Increasingly polarized? Inequality, prosperity, and perceived socioeconomic conflict in advanced economies (1987-2019)

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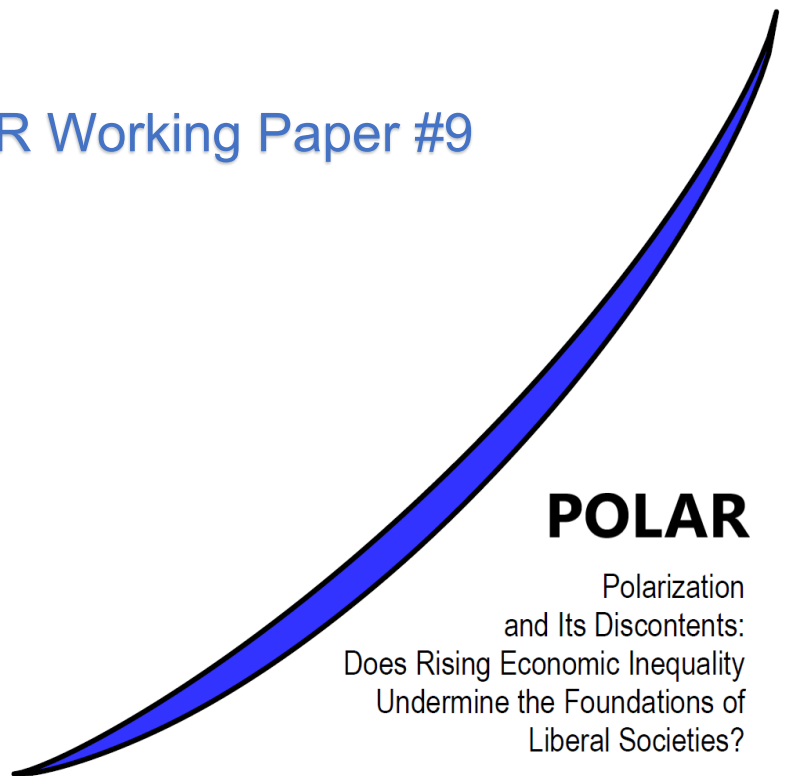POLAR Working Paper #9

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Keywords
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Introduction

Early on, Lipset (1959) argued that the level and distribution of economic resources shape both the degree of societal division and its ability to manage conflicts through political means. Similarly, Dahrendorf (1967) identified the institutionalization of class conflict as a key mechanism for containing the potentially disruptive effects of distributive tensions and class antagonism, a process that contributed to the formation of party systems and welfare states during the early 20th century. Against the backdrop of mid-20th-century economic growth and rising prosperity, debates in the 1980s began to question whether class had lost its political relevance (e.g., Pakulski and Waters, 1997; Beck, 2007). Yet, with growing inequality in advanced economies during recent decades (Atkinson, 2015; Zucman, 2019), the salience of distributional conflicts has reemerged (Hertel and Schöneck, 2019; Kerbo, 2012).

Existing research emphasizes both persistent and rising levels of perceived conflict as causes for concern, not least because perceived socioeconomic conflict is regarded as a key indicator of social cohesion. High levels of socioeconomic conflict can erode trust, fuel internal disputes such as crime and civil unrest, and exacerbate political polarization (Delhey and Keck, 2008; Rothstein and Uslaner, 2005; Hsieh and Pugh, 1993; Baten and Mumme, 2013). These concerns are increasingly pressing given the rise of anti-liberal movements and parties that challenge established mechanisms for the rule-based resolution of conflicts (Foa and Mounk, 2016; Fukuyama *et al.*, 2025; Przeworski, 2019). Ultimately, if democratic support depends on citizens' belief in the system's capacity to channel and peacefully resolve social and political issues, increasing perceived socioeconomic conflict may signal the erosion of fundamental democratic consensus (Lipset, 1959).

Against this background, we examine whether macroeconomic fundamentals affect perceived socioeconomic conflict, by focusing on the relationship between economic prosperity, income inequality, and perceived socioeconomic conflict. Our focus lies on the subjective salience of conflicts between economically opposing social groups (Van Drunen *et al.*, 2021), i.e., among groups that differ in their socioeconomic status, as opposed to other types of antagonistic relations, such as those pertaining to attributes such as gender, age or ethnicity (cf. Delhey and Keck, 2008). Previous studies have shown that perceived socioeconomic conflict tends to be higher in more unequal societies, and that inequality between social classes is consistently associated with differences in perceived socioeconomic conflict (e.g., Janicka, 2002; Van Drunen *et al.*, 2021; Zagórski, 2006; Hertel and Schöneck, 2019; Kerr, 2014). Yet, existing research relies almost exclusively on either individual-level drivers or cross-sectional designs. As a result, we still lack the empirical evidence that allows us to draw firm conclusions about whether shifts in income inequality and economic prosperity have triggered changes in perceived socioeconomic conflict.

To address this gap, we use a comparative longitudinal design, analyzing repeated cross-sectional data from the International Social Survey Program (ISSP) for 26 countries over three decades (1987–2019). Our study contributes in three ways: First, in line with earlier cross-sectional studies, findings from random effects within-between models show that economic prosperity does not substantively decrease perceived socioeconomic conflict when testing the joint effects of prosperity and income inequality (e.g., Andersen and Curtis, 2012; Evans and Kelley, 2017). Second, we provide robust evidence for a *sociotropic* effect of over-time changes in inequality on socioeconomic conflict perceptions. That is, as inequality rises within countries, citizens' conflict perceptions increase, irrespective of their socioeconomic position or other demographic characteristics. Third, we find that inequality intensifies the divergence in conflict perceptions between opposing socioeconomic groups: while those in less advantaged socioeconomic positions

are evidently responsive to growing inequality, conflict perceptions among the most advantaged citizens appear largely insulated from shifts in macroeconomic inequality. These results align with a growing body of evidence indicating that the worse-off are comparatively more exposed to the social-psychological effects triggered by rising inequality over the last decades. Extensive robustness checks further reinforce the idea that the uneven distribution of economic resources within a country has a direct impact on the salience, and polarization, of socioeconomic conflict perceptions.

In the following, we elaborate on the theoretical arguments linking macroeconomic fundamentals to the salience of perceived conflict, review the existing literature, and detail the data and methodology. We then present our findings and discuss their implications.

Theory and previous research

Democratic theory has long emphasized the importance of a certain level of economic development for sustaining democracy. Lipset's (1959) seminal work, as well as several important contributions that followed (see Diamond, 1992; Przeworski and Limongi, 1997; Wucherpfennig and Deutsch, 2009), argued that the provision of minimum material security and living standards renders the question of who holds power less existential, reducing the incentive to seek absolute power and enabling peaceful transitions between governments. Later on, developing a more nuanced perspective on regime change, Boix (2003) emphasized the importance of the distributional consequences of different political regimes, advancing the notion of democracy as an institutional equilibrium designed to contain the potentially disruptive effects of distributive conflict.

These perspectives also align with Dahrendorf's (1967) notion of the institutionalization of class conflicts, suggesting that while the formation of cross-class coalitions is essential for maintaining political and institutional equilibrium, economic changes condition the intensity of social and

political conflicts. As these conflicts are often divides regarding the distribution of economic resources, they can either mitigate or exacerbate structural divisions within society. Indeed, periods of economic malaise can have important social and political implications, triggering critical junctures during which the legitimacy of the existing 'social contract' can be revisited or called into question (Kriesi, 2016; Liesbet and Marks, 2018; Hassel, 2009).

At least since Marx (2010 [1904]), it has been a key premise and thus a recurrent point of debate whether macroeconomic fundamentals influence the form and the intensity of societal conflict. While Lipset and Rokkan (1967) identified class-related conflicts as one fundamental cleavage that institutionalized in party systems and the concomitant development of welfare states in the early 20th century, scholarly debates in the 1980s revolved around the question of whether class had ceased to be a politically relevant category. The period of rapid and widespread economic growth and increasing prosperity in the mid-twentieth century led post-modern theorists to hypothesize that class would seize to be the dominant basis for social identification and political conflict (Pakulski and Waters, 1997; Beck, 2007). Other scholars have further highlighted the importance of new, non-traditional distributional conflicts for social cohesion, shifting the salience of socioeconomic conflict toward other non-class-based divisions (e.g., Clark and Lipset, 1991; Beck, 1992; Kingston, 2000; Kikkawa, 2000).

The central tenet is that by raising overall standards of living, sustained economic growth in post-industrial Western societies has led to significant social-structural and cultural changes. These changes have diminished hierarchical differentiation and class awareness, increasing the salience of new 'horizontal' divides —including ecological concerns and postmaterialist values, as well as cleavages based on ethnicity (immigrants vs. native), gender, and generation (e.g., Beck, 2007; Inglehart, 1997; Delhey and Keck 2008; Hondrich and Caplow, 1994). The general expectation

derived from this body of literature is that *rising economic prosperity decreases perceived socioeconomic conflict (H1)*.

However, economic growth is not the only macroeconomic factor shaping socioeconomic conflict. Key in this regard is the trend toward growing inequality in most Western democracies during the last decades (Atkinson, 2015; Zucman, 2019), which has renewed interest in whether macroeconomic economic factors are reshaping conflicts toward distributional issues. From Iceland's 'Pots and Pans Revolution' in 2008, to Chile's social upheaval in 2019, massive demonstrations (which often have in their core a critique of the increase in social inequalities, see Kerbo, 2012) suggest conflicts around distributional issues might be re-erupting (Bernburg, 2016; Cox *et al.*, 2023).

By now, a growing body of research links income inequality to various negative social outcomes, including (mental) health, democratic orientations, and social trust (e.g., Wilkinson and Pickett, 2009, 2019; Buttrick and Oishi, 2017; Bartram, 2022, 2025). At the heart of this research is the idea that income inequality leads to greater social stratification, triggering awareness of status distinctions and increasing the salience of socioeconomic disparities. Consistent with social psychology research emphasizing that individuals are embedded in a "socio-ecology'' that shapes how they perceive themselves and others (e.g., Peters and Jetten, 2023: 524; Jetten and Peters, 2019; see also Manstead *et al.,* 2020), this body of work suggests that inequality may intensify socioeconomic group conflicts by enhancing both the valence and salience of material differences.

Indeed, some studies suggest that in high-inequality contexts, people are more likely to signal status differences and engage in status-driven consumption (i.e., consuming goods that have symbolic status value, like designer brands, expensive jewelry, or luxury clothing) (Walasek and Brown, 2015; Bricker *et al.,* 2021; Pybus *et al.*, 2022; Wang *et al.,* 2022). By increasing individuals'

awareness of socioeconomic group disparities, exposure to inequality can also transmit information (or alter views) about these groups, reinforcing class-based stereotypes and distinctions (Tanjitpiyanond *et al.,* 2022; Durante and Fiske, 2017). For example, Gallego (2016) finds that larger gaps between the rich and the poor increase negative associations toward those located in the opposite end of the income distribution. When material differences between social groups lead to increasingly divergent social conditions, socioeconomic position tends to become a key indicator of where one is located in terms of status or social rank (Walasek *et al.,* 2018; Wilkinson and Pickett, 2019: 23).

In high-inequality contexts, where class differences are more clearly marked, the relationship between income and class awareness tends to be stronger via a contrast effect (Andersen and Curtis, 2012; Aronson, 1999). As income inequality grows, so does the distance between opposing socioeconomic groups, resulting in greater contrasts, a polarization of the income distribution, and more opportunities for negative comparisons (Hastings, 2019; Sachweh and Sthamer, 2019). By shaping the content of intergroup conflicts and fueling class-based social categorization, these studies suggest that inequality enhances hierarchical differentiation, increasing the salience of antagonistic relations between opposing socioeconomic groups. Based on this framework, we expect *rising inequality to increase perceived socioeconomic conflict (H2).*

The two hypotheses developed so far suggest that changes in income inequality and economic prosperity should have opposite effects on perceived socioeconomic conflict. To the best of our knowledge, the only longitudinal evidence of the relationship between inequality and perceived socioeconomic conflict comes from Kerr (2014). Using a fixed effects approach to study redistribution demands and the acceptance of wage differentials, this study finds that changes in income inequality are positively associated with the item "conflict between the rich and poor". In

the current study, we assess whether both rising economic prosperity and income inequality shape the salience of perceived conflict over a longer time span, relying on a latent and more comprehensive dimension of socioeconomic conflict. Moreover, acknowledging the importance of where one falls in the income distribution, we further assess whether growing inequality has triggered polarization in perceived socioeconomic conflict.

Extant scholarship offers different expectations about how inequality should affect different socioeconomic groups. First, a key line of research on the consequences of inequality, argues that, overall, equality is 'better for everyone' (Wilkinson and Pickett, 2009, 2019; Buttrick and Oishi, 2017). Given that "larger income differences across a society immerse everyone more deeply in issues of status competition and insecurity" (Wilkinson and Pickett, 2019: xxi), inequality is expected to affect more and less advantaged individuals alike. Due to its harmful consequences that increase social dysfunctions affecting important social indicators such as health, happiness or crime, some studies offer empirical evidence showing that income inequality can also affect individuals with higher socioeconomic positions (e.g., Dimick *et al.,* 2016; Rueda and Stegmueller, 2016; Romero-Vidal, 2021; Subramanian and Kawachi, 2006; Sachweh and Sthamer 2019). Therefore, the expectation derived from this line of argument is that *rising inequality increases perceived conflict among all socioeconomic groups (H3a)*.

By contrast, an alternative body of work emphasizes that individuals with lower economic positions are comparatively more sensitive to changes in relative socioeconomic status (e.g., Gallego, 2016). If people's awareness of their position in the economic hierarchy is formed by comparing themselves to other groups from their social environment, for the worse off, the cohabitation and interaction with those who are better off can become a constant reminder of their own position of relative economic deprivation (e.g., Runciman, 1966; Hastings, 2019). Income inequality can

increase the salience of economic comparisons among individuals, polarizing public beliefs across income-based lines (e.g., Newman *et al.,* 2015; Andersen and Curtis, 2012). As relative socioeconomic status becomes increasingly important in shaping people's differential experiences in everyday interactions, individuals with higher socioeconomic positions will tend to have the better end of the majority of interactions they are exposed to. And when resource differentials grow, larger socioeconomic resource differences will only tilt the balance further towards the better-off. While individuals with lower socioeconomic positions can experience material difficulties and simultaneously witness how others are systematically out-competing them —experiencing the social-psychological effects of relative disadvantage—, better-off groups can be more psychologically and economically insulated from changes in income inequality. Therefore, the social-psychological effects of relative disadvantage and the feeling of conflict are expected to grow among the worse-off and have little to no effect among the better-off. Based on these considerations, we expect *conflict perceptions to become increasingly divergent with growing income inequality, and that these changes affect individuals from lower socioeconomic positions relatively more strongly (H3b)*.

Data and Methods

Data

Our focus on the contextual effect of economic prosperity and income inequality and its moderating impact on individual-level relationships requires a cross-national comparative research design. We draw on microdata from five rounds of the International Social Survey Programme's (ISSP) Social Inequality module (1987, 1992, 1999, 2009, 2019) in combination with country-level indicators from different sources (see Table A1, supplementary materials). Given our focus on the longitudinal association between macro-level variables and conflict perceptions, we restrict our

sample to respondents above the age of 18, retaining only countries that participated at least twice and have non-zero variation in inequality.[i] After listwise deletion of missing values, our main analytical sample contains 87658 respondents in 90 country-years and 26 countries. Table 1 below shows the number of observations by country and year included in the analysis.

Table 1. Number of respondents by country and year

Country	1987	1992	1999	2009	2019	Total
Australia	1302	1247	752	1173	632	5106
Austria	755	746	366	632	1014	3513
Bulgaria			798	489	981	2268
Canada		618	719			1337
Chile			826	1050	679	2555
Czech Republic		561	1376	767	1146	3850
France			1359	2271	1311	4941
Germany	717	2245	667	1053	1035	5717
Hungary	2343	1110	834	736		5023
Israel				774	925	1699
Italy	606	605		665	507	2383
Japan			812	614	907	2333
Latvia			741	684		1425
New Zealand		742	717	620	906	2985
Norway		1077	911	1186	1083	4257
Philippines			853	1056	3872	5781
Poland		1459	545	965		2969
Portugal			968	520		1488
Russia		1251	645	1151	1377	4424
Slovakia		313	824	842		1979
Slovenia		574	692	536	787	2589
Spain			789	532		1321
Sweden			794	892	1349	3035
Switzerland	725			788	2300	3813
United Kingdom	1006	878	681	796	1269	4630
United States	1353	1053	977	1365	1489	6237
Total (Subjects)	8807	14479	18646	22157	23569	87658
Total (Countries)	8	15	23	25	19	26

Dependent variable

Our dependent variable is measured using a question that asks respondents to rate the level of conflict they perceive between different socioeconomic groups: "poor people and rich people", "working class and middle class", and "management and workers". This item has been validated in previous studies that measure perceived socioeconomic conflict (PSC) (e.g., Delhey and Keck, 2008; Schöneck, 2017; Hertel and Schöneck, 2019). Answers to the three questions were recorded

on a four-point-scale (1 "Very strong conflicts", 2 "Strong conflicts", 3 "Not very strong conflicts", 4 "There are no conflicts"). To facilitate substantive interpretation, we reversed the items so that higher values indicate greater PSC and rescaled them to range from zero to one. Subsequently, by taking the mean of all valid responses, we combined the three items and constructed an index probing respondent's perception of *socioeconomic conflict* ($\alpha = 0.753$). Descriptive statistics of our dependent variable can be seen in the Appendix (Table A1, supplementary materials).

Independent variables

The main focus of our research lies on the relationship between macroeconomic changes and people's perception of socioeconomic conflict. Hence, our independent variables are income inequality and economic prosperity. To measure income inequality, we rely on the Gini coefficient of disposable income from the Standardized World Inequality Database (Solt, 2020). For economic prosperity, we use the gross domestic product (GDP) per capita measure provided by the Maddison Project Database (Bolt and van Zanden, 2024), expressed as a logarithm with base 2.[ii] In additional analyses, we also substitute GDP for median net household equivalized income, obtained from the Luxembourg Income Study and the OECD, as well as with median household equivalized income estimates from the ISSP. All country-level variables are measured one year prior to the survey round.

Our primary indicator for individual socioeconomic position is Oesch's (2006) five-class schema. This measure distinguishes between unskilled workers, skilled workers, small business owners, lower-grade salariat, and higher-grade salariat. [iii] The Oesch classes are constructed to differentiate occupational classes vertically –in terms of their relative advantage in employment relations–, and horizontally –in terms of their work logic– (see Oesch, 2006). We opt for the five-class schema instead of a more differentiated version mainly for technical reasons, as only this reduced schema can be constructed for some of the countries in the earliest ISSP rounds (see Oesch and Vigna,

2022). The five-class schema nevertheless serves our purpose since it differs from more fine-grained versions mostly in the degree of horizontal differentiation.

Control variables

At the individual level, we employ controls for age, gender and labor force status (paid work, unemployed, and others not in the labor force), as prior research suggests these characteristics are often related to individual differences in PSC (e.g., Janicka, 2002; Van Drunen *et al.,* 2021; Zagórski, 2006). Additionally, a country's level of income inequality and economic prosperity is likely to be influenced by its sociodemographic composition. Although this concludes the list of variables included in our main specification, we also present models controlling for years of education[iv] and household income. With respect to income, the ISSP cumulative dataset includes only a relative measure that differentiates between low, middle, and high household incomes based on the distributions of the original underlying variables. We instead opt for a newly harmonized measure of equivalized household income, expressed in 2010 purchasing power parities and adjusted for inflation using the consumer price index.[v] Finally, we also present models including net migration and unemployment rates as additional country-year control variables. Both indicators are drawn from the World Bank (WB, 2024a, 2024b). Net migration rates are transformed to measure the total number of immigrants minus emigrants per 10.000 inhabitants (population size obtained from Coppedge *et al.,* 2024).[vi] Unemployment is measured as the percent of the total labor force.[vii] Descriptive statistics for all variables included in the analyses are shown in Table A1 in the Appendix.

Analytical strategy

The cumulation of ISSP data can be characterized as comparative longitudinal survey data (CLSD, see Fairbrother, 2014). CLSD include newly surveyed individuals nested in survey-waves, which

are in turn nested in countries. Besides the need to account for this clustering in order to obtain more appropriate inferences, using repeated observations of countries over a period of over thirty years offers a unique opportunity to assess country-level effects by employing methods that leverage the longitudinal features of the ISSP.

To analyze CLSD, the Random Effects Within and Between (REWB) specification for multilevel models has become a valued method because it enables the simultaneous estimation of effects between countries (i.e., cross-sectional) and within countries over time (i.e., longitudinal). Employing the REWB model in our analyses allows us to move beyond the cross-sectional relationships that most previous studies have relied on in order to assess the within-country association between economic prosperity, income inequality, and perceived socioeconomic conflict. In the REWB specification, contextual effects are decomposed into their between and within components by demeaning all country-year level variables. The resulting between effect will thus capture the relationship between the outcome variable and overall *levels* in the predictor, whereas the within effect the relationship between *changes* in the predictor and changes in the outcome. By demeaning the explanatory variables, the within estimates of the REWB model are equivalent to those obtained from a standard Fixed Effects model and thus equally benefiting from weaker assumptions regarding unobserved covariates (see Firebaugh *et al.*, 2013). Specifically, the within estimates obtained from either REWB or Fixed Effects regression models are free from the influence of any *time-constant* country characteristics, minimizing the risk of omitted variable bias.

With these preliminaries, the main threat to giving our estimates a causal interpretation stems from between-country differences that change over time, an issue we address with a series of sensitivity analyses to bolster the credibility of our results. Of course, one important implication of using CLSD is that within estimates are not available at the individual level and the potential to include

additional covariates is limited by their availability in the ISSP. For that reason, we are more cautious in extending a causal interpretation to the impact of social class on perceived socioeconomic conflict and the moderating role of income inequality.

In the subsequent analysis, we fit a series of REWB models with country and country-year random intercepts to simultaneously model the between and within relationship between economic contexts and perceived socioeconomic conflict —restricting causal interpretations to the within term for the reasons described above. In order to examine the polarizing effect of income inequality, we fit a series of cross-level interaction models to examine the moderating impact of income inequality on the relationship between social class and PSC. Here, it is to be noted that, while the within estimates of contextual effects are net of unobserved heterogeneity between countries, the same is not true for cross-level interaction effects (see Giesselmann and Schmidt-Catran, 2019). Therefore, to properly account for between-country unobserved heterogeneity in the interaction effects, we employ the country Fixed Effects and Slopes specification (cFES). This amounts to a regression including not only the covariates and interaction terms of interest (as well as country and period fixed effects and clustered standard errors by country and country-years), but also additional interactions between country dummies and all terms included in the interaction. In other words, on top of the interaction between social class and the demeaned Gini coefficient, the cFES also includes interactions between the country dummies and both the social class and inequality terms. Finally, we note that we will follow conventional statistical practice and report standard errors and statistical significance levels for all parameter estimates from our regression models. We see these as indicators of the inherent uncertainty of our coefficient estimates, but at the same time acknowledge the scholarly debate around prioritizing substantive effect sizes over statistical significance (see Bernardi *et al.,* 2017), particularly in cross-nationally comparative research, where neither countries nor country-years represent a random sample from a superpopulation of

societies (see Lucas, 2014 for a more detailed discussion). In our subsequent presentation of results, we will primarily emphasize effect sizes when describing our results, while providing full transparency in reporting our estimates to allow readers to judge the evidence that we present against the scientific criteria that she or he may best see fit.[viii]

Results

Exploratory analysis

We begin our analysis with an exploration of the bivariate relationship between the level and distribution of economic resources and the level of PSC. While panel A in Figure 1 plots the country means (across all available waves) of logged GDP per capita and PSC, panel B shows the same for the Gini coefficient. Focusing on differences across countries, there is a clear negative association between economic prosperity and the average levels of PSC. By contrast, countries with higher inequality exhibit higher levels of PSC. Shifting towards a longitudinal perspective, the two panels in Figure 2 plot the country-year deviations from the overall country mean on economic prosperity (A), income inequality (B), and PSC. While these figures are in line with the general expectations regarding how changes in macroeconomic characteristics should affect changes in PSC, the relationships over time differ notably from those across countries. While both types of variation suggest a negative association between economic prosperity and PSC, and a positive association between income inequality and PSC, the longitudinal associations appear much weaker. Therefore, to assess whether these relationships are robust to the inclusion of individual and contextual-level controls, the next section presents the multivariate results.

A) Economic prosperity and perceived socioeconomic conflict: bivariate between-correlation
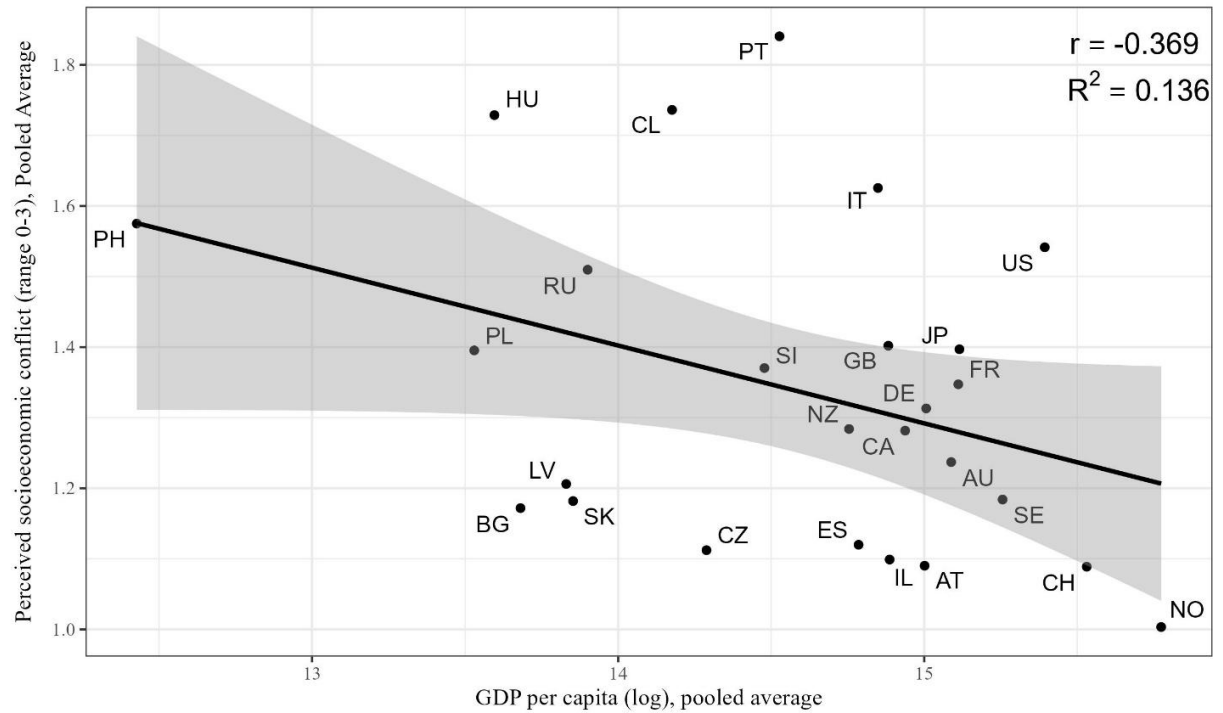
B) Income Inequality and perceived socioeconomic conflict: bivariate between-correlation
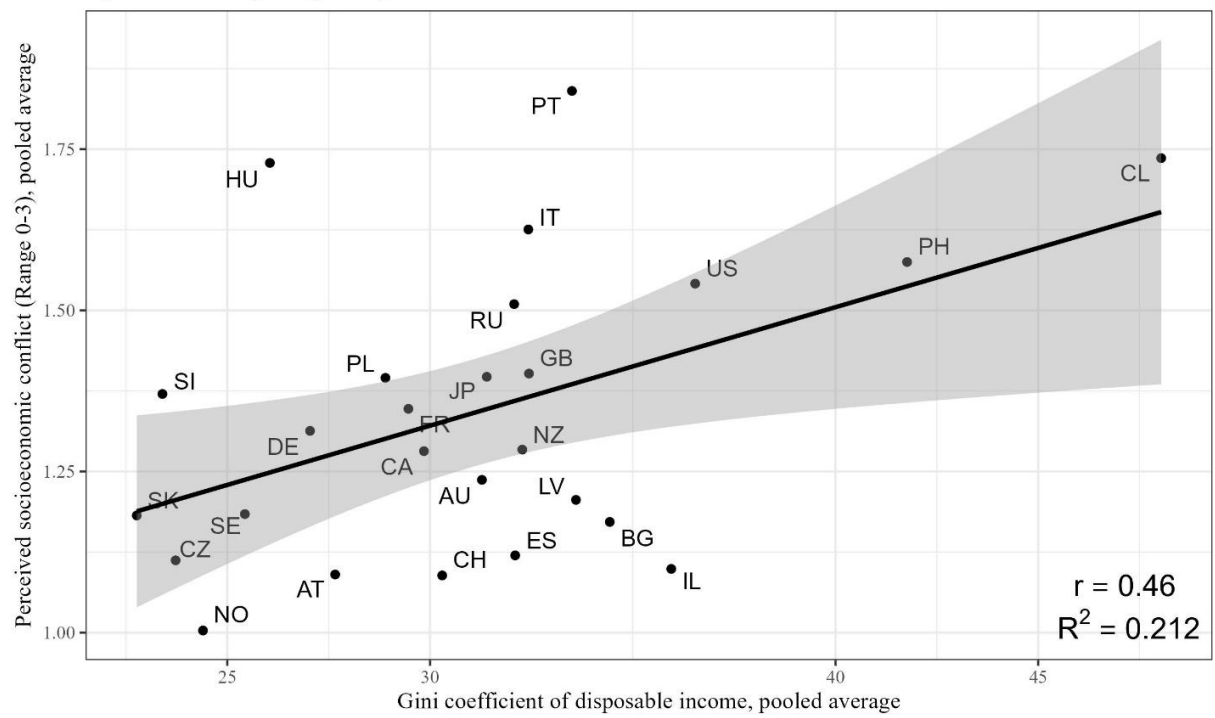
A) Economic Prosperity and perceived socioeconomic conflict (index): bivariate within-correlation
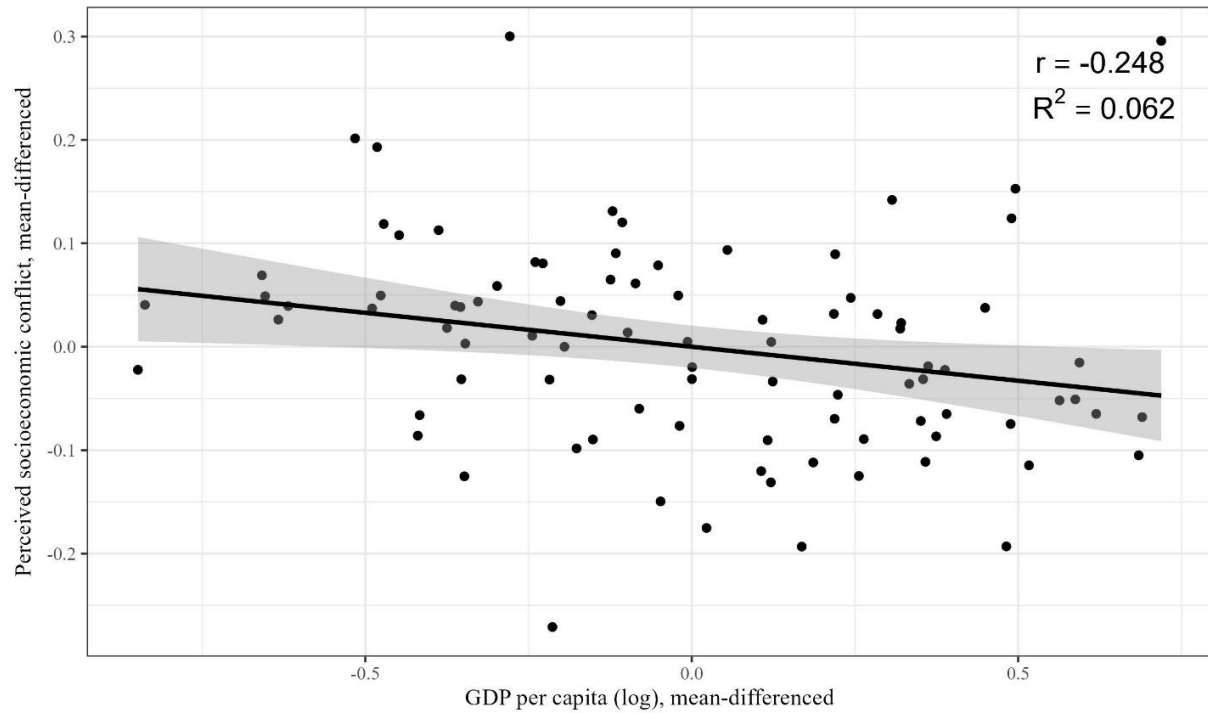
B) Income inequality and perceived socioeconomic conflict (index): bivariate within-correlation
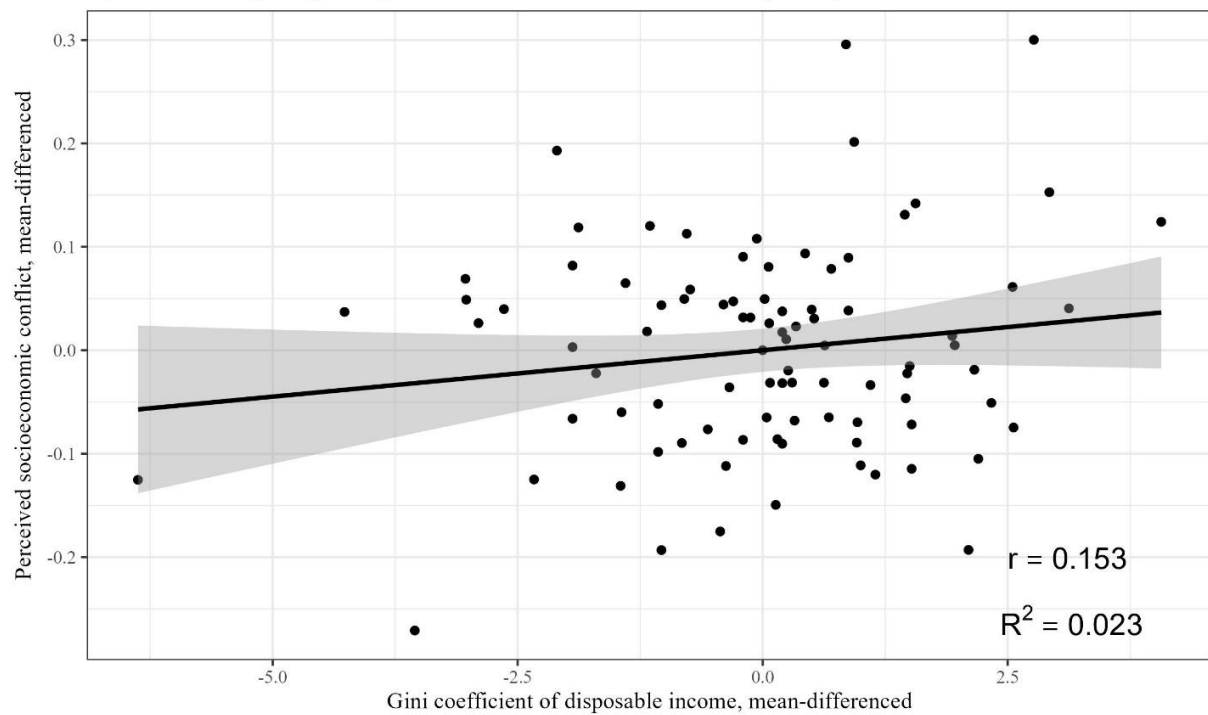
Multivariate analysis

Table 2 shows the results of the REWB models. First, the variance decomposition by means of a null model (i.e., random intercepts only, not shown) indicates that 10.5 percent of the variance in PSC is situated at the country-level, and 3.2 percent at the country-year level (i.e., about 13.7 percent of the variance in PSC can be attributed to contextual differences).

Model 1 regresses PSC on the decomposed macroeconomic indicators, controlling only for period fixed effects. The results mirror the exploratory analysis, with positive coefficients for the Gini index and negative ones for GDP—both between and within countries. Model 2 presents our main model, a REWB specification with period fixed effects that includes the Gini coefficient, GDP per capita (log2), social class and socio-demographic controls. Perceived social conflict shows a clear class gradient: Compared to the higher-grade service class (the reference category), all other classes report higher PSC, with the largest difference observed among unskilled workers. Given that this model implicitly controls for compositional differences, one might expect the country-level effects to attenuate. For income inequality, however, this is not the case: both the between and within coefficient remain highly consistent and show a clear positive relationship between income inequality and PSC.

In contrast, the GDP estimates are further reduced. Although the negative within-effect of GDP aligns with theoretical expectations, the effect is both statistically and substantively insignificant: since GDP is log-transformed using base 2, the coefficient of -0.001 represents the expected change in PSC associated with a doubling (i.e., 100% increase) in GDP over time. Therefore, Model 2 provides no evidence for a direct contextual (or sociotropic) effect of economic prosperity on PSC, leading us to reject the hypothesis that rising prosperity decreases perceptions of social conflict.

By contrast, even in a specification that accounts for GDP —as the arguably most important confounder of inequality—, any time-constant confounders (via demeaning), period fixed effects, and changes in sociodemographic and class composition, the evidence does not reject the theorized negative sociotropic effect of inequality on perceived social conflict.

Model 3 aims to further probe this finding by including years of education and household income as additional individual-level controls. Adjusting for the full set of individual socioeconomic characteristics, the Gini index nonetheless remains a consistent and significant predictor of both between-country differences and changes in PSC over time. The GDP within effect —now conditional on household income, education, and social class— turns slightly positive and thereby diverges from the negative between effect, yet this remains both statistically and substantively insignificant, especially considering that a doubling of GDP is by no means typical.[ix]

In sum, model 3 provides further support to the notion of a contextual, or sociotropic, effect of inequality by showing that the within effect of changing inequality on perceived conflict remains substantial and robust, even after adjusting for additional individual socioeconomic characteristics. To illustrate this effect, the model predicts that a one-unit increase in the Gini coefficient between years within a country leads to an average increase of 0.022 points on the PSC scale. This is comparable to the difference between the higher-grade service class and the lower grade service class, or the effect of 3.7 years of education. In our sample, 77 percent of countries experienced a change in income inequality of more than 1 Gini point between consecutive observation periods, and in half of the countries, the largest such change exceeded 2.2 points. This amounts to a predicted change of 0.048 points on the conflict scale, equivalent to the difference between skilled workers and the higher-grade service class.

As described in the methodological section, the most important threat to giving the within estimate a causal interpretation stems from potential time-varying confounders. With GDP per capita, our main specification already controls for the most important time-varying covariate, and the period fixed effects further control for any underlying common trends over time. Still, we probe the sensitivity of the results by including additional time-varying country-level covariates. Here, scholarship points to migration and unemployment as potential drivers of social and political dissatisfaction (e.g., McLaren, 2012; Azzollini *et al.*, 2025; reference excluded to guarantee anonymity). Notably, unemployment rates may affect the distribution of market incomes and, mediated by state redistribution, disposable income inequality (Mocan, 1999). The same logic applies to migration rates. If there is a systematic relationship between the incomes achieved by migrants and natives, the share of migrants may affect the level of income inequality (Xu *et al.*, 2016). Furthermore, research indicating a negative relationship between ethnic diversity and social capital (e.g., Putnam, 2007; Belton *et al.,* 2014, but see Gesthuizen *et al.*, 2009) suggests that ethnic diversity resulting from migration has the potential to increase perceived socioeconomic conflict. As indices of ethnic fractionalization could not be obtained for all countries and years included in our study, we rely on migration rates as a proxy.

When net migration and unemployment rates are included in Model 4, the within-effect of income inequality decreases and is only significant at the 10 percent level. However, considering the data constraints imposed by including these two controls (i.e., missing values resulting in the loss of wave 1987 and consequently precious variation over time), we regard this longitudinal effect as rather robust. That is, even with the full set of controls and a reduced sample, the results reveal a substantial within-effect of income inequality on PSC.

Table 2. The effect of economic prosperity and income inequality on PSC

	M1	M2	M3	M4

Lower-grade service class		0.049 ***	0.027 ***	0.027 ***
		(0.007)	(0.007)	(0.007)
Small business owners		0.066 ***	0.013	0.013
		(0.008)	(0.009)	(0.009)
Skilled workers		0.101 ***	0.051 ***	0.053 ***
		(0.006)	(0.007)	(0.007)
Unskilled workers		0.138 ***	0.072 ***	0.071 ***
		(0.007)	(0.008)	(0.008)
HH equiv. income			-0.049 ***	-0.049 ***
			(0.002)	(0.002)
Years of education			-0.006 ***	-0.006 ***
			(0.001)	(0.001)
Gini index (BE)	0.017 *	0.017 *	0.017 *	0.017 *
	(0.007)	(0.007)	(0.007)	(0.008)
Gini index (WE)	0.023 **	0.023 **	0.022 **	0.017 +
	(0.009)	(0.009)	(0.009)	(0.009)
Log GDP/capita (BE)	-0.074	-0.061	-0.062	-0.075
	(0.053)	(0.052)	(0.052)	(0.077)
Log GDP/capita (WE)	-0.004	-0.001	0.050	0.111
	(0.074)	(0.073)	(0.072)	(0.082)
Unemployment rate (BE)				-0.006
				(0.015)
Unemployment rate (WE)				0.010
				(0.009)
Net migration (BE)				0.000
				(0.002)
Net migration (WE)				0.001 +
				(0.000)
Intercept	1.909 *	1.748 *	1.890 *	2.160 +
	(0.855)	(0.851)	(0.840)	(1.227)
Period FE	Yes	Yes	Yes	Yes
Individual controls	No	Yes	Yes	Yes
AIC	161074.459	160099.460	159546.941	143626.297
BIC	161187.033	160287.084	159753.327	143858.179
Log Likelihood	-80525.229	-80029.730	-79751.471	-71788.148
Var (Country-year)	0.012	0.012	0.011	0.011
Var (Country)	0.033	0.033	0.032	0.038
Var (Individual)	0.366	0.362	0.359	0.359
N countries	26	26	26	26
N country-years	90	90	90	82
N respondents	87658	87658	87658	78851

Notes: Models control for gender, age, and labor force status. $+ p < 0.10$, $* p < 0.05$, $** p < 0.01$, $*** p < 0.001$.

Table 3 presents the key coefficients from the cross-level interaction models (full results shown in Table A2). Model 1 shows the baseline specification—a standard cross-level interaction model that includes period fixed effects and controls for GDP per capita and sociodemographic characteristics. In this model, the main effect of income inequality shows the effect of within-country changes in inequality among the reference group (the higher-grade service class). The positive coefficients for the social class and the interaction terms show a significant moderating impact of inequality on

class differences in perceived socioeconomic conflict. More specifically, the results show that the difference in conflict perceptions between the higher-grade service class and all other classes (i.e., unskilled workers, skilled workers, small business owners, lower-grade service class) increase with rising inequality. However, since the cross-level interaction obtained from this model may still be subject to unobserved heterogeneity between countries, we now turn to the full cFES specification described in the methods section.

Model 2 presents our main model. When we interact the country dummies with the social class terms and inequality, the coefficient sizes and standard errors change, but the polarizing impact of inequality holds also when unobserved heterogeneity is accounted for. The main effect of income inequality is now slightly negative –suggesting that conflict perceptions among the higher-grade salariat may even decrease as inequality increases– yet the interaction terms consistently show a growing class divide in perceived conflict. Considering the uncertainty of the main effect, this result is inconclusive as to whether inequality has a null (or even a slightly negative) effect on PSC among the higher-grade service class. What is clear, however, is that the effect is positive among all other classes, suggesting they react more strongly to rising inequality, which leads to a widening class gap in conflict perceptions.

To illustrate the polarizing impact of inequality, Figure 3 presents the marginal effect of social class by income inequality (based on Model 2 in Table 3). The Figure plots the difference in PSC between each class and the reference category across values of changes in inequality.[x] Considering the higher-grade service class is the reference category, the positive slopes clearly show that growing inequality increases the difference in conflict perceptions between the higher-grade salariat and all other social classes. This result provides evidence against H3a, showing that social classes do not increase their levels of PSC in parallel as inequality rises. Instead, as hypothesized

in H3b, the findings align with our expectation that individuals with lower socioeconomic status are more sensitive to rising inequality. Model 2 shows that inequality increases conflict perceptions among all classes except the higher-grade service class. Therefore, it is mainly the upper middle class that seems insulated from any effect of changes in inequality over time, whereas all other classes –i.e., all class positions below the upper service class, not just the members of the working class –show evidence of increased conflict perceptions in response to rising levels of inequality.

As shown in Model 3 in Table 3, the finding of a polarizing impact of inequality on the class gradient in PSC remains consistent even when household income and education are additionally controlled for. Moreover, although Model 4 excludes the 1987 wave because it additionally controls for migration rates and unemployment, the results still show that within-country increases in inequality are associated with increasingly divergent conflict perceptions by social class.

Table 3. The polarizing effect of income inequality on PSC

	M1	M2	M3	M4
Gini index	0.011	-0.008	-0.006	-0.027
	(0.008)	(0.005)	(0.005)	(0.021)
Unskilled workers	0.140 ***	0.139 ***	0.070 ***	0.070 ***
	(0.014)	(0.003)	(0.012)	(0.013)
Skilled workers	0.105 ***	0.097 ***	0.044 ***	0.046 ***
	(0.010)	(0.003)	(0.010)	(0.010)
Small business owners	0.069 ***	0.045 ***	-0.005	-0.005
	(0.017)	(0.001)	(0.007)	(0.007)
Lower-grade service class	0.046 ***	0.041 ***	0.019 ***	0.020 ***
	(0.008)	(0.002)	(0.005)	(0.005)
Gini*Unskilled workers	0.021 *	0.013 *	0.012 +	0.010 *
	(0.010)	(0.006)	(0.006)	(0.004)
Gini*Skilled workers	0.021 *	0.016 **	0.015 *	0.013 ***
	(0.008)	(0.006)	(0.005)	(0.003)
Gini*Small business owners	0.013	0.013 *	0.013 *	0.014 *
	(0.008)	(0.006)	(0.006)	(0.007)
Gini*Lower service class	0.018 ***	0.013 **	0.013 **	0.017 ***
	(0.005)	(0.004)	(0.004)	(0.003)
Individual controls	Yes	Yes	Yes	Yes
Log GDP/capita	Yes	Yes	Yes	Yes
+ Income & education	No	No	Yes	Yes
+ Country-level controls	No	No	No	Yes
Country FE	Yes	Yes	Yes	Yes
Period FE	Yes	Yes	Yes	Yes
Double demeaned	No	Yes	Yes	Yes
N countries	26	26	26	26
N country-years	90	90	90	82

N respondents	87658	87658	87658	78851
R^2	0.118	0.131	0.136	0.146

Notes: Models control for gender, age, and labor force status. $+ p < 0.10$, $* p < 0.05$, $** p < 0.01$, $*** p < 0.001$. Full results shown in Table A2.
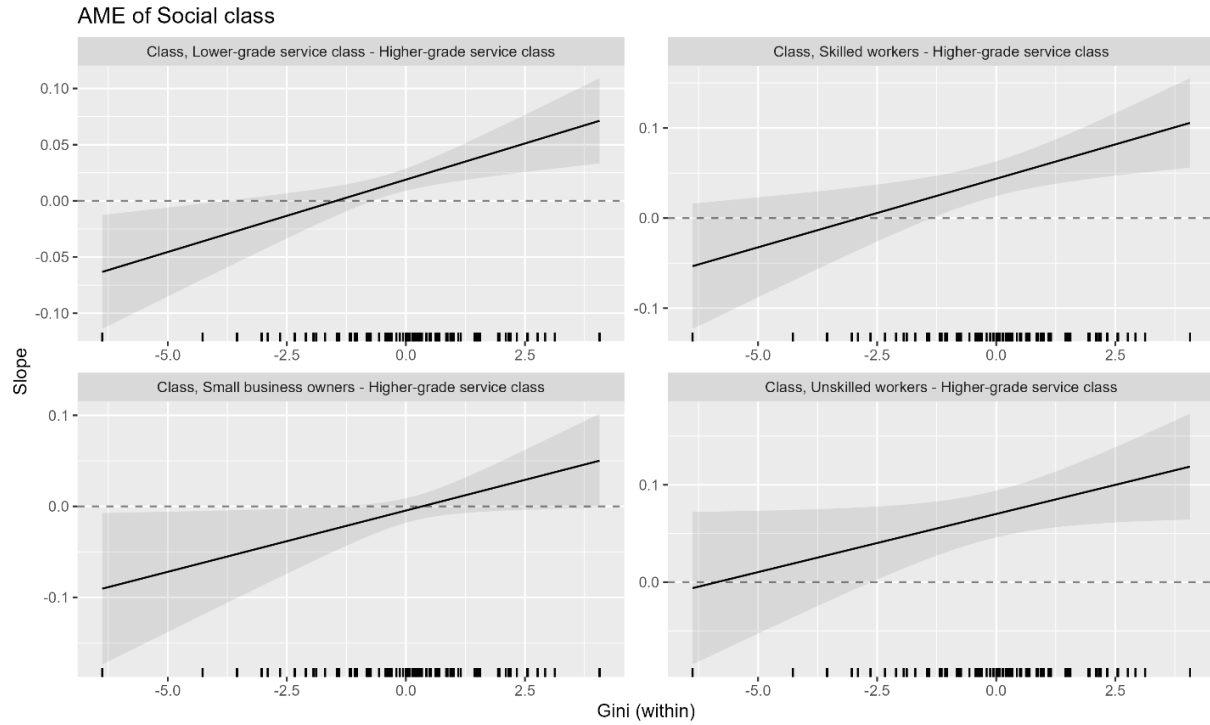
Figure 3. Average marginal effect (AME) of social class.

Sources: Based on Model 2 in Table 3.

Robustness checks

We conducted several additional tests to assess the robustness of our main results. These can be found in the supplementary materials. First, in addition to estimating models with unemployment and net migration rates, we re-estimated the main models including an additional control for union density as a potential time-varying confounder of inequality.[xi] The results remain the same (see Table A3). Second, we further conducted placebo tests including an item on perceived conflict between "young people and older people" (Table A4).[xii] While there may be a relationship between inequality and generational conflict that could result from a latent overall societal conflict perception—or if generational conflict is interpreted in distributional terms—, we do not expect income inequality to affect generational conflict to the same extent as perceived socioeconomic

24

conflict. Indeed, in line with this expectation, and in contrast to our main analysis, results show that changes in income inequality have no effect on perceptions of intergenerational conflict.

Third, we replicated the main results using median household income instead of GDP per capita as an alternative measure for capturing rising prosperity. Estimates of median equivalized household income, drawn either from secondary sources (LIS and OECD) or directly from the ISSP, leave our conclusions substantially unchanged (see Table A5). Fourth, we examined whether the main results are influenced by coding decisions related to the social class measure. Since social class is based on occupations, it is not, in the strict sense, applicable to respondents who are not currently in paid work (e.g., unemployed, retired, in education or otherwise not in the labor force). To mitigate the labor market bias inherent to occupational class schemes, we follow the conventional approach of assigning class position based on respondent's former occupation or, when possible, that of their partner. This approach offers a proximate measure of respondent's (household) relative position in the economic dimension of the stratification system, especially considering that differences in labor force status can be controlled for in multivariate analysis. To assess whether including respondents for whom a class position cannot be directly assigned affects our analysis, we replicate the main results using three alternative samples: a sample restricted to the working age population (18-64); a sample restricted to employed respondents; a model including a separate category for respondents with missing class codes (i.e., those excluded from the main analysis). As shown in Tables A6 and A7 in the Appendix, the main findings replicate across these analyses.

Fifth, Figures 1 and 2 suggest that specific countries may be driving our results. For instance, the Philippines and Chile stand out with high levels of inequality and high levels of PSC. Nevertheless, jackknife estimates—excluding one country at a time—equally support the conclusions drawn from the main analysis (see Table A8, supplementary materials). While the within effect of

inequality (unsurprisingly) decreases when countries that contribute more substantial variation in inequality—such as Chile or Bulgaria—are excluded, the effect remains consistent overall. Likewise, excluding the year 2019 results in a decreased coefficient size, rendering the effect insignificant. Here, too, it is important to note that the 2019 ISSP wave includes the largest number of country data points, and its exclusion therefore inevitably leads to a relevant loss of variation and statistical power. In particular considering several countries were observed only in two occasions, including in 2019, thereby reducing within-country variation. Overall, given our conservative modeling strategy (i.e., the fact that the effect of inequality is estimated solely from within-country variation, accounting for compositional changes, period fixed effects and key time-variant country-level controls) and the consistency of the point estimates, the cumulative evidence presented in our analyses supports the interpretation that income inequality has a positive effect on PSC.[xiii]

Finally, we conducted Jackknifing to assess the sensitivity of our cross-level interaction models (see Table A9). More specifically, we examined whether the finding of diverging conflict perceptions between unskilled workers and the higher-grade service class due to increasing inequality is robust to the exclusion of single countries or survey waves. The results indicate that the size and significance of the main effect of inequality among the higher-grade service class is sensitive to the sample selection. The interaction term, however, is highly consistent, reinforcing the key conclusion of our moderation analysis: as countries become more unequal, class-based differences in perceived socioeconomic conflict increase.

Discussion and Conclusion

In this article, we analyzed whether changes in perceived socioeconomic conflict in advanced economies are shaped by changes in contextual income inequality and economic prosperity over

the last decades. We further examined whether rising levels of inequality have triggered polarization in socioeconomic conflict perceptions between opposing socioeconomic groups. Fitting REWB and cFES models to all available waves from the ISSP, the within estimates presented in this study provide a more solid basis for a causal interpretation of this relationship, contributing to our understanding of how perceived socioeconomic conflict changes as a function of changes in the macroeconomic context.

Our study makes three key contributions to the literature. First, consistent with previous research (e.g., Andersen and Curtis, 2012; Evans and Kelley, 2017), our results do not support an effect of rising economic prosperity on PSC. Net of income inequality, prosperity does not appear to be a substantial driver of PSC. We observe this pattern even in models without individual-level covariates, showing that the result is not due to overcontrol bias. In other words, among these two theoretically highly relevant macroeconomic drivers of PSC, inequality is clearly the more consequential. This is an important finding, as it challenges earlier studies that posit rising economic prosperity should erode hierarchical differentiation and render class differences less salient (e.g., Clark and Lipset, 1991; Beck, 1992; Kingston, 2000).

Second, we find a highly consistent sociotropic (i.e., net of individuals socioeconomic or demographic characteristics) within effect of income inequality on PSC across our analysis, with an effect size comparable to those found for individual-level differences in conflict perceptions. Notably, this result holds even after controlling for additional country-level covariates (e.g., unemployment, migration, and union density) and is further supported by a placebo test. Third, our findings suggest a polarizing effect of income inequality on PSC, showing that conflict perceptions within countries diverge with growing inequality. While inequality increases average perceptions of conflict, this effect is stronger among those in lower socioeconomic positions. Instead, it appears

27

considerably weaker and less robust among the upper-middle-class. This challenges the influential argument that inequality is 'bad for everyone' (e.g., Wilkinson and Pickett, 2010, 2019), suggesting that divergence in effects likely stems from differential exposure to the social-psychological effects of relative disadvantage. Our results indicate that while less advantaged groups are more vulnerable to these consequences, more privileged groups remain psychologically and economically insulated from such changes.

Despite the strengths of this study, several limitations remain. First, any causal interpretation depends on the assumption that all relevant time-varying confounders of macroeconomic conditions and conflict perceptions have been accounted for. While robustness checks and alternative specifications lend confidence to this assumption, it cannot be fully verified. Second, we cannot fully address unobserved heterogeneity at the individual level using repeated cross-sectional data. Future studies might therefore employ panel data and additional potential individual-level confounders to provide more evidence on the shift towards greater perceived socioeconomic conflict among different socioeconomic groups. Likewise, future studies should ideally go beyond Oesch's (2006) five categories scheme employed here largely due to data availability. Our focus has been on the interplay between macroeconomic contexts, individual occupational class, and perceived socioeconomic conflict. While we believe the study makes an important contribution to this discussion, it limits the conclusions we can draw with respect to other inequalities and conflicts that are less directly tied to the labor market. Future studies may therefore examine whether analyses with a broader (potentially multidimensional) conceptualization of objective life conditions and conflict yield similar results. Finally, a key question that remains is how perceived socioeconomic conflict relates to the salience of other forms of conflict. From our perspective, it seems plausible that rising perceptions of socioeconomic conflict may influence

other debates –such as on migration, climate change, or specific policies– and that their interrelation further depends on the specifics of political articulation and discourse.

This study is the first to provide longitudinal evidence of the impact of income inequality on PSC, as well as its differential effects across socioeconomic groups. The implications of these results are linked to the centrality of conflict perceptions as an indicator of social cohesion, contributing to the accumulating evidence of the detrimental long-term consequences of rising inequality. At a more fundamental level, our findings underscore the asymmetric impact of macro-level inequality. While more privileged individuals may experience society as more harmonious and maintain a positive outlook despite a widening divide, those in less advantaged positions are increasingly likely to view society as conflictual. In other words, as inequality grows, so does the gap in conflict perceptions between opposing socioeconomic groups.

The increasing salience of socioeconomic conflict and the disparity in the assessment of conflictual social relationships should be a cause for concern, as it can trigger class-based social and political polarization, fueling negative social outcomes such as violence and intolerance, as documented in prior research (e.g., Piazza, 2023; Jost *et al.,* 2024; Østby, 2008). Crucially, if democratic legitimacy rests on citizens' belief in the system's ability to solve social and political issues, the increasing salience of perceived socioeconomic conflict can be a potential mechanism behind the erosion of basic democratic consensus. In line with recent scholarship on the affluence bias in political representation in Western democracies (e.g., Bartels, 2018), when expectations about the outcomes democracy should produce become largely stratified by class and socioeconomic status, this can contribute to a growing belief that the political system benefits the 'top' while neglecting the 'bottom'. This divergence can lead to the notion, among larger shares of the population, that

social and political conflicts can only be settled in adversarial, 'us versus them' terms, threatening

social cohesion and long-term support for democratic institutions.

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[i] Taiwan and Argentina were dropped entirely due to missing macroeconomic data. Countries that were not included more than once (and therefore dropped) after listwise deletion were Denmark, Finland, Croatia, Iceland, Lithuania, Thailand, Venezuela, and South Africa.

[ii] While data on GDP could be obtained from other sources, the Maddison Project Database has a comparatively large coverage. To avoid inconsistencies, we opted for maintaining one source.

[iii] The ISSP variables required for coding the Oesch (2006) class record information about respondents last job if they are not currently employed. Therefore, respondent's class is assigned based on current or prior occupation and employment relationship. When applicable, missing values are substituted with those of the respondent's partner. While the class measure remains meaningful both theoretically and substantively as an indicator of a more proximate (household) class that captures variation in economic position, its quality as a direct measure of occupational class in the narrow sense is more limited in the main analysis. The distinction between respondents in paid employment and those unemployed (or otherwise not in the labor force; e.g., retirees, homemakers, students) is accounted for by controlling for labor force status in the main models. In the robustness checks section, we report on additional analyses that examine whether the inclusion of respondents for whom class in the narrow sense cannot be derived has any bearing on our results.

[iv] Years of education is top-coded variable at 20 years (the cut-off employed in the US data). In specific country-years where the measure was not available, we imputed years of education based on the highest degree of the respondent and the average years of education of this degree (obtained from adjacent ISSP surveys of the respondent's country).

[v] Compared to the relatively coarse measure provided by the ISSP, a continuous measure that takes into account household composition and price differences is better suited to capture differences in living standards. However, the drawback of this measure is that it cannot be used for comparisons *between* countries due to differences in the underlying income type that could not be harmonized (pre- or post-tax). To account for this, we center household income within countries in all our analyses. As this measure expresses household equivalized incomes relative to the over-time country average, models including this variable thereby control for compositional changes of household equivalized income within countries over time. A detailed description of the harmonization procedure and validity of these measures is given in a companion paper. The reference has been excluded to guarantee anonymity.

[vi] Data for Slovakia in 1992 is interpolated from 1993.

[vii] Given that data on unemployment and net migration are only available from 1990 onward, we employ these controls mostly as a sensitivity check. However, unemployment is partially controlled for by the inclusion of labor force status at the individual level.

[viii] We thank an anonymous reviewer for this suggestion.

[ix] Model 3 is intended to probe the inequality effect rather than that of GDP. For the latter, Model 3 is clearly overcontrolling. Nonetheless, this result provides an additional indication that the negative bivariate relationship between GDP and perceived conflict observed previously (see Figure 2) stems entirely from improvements in individual socioeconomic conditions (now accounted for by income, education, and social class).

[x] Figure 3 suggests that the model-predicted class effect—the marginal contrast in PSC between each class and the reference group, i.e., the higher-grade service class—can be insignificant or even reversed. At low levels of within-country inequality, the marginal effect of unskilled workers and skilled workers is not significant, while those for the lower service class and small business owners are also insignificant and in some cases negative. This pattern is partly driven by the exceptionally low within Gini values of Russia (-6.375) and Slovakia (-4.267) in 1992, which extend the linear prediction into the (negative) left side of the plot. However, this is not merely a statistical artifact, either, but reflects the reality in the data. Bivariate descriptive analyses by country-year show that there are specific country-years in the sample in which the higher-grade service class does not report the lowest PSC score.

[xi] Previous research points to the declining relevance of unions and collective bargaining as a potential reason for both higher levels of income inequality and differences in PSC (e.g., Montebello *et al.,* 2023; Ringqvist, 2021).

[xii] "In all countries, there are differences or even conflicts between different social groups. In your opinion, in (Country) how much conflict is there between… young people and older people".

xiii We also replicated the results from the cross-level interaction models using income or education as our main indicators of individual socioeconomic position (see Table A10, supplementary materials). While we find significant main effects of income and education, in contrast to the models using social class, we do not find significant interaction terms. This further suggests that class constitutes the relevant dimension of inequality when it comes to vertical socioeconomic conflict.

Appendix: Increasingly polarized? Inequality, prosperity, and perceived socioeconomic conflict in advanced economies (1987-2019)

APPENDIX A: Sample and Descriptive Statistics

Table A1. Descriptive Statistics (Analytical Sample)

Characteristic	**1987**, N = 8,807[1]	**1992**, N = 14,479[1]	**1999**, N = 18,646[1]	**2009**, N = 22,157[1]	**2019**, N = 23,569[1]
Conflict Scale					
Mean (SD)	1.40 (0.62)	1.37 (0.62)	1.39 (0.67)	1.35 (0.67)	1.28 (0.63)
Range	0.00 - 3.00	0.00 - 3.00	0.00 - 3.00	0.00 - 3.00	0.00 - 3.00
Gini					
Mean (SD)	28.2 (4.3)	27.4 (3.8)	31.0 (6.3)	32.1 (5.7)	32.9 (5.6)
Range	22.5 - 34.6	18.5 - 34.6	23.0 - 50.8	23.6 - 47.6	24.4 - 45.7
GDP per capita (ln)					
Mean (SD)	14.35 (0.61)	14.25 (0.74)	14.29 (0.89)	14.87 (0.79)	14.91 (0.98)
Range	13.38 - 15.05	12.90 - 15.15	11.91 - 15.58	12.38 - 16.22	12.99 - 16.37
Oesch 5-class					
Higher-grade service class	1,609 (18%)	2,374 (16%)	3,118 (17%)	3,825 (17%)	5,348 (23%)
Unskilled workers	2,459 (28%)	3,004 (21%)	3,848 (21%)	4,218 (19%)	3,628 (15%)
Skilled workers	2,931 (33%)	5,317 (37%)	6,693 (36%)	7,495 (34%)	6,509 (28%)
Small business owners	608 (6.9%)	1,155 (8.0%)	1,795 (9.6%)	2,353 (11%)	3,681 (16%)
Lower-grade service class	1,200 (14%)	2,629 (18%)	3,192 (17%)	4,266 (19%)	4,403 (19%)
Years of education					
Mean (SD)	10.8 (3.2)	11.4 (3.2)	11.8 (3.8)	12.4 (3.7)	12.9 (3.9)
Range	0.0 - 20.0	0.0 - 20.0	0.0 - 20.0	0.0 - 20.0	0.0 - 20.0
Household equivalized income (ln)					
Mean (SD)	7.28 (0.75)	7.06 (0.88)	6.92 (1.04)	7.15 (0.99)	7.17 (1.19)
Range	3.63 - 10.07	3.53 - 10.09	2.18 - 10.19	2.29 - 10.52	2.34 - 10.34
Labor force status					
Paid work	5,752 (65%)	9,678 (67%)	12,680 (68%)	13,504 (61%)	14,475 (61%)
Unemployed	192 (2.2%)	583 (4.0%)	838 (4.5%)	1,293 (5.8%)	994 (4.2%)
Others	2,863 (33%)	4,218 (29%)	5,128 (28%)	7,360 (33%)	8,100 (34%)
Gender					
Female	4,541 (52%)	7,466 (52%)	9,325 (50%)	11,946 (54%)	12,167 (52%)
Male	4,266 (48%)	7,013 (48%)	9,321 (50%)	10,211 (46%)	11,402 (48%)
Age					
Mean (SD)	44 (16)	44 (15)	45 (15)	49 (16)	51 (17)
Range	18 - 91	18 - 92	18 - 91	18 - 98	18 - 99
Unemployment					
Mean (SD)	7.3 (2.4)	7.7 (3.1)	8.5 (3.8)	6.2 (2.0)	4.5 (1.9)
Range	1.8 - 10.1	2.3 - 13.6	3.7 - 18.7	2.5 - 11.3	2.2 - 10.6
Net migration					
Mean (SD)	16 (28)	32 (35)	10 (30)	28 (50)	36 (38)
Range	-15 - 71	-17 - 100	-92 - 47	-103 - 130	-15 - 127
Net trade union density					
Mean (SD)	-13 (64)	19 (52)	9 (51)	19 (25)	-11 (54)
Range	-88 - 51	-88 - 68	-88 - 84	-88 - 65	-88 - 60
N missing	0	0	853	1,056	3,872

[1] n (%)

Table A2. The effect of economic prosperity and income inequality on PSC (full results)

	M1	M2	M3	M4
Gini index	0.011	-0.008	-0.006	-0.027
	(0.008)	(0.005)	(0.005)	(0.021)
Unskilled workers	0.140 ***	0.139 ***	0.070 ***	0.070 ***
	(0.014)	(0.003)	(0.012)	(0.013)
Skilled workers	0.105 ***	0.097 ***	0.044 ***	0.046 ***
	(0.010)	(0.003)	(0.010)	(0.010)
Small business owners	0.069 ***	0.045 ***	-0.005	-0.005
	(0.017)	(0.001)	(0.007)	(0.007)
Lower-grade service class	0.046 ***	0.041 ***	0.019 ***	0.020 ***
	(0.008)	(0.002)	(0.005)	(0.005)
Gini*Unskilled workers	0.021 *	0.013 *	0.012 +	0.010 *
	(0.010)	(0.006)	(0.006)	(0.004)
Gini*Skilled workers	0.021 *	0.016 **	0.015 *	0.013 ***
	(0.008)	(0.006)	(0.005)	(0.003)
Gini*Small business owners	0.013	0.013 *	0.013 *	0.014 *
	(0.008)	(0.006)	(0.006)	(0.007)
Gini*Lower service class	0.018 ***	0.013 **	0.013 **	0.017 ***
	(0.005)	(0.004)	(0.004)	(0.003)
Log GDP/capita	-0.018	0.178 +	0.237 **	0.404 ***
	(0.078)	(0.094)	(0.085)	(0.090)
Male	-0.066 ***	-0.063 ***	-0.059 ***	-0.063 ***
	(0.009)	(0.009)	(0.008)	(0.008)
Age	-0.002 ***	-0.002 ***	-0.002 ***	-0.002 ***
	(0.000)	(0.000)	(0.000)	(0.000)
Unemployed	0.082 **	0.083 **	0.043 *	0.042 *
	(0.028)	(0.027)	(0.020)	(0.019)
Not in labor force	0.030 **	0.030 **	0.004	0.004
	(0.011)	(0.009)	(0.008)	(0.009)
Years of education			-0.006 ***	-0.006 ***
			(0.001)	(0.001)
HH equiv. income			-0.050 ***	-0.048 ***
			(0.006)	(0.006)
Unemployment rate				0.032 *
				(0.012)
Net migration				0.002 **
				(0.000)
Intercept		-1.133	-1.855	-4.834 **
		(1.340)	(1.227)	(1.429)
Country FE	Yes	Yes	Yes	Yes
Period FE	Yes	Yes	Yes	Yes
Double demeaned	No	Yes	Yes	Yes
N countries	26	26	26	26
N country-years	90	90	90	82
N respondents	87658	87658	87658	78851
R^2	0.118	0.131	0.136	0.146

Source: Authors' own calculations, ISSP (1987-2019). *Notes*: $+ p < 0.10$, $* p < 0.05$, $** p < 0.01$, $*** p < 0.001$.

APPENDIX B: Robustness checks

Table A3. The effect of economic prosperity and income inequality on PSC (controlling for union density)

	M1	M2	M3	M4
Intercept	1.890 *	2.206 *	2.714 *	2.909 +
	(0.840)	(1.020)	(1.259)	(1.564)
Log GDP/capita (BE)	-0.062	-0.085	-0.112	-0.125
	(0.052)	(0.069)	(0.083)	(0.102)
Log GDP/capita (WE)	0.050	0.049	0.096	0.116
	(0.072)	(0.075)	(0.085)	(0.086)
Gini disposable (BE)	0.017 *	0.019 *	0.019 *	0.019 *
	(0.007)	(0.008)	(0.009)	(0.009)
Gini disposable (WE)	0.022 **	0.021 *	0.019 *	0.017 +
	(0.009)	(0.009)	(0.010)	(0.010)
Unemployment rate (BE)			-0.010	-0.010
			(0.018)	(0.018)
Unemployment rate (WE)			0.009	0.012
			(0.009)	(0.009)
Net migration (BE)				0.000
				(0.002)
Net migration (WE)				0.001
				(0.000)
Union density (BE)		0.000	0.000	0.000
		(0.001)	(0.001)	(0.001)
Union density (WE)		-0.000	-0.000	-0.000
		(0.000)	(0.000)	(0.000)
Period FE	Yes	Yes	Yes	Yes
Individual controls	No	Yes	Yes	Yes
+ Income & Education	No	No	Yes	Yes
AIC	159546.941	146885.077	130933.613	130959.853
BIC	159753.327	147108.588	131163.592	131208.231
Log Likelihood	-79751.471	-73418.538	-65441.806	-65452.927
N respondents	87658	81877	73070	73070
N country-years	90	87	79	79
N countries	26	25	25	25
Var (Country-year)	0.011	0.011	0.011	0.011
Var (Country)	0.032	0.035	0.040	0.042
Var (Individual)	0.359	0.350	0.349	0.349

Source: Authors' own calculations, ISSP (1987-2019). *Notes*: Models control for age, gender, labor market status, social class, years of education, household income. $+ p < 0.10$, $* p < 0.05$, $** p < 0.01$, $*** p < 0.001$.

Table A4. The effect of economic prosperity and income inequality on PSC between young people and older people (placebo test)

	M1	M2
Intercept	0.843	0.174
	(0.460)	(0.626)
Log GDP/capita (BE)	-0.000	0.040

	(0.029)	(0.038)
Log GDP/capita (WE)	0.054	0.037
	(0.099)	(0.113)
Gini disposable (BE)	0.018 ***	0.022 ***
	(0.004)	(0.005)
Gini disposable (WE)	0.002	-0.001
	(0.012)	(0.013)
Unemployment rate (BE)		0.002
		(0.009)
Unemployment rate (WE)		-0.013
		(0.014)
Net migration (BE)		-0.002
		(0.001)
Net migration (WE)		0.001
		(0.001)
Period FE	Yes	Yes
Individual controls	Yes	Yes
AIC	134734.787	134776.971
BIC	134923.516	135001.647
Log Likelihood	-67346.394	-67363.485
N respondents	59105	59105
N country-years	60	60
N countries	22	22
Var (Country-year)	0.020	0.020
Var (Country)	0.003	0.003
Var (Individual)	0.569	0.569

Source: Authors' own calculations, ISSP (1987-2019). *Notes*: Models control for age, gender, labor force status, social class, years of education, and household income. $+ p < 0.10$, $* p < 0.05$, $** p < 0.01$, $*** p < 0.001$.

Table A5. The effect of economic prosperity and income inequality on PSC (replacing GDP capita for median incomes)

	M1	M2	M3	M4
Intercept	2.621 *	5.068 **	1.417 **	1.460 *
	(1.272)	(1.958)	(0.545)	(0.736)
Gini index (BE)	0.010	0.012	0.016 *	0.016 +
	(0.014)	(0.013)	(0.007)	(0.008)
Gini index (WE)	0.030 *	0.027 *	0.023 **	0.022 **
	(0.013)	(0.013)	(0.009)	(0.008)
Unemployment rate (BE)		-0.014		-0.002
		(0.022)		(0.015)
Unemployment rate (WE)		0.021 +		0.007
		(0.012)		(0.008)
Net migration (BE)		0.003		-0.000
		(0.002)		(0.002)
Net migration (WE)		0.001		0.001 +
		(0.001)		(0.000)
Median income (OECD/LIS, WE)	-0.108	-0.002		
	(0.132)	(0.153)		
Median income (OECD/LIS, BE)	-0.143	-0.394 *		
	(0.120)	(0.191)		
Median income (ISSP, cwc)			-0.012	0.016
			(0.066)	(0.070)
Median income (ISSP, gm)			-0.058	-0.059
			(0.057)	(0.079)
Country FE	Yes	Yes	Yes	Yes
Period FE	Yes	Yes	Yes	Yes
Individual controls	Yes	Yes	Yes	Yes

AIC	95837.629	95876.417	159547.802	159591.516
BIC	96033.644	96108.071	159754.188	159835.427
Log Likelihood	-47896.814	-47912.208	-79751.901	-79769.758
N respondents	54710	54710	87658	87658
N country-years	56	56	90	90
N countries	22	22	26	26
Var (Country-year)	0.007	0.007	0.011	0.011
Var (Country)	0.058	0.053	0.034	0.037
Var (Individual)	0.335	0.335	0.359	0.359

Source: Authors' own calculations, ISSP (1987-2019). *Notes*: Specifications replicate the models 1-4 in Table 2. Median incomes as natural log. + $p < 0.10$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

Table A6. The effect of economic prosperity and income inequality on PSC (REWB models with working age population, employed respondents, and a missing class category)

	M1	M2	M3	M4	M5	M6
Intercept	1.819 *	2.101 +	1.887 *	2.262 +	1.957 *	2.143 +
	(0.841)	(1.218)	(0.815)	(1.178)	(0.910)	(1.220)
Log GDP/capita (BE)	-0.055	-0.071	-0.060	-0.082	-0.061	-0.073
	(0.052)	(0.076)	(0.050)	(0.074)	(0.054)	(0.076)
Log GDP/capita (WE)	0.058	0.111	0.066	0.123	0.071	0.099
	(0.072)	(0.081)	(0.073)	(0.082)	(0.082)	(0.082)
Gini index (BE)	0.018 *	0.017 *	0.019 **	0.018 *	0.017 *	0.017 *
	(0.007)	(0.008)	(0.007)	(0.008)	(0.007)	(0.008)
Gini index (WE)	0.017 +	0.015 +	0.018 +	0.015 +	0.019 *	0.017 +
	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)
Male	-0.067 ***	-0.067 ***	-0.080 ***	-0.080 ***	-0.065 ***	-0.065 ***
	(0.005)	(0.005)	(0.005)	(0.005)	(0.004)	(0.004)
Age	-0.002 ***	-0.002 ***	-0.002 ***	-0.002 ***	-0.002 ***	-0.002 ***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Unemployed	0.038 ***	0.038 ***			0.040 ***	0.040 ***
	(0.011)	(0.011)			(0.010)	(0.010)
Not in labor force	0.004	0.004			0.001	0.001
	(0.006)	(0.006)			(0.005)	(0.005)
Years of education	-0.007 ***	-0.007 ***	-0.007 ***	-0.007 ***	-0.007 ***	-0.007 ***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
HH equiv. income	-0.051 ***	-0.051 ***	-0.050 ***	-0.050 ***	-0.050 ***	-0.050 ***
	(0.003)	(0.003)	(0.003)	(0.003)	(0.002)	(0.002)
Lower-grade service class					0.025 ***	0.025 ***
					(0.007)	(0.007)
Small business owners					0.011	0.011
					(0.009)	(0.009)
Skilled workers					0.052 ***	0.052 ***
					(0.007)	(0.007)
Unskilled workers					0.070 ***	0.070 ***
					(0.008)	(0.008)
Class Missing					0.043 ***	0.043 ***
					(0.009)	(0.009)
Unemployment rate (BE)		-0.006		-0.006	-0.004	-0.005
		(0.015)		(0.015)	(0.015)	(0.015)
Unemployment rate (WE)		0.010		0.011	0.006	0.010
		(0.009)		(0.009)	(0.009)	(0.009)
Net migration (BE)		0.000		0.001		0.000
		(0.002)		(0.002)		(0.002)
Net migration (WE)		0.001 +		0.001 *		0.001 +
		(0.000)		(0.000)		(0.000)
Period FE	Yes	Yes	Yes	Yes	Yes	Yes
AIC	118264.310	118306.922	86511.230	86553.186	162613.005	162637.866

BIC	118455.061	118534.007	86678.251	86755.370	162838.354	162881.994
Log Likelihood	-59111.155	-59128.461	-43236.615	-43253.593	-81282.503	-81292.933
N respondents	65081	65081	48561	48561	88392	88392
N country-years	82	82	82	82	82	82
N countries	26	26	26	26	26	26
Var (Country-year)	0.011	0.011	0.011	0.011	0.012	0.011
Var (Country)	0.034	0.038	0.032	0.035	0.036	0.038
Var (Individual)	0.358	0.358	0.345	0.345	0.366	0.366

Source: Authors' own calculations, ISSP (1987-2019). *Notes*: Median incomes as natural logarithm. + p < 0.10, * p < 0.05, ** p < 0.01, *** p < 0.001.

Table A7. The effect of economic prosperity and income inequality on PSC (interaction models with working age population, employed respondents, and a missing class category)

	M1	M2	M3	M4	M5	M6
Gini index	-0.008	-0.029	-0.010	-0.030	-0.015 *	-0.039 +
	(0.006)	(0.022)	(0.006)	(0.019)	(0.006)	(0.020)
Unskilled workers	0.152 ***	0.079 ***	0.157 ***	0.091 ***	0.140 ***	0.141 ***
	(0.004)	(0.014)	(0.002)	(0.010)	(0.003)	(0.003)
Skilled workers	0.104 ***	0.049 ***	0.106 ***	0.055 ***	0.098 ***	0.100 ***
	(0.003)	(0.011)	(0.002)	(0.008)	(0.003)	(0.003)
Small business owners	0.056 ***	0.003	0.055 ***	0.002	0.045 ***	0.045 ***
	(0.001)	(0.007)	(0.001)	(0.007)	(0.001)	(0.001)
Lower-grade service class	0.045 ***	0.022 ***	0.044 ***	0.023 ***	0.042 ***	0.043 ***
	(0.003)	(0.006)	(0.002)	(0.005)	(0.002)	(0.002)
Class Missing					0.093 ***	0.097 ***
					(0.007)	(0.008)
Gini*Unskilled workers	0.016 **	0.012 **	0.019 *	0.015 **	0.014 *	0.012 *
	(0.006)	(0.003)	(0.007)	(0.005)	(0.006)	(0.005)
Gini*Skilled workers	0.017 **	0.013 **	0.018 *	0.014 *	0.016 **	0.013 ***
	(0.006)	(0.004)	(0.007)	(0.005)	(0.006)	(0.003)
Gini*Small business	0.018 *	0.019 +	0.012	0.012	0.014 *	0.015 *
	(0.008)	(0.009)	(0.008)	(0.010)	(0.006)	(0.006)
Gini*Lower service class	0.014 ***	0.018 ***	0.018 ***	0.023 ***	0.013 **	0.017 ***
	(0.004)	(0.004)	(0.005)	(0.005)	(0.004)	(0.003)
Gini*Missing					0.023 ***	0.023 ***
					(0.006)	(0.004)
Individual controls	Yes	Yes	Yes	Yes	Yes	Yes
Log GDP/capita	Yes	Yes	Yes	Yes	Yes	Yes
+ Income & education	No	Yes	No	Yes	No	Yes
+ Country-level controls	No	Yes	No	Yes	No	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Period FE	Yes	Yes	Yes	Yes	Yes	Yes
Double demeaned	Yes	Yes	Yes	Yes	Yes	Yes
N countries	26	26	26	26	26	26
N country-years	90	82	90	82	90	82
N respondents	72782	65081	54224	48561	98226	88392
R² / Adj. R² (full model)	0.131 /	0.147 /	0.137 /	0.152 /	0.128 /	0.138 /
	0.129	0.145	0.134	0.149	0.127	0.136

Source: Authors' own calculations, ISSP (1987-2019). *Notes*: Specifications replicate Models 3 and 4 in Table 3. Median incomes as natural log. Individual level controls include age, gender, and social class. + *p* < 0.10, * *p* < 0.05, ** *p* < 0.01, *** *p* < 0.001.

Table A8. Jackknife estimates (leave-one-out Jackknife)

Group excluded	Within effect of Gini coefficient		
	β	SE	P
AT	0.023	0.009	0.016
AU	0.024	0.009	0.010
BG	0.020	0.009	0.036
CA	0.023	0.009	0.010
CH	0.024	0.009	0.012
CL	0.018	0.009	0.052
CZ	0.023	0.009	0.012
DE	0.022	0.009	0.019
ES	0.023	0.009	0.011
FR	0.022	0.009	0.015
GB	0.024	0.009	0.010
HU	0.022	0.008	0.007
IL	0.021	0.009	0.019
IT	0.025	0.009	0.007
JP	0.023	0.009	0.011
LV	0.028	0.008	0.001
NO	0.023	0.009	0.011
NZ	0.022	0.009	0.017
PH	0.022	0.009	0.014
PL	0.024	0.009	0.009
PT	0.024	0.009	0.009
RU	0.022	0.010	0.033
SE	0.023	0.009	0.012
SI	0.023	0.009	0.011
SK	0.025	0.009	0.008
US	0.023	0.009	0.014
1987	0.021	0.009	0.031
1992	0.029	0.011	0.013
1999	0.019	0.011	0.090
2009	0.028	0.007	0.000
2019	0.019	0.012	0.123

Source: Authors' own calculations, ISSP (1987-2019). Based on Model 2 in Table 2.

Table A9. Jackknife estimates (interaction effects)

Country dropped	Gini	Unskilled	Gini*Unskilled
AT	-0.009ns	0.144***	0.013**
AU	-0.005ns	0.138***	0.014**
BG	-0.008ns	0.144***	0.015***
CA	-0.003ns	0.136***	0.013**
CH	-0.01ns	0.136***	0.014**
CL	-0.011ns	0.142***	0.012**
CZ	-0.007ns	0.138***	0.014**
DE	-0.009ns	0.14***	0.012**
ES	0.003ns	0.144***	0.013**
FR	-0.014*	0.137***	0.014**
GB	-0.005ns	0.139***	0.012**
HU	-0.007ns	0.144***	0.01*
IL	-0.01ns	0.139***	0.012**
IT	-0.013+	0.134***	0.014**
JP	-0.009ns	0.14***	0.014**
LV	-0.004ns	0.141***	0.015***
NO	-0.007ns	0.138***	0.014**
NZ	-0.008ns	0.137***	0.013**
PH	-0.014*	0.143***	0.014**
PL	-0.006ns	0.138***	0.013**
PT	0.001ns	0.136***	0.014**
RU	-0.008ns	0.143***	0.013*
SE	-0.008ns	0.138***	0.014**
SI	-0.007ns	0.132***	0.014**
SK	-0.007ns	0.142***	0.014**
US	-0.009ns	0.14***	0.018***

Source: Authors' own calculations, ISSP (1987-2019). *Notes*: Based on Model 2 in Table 3. $+ p < 0.10$, $* p < 0.05$, $** p < 0.01$, $*** p < 0.001$.

Table A10. The effect of economic prosperity and inequality on PSC (including education and income as main indicators of socioeconomic position)

	M1	M2	M3	M4
Gini index	0.002	-0.012	0.004	-0.021
	(0.007)	(0.018)	(0.007)	(0.014)
Years of education	-0.014 ***	-0.007 ***		-0.007 ***
	(0.001)	(0.001)		(0.001)
HH equiv. income		-0.049 ***	-0.065 ***	-0.050 ***
		(0.004)	(0.003)	(0.003)
Gini*Years of education	-0.001 +	-0.000		
	(0.001)	(0.001)		
Gini*HH equiv. income			0.000	0.002
			(0.003)	(0.003)
Individual controls	Yes	Yes	Yes	Yes
Log GDP/capita	Yes	Yes	Yes	Yes
+ Country-level controls	No	Yes	No	Yes
+ Socioeconomic controls	No	Yes	No	Yes
Country FE	Yes	Yes	Yes	Yes
Period FE	Yes	Yes	Yes	Yes
Double demeaned	Yes	Yes	Yes	Yes
N country-years	90	82	90	82
N respondents	87658	78851	87658	78851
N countries	26	26	26	26
R^2 / Adj. R^2 (full model)	0.129 / 0.128	0.145 / 0.144	0.134 / 0.133	0.145 / 0.144

Source: Authors' own calculations, ISSP (1987-2019). *Notes*: Specifications replicate Model 2 and 4 in Table 3. $+ p < 0.10$, $* p < 0.05$, $** p < 0.01$, $*** p < 0.001$.