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The moral economy of inequality: popular views on income differentiation, poverty and wealth

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This article asks how ordinary people in Germany perceive and legitimize economic disparities in an era of rising income inequality. Based on in-depth qualitative interviews with respondents from higher and lower social classes, the paper reconstructs the 'moral economy' that underlies popular views of inequality. While respondents agree with abstract egalitarian principles—i.e. income differentiation based on merit—they are concerned with specific instances of inequality, especially poverty and wealth. These are criticized because they are seen to imply intolerable deviations, both upwards and downwards, from a way of living presumed as universal, thereby fostering a segregation of life-worlds and social disintegration. Thus, perceptions of injustice do not seem to be based on the existence of income inequality as such, but rather on the view that economic disparities threaten the social bond.

Keywords: class, inequality, moral norms, justice theory, poverty, wealth

JEL classification: A13 relation of economics to social values, D60 welfare economics, D63 equity, justice, inequality

1. Introduction

Rising income inequality has been a defining feature of social change in Western societies during the past decades (Gustafsson and Johansson, 1999; Alderson and Nielsen, 2002; OECD, 2008). This increase not only has important distributional consequences, but significant socio-cultural implications as well. First, it has been suggested that in times of growing inequality an 'empathy gulf' might emerge—a 'psychic distance between the have-nots and the haves' (Shapiro, 2002, p. 120) making it impossible for one group to imagine the circumstances of the other. Second, as economic disparities become more salient, people may become aware of their own implicit assumptions about inequality, or these may eventually

be challenged (Kluegel and Smith, 1986; McCall and Kenworthy, 2009). Therefore, how people view disparities in economic well-being, and whether they regard them as just or unjust, is crucial for societal integration. The current era of rising inequality is thus not only a timely, but also a strategic opportunity to study popular beliefs about socio-economic inequality.

In this article, I investigate *how ordinary people in Germany perceive and legitimize existing economic disparities* in the era of rising income inequality.¹ The German case provides a particularly well-suited research context in this regard. After a long-standing period of stability, inequality in Germany has been growing faster than in other countries (OECD, 2008). Furthermore, it is not driven by rising top incomes alone, but also involves income losses for people in the bottom quintiles of the distribution (Giesecke and Verwiebe, 2008), making inequality a particularly salient concern. Correspondingly, public debate has pointed to issues of polarization and the shrinking of the middle class (Grabka and Frick, 2008; Lengfeld and Hirsche, 2009).

Yet, we know rather little about ordinary Germans' views of inequality in the current context. Prior research suggests that individual actors' beliefs about socio-economic disparities are not based on rational considerations alone, but are embedded in a wider 'moral economy', i.e. an implicit, collectively shared understanding of what constitutes a fair and desirable distribution of societal benefits and burdens (Kelley and Evans, 1993; Mau, 2003; Svallfors, 2006). However, the existing survey research only paints a partial picture of such belief systems in Germany (e.g. Glatzer, 2009) and cannot shed light on 'people's underlying values, the discourses they draw on and how they understand concepts such as inequality' (Orton and Rowlingson, 2007, p. 42).

Therefore, I ask whether a common normative framework with regard to inequality in Germany exists and, if so, of what it consists. I answer these questions based on a set of qualitative interviews with people from higher and lower social classes conducted in Bremen, Germany, in 2007. Qualitative interviews provide more rich and detailed information on people's beliefs than surveys and, importantly, make it possible to tap into the underlying arguments and justifications on which people draw.

Based on these interview data, I reconstruct the collectively shared repertoire that constitutes the 'moral economy of inequality' in Germany. Specifically, I ask which reasons underlie the acceptance of income differentiation based on merit and at which point acceptable income differences turn into objectionable

¹However, I am neither aiming to explain the development of attitudes towards inequality over time, which would be impossible with qualitative data from one time-point, nor how people view the recent rise in inequality. Rather, I am interested in how *existing* inequalities are perceived and justified in a *context* of rising inequality.

inequalities. My results show that while people agree with abstract egalitarian principles—in particular the idea of merit—for functional and normative reasons, they are at the same time critical of specific instances of inequality, especially poverty and wealth. These are considered problematic because they are seen as preventing the poor from participating in a way of life seen as the societal norm and enable the rich to set themselves further apart from the rest of society, thereby straining sentiments of community and societal integration. Thus, my findings suggest that economic inequality is deemed acceptable as long as people have the impression of belonging to the same social world. In turn, it is considered objectionable when its corresponding ways of living diverge to such an extent that they foster a segregation of life-worlds.

The following section develops the theoretical perspective of a moral economy of inequality, stressing the embeddedness of individual beliefs within collective normative repertoires. Thereafter, results of previous studies will be discussed with regard to what they can contribute to an empirical reconstruction of this moral economy. The fourth section describes the sample and the way the interview data were analysed, and the fifth section presents the empirical results. The article concludes with a brief summary, sketches some implications for normative theories of social justice and compares the findings with results from the more liberal context of the USA.

2. A moral economy of inequality

The notion of a ‘moral economy’ has become increasingly popular in sociology as well as political science in recent years. Generally, proponents of the moral economy approach argue that individual actions and attitudes are embedded in a wider horizon of shared norms and values and therefore cannot be understood from a strict rational-action perspective (Booth, 1994; Arnold, 2001; Mau, 2003; Svallfors, 2006; Sayer, 2007). Therein, they follow the anthropologists and social historians who originally introduced the concept in order to comprehend economic practices in traditional societies (e.g. Thompson, 1971; Scott, 1976). These classical analyses were particularly interested in showing that the moral outrage and feelings of injustice resulting from a violation of traditional social norms could trigger collective mobilization and social protest (e.g. Thompson, 1971; Moore, 1978; Randall and Charlesworth, 2000).² In this study, I use the term moral economy more narrowly to refer to the shared moral notions and

²The British historian Edward P. Thompson, for instance, argued that the recurrent food riots in late-eighteenth-century England were collective sanctions for the violation of traditional social norms by farmers or millers trying to yield profit from people’s misery through raising prices, rather than simple ‘rebellions of the belly’ (Thompson, 1971, p. 77).

beliefs about justice that form the ‘repertoire’ (Swidler, 1986) for people’s thinking—or, as Thompson (1991, p. 260) notes, their ‘*mentalité*’.

Hence, a moral economy can be understood as a popular consensus about legitimate and illegitimate practices of social exchange—including the allocation of scarce goods and resources—which is rooted in a ‘traditional view of social norms and obligations’ (Thompson, 1971, p. 79). Contrary to the sharp distinction between (traditional) embedded and (modern) disembedded market economies (Polanyi, 1944) made by traditional moral economists, contemporary proponents of this approach maintain that even in modern market economies, individual beliefs and attitudes rest on ‘shared notions of justice and fairness’ (Mau, 2005, p. 467; cf. also Sayer, 2006).³

The *moral economy of inequality* can be defined as a set of orientations or ‘collective representations’ (Durkheim, 1974) about social stratification shared by upper and lower classes alike (Gailus and Lindenberger, 1994, p. 474), thus representing part of society’s moral infrastructure.⁴ Consequently, it emphasizes the ‘ideational embeddedness’ (Somers and Block, 2005, p. 263) of ordinary people’s thinking about social inequality within a broader normative horizon. It is similar to Svallfors’ (2006, p. 2) notion of a ‘moral economy of class’, which is defined as the ‘ideas held by different classes on the reasonableness and fairness of a certain distribution of resources or the ways certain societal institutions operate’, but focuses less on differences between classes. It differs from Reay’s (2005, p. 912) concept of a ‘psychic economy of class’, which is primarily concerned with the affective aspects of social class (e.g. feelings of inferiority, superiority, misrecognition etc.). Yet, while the conception of a moral economy of inequality emphasizes the significance of the normative dimension in people’s everyday reasoning about socio-economic disparities, it does not specify its actual content *a priori*. As these ideas often refer to unspoken, taken-for-granted assumptions, the ‘moral economy approach [...] requires us to unearth and examine the legitimations that are offered for familiar economic

³Current studies using a moral economy perspective elucidate this embeddedness of beliefs and practices for a variety of phenomena, ranging from welfare state institutions (Kohli, 1987; Mau, 2003) and social class (Svallfors, 2006) to water politics (Arnold, 2001) and the moral connotations of work (Banks, 2006).

⁴While it is outside the scope of this paper to reconstruct its origins, a moral economy can be said to emerge over time, in a mutual relationship between the public’s normative ideas, on the one hand, and the existing institutional framework, on the other hand. Dominant normative ideas within a society get built into institutional arrangements (e.g. welfare state institutions), which, in turn, influence popular sentiment via the ideas they embody and the effect they have on actors’ material resources (cf. Mau, 2003; Svallfors, 2006, pp. 1–2). As institutions are shaped by political actors (parties) and organized interests (trade unions, employers associations etc.), these can also be said to influence the moral economy.

institutions' (Sayer, 2007, p. 269). Therefore, in line with recent calls for acknowledging actors' 'lay normativity' (Sayer, 2006, p. 80) in the study of stratification, this article aims to empirically reconstruct the concrete ideas that make up the moral economy of inequality in contemporary Germany.

3. Previous research on perceptions of inequality

What can previous research contribute to this? As most studies on beliefs about inequality are quantitative, they remain silent on the specific arguments and justifications that lie behind people's views. The few qualitative studies that aim to uncover these underlying interpretations often focus on the USA and thus tell us little about other countries. Nevertheless, the existing literature can be helpful in sketching out some of the basic contours of the moral economy of inequality.

Marxist approaches once assumed that a 'dominant ideology' would exist which legitimizes the advantages of the higher classes but is shared by all members of society (Marx and Engels, 1973 [1932]). In modern societies, the idea that incomes (or economic rewards more generally) should be distributed according to people's efforts—i.e. the principle of 'merit'—can be seen as representing an important part of such a dominant ideology (Kluegel and Smith, 1986, p. 5).⁵ Indeed, surveys show that this notion receives widespread support in all Western countries (Kluegel and Smith, 1986, p. 112; Marshall *et al.*, 1999; Osberg and Smeeding, 2006). Specifically, a hierarchy of legitimate income differences between occupations exists, with occupations requiring greater skill and education usually seen as deserving higher pay than those requiring little skill or education (Kelley and Evans, 1993; Svallfors, 1993; Gijssberts, 2002; Page and Jacobs, 2009, p. 32). Similarly, based on in-depth qualitative interviews, Hochschild has demonstrated how deeply the principle of income differentiation is entrenched within the economic sphere. Rich and poor respondents alike draw on a complex mixture of norms concerning individual achievement, investment, procedures and social ascription to support this idea (Hochschild, 1981, p. 48; see also Lane, 1959).⁶

Yet, as Huber and Form (1973) have shown, such consensus on the dominant ideology is greatest when its main tenets are put in general terms. It is noticeably reduced when more concrete statements (e.g. about existing opportunities for rich and poor people) are presented—in particular among respondents from

⁵In Marxian theory, the acceptance of the dominant ideology by the disadvantaged is viewed as a form of false consciousness. Note that I, however, view this acceptance as part of a normative consensus.

⁶Since Hochschild's focus is more on the individual emotions accompanying the endorsement of income differentiation, no simple overarching picture regarding its argumentative support emerges from her findings.

lower socio-economic positions (Huber and Form, 1973, p. 153). In a similar vein, survey research has documented that while income differentiation is accepted in general, people are also critical of the extremes of inequality—poverty and (excessive) wealth. The notion of a minimum income level below which no one should fall receives widespread support (Kelley and Evans, 1993, p. 109; Sachweh *et al.*, 2007). In addition, studies on the experience of being poor as well as on the psychological consequences that people associate with poverty point to the social isolation, stigma and psychological distress that attend economic hardship (Sennett and Cobb, 1972; Newman and Ellis, 1999; Newman and Massengill, 2006; Stewart *et al.*, 2009).⁷ With regard to wealth, only scant attitudinal data exist. The available evidence suggests that while wealth is generally accepted if it is seen as rooted in individual effort (Kreidl, 2000; Becker *et al.*, 2009), it is evaluated critically when it goes along with privileges that are opposed to ideals of democratic equality, such as having greater political influence or access to better medical care (Becker *et al.*, 2009, p. 163). In addition, Lamont (2000, pp. 107–116) demonstrates that the ‘upper half’ is often viewed critically by the working or lower-middle classes who consider themselves more moral and believe they possess greater personal integrity than ‘people above’. By doing so, they seek to maintain dignity and self-respect despite their own socio-economic disadvantage, thereby downplaying the significance of economic standing.

Thus, while people agree on abstract ‘inegalitarian’ normative principles, they are critical of specific instances of inequality. Consequently, several studies—mostly from the USA—have pointed out the ambivalence and contradictions in people’s attitudes towards inequality (Hochschild, 1981, p. 81; Feldman and Zaller, 1992; Orton and Rowlingson, 2007). For instance, Hochschild’s research illustrates that people are torn between different and partly conflicting values and principles when thinking about inequality (Hochschild, 1979, 1981). While differentiating norms prevail in the economy, egalitarian norms are supported in social relations and the polity (Hochschild, 1981, p. 48; see also Dubet, 2009). This ambivalence, however, also makes acquiescence to existing societal arrangements more likely, as it ‘prevents redistributive demands’ (Hochschild, 1979, p. 510). Furthermore, ambivalence is more pronounced among supporters of social welfare policies, which leads them to frame their support in pragmatic rather than explicitly egalitarian terms (Feldman and Zaller, 1992; Page and Jacobs, 2009, p. 73). In turn, ideological consistency is greater among opponents

⁷Yet, people also hold negative views of the poor if they are seen as ‘undeserving’ (Gans, 1995; Katz, 1989), that is if their situation is regarded as their own fault, and they are perceived as lacking the values of mainstream society (Cozzarelli *et al.*, 2001; Lepianka *et al.*, 2009).

of social welfare policies, making it easier for them to voice and defend their views (Berinsky, 2002).

In sum, this research suggests that inequality is accepted because a majority of people support the normative ideal of income differentiation *qua merit*, whose validity is rarely challenged within the economic domain. Yet, people are ambivalent about inequality: while subscribing to abstract egalitarian principles, they are at the same time critical of concrete forms of inequality and support specific policies to address them—but on pragmatic, rather than ideological, grounds. Hence, existing socio-economic hierarchies tend to remain unchallenged, leading the disadvantaged to turn to alternative definitions of self-worth.

Although this literature has greatly contributed to our understanding of popular perceptions of inequality, some gaps remain. Most importantly, while there is a wealth of comparative survey evidence on general attitudes towards inequality, these studies do not shed light on the underlying arguments and justifications. Though it is principally possible to use survey data to investigate justifications of inequality, the relevant items—e.g. ideas about inequality as an incentive—are usually not formulated on the basis of prior qualitative studies. Hence, we do not know whether and to what extent they do in fact capture ordinary people's 'lay normativity'. Most of the qualitative research that addresses this issue focuses on the USA (Sennett and Cobb, 1972; Hochschild, 1981; Lamont, 1992, 2000; Newman, 1999; Stuber, 2006), while some focus on France (Bourdieu *et al.*, 1999; Lamont, 2000; Dubet, 2009). Thus, we have little *detailed* knowledge of the arguments underlying ordinary people's beliefs about inequality in other countries. In addition, the qualitative findings are rarely interpreted from an overarching and cohesive theoretical perspective. Therefore, this article aims to complement the existing literature by providing an empirical reconstruction of ordinary people's justifications and critiques of inequality in another country—Germany—based on qualitative interviews. Furthermore, it interprets these within an overarching theoretical framework: the moral economy of inequality.

4. Data and methods

The empirical analysis is based on 20 qualitative, in-depth interviews with men and women from privileged and disadvantaged social classes that were conducted in and around Bremen, Germany, between April and September 2007. In order to recruit suitable individuals for the sample, a snowball technique was used (Birnacki and Waldorf, 1981). First, institutions that could provide potential respondents—e.g. community centres for the unemployed, local Rotary clubs—were contacted and sent a letter explaining the topic and purpose of the study. Then, as potential respondents got in contact, they were screened for eligibility,

and a time and place for an interview were scheduled. Several respondents also made referrals to other potential respondents. The ultimate selection of interviewees was based on their current or last occupation, thus approximating a selection in accordance with the EGP-class scheme (Erikson and Goldthorpe, 1992). In order to overcome the labour market bias inherent in many class schemata, persons not integrated into the labour market were also included (unemployed individuals, housewife). With regard to people from privileged classes (interviews B-1 to B-6 and D-1 to D-4), the sample includes five employees of the higher service class and five self-employed professionals. Concerning people from disadvantaged classes (interviews A-1 to A-4 and C-1 to C-6), the sample includes two skilled manual workers, four lower-grade routine non-manual employees (three of whom were receiving supplementary social assistance), three long-term unemployed persons and one housewife. The average age of this sample is 46.5 years (see Table A1 for an overview of the sample), and one respondent (A-2) is a second generation immigrant.

Members of the middle class were deliberately excluded from the sample because higher- and lower-class respondents were expected to have a higher need for legitimizing and rationalizing their socio-economic position. Quantitative analyses based on data from the German General Social Survey (ALLBUS) in 2004 (not shown here) support this expectation. Skilled and unskilled workers, routine non-manual employees and the unemployed are more likely to respond that they receive less than their 'just share' in the overall standard of living than respondents from the service class or self-employed persons.⁸ This corresponds with the actual development of wages, which have been increasing for members of the service class but declining for skilled and unskilled workers as well as routine non-manual employees (Giesecke and Verwiebe, 2008, p. 419).

The topics in the interview guide included general and factual perceptions of inequality in Germany as well as its perceived causes, the respondents' assessments regarding their own position within society and that of others and, finally, the perceived consequences of inequality. Generally, the interviews started with a question addressing the recent rise in inequality in Germany, asking respondents whether they thought this was true and, if so, how they 'see' inequality in their own everyday experience. Thereafter, respondents were probed on who they think the winners and losers in the current structure of inequality are, what they would identify as the causes and how they would normatively evaluate current socio-economic disparities as well as specific distributive principles (merit, need, equality). Finally, they were asked to describe what they think the (individual and collective) consequences of inequality are. The

⁸These class differences persist when socio-demographic variables (age, gender, education, East Germany) are controlled for.

segments of the interviews on which the analysis is based include respondents' perceptions and experience of growing inequality, their normative evaluations of inequality and different distributive principles and its perceived consequences. During the entire interview, and especially when addressing respondents' normative and evaluative judgments, care was taken to elicit judgments in a non-leading way (i.e. evaluative terms such as 'just' or 'fair' were avoided, and evaluations were asked for in a neutral way).⁹

The interviews lasted between 60 and 120 min, were fully recorded and transcribed verbatim. The translated quotations are edited for the sake of readability. All interview transcripts were fed into a qualitative data analysis software package (MaxQDA) and coded thematically (cf. Gibbs, 2007, pp. 38–55). Codes were developed deductively, reflecting topics from the interview guide, as well as inductively as new themes and issues emerged during the analysis. The codes were then used for thematic retrievals in order to systematically compare respondents across groups (Gibbs, 2007, pp. 73–86). Based on these thematic comparisons, similarities and differences in respondents' statements were analysed, a process during which the underlying interpretive repertoires gradually emerged.

The empirical section reconstructs these collectively shared interpretive repertoires. Thus, I am less interested in an in-depth analysis of single cases. Despite the focus on *shared* repertoires, I considered the possibility that individuals from different classes differ in their perceptions of inequality. However, with regard to the issues pursued here, results from prior research suggest that these are likely differences of degree, rather than kind (Hochschild, 1981; Svallfors, 2006).

5. Popular views on economic inequality

Complementing previous research that has documented the widespread acceptance of income differentiation based on merit, the following section reconstructs the arguments on which respondents drew in order to support this view. The section also illustrates how some respondents, while endorsing income differentiation, at the same time criticized the *extent* of inequality thus generated. Thereafter, the second and third sections explore the critiques of extreme inequalities—poverty and wealth—thereby illuminating at which point acceptable income differences turn into objectionable inequalities.

⁹At the end of each interview, respondents were asked to fill out a short standardized questionnaire collecting socio-demographic information (age, marital status, current or last occupation, occupation of father at the age of 15 etc.), as well as their political orientation (self-placement on a left-right scale) and their subjective social class location. There were differences with regard to political orientation, but these did not vary systematically with respondents' class position. Subjective social class location varied more clearly with respondents' class, with some exceptions (cf. Table A1).

5.1 *Income inequality and differentiation: moral imperatives, incentives and compensation*

The reasons the interviewees used to sustain the belief that incomes and economic rewards should be distributed unequally suggest that differentiation was seen both as a normative imperative as well as a functional requirement. Regarding the *normative aspect*, respondents often argued that economic outcomes should reflect relevant inputs made—a reasoning which resonates with claims made by equity theory (Adams, 1965; Walster and Walster, 1975). Yet, while equity theory stresses psychological and emotional needs as a major factor behind equitable assessments of inputs and outcomes (Adams, 1965, p. 283), the interviews also reveal the moral force behind equity considerations. For instance, a 40-year-old female personnel consultant argued that ‘different achievements *should* be rewarded differently’ and that ‘you should be *allowed* to keep the bonus you earn’ (D-2, emphasis added)¹⁰—a view shared by members of the working classes. A 26-year-old skilled worker explained that ‘somebody who accomplishes a lot and who does a complex job should be paid accordingly. Somebody doing a simple job should be paid less. That’s just the way it is; it’s fair’ (A-2). Hence, differences in income are regarded as a moral imperative and therefore justified.

Additionally, the respondents not only regard the principle of income differentiation as a normative demand of social justice, but also as a *functional requirement*. In this context, they often emphasized the incentive and compensation aspects of income inequality. In line with functionalist stratification theory (Davis and Moore, 1945), interviewees argued that higher pay for occupational positions regarded as more ‘difficult’ or ‘important’ is necessary to motivate people to take over such positions and/or to compensate for training costs associated with acquiring the necessary skills (e.g. university studies). Again, this reasoning is shared across classes (Svallfors, 2006, p. 65; Page and Jacobs, 2009, p. 33).

With regard to the incentive function, a 40-year-old self-employed female, when asked if she thinks it would be right if everybody earned the same, said: ‘No, my intuition says no’. Instead, she maintained that ‘there are differences’ and reported that ‘for me, it is also somewhat motivating [...], or I also define the success of my work via the money I earn’ (D-3). Similarly, the young worker quoted above thought that differences in income are absolutely necessary to secure individual effort and ambition and that ‘nobody would put effort into anything if he thought: “well, I’ll just do some training and then I’ll just work and get the same amount anyway”. [...] That would be totally unfair’ (A-2).

Beyond this incentive aspect, income differences are also understood as compensation for the extended ‘costs’ of occupational training. Hence, higher

¹⁰All quotations from interviews were translated into English by the author.

incomes for jobs with long training periods were regarded as justified. Consider, for instance, the following quotations from a 38-year-old owner of a logistics company and a 51-year-old unskilled worker:

[If] somebody goes to university, then he usually starts working later. But if someone does an apprenticeship and starts working at 17, 18, not investing time and money into a university degree, then you have to consider that. (B-5)

A person having studied medicine, for instance, should be entitled to a higher salary [...]. [W]ell, a metalworker has also put in some effort, but ... well. I just think that the doctor has put in a bit more, for finishing his education. (A-1)

These results are consistent with prior research that points out the acceptance of abstract principles of merit and income differentiation. They suggest that people do not seek far-reaching equalization of incomes but 'fair' income differences instead (e.g. Alves and Rossi, 1978; Hochschild, 1981; Kelley and Evans, 1993; Osberg and Smeeding, 2006; Svallfors, 2006; Dubet, 2009, p. 61). Furthermore, the findings are in line with social psychological studies that stress the importance of just procedures in assessing the legitimacy of societal arrangements (Tyler, 2000). However, while the normative rules (or procedures) of the market were accepted across classes, a smaller group of respondents—particularly from the lower classes—criticized the *degree* of economic disparities brought about by these rules. For instance, a part-time postal worker receiving supplementary social assistance qualified her endorsement of income differentiation between manual and non-manual jobs with the following statement:

Well, if I have studied, I've waited for some time before I can earn my first money. [...] And another person might have been able to earn for some years. [...] What should be better paid, manual or intellectual work? [...]. In any case, it shouldn't be that big a difference. When somebody has what it takes to study, then he wants to deal with numbers or stuff. And the other person goes to work at an assembly line or carts around rocks or whatever [...]. But it shouldn't be such a big difference; it has to be somewhat according to hours and so on ... (C-2)

Although this respondent shares the compensation argument, she rejects the notion that intellectual work is of a higher value than manual labour and calls for a reduction of 'crass' income differences. Similarly, another unskilled employee said: 'I think it's fair that the well-to-do should have more; they have the knowledge [...] or have been to college and so on. But not *this* amount and ever more!' (C-5). These quotations illustrate that while procedures may be

considered fair, the resulting outcomes can still be viewed as unjust. This is in line with Lane's (1986, p. 391) argument that while the market may escape criticism for unequal outcomes if its procedures are faithfully applied ('market justice'), unequal outcomes may still be criticized from the perspective of the political domain ('political justice') and the polity might be called upon to correct the primary distribution of the market. Procedural justice thus appears to be a necessary but at times insufficient condition for legitimacy.¹¹

Hence, when looked at from the perspective of the polity, inequality resulting from 'fair' procedures may appear 'too large'. As I will show in the following section, this is particularly the case when it involves a separation of people's life-worlds, thereby undermining social cohesion and sentiments of community. The backdrop of this is an implicit understanding of a universal way of living that should be accessible to everybody. This is spelled out most clearly in people's critique of the *extremes* of income inequality—i.e. poverty on the one hand and extraordinarily high incomes and excessive ('conspicuous') wealth on the other. So why, and in what respects, are poverty and wealth problematic?

5.2 Poverty: constraints, stigma and insecurity

In general, respondents are critical of poverty because of its negative consequences. The most evident of these consequences are the *restrictions in one's standard of living*. These were not only referred to by respondents in disadvantaged economic circumstances, but also recognized by people in privileged social positions. A 39-year-old engineer from the higher service class gives an example of a mailman working in the low-wage labour market:

If you're a mailman and work 40 h a week, the same amount as I do,
and you're paid only 1150 euros net per month and have to

¹¹Moreover, the meaning of procedures themselves may be ambiguous. While the importance of merit in the economic domain was uncontested, the issue of what constitutes merit was not. Rather, the *meaning* of merit varied across classes. Interviewees from the higher classes generally showed a broader understanding of what constitutes merit than those from the lower classes (cf. also Neckel *et al.*, 2005). While both groups viewed people's effort, their staying power, the time spent on a task and the resulting outcomes as indicators of merit, respondents from the higher classes additionally emphasized that these outcomes should have a value for others. For instance, a female personnel consultant finds it important 'that you create an added value [...], that you work something out that other people are willing to take and pay for' (D-2). Such a 'productivist' understanding of merit is congruent with the employment conditions of the higher service class and the self-employed, whose remuneration is partly determined by management-by-objectives or the 'market success' of their work. In contrast, these aspects are less important for manual workers or routine employees whose wages are subject to collective agreements and the bargaining power of trade unions.

somehow support your family, that's not an easy thing to do, and there are restrictions connected to that. Also restrictions in one's quality of life, like having to worry all the time and if there are things you need to buy but can't, or you have to postpone buying them, even though you need them. In this way, these people are worse off than me, since I don't have to worry about these things a lot. (B-2)

A similar point was raised by a 44-year-old self-employed therapist, who thinks that especially because of the cost of living, 'many families with only one income or working on low incomes or unemployed people are disadvantaged' (D-3). The backdrop of these statements is a tacit view of a socially accepted standard of living that should be available to everyone (Andreß and Lipsmeier, 1995; Halleröd, 1995). Material deprivation, however, makes this harder (if not impossible) to achieve. Thus, poverty is problematic because it prevents people from having access to goods seen as general necessities—and hence also from a certain way of life regarded as 'normal' (cf. Townsend, 1979, p. 54).¹² The following quotation by an unskilled employee illustrates this: 'I don't want to have as much as a multi [millionaire] or so. But [enough to] take part in everyday life, like going to the movies, or being able to say: let's go shopping at Karstadt [big German department store]. Just being able to take part!' (C-5).

However, as the above quotations indicate, this implicit understanding of a 'normal' way of life not only refers to material goods, but also to the *immaterial consequences of poverty*. Specifically, being poor is regarded as accompanied by psychological strains and stigma, restraints in individual autonomy and insecurity.

Regarding the *psychological strains* connected with poverty, respondents in particular referred to worries about everyday life, feelings of frustration or reduced self-esteem. This last point is illustrated by the 53-year-old unskilled employee quoted above. She is an active participant in an initiative for unemployed people and, in this context, met 'better-off' people during a weekend seminar. She describes her feelings during this encounter as follows:

You sit there, and they talk about their wealth and their money, and you become smaller and smaller. [...] Yes, this feeling of becoming ever

¹²The 'consensual poverty' approach provides an assessment of which goods are regarded as absolute necessities by the population (Andreß and Lipsmeier, 1995; Christoph, 2008; Halleröd, 1995). According to a representative survey of the German population in 1994–1995, at least two-thirds of the respondents consider universal necessities to consist of a minimum standard in one's housing situation, solvency, certain household appliances and having completed vocational training. Moreover, more than half of the respondents regard a safe and secure job, a healthy way of life, one warm meal per day and a telephone as absolute necessities (Andreß and Lipsmeier, 1995, p. 40).

smaller, it's like: 'Who are you, who are you?' [*I: And how did you feel in this situation?*] Awful, in plain language [*laughs*], awful! (C-5)

The lowering of self-esteem described here is quite figuratively expressed insofar as socio-economic inferiority is also experienced in a bodily fashion. It eventually leads her to doubt her own worthiness and seems to be rooted in a process of social comparison during which one's own humble standard of living is recognized and contrasted with the more exalted lifestyles others enjoy. However, impairments to the self-esteem of financially deprived people might not only result from comparisons with people in more privileged positions, but also from stigmatizations and negative attitudes on the part of other (better-off) members of society—which may in part be merely subjectively 'felt'. The employee quoted above elaborates this:

It's like this—'We're something better; what do you want, you're just plebs! You never got anywhere' [...]. You notice that when they go shopping at Peek & Cloppenburg [German clothes shop] with their bags. Our sort goes to Aldi [German discount supermarket]! (C-5)

These results are in line with findings presented by Gorman (2000), who found on the basis of qualitative interviews with working- and middle-class people in the USA that about half of his respondents perceived the members of the respective other group in a negative way. Hence, negative psychological effects of material deprivation result only partly from personal disappointment about one's failure to meet popular standards of socio-economic success. They can also stem from the stigma felt in interacting with people occupying higher socio-economic positions (cf. Sennett and Cobb, 1972).

Moreover, the psychological strains and frustrations associated with poverty were also perceived by respondents from more comfortable socio-economic backgrounds. They referred to the discontent that goes along with precarious financial circumstances, like the 39-year-old engineer who thinks that 'you're not going to be happy in such a situation' (B-2). Some respondents also feared that the frustrations and disappointments of the poor could lead to aggression and an increasing inclination towards violence or crime. For instance, a 38-year-old owner of a logistics company is afraid of the 'envy of those who have less, and who see what you could buy, could have, and want to have—and there's a potential that can become dangerous' (B-5).

Besides the adverse psychological consequences of being poor, respondents also hint at the restrictions a low-income puts on *individual autonomy* and the accompanying *insecurity*. A 45-year-old worker (car mechanic) underscored this point, saying: 'It's undisputed that with a lot of money you can do a lot of things, and with little money, you can't do anything. You can only look for

handouts!’ (A-3). Here, economic distress is associated with feelings of powerlessness and relations of dependency, while economic privilege is associated with greater autonomy. In this context, the absence of financial reserves and the inability to build these up are seen as especially burdensome. A 54-year-old letter carrier working for a private postal service who has been working in several part-time temporary employment positions during the last few years and is receiving supplementary social assistance raised this issue:

It would be nice to have permanent employment and to have a bit more money and some security. So that you know, when you retire sometime, or when [...] you’re in need of a treatment at a health resort, that you get it. [...] If you take out an insurance policy, life insurance and so on, [...] then it’s better to suspend payments [in my circumstances]. If I had one now, I would suspend payments. [...] But I don’t have one anymore. [...] You know, I don’t have a permanent job. And when I’m in a company for just half a year or a year, I don’t need to start that. (C-2)

The often-heard, almost proverbial quotation that ‘money doesn’t make you happy, but it puts your mind at ease’ points in the same direction. A 46-year-old housewife, for instance, said that she would worry less about ‘how to get by at the end of the month [...] [than] when you have to support a family and have no money left to buy food’ (C-4).

Overall, the results in this section suggest that poverty is regarded as problematic because it precludes people from leading their life in a secure, self-determined and self-respecting manner. Thereby, it excludes them from a way of life that is assumed to be common but seen to be increasingly difficult to maintain given the losses lower and middle-income groups in Germany have had to face in recent years (Giesecke and Verwiebe, 2008).

5.3 *Wealth: autonomy and (im)morality*

Poverty, however, is not the only problematic aspect of inequality in the eyes of the interviewees: so is wealth. This problematization of wealth was centred on certain aspects of a privileged way of life. In particular, the ostentatious display or ‘irresponsible’ use of wealth was evaluated critically and regarded as a sign of a lack of moral standards.

In general, while a low income was associated with dependency, constraints and psychological burdens, a high income was perceived to make life much easier, since it grants greater autonomy and security. An engineer from the higher service class illustrates this in the following quotation: ‘Well, you don’t have to worry about so many things, [...] it just makes a lot of stuff much

easier, so to speak. You have more options, compared to when you don't have much money' (B-2). Sufficient financial means are thus assumed to increase individual autonomy and one's freedom of choice. A self-employed female described this in regard to her own economic situation, which she sees as above average, as follows:

Well, I have the feeling that I am free to decide in many regards. Not in every regard, but in many. Things like: I can choose the school for my kids; even if they cost money, I can choose them. And I'm self-employed, and I have a choice in my work, to some extent. (D-3)

Thus, while poverty and material deprivation were seen as connected with feelings of restriction and constraint, an economic situation viewed as above average was associated with a feeling of greater freedom of choice and more options. However, in contrast to material deprivation, which was often associated with feelings of discontent or frustration, economically privileged circumstances were not seen to automatically lead to greater contentment. Respondents from the higher classes, in particular, emphasize the almost proverbial view that 'money doesn't make you happy'. The self-employed woman quoted above, for instance, said that 'there are many people who have a lot of money and who feel miserable' (D-3). A 38-year-old entrepreneur also downplayed the importance of money for personal happiness:

I mean, a certain amount of income, so that I don't have to worry about my basic needs each month, like: can I pay the rent?—I think if you don't have these worries, then it makes you happy. But beyond that level, it doesn't make you happier. There are many people, millionaires, who have completely failed and sunk into poverty because they couldn't come to terms with their sudden wealth. (B-5)

Yet, 'excessive' wealth was criticized by some of the respondents if it was perceived as being accompanied by 'demonstrative luxury' unrelated to any functional need. A 46-year-old worker illustrates this very vividly:

... and then there are quite a number of gentlemen, not even just a few [...], who don't know whether they should put diamonds or rubies on their golden water taps. They don't know where to put their money. [...] That's the question: do you need so much money, can you use it all up, does it make you happier to have another additional billion? (A-3)

This critique was echoed by respondents from the higher classes. For instance, the entrepreneur quoted above thinks that,

With these better-off people, they're all about having two or three cars in their garage, or another summer residence here, or the big mansion. For me, that's really beyond the normal satisfaction of everyday needs. Luxury is okay, but when it becomes all about topping each other, then that's something that's not really necessary in a civilized society. (B-5)

What is interesting here is that—as in the case of poverty—wealth was assessed against the background of what is deemed to be a socially acceptable and approved way of life ('the normal satisfaction of everyday needs'), within which even a certain degree of luxury is still regarded as legitimate. Beyond that, however, wealth was seen as problematic if it is motivated by an overt quest for distinction that is not connected to justifiable needs.¹³ Accordingly, there are patterns of consumption and behaviour on the part of 'the rich' that were seen as signs of a lack of moral norms. A 55-year-old higher-class female illustrates this point:

There are those people who are really rich and a small group that becomes even richer. I think that's almost immoral [laughs]. I think that shouldn't be. [*I: Why?*] Well, to say I'm giving a party, and it costs 30 000 euros—I think that's just not appropriate. That's pouring money down the drain. It's like bathing in champagne. It's getting out of hand. Especially when you know that there are people doing a lot worse. (D-1)

This quotation poignantly demonstrates that financial expenditures are deemed illegitimate if they are not directed towards the fulfillment of specific needs. The quotations also show that such a lifestyle is regarded as deviating from common norms and is deemed to be morally inappropriate. Thus, in contrast to Lamont (2000) who views the drawing of moral boundaries against the 'upper half' as a kind of coping mechanism of the disadvantaged, these results reveal that members of the higher classes also draw moral boundaries against the wealthy. Moreover, they do not appear to do so merely to downplay their own advantage, as Stuber (2006) suggests in her analysis of American upper-middle class students' moral boundaries against the 'truly wealthy'. Rather, my findings show that the interviewees from the higher classes were *morally concerned* about what they perceive as an inappropriate or 'immoral' lifestyle on behalf of 'the rich'. The implicit standard of evaluation behind these views seems to be a middle-class way of life which is supposed to serve as a common 'social world' to be inhabited by more or less all members of society. Hence, not only the exclusion of the poor, but also the deliberate self-exclusion of the better-off from such a common way of life is regarded as a problem, not least

¹³On the concept of 'conspicuous consumption', see Veblen (1973); on 'distinction' see Bourdieu (1984).

for social integration and cohesion. The following more ‘mundane’ examples offered by two female respondents from the higher classes when asked about the consequences of inequality illustrate this:

[T]here will be more private schools in the future, for children from families who can afford that, so that they stick with their kind. [...] All this separation will make inequality all the more noticeable. [...] [The consequence is] that society is drifting apart, that people get distanced from each other, that you forget that we’re all human and belong to one community. (D-2)

[Society] will become more differentiated, I think. A few years ago I traveled through the US, and there I experienced how the well-to-do separate themselves in their districts through walls and gatekeepers [...]. This separation will lead people to feel inequality more and more. And the well-to-do don’t have a problem with setting themselves apart, but the others will experience that as frustrating. (D-1)

These expectations are shared among the lower classes. For instance, a 51-year-old unemployed male thinks that too much inequality ‘provokes aggression, [and] there will be two fronts [...]. Maybe someday there will be conflicts, enormous frustrations, aggression [...].’ (A-1). Thus, these examples corroborate the interpretation that too much inequality, as exemplified in the extremes of poverty and wealth and their corresponding lifestyles, is seen to lead to a segregation of life-worlds which, in turn, is regarded as disruptive for society as a whole.

6. Conclusion: from inequality to sentiments of injustice

This article has asked which collectively shared arguments underlie the acceptance of income differentiation in the era of rising inequality, and at which point acceptable income differences turn into objectionable inequalities. The notion of a ‘moral economy of inequality’ served as a framework for understanding popular views on inequality, stressing that individual beliefs rest on implicit, collectively validated and socially shared ideas about appropriateness and fairness. The core ideas of this moral economy of inequality were reconstructed empirically from qualitative interviews with higher- and lower-class individuals in Germany. The results show that while abstract principles of inequality are agreed upon (because inequality is regarded as a moral imperative and/or a functional requirement), specific instances of inequality—poverty and excessive wealth—are criticized. The backdrop of this critique is an implicit collective understanding of a common way of life in which everybody should, at least in principle, be able to participate, and from which deviations—upwards and downwards—are seen as objectionable.

From the interview data, it can be inferred that this way of life not only implies access to a social minimum of goods, but also includes having adequate economic security in order to live one's life with a certain degree of autonomy, stability and self-respect. Furthermore, it demands of the wealthy that they use their wealth responsibly (Ringen, 2006, p. 17). Inequality thus seems to be acceptable as long as people have the feeling of belonging to the same 'social world' and, in turn, is objectionable when ways of living diverge to such an extent that they lead to a segregation of life-worlds, thereby threatening the social bond. This conclusion is corroborated by a recent qualitative study by Dubet (2009, p. 226) in France, who finds that people accept differences in economic well-being as long as these are not seen to undermine the national community of citizens, social solidarity and cohesion. Thus, the findings challenge the idea that an 'empathy gulf'—i.e. a situation of extreme inequality in which one group in society cannot imagine the goods pursued by another—effectively dampens sentiments of injustice and redistributive demands (Shapiro, 2002, p. 120). From a normative viewpoint, they point out the importance of inclusion (Giddens, 1998, pp. 104–111). This, however, not only involves having access to a socio-culturally defined minimum of goods, but also being able to lead one's life in a way that is in accordance with the requirements for a meaningful life in modern societies (cf. Dux, 2008, p. 21).

In line with the theoretical perspective of the moral economy approach (Thompson, 1971; Randall and Charlesworth, 2000), there tend to be only moderate class differences in perceptions. Although some respondents from the lower classes were critical, for instance, of the degree of income disparity in society, none argued for a far-reaching leveling of these differences. Even interviewees living in deprived economic circumstances accepted a certain degree of income differentiation and the principle of merit (cf. also Lane, 1959; Hochschild, 1981). Conversely, respondents from the higher classes were also critical of the very rich and understanding of the difficulties associated with poverty. Therefore, respondents from higher and lower classes alike seemed to base their perceptions and judgments of inequality on a shared normative repertoire. Yet, this repertoire can to some extent be adapted to class-specific circumstances, as illustrated by the varying meaning of merit across classes (cf. fn. 10). Such differences, however, represent variations of an overarching theme rather than entirely different, class-specific moral economies of inequality.

How can the findings inform existing normative theories of social justice?¹⁴ The fact that the validity of the principle of merit within the economic sphere

¹⁴Popular understandings of justice are relevant for normative theories because philosophical conceptions that fail to resonate with ordinary thinking are seen as 'doomed to failure' (Swift *et al.*, 1995, p. 19). Some philosophers therefore explicitly take into account popular understandings of justice (Miller, 1999).

is supported across classes (albeit with variations) is particularly in line with pluralistic conceptions of social justice (Deutsch, 1975; Walzer, 1983; Miller, 1999). These theories argue that there are multiple standards of social justice and that what is regarded as a just distribution depends on the specific good in question (Walzer, 1983) and the respective social context (Miller, 1999). However, the morally based critique of the extremes of economic inequality points to an apparent limitation of the legitimacy potential of the principle of merit within the economic sphere. 'Merit' legitimizes disparities in economic well-being only up to a point, at which inequality becomes so extreme that it is seen to segregate life-worlds, thereby polarizing society and threatening social integration. In the language of Boltanski and Thévenot (1999), this may be interpreted as a conflict between different 'regimes of justification', in particular that of the 'industrial world' stressing productivity and that of the 'civic world' emphasizing collective interest. Thus, what may at first sight appear as inconsistency in people's views may in fact result from conflicting normative orders with which they look at the same phenomenon from different angles. This challenges the notion that distributive principles neatly align with distinct societal spheres and thus coexist peacefully (Hochschild, 1981; Miller, 1999). Instead, these findings suggest that in the era of rising inequality, tensions between different societal spheres and their corresponding normative orders may arise.

Finally, while the present study suggests that the moral economy of inequality in Germany revolves around participation in a common way of life representing a shared social space, the moral economies of inequality in other countries might differ—and so too the reasons why inequality is criticized. For instance, inequality may also be objected to because it signals excessively unequal opportunities. This reasoning is suggested by recent evidence from the USA. Contrary to popular assumptions, current studies show that Americans are indeed concerned about inequality and consider current income differences to be too high (McCall and Kenworthy, 2009, p. 462; Page and Jacobs, 2009, pp. 41–45). Rather than vertical redistribution, however, their primary concern is ensuring equal opportunities in times of growing inequality (McCall and Kenworthy, 2009, pp. 46–47). Americans appear to be more supportive of public policies aimed at creating greater equality of opportunity, such as increased government spending on college and early childhood education (McCall and Kenworthy, 2009, p. 468; Page and Jacobs, 2009, pp. 58–61), thus articulating an orientation that has been labelled 'conservative egalitarianism' (Page and Jacobs, 2009, p. 3). In contrast, the orientations of my German respondents on this issue appear to be more ambiguous. On the one hand, they maintain a belief in the possibility of individual upward mobility, especially if the disadvantaged are seen to be ambitious, persevering and assertive. On the other hand, they are aware of inequality of opportunity in Germany and demand government intervention to remedy this

(for details, see Sachweh, 2010, pp. 212–225 and pp. 251–252). Further evidence from focus group discussions indicates that Germans' understanding of such policies for equalizing opportunity involves guaranteeing a common foundation for all (via vertical redistribution) and demands particular attention to the most vulnerable groups (Taylor-Gooby and Martin, 2010, p. 95). In conjunction with the research presented here, this indicates a concern for securing a socio-cultural minimum in order to maintain societal integration.

Furthermore, inequality may also be criticized if the rich are not seen as deserving their wealth. Indeed, surveys indicate that some high-paying occupations are regarded as overpaid, with their perceived actual income exceeding the income respondents deem appropriate (Liebig and Schupp, 2004, p. 726; Osberg and Smeeding, 2006, p. 461). Moreover, the rich may be viewed as undeserving if their wealth is not seen as based on hard work or effort (Rowlingson and Connor, 2011, p. 440). Yet, surveys show that a majority of respondents regularly prefer individual factors (e.g. hard work, skill, ambition) over structural ones (e.g. inheritance, political influence) in explaining wealth (Kreidl, 2000, p. 166; Hunt, 2004, p. 839; Becker *et al.*, 2009, p. 160)—a pattern that is also present among the interviewees of the present study. Finally, some authors suggest that the wealthy may be viewed as undeserving if they are seen as lacking in 'character', exemplified for instance in conspicuous consumption, irresponsible spending or an excessive valuation of money (Prasad *et al.*, 2009, p. 247; Rowlingson and Connor, 2011, p. 446). This is in line with the argumentation developed in this article and suggests that multiple criteria of 'deservingness' may be applied to the rich (Rowlingson and Connor, 2011).

In conclusion, various alternate moral economies of inequality might exist across different countries or time-spans. While I could only map out the basic features of the German moral economy of inequality here, it would be worthwhile for future research not only to reconstruct different perceptions of inequality cross-nationally, but also to investigate how these relate to institutional differences in the systems of production and social protection that exist across countries (Sachweh and Olafsdottir, 2010).

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Appendix

Table A1 Description of the sample

Interviewees	Subjective social class
Upper service class	
B-1: Business administrator (30 years)	Upper middle class
B-2: Construction engineer (39 years)	No answer
B-3: Public sector executive, retired (71 years)	Upper middle class
B-4: Professor, retired (69 years)	Upper middle class
D-2: Personnel consultant (40 years)	Upper middle class
Self-employed/professionals	
B-5: Self-employed entrepreneur (38 years)	Middle class
B-6: Owner-manager of a logistics company, retired (70 years)	Upper middle class
D-1: Self-employed district manager (55 years)	Upper middle class
D-3: Self-employed therapist (44 years)	Upper middle class
D-4: Self-employed graphics designer (34years)	Middle class
Skilled manual workers	
A-2: Skilled manual worker (26 years)	Upper middle class
A-3: Skilled manual worker (45 years)	Working class
Lower-grade routine non-manuals	
C-2: Postal worker, receives supplementary social assistance (54 years)	Lower class
C-3: Sales clerk (52 years)	Middle class
C-6: Security employee, part-time, receives supplementary social assistance (22 years)	Lower class
C-5: Unskilled employee, receives disability benefits (53 years)	Lower class
Unemployed and others not integrated into the labor market	
A-1: Long-term unemployed (51 years)	Lower class
A-4: Long-term unemployed (53 years)	Lower class
C-1: Long-term unemployed (33 years)	Don't know
C-4: Housewife (46 years)	Working class

Note: Interview codes A and B indicate male respondents, C and D female respondents.