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Honesty versus Co-operation*

(An interpretation of the moral behavior of economics students)

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A variety of empirical evidence suggests that economics students are less co-operative than students in other disciplines are. Anthony M. Yezer and his colleagues have recently provided a strong counter-example claiming that economics students behave in a more honest way than non-economics students do. Since honesty and co-operation are not the same there might be no contradiction between these two claims. Economics students seem to represent a special pattern of moral behavior that is characterized by respect for property rights and strong self-interest motivation at the same time.

1. Economics Students are Less Co-operative

In their pioneering study Gerald *Marwell* and *Ruth Ames* found that graduate students in economics are much *more likely* to *free ride* than others in situations where private contributions to public goods are asked for. (Marwell & Ames, 1981)

Marwell and Ames designed an experiment where subjects were given some initial endowment of money that they were to allocate between two accounts, the "public" and the "private'.

Money deposited in the subject's private account was returned to the subject dollar-for-dollar at the end of the experiment. Money deposited in the public account was pooled, multiplied by a factor greater than unity, and finally distributed equally among all subjects. From a social point of view the optimal behavior is to put the entire endowment in the public account. However, from the individual point of view the rational strategy is to put the entire endowment in the private account.

Marwell and Armes found that economics students contributed an average of only 20 % of their initial endowment to the public account. All other subjects contributed an average of 49 % to the public account.

After the experiment Marwell and Ames asked their subjects that what is a "fair" investment in the public good and whether the subject is concerned about "fairness" in

making her or his choice. The responses of the economics students were rather strange to these questions.

"More than one-third of the economists either refused to answer the question regarding what is fair, or gave very complex, uncodable responses. It seems that meaning of 'fairness' in this context was somewhat alien for this group. Those who did respond were much more likely to say that little or no contribution was 'fair'. In addition, the economics graduate students were about half likely as other subjects to indicate that they were 'concerned with fairness' in making their decisions." (Marwell & Ames, 1981)

John Carter and *Michael Irons* conducted a different experiment to test the moral behavior of economics students. These authors measured self-interestedness by examining behavior in the so-called *ultimatum bargaining game*. (Carter & Irons, 1991)

The game has two players, an allocator and a receiver. The allocator is given $ 10 to allocate between the receiver and herself/himself. The receiver has two options: (1) accepting the offer, in which case each player gets the amount proposed by the allocator; (2) rejecting the offer, in which case each player gets nothing. The players play the game only once.

The self-interest model predicts that the allocator will propose $ 9.99 for herself/himself and only $ 0.01 to the other player, and the receiver will accept this offer on the ground that the utility of one penny is greater than zero.
Carter and Irons found that economics students both as allocators and receivers performed significantly more in accord with the *self-interest model* than non-economics student did.

Robert H. Frank and his colleagues conducted a *prisoner's dilemma experiment* with both economics and non-economics students. (Frank et al. 1993)

The self-interest model predicts that people will always defect in a one-shot prisoner's dilemma game.

Frank and his colleagues conducted their experiment with real money. The subjects met in groups of three and each was told that she or he will play the game once only with each of the other two subjects. Confidentiality was maintained so none of the players would learn how their partners had responded in any play of the game.

There were a total of 267 games that means a total of 534 choices between co-operation and defection. For these choices the defection rate for economics students was 60.4 % as compared to the only 38.8 % defection rate for non-economics students. This significant difference supports the hypothesis that economics students are more likely than non-economics students to behave self-interestedly do.

In addition to their experiment Frank and his colleagues asked students whether they would co-operate or defect in a one-shot prisoner's dilemma game if they knew with certainty that their partner was going to co-operate. 58 % of the economics students reported that they would defect. By contrast, only 34 % of non-economics students reported that they would defect from a partner they knew would co-operate.

2. Economics Students are More Honest

In a recent paper *Anthony M. Yezer* and his colleagues claim that contrary to the evidence that economics students display non co-operative behavior in specialized games and surveys, their *"real world" behavior* is actually *more honest* than that of the non-economics students. (Yezer et al. 1996)

Yezer and his colleagues conducted the so-called *"lost-letter" experiment* that is well known in psychology.

The letter was placed in an unsealed, stamped, plain white envelope, with a single name and address on the front and no indication of a return address. Inside were ten $1 bills along with a brief hand-written note indicating that the enclosed currency is the repayment of an informal loan. The intention was to give students finding the letter the impression that it had been written by another student.

32 letters were left in upper level economics classes and also 32 letters in upper level classes in other disciplines such as psychology, political science, and history. Of the letters left in economics classes 56 % were returned while only 31 % of the letters left in non-economics classes were returned.

This experimental evidence indicates that economics students are more honest than students studying other disciplines are.

The returned envelopes also provided some qualitative evidence for the researchers on student reactions to the lost letters. In two cases, students added messages indicating that they had made extraordinary efforts to locate the addressee, including checking the Student Directory, the telephone directory and the university registrar. Both of these cases were by economics students. One letter was returned with currency removed and a false return address. This case was from non-economics class.

3. A Nozickian Pattern?

Yezer and his colleagues themselves interpreted their results in the terms of *co*-operativeness. I think this interpretation can be challenged. The results of the lost-envelope experiment can best be understood in the terms of *honesty*.

In ethics and especially in economic ethics there is a sharp distinction between two basic forms of moral motivation, namely *duty* and *love*.

If you do something because it is your duty then it means that your motive is to correspond to a moral principle or norm. If you do something because you love or respect a person then your motive is to increase the happiness or well-being of that person. Duty and love might or might not coincide with one another in concrete situations but they represent independent motivations of the agent. (Mansbridge (ed.) 1990)

The lost-letter experiment is about honesty, while the experiments of private contribution to public goods, the ultimatum bargaining game and the prisoner's dilemma game are about co-operation.

If you find a lost letter with full address then you can feel that it is your duty to return it. Returning a lost letter is norm-following act. The letter is a property of the addressee and you simply respect her or his *property rights* by returning the lost letter.

Unlike the lost-letter experiment, the experiments conducted by Marwell & Ames, Carter & Irons, and Frank and his colleagues do not involve any duty of the players. In these games partners have no "barrier rights" to be respected. These experiments are about the allocation of monetary gains between players. The real matter in these games is how the first players assess weight to her/his own gains and to the gains of the others.

The general model of co-operation can be stated in a very simple way:

$max \quad (w1X + w2Y)$

where X is the gains of the first player and Y is the gain of the others while $w1$ and $w2$ represent the relative weights that the first player attributes to herself/himself and to the other player, respectively.
The model becomes completely self-interested if $w1 = 1$ and $w2 = 0$. On the other hand, if $w1 = 0$ and $w2 = 1$ then the model becomes completely altruistic.

In his famous "Anarchy, State, and Utopia" *Robert Nozick* has advanced an ideal of moral behavior in which *rights* are incorporated into the end state to be achieved in a way that the agent places them as *side constraints* upon her or his action to be done. (Nozick, 1974)

According to Nozick the agent must not violate the rights of the others in any circumstances. The rights of others determine the constraints upon the agent's action. However, within these side constraints the agent is completely free to maximize the fulfillment of her or his own goals.

Economics students seem to represent a *Nozickian pattern* of moral behavior. They might be *more honest* but at the same time, *less co-operative* than non-economics students. Respecting property rights and paying little attention to the interests of others are *not*

contradictory motives. This forms a special pattern of moral behavior that is rather different from other patterns of moral behavior represented by non-economics students.

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