

Banerjee, Prasenjit; Iversen, Vegard; Mitra, Sandip; Nicolò, Antonio; Sen, Kunal

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Moral reputation and political selection in a decentralized democracy

Theory and evidence from India

Prasenjit Banerjee,¹ Vegard Iversen,² Sandip Mitra,³ Antonio Nicolò,^{1,4} and Kunal Sen^{1,5}

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Abstract: What motivates individuals to become politicians? This is an important question in decentralized democracies, where local politicians play a key role in public goods provision. However, and in emerging economies, bureaucratic hurdles and administrative failures introduce uncertainty about the returns to a politician's effort towards public goods provision. This paper presents a theoretical enquiry of political selection in the presence of such uncertainty. When individuals differ in their concern for reputation, our model predicts that politicians' effort is increasing in their reputation concern. With uncertainty about the public goods production (and thus reputational) returns to politician effort, our model also predicts that reputation-concerned individuals are more reluctant to join politics than those who worry less about their perceived moral stature. Using data from lab-in-the-field experiments in rural India with local politicians and non-politician participants, we find support for the main predictions of our model.

Key words: politicians, experiments, intrinsic motivation, reputation, India

JEL classification: H11, D64, O12

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¹ University of Manchester, Manchester, UK; ² University of Greenwich, London, UK; ³ Indian Statistical Institute, Kolkata, India; ⁴ University of Padua, Padua, Veneto, Italy; ⁵ UNU-WIDER, Helsinki, Finland; corresponding author: sen@wider.unu.edu.

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Katajanokanlaituri 6 B, 00160 Helsinki, Finland

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1 Introduction

[T]hey seem to dread the toil and trouble and also, perhaps, the discredit and humiliation of political failure and defeat. For there are people who in opposite circumstances do not act consistently: they have the utmost contempt for pleasure, but in pain they are too sensitive; they are indifferent to glory, but they are crushed by disgrace; and even in their inconsistency they show no great consistency. (Cicero, *De Officiis*, 1.71, in Atkins and Griffin 1991)

In democracies, politicians are heterogeneous in type and self-select into whether or not to run for office. The quality of elected representatives is likely to be affected not just by skills and knowledge but also by personal characteristics that are relevant in politics, such as public service motivation (Fedele and Giannoccolo 2017; Perry and Wise 1990; Rainey and Steinbauer 1999) and social preferences (e.g. intrinsic preferences for constituents' well-being) (Jack and Recalde 2015; Bernheim and Kartik 2014; Wittman 1983; Calvert 1985; Kosfeld and Rustagi 2015). Even if politicians care less about the well-being of their constituents, they may want to invest effort in public goods provision to gain a good reputation (see e.g. Cavalcanti et al. 2018; Callander 2008; Bénabou and Tirole 2006). Reputation concerns are of particular interest when studying politicians who are constantly scrutinized by voters and peers. In this paper, we propose that reputational dividends may provide a more viable and effective instrument to attract and discipline politicians than formalized rewards and sanctions.

Exerting efforts may not, however, bolster a politician's reputation because of the uncertainty related to public goods provision in decentralized, low-income settings. In the presence of bureaucratic inefficiency and other institutional hurdles, politician effort is not enough to ensure that the intended public goods will materialize: voters may blame and hold politicians responsible for such failures. While an intrinsically motivated or self-interested person with potential aspirations may not care about this, a reputation-concerned individual will. Cognizant of this uncertainty, individuals more concerned about their reputations and sensitive to reputational loss will be more reluctant to join politics.

In our model, an individual decides whether or not to enter politics. A politician enjoys a fixed rent from the office and must decide whether to invest costly effort, which is unobservable to citizens, to produce public goods. The output from production is uncertain. If citizens observe that a positive amount of public goods is produced, they infer that the politician exerted effort. When no public goods are produced, people form beliefs about the reason for this failure—bad luck or deliberate politician inaction. Individuals care about their reputation. We assume three types of individuals differentiated by the degree of reputation concern: zero (i.e. selfish), low and high reputation concern. Because of the uncertainty about public goods production returns to politician effort, there is a high probability that a politician who exerts effort does not reap reputational dividends. Each individual has an outside option represented by a salary drawn from a known distribution. Following backward induction, we solve for equilibrium effort. First, politician effort is increasing in their reputation concern. Second, given the uncertainty, individuals with high reputation concern are more reluctant to join politics than individuals with low concern, and the latter more so than selfish individuals. This means that there will be more people who care less about reputational loss in the politician set than in the non-politician set. Using a 'lab-in-the-field' experiment, we test these two predictions of the model, and find support for the underlying assumption that (some) individuals care about their reputation, while social preferences like equality aversion or altruism play a limited role. Our subjects in the laboratory are village-level politicians and ordinary villager citizens.

We implemented our lab-in-the-field experiment in rural India, which provides the ideal context to test the predictions of our theory. Following the ‘waves of decentralization’ in developing countries (Bardhan and Mookherjee 2005; Bardhan 2016), India introduced the *panchayat* system in which village-level politicians, elected through a conventional democratic process, are responsible for implementing a variety of government-funded development programmes and for decisions about investment in local infrastructure, such as sanitation, drinking water, and roads (Chattopadhyay and Duflo 2004). The large variation in public programme implementation could be due to strong vested interests or unforeseen factors beyond local politicians’ control (e.g. insufficient funds from the central government, coordination failure between different bureaucratic departments) (Jenkins and Manor 2017). Standard instruments, such as costly monitoring and financial incentives by the central government (e.g. Fisman and Miguel 2007; Olken 2007; Duflo et al. 2012), for attracting good-quality politicians and reducing their deliberate misconducts may not be sustainable in developing countries such as India due to public purse constraints.

Our lab-in-the-field experiment builds on the Andreoni and Bernheim (2009) (AB hereafter) design: with positive probability a subject (dictator or D) chooses how to split a monetary endowment with another subject (recipient or R), and with a different probability the entire endowment is randomly allocated either to the D or to the R. The final outcome is observed by an audience composed of the recipient, the experimenter, and other participants. Participants (politicians and ordinary citizens), from two different and distant locations, form groups following a random protocol. Each group member (i.e. D and R) in each room greets each other. We ran two experimental treatments: (1) treatment 1 (T1)—low visibility (the probability that the endowment is randomly allocated by nature is high (i.e. $p=0.8$); and (2) treatment 2 (T2)—high visibility ($p=0.1$). In the first treatment, while dictators who divide the endowment know that their decision will be implemented for sure, recipients (and the audience) who receive a zero amount do not observe whether the outcome was chosen by the dictator or was due to bad luck. In contrast, in the second treatment, the probability that nature intervenes is low, which makes it harder for dictators to hide their actions. Dictators who are more sensitive to reputation loss thus have a stronger incentive to display generosity towards their recipient: the amount they distribute is positively correlated with their reputation concern.

Further, we added a baseline anonymous treatment (T0). Ds and Rs sit in different rooms and do not meet each other before, during, or after the experiment. They play a dictator game similar to the low-visibility case (i.e. $p=0.8$). The final outcome is published in each room. This baseline treatment is to disentangle subjects’ intrinsic preferences from preferences for reputational gain as evidence shows that removing recipient anonymity affects generosity in dictator games (see Bohnet and Frey 1999; Hoffman et al. 1996; Ariely et al. 2009).

We found that almost all subjects behave selfishly in an anonymous setting—they give almost zero. They start behaving generously in a non-anonymous low-visibility treatment (i.e. when they can still hide their action behind nature)—there is a significant decrease in the proportion of ‘zero giving’ and a significant increase in the proportion of ‘50:50 giving’ in T1 than in T0. This finding supports one of the assumptions in the model that politicians are not intrinsically motivated. We also found that politicians care about their reputation and distribute more when visibility increases (i.e. in T2).

Moreover, results show that politicians are not different from ordinary citizens when actions can be hidden—in both anonymous (T0) and non-anonymous (T1) settings. Both politicians and non-politicians respond to higher visibility of their action (i.e. in T2)—they behave more generously. However, the impact of visibility on behaviour is different for politicians and non-politicians. When visibility increases, the proportion of non-politicians who give zero, drops sharply to close

to zero. Among politicians, this proportion also declines, but remains positive. Moreover, conditional on giving a positive amount, non-politicians on average distribute more generously than politicians. We found a statistically significant difference in the behaviour of politicians and non-politicians in the high-visibility treatment compared with the low-visibility treatment (even when we controlled for observable characteristics, such as age, gender, caste, and income). This implies that more people in the politician set than in the non-politician set are less sensitive about reputational loss—this supports the main prediction of the model. This is consistent with Vaishnav’s (2017) portrayal of a subset of Indian politicians for whom public display of generosity is not a prioritized concern. They are free to have their cake and eat it too as long as they are effective in other domains.

The rest of the paper is organized as follows. We review the relevant literature in Section 2. Section 3 presents the theoretical model. Section 4 describes research design, including the game and experimental procedures. Section 5 presents the analysis and main findings. Section 6 concludes.

2 Background and motivation

A well-run state contributes crucially to economic development and citizen welfare. Traditionally, the political economy literature argues that quality institutions are the main ingredients of good governance (e.g. Besley and Coate 1997; Osborne and Slivinski 1996) as they provide necessary incentives, such as electoral accountability, that help ensure that politicians act in the social interest (e.g. Buchanan 1989; Besley et al. 2004). However, evidence suggests that people who run institutions (i.e. politicians and elected representatives) can still fulfil rent extraction motives through corrupt means by exploiting private information about the true state of the world (Winters and Weitz-Shapiro 2013; Zamboni and Litschig 2018; Chong et al. 2015). Selection of competent politicians (e.g. skilled and well-educated) who act in the public interest is therefore another key determinant of good governance (Key 1956; Besley 2005). In democracies, politicians are heterogeneous in type and self-select into whether or not to run for office; concerns over self-selection go beyond their observable attributes: the social preferences of politicians (e.g. intrinsic preferences for constituents’ well-being and reputational concern) also matter (Callander 2008; Bernheim and Kartik 2014; Kartik and McAfee 2007; Wittman 1983; Calvert 1985; Kosfeld and Rustagi 2015; Besley and Ghatak 2005).

Voters care about politicians’ intrinsic preferences because personal rent-seeking behaviour at the expense of citizen welfare can be attractive to self-interested politicians whereas social preferences would motivate politicians to promote the welfare of constituents more. In many everyday situations it is difficult for a voter to identify whether a disappointing policy outcome is due to unforeseen factors beyond politicians’ control or due to the deliberate action of politicians who enjoy private information about the true state of affairs in the world. A voter’s dilemma is where to put the blame: the voter does not want to unfairly punish a true intrinsic politician who has no control over unforeseen factors responsible for policy failure; the voter is also reluctant to re-elect a selfish politician who exploits private information to deliberately extract rents. More information and public display (transparency) of politicians’ actions may help improve citizens’ welfare as even self-interested politicians may want to give up potential rents from the office to avoid a loss of reputation and, thereby, loss of a re-election possibility (e.g. Ferraz and Finan 2011; Brollo et al. 2013; Cavalcanti et al. 2018; Bobonis et al. 2016).

In this paper, we investigate whether self-selected politicians have intrinsic preferences for constituents’ welfare or just behave strategically to gain a good reputation by exploiting private information. While empirical studies can successfully document politicians’ self-selection with

respect to measurable personal attributes such as ability and competence (e.g. education or legislative efforts) (Ferraz and Finan 2011; Bó et al. 2017; Bardhan and Mookherjee 2005) ex ante as well as ex post, the empirical study of politicians' social preferences raises more difficult identification challenges. In response, economists step back to the laboratory to investigate social preferences within controlled settings and aided by incentive-compatible mechanisms (Corazzini et al. 2014; Camerer 2003). For the present enquiry, the external validity of standard laboratory experiments with student participants would be of limited or no value since selection into politics and academic studies are incomparable (see Enemark et al. 2016; Cappelen et al. 2015). We conduct a lab-in-the field experiment with politicians and common citizens (henceforth, non-politicians): decision makers take actions that affect other individuals' welfare in an uncertain environment in which only the final outcome, and not their actions, can be observed by others. We investigate how politicians respond to a more transparent system, which is captured by reduced uncertainty about the true state of the world. We are interested in whether self-selected politicians differ from ordinary citizens with respect to their intrinsic preferences and reputation concerns.

This is of special relevance in developing country settings with decentralized systems of governance where attracting better politicians and the use of incentive-based disciplining mechanisms are constrained by higher opportunity costs of public funds and by underdevelopment (e.g. lack of education). Decentralization of responsibility for the production and distribution of public services and programmes to local politicians is now common in developing countries. In democratic settings, decentralized systems are subject to electoral pressure and often to careful scrutiny by local citizens. Political decentralization in all India's states was significantly strengthened by the 1993 Panchayati Raj Constitutional Amendment (West Bengal had started the process of strengthening *gram panchayats* earlier, in effect since 1983). Accordingly, many social welfare programmes are now implemented by locally elected politicians. For example, successful implementation of India's best resourced (and the world's largest) social welfare programme to date, set out by the Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) (reaching 33 million households in 2013–14) depends, critically, on the efforts of local politicians, who are responsible for programme administration (Jenkins and Manor 2017).

Although decentralization offers advantages over a more distant and centralized system of programme delivery, empirical evidence does not always support this conjecture. Within the same decentralized political system, there is typically significant variation in the manner local politicians deliver public goods to their constituencies. For example, there is ample evidence of resort to clientelism, corruption, and rent extraction by local politicians resulting in sub-optimal performance within decentralized systems (Bardhan and Mookherjee 2006). In addition, institutional hurdles and bureaucratic inefficiency could also be blamed for such failures (Bardhan and Mookherjee 2015).¹ All these add uncertainty in production and provision of public goods at the local level. If a politician is judged by the outcome of public goods delivery (as effort is generally unobservable), there is high probability that the politician may not get due credit (and hence reputation) even after exerting effort. Such uncertainty may then affect an individual's expected utility from joining politics. Given this, we investigate which type of individual is going to join politics—self-interested, altruistic, or reputation-seeking. In this paper, we explore whether the

¹ For example, in the case of MGNREGA in India, which guarantees 100 days of manual work to the rural poor at government stipulated wage rates, in principle, rural households who demand work from the scheme should be provided employment in a given year. However, while the elected head of the village council is responsible for the implementation of the programme, various delays in approval of projects and payment to beneficiaries occur at higher levels (block, district, and state) leading to widespread rationing of work demanded which are outside the village head's control (Dutta et al. 2014; Banerjee et al., forthcoming).

uncertainty in the production of public goods affects the self-selection of politicians—are those less sensitive to reputational loss more likely to join politics? To address this question, we set up a simple theoretical model that provides a clear testable hypothesis on which individuals are more likely to become a politician, and then attempt to validate the core hypothesis using an innovative lab-in-the-field experiment in a decentralized emerging democracy—the case of India.

3 Theoretical model

Consider an individual who has to decide whether to become a politician or remain a citizen. A politician exerts costly effort to produce a public good, $g(e)$, that affects their constituency's welfare. A politician receives a rent for office and has concern about their social reputation among citizens. Social reputation corresponds to citizens' beliefs about the level of effort the politician has exerted in office. Therefore, the expected utility of a politician is

$$U_i^P = R + \beta_i \varphi(\tilde{e}|_{g(e)=g} - \bar{e}) - c(e)$$

where $\tilde{e}|_{g(e)=g}$ denotes citizens' beliefs about the level of effort exerted by the politician having observed the amount of public good produced $g(e)$, and $\bar{e} > 0$ is an exogenous reference level; the function $\varphi(\tilde{e} - \bar{e})$ takes the value -1 if $\tilde{e} < \bar{e}$ and the value $\tilde{e}$ otherwise; $\beta_i \geq 0$ measures how much an individual i cares about their social reputation.

Notably, social reputation can be positive or negative depending on whether citizens believe that the politician's effort is higher or lower than the reference level. The function $c(e)$ denotes the cost effort, which is increasing; for simplicity, we assume that it is a quadratic function in the effort exerted, $c(e) = (\alpha e^2)/2$. We also assume that there are three types of individuals in the population: (selfish) individuals who do not care at all about social reputation, with $\beta_i = 0 \equiv \beta_0$, and individuals who assign, respectively, a low or high weight to this component, $0 = \beta_0 < \beta_l < \beta_h$.

The public good is a random variable that takes the value zero with probability p and the value $g(e) = e$ with complementary probability. It follows that if citizens observe a positive amount of public good they can immediately infer with certainty the amount of effort exerted by the politician, while if $g(e) = 0$ they have to form beliefs about whether this outcome is due to bad luck or a politician shirking responsibility. The variable p captures the riskiness of the public goods production activity. In economies with inefficient bureaucracy or inefficient central government, local politicians may suffer high uncertainty about whether their efforts will really benefit their constituencies: a large p captures this situation. We focus our analysis on economies in which politicians confront large probability of failure in the production of public goods. We argue that in this case, on average, politicians care about social reputation less than the average citizen.

Suppose first that in equilibrium politicians have a bad (negative) social reputation when $g(e) = 0$; that is $\tilde{e}|_{g(e)=g} < \bar{e}$. Then we verify that this condition is satisfied in equilibrium. We solve by backward induction. Consider first a politician who does not care about social reputation. In equilibrium the politician exerts zero effort and their expected utility in being a politician is equal to R . Consider a politician of type β_k with $k \in \{l, h\}$ who has to decide the amount of effort to be exerted. Since $\tilde{e}|_{g(e)=g} < \bar{e}$ then

$$U_k(e) = R - p\beta_k + (1 - p)\beta_k - c(e)$$

which implies $e_k^* = ((1-p)\beta_k)/\alpha$ if $e_k^* > \bar{e}$, $e_k^* = 0$ otherwise. Therefore, if $e_l^* > \bar{e}$, then $e_h^* > e_l^* > 0$; the effort exerted by a politician increases in their concern for reputation and decreases in the probability of failure. The expected utility that a politician of type k gets is

$$R - p\beta_k + (1-p)\left(\frac{(1-p)\beta_k}{\alpha}\right)\beta_k - \frac{\alpha\left(\frac{(1-p)\beta_k}{\alpha}\right)^2}{2} = R - p\beta_k + \frac{((1-p)\beta_k)^2}{2\alpha}$$

Notice that, if $\beta_l < 2p\alpha/(1-p)^2$, then the reputation-concerned politicians have a lower expected utility than selfish politicians. It is easy to prove the following.

LEMMA 1. Suppose that in case of failure, politicians' reputation is negative. For any distribution of types in the population there is a threshold $\tilde{p}$ such that if the probability of failure $p > \tilde{p}$ the higher is the social reputation concern of a politician, the lower is their expected utility.

The result is very intuitive. If a politician is going to experience bad reputation with high probability, the higher is their concern for social reputation, the larger is their expected utility loss.

We consider now the choice of becoming a politician. Each individual chooses between being a politician and remaining a citizen. A citizen receives a salary w which is a random draw from a distribution $F(w)$. Each individual after having observed their expected salary as a citizen decides whether to become a politician. It follows that selfish individuals become politicians if $w < R$ and do not enter politics otherwise. Reputation-concerned individuals become politicians for every $w \leq \bar{w}^k$, where $\bar{w}^k = U_k(e^*)$.

Therefore, if $p > \tilde{p}$, then $\bar{w}^h < \bar{w}^l < R$. To close the model, we have to verify under which conditions $\tilde{e}|_{g(e)=0} < \bar{e}$. Let S , H , and L be the fraction of types (selfish, high and low social reputation-concerned, respectively) in a population of unitary mass. The expected effort exerted in equilibrium by a politician is

$$\tilde{e}|_{g(e)=0} = \frac{(1-p)\beta_h}{\alpha} \frac{HF(\bar{w}^h)p}{F(\bar{w}^h) + F(\bar{w}^l) + F(R)} + \frac{(1-p)\beta_l}{\alpha} \frac{LF(\bar{w}^l)p}{F(\bar{w}^h) + F(\bar{w}^l) + F(R)}$$

Also, it is easy to check that for any $\bar{e} > 0$, there exists a sufficiently large probability p such that $\tilde{e}|_{g(e)=0} < \bar{e}$.

PROPOSITION 1. If the probability of failure p is sufficiently large, then in equilibrium the fraction of social reputation-concerned individuals is lower among politicians than among citizens.

3.1 Experimental prediction

We run a simple dictator game where nature intervenes with a probability p and with equal probability assigns the entire endowment to the dictator or to the receiver. A recipient's beliefs about the amount offered by the dictator depends on p when they get zero. Assuming that the reference split is $e \in (0, 1/2)^2$, dictators who distribute at least the reference split gain positive reputation, while those who distribute less than the reference split suffer a bad reputation.

First, our model predicts that individuals are motivated by social reputation and not by inequity aversion. Therefore, in an anonymous treatment, where reputation does not play any role, dictators

should distribute an amount equal to zero. Second, it predicts that there is a pair of probabilities $0 < p^b < p^a < 1$ such that

$$e_l^*(p^a) = \frac{(1-p^a)\beta_l}{\alpha} < \bar{e} < \frac{(1-p^a)\beta_h}{\alpha} = e_h^*(p^a) \text{ and } e_l^*(p^b) = \frac{(1-p^b)\beta_l}{\alpha} > \bar{e}.$$

We sum the predictions as follows:

- In anonymous treatments, the amount distributed is equal to zero.
- Individuals care about their reputation of being generous.
- In non-anonymous treatments, the amount distributed decreases in the probability that nature intervenes.
- In non-anonymous treatments, politicians distribute less than non-politicians.

4 Experimental design

4.1 Recruitment

We envisaged two main organizational challenges in recruitment: (i) recruiting real politicians as subjects; and (ii) creating a neutral field-laboratory environment.

In recruiting politicians for our study, we exploit India’s decentralized and democratic local governance structure, a three-tier *panchayat* system that was substantively reformed and strengthened in 1993 (in some cases, such as West Bengal, since 1979).² This system has three tiers: *gram panchayats* (village-level councils), *panchayat samitis* (block-level councils), and *zila parishads* (district-level councils). A *gram panchayat* is divided into *samsads* (wards). Citizens elect representatives for each tier and elections are held in regular five-year intervals.³ Village-level elected representatives generally do not have a role in the higher tiers (e.g. block or district level) unless they are the village council head or hold a key position in the political party they belong to.

Our subjects are bottom-tier politicians (i.e. elected representatives of the village council), who have lower opportunity costs of time and serve relatively small constituents (approximately 3,100 persons, on average, per council, as reported in Anukriti and Chakravarty 2017), from two Indian states—West Bengal and Uttar Pradesh. Through the 73rd Constitutional Amendment (1993), village councils were given responsibility for implementation of a variety of government-funded development programmes and decisions about investments in local infrastructure such as sanitation, drinking water, and roads (Chattopadhyay and Duflo 2004). The elected representatives of interest here can thus exercise considerable power in their constituencies.

² Through the 1993 landmark 73rd Constitutional Amendment.

³ The politicians at the bottom tier of this system (*samsad* or ward leader) represent around 500–600 voters (around 150–200 households) and are members of a village council or *gram panchayat*. *Gram panchayats* usually serve around 3,000–5,000 voters (on average 3,100 voters per *gram panchayat*; see Anukriti and Chakrabarty 2017), although size varies widely. The second tier (i.e. block level) consists of 10–12 *gram panchayats* and the final tier is the district council (i.e. *zila parishad*) which consists of 15–20 (on average) blocks.

Our definition of a politician is a person who has either recently fought or recently won an election for a village council (*gram panchayat*) seat as a ward member.⁴ These self-selected politicians' preferences—whether selfish or social—have not been studied in depth. Monetary incentives for holding office are limited (e.g. the official salary of the village head is about USD 50/month; ward leaders are paid even less), but there are potential private returns from political rents and corrupt practices.⁵ Elected representatives may also enjoy high social status (e.g. Fehr et al. 2013; Jack and Recalde 2015). Village-level politicians are likely to have lower opportunity costs of time and are unlikely to be concerned about their reputation (e.g. to influence the probability of winning elections) when facing an unknown audience that they have not previously met and are unlikely to meet in the future.

West Bengal's Hooghly district and Uttar Pradesh's Varanasi district were selected due to convenience and researchers' prior experience working there. From among the administrative blocks in each of these districts, we randomly selected two blocks following a stratified random sampling based on geographical location.⁶ Next, *gram panchayats* were randomly selected from each block. We randomly selected our politician participants from a carefully assembled list of politicians who had stood for *gram panchayat* elections during the last 10 years.⁷ We made sure that politicians and other participants from one *gram panchayat* did not have any prior knowledge about their matched-counterparts from another *gram panchayat*.⁸ We also chose the timing of the experiment carefully to avoid any overlap with election-related or other political campaigning.

From each village and based on the household census, we also invited randomly selected ordinary citizens (non-politicians) to participate in the experiment. This presence of non-politicians aimed to reduce experimental demand effects, since a sample consisting only of politicians could intensify the feeling of being under scrutiny during the experiment. We discuss this issue in more detail after presenting our results in Section 5.

⁴ We purposely avoided recruiting village council heads (*pradhans*) because of their typically greater and more visible role in their party's political machinery, and their higher likelihood of being known to more villagers within a district, including among those from distant locations. The opportunity cost of time for village council heads would also be higher than for ward members.

⁵ Some evidence suggests that an average candidate spends USD 400–800 during a village council election (see Jain 2011). The average declared wealth of re-contesting candidates to parliament and state legislative assemblies in 2004 was 134 per cent higher than during the first election (Sastry 2014), suggesting high rents. Fisman et al. (2014) also show that the annual asset growth of winners in state elections is 3–5 percentage points higher than for runners-up. Although similar statistics are not available for village council candidates, the returns are likely to be non-trivial.

⁶ For example, from among Hooghly's 18 administrative blocks, we randomly selected Singur and Dhaniakhali. In Uttar Pradesh, the administrative blocks of Badagaon and Sevapuri were selected following a similar procedure.

⁷ For each *gram panchayat* and to recruit politicians, we prepared a list of individuals who had contested or been elected during the two most recent elections and drew randomly from this list.

⁸ Our research assistants recruited local enumerators to collect participant information. They prepared a list (census) of households, which was always only in their custody, containing basic demographic information (name of household head, sex, education, occupation). Following a blinded, random protocol, the enumerators selected potential participants and invited them to participate with an invitation letter prepared by the research team. The letter neutrally framed the purpose of the study (e.g. 'we want to study challenges of rural development') and explained the random selection of the village/*gram panchayat* and participants and that participation is voluntary. It also provided other relevant information about the study (e.g. duration, incentives, etc.) (see 'Invitation letter' text in Appendix C). Participants were then given a few days to decide whether to take part. Participants knew that they could change their decision any time, even during the study, without giving any explanation.

4.2 Design

Our implementation of the design is described in the following treatment steps.

Treatment 0: Baseline anonymous

(1) Participants from the home-village (where the venue was located) and the visitor-village (i.e. from distant locations)—10 politicians and 10 non-politicians from each village—arrived separately at the experimental venue and were seated in two different rooms. Participants from the home-village did not meet participants from the visitor-village before entering the laboratory, during the experiment, or after the experiment. In each room, there were 20 participants—10 politicians and 10 common villagers—and they were from the same village. (2) The experimenter read out and explained the instructions of the game aloud and answered questions from participants. Each participant was then asked to solve a short quiz. Those who could not answer the quiz properly were given an extra explanation from the experimenter. The experimenter made clear that participant names would not be recorded. No communication between subjects was allowed (verbal or any other type). Two practice rounds of the game were played.⁹ (3) Each participant from each room randomly formed a pair with another participant in the other room.¹⁰ (4) In each pair, their roles in the game (D or R) were determined randomly and both politicians and non-politicians could be assigned the role of dictator. We did not change their roles in each round—a randomly chosen dictator remained dictator for the entire session.¹¹ (5) Each pair received a fixed and known endowment—INR 1,000 (approximately USD 15.50)¹²—for each round and the dictator had to decide how to allocate the endowment between him/herself and his/her partner (i.e. R) sitting in the next room.

(6) Each D received a random (and confidential) private number between 1 and 10—no other person in the room, not even the experimenter—knew this number. Each D was asked to come up to the front desk one by one where they picked a chit randomly from an urn containing 10 chits, and each chit had a number between 1 and 10. Only a D could see his/her private number, no one else (not even the experimenter). They wrote the number on their decision sheet in private. (7) At the start of each round, the experimenter announced two numbers randomly chosen between 1 and 10 and only those Ds with the corresponding numbers made a decision, other Ds could not. (8) Each D filled in their decision sheets (e.g. their group number, private number, and round number) in an enclosed area one by one. Only Ds whose private numbers were announced could choose and record a distribution on the decision sheet in private, others would just tick a

⁹ We did not record participant names. As noted, only the enumerators had access to participant names and our research assistants or any other member of the research team did not record names during data entry. We reiterated before the experiments that the research team would not have access to participant names.

¹⁰ Participants in each room were divided into two sections (e.g. A and B) randomly. Each participant in each section in each room was randomly matched with another participant from the same section sitting in other room (e.g. Participant X in Section A in Room 1 was randomly matched with Participant Y from Section A in Room 2) and formed a pair.

¹¹ As our research focus was on politician behaviour and it was challenging to recruit politician participants, we did not follow an equal split while randomly allocating the roles of politicians and non-politicians. Instead, we did the following for each session: randomly chose a number between 5 and 8 and chose the split accordingly (e.g. if number 6 was drawn, 6 out of 10 politicians played the role of dictator for that session).

¹² For example, the minimum agricultural wage for a skilled labourer and the MGNREGS daily wage for an unskilled worker in West Bengal were fixed at INR 272 and INR 176 by the government in 2016 (see e.g. Government of West Bengal, Labour Department 2015–20). Also, average daily agricultural wages in West Bengal and Uttar Pradesh are around INR 315 and INR 233 in 2017 (see Government of India, Labour Bureau Shimla 2017).

box which stated that nature would give zero to either a D or R (see the example of decision sheet in the Appendix A). (9) All Ds, who made a decision or who ticked a box, folded the decision sheets and put them in an envelope, named, e.g. Round 1—Decisions, themselves. No one (including the experimenter) could identify which individual made a decision and what their decision was. The Rs sitting in next room, other Ds, and the experimenter knew the probability (i.e. 0.8), but did not know whether nature or a D made the decision when the outcome was either zero or the entire endowment of INR 1,000 (this can only be true if a D chooses the same division as nature).

(10) We repeated Steps (7)–(9) four times more and each time the experimenter announced different private numbers (i.e. they played five rounds). (11) At the end, one of the five rounds was selected randomly to determine the payments. (12) The envelope of decision sheets for that round was given to an external person waiting outside the venue. The external person had no information about the game or about the participants. They observed the decision sheets of different dictators in a separate room and put the payment in a separate envelope for each dictator and recipient. They also decided whether a D or R got INR 1,000 when nature intervened by flipping a coin. (13) No one in any of the rooms would know D's actual decision, not even the experimenter. (14) Meanwhile, participants filled in a short questionnaire that covered education, occupation, and other demographic and related questions. (15) The external person gave a result sheet (see Appendix A) to the experimenter who then showed the results to each D and their corresponding R sitting in the other room. (16) Each participant left the room one by one and received their envelopes from the external person with their payments (their earning from the game plus a fixed participation fee of INR 300), based on the decisions they or their partners or nature made, outside the room in a separate enclosed area and left the venue one by one. Participants from the visitor-village left the venue first.

Treatment 1: Non-anonymous with low visibility

(1) Participants from the home-village and the visitor-village—10 politicians and 10 non-politicians from each village—arrived separately at the experimental venue. Out of 20 participants from the visitor-village, 10 participants were randomly chosen to be seated in one room and the others seated in another room. Similar procedure was followed for home-village participants. Participants from these two different locations did not meet each other before entering the laboratory. (2) Following a random matching protocol, a subject from the visitor-village formed a pair/group with a subject from the home-village in each session. (3) Same as Step (2) in T0. (4) Pair members were asked to stand up and greet each other. This was done to increase the moral costs of selfish behaviour (as in Andreoni and Bernheim 2009). (5) Then we followed Steps (4)–(6) as in T0. (6) Then we followed Steps (7)–(9) as in T0. (7) They played five rounds as in T0. (8) Then Steps (11), (12), and (14) as in T0 were repeated. Note that no one in the room would know D's actual decision. (9) The experimenter received the result and envelopes with cash payments for each subject (each subject's individual ID number, same as their seat numbers, was written on each envelope) from the external person. The experimenter published the result (by writing each pair's earning on a board). Note that if a D chose to give 0 (or 1,000), no one in the room could identify whether the D or nature made the decision. However, for any other chosen amount, everybody could understand that the D chose the amount. (10) Each participant received their envelopes with payments and left the venue one by one. The subjects from the visitor-village exited before the local participants.

Treatment 2: Non-anonymous with high visibility

We followed the design described in T1. The only change was in the first part of Step (6) in T1: at the start of each round, the experimenter announced nine numbers (instead of two) randomly chosen between 1 and 10 and only those Ds with the corresponding numbers made a decision, other Ds could not. All other aspects remained the same as in T1.

5 Analysis

5.1 Data

Our sample consists of 161 politicians and 110 non-politicians. In Table 1, we present the summary statistics of the observable characteristics of politicians and non-politicians by gender, educational level, age, caste, and occupation. We note that there is very little difference in the proportion of politicians and non-politicians who are female: 39 per cent of non-politicians and 37 per cent of politicians are female. Non-politicians have 8 years of education on average compared with 8.9 years of education for politicians. There is little difference in the age profile and caste background of politicians and non-politicians. However, 61 per cent of politicians are agricultural labourers compared with 49 per cent of non-politicians (the t -statistic in the difference in means is significant at the 5 per cent level).¹³

In total, we have 265 observations, 60 for the baseline treatment (T0), 90 for the low-visibility treatment (T1), and 121 for the high-visibility treatment (T2). Of the 90 T1 observations, 33 are decisions taken by non-politicians and the remaining 57 are decisions taken by politicians. Of the 121 T2 observations, 47 are decisions taken by non-politicians and the remaining 74 are decisions taken by politicians.

Table 1: Summary statistics, non-politicians and politicians characteristics

	Non-politicians—means	Politicians—means	t -statistics on difference in means
Female	0.39 (0.49)	0.37 (0.49)	0.30
Years of education	8.02 (4.64)	8.89 (4.67)	-1.51
Age	39.66 (13.80)	42.28 (12.41)	-1.63
Forward caste (%)	0.46 (0.50)	0.47 (0.50)	-0.03
Other caste (%)	0.54 (0.50)	0.53 (0.50)	—
Agricultural labourer (%)	0.49 (0.50)	0.61 (0.49)	-2.17**
Farmer (%)	0.16 (0.42)	0.17 (0.38)	0.42
Other (%)	0.35 (0.48)	0.22 (0.42)	—
Total number	110	161	

Notes: standard deviations are given in parentheses; ***, **, and * indicate level of significance at 1, 5, and 10 per cent, respectively.

Source: our calculations.

¹³ Besley et al. (2011) found that elected councillors in their sample from four South Indian states are more likely to be from politically and economically advantaged backgrounds. A possible explanation for why the social and economic backgrounds of our local politicians are different is that, unlike their sample, our sample does not include village council heads.

5.2 Results

We report our main results here.

RESULT 1. In anonymous treatment (i.e. T0), both politicians and non-politicians give almost zero. This confirms the assumption in the model that politicians (and non-politicians) are not inequity-averse in our sample.

In the baseline treatment (T0), both politicians and non-politicians mostly give nothing—87 per cent of politicians and 93 per cent of non-politicians give zero and the average-giving is INR 13 for politicians and INR 5 for non-politicians (see Tables 2 and 3). This is also reflected in Figures 1–3. Based on *t*-test, there is no significant difference between the giving behaviour of politicians and non-politicians (see Table 5). This supports the first prediction of our model that in the anonymous treatment, the amount given will be zero. Our results suggest that politicians (and non-politicians) are not motivated by intrinsic motive—in particular, inequity aversion.

RESULT 2. Both politicians and non-politicians care about their reputation of being generous. Individuals give significantly more when their actions can be seen by an audience (i.e. T1) compared with the anonymous dictator game (T0). There is a significant decrease in the proportion of zero giving and a significant increase in the proportion of 50:50 giving in T1 than in T0.

Table 2: All treatments, politicians

Amount given (x)	T0			T1			T2		
	No.	%	Cum.	No.	%	Cum.	No.	%	Cum.
x=0	26	86.7	86.7	14	24.6	24.6	5	9.5	9.5
100≥x>0	4	13.3	100	1	1.8	26.3	7	6.8	16.2
200≥x>100				3	5.3	31.6	9	12.2	28.4
300≥x>200				9	15.8	47.4	11	14.9	43.2
400≥x>300				2	3.5	50.9	2	2.8	46.0
500≥x>400				0	0	50.9	0	0	46.0
x=500				17	29.8	80.7	20	27.0	73.0
600≥x>500				1	1.8	82.5	8	11.0	84.0
700≥x>600				0	0	82.5	2	2.7	86.7
800≥x>700				1	1.8	84.2	2	2.7	89.2
900≥x>800				1	1.8	86.0	0	0	89.2
1000≥x>900				8	14.0	100.0	8	10.8	100.0
No. of observations		30			57			74	

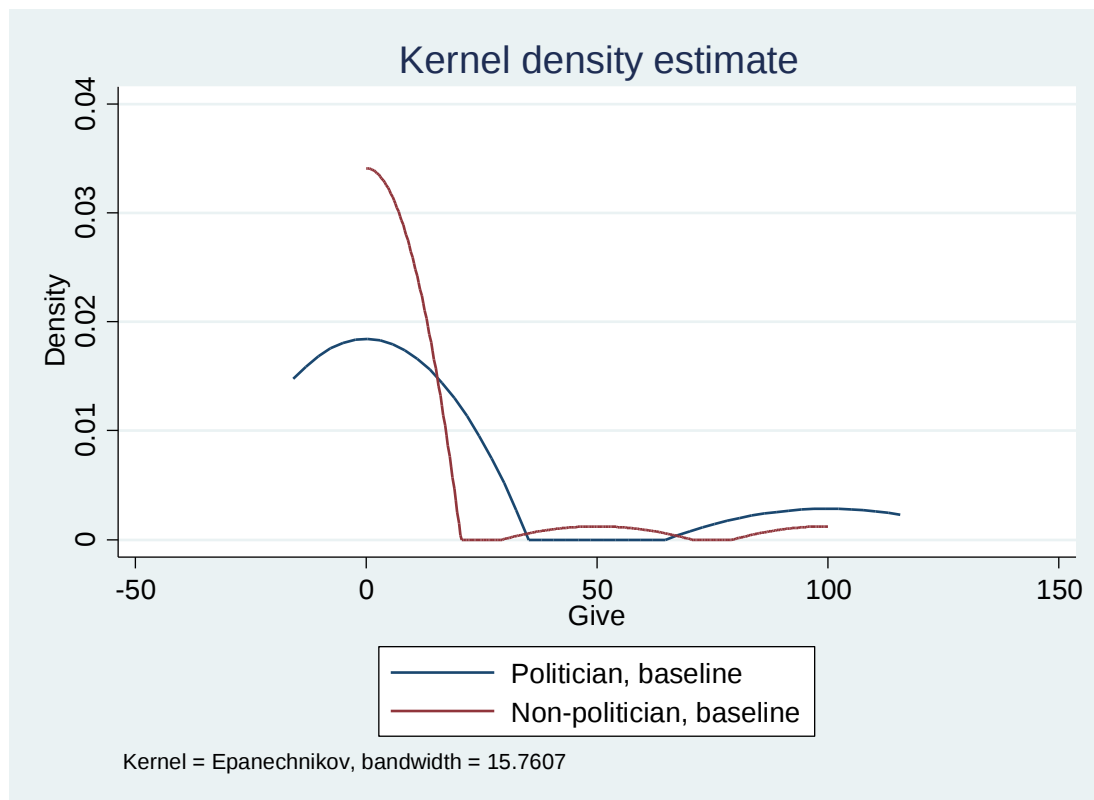
Source: our calculations.

Table 3: All treatments, non-politicians

Amount given (x)	T0			T1			T2		
	No.	%	Cum.	No.	%	Cum.	No.	%	Cum.
x=0	28	93.3	93.3	6	18.2	18.2	0	0	0
100≥x>0	2	6.7	100.0	4	12.1	30.3	0	0	0
200≥x>100				2	6.1	36.4	2	4.3	4.3
300≥x>200				3	9.1	45.5	8	17.0	21.3
400≥x>300				2	6.1	51.5	6	12.8	34.0
500≥x>400				0	0	51.5	0	0	34.0
x=500				11	33.3	84.9	18	38.3	72.3
600≥x>500				1	3.0	87.9	2	4.3	76.6
700≥x>600				0	0	87.9	1	2.1	78.7
800≥x>700				1	3.0	90.9	0	0	78.7
900≥x>800				0	0	90.9	5	10.6	89.4
1000≥x>900				3	9.1	100.0	5	10.6	100.0
No. of observations		30			33			47	

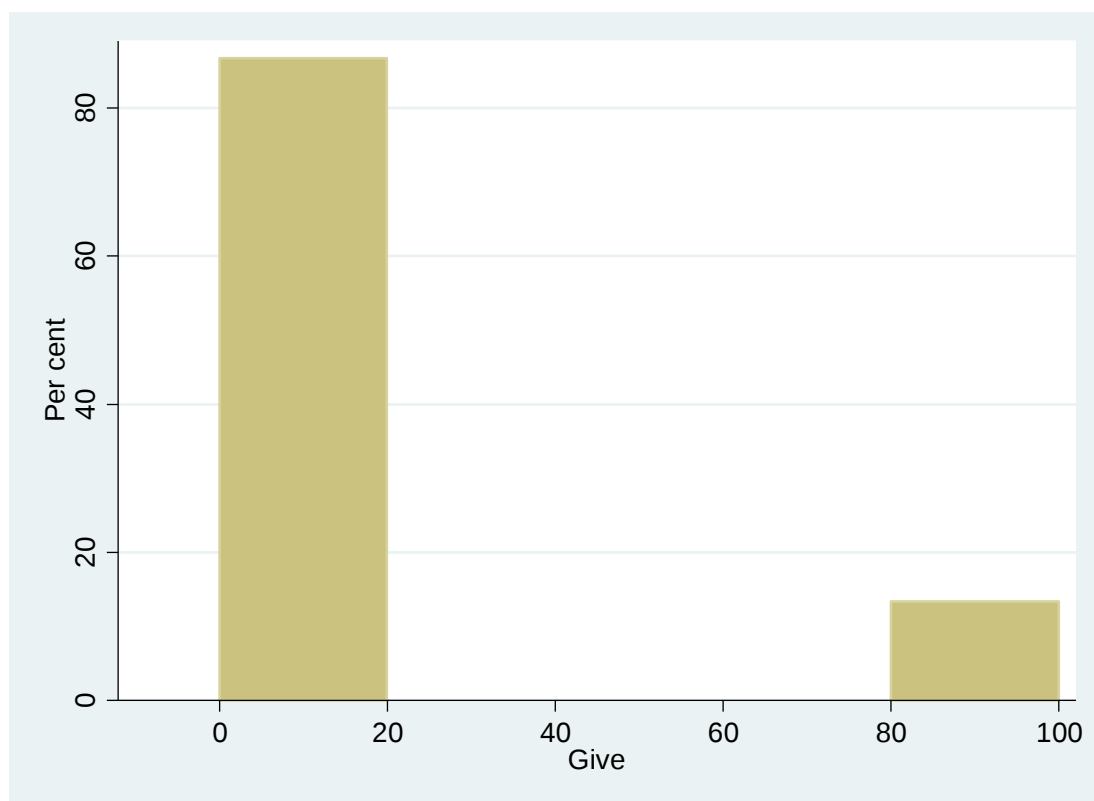
Source: our calculations.

Figure 1: Politicians and non-politicians, baseline treatment (T0)



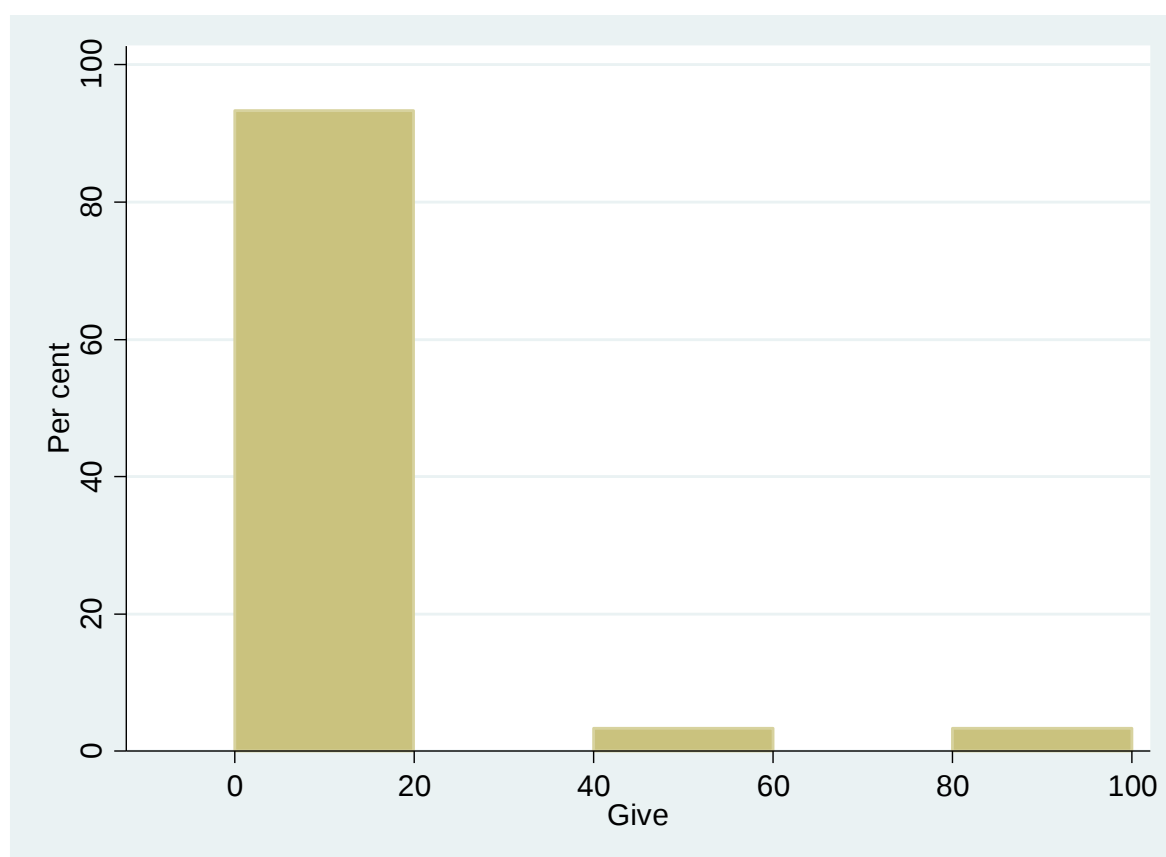
Source: our calculations.

Figure 2: Histogram of give, politicians, baseline treatment (T0)



Source: our calculations.

Figure 3: Histogram of give, non-politicians, baseline treatment (T0)



Source: our calculations.

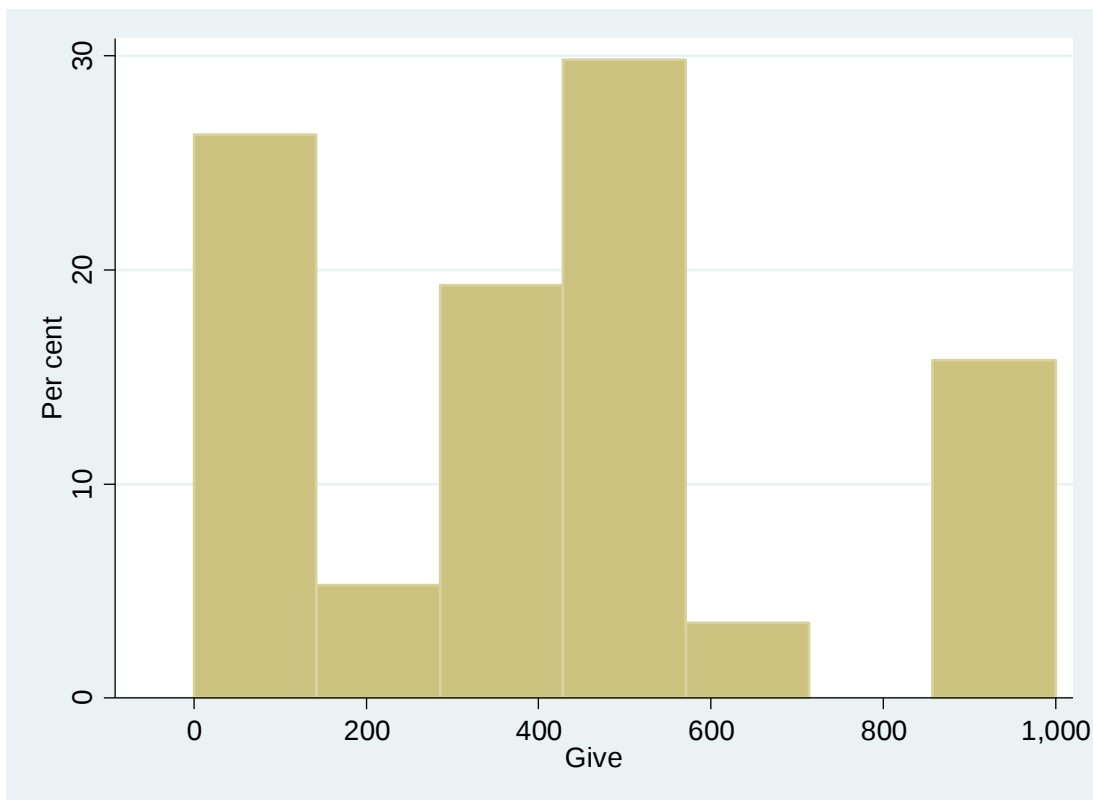
By adding an audience to T0, we observe significant changes in both politicians' and non-politicians' behaviour in T1—they become more pro-social, as shown in Tables 2 and 3. Compared with T0, in T1, average giving increases to INR 402 for politicians and INR 376 for non-politicians (see Table 4), zero giving drops (from 87 per cent to 25 per cent of cases for politicians and 93 per cent to 18 per cent of cases for non-politicians), and equal-sharing increases (from 0 per cent for both politicians and non-politicians to 30 per cent of cases for politicians and 33 per cent of cases for non-politicians) (see Tables 2 and 3). This pro-social behaviour is also evident from Figures 1 and 2 which show kernel density plots of amount given by politicians and non-politicians in T0 and T1 [Figures 2 and 3 plot the histograms of the frequency of the amount given by politicians and non-politicians, respectively, in the baseline treatment (T0), and Figures 4 and 5 plot the histograms of the frequency of the amount given by politicians and non-politicians, respectively, in the low-visibility treatment (T1)]. This supports the second prediction of our model that our subjects care about their reputation of being generous.

Table 4: Summary statistics of amount given, by treatment and politician/non-politician

Treatment	Mean	Standard deviation
Politician, baseline (T0)	5	20.1
Non-politician, baseline (T0)	13.3	34.6
Politician, low visibility (T1)	401.8	326.5
Non-politician, low visibility (T1)	375.8	295.8
Politician, high visibility (T2)	433.1	283.3
Non-politician, high visibility (T2)	544.7	236.7

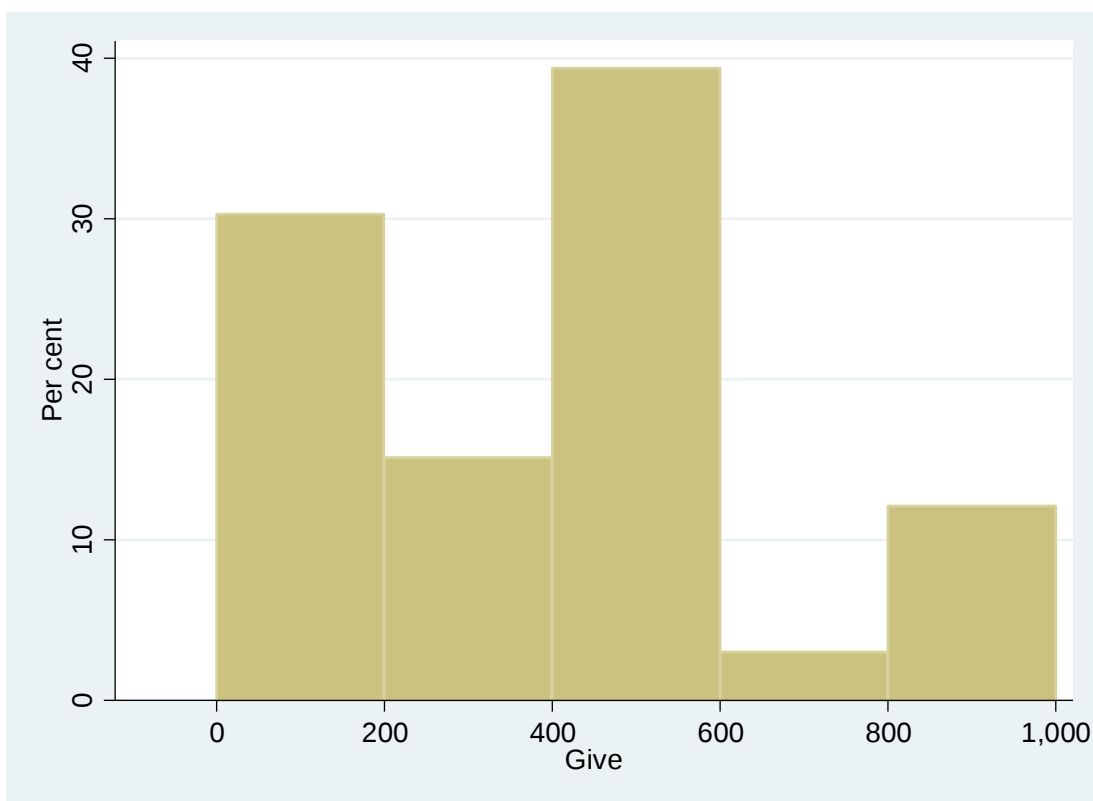
Source: our calculations.

Figure 4: Histogram of give, politicians, low-visibility treatment (T1)



Source: our calculations.

Figure 5: Histogram of give, non-politicians, low-visibility treatment (T1)



Source: our calculations.

As Figure 2 shows, we find no difference in the distribution of amount given in the low-visibility treatment (T1) between politician and non-politician dictators. Looking at this distribution of amount given (Tables 2 and 3), we observe that a larger proportion of politician dictators than non-politician dictators give zero (25 per cent versus 18 per cent) and a slightly higher proportion of non-politicians follow the 50:50 norm in giving than politicians (33 per cent versus 30 per cent).¹⁴ The mean amount given by politicians is INR 402, while the mean amount given by non-politicians is INR 376 (Table 4), and the *t*-test on the means indicates that the difference is not statistically significant (Table 5).

Table 5: The *t*-tests of give

Treatments	<i>t</i> -statistics
T0, politicians vs non-politicians	−1.14 (0.26)
T1, politicians vs non-politicians	−0.38 (0.71)
T2, politicians vs non-politicians	2.25** (0.03)
Politicians, T1 vs T2	0.59 (0.56)
Non-politicians, T1 vs T2	−2.83*** (0.01)

Notes: the level of significance is given in parentheses; ***, **, and * indicate level of significance at 1, 5, and 10 per cent, respectively.

Source: our calculations.

RESULT 3. When the visibility of actions increases (i.e. in T2), both politicians and non-politicians respond to visibility—zero giving drops and more generous giving increases.

The proportion of politicians and non-politicians who give nothing in the low-visibility treatment decreases significantly in the high-visibility treatment—to 10 per cent for politicians and 0 per cent for non-politicians (see Tables 2 and 3). In addition, the number of politicians who give between 0 and 50:50 increases by 8 per cent in the high-visibility treatment. Overall, giving increases in T2 compared with T1. This supports the third prediction of our model that in non-anonymous treatments the amount given decreases in the probability that nature intervenes (the probabilities that nature intervenes in T1 and T2 are 0.8 and 0.1, respectively).

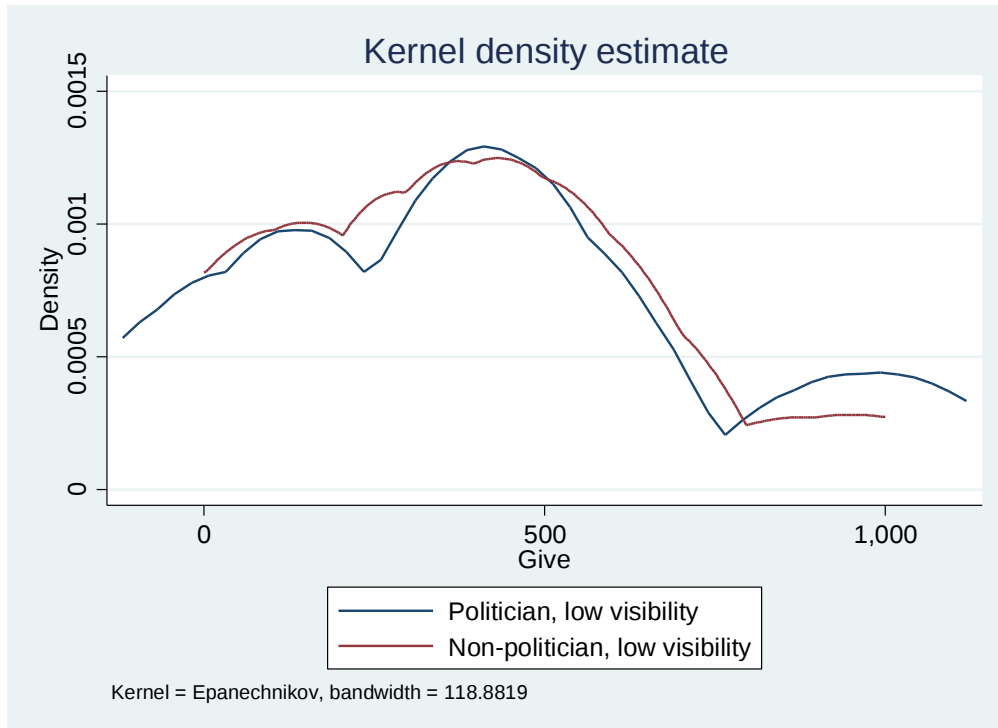
RESULT 4. Non-politicians distribute more generously than politicians in T2 than in T1, and are more likely to follow a 50:50 sharing norm.

Comparing politician and non-politician behaviour in low- and high-visibility treatments, our findings suggest that politicians are less responsive to reputation loss concerns than ordinary citizens (see Figures 6 and 7). While the kernel density plots show a spike at 50:50 split for non-politicians (Figure 7), politician giving is not much different from the low-visibility case. We find that there is a clear difference in the amount given by politicians and non-politicians in the high-visibility treatment, with the average amount for politicians being INR 433 and that for non-politicians being INR 544 (Table 4)—this difference is significant at the 1 per cent level (Table 5) (see also Figures 8 and 9). We also find that non-politicians are more likely to follow the 50:50 norm in the high-visibility treatment compared with politicians—38 per cent of non-politicians choose an even split while only 27 per cent of politicians do. This supports the fourth prediction of our model that in non-anonymous treatments politicians distribute less than non-politicians. Our findings indicate that, as our model predicts, the fraction of social reputation-concerned individuals is lower among politicians than among citizens.

¹⁴ The difference is not statistically significant – a *z* statistic of 0.05 for the test of difference in proportions with a *p*-value of 0.63.

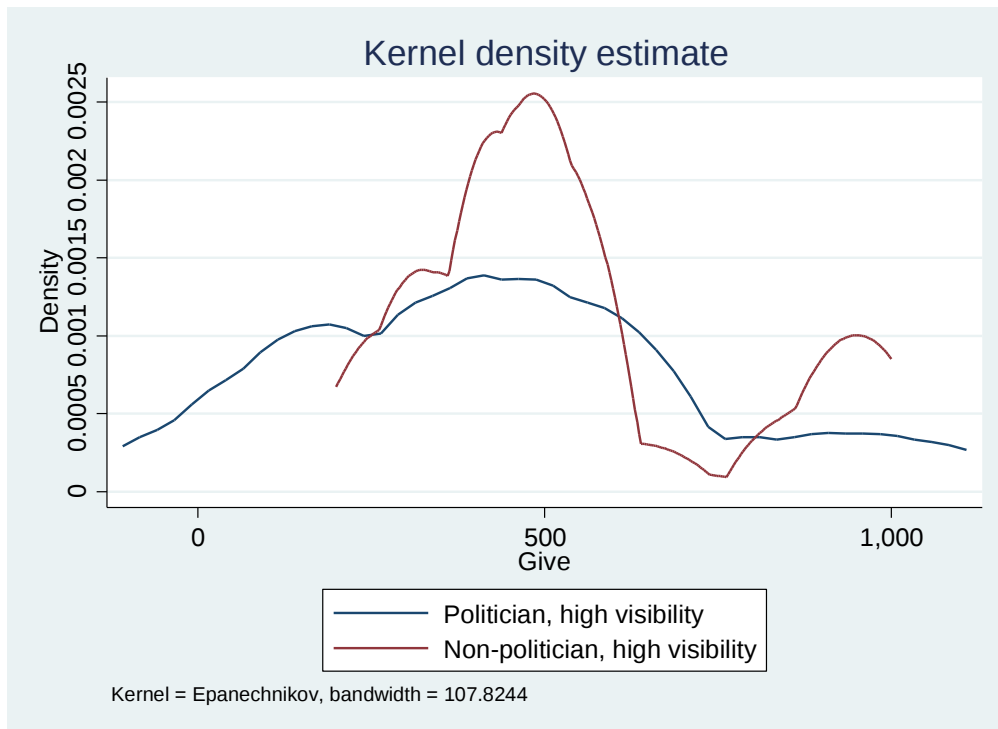
RESULT 5. *Observable differences in the characteristics of politicians and ordinary citizens do not explain the differences in the propensity of politicians to give less than ordinary citizens in the high-visibility treatment compared with the low-visibility treatment.*

Figure 6: Politicians and non-politicians, low-visibility treatment (T1)



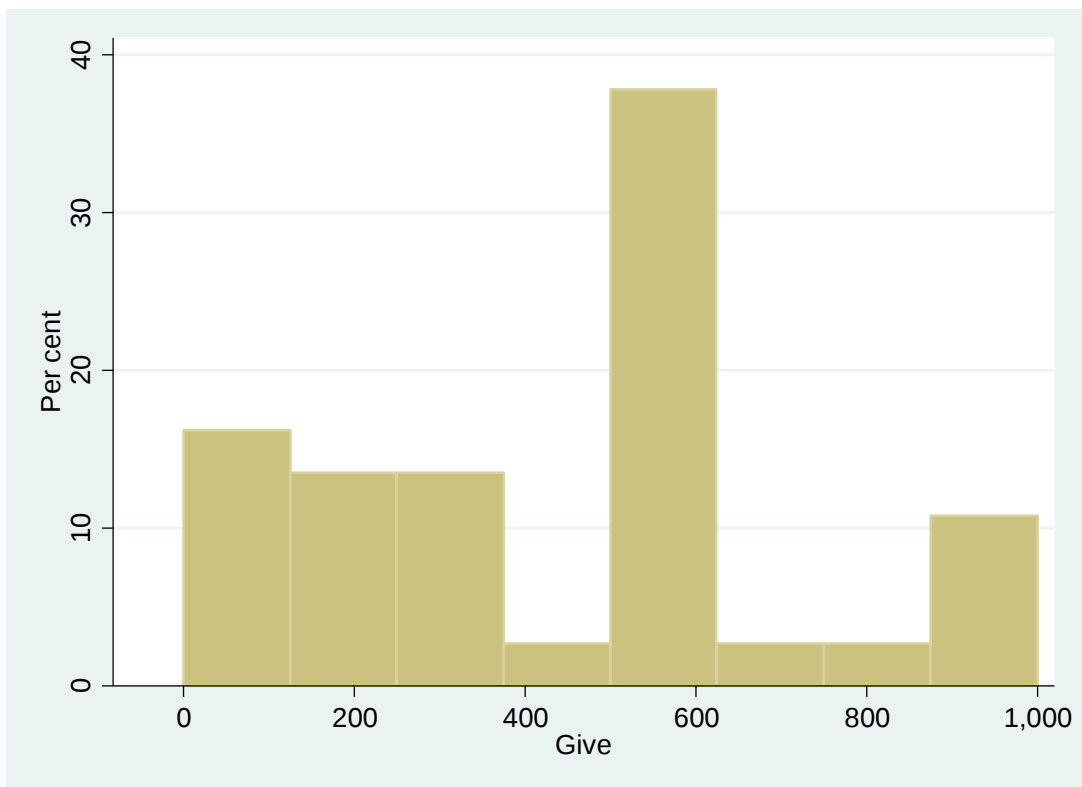
Source: our calculations.

Figure 7: Politicians and non-politicians, high-visibility treatment (T2)



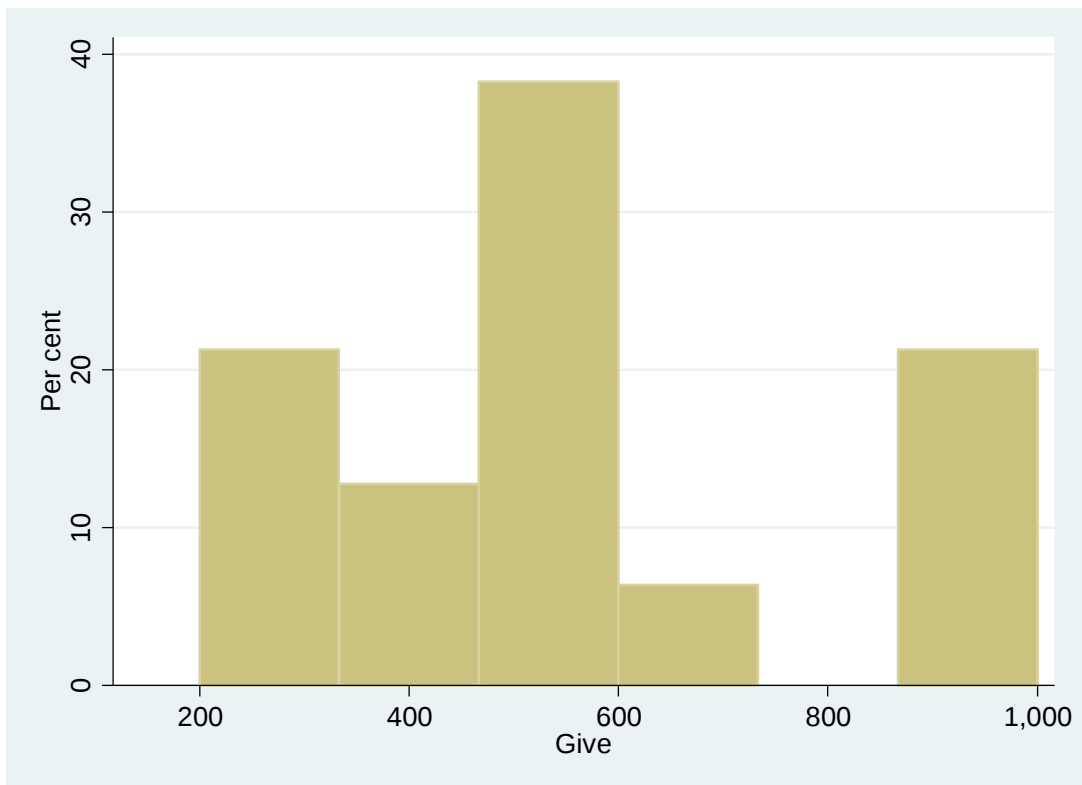
Source: our calculations.

Figure 8: Histogram of give, politicians, high-visibility treatment



Source: our calculations.

Figure 9: Histogram of give, non-politicians, high-visibility treatment



Source: our calculations.

So far, our findings indicate that while both politicians and non-politicians care about their reputation and distribute more when visibility increases, politicians respond to reputation concerns less strongly than non-politicians, and are less likely to move to a 50:50 norm than non-politicians. We now investigate whether this difference in behaviour across treatments and across the two groups is due to observable differences in characteristics between politician and non-politician participants.

We next run regressions of the following specification:

$$Y_i = a_1 + a_2 * T_i + a_3 * Politician_i + a_4 * T_i * Politician_i + a_5 Z_i + u_i \quad (1)$$

where Y_i is the outcome variable of interest, T_i is the dummy for the high-visibility treatment, $Politician_i$ is a dummy variable that takes the value 1 for politicians, 0 otherwise, Z_i is a vector of controls, and u is the error term.

We look at three outcomes of interest: first, the total amount given; second, a dummy variable that captures zero giving (which takes the value 1 when give=0, 0 otherwise); and third, a dummy variable that captures 50:50 giving (which takes the value 1 when give=500, 0 otherwise).¹⁵ Our primary coefficient of interest is a_4 , which captures the interaction of the dictator being a politician, and the treatment being the high-visibility one. If politicians behave differently from non-politicians in the high-visibility treatment, and give less (as we have observed earlier), the coefficient a_4 will be negative and statistically significant.

Z_i is the set of the dictator's observable characteristics that may explain their decision to give. We include the dictator's gender, age, educational level, and dummies for occupation, caste, and the state from where politicians and non-politicians are recruited.

We first report the results for the amount given in Column (1) of Table 6, without the controls. We then add the controls in Column (2). We then report the results for zero giving and 50:50 giving in Columns (3) and (4). We find that politicians give less than non-politicians in the high-visibility treatment: the coefficient on the interaction term between the politician dummy and the high-visibility dummy is negative and statistically significant at least at the 10 per cent level, both with and without controls. Therefore, our earlier finding that politicians respond less to reputation concerns than non-politicians holds true, even when we take the observable characteristics of politicians into account. As expected, the coefficient on the high-visibility treatment is positive and significant, suggesting that both politicians and non-politicians do respond to higher visibility by giving more. The coefficient on the politician dummy is not statistically significant, suggesting that, across both treatments, there is no difference in the behaviour of politicians and non-politicians: it is only in the high-visibility treatment that politicians give less than non-politicians.

With respect to zero giving and 50:50 giving, the coefficient on the interaction term is not statistically significant [Columns (3) and (4)], suggesting that there is no clear difference between politicians and non-politicians in zero and 50:50 giving, once one controls for politicians' observable characteristics.

¹⁵ For amount given, we use Ordinary Least Squares and for the cases where the Left Hand Side variables are dummy variables for zero giving and 50:50 giving, we use probit estimation.

Table 6: Regression results

	(1)	(2)	(3)	(4)
Treatment, high visibility (T2)	268.92** (2.58)	226.17*** (3.28)	-5.2 (0.01)	0.22 (0.69)
Politician	25.91 (0.41)	28.44 (0.45)	0.20 (0.61)	-0.08 (0.29)
Politician×treatment, high visibility	-137.45* (1.66)	-185.89** (2.22)	4.45 (0.60)	-0.31 (0.81)
Controls	No	Yes	Yes	Yes
R^2 /pseudo- R^2	0.04	0.09	0.18	0.03
No. of observations	211	211	211	211

Notes: controls are caste and occupation dummies, years of education, age, gender, state dummy. The t -statistics is given in parentheses for Columns (1) and (2); the z -statistics is given in parentheses for Columns (3) and (4). ***, **, and * indicate level of significance at 1, 5, and 10 per cent, respectively. Columns (1) and (2), dependent variable: amount given; Column (3), dependent variable: dummy if give=0, 0 otherwise; Column (4), dependent variable: dummy if 50:50 share is 1, 0 otherwise. The estimator is ordinary least square for Columns (1) and (2), and probit for Columns (3) and (4).

Source: our calculations.

5.3 Survey

We assume in our model that there is a norm of equal-sharing. To test whether self-selected politicians obey norms of equal-sharing, we adapt Krupka and Weber's (2013) incentivized survey using simple coordination games to elicit social norms. In the survey, respondents, both politicians and non-politicians, were asked to rank different allocations between the dictator and the recipient in the dictator game scenario from 'very socially inappropriate' to 'very socially appropriate' on a quantified scale from 1 to 4. Respondents received monetary incentives to match the modal response provided by others in the same choice environment (see the Appendix B for a detailed description of the design). Here, we present the main results from the incentivized survey.

RESULT 6. There is a social norm of giving between 40 and 50 per cent of the endowment among politicians and non-politicians.

We find politicians and non-politicians believe a distribution between 40 and 50 per cent of the endowment is socially acceptable in the standard (anonymous) dictator game scenario (see Table 7). However, politicians believe that giving 20 and 30 per cent of the endowment is 'somewhat socially acceptable'. Non-politicians significantly differ here in that they believe giving 20 and 30 per cent is still not socially acceptable. Perhaps, extracting some positive rents (i.e. keeping more than 50 per cent of the endowment) is somewhat acceptable among politicians.

Table 7: Elicited norm of equal-sharing for politicians and non-politicians

Action	Respondents	Mean	—	—	+	++	t -statistics
Give 0	Politician	1.88 (1.22)	0.60	0.10	0.10	0.20	2.17*
	Non-politician	1.56 (1.02)	0.72	0.10	0.08	0.10	
Give 100	Politician	2.71 (0.97)	0.13	0.28	0.35	0.24	1.88*
	Non-politician	2.48 (1.02)	0.20	0.30	0.31	0.19	
Give 200	Politician	2.89 (0.93)	0.11	0.19	0.42	0.28	1.95*
	Non-politician	2.66 (0.89)	0.15	0.16	0.55	0.14	
Give 300	Politician	2.46 (1.09)	0.26	0.23	0.31	0.20	0.35
	Non-politician	2.41 (1.07)	0.27	0.21	0.34	0.18	
Give 400	Politician	3.00 (1.04)	0.14	0.15	0.30	0.41	0.70
	Non-politician	2.91 (0.97)	0.12	0.17	0.40	0.31	
Give 500	Politician	2.82 (1.15)	0.18	0.21	0.20	0.41	-0.22
	Non-politician	2.85 (1.15)	0.16	0.24	0.17	0.43	
Give 600	Politician	2.45 (1.13)	0.28	0.24	0.25	0.23	0.22
	Non-politician	2.42 (1.17)	0.30	0.23	0.21	0.26	
Give 700	Politician	1.81 (1.08)	0.56	0.20	0.10	0.14	-0.45
	Non-politician	1.88 (1.17)	0.58	0.11	0.14	0.17	
Give 800	Politician	2.24 (1.20)	0.40	0.19	0.18	0.23	0.26
	Non-politician	2.2 (1.24)	0.44	0.17	0.14	0.25	
Give 900	Politician	2.28 (1.13)	0.31	0.34	0.12	0.23	0.65

Give 1000	Non-politician	2.18 (1.21)	0.42	0.20	0.14	0.24	0.05
	Politician	1.91 (1.25)	0.58	0.17	0.01	0.24	
	Non-politician	1.90 (1.30)	0.63	0.09	0.02	0.26	

Notes: $**p < 0.05$, all one-tailed. Responses are: ‘very socially inappropriate’ (—), ‘somewhat socially inappropriate’ (–), ‘somewhat socially appropriate’ (+), and ‘very socially appropriate’ (++). To construct the mean ratings, we converted responses into numerical scores [‘very socially inappropriate’ (—) = 1, ‘somewhat socially inappropriate’ (–) = 2, ‘somewhat socially appropriate’ (+) = 3, and ‘very socially appropriate’ (++) = 4].

Source: our calculations.

6 Conclusion

Policies that enhance social reputation by increasing visibility of actions could be a cost-effective tool to induce pro-social behaviour (Bénabou and Tirole 2006; Allcott 2011; Besley and Ghatak 2008). Our result supports this in the context of political selection in the decentralized democratic setting of India. We find that self-selected politicians care about their reputation and behave more pro-socially in public than in private. However, in our experiment the proportions of people who are less sensitive to reputational loss are more in politics than common citizens, suggesting that stigma-driven mechanisms to attract politicians could be counter-productive. Perhaps, as our introductory quote suggests, those who are indifferent to glory but are crushed by disgrace may not join politics.

Social preferences, in particular reputational concerns, depend on how honour and stigma interact within the prevailing social norm (e.g. average action or opinion) (see Bénabou and Tirole 2011b). Social psychologists describe honour and stigma as two effective emotions that can motivate people to take pro-social actions voluntarily (Lea and Webley 1997): stigma-driven people would comply with the norm to avoid stigma from non-compliance when visibility increases (Posner and Rasmusen 1999; Tadelis 2007) whereas others would enjoy the honour from leading-by-example and being considered socially responsible (Hermalin 1998; Potters et al. 2007). Our results suggest that mechanisms intended to influence stigma-driven people only may not be useful to attract better politicians; rather, honouring good people may be more effective in political selection in a decentralized developing country (e.g. Besley and Ghatak 2008; Jack and Recalde 2015; Bénabou and Tirole 2011a). Future research could explore this further.

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Appendix A

Instructions (Treatment 0)

GROUP NUMBER: _____

Welcome

Welcome! Thank you for taking the time to come today. [Introduce PB, SM, and the assistants.] You can ask any of us questions during today's programme.

Thank you again for participating. For agreeing to do so you will automatically be given Rs 300 as a 'thank you' payment. Anything else you earn today will be in addition to this.

Your Group Number

Your name will never be recorded in this study, or revealed to anyone. In particular, the researchers will not have any access to your identity (if you have given your name, address, etc. to your local surveyor, this information will remain with them). Instead, you will be known by your *group number*. You have drawn this number randomly when you entered the room (also, the number is shown above).

Your Partner

You will be paired with another person sitting in a different room in this venue. We will call this person your *partner*. In your group number, the first letter indicates your section (A or B) and the next number indicates your room (1 or 2). Suppose your group number is A1x. You will be matched with A2x, that is, someone who is in Section A in Room 2 with a number x. You will never meet (or know the identity) of your partner. Your partner sitting in a different room will not meet you (or know your identity). The decisions made today will concern how much money you and your partner earn.

Your Task

Your group has been given Rs 1,000 to divide between the two of you [i.e. your partner and yourself]. Although you and your partner are in the same group, only one of you will have responsibility for deciding how to divide the Rs 1,000.

Even though only one of you makes decisions, it is very important for everyone to understand how decisions will be made, so please pay attention to all of the instructions.

Decision-making Partner

We will randomly select one person from each pair as the decision-making partner (or D). The decision-making partner could be selected from this room or from the other room. We will ask each person on the right/left side of the room to pick a chit from an urn. In each chit, either D or R (recipient partner) is written. If you pick D, then you will make the decision of how to allocate Rs 1,000 between you and your partner. We will explain below the procedure for choosing your decision.

Private Number

Each D should come to the front desk one by one. Each of you will pick a chit randomly from an urn containing 10 chits; each chit has a number between 1 and 10. We call it 'private number' as it is private and confidential. Only a D can see his/her private number, no one else (not even the experimenter) can. Please write the number on your decision sheet in private and do not show this to anybody in the room.

Then, one of the following two things will happen.

EITHER ...

We will let the decision-making partner choose a division of the Rs 1,000 by filling in a line such as the following (see the example of Decision Sheet):

'Distribute Rs 1,000: I allocate _____ to myself and _____ to my partner.'

Notice that the amounts in the two blank spaces must sum to Rs 1,000.

No one here will see what this person writes, not even his/her partner.

In 2 out of 10 cases, the decision-making partner will choose.

OR ...

We will automatically allocate Rs 1,000 to one partner and Rs 0 to the other partner. Someone in another room will flip a coin to determine which partner gets Rs 1,000 and which gets Rs 0.

In 8 out of 10 cases, the decision-making partner will be forced to choose.

At the beginning of each round, we will announce who can make the decision. For example, we may say those who have private numbers 3 and 8 will choose the distribution. Others will tick the box where it shows s/he has no control over decision-making.

Everyone in this room will know how the Rs 1,000 was divided between the two partners in each group. But no one, not even the experimenter, will be able to understand whether the decision-making partner made this choice or whether nature made it automatically. No one, not even the experimenter, will know what private number the deciding partner received or whether the coin-flip came up heads or tails.

Thinking about this from the point of view of the decision maker:

- If your division is Rs 1,000 for yourself and Rs 0 for your partner, no one will know whether this was your choice or our choice.
- Likewise, if your division is Rs 0 for yourself and Rs 1,000 for your partner, no one will know whether this was your choice or our choice.
- However, if you choose any other division—say Rs 50, Rs 200, Rs 500, or Rs 700 for yourself and the rest for your partner—everyone will be able to figure out that you are responsible for this choice.

Thinking about this from the point of view of the other partner:

- If you are allocated Rs 0, you will not know whether your partner made this choice or whether we made it.

- Likewise, if you are allocated Rs 1,000, you will not know whether your partner made this choice or whether we made it.
- However, if you are allocated any other amount—say Rs 50, Rs 200, Rs 500, or Rs 700—you will know that your partner is responsible for this choice.

Thinking about this from the point of view of everyone else (including the experimenter) in the room:

- If you see that a decision maker is allocated Rs 0, you will not know whether s/he made this choice or whether we made it.
- Likewise, if you see that a decision maker is allocated Rs 1,000, you will not know whether s/he made this choice or whether we made it.
- However, if any partner receives any other amount—say Rs 50, Rs 200, Rs 500, or Rs 700—you will know that the decision-making partner is responsible for this choice.

The Decision Sheets

The decision maker will receive five sheets and will need to make five different decisions. All of the decisions have the same form as the one we have just described. See the example below.

Only one of these decisions will count. After all decisions are made we will randomly select one of the five decision sheets and use only that one decision sheet to determine payments. It makes good sense, therefore, to make each decision as if it will actually be carried out.

We are going to start the random draw of the private number. One by one, each decision maker will come to the front of the room, carrying the envelope containing the blank decision sheets. There, s/he will pick a chit and a number from 1 to 10 will come up. The number on the chit will be his/her *private number*. To make sure s/he does not forget this number, s/he will write it on each decision sheet before returning to his/her station. *No one else will see this number.*

At the end, we will publish the result as described above to each participant of each group, that is, all the decision-making partners in Section A of this room and all the recipients in Section A in the other room will see the results (see the example of Result Sheet).

Instructions (Treatment 1)

GROUP NUMBER: _____

Welcome

Welcome! Thank you for taking the time to come today. [Introduce PB, SM, and the assistants.] You can ask any of us questions during today's programme.

Thank you again for participating. For agreeing to do so you will automatically be given Rs 300 as a 'thank you' payment. Anything else you earn today will be in addition to this.

Your Group Number

Your name will never be recorded in this study, or revealed to anyone. In particular, the researchers will not have any access to your identity (if you have given your name, address, etc. to your local

surveyor, this information will remain with them). Instead, you will be known by your *group number*. You have drawn this number randomly when you entered the room (also, the number is shown above).

Your Partner

You will be paired with another person in the room today. We will call this person your *partner*. The decisions made today will concern how much money you and your partner earn.

Before we tell you about the decisions, we will take a minute to introduce you to your partner. You and your partner have the same group number, but are sitting on opposite sides of the room.

We will start at the front of the room. We will first ask the two in Group Number 1 to stand and face each other. Then, each should say 'hello' to their partner (or wave their hands to each other). We will then ask Group Number 2 to do the same, and will repeat this for all groups.

Your Task

Your group has been given Rs 1,000 to divide between the two of you. Although you and your partner are in the same group, only one of you will have responsibility for deciding how to divide the Rs 1,000.

Even though only one of you makes decisions, it is very important for everyone to understand how decisions will be made, so please pay attention to all of the instructions.

Decision-making Partner

We will randomly select one person from each pair as the decision-making partner (or D). We will ask each person on the right/left side of the room to pick a chit from an urn. In each chit, either D or R (recipient partner) is written. If you pick D, then you will make the decision of how to allocate Rs 1,000 between you and your partner. We will explain below the procedure for choosing your decision.

Private Number

Each D should come to the front desk one by one. Each of you will pick a chit randomly from an urn containing 10 chits; each chit has a number between 1 and 10. We call it 'private number' as it is private and confidential. Only a D can see his/her private number, no one else (not even the experimenter) can. Please write the number on your decision sheet in private and do not show this to anybody in the room.

Then, one of the following two things will happen.

EITHER ...

We will let the decision-making partner choose a division of the Rs 1,000 by filling in a line such as the following (see the example of Decision Sheet):

'Distribute Rs 1,000: I allocate _____ to myself and _____ to my partner.'

Notice that the amounts in the two blank spaces must sum to Rs 1,000.

No one here will see what this person writes, not even his/ her partner.

In 2 out of 10 cases, the decision-making partner will choose.

OR ...

We will automatically allocate Rs 1,000 to one partner and Rs 0 to the other partner. Someone in another room will flip a coin to determine which partner gets Rs 1,000 and which gets Rs 0.

In 8 out of 10 cases, the decision-making partner will be forced to choose.

At the beginning of each round, we will announce who can make the decision. For example, we may say those who have private numbers 3 and 8 will choose the distribution. Others will tick the box where it shows s/he has no control over decision making.

Everyone in this room will know how the Rs 1,000 was divided between the two partners in each group. But no one, not even the experimenter, will be able to understand whether the decision-making partner made this choice or whether nature made it automatically. No one, not even the experimenter, will know what private number the deciding partner received or whether the coin-flip came up heads or tails.

Thinking about this from the point of view of the decision maker:

- If your division is Rs 1,000 for yourself and Rs 0 for your partner, no one will know whether this was your choice or our choice.
- Likewise, if your division is Rs 0 for yourself and Rs 1,000 for your partner, no one will know whether this was your choice or our choice.
- However, if you choose any other division—say Rs 50, Rs 200, Rs 500, or Rs 700 for yourself and the rest for your partner—everyone will be able to figure out that you are responsible for this choice.

Thinking about this from the point of view of the other partner:

- If you are allocated Rs 0, you will not know whether your partner made this choice or whether we made it.
- Likewise, if you are allocated Rs 1,000, you will not know whether your partner made this choice or whether we made it.
- However, if you are allocated any other amount—say Rs 50, Rs 200, Rs 500, or Rs 700—you will know that your partner is responsible for this choice.

Thinking about this from the point of view of everyone else (including the experimenter) in the room:

- If you see that a decision maker is allocated Rs 0, you will not know whether s/he made this choice or whether we made it.
- Likewise, if you see that a decision maker is allocated Rs 1,000, you will not know whether s/he made this choice or whether we made it.
- However, if any partner receives any other amount—say Rs 50, Rs 200, Rs 500, or Rs 700—you will know that the decision-making partner is responsible for this choice.

The Decision Sheets

The decision maker will receive five sheets and will need to make five different decisions. All of the decisions have the same form as the one we have just described. See the example below.

Only one of these decisions will count. After all decisions are made we will randomly select one of the five decision sheets and use only that one decision sheet to determine payments. It makes good sense, therefore, to make each decision as if it will actually be carried out.

We are going to start the random draw of the private number. One by one, each decision maker will come to the front of the room, carrying the envelope containing the blank decision sheets. There, s/he will pick a chit and a number from 1 to 10 will come up. The number on the chit will be his/her *private number*. To make sure s/he does not forget this number, s/he will write it on each decision sheet before returning to his/her station. *No one else will see this number.*

At the end, we will publish the result as described above (see the example Result Sheet).

Instructions (Treatment 2)

Same as Treatment 1. The only difference is that participants know that in each round 9 out of 10 dictators can choose their decisions.

Decision Sheet

How do you distribute Rs 1,000? A or B?

My group number is _____

My private number is _____

Round _____

A) Private numbers: 1 and 3



To me

To my partner

Or

B) Private numbers: 2, 4, 5, 6, 7, 8, 9, and 10



To me

To my partner

0

1,000

Or

1,000

0

Features of the Decision Sheet we will report to your partner:

In 2 out of 10 cases, the dictator has made the decision.

In 8 out of 10 cases, the decision has been forced.

Result Sheet

Chosen Decision Sheet: _____

Who made the allocation:

In _____ out of 10 cases, the dictator has made the decision.

In _____ out of 10 cases, the decision has been forced.

Group 1 Decision maker: Rs _____; Partner: Rs _____

Group 2 Decision maker: Rs _____; Partner: Rs _____

Group 3 Decision maker: Rs _____; Partner: Rs _____

Group 4 Decision maker: Rs _____; Partner: Rs _____

Group 5 Decision maker: Rs _____; Partner: Rs _____

Group 6 Decision maker: Rs _____; Partner: Rs _____

Group 7 Decision maker: Rs _____; Partner: Rs _____

Group 8 Decision maker: Rs _____; Partner: Rs _____

Group 9 Decision maker: Rs _____; Partner: Rs _____

Group 10 Decision maker: Rs _____; Partner: Rs _____

Appendix B

Incentivized Survey

Design of Incentivized Survey

(1) Randomly (following a similar process to that described in the recruitment/instructions section above) chosen participants (politicians and non-politicians in a village) were invited to come to a common venue. (2) After the standard protocol (e.g. explaining the survey, written consent, etc.), the experimenter distributed the incentivized survey sheet. (3) In the survey, there was a hypothetical scenario of a standard dictator game. In an anonymous setting, a dictator was randomly matched with an unknown recipient sitting in the next room. The dictator was endowed with Rs 1,000 (hypothetical) and had to decide how to distribute the endowment with the recipient (see the questionnaire). (4) Each respondent was asked to rate different combinations of 'give' ranging from 'very socially inappropriate' to 'very socially appropriate' on a quantified scale of 1 to 4. (5) Individuals were told that one question would be randomly selected and the person whose answer matched the modal response of others on that question would be rewarded with Rs 500 (approximately £5). (6) No communication was allowed. The experimenter made it clear that the survey was anonymous. (7) After completion of the survey, the experimenter collected the survey sheet from each participant and sent them to an external person waiting outside the room. The external person then identified who had won the Rs 500 reward. (8) Meanwhile, each participant answered a few questions related to their demography. (9) The participants left the room one by one and the successful participant(s) received the reward, along with the participation fee (Rs 300), outside the room from the external person.

Incentivized Survey Questionnaire

Welcome! Thank you for taking the time to come today. You can ask any of us questions during today's programme. Thank you again for participating. For agreeing to do this you will automatically be given Rs 300 as a 'thank you' payment.

We now ask you to look at the following scenario which contains a few questions that you need to answer carefully. There is no right or wrong answer.

We will randomly pick the answer to one question. If your answer to that question is the closest match to the overall response (in particular, modal response), then you will receive Rs 500 as a reward.

We ask you now to answer the following questions related to the following hypothetical scenario.

Scenario

Imagine that two persons A and B participate in a research study. They sit in two separate rooms. They are paired randomly; they do not know each other before, they do not meet each other in the study, and they will not meet each other in the future. In the study, A will make a choice, the experimenter will record this choice, and then both individuals will be informed of the choice and paid money based on the choice made by person A as well as a fixed participation fee. Suppose that neither individual will receive any other money for participating in the experiment. The study is anonymous.

Imagine that each pair receives Rs 1,000. Person A then has an opportunity to give any amount of his/her Rs 1,000 to person B. A keeps for him/herself the amount s/he has not transferred to B. B has no decision to make. In this scenario:

A's earnings = Rs 1,000 minus the amount transferred to B.

B's earnings = the amount transferred by A.

This choice will determine how much money each will receive, privately and in cash, at the end of the study.

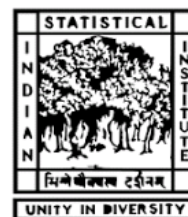
The table below shows a list of the possible choices available to person A. For each of the choices, please indicate whether you believe choosing that option is 'very socially inappropriate', 'somewhat socially inappropriate', 'somewhat socially appropriate', or 'very socially appropriate'. Please tick inside one box for each row.

Person A's choice	Very socially inappropriate	Somewhat socially inappropriate	Somewhat socially appropriate	Very socially appropriate
Give Rs 0 to Participant B (Person A gets Rs 1,000, Person B gets Rs 0)				
Give Rs 100 to Participant B (Person A gets Rs 900, Person B gets Rs 100)				
Give Rs 200 to Participant B (Person A gets Rs 800, Person B gets Rs 200)				
Give Rs 300 to Participant B (Person A gets Rs 700, Person B gets Rs 300)				
Give Rs 400 to Participant B (Person A gets Rs 600, Person B gets Rs 400)				
Give Rs 500 to Participant B (Person A gets Rs 500, Person B gets Rs 500)				
Give Rs 600 to Participant B (Person A gets Rs 400, Person B gets Rs 600)				
Give Rs 700 to Participant B (Person A gets Rs 300, Person B gets Rs 700)				
Give Rs 800 to Participant B (Person A gets Rs 200, Person B gets Rs 800)				
Give Rs 900 to Participant B (Person A gets Rs 100, Person B gets Rs 900)				
Give Rs 1000 to Participant B (Person A gets Rs 0, Person B gets Rs 1,000)				

Additional Information

1. Male (____) Female (____)
2. Age: _____ years
3. Household main occupation (coded): _____
4. What is your main occupation, if any (coded): _____
5. What *jati* do you belong to? _____
6. Religion: Hindu (____) Muslim (____) Other (____)
7. How many years of education have you completed? _____ years
If you have an educational degree, which is the highest degree? _____
8. How much did your household earn in the last year? _____ (approximate, in INR)
9. Are you presently an elected representative in your *gram panchayat*?
YES NO
 - a) In what position? _____
 - b) Is this a reserved seat?
YES NO If YES, which reservation category _____
 - c) Is this your first period as an elected representative?
YES NO If YES, how many periods have you served? _____
10. Has any other member of your household or near family been a *gram panchayat* representative?
YES NO
11. If a current representative, are you planning to stand for the next election?
YES NO

Appendix C



Invitation Letter

Name:

Address:

Respected Sir/Madam,

Indian Statistical Institute (ISI) and Manchester University (MU), in order to understand the perception of people at various layers of society regarding rural development, has selected some villages in the state of West Bengal based on a public lottery. To facilitate such a research study, meetings have been planned at the nearest Community Hall or Gram Panchayat office (GP) of the respective villages very soon. We are happy to inform you that your name has been selected based on a random draw. Your participation in this study is completely voluntary at any stage and would be deeply appreciated.

The villagers who agree to participate in the study will receive a token honorarium of Rs 300 as a mark of gratitude. In addition, there is a scope to earn up to Rs 1,000 in a single day depending upon performance of the participant. A certificate of participation will also be issued by Manchester University and ISI as recognition of your valued presence. The study will take place during December 2016 to March 2017 for one day in each and every selected GP for a 2-hour (approx.) duration. For the convenience of travel, pick-up and drop facilities from convenient locations will be arranged for you. A refreshment packet will be provided to all the participants after the end of each session.

You will not be asked any sensitive question in the sessions. An interesting game will be conducted in each session with you as a participant. The researchers will explain to you clearly the rules of the game. The final result of the game and the data collected in the course of time will be kept confidential and will be used for research purposes only. As an additional precaution, your name and identity will not be disclosed to any one before, during, and after any of the sessions. The professors associated with this work are Sandip Mitra (ISI), Prasenjit Banerjee (MU), Vegard Iversen (MU), Antonio Nicolò (MU), and Kunal Sen (MU).

We firmly believe that you will give your consent to be a part of this interesting study and you will enjoy working with academicians of internationally reputed research organisations. Please do not hesitate to contact me if you have any questions.

Regards,

(Sandip Mitra)

Co-PI (MU-ISI Project), Contact no.: +91-9830194031

Consent Form

Respected Sir/Madam,

Please fill up the relevant places if you agree to participate in the research study as a subject.

I have read the invitation letter and have got adequate chance to discuss the study to be undertaken and the roles to be performed by me.(yes/no)

I understand that my participation in the research is purely voluntary and I can refrain from participation at any stage without stating any reason and causing any harm to myself.(yes/no)

I am convinced that the information provided by me and my identity will be kept completely secret.(yes/no)

I hereby give my consent to be a part of the study.

.....

(Name of Participant)

.....

(Signature)

.....

(Date)

.....

(Name of the Researcher-in-Charge)

.....

(Signature)

.....

(Date)