



Does Inequality Matter?

HOW PEOPLE PERCEIVE ECONOMIC DISPARITIES AND SOCIAL MOBILITY



How does DENMARK compare?

Across the OECD, most people are concerned about inequality. Concern varies across countries, and is higher where people perceive wide economic disparities, low intergenerational mobility, and that working hard does not suffice to get ahead in life. The more people are concerned about inequality and perceive low social mobility, the higher their demand is for redistribution. However, there may be insufficient support for inequality-reducing policies if people do not agree on policy options or have doubts about the effectiveness of such policies.

Is inequality a concern in Denmark?

People in Denmark are less concerned about income inequality than in most other OECD countries. Less than 54% of Danish people agree that income disparities are too large in their country, compared to almost 80%, on average, across the OECD (Figure 1). About 17% of people in Denmark strongly agree that income inequality is too large, which is the lowest level in the OECD.

What factors affect the level of concern?

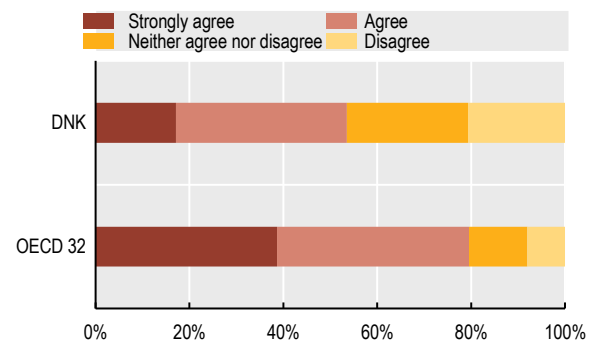
The level of concern in Denmark matches the low level of income inequality in Denmark (as measured by the Gini index) and people's perceptions that inequality is low (Figure 2). These views also align with Danish people's preference for much lower levels of inequality than the OECD average.

Similarly, people perceive a high level of equality of opportunity, which accords with conventional measures since parents' earnings does not

determine their children's earnings much, (Figure 2). Danish people do not hold a strong belief that having wealthy and educated parents is very important to get ahead in life, although they do not attach much importance to hard work either (Figure 2).

Figure 1. There is low concern about income inequality in Denmark

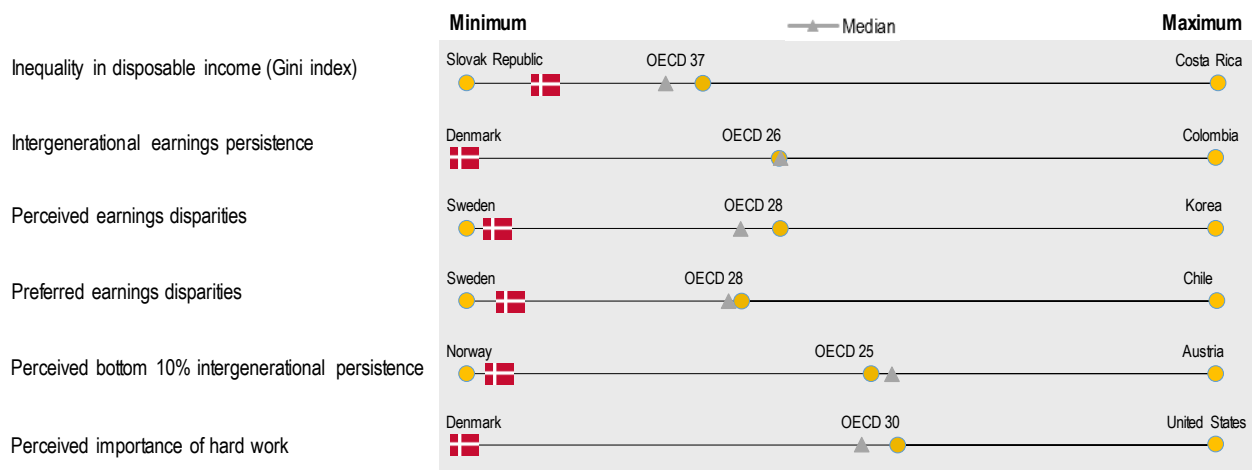
Share of population by agreement with the statement that income differences are too large in 2017



Source: OECD (2021), *Does Inequality Matter?*, Chapter 2.

Figure 2. Confidence in the equality of opportunity is strong in Denmark

Actual vs. perceived indicators of inequality



Note: The OECD averages refer countries available for each indicator. Conventional statistical indicators refer to the latest available year; for perceived intergenerational persistence to 2020; all other data refer to 2009.

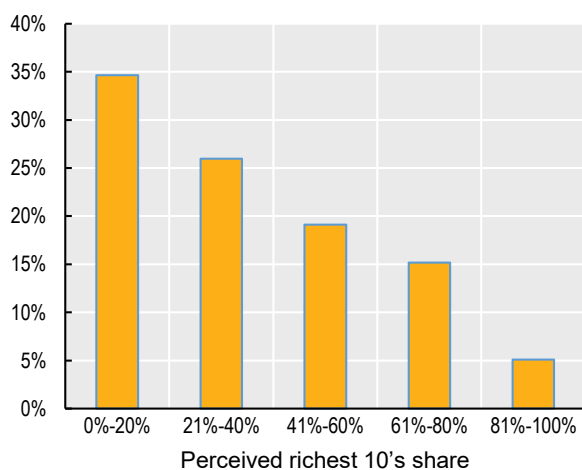
Source: OECD Income Distribution Database; OECD (2018), *A Broken Social Elevator?*; OECD (2021), *Does Inequality Matter?*, Chapter 2.

Are views on inequality divided in Denmark?

In Denmark, people’s views on the level of inequality are cohesive (unlike in many other countries where there are a lot of differing views). More than 60% of people believe the richest 10% of income earners in Denmark earn less than 40% of the total national income. (Figure 3). This is the highest level of cohesion among countries that believe inequality is low. Only 5% of people think that the richest 10% earn more than 80% of national income.

Figure 3. Most people perceive low levels of inequality in Denmark

Share of population by perceived richest 10%’s share of national income, year 2020



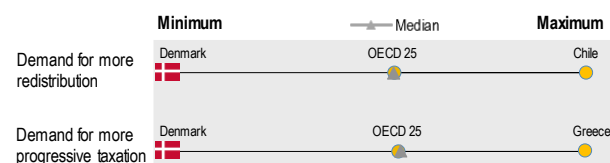
Source: OECD (2021), [Does Inequality Matter?](#), Chapter 4.

Nevertheless, there is disagreement on the source of inequality – whether it is due to top earnings being too high or the bottom being too low. Almost 30% of respondents are concerned that top earnings are too high and bottom earnings are fair or could even be lower (in comparison the OECD average is less than 15%). In contrast, almost 16% think that bottom earnings are too low (24% on average in the OECD).

How much support is in Denmark for inequality-reducing policies?

With its low levels of inequality, and strong emphasis on redistribution in current policy settings, there is little appetite for more redistribution or progressive taxation in Denmark. Indeed, the demand for further redistribution or progressive taxation is the lowest across OECD countries (Figure 4).

Figure 4. Demand for more redistribution and more tax progressivity is the lowest among the OECD countries



Note: Data refer to 2020.

Source: OECD (2021), [Does Inequality Matter?](#), Chapter 3.

How can people’s perceptions of, and concerns about, inequality inform policy?

Understanding how people form their perceptions and opinions is important for getting citizens and governments on the same page about policies that reduce inequality and promote social mobility. This includes:

Better understanding of public support for reform: Inequality of outcomes and opportunities matter to people, and hence policies should address both aspects. Nonetheless, people may favour specific policy mixes, depending on their beliefs and preferences.

Better understanding of the effectiveness of policies: People favour policies that they believe are effective. It is necessary to evaluate the impact of inequality-reducing policies transparently and facilitate people’s understanding of how they function.

Better information on inequality and equality of opportunities: Providing reliable information about inequality can help provide a common ground for public debate and address division and polarisation of public opinion.

Contacts

Any questions? Contact us at: wellbeing@oecd.org

For more information, access the complete report at: <http://oe.cd/does-inequality-matter>