Comments on "Global Stratification Economics (GSE): A Primer - Definitions and Research Implications"*

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1 Introduction

"Social institutions perpetuate cumulative inequality. If there is any determinism involved, it is political"

- Brian Barry, *Why Social Justice Matters, 2005*

There is broad consensus that inequality is unjust when it stems from arbitrary circumstances reflecting accidents of birth rather than individual choices (Chinoy et al., 2025). Group identities around gender, race, and ethnicity are often viewed as falling within this arbitrary category, increasing demand for redistributive policies when inequality is framed accordingly. But how arbitrary are the circumstances generating persistent group-based inequality? Do they result from deliberate institutional policies, or do members of some groups simply exert less effort and invest less in human capital, becoming less productive and achieving lower socioeconomic outcomes? These questions lie at the heart of stratification economics.

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While many economics papers discuss power in terms of bargaining power or market power among individual units (e.g., workers and firms) or as a macroeconomic concept where elites determine the structure of economic and political institutions affecting resource distribution (Acemoglu and Robinson, 2008), stratification economics asks how power- defined simply as "the ability to do and get the things we want in opposition to the intentions of others" (Economy, 2025) influences persistent group-based inequality. Why are Black and Hispanic people in the US more likely to be stopped in traffic and motor vehicle searches (Feigenberg and Miller, 2022)? Why are women more likely to be interrupted in more negative ways in economics seminars (Dupas et al., 2026)? Why are Black women in Nigeria who are co-ethnic with hiring managers less likely to be hired than their male and non-coethnic female counterparts (Archibong et al., 2025)? Why is an immigrant's country of origin more predictive of naturalization success in Switzerland than language skills, integration status, or economic credentials, such that Turkish immigrants face lower naturalization rates than northern European immigrants (Hainmueller and Hangartner, 2013)?

Fully understanding these unequal patterns requires moving beyond incomplete explanations based on animus-based or statistical discrimination. It requires understanding how institutions—both formal institutions embodied in laws and informal institutions embodied in social norms that prescribe the status and expected behaviors of different groups—shape the distribution of power, creating advantages or disadvantages based on group identity. In their Global Stratification Economics (GSE) paper, Aja, Pena, and Lopez (2026) provide a thorough account of how the stratification economics framework introduced by Darity Jr, Hamilton, and Stewart (2015) can advance our understanding of the origins, drivers, and policies to reduce persistent group-based inequality in global, non-US contexts.

Aja, Pena, and Lopez (2026) describe how individuals interact with their institutional contexts, both historically and in the present, to shape laws, rules, and regulations that

distribute power to some groups over others. A key insight is that people may willingly incur individual short-run costs to maintain their group's status, hierarchy, and power in the long run if they perceive positive benefits from maintaining group advantage. These benefits can be material or non-material, linked to social capital or status that nonetheless provides non-negative utility (Ridgeway, 2014; Chelwa, Hamilton, and Stewart, 2022; Darity Jr, 2022). This holds more strongly in the short run when resources are fixed, finite, or scarce, and competition may result in zero-sum thinking and outcomes (Chinoy et al., 2025). In sum, institutional actors deliberately implement rules that rig the distribution, creating winners and losers by group identity to maintain group advantage for some and relative disadvantage for others (North, 1990). The resulting persistent group-based inequality results from policy choices, not exclusively from individual preferences and actions.

A second insight from the empirical accounts in Aja, Pena, and Lopez (2026) is that group identities are endogenous to institutional choices. A third insight is that because these unequal group distributions result from deliberate policy choices, deliberate redistributive policies- including formal reparations, affirmative action, and asset-based welfare transfers- are needed to make unequal, unjust distributions fairer, reduce group-based inequality, and improve outcomes for members of disadvantaged groups globally.

The rest of the paper proceeds as follows: Section 2 discusses the authors' GSE conceptual framework and how it links institutional power and group-based inequality in a global context. Section 3 discusses policy implications and concludes.

2 GSE Framework: Institutional Power and Group-Based Inequality

Aja, Pena, and Lopez (2026) outline the importance of historical institutions and context for long-run economic development globally, focusing on Latin America and the Caribbean,

Africa, and South and Southeast Asia, building on theoretical economics literature on institutions and the path dependence of historical economic development (North, 1990). Their outline would complement a game-theoretic approach that clearly delineates how power, especially political power, shapes both individual and group preferences in ways that alter strategies, choice sets, and payoffs from individual choices based on group identity.

An important insight from stratification economics to highlight within this global setting is that institutional choices and structures can lead to seemingly irrational decision-making, where individuals choose policies with higher short-run costs to maintain long-run group advantage or dominance. The effects of group identity may also interact or intersect in complex, non-additive ways when individuals hold multiple identities across gender, race, ethnicity, caste, and national origin. For example, benefits may accrue to members of group X over Y and members of group A over B, but not to group XB over YB. As the authors highlight, this has implications for traditional welfare analysis.

Many institutions are explicitly structured ex ante to advantage some groups over others or with explicitly non-Pareto-efficient objectives. Understanding this fact allows researchers to study the persistence of group-based inequality through institutions like forced labor, slavery, colonization, segregation, and caste hierarchy, and to properly model the incentives and payoffs of institutional actors. What appears to be "irrational" and welfare-reducing behavior by institutional actors becomes "rational" when we recognize that actors have strong preferences for maintaining power relations that advantage some groups over others, reflected in their policy choices.

This leads to a point that Aja, Pena, and Lopez (2026) rightly emphasize: the GSE framework urges decentering welfare analysis from efficiency alone to considering whether policy choices alter institutional arrangements that systematically advantage some groups over others. This echoes past work in sociology, philosophy, and economics that has high-

lighted the limits of welfare analysis and encouraged expanding the aims of social planners to center distributive justice, egalitarianism, and freedom (Sen, 1995; Rawls, 1971; Nussbaum, 2011; Fanon, 1967).

3 Policy Implications of the GSE Framework

Persistent group-based inequality is an outcome of deliberate institutional choices, or what philosopher Brian Barry describes as "political determinism" in the opening quote. These institutions actively shape group identities, which in turn shape individual preferences over institutional choices. The empirical examples and GSE framework presented in Aja, Pena, and Lopez (2026) point to a need for direct policy intervention aimed at redistribution to members of disadvantaged groups to reduce institutionally created inequalities.

If macroeconomic policies- ranging from discriminatory tax and monetary policies to laws around property rights, ownership, and citizenship, and policies around global value chains that have concentrated wealth in the Global North at the expense of the Global South- were designed to reproduce stratification across groups and have led to persistent global inequality, then policies to actively redistribute wealth back to these regions are needed. If institutions produced this group inequality, then those same institutions must and can be used to reduce or mitigate it. This implies both redistribution and reparation, or a "rectification of past injustice" consistent with Robert Nozick's entitlement theory (Nozick, 1974).

On a global scale, this requires policy action not only by domestic institutional actors but also by international actors like the World Bank and the International Monetary Fund. These international financial institutions (IFIs) would need to change and expand their priorities beyond broad spending objectives to prioritize reducing group-based and regional inequality by targeting resources toward the least advantaged groups within countries and globally (Rawls, 1971). Within this framework, policies like formal reparations, job guaran-

tee programs, and asset-based welfare transfers become necessary tools for revising unjust, unequal distributions and reducing group-based inequality, as the authors rightly point out.

In a world with zero-sum thinking, where redistributive policies may result in zero-sum outcomes in the short run but welfare-enhancing outcomes in the long run, this will require that people are willing to incur short-run costs to their group status, power, and advantages for long-run benefits in the form of reduced group inequality and a more just, productive, and less conflict-ridden world. A major question for researchers, scholars, and stakeholders remains: what methods work to convince individuals and policymakers to accept short-run costs for these long-run gains? What methods effectively reduce individuals' discount rates and increase support for redistributive policies that reduce group-based inequality? Future research should carefully investigate these questions, and evidence from global settings will be useful for generating general knowledge on effective strategies to increase preferences for redistribution and reduce group-based inequality.

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