

# In the Public Eye Norms of Distributive Justice and Sharing Behavior under

## Asymmetric Information: Evidence from Rural Malawi

**Annika Mueller (Harvard University)**

ABSTRACT of presentation held on 13 May 2013, Leeuwenborch, Wageningen

Whether culture is a determinant of economic growth remains a core question in development economics. Sharing norms, in particular, have often been the focus of interest due to their influence on redistribution and incentives for productive activity. Yet, little is known about the relative importance of such norms in developing countries, and whether these norms are fully internalized or domain-specific to a particular informational environment. Utilizing data from a unique lab-in-the-field experiment in the form of a one-shot two-person dictator game with a production phase, involving 1280 subjects, this paper makes three distinct contributions. First, it investigates the influence of six widely discussed norms of distributive justice, namely inequality aversion, strict egalitarianism, liberal egalitarianism, luck egalitarianism, libertarianism, and the principle of equality of opportunity, on sharing behavior in small, tightly knit rural communities in Malawi. I find that decisions are mainly guided by strict egalitarianism, and less strongly by other norms. Interestingly, despite the large influence of strict egalitarianism, subjects reward own and others' effort, take relative rates of return into account, and compensate themselves and others for income shocks and limited opportunities to exert effort. Second, motivated by the observation that rapidly changing socio-economic arrangements alter the informational environment for people, it explores their influence of social image concerns on sharing rules. Specifically, I investigate how sharing of an effort-generated surplus in the above mentioned dictator game changes when dictators know that their contribution to and share taken of the pie cannot be fully observed by receivers. I find that dictators act more selfishly under asymmetric information, i.e. in situations where their social image cannot be damaged by doing so. This shows that changes in community structures are likely to lead to abrupt changes to sharing behavior. Last but not least, I link the experimental results to a rich set of demographic and socio-economic data to other further insights into the likely evolution of sharing behavior over the development process.



WAGENINGEN UNIVERSITY

WAGENINGEN UR