

## **Social Conflict and Preferences for Redistribution in Pakistan**

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**Abstract:** The unequal power dynamics and income disparities prevalent in democratic developing nations, like Pakistan, fuel various social conflicts that adversely affect economic development. This study aims to investigate the impact of social conflict on individual preferences for redistribution. Data from the World Value Survey (WVS) is utilized for this purpose. The findings indicate a significant association between a high degree of social conflict and increased preference for redistribution, particularly when examining individual characteristics related to both preferences for redistribution and social conflict. Further analysis reveals that individuals' perceptions and preferences toward redistribution exhibit a tendency to evolve over time. Moreover, the study explores how individuals' perceptions of wide income disparities correlate with heightened support for redistribution.

**Keywords:** Social Conflict, Preference for Redistribution, Income Differences

### **1 Introduction**

Political economy literature has established facts that the presence and persistence of conflict and inequality affect every nation specifically

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modern democratic nations (Jan & Rizwan, 2023).<sup>1</sup> It may raise many questions about the effectiveness of the democratic system of government (Acheampong et al., 2023). Every democratic government tries to reduce the problem of conflict and inequality through redistributive policies. Therefore, Meltzer and Richard (1981) proposed that if the distribution of income is skewed then the median constituent hypothesis allows poor individuals to redistribute the income of rich individuals to themselves. As a result, the extensions of voting rights modify the economic situation of decisive voters in the redistribution. Likewise, Acemoglu and Robinson (2000) presented a hypothetical model signifying that government leads to socioeconomic and political amendments to move up redistributive policies through voting rights to decrease social disorder and revolution in society.<sup>2</sup>

Several studies have analyzed the historical political reforms from an oligarchy run by an elite to a democratic system from an economic perspective (Laursen & Vanhoonacker, 2023; Nastain et al., 2024). According to Acemoglu and Robinson (2000), the most important cause for the political reforms is “the elite extended the franchise in order to avoid social unrest”. Similarly, North et al. (2009) scrutinize that political reforms are not merely significant towards income redistribution but correspondingly towards the endowment of communal commodities which remain harmonizing to the marketplace. Nowadays, the majority of countries are facing a democratic system. Nevertheless, the perception of conflict and inequality still exists inside democratic countries.

There is a plethora of empirical literature available on social conflict and preference redistribution which report mixed findings (Edwards, 2011; Yamamura, 2016; Cohn et al., 2023; Tucker & Xu, 2023; Gassmann & Timár, 2024). A seminal contribution in this regard is made by Yamamura (2016) which concludes that people in nations with high observed conflict between poor and rich have a higher probability of supporting income distribution, particularly high-income earners. Another

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<sup>1</sup> On this debate, see the following studies (Rodrik, 1999; Corneo & Gruner, 2000; Acemoglu and Robinson, 2000; Adachi & Nakamura, 2008; Yamamura, 2012; Edwards, 2012; Bloedel, 2014).

<sup>2</sup>Acemoglu and Robinson (2000) analysis based on median electoral model of Meltzer and Richard (1981).

study conducted by Duell (2015) indicates that redistribution preferences can vary non-linearly based on group heterogeneity and the priming of group conflicts. A recent attempt by Lierse (2022) further complicated the analysis by highlighting that conventional socioeconomic divisions in redistributive preferences are weakened by varying mobility expectations, with the middle class being specifically indifferent. Edwards (2011) argued the idea that mandatory income redistribution can alleviate social conflict, proposing that it may, in fact, intensify it. This strand of literature mutually focuses on the complicated and manifold kind of bond between social conflict and preferences for redistribution.

The following literature shows that social disorder in democratic countries triggered by the unfair distribution of resources seems to creep up the situation of rich individuals (Yamamura, 2015), and (Justino and Verwimp, 2013) also analyzed the effect of several conflicts comprising genocide and domestic conflict, numerous citizens displaced from their homes and lands and mostly individuals who were land well-off before the conflict in Rwanda between 1990 and 2000. As a result, prosperous provinces experienced detrimental economic progress after the conflict. This proposes that rich people lose their assets due to the deficiency in the existing democratic system. Therefore, well-off individuals have an inducement to promote the democratic system to keep away from such misfortunes.

Research on conflicts finds detrimental effects in terms of economic and social development. These negative effects range from destruction of livelihoods and markets (Fearon and Laitin, 2003), enlargements in the risk probability of investment (Barron *et.al.*, 2004), high poverty (Midlarsky, 1988; Boswell and Dixon, 1990), loss of trust between economic agents and the waste of significant human and economic resources (Boix, 2003), low economic growth (Stewart *et.al.*, 2001), to loss of employment and human capital (Gupta, 2004). Besides this, conflict persistence also affects government redistribution policies in democracies.<sup>3</sup> Moreover, social conflict is supposed to affect perceived

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<sup>3</sup>Justino (2004), Edwards (2012) and Yamamura (2015) explore the impact of social conflict on redistribution policies and find that redistribution policies have been necessary in order to reducing social conflict.

income variances and individuals' preferences for redistribution policy (Voors et al. 2012).<sup>4</sup>

Substitute options available to put off social discontent or counterbalance prevailing social conflicts are renovated social redistributive policies that permit to transmission of resources towards appropriate individuals. At the same time, social conflict is caused by discrepancies among mutual groups as well as the determination of communal segregation beside economic, social otherwise political outcomes, a successful form of putting off the happening of social conflict is due to redistributive policy (Keefer and Knack, 1995; Alesina and Perotti, 1996; Collier and Hoeffler, 2000). Furthermore, redistribution policies may comprise a significant setup for the administration of social conflict, as well as redistributive policies will also defend individuals against losses of earnings plus essential facilities, as a result raising the possible costs of these individuals engaging in such social conflicts (Cashin, 1995; Masson, 1996; Boix, 2004).

The above discussion figures out that those preferences for redistribution, like government redistribution policies, are crucial for the socioeconomic development of a country or society. Nonetheless, empirical research on the aspects that have detrimental effects on preferences for redistributive policies is partial. Primarily, how social conflicts affect preferences for government redistribution policies is still a significant investigation. Therefore, it is essential to analyze empirically the impact of such conflict by concentrating on redistributive policies in the 21<sup>st</sup> era.

Therefore, this study examines how social conflicts among individuals interact with preferences for government redistribution policies in Pakistan. Since Pakistan is a developing country and facing these problems. Pakistan is a diverse country both in terms of religion and culture (Majeed, 2003), also diverse in terms of social, economic, and political, and diversity have enormous pressure on the social and political cohesion of Pakistan. These forces have been affected by clashes between ethnic, different castes, and religious groups, as a retort to inequalities in the distribution of occupation conditions, social services, access to land,

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<sup>4</sup>This study experimentally estimated the impacts of conflicts on viewpoints about discount rates. Additionally, they presented indication that conflict demonstrates unselfish actions towards their neighbors.

institutional power, and other assets (Mehmood & Idrees, 2010; Waseem, 2011). To formulate this analysis, we utilize the data given by the World Value Survey (WVS) for both the construction of social conflict and preferences for redistribution. To our knowledge, no study explicitly evaluates the impact of social conflicts on preferences for redistribution in the case of Pakistan.

The rest of the study is structured as follows. Section 2 presents comprehensive literature on social conflict and preferences for redistribution from various perspectives. Section 3, discusses the data and variables of the study. Section 4 presents the econometric strategy, whereas Section 5 explains the results and discussion of the study. Finally, section 6 provides a conclusion of the study.

## 2 Literature Review

There is an enormous body of literature available on social conflict and preferences for redistribution over time and regions (Klor & Shayo, 2010; Edwards, 2011; Yamamura, 2016; Schokkaert & Truyts, 2017; Cohn et al., 2023; Tucker & Xu, 2023; Gassmann & Timár, 2024). This section documents the literature on social conflict and preferences for redistribution from the following perspectives. Firstly, we investigate literature on the following questions on preferences for redistribution from different aspects: where do different preferences for redistribution come from? How do individuals prefer redistribution and why? Secondly, we overview the literature that explores the socioeconomic impacts of social conflict and income variation on redistribution preferences.

To start with a general view, social scientists examined where various preferences for redistribution come from. Or whether political elite redistribution has been fair from the rich individual to the poor individual. Therefore, answering these questions positively is a significant and challenging task. A scarce number of studies have been examined from the literature: As Giuliano and Spilimbergo (2008) point out those individuals with misery and misfortunes in the past may have different preferences and behaviors than others. For example, individuals with a history of misfortune in the past are supposed to be extra risk-averse and less hopeful around their forthcoming increasing mobility,<sup>5</sup> more disposed

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<sup>5</sup>Prospect of Upward Mobility (POUM) Theory, “people who expect to move up the

to balance their income, in particular to past events such as the Great Depression. In line with this literature, Gartner *et.al* (2017) found that redistribution policies can give protection against upcoming adverse economic shocks. This indicates that an individual's preferences toward redistribution are anticipated to raise risk aversion. Similarly, Alesina and Glaeser (2004) analyze the comparison between Europe and the United States (US) cultures and suggest that the role of culture is also important in devising the relative merits of equality versus individualism. Therefore, various historical experiences in various countries can lead to numerous social norms around inequality.

In particular, indoctrination may influence people's views about government policies, as emphasized by Alesina and Schundeln (2007). For example, in terms of economic system, communalist autocracy explores that in communism the government takes comprehensive regulator over the production of goods, and all resources and goods in the society are distributed equally. The communist dictatorship affects individuals' philosophy toward market capitalism and the role of the government in giving social facilities, security, and redistribution from rich individuals to poor people. Likely, occasionally parents can consciously convey "distorted" opinions about the realism of inequality, to influence social mobility of their children's motivations (Benabou and Tirole 2005). In addition, the arrangement and structure of the family can make individuals more or less dependent, and individuals may support government involvement in distributive matters [Todd (1985); Esping Andersen (1999); Alesina and Giuliano (2007)]. Similarly, perception of fairness matters, and most individuals appear to create a difference between income attained by "luck" and income attained by "effort" and this division matters in determining preferences for redistribution [Alesina and Glaeser (2004); Alesina and Angeletos (2005)].

Pieces of literature document how and why people have a preference for redistribution. For example, the economic simulations of Romer (1975), Roberts (1977), and Meltzer and Richard (1981) report, that rises in inequality before the deduction of taxes on earnings leads to greater political preference toward redistributive policies. Similarly, Piketty (1995) claims that the effect of societal mobility is both on individuals'

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income scale are unlikely to support a redistribution policy even when they are currently poor"(Benabou and Ok 2001).

political attitudes and aggregate political attitudes toward redistribution. Although rich individuals are less prospective towards redistributive policies but poor individuals have greater attitudes towards the redistribution policy. At the aggregate level, redistributive preferences fluctuate across the states. Following these arguments, Alesina et al. (2001) and Alesina and Glaeser (2004) examined that people in Europe tend to have stronger redistributive preferences than the US. In line with this literature, at the aggregate level, Corneo and Gruner (2002) estimate the descriptive power of three challenging forces, firstly referred to as ‘homoeconomicus effect’ is considered redistributive tax-transfer schemes. The redistributive tax-transfer schemes affect the individual’s net income. Secondly, Arrow (1963), explored the ‘public values effect’ that people could be capable with a social welfare function that states their preferences over resource distributions to all individuals in society. Social Welfare Function can reflect an individual’s approaches towards government redistribution. Thirdly, the ‘social rivalry effect’ is considered Individual’s preference for redistribution depends on the comparative living standard of the individual, these forces determine an individual attitude toward government redistribution.

In addition, Alesina and La Ferrara (2005), Rainer and Siedler (2008), and Alesina and Giuliano (2009) explored the “prospect of upward mobility” (POUM) hypothesis is a specific case in opinion: not entire presently poor individuals will demand redistribution strategy that excessively tax higher incomes because they might anticipate moving up in the income measure and consequently be offended by such strategy. In the same way, not only entire currently rich individuals will be unfavorable towards sizable taxation at the uppermost of the income distribution because of the panic of descending mobility.

A substantial number of previous studies have examined those preferences for redistribution that are affected by income inequality from both micro and macro-level perspectives. In particular, in democracies, more unequal societies will have stronger preferences for redistribution [Romer (1975); Roberts (1977); Meltzer and Richard, 1981; Haggard *et al.* (2010); Neher (2011); Yamamura (2012); Takeuchi (2014)]. Furthermore, the latest report of the United Nations Development Programme (UNDP)<sup>6</sup> highlights those opinions and ethics show a

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<sup>6</sup>Accessible at: <http://hdr.undp.org/en/data>.

noteworthy role in modeling mutually the demand and supply dynamics that affect to decline of the political economy of inequality (Malik, 2014). Similarly, Etchebehere (2018) utilized a dataset of Uruguayan to analyze the correlation between peoples' views about their positions in the income distribution, and their preferences for redistribution and also analyzed the asymmetries between high, median, and low-income households. In this regard several empirical studies have explored a new and more recent idea has been explored which indicates that individuals' misinterpretation regarding to distribution of income and relative position, also impacts their preferences towards distribution. It has been studied, for example, by Osberg and Smeeding, (2006) the association between misunderstandings and preferences for redistribution through the distribution of income and Cruces et al. (2013), Kuziemko et al. (2015), and Albertos and Kuo (2015) utilizing survey data and randomized field research, giving the suggestion that misrepresentation shows a essential role in structuring preferences for redistribution.

Similarly, the political economy literature shows that social conflict within society has been determined by structural conflict factors like income disparity and racial diversity, and these kinds of structural conflict factors are controlled by the effectiveness of the conflict management system. The conflict management system consists of factors such as democracy maturity and the government's capacity to implement policy. For example, June (2009) examined that social conflict is generated in society because of the weak institutions of the conflict management of a country. Following these arguments, the factors of social conflict in regions using mining production. Haslam and Tanimoune (2016) found that both socio-demographic and economic factors affect significantly the likelihood of socio-environmental conflict. Likely, Castellares and Fouche (2017) examined that a rise in the global prices of crucial raw materials mined in each mine does not have a substantial outcome over the possibility of happening of social conflict in regions with mining production. Similarly, Takeuchi (2014), and Yamamura (2016) both used ISSP-2009 data and found that opinions regarding social conflict have strongly influenced the redistribution preferences of people, and their impacts have been robust from the opinions of social mobility and fairness.



In this literature, social trust has been also one of the factors due to which inequality creates these argumentative impacts on conflict and uncertainty. Therefore, inequality has been connected to less social trust in individuals in common to reflect horizontal trust Thorbecke and Charumilind (2002), UNDESA (2013)<sup>7</sup>, Jordahl (2009) along with subordinate trust in institutes being responsible for producing the imbalanced distribution of resources are reflected in vertical trust Fischer and Torgler (2013). Once trust is smashed down thus tools of social mechanism turn into declining Kennedy et al. (1998), Kelly (2000), and resource inequality is linked through discrimination, the deterioration of the rule of law, and the need to be redistribution Melamed and Samman (2013).

Our study is also relevant to the literature on social conflict and preferences for redistribution (see, for example, Takeuchi, 2014, Yamamura, 2016). This strain of literature on redistributive policies studies the impact of social conflict on government redistribution. Our study contributes to this literature analyzing social conflict which ought to have a considerable outcome on redistribution preferences. Existing literature overlooks the nuanced interplay between preference for redistribution and key explanatory variables, such as social conflict and income differences, within the specific socio-political and economic landscape of Pakistan. Furthermore, the majority of studies in this domain have predominantly relied on cross-sectional data or have focused on developed economies, neglecting the unique challenges and complexities faced by developing nations like Pakistan.

### **3 Data and Variables**

This section provides compendious details of the data which is a main part of the study. We utilized the comprehensive dataset of the World Value Survey (WVS), for both, the identification of preferences for redistribution, and the construction of the proxy for social conflict. The WVS has been accomplished numerous times since 1981, which provides individual-level data. The WVS has conducted a broad survey across individuals and across countries, where the survey is fulfilled based on a questionnaire. The WVS presents questions on beliefs and a massive set

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<sup>7</sup> <https://www.un.org/en/development/desa/news/2013>

of demographic and socioeconomic variables. It carries out datasets designed together for developed and developing countries, but the number of developed countries' data is less than developing countries in the WVS. The WVS covers six waves, and each wave is reachable at an interval of five years i.e. Wave-1 from 1981 to 1984), Wave-2 from 1990 to 1994), Wave-3 from 1995 to 1998), Wave -4 from 1999 to 2004, Wave-5 from 2005 to 2009 and Wave-6 from 2010 to 2014.

The WVS provides data for Pakistan in three waves (i.e., Wave 3, wave 4 and wave 6). It is significant for the analysis that we focused on the available dataset in this study. In the subsequent section, we define and explain how focused variables of the study are conducted, followed by comprehensive descriptive statistics.

### **3.1 Construction of Variables**

#### **3.1.1 Preference for Redistribution: Outcome Measures**

In this study, preferences for redistribution are constructed by utilizing comprehensive data provided by the World Value Survey (WVS). The preferences for redistribution are constructed from a question on the World Value Survey [118] which inquires respondents [on a scale of 1-10]: “whether they believe that the Government should take more responsibility to ensure that everyone is provided for or whether People should take more responsibility to provide for them.” We construct by converting the outcome variable into a binary answer; this allows us to deem the determinants of an individual supporting a strong pro-redistributionist view. We use this specification of the dependent variable in standard Logit models.

However, this classification compares those with strong redistributive views with the rest of the population. Some respondents might be relatively indifferent or neutral on the issue while others hold strongly anti-redistribution preferences. As in the Logit, respondents choosing 1-2 on the ten-point scale are the "pro-redistribution" group. Responses 3-8 are deemed "neutral" and respondents choosing 9-10 correspond to the “anti-redistribution” or “pro-self-dependent” group. With three possible outcomes for the dependent variable, we take "pro-redistribution" as the base outcome. We exclude the "neutral" respondents from our results as

they represent weak preferences and do not provide leverage on our main theoretical concerns [Haggard *et al* (2010); Corneo and Gruner (2000)].

### **3.1.2 Explanatory Variable**

#### **3.1.2.1. Social Conflict:**

Defining social conflict is unarguably a significant and main component of the study because the identification of social conflict is primarily based on the definition one uses. Rodrick (1999) defines “*social conflict as an indication of the pre-existing social cleavages in the society*” and identifies social conflict by using this definition. In a broader sense, we use the term social conflict to increase anxiety as well as the fall down of societal trust inside individuals. Likewise, social conflict ought to be different from civil conflict, while social conflict can encourage violence and violence is merely a single probable possibility might social conflict could mark itself. A variety of methods have been implied in previous research to identify social conflict [Knack and Keefer (1996); Inglehart, (1994); Glaeser *et al.* (2000)].

Furthermore, the previous literature used two proxies for the measurement of social conflict, one is social trust and the other one is fractionalization. If we use fractionalization as a proxy for the measurement of social conflict, the whole definition gets changed with it and this will implicitly rule out and will not capture social conflict in society. Alesina *et. al.* (2002) explored that fractionalization has been changed from social conflict for the reason that fractionalization measures capture better the degree of heterogeneity. Nevertheless, the impacts of fractionalization measures ought to be performed well on development and governmental quality.

In this study, we use a proxy of social trust constructed by utilizing an inclusive dataset provided by the WVS. However, Social trust seems to be the cause of generating unfair income redistribution, and these unpleasant effects on conflict and uncertainty. Unfair income redistribution in society can contribute to weakening social trust and social instability (Kennedy & Pronin, 2008). Unfair income redistribution has been associated with lower community trust in common-horizontal trust (Thorbecke and Charumilind 2002; Jordahl 2007; UNDESA 2013; Fischer and Torgler 2013), as well as that insignificant trust in institutes responsible for causing inequitable distribution of resources –vertical trust (Fischer and

Torgler 2013). Using this data, we construct the following variable which serves as a proxy for social conflict. The variable social trust is measured from the following question of the WVS; “Generally speaking, would you say that most people can be trusted or that you cannot be too careful in dealing with people?” Meanwhile, we construct a breakdown of social trust within society by a dummy variable equal to 1 for individual  $i$  who does not respond “yes” to the above-mentioned question and 0 otherwise.

### 3.1.2.2. Income Differences

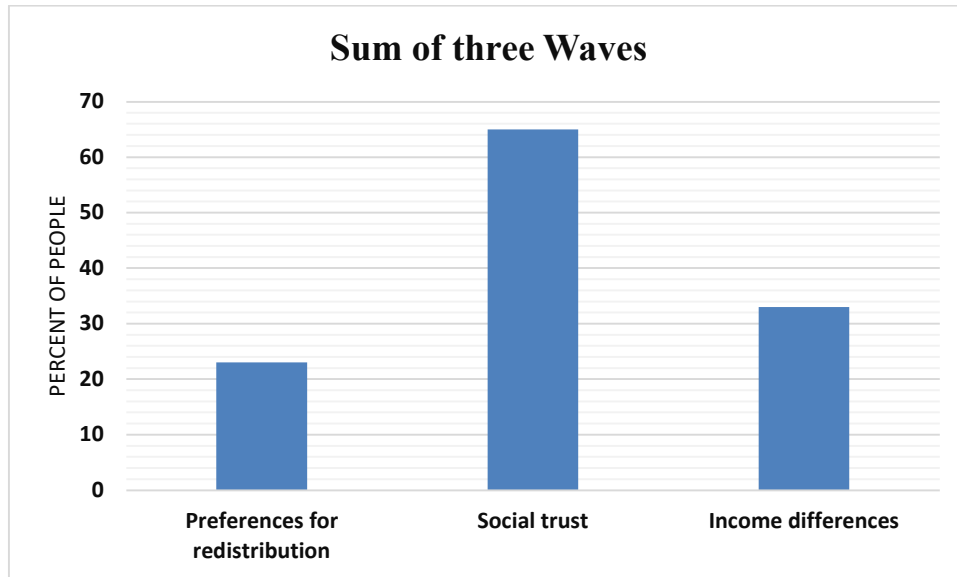
Another focused explanatory variable of our study is the perception of people about Income inequality. The variable People's perceptions about income inequality are measured from a question on the World Value Survey which asks respondents [on a scale of 1-10] whether “Incomes should be made more equal” or “we need larger income differences as incentives for individual effort.”<sup>8</sup> For our analysis, we used a dummy variable that remains equivalent to 1 for the individual if he or she agrees with the statement “We need larger income differences as incentives for individual effort” (values of 9 and 10 on the 10-point scale)<sup>9</sup> and 0 otherwise.

However, this classification compares those with strongly agreed views with the rest of the population. Some respondents might be relatively indifferent or neutral on the issue while others hold strongly disagreeing views. As in the logits, respondents choosing 9-10 on the ten-point scale perceived that income inequality is large among the rich and poor people. Responses 3-8 are deemed "neutral" and respondents choosing 1-2 perceived that income inequality is not large among the rich and poor people. With three possible outcomes for the dependent variable, we take "income inequality is large among the rich and poor people" as the base outcome. We exclude the "neutral" respondents from our results as they represent weak preferences and do not provide leverage on our main theoretical concerns.

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<sup>8</sup>[Takeuchi (2014); Haggard, et.al (2010)] use this question for the measurement of perceptions of peoples about income inequality.

<sup>9</sup> In the previous literature 9 and 10 scale points is recoded by 1 on the 1-10 scale points and recode zero for other scale points.



**Figure 1 Summary of key variables**

(Figure source: Author's construction)

Table 1 reports the descriptive statistics for key variables of our study. Additionally, table 1 (Panel A) presents descriptive statistics of preferences for redistribution, social conflict, and income differences for the whole dataset (combine observations of Wave 3, wave 4, and Wave 5), while (Panel B) reports descriptive statistics of preferences for redistribution, social conflict and income differences for each wave. Table 1(Panel A) exhibits that about 23% of individuals support government redistribution policies. Furthermore, table 1(Panel B) shows that the average number of individuals who prefer redistribution has been increasing over time from 0.19 in Wave 3 to 0.24 in Wave 6. Likewise, table 1 (Panel A) posits that about 65% of the individuals do not have social trust within society to redistribute resources fairly which means that lower social trust of people in society. Similarly, table 1(Panel B) shows that the fall down of social trust has been low in Wave 3 and Wave 6 but the proportions of social trust in Wave 4 have increased as compared to Wave 3 and Wave 6. Table 1(Panel A) shows that 33% of individuals perceived large income differences between rich and poor. Correspondingly, table 1(Panel B) provides that the average number of

individuals' perceptions about income differences have been decreasing from 33% in Wave 3 to 22% in Wave 6.

**Table 1 Summary statistics for the main variables**

Variables	Observations	Mean	Std. dev.	Min	Max
<i>Panel A: Sum of three Waves</i>					
Preferences for redistribution	3,933	0.23	.42	0	1
Social trust	3,933		.47	0	1
Income differences	3,933	0.65	.47	0	1
		0.33			
<i>Panel B: For each Wave</i>					
<i>Wave 3</i>					
Preferences for redistribution	733	.19	.39	0	1
Social trust	733	.80	.39	0	1
Income differences	733	.33	.46	0	1
<i>Wave 4</i>					
Preferences for redistribution	1,200	.23	.43	0	1
Social trust	1,200	.55	.49	0	1
Income differences	1,200	.32	.47	0	1
<i>Wave 6</i>					
Preferences for redistribution	2,000	.24	.42	0	1
Social trust	2,000	.73	.44	0	1
Income differences	2,000	.22	.41	0	1

**Note:** This table provides descriptive statistics for the main variables of the study. Preferences for redistribution is outcome variable. Explanatory variables are social trust used as a proxy for social conflict and income differences.

### 3.1.3. Control Variables

To diminish the possibility of omitted variables bias, a choice of control variables, which potentially change both variables of interest and response variable has been incorporated in the regression analysis. Control variables include demographic, socio-economic, and political characteristics at individual levels. Demographic controls are gender, age, education, and marital status. Socio-economic characteristics include fairness, experience of mobility, and household income level. Similarly, one of the factors regarding redistribution preferences is likely political beliefs and to be controlled, while redistribution preferences are estimated (Alesina and Giuliano 2009; Yamamura 2012). Therefore, a dummy has been introduced in the regression analysis for each control variable. The summary statistics of control variables are offered in Table 2. Table 2 of panel A delivers descriptive statistics of control variables for the sum of waves, whereas panel B reports descriptive statistics of control variables for each wave.

**Table 2 Summary statistics for the Control variables**

<b>Variables</b>	<b>Observations</b>	<b>Mean</b>	<b>Std. dev.</b>	<b>Min</b>	<b>Max</b>
<i>Panel A: Sum of three Waves</i>					
Fairness	3,933	0.13	0.33	0	1
Political ideology	3,933	0.31	0.46	0	1
Experience of mobility	3,933	0.27	0.44	0	1
Unemployment	3,933	0.03	0.17	0	1
Marital status	3,933	0.69	0.46	0	1
Female	3,933	0.48	0.49	0	1
University education	3,933	0.06	0.24	0	1
Secondary education	3,933	0.22	0.62	0	1
Age	3,933	35.9	12.3	18	95
Income level	3,933	5.19	2.3	1	10
<i>Panel B: For each</i>					

<i>Wave</i>		<i>Wave 3</i>			
Fairness	733	.08	.28	0	1
Political ideology	733	.29	.45	0	1
Experience of mobility	733	.32	.46	0	1
Unemployment	733	.01	.12	0	1
Marital status	733	.72	.44	0	1
Female	733	.49	.50	0	1
University education	733	.09	.29	0	1
Secondary education	733	.15	.54	0	1
Age	733	36.8	13.2	18	95
Income level	733	3.9	2.8	1	10
<i>Wave 4</i>					
Fairness	1,200	.31	.43	0	1
Political ideology	1,200	.22	.46	0	1
Experience of mobility	1,200	.03	.41	0	1
Unemployment	1,200	.66	.18	0	1
Marital status	1,200	.47	.47	0	1
Female	1,200	.47	.33	0	1
University education	1,200	.05	.23	0	1
Secondary education	1,200	.26	.67	0	1
Age	1,200	36.6	12.1	18	95
Income level	1,200	5.4	2.09	1	10
<i>Wave 6</i>					
Fairness	2,000	.13	.34	0	1
Political ideology	2,000	.33	.47	0	1
Experience of mobility	2,000	.32	.46	0	1
Unemployment	2,000	.03	.17	0	1
Marital status	2,000	.73	.44	0	1
Female	2,000	.48	.49	0	1
University education	2,000	.05	.22	0	1
Secondary education	2,000	.05	.28	0	1
Age	2,000	34.3	11.8	18	95
Income level	2,000	5.5	2.1	1	10



**Note:** This table provides descriptive statistics for the control variables of the study. Most of the variables of the study are dummies that capture the influence of major individual characteristics on preferences for government redistribution.

#### 4 Empirical Strategy

This section presents the econometric strategy used to explore the impact of social conflict and individual's perception of income inequality on preferences for government redistribution. Previous studies<sup>10</sup> on social conflict and perceptions about income inequality have exploited various methods to find causal impacts of social conflict and perceptions about income inequality on preferences for redistribution. We use logit regression, to explore the impact of social conflict and income differences between rich and poor on preferences for government redistribution at individual perception level. The focused independent variables of the study are social conflict, measured by proxy of social trust and individuals' perception of income inequality. The comprehensive discussion on the identification of social conflict proxy by social trust and how a given social trust is expressed as a form of social conflict is given in section 3.1.2.1. Similarly, a detailed discussion on income differences measured by perceptions of individuals about income inequality is given in section 3.1.2.2. As discussed above, the outcome variable of the study is preferences for government redistribution based on the dummy.

Our baseline regression equation used in the empirical analysis is:

$$Y_{iw} = \beta_1 SC_{iw} + \beta_2 DINM_{iw} + \beta_3 X_{iw} + \varepsilon_{iw}. \quad (1)$$

Where,

$Y_{iw}$  represents preferences for redistribution and a dependent variable for each individual  $i$  in a given Wave  $w$ .  $SC_{iw}$  represents social conflict proxy by the social trust at each individual  $i$  in a given wave  $w$ .  $DINM_{iw}$  denotes income differences between rich and poor measured by individual's

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<sup>10</sup> See the following studies (Justino, 2004; Takeuchi, 2014; Yamamura, 2015).

perceptions of income inequality, which might affect the likelihood of an individual  $i$  in a given wave  $w$  to support government redistribution.  $X_{iw}$  is a set of demographic, socio-economic, and political control variables at the individual level, discussed in section 3.1.3, while  $\varepsilon_{iw}$  is an error term.

We chose to employ the logistic regression (logit) model over probit regression for several reasons. Firstly, logistic regression is widely recognized and utilized in empirical research, offering a straightforward interpretation of results in terms of odds ratios (Younas, 2023). This interpretability is particularly advantageous when communicating findings to a broad audience, as it facilitates a clear understanding of the relationship between the explanatory variables and the dependent variable, Preference for Redistribution. Additionally, logistic regression tends to be computationally efficient, especially with large datasets, which enhances the feasibility of our analysis. While probit regression is a viable alternative, logit regression's widespread use, ease of interpretation, and computational efficiency made it the preferred choice for our study (Chen & Tsurumi, 2010).

## 5 Results and Discussion

### 5.1 Baseline Results

Previously, empirical researchers have acknowledged various determinantal effects on preferences for redistribution. Contrastingly most of the preceding studies, this study attempts to identify how social conflict affects individuals' preferences for redistribution. For this purpose, we estimated equation 1 to find the impact of social conflict and perceptions about income inequality on preferences for redistribution at an individual's perception level. Table 3 reports the estimation results of the marginal effects of logit regression<sup>11</sup> where the first column provides raw correlations among social trust, individual perceptions about income differences, and preferences for redistribution. Likewise, each consecutive column of Table 3 gradually includes controls for the individual characteristics. This is deemed satisfactory to interpret the based outcome when testing the hypothesis proposed in the introduction. Technically, the fall down of social trust within society has fewer preferences of

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<sup>11</sup> See appendix A, table 7 for the odd ratios.

individuals towards redistribution. Broadly, the results show that individuals with a lower social trust within society have a lesser individual’s preference power towards redistribution. These results are statistically significant at a 5% level of significance for all the specifications and sizeable as well. In terms of magnitude, the marginal effect of social trust explains that individuals with a lower social trust have 3.2% less redistributive preferences than the respondents who have high social trust.

These results are consistent with the fact that there is an unfair distribution of resources within different groups in a society. Correspondingly, the presence of lower social trust in society has decreased the preferences of individuals towards redistribution and Individuals may possibly compel offense and unlawful deeds because of an observed deficiency of equality as well as a necessity for effective redistributive policy to develop the social trust of people within society. These results are consistent with those obtained by Stack (1984), Jordahl (2007), Samman and Melamed (2013), and Fischer and Torgler (2013).

**Table 3 Baseline results on the full sample**

	(1)	(2)	(3)	(4)
Social trust	.035** (.014)	.033** (.014)	.029** (.014)	.032** (.014)
Income differences	.056*** (.014)	.031** (.015)	.032** (.015)	.033** (.015)
Observations	3,933	3,933	3,933	3,933
Pseudo R-squared	0.005	0.018	0.022	0.026
Socio-Economic controls	N	Y	Y	Y
Demographic controls	N	N	Y	Y
Political controls	N	N	N	Y

**Note:** The explained variable in the logit regressions is the individual's preferences for redistribution and focused independent variables are social trust proxied for social conflict and individuals' perceptions about income inequality. This table estimates the results of logit regression in terms of marginal effect. Column (1) reports the raw correlation while columns 2-4 gradually include various control variables. In all regressions, standard errors are in the parenthesis. Where, \*, \*\*, and \*\*\* indicate significance at the 10%, 5%, and 1% levels, respectively.

Similarly, we correspondingly study the effects of income differences on the individual's preferences for redistribution. The empirical outcomes of this relationship are reported in Table 3. Theoretically, individuals perceive a large income difference between rich and poor indicating that individuals are more tending to prefer redistribution. So the estimated sign of  $\beta_2$ , in this case, is positive, which means individuals perceive that a high level of income difference in their society has a high demand for redistribution. The results show an anticipated indication for all the specifications, while several are statistically significant at a 5% level of significance. In terms of magnitude, table 3 shows that individuals who have perceived that the income differences are large between rich and poor people are 3.3% more expected to support preferences for redistribution than the individuals who have perceived that income differences are not large between rich and poor. These results are consistent with those obtained by Corneo and Gruner (2000), Fischer (2009), Neher (2011), and Yamamura (2016), who also found that people's perceptions of income differences affect preferences for redistribution.

## 5.2 Distributional Preferences Across Each Wave

This section discusses the effects of social trust proxy for social conflict, individual's perception of income differences on preferences for redistribution across each wave. Meanwhile, there are surveys from three different years (i.e. 1995, 2004, and 2014). It is correspondingly probable to evaluate whether individuals' perceptions and preferences have changed over time. We start by empirically exploring this effect for wave 3 in

Table 4.<sup>12</sup> We find the positive but statistically insignificant relationship between social trust and preferences for redistribution in all specifications. However, this effect is not statistically significant for wave 3.

**Table 4 Estimation results based on wave 3 sample**

	(1)	(2)	(3)	(4)
Social trust	.027 (.038)	.038 (.039)	.035 (.038)	.038 (.039)
Income differences	.082** (.033)	.000 (.033)	.001 (.033)	.000 (.033)
Observations	733	733	733	733
Pseudo R-squared	0.010	0.038	0.043	0.057
Socio-Economic controls	N	Y	Y	Y
Demographic controls	N	N	Y	Y
Political controls	N	N	N	Y

**Note:** The explained variable in the logit regressions is the individual’s preferences for redistribution and focused independent variables are social trusts proxied for social conflict and individuals’ perceptions about income inequality. This table estimates the results of logit regression in terms of marginal effect. Column (1) reports the raw correlation while Columns 2-4 gradually include various control variables. In all regressions, standard errors are in the parenthesis. Where \*, \*\*, \*\*\* indicate significance at the 10%, 5%, and 1% levels, respectively. Standard errors are in the parenthesis.

Similarly, we also find the impact of an individual’s perception of income differences on the individual’s preferences for redistribution. The expected sign of  $\beta_2$  in all specifications is a positive but statistically significant association between an individual’s perception of income

<sup>12</sup> See appendix A, table 8 for the odd ratios.

differences and preferences for redistribution for wave 3 in the specification (1). This result is consistent with the fact that individuals have high preferences towards redistribution when individuals perceive large income inequality. However, this outcome is not statistically significant for wave 3 subsequently controlling for socioeconomic, demographic, and political characteristics of an individual.

**Table 5 Estimation results based on wave 4 sample**

	(1)	(2)	(3)	(4)
Social trust	.007 (.019)	.005 (.019)	.005 (.019)	.0003 (.019)
Income Differences	.052** (.020)	.051** (.021)	.050** (.021)	.050** (.021)
Observations	1,200	1,200	1,200	1,200
Pseudo R-squared	0.003	0.005	0.006	0.009
Socio-Economic controls	N	Y	Y	Y
Demographic controls	N	N	Y	Y
Political controls	N	N	N	Y

**Note:** The explained variable in the logit regressions is the individual's preferences for redistribution and focused independent variables are social trust proxied for social conflict and individual perceptions about income inequality. This table estimates the results of logit regression in terms of marginal effect. Column (1) reports the raw correlation while columns 2-4 gradually include various control variables. In all regressions, standard errors are in the parenthesis. Where \*, \*\*, \*\*\* indicate significance at the 10%, 5%, and 1% levels, respectively.

Correspondingly, social trust and individual perception about income difference analysis for Wave 4 is presented in Table 5. Similar results can also be noted in Table 5<sup>13</sup> for social trust. We find a positive but then irrelevant association between social trust and preferences for redistribution for all the specifications. However, this outcome is also not

<sup>13</sup> See appendix A, table 9 for the odd ratios.

statistically significant for wave 4. Furthermore, the results reported in Table 5 are related to estimating the impact of an individual’s perception of income differences between rich and poor on the individual’s preferences for redistribution. The results show an expected sign of  $\beta_2$  for all specifications is positive and statistically significant at a 5% level of significance. The results of Table 5 provide a statistically significant association between an individual’s perception of income differences and preferences for redistribution for wave 4 in all specifications. However, this result substantiates the baseline evidence provided in Table 3.

Furthermore, we also study the effects of social trust and individual’s perception of income differences on preferences for redistribution for wave 6. The empirical results of this relationship indicate statistically significant signs are presented in Table 6.<sup>14</sup> As mentioned above the fall down of social trust within society has less preferences of individuals towards redistribution. In our analysis, we anticipate a positive sign of social trust which consequently means the lesser preferences for redistribution in lower trust within people in society. In Table 6, we find an affirmative association between social trust and preferences for redistribution in all specifications. This finding is analogous to the baseline results presented in Table 3.

**Table 6 Estimation results based on wave 6 sample**

	(1)	(2)	(3)	(4)
Social trust	.067** (.027)	.044* (.026)	.015* (.024)	.022* (.024)
Income Differences	.282*** (.034)	.256*** (.035)	.230*** (.035)	.234*** (.033)
Observations	2,000	2,000	2,000	2,000
Pseudo R-squared	0.049	0.094	0.153	0.170
Socio-Economic controls	N	Y	Y	Y
Demographic controls	N	N	Y	Y

<sup>14</sup> See appendix A, table 10 for the odd ratios.

Political controls	N	N	N	Y
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**Note:** The explained variable in the logit regressions is the individual's preferences for redistribution and focused independent variables are social trust proxied for social conflict and individual perceptions about income inequality. This table estimates the results of logit regression in terms of marginal effect. Column (1) reports the raw correlation while columns 2-4 gradually include various control variables. In all regressions, standard errors are in the parenthesis. Where \*, \*\*, \*\*\* indicate significance at the 10%, 5%, and 1% levels, respectively.

Moreover, the results of Table 6 offer a positive impact of an individual's perception of income difference on preferences for redistribution for wave 6 in all specifications. This finding is statistically significant at a 1% significance level. The results of each wave are consistent with the fact that individual perceptions and preferences have changed over time. Analogously, these results show considerable shifts in the distribution of individuals' perceptions of inequality over time. Specifically, individuals' perceptions have explicitly increased over time about inequality, and this increasing change in individual inequality perceptions equals the development of the actual level of inequality in most countries. This is a fascinating consequence, signifying that the rise in the actual level of inequality was a corresponding shift toward growing tolerance of inequality in society. As a result, there is essentially much change in the redistributive preferences over time.

Our findings highlight the tricky dynamics of socio-economic attitudes within Pakistan and stress a powerful connection between social conflict and the tendency towards redistribution. With Pakistan struggling with the constant challenges of income inequality and social unrest, the outcomes emphasize the nuanced interaction between these factors and public responses involving wealth distribution. As people navigate the complications of societal tensions, their changing observations towards redistribution display a deep-seated appeal for fair allocation of resources. Additionally, this research shows the impact of observations around income disparities, illustrating how heightened knowledge of such inequalities feeds support for redistributive measures. These intuitions provide policymakers with constructive understandings into making more open and comprehensive socio-economic policies that address the primary



drivers of social conflict while fostering a wisdom of fairness and harmony within Pakistani society.

## **6. Conclusion**

Generally, the presence and persistence of conflict and income differences among individuals in democratic countries have elevated numerous questions on the effectiveness of the democratic system. Recent political economy literature finds facts that social conflict and income inequality adversely affect the economic and social development of a country. This study broadly deals with social conflict and individual perceptions about income differences in Pakistan and their impact on preferences for redistribution.

To empirically estimate how the degree of social conflict and perceptions of individuals about income differences relate to individual preferences for redistribution. We have exploited data on preferences for redistribution from the World Value Survey (WVS) conducted at an individual level in Pakistan in three waves, together with information on the proxy of social conflict and individual perceptions of income differences between rich and poor.

The logit regression method is employed to analyze the impact of social conflict and individual perceptions of income differences between rich and poor on individual preferences for redistribution. Our results show that social conflict positively affects preferences for redistribution. In other words, less degree of social conflict inside society has low demand for redistribution. Similarly, we have also found a positive impact of individuals' perceptions about income differences between rich and poor on preferences for redistribution, which means that individuals who perceive large income differences between rich and poor have more preferences towards redistribution. Furthermore, the results of our study suggested that individual's perceptions and preferences for redistribution have changed over time.

### **6.1 Limitations and Future Directions**

While our study sheds light on the relationship between Preference for Redistribution and its determinants, namely Social Conflict and Income Differences, it is not without limitations. Firstly, our analysis

focuses solely on data from Pakistan, which may limit the generalizability of our findings to other contexts. Additionally, our study utilizes cross-sectional data, which restricts our ability to establish causal relationships between variables. Future research could benefit from longitudinal data analysis to explore the dynamics of Preference for Redistribution over time. Furthermore, while our study examines Social Conflict and Income Differences as explanatory variables, there may be other factors at play, such as political institutions, cultural norms, and historical contexts, which could also influence Preference for Redistribution. Future studies could employ a more comprehensive approach by incorporating these additional variables. Moreover, qualitative research methods, such as interviews and focus groups, could provide valuable insights into the underlying mechanisms driving individuals' preferences for redistribution in Pakistan. Overall, addressing these limitations and pursuing further research avenues will contribute to a deeper understanding of the determinants of Preference for Redistribution and its implications for policymaking and societal well-being.

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## Appendices

### Appendix A: Odd Ratios of Logit Regression

Table 7 Odd ratios of table 3

	(1)	(2)	(3)	(4)
Social trust	-0.196*	-0.185*	-0.167*	-0.183*
	(-2.50)	(-2.34)	(-2.09)	(-2.27)



Income Differences	0.309*** (3.92)	0.176* (2.10)	0.181* (2.15)	0.186* (2.20)
Observations	3933	3933	3933	3933
Pseudo R2	.005	.018	.022	.026
Socio-Economic Controls	N	Y	Y	Y
Demographic Controls	N	N	Y	Y
Political Controls	N	N	N	Y

**Table 8 Odd ratios of table 5**

	(1)	(2)	(3)	(4)
Social trust	-0.171 (-0.75)	-0.242 (-1.04)	-0.231 (-1.98)	- 0.350* (-2.94)
Income Differences	0.113 (0.63)	0.137 (0.65)	0.126 (0.60)	0.496* (2.59)
Observations	733	733	733	733
Pseudo R2	.038	.058	.061	.093
Socio-Economic Controls	N	Y	Y	Y
Demographic Controls	N	N	Y	Y
Political Controls	N	N	N	Y

**Table 9 Odd ratios of table 5**

	(1)	(2)	(3)	(4)
Social trust	-0.041 (-0.39)	-0.027 (-0.26)	-0.035 (-0.33)	0.000 (0.00)
Diff. Income	0.277* (2.56)	0.260* (2.38)	0.258* (2.37)	0.258* (2.36)
Observations	1,200	1,200	1,200	1,200
Pseudo R2	0.038	0.058	0.061	0.093
Socio-Economic	N	Y	Y	Y

Controls				
Demographic Controls	N	N	Y	Y
Political Controls	N	N	N	Y

**Table 10 Odd ratios of table 6**

	(1)	(2)	(3)	(4)
Social trust	-0.334* (-2.20)	-0.223* (-2.42)	-0.539* (-2.63)	-0.513* (-2.60)
Diff. Income	0.366* (2.48)	0.374* (2.49)	0.431* (2.79)	0.452* (2.89)
Observations	2,000	2,000	2,000	2,000
Pseudo R2	.049	.094	.153	.170
Socio-Economic Controls	N	Y	Y	Y
Demographic Controls	N	N	Y	Y
Political Controls	N	N	N	Y