Individual motives for (re-)distribution

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Valorization addendum

In Chapter II–IV, I showed that concerns for basic needs satisfaction are an important consideration in the distribution of incomes across different incentive structures and subject pools. By disentangling the motive from other established motives related to caring about the incomes of relatively poorer people in a society – maximin and generosity – I have established concerns for basic needs satisfaction as a distinct distributional motive. I further showed that subjects are willing to sacrifice some of their own income, efficiency, and utility in terms of envy in order to satisfy additional basic needs.

In Chapter II, I showed that in choices in which concerns for basic needs satisfaction and maximin predict the same allocation, basic needs satisfaction is another important driver next to maximin. This suggests that the prevalence of maximin would be overestimated if basic needs satisfaction was ignored as a behavioral motive. Results of Chapter III revealed that subjects (also) care – as proposed in the theoretical formulation of the motive in Chapter II – for the sum of unfulfilled needs. Finally, a heterogeneity analysis revealed that women care more strongly for the fulfillment of basic needs, while there is no relation of the motive to age or income. Chapter IV indicated that under a minimal strategic incentive to ensure the survival of the receiver in the game, the prevalence of behavior in line with concerns for basic needs satisfaction increases substantially and even otherwise selfish subjects satisfy the receiver’s needs. Additional analyses suggest that the salience of group survival might have triggered dictators’ desire to fulfill receivers’ needs which is consistent with the notion that human beings are predisposed to act in accordance with the motive in situations in which it is evolutionarily important.

My findings of Chapter II to IV of this thesis can be useful both for academic purposes as well as for public policy. With respect to academia, my results can inform a normative theory of needs-based justice. The formulation of such a theory that is informed by research on individual distributional motives is, for example, aspired by the DFG research group “FOR2104: Needs-based justice and distributional procedures”.\(^\text{177}\) For public policy, the knowledge about people's concerns for the fulfillment of basic needs as opposed to other distributional motives related to caring about poorer persons in society can be informative for the design and acceptance of social security systems. As elaborated on in Chapter VI, in discussions about the optimal design of redistributive policies, people with different motives for redistribution are likely not only to hold different positions, but also to discuss about different things. Understanding people’s distributional motivations can thus help to structure the political debate and inform policy makers about the optimal design of redistributive policies, especially those targeted at the poorest members of society, and by this help create acceptance of these policies.

It should, however, be kept in mind that it is not advisable to directly apply my findings to public policy. Before this can be done, much more research on the motive of

\(^{177}\) Original title in German „Bedarfsgerechtigkeit und Verteilungsprozeduren“.
basic needs satisfaction is necessary. This includes, for example, the question whether the application of the motive is unconditional or depends on the recipients characteristics such as individual responsibility, or on characteristics of the preference holder such as her gender, age, and income (as examined in Chapter III), or her cultural background, the (subjective) probability of becoming a recipient herself, and the features of the social security system in the country she lives in. As becomes clear, the findings of this thesis are just a first step towards understanding the importance of basic needs satisfaction as an individual concern for the distribution of incomes in a society.

In Chapter V, I showed that differences in the importance of hard work for success in life between the wealthy and people from the general population partly explains differences in attitudes towards redistribution. Millionaires believe that hard work is crucial for determining earnings and are therefore less willing to redistribute those earnings. These findings are important for academia, since they show that it is crucial to investigate (re-)distributional attitudes, preferences, and beliefs of those groups in society with a disproportionate policy impact, as they might differ from those of the general population. Scholars should thus consider these groups regularly as subjects for their empirical research. With respect to the relevance for public policy, especially for state redistribution, knowledge about what drives support for redistribution of the wealthy is indispensable. If policy makers want to fight rising inequality by increasing state redistribution from the rich to the poor, they can tackle the beliefs of the wealthy about what drives inequalities in society. Provided that the rich assign too much responsibility to individual effort, one way of increasing their willingness to redistribute is to raise awareness that differences in earnings are to a large part determined by luck. One possibility could be, for example, to provide them with information about actual social mobility or equality of opportunities in their society. This could increment their support for redistribution as expressed, for example, in increased tax honesty. If the low importance attached to luck is— as suggested by my results— driven by a desire to develop a narrative in order to maintain a positive self-image, millionaires might, however, be reluctant to give up this belief. Correcting possibly false beliefs that lead to certain revealed preferences is further ethically less problematic than directly intervening in people’s preferences and trying to manipulate their likes and dislikes.

In the current times of digitalization and automatization, wealth is created by a decreasing number of people, as an increasing number of jobs and operations can be carried out by machines. In light of this, mechanisms to redistribute this wealth— especially in order to ensure basic necessities— become more important. As a result, knowledge on people’s (re-)distributional fairness concerns gains increasing significance in order to design redistributive policies that are viewed as fair and thereby promote social cohesion.
Curriculum Vitae

Frauke obtained her bachelors degree in Economics at the University of Cologne in 2011, and her masters degree in International Economic Studies at Maastricht University in 2012, cum laude. She joined the Research Centre for Education and the Labour Market (ROA) at Maastricht University in September 2012 to start her PhD project on distributional motives. In 2015 she visited the University of California San Diego for a four month research stay. Since June 2018 Frauke works at the Institute for Philosophy at the University of Oldenburg. Frauke’s research focuses on behavioral economics, need-based justice, moral decision making, (re-)distributive fairness attitudes, and individual reasoning processes.