

Once a Cheater Always a Cheater? An Experimental Study on the Persistence of Lying.

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Abstract: We study if lying behavior is persistent. In an experimental market, sellers are given private information about the quality of the product that they are selling. In chat or face-to-face interactions, sellers can try to convince buyers that their product is of high quality. We manipulate the incentives for sellers to lie. In the high-stakes condition, sellers receive large benefits if they can convince the buyer that their product is of high quality, while in the low-stakes condition sellers only receive small benefits for convincing the buyer that the quality is high. Every seller is exposed to both conditions, but we reverse the order among different sellers, which allows us to test for path-dependency.