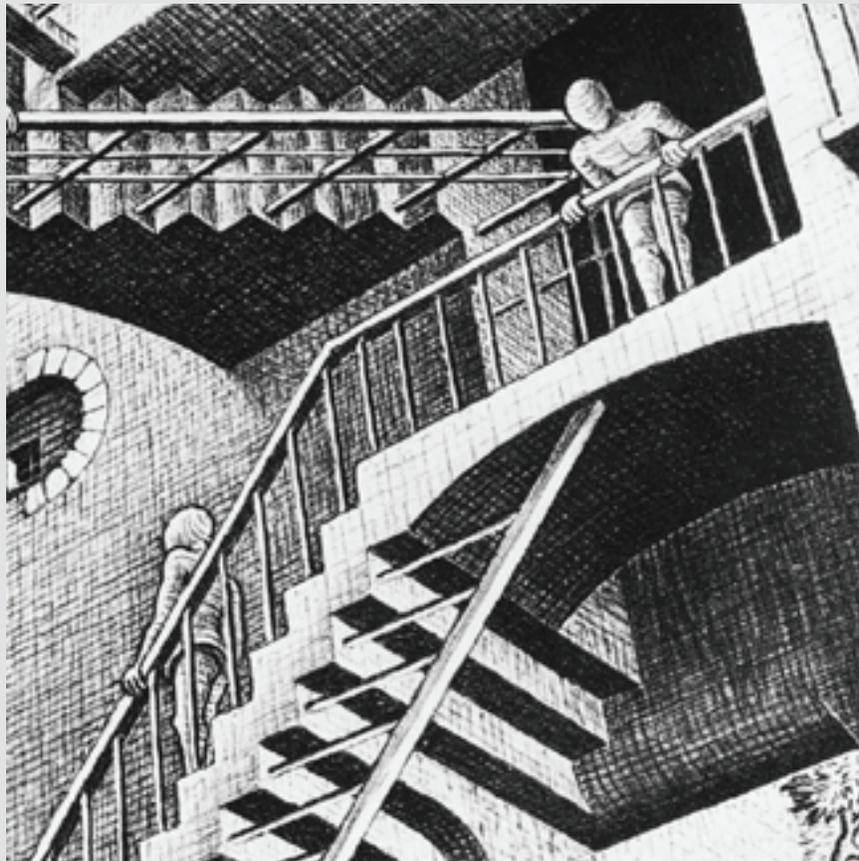


6

Perceptions of inequality: perspectives of national policy makers



A large amount of research shows that, besides material interests, cognitive and normative factors, i.e. perceptions and values, greatly matter for individuals' attitudes towards inequality and play a significant role in shaping both the demand- and the supply-dynamics that affect the political economy of inequality-reduction.



Perceptions of inequality: perspectives of national policy makers

6.1. Introduction

6.1a. Why a survey of policy makers' views of inequality?

At the beginning of chapter 5, "The politics of reform", the 1991 *Human Development Report: Financing Human Development* (UNDP, 1991) asks the question:

Governments can transfer substantial resources to the social sector—from defense to health, from subsidizing inefficient public enterprises to constructing water supplies. Even within the social sector, they can use resources much better. Why have these changes not taken place already?

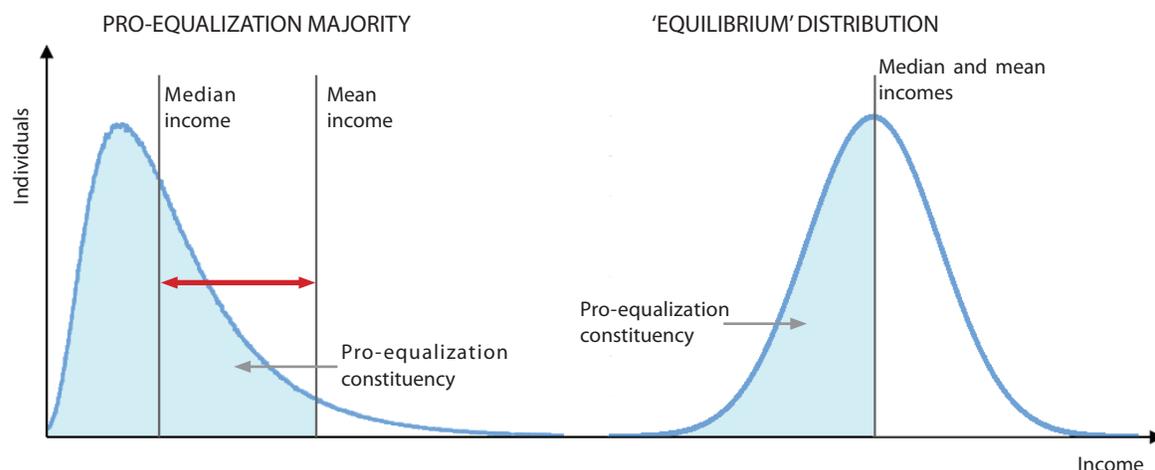
Why do governments not redistribute more? Why do they not do more to reduce disparities in material well-being? And, more generally, what are the political factors that inhibit—or enable, when these are indeed implemented—inequality-reducing policies?

The common point of departure for analyses of the political economy of income inequality (see Robinson 2010 for an overview) is what is usually referred to as the "Meltzer-Richard model" (Meltzer and Richard, 1981), a rational-choice theory of the size of government spending based on the median-voter theorem.

Starting from the observation that a gap between the mean and the median incomes implies the existence of a pro-equalization majority (i.e., a majority of individuals who stand to gain from a more equal distribution of income), Meltzer and Richard predict that, in a simple majority-rule system: 1) as long as there is a gap between median and mean incomes, there will be support for inequality-reducing measures (possibly moderated by people's recognition of the incentive effect of inequality); and 2) higher levels of inequality will trigger greater equalizing action on the part of government.

In other words, according to Meltzer and Richard, democratic systems have in-built mechanisms to address excessive and growing inequality. Centred on the role of the middle class, these mechanisms will alter the

Figure 6.1. The size of the pro-equalization majority in different income distributions





market distribution of income, influence social spending or operate through other channels to moderate income gaps — at least until the median voter does not stand to gain anymore from greater equality (Figure 6.1).

While the Meltzer-Richard theory focuses on income inequality, the logic that it describes could be applied to other forms of inequality as well. However, despite the intuitive elegance of its conclusions, the Meltzer-Richard model is not confirmed by either cross-country or inter-temporal analysis. Based on a study of over-time trends in eight nations during the 1980s and 1990s, Kenworthy and McCall (2008) find the median-voter hypothesis “to have little utility”. Similarly, Luebker (2012) in his pooled analysis of cross-section time series data from 26 countries finds no confirmation of the Meltzer-Richard prediction. How can this be explained?

There are essentially two ways to understand the failure of the Meltzer-Richard model to accurately predict the actual levels of inequality reduction pursued by governments. The first set of explanations — which could be called ‘demand-side’ theories — points to a number of factors, including prospects of upward mobility (Benabou and Ok, 2001) and a belief in the fairness of current distributional outcomes (Benabou and Tirole, 2006), which may reduce the demand for equalizing policies among those who would stand to gain from them. Demand-side explanations also note that those who would stand to gain from greater equality often are less able to engage in collective action to ensure that their demand for inequality reduction is fully reflected in the policy agenda (for instance, Cleaver, 2005). Another body of work — consisting of what could be described as ‘supply-side’ theories — analyses specific features of the political system, such as clientelism or identity politics, that enable the anti-equalization minority, when in power, to ignore, circumvent or neutralize the demand for inequality reduction (see, for instance, Lizzeri and Persico (2001) and Robinson and Verdier (2002) on clientelism, Khemani (2013) on vote-buying and patterns of service provision, and Roemer (1998) and Chandra (2004) on identity politics).

A large amount of research shows that, besides material interests, cognitive and normative factors, i.e. perceptions and values, greatly matter for individuals’ attitudes towards inequality and play a significant role in shaping both the demand- and the supply-dynamics that affect the political economy of inequality-reduction. Alesina and Giuliano (2009), for instance, note the “role of historical experiences, cultural factors and personal history as determinants of preferences for equality or tolerance for inequality”. Dion (2010), using data from 300 country surveys conducted in 50 countries between 1985 and 2008, finds evidence that “not only do political institutions, inequality, and existing redistribution shape the formation of preferences, but that social diversity and dominant cultural values do as well.”

Although perceptions and values matter on the demand and the supply sides of policy-making, a lot more is known about the former than the latter. In fact, while a fair amount of information on general public views of inequality is available thanks to research programmes like the World Values Survey, the International Social Survey Programme and the Regional Barometers Surveys, very little research has been conducted with a specific focus on policy makers’ perspectives. Therefore, a better understanding of this group’s distinctive point of view is needed to advance knowledge of what determines the politics of inequality. As a first step in this direction, a survey of policy makers’ views of inequality in selected developing countries was commissioned by the United Nations Development Programme at the beginning of 2013. Box 6.1 describes the detailed objectives, structure and methodology of the survey.



Perceptions of inequality: perspectives of national policy makers

Box 6.1. Objective, structure and methodology of the survey

The overall objective of the survey was to document policy makers' cognitive and normative understanding of inequality in a selected number of developing countries. The survey pursued this objective by asking questions in four areas: 1) depth and breadth — i.e., the level, structure and trends of inequality; 2) relevance — i.e., the extent to which inequality should be a policy concern; 3) policy — i.e., the measures that should be taken to address inequality; and 4) political space — i.e., the policy measures that would be politically feasible. Conducted in collaboration with the

public opinion research company Ipsos, the survey was administered from June to August 2013 mainly through face-to-face interviews to a diverse set of senior policy makers including: members of government at central level and local level; members of parliament across the political spectrum (i.e., from the parliamentary majority and minority); representatives of local- or state-level administrations and representative bodies; and senior civil servants (i.e., assistant director and up).

6.1b. Survey sampling framework

The survey described in this chapter was conducted in 15 countries across five regions: Africa, the Arab states, Asia and the Pacific, Europe and Central Asia, and Latin America and the Caribbean. As shown in Table 6.1, the selected countries are representative of a broad range of development, income and inequality levels as well as population sizes. In total, 363 policymakers were interviewed for the survey.¹

Table 6.1. Detail of surveyed countries

Country	Income level	GNI p.c. ²	Gini (market) ³	Gini Year	Population ⁴
Bangladesh	Low	840	57.5	2010	151,125
Bolivia	Lower-middle	2,220	55.8	2007	1,057
Bosnia and Herzegovina	Upper-middle	4,650	36.7	2005	3,846
Brazil	Upper-middle	11,630	51.1	2009	195,210
Cameroun	Lower-middle	1,170	44.1	2002	20,624
India	Lower-middle	1,530	35.7	2005	1,205,625
Jamaica	Upper-middle	5,140	49.7	2004	2,741
Jordan	Upper-middle	4,720	39.4	2006	6,455
Kazakhstan	Upper-middle	9,730	37.8	2006	15,921
Lebanon	Upper-middle	9,190	45.4	2005	4,341
Malawi	Low	320	39.4	2005	15,014
Morocco	Lower-middle	2,940	41.5	2007	31,642
Nigeria	Lower-middle	1,430	43.1	2004	159,708
Philippines	Lower-middle	2,470	42.9	2009	93,444
South Africa	Upper-middle	7,610	70.0	2005	5,452



6.1c. Chapter overview

The rest of this chapter presents the main results emerging from each of the survey’s four components: section 2 describes policy makers’ perceptions about the depth and breadth of inequality in their countries; section 3 reports policy makers’ views on the extent to which inequality should be considered a policy priority; section 4 discusses the policy measures that policy makers think should be taken to address inequality; section 5 analyses policy makers’ opinions about the political space that is actually available in their countries for inequality reduction; and section 6 summarizes the survey findings and concludes.

6.2. Trends and levels of inequality

How has inequality evolved over the last 10 years and how high is it today in the perception of policy makers? This section attempts to answer these two questions, analysing views on trends and levels of inequality with respect to income, opportunities and access to services.

6.2a. Inequality trends

As highlighted in Table 6.2 and Figure 6.2, there is a variety of views about what has happened to income inequality over the last 10 years, but a majority of policy makers (60 percent of the sample) reckon that income inequality has increased in their countries (either significantly or slightly), while 25 percent believe that it has remained stable and 15 percent think that it has followed a downward trajectory.

Views are somewhat more mixed with respect to inequality of opportunities, although the perception of an increase is still the prevailing one: 49 percent of the respondents perceive opportunities to be more unequally distributed today than 10 years ago, against 28 percent of the interviewees who believe that inequality of opportunities has slightly or significantly decreased and 22 percent who think that it has remained about the same.

Table 6.2. Perceived inequality trends — distribution of answers

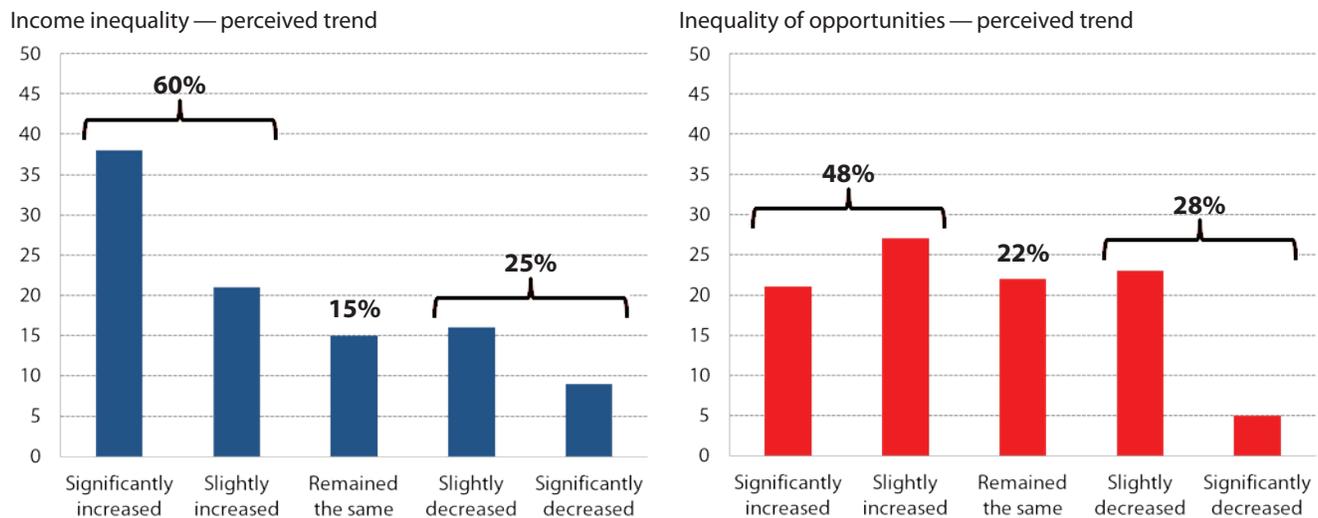
Type of inequality	Significantly increased	Slightly increased	Remained the same	Slightly decreased	Significantly decreased
Income	38%	21%	15%	16%	9%
Opportunities	21%	27%	22%	23%	5%

Question: *Different households typically enjoy different levels of income. Let us call the overall variation of incomes across households ‘income inequality’. In some contexts, people may have unequal chances of fulfilling their aspirations in life, depending on the socio-economic status that they are born into. Let us call this variation in chances between individuals of different socio-economic background ‘inequality of opportunities’. In your opinion, what do you think has happened to the following in (COUNTRY) over the last 10 years: a) income inequality; b) inequality of opportunities? Do you think it has: significantly increased; slightly increased; remained about the same; slightly decreased; significantly decreased?*

In the majority of countries selected for the survey (12 of 15), available information on the Gini index does not go beyond 2007. It is not yet possible, therefore, to conduct an in-depth comparison of actual versus perceived inequality trends. It is worth noting, however, that, while roughly one third of the countries analysed in chapter 3 (32 of 84) had a downward trend of income inequality, in only three of the 15 countries surveyed did a majority of policy makers think that income inequality had gone down in the last decade and in only



Figure 6.2. Inequality trends: distribution of perceptions



two countries did a majority of policy makers believe that today there is greater equality of opportunities than 10 years ago. Perceptions about the direction of inequality over the last 10 years thus appear to be somewhat more somber than the most recent documented trends available for analysis.

6.2b. Inequality levels

A large majority of policy makers (79 percent of those who participated in the survey) would describe income inequality in their country as ‘high’ or ‘very high’, while 17 percent perceive it to be ‘moderate’ and only 4 percent would characterize it as either ‘low’ or ‘very low’.

Perceptions about the distribution of opportunities are slightly more dispersed, but, nonetheless, inequality of opportunities is seen as ‘high’ or ‘very high’ by 59 percent of the survey respondents, with 28 percent of the interviewees saying that it is ‘moderate’ and about one in eight (13 percent of the sample) describing it as ‘low’ or ‘very low’.

In recent research, a lot of attention has been given to inequality trends with a view to determining whether inequality has increased or decreased globally (see chapter 3 of this publication). While this debate is certainly very important, the figures described above suggest the need to put it in perspective. There is a risk — policy makers seem to be saying — of overestimating the importance of downward changes in inequality by forgetting that they have taken place in a context of already exceptionally high levels.

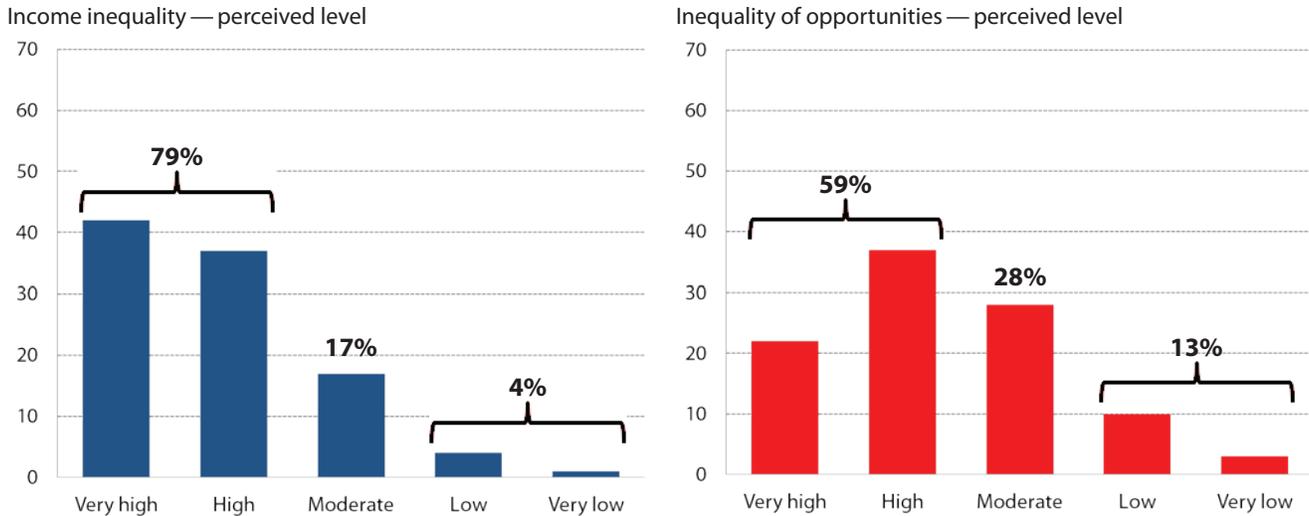
Table 6.3. Perceived inequality levels — distribution of answers

Type of inequality	Very high	High	Moderate	Low	Very low
Income	42%	37%	17%	3%	1%
Opportunities	22%	37%	28%	10%	3%

Question: On a scale from 1 to 5, where 1 means ‘very low’ and 5 means ‘very high’, how would you rate the level of:
a) income inequality; b) inequality of opportunities in (COUNTRY)?



Figure 6.3. Inequality levels: distribution of perceptions

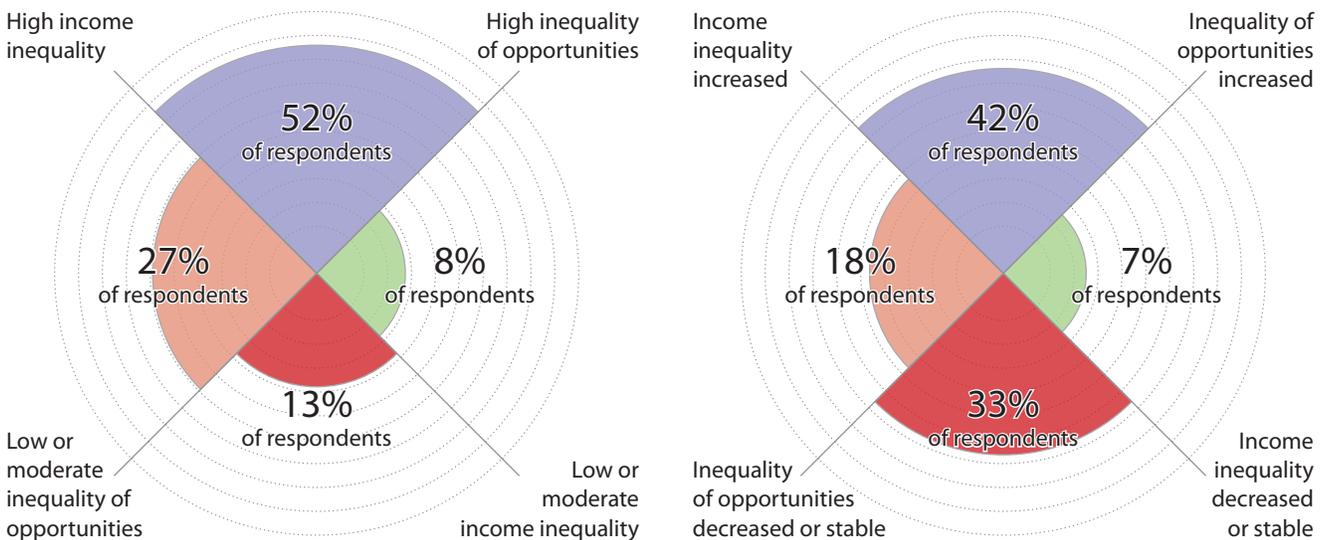


6.2c. Correlation of perceptions about income and opportunity dynamics

Overall, policy makers' perceptions about income inequality and inequality of opportunities are positively correlated. However, this is much more the case for trends than for levels.

As shown in Figure 6.4, 35 percent of the survey respondents believe that a high level of income inequality coexists in their countries with a low or moderate level of inequality of opportunities (or vice versa). On the other hand, only 25 percent of the interviewees believe income inequality and inequality of opportunities to have moved in different directions. The contrast becomes even sharper when the averages of responses in each country are considered (Figure 6.5). Here, a

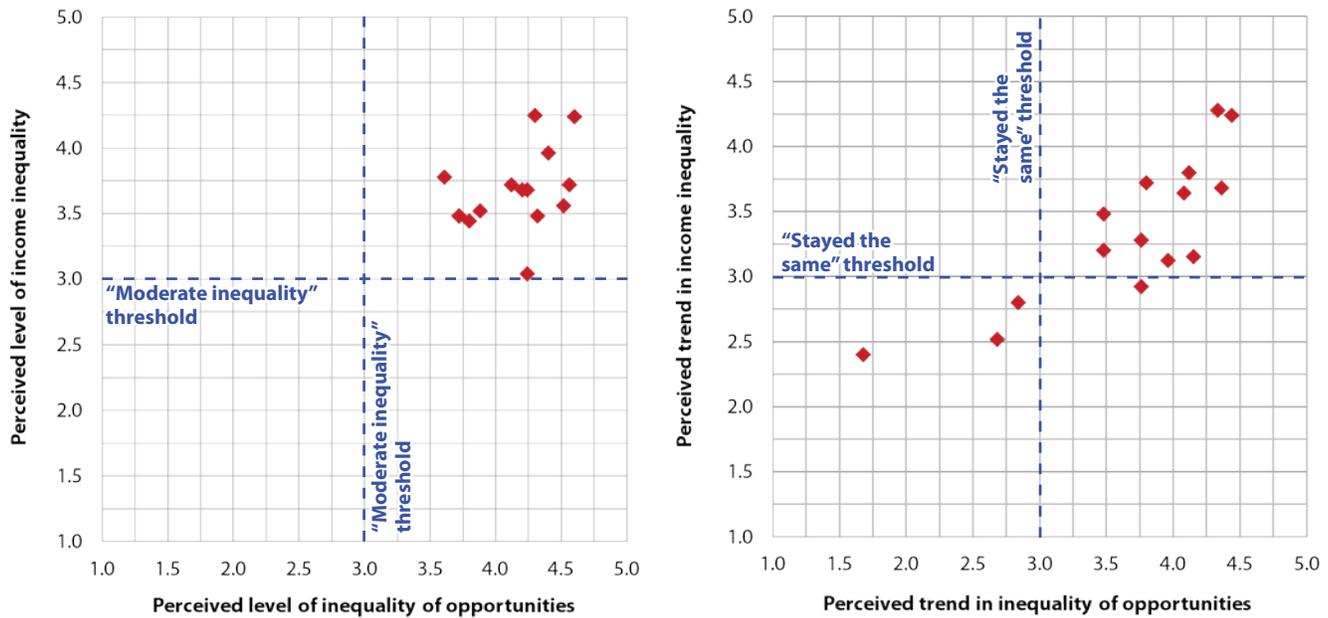
Figure 6.4. Correlation of perceptions about income and opportunities dynamics: individual level





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Figure 6.5. Correlation of perceptions about income and opportunities dynamics: country averages



relatively weak correlation coefficient for perceived levels (0.37) is matched by a very strong one for perceived trends (0.82).

In other words, policy makers recognize that growing income disparities are likely to widen the opportunity gap, but they are also keenly aware that the impact of income differentials on the distribution of opportunities is mediated by a multiplicity of factors, which are highly context-specific.

6.2d. Inequality in access to services

Policy makers' views of how inequality in access to services has evolved over the last 10 years are rather mixed, with a slight prevalence of policy makers perceiving a downward trend.

With respect to critical public services (which included, for the purposes of the survey, health and education, but also the administration of justice and basic public administration services, such as certificates and permits), the perception of downward changes is slightly prevailing: 40 percent of the interviewed policy makers believe that inequality in access to public services has decreased, while 34 percent say that it has increased and 26 percent feel that it has remained about the same.

Similarly with respect to access to economic services (including access to credit, employment facilitation services, small and medium enterprise development services, and agricultural extension services), 39 percent of the interviewees think that there is today greater equality than in the past, in contrast to 36 percent of the respondents who maintain that there is greater inequality and 23 percent who reckon that, on balance, things have not changed much.



Table 6.4. Inequality in access to services — perceived trends

Service typology	Significantly increased	Slightly increased	Remained the same	Slightly decreased	Significantly decreased
Public services	12%	22%	26%	31%	9%
Economic services	12%	24%	23%	34%	5%

Question: *In your opinion, what do you think has happened to the following in (COUNTRY) over the last 10 years: a) inequality of access to critical public services; b) inequality of access to services related to economic activity? Do you think it has: significantly increased; slightly increased; remained about the same; slightly decreased; significantly decreased?*

With respect to current levels on inequality in access to services (Table 6.5), the overall picture emerging from policy makers’ responses contains some positive elements, but also considerable variations across areas of service delivery. Only 28 percent of the interviewed policy makers reported a high level of inequality in access to public administration services. A relatively low number (37 percent) thinks that there is high inequality in access to education and — perhaps surprisingly — only two in five (41 percent) believe that there is high inequality in access to services related to economy activity. On the other hand, more than half of the interviewed policy makers (51 percent) consider access to health care as very unequal and 57 percent perceive a high level of inequality in access to justice.

Table 6.5. Inequality in access to services — perceived levels

Service typology	Very high	High	Moderate	Low	Very low
Health care	21%	30%	29%	15%	5%
Education	12%	25%	34%	19%	9%
Public administration	10%	22%	36%	22%	10%
Justice	26%	31%	23%	14%	5%
Economic services	14%	29%	33%	18%	5%

Question: *In some cases, people who have equal need of a service may not have equal access to it for a variety of reasons. Let us call this variation in an individual’s ability to access a service when needed ‘inequality in access to services.’ On a scale from 1 to 5, where 1 means ‘very low’ and 5 means ‘very high’, how would you rate inequality in access to services with reference to the following critical public services: a) health care (both primary and specialized); b) education (from primary to tertiary level); c) public administration (for instance obtaining certificates, permits, registrations); d) justice sector (when seeking remedy to an injustice).*

Question: *There are many services related to economic activity, for instance credit for entrepreneurial activities, employment facilitation services, small and medium enterprise development services, and agricultural extension services. On a scale from 1 to 5, where 1 means ‘very low’ and 5 means ‘very high’, how would you rate inequality of access to these services?*

Perceptions about inequality in access to services tend to have a strong positive correlation in individual responses with perceptions about inequality of opportunities. This is true for trends and levels. However, a remarkable fact should be noted with respect to levels. The percentage of policy makers who see a ‘moderate’, ‘low’ or ‘very low’ level of inequality in access to a specific kind of service ranges from 42 percent (in the



Perceptions of inequality: perspectives of national policy makers

case of justice) to 68 percent (in the case of education). These percentages are systematically higher than the percentage of policy makers who believe inequality of opportunities to be ‘moderate’, ‘low’ or ‘very low’ (41 percent). If we consider education and services related to economic activity (the two services that are most often associated with prospects of upward mobility), we observe that more than half (52 percent) of the policy makers who report a moderate or low level of inequality in access to education still believe inequality of opportunities to be ‘high’ or ‘very high’ in their countries; at the same time, a little less than half (42 percent) of the policy makers who think that there is relatively equal access to economic services in their countries still find opportunities to be very unequally distributed.

Overall, although policy makers may see patterns of service delivery and the availability of opportunities for social mobility as closely linked, they also seem to be telling us that opportunity consists of much more than access to services — or, in other words, that equalizing access to services may still not be sufficient to the full equalization of opportunities.

6.3. Relevance of inequality as a policy measure

This section examines the extent to which policy makers see the current levels and trends of inequality as a potential threat to the long-term development of their countries. Opinions regarding the level of priority to be given to inequality reduction in the policy agenda are also investigated in relation to income inequality and inequality of opportunities.

6.3a. Inequality as a threat to long-term development

A large majority of policy makers (77 percent) is concerned about current levels of income inequality and regards them as a threat to the long-term development of their countries. Nor do most survey respondents see things moving in the right direction: 70 percent of the interviewed policy makers describe current income

Table 6.6. Inequality trends and levels in relation to long-term development

Type of inequality	Highly problematic	Somewhat problematic	Neutral	Somewhat conducive	Highly conducive
Level of income inequality	51%	26%	17%	3%	4%
Trend of income inequality	39%	31%	20%	6%	4%
Level of inequality of opportunities	36%	34%	23%	5%	2%
Trend of inequality of opportunities	33%	32%	23%	6%	4%

Question: I would now like to ask you about the extent to which you believe that the current levels and trends of inequality are compatible with the long-term development of (COUNTRY). Kindly note that, in this question, when we ask about development we are referring to a broad definition of development which goes beyond economic indicators to also include aspects such as social cohesion. On a scale from 1 to 5, where 1 means ‘highly problematic for long-term development’ and 5 means ‘highly conducive to long-term development’, how would you assess each of the following: a) current level of income inequality; b) current trends in income inequality; c) current level of inequality of opportunities; d) current trends of inequality of opportunities.



inequality trends as 'problematic' or 'highly problematic' and only 10 percent see them as 'conductive' or 'highly conducive' to long-term development, with 20 percent of the interviewees judging them as a fairly neutral factor.

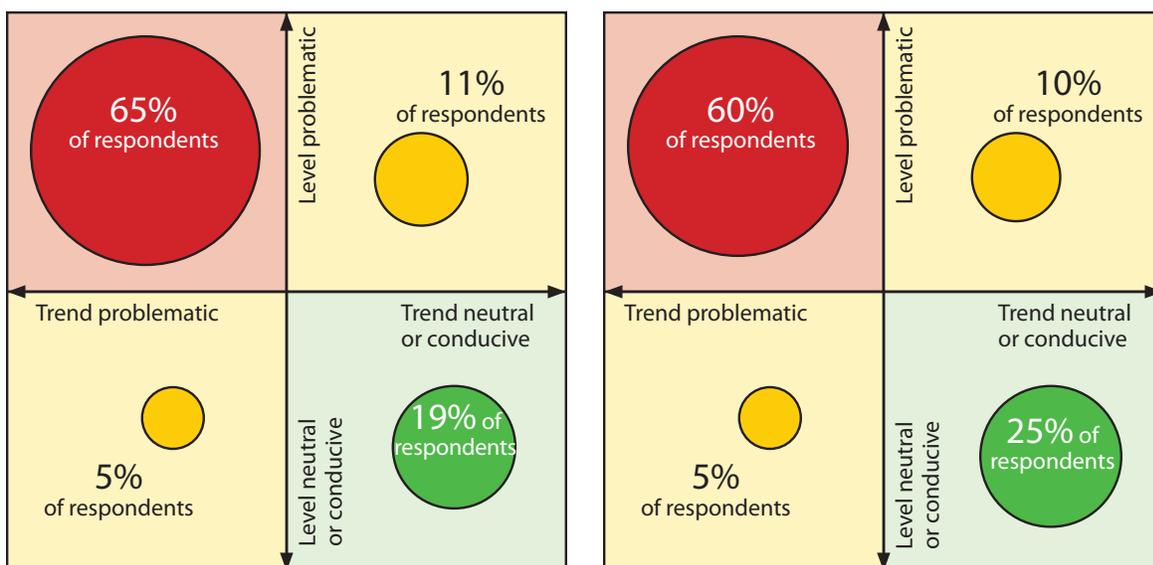
The current level of inequality of opportunities is also perceived as an obstacle to long-term development by a large majority of policy makers (70 percent of the whole sample, in contrast to 7 percent who believe it to be a positive factor and 23 percent who would characterize it as neither positive nor negative). A significant majority of interviewees (65 percent) perceives current trends in inequality of opportunity as 'problematic' or 'highly problematic', 23 percent believe them to be a neutral factor, and only 10 percent regard them as either 'conductive' or 'highly conducive'.

Overall, as illustrated in Figure 6.6, a majority of policy makers is concerned about levels and trends of inequality (65 percent for income inequality and 60 percent for inequality of opportunities). Those who are concerned about levels but more optimistic with respect to trends make up about one tenth of the sample (11 percent for income inequality and 10 percent for inequality of opportunities), while fewer than one in ten are unconcerned about levels, but worried about trends. Policy makers who find levels and trends of inequality unproblematic represent 19 percent of the sample with respect to income inequality and 25 percent with respect to inequality of opportunities.

Interestingly, the number of respondents who are concerned about the current level of inequality of opportunities (70 percent of the interviewed policy makers) is significantly higher than that of those who see inequality of opportunity as high or very high (59 percent of the total sample). Furthermore, among those who see inequality of opportunity in their countries as 'moderate', 60 percent still consider it to be a problem, while 36 percent think it as a neutral factor and only 4 percent regard it as conducive to development.

In light of these findings, there seems to be a clear message emerging from policy makers' answers: that even a 'moderate' inequality of opportunities is not likely to be compatible with long-term development goals and

Figure 6.6. Concern about inequality impact on long-term development





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that sustainable development can be built only on a fair distribution of chances to succeed in life across individuals from all backgrounds.

6.3b. Level of priority of inequality reduction in the policy agenda

Most policy makers regard inequality reduction as a policy priority: 71 percent of the respondents would give some priority to policies for the reduction of income inequality and as much as 80 percent of the interviewees see the reduction of inequality of opportunities as deserving of policy attention. Furthermore, almost half of the policy makers (47 percent of the sample) consider reducing income inequality as a top policy priority and a significant majority of the survey participants (61 percent) attach top priority to reducing inequality of opportunities.

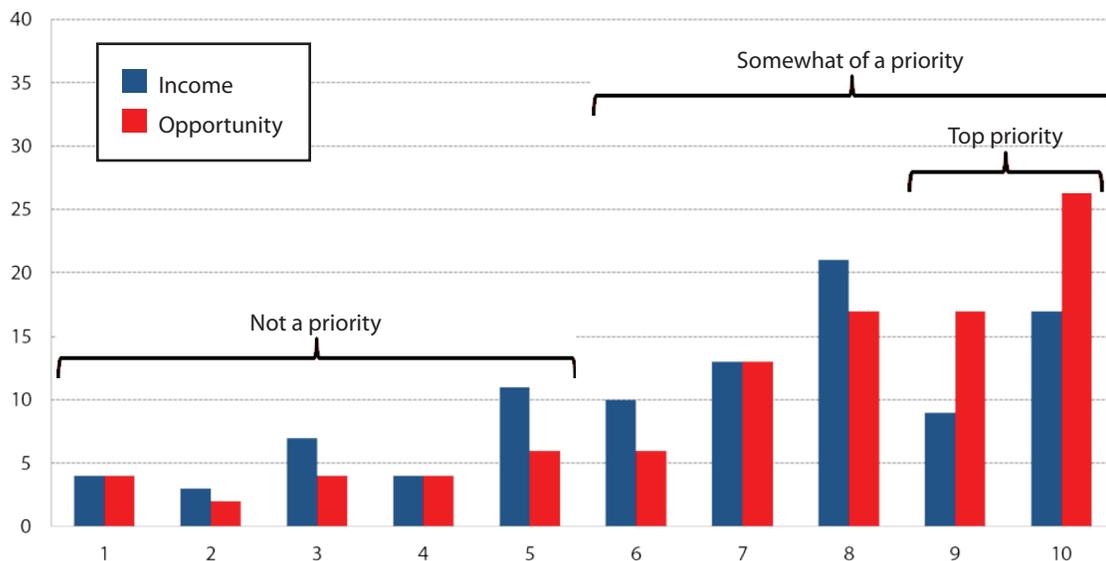
Table 6.7. Perceived priority level of inequality reduction as a policy issue

Type of inequality	Not a priority ⁵	Somewhat of a priority ⁶	Top priority ⁷
Income	29%	71%	47%
Opportunities	20%	80%	61%

Question: A government is constantly confronted by multiple competing issues that cannot be dealt with at the same time. It has therefore to make choices about priorities. I would like to know what level of priority you would accord to the reduction of inequality in (COUNTRY) today. Using a scale from 1 to 10 where 1 means 'not a priority at all' and 10 means 'the single most important priority', how would you assess the level of priority of each of the following: a) reduction of income inequality; b) reduction of inequality of opportunities.

Remarkably, while income inequality is more often seen by survey participants as problematic for long-term development, inequality of opportunities is generally considered as a higher policy priority. In part, this somewhat surprising dynamic may be related to values, with inequality of opportunities being regarded as

Figure 6.7. Priority level of inequality reduction: distribution of perceptions





inherently odious (aside from its impact on long-term development) and possibly more unacceptable on moral grounds than income inequality.

In this respect, two facts are worth noting. Among those who assessed current levels of inequality of opportunity as low or moderate, almost four of five (78 percent) believe that the equalization of opportunities should be given some priority in policy-making and more than one half (58 percent) believes that it should be considered as a top priority. Furthermore, 75 percent of those who see current levels of inequality of opportunity as a neutral factor for long-term development still believe that promoting greater equality of opportunities should be given some priority in the policy agenda and 51 percent of the policy makers in this group would give top priority to policies aimed at reducing inequality of opportunities.

Box 6.2 further elaborates on the role of values describing the conditions under which policy makers would see income inequality as acceptable.

The different level of priority attributed to the reduction of income inequality and the equalization of opportunities may also be related to feasibility considerations, as will be illustrated in the discussion on specific policy measures. However, the direction of causality in this context may be very difficult to establish — or, in other words, it may be very difficult to know whether the equalization of opportunities is prioritized over the equalization of incomes because the former is perceived as more feasible or whether the reduction of inequality of opportunities is more feasible because widely regarded as a priority.

In addition, as will be discussed in the next section, the complex relation between levels of concern and views about policy priorities may have to do with perceptions about the role of the state and the extent to which income gaps between the rich and the poor should be regarded as lying within the purview of policy making.

The view that the reduction of income inequality is indispensable in order to provide individuals with reasonably equal chances to succeed in life is far from self-evident and, in fact, is held only by a minority of surveyed policy makers.

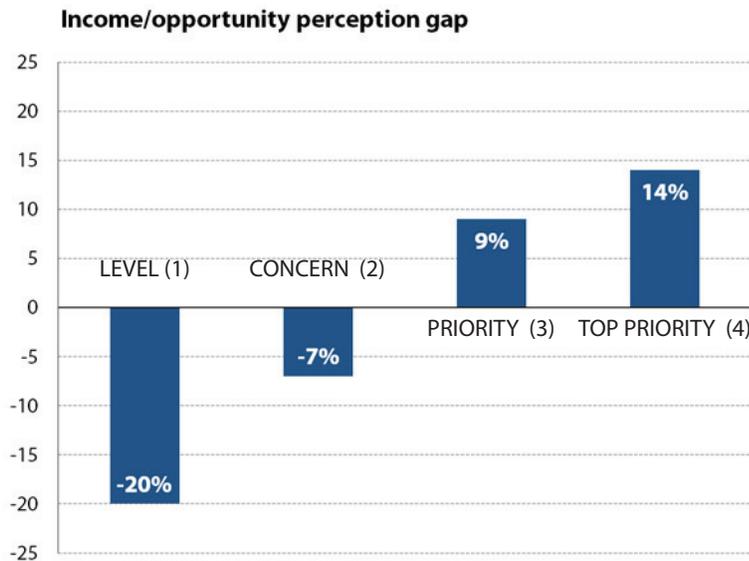
Box 6.2. When is income inequality acceptable?⁸

Although the vast majority of interviewees is concerned about current levels and trends of income inequality, a significant number of policy makers would find significant levels of income inequality acceptable under certain conditions. A majority of policy makers (63 percent) are prepared to accept income inequality if it is due to differences in individual efforts and if it originates from fair competition. Almost one half of survey respondents (43 percent) think that increasing inequality is acceptable as long as everybody is guaranteed a minimum standard of living, while 39 percent of the interviewed policy makers believe that increasing income inequality is acceptable as

long as poverty is declining. However, income inequality is regarded as much less acceptable when it is seen as undermining equality of opportunities: 58 percent of survey respondents consider it 'unjust' or 'very unjust' that people with higher incomes can buy better health care than people with lower incomes, while only 29 percent of the interviewees consider it to be 'just' or 'very just'; 61 percent of the policy makers find it unfair that people with higher incomes can buy better education for their children, in contrast to the 28 percent of interviewees who perceive this to be fully justified.



Figure 6.8. From concern to prioritization: a comparison of income and opportunity



Notes: (1) Policy makers perceiving current inequality of opportunities as high minus those perceiving current income inequality as high (as percent); (2) Policy makers perceiving current inequality of opportunities as problematic for development minus those perceiving current income inequality as problematic for development (as percent); (3) Policy makers placing some priority on reducing inequality of opportunities minus those placing some priority on reducing on income inequality (as percent); (4) Policy makers considering reducing inequality of opportunities as a top priority minus those considering reducing income inequality as a top priority (as percent).

It could, of course, be argued that the reduction of income inequality and the reduction of inequality of opportunities should not be regarded as distinct policy objectives. However, policy makers seem to dissent on this point: 65 percent of survey participants think that inequality of opportunities can be significantly reduced while maintaining the current distribution of income, against 32 percent of the respondents who see a limited or very limited space for opportunity equalization at the current levels of income inequality.⁹

As evidenced by these results, a majority of policy makers believe that significant strides can be made in the equalization of opportunities without necessarily addressing income disparities. In other words, the view that the reduction of income inequality is indispensable in order to provide individuals with reasonably equal chances to succeed in life is far from self-evident and, in fact, is held only by a minority of surveyed policy makers.

6.4. Measures to reduce inequality

What needs to be done to reduce inequality in the opinion of policy makers? This section documents policy makers' opinions on the role to be played by government in inequality reduction and investigates the perceived relevance of specific policy measures aimed at reducing income inequality as well as inequality of opportunities.

6.4a. Views about the role of government in reducing inequality

As shown in Table 6.8, an overwhelming majority of policy makers think that it is the responsibility of government to ensure a minimum living standard for all: 81 percent of the interviewees agrees with this proposition, while 13 percent of the sample disagree and the remaining respondents neither agree nor disagree. An extremely high number of policy makers also believe that the government should take measures to provide equal access to services and opportunities: 89 percent of the respondents hold this view with respect to services and 87 percent with respect to opportunities, while about one tenth of the interviewees maintain that equality in access to services and opportunities should not be within the remit of government action.



Table 6.8. Views of the role of government — distribution of answers

Potential government responsibilities	Agree ¹⁰	Disagree ¹¹	Neither agree nor disagree
Guarantee minimum living standards	81%	13%	4%
Ensure equality in access to services	89%	9%	2%
Promote equality of opportunities	87%	11%	2%
Reduce income differences	63%	17%	13%

Question: *Could you please tell me to what extent you agree or disagree with the following statements regarding the responsibilities of the government in (COUNTRY): a) "It is the responsibility of the government to guarantee everyone a minimum standard of living"; b) "It is the responsibility of the government to guarantee equality in access to services for all people"; c) "It is the responsibility of the government to promote equality of opportunities for all people"; d) "It is the responsibility of the government to reduce the differences in income between those with high incomes and those with low incomes". Do you: strongly agree; somewhat agree; neither agree nor disagree; somewhat disagree; strongly disagree.*

A majority of policy makers (63 percent of the sample) also believe that the government should play a role in the reduction of income inequality. However, this number is considerably lower than the number of policy makers who saw a role for the government in guaranteeing minimum living standards, ensuring equal access to services and promoting a more equal distribution of opportunities. Consistent with what was discussed in the previous section, a sizable portion of the sample (in fact, about one interviewee in three) seems to hold reservations about the government interfering with the market distribution of income. Why is that the case? Does this have to do with a specific understanding of the social contract or is it rather the result of concerns about corruption and the potential for elite capture of redistributive efforts? These questions, which cannot be answered on the basis of the information collected through the survey, are critical ones and should form an integral part of further research programmes.

Another important point should be noted: 71 percent of those who do not believe that the government should take action to reduce income gaps also perceive current levels of income inequality to be problematic for the long-term development of their countries. Whom do they look to for action, then? Individual philanthropists? Religious institutions? Other kinds of development-oriented collective actors? Again, these questions cannot be answered on the basis of the survey, but certainly warrant additional investigation in the future.

6.4b. Views about specific policy options to reduce income inequality

In order to better understand policy makers' opinions on action to be taken to reduce inequality, the survey asked respondents to rate a range of policy measures based on their relevance to the specific context of the respondent. The results emerging from the policy makers' answers are detailed in Table 6.9.

Overall, policy makers recognize that a lot needs to be done to reduce inequality and see a broad spectrum of possible inequality-reducing interventions as potentially relevant. This is evidenced by the average score for the whole set of proposed policies, which is 3.56 — corresponding to an intermediate level between 'moderately useful' and 'necessary'. Furthermore, the average relative deviation of 36 percent indicates a reasonable convergence of views across respondents.

All of the proposed policy options received a level of support above 50 percent, with only three exceptions: the taxation of financial transactions at 35 percent, consumer subsidies at 42 percent and asset redistribution



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Table 6.9. Perceived relevance of selected income inequality-reducing policies

Policy options	Support level ¹²	Average score	Relative deviation ¹³
Subsidies to key factors of production in the agricultural sector	62%	3.68	33%
Subsidies to key factors of production for small and medium enterprises	63%	3.70	32%
Asset redistribution (e.g., land reform)	43%	3.42	41%
Introduction (or increase) of minimum wages	59%	3.68	33%
Strengthening of collective bargaining	57%	3.60	34%
Taxation of financial transactions	35%	2.90	45%
Increase progressivity of income taxation	55%	3.53	36%
Reduce tax evasion	74%	4.06	31%
Introduction or expansion of conditional cash transfers	66%	3.76	31%
Introduction or expansion of employment guarantee schemes	59%	3.63	35%
Consumer subsidies (e.g., on cooking fuel or food items)	42%	3.11	42%
Tax incentives to promote foreign direct investment in marginalized regions	58%	3.63	34%
Average	56%	3.56	36%

Question: *On a scale from 1 to 5, where 1 means ‘not necessary at all’ and 5 means ‘highly necessary’, to what extent, if at all, do you believe the following policy measures are necessary in order to reduce income inequality in (COUNTRY) today?*

(including land reform) at 43 percent. However, notwithstanding the generally high level of support given to all interventions, a number of relevant insights can be obtained from a closer examination of how different measures were scored relative to the average for the whole set and therefore implicitly ranked by policy makers’ responses.

Policies aimed at giving households a greater share of income from capital — such as measures to increase the profit margin of small entrepreneurs and agricultural producers — are some of the most popular ones among those mentioned to the survey respondents. The introduction or expansion of subsidies to key factors of production in the agricultural sector is supported by 62 percent of the interviewed policy makers (6 points above average), while 63 percent of the interviewees (7 points above average) consider subsidies to key factors of production for small and medium enterprises as ‘necessary’ or ‘highly necessary’. However, forms of asset redistribution like land reform receive significantly less support (43 percent of the sample — 13 points below average — describe them as necessary), perhaps also because of the highly controversial political meanings attached to some of them. Interestingly, asset redistribution is also one of the policy options with the highest relative deviation (41 percent, 5 points above average) — a sign, possibly, of the polarizing nature of this kind of intervention.

Social transfers directly benefiting poorer households are also quite popular among the interviewed policy makers. Conditional cash transfers are the second most supported policy option, with 66 percent of respondents (10 points above average) seeing it as ‘necessary’ or ‘highly necessary’—undoubtedly also as a



result of the documented inequality-reducing effects that this policy has had in Latin America and elsewhere. Other forms of social protection receive a more moderate, but still significant, support, like in the case of employment guarantee schemes, which are seen as a relevant policy intervention by 59 percent of the interviewees (three points above average). Consumer subsidies, in contrast, are generally seen as ineffective: only 42 percent of the respondents (14 points below average) would recommend them as an inequality-reduction measure, although a significant variance of views, evidenced by the second largest relative deviation (42 percent, 6 points above average), should also be noted.

On the revenue side, policy makers seem to be highly skeptical about taxing financial transactions, despite the great emphasis placed on this measure by various international campaigns focussing on inequality reduction. In fact, only 35 percent of the interviewed policy makers (21 points below average) see the taxation of financial transactions as a necessary measure, making this policy the least supported among the 12 proposed to survey respondents. Measures to increase the progressivity of income taxation, while much more popular than the taxation of financial transactions, also fall in the group of policies receiving lower-than-average support, with 55 percent of policy makers (1 point below average) recommending them as 'necessary' or 'highly necessary'. On the other hand, policy makers place an enormous amount of confidence in the reduction of tax evasion, the most recommended policy, with a support level of 74 percent (18 points above average).

Policies that aim at reducing inequality by changing power relations in the labour market are given a moderate level of support by surveyed policy makers and appear to be less controversial than could have been expected. However, they are still somewhat less popular than policies aiming to promote greater income equality by spreading the benefits of capital or by channelling resources to lower-income households through various forms of social transfer. Support for the introduction (or increase) of minimum wages is slightly higher than the average, with 59 percent (3 points above average) of policy makers scoring it as 'necessary' or 'highly necessary', while the strengthening of collective bargaining is barely above the average support threshold, with 57 percent of policy makers (1 point above average) recommending it as relevant to inequality-reduction.

Finally, regional income disparities seem to rank very high among the concerns of policy makers, and attracting foreign direct investment in marginalized regions — also through tax incentives — is regarded

Box 6.3. Why is the reduction of tax evasion policy makers' preferred inequality-reducing policy?

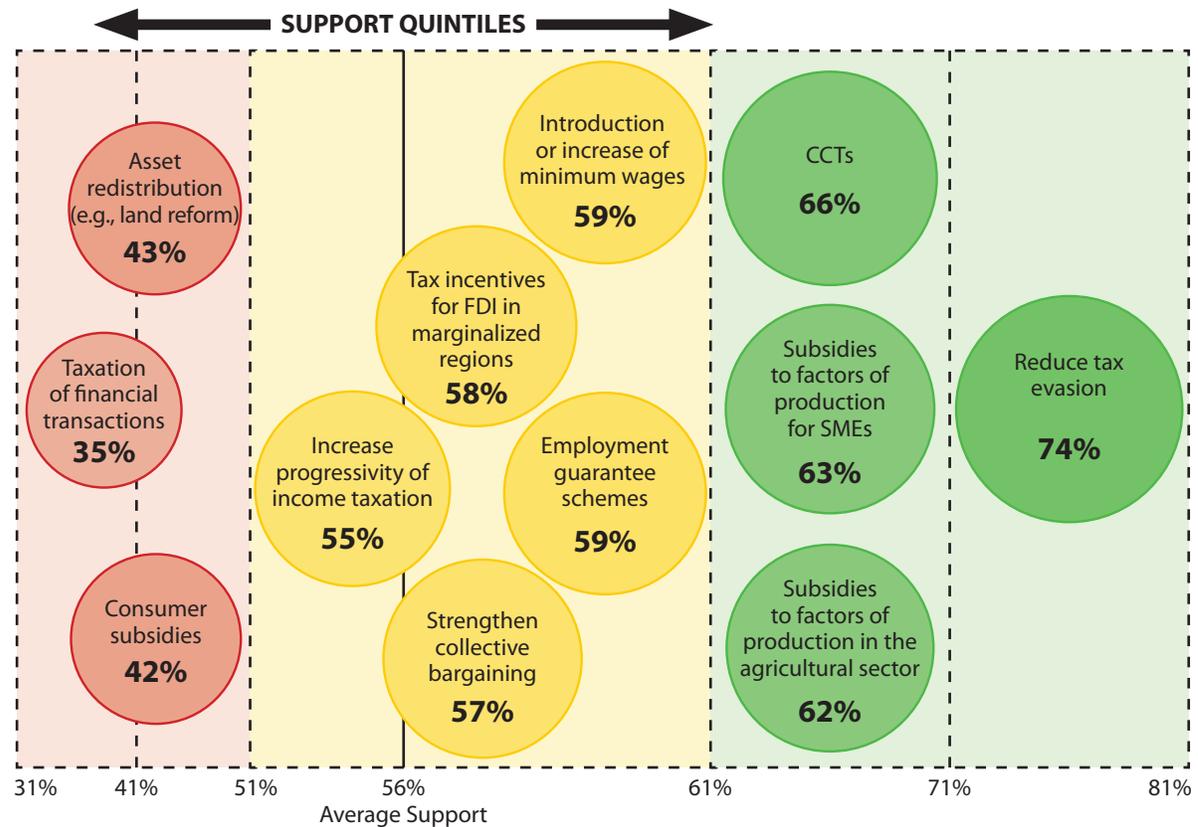
The reduction of tax evasion was scored by surveyed policy makers as the most necessary in a very diverse set of 12 policy options. How can this be explained? On the one hand, this result may be taken as a demonstration of the role played by values in setting policy priorities: policy makers may be supporting the reduction of tax evasion as a moral imperative, regardless of its impact on overall levels of inequality. Another — but not necessarily incompatible — possible explanation is that policy makers

may value the reduction of tax evasion indirectly as a way to pay for fiscally demanding policies, such as subsidies to factors of production and conditional cash transfers, which they consider highly effective as inequality-reducing measures. But there is yet another possible explanation: policy makers may see the reduction of tax evasion as a directly relevant policy instrument in that they perceive tax evasion to be happening disproportionately among people in the higher income brackets.



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Figure 6.9. Perceived relevance of selected policy measures to reduce income inequality



as a fairly relevant way to deal with the issue. This policy is in fact seen as ‘necessary’ or ‘highly necessary’ by 58 percent of the interviewed policy makers (2 points above average) and ranks number five in terms of support among the 12 policy options presented to the survey respondents.

Figure 6.9 illustrates the support received by each of the 12 proposed policy measures, allocating them in five quintiles centred on the average support level of 56 percent.

What kind of conclusions can be drawn from the above considerations? To summarize and link the discussion in this section to the overall framework of the report, it could be said that the most popular policies among policy makers seem to be either of two kinds: 1) policies that are seen as reducing inequality in the secondary distribution of income without having a significant distortive effect on the workings of the market (i.e., cash transfers rather than interventions on the taxation system or consumer subsidies); and 2) policies that can reduce inequality in the primary distribution of income by providing greater access to income from capital (mainly through support to small-scale entrepreneurship).

Labour market interventions are also seen as relevant, but not necessarily as part of the top-priority group of policy measures. Interventions in the structure of the taxation system are definitely not among the most popular ones among the interviewed policy makers, but there is a strong consensus on the critical importance of reducing tax evasion.



6.4c. Views about specific policy options to reduce inequality of opportunities

Policy makers were also asked to rate the relevance to their countries of a range of policies — not necessarily only economic — specifically aimed at reducing inequality of opportunities. Their opinions about the proposed policies are described in Table 6.10.

Measures specifically addressing inequality of opportunities are seen as generally very relevant by policy makers, as evidenced by the average score for the entire set (4.19), corresponding to an intermediate level between ‘necessary’ and ‘highly necessary’. The relatively low average relative deviation of 24 percent indicates a fairly high convergence of views across respondents. Consistent with the finding that policy makers see the reduction of inequality of opportunities as a higher policy priority, measures with a specific focus on opportunity equalization have systematically higher support levels and average scores than more general inequality-reducing policies, like the ones discussed in the previous section. As in the previous section, however, interesting results can be obtained by examining the relative level of support enjoyed by different policy options.

As expected, reducing unemployment is regarded as critically important, with an overwhelming majority of policy makers (84 percent, 6 points above average) seeing the creation of jobs as ‘necessary’ or ‘highly necessary’ to the equalization of opportunities in their countries. Services matter a lot, too. More than 80 percent of the respondents believe that reducing inequality in access to education and other public services is urgently needed in order to equalize opportunities. A slightly lower number — but one nevertheless very high in absolute terms — of policy makers (76 percent of the whole sample, 2 points below average) would recommend greater equality in access to economic services. Infrastructure development is also regarded as generally relevant, but much more so in rural than in urban areas: 87 percent of policy makers (9 points above average) believe it to be ‘necessary’ or ‘highly necessary’ in rural settings, while 70 percent (8 points below average) would say the same about infrastructure development in an urban context.

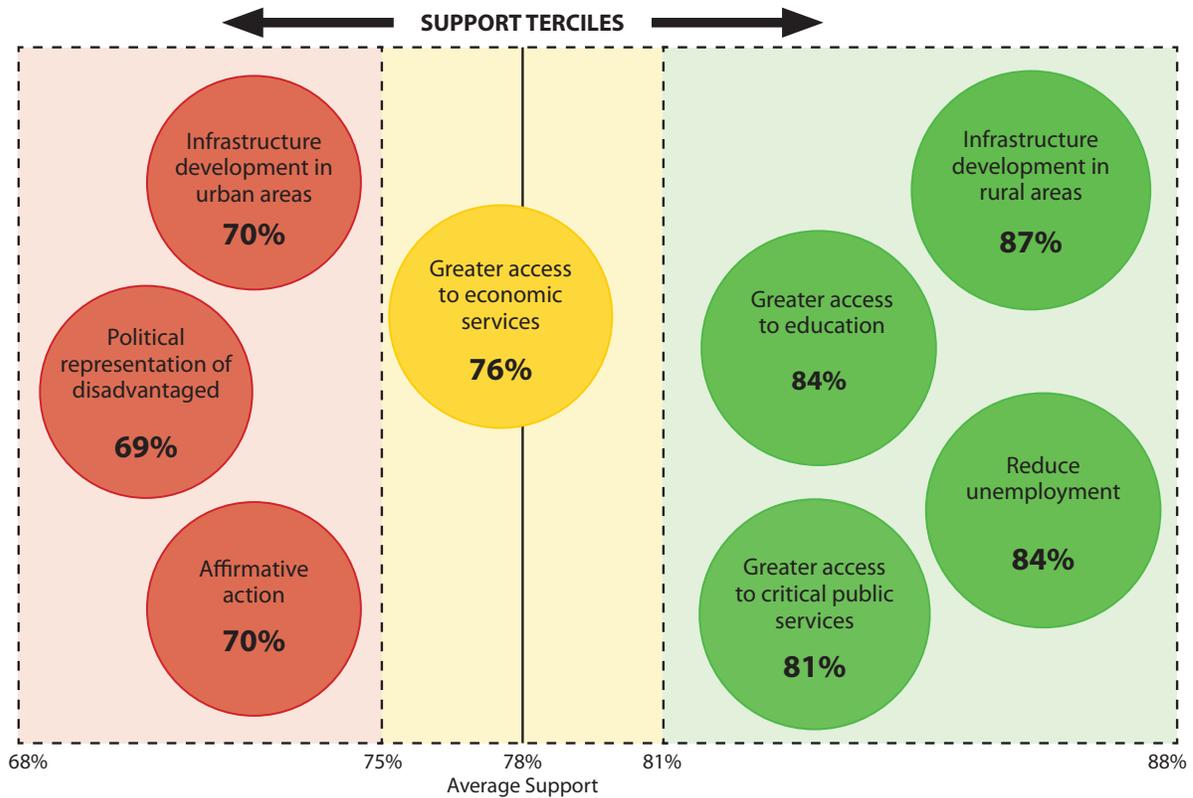
Table 6.10. Perceived relevance of policies to reduce inequality of opportunities

Policy options	Support level ¹⁴	Average score	Relative deviation
Reduce unemployment	84%	4.36	23%
Reduce inequality in access to education	84%	4.40	23%
Reduce inequality in access to other critical public services	81%	4.31	21%
Reduce inequality in access to services related to economic activity	76%	4.12	24%
Infrastructure development in rural areas of the country	87%	4.42	19%
Infrastructure development in urban areas of the country	70%	3.99	25%
Strengthen the political representation of disadvantaged groups	69%	3.89	30%
Affirmative action policies for disadvantaged groups	70%	4.00	28%
Average	78%	4.19	24%

Question: On a scale from 1 to 5, where 1 means ‘not necessary at all’ and 5 means ‘highly necessary’, to what extent, if at all, do you believe the following policy measures are necessary in order to reduce inequality of opportunities in (COUNTRY) today?



Figure 6.10. Perceived relevance of selected policy measures to address inequality of opportunities



Somewhat more surprising results emerge in relation to policy measures specifically addressing horizontal inequalities. In fact, the data show that affirmative action policies and measures to strengthen the political representation of disadvantaged groups receive a level of support that is significantly lower than the average for the whole set of policies (70 and 69 percent, respectively), although still fairly high in absolute terms. With an average score of 3.89, strengthening the political representation of disadvantaged groups is the only one in the entire set of policy options being ranked significantly below the 'necessary' threshold (i.e., 4 points on a scale from 1 to 5). Interestingly, strengthening the political representation of disadvantaged groups is also the policy measure with the highest relative deviation (30 percent, 6 points above average).

6.5. Political space for action to reduce inequality

Even when many people regard it as potentially useful, a policy measure may not always be politically feasible. This section examines policy makers' views about the political space that is available for inequality reduction in their countries as well as their perceptions about the role of key actors operating in the inequality reduction policy arena.



6.5a. Perceived political feasibility of specific policy options

In order to assess perceptions about political space for inequality reduction, policy makers were asked to rate the political feasibility of the individual policy measures listed in Section 4.2 on a scale from 1 to 5, with 1 meaning that there is no political support at all for a certain measure and 5 meaning that there is very high political support. A description of their responses is provided in Table 6.11.

The most striking feature of the results presented in Table 6.11 is perhaps the fact that, despite the high perceived levels of relevance described in Section 4.2, policy makers attribute a generally low level of political feasibility to the specific policy measures that they were asked to comment on. If we take an average score of 3 as a ‘political feasibility threshold’, only four measures (reducing tax evasion, conditional cash transfers, subsidies to small agricultural producers and subsidies to small enterprises) have average scores above the threshold — and only barely. No single policy measure was considered definitively feasible (i.e., with a score of 4 or 5) by a majority of policy makers, only three policy measures were regarded as definitively feasible by at least 40 percent of the respondents, and half of the proposed interventions were perceived as definitively feasible by less than one respondent of three.

But how do perceptions about relevance exactly compare with perceptions about political feasibility? Figure 6.11 provides a scatter plot of the average scores received by each policy measure along these two dimensions.

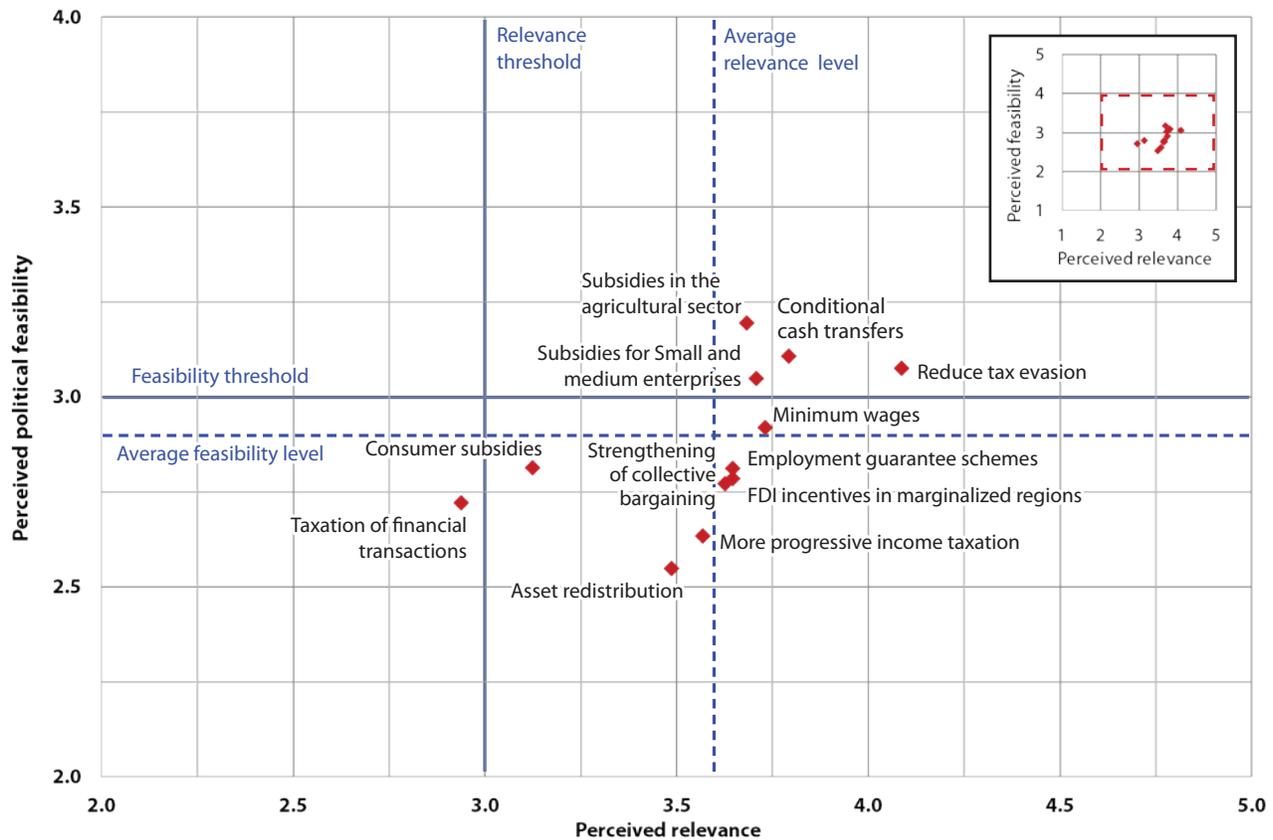
Table 6.11. Perceived political feasibility of selected inequality reducing policies

Policy options	Feasibility level ¹⁵	Average score	Relative deviation
Subsidies to key factors of production in the agricultural sector	41%	3.19	37%
Subsidies to key factors of production for small and medium enterprises	36%	3.05	38%
Asset redistribution (e.g., land reform)	23%	2.55	48%
Introduction (or increase) of minimum wages	33%	2.92	39%
Strengthening of collective bargaining	24%	2.77	39%
Taxation of financial transactions	22%	2.72	40%
Increase progressivity of income taxation	21%	2.63	43%
Reduce tax evasion	40%	3.07	41%
Introduction or expansion of conditional cash transfers	41%	3.11	39%
Introduction or expansion of employment guarantee schemes	30%	2.81	44%
Consumer subsidies (e.g., on cooking fuel or food items)	30%	2.81	43%
Tax incentives to promote foreign direct investment in marginalized regions	25%	2.78	40%
Average	31%	2.87	41%

Question: On a scale from 1 to 5, where 1 means ‘no support at all’ and 5 means ‘very high support’, how much political support do you think there is for each of the following interventions in (COUNTRY) at present.



Figure 6.11. Perceived relevance and political feasibility of policy options



Note: The inset on the upper left corner shows the distribution of answers within the full interval of potential responses (i.e. 1-5). The larger diagram zooms in on the interval in which most answers actually fell. The **Relevance threshold** and the **Feasibility threshold** lines mark the intermediate option within the range of possible answers (i.e. a score of 3 on a scale from 1 to 5). The **Average relevance** and the **Average feasibility** lines mark the average relevance and feasibility scores of all policy options.

Overall, there is a significant positive correlation between perceived levels of relevance and perceived levels of political feasibility. In a way, this is not too surprising: the more a policy is perceived as relevant and necessary, the easier it will be to argue for it in the public domain and to mobilize a supportive constituency. However, this general statement needs to be qualified.

Based on the data from the survey, relevance clearly appears to be a necessary condition of political feasibility: all measures with lower-than-average relevance scores were also regarded as less than politically viable. But, at the same time, among the policies with higher-than-average relevance, measures that are assessed as equally relevant can be seen as having very different levels of political feasibility. In fact, as shown in Figure 6.11, several policy measures that were scored well above the ‘relevance threshold’ were nonetheless described as having low political support, with scores well below the minimum ‘political feasibility’ level. In other words, in the opinion of policy makers, above a certain threshold, relevance is no longer a reliable predictor of political viability.



Box 6.4. What explains the different political feasibility of measures perceived as equally relevant?

Several interesting hypotheses about the determinants of the political viability of policies for inequality reduction can be derived from comparing the relevance and feasibility scores of different measures (i.e., the average scores described in Tables 6.9 and 6.11, respectively). For instance: what explains the different political feasibility of employment guarantee schemes and conditional cash transfers? The relevance scores of these two measures are quite similar: 3.63 and 3.73, respectively (corresponding to a 3 percent difference), but their political feasibility scores are much further apart: 2.81 and 3.11, corresponding to a gap of 11 percent. Some of this difference may be due to fiscal impact considerations, with employment guarantee schemes perceived as more fiscally demanding and therefore inferior in terms of value for money (although relevant *per se*). However, when we consider the gap between what could be described as the ‘pro-business’ package (subsidies to small enterprises and agricultural producers) and what could be described as the ‘pro-labour’ package (minimum wages and collective bargaining), we see different dynamics at play. In this case, the former set of measures has a higher fiscal impact than the latter, but it is still seen as more viable politically, with feasibility

scores that, when we average the two measures in each set, equal 3.12 and 2.85, respectively, corresponding to a gap of 9 percent. Why is the ‘pro-business’ package seen as more politically feasible than the ‘pro-labour’ package, given that the two sets of measures are considered equally relevant (with average relevance scores of 3.69 and 3.64, respectively, corresponding to a 1 percent gap)? Part of the reason may lie in concerns about potential negative spin-off effects: the ‘pro-labour’ package may, for instance, be seen as ‘relevant’ to inequality-reduction, but ‘bad’ for growth and therefore less viable. But a role may be played here also by the varying ability of different constituencies to act collectively in order to represent and pursue common interests. In this light, the low political feasibility of increasing the progressivity of taxation (average score 2.63 against a relevance score of 3.53) is especially noteworthy. By its very nature — almost by definition — making the taxation system more progressive is a measure that should enjoy majority support. Yet policy makers regard it as the second-least feasible among all policies that were proposed to them. Further analysis is needed in order to disentangle the factors at the basis of this apparently paradoxical result.

Political space is, in the ultimate analysis, the result of the interaction of multiple actors deploying their influence to advance specific interests in the policy arena. What do policy makers think about the nature of this interaction and its impact in their countries? Relevant perceptions are summarized in Table 6.12.

As shown in Table 6.12 in the perception of policy makers, there are two sets of actors with clearly characterized views on inequality: foreign investors and the national business community, on the one hand, are perceived as relatively unconcerned about inequality (with concern scores of 2.47 and 2.71 respectively), while trade unions and civil society organizations, on the other hand, are viewed as fairly concerned (with average scores of 3.48 and 3.61, respectively). All other actors are characterized as having an intermediate position (neither particularly concerned nor particularly unconcerned), with average scores varying from 3.05 for civil servants and the parliamentary majority to 3.22 for religious institutions.

Predictably, the executive arm of government and the parliamentary majority are perceived as having great power over policy-making (with average influence scores of 4.52 and 4.08, respectively). All other actors are described as having a much lower level of influence (if government and the parliamentary majority are excluded, the average influence score of all actors is 3.03), with very little variation between actors. In fact,



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Table 6.12. Perceived concern for inequality and influence of key players in the policy arena

Key players in policy-making	Perceived level of concern for inequality ¹⁶	Perceived level of influence over policy-making ¹⁷
The executive arm of the national government	3.34	4.52
The parliamentary majority	3.15	4.08
The parliamentary opposition	3.08	2.88
Civil servants	3.05	3.10
The national business community	2.71	3.19
Foreign investors	2.47	2.81
The trade unions	3.48	3.06
The national media	3.10	3.28
Civil society organizations	3.61	3.06
Religious institutions	3.22	2.89
Average	3.12	3.29

Question: On a scale from 1 to 5, where 1 means 'not concerned at all' and 5 means 'extremely concerned', I would now like to ask you how concerned, if at all, you think the following groups are about inequality in your country.

Question: On a scale from 1 to 5, where 1 means 'no influence at all' and 5 means 'a great deal of influence', what level of influence do you think each of the following groups has over policy-making in your country.

the levels of influence over policy-making attributed to actors other than government and the parliamentary majority fluctuate within a very narrow margin 0.39 points. In this group, religious institutions are perceived as the least influential actor (average score of 2.89) and the national media as the most influential one (average score of 3.28).

Absolute levels of influence and concern are not necessarily the most revealing features of the political landscape: in many ways, what really matters is how they interact. This aspect is illustrated by the diagram in Figure 6.12, which plots perceptions on the level of concern for inequality against perceptions about the level of influence of different actors operating in the inequality-reduction policy arena.

A striking aspect of the survey data is that the individual respondents systematically attributed to themselves a higher degree of concern for inequality than they would be prepared to attribute to their fellow policy makers. Although a full comparison is not possible because categories were constructed in slightly different ways, it is worth noting, for instance, that the average score for the question on the impact of inequality on long-term development is 4.1, while the average concern score attributed by survey respondents to all actors is 3.12.

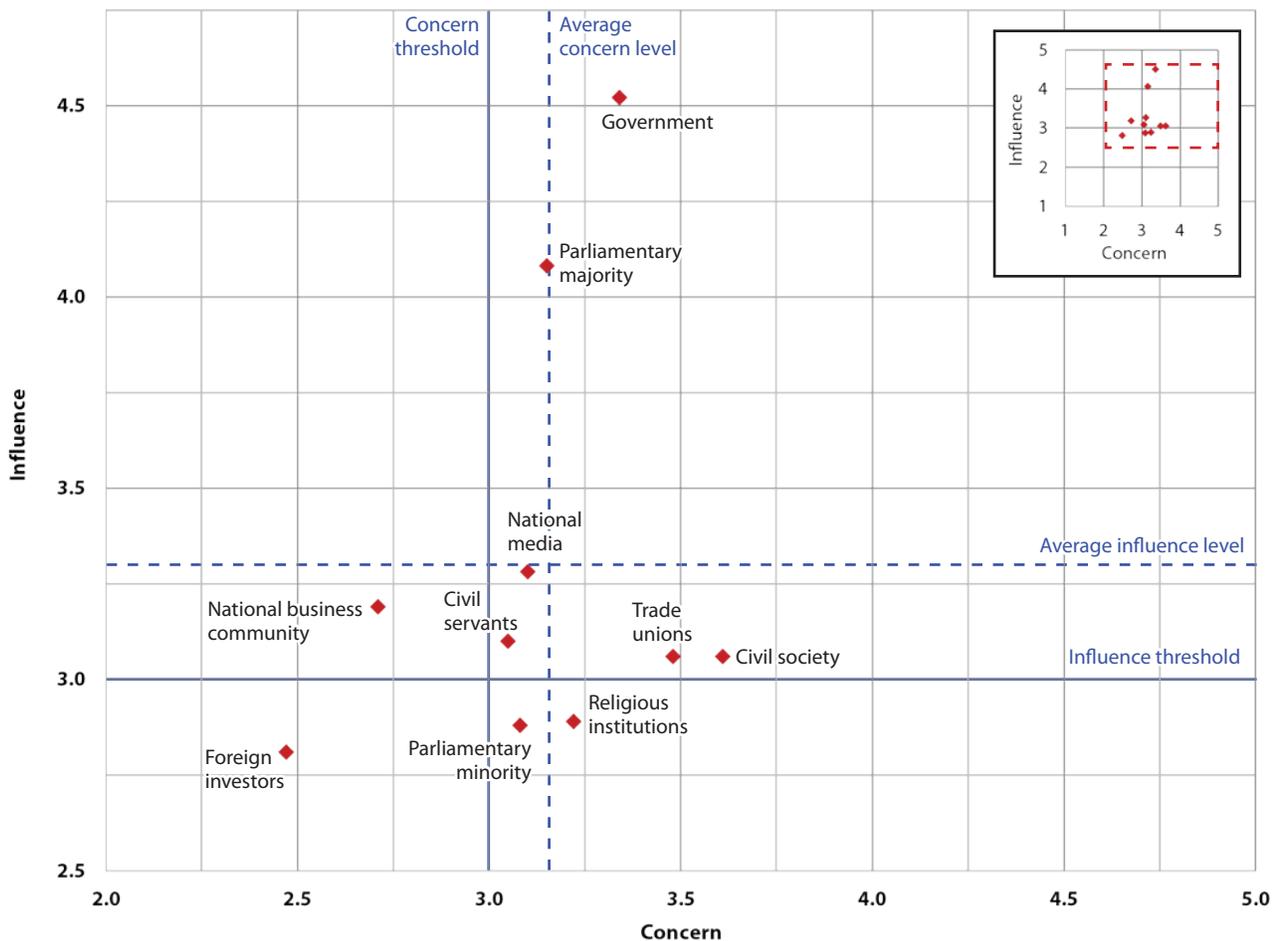
How can this be explained? It seems reasonable to assume that individuals derive their perceptions about others' opinions — to a significant degree — from what others say and do (notwithstanding the impact of other factors such as preconceived notions and socially constructed narratives). If that is true, survey respondents may be likely reporting on the concern that is 'shown' by policy makers through politically



meaningful acts and statements. So why are policy makers not ‘showing’ more concern for inequality? Another assumption may be needed here: the politically relevant acts of policy makers are driven not just by their opinions and values, but also — in fact, to a very large degree — by what they see as politically viable. If these two assumptions are true, then the survey findings could be read as indicating that policy makers are hesitant to take action on inequality not because they do not see the negative effects of inequality, but rather because they do not see this kind of action as politically viable. Incidentally, this interpretation would be fully consistent with the fact that policy makers found all policy options presented to them at the same time highly relevant and highly unfeasible.

The lower part of the diagram in Figure 6.12 may shed further light on this conundrum. It essentially shows a balanced force field with two sets of actors (the business community, on the one hand, and labour civil

Figure 6.12. Political dynamics in inequality reduction: concern and influence



Note: The inset on the upper left corner shows the distribution of answers within the full interval of potential responses (i.e. 1-5). The larger diagram zooms in on the interval in which most answers actually fell. The **Influence threshold** and the **Concern threshold** lines mark the intermediate option within the range of possible answers (i.e. a score of 3 on a scale from 1 to 5). The **Average influence** and the **Average concern** lines mark the average influence and concern scores of all policy actors.



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Policy makers are hesitant to take action on inequality not because they do not see the negative effects of inequality, but rather because they do not see this kind of action as politically viable.

society organizations, on the other) holding fairly opposite views (but comparable influence over policy-making) and all other actors somewhere in between. Indeed, such a configuration does not easily lend itself to the construction of a politically viable pro-equalization majority (although it is in principle compatible with 'pro-business' equalizing measures, which, as shown in Figure 6.11, are also seen by policy makers as some of the most politically feasible policies for inequality reduction). Based on Figure 6.12, it may also be possible to start formulating hypotheses about shifts that could broaden

the political space for inequality reduction—for instance, the emergence of inequality as a non-partisan issue (with a simultaneous shift of the parliamentary majority and minority towards the right end of the diagram); a more decisive position on the part of national media (which could be either the cause or the effect of broader public opinion shifts); or a constructive engagement of the business community. Additionally, the results point to the importance of creating a strong space for civic engagement that will enable civil society organization with an inequality-reduction focus to further their impact on the policy-making process.

6.6. The emerging picture

In conclusion, what is the overall picture emerging from policy makers' responses to the various questions that were asked as part of the survey? This section provides a brief summary of the main survey findings.

There is a variety of views among interviewed policy makers as to whether inequality has increased or decreased in their countries; this is probably unsurprising, since there is evidence that global inequality trends have indeed been mixed over the last 10 years. However, across the board, they believe that inequality of incomes and opportunities is extremely high. Policy makers noted some progress in equalizing access to services, especially in the education sector, and acknowledged that this progress contributed to improving the distribution of opportunities. At the same time, they stressed that the advancements made are far from sufficient.

Survey participants are—for the most part—concerned about levels and trends of inequality and view them as a threat to the long-term social and economic development of their countries. Generally, policy makers believe that action should be taken to reduce inequality in relation to incomes and opportunities. However, inequality of opportunities is seen as a significantly higher policy priority. Furthermore, a majority of interviewees think that inequality of opportunities can be addressed to a significant extent without necessarily addressing income inequality.

There is virtual unanimity among survey respondents about whether the government should play a role in equalizing opportunities and access to services as well as in guaranteeing everyone a minimum living standard. Views are more varied, however, when it comes to reducing income disparities: about a third of the interviewees are not convinced that the government should play an active role in this area.

Policy makers see a broad spectrum of policy options as potentially relevant to inequality reduction. Measures aimed at spreading the benefits of capital more equally—mainly through support to small-scale entrepreneurship and 'non-distortive' social transfers, such as conditional cash transfers—were among the



measures most often recommended by respondents. Interventions aimed at changing power relations in the labour market and increasing the progressivity of income taxation were also considered potentially relevant, but received a somewhat lower support (although reducing tax evasion was seen as an extremely relevant measure). Additionally, labour market interventions and changes to the taxation systems were considered to be significantly less feasible politically than entrepreneurship support and conditional cash transfers.

Among policies to reduce inequality of opportunities, reducing unemployment was seen to be a high priority together with infrastructure development (especially in rural areas) and more equal access to services, particularly education. Significantly lower support — although still fairly high in absolute terms — was given to affirmative action policies and policies aimed at strengthening the political representation of disadvantaged groups.

Despite recognizing inequality as a potential threat to long-term development and stating that inequality reduction should be given high priority on the policy agenda, policy makers are often skeptical about the political feasibility of most inequality-reducing measures and generally do not see much political space for action on inequality reduction. This may be partially explained by a political landscape that is characterized by a sharp polarization of business and labour representative organizations and therefore not easily amenable to the construction of politically viable pro-equalization majorities.

This does not mean that political space for inequality reduction cannot be created. The chapter analysis already points to potential strategies: the promotion of inequality reduction as a bi-partisan issue; the promotion of a more proactive role of the national media in framing inequality as a relevant policy issue; and the constructive engagement of the business community based on the notion that the reduction of excessive inequality is a shared interest. Furthermore, the strengthening of spaces for civic engagement appears to be as critical as ever.



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Annex 6.A. Methodological note on the survey

Definition of policy maker

For the purposes of this study, policy makers were defined as individuals who, by virtue of their institutional role, are in the position to directly influence the policy-making process. These included:

- Members of government at central level
- Members of parliament
- Representatives of local- or state-level administration and representative bodies
- Senior civil servants — i.e., assistant director and above in the following ministries (or corresponding institution): finance/planning; health; education; social services; labour; justice and public administration
- ‘Key influencers’ — i.e., individuals who, although not strictly speaking policy makers, are, as a result of their institutional role or prestige, in a privileged position to shape policy (e.g., executives of independent statutory bodies, such as human rights commissions, heads of business associations, media associations, trade unions)

Composition of country sample

While realizing that each country has a different institutional configuration and keeping in mind that the level of access to different categories of policy makers varies widely between countries, an effort was made to maintain a comparable composition of the sample in each country based on the following ‘soft quotas’:

- **Comparable proportion of elected vs. non-elected policy makers**
Approximately a 1:1 proportion was sought between elected officials (i.e., members of parliament, but also others, such as mayors) and non-elected officials (e.g., career civil servants, staff of independent commissions, but also non-elected members of cabinet, if applicable to the country context, or ‘key influencers’).
- **Comparable proportion of political vs. non-political functions**
Approximately a 1:1 proportion was sought between holders of political office (i.e., elected officials or political appointees, such as non-elected members of cabinet in a presidential system) and ‘non-political’ policy makers (i.e., career civil servants, members of independent commissions, when they are not political appointees or ‘key influencers’).
- **Comparable proportion of national vs. subnational policy makers**
Approximately a 3:1 proportion was sought between representatives of national institutions and representatives of subnational institutions or local authorities.
- **Maximum number of ‘key influencers’**
While the value of capturing the perspective of ‘key’ influencers was acknowledged, given that the survey was mainly about the views of those who shape policy in their institutional capacity, it was agreed that key influencers should not exceed 20 percent of the total sample (i.e., 5 of 25 respondents per country).



Notes

1. In each of the participating countries, 25 policy makers were interviewed, except in India and Jordan where only 18 and 20 interviews respectively had been completed at the time of writing.
2. GNI per capita, Atlas method (current US\$) as of 2012 — source: *World Development Indicators online database*.
3. Latest available measurement of the Gini index (market) in the Standardized World Income Inequality Database (SWIID) — source: *Standardized World Income Inequality Database (SWIID)*.
4. Total population 2010 estimates in thousands — source: *United Nations Population Division Department of Economic and Social Affairs*.
5. Policy makers who rated the priority level of inequality reduction 1-5, as a percentage of the whole sample.
6. Policy makers who rated the priority level of inequality reduction 6-10, as a percentage of the whole sample.
7. Policy makers who rated the priority level of inequality reduction 8-10, as a percentage of the whole sample.
8. Based on the question: To what extent do you agree or disagree with each of the following statements: a) “Higher income inequality is acceptable so long as poverty is declining”; b) “Higher income inequality is acceptable so long as everybody is guaranteed a minimum living standard”; c) “Income inequality is acceptable if it is due to differences in individual efforts and an outcome of fair competition”. Do you: strongly agree; somewhat agree; neither agree nor disagree; somewhat disagree; strongly disagree. As to the question: Do you think that it is just or unjust that people with higher incomes can buy: a) better health care than people with lower incomes? b) better education for their children than people with lower incomes? Do you think this is: very just; somewhat just; neither just nor unjust; somewhat unjust; very unjust.
9. Based on question: On a scale from 1 to 5, where 1 means ‘Not at all’ and 5 means ‘To a very large extent’, to what extent do you believe inequality of opportunities can be reduced in (COUNTRY) today without reducing the current levels of income inequality?
10. Number of policy makers who answered either ‘strongly agree’ or ‘somewhat agree’ as a percentage of the total respondents.
11. Number of policy makers who answered either ‘strongly disagree’ or ‘somewhat disagree’ as a percentage of the total respondents.
12. Number of policy makers who judged a certain policy option as ‘necessary’ or ‘highly necessary’ as percentage of total respondents.
13. Standard deviation calculated as a percentage of the average score.
14. Number of policy makers who judged a certain policy option as ‘relevant’ or ‘highly relevant’.
15. Number of policy makers who judged a certain policy option as having a ‘high’ or ‘very high’ level of political support as a percentage of total respondents.
16. Average of all scores.
17. Average of all scores.



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