Supporting the Free and Competitive Market in China and India: Differences and Evolution Over Time

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Abstract
This paper analyzes the support to market competition by Indian and Chinese citizens. In particular I study the individual preferences with respect to some characteristics of a free and competitive market. The paper aims at establishing whether preferences in these countries are different and their evolution over the time. This is an important issue, as the economic literature shows that people's preferences and policies tend to go hand in hand. This means that the analysis of today's preferences and of their evolution over the time can be useful to forecast tomorrow's policies. The main findings of this paper are that Indians and Chinese are different at supporting competition. The Chinese express preferences that are more in line with a free and competitive market, than Indians do. The detected time path reveals that this support has been decreasing over time during the last two decades. The two populations appear to be in favour of a capitalistic, but strictly regulated market. This can mean that the future economic policies of these Asian giants will tend to this direction. Apparently there are no risks for some form of capitalism, but likely the two countries will not adopt completely free and competitive market institutions.

Keywords: competition, individual support, India, China, economic policies

JEL Classification: D01, D41, R58

1. Introduction

Competition and free market are two key concepts in economics. All the most advanced countries (those which are members of the OECD) have today an economic system based on what can be called a free and competitive market, despite some differences due to national regulations. All the OECD countries can be considered as democracies, hence we can conclude that the majority of the population supports the current economic institutions in their countries, otherwise they could elect reformist governments. With reference to the systems of welfare state, Fidrmuc (2000) and Alesina et al. (2001) support this conclusion: they show that people's preferences and government's policies go hand in hand. Despite the direction of the causality is not known, the democratic basis of these countries allows for arguing that it goes from the population to the legislator. Perhaps as a consequence of this apparently simple and obvious mechanism no research exists about people's support to the free and competitive market outside the former soviet sphere. All the extant research focuses on Eastern Europe after the collapse of the communist regimes. So, for example, Duch (1993) focuses on the former Soviet Union, Warner (2001) studies voting support for reformist parties in Russia, Eble and Koeva (2002) analyze the determinants of individual reform preferences in Russia, Hayo (2004) focuses on public support for a market economy in Eastern Europe, Kaltenhalter et al. (2006) analyze the popular support to privatizations in Eastern European countries and so on. No study is concerned with the situation of other countries in which the transition is still in progress.

In this paper I analyze the issue in India and China, two fundamental economic players, characterized by a recent history of strong economic dirigisme and public intervention. In particular I will study the support of the respective populations to competition, by analyzing the preferences of people for the main features of a free and competitive market (for details see section 2). I will also show that Chinese and Indians have different preferences, and that these have evolved over the time. With respect to this last issue, Hayo (1999) finds mixed time paths for 21 Eastern European countries. Considering only the 16 countries for which data are available for at least five years, he shows that the support for the creation of a market economy has decreased in eleven countries out of 16 between 1990 and 1996. This result is confirmed by Fidrmuc (2000): the author stresses the fact that, a few years after the collapse of the Communism, the most of the Eastern European countries massively voted for parties which could have undermined the economic transition. Electors expressed their discontent with the implementation of the reforms.

In sum, in this paper I will 1) analyze the support to competition per se, 2) whether there is a country effect and which country supports competition the most between China and India and 3) whether this support has varied during the last years, in fact Fernandez and Rodrik (1991) show that a reform which initially obtains the support of the population can become unpopular and generate opposition. However in a theoretical model Blanchard (1997) suggests that the support to economic reforms can evolve over a U-shaped time path.

India and China experienced a dramatic institutional change immediately before 1950. India became independent on August 15th 1947, while the Communist Party got the power in China the following year. Both countries came from economic systems based on free market and free international trade (Clark, 2007), and both knew a period of increasing State control on the productive system and decreasing openness to international trade. Since the end of the Seventies both countries – China faster than India, but the former coming far behind the latter – have began a march towards the free market and free international trade (Srinivasan, 2004).

Since 1947/48 politicians in these countries have first introduced a heavy hand of the central Government in the economic life, and then they reversed the path and started a new era of liberalization. Whilst Indians have always had contacts with the Western culture, the Chinese have been fed with the communist doctrines that may have strongly influenced their preferences for a free and competitive market. Sartori (1991) emphasizes that Communism has engendered the "sheltered man": the experience of the regime would have developed a strong risk aversion in the individuals (about the existence of a "communist legacy" see also Blanchflower and Freeman, 1997). However I must highlight that this hypothesis is contrary to Shiller et al. (1991) – who find very weak indoctrination effects, if any, in the Soviet Union – and to Firebaugh and Sandu (1998) – who find that ideology did not make Romanians to prefer collectivism rather than free market. Indians have always had access to free information and they saw the collapse of the communist world and the situation hidden behind the appearance; the Chinese have seen much less. Indians have always had contacts with a free market, though mitigated and strictly ruled, the Chinese even lost the freedom of dressing as they wanted and the right to have a personal identity.

Several individual characteristics can be linked with one's support for a free and competitive market. Among these one of the most studied is education, whose effect is not

clear *a priori* in the case of India and, especially, China. The educative system can be a channel to spread the socialist and communist doctrines, but better educated people can access more information than the others; moreover human capital constitutes a sort of insurance against the unemployment produced by reforms, and in this sense reduces uncertainty. In addition several studies (for example Vecernik, 1995; Orazem and Vodopivec, 1995; Rutkowski, 1996 and Brainerd, 1998) show that returns on education are higher in a free and competitive market than in a central planned economy, therefore more educated people tend to be in favour of reforms more than others. Duch (1993), Gabel and Palmer (1995), Gabel (1998a and 1998b), Eble and Koeva (2002) and Hayo (2004) among others find support for this conclusion. However all these authors do not consider the case of a still communist country and thus their studies might not capture the presence of an indoctrination effect acting also through the education system. This effect could reflect in a support for competition and free market weaker in China than in India. At the same time, and on the opposite side, the Chinese could desire a free market as better alternative to the actual lack of (economic) freedom. Indians could prefer more economic liberalism in the hope of enhancing growth, or they could prefer more control of the State over the economy to reduce job uncertainty and income inequalities. Both the Chinese and the Indians could support a strong socialist government, as economists generally find people to be averse to income inequality (see for example Rawls, 1971, Barr, 1998 and Schwarze and Härpfer, 2007). For the same reason, people might prefer public rather than private ownership of firms, as this would create less uncertainty about the stability of jobs (see, among others, Wong and Lee 2000 for the consequences of the reforms on job losses in the PRC).

More generally the more risk adverse people are the less they are likely to support reforms (Firebaugh and Sandu, 1998). Moreover as people do not know ex ante either if they will benefit from the reform or who will gain from them, the (majority of the) population could be against a reform, that would be accepted ex post (see Fernandez and Rodrik, 1991). Still, years of reforms in China could have created nostalgia of the past, as it happened in Eastern German States (Easterlin and Plagnol, 2008). In any case the support of the population to the economic policies of the government is an important issue, because it brings consensus. This is important in India because the Government is elected and politicians generally seek re-election; consensus is important in China, because in a totalitarian State it is the basis of public order and power.

With regard to the relationship between the preferences of the population and the economic policy, Alesina at al. (2001) show that countries, whose population's preferences for equal distribution and public intervention are different, also have different welfare systems. In particular these welfare systems are in accordance with people's preferences for public intervention in the economy. Whether these systems are the fruit of people's preferences or whether the latter have been gradually shaped by the politicians to enforce the current policies is not known. However the authors show that preferences of the population and welfare policies go hand in hand. Alesina et al. (2004) find that preferences for a more equal income distribution are stronger in Western Europe than they are in the United States, where the population and the politicians are traditionally in favour of free competition more than they are in Western Europe (see for example Hibbs, 1977). This result supports the findings of Alesina et al. (2001). Knowing people's preferences and attitudes towards the free market is thus important to understand towards which market institutions a country could be moving. Knowing this for two economic and demographic giants, India and China, is extremely worthy.

Alesina et al. (2004) argue that preferences for a more equal income distribution may not only be due to taste, but may also reflect other factors in society. Among these factors, religion and religiosity[1] seem to play a major role and have been widely studied across years. Grier (1997) considers sixty-three former British, French and Spanish colonies. He focuses on two variables: the nationality of the colonizer and the dominant religion; he finds that the presence of Protestantism is a significant explicator of growth, even after controlling for several other economic indicators and for the nationality of the ruler.

Using the data of the *World Value Survey*, Guiso et al. (2003) study the impact of religious denominations over the individual attitude towards modern capitalism. They find that some religious denominations (namely the Christian ones) are associated more with "attitudes that are conducive to economic growth"[2], while other denominations are negatively associated. They also find differences among Christian denominations. This means that religiosity (faith in some religious denomination) can influence the individual's preferences for competition and free market.

Still some studies offer evidence about the fact that culture and history shape institutions and affect economic outcomes. These studies support the hypothesis that

communist doctrines may influence people's attitudes towards the free market. In this sense Guiso et al. (2004) show that trust affects the level of trade, portfolio investments and foreign direct investments between two countries. Trust towards a foreign country is a cultural trait of a population. The authors also argue that individuals are aware of the perception a foreigner has of them and that these perceptions are reciprocal, as they are part of the common "national culture".

Studying the Italian regions Putnam (1993) finds that Northern regions have more efficient local governments than Southern regions have. In addition the former are more developed and richer than the latter. He argues that the history of Italian States since year 1000 is the main responsible for the current situation. The author's claim is that history affects institutions which in turn influence growth. Tabellini (2006) widens Putnam (1993) in a study over several European regions. He finds that two sets of cultural traits are positively correlated with economic performance: social capital and confidence in the individual. Again today's development is the result also of the cultural traits formed during history. Guiso et al. (2006) reach similar results using data of the U.S. General Social Survey. The recent economic planning n both China and India could have forged the national culture enough to affect people's preferences.

These studies offer some evidence that different preferences shape the institutions and affect the economic outcomes. Moreover they show that the economic policies enforced by the governments and people's preferences go together (although the causality direction is uncovered). This means that the observation of current preferences, and especially of their evolution over the time, can be useful to forecast the direction of the economic policies. Notice that in this case the causality effect does not matter: if preferences shape policies, then we should expect the Indian and the Chinese governments to increase their control over their economies. On the other hand, if the politicians influence the preferences of the population to be able to enforce their own policies, then this means that Indian and Chinese policies are leading to a market which will be more regulated than today.

The main findings of this paper are that Indians are on average less prone than the Chinese to support a free and competitive market, and that over the time both populations have increased their support to a regulated market rather than to a completely free one.

2. Supporting competition and the free market. Data and methodology

In this work I study six variables which are the answers to as many questions. Data are from three waves of the *World Value Survey* (*WVS*): 1989 – 1993, 1994 – 1999 and 1999 – 2004. The responders are almost evenly distributed across these waves, so that no re-weighing is necessary. The variables I analyze are strictly linked with the individual perception of competition or of the fundaments of the free market. They attain competition *per se*, preferences for public intervention in the economy, opinion about income inequality as an incentive for workers and the fairness of rewarding different productivities by the means of different wages. The theories of the free and competitive market state that perfect competition leads to Pareto efficiency (first theorem of welfare economics) and thus it is good; they state that the public hand has to minimize its interventions in the economic system, and that wages must be equal to the marginal productivity of labour. Therefore the variables I consider here represent (some of) the fundaments of a free and perfectly competitive market.

The first variable that I consider measures the individual evaluation of competition *per se*; it is the answer to the following question: "*Now I'd like you to tell me your views on various issues. How would you place your views on this scale? 1 means you agree completely with the statement on the left; 10 means you agree completely with the statement on the right; and if your views fall somewhere in between, you can choose any number in between*[3]. *Sentences: Competition is good. It stimulates people to work hard and develop new ideas vs. Competition is harmful. It brings the worst in people*". In this case 1 means to consider competition as good and stimulating people to work and to develop new ideas, whilst 10 means to find competition to be harmful.

The second question attains the problem of income distribution. In particular the interviewee is asked about the current income distribution and whether he/she thinks it needs to be made more equal: "*Incomes should be made more equal vs. We need larger income differences as incentives*" where 1 means total agreement with the former sentence, and 10 means total agreement with the latter. This variable gives double information. As in a free and competitive market people respond to incentives (see Easterly, 2001) I consider higher grades to witness support for competition and free market.

The third and the fourth analyzed questions attain the role of the government in the economy. Specifically, they ask the respondents to grade the following couples of sentences: "*Private ownership of business should be increased vs. Government ownership of business should be increased*" and "*People should take more responsibility to provide for themselves vs. The government should take more responsibility to ensure that everyone is provided for*". In both cases answering 10 definitely means to support the intervention of the government in the economy. In both cases the responder's preference against the rules of competition and of a free capitalistic market is stronger as the grade increases.

The last set of (two) questions aims at measuring the individual evaluation of work. The first couple of sentences to be graded is: "*In the long run, hard work usually brings a better life vs. Hard work doesn't generally bring success - it's more a matter of luck and connections*", where 1 means that the responder believes that working hard brings success in the long run, whilst 10 means to think that success is more a matter of luck and connections than of hard working. I interpret a high grade as a preference against competition and free market, where merit should bring success. The second question (dichotomous answer) is the following: "*Imagine two secretaries, of the same age, doing practically the same job. One finds out that the other earns considerably more than she does. The better paid secretary, however, is quicker, more efficient and more reliable at her job. In your opinion, is it fair or not fair that one secretary is paid more than the other?*"; here 0 means that the responder considers different wages for different efficiencies not to be fair, whilst 1 means that the responder deems it fair. I interpret the positive preference of rewarding efficiency as supporting the rules of a competitive and free market-based economic system.

Although not exhaustive, the analysis of these six variables sheds some light on the preferences of the Indians and the Chinese about fundamental points of a free and competitive market. The analysis of these data will reveal the impact of income, education, gender and age over these preferences. Moreover I will stress how they have evolved during the fifteen years covered by the survey. In particular I will highlight whether the population's preferences and the policies of the governments have been in accordance with each other or not. Differently from Grier (1997) and Guiso et al. (2003) I do not control for religious denominations, as data about the Chinese are too exiguous to allow for this. However I control for being a religious person or a convinced atheist. This attitude towards religion is retrieved from a specific question of the *World Value Survey*: "*Independently of*

whether you go to church or not, would you say you are…"; there are three possible answers to this question: "*a religious person*", "*not a religious person*" and "*a convinced atheist*". I take the intermediate group (those who classify themselves as non religious) as reference group and introduce two dummies: one for those respondents who classified themselves as religious persons and one for those who declared to feel convinced atheists. In addition I also control for the size of the town the responder lives in (for example Firebaugh and Sandu 1998 find that Romanian urban residents are more in favour of marketization than people living in the countryside). The *WVS* classifies villages and towns according to a discrete scale from 1 (villages with less than 2,000 inhabitants) to 8 (towns with more than 500,000 people). This is an important variable to account for, because living in bigger towns can mean more job opportunities and an easier access to education but also more human and material poverty with respect to living in villages.

In the Introduction I mentioned the strong link between preferences and policies. For this reason I also control for a set of variables which express the responder's confidence in some institutions of the country. The *WVS* contains information about the level of trust the interviewee has in different institutions. This trust is represented by an increasing scale from 1 (no trust) to 10 (full trust). Here as fundamental institutions I consider the Government, the mass media (television), the public education system and the armed forces. Trusting the Government should be linked to supporting its current policies; I expect that those people who trust the Government have preferences very close to its policies. The mass media and the public education systems are two channels that the Government may use to spread its policy and doctrine. Trust in them could be positively linked to support the current policies. The armed forces are a major institution directly controlled by the Government; moreover they insure order and security: people who trust them could feel more protected, but they could also feel more need for protection and prefer a stronger State. Hence I have no prior about the correlation between this variable and the support to competition and free market. As confidence in these institutions has been measured only during the last wave of the questionnaire in both China and India, when they are included among regressors, I do not control for the evolution of the examined preferences over the time.

I insert also gender among the regressors, as free market generally brings more uncertainty to people (Easterlin and Plagnol, 2008) and women tend to be more risk averse (Camerer, 2003). Also because of this female interviewees are likely to be less prone to bear

an increase of riskiness than males are; supporting this reasoning, Gabriel (1992), Firebaugh and Sandu (1998), Hayo (1999a and 1999b) and Kaltenthaler et al. (2006) find that in general women are less prone to support a system based on free market and competition. Therefore I expect the male gender to correlate positively with preferences for a free and competitive market. Age is another important control: old people have experienced more institutional changes, and thus their preferences are based also on a strong experience in addition to education. At the same time, in general they tend to regret the past. Among others Hayo (1999) find a U-shaped pattern for age: support first increases and then decreases. Income and education give access to better information and represent success; therefore they are important factors to be considered. Eventually I also control for happiness and for the state of health: healthy and happy people could feel less need for the aid of the Government. Therefore I expect these people to favour a free and competitive economy.

Eventually the time path is identified through a discrete variable coding the waves. This variable takes the values 1, 2 and 3, which are increasing in time. This means that the 1989 – 1993 wave is coded as 1, the following wave as 2, and the last one as 3. This allows for assessing whether there is a change of these preferences over the time, which is not captured by the previous controls.

Given the discrete and ordinal nature of the dependent variables, I analyze data using the ordered probit methodology. Unfortunately, when I consider if the responder views him/herself as a religious person or as an atheist I can not control also for his/her confidence in the institutions. This occurs because of the high number of missing answers, which would reduce the sample too much and produce an excessive unbalance in favour of Indian responders.

3. Results

Table 1 summarizes the answers of interviewees by country. It is already possible to notice some differences. Considering the question which asks the interviewee to state his/her position about income inequality as an incentive, we can notice that only 38.5% of Indians assigned a value larger than 5, against 61% of the Chinese. This means that the majority of Indians prefers incomes to be rather equal than unequal, while the majority of the Chinese considers inequalities to be beneficial for the economy. Consistently with this answer, a larger share of Chinese than of Indians finds rewarding efficiency to be fair. However, when

asked about their preference for a larger State ownership of firms, 65.5% of the Chinese answered in favour of increasing the ownership of the State, against only 41.03% of Indians who agree with this. Although Indians do not consider income inequalities to be beneficial for the economy, they prefer private ownership to public ownership. On the other side, the Chinese prefer wage competition in an economic system characterized by the presence of a strong public hand.

Both the Chinese and the Indians have a preference (though weak) for the Government to take more responsibility in the economy: the percentage of those who assigned a value higher than 5 hardly represents a majority. Maybe as a consequence of the corruption which pervades both countries, the majority of Indians as well as the majority of the Chinese does not think that working hard brings success. However the Chinese are almost two times more prone than Indians (30% of the responders against 12.98% answering more than 5) to assess that hard work brings success.

Eventually more or less the same percentage (90%) of both Indian and Chinese responders does not consider competition to be harmful. However while the absolute majority of Indians does not agree at all with considering competition to be harmful, the preferences of the Chinese respondents are somewhat less extreme.

From this first analysis of the data the preferences of Indians and Chinese do not appear to be so different. However when comparing the means by country, this picture changes in favour of marked and significant differences between the two populations. Table 2 highlights that, on average, the Chinese consider income inequality as an incentive for workers more than Indians do, and hence the previous finding is confirmed. Table 2 highlights that the Indians and the Chinese have significantly different preferences with respect to all the considered variables. In particular we can observe that the Chinese have a clear preference for public ownership of firms and this preference is stronger than for Indians. Nevertheless, the Chinese prefer the Government to carry less responsibility in citizens' life than Indians whish. However the difference in this case is much smaller than in the previous, though it is highly significant.

The Chinese estimate competition to be less harmful than Indians think (i.e. the former prefer competition more than the latter); in any case the figures are very low and

indicate a general propensity for competition for both the populations. This is an interesting result, as both Indians and Chinese come from decades of policies that have restricted, when not annihilated, competition. In the case of China this means that the population is supporting the strong change enforced by the central government since 1978; in the case of India, people are in favour of more openness and are supportive of the changes which are on the way. Again, it is not possible to assess whether and to which extent policies are pulled by people's preferences or the latter are influenced by politics.

The opinion about the effectiveness of hard work to bring success is very different in the two countries. In particular the low score of India with respect to China may be due to the higher perceived corruption in India than in China[4]. In addition Indians view as almost ineffective the fight against corruption of their Government[5] and this could reinforce the previous effect.

The ordered probit analyses confirm the previous findings. Before going into details it is necessary to stress a point. As shown in the previous section, the interviewees had to grade their agreement with respect to two sentences at a time. This justifies the observable changes in sign of the marginal effects. Instead, the sign of the coefficient is the sign of the overall impact of the control over the probability of grading higher the second rather than the first sentence of the proposed couple.

The Chinese and the Indians are very similar in their evaluation of competition. Both consider it rather beneficial than harmful, with a small difference indicating Indians as more prone to competition. The ordered probit analysis (see Table 3) shows that Indian responders have a tendency to rate competition at any level as more harmful than the Chinese do. The marginal effect is almost always positive and strongly significant. Gender is significantly related and its impact is negative, meaning that in general men find competition to be less harmful than women think it to be. People living in bigger towns have a better feeling of competition: they deem it to be harmful to a lesser extent than people living in smaller towns. Individuals living in towns have more contacts with the economic development (especially in the two countries I am analyzing here) and therefore they benefit of it more than people living in the countryside or in villages. Moreover they also experience more job opportunities, although some Asian cities are populated by masses of extremely poor people who live in inhuman conditions. Nevertheless our data say that the bigger the town the better

the evaluation of competition (on average). A better state of health correlates negatively with considering competition as harmful. Notice that the state of health can also be interpreted as a proxy of happiness (see for example Stutzer, 2004), so I might also argue that happier people are more in favour of competition.

Table 3bis confirms this finding: happiness is negatively and significantly related to a negative perception of competition. Both being a religious person or a convinced atheist correlates negatively with the opinion that competition is harmful[6], but the effect is stronger for atheists than for religious people: the marginal coefficients for the first group are almost the double of those for the second group. The absolute effect of being a religious person is in turn larger than the effect of happiness, but while the former variable is a dummy, the latter is scaled from 1 to 4, hence the two magnitudes are not directly comparable. Eventually the nationality effect is negative, although weakly significant: Indians have a better opinion of competition than the Chinese have.

The analysis of the other measures of pro-competition behaviour confirms the results highlighted before. Indians tend not to consider income inequality as an incentive for workers: this is mainly a Chinese opinion (see Table 4). The link between confidence in the main public institutions and the opinion about income equality is mixed. Those responders who are more confident in the Government and in the television are less prone to consider income inequalities as an incentive than the interviewees who express lesser confidence in these two institutions. On the other side, an increasing confidence in the public education system, and especially in the armed forces, appears to be correlated with seeing income inequality as an incentive. This might be a bad news for the Indian and the Chinese governments: as they are walking towards the free and competitive market, they could loose the support of part of the population. Alternatively the current policies could be slowed down or stopped. However the effect of age suggests that old people are more prone to defend income equality than young generations are. This may represent the effect of past indoctrination, especially in the PRC. The older the responder, the more he has been exposed to (forced) indoctrination against the free market. This finding is consistent with my initial expectations. The gender effect is consistent with the current opinion that women are more risk averse than men. Moreover Andreoni and Vesterlund (2001) show that women generally prefer even rather than unequal distributions. Table 4bis shows that both religious

people and atheists support income inequality as an incentive. The results of Table 4bis sustain those of Table 4.

Table 5 confirms that the Chinese prefer the Government to increase its ownership among the firms more than the Indians do. This result is consistent with McIntosh et al. (1994), who find that people in the former communist European countries have a strong preference for public ownership; my results are also in accordance with Wong and Lee (2000) who analyze a sample of Chinese citizens. With respect to this preference the Chinese seem to be sensible to the communist doctrines. However this may also be due to the increased uncertainty about job stability that the reforms have brought. This interpretation seems to be reinforced by the sign of the coefficient for age: the younger the respondent, the stronger his/her preference for more government ownership. Generally the young generations are those who look for a job the most. As they perceive job security as decreasing as a consequence of the reforms, they may support an inversion of current policies. This preference moves in the opposite direction of the current Chinese and Indian economic policy and, if persistent, it could undermine the political stability in the long run. However this problem may affect China only: the most radical reforms are taking place in China rather than in India, where the free and competitive market has not been completely unknown during the last sixty years. And the opposition to a withdrawal of the Government from firm ownership is a Chinese characteristic. Indians appear to be rather favourable than contrary to private property. Considering the links between confidences in the main state institutions, it turns out that only having confidence in the public education system is significantly related to this preference. Those who declare to be more confident also prefer an increasing public ownership of firms. Eventually the usual gender effect holds (consistently with the finding of Kaltenthaler et al., 2006): men have a stronger preference for the free market than women have. Table 5bis supports these findings and indicates that over the time people have strengthened their preference for a larger presence of the public hand in the productive sector. Again these data suggest that the current evolution of the economic policies in India and China is going in the opposite direction of the population's preferences. Consistently with the fact that the Chinese support the presence of the government more than the Indians do, I find that those who define themselves as religious persons are contrary to an increase of State ownership, whilst atheists express the opposite preference. Since, on average, the Chinese feel more atheist than the Indians, then the country effect is reinforced. In addition as both the country effect and the effect of being

atheist/religious are highly significant, it is possible to conclude that they are mutually strengthening.

Consistently with the previous result, I find that Indian citizens prefer the individuals to take more responsibility to provide for themselves (Table 6), whilst the Chinese express the opposite preference. For the citizens of the PRC, the Government should take more responsibility to ensure that everyone is provided for. However, over time this preference has evolved towards an inclination for increasing responsibility of the state (see Table 6bis). Again this path is in contrast with the current evolution of national policies in both India and China. The country effect is not robust with respect to controlling for confidence in the main public institutions.

As already highlighted, Indians are more prone than the Chinese to think that hard work brings success (Table 7). This divergence of opinion could be due to the larger perceived presence of corruption in India than in China. Actually the initial hypothesis predicted the opposite: the communist centralized planning should have removed the search for success and the capitalistic opinion that it can be reached through hard work. Happier and healthier people think that hard work brings success rather than this latter is a matter of luck and connections. However the higher the income of the respondent the closer his idea to the opinion that success is brought by luck and connections. If people measure success in terms of income, then the Chinese and Indian economic institutions appear to fail in rewarding hard work. At the same time there is no guarantee that hard work is a synonymous of high productivity. The conclusion that I can retrieve is that the system apparently fails to reward effort, but nothing can be assessed with respect to productivity. Atheists and religious people, they all think that hard work brings success, although the effect is stronger for those who define themselves as religious than for the atheists. The time evolution of this opinion shows that people think more and more than effort is rewarded. This is good news, as it means that people feel the free and competitive market to work better and better over time. Moreover this result can also come from a decreasing perceived corruption, which in turn makes people think that good connections and luck are less and less important to reach success. In sum this means that people are less and less looking for recommendations and more and more relying on their own capacities, an attitude which is in line with the fundamental rules of a competitive and free market.

The results for the last variable (see Table 8) support the findings about preferences for income inequality. Indians are less prone to consider rewarding worker efficiency as fair. In particular they are more prone than the Chinese to assess that it is not fair to pay more a more efficient secretary. Confidence in the state institutions is in general unrelated with the analyzed variable, except for that in the armed forces. Those interviewees, who have more confidence in the armed forces, also consider rewarding efficiency to be fair. Table 8bis confirms these results and shows that religious people consider fair to reward the most efficient secretary. Given the negative sign of the country (India) effect and given that Indians declare to be more religious than the Chinese on average, this result is very strong and robust. Eventually we can observe that, over the time, people consider rewarding efficiency to be lesser and lesser fair and this result is in line with decreasing preferences towards a free and competitive market.

4. Conclusions

The aim of this paper is to answer two questions: whether the Indians and the Chinese support a competitive and free market to a different extent and whether there has been a trend of people's preferences over time.

The answer to the first question is yes. Although both populations express preferences in favour of a free and competitive market, the Chinese appear to have a stronger preference for a capitalistic market than Indians have. This may be due to different motivations. First the Chinese preference may be stronger than that of the Indians as a reaction against decades of communism and its shortcomings. Second, the Chinese are more subject to propaganda than the Indians are: the Chinese Government could use this instrument in order to convince the population of the opportunity of the undertaken reforms. Third it could just be a cultural characteristic as Naipaul (1977) suggests. This paper does not solve this problem, but offers evidence of the different preferences for competition between Indian and Chinese individuals. As the extant economic literature shows that economic policies and people's preferences tend to go hand in hand, then knowing the current preferences and their evolution may suggest the future direction of the policies.

The analysis of the data shows that preferences of Indians and Chinese about different aspects of the free market (income inequality, rewarding efficiency, rewarding effort, etc.) are consistent with their opinion about the harmfulness of competition. In

general the Chinese have a stronger preference for the characteristics of a free and competitive market than Indians have.

Another important result is the trend of these preferences over the time. We can notice a general shift towards preferences for a less competitive market in both countries. This may be a reaction against the policies currently carried on by the governments, as more competition generally means more uncertainty with respect to a strongly regulated or a centralized economy. The preferences of Indian and Chinese citizens appear to be rather for a regulated market than for a completely free one. The majority of the responders do not think that competition is totally harmful, but they whish an intervention of the Government aimed at insuring a minimum level of well-being for the population. This trend could mean a slow down in the march towards a free and competitive market in both India and China. Notice that in this case the causality effect does not matter: if preferences shape policies, then we should expect the Indian and the Chinese governments to increase their control over their economies; on the other hand, if policies influence preferences, then this means that Indian and Chinese policies are leading to a market more regulated than today. This can mean that the future economic policies of these two Asian giants will tend to this direction. Apparently there are no risks for some form of capitalism, but almost surely the two countries will not adopt completely free and competitive market institutions.

Note: for all the tables *** means a confidence level of 99%, ** of 95% and * of 90%.

Table 1. Distribution of answers to free market and competition indicators. Percentage fig

	Income inequality as incentive		More public ownership	
	China	India	China	India
1	13.32	31.93	6.43	16.34
2	6.82	4.40	4.29	5.67
3	5.90	6.29	5.46	9.33
4	3.50	4.75	4.65	5.67
5	9.46	13.68	13.69	21.96
6	6.70	4.35	8.30	4.58
7	9.79	7.72	9.33	9.00
8	15.22	7.67	16.60	5.47
9	8.66	4.10	9.69	3.00
10	20.62	15.11	21.57	18.85
St. deviation	3.15	4.77	2.78	3.08
	More Government responsibility		Competition is harmful	
	China	India	China	India
1	15.86	17.56	39.10	50.35
2	7.78	6.43	20.01	7.81
3	11.18	7.30	13.14	8.98
4	6.87	8.02	7.70	5.58
5	8.20	9.53	10.31	16.73
6	11.76	12.08	2.58	1.96
7	6.06	3.22	1.60	2.24
8	8.50	6.75	2.24	1.09
9	8.59	2.48	1.01	0.93
10	15.19	26.63	2.30	4.33
St. deviation	3.14	3.34	2.18	2.46
	Hard work doesn't bring success		It is fair to reward efficiency	
	China	India	China	India
1	29.27	52.13		
2	13.67	10.94	yes	yes
3	10.10	6.80	89.18	73.66
4	6.65	6.47	no	no
5	10.30	10.68	10.82	26.34
6	5.50	2.59		
7	4.35	2.21		
8	7.68	2.47		
9	4.27	1.62		
10	8.21	4.07		
St. deviation	3.04	2.54	0.31	0.44

Table 2. Raw preferences of Indians and the Chinese. Average figures

	Indians	Chinese	Sign.	Male	Female	Sign.
Income inequality is an incentive	4.76	6.21	***	5.43	5.13	***
More Government ownership of firms	5.39	6.69	***	5.76	6.00	***
More Government responsibility in the economy	5.70	5.44	***	5.51	5.72	***
Competition is harmful	2.86	2.77	**	2.79	2.89	**
Hard work does not bring success	2.80	4.10	***	3.25	3.30	-
Different efficiency different wage: it is fair	0.74	0.89	***	0.79	0.80	-

Significance: *** 99% level; ** 95% level; * 90% level.

Table 3. Ordered probit analysis for considering competition as harmful

	Coefficient	Marginal effects								
		y = 2	y = 3	y = 4	y = 5	y = 6	y = 7	y = 8	y = 9	y = 10
India	0.42	-0.80	1.25	2.28	5.45	1.78	1.13	1.58	0.87	2.38
	(0.15)***	(0.42)**	(0.36)***	(0.75)***	(1.91)***	(0.76)***	(0.44)***	(0.62)***	(0.36)**	(0.99)**
Male	-0.08	-0.10	-0.28	-0.46	-1.04	-0.33	-0.21	-0.28	-0.15	-0.40
	(0.04)**	(0.05)*	(0.12)**	(0.21)**	(0.47)**	(0.15)**	(0.10)**	(0.13)**	(0.07)**	(0.19)**
Age	0.002	n.s.	n.s.	0.01	0.03	0.01	0.01	n.s.	n.s.	0.01
	(0.007)	n.s.	n.s.	(0.04)	(0.09)	(0.03)	(0.02)	n.s.	n.s.	(0.04)
Size of the town	-0.04	0.04	-0.12	-0.20	-0.46	-0.14	-0.09	-0.12	-0.07	-0.17
	(0.01)***	(0.01)***	(0.03)***	(0.05)***	(0.11)***	(0.04)***	(0.02)***	(0.03)***	(0.02)***	(0.05)***
Income	-0.01	0.01	-0.03	-0.05	-0.12	-0.04	-0.02	-0.03	-0.02	-0.05
	(0.01)	(0.01)	(0.03)	(0.06)	(0.12)	(0.04)	(0.02)	(0.03)	(0.02)	(0.05)
State of health	-0.04	0.05	-0.15	-0.25	-0.55	-0.17	-0.11	-0.15	-0.08	-0.21
	(0.02)**	(0.03)*	(0.07)**	(0.12)**	(0.26)**	(0.08)**	(0.05)**	(0.07)**	(0.04)**	(0.10)**
Confidence in the Government	0.01	-0.02	0.05	0.08	0.18	0.06	0.04	0.05	0.02	0.07
	(0.04)	(0.04)	(0.13)	(0.22)	(0.48)	(0.15)	(0.09)	(0.13)	(0.07)	(0.18)
Confidence in television	0.04	-0.05	0.15	0.25	0.55	0.17	0.11	0.15	0.08	0.21
	(0.03)	(0.04)	(0.12)	(0.20)	(0.45)	(0.14)	(0.09)	(0.12)	(0.07)	(0.17)
Confidence in public education	0.01	-0.01	0.04	0.07	0.16	0.05	0.03	0.04	0.03	0.06
	(0.03)	(0.03)	(0.11)	(0.18)	(0.39)	(0.12)	(0.08)	(0.11)	(0.06)	(0.15)
Confidence in the armed forces	-0.14	0.15	-0.51	-0.83	-1.85	-0.58	-0.36	-0.49	-0.27	-0.70
	(0.04)***	(0.06)**	(0.15)***	(0.23)***	(0.52)***	(0.17)***	(0.11)***	(0.15)***	(0.08)***	(0.20)***
Pr (y = n)		16.84	11.86	9.69	13.02	2.93	1.62	2.00	0.97	2.06

n.s. means that the absolute value is almost equal to zero (lesser than $1*10^{-3}$) and the coeffcient/marginal effect is not significant
Marginal effects and their standard deviations expressed in percentage

Table 3 bis. Ordered probit for considering competition as harmful

	Coefficient	Marginal effects								
		y = 2	y = 3	y = 4	y = 5	y = 6	y = 7	y = 8	y = 9	y = 10
India	0.10	0.12	0.37	0.36	1.39	0.27	0.30	0.20	0.13	0.75
	(0.05)*	(0.08)	(0.21)*	(0.20)*	(0.75)*	(0.14)*	(0.16)*	(0.10)*	(0.07)*	(0.38)**
Male	-0.06	-0.05	-0.21	-0.22	-0.88	-0.20	-0.20	-0.13	-0.09	-0.51
	(0.03)**	(0.02)**	(0.10)**	(0.11)**	(0.42)**	(0.10)**	(0.10)**	(0.06)**	(0.04)**	(0.25)**
Age	-0.01	n.s.	n.s.	n.s.	-0.01	n.s	n.s.	n.s.	n.s.	-0.01
	(0.01)	n.s.	n.s.	n.s.	(0.08)	n.s	n.s.	n.s.	n.s.	(0.05)
Age squared	n.s.	n.s.	n.s.	n.s.	n.s.	n.s	n.s.	n.s.	n.s.	n.s.
	n.s.	n.s.	n.s.	n.s.	n.s.	n.s	n.s.	n.s.	n.s.	n.s.
Size of town	0.03	0.02	0.09	0.10	0.38	0.08	0.08	0.06	0.04	0.22
	(0.01)***	(0.01)***	(0.03)***	(0.03)***	(0.12)***	(0.03)***	(0.03)***	(0.02)***	(0.01)***	(0.07)***
Income	-0.02	-0.01	-0.05	-0.06	-0.22	-0.04	-0.05	-0.03	-0.02	-0.13
	(0.01)**	(0.00)**	(0.03)**	(0.03)**	(0.11)**	(0.02)**	(0.02)**	(0.02)**	(0.01)**	(0.06)**
Happiness	-0.07	-0.07	-0.27	-0.28	-1.09	-0.22	-0.24	-0.16	-0.11	-0.63
	(0.02)***	(0.02)***	(0.07)***	(0.07)***	(0.27)***	(0.06)***	(0.06)***	(0.04)***	(0.03)***	(0.16)***
Religious	-0.13	-0.08	-0.43	-0.45	-1.84	-0.38	-0.42	-0.28	-0.19	-1.11
	(0.04)***	(0.03)***	(0.12)***	(0.14)***	(0.56)***	(0.12)***	(0.13)***	(0.09)***	(0.06)***	(0.35)***
Atheist	-0.29	-0.59	-1.30	-1.17	-4.11	-0.77	-0.83	-0.54	-0.36	-1.95
	(0.05)***	(0.18)***	(0.29)***	(0.24)***	(0.75)***	(0.15)***	(0.15)***	(0.11)***	(0.07)***	(0.30)***
Wave	0.01	(0.01)	0.06	0.06	0.26	0.05	0.06	0.04	0.03	0.15
	(0.03)	(0.02)	(0.09)	(0.09)	(0.36)	(0.07)	(0.08)	(0.05)	(0.04)	(0.21)
Pr (y = n)		10.08	10.07	6.24	15.02	2.13	2.12	1.29	0.82	3.76

n.s. means that the absolute value is almost equal to zero (lesser than $1*10^{-3}$) and the coeffcient/marginal effect is not significant
Marginal effects and their standard deviations expressed in percentage

19

Table 4. Ordered probit for considering Income inequality as an incentive

	Coefficient	y = 2	y = 3	y = 4	y = 5	y = 6	y = 7	y = 8	y = 9	y = 10
		Marginal effects								
India	-0.56	3.21	2.53	1.91	2.38	0.40	-1.01	-3.94	-3.46	-13.95
	(0.14)***	(0.81)***	(0.62)***	(0.44)***	(0.48)***	(0.01)***	(0.38)***	(1.08)***	(0.88)***	(3.33)***
Male	0.12	-0.69	-0.56	-0.44	-0.60	-0.15	0.14	0.78	0.73	3.13
	(0.00)***	(0.20)***	(0.17)***	(0.13)***	(0.17)***	(0.00)***	(0.01)***	(0.23)***	(0.21)***	(8.88)***
Age	-0.01	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	-0.01	-0.05	-0.22
	(0.01)	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	(0.00)	(0.04)	(0.17)
Size of the town	0.09	-0.54	-0.44	-0.35	-0.48	-0.13	0.01	0.60	0.58	2.47
	(0.01)***	(0.06)***	(0.05)***	(0.04)***	(0.05)***	(0.00)***	(0.00)***	(0.06)***	(0.01)***	(0.22)***
Income	0.01	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	0.01	0.01	0.35
	(0.01)	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	(0.01)	(0.01)	(0.23)
State of health	0.02	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	0.01	0.01	0.43
	(0.02)	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	(0.01)	(0.01)	(0.50)
Confidence in the Government	-0.11	0.65	0.53	0.42	0.58	0.15	-0.12	-0.72	-0.69	-2.97
	(0.04)***	(0.21)***	(0.17)***	(0.13)***	(0.18)***	(0.01)***	(0.04)***	(0.23)***	(0.22)***	(0.92)***
Confidence in television	-0.16	0.90	0.74	0.58	0.79	0.21	-0.16	-1.00	-0.95	-4.11
	(0.03)***	(0.19)***	(0.16)***	(0.12)***	(0.17)***	(0.01)***	(0.05)***	(0.21)***	(0.20)***	(0.82)***
Confidence in public education	0.08	-0.44	-0.36	-0.28	-0.39	-0.10	0.08	0.48	0.46	1.99
	(0.03)***	(0.17)***	(0.14)***	(0.11)***	(0.15)***	(0.00)***	(0.04)**	(0.19)***	(0.18)***	(0.76)***
Confidence in the armed forces	0.26	-1.52	-1.25	-0.97	-1.34	-0.35	0.28	1.69	1.61	6.94
	(0.04)***	(0.24)***	(0.20)***	(0.16)***	(0.21)***	(0.01)***	(0.01)***	(0.27)***	(0.25)***	(0.99)
Pr (y = n)		5.32	5.47	5.45	11.93	8.53	11.30	14.71	7.87	18.08

n.s. means that the absolute value is almost equal to zero (lesser than 1*10^{-3}) and the coefficent/marginal effect is not significant
Marginal effects and their standard deviations expressed in percentage

Table 4bis. Ordered probit for considering Income inequality as an incentive

	Coefficient	y = 2	y = 3	y = 4	y = 5	y = 6	y = 7	y = 8	y = 9	y = 10
		Marginal effects								
India	-0.74	2.35	2.90	1.91	3.27	0.40	-0.63	-3.19	-3.04	-21.84
	(0.05)***	(0.21)***	(0.10)***	(0.19)***	(0.39)***	(0.11)***	(0.14)***	(0.21)***	(0.23)***	(1.73)***
Male	0.13	-0.39	-0.43	-0.23	-0.16	0.11	0.46	0.91	0.66	3.14
	(0.03)***	(0.09)***	(0.09)***	(0.05)***	(0.04)***	(0.03)***	(0.10)***	(0.20)***	(0.14)***	(0.66)***
Age	-0.02	0.05	0.06	0.03	0.02	-0.01	-0.06	-0.12	-0.09	-0.42
	(0.006)***	(0.02)***	(0.01)***	(0.01)***	(0.01)***	(0.01)***	(0.02)***	(0.04)***	(0.03)***	(0.13)***
Age squared	0.002	<0	<0	<0	<0	>0	>0	>0	>0	>0
	(0.001)***	(0.00)***	(0.00)***	(0.00)***	(0.00)**	(0.00)***	(0.00)***	(0.00)***	(0.00)***	(0.00)***
Size of town	0.07	-0.21	-0.23	-0.13	-0.10	0.06	0.24	0.48	0.35	1.69
	(0.01)***	(0.03)***	(0.03)***	(0.02)***	(0.02)***	(0.01)***	(0.03)***	(0.06)***	(0.04)***	(0.20)***
Income	0.05	-0.15	-0.17	-0.09	-0.07	0.04	0.17	0.34	0.25	1.21
	(0.01)***	(0.02)***	(0.02)***	(0.01)***	(0.02)***	(0.01)***	(0.03)***	(0.05)***	(0.04)***	(0.17)***
Happiness	-0.001	0.01	n.s.	n.s.	n.s.	n.s.	-0.01	-0.01	-0.01	-0.04
	(0.02)	(0.01)	n.s.	n.s.	n.s.	n.s.	(0.06)	(0.12)	(0.09)	(0.43)
Religious	0.23	-0.66	-0.70	-0.37	-0.19	0.23	0.85	1.61	1.15	5.28
	(0.05)***	(0.11)***	(0.12)***	(0.06)***	(0.05)***	(0.05)***	(0.16)***	(0.29)***	(0.21)***	(0.86)***
Atheist	0.17	-0.53	-0.61	-0.36	-0.40	0.07	0.47	1.07	0.83	4.35
	(0.05)***	(0.16)***	(0.18)***	(0.11)***	(0.16)**	(0.02)***	(0.11)***	(0.28)***	(0.23)***	(1.30)***
Wave	-0.19	0.56	0.62	0.34	0.27	-0.15	-0.63	-1.28	-0.94	-4.51
	(0.02)***	(0.08)***	(0.09)***	(0.05)***	(0.05)***	(0.03)***	(0.10)***	(0.19)***	(0.14)***	(0.57)***
Pr (y = n)		4.46	6.42	5.15	14.24	5.33	9.76	10.66	5.50	15.53

n.s. means that the absolute value is almost equal to zero (lesser than 1*10^{-3}) and the coefficent/marginal effect is not significant
Marginal effects and their standard deviations expressed in percentage

Table 5. Ordered probit for supporting more Government ownership of firms

	Coefficient	Marginal effects								
		y = 2	y = 3	y = 4	y = 5	y = 6	y = 7	y = 8	y = 9	y = 10
India	-0.93	6.28	5.97	3.72	4.40	-0.74	-2.55	-6.68	-5.97	-19.78
	(0.15)***	(1.02)***	(0.87)***	(0.51)***	(0.47)***	(0.29)***	(0.49)***	(1.06)***	(0.92)***	(2.88)***
Male	-0.14	0.96	1.00	0.67	0.99	0.03	-0.30	-0.99	-0.96	-3.36
	(0.03)***	(0.24)***	(0.25)***	(0.17)***	(0.25)***	(0.03)	(0.08)***	(0.24)***	(0.24)***	(0.84)***
Age	0.01	-0.07	-0.08	-0.05	-0.07	n.s.	0.03	0.08	0.07	0.25
	(0.01)*	(0.04)*	(0.05)*	(0.03)*	(0.04)*	n.s.	(0.01)*	(0.05)*	(0.04)*	(0.15)*
Size of the town	-0.01	n.s.	0.04	0.02	0.04	n.s.	-0.01	-0.04	-0.04	-0.13
	(0.01)	n.s.	(0.06)	(0.04)	(0.06)	n.s.	(0.02)	(0.06)	(0.06)	(0.20)
Income	-0.05	0.32	0.33	0.22	0.32	n.s.	-0.10	-0.33	-0.31	-1.08
	(0.01)***	(0.07)***	(0.07)***	(0.05)***	(0.07)***	n.s.	(0.02)***	(0.07)***	(0.07)***	(0.22)***
State of health	0.05	-0.35	-0.36	-0.24	-0.35	n.s.	0.11	0.36	0.34	1.19
	(0.02)***	(0.13)***	(0.14)***	(0.09)***	(0.13)***	n.s.	(0.04)**	(0.14)***	(0.13)***	(0.46)***
Confidence in the Government	0.004	-0.03	-0.03	-0.02	-0.03	n.s.	0.01	0.03	0.03	0.12
	(0.04)	(0.24)	(0.25)	(0.17)	(0.24)	n.s.	(0.08)	(0.03)	(0.24)	(0.83)
Confidence in television	0.03	-0.21	-0.21	-0.14	-0.21	n.s.	0.07	0.22	0.21	0.71
	(0.03)	(0.22)	(0.23)	(0.15)	(0.22)	n.s.	(0.07)	(0.23)	(0.22)	(0.76)
Confidence in public education	0.07	-0.45	-0.46	-0.31	-0.45	n.s.	0.14	0.46	0.45	1.53
	(0.03)**	(0.22)**	(0.22)**	(0.15)**	(0.22)**	n.s.	(0.07)**	(0.22)**	(0.21)**	(0.74)**
Confidence in the armed forces	0.06	-0.42	-0.44	-0.29	-0.42	n.s.	0.13	0.44	0.42	1.45
	(0.04)	(0.27)	(0.28)	(0.19)	(0.27)	n.s.	(0.09)	(0.28)	(0.27)	(0.93)
Pr (y = n)		5.35	7.17	6.46	18.31	9.92	9.37	13.07	7.77	15.17

n.s. means that the absolute value is almost equal to zero (lesser than $1*10^{-3}$) and the coefficent/marginal effect is not significant
Marginal effects and their standard deviations expressed in percentage

Table 5bis. Ordered probit for supporting more Government ownership of firms

	Coefficient	Marginal effects								
		y = 2	y = 3	y = 4	y = 5	y = 6	y = 7	y = 8	y = 9	y = 10
India	-0.34	1.77	2.43	1.11	1.96	-0.12	-0.95	-1.50	-1.21	-9.79
	(0.05)***	(0.28)***	(0.39)***	(0.19)***	(0.41)***	(0.04)**	(0.11)***	(0.21)***	(0.19)***	(0.16)***
Male	-0.15	0.79	1.03	0.44	0.57	-0.15	-0.56	-0.75	-0.56	-3.92
	(0.03)***	(0.15)***	(0.02)***	(0.09)***	(0.12)***	(0.03)***	(0.11)***	(0.14)***	(0.11)***	(0.75)***
Age	-0.002	0.01	0.01	0.01	0.01	n.s.	-0.01	-0.01	-0.01	-0.06
	(0.05)	(0.03)	(0.04)	(0.01)	(0.02)	n.s.	(0.02)	(0.03)	(0.02)	(0.14)
Age squared	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Size of town	-0.02	0.10	0.13	0.05	0.06	-0.02	-0.07	-0.09	-0.07	-0.48
	(0.01)**	(0.04)**	(0.05)**	(0.02)**	(0.03)**	(0.01)**	(0.03)**	(0.04)**	(0.03)**	(0.20)**
Income	-0.06	0.33	0.42	0.18	0.22	-0.06	-0.24	-0.31	-0.23	-1.59
	(0.01)***	(0.04)***	(0.05)***	(0.02)***	(0.03)***	(0.01)***	(0.03)***	(0.04)***	(0.03)***	(0.19)***
Happiness	-0.01	0.05	0.06	0.02	0.03	-0.01	-0.03	-0.04	-0.03	-0.22
	(0.02)	(0.10)	(0.12)	(0.05)	(0.06)	(0.02)	(0.07)	(0.09)	(0.07)	(0.47)
Religious	-0.13	0.68	0.90	0.38	0.52	-0.12	-0.48	-0.64	-0.48	-3.42
	(0.04)***	(0.22)***	(0.29)***	(0.13)***	(0.19)***	(0.03)***	(0.14)***	(0.20)***	(0.15)***	(1.10)***
Atheist	0.31	-1.62	-2.23	-1.03	-1.87	0.09	0.85	1.37	1.11	9.09
	(0.06)***	(0.29)***	(0.41)***	(0.21)***	(0.47)***	(0.04)**	(0.01)***	(0.21)***	(0.19)***	(1.77)***
Wave	0.08	-0.43	-0.55	-0.23	-0.29	0.09	0.31	0.41	0.31	2.09
	(0.02)***	(0.13)***	(0.16)***	(0.07)***	(0.10)***	(0.02)***	(0.09)***	(0.12)***	(0.09)***	(0.62)***
Pr (y = n)		5.23	9.14	5.50	21.15	5.97	10.07	7.88	4.46	17.61

n.s. means that the absolute value is almost equal to zero (lesser than $1*10^{-3}$) and the coefficent/marginal effect is not significant
Marginal effects and their standard deviations expressed in percentage

21

Table 6. Ordered probit for desiring more responsibility of the Government to ensure that everyone is provided for

	Coefficient	Marginal effects								
		y = 2	y = 3	y = 4	y = 5	y = 6	y = 7	y = 8	y = 9	y = 10
India	0.02	-0.12	-0.10	-0.04	n.s.	0.06	0.06	0.10	0.12	0.32
	(0.14)	(0.97)	(0.84)	(0.34)	n.s.	(0.49)	(0.53)	(0.82)	(0.98)	(2.64)
Male	-0.06	0.40	0.34	0.14	n.s.	-0.20	-0.21	-0.33	-0.40	-1.07
	(0.03)*	(0.24)*	(0.21)*	(0.09)	n.s.	(0.12)*	(0.13)*	(0.20)*	(0.24)*	(0.66)*
Age	0.01	-0.04	-0.04	-0.02	n.s.	0.02	0.03	0.04	0.05	0.12
	(0.01)	(0.05)	(0.04)	(0.02)*	n.s.	(0.02)	(0.03)	(0.04)	(0.05)	(0.13)
Size of the town	0.01	-0.05	-0.04	-0.02	n.s.	0.03	0.03	0.04	0.05	0.14
	(0.01)	(0.06)	(0.05)	(0.02)	n.s.	(0.03)	(0.03)	(0.05)	(0.06)	(0.15)
Income	0.01	-0.09	-0.08	-0.03	n.s.	0.05	0.05	0.07	0.09	0.25
	(0.01)	(0.06)	(0.06)	(0.02)	n.s.	(0.03)	(0.03)	(0.05)	(0.06)	(0.17)
State of health	-0.06	0.42	0.36	0.14	-0.01	-0.22	-0.23	-0.35	-0.42	-1.13
	(0.02)***	(0.13)***	(0.11)***	(0.05)***	(0.01)	(0.07)***	(0.07)***	(0.11)***	(0.13)***	(0.36)***
Confidence in the Government	0.03	-0.20	-0.17	-0.07	n.s.	0.10	0.11	0.17	0.20	0.55
	(0.03)	(0.22)	(0.19)	(0.08)	n.s.	(0.11)	(0.12)	(0.18)	(0.22)	(0.59)
Confidence in television	0.01	-0.06	-0.05	-0.02	n.s.	0.03	0.03	0.05	0.06	0.16
	(0.03)	(0.20)	(0.17)	(0.07)	n.s.	(0.11)	(0.11)	(0.17)	(0.20)	(0.55)
Confidence in public education	0.04	-0.30	-0.27	-0.10	n.s.	0.16	0.17	0.26	0.31	0.82
	(0.03)	(0.20)	(0.17)	(0.07)	n.s.	(0.10)	(0.11)	(0.17)	(0.20)	(0.54)
Confidence in the armed forces	-0.19	1.31	1.12	0.45	-0.02	-0.67	-0.72	-1.10	-1.32	-3.54
	(0.04)***	(0.27)***	(0.23)***	(0.09)***	(0.05)	(0.14)***	(0.15)***	(0.23)***	(0.27)***	(0.70)***
Pr (y = n)		8.20	11.05	8.76	13.23	11.26	6.72	7.40	6.61	11.09

n.s. means that the absolute value is almost equal to zero (lesser than $1*10^{-3}$) and the coefficent/marginal effect is not significant
Marginal effects and their standard deviations expressed in percentage

Table 6bis. Ordered probit for desiring more responsibility of the Government to ensure that everyone is provided for

	Coefficient	Marginal effects								
		y = 2	y = 3	y = 4	y = 5	y = 6	y = 7	y = 8	y = 9	y = 10
India	-0.26	1.48	1.37	1.00	0.62	-0.32	-0.35	-1.04	-0.53	-8.14
	(0.05)***	(0.30)***	(0.29)***	(0.23)***	(0.18)***	(0.05)***	(0.06)***	(0.18)***	(0.10)***	(1.69)***
Male	-0.10	0.58	0.52	0.34	0.15	-0.24	-0.47	-0.47	-0.23	-3.07
	(0.03)***	(0.16)***	(0.14)***	(0.10)***	(0.05)***	(0.06)***	(0.12)***	(0.12)***	(0.06)***	(0.82)***
Age	0.01	-0.04	-0.04	-0.03	-0.01	0.02	0.04	0.04	0.02	0.23
	(0.01)	(0.03)	(0.03)	(0.02)	(0.01)	(0.01)	(0.02)	(0.02)	(0.01)	(0.16)
Age squared	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Size of town	-0.05	0.28	0.24	0.16	0.07	-0.12	-0.22	-0.22	-0.11	-1.44
	(0.01)***	(0.05)***	(0.04)***	(0.03)***	(0.01)***	(0.02)***	(0.04)***	(0.04)***	(0.02)***	(0.23)***
Income	n.s.	-0.02	-0.02	-0.01	-0.01	0.01	0.02	0.02	0.01	0.12
	n.s.	(0.04)	(0.03)	(0.02)	(0.01)	(0.02)	(0.03)	(0.03)	(0.01)	(0.20)
Happiness	-0.11	0.59	0.52	0.34	0.15	-0.25	-0.18	-0.48	-0.23	-3.10
	(0.02)***	(0.10)***	(0.09)***	(0.06)***	(0.03)***	(0.05)***	(0.03)***	(0.08)***	(0.04)	(0.51)***
Religious	-0.11	0.61	0.54	0.37	0.17	-0.23	-0.18	-0.48	-0.23	-3.21
	(0.04)***	(0.21)***	(0.19)***	(0.13)***	(0.07)**	(0.07)***	(0.06)***	(0.16)***	(0.08)***	(0.11)***
Atheist	-0.26	1.39	1.12	0.63	0.04	-0.95	-0.54	-1.32	-0.60	-7.01
	(0.06)***	(0.28)***	(0.20)***	(0.09)***	(0.08)	(0.27)***	(0.13)***	(0.30)***	(0.14)***	(1.34)***
Wave	0.30	-1.69	-1.48	-0.98	-0.41	0.72	0.52	1.37	0.66	8.82
	(0.02)***	(0.16)***	(0.15)***	(0.10)***	(0.07)***	(0.08)***	(0.05)***	(0.13)***	(0.07)***	(0.71)***
Pr (y = n)		6.54	7.97	8.51	11.45	12.71	4.18	7.84	2.93	21.35

n.s. means that the absolute value is almost equal to zero (lesser than $1*10^{-3}$) and the coefficent/marginal effect is not significant
Marginal effects and their standard deviations expressed in percentage

Table 7. Ordered probit for thinking that hard work does not bring success

	Coefficient	y = 2	y = 3	y = 4	y = 5	y = 6	y = 7	y = 8	y = 9	y = 10
		Marginal effects								
India	-0.55	1.56	-0.42	-1.28	-3.59	-2.25	-2.19	-3.83	-2.40	-5.74
	(0.15)***	(0.30)***	(0.22)*	(0.41)***	(1.01)***	(0.63)***	(0.60)***	(1.01)***	(0.64)***	(1.48)***
Male	-0.02	0.08	n.s.	-0.04	-0.12	-0.08	-0.08	-0.14	-0.09	-0.23
	(0.03)	(0.13)	n.s.	(0.06)	(0.21)	(0.14)	(0.14)	(0.25)	(0.16)	(0.40)
Age	0.07	0.02	n.s.	0.01	0.04	0.03	0.03	0.05	0.03	0.07
	(0.07)	(0.03)	n.s.	(0.01)	(0.05)	(0.03)	(0.03)	(0.05)	(0.03)	(0.08)
Size of the town	0.03	-0.13	n.s.	0.06	0.20	0.14	0.13	0.24	0.15	0.38
	(0.01)***	(0.03)***	n.s.	(0.02)***	(0.05)***	(0.03)***	(0.03)***	(0.06)***	(0.04)***	(0.09)***
Income	0.01	-0.05	n.s.	0.02	0.08	0.05	0.05	0.09	0.06	0.14
	(0.01)	(0.04)	n.s.	(0.02)	(0.06)	(0.04)	(0.04)	(0.07)	(0.04)	(0.11)
State of health	-0.08	0.30	-0.01	-0.15	-0.49	-0.32	-0.32	-0.58	-0.37	-0.90
	(0.02)***	(0.08)***	(0.02)	(0.04)***	(0.12)***	(0.08)**	(0.08)***	(0.15)***	(0.09)***	(0.22)***
Confidence in the Government	-0.03	0.01	n.s.	-0.05	-0.15	-0.10	-0.10	-0.18	-0.12	-0.29
	(0.03)	(0.13)	n.s.	(0.07)	(0.21)	(0.14)	(0.14)	(0.25)	(0.16)	(0.40)
Confidence in television	-0.01	0.05	n.s.	-0.03	-0.09	-0.06	-0.06	-0.10	-0.06	-0.16
	(0.03)	(0.12)	n.s.	(0.06)	(0.19)	(0.13)	(0.13)	(0.23)	(0.15)	(0.36)
Confidence in public education	0.04	-0.14	0.01	0.07	0.23	0.15	0.15	0.27	0.17	-0.42
	(0.03)	(0.11)	(0.01)	(0.06)	(0.18)	(0.12)	(0.12)	(0.21)	(0.14)	(0.33)
Confidence in the armed forces	0.05	-0.21	0.01	0.10	0.33	0.22	0.22	0.39	0.25	0.62
	(0.04)	(0.15)	(0.01)	(0.07)	(0.24)	(0.16)	(0.16)	(0.28)	(0.18)	(0.44)
Pr (y = n)		13.70	9.39	8.05	12.09	5.27	4.28	6.15	3.18	5.67

n.s. means that the absolute value is almost equal to zero (lesser than 1*10^{-3}) and the coefficent/marginal effect is not significant

Marginal effects and their standard deviations expressed in percentage

Table 7bis. Ordered probit for thinking that hard work does not bring success

	Coefficient	y = 2	y = 3	y = 4	y = 5	y = 6	y = 7	y = 8	y = 9	y = 10
		Marginal effects								
India	-0.53	0.94	-0.48	-1.23	-3.92	-2.06	-1.78	-3.18	-2.07	-6.12
	(0.06)***	(0.23)***	(0.09)***	(0.12)***	(0.38)***	(0.26)***	(0.24)***	(0.43)***	(0.32)***	(0.87)***
Male	-0.05	(0.002)	-0.12	-0.18	-0.47	-0.22	-0.18	-0.30	-0.19	-0.47
	(0.03)*	(0.01)	(0.07)*	(0.11)*	(0.29)*	(0.14)*	(0.11)*	(0.19)*	(0.12)	(0.27)*
Age	0.01	n.s.	0.02	0.04	0.09	0.04	0.04	0.06	0.04	0.09
	(0.007)*	n.s.	(0.01)*	(0.02)*	(0.06)*	(0.03)*	(0.02)	(0.04)	(0.02)	(0.06)
Age squared	<0	n.s.	<0	<0	<0	<0	<0	<0	<0	<0
	(0.00)**	n.s.	(0.00)*	(0.00)*	(0.00)*	(0.00)*	(0.00)*	(0.00)*	(0.00)*	(0.00)***
Size of town	n.s	n.s.	0.01	0.02	0.04	0.02	0.02	0.03	0.02	0.04
	n.s	n.s.	(0.02)	(0.03)	(0.09)	(0.04)	(0.03)	(0.06)	(0.03)	(0.09)
Income	0.04	n.s.	0.08	0.13	0.32	0.15	0.12	0.21	0.13	0.33
	(0.01)***	n.s.	(0.02)***	(0.03)***	(0.07)***	(0.03)***	(0.03)***	(0.05)***	(0.03)***	(0.07)***
Happiness	-0.08	n.s.	-0.17	-0.27	-0.68	-0.32	-0.26	-0.44	-0.27	-0.69
	(0.02)***	n.s.	(0.05)***	(0.08)***	(0.19)***	(0.09)***	(0.08)***	(0.13)***	(0.08)***	(0.19)***
Religious	-0.37	0.23	-0.64	-1.12	-3.05	-1.49	-1.25	-2.15	-1.34	-3.64
	(0.05)***	(0.10)**	(0.08)***	(0.14)***	(0.39)***	(0.22)***	(0.20)***	(0.31)***	(0.22)***	(0.56)***
Atheist	-0.30	-0.45	-0.91	-1.18	-2.69	-1.18	-0.94	-1.53	-0.90	-2.14
	(0.06)***	(0.19)**	(0.24)***	(0.28)***	(0.57)***	(0.24)***	(0.20)***	(0.29)***	(0.18)***	(0.37)***
Wave	-0.42	-0.04	-0.92	-1.42	-3.59	-1.68	-1.39	-2.33	-1.42	-3.63
	(0.05)***	(0.09)	(0.14)***	(0.20)***	(0.46)***	(0.24)***	(0.20)***	(0.31)***	(0.20)***	(0.42)***
Pr (y = n)		12.33	8.24	7.14	11.35	3.87	2.78	3.99	2.08	4.06

n.s. means that the absolute value is almost equal to zero (lesser than 1*10^{-3}) and the coefficent/marginal effect is not significant

Marginal effects and their standard deviations expressed in percentage

23

Table 8. Probit for thinking that efficiency deserves reward

	Coefficient	Marginal effect
India	-1.27	-34.35
	(0.19)***	(5.57)***
Male	-0.01	-0.18
	(0.05)	(1.21)
Age	0.01	-0.20
	(0.01)	(0.23)
Size of the town	0.09	2.03
	(0.01)***	(0.27)***
Income	-0.002	-0.04
	(0.01)	(0.30)
State of health	-0.005	-0.12
	(0.03)	(0.68)
Confidence in the Government	-0.03	-0.69
	(0.04)	(10.6)
Confidence in television	0.03	0.67
	(0.04)	(1.03)
Confidence in public education	-0.03	-0.70
	(0.04)	(0.92)
Confidence in the armed forces	0.24	5.76
	(0.05)***	(1.16)***
Constant	0.51	
	(0.23)**	

Table 8bis. Probit for thinking that efficiency deserves reward

	Coefficient	Marginal effect
India	-1.13	-21.60
	(0.10)***	(1.13)***
Male	0.03	0.92
	(0.04)	(1.08)
Age	-0.01	-0.16
	0,01	(0.21)
Age squared	n.s.	n.s.
	n.s.	n.s.
Size of town	0,02	0.52
	(0.01)**	(0.26)**
Income	-0.01	-0.18
	(0.01)	(0.28)
Happiness	0.05	-1.42
	(0.02)**	(0.67)***
Religious	0.22	6.55
	(0.05)***	(1.51)***
Atheist	0.11	3.12
	(0.10)	(2.48)
Wave	-0.17	-4.87
	(0.03)***	(0.78)***
Constant	2.00	
	(0.22)***	

Note: for all the tables *** means a confidence level of 99%, ** of 95% and * of 90%.

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[1] See also the seminal work of Weber (1905).
[2] Guiso et al. (2003), p. 280.
[3] This part of the question is equal also for the following quotes. As a consequence I will not report it, but I will quote the sentences to be graded only.
[4] See the *Report on the Transparency International Global Corruption Barometer 2007*.
[5] See endnote 4.

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[6] Remember that the comparison group is composed by those people who consider themselves non religious, but neither atheist or religious.