

Introduction

Motivation: Altruism is Fundamentally Social

- *I'm hard to get, Steve. All you have to do is ask me.*
 - Lauren Bacall to Humphrey Bogart, in *To Have and Have Not*, 1944.
- *And then it occurred to me, like a flash that no one would refuse a man a meal if only he had the courage to demand it. I went immediately to a cafe and wrote a dozen letters. "Would you let me have dinner with you once a week? Tell me what day is most convenient for you." It worked like a charm. I was not only fed... I was feasted.*
 - Henry Miller, *Tropic of Cancer*, 1934

Example: Charitable Giving

- The Power of the Ask
 - People tend not to give until they are asked.
 - Better that they are asked directly, and by someone they know
- Andreoni and Payne (2009) show that \$1 spent on fundraising generates \$5 in new funds
- Response to direct mailings is very low
 - 2% or less
 - Easy to avoid being asked by tossing it out unopened
- Door to Door fundraising is more productive if....
 - Solicitor is an attractive female (List, et al., QJE)
 - People agree to answer the door (della Vigna and List, w.p.)
- Often, however, people avoid being asked

Theory and Background

Payoff-irrelevant Communication Can Matter

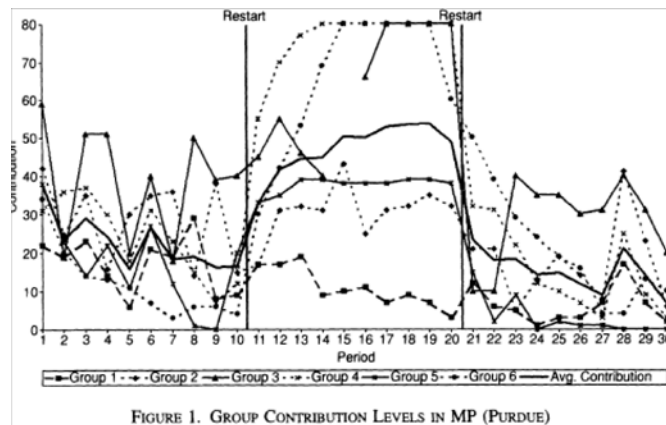
- Crawford-Sobel Cheap Talk
- Coordination games, like Battle-of-the-Sexes:
 - This works best with one-way communication

Strategy-Irrelevant Communication Can Matter Too

Expressiveness:.

- D Masclet, C Noussair, S Tucker, MC Villeval, AER 2003

- *Monetary Punishment:*

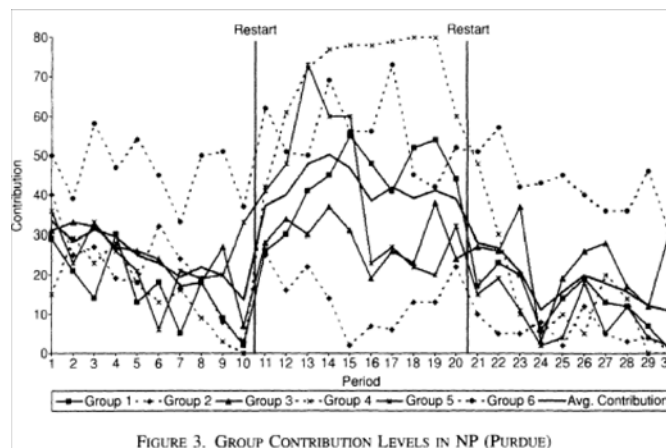


Strategy-Irrelevant Communication Can Matter Too

Expressiveness:.

- D Masclet, C Noussair, S Tucker, MC Villeval , AER 2003

- *Non-Monetary Punishment:*

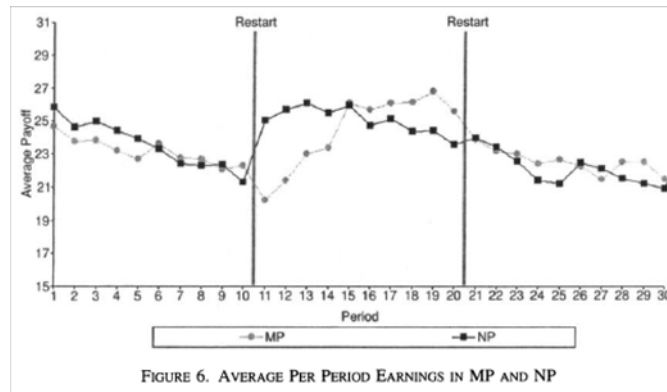


Strategy-Irrelevant Communication Can Matter Too

- **Expressiveness:.**

- D Masclet, C Noussair, S Tucker, MC Villeval , AER 2003

- *Earnings:*



Strategy-Irrelevant Communication Can Matter Too

Disapproval as a substitute for Punishment

- Xiao and Houser
 - “We report data from Ultimatum Games, ... Compared to the treatment where expressing emotions directly to proposers is prohibited, rejection of unfair offers is significantly less frequent when responders can convey their feelings to the proposer concurrently with their decisions. These data support the view that costly punishment might itself be used to express negative emotions, and suggest that future studies will benefit by recognizing that human demand for emotion expression can have significant behavioral consequences in social environments.”

Strategy-Irrelevant Communication Can Matter Too

Promises

- Gary Charness and Martin Dufwenberg , *Econometrica*, 2006
- Also Ellingsen and Johannesson “Promises, Threats, and Fairness”, *Economic Journal*, 2004.
 - C&D: “We examine experimentally the impact of communication on trust and cooperation. Our design admits observation of promises, lies, and beliefs. The evidence is consistent with people striving to live up to others’ expectations.....Promises ...enhance trustworthy behavior. (The results) may shed light on the role of language, discussions, agreements, and social norms in these contexts.”
 - So words become relevant if people’s preferences are influenced by them through guilt or obligation or social image.

Strategy-Irrelevant Communication Can Matter Too

Expressed Preferences

- Gary Charness and Matthew Rabin, *GEB*, 2005
 - "In sequential two-person games, we allow first movers to express a preference between responder choices. We find that responder behavior differs substantially according to whether first movers express a hope for favorable or unfavorable treatment. Responders largely ignore first movers' expressed preferences for favorable responses, however, when the first movers misbehave. As in earlier experiments without preference expression, subjects assign a high positive weight to another person's payoffs when ahead and misbehavior elicits a strong negative response."
 - So beliefs about "misbehavior" and intentions matter.

Strategy-Irrelevant Communication Can Matter Too

Social Image

- Andreoni and Bernheim, *f/c Econometrica*, 2009
- Ellingsen and Johannessen, *AER*, 2007
- Tadelis, working paper, 2008.
 - Show Audience matters, so if a conversation takes place, *the effect may simply be through being observed*. or it may matter what was said.
 - What if words are "obvious"? How could the content of the words matter?
 - Our results show that "obvious" words were overshadowed by the mere presence of an interaction.

Experiment 1

Experiment 1

- Simple Dictator Game with Four Conditions:
 - **Baseline**: \$10 to divide, no communication
 - **Ask (A)**: Receiver can ask for a division, and make a short written statement.
 - **Explain (E)**: Dictator can include a short statement with his choice
 - **Ask and Explain (AE)**: Receiver first asks, then Dictator Explains
 - **Explain and Ask (EA)**: Dictator first explains, then Receiver asks, then Dictator decides
- All is anonymous and confidential.
- 40 observations for each conditions

Method

- 20 subjects per session
- \$7 show up fee.
- Screen down the middle of the room

- so those in different roles cannot see each other
- but everyone can see us collecting and handing out forms.
- Instructions are read
- Flip a coin to determine roles
- At the end, subjects are paid with cash in a sealed envelope
- Allocators leave first, we wait one minute, then receivers leave.

Asking Decision Form

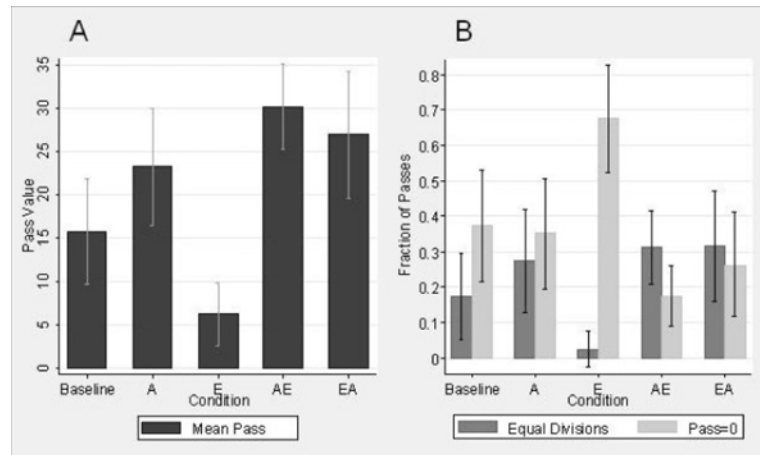
<i>R's Request to A:</i> Please fill out your decision in Stage 2 this way: Of the 100 tokens, I choose to <i>hold</i> _____ for myself and <i>pass</i> _____ to Person R.
In the space below, you may record a message to Person R.

Explaining Decision Form

Of the 100 tokens, I choose to <i>hold</i> _____ for myself and <i>pass</i> _____ to Person R. (Note: The amounts in <i>hold</i> and <i>pass</i> must sum to 100. Each token is worth \$0.10.)
Chosen Allocation: Person A earns \$ _____ and Person R earns \$ _____
In the space below, you may record a message to Person R.

Results

Results



Significance

	Condition			
	A	E	AE	EA
Baseline	-1.26	2.73***	-3.29***	-2.04**
A		3.69***	-1.46	-0.68
E			-5.94***	-4.38***
AE				0.64

*** $p < 0.01$, ** $p < 0.05$

- Asking is no different than the baseline.
- *E* is significantly more selfish than any other session.
- *AE* and *EA* are significantly more generous than the baseline
- All instances of "Asking" are equivalent

Why the difference?

- Why is Asking so powerful, especially against *E*
- Was it words said?
- But asking is "obvious" 50-50 is fair.
- Why should those in the baseline be more generous than in *Explain*?
- Why doesn't Explaining have the same effect when the Ask is present?
- Why is two-way communication no different than one-way asking but significantly different from one-way explaining?

Sample Asks in Ask Only

- "Seems the most fair way to do it." (50,50)
- "It's fair! - I'm sure we both want the money!" (50,50)

- "By splitting the tokens in half, we will both make the same from the study." (50,50)
- "really, anything but passing 0 would be great! P-LEASE [smiley face]" (50,50)
- "Equality. Everyone in this room should be equal, the fair thing to do is to split the tokens directly in half. Make the "Right" Decision." (50,50)
- "Dearest All-Powerful Allocator → Appeal to your conscience and split it evenly! Don't be greedy! You're fair, correct?" (50,50)
- "Obviously, since you have the ultimate allocation decision, you'll want to take 100 tokens...how does 40/60 sound? (although 50/50 is fair...)" (40,60)

Asks are indeed obvious

- In almost all cases, receivers ask for 50-50
- They almost always appeal to fairness
- Seldom do they ask for more than 50%

Sample Explains in Explain Only

- "Sorry [smiley face]" (0,100)
- "Sorry!" (0, 100)
- "SORRY, COLLEGE IS EXPENSIVE!" (0, 100)
- "No hard feelings... " (0,100)
- "Sorry." (0,100)
- "The gods of probability sided with me this time, my friend." (20,80)
- "You earn \$1" (10,90)

Explain Only is Self-Serving

- Sorry or other signs of remorse dominate these explains.
- Sometimes they appeal to ex ante fairness
- But they seldom talk about the recipient.

Sample Explains in Ask-then-Explain Condition

- "OK, person R, we both win this round, go us." (50,50)
- "Do unto others..." (50, 50)
- "Commie. But I agree, probably the best thing to do." (50,50)
- "Sounds good to me." (50,50)
- "sounds good to me...almost" (45, 55)
- "I didn't want to leave you with nothing." (20, 80)
- "Sorry it's in my best interest to take more but I don't want to give you nothing."

(10, 90)

- "Only in Theory [frown face]" (10, 90)
- "Your message was creepy. Maybe if you were nice we could have split it 50/50...hope you enjoy your \$7.00" (0,100) (ASK: "Do as you wish. Just know that your luck may turn.")

Asking Defused Explaining

- Allocators agreed that 50-50 was fair.
- Some celebrated the fair outcome, "go us!"
- Even the more selfish allocators couldn't stoop to taking it all
 - "I don't want to give you nothing."
- But all of the asks were obvious, so why did they need to be made explicit to be effective?
- Maybe it was what they said?

Did Words Matter?

Analyzing the Words

- Seven undergraduates read all the Asks and Explains
- They were coded for content
- We then see if the content of the speech mattered for choices.

Coding of Statements: Asks

Receiver Communication		
Category	Description	Example
Fairness	Appeals to fairness, equity, equal division or similar moral value.	This seems like the fair way to go.
Power	Acknowledges the power that the allocator has.	You have the control
Flattery	Contains a compliment or some other form of flattery	I know you are a good person
Need	Expresses a need for the money	I am broke, help me out
Friendly Greeting	Contains a greeting usually used amongst friends	Hey, what's up :)

Coding Statements: Explains

Allocator Communication		
Category	Description	Example
Remorse	Expresses remorse and/or contains an apology	Sorry!
Need	Expresses need.	Sorry, I need the cash.
Luck	Mentions the good luck they had in being chosen as allocator	I won the coin toss.
You'd do it too	States that the receiver would do the same thing if they were allocator	This is what you'd do too..
Power	Makes the point that the allocator has all the power	It's my choice so I get more.

Content of the Messages

	Condition			
	<i>A</i>	<i>E</i>	<i>AE</i>	<i>EA</i>
Fraction of <i>Explain</i> Messages Containing:				
Remorse		0.39	0.14***	0.05***
Fairness		0.03	0.23***	0.13*
Need		0.13	0.06	0.04*
Luck		0.07	0.06	0.05
You'd do it too		0.08	0.02	0.00*
Non-binding allocation in <i>Explain-Ask</i>				25.8
Fraction of <i>Ask</i> Messages Containing:				
Fairness	0.45		0.53	0.34
Friendly Greeting	0.23		0.16*	0.17
Flattery	0.28		0.08***	0.06***
Acknowledge Power	0.26		0.20	0.09***
Need	0.19		0.14	0.12
Numerical Request in <i>Ask</i>	50.4		49.8	45.9

*** $p < 0.01$, * $p < 0.1$ indicate two-tailed significance as compared to one-way communication given by a t -test

Impact of the Words

Table 1: Random-effects Tobit regression of pass value

Supplementary Table 1	
Fairness	0.446 (4.634)
Power	2.908 (5.300)
Need	-6.48 (5.16)
Friendly Greeting	-3.729 (6.818)
Flattery	-1.350 (7.259)
Pass Request	0.364** (0.173)
Pass Request*	-0.291*** (0.948)
1 {request>50}	
Constant	13.93 (7.821)
Round 1	0.006 (2.298)
Observations	158
*** $p < 0.01$, ** $p < 0.05$	
Standard errors in parentheses	

- Ask for 50-50 and don't say something stupid, otherwise, it doesn't matter what you say.
- That is, Asks are indeed obvious.

Hypothesis: Empathy

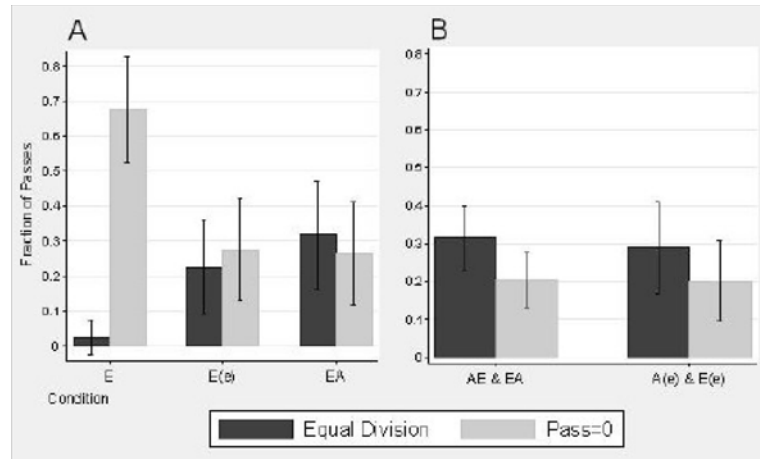
- If all of the asks were obvious, so why are they effective?
- Could it be that in Explain Only, allocators "avoid the beggar" in their minds?
- This suggests that if we *force* allocators to put themselves in the shoes of receivers, then maybe this will evoke a similar response to being asked....even if they are in an *Explain only* communication condition.

Experiment 2: Empathy

Experiment 2: One-Way Communication, with Induced Empathy

- All subjects complete Stage 1 of *both* on-way communication conditions, *before* we determine their role.
 - They choose an Ask as if they are receivers in *A*
 - They choose an Explain as if they are allocators in *E*
- We flip a coin to determine roles and set aside the forms we won't use.
- We complete the experiment for the given roles.
- So all subjects must imagine their feelings in both positions.
- Use labels $E(e)$ and $A(e)$ to denote "experimentally induced empathy."

Results of Empathy Induced Sessions



- $E(e)$ significantly different from E , but not significantly different from EA
- Two-way communication is identical to one-way with induced empathy

Words in Empathy Induced Conditions

- Asks were the same
- Explains were mostly silent – 24 of 40 wrote nothing.
- Typical Explains:
 - "Fair for both"
 - "Even steven, let's be fair"
 - "We can share the token"
 - "Make it even"
 - "It is only fair to split 50 50 we are both better off"
 - "Hey its only fair, think about karma"
- Allocators' explains were much more like two-way than one-way in Experiment 1

Conclusions

- One-way Explaining allows Allocators to avoid taking the point of view of receivers.
 - Explains are self-serving and allocations are selfish
- Asking is powerful.
 - It defuses the Explain and creates more generosity and, apparently, good feelings among Allocators
 - This is true even though asks are obvious and that the exact words don't really

matter.

- The fact that there is an ask is what matters most.
- Generating Empathy by forcing people to take the others point of view has the same effect of being asked.
- This suggests that this is the mechanism through which asking gets it's power.
- Asking forces people to confront the feelings of others and activates deeply held moral attitudes of sharing and the 50-50 norm.