

5th Political Science & Political economy Conference Titles and Abstracts

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How do Markets Shape Social Values? Evidence from a Field Experiment

Abstract: Recent decades have seen a dramatic rise in the prominence of finance throughout the developed and even in the developing world. This is reflected not only in the increase in the size of the financial sector and its share of GDP, but also in the fact that more and more individuals are now engaged in financial trading, either directly or via their pension savings. How does engagement with financial markets affect individuals' social outlook and policy preferences? A long line of thinkers have contended that markets have strong attendant effects on social behavior and values, yet they disagreed on the nature and direction of these effects. We report results from a large-scale field experiment we administered in which a national sample of UK citizens received substantial monetary sums they could repeatedly invest in stocks over a six-week period. Participants' social and political attitudes were tracked as part of a seemingly unrelated study. Compared to the control group, exposure to the investment treatments led subjects to adopt a more right-leaning social outlook on issues of fairness and deservingness, redistribution, and the role of luck vs merit in explaining individual success. Subjects also shifted to the right on concrete policy questions, including support for privatizing national insurance and letting people invest their own savings in the stock market. While much of the discussion of the political impact of the rise of finance focuses on lobbying and special interests, our evidence points to a more direct effect on voter preferences over economic policy.

