rally associated with a specified change in each independent variable. Controlling for subjects’ genders, their residential distances from the site of the rally, and the amount of time they have been on the listserv, and using the entire pool of subjects, I find that the interaction terms between each of the two esteem conditions and an indicator for whether a subject opened the email both produce statistically significant estimated changes in the predicted probability of attending the rally. Simply opening the email is associated with an 8.9 percentage point increase in the probability that a subject attended the rally. Among those who opened the email, receiving a newsletter invitation (rather than the information-only condition) further increased the probability that a subject attended by 3.3 percentage points. Among those who opened the email, receiving a Facebook invitation (rather than the information-only condition) further increased the probability that a subject attended by 6.9 percentage points. By contrast, among those who may not have opened the emails, the effects of the treatment conditions are not statistically significant. The treatments did their work among subjects who I know actually read the emails.

These results dwarf the magnitude of the associations between the other co-variates we think might matter for attendance. Being female is associated with only a 1.6 percentage
All errors are robust standard errors. Bars around the point estimates mark a 95 percent confidence interval; tick marks delineate a 90 percent confidence interval.
point decrease in the estimated predicted probability of attendance. An increase of eleven miles (two standard deviations) in one’s residential distance from the rally site is associated with a 0.6 percentage point decrease in the probability of attending, and the estimated change is only borderline statistically significant using a 95 percent confidence interval. An increase of 4.5 years on the HPCC listserv (one standard deviation) is associated with a 0.05 percentage point decrease in the estimated probability that a subject would attend, but this estimated change fails to meet standard levels of statistical significance. Compared to the associations of these co-variates with turnout, the magnitudes of the treatment effects conditional on reading the email are quite large. I do not show the results of interactions between female and years of association and whether or not the subject opened the emails because each is statistically insignificant. An interaction term between distance and “opened,” however is statistically significant. Nevertheless, with an interaction term between distance and “opened” included, living 11 miles further from the rally site (two standard deviations) is associated with a 1.0 percentage point decrease in the probability that a subject attended the rally, which is only a third or less of the magnitude of the estimated treatment effects.

The differences in reported turnout between the esteem and information conditions among subjects who responded to the survey were also substantively significant and statistically robust. Only 298 individuals completed the survey, out of the total sample of 3,647 so I cannot say whether this subset is representative of the entire subject pool. (Importantly, however, the distributions of the pre-treatment co-variates I do have in the full sample: female, length of time affiliated with the organization, do not differ statistically from the distributions of those same variables as measured in the survey—p-value=0.03 for female, p-value=0.002 for length of time affiliated.)32 Survey response rates were statistically indistinguishable across treatment conditions (9.67% of those in Condition 1 responded, 9.73%...
of those in Condition 2 responded, and 9.78% of those in Condition 3 responded), so Figure 5.2 shows the mean differences in reported turnout for only those subjects who chose to respond to the survey. Among survey respondents, assignment to the newsletter condition is associated with a 15.51 percentage point boost in reported turnout and this difference is statistically significant. Assignment to the Facebook condition is associated with an 12.54 percentage point increase in reported turnout.

5.4.2 Robustness Check and Mediation Analysis

We can use data on reported attendance to conduct a rough check of whether there may have been subjects present at the rally who did not pick up their raffle tickets. The rally site was set up such that it was very difficult for participants to join the crowd except by walking through the gate where the rally tickets were being distributed. However, I should investigate whether subjects in Condition 1 (the information condition) were more likely than other subjects to attend but not pick up their tickets. If that were the case, the results in Figures 5.1 and 5.2 could be driven by bias in measurement of the dependent variable rather than by effects of the treatment. For the survey respondents in each condition, I coded individuals who reported attending the rally but had not been recorded as having actually attended (i.e. had not picked up raffle tickets). Encouragingly, the percentage of "no pick-ups" if anything is higher in the two esteem conditions than in the control condition. Among survey respondents in the information condition, 3.06% reported having attended but did not pick up raffle tickets. By contrast, 3.88% of respondents in the newsletter condition and 4.12% of respondents in the Facebook condition reported attending but did not pick up raffle tickets. The rate of "non-pick-up" is not statistically different across conditions. (Results shown in Table 5.2.)

Though the survey respondents are not necessarily a representative sample of the overall subject pool, these results gives us some confidence that the decision to pick up

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33 The correlations between reported turnout and observed turnout were indistinguishable across the three conditions: r=0.33 in Condition 1, r=0.35 in Condition 2, and r=0.31 in Condition 3.
Table 5.2: Do “No Pick Up Rates” Differ Across Conditions (Respondents)?

<table>
<thead>
<tr>
<th></th>
<th>Coefficient</th>
<th>Robust Standard Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newsletter</td>
<td>0.007</td>
<td>0.007</td>
</tr>
<tr>
<td>Facebook</td>
<td>0.009</td>
<td>0.007</td>
</tr>
<tr>
<td>Constant</td>
<td>0.030</td>
<td>0.004</td>
</tr>
</tbody>
</table>

Note: OLS; the Information-only condition is the omitted category.

raffle tickets was not biased towards individuals in the information condition being less likely to pick up their raffle tickets.

Second, the post-experiment survey also provides an opportunity to check for balance across conditions, since the survey respondents answered questions about their level of political interest, political activities (outside of this particular rally), and their demographic characteristics. Again, one should remember that we cannot be sure that the set of survey respondents is representative of the entire subject pool. Nevertheless, the demographic characteristics of survey respondents are well balanced across treatment conditions. Table 5.3 presents the means of several demographic variables from the survey for respondents in both the “information” condition and the “esteem” conditions (subjects assigned to either the newsletter or Facebook conditions). For instance, respondents were asked to identify as male or female and to report their ages in years. They were asked to report the “highest level of education” they have obtained, with possible responses ranging from “some high school” (code=1) to “Ph.D. or professional degree (J.D., M.D.)” (code=7). Respondents were asked about their “current employment status” (1=“Unemployed”, 2=“Employed part-time”, or 3=“Employed full-time”), and could also indicate if they are retired. Respondents indicated the location of their primary residences, and Table 5.3 shows the percentage in the information condition and in the esteem conditions who live in New Jersey, near where the rally took place. Respondents were also asked about their political activities, affiliations and voting histories. Political interest was measured on a 3-point scale in response to the question, “How interested would you say you are in politics? Not interested, somewhat interested or
Table 5.3: Means and Differences in Means Among Survey Respondents

<table>
<thead>
<tr>
<th>Information Condition</th>
<th>Esteem Conditions</th>
<th>Difference (S.E.)</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>46.55</td>
<td>47.46</td>
<td>0.91 (2.65)</td>
</tr>
<tr>
<td>Female</td>
<td>0.38</td>
<td>0.40</td>
<td>0.02 (0.13)</td>
</tr>
<tr>
<td>Education</td>
<td>3.76</td>
<td>3.49</td>
<td>-0.27 (0.35)</td>
</tr>
<tr>
<td>Employment</td>
<td>2.45</td>
<td>2.74</td>
<td>0.29 (.20)</td>
</tr>
<tr>
<td>Retired</td>
<td>0.05</td>
<td>0.06</td>
<td>0.01 (0.06)</td>
</tr>
<tr>
<td>New Jersey</td>
<td>0.71</td>
<td>0.64</td>
<td>-0.07 (0.12)</td>
</tr>
<tr>
<td>Political Interest</td>
<td>1.33</td>
<td>1.39</td>
<td>0.06 (0.15)</td>
</tr>
<tr>
<td>Voted '08</td>
<td>0.95</td>
<td>0.95</td>
<td>0.00 (0.06)</td>
</tr>
<tr>
<td>Voted '09</td>
<td>0.76</td>
<td>0.70</td>
<td>-0.06 (0.11)</td>
</tr>
<tr>
<td>Voted '10</td>
<td>0.66</td>
<td>0.73</td>
<td>0.07 (0.12)</td>
</tr>
<tr>
<td>Democrat</td>
<td>0.62</td>
<td>0.62</td>
<td>0.00 (0.12)</td>
</tr>
</tbody>
</table>

Note: P-values are from a two-sample t test of the hypothesis that the difference in means is equal to zero, allowing for unequal variances.

very interested?” On average, the survey respondents from the information condition and from the esteem conditions are statistically indistinguishable on these host of characteristics. Since survey respondents constitute a non-random sample of all of the subjects, I cannot be sure that these same characteristics are balanced across treatment conditions in the entire subject pool, but for the purposes of assessing treatment effects (in reported turnout) and average mediation effects within this subset of subjects, these balance statistics are useful.

As mentioned earlier, one might be concerned that the newsletter and Facebook treatments primed some motivation other than the desire for esteem. Perhaps, for instance,
because they were slightly longer emails than the information-only email, they primed the importance of the event or cause. Perhaps because they expressed admiration from the senders of the emails (the organizers) they primed subjects to believe that if they attended this particular event they would be rewarded materially with a leadership position in the organization. If the treatment emails had an effect on participation because they primed esteem, I should be able to detect an indirect effect of the treatment emails through the perception that participation would win individuals admiration from in-group members and not through these other motivations. In the post-experiment survey, respondents were asked why they chose to participate or not, with the order of the options varying randomly. For those who reported participating, the question was:

For which of the following reasons, if any, did you attend the rally on October 9? (Choose all that apply.)

- I went to promote a cause I care about;
- I went for camaraderie, to meet people or to hang out with friends;
- I went to have fun;
- I went because I had time and/or it was easy for me to get there;
- I went because people in my community would think highly of people who attend;
- I went because I am interested in a leadership position with Hudson Pride.
- I went because it was an important event for Hudson Pride.

The fifth option (as listed here—the actual order varied) indicates the participation promised esteem (“I went because friends and people in my community would think highly of people who attend”). 67% of respondents who had been assigned to one of the esteem conditions and who attended the rally chose that option. By contrast, only 22% of respondents assigned to Condition 1 who attended chose this option. The frequency of other options did not vary as obviously across the three conditions among participants. For instance, “I went to promote
a cause I care about” was selected by 52% of respondents in the esteem conditions and by 54% of respondents in the information condition (Condition 1). This pattern of responses indicates the possibility that the treatment emails indeed primed social esteem rather than highlighting the importance of the cause, the fun or simply the social nature of the event.

For those who reported not attending, the question was:

For which of the following reasons, if any, did you not attend the rally on October 9? (Choose all that apply.)
- I did not think the cause was that important;
- I did not know anyone else who was going;
- I did not think it would be fun;
- I did not have time and/or it was too difficult for me to get there;
- I did not feel that my participation would be admired by people in my community;
- I am not interested in a leadership position with Hudson Pride.
- I did not think it was an important event for Hudson Pride.

Here, the fifth option indicates that participation does not adequately promise social esteem. None (0%) of the respondents who had been assigned to one of the esteem conditions and who did not attend chose the fifth option (“I did not feel that my participation would be admired by people in my community”). By contrast, 30% of respondents assigned to the information-only condition who did not attend chose that option. In other words, these numbers roughly suggest that those in the esteem conditions who did not report attending perceived participation as esteem-worthy but chose not to participate for other reasons. By contrast, subjects in the information-only condition seem less likely to have been primed to perceive the promise of esteem for participation.

I can use these survey responses—again with the caveat that the survey pool is not necessarily representative of the entire subject pool—to test for an indirect mediation effect
To conduct causal mediation analysis, I need to satisfy the assumption of sequential ignorability, meaning I must be able to assume that the treatment is assigned orthogonally to the outcome of interest and that the relationship between the mediator and the outcome variable is not confounded. In the case of this experiment, treatment was randomly assigned but subjects selected into the survey. Nevertheless, all co-variates in Table 5.3 are balanced across treatment conditions. I assume that treatment assignment is exogenous for the purposes of conducting this analysis, while highlighting the caveat that there could still be an unobserved omitted variable driving the interaction of treatment/selection into the survey as well as reported turnout. As to the relationship between desiring the esteem of others and reported attendance, it is possible that employment status and age acted as confounders. Being unemployed, for instance, is a lower status condition thereby potentially increasing attention to promises of compensatory esteem, and at the same time being unemployed can increase one’s available time to attend the rally. Similarly, there are some studies that suggest that younger individuals are more likely to look for ways to win the esteem of others, and young people may also have more energy to participate in a political rally. Although these two variables were measured after the treatment was administered, it is unlikely that their reported values were influenced by the treatment. I thus consider them pre-treatment variables here. For the purposes of this analysis, I assume that the relationship between the mediator and outcome is unconfounded once I have controlled for subjects’ age and employment status.

I used Imai et al.’s (2011) mediation program for R to analyze the pool of survey respondents. Indeed, although most subgroups of survey respondents demonstrated the same magnitude and significance of treatment effects, the exception was among individuals who report being unemployed or employed part-time. Among the unemployed and part-time employed, the difference in reported turnout between the esteem and information conditions was 20.8 percentage points. Among individuals who report being employed full time, the difference in reported turnout between the esteem and information conditions was only 1.4 percentage points (not statistically significant). It may be the case that, in a society where special emphasis is placed on the dignity of work, those who are unemployed or employed part-time are particularly susceptible to invitations to activities that promise social esteem. It may also be the case that those who have more time (are unemployed) are more susceptible to additional selective incentives of any kind. Interestingly, however, there was no significant interactive effect between residential distance to the rally site (a pre-treatment co-variate) and assignment to either of the esteem conditions.
respondents through probit models, constructing a measure of the mediator as a dummy variable equal to 1 if the respondent attended and chose the option “I went because friends and people in my community would think highly of people who attend” OR if the respondent did not attend and did not choose the option “I did not feel that my participation would be admired by people in my community” and zero otherwise. As the outcome measure I used reported attendance and as the treatment I used an indicator that equals 1 if the subject was assigned to either the newsletter or Facebook conditions and zero if assigned to the information-only condition. Controlling for employment and age in both the mediator and outcome equations, I found that the average mediation effect of perceived esteem rewards was statistically significant (0.156, 95% CI: 0.012, 0.3) and the average proportion of the total effect through this mediator was 0.349. Using the dummies for the other responses as mediators (constructed in the same way and analyzed separately) did not generate statistically significant average mediation effects. Table 5.4 presents results for the seven possible mediators.

The higher likelihood of turnout among those in the treatment conditions thus appears to have been mediated by a perception that participation wins the esteem of others. I can say with some confidence that the treatment effect was not mediated by the perceived importance of the cause or of the event. Likewise I can say with some confidence that the treatment effect was not mediated by the desire to make more friends or by the desire to gain influence within the organization. We have held information about the event constant across treatment and control conditions and have assigned treatments orthogonally to the costs of participating. Together these results speak forcefully in favor of the theory that the promise of within-group status can induce participation in contentious politics.

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35The mediation package as currently formulated can be run for a binary mediator and a binary outcome, but the sensitivity analysis has not yet been extended to this situation.
Table 5.4: Results from Causal Mediation Analysis Among Survey Respondents

<table>
<thead>
<tr>
<th>Mediator</th>
<th>Average Mediation Effect (95% CI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promise of Esteem</td>
<td>0.156** (0.012, 0.3)</td>
</tr>
<tr>
<td>Important Cause</td>
<td>-0.018 (-0.097, 0.061)</td>
</tr>
<tr>
<td>Hang w/ Friends</td>
<td>0.013 (-0.41, 0.436)</td>
</tr>
<tr>
<td>Fun</td>
<td>0.113 (-0.082, 0.308)</td>
</tr>
<tr>
<td>Time</td>
<td>0.024 (-0.017, 0.065)</td>
</tr>
<tr>
<td>Leadership</td>
<td>-0.128 (-0.251, 0.507)</td>
</tr>
<tr>
<td>Important Event</td>
<td>0.112 (-0.056, 0.280)</td>
</tr>
</tbody>
</table>

Estimates are each from a separate mediation analysis using an indicator for the given survey response as the mediator, reported attendance as the outcome and an indicator that a subject was assigned to either the newsletter or Facebook conditions as the treatment.

5.5 Conclusion

To my knowledge, this study is the first field experiment to examine participation in a political rally. Through this experiment, I found evidence that the desire for in-group esteem can serve as a powerful motivation for individuals to participate in political rallies. Indeed, I found substantively and statistically significant effects of the promise of esteem even when using a relatively impersonal mode of invitation (email) and when treating an LGBT group, whose members might perceive additional costs to having their participation publicly recorded.\(^{36}\) Despite these conditions, intent to turnout and actual turnout were more than ten percentage points higher among subjects who read the promise of in-group esteem for participating than among subjects who received (and read) information only about the purpose, timing, and location of the event. Differences in reported attendance among the

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\(^{36}\)This “outing” effect should, if anything, have undermined the main results.
A subsample of subjects who responded to the survey were also large and statistically significant. Attendance was mediated by the perception that participation entails greater social esteem rather than by other motivations.

This chapter disentangled various selective incentives in order to vary directly the influence of a status-based mechanism. People care about their standing in the eyes of other group members; they are willing to spend time and resources in the political arena to improve their standing even when doing so promises no other benefits. We could not understand the political behavior in this study based on individuals’ desires for possessions and power alone. Whereas in other sections of this dissertation I have found that the desire for high within-group status can influence individuals’ preferences over public policies and can also influence the government’s implementation of policies, here I have provided concrete evidence that the desire for within-group status influences individual decisions to participate in politics.

By investigating a status-based mechanism, this chapter also addressed long-standing theoretical puzzles about contentious politics. It addressed the collective action dilemma by demonstrating that esteem is indeed an effective selective incentive. It also addressed the robust finding that social ties are a tight correlate of participation in contentious politics by isolating a mechanism behind that pattern. Accounting for the desire for within-group status greatly enriched our understanding of the mechanisms behind individual decisions to participate in politics.

Of course, as with any study in one particular place and time, the chapter raises questions about external validity. For instance, many other forms of collective action present severe physical risks to participants that were not confronted by subjects in this experiment. While this experiment cannot definitively conclude that the desire for social esteem motivates participation even in such settings, sociological research on the discourse on martyrdom has suggested that the promise of social esteem from one’s family and friends and of future generations can spur participation even in risky environments (e.g. Schwartz, 2006). The next chapter turns to an explicit consideration of the scope conditions of the main findings.
5.6 Appendix

5.6.1 Email Text

From: Hudson Pride Connections Center
Subject: Rally for Marriage Equality on October 9

Join us on October 9th and support marriage equality. We have the greatest admiration for anyone who takes the time to support LGBT causes, [so we will be listing the names of people who attend in our monthly newsletter, to be shared with and celebrated by all of our supporters.]*/[so we invite you to post your photos from the event on our Facebook page so that friends can show their support for attendees by “Liking” the posts.]**

What: The 2011 Hudson Pride March and Rally
When: Sunday, October 9, 2011, 11am
Where: On the Waterfront, One Exchange Place, Jersey City

At the entrance to Exchange Place, you will get FREE raffle tickets to win an iPad2 when you present the following code: [].***
An Evite will follow immediately. We need to know how many people to expect, so please RSVP.

Note: Italicized words were not included in emails to subjects in Condition 1.
*This clause was included in emails to subjects in Condition 2.
**This clause was included in emails to subjects in Condition 3.
***The emails for each condition contained a distinct code.
Subject: Rally for Marriage Equality on October 9

Join us on October 9th and support marriage equality.

What: The 2011 Hudson Pride Parade & Festival

When: Sunday, October 9, 2011, 11am-7pm

Where: On the Waterfront, One Exchange Place, Jersey City

At the entrance to the festival, you will get FREE raffle tickets to win an iPad2 when you present the following code:

3141HP

An Evite will follow immediately. We need to know how many people to expect, so please RSVP.

Tel: (201) 963-4779
Email: nancy@hudsonpride.org

If you no longer wish to receive these emails, please reply to this message with "Unsubscribe" in the subject line or simply click on the following link: Unsubscribe
Chapter 6

CONCLUSION

A political order that succeeds in impartially adjudicating interests....will have done only part of the job. Worse, the notion that such a political order has completed the job is the source of dangerous blindness. Politics must allow somehow for the satisfaction of desires for distinction... [Indeed] a successful political order cannot afford to ignore any of the full array of human passions and purposes (Grant, 2008: 460).

I began this dissertation with a simple suggestion. Suppose, as Weber did, that the desire for within-group status is an important motivation for human behavior. Suppose it is distinct from other desires we often assume in comparative politics such as those for material possessions and for power. Given these suppositions, can we find evidence that the desire for within-group status motivates political preferences and behavior? What sorts of extant political puzzles could we better explain with a focus on citizens’ status concerns?

The answer is quite a few. In the previous three chapters, we have found better answers to puzzles about policy implementation, preferences over redistribution, and political participation—all puzzles central to comparative politics research. When triggered, status concerns spurred individuals to support policies and to take actions that might otherwise have seemed prohibitively costly. The promise of in-group esteem prompted members of the
gay, lesbian and transgender community in New Jersey to participate in a political rally for marriage equality despite the costs of doing so. The possibility of improved status vis-à-vis neighboring co-ethnics spurred individuals of all racial and economic backgrounds in the United States and South Africa to prefer and vote for national redistribution schemes that removed money from their pocketbooks. Status concerns prompted South Africans to lobby against the implementation of Pareto-improving housing policies. In each case, individual preferences and behavior were not readily explained by concerns for material welfare in either the short or long term. Neither could alternative explanations based on quality of information, social trust, or concern for group welfare account for the observed behavior. Instead, that individuals find within-group status pleasurable in itself proved the more parsimonious explanation.

Focusing on status concerns helped us explain both micro and macro political outcomes. The empirical chapters purposefully took a primarily micro-level approach to investigate the impact of status concerns on political behavior. Since status concerns are individually-held, this strategy allowed for careful exploration of all the observable implications of the theory, drawing on important literatures in social psychology and behavioral economics. Yet, while useful and appropriate in its own right, this approach often allowed me to look for macro-political implications as well. In Chapter 3, for instance, I traced the influence of status concerns to patterns of municipal-level spending. In Chapter 4, status concerns at the individual level helped me better account for variation in voting patterns during presidential elections. Even where an individual-level approach did not lead to different predictions for macro-political patterns, it nevertheless improved our understanding of the micro-foundations underlying them. In Chapter 5, for instance, I used an individual approach to rigorously test for a mechanism that could explain an already well-established pattern—namely, that social ties increase participation. Attention to status motivations thus enriched theories of already documented patterns of behavior and introduced entirely new macro-level patterns.
These findings are important not only for scholars but also for institutional engineers. They suggest that in designing institutions to produce particular outcomes it is not sufficient to assess individuals’ and groups’ material interests or desires for power. As Ruth Grant suggests in the epigraph, “The notion that such a political order has completed the job is the source of dangerous blindness. Politics must allow somehow for the satisfaction of desires for distinction” (2008: 460, emphasis added). Contrary to conventional wisdom, for instance, policies that are Pareto-improving from a material perspective can fail in practice where status concerns are salient. The findings in Chapter 3 showed that institutional engineers need to find ways to direct more resources to places where status concerns are salient in order to alleviate opposition. The findings in Chapter 4 showed that institutional engineers interested in reducing national inequality cannot assume that majority rule per se will address the issue. Instead it is important to understand citizens’ psychological reactions to inequality. To whom do they compare their financial situations? Under which circumstances are they likely to prioritize status? Those who could gain status benefits from redistribution may not be in the majority. To reduce inequality, institutional rules would have to be designed to empower the voices of those people. Lastly, the findings in Chapter 5 showed that those interested in boosting or depressing political participation should pay attention to low-cost, symbolic ways to motivate people. Material rewards and attachment to a cause are not the only important factors. Status rewards, which are often far less costly to provide, can be very effective.

Envy, spite and even the desire for esteem are often regarded as unfortunate, even immoral, aspects of human motivation. Some political philosophers have cautioned against indulging them when thinking about the design of political order. Rawls, for instance, spent the better part of a chapter in A Theory of Justice trying to prove that his notion of justice as fairness is not derived from human beings’ propensity for envy. A full philosophical discus-

\[\text{1} \text{The moral problem is that human beings are not motivated intrinsically to do good but are drawn by the opinion of others.}\]
\[\text{2} \text{See Chapter VIII, sect. 80.}\]
sion of whether taking status concerns into account is morally appropriate or not is beyond the scope of this dissertation. What I can say, based on this study, is that taking status concerns into account can change what a political order accomplishes, whether doing so is moral or not. Taking status passions into account could better ensure the full implementation of development policies; it could build support for reducing or increasing inequality; it could boost or suppress political participation. Indeed, one might note that, in the three previous chapters, unchecked status concerns sometimes led to normatively problematic outcomes and sometimes did not. For instance, scholars disagree as to whether support for redistribution is normatively desirable or not, and the desire for status led citizens to support and to oppose redistribution depending on their relative positions among co-ethnic neighbors. Collective action aimed at the recognition of a minority group is arguably a normatively desirable outcome, and the quest for status helped mobilize it. Failure to spend allocated resources and to provide low-income housing, by contrast, is arguably a normatively undesirable outcome. This outcome, too, was brought about by the quest for status. Within-group status concerns are pervasive and powerful motivators of political behavior but do not consistently lead to “good” or “bad” outcomes. Taking them into account, however, would change the way political orders operate.

The findings in the previous chapters also have implications for the study of ethnic politics and for the study of developing economies more generally. I chose to look for the implications of status concerns in the United States and in South Africa because the two countries presented tough tests for the theory. While some scholars have argued that status concerns matter only in developed economies (Clark et al., 2008; Caporale et al., 2009; Akay, Martinson and Mehdin, 2011), the research from South Africa in Chapters 3 and 4 showed that the importance of status concerns should not be ruled out in the developing world. Both countries have histories of severely racist institutions and racial segregation, such that perceptions of linked fate among members of the same race are strong (Dawson, 1994; Gilens, 2000). Political rhetoric in the two countries has historically focused on inequalities between
race groups, and one might have expected that the influence of within-group status concerns would be minimal at best there, even if within-group status concerns are important to politics elsewhere. And yet within-group status concerns mattered for political behavior in both places. This finding suggests that studies of ethnic politics in democracies more generally should consider within-group status as a potentially important variable in patterns of governance, policy preferences and political participation. We have evidence that between-group inequalities matter for these outcomes (Baldwin and Huber, 2010). But we might improve our explanations by allowing that within-group inequalities matter, too.

That said, in the rest of this chapter, I would like to consider two related and hitherto only partially addressed issues. First, I discuss whether the findings in the previous three chapters are specific to South Africa and the United States and to the particular time periods analyzed. To what extent might we expect the findings to travel to other places and times? What are some of the scope conditions that might guide our understanding of when and where we are likely to observe similar patterns? Second, I discuss whether the finding that status concerns help us explain more about political behavior than extant theories is specific to the particular outcomes examined in the previous three chapters. What other puzzles about political behavior might status concerns help us explain?

6.1 Scope Conditions

This dissertation scrutinized some of the political consequences of status motivations in two democracies, South Africa and the United States. Again, these two countries are tough places to test our theory. We might have expected at the outset that concerns for ethnic group welfare would overwhelm concerns for within-group status in both countries. Particularly in the United States, we might also have expected that widespread beliefs in social mobility, individualism and the American Dream might have prevented individuals from
being influenced by a desire to punish others for their successes. That within-group status concerns helped us gain leverage over puzzles of political behavior even in these places is remarkable.

Nevertheless, for the purposes of thinking about the generalizability of the findings, we should ask ourselves about scope conditions. Do the empirical contexts in the previous three chapters constrain the applicability of the findings? In what way? Some scope conditions are fairly obvious. For instance, as I point out in Chapter 3, status concerns would not have altered spending patterns if enough resources had been available in all areas to build houses for everyone who qualified. A basic condition for status concerns to influence preferences over Pareto-improving policies was some degree of resource scarcity. In this section, I would like to discuss four other possible scope conditions: open democratic institutions, large shifts in inequality, a strong state, and bounded reference groups. With further exploration, some of these conditions may turn out not to be particularly constraining. Rather than presenting obstacles to future research on status concerns and politics, these three conditions should help guide the selection of sites for further investigation.

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First, in each of the chapters, the exact patterns we observed occurred in the context of relatively open democratic institutions, where citizens had both the channels and the freedom to express their preferences. The housing implementation process in South Africa in Chapter 3 allowed for two entry points through which citizens could influence the use of resources: steering committees and public hearings. Without these channels, citizens might have cared about status—their preferences over housing policies may have been different in contexts in which status concerns were salient than in contexts in which status concerns were not—but we might not have observed differences in spending in the absence of these particular institutions. True, local politicians sometimes had non-electoral incentives to respond to opposition against housing policy implementation. They may have wanted to prevent violence and been aware of its potential even in the absence of these channels, but we cannot
say whether this is so based on the evidence in Chapter 3 alone. Likewise, in Chapters 4 and 5, the promise of improved within-group status had an impact on preferences and behavior but always within the context of open democratic institutions. The rally in Chapter 5 took place, partly for ethical reasons, in an environment that posed few security risks to potential participants. Citizen status concerns could translate into the selection of political parties in Chapter 4 because direct elections took place. This scope condition says nothing about whether status concerns would be salient for citizens of other regimes but it potentially places limits on the exact ways in which status concerns influence political outcomes.

Second, at least in South Africa, the increases in within-group inequality that triggered status concerns were fairly dramatic. Some municipalities (though the outliers) experienced an increase in the 90:10 black income ratio of 100 units between 1996 and 2001. For comparison, the national increase in the 90:10 income ratio among whites between 1995 and 2000 was 5 units. Chapter 4 established that even in the context of less dramatic changes in within-group inequality (as in the U.S.) status concerns can become salient and translate in shifts in attitudes toward redistribution. Still, it could be the case that the large uptick in opposition to Pareto-improving policies was made possible only by truly large shifts in within-group inequality, made possible by significant economic and political transitions, such as that out of apartheid. Such dramatic shifts in within-group inequality are hardly unique to South Africa. Below I discuss the cases of both China and India. We see similarly dramatic shifts in intra-black income inequality in the U.S. during the post-civil rights movement 1970s (LaFree and Drass, 1996). Even if some of the empirical patterns observed in the previous chapters were driven by dramatic transitions, such transitions are found the world over.

Third, both South Africa and the United States are fairly strong and competent states, even if one is a middle-income, developing country and the other is rich. Citizens cannot always expect robust state responses to their preferences in either country, but they

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3The average increase was 9 units.
4Neckerman, 2004: Ch. 20.
also know that the state is not totally absent. Indeed, South Africa’s constitution includes a long list of social and economic rights, including a right to housing, for which the government is, in theory even if not always in practice, responsible. In this context, citizens might reasonably see public policy or political participation as an effective means through which to address their status concerns. Indeed, if a citizen knows that the state can increase her status (even through a policy that is slightly costly for her), she knows that she does not have to take what are often socially undesirable steps to improve her within-group position by herself. By contrast, in the presence of a weak or failed state, a citizen might still value status in itself, but she may not pursue those values in the political arena.

Finally, the previous chapters focused on neighboring co-ethnics or, in the case of Chapter 5, neighboring members of the same social identity group. I did not explore the salience of comparisons in other possible reference groups. This point raises two questions about external validity: one of place and one of time. First, are the findings dependent on places that are spatially dispersed and yet with well-defined neighborhoods? There has been little research on the reference groups people actually use to evaluate status or to make political decisions (Clark and Senik, 2010). Knight et al. (2009) tested for the influence of various reference groups in China on individuals’ evaluations of their own economic situation and found that other villagers are the most important reference group by far. Senik (2009) conducted a study of the reference groups Eastern Europeaners used post-1989 and found that the most important reference group are former schoolmates, who tend to be neighbors and co-ethnics of the same age cohort. These other studies suggest, as did the survey data in Chapter 4, that neighbors and neighboring co-ethnics (where ethnicity is socially salient) are an important reference group for evaluating one’s financial situation in many places and likely to lead to the patterns found in the previous chapters. Still, it may be the case that the United States and South Africa have geographies and histories that allow for well-defined neighborhoods such that these reference groups are highly salient and relatively fixed. Second, the previous chapters examined the theory in a particular time. Since the early 2000s,
both developed and developing countries—including the United States and South Africa—have witnessed the rapid spread of social media platforms (Facebook, Twitter and so on). A reasonable question of external validity is whether citizens’ primary reference groups have shifted since. Do these newer reference groups influence citizens’ attitudes towards public policies or pull them into participation on the basis of esteem?

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Some of these scope conditions can and should be tested. For instance, despite arguments that status concerns matter only above some subsistence threshold (Clark et al., 2008), I would argue that whether the findings in this dissertation extend to poorer countries with weaker states is an open question. Akay and Martinsson (2011) and Akay, Martinsson and Mehdin (2011) found, for instance, that relative income in rural areas of Ethiopia matters very little to individual self-reports of happiness. Yet, Veblen (1899/2005, p.36) wrote that, “no class of society, not even the most abjectly poor, forgoes all consumption comparisons” (emphasis added). And, indeed, Kebede and Zizzo (2010) found that in money “burning” experiments, participants in the same areas of rural Ethiopia chose to eliminate the earnings of other players who were better off than they, even at a cost. Kebede and Zizzo furthermore found that the rate of money burning in a village corresponded to its level of agricultural development, prosperity and technology uptake. In particular, the level of money burning correlated with investment in conspicuous forms of economic activities, such as rain harvesting and fertilizer adoption. They contended that, even in poor, rural communities like these in Ethiopia, status concerned behavior has had possibly profound implications for economic development. The open questions then are both whether status concerns are relevant to every day life in much poorer societies and whether, if relevant, people see politics as a way to address these concerns given that the state is weaker.

India may also provide a fruitful place to investigate the generalizability of the theory to different levels of state capacity. India experienced very little in the way of increases in consumption and income inequality within ethnic groups and castes until the early 1990s.
(Bruno et al., 1998). But then, with the delegation of some economic policy-making power to the states, India experienced a rapid uptick in inequality that varied across states, within states, among Hindus, and within some castes (Banerjee and Piketty, 2005, Chaudhuri and Ravallion, 2006). Although there is regional variation in state capacity within South Africa, India provides even more and is a case in which the “rights” to delivery are less robust (Brinks and Gauri, 2010). One might therefore test the theories, particularly about opposition to Pareto-improving policies and attitudes toward redistribution, in this context. Lab in the field experiments in India have documented “spiteful” behavior among subjects in Uttar Pradesh, meaning that subjects have chosen to take money away from other players in order to improve their relative position, even though doing so means that they walk away from the game with less money (Fehr et al., 2008). This experiment found that upper caste subjects were more likely to reveal spiteful preferences than lower caste subjects and posited a “caste culture” hypothesis to explain these differences. Against this initial evidence, one might test for contextual triggers of status concerns and for the relevance of such concerns to political behavior.

China is also a promising place in which the theory might be further tested outside of a democratic context. It is certainly a place that has experienced dramatic and varied shifts in inequality of late. Nationally, inequality in China has increased from a Gini coefficient of 0.33 to a Gini coefficient of 0.47 in two decades (World Bank, 2005c), but, more importantly for the theory, there has been substantial variation across regions and villages. And, indeed, Ye et al. (2011) found that rising income inequality within villages in China has increased the salience of status comparisons among villagers and has had important implications for consumption and savings behavior not found in villages that have not experienced dramatic changes in income inequality. To my knowledge, no one has investigated whether status competition within villages is also having an impact on local politics and public policy. But

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5 For a discussion of variation in state and regional government capacity to deliver basic goods and services and to enact redistribution, see Kohli (2012), Ch. 2 and Figure 3.4.

6 See also Chaudhuri and Ravallion, 2006: 13.
news reports have suggested anecdotally that local politicians in China are concerned about the emotional reactions of individuals left behind in such areas. One story in the *New York Times* documented political efforts in Chengdu to regulate the size and modesty of funeral ceremonies and burial sites. A politician behind the efforts explained, “Ordinary people who walk by and see these lavish tombs might not be able to keep their emotions in balance.”

Even absent electoral incentives and democratic channels through which citizens might express opposition, local officials are sufficiently concerned about citizen status comparisons that they have been looking for ways to address them through policy. Whether and how the findings in this dissertation might extend to this setting is a subject worthy of future research.

### 6.2 Additional Puzzles

I have argued that status concerns help us explain more about policy implementation, policy preferences, electoral behavior and political participation than extant theories. But are these findings limited to the specific outcomes examined in the previous three chapters, namely housing delivery, attitudes toward and voting over national redistribution, and participation in a rally? If not, what other puzzles about political behavior might status concerns help us explain?

The most obvious areas of politics in which status concerns are likely to be influential are areas in which the distribution of goods and services are at stake and areas in which individuals might make material sacrifices on behalf of a group. Any study raises questions about external validity that are ripe for further investigation. And one might certainly investigate whether other Pareto-improving policies (besides housing delivery in South Africa) have met with opposition when they have not benefited a group of citizens equally and where

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status concerns are salient. The rich literature on the politics of growth policies could easily expand in this way (Alesina and Rodrik, 1994; Haggard, 1990; Ekeh, 1975). One might also investigate whether the promise of in-group esteem increases turnout in instances of collective action other than rallies: in boycotts or riots (Scacco, 2012) or even rebellions (Weinstein, 2007). In situations of greater physical risk, do status concerns still prove a powerful motivator? Beyond these obvious extensions, however, let me suggest two other promising areas of research for the purposes of illustration. One continues to focus on citizen behavior. The others turns to an area of politics totally unexamined in the dissertation: elite behavior. Both would provide excellent next steps for future research.

6.2.1 Economic Voting

Current theories of economic voting are straightforward. In the retrospective version, citizens consider how the economy has fared during the incumbent’s term in office. Each citizen asks herself whether her own economic circumstances have improved or deteriorated (in absolute terms) during that time and perhaps also whether the economy as a whole has improved or deteriorated during that time. She rewards or punishes the incumbent accordingly. As Fiorina (1981) wrote,

[Voters] typically have one comparatively hard bit of data: they know what life has been like during the incumbents administration. They need not know the precise economic or foreign policies of the incumbent administration in order to see or feel the results of those policies...In order to ascertain whether the incumbents have performed poorly or well, citizens need only calculate the changes in their own welfare (p. 5).

These theories assume generally that the “hard bit of data” consists of a comparison between an individual’s consumption during the last term and an individual’s consumption before
that term began. Yet if citizens also value how well they have been doing relative to other members of their reference group, then an additional “hard bit of data” should be relevant to vote choice. Citizens can also observe how well they have fared during an incumbent’s term compared to their neighbors, co-workers and others around them. Such observations do not place a high cognitive burden on the typical voter, and indeed she might understand how well she has fared only by comparing her welfare to those of others around her. Where status concerns are salient, and if citizens vote retrospectively, then we might expect that an incumbent’s probability of reelection should be associated with whether his or her economic policies have improved the within-group status of citizens who vote in the election. If citizens vote prospectively, an incumbent’s probability of reelection should be associated with whether his economic policies are likely to improve citizens’ within-group status in the future.

Suppose that there was a recession during the incumbent’s term. Current theories of retrospective voting would predict that, based on sociotropic considerations, most voters should punish the incumbent. Those who have lost their job or income should be particularly likely to vote against the incumbent. Where status concerns are salient, however, vote choice should also be conditioned by how well a voter has fared compared to other members of her reference group during the incumbent’s term. Perhaps the voter has lost some income, but perhaps she has fared well compared to many of her co-workers or neighbors or other members of her ethnic group. Such a voter’s propensity to punish the incumbent should be less than a voter who lost the same amount of income during the incumbent’s term but who fared far worse than other members of her reference group. It would be feasible to test these hypotheses and doing so should help us both understand and make better predictions about voting behavior.
6.2.2 Elite Behavior

Chapter 5 focused on the ways in which citizens’ desire for in-group esteem can motivate them to participate in politics, but does the desire for esteem also influence the behavior of elites? Much of contemporary political science research assumes that elected politicians care primarily about retaining the material benefits of holding office or care intrinsically about the enactment of particular kinds of policies. Yet if, as John Adams wrote, “the desire for the esteem of others is as real a want of nature as hunger...” does it motivate elite politicians as well, and apart from their desire to stay in office?

Political elites might respond to the promise of esteem by taking actions that could otherwise jeopardize their terms in office. There are ways to test for this possibility. Tsai (2007), for instance, has shown that officials in China are spurred to provide public goods in order to attain high moral standing in their communities, even though these communities do not possess the power to remove them from office. Since their ability to hold office depends much more directly on the favor of higher-ups in the party and not on support from their local communities, the influence of the desire for esteem here is remarkable and carries its own explanatory weight.

With elected politicians, of course, the separate effects of esteem and of the material benefits to office are more difficult to isolate, because winning the esteem of constituents may simply be a strategy for retaining office. One way in which we might isolate these various goals, however, is to look at the desire for the esteem of future generations—of individuals, in other words, who cannot affect the material well being of the politician or his stay in office. Can the desire for the esteem of future generations motivate politicians to pursue policies that could jeopardize their current terms in office? It was recently suggested, for instance, that one of the reasons the speaker of the US House of Representatives, John Boehner, was willing to risk his political career by conducting secret compromise negotiations over the budget was because he was concerned about his legacy. He perhaps saw a chance to “be remembered
as a statesman....rather than as a party functionary.”¹⁸ In examining the personal writings of Indian leaders in the Congress Party, Paul Brass (1965) notes how often the concern for status, independent of the security of one’s position, appears in reflections on leaders’ decisions. Of the writings of one such leader in Uttar Pradesh in the 1960s, he writes, “The overwhelming desire for esteem and obsessive fear of public or private humiliation fills every paragraph. Every event mentioned...ends in the enhancement of his personal prestige” (176). It would take sustained research, and perhaps experimental treatments, to isolate the influence of the esteem of future generations for a particular actions from its possible consequences for holding onto office in the short-term, but it could be done. Otherwise, we may be missing a crucial factor in the decision-making of both democratic and non-democratic elites by ignoring the desire for esteem.

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I began the dissertation with the simple suggestion that man is positional and that his concern for position has consequences for his politics. Despite a tough test, citizens’ desire for within-group status proved a useful variable for understanding a range of political preferences and behaviors in two democracies. Future research on political behavior is likely to find that within-group status concerns are useful for explaining much more.

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Chapter 7

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