



CENTRE FOR DECISION RESEARCH & EXPERIMENTAL ECONOMICS



The University of
Nottingham

UNITED KINGDOM • CHINA • MALAYSIA

Discussion Paper No. 2016-14

Abigail Barr and
Georgia Michailidou

September 2016

Complicity without Connection or Communication

CeDEx Discussion Paper Series

ISSN 1749 - 3293



CENTRE FOR DECISION RESEARCH & EXPERIMENTAL ECONOMICS

The Centre for Decision Research and Experimental Economics was founded in 2000, and is based in the School of Economics at the University of Nottingham.

The focus for the Centre is research into individual and strategic decision-making using a combination of theoretical and experimental methods. On the theory side, members of the Centre investigate individual choice under uncertainty, cooperative and non-cooperative game theory, as well as theories of psychology, bounded rationality and evolutionary game theory. Members of the Centre have applied experimental methods in the fields of public economics, individual choice under risk and uncertainty, strategic interaction, and the performance of auctions, markets and other economic institutions. Much of the Centre's research involves collaborative projects with researchers from other departments in the UK and overseas.

Please visit <http://www.nottingham.ac.uk/cedex> for more information about the Centre or contact

Suzanne Robey
Centre for Decision Research and Experimental Economics
School of Economics
University of Nottingham
University Park
Nottingham
NG7 2RD
Tel: +44 (0)115 95 14763
Fax: +44 (0) 115 95 14159
suzanne.robey@nottingham.ac.uk

The full list of CeDEX Discussion Papers is available at

<http://www.nottingham.ac.uk/cedex/publications/discussion-papers/index.aspx>

Complicity without Connection or Communication*

Abigail Barr

University of Nottingham
School of Economics

Georgia Michailidou*

University of Nottingham
School of Economics

This version: 3 November 2016

(Original version: 14 September, 2016)

Abstract

We use a novel experiment to investigate whether people try to coordinate when coordination requires that they lie and are more willing to lie when, in so doing, they are trying to coordinate with a potential accomplice. We define a potential accomplice as another with whom coordination would be mutually beneficial and who is facing the same incentives and the same moral dilemma. We find that people often try to coordinate when they have to lie to do so and that having a potential accomplice increases willingness to lie even when that potential accomplice is a stranger and communication is not possible.

KEYWORDS: complicity, lying, die rolling task

JEL classifications: C900, C910, C920, D83

***Acknowledgments:** We would like to thank Gianni De Fraja, Elke Renner, other members of CeDEx, and participants of the ‘Morality, Incentives and Unethical Behavior Conference’, UCSD, 2015, ‘Spring School in Behavioral Economics’, UCSD, 2015, ‘London Experimental Workshop’, Royal Holloway, 2015, ‘IMEBESS conference’, LUISS, 2016, ‘FUR conference’, University of Warwick, 2016 for their valuable comments and suggestions. Both authors acknowledge support from the Economics and Social Research Council, Abigail Barr via the Network for Integrated Behavioural Science (Award ES/K002201/1), Georgia Michailidou via the Nottingham Doctoral Training Centre (Grant number: M109124G).

* Corresponding author: georgia.michailidou@nottingham.ac.uk, Sir Clive Granger Building, Office C42, University Park, UK – Nottingham NG7 2RD.

1. Introduction

People often manage to coordinate with strangers and without communicating. In this paper we investigate whether strangers try to coordinate in the absence of communication when coordination requires that they behave immorally. Using an experiment, we establish that a significant proportion do. We then investigate whether people are more likely to behave immorally when, in so doing, they are trying to coordinate with another person facing the same incentives and the same moral dilemma even when that other person is a stranger and communication is not possible. In short, we endeavor to identify the minimal social conditions under which complicity can emerge.

Complicity, “the fact or condition of being involved with others in an activity that is unlawful or morally wrong” (Oxford English Dictionary), plays a part in many types of wrongdoing. Like other aspects of immoral behavior, complicity is difficult to observe and study in the field. However, alarming instances of wrongdoing involving complicity are often brought to light. For example, in the 1990s an inquiry revealed that many babies had died after heart surgery at the Bristol Royal Infirmary because medical professionals had not been applying appropriate standards of safety and had remained collectively silent about the issue for half a decade. One of the reasons why this case was particularly surprising was that professionals that one would normally expect to be morally upstanding had become complicit in a cover-up.

Complicity can take various forms. However, the majority of cases share two common features. First, the accomplices are in decision-making contexts in which there are opportunities to reciprocate and gain by acting collectively either by directly assisting one another in an immoral act, by lying to protect one another’s or their collective reputation or by turning a blind eye upon each other’s wrongdoing. In short, one accomplice helps the other and knows or anticipates that the other will reciprocate. Second, the accomplices share social ties, i.e., they are colleagues and possibly also friends.

If complicity can only emerge between people who share social ties, interventions that moderate social tie formation and maintenance between colleagues, such as staff rotation (Abbink 2004), should be pursued. However, such interventions will not work if complicity can and does emerge between completely unconnected strangers.

To test whether complicity can emerge between strangers in the absence of communication, we designed and conducted a laboratory experiment. The focus of the experiment is the Complicity Game (CG thereafter). In the CG, two anonymous players are randomly paired. Each is asked, simultaneously, to roll a die in private and report the outcome. The report of each player determines the monetary payoff received by the other. In addition, each player receives a bonus if both reports are 5 and a higher bonus if both reports are 6. In this game, the distribution of die roll reports will deviate from the uniform distribution of fair die rolls if the value players place on ensuring high monetary payoffs for themselves and others and on

coordinating with others facing the same choice outweighs any guilt or internalised shame they experience when lying. We are specifically interested in the psychological value placed on coordinating which, in contexts such as this where a moral dilemma exists, we refer to as the *potential accomplice effect*.

To isolate this effect, we also designed and conducted a variant of the game in which there is no potential accomplice, while everything else, including the altruistic motivation to lie and the subjective distributions of anticipated monetary payoffs conditional on own die roll reports, remains unchanged.

Finally, in one further variant of the CG, we removed the moral dilemma, while holding everything else, including the presence of a playing partner, constant. In this variant each player reports a number between 1 and 6 without, first, rolling a die.

In the absence of any moral dilemma, 97 percent of players report a 6 - they try and usually succeed to coordinate on the monetary payoff dominant equilibrium. A significantly lower 59 percent of the players participating in the CG reported a 6, suggesting that the moral dilemma had a bearing on their decision-making. Finally, a significantly lower again 41 percent of the players participating in the 'no potential accomplice' variant of the game reported a 6. These results indicate that a significant proportion of people are willing to behave immorally with the aim of coordinating, and having a potential accomplice increases individual willingness to behave immorally even when that accomplice is a stranger and communication is not possible.

Our findings contribute to the growing behavioural and experimental literature on immoral behaviour. In this literature, behaving immorally is associated with an intrinsic, psychological cost (Hurkens and Kartik, 2009; Abeler, Becker and Falk, 2014). However, this cost seems to be context specific. People behave more honestly when they have been religiously or morally primed (Mazar, Amir and Ariely 2008), when they have to report their immoral intentions before they act (Jiang 2013), when deviating from honesty might reduce their own earnings by suppressing others' effort (Ederer and Fehr 2007), and when immoral actions harm others (Gneezy, 2005; Fischbacher and Föllmi-Heusi, 2013).

Closely related to our study is that of Conrads, Irlenbusch, Rilke, Schielke, and Walkowitz (2014), who found that people lie more when the returns to lying must be shared with another. Alempaki, Doğan and Saccardo (2016) found that senders in a sender-receiver game lie less when the receivers played fairly in a prior dictator game. Weisel and Shalvi (2015) found that, in a sequential two-player game in which both must lie for each to secure a positive monetary payoff, when the first player lies, the second player reciprocates by also lying. And Kocher, Schudy, and Spantig (2016) found that communication within a group increases dishonesty. However, none of these studies investigate simultaneous coordination involving immoral behavior or isolate the effect of having a potential accomplice from other pro-social motivations for lying, while at the same time eliminating all

possible forms of communication, including signaling intent through choice of action.

The rest of the paper is organized as follows. In section 2 we introduce a theoretical framework for the CG. In section 3 we describe our experimental design and procedures. In section 4 we present the results of two checks pertaining to the internal validity of the experiment. In section 5 we present the main results and in section 6 we conclude.

2. Theoretical Framework

First, consider the version of the game in which there is no die rolling, i.e., in which each of the two players *chooses* a number between 1 and 6 to report, each player's choice directly determines the other's monetary payoff, and then a bonus of one or two is added if both choose 5 or 6 respectively. This game is represented by the matrix below:

Player B's report:		1	2	3	4	5	6
Player A's report:	1	1 1	1 1	1 1	1 1	1 1	1 1
	2	1 2	2 2	2 2	2 2	2 2	2 2
	3	1 3	2 3	3 3	3 3	3 3	3 3
	4	1 4	2 4	3 4	4 4	4 4	4 4
	5	1 5	2 5	3 5	4 5	6 5	6 5
	6	1 6	2 6	3 6	4 6	5 6	8 6

This game has 18 pure-strategy Nash equilibria² and the monetary payoff dominant equilibrium is both players report a 6. In this game, we expect players to report 6s for two reasons. First, while multiplicity of equilibria can lead to coordination failures, Van Huyck, Battalio and Beil, (1990) have shown that, if there is a unique monetary payoff-dominant equilibrium, this is what players tend to focus on and select. Second, Mehta, Starmer and Sugden, (1994) have shown that, when there are multiple equilibria but one is visually and/or intuitively salient, players tend to coordinate on that. Owing to its position and monetary payoff-dominance in the game above, (6, 6) meets these criteria.

Now, we introduce the die rolling, i.e., we move to the Complicity Game (CG), and consider the various possible psychological costs and benefits that accrue to subjects depending on their reports and how they relate to their die rolls. To

² The Nash equilibria of this game are: (1, 1), (2, 1), (3, 1), (4, 1), (1, 2), (2, 2), (3, 2), (4, 2), (1, 3), (2, 3), (3, 3), (4, 3), (1, 4), (2, 4), (3, 4), (4, 4), (5, 5), (6, 6)

describe formally the complete payoff function for players playing the CG, we define $\Delta = \{1, 2, 3, 4, 5, 6\}$. Players i ($i = A, B$) individually observe a message sent by Nature $O_i \in \Delta$ and, having made the observation, report an element of Δ , $R_i \in \Delta$, which may or may not equal O_i . The messages the two players observe are uncorrelated. The strategy space Δ^2 of each player has 36 elements (O_i, R_i) which are all the possible combinations of observation and report. Also, we assume that each player's belief about the message sent by nature that the other player observes, \bar{O}_i , is defined by a degenerate distribution, $\bar{O}_i \in \Delta$.³

Let $U_i : \Delta^2 \times \Delta^2 \rightarrow \mathbb{R}$ be the utility function of Player A (Player B's utility function is symmetric). We assume this is given by:

$$U_A[(O_A, R_A), (\bar{O}_B, R_B)] = [R_B + \delta(R_A, R_B)] + \alpha_A(R_A) - s_A(R_A) - g_A(|R_A - O_A|) + \tau_A \kappa(R_A, O_A, R_B, \bar{O}_B) \quad (UF1)$$

The first component of UF1, $R_B + \delta(R_A, R_B)$ is the *monetary gain* for Player A, where R_B equals the report of Player B and $\delta : \Delta^2 \rightarrow \{0, 1, 2\}$ is a function that indicates whether the reports of the two players are both either 5 or 6 given by the following:

$$\delta = \begin{cases} 1 & \text{if } R_A = R_B = 5 \\ 2 & \text{if } R_A = R_B = 6 \\ 0 & \text{otherwise} \end{cases}$$

The second component, $\alpha_A(R_A)$, captures *altruism*. Following the literature on altruistic white lies (Erat and Gneezy, 2011; Rosaz and Villeval, 2011), we assume that Player A may derive utility from securing Player B a higher monetary payoff. We assume that $\alpha_A(R_A)$ is strictly monotonically increasing in the co-player's monetary payoff.⁴

The third component, $s_A(R_A)$, captures the non-monetary cost associated with *internal shame*. Motivated by Greenberg, Smeets and Zhurakhovska (2015), we define internal shame as the personal discomfort individuals experience when they imagine another player suspecting them of lying. $s_A(R_A)$ depends only on Player A's report and is monotonically increasing in that report.

The fourth component, $g_A(|R_A - O_A|)$, captures the feeling of *guilt* an individual experiences when making an untrue report, one that does not match nature's message. Conceptually, this *guilt* component is similar to Abeler, Becker, and Falk's (2014) moral cost of dishonesty and Kartik, Tercieux and Holden's (2014) preference for honesty. We assume that g_A is monotonically increasing. An individual feels guiltier the greater the distance between the message she observes and her report.

³ We could reformulate everything in terms of expected utility using a generic probability distribution over the set possible beliefs, but the gain in generality would not justify the added complexity.

⁴ Note that this element would also be relevant when dice are not rolled and reports are chosen.

Finally, the last component $\tau_A \kappa(R_A, O_A, R_B, \bar{O}_B)$ captures what we described above as the *potential accomplice effect*. We define a potential accomplice as someone with whom it would be advantageous to coordinate and who is exposed to and is expected to react in a similar way to the same incentives and moral dilemma. We assume that this mutual exposure and expected reaction to the same moral dilemma increases an individual's utility by τ_A under the conditions specified by the indicator function $\kappa : \Delta^2 \times \Delta^2 \rightarrow \{0, 1\}$ and we specify κ as follows:

$$\kappa = \begin{cases} 1 & \text{if } R_A > O_A \text{ and } R_B > \bar{O}_B \\ 0 & \text{if } R_A \leq O_A \text{ or } R_A > O_A \text{ and } R_B \leq \bar{O}_B \end{cases}$$

According to this component, Player A gains additional utility, τ_A , from reporting a higher number than that which she observed (implied by $R_A > O_A$) if she expects that Player B will respond in a similar way to the dilemma (implied by $R_B > \bar{O}_B$).

According to UF1, players for whom guilt and internal shame are important components of utility when they lie will be disinclined to play the CG in the same way that they play the game without die rolling; specifically, they will be less inclined to report 6 with the aim of coordinating. However, any such feelings of guilt and shame will be countervailed in players who are altruistic and/or who are susceptible to the potential accomplice effect.

One of our empirical objectives is to establish whether the potential accomplice effect is positive, that is whether $\tau_A > 0$. We do this by comparing subjects' behaviour in the CG to subjects' behaviour in the no accomplice variant of the game in which Player B is present but passive and, hence, not exposed to the moral dilemma. This is equivalent to a situation where $R_B \leq \bar{O}_B$ and, hence, $\kappa = 0$. The no accomplice variant is designed such that all the other monetary and psychological stimuli are identical to those in the CG.⁵ Consequently, if subjects exhibit higher levels of dishonesty in the CG compared to the NAc, this can be attributed to the existence of a potential accomplice, i.e., to $\tau_A > 0$.

The behavioural economics literature offers many other elements that we could have built into the utility function. For example, Battigalli and Dufwenberg's (2007) *belief based guilt*, which is increasing in the extent to which a player thinks her actions will disappoint her co-player, could be included as a sub-component of the potential accomplice effect or as a sub-component of internal shame. However, our objective is not to test theory but to identify an effect of decision-making context on willingness to lie and, this being the case, a relatively simple utility function such as UF1 is preferred.

⁵ We check that the design works in this regard in section 4.

3. Experimental Design

3.1.1. The Complicity Game (CG)

Subjects are randomly matched into pairs. In each pair there is a Player A and a Player B. The players cannot identify or communicate with each other. Each player is asked to roll a fair six sided die once in private and report the outcome to the experimenter by writing it on a slip of paper. Each player's report determines the monetary payoff of the other player in the pair. There are two exceptions to this; if both players report a 5, each gets £5 plus a bonus of £1 and, if both players report a 6, each gets £6 plus a bonus of £2. Play is one-shot and simultaneous.

We included the bonuses for two reasons. First, in many real world examples of complicit lying, the benefits appear to be not only reciprocal but also collective. Second, the bonuses enhance the dominance and focality of (6, 6) and, thereby, increase the ease with which players could coordinate. We included a smaller bonus for (5, 5) because including a bonus for (6, 6) only could have had undesirable effects. For example, rendering (6, 6) too attractive could have reduced the likelihood of observing any cross-treatment difference in behavior. Or, recalling that Fischbacher and Föllmi-Heusi (2013), and Gächter and Schulz (2016) found that many people tend to lie but not maximally, rendering (6, 6) too attractive could have deterred individuals interested in avoiding suspicion and, thereby, rendered coordination harder to achieve.

3.1.2. The No Moral Dilemma (NMD) treatment (a design check)

The NMD treatment is identical to the CG except that each player simply chooses a number between 1 and 6 and reports his or her choice to the experimenter.

3.1.3. The No Accomplice (NAc) variant

In the NAc variant, as in the CG, subjects are randomly paired, in each pair there is a Player A and a Player B, the players cannot identify or communicate with each other, Player A's task is to roll a fair six sided die once in private and report the outcome to the experimenter, and Player A's report determines the monetary payoff of Player B. The difference between the CG and the NAc is that Player B is passive in the game and Player A's monetary payoff is determined as follows. After Player A reports her die roll, she is asked to randomly draw a report from the set of all reports made during a prior session in which other subjects played the CG. Player A knows this and the details of the CG prior to rolling the die and reporting the outcome. Player A's draw determines her own monetary payoff and, if her report and her draw are both 5 or both 6, she and Player B get a bonus of £1 or £2 respectively.

In this variant of the game Player A has no potential accomplice because Player B is passive and this, essentially, "turns off" the last component in utility function UF1. However, the altruistic motivation for Player A to lie, the guilt that Player A might feel if she lies, and the internal shame that Player A might feel when

imagining what Player B might infer from receiving a high monetary payoff, are the same as in the CG.

This variant was also designed to hold one other factor constant relative to the CG. That factor was the Player As' *ex ante* subjective distributions of anticipated monetary payoffs conditional on their own decisions.⁶ Describing the CG in full and then inviting the Player As to draw a report from the set of all reports made during a CG session is the natural way to do this. However, it has a drawback, the Player As might think of the players in that prior CG session as accomplices. While this is a concern, note that it could not drive a significant result in support of a positive potential accomplice effect; if anything, it would reduce the chances of us isolating such an effect.

3.2. Elicitation of active players' beliefs about the distributions of decisions that would determine their monetary payoffs

The internal validity of this experimental design depends critically on the *ex-ante* subjective distributions of the active players' anticipated monetary payoffs, conditional on those players' decisions, being constant across the CG and the NAc variant. To check that this was the case, at the end of each session of the CG and the NAc variant, we invited players to participate in an un-incentivised belief elicitation exercise in which they were asked to guess how many out of 30 participants in the CG would make a report of 1, 2, 3, 4, 5, and 6. If the beliefs of active players under the CG and NAc variants are statistically indistinguishable, we can infer that so too were their *ex-ante* subjective distributions of anticipated monetary payoffs, conditional on their own decisions.

3.3. Experimental Procedures

The experiment was conducted at the CeDEx laboratory, University of Nottingham, in May 2015. In total, 294 students, recruited through ORSEE (Greiner 2004), participated in the CG, NAc variant, and NMD treatment. Of these, 63% were females. We ran 3 sessions of the CG, 6 sessions of the NAc variant, and 1 session of the NDM (design check) treatment. Each session lasted approximately 40 minutes and each participant earned between £1 and £8 plus a show up fee of £2. The smallest session was run with 24 subjects and the largest with 30 subjects. We started by running two sessions of the CG, one of which generated the reports used to determine the monetary payoffs for the Player As in the NAc sessions,⁷ then we randomised the treatments across the remaining sessions.

⁶ In this regard, our experiment is similar to Bohnet and Zeckhauser's (2004) and Bohnet, Greig, Herrman, and Zeckhauser's (2008) experiments designed to isolate and measure betrayal (of trust) aversion.

⁷ 30 die roll reports had to be generated by subjects participating in an early session of the CG before we could start running NAc variant sessions. Anticipating that turnout for the first session of the CG could be less than 30 subjects, we scheduled two consecutive sessions of the CG before scheduling any NAc variant session. In fact, both of the first two CG sessions had a turnout of 30 players. We tossed a coin to determine that the second session of the CG would be used for the draw in the subsequent NAc sessions.

The games were conducted using die, cups, pens, paper and envelopes. Participants were paired before they made their reports and double blind procedures were maintained throughout. The neutrally framed instructions were presented to the participants both verbally and in writing. The participants' understanding was tested prior to them proceeding to the game.⁸

4. Internal Validity Checks

In this section, we exploit two features of the experimental design to establish the experiment's internal validity.

4.1. Establishing a Coordination Benchmark

The internal validity of our experimental design depends on subjects trying to coordinate on (6, 6) in the absence of any moral considerations. This needs to be checked empirically because, while (6, 6) is the monetary payoff dominant equilibrium, the CG, assuming no moral considerations, has multiple equilibria. We included the NDM treatment in our design to facilitate such a check. The data from the NDM treatment is graphed in Figure 1. It indicates that, in the absence of any moral considerations, 97 percent of the time subjects choose 6.⁹

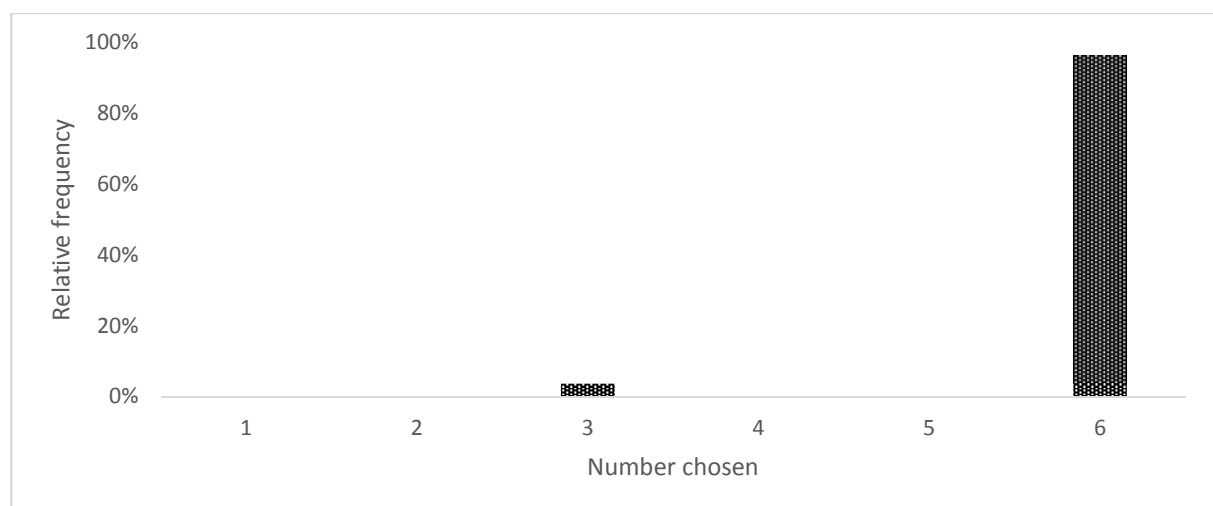


Figure 1: Relative frequencies of numbers chosen in the No Moral Dilemma treatment (n=30)

4.2. Consistency of beliefs across treatments

The internal validity of our experimental design also depends on the active players under the CG and NAc variants having indistinguishable subjective beliefs about the likelihood of others making each of the possible reports and, hence,

⁸ If a participant gave one or more wrong answers in the test, a research assistant went through the instructions with them again and, then, the participant retok the test. Between 1 and 3 participants retok the test in each session. The retake rate was statistically indistinguishable across the CG and NAc according to a t-test (p-value= 0.9477).

⁹ Exactly 29 out of 30 players reported a 6.

indistinguishable *ex-ante* subjective distributions of their own monetary payoffs, conditional on their own decisions.

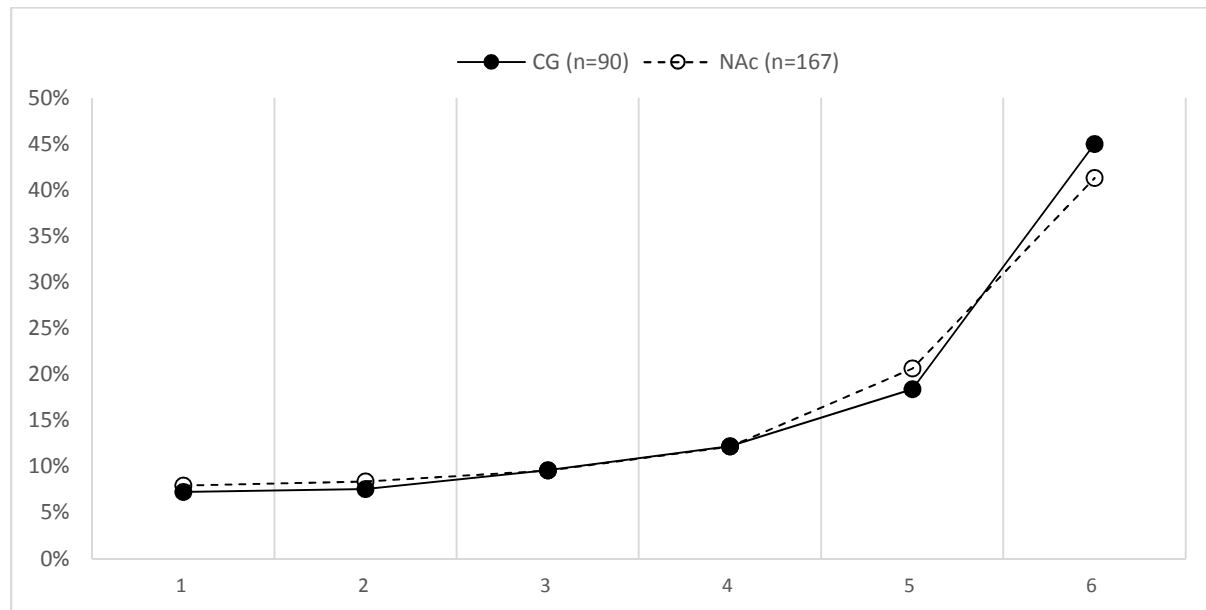


Figure 2: Elicited beliefs about the distribution of reports under the CG and the NAc variant

Figure 2 presents the elicited belief distributions averaged across, in the case of the solid line, all the participants in the CG and, in the case of the dotted line, all the active participants in the NAc variant.¹⁰ The figure suggests that there is no difference in players' beliefs across the two treatments. According to a multivariate analysis-of-variance we cannot reject the null hypothesis that the distribution of beliefs is identical across the two treatments (p-value 0.338).¹¹

5. Main Results

Having established our experiment's internal validity, we turn to our main results. First, by comparing the distribution of die roll reports in the CG to the expected distribution for a fair die, we address the issue of whether strangers try to coordinate in the absence of communication when coordination requires that they lie. Second, we use the die roll reports made in the CG and NAc variant to test the hypothesis that people are more willing to lie when they have a potential accomplice with whom it would be beneficial to coordinate and who faces the same incentives and is exposed to the same moral dilemma, i.e., that $\tau_A > 0$.

Figure 3 graphs the relative frequencies of the die roll reports made in the CG and the NAc variant. The figure also presents the expected distribution of fair die rolls,

¹⁰ Under the NAc variant, beliefs were elicited from both the active Player As (n=87) and the passive Player Bs (n=87). Of these, 7 did not respond to belief elicitation questions. In the figure, we graph the mean beliefs of the active and the passive players in the NAc variant pooled together. If the beliefs of the passive players in the NAc are excluded, the graph is almost identical.

¹¹ If the beliefs of the passive players in the NAc are excluded from the multivariate analysis-of-variance, the conclusion is the same (p-value 0.3833).

which is uniform, with each number expected to arise in approximately 16.7 percent of rolls (dotted line). Table 1 presents the percentages of each die roll report under each treatment.

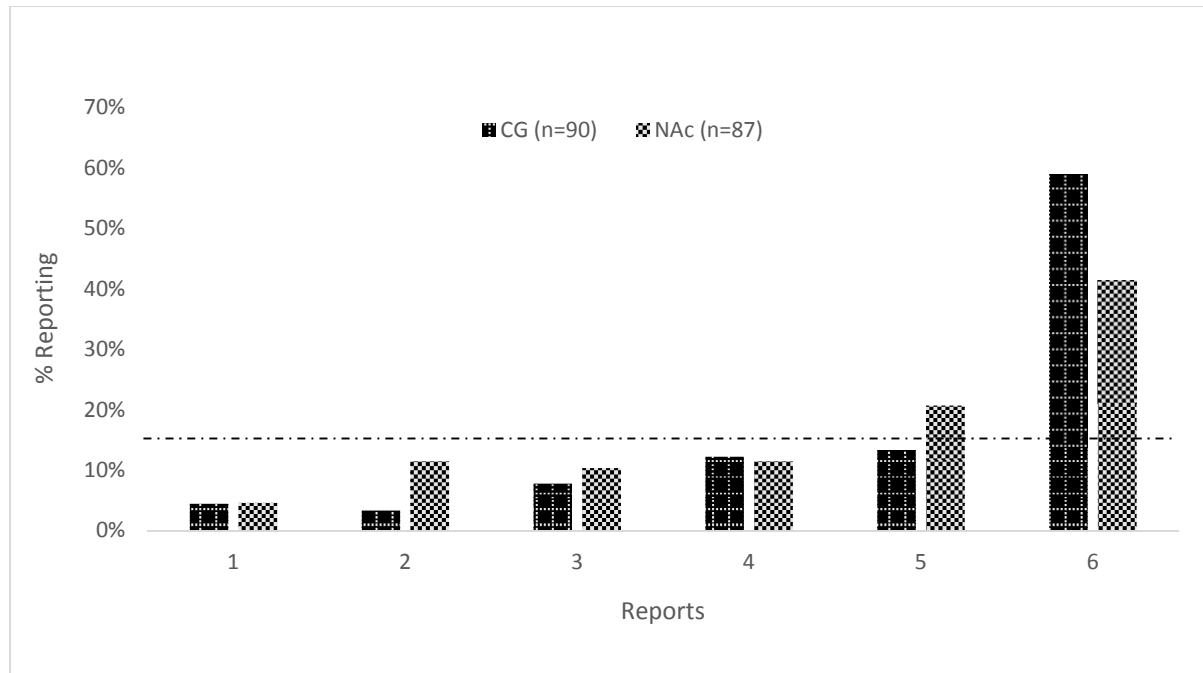


Figure 3: Die roll reports in the CG and the NAc variant

5.1. Do strangers try to coordinate in the absence of communication when coordination requires that they lie?

Figure 3 and Table 1 indicate that 59 percent of the reports made in the CG were 6. This is significantly higher than the 16.7 percent expected in the absence of lying; according to a two sided binomial test, adjusted to account for the fact that we perform six such tests, one for each possible report value (Benjamini and Hochberg, 1995), we can reject the null hypothesis that the percentage of reports of 6 in the CG is consistent with no lying at the 1 percent level. The table also indicates that, in the CG, the frequencies of low-value die rolls were significantly below the 16.7 percent expected in the absence of lying. Further, according to a Kolmogorov-Smirnov test, we can reject the null hypothesis that the distribution of reports made in the CG, as a whole, is consistent with no lying at the 1 percent level ($p\text{-value} < 0.01$).

Note also that the 59 percent of reports of 6 in the CG is significantly lower than the predicted 100 percent, and the actual 97 percent of subjects who chose a 6 in the NMD treatment ($p\text{-values}$ from unadjusted $t\text{-tests} < 0.001$).

These results indicate that a significant proportion of people try to coordinate with strangers in the absence of communication when coordination requires that they lie.

Table 1: Die roll reports in the CG and NAc variant

	(1) CG (n=90)	(2) NAc (n=87)	(3) Difference (percentage points)
Panel A			
Die roll report			
1	4.44% †††	4.60% †††	-0.16
2	3.33% †††	11.49%	-8.16 *
3	7.78% ††	10.34%	-2.56
4	12.22%	11.49%	0.73
5	13.33%	20.69%	7.36
6	58.89% †††	41.38% †††	17.51 ***
Panel B			
H ₀ : Report distribution same as for a fair die			
K-S test	p-value <0.01	p-value <0.01	
Panel C			
H ₀ : Mean reports in CG and NAc the same			
t-test, two-sided			p-value = 0.041
Wilcoxon rank-sum			p-value = 0.023
Panel D			
H ₀ : Report distributions in CG and NAc the same			
K-S test			p-value = 0.100

Notes: In Panel A, columns (1) and (2) report relative frequencies and column (3) reports differences in those relative frequencies; in columns (1) and (2), the significance of the difference between the reported relative frequency and that expected for a fair die according to two-sided binomial tests, adjusted to account for the fact that we perform six tests per distribution (Benjamini and Hochberg, 1995), is also indicated (††† and †† indicate significance at 0.01 and 0.05 respectively); in column (3), the significance of the difference between the treatments according to t-tests, adjusted to account for the fact that we perform six tests, is also indicated (*** and * indicate significance at 0.01 and 0.10 respectively); Panels B, C, and D describe tests of other hypotheses relating to the die roll distributions and report the results; in the second and fourth panel, K-S indicates Kolmogorov-Smirnov.

5.2. Is there a potential accomplice effect?

Figure 3 and Table 1 also indicate that reports of 6 were more frequent in the CG, at 59 percent, compared to the NAc variant, at 41 percent. According to a two-sided t-test, adjusted to account for the fact that we perform six such tests, one for each possible report value, we can reject the null hypothesis that the proportion of reports of 6 in the CG and the NAc are the same at the 1 percent level. Further, according to a t-test and a Wilcoxon rank-sum test, we can reject the null hypothesis that the mean reports made in the CG and the NAc are the same at

the 5 percent level (p-values 0.041 and 0.023 respectively). Only one test, the Kolmogorov-Smirnov test of the null hypothesis that the distributions of reports made in the CG and the NAc are the same, yielded a result on the borderline of significance at the 0.10 level.

These findings indicate that, *ceteris paribus*, subjects are more inclined to lie when they have a potential accomplice.

6. Conclusion

The objective of this study is to investigate whether strangers try to coordinate in the absence of communication when coordination requires that they lie and whether people are more willing to lie when, in so doing, they are trying to coordinate with a potential accomplice, i.e., another person facing the same potential individual and mutual benefits and the same moral dilemma, even when that individual is a stranger and communication is not possible. We conducted an experiment focused on a game, the Complicity Game (CG), in which the two players could maximize their individual and collective earnings only if they were willing to coordinate by lying.

By comparing the distribution of die roll reports made in the CG to the expected distribution for a fair die, we found that a significant proportion of strangers are indeed able and willing to coordinate in the absence of communication when coordination requires that they lie.

Then, to isolate the effect of having such a potential accomplice in the CG, we also designed and conducted a variant of the game, the NAc variant, in which the one active player had no potential accomplice, but everything else was the same. By comparing the distributions of die roll reports made in the CG and the NAc variant, we found that subjects were more inclined to lie when they had a potential accomplice.

These results indicate that complicity does not depend on social ties or communication and that, to an extent at least, the emergence of complicity is owing to an intrinsic desire to coordinate with others facing similar incentives even when coordination requires immoral behavior.

These findings are relevant to both the public and the private sector. They suggest that interventions designed to moderate social tie formation and maintenance between colleagues may not be sufficient to eliminate complicit wrongdoing. Measures designed to inculcate moral values within individuals may be the answer, but further research is required.

References

- Abbink, Klaus. 2004. "Staff rotation as an anti-corruption policy: an experimental study." *European Journal of Political Economy* 20 (4): 887–906. doi:10.1016/j.ejpoleco.2003.10.008.
- Abeler, Johannes, Anke Becker, and Armin Falk. 2014. "Representative evidence on lying costs." *Journal of Public Economics* 113: 96–104. doi:10.1016/j.jpubeco.2014.01.005.
- Alempaki, Despoina, Gönül Doğan, and Silvia Saccardo. 2016. "Deception and Reciprocity." <http://ssrn.com/abstract=2792564>.
- Battigalli, Pierpaolo, and Martin Dufwenberg. 2007. "Guilt in Games." *American Economic Review* 97 (2): 170-176. doi:10.1257/aer.97.2.170.
- Benjamini, Yoav, and Yosef Hochberg. 1995. "Controlling the False Discovery Rate: A Practical and Powerful Approach to Multiple Testing." *Journal of the Royal Statistical Society* 57 (1): 289-300. <http://www.jstor.org/stable/2346101>.
- Bohnet, Iris, and Richard Zeckhauser. 2004. "Trust, risk and betrayal." *Journal of Economic Behavior & Organization* 55: 467–484. doi:10.1016/j.jebo.2003.11.004.
- Bohnet, Iris, Fiona Greig, Benedikt Herrmann, and Richard Zeckhauser. 2008. "Betrayal Aversion: Evidence from Brazil, China, Oman, Switzerland, Turkey, and the United States." *The American Economic Review* 98 (1): 294-310. <http://www.jstor.org/stable/29729972>.
- Conrads, Julian, Bernd Irlenbusch, Rainer Michael Rilke, Anne Schielke, and Gari Walkowitz. 2014. "Honesty in tournaments." *Economics Letters* 123 (1): 90–93. doi:10.1016/j.econlet.2014.01.026.
- Ederer, Florian, and Ernst Fehr. 2007. "Deception and Incentives: How Dishonesty Undermines Effort Provision." *IZA Discussion Paper No. 3200*. <http://ssrn.com/abstract=1071602>.
- Erat, Sanjiv, and Uri Gneezy. 2011. "White Lies." *Management Science* 723 - 733. doi:http://dx.doi.org/10.1287/mnsc.1110.1449.
- Fischbacher, Urs, and Franziska Föllmi-Heusi. 2013. "LIES IN DISGUISE—AN EXPERIMENTAL STUDY ON CHEATING." *Journal of the European Economic Association* 11: 525–547. doi:10.1111/jeea.12014.
- Gächter, Simon, and Jonathan Schulz. 2016. "Intrinsic honesty and the prevalence of rule violations across societies." *NATURE* 531: 496–499. doi:10.1038/nature17160.
- Gneezy, Uri. 2005. "Deception: The Role of Consequences." *American Economic Review* 95 (1): 384-394. doi:10.1257/0002828053828662.
- Greenberg, Adam Eric, Paul Smeets, and Lilia Zhurakhovska. 2015. "Promoting Truthful Communication Through Ex-Post Disclosure." doi:http://dx.doi.org/10.2139/ssrn.2544349.
- Greiner, Ben. 2004. "The Online Recruitment System ORSEE 2.0 - A Guide for the Organization of Experiments in Economics." *RePEc:cls:series:0010*. http://sourceforge.net/project/showfiles.php?group_id=87875&release_id=246447.
- Hurkens, Sjaak, and Navin Kartik. 2009. "Would I lie to you? On social preferences and lying aversion." *Experimental Economics* 12 (2): 180-192.

- Jiang, Ting. 2013. "Cheating in mind games: The subtlety of rules matters." *Journal of Economic Behavior & Organization* 93: 328–336. doi:10.1016/j.jebo.2013.04.003.
- Kartik, Navin, Olivier Tercieux, and Richard Holden. 2014. "Simple mechanisms and preferences for honesty." *Games and Economic Behavior* 83: 284–290. doi:10.1016/j.geb.2013.11.011.
- Kocher, Martin G., Simeon Schudy, and Lisa Spantig. 2016. "I Lie? We Lie! Why?" *CESIFO WORKING PAPER NO. 6008*.
- Mazar, Nina, On Amir, and Dan Ariely. 2008. "The Dishonesty of Honest People: A Theory of Self-Concept Maintenance." *Journal of Marketing Research* 45 (6): 633-644.
- Mehta, Judith, Chris Starmer, and Robert Sugden. 1994. "The Nature of Salience: An Experimental Investigation of Pure Coordination Games." *American Economic Review* 84 (3): 658-73. http://econpapers.repec.org/article/aeaaecrev/v_3a84_3ay_3a1994_3ai_3a3_3ap_3a658-73.htm.
- Rosaz, Julie, and Marie Claire Villeval. 2011. "Lies and Biased Evaluation: A Real-Effort Experiment." *IZA Discussion Paper No. 5884*. <http://ssrn.com/abstract=1906187>.
- Van Huyck, John B., Raymond C. Battalio, and Richard O. Beil. 1990. "Tacit Coordination Games, Strategic Uncertainty, and Coordination Failure." *The American Economic Review* 80 (1): 234-248.
- Weisel, Ori, and Shaul Shalvi. 2015. "The collaborative roots of corruption." *PNAS* 112 (34): 10651-10656. doi:10.1073/pnas.1423035112.