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Is a Friend of My Friend My Friend? Variation of Altruism within the Social Chain

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Abstract

Experimental dictator games have been used numerous times to measure altruism of individuals. The purpose of our paper is to investigate the effect of social distance on altruism. We measure social distances in an international student community in Latvia, and then conduct a modified dictator game under double-blind anonymity. Total altruism is decomposed into baseline, or giving to strangers, and directed altruism, or additional giving directed towards friends. Furthermore, we introduce two “prices” of altruism and; hence, investigate generosity under two ratios of token values. We find evidence that social distance is negatively related to generosity and baseline altruism is positively related to directed altruism. Moreover, people increase their giving when it becomes relatively cheaper.

Keywords: altruism, generosity, social distance, social network, friendship, dictator game.