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HOW DO PRO-MARKET ATTITUDES DEPEND ON SOCIAL POSITION AND POLITICAL PREFERENCES?*

Although all newly chartered governments of East Central Europe instituted reforms directed toward establishing liberal democracy and free market economies, for varying reasons, some countries leapt into a new political and economic system, some took measured steps toward these goals, and others stagnated in the post-communist era. However, despite the varying pace, there has been consensus that privatization constituted a key element in the transition to a market economy and that popular support for the systemic change was a facilitating force. My initial studies on the transition from the command economy to the market economy centered on issues of the formation of entrepreneurial class (Osborn 1997; Osborn and Slomczynski 1997) and on the attitudes toward privatization (Osborn 1998; 2000).

In this chapter, I go beyond entrepreneurship and privatization, focusing on attitudinal reactions and individual adjustment to three types of markets – capital, labor and consumer markets. The general problem concerns the

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extent to which people allow for these three types of markets to develop and operate through “natural” forces as opposed to state intervention and regulation. The macro-structural conditions of maladjustment to the market economy have been extensively studied (e.g., see: Duch 1993; Finifter and Mickiewicz 1992; Kolarska-Bobinska 1994a; McIntosh et al. 1994; Miller et al. 1994; Rose and Mishler 1994; Rose and Makkai 1995; Zagorski 1994; and Slomczynski et al. 1999). However, in this chapter I address three new specific questions:

1. To what extent are individual attitudes to each kind of market – capital, labor, and consumer – related to each other?
2. To what extent is support for free market principles determined by social stratification position?
3. To what extent is the relationship between social stratification position and attitudes toward markets mediated by political orientations?

In order to answer these questions, I use a dynamic framework looking at attitudinal reactions to the market in 1993 and 1998. Has there been an increase in support for markets or not? Is support for markets related to stratification variables and political preferences?

Research Questions

The main theme of this research is the adjustment of people to a market economy. In particular, I am investigating how people who have lived under a command economy react to capital markets, the labor market, and markets of consumer goods. The adjustment to a market economy has two aspects: attitudinal and behavioral. For attitudinal measures, I investigate the public’s orientation toward privatization, tolerance toward wealth concentration, support for meritocratic rules, acceptance of unemployment, favoring of price differentials, and opposition toward state control of prices. In the case of behavioral measures, we can examine how people take advantage of markets. In the case of capital markets: Do people actually buy shares? In the case of the labor market: Do people attempt to adapt their qualifications to the changing needs of potential employers? In the case of the consumer goods market: Do people make rational consumer choices, comparing prices or using specialty stores? Table 10.1 provides detail about these attitudinal and behavioral reactions to capital, labor, and consumer markets. Table 10.2 provides examples of items selected from the POLPAN Study that have been included in my analyses. These items appeared in both the 1993 and the 1998 panels.

Table 10.1. Attitudinal and Behavioral Reactions to Capital, Labor, and Consumer Markets

| Type of market | Reaction | |
|-----------------|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| | Attitudinal | Behavioral |
| Capital market | Orientation toward privatization. Support of property rights. | Role of investments in private business. Innovative mechanisms for acquiring capital. |
| Labor market | Support of income differentiation. Acceptance of unemployment. | Training in new skills in demand. Evidence of labor mobility. |
| Consumer market | Favoring price differences of basic goods. Opposition toward state control of prices. | Comparison shopping practices. Optimizing strategies in buying consumer goods. |

Table 10.2. The Questionnaires' Items of Attitudinal Reactions to Capital, Labor, and Consumer Markets

| Type of market | Questionnaire items |
|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Capital market | Orientations toward privatization Do you think that profitable state enterprises should be privatized? (Yes = 1, otherwise 0) |
| | Unlimited property rights Do you think that there should be limits on buying state property? (No = 1, otherwise 0) |
| Labor market | Unlimited income Do you think that there should be a limit how much people can earn? (No = 1, otherwise 0) |
| | No state obligation for jobs Do you think that the government should provide a job to everyone who wants one? (No = 1, otherwise 0) |
| Consumer | Market food prices Do you think that the prices of basic foodstuffs should be free or controlled market by the government? (Free = 1, otherwise 0) |
| | Market energy prices Do you think that the government should regulate the price of electricity? (No = 1, otherwise 0) |

Support for Free Market Principles in 1993 and 1998

Table 10.3 shows the proportion of those who support free market principles in 1993 and 1998. In the case of support for capital markets, support is not strong – around 20 percent of respondents opt for privatization. For unlimited property rights, support is around 20 percent in 1993, but by 1998 it had declined by 5 percent.

Table 10.3. Support for Free Market Principles in 1993 and 1998

| Free market principles | Proportion of respondents supporting a given principle | | Differences | Over-time correlation |
|------------------------------|--------------------------------------------------------|----------|-------------|-----------------------|
| | 1993 (A) | 1998 (B) | B – A | |
| Capital Market | | | | |
| Privatization | 0.191 | 0.224 | 0.033 | 0.183 |
| Unlimited property rights | 0.196 | 0.145 | -0.051 | 0.193 |
| Labor Market | | | | |
| Unlimited income | 0.496 | 0.412 | -0.084 | 0.342 |
| No state obligation for jobs | 0.098 | 0.107 | 0.009 | 0.264 |
| Consumer Market | | | | |
| Market food prices | 0.135 | 0.210 | 0.075 | 0.240 |
| Market energy prices | 0.546 | 0.562 | 0.016 | 0.154 |
| Number of supportive answers | 1.658 | 1.661 | 0.003 | 0.438 |

In the case of both labor and consumer markets the extent of support depends on the item. For example, almost 50 percent of the people interviewed support the idea of unlimited income while only around 10 percent think the state should not have any obligation to give jobs to individuals. A small majority of people support the idea that energy prices should be regulated solely on the basis of the market while a much smaller proportion applies the same principle to food prices. Overall, there is little increase of support for free market principles over time.

What is particularly interesting is that stability of the proportion of support for these principles over time is not accompanied by an increase in over-time correlations. It means that those who supported change in 1993 did

not necessarily support change in 1998, and those who did not support change in 1993 may have started to support change in 1998.

Table 10.4. Inter-item Correlation of Support for Free Market Principles in 1993 and 1998

| Free market principles | Privatization | Property rights | Income | Jobs | Food prices | Energy prices |
|------------------------|---------------|-----------------|---------|---------|-------------|---------------|
| | 1 | 2 | 3 | 4 | 5 | 6 |
| 1993 | | | | | | |
| Privatization | 1.000 | 0.104** | 0.084** | 0.062 | 0.137** | 0.057* |
| Property rights | | 1.000 | 0.108** | 0.034 | 0.118** | 0.051* |
| Income | | | 1.000 | 0.241** | 0.132** | 0.077** |
| Jobs | | | | 1.000 | 0.142** | 0.039 |
| Food prices | | | | | 1.000 | 0.004 |
| Energy programs | | | | | | 1.000 |
| 1998 | | | | | | |
| Privatization | 1.000 | 0.202** | 0.131** | 0.190** | 0.218** | 0.073** |
| Property rights | | 1.000 | 0.077** | 0.169** | 0.162** | 0.016 |
| Income | | | 1.000 | 0.240** | 0.132** | 0.115** |
| Jobs | | | | 1.000 | 0.229** | 0.030 |
| Food prices | | | | | 1.000 | 0.058* |
| Energy programs | | | | | | 1.000 |

* $p < 0.05$ ** $p < 0.01$

Table 10.4 provides the inter-item correlation of support for free market principles. Actually there is very little inter-item correlation. The highest is the correlation in 1993 of income and jobs: 0.24. The average correlation in 1993 is 0.093 and in 1998 it is 0.136.

Because of this low correlation I decided not to use a factor analysis approach to construct an overall index of support for principles of a free market. Instead I use a summative index that has very clear interpretations. It demonstrates how many items each individual supports. The scale ranges from 0 to 6, with an average value for both 1993 and 1998 around 1.7.

Support for Free Market Principles Among Basic Groups

Table 10.5 provides average accounts of support for free market principles according to basic variables. Overall, males demonstrate higher support for free market principles than females, and, furthermore, over time, males show an increasing trend toward support. Of interest is the fact that women show a decreasing trend in support. This seems to reflect the fact that women belong to one of the losing groups in the transition. Moreover, women are the guardians of the home and are sensitive to the effects of inflation, unemployment, and other negatives of market transitions, that is, increasing food and energy costs.

Table 10.5. Support for Free Market Principles Among Basic Groups, According to Gender, Age, Formal Education, Occupational Rank, and Household Income, 1993 and 1998

| Variables | Average | | Difference B – A |
|-------------------|-------------|-------------|---------------------|
| | 1993 (A) | 1998 (B) | |
| Gender | | | |
| Male | 1.771 | 1.881 | 0.110 |
| Female | 1.559 | 1.451 | -0.108 |
| Age cohort | | | |
| Young | 1.391 | 1.336 | -0.055 |
| Middle | 1.738 | 1.845 | 0.107 |
| Old | 1.852 | 1.795 | -0.057 |
| Formal education | | | |
| Elementary | 1.250 | 1.132 | -0.118 |
| Secondary | 1.712 | 1.697 | -0.015 |
| College | 2.193 | 2.410 | 0.217 |
| Occupational rank | | | |
| Low | 1.679 | 1.662 | -0.017 |
| Middle | 1.550 | 1.529 | -0.021 |
| High | 2.156 | 2.282 | 0.126 |
| Income | | | |
| Very low | 1.253 | 1.156 | -0.097 |
| Low | 1.432 | 1.359 | -0.073 |
| Middle | 1.555 | 1.589 | 0.034 |
| High | 1.865 | 1.894 | 0.029 |
| Very high | 2.220 | 2.360 | 0.140 |

With respect to age, the trend in 1993 showed that younger individuals did not support market principles as strongly as older individuals did, and, in 1998, that trend continued. However, in 1998, those in the middle-age category showed greater support than they had in 1993. This is a result of the greater opportunities that have opened up for the middle-age category, but that are not available to the very young or the very elderly.

Table 10.6. Regression of the Support for Free Market Principles on Gender, Age, and Basic Stratification Variables, 1993 and 1998

| Variables | B | SE | Beta |
|---------------------------------|--------|-------|-----------|
| 1993 | | | |
| Demographic variables | | | |
| Gender (1 = male) | 0.126 | 0.058 | 0.053** |
| Age | -0.009 | 0.003 | -0.095*** |
| Social stratification variables | | | |
| Education | 0.256 | 0.048 | 0.149*** |
| Occupation | 0.067 | 0.049 | 0.036 |
| Income | 0.155 | 0.022 | 0.186*** |
| Constant | 0.960 | 0.188 | |
| Adjusted R ² = 0.114 | | | |
| 1998 | | | |
| Demographic variables | | | |
| Gender (1 = male) | 0.316 | 0.063 | 0.120*** |
| Age | -0.006 | 0.003 | -0.052** |
| Social stratification variables | | | |
| Education | 0.411 | 0.052 | 0.215*** |
| Occupation | 0.073 | 0.053 | 0.035 |
| Income | 0.171 | 0.124 | 0.185* |
| Constant | 0.316 | 0.204 | |
| Adjusted R ² = 0.156 | | | |

* p < 0.10 ** p < 0.05 *** p < 0.01

Those with more education demonstrate greater support for market principles than do those with less education. Those with college education have increased their support over time at a much higher rate than others. This reflects the greater prospects for those with higher credentials. We can see a similar trend with respect to occupational rank and income. Those with more

prestigious jobs and higher incomes regard market principles more favorably, increasing their support from 1993 to 1998.

Table 10.6 presents the results of regressing support for free market principles on gender, age, and basic stratification variables in 1993 and 1998. In 1993, the model predicts that those who are younger, male, have higher formal education, higher occupational ranks, and higher income support market principles to a greater extent than do those who are older, female, have lower formal education, lower occupational rank, and lower income. The model explains a little over 11 percent of the variance of the dependent variables. All demographic and social stratification variables are significant, except for occupational rank. The results are the same for the 1998 model but the same model now explains almost 16 percent of the variance of the dependent variables. The increase in explanatory power principally comes from the increased importance of education.

Support for Free Market Principles According to Political Party Preferences

Political party preferences are operationalized through the particular pattern or combination of successive political choices made during a specific period. In this chapter, I adhere to a schema I used previously (Osborn 2000), calculated by Shabad and Slomczynski (1999). With respect to the distribution of voting choices among respondents in the 1991 and 1993 parliamentary elections, declarations of partisan preference were aggregated to one of the following political families:

- Liberal/social democratic, including Democratic Union (UD), Liberal-Democratic Congress (KL-D), and Union of Labor (UP);
- Christian/nationalist, including all Christian parties, Center Alliance (PC), Confederation of Independent Poland (KPN), and National Party (SN);
- Populist, including Polish Peasant Party (PSL) and all other agrarian parties, Solidarity, Solidarity 80, Non-Party Block for Reforms (BBWR), and Self-defense;
- Post-communists, including Democratic Left Alliance, (SLD), especially Social Democrats of the Polish Republic (SdRP).

In prior analyses I showed that people support or oppose privatization of state-owned enterprises consistently with political platforms of parties for which they vote (Osborn 2000). Table 10.7 shows that in both 1993 and 1998 two groups clearly demonstrate higher support for free market principles—liberal/social democrats and Christian/nationalists. Table 10.8 presents the

Table 10.7. Support for Free Market Principles According to Political Party Preferences in 1993 and 1998

| | Mean | Standard deviation |
|-------------------------------------------|-------|--------------------|
| Political party preference in 1993 | | |
| Liberal/social democratic | 2.403 | 1.344 |
| Christian/nationalist | 1.975 | 1.222 |
| Populist | 1.551 | 1.129 |
| Post-communist | 1.672 | 1.079 |
| No preference | 1.514 | 1.119 |
| Political party preference in 1998 | | |
| Liberal/social democratic | 2.724 | 1.454 |
| Christian/nationalist | 1.836 | 1.345 |
| Populist | 1.376 | 1.103 |
| Post-communist | 1.528 | 1.278 |

Table 10.8. Regression of the Support for Free Market Principles in 1998 on Gender, Age, Formal Education, Occupational Rank, Household Income, and Political Preferences, Controlling for Earlier Support for Free Market Principles

| Variables | B | SE | Beta |
|---------------------------------|--------|-------|----------|
| Controlling variable | | | |
| Support for market 1993 | 0.312 | 0.026 | 0.280*** |
| Demographic variables | | | |
| Gender | 0.259 | 0.059 | 0.098 |
| Age | -0.003 | 0.003 | -0.030 |
| Social stratification variables | | | |
| Education | 0.273 | 0.051 | 0.143*** |
| Occupation | 0.044 | 0.050 | 0.021 |
| Income | 0.108 | 0.023 | 0.117*** |
| Political preferences | | | |
| Liberal/social democratic | 0.673 | 0.109 | 0.151*** |
| Christian/nationalist | 0.222 | 0.075 | 0.072*** |
| Populist | 0.092 | 0.105 | 0.020 |
| Post-communist | -0.086 | 0.080 | -0.026 |
| Constant | 0.119 | 0.196 | |
| Adjusted R ² = 0.260 | | | |

* p < 0.10 ** p < 0.05 *** p < 0.01

results of regressing support for free market principles in 1998 on demographic and social stratification variables along with political preferences, controlling for earlier support, in 1993, for free market principles. In 1998 the demographic and social stratification relationships remain as reported in the basic model. Both the liberal/social democrats and the Christian/nationalists are significant in this example. The full model explains 26 percent of the variance of the dependent variables. Therefore, I conclude that party preferences do matter above and beyond the impact exercised by individuals' stratification positions.

Conclusion

In this chapter, I investigated the attitudinal adjustment of people to the principles of a free market. The results have been quite encouraging. In particular, we see that people who have lived under a command economy react positively to capital markets, labor markets, and markets of consumer goods. In general, the public's orientation toward privatization, tolerance toward wealth concentration, support for meritocratic rules, acceptance of unemployment, favoring of price differentials, and opposition toward state control of prices has increased from 1993 to 1998.

Support for markets is related to the independent variables that I took into account – age, gender, basic stratification variables, and political preferences. Clear regularities exist with regard to the location of the individual in the social stratification system and support for free market principles, although the impact of this location is not very great. Some party preferences are important and add to the explanation, but, again, they are not very strong. Overall, my final model explains more than 25 percent of the variance of my index. The next phase of this research will investigate the behavioral aspects of support for free market principles. It is possible that feedback from behavior has an effect on attitudes.