

Betrayal, Risk, and Externalities: An experimental study on fairness ideals

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Trust and social risk-taking are fundamental components of the economic life and can play a role in shaping the distribution of income in the society. We experimentally study how fairness views are affected depending on whether inequality is caused by *natural* or *social risk*. We let third parties redistribute between two stakeholders whose (mis-)fortune can be due to either natural or social risk. The introduction of a social component significantly shifts third parties fairness views and uncovers the existence of a new type which is inclined to *insure* those stakeholders who trusted and were betrayed by another person, rather than nature.