

Social Position and Fairness Views

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Abstract

How well do people know their social positions in society and how does it shape their views about the fairness of unequal outcomes? We provide new answers to these long-standing questions by combining survey-elicited perceptions on income positions relative to others and views on fairness for a large, representative sample of prime-age people in Denmark with administrative data on their actual income positions, income histories, life events, and identities of relevant reference groups.

This enables us: to compare the income and perceived income positions reported by the respondents (in the survey) to the actual numbers (obtained from their tax returns); to study social positions relative to co-workers in the same firm or sector, former schoolmates, neighbors or people living in the same municipality, or people with similar education; to study how changes in social position over the life course and due to quasi-experimental real-life events (unemployment, health shocks, or promotions) as well as randomized information treatments affect fairness views.

We can summarize our three main findings as follows: First, people underestimate the degree of inequality by believing that others are closer to themselves than they really are, but the misperceptions are not large. Second, fairness views on inequality covary strongly -- and more than political views -- with the current social positions of individuals, and multiple pieces of evidence point to a causal relationship. Third, people view inequality within their education group and within co-workers to be most unfair, but exactly in these dimensions people generally underestimate the degree of inequality and lower-income people strongly overestimate their own positions.