

# Conflict, preferences for redistribution and perceived difference in income: Cross countries analysis.

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## Abstract

Conflicts cause negative externality, which results in economic losses. Such externality is also thought to influence individual's perception about economic issue. This paper explores how the degree of conflict between rich and poor people is associated with individual preferences for income redistribution and individual perceptions about difference in income. This paper used the cross-countries individual-level data covering 26 countries and consisted of 20,000 observations. After controlling for individual characteristics, the key findings are: (1) individual is more likely to prefer income redistribution policy in countries where people perceive conflict between rich and poor to be strong. (2) individual is more likely to consider income difference to be too large in countries where people perceive conflict between rich and poor to be strong; (3) after dividing the sample into high- and low-income earners, the first two results are obtained only for high-income earners and not for low-income earners.

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