

Francisco Ferreira's lecture on

“Inherited Inequality, Meritocracy, and the Purpose of Economic Growth”

At the 18th Winter School on Inequality and Social Welfare Theory – Canazei 2025

Abstract: This is a lecture about inequality of opportunity and a closely related concept: inherited inequality. It has five parts. First, it reviews the dominant economic model of inequality of opportunity, including its two main uses: the proposal of social objective functions and the measurement of inequality of opportunity. Second, it dispenses with two epistemically and normatively demanding assumptions that underlie the model and defines the closely related concept of inherited inequality. Although in practical terms the two are very similar, the latter rests on simpler, less demanding – and thus more solid – normative foundations. Third, it reviews recent advances in the measurement of inequality of opportunity and inherited inequality, focusing on data-driven solutions to model specification challenges. These methods are illustrated using UK data from 2009 to 2019. Fourth, the chapter proposes amending the standard static social objective functions proposed thirty years ago, towards a dynamic version that is better suited to addressing the implications – and conditioning the nature – of economic growth. Finally, the chapter discusses the differences between inequality of opportunity and meritocracy, and their possible roles in a fair society and growing economy.

Main reading:

Ferreira, F. and P. Brunori (2024): “Inherited Inequality, Meritocracy, and the Purpose of Economic Growth”, [III Working Paper 147](#), London School of Economics.

Other readings:

Bourguignon, François, Francisco H.G. Ferreira, and Michael Walton (2007): “Equity, efficiency and inequality traps: A research agenda”, *Journal of Economic Inequality*, 5 (2), 235-256.

Brunori, Paolo, Francisco H. G. Ferreira and Pedro Salas-Rojo (2023). “Inherited inequality: a general framework and an application to South Africa”. International Inequalities Institute Working Paper 107, London School of Economics.

Brunori, Paolo, Paul Hufe and Daniel Mahler (2023): “The Roots of Inequality: Estimating Inequality of Opportunity from Regression Trees”, *Scandinavian Journal of Economics*, **125** (4), 900-932.

Ferreira, Francisco and Vito Peragine (2016): “Individual Responsibility and Equality of Opportunity” Chapter 24 in M. Adler and M. Fleurbaey (eds.) *Oxford Handbook of Wellbeing and Public Policy*. Oxford: OUP.

Roemer, John and Alain Trannoy (2016): “Equality of Opportunity: Theory and Measurement”. *Journal of Economic Literature* **54** (4): 1288-1332.