

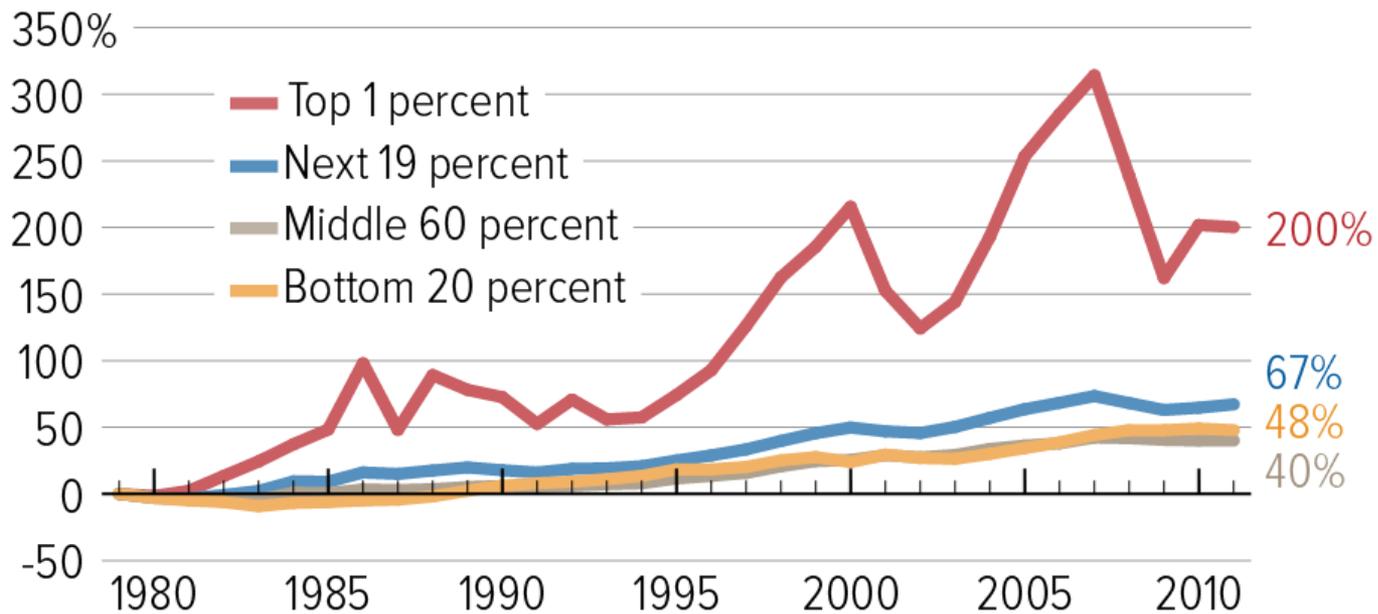
The Paradox of Inequality

*Income Inequality and Belief
in Meritocracy go Hand in Hand*

Introduction

Across the Western world, income inequality is on the rise

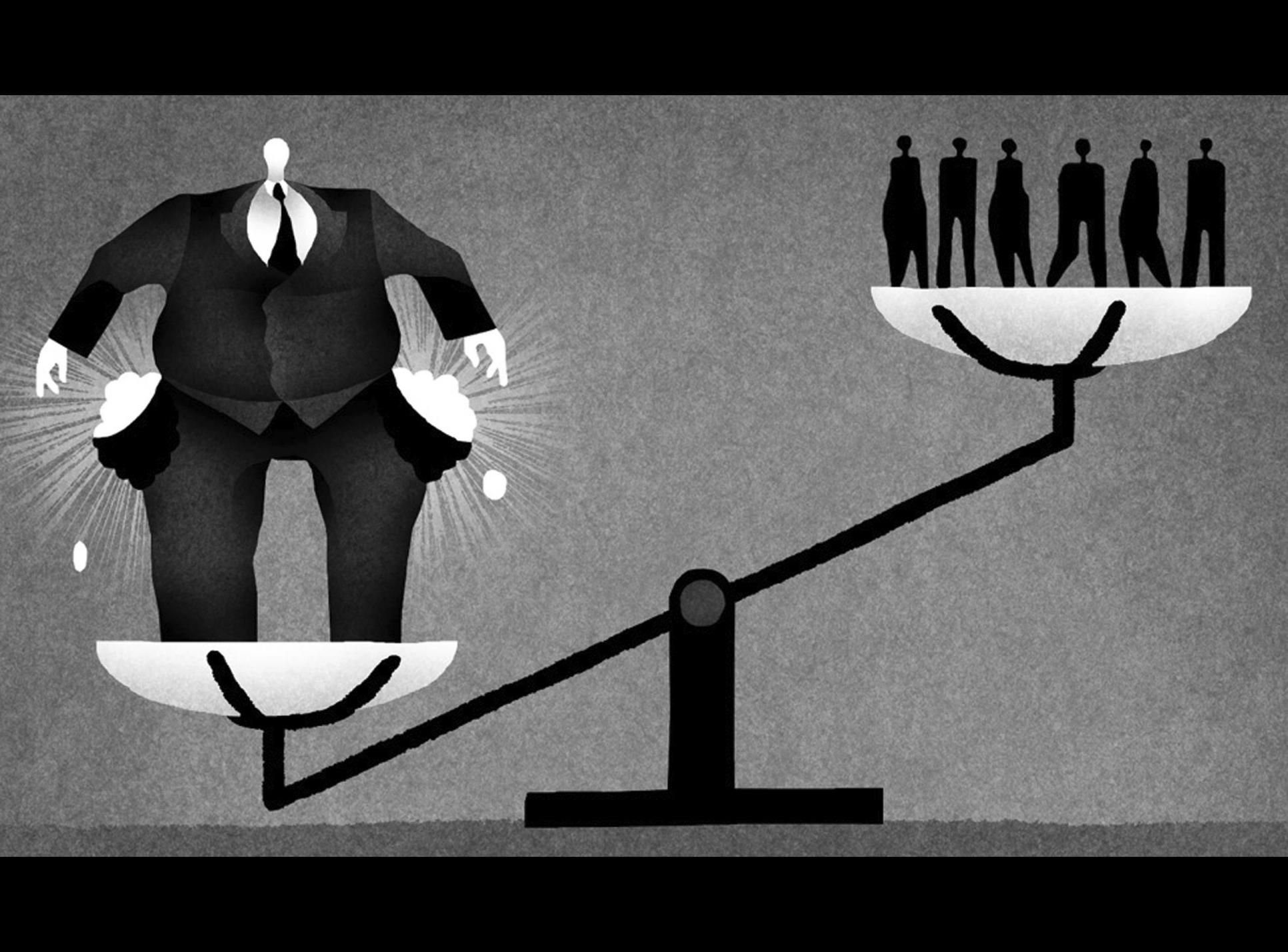
Percent change in real after-tax income since 1979



Growing income inequality

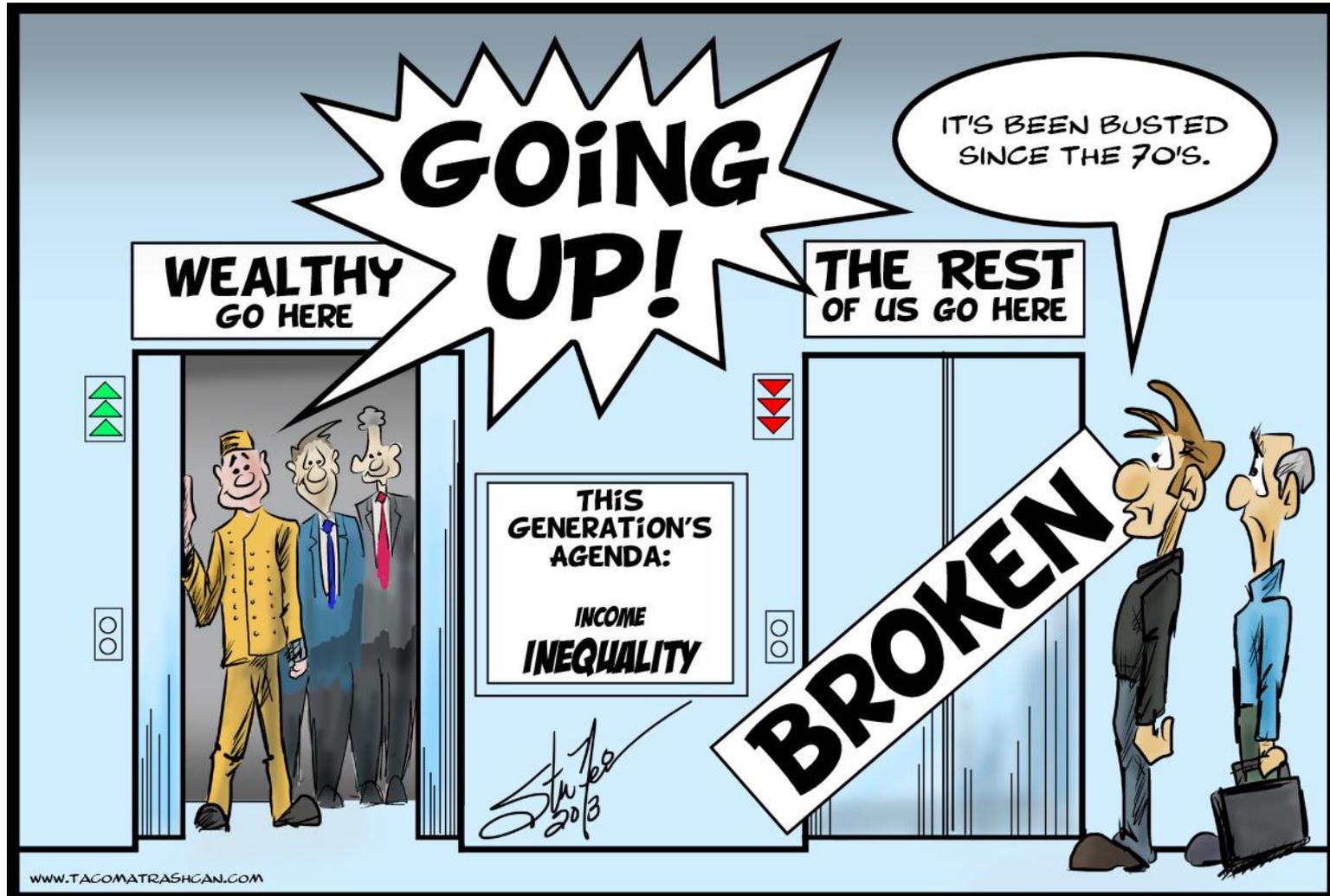
Across the Western world, income inequality is on the rise



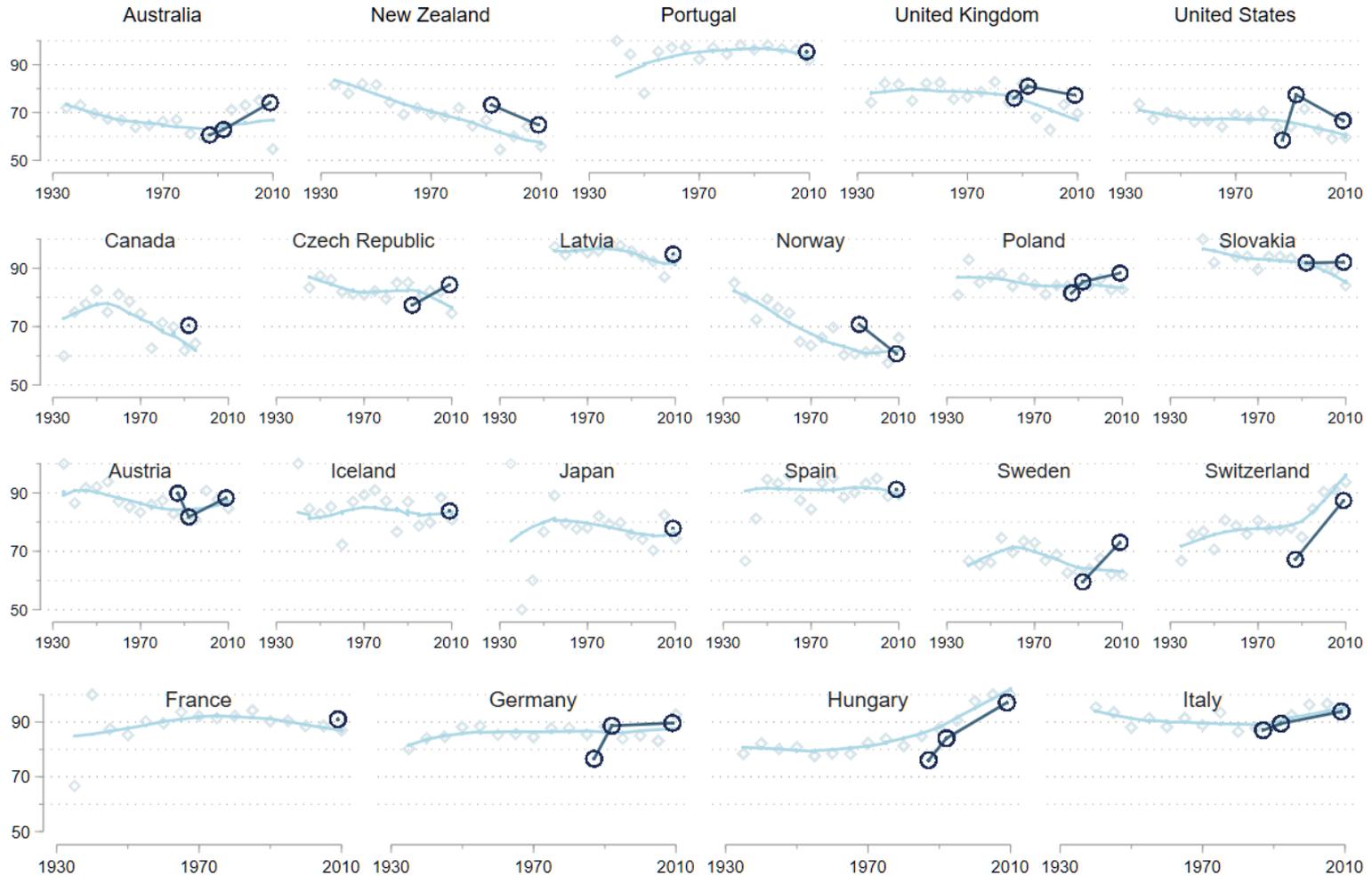




Inequality is on the agenda...



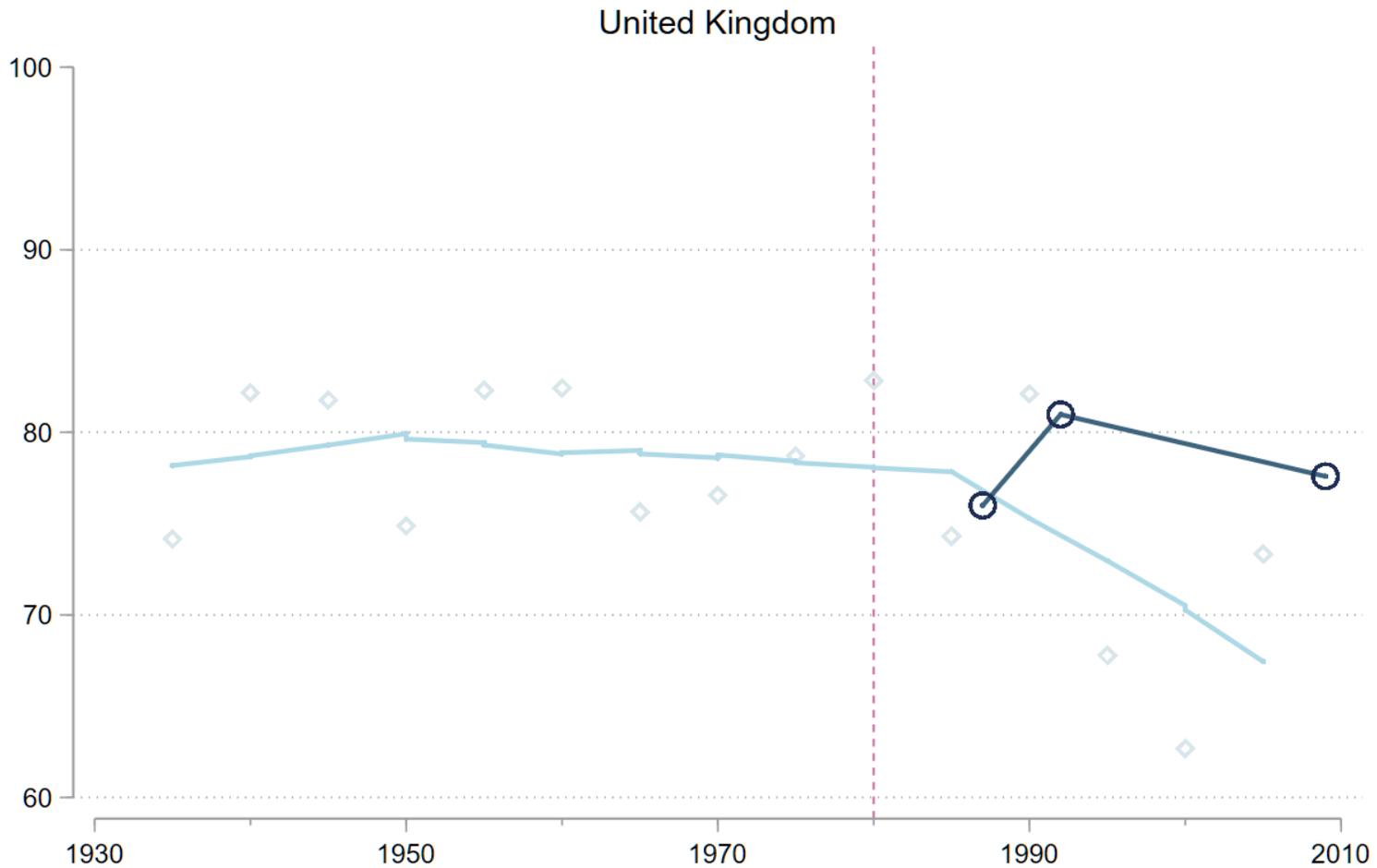
... or is it?



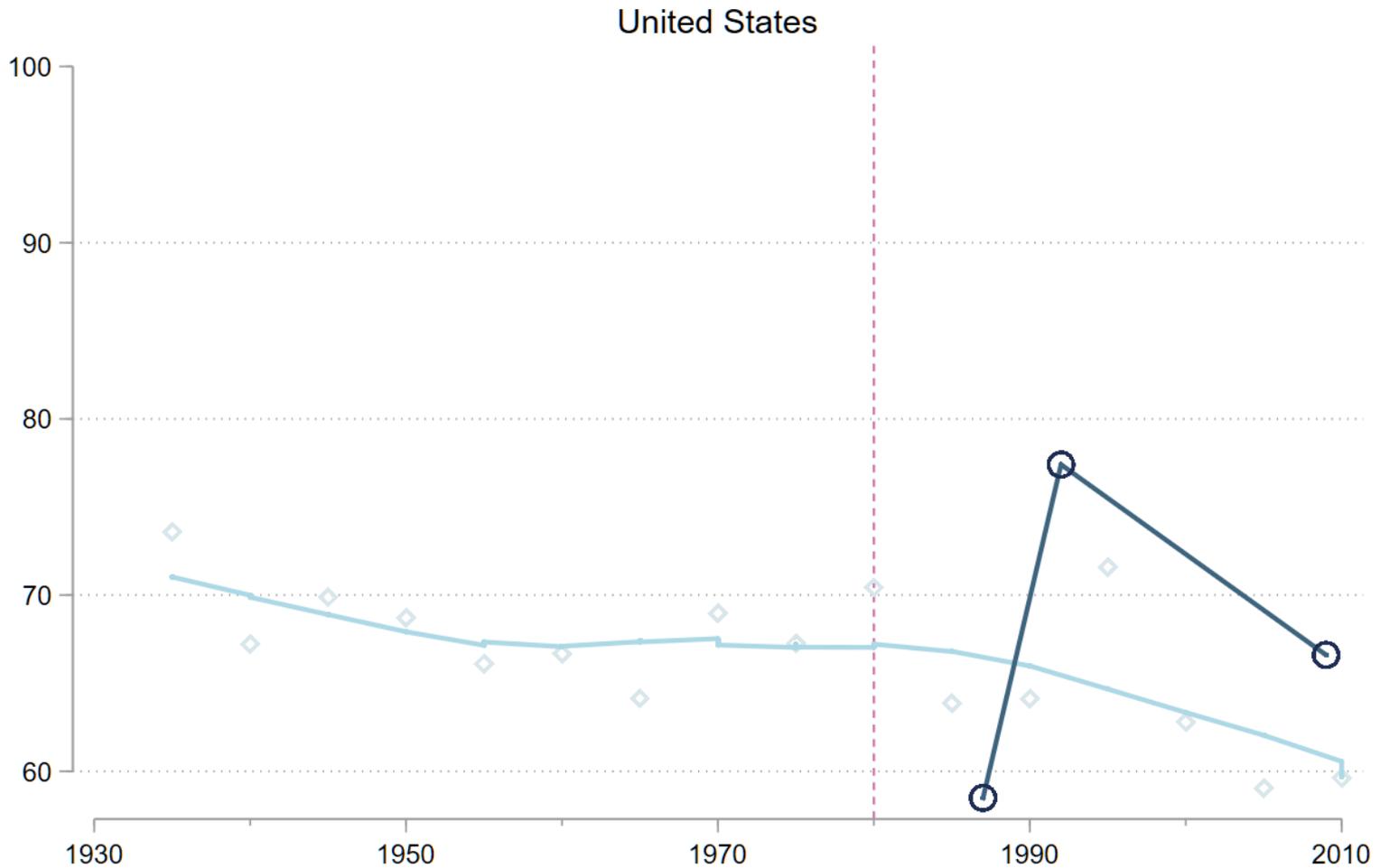
Concerns about inequality



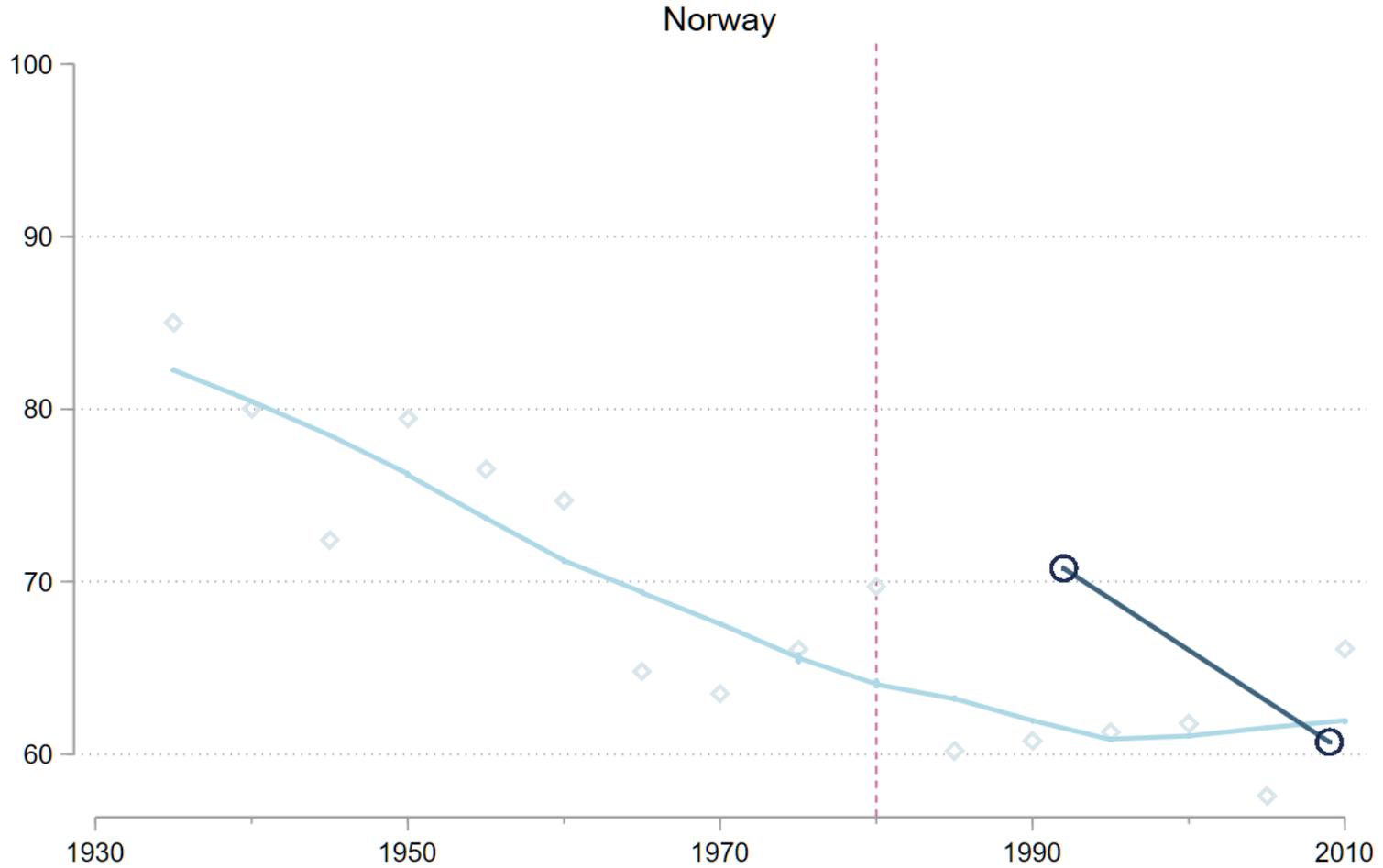
Concerns about inequality



Concerns about inequality



Concerns about inequality



Paradox of inequality

Across the Western world, income inequality is on the rise

*Atkinson, Piketty, and Saez 2011; Keister and Moller 2000;
McCall and Percheski 2010; Morris and Western 1999;
Neckerman and Torche 2007; Piketty 2014; Saez and Zucman 2016*

Yet, no evidence of growing concerns

*Alesina and Glaeser 2004; Brooks and Manza 2013; Kenworthy and
McCall 2008; Kuziemko et al. 2015; Larsen 2016; Lübker 2007*

In fact, citizens of more unequal societies are *less* concerned

*Anderson & Yaish 2012; Bucca 2016; Luttig 2013; McCall 2013; Paskov
and Dewilde 2012*

Paradox

Despite the reality of rising inequalities, people in more unequal societies show less concern about it

Solution

Rising inequality and segregation mean that the rich and poor live increasingly insulated lives; unable to see the full extent of inequality and its structural roots

Overview

1. Discuss extant explanations
2. Present my own take
3. Test hypotheses using ISSP data
4. Conclusions for research, theory, policy

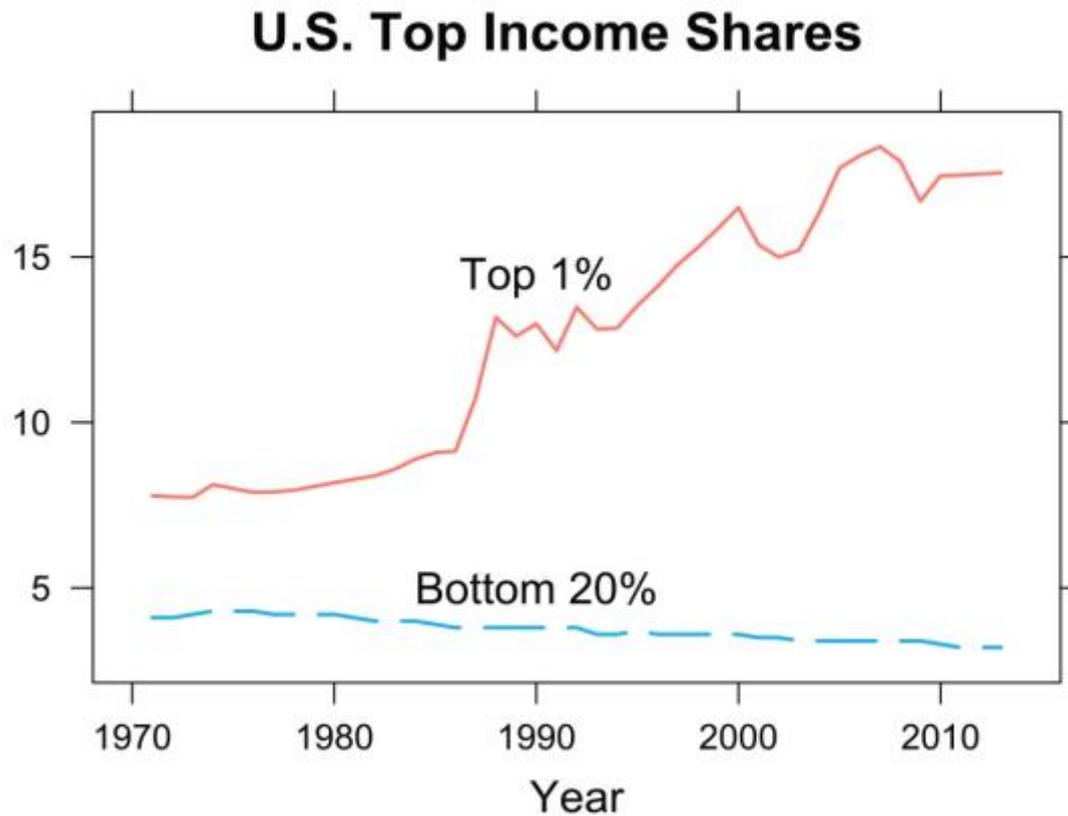
Extant explanations

1. People are misinformed about inequality (**cognition**)

they underestimate extent of inequality,
and are unaware of rising inequalities

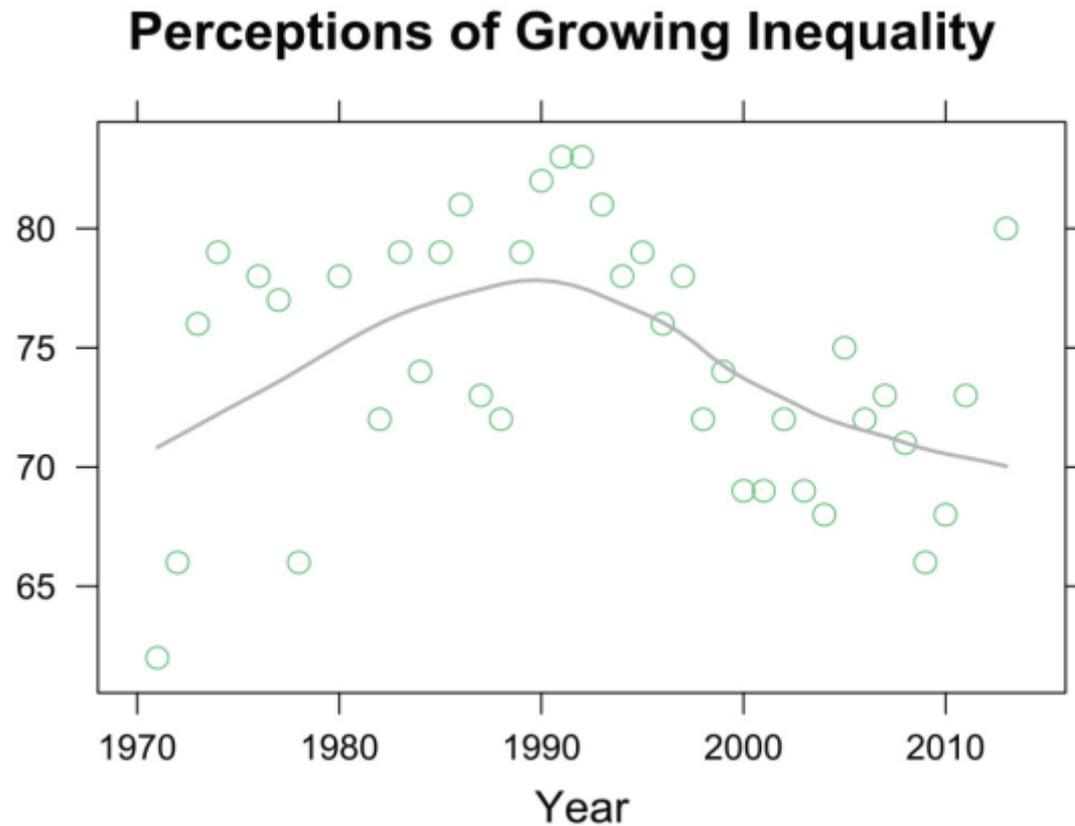
Cruces, Perez-Truglia, and Tetaz 2013; Kenworthy and McCall 2008; Norton and Ariely 2011; Osberg and Smeeding 2006; Franko 2017; Kraus, Rucker, Richeson 2017; Choi 2019; Howarth et al. 2019

Misperceptions of inequality



Source:
Franko 2017 /
US Census

Misperceptions of inequality



Source:
Franko 2017 /
Harris Poll

Role of information

Informational intervention may ...

- ... raise concerns and preference for redistribution
- ... raise concerns but leave preferences unchanged
- ... dampen concerns

Alesina, Stantcheva and Teso 2017; Kuklinski et al. 2000;
Cruces, Perez-Truglia, and Tetaz 2013; Trump 2017; Nair 2018;
Kuziemko et al. 2015

Extant explanations

2. People do not care about inequality (**morality**)

they believe economic inequality reflects
a meritocratic process

Bénabou and Tirole, 2006; Jost et al., 2004; Lerner, 1980;
Kluegel and Smith, 1986; Lamont, 1992; Lamont et al., 2014;
Hochschild, 1996; Kelly and Enns, 2010; Hall and Lamont, 2013;
Mijs et al., 2016; Somers and Block, 2005

Synthesis

Inequality transforms the social and spatial landscape;

increasing the social distance between rich and poor







Synthesis

Unequal societies are marked by greater social distance

neighborhood segregation

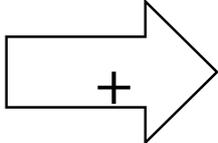
school segregation

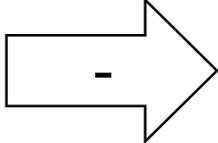
stratified and segmented labor markets

network homophily and homogamy

Mills 1959; Runciman, 1966; Lockwood, 1966; Irwin, 2018; Minkoff and Lyons, 2018; Dawtry et al., 2015; Kalleberg, 2009; Massey and Tannen, 2016; Musterd, 2005; Neckerman and Torche, 2007; Owens, 2016; Reardon and Bischoff, 2011; Tammaru et al., 2016; Mijs 2018

Hypotheses

1. Income inequality  belief meritocracy

2. Belief meritocracy  concerns about inequality

Data & methods

International Social Survey Programme, 1987-2012

Hierarchical linear models

23 countries (level 3)

43 country-periods (level 2)

49,383 individuals (level 1)

Income inequality (Gini)

between-country and **within-country** over-time

*Schmidt-Catran and Fairbrother, 2016; Schmidt-Catran, 2016;
Fairbrother 2014*

Measures (individual)

Concern

“Income differences are too high”

Meritocracy

“who gets ahead in society” is decided by **hard work**

Structural inequality

“who gets ahead in society” is decided by **coming from a wealthy family and/or knowing the right people**

Measures (country-period)

Income inequality

post-tax household Gini

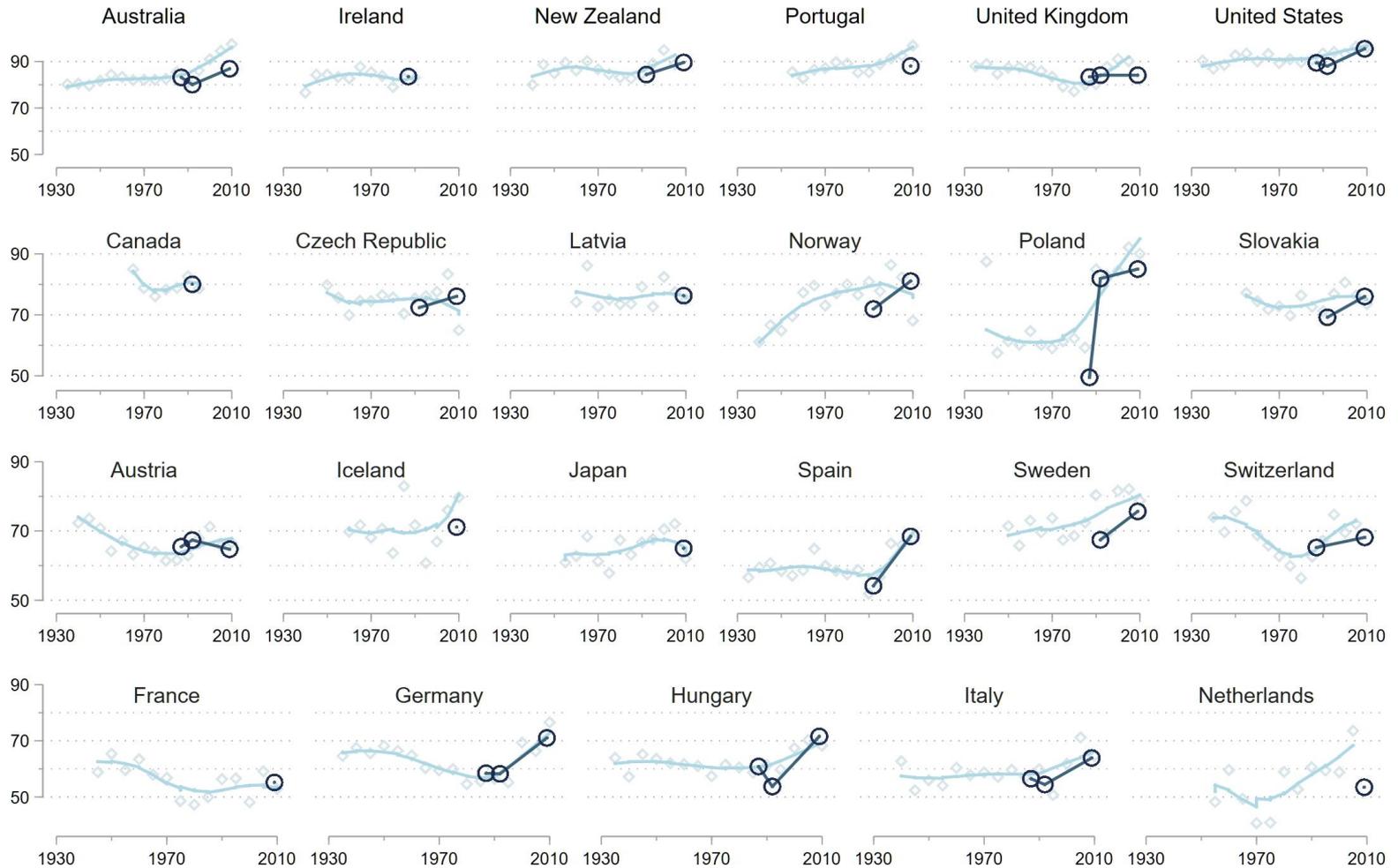
(source: Milanovic)

Economic development

gross domestic product

(source: OECD)

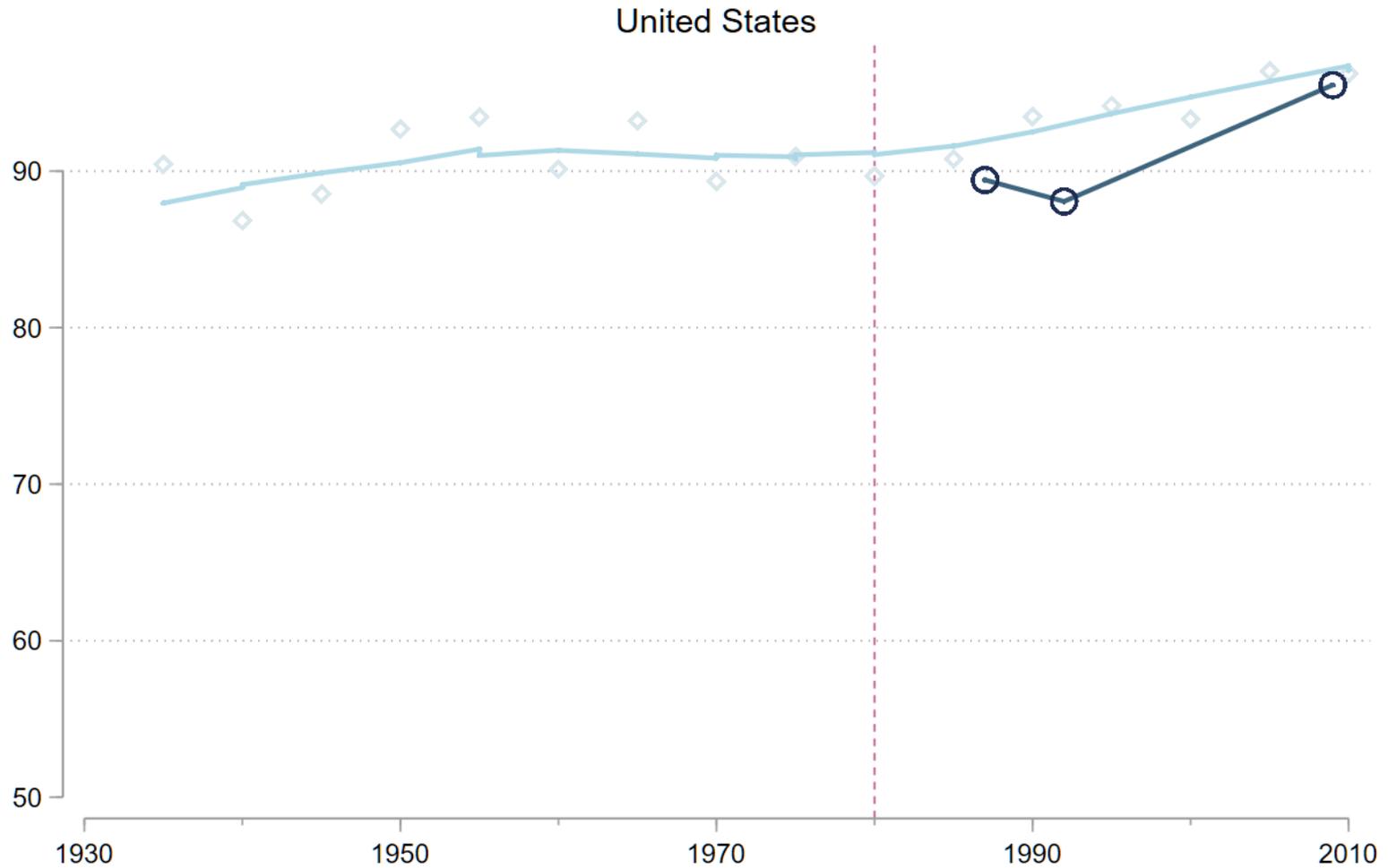
Trend in meritocracy belief



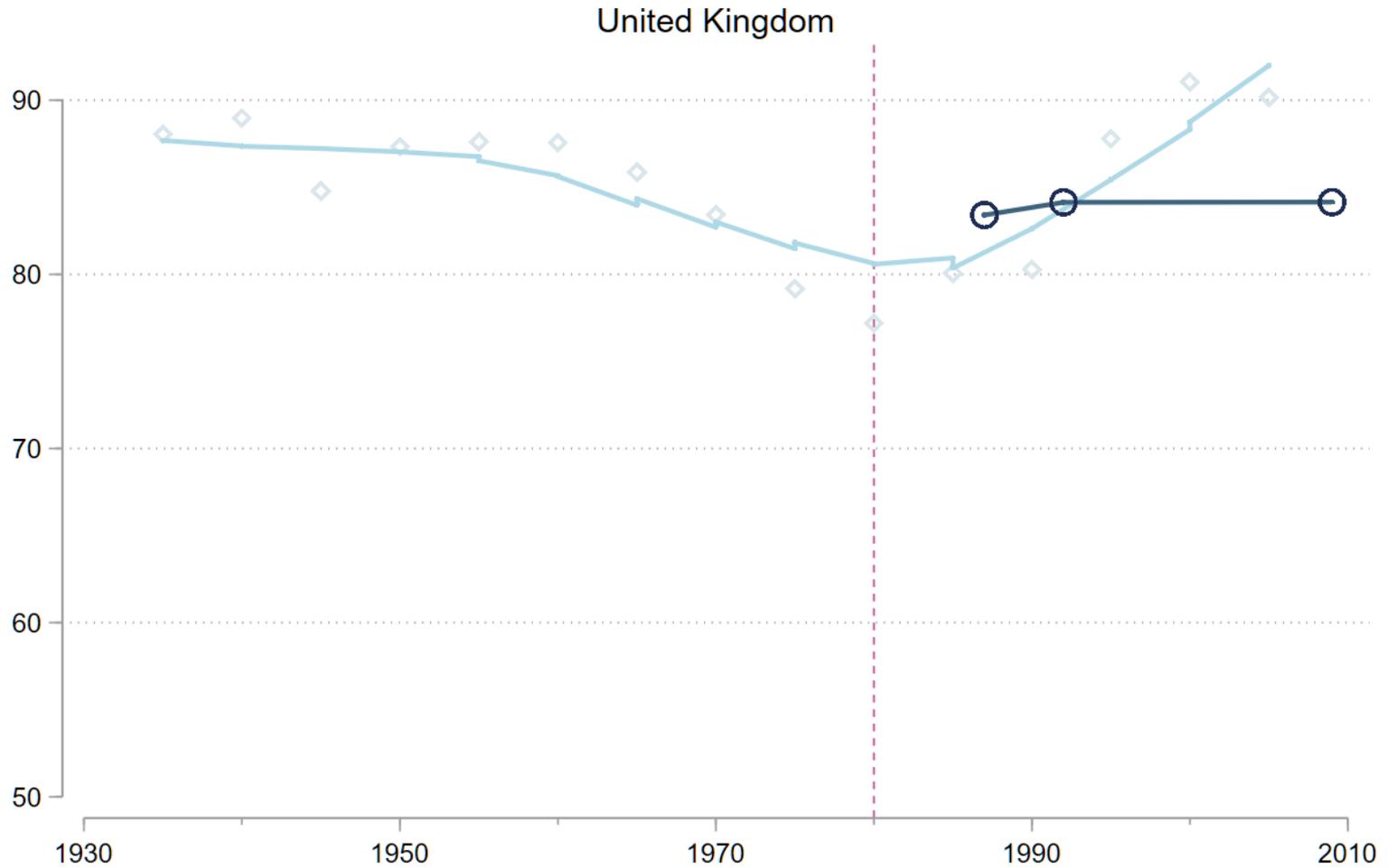
Trend in meritocracy belief



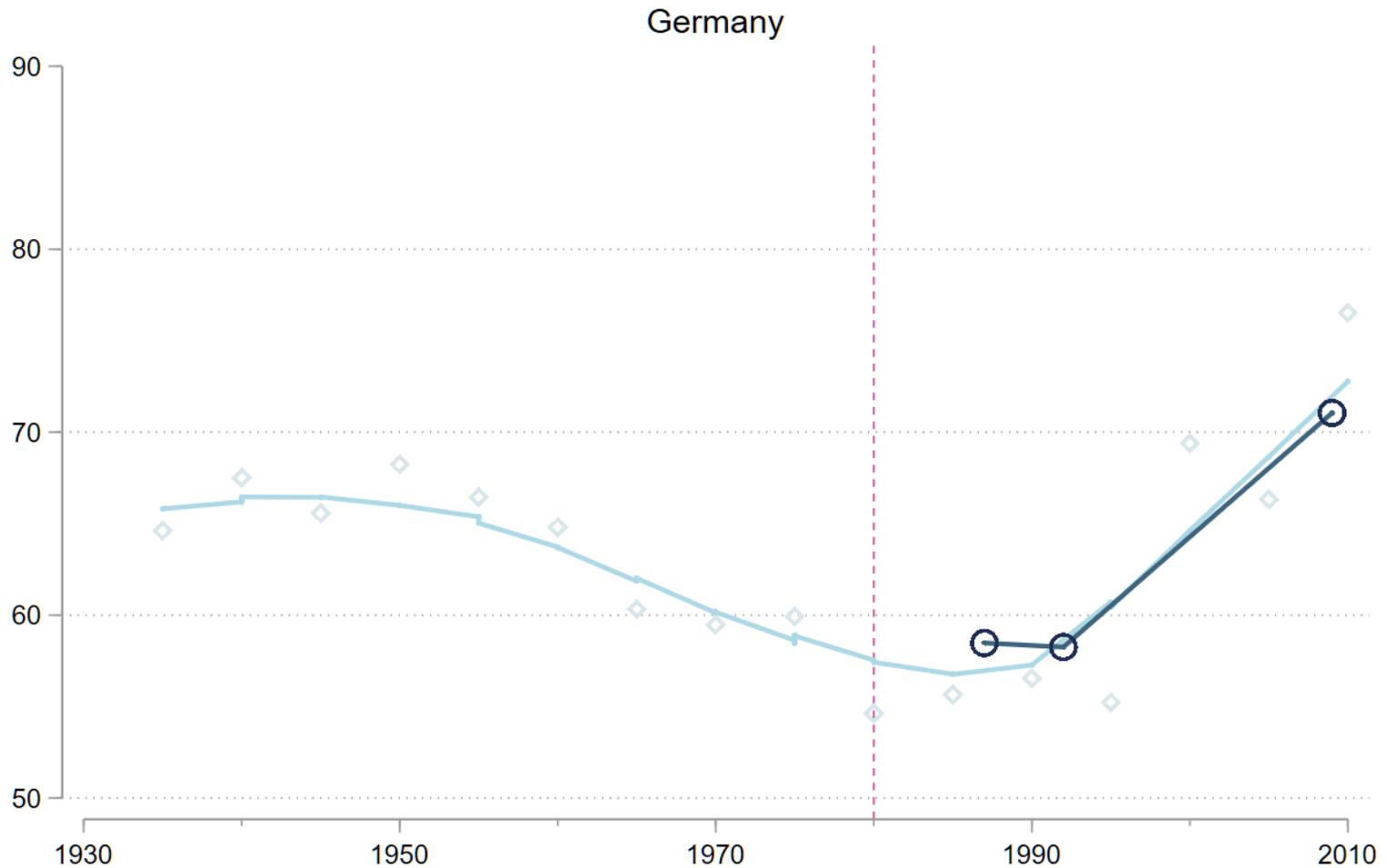
Trend in meritocracy belief



Trend in meritocracy belief



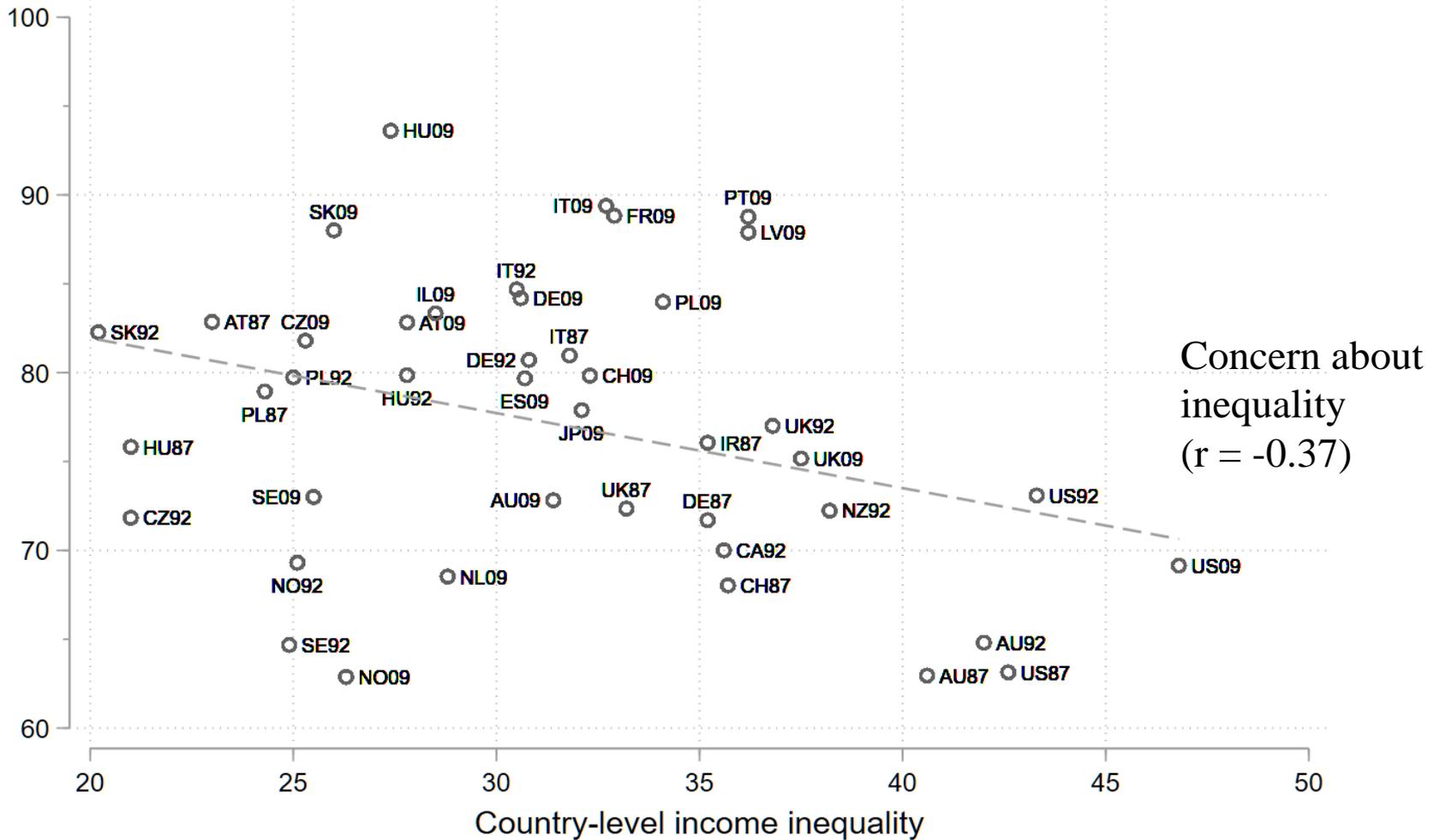
Trend in meritocracy belief



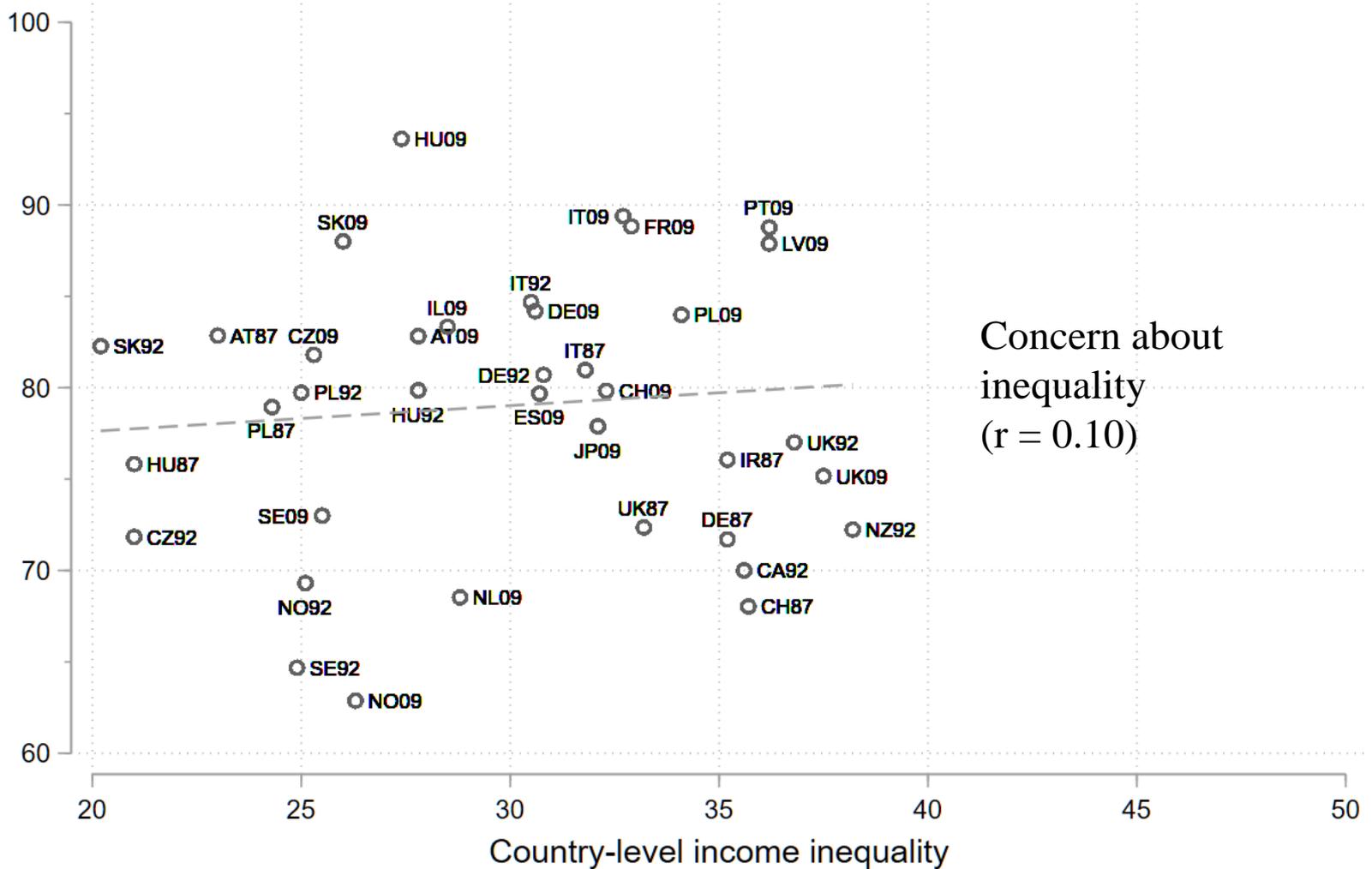
Inequality & popular opinion

How do popular beliefs and concerns about inequality correlate with economic inequality?

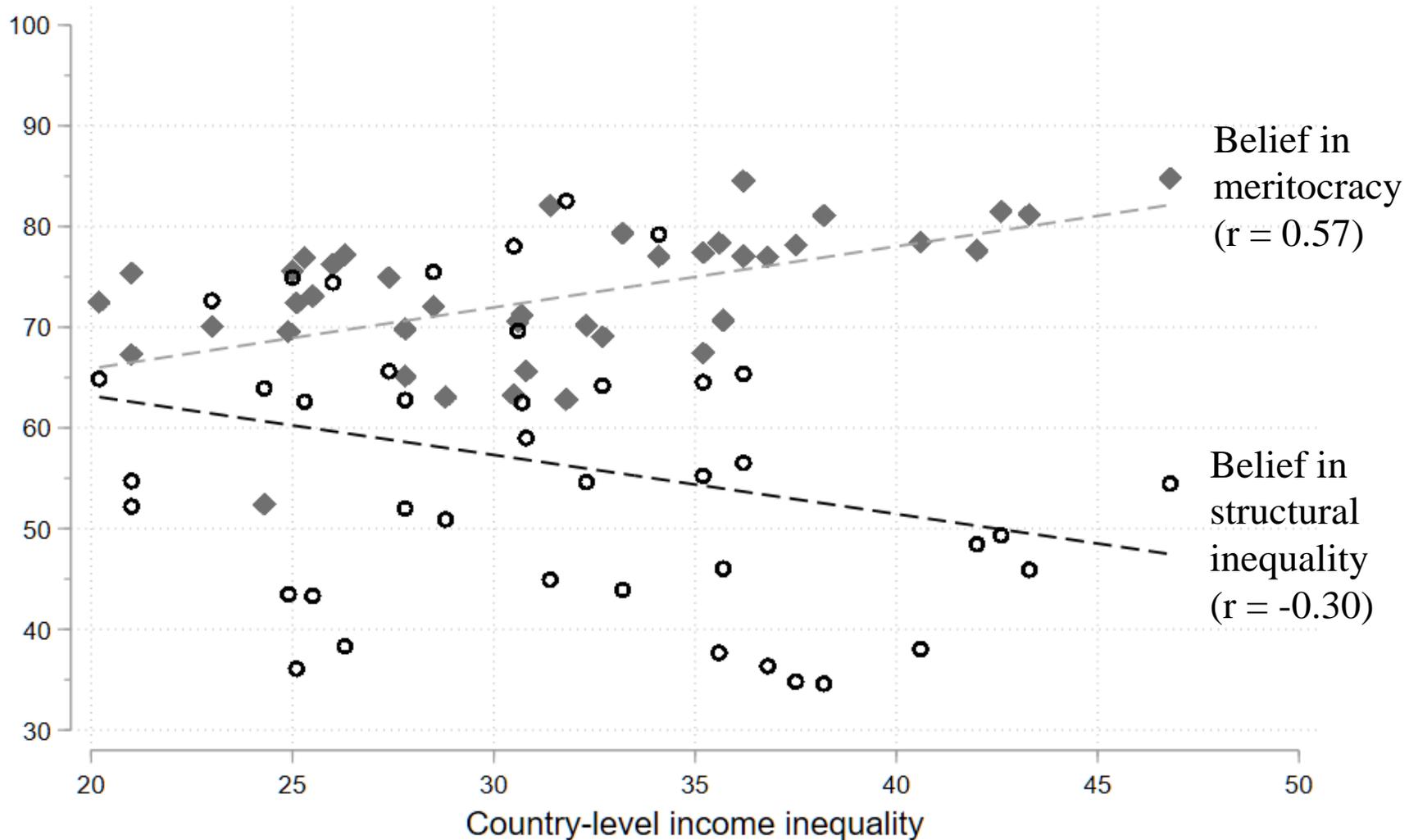
Inequality & public concern



Inequality & public concern



Inequality & popular beliefs



Individual beliefs

How are individual citizens' beliefs impacted by inequality?

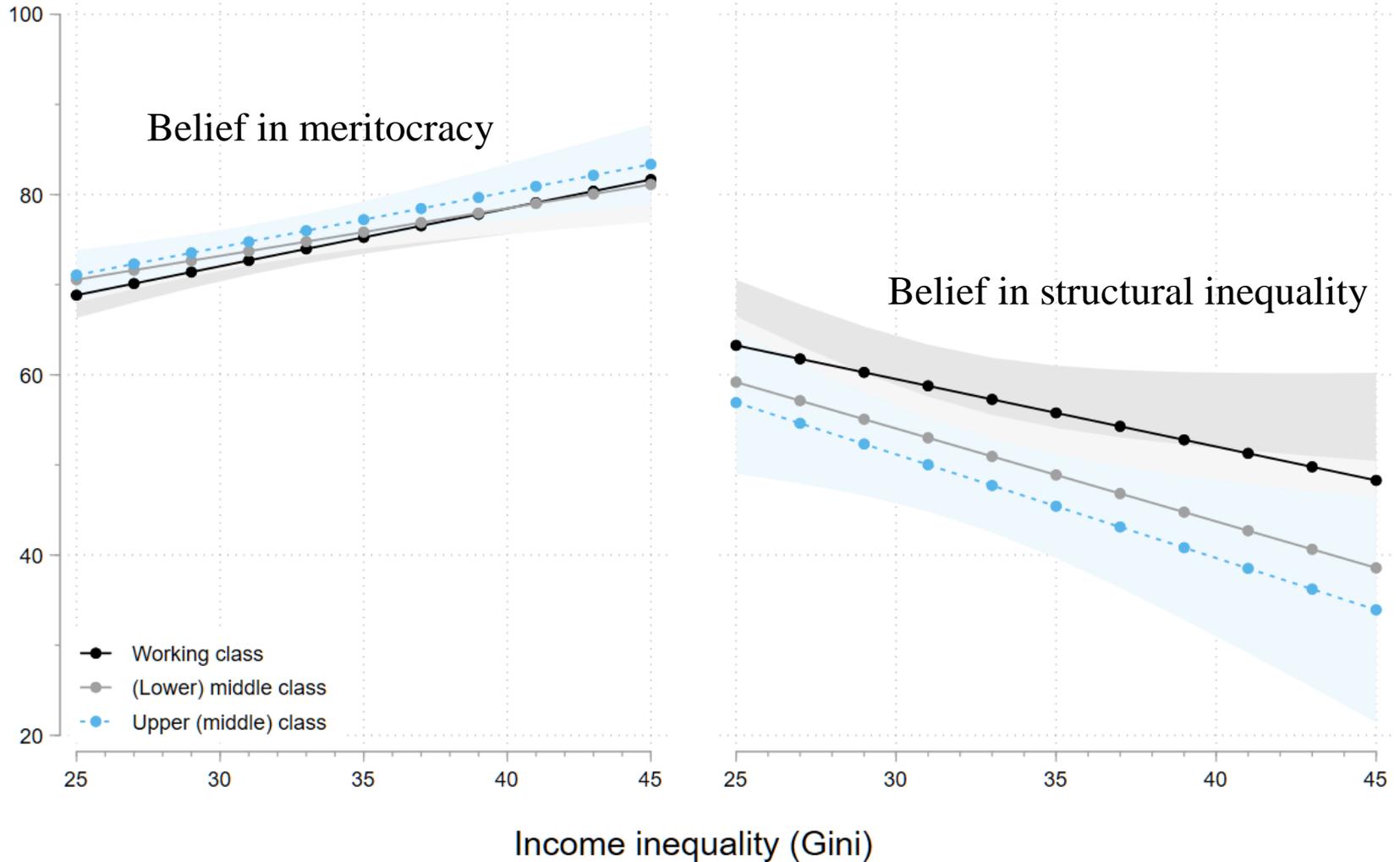
Pooling countries and time-periods, holding constant

country-specific factors (politics, culture)

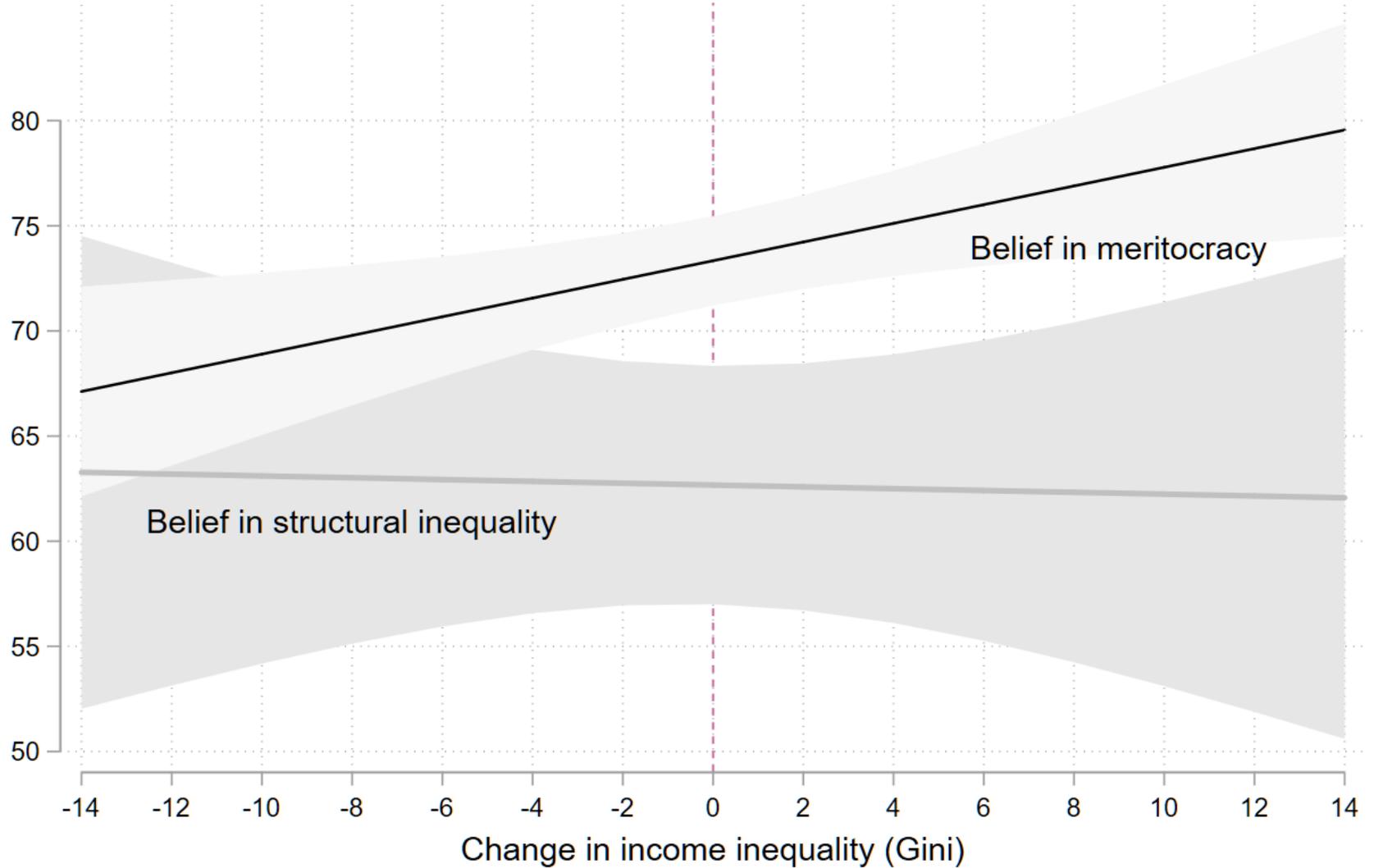
general trends over time (neoliberalism)

individual characteristics (education, employment)

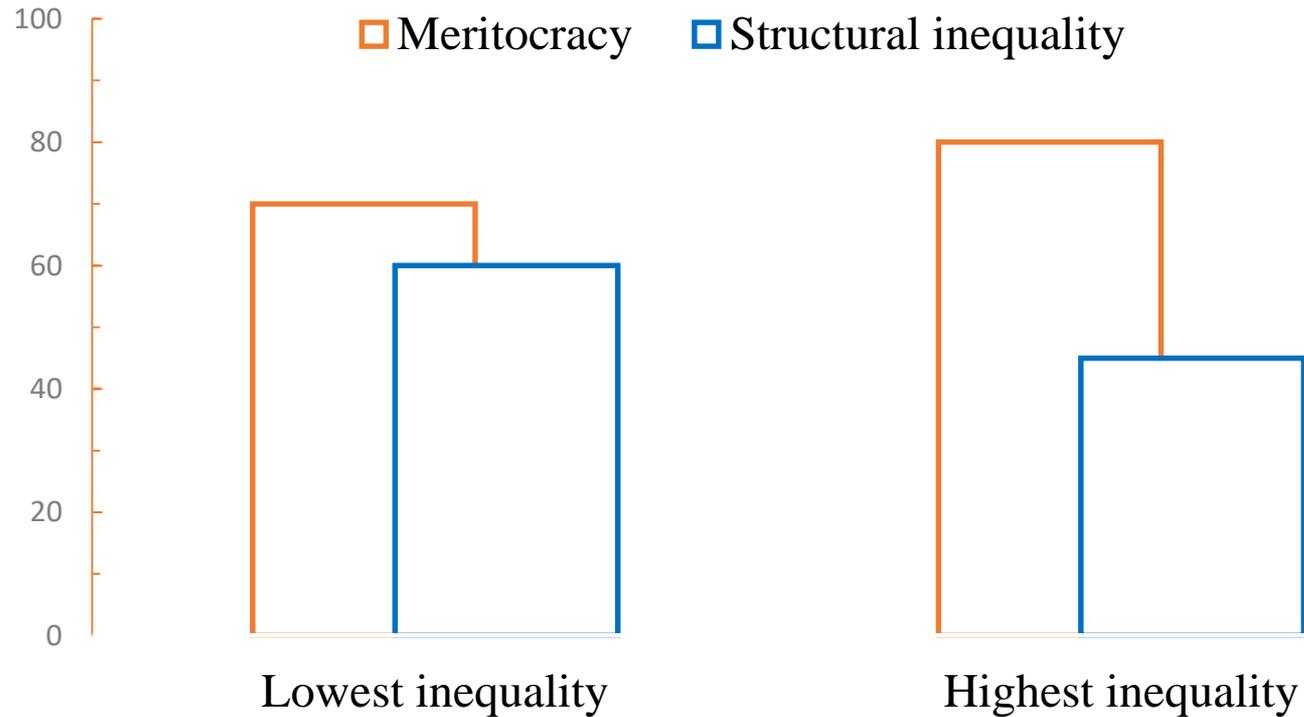
Individual beliefs



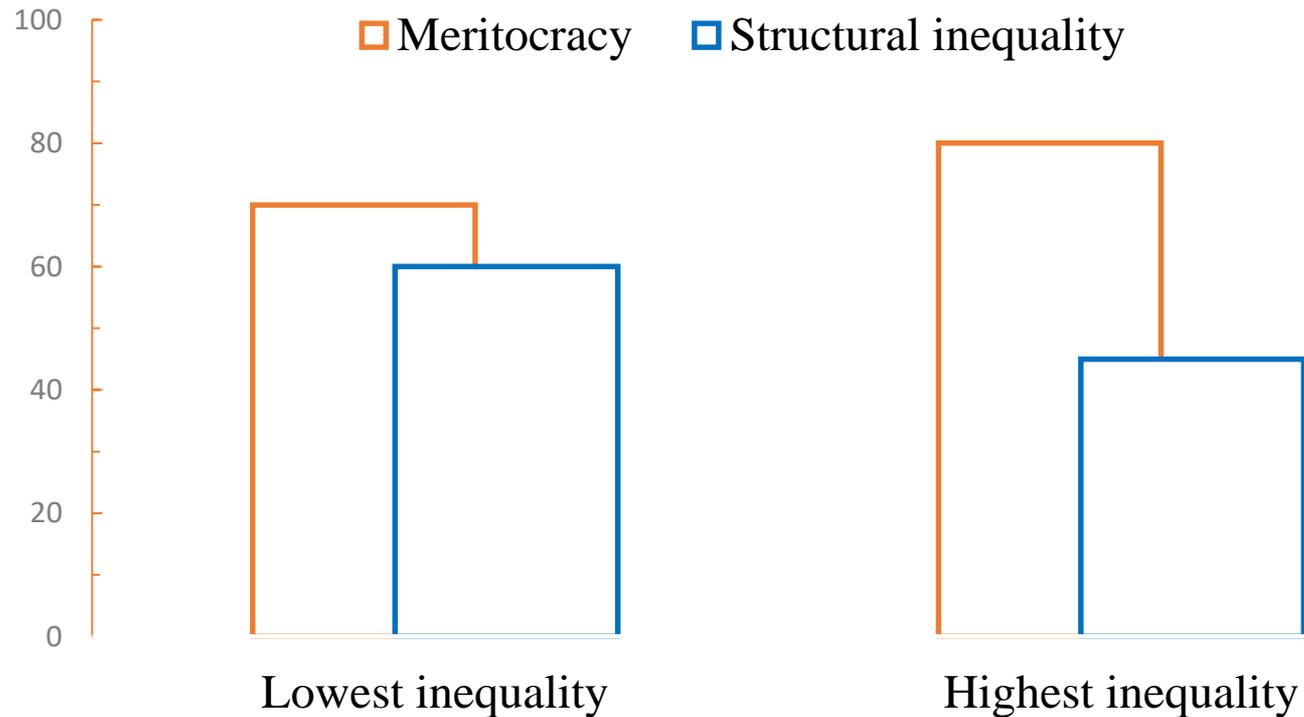
Individual beliefs



Individual beliefs

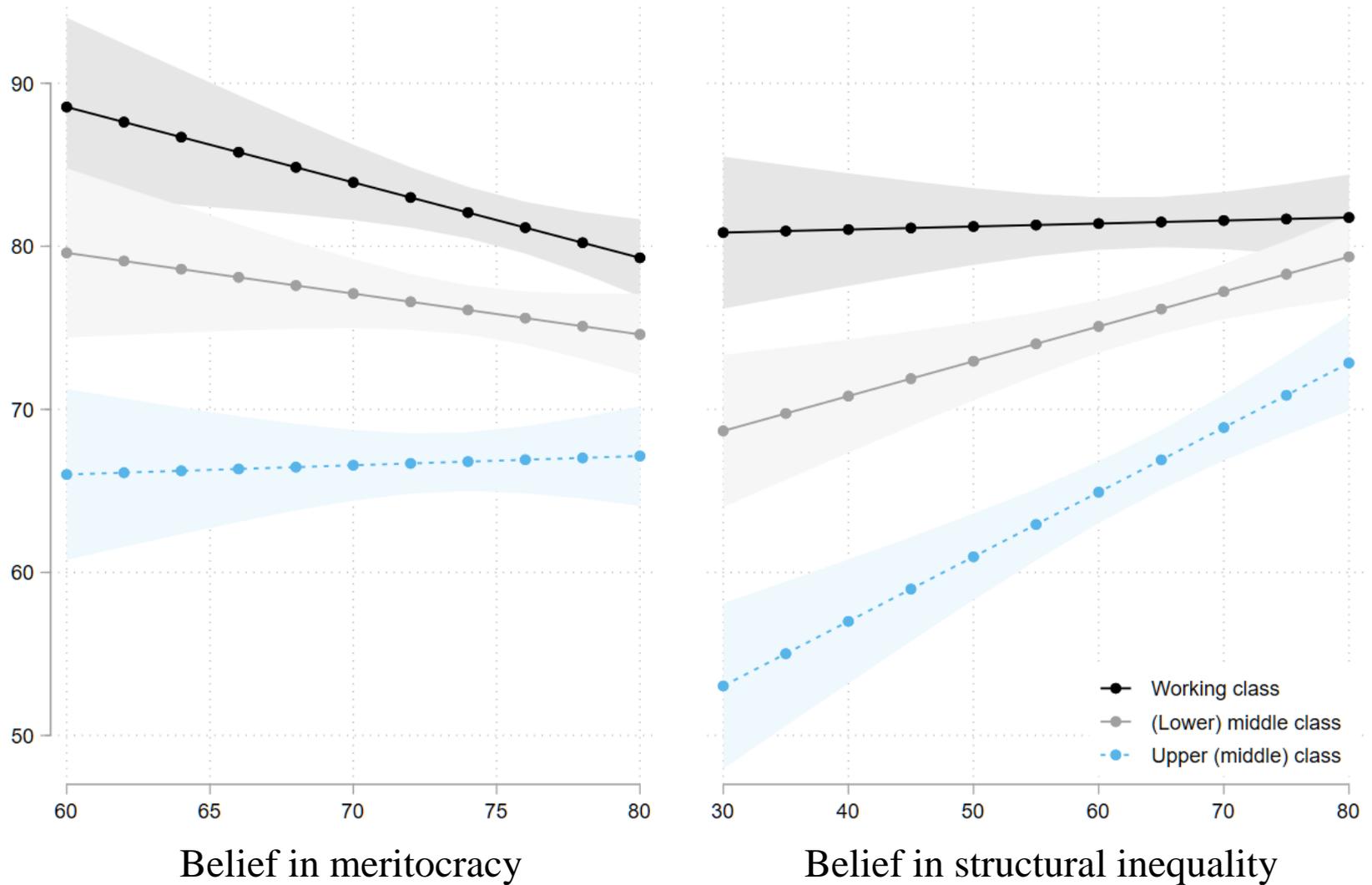


Individual beliefs



Belief in meritocracy +12 pts

Individual concerns



Conclusions

Research

impact economic inequality on social distance

Reardon and Bischoff, 2011; Watson, 2009;

Reardon et al., 2018; Haller et al., 2016; Musterd, 2005

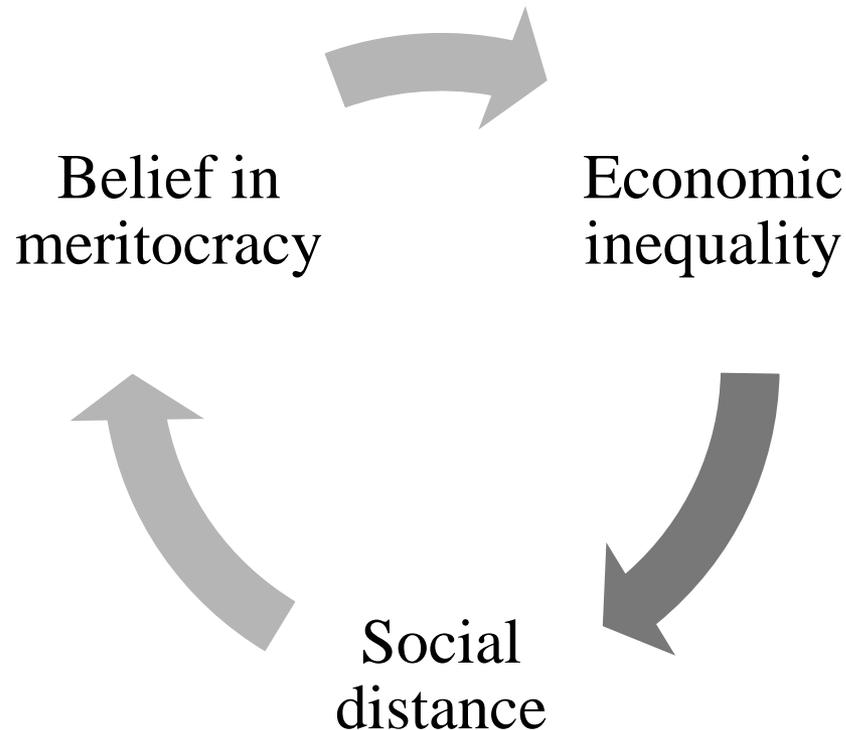
Theory

inequality creates conditions for its own legitimation

Kelly and Enns, 2010; Minkoff and Lyons, 2018

Theoretical implication

Unequal societies create conditions for their legitimation



Conclusions

Politics

publics caught in feedback loop

breaking the loop requires

less social distance

more interactions

heterogeneous institutions

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