

Perceptions of social mobility in Austria in light of system justification theory

Anna-Magdalena Schwarz

PhD candidate in Economics
Vienna University of Economics and Business

December 2019

Motivation and Political Relevance

Growing inequality in the developed world poses an increasing number of threats to social peace and fosters conflict. At the same time, intergenerational mobility does not increase in the same way, but instead often decreases, which reinforces inequality and brings forward stronger segregation of society. Additionally, national tax systems are not adjusted to counter this development, and even the demand for redistribution in public opinion seems to be low (see Lübker, 2006, Sabirianova Peter, Buttrick, and Duncan, 2010). In this context, economists have argued that individuals do not build their policy preferences based on actual outcomes, but on their perceptions of it, which have shown to be systematically wrong (see Engelhardt and Wagener, 2014, Gimpelson and Treisman, 2018, Hauser and Norton, 2017). However, little research has been done in economics on how and why people form these perceptions of economic reality, even though such research would be of high interest for democratic voting considerations.

In this context the theory of *system justification* seems to be a promising approach to explain these discrepancies. John T Jost, Banaji, and Nosek (2004) define this approach as follows:

"it captures social and psychological needs to imbue the status quo with legitimacy and to see it as good, fair, natural, desirable, and even inevitable."

Thus, in addition to ego or group justification theories, he argues that people also want to see the system of the society they live in as legitimate and justifiable, even if it contradicts their group or self interests (see John T Jost, Banaji, and Nosek, 2004, John T. Jost, 2019). In the capitalist system, the ideology of meritocracy serves this need of justifying existing inequalities (see Alesina and La Ferrara, 2005, Bénabou and Tirole, 2006, Day and Fiske, 2017, Garcia-Sánchez et al., 2019). Further, in some contexts especially low-income and marginalised groups are more prone to advocate these justifying beliefs, in line with cognitive dissonance theory, to justify their own disadvantage, even though it is against their own interests (see John T Jost, Banaji, and Nosek, 2004). McCoy et al. (2013) finds that these beliefs act as a "coping mechanism" and increase perceived control over life circumstances for these marginalised groups, which in turn

show higher self-esteem. However, if system justification dominates over self or group identity considerations, anger about experienced injustices is appeased (see Sagioglou, Forstmann, and Greitemeyer, 2019). Finally, this leads to reduced political activism and poses a threat to solidarity among disadvantaged groups of society, which is needed to establish change movements or even for policies for redistribution (see Osborne et al., 2019).

In my work I will analyse whether the perceptions of social mobility in Austria, representing meritocratic beliefs, and the mechanisms shaping them can provide evidence for the theory of system justification, especially among the more deprived groups of society.

Research Question and Analysis

Following the theoretical motivation, the main research question will be:

”Do perceptions of social mobility in Austria, and the mechanisms shaping them, follow the predictions of the system justification theory?”

The data used results from two large-scale online surveys conducted in October 2018 and March 2019 in Austria. Both surveys comprise of 2100 respondents, resulting in a merged dataset of 4200 respondents in total. In addition to general questions about socio-economic characteristics, political views, perceptions of social mobility and inequality in Austria, the survey included a treatment, which was designed to exogenously change perceptions of social mobility in a pessimistic way. Using these data, 3 different sub-analyses will be conducted to test the empirical relevance of the system justification theory in Austria.

First, a more general analysis will test whether perceptions of social mobility differ between specific subgroups of society. Most importantly, low-income groups and/or persons with low perceived socioeconomic standing are contrasted to other groups. According to the theory, if ego or group interests are not salient, those groups with a lower status in society will exert even more system justifying beliefs (see John T Jost, Banaji, and Nosek, 2004). Additionally, those individuals of disadvantaged groups showing more system justifying beliefs will most likely show more satisfaction with their life situation, than those who do not, which is also testable in the dataset (see John T. Jost, 2019). Further, it is possible to analyse and test the mitigating effects of perceptions of social mobility on the demand for redistribution and/or political activism, according to theory (see Garcia-Sánchez et al., 2019, John T Jost, Banaji, and Nosek, 2004, John T. Jost et al., 2012, Osborne et al., 2019, Sagioglou, Forstmann, and Greitemeyer, 2019).

Second, the effect of the individual’s geographical reference group will be tested. According to system justification theory, the higher the inequality in the individual’s immediate surroundings, the more he/she will be prone to justify the system (see John T Jost, Banaji, and Nosek, 2004, Mijs, 2019). However, there are also empirical results contesting this hypothesis (see Newman, Johnston, and Lown, 2015, Kuhn, 2019) To analyse this, I will use the information about municipalities from the Survey and connect this with municipality level wage inequality data for Austria to measure the level of inequality, individuals are confronted with in their hometown. Thus, if higher inequality in the residential municipality is associated with more optimistic beliefs about social mobility, this provides evidence for the system justification theory. As robustness tests I also have information about perceptions of inequality, to test whether objectively higher inequality also results in perceptions of higher inequality. Additionally, I can use the information, whether respondents moved from the municipality, they were born in, to

control for selection into specific municipalities by specific groups of society.

Finally, I will use the exogenous treatment variation to estimate on the one hand heterogeneous responsiveness to treatment, where cognitive dissonance theory in line with system justification motives predicts that marginalised groups of society will respond less to system threatening information (see Bénabou and Tirole, 2006, John T. Jost, 2019). Thus, I will estimate heterogeneous treatment effects for low-income or perceived low socio-economic status individuals to test this hypothesis. Further, I will use the treatment to infer causal effects of meritocratic, system justifying beliefs on political preferences and activity. That is to say, exogenously reducing these justifying beliefs, should increase individual’s demand for redistribution policies and also their willingness to take political actions (see Garcia-Sánchez et al., 2019, John T Jost, Banaji, and Nosek, 2004, Sagioglou, Forstmann, and Greitemeyer, 2019). Further, there will be opposing effects on political actions, that defend or challenge the system, which can be tested by analysing questions about people’s willingness to take different political actions (see Osborne et al., 2019)

Eventually, the political implications of the system justification mechanism are diverse, especially for system change movements or political processes and party campaigns. The theory goes well beyond the mere emphasis on misperceptions of economic reality being in place, but highlights the mechanisms and power structures behind that. By this, it can explain the lack of solidarity among the lower social classes in a way that can help to overcome it and has the potential to foster societal and economic change.

References

- Alesina, Alberto and Eliana La Ferrara (2005): “Preferences for redistribution in the land of opportunities”. In: *Journal of public Economics* Vol. 89(5-6), pp. 897–931.
- Bénabou, Roland and Jean Tirole (2006): “Belief in a Just World and Redistributive Politics”. In: *The Quarterly Journal of Economics* Vol. 121(2), pp. 699–746.
- Day, Martin V. and Susan T. Fiske (2017): “Movin’ on Up? How Perceptions of Social Mobility Affect Our Willingness to Defend the System”. In: *Social Psychological and Personality Science* Vol. 8(3), pp. 267–274.
- Engelhardt, Carina and Andreas Wagener (2014): “Biased perceptions of income inequality and redistribution”. CESifo Working Paper Series, 4838. Available at SSRN: URL: <https://ssrn.com/abstract=2463129> [Accessed: 06/05/2019].
- Garcia-Sánchez, Efran et al. (2019): “Attitudes towards redistribution and the interplay between perceptions and beliefs about inequality”. In: *British Journal of Social Psychology*.
- Gimpelson, Vladimir and Daniel Treisman (2018): “Misperceiving inequality”. In: *Economics & Politics* Vol. 30(1), pp. 27–54.
- Hauser, Oliver P and Michael I Norton (2017): “(Mis) perceptions of inequality”. In: *Current opinion in psychology* Vol. 18, pp. 21–25.
- Jost, John T. (2019): “A quarter century of system justification theory: Questions, answers, criticisms, and societal applications”. In: *British Journal of Social Psychology* Vol. 58(2), pp. 263–314.
- Jost, John T. et al. (2012): “Why Men (and Women) Do and Don’t Rebel: Effects of System Justification on Willingness to Protest”. In: *Personality and Social Psychology Bulletin* Vol. 38(2), pp. 197–208.

- Jost, John T, Mahzarin R Banaji, and Brian A Nosek (2004): “A decade of system justification theory: Accumulated evidence of conscious and unconscious bolstering of the status quo”. In: *Political psychology* Vol. 25(6), pp. 881–919.
- Kuhn, Andreas (2019): “The subversive nature of inequality: Subjective inequality perceptions and attitudes to social inequality”. In: *European Journal of Political Economy* Vol. 59, pp. 331–344.
- Lübker, Malte (2006): “Inequality and the demand for redistribution: are the assumptions of the new growth theory valid?” In: *Socio-Economic Review* Vol. 5(1), pp. 117–148.
- McCoy, Shannon K. et al. (2013): “Is the belief in meritocracy palliative for members of low status groups? Evidence for a benefit for self-esteem and physical health via perceived control”. In: *European Journal of Social Psychology* Vol. 43(4), pp. 307–318.
- Mijs, Jonathan J B (Jan. 2019): “The paradox of inequality: income inequality and belief in meritocracy go hand in hand”. In: *Socio-Economic Review*.
- Newman, Benjamin J., Christopher D. Johnston, and Patrick L. Lown (2015): “False Consciousness or Class Awareness? Local Income Inequality, Personal Economic Position, and Belief in American Meritocracy”. In: *American Journal of Political Science* Vol. 59(2), pp. 326–340.
- Osborne, Danny et al. (2019): “Protesting to challenge or defend the system? A system justification perspective on collective action”. In: *European Journal of Social Psychology* Vol. 49(2), pp. 244–269.
- Sabirianova Peter, Klara, Steve Buttrick, and Denvil Duncan (2010): “Global reform of personal income taxation, 1981-2005: Evidence from 189 countries”. In: *National Tax Journal* Vol. 63(3), pp. 447–78.
- Sagioglou, Christina, Matthias Forstmann, and Tobias Greitemeyer (2019): “Belief in Social Mobility Mitigates Hostility Resulting From Disadvantaged Social Standing”. In: *Personality and Social Psychology Bulletin* Vol. 45(4), pp. 541–556.