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# Political Polarization and the Dynamics between Actual Income and Perceived Income Inequality in the United States, 1987 to 2021

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 and Francesco Duina<sup>4</sup>

## Abstract

The rich often perceive lower levels of inequality than the poor. In recent decades, however, notions regarding the equality or inequality of our society have progressively taken on a more political nature. Consequently, people's perceptions of income inequality may be less associated with their actual income status and more with their political ideology. The authors visualize this “political turn” using data from the U.S. General Social Survey (1987–2021). The analysis shows that historically actual income and perceived inequality had an inverse relationship, independent of political alignment. Yet since 2000, this has changed: whereas Republicans show a deepening inverse correlation after some attenuation in prior years, Democrats reverse it. With this said, we see an increase in overall concern about inequality among those who identify strongly with either Democratic or Republican ideologies, but importantly the biggest increase is among those in the Democratic group. This invites reflections on the nature of the “political turn.”

## Keywords

income, income inequality, perceived income inequality, political ideology

Income inequality in the United States is markedly higher than in most other developed nations, and it is continuing to grow (Blanchet et al. 2022). However, Americans vary in their perceptions of how high inequality is. Ignorance and misperceptions are widespread (Gimpelson and Treisman 2018). Indeed, despite the substantial rise in income inequality in recent years, public opinion data suggest that Americans' perceptions of widening economic disparities may have largely remained unchanged since the 1980s (Franko 2017). Decades of research have shown that beliefs about inequality are associated with individuals' social and economic status, their ideological beliefs, as well as the broad social, economic, and political contexts they are in (Kluegel and Smith 2017; Waldfogel et al. 2021). Less known, however, is the relative significance of these factors and their evolving role in shaping how inequality is perceived.

In this analysis, we theorize a political turn in how Americans see income inequality in their society. We argue that the rise of social liberalism and political polarization has

made notions regarding the equality or inequality of our society increasingly *political*. Consequently, Americans' views of how fairly income and wealth are distributed within society have become less reliant on their actual incomes and more intertwined with their political beliefs. Furthermore, the association between actual income and perceived income inequality has diverged across different political ideologies. This polarization in how Americans perceive income inequality in their society has led to a weakening correlation between actual income and perceived income inequality over time.

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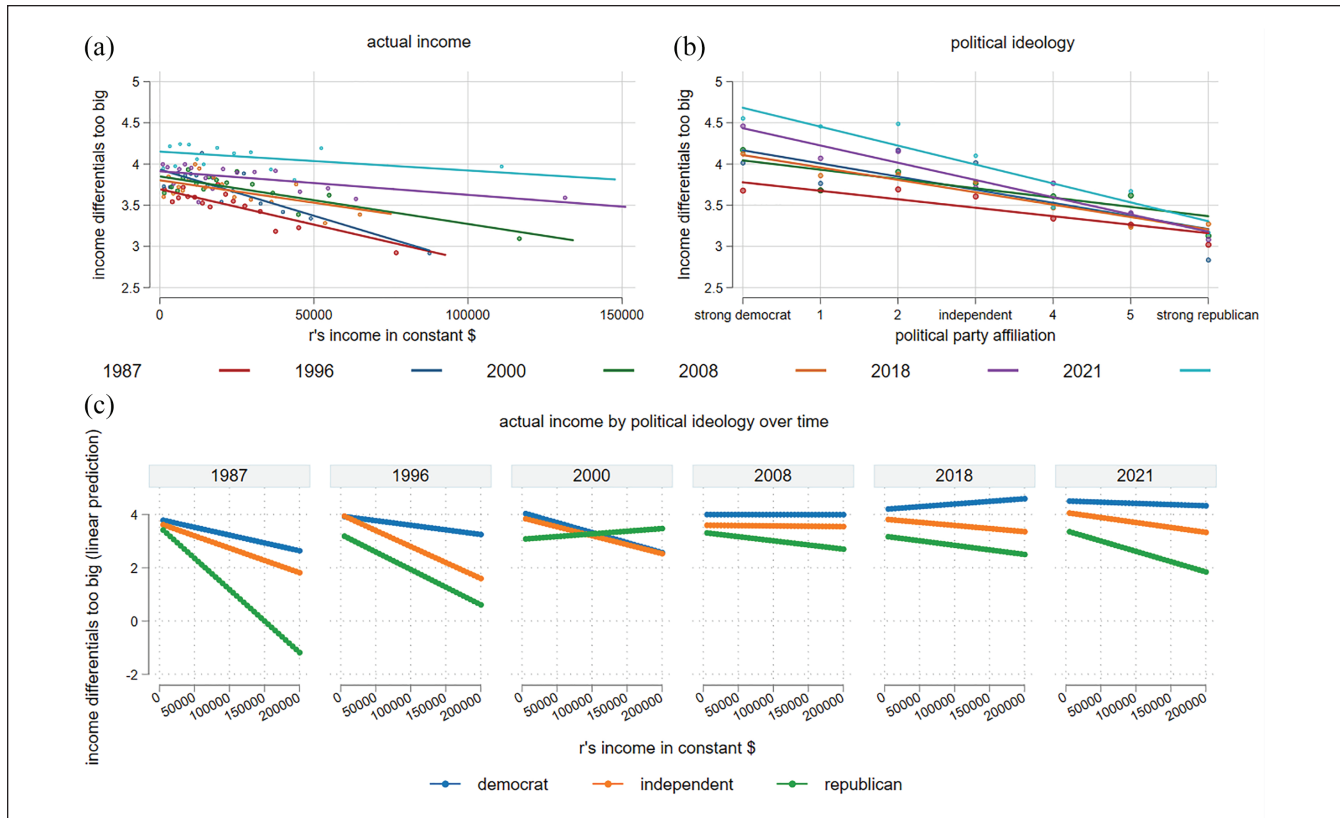
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**Figure 1.** Changing associations among actual income, political ideology, and perceived income inequality in the United States (1987–2021).

Source: Data from the U.S. General Social Survey (1987, 1996, 2000, 2008, 2018, and 2021).

To provide empirical support for our argument, we compare the changing relevance of actual income and political ideology in shaping perceived inequality using data from the U.S. General Social Survey (1987–2021). We capture Americans' views of inequality using an item that asks whether they believe that "income differentials in the USA are too big." Responses are coded on a five-point, Likert-type scale, ranging from 1="strongly disagree" to 5="strongly agree." Higher scores mean higher levels of perceived income inequality. Actual income is measured using inflation-adjusted earnings in dollars. Political ideology is measured using respondents' self-identified political leaning, consisting of 0="strong Democrat"; 1="not very strong Democrat"; 2="independent, close to Democrat"; 3="independent"; 4="independent, close to Republican"; 5="not very strong Republican"; and 6="strong Republican." On the basis of this variable, we further categorized Americans into Democrat ("strong Democrat" and "not very strong Democrat"), independent ("independent, close to Democrat"; "independent"; and "independent, close to Republican"), and Republican ("not very strong Republican" and "strong Republican") groups. We used data only from 1987, 1996, 2000, 2008, 2018, and 2021, as the question about perceived income inequality was not asked in other years. The total sample includes about 8,000 American adults.

Figure 1 visualizes how actual income (a), political ideology (b), and their interplay (c) shape Americans' perceived inequality over time. Specifically, Panel (a) shows the linear associations between respondents' actual incomes and perceived inequality by year. It confirms the well-documented pattern of a general inverse relationship between individuals' actual income and their perception of income inequality. However, the changing slopes indicate that this inverse relationship has been weakening over time, suggesting a growing disconnect between actual income and perception of income inequality.

Panel (b) shows the linear associations between respondents' political ideology and perceived inequality by year. Perceived inequality tends to decrease among respondents as they lean toward a more conservative political stance. Over time, the connection between political ideology and the perception of income inequality has grown notably stronger, which sharply contrasts with the weakening connection between actual income and perceived inequality. With that in place, we also see that those who identify strongly with the Democratic Party have become significantly more concerned about income inequality, with their level of concern increasing from approximately 3.7 to about 4.7 on the 1 to 5 scale. On the other hand, those who identify strongly with the Republican Party have witnessed some increase in concern

over time, but these shifts have not been as substantial in comparison. This suggests that the increasing polarization in how income inequality is perceived over time is driven mainly by the Democratic side. This in turn invites reflection as to the possible causes of such a difference, which may range from changes in the ideologies in place to the demographic makeup and the income distributions within each party.

Next, we use ordinary least squares regression and explore the three-way interaction among actual income, political ideology, and year in shaping perceived inequality. The analysis also includes controls of race, gender, age, education, marital status, and region. Panel (c) visualizes the adjusted predictions of perceived inequality across various income levels by political ideology over time. It shows that the connection between actual income and perceived income inequality varies depending on both political ideology and the passage of time. In 1987 and 1996, the relationship was consistently negative, irrespective of one's political affiliation, but the negative relationship was more pronounced among Republicans. However, in 2000, although the negative association persisted among independents and Democrats, it shifted slightly toward a positive correlation among Republicans. Starting in 2008, the connection has again shifted. In particular, among Democrats, it has turned positive overall, whereas among Republicans, it has progressively turned more negative (see also Appendix Figure A1).

In sum, not all Americans have the same views on inequality. Such differences matter because perceived inequality, rather than the actual level, correlates strongly with demand for redistribution and reported conflict between rich and poor (Gimpelson and Treisman 2018; Willis et al. 2022). In this analysis, we accordingly documented a significant political turn in how income inequality is perceived since the turn of the millennium. We showed that Americans' perceptions of income distribution have become less tied to their own income status and more closely linked to their political beliefs, with the biggest increases in concerns about perceived inequality among Democrats (see also Appendix Figure A2). We also showed that historically actual income and perceived income inequality shared an inverse relationship, regardless of one's position on the political spectrum. However, this dynamic has shifted since 2000, with the inverse correlation becoming more pronounced among Republicans (though not at pre-2000 levels) and undergoing a reversal among Democrats. This polarization has likely been behind, at least in part, the weakening association between actual income and perceived income inequality. We should reflect more on the importance of political ideology for views on inequality, while recognizing that objective income levels do continue to matter and likely themselves interact with political ideologies to generate views on inequality.

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### Supplemental Material

Supplemental material for this article is available online.

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**Cary Wu** is York Research Chair and an Associate Professor at York University. His research focuses on exploring the significance of social and political values and their impacts on inequalities.

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**Francesco Duina** is Charles A. Dana Professor of Sociology and a faculty member of the European Studies Program at Bates College. He is also chair of the Social Sciences Division (2022–2026). His work lies at the intersections of economic sociology, political sociology, and international political economy.