



Press Release

10.05.23 / Under embargo until: May 11, 3 PM

Germans Greatly Underestimate Unequal Distribution of Income and Wealth

The German public greatly underestimates how unequally income and wealth are distributed in Germany. People with higher incomes and wealth tend to underestimate their financial situation, while in turn, those with less financial means tend to overestimate their standing relative to the overall population.

The result of these misjudgments is that many more people in Germany consider themselves to be middle class than is objectively justified, and the true extent of inequality in Germany is generally underestimated. These are the findings of a **large-scale survey** conducted by the Cluster of Excellence *The Politics of Inequality* at the **University of Konstanz in cooperation with the Berlin-based think tank Das Progressive Zentrum**. "The actual extent of inequality is underestimated by the population. This could cause less overall support for redistributive policies," says Sharon Baute, co-author of the study and junior professor at the University of Konstanz.

The study also shows that when asked about their relative position, respondents by and large do not distinguish between income and wealth distributions. This is remarkable given that [past studies](#) have clearly shown the distribution of wealth in Germany to be significantly less equal than the distribution of income. The 'top five percent' own 41.6 percent of total assets (real estate, securities, other financial assets), but 'only' 15.8 percent of income. However, as this survey shows, many respondents are not aware of this gap.

At the same time, the study also finds a relative majority (28 percent) 'fully' agrees with the statement that income and wealth are unequally distributed in Germany – 14 percent said they 'agree somewhat'. These results point to there being a general sensitivity to issues of inequality.

Stronger sense of inequality in Eastern Germany

Looking at long-term developments, 71 percent of respondents believe that inequality has increased since the year 2000. Only 17 percent think it has decreased. Twelve percent believes it has remained the same. Asked whether inequality has increased more in Germany than in other European countries, a relative majority of 35 percent think it is 'somewhat higher' in comparison. This is quite close to reality: according to [Eurostat](#), income inequality in Germany is slightly higher than the EU average.

When analysing respondent's answers by region, considerable differences become apparent: Eastern and Western Germans differ significantly in their assessment of inequality in their country. In Eastern Germany, more people believe it to be 'somewhat' or 'much' higher than in other European countries (a total of 54 percent in the east compared with 49 percent in the west). The split is even greater when asked about regional inequalities: 53 percent of respondents in the east believe that inequality in their home region is somewhat or much higher than in other regions of Germany, compared with 34 percent in the west.

The researchers from the University of Konstanz also looked at how people in Germany assess the prospects of future generations. Respondents were asked whether they thought younger people had better or worse prospects, measured on a 5-point scale. Only 32 percent believe that the opportunities of the younger generation will improve 'significantly' or 'somewhat'. By contrast, 47 percent believe that opportunities are 'significantly' or 'somewhat' worsening. According to the researchers, this pessimism is understandable in light of recent mega-crises, yet surprising given the ongoing expansion of education and economic and technological development.

AfD supporters are distinctly pessimistic

Answers to this question varied considerably according to party preference. Respondents who support the right-wing AfD party are particularly pessimistic: 67 percent of them think that the prospects for younger generations are rather gloomy, followed by supporters of the Left Party (49.3 percent), the Greens (45.3 percent) and the SPD (44.7 percent). Supporters of the CDU/CSU are comparatively optimistic, with 'only' 37.1 percent expecting bad prospects for the future, as are supporters of the FDP with 40.5 percent.

Recommendations for political action

Based on these findings, the authors of the study formulate two recommendations for action. First, the results show that many individuals in Germany misjudge their financial situation compared to the population as a whole. "In the politically charged debates on inheritance and wealth taxes, for example, it is clear that many middle-class people mistakenly believe that they are directly affected by such measures. They underestimate how relatively rich others are and

how relatively poor they are," explains co-author Sharon Baute. The first recommendation for action is to raise awareness in public debates about the particularly unequal distribution of wealth. This should contribute to a more informed public perception.

Second, the study reveals widespread pessimism about the long-term development of inequality in Germany, especially regarding the future prospects of younger generations. It seems paradoxical at first that respondents underestimate the extent of inequality while at the same time being overly pessimistic about long-term trends and prospects. However, this apparent contradiction is resolved when we consider that opinions about trends and prospects are less likely to be based on respondents' actual life experiences and more likely to be influenced by politically motivated 'framing'. The second recommendation for action is therefore to counter public pessimism with a measure of optimism. This could be achieved, for example, through targeted policy initiatives and accompanying communication on issues such as social mobility, future opportunities, innovation, and education.

+++End of press release+++

Methodology:

Data was collected through an online survey of the German population aged 18 and over and conducted by the survey company Kantar. The [survey](#) took place between 14 November and 2 December 2022, with a total of 6,319 respondents.

Press contact:

Benjamin Lamoureux, Head of Strategic Communication, Das Progressive Zentrum

Tel.: +49 30 39405317

E-Mail: benjamin.lamoureux@progressives-zentrum.org