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What is inequality, and how can we best deal with it? The experts' views

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#### **Abstract**

Despite tremendous progress in welfare levels worldwide, the problem of unequal allocation of wealth and opportunities remains a top priority in policy and spurs waves of scientific discussions and policy debates. Inequality manifests itself in various types considering outcomes, opportunities, membership, and treatment and different dimensions such as social, economic, spatial, intergenerational, and perceptual.

Inequality can be approached from different academic perspectives, but it allows for both positive and normative approaches, with the latter entailing a high level of subjectivity (Pontusson et al., 2020). The subjective nature of inequality can lead to conflicting priorities among members of society, creating challenges for collective action (Dijkstra et al., 2020). This is because perceptions of the dispersion of societal outputs among members and attitudes towards inequalities can influence support for government interventions (Gimpelson & Treisman, 2018; OECD, 2021). That is why many studies seek to highlight the effect of perceptions and stances against inequalities on the people's preferences for the allocation of societal outputs and the imposition of relevant policies (Hufe et al., 2022). It is evident that many global social surveys, like the European Social Survey, International Social Survey Programme, and others, incorporate rounds, modules and questions that capture people's opinions regarding a wide range of issues around inequalities (Pontusson et al., 2020). Nevertheless, as shown in many studies, the knowledge of individuals taking part in these surveys regarding the level of inequality and their relative position against the distribution of societal outputs is very limited (Gimpelson & Treisman, 2018; Pontusson et al., 2020). Therefore, when aggregated policy preferences are elicited by such surveys, these might not reflect the real situation in a country but rather the often-erroneous views of people about the actual extent of the phenomenon of inequality and their very different perceptions of the very meaning of inequalities. Academia can play a significant role in combating misinformation by providing clear evidence of the types and dimensions of inequalities prevailing in each country and driving essential policy interventions. To do this, a consensus on the actual meaning of inequalities, their interrelationships, leading causes, and effects on society is essential (Jachimowicz et al., 2023).

Considering these remarks, the present paper draws on experts' knowledge and incorporates the Delphi method in order to shed light on many different research questions around the phenomenon of inequality. Essentially, the analysis addresses the question of "What is inequality, and how can we best deal with it?". Delphi method is based on the careful selection of experts and the extraction of their knowledge through questionnaire instruments in a way that the anonymity of participants is guaranteed. The elaboration of the responses leads to the extraction of aggregated statistical measures such as the mean, median, range, dispersion and others. (Rowe & Wright, 1999; von der Gracht, 2012). Despite its wide application in many disciplines,

the Delphi method has not been fully exploited to gain expert insights on the issue of inequalities. Therefore, the present application of the Delphi method on many different issues around inequality may enrich the current debates with valuable inputs and expand our knowledge of inequalities.

The Delphi method was implemented with a questionnaire instrument on a sample of 189 experts indicated by the partners of the ESSPIN Horizon EU Project. In total, 47 questions on inequalities were included in the questionnaire, together with eight sociodemographic questions.

The main sections research-questions of the questionnaire and the number of questions per section are as follows:

1. Definitions of Inequality
2. Measures of Inequality
3. Evaluation of Inequalities, Dilemmas and trade-Offs
4. Drivers of Inequality
5. Policies for Inequalities

The selection of the experts was done under the collaboration of all partners. On this, each partner indicated a number of experts on inequalities residing in the country of its operation. In order to achieve a balanced sample, experts should be representing four different sectors, namely, academia, the public sector, the private sector, the civic society, and non-governmental organizations (NGOs).

The elaboration of the questions was done using statistical measures. For the questions with numerical scales the frequency distribution and the mean values were estimated and presented. Next, using some multi-item questions, a series of factor analyses were performed with the use of Principal Components Analysis in order for aggregated factors related to various issues around inequality to be constructed. These results were later used to measure the correlation among the responses to different questions, recording the experts' perceptions, stances, and policy preferences.

The preliminary results revealed many interesting insights with both theoretical and policy implications. One key finding is that the experts primarily conceive an equal society as providing equal treatment to everyone, ensuring that equal opportunities are provided to all members of society, and eradicating any existing exclusion mechanisms. The second most popular conception regards equal society as presenting low variations in income and wealth among citizens. Surprisingly, the conception of an equal society as this without extreme richness or poorness receives a lower agreement score. Therefore, experts prioritize inclusion and opportunities over other forms of inequality. On the other hand, when monetary considerations are examined, experts put a premium on variation and not on ratios. This kind of preference could be partly explained by considering the experts' concerns about different types of inequality. The factor analysis in this case revealed that experts are worried about inclusion and opportunities matters and, to a lesser degree, for issues of unequal allocation of income or power.

As for the experts' response when presented with actual and hypothetical distributions of wealth and income, it is concluded that the majority has a pro-egalitarian attitude, as demonstrated by their responses in many instances and under different question settings. First, the level of disapproval among the experts is very high for the current global income and wealth allocation. In addition, experts' preferences regarding national income allocation are totally different from those in the real world. For example, experts prefer a maximum value of 10 for the ratio of the income of the richest 10% to this of the bottom 10%. Moreover, experts state that the maximum income shares for the richest 10% and the minimum share for the 50% they can tolerate is 30%. This is by far a more equal allocation of income than this prevailing in every country. Therefore, the experts accept some inequality but only when this is limited within reasonable thresholds.

In addition, valuable insights are also drawn from the questions regarding the major drivers of inequalities at the national and subnational levels. A very low variability was observed over the scores of experts on different factors given to them as possible drivers of income inequalities, indicating that many factors are to be considered as driving forces of inequalities. The highest level of agreement was found for drivers having to do with the unleashed power of capitalism and the inability of the state to secure an equal distribution of societal outputs. Therefore, experts consider both the political and market organizations as drivers of inequalities. On the other hand, in the regional inequalities domain, the reflections of experts are clearer, as they mostly consider agglomeration dynamics with the unequal concentration of human capital and large firms as the most important drivers of inequalities.

The previous findings have vast implications for experts' support for different types of policies. Experts mostly agree with policies that eradicate exclusions and level the playing field for all citizens. For this, the relevant factor analysis revealed that the greatest support of experts goes to pre-market policies, which call for a state able to provide necessary conditions for personal development, such as health and education, to all society members. This is the case for the policies against income inequalities but also for the eradication of regional inequalities. Post-market policies, with the distribution of outputs and tax adjustments, also receive high agreement.

Nevertheless, it should be stressed that not all measures of this kind of policy receive the same acceptance. Experts are very supportive of increasing taxes on the top quantiles of the income ladder, but they do not show the same level of support for reducing taxes for people with low incomes. Besides, redistribution policies such as minimum wage and Universal Basic Income (UBI) receive very low scores compared to other policy measures. Especially for the case of UBI, this measure acquires the lowest score of all policy options. In the case of regional inequalities, apart from the policies aimed at covering the basic needs of the people of different regions, strong support is also demonstrated for market interventions. Therefore, by comparing the sets of policies for the two dimensions of inequality, it becomes evident that market interventions are considered more important for the confrontation of regional rather than income inequalities.

Undoubtedly, even in the case of experts, the level of support for different policies is also affected by their personal beliefs and perceptions of inequality. To figure out how stances, perceptions, and policy preferences are related, a correlation analysis was

performed on the different questions quantifying those aspects. Analysis revealed that a reasonable amount of variance in experts' policy preferences could be explained by their general stance against inequalities and the states' role in general. The perception of equal society as one of no extreme poverty and wealth, although not the most popular perception of equal society, was found to be the most significant driver of experts' agreement with different policy options. It is evident that when experts present higher values in this perception, their agreement with the extra taxes on income, profits, and wealth increases, too. Therefore, tax-based policy interventions could be more easily applied to societies where this kind of perception about equal society prevails. The same holds for the case where the effect of different types of concern about inequalities has on policies. Concern about imbalances in income and power is more strongly related to acceptance of tax policies than in the case where the major concern is opportunities.

The preliminary results of the application of the Delphi method highlighted the wide spectrum of inequalities conceptions and the complexity of the relationship among causes, effects, and responses to inequalities. In many research questions, responses were characterized by a quite high level of agreement, and in others, consensus is yet to be established. For this, a second round of experts' analysis will be implemented to convey clear policy messages for all issues tackled by the present study.

**Keywords:** inequalities, Delphi, ESSPIN, experts, policy

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