

How Do We Perceive INCOME INEQUALITY



Results from 8 countries across the globe

Of all the objectives assigned to the welfare state, **ECONOMIC REDISTRIBUTION** is a crucial, and sensitive, one.

TAXES

Especially during election times, the topic of taxes and inequality becomes a highly debated subject.

INEQUALITY

Still, if our redistribution preferences as voters are crucial for policy formulation, **WHENCE DO THEY ARISE?**



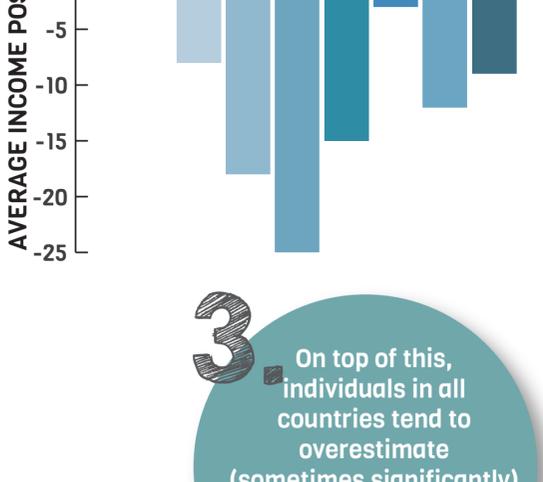
To answer those questions we performed a survey in these **8** countries:

1 Across all sample countries, a majority of the population experiences difficulties in correctly estimating its position within the income distribution.

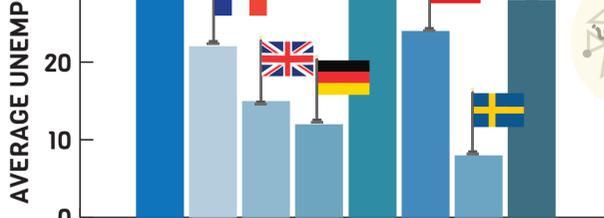
HERE IS WHAT WE FOUND

AVERAGE INCOME HIGH INCOME LOW INCOME

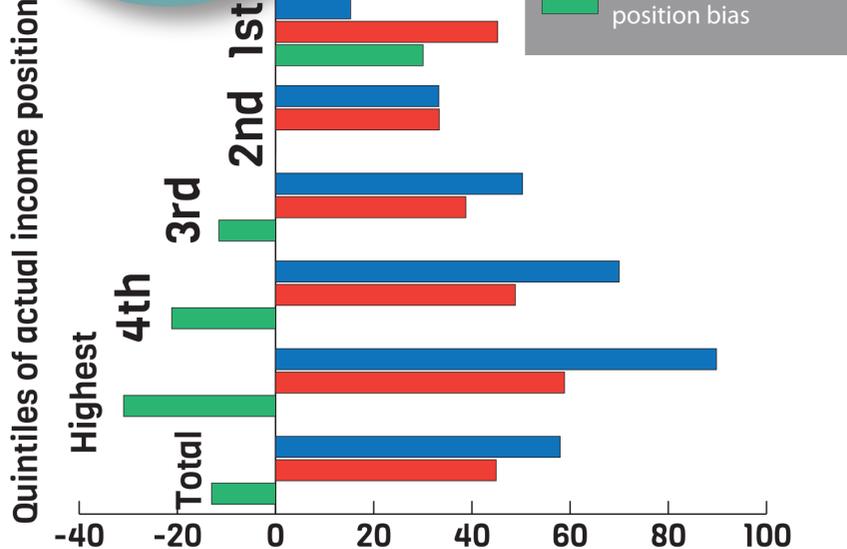
2 Except for Brazilians, respondents on average perceive themselves as relatively poorer than they truly are.



3 On top of this, individuals in all countries tend to overestimate (sometimes significantly) the domestic unemployment rate.



4 Participants reporting a lower income see themselves as relatively richer than they actually are, while those reporting a higher income believe they are lower on the income scale than in reality.



Would telling people about the true state of inequality in their country change their judgments on redistribution and the issue of inequality?

Our Study suggests that respondents who learn that they hold higher income positions than originally assumed tend to favor larger income differences and more personal responsibility.



Contrary to that, respondents who are informed about a lower ranking demand smaller income differences and more government interventions.

WHAT WE CAN LEARN FROM THIS?

First and foremost, information helps. When voters' perceptions of existing inequality are flawed, providing a corrective update on the topic can improve their judgment on redistributive policies.

While estimation biases on income and thus preferences on redistribution differ between upper and lower income percentiles, for all to understand their economic needs and abilities, it is crucial that both top and bottom are adequately informed. This would ensure that the redistribution outcome best matches voters' preferences.

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