Individual Behaviour in Free-Riding Experiments Revisited, Without Deception.

Abstract

Deceiving participants offers an experimenter the tantalising prospect of making "others' behaviour" a controlled variable, but is frowned upon by experimental economists because it may pollute the pool of subjects. This paper proposes and implements an experimental design which offers all the benefits of deception without actually deceiving anyone: the Conditional Information Lottery (CIL). The design should be suitable for most economics experiments in which deception could be useful, and works by a modification of an already standard design, the Random Lottery incentive system. In CIL, the deceptive scenarios of designs which use deceit are replaced with fictitious scenarios, each of which, from a subject's viewpoint, has a chance of being true. It is shown that the deceptive experiment of Weimann (1994) could be re-run using the new design so as to eliminate the deception completely. The CIL design is implemented in a VCM public good experiment designed to test some predictions of alternative accounts of contribution to a public good. The experiment tests for social proof, inequality aversion and reciprocity effects using a sequential game. A secondary aim of the experiment was to see whether Weimann's result, that subjects are more sensitive to free-riding than cooperation on the part of others, could be corroborated. The data show reciprocity like effects, but there is evidence against Sugden's (1984) reciprocity theory. Inequality aversion is consistent with the data, and no significant evidence was found of social proof effects. Weimann's findings were reproduced. The CIL technique is shown to be workable.