The Undeserving Rich:
American Beliefs about Inequality, Opportunity, and Redistribution

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Current Research and Public/Policy Discourse

(1) **Tolerance Perspective:**

*Americans care about opportunity and not inequality (of outcomes).* Relative to other nations, Americans believe the opportunity to get ahead through hard work is widely available and therefore outcomes are fair (e.g., Alesina, Benabou, Sawhill/Pew Mobility Project).

(2) **Ambivalence Perspective:**

*Americans are ambivalent:* they care about inequality and favor some policies to reduce it but are economic individualists and distrust government (e.g., Hochschild 1981, Kluegal and Smith 1986, Page and Jacobs 2009).
Current Research and Public/Policy Discourse

(3) **Ignorance Perspective:**
Americans care about inequality but are ill informed: they don’t connect their concerns to redistributive policy preferences (e.g., Bartels 2005) and they underestimate the level of inequality (e.g., most recently Norton and Ariely 2011).

(4) **The Opportunity Model:**
Americans connect inequality to opportunity: inequality can reduce opportunity, resulting in preferences for policies that expand opportunity (McCall and Kenworthy 2009; McCall, 2013).

Focus is on why people care (or don’t) and not whether they do or don’t.
Outline of the Talk

(1) Do Americans think income inequality is okay?

(2) If they do, why? If they don’t, why not?
   [opportunity]

(3) What do beliefs about racial and gender inequality have to do with the answers to these questions?
   [opportunity-inequality connection]

(4) What are the implications for the politics of inequality?
   [redistribution]
Questions about Beliefs regarding Income Inequality

DATA SOURCE: Social Inequality Modules
International Social Survey Program
General Social Survey (in the U.S.)

(1) Are differences in income in America too large?
(2) Does inequality continue to exist because it benefits the rich and powerful?
(3) Are large differences in income necessary for prosperity?

Also contains questions on opportunity and government redistribution.
Beliefs about Income Inequality in the U.S., 1987-2010

- Income differences are too large: 40% Strongly Agree, 26% Agree, 18% Neither, 0% Disagree, 13% Strongly Disagree
- Inequality continues to exist to benefit the rich: 37% Strongly Agree, 37% Agree, 18% Neither, 0% Disagree, 13% Strongly Disagree
- Large income differences are unnecessary for prosperity: 36% Strongly Agree, 36% Agree, 18% Neither, 0% Disagree, 13% Strongly Disagree
Income Differences too Large, Various Countries, 2009

- **US**: 27%
- **Great Britain**: 29%
- **Sweden**: 32%
- **Finland**: 30%
- **W. Germany**: 45%
- **France**: 69%

(1999) US: 60%
(1999) Great Britain: 21%
Trends in Beliefs about Income Inequality, 1987-2010

- Agreement
- Strong agreement
- Strong and strong agreement
- Income differences are too large
- Inequality continues to exist to benefit rich and powerful
- Large income differences are unnecessary for prosperity

Percent

Year:
- 1987
- 1992
- 1996
- 2000
- 2008
- 2010
Does Knowing the Level of Inequality Matter?  
(ANES Panel 2008 – 2010)

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Average Income</th>
<th>Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 5%</td>
<td>$300,000</td>
<td>A great deal smaller: 30 – 33 %</td>
</tr>
<tr>
<td>Bottom 5%</td>
<td>less than $10,000</td>
<td>Moderately smaller: 22 – 24%</td>
</tr>
<tr>
<td>Top 20%</td>
<td>$170,000</td>
<td>A great deal smaller: 29 – 38 %</td>
</tr>
<tr>
<td>Bottom 20%</td>
<td>less than $11,000</td>
<td>Moderately smaller: 21 – 25%</td>
</tr>
</tbody>
</table>

Should this difference be smaller, bigger, or about what it is now?

What it is now: 32 – 38%  
What it is now: 23 – 37%
Perceptions of Changes in Annual Pay Over Time (in 2000 $):
Executives (CEO of large national corp.), Unskilled Workers, and Doctors

<table>
<thead>
<tr>
<th>Year</th>
<th>Mean Perceived Pay (2000 $)</th>
<th>Median Desired/Perceived Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Executives</td>
<td>Unskilled Workers</td>
</tr>
<tr>
<td>1987</td>
<td>$366,617</td>
<td>$20,591</td>
</tr>
<tr>
<td>1992</td>
<td>$909,483</td>
<td>$19,236</td>
</tr>
<tr>
<td>2000</td>
<td>$956,906</td>
<td>$20,129</td>
</tr>
<tr>
<td>2010</td>
<td>$3,350,051</td>
<td>$21,835</td>
</tr>
</tbody>
</table>

Americans are aware of large increase in CEO pay and stagnation of worker pay in 2000s.

They also were aware of this in early 1990s.
**Outcome: Index of Inequality Attitudes**  
(-3=accepting to +3=critical; 0=neutral)

<table>
<thead>
<tr>
<th>Model (1)</th>
<th>Model (2)</th>
<th>Model (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived CEO/worker pay ratio</td>
<td><strong>0.069 (.02)</strong>*</td>
<td><strong>0.223 (.03)</strong>*</td>
</tr>
<tr>
<td>(logged and standardized by year)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Desired CEO/worker pay ratio</td>
<td><strong>-0.130 (.02)</strong>*</td>
<td><strong>-0.256 (.02)</strong>*</td>
</tr>
<tr>
<td>(logged and standardized by year)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>All controls (no interactions)</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>N</td>
<td>2,793</td>
<td>2,793</td>
</tr>
<tr>
<td>Adjusted R squared</td>
<td>0.19</td>
<td>0.20</td>
</tr>
<tr>
<td>Root MSE</td>
<td>1.00</td>
<td>0.99</td>
</tr>
</tbody>
</table>

**Predicted outcome in full interaction model (perceived CEO/worker ratio is interacted will all covariates) with ratio at + 2 s.d.**  
Criticism Increases from 0.69 - 0.81

**IN LOGIT MODEL ("Income differences are too large"):**

- Strong agreement: 23 to 28%
- Total agreement: 66 to 68%
Trends in Media Coverage of Income Inequality

(2) Inequality articles, explicit
How is Inequality Covered?

News Coverage Implicitly Connects Inequality and Opportunity

USNWR, 1988

Mortimer Zuckerman,
“Dreams, Myths, and Realities”

Refers to a CBO study that “stunningly documents the growing inequality in American life...[in which] most of our citizens have not benefited from recent U.S. prosperity, [I]n this election, the crucial judgment is who can reverse the trends toward inequality and bring more of our people closer to the American dream.”

Newsweek, 2006

Robert Samuelson,
“Trickle-up Economics”

“Although Americans do not regard rich people with much envy, they believe that wealth should be broad-based, and trickle-up economics, with most benefits flowing to the top, seems un-American...no one should be happy with today’s growing economic inequality. It threatens America’s social compact, which depends on a shared sense of well-being.”
Public Opinion Polls Pit Inequality against Opportunity

Americans Care About Opportunity and Not Inequality

What do you think is more important for this country?

To reduce inequality: 29%

To ensure everyone has a fair chance of improving their economic standing: 71%

Americans Care About Inequality as Barrier to Opportunity

Greater economic inequality means that it is more difficult for those at the bottom of the income ladder to move up the ladder.

Agree: 71%

Disagree: 29%
Five Tropes of Opportunity

**Level playing field**
Equal opportunities to prepare for the labor market (especially through education).

**Bootstraps**
The opportunity to “get ahead” in life through hard work and perseverance.

**Rising tide**
The availability of good jobs for all who seek them.

**Equal treatment**
Equal employment opportunities for individuals with equal qualifications, regardless of race, gender, or other characteristics unrelated to job performance, including family background and social connections.

**Just deserts**
Compensation commensurate with contribution and performance.
Americans Believe in Hard Work, but Varies over Time

Gallup: Very/somewhat satisfied with "the opportunity for a person in this nation to get ahead by working hard."
Detailed questions about importance of individual and structural factors (related to luck) for getting ahead.

<table>
<thead>
<tr>
<th>Importance for getting ahead in life...</th>
<th>Essential</th>
<th>Very Imp.</th>
<th>Fairly Imp.</th>
<th>Not Very Imp.</th>
<th>Not at all Imp.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hard work</td>
<td>40.8%</td>
<td>50.9</td>
<td>7.3</td>
<td>1.0</td>
<td>0.1</td>
</tr>
<tr>
<td>Having good education</td>
<td>33.8</td>
<td>53.1</td>
<td>11.9</td>
<td>1.0</td>
<td>0.3</td>
</tr>
<tr>
<td>Ambition</td>
<td>40.8</td>
<td>49.3</td>
<td>8.7</td>
<td>0.9</td>
<td>0.2</td>
</tr>
<tr>
<td>Natural ability</td>
<td>11.2</td>
<td>45.1</td>
<td>38.1</td>
<td>5.2</td>
<td>0.5</td>
</tr>
<tr>
<td>Knowing right people</td>
<td>10.0</td>
<td>33.9</td>
<td>42.1</td>
<td>11.7</td>
<td>2.3</td>
</tr>
<tr>
<td>Well educated parents</td>
<td>6.2</td>
<td>37.7</td>
<td>39.5</td>
<td>12.8</td>
<td>3.8</td>
</tr>
<tr>
<td>From wealthy family</td>
<td>3.9</td>
<td>18.4</td>
<td>30.0</td>
<td>32.2</td>
<td>15.5</td>
</tr>
<tr>
<td>Race</td>
<td>2.1</td>
<td>11.3</td>
<td>22.2</td>
<td>33.7</td>
<td>30.8</td>
</tr>
</tbody>
</table>

Hard work and individual initiative matter

Luck and help from others matter
Role of Structural Factors/Luck, Various Countries, 2009

- Knowing the right people essential/very important for getting ahead:
  - US: 45%
  - GB: 34%
  - Sweden: 40%
  - Finland: 31%
  - W. Germ.: 64%
  - France: 22%

- Coming from a wealthy family essential/very important for getting ahead:
  - US: 30%
  - GB: 15%
  - Sweden: 13%
  - Finland: 6%
  - W. Germ.: 28%
  - France: 9%

(1999) For knowing the right people: 41%
(1999) For coming from a wealthy family: 20%
# Role of Structural Factors/Luck, Various Countries, 2010

(1) To begin we have some questions about opportunities for getting ahead. How important is:

<table>
<thead>
<tr>
<th>Essential or Very Important (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S.</strong></td>
</tr>
<tr>
<td>(a) Coming from a wealthy family?</td>
</tr>
<tr>
<td>(b) Having well-educated parents?</td>
</tr>
<tr>
<td>(c) Knowing the right people?</td>
</tr>
<tr>
<td>(d) Hard work?</td>
</tr>
</tbody>
</table>

**2011 SESA**
- (a) Coming from a wealthy family? | 1 |
- (b) Having well-educated parents? | 24 |
- (c) Knowing the right people? | 21 |
- (d) Hard work? | 92 |
Outcome: Strong agreement that inequality exists to benefit the rich
Outcome: Strong agreement to three questions about income inequality
Main IV: Desired to perceived pay ratio (executive/unskilled worker)

- Income differences are too large: 31
- Inequality continues to exist to benefit the rich: 16
- Large income differences are unnecessary for prosperity: 15

Predicted probability (x100):
- 10th percentile (desired = 0.07 * perceived)
- 50th percentile (desired = 0.47 * perceived)
- 90th percentile (desired = perceived)
Conceptual Similarities in Beliefs toward Class, Racial, and Gender Inequality?

RACE/GENDER MODEL

Unequal outcomes reflect unequal opportunities
- In education: black/white test score gaps
- In labor market: race and gender pay gaps

Solution: equalize outcomes in order to equalize opportunities
- In education: equal school funding/resources
- In labor market: comparable worth, affirmative action

APPLIED TO CLASS (theoretically)
- Income/pay gaps reflect unfair labor market opportunities
- Solution: equalize opportunities in the labor market
Daniel Bell’s Just and Unjust Meritocracies

“How much difference should there be in income between the head of a corporation and a common laborer, between a professor at the top of the scale and an instructor? The differences in pay in a business firm are on the order of 30:1, in a hospital of 10:1, and a university of 5:1. What is the rationale for these differences? What is fair? ... Clearly this will be one of the most vexing questions in a post-industrial society.”

“A meritocracy is made up of those who have earned their authority. An unjust meritocracy is one which makes these distinctions invidious and demeans those below...those at the top convert their authority positions into large, discrepant material and social advantages over others.”

Preferences Regarding Traditional Redistributive Policies

Model excludes inequality attitudes index
Preferences Regarding Education and Social Services

Marginal effects with 95% CI

- Model excludes inequality attitudes index

Year Comparisons:
- 1996/1987
- 2000/1987
- 2008/1987
- 2010/1987
Implications for Occupy Wall Street Movement(s)

TIMING

• Similar to peak concerns in 1990s during recovery
• Growth skewed toward rich, not for middle class
• Postwar equal growth/social compact paradigm

POLICY IMPLICATIONS/RESPONSE

• Confusion... yet support for labor market opportunities:

  (1) Good jobs with fair pay (for top and the rest)
  (2) Education and training
  (3) Regulation of business
  (4) Progressive taxes to the extent they support (1)-(3)
The basic American promise [is] that if you worked hard, you could do well enough to raise a family, own a home, send your kids to college, and put a little away for retirement. The defining issue of our time is how to keep that promise alive...

We can either settle for a country where a shrinking number of people do really well, while a growing number of Americans barely get by.

Or we can restore an economy where everyone gets a fair shot, everyone does their fair share, and everyone plays by the same set of rules.”

President Obama, 2012 SOTU
NEXT STEPS

EXPERIMENTS (joint with Psychologist Jennifer Richeson)

• Does framing of inequality affect concerns about inequality, opportunity, and support for redistribution?

COMPARATIVE WORK (joint with Swedish scholars Jonas Edlund and Arvid Backstrom)

• Does the opportunity model apply to Europe, and how does it perform relative to the welfare state model?

NEW SURVEY Qs on MARKET REDISTRIBUTION

• What is the role/responsibility of employers and businesses in fostering more equitable growth?
Hard work matters more than luck

Opportunity exists

Inequality is fair

Don’t need government redistribution

(“welfare state” model)

Multiple forms of opportunity

+ individual variation

Opportunity restricted

Inequality is unfair

Need more market-based opportunity/redistribution

(“opportunity” model)