The Effects of Scarcity on Cheating and In-Group Favoritism*

Billur Aksoy† Marco A. Palma‡

May 3, 2019

Abstract

We study the impact of scarcity on cheating and in-group favoritism using a two-stage lab-in-the-field experiment with low-income coffee farmers in a small, isolated village in Guatemala. During the coffee harvesting months, farmers in this village experience a significant income boost from selling their coffee beans. However, during the non-harvesting months, they experience a substantial decline in income, inducing a pronounced state of scarcity, while other factors remain similar. Using this distinctive variance in income, we first conduct our experiment before the coffee harvest (*Scarcity* period). We then repeat the experiment—with the same group of subjects—during the harvest season (*Abundance* period). First, using the Fischbacher and Föllmi-Heusi (2013) die-roll paradigm, we find that subjects cheat at high levels in both periods when they are the beneficiaries of the cheating. Scarcity does not impact this cheating behavior. Secondly, using subjects' natural village identity, we find significant in-group favoritism for cheating in the Abundance period, which disappears during the Scarcity period. Finally, using a dictator game, we show that this finding holds even when the cost of favoring an in-group member is monetary rather than moral.

Keywords: dishonesty, lab-in-the-field experiment, pro-social cheating, scarcity, social identity.

JEL Classifications: C93, D63, D64.

Funding: This project was funded by a grant from the College of Agriculture and Life Sciences, Texas A&M University. The funding source had no involvement in this study.

*We would like to thank Alex Brown, Catherine Eckel, Michelle Segovia, Natalia Valdez, Taya Brown, Daniel Dubon, Juan Charuc, Wilson Ordoñez, Mario Turcios, Shawna Campbell, Agne Kajackaite, Joanna Lahey, and conference participants at the 2018 Texas Experimental Association Symposium, 2018 World ESA meeting in Berlin, SABE in London. We also thank two anonymous referees for their suggestions that helped improve this paper. Declarations of interest: none.

†Department of Economics, Texas A&M University. College Station, TX 77843. E-mail: billuraksoy@tamu.edu

‡Department of Agricultural Economics, Texas A&M University. College Station, TX 77843. E-mail: mapalma@tamu.edu

"Poverty is the parent of revolution and crime." Aristotle.

1 Introduction

Over 10% of the world's population lives in extreme poverty.[1] Even in developed countries, a significant proportion of the population suffers from scarcity of resources. For example, in the United States, 41.2 million people (12.3% of the population) were food insecure in 2016, meaning they did not have enough money or other resources to buy sufficient food to meet the needs of all their household members (Coleman-Jensen et al., 2017). In addition to obvious detrimental effects—such as poor nutrition intake and health—an emerging literature proposes that living under a prolonged state of scarcity impairs decision-making (Shah et al., 2012; Mani et al., 2013; Mullainathan and Shafir, 2013; Haushofer and Fehr, 2014). Individuals living in poverty engage in suboptimal behavior, such as excessive borrowing at high interest rates (Bertrand and Morse, 2011; Dobbie and Skiba, 2013), playing lotteries (Haisley et al., 2008a,b), bad management of personal finances and low saving rates (Barr, 2012). They are also less productive at work (Kim et al., 2006), more impatient (Lawrance, 1991; Carvalho, 2010), more risk averse (Gloede et al., 2015) and have lower self-control (Banerjee and Mullainathan, 2010; Spears, 2011; Bernheim et al., 2015). In this paper, we focus on the impact of scarcity on cheating, generosity toward others, and in-group favoritism.

The notorious criminals, Al Capone to Pablo Escobar, used a lack of resources to justify initiating a lifetime of illegal activities. There is a considerable amount of literature that connects poverty and crime, although causality has not been robustly established (Ellis and McDonald, 2001; Sharkey et al., 2016). For decades, the economic environment has been recognized as a critical factor in criminal behavior (Sharkey et al., 2016). It should be noted, however, that recent literature suggests a potential genetic predisposition to antisocial behavior and crime (Joseph, 2001; Raine, 2008, 2013; Mead et al., 2009; van Gelder and de Vries, 2014). The question of whether criminal behavior is rooted in individual traits or influenced by scarcity is important to understand in order to reduce criminal behavior.

In general, economic models that study criminal behavior suggest that an individual commits a crime if the benefits outweigh the costs (i.e., potential punishments). In his seminal work, Gary Becker (1968) argues that those who engage in criminal behavior do so not because their motivations differ from those of noncriminals but because their benefits and costs differ. Although crime is more generally associated with violent felonies, the same economic rationale applies to other types of lesser misconduct, such as cheating.

[1] According to the World Bank, 766 million people live in extreme poverty with less than $1.90 per day. http://www.worldbank.org/en/publication/poverty-and-shared-prosperity

Cheating has recently received a considerable amount of interest from economists. Using incentivized games, researchers have shown that people cheat far less than standard economic theoretical predictions (e.g., Gneezy, 2005; Mazar et al., 2008; Hurkens and Kartik, 2009; Sutter, 2009; Fischbacher and Föllmi-Heusi, 2013; Jiang, 2013).[2] In these games, subjects have the opportunity to increase their own monetary payoff by cheating. However, people do not cheat maximally and exhibit an aversion to lying (Dufwenberg and Gneezy, 2000; Charness and Dufwenberg, 2006; Mazar and Ariely, 2006; Lundquist et al., 2009; Battigalli et al., 2013; Erat, 2013). Many factors impact dishonesty, including self-image (e.g., Mazar et al. 2008), anonymity of decisions (Fischbacher and Föllmi-Heusi, 2013; Gneezy et al., 2018), size of the stakes and incentives (Fischbacher and Föllmi-Heusi, 2013; Kajackaite and Gneezy, 2017; Martinelli et al., 2018; Rahwan et al., 2018), and fairness (Houser et al., 2012). Furthermore, research shows that cheating behavior in the laboratory correlates with cheating behavior in the real world (Dai et al., 2018; Gächter and Schulz, 2016; Potters and Stoop, 2016).

The primary goal of this paper is to study the extent to which scarcity—in the form of a substantial reduction in available resources—impacts cheating behavior. We investigate this by implementing a two-stage lab-in-the-field experiment with poor coffee farmers from a small and relatively closed community in Guatemala. The geographical location and sample population of the experiment were carefully selected. Our subjects derive their income almost exclusively from harvesting coffee beans. As such, a sharp decline in their income during non-harvesting months provides a natural variation in scarcity levels while other observables remain similar. We conducted our experiment in two stages using this distinctive variance in income. The first stage took place before the coffee harvest started (*Scarcity* period). We then repeated the same experiments, with the same group of subjects, at the peak of the coffee harvest season (relative *Abundance* period).[3]

We study differences in cheating behavior between the Scarcity and Abundance periods by using the die-roll game (Fischbacher and Föllmi-Heusi, 2013). Similar to the die-under-cup paradigm (Shalvi et al., 2011), we place a fair six-sided die in a cup with a closed lid. Subjects

[2]Rosenbaum et al. (2014), Abeler et al. (2016), Capraro (2018), and Jacobsen et al. (2018) provide a more comprehensive literature review.

[3]The residents of the village derive most of their yearly income from seasonal coffee harvest. This suggests that subjects experience a financially worse situation in Scarcity relative to the Abundance period. Furthermore, coffee is a perennial crop continuously harvested and sold weekly or biweekly. As such, the coffee harvest provides steady income during the harvest season. Additionally, the village is relatively isolated. With limited transportation options, subjects' mobility for the purposes of procuring outside income is impaired. All of these factors imply that available resources are indeed scarce during the Scarcity period relative to the Abundance period. Meanwhile, other factors such as stress level, number of recent celebratory events attended, interactions with others outside of the village, level of physical activity, and so on remain similar. This is elaborated in section 3.1.

roll the six-sided die by shaking the cup and are asked to report the outcome to determine their earnings. The experiment is designed such that it is not possible to detect cheating behavior at the individual level; thus, no retribution can be pursued, and the monetary cost of cheating is exogenously borne by the experimenters. Thus, if individual characteristics are the main driving force behind cheating, there should be no significant change in the cheating behavior across periods. However, if the economic environment influences cheating behavior in a significant way, then we expect higher levels of cheating during the Scarcity period.[4]

Although standard economic theory suggests otherwise, people may also cheat to help others. A student taking an online exam or writing an essay for a friend, a person taking the blame for a minor traffic accident for a friend who does not have insurance, or a teenager lying to his/her friend's parents to help with his/her cover up story could be examples of such behavior. The motives behind this kind of dishonesty may be due to generosity or could be driven by past or expected reciprocity. In this paper, we also study the impact of scarcity on cheating for others by using the same die-roll game. By keeping the identities of the beneficiaries anonymous, we minimize the probability of reciprocity being the driving force behind the results. In our environment, the cost of helping others by cheating is moral. Using a dictator game, we also examine how scarcity impacts generosity toward others when the cost of helping others is monetary rather than moral.

According to the social identity theory (Tajfel and Turner, 1979), individuals place themselves and others into groups, such as female, Caucasian, American, economist, poor, and so on. People also show favoritism (i.e., bias or preferential treatment) toward others within their group. This is called in-group favoritism (or in-group bias). In-group favoritism has been studied in psychology and economics literature mainly by using people's natural identities (e.g., Klor and Shayo 2010; Ockenfels and Werner 2014; Cadsby et al. 2016) or by experimentally inducing identities (i.e., minimal group paradigm) (e.g., Eckel and Grossman 2005; Buchan et al. 2006; Chen and Li 2009; Chen and Chen 2011; Harris et al. 2015). In this paper, we use the subjects' natural village identities to study how scarcity impacts in-group favoritism in terms of cheating and generosity.

Economic research on pro-social dishonesty is fairly new (Lewis et al., 2012; Rosaz and Villeval, 2012; Gino et al., 2013; Jiang, 2014; Okeke and Godlonton, 2014; Cadsby et al., 2016; Lupoli et al., 2017; Banerjee et al., 2018; Michailidou and Rotondi, 2018; Zhao et al., 2019). Cadsby et al. (2016) ask whether people cheat for an in-group member at the expense of an out-group member and report significant cheating behavior. Similar to our study, Banerjee et al. (2018) and Michailidou and Rotondi (2018) study in-group favoritism in the absence

[4]This is true under the assumption that repetition does not impact behavior. Please see footnote 8 for more information.

of an externality to an out-group member (i.e., the cost of favoring an in-group member is entirely borne by the experimenters). Different from these studies, we compare in-group favoritism in cheating across Scarcity and Abundance periods.

We contribute to the literature by studying how scarcity impacts dishonesty and in-group favoritism in terms of cheating using a lab-in-the-field experiment.[5] Our results show that subjects cheat the most for themselves and that this cheating behavior is not impacted by scarcity. We find evidence that subjects also cheat for the in-group member (although less) and that this cheating is not impacted by scarcity either. Subjects do not cheat for the out-group member in the Abundance period which suggests that subjects favor their in-group members by cheating more for them in the Abundance period. However, this in-group favoritism disappears in the Scarcity period. Although scarcity does not impact the cheating behavior for oneself and for the in-group member, it significantly increases cheating for the out-group member. In the Scarcity period, subjects cheat for the out-group member just as much as they do for the in-group member.

We also contribute to the literature by studying the impact of scarcity on in-group favoritism in terms of generosity. In our cheating game, the cost of favoring an in-group member is moral. We investigate the effects of scarcity on in-group favoritism when the cost of the preferential treatment is monetary. We do this by using a dictator game where the recipient is either an in-group member or an out-group member. In line with recent research (e.g., Ben-Ner et al. 2009; Whitt and Wilson 2007; Chen and Li 2009; Chen and Chen 2011; Balliet et al. 2014), we also find in-group favoritism, but only in the Abundance period. While subjects send significantly more money to the in-group member in the Abundance period, the difference vanishes during the Scarcity period. In the Scarcity period, subjects are significantly more generous toward the out-group member which abolishes the in-group favoritism.

Earlier papers studying the correlation between scarcity and other-regarding preferences have mixed findings (e.g., Piff et al. 2010; Haushofer and Fehr 2014; Andreoni et al. 2017). Bartos (2016) exploits a shock in income similar to ours during an agricultural harvest season, and he finds that the amount sent to an in-group member in a dictator game remained unchanged during scarcity and abundance periods. This is in line with our findings. We contribute to this literature strand by studying the *causal* impact of scarcity on other-regarding preferences as well as in-group favoritism.

The rest of the paper is organized as follows. Section 2 first presents the selection and

[5]While we were in the process of writing this paper, we became aware of a working paper, Boonmanunt et al. (2018), that studies poverty, social norms, and cheating. Their experiments were conducted around the same time as ours; however, they focus on the impact of social norms on cheating and how this changes due to poverty.

recruitment procedures, then the details of the experimental design. Section 3 presents the results. We conclude with a short discussion in Section 4.

2 Experimental Design and Procedures

2.1 Selection of Participants and Recruitment Procedure

The experiment was conducted in a small and relatively isolated village in Guatemala. The village is home to about 190 families whose main source of income is derived from harvesting coffee beans. Coffee is a perennial crop that is continuously harvested and sold during a period of five to six months (depending on the amount of rain and general climate conditions). In this part of Guatemala, harvesting normally occurs between late September and early March. A few studies have used agricultural harvest to separate scarce and abundant periods (e.g., Bartos 2016; Mani et al. 2013; Boonmanunt et al. 2018). However, they use annual crops (such as sugar cane and rice), which means there is a one-time harvest and a single lump sum payment for the agricultural products. In our case, our subjects sell their coffee beans to their local cooperative and receive steady weekly or bi-weekly payments during the five to six months long harvest season.

The selection of coffee farmers in this isolated community is crucial for identification purposes. During the non-harvesting months, subjects live mainly on accumulated savings made during the harvest season. During this time, they also work on subsistence crops planted for self-consumption and the maintenance of the coffee plants such as pruning, weeding, and fertilizing. This is mostly a self-sustaining community. The closest settlement is about 45 minutes away by car. However, villagers have limited transportation options since most of them do not own motor vehicles. Thus, their mobility for the purposes of procuring outside income is severely impaired. About 95% of our subjects derive the majority of their income from harvesting coffee, and their interaction with people outside of their village is fairly constant across harvesting and non-harvesting months. All of these factors provide an ideal environment to study our research questions.

We employed five local assistants from the vicinity to help recruit subjects to our study. During the recruiting process, the assistants informed potential subjects that the study consisted of economic decision-making and that they would be compensated with 20Q (Quetzales, about $3) for their participation. Prospective subjects were also informed that they would have the opportunity to earn more money based on their decisions, the decisions of others, and luck. However, they were not provided with any details about the experimental procedures. Although Spanish is the most commonly used language in Guatemala, peo-

ple in the rural areas also speak other languages such as K'iche' and Kaqchiquel. Thus, we instructed our study assistants to only recruit people who could understand and speak Spanish. The assistants were also instructed to recruit people who were at least numerate.

Our decision sheets, script, and experimental procedures were prepared so that people with low education levels could understand all parts of the experiment. Our decision sheets included visual illustrations and were prepared based on de Oliveira et al. (2012, 2016).[6] We used large, poster-size laminated copies of each page in the booklets. While one of the experimenters was reading the instructions from a script, an assistant illustrated examples and instructions on the large laminated copies using a dry erase marker. This helped the subjects become familiar with each page in the booklet and ensured that all subjects understood how the game worked and where they were supposed to indicate their decisions. Other study assistants were trained regarding the experimental procedures and were available to go around and privately help subjects with any questions.

The experiment was conducted in two stages using a lab-in-the-field framework. The first stage took place in mid-September 2017, before the coffee harvest season (*Scarcity* period). The second stage took place in early December 2017, during the harvest season (*Abundance* period). In both periods, subjects played a sequence of games in the same order.[7] Because of the limitations that we faced in the field, we did not control for the potential order effects.[8] In this paper, we only use the data collected from two games: cheating games and dictator games. Below, we provide the experimental design and details of each game.

[6]The decision sheets and the script used in the experiment (in Spanish and the English translation) can be found in the online supplementary materials.

[7]This project is part of a larger study we conducted in the field. The same subjects played a sequence of games without feedback in the same order across all sessions in both periods. The games and the exact order is as follows: trust game with an in-group member (game 1), trust game with an out-group member (game 2), dictator game with an in-group member (game 3), dictator game with an out-group member (game 4), Eckel and Grossman (2002, 2008) risk elicitation task (game 5), time preference elicitation task (game 6), and finally three Fischbacher and Föllmi-Heusi (2013) cheating game treatments (games 7–9)(see Section 2.2. for details), and a survey. At the end of the experiment, one game out of the first six games was randomly chosen to be the paying game. The payment details for cheating games 7–9 are provided in Section 2.2.

[8]Our local assistants suggested September as the financially worst month and November/December as the best (this was later confirmed by our survey data). Thus, we ran the experiment in mid-September 2017 (Scarcity period) and then in early December 2017 (Abundance period). We also considered running the experiment one more time in mid-September 2018 to control for the potential order effects. However, the Fuego volcano, which is located within a 10-miles radius of the village, erupted in June 2018. It was recorded as one of the most severe volcano eruptions in Guatemala in the last 45 years. Since natural disasters are shown to impact economic preferences (e.g., Eckel et al., 2009), we decided not to repeat the experiment. Some studies show that playing the cheating game in a repeated setting may impact cheating behavior (e.g., Shalvi et al. 2011; Effron et al. 2015; Schitter et al. 2018). On the other hand, in their meta analysis, Abeler et al. (2016) show that playing the cheating game repeatedly does not significantly change cheating behavior. We acknowledge this as a limitation of our study.

2.2 Cheating Game

We used the Fischbacher and Föllmi-Heusi (2013) die-roll paradigm. In this game, subjects are provided with an opaque cup with a closed lid containing a fair six-sided die (similar to the Shalvi et al. (2011) die-under-cup game). The cup is designed to ensure privacy. The only person who can see the die (and the number rolled) inside the cup is the person holding it. This process guarantees that not even the experimenters would know the actual number rolled. Subjects are instructed to shake the cup (thus roll the six-sided die) twice, but to report only the outcome of the *first* shake. The number reported determines the payment for completing a survey. Table 1 reports the payment scheme used in this game.

We have a 3x2 within-subjects design: 1) Cheating for self (CheatingSelf), 2) Cheating for an in-group member (CheatingInGroup), and 3) Cheating for an out-group member (CheatingOutGroup) during 1) Abundance and 2) Scarcity periods. First, subjects played the cheating game for themselves (CheatingSelf), which determined their earnings for completing the survey at the end of the experiment. Then, they played the same game for an anonymous person from the subject's own village (AP-InGroup), which is the CheatingInGroup treatment. Finally, they participated in the CheatingOutGroup treatment and played the same game for an anonymous person from outside of their village (AP-OutGroup). Thus, the only difference among these three treatments is the identity of the beneficiary. The cheating games were played at the end of the experiment and were used to determine the payments for completing the survey, similar to Fischbacher and Föllmi-Heusi (2013).

We used our subjects' naturally occurring village identity to study in-group favoritism. Prior to the experimental sessions, with the help of one of our local contacts, we randomly chose one person from the village to be the AP-InGroup. This person was discretely approached by one of the experimenters and asked to make decisions—not relevant to this paper—and to answer the same survey questions as the subjects. The AP-InGroup was informed that it was very important for his/her identity to remain strictly confidential. Hence, he/she was instructed to avoid mentioning anything about our visit to anyone. We followed the same procedure with the AP-OutGroup.

The only information we provided to the subjects about the identity of the AP-InGroup (or AP-OutGroup) was that they were someone from their own village (or another village). The real identities of the AP-InGroup and AP-OutGroup remained unknown to the subjects. We opted to use an anonymous person as the out-group member mainly for the ease of implementation, since traveling across villages is cumbersome. Thus, it was not feasible to bring together subjects from different villages. We used the same procedure for an in-group member (i.e., AP-InGroup) in order to keep the procedure consistent across treatments and to prevent contamination from other potential effects. For example, if subjects knew the

identity of the in-group member, then their behavior toward the in-group member might have been biased in unobservable ways based on their personal interaction, experience, and beliefs about this person.

Every subject was paid for their earnings in the CheatingSelf treatment. At the end of the experiment, one subject was randomly chosen, and his/her decision in the CheatingInGroup treatment determined the earnings for AP-InGroup. Similarly, another person was randomly chosen to determine the payment of the AP-OutGroup.

2.3 Dictator Game

In the dictator game, there are two players: a dictator and a recipient. The dictator is given an endowment of 30Q (about $4.2) and asked to decide how much, if any, to send to the recipient. The recipient does not have any endowment.

We employ a 2x2 within-subjects design: 1) In-group recipient (GivingInGroup) and 2) Out-group recipient (GivingOutGroup) during 1) Abundance and 2) Scarcity periods. Subjects were always the dictators, and the only difference between the GivingInGroup and GivingOutGroup treatments is the identity of the recipient. In the GivingInGroup (GivingOutGroup) treatment, the recipient is the AP-InGroup (AP-OutGroup).

As previously mentioned (see footnote 7), subjects played a total of nine games (including two dictator games and three cheating games) and were paid for their decisions in the dictator game only if one of the two dictator games was randomly selected for payment. Thus, if the GivingInGroup or GivingOutGroup treatments were randomly chosen to be the paying game, subjects' earnings were calculated according to their decisions. Furthermore, we randomly chose one subject whose decisions determined the earnings for the AP-InGroup or AP-OutGroup depending on the randomly chosen game. The APs were paid for their total earnings after we finished all the sessions.

3 Results

A total of 109 low-income coffee farmers participated in our experiment.[9] Nearly all subjects (95%) derive the majority of their income from harvesting coffee beans, with an average yearly income of 8,399 Quetzales (about 1,120USD). About 41% of subjects are female.

[9] A total of 144 subjects participated in the first stage (Scarcity period). We exclude 3 subjects from the analysis since they either did not understand Spanish or slept during the experiment. Of the remaining 141 subjects, 109 also participated in the second stage (Abundance period). Table A1 in the appendix compares observables between the 109 subjects who participated in both stages and the 32 subjects who participated in the first stage only. We do not find a systematic difference between these two groups, which suggests that self-selection is not an issue.

Additionally, 35% are 18–30 years old, 36% are 30–50 years, and the rest are older than 50. Finally, 28% have no formal education, while 63% hold either an elementary or a middle school diploma, and 9% hold a high school diploma.

In the results presented below, unless stated otherwise, the reported p-values are derived by either McNemar's χ^2 test (for binary variables) or Wilcoxon signed rank test (for non-binary variables).

3.1 Comparison of Scarcity and Abundance Periods

At the end of the experiment, subjects completed a survey. By comparing self-reported measures, we show that the difference between the Scarcity and the Abundance periods is mainly financial; other observables are mostly similar across the two periods. See Table A2 for the description of the survey measures, and Tables A3 and A4 for a more detailed comparison of these measures across periods. The survey questions are provided in the online supplementary materials.

We asked subjects to indicate whether they had experienced lack of money for various needs in the preceding month. By using an index created with answers to these questions, we find that a significantly higher proportion of subjects experienced lack of money in the Scarcity period relative to the Abundance period (p-value = 0.004).[10] While subjects reported similar financial conditions relative to others in the village (p-value = 1.000), they also indicated a worse state of finances (p-value < 0.001) in the Scarcity period. This means that our subjects experienced harsher financial conditions in the Scarcity period. Additionally, they reported that everyone else in the village were also experiencing similar a financial situation. On the other hand, the proportion of subjects taking a credit/loan in the preceding six months is not significantly different (p-value = 0.134). It is important to note that farmers' access to credit is limited. Furthermore, there is no statistical difference in the frequency of celebratory events attended/organized (p-value = 0.414), and subjects reported similar stress levels (p-value = 0.525) across the two periods. Finally, consistent with the findings of Carvalho et al. (2016), subjects' risk preferences—measured by an incentivized gamble (Eckel and Grossman, 2002, 2008)—did not change significantly across periods (p-value = 0.531).

In summary, these findings suggest that subjects experienced more financial challenges and hardship during the Scarcity period. However, other observables did not significantly differ across the two periods.

[10]This index is created by summing the responses to four questions regarding lacking money in the preceding month for the following: food, basic expenses (non-food), medical expenses, and farm.

3.2 Cheating Game Findings

Similar to other studies using the Fischbacher and Föllmi-Heusi (2013) protocol, our analysis in this section relies on the assumption that subjects do not cheat to decrease earnings. We assume that subjects are willing to bear the moral cost of cheating only if it helps increase earnings. Given that we did not observe the realized outcomes, we cannot test how accurate this assumption is. This is a disadvantage of using the Fischbacher and Föllmi-Heusi (2013) cheating game. Thus, we study the evidence of cheating *on aggregate* in an effort to increase earnings.

Table 2 provides detailed information about the data collected in the cheating game treatments. Columns 4-9 report the frequency of each number reported across all treatments and periods.[11] A visual comparison of these distributions can be found on Figure A1 in the appendix. First, we compare the distribution of reported numbers in each treatment to a uniform distribution and report the p-values in the third column. Next, we compare the expected probability of each number occurring (16.7%) to the reported frequencies by using a one-sided binomial test. The resulting p-values are indicated with stars in each cell. Finally in the last column, we report the average number reported in each treatment and period.[12]

Additionally, similar to Wang et al. (2017), we also examine cheating behavior as the high-paying numbers (3, 4, and 5) being reported more often than the random occurrence of 50%. In other words, if the subjects are honest and report the observed outcome, then on expectation, the high payoffs should occur half of the time. Thus, reporting high payoffs more often than 50% represents evidence of cheating on average in order to increase earnings. Figure 1 shows the frequencies of high payoffs reported across all treatments and periods.

Result 1: In the Abundance period, subjects cheat for themselves and for the in-group member, but not for the out-group member.

First, we compare the distributions of reported numbers in each treatment to a uniform distribution (see p-values in the third column of Table 2). The distribution of numbers reported is not significantly different from a uniform distribution only in the CheatingOut-Group treatment in the Abundance period. We also compare the average number reported in each treatment (column 10 of Table 2) to 2.5 which is the expected number reported. In the Abundance period, the average number reported is significantly different from 2.5

[11] We conducted a simulation analysis to assess the randomness of the sample with 109 subjects. The procedure randomly draws numbers between 1 and 6 (i.e., a virtual die roll) for 109 observations and tests whether the simulated sample differs from a categorical random uniform distribution. When we repeated the procedure 1,000 times and with 109 subjects, we found that our sample size provides a statistically valid random uniform distribution (p-value = 0.046). The details of the simulation procedure are available in the appendix.

[12] The expected number reported is 2.5 since six is coded as zero.

in the CheatingSelf and CheatingInGroup treatments, but not in the CheatingOutGroup treatment. We also find supporting evidence for Result 1 when we compare the high payoffs reported across treatments. Figure 1 shows that, in the Abundance period, high payoffs are reported significantly more often than what random chance would predict in both CheatingSelf (89%) and CheatingInGroup (73%) treatments (one-sided binomial probability test p-value < 0.001 for both). Moreover, the high payoffs are not reported significantly more than half of the time in CheatingOutGroup (53%) treatment (p-value $= 0.283$). Thus, we find evidence of cheating in the CheatingSelf and CheatingInGroup treatments, but not in the CheatingOutGroup treatment during the Abundance period.[13]

There is also evidence that subjects, on average, cheat more for themselves compared to the in-group member. The average number reported in CheatingSelf is 4.15 which is significantly higher than the average number reported in CheatingInGroup (3.39) (p-value < 0.001). Looking at Figure 1, we see that the proportion of times that subjects report high payoffs is significantly different in the CheatingSelf treatment (89%) compared to the CheatingInGroup treatment (73%) (p-value $= 0.003$).

Additionally, we find evidence that subjects cheat more for the in-group member compared to the out-group member in the Abundance period. Comparing the average numbers reported across treatments, we find evidence of in-group favoritism which is defined as showing bias (or preferential treatment) toward others in the individuals' own group (i.e., people from their own village). The average number reported in the CheatingInGroup treatment (3.39) is significantly higher than the one reported in the CheatingOutGroup treatment (2.72) (p-value < 0.001). This in-group favoritism is also evident in Figure 1. Subjects favor the in-group member in the Abundance period by reporting high payoffs significantly more often for them (73%) than for the out-group member (53%) (p-value $= 0.001$). Subjects behave more favorably toward an anonymous person from their own village relative to an anonymous person from another village. This finding in the Abundance period is in line with the social identity theory (Tajfel and Turner, 1979).

Result 2: In the Scarcity period, subjects cheat for themselves, for the in-group member as well as the out-group member. Moreover, they cheat at similar rates for the in-group and the out-group members.

Comparing the distributions of reported numbers in each treatment to a uniform distribution (see p-values in the third column of Table 2), we see that there is evidence of cheating

[13] Although our research questions (thus the experimental design) are different, Cadsby et al. (2016) also found that people cheat not only for themselves but also for an in-group member. However, it is important to note that Cadsby et al. (2016) conducted their study in a lab and did not investigate the role of scarcity. While their environment could be more analogous to our Abundance period, we need to be cautious about making a one-to-one comparison of our findings to theirs (or those of other similar papers).

in all treatments in the Scarcity period. We also find similar evidence when we compare the average numbers reported in each treatment (column 10 of Table 2) to 2.5. The average numbers reported are significantly different than 2.5 in all treatments. Additionally, as seen in Figure 1, high payoffs are reported significantly more often than random chance in all treatments.[14]

Similar to the Abundance period, we find evidence that subjects cheat more for themselves compared to the in-group member. The average number reported in CheatingSelf is 4.07 which is significantly higher than the average number reported in CheatingInGroup (3.27) (p-value < 0.001). Figure 1, shows that the proportion of subjects that report high payoffs is significantly different in the CheatingSelf treatment (86%) compared to the CheatingInGroup treatment (75%) (p-value $= 0.052$).

Different from the findings in the Abundance period, we find evidence that subjects cheat at similar levels in the CheatingInGroup and the CheatingOutGroup treatments. The in-group favoritism observed in the Abundance period goes away in the Scarcity period. The average numbers reported for the CheatingInGroup and the CheatingOutGroup treatments are 3.27 and 3.06 respectively and the difference is not statistically significant (p-value $=$ 0.3899). This finding is consistent when we compare the proportion of times high payoffs are reported in each treatment. This can be seen in Figure 1. Subjects report high payoffs for the in-group member (75%) at similar rates as for the out-group member (69%) (p-value $= 0.250$). Thus, we do not find an in-group favoritism in terms of cheating in the Scarcity period. Scarcity sweeps away in-group favoritism.

Result 3: Scarcity does not impact cheating behavior for oneself or for the in-group member, but it increases cheating behavior for the out-group member.

Scarcity does not impact cheating for oneself or for the in-group member. The average numbers reported in the CheatingSelf and the CheatingInGroup treatments are 4.15 and 3.39 in the Abundance period, and 4.07 and 3.27 in the Scarcity period respectively. These average numbers reported are different from 2.5 in all treatments. Furthermore, the differences between the Scarcity and the Abundance periods are not significant for neither CheatingSelf (p-value $= 0.549$) nor CheatingInGroup (p-value $= 0.464$) treatments. This finding is consistent when we compare the proportion of subjects that report high payoffs in each treatment. This can be seen in Figure 1. Subjects' cheating behavior for themselves is not statistically different across the two periods (89% vs. 86%) (p-value $= 0.532$).[15] Additionally, we also

[14]High payoffs are reported 86%, 75%, and 69% of the time in the CheatingSelf, CheatingInGroup, and CheatingOutGroup treatments respectively. Using a one-sided binomial probability test we find that they are all different than 50% (p-values < 0.001 for all).

[15]This finding is line with Boonmanunt et al. (2018). In their experiment, when subjects were not reminded of social norms, their cheating behavior was not impacted by poverty.

find that cheating behavior in the CheatingInGroup treatment is not different across the two periods (73% vs. 75%) (p-value = 0.724). Although subjects cheat less for the in-group member than for themselves, this behavior is not different across periods, implying that scarcity does not affect the subjects' cheating behavior for themselves or for the in-group member.

On the other hand, there is evidence that scarcity impacts cheating behavior for the out-group member. Although, the average number reported in the CheatingOutGroup treatment in the Abundance period (2.72) is not significantly different than 2.5, it is significantly different in the Scarcity period (3.06). However, the difference between the periods is not statistically significant (p-value = 0.266). Moreover, subjects report high payoffs significantly more often in the Scarcity period (69%) compared to the Abundance period (53%) (p-value = 0.003). These findings imply that in-group favoritism disappears in the Scarcity period not because cheating for the in-group member decreases, but because subjects cheat for the out-group member at a similar rate as they do for the in-group member. This suggests that scarcity may be producing a general empathy toward out-group members. We explore this issue further using a dictator game in the following section.

As a robustness check, we employ a recently developed empirical method to estimate the expected mean and confidence intervals of cheating when subjects privately observe the outcome of a die roll or other random devices and can dishonestly report the outcome. The method was developed by Garbarino et al. (2018) and it estimates the proportion of dishonest subjects using a weighted average of the estimated proportion of dishonest subjects for any possible realization of the actual proportion of subjects who observe the high paying outcome (i.e., 3–5 in our case).[16] Table 3 presents the estimated results for the expected values of cheating and the lower bound and upper bound confidence intervals at the 95% and 99% levels by period and treatment.

We reject the hypotheses that all subjects were honest at both 95% and 99% confidence intervals in all treatments except the CheatingOutGroup treatment in the Abundance period. The mean cheating proportion for self is 77.77% in Abundance and 71.96% in Scarcity. For the in-group member, the expected percentage of subjects cheating is 46.29% in Abundance and 49.52% in Scarcity. The largest discrepancy in the proportion of subjects cheating occurs for the out-group member. The expected percentage of subjects cheating is 9.32% in the Abundance period and 36.44% in the Scarcity period.

Notably, the only cell in Table 3 that contains 0% in the estimated confidence interval is the CheatingOutGroup treatment in the Abundance period. In the Abundance period, at

[16]Please see Garbarino et al. (2018) for details about the procedure. A user interface to calculate the distribution of cheating is provided at `http://lyingcalculator.gate.cnrs.fr`.

the 95% confidence interval, we see that at least 73.19%, 35.20%, 0%, and at most 81.61%, 55.55%, 22.48% cheated in CheatingSelf, CheatingInGroup, and CheatingOutGroup respectively. In the Scarcity period, we find that at least 66.13%, 39.04%, 23.24%, and at most 76.82%, 58.27%, 47.45% cheated in CheatingSelf, CheatingInGroup, and CheatingOutGroup respectively. The results of the lying calculator procedure of Garbarino et al. (2018) provide further support to our findings such that scarcity significantly impacts cheating behavior in the CheatingOutGroup treatment.

Finally, following Ezquerra et al. (2018), we also estimate a linear regression model where the dependent variable is the standardized reported outcome as another robustness check.[17] The regression results and the interpretation of the findings based on Ezquerra et al. (2018) procedure are presented in Tables A5, A6, and A7 in the appendix. These results provide further evidence in support of our findings.

The results presented above provide supportive evidence that subjects cheat for themselves as well as for the in-group member, and this is not impacted by scarcity. However, even in an experiment like ours, where there is no risk of being caught and punished, subjects do not cheat for others as much as they do for themselves. There are two potential explanations. First, people may be envious and prefer to earn more than others, which could also result in anti-social cheating. Although it is possible some people may be cheating by reporting a number lower than what they observe, we do not see evidence for such behavior on aggregate. Second, in line with lying aversion research (Dufwenberg and Gneezy, 2000; Charness and Dufwenberg, 2006; Mazar and Ariely, 2006; Lundquist et al., 2009; Battigalli et al., 2013; Erat, 2013), there may be non-monetary costs associated with cheating behavior. We provide a more detailed discussion of our findings in Section 4.

The cost of favoring the in-group member in the cheating game treatments are non-monetary. In the next section, we also study the impact of scarcity on in-group favoritism when the cost of this preferential treatment is monetary.

3.3 Dictator Game Findings

In this section, we study the impact of scarcity on in-group favoritism using the dictator game described in Section 2.3.

Result 4: In the Abundance period, subjects are more generous toward the in-group member relative to the out-group member.

[17]The die roll takes value between 0 and 5. Using the theoretical mean (i.e., 2.5) and the theoretical standard deviation (i.e., 1.708) of the die roll, we calculate the standardized reported outcome as follows: (Reported Number - 2.5)/1.708.

Figure 2 illustrates the average amount sent in the dictator game in each treatment across the Abundance and Scarcity periods. The amount sent in the GivingInGroup treatment (10.13Q) is significantly higher than the amount sent in the GivingOutGroup treatment (6.85Q) in the Abundance period (p-value < 0.001). This is in line with the findings in previous literature (e.g., Ben-Ner et al. 2009; Whitt and Wilson 2007; Chen and Li 2009; Chen and Chen 2011; Balliet et al. 2014). While the environment in these papers is more analogous to our Abundance period, we need to be cautious about making a one-to-one comparison of our findings to others that did not study scarcity.

Result 5: In-group favoritism fades in the Scarcity period. This change is driven by a significant increase in giving toward the out-group member.

There is no significant in-group bias in pro-social behavior during the Scarcity period. While subjects send about 10.52Q in the GivingInGroup treatment, they send 9.36Q in the GivingOutGroup treatment, and the difference is not statistically significant (p-value = 0.122). Scarcity eliminates the in-group bias in pro-social behavior.

Again, and similar to the results of the cheating game, in-group bias disappears due to an increase in giving to the out-group member rather than a decrease in giving to the in-group member. The amount sent to the out-group member during the Scarcity period (9.36Q) is statistically higher than the amount sent during the Abundance period (6.85Q) (p-value: 0.0069). Meanwhile, there is no difference in the amount sent to the in-group member between the Abundance and Scarcity periods (p-value = 0.559). The latter finding is in line with Bartos (2016), who also looked at the impact of scarcity on giving behavior in the dictator game and found that scarcity does not impact giving. In his study, the recipient was someone from the same village as the subjects. Thus, his findings can be compared to our GivingInGroup treatment findings.

Table 4 presents the results of an OLS regression on the amount sent in the dictator game. We run the regressions separately for each period. The first three columns report the Abundance period results while the last three report the Scarcity period results. The dependent variable in all columns is the amount sent in the dictator game. The reference group is the GivingInGroup treatment. Looking at the first column, we see that subjects send about 3.3Q less to the out-group member compared to the in-group member in the Abundance period. This finding holds even after we control for some observables. This result indicates that subjects exhibit an in-group bias in the dictator game by sending significantly less to the out-group member. Furthermore, this in-group favoritism goes away in the Scarcity period. The coefficient for the GivingOutGroup treatment is no longer significant. Thus, in the Scarcity period, we do not find a significant in-group favoritism in dictator giving.

Previous literature reports gender differences in dictator game type experiments. For

example, Eckel and Grossman (1998) find that women are more generous in general. Additionally, Andreoni and Vesterlund (2001) show that women are more generous when it is expensive to be generous, but men are more generous when it is inexpensive to give. Interestingly, we see that females sent significantly less but only in the Scarcity period (see columns 5 and 6 in Table 4). However, we do not find any treatment effect coming from the gender of the subjects.

4 Discussion and Conclusion

Previous literature documents that people living under precarious conditions of scarcity tend to make suboptimal economic and financial decisions. Motivated by this emerging literature, we study the impact of scarcity on moral and pro-social behavior. More specifically, we study whether an individual's propensity to cheat originates mostly in individual characteristics or in the surrounding economic environment (i.e., scarcity). In addition, we also study the impact of scarcity on in-group favoritism in cheating and pro-social behavior.

People engage in dishonest behavior in various forms. We focus on two types of cheating behavior. The first type results in a personal gain. While the plausible moral cost is borne by the individuals, the monetary cost is entirely assumed by the experimenters. Although this type of cheating does not create a negative externality on another subject, technically it cannot be considered a Pareto improvement since the increase in earnings is compensated by the experimenters from their research budgets. This type of cheating behavior is relevant in many economic settings. For example, people often misreport their income in order to pay lower taxes (Kettle et al., 2017), business executives misuse corporate accounts and make unnecessary charges (Litzky et al., 2006). In most of these cases, the monetary cost of cheating may not be salient to the individuals since the dishonesty hurts a large corporation or institution rather than another individual (Smigel, 1956).

The second type of cheating studied in this paper is pro-social cheating. Subjects have the opportunity to cheat to increase the payoff of another person—either an in-group or an out-group member—with neither monetary costs nor benefits to the decision maker. In this case, the cheating decision is made by comparing the utility coming from the pro-social act of increasing someone's earnings and the disutility coming from the moral cost of cheating.

Using a lab-in-the-field experiment, we study these two types of cheating behavior across periods of Scarcity and Abundance. A significant increase in our subjects' income during the Abundance period allows us to study the role of scarcity on cheating and pro-social behavior. In order to control for other potential factors changing across Scarcity and Abundance periods, we carefully selected a rural community located in Guatemala that experiences similar

conditions across the two periods in terms of stress, risk, and physical activity levels.

We find that scarcity does not affect subjects' cheating behavior for themselves. Contrary to Aristotle's quote at the beginning of the paper, the data presented in this paper suggests that cheating in an effort to increase the subjects' own well-being is not impacted by the economic environment. Our findings provide suggestive evidence that cheating may be rooted in individual traits. In this regard, recent literature seems to align with our findings, suggesting a potential genetic predisposition to antisocial behavior and crime (Joseph, 2001; Raine, 2008, 2013; Mead et al., 2009; van Gelder and de Vries, 2014). Additionally, we also find that people cheat for others even though they do not directly benefit from it. While people cheat more for the in-group member relative to the out-group member during the Abundance period, this in-group favoritism in cheating vanishes during the Scarcity period. In fact, on average, we do not see evidence of cheating for the out-group member during the Abundance period, but there is evidence of cheating for the out-group member during scarcity. We also would like to note that, due to our experimental design, we do not observe cheating behavior at the individual level. Further research could study the impact of scarcity on cheating at the individual level.

We use a dictator game to study in-group favoritism in pro-social behavior. This allows us to study the impact of scarcity on in-group favoritism when the cost of this preferential treatment is monetary rather than moral. We find a similar pattern of behavior. While subjects send significantly less to the out-group member during the Abundance period, this gap is no longer statistically significant in the Scarcity period. Furthermore, the in-group favoritism in pro-social behavior is swept away by an increase in giving to the out-group member rather than a reduction in giving to the in-group member. Looking at the findings from both experimental games, we conclude that scarcity eliminates in-group bias in terms of pro-social and moral behavior.

An emerging literature argues that scarcity impairs mental capacity by imposing a higher cognitive load (Shah et al., 2012; Mani et al., 2013). Making decisions under a high cognitive load has been previously linked to more intuitive thinking, impacting economic decisions in many domains (see Deck and Jahedi, 2015 for an overview). A potential explanation for our findings could be that intuitive thinking, induced by a state of scarcity, may also impact an individual's sense of group identity. It is possible that scarcity—via inducing more intuitive thinking— may be weakening the importance of group identity, thus eliminating the negative bias toward the out-group member. It is conceivable to illustrate this idea in a scenario under extreme famine or natural disaster conditions when entire societies unify as a single social group for survival and preservation of their way of living. In this paper, we do not study the mechanisms driving our findings. However, Kranton et al. (2018) provide some *suggestive*

evidence (although indirectly) for this potential mechanism. They find that while some people are "groupy" and exhibit different social preferences toward people who are not from their group, others are "not groupy" and exhibit no such bias.[18] More interestingly, they report that "groupy" subjects take longer to make decisions whereas "not groupy" subjects make faster decisions. Considering the research that associates faster decisions with more intuitive thinking (e.g., Rand et al., 2012), then Kranton et al. (2018)'s findings relate to our findings where we observe *groupy* behavior in the Abundance period and *not groupy* behavior in the Scarcity period. Although Kranton et al. (2018) show that "groupy" and "not groupy" behaviors are individual *types*, in light of our findings, future research can investigate whether intuitive thinking impacts an individual's group identity and whether this group identity is endogenously determined by a state of scarcity.

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[18] Kranton et al. (2018) refer to individuals who show in-group favoritism as "groupy" and others who do not as "not groupy".

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5 Tables and Figures

Table 1: Cheating Game Payoffs

Number Reported	**Payoff**
1	5Q
2	10Q
3	15Q
4	20Q
5	25Q
6	0Q

Note: Q refers to Guatemalan Quetzales.
5 Q is equivalent to 0.70 USD.

Table 2: Proportion of Subjects who Reported the Corresponding Numbers

			Number Reported†						
		p-values	**0**	**1**	**2**	**3**	**4**	**5**	**Average Number**
Abundance	**CheatingSelf**	0.000	2.75***	2.75***	5.51***	8.26***	27.52***	53.21***	4.15***
	CheatingInGroup	0.000	6.42***	7.34***	12.84	19.27	22.94*	31.19***	3.39***
	CheatingOutGroup	0.276	11.01*	21.10	14.68	12.84	19.27	21.10	2.72
Scarcity	**CheatingSelf**	0.000	1.85***	2.78***	9.26**	12.96	19.44	53.70***	4.07***
	CheatingInGroup	0.000	6.48***	6.48***	12.04	26.85***	25**	23.15*	3.27***
	CheatingOutGroup	0.002	9.26**	12.04	10.19**	20.37	28.70***	19.44	3.06***

† Since reporting a 6 paid nothing, it is coded as 0.

The p-values reported on the third column are obtained by Chi-Square Goodness of Fit test run against a uniform distribution. * < 0.10, ** < 0.05, and *** < 0.01. The p-values indicated with stars in columns 4-9 are obtained from one-sided binomial probability tests for the proportion being larger (smaller) than 16.67%. See Figure A1 in the appendix for a visual comparison of the distributions of each number reported across treatments and periods. The p-values indicated with stars in column 10 are are obtained from one sample t-tests for the average numbers reported being equal to the theoretical average of 2.5.

Table 3: Estimated Cheating Means and Confidence Intervals

				Estimated Cheating (%)				
			Report		95%CI		99%CI	
Period	**Treatment**	**N**	**HP**	**EV**	**LB**	**UB**	**LB**	**UB**
Abundance	CheatingSelf	109	97	77.77	73.19	81.61	71.12	82.47
Abundance	CheatingInGroup	109	80	46.29	35.20	55.55	30.20	57.63
Abundance	CheatingOutGroup	109	58	9.32	0.00	22.48	0.00	25.94
Scarcity	CheatingSelf	108	93	71.96	66.13	76.82	63.54	77.89
Scarcity	CheatingInGroup	108	81	49.52	39.04	58.27	34.37	60.21
Scarcity	CheatingOutGroup	108	74	36.44	23.24	47.45	17.37	49.89

N: Total number of subjects, HP: Number of subjects who report a high payoff, EV:estimated mean percent cheating, LB: Lower bound, UB: Upper bound

Note: Although 109 subjects participated in both periods, one subject provided invalid answers in the CheatingSelf and the CheatingInGroup treatments, and another subject provided an invalid answer in the CheatingOutGroup treatment. This is why we have 108 observations in the Scarcity period.

Table 4: Dictator Game Linear Regression Results

Variable	**Abundance Period**			**Scarcity Period**		
	(1)	(2)	(3)	(4)	(5)	(6)
GivingOutGroup	-3.275***	-3.481***	-3.283**	-1.165	-1.134	-1.807
	(0.959)	(0.968)	(1.321)	(0.880)	(0.907)	(1.223)
Female		0.688	0.921		-1.801*	-2.617**
		(1.015)	(1.642)		(0.952)	(1.320)
Female*GivingOutGroup			-0.467			1.632
			(1.938)			(1.818)
Number of People		-0.345	-0.345		0.425**	0.425**
in Household		(0.242)	(0.243)		(0.209)	(0.208)
Age		0.323	0.323		0.468	0.468
		(0.374)	(0.375)		(0.327)	(0.327)
Stress		-1.349	-1.349		-1.858*	-1.858*
		(0.832)	(0.832)		(1.085)	(1.086)
Constant	10.13***	13.67***	13.58***	10.52***	10.78***	11.12***
	(0.783)	(2.451)	(2.498)	(0.622)	(2.562)	(2.592)
No. Observations	218	208	208	218	194	194
No. Subjects	109	109	109	109	97	97

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. Robust standard errors in parentheses. Dependent variable is the amount sent in the dictator game.

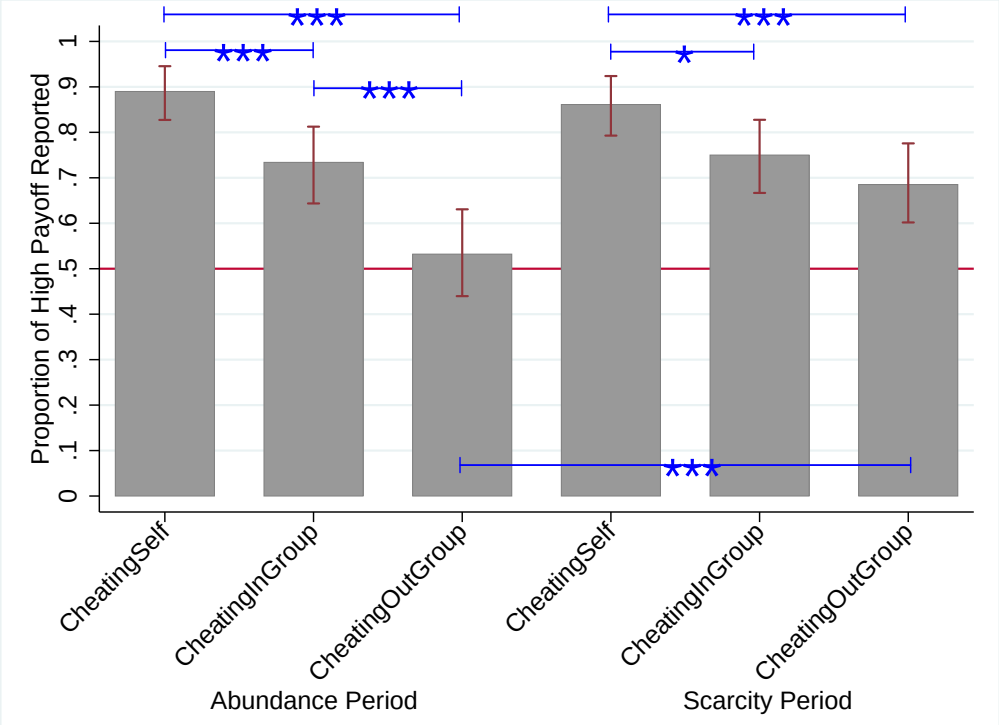


Figure 1: **Proportion of subjects who reported high payoffs across treatments.** The proportion of subjects who reported 3, 4 or 5 (high paying numbers) are shown across six treatments. The horizontal red line indicates the random probability of reporting a high payoff (50%). Vertical red lines on bars are the bootstrapped 95% confidence intervals. Stars indicate the McNemar's Chi-Square test p-values ($*p < 0.10$, $**p < 0.05$, and $***p < 0.01$) with the blue horizontal lines indicating which treatments are being compared.

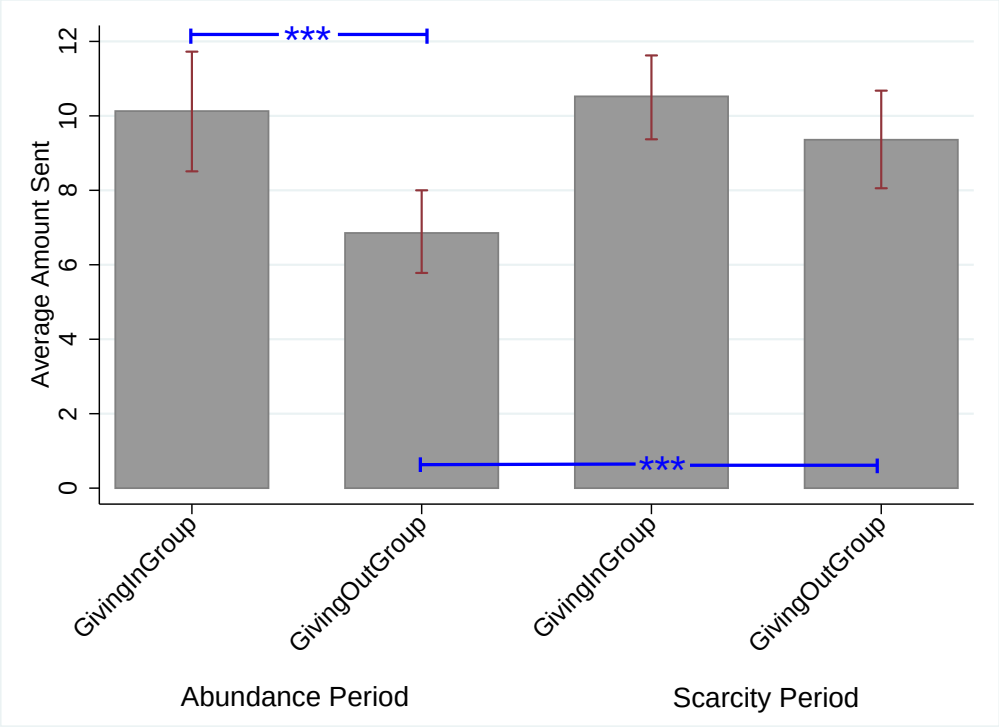
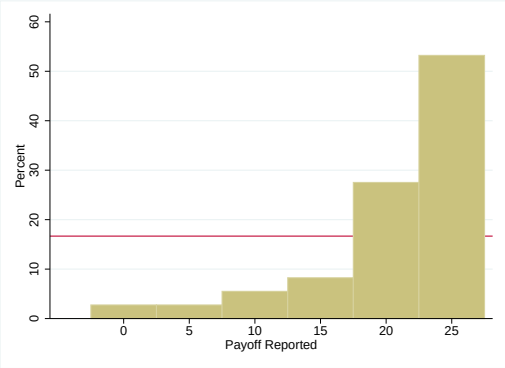


Figure 2: **Average dictator giving across treatments**
Average amount sent out of 30Q across all treatments are presented here. Vertical lines on bars are the bootstrapped 95% confidence intervals. Stars indicate the Wilcoxon signed rank test p-values ($*p < 0.10$, $**p < 0.05$, and $***p < 0.01$) with the blue horizontal lines indicating which treatments are being compared. See Figure A2 in the appendix for the distributions of amounts sent across treatments and periods.

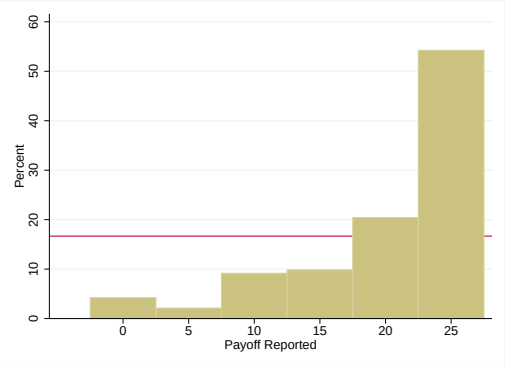
Appendix

Figures

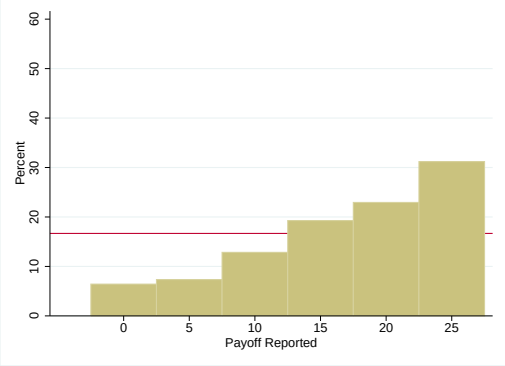
Abundance Period | **Scarcity Period**



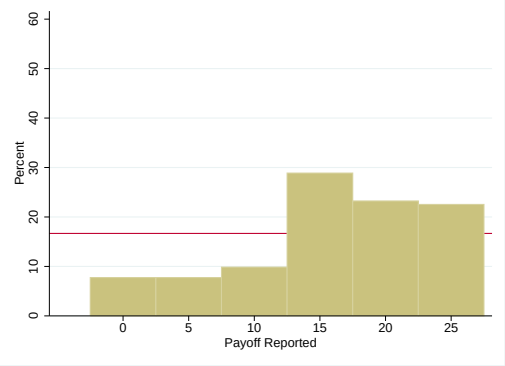
(a) CheatingSelf



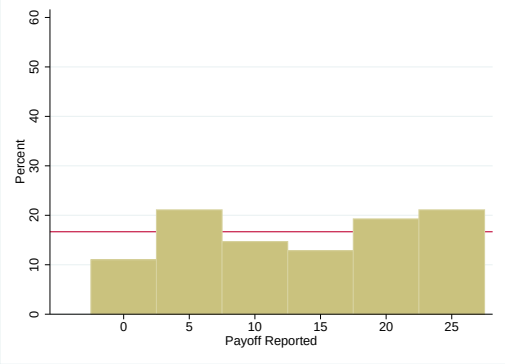
(b) CheatingSelf



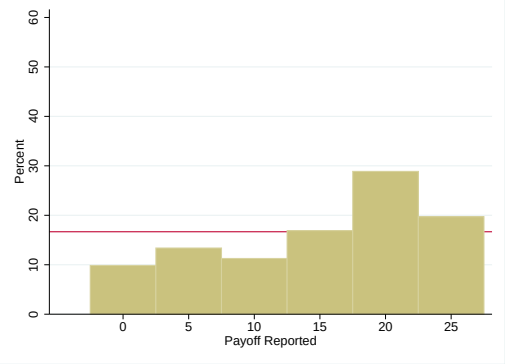
(c) CheatingInGroup



(d) CheatingInGroup



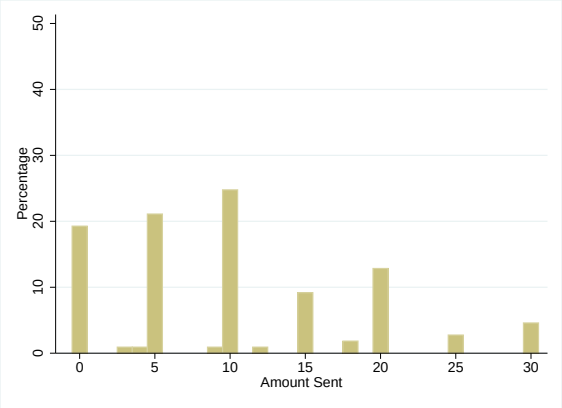
(e) CheatingOutGroup



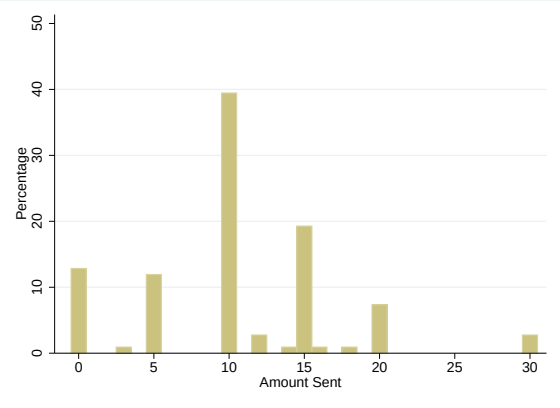
(f) CheatingOutGroup

Figure A1: **Distributions of Payoffs Reported in Cheating Game Treatments**

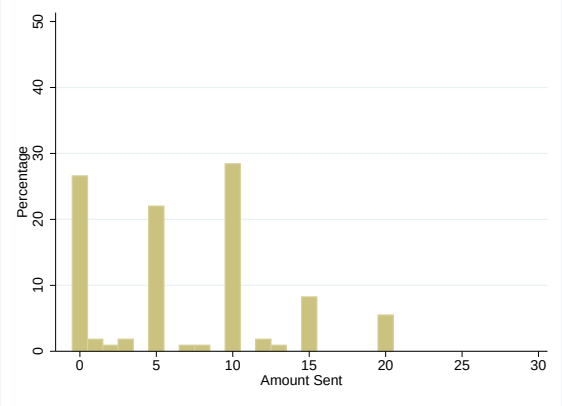
Abundance Period **Scarcity Period**



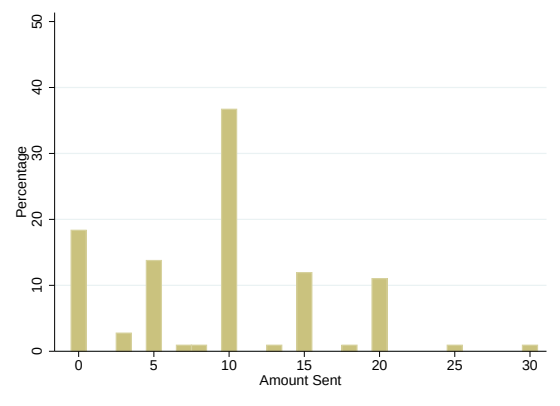
(a) GivingInGroup



(b) GivingInGroup



(c) GivingOutGroup



(d) GivingOutGroup

Figure A2: **Distributions of Amount Sent in Dictator Game Treatments**

Tables

Table A1: Comparing Subjects who Participated in Scarcity Only vs. Both Periods

Variable	**Scarcity Only**	**Both Periods**	p-value
Female	0.27 (0.45)	0.41 (0.50)	0.1463†
Yearly Income	9,174 (7,906)	8,242 (7,794)	0.5531‡
Main Source of Income Coffee	0.97 (0.18)	0.94 (0.23)	0.5732 †
Finances Relative to Others	2.23 (0.43)	2.19 (0.57)	0.8219‡
Household Financial Situation	2.69 (0.65)	2.87 (0.61)	0.1595‡
No Money Index	2.22 (1.41)	2.17 (1.35)	0.9599 ‡
No Money for Food	0.41 (0.50)	0.40 (0.49)	0.9791 †
No Money for Basic Needs (non-food)	0.38 (0.49)	0.57 (0.50)	0.0536 †
No Money for Medical Expenses	0.56 (0.50)	0.48 (0.50)	0.3954 †
No Money for Farm	0.88 (0.34)	0.73 (0.45)	0.0807 †
Credit	0.19 (0.40)	0.17 (0.38)	0.8002†
Risk	3.16 (1.80)	2.91 (1.58)	0.5886 ‡
Stress Index	1.89 (0.48)	1.92 (0.46)	0.6019 ‡
Celebratory Events	0.78 (0.42)	0.82 (0.39)	0.6165 †
CheatingSelf	0.82 (0.39)	0.85 (0.36)	0.6261 †
CheatingInGroup	0.76 (0.44)	0.74 (0.44)	0.8672 †
CheatingOutGroup	0.58 (0.50)	0.68 (0.47)	0.2748 †
GivingInGroup	11.34 (7.38)	10.52 (6.38)	0.5758‡
GivingOutGroup	11.47 (6.22)	9.36 (6.61)	0.0969‡

†Two-sample test of proportions.

‡Two-sample Wilcoxon rank-sum (Mann-Whitney) test.

Standard deviations are in parentheses. This table includes 33 subjects who participated in the first period only and 109 subjects who participated in both periods. However, not all subjects provided an answer to all questions. Thus, the number of observations ranges between 31-33 for "Scarcity Only" and 97-109 for "Both Periods" columns.

Table A2: Description of the Survey Measures and Risk Preferences

Variables	Description
Finances Relative to Others	1-Better, 2-Similar, 3-Worse
Household Financial Situation	1-Excellent, 2-Good, 3-Not so good, 4-Poor
No Money Index	Summation of the following four
No Money for Food	1-Experienced this situation in the last month, 0-otherwise
No Money for Basic Needs (non-food)	1-Experienced this situation in the last month, 0-otherwise
No Money for Medical Expenses	1-Experienced this situation in the last month, 0-otherwise
No Money for Farm	1-Experienced this situation in the last month, 0-otherwise
Credit	1- took a credit/loan in the last 6 months 0- otherwise
Stress Index	Average of answers to ten stress related questions (Cohen et al., 1983)
Celebratory Events	1- attended/organized a wedding or a celebratory event in the last month, 0- otherwise
Risk	Scale: 1 (risk averse) -6 (risk lover) Incentivized Eckel and Grossman (2002, 2008) Gamble Task

Table A3: Survey Measures of Financial Situation Across Abundance and Scarcity Periods

Variable	**Abundance**	**Scarcity**	p-value
Finances Relative to Others	2.19 (0.55)	2.19 (0.57)	1.0000‡
Household Financial Situation	2.58 (0.78)	2.87 (0.61)	0.0002‡
No Money Index	1.71 (1.46)	2.17 (1.35)	0.0041 ‡
No Money for Food	0.26 (0.44)	0.40 (0.49)	0.0061†
No Money for Basic Needs (non-food)	0.44 (0.50)	0.57 (0.50)	0.0433†
No Money for Medical Expenses	0.41 (0.50)	0.48 (0.50)	0.2623†
No Money for Farm	0.60 (0.49)	0.73 (0.45)	0.0348†

†McNemar's Chi Square test.

‡Wilcoxon matched-pairs signed-ranks test.

Standard deviations are in parentheses.This table includes all 109 subjects who participated in both periods. However, not all subjects provided an answer to all questions. Thus, the number of observations ranges between 97 and 109 depending on the period and the question.

Table A4: Other Survey Measures and Risk Across Abundance and Scarcity Periods

Variable	**Abundance**	**Scarcity**	p-value
Stress Index	1.91 (0.60)	1.92 (0.46)	0.5251‡
Credit	0.92 (0.28)	0.83 (0.38)	0.1336†
Celebratory Events	0.77 (0.43)	0.82 (0.39)	0.4142†
Risk	3.10 (1.93)	2.91 (1.58)	0.5311‡

†McNemar's Chi Square test.

‡Wilcoxon matched-pairs signed-ranks test.

Standard deviations are in parentheses.This table includes all 109 subjects who participated in both periods. However, not all subjects provided an answer to all questions. Thus, the number of observations ranges between 97 and 109 depending on the period and the question.

Table A5: Linear Regression Results with Standardized Die Outcome

	(1)	(2)
CheatingSelf & Abundance	0.964***	1.144***
	(0.069)	(0.189)
CheatingInGroup & Abundance	0.518***	0.711***
	(0.086)	(0.197)
CheatingOutGroup & Abundance	0.126	0.283
	(0.097)	(0.210)
CheatingSelf & Scarcity	0.916***	1.098***
	(0.071)	(0.197)
CheatingInGroup & Scarcity	0.450***	0.641***
	(0.081)	(0.203)
CheatingOutGroup & Scarcity	0.325***	0.536**
	(0.089)	(0.208)
Female		0.089
		(0.077)
No. of People in Household		-0.018
		(0.015)
Age		-0.037
		(0.028)
Stress		-0.006
		(0.068)
No. Observations	651	600

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. Robust standard errors are in parentheses. Dependent variable is the standardized die outcome which is (Reported Number-Theoretical Mean)/Theoretical Standard Deviation=(Reported Number-2.5)/1.708. The regression results presented in this table follow the methodology introduced by Ezquerra et al. (2018). We exclude the constant term, include dummy variables for each of the mutually exclusive and exhaustive categories, and present the robust standard errors. The coefficients should be interpreted in units of standard deviation for the amount of cheating in each given category. These results show that subjects cheat in all treatments and periods except the CheatingOutGroup treatment in the Scarcity period. Please see Table A6 for a comparison of each coefficient across treatments and periods.

Table A6: Differences in Cheating Behavior Across Treatments

		Difference	F-stat	p-value
Abundance	CheatingSelf-CheatingInGroup	0.433	14.92	0.0001
	CheatingSelf-CheatingOutGroup	0.861	49.12	0.0000
	CheatingInGroup-CheatingOutGroup	0.428	10.52	0.0012
Scarcity	CheatingSelf-CheatingInGroup	0.457	16.03	0.0001
	CheatingSelf-CheatingOutGroup	0.562	21.49	0.0000
	CheatingInGroup-CheatingOutGroup	0.105	0.67	0.4131
CheatingSelf	Scarcity - Abundance	-0.046	0.20	0.6580
CheatingInGroup	Scarcity - Abundance	-0.07	0.33	0.5636
CheatingOutGroup	Scarcity - Abundance	0.253	3.40	0.0658

Difference values presented in this table are obtained by taking the differences between the corresponding coefficients which are reported in the second column of Table A5.
In both Abundance and Scarcity periods, subjects cheat significantly more for themselves relative to the in-group and out-group members. Additionally, we observe an in-group favoritism in the Abundance period where subjects cheat significantly more (almost half a standard deviation more) for the in-group member relative to the out-group member. Although scarcity does not significantly impact cheating behavior for self and the in-group member, it significantly increases cheating for the out-group member. Subjects cheat by about a quarter of a standard deviation more for the out-group member in the Scarcity period relative to the Abundance period. This increase in cheating for the out-group member in the Scarcity period eliminates the in-group bias that we observe in the Abundance period.

Table A7: Linear Regression Results with Standardized Die Outcome - Gender Differences

	(1)	(2)
CheatingSelf & Abundance & Male	1.052***	1.300***
	(0.065)	(0.188)
CheatingInGroup & Abundance & Male	0.467***	0.714***
	(0.107)	(0.202)
CheatingOutGroup & Abundance & Male	-0.082	0.09
	(0.125)	(0.218)
CheatingSelf & Scarcity & Male	0.888***	1.138***
	(0.091)	(0.202)
CheatingInGroup & Scarcity & Male	0.349***	0.605***
	(0.115)	(0.212)
CheatingOutGroup & Scarcity & Male	0.283**	0.604***
	(0.121)	(0.217)
CheatingSelf & Abundance & Female	0.839***	1.035***
	(0.138)	(0.214)
CheatingInGroup & Abundance & Female	0.592***	0.809***
	(0.142)	(0.219)
CheatingOutGroup & Abundance & Female	0.423***	0.649***
	(0.143)	(0.229)
CheatingSelf & Scarcity & Female	0.956***	1.145***
	(0.114)	(0.205)
CheatingInGroup & Scarcity & Female	0.592***	0.793***
	(0.109)	(0.211)
CheatingOutGroup & Scarcity & Female	0.384***	0.545**
	(0.131)	(0.227)
No. People in Household		-0.018
		(0.015)
Age		-0.037
		(0.028)
Stress		-0.009
		(0.068)
No. Observations	651	600

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. Robust standard errors are in parentheses. Dependent variable is the standardized die outcome which is (Reported Number-Theoretical Mean)/Theoretical Standard Deviation= (Reported Number-2.5)/1.708.

The regression results presented in this table follow the methodology introduced by Ezquerra et al. (2018), similar to Table A5. Here, we investigate potential gender differences. In this table, we see some suggestive evidence that our results may be driven mainly by male subjects. This interesting finding could be due to the fact that the society where we conducted our experiments has a strong patriarchal structure. However, these findings should be interpreted with caution since we do not observe cheating behavior at the individual level. Using a simulation analysis (which is available in the appendix), we show that 109 subjects is sufficient to produce a statistically valid (at 5% significance) random distribution of die rolls. However, our sample size is not large enough to allow us to investigate cheating behavior in sub-groups (e.g., females). Future research could study how the structure of a community interacts with the impact of scarcity.

Simulation Procedure to Assess the Accuracy of the Sample Size to Generate Random Distribution

The Simulation Procedure:[†]

- Step 1: Given our sample size of 109 subjects, we first draw 109 random integers between 1-6 (i.e., virtual die roll).
- Step 2: We test whether the distribution of the random draws differs from a categorical random uniform distribution using the Chi Square Goodness of Fit test.
- Step 3: We repeat the procedure in Steps 1 and 2 1000 times.
- Step 4: We record the number of times out of 1000 simulations that the distributions were indeed categorical random uniform.
- Step 5: We compute a statistical inference measure which is the number of simulations resulting in non-random distributions divided by the total number of simulations.

[†] The Stata code is available from the authors upon request.