Cambridge University Press
978-1-107-02723-7 - The Undeserving Rich: American Beliefs about Inequality, Opportunity, and Redistribution
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Introduction

Thinking about Income Inequality

In the past decade, one sensational event after another has been connected in some way to rising economic inequality. Most recently, the Occupy Wall Street movement catapulted the issue into our living rooms. Not only did the protesters demand greater economic and social equality for the bottom ninety-nine against the top one "percenters," but they coined a new set of class categories in the process and dramatically altered the focus of the 2012 Presidential campaign. Almost a decade ago, when I began research on American beliefs about rising inequality, the scandals surrounding Enron were making front-page news, with the pension funds of workers and retirees evaporating into thin air as the coffers of executives mysteriously survived.

In between Enron and Occupy Wall Street, there is no shortage of occasions to reflect on the state of income inequality in the United States – the Bush tax cuts of 2001 and 2003, the outsourcing of middle-class jobs to Ireland and India in 2004, Hurricane Katrina in 2005, the Great Recession in 2007, and the financial crisis in 2008. At each turn in the road, reporters and commentators concerned about rising income inequality but dismayed by the lack of political attention given to the issue declared that finally it would be taken seriously. And this says nothing of the events prior to the 2000s, several of which pointed the finger at rising inequality just as vehemently, as I show in Chapter 2 in my analysis of media coverage.

Yet nothing has changed. Income inequality continues its rise to heights unfathomable just a few generations ago. The late public intellectual and eminent Harvard sociologist Daniel Bell wrote in 1973 that earnings inequality "will be one of the most vexing questions in a post-industrial society." He said this even as he calculated the existing differences in pay between "the head of a corporation and a common laborer" to be "30:1," a paltry disparity by today's standards in which the figure hovers in the hundreds to one. Equally astonishing, for reasons I detail later in the book, Bell wrote about these disparities in pay as a matter of equal opportunity and economic efficiency. He feared that the vaunted status of the United States as the land of opportunity and economic abundance could be in jeopardy if extreme disparities went unchecked as "economic decisions become politicized and the market replaced by social decisions." An "unjust meritocracy" would ensue in which "distinctions [are] invidious and demean those below" while "those at the top convert their authority positions into large, discrepant material and social advantages over others." All this he wrote while criticizing affirmative action in higher education and the workplace on the grounds that it too violated the principle of equal opportunity. Thus Bell's deliberate, and as we will see unique, description of inequality of rewards as integral to the structure of opportunity was not the position of a strident liberal.[1]

How then did we end up here from there, especially given all that has transpired in the intervening decades to insinuate economic inequality into American society? One of the most resounding answers from the halls of academia to the corridors of the Capital to the press rooms of the media is that Americans really do not care much about income inequality. Counter to Bell, Americans dwell resolutely, if not always happily, in the land of opportunity, a territory far removed from the land of inequality. The rich reap the rewards they deserve for being smart, working hard, and producing prosperity for the rest of us. Meanwhile, the poor get what they deserve for not availing themselves of the opportunities the United States lavishes on all who are willing to persevere through thick and thin to bequeath a better life to their children. Known as the American dream, this set of beliefs is trotted out to explain why Americans go along with the massive gulf in earnings between the top and the bottom, as well as why they fail to demand more from government to ease their economic insecurities when inevitably they arise. According to the American dream, the solution is within our grasp if only we try harder. If my neighbor can move up, then so can I.[2]

So stated, the American dream is both a genuine article of faith and an embarrassingly easy target to poke holes in. This chimeral aspect of the American dream is the reason it appears nowhere in the title of this book, in the titles of the chapters, or in most of the text. It is obfuscating as both popular ideology and theoretical construct.[3] Yet

I open with it because its familiarity to lay and expert observer alike helps translate the three-headed, two-layered conundrum at the center of this book into a straightforward question: why do "we" (commentators) think that Americans believe that opportunity is available, inequality is okay, and redistribution is bad, despite a good deal of evidence to the contrary? The three heads refer to beliefs about opportunity, inequality, and redistribution, and the two layers to "our" opinions of what Americans think about these issues on the one hand, and to Americans' actual beliefs about them on the other. On what basis do experts and everyday observers assert that Americans believe in the American dream? And how does this accord with what Americans *really* believe? Finally, why does this matter for answering the questions of how we got from there (Bell's era of small ratios between executive and worker pay) to here (our era of gargantuan ratios) without much apparent resistance, until the Occupy Wall Street movement, and where we might be headed in the future?

First, where did the idea that Americans do not care about income inequality come from? The reality about *this part* of the American dream is that there have been scant data upon which to evaluate how widely it is held or why it is held at all. This is true not only for beliefs about income inequality but for the question of whether adherence to the dream is impervious to transformations in the structure of opportunity, inequality, and redistribution.

This is not for lack of trying. Scholars have gone to ingenious lengths to ascertain how Americans are adapting to high levels of inequality. They have studied everything from self-reported levels of happiness to support for progressive tax policy and partisan political leanings. And what they find appears to accord with the American dream: Americans are not responding to escalating inequality in the way that we might expect if they were disturbed by it; they are not becoming less happy, more supportive of progressive taxes, and more liberal. To explain these findings, scholars often make the contrast between Americans' unflinching faith in hard work as the surest route to success and Europeans' proclivity to say that luck is more important for getting ahead in life. Americans, unlike Europeans, are inoculated against anxieties about inequality by their belief in the possibility of upward mobility. Also influential are the ideas that Americans are unaware of the scale of inequality or they are duped into having great admiration for the rich and thinking that someday they too will be rich. This wishful thinking drives antipathy to heavily redistributive policies as well as to the undeserving poor.[4]

In short, the scholarly record shines on many surfaces related to the American dream, but it actually skirts the issue of beliefs specifically about income inequality. This shortcoming is almost entirely a result of the paucity of public opinion data directly on income inequality, as well as on the social groups such as the rich that are potentially implicated in beliefs about inequality. By contrast, there are plenty of data on the social issues that predate rising income inequality and that predominated in public policy debates during the proliferation of modern public opinion polling in the 1970s and 1980s: welfare, poverty, racial and gender inequality, and equal rights and opportunities for the poor, minorities, and women.[5]

Although I build on the many excellent studies alluded to above, and especially on the most in-depth investigations of beliefs about inequality conducted prior to the era of rising income inequality, I refocus the lens.[6] I place explicit beliefs about income inequality, from the data that *are* available on the topic, in the center of the analysis without losing sight of their crucial relationship to beliefs about opportunity and redistribution. In fact, I began this project looking *only* at beliefs about inequality in order to avoid inferring them from beliefs about opportunity and redistribution, as is so often done out of necessity. Only after some time did I realize how interdependent the three views were, that understanding beliefs about inequality required engagement with beliefs about opportunity and redistribution. As important: with opportunity at the heart of the American dream, it too begins to take on an altogether different hue when held up to the light of beliefs about inequality. Thus the bigger picture of what "we" think about what Americans think changes as a consequence of widening the view.

The second way that I try to alter our approach to understanding how Americans think about inequality involves, in some respects, a narrowing, rather than a broadening, of the field of vision. By this I mean that I focus on the U.S. case alone. There is no denying that some of the most convincing conclusions about American beliefs about opportunity and redistribution to date come from cross-national comparisons. Certainly, for instance, Americans appear both more optimistic about their chances for upward mobility through hard work and less supportive of redistributive policies than Europeans do.[7]

But one can also gain comparative leverage by studying changes in beliefs over time and differences among individuals *within* a country. Indeed, the American Political Science Association's Task Force on Inequality concluded that "studying changes [over time] in political behavior and public opinion is essential to evaluate the impact of rising economic inequality."[8] This approach can furthermore help weaken the grip that static ideas of American exceptionalism continue to have on our theoretical frameworks and popular discourses. In Chapter 3, I analyze the only available time series of data directly on income inequality, stretching over two decades from 1987 to 2010. As a complement to the public opinion data, in Chapter 2 I explore media coverage of inequality and social class in every year from 1980 to 2010. This enables me to situate changing beliefs about inequality within the context of the major economic events related to rising inequality that I mentioned in the opening paragraph. Media discourses also provide a window into how economic phenomena other than the business cycle help shape American perceptions of fairness and public policy on economic issues.

If we change the way we go about studying American beliefs about inequality, opportunity, and redistribution in these ways, how does that change the story we tell about what Americans think? Far from not caring about income inequality, the small number of questions that do exist on this topic reveal a substantial share of Americans that have long desired less inequality, and sometimes much less. This is something that specialists in the field have been documenting since at least the 1970s.

On the lower end of estimates, 41 percent of Americans said in 1980 that they desired "more equality than there is now" or "complete equality of income"; 41 percent disagreed in 1987 that "all in all, economic differences in this country are justified"; 55 percent agreed in 1987 that "personal income should not be determined just by one's worth. Rather, everyone should get what they need to provide a decent life for their family"; and between 38 percent and 58 percent from 1987 to 2010 disagreed that "large differences in income are necessary for America's prosperity."

On the upper end of estimates, 60 percent agreed in 1987 that "it would be better for everyone if the distribution of wealth in this country were more equal"; between 71 percent and 86 percent from the 1970s to the present said that heads of corporations are overpaid; between 58 percent and 77 percent from 1987 to 2010 agreed that "income differences in America are too large"; and between 66 percent and 83 percent desire a gap in pay between executives and unskilled workers that is lower by 20 percent or more than what they think the gap is (which is much lower than the actual gap). I can confidently say that no question has been asked of Americans in which the responses fall outside this range of opposition to inequality.[9] Even more recent questions in the American National Election Studies that provide information about the actual level of income inequality elicit desires for less inequality within the range described here, suggesting that lack of information does not inhibit opposition to inequality.[10]

Although these data are not widely known, few among those who are familiar with them dispute the contention that many if not most Americans are dissatisfied with the degree of income inequality in their country. And as I said earlier, this is not a finding of recent vintage; it goes at least as far back as the halcyon days, at least as regards levels of income inequality, of the 1970s. What is in dispute are the strength and consistency of these attitudes, the extent to which Americans comprehend the trajectory and scale of trends in inequality over time, and their consequences and policy implications (although one could say this of just about any political attitude). But with so much deflection from the issue of income inequality in the broader discourse and in existing social surveys and public opinion polls, these debates are still inchoate. They continue to beat around the bush of *whether* Americans know and care about rising income inequality. In this book, I examine these questions too, but I extend the inquiry to what would appear to be a pivotal question that nevertheless is obscured by both present and long-standing debates. This is the question of exactly *why* Americans might be concerned about income inequality. Asking the "why" question sidesteps the polarized debates about whether Americans care or not and instead seeks to determine the parameters under which they do and do not care.

There are, of course, many potential explanations for why income inequality would matter to Americans. They may be concerned about their own financial situation if their earnings have declined in relative or even absolute terms, and realize that they would be better off with more redistribution, as suggested by median voter theories. They may be concerned about matters of procedural justice, whether opportunities and rewards are distributed fairly to those at the bottom, middle, and top, as discussed by numerous psychological studies. They may be concerned about the adverse effect of income inequality on other social spheres, such as crime, politics, education, residential segregation, or health care, as documented by scholars across the social sciences. They may have fuzzy norms of fairness in which some level of distance between the rich or poor and everyone else is seen as unsavory, as alluded to by theories of class resentment and envy of the rich. They may be concerned about those who are in need through no fault of their own, as suggested by theories of humanitarianism, reciprocity, and deservingness. Or they may fear that income inequality has adverse effects on the economy itself, not just for themselves but for all Americans, as debated by economists who study the relationship between economic growth and income inequality.[11]

Ideally we would possess data on each of these propositions and the policy solutions associated with them. However, no such data exist. In this book, I examine as many of them as possible with the most comprehensive data available on public opinion about inequality, opportunity, and redistribution. My data come mainly from the General Social Survey but also from the American National Election Studies. In Chapter 1, I mine the historical and theoretical record as well, going as far back as the nineteenth century, to ascertain the social conditions under which the reigning assumptions about American beliefs regarding inequality, opportunity, and redistribution became crystallized. I conclude from a wide range of evidence that concerns about income inequality are best understood as fears of narrowing opportunities. Although this argument draws from several of the aforementioned perspectives, in particular studies of the relationship between economic growth and income inequality, its inspiration comes from a somewhat surprising source: previous research on attitudes about racial and gender inequality.

One of the less-appreciated observations made by James Kluegal and Elliot Smith in their definitive study of beliefs about inequality in the early 1980s was that Americans appeared to become more intolerant of racial and gender inequality in the 1970s and 1980s as their awareness of the issues was informed and ignited by the civil rights movement. From my perspective, the most interesting aspect of this dynamic was that even though Americans generally favored equality of opportunity over equality of outcomes for minorities and women, much of the *evidence* for whether opportunities were unequal rested on whether *outcomes* were unequal. Unequal pay or unequal educational attainment between racial and gender groups functioned as signals of unequal opportunities. James Coleman in "The Coleman Report" and John Roemer in *Equal Opportunity*, among others, went farther in the public policy arena. They sought to measure, and thereby define, unequal opportunities as unequal outcomes.[12] The intuition was that restrictions of opportunities are often difficult to observe whereas inequalities of outcomes are less so, and yet these represent the cumulative effect of differential opportunities over time. It was exactly this substitution of equal outcomes for equal opportunities that unnerved Bell and provoked his opposition to affirmative action on the grounds that it overreached the public mandate for equal opportunity.

If not born in this cauldron, the misleading opposition between opportunity and outcomes at the root of the American dream (i.e., that

Americans care about the former and not the latter) was at least fortified, as I discuss in more detail in Chapter 1. Yet when applied to the issue of class inequality, Bell endorses the interdependence of outcomes and opportunities in his formulation of an "unjust meritocracy" described in the introduction to this chapter. Unfortunately, this approach has never been fully adapted to the study of inequalities of opportunity and outcomes related to class, even by Bell. Doing so requires a better conceptualization of what opportunity and inequality represent within the context of income inequality (as opposed to in the context of racial and gender inequality).

With regard to opportunity, for example, in Chapter 4 I develop five "tropes" of what equal opportunity means to Americans. These tropes go well beyond the role of individual hard work in getting ahead, which I refer to as the "bootstraps" opportunity trope. I define the availability of jobs, the assurance of fair pay, and the equal treatment of individuals from different class backgrounds as central but distinct elements of a full-opportunity society. I term these the "rising tide," "just deserts," and "equal treatment" opportunity tropes. With these examples, I illustrate how Americans have a much more encompassing understanding of what opportunity means, and how it can be unfairly restricted, than is commonly thought. Similarly, in Chapters 3 and 4, I expand on the conceptualization of income inequality to include views about the rich and, in Chapter 5, on the conceptualization of redistribution to include views about the kind of labor market redistribution, such as a fair distribution of pay in a "just meritocracy," that would result in greater work opportunities for ordinary Americans.

With this broader conceptualization in mind, I turn the predominant explanation of why Americans *do not* care about income inequality on its head. Instead of inferring from their belief that opportunity is widely available that Americans do not care about income inequality, I contend that Americans can construe income inequality as itself a restriction of economic opportunity. This occurs when everyone does not appear to be benefiting from economic growth or suffering from economic troubles. When the rich stand out as unscathed by economic turmoil, for example, they are potentially deemed undeserving for two reasons: they are prospering when others are not (a violation of norms of fairness), and their own poor stewardship of the economy may be a cause of the turmoil (a violation of "just deserts" opportunity if their compensation remains stratospheric, and a violation of "rising tide" opportunity if inequality adversely affects economic growth).

In this view, it is not how the rich attained their position that is unsettling, which is a matter of intergenerational immobility ("equal treatment" opportunity), but rather what they did with their position, which is a matter of "just deserts" and "rising tide" opportunity. Moreover, it is the *equitable distribution* of income that is desired rather than simply the *growth* of income. This means that the rich can be perceived as undeserving even during expansions in the business cycle, as I demonstrate in Chapters 3 and 4. This approach builds on but also significantly modifies influential theories that link political attitudes to the rhythms of the business cycle and other macroeconomic indicators.[13]

If at times Americans believe that income inequality restricts economic opportunity, it follows that those with such concerns would seek policies that expand opportunities rather than redistribute income through the tax system as a response to their concerns. This is because it is distortions in the private sector allocation of opportunity and rewards precipitated by income inequality that are most distressing. Americans care about their own economic livelihood, to be sure, but they see it as linked to the economic health and equity of the economy overall. This kind of sociotropic orientation is found in studies of voting behavior as well, in which assessments of the national economy are more influential in the choice of candidates and parties than assessments of personal finances.[14] Consequently, the causes of restrictions of opportunity that have to do with excessive income inequality, such as distortions in pay at the top or the use of unfair social advantages in getting ahead, become causes for action in expanding opportunity. Policies plainly associated with producing equitable economic opportunity are favored, whereas government redistribution – the focus of nearly all previous scholarship on the politics of income inequality – is not. This is not because government redistribution does not affect growth and opportunity, but because it is not *associated* with creating growth and opportunity.[15] When it is, such as when it is linked to shoring up access to education that enhances economic opportunities, it should be met with higher approval.[16] Thus my approach is discerning: it does not group the usual suspects of popular social policies all under the same umbrella of policies that expand opportunity and reduce inequality.

Despite the focus on income inequality, then, all three of the social norms of inequality, opportunity, and redistribution are central to the story told in this book. Each is reconceptualized as having multiple dimensions that reach beyond current definitions and that are more consistent with the new era of rising inequality, as well as with prior eras (in theory, as I argue in Chapter 1). These dimensions are then brought together in a framework that theoretically identifies the mechanisms that bind them together. The connections that underlie these mechanisms, in turn, are examined empirically to avoid to the extent possible drawing inferences across a long chain of beliefs. The upshot is that Americans turn out to be much more critical and coherent in their views than anyone would have predicted, including those who have usefully argued, in different forms, for the complexity, ambivalence, and inconsistency of American beliefs, the lack of information about the issue, or the priority of other issues that are more pressing and concrete, such as economic insecurity.[17] In short, this book aims to replace the dominant narrative of American tolerance for inequality with a coherent alternative that also incorporates American beliefs about opportunity and redistribution.

The Un/Deserving Rich

With sufficient prima facie evidence in hand that a significant share of Americans care about income inequality, my primary purpose in this book, as I said previously, is to transition to thinking carefully about why Americans have the views they do and the implications of this for politics and public policy. I outlined a number of alternative explanations and then offered the view that I have come to hold in the process of conducting the research for this book. But it is worth expanding on some of the alternative explanations further and then sketching a more precise account of the perspective that I develop and organize around the concept of the "undeserving rich."

The explanation perhaps most often associated with criticisms of inequality is that those from advantaged backgrounds are given preferential treatment in education and the labor market by dint of the better preparation their parents' money can often, though not always, buy. This is the problem of the unequal starting gate, and it is the justifiable focus of much social science research on the lack of social mobility from one generation to the next. To the extent that the playing field can be leveled, particularly for children in their access to quality education, a genuine meritocracy will flourish. This is *the* definition of equal opportunity (a level playing field as measured by intergenerational mobility) that is said to justify inequalities in outcomes as both fair and economically functional, allocating talent more efficiently than a system that squanders the talents of the disadvantaged.[18] As a normative matter, most everybody is on board with this depiction of both the problem of inequality and its