Policy Insights Centre on Well-being, Inclusion, Sustainability and Equal Opportunity (WISE)



OECD

Enhancing opportunities by design: Exploring people's views of what should be done to fight inequality

February 2024

This is the last Policy Insights of a three-part series on <u>Measuring Opportunities</u>: The Role of Public <u>Perceptions</u>. This series draws on data collected as part of the Opportunities module in the 2022 OECD Risk that Matters survey, and explores public perceptions of social mobility, inequality, and equal opportunity. The first brief (OECD, $2023_{[1]}$) looks at public attitudes toward the role of effort and other factors in shaping social mobility, while the second brief (OECD, $2023_{[2]}$) explores public perceptions of the roles of various actors in reducing inequality. This brief investigates public preferences for policies and actions aimed at reducing inequality and enhancing opportunities for all.

KEY MESSAGES

- Despite the shared concern over inequalities and limited opportunities, opinions on solutions differ. Respondents to the Opportunities module of the 2022 OECD Risks that Matter survey are particularly supportive of policies aimed at fostering equal opportunities such as improving equal access to education (46%) or actions directly limiting market disparities such as introducing or strengthening the minimum wage (52%). On the contrary, redistributive measures (such as increasing taxes on top earners or expanding benefits for low-income households) receive a milder level of support, never exceeding 40%.
- Two in three respondents believe that the private sector can play a significant role by paying fair wages to their lowest-paid workforce. In addition, more than one in three think that the private sector should address wage inequalities, create jobs in the country and invest in their workforce.
- While most respondents support policy measures aiming to enhance the outcomes and opportunities of the most vulnerable, their preferred mix of policies varies depending on the level of inequality and mobility in the country they live in. In contexts with higher poverty rates and inequality, respondents tend to prioritise a suite of policies that specifically target low-income households, such as improving equal access to education or expanding social benefits and services for low-income households. Furthermore, in countries with high intergenerational mobility, respondents express support for policies aimed at middle-income households, such as re-training the unemployed and workers affected by structural changes. In contrast, in countries with limited intergenerational mobility, respondents are more supportive of measures focusing on the top of the income distribution, such as increasing income taxes on top earners.

- Similar patterns emerge as to the preferred stages of the economy where interventions should take place. First, in countries with higher minimum income benefits and greater interpersonal trust, respondents express stronger support for measures aiming to enhance the endowments that people bring to the labour market, such as education and skills. Second, support for measures focusing on the functioning of firms, such as strengthening the role of collective bargaining, is more widespread in countries with lower gross earnings and higher inequality. Finally, in countries with higher gross earnings and lower inequality, respondents are more supportive of policies that aim to reduce inequality in outcomes, such as progressive taxation and social insurance transfers.
- At the individual level, income and age are key factors to understanding support for concrete policy action. Richer respondents are more likely to prioritise policy options strengthening equal opportunities, while support for redistribution decreases with income. As respondents grow older, they become more supportive of market regulation and increased taxation on top earners.

Concerns about income inequality do not systematically translate into support for more redistribution

Economic inequality and a perceived lack of opportunity are shared concerns among many OECD countries. Over recent decades, economic inequality has grown in most OECD countries (OECD, 2008_[3]; 2011_[4]; 2015_[5]), while persistent barriers to equality of opportunity still hold large swathes of society back and prevent them to fully live up to their potential (OECD, 2018_[6]). The recent series of shocks and the rapid and profound transformations that OECD economies are experiencing have exposed, and likely reinforced, inequalities along various dimensions, further highlighting the need for urgent policy action. Such interventions require wide public support to guarantee their sustainability over time and help them achieve their long-term objectives. Against this backdrop, the Opportunities module of the 2022 wave of the OECD Risks that Matter survey (hereafter, the Opportunities module, see Box 2 for further details), developed with the support of Amundi, confirms widespread concern about the extent of economic inequality and the lack of opportunity. On average, nearly 80% of respondents to the Opportunities module believe that economic inequality should be reduced or that more should be done to ensure equality of opportunity (Figure 1). Furthermore, more than half of them view the unequal distribution of resources and opportunities as interconnected issues, expressing support for addressing both aspects.

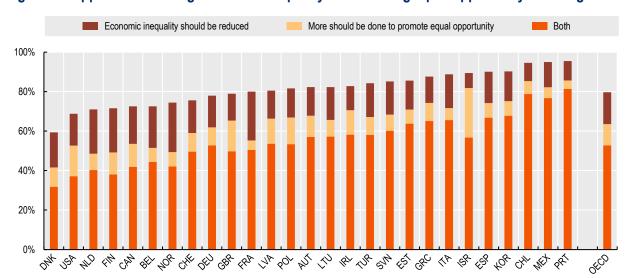


Figure 1. Support for reducing economic inequality and ensuring equal opportunity is strong

Note: Countries are ranked in ascending order of share of respondents reporting that much more or a little more should be done to make sure that everyone has an equal opportunity to get ahead in life or that economic inequality should be reduced. Data from the Opportunities module include respondents aged 18-64. The OECD average refers to the weighted average of the 27 OECD countries for which data are available. Source: Opportunities module of the OECD Risks that Matter Survey 2022, <u>http://oe.cd/rtm</u>.

Measures promoting equal opportunities and supporting low-paid workers are most popular

Although most people share the view that inequalities are concerning, opinions on solutions may differ. While governments can implement a battery of policy options to tackle inequality and limited opportunities, most of the existing attitudinal research has focused on public support for redistribution. This research indicates a limited increase in demand for redistribution over the last decades despite growing concern about the scale of income disparities (OECD, 2021[7]). Evidence from the Opportunities module aims to shed light on public consensus on a range of measures beyond redistribution. Respondents who believe that efforts should be made to reduce economic inequality and/or improve equal opportunities are asked about their preferred policy mix and allowed to select up to four options from a list of 12 interventions (i.e. their preferred policy mix). The list has been intentionally kept concise to avoid respondent fatigue and should not be regarded as an exhaustive policy menu. However, it encompasses a diverse range of interventions, ranging from redistribution (i.e. expanding or introducing social benefits and/or services for low-income households and increasing income taxes on top earners, corporate taxes or taxes on large inheritance, gifts and estates) to measures that aim to break down barriers to equal opportunities (i.e. improving equal access to education, providing retraining opportunities for the unemployed and workers affected by structural changes and combatting discrimination), as well as measures related to labour market and competition regulation (i.e. increasing or introducing minimum wages, supporting low-income areas through investments and subsidies for firms, strengthening the role of trade unions/collective bargaining and other forms of employees' representation, protecting national businesses from international competition or strengthening anti-trust and competition policies to level the playing field).

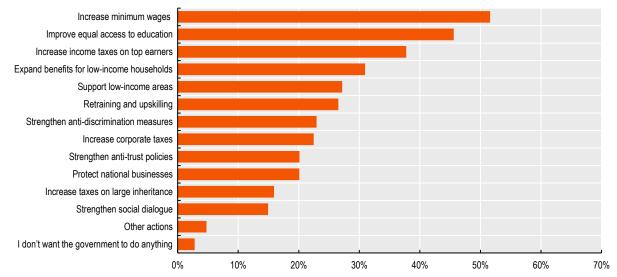
Across the OECD countries studied, respondents are particularly supportive of policy measures enhancing the opportunities of young and future generations and protecting vulnerable workers. The highest level of consensus is found for options aiming to improve equal access to education (46%), and to introduce or reinforce the minimum wage (52%). In comparison, redistributive measures (such as increasing taxes on top earners or expanding benefits for low-income households) receive milder support, with less than 40% of respondents including any such options in their preferred policy mix. Moreover,

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measures focusing on labour markets and competition (e.g. initiatives to bolster protective measures, strengthen anti-trust regulations or promote social dialogue), tend to be less popular among respondents.

Figure 2. In the realm of government action, strengthening minimum wages and improving equal access to education garner the broadest support

Percentage of respondents supporting the following actions by the government to reduce economic inequality and/or foster equal opportunities, OECD 27, 2022



Note: Respondents were asked the question: "Which of the following actions – promoted by all levels of government – do you think are the most important in order to reduce economic inequality and/or foster equal opportunities in your country?". Respondents were allowed to choose up to four options among the following: "Improve equal access to education"; "Re-train the unemployed and workers affected by structural change"; "Increase (or introduce) taxes on large inheritance, gifts and estates"; "Increase (or introduce) minimum wages"; "Support low-income areas through investments and subsidies for firms"; "Introduce or strengthen measures to fight discrimination"; "Strengthen the role of trade unions/collective bargaining and other forms of employees' representation"; "Protect national businesses from international competition"; "Strengthen anti-trust and competition policies to level the playing field"; "Expand (or introduce) social benefits and/or services for low-income households"; "Increase income taxes on top earners"; "Increase (or introduce) corporate taxes"; "Other actions"; or "I don't want the government to do anything". Data are restricted to respondents who believe that efforts should be done to reduce economic inequality and/or improve equal opportunities. The different policy actions were randomly ordered across respondents. Data from the Opportunities module include respondents aged 18-64. The OECD average refers to the weighted average of the 27 OECD countries for which data are available. Source: Opportunities module of the OECD Risks that Matter Survey 2022, http://oe.cd/rtm.

Evidence from the Opportunities module also revealed that a **significant share of respondents believe that both public and private actors bear responsibility for addressing economic inequality** (OECD, 2023_[2]). To gather insights on the perceived responsibilities of the private sector, respondents who believe that efforts should be made to reduce economic inequality and/or improve equal opportunities are asked to select up to four options from a list of 10 interventions. The list includes measures targeting wages (i.e. ensuring fair wages, imposing maximum limits on the remuneration of top executives or ensuring equal pay for equal work), training and development (i.e. investing in workforce training), employee well-being (i.e. promoting family-friendly policies and cultivating a diverse and inclusive workplace), labour relations (i.e. favouring social dialogue and enhancing employee representation), as well as options related to the societal role of businesses (i.e. promoting ethical finance and best practices of environmental, social and corporate governance, investing in low-income areas and creating new job opportunities).

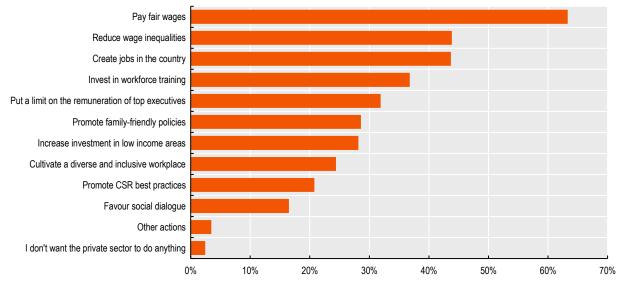
Measures targeting wages garner widespread support. Out of the top five measures with the broadest backing, three focus on wages. Leading the list is paying fair wages, promoted by a majority of respondents (63%), followed at a distance by reducing wage inequalities across different demographic groups to ensure

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equal pay for equal work (44%). Limiting the remuneration of top executives ranks 5th (32%). Other highly favoured actions include creating job opportunities (44%) and investing in workforce training (37%). Conversely, measures targeting employee well-being, promoting corporate social responsibility or encouraging social dialogue receive significantly lower levels of support (Figure 3).

Figure 3. In the realm of private action, priority is given to measures targeting wages

Percentage of respondents supporting the following actions by the private sector to reduce economic inequality and/or foster equal opportunities, OECD 27, 2022



Note: Respondents were asked the question: "Which of the following actions – promoted by the private sector (businesses, financial institutions) – do you think are the most important in order to reduce economic inequality and/or foster equal opportunities in your country?". Respondents were allowed to choose up to four options among the following: "Pay a fair wage that enables employees and their families to live and work in dignity"; "Promote family-friendly policies and practices that encourage equality between men and women"; "Increase investments in low-income areas"; "Put a maximum limit on the remuneration of top executives"; "Reduce wage inequalities across different demographic groups to ensure equal pay for equal work"; "Cultivate a diverse and inclusive workplace"; "Favour the dialogue with trade unions/collective bargaining and enhance employee representation in business boards"; "Invest in workforce training"; "Create jobs in the country"; "Promote ethical finance and environmental, social, and corporate governance best practices"; "Other actions"; or "I don't want the private sector to do anything". Data are restricted to respondents who believe that efforts should be done to reduce economic inequality and/or improve equal opportunities. The different actions were randomly ordered across respondents. Data from the Opportunities module include respondents aged 18-64. The OECD average refers to the weighted average of the 27 OECD countries for which data are available.

Source: Opportunities module of the OECD Risks that Matter Survey 2022, http://oe.cd/rtm.

Individual priorities for public and private action align. For instance, respondents advocating for reinforcing minimum wage settings are twice as likely to also call for the private sector to pay fair wages. Similarly, those in favour of increased taxation on top incomes also tend to express a preference for capping the remuneration of top executives. A similar correspondence emerges for measures aimed to promote human capital development or foster social dialogue. As a result, both rankings prioritise measures aimed to improve the living standards of the most vulnerable and to create new opportunities. Given the substantial alignment in individual preferences regarding the priorities of the public and private sectors, the remainder of the analysis will primarily focus on unpacking people's support for measures that fall under the responsibility of the public actors. However, a spotlight on how individual characteristics shape preferences for action by the private sector is provided in Box 1.

Considering policy implementation stages and targets reveal distinct crosscountry patterns

Examining preferred policy bundles reveal insightful patterns. While all the policy options presented in the survey aim to reduce inequality and/or promote opportunities, they target different segments of the population, and may be implemented through different channels and at different stages of the economic process. This means that they can be analysed along two distinct axes, in line with the taxonomy proposed by Rodrik and Stantcheva (2021_[8]). The first axis of the matrix considers the targets of intervention: low-income households, middle-income households and high-income households. The second axis relates to the stage within the economic process where the interventions take place. Moving beyond the standard dichotomy between "pre-distribution" and "redistribution" policies, pre-distribution policies are further categorised into two distinct types: pre-production and production stage policies. Pre-production policies influence the initial endowments individuals bring to the marketplace, encompassing aspects such as education, skills, financial resources, social networks and social capital. Production-stage policies directly influence firms' decisions related to employment, investment and innovation, shaping the economic landscape from within. Finally, post-production or "redistribution" policies are those implemented post facto, involving the transfer of income and wealth after they have already been generated.

At times, the diversity of the measures considered and their interrelationships makes the classification challenging, notably when the scope of a certain measure blurs the lines. Additionally, some of these policy options may be viewed as two sides of the same coin. For example, the increased revenue from increased taxes on high-income earners could be used to improve social services for low-income households. Nevertheless, and without claiming to provide definitive conclusions, **the exercise remains a valuable analytical tool that offers a structured and more nuanced framework to understanding policy preferences**. It also provides insights into how to present new policies to different groups, by identifying and emphasising the aspects that are most likely to be accepted by each group. It should be noted that the policy options included in the Opportunities module are unevenly spread across the matrix (Table 1), as some columns and rows are more populated than others. As such, in order to mitigate potential biases, the analysis presented below is benchmarked against a scenario where options are selected randomly. For instance, if a respondent were to pick options randomly along the economic process axis, then their preferred policy bundle would consist of a quarter of responses in the pre-production phase, half in the production phase and another quarter in the post-production phase.

| , |
|---|
| |
| |
| |

| Stage of the economic process Targets | Pre-production | Production | Post-production (redistribution) |
|---|---|--|--|
| Low-income | Improve equal access to education | Increase (or introduce) minimum wages Support low-income areas through investments and subsidies for firms | Expand (or introduce) social benefits and/or services for low- income households |
| Middle-income | Re-train the unemployed and workers affected by structural change | Introduce or strengthen measures to fight discrimination Strengthen the role of trade unions/collective bargaining and other forms of employees' representation | |
| High-income | Increase (or introduce) taxes on large inheritance, gifts and estates | Protect national businesses from international competition Strengthen anti-trust and competition policies to level the playing field | Increase income taxes on top earners Increase (or introduce) corporate taxes |

Table 1. A proposed matrix to classify the policy options in the Opportunities module

Source: Adapted from Rodrik and Stantcheva (2021[8]).

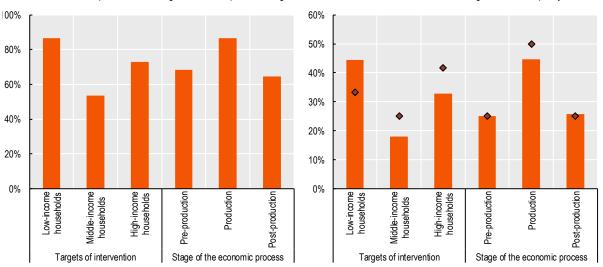
On average, there is greater support for measures aiming to improve the outcomes and opportunities of the most vulnerable. Over 80% of respondents selected at least one measure focusing on low-income households (Figure 4, Panel A), and such measures make around 40% of the average preferred policy mix in the OECD countries surveyed (Figure 4, Panel B). This share is higher than expected if options were selected randomly (diamonds in Panel B), which may partly reflect concerns about the loss of purchasing power experienced by the most vulnerable in the current high-inflation environment (OECD, 2023[9]). Conversely, respondents are less in favour of measures targeting high- and middle-income households, which comprise a third and less than a fifth of the average preferred policy mix, respectively (Figure 4, Panel B).

Across the countries surveyed, around 60% of respondents include at least one redistributive measure among their top four policy priorities. In general, respondents appear to lean more towards measures that target the production phase within the economic process (selected by over 80% of respondents), such as increasing (or introducing) minimum wages or supporting low-income areas through investments and subsidies for firms (Figure 4, Panel A). However, when accounting for the uneven distribution of policy options across the matrix and comparing the expected distribution of policy preferences under a random selection scenario to the actual average policy mix, as shown in Panel B of Figure 4, no clear consensus emerges at the aggregate level as to the preferred stage of the economic process. Indeed, the columns in Panel B (representing the actual average distribution) are neither significantly higher nor lower than the diamonds (random selection scenario).

Figure 4. Four in five respondents select at least one policy measure targeting low-income households, but there is no consensus regarding the stage in the economic process where interventions should take place

Panel B. Distributions of the average and random policy bundles

Panel A. Share of respondents selecting at least one option focusing on...

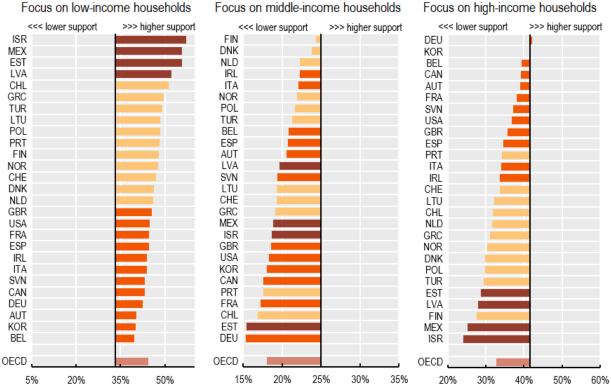


Note: Data refer to the weighted average of the 27 OECD countries for which data are available and are restricted to respondents who believe that efforts should be done to reduce economic inequality and/or improve equal opportunities. Respondents were allowed to choose up to four options (see full list in note to Figure 2) and the different policy actions were randomly ordered across respondents. Diamonds in Panel B represent the outcomes resulting from a random selection of 4 out of the 12 policy options. For the sake of simplicity, the random selection scenario assumes that respondents always selected four concrete policy options (i.e. the response categories "Other actions" and "I don't want the government to do anything" are excluded). Data from the Opportunities module include respondents aged 18-64. Source: Opportunities module of the OECD Risks that Matter Survey 2022, http://oe.cd/rtm.

Despite a widespread support for measures benefitting low-income households, cross-country differences emerge. Across all countries, the share of measures aimed at low-income households in the average preferred policy bundle always exceeds that of the scenario where options are selected randomly. (i.e. the vertical line at 33% in the first panel of Figure 5). This indicates an unambiguous support for measures targeting low-income households across all surveyed countries, which comes at the expense of a reduced focus on measures for middle- and high-income households. However, the relative contribution of different types of measures to the average preferred bundle varies greatly across countries, and a cluster analysis reveals three distinct groups. The first group (in orange in Figure 5), comprising most Western and Southern European countries (Austria, Belgium, France, Germany, Italy, Slovenia, Spain), Englishspeaking countries (Ireland, United Kingdom, United States, Canada) and Korea, is characterised by a higher-than-average preference for measures targeting high-income households and relatively lower support for measures benefitting those on low incomes. The second group (in yellow), including the Nordics (Denmark, Finland, the Netherlands, Norway), a few Southern European countries (Greece and Portugal), as well as Chile, Lithuania, Poland, Switzerland and Türkiye, exhibits a balanced preference for measures focusing on both ends of the income distribution. Finally, respondents from Latvia, Estonia, Mexico and Israel (in brown in Figure 5) express a stronger preference for measures targeting low-income households at the expense of those targeting high-income earners.

Figure 5. Respondents unambiguously promote measures targeting vulnerable households, but with large cross-country variation

Share of measures focusing on low-, middle- and high-income households in the average preferred policy mix, by country, 2022



Note Data are restricted to respondents who believe that efforts should be done to reduce economic inequality and/or improve equal opportunities. Respondents were allowed to choose up to four options (see the full list in the note to Figure 2) and the different policy actions were randomly ordered across respondents. Country grouping is based on hierarchical cluster analysis using Ward's linkage. In each panel, the vertical line represents the random choice scenario (i.e. 33% of preferred measures would focus on low-income households, 25% on middle-income households and 42% on high-income households). For the sake of simplicity, the random selection scenario assumes that respondents always selected four concrete policy options (i.e. the response categories "Other actions" and "I don't want the government to do anything" are excluded). Data from the Opportunities module include respondents aged 18-64. The OECD average refers to the weighted average of the 27 OECD countries for which data are available.

Source: Opportunities module of the OECD Risks that Matter Survey 2022, http://oe.cd/rtm.

On average, the preferred mix of policies varies according to a country's level of inequality and social mobility. In countries with higher poverty and inequality levels, there is greater support for measures targeting most vulnerable households, such as expanding (or introducing) social benefits and/or services for low-income households. This preference is also more pronounced in countries where there is less redistribution through taxes and benefits as well as lower social spending (as a share of GDP). Conversely, countries with lower poverty rates and relatively higher intergenerational mobility are characterised by a stronger preference for policies focusing on the middle-income segment, such as retraining the unemployed and workers affected by structural changes. Finally, in countries where intergenerational mobility is limited, there is broader support for measures targeting the high end of the income distribution, such as increasing income taxes on top earners (Table 2).

Table 2. Measures of inequality and social mobility correlate with country-level preferences for the targets of intervention

| | C | orrelation between support for | or: |
|--|--|--|--|
| | Measures focusing on low- income households | Measures focusing on middle-income households | Measures focusing on high-income households |
| and measures of: | | | |
| Income distribution | | | |
| Relative income poverty | ++ | - | |
| Income inequality (P90/P10) | + + | | |
| Intergenerational mobility | | + + + | |
| Social protection | | | |
| Redistribution through tax and transfers | - | | |
| Social expenditures as a share of GDP | | | + |
| Benefit Adequacy | | | |
| Social Capital | | | |
| Trust in others | | + | |
| Trust in justice | | + + | - |
| Corruption Perception Index | | | |
| Labour Market | | | |
| Average annual gross earnings per full-time employee | | | + |
| Labour underutilisation rate | | | |
| Share of youth (aged 15-24) not in employment, education or training | + | | |

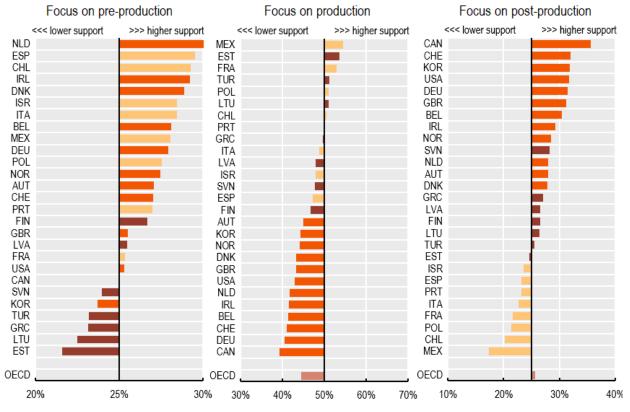
Note: The table displays country-level correlations between preferences over policy targets and standard measures of inequality, social protection, labour market performance and social capital. '-' stands for a correlation higher than -0.50 and lower than -0.40, '--' for a correlation higher than -0.60 and lower than -0.50 and '---' for a correlation lower than -0.60. '+' stands for a correlation higher than 0.40 and lower than 0.50 and '---' for a correlation lower than -0.60. '+' stands for a correlation higher than 0.40 and lower than 0.50, '++' for a correlation higher than 0.60 and '---' for a correlation lower than 0.60 and '+++' for a correlation higher than 0.60.

Source: Opportunities module of the OECD Risks that Matter Survey 2022, <u>http://oe.cd/rtm;</u> OECD Income Distribution Database, <u>https://www.oecd.org/social/income-distribution-database.htm;</u> OECD Social and Welfare Statistics, <u>https://doi.org/10.1787/socwel-data-en;</u> OECD Employment Database, <u>https://www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm;</u> Transparency International, <u>https://www.transparency.org/en/cpi/2022;</u> Gallup World Poll, <u>https://www.gallup.com/178667/gallup-world-poll-work.aspx</u>.

There is also significant cross-country variation as to the preferred stage of the economic process for intervention. On average, respondents from English-speaking countries, Korea and most Northern and Western European countries (in orange in Figure 6) prioritise pre- and post-production measures at the expense of production policies. In a second group of countries (in yellow), including Southern European and Latin American countries, as well as France, Israel and Poland, respondents display strong support for pre-production measures, lower support for post-production measures and average support for production measures. Finally, in a small group of countries (in brown in Figure 6), such as the Baltics, Finland, Greece, Slovenia and Türkiye, support for pre-production measures is lower than average, while the reverse is true for preferences over post-production measures.

Figure 6. Respondents from different countries prioritise measures implemented in different stages of the economic process

Share of measures in the average preferred policy mix taking place in the pre-production, production and postproduction stage of the economic process, by country, 2022



Note Data are restricted to respondents who believe that efforts should be done to reduce economic inequality and/or improve equal opportunities. Respondents were allowed to choose up to four options (see the full list in the note to Figure 2) and the different policy actions were randomly ordered across respondents. Country grouping is based on hierarchical cluster analysis using Ward's linkage. In each panel, the vertical line represents the random choice scenario (i.e. 25% of preferred measures would take place during the pre-production and post-production stage, and 50% during the production stage). For the sake of simplicity, the random selection scenario assumes that respondents always selected four concrete policy options (i.e. the response categories "Other actions" and "I don't want the government to do anything" are excluded). Data from the Opportunities module include respondents aged 18-64. The OECD average refers to the weighted average of the 27 OECD countries for which data are available.

Source: Opportunities module of the OECD Risks that Matter Survey 2022, http://oe.cd/rtm.

Cross-country differences in preferences regarding the economic stages for intervention are partly explained by contextual and institutional factors. In countries with higher minimum income benefits and stronger interpersonal trust, respondents tend to favour pre-production measures aimed to improve the endowments that people bring to the labour market, such as education and skills. (Table 3). Preferences for the production stage, including policies directly affecting employment, investment and innovation, are notably stronger in countries with higher levels of poverty, inequality or perceived corruption as well as weak labour market performance. Conversely, in countries with strong labour markets and lower levels of inequality, respondents are more supportive of redistributive policies aiming to reduce inequality in outcomes, such as progressive taxation and social insurance transfers. This aligns with several studies suggesting that countries with higher levels of inequality often show lower backing for redistribution (Almås, Cappelen and Tungodden, 2020[10]; Buser et al., 2020[11]; Grimalda, Farina and Schmidt, 2018[12]), possibly because, in such contexts, people are more likely to perceive disparities as the result of differences in individual effort (OECD, 2023[1]). Public endorsement for redistribution is also more widespread in countries

with comparatively lower levels of perceived corruption. This confirms previous findings that people are more willing to support a larger welfare state and greater redistribution if they believe that petty corruption is low and if they are confident that benefits go to those who need them the most (Algan, Cahuc and Sangnier, 2016_[13]).

Table 3. Measures of inequality, labour market performance and perceived corruption correlate with country-level preferences over the economic stage for intervention

| | C | orrelation between support for | or: |
|--|--|--|---|
| | Measures focusing on the pre-production stage | Measures focusing on the production stage | Measures focusing on the post-production stage |
| and measures of: | | | |
| Income distribution | | | |
| Relative income poverty | | + + | |
| Income inequality (P90/P10) | | + + | - |
| Intergenerational mobility | | | |
| Social protection | | | |
| Redistribution through tax and transfers | | | |
| Social expenditures as a share of GDP | | - | |
| Benefit Adequacy | + + | | |
| Social Capital | | | |
| Trust in others | + + + | | |
| Trust in justice | | - | |
| Corruption Perception Index | | | + + |
| Labour Market | | | |
| Average annual gross earnings per full- time employee | | | + + + |
| Labour underutilisation rate | | + + | |
| Share of youth (aged 15-24) not in employment, education or training | | + + | |

Note: The table displays country-level correlations between preferences over the economic stage for intervention and standard measures of inequality, social protection, labour market performance and social capital. '-' stands for a correlation higher than -0.50 and lower than -0.40, '--' for a correlation higher than -0.60 and lower than -0.50 and '---' for a correlation lower than -0.60. '+' stands for a correlation higher than 0.40 and lower than 0.50 and '---' for a correlation lower than 0.50, '++' for a correlation higher than 0.50 and '---' for a correlation lower than 0.60. '+' stands for a correlation higher than 0.40.

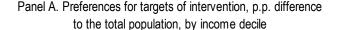
Source: Opportunities module of the OECD Risks that Matter Survey 2022, <u>http://oe.cd/rtm;</u> OECD Income Distribution Database, <u>https://www.oecd.org/social/income-distribution-database.htm;</u> OECD Social and Welfare Statistics, <u>https://doi.org/10.1787/socwel-data-en;</u> OECD Employment Database, <u>https://www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm;</u> Transparency International, <u>https://www.transparency.org/en/cpi/2022;</u> Gallup World Poll, <u>https://www.gallup.com/178667/gallup-world-poll-work.aspx</u>.

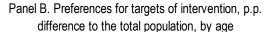
At the individual level, income and age are key determinants of preferences regarding the targets of intervention. Respondents in the bottom half of the income distribution tend to support measures targeting low-income households – a finding driven notably by a heightened support for policies that extend low-income benefits and raise minimum wages. On the contrary, richer respondents are more inclined to promote policies supporting middle-income households and limiting opportunities for those on a higher income. This is particularly the case for measures related to labour market and competition regulation, such as protecting national businesses, strengthening anti-trust policies and promoting social dialogue. It also applies, to some extent, to redistributive measures, such as inheritance and corporate taxes (Figure 7,

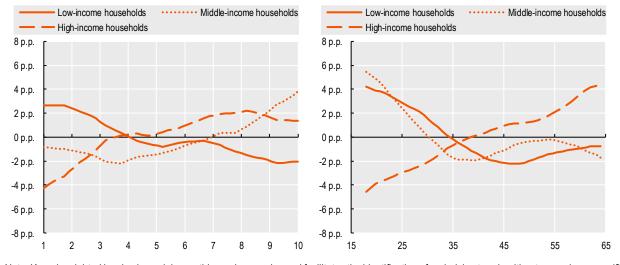
Panel A). The data also show a clear age divide: younger individuals are more likely to pick policies that focus on the lower and middle segments of the income distribution, such as enhancing equal access to education or strengthening minimum wages; while their older counterparts tend to exhibit a greater preference towards interventions that target high-income households, including market regulation and increased taxation on top earners and inheritance (Figure 7, Panel B). Age also seems to play a role in explaining people's preferences for measures promoted by the private sector (Box 1).

Figure 7. Age and income shape preferences regarding the target of inequality-reducing policies

Kernel-weighted local polynomial smoothing of the relationship at the individual level between preferences for targets of intervention and income deciles (Panel A) and age (Panel B), OECD 27, 2022







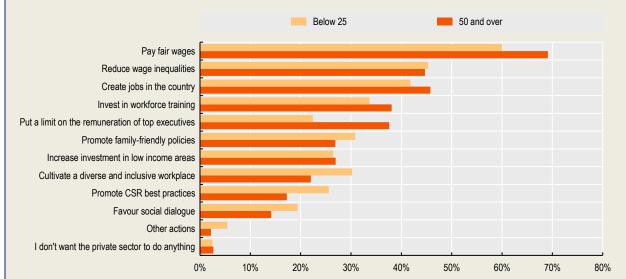
Note: Kernel-weighted local polynomial smoothing reduces noise and facilitates the identification of underlying trends without assuming a specific functional form by assigning varying weights to nearby points through a kernel function. Data are restricted to respondents who believe that efforts should be done to reduce economic inequality and/or improve equal opportunities. Respondents were allowed to choose up to four options (see the full list in the note to Figure 2) and the different policy actions were randomly ordered across respondents. Data from the Opportunities module include respondents aged 18-64. The OECD average refers to the weighted average of the 27 OECD countries for which data are available.

Source: Opportunities module of the OECD Risks that Matter Survey 2022, http://oe.cd/rtm.

Box 1. Which individual characteristics drive expectations on the role of the private sector?

Among the possible actions promoted by the business sector to reduce inequality and enhance opportunities, both younger (below 25) and older (50 and over) respondents show strong support for paying fair wages, reducing wage inequality and creating job opportunities (Figure 8). However, age disparities emerge concerning other measures. Older respondents show a stronger preference for initiatives directly impacting remuneration policies, such as providing fair wages and imposing limits on executive compensation. In contrast, younger respondents tend to express greater support for measures focused on improving employee well-being, regulating labour relations and fostering the societal role of businesses. These include promoting Corporate Social Responsibility (CSR) practices, promoting diverse and inclusive workplaces, advocating for family-friendly policies and favouring social dialogue. Such age differences may reflect various factors, including the relevance that the measures have to specific age groups. For instance, family-friendly policies are typically more relevant for workers with young children, even though in an aging society a growing share of older workers are responsible for the care of dependent parents. Additionally, age patterns in the perceived role of the private sector could reflect an increasing interest, among the youth, in concepts such as sustainability, social responsibility and diversity. For instance, data from the Opportunities module reveal that younger generations are significantly more likely to identify themselves as part of a sexual or ethnic minority compared to their older counterparts (OECD, 2023[1]).

Figure 8. Remuneration policies receive stronger support from older respondents, while younger respondents are more likely to endorse measures focused on employee well-being



Percentage of younger (below 25) and older (50 and over) respondents supporting the following actions by the private sector to reduce economic inequality and/or foster equal opportunities, OECD 27, 2022

Note: Data are restricted to respondents who believe that efforts should be done to reduce economic inequality and/or improve equal opportunities. Respondents were allowed to choose up to four options (see the full list in the note to Figure 3) and the different policy actions were randomly ordered across respondents. Actions are ranked in ascending order of average support from total population. Data is restricted to respondents who believe that efforts should be done to reduce economic inequality and/or improve equal opportunities. Data from the Opportunities module include respondents aged 18-64. The OECD average refers to the weighted average of the 27 OECD countries for which data are available.

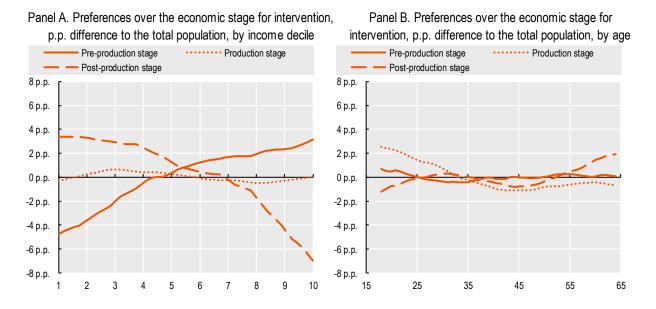
Source: Opportunities module of the OECD Risks that Matter Survey 2022, http://oe.cd/rtm.

Other socio-economic characteristics also influence public preferences for concrete measures by the private sector, including income and political beliefs. Lower-income respondents tend to prioritise measures that address wage inequality, while those with higher incomes express stronger support for initiatives such as limiting executive compensation, investing in workforce training and promoting CSR practices. Furthermore, respondents who express their intention to vote for a left (or far left) wing party in an upcoming election tend to advocate for measures aimed at reducing wage inequality, including wage fairness and executive pay caps. On the other hand, those leaning toward the right (or far right) are more likely to support measures that enhance opportunities, such as workforce training and job creation.

Income plays a role in shaping people's preferences regarding the economic stage for policy intervention. Low-income respondents, notably those in the first decile, strongly endorse redistributive policies, such as expanding social benefits, at the expense of pre-production measures, such as enhancing equal access to education. The reverse is true for respondents in the top income decile (Figure 9, Panel A), a finding that aligns with previous evidence indicating milder support for redistribution among individuals in higher income brackets (OECD, 2021_[7]). Conversely, in general, preferences for measures focusing on the production phase, such as investing in low-income areas, show relatively consistent patterns across different income levels, but slightly higher-than-average levels of support among younger respondents (Figure 9, Panel B).

Figure 9. Income shapes preferences over the economic stage for policy intervention, while the effect of age is negligeable

Kernel-weighted local polynomial smoothing of the relationship at the individual level between preferences for the economic stage for intervention and income (Panel A) and age (Panel B), OECD 27, 2022



Note: Kernel-weighted local polynomial smoothing reduces noise and facilitates the identification of underlying trends without assuming a specific functional form by assigning varying weights to nearby points through a kernel function. Data are restricted to respondents who believe that efforts should be done to reduce economic inequality and/or improve equal opportunities. Respondents were allowed to choose up to four options (see the full list in the note to Figure 2) and the different policy actions were randomly ordered across respondents. Data from the Opportunities module include respondents aged 18-64. The OECD average refers to the weighted average of the 27 OECD countries for which data are available.

Source: Opportunities module of the OECD Risks that Matter Survey 2022, http://oe.cd/rtm.

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Box 2. The Opportunities module of the OECD Risks that Matter (RTM) survey

The OECD RTM survey is a cross-national survey examining people's perceptions of social and economic risks, how well they think their government addresses those risks, and their preferences for social protection and policy intervention going forward. Since 2018, RTM has been conducted every two years (OECD, 2019[14]; 2021[15]).

The 2022 wave covers 27 OECD countries: Austria, Belgium, Canada, Chile, Denmark, Estonia, Finland, France, Germany, Greece, Ireland, Israel, Italy, Korea, Latvia, Lithuania, Mexico, the Netherlands, Norway, Poland, Portugal, Slovenia, Spain, Switzerland, Türkiye, the United Kingdom and the United States.

Most of the questions in RTM have been asked in prior waves, to allow reporting on changes in the overall views of the general public. Other questions are part of ad hoc modules that can be replaced to prioritise topical issues or emerging concerns. For instance, the 2020 wave of RTM included questions on individuals' experiences during the pandemic. In 2022, three ad hoc modules were introduced, focusing on the cost-of-living crisis (OECD, 2023[9]), climate change, and social mobility and equal opportunities (i.e. the Opportunities module).

The Opportunities module focuses on four main thematic areas identified as lacking comparable information: *i*) the relative importance of different aspects of inequality, *ii*) people's views of the factors shaping equality of opportunity, *iii*) people's views of the role different actors play in reducing inequality and of the type of policies and actions to prioritise, and *iv*) experienced and perceived discrimination and support for pro-inclusion policies. Evidence from the Opportunities module will also contribute to the data collection effort of the <u>OECD Observatory of Social Mobility and Equal Opportunity</u> and to additional projects of the WISE Centre (e.g. measuring equity and discrimination).

The 2022 RTM questionnaire was developed by the OECD Secretariat in collaboration with OECD member country Delegates and stakeholders participating in a technical workshop in April 2022, and subsequently translated into national languages. Consistent with similar surveys, RTM is implemented online using non-probability samples recruited via internet and over phone. The survey contractor is Bilendi Ltd (formerly Respondi Ltd). Respondents are paid a nominal sum of two euros per survey. Sampling is conducted through quotas, with sex, age group, education level, income level and employment status (in the last quarter of 2019) used as the sampling criteria. Survey weights are used to correct for any under- or over-representation based on these five criteria. The target and weighted sample is around 1 000 respondents per country. Financial support for the 2022 survey was provided through voluntary contributions by participating OECD member countries, the OECD Secretariat, Amundi (which sponsored the development of the Opportunities module), Kings College London, and the University of Stavanger.

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Resources

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Contacts

For more information contact us: wellbeing@oecd.org

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