Is redistribution to remedy inequality inhibited by 'distrust in government' (Kuziemko, Norton, Saez, Stantcheva 2015)?[1]

By William Pereira

According to Kuziemko, Norton, Saez and Stantcheva (KNSS), the median-voter model predicts that a widening gap between average and median incomes – that is, growing inequality – should lead the median voter to want to close that gap, which in turn should lead politicians to support redistribution policies.[2] Inequality has increased materially since the 1970s, as discussed further below. However, despite the model's predictions, support for redistribution has not increased. Quite the opposite, according to the General Social Survey, support for redistribution has declined since the 1970s, even among those with below average incomes.[3]

KNSS conducted a series of randomized survey experiments to determine why. Their experiments found that exposing respondents to more information about inequality increased their concern about inequality, but not their support for policies to mitigate inequality.[4] (Such policies include increasing top income tax rates, raising the minimum wage and expanding access to food stamps.) The exception was the estate tax. KNSS found that informing respondents that only 1 decedent out 1,000 pays the estate tax more than doubled respondents' support for increasing that tax.[5]

KNSS tested three potential explanations for the limited impact of more information on respondents' support for policies to mitigate inequality: distrust in government, the absence of emotional content in communications and the public's failure to connect concern for inequality with actual policies. With respect to the first, distrust of government was pervasive among KNSS' respondents. Going into the experiments, 89% of respondents agreed that "Politicians in Washington work to enrich themselves and their largest campaign contributors, instead of working for the benefit of the majority of citizens."[6] KNSS found that further reducing trust (via their experimental treatment) diminished respondents' support for programs involving government redistribution of tax dollars (e.g., via food stamps or the Earned Income Tax Credit, or EITC) but did not diminish support for minimum wage increases or "private charity."[7] On the second, enhancing the emotional content of inequality communications increased concern for inequality but did not increase support for policies to mitigate inequality. However, on the third, respondents significantly increased support for poverty alleviation programs when shown concrete examples of the resources provided to families through the minimum wage, food stamp and similar programs. As KNSS noted, "given the low baseline levels of trust, it appears to be the case that policy

preferences can only be moved if respondents are explicitly reminded of efficacious examples of government intervention."[8] (With respect to the estate tax, KNSS noted that "respondents [were] wildly misinformed about the share of decedents subject to the estate tax, which appears to account for the large effects.")[9]

"Our results," report KNSS "highlight the potential of mistrust of government in limiting the public's enthusiasm for policies they would otherwise appear to support, a subject that has garnered limited attention in the economics literature."[10] At the same time, in a telling footnote and throughout their 2015 paper, KNSS highlight a "number of alternative theoretical models" – factors other than "distrust" – "that make different predictions."[11] For example:

- **Class competition**. The middle class may oppose redistribution when it leads to more social competition with bottom income earners.[12]
- **Effort versus luck**. Different beliefs on the role of effort versus lock in economic success may lead to different views on redistribution.[13]
- **Expectations of upward mobility**. The prospect of upward mobility can limit support for redistribution.[14]
- **Cultural factors**. Cultural and country of origin factors may exercise a powerful influence on preferences for redistribution.[15]
- **Government capture**. Capture of the legislative or administrative process by special interest may limit the impact of majority views on policymaking.[16]
- **Information versus experience**. Firsthand experience of inequality during formative years may have a more persistent impact on preferences than receiving secondhand information about inequality.[17]

In short, KNSS' analysis added an important dimension to the literature. Their article stands robustly for the proposition that information moves concerns about a problem more than it moves policy preferences; and that proposition has been replicated across dozens of subsequent experiments on different topics (including and beyond inequality).[18] However, KNSS do not conclusively prove – or claim to prove – that distrust in government inhibits redistribution to remedy inequality across policy areas and over time. Indeed, "distrust" as used in their paper inhibits direct transfers – collection via tax and redistribution by discretion – but not indirect transfers (like the minimum wage). And the estate tax counterexample demonstrates that correcting significant statistical misunderstandings can surmount even deep distrust. Finally, KNSS concede that the converse of their claim is outside of the ambit of the instant analysis: "In

future work," the authors explain, "it would be valuable to test whether treatments that *increase* trust in the government also increase support for redistributive policies."[19]

Returning to the question posed by this essay: Is redistribution to remedy inequality inhibited by "distrust in government"? Rather than resolving the question, KNSS helps us refine the analysis. Specifically, KNSS argues for segmenting that question into three sub-questions:

- Is inequality a problem that requires remediation?
- If so, is redistribution the most effective way to remedy inequality?
- If so, what is "distrust" and does it inhibit redistribution or other remediation?

The remainder of this essay addresses these questions.

Is inequality a problem that requires remediation?

Resoundingly yes – even more so than when KNSS published their paper a decade ago. A few data points illustrate the case:

- The share of wealth owned by the top 1% in the US rose from roughly 23% in the late 1970s to almost 32% by early 2026.[20]
- Along similar lines, while the top 1% of families captured 9% of total pretax income in 1970, that share rose to 22.4% as of 2022.[21]
- The 1%'s share of income has been flat for the last decade – since publication of the KNSS paper – while the 1%'s share of wealth has increased by 900 basis points. This is largely because assets have appreciated materially while wages have stagnated. As a corollary, assets are generally taxed at a lower rate than income. Moreover, most assets (stock, real estate, etc.) are only taxed upon sale, enabling the wealthy to employ the "buy, borrow, die" strategy (buy appreciating assets, borrow against their equity, pass on to heirs who inherit a stepped-up tax basis).[22]
- The "college premium" – the increase in wages experienced by those with college degrees versus high school degrees only – has expanded from 30% to 55% over the past 50 years.[23]
- About 90% of children born in 1945 were earning more than their parents by age 30; by 1985, that share had fallen to about 50%.[24]

While the depredations of inequality are in large measure self-evident, it is worth cataloguing a few. Inequality reduces generational mobility, which corrodes the meritocratic premise on which democratic capitalism is based.[25] Inequality can reduce purchasing power and suppress aggregate demand, which can lead to misallocations of capital.[26] As a practical matter, inequality erodes social trust and leads to political instability – hence the high walls around houses in countries of high Gini coefficients.[27] Evidence also correlates inequality with adverse effects on population health and adult and child mortality.[28]

If so, is redistribution the most effective way to remedy inequality?

Redistribution is necessary but not sufficient to remedy, or at least mitigate, inequality. In addition, "pre-distribution," with a focus on growth and shared ownership, can help reduce inequality over time.[29]

Redistribution – as used by KNSS, for example – generally involves collecting money via state and federal taxes on income and capital, and rerouting some of that money to uses deemed socially meritorious, hopefully reflecting democratic principles. For example, the EITC, referenced above, provides a refundable tax credit to families with children that earn labor income up to approximately $69,000.[30] That refundable credit – a "reverse tax," as Milton Friedman called it – is funded via other tax collections.[31] Other programs to which tax collections are routed include Medicare and Medicaid, Social Security, unemployment insurance and the Supplemental Nutrition Assistance Program (SNAP) or food stamps. Not surprisingly, advocates of redistribution – notably including Emmanuel Saez, one of the authors of the KNSS paper – argue for higher tax rates generally, for capital gains tax on appreciated assets before realization (i.e., before sale) and, in some cases, for taxes on wealth in addition to income and capital.[32] For example, a California referendum has been proposed to impose a one-time 5% wealth tax on residents with a net worth greater than $1 billion. Similarly, Sen. Elizabeth Warren (D., Mass.) has proposed an annual wealth tax of 2% on households with net worths over $50 million and 6% on households with net worth over $1 billion.[33] In the presence of widespread unemployment engendered by AI, economists and others (including Sam Altman of OpenAI) have suggested that a universal basic income may be advisable or necessary to maintain the social contract.[34]

At the same time, redistribution is not the only tool available to mitigate inequality. So-called pre-distribution aims to effectuate similar goals, but generally via structural remedies rather than cash transfers. Examples of measures that constitute pre-distribution include the following:

- Early childhood education and childcare investment.[35]
- Apprenticeships, employer-linked vocational training and continuous job training and workforce retraining.[36]
- Housing voucher programs that enable low-income families to move to better neighborhoods (which, according to evidence from economics research, raise the lifetime earnings of children).[37]
- Targeted neighborhood revitalization efforts to create mixed-income communities (which enable children perform better in school and in the subsequent labor market).[38]
- Worker representation on corporate boards and vigorous antitrust enforcement.[39]
- Occupational licensing reform that makes it easier to obtain and change jobs.[40]

Pre-distribution also involves shared ownership. At a micro level, this often means broad-based employee stock ownership, of the kind being implemented by Ownership Works.[41] At a macro level, this may involve ownership by the government or the people of shares in private companies, or in a "sovereign wealth fund" that in turn owns shares in high-growth, high-value technology companies. This would enable citizens to participate in asset growth that heretofore has been the sole province of the wealthy – and the source of the aforementioned growing divergence in asset wealth.

Importantly, various of these pre-distribution strategies would increase incomes toward the lower end of the income distribution, with at least two positive impacts on inequality. First, higher incomes would reduce inequality by definition. Second, higher incomes would increase tax revenue, thereby increasing the dollars available for redistribution. Subject, of course, to distrust, which leads to the last point . . .

What is "distrust" and does it inhibit redistribution or other remediation?

KNSS implicitly distinguish between two species of "distrust" – the endogenous and exogenous.[42] Distrust is endogenous to the extent it is determined within the system – and the baseline distrust identified by KNSS is of this type. As evidenced by the support for the minimum wage and the estate tax, people do not distrust government in the abstract; rather, they distrust government based on a perception that politicians are working to enrich themselves and their large contributors rather than working on behalf of the people. KNSS' work indicates that explicit, persuasive contrary evidence can rebut this endogenous distrust. Exogenous distrust, on the other hand, would be a fixed view that government is inherently corrupt, not susceptible to change based on evidence.[43]

Evidence of efficacy can surmount endogenous distrust. This is the core insight of KNSS and its intellectual progeny. People do not distrust government in the abstract; they distrust a government that they perceive to have failed to execute effectively. Well-articulated, clearly communicated evidence of execution should help surmount endogenous distrust, and thereby increase support for redistribution. Pre-distribution strategies should be less susceptible to critiques of distrust because they involve structural remedies versus cash transfers. As technology exacerbates inequality, government will have to re-earn the trust of citizens by effectively deploying inequality mitigation strategies.

Endnotes

[1] Ilyana Kuziemko, Michael I. Norton, Emmanuel Saez, and Stefanie Stantcheva, "How Elastic Are Preferences for Redistribution? Evidence from Randomized Survey Experiments," American Economic Review 105, no. 4 (2015): 1478–1508, https://doi.org/10.1257/aer.20130360. This article is the primary source on which the present essay is based; specific page citations to it appear in the notes below.

[2] Allan H. Meltzer and Scott F. Richard, "A Rational Theory of the Size of Government," Journal of Political Economy 89, no. 5 (1981): 914–27.

[3] Kuziemko et al., "How Elastic Are Preferences for Redistribution?," 1479, citing General Social Survey data. For a fuller treatment of this trend, see Vivekinan Ashok, Ilyana Kuziemko, and Ebonya Washington, "Support for Redistribution in an Age of Rising Inequality," Brookings Papers on Economic Activity 2015, no. 1 (2016): 367–433.

[4] Kuziemko et al., "How Elastic Are Preferences for Redistribution?," 1478 (abstract): "The treatment has large effects on views about inequality but only slightly moves tax and transfer policy preferences."

[5] Ibid., 1478: "An exception is the estate tax—informing respondents of the small share of decedents who pay it doubles support for it."

[6] Ibid., 1481.

[7] Ibid., 1481.

[8] Ibid., 1482.

[9] Ibid., 1481.

[10] Ibid., 1482.

[11] Ibid., 1479, n.6, collecting alternative theoretical models of redistributive preferences that do not turn on distrust of government.

[12] Giacomo Corneo and Hans Peter Grüner, "Social Limits to Redistribution," American Economic Review 90, no. 5 (2000): 1491–1507 (arguing that middle-income agents may temper their preferred level of redistribution in order to preserve social distance from those below them on the income ladder).

[13] Alberto Alesina and George-Marios Angeletos, "Fairness and Redistribution," American Economic Review 95, no. 4 (2005): 960–80 (showing that societies which believe income reflects effort choose lower redistribution than societies which believe it reflects luck, birth, or connections, and that each belief can be self-fulfilling).

[14] See Kuziemko et al., "How Elastic Are Preferences for Redistribution?," 1479 n.6; and, for the formal treatment of the "prospect of upward mobility" (POUM) hypothesis, Roland Bénabou and Efe A. Ok, "Social Mobility and the Demand for Redistribution: The POUM Hypothesis," Quarterly Journal of Economics 116, no. 2 (2001): 447–87.

[15] See Kuziemko et al., 1479 n.6; and Alberto Alesina and Paola Giuliano, "Preferences for Redistribution," in Handbook of Social Economics, vol. 1, ed. Jess Benhabib, Alberto Bisin, and Matthew O. Jackson (Amsterdam:

North-Holland, 2011), 93–131, emphasizing the intergenerational transmission of redistributive preferences across countries of origin.

[16] Larry M. Bartels, "Economic Inequality and Political Representation," in The Unsustainable American State, ed. Lawrence Jacobs and Desmond King (New York: Oxford University Press, 2009), chap. 5; see also Bartels, Unequal Democracy: The Political Economy of the New Gilded Age, 2nd ed. (Princeton: Princeton University Press, 2016).

[17] Christopher Roth and Johannes Wohlfart, "Experienced Inequality and Preferences for Redistribution," Journal of Public Economics 167 (2018): 251–62 (finding that inequality directly experienced during one's formative years has a more persistent effect on redistributive preferences than inequality merely reported to respondents, as in KNSS's design).

[18] Ingar Haaland, Christopher Roth, and Johannes Wohlfart, "Designing Information Provision Experiments," Journal of Economic Literature 61, no. 1 (2023): 3–40.

[19] Kuziemko et al., "How Elastic Are Preferences for Redistribution?," 1505. This suggestion was later taken up by Kyle Peyton, "Does Trust in Government Increase Support for Redistribution? Evidence from Randomized Survey Experiments," American Political Science Review 114, no. 2 (2020): 596–602.

[20] Board of Governors of the Federal Reserve System, Distributional Financial Accounts, series WFRBST01134, "Share of Net Worth Held by the Top 1 Percent (99th to 100th Wealth Percentiles)," accessed July 2026, https://fred.stlouisfed.org/series/WFRBST01134.

[21] Internal Revenue Service, Statistics of Income, tax year 2022, as reported in "Top 1 Income in US 2025: Statistics & Facts," The World Data, accessed July 2026, https://theworlddata.com/top1-income-in-us/ (reporting that the top 1 percent of filers earned 22.4 percent of total Adjusted Gross Income while contributing 40.4 percent of federal income tax revenue).

[22] Edward J. McCaffery is generally credited with coining the phrase "buy, borrow, die" in the 1990s to describe this strategy; the analysis was popularized by a 2021 ProPublica investigation using leaked IRS data. See "'Buy, Borrow, Die' Gains New Life," USC Gould School of Law, accessed July 2026, https://gould.usc.edu/news/buy-borrow-die-gains-new-life/.

[23] Slaughter and Wessel, "U.S. Capitalism at a Crossroads, WSJ, May 31, 2026.

[24] Slaughter and Wessel, "U.S. Capitalism at a Crossroads," WSJ, May 31, 2026, citing Harvard University's Opportunity Insights project. See also Raj Chetty et al., "The Fading American Dream: Trends in Absolute Income Mobility since 1940," Science 356, no. 6336 (2017): 398–406, the study most closely associated with this widely cited statistic.

[25] See Raj Chetty, in Blackman, "Five Ideas for Reducing Income Inequality."

[26] See Heather Boushey, in Blackman, "Five Ideas for Reducing Income Inequality" (arguing that extreme inequality "lowers productivity and growth by obstructing the ability of human capital to find its best fit and by distorting consumption and investment patterns at the top").

[27] Slaughter and Wessel, "U.S. Capitalism at a Crossroads" (describing contemporary American capitalism as "marked by widespread distrust of institutions, expertise and elites" amid "deeply polarized politics").

[28] Richard Wilkinson and Kate Pickett, The Spirit Level: Why More Equal Societies Almost Always Do Better (London: Allen Lane, 2009).

[29] The term was coined in Jacob S. Hacker, "The Institutional Foundations of Middle-Class Democracy," Policy Network 6, no. 5 (2011): 33–37.

[30] Internal Revenue Service, "Earned Income Tax Credit (EITC)," accessed July 2026, https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit-eitc. Income eligibility thresholds vary by filing status and number of qualifying children and are adjusted annually for inflation.

[31] Milton Friedman, Capitalism and Freedom (Chicago: University of Chicago Press, 1962), chap. 12, proposing a "negative income tax" as an alternative to the then-existing patchwork of welfare programs.

[32] See Emmanuel Saez, in Blackman, "Five Ideas for Reducing Income Inequality" (proposing a wealth tax on the ultrarich, and estimating that the billionaire class "pay[s] only 24% of their full economic income in total taxes—less than the overall average tax rate of 30%").

[33] Slaughter and Wessel, "U.S. Capitalism at a Crossroads," describing the proposed California billionaire-tax referendum and Senator Elizabeth Warren's proposed annual wealth tax.

[34] Sam Altman, quoted in Slaughter and Wessel, "U.S. Capitalism at a Crossroads": "I'm fairly confident that at some point in the future, as technology continues to eliminate traditional jobs and massive new wealth gets created, we're going to see some version of [universal basic income] at a national scale."

[35] See Slaughter and Wessel, "U.S. Capitalism at a Crossroads," citing research by the Nobel laureate James Heckman finding that the benefits of early-childhood interventions can be many times larger than their costs.

[36] See Glenn Hubbard, in Blackman, "Five Ideas for Reducing Income Inequality" (proposing regional applied-research centers and "lifetime training to help workers hone the skills that can't be automated").

[37] See Raj Chetty, in Blackman, "Five Ideas for Reducing Income Inequality" (citing evidence that housing-voucher programs enabling low-income families to move to better neighborhoods raise children's lifetime earnings).

[38] Chetty, in Blackman, "Five Ideas for Reducing Income Inequality."

[39] See Heather Boushey, in Blackman, "Five Ideas for Reducing Income Inequality" (calling for the revitalization of antitrust enforcement and of organized labor as tools to counteract concentrated market power).

[40] On occupational licensing reform, compare John H. Cochrane, in Blackman, "Five Ideas for Reducing Income Inequality" (criticizing licensing rules that "limit opportunities"), with Glenn Hubbard in the same symposium (proposing "loosening occupational licensing rules") – a rare point of convergence between economists who otherwise differ sharply on the desirability of redistribution.

[41] Ownership Works, accessed July 2026, https://ownershipworks.org, a nonprofit initiative co-founded in 2022 that partners with private-equity and other firms to extend broad-based employee equity ownership to non-executive employees at portfolio companies.

[42] On the general distinction between exogenous and endogenous variables, see, e.g., Joshua D. Angrist and Jörn-Steffen Pischke, Mostly Harmless Econometrics: An Empiricist's Companion (Princeton: Princeton University Press, 2009).

[43] Cf. Kyle Peyton, "Does Trust in Government Increase Support for Redistribution?," 596–602 (referenced in note 19, above).