



Does Inequality Matter?

HOW PEOPLE PERCEIVE ECONOMIC DISPARITIES AND SOCIAL MOBILITY



How does the United Kingdom 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 suffice to get ahead in life. The more people are concerned about inequality and perceive low social mobility, the higher their demand is for redistribution. However, there may be insufficient support for inequality-reducing policies if people do not agree on policy options or have doubts about the effectiveness of such policies.

Is inequality a concern in the United Kingdom?

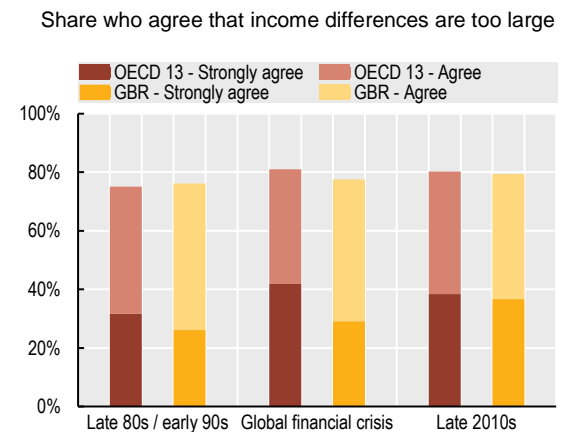
People in the United Kingdom have a level of concern about inequality similar to the average person in the OECD – even though income inequality is high by standard measures (Gini index, **Figures 1 and 2**). Three-quarters of the population agree that income disparities are too large in the United Kingdom compared to 80% on average across the OECD. The fraction that strongly agrees has however been increasing in the last decades, filling up the gap with the OECD average.

What factors affect the level of concern?

People in the United Kingdom's perceive higher earnings disparities than on the OECD average, but they also prefer higher earnings disparities (**Figure 2**).

Although actual indicators of social mobility show that parents' earnings significantly affect children's earnings, people in the United Kingdom strongly

Figure 1. Concerns are in line with the OECD average

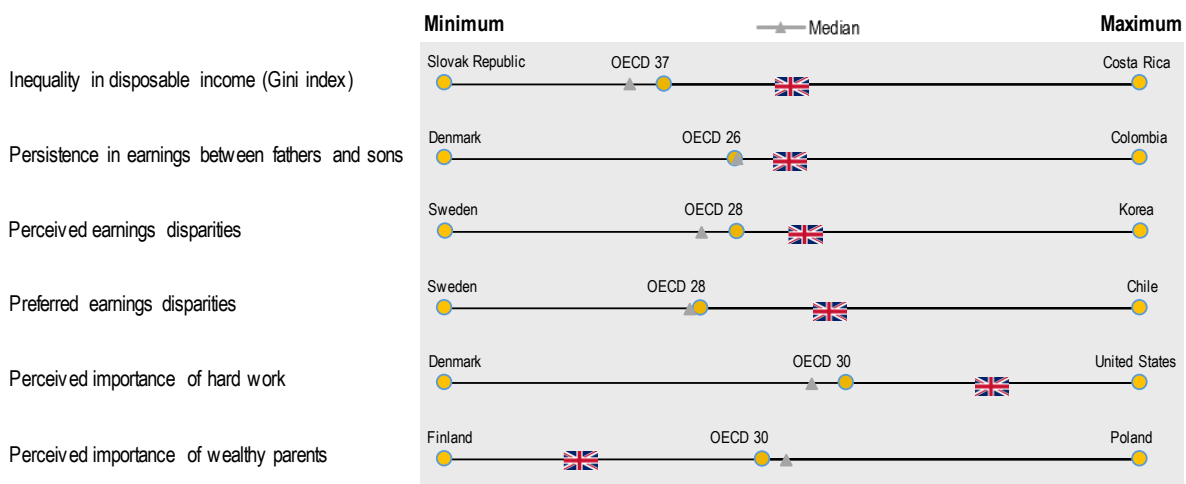


Source: OECD (2021), [Does Inequality Matter?](#), Chapter 2.

believe that hard work – rather than circumstances beyond a person's control (e.g. parental education or wealth) – are important to get ahead in life. Such beliefs contribute to people in the United Kingdom tolerating more inequality and being less concerned about it.

Figure 2. Perceptions of inequality are in line with actual levels in the United Kingdom

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; all other data refer to 2009.

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



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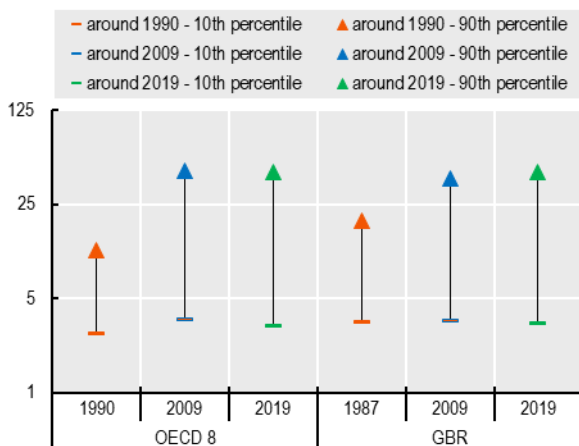
How does the United Kingdom compare?

Are views on inequality divided in the United Kingdom?

There is a wide range of views on the level of inequality in the United Kingdom. In 2019, 10% of people in the United Kingdom believed that the earnings of high-paid jobs (doctors and corporate leaders) were 3 times, or less, those of low-paid jobs (factory workers). By contrast, 10% believed that paid jobs gained 43 or more times low paid job (Figure 3). This distribution of views is similar to the OECD average (Figure 3).

Figure 3. Views on inequality have become more dispersed over time

90th and 10th percentile of the perceived top-bottom earnings ratio (logarithmic scale)



Note: The lines represent the extent of the differences between the perceptions of the bottom 10% of respondents and the top 10%.

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

Differences in views have increased over time. In 1987, 10% of people believed that high-paying jobs earned 19 times more than low-paying jobs compared to 43 times more in 2019. Such changes are line with what is observed in other OECD countries for which data are available.

How much support is in the United Kingdom for inequality-reducing policies?

Despite the high level of income inequality and relatively lower level of current redistribution, people's demand for additional policy intervention is lower than in most other OECD countries (Figure 4). This reflects the lower levels of concern, stronger preferences for inequality and the belief that those who work hard get ahead.

Figure 4. Demand for redistribution is lower than on OECD average



Note: Data are for 2017.

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>