

Experiencing Booms and Busts in the Welfare State and Preferences for Redistribution

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Abstract

Recent empirical evidence documents a direct positive effect of experiencing macroeconomic shocks during the so-called impressionable years (i.e., age 18 to 25) on preferences for redistribution in adulthood (Giuliano & Spilimbergo, 2014). We ask whether this relationship is moderated by the social security net at the time. Specifically, we examine whether individuals' experiences with the welfare state during booms and busts affect preferences for redistribution, for example, by buffering the perceived individual consequences of macroeconomic shocks. Using large repeated cross-national data series, we explore this question in an age-cohort panel setting by taking the generosity of welfare state benefits into account when estimating the effects of macroeconomic shocks during the formative years on preferences for redistribution.

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