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On blame and reciprocity: Theory and experiments ☆

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Abstract

The theory of reciprocity is predicated on the assumption that people are willing to reward kind acts and to punish unkind ones. This assumption raises the question of what *kindness* is. In this paper, we offer a novel definition of kindness based on a notion of blame. This notion states that for player j to judge whether or not player i is kind to him, player j has to put himself in the position of player i, and ask if he would act in a manner that is worse than what he believes player i does. If player j would act in a worse manner than player i, then we say that player j does not blame player i. If, however, player j would be nicer than player i, then we say that player j blames player i. We believe this notion is a natural, intuitive and empirically functional way to explain the motives of people engaging in reciprocal behavior. After

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developing the conceptual framework, we test this concept by using data from two laboratory experiments and find significant support for the theory.
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1. Introduction

Recent years have witnessed a growing literature on the theory of reciprocity. Founded on the seminal work of Rabin (1993) (henceforth Rabin)—further extended by Falk and Fischbacher (2006), Dufwenberg and Kirchsteiger (2004), and other scholars—the theory of reciprocity is predicated on the assumption that people are willing to reward kind acts and to punish unkind ones.[1] This approach raises the question of how to define *kindness*. In this paper, we offer a novel definition of kindness based on a notion of blame.

Put most simply, the notion of blame states that for player j to judge whether or not player i is kind to him, player j has to put himself in the position of player i, and ask if he would act in a manner that is worse than what he believes player i does. If player j would act in a worse manner than player i, then we say that player j does not blame player i for his behavior. If, however, player j would be nicer than player i, then we say that "player j blames player i" for his actions—i.e. player i's actions are blameworthy.

This way of viewing kindness is distinctly different from other theories in a number of ways. Following the criteria that were discussed in Schotter (1990), our approach leads to an endogenous, context-dependent, and process-oriented theory. It is endogenous because players judge the actions of others by their own standards, and not by some exogenous standards imposed by the analyst. In addition, our approach allows the standards people use to judge the actions of others to differ from person to person depending on their personal norms. This is crucial, as actions that bother one person may not bother other people at all, or those actions that strike some people as being fair may be very upsetting to others. Consequently, this feature differentiates our theory from the theories that impose an exogenous norm in order to determine what is considered kind. In the current framework, blame is self-referential: It only matters what you would have done in your opponent's situation and not how the actions of others are compared to some exogenous norm.

Another important feature of our approach is that the theory is sensitive to the institutional setting. For instance, actions that are blame-free in a prison may certainly be blameworthy in civilian life. One cannot judge other people's behavior in isolation—we need to know the context they are in. This is fundamentally different than the existing theories, which assume that players' preferences are independent of the context. For example, in a leading paper Levine (1998) (henceforth Levine) takes this approach to analyze experimental evidence in ultimatum, centipede, and public goods experiments. Gul and Pesendorfer (2011) lay the foundations of interdependence between behavioral types, independent of the environment that decision-makers interact.

[1] For a comprehensive survey on reciprocity see Sobel (2005).

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