Francesco Capozza, Departmental Seminar on Wednesday, January 31, 2024

Host: Dietmar Fehr

Who Should get Money? Estimating Welfare Weights in the U.S.

Evaluating the desirability of a reform typically involves weighing the gains of the winners against the losses of the losers using welfare weights. Welfare weights measure the relative social value of a $1 increase in consumption. They can capture various normative ideals like utilitarianism and equality of opportunity. We elicit the welfare weights assigned by the general population of the U.S. using a real-stakes experiment. We find that the general population weights are more progressive than the weights implied by tax and transfer policies in the U.S., indicating that the general population desires additional redistribution. The general population weights are less progressive than those frequently used in the literature. We explore the implications of these weights for optimal income taxes.