

Inequality and fairness perceptions: recent developments in the EU

FAIRNESS COMMUNITY OF PRACTICE WEBINAR

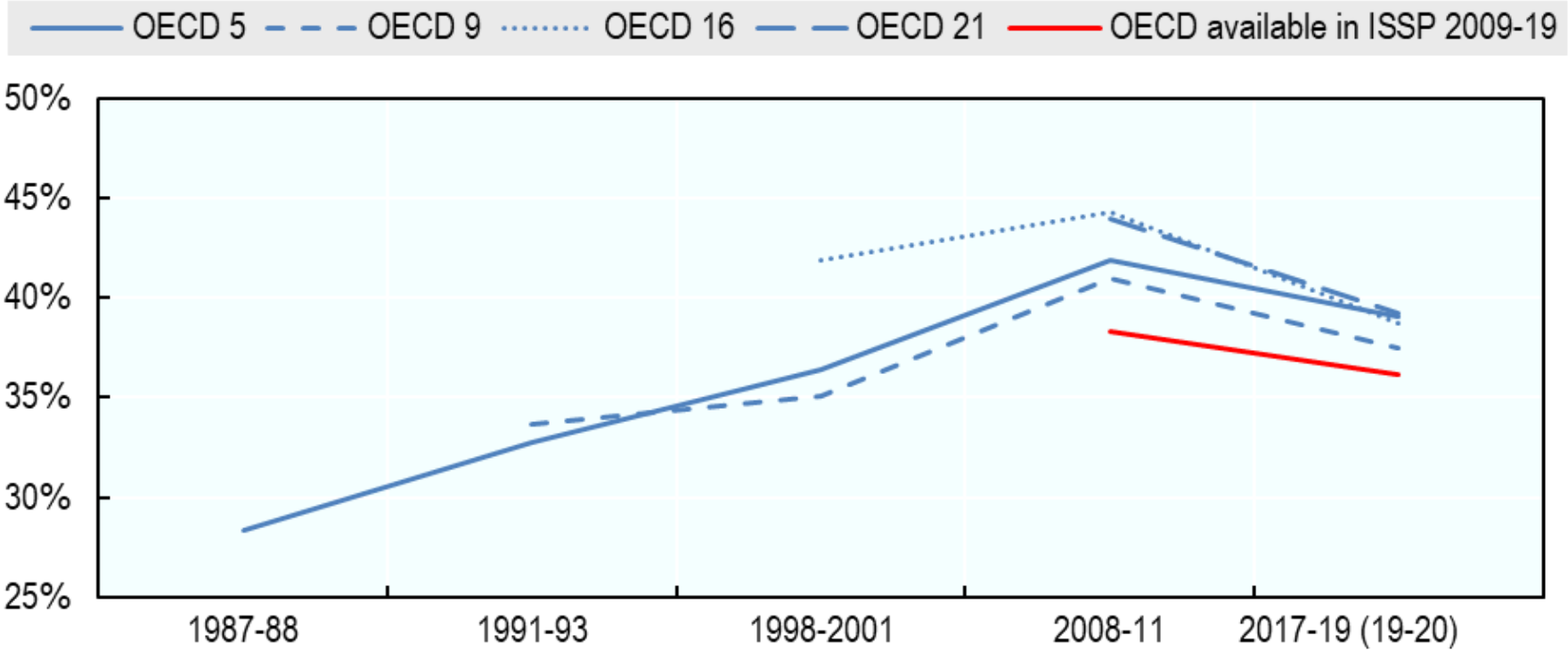
18 March 2023

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**THE BROADER SETTING: LONG RUN CHANGES
IN CONCERNS AND PREFERENCES FOR
REDISTRIBUTION ACROSS THE OECD**

Concern over income disparities is high and increased in line with inequality...

People who strongly agree that income differences in their country are too large (as % of total population; OECD averages)

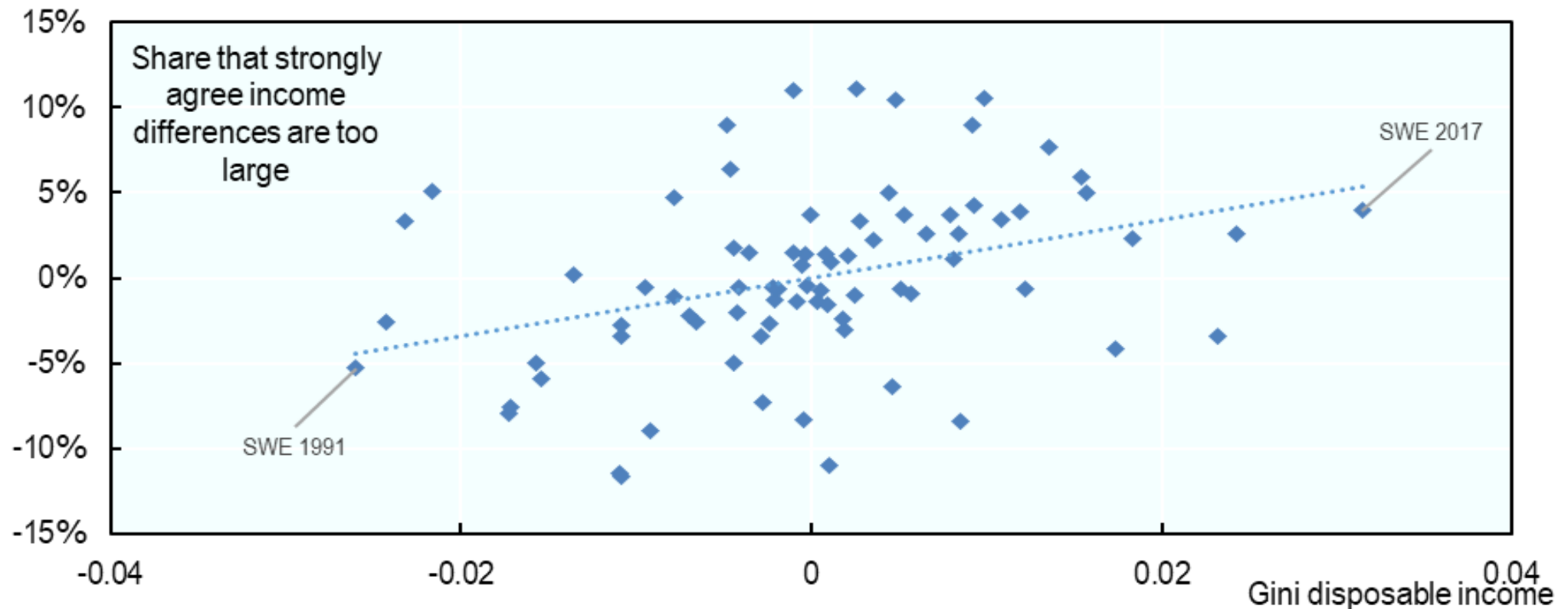


Source: OECD estimates on International Social Survey Programme (ISSP); *Does Inequality Matter?* Ch 2

...and in fact concerns are not disconnected from reality.

Changes in concern reflect changes in income inequality over time

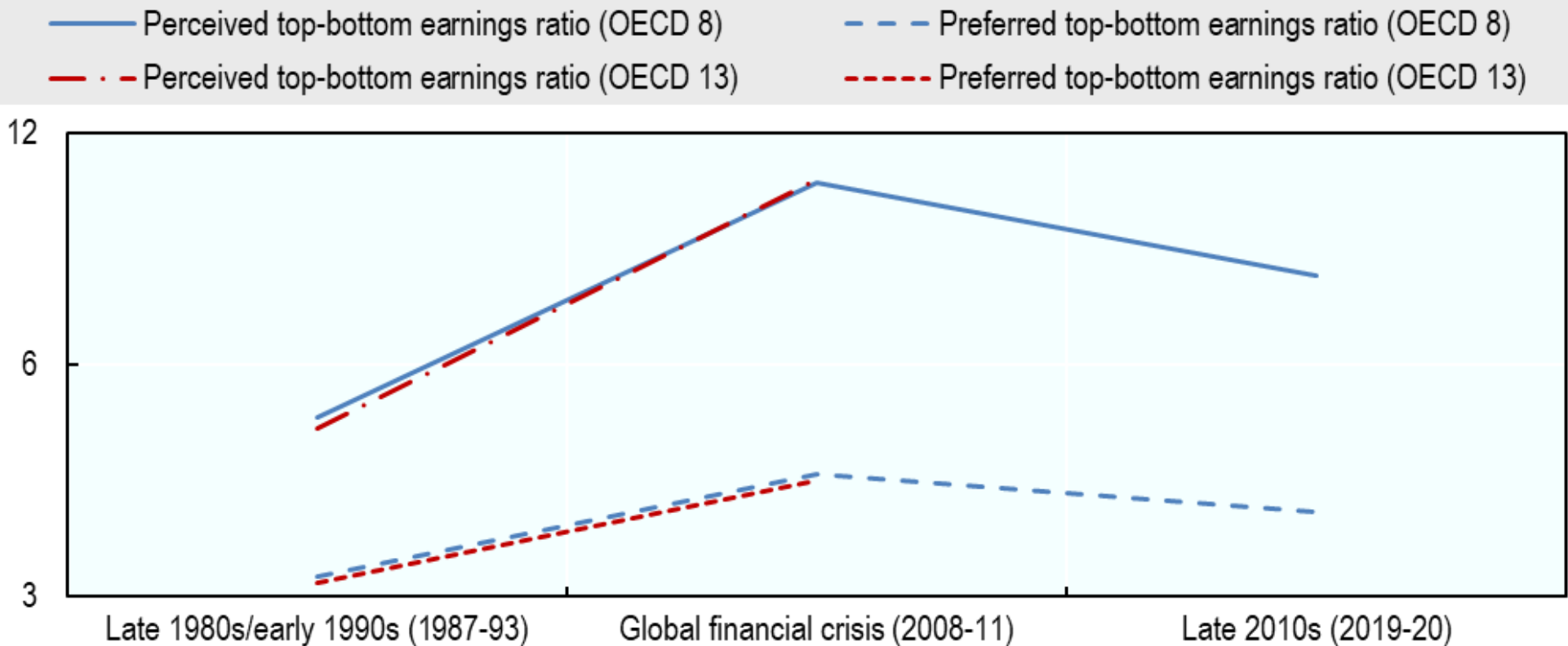
Deviations from the country average, net of time components common to all countries



Source: Est. on ISSP 1987-2017, Eurob. 2017 and OECD IDD; *Does Inequality Matter?* Ch 2

Perceived disparities increased, though people partially adapted to higher inequality

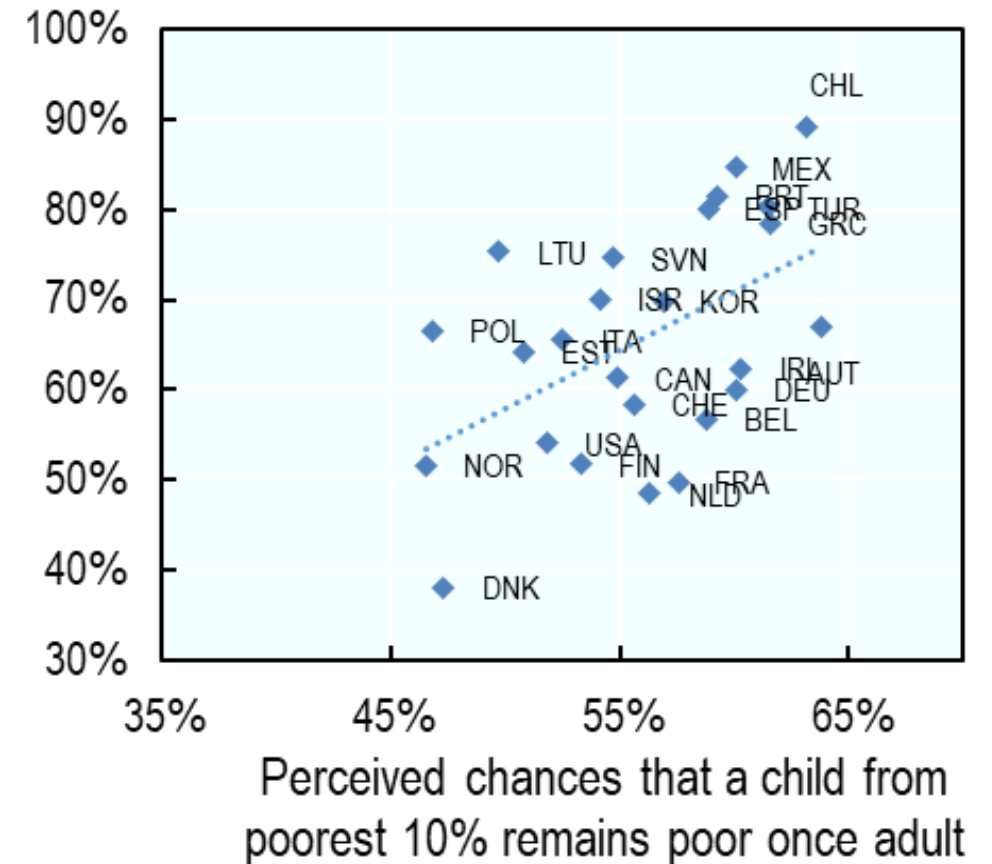
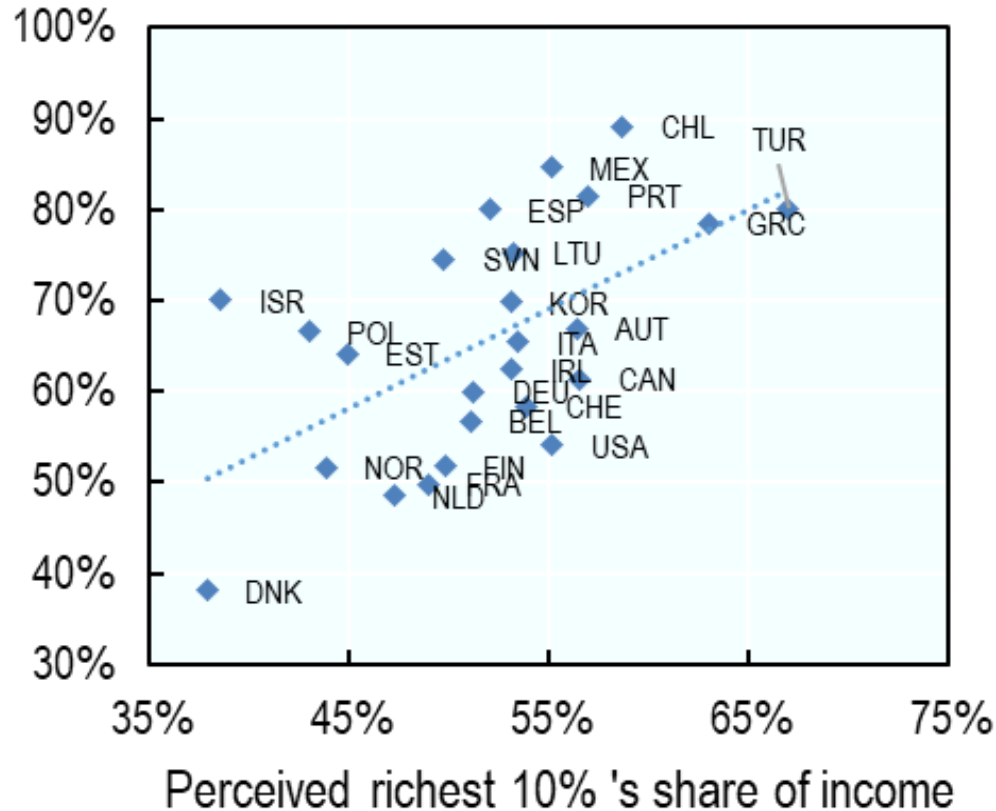
Perceived and preferred top-bottom earnings ratios (OECD averages)



Source: OECD estimates on International Social Survey Programme (ISSP); *Does Inequality Matter?* Ch 2

Perceptions of inequality and social mobility correlate with demand for inequality-reducing policies...

Share who think the government should do more to reduce income differences (year 2020)

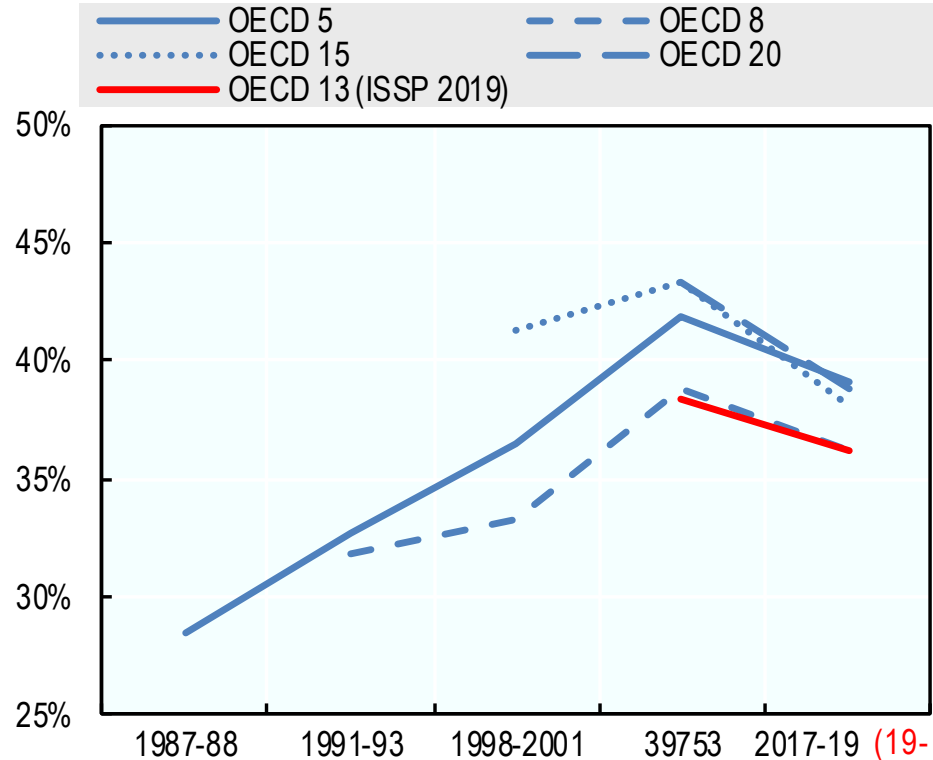


Source: OECD estimates on Risks that Matter 2020; *Does Inequality Matter?* Ch 3

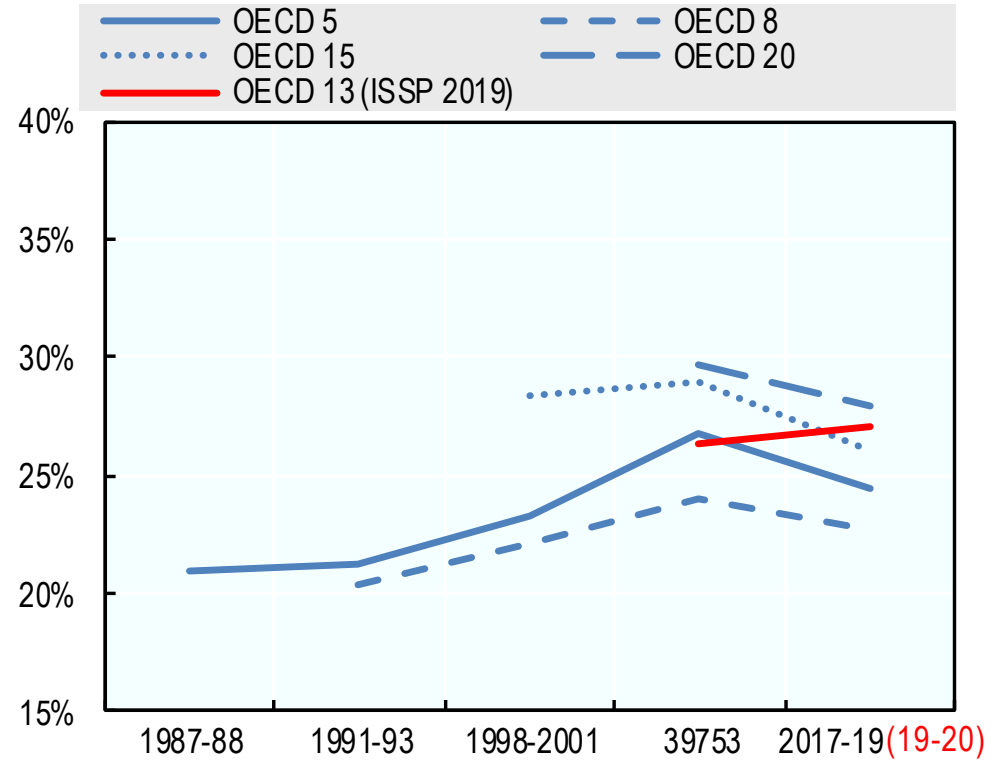
...but high concern does not necessarily translate into widespread support for redistribution

Average across countries in the share who strongly agree that...

(a) Income differences are too large



(b) It is the responsibility of the government to reduce income differences



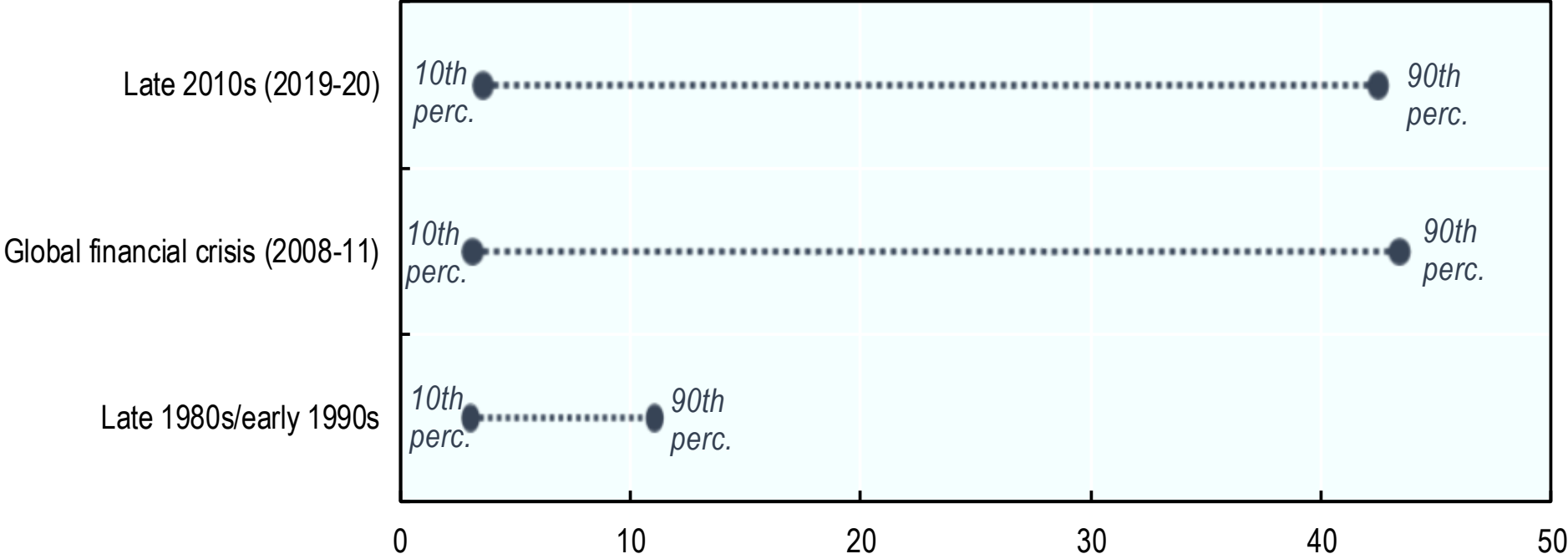
Source: OECD estimates on ISSP and Eurobarometer; *Does Inequality Matter?* Ch 3

Public support is higher when people perceive that policies are effective in reducing inequalities

- People demand more redistribution through the tax and benefit system if they believe that the **benefits are well targeted**.
 - Evidence from Trustlab shows they are less in favour of progressive taxation if they believe petty corruption is widespread among public officials, prompting misallocation of public benefits
- Survey experiments show that **providing information about the effectiveness of policies** raises people's support.
- People tend to be in favour of redistributive policies, but want to see them **resulting in lower inequality and higher opportunities**

The public opinion is (increasingly) divided, even among people with the same socio-economic characteristics

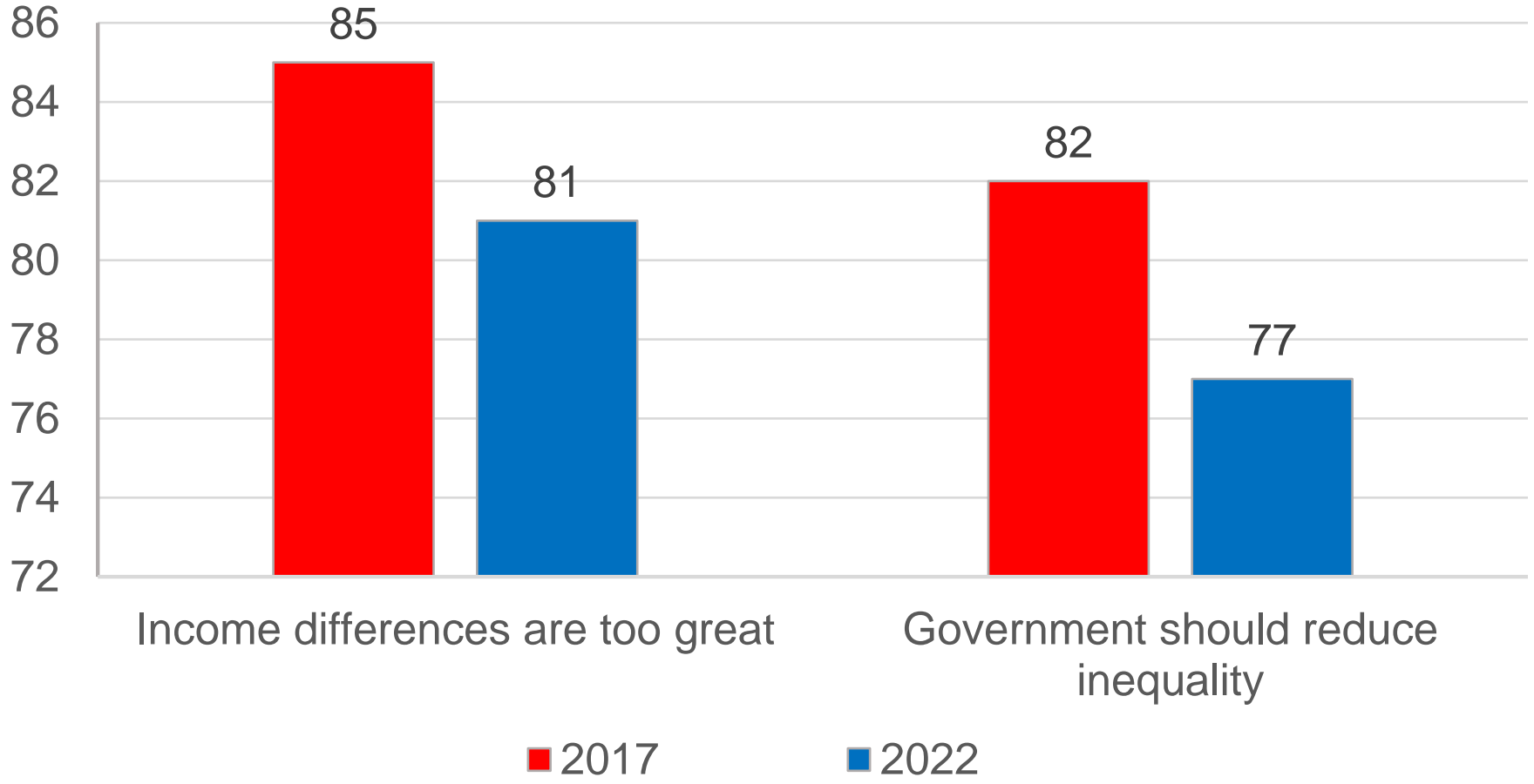
People disagree more than 30 years ago on the extent of earnings disparities
10th - 90th percentiles of the perceived top-bottom earnings ratio, average for 8 OECD countries



Source: OECD estimates on ISSP; *Does Inequality Matter?* Ch 4

**BACK TO THE EUROBAROMETER: A DECREASE
IN PUBLIC CONCERN, AN INCREASE IN
PRIVATE DISAPPOINTMENT**

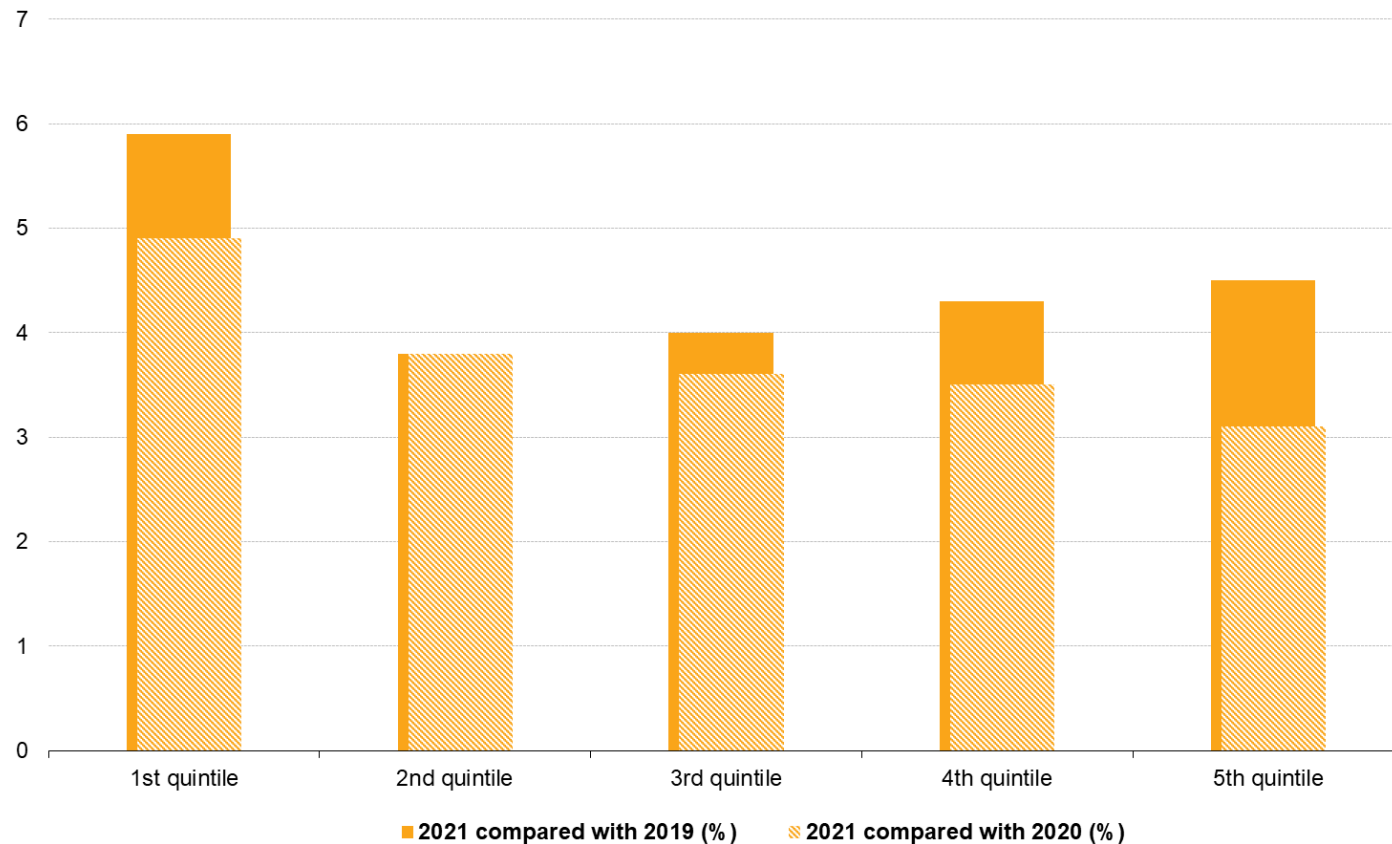
The surprise: people are decreasingly concerned.



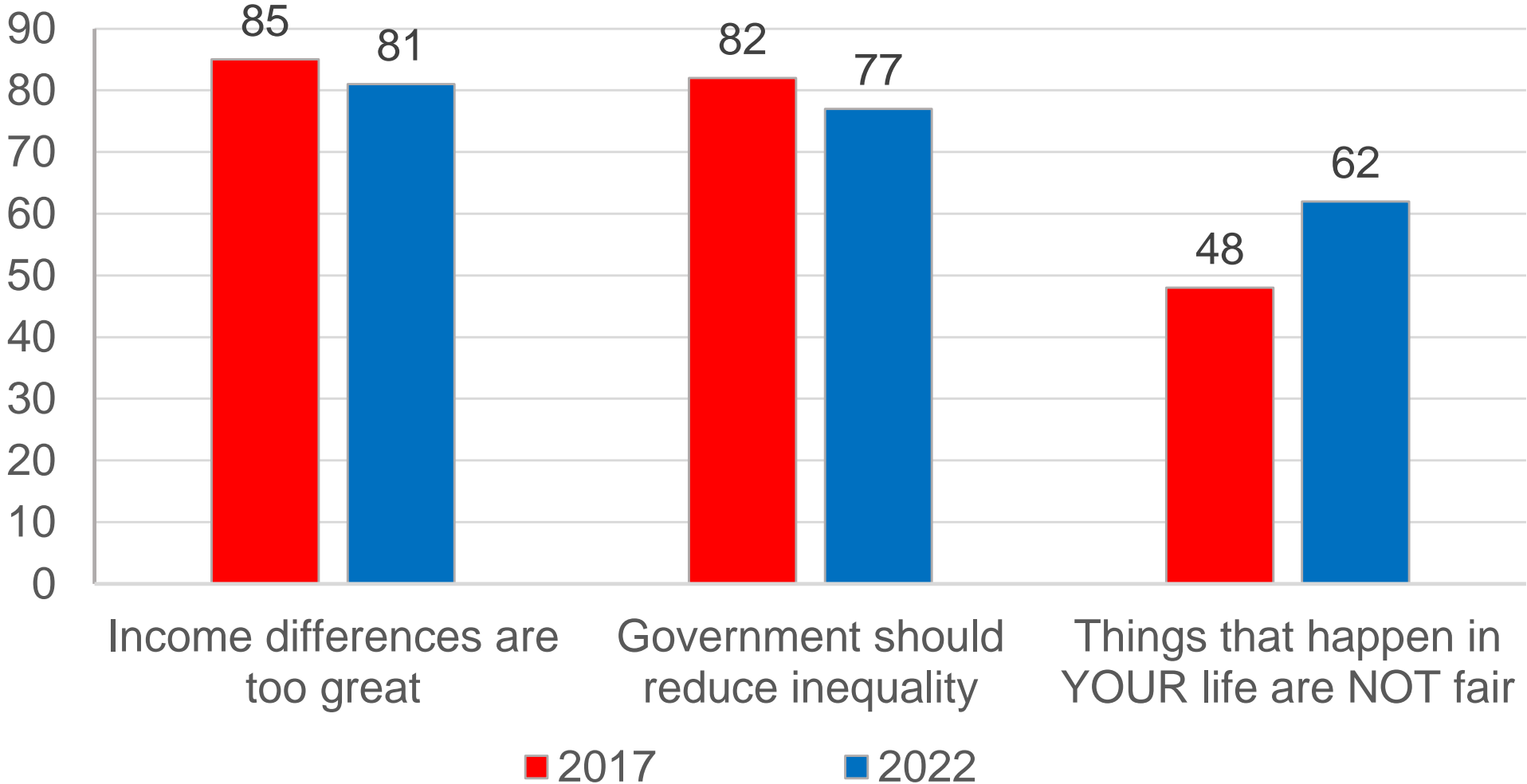
Source: Eurobarometer 2017 and 2022

1. This is reasonable: inequality did not increase

Change in equivalised disposable income, EU
(Early estimates of income growth based on Euromod)

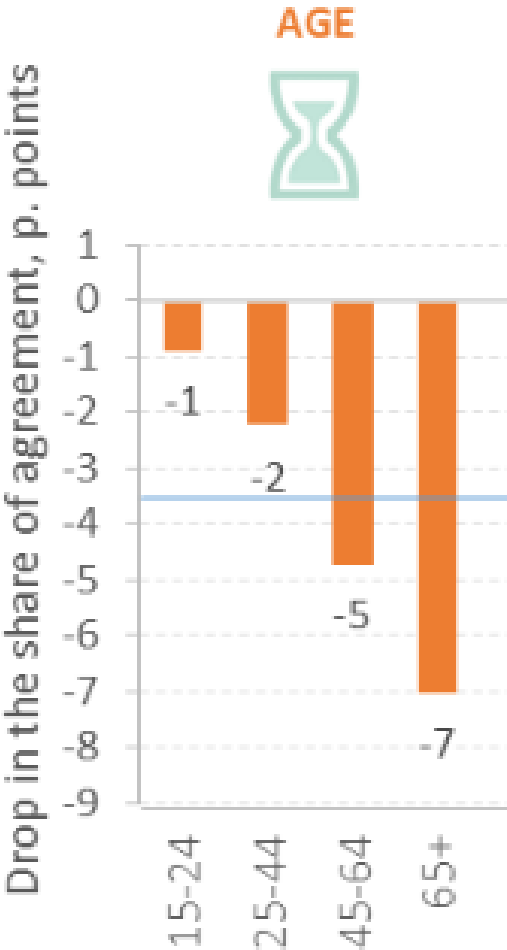


2. Public versus private concerns

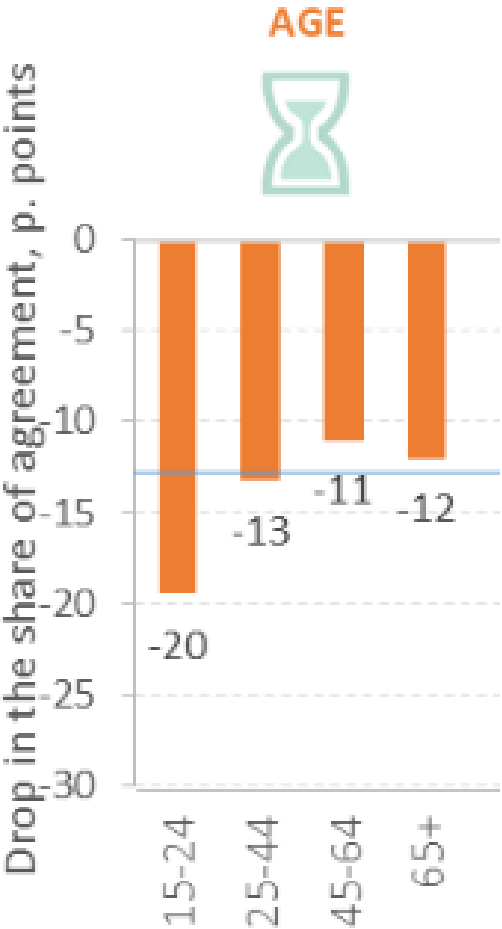


3. Youth disappointment...

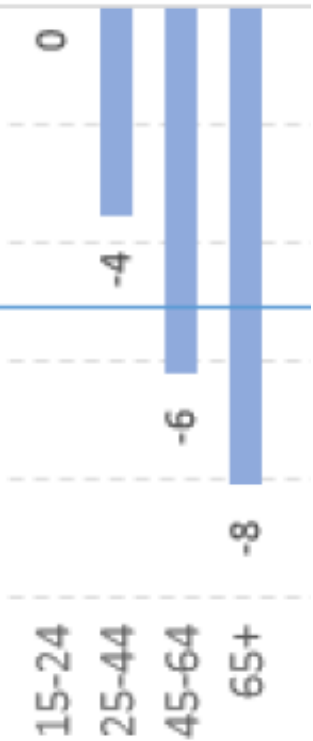
Change in inequality concerns



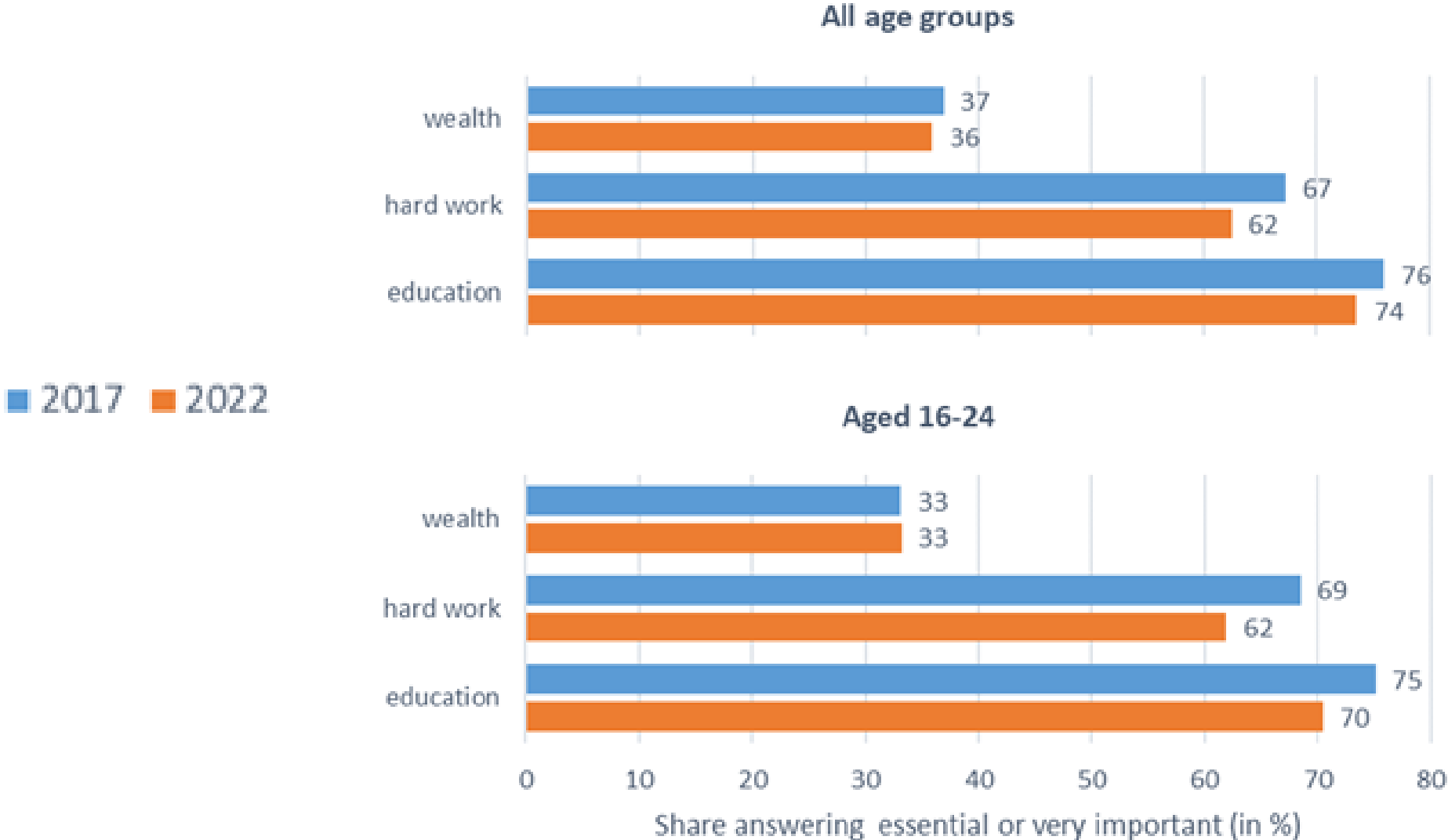
Change in fairness perceptions



Change in support for greater redistribution

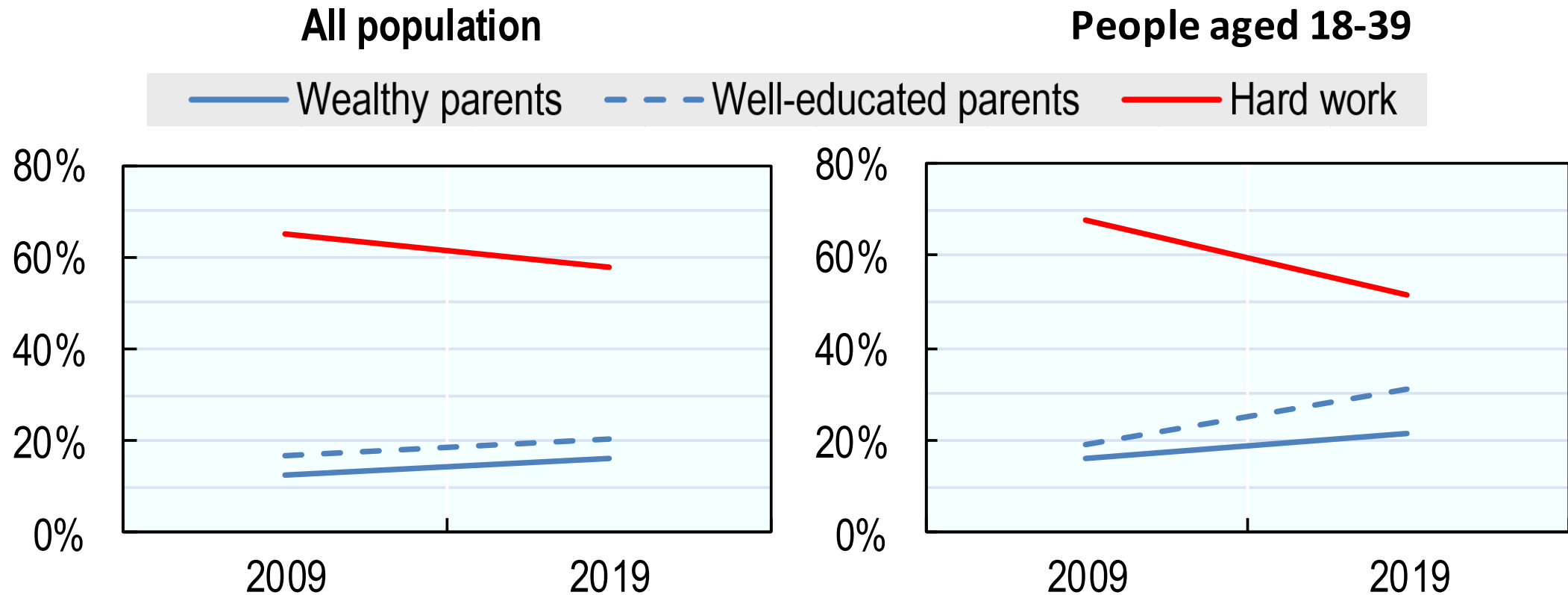


...linked do a drop in perceived importance of education and hard work...



...not only in the EU!

Share who believe that each factor is important to get ahead in life, Japan



Source: OECD estimates on ISSP

See also: Lechevalier, https://cigs.canon/en/article/20230213_7277.html

Conclusions

- The two Eurobarometers provide timely information on inequality concern and preferences for redistribution.
- Interestingly, they provide some new food for thought, which challenged our priors.
- This fresh evidence raises new important questions, on collective versus private attitudes, and on large generational shifts, which warrant further investigation.

For more...

Find out more about OECD work on perceptions of inequality:

- Key findings
- Data
- Country fact sheets
- French version ([Les inégalités comptent-elles?](#))

<http://oe.cd/does-inequality-matter>

...new evidence to come with the Opportunity Barometer in early Summer...

