

# Fairness Perceptions Trump Perceptions of Disparities

OR

## Income Inequality in the Minds of Citizens: What They See Matters but *How* They View it Even More?

Sonja Zmerli (Sciences Po Grenoble – UGA, France)

ISPP Annual Meeting, Montreal, July 2023

## Major Puzzle

Numerous studies corroborate detrimental repercussions of large and/or increasing differences in income and wealth on the ‘health’ of democratic societies (Stiglitz 2012), yet straightforward associations between individuals’ subjective perceptions of income differences in society and objective macro-level indicators are difficult to establish empirically (Reyes, Gasparini 2022). What is more, individual perceptions of inequality do not appear to be firmly associated with redistributive preferences either, nor with political behaviour writ large.

Drawing on Starmans et al. (2017), we contend that these ambiguous findings might, in part, be attributed to the **measurement instrument of inequality perceptions** commonly used in international population surveys, such as previous waves of the ISSP or the ESS.

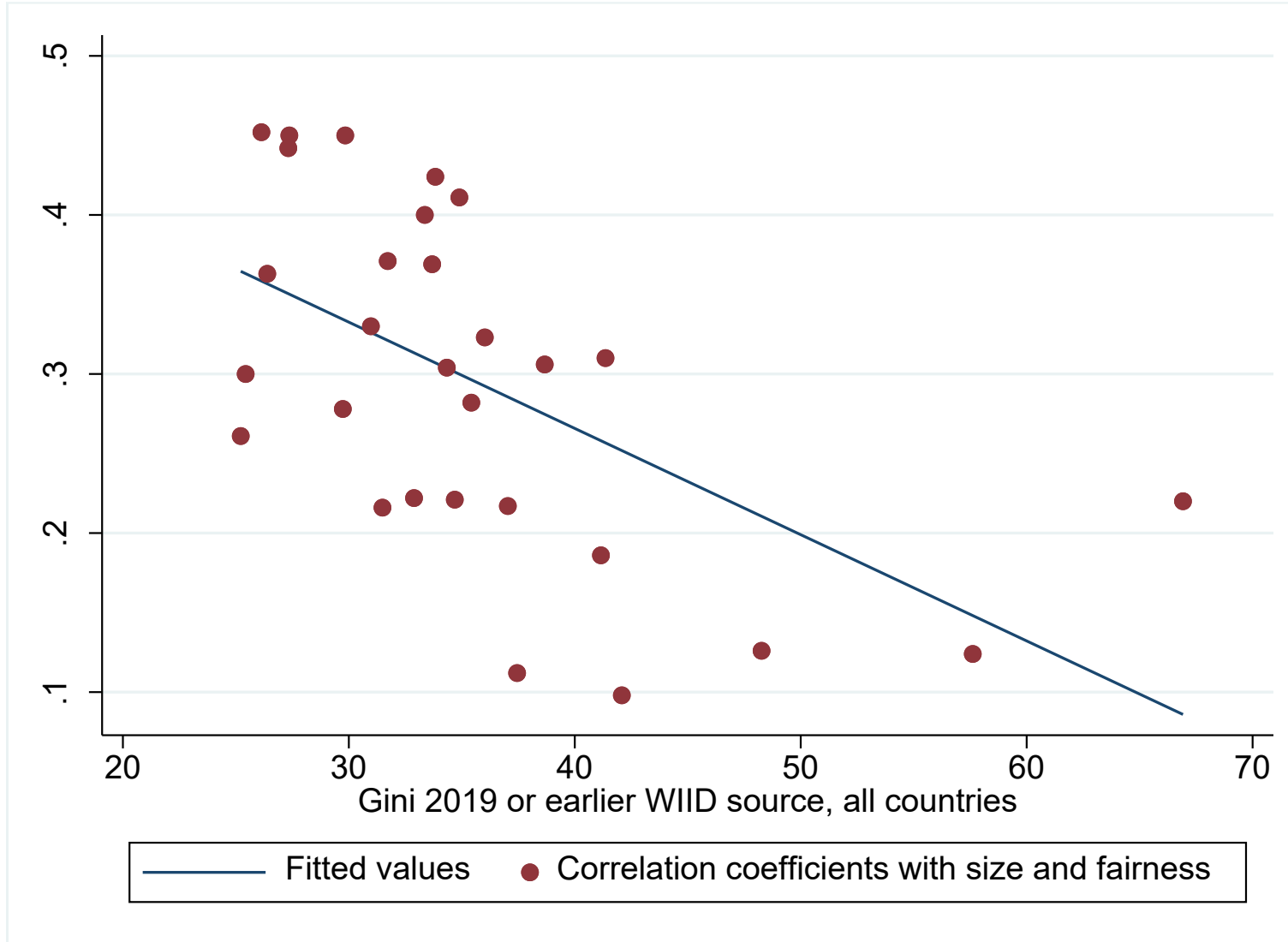
*Differences in income in (country) are too large (5-point Likert scale)*

With the **ISSP 2019 module on Social Inequality**, the ISSP introduces a **second** measurement instrument which assesses peoples’ **fairness attributions** of the distribution of income which have demonstrated in the past that they are a politically more consequential attitude (Ahrens 2020; Zmerli, Castillo 2015).

*How fair or unfair do you think the income distribution is in (country)? (4-point Likert scale)*

## Data and First Explorations

- ISSP 2019, newly released integrated dataset with 29 countries worldwide and more than 44,000 respondents
- Crosstabulations and correlational analyses of the two inequality items suggest that a significant share of respondents perceive the income distribution **as fair** but income differences as **too large (13 %)**.
- Interestingly, the strength of the correlational coefficients appear to **decrease** with **increasing** levels of inequality.
- **BUT** some countries, such as Japan, show large shares of non-responses for the fairness variable (nearly **30!** percent)
- Apparently, high inequality is associated with a meritocratic narrative, emboldening fairness attributions to unequal economic distributions
- Yet, at the aggregate level, both items are rather loosely connected to various measures of economic inequality that I tested (GINI, real GINI, share 80 vs. share 20, bottom 40, top 20)



## Inferential Analyses: Causes and Consequences

- In a first step, we inspect potential predictors of our two items in a multilevel framework, we then turn to the explanatory power of our two items with regard to casting a vote, external political efficacy concerning inequality, redistributive preferences and social trust
- **Redistributive preferences:** "Do you think people with high incomes should pay a larger share of their income in taxes than those with low incomes, the same share, or a smaller share?" Answer categories are: "Much larger share (1), larger, the same share, smaller, and much smaller share (5)"
- **Personal assessment of politicians' concern with income inequality:** "To what extent do you agree or disagree with the following statement: Most politicians in (country) do not care about reducing the differences in income between people with high incomes and people with low incomes" Answer categories are: "strongly agree (5), agree, neither agree nor disagree, disagree and strongly disagree (1)"
- **Social trust:** "Generally speaking, would you say that people can be trusted or that you can't be too careful in dealing with people?" Answer categories are: "People can almost always be trusted (4), people can usually be trusted, you usually can't be too careful in dealing with people, you almost always can't be too careful in dealing with people (1)"
- **Casting a vote** at the last national election: "Some people don't vote nowadays for one reason or another. Did you vote in the last (country) national election in (month/year)?" Answer categories are: No (0), Yes (1)

## Inferential Analyses: Causes and Consequences

- The ordinal logistic ml models test different macro inequality indicators separately and socio-economic predictors at the individual level, together with two indicators measuring respondents' contact with poorer and richer people
- The ICC of the empty models amount to 8% for size of difference and 15% for fairness attributions
- **None** of the tested macro-level indicators are significantly associated with size of difference as DV
- By contrast, **share 80 vs. share 20** and **bottom 40** impact fairness attributions (at  $p$  smaller than 10%)

## Inferential Analyses: Causes

	<b>Fairness attributions</b>	<b>Size of difference</b>
Gender (1=female)	.10**	.08**
Age in years	.08**	.10**
Educational degree	.01	.03
Social positioning	-.25***	-.21***
Difficulty with HH income	.25***	.20***
Contact with poorer people like you	.23***	.14***
Contact with richer people like you	<b>-.04*</b>	.02

Multilevel ordinal logit regressions; variables z-standardized;

## Inferential Analyses: Consequences

**Coefficients are odds ratios (logistic, and ordinal logit regressions)**

	Casting a vote	External political efficacy	Redistributive preference	Social trust
Gender (1=female)	1.01	.96***	1.04***	.99
Age in years	1.35***	1.08***	.84***	1.16***
Educational degree	1.08***	.99	.87***	1.33***
Difficulty with HH income	.81***	1.22***	.86***	.65***
Size of difference	.94**	1.84***	.68***	.99
Fairness attributions	.86***	1.37***	.79***	.78***

Variables z-standardized



## Conclusion and Further Analytical Steps

- Measuring the perceived fairness of income distribution could be a **missing link** in empirical research
- However, as our preliminary analyses suggest, fairness attributions **do not** replace perceived size of differences but rather complement them as predictors
- Yet fairness perceptions are strongly associated with social trust (social cohesion) while size of differences is not
- It matters what types of people one meets on a regular basis
- The two measures of inequality appear to be particularly disjoint in more unequal countries
- But clearly, 'chicken & egg' problem not discarded – endogeneity problem?  
Testing for direct and indirect effects

## Bibliography

Ahrens, L. (2020). Unfair inequality and the demand for redistribution: why not all inequality is equal. *Socio-Economic Review*, 20(2), 463-487.  
<https://doi.org/10.1093/ser/mwaa051>.

Reyes, G., & Gasparini, L. (2022). Are fairness perceptions shaped by income inequality? evidence from Latin America. *The Journal of Economic Inequality*.  
<https://doi.org/10.1007/s10888-022-09526-w>.

Starmans, C., Sheskin, M., & Bloom, P. (2017). Why people prefer unequal societies. *Nature Human Behaviour*, 1(4), 0082. <https://doi.org/10.1038/s41562-017-0082>.

Stiglitz, J.E. (2012). *The price of inequality. How today's divided society endangers our future*. New York: W. W. Norton.

Trump, K.-S. (2020). When and why is economic inequality seen as fair. *Current Opinion in Behavioral Sciences*, 34, 46-51.  
<https://doi.org/https://doi.org/10.1016/j.cobeha.2019.12.001>.

Zmerli, S., Castillo, J. (2015). Income inequality, distributive fairness and political trust in Latin America, *Social Science Research*, 52, 179-192.