

ASYMMETRIC TOURNAMENTS, EQUAL OPPORTUNITY LAWS AND
AFFIRMATIVE ACTION: SOME EXPERIMENTAL RESULTS*

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This paper assesses the impact of social policies on agent output when agents are engaged in a rank order tournament the prizes of which may be considered promotions within a hierarchy. In these tournaments, an agent's payoff depends only on the rank of his performance relative to others in the tournament.

In summary, we find that observed experimental results generally support both the qualitative and quantitative predictions of the theory of tournaments; although subjects tend to oversupply effort (i.e., supply more effort than predicted by the Nash equilibrium). Both laboratory equal opportunity laws and affirmative action programs increase the probability of winning for disadvantaged groups. Further, equal opportunity laws are quite effective in increasing the effort levels of all subjects and hence the profits of the tournament administrator. The effects of affirmative action programs depend on the severity of a group's cost disadvantage: When this disadvantage is not too severe, effort levels of both types of agents (and hence profits of the tournament administrators) are reduced. When the cost disadvantage is great, these programs significantly increase effort levels (and hence profits).

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