

## Experiments on Redistribution, Trust, and Entitlements

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### Summary of Dissertation

This dissertation consists of three essays dealing with the topics of redistribution and work incentives, trust and trustworthiness, and the effects of stronger entitlements to property rights on behavior under various institutions and environments. I use laboratory experiments as my primary tool for asking questions related to these research areas.

My first essay looks at the effects of income redistribution on real labor-leisure choices. Theory predicts that an increase in redistribution lowers man's incentives to work. This lowers productivity output causing an efficiency-equality tradeoff. This essay asks, "What is the degree and nature of this tradeoff?" In the experiment, subjects decide how to divide their time between earning income by performing a real-effort task and collecting leisure earnings by doing nothing. This gives subjects a stronger sense of property rights to their labor earnings. Labor earnings are taxed and collected for income redistribution within each group in either a low tax or a high tax treatment. The results show an efficiency-equality tradeoff between low tax and high tax groups. Labor participation becomes the signal of cooperation within the group with the size of the tradeoff varying significantly with cooperation levels.

My second essay looks at whether behavioral regularities of some popular social dilemma games are robust to role-reversal. Under role-reversal, subjects play the social dilemma game repeatedly until they have participated in each player role of the social dilemma game. Social dilemma games such as bargaining and trust games show mixed evidence. This is partly due to the lack of a control treatment within studies, but is also due to a lack of consensus on how to apply role-reversal. I set up an experiment applying role-reversal to a trust game called the Investment Game, and find behavioral regularities of the Trust Game are robust to role-reversal: behavior in the role-reversal treatment is not significantly different than behavior in the control treatment. This differs from results from other experiments which pay for more than one role in role-reversal. The conclusion is made that the selection of one-role for payment is a more effective way for applying role-reversal if the researcher is interested in learning more about how people make decisions in the original game.

My third essay, coauthored with James C. Cox, follows one of his previous studies which asked, "Are decisions similar under isomorphic private and common property trust games?" He and his coauthors found similar levels of trust and trustworthiness were found in both common and private property environments. We test if isomorphism breaks down when subjects are given a stronger sense of entitlement to their property rights: subjects must meet a performance quota in a real-effort task to earn the right to play the private or common property trust game. We find that stronger entitlements break down isomorphism. Subjects make trust decisions are at the extremes of "no trust" and "full trust" in the common property trust game while trust decisions in the private property trust game are more evenly spread. This result is explained by the real-effort task making the stakes salient enough for subjects to respond to the different status-quos set in the private and common property tasks.