**Is US income gap wider than you think?**

**A study by behavioral economists suggests that most Americans would prefer a more equitable distribution.**

By [Karen Datko](http://money.msn.com/keyword.aspx?author=xfd056fb5a43657bd3b16661955127fc942f1a7cad18cad72) Aug 13, 2012 6:23PM

Do Americans understand how vast the nation's wealth gap is? And if they had their way, what income distribution sounds just about right to most people? That's what two behavioral economists have attempted to find out.

On both counts, the results they got may surprise you.

First, we Americans recognize that there's an income gap but greatly underestimate how much wealth is concentrated in the top fifth of the population.

"If you guessed around 9% for the bottom (40% of the population) and 59% for the top (20%), you're pretty much in line with the average response we got when we asked this question of thousands of Americans," Duke professor Dan Ariely [wrote in The Atlantic](http://www.theatlantic.com/business/archive/2012/08/americans-want-to-live-in-a-much-more-equal-country-they-just-dont-realize-it/260639/) this month.

In reality, the bottom 40% of the population has only 0.3% of the wealth, and the top 20% has 84%, he writes. *(Post continues below.)*

How does that compare with the wealth distribution people would like to see? Ariely and fellow researcher [Michael Norton of Harvard](http://www.bing.com/search?q=Michael+Norton+of+Harvard&go=&qs=bs&form=MSMONY) tested that two ways.

They asked 5,522 Americans to describe a distribution of wealth in which they'd be comfortable being randomly assigned anywhere between the bottom and top.

What a bunch of fair-minded people we are. Ariely wrote:

**We found that the ideal distribution described by this representative sample of Americans was dramatically more equal than exists anywhere in the world, with 32% of wealth belonging to the wealthiest quintile down to 11% by the poorest.**

**What was particularly surprising about the results was that when we examined the ideal distributions for Republicans and Democrats, we found them to be quite similar.**

They also asked subjects to pick between two unidentified countries -- one modeled on the U.S. reality and the other somewhat similar to Sweden. The second one was chosen by 92%, with, once again, a small difference between those who identified with either major party -- 93% for Democrats and 90.5% for Republicans. The difference between rich and poor respondents to the question was also small, [Ariely told NPR](http://www.npr.org/2011/04/16/135472478/study-americas-wealth-not-widely-distributed).

What can we learn from this? Ariely wrote:

**The first is that we vastly underestimate the level of inequality that we have in America. Our society is far more uneven in terms of wealth than we believe it is. Second, we want much more equality than both what we have and what we think we have. Apparently, when asked in a way that avoids hot-button terms, misconceptions, and the level of wealth people currently possess, Americans are actually in agreement about wanting a more equal distribution of wealth.**

Want a graphic illustration of where the U.S. sits? Another [Atlantic article](http://www.theatlantic.com/international/archive/2011/09/map-us-ranks-near-bottom-on-income-inequality/245315/) includes two maps identifying countries by how they fit on the [Gini coefficient](http://www.bing.com/search?q=Gini+coefficient&go=&qs=bs&form=MSMONY), a respected method for measuring income inequality. The article says:

**Income inequality is more severe in the U.S. than it is in nearly all of West Africa, North Africa, Europe, and Asia. We're on par with some of the world's most troubled countries, and not far from the perpetual conflict zones of Latin American and Sub-Saharan Africa.**

<http://money.msn.com/saving-money-tips/post.aspx?post=e22b5eff-6626-4c4b-841d-b93047cf2a7f>