



Department SEMINARS

My Poor(er) Friend:
(Non-)Economic Integration in
Public Good Games

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Seminar Room 237, DEM



A B S T R A C T

The issue of contribution to public goods by subjects with heterogeneous endowments has been studied in the experimental literature by manipulating the endowment assigned to members of a group playing a public good game. However, interaction of wealthier and poorer subjects is arguably more often the result of integration - including as result of targeted policies - than it is of redistribution. We run an experiment where subjects play a standard repeated two player public good game, and look at the effect of being matched to a subject with different endowment - keeping fixed the overall distribution of endowments. Moreover, since in modern societies financial heterogeneity typically correlates with many other forms of heterogeneity, including habits, tastes and membership in given social groups, we look at how financial heterogeneity interacts with in-group vs. out-group feeling, using randomly formed groups. While neither economic integration nor group membership alone significantly affect overall contributions, and hence welfare, the two strongly interact: being matched to a partner with a different endowment and from the other group results in particularly low contributions. Similarly, being matched to a partner who is from the other group and has low endowment results in particularly low contributions.

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