

Do Minorities Misrepresent Their Ethnicity to Avoid Discrimination?*

Nikoloz Kudashvili and Philipp Lergetporer[†]

October 6, 2019

Abstract

Discrimination against minorities is pervasive in many societies, but little is known about strategies minorities may apply to minimize discrimination. In our trust game with 758 high-school students in the country of Georgia, ethnic Georgian trustors discriminate against the ethnic Armenian minority group. We introduce an initial signaling stage to investigate Armenians' willingness to hide their ethnicity to avoid expected discrimination. 43 percent of Armenian trustees untruthfully signal that they have a Georgian name. Signaling behavior is driven by expected transfers and non-pecuniary motives. This strategic misrepresentation of ethnicity increases Georgian trustors' expected back transfers and eliminates their discriminatory behavior.

Keywords: discrimination, trust game, experiment, signaling, adolescents

JEL classification: C91, C93, D83, J15, D90

* We would like to thank Michal Bauer, Randall Filer, Zareh Asatryan, Vojtech Bartos, Leonardo Bursztyn, Luigi Butera, Alexander Cappelen, Glenn Dutcher, Uri Gneezy, Daniel Hamermesh, Štěpán Jurajda, Andreas Menzel, Nikolas Mittag, Fatemeh Momeni, Will Pyle, Matthias Sutter, Gega Todua, Jan Zapal and seminar participants at the Ifo Institute, CERGE-EI, the Economic Science Association meeting in Berlin, the IAREP-SABE meeting in Dublin, and the Nordic Conference on Behavioral and Experimental Economics in Kiel for very helpful comments. This study was supported by Charles University in Prague, GAUK project No. 552217. Nikoloz Kudashvili acknowledges support from the Czech Science Foundation Grant 17-13869S. Both authors thank the University of Chicago for its hospitality during their research stays, where this project was initiated. Philipp Lergetporer gratefully acknowledges financial support from the Fritz Thyssen Foundation. The experiment was pre-registered in the AEA RCT Registry as trial 2522, <https://www.socialscienceregistry.org/trials/2522>.

CERGE-EI, a joint workplace of Charles University and the Economics Institute of the Czech Academy of Sciences, Politických veznu 7, P.O. Box 882, 111 21 Prague 1, Czech Republic.

[†] Nikoloz Kudashvili: CERGE-EI, Charles University Prague; nikoloz.kudashvili@cerge-ei.cz.

Philipp Lergetporer: ifo Institute at the University of Munich; CESifo; lergetporer@ifo.de.