Welfare

Allocating the Good and the Bad

Alternative Welfare Principles for *De Novo* Allocation

I. Equality - Allocate the same amount to each person (outcome equality)

II. Equity - Allocate opportunities equally (equality of opportunity)

III. Need - Allocate according to what each person needs

IV. Merit - Allocate goods according to each person's contribution to achieving it

V. Utility - Allocate so as to maximize overall happiness or well-being (utilitarianism, Bentham, Mill)

VI. Maximin - Allocate to maximize the good received by the least well off (difference principle, Rawls)

Ultimatum Game

- Receivers usually reject proposed allocations that are very skewed toward the proposer

- This demonstrates a preference for equality over both utility and maximin

Framing in allocation (Harris and Jones, 1980)

- Ps were told that a group of partners had opened a business (e.g. selling plants at a flea market)
- Partners were said to take turns operating business, with differing incomes and costs under each (costs for one partner were high due to an accident)
- Ps favored equal division when asked either about profits or expenses, even though these are incompatible principles

Cultural differences

- When allocating payment for a copying task, in which Ps believed they did either the same amount, half, or twice as much as another P, males in the u.s. and females in hong kong allocate proportional to contribution, while females in the u.s. and males in h.k. allocate evenly (Leung and Bond, 1984)
- If worker A is described as contributing more, but worker B is described as more needy, students in india tend to allocate a bonus or pay cut by need, but in the u.s., students allocate the bonus or pay cut evenly (Murphy-Berman et al., 1984)

Self-favoring (van Avermaet, 1974, reported in Messick, 1985)

From Baron (2000): “Ss were instructed to fill out questionnaires until told to stop. They expected to be paid, but they did not know how much. Each subject was given either three or six questionnaires (depending on the experimental condition) and was told to stop after either 45 or 90 minutes. When the subject finished, she was told that there had been another subject who had had to leave before he could be told that he was supposed to be paid. The experimenter, who also said he had to leave, gave the original subject $7 (in dollar bills and coins) and asked her to send the other subject his money (in the stamped, addressed envelope provided). The subject was told that the other subject had put in either more, the same, or less time and had completed more, the same, or fewer questionnaires.

“At issue was how much money the original subject would send to the “other” subject (actually a confederate). Subjects who *either* worked longer *or* completed more questionnaires than the “other” gave the other less than $3.50. ... When the original subjects were equal to the other on *both* dimensions, then sent almost exactly $3.50, on the average. Only when subjects did worse on *both* dimensions (time and number of questionnaires) was there a slight tendency to send more than $3.50 to the other.”

Morality

Decisions about right and wrong

The trolley problem (Foot, 1978)

A trolley is running out of control down a track. In its path are 5 people who have been tied to the track by a mad philosopher. Fortunately, you can flip a switch, which will lead the trolley down a different track to safety. Unfortunately, there is a single person tied to that track. Should you flip the switch?

The trolley problem - fat man version (Thomson)

As before, a trolley is hurtling down a track towards five people. You are on a bridge under which it will pass, and you can stop it by dropping a heavy weight in front of it. As it happens, there is a very fat man next to you - your only way to stop the trolley is to push him over the bridge and onto the track, killing him to save five. Should you proceed?

Trolley problem - experiments

- People differ across both problems, but with many more opting to flip the switch in the first problem than to push the fat man in the second problem
- Greene (2005) finds that the switch problem activates different brain areas than the footbridge (variant of the fat man) version - argues that cognitive areas (e.g. the DLPFC) activated by switch problem are more appropriate than emotional areas activated by the footbridge problem.