The Liberal Tradition in America Reconsidered:
How Group Differences Affect Attitudes Toward Economic Inequality
in the United States

Paul R. Viotti, Jr.

Assistant Professor of Political Science
California State University, Chico
Butte Hall, Room 741
400 West First Street
Chico, CA 95929-0455

pviotti@csuchico.edu
(530) 898 - 5301

"The loss of wealth often develops a *manly self-reliance*, and in such cases it may prove a blessing in disguise."[1]   —Horatio Alger, Jr.

Introduction

Questions of equality of opportunity and outcomes have been examined from Alexis de Tocqueville's (1835) observations of democracy in early 19th-century America to the now classic study of liberalism by Louis Hartz (1955) and the subsequent work of Jennifer Hochschild (1981) and many other political scientists and economists. Why Americans accept, tolerate or acquiesce in the presence of growing economic inequality is my central research question.

To this end, I employ a two-pronged empirical instrument that incorporates experimental and survey methodologies to examine more directly Americans' attitudes toward economic inequality. By no means are Americans as a whole even close to being homogeneous in their views on this matter, particularly not increasing numbers of minority populations who collectively are now about a third of the U.S. population. These groups together will constitute a majority in the U.S. over the next three decades. This is already the case in California, New Mexico, Texas, and Hawaii where minorities are now in the majority.

These demographic transformations are particularly significant since in my research reported here I find that Latinos and African Americans tend to favor more equitable distributions of income than other groups, e.g., white participants, in an

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[1] Horatio Alger, Jr., *Shifting for Himself or Gilber Greyson's Fortunes* (Philadelphia: John C. Winston Co., 1876), p. vi.

experimental setting. Moreover, the effects of ethnicity are persistent even when controlling for religion, gender, age, income, and political orientation. American views on inequality, in short, vary considerably. The finding—substantial diversity in perspectives among Americans on tolerance of inequality—has enormous public-policy implications and will be tested further in follow-on research.

The study proceeds as follows. The next section, Part 1, explains my mixed-method research design. Part 2 presents the empirical results, which is followed by an interpretive discussion in Part 3.

Part 1: Measuring Attitudes Toward Inequality Using a Two-Pronged Empirical Approach

Motivations for the Experimental Design to Study Inequality

Tocqueville described Americans' apparent tolerance of inequality in terms of skill and hard work as the way Americans believed it possible to rise from poverty toward greater equality in the distribution of income and wealth. Similarly, the empirical literature on the subject has been based on observations and widely accepted anecdotal understandings of Americans as rugged, bootstrapping individualists.

The approach that I adopt is motivated by the inadequacy of existing empirical literature: most of the research on attitudes toward inequality is based on survey data (e.g., Bartels 2005), interviews (e.g., Hochschild 1981), and election/polling results (e.g., Bartels 2008). The motivations to move beyond these instruments in primary research are manifold. A shortcoming of surveys and interviews is that what people report of their views may differ from how they behave in the face of salient consequences or material

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rewards. In this regard, much of the empirical literature on distributive justice gathers only what subjects describe. In a survey I may report egalitarian preferences (i.e., what experimental economists frequently refer to as "inequity aversion"), but my behavior may be different when I know that my choices will directly determine my payoff.

Interviews are interpretive and typically based on a small sample; for example, Hochschild (1981) conducted 28 intensive interviews in her quest to discover why Americans had not adopted a more extensive welfare state in contrast to Western European counterparts. In order to gauge accurately how I will behave, I must face a scenario in which I "put my money where my mouth is." Thus, an experimental approach is a useful counterpoint to the extensive survey literature on attitudes toward inequality and redistribution.

To this end, I employ a set of experiments based on Rawls' theory of justice (1971) that places people in contexts in which they may choose distributions of primary goods (e.g., income) in the face of salient rewards. Much of the experimental research on distributive justice has focused on how third parties distribute income between two other people, which is an approach that still lacks salient rewards linked to the individual making an allocative choice. As an arbiter, I might decide that an equal split of income is the just outcome between two people, but this decision does not place my own material interests at stake. I argue in this regard that there is a need for an experimental method based on John Rawls' concept of the veil of ignorance (Rawls 1971).[2]

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[2] My experimental approach to political science is rooted in experimental economics, particularly variants of dictator and ultimatum games. See, e.g., Kahneman et al. (1986), Roth et al. (1991), Fehr and Schmidt (1999), Bolton and Ockenfels (2000), Charness and Rabin (2002), Camerer (2003), Engelmann and Strobel (2004), and Henrich et al. (2004).

As a social contract theorist, Rawls begins with a thought experiment, the imagining of two worlds: one in which a small number of individuals controls a disproportionate amount of wealth and the other in which resources are distributed equally. In the relatively unequal world, the wealthy minority controls primary goods at the expense of their poorer counterparts. Rawls argues that when placed in an objective position behind a "veil of ignorance," people will choose a distribution that maximizes the welfare of the worst-off members of society. Put another way: since I do not know whether I will be among the affluent or the impoverished, I will adopt a hedging strategy, thus protecting myself in the event that I inhabit the worst-off position when the veil is lifted. This Rawlsian idea is commonly referred to as the difference principle (or "maximin" rule).[3] Many have interpreted Rawls difference principle as grounded in risk-aversion; however, it is also quite conceivable that one would choose a more equal distribution out of a concern for equality rather than risk-aversion.

Like all thought experiments, the veil of ignorance is merely an abstraction. One of the assumptions that Rawls makes is that the veil of ignorance shields people from their own position in society, including their personal histories and all of the factors that would contribute to their political culture. In effect, one of the implications of Rawls' theory is that cultural differences vis-à-vis distributive justice will be absent behind the veil. This is a highly problematic assumption in several respects. For one, Rawls' treatment of culture as nonexistent or invisible is tantamount to making the assumption that human beings are universally liberal actors; i.e., liberalism is the default ideology

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[3] To view the difference principle as a hedging strategy suggests that it is grounded in risk-aversion; i.e., looking out for the worst-off members is not necessarily a reflection of egalitarian preferences. I take up this question below.

when we strip away culture. In addition, Rawls' thought experiment puts subjects in a deliberative process with each other. How can a "desocialized" group of people enter a productive conversation on distributive justice in the absence of culture, social structure, or other shared understandings?

The limitations of Rawls' thought experiment are actually quite enabling from a research standpoint, setting the stage for a unique empirical instrument. Placing people behind the veil experimentally provides an opportunity to operationalize Rawls' theory; but in the real world controlling for culture is impossible, which enables the researcher to shed light on how people regard redistributive scenarios from a more objective position and, hence, how cultural and other group differences impact decision-making.

My method begins with Rawls' veil of ignorance: people do not know their positions before making distributional choices. Subjects choose how to divide income among themselves, both behind the veil and with the veil lifted. Participants are unaware that they are dealing with the subject of distributive justice. The decisions that they make impact them directly; i.e., salient consequences or people "put their money where their mouth is." Some experimenters (e.g., Froelich et al. 2009) have put subjects behind the veil, but the experiments are set up in such a way that subjects choose principles of distributive justice rather than actual allocations of income between subjects. They find that subjects tend to prefer a principle consistent with maximizing average income with a floor constraint rather than the maximin rule (maximizing the income of the worst-off member of the group). The method employed by Frohlich et al. produces the same problem as in the survey-based literature: actual attitudes may be different from reported

attitudes since subjects are choosing among principles rather than selecting actual distributions.

Alongside the Rawlsian experiments, I also utilize a survey instrument. The survey enables a link to be drawn between the participants' choices in the experiment and their backgrounds, group affiliations, identities, etc. The result is an integrated two-pronged empirical approach with which one is able to test hypotheses on what underlies peoples' attitudes toward inequality from a variety of complimentary angles.

Subject Selection for the Experiments

This empirical research has taken place in six locations. Santa Cruz, Watsonville, and Chico provided data points in California where the research began. I also conducted experiments in Denver, Colorado, New York City, and Wichita Falls, Texas.[4] The subjects at each site have been selected based on their connection to specific groups. I have paid particular attention to such factors as socioeconomic class (white-collar vs. blue-collar), race or ethnic identity (white, African American, Latino, or Asian), religiosity, gender, and political orientation. Conducting empirical work in these different settings with specifically chosen subjects enables an understanding of different groups' attitudes and behavior vis-à-vis inequality.

Santa Cruz provides access to a sample of students who come from families with generally upper middle class incomes. The student body, on balance, is "liberal" or progressive, firmly within so-called blue-state territory. Less than 20 miles from Santa

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[4] Although I conducted much of the research at universities (e.g., to have access to meeting rooms in which to run the experiments), I recruited both student and non-student participants at the research sites. This enables a control for age cohort in the analysis of the data.

Cruz, Watsonville has a large Latino population. By contrast, Chico, California is situated at the northern end of the Central Valley, which is politically much more conservative than the "bluer" coastal areas.

The other research sites allow me to compare findings from the California samples with samples in the elsewhere in the United States. Doing so strengthens my research effort by allowing me to extrapolate from these results with greater confidence—cautiously applying these findings more broadly. The participants from New York are undergraduate students at New York University, a private institution. They generally come from upper-income families. The front range of Colorado including Colorado Springs and Denver has become a bastion of the evangelical movement in the United States. Many of these conservative Christians are white-collar professionals with middle-class to upper-middle-class incomes, although many are drawn from blue-collar backgrounds as well. For its part, Wichita Falls, Texas is also at the heart of the evangelical movement in the United States, but has a relatively larger contingent of blue-collar conservatives than Colorado Springs. These working-class evangelical Christians tend to support very conservative candidates, although some have argued (e.g., Frank 2004) that such support runs counter to their economic interests.

The research design draws representative samples from the populations under study, which is consistent with the methodology used by Hochshild (1981) in her path-breaking study of inequality, although she drew participants only from Connecticut. Every effort has been made in the selection of subjects to assure that collectively they are in fact a representative sample of the populations under study. The demographic survey

given to all participants serves as one check on the representativeness of the sample, also allowing for an accurate profiling of the group.

In a given experiment, a group of five subjects faces the task of dividing a sum of money between themselves. Although five players are present in the same room, the decision-making is private and subjects understand before the games begin that their responses remain confidential and anonymous. Subjects receive their payments privately at the end of the experiments. The payoffs are based on the decision-making in the experiments plus a $5 minimum fee for participation.
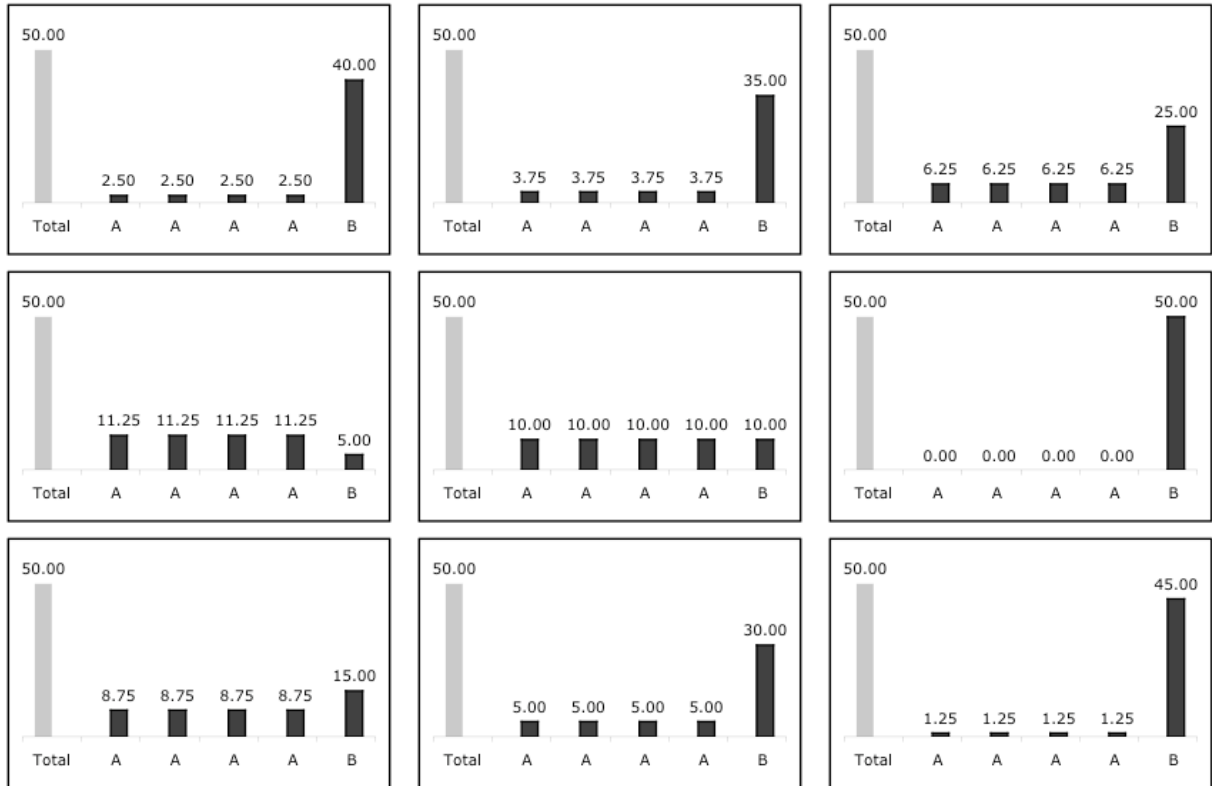
Treatment I: Behind the Veil of Ignorance *Without* an Equity-Efficiency Tradeoff

In this game, there are five players belonging to two categories of players: A and B. Players are behind a veil of ignorance—they do not know if they will be Player B or one of the four Player As. Players select a rate ranging from 0 to 100 percent that corresponds to how much of the total income Player B receives. If a given player chooses 20 percent for Player B, for example, and the total amount of money at stake is $50, then Player B receives $10, as do each of the four Player As. At the conclusion of the experiment, a random drawing determines whose choice affects the final distribution (which is referred to as the "random dictator" rule in experimental economics). A subsequent random drawing determines the identities of the players to themselves; e.g., as a participant, I privately discover if I am Player B or one of the Player As.

Figure 1 below shows a typical set of distributions from which a participant makes an allocative decision behind the veil. The graph in the upper left-hand corner shows a total payout of $50 in which four players (the As) receive $2.50, while Player B receives $40. The graph in the center shows all of the players (the As and Player B)

receiving $10 each for a total of $50. The graph in the middle of the right-hand column shows Player B receiving all of the $50 payout.

Figure 1: Behind the Veil without an Equity-Efficiency Tradeoff

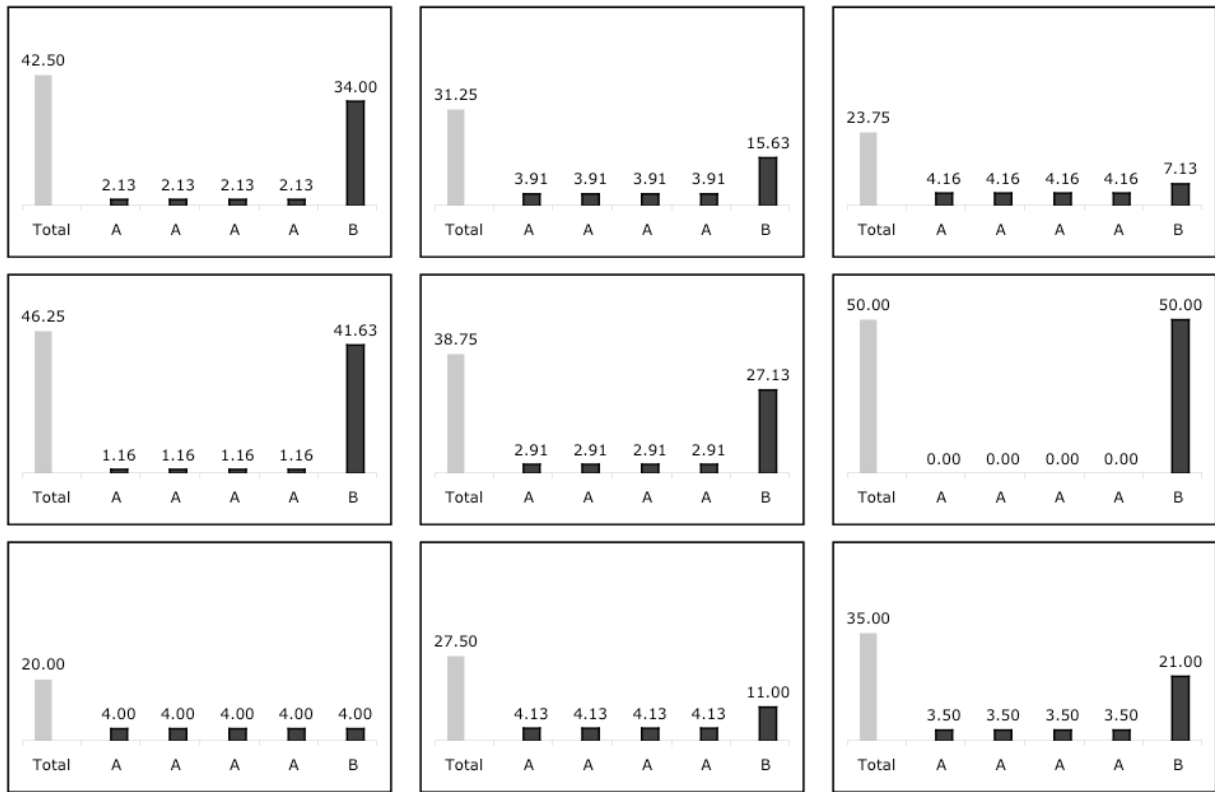**Treatment II: Behind the Veil of Ignorance *With* an Equity-Efficiency Tradeoff**

In Treatment I above, the pie never shrinks. If Player B receives all of the income, the total payoff is $50, and if the players split the income the total payoff is also $50 (each player gets $10). There is no cost of choosing an equal distribution of income. But what if the overall amount of income available -- i.e., the size of the pie -- diminishes as the distribution becomes more equal? In Treatment II, a five-player game that includes a set of "equity-efficiency tradeoffs," subjects may select a distribution that leads to more equal shares of the pie; however, when they do so they reduce the size of the pie. Once

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the equity-efficiency tradeoff is introduced, if Player B receives all of the income, the total payoff is $50. But an equity-efficiency tradeoff of 50 percent will reduce the total income by 50 percent if an equal distribution is chosen. To have equal slices, the size of the pie falls by 50 percent. In effect, including an equity-efficiency tradeoff enables the experimenter to gauge how much people are willing to pay for equal shares of income.

An experimenter may set the equity-efficiency tradeoff to any level between 0 and 100 (i.e., a range between no tradeoff at all to an outcome where the pie shrinks to zero when one chooses equal shares of income). In my fieldwork, I test the effect of four equity-efficiency tradeoff levels: 0%, 20%, 40%, and 60%, which enables one to calculate a slope or sensitivity to this tradeoff for the different groups in the study. I hypothesize that particular groups will react more than others to such a cost-of-equality constraint by shifting income to Player B to avoid a loss of total income for the group.

Figure 2 below shows a typical choice set when there is an equity-efficiency tradeoff. In this case, the tradeoff is 60 percent, which means that 60 percent of the potential income is lost when subjects choose equal shares. The graph in the bottom left-hand corner shows an equal distribution of income of $4 for each player for a total of $20. By contrast, the graph in the middle of the right-hand column shows Player B receiving all of the income for a much higher total income of $50. This difference illustrates the cost-of-equality constraint (or equity-efficiency tradeoff faced by participants behind the veil.

Figure 2: Behind the Veil With an Equity-Efficiency Tradeoff

Treatment III: Lifting the Veil of Ignorance

Suppose that people know what their roles are in the experiments—i.e., that they are no longer behind the veil of ignorance. An economically rational, i.e., income-maximizing actor would retain all of the income so as to maximize the expected payoff. With the veil lifted, the experimenter is able to measure the prevalence of egalitarian, i.e. inequity-averse, behavior, as subjects know their positions and would not be choosing more equal shares of income based on risk-aversion. In other words, if I know I am Player B and decide to divide income equally or share some of it with others, I am doing so out of concern for the other players in the group. This treatment is analogous to a

dictator game in experimental economics in which one player is able to determine the

distribution of income for a group.

Summary of Experimental Design

I employ three treatments: 1) Behind the veil with no equity-efficiency tradeoff,

2) Behind the veil with tradeoffs, and 3) With the veil lifted. At the end of the sessions, a

random drawing determines which round is the "payoff round." In this regard, each

treatment offers salient rewards to participants.


Summary of Experimental Design
- Small groups of 5 divide income.
- There are two types of players: A and B.
- There are 4 As and 1 B.
- A range of distributions is possible from equal shares of income for all 5 players to Player B receiving all of the income.
- Participants individually select a distribution that they prefer with anonymity.
- In the basic treatment, participants do not know their role until after the experiment; i.e., they make their choice behind the "Veil of Ignorance" from an "objective" position.
- An additional treatment introduces an equity-efficiency tradeoff in which participants face a "cost-of-equality" constraint.
- To have equal slices of the pie, the size of the pie must be smaller. I call this an equity-efficiency tradeoff.
- The equity-efficiency tradeoff enables the researcher to measure how much one is willing to pay for equality.
- Four levels of the equity-efficiency tradeoff are tested: 0%, 20%, 40% & 60%. When the cost of equality equals 20%, the total income falls by 20% when one chooses equal slices of the pie.
- Also included are rounds with the "veil lifted" in which people know their position before they choose distributions.

Part 2: Experimental Results

Treatment I: Outcomes with no Equity-Efficiency Tradeoff

Between 2006 and 2010, I conducted several hundred rounds of the experiments in Santa Cruz, California, Watsonville, California, Chico, California, Denver, Colorado, New York, and Wichita Falls, Texas. Overwhelmingly, regardless of the location and group, results suggest that in the absence of an equity-efficiency tradeoff, people behave in a Rawlsian manner. Subjects favor near-equal shares of income and they tend to maximize the position of the worst-off member of the group. The average income allocated to Player B from behind the veil in this basic treatment is 24.6 percent overall with the four Player As receiving 18.88 percent each; the median allocation to Player B is 20 percent, which means that all five players receive roughly equal shares. The histogram below in Figure 3 illustrates the distribution of choices made by the entire sample studied. The "R" denotes the Rawlsian choice, an allocation to Player B of 20 percent of total income.

Figure 3: Behind the Veil with No Tradeoff (n=254)

Percent of Income Allocated to Player B
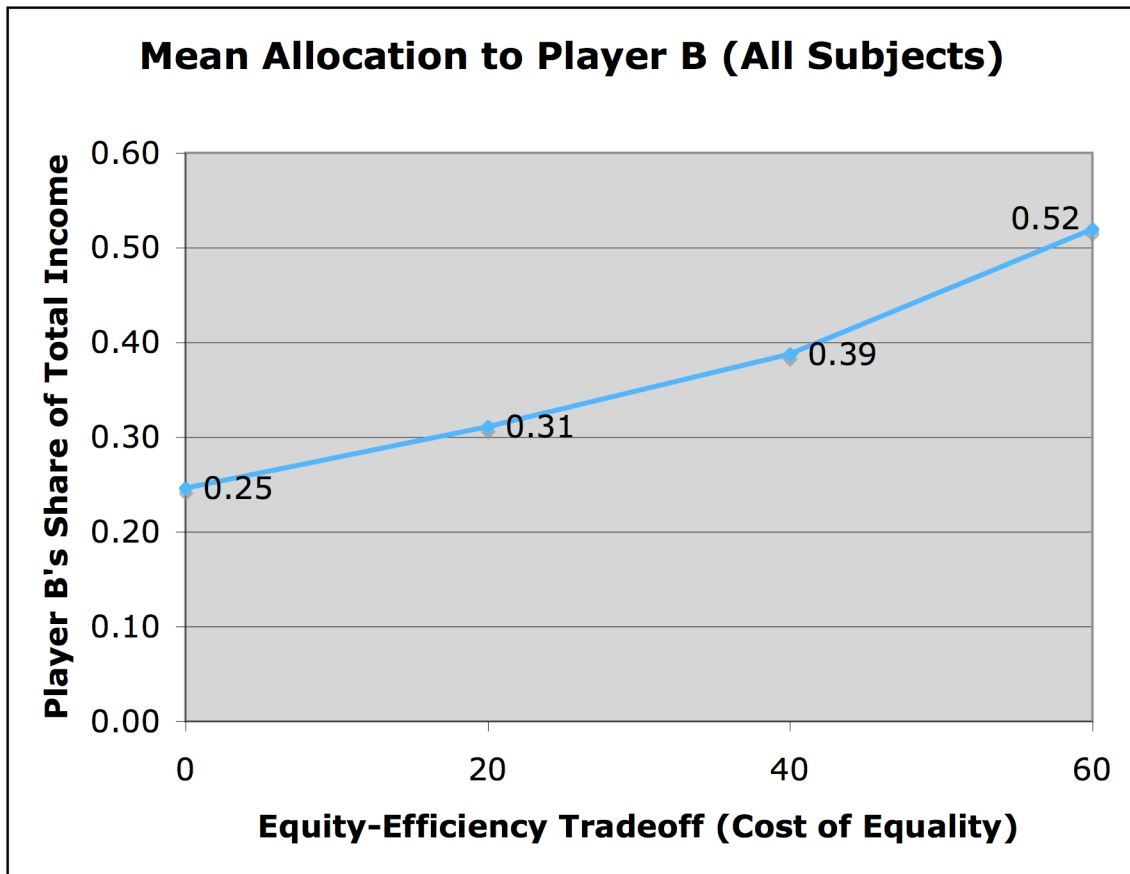Without Equity- Efficiency Tradeoff
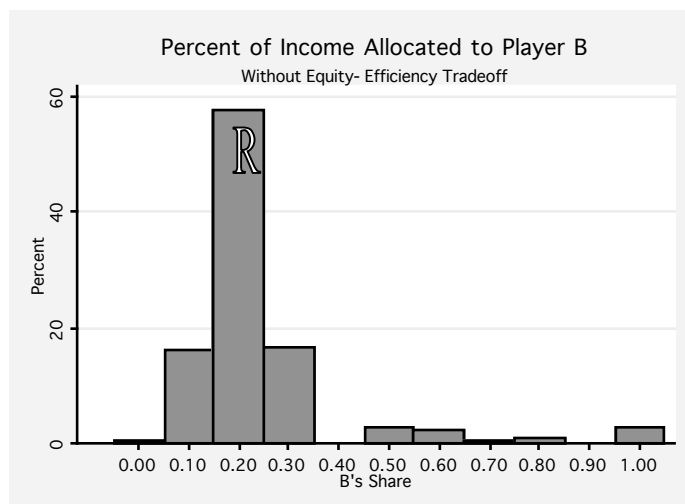
The modal outcome in the basic Rawlsian experiment is the egalitarian

distribution: approximately 57.8 percent of the participants choose to divide the income

equally (i.e., each of the five players receives 20 percent). 16.5 percent give slightly

more to Player B (30 percent of total income), while 16.1 percent give slightly less to

Player B (10 percent of the total income).[5] The overwhelming choice is the equal or

near-equal distribution with 90.9 percent of the participants allocating 10 to 30 percent of

the income to Player B, which supports the Rawlsian hypothesis.

Treatment II: Outcomes With an Equity-Efficiency Tradeoff

Does the presence of an equity-efficiency tradeoff lead to a deviation from the

maximin rule assumed by Rawls (maximizing minimum gains)? When people

effectively must pay for more equitable payoffs, do they choose more skewed

distributions of income behind the veil? Figure 4 below shows the mean percent of total

income allocated to Player B by all subjects with four equity-efficiency tradeoff values:

0%, 20%, 40%, and 60%. With no tradeoff (i.e., tradeoff = 0), the mean allocation to

Player B is 24.6 percent, which rises linearly as the tradeoff increases. At the highest

tradeoff level of 60 percent, participants allocate an average of 52 percent of the total

income to Player B. These data demonstrate that an equity-efficiency tradeoff induces

people to choose more skewed distributions of income behind the veil.

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[5] Only 2.8 percent of the sample give Player B all of the income, with another 5.1 percent giving Player B 50 to 60 percent of the income. One player in the sample give Player B zero income.

Figure 4:

The intercept of the line in the figure above is the outcome in the basic treatment with no equity-efficiency tradeoff. The slope of this line represents the general sensitivity of the population studied to the equity-efficiency tradeoff: how much income people shift to Player B as the cost of equality increases.

While participants choose less equal divisions of income as the cost of equality increases, they do not behave rationally from an expected-income maximizing standpoint. An economically rational actor would give all of the income to Player B in the face of any equity-efficiency tradeoff. For example, at a tradeoff level of 60 percent and a maximum total income of $50, giving all of the income to Player B results in an expected income of $10. But when one gives Player B 50 percent of the income in the face of an

equity-efficiency tradeoff of 60 percent, expected income falls to $6.25, which means

that subjects are willing to give up $3.75, or 37.5 percent of expected income to maintain

an income floor of $3.91. This is neither a Rawlsian nor efficiency-maximizing

outcome.[6]

Do Different Groups React Differently to the Equity Efficiency Tradeoff?

Above I describe how to derive the sensitivity to the equity-efficiency tradeoff for

the population. My goal is to analyze whether this sensitivity is the same across groups

based on, inter alia, gender, race, political orientation, and region. It is revealing to

compare the intercepts and slopes for different groups. For example, a comparison of

men and women with respect to reactions to the equity-efficiency tradeoff suggests that

differences exist: men distribute money less equally when the tradeoff is zero, and this

difference grows as the tradeoff increases; i.e., the intercept and slope of the lines below

are different. When the cost of equality is zero, women (n = 122) allocate 22 percent of

total income to Player B, which is approximately the Rawlsian outcome; men (n = 131),

by contrast, give Player B 28 percent of total income, a difference of 7 percent. As the

tradeoff increases, this gender difference becomes more apparent. The share given to

Player B more than doubles when the equity-efficiency tradeoff is 60 percent. See figure
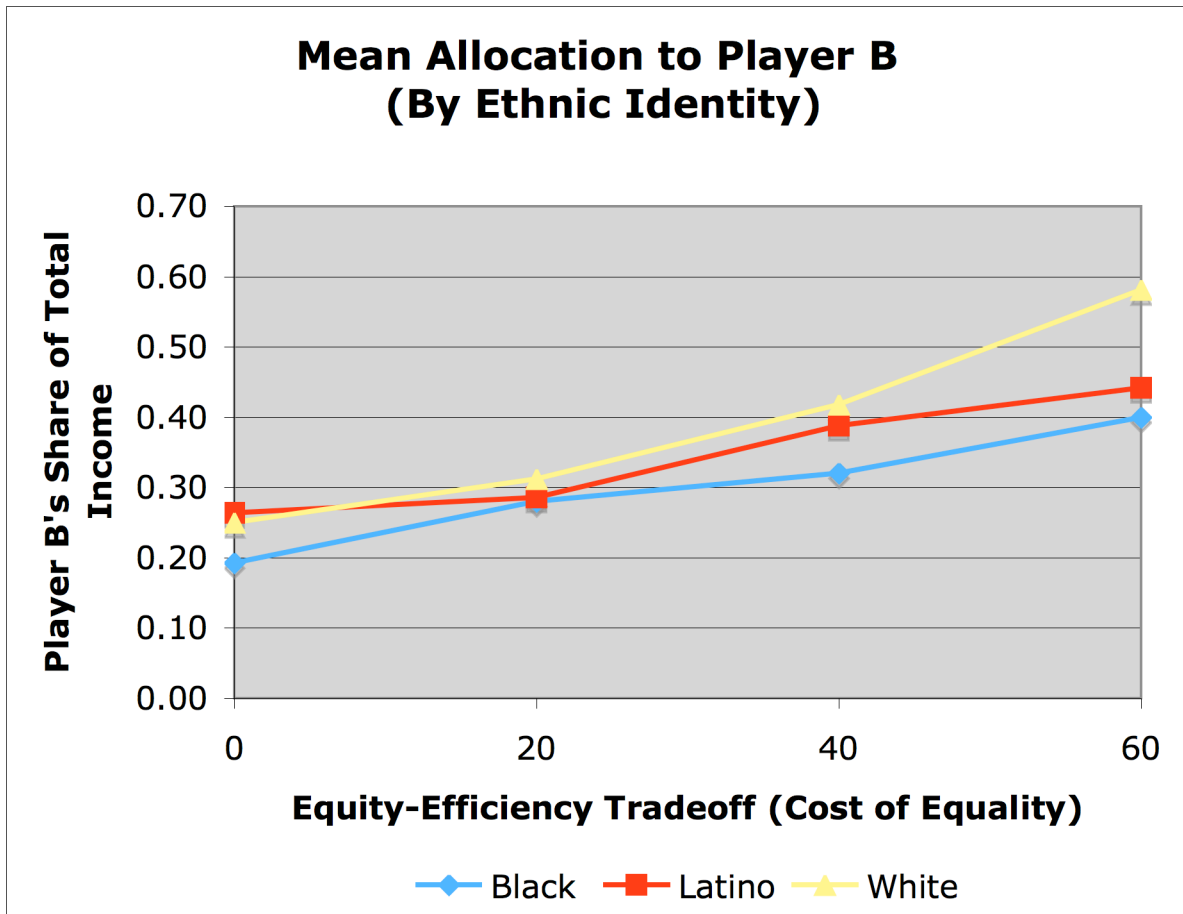
5 below.

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[6] Does this willingness to pay for an income floor represent egalitarian or risk-averse
preferences? I interrogate this question in the discussion of the results.

Figure 5:
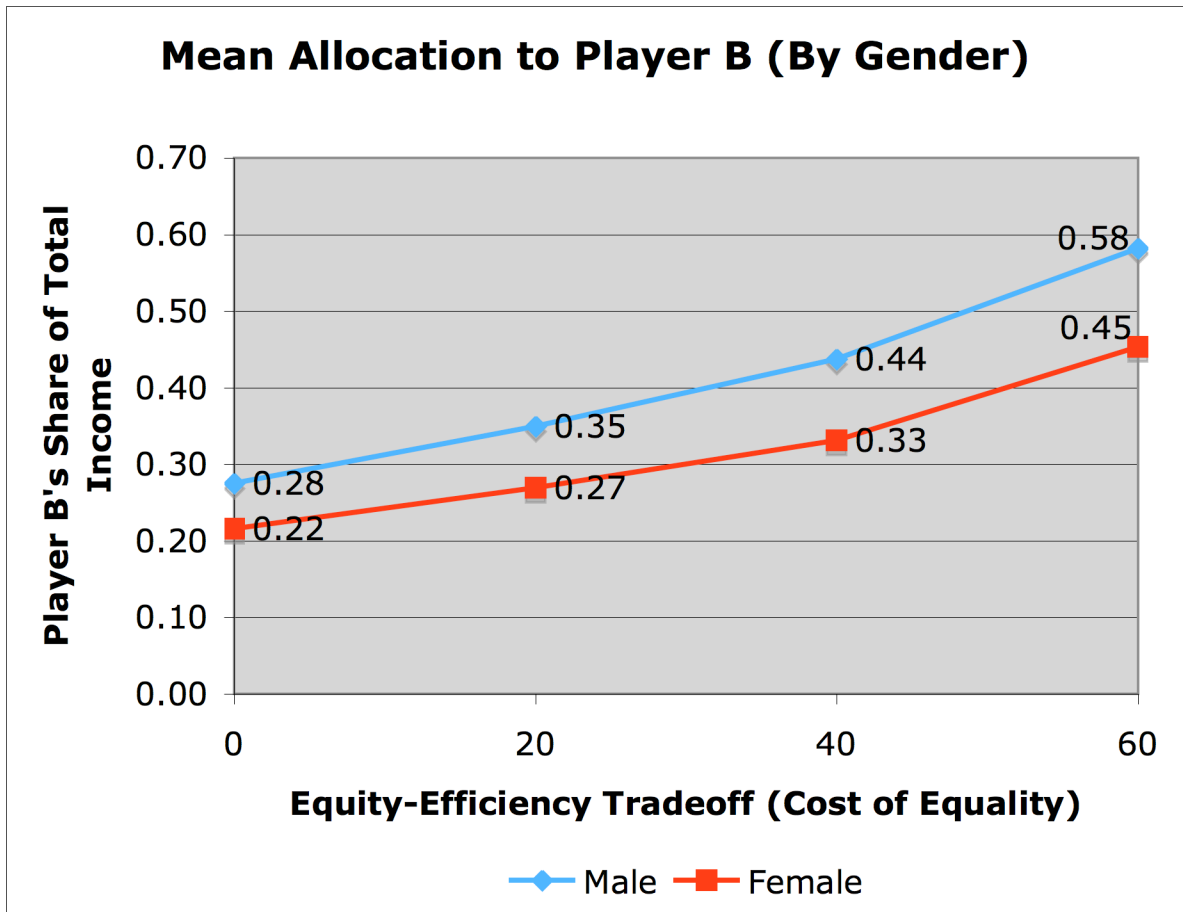
Race or ethnic identity also appears to have an effect on one's sensitivity to the equity-efficiency tradeoff. Figure 6 below illustrates sensitivities of African American (n = 15), Latino (n = 74), and white (n = 111) participants to an increasing equity-efficiency tradeoff. White participants in particular appear to be more sensitive to the tradeoff at higher levels—they shift income to Player B at an accelerated rate as the tradeoff increases linearly. By contrast, Latinos and African Americans tend to be less sensitive to the cost-of-equality constraint.

Figure 6:

Mean Allocation to Player B (By Ethnic Identity)

Y-axis: Player B's Share of Total Income (0.00 to 0.70)
X-axis: Equity-Efficiency Tradeoff (Cost of Equality) (0 to 60)

Legend: Black, Latino, White

Comparing Responses to the Equity-Efficiency Tradeoff: Latinas, White Men, and Young Latino Men

The comparison of means illuminates many group differences behind the veil with an equity-efficiency tradeoff. In this paper, I analyze three groups with markedly contrasting behavior: white men (n = 62), Latinas (n = 35), and young Latino men under 23 years of age (n = 25). Figure 7 below compares three subgroups, white men, Latinas and young Latino men, in terms of their sensitivities to the equity-efficiency tradeoff, illustrating a striking difference, particularly as the tradeoff increases. At all tradeoff

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values, white men give substantially more to Player B than do Latinas. When the tradeoff is 60 percent, white men allocate 65 percent of total income to Player B compared to an allocation of 36 percent by Latinas who appear to be much less responsive to the tradeoff at higher levels. Young Latino men choose highly skewed distributions of income, giving 66 percent to B, in the face of a high equity-efficiency tradeoff.

Figure 7:

Mean Allocation to Player B (Subgroups)
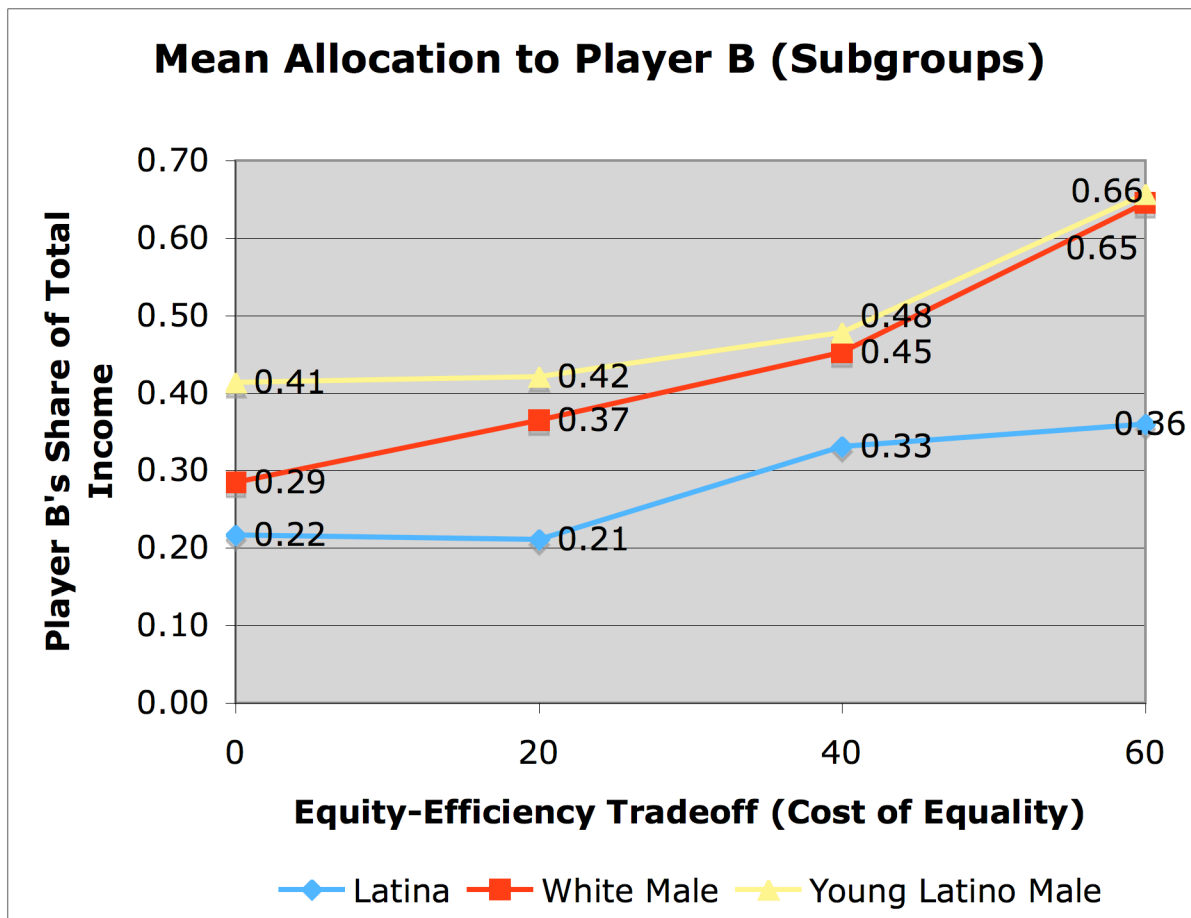
Plotting the mean choices of groups against different efficiency-tradeoff levels enables one to visually inspect for differences, but examining only the mean potentially discards useful information reflected in the distribution of choices made by groups. The histograms below (Figures 8 - 11) compare the distributions of choices made by Latinas, white men, young Latino men, and African Americans.[7] Juxtaposed against white men and young Latino men, Latinas act very differently behind the veil in the presence of a steep equity-efficiency tradeoff of 60 percent. I focus on this tradeoff level, as group differences are more striking when the cost of equality is greater. What is visually notable in the comparison below is that approximately 30 percent of white men and 35 percent of young Latino men give all of the income to Player B in this treatment, while fewer than 5 percent of Latinas do so. Latinas are much more egalitarian: approximately 65 percent allocate either 20 or 30 percent to Player B, which approximates the Rawlsian choice. By contrast, approximately 13 percent of white men give 20 or 30 percent to Player B, while roughly 30 percent of young Latino men do so; in this regard, the distribution of choices made by young Latino men is bimodal with 35 percent choosing the most skewed outcome and 22 percent choosing the most egalitarian choice. African Americans make the most egalitarian choices compared the other subgroups: 65 percent give between 20 and 30 percent to Player B, while fewer than 10 percent give all of the income to Player B.

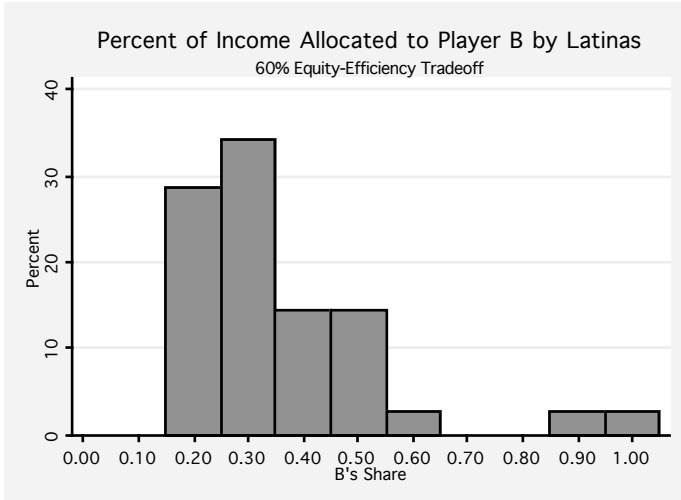[7] The total number in the study is too small for a broken-down comparison by gender.

Figure 8:

Percent of Income Allocated to Player B by Latinas
60% Equity-Efficiency Tradeoff

Figure 9:

Percent of Income Allocated to Player B by White Men
60% Equity-Efficiency Tradeoff

Figure 10:

Percent of Income Given to Player B Young Latino Men
60% Equity-Efficiency Tradeoff

Figure 11:

Percent of Income Givenn to Player B by African Americans
60% Equity-Efficiency Tradeoff
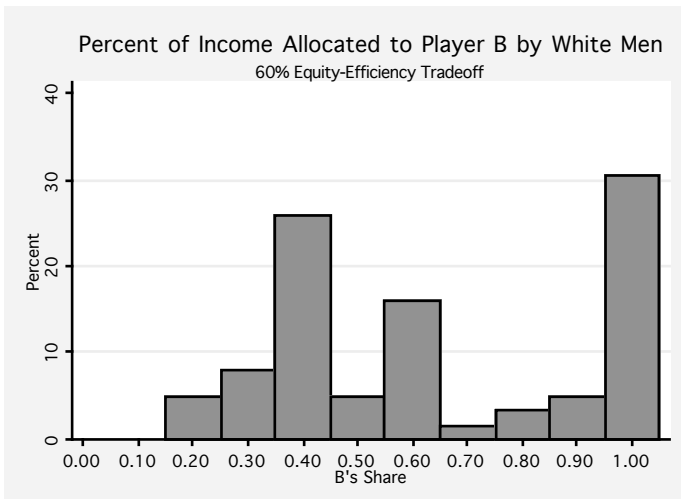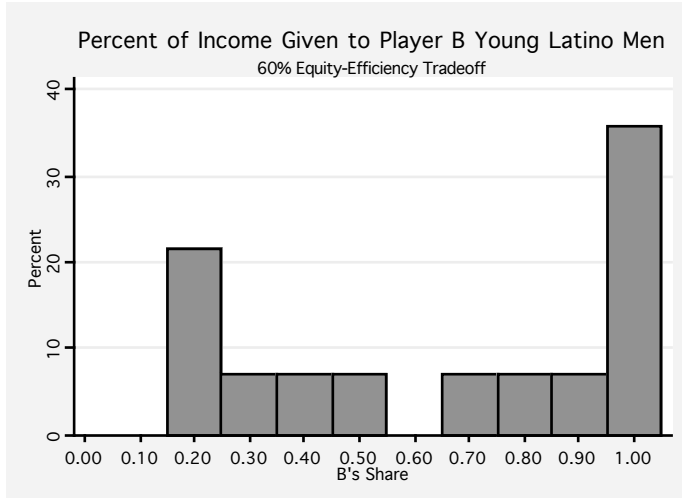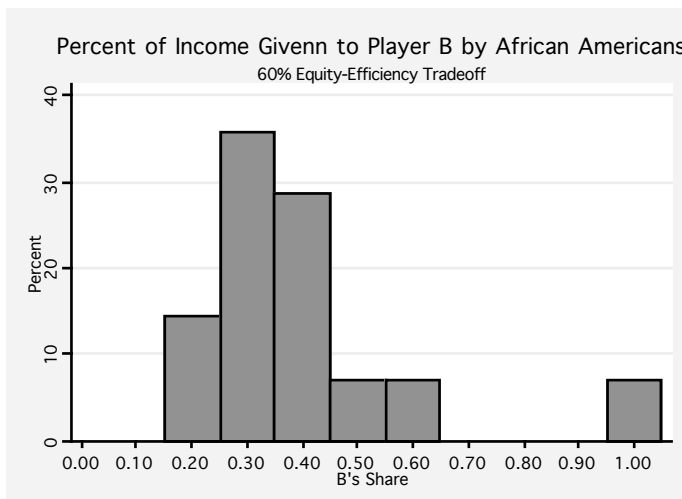
Nonparametric tests such as the Kolmogorov-Smirnov (K-S test) are empirically useful to the extent that comparisons of means (e.g., T tests) and linear regressions fail to capture differences in the distributions of choices made by groups. Using a K-S test, one may compare the distribution of choices made by different groups in this treatment of the experiment with that of the total sample studied. In particular, the difference in the

distribution of choices made by two groups, white men and Latinas, is statistically

significant ($P < 0.001$) compared to the entire population under study.[8]

The graphs and histograms presented above point to group differences in behavior

behind the veil when there is a cost of equality. The regression model below (Figure 12)

captures the simultaneous effects of age cohort, the interaction between age and gender,

as well as the interaction between age, gender, and race, religion, class, and political

orientation. The histograms and graphs above (e.g., the choices of young Latino men)

motivated the inclusion of the interaction variables to disentangle the effect of age,

gender, and race. This decision, moreover, is supported by extant survey research on

Latino youth, which indicates that they are unique subpopulation inasmuch as they are

highly inclined to engage in risky behavior than are other groups (Pew Hispanic Center

2009). Interrogating this finding is the focus of my present research agenda.

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[8] Two-sample Kolmogorov-Smirnov test for equality of distribution functions.

Figure 12:

Behind the Veil with Equity-Efficiency Tradeoffs from 0 to 60 Percent:
GLS Random-Effects Regression

Constant	0.250 (0.056)**	0.222 (0.046)**	0.202 (0.021)**
Cost	0.380 (0.127)**	0.452 (0.027)**	0.456 (0.026)**
Male	0.050 (0.027)†	0.093 (0.022)**	0.089 (0.021)**
Latino	0.052 (0.039)	-0.019 (0.031)	-0.044 (0.025)†
Asian	-0.030 (0.078)	0.001 (0.063)	0.009 (0.059)
Black (US)	-0.008 (0.059)	-0.094 (0.048)*	-0.088 (0.047)†
African (WF)	0.056 (0.061)	0.015 (0.049)	-0.002 (0.044)
Ethnic_Other	0.016 (0.052)	-0.006 (0.042)	0.031 (0.041)
Age	-0.006 (0.017)	-0.017 (0.014)	
Education	-0.008 (0.012)	0.006 (0.010)	
Income	0.000 (0.004)	0.000 (0.003)	
Protestant	-0.036 (0.037)	0.018 (0.030)	
Catholic	-0.031 (0.033)	-0.030 (0.026)	
Political	0.062 (0.026)*	0.058 (0.021)**	
Male*Cost	0.140 (0.054)**		
Latino*Cost	-0.237 (0.077)**		
Asian*Cost	0.102 (0.154)		
BlackUS*Cost	-0.289 (0.117)*		
AfricanWF*Cost	-0.136 (0.121)		
Ethnic_Other*Cost	-0.072 (0.103)		
Age*Cost	-0.037 (0.035)		
Education*Cost	0.048 (0.023)*		
Income*Cost	0.005 (0.008)		
Protestant*Cost	0.180 (0.073)*		
Catholic*Cost	0.003 (0.064)		
Political*Cost	-0.015 (0.051)		

**: $P < 0.01$, *: $P < 0.05$, †: $P < 0.10$
Notes: *AfricanWF* signifies a group of non-US, African participants who took part in the study in Wichita Falls, Texas. *Political* refers to political orientation from -1 to 1, where -1 represents very liberal and 1 represents very conservative. *Income* is family income ranging from 1 to 14, where 1 = \$0-10,000 and 14=\$200,000 or greater.

In the multiple regression displayed in Figure 12, I simultaneously control for the equity-efficiency tradeoff level (which appears as "cost"), gender, ethnic identity, age, education, income, religion, political orientation, and many interaction variables that measure the sensitivity to the equity-efficiency tradeoff of various group identities. The constant term reflects the amount given to Player B in the absence of an equity-efficiency tradeoff, i.e., when Cost = 0. In this regard, a value close to 0.2 approximates an egalitarian outcome in which Player B receives 20 percent of the income, as does each Player A.

Subjects generally are sensitive to the equity-efficiency tradeoff (P < 0.0001). For example, facing an equity-efficiency tradeoff of 60 percent, female subjects allocate 47.6 percent of total income to Player B, while males choose an allocation of 56.5 percent. Political orientation is significant: those self-identified as very liberal give Player B approximately 12 percent less income than those who identify as very conservative; i.e., the more conservative one is, the more he or she allocates to Player B behind the veil.

The model also captures the sensitivity to the equity-efficiency tradeoff of particular group identities with the inclusion of interaction variables (e.g., Latino*Cost). Here I find that while groups behave quite similarly in the basic Rawlsian experiments, they do differ considerably with respect to how sensitive they are to the cost-of-equality constraint. In other words, as the cost of equality increases via a growing equity-efficiency tradeoff, certain groups tend to give Player B a disproportionate share of total income.

Men are more sensitive to the equity-efficiency tradeoff, as are those with a Protestant identification. As education increases, one chooses less equal distributions of income.[9] On the other hand, African Americans and Latinos are substantially less sensitive to the tradeoff, i.e., willing to pay a premium to select more equal distributions of total income. That Latinos and African Americans appear to be less sensitive to cost-of-equality constraints is a central finding in this research.
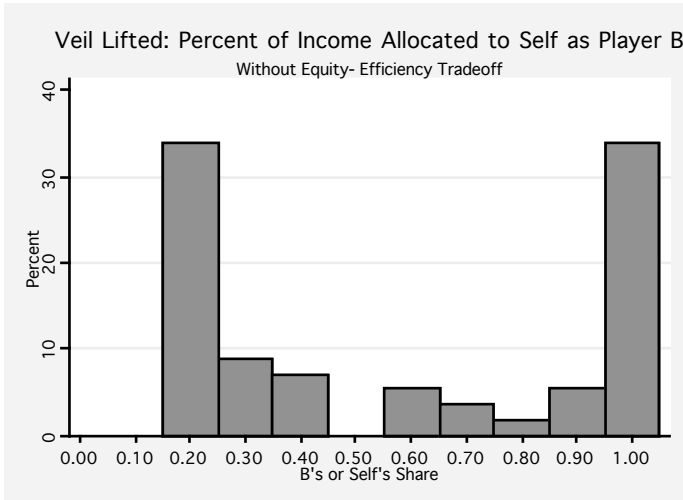
Treatment III: Outcomes with the Veil Lifted

How do participants act when they know their positions in advance? If I know that I am Player B, will I share my income with others even when I may choose to keep all of it? An instrumentally rational person would arguably maximize individual income, but this mode of rationality was not found to dominate decision making with the veil lifted.

Representing the entire sample, Figure 13 shows a bimodal distribution of choices with the veil lifted. Approximately a third of the participants choose to share the income equally. Approximately a third act more selfishly, keeping all of the income, which is consistent with the assumption that people are expected-income maximizing agents.

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[9] *Education* ranges from 1 to 7, where 1 = some high school or less, 2 = high school diploma, 3 = some post-high school, 4 = associates degree, 5 = bachelor degree, 6 = some graduate or professional school, and 7 = graduate or professional degree.

Figure 13:

Veil Lifted: Percent of Income Allocated to Self as Player B
Without Equity- Efficiency Tradeoff

Do the players who keep all of the income have anything in common? If we examine the data with respect to groups, we find that certain groups are more prone to share income than others. The two histograms below (Figures 14 -15) show two distinct distributions that are of particular interest.

Comparing Latino and White Participants Acting as Player B

Figure 14:

Share of Income Given to Self as Player B by Latinos
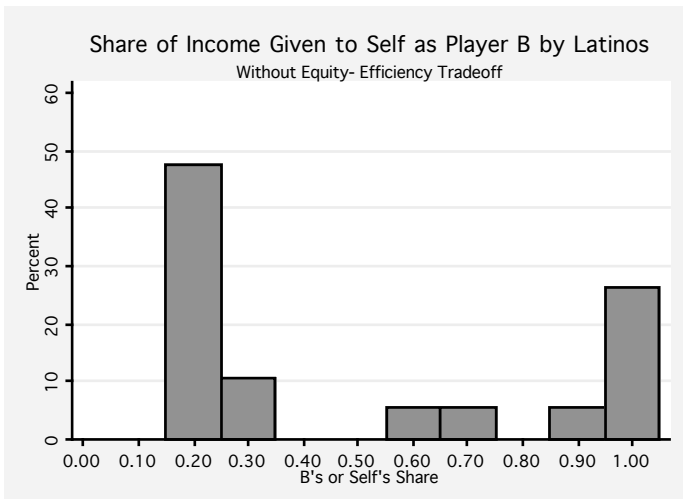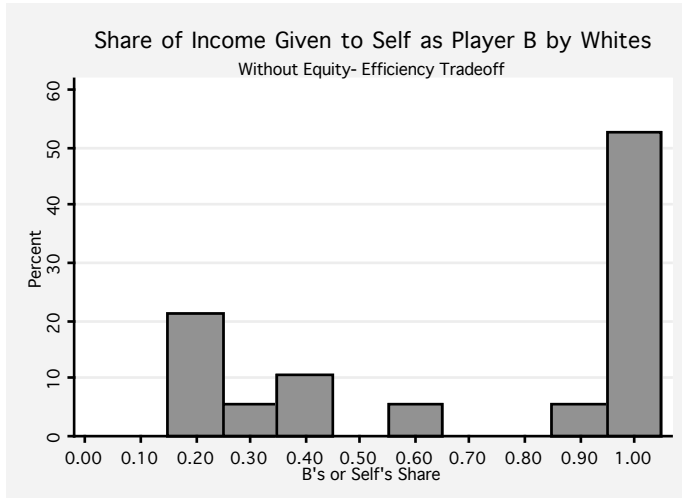Without Equity- Efficiency Tradeoff

Figure 15:

The juxtaposition of the two histograms above comparing Latino and white participants demonstrates that the two groups make distinctive choices from the vantage point of Player B when the veil is lifted. These results are consistent with behavior of the two groups behind the veil, which suggests that the behavior of Latinos behind the veil is motivated substantially by egalitarian preferences. In other words, experiments with the veil lifted serve as a control for risk. With the veil lifted, if I can keep all of the income for myself anonymously but choose to share it equally with others in my group, I am exhibiting egalitarian behavior. The histograms below (Figures 16 - 17) show that the behavior of two subgroups, Latinas and white men, acting as Player B with the veil lifted is consistent with those groups' decision-making behind the veil.
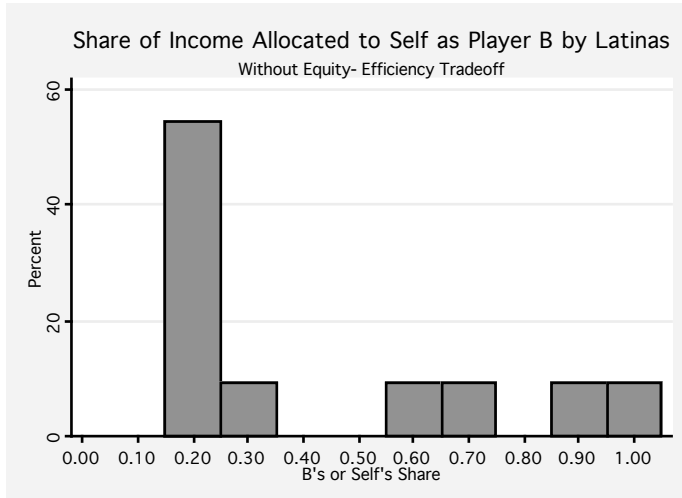
Figure 16:

Share of Income Allocated to Self as Player B by Latinas
Without Equity- Efficiency Tradeoff

Figure 17:

Share of Income Allocated to Self as Player B by White Men
Without Equity- Efficiency Tradeoff
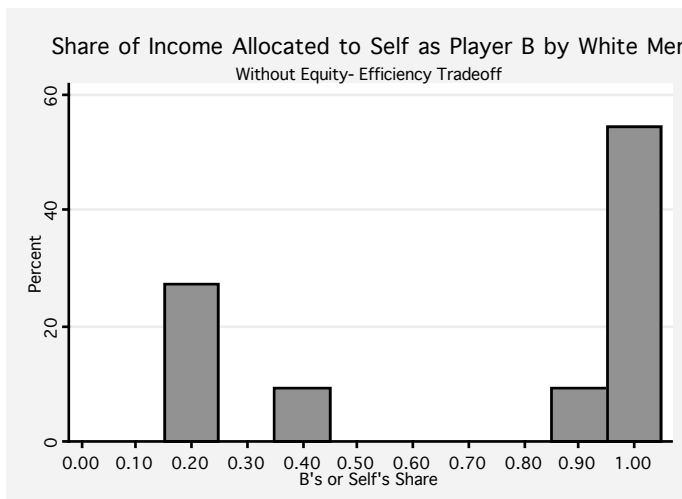
Approximately 55 percent of Latinas who are aware of their potentially lucrative role as Player B share their income equally, even when they could retain all of it, while fewer than 10 percent keep all of the income. The remaining 35 percent allocate a larger share of income to themselves but still share with the other participants. White men, on the other hand, tend to maximize expected income with the veil lifted. Over 55 percent

of white men who know their role as Player B keep all of the income, while a fewer than

30 percent share the income equally.

Figure 18: OLS Regression of Behavior with the Veil Lifted:

No Equity-Efficiency Tradeoff

Constant	0.101 (0.029)**
Male	0.026 (0.033)
Homogen	0.064 (0.055)
Latino	0.065 (0.047)
Asian	-0.032 (0.085)
BlackUS	0.037 (0.073)
AfricanWF	0.054 (0.073)
Ethnic_other	0.009 (0.064)
Player_B	0.490 (0.071)**
Homogen*PB	0.48 (0.119)
Male*PB	0.122 (0.072)†
Latino*PB	-0.273 (0.105)**
Asian*PB	0.093 (0.251)
BlackUS*PB	-0.415 (0.147)**
AfricanWF*PB	-0.202 (0.130)
Ethnic_other*PB	0.011 (0.131)

Notes: AfricanWF represents a control for group of African students who took part in the research at Midwestern State University in Wichita Falls, Texas. In addition, when a dummy variable for a particular group is multiplied by B, the result is an interaction variable isolating participants from that group who made a choice with the veil lifted as Player B; e.g., *Latino*PB* refers to Latinos making a choice while knowing that they are Player B. *Homogen* controls for homogenous groups (e.g., all Latino members) taking place in the experiments with the veil lifted.

The finding that race matters with the veil lifted is surprising. The Regression

results displayed in Figure 18 show that several of the non-white groups are more

egalitarian when they could choose to keep all of the income.[10] Whereas in the

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[10] The number of Asian participants is too small to be significant in the regression (e.g., there is only one Asian Player B). Further work with Asian participants is on the agenda,

regressions behind the veil we are uncertain if egalitarian behavior is driven by risk

aversion or a preference for equality, in the rounds with the veil lifted, a person who

shares income with others—even when he or she has the opportunity to anonymously

keep all of it—is not expressing risk averse preferences since all risk and uncertainty has

been eliminated. On the contrary, he or she is making an active choice to *share* the

income with others in the group.

These findings challenge the assumption that people are generally expected-

income maximizers, i.e., instrumentally rational, as such persons would keep all of the

income when given the chance to do so anonymously. In addition, the results are novel

in that they show how various groups differ in their use of instrumental rationality when

they know their position with the veil lifted. African Americans and Latinos in the study

are more egalitarian in the experiments with the veil lifted, which is consistent with the

results behind the veil. This consistent finding serves as a check to validate the argument

that egalitarian preferences rather than risk aversion underlie much of the egalitarian

behavior that takes place behind the veil; e.g., Latinos are more egalitarian behind the

veil and with the veil lifted when they have the chance to keep all of the income. The

finding that such groups are more egalitarian with the veil lifted supports the notion that

American liberalism (of which rugged individualism is a facet) is a worldview that

appeals more to white Americans than other groups: Latinos and African Americans in

particular.

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particularly a comparison of Chinese Americans, Japanese Americans, and Filipino
Americans in a forthcoming research trip to Honolulu, Hawaii.

Summary of Experimental Results From the Field

The results from the field do show that group differences matter in the experiments, particularly with respect to gender, region, and race. Such group differences become more pronounced as the equity-efficiency tradeoff increases. White participants are generally less egalitarian than Latinos and African Americans. The interaction between race and gender is also notable. I find that young Latino men make among the least egalitarian choices when there is an equity-efficiency tradeoff. Controlling for young Latino men, I find that white men are much less egalitarian than Latinos. The data do not show a clear relation between income and decision-making in the experiments. Latinos and African Americans make more egalitarian choices when controlling for income.

Age, therefore, interacts with race and gender to produce important differences. Latinos in general choose more equal distributions. Surprisingly, young Latino men appear to be the most self-interested group in the entire study, choosing the most skewed distributions of income, which echoes Hochschild's (1995) finding that young African American men subscribe to the tenets of liberalism more than other groups in the United States. Another possible explanation of their behavior, however, is that young Latino men are more risk-seeking. Indeed, extant survey data reveals that young Latino men, particularly Mexican Americans, are prone to engage in risky activities (Pew Hispanic Center 2009). My survey instrument enables me to probe this possible linkage and to test the hypothesis that Latinos choose more skewed distributions as a function of a more individualistic ideology. I discuss this issue in more depth in Part 3.

In addition to studying behavior behind the veil with or without an equity-efficiency tradeoff, I find that people behave differently with the veil lifted and, specifically, that certain groups are more egalitarian than others even when they know their relative position in anonymity. Most notably, Latinos are more egalitarian both behind the veil and with the veil lifted. They are inclined to share even though they would benefit more by not doing so.

Part 3: Interpretation of the Results

My research suggests that one has to be careful making generalizations about American attitudes toward inequality. Particular groups of Americans, based on gender, race or ethnic identity, religion, and political orientation, do not appear to identify fully with self-help individualism. For example, women, Latinos, Catholics, and progressives value equality in the economic domain more than men, particularly white men, other participants, Protestants, and conservatives.

I argue that self-help individualism—or "Horatio Algerism" as I like to call it—is a worldview that certain Americans internalize more than others as a function of their group identities and cultural beliefs. In my treatment of culture as an explanatory factor, I use Bourdieu's notion of *habitus*, which he defines as a "worldview or cosmology held by actors" (Smith 2001). I contend that certain individuals are more oriented toward egalitarian behavior as a function of their habiti, which are, in turn, linked to their group identities and shared cultures. In Bourdieuan terms, particular groups have "empirical tendencies" to share with others, even when doing so is costly on the individual level, while other groups tend to embrace self-help cosmologies—their *habiti* are imbued with

the Protestant Ethic. I argue below that Latinos in general, and Mexican Americans in particular, possess different empirical tendencies with regards to sharing, even when doing so is costly.

The major cross-national studies on inequality conducted over the past 30 years show that Americans have a high tolerance for inequality and that they are far less likely than Europeans, for example, to support policies that redistribute income and wealth. Two theories—cognitive and cultural explanations—dominate the discourse on American inequality. Cognitive theories of inequality focus on individual stupidity or confusion as the underlying variable. Bartels (2005), for example, attributes growing economic inequality to voter ignorance, while Hacker and Pierson (2005) think that voters are tricked by elites into supporting regressive fiscal policies. Yet others see voters as rational, trading off economic interests for social causes, e.g., the anti-abortion and pro-gun-rights movements (Frank 2004). Cultural theories of economic inequality tend to use broad-brush strokes, painting Americans as self-help individualists. Hochschild (1981) makes the claim that while Americans are intolerant of political inequality, they do acquiesce in the midst of economic inequality.

Alesina et al. (2005) juxtapose American individualism and the widespread belief in economic mobility against the European view that upward mobility is more limited; i.e., Europeans feel "stuck" with respect to class. Their conclusion restates Hochschild's claim made 22 years prior, which in itself is a restatement of Hartz (1955) who, in turn, borrows from Tocqueville on the notion that Americans imagine that they inhabit a "classless" self-help society.

The regression results from my experiments and survey clearly suggest that the extent to which people subscribe to liberal, individualist tenets is, in part, dependent on race or ethnic identity. For example, the experiments show a marked contrast between white men, Latinas, and young Latino men. Overall, the findings reported here demand that we reevaluate the supposition that individualist values in liberalism are so widely accepted in the US as to make it a seemingly monolithic ideology.

I contend that the self-oriented behavior of white men in the experiments is motivated to a large degree by their individualist *habitus* or identification with the logic of self-help. The experiments also demonstrate that young Latino men stand out from Latinos as a whole by choosing more skewed distributions behind the Rawlsian veil of ignorance. Interestingly, this behavior changes when they are aware of their positions with the veil lifted. Why would they choose highly skewed distributions behind the veil, but share income that they could keep with the veil lifted? I posit that young Latino men likely are more risk-seeking as a group compared to other Latinos. Other survey research suggests that this is highly plausible (Pew Hispanic Center 2009). I argue that young Latino men likely share communitarian values evident in the larger group, but are more risk seeking than Latinas and older Latinos.

A skeptic may assert that other factors better explain the egalitarian behavior by certain groups in the experiments—i.e., perhaps the results say little about egalitarianism and much more about risk-aversion. People might choose more equal shares of income because they are afraid of walking the tightrope without a safety net. I respond to this potential critique with another key piece of evidence: if actors know their positions, Latinos and African Americans—even when they have the option to retain all of the

income in the experiments in anonymity—are considerably more egalitarian than white men. The results behind the veil are the same as those with the veil lifted. One who shares income that one has the right to keep is not motivated by risk-averse preferences. Nonetheless, a more direct measure of risk-aversion is a worthwhile addition to ongoing experiments in this tolerance-of-inequality project.

Summary and Future Work

Contrary to the arguments advanced by Tocqueville (1835), Hartz (1955), Hochschild (1981), Alesina (2005), Bartels (2005), and many other scholars, American views toward equality and inequality vary substantially. Particular groups in the US are decidedly less accepting of inequality than other groups and behave in a communitarian way to maximize the welfare of the group rather than their own expected income at the individual level. This egalitarian behavior is inconsistent with an ideology centered on individualism and instrumental rationality that drive other groups—effectively an acceptance by them of greater inequality. Many Americans may be "bootstrapping individualists," but many others are not. Indeed, we must abandon a monolithic view that Americans as a whole view inequality through the same or similar lenses.

The experiments do leave important stones unturned. While I show via different treatments that Latinos and African Americans tend to be more egalitarian in the Rawlsian experiments, even when the veil is lifted, an important task is to test more directly how much of a person's choice is motivated by egalitarian versus risk-averse preferences. One method is to administer the Rawlsian experiments to the same subjects, but in isolation. Essentially, one would be "playing" the Rawlsian games completely outside of a social context as if they were taking part in a lottery. A person would have

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an 80 percent chance of being Player A and a 20 percent chance of being Player B. The odds are that one will be a Player A, but some might be willing to place a bet that they will be Player B and thus reap more income. Put another way, if one plays the Rawlsian game as a lottery in isolation, it serves as a direct measure of risk aversion that then can be compared with outcomes in the social simulations behind the veil. My follow-on work on controlling for risk aversion is currently underway.

This research project on acceptance (or non-acceptance) of inequality is motivated by the enormous policy implications associated with this division between large parts of the population still driven primarily by liberal-individualist (if not libertarian) sentiments more willing to accept things the way they are—i.e., tolerate inequality—and those of a more communitarian, activist bent wanting to do something constructive toward reducing the levels of inequality in society. As Latinos, African-American, Asian and other minorities over the next three decades collectively become the new majority in America, this division in perspective will cross a diversity of social issues on the national agenda—social security and pension reform, access to medical care, educational opportunity, and the like—as well as the larger (or smaller) role the government should play in politics, economy and society.

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