

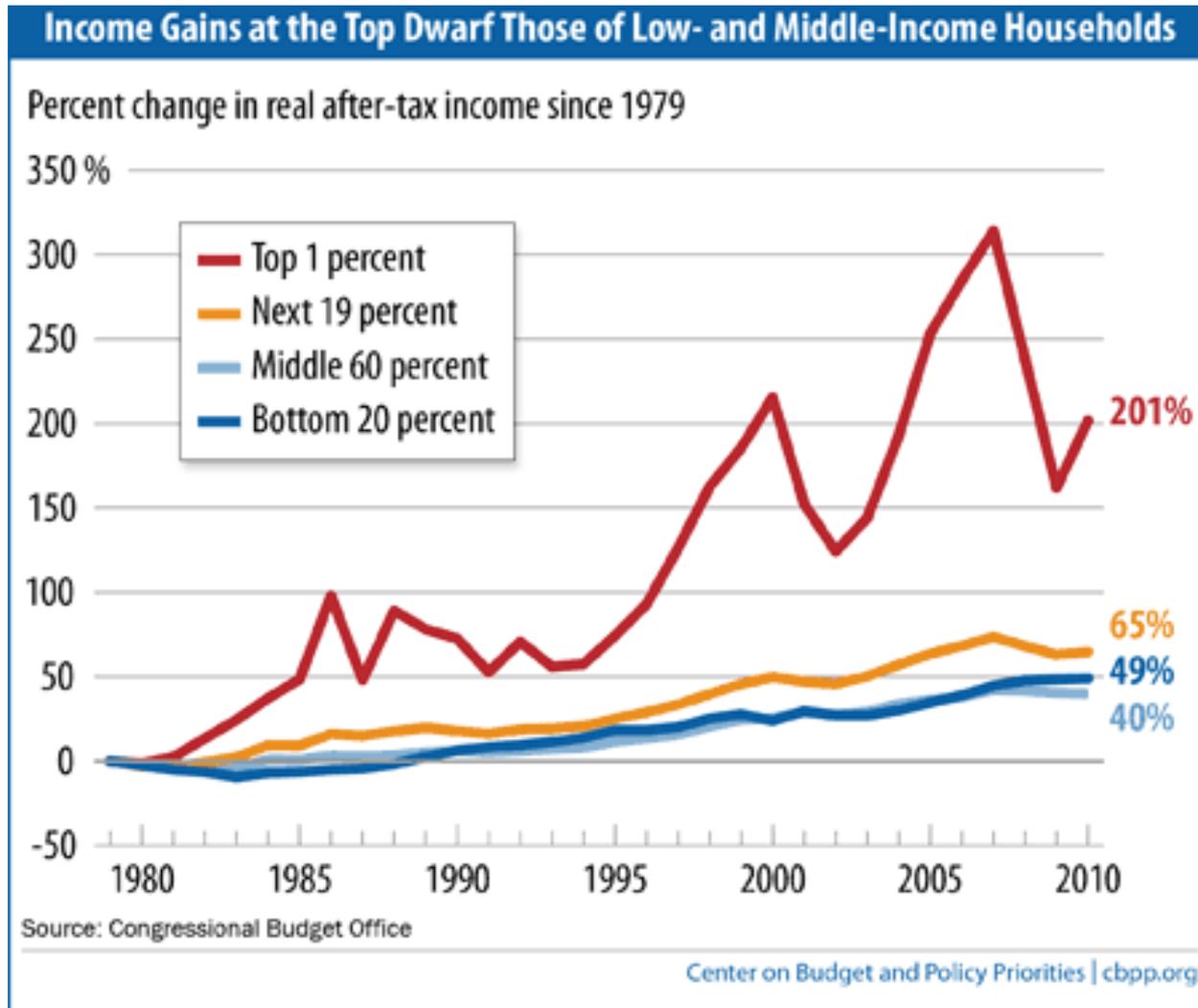
Misinformed in an Unequal World:

How Accurate Information about Inequality and Income
Affects Public Support for Redistributive Policies

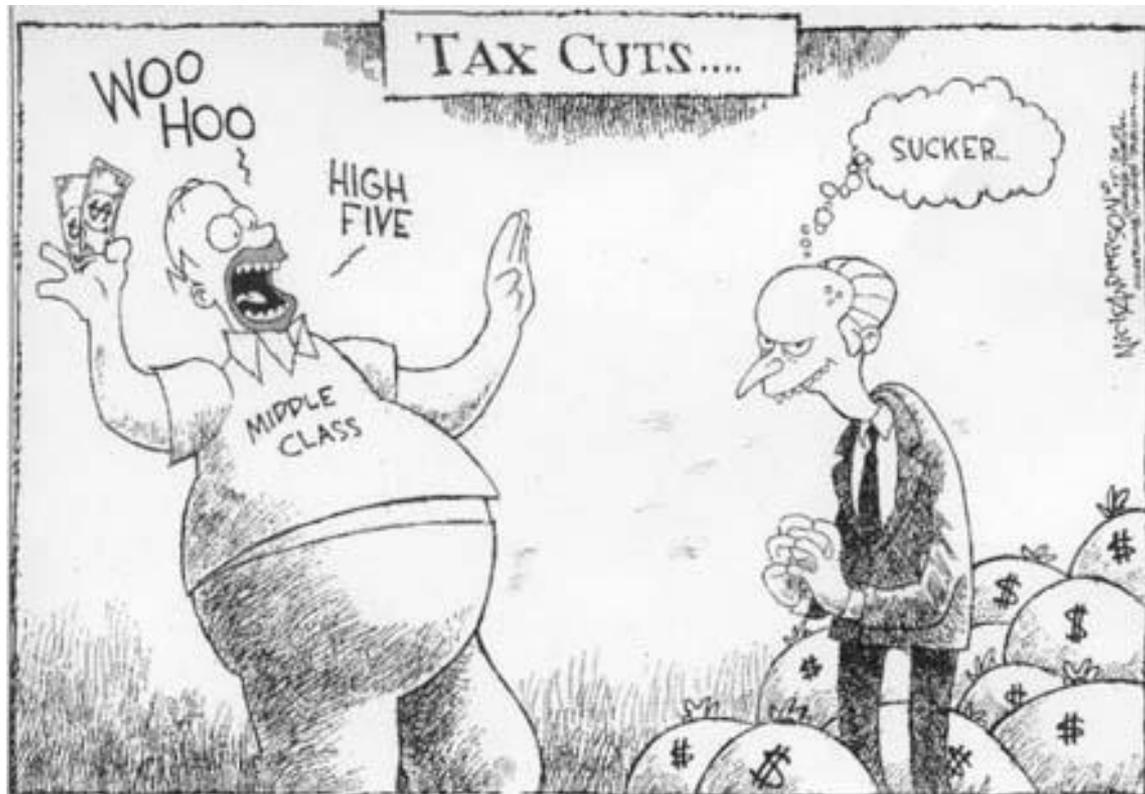
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Rising Inequality in United States



The Puzzle: Lack of Demand for Redistribution



Research Questions

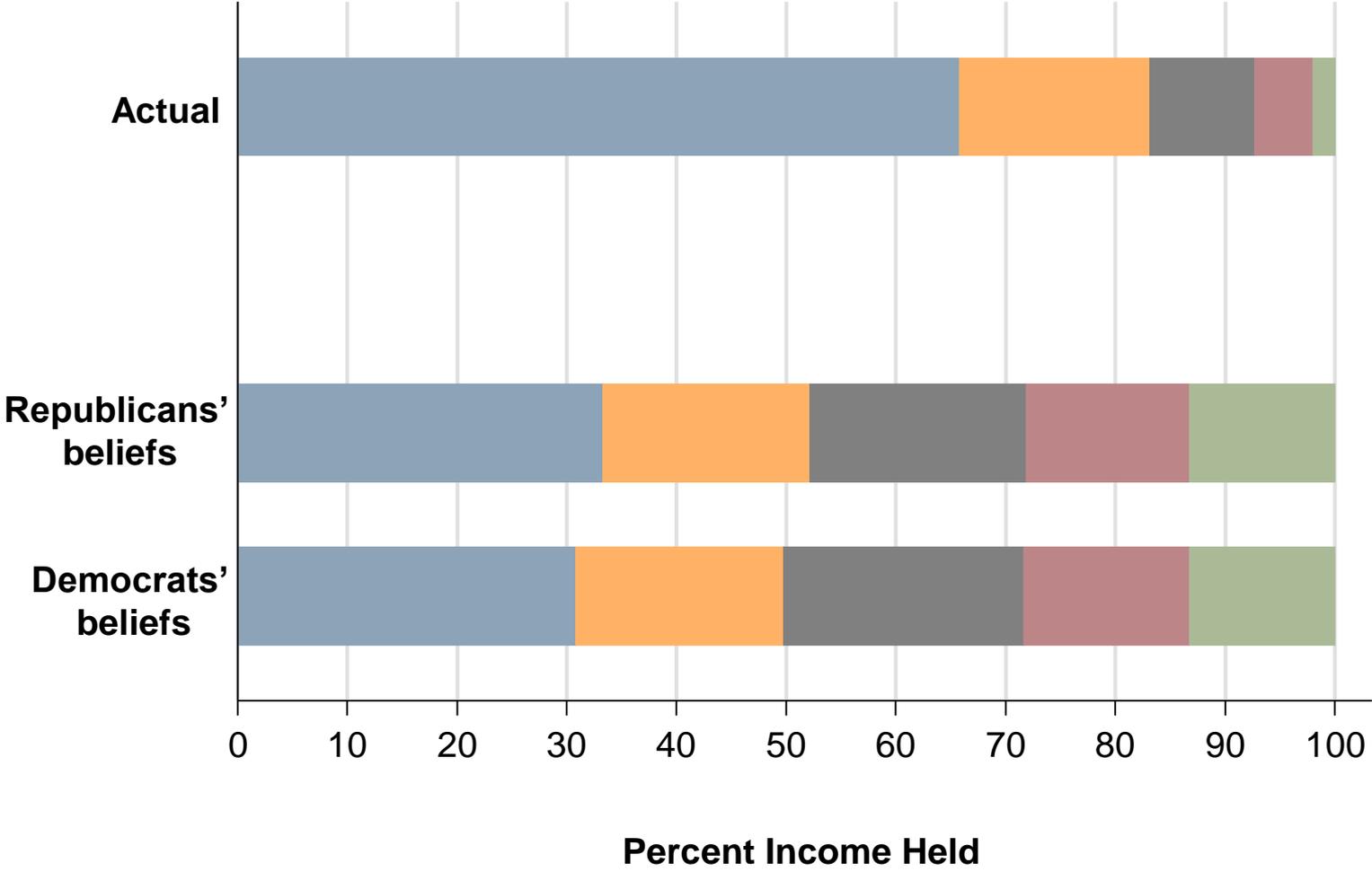
- Do citizens hold accurate beliefs about income inequality and their own position in the income distribution?
- Can information affect support for redistribution?
- If so, does information do so even in partisan environments?

Survey Design

- Survey of 3,040 Californians (administered by SSI)
- Measure beliefs about inequality and personal income
 - What percentage of California's total income is actually held by five groups?
 - 1) Richest 20%, 2) Second richest 20%, 3) Middle 20%, 4) Second poorest 20%, 5) Poorest 20%
 - What percentage of California's total income *ideally should be held* by five groups?
 - Which group do you think you are in based on your personal income?

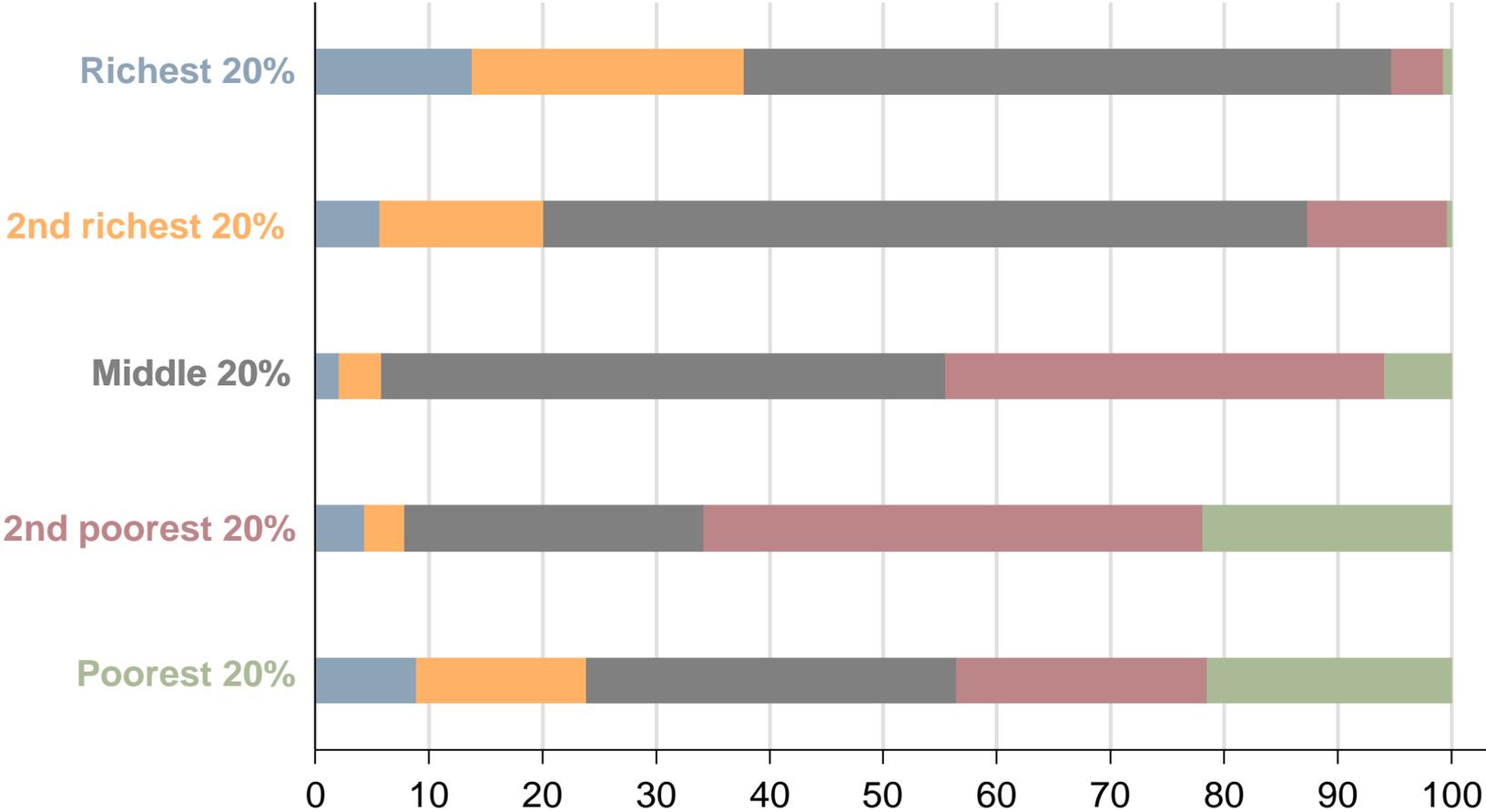
Misinformation about Income Inequality

Richest 20% 2nd richest 20% Middle 20% 2nd poorest 20% Poorest 20%



Misinformation about Personal Income

■ Richest 20% **■ 2nd richest 20%** **■ Middle 20%** **■ 2nd poorest 20%** **■ Poorest 20%**



Percent Believing their Income Falls in each Group

Correcting Misinformation: An Experiment

- Control group (example: charity healthcare)

The California state legislature recently considered a bill that would require hospitals to establish policies for charity care and discounted payments for low-income individuals. Under such a program, hospitals would need to provide a payment plan if a hospital bill exceeds 10 percent of a patient's income.

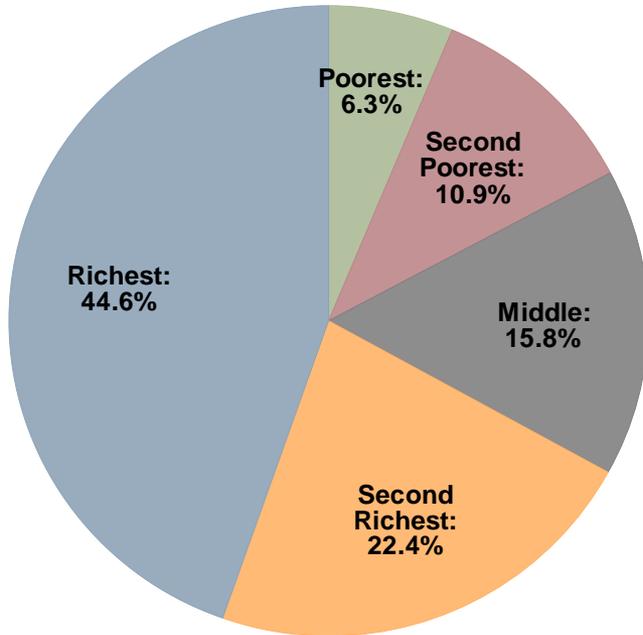
- Party cues group

Members of the Democratic Party support this measure. Members of the Republican Party oppose it.

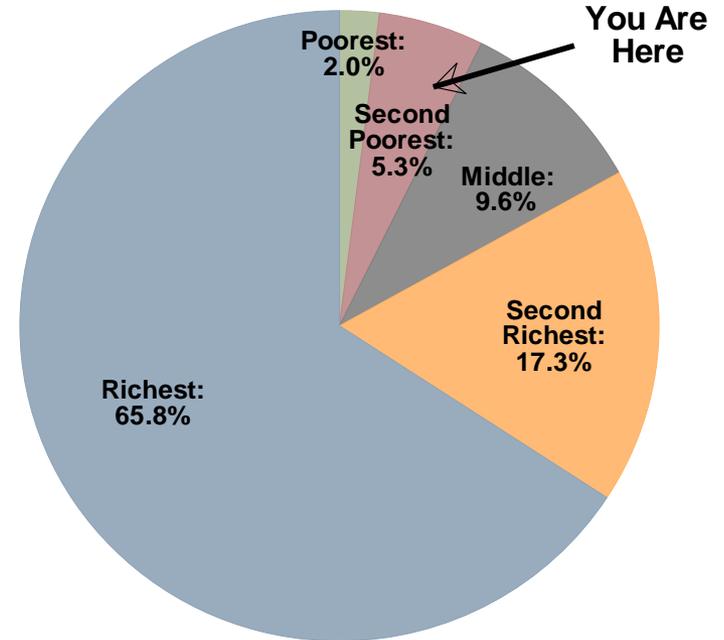
- **Inequality information group**

**Percentage of Income Held By Different Groups of Californians
(richest 20%, second richest 20%, middle 20%, second poorest 20%, poorest 20%)**

1980



2014



From 1980 to 2014, California's income distribution changed significantly. There has been a sizeable increase in the income earned by the richest 20% of Californians. The percentage of income earned by the poorest 20% and the second poorest 20% has decreased substantially.

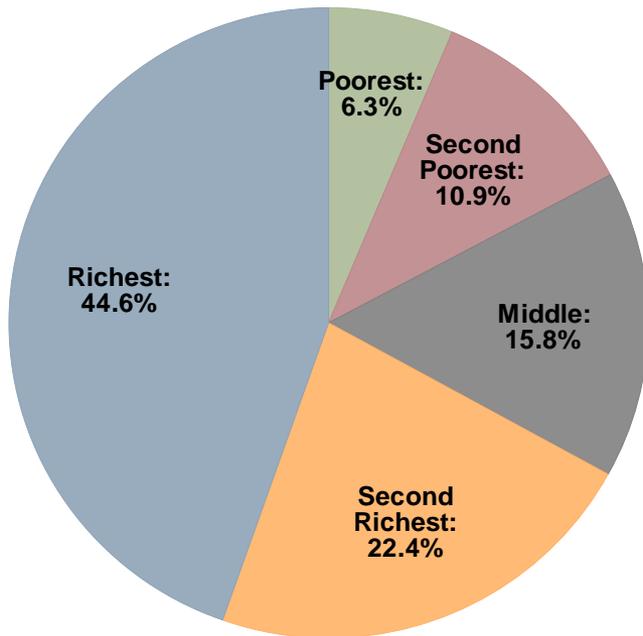
- Party cue + Inequality information group

Members of the Democratic Party support this measure. Members of the Republican Party oppose it.

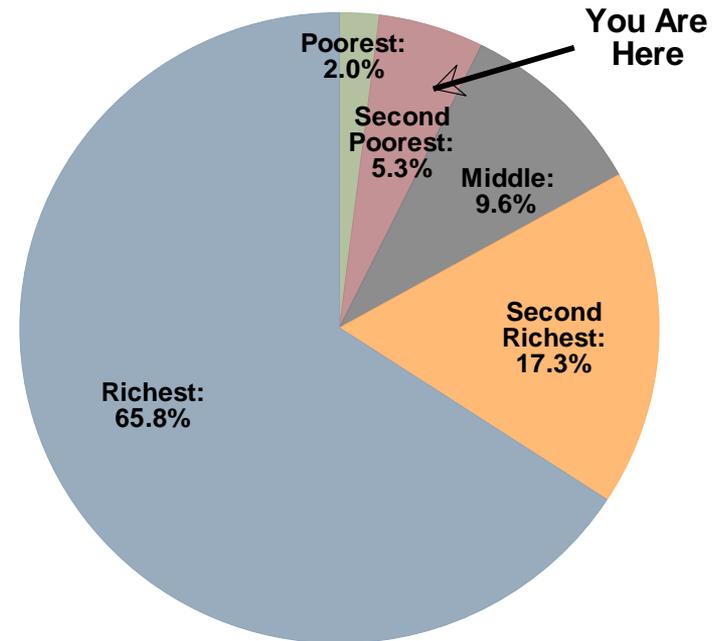
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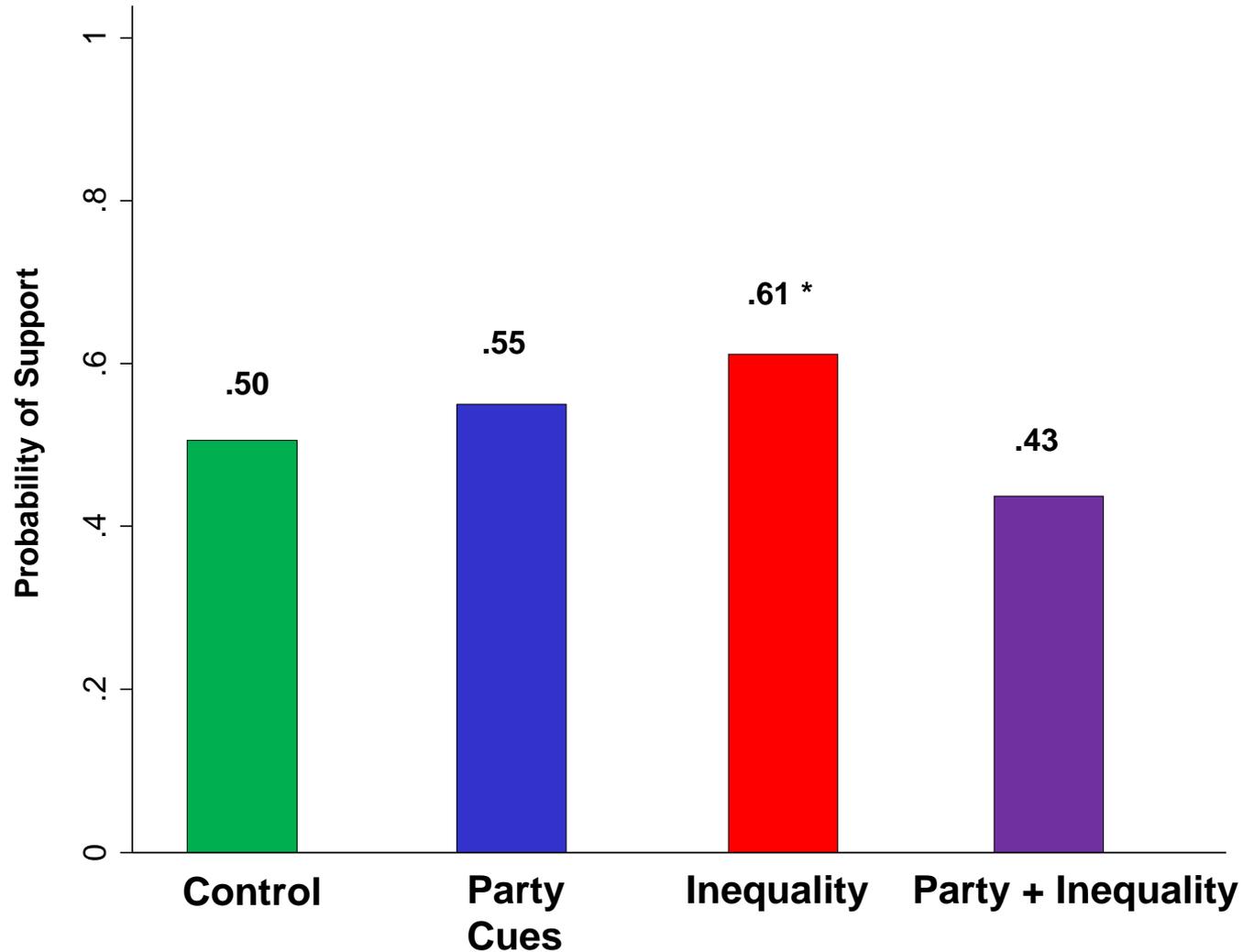


2014



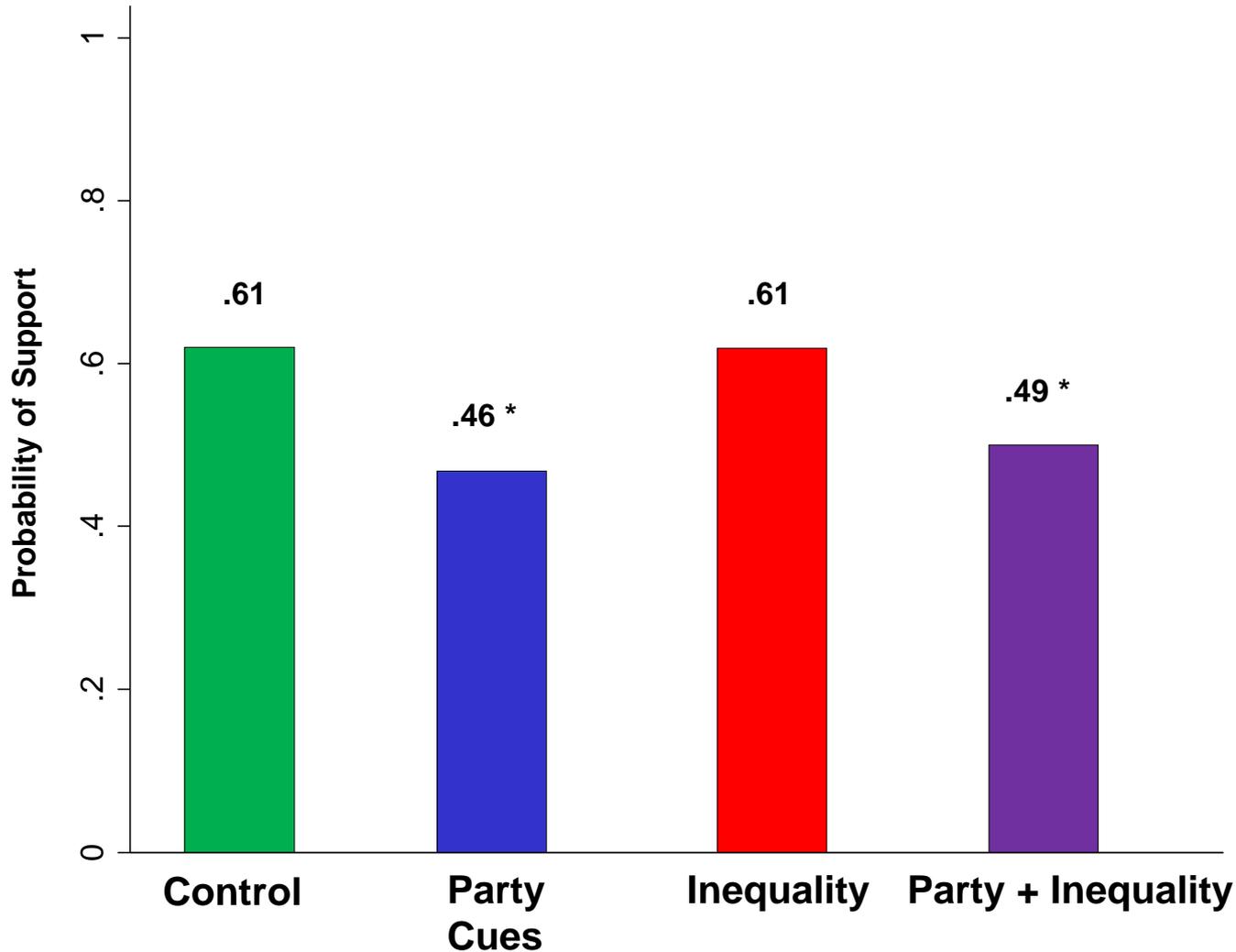
Poor Republicans

(conflicting signals: Republican Party opposes; inequality info supports)



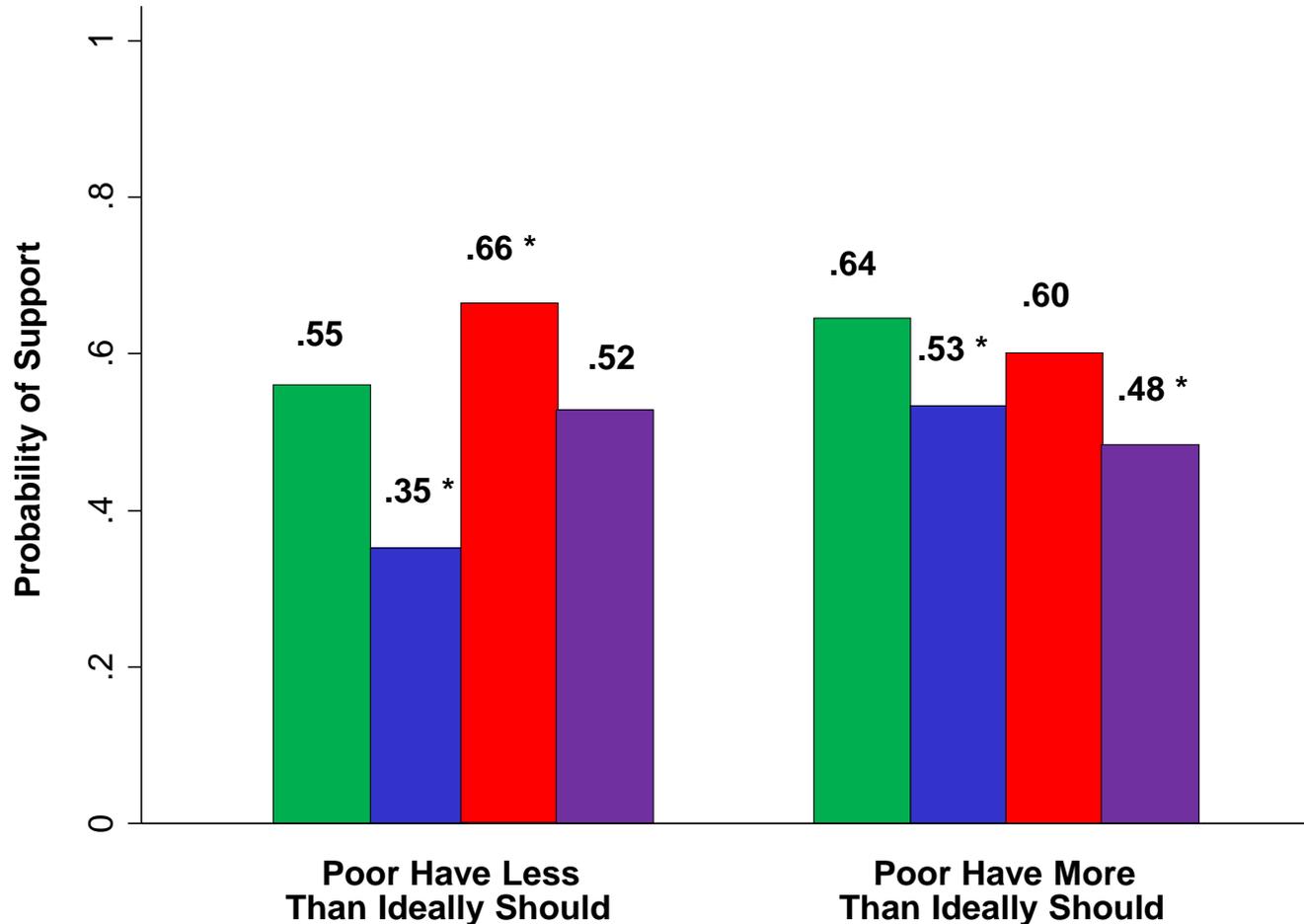
Wealthy Republicans

(reinforcing signals: Republican Party opposes; inequality info opposes)



Wealthy Republicans Who Value Equality

(reinforcing signals: Republican Party opposes; inequality info opposes)

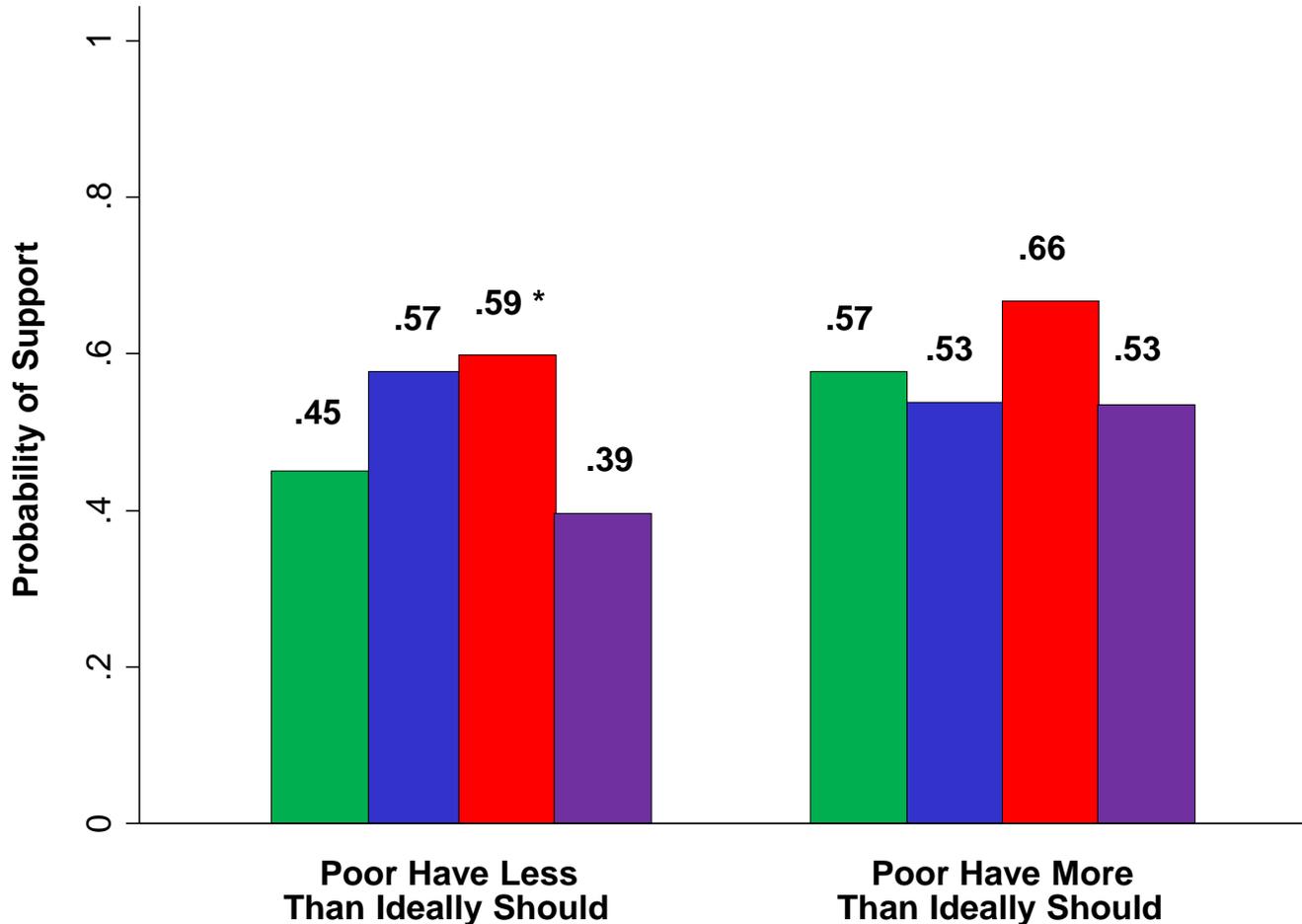


Take Home Message

- Misinformation about inequality and personal income
- Educating citizens *can* make a difference for government efforts to combat inequality
- Support for redistribution even when economic self-interest or partisan allegiances militate against it
- Implication: Misinformation contributes to weak relationship between inequality and redistribution
 - Prevents voters from connecting economic self-interest and preferences for less inequality to policy views
 - Citizens not simply ignorant; information can make a difference

Poor Republicans

(conflicting signals: Republican Party opposes; inequality info supports)



Predictions

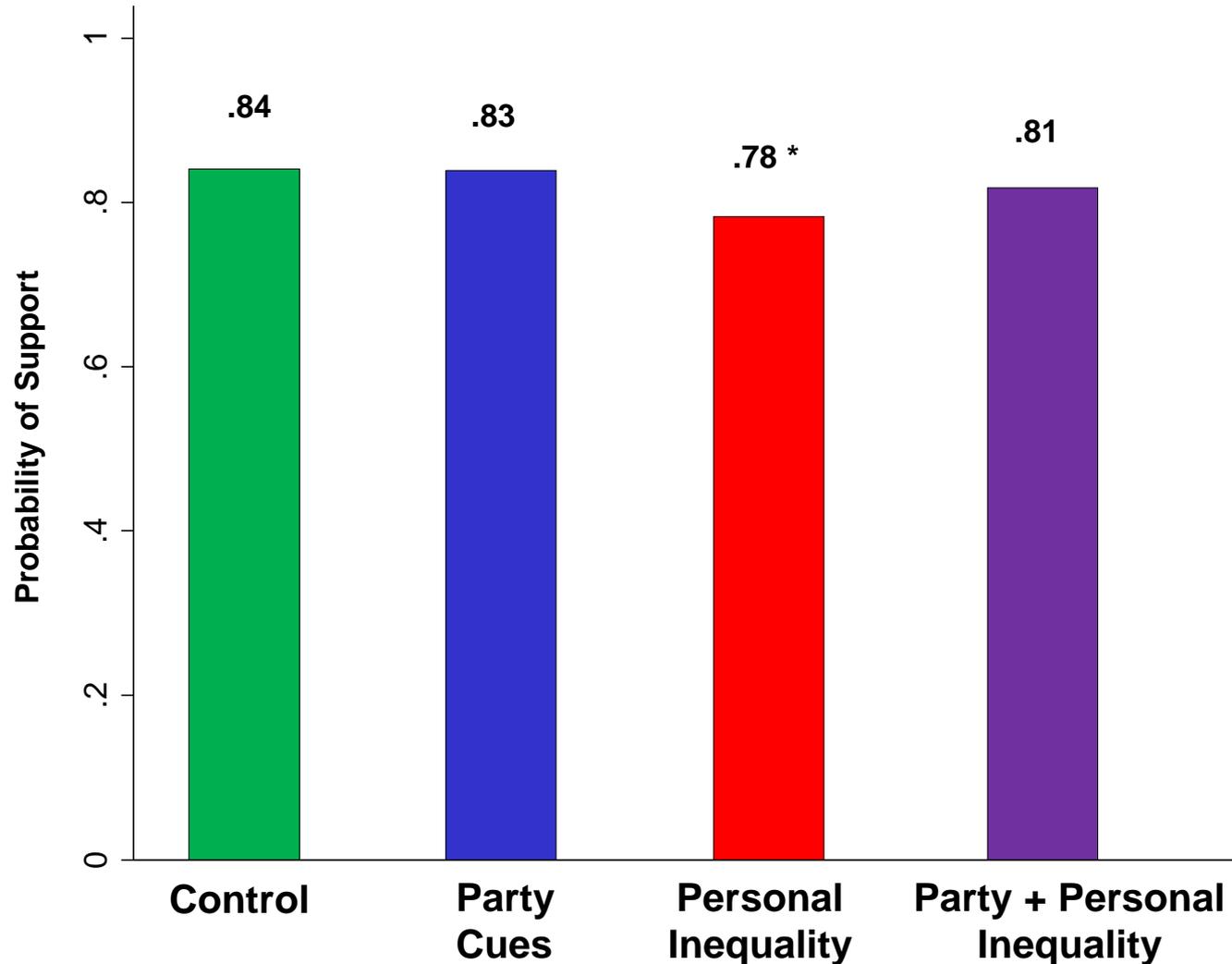
- Party cue group
 - Citizens will support redistributive policies that their party supports and oppose those that their party opposes
- Personal inequality information group
 - Citizens' response will depend on where they fall in the income distribution
 - Poor citizens' support for redistribution should increase; Wealthy citizens' support should decrease
- Party cue + Personal inequality information group
 - Citizens will rely on party cues and ignore the inequality information

The Exception

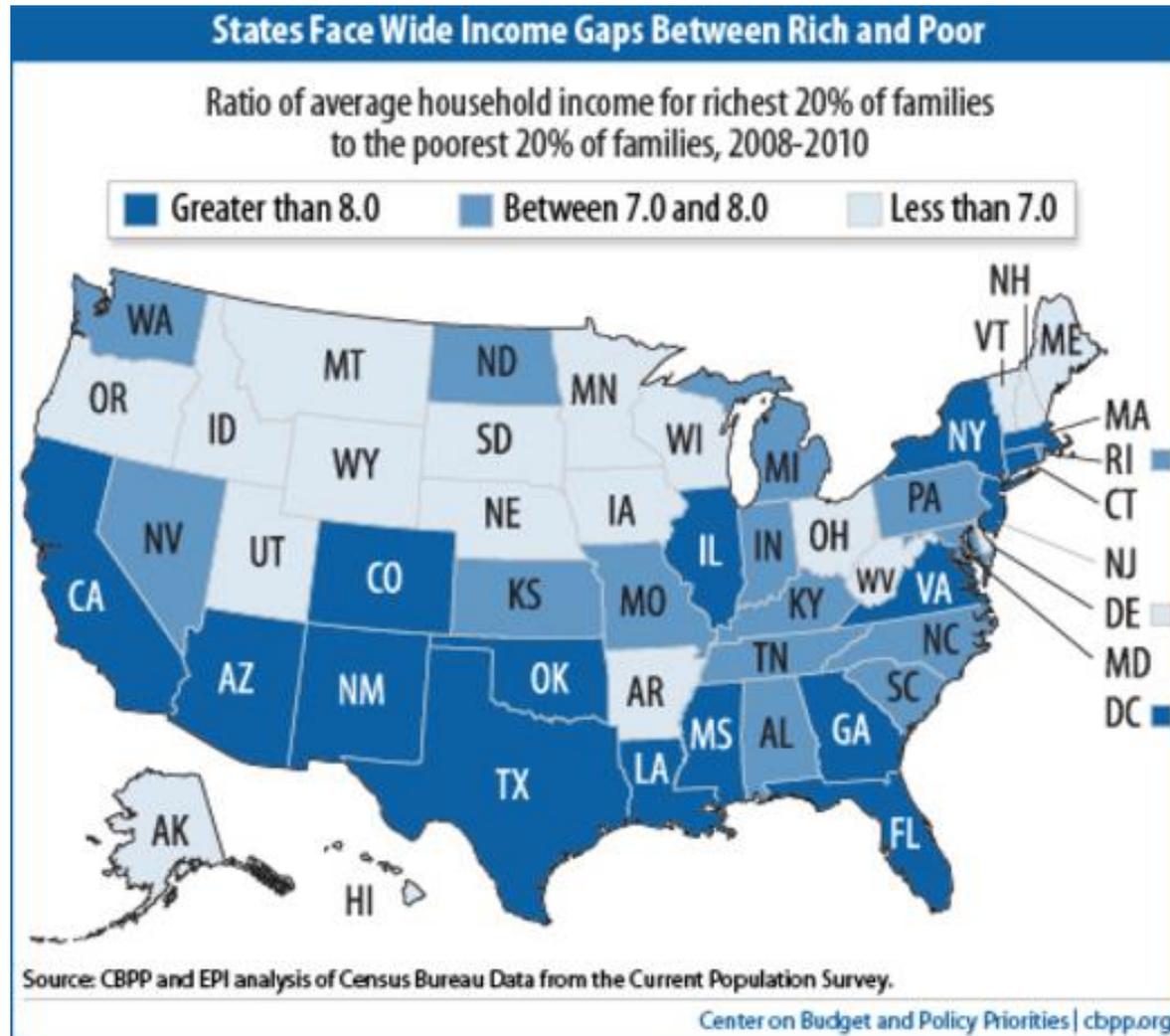
- Citizens who value greater equality (i.e., believe the poor have less income than they ideally should)
 - This value may override wealthy citizens' economic self-interest when exposed to personal inequality information
 - May do so even when exposed to their party's conflicting position

Wealthy Democrats

(conflicting signals: Democratic Party supports; inequality info opposes)



Rising Inequality in United States





Relation to the Literature

- Explanations for the weak relationship between inequality and redistribution
 - Unequal representation (government responds to the rich)
 - Citizen ignorance
 - Misinformation about inequality and/or personal economic circumstances
- Unequal representation cannot explain weak relationship in direct democracy settings
- Observational studies cannot fully distinguish citizen ignorance from misinformation