#### Inequality in the Eyes of the Beholder

Political implications of perceived inequality

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7th LCSR International Workshop
"Subjective Well-being and Growing Inequality
across the Globe"

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## Motivation: Inequality poses great(est) threat

- At the heart of democracy
- Widespread recognition
- Growing scientific attention



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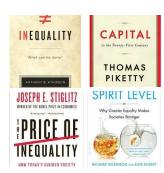






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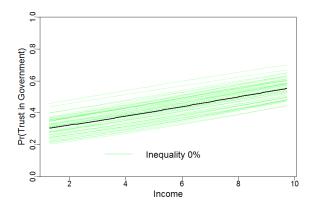


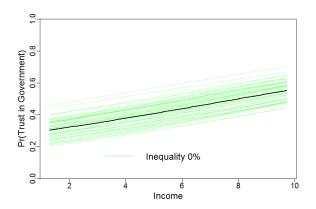
- Inequality relative to individual situation
  - Gini, individual situation, and political trust
  - Self-interest or system justification?
  - Evidence from WVS (all waves) and SWIID
- Inequality perceived differently
  - Gini, individual situation, and perceptions
  - Missing micro-foundation!
  - Evidence from ISSP (1992, 1999, 2009) and SWIID

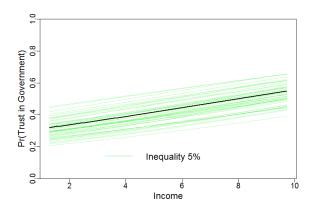
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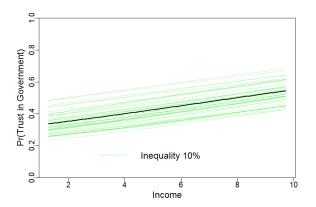
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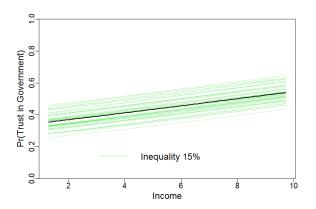
## Empirics I: Marginal probability initially positive

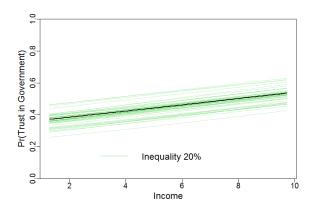


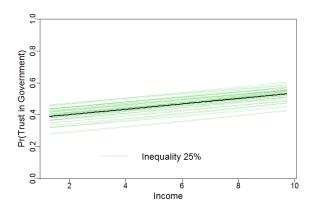


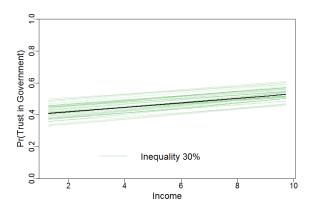


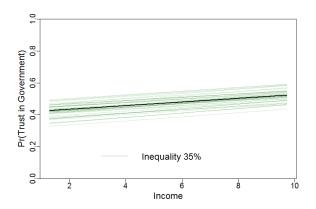


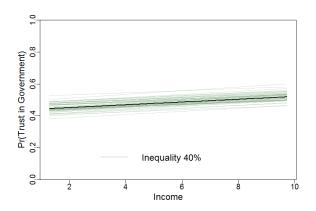


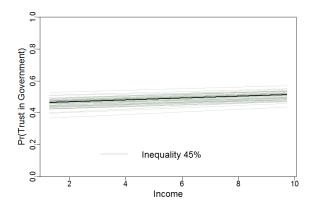


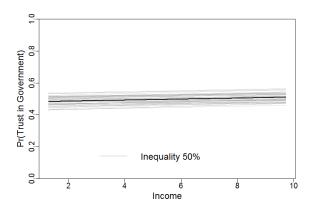


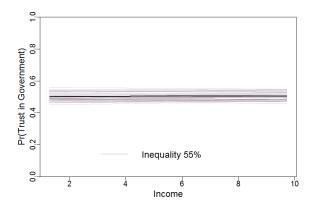


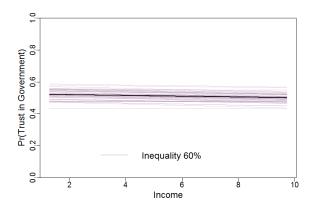


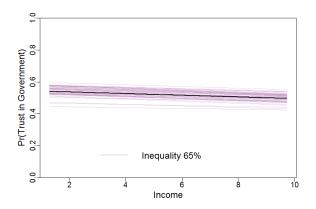


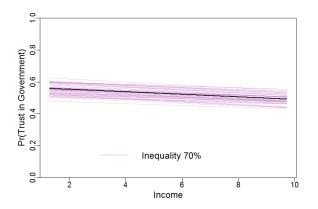


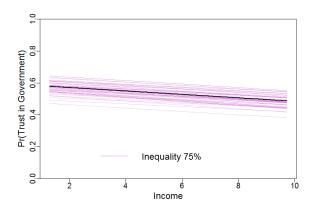


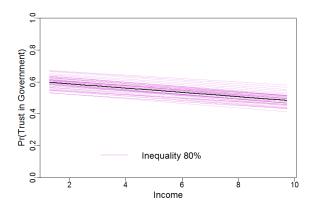


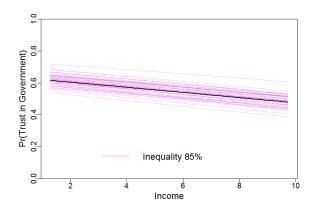


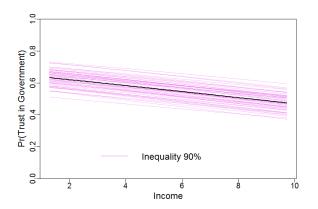


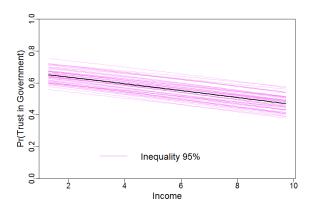


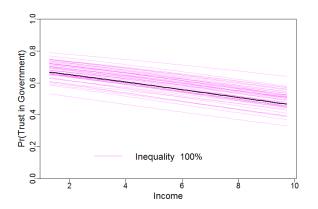




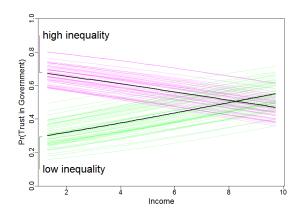




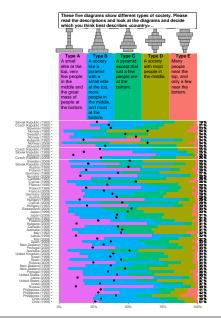




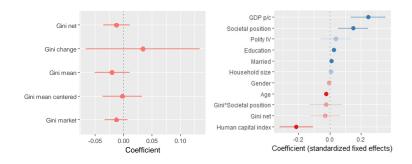
#### Empirics 1: Differences are substantial



## Empirics II: Perceptions are a different story



#### Empirics II: ... and not even moderated



#### Road Ahead: More to come than is past

- Political behavior
  - Perceptions more influential than Gini
  - Training predictor (ANN, SVM) or own survey
- Information processing
  - Perceptions following party cues
  - Experimental treatment (MTurk, Lab)
- Implications for inequality itself
  - Overestimation necessary for reduction
  - Effect on issue salience, policy decisions

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## Design: Two-fold strategy

 $\begin{tabular}{ll} \hline & Economic inequality \\ & \downarrow \\ \hline & Individual income & ------ \\ \hline & Trust in Government \\ \hline \end{tabular}$ 

- Comparative strategy
  - WVS waves 1-6, SWIID (Solt 2016)
  - ▶ 68 countries, 145 country-years, 187,476 individuals
  - Three-level logit models with cross-level interactions
- Experimental strategy
  - LISS survey experiment in 2012 (Gallego 2016)
  - ▶ 1484 cases, 544 cases treated
  - Treatment groups: High v low income breaks

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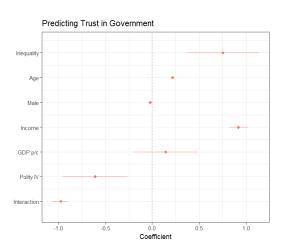
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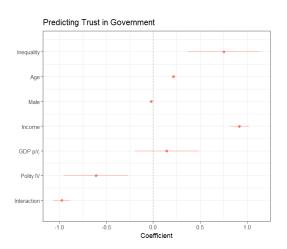
# Experimental results: However, no difference

	Low inequality	High inequality	Difference high-low
Low income (1 – 2 quintiles)	4.56 (0.21) N = 143	4.53 (0.21) N = 153	-0.03 (0.30) N = 296
High income (3 – 5 brackets)	5.39 (0.13) N = 267	5.26 (0.13) N = 277	-0.13 (0.19) N = 544

#### Results 1: Interaction negative



## Empirics 1: Interaction negative



#### Empirics: Similar result for redistribution

