Fairness and Norms

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14.663 Spring 2009

TABLE I

$m(e)$-SCHEDULE

e	0.1	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9	1
$m(e)$	0	1	2	4	6	8	10	12	15	18

Fehr, Kirschsteiger and Riedl, 1993

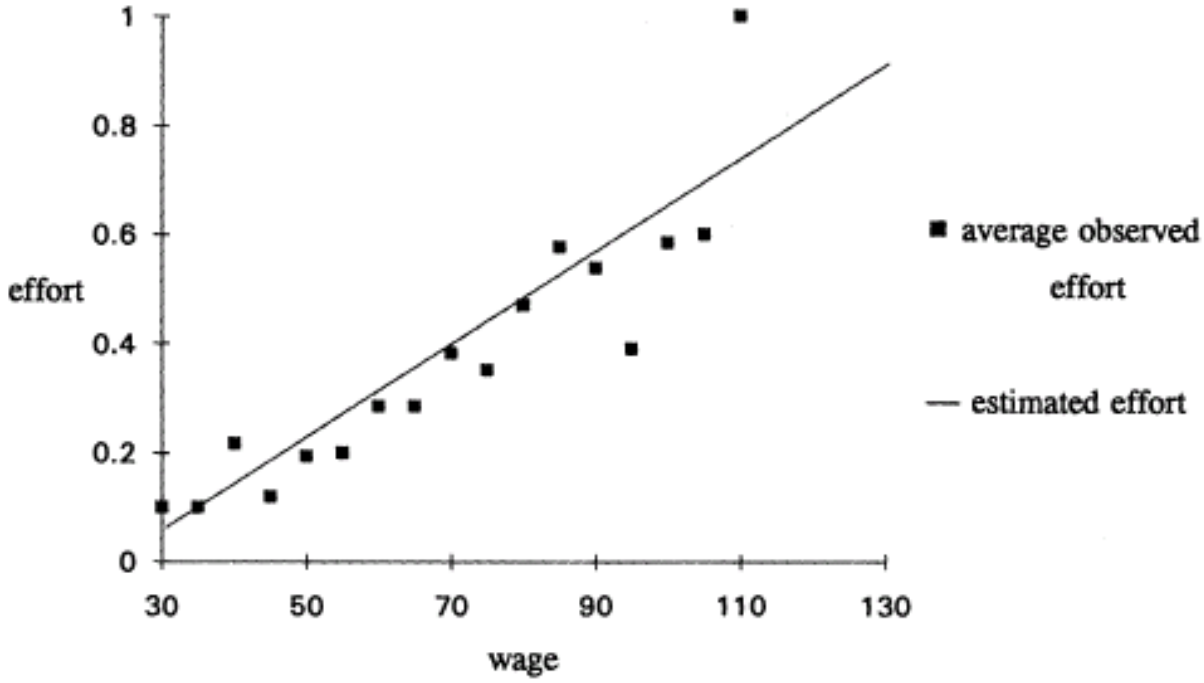

FIGURE I
The Wage-Effort Relation

Fehr, Kirschsteiger and Riedl, 1993

TABLE II

THE WAGE-EFFORT RELATION

Wage	Average observed effort level	Median observed effort level
30–44	0.17	0.1
45–59	0.18	0.2
60–74	0.34	0.4
75–89	0.45	0.4
90–110	0.52	0.5

Fehr, Kirschsteiger and Riedl, 1993

TABLE III

RESULTS OF REGRESSION (5): $e = \alpha + \beta p + \mu$

	N	α	$t(\alpha)$	β	$t(\beta)$	R^2
S1-4	276	−0.18	−3.1	0.0078	9.6	0.25
SL1-4	23	−0.6	−2.2	0.0129	3.5	0.34
S1	72	−0.27	−2.8	0.0076	6.2	0.34
S2	72	−0.34	−2.3	0.0111	5.4	0.28
S3	72	−0.14	−1.6	0.0066	4.9	0.25
S4	60	−0.38	−1.7	0.0113	3.9	0.19

S#: Session#.
SL1-4: Results of the estimation with the last period data of all sessions.
N: number of observations.
$t()$: t-value of the relevant coefficients.
R^2: Adjusted coefficient of determination.

TABLE IV

RESULTS OF REGRESSION (6): $e = \sum_{i=1}^{n} \gamma_i d_i + \beta p + \mu$

	N	n	β	$t(\beta)$	R^2	W-st	prob
S1-4	276	35	0.0076	10.8	0.6	275	0.000
S1	72	9	0.0067	5.9	0.61	56.9	0.000
S2	72	9	0.0081	5.4	0.65	81.3	0.000
S3	72	9	0.0072	6.3	0.51	45.1	0.000
S4	60	8	0.0118	4.4	0.38	25.0	0.002

S#: Session#.
N: Number of observations

Fehr, Kirschsteiger and Riedl, 1993

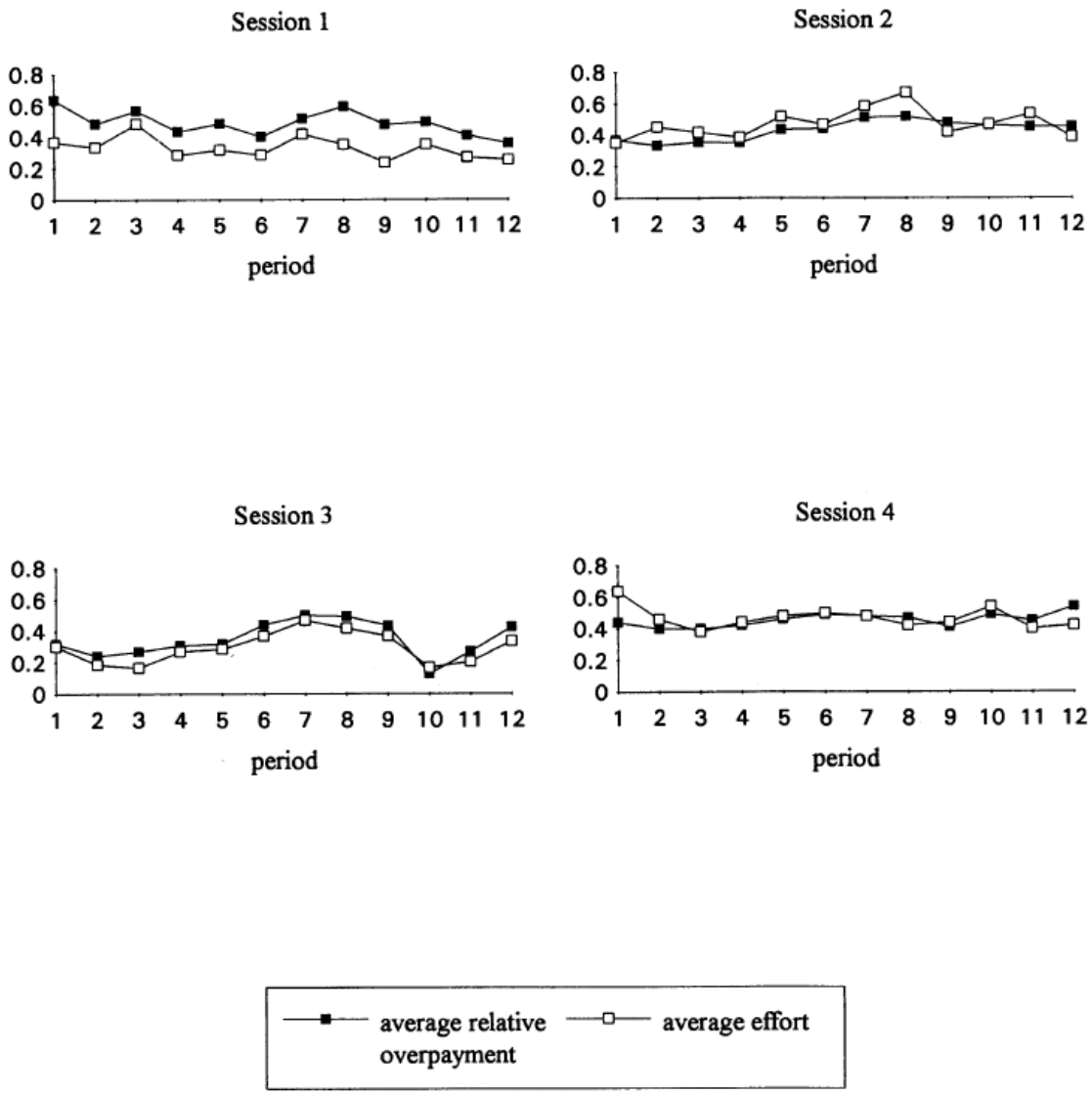

FIGURE II
Average Relative Overpayment and Average Effort per Period

Fehr, Kirschsteiger and Riedl, 1993

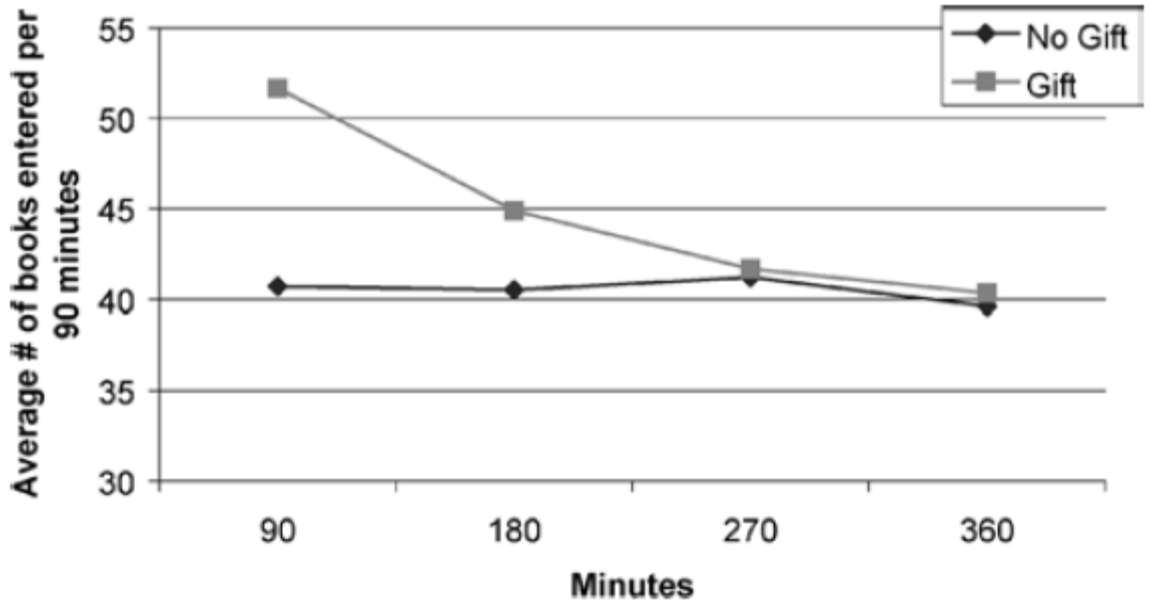

FIGURE 1.—Average books logged per time period.

Gneezy and List, 2006

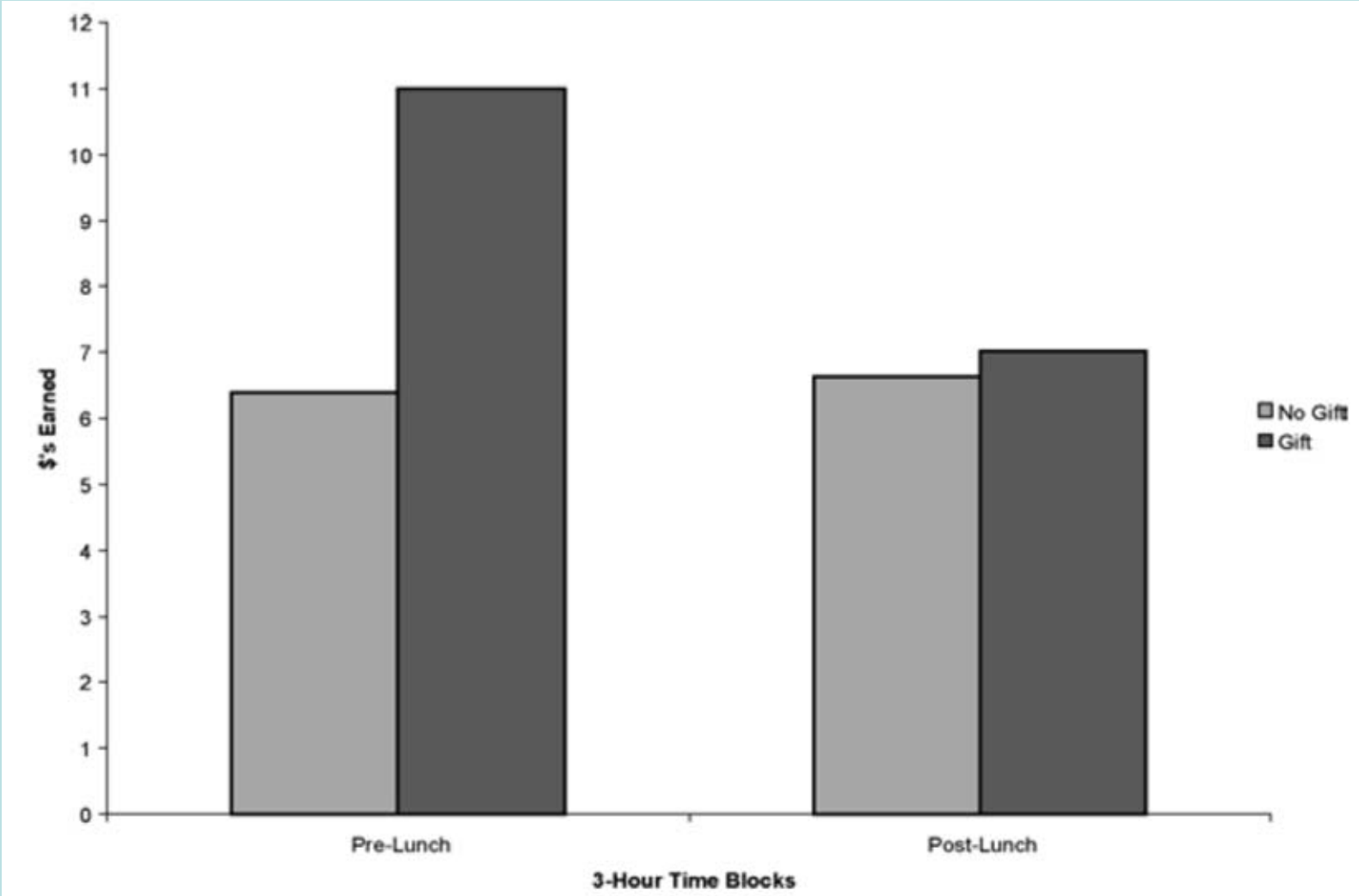

FIGURE 2.—Average earnings by 3-hour block.

Gneezy and List, 2006

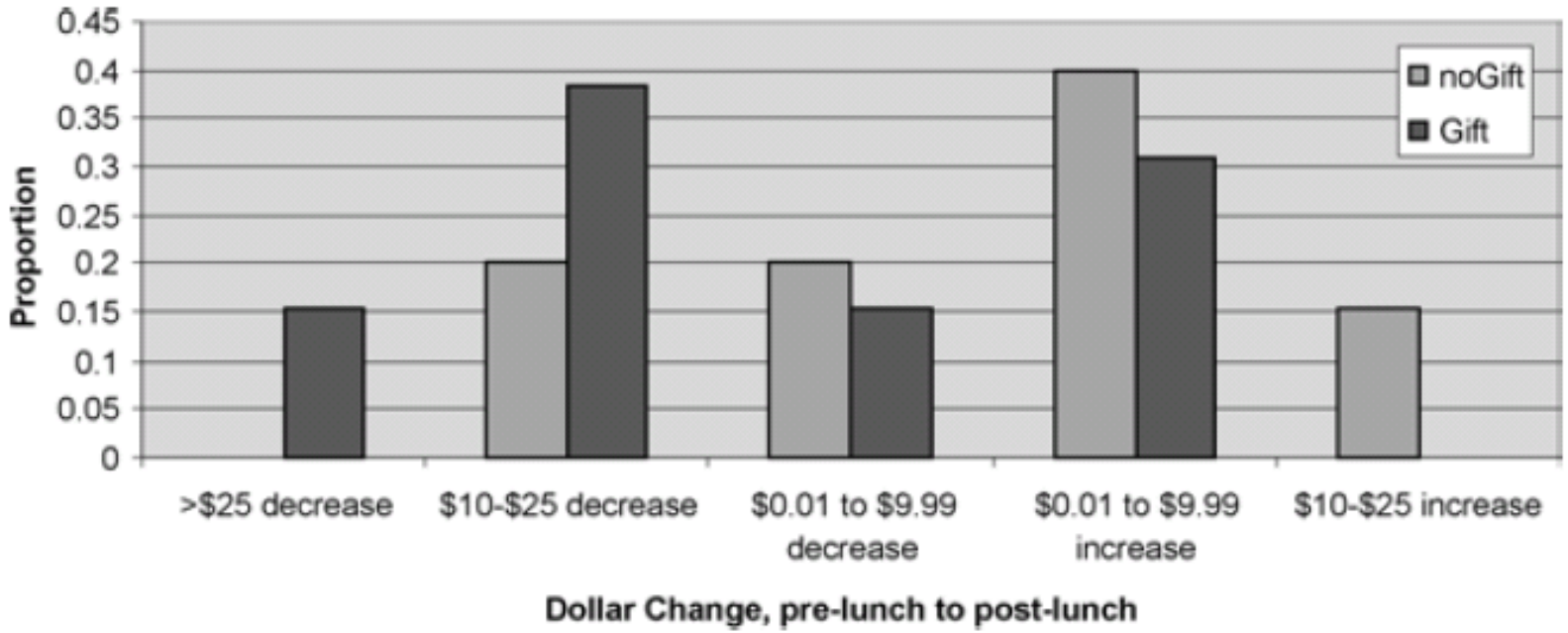

FIGURE 3.—Individual differences in mean contributions.

Gneezy and List, 2006

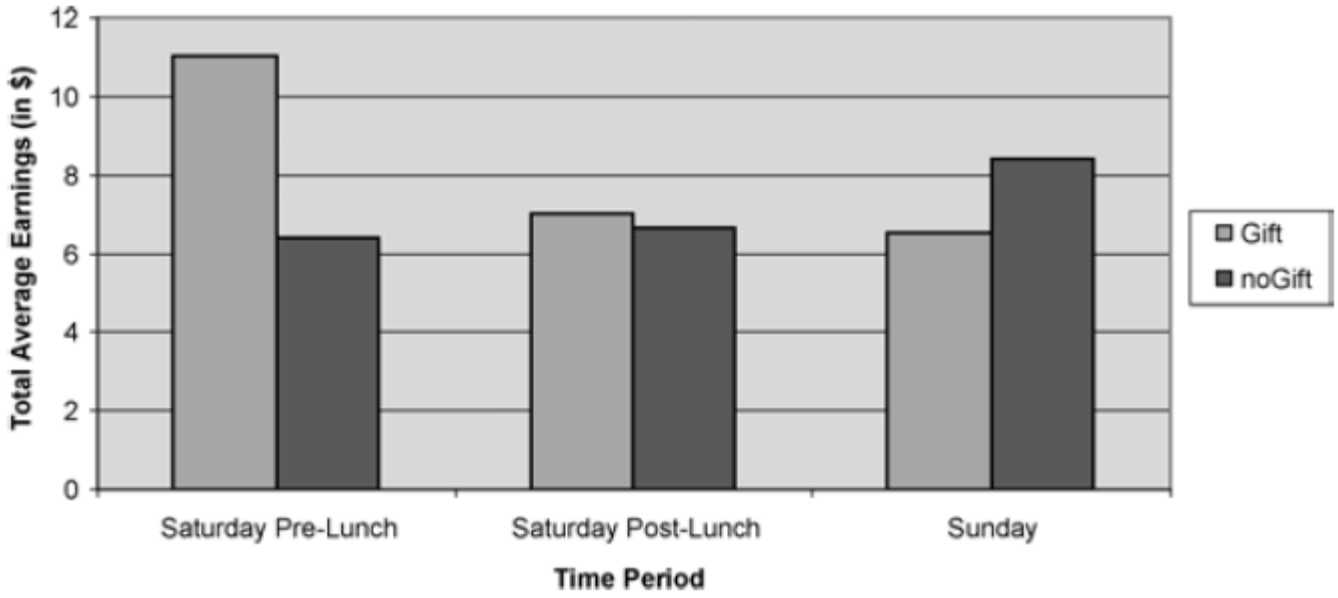

FIGURE 4.—Average solicitor earnings by 3-hour block.

Gneezy and List, 2006

TABLE II

REGRESSION RESULTS[a, c, d]

Variable[b]	Library Task	Fundraiser	
		Hourly	3-Hour Block
Gift	10.9	3.4	13.8
	(6.1)	(3.3)	(5.8)
Time2	−0.2	3.0	—
	(2.0)	(2.8)	
Time3	0.5	−3.6	—
	(2.0)	(2.8)	
Time4	−1.1	−1.2	—
	(2.0)	(2.8)	
Time5		2.6	—
		(2.8)	
Time6		−1.3	0.70
		(2.8)	(4.4)
Gift × *Time2*	−6.6	2.0	—
	(2.9)	(3.7)	
Gift × *Time3*	−10.5	1.6	—
	(2.9)	(3.7)	
Gift × *Time4*	−10.2	−0.9	—
	(2.9)	(3.7)	
Gift × *Time5*		−5.8	—
		(3.7)	
Gift × *Time6*		−2.2	−12.6
		(3.7)	(5.9)
Constant	40.7	6.6	19.2
	(4.2)	(2.4)	(4.4)
N	76	138	46

Gneezy and List, 2006

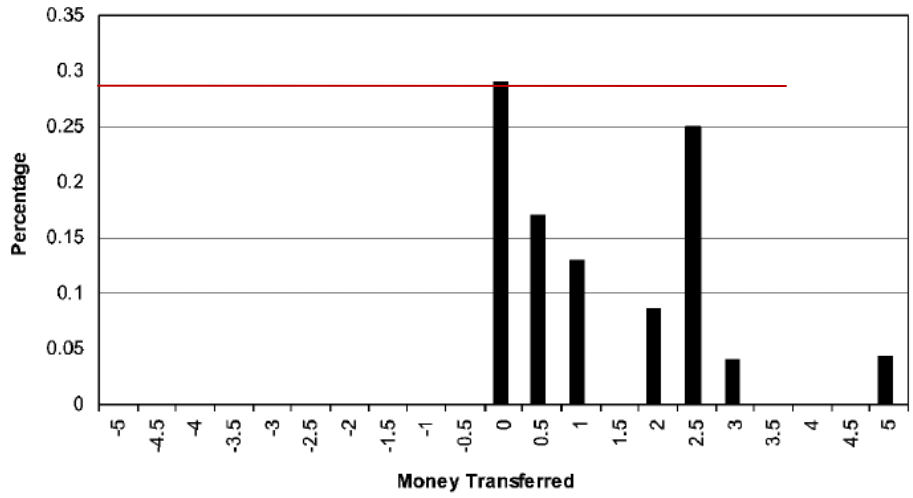

FIG. 1.—Baseline treatment (data online table B1)

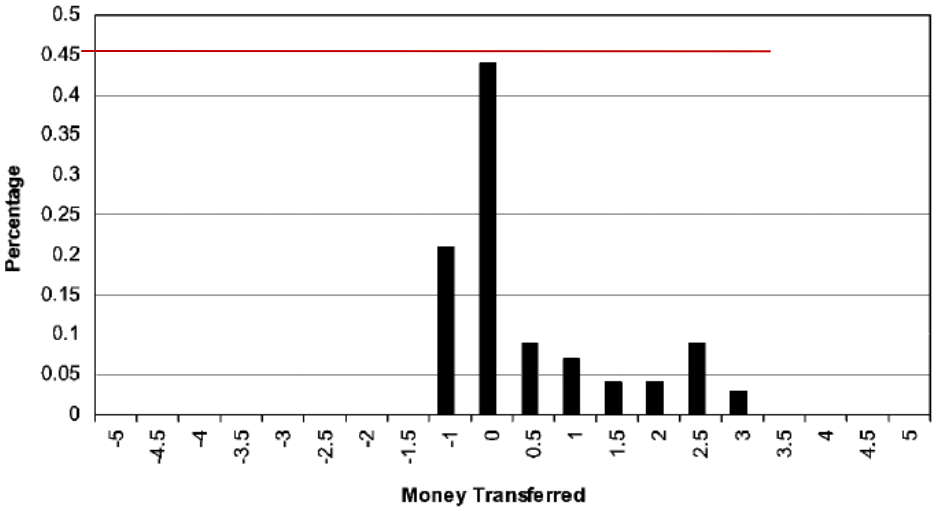

FIG. 2.—Treatment Take ($1) (data online table B2)

List, 2007

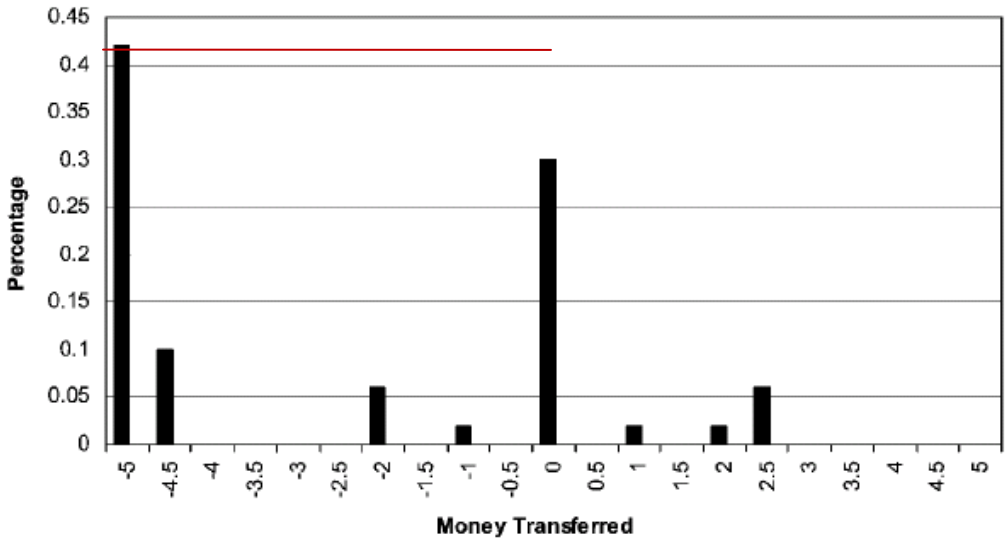

FIG. 3.—Treatment Take ($5) (data online table B3)

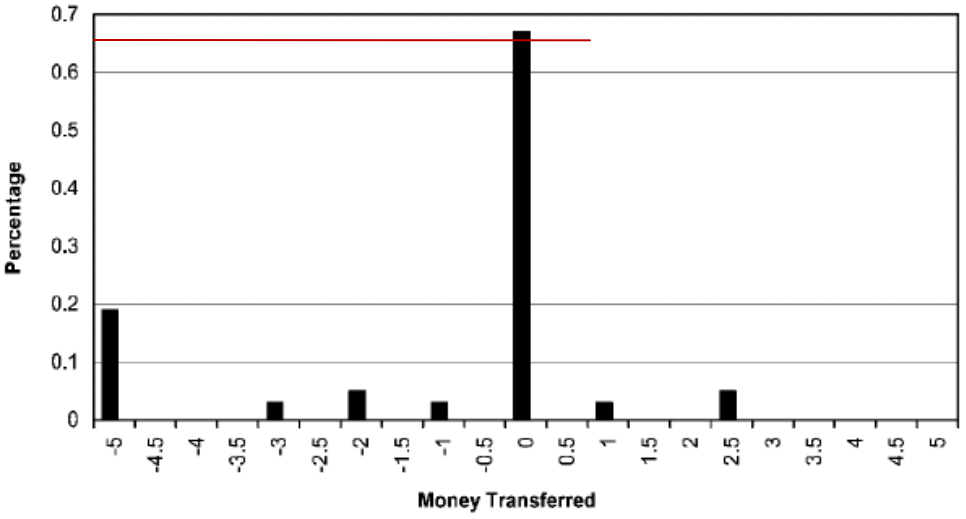

FIG. 4.—Treatment earnings (data online table B4)

List, 2007

TABLE I

SAMPLE CHARACTERISTICS IN THE −12- TO +12-MONTH EVENT TIME WINDOW

	(1) Full sample	(2) Prearbitration: employer wins	(3) Prearbitration: employer loses	(4) Prearbitration: employer win-employer loss
Arbitrator rules for employer	0.344			
Final Offer: Employer	6.11	6.44	5.94	0.50
	[1.65]	[1.54]	[1.68]	(0.18)
Final Offer: Union	7.65	7.87	7.54	0.32
	[1.71]	[2.03]	[1.51]	(0.18)
Population	21,345	22,893	20,534	2,358
	[33,463]	[34,561]	[32,915]	(3,598)
Contract length	2.09	2.09	2.09	0.007
	[0.66]	[0.64]	[0.66]	(0.071)
Size of bargaining unit	42.58	41.36	43.22	−1.86
	[97.34]	[53.33]	[113.84]	(15.66)
Arbitration year	85.56	85.85	85.41	0.436
	[4.75]	[5.10]	[4.56]	(0.510)
Clearances per 100,000 capita	120.31	122.28	118.57	3.71
	[106.65]	[108.76]	[104.35]	(9.46)
Violent crime clearances per 100,000 capita	64.79	65.29	63.16	2.14
	[71.28]	[72.64]	[66.79]	(6.11)
Property crime clearances per 100,000 capita	55.51	56.99	55.42	1.57
	[58.72]	[58.61]	[61.43]	(4.92)
Crime reports per 100,000 capita	444.03	453.06	439.75	13.30
	[364.23]	[411.99]	[309.80]	(35.92)
Violent crime reports per 100,000 capita	95.49	95.31	92.90	2.41
	[103.16]	[101.78]	[98.61]	(9.44)
Property crime reports per 100,000 capita	348.45	357.65	346.72	10.93
	[292.10]	[335.62]	[242.84]	(28.71)
Number of arbitration cases	383	132	251	

Standard errors are in parentheses. Standard deviation are in brackets. In the full sample, observations are municipality × month cells for the 12 months before and the 12 months after arbitration. The offers are percentage changes from wages in the previous contract. t-tests involving time-invariant city characteristics in column (4) are conducted on one month only. For other characteristics, namely clearance and crime rates, t-tests are conducted by regressing the characteristic on an employer win indicator on all prearbitration months while employing robust standard errors that are clustered within the arbitration window. The full sample in column (1) contains 9538 observations. There are 210 arbitration cases missing information on number of police officers in unit. Author's calculations are based on NJ PERC arbitration cases matched to monthly municipal clearance and crime rates at the jurisdiction level from FBI Uniform Crime Reports.

Mas, 2006

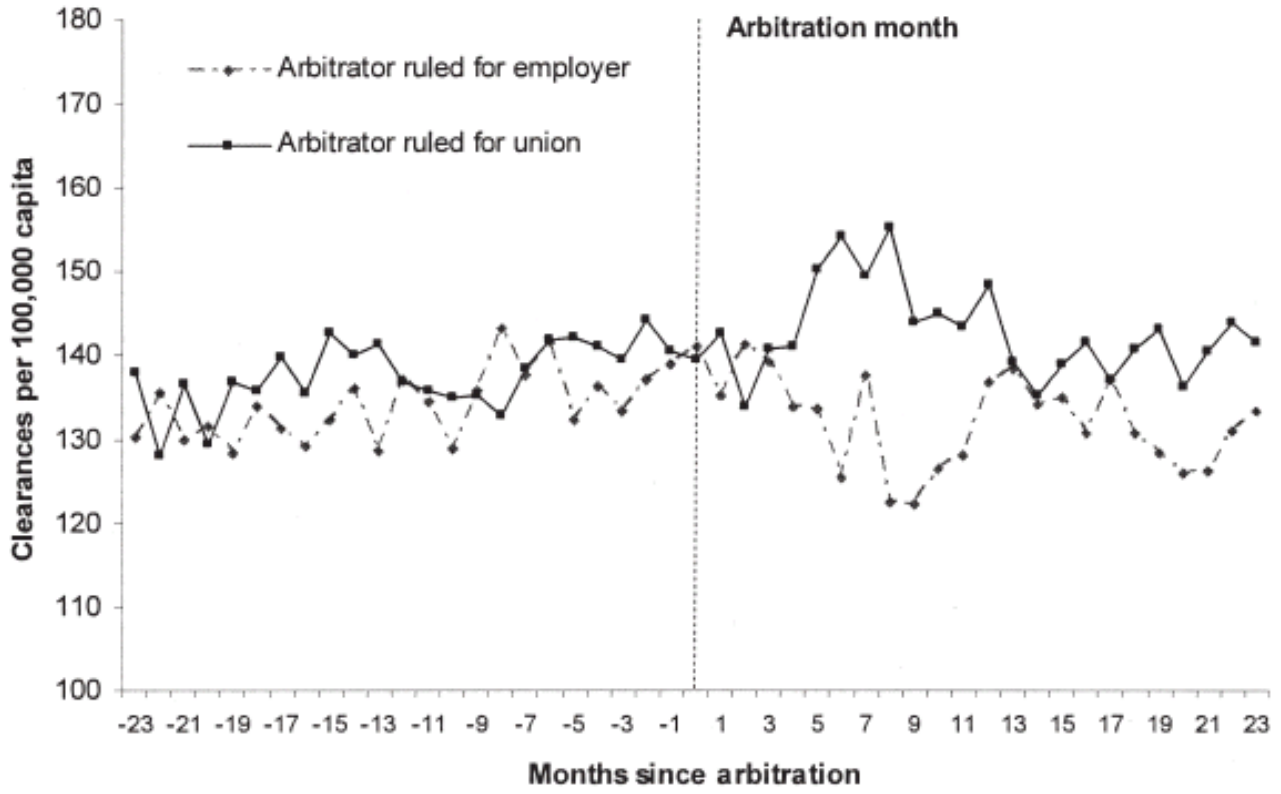

FIGURE I

Month-by-Month Comparison of Union and Employer City Average Clearance Rates

Author's calculation based on NJ PERC arbitration cases matched to monthly municipal clearance rates at the jurisdiction level from FBI Uniform Crime Reports. Sample is weighted by 1976 population. Data span the years 1976 through 1996 for arbitration cases occurring between 1978 and 1996.

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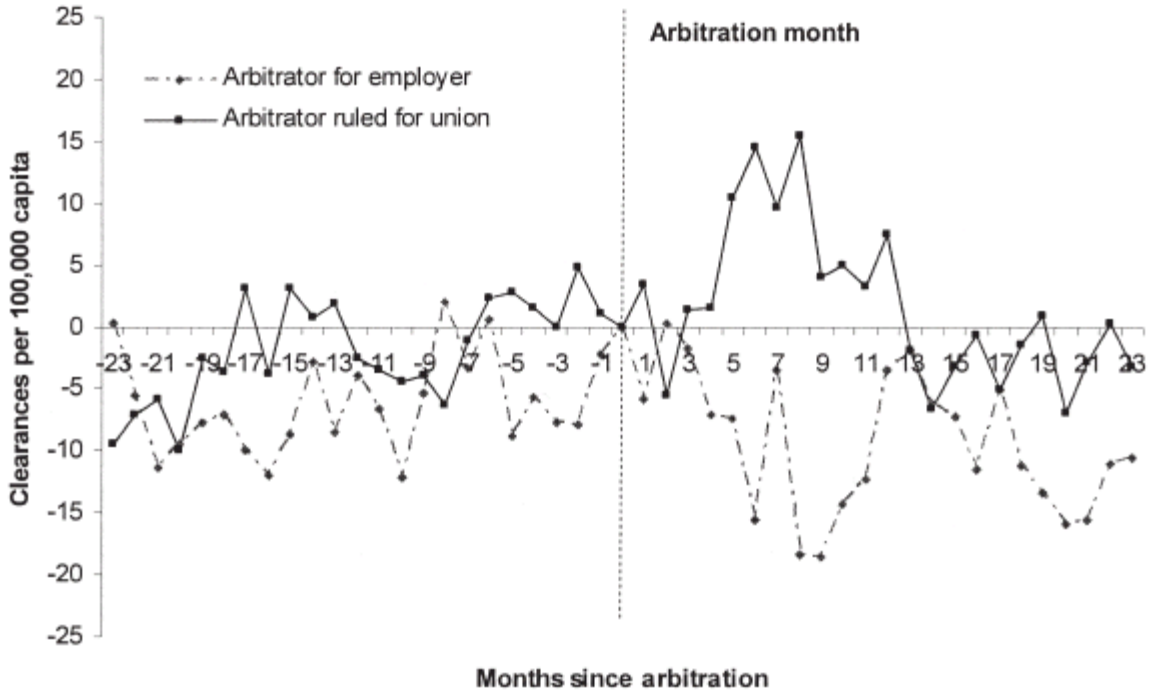

FIGURE II

Regression-Adjusted Event-Study Estimates of the Effect of Arbitration Rulings on per Capita Clearances

Regression-adjusted estimates are based on a regression of clearances per 100,000 capita on event-time dummies interacted with indicators for whether the arbitrator ruled in favor of the union or against the union. Estimates on the interacted event-time dummies are plotted relative to the omitted month of arbitration for Union and Employer cities. Regression model includes controls for year × month of arbitration dummies, arbitration window fixed-effects, and city fixed-effects for the group of cities that never underwent arbitration. Author's calculations are based on NJ PERC arbitration cases matched to monthly municipal clearance rates at the jurisdiction level from FBI Uniform Crime Reports. Sample is weighted by population in the jurisdiction in 1976. Data span the years 1976 through 1996 for arbitration cases occurring between 1978 and 1996.

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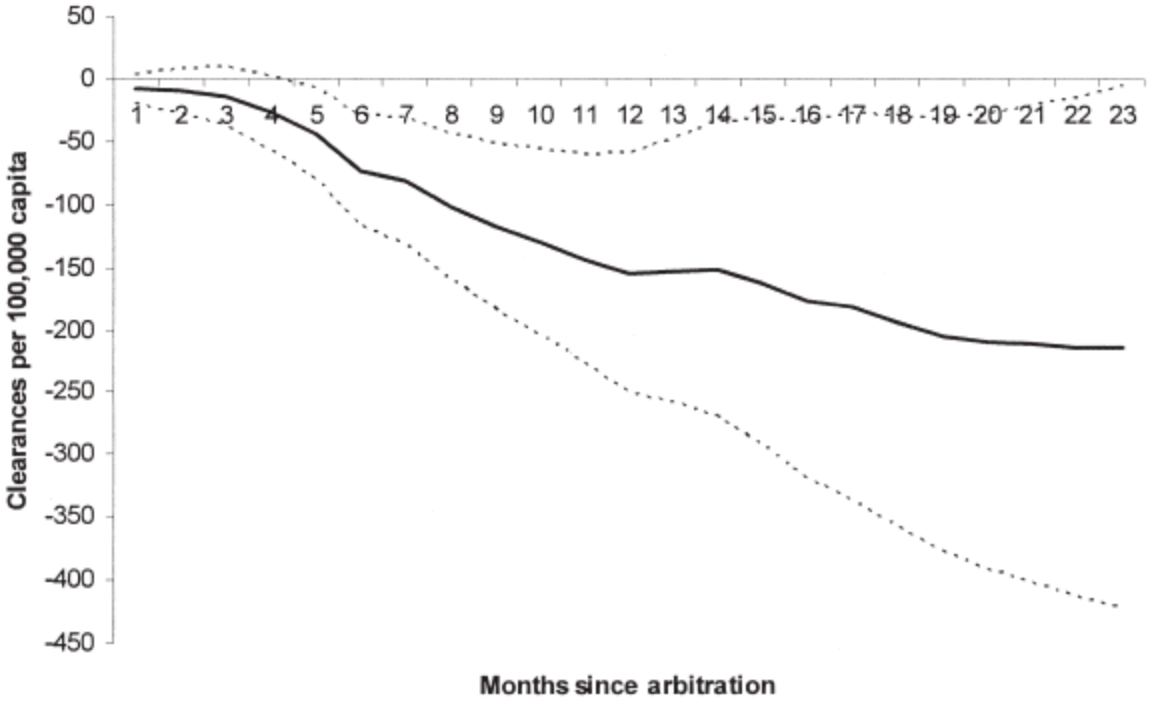

FIGURE III

Regression-Adjusted Estimates of the Cumulative Difference in Clearances between Employer and Union Cities in Postarbitration Months Relative to the Entire Prearbitration Period

Regression-adjusted estimates are based on a regression of clearances per 100,000 capita on postarbitration event-time dummies and on postarbitration event-time dummies interacted with indicators for whether the arbitrator ruled against the union. Estimates on the interacted postarbitration event-time dummies are cumulated and plotted. Regression model includes controls for year × month of arbitration dummies, arbitration window fixed-effects, and city fixed-effects for cities that never underwent arbitration. The dotted lines are the 90 percent confidence interval. Author's calculations are based on NJ PERC arbitration cases matched to monthly municipal clearance rates at the jurisdiction level from FBI Uniform Crime Reports. Sample is weighted by population in 1976. Data span the years 1976 through 1996 for arbitration cases occurring between 1978 and 1996.

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TABLE II

EVENT STUDY ESTIMATES OF THE EFFECT OF ARBITRATION RULINGS ON CLEARANCES: −12- TO +12-MONTH EVENT TIME WINDOW

	All clearances			Violent crime clearances			Property crime clearances		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Constant	118.57	141.25		63.16	75.10		55.42	66.15	
	(5.12)	(9.94)		(3.13)	(6.86)		(2.88)	(4.55)	
Postarbitration ×	−6.79	−8.48	−9.75	−2.54	−3.10	−3.77	−4.26	−5.39	−4.45
Employer win	(2.62)	(2.20)	(2.70)	(1.75)	(1.35)	(1.78)	(1.62)	(2.25)	(1.87)
Postarbitration ×	4.99	7.92	5.96	4.17	5.62	5.31	0.819	2.31	2.19
Union win	(2.09)	(2.91)	(2.65)	(1.53)	(1.95)	(1.42)	(1.24)	(1.58)	(1.37)
Row 3 − Row 2	11.78	16.40	15.71	6.71	8.71	9.08	5.08	7.69	6.40
	(3.35)	(3.65)	(3.75)	(2.32)	(2.37)	(2.26)	(2.04)	(2.75)	(2.30)
Employer win	3.71	−2.81		2.14	−5.73		1.57	2.92	
(Yes = 1)	(9.46)	(14.92)		(6.11)	(9.53)		(4.93)	(7.51)	
Fixed-effects?			Yes			Yes			Yes
Weighted sample?		Yes	Yes		Yes	Yes		Yes	Yes
Augmented sample?			Yes			Yes			Yes
Mean of the dependent variable	120.31 [106.65]	120.31 [106.65]	130.82 [370.58]	64.79 [71.28]	64.79 [71.28]	72.15 [294.78]	55.51 [58.72]	55.51 [58.72]	58.63 [180.55]
Sample size	9,538	9,538	59,137	9,538	9,538	59,135	9,538	9,538	59,136
R^2	0.0008	0.005	0.63	0.0007	0.0078	0.59	0.001	0.0015	0.55

Standard errors, clustered on the intersection of arbitration window and city, are in parentheses. Standard deviations are in brackets. The dependent variable is clearances per 100,000 capita. When indicated, the sample is weighted by population size in 1976. Observations are municipality × month cells. There are 383 arbitration cases under analysis. The samples in models (1), (2), (4), (5), (7), and (8) consist of municipalities that underwent arbitration, limited to months that are in the arbitration window—12 months after and 12 months before arbitration. The remaining models augment that sample with data on 197 municipalities that never underwent arbitration with police departments over wage disputes in the sample period. These additional municipalities are included for all months between 1976 and 1996. The employer-win main-effect is absorbed by the arbitration window dummies and is therefore omitted from models (3), (6), and (9). "Fixed-effects" consist of month × year effects (252), arbitration window effects (383), and city effects (452). All models include a constant. Author's calculations are based on NJ PERC arbitration cases matched to monthly municipal clearance rates at the jurisdiction level from FBI Uniform Crime Reports.

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TABLE III

EVENT-STUDY ESTIMATES OF THE EFFECT OF ARBITRATION RULINGS ON CLEARANCES BY SPECIFIC CRIME CATEGORY: −12- TO +12-MONTH EVENT TIME WINDOW

	(1) Murder clearances	(2) Rape clearances	(3) Assault clearances	(4) Robbery clearances	(5) Burglary clearances	(6) Motor vehicle theft clearances	(7) Larceny clearances
Postarbitration × Employer win	−0.042	−0.075	−4.82	−0.376	−1.25	−0.156	−3.04
	(0.064)	(0.091)	(1.41)	(0.194)	(0.589)	(0.156)	(1.53)
Postarbitration × Union win	−0.011	−0.043	2.67	1.16	0.551	0.271	1.37
	(0.057)	(0.132)	(1.51)	(0.536)	(0.527)	(0.237)	(1.20)
Row 2 − Row 1	0.030	0.033	7.48	1.53	1.80	0.428	4.41
	(0.087)	(0.160)	(2.03)	(0.582)	(0.778)	(0.278)	(1.92)
Mean of the dependent variable	0.184	1.15	68.83	1.98	13.74	3.85	41.05
	[3.33]	[26.53]	[288.31]	[30.69]	[110.82]	[56.25]	[123.58]
Sample size	59,137	59,135	59,137	59,137	59,136	59,137	59,137
R^2	0.11	0.18	0.56	0.65	0.20	0.13	0.60

Standard errors, clustered on the intersection of arbitration window and city, are in parentheses. Standard deviations are in brackets. Observations are municipality × month cells. The sample is weighted by population size in 1976. There are 383 arbitration cases under analysis. The sample is municipalities that underwent arbitration, limited to months that are within the arbitration window, augmented with 197 municipalities that never underwent arbitration. Municipalities that never underwent arbitration are included for all months between 1976 and 1996. All models include month × year effects (252), arbitration window effects (383), and city effects (452). All models include a constant. Author's calculations are based on NJ PERC arbitration cases matched to monthly municipal clearance rates at the jurisdiction level from FBI Uniform Crime Reports.

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TABLE IV

EVENT-STUDY ESTIMATES OF THE EFFECT OF ARBITRATION RULINGS ON CRIME: −12- TO +12-MONTH EVENT TIME WINDOW

	All crime		Violent crime		Property crime	
	(1)	(2)	(3)	(4)	(5)	(6)
Constant	612.18		150.26		461.81	
	(63.98)		(23.23)		(42.00)	
Postarbitration × Employer win	26.86	24.68	7.75	4.87	19.19	19.86
	(25.29)	(14.68)	(7.85)	(4.70)	(18.17)	(11.19)
Postarbitration × Union win	7.64	6.68	7.07	2.49	0.170	4.40
	(16.24)	(11.42)	(5.46)	(4.46)	(11.68)	(7.87)
Row 3 − Row 2	−19.21	−18.01	−0.68	−2.38	−19.02	−15.46
	(30.06)	(19.12)	(9.56)	(6.63)	(21.60)	(13.96)
Employer win (Yes = 1)	−31.81		−20.43		−11.35	
	(84.42)		(27.57)		(59.50)	
Fixed-effects?		Yes		Yes		Yes
Mean of the dependent variable	444.03	519.42	95.49	98.26	348.45	421.28
	[364.23]	[2037.4]	[103.16]	[363.76]	[292.10]	[1865.8]
Sample size	9,528	59,060	9,529	59,085	9,537	59,119
R^2	0.001	0.54	0.007	0.76	0.0003	0.42

Standard errors, clustered on the intersection of arbitration window and city, are in parentheses. Standard deviations are in brackets. Observations are municipality × month cells. The dependent variables are crime reports per 100,000 capita. The sample is weighted by population size in 1976. There are 383 arbitration cases under analysis. The sample is municipalities that underwent arbitration, limited to months that are within the arbitration window, augmented with 197 municipalities that never underwent arbitration. Municipalities that never underwent arbitration are included for all months between 1976 and 1996. "Fixed-effects" consist of month × year effects (252), arbitration window effects (383), and city effects (452). All models include a constant. Author's calculations are based on NJ PERC arbitration cases matched to monthly municipal clearance rates at the jurisdiction level from FBI Uniform Crime Reports.

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Panel B: Outcomes Conditional on Conviction

	Incarceration (Yes = 1)		Sentence	
	(1)	(2)	(3)	(4)
Postarbitration ×	−0.0321	−0.0156	−0.1866	0.0878
Employer win	(0.0430)	(0.0435)	(0.1629)	(0.1704)
Postarbitration ×	0.0771	0.0722	0.6382	0.4964
Union win	(0.0291)	(0.0254)	(0.2234)	(0.1844)
Row 2 − Row 1	0.1092	0.0878	0.8249	0.4086
	(0.0250)	(0.0264)	(0.1589)	(0.1277)
Charge dummies?		Yes		Yes
Mean of the dependent	0.402	0.402	1.658	1.658
variable	[0.490]	[0.490]	[3.861]	[3.861]
Sample size	5,289	5,289	5,162	5,162
R^2	0.054	0.128	0.031	0.334

Standard errors, clustered on arbitration window, are in parentheses. Standard deviations are in brackets. Observations are individuals arrested for felonies between 1987 and 1990, who obtained final disposition between 1989 and 1990, in municipalities that experienced arbitration between 1988 and 1989. There are 40 arbitration cases used in this analysis. There are 85 charge dummies, which indicate the crime for which the defendant was charged. All models include a constant, year and month of arrest dummies, year of final disposition dummies, and arbitration window dummies. For the sentence outcome, 13 offenders who received the death penalty were dropped from the sample. If the same offender appears more than once in the data, only the first offense is used. Offenders with a missing offense code or conviction code are dropped from the sample. Sentence is the maximum length of the jail sentence imposed for an offense expressed in fractions of a year. Conditional on conviction, the average sentence is 1.66 years (std. dev. = 3.86). Conditional on incarceration, the average sentence is 4.28 years (st. dev. = 5.22). Author's calculations are based on NJ PERC arbitration data matched to arrestees from the Offender Based Transaction Statistics.

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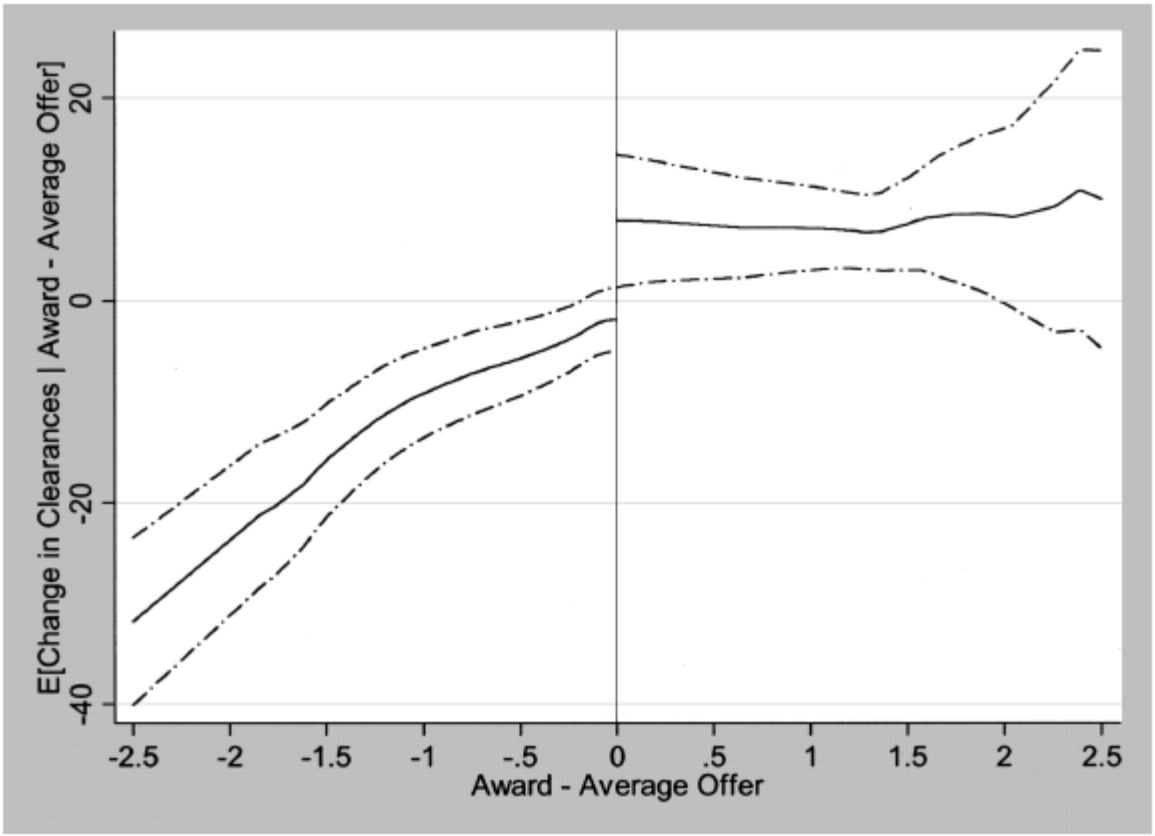

FIGURE V

Estimated Expected Change in Clearances Conditional on the Deviation of the Award from the Average of the Offers

The figure plots the local-linear estimate of the expected change in clearances conditional on the gap between the arbitrator award and the average of the final offers for 383 arbitration cases from the 12 months prior to arbitration to the 12 months after arbitration. The dotted line is the 90 percent confidence band. The sample is weighted by population in the jurisdiction in 1976. Data span the years 1976 through 1996 for arbitration cases occurring between 1978 and 1996. Author's calculations are based on NJ PERC arbitration cases matched to monthly municipal clearance rates at the jurisdiction level from FBI Uniform Crime Reports.

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TABLE VI

HETEROGENEOUS EFFECTS OF ARBITRATION DECISIONS ON CLEARANCES BY LOSS SIZE, AWARD, AND DEVIATION FROM THE EXPECTED OFFER: −12- TO +12-MONTH EVENT TIME WINDOW

	(1)	(2)	(3)	(4)	(5) Police lose	(6) Police win
Postarbitration	5.72	−8.17	12.99	−7.42	4.97	7.30
	(2.31)	(9.58)	(8.45)	(4.76)	(3.14)	(4.17)
Postarbitration × Award		1.23	−1.00			
		(1.16)	(0.98)			
Postarbitration × Loss size	−10.31		−10.93		−0.20	
	(1.59)		(1.89)		(4.54)	
Postarbitration × Union win				13.38		
				(5.32)		
Postarbitration × (expected award-award)					−17.72	2.82
					(7.94)	(4.13)
Postarbitration × p(loss size)[a]				Included		
Sample size	59,137	59,137	59,137	59,137	52,857	55,879
R^2	0.63	0.63	0.63	0.63	0.60	0.62

Standard errors, clustered on the intersection of arbitration window and city, are in parentheses. Standard deviations are in brackets. Observations are municipality × month cells. The sample is weighted by population size in 1976. The dependent variable is clearances per 100,000 capita. Loss size is defined as the union demand (percent increase on previous wage) less the arbitrator award. Among cities that underwent arbitration, the mean loss size is 0.489 with a standard deviation of 0.953. The expected award is the mathematical expectation of the award given the union and employer offers and the predicted probability of an employer win. The predicted probability of an employer win is estimated with a probit model using as predictors year of arbitration dummies, the average of the final offers, log population, and the length of the contract. See text for details. The samples in models (1)–(4) consist of the 12 months before to the 12 months after arbitration, for jurisdictions that underwent arbitration, as well as all jurisdictions that never underwent arbitration for all months between 1976 and 1996. The sample in model (5) consists of cities where the union lost in arbitration and the comparison group of nonarbitrating cities. The sample in model (6) consists of cities where the union won in arbitration and the comparison group of nonarbitrating cities. All models include month × year effects (252), arbitration window effects (383), and city effects (452). Author's calculations are based on NJ PERC arbitration cases matched to monthly municipal clearance rates at the jurisdiction level from FBI Uniform Crime Reports.

a. p(loss size) denotes a cubic polynomial in loss size.

Mas, 2006

Gneezy: Four Categories of Lies (other classifications exist)

1. Lies that help both sides or at least harm no one.
   - "You look great today."
2. Lies that help the other party, even if they harm the liar
   - Altruism or enjoying the act of giving (but then is it harm?)
3. Lies that do not help the liar but can harm both sides
   - Spite
4. Lies that increase the payoff to liar at cost to the other party
   - Instrumentalism. This is where all Economic predictions reside.

- Idea :
  - Manipulate the benefits of lying for the potential liar, costs to the "lyee" and see what happens.

TABLE 1—THE DIFFERENT PAYOFFS USED IN THE DECEPTION GAME

Treatment	Option	Payoff to Player 1	Payoff to Player 2
1	A	5	6
	B	6	5
2	A	5	15
	B	6	5
3	A	5	15
	B	15	5

Gneezy, 2005

Outcomes

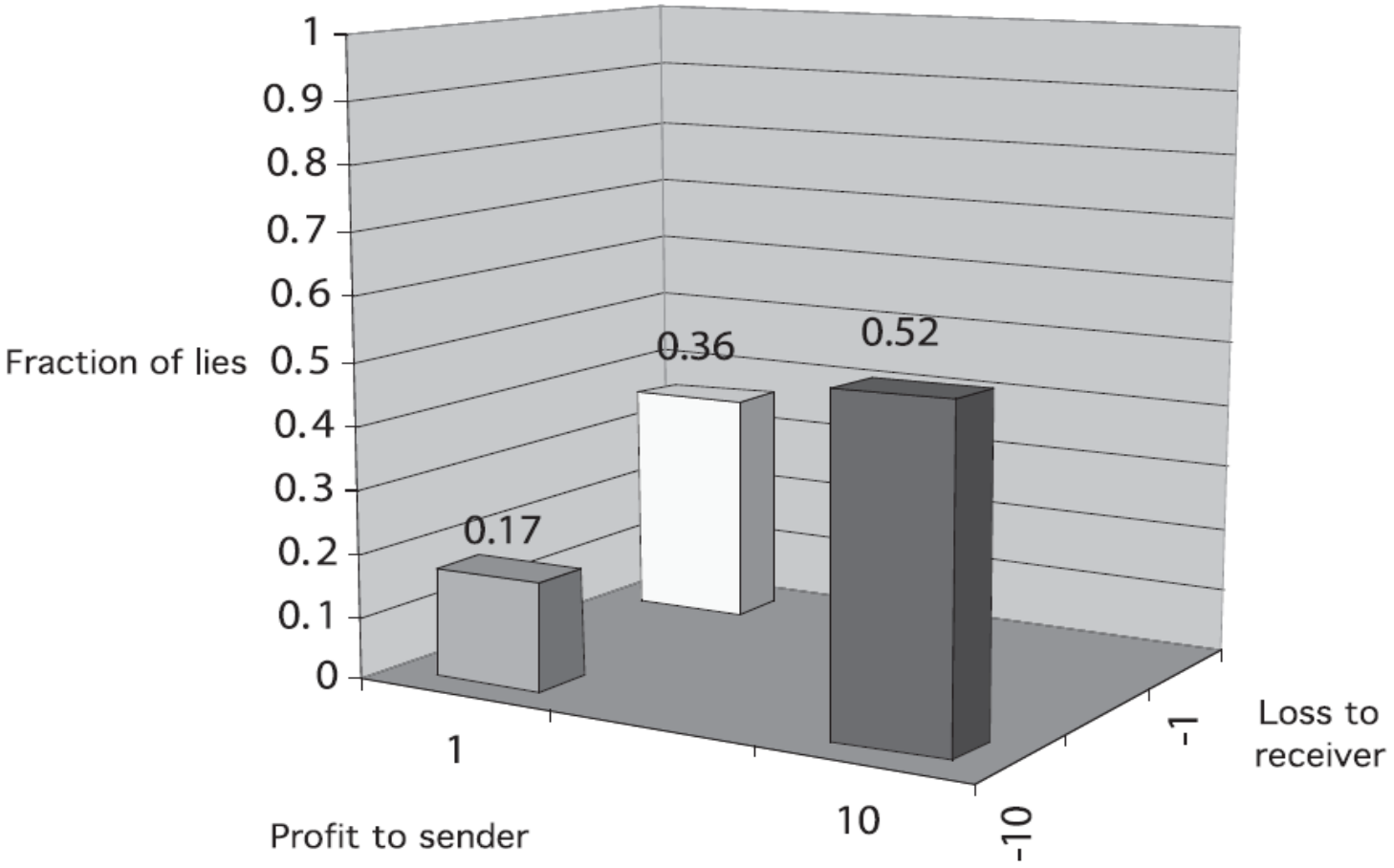

FIGURE 1. FRACTION OF PARTICIPANTS WHO LIED IN THE DECEPTION GAME

Note: The horizontal axis represents the gains from lying for player 1 and the associated loss for player 2.

Source: Gneezy, 2005 *AER*

TABLE 2—THE FRACTION OF PLAYER 1S WHO CHOSE ALLOCATION B

	Allocations		
Game	5, 6 versus 6, 5	5, 15 versus 6, 5	5, 15 versus 15, 5
Deception	0.36	0.17	0.52
Dictator	0.66	0.42	0.90

Gneezy, 2005

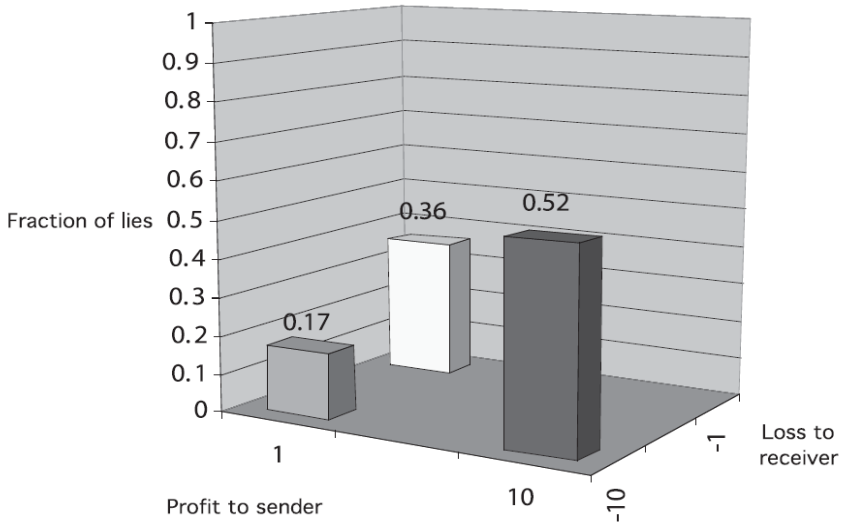

FIGURE 1. FRACTION OF PARTICIPANTS WHO LIED IN THE DECEPTION GAME

Note: The horizontal axis represents the gains from lying for player 1 and the associated loss for player 2.

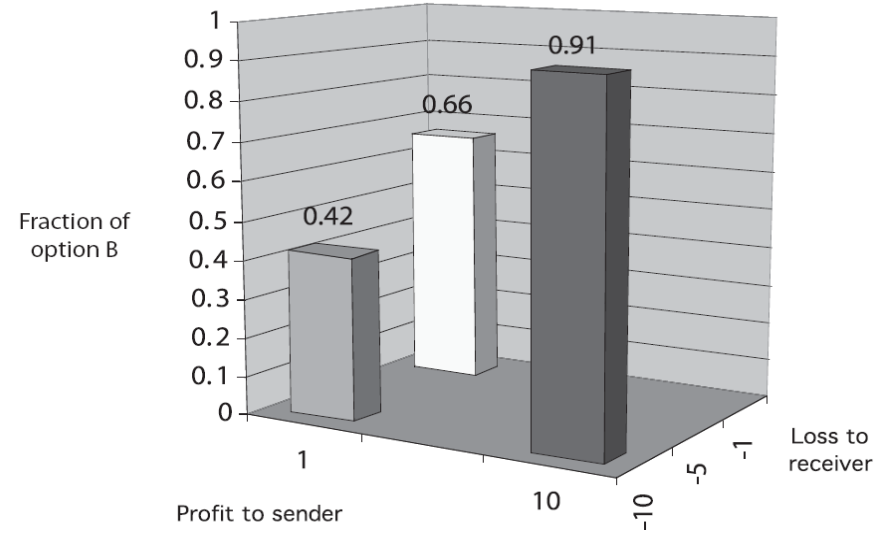

FIGURE 2. FRACTION OF PLAYER 1S WHO CHOSE OPTION B IN THE DICTATOR GAME

Note: The horizontal axis represents the gains from choosing B for player 1 and the associated loss for player 2.

Choice Game: Lying Feasible

Dictator Game: No Lying

Source: Gneezy, 2005 *AER*

TABLE I

ALLOCATION OF LAND TITLES

	Property Right Availability = 1			Property Right Availability = 0	
Year	Property Right = 1	Property Right = 0	Total	Property Right = 0	Total
1989	419	23	442		
1998	173	57	230		
Total	592	80	672	410	1082

Notes: *Property Right Availability* equals 1 if land titles were available for the parcel, i.e., if the former owner surrendered the land to the State. *Property Right* equals 1 if the household has formal titles to the parcel.

Di Tella et al., 2007

TABLE II

PRETREATMENT CHARACTERISTICS OF THE ORIGINAL HOUSEHOLD HEAD

Characteristics of the original household head	Property Right Availability = 0	Property Right Availability = 1	Difference
Age	48.875	50.406	−1.532
	(0.938)	(0.761)	(1.208)
Female	0.407	0.353	0.054
	(0.046)	(0.035)	(0.058)
Argentine	0.903	0.904	−0.001
	(0.028)	(0.022)	(0.035)
Years of education	6.071	5.995	0.076
	(0.188)	(0.141)	(0.235)
Argentine father	0.795	0.866	−0.072
	(0.038)	(0.025)	(0.046)
Years of education of the father	4.655	4.417	0.237
	(0.147)	(0.076)	(0.165)
Argentine mother	0.804	0.856	−0.052
	(0.038)	(0.026)	(0.046)
Years of education of the mother	4.509	4.548	−0.039
	(0.122)	(0.085)	(0.149)

Notes: We define the original household head as the family member who was the household head at the time the family arrived to the parcel they are currently occupying. *Property Right Availability* equals 1 if land titles were available for the parcel. The Appendix presents the definition of all the variables. Standard errors are in parentheses.

Di Tella et al., 2007

TABLE III

PRETREATMENT PARCEL CHARACTERISTICS

Parcel characteristics	Property Right Availability = 0	Property Right Availability = 1	Difference
Distance to creek (in blocks)	1.995	1.906	0.088
	(0.061)	(0.034)	(0.070)
Distance to nonsquatted area (in blocks)	1.731	1.767	−0.036
	(0.058)	(0.033)	(0.067)
Parcel surface (in m^2)	287.219	277.662	9.556*
	(4.855)	(2.799)	(5.605)
Block corner	0.190	0.156	0.033
	(0.019)	(0.014)	(0.023)

Notes: *Property Right Availability* equals 1 if land titles were available for the parcel. The Appendix presents the definition of all the variables. Standard errors are in parentheses.

*Significant at 10 percent.

Di Tella et al., 2007

Survey questions

1. "Do you believe that it is possible to be successful on your own or a large group that supports each other is necessary?" "It is possible to be successful on your own" or "A large group is necessary to be successful."
2. "Do you believe that having money is important to be happy?" "Indispensable to be happy," "Very important to be happy," "Important to be happy," or "Not important to be happy."
3. "In general, people who put effort working end up much better, better, worst, or much worst than those that do not put an effort?" A: "Much better than those that do not put an effort," "Better than those that do not put an effort," "Worst than those that do not put an effort," or "Much worst than those that do not put an effort."
4. "In general, in our country, would you say that one can trust other people or that people cannot be trusted?" A: "You can trust others" or "You cannot trust others."

Di Tella et al., 2007

TABLE IV

BELIEFS AND PROPERTY RIGHTS IN THE SOLANO SETTLEMENT

	(1a)	(2a)	(3a)	(4a)	(5a)
	Success-Alone	Money-Important	Effort-Better	Trust-Others	Market Beliefs
Property right	0.144**	0.202***	0.072	0.108*	0.527***
	(0.064)	(0.063)	(0.056)	(0.063)	(0.131)
Controls	No	No	No	No	No
Observations	312	312	313	313	312
	(1b)	(2b)	(3b)	(4b)	(5b)
Property right	0.169**	0.188***	0.022	0.139**	0.520***
	(0.066)	(0.068)	(0.056)	(0.065)	(0.133)
Controls	Yes	Yes	Yes	Yes	Yes
Observations	312	312	313	313	312

Notes: All columns present 2SLS regressions where *Property Right* is instrumented with *Property Right Availability*. Regressions in the b panel are similar but control for parcel and household characteristics. The former include surface of the parcel, distance to creek, distance to nearest nonsquatted area, and a corner dummy. The latter include age, gender, nationality and years of education of the original household head, and nationality and years of education of her/his parents. The Appendix presents the definition of the variables. Values in parenthesis represent standard errors.

Di Tella et al., 2007

TABLE V

BELIEFS AND PROPERTY RIGHTS FOR THE EARLY AND LATE TREATED

	(1) Success-Alone	(2) Money-Important	(3) Effort-Better	(4) Trust-Others	(5) Market Beliefs
Property Right 1989	0.175**	0.137	0.038	0.084	0.436**
	(0.086)	(0.088)	(0.074)	(0.086)	(0.173)
Property Right 1998	0.166**	0.219***	0.012	0.172**	0.570***
	(0.075)	(0.077)	(0.064)	(0.074)	(0.151)
Controls	Yes	Yes	Yes	Yes	Yes
Observations	312	312	313	313	312
F-stat 1989 = 1998	0.01	0.76	0.11	0.95	0.53

Notes: All columns present 2SLS regressions where *Property Right 1989* and *Property Right 1998* are instrumented with *Property Right Availability 1989* and *Property Right Availability 1998*, and include controls for parcel and household characteristics. The former include surface of the parcel, distance to creek, distance to nearest nonsquatted area, and a corner dummy. The latter include age, gender, nationality and years of education of the original household head, and nationality and years of education of her/his parents. The F-stats test the null hypothesis: *Property Right 1989 = Property Right 1998*. The Appendix describes the definition of the variables. Values in parenthesis represent standard errors.

** Significant at 5 percent level;

*** Significant at 1 percent level.

Di Tella et al., 2007

TABLE VI

DIRECT VS. INDIRECT EFFECTS (INCOME, WEALTH, AND EDUCATION)

	(1) Success-Alone	(2) Money-Important	(3) Effort-Better	(4) Trust-Others	(5) Market Beliefs
Property Right	0.214***	0.144*	0.021	0.136*	0.516***
	(0.075)	(0.076)	(0.064)	(0.074)	(0.145)
Income	0.0002	−0.0003	0.0004	−0.0001	0.0001
	(0.0005)	(0.0005)	(0.0004)	(0.0005)	(0.001)
Wealth	−0.0001	0.001	−0.001	−0.0001	−0.001
	(0.001)	(0.001)	(0.001)	(0.001)	(0.002)
HH Education	0.046***	0.034**	−0.003	0.011	0.089***
	(0.016)	(0.016)	(0.013)	(0.016)	(0.031)
Controls	Yes	Yes	Yes	Yes	Yes
Observations	254	254	254	254	254

Notes: All columns present 2SLS regressions where *Property Right* is instrumented with *Property Right Availability*. Parcel controls include surface, distance to creek, distance to nearest non-squatted area, and a corner dummy. Household controls include age, gender, and nationality of the original household head, and nationality and years of education of her/his parents. All the variables are described in the Appendix. Values in parenthesis represent standard errors.

* Significant at 10 percent level;

** Significant at 5 percent level;

*** Significant at 1 percent level.

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TABLE VII

DIRECT VS. INDIRECT EFFECTS (TV AND TELEPHONE LINES)

	(1) Success-Alone	(2) Money-Important	(3) Effort-Better	(4) Trust-Others	(5) Market Beliefs
Property Right	0.161**	0.198***	0.020	0.148**	0.528***
	(0.067)	(0.068)	(0.057)	(0.066)	(0.133)
TV	−0.080	0.054	−0.004	0.111	0.082
	(0.101)	(0.103)	(0.087)	(0.100)	(0.201)
Cable TV	0.042	−0.282***	−0.063	−0.083	−0.387**
	(0.096)	(0.097)	(0.082)	(0.095)	(0.190)
Home Telephone	−0.002	−0.019	−0.068	−0.045	−0.138
	(0.071)	(0.072)	(0.060)	(0.070)	(0.141)
Cellular Telephone	0.224*	0.032	−0.108	0.188	0.555**
	(0.133)	(0.136)	(0.114)	(0.132)	(0.265)
Controls	Yes	Yes	Yes	Yes	Yes
Observations	311	311	312	312	311

Notes: All columns present 2SLS regressions where *Property Right* is instrumented with *Property Right Availability*. Parcels controls include surface, distance to creek, distance to nearest non-squatted area, and a corner dummy. Household controls include age, gender, nationality and years of education of the original household head, and nationality and years of education of her/his parents. All the variables are described in the Appendix. Values in parenthesis represent standard errors.

*Significant at 10 percent level;

** Significant at 5 percent level;

*** Significant at 1 percent level.

Di Tella et al., 2007

TABLE VIII

BELIEFS AMONGST SOLANO SQUATTERS AND THE GENERAL POPULATION

	(1) Success-Alone	(2) Money-Important	(3) Effort-Better	(4) Trust-Others	(5) Market Beliefs
Average for:					
Buenos Aires General Population	0.440	0.671	0.726	0.476	2.342
	(0.021)	(0.019)	(0.019)	(0.021)	(0.046)
Squatters with Property Right = 0	0.330	0.503	0.735	0.335	1.906
	(0.040)	(0.042)	(0.037)	(0.040)	(0.086)
Squatters with Property Right = 1	0.433	0.676	0.791	0.393	2.294
	(0.037)	(0.035)	(0.030)	(0.037)	(0.074)

Notes: *Property Right* equals 1 if the household has formal titles to the parcel. The Appendix describes the definition of the variables. Values in parenthesis represent standard errors.

Di Tella et al., 2007

LMW Study: Part I

Figure 1. Sharing With and Without Sorting (Between-Subjects Design, Experiment 1)
(8 sessions, $N = 77$)

Panel A. Average Amount Shared

The amount is denoted in Euros. The left bar indicates the average amount in the treatment without a sorting option; the right bar the average amount in the treatment with a sorting option. Non-participation in the treatment with sorting is included as sharing zero.

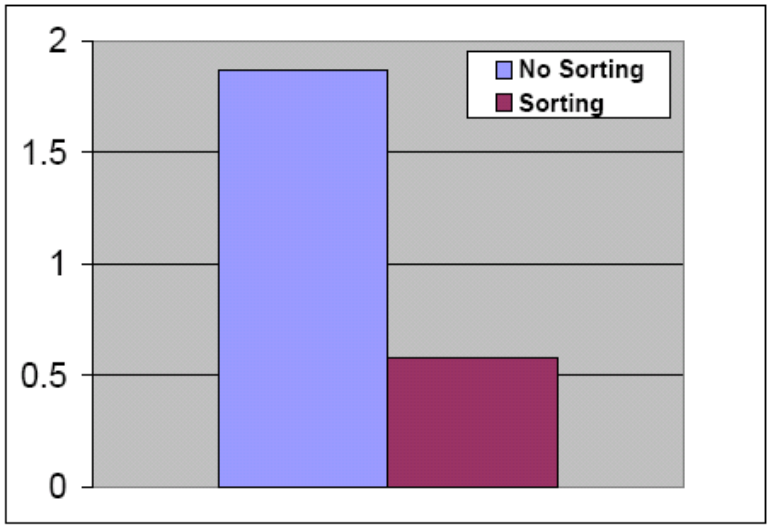


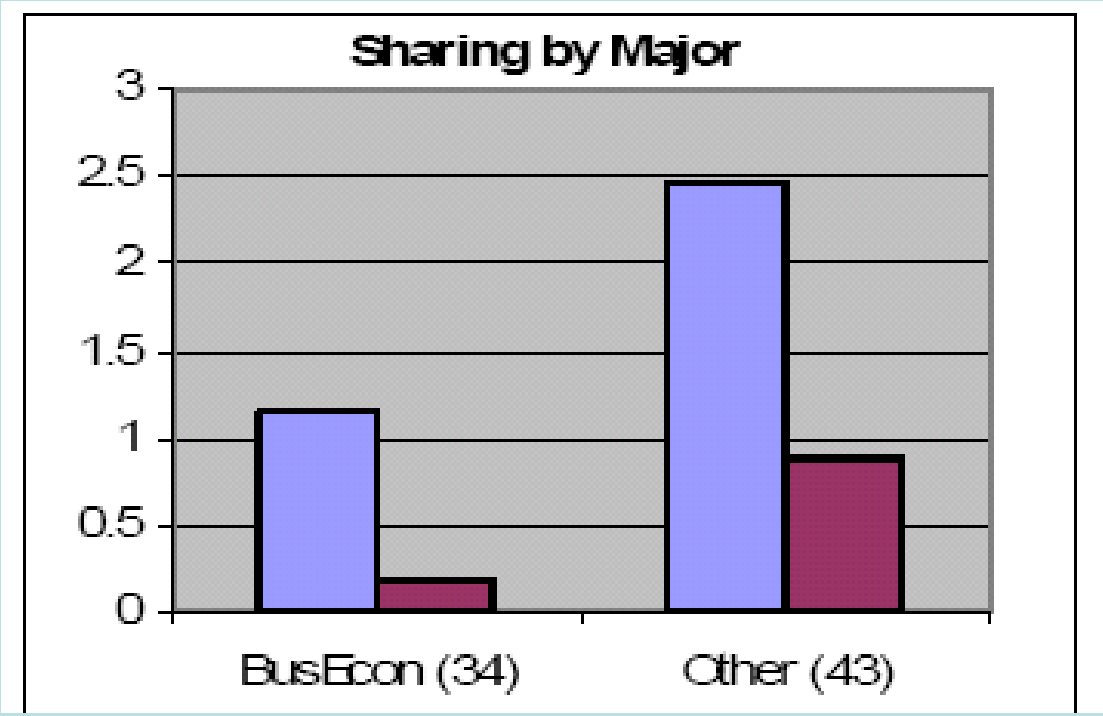
Table 2. Determinants of Sharing (Experiment 1)

OLS regressions with Total Amount Shared (out of €10.00 endowment) as the dependent variable .

	(1)	(2)	(3)	
				Partial Coefficients of Determination
Sorting	-1.297		-1.461	
	(0.382)***		(0.384)***	0.19
Gender: Female		-0.335	-0.296	
		(0.416)	(0.344)	0.01
Ethnicity: Catalan		0.245	0.423	
		-0.388	-0.382	0.02
Socio-economic status: middle class		0.260	0.677	
		(0.527)	(0.470)	0.03
upper to middle class		0.255	0.623	
		(0.670)	(0.615)	0.02
Age group: Graduate Student		0.094	0.210	
		(0.475)	(0.449)	0.00
Major: Business or Economics		-0.758	-0.777	
		(0.401)*	(0.388)**	0.05
University: Pompeu Fabra		-0.670	-0.770	
		(0.436)	(0.422)*	0.05
Siblings: 1 siblings		-0.113	0.358	
		-0.745	-0.681	0.00
2-4 siblings		0.845	1.255	
		(0.800)	(0.702)*	0.05
Donation (during past year)		-0.416	-0.187	
		(0.453)	(0.407)	0.00
Risk-seeking		-0.207	-0.253	
		(0.422)	(0.384)	0.01
Constant	1.874	1.791	1.663	
	(0.331)***	(1.020)*	(0.865)*	
Observations	77	77	77	
Adjusted R-Square	0.12	0.06	0.23	

Robust standard errors in parentheses
* significant at 10%; ** significant at 5%; *** significant at 1%

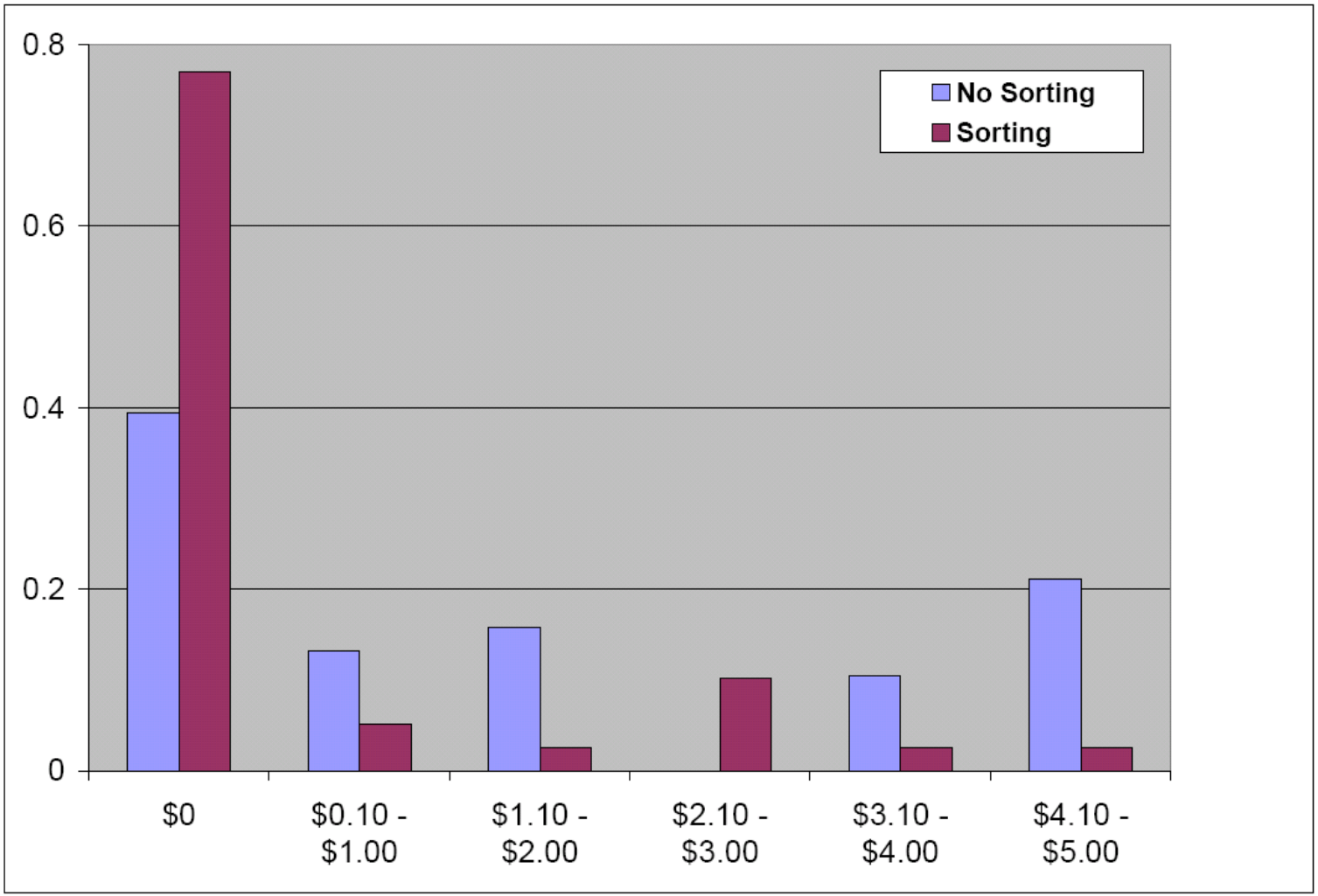
Are Econ Students Rational?



LMW Study: Part I

Panel B. Frequency of Amounts Shared

For each range, the left bar indicates the frequency in the treatment without a sorting option; the right bar the frequency in the treatment with a sorting option. Non-participation in the treatment with sorting is included as sharing zero.



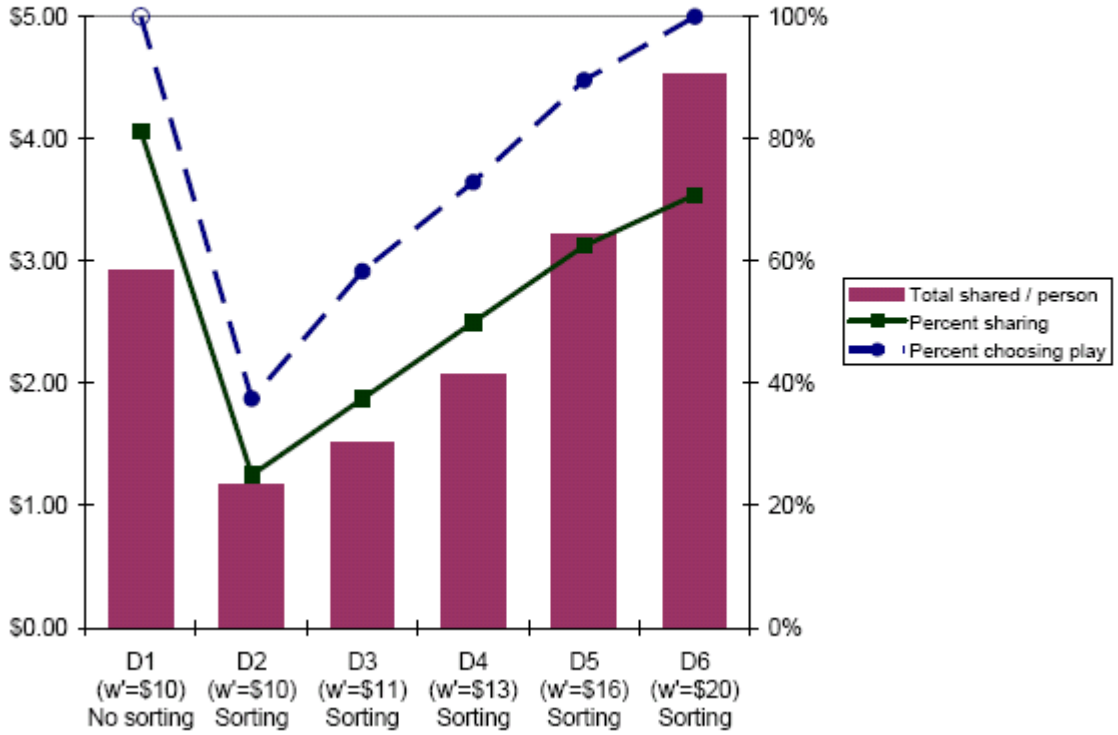
Protocol: Experiment 2

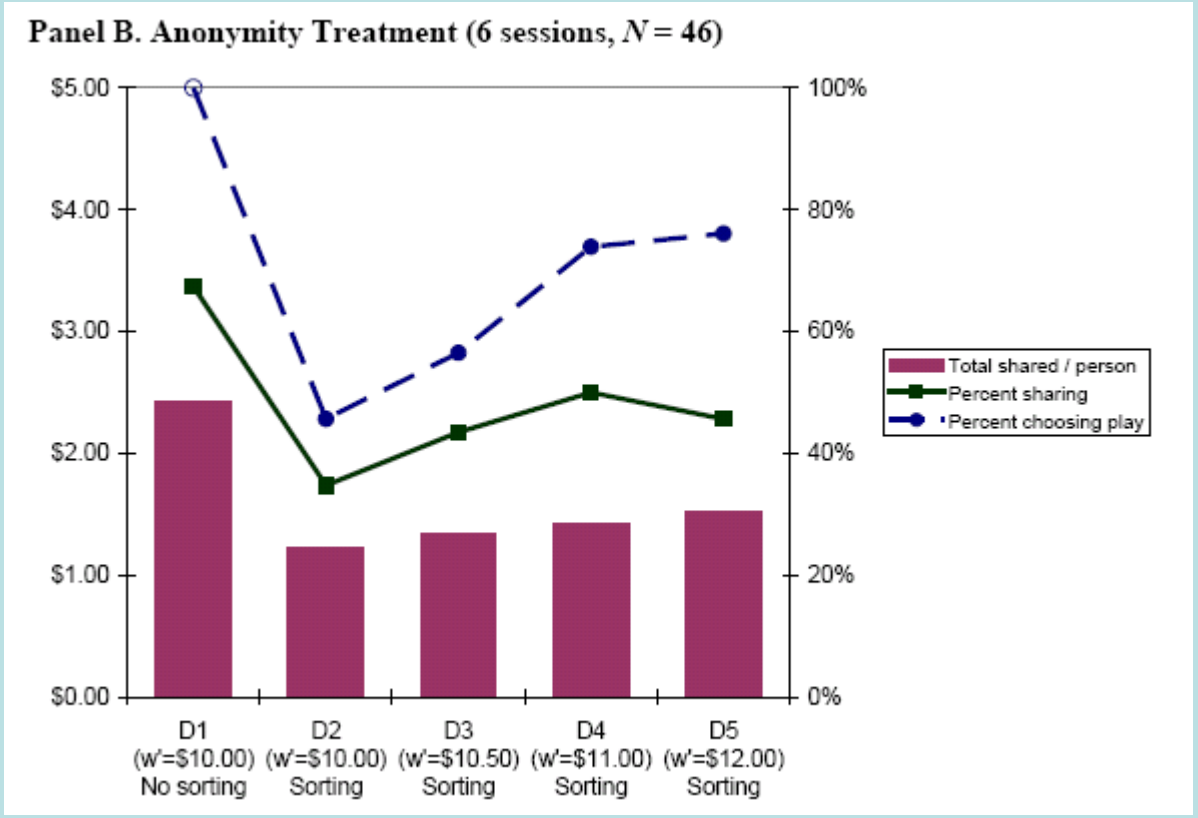
Table 3. Endowment in Dictator Game by Decision and Treatment (Experiment 2)

	Dictator Allocation (w') (Anonymity)	**Dictator Allocation (w') (No-Anonymity)**	**Sorting Option (w = \$10)**
Decision 1	\$10.00 (40 tokens)	\$10.00 (40 tokens)	No
Decision 2	\$10.00 (40 tokens)	\$10.00 (40 tokens)	Yes
Decision 3	\$10.50 (42 tokens)	\$11.00 (44 tokens)	Yes
Decision 4	\$11.00 (44 tokens)	\$13.00 (52 tokens)	Yes
Decision 5	\$12.00 (48 tokens)	\$16.00 (64 tokens)	Yes
Decision 6		\$20.00 (80 tokens)	Yes
Number of sessions	6	6	
Number of subjects (dictators)	92 (46)	96 (48)	

Figure 3. Aggregate Behavior in Experiment 2 (Within-Subject Design)

Panel A. No-Anonymity Treatment (6 sessions, $N = 48$)




Panel B. Anonymity Treatment (6 sessions, N = 46)
$5.00
$4.00
$3.00
$2.00
$1.00
$0.00
100%
80%
60%
40%
20%
0%
Total shared / person
Percent sharing
Percent choosing play
D1 (w'=$10.00) No sorting
D2 (w'=$10.00) Sorting
D3 (w'=$10.50) Sorting
D4 (w'=$11.00) Sorting
D5 (w'=$12.00) Sorting

LMW results: Experiment 2

Table 4. Determinants of Sharing (Experiment 2)

OLS regressions with Portion Shared (of the endowment) as dependent variable. The Endowment is $10 in Decisions 1 and 2 and increases afterwards (see Table 3). When sorting is possible, Portion Shared is zero for those who opt out.

	Decisions 1-2			All Decisions	
	(1)	(2)	(3)	(4)	(5)
Sorting	-0.148	-0.176	-0.176	-0.148	-0.167
	(0.029)***	(0.041)***	(0.041)***	(0.025)***	(0.034)***
Anonymity		-0.05	-0.036		-0.031
		(0.043)	(0.070)		(0.054)
Sorting*Anonymity		0.055	0.055		0.041
		-0.059	-0.059		-0.047
Endowment				0.011	0.011
				(0.003)***	(0.004)***
Constant	0.268	0.292	0.259	0.155	0.165
	(0.021)***	(0.028)***	(0.043)***	(0.037)***	(0.048)***
Session Fixed Effects			X		X
Observations	188	188	188	518	518
Adjusted R-Square	0.12	0.11	0.12	0.07	0.10

Robust standard errors in parentheses
* significant at 10%; ** significant at 5%; *** significant at 1%

LMW study: Proportion shared

Table 5. Sharing in Later Rounds as a Function of Initial Sharing (Experiment 2)

OLS regressions with Portion Shared as dependent variable. Included are all observations from Decision 2 on, in which a subject chose to participate in the game. Controls include treatment and demographic controls (Anonymity, Gender) and Control Interactions their interaction with the Initial Portion shared as well as the triple interaction.

	Sample:					
	All Subjects			Subjects who played 4x or more		
	(1)	(2)	(3)	(4)	(5)	(6)
Initial Portion	0.748	0.894	0.921	0.802	0.947	1.002
	(0.037)***	(0.039)***	(0.048)***	(0.041)***	(0.032)***	(0.044)***
Endowment		-0.003	-0.003		0.000	0.000
		(0.003)	-0.003		(0.003)	(0.003)
Constant	0.014	0.037	-	0.019	-0.006	-
	(0.009)	(0.043)	-	(0.014)	(0.047)	-
Controls	X	X	X	X	X	X
Control Interactions		X	X		X	X
Session Fixed Effects			X			X
Observations	288	288	288	178	178	178
Adjusted R-squared	0.58	0.60	0.64	0.64	0.68	0.74

Robust standard errors in parentheses.

* significant at 10%; ** significant at 5%; *** significant at 1%

LMW study: Classification of ‘types’

	‘Like Sharing’	**‘Dislike Sharing’**	**‘Dislike *not* Sharing’**
Definition	Shared in 1st round, ‘opted in’ during 2nd round	Did not share in 1st or 2nd round	Shared in 1st round, opted out of second
Percent of pool	29%	23%	41%
Average amount shared in 1st round	$4.46	$0.00	$3.10

LMW study: Classification of 'types'

Table 6. Relation between Initial Sharing and Participation (Experiment 2)

Probit estimations, using the sample of all decisions after Decision 2. The dependent variable is binary and equal to 1 if the subject decides to play the dictator game. The sample of Dislike-Not-Sharing types in Column (1) contains all subjects who shared in Decision 1 and opted out in Decision 2. The sample of Like-Sharing types in Column (2) contains all subjects who shared both in Decision 1 and in Decision 2. The coefficients represent the marginal coefficients of the probit in response to a discrete change of the dependent (dummy) variables.

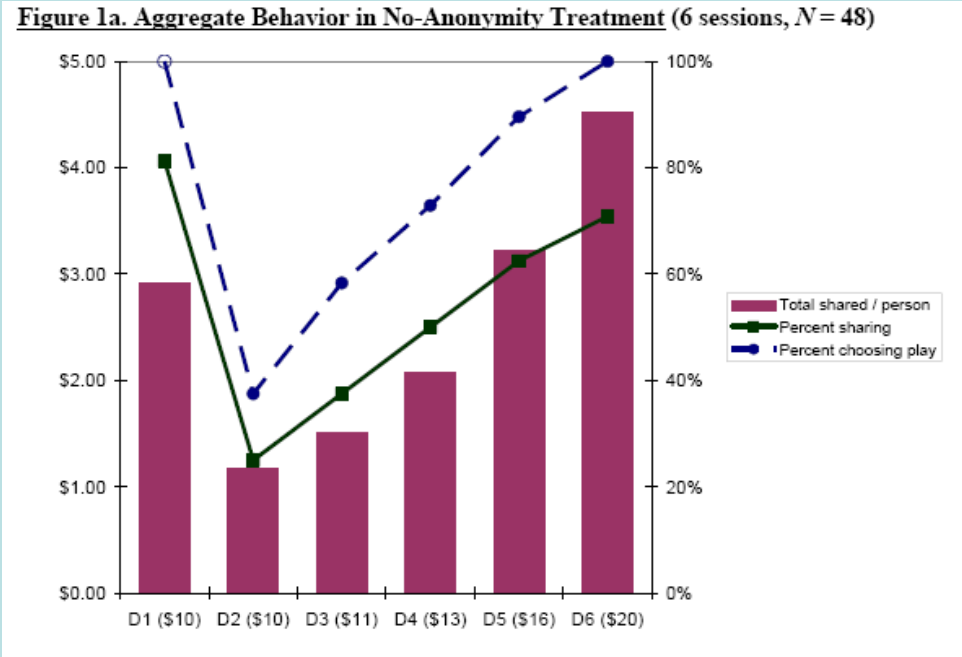
	Sample			
	Subjects who *dislike not sharing*	Subjects who *like sharing*	All Subjects	
	(1)	(2)	(3)	(4)
Initial Portion Shared	-0.778	0.028	-0.064	0.314
	(0.323)***	0.059	(0.103)	(0.126)**
Dislike-Not-Sharing				-0.016
				(0.073)
(Initial Portion Shared)*(Dislike-Not-Sharing)				-0.824
				(0.230)***
Controls and Interactions	X	X	X	X
Observations	141	93	330	330
Pseudo-R^2	0.30	0.26	0.13	0.26

Robust standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

Participants who appear among the most generous are also more likely to opt-out of sharing treatment.

LMW study: Summary figures



- About 75% of players opt-out on Decision two.
- As the endowment rises to $20, up to 2/3rds of those opt-in.
- When they opt-in, the percent sharing rises—those who dislike not sharing usually share in the sharing condition.
- But the amount shared does not rise nearly as fast as the endowment: it's $3.00 in the first round and $4.50 in the last, despite the doubling of the endowment.