White Lie

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Agenda

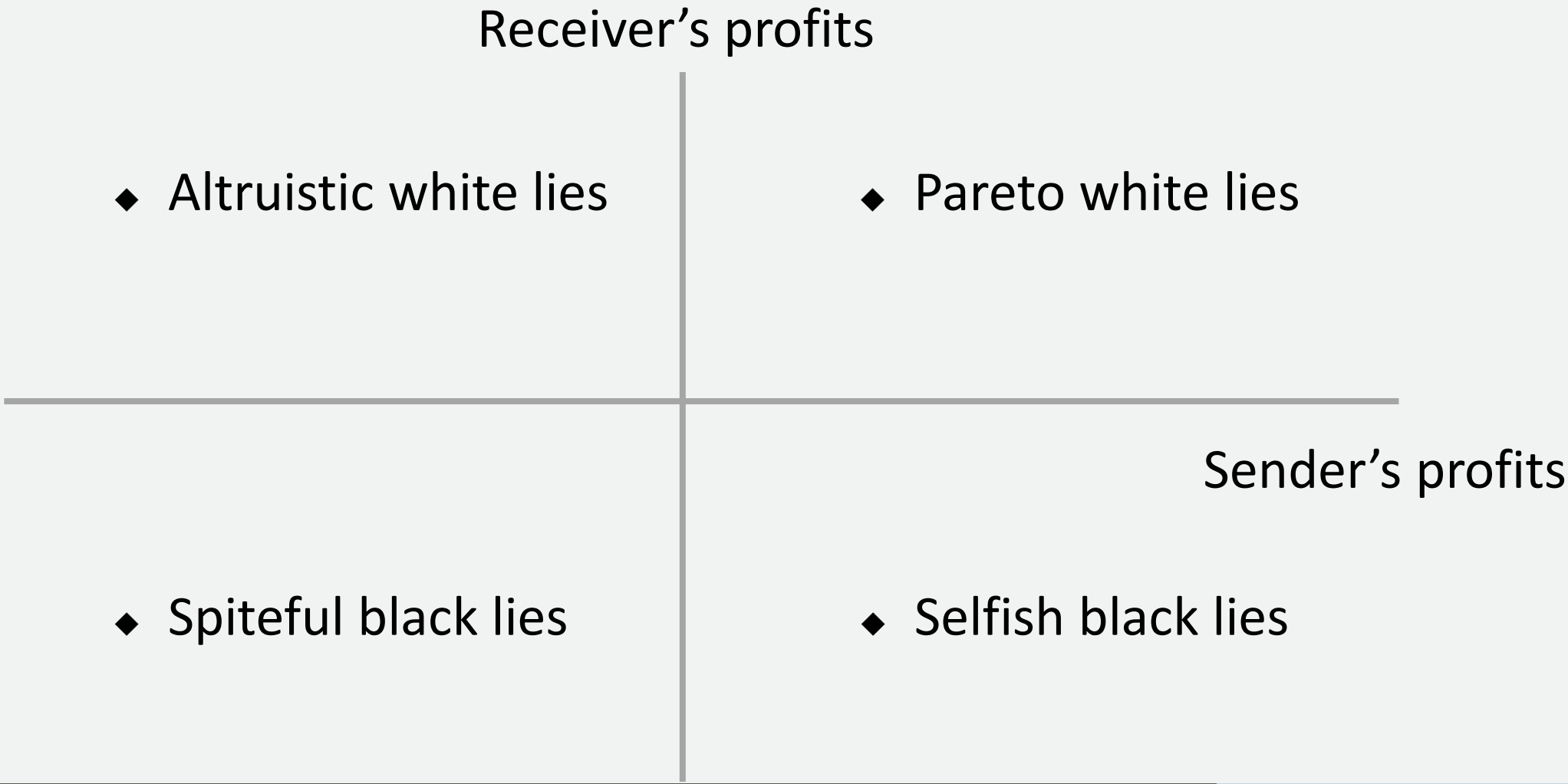
- The introduction of lies
- Experiment 1: design & outcome
- Experiment 2: design & outcome
- Conclusion

The introduction of lies

Why people choose to lie is important.

- Black lies: selfish ones, involving acts that help the liar at the expense of another.
- White lies: the liar intends to improve another's benefit

The introduction of lies



The introduction of lies

Utilitarian (useful lies) vs. Moral concern

Pareto white lie: Check if someone is lie aversion

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Experiment 1: Design

- Two players: Sender and Receiver
- Sender knows about the real point of the dice, and he has to send the message {1~6} to the receiver.

Experiment 1: Design

- Receiver then report the message. If it is right, both sender and receiver get 20 as reward
- If wrong, there are several different treatments

Experiment 1: Design

Treatment	Right	Wrong
T[-1,10]	(20,20)	(19,30)
T[1,10]	(20,20)	(21,30)
T[10,10]	(20,20)	(30,30)
T[1,-5]	(20,20)	(21,15)
T[10,0]	(20,20)	(30,20)

Experiment 1: Outcome

Treatment	Fractions of lies
T[-1,10]	33/101 (33%)
T[1,10]	49/101 (49%)
T[10,10]	66/102 (65%)
T[1,-5]	38/104 (37%)
T[10,0]	57/109 (52%)

Experiment 1: Outcome

- In altruistic white lies treatment [-1,10], 33% of sender choose to lie

→The phenomenon of social preference

Experiment 1: Outcome

- In Pareto improvement treatment [10,10], **65%** of sender choose to lie
  →Lie aversion effect
- But in another treatment [1,10], the percentage of lying decrease to **49%**
  →People care about their own incentives

Experiment 1: Outcome

Other interesting compare:

[1,10](49%) vs. [1,-5](37%)

[10,10](65%) vs. [10,0](52%)

→Both demonstrate social preference effect

Experiment 1: Outcome

Gender Differences:

1. In the T[1,-5] treatment, men tells more lies than women
2. Women are more likely to tell an altruistic white lie than men
3. Women are less likely to tell a Pareto white lie than men

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Experiment 2: design & outcome

- Within-subject design:
  - One Subject
  - Multiple sets of payoffs and decisions

- Risk: Experimenter demand

Experiment 2: design & outcome

Table 5 Payoffs (in $) in the Within-Subject Design

Payment possibility	A	B
1. ($T[-1, 10]$)	(20, 20)	(19, 30)
2. ($T[1, 10]$)	(20, 20)	(21, 30)
3. ($T[10, 10]$)	(20, 20)	(30, 30)
4. ($T[1, -5]$)	(20, 20)	(21, 15)

Experiment 2: design & outcome

- Result 1: willing to tell an altruistic lie
- Result 2: Many do not even tell Pareto lies
- Result 3: Propensity to lie is affected by own and other's payoffs

Table 6 Fraction of Lies in the Different Treatments

Payment possibility	Fraction of lies
1. ($T[-1, 10]$)	25/58 (43%)
2. ($T[1, 10]$)	38/58 (66%)
3. ($T[10, 10]$)	44/58 (76%)
4. ($T[1, -5]$)	30/58 (52%)

Experiment 2: design & outcome

Gender differences:

Table 9 Percentage of Men and Women Who Lie

Payment possibility	Fraction of lies among men	Fraction of lies among women
1. ($T[-1, 10]$)	9/28 (32%)	16/30 (53%)
2. ($T[1, 10]$)	20/28 (71%)	18/30 (60%)
3. ($T[10, 10]$)	22/28 (79%)	22/30 (73%)
4. ($T[1, -5]$)	18/28 (64%)	12/30 (40%)

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Conclusion

Why should we care?

- Monitoring and control
  - Manager’ s feedback

- Consequence-based vs. Believe-based guilt
  - First-order Believe about the social norms!　E.g. Poker
  - Disutility from violating social norms

Conclusion

- Gender difference
  - Hence, lying aversion can’t be the only explanation
  - Pareto results: lying aversion is important

- <u>But,</u>
  - Gender-difference: not only simple cost of lying
  - social preferences are important too

Conclusion

- Value of the results lies in the interaction of:
  - Incentives and consequences
  - Lying aversion
  - Social norms