

Understanding attitudes to tackling economic inequality

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An exploration of the underlying ‘drivers’ of public attitudes towards economic inequality and welfare policy.

Research on public attitudes to inequality has tended to focus more on revealing attitudes than exploring what motivates them. This study aims to fill some of the gaps in existing research to provide useful insights for practitioners and policy-makers.

It looks at:

- people’s views about income inequality, and their attitudes towards those at the ‘top’ and ‘bottom’ of the income spectrum;
- people’s attitudes towards policy responses to economic inequality and public service interventions to improve opportunities for disadvantaged groups;
- the underlying ‘drivers’ of these attitudes, focusing particularly on what factors underpin judgements about fairness;
- the existence and distribution of distinct attitudes towards economic inequality within the population; and
- how different groups respond to particular arguments for and against tackling inequality, and how a public consensus for tackling inequality might be built.

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Executive summary

Chapter 1: research objectives and methods

- Much recent research on UK public attitudes towards economic inequality and welfare policy has tended to focus more on revealing attitudes than exploring what motivates them. This exploratory research attempts to investigate some of the underlying drivers of these attitudes and so fill in some of the gaps in existing research in ways that might provide useful insights for both academics and practitioners.
- The key objectives of the research were to:
 - examine how people understand ‘economic inequality’;
 - investigate the drivers of public attitudes, focusing in particular on the beliefs and values that underpin them;
 - explore attitudes towards different kinds of policy responses to economic inequality and how these are related to underlying beliefs and values;
 - explore the existence and distribution of distinct attitudes towards economic inequality within the population;
 - investigate how a public consensus can be built around tackling inequality.
- The research looked in particular at three concepts that seem relevant to people’s judgements of fairness in both economic outcomes and welfare policy: need, desert (i.e. how deserved something is) and entitlement.
- The research design combined deliberative focus groups and large-scale opinion surveys between July 2008 and February 2009.

Chapter 2: attitudes to the income gap and those at ‘the top’

- Nearly all of the participants in the deliberative research placed themselves subjectively in the ‘middle’ of the income spectrum, despite the fact that they were from the full range of socio-economic backgrounds. From this perspective, participants interpreted questions about the income gap in terms of the gap between the ‘middle’ (that is, participants themselves) and ‘the super-rich’. Views about the gap being too big therefore tended to reflect concerns about the pressures that those in the ‘middle’ were under in comparison with those at the ‘top’.
- The life pressures faced by participants were often articulated in terms of the negative consequences of materialism and consumerism.
- For most participants, attitudes to income inequality were expressed within the context of a belief in fair inequality on the basis of desert. As such, participants were not opposed to high incomes they perceived to be deserved.
- Within this framework, evaluations of desert, however, were sometimes influenced by perceptions and cognitive strategies that seemed to generate more sympathetic evaluations of the justifiability of high incomes than might otherwise have been expected on the basis of ‘deserved inequality’ alone. These included misperceptions of the existing income distribution (leading people to view high salaries as more ‘usual’ than they were) and cognitive ‘coping strategies’, whereby participants would invent or exaggerate the virtues (and therefore desert) of those with high incomes in order to justify existing inequalities.

At other times, participants would invoke a belief that inequality was inevitable in order to avoid considering questions of fairness or whether anything should be done about economic inequality.

- The willingness of participants to employ such ‘coping strategies’ was noticeably affected by the financial crisis in autumn 2008. A default tendency to justify sometimes quite large inequalities in pay as deserved gave way to anger at perceived excess at the top and an increasing willingness to question whether or not high salaries were in fact deserved.
- Despite a belief in deserved inequality, ‘the super-rich’ and those with very high salaries did often attract condemnation, and, again, more so after the onset of the recent financial crisis. A significant minority of more ‘egalitarian’ participants employed primarily need-based objections to high salaries, while the majority employed primarily desert-based objections (in line with beliefs about fair inequality).
- Even where participants viewed high salaries (or extreme wealth) as undeserved, however, this did not *necessarily* lead them to blame the individual concerned or think they should not be entitled to it; in some contexts, norms of entitlement could override norms of desert.

Chapter 3: attitudes towards those on low incomes

- Participants’ attitudes towards those on low incomes were often more negative and punitive than their attitudes towards those at the ‘top’. For example, there was a far greater tendency to ascribe individual responsibility and blame for behaviour towards those at the bottom of the income spectrum than those at the top.
- Participants routinely drew on negative stereotypes of benefit recipients and often struggled to conceptualise them in positive terms. Whereas they could apparently employ both negative and positive stereotypes of those at the top of the income spectrum, they

seemed to be able to draw on only negative stereotypes of those in poverty or in receipt of benefits.

- Two important drivers of these negative attitudes towards those on low incomes emerged in the deliberative research.
 - The first is a widespread belief about the ready availability of opportunity, resulting in highly individualised explanations of poverty and disadvantage.
 - The second is a belief, also relatively widespread, that benefit recipients will not go on to make a reciprocal contribution back to society through activities such as employment or caring.
- Both the deliberative and survey results suggest that beliefs about whether or not benefit recipients will go on to make a reciprocal contribution in future exert the strongest effect on support for welfare policy out of a range of relevant subjective variables. This suggests an important route for challenging judgemental attitudes about people on low incomes.

Chapter 4: attitudes towards policy responses to inequality

- Despite both widespread beliefs in fair inequality and the perspective that those in the ‘middle’ are under most pressure, participants demonstrated strong support for the progressivity of the tax and benefits system (i.e. making sure those on higher incomes pay a higher rate of tax and those on lower incomes get more help through the benefits system), albeit with common complaints that the system is not generous enough towards the ‘middle’.
- In line with subjective self-placement in the middle of the income spectrum, many participants wanted the tax system to treat *them* differently from those at the top. And in line with beliefs that the ‘middle’ are under most pressure, they also wanted the benefits system to treat them *not too differently* from

those at the bottom. Significantly, nearly all participants were happier for lower-income households to be receiving more support than those in the 'middle', but simultaneously many felt uneasy about benefits that were seen as very narrowly targeted in coverage.

- Strategies of progressive universalism – where those in the middle get something, if less than those at the bottom of the income spectrum – therefore attracted positive assessments in terms of fairness, including suggestions that people would be more willing to contribute to benefits that had wider coverage.
- There are signs that the recent financial crisis has opened up space for more radical action on pay and taxation at the top of the income spectrum than the Government has hitherto pursued. There is strong support for both a new higher top rate of tax and measures to curb what is perceived as excess in corporate pay.
- When it comes to policy interventions to help those at the bottom of the income spectrum, strong public sympathy for both carers and those in in-work poverty results in significant public support for increases in financial support for carers and the minimum wage. The challenge in terms of building public support for welfare policy remains that of attitudes towards those on out-of-work benefits.
- When engaged with evidence of barriers to opportunity, many participants were prepared to support targeted public service interventions to improve life chances for the disadvantaged, even at some cost to the rest of the population.

Chapter 5: building a public consensus for tackling inequality

- Analysis suggests that much of the UK population subscribes to some type of belief in fair inequality on the basis of desert (in other words, that some inequality is fair because it is deserved on the basis of differential effort and contribution), and, furthermore, that 'egalitarian' or 'inegalitarian' attitudes towards those at the top of the income spectrum

need not necessarily be matched by similar attitudes towards those at the bottom. As a result, many do not find abstract arguments for greater equality convincing, but instead prefer arguments for greater equality framed in terms of proportionate rewards for one's efforts and contribution.

- Many participants (including those who had been less moved by appeals to intrinsic fairness as a reason for pursuing greater equality) were moved by claims about the possible broader social effects of income inequality and thought that such effects would be an important reason for constraining inequality, particularly in the context of social problems such as crime and child conflict.
- Furthermore, the overwhelming majority of participants demonstrated support for important 'egalitarian' policies when these were presented as part of a social vision based around improving 'quality of life' for all (a vision that the overwhelming majority of participants were attracted to), including those participants opposed to explicitly egalitarian objectives.
- These insights suggest some important possible strategic approaches to consensus-building for advocates of greater equality. One possible approach would be to 'go with the grain' of public opinion by explicitly recognising views about fair inequality but then going on to interrogate whether or not the current system met this criterion. There is already wide acceptance that certain situations are unfair at both top and bottom; these could provide starting points from which to build outwards.
- In particular, advocates of greater equality would need to challenge certain negative beliefs, assumptions and stereotypes concerning those experiencing poverty and those in receipt of benefits. In line with the key drivers of these negative attitudes identified in Chapter 3, priorities here would be raising awareness of the barriers to opportunity faced by many groups and of the contributions that those at the bottom of society do and will make.

1 Project background, aims and methods

Aims and objectives

Much recent opinion research on UK public attitudes to economic inequality and welfare policy has tended to focus more on revealing attitudes than exploring what motivates them (Orton and Rowlingson, 2007), potentially limiting its use to policy-makers and advocates wanting to understand how the public might respond to new policies or arguments. This research attempts to investigate some of the underlying drivers of these attitudes and so fill in some of the gaps in existing attitudinal research in ways that might provide useful insights for both academics and practitioners.

The key objectives of the research were to:

- examine how people interpret and understand 'economic inequality', how they interpret the income gap, and how views on the income gap are linked to related concepts such as wealth, status, opportunity and social mobility;
- investigate the drivers of public attitudes, focusing in particular on the values and intuitive conceptions of justice (principles and distributive norms) that underpin people's attitudes, as well as the perspectives from which people make judgements about fairness, the beliefs they bring to bear on making these judgements and the strategies they use to evaluate evidence;
- consider what, if anything, people think should be done about economic inequality and how their policy preferences are related to their underlying beliefs and values;
- explore the existence and distribution of distinct attitudes towards economic inequality within the population;
- investigate how different groups respond to particular arguments for and against tackling inequality.

To investigate the principles and distributive norms that underpin public attitudes, we drew on a wide range of theoretical and experimental research literature to select some concepts and analytical distinctions that would be helpful in investigating what motivates public attitudes towards inequality and welfare.

In particular, we wished to explore three concepts that seem particularly relevant to people's judgements of fairness in both economic outcomes (for example, pay) and welfare policy (for example, benefit awards): need, desert and entitlement. That is, in evaluating the fairness of the allocation of resources in particular contexts, people's considerations might involve whether or not:

- *it is needed*, depending on the circumstances of the recipient;
- *it is deserved*, depending on the amount of time, effort or resources invested or depending on the results produced;
- the recipient is *entitled to it*, which in some cases might mean simple legal entitlement (for example, with inheritance) and in others might depend on whether or not the recipient meets particular institutional qualifying criteria (for example, previous or anticipated contributions), or whether they are viewed as belonging to the wider group or community.

To the extent that these concepts are relevant to people's judgements, it follows that views about fairness in the allocation of resources will often not be synonymous with equality or identical treatment, but will, for most people, demand a more differentiated approach.¹

Context: recent trends in poverty, inequality and public attitudes in the UK

The recent history of changes in poverty and inequality in the UK is an important part of the context for an investigation of attitudes to economic inequality. A significant moment was the rapid rise in poverty and inequality during the 1980s, particularly due to widening earnings dispersion (with both stagnation in earnings at the bottom and spiralling incomes at the top), the large rise in worklessness, and changes to the tax and benefits system, which had the effect of increasing poverty and inequality (see Hills, 2004). During the 1990s, these trends in income inequality had begun to translate into wealth inequalities, compounded by factors such as a growing gap in housing wealth.

In the last decade, the trend of increasing poverty has been reversed, with significant falls in poverty for many groups (DWP, 2008). On inequality, however, while the trend of rising inequality has possibly been halted, it has not yet been reversed (though the precise assessment depends on which measure of income inequality is used – see Brewer *et al.*, 2008a). An important contributor to rising inequality has been continued growth at the very top of the income spectrum, where income growth in recent years has been much faster than for the rest of the population (Brewer *et al.*, 2008b).

Survey data shows that public attitudes are influenced by these changing economic and social conditions.² For example, while over the last 25 years a consistent majority of respondents in the British Social Attitudes Survey (BSAS) have described the income gap as too big (with over 70 per cent reporting this view since 1983), the figure reached a high of 87 per cent in 1995, a peak of discontent that may well reflect the political and economic circumstances of the time.

Yet, despite widespread expressions of discontent about the income gap in Britain today, evidence suggests that there is weak public support for government action to narrow the gap. BSAS data shows that income redistribution is ‘not at all foremost in people’s minds’, with sustained and increasing reservations about income

redistribution in recent years (Taylor-Gooby, 2005; Taylor-Gooby and Martin, 2008a). The question of why people are reluctant to support redistribution, despite apparently widespread unease about inequality, is one of the key questions addressed in this research.

More recently, BSAS data has shown a decline in those expressing concern about the income gap and other aspects of inequality, leading some to suggest that Britain is becoming more immune to inequality (Sefton, 2009). BSAS data also shows public attitudes to those in poverty or those in receipt of benefits hardening since the mid-1990s, along with declining support for welfare policy (Taylor-Gooby and Martin, 2008a), an issue that should be of concern to progressives, and which is also explored in the research presented here.

This research forms part of a wider Joseph Rowntree Foundation (JRF) programme on public interest in poverty, which considers attitudes towards poverty and their implications for building public support for action on UK poverty eradication. JRF commissioned the study following a review of existing literature on attitudes to economic inequality, which highlighted the apparent contradiction between public dissatisfaction with the income gap in the UK and the lack of support for measures to address it (Orton and Rowlingson, 2007).

These questions are particularly relevant at the present time, when economic inequality remains at its highest level for three decades and when turbulence on the global financial markets and economic recession have raised more pointed questions about the fairness of the income gap. How far and in what ways will attitudes be affected by the ‘credit crunch’? In the context of rapidly changing economic circumstances, it was an opportune time to investigate how public attitudes are responding and shifting.

Defining the scope of the research: an indirect approach to ‘economic inequality’

An initial question for the research was what people understand by ‘economic inequality’. This is particularly challenging because the term can be interpreted and measured in various ways,

and there is also evidence that it is not commonly used in public or political discourse (Sheldon *et al.*, 2009, forthcoming).³ How broadly or narrowly the term is interpreted will depend on which type of economic resources people have in mind and how these are shared among different parts of the population.

Research has shown that there are some terms, such as 'poverty' and 'redistribution', that need a great deal of 'unpacking', or have particular connotations or associations that can influence attitudes (Castell and Thompson, 2007; Delvaux, 2009, forthcoming). In the case of 'economic inequality', because of the complexity and ambiguity of the term, as well as its unfamiliarity in everyday parlance, it was decided that an indirect approach was needed to explore people's views. Rather than asking directly about 'economic inequality', various aspects of economic inequality were explored, such as differences in pay, differences in household income (which, as well as earnings from employment, can include savings and investment income, and also the net effects of taxes and benefits) and differences in wealth (such as savings or inherited wealth) – whether they are differences between people in different occupations, in different socio-economic positions, of different genders, from different social and ethnic backgrounds, or in different geographical locations. At times, inequality in these areas was also explored by examining the distribution of the whole population on the spectrum of outcomes, including looking at the relative shares of income and wealth that different groups have.

Finally, beyond exploring attitudes towards gaps in economic *outcomes*, we wanted to explore attitudes about fairness in a range of *processes* related to economic inequality – for example, the processes by which levels of pay and reward are decided for different occupations, and the processes by which individuals acquire skills, jobs and resources, and also the level of *opportunity* that is available for people in different social positions. As such, it quickly became necessary to incorporate a wider range of issues into the research, such as inequalities in status and opportunity – issues that are also important for helping us understand why people think differences in income and wealth arise, and whether and why they matter.

Designing the research: methods and stimulus material

Methods

The project used a three-stage research design combining deliberative and more traditional research methods. At the outset, three exploratory focus groups were used to explore ideas, test language and refine working hypotheses in order to formulate subsequent stimulus material.

The main body of the research comprised eight deliberative focus groups to test responses to a large range of stimulus material: five three-hour focus groups (with eight participants each) and three full-day deliberative workshops (with 16 participants each). These were undertaken between July 2008 and January 2009 in four cities across the UK. The participants for all these groups were aged between 25 and 65, and drawn from the full range of socio-economic positions (A, B, C1, C2, D and E), with a broad range of political affiliation or party identification (though avoiding the 'extremes').

This deliberative work was then complemented by survey research to provide quantitative data representative of the GB population. The fieldwork was undertaken in two stages: a first survey between 28 November to 1 December 2008, with a sample size of 2,044 adults; and a second survey between 3 to 5 February 2009, with a sample size of 3,316 adults. For both surveys, the figures were weighted and are representative of all GB adults (aged 18 and over).⁴

Quantitative data allowed us to explore more precisely the prevalence and strength of attitudes on specific issues, the relationship between attitudes on different issues, the existence of distinct sets of attitudes within the population, and the effects of variables such as household income and geographical location on attitudes to economic inequality and welfare policy.

Stimulus material

In much survey research, views about fairness are inferred from asking participants to respond to quite abstract expressions of principle, an approach that has produced valuable results and that is also employed here in some cases.⁵ However, evidence indicates that most people

naturally tend to think about welfare policy in terms of specific individual ('low-level') examples.⁶ So, to complement this approach, we decided to investigate views about fairness by asking participants to make decisions about specific welfare scenarios (in which the relevant analytical distinctions had been embedded) – a method we hoped would tap into perhaps more natural or 'intuitive' ways in which the public think about the issues.

Specifically, we asked participants to discuss and evaluate the situation of fictional characters that were placed in various employment, tax and welfare scenarios. For example, to explore views about the fairness of the current earnings distribution, five characters were created, all working in the same organisation (such as a large department store) in positions of increasing responsibility and seniority, their realistic salary levels each 'representing' one quintile of the earnings spectrum (they were at the midpoint of these quintiles – that is, the 10th, 30th, 50th, 70th and 90th percentiles). After asking participants to guess how much each character would earn in real life and how much they *should* earn, we then revealed the actual income levels to prompt discussion about fairness in pay. Subsequently, the position of each character in the earnings distribution would then be revealed to prompt further discussion about the fairness of the overall distribution. Presenting information on the way in which each character would be treated by the tax and benefit system could then provide a tangible way for participants to discuss fairness in the system, and so on.

Using such scenarios enabled us to probe in more detail views and beliefs about the size and fairness of gaps in income, wealth, status and opportunity, as well as views about the fairness of different possible policy responses to inequality.⁷

2 The income gap in Britain today: the view from the ‘middle’

Whose gap is it anyway?

It depends which gap you're talking about: you need to distinguish between the bottom, middle and top – and at the top, there's another leap between the rich and the super-rich.

(Man, Glasgow)

Participants in all the discussion groups – people who were themselves on varying levels of income, living in different parts of the UK – described the income gap in Britain today as ‘too big’, ‘way too big’ or ‘ridiculous’. When asked for their views on what has happened to the income gap over the last 20 years, participants tended to say that ‘it’s just got worse’ or ‘it’s become unreal’.

But which gap do people have in mind when they respond to questions about the ‘income gap’? Our deliberative research suggests the gap that immediately comes to mind for most people is not so much the gap between top and bottom, but rather the gap between those in the middle and those at the very top – that is, ‘the super-rich’ rather than just ‘the rich’.

To understand these views, it is important to recognise how people subjectively position themselves, especially in relation to both ‘top’ and ‘bottom’. In line with other research observations, participants demonstrated a strong tendency to place themselves in the ‘middle’ of the income distribution.¹ And this certainly influenced their perceptions of the income gap. Asked which groups have done better or worse over the last 20 years, or whether income levels at the bottom have gone up as fast as for higher income groups, participants gave responses comparing *their* position and pay unfavourably with those of the highest earners.

For most of the participants in our discussion groups, it is people ‘like them’, whom they

perceive to be in the broad ‘middle’ of the income spectrum, who seem to be undergoing a particularly difficult time. In their words, it is the ‘middle band of people’ who ‘get forgotten’, who ‘suffer the worse’ and who are ‘worse off’, losing out to both top and bottom:

Moderator: Some people say we should have a higher top rate of tax because it would make household incomes more equal ...

F1: Yeah, but they're not equal because those in the middle aren't getting any help with the cost of, you know, stuff ... like the 'lower-band' guys are.

(Woman, Sheffield)

While 59 per cent of survey respondents agreed that ‘poor people at the bottom have a really tough time overall, because they work hard but without the rewards of the rich or the middle, and with more stress and anxiety than other groups’, fully 79 per cent agreed that ‘ordinary people in the middle have a really tough time overall, because they work hard, but without the rewards of the rich and without the benefits of the poor’ – a view to which respondents’ social class made no difference, with support from 79 per cent of both socio-economic groups ABC1 and C2DE (see Table 1).

Viewed from this ‘middle ground’, the incomes and rewards to be found at the top of the income spectrum were seen as excessive and disproportionate. In line with survey data, participants expressed a sense that it is the top that has pulled away from the rest, leaving ordinary people behind.²

Pressures of consumption, materialism and lack of time featured heavily in participants’ narratives about ‘the middle under pressure’. As many of them expressed it, people today are working harder and harder, but not getting to enjoy

Table 1: Views on which groups are having a tough time

Question: 'Thinking about the situation of people in Britain today, and taking everything into account, how much do you agree or disagree with the following statements?'			
	Agree (%)	Neither agree nor disagree (%)	Disagree (%)
Ordinary people in the middle have a really tough time overall, because they work hard, but without the rewards of the rich and without the benefits of the poor	79	9	10
Rich people at the top have a really tough time overall, because they work hard, with more stress and more responsibility than other groups	7	15	75
Poor people at the bottom have a really tough time overall, because they work hard but without the rewards of the rich or the middle, and with more stress and anxiety than other groups	59	15	24

Base = 3,316.

the benefits of increased material living standards because they do not have the time to enjoy those rewards. In this sense, participants tended to have a somewhat ambivalent view of rising income levels over the last 20 years, viewing them as a source of both increased living standards and increased pressure and anxiety.

Participants felt strongly the pressure to consume more and, in particular for parents, the pressure to provide more for their children:

Now there's so much pressure on us as parents and adults to do things, to conform, to buy our kids the latest things, the games or shoes or whatever, but I think it certainly has improved in terms of standards.

(Man, London)

Defending high rewards

As we shall see, while certain occupations or individuals were widely seen as overpaid, participants were not generally opposed to high rewards. For the most part, pay differentials were seen as reflecting a perceived hierarchy in talent and ability, as well as being necessary to encourage and incentivise (i.e. to provide an incentive for) hard work:

You can't be a brain surgeon and get the same as – I don't know – me, as a dispenser, else you'd stay at the dispensary, wouldn't you?

(Woman, Sheffield)

It was also widely assumed that high pay for more senior or more responsible positions and occupations is earned through effort and hard work:

They've struggled cos they've worked stressful lives to get where they've got to.

(Woman, Sheffield)

In this sense, higher salaries were seen as being a fair reflection of differential effort and responsibility, and as compensation for the time, stress and worry that extra responsibility entails.

So there was a strong belief among most participants in fair inequality justified on the basis of one or more possible criteria of desert.³ One of the key factors underpinning the prevailing view that salary differentials justifiably reflect desert was a widespread belief in the *availability of opportunity*. As we explore further in Chapter 3, opportunities for getting into employment, advancing up the career ladder and fulfilling one's potential are widely thought to exist. As such, it is deemed fair to reward those who have made it to the 'top' with high remuneration, which is also seen as incentivising others to 'pull themselves up'.

However, this commitment to fair inequality tended to interact with some other attitudinal traits, which seemed to generate more sympathetic evaluations of the justifiability of high incomes than might otherwise have been expected on the basis of fair inequality alone.

The first is that there was a strong tendency to *overestimate* the number of people who earn

higher levels of income. Asked about the amount people earn and should earn in positions of varying responsibility within the same organisation (such as a department store), participants were broadly satisfied with the general spread of incomes, which were chosen to represent different positions on the income spectrum. But there was a great deal of surprise expressed about the fact that a salary of £42,900 represented the 90th percentile – that is, only one in ten people in Britain earned *more* than this amount.⁴ Some participants simply refused to believe this, assuming that the figure was a mistake.

I don't believe that, I just don't believe that. I don't think that £42,000 is in the top. I would obviously have thought there is more than 25 per cent of the country earn more than Eleanor [a character earning £42,900].

(Man, Bristol)

It seemed that participants' views of whether or not a salary was deemed to be 'reasonable' or justified partly reflected their beliefs about how common or 'usual' such incomes are believed to be (see Box 1 later in this chapter). In this context, then, one consequence of overestimating the number of people earning high salaries was to increase their perceived justifiability.

A second trait in evidence was a range of cognitive 'coping' strategies used by participants to justify high incomes and existing income inequality. As insights from sociology and experimental psychology have shown, people have a need to make sense of the world, to achieve stability and order, and to preserve the 'belief in a just world' (Lerner, 1980; Jost *et al.*, 2003; Benabou and Tirole, 2004). To this end, individuals often employ 'coping strategies' to justify existing inequalities and tend to make judgements about the character or behaviour of others in ways that rationalise and justify their respective positions. For example, there is a common tendency to denigrate members of low-status groups by blaming them for their own misfortune – for instance, by ascribing unfavourable traits, such as laziness, to disadvantaged groups (Benabou and Tirole, 2004). On the other hand, there is a tendency to justify the elevated position of the rich via attributed character traits such as industriousness and a

willingness to work under increased pressure (Furnham and Gunter, 1984; Kay and Jost, 2003). In this way, outcomes are explained in terms of the individual dispositions of the advantaged and disadvantaged, rather than factors beyond their control, such as underlying social structures and processes, or luck (Ross and Nisbett, 1991).

Such 'coping strategies' were often reflected in a tendency of participants seemingly to exaggerate the contributions of high earners or to invent their own evidence about fictional characters in order to justify their high salaries. Here is a typical example of a participant inventing background information about a fictional character, the attribution of which then justifies his salary being higher than those of other characters:

He's a university graduate, he's done probably banking qualifications as well, so he's studied hard for his job, he's a professional, he takes a high amount of responsibility for what the bank's doing, so consequently he is entitled to the salary he's getting for the responsibility he takes. He's got 30 staff, maybe?

(Man, London)

It was noticeable, however, that the willingness of participants to employ such strategies was visibly affected by the financial crisis in autumn 2008. A default tendency to justify existing inequalities in pay as deserved gave way to anger at perceived excess at the top and an increasing willingness to question whether high salaries were deserved or not. Whereas, in the groups before mid-September 2008, participants would often ignore or dismiss evidence that ran counter to attempts to justify existing inequalities, after the onset of the financial crisis, such information would often be seized on to challenge high salaries. And, while especially focused on those working within the City (see Box 2 later in this chapter), there were nevertheless some signs that this attitudinal shift had begun to carry over into attitudes toward inequality at the top more generally. As we discuss in Chapter 4, it seems that the financial crisis has opened up space for government action on pay and tax at the top that even in summer 2008 would have looked untenable.

Another phenomenon related to, though distinct from, the 'coping strategy' discussed

above was a tendency to invoke a ‘fatalistic’ stance that served to close down questions about fairness. While questions about the fairness or unfairness of inequality had a resonance with certain groups of participants, for others appeals to fairness were missing the point. From their perspective, disparities were bound to exist – ‘it’s just the way the world is’ was a common refrain.

At the more ‘inegalitarian’ end of the spectrum, this fatalism was a product of determinism, with participants regarding it as contrary to ‘human nature’ to try to reduce inequality through what was perceived as ‘social engineering’:

Sorry, I do get the feeling we are talking about political and sociological things, and we’re totally ignoring human nature. And it’s almost like, it’s kind of, we’re trying to create, from what I’ve heard, a utopia, which ain’t ever gonna happen. And we have to realise, we have to be honest, we need to look at human nature.

(Man, London)

For others, inequality was viewed simply as inevitable in a market economy – there was nothing Government or anyone else could do about it without damaging the economy. And this sentiment was fairly pervasive in one form or another. Our survey found that 51 per cent agreed that ‘A wide gap in incomes is inevitable in a market economy – you can’t do anything about it’, with just 29 per cent disagreeing.

And this sense of fatalism cropped up in discussions of all aspects of economic inequality, from pay and income, to opportunity and mobility:

M1: There has always been in this country, and will continue for the foreseeable future, a situation where some people get a start in life because of their contacts ...

Moderator: *Do you think it’s fair or unfair?*

M1: It’s just the way it is.

M2: It’s the way of the world, isn’t it?

By insisting on the inevitability of economic inequalities, many participants avoided considering

questions of whether such inequalities were fair or not.

Attitudes toward ‘the top’: condemning ‘the super-rich’

It’s more money than sense, really.

I think it’s money gone mad. It’s obscene.

(Man and woman, Sheffield)

Importantly, it was ‘the super-rich’ rather than ‘the rich’ who attracted most condemnation. Across all our groups there was a wide consensus that the income of ‘the super-rich’ (the ‘rich superstardom’ at the top) is too high, with the ‘silly money’ earned by footballers, bankers and ‘fat cat bosses’ singled out as being particularly excessive.

Where high incomes were criticised, some participants objected to the amounts involved because they were seen as too much for anyone’s needs. (This type of argument figured particularly strongly in the positions of those participants who would conventionally be classified as ‘egalitarian’.) From this perspective, being rich is having ‘surplus money’ on top of ‘what is needed to accommodate your lifestyle’ or ‘a lot more than is necessarily needed for your lifestyle’. A few participants explicitly articulated a moral argument against inequality in these terms, making direct comparisons to absolute poverty and deprivation in other parts of the world and describing excessive income as morally wrong because it denies other people’s needs:

You just don’t need that. That seems completely wrong and we’ve not spoken tonight about people starving in Africa or wherever by our standards but look how much they could give back to the world. It’s wrong.

(Man, Sheffield)

More often, however, objections were raised to very high incomes at the top because the amount was seen as disproportionate to the level of skill or ability involved (for example, in the case of premiership footballers) or to the results produced (for example, in the case of bankers).

Box 1: How do people interpret ‘rich’ and ‘super-rich’?

In monetary terms, participants differed in how they defined ‘rich’ and ‘super-rich’. Not all of them volunteered a level of income that they considered to be ‘rich’ and some struggled to define it in the abstract.

For some participants, an annual salary of up to £100,000 was seen as ‘sensible’ and ‘reasonable’, though, for others, this represented a considerable amount of money:

Some people make hundreds of thousands a year literally and then have the big fat cat bonuses on top. If you’re talking sensibly up to a hundred thousand then obviously it’s a different story.

(Man, Sheffield)

I was going to say that, that lady who was involved in the childcare case, apparently, if you can believe it, she was being paid over £100K a year.

I think you could live comfortable on that.

(Women, Bristol)

In our survey, three-quarters of respondents (75 per cent) described ‘people in full-time employment earning around £100,000 per year’ as ‘overpaid’ (see Table 2). In more specific questions about salaries of £150,000, less than a third were willing to defend such a salary on the grounds of either need or desert – only 28 per cent thought ‘people earning £150,000 have special skills and their salary is generally a fair reflection of their value’ and only 29 per cent *disagreed* with the statement that £150,000 is ‘too much because it is more than anyone needs’ (see Table 3).

Table 2: Question – ‘Thinking about how much people earn in Britain today, do you think each of the following groups of people are generally underpaid, overpaid or paid about right?’

	Underpaid (%)	Overpaid (%)	Paid about right (%)
People in full-time employment earning around £45,000 per year	1	30	56
People in full-time employment earning around £100,000 per year	1	75	12

Base = 2,044.

Table 3: Question – ‘Thinking about people earning above £150,000 a year, how much do you agree or disagree with the following statements?’

	Agree (%)	Neither agree nor disagree (%)	Disagree (%)
Most people earning £150,000 have special skills; their salary is generally a fair reflection of their value to their company or organisation	28	20	50
A salary of £150,000 is too much because it is more than anyone needs to live on	47	22	29

Base = 1,697.

As we might expect, there were also regional variations in these views. For example, while 75 per cent of respondents in our poll described ‘people in full-time employment earning around £100,000 per year’ as ‘overpaid’, this view was more popular in Scotland (83 per cent) than in London (65 per cent), which would seem to reflect regional variations in earnings, with more high earners in London than the rest of the UK. Respondents in Scotland were also less likely to defend a salary of £150,000: 50 per cent of respondents in Scotland agreed that it is ‘too much because it is more than anyone needs’, as compared to 40 per cent in London (see Table 4); and, while 50 per cent of respondents overall disagreed that ‘people earning £150,000 have special skills; their salary is generally a fair reflection of their value’, more disagreed in Scotland (59 per cent) than in London (44 per cent) – see Table 5.

Table 4: Question – ‘Thinking about people earning above £150,000 a year, how much do you agree or disagree with the following statement? “A salary of £150,000 is too much because it is more than anyone needs to live on.”

	Agree (%)	Neither agree nor disagree (%)	Disagree (%)
All GB	47	22	29
London	40	18	40
Rest of South	46	21	31
Midlands and Wales	50	21	26
North	48	24	26
Scotland	50	26	23

Base = 1,697.

Table 5: Question – ‘Thinking about people earning above £150,000 a year, how much do you agree or disagree with the following statements? “Most people earning £150,000 have special skills; their salary is generally a fair reflection of their value to their company or organisation.”

	Agree (%)	Neither agree nor disagree (%)	Disagree (%)
All GB	28	20	50
London	33	21	44
Rest of South	31	21	47
Midlands and Wales	25	20	52
North	28	19	51
Scotland	19	20	59

Base = 1,697.

However, it is worth noting that, even though such high incomes were seen as disproportionate, footballers were nevertheless seen as ‘lucky’ to be in the right place at the right time and not personally culpable for their high rewards. So, although there is condemnation of what is perceived as the excessive income or wealth of ‘the super-rich’, it does not necessarily follow that people blame them for such high incomes or think they are not entitled to keep them. This suggests a possible reason why disquiet about excessive

incomes at the top may not necessarily translate into a desire for redistribution (an issue explored further below).

Unlike footballers, however, since the onset of the credit crunch, ‘city bankers and traders’ have become widely seen as being personally culpable both for what are perceived as excessive salaries and for having created economic and financial problems, and this has generated an altogether different set of public attitudes (see Box 2).

Box 2: In the spotlight – the case of city bankers

City bankers provide a useful case study of how attitudes towards the top can change, because their visibility increased so dramatically during autumn 2008 as the media focused on the ‘credit crunch’. Compared to earlier focus groups (from July to early September 2008), participants in later groups became considerably angrier over the subject of pay and rewards in the City. As will be discussed in Chapter 4, whereas in earlier groups many participants had stopped short of saying that government or other external agencies should step in to regulate bankers’ pay, this became an area in which they became increasingly willing to contemplate radical action.

The credit crunch has effectively expanded the size of the ‘undeserving rich’ in the public’s mind. Bankers and traders have joined footballers and socialites at the bottom of the public’s ‘deservingness list’. Asked to assess the pay of people in different jobs and professions, 87 per cent of respondents in our poll viewed city bankers as overpaid, second only to premier league footballers at 96 per cent. Their salaries attracted even more disapproval than those of lawyers (77 per cent) and MPs (71 per cent).

Intense media scrutiny of the financial sector has left bankers exposed on at least two counts. In the first place, participants in the later focus groups (conducted after mid-September 2008) referred to evidence of underperformance and, in some cases, blatant mismanagement within banking – for example, through reckless, irresponsible lending:

They were giving people an amount of money that they couldn’t possibly pay back.

The banks were lending to people five times their income or six times. In the end, the banks weren’t checking up.

And they’re still trying to give people store cards.

(Man and woman, Glasgow)

Many participants also viewed banking executives as profiteering at the expense of ‘ordinary people’:

It was people’s money, wasn’t it? At the end of the day, those bonuses were people’s money.

(Man, Bristol)

You see these people in the City of London going ‘Buy!’, ‘Sell!’, and they’re not bankers, they’re gamblers. And they’re gambling with your pension. You might not have many shares, but you’ve got a pension, hopefully.

(Man, Bristol)

While participants disapproved of what they saw as excessive greed, they were even more agitated to see bankers being rewarded for failure – and, moreover, rewarded at the expense of ordinary people.⁵ For nearly all participants, this violated a distributive norm commonly used to evaluate the fairness of pay and rewards – that is, a norm of desert based on results:

You know, these bankers, they know everything. And it turned out that they weren’t actually experts at all. They couldn’t catch a cold, because they never seen it coming, and they lost all their money, so that shows what a good expert they were.

(Man, Bristol)

A hierarchy of deservingness

These issues of desert and entitlement were explored further in the context of wealth. Asked to rank a number of well-known wealthy people according to how much they ‘deserved’ to be rich, participants rated most highly those individuals, such as Alan Sugar and J.K. Rowling who were seen as embodying virtues of hard work and effort, and as rising up from humble origins on the basis of their own merits:

I think people always respect someone who’s made their money rather than somebody who was born into it.

(Woman, Sheffield)

In making these judgements, participants therefore made assessments on the basis of how individuals had acquired their wealth – in particular, whether it was earned or unearned (as in the case of inherited wealth). In the case of earned wealth, secondary distinctions were then made on the basis of how virtuous participants regarded the method by which wealth had been earned (for example, criticising those who had earned money through business practices that were seen as harmful).

Interestingly (given that many theoretical analyses of desert would regard it as irrelevant), participants also considered how wealth was subsequently used in evaluating desert, viewing those individuals who chose to give money away to charity or good causes as more deserving of their wealth. Indeed, in some cases, the virtue of donating to charity was seen to outweigh the vice of acquiring money in illegitimate or less deserving ways.⁶

An underlying sense of entitlement?

Despite expressing strong views on the subject of how wealth has been accumulated and how it is spent, many participants in our discussion groups did not feel that it was right to *blame* an individual for inheriting wealth (or even, sometimes, for acquiring it through ruthless business practices).

Even when wealth was seen as primarily *unearned*, as in the case of a wealthy landowner such as the Duke of Westminster, there was still a strong sense that the individual concerned was entitled to keep it. In another example, participants

discussed the daughter of a wealthy businessman who was reported to be spending excessively on luxury consumer items. Even in this case, although participants put her at the very bottom of the deservingness ‘league table’, they thought that it was ‘not her fault that she’s inherited that much money’. And, in this and other cases, while wealthy parents were criticised for passing on vast sums to their children (because it was seen as undermining individual responsibility, eroding a work ethic and having a detrimental impact on their children’s character), it was notable that the beneficiaries of inherited wealth were not thought to be to blame. As such, there seemed to be little appetite for measures to take away that wealth.

Of course, the fact that participants generally thought such individuals should not be punished for having acquired wealth in the way that they had, say, through inheritance, still leaves open the possibility that they would have supported such practices being constrained in future. Thinking that it would be wrong to penalise individuals who take advantage of the rules, while the rules remain as they are, is still consistent with support for changing the rules themselves. However, in other exercises exploring policy responses to wealth inequalities, there was indeed evidence of a deeper sense of entitlement at work – in some contexts, at least. For example, many participants were resistant to the increased regulation or taxation of inheritances. This was confirmed in the poll results, with 55 per cent disagreeing (including 29 per cent strongly disagreeing) that ‘Government should take action to reduce inequalities in inherited wealth’, compared to just 25 per cent agreeing.

Thus, to understand public attitudes to inequality and related policy responses, it is not enough to understand how and why individuals are seen as more and less ‘deserving’ or ‘undeserving’; we also need to understand the interplay between desert and other distributive norms, such as need and entitlement. In some contexts, people also seem to apply ‘rights of possession’ and norms of entitlement to high incomes and particularly wealth. As a result, even those who are viewed as *less* deserving may still be regarded as entitled to keep their money, however it has been acquired and however it is used. This strong sense of entitlement may be important when it comes to understanding public

attitudes towards income redistribution and other policy responses to inequality.

Chapter 1 highlighted an apparent paradox that has been observed in British Social Attitudes Survey data: that far more people express concern about the income gap than support for redistribution from rich to poor. The analysis in this chapter suggests several possible reasons why this might be the case. First, it seems as if people are interpreting the gap as that between the very top and the middle, rather than between 'rich' and 'poor' as conventionally understood (and concern about the former clearly need not translate into support for policy measures to address the latter). Second, concern about the income gap coexists with a widespread belief in fair inequality on the basis of desert, which may be violated by redistribution in certain contexts. Finally, even where redistributive processes do not violate perceptions of deserved inequality, it seems that, in some contexts at least, norms of entitlement can override beliefs about distributional fairness to generate resistance to redistribution.

Quantifying the effects of beliefs about the top on attitudes

The discussion above suggests some important factors for explaining judgements about the fairness of outcomes at the top, among them: views about the extent to which high salaries are deserved; whether or not need is viewed as relevant to evaluating the fairness of outcomes; and views about the extent to which high salaries are necessary to incentivise work. Another relevant factor that emerged in participants' reasoning about fairness was the extent to which inequality is viewed as inevitable or not, with the potential to create a sense of fatalism about unequal outcomes.

Table 6 explores the effect of these values and beliefs on net support for a diagnostic policy measure: a maximum wage. Overall, there was mild net opposition to this measure, with 49 per cent opposed compared to 39 per cent supporting a maximum wage of some kind. As can be seen from the cross-tabulations in Table 6, all of the factors listed above exerted a large influence on support for, or opposition to, a maximum wage, and did so in the expected direction: beliefs

that high salaries are deserved, beliefs that high salaries are necessary to incentivise hard work and beliefs that inequality is inevitable are all associated with increased opposition to a maximum wage (and vice versa); beliefs that high salaries were too much because they are not needed is associated with increased support for a maximum wage (and vice versa).

A logistic regression model containing 15 independent variables explored in more detail the effect of these subjective factors on support for a maximum wage.⁷ The analysis confirmed that all four beliefs listed above were highly significant in explaining the variance in support for a maximum wage, with a belief that high salaries are 'too much because it's more than anyone needs' exerting the strongest effect (see Appendix 2 for details of the model).

Further regression models showed that only three of these beliefs (beliefs about high salaries and desert, beliefs about high salaries and need, and beliefs about the inevitability of inequality) were significant in explaining support for two other policy approaches: 'an increase in tax rates at the top, to ensure that richer households contribute more to public services', and 'action through tax and benefits to reduce the gap in incomes between the richest and the poorest' – again, with subscription to a need-based norm in judging the fairness of high salaries exerting the strongest effect on support for (or opposition to) these policies.

Chapter summary

This chapter has explored attitudes to the income gap and those at the 'top'. Most of the participants in our deliberative research subjectively placed themselves broadly in the 'middle' of the income spectrum and, from this perspective, interpreted questions about the income gap in terms of the gap between the 'middle' (themselves) and 'the super-rich'. Views about the gap being too big therefore reflected concerns about the pressures those in the 'middle' were under by comparison with those at the 'top', pressures often articulated in terms of materialism and consumerism.

For most participants, attitudes to income inequality were expressed within the context of a belief in fair inequality on the basis of desert.

Table 6: Support for a maximum wage, by views on high salaries and inequality

Question: 'Some people say there should be a legal maximum limit on how much people can earn. Which of these statements comes closest to your own? There should be no maximum wage/There should be a maximum wage' [The latter option was further decomposed into various possible levels at which a maximum wage might be set, which have been aggregated here.]				
	Support maximum wage (%)	Oppose maximum wage (%)	Net support for a maximum wage (support-oppose) (%)	Base (n)
All	39	49	-10	3,316
Support for a maximum wage, by views on high salaries and desert				
Those <i>agreeing</i> that most people earning £150,000 deserve to	24	70	-46	937
Those <i>disagreeing</i> that most people earning £150,000 deserve to	52	37	+15	1,654
Support for a maximum wage, by views on high salaries and need				
Those <i>agreeing</i> that £150,000 salary is too much because it's more than anyone needs	58	28	+30	1,513
Those <i>disagreeing</i> that £150,000 salary is too much because it's more than anyone needs	19	76	-57	1,011
Support for a maximum wage, by views on high salaries and incentives				
Those <i>agreeing</i> that high salaries are needed to incentivise hard work	32	61	-29	1,655
Those <i>disagreeing</i> that high salaries are needed to incentivise hard work	56	33	+23	760
Support for a maximum wage, by views on inevitability of income gap				
Those <i>agreeing</i> that a wide gap in incomes is inevitable	31	63	-32	1,676
Those <i>disagreeing</i> that a wide gap in incomes is inevitable	57	34	+23	951

As such, participants were not opposed to high incomes that they perceived to be deserved, though evaluations of desert were sometimes influenced by misperceptions of the existing income distribution (leading people to view high salaries as more 'usual' than they were) and also by cognitive 'coping strategies' whereby participants would exaggerate the desert of those with high incomes in order to justify existing inequalities. At other times, participants would invoke a belief that inequality was inevitable, which served to 'close down' questions of fairness and avert the need for considering these issues.

The 'super-rich' and those with very high salaries did often attract condemnation, and more so after the onset of the recent financial crisis,

which seemed to shake beliefs about desert at the top and reduce the propensity of participants to attempt to justify existing inequalities. A significant minority of more egalitarian participants employed need-based objections to high salaries, while the majority employed desert-based objections. Even where participants viewed high salaries (or extreme wealth) as undeserved, however, this did not necessarily lead them to blame the individual concerned or think they should not be entitled to it; in some contexts, norms of entitlement can override norms of desert.

The following chapter explores attitudes towards those at the 'bottom', once again from the perspective of participants' self-placement in the 'middle'.

3 Judgemental attitudes towards the ‘bottom’

Viewed from the ‘middle’ (where nearly all participants subjectively placed themselves, regardless of their actual socio-economic group), it was not only people at the ‘top’ who were perceived to have it easy in Britain today, but also those at the ‘bottom’:

I think the middle people are worse off. Because the bottom people are getting everything paid for, by the Government, they don't have to work, they get everything paid for, their rents and everything. And they get quite a lot of money for everything, for shopping.

(Woman, London)

But there were important differences between attitudes towards top and bottom, with the latter often evoking more negative and punitive attitudes. For example, although participants were critical of excessive and disproportionate levels of income at the top, and could view people as more or less deserving at both ends of the spectrum, they tended to be more forgiving of misdemeanours and more willing to give the benefit of the doubt to those at the top. A more demanding set of expectations and evaluative criteria seems to be applied to people on low incomes, especially people claiming benefits and other forms of income support.

Blaming poorer people: asymmetries in attitudes towards ‘top’ and ‘bottom’

To explore some of these asymmetries between attitudes towards those at the top and bottom, we asked participants to evaluate examples of perceived ‘free-riding’ at both top and bottom: specifically, a wealthy person engaged in tax avoidance while benefiting from public goods and services, and a benefit claimant who was bending

the rules by continuing to claim unemployment benefit while turning down available jobs over a significant period of time.¹ While these activities are clearly not symmetrical or equivalent in themselves – being different types of behaviours and of different legal status – both seemed to capture for participants the idea of someone extracting ‘benefit’ from the public realm while failing to play by the rules that we expect to accompany that benefit. As such, it provided a useful platform to explore some of the underlying asymmetries in judgemental attitudes towards top and bottom.

While participants expressed a fair degree of annoyance and irritation in both cases – and, indeed, usually showed a great deal of anger about tax avoidance – they tended to be far more exercised by the prospect of low-income groups exploiting the system than they were about high-income groups doing the same.

Whereas participants viewed both characters as exploiting the system, the slightly different nature of the exploitation in each case excited different emotions for some participants. In particular, while the individual engaged in tax avoidance was seen as greedy, they were nevertheless perceived as making *some* contribution through work. The individual engaged in benefits exploitation, on the other hand, often received fiercer criticism because they were seen as not making a contribution in the first place. Participants resented the idea of their ‘hard-earned money’ going to support ‘layabouts’ who were ‘bleeding the State dry’.

Importantly, there was also a far greater tendency to ascribe individual responsibility and blame towards those at the bottom than at the top. In terms of who was thought to be primarily to blame for tax avoidance, participants said it was the Government for not closing loopholes, rather than the wealthy individual concerned. By contrast, in the case of the individual exploiting the benefit system, participants viewed the blame

as lying squarely with the individual themselves. The individual engaged in benefit exploitation was seen as being at fault for both not ‘playing by the rules’ and for being in those circumstances in the first place – for not having the wherewithal to ‘pick themselves up’ and ‘lift themselves’ off the breadline.

In this and other exercises, participants routinely drew on negative stereotypes of benefit recipients. Indeed, in line with previous research (Castell and Thompson, 2007), they often struggled initially to conceptualise benefit recipients in positive terms – whereas they could employ both negative and positive stereotypes of the rich, they seemed to be able to draw on only negative stereotypes of those in poverty or in receipt of benefits. One consequence was a general tendency to exaggerate the numbers of people failing to make a contribution at the bottom of the income spectrum. For example, nearly all participants had an exaggerated view of the scale of benefit fraud, while massively underestimating the scale of tax avoidance; indeed, they thought the former was more costly than the latter, when the reality is the reverse.²

The drivers of these judgemental attitudes towards those in poverty, which underpin the asymmetries explored above, were then investigated through further deliberative exercises and polling. While clearly a variety of beliefs and values motivated these attitudes, two key factors emerged as especially powerful drivers. First, we suggest that judgemental views towards those on low incomes, even people in work who attract far greater sympathy than those on out-of-work benefits, are underpinned by widespread beliefs about the availability of opportunity. The prevalence of these beliefs – particularly a lack of awareness of barriers to advancement and overestimation of the chances for mobility – result in highly ‘individualised’ explanations for poverty and disadvantage. Second, it is above all the belief that benefit recipients do not make a reciprocal contribution that underpins negative, judgemental views about claimants – though this area potentially offers the best opportunity for breaking through some of the negative stereotypes.

‘Pulling themselves up’: beliefs about opportunity and mobility

Opportunities for getting into employment, advancing up the career ladder and fulfilling one’s potential are widely thought to exist. Asked whether children born in low-income, working-class families today still have the same chance of moving up the income or career ladder, most participants gave a robust defence of the view that people have enough opportunity to get on if they really want to and that *anyone can make it if they really try*:

I’m from very much a working-class background and left school with no qualifications at all. I think it depends on the individual how much you want it and how much you push yourself. Even now there are things you can do, you can put yourself through college. It comes down to the individual and how much you’re motivated.

(Man, London)

The prevalence of these beliefs is also revealed through polling data (see Table 7): while 55 per cent agree that ‘Many people are disadvantaged because of their background, and have to work much harder than others of equal basic talent to overcome the obstacles they face’ (with 22 per cent disagreeing), majorities nevertheless also think that ‘There are generally good opportunities in Britain today for people from all social groups and all backgrounds’ (with 55 per cent agreeing and 26 per cent disagreeing) and that, while opportunities are not equal, ‘There is enough opportunity for virtually everyone to get on in life if they really want to. It comes down to the individual and how much you are motivated’ (with 69 per cent agreeing and just 14 per cent disagreeing). Only 30 per cent recognised that many face insurmountable barriers, agreeing that ‘Many people are severely disadvantaged because of their background, and find it impossible, however hard they work, to overcome the obstacles they face’ (with 44 per cent disagreeing).

Table 7: Views on the influence of background and the availability of opportunity'

Question: 'Thinking about people's chances of doing well in life, at school and at work, how much do you agree or disagree with the following statements?'			
	Agree (%)	Neither agree nor disagree (%)	Disagree (%)
There are generally good opportunities in Britain today for people from all social groups and all backgrounds	55	17	26
Opportunities are not equal in Britain today, but there is enough opportunity for virtually everyone to get on in life if they really want to. It comes down to the individual and how much you are motivated	69	14	14
Many people are disadvantaged because of their background, and have to work much harder than others of equal basic talent to overcome the obstacles they face	55	21	22
Many people are severely disadvantaged because of their background, and find it impossible, however hard they work, to overcome the obstacles they face	30	24	44

Base = 3,316.

As a result of such beliefs, participants in our discussion groups tended to attribute success or failure overwhelmingly to individual rather than structural factors. Some participants gave anecdotal examples of people they know who have 'pulled themselves up' through their own efforts:

My wife ... she started off at the level of a cleaner, she was doing waitressing ... Now she's a finance manager ... she was educated here as a mature student – she did accountancy and finance as a BA, you know she pulled herself up and worked for accountancy firms.

(Man, London)

groups that an individual's situation is largely of his or her own making.

Amidst this general view, there were some dissenting voices from those who did not subscribe to dominant beliefs about the availability of opportunity. A few participants expressed a clear sense of the obstacles and barriers to advancement that hinder people's efforts to get on in life:

I don't think there's this Billy Elliot kind of situation, that you can just dance your way out of poverty. A lot of people are hitting a wall, who are hard working, and are really stuck. And we need to help.

(Woman, London)

Asked why some people, even those with good qualifications, do not make it to the top, participants tended to ascribe failures to individual choices or mistakes (such as not applying for enough jobs or choosing the wrong course at university). And, while few blamed those in poverty *entirely* for their own situation (only 19 per cent of poll respondents agreed with the statement that 'Most of the people normally described as "poor" in Britain today have only themselves to blame for not having a higher income', with 50 per cent disagreeing and 28 per cent 'neither agree nor disagree'), there was a clear sense across all of the

Some participants highlighted the greater obstacles facing women in the workplace, as well as the barriers facing single parents. As one participant expressed it, not everyone has the *confidence* to access opportunities: 'there's plenty of bright women, who could have done ... but they couldn't see their own potential'.

But these dissenting voices were in the minority; in line with previous research, the most prominent views were based on a belief that people have *enough* opportunity to get on if they really want to and that it is up to the individual to take responsibility for improving his or her situation (Taylor-Gooby and Martin, 2008b).

The importance of reciprocal contribution

Responses to the discussion about exploitation of the benefit system – where people were far more exercised about a Jobseeker's Allowance claimant turning down available jobs than other potentially exploitative behaviours such as tax avoidance – suggest that perceptions of the extent to which benefit recipients make a reciprocal contribution is fundamental in driving attitudes towards both recipients and welfare policy.

To explore this further, participants were presented with scenarios incorporating a number of imaginary characters who were out of work and receiving unemployment benefit.³ Questions were then asked to probe participants' views about the validity of each character's claim to unemployment benefit. In some sessions, these were framed as questions about whether or not a particular character *should get* unemployment benefit; in other sessions, these were framed in terms of *how much* unemployment benefit each should get, depending on their circumstances.⁴

Interestingly, various factors conventionally associated with subjective evaluations of desert – while certainly stimulating discussion and debate – in the final analysis seemed to make little difference to participants' views about whether or how much benefit particular claimants should get. For example, it appeared to make little difference whether or not a claimant had significant savings – suggesting that absolute level of need is not the overriding factor in making such judgements. It also appeared to make little difference whether or not someone was born in the UK, suggesting that this aspect of identity was not an overriding factor; and also whether or not the character was more or less responsible for being unemployed in the first place (in the case of a character who had been sacked for 'skiving off'), suggesting – perhaps surprisingly – that perceptions of previous responsibility are also not necessarily overriding factors in making such judgements.

What *did* make a difference was whether or not the character concerned was genuinely trying to get a new job – that is, the level of 'reciprocal effort' in return for unemployment benefit. This was the 'deal breaker'. For example, in a situation where a character had been sacked for 'skiving

off', his current 'genuine efforts' to search for work were seen to override his 'past mistakes'; by contrast, a character who had been laid off because of recession, but had been turning down available jobs for several months, received little sympathy.

These comparisons suggest that forward-looking reciprocal effort can 'trump' other common criteria used in subjective evaluations of desert in the context of benefit receipt.⁵

The importance of this factor in attitudes towards welfare policy and those on low incomes also explains another phenomenon often encountered in the deliberative sessions: sympathy for people in work on a low income. When confronted with a character who, juggling work and care responsibilities, worked part-time for £6,200 a year, many participants expressed views that this wage level was too low, that the character was underpaid and that it was right that their household income should be topped up significantly with benefits and tax credits (though, as described in the previous section, this sympathy did not necessarily extend to a recognition of the barriers to opportunity and advancement faced by such individuals).

Importantly, evidence from our survey suggests that many people are pessimistic about the future contribution that benefit claimants will make. Only a quarter of respondents (25 per cent) agreed that 'Most people who receive benefits now will make a contribution back to society in the future, through activities like employment or caring for others', while almost half (46 per cent) disagreed.⁶ This suggests that an important barrier to gaining public sympathy and support for people on benefits (particularly out-of-work benefits) is a widespread perception that claimants are not making, or do not go on to make, a reciprocal contribution to society. As discussed in Chapter 5, challenging this perception – for example, through positive representations of the contributions that those on low incomes often make, or through more visible 'contractualism' in welfare policy – could therefore potentially help to address a range of judgemental attitudes about people on low incomes.

Quantifying the effects of beliefs about people in poverty on attitudes

The research also explored the effects of key beliefs and values on support for policy measures to benefit those in poverty, especially those beliefs that emerged during the focus groups as important drivers of public opinion – beliefs about the availability of opportunity and about whether or not benefit recipients go on to make a reciprocal contribution in future. In addition, the polling looked at the effect of other factors highlighted by a range of theoretical and experimental literature as being relevant to shaping attitudes here, including beliefs about whether or not those in poverty are really in need and beliefs about the extent to which those in poverty are responsible for their own situation.

Table 8 shows the effect of these beliefs and values on net support for a diagnostic policy measure: increasing benefits for ‘the poor’ (even if it means tax rises for everyone else). Overall, there was strong net opposition to this proposal, with 49 per cent disagreeing with it and only 24 per cent agreeing.⁷ As can be seen from the cross-tabulations in Table 8, all of the factors listed above exerted a large influence on support for, or opposition to, more generous benefits for ‘the poor’, and did so in the expected direction: beliefs that ‘the poor’ could manage if they budgeted sensibly and beliefs that ‘the poor’ have only themselves to blame are associated with increased opposition to increasing benefits ‘for the poor’ (and vice versa); beliefs that most people on benefits will make a contribution to society in future and beliefs that many are disadvantaged because of their background are all associated with increased support for increasing benefits ‘for the poor’ (and vice versa).

A linear regression model containing ten independent variables explored in more detail the effect of these subjective factors on support for increasing benefits ‘for the poor’.⁸ The analysis confirmed that all four beliefs listed above were highly significant in explaining the variance in support for increasing benefits ‘for the poor’, with a belief that benefit recipients would make a reciprocal contribution in future exerting the strongest effect (see Appendix 2 for details of the

model). Furthermore, the significance of all four factors, and in particular the dominance of beliefs about whether or not those receiving benefits would make a reciprocal contribution in future, remained when socio-demographic factors (such as age, gender and income) were added to these ten subjective variables in a larger regression model.

Chapter summary

This chapter has examined attitudes towards those on low incomes, once again from the perspective of participants who subjectively place themselves in the ‘middle’. These attitudes were often more negative and punitive than participants’ attitudes towards those at the ‘top’. Exploring some of the asymmetries in attitudes towards top and bottom that underpin this negativity suggested two important drivers of attitudes towards those in poverty or those in receipt of benefits, an analysis that was supported by both subsequent deliberative work and polling.

The first is a widespread belief about the availability of opportunity, resulting in highly individualised explanations of unequal outcomes. The second is a belief, also relatively widespread, that benefit recipients will not go on to make a reciprocal contribution back to society through activities such as employment or caring – something that seems a key criterion in evaluating fairness in welfare policy.

The next chapter looks at how the attitudes to top and bottom examined in Chapters 2 and 3 relate to, and shape, attitudes to policy measures to tackle economic inequality.

Table 8: Support for increasing benefits ‘for the poor’, by views on benefit claimants and those on low incomes

Question: ‘Thinking about “poor” people on low incomes in Britain today, how strongly do you agree or disagree with the following statements? “The Government should spend more on benefits for the poor, even if it leads to higher taxes for everyone else.” (Agree strongly/Tend to agree/Neither agree nor disagree/Tend to disagree/Strongly disagree)					
	Support increasing benefits ‘for the poor’ (%)	Neither support nor oppose increasing benefits ‘for the poor’ (%)	Oppose increasing benefits ‘for the poor’ (%)	Net support for increasing benefits ‘for the poor’ (support-oppose) (%)	Base (n)
All	24	24	49	-25	3,316
Support for increasing benefits ‘for the poor’, by views about those on low incomes and need					
Those <i>agreeing</i> that ‘the poor’ could manage if they budgeted sensibly	13	20	67	-54	1,449
Those <i>disagreeing</i> that ‘the poor’ could manage if they budgeted sensibly	44	23	32	+12	992
Support for increasing benefits ‘for the poor’, by views about those on low incomes and responsibility					
Those <i>agreeing</i> that ‘the poor’ have only themselves to blame	11	12	76	-65	625
Those <i>disagreeing</i> that ‘the poor’ have only themselves to blame	36	24	39	-3	1,659
Support for increasing benefits ‘for the poor’, by views about benefit recipients and reciprocal contribution					
Those <i>agreeing</i> that most people on benefits will make a contribution to society in future	49	24	27	+22	449
Those <i>disagreeing</i> that most people on benefits will make a contribution to society in future	11	16	72	-61	767
Support for increasing benefits ‘for the poor’, by views about the availability of opportunity and the influence of background					
Those <i>agreeing</i> that many are disadvantaged because of their background	32	25	41	-9	1,814
Those <i>disagreeing</i> that many are disadvantaged because of their background	11	13	75	-64	720

4 Attitudes towards policy responses to inequality

This chapter explores public attitudes towards policy responses to economic inequality, including how the attitudes and perspectives examined in previous chapters are reflected in attitudes towards policy.

Given the resistance to explicit redistribution highlighted by BSAS data (discussed in Chapter 1), and given some of the factors identified in Chapters 2 and 3 as important drivers of attitudes towards economic inequality and welfare policy – namely, a belief in deserved inequality, a belief that the middle is under most pressure and negative attitudes towards benefit claimants – one might expect people to be broadly opposed to progressive policy interventions required to tackle economic inequality (i.e. making sure those on higher incomes contribute more and those on lower incomes get more help).

But this is far from the case. As outlined in this chapter, both the deliberative research and polling picked up substantial currents of support for a range of progressive – and, indeed, redistributive – policy measures. It was not that the attitudes listed above, which appear challenging for a progressive policy agenda, did not affect policy preferences – as we saw in previous chapters, they did. But, rather, they did so within the framework of an underlying commitment to progressivity.¹

The aim of this chapter was to explore how the ‘view from the middle’ (where nearly all participants subjectively place themselves, whatever their actual socio-economic group), how prevalent beliefs about deserved inequality and how negative evaluations of those in poverty interact with this underlying support for progressivity in welfare policy, investigating some of the constraints and opportunities they create for policy-makers.

Perceptions of fairness in benefit expenditure

Support for progressivity

To explore attitudes towards progressivity, and

views about distributive justice more generally, participants were asked about the structure of three different types of benefits and tax credits: Child Benefit, Housing Benefit and Child Tax Credit.² Although sometimes participants expressed specific criticisms about particular benefits, nearly all of them were strongly supportive of the progressive distributional structure of income-related benefits and tax credits.

Moderator, London (discussing the Child Tax Credit): *What does that look like as a benefit to you? Do you think that's fair?*

F1: *Yes, because needy people are getting more which is what I think is right ...*

M1: *I think that's right, because that's what a benefit is – a benefit. And a benefit should be for someone who needs that benefit, that's why it's called a benefit.*

And when participants were asked to design their own income-related benefit (usually, a general benefit ‘to help with living costs’), the vast majority gave it a progressive distributional structure (see examples in Figures 1 and 2).³

This support for progressivity did not mean there was not also support for a flat-rate universal benefit such as Child Benefit, though opinion was often divided here between those who gave justifications for a flat-rate distribution and those who questioned whether Child Benefit was really needed by people on high incomes.⁴ Indeed, the fact that many participants supported both Child Benefit and income-related benefits indicates an important point. People did not necessarily apply a single criterion of distributional fairness in all cases; most recognised the validity of different principles for different benefit structures.

Only a few participants spontaneously brought up the issue of the disincentive effects of benefit

Figure 1

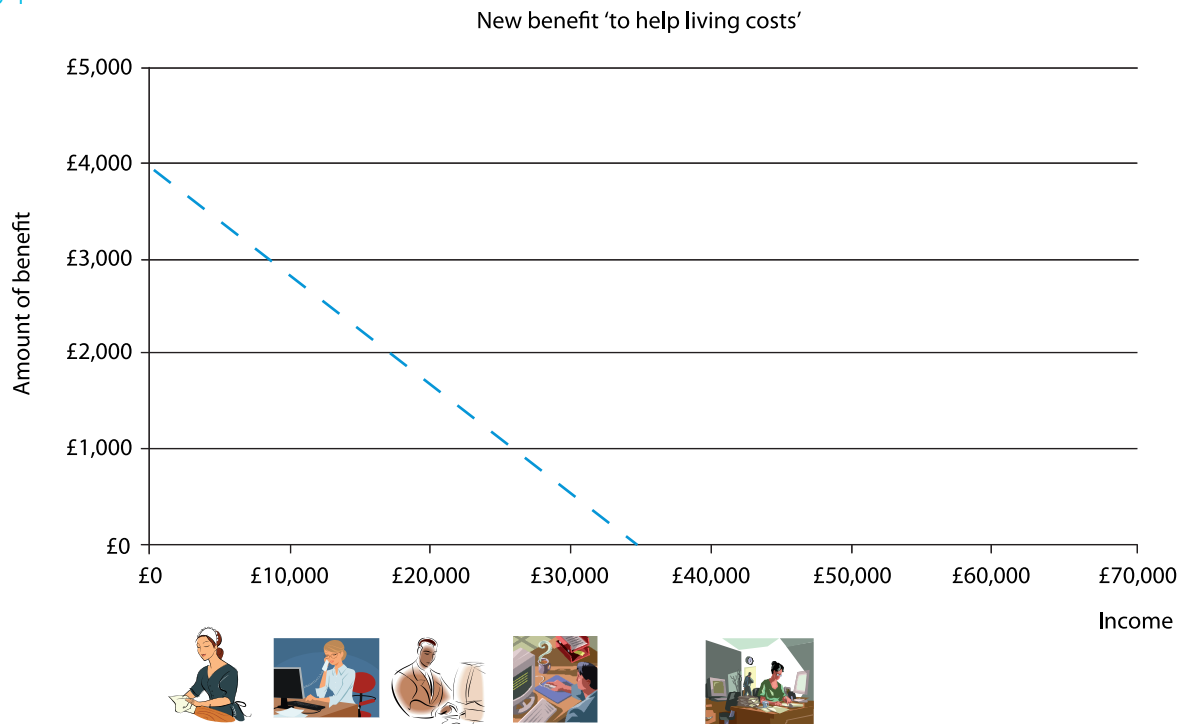
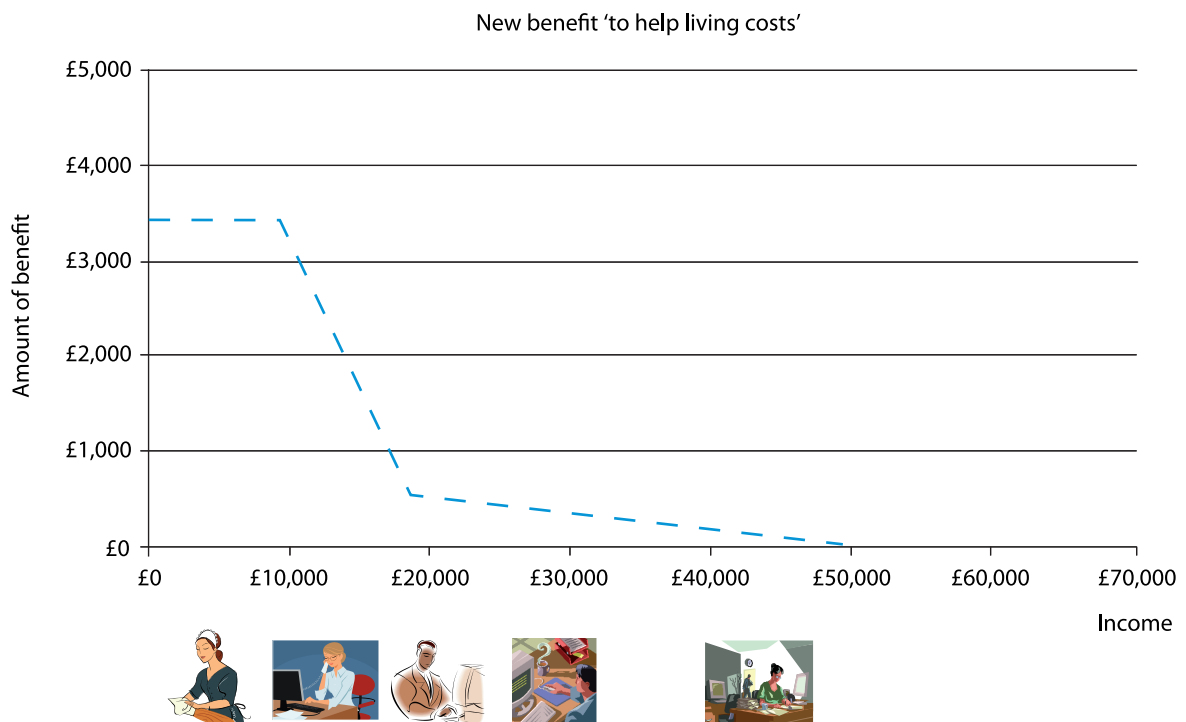


Figure 2



The horizontal axis represents household income for the purposes of benefit assessment. (To help participants think about income-related benefits, the stimulus material had used five fictional characters, who are positioned at relevant points underneath the horizontal axis.) The vertical axis represents the annual level of benefit award, meaning a taper that slopes downwards from left to right indicates a progressive distributional structure. Around four-fifths of participants structured their benefit designs in similar ways.

withdrawal.⁵ This concern was most commonly expressed in the case of Housing Benefit (where the withdrawal rate is 65 per cent), though, when pressed for a judgement, several participants felt that the withdrawal rate for the Child Tax Credit (39 per cent) was also too much. (For the small number willing to volunteer a more optimal figure, around 20 per cent was thought to be about right.)

The view from the ‘middle’

As with inequalities in earnings, an important concern in fairness judgements seems to have been how the ‘middle’ is treated in comparison with other groups. For example, concerns about flat-rate universalism, when they were expressed, always focused on the top end, specifically the fact that those on the highest incomes did not ‘need’ such benefits in comparison with the middle.⁶

In a similar vein, concerns about income-related benefits, when they were expressed, usually revolved around participant’s views that middle and lower-middle income households were getting substantially less than the poorest. Significantly, nearly all participants were happier for poorer households to be receiving more than those in the middle; but many, for example, expressed the view that the example of Housing Benefit given was unfair for being so highly targeted:

F, London: [Pointing to one of the characters]
She’s only earning £6,000 and she’s only getting £2,000 towards her yearly Housing Benefit.

M: *The threshold’s too low ...*

Moderator: *So would you wait until you’re earning more before reducing it?*

General agreement: *Yeah ...*

M: *I’d reduce it up until about £30,000, a gradual slope.*

Thus, in designing their own income-related benefit, the vast majority of participants tapered it out at income of between £30,000 to £50,000 (see Figures 1 and 2). Similarly, while nearly all participants tapered the benefit they designed progressively, attention would often focus on

ensuring that those in the middle got at least *something*, and often something that began to approach the level of awards for the poorest households.

In line with this, most participants thought the structure of the Child Tax Credit (CTC) was basically a fair one, striking a reasonable balance between progressivity and universalism.⁷ Some participants commented that households who just missed out on the Child Element of CTC (that is, those on just the Family Element) were unlucky compared with families just below them, but, by and large, people thought the overall structure fair.

Similarly, when participants were given the task of increasing expenditure on income-related benefits, while some of them thought that extra expenditure was best spent solely on the poorest households, many focused more on topping up the awards of those groups who were seen to be hit most by the initial phase of withdrawal (in other words, households with low to middle incomes).⁸ With the CTC, for example, many participants gave more to those with earnings between £15,000 and £30,000 (see Figure 3). With the example of Housing Benefit given, however, while some participants distributed new expenditure in a similar way (see Figure 4), slightly more focused on increasing the earnings disregard (Figure 5), shocked that withdrawal began so early in the example given:⁹

Moderator, Bristol: *If you were a government minister and you had to put more money in, where would you put it?*

F1: *I think I would focus on this steep fall-off. I think you’ve got to keep a return for people earning a bit extra.*

This trade-off between support for progressivity and avoiding narrow targeting was also picked up in a survey question. People were asked to prioritise how they would spend an extra £1 billion a year on increasing financial support to families with children. There was a significant minority committed to targeting the resources maximally on low-income households: 30 per cent chose to spend all of the extra support on the bottom quarter of families with children (the most highly targeted option available). But 54 per

Figure 3

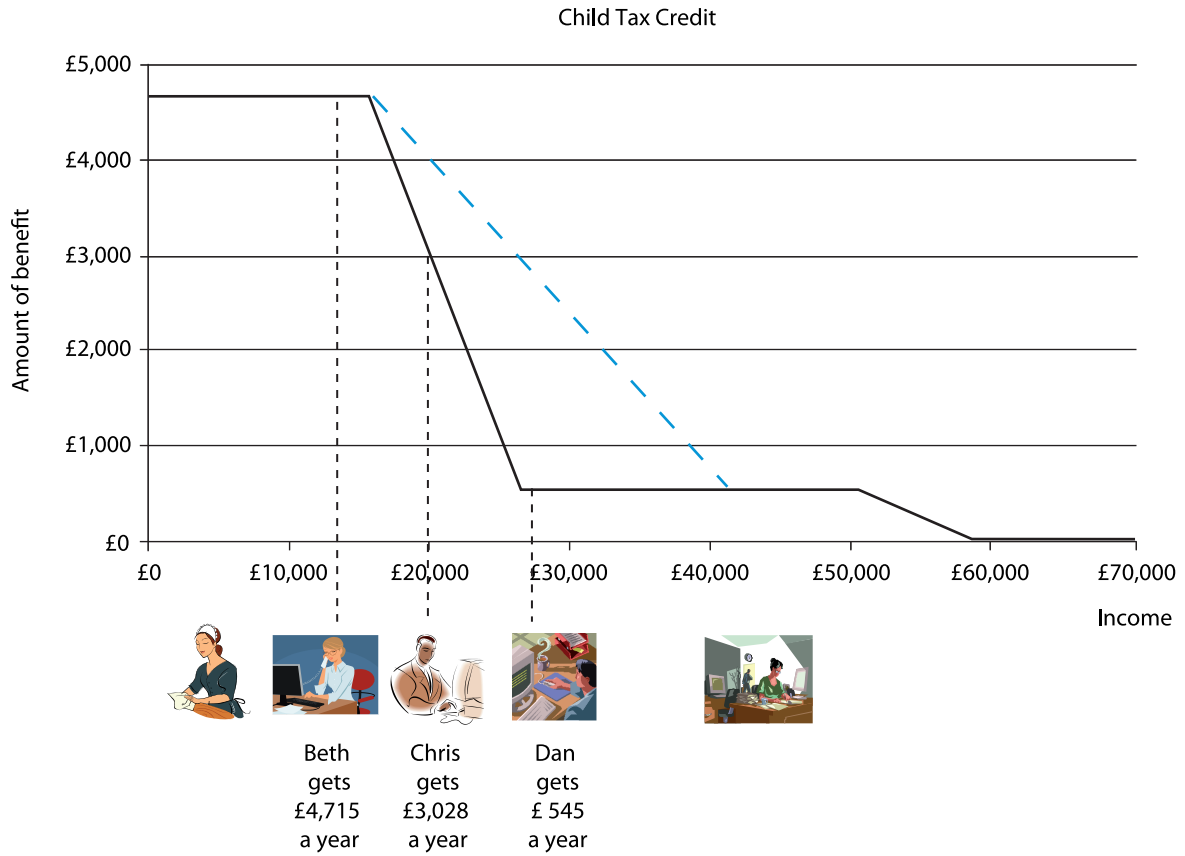


Figure 4

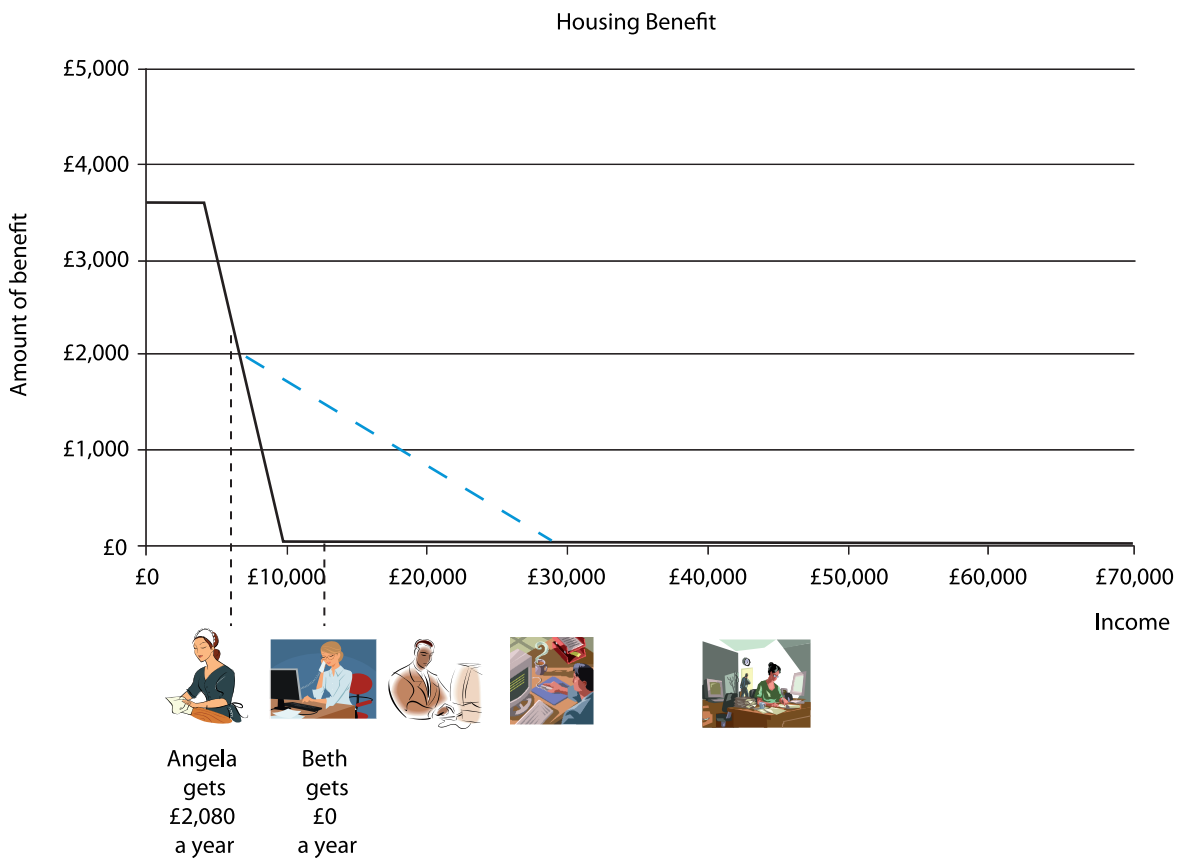
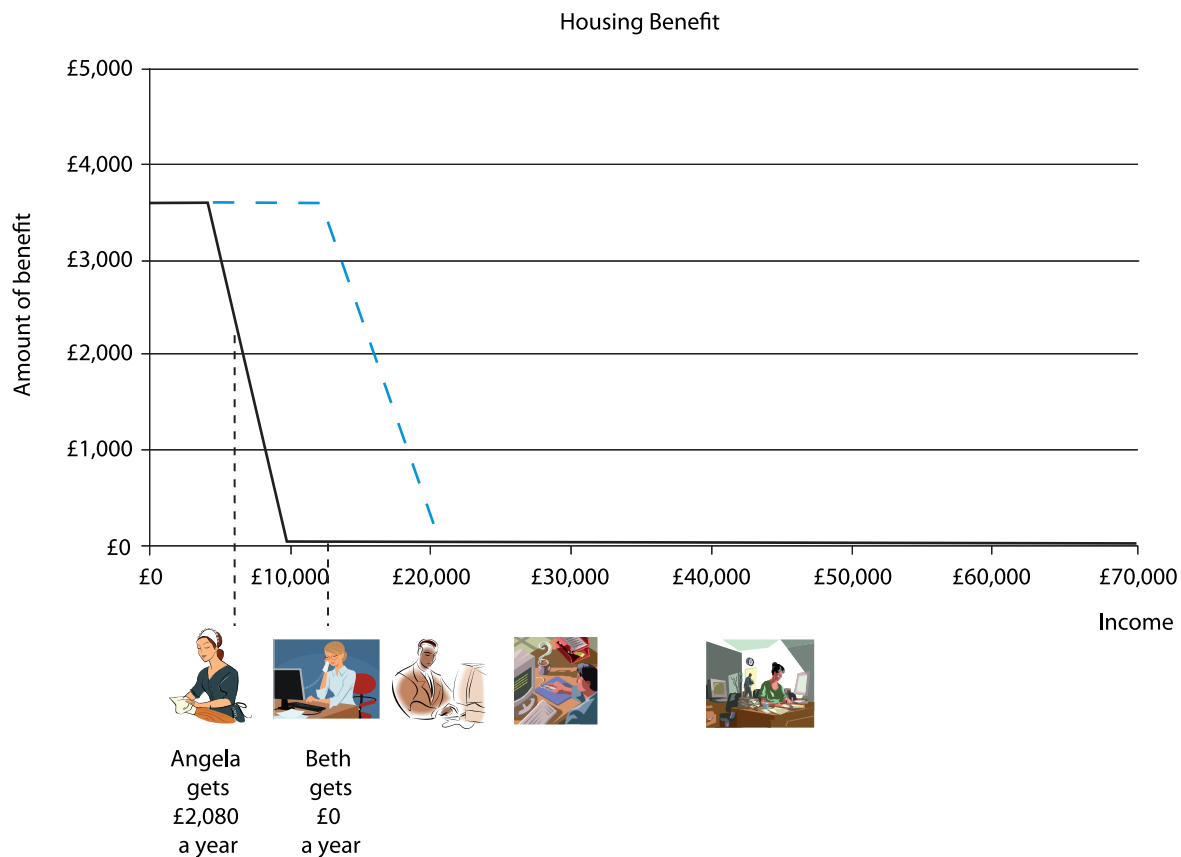


Figure 5



In the case of the Child Tax Credit, the award assumes the household has two children. Participants would often focus on topping up the award of those groups who were seen to be hit most by the initial phase of withdrawal. With the Child Tax Credit (and, in some cases, with Housing Benefit), this took the form of lessening the first withdrawal rate (though apparently on grounds of distributional fairness, rather than incentives), though, when it came to a highly targeted benefit such as Housing Benefit, this would also take the form of increasing the earnings disregard (see Figure 5).

cent of respondents chose wider coverage over maximum targeting, with 24 per cent spending the extra support on the bottom half; 13 per cent on the bottom three-quarters; and 17 per cent on all families with children. Interestingly, there were only minor differences between the preferences of ABC1 and C2DE groups, again suggesting the responses reflected more than simply self-interest.

In discussing their judgements about benefit structures, beyond fairness, participants occasionally indicated an increased willingness to contribute to benefits with wider coverage and some referred to the strategic effects (for enhancing the popularity of the benefit) of ensuring that those on low- to middle-incomes got something:

Moderator, Sheffield: *Which one [of the three benefits examined] do you feel most happy to pay taxes for?*

All: *Child Benefit.*

Moderator, London: *If more money went to the middle, do you think it would be a more popular system?*

F1: *Probably. I don't know you could ever say it would be fairer, but that would seem reasonable.*

M1, Bristol: *It's about political engagement ... Unless you've got the people who would be 'redistributed from' on board, then you're not going to get it.*

Perceptions of fairness in taxation

Attitudes to the tax system reflected similar themes to the discussion of benefits: overall support for progressivity, but with a particular focus on the generosity of the system towards the middle.

Support for progressive taxation

Overall, there was widespread support for progressive taxation, with only a tiny minority wanting the same tax rate for all. Sympathy was routinely expressed that those on low incomes might have to pay any tax at all, while it was also common to hear expressions that those at the top should be paying more than they presently are (see below):

F1, London: *Do you think Angela [here earning £8,000] should pay any taxes?*

F2: *No, I was gonna say, how can she, there'll be nothing left! ... I think Angela's paying too much.*

F1: *He [Edward, here earning £81,000] is not paying enough, and she's paying too much.*

F3: *I don't think Angela should be paying tax on her salary.*

Indeed, in a similar exercise to that described above with benefit expenditure, participants were shown a graph of how income tax liability varied with income and were asked how they would change it if given the chance. Most reduced the burden at the lower end of the income spectrum and increased it at the top end.

To some extent, exploring these views solely within the context of income tax was an artificial exercise, given that people's commitment to progressivity was usually conceptualised more generally, in terms of either individuals' average tax rate or their net tax rate – that is, how the tax system, or tax and benefits systems together, treated individuals overall.

Table 9: Taxes as a percentage of gross income for non-retired households, by quintile groups, 2006–07

Quintile	Bottom	Middle	Top
Direct taxes (%)	11.6	21.1	25.2
Indirect taxes (%)	27.8	15.5	9.4
All taxes (%)	39.4	36.6	34.6

Source: Jones (2008).

But, in line with previous research (Hedges, 2005), this underlying support for progressivity was evidenced in these wider contexts too. In one exercise, participants were shown evidence of the combined effects of direct and indirect taxes on gross household incomes, by income quintile (see Table 9) and were shocked to find that the overall impact of the tax system was regressive, with taxes taking a higher percentage of gross income for the bottom quintile than the top one (a situation variously described as 'impossible', 'unbelievable' and 'crazy').

In another exercise, participants were shown how the system of direct taxes and benefits affects household incomes for each income quintile, which is one of progressive redistribution (see Table 10). Despite evidence that many people shrink from supporting redistribution as an explicit objective (see, for example, Sefton, 2005), participants found the redistributive nature of the overall system unsurprising and unobjectionable, with comments that the progressivity, if anything, should be increased at top and bottom.

The view from the 'middle'

People's views that those in the 'middle' (where most participants subjectively placed themselves) are under particular financial pressures, along

Table 10: Summary of the effects of direct taxes and cash benefits, by quintile groups of non-retired households, 2006–07

Quintile	Bottom	2nd	Middle	4th	Top
Original income	£7,760	£20,660	£32,380	£46,060	£81,110
Plus cash benefits	+5,960	+4,640	+2,530	+1,610	+1,090
Less direct taxes	-1,590	-4,320	-7,380	-11,270	-20,710
Disposable income	£12,130	£20,980	£27,530	£36,400	£61,480

Source: Jones (2008).

with their tendency to conceptualise economic inequality in terms of the gap between the very top and the middle, were also reflected in their discussions of the tax system and tax reform.

In exploring the effects of tax and benefits on household incomes, for example, participants sometimes expressed the view that those in the middle of the income spectrum seemed to get a raw deal compared to people on slightly lower incomes who, though they were not in poverty, nevertheless received more support through the system. Here, participants are comparing two characters: Brian, whose income is £20,000 and after tax and benefits has £21,000 (i.e. is a net recipient); and Chris, whose income is £32,000 and after tax and benefits has £27,000 (i.e. is a net contributor):

M2, London: Looking at Brian and Chris too and I was thinking, Chris is doing really badly compared to Brian, considering his position in the beginning, and how his goes down and Brian's goes up and he's only, what assistant and he's bank teller and y'know. So that, that, that's what surprises me and I think Chris is getting quite hammered there really.

Concerns about the generosity of the system towards the 'middle' are also reflected in important differences in responses to poll questions. While 58 per cent agreed with the proposal that 'The Government should take action through tax and benefits to reduce the gap in incomes between the richest and the poorest' (with 19 per cent disagreeing), there was net opposition to the proposal that 'The Government should spend more on benefits for the poor, even if it leads to higher taxes for everyone else', with only 24 per cent agreeing and 49 per cent disagreeing. It seems that people are keener to see action to reduce inequality that helps 'the bottom' at the expense of 'the top', than at the expense of 'the middle' too. Such sentiment adds to the case that measures to help the poorest that also embrace a focus on helping the middle will be considerably more popular than those that target resources more narrowly.

However, it is worth reiterating that concerns about the treatment of the middle nevertheless took place within the context of overall support for

the progressivity of the tax and benefits system, and the widespread belief that it should be made more generous to those on low incomes.

In the context of discussion of the middle, one reform that was commonly suggested was a more graduated tax system, with a range of ascending tax rates as incomes increased, rather than the jump from 20 to 40 per cent. In some cases this was an informed proposal, though in others it clearly reflected confusion about how the tax system worked:¹⁰

Moderator: What about the idea that, as you earn more, you pay a higher proportion of your income in tax?

F1: Yeah, fair enough, but you jump from 20 per cent to 40 per cent ...

Moderator: So for you it's that change [that's the problem]?

F1: Yeah ... why not 30 per cent or 25 per cent?

In particular, people viewed it as unfair that those earning large amounts were not paying a higher marginal rate of tax than those who had just moved into the current top band. Calls for a new higher top rate, or a more graduated system further down, were strongly motivated by a desire to differentiate the treatment of 'the middle' from the treatment of 'the top'.

A new appetite for fair pay and taxation at the top: how public attitudes have shifted in response to the financial crisis

With fieldwork beginning in July 2008 and continuing into January 2009, the research was conducted during a period of worsening economic conditions and the global financial crisis. Comparing responses from earlier deliberative work (prior to mid-September 2008) to those from later work therefore enabled us to explore how attitudes might have shifted in response to recent economic and financial events.

Chapter 2 described how the credit crunch had shifted views about the justifiability of pay

and remuneration in the City. Common cognitive strategies, whereby individuals go to great lengths to justify pay at the top as deserved, gave way to anger at perceived reward for failure and greed. And there were signs from our deliberative research that this attitudinal shift had begun to carry over more generally into attitudes towards inequality at the top. In policy terms, there were also signs that these shifts in attitudes have opened up space for government action on pay and tax that even in summer 2008 would have looked untenable.

The scrutiny on bankers' pay as a result of the financial crisis, where people see basic rules of fair reward as being violated, seems to have exposed the vagaries in pay and remuneration processes at the top. A clear majority of the public now want to see tighter rules on corporate pay (see Table 11): 80 per cent of poll respondents agreed that bonuses should 'reward long-term success rather than short-term performance'; 70 per cent thought that ordinary employees should be represented on the compensation committees that decide how

much executives get paid (with only 6 per cent disagreeing); while a small majority (56 per cent) were even in favour of making executives of failed companies 'pay back their bonuses from the last two years' (with 20 per cent disagreeing).

Nevertheless, increased support for greater constraints on pay at the top has its limits: our poll showed that 49 per cent of people were opposed to the idea of a maximum wage. Of the 39 per cent who supported it, the most popular options for a ceiling were around £250,000 or above.

On taxation, the Government appears to have captured the popular mood with the announcement in November 2008 of a new higher top rate of tax of 45 per cent for people earning over £150,000 – a move supported by 76 per cent of the public (including strong support from almost half, at 46 per cent). There is some evidence that the Government could have gone further, with net support for the idea of the new top rate of 45 per cent kicking in at £100,000 (supported by 59 per cent to 23 per cent disagreeing), and for a higher top rate of 50 per cent for people earning

Table 11: Views on executive pay

Question: 'There has been a lot of coverage in recent months of the amount that city financiers and corporate executives get paid, in their salary, bonuses and share options. How strongly do you agree or disagree with each of the following statements?'			
	Agree (%)	Neither agree nor disagree (%)	Disagree (%)
It is far better if bonuses reward long-term success rather than short-term performance	80	10	5
Remuneration committees, which decide how much executives get paid, should be required to have representatives of the staff	70	11	6
When companies fail executives should have to pay back their bonuses from the last two years	56	17	20

Base = 2,044.

over £150,000 (supported by 52 per cent to 28 per cent disagreeing). And almost seven in ten respondents (supported by 69 per cent to 18 per cent disagreeing) expressed support for a new top rate of 50 per cent for people earning over £250,000 (see Table 12).

A majority of poll respondents agreed that ‘Those at the top are failing to pay their fair share towards investment in public services’ (with 70 per cent agreeing and 9 per cent disagreeing), and that ‘There needs to be an increase in tax rates at the top to ensure that richer households contribute

more to public services’ (with 67 per cent agreeing and 16 per cent disagreeing). There also appeared to be little support for the common ‘business case’ for low taxation and associated arguments: only 19 per cent of respondents agreed that taxes on high earners should be kept low so that ‘British companies can attract the talent they need to succeed’ (with 57 per cent disagreeing), while only 29 per cent agreed that ‘Reducing the gap in incomes would result in talented individuals going overseas damaging the economy’ (with 37 per cent disagreeing).¹¹ More details are given in Table 13.

Table 12: Views on the top rate of income tax

	Agree (%)	Neither agree nor disagree (%)	Disagree (%)
The Government has said that it will introduce a new higher top rate of tax of 45 per cent for people earning over £150,000. How strongly do you support or oppose this proposal?	80	10	5
Some people have argued that the Government should have gone further. How strongly do you support or oppose each of the following proposals			
Introducing a new top rate of 45 per cent for people earning over £100,000	59	14	23
Introducing a new top rate of 50 per cent for people earning over £150,000	52	16	28
Introducing a new top rate of 50 per cent for people earning over £250,000	69	10	18

Base = 2,044.

Table 13: Views on the taxation of high incomes

	Agree (%)	Neither agree nor disagree (%)	Disagree (%)	Net agree (agree-disagree)	Base (n)
Those at the top are failing to pay their fair share towards investment in public services	70	14	9	+61	2,044
There needs to be an increase in tax rates at the top to ensure that richer households contribute more to public services	67	15	16	+51	3,316
The Government should take action through tax and benefits to reduce the gap in incomes between the richest and the poorest	58	20	19	+39	3,316
Reducing the gap in incomes would result in talented individuals going overseas, damaging the economy	29	29	37	-8	3,316
It's worth keeping taxes on high earners relatively low because this helps British companies attract the talent they need to succeed	19	18	57	-38	2,044

The deliberative research also indicated significant support for higher taxation for those on very high incomes. Even some of the more ‘inegalitarian’ participants thought the proposal for a new top rate of tax of 45 per cent for those earning over £150,000 was fair, while many others would have gone further.

Fair reward for contribution at the bottom

In line with evidence, reported in Chapter 3, of sympathy for those who are low paid, there was a widespread belief that the current level of the minimum wage is too low and should be higher. In some cases, this was because it was not thought to be enough to meet basic needs. The most prevalent view, meanwhile, was to say that the current level of minimum wage is unfair because it fails to reflect either the effort that the individuals concerned are making or the fact that the jobs they are performing are necessary for the country to function properly.

Survey data suggested 81 per cent think the minimum wage is too low – though, of this total, 49 per cent are worried that employers could not afford an increase in the present economic climate.

Participants also recognised, sometimes from personal experience, that government financial support for those who are the lowest paid, in the form of tax credits, has had a positive impact in terms of increasing their incomes to a more reasonable level.

Nevertheless, there was also a strong view that it was the responsibility of employers to provide a living wage. In discussing an imaginary character, ‘Angela’, working as a cleaner on minimum wage, a number of participants expressed the view that companies are currently being ‘subsidised’ by the Government through benefits and tax credits:

Well the thing is, the Government are paying for her to exist, when the company should be paying.

The company should, absolutely. So the minimum wage should be minimum.

(Women, London)

For nearly all participants, the notion of ‘contribution’ extended beyond paid employment to care work. For example, in discussions of benefits such as Income Support and Carer’s Allowance, participants were adamant that a character who was out of work because she was a single mother caring for her children, or (in another context) caring for her ageing mother, should be entitled to at least the same amount, if not more, as those on other out-of-work benefits.¹²

This was part of a more general view that participants expressed across different sessions that care work was currently undervalued within society and deserved to be recognised more generously than at present. This view is also reflected in poll data, which shows very high levels of public support (85 per cent) for the proposal ‘the Government should provide more financial support for carers – for example, someone caring for an ill, disabled or older person’.

Attitudes towards policy responses to unequal opportunity

To stimulate the discussion about possible policy responses to unequal opportunity, evidence was presented of disadvantage in various areas of life, such as inequalities in the early years and inequalities in schooling, along with potential policy solutions. In each case, evidence was presented on the nature of the ‘problem’ – the differences in important life outcomes for different socio-economic groups and explanations for these differences – alongside some suggested policy responses. The policy responses were all public service interventions that involved targeting expenditure on the most vulnerable groups, and so provided an opportunity to test views on fair allocation of resources in the context of particular public services.

In general, there was widespread support for progressive public spending with targeted support for children and young people, and intensive support for the most vulnerable groups and individuals. In particular, people seemed most persuaded of the case for investment and support when it begins early in life and is linked to an explicitly preventative agenda, aiming to prevent problems arising rather than dealing with them later.

In the case of ‘early years’ disadvantages, participants were engaged by the evidence of early health inequalities and were persuaded by the case for intensive support for the most vulnerable groups of pregnant women, consisting of structured programmes of home visits by specially trained nurses during and after pregnancy. The suggestion that such a scheme might be too ‘nanny state’ was largely dismissed: from their own experience as parents, many participants acknowledged the benefits of external advice and support. Asked about the cost implications of a targeted scheme, participants were supportive of the idea of more resources being targeted at the most disadvantaged groups who needed the help the most.

The survey backed up this picture, with ‘intensive support and advice to the most disadvantaged new parents, with home visits by specially trained nurses, beginning during pregnancy and continuing after the child is born’ supported by 49 per cent (with 27 per cent opposed), even when it meant ‘fewer health visitors are available for other families’. This support increased to 60 per cent (with 15 per cent opposed) when evidence of class gaps in life chances and evidence from the US on the effectiveness of such interventions was mentioned prior to the question (see Table 14).

In the case of the school attainment gap, participants were surprised by the size of the gap

between those in different socio-economic groups; and they found evidence on differences in teacher quality and rates of teacher turnover in more and less deprived areas highly believable.

Asked about the fair distribution of funding and resources between schools in different types of neighbourhood, many participants initially reached instinctively for a norm of ‘strict’ equality, asserting that all should be treated identically. However, in subsequent discussion, this gave way to a norm of need, according to which resources should be used to help those who needed it the most. Although there were some concerns that gifted children might be held back, or that the most disruptive children seemed to get attention at the expense of other children, there was in general wide support for the idea that resources should be distributed among schools on the basis of need, with greater resources being allocated to more deprived areas.

There was also strong support for the idea of offering incentives such as higher pay to well qualified and more experienced teachers to work in more challenging schools in more deprived areas – something also reflected in polling. Fifty per cent of poll respondents supported ‘offering higher pay to more experienced teachers to work in the most challenging and difficult schools’ (with 28 per cent opposed), even when it meant that ‘less money is available for schools in less deprived areas’. This support increased to 55 per cent (with

Table 14: Example of attitudes to a policy to improve the life chances of disadvantaged groups, the data show the effect of supplying evidence on support for policy

	Support (%)	Neither support nor oppose (%)	Oppose (%)	Net support (support-oppose) (%)	Base (n)
Offer intensive support and advice to the most disadvantaged new parents, with home visits by specially trained nurses, even if it means fewer health visitors are available for other families	49	21	27	+22	1,697
<i>Question as above, preceded by:</i> Research shows that babies from poorer families are twice as likely to die in their first year of life as babies from richer families, more likely to have health and behavioural problems than other babies, and more likely to begin primary school with poorer communication, language and literacy skills than other children	60	20	15	+45	1,618

22 per cent opposed) when evidence that schools in more deprived areas can face problems in attracting well qualified teachers and encouraging them to stay was mentioned prior to the question.

When it came to a different type of educational resource, however – namely, access to places at elite schools or universities – the most common view was that these rewards should be apportioned strictly on the basis of individual performance or achievement, not because of advantaged or disadvantaged backgrounds. With a few exceptions, participants were hostile to the idea of ‘quotas’ or positive discrimination – perhaps reflecting resistance to policy interventions to reallocate goods that are so explicitly positional.¹³

In the polling, the public were evenly divided (34 per cent to 34 per cent) over the proposal that ‘university admissions tutors should be allowed to favour applicants from comprehensive schools, providing their results are good enough, even if it means fewer pupils from private schools with equally good results going to the top universities’. And this figure did not shift when the question was preceded by evidence that fewer of the brightest pupils from comprehensive schools go to top universities than would be expected on the basis of their results.

Chapter summary

Exploring attitudes to a variety of policy responses to inequality, this chapter has found widespread support for the progressivity of tax and income-related benefits, though with common complaints expressed in both cases that the system is not generous enough towards ‘the middle’. In line with views, discussed in Chapter 2, about ‘the middle under pressure’, many participants wanted the tax system to treat *them* differently from those at the top, and wanted the benefits system to treat them *not too differently* from those at the bottom. Strategies of progressive universalism – where those in the middle get *something*, if less than those at the bottom – therefore attracted positive assessments in terms of fairness, with occasional signs that people would be more willing to contribute to benefits that had wider coverage.

Building on this support for progressivity, there are signs that the recent financial crisis has

opened up space for more radical action on pay and taxation at the top than the Government has hitherto pursued, with strong support for both a new higher top rate of tax and measures to curb what is perceived as corporate excess on pay.

When it comes to policy interventions to help those at the bottom of the income spectrum, sympathy for those in in-work poverty and carers results in support for corresponding policy measures on the minimum wage and financial support for carers, respectively. And, when presented with evidence of barriers to opportunity, many are also prepared to support targeted public service interventions to improve life chances for the disadvantaged, even at some cost to the rest of the population. As described in Chapter 3, however, the challenge in terms of building public support for welfare policy remains that of attitudes towards those on out-of-work benefits.

5 Building a consensus for tackling inequality

As many commentators have observed, the current Government seems to have run up against the limits of what it can do to tackle poverty and inequality ‘by stealth’. Making further progress will demand more radical policy reform and this, in turn, will need broad public support if it is to be successful. So an important objective must be to start building a public consensus on the extent to which, and means by which, inequality should be tackled and the further policy measures that will be required here. For advocates, campaigners and policy-makers, this will entail reaching out and finding ways of engaging the public in dialogue and deliberation on these issues.

Previous chapters have highlighted some of the opportunities and challenges that arise for advocates of greater equality. On the one hand, several widespread attitudes seem to provide a conducive context for building a consensus around policy measures to tackle inequality: anger about ‘the super-rich’ and an increased willingness since the onset of the credit crunch to question how deserved high salaries actually are; sympathy for those in in-work poverty and those perceived to be making an important social contribution that is insufficiently recognised (such as carers); and a widespread commitment to progressivity in tax, benefits and (potentially) public spending. There is also a widespread rejection of certain common arguments against policy measures to tackle inequality, such as the idea that this would lead to talented individuals leaving the country.

On the other hand, previous chapters have highlighted views that pose apparent challenges to building such a consensus. One is the perspective from which many view debates about inequality: that of the ‘middle’ being under pressure, with a subsequent focus on the gap between the very top and the middle, and a belief that, to some extent, helping those in the middle should command priority. Another is a belief in fair inequality on the basis of desert, which is often bolstered

by ‘cognitive coping strategies’ that seemingly exaggerate the virtues and desert of those at the top of the income spectrum and downplay the virtues and desert of those in poverty in order to justify existing inequalities. There is also a widespread sense of fatalism about the possibility of tackling inequality, with many agreeing that a wide gap in incomes is simply inevitable, an attitude that is strongly correlated with lack of support for progressive policy measures. On top of this, the deliberative research suggested that some may adhere to norms of entitlement in certain contexts (even in the absence of perceived desert), an attitude that at times seemed to drive resistance to redistributive policies.

Furthermore, prevalent beliefs that opportunities are readily available for all and beliefs that those receiving benefits will not necessarily go on to make a reciprocal contribution pose another serious challenge here – beliefs that often draw heavily on negative stereotypes of those experiencing poverty (and, indeed, that often reflect the absence of positive stereotypes).

Building on these insights, the research project set out, using a variety of methods, to look at how existing public attitudes about fairness might form the basis of (or at least a point of departure for) a consensus for tackling inequality and at how such a consensus might be built. This chapter presents some conclusions from this research, looking at what we can learn from existing public attitudes about the possible shape of such a consensus, as well as looking specifically at the implications of the attitudes observed in previous chapters for advocates of greater equality.

Understanding the heterogeneity of public opinion

With respect to the values and distributive norms that underpin public attitudes, various studies have highlighted the existence of distinct groups among

the population.¹ Consequently, the project sought to investigate further the differences in attitudes, beliefs and values between different groups, especially looking to contrast those whose attitudes and policy preferences are more ‘egalitarian’ at top or bottom with those that are not.

A selection of diagnostic survey questions was used to perform a cluster analysis of the polling responses, from which four key clusters clearly emerged, covering 99 per cent of the survey sample.²

These four clusters are illustrated in Table 15, which outlines their respective positions on various statements contained in the survey. The

first five rows of the table contain attitudes towards statements or policies that encompass a focus on ‘the rich’; the bottom five rows contain attitudes towards statements or policies that encompass a focus on ‘the poor’ or ‘disadvantaged’. Although a greater number of statements were used to derive the clusters than listed here, the subset provided in the table illustrates the key differences between each group.³

As can be seen from Table 15, *traditional egalitarians* take positions on all statements akin to those conventionally associated with egalitarianism (espousing ‘negative’ sentiments about those at the top of the income spectrum and ‘positive’

Table 15: Cluster analysis of responses to a set of survey questions, articulated in terms of some key beliefs about ‘the rich’, ‘the poor’ and attitudes to associated policy measures to tackle inequality. This also illustrates some of the links between beliefs and values and policy preferences observed in previous chapters⁴

	Traditional egalitarians (22%)	Post-ideological liberals (32%)	The angry middle (26%)	Traditional free-marketeters (20%)
Those on high salaries do not deserve them	Agree	Disagree	Agree	Disagree
High salaries are too much because they are more than anyone needs	Agree	Neutral	Agree	Disagree
Government should increase tax at the top to ensure they contribute more to public services	Agree	Agree	Agree	Disagree
Government should use tax and benefits to reduce the income gap between rich and poor	Agree	Agree	Agree	Disagree
Government should ensure there is a maximum wage	Agree	Disagree	Agree	Disagree
Those in poverty are in genuine need	Agree	Neutral	Disagree	Disagree
Benefit recipients will make a contribution back in future	Agree	Neutral	Disagree	Disagree
Some people face insurmountable barriers because of their background	Agree	Neutral	Disagree	Disagree
Government should increase benefits for the poorest, even if it means tax rises for everyone else	Agree	Neutral	Disagree	Disagree
There should be positive action in university admissions	Agree	Neutral	Disagree	Disagree

The polling statements in the left-hand column have been rephrased such that attitudes traditionally associated with an ‘egalitarian’ perspective receive an ‘Agree’ in the table and those traditionally associated with an ‘economic liberal’ or ‘libertarian’ perspective receive a ‘Disagree’.⁵

sentiments about those experiencing poverty, and supporting 'equalising' policy measures at both top and bottom) – 22 per cent of people fall into this group.

Another cluster, *traditional free-marketeers*, is the mirror image of this, taking positions on all statements akin to those traditionally associated with inegalitarian agendas, such as 'economic liberalism' or 'libertarianism' – 20 per cent of people fall into this group.

The other two clusters are more complicated. *The angry middle* shares with *traditional egalitarians* negative attitudes towards those at the top of the income spectrum and a desire to tackle inequality at the top, but also shares with *traditional free-marketeers* negative attitudes towards those experiencing poverty and an opposition to tackling inequality at the bottom – 26 per cent of people fall into this group.

Finally, *post-ideological liberals* share with *traditional free-marketeers* more positive attitudes towards those at the top of the income spectrum (though not quite the same opposition to measures to tackle inequality at the top), while not sharing *traditional free-marketeers'* negative attitudes towards those experiencing poverty and opposition to measures to tackle inequality at the bottom – 32 per cent of people fall into this group.

In terms of demographic characteristics:

- *traditional egalitarians* are predominantly made up of older groups (26 per cent of them are women over 55); 55 per cent are C2DE and, in voting intention, the cluster is more heavily weighted towards Labour than the country as a whole (42 per cent);
- *post-ideological liberals* is a younger group (with nearly half under 40) and less strongly opinionated; 52 per cent are ABC1 and they vote Labour and Conservative in equal numbers (33 per cent);
- *traditional free-marketeers* are also younger, again with nearly half under 40; 70 per cent are ABC1 and they overwhelmingly vote Conservative (63 per cent);
- *the angry middle* is 53 per cent ABC1 and

is slightly more heavily weighted towards the Conservatives than the country as a whole (46 per cent).

As Table 15 shows, support for a maximum wage seems to be a diagnostic sentiment for distinguishing different clusters. By contrast, the *post-ideological liberals* cluster suggests that, unlike with the proposal for a maximum wage, more sympathetic views about desert and need at the top are not necessarily a barrier to supporting more progressive tax and benefit measures (it is only *traditional free-marketeers* that reject all propositions here). This reinforces one of the conclusions of Chapter 4, namely, that beliefs that high salaries are deserved can nevertheless exist within a framework of support for progressive tax and benefits. The cluster analysis also reinforces the central conclusions of Chapter 3: that support for key policy measures to help those experiencing poverty and those who are disadvantaged is significantly related to certain core beliefs about the availability of opportunity and about those receiving benefits.

This analysis also highlights some important properties of attitude sets on these issues, which were also seen in the deliberative research. The analysis suggests that most people have attitudes that imply a belief in fair inequality of one kind or another, with *post-ideological liberals*, *traditional free-marketeers* and *the angry middle* all articulating positions that suggest either a defence of high salaries and inequality at the top, or resistance to tackling inequality at the bottom, or both. At the same time, the analysis suggests how a belief in fair inequality can co-exist with support for more progressive taxation at the top, with *traditional egalitarians*, *post-ideological liberals* and *the angry middle* all supporting this possibility. It also seems that, for most people, concerns about the fortunes of the top people can exist independently of concerns about the fortunes of the poorest, and vice versa – as for *post-ideological liberals* and *the angry middle*.

This last point is important to note because discussions of inequality in philosophical and political contexts often assume an overarching social vision in which equalising objectives *necessarily* link concerns at the top and the bottom. By contrast, the cluster analysis suggests

that, for some groups, the objective of greater equality, to the extent to which it figures in their worldview at all, does not structure their thinking in a way that necessarily links attitudes to top and bottom.

Note that this is not to say that separate concerns about top and bottom might not be motivated by views about equality and inequality. For example, it was noticeable that the concept of desert employed by many participants to discuss earnings from work was a comparative one, incorporating an assessment of the relative levels of reward for different individuals. Rather, the point is that these concerns are not necessarily part of an overarching vision that simultaneously motivates action at both ends of the income spectrum. This has important consequences for strategies for building a public consensus around economic inequality.

Building a consensus around widely held norms and attitudes

In order to probe further people's attitudes to inequality, the deliberative research explored which types of arguments for and against tackling inequality had most and least resonance with different types of people. In particular, this was a useful technique for exploring why people think inequality matters (if at all) and which aspects of it they think it is most important to address (if any). In doing this, we hoped to investigate further the components around which a public consensus for tackling inequality could possibly be built, on the basis of existing norms and attitudes.

Intrinsic reasons for pursuing greater equality

In line with the analysis above, more 'egalitarian' participants – particularly those supportive of action at both top and bottom, as per *traditional egalitarians* – would often support quite general and abstract statements about the unfairness of inequality.

In this context, one of the most persuasive arguments for tackling inequality, including for those on the 'periphery' of this more egalitarian group, was one articulated in terms of children's life chances, such as:

There is something fundamentally wrong about a society in which some children have vastly better life chances than others.

But such arguments – even when supported by empirical evidence of the gaps in outcomes between individuals from different socio-economic backgrounds – did not strike a chord with all types of participant. In particular, more 'inegalitarian' participant – particularly those resistant to certain types of policy interventions to help those in poverty, as per *traditional free-marketeters* and the *angry middle* – were often simply unmoved by this type of evidence and argument. Instead, they tended to be most supportive of arguments for greater equality framed in terms of *proportionate rewards for one's efforts and contribution*. For example, the following is a typical argument that this group would find highly persuasive:

While differences in wages are necessary, those doing low-paid jobs are often carrying out important roles without which the country could not function properly and they deserve to be paid more. What's more, those on high salaries are not necessarily doing important jobs and deserve to be paid less.

The analysis in Chapter 2 – showing the importance of beliefs about desert in determining support for, or opposition to, egalitarian policy measures – and the cluster analysis at the outset of Chapter 5 together suggest reasons why this type of argument commanded broader support than more abstract egalitarian arguments, and, in particular, why it was more strongly supported by more 'inegalitarian' participants.

- First, such arguments are consistent with prevailing support for fair inequality on the basis of desert. They do not deny that differences in wages are 'necessary', but merely insist that people at the top and bottom of the income spectrum should be paid at a level proportionate to their efforts and contribution, not *overpaid* at the top or *underpaid* at the bottom. (They are of course also consistent with related widespread beliefs about the

importance of unequal earnings, such as ‘High salaries are necessary to incentivise hard work’ and ‘Without unequal incomes, people won’t be motivated to progress’ – propositions that many participants, including more ‘egalitarian’ ones, found to be relatively strong arguments *against* tackling inequality.)

- Second, such arguments will be supported by a wider group of people because, unlike more abstract egalitarian arguments, they will also resonate with those whose concerns about top and bottom are not necessarily connected within a single overarching egalitarian vision.

Instrumental reasons for pursuing greater equality

As well as exploring the importance that people attach to these reasons of intrinsic fairness for pursuing greater equality, we wanted to investigate the importance they might attach to a variety of instrumental reasons. To investigate this, a range of evidence was presented to participants about the possible *consequences* of economic inequality.

In one exercise, we presented evidence summarising some of the main correlations between income inequality and a range of social problems, in particular, drawing on the recent work of Richard Wilkinson (Wilkinson and Pickett, 2009).⁶ While some participants were surprised by such data, the vast majority found correlations between income inequality and wider social outcomes highly plausible.

Interestingly, many participants also expressed surprise at some of the country data itself. In another exercise, for example, we asked participants to guess the ranking of a group of countries on a range of outcomes, such as GDP per capita, life expectancy and social mobility. In particular, many were surprised to discover that the UK and the US were at the bottom of the international ‘league table’ on social mobility; they had assumed that the UK and the US were the most socially mobile.

Further material was then presented exploring hypotheses about causal links between income inequality and three specific social problems (which show a significant correlation with income inequality): lack of trust, child conflict (bullying, fighting, etc.) and mental health problems.⁷ Each

hypothesis was rooted in the idea that income inequality generates inequalities in social status, which in turn generate further social problems.

Again, the majority of participants found such explanations intuitively plausible. Indeed, several participants offered spontaneous explanations of why income inequality might generate social problems *before* this material had been presented. These spontaneous explanations were also rooted in ideas about the consequences of social status differences, particularly increased social pressures and status competition:

M1, Sheffield: *[In more equal countries] you’ve not got that potential imbalance of the very highs, as you have in America, and the very lows and the problems that that can bring ... the pressures of all these material things, of pushing ... the incentive to push yourself in America, Britain and potentially Germany to get on to the next rung, to get that extra five or ten thousand pounds ...*

Moderator: *I want us to think about why, if it’s true that income inequality generates social problems, why that’s happening ...*

F1, London: *People might be more in competition with one another to earn more money ...*

M2: *I think people are so obsessed now with ‘you’ve got something that I haven’t got and I want it’. Everybody’s wanting to keep up with the Jones’s. I’ve got a Ford Escort, he’s got a BMW – I want a BMW.*

M3: *Turning back to that generation thing, my parents used to say things about people keeping up with the Jones’s, which was a bad thing, but now people don’t see it like that, they think if he’s got one, my son’s having one.*

For many participants, these hypotheses about the social consequences of income inequality resonated strongly with their beliefs that modern society has become too materialistic and consumerist.

Moreover, most of the participants (at least, of those who accepted the hypothesis that income inequality could generate social problems)

seemed to think that such broader social effects of inequality would be an important reason for constraining it – including those who had been less moved by appeals to intrinsic fairness at the level of the individual. Interestingly, of the social problems that were explored in this way – lack of trust, child conflict and mental health problems – participants were most moved by the idea that more income inequality might lead to more conflict and less trust.⁸ And, in exercises exploring which arguments for and against tackling inequality participants found strongest, the idea that income inequality might generate higher levels of crime was always judged the most powerful of a range of instrumental arguments.

Indirect approaches to greater equality

As well as investigating the reasons why people think inequality should or should not be tackled, we wanted to explore the extent to which support for ‘egalitarian’ policies could emerge from support for other social objectives that were not specifically egalitarian in intent. It may not be the case, for example, that lack of support for the objective of greater equality itself precludes a public consensus around certain types of policy that are equalising in effect.

In one exercise in the deliberative research, we presented participants with different possible ‘social visions’ that could motivate distinct approaches to social policy, along with a corresponding set of possible policies. These included a:

- traditional egalitarian vision, with an emphasis on narrowing inequalities of resources and status;
- traditional free-market vision, with an emphasis on smaller government and economic dynamism;
- ‘quality of life’ vision, with more emphasis on well-being and less on economic productivity.

Participants were made aware of the potential disadvantages of each set of policies as well as the advantages. The possible overlaps between these different visions were also highlighted and participants were also given a chance to pick and

choose different policy mixes.

Consistent with the findings reported in Chapter 2, where many participants articulated the pressures they were under in terms of materialism and excessive consumption within society, the overwhelming majority of participants picked the ‘quality of life’ vision as the most immediately attractive option. These participants were happy, for example, to forego increased wealth for shorter working hours and to pay more tax for better public services. Noticeably, the goal of ‘reducing pressures to consume’ and ‘giving people time and space to enjoy their lives’ provided a much more popular vision for the kind of society we want to live in than seemingly more abstract egalitarian goals such as ‘narrow the gap between rich and poor’.⁹

Indeed, under this banner of improving quality of life, some otherwise ‘inegalitarian’ participants were willing to prioritise redistributive policies, such as ‘higher taxes to provide more generous public services’, and ‘a super tax for very high earners’ in order to fund targeted programmes such as ‘investment in services for children and young people’. While some were attracted to these measures because they explicitly wanted to narrow the gap in outcomes and opportunity, for other participants the attraction was the benefit for society as a whole, especially in terms of reducing social dysfunction and moving away from materialistic values.¹⁰ It seemed that the type of society many participants wanted to live in also happened to be a more equal society, even if this was not their motivating concern.

What was also striking was the remarkable lack of takers for the free-market vision, even from many participants who were strongly opposed to the egalitarian vision. People were left noticeably cold by the idea of prioritising economic growth ‘in order to improve material living standards’, particularly if it came with more pressure or insecurity. Similarly, they seemed very reluctant to trade government protections or services for lower taxes.

Lessons for advocates of greater equality

The analysis in this and previous chapters suggests

some lessons for advocates of greater equality in seeking to build public support for tackling economic inequality and for policy measures to do this.

Understanding different starting points

One obvious point is that building public support for tackling economic inequality requires understanding that different groups will be starting from different positions, and (as the preceding sections show) will therefore be more or less responsive to different types of argument. For example, general moral appeals for tackling inequality (which, as discussed above, can be variously interpreted and is not necessarily seen as a bad thing in itself by many) will not resonate with some groups, whereas emphasising the need for fairness for individuals at both top and bottom may well do so.

The cluster analysis in the first part of this chapter also warns against simple assumptions about the combinations in which attitudes and beliefs can exist. It would be a mistake to assume, for example, that negative attitudes towards those in poverty necessarily imply reverence for those at the top of the income spectrum, or that a belief that high salaries are deserved necessarily implies opposition to progressive taxation.

Going with the grain of public opinion

The previous section illustrated that many people tend to be most supportive of arguments for greater equality framed in terms of *proportionate rewards for one's efforts and contribution*; such arguments, in particular, are compatible with a widespread commitment to fair inequality on the basis of desert.

This suggests an important possibility for building public support for tackling inequality that goes 'with the grain' of public opinion: recognise explicitly that a certain degree of inequality is justifiable in terms of differential contributions, while emphasising that current levels of inequality are wider than they should be on this basis. An approach that goes with the grain of public opinion would also argue specifically for fairness for individuals at both bottom and top, rather than making abstract appeals to tackling inequality. In practice, this would mean arguing for more proportionate salaries at the top (and not giving rewards for poor performance), as well as arguing for proper recognition for the contribution that

those on low incomes are making and will make – both those in paid employment and those contributing in other ways (such as through care work), as well as those out of work who will go on to make contributions in future.

Such arguments will have a widely accepted starting point, even among relatively 'inegalitarian' groups. There are already instances of inequality at top and bottom to which there are widespread objections – whether perceived corporate excess and 'rewards for failure' on the one hand, or sympathy for unpaid carers and those working hard on low incomes on the other. Within this framework, the challenge for advocates of greater equality would then be to expand the size of the group at the top of the income spectrum for which people are prepared to interrogate the fairness of rewards, and/or expand the size of the group at the bottom of the income spectrum that people are prepared to consider as being insufficiently rewarded or supported for their efforts and contributions.¹¹

Influencing the drivers of public attitudes

Even an approach that goes with the grain of public opinion, then, will require advocates of greater equality to challenge existing attitudes in order to build public support for tackling economic inequality – particularly widespread beliefs and assumptions that drive negative attitudes towards those on low incomes.

Chapter 3 highlighted what appeared to be the two key drivers of these negative attitudes: beliefs about the ready availability of opportunity, which result in highly 'individualised' explanations of poverty and disadvantage; and beliefs that benefit recipients will not go on to make a reciprocal contribution.

In terms of beliefs about the availability of opportunity, an important task for advocates of greater equality would be to promote understanding of the barriers to progression faced by different groups. While the survey data suggests that many are unaware of such barriers, our deliberative research demonstrates that people can be engaged and influenced by facts about unequal opportunities and life chances. The research also demonstrates that policy measures to promote more equal opportunities, including targeted interventions and progressive

service expenditure, can command public support, particularly when the facts about unequal opportunity are known and the preventative nature of policy interventions are stressed.¹²

In terms of beliefs about the ‘lack of contribution’ made by those on out-of-work benefits, an important task for advocates of greater equality would be to raise awareness of the important social and economic contributions made by many on low incomes or in receipt of benefits, including those groups and individuals who are making *more* of a contribution than is often recognised. It was noticeable – for example, in the deliberative sessions – that, when lone parents were presented in the context of fulfilling their caring duties, attitudes to them were noticeably more sympathetic than in other contexts. The research presented here also suggests that the provision of more information to confront misperceptions and negative stereotypes is crucial – for example, challenging the idea that huge numbers of people claiming Jobseeker’s Allowance remain on it for long periods of time, or the idea that benefit fraud is rife.

Inspire, don’t proselytise

As we saw in Chapter 2, one resonant theme for all our groups – including both more and less ‘egalitarian’ participants – was the idea that life in modern Britain is hectic, pressured and materialistic. The possibility of inspiring people with a less materialistic vision of society suggests one opportunity for building a consensus around tackling economic inequality – or at least around certain policy measures that would have the effect of reducing inequality – namely, to ground such policies in the goal of improving the *quality of life* for everyone.¹³

Participants in the deliberative research were also much moved by evidence about the links between income inequality and a variety of social problems, and also the hypothesis that income inequality is in part a cause of these social problems. Indeed, the idea that inequality might be a cause of particular social problems was not only intuitively plausible for participants, but also – in the exercise rating different arguments for and against tackling inequality – deemed to be one of the most important reasons for tackling inequality (particularly in the context of social problems

related to social harmony and cohesion, such as crime, child conflict and lack of trust).

And there were also indications in the discussion groups that looking at the possible effects of income inequality on the prevalence of social problems made participants more likely to see inequality as a problem – and potentially more willing to support measures to tackle it:¹⁴

Moderator, London: *This kind of social research, does looking at that research make you feel any different about equality or inequality within a society?*

F1 *It makes me feel sad that that’s what’s happened.*

M1: *You feel as though we should be aiming for more equality rather than inequality ...*

Moderator: *Does anyone else agree with that?*

F2: *I feel like that because I’ve never liked inequality ... And now I just feel more so.*

Combating fatalism

As reported in Chapter 2, many participants in the deliberative research had a strong sense of the inevitability of inequality. Indeed, only 29 per cent of poll respondents *disagreed* with the statement that ‘A wide gap in incomes is inevitable in a market economy – you can’t do anything about it’ (with 51 per cent agreeing).¹⁵

Building public support for tackling economic inequality would require combating this sense of fatalism. The regression analysis reported in Chapter 2 showed this belief was significantly linked to opposition to key egalitarian policies, while, in the deliberative exercises exploring responses to arguments for and against tackling inequality, many of the more ‘egalitarian’ participants found inevitability arguments some of the strongest arguments *against* measures to tackle inequality.

Importantly, an approach that goes with the grain of public opinion as described above may be one way for advocates of greater equality to do this. Given that many think that some degree of inequality is fair, recognising this up front can help refocus the discussion on *particular types* of

inequality or the actual extent of inequality (rather than the idea of 'inequality' itself), about which people may be less fatalistic. It avoids a common phenomenon observed in the deliberative groups, whereby asking about equality and inequality in abstract terms would often lead participants into discussions of the unfeasibility of pure outcome equality.

It was also noticeable in the deliberative research that discussing international comparisons of inequality could make an important contribution. Providing comparator examples that gave people the message that 'life doesn't have to be like that' served to challenge the sense of fatalism and inevitability about inequality that many participants felt and showed that change was possible. Similarly, on occasions, participants spontaneously drew on previous moments in UK history (such as the 1950s) to suggest that society could be different from today:

M1: I think that happiness and contentment has got a lot to do with how you feel about things. And I think there was a poll or survey recently saying that obviously we're a lot richer than we used to be, but we're less happy than we used to be ...

F1: I think that's right. I think the more equal countries are probably a hell of a lot poorer but yet they're wealthier in loads of different ways that us and America aren't ... I think there's a lot we can learn from these other countries ...

Chapter summary

The analysis in this chapter suggests that much of the GB population subscribes to some type of belief in fair inequality on the basis of desert (either with regard to the top or bottom of the income spectrum) and, furthermore, that, for many, policy preferences at top and bottom may not necessarily be linked as part of an overarching 'egalitarian' or 'inegalitarian' (for example, libertarian or 'economic liberal') agenda. As a result, many do not find abstract arguments for greater equality convincing, but instead prefer arguments for greater equality framed in terms of proportionate rewards for one's efforts and contribution.

These insights suggest a possible approach to building public support for tackling economic inequality: to 'go with the grain' of public opinion by explicitly recognising views about fair inequality, but then to go on to interrogate whether or not the current system meets this criterion. There is already wide acceptance that certain situations are unfair at both top and bottom; these could provide starting points from which to build outwards. In particular, advocates of greater equality would need to challenge certain negative beliefs, assumptions and stereotypes concerning those experiencing poverty and those in receipt of benefits. In line with the key drivers of these negative attitudes identified in Chapter 3, priorities here would be raising awareness of the barriers to opportunity faced by many groups and of the contributions that those at the 'bottom' of society do and will make.

Many participants (including those who had been less moved by appeals to intrinsic fairness as a reason for pursuing greater equality) were moved by claims about the possible broader social effects of income inequality and thought that such effects would be an important reason for constraining inequality, particularly in the context of social problems such as crime and child conflict. Furthermore, the overwhelming majority of participants demonstrated support for important 'egalitarian' policies when these were presented as part of a social vision based around improving 'quality of life' for everyone (a vision that the overwhelming majority of participants were attracted to), including those participants opposed to explicitly egalitarian objectives.

The importance attached by participants to the possible broader social effects of income inequality, and the widespread support for alternative social visions framed around quality of life, suggest that these issues could figure as important components in efforts to build a public consensus for greater economic equality, or at least around policies to tackle inequality.

6 Conclusion

This study has explored a variety of issues surrounding public attitudes to economic inequality and associated policy responses. Several important themes have emerged that have highlighted both challenges and opportunities for those seeking to build a public consensus around tackling inequality.

One important issue was a tendency for people to subjectively place themselves in the middle of the income spectrum, differentiating themselves from the ‘top’ and ‘bottom’, and to view many issues of inequality and welfare through this prism. Questions about the income gap, for example, were nearly always interpreted in terms of the gap between the middle and the very top, while questions about distributional fairness in tax and benefits were often interpreted by comparing how this broad ‘middle’ of the income spectrum was treated in comparison with those at top and bottom.

From this perspective of the ‘middle’, there were judgemental attitudes towards both top and bottom. While most of the participants in this study were by no means opposed to high salaries, and indeed supported some idea of fair inequality on the basis of desert, many of them were highly critical of huge salaries at the very top. While a significant minority of more ‘egalitarian’ participants voiced primarily need-based objections to high salaries, the majority of participants articulated primarily desert-based objections, namely, that such salaries were disproportionate and violated the principle of deserved inequality.

There were also negative attitudes expressed towards those at the bottom of the income spectrum, such as those on low incomes or those in receipt of out-of-work benefits – attitudes that often seemed more punitive and judgemental than expressions of disapproval about those at the top. Indeed, the deliberative research uncovered some important asymmetries in attitudes towards top and bottom, such as a tendency to place

more blame on individuals at the bottom for their behaviour and a reliance on negative stereotypes of those in poverty.

The deliberative research uncovered some important drivers of these negative attitudes towards those in poverty or in receipt of out-of-work benefits. These included widespread beliefs about the ready availability of opportunity, which resulted in a tendency to individualise explanations of why people were on low incomes, and beliefs that those in receipt of out-of-work benefits would not make a reciprocal contribution back in future, through work or other activities (such as caring or volunteering). Statistical analysis confirmed that these two beliefs exerted a particularly strong effect on attitudes towards key policy measures to tackle inequality. Conversely, there was strong sympathy for those in in-work poverty and carers, who are easily recognised as making a ‘contribution’, with corresponding support for increasing the minimum wage and support for carers.

This analysis implies that providing more information about the barriers to opportunity faced by many people could make an important contribution towards building public support for tackling economic inequality. Indeed, our deliberative research found that people were engaged by just such evidence and survey results indicated that exposure to it could increase support for some important policy interventions. The analysis also implies that providing more information about the social and economic contributions that those receiving out-of-work benefits do and will make in future could similarly be an important step in building support for welfare policy.

There are also important policy strategies here that could play a role in fostering greater public confidence in the current and future reciprocal contributions of benefit claimants. For example, it may be possible to frame welfare policy in

such a way as to give greater emphasis to the recipient's future contribution (see Fabian Society, forthcoming); the point is that, in order to build support for welfare policy, it needs to be a type of contractualism that enshrines reciprocity in a *positive* way rather than reinforcing doubts about the contribution of those in receipt of out-of-work benefits.

More generally, it should be a priority for advocates of greater equality to gain deeper insights into the potential of providing more public information and evidence about different aspects of economic inequality, particularly in areas where many people seem misinformed – such as the operation of the tax system, the extent of benefit fraud, what the actual income spectrum looks like and so on – in particular, as a way of challenging existing beliefs, assumptions and stereotypes.

Despite a widespread attachment to fair inequality on the basis of desert and a range of negative attitudes towards those in poverty, many participants were strongly supportive of progressive taxation and benefits, with resources collected according to ability to pay and allocated on the basis of need. From the perspective of the 'middle' (where all participants placed themselves) – and with many regarding those in the 'middle' as under the most pressure – there was a strong desire from participants to be differentiated from the top in terms of taxation (for example, a strong view that those on very high incomes should be on a higher top rate of tax compared to those on, say, £45,000). And there was a strong desire to be treated *not too differently* from those at the bottom of the income spectrum in terms of benefit awards.

Significantly, nearly all participants were supportive of poorer households receiving more in benefits, but simultaneously felt uneasy about benefits that were seen as very narrowly targeted (and in a way that was to some extent independent of self-interest). In policy terms, this suggests the strategy of progressive universalism is an important one for building support for welfare policy, with participants seemingly more willing to contribute to benefits with wider coverage.

Cluster analysis, incorporating key beliefs, values and policy preferences, suggests people fall into distinct attitude groups. One cluster, *traditional egalitarians* (22 per cent of people), takes positions traditionally associated with egalitarianism at both

top and bottom, with positive attitudes towards those in poverty, negative attitudes towards the rich and support for tackling inequality at both ends of the income spectrum. Another, *traditional free-marketeters* (20 per cent of people), takes positions traditionally associated with 'inegalitarianism' at both top and bottom, with negative attitudes towards those in poverty, positive attitudes towards the rich and opposition to tackling inequality at both ends of the income spectrum. A third, *the angry middle* (26 per cent of people) combines negative attitudes towards the rich and a desire to tackle inequality at the top with negative attitudes to those in poverty and an opposition to tackling inequality at the bottom. Finally, a fourth cluster, *post-ideological liberals* (32 per cent of people) has more positive attitudes towards the top without negative attitudes to those in poverty.

As well as highlighting a majority belief in fair inequality on the basis of desert, these clusters indicate that, for many people, attitudes towards top and bottom are not necessarily linked as part of some overarching social vision. These insights in turn suggest a possible route to building a public consensus for tackling inequality. This would involve recognising fair inequality up front, but interrogating whether or not current inequality (whether at top or bottom) meets this criterion. And, rather than making abstract appeals to equality, this would involve framing the issue in terms of *proportionate rewards for one's efforts and contribution*.

It seems that the credit crunch has provided an opportunity for greater public deliberation about inequality at the top. In the early focus groups (summer 2008), participants' acceptance of inequality at the top was to some extent increased by cognitive 'coping strategies' of inventing or exaggerating the contributions of those on high incomes in order to justify existing inequalities. The willingness of participants to employ such strategies was noticeably shaken by the onset of the financial crisis in autumn 2008, after which attempts to justify high salaries gave way to anger at perceived excess at the top. While anger was focused mainly on 'city bankers and traders', there were signs that this episode may have shifted attitudes to the top more generally, and opened up new space for action on corporate pay and

the taxation of high earnings – though it is as yet unclear whether this is a temporary or permanent shift.

The Government has clearly capitalised on this change in mood by introducing a higher top rate of income tax of 45 per cent for incomes over £150,000 and, more recently, opening a debate about the ‘bonus culture’. Our research (both the survey and deliberative research) suggests it could have gone further with popular support. Perhaps as importantly though, in the wake of the credit crunch, the Government (and major political parties) have yet to start the deeper public conversation that will be needed to build a more profound consensus for tackling inequality. Without such a public conversation, advocates of greater equality will be missing an important opportunity to build on recent attitude changes while these issues remain salient in public consciousness.

Finally, the deliberative research also found that people were engaged by research about the possible social effects of income inequality on society and found the hypothesis that income inequality might generate social problems intuitively plausible. Participants also demonstrated strong support for a social vision based around improving ‘quality of life’ and were prepared to support certain important ‘egalitarian’ policies under this banner (including those participants resistant to explicitly egalitarian objectives). The importance attached by participants to these issues suggests not only that they could figure as important components in efforts to build a public consensus around greater equality, or at least around policies to tackle inequality, but also a real desire for a public conversation about the type of values we want to drive society. Again, the recent economic and financial crisis may well have opened up space for just this kind of public debate – one that non-governmental voices as well as politicians are well placed to take a lead on.

Notes

Chapter 1

- 1 Presumably, 'strict' equality will be viewed as fair in cases where all are assumed to have an equal claim on the resources in question under the particular allocation principle used (namely, equal needs, equal desert or equal entitlement).
- 2 The UK literature on attitudes towards poverty and inequality is reliant primarily on one well respected survey series, the British Social Attitudes Survey, which contains a number of relevant questions (Orton and Rowlingson, 2007). This data is supplemented by research evidence from a small number of qualitative studies focusing on public attitudes to a number of related issues – notably, poverty, redistribution and taxation (see, for example, Hedges and Bromley, 2001; Hedges, 2005; Fabian Society, 2005; Castell and Thompson, 2007).
- 3 In a recent audit of political debate comprised of content analysis of major speeches and articles relating to economic inequality by politicians from the five major political parties in England, Scotland and Wales, the exact term was not used at all in any of the sources gathered (Sheldon *et al.*, 2009, forthcoming).
- 4 The survey data was collected and analysed by YouGov plc. The surveys were conducted using an online interview administered to members of the YouGov plc GB panel of 185,000+ individuals who have agreed to take part in surveys. An email was sent to panellists selected at random from the base sample according to the sample definition, inviting them to take part in the survey and providing a link to the survey. The responding sample was then weighted to the profile of the sample definition to provide a representative reporting sample. Since results are based on a sample,

they are subject to statistical errors normally associated with sample-based information.

- 5 For example, poll questions such as: 'Most of the people normally described as "poor" in Britain today have only themselves to blame for not having a higher income' (agree/disagree/etc.).
- 6 See, for example, Hedges (2005), who suggests that focus group participants needed prompting in order to start thinking about policy in terms of high-level principles.
- 7 Some examples of the stimulus material used can be found in Appendix 1.

Chapter 2

- 1 In any evaluation of inequality, respondents will be making assumptions about the actual distribution of resources or opportunity, which may or may not be correct. Various research has noted a tendency for survey respondents to place themselves 'in the middle' of the income distribution (for example, Evans and Kelley, 2004; Osberg and Smeeding, 2006).
- 2 Data from the British Social Attitudes series suggests that people's concern about the income gap stems from spiralling incomes at the top rather than people falling behind at the bottom (Bromley, 2003). Responses to questions about what people in different jobs and occupations 'do earn' and 'should earn' show that people tend to regard those on higher incomes as very *overpaid*, rather than thinking those on low incomes are necessarily *underpaid*.
- 3 This is in line with other experimental and survey research. See, for example, Miller (1992) for a review.
- 4 This is the 90th earnings percentile for gross annual pay for all employee jobs in the UK in 2007, taken from the 2007 Annual Survey of

Hours and Earnings (ONS, 2008). The 2007 survey figures were used, as the research began in summer 2008, before the 2008 survey had been published. Additionally, the stimulus material used the provisional 2007 figures; these have subsequently undergone marginal revisions (for example, the ONS now estimates the 90th earnings percentile for all employee jobs was £43,000, rather than £42,900), but the magnitude of these revisions in no way accounts for the surprise expressed by some participants at this information about the earnings distribution.

- 5 One factor that might have contributed to these attitudes was the fact that the banks, rather than the Government, were seen as most responsible for the financial crisis. Asked in December 2008 about culpability for the credit crunch, 55 per cent of poll respondents held the banks in Britain and America most responsible 'for giving people money they couldn't possibly pay back', as compared to 24 per cent who blamed the Government 'for letting it happen and allowing banks to lend out too much money'. It remains an open question, of course, whether or not such views will persist over time.
- 6 A similar kind of phenomenon is identified in Chapter 3, in which participants used perceptions of 'forward-looking' contribution to evaluate desert or entitlement in the context of benefits, rather than 'backward-looking' evaluations of behaviour.
- 7 The variables comprised both socio-demographic and subjective factors. Other variables included in the model, besides those listed in the table, were: age; gender; voting intention; income; newspaper readership; agree/disagree with: 'Most of the people normally described as "poor" in Britain today could manage perfectly well on their income if they budgeted sensibly'; agree/disagree with: 'Most of the people normally described as "poor" in Britain today have only themselves to blame for not having a higher income'; agree/disagree with: 'Apart from being poor, most of those on benefits are pretty much like the rest

of us'; agree/disagree with: 'Most people who receive benefits now will make a contribution back to society in the future, through activities like employment or caring for others'; agree/disagree with: 'Many people are severely disadvantaged because of their background and find it impossible, however hard they work, to overcome the obstacles they face'; believe 'not a problem'/'a problem' for: 'In general, how do you view the fact that some people inherit large amounts of money, while others inherit nothing at all?'.

Chapter 3

- 1 The example of tax avoidance used was a deliberately contrived example, rather than one of legitimate 'tax planning': that of an individual registering as non-domicile and then re-routing the payment of his salary from the country in which he actually earned it (the UK) to an offshore tax haven in order to avoid paying tax on it.
- 2 The Department for Work and Pensions (DWP) calculates the amount lost to benefit fraud is £800 million (NAO, 2008), while most studies suggest the scale of tax avoidance is well into the billions; one recent calculation of the amount lost to personal tax avoidance (Murphy, 2008) puts the figure at £13 billion.
- 3 Participants were asked to compare characters who had been working for two years previously but were now unemployed and looking for a job through Jobcentre Plus. Comparisons were made between characters in different circumstances (and controlling for other differences): for example, comparing characters with and without savings; comparing a character who was born in the UK with another who had come to the UK and worked here for two years; comparing a character who had lost their job through staff cuts with another who had been sacked for 'skiving', and so on.

- 4 In both cases, the aim was to explore intuitions about desert and entitlement to benefits, rather than award levels themselves. Exploratory deliberative work had suggested that asking participants to determine ‘how much’ benefit a character ‘should’ get, or whether or not they should get benefit at all, was potentially a more effective way to tap these abstract intuitions than asking about such issues directly. (Asking about benefit amounts provided an easy way for participants to differentiate and compare characters and the basis for such comparisons could then be explored through further discussion.)
- 5 On a cautionary note, however, it should be emphasised that many participants’ initial reaction to being presented with a character on unemployment benefit was a negative one: an assumption that they were a ‘scrounger’ or ‘playing the system’. It was only once participants had moved beyond these initial reactions and been encouraged to think about (and became comfortable with thinking about) different types of benefit recipients, *including those who were genuine and complying with jobsearch requirements*, that a more nuanced set of views about desert and entitlement emerged. The challenge in tapping intuitive conceptions of justice, therefore, remained that of shifting discussion beyond initial widespread and negative stereotypes of benefit recipients.
- 6 While the data reveals little variation by social class, region or gender, there were some striking differences by voting intention, with Labour and Conservative voters coming down on different sides of the question (net disagreement from Conservative voters of -44 per cent; net agreement from Labour voters of +2 per cent).
- 7 One possibility is that the addition of the phrase ‘for everyone else’ in the statement ‘Government should spend more on benefits for the poor, even if it leads to higher taxes for everyone else’ has resulted in slightly lower support for this proposal than has recently been picked up by the British Social Attitudes Survey in responses to a statement that omits this phrase (see, for example, Taylor-Gooby and Martin, 2008a).
- 8 Other variables included in the model, besides those listed in the table, were: agree/disagree with: ‘Most people earning £150,000 have special skills; their salary is generally a fair reflection of their value to their company or organisation’; agree/disagree with: ‘A salary of £150,000 is too much because it is more than anyone needs to live on’; believe ‘not a problem’ for: ‘In general, how do you view the fact that some people inherit large amounts of money, while others inherit nothing at all?’; agree/disagree with: ‘Apart from being poor, most of those on benefits are pretty much like the rest of us’; agree/disagree with: ‘A wide gap in incomes is inevitable in a market economy – you can’t do anything about it’; agree/disagree with: ‘Higher salaries are needed to motivate and incentivise hard work and effort’.

Chapter 4

- 1 This is resonant with recent research (for example, Hedges, 2005; Sefton, 2005) showing that, while many may recoil at an explicitly redistributive agenda, they often simultaneously support policies that would be redistributive in effect, financed out of progressive taxation and paid out in ways that reflect differential needs.
- 2 In some respects, this was an artificial exercise, as the benefit or tax credit in question was presented in the abstract, isolated from its interaction with other possible benefits or tax credits. Participants were made aware of this and told that the awards exemplified in the stimulus material were intended to illustrate the operation of the taper, rather than to act as a guide to overall benefit calculations. As such, this exercise provided a useful way to explore perceptions of fairness in the distributional structure of different possible benefit designs. See Appendix 1 for a further example of the stimulus material.

3 Asking participants to design fair benefit tapers was a fruitful way to explore how much priority they attached to unmet needs and how they traded this off with other factors, such as coverage, withdrawal and self-interest.

4 Interestingly, of the arguments put forward by participants in defence of flat-rate universalism, one set of arguments justified the benefit in the context of net contribution or receipt – that is, by reference to Child Benefit’s place within the larger system of tax and benefits (where an overall progressive effect was still seen as desirable):

But, then again, you should look at the fact that someone earning £150,000 is paying however much back to the system in tax, so why shouldn’t they get Child Benefit?

(Woman, Sheffield)

It should be the same for everybody, but people on lower incomes should then be getting extra.

(Woman, London)

Another set of arguments offered in defence of flat-rate distribution were more instrumental: that equal awards promoted solidarity, for example, or that higher-income groups also receiving the benefit would be happier to contribute to it through taxation:

By making it flat-rate, it’s seen as a socially accepted benefit. Anything that’s targeted is seen as less acceptable.

(Man, Bristol)

5 Among this group, a small number of participants thought that benefit awards should *increase* with earnings – at least, for a small portion of the income spectrum where they thought people needed more of a push to progress in work. In a similar way to how the Savings Credit part of Pension Credit increases with increased savings, some participants put an ‘incentive ramp’ into their benefit designs,

which they argued would encourage people to progress to higher earnings.

6 And, when given the task of cutting money out of benefit structures, participants usually went for the top end first, rather than ‘salami-slicing’ smaller amounts off everyone.

7 The earnings disregard (for CTC only) of £15,000 was felt to be about right, as was the fact that the Credit is tapered out between £50,000 and £60,000 (although some thought that this extended a bit too far up the income scale).

8 It is worth noting, however, that, in large part, these middle- and lower-middle income ‘top-ups’ were argued for as much on grounds of overall distributional fairness as on eliminating the disincentives of steep withdrawal.

9 Interestingly, for participants on higher income bands, it was by no means always the case that they distributed this extra expenditure across an income range that went up to their own income band, suggesting these middle-income ‘top-ups’ were not necessarily motivated simply by self-interest.

10 There was widespread confusion about how the tax system worked – in particular, with a significant minority of participants confusing marginal tax rates with average tax rates (so, for example, higher-rate payers were sometimes erroneously assumed to be paying a 40 per cent rate on their entire income). Several of the calls for a more graduated system undoubtedly reflected this confusion, with participants surprised to know that an individual’s average tax rate *did* rise gradually with income.

11 Interestingly, there were not large differences between different socio-economic groups in response to this latter question: 32 per cent of those in social groups ABC1 agreed that ‘Reducing the gap in incomes would result in talented individuals going overseas, damaging the economy’, with 36 per cent disagreeing;

26 per cent of those in social groups C2DE agreed with the statement, with 38 per cent disagreeing.

12 This was simply for recognition of their care work; it did not include child-related benefits or other household-related benefits.

13 'Positional' in the sense that the value of higher education is determined partly by the relative outcomes of individuals.

Chapter 5

1 For example, Sefton (2005) identifies 'Samaritans', 'Club Members' and 'Robinson Crusoes' as distinct attitude sets, while game-theoretic experiments often reveal distinctions between unconditional cooperators, conditional cooperators and non-cooperative individuals (see, for example, Kahan, 2005).

2 The survey sample was nationally representative. These profiles are based on a cluster analysis of the particular set of statements used (see this chapter, notes 3 and 4).

3 Beyond those listed in the table, the statements used to derive these clusters were: agree/disagree with: 'A wide gap in incomes is inevitable in a market economy – you can't do anything about it'; agree/disagree with: 'Most of the people normally described as "poor" in Britain today have only themselves to blame for not having a higher income'; believe 'a problem'/'not a problem' for: 'In general, how do you view the fact that some people inherit large amounts of money, while others inherit nothing at all?'.
4 Some of the statements contained in the table have been paraphrased for ease of exposition. The full forms of the questions contained in the table were: agree/disagree with: 'Most people earning £150,000 have special skills; their salary is generally a fair reflection of their

value to their company or organisation'; agree/disagree with: 'A salary of £150,000 is too much because it is more than anyone needs to live on'; agree/disagree with: 'There needs to be an increase in tax rates at the top to ensure that richer households contribute more to public services'; agree/disagree with: 'The Government should take action through tax and benefits to reduce the gap in incomes between the richest and the poorest'; there should be no legal maximum wage/there should be a maximum wage: 'Some people say there should be a legal maximum limit on how much people can earn. Which of these statements comes closest to your own?'; agree/disagree with: 'Most of the people normally described as "poor" in Britain today could manage perfectly well on their income if they budgeted sensibly'; agree/disagree with: 'Most people who receive benefits now will make a contribution back to society in the future, through activities like employment or caring for others'; agree/disagree with: 'Many people are severely disadvantaged because of their background and find it impossible, however hard they work, to overcome the obstacles they face'; agree/disagree with: 'The Government should spend more on benefits for the poor, even if it means tax rises for everyone else'; agree/disagree with: 'University admissions tutors should be allowed to favour applicants from comprehensive schools, providing their results are good enough, even if it means fewer pupils from private schools with equally good results going to the top universities'.

5 The attitude perspectives reported here are in fact tendencies to agree and disagree.

6 See Appendix 1 for examples of the stimulus material used.

7 Again, this material drew on Wilkinson and Pickett (2009). Here, 'lack of trust' means those disagreeing with the statement: 'most people can be trusted'.

8 Participants seemed less moved by the idea that income inequality might generate health

problems, possibly because this causal link did not appear to be as convincing to them.

- 9 One way in which the egalitarian vision differed from the 'quality of life' vision was that the former valued economic growth more highly (specifically so that the proceeds of growth could be used to tackle inequalities). Another was that, within the egalitarian vision, the reason for increased investment in services was specifically to narrow inequalities, whereas, in the 'quality of life' vision, the emphasis was on improvements across the board.
- 10 This seems similar to the phenomenon discussed by Hedges (2005) and Sefton (2005), whereby people showed a tendency to support measures that were redistributive in effect, while not necessarily being redistributive in intention.
- 11 In the deliberative sessions, the general arguments for challenging desert at the top that won most support from more 'inegalitarian' participants were those based around disparities between reward and performance, and also the fact that jobs were often not acquired through genuinely open competition. The general arguments about those in low-paid jobs being underpaid that won most support from more 'inegalitarian' groups were those based around the practical contribution made by those in low-paid jobs ('without which the country could not operate') and the fact that those in low-paid jobs are often making a considerable effort and experience high levels of stress.
- 12 This is also suggested by the split-sample polling reported in Chapter 4, where questions preceded by evidence about the unequal chances faced by different groups resulted in higher support for particular policy interventions.
- 13 It would be a mistake to think that appealing to anti-materialist sentiment and quality-of-life arguments *necessarily* leads people in the direction of more egalitarian policy approaches, however. Elsewhere some participants drew on the same themes (at the level of the individual) to argue *against* more egalitarian measures – specifically, by arguing that redistributing more income to poorer households 'wouldn't necessarily make them happier' and that it's about 'more than just income'. Nevertheless, when a move away from materialism was presented as an overall *social* goal, it did provide a potentially useful frame for inspiring support (indirectly) for more egalitarian measures.
- 14 Where participants resisted the idea that we should pursue greater income inequality in order to reduce the prevalence of social problems, this was usually articulated in terms of the fact that social problems are also caused by individual choices, which greater income inequality would not necessarily change; and also the claim that status differences *should not* lead to stress and anxiety, regardless of whether they do or not.
- 15 In the cluster analysis, *traditional egalitarians* were the only group that tended to disagree with this statement that inequality was inevitable.

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Appendix 1: Examples of stimulus material

This appendix illustrates some of the stimulus material used for various exercises mentioned in the main text.

To explore views about the fairness of the current earnings distribution, five characters were created (see Figure A1.1), all working in the same organisation (such as a high street bank, a hospital, or a large department store) in positions of increasing responsibility and seniority, each ‘representing’ one quintile of the earnings distribution (their salaries were at the 10th, 30th, 50th, 70th and 90th percentiles). After asking participants to guess how much each character would earn in real life and how much they should earn, we then revealed the actual income levels to prompt discussion about fairness in pay. Subsequently, the position of each character in the earnings distribution would then be revealed to prompt further discussion about the fairness of the overall distribution.

Presenting information on the way in which each character would be treated by the tax and benefit system could then provide a tangible way for participants to discuss fairness in tax and benefits – for example, the slide on Child Benefit is illustrated in Figure A1.2.

Using these characters and scenarios enabled us to probe in more detail what motivates public attitudes towards inequality and welfare, including the principles and distributive norms that underpin different attitudes, the perspectives from which people make judgements about fairness and the beliefs they bring to bear on these judgements. For example, at one point, participants were given the task of preparing a ‘biography’ for some of the imaginary characters (illustrated in Figure A1.3), to compare and contrast assumptions about the backgrounds of people in different occupational and income positions, and to investigate beliefs about the availability of opportunity and the influence of family background on career outcomes.

A range of views about fairness, economic inequality and welfare policy could be explored by placing such fictional characters in various employment, tax and welfare scenarios in which the relevant analytical distinctions and principles had been embedded. For example, we used comparisons between various characters on out-of-work benefits, in a range of different circumstances, to explore intuitions about fairness in entitlement to out-of-work benefits (illustrated in Figure A1.4).

Interestingly, using a set of fictional characters to concretise particular employment and welfare situations, and to conceptualise the underlying distribution of resources, proved useful when presenting other stimulus material not specifically designed around these characters. For example,

Figure A1.1: Using characters to discuss fairness in salaries

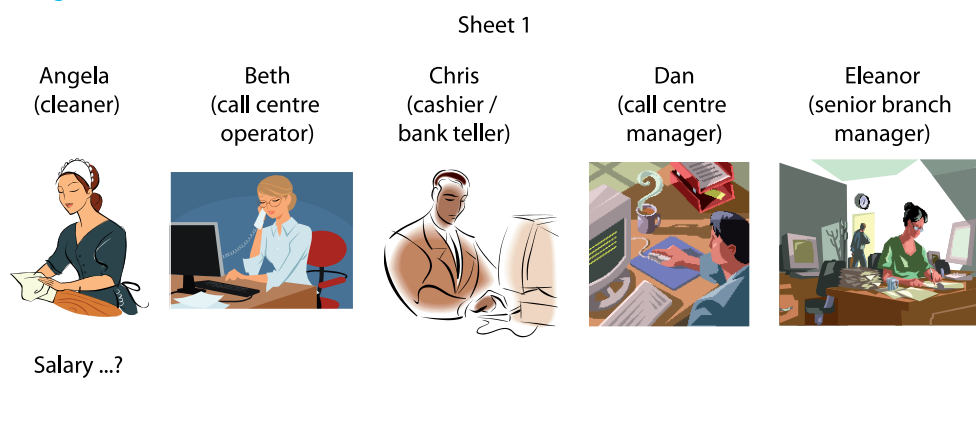


Figure A1.2: Using characters to discuss fairness in welfare policy

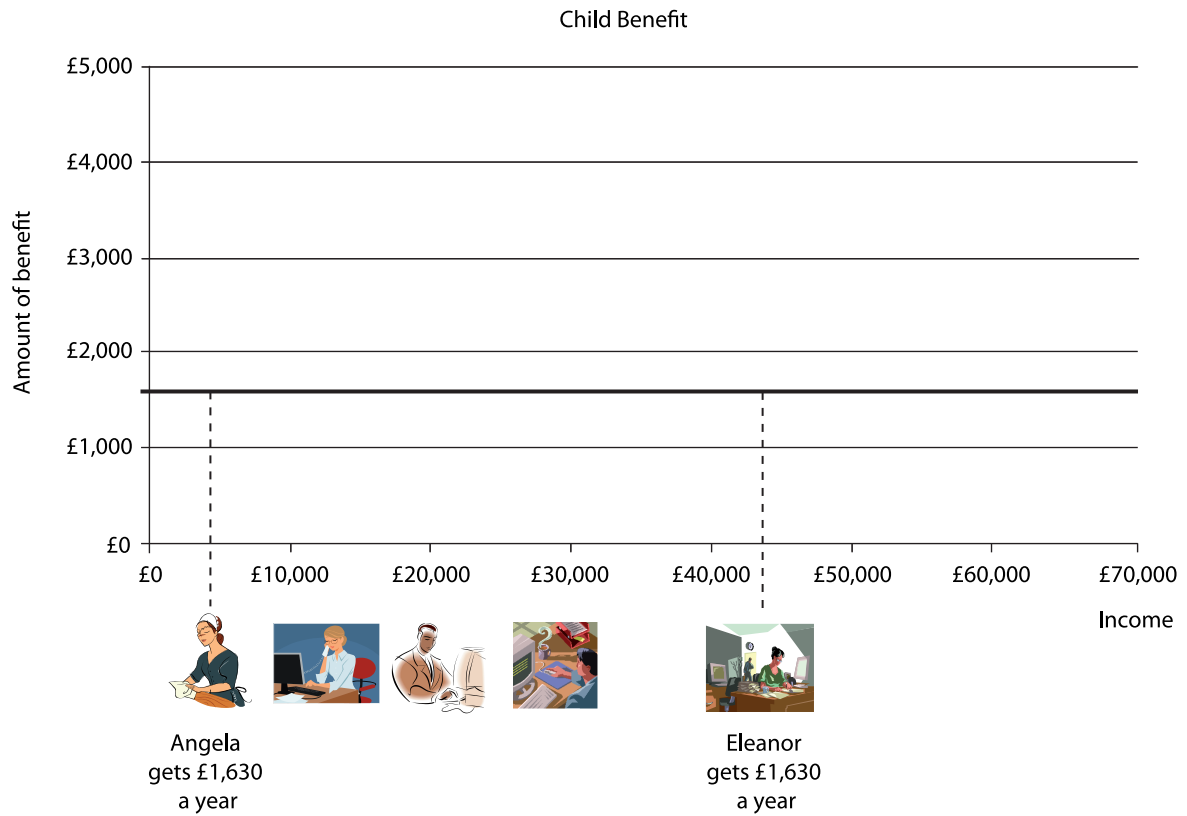


Figure A1.3: Using character biographies to explore assumptions about the influence of background on later outcomes

Edward Whitely was born in _____, the son of a _____ and a _____. As a boy, he enjoyed _____ and _____.

He attended _____ primary school, before going to _____.

At school, he enjoyed _____, and performed _____ in his exams, leaving school with _____ qualifications.

After school, he _____.

When it came to applying for jobs, he _____.

Two or three years later, he _____.

And is now _____.

At times, Edward stops and thinks about his life and the role that his family background has played. He tends to think that he has been _____.

He expects to retire at the age of _____ on an income of _____, with _____ in savings and other assets.

Figure A1.4: Using fictional characters to explore the factors underpinning judgements about fairness in entitlement to out-of-work benefits



Gary (former security guard)

- laid off through cutbacks 9 months ago
- claiming unemployment benefit
- registered at Jobcentre
- wants security work again
- keeps turning down available jobs



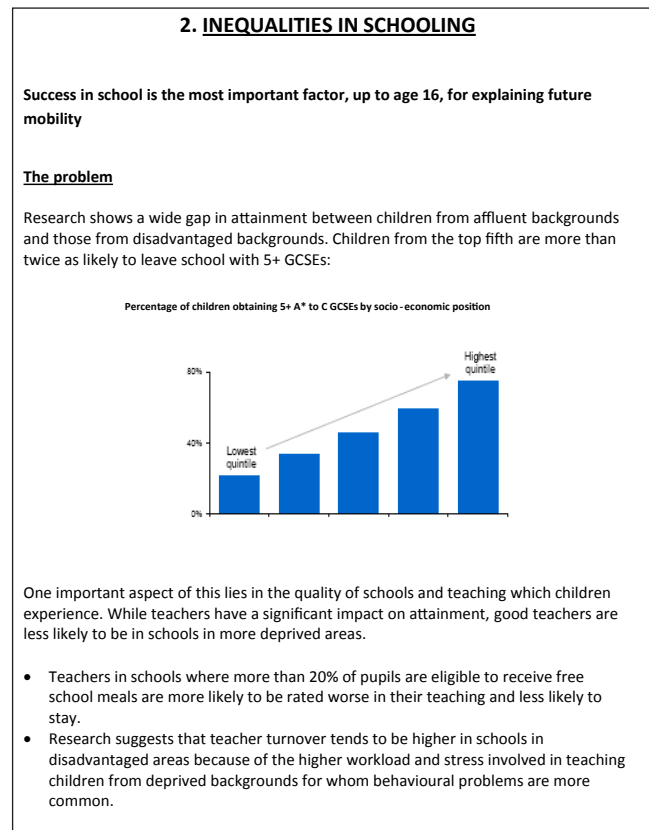
Ian (former security guard)

- sacked 6 months ago for skiving off
- claiming unemployment benefit
- registered at Jobcentre
- regrets previous behaviour
- now looking hard to find new job

to stimulate discussion about possible policy responses to unequal opportunities, evidence was prepared, across a range of areas, focusing on specific problems that give rise to inequality and possible solutions (illustrated in Figure A1.5). Though participants were able to discuss such material in the abstract, they could, and sometimes did, use the fictional characters who had previously been introduced to animate discussion of the relevant issues.

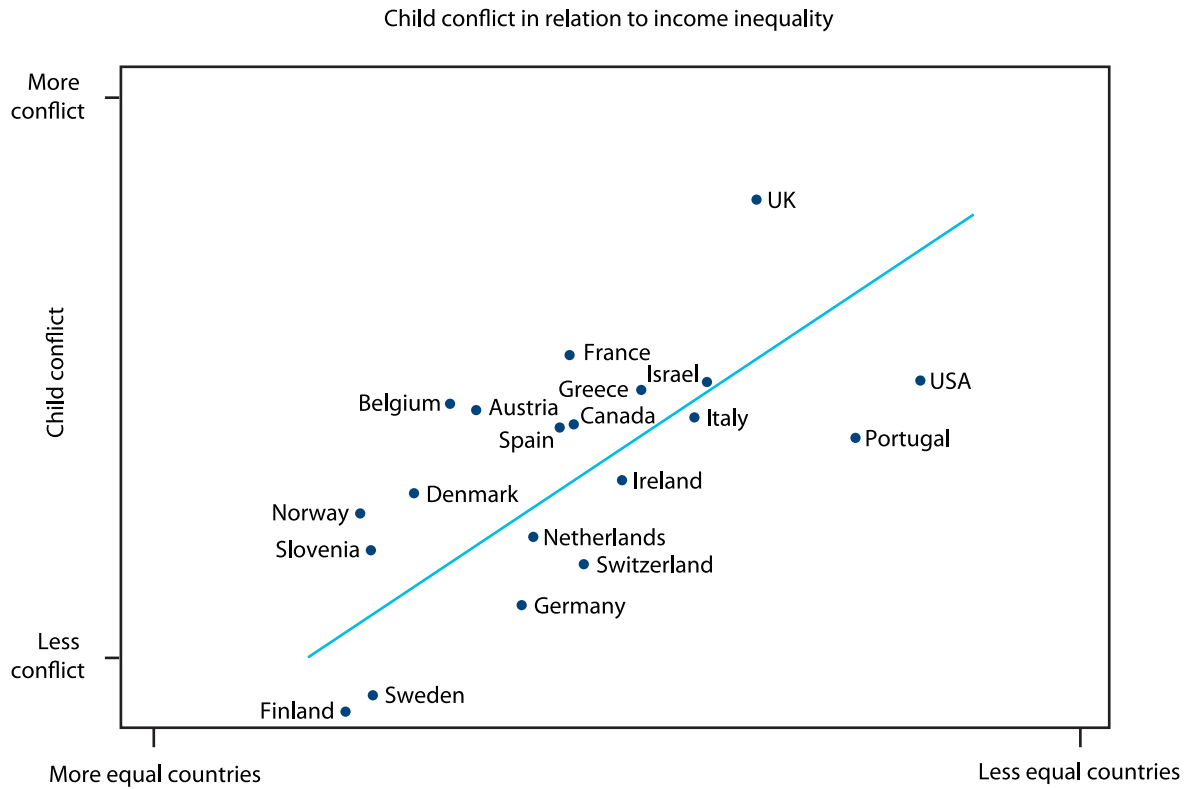
A range of other stimulus material presenting evidence about economic inequality was also

Figure A1.5: Presenting evidence on unequal life chances to stimulate discussion about possible policy responses



used. For example, to explore instrumental arguments for tackling inequality, evidence was presented on the possible links between income inequality and other social outcomes. This included international comparative evidence, especially drawing on Wilkinson and Pickett (2009), highlighting correlations between income inequality and the prevalence of social problems in different countries (illustrated in Figure A1.6 with respect to child conflict).

Figure A1.6: Example of international comparative evidence on correlations between income inequality and broader social problems



Source: simplified from Wilkinson and Pickett (2009).

Appendix 2: Statistical analysis

Determinants of levels of support for a maximum wage

Dependent variable: choose ‘There should be a maximum wage’/‘There should be no maximum wage’ for: ‘Some people say there should be a legal maximum limit on how much people can earn. Which of these statements comes closest to your own view?’

Coding of variables: positive effects here indicate increased likelihood of *opposing* a maximum wage; negative effects indicate increased likelihood of *supporting* a maximum wage.

As the dependent variable had a binary structure (maximum wage/no maximum wage), this was a logistic regression model; therefore no standardised scores were computed. The unstandardised coefficients illustrate the effect on the dependent variable for a one ‘unit’ increase in the independent variable (along a scale from ‘agree strongly’ to ‘disagree strongly’) – see Table A2.1.

Other variables included in the model and not displayed here were: age; gender; voting intention; income; newspaper readership; agree

with: ‘Most of the people normally described as “poor” in Britain today could manage perfectly well on their income if they budgeted sensibly’; agree with: ‘Most of the people normally described as “poor” in Britain today have only themselves to blame for not having a higher income’; agree with: ‘Apart from being poor, most of those on benefits are pretty much like the rest of us’; agree with: ‘Most people who receive benefits now will make a contribution back to society in the future, through activities like employment or caring for others’; agree with: ‘Many people are severely disadvantaged because of their background and find it impossible, however hard they work, to overcome the obstacles they face’; believe ‘not a problem’ for: ‘In general, how do you view the fact that some people inherit large amounts of money, while others inherit nothing at all?’.

Besides the variables listed in Table A2.1, income group, age and the belief that ‘Most people who receive benefits now will make a contribution back to society in the future, through activities like employment or caring for others’ was also significantly related to the dependent variable. (As might be expected, agreeing that ‘Most people who receive benefits now will make a contribution back to society in the future, through activities like employment or caring for others’ had a negative effect – that is, increased the likelihood of supporting the maximum wage.)

Table A2.1: Determinants of levels of support for a maximum wage

Independent variables		Unstandardised coefficients	
		B	Std error
High salaries and need	Agree with: ‘A salary of £150,000 is too much because it is more than anyone needs to live on’	-0.53***	0.13
High salaries and desert	Agree with: ‘Most people earning £150,000 have special skills; their salary is generally a fair reflection of their value to their company or organisation’	0.23***	0.06
High salaries and inevitability	Agree with: ‘A wide gap in incomes is inevitable in a market economy – you can’t do anything about it’	0.20***	0.06
High salaries and incentives	Agree with: ‘Higher salaries are needed to motivate and incentivise hard work and effort’	0.26***	0.07
Adjusted R square		0.38	

** Significant at 5 per cent level; *** significant at 1 per cent level.

Determinants of levels of support for increasing benefits for ‘the poor’

Dependent variable: agree/disagree with: ‘The Government should spend more on benefits for the poor, even if it means tax rises for everyone else’.

Coding of variables: positive effects here indicate increased likelihood of *supporting* increased benefits for ‘the poor’; negative effects indicate increased likelihood of *opposing* increased benefits for ‘the poor’.

This was a linear regression model.

Standardised scores are included in the final column of Table A2.1. The unstandardised coefficients illustrate the effect on the dependent variable for a one ‘unit’ increase in the independent variable (along a scale from ‘agree strongly’ to ‘disagree strongly’). The standardised coefficient enables comparison of the relative effects of the independent variables on the dependent variable.

Other variables included in the model and not displayed here were: agree with: ‘Most people earning £150,000 have special skills; their salary is generally a fair reflection of their value to their company or organisation’; agree with: ‘A salary

of £150,000 is too much because it is more than anyone needs to live on’; believe ‘not a problem’ for: ‘In general, how do you view the fact that some people inherit large amounts of money, while others inherit nothing at all?’; agree with: ‘Apart from being poor, most of those on benefits are pretty much like the rest of us’; agree with: ‘A wide gap in incomes is inevitable in a market economy – you can’t do anything about it’; agree with: ‘Higher salaries are needed to motivate and incentivise hard work and effort’.

Besides the variables listed in Table A2.2, the following beliefs were also significantly related to the dependent variable: agree with: ‘Most people earning £150,000 have special skills; their salary is generally a fair reflection of their value to their company or organisation’; agree with: ‘a salary of £150,000 is too much because it is more than anyone needs to live on’; believe ‘not a problem’ for: ‘In general, how do you view the fact that some people inherit large amounts of money, whilst others inherit nothing at all?’; agree with: ‘Apart from being poor, most of those on benefits are pretty much like the rest of us’. (As might be expected, agreeing that ‘Most people

Table A2.2: Determinants of levels of support for increasing benefits for ‘the poor’

Independent variable		Unstandardised coefficients		Standardised coefficients
		B	Std error	β
Poverty and need	Agree with: ‘Most of the people normally described as “poor” in Britain today could manage perfectly well on their income if they budgeted sensibly’	-0.175	0.021	-0.164***
Poverty and responsibility	Agree with: ‘Most of the people normally described as “poor” in Britain today have only themselves to blame for not having a higher income’	-0.141	0.021	-0.129***
Poverty and reciprocity	Agree with: ‘Most people who receive benefits now will make a contribution back to society in the future, through activities like employment or caring for others’	0.270	0.017	0.268***
Poverty and opportunity	Agree with: ‘Many people are severely disadvantaged because of their background and find it impossible, however hard they work, to overcome the obstacles they face’	0.156	0.017	0.154***
Adjusted R square		0.400		

** Significant at 5 per cent level; *** significant at 1 per cent level.

earning £150,000 have special skills; their salary is generally a fair reflection of their value to their company or organisation' or thinking that it is not a problem that 'some people inherit large amounts of money, while others inherit nothing at all' had a negative effect – that is, increased the likelihood of opposing increased benefits for 'the poor'. By contrast agreeing that 'A salary of £150,000 is too much because it is more than anyone needs to live on' and 'Apart from being poor, most of those on benefits are pretty much like the rest of us' had a positive effect – that is, increased the likelihood of supporting increased benefits for 'the poor'.)

A further regression model containing 15 independent variables was constructed, by adding five socio-demographic variables (age; gender; voting intention; income; newspaper readership) to the subjective ones discussed above. The significance of the four factors listed in Table A2.2, and in particular the dominance of beliefs about whether or not those in receipt of benefits would make a reciprocal contribution in future, remained when these further variables were added, suggesting the effect of the subjective beliefs and values in question cannot be accounted for by these socio-demographic factors.

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