

Public attitudes to economic inequality

Michael Orton and Karen Rowlingson

This report reviews public attitudes to economic inequality, poverty and redistribution.

Economic inequality in the UK stands at historically high levels and there is emerging evidence that a high level of inequality may cause socio-economic problems. However, little is known about public attitudes on this issue.

The study:

- starts by examining public attitudes to inequality and poverty;
- considers public attitudes to redistribution;
- highlights apparent contradictions in public attitudes;
- explores the more underlying values people draw on when forming their opinions on these issues;
- reviews key findings, and discusses policy implications and research gaps.

Public attitudes to economic inequality is a valuable source of reference for all those with an interest in economic inequality, poverty and redistribution.



**JOSEPH ROWNTREE
FOUNDATION**



**Available in
other formats**

This publication can be provided in other formats, such as large print, Braille and audio. Please contact:
Communications, Joseph Rowntree Foundation,
The Homestead, 40 Water End, York YO30 6WP.
Tel: 01904 615905. Email: info@jrf.org.uk

Public attitudes to economic inequality

Michael Orton and Karen Rowlingson



**JOSEPH ROWNTREE
FOUNDATION**

The **Joseph Rowntree Foundation** has supported this project as part of its programme of research and innovative development projects, which it hopes will be of value to policymakers, practitioners and service users. The facts presented and views expressed in this report are, however, those of the authors and not necessarily those of the Foundation.

Joseph Rowntree Foundation, The Homestead, 40 Water End, York YO30 6WP
Website: www.jrf.org.uk

About the authors

Michael Orton is a Senior Research Fellow at the Institute for Employment Research, University of Warwick.

Karen Rowlingson is Professor of Social Policy and Director of Research at the Institute of Applied Social Studies, University of Birmingham.

© Warwick University 2007

First published 2007 by the Joseph Rowntree Foundation

All rights reserved. Reproduction of this report by photocopying or electronic means for non-commercial purposes is permitted. Otherwise, no part of this report may be reproduced, adapted, stored in a retrieval system or transmitted by any means, electronic, mechanical, photocopying, or otherwise without the prior written permission of the Joseph Rowntree Foundation.

ISBN: 978 1 85935 593 0

A CIP catalogue record for this report is available from the British Library.

Prepared by:

York Publishing Services Ltd

64 Hallfield Road

Layerthorpe

York YO31 7ZQ

Tel: 01904 430033; Fax: 01904 430868; Website: www.yps-publishing.co.uk

Further copies of this report, or any other JRF publication, can be obtained from the JRF website (www.jrf.org.uk/bookshop/).

Contents

Acknowledgements	vii
Abbreviations	viii
Executive summary	ix
1 Introduction: the research and the policy context	1
Economic inequality in the UK	1
Rationale for focusing on inequality	3
Public attitudes	4
The literature review	6
The structure of the report	7
Key points	8
2 Public attitudes to economic inequality	9
Introduction	9
Public attitudes to the income gap	9
Public attitudes to inequality: changes over time	10
Differences in attitudes between social groups	12
Attitudes to wage differentials	14
A comparative perspective	16
Public attitudes to poverty	16
Public attitudes to asset inequality	17
Key points	17
3 Public attitudes to redistribution	19
Introduction	19
Support for the <i>principle</i> of redistribution	19
Change over time	21
Support for redistribution <i>in practice</i>	22
Attitudes to taxation and public spending	23
Attitudes and knowledge	26
Contradictions in attitudes	26
Key points	27
4 Explaining public attitudes to inequality and redistribution	29
Introduction	29
The role of self-interest versus altruism and underlying values	29
Reference groups and relative deprivation	33
Empathy and socio-cultural distance	34
Underlying values: inequality, poverty and redistribution	35
Key points	39

5 Discussion: key findings, policy implications and research gaps	40
Introduction	40
Key findings	40
Policy implications	40
Research gaps	41
Notes	43
References	45
Appendix: The research methodology	52

Acknowledgements

We should like to thank the following who provided helpful comments throughout the study: Fran Bennett (University of Oxford), Clare Cochrane (Oxfam), Hartley Dean (London School of Economics), Malcolm Dean (*Guardian* journalist), Patrick Diamond (London School of Economics), Paul Dornan (Child Poverty Action Group), Richard Evans (The Scottish Executive), Teresa Hanley (Joseph Rowntree Foundation Public Interest in Poverty Issues Coordinator), Alan Hedges (freelance researcher), John Hills (London School of Economics), Ruth Lister (University of Loughborough), Deborah Littman (UNISON), Uma Moorthy (Equalities Review Team, Cabinet Office), Jane Perry (Department for Work and Pensions), Miranda Phillips (NatCen), Tom Sefton (London School of Economics), Adrian Sinfield (Professor Emeritus, University of Edinburgh) and Peter Taylor-Gooby (University of Kent).

We are also grateful to Chris Goulden, the JRF Project Manager, for his support throughout the project.

Abbreviations

BHPS	British Household Panel Survey
BSA	British Social Attitudes survey series
ISSP	International Social Survey Programme

Executive summary

This report presents findings from a review of the literature on ‘economic inequality’. Economic inequality means the unequal distribution of financial resources within the population. Five key points are highlighted, as follows.

- *Economic inequality should be the focus of far greater policy attention:* over the last 20 years a large and enduring majority of people have considered the income gap to be too large.
- *The public is concerned about high incomes:* people appear to think not so much that those on low incomes are underpaid, but that those on higher incomes are very overpaid.
- *Public attitudes to policy responses, specifically redistribution, are complex, ambiguous and contradictory:* the current evidence is unable to explain why a smaller proportion of people support redistribution than see the income gap as too large.
- *Future research needs to take a more sophisticated approach to talking about ‘inequality’ and ‘redistribution’, as these vary in form and attitudes may similarly vary depending on the particular kind of inequality or redistribution that people have in mind.*
- *Future research needs to focus more on people’s underlying values and the discourses they draw on.*

Introduction: the research and policy context

- Economic inequality is now a marked feature of the socio-economic structure of the UK. Income inequality stands at historically high levels and asset inequality has increased since the 1990s with the top 1 per cent now owning nearly a quarter of all marketable assets.
- Inequality and poverty are closely related, but inequality is also a distinct phenomenon. In raising the issue of inequality, it is the need to consider the broader socio-economic structure that is critical.

Public attitudes to economic inequality

- There is growing interest in economic inequality and evidence that a high level of inequality may cause socio-economic problems.
- New Labour has displayed concern with some forms of inequality but its position regarding economic inequality is somewhat ambiguous. It has focused more on tackling equality of opportunity than on equality of outcome.
- We know relatively little about public attitudes to inequality and redistribution, hence the need for this study.
- There are various ways to define 'inequality' and 'redistribution', and attitudes to inequality may vary depending on which definition people have in mind.
- The study was based on an extensive literature search and consultations with over 20 experts in this field.

Public attitudes to economic inequality

- Over the last 20 years a large and enduring majority of people have considered the income gap to be too large. In 2004, 73 per cent of people thought that the gap between those with high and low incomes was too large.
- Clear majorities in all groups think that the gap between those on high and low incomes is too great, but some groups – principally those on higher incomes – are significantly less likely than others to believe this.
- There is widespread acceptance that some occupations should be paid more than others, but the gap between high- and low-paid occupations is far greater than people think it should be; and the actual gap is far greater than people consider appropriate.
- People appear to think not so much that those on low incomes are underpaid, but that those on higher incomes are very overpaid.
- People's knowledge about inequality is limited.
- Public attitudes should be seen not as fixed but as more fluid with potential for change. However, the literature does not provide any clear explanation of why attitudes change over time.

- In 2006, a majority of people (55 per cent) thought there was quite a lot of poverty in Britain, only 19 per cent thought poverty had fallen over the last decade and close to half (46 per cent) thought poverty would increase over the next ten years, whereas only 13 per cent thought it would fall.
- We lack knowledge regarding how people interpret and understand issues relating to inequality and poverty.

Public attitudes to redistribution

- Public attitudes to redistribution are marked by complexity, ambiguity and apparent contradictions.
- Far more people think the income gap is too large than explicitly support the principle of redistribution. This could be because people do not feel particularly strongly about inequality or because they favour other kinds of policies rather than direct redistribution. But current evidence is unable to explain this.
- A third of the public (32 per cent) in 2004 agreed that 'Government should redistribute income from the better off to those who are less well off'. This is much lower than in 1996 (44 per cent), despite the fact that levels of actual income inequality have changed little over that time.
- There is evidence, however, of support for redistributive policies in practice:
 - 62 per cent of people in 2004 favoured a combination of tax and benefit approaches that are moderately or strongly redistributive
 - 38 per cent of people in 2004 said the Government is doing too little or much too little to redistribute income from the better off to those who are less well off; 28 per cent say it is doing about the right amount; only 13 per cent say it is doing too much.
- People have limited knowledge of the tax system and its redistributive impact.
- Large majorities support extra taxes to pay for health and education but there is also concern that taxes are both too high in general and too high for individual respondents in particular.
- There is a general view that the low paid pay too much in tax and the highly paid pay too little, but there is no agreement about what constitutes low or high pay.

- As with inequality and poverty, we lack knowledge regarding how people interpret and understand issues relating to redistribution.

Explaining public attitudes to inequality and redistribution

- In light of the contradictions in public attitudes to inequality and redistribution, examining the more underlying values that people draw on offers a potential way forward; and is more powerful in explaining attitudes than are demographic and socio-economic variables such as age and income.
- Analyses that have focused on values have divided the population in different ways, for example: Samaritans (30 per cent of the population – they are most in favour of redistribution and a strong welfare state); Club Members (45 per cent of the population – they support a more conditional welfare state); Robinson Crusoes (25 per cent of the population – they prefer to emphasise self-reliance and are more resistant to redistribution).
- Qualitative research has highlighted the importance of collective versus individualistic world-views in influencing attitudes to inequality and redistribution. For example, those who hold individualistic world-views are less likely to support redistribution.
- Beliefs about the respective roles of birth, luck and effort in determining individual success affect attitudes to inequality, poverty and redistribution. For example, those who believe that hard work leads to success are less supportive of redistribution.
- There is, however, little direct empirical evidence about public attitudes regarding the causes and justice/injustice of inequality. But we do know that only 17 per cent of people believe that large differences in income are necessary for Britain's prosperity, whereas 58 per cent believe that inequality persists because it benefits the rich and powerful.
- Sociological theory has highlighted the importance of a number of debates in relation to attitudes to inequality and redistribution. These debates include: the role of self-interest versus altruism and public values; reference groups and relative deprivation; and empathy and socio-cultural distance.

1 Introduction: the research and the policy context

This report presents findings from a review of the literature on public attitudes to economic inequality. By ‘economic inequality’, we mean the unequal distribution of income and financial assets in the population. Most research on inequality has focused on the distribution of income but asset inequality is a distinct form of economic inequality that also deserves attention (see Orton and Rowlingson, 2007). It is important to be clear from the outset that inequality in this report does not deal *directly* with other dimensions of inequality such as gender or ethnicity.¹

It is also important to note that there is no agreed definition of economic inequality. Various definitions can be used, such as the difference between the top and bottom 10 per cent of the population or the share of the top 1 per cent, or a measure taking account of everyone in the population (such as through the Gini coefficient).² The Government’s official measure of poverty (60 per cent of median income) can also be seen as a measure of inequality. This lack of consensus about conceptualisation and definition means that our understanding, and attitudes towards, economic inequality may vary depending on the particular definition we have in mind. In recent years, the growth of the ‘super rich’ (Lansley, 2006) has caused particular concern, and there has been discussion in the media about the distinction between the ‘haves’ and the ‘have-yachts’³ but there is, again, no agreement about how we conceptualise and define the top of the income distribution.

Economic inequality in the UK

Economic inequality is now a marked feature of the socio-economic structure of the UK. Income inequality rose dramatically during the 1980s, with the Gini coefficient rising from a value of around 0.25 in 1979 to around 0.34 by the early 1990s (Brewer *et al.*, 2007). Inequality fell slightly from the early to mid-1990s, and then rose again during New Labour’s first term, with the Gini coefficient reaching a new peak of 0.35 in 2000–01. During New Labour’s second term, inequality fell and, in 2004–05, the Gini coefficient returned to its 1997–98 level; the net effect of New Labour’s first two terms in government was to leave income inequality effectively unchanged, but at historically high levels. However, Brewer *et al.*’s (2007) analysis of the most recent data finds a small increase in the Gini coefficient between 2004–05 and 2005–06. The Gini coefficient in 2005–06 was 0.35 compared with 0.33 in 1996–97, meaning that income inequality has increased since New Labour came to power, and that

the increase is statistically significant. In addition, asset inequality has widened significantly since the mid-1990s with the top 1 per cent now owning nearly a quarter of all marketable wealth (Hills, 2004).

New Labour's position regarding inequality is somewhat ambiguous. While it has certainly displayed a concern with some forms of inequality, e.g. the gender pay gap, and inequalities in health and education, there has been no explicit focus on economic inequality (Hills and Stewart, 2005). Tony Blair has expressed his view as being:

[It's] not that I don't care about the gap [between high and low incomes], so much as I don't care if there are people who earn a lot of money. They're not my concern. I do care about people who are without opportunity, disadvantaged and poor.
(Blair, 2005)

New Labour has not argued, as New Right commentators such as Barry (1990) did in the 1980s/90s, that wealth and inequality are necessary for the effective working of a market economy, but its approach has been more marked by the promotion of equality of opportunity rather than equality of outcome (Hills and Stewart, 2005; Lister 2007, forthcoming). This can be seen in terms of giving everyone a 'fair chance' rather than aiming to redistribute from rich to poor. Having said this, New Labour's efforts to reduce poverty have involved some 'redistribution by stealth' without which levels of inequality are likely to have increased even further (Hills and Stewart, 2005; Sefton, 2005a). So there has been some redistribution since 1997 but, if New Labour is to meet its commitment on the key issue of child poverty, for example, much greater redistribution is required (Dornan, 2004; Hirsch, 2006).

As with 'economic inequality', there are, potentially, different forms of redistribution – for example, depending on where resources are taken from and given to (e.g. from the top 10 per cent to the bottom 10 per cent or the top 1 per cent to the bottom 20 per cent). Policies to reduce inequality of 'original income'¹⁴ (such as through a minimum wage) will also be different from redistribution through tax and benefit policies. Attitudes to redistribution policies are likely to vary depending on the precise nature and extent of these policies.

Rationale for focusing on inequality

This report focuses on economic inequality rather than poverty, even though these two concepts are closely related in conceptual terms, definitional terms and policy terms. Alcock (1993, p. 255) argues that 'poverty is the unacceptable face of inequality' and Scott (1994, p. 18) goes further to suggest a causal relationship here:

... the causes of poverty cannot be separated from the causes of wealth: indeed, the one may be a necessary condition of the other.

When the Government's measure of poverty is a relative one (i.e. being below 60 per cent of median income) there is a very direct relationship between poverty and inequality. Comparative research has also suggested that both poverty in general and persistent poverty in particular are related to a country's level of inequality (Esping-Andersen 2002, 2005; Jackson and Segal, 2004).

In addition to this, we can invoke the metaphor used by *Guardian* columnist Polly Toynbee (2003) of society as a caravan crossing the desert (one also drawn on in recent Conservative Party policy development on poverty). Thus, all in the caravan may move forward, but the question Toynbee poses is how far behind do those at the back have to fall before they cease to be part of the same caravan at all? Additionally, even if the incomes of the poorest rise, but do so in a highly unequal society, they have to 'run harder to stand still' in maintaining their (increasingly precarious) link with the rest of society.

While poverty is closely related to inequality (though in which precise ways remain unclear), there is also considerable and mounting evidence that inequality itself warrants further attention (see Orton and Rowlingson, 2007; Lister, 2007, forthcoming). For example, Wilkinson (1996, 2005) has argued that it is inequality rather than absolute poverty that is related to poor health within a developed society:

... the extent of material inequality is a major determinant of psychosocial welfare in modern societies and its impact on health is but one of the social costs it carries with it.
(Wilkinson, 1996, p. 9)

Wilkinson (2005) also argues that inequality weakens social solidarity. For example, the social distance created by a large income gap may mean the rich have less sense of responsibility towards the poor than previously. And high levels of inequality may lead to a sense of fatalism and disengagement from political processes (Lister, 2007, forthcoming).

Inequality may also be seen as a problem if the process by which some people become rich is unjust – for example, through luck of birth rather than effort and ability (e.g. see Blanden *et al.*, 2005). High levels of inequality may also prevent genuine equality of opportunity.

In a review of evidence about the effects of inequality on a range of socio-economic variables, Jencks (2002) concludes that:

... the social consequences of economic inequality are sometimes negative, sometimes neutral but seldom – as far as I can discover – positive.
(Jencks, 2002, p. 64)

In focusing on inequality, there are also arguments for looking particularly at the top of the economic distribution (wealth in the sense of ‘riches’) as well as poverty at the bottom. Giddens (2004), for example, argues that high incomes should be a policy concern if they set the rich apart from the rest of society. And Layard (2005) argues that, if money is transferred from a richer person to a poorer person, the poor person gains more happiness than the rich person loses. Therefore:

... a country will have a higher level of average happiness the more equally its income is distributed.
(Layard, 2005, p. 52)

We have seen that there are reasons why inequality is a problem in relation not only to poverty but also beyond it. But, in raising the issue of inequality, it is the need to consider the broader socio-economic structure that is critical.

Public attitudes

There is growing empirical evidence that inequality has a damaging effect in a number of areas, as outlined above. However, few politicians appear willing to discuss this issue openly and consider ways of curbing inequality. Even the Liberal Democrats have retreated from their more redistributive position with the decision, in September 2006, to abandon their proposal for a 50p rate of income tax on those with incomes over £100,000. The reluctance to tackle inequality may be due to concerns that such policies would be unpopular and so it is important to understand public attitudes in this field. It may be the case that the public is more concerned about inequality and more in favour of redistribution than politicians think they are. Or

it may be the case that concern about inequality is low but based on ignorance about the causes and consequences of inequality.

As mentioned earlier, terms such as 'inequality' and 'redistribution' can be used and interpreted in very different ways. In exploring attitudes to inequality we therefore need to investigate what people understand about these concepts, particularly when asked questions relating to them. For example, do concepts such as 'high income' and 'redistribution' have a singular meaning for people or are there potential multiple, and contested, meanings? And are people's views consistent over time and within different contexts? Following on from this, we also need to understand how people form their views about inequality.

This study examined three principal questions.

- What are public attitudes to economic inequality?
- What are public attitudes to policy responses to economic inequality?
- What explains public attitudes in this field?

As mentioned above, inequality is interconnected with the issue of poverty. A specific sub-question was therefore:

- what are public attitudes to poverty?

A number of additional sub-questions were also examined, as follows.

- What is the extent of public knowledge regarding inequality?
- What variations in attitudes are there by key dimensions, e.g. social class, gender, ethnicity and age?
- How have public attitudes to inequality changed over time?
- How do attitudes in the UK compare with other countries and, if there are differences, why is this?

The literature review

The project consisted of a comprehensive review of the literature in this field. The methodology principally drew on the systematic literature review approach developed by the Evidence for Policy and Practice Information and Co-ordinating Centre (EPPI-Centre) at the University of London (see EPPI-Centre, 2002). A more detailed explanation of the methodology is provided in the Appendix. In short, the review involved identifying search strings, e.g. 'public attitudes *and* inequality', which were used to extract references from a broad range of sources including electronic sources (such as databases, internet and electronic libraries), printed material (books, journals and published reports) as well as so-called 'grey' literature (e.g. unpublished working papers and conference papers). More than 20 experts in this field were also contacted and asked for suggestions of relevant references.

Our thorough search of the literature discovered that the literature on public attitudes to inequality is: relatively small; relies on one survey series; that survey series includes a very limited number of relevant questions; and there are few qualitative studies of the issue. The primary source of data regarding public attitudes to inequality is the British Social Attitudes (BSA) survey series, which began in 1983. An annual BSA report is published and this is the key literature regarding public attitudes to inequality and redistribution. References we identified beyond the BSA reports (e.g. Hills, 2002; Taylor-Gooby *et al.*, 2003) still rely, wholly or in part, on BSA data. Inequality features regularly in BSA reports (e.g. Harrison, 1984; Young, 1985; Cairncross, 1992; Heath and Park, 1997; Hills and Lelkes, 1999; Sefton, 2005b), and was most recently the specific focus of a paper by Bromley in 2003.

Much of the evidence on attitudes to redistribution comes, once again, from the British Social Attitudes (BSA) survey (principally Sefton, 2005b) but there is also quantitative work on attitudes to taxation – for example, by Hedges and Bromley (2001) and Palmer and Thompson (2005).

A number of qualitative studies can also be drawn on, although without necessarily taking inequality as their starting point. For example, Dean with Melrose (1999) examined the views of a qualitative sample regarding poverty, wealth and citizenship; Sutton *et al.*'s (forthcoming) study of children's views of difference includes reference to inequality, as does recent focus group work on communicating poverty to the public (Castell and Thompson, 2007). There is also qualitative work on attitudes to redistribution by Hedges (2005) and on attitudes to taxation by Hedges and Bromley (2001).

There is an extensive comparative literature, but there are a number of reasons why it is of limited use for the purposes of this project. The basis for comparative analysis is provided by the International Social Survey Programme (ISSP)⁵ and the World Values Survey, both of which include data regarding inequality. To focus on the ISSP, references relating to inequality, based on analysis of ISSP data, represent a far larger literature than analysis solely of Britain. Our initial searches identified over 150 such references. However, there are a number of problems with the literature. First, not all references include consideration of Britain. Second, questions were asked about inequality in 1987, 1992 and most recently 1999 (they are planned to be asked next in 2009), so much of the literature is dated. This certainly applies to references based on the 1987 and 1992 surveys, and even the 1999 survey is now close to a decade old. Third, the literature is self-evidently interested in comparing attitudes between nations rather than providing a more detailed understanding of attitudes within Britain, which is the aim of this report.

The structure of the report

Chapter 2 presents findings regarding the question of public attitudes to inequality including: whether attitudes have changed over time; whether attitudes differ between social groups; what public attitudes to assets are; and how attitudes in Britain compare with other countries.

Chapter 3 examines public attitudes to policy approaches to inequality, including levels of support for redistribution and underlying views of the tax system and public services.

Chapter 4 explores possible explanations for public attitudes to inequality by drawing on a broader international and theoretical literature around social justice and underlying values. This includes consideration of four overlapping debates in this field: the role of self-interest versus altruism and collective values; redistribution and beliefs about the causes of inequality; reference groups and relative deprivation; and empathy and socio-cultural distance.

Chapter 5 highlights the key findings, and discusses policy implications and research gaps.

Key points

- This report presents a review of the literature on attitudes to 'economic inequality'. By this we mean the unequal distribution of financial resources within the population.
- Economic inequality is now a marked feature of the socio-economic structure of the UK. Income inequality stands at historically high levels and asset inequality has increased since the 1990s with the top 1 per cent now owning nearly a quarter of all marketable assets.
- Inequality and poverty are closely related, but inequality is also a distinct phenomenon. In raising the issue of inequality, it is the need to consider the broader socio-economic structure that is critical.
- There is growing interest in economic inequality and evidence that a high level of inequality may cause socio-economic problems.
- New Labour has displayed concern with some forms of inequality but its position regarding economic inequality is somewhat ambiguous. It has focused mostly on tackling equality of opportunity rather than equality of outcome.
- We know relatively little about public attitudes to inequality and redistribution, hence the need for this study.
- There are various ways to define 'inequality' and 'redistribution', and people's attitudes to inequality may vary depending on which definition they have in mind.
- The study was based on an extensive literature search and consultations with over 20 experts in this field.

2 Public attitudes to economic inequality

Introduction

This chapter presents findings from the literature review, addressing directly the question of what are public attitudes to economic inequality. It also considers: whether attitudes have changed over time; whether attitudes differ between social groups; what are public attitudes to assets; and how attitudes in Britain compare with other countries.

Public attitudes to the income gap

A large majority of people (73 per cent) thought the gap between those with high and low incomes was too large in 2004 (Sefton, 2005b). This finding is taken from the 2005 BSA report, which contains data from the 2004 survey and is the most recent report to have covered inequality. It draws on a question that is regularly included in BSA surveys:

Thinking of income levels generally in Britain today, would you say that the gap between those with high incomes and those with low incomes is too large, about right, or too small? [We will refer to this as the 'income gap' question.]

The extent of agreement that there is too much inequality in Britain depends, however, on exactly how questions are phrased. Two further BSA questions ask respondents which of five answer options (running from 'agree strongly' to 'disagree strongly') best describe their response to the following two statements.

Differences in income in Britain are too large.

Ordinary working people do not get their fair share of the nation's wealth.

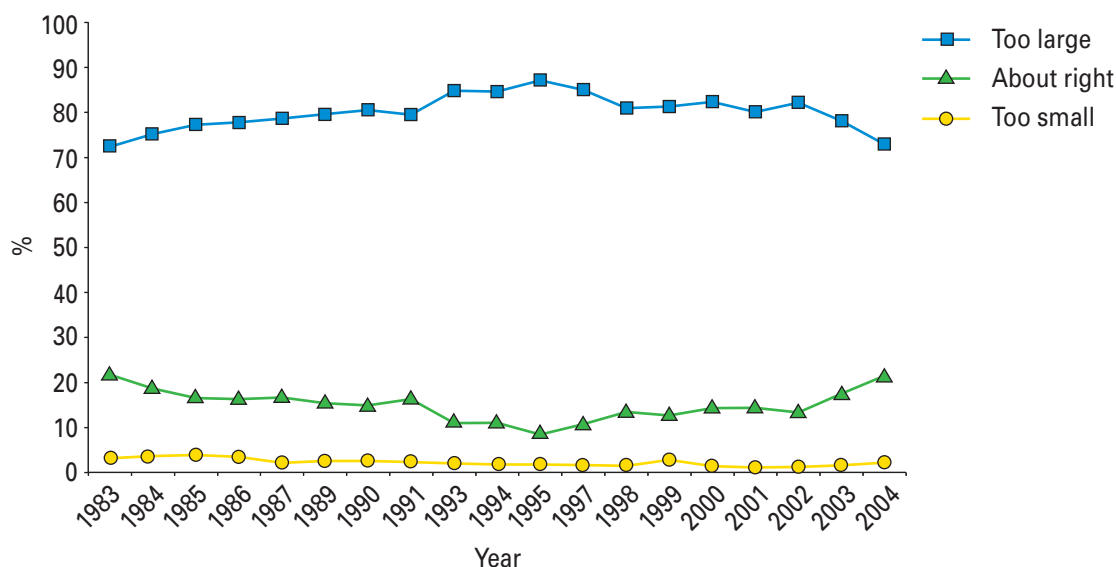
While 73 per cent thought that the gap between those with high and low incomes was too large in 2004, the proportion who agreed that 'Differences in income in Britain are too large' fell to 63 per cent, while only 53 per cent agreed that 'Ordinary working people do not get their fair share of the nation's wealth'.

Sefton (2005b) speculates that the different levels of agreement with the three relevant questions is perhaps to do with their wording, but we are immediately provided with an illustration of our lack of knowledge regarding how people interpret and understand issues relating to inequality. For example, the income gap question refers specifically to those on high and low incomes, so, Sefton argues, people are more likely to be thinking about the differences between the very rich and the very poor than they are when answering the second question (which could be referring to differences in incomes between the ‘not-so-rich’ and ‘not so-poor’). Sefton contends that the language of the question about working people’s share of the nation’s wealth is suggestive of a more class-based explanation of inequality, which may be offputting to some who would otherwise agree that there is too much income inequality. Further research on how people understand terms like ‘high incomes’ and ‘low incomes’ would be helpful.

Public attitudes to inequality: changes over time

Figure 1¹ shows responses to the BSA survey ‘income gap’ question since 1983. It is evident that there have been fluctuations in responses to this question but, as Hills and Lelkes (1999, p. 5) describe it, changes represent ‘movements (around a consistently large majority)’. Thus, in 1983, 72 per cent of people thought the gap between high and low incomes was too large; from 1989 to 2002, this was the view of over 80 per cent of people, peaking at 87 per cent in 1995 (Bromley, 2003). We have seen that, in the most recent BSA survey (2004), the figure had fallen to 73 per cent, virtually the same as in 1983, lower than the peak of 87 per cent in 1995, but still a large majority.

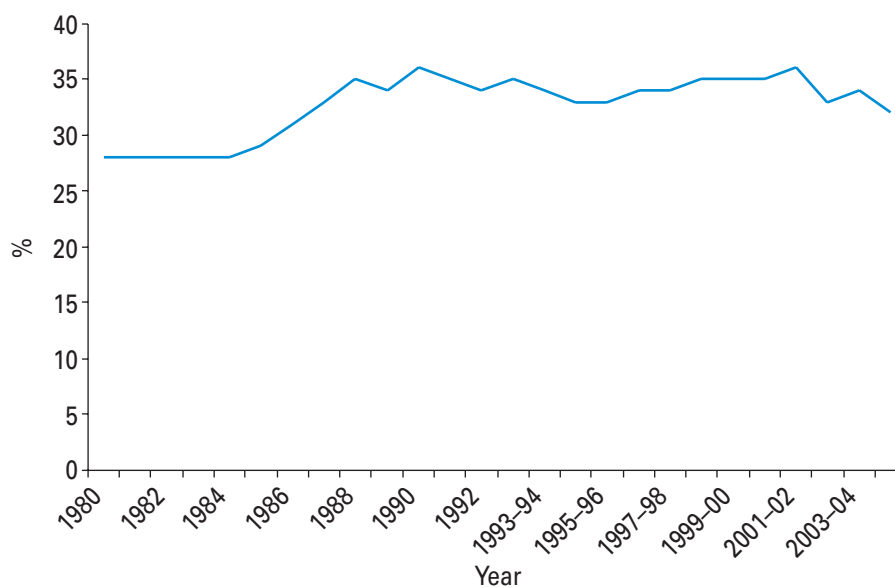
Figure 1 The income gap is: too large/about right/too small



We might expect public concern about inequality to rise as actual inequality increases; there is some evidence of this in the UK data, but the relationship between attitudes and actual inequality is not straightforward. Figure 2 shows there was a sharp rise in income inequality (as measured by the Gini coefficient) between 1984 and 1988, and concern about the gap between those on high and low incomes also rose (though rather slowly). However, the peak year for concern about the income gap was in 1995, when inequality was actually lower than it had been in the previous five years. It is possible that there is a time-lag between actual changes in levels of inequality and concern about inequality. The link between actual levels of inequality and public concern about inequality is therefore complex. We will see below that people in working-class occupations, or on low incomes or who are struggling financially are most likely to say the income gap is too large. Changes in the composition of these groups may therefore affect overall responses.

There are a number of other issues relevant to attitudes changing over time. For example, Hills (2002) has identified the difficulty in establishing causal relationships between attitudes to inequality and policy discourse/policy changes – for example, has New Labour led public attitudes on the issue or followed them? Trade unions have campaigned on issues such as low wages, while stories about ‘scroungers’ feature regularly in the media; do these lead to changes in public attitudes? The literature does not provide clear answers.

Figure 2 Changes in overall income inequality, 1980–2004/05



Note: Gini coefficient for equalised disposable income, UK: <http://www.statistics.gov.uk/>.

There are, however, two key points. First, public attitudes should not be seen as fixed but as more fluid with potential for change. Second, and very importantly, interest in why attitudes change over time should not distract attention from the key finding here, i.e. over the last 20 years, a large majority of people have considered the income gap to be too large.

We will now examine whether attitudes differ between social groups.

Differences in attitudes between social groups

With regard to social groups that are analysed in the literature, clear majorities in all groups think that the gap between those on high and low incomes is too great, but some groups are significantly more likely than others to believe this. BSA reports include analysis of attitudes to inequality by social class, gross household income, party political preference, age and respondents' self-assessment of their financial position (respondents are asked how well they cope on their current income, with answers being: living comfortably; coping; having difficulty).

Table 1 demonstrates that, in terms of attitudes to inequality by social class, gross household income and respondents' self-assessment of their financial position, in all cases a large majority of respondents (at least 74 per cent – 2002 data) in each group consider the income gap is too great (Bromley, 2003).

However, Table 1 also demonstrates that some groups are more likely to feel that the income gap is too great – in particular, people in working-class occupations, or on low incomes or who are struggling financially (Bromley, 2003). For example, those who are having difficulty in coping on their current household income are 13 percentage points more likely than those living comfortably to consider the gap to be too large; and those with a household income of £9,999 or less are ten percentage points more likely than those with a household income of £38,000 or more to believe so.

Attitudes towards inequality by political party identification reveal a similar pattern of a large majority (at least 71 per cent – 2002 data) of supporters of all three main political parties saying the gap between rich and poor is too large (Bromley, 2003), but with some differences. Thus, 71 per cent of supporters of the Conservative Party say the income gap is too large compared with 88 per cent of Labour supporters and 84 per cent of Liberal Democrats.

Table 1 Attitudes towards inequality by social class, self-rated economic hardship and household income in 2002

The gap between high and low income is too large (%)	... about right (%)	Base
<i>All</i>	82	13	1,148
<i>Social class (NS-SEC)</i>			
Managerial or professional	79	18	409
Intermediate occupations	87	8	146
Small employer or own account workers	77	15	93
Lower supervisory or technical staff	81	15	141
Semi-routine and routine manual occupations	86	8	331
<i>Household income</i>			
£38,000 or more	74	22	275
£20,000–£37,999	86	11	236
£10,000–£19,999	87	9	290
£9,999 or less	84	7	233
<i>Self-rated hardship</i>			
Living comfortably	77	18	419
Coping	84	12	530
Having difficulty	90	4	197

Source: Bromley (2003, p. 79).

There is little difference in attitudes to inequality based on age (Bromley, 2003). Table 2 presents an analysis of six generational groups, based on when they turned 18, i.e. between 1991 and 2002; 1979 and 1990; 1970 and 1979; 1960 and 1969; 1950 and 1959; and before 1950. There is a difference of only seven percentage points in the views of the six generational groups regarding the income gap being too large. There is a ten-percentage point gap in views regarding whether ordinary working people get their fair share of the nation's wealth, with the three younger groups less concerned than the three older groups. The youngest age group is also the least concerned by the income gap, but whether in the long term this will reduce concern with inequality remains to be seen. However, Bromley (2003) did consider directly the question of whether there is a 'Thatcher Generation', i.e. are attitudes markedly different between pre- and post-Thatcher generations, and concluded the answer is 'no'.

Table 2 Attitudes towards income inequality across the generations

% agree	Year of turning 18					
	1991 and after	1979–1990	1970s	1960s	1950s	1940s and earlier
The gap between those with high and low incomes is too large	78	85	80	85	84	80
Ordinary working people do not get their fair share of the nation's wealth	59	61	59	66	69	67

Source: Bromley (2003, p. 87).

Attitudes to wage differentials

Alongside data on attitudes to the income gap, there are data on attitudes to wage differentials that also help us understand views about inequality. These data demonstrate that there is widespread acceptance that some occupations should be paid more than others (i.e. there is little support for anything approaching a completely egalitarian distribution of earnings), but the actual gap between high- and low-paid occupations is far greater than people think is appropriate (Bromley, 2003). Attitudes to wage differentials are examined in the BSA survey by respondents being presented with a number of different occupations and being asked what they think someone in that job is currently paid and what they should be paid.

Attitudes to wage differentials tell us something about the value that people place on different kinds of work, which clearly differs from the market value. Table 3 provides findings from an analysis by Hills (2004), using 1999 data, which first shows public support for greater wage equality than people think exists. For example, the gap perceived to exist between the pay earned by company chairmen and unskilled factory workers vastly exceeds what is seen to be appropriate. Bromley (2003) argues that it is not so much that those on low incomes are seen to be dramatically underpaid, rather that those on higher incomes are seen to be very overpaid;² for example, people perceived the income of a chairman (£125,000) to be 12.5 times higher than that of an unskilled worker (£10,000). However, when asked what was appropriate, respondents thought the chairman should earn £75,000 (a pay drop of £50,000) and the unskilled worker £12,000 (a pay increase of £2,000). These 'ideal' salaries would mean that the company director earned 6.25 times what an unskilled worker would, rather than the 12.5 ratio that was perceived to exist and much lower than the ratio of 42.3 that actually exists. Bromley also notes that views have remained similar over time on this issue.

Table 3 Perceptions of, attitudes to and actual annual earnings, 1999

	What people think cases usually earn (£)	What people think they should earn (£)	Actual average earnings (£)
Shop assistant	9,000	12,000	10,300
Unskilled factory worker	10,000	12,000	13,100
Skilled factory worker	15,000	18,000	18,000
Doctor (GP)	35,000	40,000	50,800
Solicitor	50,000	40,000	37,900
Owner-manager of large factory	60,000	50,000	n/a
Cabinet minister	60,000	45,000	94,200
Appeal court judge	80,000	50,000	139,900
Chairman of large national corporation	125,000	75,000	555,000
Ratio between unskilled factory worker and chairman of large corporation	12.5	6.25	42.3

Source: Hills (2004, p. 34).

Perceptions of annual earnings are one of a number of indicators that people's knowledge about inequality is limited. For example, Spencer (1996, p. 87) notes the high proportion of people who answered 'don't know' (around 6–10 per cent of respondents in each year from 1983 to 1995) to a BSA question about differences in wages at the respondent's workplace,³ with this:

... presumably reflecting the fact that a lot of employees simply do not know the incomes of others within their workplace.

We also know that people greatly overestimate the proportion of the population on high incomes. Taylor-Gooby *et al.* (2003) found that respondents thought 28 per cent of people in Britain have an income of over £40,000 per annum; the actual figure is only 8 per cent. Comparative research has found that people also have a strong tendency to place themselves in the middle of the income distribution (e.g. Evans and Kelley, 2004), suggesting further ignorance of the actual distribution. Whether a more accurate understanding of the income distribution would influence public attitudes about the issue will be returned to in subsequent chapters.

Further evidence that there is public concern about inequality of wages was provided in a recent ICM poll for the *Sunday Telegraph* (18 February 2007). The context was interest in bonuses paid to people in the financial services sector in London. The newspaper stated that a:

... record 4,200 City workers will this year rake in bonuses of more than £1 million each, on top of their six-figure annual salaries. The total bonus pool is estimated at £8.8 billion.

The ICM poll reported that:

- 73 per cent of voters said City bonuses had become 'excessive and something should be done about them'
- 69 per cent believe the gap between the highest earners and average earners is now too large.

These findings can be seen to be broadly in line with BSA data above.

A comparative perspective

Attitudes to inequality in Britain are not exceptional when compared with other countries. In an analysis of public attitudes in 12 countries, significantly more people in Britain say that the income gap is too large than in the USA or Japan, but less than in southern and eastern European countries (Hills, 2004). There is a greater desire in Britain than in many comparable countries for a more equal distribution of income than currently exists. Hills' (2004) analysis found that only in Finland and the former East Germany was support for a more equal distribution of income greater than in Britain. It was noted in Chapter 1 that there is an extensive comparative literature, but there are a number of reasons why it is of limited use for the purposes of this project. What is most evident is that attitudes to inequality in Britain are not at the extreme in comparative analyses (e.g. see Hadler, 2005) and this also applies to attitudes to wage differentials (e.g. see Austen, 1999, 2002).

Public attitudes to poverty

As discussed in Chapter 1, inequality is closely linked to poverty in a number of ways and so it is helpful to consider attitudes to poverty as well as broader attitudes to inequality. An analysis of public attitudes to poverty using the BSA has recently been undertaken for the Joseph Rowntree Foundation (Park *et al.*, 2007) and key points are summarised in Table 4. It can be seen that: a majority of people (55 per cent) say there is quite a lot of poverty in Britain; only 19 per cent think poverty has fallen over the last decade; and close to half (46 per cent) think poverty will increase over the next ten years, whereas only 13 per cent think it will fall.

Table 4 Views about poverty in 2006

View held	%
<i>Prevalence of poverty in Britain today</i>	
Very little	41
Quite a lot	55
<i>Poverty in Britain over the last ten years</i>	
Increasing	35
Decreasing	19
Staying at the same level	39
<i>Poverty in Britain over the next ten years</i>	
Increase	46
Decrease	13
Stay at the same level	33

Source: adapted from Park *et al.* (2007, p. 3).

Note: sample size 3,272.

However, while a majority of people think that there is ‘quite a lot’ of poverty in Britain, we do not know exactly what people are thinking of as poverty. Nor do we know what people mean by ‘quite a lot’.

Public attitudes to asset inequality

Most of the research reviewed here concerns income inequality. We found very limited evidence of research into public attitudes towards inequality of assets. As seen in Chapter 1, asset inequality is greater than inequality of income and is increasing. There is a literature on attitudes to inheritance and individual savings (see Rowlingson and McKay, 2005), but not asset inequality. It has been noted that the BSA survey series includes a question asking whether ordinary working people get their fair share of the nation’s wealth, but the literature uses this question as an indicator of attitudes to income inequality. This also serves as a further example of how we do not necessarily understand how respondents interpret questions, e.g. do they see it as relating to income inequality or assets?

Key points

- Over the last 20 years a large and enduring majority of people have considered the income gap to be too large. In 2004, 73 per cent of people thought that the gap between those with high and low incomes was too large.
- Clear majorities in all groups think that the gap between those on high and low incomes is too great, but some groups – principally those on higher incomes – are significantly less likely than others to believe this.
- There is widespread acceptance that some occupations should be paid more than others, but the gap between high- and low-paid occupations is far greater than people think it should be; and the actual gap is far greater than people consider appropriate.
- People appear to think not so much that those on low incomes are underpaid, but that those on higher incomes are very overpaid.
- People’s knowledge about inequality is limited.

- Public attitudes should be seen not as fixed but as more fluid with potential for change. However, the literature does not provide any clear explanation of why attitudes change over time.
- In 2006, a majority of people (55 per cent) thought there was quite a lot of poverty in Britain, only 19 per cent thought poverty had fallen over the last decade and close to half (46 per cent) thought poverty would increase over the next ten years, whereas only 13 per cent thought it would fall.
- We lack knowledge regarding how people interpret and understand issues relating to inequality and poverty.

3 Public attitudes to redistribution

Introduction

This chapter reviews evidence about public attitudes to how the State should respond to economic inequality. It begins by reviewing attitudes to the principle of state intervention to reduce inequality and how this has changed over time. It then considers attitudes to whether or not the Government should currently be doing more or less in this field. It then focuses specifically on attitudes to taxation.

Support for the *principle* of redistribution

There is much less support for direct redistribution than might be expected given that a large majority of the public see the income gap as too large (73 per cent in 2004). As with all attitudinal questions, answers vary depending on the precise wording, with public opinion as follows in 2004 (Sefton, 2005b):

- 32 per cent agreed that ‘Government should redistribute income from the better off to those who are less well off’; over 40 per cent disagreed
- 43 per cent of all respondents agreed that ‘it is the Government’s responsibility to reduce differences in income between people with high and low incomes’.

The difference between these responses may be due to the explicit mention of ‘redistribution’ in the first sentence, which implies a fairly simple and direct process of taking money from some people to give to others. The second statement allows for other kinds of government intervention such as increasing the minimum wage or curbing City bonuses. It might also allow for improvements to education to raise opportunities that might eventually reduce the income gap. This explanation is supported by the fact that 49 per cent of respondents in 2004 agreed that taxes should rise to pay for health, education and social benefits (Sefton, 2005b). This might suggest support for measures that promote equality of opportunity over direct redistribution. However, as with questions about inequality (as seen in Chapter 2), we are faced with uncertainty as to how people understand and respond to relevant questions. It is a little unclear as to whether these questions are tapping into people’s views about the principle of redistribution (i.e. the appropriate role for any government) or their views about what a current government should actually do now.

The most recent BSA has therefore asked questions explicitly about the Government 'now' (see below).

Whatever the explanation for the differences between particular questions about redistribution, a smaller proportion of people support redistribution than see the income gap as too large. Sefton (2005b) has sought to address this apparent contradiction by arguing that, although people believe the income gap is too large, they do not feel very strongly about it. Those who 'agreed strongly' that differences in income were too large in 2004 were much more likely to support direct redistribution. However, according to Sefton (2005b), attitudes to redistribution were affected more by beliefs about what people thought would be a fair distribution of income than by what they thought the actual distribution was. Having said that, people who thought there was a lot of poverty were more likely than others to support redistribution. Thus we can see the interconnectedness of attitudes to inequality, poverty and redistribution.

Analysis of attitudes by demographic variables shows that younger people (aged 18–34) were less supportive of state spending and redistribution in 2002 than older people (particularly compared with those over 55). These differences by age have widened since the mid-1980s and are now statistically significant even after controlling for other variables (Sefton, 2003). Sefton's multivariate analysis also identified the following variables as statistically significant in relation to attitudes towards increasing taxes to spend more on health, education and social benefits: gender (women were more supportive than men); party identification (Liberal Democrats were more supportive than average and Conservatives were less supportive; Labour Party supporters were not listed in the publication); social class (those in social classes IV and V – manual workers – were less supportive than others, surprisingly perhaps); employment status (unemployed people were more supportive than others); and people living in Scotland were more supportive than those in other home nations/regions.

The 2004 BSA (Sefton, 2005b) asked further questions about the kind of tax and benefit system people supported in principle, concluding that:

- fewer than one in ten preferred regressive taxation
- about 44 per cent preferred proportional taxation
- about half preferred progressive taxation.

And in relation to benefits:

- about 7 per cent preferred earnings-related benefits
- just over half preferred flat-rate/universal benefits
- about 40 per cent preferred means-tested benefits.

Overall, 62 per cent of respondents favoured a combination of tax and benefit approaches that were moderately or strongly redistributive (Sefton, 2005b).

Sefton (2005b) concludes that there is broad support for *progressive universalism*. This is, of course, a generalisation, as Sefton himself notes that attitudes varied depending on the particular kinds of social security benefits in question. Attitudes are clearly complex and possibly even contradictory but the public do appear to be generally supportive of a tax and benefits system that is redistributive.

Change over time

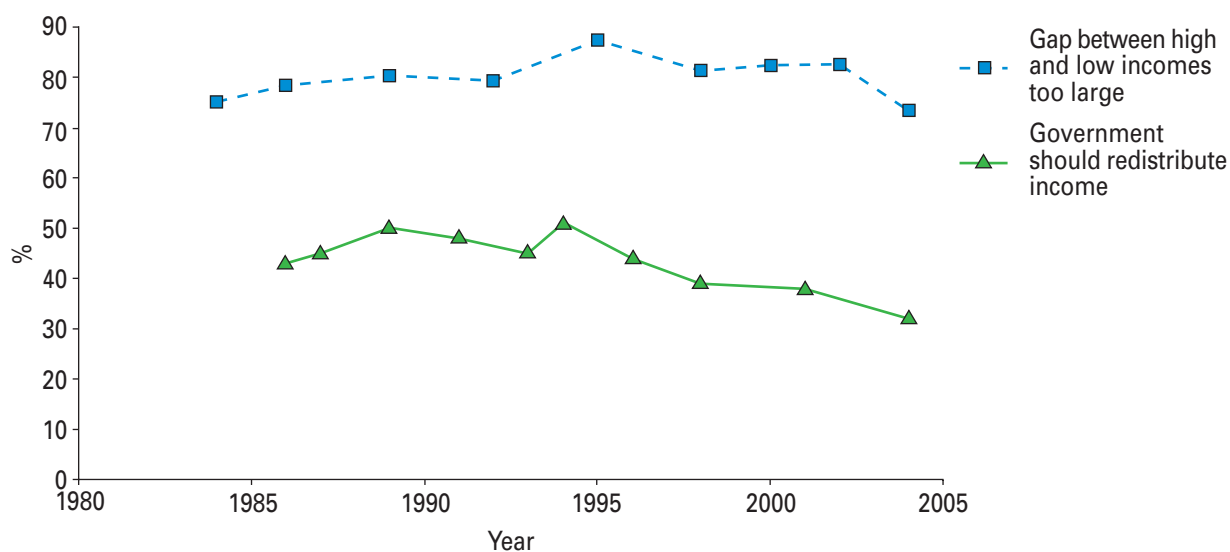
In Chapter 2, we saw that attitudes to inequality were fluid rather than fixed and the same is true in relation to attitudes to redistribution. Figure 3 shows that support for redistribution increased between 1985 and 1995, but then declined substantially from 44 per cent in 1996 to 32 per cent in 2004 (as measured by agreement with the statement 'the Government should redistribute income from the better off to those who are less well off'). This is, perhaps, surprising given that levels of income inequality have remained broadly stable during the same period.

Sefton (2005b) argues that the decline in support for redistribution can be explained partly by a similar decline in the proportion of people who believe that there is 'quite a lot' of poverty. Lister (2007, forthcoming) has argued that reduction in support for redistribution could be due to New Labour's retreat from redistribution:

Perhaps when even a Labour government is uncomfortable with the 'r' word, the wider public comes to think that redistribution is a 'bad thing'.

Svallfors (1997) draws on Pierson's (1993) notion of 'policy feedback' to argue that, while attitudes to redistribution clearly have an impact on policies in different countries, policies also have an impact on attitudes. The nature of cause and effect is therefore difficult to determine here (see also Hills, 2002).

Figure 3 Views about the income gap and support for redistribution



Source: British Social Attitudes Survey data.

Figure 3 also shows responses to the ‘income gap’ question (as discussed in Chapter 2). We can see a considerable gap between these two views and this gap has widened in the last ten years, with support for redistribution falling a little faster than support for the view that inequality is too great.

Support for redistribution *in practice*

As well as asking about attitudes to redistribution in principle (as above), the 2004 BSA (Sefton, 2005b) asked specifically for views about whether or not the Government should do more, or less, to redistribute income. It found that:

- 38 per cent of the public felt that the Government was doing too little or much too little ‘to redistribute income from the better off to those who are less well off’
- 13 per cent thought it was doing too much
- 28 per cent thought it was doing about the right amount
- 20 per cent could not choose.

Thus, the largest response is that the Government is doing too little, or much too little, to redistribute income, and only 13 per cent of people think the Government is

doing too much on this point. It should also be noticed that one in five people did not answer this question, suggesting further ambiguity.

If we compare the answers to this question with the answers to the question above about whether or not governments should, in principle, redistribute income, we see that a higher percentage of the public supported redistribution in practice than supported it in principle (38 per cent compared with 32 per cent). It is difficult to explain this without drawing the conclusion that some people are contradicting themselves. And, indeed, 15 per cent of those who said that the Government should not redistribute income also said that the current Government is doing too little to redistribute income (Sefton, 2005b). However, once again, we do not understand enough about how people interpret these questions to be able to draw conclusions from this data with certainty.

Attitudes to taxation and public spending

We saw earlier that there is broad support for a redistributive tax and benefit system in principle. There is also particular support for tax rises to pay for health and education (Sefton, 2005b). Health was the first or second priority for government spending in 2002 (cited by 79 per cent of the public), followed by education (63 per cent). Social security lagged behind with only 10 per cent of the public saying it was their first or second priority for government spending (Sefton, 2003). According to the literature, support for greater public spending seems to be driven more by public dissatisfaction with public services than by concern about greater equality, though this may be a side effect (Taylor-Gooby and Hastie, 2002; Sefton, 2003; Hedges, 2005).

One reason for the lack of priority given to social security spending is probably that people tend to identify social security with unemployment benefits and there is less sympathy for unemployed people than for pensioners, disabled people and parents who work on very low incomes than there is for single parents and unemployed people (Brook *et al.*, 1998; Taylor-Gooby and Hastie, 2002). For example, levels of support for spending on retirement pensions were relatively high in 2001, with 44 per cent of the public supporting a 3p increase in income tax to pay for pensions – the same level of support as for the NHS and only slightly less than the level of support for schools (49 per cent) (Taylor-Gooby and Hastie, 2003). So the use of the general term ‘social security’ in surveys will provide different answers than asking about particular parts of the system.

This survey data suggests fairly high levels of support for tax increases and yet politicians from all parties shy away from proposing such increases. This may be due to a concern that voters say one thing in a survey but vote differently in an election. There may also be a concern that it is easy for people to say that there should be higher taxes if they believe that the costs of these taxes will be met by others. The public may therefore support the general idea of tax increases but oppose particular proposals that clearly show that they, themselves, will have to pay higher taxes. Brook *et al.* (1998) found large majorities supporting tax increases to spend more on health (87 per cent) and education (73 per cent) in 1991 but very few felt that their own taxes were too low (only 6 per cent of those who said they were on middle incomes and only 3 per cent of those who thought they were on low incomes thought their taxes were too low).

There is further evidence to suggest that politicians may be right to be sceptical about public support for tax increases. In their study of attitudes to taxation,¹ Hedges and Bromley (2001) found that a majority of the public in 2000 felt that taxes were too high or much too high. For example, income tax was considered too high by 58 per cent, VAT by 76 per cent and duty on cigarettes, alcohol and petrol by 75 per cent. So there appears to be another possible contradiction – people tend to support higher taxes to fund certain public services but are also concerned that taxes are already too high in general and for themselves in particular.

There is particular opposition to the idea of ‘double taxation’, that is, being taxed on income that has already been taxed at source. Indirect taxes and inheritance tax were all considered ‘double taxation’. Half the population (51 per cent) said that ‘no inheritances should be taxed’. Younger people and those in social classes IV and V were most likely to support the abolition of inheritance tax. It is very interesting to find that those in the lowest social classes, with least likelihood of ever paying inheritance tax, were most opposed to it. This may be linked to the finding from Rowlingson and McKay (2005) that those with the least were most supportive of the principle of leaving a bequest to their children. They may, therefore, be most resistant to the principle of having any bequests taxed.

In a qualitative study of attitudes to wealth taxes, Prabhakar (2007, forthcoming) also found great hostility towards inheritance tax but he then asked his participants to choose between maintaining inheritance tax as it is now and raising income tax to pay for its abolition. The deep dislike for inheritance tax became tempered with a number of participants now arguing for the retention of inheritance tax rather than higher income tax. There was also some support for the idea of a land tax (where people would be taxed on any increase in the value of their property for which they had not been directly responsible – for example, if a new public transport link

was established nearby). Thus, there was some support for the principle of taxing 'unearned' wealth. Lewis and White (2007) also found that attitudes to inheritance tax changed when research participants were given further information and were asked to consider broader issues about the tax system as a whole.

Attitudes to taxation therefore vary depending on the particular type of tax concerned, and also whether or not taxes are asked about in isolation from each other and in isolation from the kind of spending they will be used to support. Attitudes also vary depending on which group of taxpayers the question relates to. In the survey by Hedges and Bromley (2001) there was particular concern about the level of tax paid by those on low income. Nearly three-quarters of the public (72 per cent) thought that taxes were too high for people with incomes below £15,000. Just over half (53 per cent) thought taxes were too high for people with incomes between £15,000 and £30,000. Conversely, one in ten (11 per cent) thought that those on incomes between £30,000 and £70,000 were not paying enough in taxes and 29 per cent thought those on incomes above £70,000 were not paying enough. But a sizeable minority (20 per cent) still felt that those on incomes above £70,000 were paying too much in tax. Hedges and Bromley (2001) found widespread support for the idea that those on very high incomes should pay higher taxes than at present – though people tended to think that 'very high' incomes were incomes higher than their own. Hedges and Bromley (2001) concluded that there was support for another tier of income tax above £100,000 at a rate of 50 per cent. But they report public concern that, if the threshold was lower than this or the rate higher, this might encourage avoidance or act as a disincentive to work.

What is interesting here is that there is evidence both of support for lower taxation for people on low wages and higher taxation for high earners – measures that would reduce economic inequality. However, there are also negative views of taxation, which potentially undermine this. Hedges and Bromley (2001) found that people viewed the tax-collection process as unfriendly and there was a general belief that British taxes were high and rising. Hedges (2005) demonstrated the strong emotional component to people's views of taxes with the feeling that it involves 'your' money being taken away from you (likened to 'highway robbery' by some). Palmer and Thompson (2005) also found a general perception that taxes (particularly council tax) had been increasing in the last few years without any equivalent improvement in public services. Local authorities were generally considered bureaucratic, wasteful and inefficient but, despite this, people generally praised many locally run services such as the fire service, leisure facilities, refuse collections, parks and so on. So attitudes were somewhat complex and, again, apparently contradictory.

Attitudes and knowledge

In Chapter 2, we discussed the relationship between attitudes and knowledge regarding inequality, and the same applies to taxation. Views about the appropriate level of taxation are accompanied by limited knowledge of how the tax system operates. For example, Sefton (2005b) found that people overestimated the redistributive impact of the tax system (nearly two-thirds believed that those on high incomes pay a higher share of their income in tax than those on low incomes, when in fact they do not). However, Sefton (2005b) also found that people underestimated the redistributive impact of spending on health and education (only 31 per cent thought that people on low incomes benefited more than others from spending on health and education, when in fact they do). Rowlingson and McKay (2005) also demonstrated ignorance of the tax system, in this case inheritance tax. It is difficult to predict what effect there might be on attitudes if awareness of tax and benefit systems was raised.

Contradictions in attitudes

In this chapter it has become clear that there are contradictions in public attitudes. However, we should not, necessarily, be surprised by this. Three points are relevant.

First, we have identified in this chapter and in Chapter 2 that we lack knowledge as to how people understand and interpret concepts of inequality, poverty and redistribution in answering relevant questions. The term 'inequality' may conjure associations with a spectrum of issues to do with income, assets, opportunity and social status. Attitudes to poverty are dealing with a concept that may make people uncomfortable in a way far deeper than attitudes to differential incomes. We do not fully understand the variety of meanings that key words and questions may have within the public imagination.

Second, we have identified people's lack of knowledge on key issues. This may itself lead to contradictions.

Third, in examining the interconnectedness of attitudes to inequality, poverty and redistribution, we can begin to see that, in responding to questions, people will be drawing on more deep-rooted *values*. In many areas of life people do not have particularly consistent value systems, and this can be especially true of issues such as inequality that they do not often think about. If we begin to think in terms of the more deeply held values that people draw on, rather than responses to attitudinal

questions in surveys, it is possible to imagine the competing approaches people may take, e.g. seeing the overall income gap as too large but at the same time having punitive attitudes to people seen as 'scroungers'. For example, Dean and Melrose (1999) explain the ambiguity of social attitudes as follows:

... in terms of everyday individual morality, people draw upon a sometimes incoherent mixture of instrumentalist, pragmatic and altruistic justifications for the basis of their citizenship ... there are fundamental tensions within popular discourse between beliefs in meritocratic principles; concerns for social justice; fatalistic individual compliance; and commitment to social cohesion.

(Dean with Melrose, 1999, pp. 159–60)

Chapter 4 will seek to make sense of this.

Key points

- Public attitudes to redistribution are marked by complexity, ambiguity and apparent contradictions.
- Far more people think the income gap is too large than explicitly support the principle of redistribution. This could be because people do not feel particularly strongly about inequality or because they favour other kinds of policies rather than direct redistribution. But current evidence is unable to explain this.
- A third of the public (32 per cent) in 2004 agreed that 'Government should redistribute income from the better off to those who are less well off'. This is much lower than in 1996 (44 per cent), despite the fact that levels of actual income inequality have changed little over that time.
- There is evidence, however, of support for redistributive policies in practice:
 - 62 per cent of people in 2004 favoured a combination of tax and benefit approaches that are moderately or strongly redistributive
 - 38 per cent of people in 2004 said the Government is doing too little or much too little to redistribute income from the better off to those who are less well off; 28 per cent say it is doing about the right amount; only 13 per cent say it is doing too much.
- People have limited knowledge of the tax system and its redistributive impact.

Public attitudes to economic inequality

- Large majorities support extra taxes to pay for health and education but there is also concern that taxes are both too high in general and too high for individual respondents in particular.
- There is a general view that the low paid pay too much in tax and the highly paid pay too little but there is no agreement about what constitutes low or high pay.
- As with inequality and poverty, we lack knowledge regarding how people interpret and understand issues relating to redistribution.

4 Explaining public attitudes to economic inequality and redistribution

Introduction

We have seen (in Chapter 2) that a large and enduring majority of the public say the income gap is too large, but (in Chapter 3) support for redistribution is far more limited and complex. To address the apparent contradiction, this chapter locates attitudes to inequality, poverty and redistribution in the broader context of social justice and underlying values. Our concern so far has been with public attitudes but, in the light of the contradictions we have identified, examining more underlying values offers a potential way forward. For example, Hitlin and Piliavin (2004) argue that values express a more underlying motivational structure; they focus on ideals; they hold a higher place in people's evaluative hierarchy; and they are more durable than attitudes.

This chapter begins by examining three separate, although overlapping, debates in this field: the role of self-interest versus altruism and underlying values; reference groups and relative deprivation; and empathy and socio-cultural distance. This involves looking at UK studies that go beyond attitudes to inequality, and also examining a more international and theoretical literature. The chapter concludes by bringing together the issues of inequality, redistribution and poverty.

The role of self-interest versus altruism and underlying values

Theories based on the role of self-interest have been championed by many economists. The argument, taking redistribution as an example, is that people will support or oppose redistribution depending on the extent to which they personally benefit or lose out financially. This is usually measured by analysing attitudes to redistribution by income, and Sefton (2005b) has found that those in the top third of the income distribution in 2004 were significantly less in favour of redistribution than those in the bottom third, even among those who agreed that the gap between rich and poor was too large. Other BSA evidence also finds that people are more likely to support spending on the kinds of benefits that they might receive themselves – for

example, disabled people are more likely to support spending on disability benefits (Brook *et al.*, 1998).

Piketty (1995) has focused particularly on those at the top of the income distribution and argued that individuals who have experienced upward income mobility are most likely to explain their success in terms of hard work and so they believe that inequality is justified to a greater degree than those who explain individual success in terms of luck of birth. This is because people like to believe that you should get what you deserve and you should therefore deserve what you get.¹ If this is the case, we would see a correlation between high income and beliefs about success factors with both of these being caused by upward mobility. Data on upward mobility is rare but the British Household Panel Survey (BHPS) has such data and so further analysis of this issue would be possible.

Self-interest appears to be limited, however, to the extent that some people on very high incomes nevertheless support redistribution while some on very low incomes do not. Bowles *et al.* (2001) cite figures from a 1989 US Gallup Poll, which found that a quarter of those on household incomes over \$150,000 who expected their lives to improve in the next five years said that the Government should redistribute wealth by heavy taxes on the rich. Among those with incomes of less than \$10,000 who did not expect to be better off in five years, 32 per cent thought that the Government should *not* redistribute wealth by heavy taxes on the rich (despite the fact that they, themselves, would benefit). Once again, it would be interesting to have figures on this for the UK.

Bromley (2003) considered altruism versus self-interest in relation to the attitudes of those on high incomes to inequality. She argued that those on high incomes might see inequality as a problem for altruistic reasons; or there might also be an element of self-interest regarding the potential negative effects of an unequal society. It is perhaps not so much that people draw exclusively on altruism or self-interest, but that they draw on different values in relation to different issues, meaning attitudes may appear contradictory.

But income may not be the best measure of self-interest, as people on high incomes may still think that they will gain financially from redistribution if they underestimate their income relative to others. Analysis of the 1992 ISSP by Corneo and Gruner (2002) found that few people thought that their own income would go down if incomes generally became more equal in their countries (e.g. only 12 per cent in Australia thought their income would go down; 6 per cent in the US; 11 per cent in Norway; 11 per cent in New Zealand; 10 per cent in Canada). Nevertheless they still found that the percentage of respondents who supported income redistribution was

lower in Australia, Canada and the US than the percentage who believed they would personally gain. It would be interesting to have figures on this for the UK.

Another way of capturing self-interest is to ask attitudinal questions about support for the welfare state. These questions can also measure general beliefs that society as a whole would be better for all if it were more egalitarian. The 2004 BSA (Sefton, 2005b) found:

- 84 per cent agreed that ‘if we want to live in a healthy, educated society we have to be willing to pay the taxes to fund it’ (collective values)
- 74 per cent agreed that ‘the best reason for paying taxes now is that you never know when you might need benefits yourself’ (self-interest)
- 69 per cent agreed ‘it’s only right that taxes paid by the majority help to support those in need’ (principle of need/altruism).

Those who strongly agreed with this last statement were much more likely to support direct redistribution than those who disagreed with it (57 per cent compared with 16 per cent).

The ‘principle of need’ featured heavily in the work of Hedges (2005, pp. 5–6) who speculated that egalitarianism was rare but that there was some support for redistribution because of a ‘feeling that we have a collective duty to support those in need’ and also a feeling that we, ourselves, might have need of support at some point in our lives (self-interest). This means that ‘redistribution is almost more of a by-product than an up-front objective’ for many people. So it seems there is some support for redistribution but as an indirect outcome rather than a goal of policy, and as a result of a combination of self-interest, altruism and collective values. This conclusion is reinforced by Hedges (2005, p. iv) who argues that people are not ‘primarily motivated by concerns about making incomes more equal’ but they do support ‘a system in which everyone can get help when they need it and everyone contributes according to their means’. These notions of ‘fairness’ are therefore important underlying values.

Taylor-Gooby and Hastie (2003) have similarly argued that political ideology and values are important in determining attitudes to the welfare state. Multivariate analysis by Sefton (2005b) confirmed that values and beliefs were more important in explaining attitudes to redistribution than material circumstances. Sefton (2005b) divided the population into the following groups, based on cluster analysis of their values.

- Samaritans (30 per cent of the population) were most in favour of redistribution and a strong welfare state.
- Club Members (45 per cent of the population) supported a more conditional welfare state.
- Robinson Crusoes (25 per cent of the population) preferred to emphasise self-reliance and are more resistant to redistribution.²

Also using cluster analysis, Park *et al.* (2007), in the work for JRF referred to in Chapter 3, divided the population into just two groups: *liberals* and *sceptics*. The term 'liberal' can be used in various ways, though is used here to denote concern for poverty and more positive attitudes to redistribution. With this in mind, 51 per cent of the population were considered to take a *liberal* approach to poverty and 49 per cent had more *sceptical* views. One of the main differences between these two groups was whether or not they had personally experienced poverty. Those with such experience were much more likely to have liberal views. Those with liberal views of poverty were also likely to be younger, white or black, but not Asian, inner London residents, graduates and broadsheet readers.

Building on this analysis, Castell and Thompson (2007), also in work for JRF, carried out focus group research into attitudes to poverty and drew attention to two dimensions of attitudes: collective versus individualistic world-views; and the degree of control versus vulnerability that people felt individuals had (broadly corresponding to notions of agency versus structure). Scepticism about poverty seemed more widespread in the groups than the quantitative research had suggested, which may signal that findings on this subject are sensitive to the data-collection methods used. Income poverty was generally felt to exist only or mainly in places like Africa or in Victorian times and Castell and Thompson (2007) suggested talking about people with 'low income and low opportunities' rather than people in poverty when trying to argue for policy change in this field.

Bowles *et al.* (2001) similarly argue that one way to build a case for more egalitarian policies is to focus on providing better rewards for hard work and effort among poor groups. This could include: increasing the minimum wage and/or tax credits for the low paid; increasing returns to saving among low-income groups; encouraging employee ownership of businesses; and policies around educational opportunity and home ownership. Such policies may chime with views about rewarding effort, but they do not necessarily promote empathy nor challenge socio-economic distance (see below). The Fabian Society (2005), however, has argued for greater education to combat ignorance and stereotypes of poverty rather than focusing on particular

groups such as the working poor.³ The Fabian Society (2005) also demonstrated the power of bringing cross-national comparisons to the debate. People in their focus groups were shocked when shown where the UK stood in relation to other countries in terms of children's life chances and levels of poverty. Having said that, Castell and Thompson (2007, p. 17) found that, when faced with factual information about the extent of poverty in the UK, the more affluent participants in their focus groups argued 'to the point of absurdity' that people are in poverty because of the choices they make, with participants at the upper end of the income distribution reaching 'for outlandish explanations to account for the dissonance [of the extent of poverty] from their view'.

Reference groups and relative deprivation

We have seen above that those in poverty and/or with low income do not necessarily support redistributive policies that will benefit them and there has been a considerable amount of sociological research that has tried to understand why deprived groups have tended to accept prevailing socio-economic conditions rather than challenge them. Part of the answer to this may lie in the role of reference groups. Runciman (1972) argued that people compare themselves with others similar to themselves in the economic distribution (their 'reference group'). Those on low incomes will feel deprived only if they compare themselves with people who have more money than they do and feel that they have some chance and right to a similar amount. Relative deprivation is not something that affects only the poorest, as Shapiro's example (2002, p. 122) illustrates:

A professor will be much more troubled to learn that his [*sic*] salary is \$10,000 less than that of a peer down the corridor than that it is \$200,000 less than that of the cardiologist down the street.

According to Runciman (1972, p. 10), people on low incomes with little chance of improving their position tend to feel grateful for what they have and, if anything, fear losing it, thus becoming reactionary rather than radical, especially in difficult economic times: 'steady poverty is the best guarantee of conservatism'. This might explain why, as we saw in Chapter 3, some people on low incomes nevertheless oppose redistribution. Runciman argued that, in times of increasing prosperity, those who feel they are not keeping up with the others who are becoming better off may feel resentment and this may lead to 'revolutions of rising expectations'. Currently, in the UK, prosperity is generally increasing, but there is a decline in concern about inequality and no evidence of 'rising expectations' leading to a call for greater state

intervention (although a very large majority consistently say the income gap is too large).

Much of the work in this field draws on classical sociological theory, including that of Marx, Durkheim and Weber, with debates about how those with power and status maintain their position and contain the demands of those with less. Durkheim's discussion of anomie⁴ is particularly pertinent with his argument that social discontent is not necessarily caused by people's objective situations but by the subjective belief that they have a right to more than they currently have. Those in the poorest objective situations do not necessarily hold such beliefs and Lane (1991), for example, has argued that low status tends to be associated with the belief that one is ineffective. This causes unhappiness and depression, which leads to fatalism and immobilisation.

This may all sound rather abstract but these ideas and theories have featured in applied research in recent years. For example, Wilkinson (2000) has applied the theory of relative deprivation to health, and mental health in particular, and Marmot (2004) has also drawn on these ideas in his discussions about 'status syndrome'. Rose (2006) has recently suggested updating Runciman's (1972) work to see whether people's reference groups have changed in terms of their scope, perhaps due to the impact of globalisation and the information society. One possibility is that:

... if there is a widening of reference groups to embrace the rich and famous, this ought to result in anomic dissatisfaction and be a threat to social order unless the reward system is somehow seen as legitimate or unalterable.

(Rose 2006, p. 5)

Empathy and socio-cultural distance

As we saw earlier, people tend to support welfare spending that benefits people like themselves and, while this could be interpreted as self-interest, it could also be due to what could be described as 'empathy and socio-cultural distance'. Bowles *et al.* (2001) argue that reciprocity is stronger where the perceived social distance between people is smaller. They maintain that economic inequality – particularly when combined with other forms of difference such as race, ethnicity, religion, language, etc. – may increase social distance and therefore lower feelings of support. This could then lead to a downward spiral where the bonds of reciprocity and generosity between people are progressively weakened as differences grow.

Alesina and Glaeser (2004) have contributed to this debate, arguing that the US welfare state is less developed than welfare states in Europe because of differing political institutions, American ethnic heterogeneity and differing attitudes to the nature of poverty. They have argued that ethnic fractionalisation in the US is linked to attitudes to poverty, as the poor, many of whom are black or Hispanic, are seen as lazy. The empathy gulf between rich and poor may therefore have an added ethnic dimension that results in a particularly low level of support for state intervention.⁵

In a similar vein, Corneo and Gruner (2002) discussed the *social rivalry effect* where views about redistribution are not determined by financial self-interest but by its impact on social standing. For example, if a reduction in inequality leads to an influx of people from lower social classes into a particular neighbourhood, this may be something that is opposed by those who do not wish to 'mix' with people from those classes. The role of racial or ethnic prejudice may also be important here.

Shapiro (2002) also points to 'empathy gulfs' where those in extreme poverty find it impossible to imagine being rich and those who are rich cannot, and do not wish to, imagine what it is like to be poor. In times of great income inequality the gulf between the rich and poor will be particularly wide, potentially leading to a lack of understanding of, and concern for, inequality. In the UK, the Fabian Society (2005, pp. xx–xxi) has called for a 'revolution in empathy' and advocated using a 'life chances framework' to develop 'a progressive political narrative'.

Theories around self-interest versus altruism, reference groups and empathy, and socio-cultural distance are helpful in providing potential ways of exploring the contradictions we have identified in public attitudes. To conclude this chapter, we will continue with a focus on underlying values but address directly the interconnectedness of inequality, poverty and redistribution.

Underlying values: inequality, poverty and redistribution

Sefton (2005b) has argued that underlying beliefs and values are more powerful in explaining attitudes to redistribution than demographic variables such as age and income, etc. In one of the very early BSA reports, Young (1985, p. 30) similarly argued that people's views regarding inequality:

... are based more on philosophy than income or social class. Unlike responses to public expenditure matters, public attitudes to inequality seem to be infused with symbolic overtones.

There are many different types of beliefs and values that may be relevant here and this section begins by considering why people think economic inequality is a problem.

There is very little direct empirical evidence about public attitudes regarding the causes and justice/injustice of inequality. The BSA survey series includes two questions that are used for analysis of people's views regarding the causes of inequality. Respondents are asked how much they agree or disagree with these statements:

Large differences in income are necessary for Britain's prosperity.

Inequality persists because it benefits the rich and powerful.

Table 5 shows responses to these questions and it can be seen that only a small, and decreasing, minority of people think that large differences in income are necessary for Britain's prosperity, whereas a significant, and consistent, majority believe that inequality persists because it benefits the rich and powerful (Bromley, 2003). Bromley (2003, p. 77) argues that:

We can probably assume, with some degree of confidence, that anyone who agrees with the assertion that inequality persists because it benefits the powerful, accepts the notion that inequality has a structural and not an individual explanation.

There is certainly no evidence that public attitudes see inequality in positive terms.

There is some evidence that there may be divergence in attitudes based on age, e.g. only around half of young generations agree that inequality persists because it benefits the rich and powerful (Bromley, 2003). Further analysis is, however, very limited.

Table 5 Attitudes to inequality, 1987, 1992 and 1999

% agree	1987	1992	1999
Large differences in income are necessary for Britain's prosperity	26	19	17
Inequality persists because it benefits the rich and powerful	59	61	58
<i>Base</i>	<i>1,212</i>	<i>1,066</i>	<i>804</i>

Source: Bromley (2003, p. 77).

It might be anticipated that qualitative studies have examined why people consider economic inequality to be a problem, but that is not necessarily the case. The focus group work on communicating poverty to the public, referred to above, found that people are anxious about the level of inequality in Britain (Castell and Thompson, 2007).

Another way of looking at underlying values and beliefs is to consider perceptions of the causes of poverty that are likely to be related to perceptions of the causes of riches and attitudes to inequality. Park *et al.* (2007) analysed the BSA on why there are people in need, as follows.

- Because they have been unlucky: 13 per cent.
- Because of laziness or lack of willpower: 28 per cent.
- Because of injustice in our society: 19 per cent.
- It's an inevitable part of modern life: 32 per cent.

Beliefs differ about the respective roles of birth, luck and effort in determining individual success. These beliefs, in turn, affect attitudes to redistribution. Sefton (2005b) found that people who thought there was a lot of poverty, that it was rising and that *it was caused through no fault of the individual* were significantly more likely to support redistribution. In recent years, there seems to have been a hardening of attitudes to unemployed people, with increasing proportions believing that benefits for the unemployed are too high and discourage work, *and that most unemployed people could find a job if they really wanted one* (Sefton, 2003). This theme featured in Castell and Thompson's (2007) study, which also identified the importance of views about 'scroungers'. Such issues may partly explain the drop in the percentage supporting redistribution.

Evidence from cross-national studies also supports the view that values are important in relation to attitudes to redistribution. Studies show that attitudes to redistribution vary, with people in Scandinavian universalist welfare states most supportive of redistribution and people in the liberal welfare states (including the United States and the United Kingdom) least supportive (Svallfors, 1997; Gelissen, 2000). This is often explained in terms of variations in attitudes to whether inequality is 'fair' or not (that is, whether or not people's economic position is based on luck, birth or individual talent and effort). Alesina and Angeletos (2003) quote evidence from the World Values Survey⁶ that 71 per cent of Americans versus 40 per cent of Europeans believed that the poor could become rich *if they just tried hard enough*.

Europeans were more likely than Americans to believe that luck and connections determine success more than hard work. The truth of this is highly contentious and yet not perhaps as important as the fact that Americans *believe* the 'American Dream' to be a reality and so are less likely to support redistribution.

Linos and West (2003) also found that less support for redistribution in the US (and Australia) could be explained by the fact that people in the US (and to a lesser extent in Australia) believed that there was more mobility in these countries and therefore, in their minds, justifiable levels of inequality. The research also showed that there was great variation in views among people on high incomes and with high educational attainment. They called for more research into opinion formation among elites, who may have a disproportionate amount of influence or power in the political process.

Bowles *et al.* (2001) quote evidence from a study focusing on attitudes to welfare support for the poor in the US, which found that a single variable about beliefs in the work motivation of the poor tripled the explanatory power of their model, which already included income, religion, education and a host of other demographic and social background variables. Other studies have found that people who score highly on attitude scales measuring the 'Protestant Work Ethic' tend to be much less supportive of welfare benefits and less sympathetic to people who receive them (Furnham, 1982). As Golding and Middleton (1982, p. 244) have argued:

... a society so firmly anchored in an ethic of competition and reward will only with difficulty dispose of scarce resources to those conspicuously unsuccessful in a system ostensibly offering equal opportunity to all ... While blaming the victim remains the cornerstone of our conceptions of poverty, the grinding and enduring misery of the poor is unlikely to evoke other than contempt, malign distrust and corrosive pity.

These words were written in the very early 1980s and, since then, the 'ethic of competition and reward' appears to have grown. Lansley (1994) has suggested that 'competitive individualism' is rising as the middle classes have become more self-dependent and less supportive of state intervention. And, more generally, there has been an increasing interest in psychology, with its individualistic explanations and an increasing policy focus on individual behaviour and attitudes (for example, in relation to health and welfare reform). It is easy, however, to exaggerate the growth of individualism and, as shown above, a majority of the public can be characterised as either 'Samaritans' or 'Club Members'.

Wegener (1991) makes an important distinction between views of 'macro' justice (that is, beliefs about justice in society as a whole) and 'micro' justice (that is, beliefs about justice in one's own life). People tend to think there is too much inequality

at a macro level but believe that their share of income is just. So it is difficult to disentangle various motivations and beliefs.

The discussion in this chapter has raised a broad range of issues. In the next chapter we highlight key findings, and discuss policy implications and research gaps.

Key points

- In light of the contradictions in public attitudes to inequality and redistribution, examining the more underlying values that people draw on offers a potential way forward; and is more powerful in explaining attitudes than are demographic and socio-economic variables such as age and income.
- Analyses that have focused on values have divided the population in different ways, for example: Samaritans (30 per cent of the population – they are most in favour of redistribution and a strong welfare state); Club Members (45 per cent of the population – they support a more conditional welfare state); Robinson Crusoes (25 per cent of the population – they prefer to emphasise self-reliance and are more resistant to redistribution).
- Qualitative research has highlighted the importance of collective versus individualistic world-views in influencing attitudes to inequality and redistribution. For example, those who hold individualistic world-views are less likely to support redistribution.
- Beliefs about the respective roles of birth, luck and effort in determining individual success affect attitudes to inequality, poverty and redistribution. For example, those who believe that hard work leads to success are less supportive of redistribution.
- There is, however, little direct empirical evidence about public attitudes regarding the causes and justice/injustice of inequality. But we do know that only 17 per cent of people believe that large differences in income are necessary for Britain's prosperity, whereas 58 per cent believe that inequality persists because it benefits the rich and powerful.
- Sociological theory has highlighted the importance of a number of debates in relation to attitudes to inequality and redistribution. These debates include: the role of self-interest versus altruism and public values; reference groups and relative deprivation; and empathy and socio-cultural distance.

5 Discussion: key findings, policy implications and research gaps

Introduction

This chapter highlights key findings, and discusses policy implications and research gaps.

Key findings

- *Economic inequality should be the focus of far greater policy attention:* over the last 20 years a large and enduring majority of people have considered the income gap to be too large.
- *The public is concerned about high incomes:* people appear to think not so much that those on low incomes are underpaid, but that those on higher incomes are very overpaid.
- *Public attitudes to policy responses, specifically redistribution, are complex, ambiguous and contradictory:* the current evidence is unable to explain why a smaller proportion of people support redistribution than see the income gap as too large.
- *Future research needs to take a more sophisticated approach to talking about 'inequality' and 'redistribution', as these vary in form and attitudes may similarly vary depending on the particular kind of inequality or redistribution that people have in mind.*
- *Future research needs to focus more on people's underlying values and the discourses they draw on.*

Policy implications

New Labour's policy approach to inequality is ambiguous. Hills (2002) has previously argued that New Labour is out of step with public opinion on inequality and much of the evidence supports that contention. The relationship between policy, politics and

public opinion is, of course, a contentious one. In a democracy, politicians have to respond to public opinion but there is also a role for educating and leading public opinion.

The evidence provided by this review suggests that economic inequality should be the focus of far greater policy attention. There is growing interest in the potential effect of economic inequality on society and emerging evidence that a high level of inequality may cause socio-economic problems. Our review of the literature on public attitudes clearly demonstrates that there is considerable public concern regarding economic inequality. There is certainly no evidence that people see the income gap in the UK positively, nor do they believe it is necessary for the country's prosperity. The available evidence also suggests that there is public concern with the position of those on high earnings. Indeed, people appear to think not so much that those on low incomes are underpaid, but that those on higher incomes are very overpaid. There is also evidence of support for higher taxation for those on high incomes and lower taxation for those on low incomes.

But attitudes are highly complex and apparently contradictory. They depend, crucially, on how questions are framed by researchers. For example, people have quite negative attitudes to taxes when asked about them in isolation but majorities do support higher taxation if they are told the money raised will be spent on health and education services. Also, there is much less support for redistribution than we might expect given high levels of concern about inequality. What becomes apparent is that our knowledge on several relevant issues is very limited. We will now discuss how these gaps in our knowledge can be addressed.

Research gaps

At several points in this report we have identified gaps in our knowledge regarding public attitudes – for example, the following.

- We do not fully understand why attitudes change over time.
- We know that public knowledge on issues relating to inequality and redistribution is very limited, but would attitudes be different if people were better informed?
- Further research could help explore the complex and apparently contradictory views about tax increases. Why do large majorities support extra taxes to pay for health and education, and yet have concerns that taxes are both too high in general and too high for themselves in particular?

- More research on the views of elites in relation to redistribution and the views of people in poverty in relation to fatalism and despair would enhance our understanding of public attitudes.
- Issues around empathy and socio-cultural distance are also worthy of further debate and discussion.
- There is very little research on attitudes to 'wealth' both in terms of attitudes to the distribution of assets and what constitutes 'riches' (as opposed to poverty).

There is scope for further analysis of BSA data and also for asking new survey questions.

However, the overriding need is for future research in this field to take a more sophisticated approach to talking about 'inequality' and 'redistribution', as these vary in form and attitudes may similarly vary depending on the particular kind of inequality or redistribution that people have in mind. Thus, most people think that the gap between those with high and low incomes is too large but we do not understand why they think this. Nor do we understand why they do, or do not, support redistribution. More importantly, perhaps, we still do not understand why more people think the income gap is too large than support redistribution.

Future research also needs to focus more on people's underlying values, the discourses they draw on and how they understand concepts such as inequality and redistribution. Qualitative research that explored these issues would provide new understanding, help us interpret the data we already have and cast light on the apparent contradictions in people's attitudes.

Notes

Chapter 1

- 1 These and other non-economic dimensions of inequality have recently formed part of an 'Equalities Review' chaired by Trevor Phillips, see <http://www.theequalitiesreview.org.uk/>.
- 2 A measure of inequality of income or wealth in a population. The coefficient has values between 0 and 1, where 0 signifies perfect equality (all individuals have the same share) and 1 represents complete inequality (one individual gets everything).
- 3 See, for example, Rachel Johnson's article on 18 February 2007 in the *Times Online*: http://www.timesonline.co.uk/tol/comment/columnists/rachel_johnson/article1400086.ece.
- 4 Income before taxes and benefits.
- 5 It should also be noted that the ISSP questions about inequality are asked as part of the BSA survey, rather than as a separate study.

Chapter 2

- 1 This figure uses summary data from the BSA survey series, which is available from the Britsocat website at <http://www.britsocat.com>, and the UK Data Archive. This project did not, however, allow for the secondary analysis of data.
- 2 The same conclusion has been reached in comparative studies. For example, in an analysis of attitudes in nine countries including Britain, Kelley and Evans (1993, p. 115) argued that, across different countries, people have clear norms about wage inequality and legitimate hierarchies but disagreement is mainly about high-status not low-status jobs: 'the divisive issue is not poverty but affluence'.
- 3 The workplace question is an interesting one but does not feature in recent BSA reports.

Chapter 3

- 1 The study included eight group discussions and a survey of 1,717 respondents as part of the Office for National Statistics Omnibus in 2000.

Chapter 4

- 1 Further consideration of European attitudes to 'deservingness' is provided by Van Oorschot (2000, 2006).
- 2 There is some potential resonance with Dean and Melrose's (1999, p. 159) typology of the liberal-individual, the moral-universalist, the moral-authoritarian and the conservative-communitarian, but with discourses of citizenship and popular values drawing on conflicting sets of traditions and moral repertoires.
- 3 The Equalities Review has recently published research on stereotyping and prejudice towards different groups, which is interesting in terms of the perspective that it gives on how public attitudes are shaped and stereotypes are developed: <http://www.theequalitiesreview.org.uk/upload/assets/www.theequalitiesreview.org.uk/dclgprejudicechanges.pdf>.
- 4 Rose (2006, p. 5) summarises this as 'the intolerable gap between wants and their satisfaction'.
- 5 The Alesina and Glaesar (2004) view is controversial and has been the subject of critique by Taylor-Gooby (2005) and Banting and Kymlicka (2007).
- 6 Alesina and Angeletos (2003) do not give the year of the survey.

References

- Alcock, P. (1993) *Understanding Poverty*. Basingstoke: Macmillan
- Alesina, A. and Angeletos, G. (2003) *Fairness and Redistribution: US versus Europe*. NBER Working Paper 9502. Edinburgh: NBER
- Alesina, A. and Glaeser, E. (2004) *Fighting Poverty in the US and Europe: A World of Difference*. Oxford: Oxford University Press
- Austen, S. (1999) 'Norms of inequality', *Journal of Economic Issues*, Vol. 33, No. 2, pp. 435–42
- Austen, S. (2002) 'An international comparison of attitudes to inequality', *International Journal of Social Economics*, Vol. 29, Nos 3–4, pp. 218–37
- Banting, K. and Kymlicka, W. (2007) *Multiculturalism and the Welfare State: Recognition and Redistribution in Contemporary Democracies*. Oxford: OUP
- Barry, N. (1990) 'Markets, citizenship and the welfare state: some critical reflections', in R. Plant and N. Barry (eds) *Citizenship and Rights in Thatcher's Britain: Two Views*. London: IEA Health and Welfare Unit
- Bimrose, J., Barnes, S. and Brown, J. (2005) *A Systematic Literature Review of Research into Career-related Interventions for Higher Education*. Coventry: Warwick Institute for Employment Research
- Blair, T. (2005) 'We've got to carry this on', *Progress*, March (available at <http://www.progressives.org.uk/report/default.asp?action=magazine&articleid=867>)
- Blanden, J., Gregg, P. and Machin, S. (2005) *Intergenerational Mobility in Europe and North America*. London: Centre for Economic Performance
- Bowles, S., Fong, C. and Gintis, H. (2001) 'Reciprocity and the welfare state', working paper (available at <http://discuss.santafe.edu/files/developments/RECIPR1.pdf>)
- Brewer, M., Goodman, A., Muriel, A. and Sibieta, L. (2007) *Poverty and Inequality in Britain: 2007*. London: IFS

Bromley, C. (2003) 'Has Britain become immune to inequality?', in A. Park, J. Curtice, K. Thomson, L. Jarvis and C. Bromley (eds) *British Social Attitudes 20th Report: Continuity and Change over Two Decades*. London: Sage

Brook, L., Preston, I. and Hall, J. (1998) 'What drives support for higher public spending?', in P. Taylor-Gooby (ed.) *Choice and Public Policy*. Basingstoke: Macmillan

Cairncross, F. (1992) 'The influence of the recession', in R. Jowell, L. Brook, G. Prior and B. Taylor (eds) *British Social Attitudes: The 9th Report*. Aldershot: Dartmouth

Castell, S. and Thompson, J. (2007) *Understanding Attitudes to Poverty in the UK: Getting the Public's Attention*. York: Joseph Rowntree Foundation

Corneo, G. and Gruner, H. (2002) 'Individual preferences for political redistribution', *Journal of Public Economics*, Vol. 83, No. 1, pp. 83–107

Dean, H. with Melrose, M. (1999) *Poverty, Riches and Social Citizenship*. Basingstoke: Macmillan

Dornan, P. (2004) 'Ending child poverty by 2020: the first five years', in P. Dornan (ed.) *Ending Child Poverty by 2020: The First Five Years*. London: CPAG.

EPPI-Centre (2002) *Guidelines for Extracting Data and Quality Assessing Primary Studies in Education Research*. London: EPPI-Centre

Esping-Andersen, G. (2002) *Why We Need a New Welfare State*. Oxford: Oxford University Press

Esping-Andersen, G. (2005) 'Inequalities of incomes and opportunities', in A. Giddens and P. Diamond (eds) *The New Egalitarianism*. Cambridge: Polity Press

Evans, M. and Kelley, J. (2004) 'Subjective social location: data from 21 nations', *International Journal of Public Opinion Research*, Vol. 16, No. 1, pp. 3–38

Fabian Society (2005) *Life Chances: What Does the Public Really Think about Poverty? The Fabian Commission on Life Chances and Child Poverty*. London: Fabian Society

Furnham, A. (1982) 'The Protestant Work Ethic and attitudes towards unemployment', *Journal of Occupational Psychology*, Vol. 55, pp. 277–86

- Gelissen, J. (2000), 'Popular support for institutionalised solidarity: a comparison between European welfare states', *International Journal of Social Welfare*, Vol. 9, No. 4, pp. 285–300
- Giddens, A. (2004) 'We can and should take action if the earnings of the rich set them apart from society', *New Statesman and Society*, 27 September
- Golding, P. and Middleton, S. (1982) *Images of Welfare: Press and Public Attitudes to Poverty*. Oxford: Martin Robertson
- Hadler, M. (2005) 'Why do people accept different income ratios? A multi-level comparison of thirty countries', *Acta Sociologica*, Vol. 48, No. 2, pp. 131–54
- Harrison, A. (1984) 'Economic policy and expectations', in R. Jowell and C. Airey (eds) *British Social Attitudes: The 1984 Report*. Aldershot: Gower
- Hasluck, C. and Green, A. (2005) *Workless Couples and Partners of Benefit Claimants: A Review of the Evidence*. Department for Work and Pensions Research Report No. 262. Norwich: HMSO
- Heath, A. and Park, A. (1997) 'Thatcher's children', in R. Jowell, J. Curtice, A. Park, L. Brook, K. Thomson and C. Bryson (eds) *British Social Attitudes: The 14th Report: The End of Conservative Values*. Aldershot: Ashgate
- Hedges, A. (2005) *Perceptions of Redistribution: Report on Exploratory Qualitative Research*. CASE Paper 96. London: London School of Economics
- Hedges, A. and Bromley, C. (2001) *Public Attitudes towards Taxation*. London: Fabian Society
- Hills, J. (2002) 'Following or leading public opinion? Social security policy and public attitudes since 1997', *Fiscal Studies*, Vol. 23, No. 4, pp. 539–58
- Hills, J. (2004) *Inequality and the State*. Oxford: Oxford University Press
- Hills, J. and Lelkes, O. (1999) 'Social security, selective universalism and patchwork redistribution', in R. Jowell, J. Curtice, A. Park and K. Thomson with L. Jarvis, C. Bromley and N. Stratford (eds) *British Social Attitudes: The 16th Report: Who Shares New Labour Values?* Aldershot: Ashgate

Hills, J. and Stewart, K. (eds) (2005) *A More Equal Society? New Labour, Poverty, Inequality and Exclusion*. Bristol: The Policy Press

Hirsch, D. (2006) *What Will it Take to End Child Poverty?* York: Joseph Rowntree Foundation

Hitlin, S. and Piliavin, J. (2004) 'Values: reviving a dormant concept', *Annual Review of Sociology*, Vol. 30, pp. 359–93

Jackson, B. and Segal, P. (2004) *Why Inequality Matters*. London: Catalyst

Jencks, C. (2002) 'Does inequality matter', *Daedalus*, Winter, pp. 49–65

Kelley, J. and Evans, M. (1993) 'The legitimation of inequality: occupational earnings in nine nations', *The American Journal of Sociology*, Vol. 99, No. 1, pp. 75–125

Lane, R. (1991) *The Market Experience*. Cambridge University Press

Lansley, S. (1994) *After the Goldrush: The Trouble with Affluence*. London: Random House

Lansley, S. (2006) *Rich Britain: The Rise and Rise of the New Super-wealthy*. London: Politico's

Layard, R. (2005) *Happiness: Lessons from a New Science*. London: Allen Lane

Lewis, M. and White, S. (2007) 'Inheritance tax: what do the people think? Evidence from deliberative workshops', in W. Paxton and S. White (eds) *The Citizen's Stake: Exploring the Future of Universal Asset Policies*. Bristol: The Policy Press

Linos, K. and West, M. (2003), 'Self-interest, social beliefs, and attitudes to redistribution', *European Sociological Review*, Vol. 19, No. 4, pp. 393–409

Lister, R. (2007, forthcoming) 'The real egalitarianism? Social justice "after Blair"', in G. Hassan (ed.) *After Blair*. London: Lawrence Wishart

Marmot, M. (2004) *Status Syndrome*. London: Bloomsbury

Orton, M. and Rowlingson, K. (2007) 'A problem of riches: towards a new social policy research agenda on the distribution of economic resources', *Journal of Social Policy*, Vol. 36, No. 1, pp. 59–78

- Palmer, A. and Thompson, M. (2005) *Public Attitudes to Taxation and Public Services: Report of Qualitative Research Findings*. London: GfK NOP Social Research for the Lyons Inquiry into Local Government
- Park, A., Phillips, M. and Robinson, C. (2007) *Attitudes to Poverty: Findings from the British Social Attitudes Survey*. York: Joseph Rowntree Foundation
- Pierson, P. (1993) 'When effect becomes cause: policy feedback and political change', *World Politics*, Vol. 45, pp. 595–628
- Piketty, T. (1995) 'Social mobility and redistributive politics', *Quarterly Journal of Economics*, Vol. 110, pp. 551–85
- Prabhakar, R. (2007, forthcoming) 'Taxing wealth: public attitudes towards policies for overcoming wealth inequality', paper for 2007 Political Studies Association conference, Bath, April
- Rose, D. (2006) *Social Comparisons and Social Order: Issues Relating to a Possible Re-study of W.G. Runciman's Relative Deprivation and Social Justice*. ISER Working Paper 2006-48. Colchester: University of Essex
- Rowlingson, K. and McKay, S. (2005) *Attitudes to Inheritance in Britain*. Bristol: The Policy Press
- Runciman, W. (1972) *Relative Deprivation and Social Justice: A Study of Attitudes to Social Inequality in 20th Century England*. Harmondsworth: Penguin
- Scott, J. (1994) *Poverty and Wealth: Citizenship, Deprivation and Privilege*. Harlow: Longman
- Sefton, T. (2003) 'What we want from the welfare state', in A. Park, J. Curtice, K. Thomson, L. Jarvis and C. Bromley (eds) *British Social Attitudes 20th Report: Continuity and Change over Two Decades*. London: Sage
- Sefton, T. (2005a) 'Inequality and redistribution under New Labour', *Benefits*, Vol. 13, No. 2, pp. 109–14
- Sefton, T. (2005b) 'Give and take: public attitudes to redistribution', in A. Park, J. Curtice, K. Thomson, C. Bromley, M. Phillips and M. Johnson (eds.) *British Social Attitudes 22nd Report*. London: Sage

Shapiro, I. (2002) 'Why the poor don't soak the rich: notes on democracy and distribution', *Daedalus*, Vol. 130, No. 4, pp. 118–28

Spencer, P. (1996) 'Reactions to a flexible labour market', in R. Jowell, J. Curtice, A. Park, L. Brook and K. Thomson (eds) *British Social Attitudes: The 13th Report*. Aldershot: Dartmouth

Sutton, L., Smith, N., Dearden, C. and Middleton, S. (forthcoming) 'A child's eye view of social difference', research for the Joseph Rowntree Foundation

Svallfors, S. (1997) 'Worlds of welfare and attitudes to redistribution: a comparison of eight Western nations', *European Sociological Review*, Vol. 13, No. 3, pp. 283–304

Taylor-Gooby, P. (2005) 'Is the future American? Can Left politics preserve European welfare states from erosion through growing "racial diversity"?', *Journal of Social Policy*, Vol. 34, No. 4, pp. 661–73

Taylor-Gooby, P. and Hastie, C. (2002) 'Support for state spending', in A. Park, J. Curtice, K. Thomson, L. Jarvis and C. Bromley (eds) *British Social Attitudes: The 19th Report*. London: Sage

Taylor-Gooby, P. and Hastie, C. (2003) 'Paying for "world class" services: a British dilemma', *Journal of Social Policy*, Vol. 32, No. 2, pp. 271–88

Taylor-Gooby, P., Hastie, C. and Bromley, C. (2003) 'Querulous citizens: welfare knowledge and the limits to welfare reform', *Social Policy and Administration*, Vol. 37, No. 1, pp. 1–20

Toynbee, P. (2003) *Hard Work: Life in Low-pay Britain*. London: Bloomsbury

Van Oorschot, W. (2000) 'Who should get what, and why? On deservingness criteria and the conditionality of solidarity among the public', *Policy & Politics*, Vol. 28, No. 1, pp. 33–48

Van Oorschot, W. (2006) 'Making the difference in social Europe: deservingness perceptions among citizens of European welfare states', *Journal of European Social Policy*, Vol. 16, No. 1, pp. 23–42

Wallace, A., Croucher, K., Quilgars, D. and Baldwin, S. (2004) 'Meeting the challenge: developing systematic reviewing in social policy', *Policy and Politics*, Vol. 32, No. 4, pp. 455–470

Wegener, B. (1991) 'Relative deprivation and social mobility', *European Sociological Review*, Vol. 7, No. 1, pp. 3–18

Wilkinson, R. (1996) *Unhealthy Societies: The Afflictions of Inequality*. London: Routledge

Wilkinson, R. (2000) *Mind the Gap: Hierarchies, Health and Human Evolution*. London: Weidenfeld and Nicholson

Wilkinson, R. (2005) *The Impact of Inequality*. London: Routledge

Young, K. (1985) 'Shades of opinion', in R. Jowell and S. Witherspoon (eds) *British Social Attitudes: The 1985 Report*. Aldershot: Gower

Appendix: The research methodology

The project methodology drew principally on the systematic literature review approach developed by the Evidence for Policy and Practice Information and Co-ordinating Centre (EPPI-Centre) at the University of London (see EPPI-Centre, 2002; and, for a more general discussion, Wallace *et al.*, 2004). The project followed the core phases of the systematic review approach, i.e. *searching* (the systematic identification of potentially relevant studies based on predetermined key words and search strings); *screening* (the application of predetermined criteria to ensure the relevance of identified references); *data extraction* (the in-depth examination of studies); and *synthesis* (the development of a framework for data analysis and identification of key themes).

In practice, the project involved identifying keywords and search strings to use in the review. A total of 25 search strings were used, with key search strings including: 'public attitudes *and* inequality'; 'public attitudes *and* wealth'; 'opinion *and* inequality', and so on. The first phase of the project used these search strings to interrogate more than 20 major databases including: IngentaConnect (which alone contains over 20,000,000 items); CSA Illumina (which includes the Applied Social Science Index and Abstracts [ASSIA] and Sociological Abstracts [Sociofile] databases); and Zetoc (which has records of around 20,000 journals and around 16,000 conference proceedings published per year, held by the British Library). The second stage of the searching was a targeted investigation of more than a dozen specific websites of relevant research centres, 'think tanks', government departments and other organisations. These included: NatCen (the National Centre for Social Research); the Institute for Public Policy Research; the Department for Works and Pensions; and the Joseph Rowntree Foundation. The third phase of the searching was to ask for suggestions from experts in this field. A total of 21 experts were approached.

We were mindful of the experience of other researchers who have undertaken systematic reviews with a policy focus. For example, Hasluck and Green (2005) warn that care needs to be taken to avoid the approach becoming overly mechanistic, while Bimrose *et al.* (2005) argue that researchers need to play a central and critical role in the systematic process, and exercise professional judgement as part of the review. We therefore did use our professional judgement in identifying additional references.

In total, just over 200 references were identified. The references included electronic sources and printed material, as well as so-called 'grey' literature (e.g. conference papers). The screening and data-extraction phases were to some extent merged.

This was because the searching identified a significant but not unmanageable number of references. The final element was then the identification and analysis of key themes and issues, as presented in this report. The full list of references is available in a working paper available at <http://www2.warwick.ac.uk/fac/soc/ier/research/current/paiwuk/>. The references listed in this report represent the key literature we identified.

