The Impact of Diversity on Perceptions of Income Distribution and Preferences for Redistribution

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Does diversity affect people’s perceptions of income distribution and their preferences for redistribution? I leverage variation from a Colombian financial aid reform boosting the share of low-income students at an elite university. Combining college records and original survey data, I study how diversity affects high-income students’ social networks, perceptions, and preferences by exploiting treatment variation across cohorts and majors using difference-in-differences. Exposure to low-income peers caused high-income students to diversify their social networks, have more accurate perceptions of the income distribution, and support progressive redistribution. My preferred interpretation is that diversity raised students’ concerns about (the lack of) equal opportunity.