



# When is redistribution popular? Social conflict and the politics of inequality

Policy summary

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Key  
messages

- Perceptions of social conflict have a strong influence on people's demand for redistribution, even stronger than the effect of perceptions of fairness and social mobility.
- However, the effects seem to be stronger at lower levels of inequality and in countries with lower social conflict, suggesting that people may adapt to higher inequality and adjust their demand to redistribution accordingly.
- Governments and policy-makers interested in acting upon inequality need to act quickly when inequality is starting to rise in order to capitalise the support towards redistributive policies.

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Inequality is on the rise in many countries. Even in fast growing economies that are catching up at the global level, inequality has increased over the past 20 years, as it has in countries with traditionally lower levels of inequality. For example, the Gini coefficient in OECD countries has increased by almost 10% since the 1980s (OECD 2011).

### **Perceptions matter, in particular, perceptions of social conflict**

Because inequality has profound implications for people's lives, it is useful to examine what they think of it and when they will support redistributive policies. Pursuing such policies is not easy. A recent Oxfam report (Fuentes-Nieva and Galasso 2014) for example, highlights that elite political capture and unequal political representation translate into laws that are often skewed in favour of the rich and favour further concentration of income and power. Moreover, even ordinary citizens may not always see inequality as negative. The evidence on the effects of income inequality on people's perceptions of their own wellbeing (i.e. happiness) is mixed, and people across different countries differ greatly in the degree of inequality they tolerate. Social mobility perceptions are part of the explanation and have been widely investigated. When individuals think that the income generating process in the country is fair and that there is enough opportunity for mobility, they are more likely to tolerate high inequality and see it as sign of opportunities opening up for them, even if that is not the actual case. But little is known about other aspects that could affect people's perceptions of government redistribution.

A strong body of evidence links levels of inequality with different forms of social conflict - for example, with higher crime, lower social and institutional trust and political instability. Using perception data for over 15 thousand individuals in 40 countries,<sup>1</sup> we examined whether individuals perceive these adverse effects and consequently demand more redistribution from their governments.

We find that although people recognise that some degree of inequality is unavoidable and perhaps essential to progress, when inequality is perceived to breed conflict, it becomes problematic in the eyes of the public and the demand for redistribution increases. Perceptions of social conflict have a strong influence on people's demand for redistribution, even stronger than the effect of perceptions of fairness and social mobility. Moreover, these results hold even when controlling for the potential personal income gain/loss from redistribution. In other words, when considering the trade-off between more redistribution at their expense, for example in the form of higher income taxes, and the social cost of inequality, even individuals with higher incomes would prefer taxation rather than risking the threat of social tensions and instability.

However, the effect of social conflict perceptions in increasing the support for redistribution seems to be stronger at lower levels of inequality (i.e., when the Gini coefficient is lower) and lower levels of social conflict (i.e., in countries where social trust is higher or where there is less ethnic fractionalization). This lower effect of perceived social conflict in increasing demand for redistribution suggests that people may also adapt their expectations to higher levels of inequality and return to a stable level of demand for redistribution.

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<sup>1</sup> <http://www.gesis.org/en/issp/issp-modules-profiles/social-inequality/2009/>

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## What does this tell us about the political feasibility of redistributive policies?

This research suggests that overall the general public has the political will to act upon inequality. **People are conscious of the harmful effects** that high inequality could bring to their countries, particularly **in terms of rising tensions and the breakdown of social trust** within a society. For policy makers facing opposition to distributional concerns, it is encouraging to know that among people who perceive social conflict as a problem in their country, even more wealthy individuals who would potentially lose from redistributive policies would be more likely to support redistribution.

It is clear that at lower levels of inequality, people are aware of the adverse effects of social conflict. The challenge for governments and policy makers interested in gaining support for redistribution and acting upon inequality is to maintain that awareness, even at higher levels of inequality, when people may have started to adjust their expectations. This research suggests governments and practitioners must **act quickly when inequality is starting to rise**, rather than waiting until it reaches very high levels. This may be a **one-off opportunity**. Once inequality is already high and entrenched, in the political and economic system and people have started to adapt to higher levels of inequality, it may be harder to gain support for redistributive policies.

Because inequalities tend to reinforce themselves and can rapidly spiral up, it is important to keep in mind that even when countries are starting from low base, it is necessary to act quickly upon inequality. It follows that these policy lessons would be relevant for practitioners and policy makers not only in a few countries where we know the problem of inequality is deep rooted in the system, but particularly for an increasing number of **countries with low but rising levels of inequality**, who want to avoid its harmful consequences.

## References

Fuentes-Nieva, R. and Galasso, N. (2014). *Working for the Few. Political Capture and Economic Inequality*. Oxfam Briefing Paper, 178.

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