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Public Values and Attitudes

How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it.

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If America is going to address issues of poverty, inequality, and opportunity, policymakers need to understand the values and attitudes that underlie any set of chosen policies. In particular, if policies to fight poverty and promote opportunity are to be enacted and successfully maintained, they need to be consistent with the values of the American public. This chapter addresses the extent to which compassion is a universal sentiment, philosophical debates about what society's more advantaged members owe to its less-advantaged members, and the actual opinions of the public in the United States.

Drawing on this discussion, we come to five conclusions. First, there is a reservoir of good will toward the less fortunate. Most people are inherently compassionate, and public opinion polls show rising sympathy for the poor. Second, Americans believe more in equal opportunity than in equal results. As long as everyone has a shot at the American Dream, they believe the system is fair. Third, for opportunity to truly exist, there needs to be some compensation for the fact that not every child begins life at the same starting line. Fourth, compassion comes with strings attached. The public believes deeply in providing opportunity but wants to help those who help themselves, to provide a hand up, not a handout. They believe that government bears some responsibility to help the less advantaged, but not unconditionally. Fifth, the amount of assistance the advantaged owe to the disadvantaged cannot be divorced from social context. A society with a lot of wealth can afford to do more to redistribute that wealth than one in which everyone lives closer to the margin. The poor in the United States are well off in comparison to the poor in other parts of the world, but they have fallen further and further behind others in their own country.

A discussion of values is important for several reasons. Clarifying one's values is a prerequisite to designing policies consistent with one's goals, and policies that are not consistent with most people's values are not likely to be enacted—and even if they are, they are not likely to be politically sustainable. An example of unsustainable policy is the welfare system that prevailed before it was reformed in 1996. In the public's mind, this system came to be viewed as antiwork and antifamily. When most middle-class mothers were working to help support their families, and limiting the number of children they had to what they believed they could afford, it no longer made sense to ask them to pay taxes to support another group of women whose behavior was thought by many to be less responsible.

Conversely, if the public believes that most low-income families are working or are unable to work for reasons of poor health or disability, they are likely to be far more sympathetic. More broadly, the public's willingness to support policies may depend on its view of what caused poverty in the first place. When the public believes poverty is caused by a lack of opportunity or by disability rather than a failure on the part of some individuals to take advantage of the opportunities that already exist, its compassion is enhanced.

Compassion and Fairness

But where does such compassion come from? In his book, *The Moral Sense*, James Q. Wilson argues that this sentiment grows out of our inherent sociability.[1] We react with sympathy to the misfortune of others, be it a soldier killed in war, an abused child, or an injured pet. We are even affected emotionally by fictionalized accounts of such events. It is hard to explain this kind of compassion as the result of pure self-interest. Indeed, even Adam Smith recognized such "moral sentiments." One of these principles, Smith writes, is "pity or compassion, the emotion which we feel for the misery of others, when we either see it, or are made to conceive it in a very lively manner."[2]

The Harvard professor Edward O. Wilson, a pioneer in the field of sociobiology, explains how evolutionary processes may have given way to these moral sentiments:

> Now suppose that human propensities to cooperate or defect are heritable: some people are innately more cooperative, others less so. . . . To the heritability of moral aptitude add the abundant evidence of history that cooperative individuals generally survive longer and leave more offspring. Following that reasoning, in the course of evolutionary his-

> tory genes predisposing people toward cooperative behavior would have come to predominate in the human population as a whole.[3]

Such a process repeated through thousands of generations inevitably gave rise to moral sentiments. The ability to feel compassion or sensitivity to the well-being of others is related to another widely observed phenomenon: a sense of fairness. According to James Q. Wilson, infants and toddlers may share their possessions, even when a parent is not insisting that they do so, and this tendency to share even when there is no obvious reason to do so grows stronger as children grow older. "By the time they are in elementary school, the idea of fairness has acquired a fairly definite meaning: people should have equal shares."[4] There are, however, many exceptions to this general principle. Most people, for example, believe that those who work harder should receive larger rewards. For this reason, the principle of equal shares eventually becomes understood as a principle of proportionality: that rewards should be commensurate with what the person deserves.[5]

Strong evidence for this sense of fairness comes from laboratory experiments with what economists call the ultimatum game.[6] The game begins with two players, the first of whom is given a sum of money to distribute between the two of them (both players know the amount of money). The rules of the game require that the first player make an offer to share the money with the second. If the offer is rejected, neither player gets anything. If it is accepted, they both get to keep their shares. The two players are strangers and are not expected to ever see each other again. Given this situation and set of rules, one might expect the first player to offer the second a trivial amount of money—say, $1 out of an initial sum of $100. Yet in repeated experiments with this game, using different amounts of money, different players, and different experimenters, most people offer either an equal share of the money to the second player or something that favors the first player only slightly (say, a $55–$45 split of $100). Other experiments show that, given a choice between receiving a large sum that is unevenly divided and a smaller sum that is more fairly shared, individuals prefer the latter.

Of course, feelings of compassion and fairness do not always lead to altruistic behavior. Much depends on the situation. People are more likely to behave in a benevolent fashion if the costs to them are small. In addition, willingness to help may depend on whether the recipient is perceived to be entirely innocent rather than partially responsible for his own fate. Willingness to offer assistance also depends on the extent to which one can remove oneself from confronting another's distress by putting it out of sight and out of mind and by the extent to which one believes that someone else—whether another individual or the government—is likely to take care of the problem.[7] Finally, people are more likely to play the Good Samaritan if the person or group in distress is similar to them or closely affiliated, as would be the case with members of one's family, one's community, or one's own racial, ethnic, or religious group. According to Edward O. Wilson, these variations may have evolutionary roots as well: "The dark side of the inborn propensity to moral behavior is xenophobia. Because personal familiarity and common interest are vital in social transactions, moral sentiments evolved to be selective. People give trust to strangers with effort, and true compassion is a commodity in chronically short supply."[8]

These observations help to explain why in a large and heterogeneous country, one in which rich and poor tend to live in different neighborhoods and where racial divisions run deep, the inclination to address poverty is relatively weak or diffuse, at least compared with the attitudes observed in more homogeneous societies.[9] They can also explain why impersonal mechanisms, such as relegating responsibility for the poor to government bureaucracies, can undermine people's charitable instincts and why a concrete and visible disaster such as Hurricane Katrina or the destitution of a person on the street can elicit sympathies that abstract discussions cannot. Finally, the principle of proportionality or of conditional judgments sheds light on why people may perceive a difference between the "deserving" and the "undeserving" poor. There will, of course, be disagreement about what *deserving* and *undeserving* mean, but that such judgments will be made cannot be in doubt. The same person who will help a man who has fallen down because he is lame may fail to come to the rescue of a man who has fallen down because he is drunk.[10]

Conceptions of Social Justice

The question of what more advantaged members of society owe to those who are less advantaged has been much debated by philosophers and public intellectuals of various stripes. Here we deal with just three subquestions that must be answered in analyzing how much the privileged owe to the poor and unfortunate: Do we care more about equal opportunity or about equal results? If the well-off are expected to provide for the poor, what are the poor expected to do in return (if anything)? How much assistance is enough?

Procedural Fairness versus Substantive Fairness

Many philosophers, such as Emmanuel Kant, have emphasized what might be called procedural fairness in contrast to substantive fairness. Procedural fairness is the notion that what matters is fairness of process—how valued goods are acquired. Substantive fairness emphasizes end results, or the actual distribution of valued goods. To better understand what this means, imagine three societies, each with identical initial distributions of income or other goods but differing in the way in which people acquire their share of valuable goods. In the first society what people receive depends on the talent and effort they expend or their contributions to the general welfare. We call this a meritocracy. It may be procedurally fair but substantively unfair. In the second society, what people have is purely a matter of luck. We call this a fortune-cookie society. In the third society what people have depends on where they began, that is, on the economic or social status of their parents. We call this a class-stratified society.[11] Both of the latter societies may be viewed as less procedurally fair than a meritocratic society since the distribution of rewards depends respectively on randomly distributed opportunity and family position. The general point is that how people feel about the distribution of income in each case depends on which type of society they believe produced that distribution. Indeed, many people might prefer to live in a meritocratic society with a more unequal distribution of income than in a class-stratified society with a more equal distribution. Procedural fairness may trump substantive fairness and must be taken into account for this reason.

In the United States the public tends to believe strongly that the country's wealth distribution is fair and that all Americans can achieve a modicum of success if they work hard and play by the rules. This contrasts sharply with the views of people in other advanced countries, who are much more likely to say that luck or family background matter more and that the government has a role to play in reducing the gap between the rich and the poor. An emphasis on procedural justice leads to a focus on equal opportunity rather than equal results, a topic to which we return in chapter 4, in which we show that the United States is a more class-based society than many believe.

While procedural justice matters, it may be an incomplete criterion for judging the overall fairness of a society. Good rules can produce bad outcomes.[12] One reason that good rules may not produce good results is that they provide too little compensation for what we call the fundamental inequalities: the fact that people are born with different genetic endowments and into different environments. Assuming we are not prepared to engage in genetic engineering or to remove children from their families at an early age, these fundamental inequalities handicap some people at the very start of the race. Developmental psychologists and behavioral geneticists show that about half of the differences we observe between individuals in health, intelligence, sociability, and a variety of other traits are inherited.[13] Of course, these genetic proclivities or vulnerabilities interact with the environment after birth and are not immutable; nonetheless, they very much influence outcomes. Thus even in a society in which opportunities were open to all, we would still observe a great deal of inequality. This fact has led to the view that a just society provides extra help to those with such inherent disadvantages. John Rawls famously argues that a just society is one in which, assuming one knew nothing about the circumstances of one's own birth, one would still find the system a fair one—one in which even those handicapped from birth would not suffer unduly as a result.[14]

Most advanced societies deal somewhat inconsistently with inherited disadvantages. For example, they often compensate for physical disabilities by providing rather generous assistance to those born with such impairments. But problems that are more subtle, such as those involving a difficult-to-diagnose conduct disorder, a vulnerability to certain health conditions, or a below-average level of intelligence or stamina, are rarely considered in designing social policies even though they similarly affect success in life. Indeed, most people too readily attribute whatever success they have had to the way they played the game rather than to the hand they were dealt at the beginning. They may similarly attribute the failure of others to deficits of character, forgetting that some people start with bad cards. Once one recognizes the fundamental inequalities, however, one realizes that a fair process alone may not produce a just society. Starting lines matter.

Liberty, Equality, and Playing by the Rules

Assuming that procedural justice or equal opportunity is not sufficient, what then is the proper measure of compassion and fairness? There exists a spectrum of political beliefs about how to handle observed inequalities. Egalitarians argue that society should compensate in its education system, its labor market institutions, and its social safety net for existing inequalities. Because of their typically optimistic view of human nature, egalitarians believe that attempts to distinguish between the deserving and the undeserving poor are usually inappropriate. They believe that the primary reason that people fail to succeed or to escape poverty is external (structural) barriers, not deficits of capacity or of a motivation to succeed. They would come to the assistance of both the man who falls down because he is lame and the one who falls down because he is drunk, believing either that the latter is deserving (perhaps he just lost his job or is the helpless victim of alcoholism) or that making distinctions between the two is not worth the cost of stigmatizing various subgroups and, in any case, is inconsistent with an ethic of unconditional love and compassion for other human beings.

Libertarians reason that, whatever produces observed inequalities, any effort to tamper with them—for example, by using taxes to fund programs for the poor—is an infringement of the taxpayers' right to use their own resources as they see fit. This right to control one's own resources is fundamental, since liberty is a transcendent value in libertarian philosophy. It is not necessarily inconsistent with compassion, since those with the ability to do so can always provide voluntary assistance to the poor (ignoring the fact that their fellow libertarians may free ride on the generosity of others). Libertarians believe that the marketplace is better equipped to distribute resources than the government. The American libertarian philosopher Robert Nozick, for example, argues that Wilt Chamberlain deserves to keep all of his earnings since they are the legitimate consequence of people's willingness to pay for his extraordinary talents. The fact that not everyone is born tall enough and skilled enough to play basketball is an issue Nozick does not address.[15]

Still others, the contractarians, take a middle ground. They want to make the provision of extra help, especially to adults, conditional on their behavior—using public policy to encourage, or even require, people to act responsibly. This philosophy often finds its expression in the statement that government should help those who play by the rules. President Bill Clinton popularized this construct by saying that "those who work shouldn't be poor."[16] The basic idea is easy to extrapolate to other areas. For example, we might argue that those who perform well in school shouldn't be denied access to higher education and those who delay childbearing until they are ready to be good parents shouldn't be denied a decent income with which to raise their children.

Contractarians depart from libertarians in believing that public policy has a role to play in addressing fundamental inequalities. But they depart from egalitarians in giving more weight to individual responsibility in determining where people end up in society. If people often behave in ways that are not in their own long-run self-interest and if public policy is able to nudge them in a more constructive direction, it should do so; but public policy should not be a substitute for personal responsibility. We tend to favor the contractarian view and have more to say in chapter 6 about why we believe this is the most sensible and effective approach to combating poverty and inequality and to providing the opportunity for people to join the middle class.

Measures of Success

In thinking about how much the advantaged owe to the disadvantaged, two additional issues must be resolved. First, is individual or family income an adequate measure of success? And second, should we be more concerned with people's absolute incomes or their relative incomes?

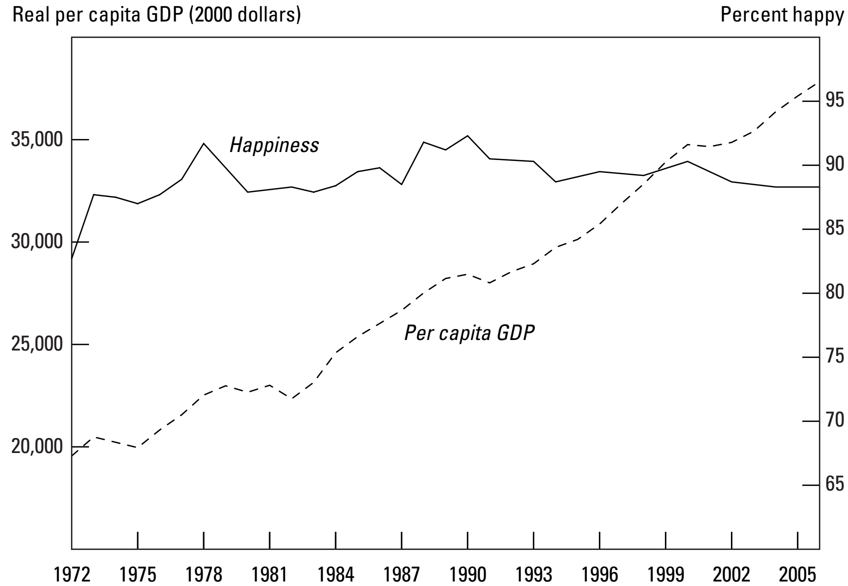
Like many people writing about these issues, we focus on income and poverty, outcomes that can be readily measured in monetary terms. But few people, including us, would deny that other measures of well-being matter, measures such as health, physical security, political and civil liberties, and overall happiness. Most people would be willing to sacrifice additional income to secure these basic sources of individual well-being.

Even if we restrict our analysis to income, there is the issue of whether we are measuring someone's actual or potential income. A well-educated individual who chooses not to work or to devote his life to charitable causes may have a low income but should not be considered disadvantaged for this reason. In this vein, Amartya Sen argues that the major criterion for judging policies should not be the total income they produce, or even their fairness, but rather the extent to which they address the capabilities that enable individuals to function successfully in their society.[17] Sen argues that we have focused too heavily on narrow measures of income inequality or deprivation and not enough on outcomes that may matter as much or more: health, employment, education, and social integration.

Broader definitions of well-being have gained greater political traction outside the United States. The European Union, for example, has traded in a single poverty measure for a list of fourteen indicators that focus on broad national and multinational objectives, including social inclusion (defined as ensuring access for all the resources, rights, and services needed for participation in society). These overarching indicators include an at-risk-of-poverty rate set at 60 percent of national median income, an income inequality measure, and several measures relating to health, education, employment, and retirement readiness.[18] Moreover, since the 1990s the United Nations Development Program has produced a human development index that applies many of the same principles. The index combines life expectancy, literacy, school enrollment, and GDP data to compute an overall country score. The UN uses these scores to rank 175 member states, highlighting change over time. According to a 2007 report, the United States ranked twelfth. Iceland was first, followed by Norway, Australia, Canada, and Ireland.[19]

Assuming that we have an agreed-upon measure of well-being, however imperfect, an even more contentious issue is the extent to which policy should aim to lift people out of poverty, defined as some absolute level of income or material well-being, versus the extent to which it should aim to improve the relative status of the poor and reduce inequality in the process. Contemporary research on happiness suggests that, above some minimum, relative income is what matters. In any given year, more income does buy more happiness. Yet as

Figure 2-1. Happiness and Economic Growth, 1972–2006



Source: General Social Survey, various years (www.norc.org/GSS+website); U.S. Census Bureau, *Statistical Abstract of the United States: 2009*, table 657.

a. Happiness data are taken from the General Social Survey question, "Taken all together, how would you say things are these days—would you say that you are very happy, pretty happy, or not too happy." Percent happy include the percentage sum of participants who responded very happy or pretty happy. Note that there are some years of happiness data are missing.

we might expect, the additional benefits diminish as incomes rise. For example, an index of people's reported happiness in 1994 rose sharply as per capita income rose from a few thousand dollars to about $15,000. It continued to increase beyond that point but more slowly.[20]

We might infer from the cross-sectional relationship between income and happiness that as economic growth moves people up the income ladder over time their sense of well-being should rise. Yet the evidence does not support this conclusion. In the United States, for example, per capita incomes have increased enormously over the past half century but measures of happiness have not (figure 2-1).

This finding—that income influences happiness at a point in time but not over time—is sometimes called the Easterlin paradox, after the economist who first called attention to the anomaly.[21] How can we explain the paradox? One explanation stresses the importance of relative income. At any point in time, people make comparisons with those around them; if they are doing relatively well, they feel a sense of well-being. Being poor in a rich society is much harder than being poor in a poor society.[22]

What does this literature imply about how to think about poverty and inequality? If the added benefit of extra income declines as income increases and if it is a person's relative position in the overall distribution that most affects his individual feeling of well-being, then a more equal distribution would produce an improvement in the overall welfare of the population. Indeed, people report less happiness in countries or states where inequality is higher than in those where it is lower, even after controlling for the level of income (although this finding is more robust for Europe than it is for the United States).[23]

Another reason to focus on relative rather than absolute income is that community norms or social context matter. Compared to most of those living in less developed countries, the poor in the United States are very well off. In the United States 12.5 percent of the population—slightly more than 37 million people—live at or below the poverty line of around $10,500 a year for a single person or $16,500 for a family of three.[24] By contrast, 48 percent of the population of developing countries—around 2.5 billion people—live on approximately $2 or less a day ($786 a year). Almost 1 billion of these people live on approximately $1 a day ($393 a year).[25] The American poor are also as well off as the middle class was in the past. As recently as sixty years ago, the median income of a four-person family was $26,700 in 2007 dollars.[26] Today such a family would be considered just a little above the poverty line.

These comparisons dramatically underscore the importance of context and of relative measures of income. The social minimum cannot be defined without reference to how most people in a given society or country live. And as argued above, happiness depends more on people's relative position within their society than on absolute income.

If lower levels of inequality produce greater happiness, why not use government policy to reduce the gap between the rich and the poor? There are two complications. The first is what has been called loss aversion. People weight losses of income more heavily than potential gains.[27] Thus once a certain degree of inequality exists it is hard to reverse, because those who have benefited will resist losing what they have and will actually be made psychologically worse off in the process. If instead the inequality had never been allowed to occur in the first place, they wouldn't know what they were missing. This is an argument for preventing a high degree of inequality from emerging in any society and points to the difficulty of reversing it once it is embedded in the income structure.

Another complication is the fact that most redistributive schemes involve taxes and transfers that may affect incentives to work and save—and thus economic growth. However, in assessing the trade-off between greater equality and less growth one should keep in mind the historical relationship between per capita income and happiness: that is, well-being is not significantly affected by overall growth, at least for developed countries like the United States.[28] Thus even if some growth is forgone in the process of producing a somewhat more equal distribution of incomes, this outcome is not likely to adversely affect the overall well-being of the population. This is not an argument for a no-growth society or for ignoring the effects of badly designed policies on a nation's growth prospects. For one thing, in a stagnant economy, one person's gain is another person's loss, and there is no growth dividend to allocate to helping the less fortunate.[29] But from the perspective of human psychology, a little less potential growth as the price a society might pay for a little more equal division of the pie seems like a price that many would find worth paying.

Public Opinion

Despite a strong belief in meritocracy and a distaste for welfare, Americans do support programs that help those in need.[30] According to a 2007 poll by the Pew Research Center for the People and the Press, a majority of Americans has consistently been willing to spend on assistance to the poor.[31] What's more, this majority has grown over the last decade. The proportion of people who say government needs to "take care of people who can't take care of themselves" rose from 57 percent in 1994 to 69 percent in 2007. In addition, the proportion who agree that the government should help more needy people even if it means going deeper into debt was 54 percent in 2007, compared to 41 percent in 1994. While the percentage of people who support government aid to the poor seems to be growing, this majority is not overwhelming, and a substantial percentage of people do not believe that government intervention is the answer to concerns over poverty and inequality.

Further, the public maintains decidedly mixed views on why people are poor and on how to achieve the right balance between government action and greater personal responsibility. According to the 2007 Pew study, 62 percent of people disagree with the idea that success is largely determined by forces outside of one's control, indicating that individual responsibility remains a strong American value. A 2001 poll by National Public Radio, the Kaiser Family Foundation, and Harvard University Kennedy School found that people are about evenly divided in ranking lack of personal effort or outside circumstances as the bigger cause of poverty. When asked to elaborate on the root causes of poverty, some popular answers—drug abuse, medical bills, too few jobs, too many single-parent families, and too many immigrants—further illustrate the conflicted American attitudes toward poverty.[32]

Given their mixed views about why people are poor, it is not surprising that the public prefers opportunity-enhancing programs to those that simply provide income or other resources to low-income families. The public also prefers earmarked forms of assistance to simple cash. For example, more than nine of ten adults support expanding job training and improved education in low-income areas. Eight of ten support subsidized day care, tax credits for low-income workers, and medical care for the poor. By contrast, just over half of adults supports more cash assistance for poor families.[33] And even though most people would like the government to do more about poverty and inequality, they are somewhat skeptical about government's ability to get it right. They do not believe that most efforts have been successful. Only 34 percent responded that government programs make things better, 48 percent said that government programs do not have much impact, and 13 percent thought they make things worse. Public opinion around welfare remains equally mixed. Only half of the population know that significant welfare legislation had been passed in the last five years (as of 2001); however, 61 percent of those who know about changes in the law report that the new law is working well.

In sum, popular opinion is consistent with the view that people are naturally sympathetic and value fairness and that they are willing to be generous, at least when those receiving aid are perceived to be deserving and the assistance perceived to be enhancing their opportunities. Nevertheless, the public remains skeptical about government's ability to eliminate poverty entirely and believes that personal responsibility is as important as government intervention in working toward this goal.

Conclusion

As countless philosophers, researchers, and politicians have discovered, the study of poverty and inequality often raises as many questions as it answers. We argue that humanity is endowed with an innate sense of compassion and fairness; however, these moral sentiments merely serve as the starting point for a more substantive discussion of aid to the disadvantaged. The policy recommendations we make in this volume are founded on four values-based premises about the appropriate role of government.

First, fairness of the process matters. Equal opportunity for all to succeed on the basis of hard work and talent is a core American value.

Second, society should compensate for the fundamental inequalities of genetic inheritance and family background. Some people are blessed with multiple advantages from the start; others with very few. These fundamental inequalities constitute a lottery of inherited talents and resources. We believe that those who have won the lottery should share something with those who didn't.

Third, we believe the provision of extra help, especially to adults, should be made conditional on their circumstances or behavior. We should use public policy to encourage, or even require, people to do what is in their own self-interest. Most of the public prefers opportunity-enhancing and conditional forms of assistance. Americans are more willing to provide education and job training than direct assistance and much more willing to provide earmarked forms of aid such as health care, child care, and wage subsidies than cash welfare.[34] As we detail in chapter 6, the research from behavioral economics supports the view that such paternalism not only increases public support for aid to the poor but is also more consistent with much that we now know about human behavior. If people often behave in ways that are not in their own long-run self-interest, and if public policy is able to nudge them in a more constructive direction, it should do so.

Fourth, research on what determines people's sense of well-being and the importance of social context leads us to the conclusion that relative economic status matters. In an affluent society with a great deal of inequality, the rich can afford to share with the poor. The public's concern about the poor has grown in response to evidence of increasing inequality. In the next chapter, we turn to just how much poverty and inequality there is in the United States in the first decade of the twenty-first century.