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THE SOCIAL PSYCHOLOGY OF ECONOMIC INEQUALITY

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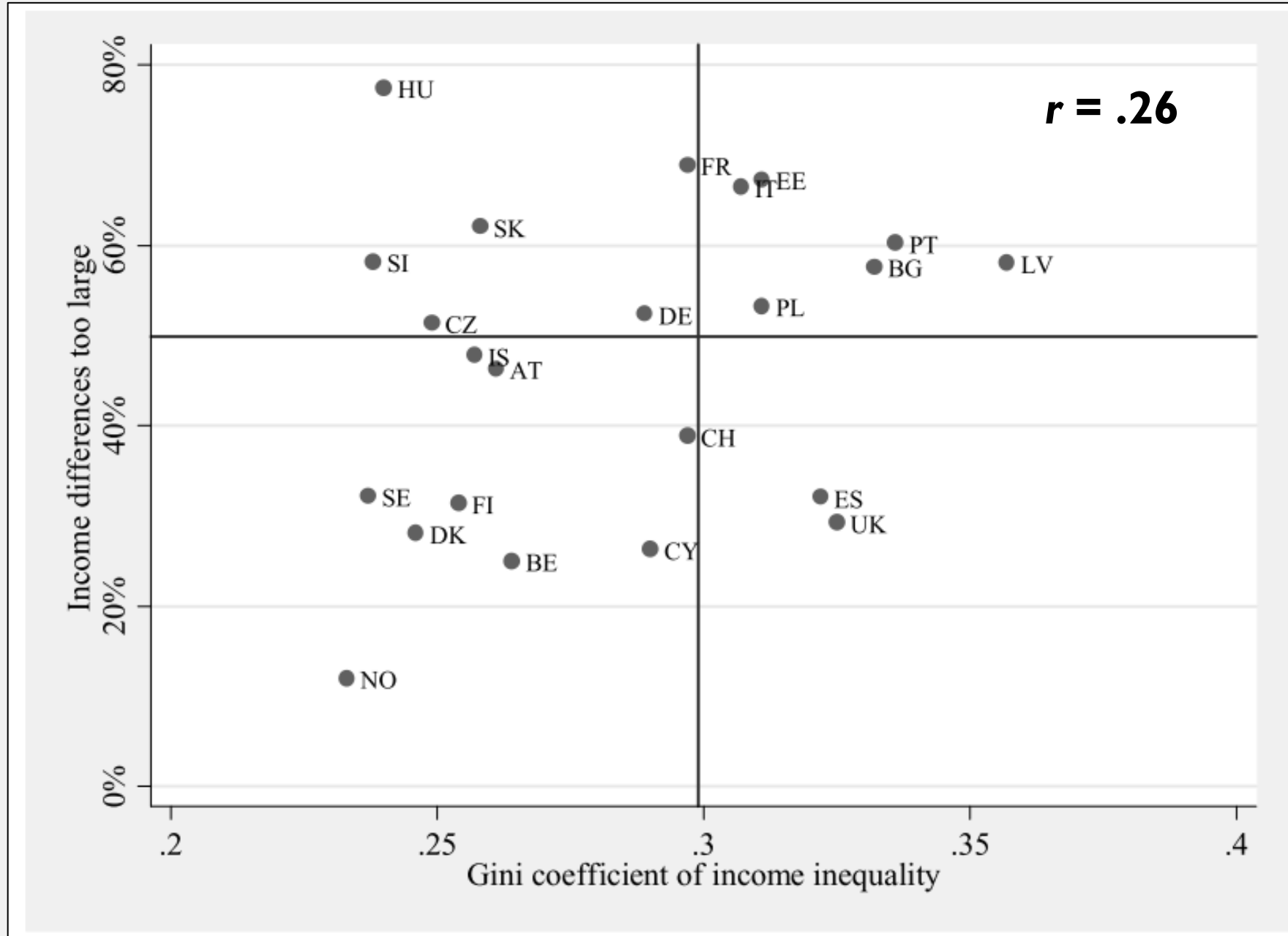
**Objective
inequality**

GINI



Outcomes

Association of **Objective** Inequality and Political attitudes



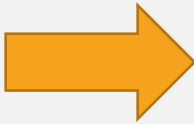
**Objective
inequality**



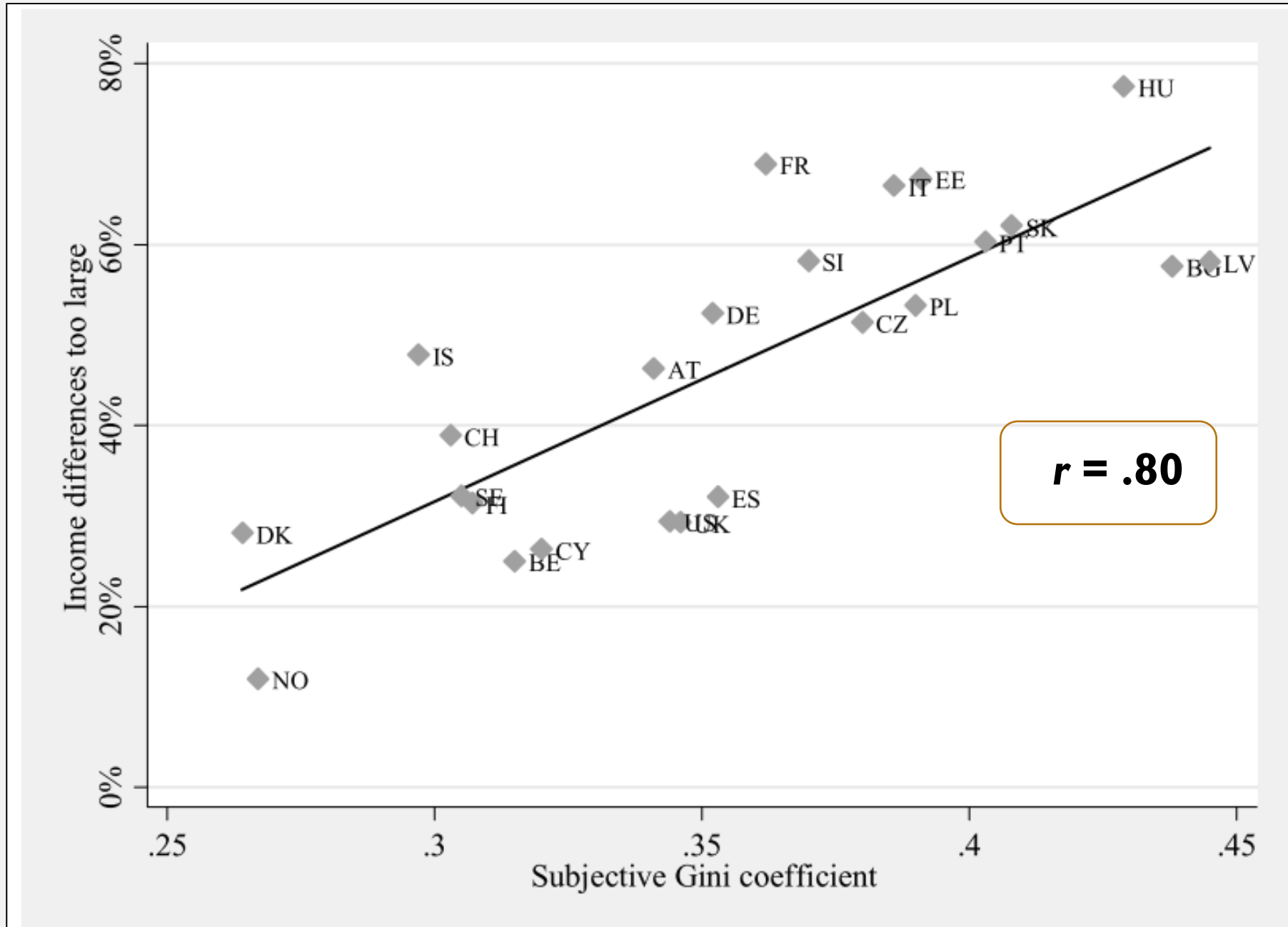
**Perceptions of
and reactions
to inequality**

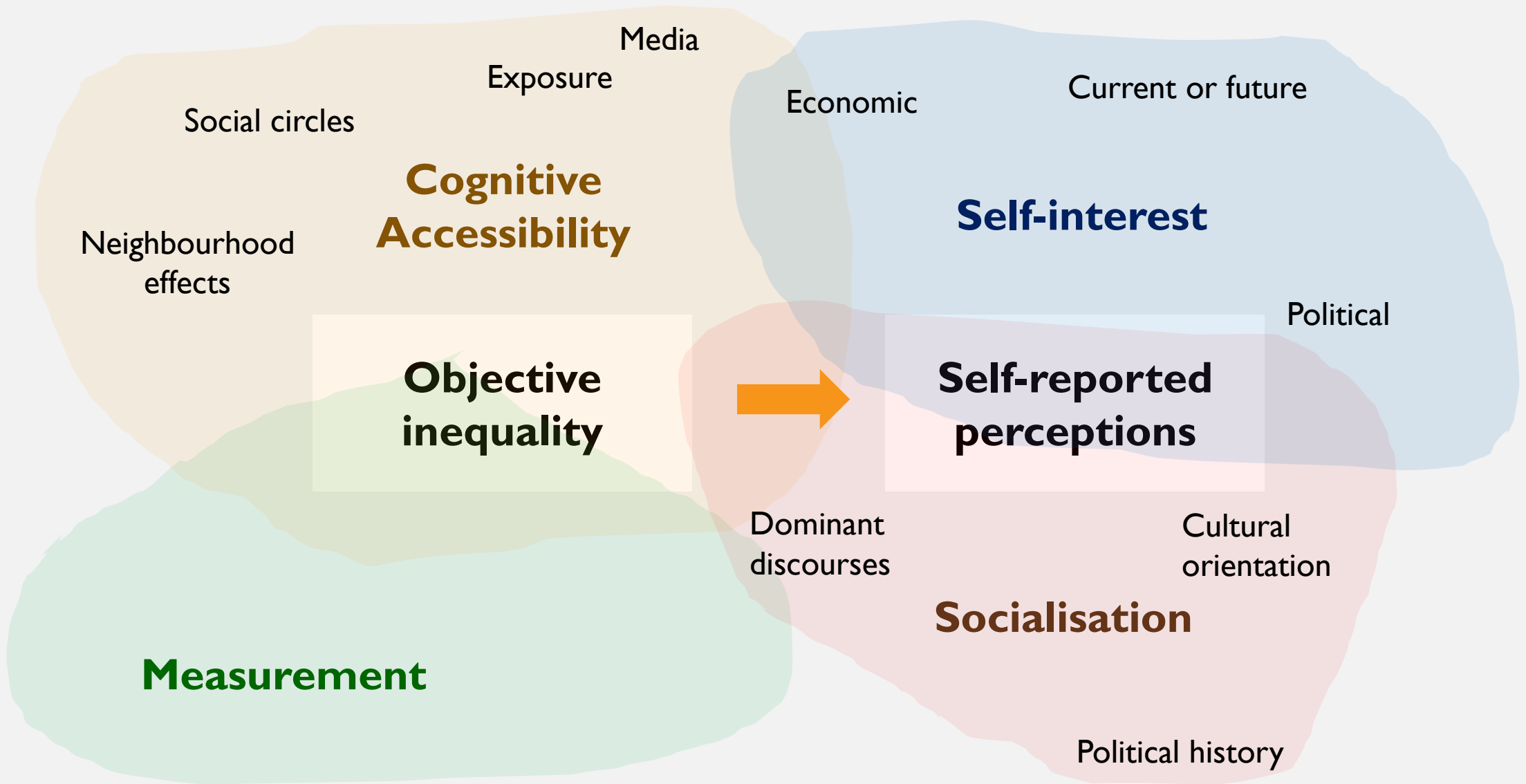


**Political
outcomes**
Redistribution preferences
Tolerance for inequality



Association of **Perceived** Inequality and Political attitudes





MEASUREMENT

%

Relative measures

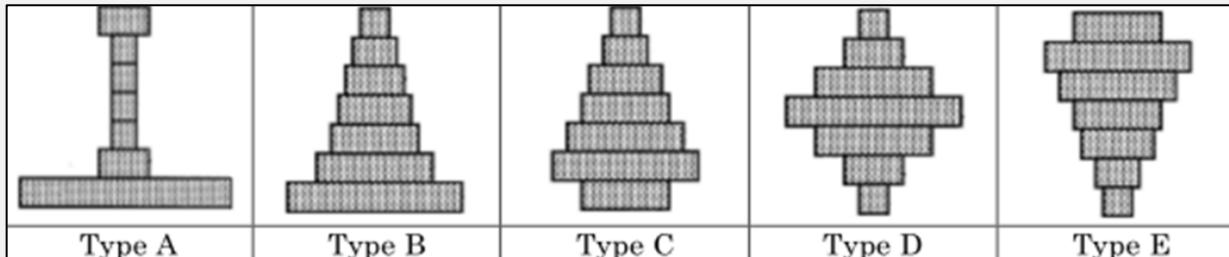
What **percent** of the United States' total wealth is [should be] controlled by the richest 20% of Americans?

£ \$ € ¥

Absolute measures

What is [should be] the **average** household wealth, **in dollars**, among the 20% richest households in the United States?

What is [should be] the **average** income for a unskilled worker / CEO?



MEASUREMENT

%

Relative measures

- Leads to inconsistent over- or under-estimation
- Small wording changes leads to different estimates
- Does not consistently predict political attitudes
- Figures don't represent objective inequality
- Requires additional computational demands
- More susceptible to heuristics

£ \$ € ¥

Absolute measures

- Tends to lead to *underestimation* of inequality
- Tends to predict political attitudes
- **Respondents indicate absolute measures are closer to their true opinions**

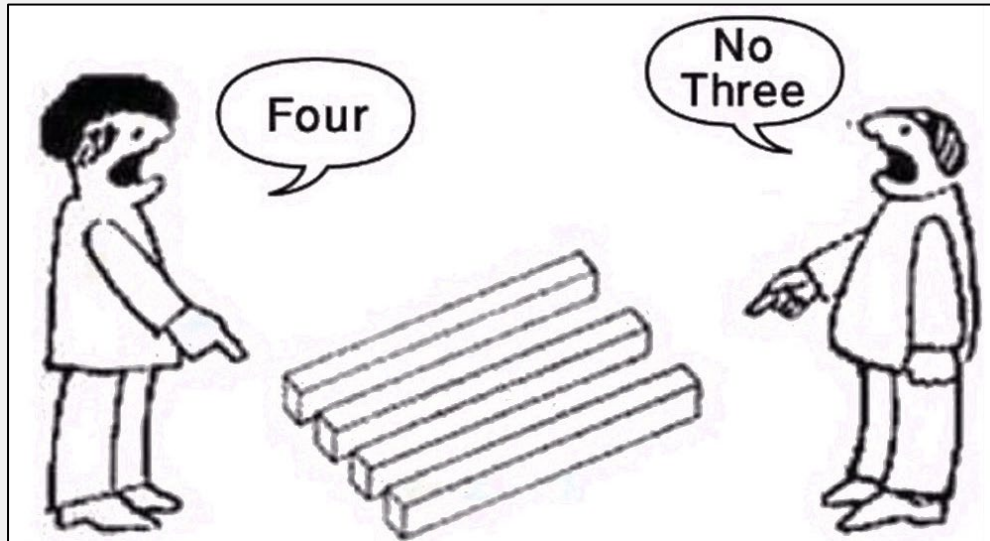


1:21

Direct comparison of estimates
of household wealth
bottom:top quintiles
Actual = 1:1000

1:1500

Perceived inequality



Objective inequality

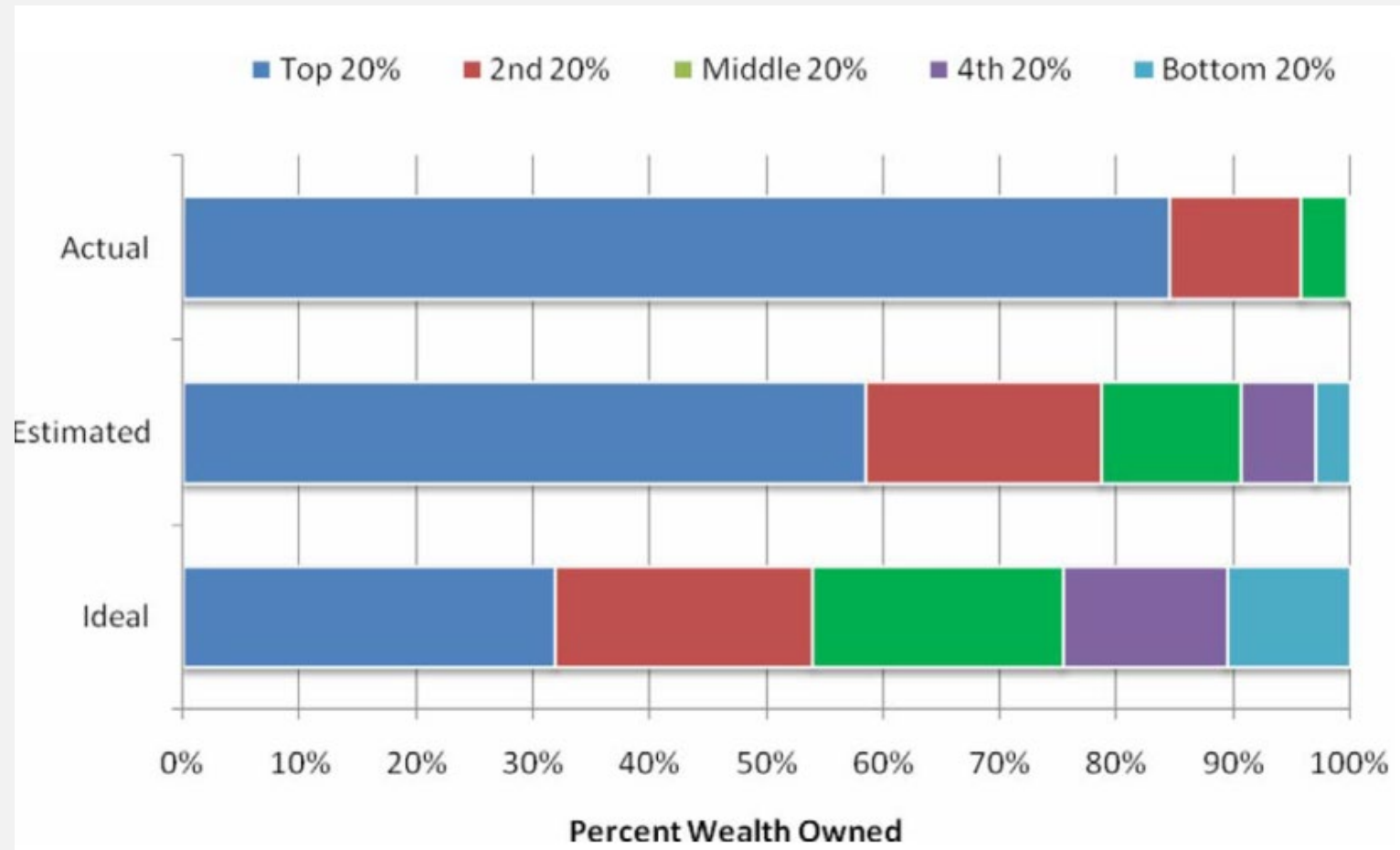


Political outcomes

Redistribution
Tolerance for inequality

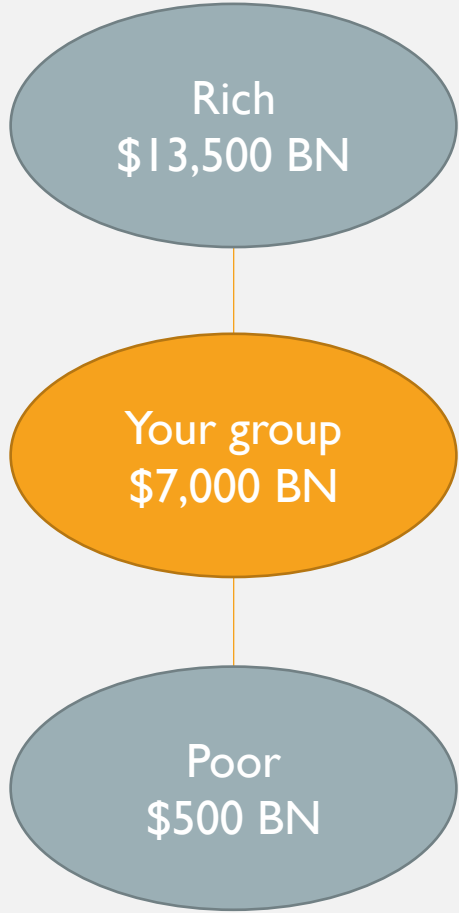
PERCEIVED INEQUALITY > IDEAL INEQUALITY

IDEAL INEQUALITY \neq EQUALITY



PSYCHOLOGICAL REACTIONS TO INEQUALITY

WELCOME TO BIMBOOLA



High inequality

Low inequality

NOW BEGIN YOUR NEW LIFE



Increased competitiveness

High inequality



Greater individualism

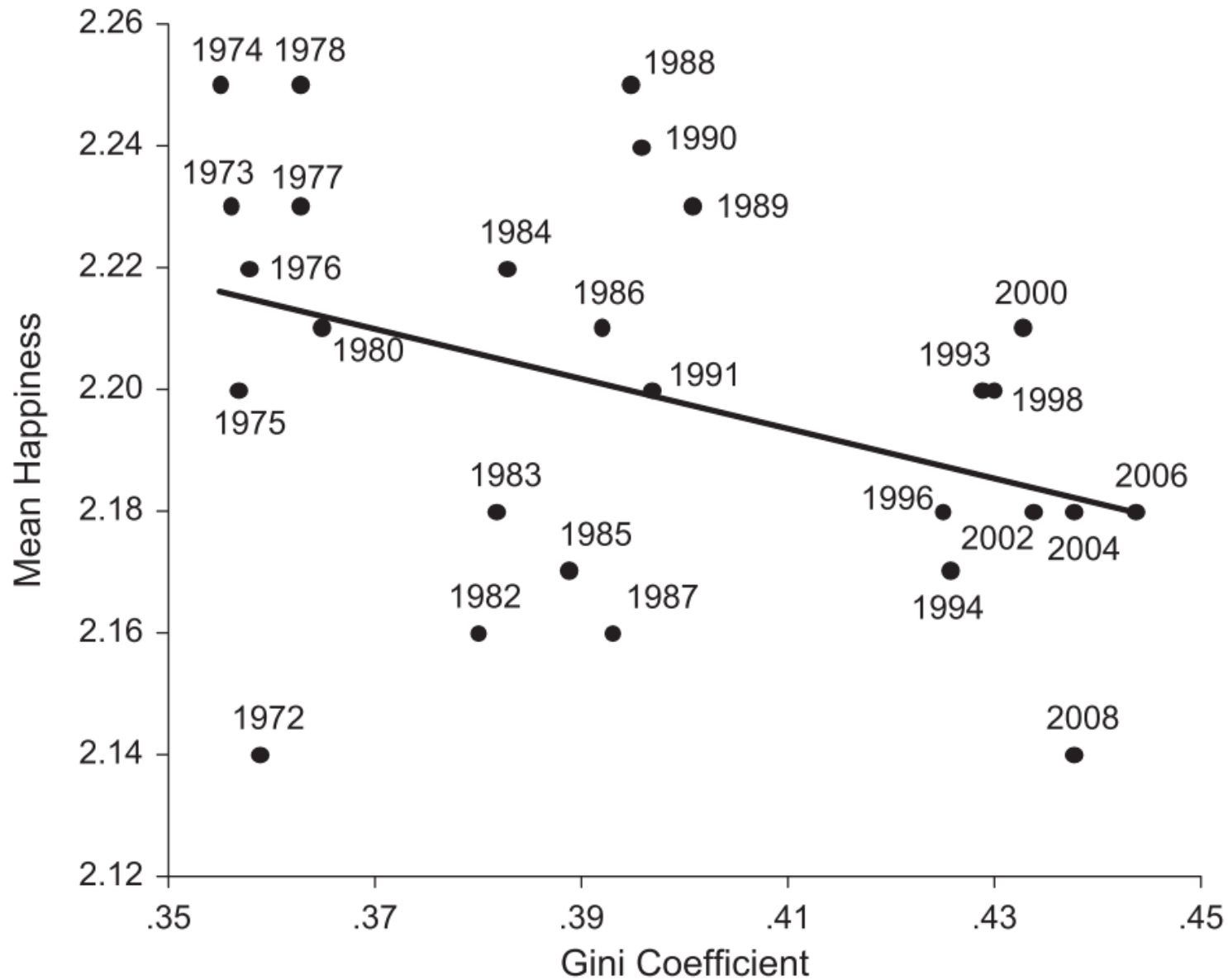
Most people see themselves as independent from others

Exchange (vs communal) relationships

Most people carefully calculate costs and benefits of their relationships with other people

Individual (vs group) goals

Most people are mainly concerned with their own personal goals



$N = 55,043$

US respondents to the General Social Survey
1972 – 2008

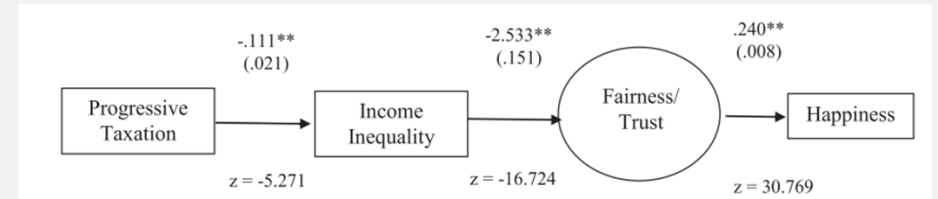
Significant negative relationship between inequality and happiness:

$b = -0.385, Z = -2.19, p < .05$

WHY?

- Inequality erodes trust in others and perceptions of fairness

- Oishi et al., 2018



- In less equal countries, people experience more status anxiety and engage in more social comparison and status seeking behaviours

- Delhey et al. 2017, Paskov et al., 2013; Cheung and Lucas, 2016

- In less equal US states, people join fewer social and community groups

- Alesina and La Ferrara , 2000; Costa and Kahn 2003a, 2003b

- In less equal countries, citizens engage in fewer civic and communal behaviours

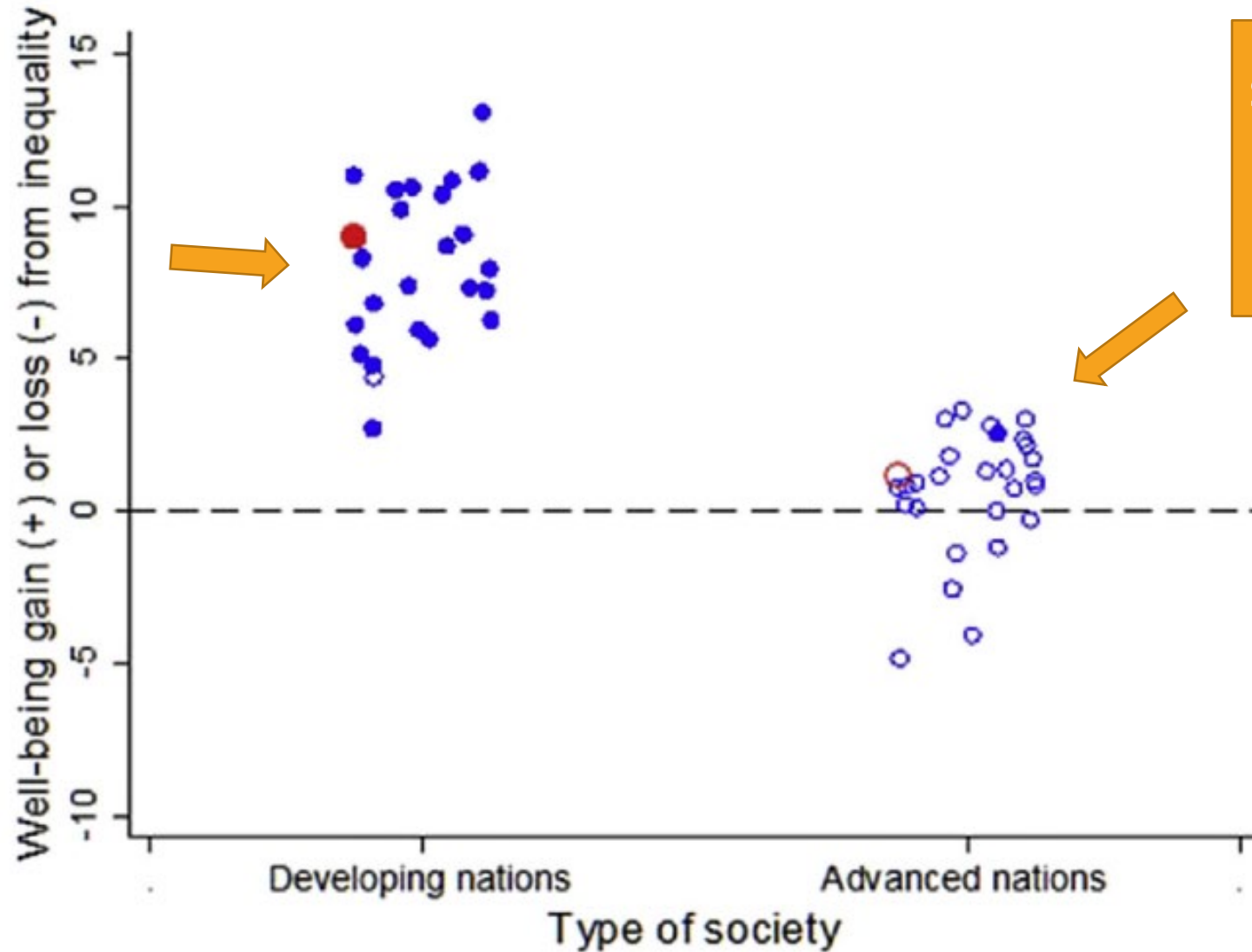
- Paskov and Dewilde 2012; Uslaner 2002; Uslaner and Brown 2005

- In experimental games, when wealth is visible and inequality high, subjects who are richer are less likely to cooperate

- Nishi et al. 2015

ECONOMIC INEQUALITY
ERODES PEOPLE'S POSITIVE
PERCEPTIONS OF THEMSELVES,
OTHERS, AND SOCIETY AT
LARGE

Association between inequality and wellbeing

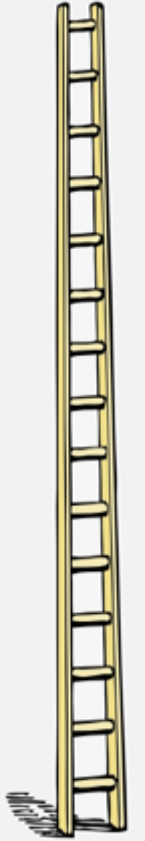


And positively related to WB in developing nations

Some studies found that, in developed nations, inequality is unrelated to WB

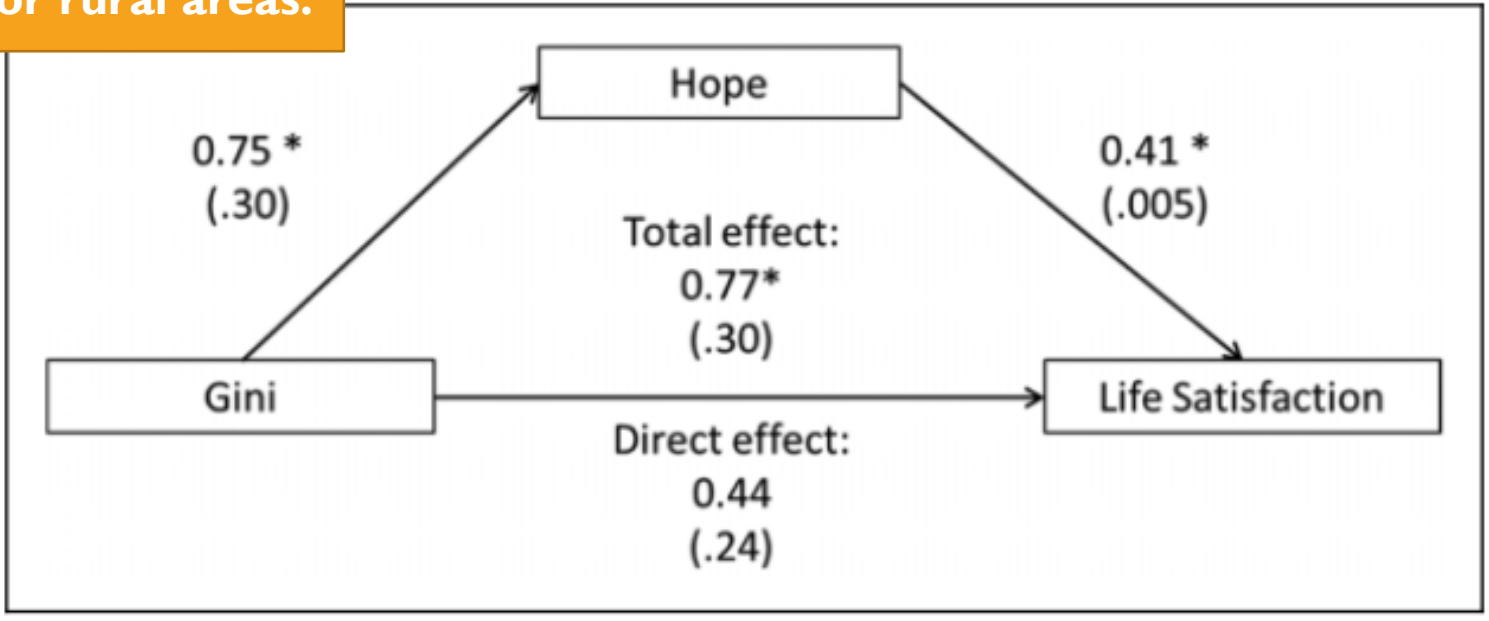
DEVELOPED NATIONS: MOBILITY AND RUPTURES

- In Britain, regional inequality was strongly **positively** related to wellbeing among those who were on the steepest **upward income trajectories**
 - Clark 2003
- **Equilibrium rupture:** sharp rises in inequality cause inequality and wellbeing to be strongly negatively associated
 - Esping-Andersen and Nedoluzhko 2017
- **Changes** in regional and national inequality in Germany were negatively related to well-being, in both the short and longer term.
 - Cheung 2018, Schröder 2016



DEVELOPING NATIONS: (THE POSSIBILITY OF) UPWARD MOBILITY

For rural areas:

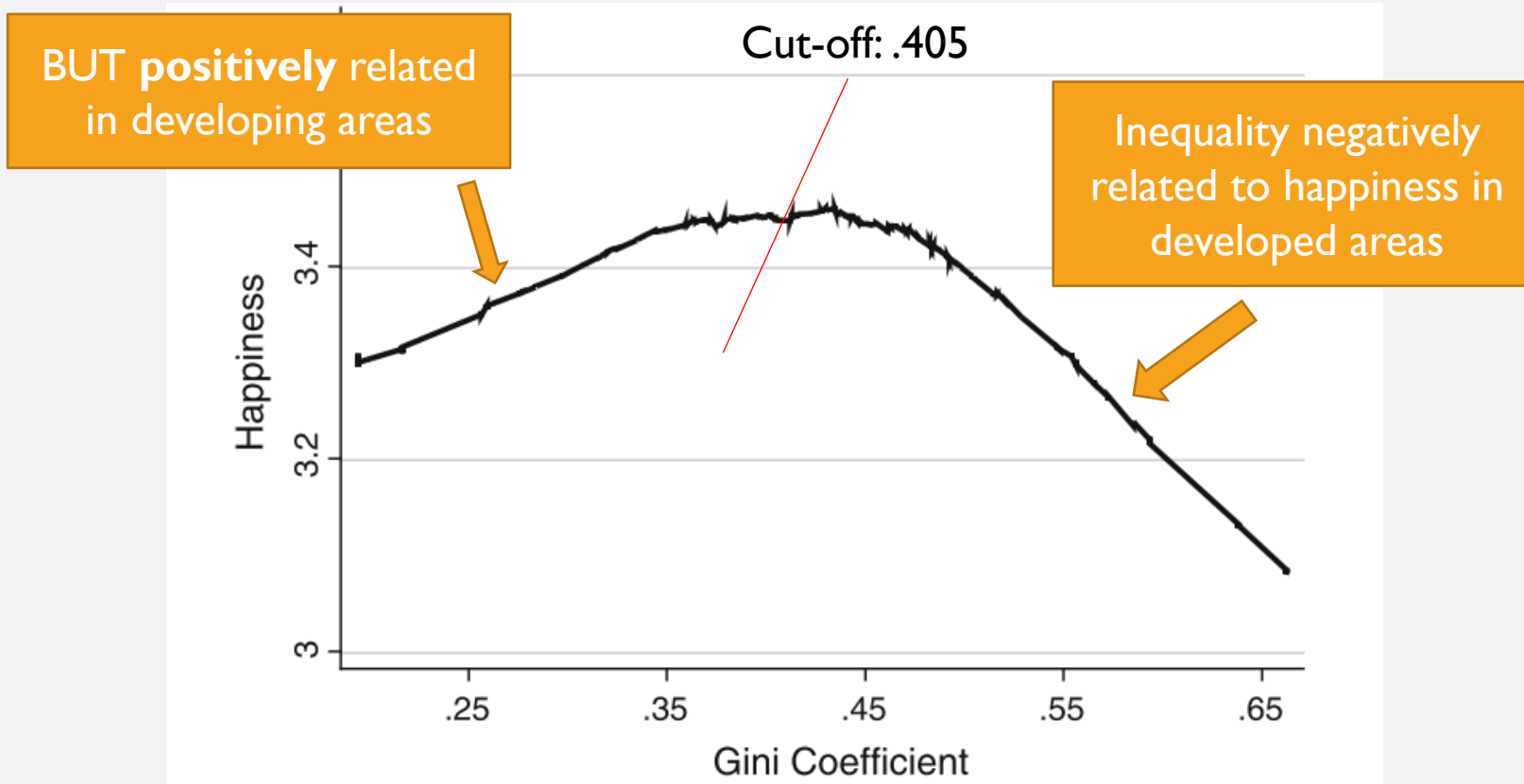


The Tunnel Hypothesis
Hirschman & Rothschild 1973



DEVELOPING NATIONS: (THE POSSIBILITY OF) UPWARD MOBILITY

Analyses of Chinese counties



Wang, Pan, Lou, 2015

CONCLUSION

- People do not perceive inequality accurately
 - Absolute measures of perceptions are more useful than relative measures
- Yet perceptions often predict political outcomes better than objective measures
- Inequality tends to be negatively related to WB in developed nations, and positively related in developing nations
 - Must take account of the experience or possibility of social mobility and inequality *change*
- Most research on psychological reactions to inequality conducted in WEIRD samples

THANK YOU

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