Non-selfish behaviour

Are social preferences or social norms revealed in distribution decision experiments?

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BACKGROUND

People often choose to reduce their own payoffs to help others (e.g. Fehr et al. 2006, Cappelen et al. 2013). Typically, such behaviour is assumed to be motivated by social preferences. An alternative explanation is that people are motivated by social norms.

We elicit social preferences and social norms directly for individual subjects in simple distribution decisions. Based on the existing literature, we restrict preferences and norms to the following four categories:

Inequality aversion: Inequalities should be minimized.

Maximin: Inequalities are only justifiable if they improve the position of the least well-off group in society.

Meritocracy: Individual income should be based exclusively on his/her ability and talents.

Utilitarianism: Income should be distributed to maximize the average income in society.

EXPERIMENTAL DESIGN

We run an online survey experiment in the US, UK and continental Europe recruited via Prolific Academic (n=2,408) in Nov of 2019 and additional robustness checks in spring of 2020.

Our basic design (figure 1) includes a preference and norm elicitation followed by a distribution decision and a quiz. Subjects' are placed in the distribution based on performance in the quiz. We have three treatment conditions:

Level	Inequality Aversion	Maximin	Meritoc-racy	Utilitar-ianism
Bottom 20%	$30	$40	$20	$20
2nd 20%	$60	$40	$30	$30
3rd 20%	$60	$50	$40	$50
4th 20%	$60	$60	$70	$70
Top 20%	$60	$80	$110	$110
Total	**$270**	**$270**	**$270**	**$280**

Table 1: Distribution options

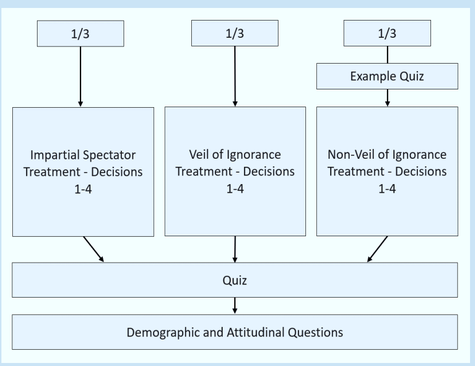

Figure 1: Experimental design

Treatment 1: Impartial spectator – subjects have no stake in the distribution decision.

Treatment 2: Veil of ignorance – subjects have a stake in the decision but their position in the distribution is not revealed prior.

Treatment 3: Subjects know their likely position in the distribution based on an example quiz when making the distribution decision.

MECHANISMS

Why do people follow perceived social norms more than social preferences?

1. **Confidence in their social preference:** Subjects who express a higher level of confidence in their stated social preference are more likely to follow that social preference in the distribution choice.

2. **Ambiguity aversion:** Subjects who have a higher level of ambiguity aversion (measure based on Cavatorta and Schroeder 2019) are more likely to follow the perceived social norm. This is in line with two potential explanations for norm-following: First, when people don't have a preference, because the decision is unfamiliar or novel, norms can resolve the resulting ambiguity (Fatas et al. 2018). Second, it is in line with Adam Smith's argument for norm-following in his *Theory of Moral Sentiments* (1759), whereby norms provide an external standard for behaviour when self-interest conflicts with what social preferences demand.

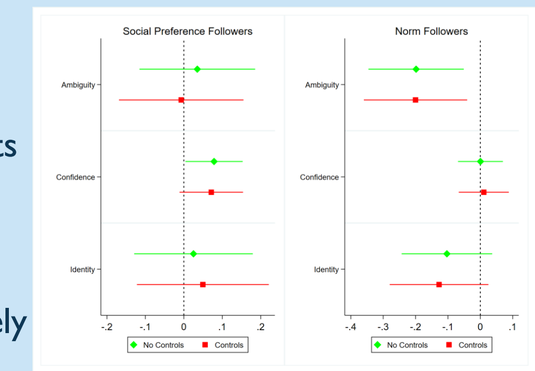

Figure 2: Mechanism test

RESULTS

1. **Social norms predict distribution choices significantly better than social preferences in all treatments:** In the aggregate as well as in individual-level regression models are norms better predictors than preferences. Both can, however, explain some of the variation in distribution choices.

2. **Treatments have no significant effect on the principles or norms selected.** While this may be surprising given previous experimental evidence, it is less so given our main finding.

3. **Selfishness does not consistently predict distribution choices in treatment 3.** Even when subjects know their likely position in the distribution, they are not consistently more likely to choose the distribution that maximises their expected income.

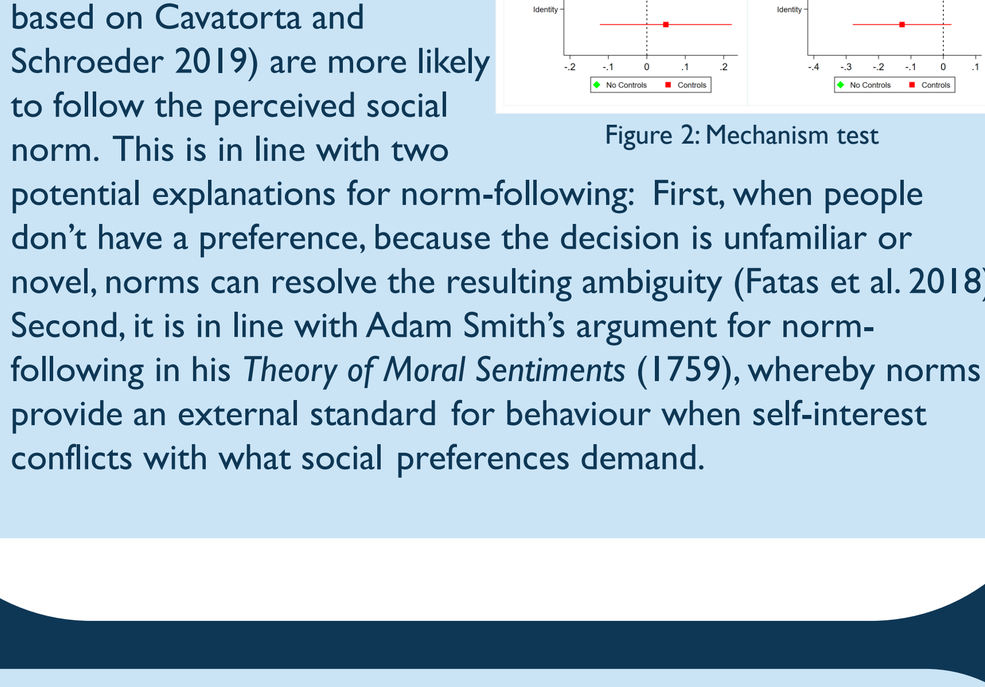

Figure 3: Frequency distribution by principle

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Full paper available here: