



The Relationship Between Perception of Income Inequality and Opinion of Income Distribution in the U.S.



Julia Armeli, Applied Data Analysis, Wesleyan University

Introduction

- Perception of income inequality is more strongly associated with opinions than reality, but there is disagreement on how they are related (Fatke 2018, Kuhn 2020, Trump 2017).
- The relationship between perception and opinion varies between nations; for example, Chinese and Latin American residents' patterns differ (Reyes 2022, Wei 2022).
- Political affiliation is also associated with one's perception of and opinion on economic inequality, with left-wing individuals more likely to perceive inequality as high and unfair (Chambers 2014, Reyes 2022).

Research Questions

- Are Americans who perceive income inequality to be high more likely to believe that income distribution is unfair than those who perceive income inequality to be low?
- Does this relationship differ between those with different political beliefs?

Methods

Sample

- Respondents (n=624) were drawn from the General Social Survey (GSS) of 2021, a nationally representative sample of non-institutionalized adults in the U.S. who speak either English or Spanish.

Measures

- Income Inequality Estimate (IIE) was created by calculating the standard deviation between participants' income estimates of doctor, chairman, sales clerk, factory worker, cabinet minister for each participant.
- Participants' opinion of how fair income distribution is was measured with the question "How fair or unfair do you think the income distribution is in America?" Possible responses ranged from 1 (very fair) to 4 (very unfair).

Results

Bivariate

- Chi-Square analysis showed that IIEs were **not** significantly associated with summarized 2-level fairness ratings independently ($p = .492$).
- There was a greater number of "very unfair" ratings in the 4th income inequality percentile (Fig. 1).



Figure 1: The Proportion of Fairness Ratings in Each Income Inequality Estimate Percentile

Multivariate

- Logistic regression analyses showed that conservatives were significantly more likely than liberals to believe income distribution is fair on average (OR 3.001, $p = 0.026$).
- Political group significantly moderates the relationship between perception of income inequality and fairness rating between liberals and conservatives (OR 1.000, $p=0.045$) (Fig. 2).
- For every \$10,000 increase in IIE, conservatives were 6.1% more likely to believe income distribution is fair than liberals.

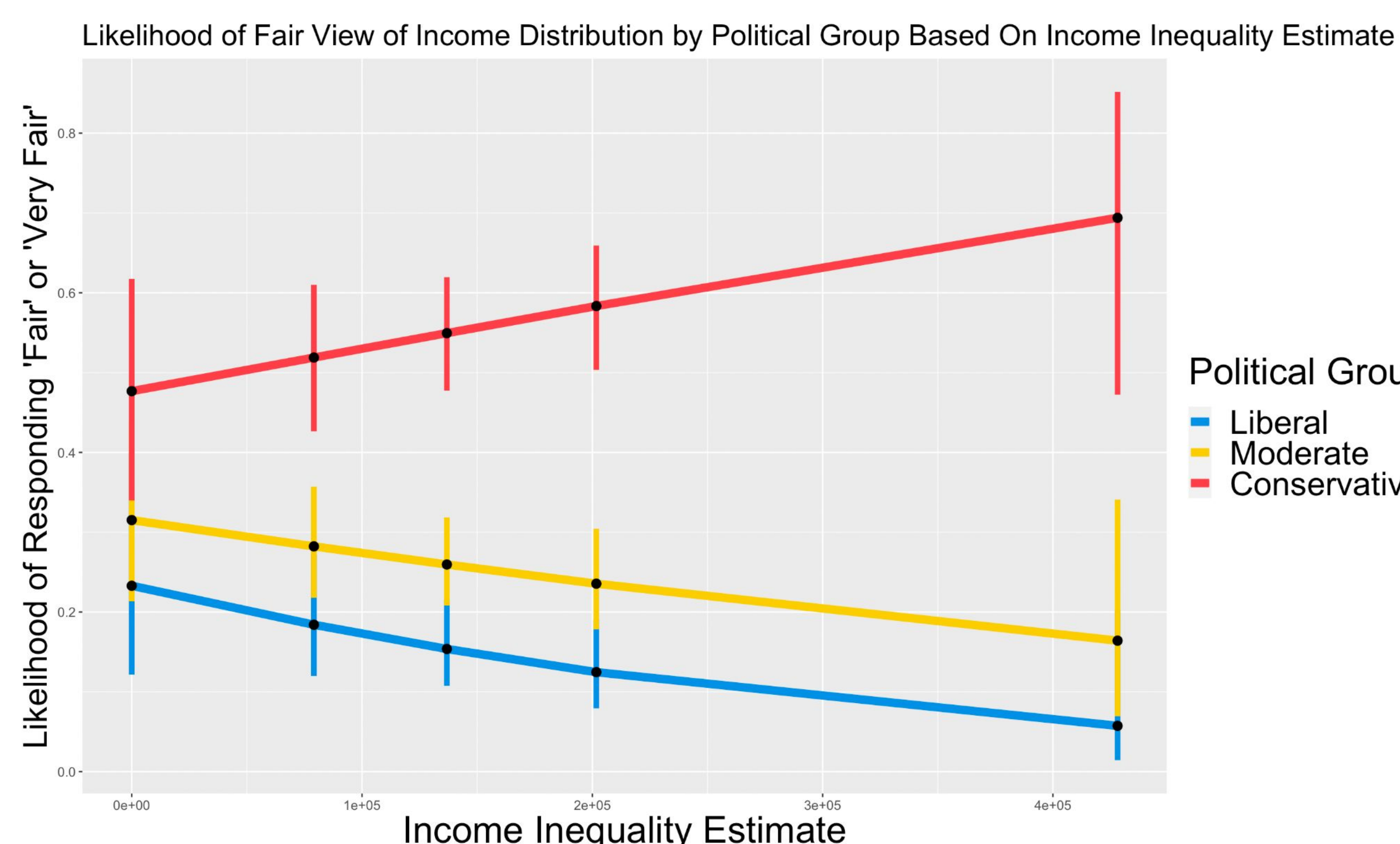


Figure 2: Likelihood of Fair View of Income Distribution by Political Group Based On Income Inequality Estimate

Discussion

- As IIE increases, conservatives are more likely to believe income distribution is fair, while liberals and moderates are less likely to believe income distribution is fair.
- These findings may contribute to political science research regarding American public opinion and political polarization.
- Future research is needed to determine the role of other covariates (e.g. income and race), any nuances between liberals and moderates, and other forms of IIEs not explored in this study.

References

- Chambers, John R, et al. (2013) Better Off Than We Know: Distorted Perceptions of Incomes and Income Inequality in America. *Psychological Science*, 25(2), 613-674., <http://doi.org/10.1177/0956797613504965>.
- Fatke, M. (2018) Inequality Perceptions, Preferences Conducive to Redistribution, and the Conditioning Role of Social Position. *Societies*, 8(4), <http://doi.org/10.3390/soc8040099>.
- Kuhn, Andreas. (2020) The individual (mis-)perception of wage inequality: measurement, correlates and implications. *Empirical Economics*, 59(5), 2039-2069., <http://doi.org/10.1007/s00181-019-01722-4>.
- Reyes, German, et al. (2022) Are fairness perceptions shaped by income inequality? evidence from Latin America. *Journal of Economic Inequality*, 20(4), 893-913., <http://doi.org/10.1007/s10888-022-09526-w>.
- Trump, Kris-Stella. (2017) Income Inequality Influences Perceptions of Legitimate Income Differences. *British Journal of Political Science*, 48(4), 929-952., <http://doi.org/10.1017/S0007123416000326>.
- Wei, Qingong. (2022) Income disparity, perceptions of inequality, and public tolerance. *Chinese Journal of Sociology*, 8(4), 596-635., <http://doi.org/10.1177/2057150X221124758>.