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INCOME INEQUALITY EVALUATION IN THE BALTIC COUNTRIES: PUBLIC OPINION, PREFERENCES AND VALUES

Upon regaining their independence, the Baltic countries (Estonia, Latvia and Lithuania) chose the neoliberal welfare development path, which served as an impetus for the increase in income inequality and poverty in the Baltic countries. The welfare policy is generally based on public opinion and support, hence analyses of the public opinion on income inequality that results from the neoliberal welfare policy and societal values related with redistribution of income can serve as one of the factors explaining why the neoliberal welfare policy has been viable in the region. Commonly the relation between the welfare regime and population attitudes and values is defined as a two-way process. Theories of culture proposed by Inglehart, Hofstede G., Hofstede G.J. and Minkov provide insights into how the cultures of the Baltic countries have been shaping preferences for equality. The main goal of this paper is to analyze the public opinion, view on income inequality and values of the people in the Baltic countries in relation to redistribution of income. To achieve the main goal, the current study uses secondary Eurostat data of 2006–2016, primary Eurobarometer data of 2006–2017 as well as data from the representative survey (face-to-face interviews) in the Baltic countries of 2016 realized by the company “Spinter research”. The targeted group in the Baltic countries was the population of age 18 and over drawn through probability sampling (the study included 1000 people from Estonia, 1063 from Latvia and 1011 from Lithuania). The study also uses the European Value Study 2008 data. Evaluation of differences in opinions and values was carried out by means of relevant statistical analyses which suggest that the values of equality/solidarity and individual responsibility were in line with the main principles of the neoliberal welfare policy because equality and solidarity are not important values in a society characterized by a preference for freedom and individual efforts. However, the evaluation of income inequality resulting from the neoliberal welfare policy revealed a dissatisfaction of inhabitants in the region and their preference for a more equal or an absolutely equal society.

Key words: income inequality, Baltic countries, preferences, values, equality, individual responsibility.

Ienākumu nevienlīdzība Baltijas valstīs: sabiedriskā doma, prioritātes un vērtības

Baltijas valstis (Igaunija, Latvija un Lietuva) pēc neatkarības atgūšanas izvēlējās neoliberālu labklājības attīstību. Rezultātā Baltijas valstīs palielinājās ienākumu nevienlīdzība un nabadzība. Labklājības politikas pamatā ir sabiedriskā doma un sabiedrības atbalsts. Tāpēc, analizējot sabiedrisko domu par neoliberālas labklājības politikas izraisīto ienākumu nevienlīdzību un sabiedrības ar ienākumu pārdali saistītās vērtības, iespējams gūt skaidrāku izpratni par neoliberālas labklājības politikas dzīvotspēju reģionā. Akadēmiskajā literatūrā saistība starp labklājības režīmu un sabiedrības attieksmi un vērtībām definēts kā divvirzienu process. Kultūras teorijas, tostarp Ingleharta, Hofstedes G., Hofstedes G.J. un Minkova izstrādātās, piedāvā ieskatu tajā, kā Baltijas valstu kultūras veido to vienlīdzības preferences. Šī darba galvenais mērķis ir analizēt sabiedrisko domu, ar ienākumu nevienlīdzību saistītās prioritātes un Baltijas valstu iedzīvotāju ar ienākumu pārdali saistītās vērtības. Šī darba galvenā mērķa sasniegšanai izmantoti Eurostat 2006.–2016. gada sekundārie dati, “Eurobarometra” 2006.–2017. gada primārie dati, reprezentatīva Baltijas valstu iedzīvotāju aptauja 2016. gadā, ko īstenoja kompānija “Spinter

research” (tika veiktas personiskas intervijas; mērķa grupa bija Baltijas valstu iedzīvotāji vecumā virs 18 gadiem un tika izmantota varbūtības izlase, aptaujā piedalījās 1000 cilvēki no Igaunijas, 1063 no Latvijas un 1011 – no Lietuvas) un 2008. gada Eiropas vērtību pētījums. Viedokļu un vērtību atšķirību novērtēšanai tika veikts statistiskais tests. Pētījums liecina, ka vienlīdzības/solidaritātes un indivīda atbildības vērtības ir bijušas neolibērālas labklājības politikas galvenajiem principiem labvēlīgas, jo sabiedrībai tādas vērtības kā vienlīdzība un solidaritāte nav svarīgas; priekšroka tiek dota brīvībai un indivīda centieniem. Tomēr neolibērālas labklājības politikas izraisītās ienākumu nevienlīdzības vērtējums atklāja iedzīvotāju neapmierinātību reģionā un viņu vēlmi pēc vienlīdzīgākas vai pilnīgi vienlīdzīgas sabiedrības.

Atslēgas vārdi: ienākumu nevienlīdzība, Baltijas valstis, vērtības, vienlīdzība, indivīda atbildība.

Оценка неравенства доходов в странах Балтии: общественное мнение, приоритеты и ценности

Страны Балтии (Эстония, Латвия и Литва) после обретения независимости выбрали неолиберальное направление развития политики благосостояния. В результате этого возросло неравенство доходов и уровень бедности населения. На политику благосостояния всегда влияет общественное мнение и поддержка. Таким образом, анализ общественного мнения о неравенстве доходов, возникшем в результате проведения неолиберальной политики благосостояния, а также анализ ценностей, связанных с перераспределением, может обеспечить более четкое понимание жизнеспособности неолиберальной политики благосостояния в регионе. Академическая литература определяет взаимосвязь между режимом благосостояния, общественным мнением и ценностями населения как двусторонний процесс. Теории культур, представленные в работах Инглхarta, Хофстеде Г., Хофстеде Г.Й. и Минкова, показывают, как культуры стран Балтии формируют определенные предпочтения в отношении материального равенства. Главная цель этой статьи – проанализировать общественное мнение, приоритеты населения стран Балтии в отношении неравенства доходов и его ценности, связанные с перераспределением. Для реализации основной цели статьи были использованы: данные Евростата за 2006–2016 годы, данные Евробарометра за 2006–2017 годы, данные репрезентативного опроса в странах Балтии в 2016 году, проведенного компанией “*Spinter research*” (использовался метод непосредственного интервью, целевой группой в странах Балтии являлось население в возрасте от 18 лет и старше, была использована вероятностная выборка, в опросе приняли участие 1000 жителей Эстонии, 1063 – Латвии и 1011 – Литвы) и Европейского исследования ценностей за 2008 год. Для оценки различий во мнениях и ценностях использовалась статистическая проверка значимости различий. Исследование показало, что ценности в отношении равенства/солидарности и индивидуальной ответственности благоприятствуют основным принципам неолиберальной политики благосостояния, поскольку равенство и солидарность не являются важными ценностями для общества в странах Балтии; наблюдаются более выраженные предпочтения в отношении свободы и индивидуальных усилий. Однако оценка неравенства доходов в результате неолиберальной политики благосостояния выявила неудовлетворенность населения в регионе и его предпочтения в пользу общества с большим либо абсолютным равенством.

Ключевые слова: неравенство доходов, страны Балтии, ценности, равенство, индивидуальная ответственность.

Introduction

The Baltic countries opted for the neoliberal welfare policy after regaining independence (Bohle, Greskovitz 2007; Aidukaite 2009). This type of welfare policy presupposes a lower redistribution of income and, hence, a higher income inequality. The development of the welfare policy rests on the agreement among various actors: interest groups, society, decision makers, etc. Support from the society for a particular welfare policy can only be garnered if the society is satisfied with the results of the welfare policy and if its principles are a match to the values of the society. In view of all this, the goal of this research is to analyze the public opinion, views on income inequality as an outcome of the current welfare policy and values of the people in the Baltic countries as they relate to redistribution of income. The research object is the public opinion, views on income inequality and values related to redistribution of income.

For the implementation of the main goal of this paper, the following objectives were set: 1) to analyze the main principles of neoliberalism and welfare regime or, vice versa, their influence on the society's opinion, values, and value theories; 2) to explore the society's opinion and preferences related to income inequality; 3) to investigate the main values such as equality, solidarity and individual responsibility in relation with redistribution of income.

Theoretical background

The type and development of the welfare state in the Baltics are defined in the welfare regime theory. Bohle and Greskovits (2007) state that in the Baltic countries a reincarnation of economic liberalism as neo-liberalism has been pursued. The Baltic region is one of the most socially exclusive regions plagued by inequality. According to Fenger (2007), the Baltic countries compose the former USSR welfare type where the social situation was defined by such variables as inequality, the GDP growth, and inflation. Potucek (2008) notes that the liberal welfare state approach was dominant in all the three Baltic countries and that inequalities in this region were rising more rapidly. As proposed by Aidukaite (2009), the welfare state in Eastern Europe is falling within the liberal or residual regimes in which welfare is based on partial privatization of social policy.

Admittedly, the neoliberal development rests on the main traditional classic concepts of neoliberalism: free market, individual responsibility, and limited state intervention. The residual role of the welfare state and its reduced redistribution of income in neoliberalism are defined by Bonoli et al. (2000), Licha (2000), and Erickson and Laycock (2002). Thus, as a consequence of such processes, the level of social solidarity has decreased. Erickson and Laycock (2002), Goldstein and Daniel (2005), and Brown (2015) pointed out that neoliberal reforms resulted in the increase in economic inequality and a dramatic decrease in the standard of living.

Individual responsibility and "self-help" are the main values of neoliberalism as defined by Goldstein (2005), Deeming (2014), and Wrenn (2016). Neoliberalism sees equality solely as competition in the world (Brown 2015). According to Wrenn (2016),

neo-liberalism is also dependent upon the anti-welfare rhetoric that shapes public beliefs about the merits of individual responsibility. In addition, the welfare state supports the myths of neoliberalism, especially in regard to individual responsibility.

The impact of the welfare state regime on values was proven by Gijsberts (2002), who stated that ideological differences have an impact on the socialization of values. As stated by Mau (2004), the people's sense of justice is influenced by the norms of justice conveyed by institutions. Heise (2008) contends that the "liberal culture" allows for the acceptance of high income inequality because in liberal regimes the stress is placed on freedom over inequality. According to Dallinger (2010), regimes have an effect on citizen preferences because they embody specific ideas which promote different ways of valuing market distribution. Importantly, as stated by Nam (2011), values are the most lasting ideas of what is desirable, while perceptions are about how people actually observe reality and policy. Meanwhile, attitudes are applications of values to concrete situations and policies. Nam (2011) notes that the basic values appear to be strongly dependent upon the economic dimension. According to Vrooman (2013), living under a specific regime may cause people to adhere to a particular understanding of principles of equality, equity, solidarity, and justice.

According to Jaime-Castillo (2013), the principles of solidarity reflect value systems that are deeply rooted in history and tradition because of the existing interplay between welfare state institutions and people's basic set of values. Welfare regimes are inspired by different distributive justice criteria and produce different patterns of solidarity (Jaime-Castillo 2013). Jaime-Castillo (2013) points out that the welfare regime influences the value system of people and vice versa – the value system of the population may support the welfare policy. This means that politics is constructed within the social context, which also shapes politics. Alcock and Craig (2001) as well as Hofstede G. and Minkov (2013) suggest that the Baltic countries are individualistic societies, and in individualistic societies people look after themselves and their direct family. The more individualistic the country is, the more it emphasizes freedom above equality, whereas the role of the state is restricted. On the other hand, Allik and Realo (2004) state, that individualism and collectivism are not opposites. According to Allik and Realo (2004), individualism does not necessarily jeopardize organic unity and social solidarity because individualism is related to higher self-esteem and optimism.

In Schwartz's (2006) theory, values associated with egalitarian societies include social justice and caring for the weaker members of the society, as well as equality and social responsibility. Inglehart (1981) states that in the society which is based on scarcity, priorities of individuals reflect the socio-economic environment. Minkov and Blagoev (2009) found a relationship between cultural norms and economic dynamism, whereas according to Dallinger (2010), the cross-national variation in citizens' demand for redistribution of income can be explained by the economic situation. Barcena et al. (2010) contend that people's perception of inequality of income is related to the economic situation and the level of safety and inequality that can be seen in their environment.

In view of all this it can be stated that the neoliberal welfare regime is characterized by high income inequalities, a failure to recognize free market constraints, and an emphasis on individual responsibility, self-help, freedom, equality, reduced welfare state, etc. Welfare policies shape the values of a given society through norms of what

is right. Meanwhile, social values and culture support the welfare policies, whereas attitudes towards well-being and redistribution of income depend not only on the values but on the economic context, too.

Method and data collection

Income inequality was selected as the main indicator of redistributive policy in the Baltic countries. Public opinion on income inequality was evaluated on the basis of calculations from primary Eurobarometer data (74.1 and 81.5) of 2010–2014 and preferences established from the data of the representative survey in the Baltic countries in 2016 (the survey included face-to-face interviews and was conducted in all the Baltic countries in February 2016; the targeted group in the Baltic countries was the population of age 18 and over drawn through probability sampling, 1000 people from Estonia, 1063 from Latvia and 1011 from Lithuania) (Company “Spinter research” 2016). The questions in the survey were formulated in the format of the experiment design as defined by Amiel and Cowell (1999), where by participants were given a possibility to select from different options.

The following values were selected for the analyses of redistribution of income-related values of society: solidarity, equality, equality/justice and individual responsibility. The solidarity and equality values were analyzed using the 2006–2017 primary Eurobarometer data (66.1 – 87.3). The value of “individual responsibility” was examined by exploring opinions about reasons for inequality. To meet this objective, the study used data from the 2016 survey of the population in the Baltic countries. For the evaluation of preferences for freedom vs. equality and equality vs. individual initiatives, the study utilized data of the European Value Study (European Commission 2008b).

In addition, the dynamics of indicators was analyzed in order to examine the change or stability of the opinions and values. Relevant statistical comparisons were performed by means of ANOVA and chi-square tests. The research hypothesis was formulated as follows: the values of the Baltic populations are in line with the neoliberal policy of redistribution of income.

The opinions and values were examined by the correlation with the age, occupation and economic status (Eurobarometer: difficulties paying bills-last year; European Value Study: annual household income) of respondent. Data are presented if correlation coefficient is higher than 0.2 and statistically significant. Age also is indicator for the analyses of values socialization from the past.

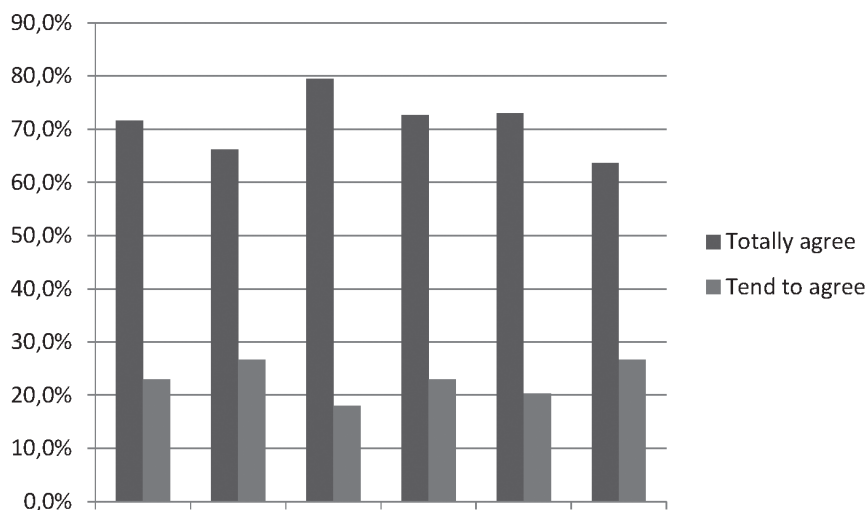
The selection of international surveys datasets (Eurobarometer 2006–2017, European Value study 2008) and survey of Baltic countries allows implementing the goal of the research: to analyze the opinions, views on income inequality and values related to redistribution of income. The international datasets also allow implementing comparative research. On other hand, the limitation of the research is that the research object is analyzed through the questions, which are introduced in international surveys. The additional deeper information about opinions, values is inaccessible in the mentioned datasets. The selection of different data sources partly solves this problem.

Results

The Gini income inequality index was higher in the Baltic countries than in the EU28 (30.7%): by 6.3% in Lithuania, by 3.8% in Latvia, and by 2% in Estonia in 2016, to compare with EU28 (30.5%) in 2010, +6.5% in Lithuania, +5.4% in Latvia, and +0.8% in Estonia (Eurostat 2018a). The high-income inequality is accompanied by the high at-risk-of-poverty rate. In 2013, the at-risk-of-poverty rate was 16.6% in EU27/28, higher by 2% in Estonia, by 2.8% in Latvia and by 4% in Lithuania. In 2006, the at-risk-of-poverty rate was higher than average of the EU by 1.8% in Estonia, 7% in Latvia and 3.5% in Lithuania, while in EU27 the rate was 16.5% (Eurostat 2018b). Hence, poverty as indicated by the Gini income inequality index is quite a stable phenomenon in the context of the Baltic countries. As concluded Matulionis (2014), a social exclusion is growing and the capacities of governments to reduce it are limited especially in post- socialist countries.

The public opinion on income inequality as an outcome of the neoliberal welfare policy in the Baltic countries was predominantly negative. The part of the population which indicated that income inequality is “too large” remains high – approximately 80–60 percent in 2010–2014 (chi-square test, 2010, $p=0.000$; 2014, $p=0.007$, see Figure 1). Compared with 2010, 2014 saw a slight decrease in the agreement with the statement “too large income differences, totally agree” in all the Baltic countries.

Figure 1
Views on income differences (“too large” income differences),
%, 2010–2014



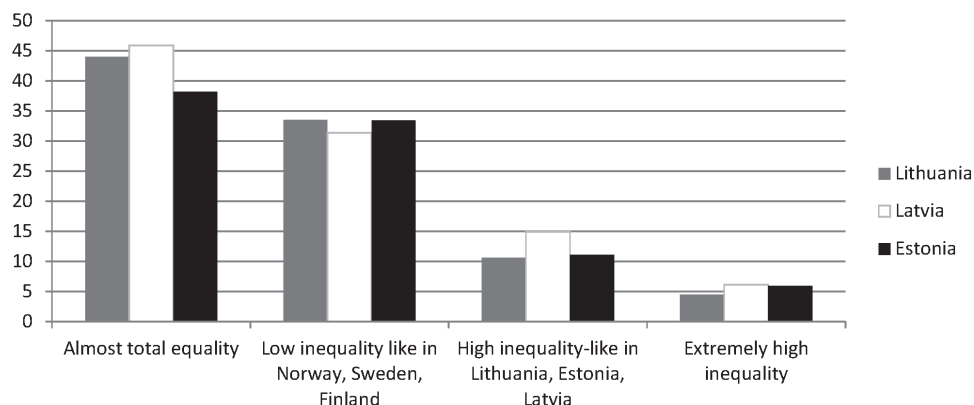
Source: elaborated by the author based on the data of European Commission 2010–2014.

The evaluation of income inequality as high can be related to high poverty and a low level of economic safety, as stated by Barcena et al. (2010).

According to G. Hofstede and G.J. Hofstede (2005), the notion of “desirable” refers to people in general and is worded in terms of right or wrong, whereas “desire” carries the meaning of what people want for themselves. In the Baltic countries, the respondents defined income inequality as an undesirable situation. Therefore, the analysis of relevant preferences would help to reveal their wishes.

Figure 2

**Preferences of people in the Baltic countries,
“the type of society they would like to live in”, 2016**



Note: Low inequality like in Norway, Sweden, Finland; High inequality like in Lithuania, Estonia, Latvia.

Source: elaborated by the author based on the data of Company “Spinter research” 2016.

People in the Baltic countries expressed a preference for a society characterized by almost total equality or low inequality, similar to what it is in Norway, Sweden, and Finland (see Figure 2 and note). Almost 44% Lithuanians, 46% Latvians, and 38% Estonians said they would like to live in a society with almost total equality, whereas more than 30 percent of the population of the Baltic countries would like to live in a society with a low inequality, such as Norway, Sweden, and Finland. Only a small portion of the respondents from the Baltic countries mentioned that they would like to live in a society with such a high inequality as in Lithuania, Estonia, and Latvia. Finally, the lowest number (about 5%) of the respondents indicated that they would like to live in a hypothetical society characterized by an extremely high inequality. The differences in opinions among people in the Baltic countries are statistically significant (chi-square, $p = 0.00$).

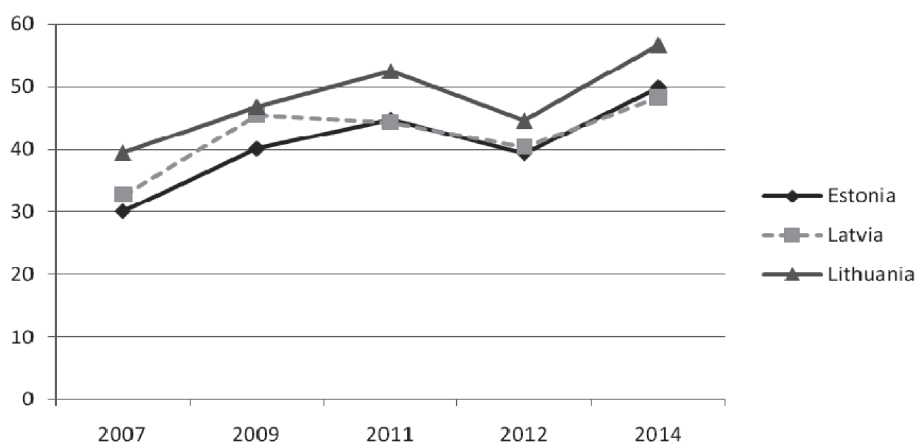
The preferences of the populations in the Baltic countries reflect dissatisfaction with the outcomes of income inequality that emerged as a consequence of the neoliberal welfare policy. As defined by Menshikov (2016), the small proportion of population is in middle class in Latvia. The insufficient income to live a lifestyle of the class (Menshikov 2016) or lifestyle of the richer societies can be a reason of negative opinions about income inequality and desire for more equality. On the other hand, preferences

for equality in a given society can be related with values characteristic of that society. According to Hofstede and Minkov (2013), the Baltic societies are “long-term oriented”, which means that big social and economic differences are undesirable. Also, as stated by G. Hofstede and Minkov (2013), the “power distance index” demonstrates that people from the Baltic countries prefer small income differentials in their society. Therefore, preferences for equality can be explained by two factors – societal values and the influence of the economic context (high income inequality and the spread of poverty) on the established preferences. Small wonder then that the public response to the economic context marked by inequality was negative and the preferences of societies in the Baltic countries were towards greater equality. This way, the values such as equality or freedom, solidarity, and the personal/structural reasons for income inequality can signify the match or vice versa with the welfare policy principles in the Baltic countries. On the other hand, the welfare regime has had an impact on the values of given societies during their development after regaining independence.

Evaluation of social equality as a societal value is presented in Figure 3. Indeed, social equality as a concept can have a broader definition than income equality. Hence, it may be assumed that when evaluating social equality, the respondents do not necessarily think about income equality. On the other hand, this statement reflects the monetary dimension, too.

Figure 3

**Societal values: social equality in the Baltic countries,
% endorsed, 2007–2014**



Source: elaborated by the author based on the data of European Commission 2010–2014.

In 2014, about half of the populations of Latvia and Estonia and about 56 percent of Lithuanians endorsed social equality as a societal value. In the Baltic countries, the part of respondents who viewed social equality as a societal value increased from 30 to 40 percent in 2007 to 60 percent in 2014 (chi-square test, $p = 0.00$, 2007–2014 (see Figure 3). Such a notable increase in the tendency to view social equality as a societal value could be related to persistent income inequality and poverty in the region.

Table 1

Evaluation of statements in the Baltic countries, 2008

Statements	Estonia	Latvia	Lithuania
Freedom above equality (%)	57.6	48.2	57.7
Equalize incomes (1) – incentives for individual effort (10)	5.92	6.61	5.4

Source: elaborated by the author based on the data of European Commission 2008b.

A larger part of the Estonian and Lithuanian populations prefer freedom over equality. Compared with the other Baltic countries, Latvians demonstrate a slightly higher preference for equality. The differences in evaluation among the Baltic countries were statistically significant (ANOVA, $p = 0.00$). Results also suggest that populations of the Baltic countries give a slight edge to incentives for individual effort over equal incomes. The correlation with age, occupation and income was weak (<0.2).

According to G. Hofstede and G.J. Hofstede (2005), individualistic societies prefer freedom over equality and people tend to look more after themselves and their own family; while egalitarian societies prefer equality and solidarity, as stated by Schwartz (2006). The majority of the populations of the Baltic countries considered equality and solidarity unimportant personally, though the part of the respondents who mentioned solidarity as an important personal value increased during the financial crisis in 2009. In 2009, a quarter of Estonians and less than twenty percent of Latvians and Lithuanians viewed solidarity as an important personal value. Despite the deviation of opinions during the crisis, the evaluation of solidarity remained stable during 2006–2017 (chi-square test, $p=0.00$, 2006–2017, see Table 2).

Table 2

**Values of personal importance: solidarity and equality
in the Baltic countries, % endorsed, 2006–2017**

	2006			2008			2009			2010			2012		
	EE	LV	LT	EE	LV	LT	EE	LV	LT	EE	LV	LT	EE	LV	LT
S	10.3	9.9	11.9	9.5	15.7	16.7	10.6	18.2	18.7	13.2	11.7	13.1	10.6	10.7	11.5
E	13.7	17.7	19.4	15.5	10	13.1	13.1	9.4	11	16.4	20.2	17.6	13.1	17.3	13.6
	2013			2014			2015			2016			2017		
	EE	LV	LT	EE	LV	LT	EE	LV	LT	EE	LV	LT	EE	LV	LT
S	12.7	12.1	11	8.7	10.7	8.7	10.7	8.7	10.7	8.7	10.7	13.6	8	9.7	9.9
E	17.3	17.4	13.8	13.3	14.4	13.3	14.4	13.3	14.4	13.3	14.4	14	13.3	12.6	13.6

Note: S-Solidarity, E-Equality.

Source: elaborated by the author based on the data of European Commission 2006–2017.

These findings confirm the notion of Inglehart (1990) that “progress toward equality would come not from an emphasis on materialistic class conflict, but through an appeal to the public’s sense of justice, social solidarity, and other nonmaterial motivations”.

The reasons for income inequality reflect the values related to structural-individual responsibility and, hence, the left-right positions.

Table 3

**Reasons for income inequality as indicated by the respondents
of the Baltic countries, %**

Statements	Income is higher when you work more					DK
	1	2	3	4	5	
Lithuania	29.4	32.5	18.9	11.7	6.8	0.7
Latvia	24.1	25.6	21.6	18.7	8.3	1.8
Estonia	26.9	33.3	18.3	10	3	8.5

Note: 1 – the most supported statement; 5 – the least supported statement.

Source: elaborated by the author based on the data of Company “Spinter research” 2016.

The differences in opinions among the people in the Baltic countries are statistically significant ($p = 0.00$). The reason for income inequality defined as “income is higher when you work more” was rated first or second in importance by about 50 percent of Lithuanians and 40 percent of Latvians and Estonians. Taxes and social protection systems as reasons for income inequality were rated as the least important. The evaluation of reasons for income inequality demonstrates that half of the populations in the Baltic countries view individual reasons as the main culprits for income inequality.

The present research findings reveal a contradiction between the negative views on income inequality, priorities for egalitarian society and the failure to give credit to the values of equality and solidarity. There may be a number of factors that could explain the link between the Baltic context characterized by specific values and redistribution of income. It is likely that this is related to the transition of the Baltic States to capitalism after the Soviet period. On the one hand, collectivism and social solidarity tend to be attributed to Soviet ideology, meanwhile, the free market ideology to the capitalist system. On the other hand, the change of systems has opened more opportunities to realize individual efforts. The third possible explanation is that the current neoliberal welfare policy that emphasizes the free market and individual responsibility has been shaping the concepts of social justice, redistribution of income, and equality. The weak correlation of opinions and evaluation of values with age, occupation and economic situation was (<0.20) in all cases examined in this research confirms the conclusion of Menshikov (2016) about small unit weight of middle class. Thus, the scarcity of economic resources in the Baltic countries, as defined by Iglehart (1981), reflects the preferences of the populations reflecting the socioeconomic context.

Discussion and conclusions

High income inequality and poverty are accompanied by dissatisfaction of the people in the Baltic countries. The small middle class, insufficient income resources can be the reasons, that the majority of people indicate that income inequality has

been too high in Baltic's during the past few years. The preferences of the population are related to the desire for equality. The people of the Baltic countries want to live in absolutely equal societies or in such low in inequality societies as Scandinavian countries.

Despite the notable dissatisfaction with income inequality, the neoliberal welfare policy has been viable in the Baltic countries after they regained independence. The values of the Baltic societies are favorable for the neoliberal principles of redistribution of income in the region. The Baltic societies are individualistic in culture, wherein the ideology of individual freedom prevails over ideologies of equality. In the Baltic States, people do not value equality and solidarity as personal values. Approximately half of the populations view equality as an unimportant societal value. The Baltic societies exhibit a high preference for freedom over equality and individual effort over income equalization. The belief that individual efforts are among the main reasons for income inequality can be related to the emphasis placed on individual responsibility as the main principle of neoliberalism.

The data on the socioeconomic context in the Baltic countries and preferences expressed by the people who live here confirm Inglehart's notion regarding the decisive role of the economic scarcity in the Baltic countries. On the other hand, as scarcity diminishes, the previously dominant values resume the importance they had before. In the Baltic societies, the neoliberal welfare policy forms the norms of inequality, individual efforts, redistribution of income and taxes through the mass media as a source of information in individualistic societies (Hofstede G., Hofstede G.J. 2005).

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