

The Polarization of Reality[†]

By ALBERTO ALESINA, ARMANDO MIANO, AND STEFANIE STANTCHEVA*

Evidence is growing that Americans are polarized not only in their views on policy issues and attitudes toward government and society but also in their *perceptions* of the same factual reality. In this paper, we conceptualize how to think about the polarization of reality and review recent papers that show that Republicans and Democrats (as well as Trump and non-Trump voters since 2016) view the same reality through a different lens. Perhaps as a result, they hold different views about policies and what should be done to address different economic and social issues.

The direction of causality is unclear. On the one hand, individuals could select into political affiliations on the basis of their perceptions of reality. On the other hand, political affiliation affects the information one receives, the groups with which one interacts, and the media to which one is exposed, all of which can shape perceptions of reality. Regardless of the direction of causality, though, this is not about having different attitudes about economic or social phenomena or policies that could justifiably be viewed differently from different angles. What is striking, rather, is to have different perceptions of realities that can be factually checked.

We highlight evidence about differences in perceptions across the political spectrum on social mobility, inequality, immigration, and public policies. We also show that providing information leads to different reassessments of reality and different responses along the policy support margin, depending on one's political leaning.

Earlier Literature.—Some differences in perceptions between Republican and Democratic

voters have been illustrated in the political science literature. Bartels (2002) shows that party identification shapes perception of economic indicators that can be seen as the government's "performance indicators" (e.g., unemployment or inflation), with Republicans being more optimistic than Democrats on economic variables during the Reagan presidency.¹ Similar results about the importance of partisan assessment of the government's performance in shaping perceptions of economic indicators is found in Conover, Feldman, and Knight (1987). More recently, Jerit and Barabas (2012) shows that people perceive the same reality in a way consistent with their political views and that learning is selective: partisans have higher knowledge for facts that corroborate their world views and lower knowledge of facts that challenge them. Heterogeneous updating to identical information is also shown for attitudes toward the Iraq War in Gaines et al. (2007). Prior, Sood, and Khanna (2015) and Bullock et al. (2015) demonstrate that people give "partisan" answers to factual questions in surveys, but the partisan gap is reduced if monetary incentives are offered for correct answers.

I. Conceptual Framework

A simple conceptual framework can help organize the empirical results reviewed (for the full-fledged model, see Stantcheva 2019). It is illustrated in Figure 1.

People can hold many "perceptions," which are estimates of true parameters on a variety of topics such as the share of immigrants, the share of national income going to the top 1 percent, or the elasticity of top incomes to top tax rates. These perceptions have true empirical counterparts. "Policy views" are formed as functions of these perceptions and can range from the

*Alesina: Harvard University, CEPR, IGIER, and NBER (email: aalesina@harvard.edu); Miano: Harvard University (email: amiano@g.harvard.edu); Stantcheva: Harvard University, CEPR, and NBER (email: sstantcheva@fas.harvard.edu).

[†]Go to <https://doi.org/10.1257/pandp.20201072> to visit the article page for additional materials and author disclosure statement(s).

¹For instance, in 1988, Democrats were more likely to report that unemployment and inflation had increased since 1980, when the opposite was true.

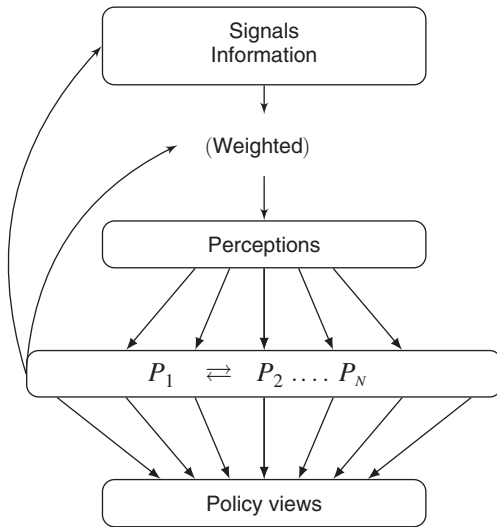


FIGURE 1. FROM INFORMATION TO POLICY VIEWS

desired top tax rate to the ideal level of government intervention. Perceptions interact with one another: each policy view can be a function of several or all perceptions. For instance, as we will see below, a given perceived level of social mobility will translate into different support for redistribution based on people's perceptions of the competence and trustworthiness of the government.²

How perceptions are determined depends on how learning occurs. People receive "signals," which are pieces of information and which are weighted in order to be translated into a change in perceptions. Signals do not have homogeneous impacts on all people's perceptions, and not all people receive the same signals. People may thus end up with very heterogeneous perceptions and misperceptions.

First, suppose that information and signals are costless. Even entirely rational updating rules will depend on the prior level of (possibly, all) perceptions, as well as on the weight placed on the signal. The interaction among perceptions

²In addition, some perceptions may put consistency constraints on others. For instance, one cannot simultaneously believe that all immigrants are unemployed and that one's sector's jobs are mostly taken by immigrants. This could be called "Schrödinger's" immigrant, and we do not need to rely on such mental models to rationalize the results presented.

means that the weight and updating for an identical signal will depend on all prior perceptions. A signal can move more than one perception at the same time. The weight on the signal is endogenous to perceptions (as also indicated by an arrow in the figure) because it could depend on its assessed reliability, which is yet another perception held by people.

Second, imagine information is costly to acquire. Then, in addition to the interaction among existing perceptions and updating just described, the set of signals acquired is also endogenous to perceptions (as indicated again by an arrow in the figure). People have to decide which information to incur costs for, which will depend on their baseline perceptions. Below, we describe how people with different baseline perceptions indeed have different willingness-to-pay for information.

What makes learning particularly difficult in this setting is that the actual true values of the variables that people form perceptions about either change over time (e.g., the share of immigrants) or are difficult to estimate, even for experts (e.g., the elasticity of unemployment to unemployment benefits).

Finally, while behavioral features could also play a role, there is no need to suppose that if people had the exact same vector of perceptions there would be disagreement on policy views or updating (i.e., willful ignorance or partisan bias per se in the shape of the function mapping perceptions to policy views). As long as people have a whole set of heterogeneous perceptions, there will be completely different policy views, and any signal will be (rationally) acquired and weighted on the basis of the full set of perceptions, which leads to different updating processes as well.

II. The American Dream

Is the American dream alive? The answer people give to this question turns out to be a key determinant of support for redistribution. If perceived social or intergenerational mobility is high, the resulting inequalities in income and wealth are perceived as more fair, since it is thought that everyone had more equal opportunities with which to start.

Using detailed surveys on several thousand respondents, Alesina, Stantcheva, and Teso (2018) investigates perceptions about

intergenerational mobility in the United States and Europe. The authors show that not only are Americans more optimistic about social mobility than Europeans, but they are overly optimistic given reality: they overestimate the chances of making it from the bottom to the top—that is, a child born in the bottom quintile making it to the top quintile.

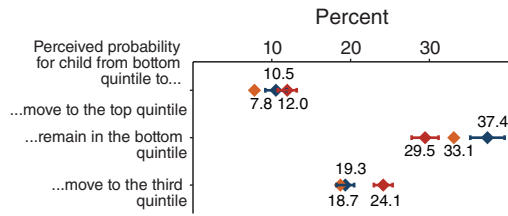
Perceptions of social mobility are correlated with political orientation. Americans who identify themselves as conservative (i.e., right-wing) on economic issues believe that the probability that a child born in the bottom quintile makes it to the top is 12 percent; liberals (left-wing) respondents believe that it is 10.5 percent. Thus, both groups overestimate the correct answer, which is 7.8 percent, implying that belief in the strongest form of the “American dream”—making it from rags to riches—is still relatively prevalent. However, perceptions about the chances of making it out of poverty and into the middle class are very different across the political spectrum, as illustrated in panel A of Figure 2. The perceived probability that a child born in the bottom quintile remains in that quintile as an adult is 37.4 percent for left-wing respondents and 29.5 percent for right-wing respondents (the correct number is 33.1 percent). The perceived probability such a child makes it into the middle class (the third quintile) is 19.3 percent for liberals and 24.1 percent for conservatives (the actual probability is 18.7 percent).

In a qualitative version of this question, 51.3 percent of left-wing respondents, compared with 31.3 percent of right-wing respondents, believe that chances are very low for children born in the bottom quintile to make it to the top. A total of 72 percent of right-wing respondents versus 38.6 percent of left-wing ones agree with the statement that “in the US everybody has a chance to make it and be economically successful.”

Perceptions of social mobility are especially (over)optimistic in areas where actual social mobility is the lowest, namely, the South and Southeast of the United States, which are regions where the Republican vote is particularly high.³

³The correlation between the perceived probability to make it from the bottom to the top quintile and the actual state-level probability is -0.29 .

Panel A. Mobility perceptions



Panel B. Inequality perceptions

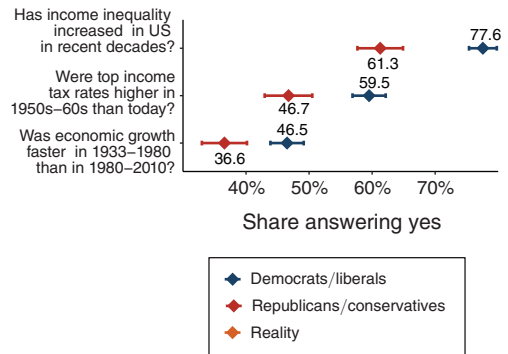


FIGURE 2. DIFFERENCES IN PERCEPTIONS ACROSS THE POLITICAL SPECTRUM

Note: The lines are 95 percent confidence intervals around the mean.

Source: Panel A: Alesina, Stantcheva and Teso (2018); panel B: Kuziemko et al. (2015)

Alesina, Stantcheva, and Teso (2018) shows that pessimism about social mobility is associated with more favorable views toward redistribution, especially in terms of a more progressive tax system and of more spending for equal-opportunity policies like education or health. Different perceptions about the same reality across the political spectrum are thus correlated with different policy preferences.

To establish causality between perceptions and support for policies, the authors use an experimental treatment, whereby a randomly selected group of respondents sees pessimistic information about mobility, highlighting that the chances of children from poor families of rising up the income ladder are small while the chances of children from rich families remaining rich are relatively high. The control group sees no such information. After seeing this pessimistic information, both left-wing and right-wing respondents become more pessimistic about

mobility, suggesting that the information is indeed convincing. But only left-wing respondents become (even) more supportive of redistribution. Right-wing respondents do not, possibly because, as the authors argue on the basis of their detailed survey questions, they view the government as the “problem” and not the “solution.” As explained in the framework, even when faced with the exact same information about reality, people may translate it into political preferences in different ways according to their other existing perceptions.

III. Inequality and Tax Policy

Perceptions of reality also differ along the political spectrum when it comes to inequality and tax policy. Kuziemko et al. (2015) shows that 61 percent of Republicans against 78 percent of Democrats (correctly) believe that income inequality in the United States has increased in recent decades (see Figure 2). Actually showing respondents information about the level of and change in inequality in the United States has the unexpected effect of making them trust the government less, perhaps because they believe—as in the aforementioned study on social mobility—that the government may be responsible for the rise in inequality or ineffective at mitigating it. In line with our framework, perceptions are jointly determined, and what appears at first sight to be a signal about only one type of perception (here, inequality) can end up shifting other perceptions, too (here, the competence of the government).

Stantcheva (2019) shows that Republicans believe that the top 1 percent of earners receive 40 percent of national income and the top 1 percent of wealth holders hold 53 percent; for Democrats these numbers are 48 percent and 64 percent, respectively. Furthermore, Stantcheva (2019) highlights that political polarization exists even in views of current factual features of the tax system and in directions that can be expected on the basis of ideology. For instance, Democrats believe that 23 percent of households pay no income tax; Republicans believe this figure is 28 percent. Republicans perceive the average top income tax rate to be 31 percent; Democrats believe it is 25 percent. When it comes to historical perceptions, Kuziemko et al. (2015) shows that 47 percent of Republicans and 60 percent of Democrats

understand that top income tax rates were higher in the 1950s to 1960s than today. Strikingly, different views also extend to one’s own position in society: Stantcheva (2019) shows that conditional on actual income, being Republican increases one’s perceived social class.

IV. Immigration

Another issue on which right-wing and left-wing respondents have starkly different views is immigration. Alesina, Miano, and Stantcheva (2018) investigates how natives perceive immigrants in their country and how this affects their preferences for immigration policies and redistributive policies, by using custom-designed surveys in the United States and five European countries (France, Italy, Germany, Sweden, and the United Kingdom). The authors ask detailed questions about a wide array of immigrants’ characteristics: their share, education, unemployment levels, reliance on government transfers, and countries of origin.⁴

All respondents starkly overestimate the share of immigrants in the United States and believe on average that it is 36 percent; the actual share of legal immigrants is 10 percent of the US population (around 13.5 percent if we include illegal immigrants, too, and around 26 percent if we include second-generation immigrants). While there is no heterogeneity in the (mis)perceived share of immigrants, perceptions differ a great deal when it comes to the socioeconomic and cultural composition of immigrants. Both Republican and Democratic respondents overestimate the share of immigrants that are Muslim, but Republicans’ misperceptions are 5 percentage points higher than Democrats’ (25.2 percent versus 20.7 percent; the true share is about 10 percent).

Republicans believe fewer immigrants have a college degree than do Democrats; they also overestimate the share of immigrants that have not completed high school to a greater extent. They perceive more immigrants to be unemployed. The divide is even more significant when it comes to perceived reliance on the welfare state. Republicans are almost twice as likely

⁴Perceptions about immigrants are benchmarked against perceptions about natives, by asking respondents the same questions about nonimmigrants in their country.

as Democrats to think that an average immigrant receives twice as many transfers (or more) as a native resident, and that on net, “Mohammad” receives more from the government than “John” (who is identical in all respects to Mohammad, except that he is not an immigrant). The effect of political affiliation on these perceptions is robust to controlling for the full array of individual characteristics (e.g., age, education, income, occupation, being a second-generation immigrant) or local factors at the commuting zone level (e.g., local unemployment and poverty rates, racial segregation, share of immigrants or minorities).

This heterogeneity in perceptions does not appear in the answers about nonimmigrants’ characteristics, suggesting that, while respondents may in general have inaccurate perceptions on many issues, it is mostly on partisan issues, such as immigration, that perceptions diverge across the political spectrum. If respondents are split according to whether they voted for Trump, the differences in perceptions are wider than between Democrats and Republicans overall.

Why do these misperceptions persist? First, perhaps because this issue is prone to political narratives, providing factual information on the actual shares and origins of immigrants—as these authors do experimentally—only weakly moves respondents’ perception of these statistics. On the other hand, simply priming respondents in an experimental way to think about immigrants before answering questions about redistribution reduces their support for redistribution. Second, demand for accurate information on this politically charged topic seems to be systematically correlated with political views and with baseline misperceptions. When respondents are given the option to pay a randomized amount to receive accurate information about the characteristics of immigrants, respondents who have the most inaccurate (which is equivalent here to the most negative) views of immigrants are less willing to pay for information. In addition, even conditional on the level of misperception and other individual characteristics, Republican respondents are 14% less willing to pay to receive correct information about immigrants. This echoes the phenomenon described in the model,

whereby the signal (information) acquisition itself is endogenous to existing perceptions and can thus prevent learning.

REFERENCES

- Alesina, Alberto, Armando Miano, and Stefanie Stantcheva.** 2018. “Immigration and Redistribution.” NBER Working Paper 24733.
- Alesina, Alberto, Stefanie Stantcheva, and Edoardo Teso.** 2018. “Intergenerational Mobility and Preferences for Redistribution.” *American Economic Review* 108 (2): 521–54.
- Bartels, Larry M.** 2002. “Beyond the Running Tally: Partisan Bias in Political Perceptions.” *Political Behavior* 24 (2): 117–50.
- Bullock, John G., Alan S. Gerber, Seth J. Hill, and Gregory A. Huber.** 2015. “Partisan Bias in Factual Beliefs about Politics.” *Quarterly Journal of Political Science* 10 (4): 519–78.
- Conover, Pamela Johnston, Stanley Feldman, and Kathleen Knight.** 1987. “The Personal and Political Underpinnings of Economic Forecasts.” *American Journal of Political Science* 31 (3): 559–83.
- Gaines, Brian J., James H. Kuklinski, Paul J. Quirk, Buddy Peyton, and Jay Verkuilen.** 2007. “Same Facts, Different Interpretations: Partisan Motivation and Opinion on Iraq.” *Journal of Politics* 69 (4): 957–74.
- Jerit, Jennifer, and Jason Barabas.** 2012. “Partisan Perceptual Bias and the Information Environment.” *Journal of Politics* 74 (3): 672–84.
- Kuziemko, Ilyana, Michael I. Norton, Emmanuel Saez, and Stefanie Stantcheva.** 2015. “How Elastic Are Preferences for Redistribution? Evidence from Randomized Survey Experiments.” *American Economic Review* 105 (4): 1478–508.
- Prior, Markus, Gaurav Sood, and Kabir Khanna.** 2015. “You Cannot Be Serious: The Impact of Accuracy Incentives on Partisan Bias in Reports of Economic Perceptions.” *Quarterly Journal of Political Science* 10 (4): 489–518.
- Stantcheva, Stefanie.** 2019. “Understanding Economic Policies: What Do People Know and How Can They Learn?” Harvard University Working Paper.