

Report on Bachelor / Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University

Student:	Bc. Lucie Kamenická
Advisor:	Doc. PhDr. Zuzana Havránková, Ph.D.
Title of the thesis:	Income Inequality and Happiness: A Meta-Analysis

OVERALL ASSESSMENT

Short summary

The thesis of Lucie Kamenická focuses on the relationship between income inequality and subjective well-being. This is an interesting and important topic which has been extensively explored by the existing studies, some of which find positive, some negative and some negligible relationship. Lucie Kamenická aims to provide a complex synthesis on the topic. To this end, she collected the data from the existing studies and provides a meta-analysis of the results. The results document that there is an evidence of publication bias in this stream of literature and that the relationship between income inequality and subjective well-being is actually weak.

Contribution

There is a very limited number of studies providing a synthesis of the findings on the link between income inequality and subjective well-being. The author clearly formulates the contribution of her thesis to this literature, namely (i) the high number of existing estimates included in the meta-analysis, including the most recent ones, (ii) the focus on publication bias analysis, and (iii) a detailed analysis of the role of a high number of factors for the size of the estimates (such as the role of different measures of income inequality, measures of subjective well-being, regions of the World, estimation techniques, the set of control variables, etc.).

Methods

The author uses appropriate state-of-the-art methods, which are clearly described in the thesis. I appreciate the effort to collect such a high number of estimates which must have been very time consuming.

One thing that was a bit unclear to me was the definition of one of the main variables. The title and the introduction indicates that the author is interested in the relationship between income inequality and *happiness*. However, from the text I understood that the meta-analysis includes all available studies focusing on the relationship between income inequality and *subjective well-being*. In fact, later passages of the text provide an explanation of the difference between happiness and subjective well-being, happiness being one of several potential measures of subjective well-being. Further, in the heterogeneity analysis, the author finds that it actually matters for the estimated link between income inequality and subjective well-being which measure is used, whether happiness or life satisfaction.

Further, The thesis often talks about the *relationship* between income inequality and subjective well-being as well as about the *effects* of income inequality on subjective well-being. There is an important difference between correlation and causal effect and I did not find any discussion of this issue.

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Literature

It is obvious that the author has a sound knowledge of the relevant literature. Besides the studies included in the meta-analysis, the thesis provides a nice and useful overview of the literature on inequality and subjective well-being, including recent contributions.

Manuscript form

The tables and figures are well-organized and clearly communicate the results. In general, the thesis reads well and is written in good English. However, There happen to be gramatical mistakes and at some places it is somewhat difficult to read the text. E.g., several simple sentences start with „Since ...“ leading the reader to expect a complex sentence, but that is not the case. There are two such cases on p. 3 alone.

Overall evaluation and suggested questions for the discussion during the defense

To sum up, I believe the thesis fulfills the requirements for a diploma thesis at IES, Faculty of Social Sciences, Charles University. I recommend the thesis for the defense and suggest grade B.

The results of the Urkund analysis do not indicate significant text similarity with other available sources (except of the preliminary version of the thesis, but such overlap should be obviously disregarded).

Suggested question for the discussion during the defense:

- 1) As I mentioned above, you talk a lot about the *relationship* between income inequality and subjective well-being as well as about the *effects* of income inequality on subjective well-being. To what extent and how is the issue of causality dealt with in the existing studies on the topic that you include in your meta-analysis? What techniques do they use to estimate the causal impacts of income inequality? What might be the unobserved variables playing a role here? For example, I can imagine that countries/regions with low inequality have in general very different policies than countries/regions with high inequality, which may affect people's subjective well-being.
- 2) What does it precisely mean that when the reseachers control for a variable (e.g. trust or health), the effect of income inequality on subjective well-being is likely to be “higher” (see page 94)? If the average effect is negative, does it mean that it is still negative but smaller in magnitude, i.e. weaker? Or does it mean that it is stronger? If trust and health are the mechanisms through which income inequality impacts subjective well-being, would one expect the coefficient to become smaller or larger in magnitude when one starts to control for these variables?

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SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY	POINTS
Contribution (max. 30 points)	30
Methods (max. 30 points)	25
Literature (max. 20 points)	20
Manuscript Form (max. 20 points)	15
TOTAL POINTS (max. 100 points)	90
GRADE (A – B – C – D – E – F)	B

NAME OF THE REFEREE: Julie Chytilová

DATE OF EVALUATION: May 13, 2021

Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

CONTRIBUTION: *The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.*

METHODS: *The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.*

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

MANUSCRIPT FORM: *The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.*

Overall grading:

TOTAL	GRADE
91 – 100	A
81 - 90	B
71 - 80	C
61 – 70	D
51 – 60	E
0 – 50	F