

Social Relations and Lying: An Experimental Study

Jingzhuo Wu (Tsinghua University)

Jie Zheng (Tsinghua University)

Abstract:

Does social relation have an impact on lying behavior? Under what kind of conditions is the impact intensified or attenuated? We conducted a laboratory experiment consisting of five treatments to study these questions. The first treatment serves as a control group (Control) in which social relation does not exist; the other four treatments with social relations differ from each other in the aspect of payoff structure. Specifically, the first dimension allows the first mover to determine the payoff(s) of 1 (herself) or 2 (both of them) player(s), and the second dimension allows the second mover to impose the punishment toward the first mover with or without cost. These four treatments are referred to as 1N, 1C, 2N, and 2C, respectively. We find significant divergence in the first movers' lying behavior under different treatments. First movers lie to a larger extent when lying does not affect second movers' payoff and when the punishment by the second mover is costly. We also find significant difference in the second movers' behavior, under different treatments and different behavioral modes of the first movers. Second movers tend to punish those dishonest first movers by the way of lying themselves, especially when the first movers' dishonest behavior decreased their payoff, while they are relatively less willing to do so when they must pay for the punishment. Interestingly, in the two treatments of free punishment, second movers punish dishonest first movers harder when the dishonest behavior is related to their own interest; in the two treatments of costly punishment, the punishment imposed on dishonest first movers becomes milder under the same condition, probably because the incentive for second movers to make up for the loss outweighs the willingness to punish. Moreover, second movers tend to also reward those honest first movers by the way of lying themselves. Our study provides more insight about how social relations affect lying, which has important policy implications for mechanism design aimed at encouraging honest behavior.

Topic 1: Social Preferences

Topic 2: Lying