

Commitment with and without money: an experiment

(joint -- and ongoing -- work with Nicolas Jacquemet, Stephane Luchini, Jason Shogren)

Cheap talk is often prescribed as a remedy against selfishness in social dilemmas. We use a classic trust game to further explore (i) the source of the positive effect of cheap talk on cooperation, and (ii) the institutional design to amplify this effect. We incorporate the social psychological theory of commitment into the economic theory of lying aversion. The former puts forth that communication involves an intrinsic cost of lying. The latter offers ways to reinforce the bond between one's words and deeds, which can be viewed as increasing the intrinsic cost of lying. We find that the success of communication-based institutions depends on the degree of subjects' personal commitment to truth-telling. Echoing previous results, we report that fixed-form, pre-play, cheap-talk messages cannot improve the efficiency of interactions due to the limited trust in (and the trustworthiness of) these signals. However, the same communication protocol preceded by an individual, costless and voluntary oath to "tell the truth and always provide honest answers" offered to all (and signed by most) subjects improves both the trust in and the trustworthiness of messages, thus fostering cooperation.