



Does Inequality Matter?

HOW PEOPLE PERCEIVE ECONOMIC DISPARITIES AND SOCIAL MOBILITY



How does FINLAND compare?

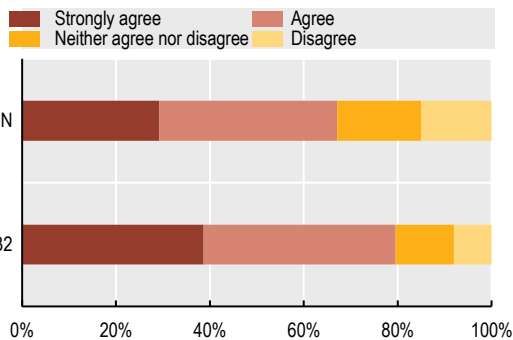
Across the OECD, most people are concerned about inequality. Concern varies across countries, and is higher where people perceive wide economic disparities, low intergenerational mobility, and that working hard does not help to get ahead in life. The more people are concerned about inequality and perceive low social mobility, the higher their demand for redistribution. However, sufficient support for inequality-reducing policies may fail to arise if people do not agree on concrete policy options, or doubt the effectiveness of such policies.

Is inequality a concern in Finland?

There is less concern about income inequality in Finland compared to the OECD average – 67% of the Finnish population agree that income disparities are too large, while the OECD average is almost 80% (Figure 1). Less than 30% of the Finnish population strongly agree that inequality is too high, which is one of the lowest levels in the OECD.

Figure 1. Concern over income disparities is low

Share of population by agreement with the statement that income differences are too large, year 2017



Source: OECD (2021), [Does Inequality Matter?](#), Chapter 2.

What factors affect the level of concern?

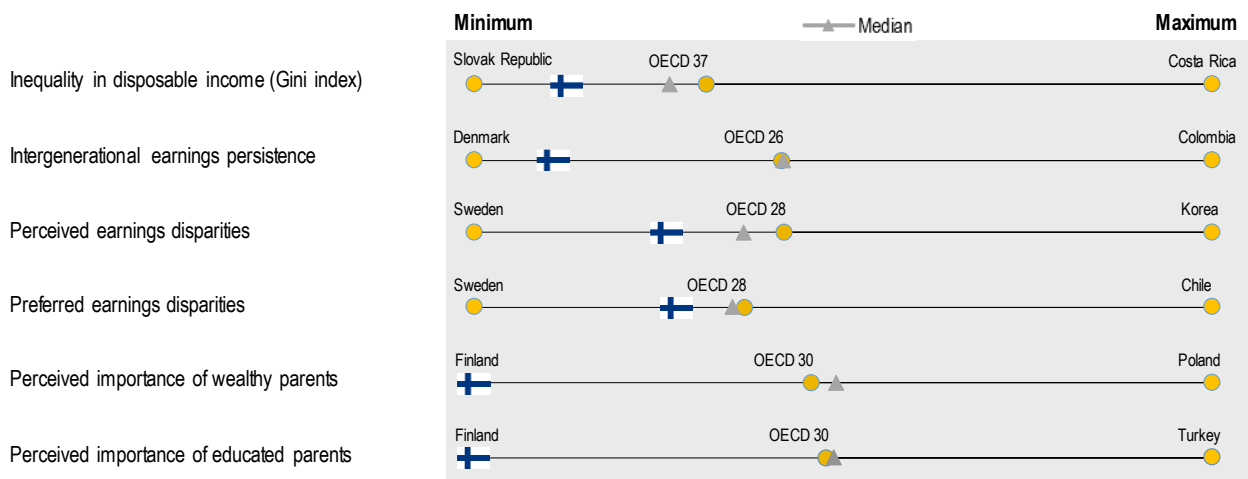
The level of concern in Finland reflects the low level of income disparities in Finland (as measured by the Gini index) and people's perception that there is little inequality (Figure 2). These results are in line with Finland's preference for lower levels of inequality compared to the OECD average.

Another factor affecting Finnish people's concerns about inequality is the degree of equality of opportunity. In Finland, there is a high level of equality of opportunity, as measured by the extent to which parents' earnings affect their child's earnings. The high level of equality of opportunity is likely to influence Finnish people's views. Finns hold the weakest belief that having wealthy and educated parents is important to get ahead in life (Figure 2).

Nevertheless, perceptions of the probability of escaping poverty are only slightly lower than the OECD average – Finnish people believe that 44 out of 100 poor children will make it out of poverty once adult, compared to 47 on average in the OECD.

Figure 2. Perceptions are in line with actual levels of inequality in Finland

Actual vs. perceived indicators of inequality



Note: The OECD averages refer countries available for each indicator. Conventional statistical indicators refer to the latest available year; for perceived income disparities and intergenerational persistence to 2020; all other data refer to 2009.

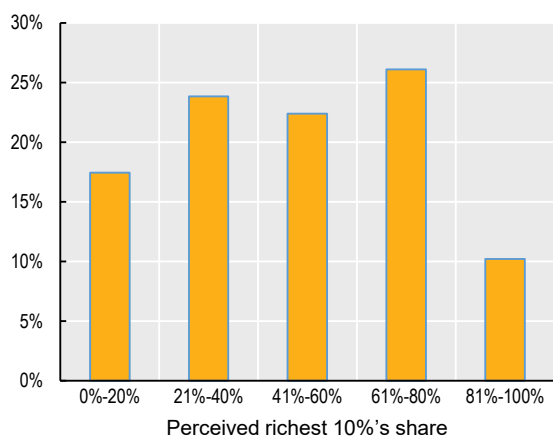
Source: OECD Income Distribution Database; OECD (2018), [A Broken Social Elevator?](#); OECD (2021), [Does Inequality Matter?](#), Chapter 2.

Are views on inequality divided in Finland?

While people in Finland believe that the overall level of inequality is low, there are differences in views – especially when it comes to the incomes of the richest 10% of the population. Views on how much the richest 10% earn are spread almost evenly across the distribution – with about one-fifth of the population believing that the rich earn less than 20% of national income, one-quarter believing the rich earn between 20 and 40%, another quarter believing that the rich earn 40 to 60%, and a further quarter believing the rich earn 60 to 80% (Figure 3).

Figure 3. Perceptions about inequality are dispersed

Share of population by perceived richest 10%’s share of national income in 2020



Source: OECD (2021), [Does Inequality Matter?](#), Chapter 4.

There are also differences in views about the source of inequality. More than 35% of Finnish

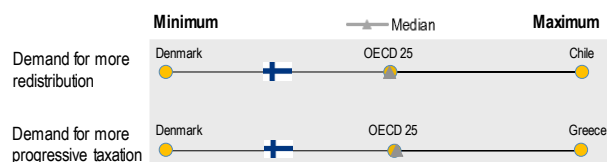
people are concerned that top earnings are too high but think that bottom earnings are fair or could even be lower. On the other end of the spectrum, 13% of people think that inequality is mostly due to bottom earnings being too low, while top earnings are fair.

That being said, there is more cohesiveness in views about whether the rich earn too much. Compared to the OECD average, a larger share of the Finnish population think that top earnings are too high (74% as compared to the OECD average of 67%).

How much support is in Finland for inequality-reducing policies?

With its low levels of inequality, and strong emphasis on redistribution in current policy settings, there is lower demand for more redistribution or progressive taxation in Finland compared to the OECD average (Figure 4). Calls for more redistribution and progressive taxation are, however, higher than in other Nordic countries with comparable levels of inequality (e.g. Denmark).

Figure 4. Demand for more redistribution is weaker than in the OECD average



Note: Data refer to 2020

Source: OECD (2021), [Does Inequality Matter?](#), Chapter 3.

How can people’s perceptions of, and concerns about, inequality inform policy?

Understanding how people form their perceptions and opinions is important for getting citizens and governments on the same page about policies that reduce inequality and promote social mobility. This includes:

Better understanding of public support for reform: Inequality of outcomes and opportunities matter to people, and hence policies should address both aspects. Nonetheless, people may favour specific policy mixes, depending on their beliefs and preferences.

Better understanding of the effectiveness of policies: People favour policies that they believe are effective. It is necessary to evaluate the impact of inequality-reducing policies transparently and facilitate people’s understanding of how they function.

Better information on inequality and equality of opportunities: Providing reliable information about inequality can help provide a common ground for public debate and address division and polarisation of public opinion.

Contacts

Any questions? Contact us at: wellbeing@oecd.org

For more information, access the complete report at: <http://oe.cd/does-inequality-matter>