

Social norms can serve as a powerful force for conformity, producing collective behaviors among decentralized individuals. We test for this force in the labor market: specifically, whether workers refrain from supplying labor at wage cuts due to social pressure. We partner with 183 existing employers, who offer jobs to 502 workers in informal spot labor markets in India. The job offers vary: (i) the wage level and (ii) the extent to which the offer is observable to other laborers. Unemployed workers are privately willing to accept jobs below the prevailing wage, but rarely do so when this choice is socially observable. In contrast, observability does not affect labor supply at the prevailing wage. The consequences of social influence are substantial: workers are giving up 38% of average weekly earnings in order to avoid being seen as breaking the social norm. In addition, workers are willing to pay to punish anonymous laborers who have accepted a wage cut. Costly punishment occurs both for laborers in one's own labor market, and for those in distant other labor markets---suggesting the internalization of norms in moral terms. Finally, consistent with the idea that social conformity could have implications for market equilibria, measures of social cohesion correlate with downward wage rigidity across India.