



Comment on

Miles Corak, “Public Policy for Equality and Opportunity:
Evidence-Based and Ethically Grounded “

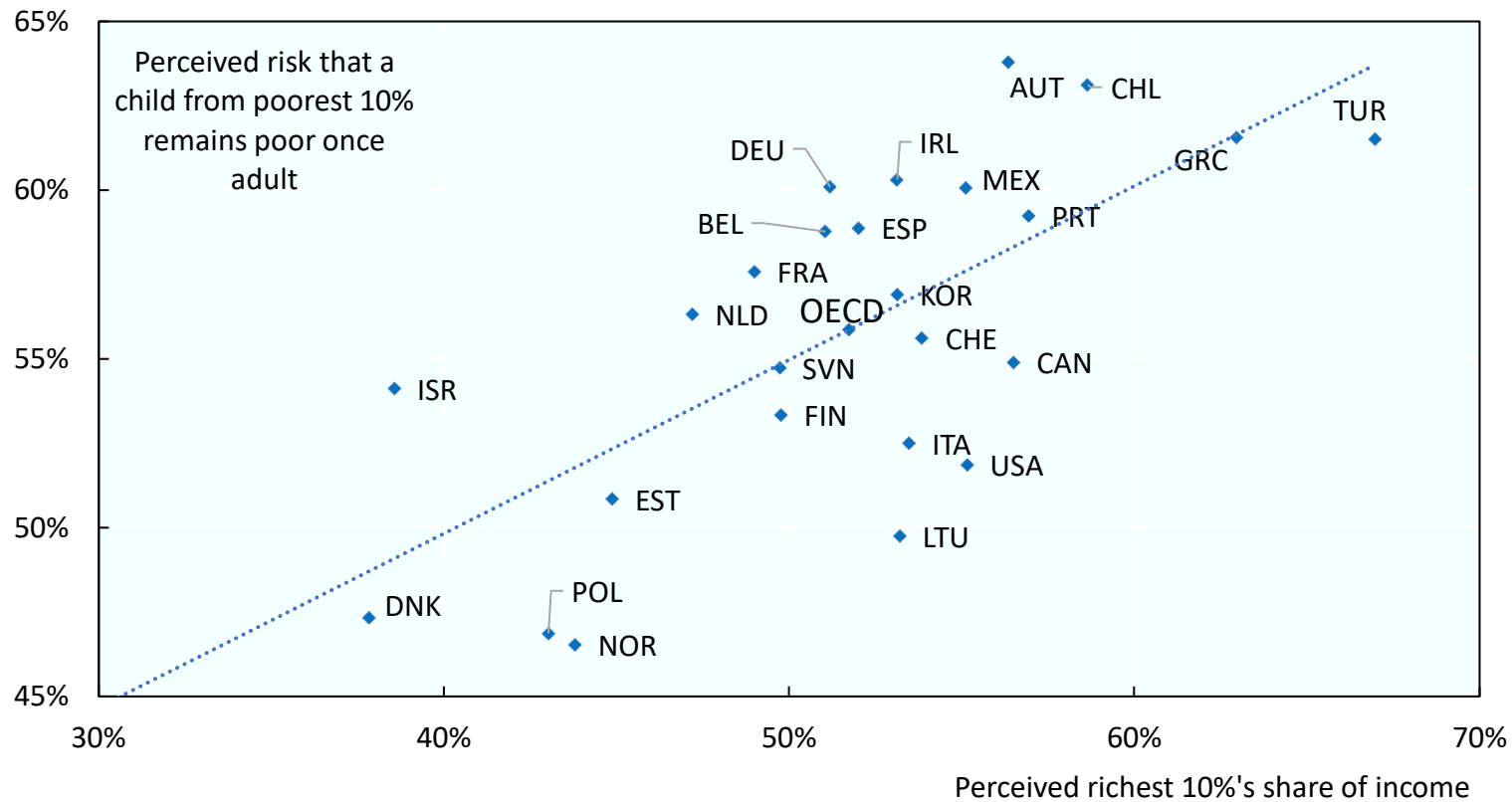
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Perceptions of intergenerational persistence and income disparities are closely related



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The perceived “Great Gatsby” curve, year 2020



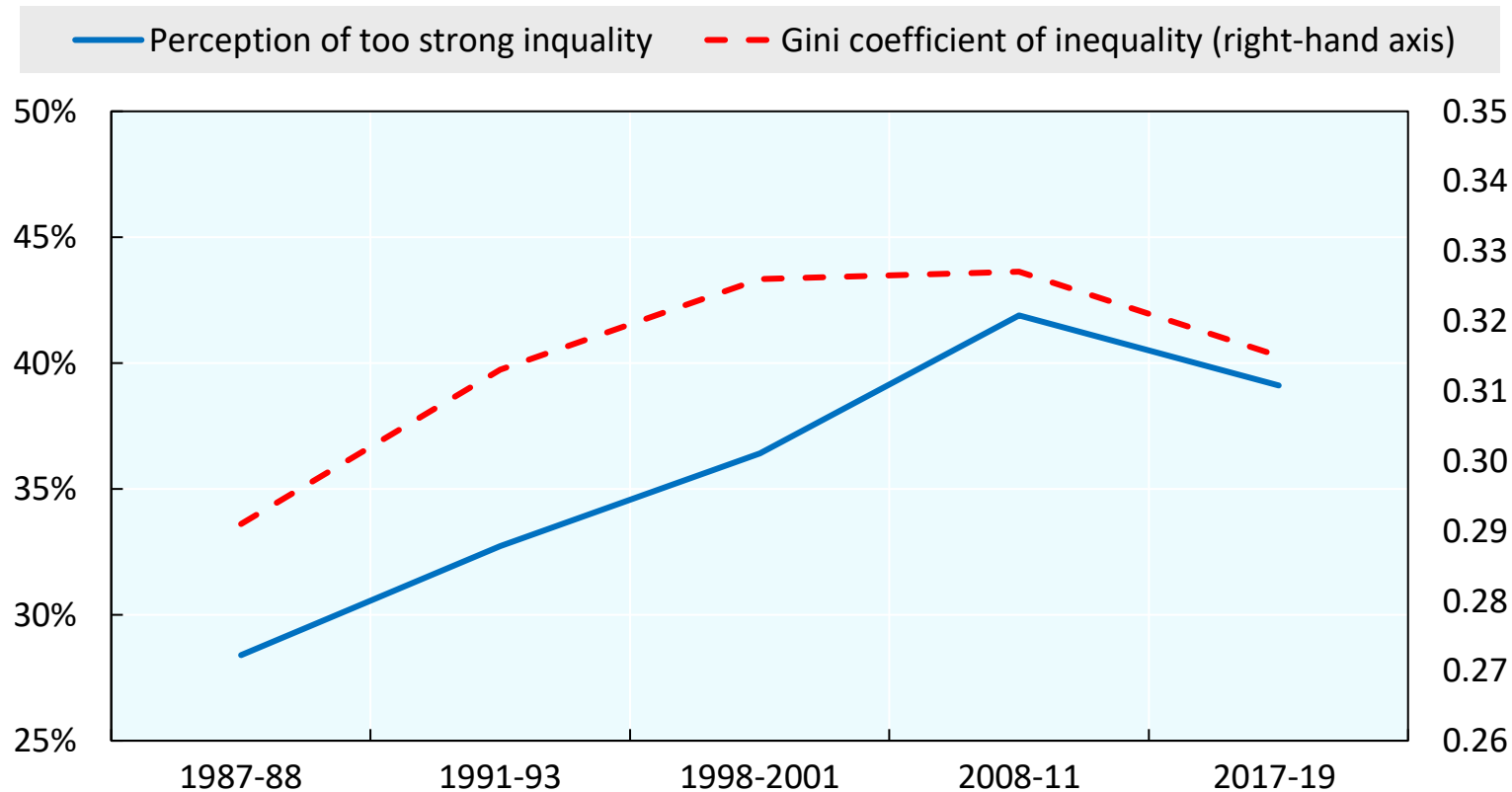
Source: OECD (2021), *Does Inequality Matter? How People Perceive Economic Disparities and Social Mobility*

Concern over income disparities is high and increased in line with inequality



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Share of people who strongly agree that income differences in their country are too large, and Gini coefficient of disposable income, OECD average



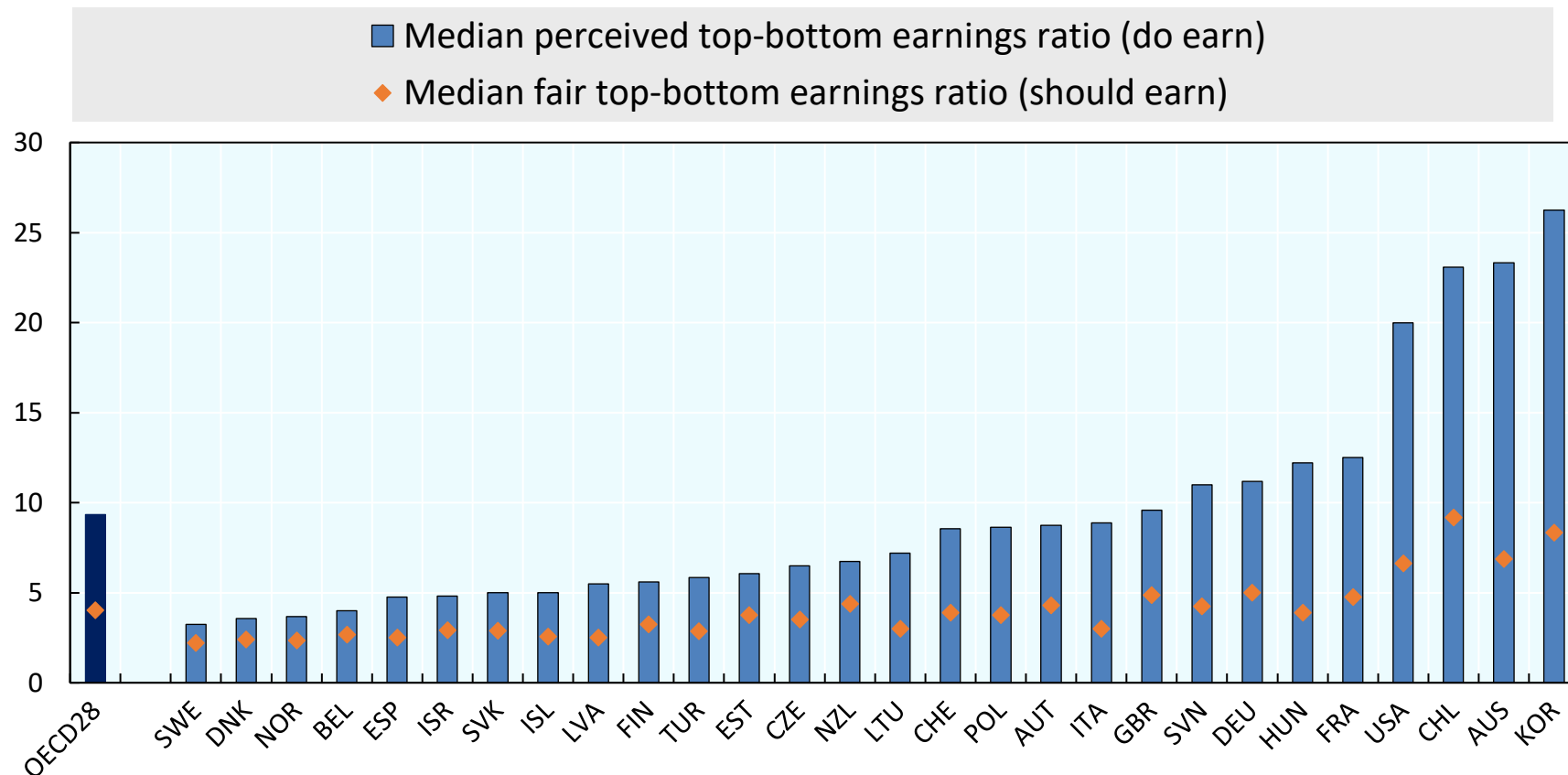
Source: OECD (2021), *Does Inequality Matter? How People Perceive Economic Disparities and Social Mobility*; OECD Income Distribution Database, <https://oe.cd/idd>, as at 1-Nov-2022

Preferred economic disparities are lower and more homogenous across countries



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Perceived and preferred top-bottom earnings ratios: “How many times more do you think high-paid jobs do and should earn compared to low-paid ones?”



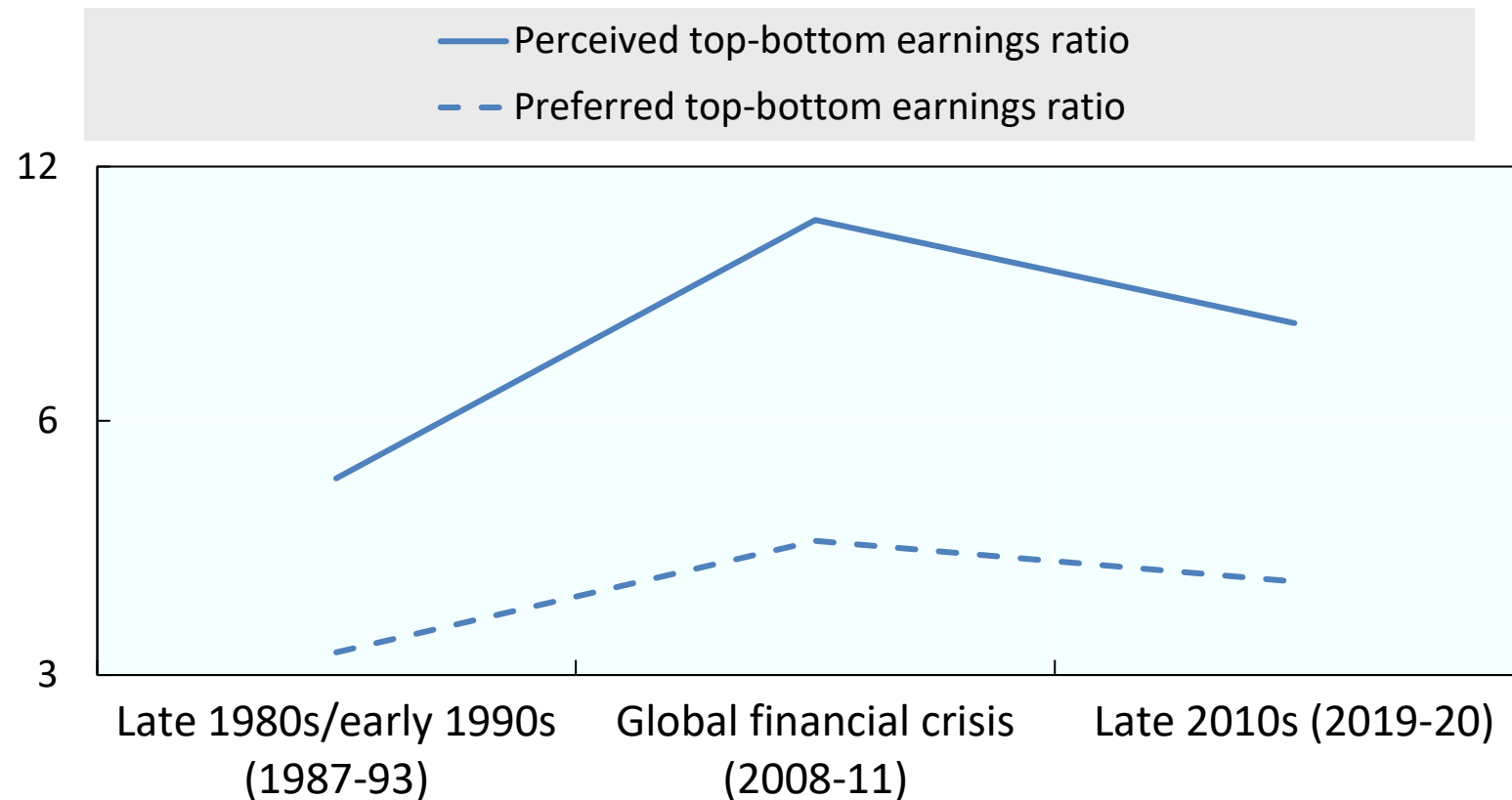
Source: OECD (2021), *Does Inequality Matter? How People Perceive Economic Disparities and Social Mobility*

...though, over time, people partially adapted to higher inequality



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Changes in perceived and preferred top-bottom earnings ratios, OECD average



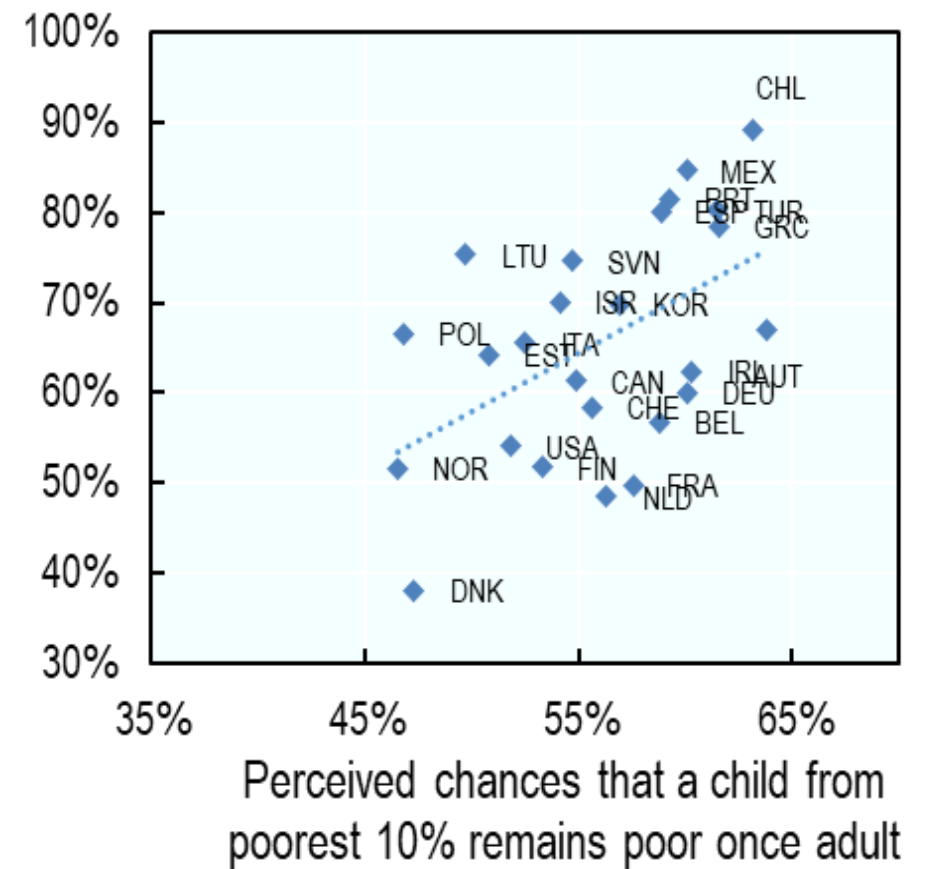
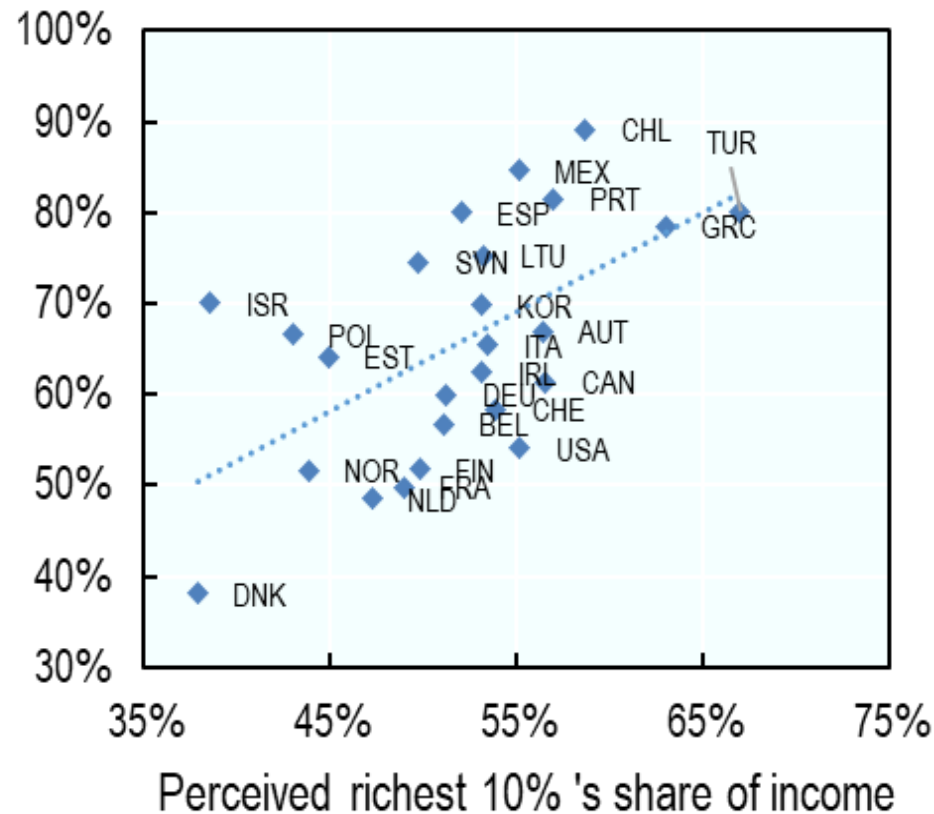
Source: OECD (2021), *Does Inequality Matter? How People Perceive Economic Disparities and Social Mobility*

Perceptions of inequality and social mobility correlate with demand for inequality-reducing policies



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Share who think the government should do more to reduce income differences (year 2020)



Source: OECD (2021), *Does Inequality Matter? How People Perceive Economic Disparities and Social Mobility*

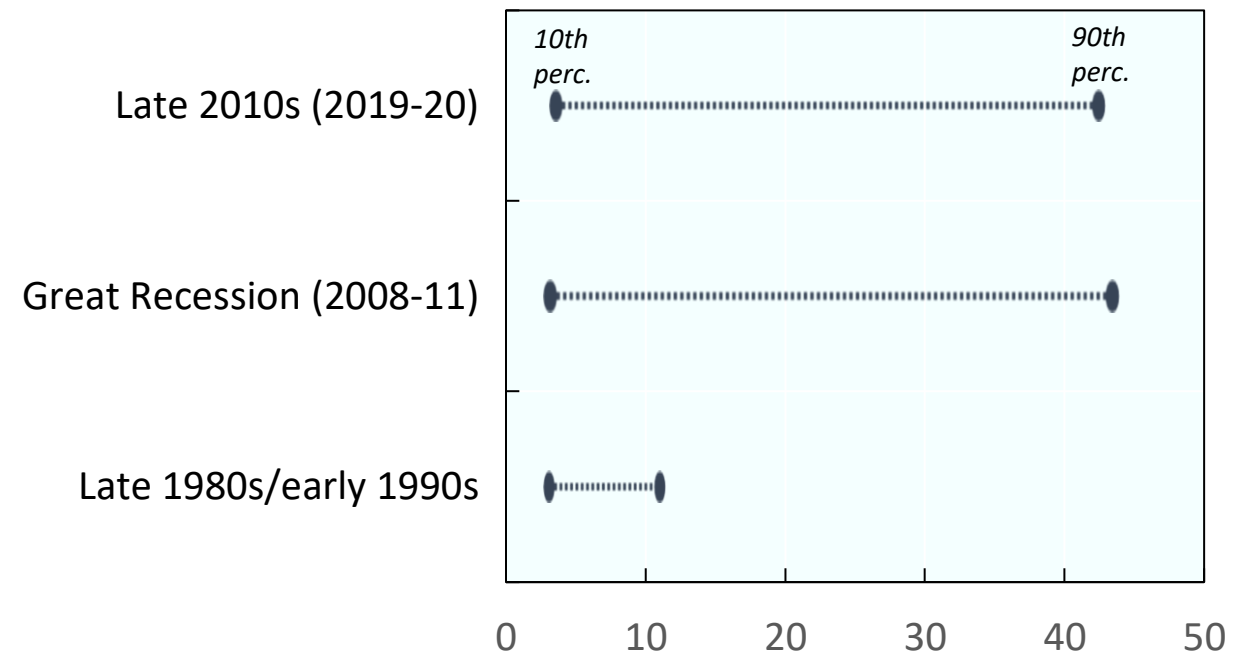
The public opinion on the extent of disparities is increasingly divided



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- Perceptions and preferences about inequality have become increasingly dispersed, indicating, in some countries, signs of mounting **polarisation**
- **Two schools of opinion:** one believes current earnings disparities are more acceptable, and the other that they are extremely wide
- People tend to disagree particularly about what levels of **top earnings** are and should be
- Just 10% of the total dispersion in perceptions reflects differences between socio-economic groups – 90% are differences in perceptions **among people with very similar profiles**
- Also the rise over time in the dispersion of perceptions reflects greater **within-group** dispersion

10th - 90th percentiles of the perceived top-bottom earnings ratio, OECD average



Source: OECD (2021), *Does Inequality Matter? How People Perceive Economic Disparities and Social Mobility*, Chapter 4

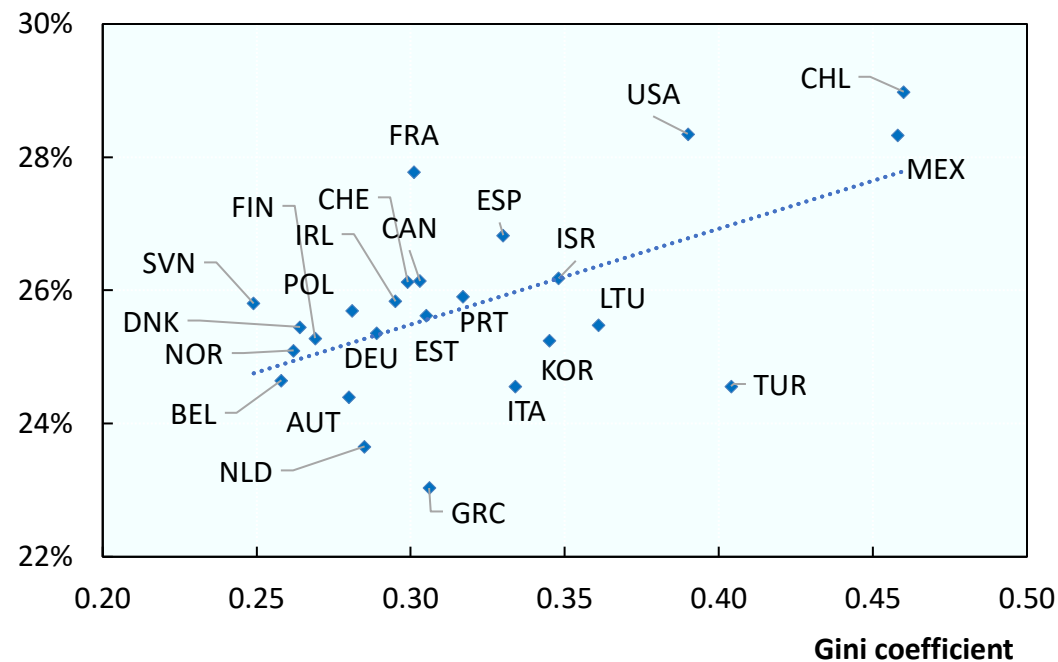
More unequal countries have a more divided public opinion



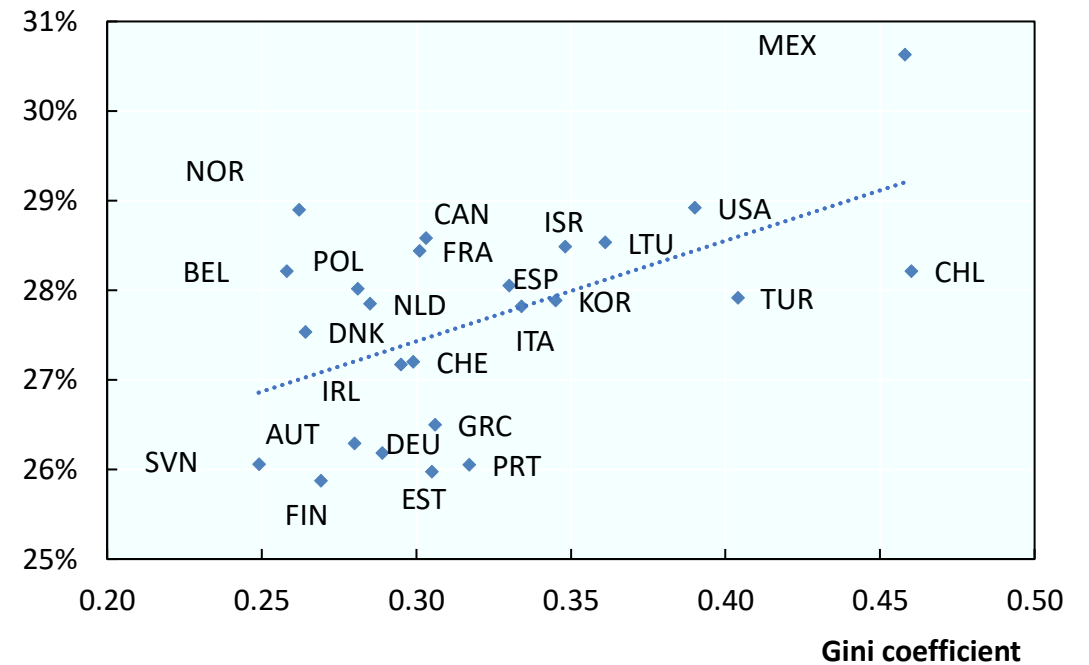
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Dispersion of perceptions vs. inequality, 2020

Panel A. Dispersion of the perceived richest 10%'s share of income



Panel B. Dispersion of the perceived bottom 10% intergenerational persistence



Source: OECD (2021), *Does Inequality Matter? How People Perceive Economic Disparities and Social Mobility*, Chapter 4

Note: Dispersion of perceptions measured as the standard deviation in the sample. The Gini coefficient refers to disposable income.

- Back to square one: combat high inequality of outcomes, including high wealth concentration to lay the ground for better and sustainable equality of opportunities
- *“Inequality of outcome among today's generation is the source of the unfair advantage received by the next generation. If we are concerned about equality of opportunity tomorrow, we need to be concerned about inequality of outcome today.”*
(Tony Atkinson)



THANK YOU FOR YOUR ATTENTION!

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