Abstract

Experimental economics has provided evidence for fairness concerns, but their relative strength and even their stability is still under debate. We reconcile the seemingly inconsistent results by presenting a theory of marginal fairness concerns. The key assumption is that fairness concerns are stable across various decision situations, but individuals care only marginally about other individuals' payoffs. This produces inequitable outcomes when the decision situation is 'unfair' but equitable outcomes when the structure itself is 'fair'. An experimental horse race with competing theories of pure selfishness, pure fairness, and power-/need-based norms, applied across a range of (a)symmetric and (in)transitive experimental decision settings, supports our theory: 80% of the subjects in our experiment appear to be at most marginally fairness concerned.