

Insights



To Deceive or Not to Deceive?

The Economic Consequences of Deception.

By Gary DeTurk

A time-honored principle of experimental economics prohibits the intentional deception of research participants. Economists worry that, after participating in an experiment involving deception, subjects may behave differently in future experiments. If a subject has been misled in the past, he may incorporate this prior experience into his current behavior by assuming that he is being deceived again, thus defeating the effect the researchers are hoping to achieve. Julian Jamison of the University of California at Berkeley, Dean Karlan of Yale University, and Laura Schechter of the University of Wisconsin, Madison, explore the potential fallout from experimental deception in "To Deceive or Not to Deceive: The Effect of Deception on Behavior in Future Laboratory Experiments."

Jamison, Karlan, and Schechter ran an elaborate two-phase experiment at the University of California, Berkeley. After being divided into two groups, participants played a two-player trust game. Although subjects in both groups were told that their partners were human, only players in the first group actually had a human partner; participants in the second group played against a computer. At the conclusion of the experiment, researchers informed the second of the two groups that they had been deceived.

Four weeks later, the second phase of the experiment began. Although both this and the previous phase were part of the same experiment, subjects were unaware that they were participating in a continuation of the original study. Of the 261 of the subjects in the initial study, 155 returned for the second phase, which consisted of three games: a two-player Dictator Game, an ordered series of risky gambles, and a two-player Prisoners' Dilemma.

The authors predicted that a previously deceived player would suspect that his partner was a computer, even when the researchers explicitly told him otherwise. Previous research shows that subjects playing with humans are more giving in the Dictator Game and more cooperative in a Prisoners' Dilemma. They therefore hypothesized that excessively selfish behavior within the deceived group would in-

dicade that prior deception influenced the subjects' responses.

Upon examination of the results, the authors found that previously deceived subjects were more likely to "behave inconsistently" in the risky gambles. This finding indicates that perhaps the testing subjects took the games less seriously as a result of their prior experiences. In the remaining two games, the authors found "no significant differences" between the deceived and non-deceived group.

Jamison, Karlan, and Schechter conclude that experimental deception "has some non-random effects on the types of treatments that interest experimental

economists." To allay any potential effects of subject bias, the authors recommend that researchers wishing to use deception establish, fund, and maintain two separate subject pools, one consisting of previously deceived participants, the other consisting of deception-free candidates. However, they point out that economists might get "more generalizable results if individuals were suspicious of the administrators, just as they may be in the real world with respect to economic transactions." Thus in spite of the fact that deception seems to alter a subject's future responses in economic experiments, the desirability, or lack thereof, of such a bias remains open to debate.

