

Perceptions of inequality and fairness: what has changed over the past 5 years?

HIGHLIGHTS

- According to a recent Eurobarometer survey, 81% of EU citizens believe that income inequality is too high. While remaining high, the level of concern about income inequality is slightly lower than in 2017 (85%).
- Despite the COVID-19 crisis, income inequality concerns decreased for most socio-economic groups. This drop was largest for older individuals and those living in rural areas.
- In contrast, the perception of life fairness has declined in the past 5 years: the share of individuals agreeing that things that happen in their life are fair decreased from 51% in 2017 to 38% in 2022.
- Fairness perceptions diminished especially among young people and students, but less so among lower-educated individuals and those with financial difficulties.
- The direct economic consequences of the COVID-19 pandemic do not seem to be the major cause of the decrease in fairness perceptions. Potential drivers include uncertainties about the future, perceived inequality of opportunity, and discontent with measures taken to contain the COVID-19 pandemic.

Background

The past 3 years have been particularly turbulent for the economy and living conditions of the EU population. First, the health impacts of COVID-19 and the containment measures adopted to mitigate the spread of the virus, such as closures of businesses and schools, have affected labour markets and households in an unprecedented way. Second, Russia's invasion of Ukraine has brought further insecurity and challenges together with a substantial rise in energy prices. This rise has the potential to dramatically affect the budget of households, in particular of those with lower incomes.

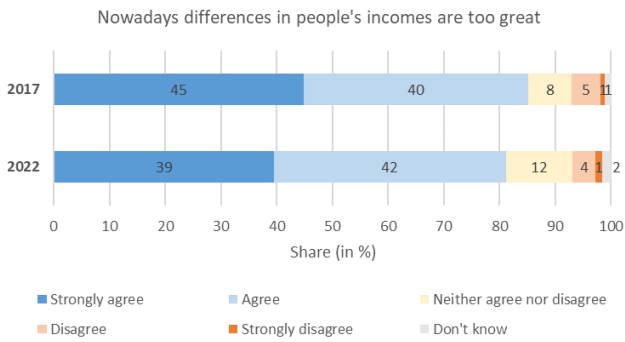
While the early impact of the COVID-19 crisis on income inequality and poverty has been addressed in previous research, many important questions have not yet been answered [1,2]. The pandemic not only led to the implementation of unprecedented policy support instruments, but also to restrictions in many countries that might have been perceived as unfair by the population. This context provides a relevant setting to examine whether perceptions of and

attitudes towards fairness and inequality have changed over time. This policy brief uses data from two Eurobarometer surveys carried out in 2017 and 2022 to address these questions.

Concerns about income inequality have slightly declined since 2017 but remain high

Despite the COVID-19 crisis and the exceptional geopolitical context, slightly fewer people in the EU think that income inequality is too large (compared to 2017). There has been a slight decrease of 4 percentage points (pp) in the share of people agreeing or strongly agreeing that income differences are too great (see Figure 1). Still, the vast majority of EU citizens think that inequalities in income are too great (81% in 2022 vs 85% in 2017). This trend is common to most EU countries. Concerns about income disparities have increased in only five countries (Bulgaria, France, Greece, Malta and the Netherlands).

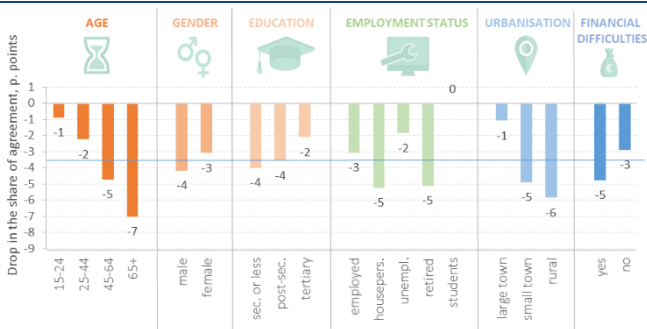
Figure 1 – Change in concerns about income inequality



Note: share of respondents by answer category in a given year, EU-27 (EU population weights are applied).

The reduction in income inequality concerns is common to all socio-economic groups considered, with the exception of students, i.e. people aged 15 or more who were in any kind of education at the time of the interview, whose perceptions of inequality remained unchanged (see Figure 2). The drop in perceptions is particularly large among some of the groups that deemed inequalities as being very high in 2017, such as older adults (from 89% in 2017 to 82% in 2022), those living in rural areas (87% to 81%), and those with financial difficulties (88% to 83%). Surprisingly, this perception also declined among socio-economic groups that were more likely to be hit hard during the crisis in economic terms, such as those experiencing financial difficulties and the unemployed.

Figure 2 – Change in inequality concerns by socio-demographics

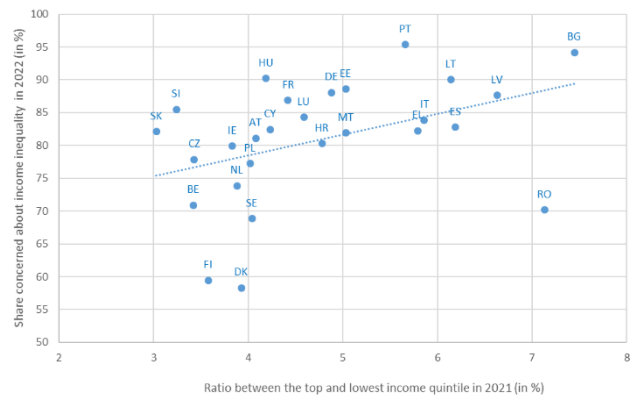


Note: the figure shows the difference between 2017 and 2022 in the share of agreement with the statement (answer categories 'Strongly agree' and 'Agree') for each socio-demographic group, EU-27 (EU population weights are applied). The blue line shows the average change. See the Quick Guide for definitions of the socio-demographic variables.

The small decline in income inequality concerns can be related to the fact that inequalities have not increased despite the impact of the pandemic. Inequality in incomes before taxes increased in most EU countries during the COVID-19 pandemic, but inequality in disposable incomes remained broadly stable thanks to monetary compensation, short-time work, job retention schemes, and other policy measures adopted in response to the crisis [1,3,4]. According to Eurostat data, between 2016 and 2021, the ratio between the total disposable income of the 20% of households with the highest incomes and that of the 20% of households with the lowest incomes (i.e. the income quintile share ratio or the S80/S20 ratio) dropped by 4%.

If individuals have a correct perception of the level of income inequality in their country, concerns about inequality may reflect the actual level of income inequality. Indeed, there is some evidence that individuals are less concerned about income inequalities when their actual level is lower. Figure 3 shows that at country level, there was a positive relationship between actual income inequality and concern about inequality being too high in 2022 (correlation coefficient: 0.40). A similar relationship was found for 2017 (correlation coefficient: 0.47).

Figure 3 – Actual income inequality and inequality concerns



Note: the dots represent the 27 EU Member States, while the dotted line is the linear fit. The y-axis shows the share of respondents agreeing with income differences being too great.

Moreover, there is some evidence that the crisis has made people more tolerant of inequalities due to unfortunate circumstances or luck (i.e. people are less likely to consider it unfair if luck determines people's economic situation) [5]. This could also partially explain the slight decline in inequality concerns. However, this decline may be a temporary effect of the pandemic, and therefore it is difficult to assess whether this pattern will persist in the future.

QUICK GUIDE - The main data used in this policy brief comes from Special Eurobarometer 471 and Special Eurobarometer 529 on fairness, inequality and inter-generational mobility. The first survey (n=26 693 for the EU-27) was conducted in December 2017 and commissioned by the Joint Research Centre (JRC). The second one (n=26 395) was conducted in May/June 2022 and commissioned by the JRC and the Directorate-General for Employment, Social Affairs and Inclusion. The sample of each survey covers approximately 1 000 participants per country, except for Germany (ca. 1 500) and Cyprus, Luxembourg and Malta (ca. 500 each). The target population in each country is the population of EU citizens aged 15 years and over. Both surveys are based on random (probability) sampling. However, while the 2017 survey is based on face-to-face interviews only, the 2022 survey was partly conducted online through computer-assisted web interviewing in 10 countries (Belgium, Czechia, Denmark, Estonia, Latvia, Malta, the Netherlands, Slovenia, Finland and Sweden). More information about the surveys can be found in the reports available on the Eurobarometer website (<https://europa.eu/eurobarometer>). In addition to the Eurobarometer surveys, data from Eurostat on income inequality at country level is used to supplement the analysis in Figure 3.

The Eurobarometer statistics reported are weighted by age, gender, urbanisation and region of residence using sampling weights based on the EU-27 population. The binary variables on inequality concerns, fairness perceptions and importance of various aspects to get ahead in life include the 'don't know' answer in the reference category (i.e. values equal to 0). All numbers are rounded to the closest integer. In few cases, the statistics presented slightly differ from those in other publications on Special Eurobarometer 529, where other rounding methods are applied.

The variables depicted in each figure are described in the figure notes, apart from the socio-demographic characteristics displayed in Figure 2 and Figure 5. While the gender and age variables are self-explanatory, the other variables are described here. The 'post-secondary education' variable includes those who have completed post-secondary vocational studies, or higher education to bachelor level or equivalent, while 'tertiary education' refers to those holding master or doctoral degrees. The 'houseperson' employment status category includes respondents who are not seeking employment. 'Students' are people aged 15 or more who were in any kind of education at the time of the interview. The 'urbanisation' variable is constructed based on the region of residence (NUTS 2 or equivalent). The 'financial difficulties' variable is based on a question asking whether respondents experienced difficulties to pay bills at the end of the month during the last year: 'yes' refers to answer categories 'most of the times' and 'from time to time'; 'no' refers to answer category 'almost never'. Non-response categories ('don't know' or invalid answers) of socio-demographic variables are excluded from Figure 2 and Figure 5. However, we do not observe any non-response for most variables, apart from education (0.5% of the sample) and financial difficulties (1.8% of the sample).

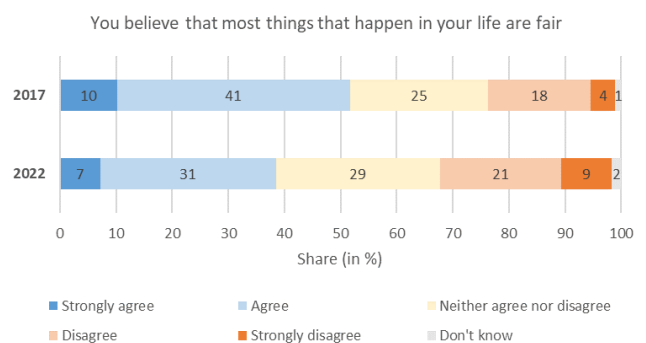
Fairness perceptions dropped substantially

While people are slightly less concerned about income inequality, their fairness perceptions have substantially decreased over the past 5 years. The share of individuals agreeing that things that happen in their life are fair (i.e. 'fairness of life') decreased from 51% in 2017 to 38% in 2022 (see Figure 4). The decline in the share of respondents perceiving life as fair is consistent across all countries in the EU. Furthermore, the share of individuals disagreeing that things that happen in life are fair increased by 8 pp from 2017 to 2022.

Fairness perceptions may reflect concerns about inequality to a certain extent, given that high income inequality can be perceived as unfair [6,7]. Indeed, people who believe that income inequality is too large are less likely to report that things that happen in life are fair. However, overall, people were

not more concerned about high inequality in 2022 compared to 2017. Thus, other factors drive the decline in fairness perceptions. The next parts explore this in more detail.

Figure 4 – Change in perceptions of fairness of life

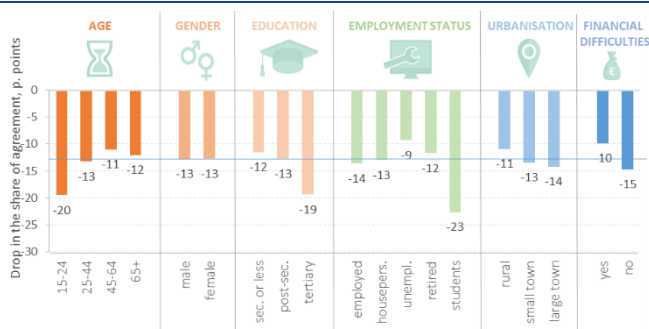


Note: share of respondents by answer category in a given year, EU-27 (EU population weights are applied).

Whose perception of fairness declined?

Figure 5 shows the change in the share of individuals believing that most things that happen in life are fair over the past 5 years by socio-economic group. While fairness perceptions have declined substantially for all socio-economic groups, the drop was largest for students and for young people in general. Conversely, it was smaller for older, less educated and unemployed individuals, and for those experiencing financial difficulties. These groups were the ones that, on average, perceived a lower level of fairness in 2017, so differences in current fairness perceptions among people with varying backgrounds are more homogenous in 2022 than in 2017. In spite of this tendency towards a convergence of perceptions, the differences in fairness perceptions between socio-economic groups remained great in 2022.

Figure 5 – Change in fairness perceptions by socio-demographics



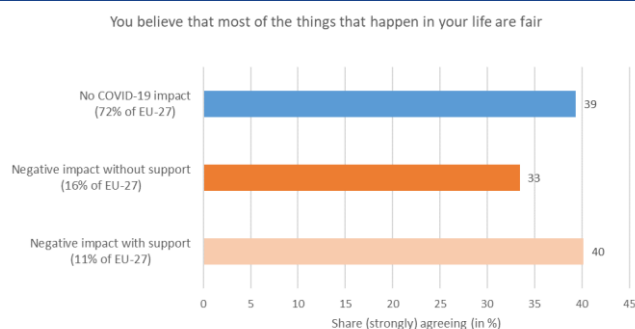
Note: the figure shows the difference between 2017 and 2022 in the share of agreement with the statement (answer categories 'Strongly agree' and 'Agree') for each socio-demographic group, EU-27 (EU population weights are applied). The blue line shows the average change. See the Quick Guide for definitions of the socio-demographic variables.

Interestingly, population groups most affected by the COVID-19 crisis in terms of employment and income were those whose fairness perceptions declined less. This could indicate that even though the economic consequences of the crisis were dire, labour and social policies (such as unemployment benefits and job retention schemes) implemented during the crisis played an important role. They may have helped avert a rise in income inequalities and an even larger decrease in perceived fairness.

To investigate this further, Figure 6 shows the differences in fairness perception among those that have experienced health, employment or economic hardship during the COVID-19 crisis differentiated by whether they received public support during the crisis or not. Of all individuals who report that their health or job was negatively affected by the COVID-19 pandemic, those who did not receive public support are less likely to perceive fairness in life (33%) than those who did receive support (40%). For the second group, levels are close to the average. This finding further underlines the important role played by public policies during the crisis. These results hold true in a multivariate context, i.e. when comparing individuals with similar socio-economic characteristics. However, the data

does not make it possible to examine the causal impact of specific policies on perceptions.

Figure 6 – COVID-19 impact and fairness perceptions



Note: respondents in the 'negative impact' categories include those reporting a job-related impact (job loss, reduction in income / working hours, furlough scheme) or negative impact on their physical or mental health. Public support includes unemployment benefits, wage support, paid sick leave and State aid. EU-27 population weights are applied.

What could explain the decrease in fairness perceptions?

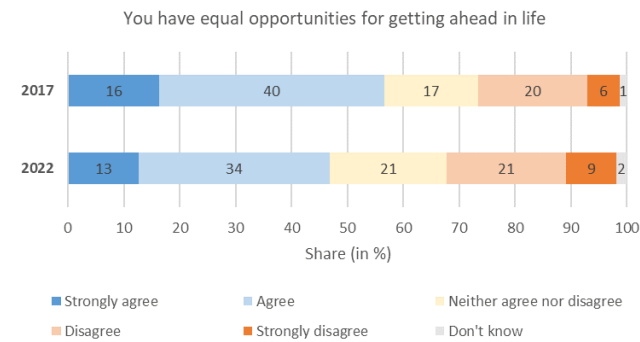
The evidence above suggests that the direct economic consequences of the crisis may not have been a major driver of decreased fairness perceptions. Hence, there is a need to consider also other explanations.

A first potential explanation, consistent with the fact that especially young people and students perceive lower fairness in life, may be the pandemic's specific direct impact on young people's education, work and social life. The COVID-19 crisis had a strong negative impact on labour market outcomes of young people in the EU [4]. Moreover, the pandemic and the current uncertainties may have influenced expectations about future outcomes. On students specifically, evidence from the US shows that the pandemic not only led to a higher risk of losing a job or a job opportunity, but it also negatively affected the future earnings expectations of almost one third of students [8].

A second explanation, and closely linked to the first one, is that fairness perceptions may be related to perceptions of equality of opportunity. The pandemic may have changed perceptions of whether different socio-economic groups have equal opportunities to succeed in life. Figure 7a shows that there has indeed also been a substantial drop in perceptions of equality of opportunity. The share of EU citizens agreeing or strongly agreeing that they have equal opportunities for getting ahead in life decreased from 57% to 47% (-10 pp) between 2017 and 2022. At the same time, the share of individuals who disagree or strongly disagree that they have equal opportunities increased by 4 pp. Figure 7b shows that the drop in perceptions of equality of opportunity was largest for individuals in education (-18 pp) and those aged 15-24 (-16 pp). This

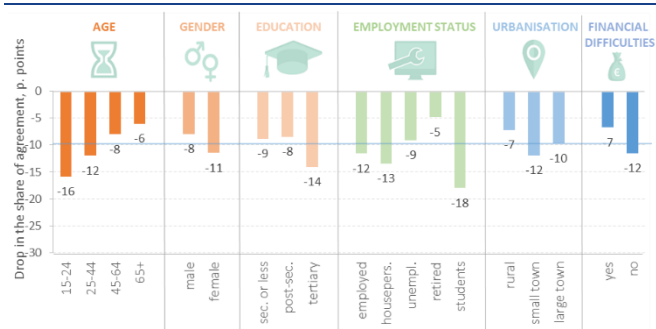
suggests that especially perceived inequalities of opportunities between age cohorts may explain the observed patterns.

Figure 7a – Change in perceptions of equality of opportunity



Note: share of respondents by answer category in a given year, EU-27 (EU population weights are applied).

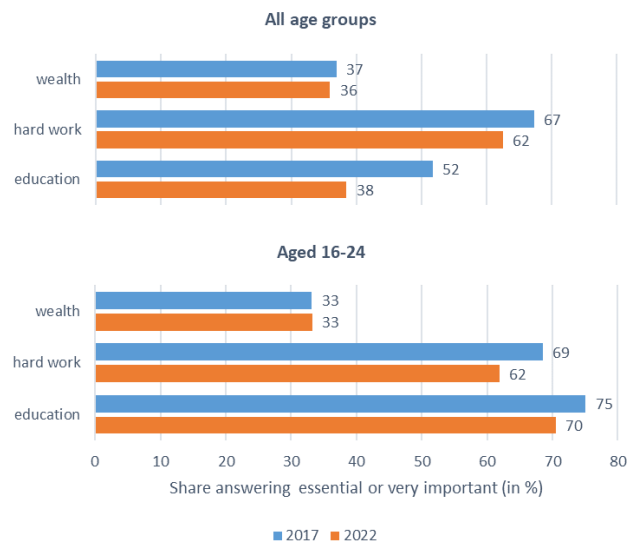
Figure 7b – Change in opportunity perceptions by socio-demographics



Note: the figure shows the difference between 2017 and 2022 in the share of agreement with the statement (answer categories 'Strongly agree' and 'Agree') for each socio-demographic group, EU-27 (EU population weights are applied). The blue line shows the average change. See the Quick Guide for definitions of the socio-demographic variables.

Equality of opportunity corresponds to a situation in which individuals that exert the same effort achieve similar outcomes independently of circumstances beyond their control (e.g. inherited wealth) [9]. Therefore, variables on perceived importance of hard work, education and wealth to succeed in life can be used to further test this second explanation. Figure 8 shows that, over the past 5 years, the share of individuals believing that education and hard work is important to get ahead in life has slightly dropped in the EU (by 2 and 5 pp, respectively). This decrease was more substantial for people below age 24, for which the perceived importance of education and hard work dropped by 5 and 7 pp, respectively. Conversely, on average, the perceived importance of wealth did not change significantly. Although not reported for the sake of brevity, the Eurobarometer data shows that individuals who believe that hard work is important to get ahead in life are more likely to perceive that life is fair. Therefore, the drop in the perceived importance of hard work provides further support to the hypothesis that perceived inequality of opportunity is an important driver of the decline in fairness perceptions, especially for young people.

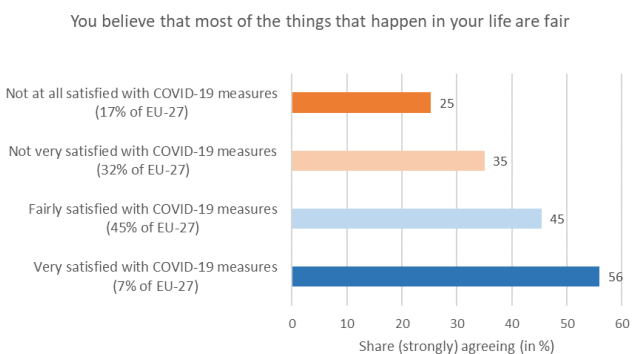
Figure 8 – Perceived importance of education, hard work and wealth



Note: the figure shows the share of respondents answering that a given aspect is essential or very important for getting ahead in life in a given year in the EU-27 (EU population weights are applied).

Another potential explanation could be that individuals have perceived the situation induced by the COVID-19 pandemic as unfair and/or that there has been a discontent with the set of public measures implemented to contain the pandemic, either because they were perceived as too stringent (e.g. limiting personal freedom more than necessary), too lenient, or ineffective. Figure 9 shows the differences in life fairness perceptions in 2022 by degree of satisfaction with the COVID-19 measures taken by the national government. Those who were not very satisfied or not satisfied at all are more likely to report lower fairness perceptions. This result is remarkably stable when holding socio-economic characteristics, political preferences, trust in the government, and interpersonal trust constant.

Figure 9 – Satisfaction with COVID-19 measures and perceived fairness of life



Note: the figure shows the share of individuals agreeing or strongly agreeing with the statement in 2022 for the EU-27 by their degree of satisfaction with the measures to address the socio-economic consequences of the pandemic taken by the national government.

Conclusions

Concerns about high income inequality have slightly decreased (by 4 pp) over the past 5 years in the EU. This may be due to the stabilising impact of measures taken during the pandemic on incomes and income inequalities. Yet, the great majority of EU citizens continue to agree or strongly agree (81%) that income differences are too high. The increasing cost of living in the uncertain geopolitical environment highlights the importance of designing policies that prevent the widening of income differences in the near future.

While concerns over income inequality did not increase with the pandemic, over the same period, fairness perceptions decreased by 13 pp. This drop is especially notable for young people and students. This highlights the need to provide particular support to young people including in the area of education and employment to enable post-crisis recovery and to prevent longer-term scarring impacts of the pandemic.

The last few years have brought about unprecedented challenges for the economy, labour markets, living conditions and the health of people in the EU. Based on the statistics reported in this policy brief, the direct economic consequences of the COVID-19 crisis do not seem to be a major cause of the drop in fairness perceptions. This illustrates the power of supportive labour market and social policies implemented during the crisis, although no causal inference can be drawn from the statistical analysis presented.

While it is not easy to identify factors that caused the lower fairness perceptions observed in 2022 compared to 2017, several aspects may be at play, such as the direct impact of the pandemic on living conditions and the resulting increased uncertainties about future outcomes; the drop in the perceived equality of opportunity; and, for some groups of people, discontent with the COVID-19 measures implemented over the last few years.

Moving forward, the high levels of concern about income inequalities and the decline in perceptions of fairness highlight the importance of continued support for addressing poverty and income inequality, and supporting fairness and social cohesion across the EU.

Related work

This policy brief is part of a series of publications related to the 2022 Special Eurobarometer survey on fairness, inequality and inter-generational mobility. More information can be found on: https://joint-research-centre.ec.europa.eu/crosscutting-activities/fairness_en.

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