



blueprint FOR
belonging

A STRATEGIC NARRATIVE FOR OUR FUTURE

Analysis and Research for
Advancing a Strategic Narrative for California



haas institute
FOR A FAIR AND INCLUSIVE SOCIETY

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The Haas Institute for a Fair and Inclusive Society at UC Berkeley brings together researchers, community stakeholders, policymakers, and communicators to identify and challenge the barriers to an inclusive, just, and sustainable society and create transformative change. The Haas Institute serves as a national hub of a vibrant network of researchers and community partners and takes a leadership role in translating, communicating, and facilitating research, policy and strategic engagement. The Haas Institute advances research and policy related to marginalized people while essentially touching all who benefit from a truly diverse, fair, and inclusive society.

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Blueprint for Belonging Partners

Alliance of Californians for Community Empowerment (ACCE)

California Calls

PICO

USC Program for Environmental and Regional Equity (PERE)

Blueprint for Belonging team

Olivia Araiza

Minda Bautista Hickey

James Huynh

Claudia Jimenez

Gerald Lenoir

Eli Moore

Copyediting

Lauren Ahn

Ebonye Gussine Wilkins

Design & Layout

Rachelle Galloway-Popotas

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Contact

460 Stephens Hall

Berkeley, CA 94720-2330

510-642-3325

haasinstitute.berkeley.edu

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Public Opinion Toward Income Inequality in California

by Amy E. Lerman
Associate Professor of Public Policy and Political Science
University of California, Berkeley



FROM THE END OF WORLD WAR II until the 1970s, income inequality—the gap between the earnings of the most and least affluent—remained fairly stable as incomes increased rapidly across all levels of income. Beginning in the 1970s, however, income growth slowed (and in some cases disappeared) for those at the low and middle range of the distribution, while incomes at the highest end of the spectrum continued to rise (Stone et al. 2013).

Growth in income inequality in California was even steeper than in the rest of the country. In 1969, the ratio between the 90th and 10th percentiles was actually lower in California, whereas by 2002 it was substantially higher (Reed 2004). By 2010, families at the 90th percentile were earning almost 12 times the income of families at the 10th percentile (Bohn and Schiff 2011).

This was primarily because the state's lower-income earners during this period fared worse than their counterparts elsewhere. In the nation as a whole between 1969 and 2002, inflation-adjusted family income at the 90th percentile increased by fully 73 percent. For those at the 10th percentile of the distribution nationally, income increased far more slowly than for those at the high end, but still improved by 20 percent during the same period. In California, by contrast, the increase at the top was somewhat less substantial but still a healthy 60 percent, but income at the 10th percentile actually dropped by 9 percent.

Rising inequality has attracted substantial attention in recent years. Most frequently, the focus of public debate has been on the objective causes and consequences of the income gap, rather than whether Americans themselves are aware of this phenomenon and how they understand it. As with all issues, though, public opinion can be a critical factor in whether policymakers are compelled to address a specific social problem, and the particular solutions they put forth to remedy it.

This short memo describes results from a recent public opinion poll conducted by the Institute of Governmental Studies at UC Berkeley. The poll asked a large sample of Californians about their views on income inequality, its perceived causes, as well as their attitudes towards public policies designed to ameliorate it.

Previous Studies of Public Opinion

Surveys have found that Americans generally recognize that economic inequality has grown, and that most believe this to be a problem. For example, Gallup polls in 2014 and 2015 found that two-thirds of respondents said they were “dissatisfied with the way income and wealth are distributed in the US” (Newport 2015). The Pew Research Center similarly found that 46 percent of Americans view the gap

* Corresponding Author: Amy E Lerman, Associate Professor of Public Policy and Political Science, UC Berkeley. Additional author: Ethan Rarick, Associate Director of the Institute for Governmental Studies (IGS), UC Berkeley. This report draws on data from the 2014 IGS poll, designed by Doug Ahler, Gabe Lenz and Laura Stoker. Initial results from the poll were made available in 2015 as an IGS Research Brief.



between the rich and the poor as a “very big problem,” and another 32 percent regard it as a “moderately big problem” (Stokes 2014).

There is far less agreement among Americans regarding the causes of widening inequality, or on the question of what should be done to resolve it. In particular, there is significant divergence across party lines. Republicans are much more likely than Democrats to say that the most important driver of the economic gap is that “some people work harder than others,” while Democrats are more likely to cite the educational system and levels of worker pay (Pew 2014). And when asked which of several alternatives would do more to reduce the gap between rich and poor, Democrats chose “high taxes to fund programs for the poor,” while Republicans preferred “low taxes to encourage investment and growth” (Stokes 2014).

In California, there has been surprisingly little attention to public opinion on the income inequality issue. However, where surveys do exist, they suggest that state residents hold views that are similar to the public as a whole. For example, the Public Policy Institute of California found that most Californians—including majorities at all income levels—believe the state is divided into “the haves and have-nots” (Baldassare et al. 2011), and the Field Poll found that 54 percent of respondents—including majorities of both Democrats and Republicans alike—reported being dissatisfied with “the way income and wealth are distributed in California.”

Again, however, when respondents in the state were asked how much the government should do to reduce the “gap between the rich and everyone else,” partisan and ideological differences emerge: pluralities of Democrats and liberals said the government should do a lot, compared to a plurality of Republicans and a majority of strong conservatives who said the government should not do much. There were also ethnic differences on this question. African Americans and Latinos, especially immigrant Latinos, were far more likely than whites and Asian Americans to say the government should do a lot to reduce the economic gap (DiCamillo and Field 2014).

The IGS Survey

To assess public opinion about income inequality in California, the Institute of Governmental Studies (IGS) at the University of California, Berkeley surveyed 3,232 state residents. Surveys were conducted from July 8 to July 13, 2014 by Survey Sampling International using online questionnaires. While the survey sample was not a random draw from the state population, respondents are representative of Californians on salient demographic indicators.

The results of the IGS poll make clear that Californians have varying ideas about the causes and effects of income inequality in the United States, but that they overwhelmingly agree that it is occurring. When asked whether the gap in income between the rich and everyone else in the U.S. has increased, stayed the same, or decreased, fully 83 percent of all respondents express their belief that the income gap has increased. As can be seen in Figure 1, majorities of respondents across political parties agree on this question.

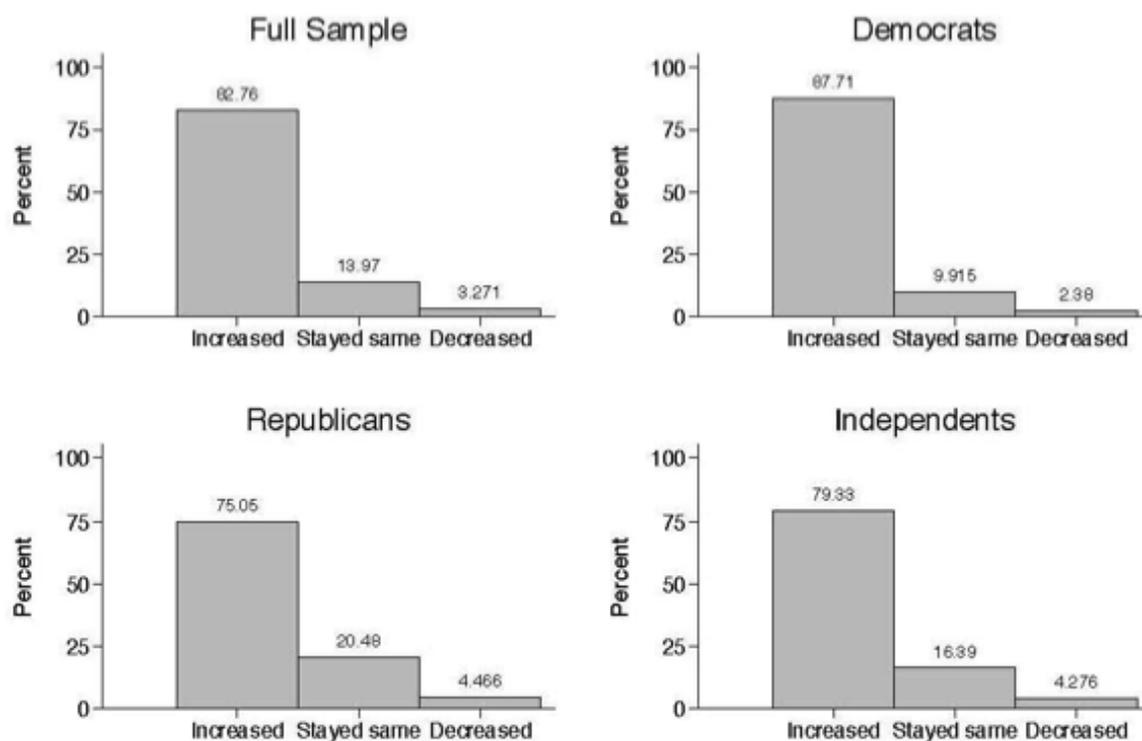
Similarly, most Californians do not appear surprised by information about racial differences in household income. The survey presented a subset of respondents with the following statements: “In 2010, the average income for white, non-Hispanic households was \$65,000. In 2010, the average income for Hispanic households was \$39,000. In 2010, the average income for black households was \$32,000.” Nearly two-thirds (61 percent) of respondents reported that these differences in income were about the



same as expected, with 28 percent saying this was bigger than expected and only 11 percent saying this difference was smaller than expected.

Figure 1.
General Agreement that Income Inequality has Grown

“The gap in income between the rich and everyone else in the U.S. has....”



Many Californians are also correctly able to identify the fact that the inflation-adjusted value of the minimum wage has declined over the last 40 years, but a substantial proportion are mistaken or remain unaware of this fact. About 60 percent know this to be true, compared to 18 percent who believe the real value of the minimum wage has increased and 22 percent who report being unsure. A slightly lower proportion of respondents (47 percent) know that the income tax rate on the wealthiest individuals has also declined during this period. Roughly a quarter believe that it has increased, and 29 percent are unsure.

In general, Californians believe that the growth in income gap between the rich and everyone else is a serious problem; 78 percent hold this view, compared to just 22 percent who think it is not a serious problem. As a whole, however, Californians do not generally perceive income inequality to be the most important problem facing their state. When asked to choose among “income inequality,” “climate change,” “unemployment,” “illegal immigration,” and “crime,” only 15 percent chose the first option. Roughly the same percentage (15 percent) identified climate change as the most important problem,



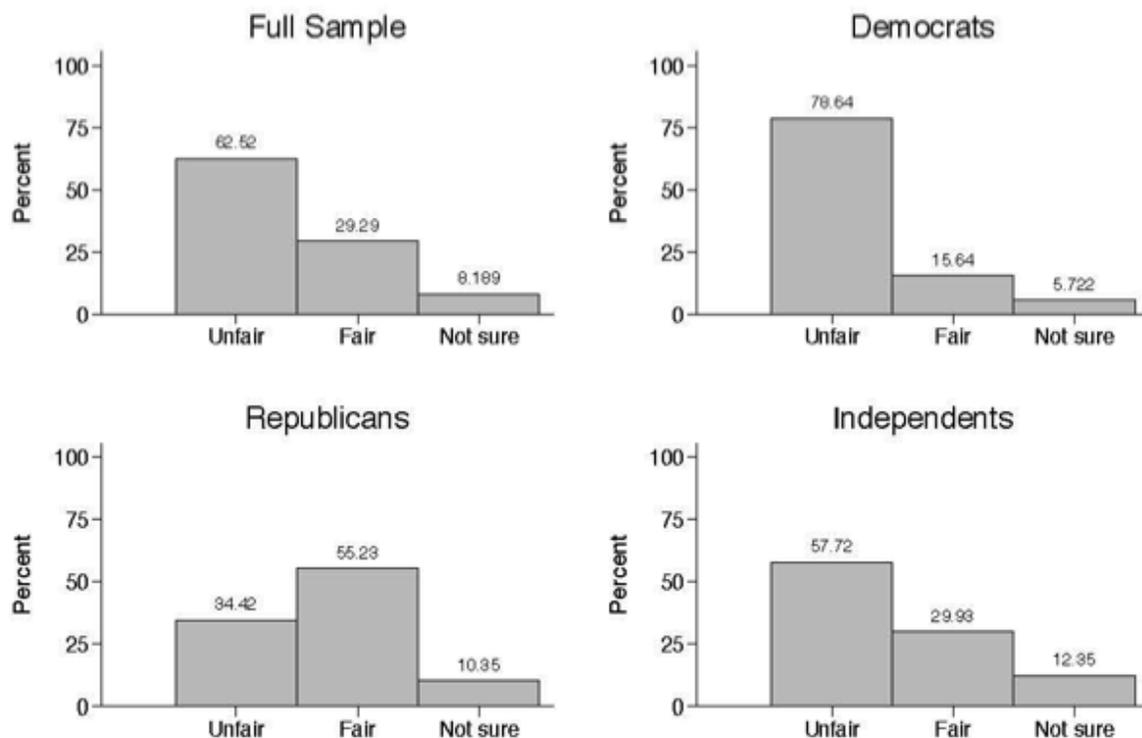
while 34 percent and 29 percent chose unemployment and illegal immigration, respectively. The smallest proportion (only 7 percent) identified crime.

Causes of Inequality

Differences begin to emerge between Democrats, Independents, and Republicans in California when it comes to how each group explains the root causes of inequality. A majority of Californians report feeling that the system is rigged. Respondents were asked, “Some people say that the economic system in this country unfairly favors the wealthy. Other people say that the economic system in this country is generally fair to most Americans. What is your view?” In the full sample, 63 percent responded that they think the economic system unfairly favors the wealthy. But while 79 percent of Democrats feel that the system is biased in favor of the rich, only 58 percent of Independents and 34 percent of Republicans feel this way, with a majority responding instead that they believe the system is generally fair (see Figure 2).

Figure 2.
Republicans Less Likely to Believe that the System is Rigged

“Does the U.S. economic system unfairly favor the wealthy?”





In the IGS poll, respondents were also asked to consider nine potential causes for increasing economic inequality and asked to rate each explanation on a seven-point scale according to how important it has been in increasing inequality. Table 1 details some significant ways in which partisans diverge. For instance, an important contributor among Democrats is that the wealthy are not paying enough in taxes, while Republicans were fairly neutral on this score. Partisan differences similarly appear when it comes to beliefs about how much immigration has factored in to increasing economic inequality, with Democrats assigning a mean importance rating that is substantially lower than Republicans. Additionally, Republicans are much more likely to see the fact that “companies like Microsoft and Google have made some of their employees extremely rich” as being an important cause of inequality.

The results do show some similarities between partisan groups, though. In particular, all felt that an important contributor to growing inequality is that American companies have off-shored manufacturing jobs. Majorities of both Democrats and Republicans also considered it important that, “Our public schools are not giving children the skills they need to succeed in the modern economy.” And members of all three groups agreed that inequality has increased because “Most well paid jobs now require at least a college degree.”

Table 1.
Consensus and Divergence in Californians’ Beliefs about the Causes of Inequality

There are many different ideas about why the gap in income between the wealthiest Americans and everyone else has been growing. Below are several possible causes. For each one, please tell us how important a cause you think it is.

	TOTAL	DEM	IND	REP
American companies have moved manufacturing jobs to other countries.	5.8	5.9	5.7	5.7
Our public schools are not giving children the skills they need to succeed in the modern economy.	5.7	5.7	5.8	5.7
The wealthy do not pay high enough taxes.	5.2	5.8	5	4
Unions are weaker than they used to be.	4.2	4.6	4.2	3.5
Immigration has increased.	4.9	4.4	5.2	5.6
Too much government regulation has made it difficult for the economy to grow.	4.8	4.2	5.2	5.8
Taxes on business are too high, preventing investment that helps the economy.	4.6	4.1	5	5.4
Most well-paid jobs now require at least a college degree.	5.1	5.2	5	5
Companies like Microsoft and Google have made some of their employees extremely rich.	4.4	4.6	4.4	5.1

Table shows mean scores for each group on a seven-point scale ranging from 1 = “not important” to 7 = “very important.”

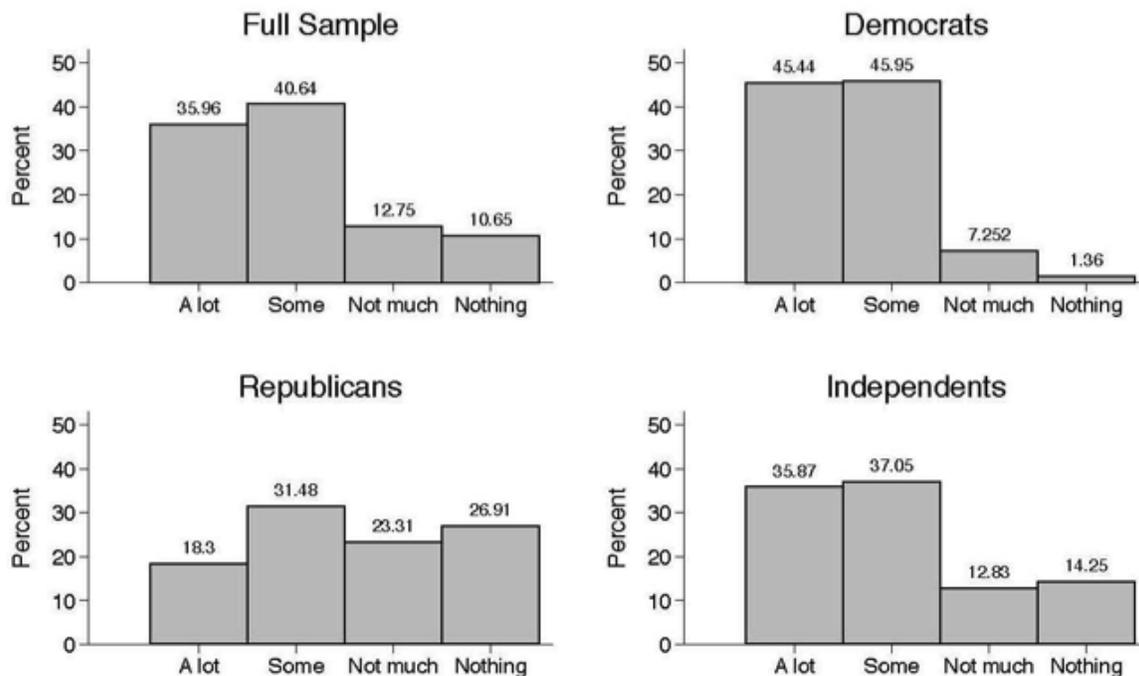


Policy Responses to Inequality

Democrats and Republicans also disagree over whether the government should take action to combat increasing income inequality. As Figure 3 shows, a clear majority of Californians overall respond that the US government should do either “a lot” (36 percent) or “some” (41 percent) to “reduce the gap in income between the rich and everyone else in this country.” But Republicans express much more ambivalence about the optimal role of government, with a majority reporting that they believe the government should do “not much” or “nothing” about the income gap; roughly 27 percent of Republicans fell into the latter category. By contrast, only slightly more than one percent of Democrats think the government should do nothing about income inequality, while 45 percent believe that the US government should do “a lot”. Attitudes of Independents in the state most closely mirror those of Democrats on this question.

Figure 3.
Partisan Differences on the Optimal Role of Government in Reducing Inequality

“How much should the government do to reduce the income gap?”



Some consensus does exist, though, as to the specific policies that might help reduce inequality. The poll asked respondents to rate different policies on a five-point scale, ranging from “strongly oppose” to “strongly support.” Results, detailed in Table 2, show that on at least one item, “Changing immigration policy to give more preference to people with the education and skills our economy needs,” Democrats and Republicans agree. Over 55 percent of respondents from both parties report that they either support or strongly support this policy. And while Republicans much prefer the idea of “lowering taxes on



American businesses to help keep manufacturing jobs in the United States,” a slight majority (54 percent) of Democrats supports this policy, too.

Table 2.
Consensus and Divergence in Californians’ Support for Policies to Remedy Inequality

	TOTAL	DEM	IND	REP
Tax on the total wealth of people who own more than \$1 million in financial assets.	51	64	49	28
Change immigration policy to prefer people with the education and skills our economy needs.	56	56	50	59
Increasing the inheritance tax from 40% to 50%.	22	29	14	11
Lowering taxes on American businesses to help keep manufacturing jobs in the United States.	65	54	71	81

Table shows percentages for each group who either “strongly support” or “support” the stated policy.

Stronger divisions between the parties appear when respondents are asked to consider increasing taxes as a potential policy option for remediating inequality. Asked about “creating a tax on the total wealth of people who own more than \$1 million in financial assets (including real estate and stocks),” Democrats and Republicans appear diametrically opposed, with 64 percent of Democrats supporting or strongly supporting such a policy and 51 percent of Republicans opposing or strongly opposing it. Similarly, when asked about increasing the inheritance tax, Democrats appear somewhat ambivalent while Republicans clearly oppose such a policy.

Conclusion

In sum: although there is substantial elite polarization around economic issues in both Congress and in the state legislature, there appears to be at least some areas of consensus among Californians regarding income inequality. First and foremost, majorities across all three partisan groups recognize that income inequality has grown. Furthermore, majorities agree that the shift of manufacturing jobs to other countries, the failure of public schools to equip children for success in the modern economy, and the need for a college degree to land a well-paid job are all contributing factors on this issue. There is also agreement in support of some potential policy responses, such as on the idea of changing immigration policies to favor those with education and skills.

However, strong disagreement remains on other possible causes and also on many potential cures. In particular, Democrats are far more likely to believe that inequality is caused by a failure to sufficiently tax the wealthy, while Republicans are far more likely to believe that government regulation and high taxes on business are hindering economic growth. And Democrats strongly support the idea of taxing million-



aires to reduce inequality, an idea that Republicans oppose. Independent voters frequently fall between Democrats and Republicans when judging both the causes and potential remedies for inequality. On some issues, Independents are closer to Democrats, while on others they are closer to Republicans, with no obvious pattern that clearly defines the issues on which way Independents will lean.

Understanding how Californians think about income inequality—whether they are aware of this trend, what they believe has caused it, and whether and how they prefer government to help resolve it—is a critical first step to reversing it. Policymakers and activists would be well advised to continue studying the ways in which these beliefs and preferences are developed, and what influences public opinion on this issue. The results presented here suggest a number of important starting points, emphasizing key points of both partisan consensus and disagreement on which subsequent work can build.

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