

Perceptions and Preferences Regarding Income Distribution in the Czech Republic: Standing out or Following Suit with Other Developed Countries?

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ABSTRACT (should not exceed 250 words):

In this paper, perceptions of existing income inequality and preferences for ideal income distribution are studied in the Czech Republic. Consequently, two distinct research questions are being addressed. Firstly, how do citizens of the Czech Republic perceive the existing income distribution? Secondly, what income distribution would Czechs prefer? The analysis is based on a representative survey conducted as a replication of two similar surveys carried out in the United States and Australia (Norton and Ariely 2011, Norton et al. 2014), where respondents were to assess proportions of total income/wealth belonging to respective income quintiles and proportions of total income/wealth these quintiles should ideally have. In this paper, I argue that both the perceived income distribution and preferences for ideal income distribution are significantly influenced by economic inequalities existing within a country. Whereas the two studies conducted in the United States and Australia have shown that their citizens enormously underestimate the level of existing economic inequalities, Czechs have on average a relatively accurate perceptions of income inequality in the Czech Republic. Level of economic inequality in these two developed economies is significantly higher than that of the post-communist Czech society. Moreover, my results show that under the Rawls' "veil of ignorance", majority of Czechs preferred income distribution corresponding with the actual income distribution in the country. Again, this is in contrast with findings from the United States and Australia where people favoured more equal society than their own. My research suggests that preferences for more equal societies may not be universal across developed economies.