



GINI

Educational Selectivity and Preferences about Education Spending

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Abstract

This paper argues that preferences for educational redistribution are not driven by income but by the level of education. While income and preferences for educational redistribution follow the conventional story – rich want less spending –, the level of education associates positively with spending on education, which effect is altered by the selectivity of the education system. Highly educated citizens are relatively more likely to support government spending on education in countries where the system is selective compared to highly educated people’s preferences in countries with comprehensive systems.

Keywords: spending on education, selectivity, preferences on government spending, ISSP1996, ISSP2006





1. Preface

Retired people want more spending on retirement, unemployed prefer higher government spending on unemployment, while highly educated want the government to spend more on education. While the first two might be trivial statements, the third is less obvious and it stipulates more important consequences.

All education systems are unequal but selective systems are more unequal. More precisely, all systems of education display positive inequality of opportunity, but there are major differences in the degree of inequality across countries. Education systems that select children into homogeneous classes relatively early, tend to display higher inequality of opportunity as compared to non-selective systems (see a review by Van de Werfhorst and Mijs 2010). In this paper I argue that this statement is not only well documented in social science research but individual preferences are also shaped by this. The political economy literature argues that individual income and preferences about general welfare spending associate negatively: rich want less welfare. Complementing this argument I show that one's level of education associates *positively* with preferences about spending on education, but not in other areas of welfare spending. That is, even though individual income and education correlate highly, their association with individual preferences on spending on education differs. In addition to this, highly educated people prefer more spending on education in a selective education system than in a non-selective system. Also people with low levels of education do not differ from people with average levels of education in their preference about education spending in different education systems.





2. Introduction

All education systems in the world display inequality of opportunity. Children with highly educated parents always perform better in school (OECD 2010), and gain more years in education (Haveman and Wolfe 1995) than children of lowly educated parents. In fact, the high inequality of opportunity on all levels of education has long been documented (Coleman 1966; Shavit and Blossfeld 1993). It is of course unknown how much this level of inequality of opportunity can be contributed to education as such, for there can be no counterfactual analysis: the inequality of opportunity in a world with no education is unknown. Nevertheless, based on the vast amount of literature documenting the level and variance of inequality of the education system, it is fair to hypothesize that highly educated parents want more spending on education than their lowly educated peers, especially if income is controlled for.

The level of inequality of education varies between countries. Several authors (e.g. Ammermüller 2005; Fuchs and Wößmann 2006; Hanushek and Woessmann 2006; Horn 2009; Marks 2005; Schütz, Ursprung, and Wößmann 2008; Wößmann 2003) as well as the OECD (2004, 2005, 2008, 2010) have pinpointed the massive positive association between the selectivity and the degree of inequality of the education system, irrespective of how inequality is understood. As for inequality of outcome is concerned, systems that separate students into status-homogeneous groups at a relatively early stage are more likely to display larger inequality of attainment between status groups (Hanushek and Woessmann 2006). This inequality of outcome would benefit the highly educated while relatively harm the lowly educated, since different levels of educational attainment are valued differently on the labor market, which necessarily affect one's well-being (Erikson and Jonsson 1996). It is also shown that educational selectivity associates well with the inequality of opportunity of the system. That is, if students are selected into homogeneous groups at a relatively early stage, their family background will have a large effect on their educational performance. The higher the degree of selectivity is, the higher the inequality of opportunity (Ammermüller 2005; Horn 2009; Schütz et al. 2008).

In an earlier paper I have shown that highly educated people were more likely to support selective education reforms after the transition in Hungary (Horn 2010). That is, survey based results indicate that only about 35% of tertiary educated people support the preservation of a comprehensive system (8+4 or 10+2 years of schooling), as opposed to almost 60% of people with lower than upper secondary education. While the motives behind this are still unclear, I assume that it is in close connection with the strong status reproduction of the selective system.

Based on these I hypothesize that the degree of selectivity of the education system will have an impact on how people value education, and thus on their preferences about governmental spending on education.

When preferences about general government spending are considered the political economy literature mostly deals with differences in preferences by income and not by the level of education. It is assumed that differences in

income are the main driving force behind differences in preferences about general government spending. The main assumption is that government spending is funded by taxes, and since lower income people pay less tax they want more government spending, while the rich want less. This means that the further away one is above the median on the income distribution the less redistribution s/he wants, while distance under the median income means higher preference for redistribution, at least if we assume majority voting (Meltzer and Richard 1981). While this conventional story of redistribution seems to be correct for the overall government spending (Hasenfeld and Rafferty 1988; Corneo and Grüner 2002), it appears to be more complicated as for government spending on education is considered (see Fernandez and Rogerson 1995; Idema 2010; Busemeyer 2010). Fernandez and Rogerson (1995) argue that since the children of higher income families are more likely to enter higher education, redistribution in higher education goes from the poor towards the rich. They create a model to explain this observation in which higher education is only partially subsidized. Since lower income people are credit constrained, and thus cannot enter partially funded higher education, their taxes will fund higher income people attending higher education. Their story is complemented by Idema (2010), who argues that the level of enrollment also interacts with preferences towards higher education subsidies. Although rich always demand less government subsidies, at large levels of enrolment, when each has a fair chance of entering higher education, this effect is larger. On the other hand, when the chance of getting into college is limited, the income effect on demand for subsidies is smaller. Busemeyer (2010) also focuses on disentangling the effect of income on educational redistribution. He argues that macro effects stand in the way of seeing the true effect of income on preferences. He argues on the one hand that the level of economic inequality affects the size of the income effect: large economic inequality increases overall demand for redistribution and it amplifies the negative effect of income on redistributive preferences. That is, rich oppose spending on education where inequality is high relative to the poor and relative to states where inequality is low. On the other hand Busemeyer (2010) also argues that the level of educational inequality has an effect on preferences. In highly unequal educational systems the overall preference for redistribution is higher, while rich also want more redistribution.

Busemeyer's (2010) argument is similar to that of the logic of this paper. High inequality posits large differences between educational chances, and when chances are different, those who are more likely to benefit will demand more redistribution. While his argument is compelling, I argue that preferences for educational redistribution are not driven by income but by the level of education (see also Fernandez and Rogerson 1995). Or rather, while income and preferences for educational redistribution follow the conventional story – rich want less spending –, the level of education associates positively with spending on education, which effect is altered by the selectivity of the education system.



3. The logic

There are several studies that depict a negative correlation between income and redistributive preferences (Corneo and Grüner 2002; McCarthy and Pontusson 2009), there are fewer examples on studies that test the association between the level of education and redistributive preferences. Alesina and his co-authors (Alesina and La Ferrara 2005; Alesina and Giuliano 2009) show a negative association between education and general redistributive preferences, using a large US panel. Tóth and Keller (2011) show the same association for Europe. These studies, as well as the empirics of this paper, show that education associates negatively with general redistributive preferences, even if income is controlled for. However, when looking at redistribution within education, i.e. the preferred level of spending on education, one's level of education becomes a decisive factor and it associates positively with the level of spending, as I will demonstrate below.

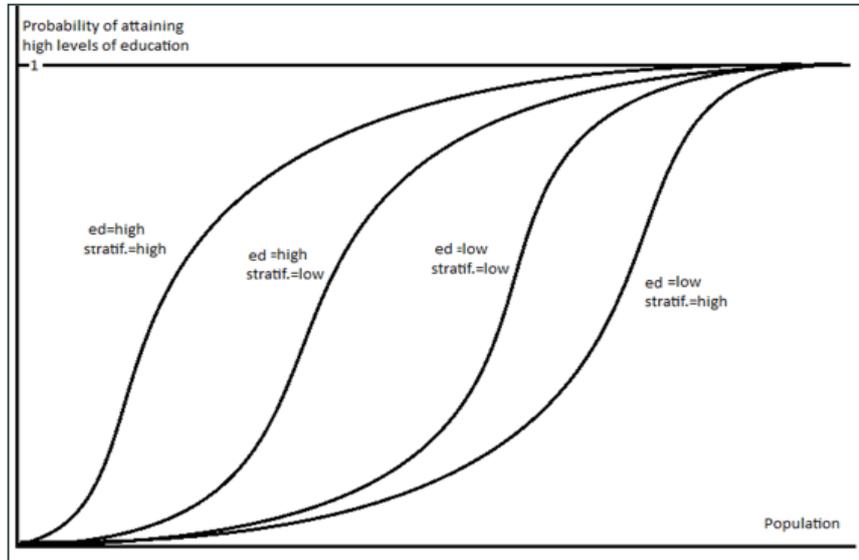
The school system is “biased” in a way that one's school attainment depends greatly on their family. Children of higher educated parents tend to do more years in school than children with poorly educated parents. Also some education systems tend to be horizontally selective, with the academic tracks occupied by higher, and the vocational tracks by lower educated parents' children. The probability of benefiting more from government spending, thus, depends on one's family, and hence, higher educated people will demand more spending, while lower educated people will demand less spending on education (and, for instance, more on unemployment). Note, that this argument does not contradict the political economy claim, that income has a negative effect on spending. In fact I show below that the two dimensions have opposite signs in explaining the preferred level of spending on education but go parallel when other aspects of governments spending is considered.

Note also that the probability of one benefiting from education also depends on the type of the education system. Highly selective systems benefit the children of highly educated more than less selective (more comprehensive) systems. That is, in a selective system highly educated people benefit relatively more from education (as compared to the average) than highly educated people in comprehensive systems.

Figure 1 below depicts this argument. People can either achieve high level of education, or low level of education. Everyone achieves at least low level, but has a certain probability of achieving high level (vertical axis). Figure 1 shows a schematic cumulative distribution function of one's probability of attaining high level of education vs. low level of education. People with highly educated parents ($ed=high$) are more likely to attain high level of schooling than people with poorly educated parents ($ed=low$), irrespective of the education system. However, people with highly educated parents are more likely to attain higher level of schooling in highly selective systems

(stratif.=high) as compared to less selective systems (stratif.=low). On the other hand lowly educated parents predicts a higher probability to attain high level of schooling in less selective systems than do lowly educated parents in highly selective systems.

Figure 1 – schematic cumulative distribution function of the probability of attaining high level of education



In this paper I argue that people’s preferences are altered by this effect. That is, exactly because of this reason outlined above, people with highly educated parents are more likely to support education spending as opposed to people with poorly educated parents, which difference is amplified in selective systems. My argument is based on a simple utility maximization process. People will chose keeping their best interest in sight.



4. Data

In order to test the effect of educational institutions on preferences I use the International Social Survey Program (ISSP) “Role of Government” wave of 1996 and 2006. To my best knowledge this is the only cross country comparable dataset that asks questions about the respondents preferences on educational spending and has data on individual education and income.¹ Altogether 36 countries participated in either of the two waves of this survey, of which I will only use data on 22 OECD countries, since some essential macro data on the education system are only available for these. The countries in the sample are: Australia (AU), Canada (CA), Switzerland (CH), Czech Republic (CZ), Germany (DE), Denmark (DK), Spain (ES), Finland (FI), France (FR), Great Britain (GB), Hungary (HU), Ireland (IE), Italy (IT), Japan (JP), South Korea (KR), The Netherlands (NL), Norway (NO), New Zealand (NZ), Poland (PL), Portugal (PT), Sweden (SE), United States (US). There are no data for Denmark, Finland, Korea, the Netherlands and Portugal in 1996 and for Italy in 2006. Also some macro data for France is not available. The sample size is little under 1500 per country per year on average, adding up to a grand total over 50 thousand respondents. (Table A1 in the appendix contains basic descriptive statistics of the countries.)

Among the variables of interest is the *support for government spending on education*, which is asked within a series of questions enquiring about the respondent opinion about government spending. The wording of these questions was: “Listed below are various areas of government spending. Please show whether you would like to see more or less government spending in each area. Remember that if you say “much more”, it might require a tax increase to pay for it.” Among the areas were: environment, health, law enforcement, education, defense, retirement, unemployment benefits, and culture and arts. The respondents could choose between much more, more, spend the same, less and much less. The distribution of these answers was typically rightly skewed. The vast majority said more or much more, and less than 35% opted for about the same or less (see table 1 below).

¹ Earlier waves of the same study would not contain this many countries and are less harmonized with the new waves.

Table 1 – distribution of answers to the “support for government spending on education” question

	YEAR		TOTAL	
	1996	2006		
spend much less	192	135	327	freq
	0,76	0,47	0,61	%
spend less	761	622	1383	freq
	3,00	2,18	2,56	%
spend the same	7610	7306	14916	freq
	29,99	25,55	27,64	%
spend more	11247	12881	24128	freq
	44,33	45,05	44,71	%
spend much more	5561	7650	13211	freq
	21,92	26,75	24,48	%
Total	25371	28594	53965	freq
	100	100	100	%

Note that the question did not specify the level of education. The respondents could easily assume that the question refers to all levels of education (including tertiary), but could also assume compulsory education only (primary and secondary). This, of course, might be a problem when I look only at the effects of primary and secondary level institutions, but spending on the different levels of education correlates well – both in PPP and in % of GDP – across countries (see OECD Education database 2011, chart PF 1.2.B).²

The other crucial variables are the education and the income of the respondent. In general, there are two ways to measure education: either in years or in finished degrees. The ISSP allows for both. It includes a variable on the finished year of schooling, as well as a question on the highest achieved level of education. I assume that *years of education* is comparable across countries, but transform the achieved educational degrees to two dummy variables: *highly educated* are those who have a degree above higher secondary, while *lowly educated* are those with no- or the possible lowest qualification, the definition of which differs across countries (mostly primary or under). I will test the assumptions elaborated above using both of these variables. Note that the “years of education” variable assumes linear effect while the highly and lowly educated dummies allow for a non-parametric estimation of education effects.

I define income as the family income instead of the respondent’s individual income, since the latter is much more biased in the gender dimension. Unfortunately the question about income is not standardized across countries. Neither the currency nor the unit is comparable. Some countries have asked for an approximate amount, while others have asked the respondent to place her-/himself within some broad categories. In the latter case the category means were used, so that income can be treated as continuous variable. I standardized this quasi-continu-

² <http://www.oecd.org/dataoecd/45/48/37864432.pdf>



ous variable to a 0 mean and standard deviation 1 within each country, thus income represents some sort of within country income ranking of the individual.

Other individual level variables which are used as controls are gender, household size, age, age squared, and whether the respondent is retired or unemployed. I also control for year and country fixed effects.

The indicators of the selectivity of the education system were taken from the Education at a Glance 2005 (OECD 2005) volume, table D6.1. (see table A1 in the appendix). I used three different indicators. One is the first age of selection, the second is the number of school types available for 15 year olds, and the third is a stratification indicator, a factor generated by the OECD from variables such as the first age of selection, number of school types and proportion of 15 year-olds enrolled in vocational programs and some variables on grade repetition. I have argued elsewhere that these variables are good proxies for the selectivity of an education system, and also that the age of selection is the one most suitable for research purposes (Horn 2009).

Since responses are likely to be clustered within countries, and I want to test the effect of institutions on individual responses, I use ordered logit regressions with country and year fixed effects and standard errors clustered on the country level.





5. Empirics

Table 2 and 3 below shows the base models about redistributive preferences. The dependent variables in the different columns are preferences about spending on education, unemployment, retirement or health.

Table 2. – support for government spending in different areas - 1

	SUPPORT FOR GOVERNMENT SPENDING ON			
	EDUCATION	UNEMPLOYMENT	RETIREMENT	HEALTH
Years of education	1.0408*** (4.26)	0.9648*** (3.21)	0.9223*** (8.88)	0.9608*** (4.29)
Income (std.)	0.9658 (1.63)	0.7827*** (10.68)	0.8253*** (9.03)	0.8765*** (7.32)
Household size	1.0304** (2.12)	0.9740** (2.22)	0.9517*** (4.48)	0.9667*** (2.86)
Female	1.1533*** (4.58)	1.2402*** (8.82)	1.2677*** (6.83)	1.3388*** (6.92)
Age in years	1.0078 (1.31)	1.0050 (0.71)	1.0384*** (3.73)	1.0160** (2.45)
Age squared	0.9999** (1.98)	1.0000 (0.19)	0.9997*** (3.25)	0.9998*** (2.70)
Unemployed	1.0287 (0.45)	2.9771*** (13.81)	1.1310 (1.44)	1.1296 (1.30)
Retired	1.0210 (0.33)	0.9638 (0.59)	1.2219*** (2.84)	1.0865 (1.55)
year	1.0248 (1.42)	0.9966 (0.31)	1.0295*** (3.15)	1.0274** (2.25)
Country FE	Y	Y	Y	Y
Observations	41539	40996	41407	41805

Robust z statistics in parentheses, Odds ratios are shown

** significant at 10%; ** significant at 5%; *** significant at 1%*

Table 3. – support for government spending in different areas – 2

	SUPPORT FOR GOVERNMENT SPENDING ON			
	EDUCATION	UNEMPLOYMENT	RETIREMENT	HEALTH
Highly educated	1.1996*** (3.98)	0.8205*** (3.05)	0.6702*** (7.75)	0.7862*** (4.58)
Lowly educated	0.8472** (2.52)	1.2027*** (3.27)	1.3266*** (4.35)	1.0916 (1.25)
Income (std.)	0.9718 (1.38)	0.7853*** (10.32)	0.8224*** (7.75)	0.8780*** (6.48)
Household size	1.0155 (0.89)	0.9678** (2.41)	0.9461*** (4.60)	0.9627*** (3.47)
Female	1.1423*** (4.21)	1.2299*** (8.24)	1.2562*** (6.29)	1.3201*** (6.90)
Age in years	1.0066 (1.23)	1.0075 (1.06)	1.0399*** (3.89)	1.0164** (2.35)
Age squared	0.9999** (2.19)	1.0000 (0.66)	0.9997*** (3.29)	0.9998*** (2.67)
Unemployed	0.9990 (0.02)	2.7034*** (7.94)	1.1307* (1.72)	1.1160 (1.37)
Retired	1.0151 (0.27)	0.9570 (0.77)	1.1909** (2.55)	1.0653 (1.36)
year	1.0292* (1.77)	0.9971 (0.26)	1.0279*** (2.90)	1.0267** (2.25)
country FE	y	y	y	y
Observations	44325	43737	44252	44663

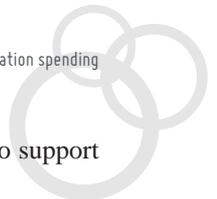
Robust z statistics in parentheses, Odds ratios are shown

* significant at 10%; ** significant at 5%; *** significant at 1%

Apparently income associates negatively with government spending in all of the listed areas, but this association is non-significant in the education regression. Income – besides being measured with a large noise – probably associates with the individual’s human capital, even after the level of education is controlled for. Also similarly educated people with high income might benefit more from education than lower income people in some countries,³ but still look at spending on education as a form of redistribution which they – as rich people – oppose. This speculation is underlined by the fact that the sign of the income coefficient is positive – but insignificant – if education is not controlled for (not shown here).

Individual education also shows the expected signs in all regressions above. People with higher education oppose government spending in all areas except education. The effect of education is also likely to be close to linear, except in the case of health spending, (see the nonparametric approximation of education effect in table 3). Highly educated are more likely, while lowly educated are less likely to support education spending compared to the

³ One way of this could be that rich can transport their children farther away to a better public school, in systems where school choice is allowed.



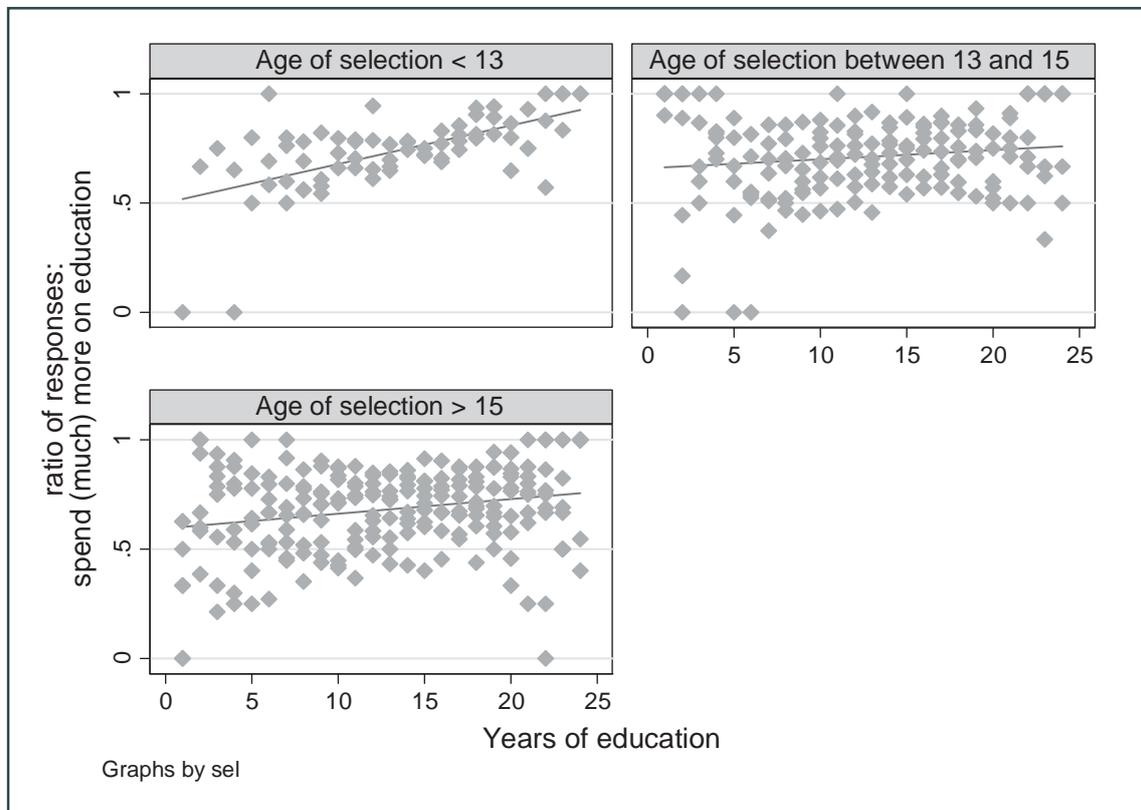
average person. And vice-versa, highly educated are less likely, while lowly educated are more likely to support spending on unemployment and retirement. The differences between highly educated and the reference are just as big as the difference between the reference and the lowly educated.

Larger households are more likely to oppose government spending, except in education. Women are more in favor of all sorts of government spending, and age usually has a decreasingly-increasing effect.⁴ Also unemployed people are more in favor of government spending on unemployment and retired persons favor spending on retirement.

5.1. Educational selectivity

Figure 2 below shows the uncontrolled ratio of those, who said that the government should spend more or much more on education plotted against their year spent in education. The figure clearly shows that the association of education and preference for educational spending is positive. It is also obvious that the relationship is the strongest in countries with early selection. There are several individual and country level characteristics that could affect this association.

Figure 2. – The effect of educational selection on the association of the level of education with preferences on government spending on education -1



4 I re-estimated all regressions of the paper on a sample of people between 35 and 55 with virtually unchanged results. Results are available on request.

I use two methods to test the effect of educational selectivity on the association between respondent's education and preferences about spending on education. The first is a simple interaction between individual education and the institutional proxy controlling for all variables in the base model of table 2 and 3. The other is a two step method, where the two base models are estimated for each country separately and the predicted odds ratios of individual education are plotted against the institutional proxies. The only major difference between the two approaches is that the two step method estimates the betas of the control variables separately for each country,⁵ while the other method assumes fixed effects for all control variables across countries.

Table 4 and 5 below shows the odds ratios of the interaction terms (control variables are not shown), and figures 3 to 8 in the appendix depicts the odds ratios of the individual education effects against the three proxies of educational selectivity.

The results underline the assumptions made in the previous sections. The degree of selectivity of an educational system increases the association between individual education and preference for governmental spending on education. In the linear models (table 4 and figures 3 to 5) countries that select earlier, or systems that have more types of schools at age 15 (typically in academic vs. vocational divisions) or systems that rank higher on the OECD's stratification index are more likely to display a higher association between years of education and preference for educational spending. The effects are robust and quite sizeable.

Table 4. — The effect of educational selection on the association of the level of education with preferences on government spending on education - 1

	SUPPORT FOR GOVERNMENT SPENDING ON EDUCATION		
Years of education	1.041***	1.000	1.047***
	(4.26)	(0.03)	(5.36)
Education * age of selection	0.986***		
	(3.94)		
Education * number of school types		1.020***	
		(2.88)	
Education * OECD stratification index			1.035**
			(2.33)
Observations	41539	39369	41539

All variables of table 2 are controlled for

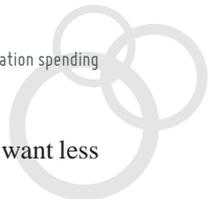
Robust z statistics in parentheses, Odds ratios reported

** significant at 10%; ** significant at 5%; *** significant at 1%*

Table 5 shows, however, that the effects are non-linear. Highly educated people show higher preference for educational spending in selective states as compared to the person with average education, however lowly educated do not want less spending. This result is robust for all institutional proxies, as well as estimation methods.

Thus, while the effect of education on preference about spending on education is likely to be linear (table 3) the

⁵ As if each variables in the regressions were interacted with country fixed effects.



selectivity of the education system affects only the highly educated. In other words, while lowly educated want less spending on education and highly educated want more spending on education compared to the people with average education, the difference between the highly educated and the average increases in selective systems, while the difference between the lowly educated and the average is unchanged.

Assuming that people's preference is altered by the institutions, this could mean that highly educated benefit more from selective systems than lowly educated lose.

Table 5. – The effect of educational selection on the association of the level of education with preferences on government spending on education -2

	SUPPORT FOR GOVERNMENT SPENDING ON EDUCATION		
Highly educated	1.200***	0.928	1.260***
	(3.98)	(0.98)	(4.35)
Lowly educated	0.847**	0.830	0.854***
	(2.52)	(1.64)	(2.79)
Highly educated * age of selection	0.919***		
	(4.59)		
Lowly educated * age of selection	1.028		
	(1.54)		
Highly educated * number of school types		1.141***	
		(4.09)	
Lowly educated * number of school types		1.009	
		(0.19)	
Highly educated * OECD stratification index			1.194*
			(1.95)
Lowly educated * OECD stratification index			0.946
			(0.84)
Observations	44325	42084	44325

All variables of table 3 are controlled for

Robust z statistics in parentheses

** significant at 10%; ** significant at 5%; *** significant at 1%*





6. Conclusion

People with more education prefer more government spending on education, due to the unique redistributive feature of the education system. Education offers more to those who attend more years in school, which in turn depends on one's family background, especially on the parental education. This observation complements the conventional Meltzer-Richard logic, which states that higher income people prefer less government spending in general. In fact, I show that people with higher income prefer less government spending, but people with higher education prefer more government spending on education but less spending in any of the other areas.

Selective institutions intensify the inequalities within the education system, thus highly educated people tend to benefit more from early selection. This has been convincingly shown by social science research, but it was less obvious that people's redistributive preferences are also affected by this fact. I present evidence that the selectivity of the education system affects preferences on government education spending. In selective educational systems highly educated people tend to demand relatively more spending on education – as compared to people with average levels of education – than highly educated people in less selective systems. This effect is not reciprocal: lowly educated people do not demand relatively less spending on education in selective than in less selective systems.

As for future research is concerned, the logic outlined in this paper could have extensive consequences on the level of government spending on education in time. Highly educated people are more likely to vote than lowly educated (Lijphart 1997). Thus increasing average attainment might partially explain increasing educational spending. The strength of this association is still to be confirmed. Moreover, if this effect is strong, and the institutional effects are also strong, countries with selective systems might increase their educational spending more than non selective systems. This is a non-trivial consequence that could have long lasting effects on the average level of human capital of a country.





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Tables and figures

Table A1. — Basic descriptive statistics

<i>Countries</i>	<i>Abbreviation</i>	<i>Number of schooltypes</i>	<i>Age of first selection</i>	<i>OECD Stratification index</i>	<i>Number of respondents in ISSP, 1996</i>	<i>Number of respondents in ISSP, 2006</i>
Australia	AU	1	16	-0,64	2151	2781
Canada	CA	1	16	-0,24	1182	933
Switzerland	CH	4	15	0,16	2518	1003
Czech Republic	CZ	5	11	0,73	1100	1201
Germany	DE	4	10	1,15	3470	1643
Denmark	DK	1	16	-0,89		1368
Spain	ES	1	16	-0,43	2494	2517
Finland	FI	1	16	-0,90		1189
France	FR	m	15	0,41	1312	1824
Great Britain**	GB	1	16	-0,91	989	930
Hungary	HU	3	11	0,50	1500	1010
Ireland	IE	4	15	0,25	994	1001
Italy	IT	3	14	-0,03	1104	
Japan	JP	2	15	-0,22	1249	1231
Korea	KR	3	14	0,11		1605
Netherlands	NL	4	12	1,60		993
Norway	NO	1	16	-0,88	1344	1330
New Zealand	NZ	1	16	-0,85	1198	1263
Poland	PL	3	15	-0,27	1183	1293
Portugal	PT	3	15	0,14		1837
Sweden	SE	1	16	-0,89	1238	1194
United States	US	1	16	-0,76	1332	1518
<i>OECD average</i>		<i>2</i>	<i>14</i>	<i>0,00</i>		

* Source: OECD EAG 2005 Table D6.1

** Information on educational system are for the United Kingdom

Figure 3

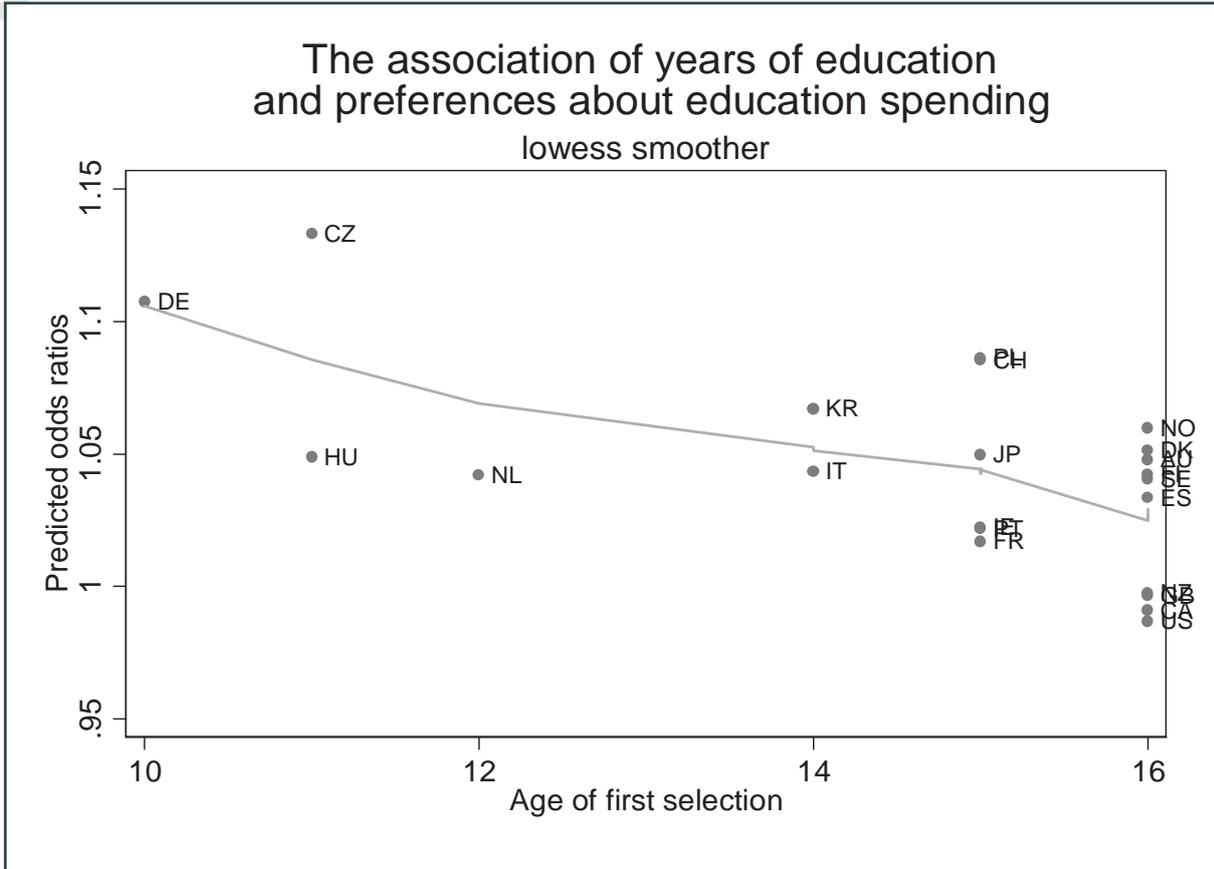


Figure 4

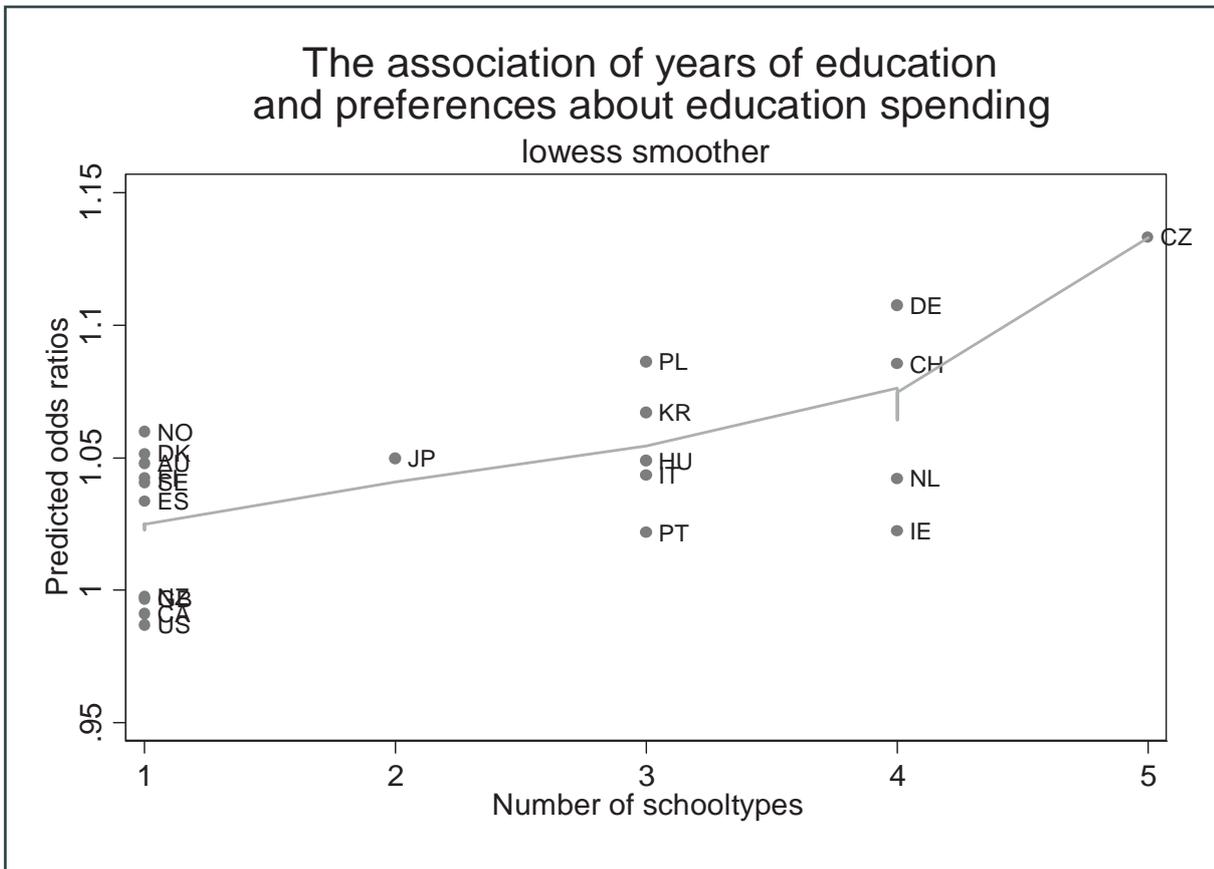


Figure 5

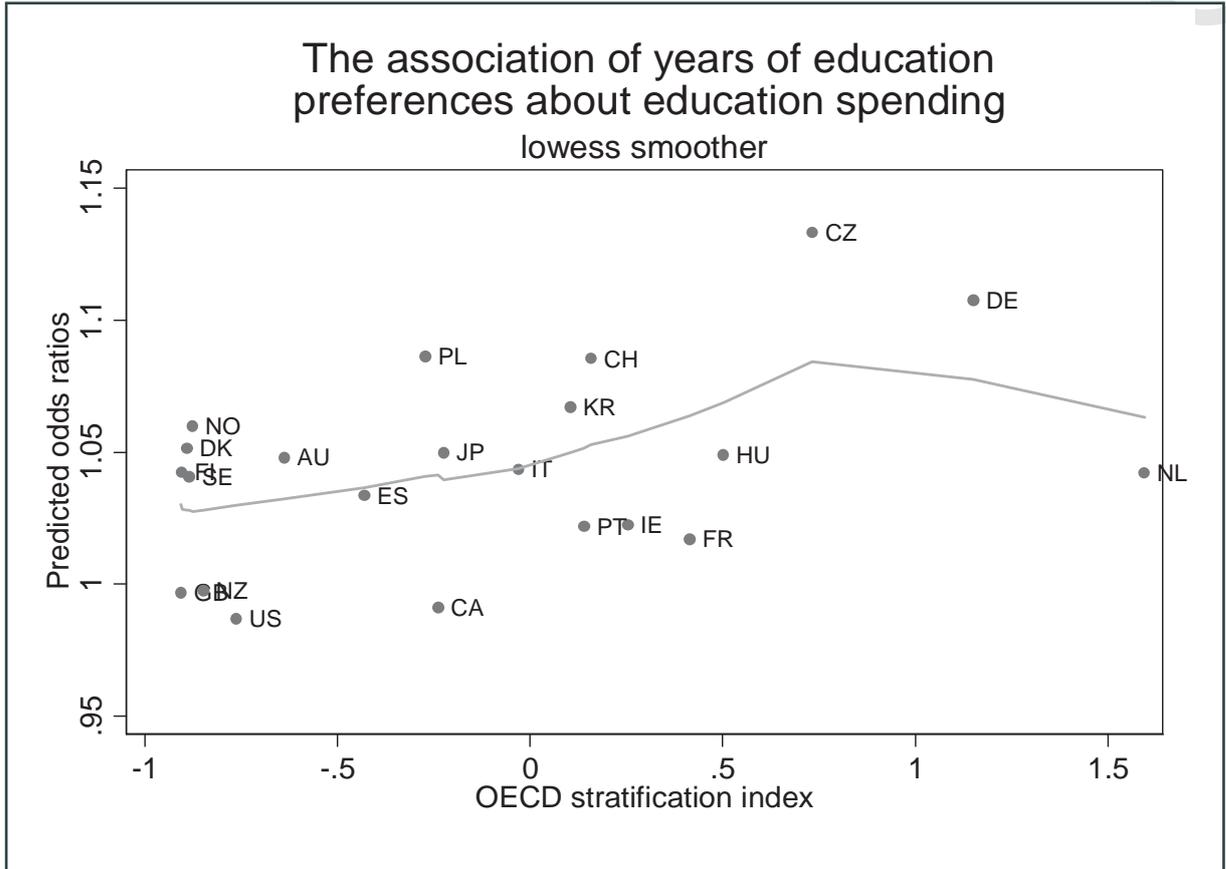


Figure 6

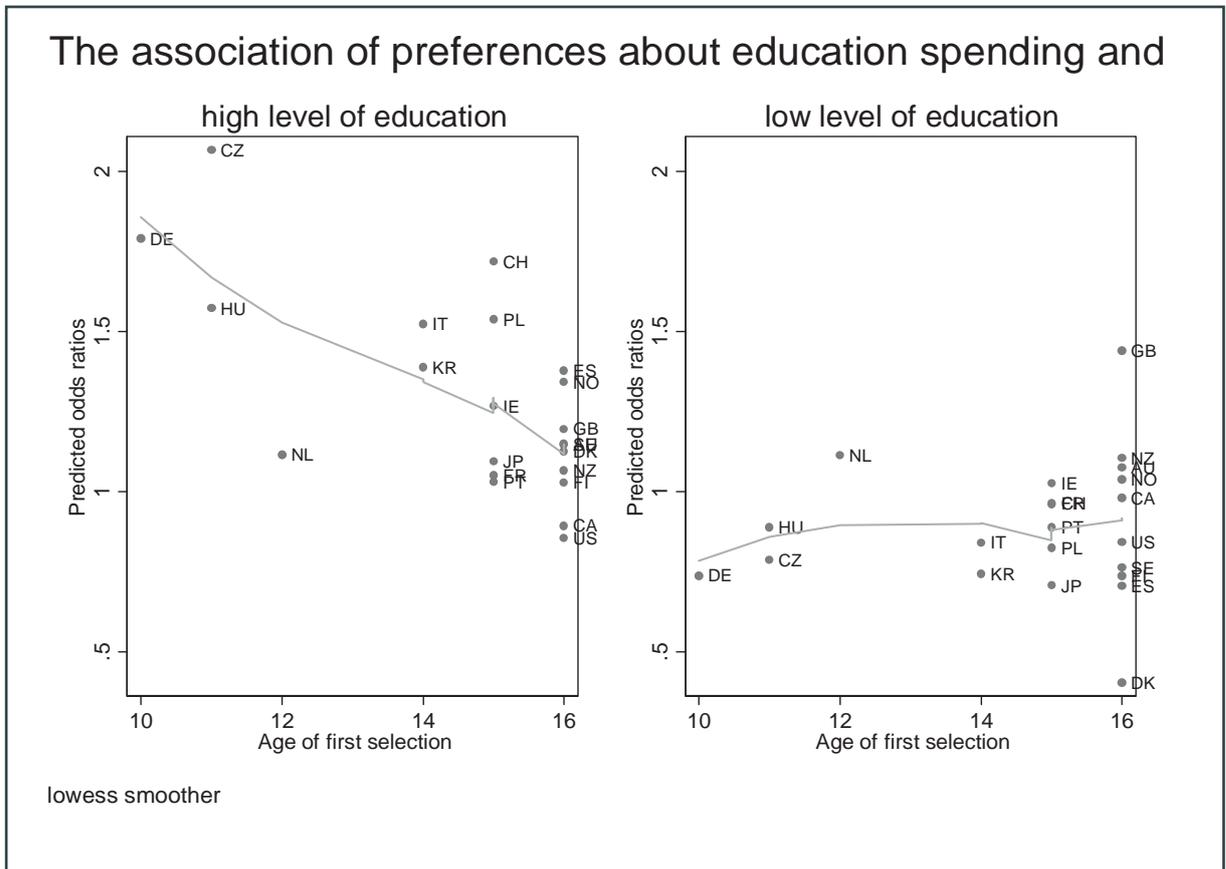


Figure 7

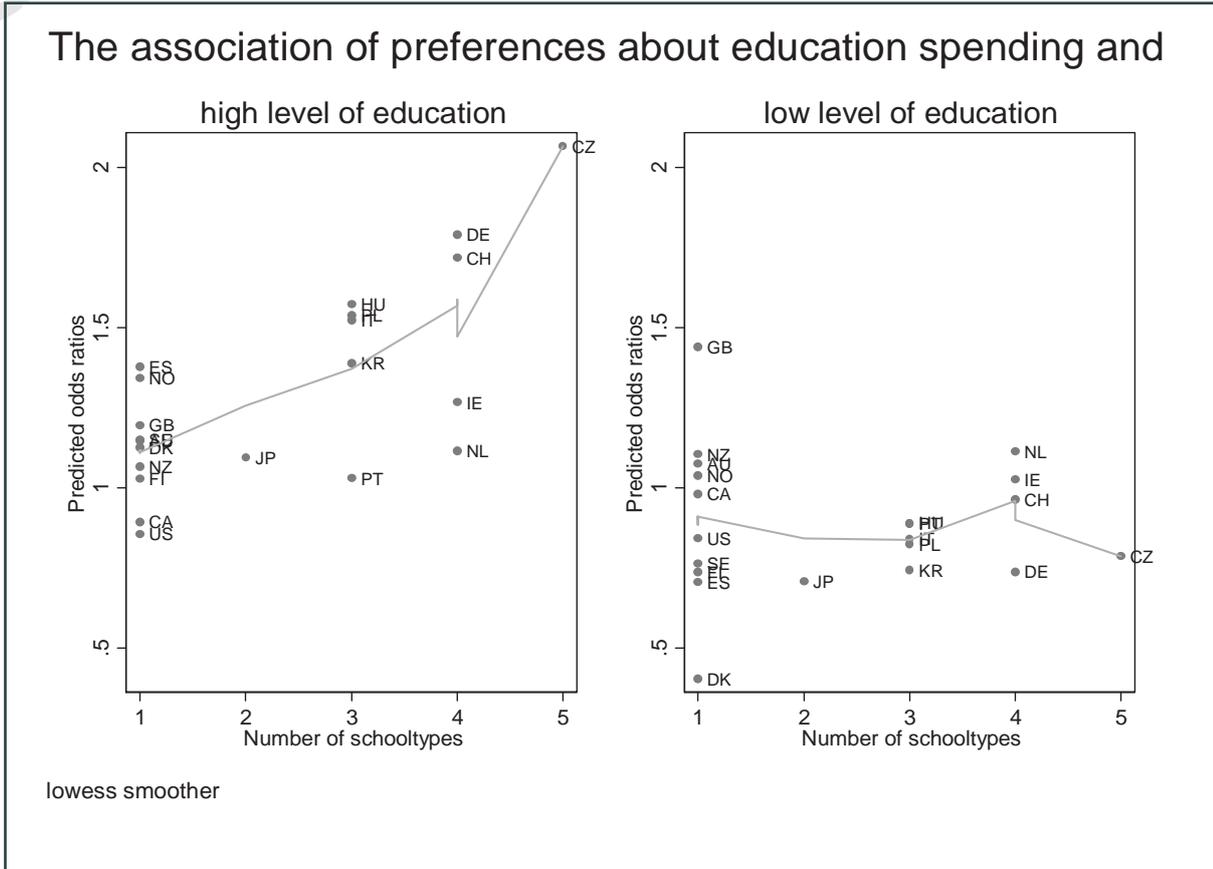
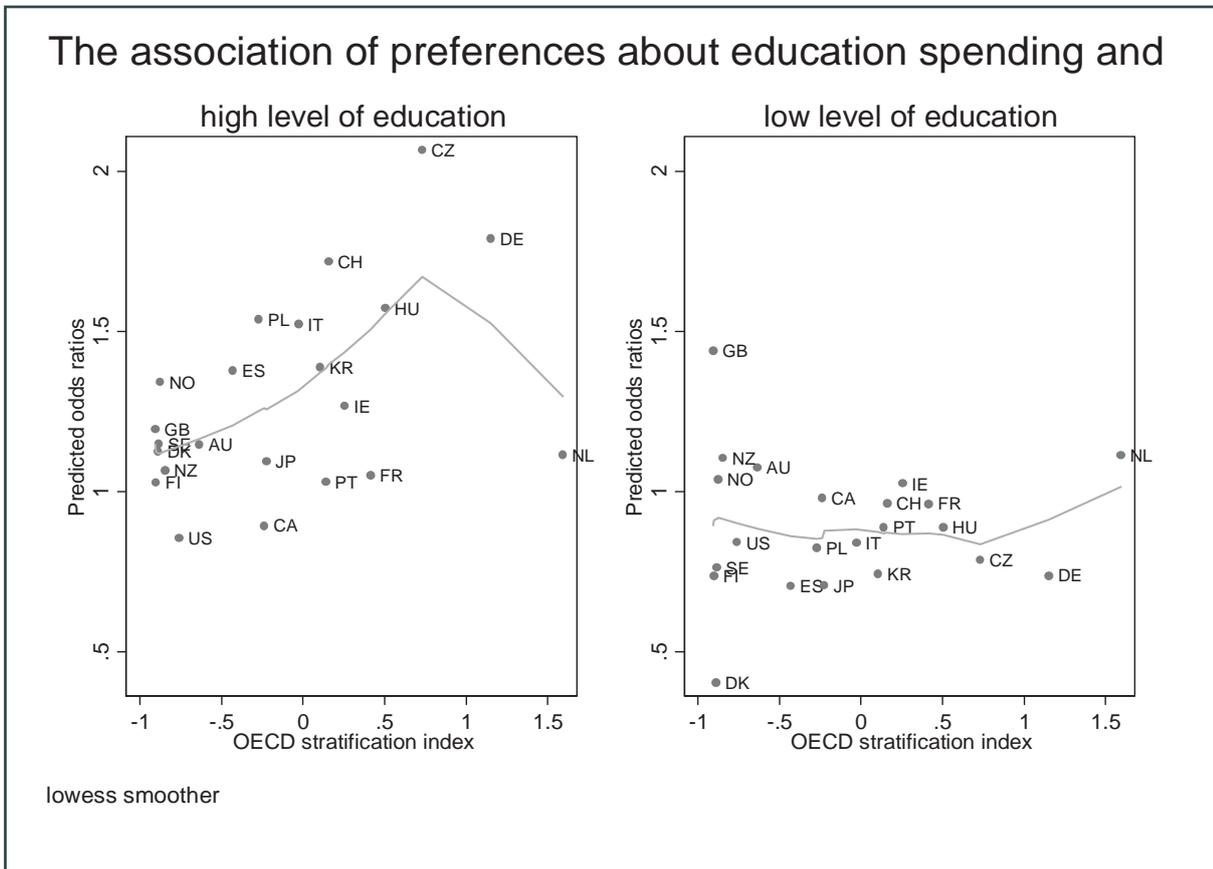


Figure 8





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Information on the GINI project

Aims

The core objective of GINI is to deliver important new answers to questions of great interest to European societies: What are the social, cultural and political impacts that increasing inequalities in income, wealth and education may have? For the answers, GINI combines an interdisciplinary analysis that draws on economics, sociology, political science and health studies, with improved methodologies, uniform measurement, wide country coverage, a clear policy dimension and broad dissemination.

Methodologically, GINI aims to:

- exploit differences between and within 29 countries in inequality levels and trends for understanding the impacts and teasing out implications for policy and institutions,
- elaborate on the effects of both individual distributional positions and aggregate inequalities, and
- allow for feedback from impacts to inequality in a two-way causality approach.

The project operates in a framework of policy-oriented debate and international comparisons across all EU countries (except Cyprus and Malta), the USA, Japan, Canada and Australia.

Inequality Impacts and Analysis

Social impacts of inequality include educational access and achievement, individual employment opportunities and labour market behaviour, household joblessness, living standards and deprivation, family and household formation/breakdown, housing and intergenerational social mobility, individual health and life expectancy, and social cohesion versus polarisation. Underlying long-term trends, the economic cycle and the current financial and economic crisis will be incorporated. Politico-cultural impacts investigated are: Do increasing income/educational inequalities widen cultural and political 'distances', alienating people from politics, globalisation and European integration? Do they affect individuals' participation and general social trust? Is acceptance of inequality and policies of redistribution affected by inequality itself? What effects do political systems (coalitions/winner-takes-all) have? Finally, it focuses on costs and benefits of policies limiting income inequality and its efficiency for mitigating other inequalities (health, housing, education and opportunity), and addresses the question what contributions policy making itself may have made to the growth of inequalities.

Support and Activities

The project receives EU research support to the amount of Euro 2.7 million. The work will result in four main reports and a final report, some 70 discussion papers and 29 country reports. The start of the project is 1 February 2010 for a three-year period. Detailed information can be found on the website.

www.gini-research.org





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