

# Moral Luck

(with Armin Falk and David Huffman)

The paper is currently being edited. It will be available very soon.

*Abstract:* In many circumstances, individuals can influence the probabilities of good or bad outcomes by their actions, but there is still a role for chance in determining final outcomes. If rewards and punishments depend partly on outcomes and not just actions, this violates a principle of optimal incentives, and implies distortions of behavior in legal, economic, political, and social contexts. Philosophers, legal scholars, psychologists, and social scientists have long debated the existence and nature of such a tendency, sometimes denoted “moral luck”. It remains controversial whether moral luck might reflect a moral principle or preference, or instead a mistake or bias, and if the latter, what might be the mechanism and how prevalent is the tendency. This paper provides evidence of moral luck in a setting with consequential moral choices and real punishment behavior, and shows that this reflects a bias of judgements and beliefs about the character of the actor, based on random outcomes, even though such outcomes contain zero information. This can be partially mitigated by providing additional information about the actor. It is not eliminated by nudging individuals towards deliberative decision making. We discuss theoretical and policy implications.