

Where you live and who your neighbors are influences whether or not you think closing the income gap is important.



Income inequality and its effects has become a pressing concern for politicians across the political spectrum. But what makes people sit up and take notice of the inequality that may surround them? In new research which focuses on income diversity in New York, [Scott Minkoff](#) and [Jeffrey Lyons](#) find that those who live in areas with a greater diversity of incomes are more likely to perceive that there is a larger income gap compared to those who live in areas which tend to be generally poor or generally wealthy.

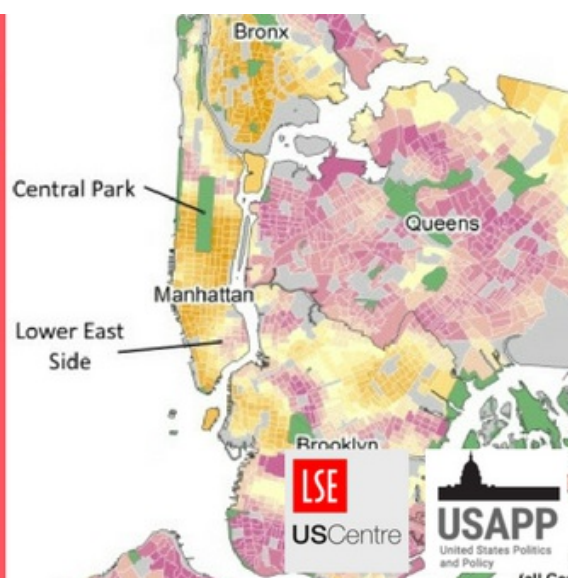
While [a majority](#) of Americans know that income inequality has increased in recent decades, a substantial percentage of the population remains unaware and unconcerned about its size. The existing research on why people hold the views they do about income inequality has found that variables such as race, income, self-interest, and partisanship are all important explanatory factors. However, income inequality is a complex issue and opportunities to learn about income distributions and their consequences are scarce outside of formal education settings. In new research we find support for our hypothesis that neighborhood income diversity provides cues that influence people’s perceptions and opinions of income inequality.

Essential to our hypothesis is a distinction between *income inequality* and *income diversity*. Income inequality (typically measured using a [Gini coefficient](#)) is the degree to which wealth is concentrated within different levels of earners in a given space or place. An unequal space is usually understood as one in which the wealthy have a much greater share of the money than the rest of the population. Alternatively, income diversity is the degree to which different earning levels exist in a space. In an economically equal world, there can still be income diversity and in an economically unequal world, there can be considerable similarities (indeed, this is the world many of us live in). For the places where we live to have an impact on us, people have to encounter varying influences. However, the most unequal of places – such as one where the vast majority of the income is held by a few people and everyone else has very little – would appear to a resident or observer to just be a poor area. While this would represent high levels of inequality, it would not likely be a situation where a person would regularly encounter people of differing economic circumstances.

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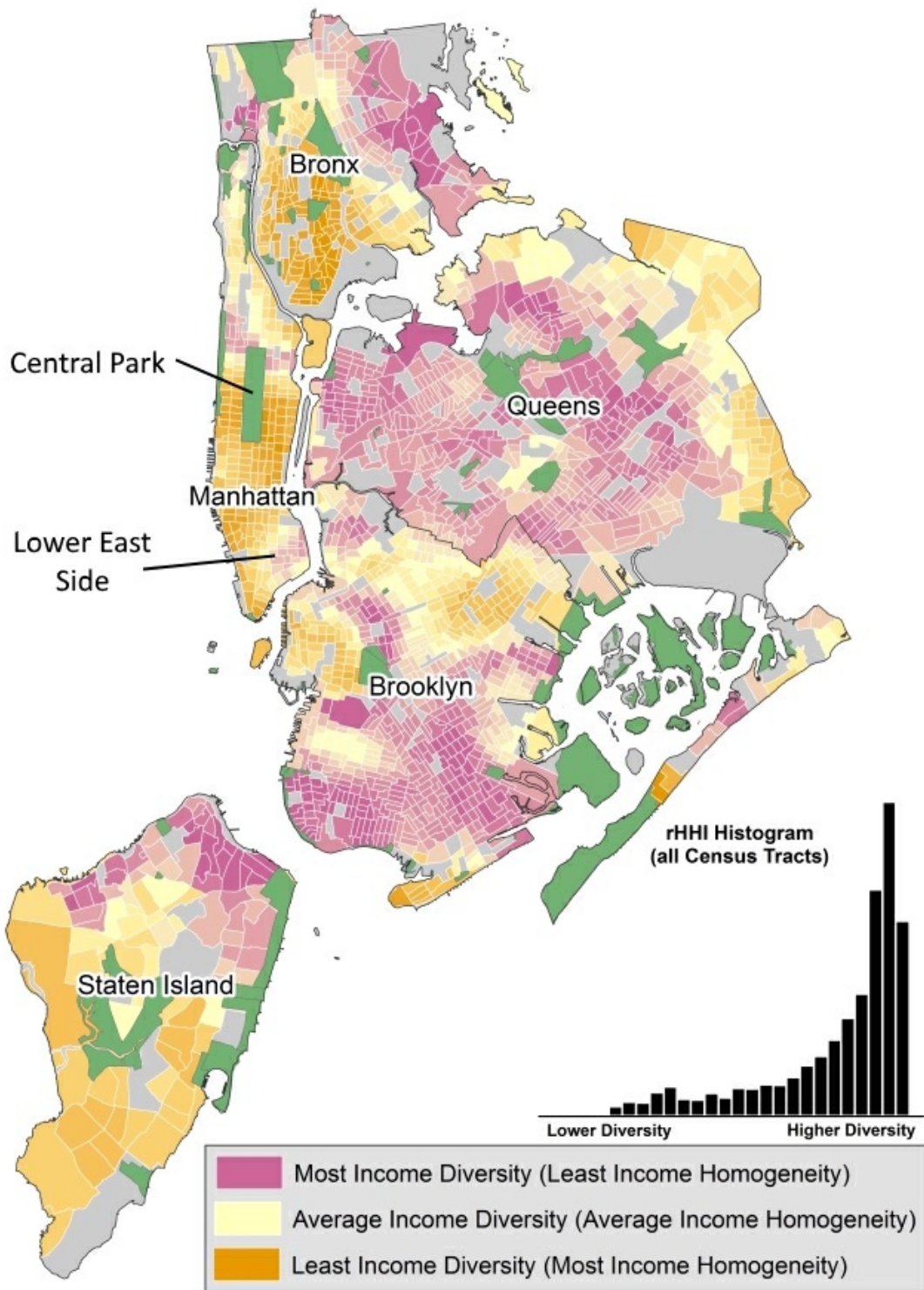
Scott Minkoff and Jeffrey Lyons on how where you live and who your neighbors are influences whether or not you think closing the income gap is important.

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Using a 2014 survey of 902 geocoded New York City residents ([the 2014 New York City Neighborhood Survey](#)), we were able to examine how income diversity impacts these perceptions and attitudes. The geocoding of respondents (to their nearest cross-street) allowed us to accurately examine where respondents live. We utilized a [Hirfindahl Index](#) of four income categories that takes into account all household incomes for a respondent's home [Census tracts](#) plus all tracts within one mile. In **Figure 1** below we show the distribution of this neighborhood-based measure of income diversity for all of New York City. Those familiar with New York City should find that the map conforms to expectations. For example, most of Manhattan below 110th Street (the North end of Central Park) tends to have similar people– in this case people who are comparably wealthy. The primary exception being the East Village where there is a considerable amount of public housing. Note that even though the space with public housing is primarily low-income, the space's close proximity to other income groups allows the measure to appropriately capture it as an economically diverse area.

Figure 1 – New York City Neighborhood Income Diversity (rHHI)



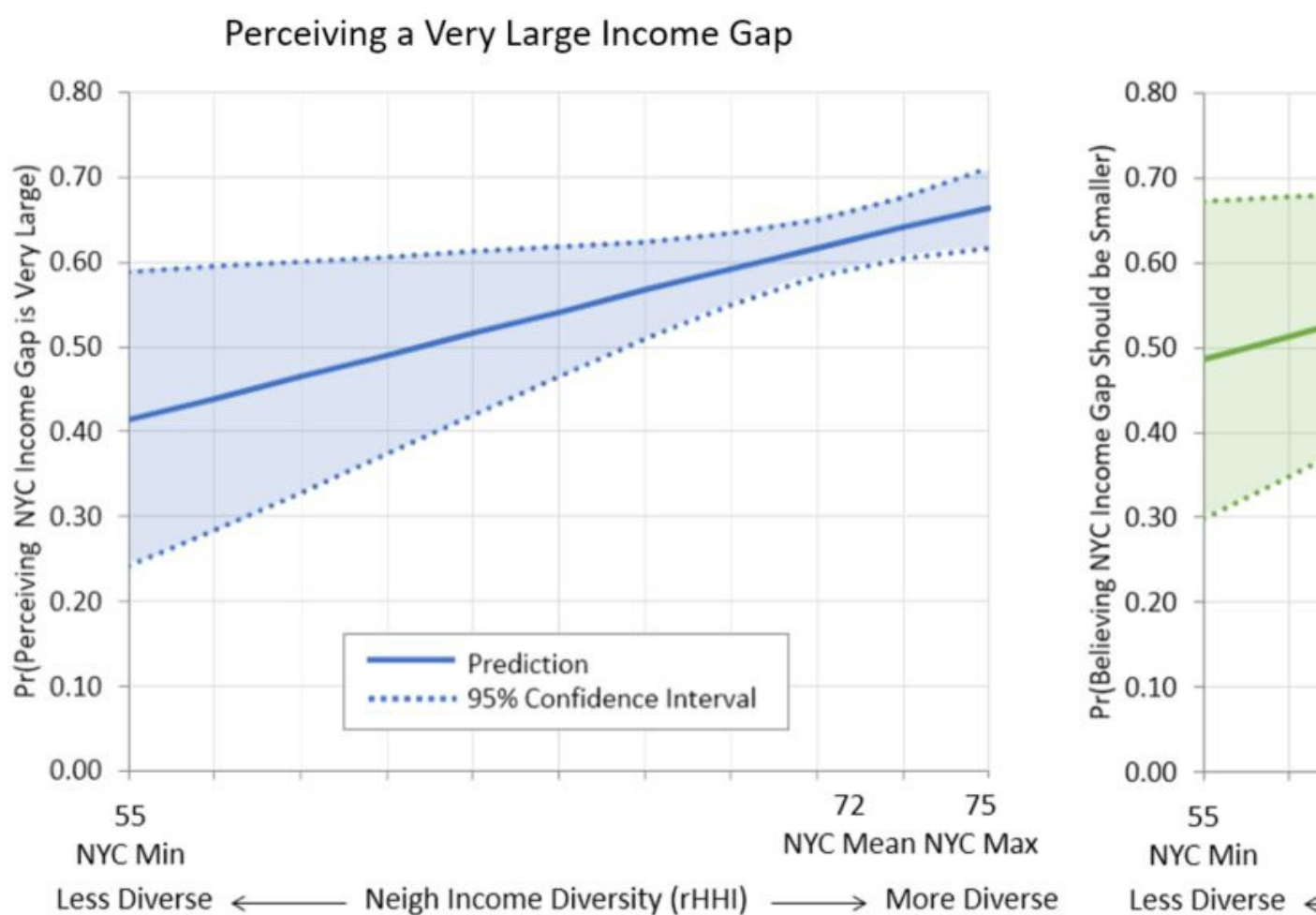
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Our models reveal that this income diversity (or the lack thereof) does appear to influence peoples' beliefs about inequality. Those who live in neighborhoods where residents mostly have similar incomes (low diversity) – including those that are primarily wealthy *and* those that are primarily poor – are less likely to perceive a big income gap and less likely to believe that it should be made smaller. Put differently, those who are exposed to people from different income backgrounds in the neighborhood where they reside tend to believe that the income gap is larger and are more favorable to action on the issue. Those who are surrounded primarily by one income group and do not get this exposure to income diversity are less likely to hold these attitudes. This general pattern of results holds when accounting for racial diversity and traditional measures of income inequality. **Figure 2** shows the estimated effect size for the average respondent across the range of income diversity in New York City.

Figure 2 – Effect of Neighborhood Income Diversity on Perceptions of and Attitudes About Income Inequality.



Note: Predictions estimated holding all other model variables at their sample mean.

We also find that the effect of neighborhood income diversity is stronger for people with less formal education and people at either end of the income spectrum. Those with less formal education may lack the networks for learning about and discussing income inequality. Relatedly, those that are poor or rich (rather than middle class) tend to have more similar life experiences so neighborhood context may be an especially important way for them to collect information about certain economic issues.

We join others who have argued that the places where we live help to shape our views about economic and political matters, whether it is through changing our [preferences for redistribution](#) or altering our [awareness](#) of the widening income gap. A key implication of our research is that how and where people live may be contributing to aggregate preferences and attitudes on inequality. While this seems to suggest that as the economic character of communities change we should expect to see changes in public opinion, the potential for place-based income diversity to increase awareness of inequality is likely being mitigated [by the increasing similarity of residential incomes](#). As Americans continue to live more and more among people that our economically similar, the harder it is going to be for income inequality to become an important and actionable political issue.

- This article is based on the paper '[Living With Inequality: Neighborhood Income Diversity and Perceptions of the Income Gap](#)' in *American Politics Research*.
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Note: This article gives the views of the author, and not the position of USAPP – American Politics and Policy, nor the London School of Economics.

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