Let K(n) be the number of times knows is called for the parameter n. Then, for n = 1,

$$K(1) = 1$$
, and the formula gives $\frac{3N^1 - N^0 - 2N}{N - 1} = \frac{3N - 1 - 2N}{N - 1} = 1$.

For n > 1, knows is called once for each Person p in the group of N people who know p1 (due to the short-circuit evaluation) and 1 + K(n-1) times for each Person p in the group of N people who do not know p1. Therefore,

$$K(n) = N + N(1 + K(n-1)) = 2N + N \cdot K(n-1)$$
. From the induction hypothesis,

$$K(n-1) = \frac{3N^{n-1} - N^{n-2} - 2N}{N-1}$$
. So

$$K(n) = 2N + N \cdot K(n-1) = 2N + N \frac{3N^{n-1} - N^{n-2} - 2N}{N-1} =$$

$$\frac{2N^2 - 2N + (3N^n - N^{n-1} - 2N^2)}{N - 1} = \frac{3N^n - N^{n-1} - 2N}{N - 1}, \text{ q.e.d.}$$