Journal of Experimental Social Psychology 79 (2018) 138–148

Contents lists available at ScienceDirect

Journal of Experimental Social Psychology

journal homepage: www.elsevier.com/locate/jesp

Why do Americans believe in economic mobility? Economic inequality, external attributions of wealth and poverty, and the belief in economic mobility

Shai Davidai

Department of Psychology, The New School for Social Research, 80 5th Ave., New York, NY, 10011, United States of America

ARTICLE INFO

Handling editor: Jarret Crawford

Keywords:
Economic inequality
Economic mobility
Wealth
Poverty
Judgment and decision making

ABSTRACT

Although the rates of economic inequality in the United States are at their highest since the onset of The Great Depression, many Americans do not seem as concerned as may be expected. This apparent lack of concern has been attributed to people's deeply-entrenched belief in economic mobility – the belief that through hard work, determination, and skill people are able to rise up the economic ladder. Little is known, however, about why Americans so strongly believe in economic mobility. In five studies (N = 3112, including two pre-registered studies, one with a large, income-stratified sample), I examine the relationship between economic inequality and the belief in economic mobility. I find that people (accurately) perceive a negative relationship between economic inequality and economic mobility, and that this is due to the attributions they make about wealth and poverty. As economic inequality rises, people increasingly attribute economic success and failure to external factors that are beyond a person's control (vs. internal dispositions), and therefore expect economic mobility to drop. As a consequence, people's tendency to underestimate economic inequality reinforces their belief in economic mobility. I discuss how these findings contribute to our understanding of lay beliefs about the economic system and public opinion regarding inequality.

"It's alright to tell a man to lift himself by his own bootstraps, but it is cruel jest to say to a bootless man that he ought to lift himself by his own bootstraps" – Martin Luther King, Jr.

Since the 1970s', economic inequality in the United States has been consistently rising, leading to a host of negative societal outcomes (Piketty & Saez, 2014). On an individual level, economic inequality has been associated with higher bankruptcy rates, longer commute and work time, riskier decision making, biased self-perceptions, poorer health, and overall lower emotional wellbeing (Bowles & Park, 2005; Frank, 2005; Frank, Levine, & Dijk, 2014; Loughnan et al., 2011; Oishi & Kesebir, 2015; Oishi, Kesebir, & Diener, 2011; Payne, Brown-Iannuzzi, & Hannay, 2017; Wilkinson & Pickett, 2006). On an interpersonal level, economic inequality has been linked to low rates of cross-class affiliation, reduced prosocial giving and cooperation, high divorce rates, and increased reliance on stereotypes (Côté, House, & Willer, 2015; Côté et al., 2017; Durante et al., 2013; Frank et al., 2014; Kraus, Park, & Tan, 2017; Nishi, Shirado, Rand, & Christakis, 2015). And, on a societal level, economic inequality has been associated, among other things, with decreased political participation, increased political polarization, reduced economic growth, higher violent crime rates, and increased homicide rates (Bonica, McCarty, Poole, & Rosenthal, 2013; Daly, Wilson, & Vasdev, 2001; Elgar & Aitken, 2011; Fajnzylber, Lederman, & Loayza, 2002; Frank, 2012; Solt, 2010).

Yet, despite these personal, interpersonal, and societal consequences, many Americans do not seem to see rising economic inequality as a major concern (Pew Research Center, 2012). And, although predicted to be a key topic in the 2016 U.S. Presidential elections (Boak, 2016; Lauter, 2015)—and Bernie Sanders' failed Democratic primary bid notwithstanding—economic inequality received scant attention on the campaign trail, with the words "income inequality" mentioned only once throughout the three presidential debates.[1] It is not surprising, then, that respondents in a recent Gallup poll identified the gap between the rich and the poor as a less pressing issue than immigration, governmental dysfunction, and the perceived decline in moral values (Gallup, 2017).

Why aren't people more concerned about rising economic inequality? One factor that may explain this lukewarm interest is that people's attitudes are driven more by their beliefs about—rather than the actual levels of—economic inequality (Hauser & Norton, 2017).

E-mail address: shaidavidai@newschool.edu.
[1] By Lester Holt, the first presidential debate moderator.

https://doi.org/10.1016/j.jesp.2018.07.012
Received 26 February 2018; Received in revised form 23 July 2018; Accepted 24 July 2018

People significantly underestimate the scope of inequality in the United States—believing that those at the top of the wealth distribution own a smaller share, and those at the bottom of the distribution own a larger share, than they actually do (Norton & Ariely, 2011; Norton, Neal, Govan, Ariely, & Holland, 2014). Similarly, people tend to underestimate the income of top earners in relation to the median unskilled worker (Kiatpongsan & Norton, 2014). Thus, people may not be sufficiently alarmed about inequality because they do not realize its scope.

In addition to underestimating economic inequality, people also tend to be quite optimistic about their prospects of upward economic mobility (Benabou & Ok, 2001). For example, both Davidai and Gilovich (2015) and Alesina, Stantcheva, and Teso (2018) independently found that compared to actual mobility rates, Americans significantly overestimate the likelihood that a person born to a family in the bottom income quintile will, as an adult, be in a higher quintile than his or her parents. Similarly, Davidai and Gilovich (2018) found that people significantly overestimate how highly the United States ranks in terms of economic mobility relative to other countries. Finally, Kraus and Tan (2015), found that people overestimate how instrumental a college degree would be in rising up the economic ladder (see also Kraus, 2015). Given that people equate mobility with meritocracy (Day & Fiske, 2017; Kluegel & Smith, 1986), it is not surprising that the tendency to overestimate upward mobility increases people's tolerance for inequality (Shariff, Wiwad, & Aknin, 2016). Thus, in addition to lacking a true appreciation of the scope of inequality, people also seem to be quite optimistic about the likelihood of moving up the economic ladder.

It is important to note, however, that not everyone agrees with the assertion that Americans underestimate economic inequality and overestimate economic mobility. Eriksson and Simpson (2012), for example, have critiqued the methods used by Norton and Ariely (2011) and have argued that Americans' perceptions of the gap between the rich and the poor are quite accurate (but see Norton & Ariely, 2013, for a response, and Kiatpongsan & Norton, 2014, for research using different methods showing that Americans underestimate inequality). Similarly, Chambers, Swan, and Heesacker (2015) used a different methodology from the one used by Alesina et al. (2018), Davidai and Gilovich (2015), and Kraus and Tan (2015) to show that Americans are quite pessimistic about the chances of rising up the social ladder, suggesting that whether people overestimate or underestimate economic mobility depends on the method of elicitation (Davidai & Gilovich, 2018; Swan, Chambers, Heesacker, & Nero, 2017) and the benchmark of comparison against which their perceptions are evaluated (Nero, Swan, Chambers, & Heesacker, 2018; but see Alesina et al., 2018). Although it is important to understand whether people are overly optimistic or pessimistic in their perceptions of inequality and economic mobility, a comprehensive discussion about this ongoing debate is beyond the scope of the current work. Rather, the focus of this paper is to examine the relationship between economic inequality and the belief in economic mobility. That is, instead of examining whether people's perceptions of inequality and mobility are accurate (and regardless of whether or not people underestimate the former and overestimate the latter), this paper investigates how perceptions of inequality affect perceptions of mobility.

Do people believe in economic mobility because they underestimate economic inequality?

While it is clear that people are at least somewhat optimistic about their prospect of economic mobility, it is less clear why this is the case. One reason may be the desire to justify the status quo as legitimate and fair (Jost & Hunyady, 2003). People tend to legitimize the prevailing system when it is threatened (Jost, Glaser, Kruglanski, & Sulloway, 2003), endorse a fair market ideology when it is criticized (Jost, Blount, Pfeffer, & Hunyady, 2003), and rationalize changes to the status quo when they are inevitable (Kay, Jimenez, & Jost, 2002). In the same vein, it is possible that people justify high rates of economic inequality by doubling-down on their belief in economic mobility. Indeed, Kraus and Tan (2015) argued that people are motivated to believe in economic mobility in order to see their societal status as just. Similarly, Davidai and Gilovich (2015) argued that people believe in economic mobility as a method of justifying economic disparities in society (see also Tyler, 2011; Wakslak, Jost, Tyler, & Chen, 2007). Thus, optimism about the prevalence and likelihood of economic mobility may serve as a method of justifying high economic inequality.

In contrast, it is possible that high economic inequality may weaken the belief in economic mobility. As the gap between the rich and the poor increases, the external forces that lead some people to be wealthier and other people to be poorer become more salient (McCall, Burk, Laperrière, & Richeson, 2017). As a result, people may be increasingly likely to attribute both wealth and poverty to external factors that are beyond one's control rather than to internal, dispositional traits. And, because the belief in meritocracy and "The American Dream" rests upon the idea that personal characteristics determine socioeconomic standing (Kluegel & Smith, 1986), attributing economic success and failure to external factors more so than to internal dispositions may weaken the belief in economic mobility. Thus, rather than strengthen the belief in mobility, the rise of economic inequality may shift attention toward the external factors that underlie wealth and poverty (and away from the internal factors that do so) and therefore undermine people's belief in economic mobility.

This paper examines the link between economic inequality and the belief in economic mobility. Specifically, I examine whether judgments of economic mobility are related to perceptions of economic inequality, and whether this relationship is mediated by the attributions people make about wealth and poverty. I argue that people are generally optimistic about economic mobility because they underestimate the scope of economic inequality. That is, because inequality weakens the belief in economic mobility, I argue that biased judgments of the former (inequality) lead to overly optimistic perceptions of the latter (mobility). Americans, I argue, believe in economic mobility because they underestimate inequality (Norton & Ariely, 2011) but, at the same time, believe that inequality and mobility are negatively linked.

Such a finding would be consistent with research showing that countries with high economic inequality experience lower economic mobility relative to countries where wealth is more evenly distributed (Andrews & Leigh, 2009). One cross-national comparison, for example, found that 47% of the variance in income in the United States—a country with relatively high economic inequality—can be explained by differences in the previous generation's income. In contrast, the same study found that only 15% of the variance in income in Denmark—a country with markedly lower rates of inequality—can be explained by the previous generation's income (Corak, 2013). Thus, whereas Americans' earning potential is significantly tied to how much their parents had made when they were younger, Danish earners' potential is less influenced by their parents' income. If people understand (either implicitly or explicitly) this relationship, then one may expect a negative relationship between economic inequality and people's belief in economic mobility. And, given that people already underestimate economic inequality (Norton & Ariely, 2011), believing that inequality is negatively linked to mobility would heighten their perceptions of economic mobility.

In this paper, I directly examine the influence of both state-wide (Studies 2A, 2B, and 4) and nation-wide (Studies 1 and 3) economic inequality on the belief in economic mobility. In Study 1, I examine the relationship between lay perceptions of the distribution of wealth in the U.S. and beliefs about how easy or difficult it is to rise up the economic ladder. In Studies 2A and 2B, I manipulate participants' perceptions of economic inequality in their state and examine whether perceiving the distribution of wealth as more or less equal influences judgments of economic mobility. In Study 3, using a large, income-stratified sample, I go beyond general beliefs about mobility and examine the influence of