

chairman of the Cato Institute; “it has only forced companies to jump through hoops.”

So much for enforcing honesty through external controls. They may work in some cases, but not in others. Could there be a better cure for dishonesty?

BEFORE I EVEN attempt to answer that question, let me describe an experiment we conducted that speaks volumes on the subject. A few years ago Nina, On, and I brought a group of participants together in a lab at UCLA and asked them to take a simple math test. The test consisted of 20 simple problems, each requiring participants to find two numbers that would add up to 10 (for a sample problem, see the table below). They had five minutes to solve as many of the problems as they could, after which they were entered into a lottery. If they won the lottery, they would receive ten dollars for each problem they solved correctly.

As in our experiment at the Harvard Business School, some of the participants handed in their papers directly to the experimenter. They were our control group. The other participants wrote down on another sheet the number of questions they solved correctly, and then disposed of the originals. These participants, obviously, were the ones with

Look at your watch, note the time, and start searching for two numbers in the matrix below that will add up to exactly 10.

How long did it take you?

1.69	1.82	2.91
4.67	4.81	3.05
5.82	5.06	4.28
6.36	5.19	4.57
