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Abstract

Recent studies of communication and information have embraced more flexible models of communication allowing for omission or vagueness. Applications include a public-good provision game, a sender-receiver disclosure game, and many more. Yet little is known about the relationship between the strategic usage of vague messages and individuals’ attitudes toward lying. Research on lying behavior in economics such as Fischbacher and Föllmi-Heusi 2013 and its successors have mainly focused on subjects making outright lies and excluded a broader set of possibly misleading communication. This paper attempts to fill the gap by incorporating vagueness into the model of costly lying and provide empirical knowledge through a lab experiment.

The theoretical predictions of the paper derive from a variation of the Fischbacher-Föllmi-Heusi model in which an agent may send a vague, set-valued message, or a precise, single-valued message. We focus on two motivations for honesty: the agent cares not only about her monetary payoff but also the reputation/external concern for being seen as honest and the internal motivation for being honest. The key assumption is that a vague yet truthful message affects only the agent’s external but not her internal motivation. Then the agents who make small outright lies under the constraint of precise messages would choose to be truthful and vague if allowed. This suggests that the restricted message space could be another source of the observed aversion for monetary-payoff-maximization in previous experiments.

We propose a 2x2 experimental design that varies the anonymity of subjects and the availability of vague messages to test the hypotheses and isolate the effect of vagueness in the subjects’ internal motivation from their external motivation.