Debt Perceptions: Fairness Judgments of Debt Relief forIndividuals and Countries

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**Online appendix**

**1. Descriptive Statistics**

Table S1 provides descriptive statistics for the 16 treatments. Higher ratings imply a greater perceived fairness of debt relief. Mean fairness ratings across the international debt context range between 3 (slightly unfair) and 4 (slightly fair), while mean ratings are higher than 4 across three of the eight treatments in the person-debt context. The lowest mean fairness rating, and the lowest percentage of participants finding debt relief to be fair, is found in the international context with salient profits and an unlucky lender (3.36, 45.6%). The largest mean fairness rating, and the largest percentage of participants finding debt relief to be fair, is found in the person-debt context with an unlucky debtor (4.26, 80.6%).

Table S1: Descriptive Statistics

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Lender Information** | | **Debtor Information** | |
|  |  | **Unlucky** | **Careless** | **Unlucky** | **Careless** |
|  |  |  |  |  |  |
| **Personal-Bank** | **Salient**  **Profits** | %Fair  Mean  SD  Sample size | 63.0%  3.83  1.27  208 | 71.7%  4.14  1.16  219 | 72.5%  3.99  1.27  200 | 55.1%  3.56  1.22  205 |
| **Non-Salient**  **Profits** | %Fair  Mean  SD  Sample size | 63.6%  3.77  1.29  206 | 76.2%  4.13  1.16  210 | 80.6%  4.26  1.16  216 | 51.9%  3.55  1.18  231 |
| **International** | **Salient**  **Profits** | %Fair  Mean  SD  Sample size | 45.6%  3.36  1.19  206 | 65.9%  3.83  1.16  229 | 72.9%  3.95  1.18  188 | 55.3%  3.53  1.18  206 |
| **Non-Salient**  **Profits** | %Fair  Mean  SD  Sample size | 58.1%  3.63  234  1.19 | 70.4%  3.92  223  1.18 | 68.9%  3.89  209  1.20 | 58.8%  3.62  194  1.16 |

**2. Personal characteristics and the perceived fairness of debt relief**

**Result S1: Overall, being older, non-male, a non-college graduate, low income, liberal and non-white significantly increase the probability that someone finds debt relief to be fair.**

The logistic regression results in Table S1, which merge all of the data across the four contexts and control for responsibility condition and the presence of profit salience, allow the overall effects of socio-demographics to be assessed. Analyzing the marginal effects, adding one year of age increases the probability that someone finds debt relief to be fair by 0.194 percentage points (p = 0.0004). Males, college graduates and whites are all roughly four percentage points less likely to find debt relief to be fair (males: 3.89, p = 0.0019; college graduates: 3.63, p = 0.0054; whites: 4.13, p = 0.0065), while those who identify as liberal (extremely liberal, liberal or slightly liberal) are 10.2 percentage points more likely to find debt relief to be fair (p < 0.00001).

**Result S2: The associations between socio-demographics and the perceived fairness of debt relief are context-dependent.**

Results presented across Tables S2 and S3, which come from separate logistic regressions for each context, show that the effects of socio-demographics are themselves context-dependent. Although these variables are all significantly associated with the probability that debt relief is found to be fair overall, the context-specific regression results show that the magnitude of the associations between these characteristics and the probability that debt relief is found to be fair vary widely across the four contexts. The effect of age on the probability that debt relief is found to be fair, while positive across all contexts, is only statistically significant for the person-bank context (p = 0.004). While males have a lower probability of finding debt relief to be fair across all contexts, the effect only reaches statistical significance in the international context (p = 0.037). The significantly negative relationship between being a college graduate and the probability that debt relief is found fair is focused in the person-bank (p = 0.002) and corporate (p = 0.036) contexts. People with annual incomes below $30,000 are significantly more likely to find debt relief to be fair in the personalized context (p = 0.026), person-bank-context (p = 0.007) and international context (p < 0.0001), but not in the corporate context (p = 0.788). Politically identifying as a liberal consistently increases the probability that debt relief is found to be fair across each context; similar to the pattern seen with low income, the effect of being liberal varies substantially across contexts and is smallest for corporate debt (personalized: p = 0.001; person-bank: p = 0.0004; international: p < 0.00001; corporate: p = 0.059). Finally, for race, while the association is negative across all contexts, whites are significantly less likely to find debt relief to be fair in the person-bank (p = 0.019) and corporate (p = 0.037) contexts, but not in the personalized (p = 0.286) or international (p = 0.636) contexts.

Table S2: Logistic Regression Results

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Dependent Variable:**  **Debt forgiveness rated slightly fair, very fair or extremely fair** | | |
|  | **Independent Variables** | **Coefficients** | **Marginal effects** |
| **Information conditions**  **(Debtor Careless omitted)** | **Lender Unlucky** | 0.160\*\* | 0.0361\*\* |
|  | (0.0759) | (0.0171) |
| **Lender Careless** | 0.653\*\*\* | 0.147\*\*\* |
|  | (0.0781) | (0.0172) |
| **Debtor Unlucky** | 0.780\*\*\* | 0.176\*\*\* |
|  |  | (0.0790) | (0.0173) |
| **Debt domains**  **(Personal Debt omitted)** | **Corporate Debt** | 0.266\*\*\* | 0.0601\*\*\* |
|  | (0.0836) | (0.0188) |
| **International Debt** | 0.490\*\*\* | 0.111\*\*\* |
|  | (0.0776) | (0.0173) |
| **Personal-Bank Debt** | 0.717\*\*\* | 0.162\*\*\* |
|  |  | (0.0787) | (0.0173) |
| **Personal**  **Characteristics** | **Age** | 0.00857\*\*\* | 0.00194\*\*\* |
|  | (0.00243) | (0.000547) |
| **Male** | -0.172\*\*\* | -0.0389\*\*\* |
|  | (0.0557) | (0.0125) |
| **College Graduate** | -0.161\*\*\* | -0.0363\*\*\* |
|  | (0.0580) | (0.0131) |
| **Income < $30,000** | 0.297\*\*\* | 0.0671\*\*\* |
|  | (0.0590) | (0.0132) |
| **Liberal** | 0.450\*\*\* | 0.102\*\*\* |
|  |  | (0.0559) | (0.0124) |
|  | **White** | -0.183\*\*\* | -0.0413\*\*\* |
|  |  | (0.0674) | (0.0152) |
|  | **Salient Profit Motive** | -0.0702 | -0.0158 |
|  |  | (0.0550) | (0.0124) |
|  | **Constant** | -0.698\*\*\* |  |
|  |  | (0.142) |  |
|  | **N** | 5868 |  |
|  | **Pseudo R2** | 0.0468 |  |

Robust standard errors in parentheses

\*\*\* p<0.001, \*\* p<0.01, \* p<0.05

Table S3: Logistic Regression Results – Personal and Person-Bank Debt

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| VARIABLES | PERSONAL DEBT | | PERSON-BANK DEBT | |
|  | Coefficients | Marginal Effects | Coefficients | Marginal Effects |
|  |  |  |  |  |
| Lender Unlucky | 0.188 | 0.0456 | 0.401\*\* | 0.0829\*\* |
|  | (0.164) | (0.0397) | (0.143) | (0.0293) |
| Lender Careless | 0.531\*\* | 0.128\*\* | 0.914\*\*\* | 0.189\*\*\* |
|  | (0.167) | (0.0397) | (0.150) | (0.0296) |
| Debtor Unlucky | 0.639\*\*\* | 0.155\*\*\* | 1.064\*\*\* | 0.220\*\*\* |
|  | (0.165) | (0.0390) | (0.152) | (0.0299) |
| Age | 0.00601 | 0.00146 | 0.0133\*\* | 0.00275\*\* |
|  | (0.00518) | (0.00125) | (0.00468) | (0.000960) |
| Male | -0.173 | -0.0419 | -0.136 | -0.0281 |
|  | (0.117) | (0.0282) | (0.108) | (0.0224) |
| College Graduate | -0.0659 | -0.0160 | -0.360\*\* | -0.0744\*\* |
|  | (0.119) | (0.0288) | (0.117) | (0.0238) |
| Income < $30,000 | 0.269\* | 0.0652\* | 0.320\*\* | 0.0662\*\* |
|  | (0.121) | (0.0290) | (0.119) | (0.0244) |
| Liberal | 0.380\*\* | 0.0920\*\* | 0.387\*\*\* | 0.0800\*\*\* |
|  | (0.117) | (0.0279) | (0.109) | (0.0222) |
| White | -0.150 | -0.0364 | -0.324\* | -0.0670\* |
|  | (0.141) | (0.0340) | (0.138) | (0.0283) |
| Salient Profit Motive | -0.0460 | -0.0111 | -0.0784 | -0.0162 |
|  | (0.115) | (0.0279) | (0.107) | (0.0222) |
| Constant | -0.592\* |  | -0.0970 |  |
|  | (0.277) |  | (0.256) |  |
|  |  |  |  |  |
| Observations | 1,253 | 1,253 | 1,695 | 1,695 |
| Pseudo R2 | 0.0253 |  | 0.0552 |  |

Robust standard errors in parentheses

\*\*\* p<0.001, \*\* p<0.01, \* p<0.05

Table S4: Logistic Regression Results – Corporate and International Debt

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| VARIABLES | CORPORATE DEBT | | INTERNATIONAL DEBT | |
|  | Coefficients | Marginal Effects | Coefficients | Marginal Effects |
|  |  |  |  |  |
| Lender Unlucky | 0.219 | 0.0520 | -0.163 | -0.0355 |
|  | (0.161) | (0.0383) | (0.142) | (0.0311) |
| Lender Careless | 0.589\*\*\* | 0.140\*\*\* | 0.541\*\*\* | 0.118\*\*\* |
|  | (0.167) | (0.0390) | (0.147) | (0.0316) |
| Debtor Unlucky | 0.757\*\*\* | 0.180\*\*\* | 0.637\*\*\* | 0.139\*\*\* |
|  | (0.168) | (0.0386) | (0.153) | (0.0328) |
| Age | 0.00573 | 0.00136 | 0.00797 | 0.00174 |
|  | (0.00543) | (0.00129) | (0.00460) | (0.00100) |
| Male | -0.168 | -0.0400 | -0.220\* | -0.0480\* |
|  | (0.119) | (0.0282) | (0.105) | (0.0229) |
| College Graduate | -0.259\* | -0.0616\* | 0.0241 | 0.00527 |
|  | (0.124) | (0.0292) | (0.110) | (0.0241) |
| Income < $30,000 | 0.0337 | 0.00800 | 0.493\*\*\* | 0.108\*\*\* |
|  | (0.125) | (0.0298) | (0.113) | (0.0243) |
| Liberal | 0.224 | 0.0532 | 0.745\*\*\* | 0.163\*\*\* |
|  | (0.119) | (0.0281) | (0.106) | (0.0220) |
| White | -0.299\* | -0.0711\* | 0.0585 | 0.0128 |
|  | (0.144) | (0.0339) | (0.124) | (0.0270) |
| Salient Profit Motive | 0.101 | 0.0239 | -0.233\* | -0.0508\* |
|  | (0.118) | (0.0280) | (0.104) | (0.0227) |
| Constant | -0.0498 |  | -0.445 |  |
|  | (0.284) |  | (0.255) |  |
|  |  |  |  |  |
| Observations | 1,231 | 1,231 | 1,689 | 1,689 |
| Pseudo R2 | 0.0252 |  | 0.0564 |  |

Robust standard errors in parentheses

\*\*\* p<0.001, \*\* p<0.01, \* p<0.05

3. Graphical presentation of results from Chavanne (2017)

Figure S1: Mean Fairness Ratings, Personalized Debt (with standard error bars and statistically significant Mann-Whitney tests comparing responsibility conditions and profit salience)

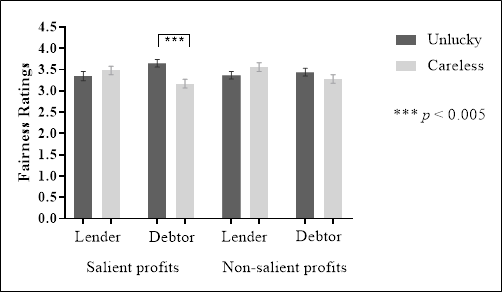
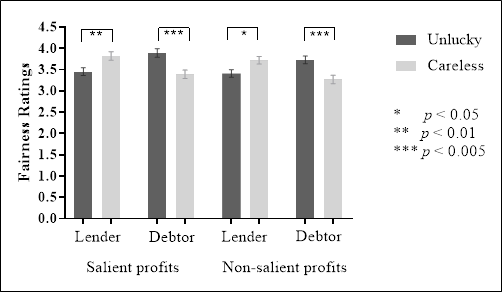


Figure S2: Mean Fairness Ratings, Corporate Debt (with standard error bars and statistically significant Mann-Whitney tests comparing responsibility conditions and profit salience)



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