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COMMENT BY

PAOLA GIULIANO The question this paper by Vivekinan Ashok, Ilyana Kuziemko, and Ebonya Washington tackles is an important one: What determines support for redistribution in the United States? The authors use the General Social Survey and the American National Election Studies for the period between 1972 and 2006, assembling the longest possible time series of questions regarding preferences for redistribution. They also complement their analysis with data from the United Kingdom, Germany, and Sweden.

Their paper emphasizes the importance of exogenous traits, including age, gender, and race. Whereas there are no systematic differences in preferences for redistribution over time by gender, the authors uncover a sharp decline in preferences for redistribution among the elderly (people older than 65) and African Americans. The decline among the elderly almost disappears with the inclusion of other covariates (in particular, education), whereas the decline among African Americans does not appear to be driven by other confounding factors.

According to the authors, the elderly are against redistribution because they believe it will come at their own expense, in particular through cuts

to Medicare. Therefore they could have grown increasingly unsupportive of extending guaranteed government health care because of a generalized concern about the crowding out of funding for their own care. The authors find that this interpretation is responsible for a 40 percent decline in support for redistribution among the elderly.

For African Americans, most of the variation comes from their declining support for race-based government aid. While blacks are still more likely than whites to support such aid, they are converging toward the opinion of whites. This “explains” nearly 45 percent of blacks’ decreased support for redistribution. The specific trend in age observed in the United States is not present in the other three countries of analysis, where it is also not possible to investigate the race issue.

Overall, the authors uncover fundamental determinants regarding the evolution of preferences for redistribution in several industrialized countries. These facts are relevant, and I expect that their contribution will be an important input into future research. Throughout my discussion, guided by theoretical models that go beyond the traditional model developed by Allan Meltzer and Scott Richard (1981), I will highlight additional elements that could help explain the evolution of preferences for redistribution. In the second part of the discussion, I will use these models as a guide to understand the reasons for the particular temporal patterns for redistribution observed by age and race. I emphasize the importance of income, family background, and cohort differences as a potential interpretation of the decline in the elderly’s preferences for redistribution. The decline among African Americans, however, stopped in 1998, and there has recently been an increase, a pattern common to various other groups in the United States.

WHAT DETERMINES PREFERENCES FOR REDISTRIBUTION? Meltzer and Richard (1981) provided the basic political economy model of preferences for redistribution. In this well-known static model, individuals care only about their consumption or their income, or both, and have different productivities. The only tax and transfer scheme allowed is given by lump sum transfers financed with a linear income tax. The median voter theorem aggregates individual preferences and captures a very simple political equilibrium. For the simplest possible illustration of this model, consider a standard utility function

$$u_i = u(c_i),$$

where an individual's utility u_i is a function of his consumption c_i .

Labor is inelastically supplied and an individual's productivity is α_i . Assume that the government uses a linear income tax t to finance lump sum transfers and that there is wastage equal to wt^2 , capturing the distortionary cost of taxation. The individual's budget constraint is given by

$$c_i = \alpha_i(1 - t) + \alpha^A t - wt^2,$$

and it simply establishes that consumption is the sum of after-tax labor income (the first term) plus the lump sum transfer obtained by the government (the second term, where α^A denotes the average productivity) reduced by the waste of taxation (the third term). The equilibrium tax rate that maximizes consumption is given by

$$t = \frac{\alpha^A - \alpha^M}{2w},$$

where α^M is median productivity. In this model, the distance between average and median is the critical measure of inequality. The larger the difference in income between the average and the median voter, the higher the tax rate (and therefore, the higher the lump sum redistribution).

A departure from the basic model is one in which social mobility is allowed, as in the work of Roland Bénabou and Efe Ok (2001). In their model, individuals care not only about current income but also about future income. If redistributive policies are long-lasting, future income prospects, which determine future position on the income ladder, matter in determining current preferences for redistribution. In this case, there will be two periods in the utility function

$$u_i = u(c_{i1}, c_{i2}).$$

Individual income y_i is perturbed by shocks ϵ_{i2} to the individual's productivity ($y_{i2} = \alpha_i + \epsilon_{i2}$), and the budget constraint for the consumer is

$$c_{i1} + c_{i2} = [y_{i1} + E(y_{i2})](1 - t) + y_i^A t + E(y_2^A) t - wt^2$$

where $E(\cdot)$ is the expected value operator, and y^A is the average income in society.

The tax rate is decided at the beginning of period 1 and is fixed for period 2. Also, income in period 2 is uncertain, so individual i has to vote based on his or her expectations about income relative to the average and median income of period 1, which are known, and of period 2, when his or

her position on the income ladder is unknown. In particular, the prospect of upward mobility should make somebody whose income is below the median of today's income be more averse to redistribution than otherwise. In principle, this effect could be counterbalanced by the prospect of downward mobility, but Bénabou and Ok (2001) show that, under certain conditions, prospects of upward mobility reduce the demand for redistribution relative to the basic Meltzer-Richard (1981) case.

In a more radical departure from models in which individuals care only about their income or consumption (or both), the utility function

$$U_i = \sum_{t=p}^T \beta_t u[c_i(\dots Q_t)],$$

includes some measure of income inequality Q_t . This argument in the utility function captures the fact that individual i does not care about inequality per se but only about its effect on his or her consumption flow. In this model, even the rich could care about income inequality. For example, they might favor redistribution because they would also benefit from an increase in the average level of education. On the other hand, one may argue that more inequality creates incentives for most people below the top to work harder. To the extent that there are externalities in effort and education acquisition, this may work in favor of the society as a whole, since the aggregate level of effort or investment in education would rise.

The most complex set of models postulates that individuals may have views about "social justice," namely, what constitutes a justifiable level of inequality or distribution of income. One way of expressing these preferences is

$$U_i = \sum_{t=p}^T \beta_t u(c_i(\dots Q_t)) - \delta_i (Q_t - Q_i^*)^2,$$

where Q_t represents the level of societal inequality, Q_i^* represents the ideal level of inequality for individual i , and δ_i represents the individual's weight on deviation from it.¹

1. From a theoretical standpoint, one could characterize various possibilities, such as a libertarian view, that would consider income distribution determined purely by the market and with no government redistribution of any kind; a communist view, in which the government equalizes everybody's income with appropriate tax/transfer schemes; or a Rawlsian view, which is the distribution obtained ex post after the government has implemented all the policies that equalize everybody's utility behind a veil of ignorance.

A fascinating empirical question is what determines Q_i^* . Individuals' views about an acceptable level of inequality are often intertwined with a sense of what is fair. People feel that there is a difference between wealth accumulated by luck and wealth accumulated by individual effort. This is the point raised by Alberto Alesina and George-Marios Angeletos (2005), who derive a multiple-equilibria model to capture a low-redistribution (U.S.-style) equilibrium and a high-redistribution (European-style) equilibrium. In the former, taxes are low, people work harder, and a larger fraction of the income differences among people is due to effort. Thus, in this equilibrium, people want low redistribution and relatively low taxes. In the European equilibrium, taxes are high, effort and labor supply are low, and a larger fraction of income differences is due to differences in luck, making high taxes and large redistribution desirable.

A second possibility is that different preferences may arise from individual history (Piketty 1995). A history of misfortune may make people more risk-averse, less optimistic about upward mobility, and more inclined to equalize income, as noted by Antonio Spilimbergo and me (2014) with reference to historical events such as the Great Depression. Third, different cultures may put different emphases on the relative merits of equality versus individualism, an issue discussed in detail by Alesina and Edward Glaeser (2004) with reference to a comparison of the United States and Europe. Fourth, indoctrination (for example, in communist regimes) may influence people's views, as emphasized by Alesina and Nicola Fuchs-Schündeln (2007) with reference to Germany. Fifth, parents may purposely transmit "distorted" views about the reality of inequality and social mobility to their children in order to influence their incentives (Bénabou and Tirole 2006). Finally, the structure and organization of the family may make people more or less dependent on and therefore favorable to government redistribution (Todd 1985; Alesina and Giuliano 2010).

OVERALL INTERPRETATIONS OF THE RESULTS In the following analysis, I will look at the determinants of preferences for redistribution using evidence from the General Social Survey. To measure them, I use the answers to the same two questions used by the authors:

1. "Some people think that the government in Washington should do everything possible to improve the standard of living of all poor Americans (they are at point 5 on this card). Other people think it is not the government's responsibility, and that each person should take care of himself (they are at point 1). Where do you place yourself on this scale?" [This variable is named *help poor*.]

2. “Some people think that the government in Washington ought to reduce the income differences between the rich and the poor, perhaps by raising the taxes of wealthy families or by giving income assistance to the poor (they are at point 1). Others think that the government should not concern itself with reducing this income difference between the rich and the poor (they are at point 7). Where do you place yourself on this scale?” [This variable is named *income differences*.]

I recoded the variables so that a higher number indicates a stronger desire for redistribution. In my table 1, I replicate the authors’ main results regarding the decline in preferences for redistribution among the elderly using *income differences*. The variable of interest is given by $Elderly \times (Year-1975)/100$. The specification includes a dummy for the elderly and year dummies. The sample excludes the years 2008, 2010, and 2012, and uses survey weights. Column 1 confirms the paper’s main finding of a substantial decline over time in preferences for redistribution among the elderly. Column 2 adds demographics (gender and race); the main result still holds, although with a slightly lower coefficient for the main variable of interest. Column 3 adds further controls that could be related to preferences for redistribution: years of education, a dummy for being married, employment status dummies, indicators for religious denominations, and dummies for nine macrogeographic regions of the United States. The inclusion of controls substantially reduces the coefficient, which nevertheless remains significant.

In columns 4 through 6, I add one of the main determinants of preferences for redistribution: income. I test robustness to various specifications: Column 4 includes real income divided by the number of family members, column 5 includes the log of that measure, and column 6 includes 12 income dummies to take into account possible nonlinearities in the relationship between income and preferences for redistribution. Income appears to be very relevant in the determination of preferences for redistribution; in particular, when it is included in a nonlinear way, the coefficient of interest becomes almost one-third of the baseline specification and the significance goes down to 10 percent. Specifications in columns 4 to 6 rely on the authors’ procedure of substituting missing values in the income variable with zero. In columns 7 to 9, I drop from the specification those observations for which income is missing. The results change in nature: Once income is taken into account, the elderly do not show a substantial decline in preferences for redistribution, a result that could be consistent with Meltzer and Richard (1981).

Table 1. Income and Redistribution Trends (Regressions), General Social Survey^a

Variable	(1) Income differences	(2) Income differences	(3) Income differences	(4) Income differences	(5) Income differences	(6) Income differences	(7) Income differences	(8) Income differences	(9) Income differences
Elderly × (Year-1975)/100	-2.103*** (0.402)	-1.761*** (0.368)	-0.951** (0.373)	-1.057*** (0.357)	-1.028** (0.361)	-0.802* (0.410)	-0.868 (0.516)	-0.844 (0.525)	-0.579 (0.556)
Income				-0.015*** (0.001)			-0.018*** (0.001)		
Log (income)					-0.124*** (0.013)			-0.243*** (0.018)	
Demographics	no	yes	yes	yes	yes	yes	yes	yes	yes
Individual controls	no	no	yes	yes	yes	yes	yes	yes	yes
12 income dummies	no	no	no	no	no	yes	no	no	yes
No. of observations	24,568	24,568	24,371	24,370	24,370	24,371	22,022	22,022	22,024
R ²	0.007	0.043	0.083	0.092	0.087	0.092	0.097	0.096	0.094

Source: Author's calculations, based on data from the General Social Survey.

a. All regressions include year fixed effects and are weighted using survey weights. Standard errors are clustered at the year level. Demographics include gender and race. Individual controls include years of education, number of children, a dummy for being married, labor force status dummies, dummies for religious denomination and the nine geographical macroeconomic regions. Income is adjusted for the number of family members. Statistical significance at the *** 1 percent, ** 5 percent, and * 10 percent level.

In my table 2, I add as controls various measures of family background to take into account the possibility that preferences for redistribution could be driven by differences in social mobility. I run two sets of specifications, one in which observations with missing income are coded as zero and another in which observations with missing income are dropped from the sample. Columns 1 and 4 report the baseline specification as a reference point for the two samples. Columns 2 and 5 add dummies for the individual's income at age 16. Columns 3 and 6 include an additional control for the father's education. Both controls make the trends in the decline for preferences for redistribution among the elderly not significant. This is true both when observations with missing income are replaced with zero and also true when they are dropped from the sample. Social mobility therefore seems to be important in the determination of preferences for redistribution in the United States.

Since the decline in preferences for redistribution among the elderly does not seem to be robust to the inclusion of income and family background controls, I look at differences in trends across cohorts. Anecdotal evidence and recent research (Giuliano and Spilimbergo 2014) suggest that differences in historical experience can be relevant in the determination of preferences for redistribution and of other types of belief, such as trust in institutions (Stevenson and Wolfers 2011). I look at trends in preferences for redistribution among four cohorts: the Builders (born between 1925 and 1945), the Baby Boomers (born between 1946 and 1964), Generation X (born between 1965 and 1979), and Generation Y (born between 1980 and 1994). The two oldest cohorts exhibit a sharp decline in preferences for redistribution, but the trend is inverted around 2000 for Generation X. Generation Y exhibits an increasing trend (my figure 1).

The robustness of these results to the inclusion of income and differences in family background is reported in my table 3. Even after controlling for income and family backgrounds, the Builders and the Baby Boomers show a decline in preferences for redistribution, most likely driven by the particular historical periods in which they grew up (see Giuliano and Spilimbergo 2014).

Finally, I turn to differences in preferences for redistribution by race. The temporal trends for whites and African Americans are shown in my figure 2. Although there are big differences, a finding already established

2. For a review of the literature on preferences for redistribution, see Alesina and Giuliano 2011.

Table 2. Family Income and Redistribution Trends (Regressions), General Social Survey^a

VARIABLES	(1) Income differences	(2) Income differences	(3) Income differences	(4) Income differences	(5) Income differences	(6) Income differences
Elderly \times (Year-1975)/100	-1.057*** (0.357)	-1.029 (0.591)	-0.861 (0.846)	-0.868 (0.516)	-0.810 (0.806)	-1.121 (1.098)
Income	-0.015*** (0.001)	-0.015*** (0.001)	-0.015*** (0.001)	-0.018*** (0.001)	-0.018*** (0.002)	-0.018*** (0.001)
Father's years of education			-0.022*** (0.005)			-0.019*** (0.005)
Demographics	yes	yes	yes	yes	yes	yes
Individual controls	yes	yes	yes	yes	yes	yes
Income at 16 dummies	no	yes	yes	no	yes	yes
No. of observations	24,370	17,534	12,926	22,022	16,042	11,976
R ²	0.092	0.098	0.099	0.097	0.102	0.103

Source: Author's calculations, based on data from the General Social Survey.

a. See notes to table 1. Statistical significance at the *** 1 percent, ** 5 percent, and * 10 percent level.

Table 3. Generational Trends in Preferences for Redistribution, General Social Survey^a

Variable	(1) Help poor	(2) Help poor	(3) Help poor	(4) Help poor	(5) Help poor	(6) Help poor	(7) Help poor
Builders \times (Year-1975)/100 ^b	-1.268*** (0.183)	-1.017*** (0.287)	-1.050*** (0.261)	-1.102*** (0.273)	-0.549** (0.222)	-0.904** (0.344)	-0.715* (0.396)
Baby Boomers \times (Year-1975)/100 ^c	-1.047*** (0.268)	-0.769*** (0.258)	-0.677** (0.251)	-0.742*** (0.260)	-0.390* (0.212)	-0.545* (0.259)	-0.536* (0.255)
Generation X \times (Year-1975)/100 ^d	-1.057*** (0.333)	-0.599 (0.355)	-0.590 (0.354)	-0.622 (0.374)	-0.517 (0.356)	-0.791* (0.431)	-0.999** (0.421)
Generation Y \times (Year-1975)/100 ^e	1.176 (1.289)	1.648 (1.035)	1.175 (0.869)	1.139 (0.890)	1.199 (0.868)	0.737 (1.529)	-0.191 (1.983)
Demographics	yes	yes	yes	yes	yes	yes	yes
Individual controls	no	yes	yes	yes	yes	yes	yes
Income	no	no	yes	no	no	yes	yes
Log (income)	no	no	no	yes	no	no	no
Income dummies	no	no	no	no	yes	no	no
Income at 16 dummies	no	no	no	no	no	yes	yes
Father's years of education	no	no	no	no	no	no	yes
No. of observations	23,837	23,670	21,551	21,551	21,553	16,075	12,365
R ²	0.010	0.087	0.092	0.096	0.095	0.097	0.088

Source: Author's calculations, based on data from the General Social Survey.

a. See notes to table 1. Demographics include gender, race and a quadratic in age. Statistical significance at the *** 1 percent, **5 percent, and *10 percent level.

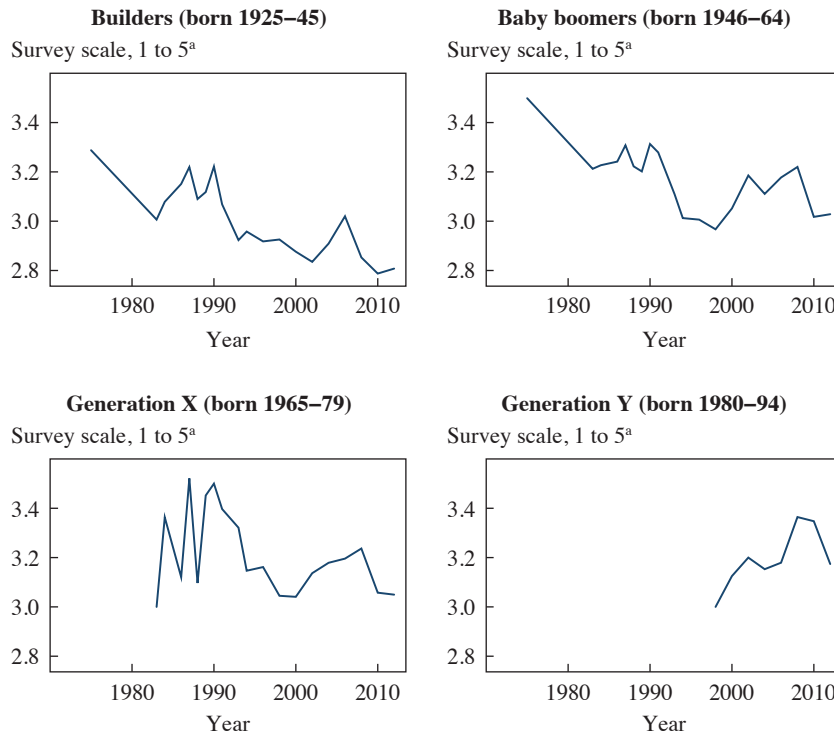
b. "Builders" are those born between 1925 and 1945.

c. "Baby Boomers" are those born between 1946 and 1964.

d. "Generation X" are those born between 1965 and 1979.

e. "Generation Y" are those born between 1980 and 1994.

Figure 1. Trends in Preferences for Redistribution Across Cohorts

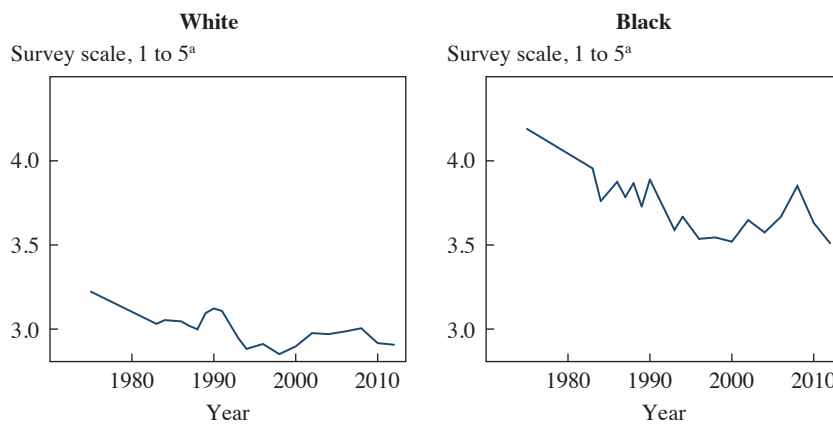


Source: Author's calculations, based on data from the General Social Survey.
 a. A value of 1 represents the least support for redistribution to the poor, and a value of 5 represents the most support for redistribution to the poor.

in the literature,² both groups show a change in trend starting around 1998.

In my table 4, I look at the decline in preferences for redistribution among African Americans. In the first three columns, I limit the analysis to the 1978–2006 period. In the last three columns, I extend the period to 2012, which makes the decline not significant. In my table 5, I include a quadratic term to test the reversal in preferences for redistribution. Indeed, there seems to be a change in trend in the desire for redistribution among African Americans.

The reversal in preferences, then, seems to take place among the youngest generation (my table 3) and whites. The overall findings could indicate that subgroups' preferences for redistribution have changed in the same

Figure 2. Trends in Preferences for Redistribution, by Race, 1978–2012

Source: Author's calculations, based on data from the General Social Survey.

a. A value of 1 represents the least support for redistribution to the poor, and a value of 5 represents the most support for redistribution to the poor.

direction over time, a phenomenon that would be consistent with a “parallel public” interpretation (Page and Shapiro 1992); that is, different groups assimilate new information and ideas at different rates, which could lead to generally stable group differences.

CONCLUSION The analysis performed by Ashok, Kuziemko, and Washington is novel, well done, and interesting. The paper raises a lot of questions regarding the determinants of preferences for redistribution in the United States. Individual income, family background, and differences in cohort experience could be a different interpretation of the paper's results, consistent with the more traditional Meltzer and Richard (1981) model, the relevance of social mobility (Bénabou and Ok 2001), and the importance of different historical experience in the determination of values and beliefs (Giuliano and Spilimbergo 2014; Stevenson and Wolfers 2011). The inclusion of the most recent period of analysis also suggests that the phenomenon of “parallel publics” (Page and Shapiro 1992) should be taken into account: different groups may simply assimilate new information and ideas at different rates, which could lead to generally stable group differences and, overall, show a U-shaped behavior of preferences for redistribution over time in the United States.

Table 4. Trends in Preference for Redistribution, by Race, General Social Survey^a

<i>Variable</i>	(1) ^b <i>Income differences</i>	(2) ^b <i>Income differences</i>	(3) ^b <i>Income differences</i>	(4) ^c <i>Income differences</i>	(5) ^c <i>Income differences</i>	(6) ^c <i>Income differences</i>
Blacks × (Year-1975)/100	-1.563*** (0.447)	-1.231** (0.480)	-1.476** (0.536)	-0.838 (0.565)	-0.463 (0.610)	-0.531 (0.649)
Demographics						
Individual controls	yes	yes	yes	yes	yes	yes
Income dummies	no	yes	yes	no	yes	yes
	no	no	yes	no	no	yes
Observations	24,568	24,310	21,993	28,600	28,302	25,554
R ²	0.033	0.082	0.092	0.033	0.082	0.091

Source: Author's calculations, based on data from the General Social Survey.

a. See notes to table 1. Demographics include gender and a quadratic in age. Statistical significance at the *** 1 percent, **5 percent, and *10 percent level.

b. Sample is the General Social Survey 1978–2006.

c. Sample is the General Social Survey 1978–2012.

Table 5. Trends in Preferences for Redistribution, by Race, General Social Survey^a

Variable	(1) <i>Help poor</i>	(2) <i>Help poor</i>	(3) <i>Help poor</i>
Blacks \times (Year-1975)/100	-2.053*** (0.418)	-2.027*** (0.464)	-1.859*** (0.583)
Blacks \times [(Year-1975)/100] ²	3.121** (1.169)	3.264** (1.278)	3.351** (1.570)
Demographics ^b	yes	yes	yes
Individual controls	no	yes	yes
Income dummies	no	no	yes
Observations	27,570	27,291	24,615
R^2	0.046	0.087	0.095

Source: Author's calculations, based on data from the General Social Survey.

a. Statistical significance at the ***1 percent, **5 percent, and *10 percent level.

b. Demographics include gender and a quadratic in age.

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Todd, Emmanuel. 1985. *The Explanation of Ideology: Family Structures and Social Systems*. Oxford: Blackwell Publishers.

GENERAL DISCUSSION Brad DeLong noted with irony that the phrase "keep the government's hands off my Medicare" was supposed to be limited to a small, uninformed fringe of Americans.

Noting that noneconomists rarely read economic studies, Caroline Hoxby said what matters for most people are not facts about income and equality but perceptions. Further, these perceptions will be strongly influenced by whether they think the people earning high incomes deserve the rewards or not. Given the argument the authors were trying to make, it was not enough for the authors to show inequality indexes. For their argument, they needed to demonstrate a large increase in perceived income inequality.

Joe Beaulieu thought that cohorts should be analyzed, a practice that, he noted, is the first inclination of many political scientists. For instance, he thought that coming of age during the Reagan Administration would have a large influence on perceptions about income inequality. He also thought that the finding on whether political ideologies were driving the results was very important and should be highlighted more prominently.

Robert Solow cited a working paper by Leslie McCall, who asked survey respondents if they thought extremely high-income people were overpaid and found that the answer was *yes* from both Democrats and Republicans. McCall also asked if the government should do anything about that, and the answer from people of both party affiliations was generally *no*. Lastly, she asked who should do something about the overpayments, and about half the respondents from each ideological side answered, "business." Solow suggested that these results imply that opinions about inequality might not be driven by inequality per se but rather by opinions about the government.

Jay Shambaugh echoed Solow's comment, suggesting that a poll asking "if the government in Washington should save puppies" would not get a significant affirmative. He suggested that opinions about the government in Washington might be driving much of the results.

Robert Gordon thought that over the past 40 years, the elderly may have had good reason to become increasingly disapproving of the lifestyles of the young. Gordon cited the book *Coming Apart*, by Charles Murray, as evidence for a decline in marriage rates and an increase in cohabitation and single motherhood by the young. He thought that this lifestyle shift