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Assignment 2

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Cruces, G., Perez-Truglia, R., & Tetaz, M. (2013), "Biased Perceptions of Income Distribution and Preferences for Redistribution: Evidence from a Survey Experiment", Journal of Public Economics, 98, 100–12.

Kuziemko, Ilyana, Michael I. Norton, Emmanuel Saez, and Stefanie Stantcheva. 2015. "How Elastic Are Preferences for Redistribution? Evidence from Randomized Survey Experiments." American Economic Review, 105 (4): 1478-1508.

**Introduction**

In social science, economics, and political psychology literature on redistribution and economic inequality, researchers frequently rely on survey evidence to understand how people perceive the distribution of income, as well as their preferences or demand for specific types of redistribution. The median voter theory suggests that increases in inequality, or public perception of inequality should translate into support for redistributive policies, which in turn would lead to changes in policy (Meltzer and Richard, 1981).

However, framing effects and the introduction of additional information can significantly impact responses. In a 2023 paper, Støstad showed that differing descriptions of the same income distributions can alter respondents' perceptions and subsequent policy preferences. As such, it is important to further explore the impacts of framing, perceptions, and supplemental information on survey responses. Two papers address the question: How does providing information customized to a survey respondent affect views on inequality and preferences for redistributive policies?

**The papers**

In the paper "Biased Perceptions of Income Distribution and Preferences for Redistribution: Evidence from a Survey Experiment" by Cruces, Perez-Truglia, and Tetaz (2013), the authors investigate how survey respondents estimate their position within the income distribution in Argentina, and how correcting those perceptions impacts demand for redistributive policies. They conducted a randomized survey experiment in Greater Buenos Aires, where the treatment group was asked to estimate their income position and then provided information on their actual position. The results showed over half of the participants underestimated their relative income position, while 30% overestimated it. Those who overestimated their income position (positive bias) showed a relatively large and significant increase in support for redistributive policies, such as government support for the poor, after receiving the information treatment. This effect was larger among those with the largest positive bias. The authors conclude an individual's perceived position in the income distribution is an important determinant of redistribution preferences.

In their paper "How Elastic Are Preferences for Redistribution? Evidence from Randomized Survey Experiments", Kuziemko, Norton, Saez, and Stantcheva (2015) used multiple rounds of online surveys on Amazon's Mechanical Turk platform to study the impact of information treatments on inequality perceptions and policy support. The treatment group received tailored information framing their position in the income distribution, the economic impacts of high tax rates, and details on the estate tax. The authors found this increased recognition of inequality as a serious issue and substantially boosted support for estate taxes specifically. While effects were mixed across other redistribution policies, providing information linking policies explicitly to effective outcomes increased support. The estate tax support was persistent across time and attributed to correcting larger information gaps. The authors conclude that low trust in government explains some of the weaker effects on support for other redistributive policies, such as increasing the top income tax rate, raising the minimum wage, and otherwise increasing the scope of government.

**The most likely answer**

Both papers used randomized survey experiments to measure perceptions of income distribution, with the treated sample being exposed to tailored information on inequality, with the expectation that participants would update their beliefs. In their results, both papers see impacts on perceptions of income inequality, although the direction of support is mediated by the respondents economic position. Taken together, these papers suggest that providing additional contextual information can, in some cases, change participants perceptions of inequality and subsequent support for redistributive public policies. However, while perceptions and opinions on inequality may be impacted, this effect does not always translate into support for redistributive policies. Kuziemko, et al. find that explicitly linking policies to outcomes goes some way toward increasing support for policies like minimum wage increases.

**Critique**

Representativeness of Survey Populations

In their paper, Cruces, et al. use a sample of 1,060 individuals in the Greater Buenos Aires area. In their description of the summary statistics of the sample, the authors acknowledge that due to the higher average income levels in Buenos Aires relative to the rest of the country, the survey sample does not reflect the average income distribution of Argentina. Given the results, it is possible that the responses of this sample may only extrapolate to the impacts of the information treatment on a metropolitan urban population, rather than the country as a whole. In addition to the survey composition, it is useful to consider the Cruces results in the context of other similar investigations. In a meta-analysis of research using in-survey informational treatments, Ciani and co-authors examined 36 studies across 14 countries and found limited impacts of information on support for redistributive policies. The authors singled out Cruces, et al., because their results were larger than most of the other papers. It's possible the results in Cruces, et al. are not generalizable to other populations and specific to the Argentine context. In another paper reviewed by Ciani and coauthors, Chen, et al. (2016), found that reminding survey participants of wealth equalization policies during the Chinese Communist Revolution in China had positive impacts on support for government redistribution. Argentina's history of economic crisis and government instability could play a major factor in shaping responses to the information treatment.

In the mTurk sample, Kuziemko, et al. survey a much larger sample over multiple rounds of surveys, totaling 10,000 participants. However, the authors also acknowledge that the mTurk sample is not representative of the US population. The authors rationalize this point, noting a similar lack of representativeness in other standard poll samples, specifically a CBS election 2009 poll and the American Life Panel, a more representative survey conducted by RAND. The authors justify this by appealing to the cost-effectiveness of the mTurk platform, and the ability to conduct multiple rounds of surveys. While they mention that reweighting the sample to match the CBS poll has no impact on the results, it's not clear whether this is enough to overcome the limitations of the sample, especially given the focus on inequality, trust in government, and redistributive policies. In a 2016 analysis of mTurk workers, Pew found that the majority of mTurk workers earn less than $5 per hour and that 89% of the tasks involved surveys. In another exploration of mTurk workers, Hara, et al. (2018) found that the average wage of mTurk workers in their sample was $2 per hour. Given the low wages of mTurk workers and other demographic differences, it's possible that the socio-economic situations of the respondents played heavily into their perceptions of both their own economic position and their attitudes on government and redistributive policies. The additional exploration of attitudes towards government workers allowed Kuziemko, et al. to create an effective priming mechanism for the trust in government questions, but given the limitations and potential biases of the mTurk sample, it may only be illustrative of the elasticity of opinions for a select group of professional online survey workers.

Focus on Income instead of Wealth

Both papers use income information as the primary treatment, with the assumption that the information would prompt participants to update their perceptions of inequality and the associated implications of inequitable income distribution, which would include wealth. However, Cruces, et al. document systematic errors in perceptions of participants' own income position, while Kuziemko, et al. document a surprising and persistent impact of information on incidence of estate taxes on support for increasing the tax. Combining the two results, it could be that income is not the relevant information shock to apply, and more salient information on wealth, wealth persistence (possibly through weak estate taxation), and wealth inequality could have more significant impacts on support for redistributive policies. Albacete, et al. (2022) find almost no impacts of a wealth treatment on support for wealth or inheritance taxes in Austria, however, the information treatment only updates the participants on the current wealth distribution. Given the strong reaction of respondents in Kuziemko, et al. to estate taxation information, it is possible that there are consistent misperceptions on the size of wealth disparities as well, which could force participants to update their priors. In combination with their results showing the impacts of explicitly linking redistributive policies to outcomes, it is possible that the historical context on wealth inequality, and the implications of wealth inequality over time, could have larger effects.

**Preferences for Redistribution and In-group Preferences**

In the discussion on why support for the estate tax was so elastic to updated information, Kuziemko, et al. note that the estate tax may be one of the few issues not associated with racial or other stereotype bias. Their main results control for race and other demographic characteristics, such as gender and education, while Cruces, et al. do not include racial characteristics in their summary statistics or on their notes on controls. Given the racialized nature of poverty in the United States and Argentina's own history of marginalization of indigenous people, it seems likely that even when given information intended to update priors, participants may be updating their priors while imagining their own in-group. This seems particularly relevant in the design of papers where the information treatment points out errors in participant estimantes of income or poverty. In a 2023 paper, Bruni and coauthors conduct a similar experiment to that of Kuziemko, et al., using an information treatment focused on the composition of native-immigrant poverty. They find that the treatment reduces support for native-only cash programs, indicating a prior preference for in-group support. It would be in both papers to include more explorations of differential impacts of the information treatment along demographic lines, to better understand the impacts of the information treatment on in-group preferences.

Conclusion

Both papers provide evidence that information treatments can impact perceptions of inequality and support for redistributive policies. However, the impacts of informational treatments are mixed and produce weak support among participants for redistributive policies in some cases. These results are consistent with meta-analyses of other in-survey informational treatments. These papers both contribute to the literature through their use of customized-to-the-participant information treatments. Kuziemko, et al. find interesting results related to the salience of information on the persistence of support, and the impacts of explicitly linking policies to outcomes. The generalizability of the results is limited by the specific populations surveyed, and the focus on income as the primary information treatment. Further research should focus on information treatments related to the historical context of wealth inequality, to better understand the impacts of information treatments on perceptions of inequality and support for redistributive policies.

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