

Status and Ethnicity in Vietnam: Evidence from Experimental Games

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Abstract A common simplification of economic theory assumes that people only care about maximizing their own material payoffs. However, charitable giving and recent findings in experimental economics demonstrate people will sometimes sacrifice their own payoffs to change the payoffs of others. Individuals tend to care about equity [4, 12], and try to maximize social welfare and help the least well off [1, 6, 8]. People are often willing to punish others who violate social norms even when punishment is costly to them [10, 11]. People frequently trust and reciprocate even when exchange is anonymous [2]. Thus, behavior seems to reflect a mixture of selfishness and “pro-sociality” toward non-kin to an extraordinary degree, compared to other species.

Pro-social preferences and cooperation are critical factors in facilitating economic exchange [7]. Pro-social preferences are also likely to be expressed in social policies, since political support for redistribution policies depends largely on whether the poor are perceived as deserving help and the rich are perceived as obligated to help. The framing of such policies was sharply contrasted in the 2008 U.S. presidential election. One side portrayed a proposed tax increase on the upper 5% of wage earners as a “patriotic” duty of the wealthy while the other side called the same proposal “class warfare”.

However, pro-social preferences also appear to be affected by group membership. Social psychology research long ago showed that people usually are more pro-social toward in-group counterparts, even when “minimal” groups are created artificially and instantly (by dividing subjects into two rooms, for example) [15]. Anthropologists and theoretical biologists have argued that the capacity for in-group favoritism is a key ingredient in gene-culture evolution, which creates indirect group selection and explains the rapid progress of human civilization (and its failings, resulting in wars and genocides) [5].

A few recent experiments have shown interesting patterns of in-group favoritism in naturally-occurring groups in field settings [3, 9, 13]. We conducted experiments in Vietnamese village communities to investigate how social status, exemplified by ethnicity, affects preferences for distributions of income and economic cooperativeness. Experiments were conducted with three ethnic groups, Vietnamese (the majority), Chinese (a rich minority) and Khmer (a poor minority).

Our study extends these important results in three ways. First, isolating pure in-group favoritism in field settings requires controlling for covariates such as income,

education, and occupation, which often vary strongly across groups. We control for these variables at the individual level using an extensive household survey. Second, social stereotypes about warmth and competence of groups have been conjectured to drive status judgments [14]. We administered established psychometric scales to each individual subject about each other group. Those judgments are used as covariates, to see if group favoritism effects are subsumed by social stereotyping. Third, we used a battery of five different games. Three games tap altruism (envy, dictator, and third-party punishment games) and two tap economic exchange (trust and coalition games). This design shows both similarities and differences across games and enables stronger inference since behavior in any one game is often noisy.

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