



GINI

Income Inequality and Status Anxiety

*Marii Paskov, Klarita Gërzhani,
Herman G. van de Werfhorst*

GINI Discussion Paper 90
August 2013

GROWING INEQUALITIES' IMPACTS

Income Inequality and Status Anxiety

Marii Paskov¹, Klarita Gërkhani, Herman G. van de Werfhorst
University of Amsterdam

Abstract. The goal of this paper is to study status anxiety, expressed in terms of status seeking, and how it relates to income inequality. We make a distinction between income groups to determine whether a quest for social status applies to all individuals equally or only particular income groups. Furthermore, we extend existing studies by focusing on both between- and within-country variability in inequality. We use repeated cross-sectional data from the European Social Survey (ESS), which was collected biannually in the period of 2002-2010. The results show that income inequality is associated with higher levels of status seeking, suggesting that people are, on average, more concerned about their position in social hierarchy in unequal contexts. A stricter test of the relationship, controlling for country fixed effects, confirms that the association holds, as an increase in inequality is associated with an increase in status concerns. Moreover, we find that status seeking increases among all income groups. Thus, both the poor and the rich feel more anxious about their status in unequal societies.

Keywords: Social status, status seeking, status anxiety, income inequality.

INTRODUCTION

Social status enhancement is identified as one of the core human values. It is believed that people have a natural tendency to strive for status (Lindenberg 2001; Schwartz 1992). People are concerned with their social standing because it includes material rewards and psychological rewards such as self-respect, self-esteem or sense of one's worth (Rawls 1972; Weber [1922] 1968). Although the pursuit of social status can be viewed as a positive motive for people to invest in their human capital and to work hard, the hunger for ever higher status is also an

¹ Corresponding author. Amsterdam Institute for Social Science Research, University of Amsterdam, Kloveniersburgwal 48, 1012 CX, Amsterdam, The Netherlands, E-mail: M.Paskov@uva.nl

expression of anxiety (De Botton 2004; Frank 1999). Status anxiety is a broad concept that is used to describe people's concerns about their relative position in the social hierarchy. It is expressed by insecurity of own achievements, a fear of failing to conform to society's ideals, a worry about one's position in the status hierarchy and a continuous drive for ever higher social position (De Botton 2004). The current paper is particularly interested in status seeking as an expression of status anxiety. Therefore, the first goal of this paper is to discuss and define status seeking in relation to status anxiety. We argue that status seeking is an important dimension of status anxiety that has not yet been empirically captured.

Better understanding status seeking and status anxiety is highly relevant because it is related to a number of consequences for individuals and society as a whole. Status seeking reflects an individual's awareness of social hierarchies, concern about one's relative position, and reliance on the opinion of other people. These are all factors that relate to anxiety (White et al. 2006). It is believed that status anxiety is increasing in contemporary societies (De Botton 2004; Frank 1999; Marmot 2004; Wilkinson and Pickett 2010). Status anxiety has been argued to be harmful because it is a form of chronic stress and thereby causes a variety of health problems (mental disorders, physical illnesses) (Wilkinson and Pickett 2010). Furthermore, status anxiety is associated with a wide range of broader societal outcomes such as crime and lower levels of social trust (Elgar and Aitken 2010). Status anxiety can also be considered as a trigger for higher levels of consumption (Frank 1999; Levine, Frank, and Dijk 2010). Some even suggest that the 2008 economic crisis was partially driven by status anxiety, namely that the wish of the poor and the middle income groups to catch up with the living standards of the rich drove the former deeper into debt (Wade, 2009). 'Keeping up with the Joneses' is an idiom that refers to people's tendency to compare themselves with their neighbor as a benchmark; to fail to keep up is perceived as a sign of social inferiority, which in turn makes people anxious and unhappy (Luttmer 2005).

Recently, concern about status anxiety has strengthened in light of rising income inequalities that many welfare states have witnessed (OECD 2009; OECD 2011). It has been argued that income inequality intensifies social hierarchies. This intensification affects status competition and worry regarding one's relative position in the status hierarchy, thereby bringing about heightened status anxiety (Wilkinson and Pickett 2010). The literature suggests that income inequality causes people to feel more anxious about their social status, with

consequences on people's health, criminal behavior, trust in others and many other detrimental outcomes (Wilkinson and Pickett 2010). Lower levels of status anxiety, however, supposedly explain why more egalitarian societies 'do better'. Although there has been widespread research on the relationship between inequality and societal outcomes, research on the status anxiety thesis has been limited. Our aim is to study the relationship between inequality and status anxiety expressed in terms of status seeking. In so doing, we intend to contribute to the literature by gaining further insights into the relationship between income inequality and individual concerns related to own social position. Furthermore, we examine whether aggregate inequality has differential effects on distinct income groups. By including income categories, we aim to contribute to the theoretical debate on whether income inequality affects all income groups or only the people at the lower part of the income distribution. From the status anxiety thesis, which suggests psychological consequences of inequality, it may be expected that all income groups are more eager to attain more status in unequal societies. However, a contrasting neo-materialist view would hold that inequality is not related to status anxiety, but only affects the poor, who lack resources and therefore feel more anxious. Therefore, the second goal of this paper is to examine whether income inequality is positively related to status seeking (and thus status anxiety) and whether this relationship differs across income groups.

A third and final aim of the present paper is to make an empirical contribution. Unlike most previous research that has studied the relationship between inequality and societal outcomes with cross-sectional data, the current study examines repeated cross-sectional data. We combine data from five waves of the European Social Survey (ESS) ranging from 2002 until 2010 (data collected biannually). The repeated cross-sectional data provide the opportunity to take into account both between- and within-country variation. Thus, we can consider the relationship between the *level* of inequality and the *level* of status seeking across different countries in Europe, but we also take into account the relationship between *change* in inequality and *change* in status seeking within countries over time. Hence, on the one hand, the paper will contribute to the discussion on whether status seeking differs between countries and whether cross-national variation in status seeking can be explained by income inequality. On the other hand, to eliminate the problem of between-country heterogeneity, we also study the relationship in a within-country context. As noted by Kenworthy and McCall (2008), a preferred test of the effect of income inequality on societal outcomes might be change over time within countries.

Nevertheless, within-country analysis also faces problems; it ignores that stable between-country differences in inequality may be causally related to status concerns, and it relies on a low number of cases. In light of these methodological considerations, results based on both approaches will be discussed.

SOCIAL STATUS, STATUS SEEKING AND STATUS ANXIETY

Social status

In a broad sense, social status refers to one's relative standing in a society. It is a ranking of individuals in a given society based on their traits, assets and actions (De Botton 2004; Weiss and Fershtman 1998). Social status is directly related to one's position in relation to other people, and it carries a strong message about superiority and inferiority (Goldthorpe 2010) or as Wilkinson and Pickett (2010: 40) state, "*higher status almost always carries connotations of being better, superior, more successful and more able*". Social status is valuable because a person of high social status can expect to be treated favorably by other individuals with whom (s)he might engage in social and economic interactions (Berger and Zelditch 1998; Stewart 2005). In addition, social status reflects an individual's position in social hierarchy based on power and privileged access to scarce resources. This implies that people are eager to attain status because it is associated with economic rewards and social benefits, which include being treated well, with respect, and possibly gaining the care and attention of others. As Chan and Goldthorpe (2007) note, status is more than socioeconomic position or social class. The particular dimension of social status is the social 'honor' it entails (Chan and Goldthorpe 2007; Jasso 2001; Weber [1922] 1968).¹ Furthermore, this social honor is largely based on others' subjective evaluations of an individual and his/her social standing. People tend to seek affirmation that others recognize them as capable and successful human beings, as they long for respect, admiration and recognition from other people (Wilkinson and Pickett 2006). According to Rawls (1972), self-respect, self-esteem or a sense of one's worth is, alongside rights and liberties, money and other material goods, one of the necessary preconditions of a citizen's pursuit of a good life. Social status enhancement is thus one of the core values that characterize human beings (Schwartz 1992).

The literature suggests that it is natural for people to strive for status and that status competition is a normal phenomenon among human beings (De Botton 2004; Marmot 2004). Rewards associated with status give incentive for each individual to seek and increase his or her social status (Weiss and Fershtman 1998). As Hobbes (1651 [1996]: 119) claims, “*men are continually in competition for honor and dignity*”. Veblen (1931) calls this *emulation* – an ambition and effort to equal, excel or surpass other people. It is a constant desire of all individuals to surpass all others. Social status is difficult to disregard because it plays a role in defining our worth and how much we are valued by others (Wilkinson and Pickett 2010).

Status anxiety

In general terms, status anxiety refers to people’s concerns regarding their position in the status hierarchy (De Botton 2004; Frank 1999; Marmot 2004; Wilkinson and Pickett 2010). Although the word ‘anxiety’ implies worry, nervousness or uneasiness about one’s social position, the concept of status anxiety is more broadly defined in the literature. In what follows, we provide an overview of the literature and several conceptions of status anxiety (for an overview, see Table 1).² Wilkinson and Pickett (2010) write about status anxiety very broadly. For instance, they imply that one can discuss status anxiety when status differences become more noticed and of greater concern to people and when people compare themselves to others and pay more attention to how others see them. The authors also suggest that status anxiety indicates that people feel more worried about their own position in the social hierarchy. This worry can be expressed either by low self-esteem (feeling inferior) or inflated self-esteem (feeling superior). The latter is considered as an unhealthy form of self-esteem – a psychological protection mechanism to address status anxiety. De Botton (2004) defines status anxiety as a worry of failing to conform to society’s ideals of success, which would in turn reduce the person’s feeling of dignity and respect. According to De Botton, status anxiety also refers to a general dissatisfaction with own achievements and current position in the social hierarchy. Marmot (2004) argues that status anxiety stems from the realization that some people are higher than oneself in the status hierarchy, for instance, they have a better job or more status in the eyes of others. Marmot emphasizes the fact that low social position creates anxiety because of two factors, in particular. First, low status takes away the sense of autonomy and control over one’s life. Second, people with low status cannot fully participate in the social world, making them feel socially excluded.

According to Marmot, both of these conditions are crucial sources of anxiety. Frank (1985; 1999)³ discusses status anxiety in terms of concerns related to one's relative position in the economic hierarchy. Furthermore, he indicates that distress and anxiety stem from the fact that status is always relative. Thus, higher levels of status do not necessary reduce concerns about own social position because people in high positions are likely to aim for even higher positions.

- TABLE 1 HERE -

Until now, little empirical evidence has directly captured status anxiety. Most of the literature has focused on the negative consequences of status anxiety, which are considered as evidence of status anxiety (Marmot 2004; Wilkinson and Pickett 2010). For instance, Wilkinson and Pickett (2010) and Marmot (2004) refer to problems with mental and physical health as expressions of status anxiety. However, this literature also discusses more direct implications of anxiety by referring to a body of experimental evidence showing that the greatest effect on people's levels of stress hormones are social evaluative threats, such as threats to self-esteem or social status (Dickerson and Kemeny 2004; Slavich et al. 2010). This suggests that people are particularly sensitive to situations in which others can negatively judge their performance. These negative judgments are related to worries about status. Not only is such stress psychologically uncomfortable, but as a chronic stressor, it is also related to negative health consequences (Marmot 2004; Wilkinson and Pickett 2006). Furthermore, crime, violence and aggression have been shown as evidence of status anxiety. The argument is that people are likely to engage in criminal activities because of feeling inferior or disrespected; status concerns and insecurities drive aggressive behavior (Faris and Felmlee 2011; Wilkinson 2004). Many more negative consequences and implications of status anxiety, ranging from obesity and drug use to educational performance and social mobility, are discussed by Wilkinson and Pickett (2010).

More recent studies have taken a step further in capturing status anxiety more directly. Loughnan et al. (2011) study status anxiety via self-enhancement, which they define as people's tendency to feel superior and see themselves as better than average. This expressed superiority, the authors suggest, is not a reflection of high self-esteem; rather, it reflects an increased need to compensate for status anxiety – the threats to self-esteem. One manifestation of anxiety, the authors claim, is the presentation of the self as superior through self-enhancement. This is in

accordance with Wilkinson and Pickett (2010), who also point to the need to maintain a positive sense of oneself in the face of threats to self-esteem, that is, to address ‘social evaluative threat’. In a recent study, Layte and Whelan (2013) define status anxiety as perceived status inferiority. Layte and Whelan capture status inferiority using the survey question: ‘Some people look down on me because of my job situation or income’. It is assumed that people who feel that others look down on them also feel more anxious about their social position.

As demonstrated in these empirical papers, status anxiety is captured with diverse measures; both superiority and inferiority are used as indicators of status anxiety. This can be viewed as an indication that status anxiety is a complex psychological construct that can take conflicting forms. On the one hand, status anxiety can indicate that people feel inferior and insecure about their social position. On the other hand, status anxiety can also manifest in heightened self-esteem and superiority. Although these measures capture particular dimensions of status anxiety, they do not capture the concept of status anxiety to the fullest. For instance, the measure of ‘feeling looked down on’ used by Layte and Whelan (2013) is not the only aspect of status anxiety, and it is more applicable to the disadvantaged groups in the society. The middle classes and particularly the rich might not feel ‘looked down on’, *per se*, yet they may be concerned about their position in the status hierarchy. In other words, status anxiety can also exist without people feeling that they are ‘looked down on’. Furthermore, the question asks you to evaluate whether some people look down on you; however, it does not capture whether people think that social status is important. The same applies to the measure of superiority used by Loughnan et al. (2011). Thinking of oneself as better than other people does not necessarily mean that one is worried about status or considers status as a matter of high importance. The measures of inferiority and superiority lack reference to whether people think of social status as highly relevant. The present paper examines this particular dimension of status anxiety – the extent to which people value and strive for social status.

Status seeking and status anxiety

In this paper, we investigate ‘status seeking’ as a complementary measure of status anxiety. In particular, we examine status seeking in terms of search for respect, admiration and recognition from other people. Social status seeking is partly functional, as it can motivate achievements (Parsons 1970; Weiss and Fershtman 1998). Honor and esteem are important motives in human

actions. For instance, desire for social status is likely to give motivation for educational attainment and have implications for occupational choice. Furthermore, to the extent that parents care about the status of their children, they will be more inclined to invest in their children's education (Weiss and Fershtman 1998). In turn, investments into human capital are likely to have positive societal consequences by increasing economic efficiency and growth rates (Weiss and Fershtman 1998). Therefore, status seeking may also be conducive to economic efficiency and growth. However, status seeking can have negative consequences. According to Schwartz (1992), values related to self-enhancement are associated with values of self-interest, which oppose values of universalism and benevolence that entail concern for the welfare and interests of others. Therefore, seeking social status is likely to conflict with solidarity and care for other people. In a second study, Schwartz (2010) argues that this is the case because self-enhancement values legitimize attending to one's own needs and avoiding involvement with others who are needy. Furthermore, status seeking can lead to unproductive consumptions, such as the overconsumption of positional goods (Frank 1999). In this way, status seeking diverts resources away from welfare-enhancing uses, wasting them from the point of view of society as a whole (Ball et al. 2001). Finally, it has been argued and empirically shown that excessive status seeking is an expression of anxiety and stress (White et al. 2006).

Status seeking can be both a cause and a consequence of status anxiety. For instance, Frank (1999) discusses the negative consequences of the 'race for status' and the desire of people to 'climb the social ladder'. The 'race for status', according to Frank, is a source of anxiety because status is always relative, and thus, a widespread satisfaction with social status is difficult to achieve. Because social status is inherently relative and one person's gain is another's loss, status seeking may lead to excessive effort, as an attempt to climb up without any change in relative positions (Weiss and Fershtman 1998). Frank (1999) explains that the race for status is bad for society as a whole, as there cannot be improvement in overall status available. Every time person A rises above person B, the sum of their status remains the same. The only thing that changes is which person is where in the hierarchy. He further reasons that this race for status partly explains why increases in wealth do not increase well-being or do not increase it much. In other words, the constant race for status means that absolute wealth will not bring much improvement in intrinsic quality of life. Moreover, one manifestation of status anxiety is excessive consumption and lower levels of happiness (Frank 1999; Luttmer 2005; Veblen 1931). The main argument is

that, to attain esteem, social status must be made obvious to other people, leading to a signaling of status in the form of (excessive) consumption (i.e., buying expensive items is a signal of being wealthy and important) (Weiss and Fershtman 1998).

Status seeking reflects that people compare themselves to others and consider where they stand in relation to others. Frequent social comparisons are sources of destructive emotions and stress (White et al. 2006). Moreover, the more people value status and seek social approval, the more vulnerable they become to the social evaluations of others, which means that social position becomes a more important feature of a person's identity (Wilkinson and Pickett 2010). According to Schwartz (1992)⁴, the main goal of self-enhancement is to gain social approval in terms of admiration and recognition of achievements and success. Schwartz (2010) argues that pursuing such values in an uncertain social world reflects greater personal anxiety. The latter is confirmed by empirical evidence; questions such as 'How happy are you?', 'How satisfied are you with life as a whole?', and 'How often have you felt cheerful and in good spirits in the last two weeks?' are negatively correlated with self-enhancement items (Schwartz 2010). Similarly, worries about one's personal health, safety, social acceptance, success, and finances – all of which point to anxiety – are higher among people who score high on self-enhancement (Schwartz, Sagiv, and Boehnke 2000).

Overall, status seeking indicates concern about social status. 'Concern' about social status can indicate 'worry' and 'nervousness', but it can also be a 'matter of interest or importance to someone'. In the current paper, we focus more on the latter. Our measure of status seeking as an expression of status anxiety does not capture people's estimation of how much they feel valued or devalued in a society, but how important they think it is to be valued in a society according to certain criteria (i.e., to what extent they find seeking status important). Because it is a direct reflection of people's concern about what other people think of them, we believe that status seeking is an important dimension of status anxiety. It is unlikely that an individual will experience status anxiety if status is not of high importance to him or her. In principle, if you do not care about what other people think of you, you will be less likely to feel anxious about your position in relation to others. Ideally, the less you compare yourself with others and not think about what others think of you, then the less anxious you will feel about your social status. Although people cannot altogether suppress status awareness, there are degrees to which people are aware of status and compare themselves to others.

Although concern about social status is common for human beings, the extent to which people value social status is likely to be determined by individual and social characteristics. For instance, some research suggests that there are gender differences in achievement-orientation (Huberman, Loch, and Öncüler 2004; Meece, Glienke, and Burg 2006). Furthermore, status seeking should particularly concern the poor, as they should feel anxious about their disadvantaged position. However, status seeking and anxiety can also concern the rich, as they have more to lose if they decline in status hierarchy (Ferrer-i-Carbonell and Ramos 2012). The literature also indicates that next to absolute income, people are more influenced by their relative income; people feel less happy when the income of the reference group increases (Van Praag and Ferrer-i-Carbonell 2011). One could thus derive that status anxiety and status seeking increase when the income of a reference group increases. Furthermore, Merton (1968) and others have acknowledged the cultural differences in the value placed upon competitive achievement. What people strive for depends on both their own value ideals and those prevalent in a society. Sennett and Cobb (1977) have indicated that people in the United States are quite achievement oriented – an individual’s success is an important source of respect from others. In such an environment, ‘not succeeding’ is a sign of inadequacy and source of shame. In Asian cultures (e.g., Japan), on the other hand, people are less eager to stand out and differ from others. In recent years, the national level of income inequality has come to the fore as a driver of status competition and worry regarding one’s relative position (Wilkinson and Pickett 2010). Next, we discuss income inequality and how it relates to status seeking and status anxiety.

INCOME INEQUALITY AND STATUS SEEKING

Since the 1980s, economic inequalities have been on the rise in many developed countries (OECD 2009; OECD 2011). This has spurred a widespread debate on whether inequality is harmful for the society. This question has given rise to numerous studies that have found a negative relationship between economic inequality and a number of societal outcomes, including population health, crime rate, social trust, happiness and so forth (for some examples, see Lynch et al. 2000; Solt 2008; Van de Werfhorst and Salverda 2012; Wilkinson and Pickett 2010; Zhao 2012). Although the study of this relationship has been central, less empirical attention has been paid to the mechanisms underlying the relationship. Two mechanisms, in particular, have been

theoretically discussed in the literature. Wilkinson and Pickett (2010) argue that the relationship between income inequality and negative societal outcomes is essentially explained by the fact that inequality fosters status anxiety (i.e., status anxiety thesis). The conflicting neo-materialist perspective, however, rejects the idea that inequality ‘gets under your skin’ and produces psychological distress. Rather, inequality affects resources that people hold, which in turn explains the negative societal outcomes (Lynch et al. 2000).

The status anxiety thesis has been in the forefront of the research by Wilkinson and Pickett (2010) and Marmot (2004). From their perspective, income inequality is a measure of status hierarchy, as greater income inequality is associated with greater status stratification. Thus, by affecting the gap between the rich and the poor, income inequality also affects the position of people in relation to one another. Given that social hierarchy is viewed as a hierarchy from the most valued people at the top to the least valued individuals at the bottom, larger income differences are likely to add to status competition and concerns about one’s relative position in the status hierarchy. Differences in economic standing also carry a strong message about superiority and inferiority, as they are closely related to dignity, respect and self-esteem (Wilkinson and Pickett 2010). Furthermore, income inequality affects the distance from the reference group. According to Veblen (1931), people have the tendency to compare themselves to those higher in the social hierarchy – the most advantaged individuals in a society set the standards for the rest. In fact, Veblen proposes that if the Joneses’ are richer than a person, they do not care about that person’s consumption; rather, they are attempting to keep up with some even richer reference group. Thus, upward comparisons are considered to be more common and are more likely to be stressful (Leigh, Jencks, and Smeeding 2011). Ferrer-i-Carbonell (2005) shows that people become unhappy when they are poorer than their reference group. In addition, income inequality is likely to affect the moral mandate to achieve success, which in turn increases the pressure to succeed. As previously explained by Merton (1968), being relatively poor in an unequal society could be a manifestation of remaining far behind in the race for success. If people compare themselves to those higher in the ladder, they may feel that they need to achieve more to reach the same levels as the rich. In unequal societies, those who are higher are farther away, adding to the anxieties of the rest. Overall, the literature suggests that income inequality creates more potential for status seeking and status anxiety by fostering threats to self-esteem, fear of social evaluation, and concern about one’s social position.

The idea that inequality fosters status anxiety has been more often assumed than empirically tested. To date, there are only a few examples of research that touch upon this particular relationship. Loughnan et al. (2011) show that as income inequality increases, people are more likely to view themselves as superior to others. At the same time, people in more egalitarian societies tend to view themselves as more equal to others. From this perspective, self-promoting and self-enhancing strategies are an expression of status anxiety. Layte and Whelan (2013) find that income inequality is positively associated with the feeling of status inferiority and that this holds across the income distribution. In more unequal societies, all individuals along the income continuum feel more inferior about their social position. Although Zhao (2012) does not directly investigate status anxiety, he shows that income inequality is positively related to perceived social status, which may first appear as if people in unequal societies feel more confident about their social position. However, similar to Loughnan et al. (2011), this can be explained by increased status anxiety and the psychological need to enhance one's social status in an unequal context. In the same study, Zhao demonstrates that although individuals in more unequal regions tend to perceive a higher overall social status, a positive assessment of one's social position ironically yields lower returns to one's happiness compared to more equal regions. Therefore, with higher contextual inequality, higher perceived social status has a weaker positive effect on an individual's subjective well-being. This strengthens the abovementioned argument of increasing desire for social status and rising levels of status anxiety in unequal societies.

Overall, there appears to be evidence that income inequality is positively associated with both the feeling of superiority and the feeling of inferiority. Although this may indicate the complexity of human psychology in dealing with status anxiety, there is some evidence that income inequality increases status anxiety.⁵ Given our theoretical argument that status seeking is an important dimension of status anxiety, we expect the former to also increase in more unequal societies. Thus, our first hypothesis is as follows:

Hypothesis 1a: Income inequality is positively associated with status seeking.

What is crucial about the status anxiety thesis is that it is not only the poor that 'suffer', but inequality is corrosive for the society as a whole. In other words, in unequal societies, all individuals are worse off (Wilkinson and Pickett 2010). For example, Wilkinson and Pickett

show that in unequal societies, individual health and well-being worsen not only for the poor but also for the rich. As the latter cannot be explained by a lack of resources, they argue that it is related to concerns about own social status. Thereby, Wilkinson and Pickett imply that status anxiety not only involves the poor feeling increasingly concerned about their social status, but all individuals feeling more concerned about their social status. The pressure of wanting to keep up with the race for social status results in increased levels of status concerns for all individuals. A noteworthy limitation of the Loughnan et al. (2011) study is that the authors only examine the overall relation between inequality and aggregate level of status enhancement; therefore, it is unclear whether inequality affects status-related concerns among all income groups equally. A specific focus on this issue is crucial from a theoretical point of view. If inequality increases status anxiety among all individuals, both the rich and the poor, this provides more evidence for the status anxiety thesis. However, if status-enhancement increases only among the poor, then we must re-think the underlying explanation. For instance, it is possible that status anxiety among the poor increases simply because they hold fewer resources, as the neo-materialist perspective suggests (see below).

In addition to Wilkinson and Pickett's (2010) proposal, there are other suggestions in the literature concerning why both the rich and the poor may suffer from more status-related concerns in unequal societies. For instance, the conflict theory (Solt 2008) suggests that higher levels of inequality make all income groups more alert about their social position. In a context of economic inequality, the poor feel degraded, are envious and continually desire the riches that they lack (Oxendine 2009). The sense of unfairness could make the poor particularly anxious about their social status, which would reflect in their increased pursuit of status enhancement. The greater the extent of status inconsistency, the more intense the pressure to close the gap and, correspondingly, the more strenuous the efforts expended to succeed (Kawachi, Kennedy, and Wilkinson 1999). At the same time, the rich might also feel more concerned about their social position in unequal societies. Ferrer-i-Carbonell and Ramos (2012) argue that income inequality increases the weight that individuals give to the risk of having a worse social or economic position in the future, meaning that the perceived loss of going down in social ladder is higher. Because the fall in social status particularly concerns the rich, they might become particularly anxious about their social position. Similarly, Frank (1999) argues that social status is always relative; thus, those with higher status are likely to strive for even higher levels of social status.

Furthermore, Frank (2007) discusses a ‘chain of local comparisons’, which starts from the very top and affects the thoughts, attitudes and behaviors of people at all levels. From this perspective, there is always someone higher up to compare oneself with and, thus, feel that one’s position is low. Overall, based on these arguments and findings, we expect all income groups to become more concerned about their social position in an unequal environment.

Hypothesis 1b: *Income inequality is positively associated with status seeking among both the rich and the poor.*

A neo-materialist perspective is sometimes used to contrast the status anxiety thesis (Layte 2011; Lynch et al. 2000). The main argument is that resources are the driving force behind associations between inequality and undesirable outcomes (Lynch et al. 2000). Income inequality affects the availability of private and public resources, which then account for the apparent societal consequences of inequality (i.e., in unequal societies, there are more people who cannot afford good health care; lack of resources makes these people less happy). In a similar vein, the neo-materialist approach suggests that income inequality is also related to political and economic policies that shape the quality of public services and infrastructure. Unequal societies systematically under-invest in the social infrastructure and services, creating unequal access to health care and other welfare services (Elgar and Aitken 2010; Van de Werfhorst and Salverda 2012).⁶ Thus, income inequality is related to negative societal outcomes only to the extent that it affects the resources that are available to people. To illustrate, let us focus on one of the most popular themes around potential consequences of income inequality: the health of the population (Marmot 2004; Wilkinson and Pickett 2006). According to the neo-materialist approach, population health is worse in unequal societies not necessarily because people feel more anxious and concerned about their social status, but because larger groups of people do not have access to adequate health care (either because they lack individual resources or because the quality of public health care is poor). Thereby, the neo-materialist approach suggests that inequality does not directly produce any psychological consequences in terms of anxiety and concern over social status.

Nevertheless, the neo-materialist approach can also be used to derive an indirect link between income inequality and status seeking, with this relationship only holding for the people

with fewer resources. As previously noted, this approach suggests that the poor do worse in unequal societies in aspects that require money and resources – they are unhealthier, they are less social – because they do not have as much money to spend as the poor in more equal societies. It is easy to note how money matters for health (i.e., you can buy better health care) or social activities (i.e., money is required to join a sports club or to go to the theatre). Similarly, social status seeking and social status anxiety can be viewed as factors that are influenced by the resources that people hold. One could argue that the poor in unequal societies are more anxious about social status because they hold relatively fewer resources. In other words, lack of resources could make them feel as if they do not receive sufficient respect, admiration and recognition from other people, which results in higher levels of status seeking for the low-income groups. In fact, De Botton (2004) makes this point in his *Status Anxiety* book. He argues that social status – defined as a reflection of one’s value and importance in the eyes of the world – in the Western societies has increasingly been awarded in relation to financial achievement. Because the poor are relatively worse off in unequal societies, we expect inequality to increase status anxiety among the poor, in particular, and not among the rich. The poor feel more anxious and more eager to seek status simply because of the lack of resources available to them. The status seeking among the rich, who are not deprived of resources, should be comparable in equal and unequal societies. Thus, our last hypothesis is as follows:

***Hypothesis 2:** Income inequality is positively associated with status seeking among the poor but not among the rich.*

DATA, MEASURES, AND METHODS

Data

The data comes from the European Social Survey (ESS). We combine all waves currently available, resulting in a dataset with the following five time points: 2002, 2004, 2006, 2008, and 2010. The sample consists of 26 countries in the European region. Because not all countries have data for each year, we have a total of 108 country-years and 211,503 individuals nested in these country-years. Note that when running the models with all the relevant control variables, the number of country-years is reduced to 98 and the number of individuals is reduced to 137,971

(this is due to a great number of missing values, especially for the household income data). In addition to the individual-level data, we use macro data on income inequality and wealth of a country. We obtained data for income inequality, as Gini indices for each country-year, from the Standardized World Income Inequality Database (SWIID) (Solt 2009). Data on GDP per capita in PPS is from Eurostat (Eurostat 2012).

Dependent variable

In this paper, we examine status seeking as an expression of status anxiety. People in the European Social Survey were presented with a list of different personality portraits and asked the following: ‘How much like you is this person?’⁷. We focus on three of the responding items that reflect status seeking, as follows:

- 1) It is important to her/him to get respect from others. She/he wants people to do what she/he says;
- 2) It is important to her/him to show her/his abilities. She/he wants people to admire what she/he does;
- 3) Being very successful is important to her/him. She/he hopes people will recognize her/his achievements.

These items were included in each round of the ESS survey and were part of the 'Human Values Scale' that was designed to classify respondents according to their basic value orientations (Schwartz 1992). All three items are measured on a similar response scale, a 6-point asymmetric bipolar categorical scale (very much like me, like me, somewhat like me, a little like me, not like me, not like me at all). To equalize the weight of each item, we created a scale from standardized items. Combining the three yields a scale with a Cronbach's alpha of 0.69. The resulting ‘status seeking index’ is the dependent variable, as it is a more reliable and parsimonious means to capture the concept of status seeking than using the items separately. This index expresses individuals’ search for respect (1), admiration (2) and recognition (3) from other people.⁸

To determine how the current measure of status seeking relates to alternative measures of status anxiety, we view it in relation to the status inferiority measure used by Layte and Whelan (2013) (see Figure 1). We find that the two measures have a small positive correlation across countries. In countries where people, on average, score higher on status seeking, there is also a higher average of people who feel status inferiority. For instance, in Poland, people are more

likely to be concerned about their position in the social hierarchy and, at the same time, feel more inferior about their social status. Sweden, however, scores much lower on both status seeking and status inferiority. Unfortunately, we cannot examine the correlation between the current status seeking index and status enhancement measured by Loughnan et al. (2011), as the number of matching countries between the two samples is insufficient.

- FIGURE 1 HERE -

Independent variables

Household income. We use a measure of equivalized disposable household income from the ESS. People were asked to indicate their income category from a list of options. People in each country were categorized into income deciles. In the present paper, the relative, rather than absolute, income is the theoretically important variable because the theories state the effect of the distribution of economic resources on outcomes depends on where in this distribution the individual falls (Solt 2008). Categorizing people into income deciles reflects their relative position in a given hierarchy and is therefore particularly suited for our purposes. Although it would be interesting to also account for individual income, this was not measured in the ESS.

Income inequality. Our central explanatory variable is income inequality in a country. We use the Gini-coefficient as a measure of income inequality. The Gini-coefficient is a widely used measure that ranges from 0 (everyone has the same income) to 1 (one person owns all the income). The Gini index indicates the level of inequality across the entire income distribution of an area. We examine inequality at the national level because the literature suggests that people have a status identity relative to the country in which they reside (Wilkinson and Pickett 2010). The SWIID provides comparable Gini-indices of net income inequality based on disposable household income and is hence well-suited for cross-national research. We use the net income inequality, which is the income inequality after transfers. This is also more suitable because it captures social expenditure.

Control variables

We control for a number of individual-level variables to account for the socio-demographic composition of the population in each country and year. We also control for the following

general socio-demographic factors to account for the fact that the composition of the population might differ between countries and waves: gender, age, religion, ethnic minority status, years of education, and unemployment status. Given the debate in the literature on whether inequality or wealth is the explanatory variable (Lynch et al. 2000), we also control for the wealth of a country by including its GDP per capita in PPS.⁹

Estimation strategy

The dataset consists of individuals who were interviewed in different countries in Europe at different time points (2002, 2004, 2006, 2008 and 2010). The advantage of having individuals observed in different countries and time points is that we can study the relationship between income inequality and status seeking both between and within countries. We estimate three types of multilevel models to study the relationship between income inequality and status seeking. Multilevel models are desirable because they allow us to include individual-level and aggregate-level predictor variables.

First, we estimate two cross-classified multilevel models, in which individuals (identified by subscript (i)) are nested in two higher-level contexts, country (j) and survey year (t) (equation 1). The response variable is the level of status seeking of individual i in country j in survey year t . The level of status seeking is a function of household income (INC), income inequality (GINI) and GDP per capita (GDP), supplemented with the interaction effect between income inequality and household income.¹⁰ Because these two contexts (survey year and country) are not nested among themselves, the cross-classified multilevel model specifies residual variances for both levels separately (ζ_j for between-country variance and ξ_t for between-survey year variance). Whereas standard multilevel models for nested levels 2 and 3 would estimate the variance at a level 2 within level 3, the cross-classified multilevel model for un-nested levels 2 and 3 estimates a residual variance at level 2 assuming that this variance is equal across units of level 3 and vice versa. Given that much of the variability in income inequality is found between countries rather than within countries across years in the short time span of investigation, the results of this model are strongly driven by between-country effects of inequality. In that sense, the model suffers from similar weaknesses as cross-sectional analyses on inequality effects because it is uncertain whether inequality or some other omitted country characteristic drives the population's

status seeking. Statistical models 1 and 2 follow this estimation strategy (model 1 without and model 2 with household income β^{11} and the interaction effect δ).

$$y_{ijt} = \alpha + \beta \cdot INC_{ijt} + \gamma \cdot GINI_{jt} + \lambda \cdot GDP_{jt} + \delta \cdot GINI_{jt} \cdot INC_{ijt} + \zeta_j + \xi_t + \varepsilon_{ijt} \quad (1)$$

The second type of model replaces the main effects of contextual variables (including inequality) with fixed effects for all country-year combinations (country-year dummies, CYD in equation 2). With this model, we focus explicitly on the non-linearity of the income effect across inequality levels. Following an estimation strategy of Brunello and Checchi (2007), this model is not concerned with overall inequality effects (because the model does not include the main effect of contextual variables including inequality); rather, it studies whether there is a negative interaction effect between inequality and income. Because country-year fixed effects are included, all other country-year characteristics are controlled. Statistical model 3 below estimates this equation.

$$y_{ijt} = \alpha + \beta \cdot INC_{ijt} + \delta \cdot GINI_{jt} \cdot INC_{ijt} + \gamma CYD_{jt} + \varepsilon_{ijt} \quad (2)$$

The third type of model, given in equation 3, delivers the strongest test of an inequality effect, as it includes both an inequality measure at the aggregate (country-year) level and fixed effects for country (country dummies CD) and survey year (year dummies YD). The model can be identified because the number of observations on which contextual variables are assessed is larger than the sum of the number of fixed effects included. Given that all invariant country characteristics are controlled and general time trends are invariant across countries, the identification of the effect of income inequality rests on within-country variability in inequality levels. We refer to this model as the within-country comparison model. Statistical model 4 follows this model identification.

$$y_{ijt} = \alpha + \beta \cdot INC_{ijt} + \gamma \cdot GINI_{jt} + \lambda \cdot GDP_{jt} + \delta \cdot GINI_{jt} \cdot INC_{ijt} + \varphi \cdot CD_j + \tau \cdot YD_t + \zeta_{jt} + \varepsilon_{ijt} \quad (3)$$

RESULTS

Status seeking in Europe: descriptive statistics

First, we examine status seeking in terms of aggregate differences between countries. Note that each bar in Figure 2 represents an average score of the five time points collected biannually between 2002 and 2010. The scale of status seeking ranges from 1 to 6, with lower scores suggesting that people do not find status seeking very important and higher scores reflecting that people are concerned about their relative position in the status hierarchy. It appears that countries differ in how much the population, on average, finds status seeking important. The average scores range from 3.28 for France to 4.71 for Turkey, suggesting that there is a slight tendency toward more status seeking. More generally, people in countries such as Turkey, Greece and Italy display a much higher score on the status seeking measure, whereas people in France, Finland, Sweden, Estonia and Norway are clearly less concerned about the attention they receive from other people. The difference between the country with the highest score and the country with the lowest score is 1.43, suggesting that there is some variance between countries.

- FIGURE 2 HERE -

Averages reveal general differences between countries. However, to gain greater knowledge of the prevalence of status seeking, it is also worthwhile to examine the percentages of people who report identification with different items in the status seeking index (see Table 2). It appears that, on average, one-third of the people in Europe feel that a person pursuing attention from other people (i.e., in terms of respect, admiration, and recognition) is ‘very much like me’ or ‘like me’ (and this holds equally to all items of the index). Again, between countries, the proportions differ quite substantially. In Finland and Sweden, approximately every fifth person claims that social status is very important to him or her, suggesting that the claim posed in the theoretical section – about people being inherently prone to strive for ever higher social position (De Botton 2004; Weiss and Fershtman 1998) – holds to a lesser extent in these societies. In Turkey, on the other hand, two-thirds of the population feels that social status is highly relevant, implying that Turkish people are much more eager to seek social honor from other people.

- TABLE 2 HERE -

The relationship between income inequality and status seeking

To study the relationship between income inequality and status seeking, we consider both the between-country and within-country variability. We begin by plotting the bivariate relationships between income inequality and status seeking. First, we determine whether the *level* of status seeking is associated with the *levels* of income inequality between countries (Figure 3). The figure depicts a positive relationship between income inequality and status seeking at all time points under observation. In countries with more income inequality, there is a higher average level of status seeking. Note that the sample of countries differs between the years and that this largely explains why the strength of the relationship differs between time points. For instance, some countries make the relationship appear stronger in 2004 and 2008. Turkey and Greece score high on status seeking and income inequality, largely driving the steep slope. When these countries are not included in the sample, the relationship appears weaker, similar to that observed for 2006. Therefore, the figures at different time points are not comparable. However, despite the sample differences, we observe a positive association between income inequality and status seeking at all time points under observation.

- FIGURE 3 HERE -

To capture the relationship between income inequality and status seeking within countries, we determine whether *changes* in inequality are related to *changes* in status seeking. Note that 26 countries are observed at different time points, allowing us to detect time trends. Figure 4 provides an illustration of the data available to us, as it plots income inequality against status seeking (status seeking is a mean score at the time of the observation) in each country. Note that not all countries have observations at all five time points; thus, we cannot determine any trends in the countries that were observed on only one occasion (Italy and Luxembourg). However, even for the countries that were measured at additional time points, the trends indicate different directions. In fact, a simple look at the plots shows that the relationship is positive in 12 countries and negative in 12 countries.

Neither of these graphs, however, takes into account the differences between countries (e.g., the wealth of the country) or the socio-demographic composition in these societies (e.g., gender composition, people's education, income, employment position, etc.). These associations should therefore be observed with some caution. To move beyond bivariate plots, we continue with statistical models.

- FIGURE 4 HERE -

To determine whether variance in status seeking can be explained by differences between and within countries, we run an empty cross-classified multilevel model. It appears that 11% of the variance in status seeking can be explained by the between-country differences. This is quite a substantial proportion and motivates further investigation into whether income inequality can explain some of this variance. In addition, the empty model reveals that a very small proportion of the variance, 0.002%, is found between years of measurement. The small variance on the level of the years suggests that few changes occurred over time. This is not surprising, as both income inequality and attitudes about social status take time to change. Furthermore, this implies that the results of the cross-classified model will be strongly driven by between-country effects of inequality and only slightly driven by within-country differences.

In Table 3, we present results that were attained using different modeling techniques. First, we estimate cross-classified multilevel models, which capture the within- and between-country variance in status seeking. In Model 1, we include Gini coefficient to capture income inequality while controlling for both the wealth of a country (i.e., GDP per capita) and the individual-level variables of gender, age, religion, ethnic minority status, years of education, and unemployment status. Note that we excluded household income because it might be considered as overcontrolling the model. The results of Model 1 show that income inequality is positively associated with status seeking. Next, in Model 2, we control for household income and include an interaction between household income and Gini coefficient. It appears that the positive association between income inequality and status seeking remains. This suggests that people are, on average, more likely to indicate that status seeking is important to them in unequal contexts, whereas people are less likely to feel this way in equal contexts. This is in line with the general assumption in the literature and our Hypothesis 1a. Thus, even when taking account of

individual-level characteristics and a country's wealth and socio-demographic composition, inequality appears to be positively associated with social status seeking.

As previously mentioned, the cross-classified model is strongly driven by between-country effects of inequality. Although much of the literature discusses the relationship between income inequality and status anxiety in a between-country context (Layte 2011; Wilkinson and Pickett 2010), there are some disadvantages of this approach. In the between-country analysis, we face the problem of heterogeneity between countries. In other words, countries may differ in many ways, and we cannot fully account for all these differences. In the analysis above, we controlled for the crucial factor of wealth of a country; however, there may be other societal conditions that alter the relationship between income inequality and status seeking. Therefore, as an additional test of the relationship, we will now investigate the association between income inequality and status seeking in a within-country context, therefore eliminating the problem of between-country heterogeneity. To view the trends within countries, we run the analysis with fixed country and fixed year effects (see Model 4 in Table 3). The results indicate that change in income inequality is significantly and positively related to change in status seeking. Thus, Hypothesis 1a, which argues that when income inequality increases in a country, the level of status seeking also increases, is supported by the within-country analysis.

In addition to the main findings, we observe that household income is positively related to status seeking – the more income people have, the more they consider status to be important (Model 2 and Model 3). Furthermore, the wealth of a country is positively related to status seeking – the wealthier the country, the more people value social status (Model 1 and Model 2), although this is not true in the within-country analysis (Model 4). Overall, we observe that as people become wealthier, the importance of status increases – status seeking is more pronounced among wealthier people and in wealthier countries. Those with fewer resources place lesser value on social status. This finding can be interpreted in two ways. First, as argued by Frank (1985), being wealthy may mean that the goals for status also shift further, indicating that overall satisfaction with one's position in the social hierarchy is difficult to attain. Second, in accordance with Ferrer-i-Carbonell and Ramos (2012), it is likely that status anxiety is more of a concern to the rich because they have more to lose if they decline in status hierarchy.

- TABLE 3 HERE -

Note that the positive association between income inequality and status seeking holds for the whole population. However, question of whether this association holds for different income groups remains. To analyze this, we included an interaction term between Gini coefficient and household income in the analysis (Model 2 in Table 3). This interaction term is significant and negatively associated with status seeking. This suggests that among the lower income groups, inequality is more strongly related to status seeking, whereas the relationship is weaker for higher income groups. Although we find that income inequality is more strongly associated with status seeking among the poor, the positive and significant main effect of Gini coefficient suggests that the rich are also more anxious in unequal contexts. The cross-level interaction effect is illustrated in Figure 5, in which we make a distinction between three income categories (low income group: deciles 1-3, medium income group: deciles 4-7, and high income group: deciles 8-10). It appears that inequality is positively related to status seeking among all income groups. Overall, these findings provide confirmation for Hypothesis 1b, which proposed that income inequality is positively associated with status seeking among both the rich and the poor. At the same time, the findings contradict Hypothesis 2, according to which income inequality was expected to be positively associated with status seeking among the poor but not among the rich. However, the fact that the relationship is stronger for the low-income group supports the notion that resources moderate the relationship between income inequality and status seeking.

- FIGURE 5 HERE -

Robustness checks

One of the crucial problems in the present analysis is endogeneity, which suggests that there could be other omitted country-level characteristics that drive the association between income inequality and status seeking. We included wealth of a country in the previous models under the assumption that this is the most crucial factor that could alter the relationship between inequality and status seeking. Without going deeply into a theoretical discussion, we acknowledge that additional societal conditions may be important. To account for this, we ran additional tests on

the basic cross-classified multilevel models. Specifically, we included potentially relevant societal conditions into the model together with individual-level control variables, GDP per capita and Gini coefficient (see Table 4). These additional control variables include the following: dummies for welfare regime categories (liberal, social-democratic, post-socialist, southern and conservative regimes), social expenditure (as a % of GDP), unemployment rate, political ideology (aggregate score on a left-right scale, indicating a political inclination toward the left or right), general satisfaction with the economy in a country (aggregate score on a national level), general satisfaction with how the democracy works in a country (aggregate score on a national level) and support for redistribution (aggregate score on a national level).¹² The results show that none of these control variables substantially alters the relationship between income inequality and status seeking. Thus, the positive association between income inequality and status seeking remains after accounting for a variety of factors related to the type of welfare state, general political ideologies and public attitudes toward the economy and democracy in a country.

- TABLE 4 HERE -

Furthermore, as is common for samples with a low number of level-2 units, the present analysis is vulnerable to influential cases. As shown in Figure 3, a number of countries (e.g., Turkey, Greece, Portugal and Bulgaria) have a particularly strong effect on the positive association between inequality and status seeking. We find that removing these countries one by one does not change the results (results not presented here but available upon request).

DISCUSSION AND CONCLUSION

Status anxiety, broadly defined as people's concern about their relative position in the status hierarchy, has been put forward as an increasing societal problem in contemporary societies (De Botton 2004; Wilkinson and Pickett 2010). Empirical research on status anxiety is scarce. Interestingly, the studies that measure status anxiety use contradicting measures to capture the concept. Both feelings of status inferiority (Layte 2011; Layte and Whelan 2013) and status superiority (Loughnan et al. 2011) are used as expressions of status anxiety. The fact that status anxiety has been captured in such different, even contradicting, ways may indicate that human

psychology related to status anxiety is complex and requires more research. In the current paper, we proposed and investigated a complementary measure to capture status anxiety, *to wit*, status seeking. This measure reflects one's awareness of social hierarchy, the need to communicate one's status to other people, and a concern about keeping up with certain standards to attain social status. We argued that pursuing these aspects (i.e., seeking social status) can be viewed as an expression of increased anxiety for social status. Thus, we did not study how much people feel valued or devalued in a society, but the degree to which they seek more social status in terms of the importance they attach to more respect, admiration and recognition from other people.

The literature has extensively researched and discussed whether income inequality has widespread negative consequences on societal outcomes (e.g., health problems, crime, decreased trust and many more) (Wilkinson and Pickett 2010). The mechanism of status anxiety underlying this relationship has directly been tested on only a few occasions (Layte and Whelan 2013; Loughnan et al. 2011), showing that both feelings of superiority and inferiority are positively associated with inequality. The present paper complemented the existing literature by analyzing the relationship between income inequality and status seeking (as an expression of status anxiety) and extended it by investigating whether this relationship differs among income groups. Finally, the paper made a methodological contribution by considering both the between- and within-country variance. The empirical results provided support for our first hypothesis that income inequality is positively associated with status seeking and thus status anxiety. The positive association was found in a cross-classified multilevel design that relied predominantly on between-country variance. The positive association was also found in a within-country context. The current study is the first to test the relationship between inequality and status seeking in a within country context.

The status anxiety thesis promoted by Wilkinson and Pickett (2010) also suggests that inequality creates anxiety and more status seeking for the whole population; thus, different income groups should be affected (Hypothesis 1b). According to the neo-materialist approach, however, inequality is not related to psychological consequences but the availability of public and private resources. Thus, income inequality was expected to be positively associated with status seeking among the poor but not among the rich (Hypothesis 2). The present findings supported Hypothesis 1b – we found that all individuals seek more status (and are more anxious) in unequal societies. We observed that both the rich and the poor express higher concerns about

status and how other people view them in an unequal context. Hypothesis 2 (only the poor would be affected) was not confirmed. However, we cannot entirely neglect the neo-materialist hypothesis because we also found that inequality affects the poor more strongly. This suggests that income inequality is a greater concern for poor people, likely due to the limited resources that they hold. Hence, the psychological status anxiety thesis and the neo-materialist perspective may not necessarily be mutually exclusive, as both might be helpful in explaining the relationship between income inequality and societal outcomes (Elgar and Aitken 2010; Van de Werfhorst and Salverda 2012).

This paper aimed to make conceptual and empirical contributions to the existing knowledge about the relationship between inequality and status anxiety. Nevertheless, several limitations remain. First, although the within-country analysis might be considered as a step closer to establishing this relationship because it eliminates the problem of between-country heterogeneity, other problems of causality remain, such as the possibility of reversed causality. We can reason that in such a short time period, it is more conceivable that inequalities change attitudes rather than attitudes manifest in inequalities; however, we were unable to test this notion. Second, there may be additional unobserved determinants that coincide with inequality and status seeking. As a robustness check, we took a number of additional conditions into account (ranging from social policy to political ideology) and none of them substantially changed the main findings.

Furthermore, in the literature and the current paper, there is a strong assumption that income inequality captures status hierarchy. However, Goldthorpe (2010) argues that income inequality may not be the best way to capture status hierarchy. Rather, social hierarchy might be driven by other aspects such as education and occupational position. Therefore, despite the association between inequality and status seeking, one can ask whether we capture status hierarchy or whether we capture it to the fullest. In addition, Goldthorpe (2010) indicates that in some countries, people may accept a particular status order or social inequality such that it would not necessarily lead to psychosocial stress. This may explain why a country such as Japan, which has a strong status hierarchy, performs well in terms of many societal outcomes. If people consider the hierarchy in Japan as fair, then it may not lead to status anxiety, status seeking, and other social problems. Moreover, even if income inequality reflects status hierarchy, the Gini coefficient might not capture the structure of inequality to the fullest. For instance, it might be

more relevant to measure between which groups the inequalities lie. This aspect is not captured by the Gini coefficient, but with distance measures of inequality. The particular structure of inequality might be crucial for determining anxiety (Ferrer-i-Carbonell and Ramos 2012; Lupu and Pontusson 2011). Therefore, future research should aim to improve measures of status hierarchy and consider particular differences between countries regarding public attitudes toward status hierarchies.

ENDNOTES

¹ Whereas Chan and Goldthorpe (2007) (following Weber ([1922] 1968)) refer to social status in terms of ‘social honor’ attached to certain positional or ascribed attributes (e.g., occupational position, style of life in terms of cultural consumption, and so forth), Jasso (2001), for instance, refers to social status also in terms of personal qualities and perceived worth.

² Note that the list of literature on status anxiety might not be exhaustive; however, it includes the most recent and relevant contributions to the field.

³ Although Robert H. Frank does not use the concept ‘status anxiety’, his ideas are quite similar to what we understand as status anxiety.

⁴ The “status seeking index” will be discussed in greater detail below in the methodological section.

⁵ Research showing that there is a stronger work ethic (Corneo 2011) and people also tend to work longer hours (Bowles and Park 2005) in unequal societies may also indicate some feelings of status anxiety and pressure to keep up with race for status.

⁶ Relatively old literature suggests the opposite, namely, that income inequality is positively related to welfare state generosity and redistribution (Meltzer and Richard 1981).

⁷ The questions were asked in the form of Portrait Values Questionnaire (PVQ). This is designed to reduce the cognitive complexity of the items by introducing respondents to short verbal portraits of different people: the person's goals, aspirations, or wishes that point implicitly to the importance of a single value (Schwartz 1992). People are then asked to compare these portraits to themselves.

⁸ Regarding the general validity of the human value measures included in ESS, Davidov, Schmidt, and Schwartz (2008: 440) conclude the following in one of their papers: "*In spite of cultural differences, people in Europe appear to understand the meaning given to the values by their indicators in a similar manner*". The authors further suggest that ESS human value measures can be used for both cross-time and cross-country comparison, making it particularly suitable for our purposes.

⁹ The volume index of GDP per capita in Purchasing Power Standards (PPS) is expressed in relation to the European Union (EU-27) average set to equal 100. If the index of a country is higher than 100, this country's level of GDP per capita is higher than the EU average and vice versa. Basic figures are expressed in PPS, i.e., a common currency that eliminates the differences in price levels between countries, allowing meaningful volume comparisons of GDP between countries. The index, calculated from PPS figures and expressed with respect to EU27 = 100, is intended for cross-country comparisons rather than for temporal comparison.

¹⁰ In addition, we also account for socio-demographic differences between countries and years, which is why all the models control for a number of individual characteristics (gender, age, religion, ethnic minority, years of education, unemployment). These factors are observed for each individual i in each country j at each survey year t . To ease understanding, we leave these factors out of the equations (1), (2) and (3).

¹¹ We leave out household income in model 1 because it might be viewed as over-controlling the model.

¹² These additional control variables were either attained from Eurostat or aggregated from the ESS.

REFERENCES

- Ball, Sheryl, Catherine Eckel, Philip J. Grossman and William Zame. 2001. "Status in Markets." *The Quarterly Journal of Economics* 116(1):161-188.
- Berger, J. and M. Zelditch. 1998. *Status, Power, and Legitimacy. Strategies and Theories*. New Brunswick, NJ: Transaction.
- Bowles, Samuel and Yongjin Park. 2005. "Emulation, Inequality, and Work Hours: Was Thorsten Veblen Right?" *The Economic Journal* 115(507):397-412.
- Brunello, Giorgio and Daniele Checchi. 2007. "Does School Tracking Affect Equality of Opportunity? New International Evidence." *Economic Policy* 22(52):781-861.
- Chan, Tak W. and John H. Goldthorpe. 2007. "Class and Status: The Conceptual Distinction and its Empirical Relevance." *American Sociological Review* 72(4):512-532.
- Corneo, Giacomo. 2011. *Income Inequality, Value Systems, and Macroeconomic Performance*. Amsterdam: AIAS: Gini Discussion Paper.
- Davidov, E., P. Schmidt and S. H. Schwartz. 2008. "Bringing Values Back in: The Adequacy of the European Social Survey to Measure Values in 20 Countries " *Public Opinion Quarterly* 72(3):420-445.
- De Botton, Alain. 2004. *Status Anxiety*. London: Hamish Hamilton.
- Dickerson, S. S. and M. E. Kemeny. 2004. "Acute Stressors and Cortisol Responses: A Theoretical Integration and Synthesis of Laboratory Research." *Psychological Bulletin* 130(3):355-391.
- Elgar, Frank J. and Nicole Aitken. 2010. "Income Inequality, Trust and Homicide in 33 Countries." *The European Journal of Public Health*.

- Eurostat. 2012. "Population and social conditions statistics.", Retrieved October 1, 2012.
(<http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/themes>).
- Faris, Robert and Diane Felmlee. 2011. "Status Struggles: Network Centrality and Gender Segregation in Same- and Cross-Gender Aggression." *American Sociological Review* 76(1):48-73.
- Ferrer-i-Carbonell, A. 2005. "Income and Well-being: An Empirical Analysis of the Comparison Income Effect." *Journal of Public Economics* 89:997-1019.
- Ferrer-i-Carbonell, A. and X. Ramos. 2012. *Inequality and Happiness: A Survey*. Amsterdam: AIAS.
- Frank, R. H. 1985. *Choosing the Right Pond : Human Behavior and the Quest for Status*. New York: Oxford University Press.
- , 1999. *Luxury Fever: Why Money Fails to Satisfy in an Era of Success*. New York: Free Press.
- , 2007. *Falling Behind: How Rising Inequality Harms the Middle Class*. Berkeley: University of California Press.
- Goldthorpe, John H. 2010. "Analysing Social Inequality: A Critique of Two Recent Contributions from Economics and Epidemiology." *European Sociological Review* 26(6):731-744.
- Hobbes, T. 1651 [1996]. *Leviathan*. Cambridge: Cambridge University Press.
- Huberman, Bernardo A., Christoph H. Loch and Ayse Önçüler. 2004. "Status as a Valued Resource." *Social Psychology Quarterly* 67(1):103-114.
- Jasso, Guillermina. 2001. "Studying Status: An Integrated Framework." *American Sociological Review* 66(1):96-124.

- Kawachi, Ichiro, Bruce P. Kennedy and Richard G. Wilkinson. 1999. "Crime: Social Disorganization and Relative Deprivation." *Social Science & Medicine* 48(6):719-731.
- Kenworthy, Lane and Leslie McCall. 2008. "Inequality, Public Opinion and Redistribution." *Socio-Economic Review* 6(1):35-68.
- Layte, Richard. 2011. "The Association between Income Inequality and Mental Health: Testing Status Anxiety, Social Capital, and Neo-Materialist Explanations." *European Sociological Review* 28(4):498-511.
- Layte, Richard and Chris T. Whelan. 2013. *Who Feels Inferior: A Test of the Status Anxiety Hypothesis of Social Inequalities in Health*. Amsterdam: AIAS, Gini Discussion Paper.
- Leigh, A., C. Jencks and T. M. Smeeding. 2011. "Health and Economic Inequality." Pp. 385-405 in *The Oxford Handbook of Economic Inequality.*, edited by W.G. Salverda, B. Nolan and T.M. Smeeding. Oxford: Oxford University Press.
- Levine, Adam S., Robert H. Frank and Oege Dijk. 2010. *Expenditure Cascades (September 13, 2010)*. Available at SSRN: <http://ssrn.com/abstract=1690612>.
- Lindenberg, S. 2001. "Social rationality versus rational egoism." in *Handbook of Sociological Theory.*, edited by J. Turner. New York: Kluwer Academic/Plenum.
- Loughnan, Steve, Peter Kuppens, Jüri Allik, Katalin Balazs, Soledad de Lemus, Kitty Dumont, Rafael Gargurevich, Istvan Hidegkuti, Bernhard Leidner, Lennia Matos, Joonha Park, Anu Realo, Junqi Shi, Victor E. Sojo, Yuk-yue Tong, Jeroen Vaes, Philippe Verduyn, Victoria Yeung and Nick Haslam. 2011. "Economic Inequality is Linked to Biased Self-Perception." *Psychological Science* 22(10):1254-1258.
- Lupu, N. and J. Pontusson. 2011. "The Structure of Inequality and the Politics of Redistribution." *American Political Science Review* 105(02):316.
- Luttmer, Erzo F. P. 2005. "Neighbors as Negatives: Relative Earnings and Well-being." *The Quarterly Journal of Economics* 120(3):963-1002.

Lynch, J. W., S. D. Smith, G. A. Kaplan and J. S. House. 2000. "Income Inequality and Mortality: Importance to Health of Individual Income, Psychosocial Environment, Or Material Conditions." *British Medical Journal* 320:1200-1204. doi: 10.1136/bmj.320.7243.1200.

Marmot, M. 2004. *Status Syndrome: How Your Social Standing Directly Effects Your Health and Life Expectancy*. London: Routledge.

Meece, Judith L., Beverly B. Glienke and Samantha Burg. 2006. "Gender and Motivation." *Journal of School Psychology* 44(5):351-373.

Meltzer, Allan H. and Scott F. Richard. 1981. "A Rational Theory of the Size of Government." *Journal of Political Economy* 89(5):914-927.

Merton, R. K. 1968. *Social Theory and Social Structure*. New York: Free Press.

OECD. 2009. *Growing unequal. Income distribution and poverty in OECD countries*. Paris: Organisation for Economic Cooperation and Development.

----- . 2011. *Divided we stand. Why inequality keeps rising*. Paris: Organisation for Economic Cooperation and Development.

Oxendine, A. 2009. "Inequality and Indifference: America's Wealthy and Cross-Cutting Civic Engagement." *Paper Presented at the Annual Meeting of the Midwest Political Science Association 67th Annual National Conference, Chicago*.

Parsons, T. 1970. "Equality and inequality in modern society, or social stratification revisited." Pp. 13-72 in *Social Stratification: Research and Theory for the 1970s.*, edited by E.O. Laumann. Indianapolis, Ind: Bobbs-Merrill.

Rawls, John. 1972. *A Theory of Justice*. Oxford: Clarendon Press.

- Schwartz, S. H. 1992. "Universals in the content and structure of values: Theory and empirical tests in 20 countries." Pp. 1-65 in *Advances in experimental social psychology.*, edited by M. Zanna. New York: Academic Press.
- . 2010. "Basic values: How they motivate and inhibit prosocial behavior. In (Eds.), *P* (221-241). ." Pp. 221-241 in *Prosocial motives, emotions, and behavior: The better angels of our nature.*, edited by M. Mikulincer and P. Shaver. Washington: Washington: American Psychological Association Press.
- Schwartz, S. H., L. Sagiv and K. Boehnke. 2000. "Worries and Values." *Journal of Personality* 68(2):309-346.
- Sennett, R. and J. Cobb. 1977. *The Hidden Injuries of Class.* Cambridge: Cambridge University Press.
- Slavich, George M., Baldwin M. Way, Naomi I. Eisenberger and Shelley E. Taylor. 2010. "Neural Sensitivity to Social Rejection is Associated with Inflammatory Responses to Social Stress." *Proceedings of the National Academy of Sciences.*
- Solt, F. 2008. "Economic Inequality and Democratic Political Engagement." *American Journal of Political Science* 52(1):48-60.
- . 2009. "Standardizing the World Income Inequality Database." *Social Science Quarterly* 90(2):231-242.
- Stewart, Daniel. 2005. "Social Status in an Open-Source Community." *American Sociological Review* 70(5):823-842.
- Van de Werfhorst, H. G. and W. G. Salverda. 2012. "Consequences of Economic Inequality: Introduction to a Special Issue." *Research in Social Stratification and Mobility* 30(4):377-387.

- Van Praag, B. and A. Ferrer-i-Carbonell. 2011. "Inequality and Happiness." Pp. 364-383 in *The Oxford Handbook of Economic Inequality.*, edited by W.G. Salverda, B. Nolan and T.M. Smeeding. Oxford: Oxford University Press.
- Veblen, T. 1931. *The Theory of the Leisure Class.*New York: Random House.
- Weber, M. [1922] 1968. *Economy and Society.*Los Angeles, CA: University of California Press.
- Weiss, Yoram and Chaim Fershtman. 1998. "Social Status and Economic Performance:: A Survey." *European Economic Review* 42(3–5):801-820.
- White, J. B., E. J. Langer, L. Yariv and J. C. Welch. 2006. "Frequent Social Comparisons and Destructive Emotions and Behaviors: The Dark Side of Social Comparisons." *Journal of Adult Development* 13(1).
- Wilkinson, R. G. 2004. "Why is Violence More Common Where Inequality is Greater?" *Annals of the New York Academy of Sciences* 1036(1):1-12.
- Wilkinson, R. G. and K. E. Pickett. 2006. "Income Inequality and Population Health: A Review and Explanation of the Evidence." *Social Science and Medicine* 62:1768-1784.
- . 2010. *The Spirit Level. Why Equality is Better for Everyone.*London: Penguin Books.
- Zhao, Wei. 2012. "Economic Inequality, Status Perceptions, and Subjective Well-being in China's Transitional Economy." *Research in Social Stratification and Mobility* 30(4):433-450.

Tables

Table 1. Overview of the literature on status anxiety

Authors	Conception of status anxiety	Empirical measure
Wilkinson and Pickett (2010)	<ul style="list-style-type: none"> • Concern about your own position in the status hierarchy • Comparing yourself with others in the society • Concern about how others see you • Low self-esteem, feeling of inferiority • Self-promotion, high self-esteem • Social-evaluative threat • Status competition 	<ul style="list-style-type: none"> • Mental health • Physical health • Crime • Social trust • Etc.
Marmot (2004)	<ul style="list-style-type: none"> • Lack of autonomy and control over your life • Lack of full social engagement and participation • Anxiety stemming from where you stand in the social hierarchy • Anxiety stemming from realization that some are higher than you in the status hierarchy • Psychological experience of inequality 	<ul style="list-style-type: none"> • Health • Stress • Perceived lack of control over life • Lacking chances to participate in social life
De Botton (De Botton 2004)	<ul style="list-style-type: none"> • Concern about own achievements • Worry of failing to conform to the ideals of success laid down by the society • Lacking dignity and respect • Dissatisfaction with your current social position 	
Frank (1999; 2007)	<ul style="list-style-type: none"> • Concern about relative standing in the economic hierarchy • Race for status 	
Layte and Whelan (2013)	<ul style="list-style-type: none"> • Status inferiority • More acute observation of status differences • Concern with social status • Concern with status competition 	<ul style="list-style-type: none"> • “Some people look down on me because of my job situation or income”
Loughnan et al. (2011)	<ul style="list-style-type: none"> • Self-enhancement - People’s tendency to feel superior and see themselves as better than average. 	Personality traits and values: <ul style="list-style-type: none"> • “How much do you possess this characteristic compared to the average student?” • “How much do you possess this characteristic compared to the average person?” • “This characteristic is

		desirable, it is a characteristic that people generally want”
--	--	---

Table 2. Percentage of people who state that a person pursuing a particular social status characteristic is “very much like me” or “like me” (these separate items are part of the ‘status seeking index’)

Country	Country code	Respect	Admiration	Recognition	Total
Finland	FI	15.3	18.0	22.5	18.6
Sweden	SE	20.2	23.2	16.4	19.9
Estonia	EE	20.2	25.3	31.6	25.7
The Netherlands	NL	23.1	26.9	27.1	25.7
France	FR	26.3	29.0	16.1	23.8
Norway	NO	27.1	21.0	26.9	25.0
Bulgaria	BG	27.6	59.3	55.6	47.5
Germany	DE	31.0	27.7	40.8	33.2
Luxembourg	LU	31.7	34.5	35.3	33.8
Denmark	DK	31.8	25.7	32.0	29.8
Czech Republic	CZ	32.5	21.6	31.4	28.5
United Kingdom	UK	32.8	41.7	30.6	35.0
Belgium	BE	32.8	35.9	32.6	33.7
Slovakia	SK	33.7	38.8	33.2	35.2
Portugal	PT	35.1	34.4	30.0	33.2
Austria	AT	36.8	42.4	41.7	40.3
Spain	ES	37.9	31.8	27.4	32.4
Ireland	IE	38.3	44.0	35.2	39.2
Hungary	HU	38.4	53.1	40.2	43.9
Switzerland	CH	44.4	35.7	31.9	37.3
Poland	PL	47.2	39.8	42.0	43.0
Slovenia	SI	50.3	53.6	53.7	52.5
Italy	IT	53.9	52.4	59.8	55.4
Cyprus	CY	57.0	48.2	45.2	50.1
Greece	GR	66.0	55.7	48.7	56.8
Turkey	TR	70.7	60.3	67.5	66.2
Total		37.0	37.7	36.7	

Table 3. Exploring status seeking among individuals in Europe, different methodological approaches

	Between and within country analysis: cross-classified multilevel model with GDP		Cross-level interaction: country and year fixed effects	Within country analysis: country and year fixed effects
	Model 1	Model 2	Model 3	Model 4
Gini	0.025 [0.012]**	0.069 [0.01]***		0.084 [0.041]**
GDP per capita	0.071 [0.01]***	0.041 [0.015]**		0.076 [0.066]
Interaction: Gini*income		-0.07 [0.002]**	-0.007 [0.002]**	-0.009[0.003]***
Income		0.034 [0.002]***	0.043 [0.002]***	0.044 [0.003]***
Country dummies				Yes
Year dummies				Yes
Country-year dummies			Yes	
Individual level control variables ^a	Yes	Yes	Yes	Yes
ICC Level 1	0.002	0.002		0.005
ICC Level 2	0.15	0.12	0.15	
N individuals	188 493	137 971	137 971	135 668
N countries	26	26	26	26
N years	5	5	5	5
N country-years			98	98

Note:

^a Individual-level control variables include: gender, age, religion, ethnic minority, years of education, unemployed

* p<.05; ** p<.01; *** p<.001 (two-tailed test).

Table 4. Exploring status seeking among individuals in Europe with additional macro-level controls, cross-classified multilevel models^a

GINI	0.026**	0.031***	0.025**	0.031***	0.026**	0.035***	0.019 ⁺	0.025**	0.025**	0.025**	0.025**
	[0.009]	[0.009]	[0.009]	[0.009]	[0.009]	[0.009]	[0.010]	[0.009]	[0.009]	[0.009]	[0.009]
GDP per capita	0.071***	0.076***	0.071***	0.077***	0.074***	0.092***	0.054*	0.072***	0.078***	0.078***	0.075***
	[0.014]	[0.014]	[0.014]	[0.014]	[0.014]	[0.017]	[0.022]	[0.014]	[0.014]	[0.014]	[0.014]
Welfare regime:											
Liberal	-0.130										
	[0.224]										
Conservative		0.054***									
		[0.016]									
Social democratic			-0.403**								
			[0.147]								
Southern				-0.053***							
				[0.016]							
Post socialist					0.183						
					[0.133]						
Social expenditure % of GDP						0.003*					
						[0.002]					
Unemployment rate							-0.002				
							[0.001]				
Political ideology (left-right)								0.106			
								[0.171]			
Satisfaction with economy									-0.161***		
									[0.040]		
Satisfaction with democracy										-0.176***	
										[0.048]	
Support for redistribution											

Log-likelihood	-207680	-207674	-207677	-207675	-207679	-204057	-183342	-207680	-207674	-207674	-207674
N individuals	188493	188493	188493	188493	188493	184856	166117	188493	188493	188493	188493
N countries	26	26	26	26	26	25	23	26	26	26	26

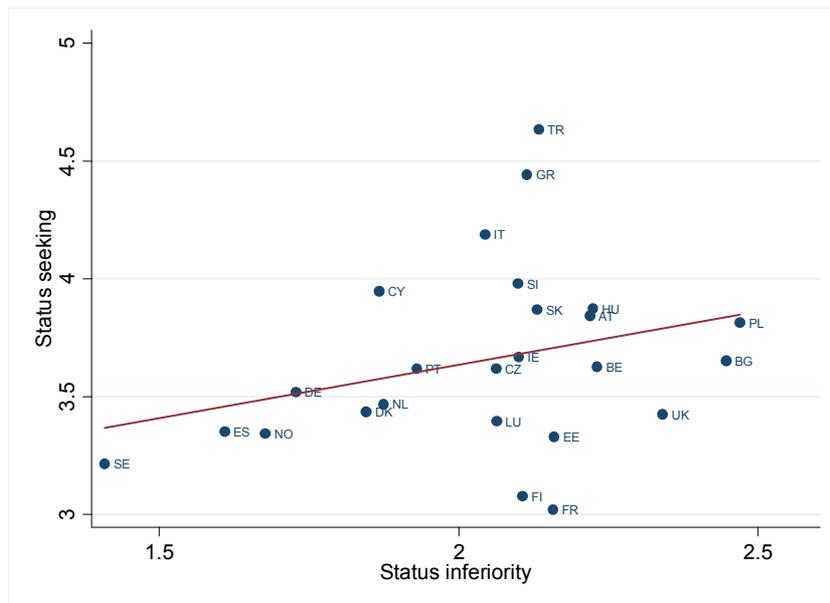
Note:

^a All models include individual-level control variables: gender, age, religion, ethnic minority, years of education, unemployed

⁺ p<.01; * p<.05; ** p<.01; *** p<.001 (two-tail test).

Figures

Figure 1. The relationship between status seeking index and status inferiority (measured as the feeling of “being looked down on”)



Note: Data on status inferiority are attained from the European Quality of Life Survey 2007, and data on status seeking index are from the European Social Survey (mean score for status anxiety from 2004, 2006 or 2008, depending on data availability)

Figure 2. Status seeking in Europe, mean scores per country in the period of 2002-2010

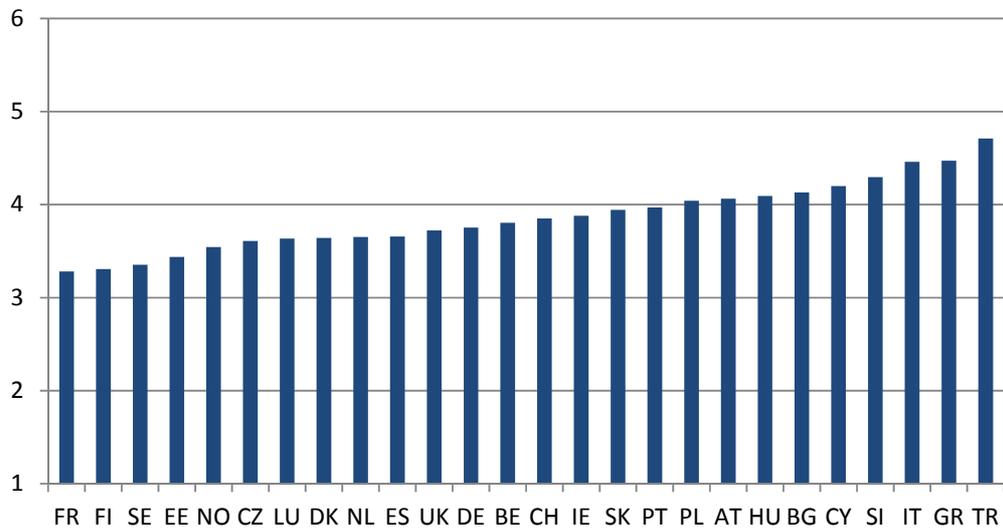


Figure 3. The relationship between the level of income inequality and the level of status seeking between countries, 2002-2010

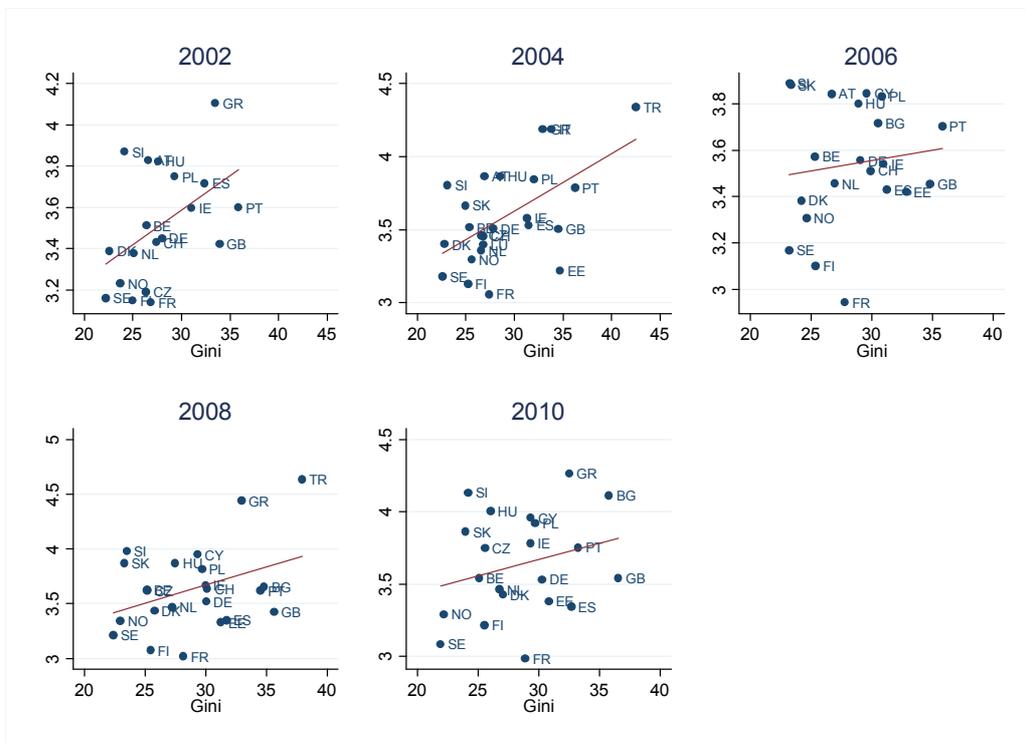


Figure 4. Income inequality and status seeking in different countries in Europe, observations at different time points from 2002 to 2010

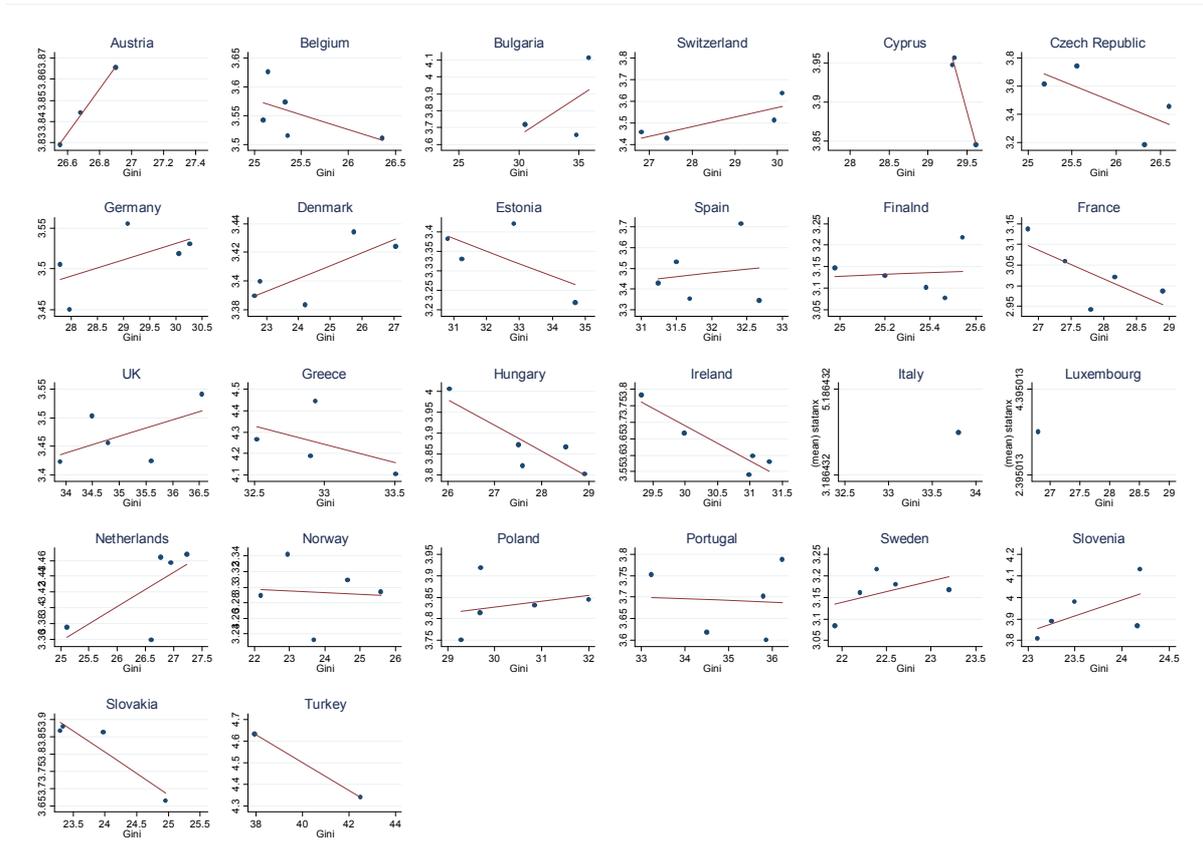


Figure 5. Cross-level interaction between income inequality and household income

