

University of Hamburg
Department of Economics
Dr. Verena Fetscher and Dr. Claudia Schwirplies

22-40.110

Interdisciplinary Seminar in Politics and Economics

Spring 2022, Mondays, 14:15-15:45

WiWi 2091/2201

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Course Outline

Income inequality has risen sharply in most advanced democracies. While there are a host of causes, including globalization, technology, education, and fiscal policy, this seminar asks when and why people are willing to accept unequal societies. Current research shows that fairness considerations play a central role. People are willing to accept income differences that are based on effort and choice, but less so if inequalities are the outcome of luck and circumstances. Yet, even luck and circumstances can create entitlements. People also appear to support the idea that inequality is acceptable if it is balanced by social mobility. However, social mobility had been virtually stagnant in many countries for years, and educational success strongly relates to social class and family background.

This seminar introduces students to influential research on the politics of inequality, distributive justice, and fairness. Central questions we ask are how entitlements are created, how people differ in their fairness ideals, how equality of opportunity and intergenerational mobility relate to fairness, how social policy and institutions respond to conceptualizations of fairness, and how fairness relates to questions of gender and identity. The seminar puts a focus on quantitative and experimental studies on these topics and unites research from economics and political science.

Requirements

Presentations. You will present one paper in class. The presentation will last for 10-15 minutes and contains discussion questions. Presenters moderate the discussion. Presentation and moderation will be graded with an upgrade (0, 0.3, or 0.7) and are required for passing the course. We expect you to upload your slides prior to your presentation on **OpenOlat**.

Requirements:

- Structure (clarity, logical structure)
- Red thread, stringent reasoning
- Correct presentation / application of concepts from economic and political science
- Transparency of the underlying normative assumptions and value judgments
- Rhetoric
- Quality of the visualization (use of slides is recommended)
- Adequacy of the presentation for the listeners
- Discussion questions
- Answering the questions

Policy Brief. To pass the course, you have to submit 5 pages of a literature-based reform suggestion by **July 25, 2022**. We require APA citation. The grade for your policy brief, corrected by the upgrade for your presentation, will be your final mark.

Readings. You must read the assigned literature thoroughly before class. Readings are diverse and cover a wide span of topics. Learning takes place through a critical and active engagement with the course material.

When you read the literature, answer the following questions (if applicable):

- What are the political / economic phenomena that the authors are interested in?
- What is the research question?
- What are the central concepts?
- What is the theoretical argument?
- Which hypotheses do(es) the author(s) propose?
- How are the central concepts operationalized?

- Which research design do(es) the author(s) use in order to test the hypotheses empirically?
- Do the results support the hypotheses?
- Which conclusions do the authors draw?

Discussion. Evaluate strengths and weaknesses of the readings. Be prepared to discuss one or a few points in class. While reading, ask yourself:

- Why does one thing cause another? Are you convinced by the claim the authors make? Does it fit with what you already know about the world? E.g.:
 - If individuals are the main actors in the argument, are the motives and interests implied by the argument plausible accounts of how individuals behave? Why/why not.
 - If individuals are not the unit of analysis in the argument being made, what are the micro implications of the argument? E.g. Who are the relevant actors? What are their interests etc.
- Does the evidence the authors offer support the argument?
- Are there other interpretations of the findings?
- Are the concepts properly defined?
- Are there problems with operationalization?
- Are there data considerations? E.g. Can the argument be applied to other countries? Does the time period under investigation matter?
- Are there theoretical or empirical implications of the argument that have not been assessed?

Absences. You are expected to attend every class. Please inform us in advance if you will not be able to attend a session. The class is organized in a cumulative manner, it is necessary for you to catch up with the material in case of missing a session.

Please note that the fulfillment of all the previous requirements is necessary in order to be accepted to take the final paper (i.e., the policy brief).

Cheating. The University's minimum penalty for plagiarism is to fail the course. Cheating or plagiarism can lead to expulsion (Exmatrikulation) from the University.

Suggestions. Suggestions for improvement are welcome at any time.

Schedule

April 4	Course Organization and Technicalities
April 11	Meritocracy and Entitlement
<i>April 18</i>	<i>Easter</i>
April 25	Principles of Distributive Justice and Fairness Views
May 2	Fairness and Redistribution
May 9	Beliefs and Culture
May 16	Formation of Beliefs and Preferences
<i>May 23</i>	<i>Break</i>
May 30	Ex-ante and Ex-post Fairness
<i>June 6</i>	<i>Pentecost</i>
June 13	Equality of Opportunity and Intergenerational Mobility
June 20	Measuring Intergenerational Mobility
June 27	Wealth and Inheritance of Inequality
July 4	Immigration and Redistribution
July 11	Wrap-Up

1. Course Organization and Technicalities

We start c.t. and have two presentations - and the subsequent discussions - per session. A presentations can be given by one or, at most, two students. If one student presents, the presentation must be 15 minutes long. If two students present a paper, the presentation must be 30 minutes long, with each student presenting for 15 minutes (you might want to include an additional paper from the recommended literature).

2. Meritocracy and Entitlement

Required:

- Anne Case and Angus Deaton. 2021. “Life Expectancy in Adulthood Is Falling for Those without a BA Degree, but as Educational Gaps Have Widened, Racial Gaps Have Narrowed.” *Proceedings of the National Academy of Sciences* 118 (11)
- Dietmar Fehr and Martin Vollmann. 2020. “Misperceiving Economic Success: Experimental Evidence on Meritocratic Beliefs and Inequality Acceptance.” *AWI Discussion Paper Series No. 695*
- Jonathan JB Mijs. 2016. “The Unfulfillable Promise of Meritocracy: Three Lessons and Their Implications for Justice in Education.” *Social Justice Research* 29 (1): 14–34

Recommended:

- Lile Jia et al. 2021. “Stunted Upward Mobility in a Learning Environment Reduces the Academic Benefits of Growth Mindsets.” *Proc Natl Acad Sci USA* 118 (10): e2011832118
- Michael J Sandel. 2020. *The Tyranny of Merit: What’s Become of the Common Good?* Allen Lane London
- Fabian Paetzl and Rupert Sausgruber. 2018. “Cognitive Ability and In-Group Bias: An Experimental Study.” *Journal of Public Economics* 167:280–292
- Amartya Sen. 2018. “Merit and Justice.” In *Meritocracy and Economic Inequality*, edited by Kenneth J. Arrow, Samuel Bowles, and Steven Durlauf, 5–16. Princeton University Press
- Rebekah N. Nahai. 2013. “Is Meritocracy Fair? A Qualitative Case Study of Admissions at the University of Oxford.” *null* 39 (5): 681–701

3. Principles of Distributive Justice and Fairness Views

Required:

- Alexander W. Cappelen et al. 2007. “The Pluralism of Fairness Ideals: An Experimental Approach.” *American Economic Review* 97 (3): 818–827
- Ingvild Almås, Alexander W. Cappelen, and Bertil Tungodden. 2019. “Cutthroat Capitalism versus Cuddly Socialism: Are Americans More Meritocratic and Efficiency-Seeking than Scandinavians?” *Journal of Political Economy*

Recommended:

- Rudolf Kerschbamer and Daniel Müller. 2020. “Social Preferences and Political Attitudes: An Online Experiment on a Large Heterogeneous Sample.” *Journal of Public Economics* 182:104076
- Adrian Bruhin, Ernst Fehr, and Daniel Schunk. 2019. “The Many Faces of Human Sociality: Uncovering the Distribution and Stability of Social Preferences.” *Journal of the European Economic Association* 17 (4): 1025–1069
- James Andreoni and John Miller. 2002. “Giving According to GARP: An Experimental Test of the Consistency of Preferences for Altruism.” *Econometrica* 70 (2): 737–753
- David Miller. 1992. “Distributive Justice: What the People Think.” *Ethics* 102 (3): 555–593
- James Konow. 1996. “A Positive Theory of Economic Fairness.” *Journal of Economic Behavior & Organization* 31 (1): 13–35
- David Miller. 1999. *Principles of Social Justice*. Harvard University Press

4. Fairness and Redistribution

Required:

- Lars J. Lefgren, David P. Sims, and Olga B. Stoddard. 2016. “Effort, Luck, and Voting for Redistribution.” *Journal of Public Economics* 143:89–97
- Alberto Alesina and George-Marios Angeletos. 2005. “Fairness and Redistribution.” *American Economic Review* 95 (4): 960–980

Recommended:

- Jonathan JB Mijs. 2019. “The Paradox of Inequality: Income Inequality and Belief in Meritocracy Go Hand in Hand.” *Socio-Economic Review* 0 (0): 1–29

- Kris-Stella Trump. 2018. “Income Inequality Influences Perceptions of Legitimate Income Differences.” *British Journal of Political Science* 48 (4): 929–952
- Christina Starmans, Mark Sheskin, and Paul Bloom. 2017. “Why People Prefer Unequal Societies.” *Nature Human Behaviour* 1 (4): 1–7
- Ruben Durante, Louis Putterman, and van der Weele, Joël. 2014. “Preferences for Redistribution and Perception of Fairness: An Experimental Study.” *Journal of the European Economic Association* 12 (4): 1059–1086

5. Beliefs and Culture

Required:

- Roland Bénabou and Jean Tirole. 2006. “Belief in a Just World and Redistributive Politics.” *The Quarterly Journal of Economics* 121 (2): 699–746
- Luigi Guiso, Paola Sapienza, and Luigi Zingales. 2006. “Does Culture Affect Economic Outcomes?” *Journal of Economic Perspectives* 20 (2): 23–48

Recommended:

- Ernst Fehr and Karla Hoff. 2011. “Introduction: Tastes, Castes and Culture: The Influence of Society on Preferences.” *The Economic Journal* 121, no. 556 (November 1, 2011): F396–F412

6. Formation of Beliefs and Preferences

Required:

- Paola Giuliano and Antonio Spilimbergo. 2014. “Growing up in a Recession.” *The Review of Economic Studies* 81 (2): 787–817
- Rafael Di Tella, Sebastian Galiani, and Ernesto Schargrodsky. 2007. “The Formation of Beliefs: Evidence from the Allocation of Land Titles to Squatters.” *The Quarterly Journal of Economics* 122 (1): 209–241

Recommended:

- Kristoffer B. Hvidberg, Claus Kreiner, and Stefanie Stantcheva. 2020. “Social Position and Fairness Views.” In collaboration with National Bureau of Economic Research, NBER Working Paper Series
- Lea Cassar and Arnd Klein. 2017. “A Matter of Perspective: How Experience Shapes Preferences for Redistribution.” *CESifo Working Paper No. 6302*

7. Ex-ante and Ex-post Fairness

Required:

- James Andreoni et al. 2020. “When Fair Isn’t Fair: Understanding Choice Reversals Involving Social Preferences.” *Journal of Political Economy* 128 (5): 1673–1711
- Alexander W. Cappelen et al. 2013. “Just Luck: An Experimental Study of Risk-Taking and Fairness.” *American Economic Review* 103 (4): 1398–1413

Recommended:

- J. Michelle Brock, Andreas Lange, and Erkut Y. Ozbay. 2013. “Dictating the Risk: Experimental Evidence on Giving in Risky Environments.” *American Economic Review* 103 (1): 415–437

8. Equality of Opportunity and Intergenerational Mobility

Required:

- Alberto Alesina, Stefanie Stantcheva, and Edoardo Teso. 2018. “Intergenerational Mobility and Preferences for Redistribution.” *American Economic Review* 108 (2): 521–54
- R. Benabou and E. A. Ok. 2001. “Social Mobility and the Demand for Redistribution: The Poup Hypothesis.” *The Quarterly Journal of Economics* 116 (2): 447–487

Recommended:

- Alberto Alesina and Eliana La Ferrara. 2005. “Preferences for Redistribution in the Land of Opportunities.” *Journal of Public Economics* 89 (5-6): 897–931
- Marc Fleurbaey. 1995. “Equal Opportunity or Equal Social Outcome?” *Economics and Philosophy* 11 (1): 25–55
- Richard J Arneson. 1989. “Equality and Equal Opportunity for Welfare.” *Philosophical studies* 56 (1): 77–93
- John E Roemer. 1998. *Equality of Opportunity*. Harvard University Press Ch. 1-4, 12, 13

9. Measuring Intergenerational Mobility

Required:

- Raj Chetty et al. 2014. “Where Is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States *.” *The Quarterly Journal of Economics* 129 (4): 1553–1623
- Miles Corak. 2013. “Income Inequality, Equality of Opportunity, and Intergenerational Mobility.” *Journal of Economic Perspectives* 27 (3): 79–102

Recommended:

- Jesper Eriksen and Martin D Munk. 2020. “The Geography of Intergenerational Mobility—Danish Evidence.” *Economics Letters* 189:109024
- Francisco H. G. Ferreira and Jeremie Gignoux. 2008. *The Measurement Of Inequality Of Opportunity: Theory And An Application To Latin America*. Policy Research Working Papers. The World Bank, July 28, 2008
- Rodney Andrews et al. 2017. “Location Matters: Historical Racial Segregation and Intergenerational Mobility.” *Economics Letters* 158:67–72
- Siwei Cheng and Fangqi Wen. 2019. “Americans Overestimate the Intergenerational Persistence in Income Ranks.” *Proc Natl Acad Sci USA* 116 (28): 13909
- Paul Hufe et al. 2017. “Inequality of Income Acquisition: The Role of Childhood Circumstances.” *Social Choice and Welfare* 49 (3): 499–544

10. Wealth and Inheritance of Inequality

Required:

- Mikael Elinder, Oscar Erixson, and Daniel Waldenström. 2018. “Inheritance and Wealth Inequality: Evidence from Population Registers.” *Journal of Public Economics* 165:17–30
- Samuel Bowles and Herbert Gintis. 2002. “The Inheritance of Inequality.” *Journal of Economic Perspectives* 16 (3): 3–30

Recommended:

- Spencer Bastani and Daniel Waldenström. 2019. “Salience of Inherited Wealth and the Support for Inheritance Taxation.” *CESifo Working Paper No. 7482*
- Anselm Hager and Hanno Hilbig. 2019. “Do Inheritance Customs Affect Political and Social Inequality?” *American Journal of Political Science* 63 (4): 758–773

11. Immigration and Redistribution

Required:

- Gabriele Magni. 2020. “Economic Inequality, Immigrants and Selective Solidarity: From Perceived Lack of Opportunity to In-group Favoritism.” *British Journal of Political Science*, 1–24
- David Rueda. 2018. “Food Comes First, Then Morals: Redistribution Preferences, Parochial Altruism, and Immigration in Western Europe.” *The Journal of Politics* 80 (1): 225–239

Recommended:

- Ellora Derenoncourt. 2019. “Can You Move to Opportunity? Evidence from the Great Migration.” *Unpublished working paper*
- Alberto Alesina, Armando Miano, and Stefanie Stantcheva. 2018. *Immigration and Redistribution*. 0898-2937. National Bureau of Economic Research
- Moses Shayo. 2009. “A Model of Social Identity with an Application to Political Economy: Nation, Class, and Redistribution.” *American Political Science Review* 103 (02): 147–174
- Christina M. Fong and Erzo F.P. Luttmer. 2011. “Do Fairness and Race Matter in Generosity? Evidence from a Nationally Representative Charity Experiment.” *Journal of Public Economics* 95 (5-6): 372–394
- George J. Borjas and Lynette Hilton. 1996. “Immigration and the Welfare State: Immigrant Participation in Means-Tested Entitlement Programs.” *Quarterly Journal of Economics* 111 (2): 575–604

12. Wrap-Up