

Solidarity

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Abstract

In the Solidarity Game (Selten and Ockenfels, 1998) lucky winners of a lottery can transfer part of their income to unlucky losers. Will losers get smaller transfers if they can be assumed to be (partly) responsible for their zero income because they have chosen riskier lotteries (Thal and Radermacher, 2009)? Or will risk-lovers and risk-aversers develop group identity feelings, leading to larger transfers within, rather than between, the groups (Chen and Li, 2009, for charitable transfers between and within otherwise defined groups)? In an experiment where subjects can choose more or less risky lotteries (incomes) Costard and Bolle (2011) find behavior to be guided by in-group favoritism. Responsibility for self-inflicted neediness does not seem to play an important role.

In a follow-up study in a virtual world (EVE online), Lübbe and Bolle (2011) differentiate between people with riskless incomes (civil servants), with low risk incomes (workers), and with high risk incomes (entrepreneurs). Some of the subjects had no choice of their risk class (civil servants and some workers) some of them had the choice to be a worker or an entrepreneur. The main stylized results are: (i) Civil servants and lucky workers with and without a choice transfer similar shares of their income to unlucky workers, but (ii) discriminate against unlucky entrepreneurs. (iii) Lucky entrepreneurs give about the same share of their income as lucky workers give to unlucky workers and (iv) do not discriminate (which is not completely in line with Costard and Bolle, 2011). (v) The potential solidarity payments are not an incentive for taking higher risks.