Social values for equality and preferences for state intervention: Is the USA "Exceptional"?

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1. Introduction

As a voluminous body of research (see for example OECD (2015), or Osberg, Smeeding and Schwabisch (2004) or the other chapters in this volume) has concluded, there are substantial international differences in economic inequality and in the re-distributional impact of the welfare state. For example, it is fairly clear that economic inequality and poverty are at a substantially higher level in the US than in most European countries, but governments in the United States do less about it. The important question is why these differences might have arisen.

One hypothesis (historically popular in Departments of Economics in the U.S.) is that the provision of equalizing public policies differs across countries because public preferences for equality differ. The "American Exceptionalism" hypothesis, for example, has argued (e.g. Alesina, di Tella and MacCulloch (2004), Alesina and la Ferrara (2001), Alesina and Angeletos (2005), Benabou and Ok (1998), and Piketty (1995)) that U.S. social policies, taxation and expenditure decisions have differed from those in Europe because different American values (including a presumed greater U.S. emphasis on economic mobility) have produced a different set of choices from the menu of possible inequality options.

Among sociologists and public opinion pollsters, an alternative hypothesis has long been popular. In this alternative view, Americans, Europeans and the citizens of other affluent nations share a general similarity in social preferences for economic equity and the reduction of inequality ─ but they differ in their attitudes to the feasible and legitimate role of government in reducing inequality. When, for example, the contributors to Kluegel, Mason and Wegener (1995) summarized the survey results of the International Social Justice Project (ISJP: 2014), they concluded that public attitudes to social justice are complex, sensitive to both process and outcome and sometimes quasi-contradictory ─ but they do not suggest that preferences for equality in the United States are fundamentally different from other affluent capitalist nations. Similarly, Kelly and Evans (1993:114) placed American attitudes to legitimate income inequality, controlling for differences in social structure, in the middle of their sample of nine countries.

More recently, in the lingering aftermath of the Great Recession of 2008, the rise of right wing populism in many affluent nations has given a new urgency to explanations of attitudes to inequality and to the welfare state. A common narrative has arisen which downplays cross-national differences in attitudes to inequality – arguing that the threats to identity which fuel populism have been driven by globalization's destruction of working class jobs and rapid social and cultural change. [Inglehart and Norris (2016), for example, used two entirely European data sets to test their hypotheses about the rise of Trump in U.S. politics.] Goodhart (2015) has also argued that the social insurance design of the U.S. welfare state has left it unable to address the issue of a long run decline in the real earnings of lower-middle class U.S. workers. But the question still remains – are attitudes to inequality and to state intervention similar or different in affluent nations – especially in the USA?

Of course, attitudes towards economic inequality and the role of government in re-distribution are not the only influences shaping welfare state policies. In his classic typology of "liberal," "conservative" and "social-democratic" welfare state regimes, Esping-Andersen (1990) emphasized that welfare state policy designs differ in their emphasis on preserving traditional family models and appropriate gender roles, their conception of individual social citizenship rights and the appropriate role of market processes and their relative emphasis on income security for the middle classes or income transfers for the indigent (see also Walker, 2008). Although these issues are all *correlated* with inequality in annual income, they are far from identical in policy implications. Schmidt-Catran (2016), Pfeifer (2009), Finseraas (2009), Svallfors (2004), and others have also emphasized that attitudes to welfare state policies are multi-dimensional, and that although there are important differences along class and gender lines, income differences are only part of the story.

Even if attitudes to inequality are broadly similar, public policies might still differ if attitudes to government as an agent of change differ. Surveys which ask such questions as whether respondents agree "*It is the responsibility of government to reduce the differences in income between people with high incomes and people with low income.*" mingle the issues of outcome (lessened income differentials) and agency / responsibility for action. Some authors (e.g. Corneo:2001, Finseraas: 2008) have interpreted the responses to such questions solely in terms of outcome preference – but that ignores the possibility that it is disagreement on *means* rather than *ends* that distinguishes the USA and Europe. Notably, it is on questions such as whether it is "the responsibility of government" to provide full employment that the US differs most from European countries – *not* in attitudes to taxation or spending (Bonoli, George and Taylor-Gooby: 2000). Lindh (2015) examines public support for the market, as the main institutional alternative to the state, for the distribution of social welfare and concludes that levels of public support for market distribution of services are higher in countries with more private spending on services, such as the USA.

This chapter therefore asks whether public attitudes to economic inequality differ in the USA and Europe or whether the more important difference lies in attitudes to the appropriate role of government in changing inequality. We use data taken from the International Social Survey Programme (ISSP), a continuing annual program which has, since 1984, coordinated the design of cross-national surveys covering a variety of social science topics. The number of countries has grown from six in 1985 to 46 in 2016. Our analyses are based on 11 countries in Europe, Australia, and North America participating in ISSP "Social Inequality" modules (1987, 1992, 1999 and 2009), a time frame of up to 22 years. No other international comparative data sheds light on people's attitudes towards social inequality in that much detail. In our analyses

Eastern and Western data samples from Germany are treated separately to examine whether respondents socialized in the previous Eastern-German regime differ from Western Germans in their values for equality. Canada and Australia are included to round up the picture of international comparison.

The chapter is organized as follows: section 2 begins by examining directly what people in different countries ***say*** about inequality when they respond to a battery of questions in the ISSP surveys of public opinion. As Gimpelson and Treisman (2015) and Page and Goldstein (2016) argue, misperceptions of the level of inequality are common and these subjective beliefs matter for political preferences, so Section 3 discusses briefly the problems of interpreting seemingly simple summary terms like “inequality,” “redistribution” or “public preferences” in survey data. Section 4 then argues that the ISSP questions on what individuals in specific occupations “do earn” and what they “should earn” offer a particularly focused way of distinguishing between individual value preferences for more egalitarian outcomes and other confounding attitudes and perceptions ─ such as preferences for process or subjective estimates of the actual degree of inequality.

Our analyses suggest that although it is hard to find support for the hypothesis of a simple USA / Europe difference in average preferences for aggregate economic (in) equality, there is evidence for:

(1) *more dispersion* in attitudes among Americans (which is consistent with recent United States voting behavior and opinion polling);

(2) a *similar* distribution of preferences in the USA, Great Britain and Germany for “leveling down” of the top of the earnings distribution – which contrasts with the stronger consensus in Scandinavia and in the transition economies for wage compression;

Section 5 then discusses some evidence on American and European attitudes to government as the agent of redistributive change – and Section 6 concludes.

< Table 1 about here >

2. Attitudes to inequality compared ─ what do people say?

A seemingly straightforward way to find out whether people in different countries have different attitudes to inequality is to ask them directly. Table 1 reports the responses in the ISSP 2009, 1999, 1992, and 1987 surveys when individuals were asked whether they agreed or disagreed with the statement "Differences in income in (R's country) are too large". The average percentage, across all countries (grouped by regions) and years, who "Agree" or "Agree Strongly" was 78.7%. In all countries there are extremely few people who "strongly disagree" (on average, 1.4%) and only slightly more (on average, 7.8%) who "disagree". The main message of Table 1 is therefore the ubiquity of a generalized preference for "greater equality." The United States, with 65 % in 2009 agreeing or agreeing strongly that income differences are too large (i.e. close to a two to one majority) was among the countries with the least emphatic preferences for greater equality - but Norway was less (61%) and Canada in 1999 (71%) was not much different.[1] Table 1 also shows that the percentage who "agree" or "agree strongly" that income differences are too large has increased noticeably over time in many countries – rising, between 1987 and 2009, by 12.9 percentage points in Australia, 10.8 points in West Germany, 20.8 points in Hungary and 8.1 points in Italy – albeit by less in the U.K. (a 1.3 point increase) and the USA (6.5 point increase).

[1] See paragraph 6 for an interpretation of the comparably low agreement in Norway.

< Table 2 about here >

Table 2 probes rationalizations for inequality. It reports the population median response on a scale ranging from 1 (strongly agree) to 5 (strongly disagree), when respondents evaluated statements such as “Inequality continues to exist because it benefits the rich and the powerful” and “Large differences in income are necessary for [R’s country's] prosperity”[2]. A cell value such as 2 on the “benefits the rich” question should be read as saying that at least 50% of a country’s population “agrees” or “strongly agrees”. This particular question is a fairly strongly worded item which may tap into latent class antagonisms — in particular the perception of capitalism as a rigged game and “unfairness” as the underlying explanation for inequality. Apparently, a lot of people buy this idea — at least somewhat. Only in Hungary and the USA in 1987 does the median respondent “neither agree nor disagree” – in all other countries across all other survey years, the median respondent agrees.

Objectively, as Burtless and Jencks (2003) noted, there is no good evidence that greater inequality produces more of any good thing, especially prosperity. However, political trends depend on the *subjective* assessment by citizens of the rationale for inequality. Presumably, even if greater inequality is undesirable in itself, one might accept it as a “necessary evil” — a price that must be paid if society as a whole desires prosperity. Do the citizens of modern capitalist nations, on average, accept this rationale for inequality? Column two of Table 2 reports that the median respondent never agrees with the statement: “Large differences in income are necessary for (R’s country’s) prosperity.” In Table 2, all countries, in all years, show a median value of either 3 (neither agree nor disagree) or 4 (disagree), with little variety across countries.

Does the data support a distinction between an “old Europe” (which may emphasize greater equalization of outcomes because of a greater belief that there is inequality of

[2] Unfortunately, data for these two items are only available in ISSP modules 1987, 1992 and 1999.

opportunity) and a “new America” (which may believe that equality of opportunity exists, so equalization of outcomes is less imperative)? When respondents in different countries were asked which characteristics were necessary to “get ahead in life”, their perceptions of “equality of opportunity” can be partly gauged by their responses to whether having “well educated parents” [3] and “knowing the right people”[4] are important. The coded responses ranged from 1 (Essential) to 5 (Not important at all). If one thinks of rough equality of opportunity as prevailing when knowing the right people and having educated parents is “not very important” (4) it is notable that nowhere did 50% of respondents agree. In all countries, in all survey years, the median response was that these factors were either “very important” (2) or “fairly important” (3) in “getting ahead”.

On the “knowing the right people” item, the United States’ across all years the median score (3) was at the “fairly important” end of this spectrum, similar to the median responses found in Australia, Canada, Norway, Sweden (except for 1992) and Great Britain. In all other countries the opinion that knowing the right people is very important prevails. In Hungary it became very important in 2009. On the “well educated parents” item, respondents across all countries and years agree that having educated parents is fairly important. Only in the Eastern part of Germany and in Poland did attitudes noticeably shift towards “very important” in 2009.

When Americans and Europeans are asked whether a good education, ambition, natural ability or hard work enable an individual to “get ahead in life”, evidence of an attitudinal difference between the United States and other nations is similarly hard to find. If it were true that Americans tolerate more inequality of outcome because they believe that there is more equality of opportunity in the United States, then one would expect to find a tendency for Americans to ascribe more importance to personal characteristics in “getting ahead” than is the case elsewhere – but this is not the case. On average, other countries are “sometimes higher and

[3] This item is available for ISSP modules 1987, 1992 and 2009.
[4] This item is available for all four ISSP Social Inequality modules.

sometimes lower" than the United States in the importance their citizens ascribe to individual personal characteristics. For example, in the responses of 2009 to whether "good education" is important, the United States shows a median score of 2 (very important) just as 38 of the 40 countries participating in this survey. The average response value in the USA (1.82), Germany (West: 1.77/East: 1.79), Austria (1.95), Australia (1.94) Italy (1.95), and Poland (1.76) all range between 1 (essential) and 2 (very important).

The key point is that when one compares median or average responses to questions about the causes of inequality or respondents' values or perceptions of rationales for economic inequality, Tables 1 and 2 illustrate what Kelly and Evans (1993), Kluegel et al (1995) and Svallfors (1997) found long ago ─ the United States is *not* a clear outlier. The average American response is usually "higher than some and lower than others" – which leaves the conundrum of explaining why U.S. policy outcomes are so systematically different.

3. Conceptual problems in the identification of "public attitudes" to "inequality" and "redistribution"

What do survey respondents mean to say when they answer questions about inequality or the fairness of the income distribution? The term "inequality" is often used in the sense of "differences between individuals in economic outcomes" (indeed, the questions underlying Tables 1 and 2 arguably interpret inequality in exactly this way). In discussions of wage inequality the average earnings of racial, ethnic or educational groups may be compared, or we may want to compare the earnings ratio of Chief Executive Officers and production workers in the USA (354 :1) and in Sweden (89:1) or in Poland (28:1) in the year 2011/12. In this sort of comparison, it is enough to know the relative income of each type of person – the number of people with similar economic outcomes is not necessary information for the calculation of such ratios.

However, if one wants to measure the income share of the top 20%, or bottom 20%, or if one wants to calculate a statistical index of income inequality (such as the Gini ratio, Theil index or the coefficient of variation) one also needs to know *how many* people are at each income level (i.e. one needs to know the population density of particular incomes). In this second sense of the term "inequality," the income ratio between *types* of persons is only part of inequality in the distribution of income in a population. When, for example, Atkinson wrote his fundamental article on comparisons of inequality indices in 1970, he started with the basic idea of "comparing two frequency distributions *f(y)*."[5] "Inequality" in this sense refers to the dispersion of incomes in a population (and it is inequality in this sense which is the focus of the economics literature on inequality).

Although equal incomes for all persons would mean zero inequality in both the "differences between individuals" and "distribution within a population" senses, in general these

[5] Atkinson (1970) emphasized the potential ambiguity in international rankings of inequality when frequency distributions differ such that the Lorenz curves of the cumulative distribution cross.

two meanings of "inequality" are not at all the same. Indeed, any given set of income ratios between groups can generate widely varying estimates of aggregate income inequality (in the statistical sense of a Gini or Theil index), depending on the relative number of people in each group. Economists typically use measures of "inequality" in the statistical sense but it is not at all clear that this is what the public understands when they are asked, for example, whether "Inequality continues to exist because it benefits the rich and the powerful." And it is often not clear whether an aversion to greater Gini index of inequality is due to an aversion to the numbers of people who earn incomes at particular ratios or to changes in relative income gaps between particular groups.[6]

Much of the literature on economic inequality also shifts casually between discussion of earnings differentials and broader concepts like income and wealth inequality. In practice, the distinction between earnings, income and wealth matters greatly ─ empirically, analytically and ethically. Income includes labor earnings, capital income and transfers from government, while wealth is derived both from own savings and inheritances ─ each element is driven by a different type of process, and people clearly have different opinions about the ethical status of these processes. Understanding the perceived social justice status of particular types of transactions is central to the research agenda reported in Kluegel, Mason and Wegener (1995). Indeed, many of the questions in the ISSP (e.g. those regarding the importance of "well educated parents" and "knowing the right people") are, in themselves, evidence that concern about inequality is not

[6] Imagine a society composed of lawyers earning $100,000 and carpenters earning $25,000. If the focus of enquiry is inequality in the "differences between types of individuals" sense, these income ratios are all one needs to know – and all the information that a respondent would need to answer all the ISSP questions discussed in section 2. However, to discuss inequality in the "distribution within a population" sense, one needs to know how many lawyers and carpenters there are. A statistical measure (like the Gini index) can change either because relative income ratios change or because the percentages of the population who are lawyers or carpenters change – but it is plausible that some observers may judge these two situations differently.
In general, if $y_i = X_i \beta + u_i$ (where y_i is a person's income and their characteristics are described by a vector X_i and the returns to those characteristics are summarized in the vector β, with the unexplained component u_i) then the frequency distribution $f(y)$ and any inequality statistics calculated from it depends on $f(X_i)$ and on β, as well as on u_i. But inequality in the "between types of persons" sense is only about β.

limited to outcome inequality, but also includes concern about the processes by which individuals gain access to preferred economic positions.

As well, in a market economy, wages have the dual, linked functions of rewarding individual economic agents and transferring economic resources to households. Labor market earnings provide an incentive to individual behavior, an estimate of individual market worth and a source of relative status ─ but this signaling and reward function for individuals does not map uniquely into household consumption. Household consumption (i.e. the deprivation of the poor and the affluence of the rich) depends on the number of household members who share a given income and on the presence of other income earners in the household – as well as on the taxes that are deducted from income and the value of any transfers or services received from government. In short, inequality in the distribution of economic well-being depends on the ownership pattern of wealth, the demographic trends which drive household composition and labor supply, the tax / transfer policies of government, the macroeconomic business cycle – and the interactions of all the above – so general questions about inequality mingle a great many issues.

4. What people "do earn" and "should earn"

Although a large literature has analyzed the statistical data on *objective* income inequality, the political attitudes and behavior of individuals depend on the *subjective estimates* which individuals have of income inequality and on the *subjective evaluation* of this perceived degree of inequality relative to an individual's own norms of "fair" income differentials. Since individuals' personal attitudes to inequality are conditioned on their own perceptions of "facts," one must distinguish between subjective empirical estimates of inequality and the ethical evaluations that people may have of those perceptions. A series of questions which enables such distinctions to be drawn were asked in the ISSP of 2009, 1999, 1992 and 1987.

Respondents were first asked to estimate what salaries people in a list of jobs actually do earn. Then they were asked what people in these jobs should earn. In ISSP 2009, the jobs considered included shop assistant, doctor in general practice, chairman of a large national company, unskilled factory worker and federal cabinet minister.[7] As section 3 has discussed, a person's general "attitude to inequality" may mingle empirical beliefs as to the size of income ratios, the frequency density of incomes and the processes that determine income levels – as well as embodying their ethical evaluations of both process and outcomes. Using the "do earn / should earn" question format holds these confounding issues constant at the respondent level. Each respondent's attitudes to what specific occupations "should earn" are conditioned on what that individual believes those occupations "do earn" and taking ratios ensures that errors of estimation are directly controlled for.[8]

In general discussions of inequality, there are great controversies about the capital income of "the rich," and the importance of inherited wealth. At the other end of the income distribution, the size and frequency of welfare transfer payments are also hotly debated. People are often wildly wrong in their estimates of the empirical importance of both welfare payments and inherited wealth –disentangling the role of values about the ethical status of inherited advantages and transfer dependency from errors of estimation of the frequency of receipt of capital income and transfer payments is not straightforward. However, because the "do earn / should earn" questions are clearly restricted to differences in individual labor market earnings,

[7] Respondents were also asked about their own occupation's income. The occupations considered in 1999,1992 also included skilled factory worker, lawyer and judge in country's highest court and also in 1987 owner/manager of a large factory, owner of a small shop (only 1992/1987) and farm worker while the 1987 questionnaire additionally asked for city bus driver, secretary, brick layer and bank clerk.
We did not use the data on what judges and cabinet ministers "do earn" and "should earn," because we worried that these responses might mingle individual attitudes to government with preferences for leveling in occupational rewards. Subsequent analysis suggests that the inclusion or exclusion of these occupations makes little difference. However, we continue to exclude these public occupations and the respondent's own occupation- the latter because we want to focus on attitudes to inequality in society, not perceived personal injustice.

[8] In Sweden, Norway and the English speaking countries (including Australia, Great Britain, USA and Canada), annual income before tax is the concept. Germany and Austria ask for monthly income before tax and Italy and Poland ask for monthly income after tax.

they avoid the complex set of issues surrounding the importance and evaluation of different income sources, variations in labor supply or unemployment and the complexities of household size, composition or "need" for income. Hence, they offer a particularly focused approach to disentangling preferences for equality from other confounding influences.

< Table 3 about here >

4.1 The CEO / Worker "should earn" pay ratio

Table 3 summarizes the distribution of attitudes to what ISSP respondents think the Chairman of a Large National Company should earn, expressed as a ratio to what the same respondent thinks an unskilled factory worker should earn. To put these ratios in a concrete context, the actual annual wage in 2015 for the 9,073,000 production workers in the USA was $36,220 (US) (Bureau of Labor Statistics: 2015). Hence, if we take that as what an unskilled factory worker "should earn", in 2009 the median US response of 7.14 as a "should earn" income ratio means that the median U.S. respondent thought that the Chairman of a Large National Company should earn no more than roughly $260,000[9]– which is a very long way from the $12.3 Million that they on average did earn (see Table 5).

As Table 5 below notes, respondents to the ISSP are fairly accurate in estimating the earnings of factory workers and very inaccurate in their estimation of CEO pay. This imbalance in estimation errors is quite understandable – in all countries, there are a great many people working in factories, and very few CEOs, so randomly selected survey respondents have much better chances to personally observe actual low wages than actual high pay. Nevertheless, the ethical question which respondents are asked is what they think a CEO should earn, and what they think an unskilled factory worker should earn.

[9] In the 2009 ISSP, the average respondent's "do earn" estimate of the earnings of unskilled factory worker was $25,000 – substantially less.The "production worker" average annual wage includes skilled workers.

In Table 3, one can see that there is in all countries a hard core of egalitarians who think that a CEO should not earn much more than a worker – indeed in Norway at least 10% of the population in 1992 and 1999 thought that they should earn exactly the same. In most other countries the most egalitarian 10% of the population were willing to let the CEO earn about twice as much as the unskilled worker – the median for all countries and all years was 2.0 and the average was 1.8. Since the U.S. average was 1.9, with some ups and downs over all four survey waves, there is not much evidence for American Exceptionalism in the size of the egalitarian extreme.

At the other end of the scale, averaging across all years and all countries Table 3 shows that on average 10% of respondents thought it would be acceptable if the CEO / unskilled worker pay ratio exceeded 14.5 (implying a CEO salary of $525,000 if an unskilled factory worker should make $36,220). In both Germany and the USA between 1999 and 2009 there was a noticeable bump up (to 50) in the "should earn" pay ratio (a 50:1 ratio translates to CEO pay of $1.8 Million, if an unskilled factory worker should make $36,000). Although there was also a bump up in Australia (to 28.6) and Great Britain (to 23.8), this was not a general trend across countries, even for the most inegalitarian decile of the population. As well, in all countries even the 90th percentile estimate of an acceptable CEO/factory worker wage ratio is dramatically less than the actual ratio.

In the USA and in Germany, between 1999 and 2009, there was a shift up in acceptable pay ratios, but because the shift up was more pronounced among the more inegalitarian, the within country dispersion in attitudes widened substantially. The 90th -10th percentile difference in 2009 between the "should earn" ratio for the most and the least egalitarian deciles was 48 in both the USA and West Germany. Australia and Canada also showed appreciable widening of the dispersion of attitudes to pay ratios – but others (like Hungary, Poland and Sweden) did not.

Although there was a shift up in acceptable pay ratios among the most inegalitarian 10% between 1999 and 2009 in a number of countries, this should not make us forget that Table 3 shows that very clear majorities, in all countries, always favor quite small pay differentials. For the median respondent, the average should earn pay ratio for all countries and all years was 4.3 (implying a CEO salary of about $156,000 if a factory worker should make $36,000). Although the median respondent can produce a narrow win in democratic politics, the 70th percentile shows where the clear majority lies. At the 70th percentile, the average across all countries and years was 6.6 **–** i.e. 70% percent of respondents believed the Chairman of a Large National Company should earn no more than 6.6 times what they think an unskilled factory worker should earn. In the USA, there was a noticeable shift up at the 70th percentile (to 15.03) in 2009, which contrasts strongly with 1987, 1992 and 1999 data (an average of 7.9). If the 2009 data is to be believed, the 70th percentile opinion of "should earn" pay for a CEO would be $543,000 (if factory workers should make $36,000), but earlier years data would imply pay of $286,000.

These "should earn" pay ratios are orders of magnitude less than actual pay differentials. Table 5 notes, for example, that the US actual average pay of CEOs was $12.3 Million (a pay ratio of 354:1, compared to production workers) and average actual pay of CEOs in Germany was $5.9 Million (a pay ratio of 147:1) in 2011/12.

< Figures 1 and 2a, 2b, 2c and 2d about here >

Sometimes, "a picture is worth a thousand words". We therefore use kernel density methods, which offer a way of smoothing the histogram frequency of the population (see also Greene 2003:881). Its value lies in presenting a picture of attitudes which conveys more information than summary statistics. The kernel density plots show the *distribution* of the "should earn" ratio of the Chairman of a Large National Company and an unskilled factory worker. Figure 1 shows change over time in the USA, and Figures 2a, 2b, 2c and 2d show differences across eight countries in 2009.

The shift in "should earn" attitudes in the USA in 2009 can be discerned in Table 3, but shows through much more strongly in Figure 1. However, since the methodology of data collection changed in 2009, and the other occupational groups mentioned in the survey became predominantly high income rather than working class, one has to be cautious that part of such a striking shift in attitudes might be an artefact of changed survey methods.

Nevertheless, Figures 2a and 2b show that although the distribution of US attitudes to the "should earn" pay ratio differs somewhat from that in Great Britain, it is quite similar to that in West and East Germany. As Figure 2b indicates, the distribution of attitudes regarding "should earn" pay ratios in 2009 was quite similar in East and West Germany – implying that despite decades of socialization in the former DDR, respondents in the East now show no sign of more egalitarian attitudes than West German respondents. But Figures 2c and 2d show how dramatically different attitudes can be in other parts of Europe – Norway and Sweden seem to have a very strong social consensus that "should earn" differences are quite small, and the transition economies of Poland and Hungary are similarly strongly agreed on low "should earn" pay ratios – even with the caveat that Polish respondents were asked for after-tax "should earn" estimates.

4.2 "Should Earn" and "Do Earn" Inequality

Table 3 and Figures 1 and 2 use the consistent questions on the pay of a Chairman of a Large National Company and the earnings of an unskilled factory worker that have been asked in all countries and all ISSP survey waves,[10] but neither make use of the available data on "should earn" and "do earn" pay for other occupations. The picture on attitudes to inequality is therefore incomplete. To summarize the actual and the ethical degree of inequality among all occupations' earnings observed in the ISSP, we calculate both the respondent's perception of the actual degree of aggregate inequality and their perception of the equitable degree of inequality. Since the Gini Index is the most popular single index of inequality[11] we use it to summarize inequality in each respondent's estimates of what occupations "do earn" and "should earn"'. Each person's perception of "Actual Inequality" can be summarized by GiniA (the Gini index of inequality[12] of estimates of what the respondent thinks jobs "do earn") and we label their estimate of "Ethical Inequality" as GiniE (the Gini index of inequality of what the respondent thinks each occupation "should earn.")[13] The ratio between GiniE and GiniA is, for each respondent, an indication of how much their personal estimate of the actual degree of inequality in income ratios diverges from their own estimate of "equitable" inequality.

< Table 4 about here >

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[10] Because respondents provide direct dollar/euro/kroner estimates of "should earn" pay for each occupation, and we have calculated the pay ratio implicit in those money numbers, we maintain comparability in the pay concept and we avoid the problem that respondents might find ratios difficult to visualize.

[11] The Gini index has a maximum value of 1 (complete inequality – one person has all the income) and a minimum of zero (perfect equality - when all incomes are identical) but is quite much more sensitive to the income of the middle classes than to the income share of the top 1% - see Osberg (2016).

[12] Other summary indices (e.g. Coefficient of Variation, Theil) of both "should earn" and "do earn" inequality have also been calculated – with very much the same implications. Szirmai (1991) uses Dutch data and calculates the percentage difference in the Theil index of should earn and do earn inequality as an index of "Tendency to Equalize."

[13] This calculation implicitly assumes an equal number of people in each occupation – which is clearly not what any respondent actually believes is empirically true, but does standardize relative population weights for occupations across all respondents. Osberg and Smeeding (2006) report a similar Table using 1999 ISSP data – because the list of occupations examined varies across survey years, estimates of GiniA and GiniE are comparable within survey years, but not across survey years.

Table 4 presents the 2009 results for the nations included in this study. Reading down the first column, it is clear that, on average, Norwegians and Swedes perceive a substantially lower level of inequality in earnings than respondents in other countries (a perception that fits with objective data). In 2009, the average subjective perception of Americans of earnings inequality in the United States (GiniA = 0.55) was above the average of all countries (0.50), which also fits with objective data. In Column 2, countries are compared in terms of the average subjective valuation of inequality in what people "should earn." In all countries some level of inequality in earnings is accepted as ethically justifiable ─ but Norway and Sweden are again clearly different in how much inequality should be tolerated. In 2009 data, the US and Australia share top spot in perceived "ethical inequality" but in prior years there was little evidence of any difference in US preferences for equality compared to other countries (see for example Osberg and Smeeding 2006:461, Table 3).

However, the third column of the table is the one that arguably has the most implications for the political process, since it presents the average discrepancy between perceived actual and perceived fair outcomes—i.e., the average (across persons) of the ratio between each person's estimates of "should earn" inequality (GiniE) and "do earn" inequality (GiniA). In every country, the average respondent thinks there should be less inequality than the respondent thinks there actually is — the "should earn inequality" to "do earn inequality" ratio is always substantially less than 1.

Although Scandinavians perceive more inequality in earnings than there should be, this arises not because their estimates of actual inequality are higher but because their targets for fair, "should earn" inequality are so very much lower than in other countries. Notably, this occurs in the context of substantially differing levels of common social expenditures. If the issue in evaluating inequality were "inequality in consumption possibilities" then a relatively high common “social wage” implies that market income is less important as a source of effective consumption – an argument that would have predicted *less* emphasis on inequality of earnings in the Scandinavian countries.

In 2009 the average “tension” between perceived actual and perceived fair earnings inequality — the average “should earn” inequality / “do earn” inequality ratio – was about 0.72. The US average (at 0.79) could be read as indicating relatively less pressure in the US for more egalitarian outcomes, but it was not very different from Great Britain or Western Germany (both at 0.77).

There is a broad measure of concurrence across countries in which occupations “should earn” the most and the least,[14] and the list of occupations in ISSP data contains an example from both the very top (chairman of a large national company) and the very bottom (unskilled factory worker) of the earnings distribution. As already discussed, estimates of ethically acceptable “should earn” ratios are all far smaller than objective estimates of real world earnings ratios.

However, ethical values are conditioned on what individuals believe to be the actual inequality of earnings. Although objective data reveal a much larger, and widening, gap between average earnings and executive compensation in the United States than is characteristic of other countries, subjective (mis)perceptions of “do-earn” inequality are greater in the US – a fact which is likely to mute pressure for distributional change.

< Table 5 about here >

The objective data that is available indicates that the actual earnings ratio between production workers and Chief Executive Officers varies in different countries between approximately 28:1 and 354:1 – and in each country the actual ratio is far greater than the

[14] We have compared across countries the “should earn” and “do earn” occupational rankings, which are essentially the same in the countries examined.

subjective “do earn” estimates of ISSP respondents. The average “do earn” estimate for manufacturing workers is close to actual data (differences could plausibly be explained by the distinction between “Production” and “Unskilled” workers). However, the subjective estimates of CEO compensation are well below objective data and the degree of mis-estimate of CEO compensation varies widely across countries – with American respondents being particularly likely to underestimate CEO pay. Page and Goldstein (2016) also found that Americans systematically overestimate average income and underestimate the level of inequality.

As Table 5 indicates, under-estimation of the earnings of the very affluent is a general phenomenon – the crucial issue is why Americans are particularly likely to under-estimate. One can conjecture that such misperceptions may be more likely in the anonymity of an automobile based culture, in which homogeneously poor and homogeneously affluent neighborhoods are geographically more isolated than is common in other countries – but we leave a full discussion to further research.[15]

5. Preferences for leveling

The ISSP data reveal a general consensus of opinion ─ both within and across nations – on the rank hierarchy of occupations, in both “do earn” and “should earn” income.[16] However, although individuals generally agree that, for example, a doctor does make more money than a factory worker, and should make more money, there is a lot of disagreement about how much more. Individuals differ in that assessment, and the degree of “leveling” that they desire can be estimated from the micro data. In the ISSP, each individual respondent identified their personal estimate of “should earn” (Y_i*) and “do earn” (Y_i^A) income for a number of occupations. These data can be used to estimate, for each respondent, a simple linear regression of the form:

[15] One reader has suggested that American’s belief in the myth of equality of opportunity may explain this misperception but, as Section 2 noted, there is not actually much difference across countries in public perceptions of what it takes to “get ahead”.
[16] See Kelley and Evans (1993). Tables documenting this assertion are also available on request from the authors.

$Y_i^* = b_0 + b_1 Y_i^A$. The ratio between "should earn" (Y_i^*) and "do earn" (Y_i^A) income is, at the margin, captured by the b_1 coefficient, which can be understood as that individual's preferences for the leveling of pay at the top. For most people, $b_1 < 1$, since most respondents think that some leveling is desirable. The constant term in this regression (i.e. the b_0 coefficient) can be interpreted as each respondent's estimate of the ethical minimum that anyone should receive. Together, for each respondent, the b_0 and b_1 coefficients measure the extent to which that individual thinks that incomes at the top should be leveled down and incomes at the bottom should be leveled up. However, some respondents are of the opinion that "should earn" is equal to "do earn", and for such people, $b_1 = 1$, and $b_0 = 0$ – i.e. they think that no leveling at all is desirable.

If one thought that Americans had less desire for a leveling of earnings at the top, then one might expect to observe a systematically higher b_1 coefficient in the United States than elsewhere ─ but on average that is not the case. Of the 11 countries (over all four ISSP Social Inequality surveys), the United States' b_1 coefficient ranks 4th for the median, which means it is lower than for most other countries, but ranks 10th for the mean.

However, an "average attitude" comparison across nations may be a misleading guide to political dynamics. Although much of the literature relies on the comparison of average scores, this chapter has provided evidence that attitudes to inequality differ substantially within countries. Because the dispersion of attitudes differs, the same median voter attitudinal score (and the same average score) may come from societies with very different distributions of scores. If the median/average voter is at the center of a tightly compacted distribution of attitudes, a society might be cohesive in its attitudes and quite stable in its policies. If the same median is drawn from a polarized or bi-modal distribution of attitudes, majority rule means that the polity will be governed by whichever extreme can (perhaps temporarily) tempt the median voter to their side, and instability in policies and continual conflict are the more likely scenarios.

Those people who support the status quo and think the existing distribution of earnings is fair will report "do earn" equals "should earn" (i.e. $Y_j^* = Y_j^A$, which implies that for them $b_1 = 1$). To the extent that there are many such people, there will tend to be an accumulation of b_1 estimates at $b_1 = 1$. If attitudes to inequality are polarized, analysis of political trends in terms of the "average voter," or the characterization of entire societies as more or less egalitarian in preferences, may miss crucial differences.

< Figure 3 about here >

Figure 3 presents kernel density plots of the distribution of preferences for leveling in the United States in 1987, 1992, 1999 and 2009. It portrays the percentage of the population at each value of b_1 coefficient. In particular, Figure 3 shows that a notable feature of American attitudes from 1987 to 1999 was their bimodality. In all three years there is a clear spike at $b_1 = 1$, as well as a substantial number clustering around a leveling preference of about $b_1 = 0.5$. Over these years, there appears to have been something of a migration of attitudes among Americans, with an increased tendency to respond that "what is, should be" (i.e. $b_1 = 1$) in the distribution of earnings. In 2009 the "two-peak-structure" does not appear anymore[17] and the distribution is more diffuse. Although the modal value in 2009 is about the same as in 1992 (i.e. about 0.5), it is slightly below the lower mode of 1987 or 1999. Comparing the 2009 and 1999 (or earlier) distributions, there is a substantial shift down in 2009, to lower values of b_1, in the mass of the distribution. Fundamentally, since the mass of the distribution is in all years substantially below

[17] The USA changed the data collection mode of ISSP data between 1999 and 2009. In 1987 to 1999 the questionnaire was self-completed while since 2000 the questionnaire is administered by the interviewer, which means the respondents do not see the numbers of their responses in front of them any longer. This change of mode might have an impact on the data outcomes. However, for Germany and Great Britain quite similar changes of data structure could be observed between 1999 and 2009 and in these countries not change of data collection mode took place.
As well, the 2009 ISSP collected data on substantially fewer occupations (mostly high income) than previous ISSP surveys – which implies that the within respondent regression generating our b_1 estimates is necessarily estimated with greater imprecision.

one, and increasingly so, Figure 3 portrays an increasing desire for income levelling, but a greater lack of consensus as to how much levelling is desirable. Bimodality of the distribution of attitudes has also evolved into a unimodal, more dispersed, but even more egalitarian distribution of preferences. Since the US data were collected between March and August 2010, at a time when the consequences of the financial crises of 2008 still were omnipresent, general feelings of insecurity might have led to this shifted picture of attitudes towards income leveling. It will be most interesting to see whether Americans have temporarily changed their minds towards favoring a more egalitarian distribution or whether the upcoming data of ISSP 2019 will show a reinstalled pattern of bimodality in the US.

The general preference for leveling captured in the b_1 coefficient does not directly address the issue of the ethically permissible range of earnings, and whether there is more concern with capping excessive rewards at the top of the distribution or limiting deprivation at the bottom. As Table 5 showed, estimates of “should earn” inequality for CEOs are also conditioned on a very substantial under-estimate of actual pay differentials. Even given that under-estimate, it is notable how low the levelling coefficient is.

Figure 2c and d indicated that there is a very strong convergence in Norwegian and Swedish as well as Polish and Hungarian attitudes to relative CEO pay. Osberg and Smeeding (2006) also showed that if one could paint a picture of “social cohesion” in attitudes to inequality, it would probably look like Norwegian attitudes to a social minimum. As Table 4 in this chapter has also indicated, Norwegians and Swedes are on average in favor of reducing still further their already relatively small income gaps. In general, Scandinavians stand out for social consensus and trust in the social capital literature, [see Helliwell (2003:25)] and for egalitarian and pro-welfare state attitudes - Svallfors (1997:295). Polish and Hungarian attitudes also have little dispersion and are strongly in favor of small CEO/worker pay differentials.

There has clearly been no similar consensus on fair pay differentials in the United States. But although it is easy to contrast attitudes to inequality in the USA and Scandinavia and use that contrast to explain differences in the welfare state in Scandinavia and the USA, that simple contrast is a much less convincing for Germany and Great Britain, which both have a much more extensive welfare state than the USA, but somewhat similar attitudes to pay inequality. Attitudes toward the CEO/worker pay ratio in Poland and Hungary nowadays rather resemble those of Scandinavia, but their welfare states share the major traits of Continental European (Christian Democratic) welfare regimes (Aspalter, Jinsoo and Sojeung, 2009).

6. Attitudes to government as the agent of re-distribution

Even when attitudes to inequality are similar, citizens may still make different demands on their political systems if they have:

(1) different perceptions of the feasibility of change in inequality or

(2) different attitudes about whether government should be the agent of change.

Opinions or "values" about desirable social outcomes are only latent demands on the political system. Citizens have to believe (1) that something is desirable and (2) that it does not now exist, and also (3) that it is possible, and (4)that it could and should be produced by government action if they are to demand it from the political system. Citizens will not demand changes in social policy if they are convinced either that a desirable social end is hopelessly impractical or if they distrust the institutions that could implement that objective. Institutions thus play a crucial role in either translating values into policies, or in impeding their implementation.

< Table 6 about here >

Questions about attitudes to redistribution have been framed in a number of overlapping ways, in both the ISSP and in other internationally comparable data sets such as the World Values Survey. As Wegener and Liebig (1995), Svallfors (1997), Osberg, Smeeding and Schwabisch (2004) or Bechert and Edlund (2015) have found, international differences in responses about redistribution policy seem to be particularly sensitive to how exactly the role and responsibility of government is framed. However, as Table 6 illustrates, on average Americans are considerably less likely than the citizens of other countries to say that it is the "responsibility of government" to reduce inequality. Mason (1995:69) notes that on the general question whether one can "trust in government to do what is right" US respondents show *more* trust than in many other countries, so American reluctance to rely on government is quite specific to redistribution.[18] American respondents are, on average, least likely to agree that it is the responsibility of government to reduce income differences, and by a margin that is especially impressive given that respondents in the U S are starting from a considerably higher base level of inequality in market income.

Because international public opinion polling data report the answers to questions that respondents answer within a different concrete personal context, differences in the implicit frame of reference of respondents can sometimes be important. For example, because Norway and the United States differ substantially in their current levels of income tax and social transfers, there is a different concrete personal meaning to a question such as: "If the government had a choice between reducing taxes or spending more on social services, which do you think it should do? 1) Reduce taxes, even if this means spending less on social services or 2) Spend more on social services, even if this means higher taxes." A Norwegian "right-winger" could plausibly respond

[18] In a famous chapter on "Self-Interest Properly Understood" De Tocqueville noted in the early 19th century that Americans both contributed generously as individuals to charitable causes and distrusted government as taxing authorities. Freeman (2009) has more recently underlined the long history of private volunteerism and charitable donation in the US.

that there should be less redistribution and an American "left-winger" could say that there should be more, even if they both actually wanted the same level of taxes and redistribution.

When this question was actually asked in the 1996 ISSP, the percentage of Americans and Norwegians who were in favor of "more" spending on social services in 1996 was almost exactly the same (i.e., 60 percent in the United States and 59 percent in Norway). Other countries generally had fewer people in favor of more social spending (with higher taxes)—Australia (39 percent); Canada (43 percent); France (24 percent); Germany (40 percent); Italy (38 percent); Spain (56 percent); Sweden (43 percent); United Kingdom (71 percent). Notably it was the United Kingdom and United States—two countries with substantial recent growth in inequality—where respondents were most willing to say they were in favor of higher taxes and more social spending. Bonoli, George and Taylor-Gooby (2000:94) similarly find less desire for tax cuts and more enthusiasm for increased state spending in Great Britain and US than in European nations – albeit from a lower base level.

However, attitudes about spending on "social services" may not be quite the same as attitudes about "redistribution". In discussions of "redistribution" it is often presumed that:

(1) redistribution between rich and poor is in fact the objective of social transfers, and

(2) the nation state is the community within which redistribution is desired.

With respect to the United States, many observers have questioned both assumptions.

Moss, for example, argues that from the first years of labour legislation in the United States, reform organisations "were motivated primarily by the problem of worker insecurity" (1996:2). The early proponents of social insurance were able to gather support across a wide spectrum of opinion, at a time when political discourse on labour issues was highly polarised, because of the ambiguous nature of social insurance proposals in combining radical and conservative objectives. Moss characterises the economist-reformers as "socially minded defenders of capitalism" (1996:14), who did not propose (as the Marxists did) to socialise capital, but instead proposed the socialisation of risk.

The movement for social insurance shifted the focus of American social policy from the relief of pauperism to the prevention of worker insecurity, which built on two themes that "since colonial times have pervaded the American discourse on poverty – the preference for prevention over relief and the distinction between the so-called worthy and the unworthy poor." (Moss: 1996, 39). The distinction between worthy and unworthy recipients of social support was maintained by separating the programmes intended for the employable from programmes meant for the non-employable, and by emphasising the contributory financing of social insurance programmes. As Moss puts it, the distinction between insurance and relief has, ever since, "cast a shadow of suspicion over all non-contributory forms of welfare and helped to narrow the scope of politically acceptable social policy in the United States" (1996:57).

One of the social costs of a set of programmes designed to safeguard the standard of living of the "honest worker" was its omission of benefits for socially marginalized groups. In the first years of Social Security in the US, agricultural laborers and domestic workers were excluded from coverage. Because African-Americans were then concentrated in exactly those occupations, they drew relatively little in benefits. Social Security coverage has since been broadened, and it has become a major income support for poor Americans, both black and white, but race and racism remain the big ugly elephants hiding in the tent of American social policy. As Lee and Roemer (2006) put it: "Many authors have suggested that voter racism decreases the degree of redistribution due to an *anti-solidarity effect*: that (some) voters oppose government transfer payments to minorities whom they view as undeserving. We point to a second effect as well: that some voters who desire redistribution nevertheless vote for the anti-redistributive party (the Republicans) because that party's position on the race issue is more consonant with their own, and this, too, decreases the degree of redistribution. We call this the *policy bundle effect.* The effect of voter racism on redistribution is the sum of these two effects." Lee and Roemer (2006) numerically compute that during the period 1976-1992 voter racism reduced the US income tax rate by 11-18 percentage points; which decomposed about equally into the two sub-effects.

7. Conclusion

This paper started with the observation that the United States has more income inequality than other developed countries, but government does less about it. This poses a problem for median voter "political economy" models, which predict that one should observe more, rather than less, income redistribution in the United States than in other affluent countries[19]. In partial response to the "missing redistribution" of U.S. public policy, the "American exceptionalism" literature has argued that there is something different about American values, compared to "European" attitudes, and that less redistribution is, essentially, what Americans want.

But are attitudes to inequality different in the USA and elsewhere ─ and if so, how? This chapter has argued that survey data provide no real support for the hypothesis of American exceptionalism in fundamental values about economic inequality. Like the overwhelming majority of people everywhere, most Americans think that income differences are too large, that ethical inequality is less than actual inequality and that the ratio between what top executives should earn and what factory workers should earn is very small, compared to the current actual pay ratio. On the various dimensions of attitudes towards inequality, average and median scores for European countries are often quite different and scores for the US are typically "higher than some, but lower than others" – whatever the issue.

However, because many issues may be bundled together in responses to summative questions on "inequality," and because there is substantial dispersion in attitudes within the

[19] The over-time trends within countries are no kinder than to the median voter hypothesis than the cross-sectional evidence – see Kenworthy and McCall (2008:16).

USA, it is important to distinguish between individuals' cognitive *estimates* of the size, prevalence and type of economic differentials and their ethically based *values*. The chapter therefore compared what people in different countries think others "should earn" compared to what they think others actually "do earn". Although *on average* Americans do not stand out as being particularly different from other countries in their responses to many questions about attitudes to inequality, the comparison of median or mean opinions hides an important part of the story. The United States appears to be a country with both greater under-estimation by respondents of the actual degree of inequality in earnings and much more dispersion of attitudes than is common elsewhere ─ and increasingly so over time.

What might this mean for public policy?

Baron and McCaffery (2005, 2006) some time ago demonstrated experimentally that popular perceptions of redistribution policy by the state are highly susceptible to "spin." Support for a particular tax measure is strongly affected by the nature of the tax system and by the way it is framed, or presented. One can describe the same tax in dollar values, or in percentage impacts. One can portray a tax differential between person A and person B as a benefit for A, or as a penalty for B. One can use different labels – "user charge" or "tax" or "fee". Analytically, none of this should matter for public perceptions – but it all does.

In thinking about attitudes to inequality, it has also long been observed that many individuals seem to have a "split-consciousness," since the same person will often simultaneously report both support for egalitarian principles (such as distribution according to need) and support for inegalitarian attitudes (such as the moral depravity of the poor). This implies that the "framing" of policy choices can affect public opinion, and if so, public attitudes on income redistribution policy may potentially be quite unstable and susceptible to being molded over time. Such manipulation may be particularly feasible in the US. In addition to the ambiguities of social insurance and the prevalence of a "split-consciousness" in ethical values (which are also present in other countries), the polarization of American attitudes to income leveling, the lingering influence of racism, and the impact of well-financed lobby groups are uniquely important in the US. When popular attitudes to specific redistribution policies to change inequality can be manipulated, mistrust of government's *means* to reduce inequality can dominate a desire for the *end* of greater equality – but the balance is always uncertain.

All the same, this paper has found that in the United States, as in other affluent countries, most citizens share an aversion to wide differences in income. Since the trend to widening actual differentials at the top of the United States income distribution is well-established, the growing discrepancy between public perceptions of actual and fair inequality does not sound like a likely recipe for long-term social or political stability.

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Main Data Source:

ISSP Research Group (2014): International Social Survey Programme: Social Inequality I-IV - ISSP 1987-1992-1999-2009. GESIS Data Archive, Cologne. ZA5890 Data file Version 1.0.0, doi:10.4232/1.11911

Table 1
Attitudes to Inequality: Are Income Differences Too Large?

Country	*Year*	*Strongly Agree*	*Agree*	*Neither Agree Nor Disagree*	*Disagree*	*Strongly Disagree*	*Total*
Austria	2009	47.8	41.6	7.2	2.9	0.5	100
	1999	40.4	45.8	9.1	4.7	0.0	100
	1992	35.2	47.3	10.2	6.0	1.3	100
	1987	45.4	43.7	5.8	4.3	0.8	100
Germany-West	2009	45.1	41.7	7.6	4.9	0.8	100
	1999	20.5	55.2	14.3	9.1	0.9	100
	1992	30.5	53.4	9.0	6.4	0.6	100
	1987	25.2	50.8	13.0	9.4	1.7	100
Germany-East	2009	68.0	27.6	1.2	2.8	0.5	100
	1999	45.0	48.6	4.4	2.0	0.0	100
	1992	60.5	37.3	1.1	1.0	0.0	100
Italy	2009	68.2	27.0	3.3	0.8	0.7	100
	1992	53.3	36.0	6.9	3.8	0.1	100
	1987	43.6	43.5	6.8	5.4	0.7	100
Norway	2009	12.0	48.7	21.0	16.1	2.2	100
	1999	22.4	50.1	13.8	12.0	1.8	100
	1992	22.7	48.6	14.1	12.0	2.7	100
Sweden	2009	32.2	40.9	17.2	7.5	2.3	100
	1999	29.2	41.9	18.1	8.4	2.4	100
	1992	24.1	37.0	20.5	14.1	4.3	100
Poland	2009	53.0	35.0	6.8	4.2	1.0	100
	1999	46.8	42.3	6.2	3.9	0.8	100
	1992	42.2	43.5	5.9	7.3	1.1	100
	1987	46.0	35.6	8.3	7.3	2.8	100
Hungary	2009	77.5	19.6	2.5	0.3	0.1	100
	1999	67.1	25.9	3.5	3.1	0.4	100
	1992	45.2	39.1	7.7	6.5	1.5	100
	1987	41.2	35.1	12.2	9.3	2.1	100
Great Britain	2009	29.1	48.4	14.8	6.2	1.4	100
	1999	31.7	50.6	11.6	5.4	0.6	100
	1992	37.1	44.4	10.3	7.3	1.0	100
	1987	26.1	50.1	12.6	9.8	1.4	100
USA	2009	27.5	37.1	18.0	13.7	3.8	100
	1999	25.0	41.2	21.5	9.2	3.2	100
	1992	27.8	49.6	11.3	9.7	1.7	100
	1987	14.9	43.2	22.3	16.4	3.2	100
Canada	1999	28.1	42.5	15.7	11.2	2.6	100
	1992	25.9	45.3	15.8	11.5	1.5	100
Australia	2009	27.6	46.0	17.1	7.7	1.6	100
	1999	17.8	53.1	17.1	11.6	0.4	100
	1992	18.3	44.8	19.2	15.8	1.9	100
	1987	13.8	46.9	18.9	18.1	2.3	100
Average		36.7	42.5	11.5	7.8	1.4	

Data Source: ISSP 2009, 1999, 1992, 1987
Note: Cell entries report row percentages

Table 2:
Opinions about Inequality: Median Response

Country	*Year*	*Inequality continues to exist because it benefits the rich and powerful.*	*Large income differences are necessary for a country's prosperity.*	*Knowing the right people - how important is that for getting ahead in life?*	*Well-educated parents - how important is that for getting ahead in life?*
		1 (strongly agree) to 5 (strongly disagree)	1 (strongly agree) to 5 (strongly disagree)	1 (essential) to 5 (not important at all)	1 (essential) to 5 (not important at all)
Austria	2009			2	3
	1999	2	4	2	
	1992	2	4	2	3
	1987	2	4	2	3
Germany-West	2009			2	3
	1999	2	3	2	
	1992	2	4	2	3
	1987	2	3	2	3
Germany-East	2009			2	2
	1999	2	4	2	
	1992	2	4	2	3
Italy	2009			2	3
	1992	2	3	2	3
	1987	2	4	2	3
Norway	2009			3	3
	1999	2	4	3	
	1992	2	4	3	3
Sweden	2009			3	3
	1999	2	3	2	
	1992	2	3	3	3
Poland	2009			2	2
	1999	2	4	2	
	1992	2	3	2	3
	1987	2	3	2	
Hungary	2009			2	3
	1999	2	4	3	
	1992	2	4	3	3
	1987	3	4	3	3
Great Britain	2009			3	3
	1999	2	4	3	
	1992	2	4	3	3
	1987	2	3	3	3
USA	2009			3	3
	1999	2	3	3	
	1992	2	4	3	3
	1987	3	3	3	3
Canada	1999	2	4	3	
	1992	2	4	3	3
Australia	2009			3	3
	1999	2	3	3	
	1992	2	3	3	3
	1987	2	3	3	3

Data source: The International Social Survey Programme 2009, 1999, 1992, 1987
Cell entries report median values

Table 3:
The "Should-Earn" Ratio:
Chairman of a Large National Company/Unskilled Factory Worker
Percentiles of Distribution of Respondents' Attitudes

Country	***Year***	***10th***	***30th***	***Median 50th***	***70th***	***90th***
Austria	2009	2.00	3.33	5.00	7.50	16.00
	1999	2.00	3.19	4.06	5.71	10.54
	1987	2.00	3.33	5.00	6.67	11.56
Germany-West	2009	2.00	4.00	6.59	11.11	50.00
	1999	2.00	3.33	5.00	7.14	13.33
	1992	1.72	3.00	4.00	6.52	12.99
	1987	1.74	2.78	4.00	5.56	12.50
Germany-East	2009	2.00	3.50	5.77	10.00	33.33
	1999	2.40	3.75	4.80	6.00	12.00
	1992	1.81	3.16	4.14	6.00	11.54
Italy	2009	1.67	2.78	4.17	6.67	14.29
	1992	1.52	2.16	2.76	4.00	6.67
Norway	2009	1.11	1.67	2.33	3.33	5.71
	1999	1.00	1.74	2.17	2.73	3.50
	1992	1.00	1.56	2.00	2.50	3.57
Sweden	2009	1.24	1.75	2.23	3.18	5.33
	1999	1.20	1.67	2.14	3.02	5.94
	1992	1.08	1.50	1.92	2.50	4.42
Poland	2009	2.00	3.33	5.00	7.50	16.67
	1999	2.00	3.33	5.00	8.13	18.75
	1992	1.67	2.50	3.50	5.00	10.00
	1987	1.40	2.00	2.33	3.00	4.00
Hungary	2009	2.00	3.33	5.00	8.33	16.52
	1999	1.82	3.00	5.00	8.00	16.00
	1992	1.41	2.21	3.20	5.00	10.00
	1987	1.33	2.00	2.50	3.00	4.17
Great Britain	2009	1.99	3.33	5.33	9.38	23.81
	1999	2.21	3.80	5.60	8.33	16.67
	1992	2.08	4.00	5.56	9.43	16.83
	1987	2.00	3.33	5.00	7.42	14.29
USA	2009	2.14	4.00	7.14	15.03	50.00
	1999	1.75	3.33	5.00	8.00	16.67
	1992	2.00	3.33	5.00	8.33	20.00
	1987	1.75	3.33	5.00	7.50	16.67
Canada	1999	2.00	3.33	5.00	7.50	16.67
	1992	1.91	2.89	3.56	4.67	7.11
Australia	2009	2.22	4.29	8.33	14.29	28.57
	1999	2.40	3.33	4.00	6.61	10.00
	1992	2.00	2.67	3.50	5.00	9.00
	1987	1.75	2.50	3.33	4.20	5.33
Average		1.8	2.9	4.3	6.6	14.5

Note: Poland: asked for monthly income after taxes

Table 4
Actual and Ethical Inequality in 2009 – Gini-coefficients

Country	*Average Gini Index of Salaries People "Do Earn" (GiniA)*	*Average Gini Index of Salaries People "Should Earn" (GiniE)*	*Average Ratio of GiniE/ GiniA*
Austria	0.49	0.35	0.72
Germany-West	0.52	0.40	0.77
Germany-East	0.53	0.38	0.72
Italy	0.51	0.33	0.65
Norway	0.37	0.25	0.71
Sweden	0.36	0.24	0.67
Poland	0.51	0.36	0.71
Hungary	0.56	0.36	0.64
Great Britain	0.50	0.38	0.77
USA	0.56	0.43	0.79
Australia	0.58	0.42	0.73

Data Source: International Social Survey Programme 2009

Note: Respondents were asked what salaries people in various jobs do actually make and what they should make. In 2009, jobs considered included unskilled factory worker, doctor in general practice, chairman of a large national company, and shop assistant. Gini Indices were calculated for each respondent if they answered all four jobs in both the 'do earn' and 'should earn' categories, and if the jobs answered in the 'do earn' and the 'should earn' categories were the same.

Table 5
Actual and Estimated Earnings of Chief Executive Officers and Factory Workers

Country	*Actual CEO Compensation and Pay of Production Workers in Manufacturing, 2011/2012 (US$)*				*Country*	*What ISSP Respondents think is true: Subjective Median and trimmed* average "Do Earn" Estimates From ISSP 2009 (US$)***					
	Actual numbers		*Ratio*			*Median*		*Trimmed Mean*		*Ratio*	
	CEO Compensation	Production Worker	CEO/Worker Pay Ratio	Country Rank by Ratio		CEO Compensation	Unskilled Factory Worker	CEO Compensation	Unskilled Factory Worker	CEO/Worker Ratio of Mean Pay	Country Rank by Ratio
Austria	1,567,980	43,555	36	7	**Austria#**	234,976	20,365	445,266	21,198	21	8
Germany	5,912,781	40,223	147	2	**Germany-W#**	307,807	23,086	1,839,015	22,972	80	2
					Germany-E#	246,246	15,390	701,487	16,353	43	4
Norway	2,551,420	43,990	58	6	**Norway**	206,695	51,677	316,074	49,431	6	10
Sweden	3,358,326	37,734	89	4	**Sweden#**	145,779	29,156	185,434	30,054	6	11
Poland	561,932	20,069	28	8	**Poland#**	73,000	5,475	105,674	5,081	21	9
Hungary	No data available				**Hungary#**	132,820	5,313	150,928	5,735	26	5
Great Britain	3,758,412	44,743	84	5	**Great Britain**	324,757	21,109	479,466	21,706	22	7
USA	12,259,894	34,645	354	1	**USA**	800,000	25,000	2,923,882	25,287	116	1
Australia	4,183,419	44,983	93	3	**Australia**	923,616	32,327	1,786,123	31,461	57	3

Data source: AFL-CIO: CEO-to-Worker Pay Ratios Around the World. Data from 2011 and 2012 and own calculations from ISSP
* trimmed average deleting highest and lowest 3% of responses
**Respondent estimates in national currency converted into US$ at current exchange rate during the country's fielding time.
Australia, Great Britain, Norway and USA: asked for yearly income before taxes; Austria, Germany, Hungary and Sweden: asked for monthly income before taxes; Poland: asked for monthly income after taxes
Monthly values multiplied by 12; No allowance included for bonus or other special payments, such as Christmas/holiday payments

Table 6
Inequality and Attitudes to the Role of Government

	TYPE I		TYPE II		TYPE III		TYPE IV	
	Is it the responsibility of government to reduce income differences? 1 (definitely) to 4 (definitely not)		It is the responsibility of government to reduce income differences. 1 (strongly agree) to 5 (strongly disagree)		Do you think those with high incomes should pay: 1 (a much larger) to 5 (a much smaller proportion)		For those with high incomes, taxes are: 1 (Much too low) to 5 (Much too high)	
Country	***Male***	***Female***	***Male***	***Female***	***Male***	***Female***	***Male***	***Female***
Austria	2	2	2	2				
Germany-West	2	2	2	2	2	2	1	1
Germany-East	2	1	2	2	1	2	1	1
Italy	2	2	2	2	2	2	1	1
Norway	2	2	2	2	2	2	2	2
Sweden	2	2	2	2			2	2
Poland	2	1	2	2			3	2
Hungary	2	2	2	2	2	2	1	1
Great Britain	2	2	2	2	2	2	1	1
USA	3	2	4	3	2	2	1	1
Canada	2	2	3	3			3	2
Australia	2	2	3	3	2	2	1	1
Average	2.08	1.83	2.33	2.25	1.88	2.00	1.55	1.36

Data sources: TYPE I: ISSP “Role of Government” module series (RoG) 1985, 1990, 1996, 2006; TYPE II: RoG 1985, 1990, 1996; ISSP “Social Inequality” module series 1987, 1992, 1999, 2009; ISSP “Environment” module series 1993, 2000, 2010; TYPE III: RoG 1985, 1990; TYPE IV: RoG 1996, 2006.
Note: Cell entries report median values across all years question was asked, 1985-2010.

Figure 1
Kernel density plots of USA 1987-2009: "Should earn" ratios for CEO/ unskilled factory worker

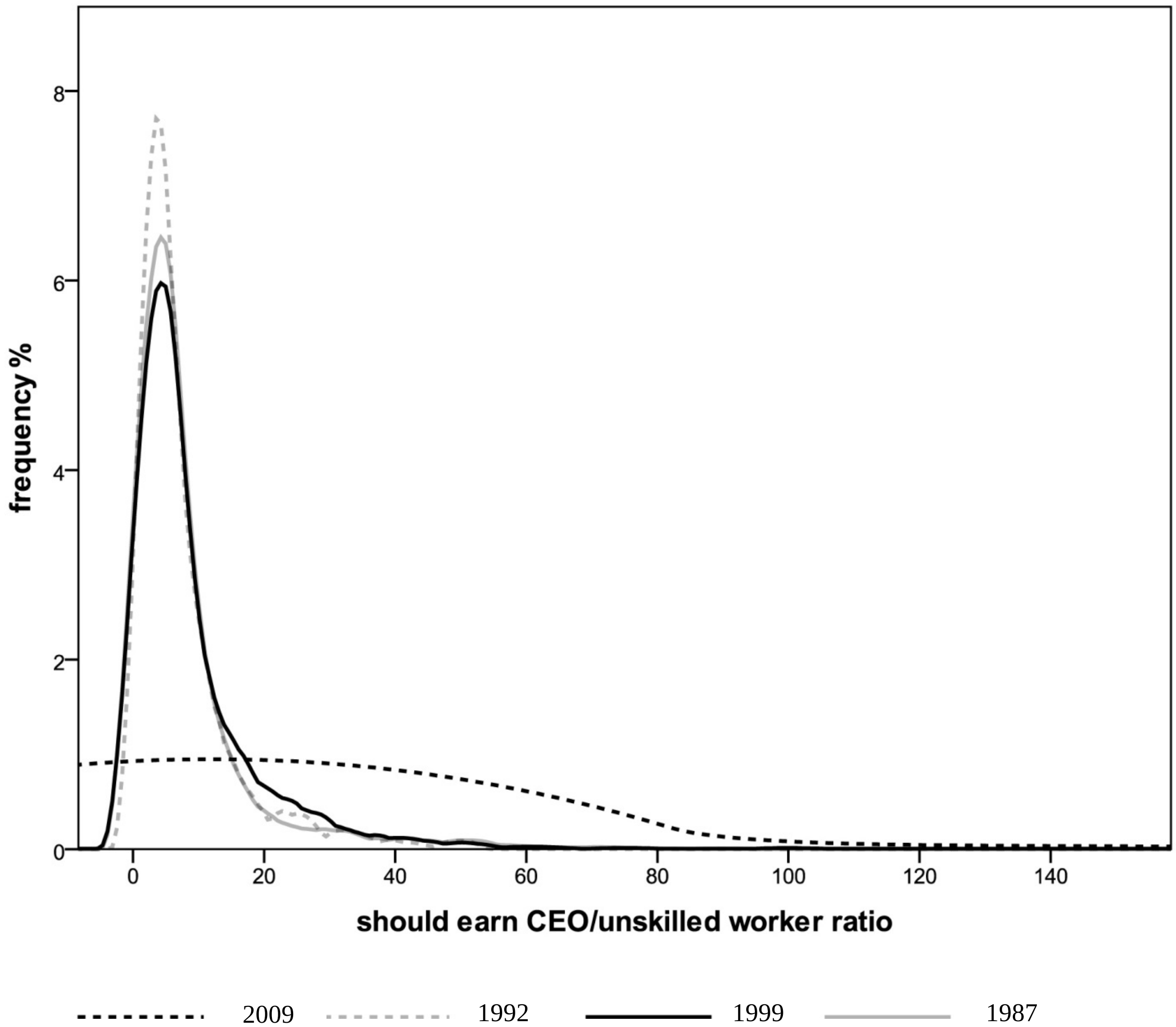

Figure 2a: "Should Earn" ratio 2009 CEO/unskilled worker – USA and Great Britain

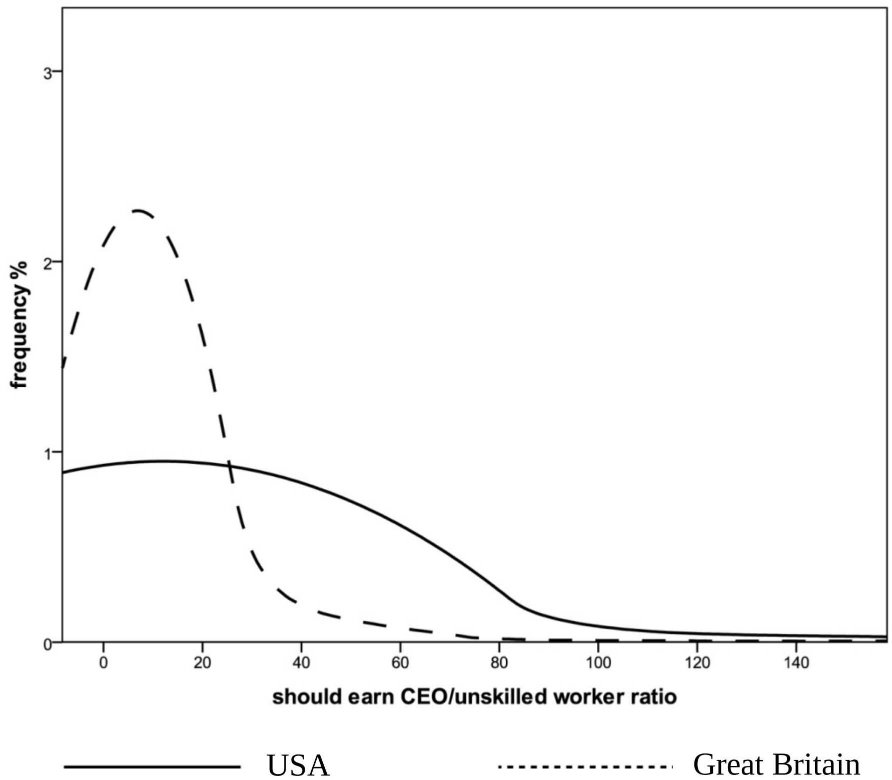

Figure 2b: "Should Earn" ratio 2009 CEO/unskilled worker – East and West Germany

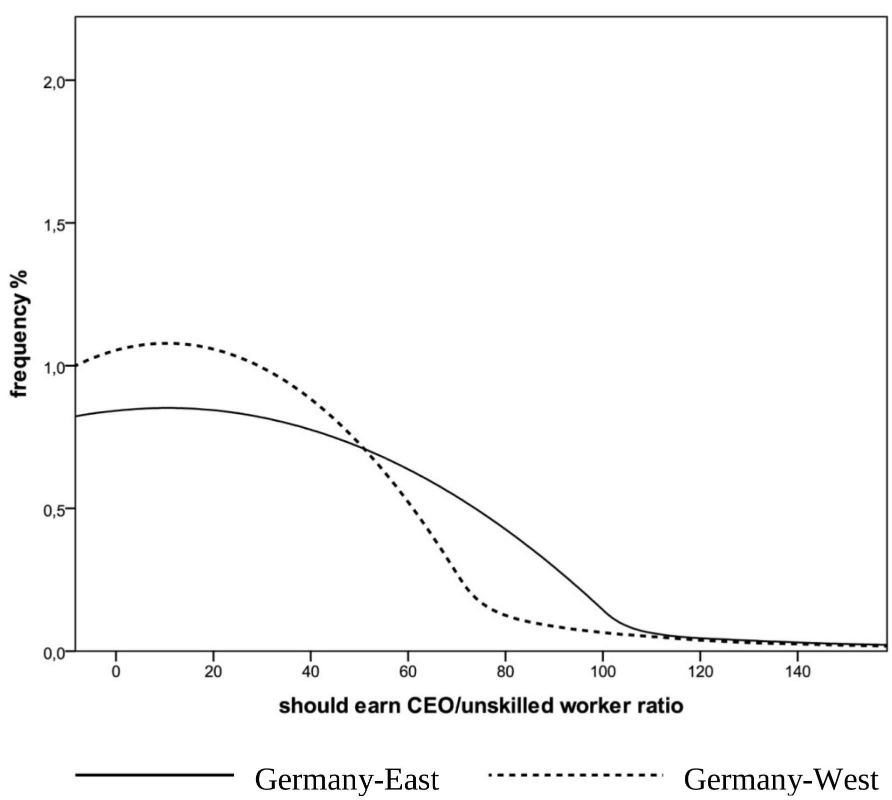

Figure 2c: **“Should Earn” ratio 2009 CEO/unskilled worker – Norway and Sweden**

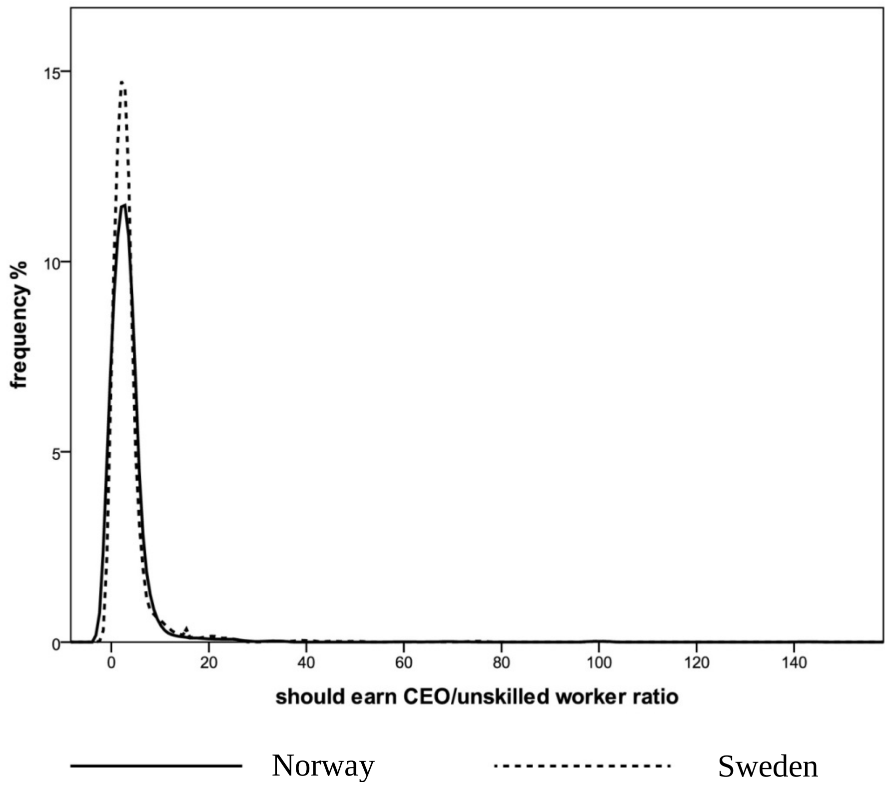

Figure 2d: **“Should Earn” ratio 2009 CEO/unskilled worker – Poland and Hungary**

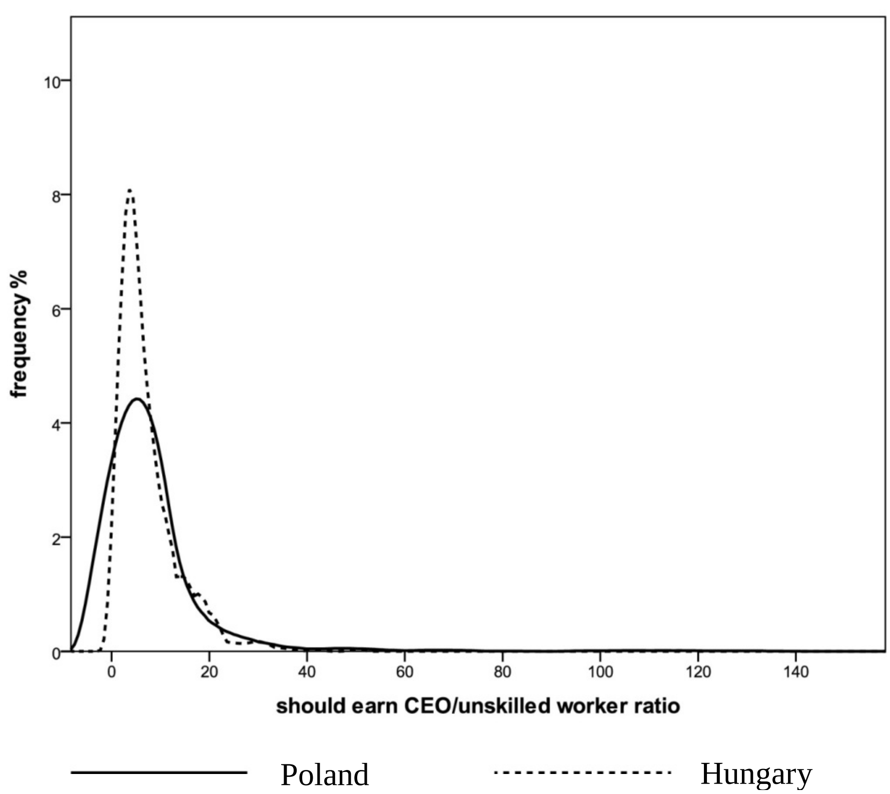

Figure 3
The Distribution of Preferences for Leveling in the United States 1987-2009: "Should Earn" / "Do Earn"