

# Income Effects on Fairness in Markets

Jana Friedrichsen  
DIW Berlin

**Abstract:** This paper uses a laboratory posted offer product market experiment to investigate the effect of income on socially responsible consumption and production. Two firms compete à la Bertrand by posting prices and wages to a representative worker, who has no bargaining power. Consumers choose how much to buy from each firm. Their income is randomly determined to be low or five times as high. We find that consumers pay more for products that benefit the worker, but that rich consumers do not pay more than poor consumers. Since all consumers care about the worker, though, firms that offer higher wages sell more and make higher profits.