

Income Disparity, Perceptions of Inequality and Public Tolerance

WEI Qingong

Abstract: In the process of rapid transition, high income inequality and high public tolerance coexist in China. This phenomenon and its empirical and theoretical conundrum require exploration and explanation. With data from the CGSS2013, this article identifies and tests two forms of income inequality and their impacts on public tolerance. Analytical results of the mediating effect of “social context–subject perception” suggest that objective income inequality and

public tolerance. But the larger the perceived income gap, the less it is tolerated. Meanwhile, actual big gaps do not warrant accurate perception from individuals. The existence of “perception bias” and contextual segmentation effects makes it easier for individuals to “capture” disparate income gaps at the district and county level rather than at the provincial level, and at the current time rather than in the past. The misperception of objective inequality manifests differently among subgroups. Females, urban residents as well as groups with medium education level, high income and good access to information are often more sensitive to the inequality. There is also a N-shaped relation curve between age and perceived income inequality. The results point to the heterogeneous effects of distribution structure and localization of individual perceptions as the key to explain the paradox between high income inequality and high public tolerance. In other words, it is due to the status structure constraints and temporal-spatial conditions that majority of the citizens see the current income gap being within its tolerable limits. The implication of this study is that one should not take the public tolerance of status quolightly but make greater effort to optimize the regional income distribution structure.

Keywords: tolerance, income disparity, misperceptions, contextual segmentation, mediation analysis