

# **Interdependent Lotteries and the Curvature of Relative Income.**

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Clark and Oswald (1998) illustrate how preferences that contain a comparison term (i.e. where goods are valued relative to the consumption of others) can produce either following behaviour, where individuals copy the consumption of others, or deviant behaviour, where individuals choose the opposite of others, depending on the curvature of the comparison term in utility. This paper reports an experiment that attempts to identify the curvature in relative income. Subjects, arranged in groups of four, each choose one lottery from the same set of four-outcome lotteries where one of their choices is chosen at random and “played”. Played is the treatment variable: in the first treatment each subject receives the same payment from the lottery, whereas in the second treatment each subject receives a different payment from the lottery. The ranking of treatments corresponds to either following or deviant behaviour. No difference is found between treatments.