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Matias Busso  
Ana Maria Ibáñez  
Julián Messina  
Juliana Quigua

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# Preferences for Redistribution in Latin America

Matias Busso \*

Ana Maria Ibáñez<sup>†</sup>

Julián Messina<sup>‡</sup>

Juliana Quigua<sup>§</sup>

## Abstract

This chapter examines the redistributive preferences of Latin Americans and investigates the factors that shape them. Using a detailed survey in eight Latin American countries, the study sheds new light on redistributive preferences and explores which aspects of redistribution are more popular and among which groups. The roles of self-interest, perceptions of inequality, values, and the relationship between citizens and the public sphere in shaping attitudes to redistribution are discussed.

## 1 Introduction

Latin America and the Caribbean (LAC) is one of the regions with the highest levels of inequality in the world. With the exceptions of Argentina, Uruguay, and to some extent Brazil, the region also displays very limited income redistribution ([Izquierdo et al., 2018](#)). The limited extent of redistribution can be attributed to a combination of factors, including political and institutional constraints, ineffective redistributive policies, and a potential lack of demand for redistribution among citizens. This chapter examines the redistributive preferences of Latin Americans and investigates the factors that shape these preferences. It particularly explores which aspects of redistribution tend to be more favored and among which groups. With the use of a unique survey that provides in-depth information on redistributive preferences in eight Latin American countries, this chapter sheds new light on these critical questions.

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\*Interamerican Development Bank, email: [mbusso@iadb.org](mailto:mbusso@iadb.org)

<sup>†</sup>Interamerican Development Bank, email: [anaib@iadb.org](mailto:anaib@iadb.org)

<sup>‡</sup>University of Alicante, email: [julian.messina@ua.es](mailto:julian.messina@ua.es)

<sup>§</sup>Interamerican Development Bank, email: [julianaqu@iadb.org](mailto:julianaqu@iadb.org)

Latin Americans are highly dissatisfied with the current distribution of income. Eight out of every ten Latin Americans believe that the distribution of income is unjust ([Latinobarómetro, 2020](#)). Comparable levels of dissatisfaction with income distribution are observed in other regions across the world. Nevertheless, it is noteworthy that Latin America stands out with the highest degree of such dissatisfaction.<sup>1</sup> This perception of distributive unfairness among LAC citizens extends beyond income, as access to quality education, healthcare, and especially the justice system is widely seen as unequal and unjust ([UNDP, 2022](#)).

Considering the widespread dissatisfaction with the current distribution of income and opportunities, do Latin Americans strongly support redistribution? The support for redistribution is influenced by self-interest motives, the accuracy of perceptions about inequality, individual values, and the relationship between citizens and the public sphere. These chapters reviews the international literature on these issues, providing new facts from an ad-hoc survey across eight Latin American countries. Before presenting the main results, we provide a brief overview of the key features of the survey instrument used for the analysis.

## 2 The Data

The main database employed in this study is the IDB Preferences for Redistribution Survey (IPRS), conducted in eight countries across the Latin American region from September 15 to September 30, 2021. This section describes the main features of the survey. [Appendix C](#) provides the complete outline of the questionnaire and [Appendix D](#) provides details about the methodology used for constructing the variables used in the analysis.

The IPRS was designed to elicit information about preferences toward redistribution and the rationales underlying these preferences. The survey also includes baseline questions about the socio-demographic background of the respondent, her political orientation, and her political knowledge. An experiment was introduced during the survey, in which respondents were randomly assigned to either two treatment groups or a control group. The analysis of this chapter only uses the answers provided by individuals in the control group, unless noted.

The IPRS was administered by LAPOP Lab at Vanderbilt University. The survey was conducted using Computer Assisted Web Interviewing (CAWI) through the Qualtrics platform. The sampling frame is collected from the NetQuest and Offerwise online panels and therefore is restricted to adults with internet access. The NetQuest panel, for Argentina, Brazil, Chile, Colombia, México, and Perú, targeted 3,000 respondents per country. For Guatemala and

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<sup>1</sup>Comparison between results from [Latinobarómetro \(2020\)](#) and [ISSP \(2022\)](#) based on the question “How fair do you think the distribution of income is?”

Panamá, the Offerwise panel targeted 3,500 individuals per country. Before launching the survey, a pilot ensured questionnaire length, coherence, and technical performance on the online platform.

Following the exclusion of low-quality responses, the sample includes 8,515 respondents in the control group. <sup>2</sup> In Table 1 we present the socio-demographic characteristics of the sample with and without including sampling weights provided by LAPOP. We compare these statistics with nationally representative data from household surveys for the eight countries, sourced from the Sociométr-BID database. <sup>3</sup> Since the inclusion of weights does not significantly reduce the gap between the sample and household surveys, our results throughout the chapter are presented without incorporating these weights.

Our sample is younger, more educated, and less likely to be men, married, or have children than the general population. This is not surprising. Online surveys have several advantages over telephone and face-to-face surveys, including ease of contact with respondents and the use of more visually engaging forms of questions and experimental treatments. However, the online nature and sampling methods lead to a sample that is typically more educated and possesses a higher socioeconomic status than the general population.

Table 1: Socio-demographic characteristics of the sample

	<b>Wave 1</b>		<b>Household surveys</b>
	Mean	Weighted mean	Weighted mean
Sex (=1 men)	0.44	0.48	0.48
Age	36.04	37.09	43.21
Married or in cohabitation	0.49	0.52	0.57
Has children	0.57	0.63	0.75
Completed less than high school	0.07	0.17	0.58
Completed high school	0.49	0.65	0.25
Completed college	0.44	0.18	0.17
Employed	0.58	0.53	0.58

Notes: Source: Own elaboration based on IPRS and Sociométr-BID. The category “married” includes people who live in cohabitation.

<sup>2</sup>For details on the removal of these low-quality responses and supplementary quality measures, refer to Section B. The questionnaires for the 8,515 respondents are complete by design, because survey respondents could not move to the next question without having answered the previous one.

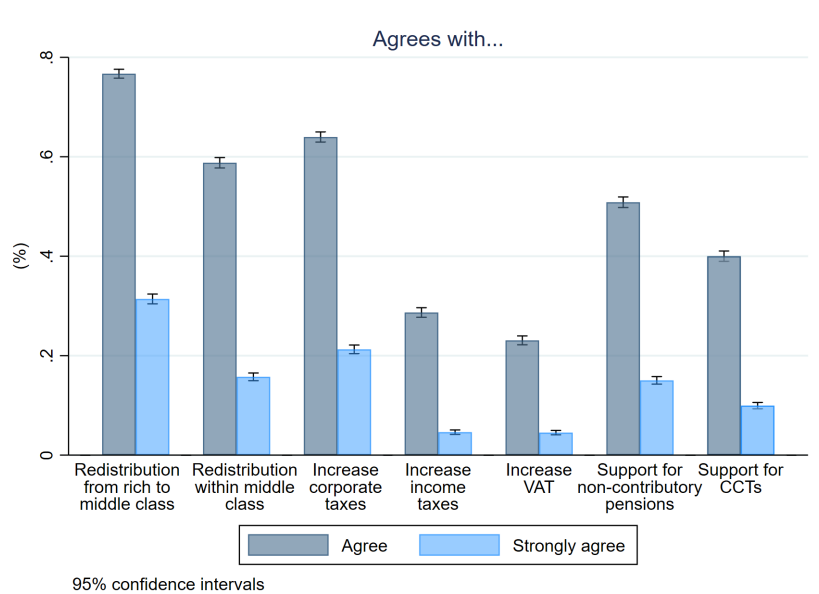
<sup>3</sup>Sociométr-BID is a dataset constructed using harmonized microdata from national household surveys from Latin America and the Caribbean. We use information from 2020 for all countries except Panamá, which uses information from 2019.

### 3 The Basic Facts. Support for Redistribution

Following [Blanchard and Rodrik \(2021\)](#), governments can redistribute resources in three broad stages: before, during, and after production. In the pre-production stage, governments can allocate resources toward goods and services that contribute to the well-being of the disadvantaged, potentially enhancing their skills and prospects for improved livelihoods in the future. Examples of such allocation are investments in public pre- and post-maternal health and basic education services. Governments can also redistribute resources during production. For instance, minimum wages boost wages at the bottom of the distribution and have the potential to reduce wage inequality. Lastly, governments can intervene in post-production distribution through taxes and transfers. To reduce inequality, governments can impose taxes targeting luxury consumption exclusive to higher-income individuals, such as levies on luxury commodities like yachts and upscale resorts. Furthermore, a more progressive tax system can be introduced by modifying tax instruments or changing the relative weight of different taxes. In terms of expenditures, the government can design direct transfers (in kind or monetary) that target the poor and less favored individuals in society.

This chapter focuses on preferences over post-production redistribution and re-distributive policies: taxes and monetary transfers. We examine the support for three broad groups of policies: (i) redistribution within the existing taxing systems, (ii) support for increases in flagship tax schemes to fund progressive expenditures, and (iii) support for flagship transfer programs that target the poor and vulnerable. [Figure 1](#) reports the percentage of respondents that agree or strongly agree with each dimension.

Figure 1: Redistribution preferences



Notes: Source: Own elaboration based on IPRS. “Agree” groups individuals that answered “agree” and “strongly agree”.

Progressive taxation receives broad support among survey respondents. 77 percent believe that individuals with higher incomes should pay a larger share of their earnings in taxes than those with middle-class incomes. When considering the middle-income population, there is notable but comparatively lower support for tax progressivity. Around six out of every ten respondents agree with the statement that individuals earning three times the minimum wage should contribute a higher proportion of their income in taxes compared to those earning just the minimum wage.

Our next block of questions assesses the support for augmenting different tax instruments to fund progressive expenditures (i.e., health, education, and social spending). We inquired for support of increases on three types of taxes to fund those additional expenditures: corporate tax, value-added tax (VAT), and an expansion on the tax base of the personal income tax. The last question deserves some discussion. In many Latin American countries, the tax base of the personal income tax is extremely narrow.<sup>4</sup> We wanted to prevent survey respondents from solely associating the personal income tax with a tax on the wealthy and upper middle class. In many countries, *de facto*, raising the marginal tax of the personal income tax would be an increase in taxation among these two groups. Instead, we aimed to understand if survey participants were open to the idea of expanding the tax base to fund social spending. Thus,

<sup>4</sup>In Latin America, the threshold for personal income tax liability is set at 1.32 times GDP per capita, much higher than in the OECD and other middle-income regions, where the thresholds are 0.12 and 0.7 respectively (Barreix et al., 2017).



our question assessed whether increasing the tax base within the middle class to support more public spending for inequality reduction was seen as desirable.

Of the three instruments considered, only increases in corporate taxation receive broad support. About two-thirds of the survey respondents agree with increasing corporate taxes to fund social expenditure, health, and education. In contrast, fewer than 30 percent are in favor of funding these expenditures through broadening the personal income tax base or through an increase in value-added taxes.

Our last block assesses support for increasing expenditures in two region's prominent programs that offer monetary aid to the poor and vulnerable: conditional cash transfers and non-contributory pensions. In contrast with our other questions, we specifically asked how much respondents agreed or disagreed with an increase in each specific program funded through increases in taxes.<sup>5</sup> Approximately 50 percent of the survey participants exhibited a favorable view towards augmenting allocations for non-contributory pension initiatives, even if such expansion necessitated tax increases. In contrast, the support for conditional cash transfers (CCTs) was somewhat more limited, hovering around 40 percent.

Overall, the findings point to high support in "abstract" to redistribution and tax progressivity, yet this support weakens when respondents are confronted with specific fiscal instruments, such as taxes and transfers. However, the regional patterns evidence substantial cross-country heterogeneity in the support for distributive policies (See Figure 2). Two interesting extremes stand out. Argentina, the country in our sample that redistributes income more heavily, shows clear signs of tiredness with re-distributive policies.<sup>6</sup> Argentinians display the lowest levels of support for tax progressivity, any form of tax increase to support social programs and public education, and rises in conditional cash transfers.

At the other extreme lies neighboring Chile, where post-production income redistribution is much more limited (certainly the lowest in the region when redistribution is normalized by GDP per capita) and the support is highest for most dimensions of redistributive policies. Chile is ranked at the high end of support for progressive taxation. It also stands out with the highest share of support for increasing expenditures on CCTs and non-contributory pensions. In contrast, support in Chile for increasing VAT or broadening the base of the personal income tax is among the lowest in the region. Chileans prefer to fund additional

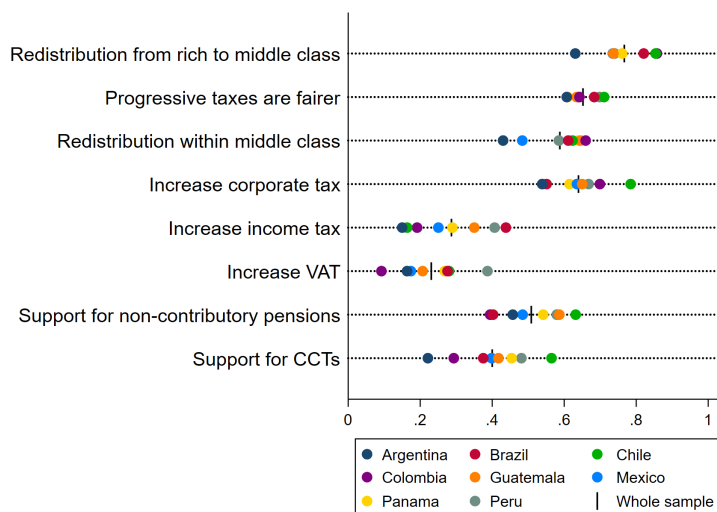
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<sup>5</sup>We introduced the purpose of the program first and used in each case the name of the program within the country. For instance, we mentioned "Bolsa Família" and "Benefício de Prestação Continuada" in Brazil, "Oportunidades" and "Pensión para Adultos Mayores" in Mexico, and so forth. A full list of programs is available in Table ??.

<sup>6</sup>The difference between the market Gini coefficient and the Gini coefficient of disposable income in Argentina is the largest in Latin America. See Chapter XXXX in this review.

expenditures by taxing firms. Some 78.4 percent of Chileans agree and 40.3 percent strongly agree with increases in corporate taxation to fund additional resources into education and other social services. These figures compare to a regional average of 64 and 21.3 percent, respectively.

Figure 2: Preferences for redistribution



Notes: Source: Own elaboration based on IPRS. “Agree” groups individuals that answered “agree” and “strongly agree”.

The drivers of preferences for redistribution in the region are potentially manifold. In the next sections, we explore whether these broad groups of policies are related to pecuniary and non-pecuniary benefits (or costs) from redistribution, political orientations, misperceptions of the extent of inequality and redistribution, and attitudes towards the state.

## 4 Self-interest and preferences for redistribution

Individual preferences for redistribution can differ based on the expected gains or losses from specific fiscal measures. Under a narrow perspective, individuals will only back program X if it results in a higher net income value for them due to the introduction of the current or future program. According to [Cavallé and Trump \(2015\)](#), this self-interest motivation underpins the support for redistribution from the wealthy, as individuals perceive themselves as potential beneficiaries rather than contributors.

Evidence confirms self-interest motivations behind distributive preferences. Research suggests that individuals with lower incomes are more supportive of redistribution compared to those with higher incomes ([Fong, 2001](#); [Corneo and Grüner, 2002](#); [Gaviria et al., 2007](#);

Almås et al., 2020; Stantcheva, 2020; Grimalda and Pipke, 2021). The argument extends to individuals' expectations. Corneo and Grüner (2002); Grimalda and Pipke (2021) show that income is a weaker predictor of support for redistributive policies than individuals' belief in their own future economic outlook. Individuals exposed to upward mobility and those who perceive that the society they live in displays more mobility show a higher tolerance to inequality and the prevailing status quo (Hirschman and Rothschild, 1973; Benabou and Ok, 2001; Alesina and La Ferrara, 2005; Gaviria et al., 2007; Day and Fiske, 2017; Alesina et al., 2018; Grimalda and Pipke, 2021). In the Latin American case, Gaviria et al. (2007) finds a positive correlation between the expectation of future mobility and preferences for redistribution.

The IPRS data provides evidence consistent with self-interest motivations underlying preferences for redistribution across various dimensions. Individuals in the top decile of the income distribution exhibit less support for redistribution from the rich to the middle class compared to those within the median income range (Figure 3). Moreover, individuals in the two top deciles are less in favor of redistribution within the middle class and are less likely to support more spending on CCTs, compared to respondents situated in the lower half of the income distribution.

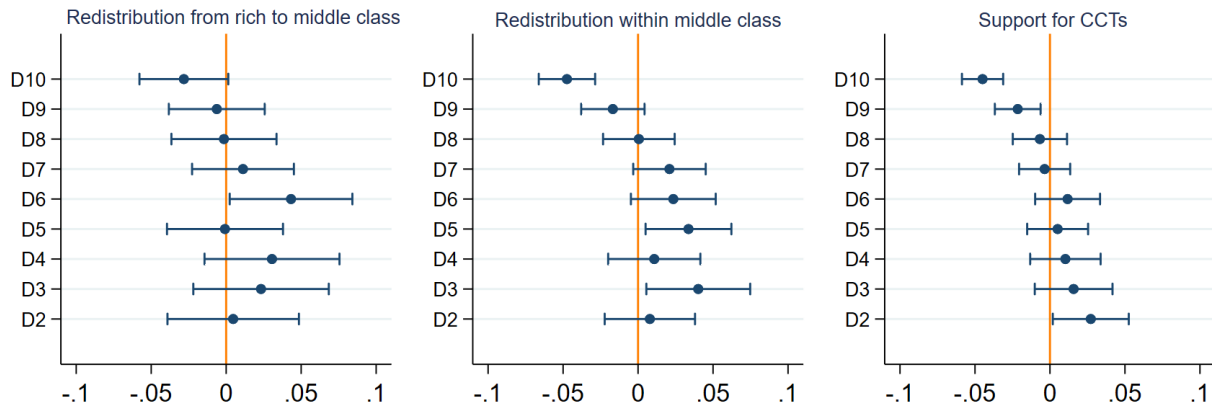
Table 2 also shows how income shocks and the experience of social mobility shape responses regarding the different dimensions of redistribution assessed. Individuals who experienced a negative income shock during the COVID-19 pandemic are more likely to support redistribution from the rich to the middle class and within the middle class, as well as increases in corporate and personal income taxes to fund redistributive policies. Furthermore, they are in favor of increases in taxes to fund CCT programs (Panel A of Table 2). Conversely, individuals who received a positive income shock during the pandemic do not change their preferences, except for exhibiting less support for increasing spending in non-contributory pensions.

The IPRS survey inquires about the relative position of the parents in the income distribution when respondents were young and their relative position in the income distribution today. By comparing these two metrics we can construct indicators that reflect individual experiences of relative mobility. Panel B of Table 2 presents the correlation between indicators of intergenerational mobility experiences and preferences for redistribution. Perceiving downward mobility with respect to one's parents is not significantly associated with most dimensions of redistribution preferences. It is only weakly associated with more support for redistribution within the middle class. On the other hand, respondents who experience upward mobility are less likely to support specific transfer programs that help low-income

individuals, such as CCTs and non-contributory pensions. However, they are in favor of more social expenditures in general, but only if the funding is obtained via higher corporate taxes. Thus, they show less support for expenditures directly aimed at the poor, while showing some support for social programs in general (many of which would also benefit the middle class) but only through taxation on corporations.

Despite the evidence discussed above, survey respondents also show that self-interest is not the sole driver of preferences for redistribution. Notably, around 28 and 44 percent of the respondents in the highest income decile express support for higher taxes to fund social programs like CCTs and non-contributory pensions, even though they are unlikely to directly benefit from them. Conversely, among individuals in the bottom income decile, 44.8 and 51.7 percent are not in favor of rising CCTs and non-contributory pensions, respectively, even though they could be potential present or future beneficiaries. This is consistent with findings in the international literature. As [Stantcheva \(2021\)](#) writes “A central puzzle is why do so many voters seem to vote against redistributive policies that would benefit them, such as more progressive income taxes, taxes on capital income or estates, or more generous transfer programs”. Values, misperceptions, and a complex relationship with the public sphere might help shed light on this puzzle.

Figure 3: Support for Re-distribution Across Income Deciles



Notes: Source: Own elaboration based on IPRS. All the outcome variables take values from 1 to 4, being 1 “strongly disagree” and 4 “strongly agree”. The results are estimated using an ordinal probit model and we present the predictions of the category “strongly agree”. The independent variable is the actual location in the income distribution divided into percentiles depending on the amount of income declared. We estimate this by using the latest information available for the eight countries in our study (2020 for all countries and 2019 for Panamá) from the database Sociométró-BID.

Table 2: Income

	Preference for distributive fairness		Taxes for redistribution			Social spending for redistribution	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Redistribution from rich to middle class	Redistribution within middle class	Increase corporate tax	Increase income tax	Increase VAT	Support for non-contributory pensions	Support for CCTs
<i>Panel A: Change in income - COVID 19</i>							
Income decreased	0.021** (0.031)	0.020*** (0.002)	0.013* (0.090)	0.005** (0.040)	0.002 (0.467)	0.008 (0.203)	0.010** (0.026)
Income increased	0.003 (0.808)	0.009 (0.217)	0.008 (0.408)	-0.001 (0.864)	0.003 (0.399)	-0.015** (0.047)	-0.003 (0.601)
<i>Panel B: Inter-generational mobility</i>							
Downward social mobility	0.016 (0.145)	0.014* (0.073)	0.014 (0.117)	-0.001 (0.785)	0.001 (0.768)	-0.004 (0.583)	-0.001 (0.885)
Upward social mobility	0.012 (0.221)	-0.006 (0.382)	0.024*** (0.002)	-0.002 (0.322)	-0.000 (0.932)	-0.019*** (0.002)	-0.018*** (0.000)
Observations	8,515	8,515	8,515	8,515	8,515	8,515	8,515
Controls: age, gender, ethnicity	✓	✓	✓	✓	✓	✓	✓
Country FE	✓	✓	✓	✓	✓	✓	✓

*p*-values in parentheses

\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Notes: Source: Own elaboration based on IPRS. All the outcome variables take values from 1 to 4, being 1 “strongly disagree” and 4 “strongly agree”. The results are estimated using an ordinal probit model and we present the predictions of the category “strongly agree”. In Panel A, “Income decreased” takes the value of 1 if the individual reported a decrease in their income following the pandemic. “Income increased” takes the value of 1 if the individual reported an increase in their income following the pandemic. In Panel B, “Downward social mobility” takes the value of 1 if the individual affirmed experiencing a decline in their income position compared to their childhood by more than 10 points. “Upward social mobility” takes the value of 1 if the individual affirmed experiencing an improvement in their income position compared to their childhood by more than 10 points.

## 5 Misperceptions and Misinformation

Individuals may hold biased perceptions about themselves and the world around them, impacting their support for redistributive policies. These biases might manifest in a distorted view of the extent and degree of inequality, as well as its underlying causes. Furthermore, individuals may be misinformed about their own position in the income distribution, affecting their expectations of the impact of progressive policies and, therefore, their support for them. A third factor that associates misconceptions and redistributive preferences is a lack of understanding about the effects and distributional impact of public policies themselves.

Does misinformation regarding the extent of inequality contribute to the low levels of support for redistribution in Latin America? This seems unlikely. On one hand, individuals in Latin America tend to have accurate perceptions of the extent of inequality. Using data from the Latinobarómetro in eighteen countries across the region, [UNDP \(2021\)](#) found that respondents’ perceptions of the population shares in each country’s income quintile were consistent with actual shares obtained from nationally representative household survey data. With the exception of a minor overestimation of the top and bottom shares, respondents’ perceptions were accurate. Additionally, there is only a weak correlation between objective measures of inequality and perceptions of income distribution fairness (Figure 4). Furthermore, despite

the reduction in inequality from 2000 to 2013, there was only a limited improvement in perceptions of fairness in the income distribution (Reyes and Gasparini, 2017), implying that factors beyond empirical evidence shape these perceptions.

Figure 4: Objective inequality and unfairness perceptions of income distribution: Cross-country evidence (2020)



Notes: Source: Own elaboration based on Latinobarometro (2020) and International Social Survey Programme: Social Inequality V - ISSP (2019). Based on the question “How fair do you think is the distribution of income?”. The y-axis presents the percentage of respondents who answered ‘Unfair’ or ‘Very unfair’. The x-axis represents the GINI from each country using the latest information available in The World Bank (2023).

On the other hand, survey experiments designed to correct misperceptions regarding individuals’ placement in the income distribution have led to mixed results in the support for redistribution. In Buenos Aires, respondents who received information about their accurate relative position in the income distribution, and who had initially overestimated it, demonstrated an increase in their support for redistributive policies. The effect was found to be greater among individuals with more prominent misperceptions (Cruces et al., 2013). A similar result was obtained in Sweden (Karadja et al., 2017), where individuals who initially underestimated their relative position in the income distribution displayed reduced support for redistribution after being informed of their accurate position. This effect predominantly resonated among individuals aligned with a right-wing political orientation, who perceive taxes as a hindrance and believe that individual effort is the primary factor determining income.

In the US, however, similar experiments have yielded limited changes in preferences for redistribution. Kuziemko et al. (2015) conducted a randomized online survey experiment aiming to remind participants of the magnitude of inequality within the country and its impact on

their incomes. The intervention had a significant impact in increasing the prominence of inequality for the treated individuals, which indicates that concerns about inequality can be readily influenced by information. Despite this, the change in the support for redistributive policies remained marginal. This can be attributed to the prevailing lack of trust in the government's efficacy and the difficulty individuals encounter in linking apprehensions about inequality with government interventions.

Misinformation on the extent and functioning of redistributive policies among the population is pervasive. Individuals possess limited knowledge regarding their own country's tax structure and the existing redistributive policies (Bartels, 2005). In the eight countries of the IPSR, for example, 32 percent of respondents did not know the prevailing VAT rate in their country, albeit with a large variation across the eight countries. In Brazil merely 15.8 percent demonstrate awareness of the VAT rate, while in Colombia, this figure stands at 86.3 percent.

Providing factual evidence on tax systems can potentially lead to a higher support for redistribution. Ardanaz et al. (2022) find that highlighting the regressivity of the Value Added Tax (VAT) in eight countries of Latin America increases the support for progressive changes to the tax framework. The effect is sizeable and driven by respondents who wrongly believed the VAT was already progressive. Interestingly, these misconceptions were primarily rooted in ideological orientations rather than factual ignorance. Individuals identifying themselves as leaning towards right-wing ideologies were more inclined to have such misconceptions.

The limited evidence on misperceptions from the IPRS provides mixed results. Individuals who believe they have a lower income status than their actual placement in the income distribution tend to express greater demand for redistribution through corporate taxes (Table 3). Furthermore, this group demonstrates less support for CCTs and social expenditures funded by increases in the base of the personal income tax and VAT, perhaps driven by the perception of not being potential beneficiaries. However, individuals who perceive themselves as wealthier than they actually are stand out as one of the few groups that support the expansion of CCTs and non-contributory pension programs.

Table 3: Misperceptions

	Preference for distributive fairness		Taxes for redistribution			Social spending for redistribution	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Redistribution from rich to middle class	Redistribution within middle class	Increase corporate tax	Increase income tax	Increase VAT	Support for non-contributory pensions	Support for CCTs
Lower perceived location than actual location	0.008 (0.387)	-0.001 (0.916)	0.020*** (0.009)	-0.006** (0.016)	-0.009*** (0.001)	-0.005 (0.379)	-0.008* (0.093)
Higher perceived location than actual location	-0.009 (0.452)	0.008 (0.296)	0.004 (0.660)	-0.000 (0.893)	0.001 (0.800)	0.020*** (0.007)	0.014** (0.013)
Observations	8,515	8,515	8,515	8,515	8,515	8,515	8,515
Controls: age, gender, ethnicity	✓	✓	✓	✓	✓	✓	✓
Country FE	✓	✓	✓	✓	✓	✓	✓

*p*-values in parentheses  
\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Notes: Source: Own elaboration based on IPRS. The results are estimated using an ordinal probit model. All the outcome variables take values from 1 to 4, being 1 “strongly disagree” and 4 “strongly agree”. We present the predictions of the category “strongly agree”. “Perceived location is lower than actual” takes the value of 1 if the individual located itself on a decile of distribution lower in more than one unit than the actual distribution. “Perceived location is higher than actual” takes the value of 1 if the individual located itself on a decile of distribution higher in more than one unit than the actual distribution.

## 6 Values

People have a sense of what is right and wrong, and this sense of justice provides a grounding for individual attitudes and preferences for redistribution (Corneo and Grüner, 2002; Alesina and Angeletos, 2005; Gaviria et al., 2007; Almås et al., 2020; Stantcheva, 2020; Almås et al., 2022). Individuals care for fairness and willingly trade income for fairer outcomes, including a more egalitarian income distribution (Alesina et al., 2018; Almås et al., 2022). Moreover, Cavallé and Trump (2015) suggests that the motivation behind redistribution targeting the poor and unemployed arises from a concern for others, as it involves social distance, identification with, and empathy for the beneficiaries.

The perceptions of the underlying forces behind inequality are at the crux of the preferences for redistribution (Fong, 2001; Corneo and Grüner, 2002; Gaviria et al., 2007; Akbaş et al., 2019; Almås et al., 2020; Almås et al., 2022). If inequality is perceived as the result of hard work, talent, and effort, people are less likely to push for redistribution. If the income of the wealthiest in society is perceived as resulting from an unfair process, such as luck, connections, or cronyism, people will more likely support redistributive policies. Knowledge about the sources of inequality filtered by an individual’s sense of justice shapes the support for social programs and other forms of redistribution (Corneo and Grüner, 2002; Alesina and Angeletos, 2005; Almås et al., 2020; Almås et al., 2022). Interestingly, perceptions of the drivers of inequality play a larger role in shaping preferences for redistribution in OECD countries than in non-OECD ones (Almås et al., 2022).

More equality of opportunities and social mobility help to mitigate the perceptions of unfairness regarding income distribution. People exhibit some degree of substitutability between



equality of opportunities and redistributive demands (Alesina and La Ferrara, 2005). Equality of opportunities is however not sufficient for perceiving as fair income inequality (Akbaş et al., 2019; Alesina and Angeletos, 2005). Individuals who experience upward mobility are more prone to hold meritocratic values and believe in self-determination, thereby they tolerate higher levels of inequality (Fong, 2001).

But ideology and fairness views interact with individuals' perceptions of reality (Luttmer and Singhal, 2011). Right-leaning individuals who oppose strong redistribution may be more predisposed to observe that success in life is due to strong effort, as opposed to pure luck. Left-leaning individuals who support stronger redistribution may be more likely to observe that inequality at the top is more driven by cronyism than talent. Ideology and sense of justice interact with individuals' (mis)perceptions of the fabric of society to determine support for redistribution.

We start this section by stating a well-known gap in preferences over re-distribution across individuals who define themselves on the left and right of the political spectrum.<sup>7</sup> Respondents on the left and right of the political spectrum differ starkly in their views regarding how progressive the tax system should be. Left-wing voters strongly support redistribution from the rich to the middle class, and the gap with right-wing supporters amounts to 15 percentage points. Views on how much should be redistributed within the middle class are less polarized, but left-wing voters are more likely to support redistribution -the five percentage point gap between the two groups is not small and statistically significant.

When prompted about increasing taxes to pay for redistribution, differences between left and right are much less pronounced, with one important caveat: left-wing voters are much more likely to support increases in corporate taxes, exhibiting a gap with right-wing voters of 10 percentage points. Right-wing voters are also much less likely to support social programs that target the poor. The support for increasing expenditures on non-contributory pensions and CCTs lags in about 4 percentage points with respect to left-wing voters.

We also inquired in the survey about two dimensions of values. First, we asked about views on the extent of equality of opportunities. We asked “if children from rich and poor families have different opportunities to succeed in life, would you consider this is not a problem or a serious problem? with answers on a 1 to 4 scale. Secondly, we inquired how much respondents agreed or disagreed with the following view “government social programs subsidize people

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<sup>7</sup>An interesting feature of our data is that 43.2 percent of the interviewees declare themselves as “not interested in politics”. We include them in the analysis as a separate category, but as it turns out the preferences of this group regarding the different redistribution dimensions do not differ much from respondents in the middle of the political spectrum.

who are not willing to work enough”. To prevent prompting respondents, this question was introduced at the end of the survey, after we asked about redistribution preferences.

The majority of respondents believe that inequality of opportunities between poor and rich is a problem, ranging between some 84 percent of the interviewees in Guatemala and 96 percent in Colombia (Figure 5a). Those who see inequality of opportunities as a problem show more support for progressivity in the tax system and corporate taxation. They do not differ from average respondents in their views on raising other taxes to fund social programs or supporting increases in spending in non-contributory pensions, and surprisingly, appear to have less support for CCTs. We do not have a good explanation for the latter fact.

The share of respondents who believe that the beneficiaries of social programs do not want to work enough is also high. Respondents in Argentina stand out at the top, with more than 66 percent of the interviewees holding this view. In all the other countries at least 48 percent of the respondents share this opinion, that we label “beneficiaries of social programs are lazy” (Figure 5b). Not surprisingly, those who believe that beneficiaries are lazy are less likely to support further spending in CCTs and non-contributory pensions. They are also less likely to favor progressive taxation. However, they do not differ with respect to the average in the sample in their (lack of) support for increasing the different tax instruments considered in the analysis. Importantly, these results are obtained while controlling for ideology, highlighting their importance beyond broad categorizations of values.

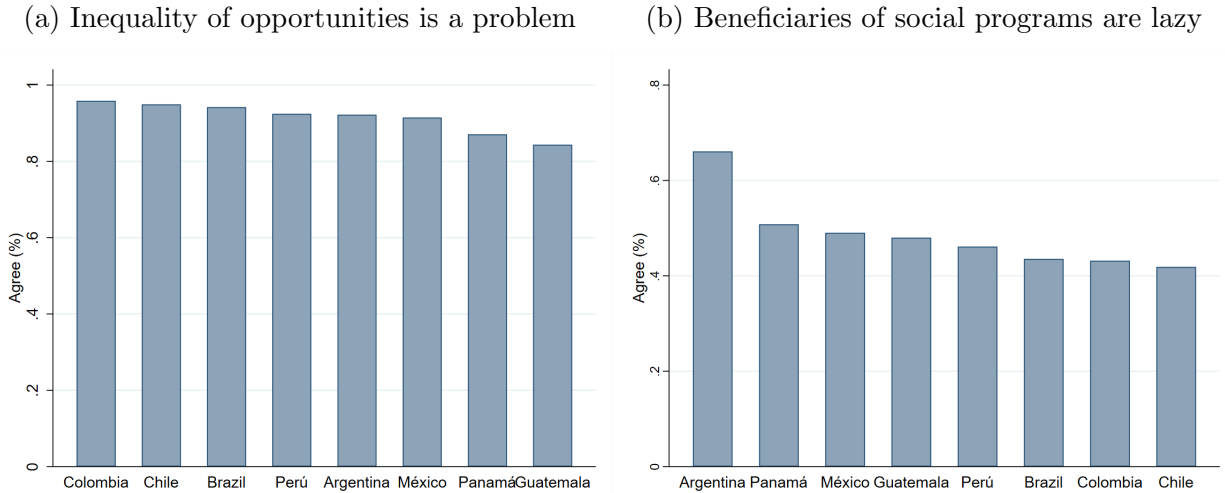
Table 4: Values

	Preference for distributive fairness		Taxes for redistribution			Social spending for redistribution	
	(1) Redistribution from rich to middle class	(2) Redistribution within middle class	(3) Increase corporate tax	(4) Increase income tax	(5) Increase VAT	(6) Support for non-contributory pensions	(7) Support for CCTs
Left ideology	0.094*** (0.000)	0.024*** (0.002)	0.089*** (0.000)	0.001 (0.829)	-0.003 (0.262)	0.009 (0.225)	0.013** (0.017)
Center ideology	-0.014 (0.234)	-0.010 (0.207)	0.024** (0.013)	-0.001 (0.837)	-0.002 (0.596)	-0.004 (0.593)	-0.006 (0.324)
Right ideology	-0.057*** (0.000)	-0.023*** (0.002)	-0.013 (0.129)	-0.006** (0.047)	-0.004 (0.193)	-0.036*** (0.000)	-0.026*** (0.000)
Perceptions towards meritocracy (Inequality of opportunities is a problem)	0.103*** (0.000)	0.048*** (0.000)	0.100*** (0.000)	0.005 (0.271)	-0.000 (0.931)	-0.006 (0.572)	-0.021*** (0.004)
Attitudes towards the poor (Beneficiaries of social programs are lazy)	-0.022*** (0.007)	-0.013** (0.020)	-0.001 (0.842)	-0.003 (0.221)	-0.003 (0.235)	-0.022*** (0.000)	-0.037*** (0.000)
Observations	8,515	8,515	8,515	8,515	8,515	8,515	8,515
Controls: age, gender, ethnicity	✓	✓	✓	✓	✓	✓	✓
Country FE	✓	✓	✓	✓	✓	✓	✓

*p*-values in parentheses  
 \*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Notes: Source: Own elaboration based on IPRS. The results are estimated using an ordinal probit model. All the outcome variables take values from 1 to 4, being 1 “strongly disagree” and 4 “strongly agree”. We present the predictions of the category “strongly agree”. “Left ideology” takes the value of 1 if the person identifies with a left or center-left political ideology. “Center ideology” takes the value of 1 if the person identifies with a centrist political ideology. “Right ideology” takes the value of 1 if the person identifies with a right or center-right political ideology. “Inequality of opportunities is a problem” takes the value of 1 if the individual believes is “a problem serious problem” or “a major problem” “if children from rich and poor backgrounds have unequal opportunities to succeed in life”. “Beneficiaries of social programs are lazy” takes the value of 1 if the individual agrees with the sentence “Government social programs subsidize people who are not willing to work hard enough”.

Figure 5: Fairness views



Notes: Source: Own elaboration based on IPRS. In Figure 5a, we present the percentage of respondents that believe is “a serious problem” or “a major problem” “if children from rich and poor backgrounds have unequal opportunities to succeed in life”. In Figure 5b, we present the percentage of respondents that agree and strongly agree with the sentence “Government social programs subsidize people who are not willing to work hard enough”.

## 7 Relationship with the Public Sphere and Social Contract

Citizens consent to pay taxes and fulfill their obligations as part of a social contract in which they expect to benefit from what they will obtain back from the state (Alesina and Rodrik, 1994; Besley and Persson, 2009). This view from fiscal contract theory has received empirical support in international studies (Daude et al., 2013; Keefer and Scartascini, 2022). Government corruption erodes the social contract, as citizens perceive that their taxes will fund poor-quality public services or end up in the hands of public officials, powerful individuals, and organized groups not in need. More broadly, low trust in institutions and the public administration erodes the social contract as individuals renege their responsibilities towards the state and prefer to directly pay for the private provision of public goods such as security, health, and education (Keefer and Scartascini, 2022).

Also using the IPRS, we conducted two survey experiments that provide compelling evidence about how perceptions of corruption undermine the social contract within the region.<sup>8</sup> As mentioned previously, during the questionnaire, respondents were randomized into one of two distinct prompts (treatment groups) or to no prompt at all (control group). The “corruption” treatment provided respondents with information about corruption in Latin America, highlighting practices such as paying bribes and cost overruns by public officials and politicians. This intervention specifically relied upon the case of Odebrecht, a construction company that illicitly paid US \$788 million in bribes to secure multi-million dollar contracts from state-owned companies between 2001 and 2016. The “tax evasion” treatment presented information about tax evasion practices by wealthy individuals and firms, using the Panama Papers case as an illustration. The Panama Papers are a collection of 11.5 million documents leaked from the Panama-based offshore law firm Mossack Fonseca, which facilitated the creation of numerous shell corporations for illegal activities, such as money laundering, tax evasion, terrorist financing, and evasion of international sanctions. In both treatments, we highlighted the magnitude of the losses in corruption or tax evasion by comparing it with the annual expenditure on education in the region.

Among the control group, there is already a widespread perception of corruption and tax evasion. More than eighty percent of respondents think that the rich and corporations are likely to pay bribes to public officials in exchange for favors, and a similar share believes that these two groups have the capacity to influence the government to obtain legislation and fiscal exemptions that benefit their groups. Regardless of this already high perception

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<sup>8</sup>Detailed results from these experiments are discussed in Busso et al. (2023) and summarized here.

of corruption, our survey experiment had a significant impact in this regard. We find that individuals exposed to the treatments exhibited an increase in their perception of both wealthy elites and government corruption, as well as an increase in the perception of firms and elite groups bribing the government and hiding income to avoid taxes, which demonstrates that individuals were primed successfully. Consequently, trust levels were diminished, as treated individuals considered that firms and wealthy elites influenced the government to be favored through laws and tax exemptions. Furthermore, individuals in the treatment groups were more likely to perceive that firms, wealthy elites, and the government do not prioritize citizens' interests when making decisions.

The erosion of the social contract becomes evident as we observe that the corruption treatment results in a higher perception of poor-quality public services offered by the state in relation to the taxes paid by individuals. Overall, primed individuals perceived, on a broader scale, a state that colludes with the elites for mutual benefit, while demonstrating a lack of interest in addressing citizens' needs and delivering high-quality public services.

Trust in government, perceptions of corruption, and preferences for redistribution feed each other. High inequality and the inability of the state to effectively redistribute income hampers trust in institutions. This in turn may weaken the support for redistributive policies that require direct government intervention such as collecting taxes to fund direct transfers for the poorest households, feeding a vicious cycle of high inequality, low institutional trust, and low support to redistribution (Kuziemko et al., 2015; Stantcheva, 2021; Grimalda and Pipke, 2021; Keefer and Scartascini, 2022). Nonetheless, perceptions of corruption, paired with low trust in the government and the private sector, may push people to agree with taxing the rich (i.e. corporate and estate taxes) not for redistributive purposes but out of a desire to punish those whose wealth might be perceived as undeserved (Hirschman and Rothschild, 1973; Di Tella et al., 2016; Hauk et al., 2022).

In our survey experiments, individuals exposed to information about public and private corruption exhibit a higher perception of unequal opportunities in society and a higher sense of unfairness in the income distribution (Busso et al., 2023). Since the survey experiments lowered trust in the government and the elites, individuals are more likely to perceive a system that is rigged to benefit the elite, leading to unequal opportunities for everyone. Regarding preferences for redistribution, primed individuals demand higher taxation from the rich to benefit the middle class. However, they didn't change their preferences about specific forms of taxation or redistribution through social spending. This aligns with the findings of studies by Grimalda and Pipke (2021) and Di Tella et al. (2016). The latter research suggests that a decrease in trust in wealthy elites leads to greater support for taxation on the wealthy,

driven more by a desire for retribution than by a desire for redistribution. As we find more demand for taxation at the top, without a corresponding shift in policy preferences aimed at social programs and benefits for the most vulnerable members of society, this response appears to stem more from a sense of anger towards the elites and corporations, rather than a genuine desire for more redistribution.

Thus, the survey experiment highlights the relationship between citizens and the state as a determinant of public finance. But the social contract is broader, as it entails not only a view of an implicit agreement between citizens and the state but also a relationship between the citizens themselves. The social contract requires a shared sense of justice and proportionality. I am much more willing to pay taxes if I have a sense that my neighbors are also contributing, perhaps due to peer pressure or simply because of positive incentives (Castro and Scartascini, 2015; Carrillo et al., 2021). Similarly, if I support progressive taxation, I would be more inclined to pay taxes if I feel that the wealthy are paying their appropriate share, meaning if I believe they are contributing more than the average person. Recently, there has been a growing movement against the privileged and corporations, fueled by a feeling of unfair treatment and a lack of sufficient contributions to the social agreement.

Those subject to the tax evasion treatment were induced to perceive that wealthy individuals and firms are more likely to evade taxes. Similarly, akin to the corruption scenario, this led to an increased sense of unfairness about the current income distribution and a pervasive perception of unequal access to opportunities. An intriguing finding is that, although these individuals advocate for more redistribution from the rich to the middle class, they do not call for elevated corporate taxation to finance social expenditures. This facet warrants further investigation.

In spite of a widespread perception of government corruption and elite capture and its effects on the social contract and the preferences for redistribution from the top, a significant fraction of the survey respondents have not given up on the state. Eighty percent believe that the government has the capacity and the tools to mitigate inequality of opportunities between children raised in poor and rich households. About 25 percent are satisfied with the quality of the public services received, and consider them to be a good value for the taxes paid in their households.

Table 5 reveals the correlation between these two variables and preferences for redistribution. As anticipated, respondents who view the state as having the capacity to redistribute are more supportive of government redistribution in all dimensions analyzed. Likewise, individuals who are satisfied with the public services they receive are more inclined to support further

government intervention to address inequality. They endorse higher personal income taxes and VAT, as well as increased spending on CCTs and non-contributory pensions. These findings are consistent with the conclusions of [Daude et al. \(2013\)](#), which showed that tax compliance is negatively associated with the perception of poor-quality public services.

Table 5: State capacity and public services

	Preference for distributive fairness		Taxes for redistribution			Social spending for redistribution	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Redistribution from rich to middle class	Redistribution within middle class	Increase corporate tax	Increase income tax	Increase VAT	Support for non-contributory pensions	Support for CCTs
Satisfied public services	-0.015* (0.098)	0.016** (0.013)	0.001 (0.850)	0.014*** (0.000)	0.019*** (0.000)	0.046*** (0.000)	0.045*** (0.000)
Believes state capacity	0.113*** (0.000)	0.059*** (0.000)	0.081*** (0.000)	0.013*** (0.000)	0.007** (0.016)	0.030*** (0.000)	0.029*** (0.000)
Observations	8,515	8,515	8,515	8,515	8,515	8,515	8,515
Controls: age, gender, ethnicity	✓	✓	✓	✓	✓	✓	✓
Country FE	✓	✓	✓	✓	✓	✓	✓

*p*-values in parentheses

\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Notes: Own elaboration based on IPRS. The results are estimated using an ordinal probit model. All the outcome variables take values from 1 to 4, being 1 “strongly disagree” and 4 “strongly agree”. We present the predictions of the category “strongly agree”. The independent variables are: “Satisfied public services”, which takes the value of 1 if the individual answers “Satisfied” or “Very satisfied” to the question “Considering the taxes you pay on your household, how satisfied or dissatisfied are you with the quality of public services you get?”, and “Believes in the state capacity”, which takes the value of 1 if the individual agrees or strongly agrees with the sentence “the government has the capacity and the tools to reduce the inequality of opportunities between children born into poor and rich households”.

## 8 Conclusions

This chapter has reviewed the main determinants of preferences for redistribution in Latin America. In particular, it has explored the role of information about tax evasion and corruption, perceptions of state capacity, satisfaction with public services, individual values and accuracy in their perceptions of the extent of inequality, and the capacity of individuals to understand the implications and impacts of redistributive policies.

Latin Americans are very unsatisfied with the distribution of income in their countries. The large majority deems current income distribution as very unfair. They have not given up on the state, though. They also strongly believe that the state has the capacity and the tools to redistribute resources and ameliorate things. However, there are two major obstacles that prevent a boost in supporting specific fiscal policies to render income redistribution less unequal.

There is a strong sense of fracture in the social contract among the population. Trust in the public and private sectors is low. The perception of government and elite corruption is rampant. This has created a strong sense of mistrust among citizens in general, which

also hampers support for social programs that help the most vulnerable, often considered as those who “do not want to work hard enough”. While support for more redistribution from the rich to the middle class is strong, reforms that would require more spending and taxes find weak support. Mistrust toward elites seems to generate resentment and the desire to punish the wealthiest, but the potential increase in revenue does not translate into more support for progressive spending programs.

Another dimension that deserves exploration is the citizens’ knowledge regarding the redistributive impact of various programs. When properly informed about the distributive impact of a program, Latin Americans favor progressive reforms. Making, for example, salient the regressivity of VAT taxes improves the support for more progressive tax structures. This offers an interesting avenue for governments to explore.



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## A Additional Regressions

Table A.1: Support for Re-distribution Across Income Deciles

	Preference for distributive fairness		Taxes for redistribution			Social spending for redistribution	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Redistribution from rich to middle class	Redistribution within middle class	Increase corporate tax	Increase income tax	Increase VAT	Support for non-contributory pensions	Support for CCTs
D2	0.014 (0.834)	0.032 (0.606)	0.038 (0.540)	0.151** (0.019)	0.085 (0.189)	0.060 (0.330)	0.138** (0.029)
D3	0.066 (0.310)	0.154** (0.019)	-0.027 (0.673)	0.193*** (0.005)	0.075 (0.263)	0.052 (0.418)	0.083 (0.221)
D4	0.087 (0.180)	0.044 (0.487)	-0.042 (0.522)	0.045 (0.490)	0.117* (0.068)	0.069 (0.260)	0.055 (0.383)
D5	-0.002 (0.968)	0.131** (0.019)	-0.019 (0.731)	0.016 (0.779)	-0.004 (0.948)	0.057 (0.301)	0.028 (0.620)
D6	0.122** (0.037)	0.093* (0.099)	0.023 (0.684)	0.024 (0.678)	-0.002 (0.977)	0.083 (0.149)	0.062 (0.281)
D7	0.032 (0.517)	0.083* (0.089)	0.038 (0.441)	0.047 (0.334)	-0.041 (0.408)	-0.002 (0.973)	-0.020 (0.681)
D8	-0.004 (0.935)	0.002 (0.965)	0.082 (0.111)	-0.013 (0.793)	-0.012 (0.820)	0.049 (0.341)	-0.038 (0.468)
D9	-0.018 (0.702)	-0.072 (0.118)	0.093** (0.045)	-0.090* (0.052)	-0.068 (0.150)	-0.098** (0.032)	-0.128*** (0.005)
D10	-0.083* (0.060)	-0.219*** (0.000)	0.110*** (0.010)	-0.174*** (0.000)	-0.143*** (0.001)	-0.171*** (0.000)	-0.297*** (0.000)
Observations	8,515	8,515	8,515	8,515	8,515	8,515	8,515
Pseudo R-Squared	0.021	0.016	0.014	0.034	0.030	0.015	0.032
Mean dep. var.	3.024	2.625	2.721	2.053	1.914	2.531	2.322
Controls: age, gender, ethnicity	✓	✓	✓	✓	✓	✓	✓
Country FE	✓	✓	✓	✓	✓	✓	✓

*p*-values in parentheses

\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Notes: Source: Own elaboration based on IPRS. All the outcome variables take values from 1 to 4, being 1 "strongly disagree" and 4 "strongly agree". The results are estimated using an ordinal probit model. The independent variable is the actual location in the income distribution divided into percentiles depending on the amount of income declared. We estimate this by using the latest information available for the eight countries in our study (2020 for all countries and 2019 for Panamá) from the database Sociométrico-BID.

Table A.2: Income

	Preference for distributive fairness		Taxes for redistribution			Social spending for redistribution	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Redistribution from rich to middle class	Redistribution within middle class	Increase corporate tax	Increase income tax	Increase VAT	Support for non-contributory pensions	Support for CCTs
<i>Panel A: Change in income - COVID 19</i>							
Income decreased	0.060** (0.031)	0.086*** (0.002)	0.046* (0.090)	0.057** (0.039)	0.020 (0.466)	0.035 (0.203)	0.061** (0.026)
Income increased	0.008 (0.808)	0.040 (0.217)	0.027 (0.409)	-0.006 (0.864)	0.028 (0.399)	-0.065** (0.047)	-0.017 (0.601)
Pseudo R-Squared	0.020	0.011	0.013	0.030	0.028	0.013	0.027
<i>Panel B: Inter-generational mobility</i>							
Downward social mobility	0.046 (0.145)	0.057* (0.072)	0.050 (0.117)	-0.009 (0.786)	0.010 (0.767)	-0.017 (0.584)	-0.005 (0.886)
Upward social mobility	0.033 (0.222)	-0.024 (0.376)	0.084*** (0.002)	-0.027 (0.319)	-0.002 (0.928)	-0.083*** (0.002)	-0.106*** (0.000)
Pseudo R-Squared	0.020	0.011	0.014	0.030	0.028	0.013	0.027
Observations	8,515	8,515	8,515	8,515	8,515	8,515	8,515
Mean dep. var.	3.024	2.625	2.721	2.053	1.914	2.531	2.322
Controls: age, gender, ethnicity	✓	✓	✓	✓	✓	✓	✓
Country FE	✓	✓	✓	✓	✓	✓	✓
<i>p-values in parentheses</i>							
<i>* p &lt; 0.1, ** p &lt; 0.05, *** p &lt; 0.01</i>							

Notes: Source: Own elaboration based on IPRS. All the outcome variables take values from 1 to 4, being 1 "strongly disagree" and 4 "strongly agree". The results are estimated using an ordinal probit model. In Panel A, "Income decreased" takes the value of 1 if the individual reported a decrease in their income following the pandemic. "Income increased" takes the value of 1 if the individual reported an increase in their income following the pandemic. In Panel B, "Downward social mobility" takes the value of 1 if the individual affirmed experiencing a decline in their income position compared to their childhood by more than 10 points. "Upward social mobility" takes the value of 1 if the individual affirmed experiencing an improvement in their income position compared to their childhood by more than 10 points.

Table A.3: Misperceptions

	Preference for distributive fairness		Taxes for redistribution			Social spending for redistribution	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Redistribution from rich to middle class	Redistribution within middle class	Increase corporate tax	Increase income tax	Increase VAT	Support for non-contributory pensions	Support for CCTs
Lower perceived location than actual location	0.024 (0.387)	-0.003 (0.916)	0.070*** (0.009)	-0.066** (0.016)	-0.093*** (0.001)	-0.024 (0.379)	-0.045* (0.092)
Higher perceived location than actual location	-0.025 (0.452)	0.034 (0.296)	0.014 (0.660)	-0.005 (0.893)	0.009 (0.800)	0.088*** (0.007)	0.082** (0.013)
Observations	8,515	8,515	8,515	8,515	8,515	8,515	8,515
Pseudo R-Squared	0.020	0.011	0.014	0.030	0.029	0.013	0.027
Mean dep. var.	3.024	2.625	2.721	2.053	1.914	2.531	2.322
Controls: age, gender, ethnicity	✓	✓	✓	✓	✓	✓	✓
Country FE	✓	✓	✓	✓	✓	✓	✓
<i>p-values in parentheses</i>							
<i>* p &lt; 0.1, ** p &lt; 0.05, *** p &lt; 0.01</i>							

Notes: Source: Own elaboration based on IPRS. All the outcome variables take values from 1 to 4, being 1 "strongly disagree" and 4 "strongly agree". The results are estimated using an ordinal probit model. "Perceived location is lower than actual" takes the value of 1 if the individual located itself on a decile of distribution lower in more than one unit than the actual distribution. "Perceived location is higher than actual" takes the value of 1 if the individual located itself on a decile of distribution higher in more than one unit than the actual distribution.

Table A.4: Values

	Preference for distributive fairness		Taxes for redistribution			Social spending for redistribution	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Redistribution from rich to middle class	Redistribution within middle class	Increase corporate tax	Increase income tax	Increase VAT	Support for non-contributory pensions	Support for CCTs
Left ideology	0.278*** (0.000)	0.101*** (0.002)	0.318*** (0.000)	0.007 (0.829)	-0.038 (0.262)	0.040 (0.225)	0.078** (0.017)
Center ideology	-0.041 (0.234)	-0.043 (0.206)	0.084** (0.013)	-0.007 (0.837)	-0.018 (0.596)	-0.018 (0.593)	-0.034 (0.323)
Right ideology	-0.167*** (0.000)	-0.098*** (0.002)	-0.047 (0.129)	-0.063** (0.046)	-0.042 (0.192)	-0.159*** (0.000)	-0.152*** (0.000)
Perceptions towards meritocracy (Inequality of opportunities is a problem)	0.304*** (0.000)	0.202*** (0.000)	0.356*** (0.000)	0.050 (0.271)	-0.004 (0.931)	-0.025 (0.572)	-0.126*** (0.004)
Attitudes towards the poor (Beneficiaries of social programs are lazy)	-0.065*** (0.007)	-0.055** (0.020)	-0.005 (0.842)	-0.030 (0.221)	-0.029 (0.236)	-0.095*** (0.000)	-0.221*** (0.000)
Observations	8,515	8,515	8,515	8,515	8,515	8,515	8,515
Pseudo R-Squared	0.031	0.014	0.022	0.031	0.028	0.015	0.033
Mean dep. var.	3.024	2.625	2.721	2.053	1.914	2.531	2.322
Controls: age, gender, ethnicity	✓	✓	✓	✓	✓	✓	✓
Country FE	✓	✓	✓	✓	✓	✓	✓

*p*-values in parentheses  
 \*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Notes: Source: Own elaboration based on IPRS. All the outcome variables take values from 1 to 4, being 1 "strongly disagree" and 4 "strongly agree". The results are estimated using an ordinal probit model. "Left ideology" takes the value of 1 if the person identifies with a left or center-left political ideology. "Center ideology" takes the value of 1 if the person identifies with a centrist political ideology. "Right ideology" takes the value of 1 if the person identifies with a right or center-right political ideology. "Inequality of opportunities is a problem" takes the value of 1 if the individual believes is "a problem serious problem" or "a major problem" "if children from rich and poor backgrounds have unequal opportunities to succeed in life". "Beneficiaries of social programs are lazy" takes the value of 1 if the individual agrees with the sentence "Government social programs subsidize people who are not willing to work hard enough".

Table A.5: State capacity and public services

	Preference for distributive fairness		Taxes for redistribution			Social spending for redistribution	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Redistribution from rich to middle class	Redistribution within middle class	Increase corporate tax	Increase income tax	Increase VAT	Support for non-contributory pensions	Support for CCTs
Satisfied public services	-0.045* (0.098)	0.067** (0.013)	0.005 (0.850)	0.154*** (0.000)	0.209*** (0.000)	0.200*** (0.000)	0.268*** (0.000)
Believes state capacity	0.330*** (0.000)	0.248*** (0.000)	0.287*** (0.000)	0.136*** (0.000)	0.075** (0.015)	0.132*** (0.000)	0.173*** (0.000)
Observations	8,515	8,515	8,515	8,515	8,515	8,515	8,515
Pseudo R-Squared	0.026	0.015	0.018	0.033	0.031	0.015	0.032
Mean dep. var.	3.024	2.625	2.721	2.053	1.914	2.531	2.322
Controls: age, gender, ethnicity	✓	✓	✓	✓	✓	✓	✓
Country FE	✓	✓	✓	✓	✓	✓	✓

*p*-values in parentheses  
 \*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

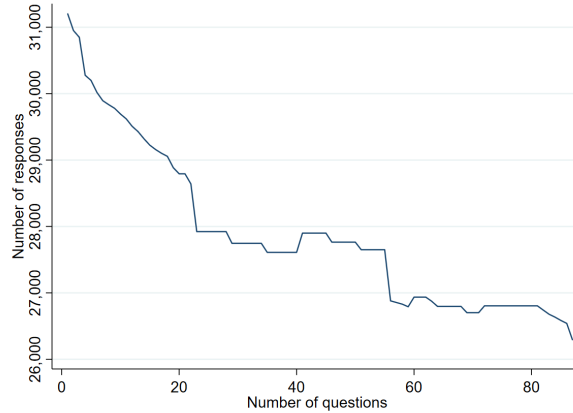
Notes: Source: Own elaboration based on IPRS. All the outcome variables take values from 1 to 4, being 1 "strongly disagree" and 4 "strongly agree". The results are estimated using an ordinal probit model. The independent variables are: "Satisfied public services", which takes the value of 1 if the individual answers "Satisfied" or "Very satisfied" to the question "Considering the taxes you pay on your household, how satisfied or dissatisfied are you with the quality of public services you get?", and "Believes in the state capacity", which takes the value of 1 if the individual agrees or strongly agrees with the sentence "the government has the capacity and the tools to reduce the inequality of opportunities between children born into poor and rich households".

## B Data Description

This data appendix provides a further description of our data sources and processing used in the paper.

The collection of data received 32,805 responses, which 26,238 were completed (78,98%). Attrition is defined as the fraction of individuals who are in the potential estimation sample, but are not in the final sample because they didn't finish the questionnaire. Figure B.1 shows the attrition on the first survey. We can see two major drops in the number of responses: in the first question of the module "Trust in the government" (We are going to ask you about some groups of people and if you think it is common or uncommon that they do what they promise) and in the first question of the module "Perceptions of inequality" (In [survey country], how easy is it for a smart young person from a poor home to graduate from college?).

Figure B.1: Attrition

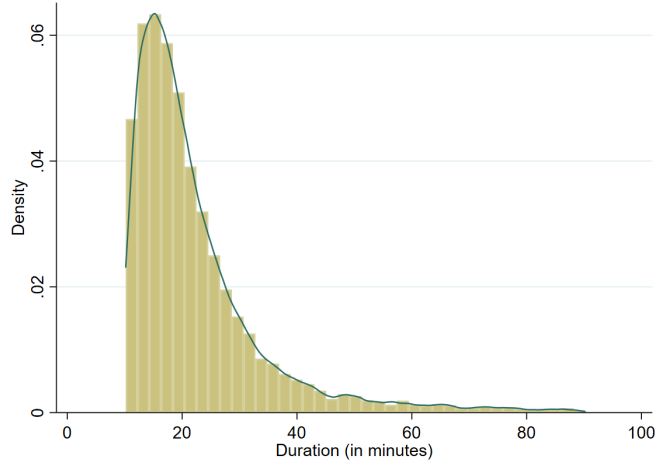


Notes: Source: Own elaboration based on IPRS. We exclude the twelve questions about i) socio-demographic information since the panelists already had this information for all countries except Guatemala and Panama, and ii) treatment-related questions since these were not asked to all individuals. Due to the randomization of the order of modules 4 and 5, as well as 6, 7, and 8, the graph displays certain points where there appears to be an increase in the number of responses. It is important to note that this increase is not attributed to participants bypassing previous questions without providing answers, but rather due to the specific module being presented first.

From the sample of completed responses, 4,765 observations (18,16 % of the completed responses) were removed for being considered low-quality responses. First, we dropped observations of 23 individuals from Peru who received an invitation to complete Colombia's survey due to technical problems with NetQuest's interface. Second, we dropped observations of 67 individuals in which NetQuest was unable to provide information on their marital status. According to their team, those panelists had unsubscribed and they cannot retrieve their data. Third, in the middle of the questionnaire, we asked individuals if they paid attention to the questionnaire, we dropped 446 observations of individuals who responded they didn't. Fourth, we dropped 2,576 observations that had an unusual time of response according to the length of the questionnaire (lower than 5% percentile and higher than 95% percentile). Fifth, we dropped 208 observations of individuals who had an unusual income

(higher than 99% percentile). Sixth, we dropped 1,445 individuals who had an age of 65 and over. Finally, for the purpose of this paper, we keep individuals who were not subject to the survey experiments. Figure B.2 shows the histogram of the distribution of time duration for the final baseline sample of 8,515 individuals.

Figure B.2: Duration of the time of response



Notes: Source: Own elaboration based on IPRS.

## C Description of the questionnaire

### C.1 Modules of the questionnaire

Sentences in normal font are exactly as they appeared in the survey. Sentences in *italic* are explanatory notes for the readers of this paper (not presented to respondents). Sentences in brackets change depending on the survey country. The questionnaire was not divided into subsections, it is divided for the readers of this paper.

#### Consent to participate

1. We are a non-partisan group of academic researchers at the IDB. Our objective is to understand perceptions and their role in public policy. It is important for the success of our investigation that you respond honestly and read the questions carefully before answering. There are no right or wrong answers, we are solely interested in your viewpoints. To ensure the quality of the survey data, your responses will be subject to sophisticated statistical control methods. Your participation in this study will be treated confidentially, and your responses will not be revealed in any manner that might identify you. Furthermore, your participation in this study is entirely voluntary, and you may withdraw at any time if you wish.



This survey should take (on average) about 15-20 minutes to complete. If you complete this survey to the end, you will be invited to take another similar, but shorter, follow-up survey. The principal investigator for this study is Dr. Elizabeth J. Zechmeister of Vanderbilt University. If you have any questions about this survey, please contact Elizabeth Zechmeister at [liz.zechmeister@vanderbilt.edu](mailto:liz.zechmeister@vanderbilt.edu).

Would you like to participate in the survey?

- Yes, I would like to participate in this study and confirm that I am a resident of [country] and I am 18 years old or older.
- No, I would not like to participate.

### **Socio demographic background**

*The complete module is only asked on wave 1. Question 12 is the only question asked in wave 2 as well. Questions from 2 to 5, 9 and 10 are only asked in the questionnaire for Guatemala and Panama, since Netquest already had this information for individuals of the other countries.*

2. What is your gender?

- Masculine
- Feminine
- Other
- Prefer not to say

3. What is your age?

4. What is your marital status?

- Single
- Married
- Unmarried cohabitation
- Divorced
- Widowed

5. How many children do you have?

- I do not have children
- 1
- 2
- 3
- 4

- 5 or more
6. Do you consider yourself a ----- person?
    - White
    - Mestiza
    - Indigenous
    - Black
    - Mulata
    - Other
  7. What country were you born in? [List of countries]
  8. *If the answer above is different from the survey country, the following question is shown:*  
In what year did you arrive in [survey country]?
  9. What department/state do you live in? [List of departments/states]
  10. What municipality/providence/city do you live in?
  11. Which category best describes your highest level of education?
    - Neither
    - Incomplete primary education
    - Complete primary education
    - Incomplete secondary education
    - Completed secondary education
    - Incomplete higher education (technical or professional)
    - Complete higher education (technical or professional)
    - Master's degree
    - Doctorate
  12. What is your current employment situation?
    - Full-time employee
    - Part-time employee
    - Business owner without employees or self-employed
    - Business owner with employees under supervision
    - Unemployed and looking for work
    - Student

- Not working or looking for work (for example: retired or at home care)
13. What is your household’s regular monthly household income (in a typical month) before taxes, including remittances from abroad and the income of all working adults and children?
  14. Before the pandemic, what was your employment situation?
    - Full-time employee
    - Part-time employee
    - Business owner without employees or self-employed
    - Business owner with employees under supervision
    - Unemployed and looking for work
    - Student
    - Not working or looking for work (for example: retired or at home care)
  15. Before the pandemic, what was your household’s regular monthly household income (in a typical month) before taxes, including remittances from abroad and the income of all working adults and children?
  16. Before the pandemic, how did your family’s income compare to the rest of the families in [survey country] at the time? *Respondents could respond on a slider-scale scale. See Figure C.1*
  17. Is any member of your household a beneficiary of the program “[main conditional cash transfer of the survey country]”?
  18. Is any member of your household a beneficiary of the program “[main non-contributory pension of the survey country]”?
  19. In what country was your father born? [List of countries]
  20. In what country was your mother born? [List of countries]
  21. Among your father and mother, which category best describes the highest level of education achieved by either of them?
    - Neither
    - Incomplete primary education
    - Complete primary education
    - Incomplete secondary education
    - Completed secondary education
    - Incomplete higher education (technical or professional)
    - Complete higher education (technical or professional)

- Master's degree
  - Doctorate
22. When you were little (around 10 years or so), how did your family's income compare to the rest of the families in [survey country] at the time? *Respondents could respond on a slider-scale scale. See Figure C.1*

### Political orientation

*The complete module is only asked on wave 1. Question 24 is the only question asked in wave 2 as well.*

23. Political tendencies from the left and the right are often spoken of. According to the meaning that the terms "left" and "right" have for you, which political tendency do you sympathize with?
- Left
  - Center - left
  - Center
  - Center -right
  - Right
  - I am not interested in politics.
24. If children from rich and poor backgrounds have unequal opportunities to succeed in life, do you believe this is:
- Not a problem at all
  - A minor problem
  - A serious problem
  - A major problem
25. How interested or uninterested are you in political, economic, and social news?
- Not interested at all
  - Somewhat interested
  - Interested
  - Very interested
26. In the past week, approximately how many hours did you spend following economic and social news on the radio, television, newspapers, and social media?
- Less than an hour
  - 1 to 2 hours

- 2 to 5 hours
- 5 to 10 hours
- More than 10 hours

27. How much do you trust your neighbors?

- Nothing
- A little
- A lot
- Completely

### Political knowledge

28. The budget of the national government decides the allocation of spending to different items (education, health, etc.). How often is the budget typically decided in [country]?

- Once a month
- Once every six months
- Once a year
- Once every two years

29. The Value Added Tax (VAT) is a tax on the consumption of goods and services. What is the general rate of the VAT in [survey country]? *Answer options depend on the survey country. We showed five options, having the correct option in the middle and a difference of 2pp and 4pp on each side, as shown in Table C.1.*

Table C.1: Answer options for VAT question

Country	Correct VAT	Answer options
Argentina	21%	17% , 19% , 21%, 23%
Brazil	17%	15% , 17%, 19%, 21%
Chile	19%	15% , 17% , 19%, 21%
Colombia	19%	15% , 17% , 19%, 21%
Guatemala	12%	10% , 12% , 14%, 16%
México	16%	14% , 16%, 18%, 20%
Panamá	7%	5% , 7% , 9%, 11%
Peru	18%	16% , 18%, 20%, 22%

Source: own elaboration

### Attention check

*This module is asked in waves 1 and 2. For the questionnaire of the second wave, we erase the first sentence of the following question. The question starts at “It is crucial for our study...”*

30. Before moving on to the next set of questions, we would like to ask for your opinion regarding the answers you have provided thus far. It is crucial for our study to include responses only

from individuals who have given their full attention to this survey. This will not in any way impact the compensation you will receive for completing this survey. In your honest opinion, should we use your responses, or should we discard your answers since you did not dedicate your full attention to the questions so far?

- Yes, I have given all my attention to the questions so far and I think you should use my answers for your study
- No, I haven't given all my attention to the questions so far and I don't think you should use my answers for your study

## Intervention

### Intervention recall check

31. *If the respondent was assigned to the treated group of the first intervention (corruption), the following question is shown:* How much do you remember at this time of the information on corruption that we presented to you during this survey?
32. *If the respondent was assigned to the treated group of the second intervention (tax evasion), the following question is shown:* How much do you remember at this time of the information on tax evasion that we presented to you during this survey?

Answer options from question 31 to 32:

- Practically nothing
- A little bit
- Much
- Practically everything

### Comment about the survey

33. Would you like to give us any feedback on the survey? *Open-ended question*

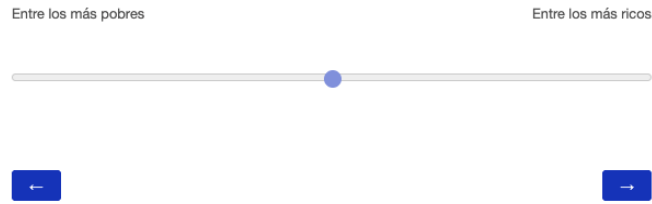
### Knowledge about the Pandora Papers

*This module is only asked in wave 2*

34. Have you heard of the Pandora Papers?
  - Yes
  - No
35. Pandora Papers are...
  - Journalistic investigations that uncovered the existence of foreign accounts of public officials and private individuals
  - Academic studies that show that government policies are ineffective in reducing poverty.
  - Opinion notes from international experts on the need for an international agreement to impose taxes on large corporations.

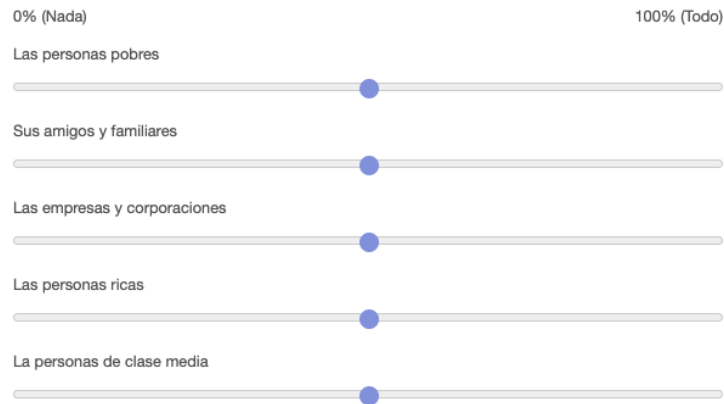
## C.2 Figures shown on the questionnaire

Figure C.1: Position on the scale



Source: own elaboration.

Figure C.2: Position on the scale



Source: own elaboration.

Figure C.3: Position on the scale

Ahora le preguntamos cómo le gustaría gastar el presupuesto total del gobierno. Suponga que usted es la persona que decide el presupuesto de Argentina para el próximo año. Puede elegir cómo desea dividir el presupuesto (en porcentaje) entre las siguientes 5 categorías:

- 1) Crimen urbano, defensa y seguridad nacional, que se refiere a los costos de prevenir el crimen interno y apoyar las operaciones de seguridad en países extranjeros.
- 2) Infraestructura pública, que incluye infraestructura de transporte como carreteras, puentes y aeropuertos, e infraestructura de agua.
- 3) Gasto en escolaridad y educación superior, incluida la ayuda para que los niños de hogares de bajos ingresos asistan a la escuela y a la universidad.
- 4) Programas de transferencias. Esto incluye programas como Asignación Universal por Hijo para Protección Social (AUH) y Programa de Pensiones No Contributivas (PNC) que ayudan a los hogares de menores ingresos.
- 5) Gasto público en salud y subsidios fiscales para ayudar a los hogares a comprar un seguro médico.

Ingrese el porcentaje del presupuesto que asignaría a cada categoría de gasto (el total debe sumar 100):

Programas de transferencias	0
Crimen urbano, defensa y seguridad nacional	0
Gasto público en salud y subsidios fiscales	0
Gasto en escolaridad y educación superior	0
Infraestructura pública	0
<b>Total</b>	<b>0</b>

Source: own elaboration.



## D Definition of variables

Here we describe the construction of the variables used in this paper.

### D.1 Controls

We build three sets of baseline variables (where  $1(\cdot)$  is an indicator variable equal to one if the condition holds):

- Age:  $1(\text{age} < 25)$ ,  $1(\text{age} \geq 25 \text{ \& } \text{age} < 50)$
- Sex:  $1(\text{men})$
- Ethnicity:  $1(\text{white})$

### D.2 Correlates

#### D.2.1 Self-interest and preferences for redistribution

- Actual location in the income distribution: categories from 1 to 10 that indicate the percentile in the income distribution that the individual belongs depending on the amount of income declared. We estimate this by using the latest information available for the eight countries (2020 for all countries and 2019 for Panamá) from the database Sociométró-BID.
- Change in income - Covid 19
  - Income decreased:  $1(\text{Income mentioned before the pandemic is higher than the income mentioned after the pandemic})$ .
  - Income increased:  $1(\text{Income mentioned before the pandemic is lower than the income mentioned after the pandemic})$ .
- Inter-generational mobility
  - Downward social mobility:  $1(\text{The perceived relative position in the income distribution of respondent is 10 units lower than the perceived relative position of their parents})$ .
  - Upward social mobility:  $1(\text{The perceived relative position in the income distribution of respondent is 10 units higher than the perceived relative position of their parents})$ .

#### D.2.2 Misperceptions and misinformation

- Lower perceived location than actual location:  $1(\text{person located itself on a decile of distribution lower in more than one unit than the actual distribution})$ .
- Higher perceived location than actual location:  $1(\text{person located itself on a decile of distribution higher in more than one unit than the actual distribution})$ .

### D.2.3 Values

- Left ideology: 1(person identifies themselves with a left or center-left ideology).
- Center ideology: 1(person identifies themselves with a center ideology).
- Right ideology: 1(person identifies themselves with a right or right-center ideology).
- Inequality of opportunities is a problem: 1(person believes is “a serious problem” or “a major problem” “ if children from rich and poor backgrounds have unequal opportunities to succeed in life”).
- Beneficiaries of social programs are lazy: 1(person strongly agrees or agrees with the sentence: “government social programs subsidize people who are not willing to work hard enough”).

### D.2.4 Relationship with the public sphere and social contract

- Satisfied with public services: 1(persons answers “Very satisfied” or “Satisfied” to the question “Considering the taxes you pay on your household, how satisfied or dissatisfied are you with the quality of public services you get?”)
- Believes in the state capacity: 1(person strongly agrees or agrees with the sentence: “the government has the capacity and the tools to reduce the inequality of opportunities between children born into poor and rich households”)

## D.3 Outcomes

Each of the outcome variables takes values from 1 to 4, being 1 “strongly disagree” and 4 “strongly agree”. For each variable, we present the corresponding sentence.

- Redistribution from rich to middle class: “Rich households should pay a higher proportion of their income in taxes than middle-class households”
- Redistribution within middle class: “A person that earns three times the minimum wage should pay a higher proportion of their income in taxes than a person earning the minimum wage”
- Increase corporate taxes: “It is desirable to raise corporate taxes to spend more on health, education and social benefits”
- Increase income tax: “It is desirable that more middle-class people pay income tax to spend more on health, education and social benefits”.
- Increase VAT: “It is desirable to increase VAT to spend more on health, education and social benefits”
- Support for non-contributory pensions: “The government should increase spending in [main non-contributory pension of the survey country] by increasing taxes to fund it.”
- Support for CCTS: “The government should increase spending in [main conditional cash transfer of the survey country] by increasing taxes to fund it.”