Lying in Two Dimensions and Moral Spillovers

Geraldes, Diogo and Heinicke, Franziska and Rosenkranz, Stephanie

Utrecht School of Economics, University of Mannheim, Utrecht School of Economics

15 October 2019

Lying in Two Dimensions and Moral Spillovers

Diogo Geraldes[a] Franziska Heinicke[b] Stephanie Rosenkranz[a]

[a]Utrecht University School of Economics
3584 EC Utrecht - The Netherlands
[b]University of Mannheim
68161 Mannheim - Germany

October 15, 2019

Abstract:

The expanding literature on lying has exclusively considered lying behavior within a one-dimensional context. While this has been an important first step, many real-world contexts involve the possibility of simultaneously lying in more than one dimension (e.g., reporting one's income and expenses in a tax declaration). In this paper, we experimentally investigate individual lying behavior in both one- and two-dimensional contexts to understand whether the multi-dimensionality of a decision affects lying behavior. In the one-dimensional treatment, participants are asked to roll two dice in one hand and to report the sum of both dice. In the two-dimensional treatment, participants are asked to roll two dice at the same time, but one in each hand, and to report the two dice separately. Our paper provides the first evidence regarding lying behavior in a multi-dimensional context. Using a two-dimensional die-roll task, we show that participants lie partially between dimensions, which results in greater over-reporting of the lower outcome die. These findings suggest a thought-provoking policy to tackle the infamous societal challenge of tax fraud: Tax report checks should focus on the item(s) for which a taxpayer profile hints at higher self-benefits in case of misreporting.

Keywords: lying, honesty, morals, multi-dimensional, lab experiment, lab-in-the-field experiment
JEL classification: C91, C93, D82, H26

E-mail: diogogeraldes@gmail.com, f.heinicke@uni-mannheim.de, s.rosenkranz@uu.nl

The authors thank the participants of the EDS Seminar (Utrecht University), ESA World Meeting 2018, TIBER 2018 Symposium (Tilburg University), 13th Nordic Conference on Behavioural and Experimental Economics, M-BEES 2019, and the ZEW/University Mannheim Experimental Seminar for invaluable comments. The authors are particularly indebted for the comments of Jan Potters and Kai Barron.

1 Introduction

In many real-world situations, people have the opportunity to lie for their own benefit. More often than not, these situations involve multi-dimensional decisions; that is, situations that involve the report of several outcomes in which the misreporting of each outcome yields self-benefits. In tax declarations, for example, people can under-report their income, under-report their wealth, and/or over-report their expenses in order to pay less in taxes. Likewise, students often have more than one assessment component in which they can cheat to improve the final grade of a course. In the field of science, for example, researchers have the option to manipulate the data collection and/or statistical analysis to obtain the desired result. While a myriad of studies has researched lying behavior in a one-dimensional context, it is unknown how people lie in a multi-dimensional context. In this paper, we study whether multi-dimensional decision-making affects lying behavior.

The seminal papers of Mazar et al. (2008) and Fischbacher and Föllmi-Heusi (2013) designed self-reporting tasks (the *Matrix-task* and *Die-roll task*, respectively), which became well-established paradigms to study lying behavior and spurred a rapidly growing literature. However, these two studies, as well as many follow-up studies on lying behavior, exclusively investigate one-dimensional contexts in which participants report a single outcome and can earn a higher payoff if they lie about the outcome. Even though these multiple studies provide valuable insights regarding dishonesty (for a review see, e.g., Abeler et al., 2019), the multi-dimensionality element inherent in many real-world situations in which lying is possible has not received attention in the literature.[1] Thus, one question that needs to be asked is whether a multi-dimensional context provides additional insight on lying behavior relative to a one-dimensional context. The objective of this paper is to answer this question by investigating both one- and two-dimensional contexts.

To study the effect of dimensionality on lying behavior, we conduct a controlled laboratory experiment with two treatments: the *One-dimensional* (1D) treatment and the *Two-dimensional* (2D) treatment. More specifically, we implement a die-roll task with two dice, and, in both treatments, participants are paid according to the sum of two dice, which are rolled simultaneously. In the 1D treatment, we ask participants to report the sum of the two dice in a single report. In the 2D treatment, to induce bi-dimensionality, we ask participants to report each die separately. Thus, the key distinction between the two treatments is the number of reports.

Moreover, in light of the growing demand for validation by combining different types of data in experimental work (e.g., Gneezy and Imas, 2017), we also conduct a lab-in-the-field experiment to test the robustness of the results obtained in the laboratory. Specifically, we ask teenager students to perform the same die-roll task with two dice in their familiar school environment. Eliciting behavior from a different population and in a different setting makes the robustness check more stringent. These additional data are particularly important for checking the robustness of our laboratory experiment results because of the absence of previous findings regarding the novel setting that we explore.

Arguably, a multi-dimensional lying context might decrease the psychological costs involved with telling a lie because it opens the possibility of lying partially between dimensions. That is, if people combine truthful reports in one dimension with beneficial misreports in another dimension, they might believe that they are less likely to be seen as a liar and thus preserve a positive self-image (e.g., Mazar

[1] The remarkable recently created website http://www.preferencesfortruthtelling.com allows for visually identifying this limitation of the literature.

et al., 2008). Also, the truthful reports may serve as a justification of lies, which should further decrease the psychological cost of lying if one considers the concept of moral balancing (Merritt et al., 2010; Mullen and Monin, 2016). Therefore, when analyzing a single dimension in isolation, we are likely missing relevant traits of lying behavior. If so, to prevent drawing flawed conclusions, it is important to also investigate lying behavior in a multi-dimensional context.

Evidence suggests that there is indeed a connection between the opportunity for moral balancing and lying behavior. Research in both economics and psychology has shown that people balance moral and immoral decisions (e.g., Dolan and Galizzi, 2015; Blanken et al., 2015; Mullen and Monin, 2016; Merritt et al., 2010). Examples of balancing behavior include declining to volunteer after having signed a petition (Guadagno et al., 2001), giving bad advice after disclosing a conflict of interest (Cain et al., 2005), or purchasing a luxury item after donating to charity (Khan and Dhar, 2006). Ploner and Regner (2013) find that people make larger donations after having cheated, and Cojoc and Stoian (2014) show that people lie more if they know that they can donate to charity later. Finally, Barron et al. (2019) combine a lying and a dictator game so that participants face two different moral motives; fairness and honesty. The authors find that people selectively adhere to the moral motive that provides the higher payoff. The theory underlying the balancing of moral and immoral actions is that such balancing allows an individual to maintain a positive self-image because the moral action counteracts the negative effect that an isolated immoral action would have on his or her self-image. Accordingly, we should expect immoral actions to be taken more frequently if they can be balanced with moral actions (Merritt et al., 2010).

While most of the literature discusses moral balancing regarding sequential decisions, there is also evidence that people exhibit moral balancing in simultaneous decisions. Engel and Szech (2017) find that participants balance between different ethical consumer labels in a willingness-to-pay experiment. Specifically, participants are willing to pay a premium for an organic product relative to a conventional product, but they are not willing to pay a significant premium for a product with both a fair-trade label and organic label compared to a product with the organic label only. Hence, since we implement two simultaneous lying decisions in the 2D treatment, we also aim to analyze whether moral balancing emerges between dimensions in our study.

This paper contributes to the literature on lying and honesty preferences; by expanding the context in which lying has been studied, we are able to detect systematic patterns of how people lie across dimensions. The fundamental result in this growing body of research is that people lie for their own benefit, but many do not take full advantage of the opportunity for lying (for a review of the literature and meta-studies see Rosenbaum et al., 2014; Jacobsen et al., 2017; Abeler et al., 2019; Gerlach et al., 2019). This finding is particularly remarkable because it has been found in experiments that offer participants the opportunity to lie to the full extent while preserving their anonymity and without imposing a negative externality on others. The actually observed pattern in these experiments basically consists of three types of people: i. Truth-tellers, who report truthfully regardless of the opportunity to earn a higher payoff if they lie; ii. Partial-liars, who do lie, but not to the full extent, i.e., they lie to increase their payoff but not to earn the maximum possible payoff; iii. Extreme-liars, who lie to the full extent possible and thus earn the maximum possible payoff (Fischbacher and Föllmi-Heusi, 2013). In our study, we also evaluate whether this lying pattern persists in a two-dimensional context.

Our paper provides the first evidence regarding lying behavior in a multi-dimensional context. We find that people not only tell partial lies in each dimension but also distribute their lies unevenly across dimensions. More specifically, we show that participants lie partially between dimensions by favoring one dimension over the other for over-reporting. Notably, since the dimensions are identical by design construction, we reveal that participants lie partially between dimensions based on the only observable difference between the two outcomes: the number rolled with each die. Namely, participants lie considerably more regarding the lower die. This striking result emerges not only in the laboratory experiment but also in the lab-in-the-field experiment, in which we test the finding in a different population.

Regarding the overall level of lying, we do not find a significant difference between the 1D and 2D treatments in both experiments. Thus, if the discussed decrease in the psychological cost of lying in a two-dimensional context is true, it does not necessarily lead to higher levels of over-reporting compared to a one-dimensional context. In other words, this study shows that with two simultaneous lying decisions, lying occurs to a greater extent in one decision than in the other, but this does not lead to more immoral behavior overall.

Our results have practical implications regarding policy design to cope with tax fraud. First, to detect fraud in tax reports, authorities should focus on the item(s) for which the self-benefits of misreporting are higher, considering the taxpayer profile. Secondly, if fraud is detected in a specific item, authorities should not necessarily assume that the same holds regarding other items.

The remainder of this paper is organized as follows. Sections 2 describes the controlled laboratory experiment, which we denominate Experiment 1. In this section, we outline the two treatments, formulate hypotheses, and present the results of the laboratory experiment. Section 3 describes the lab-in-the-field experiment, which we denominate Experiment 2, and presents its results. Section 4 provides a discussion and concludes our study.

2 Experiment 1: The effect of two-dimensionality

2.1 Experimental design

2.1.1 Treatments

Experiment 1 was designed to identify the effect of dimensionality by contrasting a two-dimensional treatment group (2D treatment) with a one-dimensional control group (1D treatment). For this purpose, we used the well-established die-roll task (Fischbacher and Föllmi-Heusi, 2013), but with two dice.

In the 1D treatment, participants were instructed to roll both dice in one hand and to report the sum of the two dice. In the 2D treatment, participants rolled the two dice simultaneously but in separate hands and reported the outcome of each die separately. For the sake of clarity, in each treatment, the instructions included a short video to illustrate how to roll the dice. A participant's payoff was determined according to the reported eyes, where 1 eye is worth €0.50. This means that payoffs could be between €1.00 and €6.00 in both treatments.[2]

[2] In the original design of Fischbacher and Föllmi-Heusi (2013), participants receive nothing for reporting an outcome of 6. The authors use this feature to increase the temptation to lie since the disappointment over earning nothing with a 6 should be particularly heightened because 6 eyes is usually the most valuable throw. We do not employ this feature because with two dice the naturally most successful outcome is less clear. Participants might have a more positive

In both treatments, participants repeated the die-roll task over ten rounds, and one round was selected randomly for actual payment at the end of the experiment. The nine repetitions of the task were announced only after the first round. Therefore, the first round only allowed participants to engage in partial lying between dimensions, while the subsequent nine rounds also allowed participants to balance lying between rounds. The repetition of the task enabled us to test how robust partial lying between dimensions is if other balancing strategies are available.

2.1.2 Experimental procedure

The experiment was conducted at the Experimental Laboratory for Sociology and Economics in Utrecht (Netherlands). Participants were recruited using ORSEE (Greiner, 2015) among students of Utrecht University. The 139 participants (74% female, and average age 23.6[3]) received all instructions on-screen using oTree software (Chen et al., 2016). Upon arrival at the laboratory, participants were randomly assigned to the 1D treatment or the 2D treatment, resulting in group sizes of 68 and 71 participants, respectively. Including a participation fee of €2.00, the average payment per participant was €5.85. In total, the sessions lasted around 30 minutes.

2.2 Hypotheses

The focus of the literature on the determinants of preferences for honesty has been on explaining the heterogeneity in lying behavior observed in experimental studies. Thus, theoretical explanations on how and why people lie have to account for the three distinct groups found in lying experiments: Truth-tellers, partial-liars, and extreme-liars.

In economic theory, the decision to lie has been modelled as a trade-off between the material gains from lying and the costs of telling a lie (caused by people's preference for honesty). Moreover, to accommodate the observed heterogeneity in lying behavior based on this trade-off, it further has to be assumed that the disutility from telling a lie consists of two types of costs (Abeler et al., 2019; Gneezy et al., 2018; Khalmetski and Sliwka, 2017). First, lying induces a direct cost due to the discomfort of violating a social or personal norm of honesty (Abeler et al., 2019). This direct cost can explain individual differences in the decision to lie because lying can be too costly for some people but affordable to others.

The existence of partial-liars, however, can only be explained by considering a second type of lying disutility. Besides direct lying costs, people can experience disutility from what Gneezy et al. (2018) coined the "likelihood dimension," which captures the idea that a lie is more costly the more likely it is to be interpreted as a lie by others and/or by oneself. That is, being seen by others or thinking of oneself as a liar negatively affects a person's self-image. Thus, for individuals with such preferences, reporting an obvious lie is detrimental to preserving a positive self-image (Mazar et al., 2008; Fischbacher and Föllmi-Heusi, 2013; Dufwenberg and Dufwenberg, 2018; Abeler et al., 2019). The underlying rationale for this preference is that partial-liars believe that others will see partial lies as more likely to be true statements, and so partial-liars are able to think of themselves in a more favorable light than when telling an extreme lie. Accordingly, this lying strategy allows partial-liars to

association with two identical outcomes than with rolling a 6 and another number.

[3]Demographic variables did not differ significantly between treatments.

maintain a positive self-image while still reaping some monetary benefits (Mazar et al., 2008; Gneezy et al., 2018).

In our 2D treatment, participants have the option to lie on two reports that jointly contribute to the final payoff. Thus, in contrast to the 1D treatment, partial lying in this decision is not limited to one report; rather, it is possible to lie partially *between dimensions* because participants submit two separate reports. This means that instead of telling a partial lie on each report, a participant can submit a combination of a false and a truthful report. This lying strategy allows a participant to avoid the direct lying costs in the dimension reported truthfully rather than incurring direct lying costs in both dimensions. Thus, if a lying participant is better off by incurring a direct cost in only one dimension than splitting the direct cost between dimensions, this participant will prefer to balance a lie and a truthful report between dimensions.

Moreover, if we consider self-image concerns, another motive for partial lying between dimensions is plausible. Since participants submit two separate reports in the 2D treatment, the participants' beliefs about how others judge the two reports jointly is relevant to their self-image. Effron and Monin (2010) find that people are willing to forgive an ambiguous transgression if the person who is under suspicion also performed some good deed. Thus, when an ambiguous immoral act is accompanied by a moral act, people are more willing to assume that no transgression has taken place. In our setting, this idea implies that coupling a lie in one dimension with a truthful report in the other dimension should lower the probability of being seen as a liar compared to having to report a lie in each report. Accordingly, by balancing between dimensions, a lying participant can reduce the likelihood of being seen as a liar by others.

Finally, another motive to observe partial lying between dimensions in our setting is that a truthful report in the 2D treatment might act as a justification for lying in the other dimension. This conjecture is consistent with the literature on moral balancing (e.g., Blanken et al., 2015; Mullen and Monin, 2016). More specifically, according to this literature, we should expect that reporting truthfully in one dimension *licenses* participants to behave immorally in the other dimension. If this motive exists, and if its magnitude is substantial, partial lying between dimensions could cause overall lying in the 2D treatment to be higher than in the 1D treatment.

Based on this discussion, we formulate the following hypotheses concerning the comparison of the treatments and the behavior in the 2D treatment, respectively.

Hypothesis 1 *The overall level of lying in the 2D treatment is higher than in the 1D treatment.*

Hypothesis 2 *In the 2D treatment, people lie partially between dimensions.*

2.3 Results

We start by analyzing the level of lying for the die-roll tasks in our setting. Figure 1 illustrates the distribution of the reported sums in each treatment across the ten rounds. We observe that both distributions are shifted towards higher reports. Sums on the left side of the distribution are reported less frequently while sums on the right side of the distribution are reported more frequently than expected under truth-telling, respectively.

Averaged over the ten rounds of the 1D treatment, participants reported an outcome of 7.3971, which indicates lying behavior. More specifically, the reports deviate significantly from the hypothetical

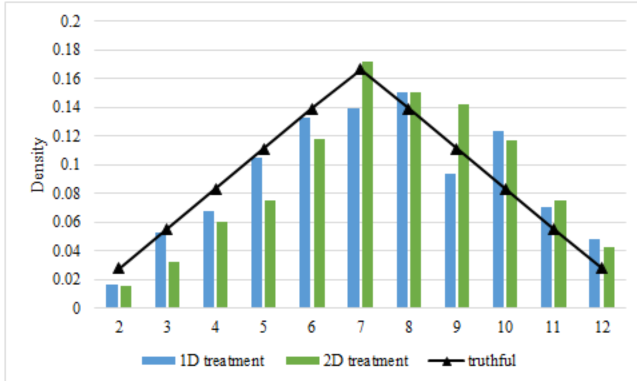


Figure 1 Distribution of reported sums with the truthful distribution of rolling two fair dice as a reference

outcome of two rolls of a fair die (p=0.0009, Kolmogorov–Smirnov one sample test (KS); p=0.0302, two-sided Wilcoxon signed-rank test (WSR)).[4] We reach the same conclusion when pooling the 10 rounds of the 2D treatment, in which participants reported an average sum of 7.6394 (p=0.0000, KS; p=0.0000, WSR).

2.3.1 Lying behavior: 1D vs. 2D

Our experiment tests the effect of dimensionality because it allows contrasting a single-report task with a two-report task. In particular, we hypothesized that a two-dimensional lying context leads to higher levels of lying than a one-dimensional lying context.

Averaged over the ten rounds of the 2D treatment, participants' reports are higher than those of participants in the 1D treatment, but this difference is not significant (p=0.0666, Mann–Whitney (MW)). Hence, the results reject Hypothesis 1.

To further assess the level of lying and the treatment effect, we run a regression analysis which is reported in Table 1. The dependent variable in this analysis is the average report over all rounds minus 7. Hence, the significant constant in Model (1a) indicates significant levels of over-reporting in the pooled data. In Model (1b), we run a bivariate regression with the treatment effect, which supports the earlier result that average reports do not differ significantly between treatments. This finding is robust when including control variables in Model (1c).

Result 1 *Reported sums in the 2D treatment are not significantly different than reported sums in the 1D treatment.*

2.3.2 Lying behavior between dimensions

Our experiment also allows to test whether lying balancing strategies exist between dimensions. More specifically, we hypothesized that people lie partially between dimensions in the 2D treatment.

To test lying balancing strategies, we perform two separate analyses. First, we analyze lying behavior between the two dimensions in the first round of the 2D treatment. Recall that participants

[4]Since the distribution of two dice rolls has a bell-shaped distribution and the KS is less sensitive to differences in the tail of distribution, we complement the test with the WSR test on the median.

Outcome variable: Average report - 7			
	(1)	(1b)	(1c)
treatment		0.2424	0.3405
		(0.1870)	(0.1824)
constant	0.5209***	0.3971**	0.1683
	(0.0937)	(0.1336)	(0.2247)
Controls	No	No	Yes
N	139	139	137[a]
R2	0.0000	0.0121	0.0401

Standard errors in parentheses
Controls include gender, age and studying economics
[a]Two participants indicated gender=other.
* p < 0.05, ** p < 0.01, *** p < 0.001

Table 1 Linear regression analysis of lying and treatment effect

learned about the subsequent nine rounds only after completing round 1. Thus, balancing between the two reports was the only available strategy in round 1. Second, we consider lying behavior across the subsequent nine rounds of the 2D treatment so that we test not only lying balancing between dimensions but also lying balancing between rounds. In the following, we analyze lying balancing between dimensions, whereas the latter proposed test is discussed in the subsequent subsection.

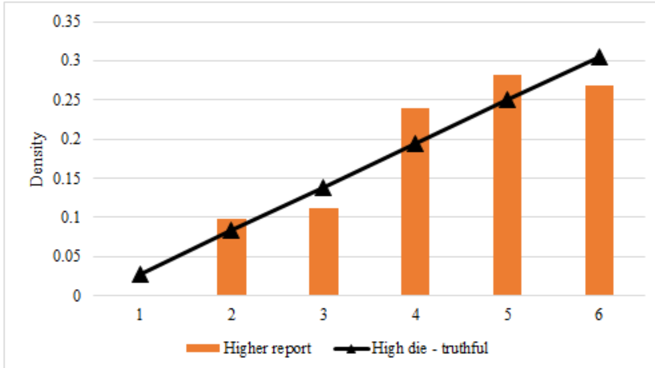
In the 2D treatment, participants were instructed to roll one die in the left hand and the other one in the right hand. Thus, to analyze partial lying between dimensions, we examine the left and right dice. Reports on the right and left dice in the first round of the 2D treatment are not significantly different (3.6338 vs. 3.7183, p=0.7989, WSR). However, since the two dimensions are identical, participants had no reason to prefer lying about the left die over lying about the right one, or vice versa. Therefore, balancing between dimensions could be concealed by sometimes lying regarding the right die outcome and at other times lying about the left die outcome.

To gain more insight, we sort the two reports in the 2D treatment into lower and higher reports to test whether balancing between the two dimensions occurred based on the observed outcomes. Under truth-telling, the expected value for the lower of two dice rolls is 2.5278 because, among the 36 possible combinations, there are 11 combinations in which 1 is the lower outcome, 9 combinations in which 2 is the lower outcome, and so forth. The expected value for the higher of two dice rolls is 4.4722, where 6 is the most likely outcome with a probability of 11/36.[5] Importantly, in what follows, we consider deviations from the respective expected value to compare over-reporting between the two outcomes because the higher and lower dice have different expected values under truth-telling.

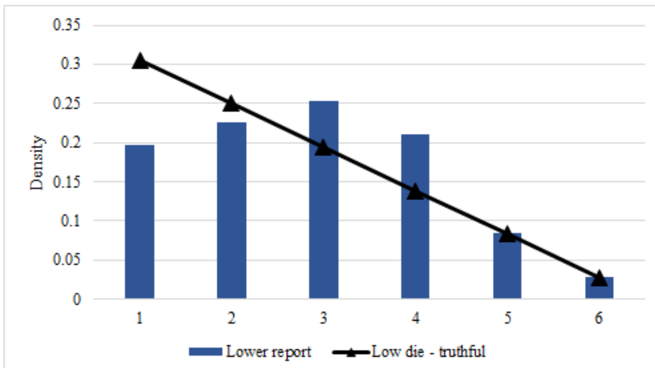
In the first round, for the ordered reports—which we designate the *higher die* and the *lower die*—participants lied significantly more regarding the outcome of the lower die. Specifically, the average deviation from the expected value under truthful reporting is higher for the lower report than for the higher report, and this difference is significant (0.0348 vs. 0.3173, p=0.0393, two-sided t-test (TT)).[6] This indicates that more over-reporting occurred with the lower die. Regarding the subsequent nine rounds, we observe the same behavioral pattern. The average values of the left and right dice did not differ significantly (3.9155 vs. 3.7559, p=0.0914, WSR). Nevertheless, the participants' average reports on the lower die show higher deviation from the expected value than the average reports on the higher

[5]Equal reports on both dice are included in the analysis, with the same value being assigned to the higher and lower dice, and the expected values under truth-telling are derived under the same assumption. Alternatively, we can exclude ties, and the expected values for the higher and lower dice are 2.3333 and 4.6667, respectively. The results are qualitatively the same under that specification.

[6]Since both reports are centered on the expected mean, we use a t-test to compare the means of the deviations.



(a) Distribution of higher report in round 1



(b) Distribution of lower report in round 1

Figure 2 Distribution of lower and higher reports in round 1 with truthful distributions as a reference in the 2D treatment

die, and this difference is significant (0.2586 vs. 0.4128, p=0.0168, TT).

Higher levels of over-reporting on the lower die could occur because there is more room for over-reporting on the lower die since the higher outcome is bounded from above. Therefore, to test the robustness for partial lying between dimensions, we also analyze the distribution of the high and low reports. Figures 2a and 2b show the distribution of high and low reports in round 1.[7] In the first round, neither the lower die reports nor the higher die reports are significantly different from the respective truthful distribution (p=0.1626 and p=0.9999, respectively, KS). Notably, however, a one-sided binomial test (BT) shows significant under-reporting of outcome 1 for the lower die report (p=0.0284, BT). This means that the lower reports of participants in the first round include the outcome 1 significantly less than predicted under truth-telling. Regarding the subsequent nine rounds, reports of the lower and higher outcomes are both significantly different than expected under truth-telling (p=0.0000 and p=0.0001, respectively, KS).

To compare how far reports (r) differ from the truthful distribution (t), we use the Euclidean distance from the distribution.[8] Regarding the lower reports, the Euclidean distance to the truthful

[7]The corresponding distributions for the remaining nine rounds show the same pattern (figures are included in the Appendix).

[8]We cannot directly compare the truthful distributions of the low and high outcomes because they are different, and the approaches of earlier literature to compare lying in different tasks are not applicable to this situation. The standardization method of Abeler et al. (2019) assumes symmetric distributions under truth-telling, and the lying

	Round 1			Rounds 2–10	
Outcome variable	high die - low die		Outcome variable:	avg_highdie - avg_lowdie	
	(1a)	(1b)		(2a)	(2b)
highdie	0.3356***		avg_highdie	0.0923	
	(0.0778)			(0.1775)	
lowdie		-0.4063***	avg_lowdie		-0.5327***
		(0.0819)			(0.0517)
constant	0.1496	2.8179***	constant	1.3539	3.3568***
	(0.311)	(0.3019)		(0.8135)	(0.1686)
N	71	71	N	71	71
R2	0.1425	0.2338	R2	0.0075	0.4891
AIC	211.3222	203.3318	AIC	113.809	66.6595

Robust standard errors in parentheses
* p < 0.05, ** p < 0.01, *** p < 0.001

Table 2 Effect of higher and lower reports on the difference between the two reports in the 2D treatment

distribution is $d(r,t)_{low,1} = 0.1452$ in the first round and $d(r,t)_{low,2-10} = 0.1316$ in the subsequent nine rounds. Both these distances are significantly different from zero according to bootstrapped confidence intervals with 10000 replications. Regarding the higher reports, the analogous figures are $d(r,t)_{high,1} = 0.0785$ and $d(r,t)_{high,2-10} = 0.0847$. For the first round, the bootstrapped confidence interval of the Euclidean distance of the higher report includes zero, which means that we cannot reject the possibility that participants reported the higher outcome truthfully. For the subsequent nine rounds, zero is not included in the confidence interval, which indicates that participants also over-reported the higher outcome.

Finally, we assess the difference between the low and high reports. Regarding the Euclidean distances, the distances are greater for the lower reports than for the higher reports in both the first round and the subsequent nine rounds. Econometric analysis supports the finding that people lie partially by lying more about the lower outcome. Comparing Models 1a and 1b in Table 2, we see that the lower die is more predictive of the difference between the two reports because the AIC of Model 1b is smaller. This indicates that over-reports on the lower die drive the difference between the two reports. Model 2a in Table 2 further shows that across the nine subsequent rounds, the average high report does not predict the difference between the two reports. Thus, if the difference between the two dice is not driven upwards for participants with high reports on the higher die, this necessarily implies that the report on the lower die was also high. Model 2b provides further evidence that participants adjusted their lower outcome more upwards than the high outcome: on average, high reports on the lower die significantly decrease the difference between the two reports, which indicates more over-reporting on the lower die. In short, the data support Hypothesis 2.

Result 2 *Partial lying between dimensions occurs, with more lying about the reported lower outcome.*[9]

calculator of Garbarino et al. (2016) is limited to binary outcomes. It is possible to use the calculator for a task with multiple outcomes by bifurcating the reports into two payoff groups, but for the low die the low outcome would include reports of 1 and 2 while for the high die it would include 1, 2, 3, and 4. The Euclidean distance allows for a more symmetric treatment of both.

[9]Evidently, we cannot rule out that participants in the 1D treatment used a similar lying strategy because, strictly speaking, they also rolled two dice. However, this is an aspect that our data cannot answer. In fact, if the latter conjecture were true, it would be a further argument for the importance of studying a multi-dimensional lying report context: It uncovers traits of lying behavior that are concealed in a one-dimensional reporting context.

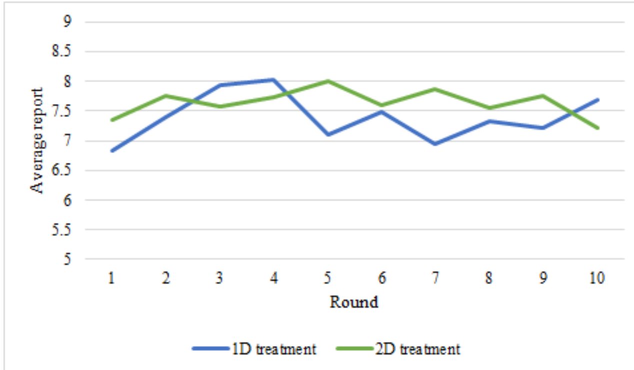


Figure 3 Reporting behavior over rounds

2.3.3 Order effects across rounds

In both treatments, repeating the task over ten rounds allowed participants to balance lying between rounds. Therefore, we analyze whether there are round effects, i.e., whether there is evidence of partial lying between rounds.

In Table 3, we see that the round effect is insignificant in both treatments, which indicates that participants did not change their behavior within rounds in a systematic fashion. Also, there is no evidence of participants balancing lying between rounds in the form of alternating a lie with a truthful report, which would have been the case if we had a significant negative coefficient of the lagged outcome variable. Figure 3 corroborates that participants made very similar lower reports across rounds in each treatment.

Result 3 *There is no evidence of partial lying between rounds.*

3 Experiment 2: Robustness check

3.1 Experimental design

To test the robustness of Experiment 1, we replicated the experiment with a different population. In Experiment 2, we collected data with adolescents in a German school.[10] Specifically, students completed exactly the same die-roll tasks as in Experiment 1 over ten rounds. The only distinctive design element was related to payoffs, which were determined as follows: (report-2)* €0.50. This means that the payoff could range between €0.00 and €5.00. We designed lower expected payoffs in Experiment 2 to account for the lower opportunity cost of adolescents.

3.2 Experimental procedure

The experiment was conducted on two consecutive days. Students were brought from their classroom to another room where computers were set up for the experiment. The workspaces were divided by screens such that students could not observe each other during the experiment. We minimized information

[10]We used a high school to implement the lab-in-the-field experiment because it offered the two features that we aimed for: i. A different population; ii. Ease of implementation.

Outcome variable:	1D diesum		2D diesum		2D lowdie		2D highdie	
	(1a)	(1b)	(2a)	(2b)	(3a)	(3b)	(4a)	(4b)
l.outcome	-0.028	-0.0218	0.0659	0.0527	-0.0284	-0.0752	0.1287*	0.1134*
	(0.0611)	(0.0569)	(0.0521)	(0.0525)	(0.0518)	(0.0501)	(0.0579)	(0.0568)
round		-0.042		-0.0329		-0.0036		-0.01
		(0.0360)		(0.0364)		(0.0241)		(0.0227)
constant	7.6168***	7.8212***	7.2170***	7.5132***	2.9902***	3.1680***	4.1773***	4.3047***
	(0.4855)	(0.4609)	(0.4181)	(0.4582)	(0.1821)	(0.2304)	(0.2711)	(0.2993)
Arellano–Bond serial	-0.24	-0.18	0.19	0.1	0.3	-0.14	-0.1	-0.18
correlation test [p-value]	[0.813]	[0.856]	[0.846]	[0.917]	[0.762]	[0.891]	[0.923]	[0.861]
Instruments	30	31	30	31	30	31	30	31
Sample size	612	612	639	639	639	639	639	639

Robust standard errors using Windmeijer correction in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 3 Two-step system GMM with lagged levels (t-2, t-3 and t-4) of the dependent variable as instruments

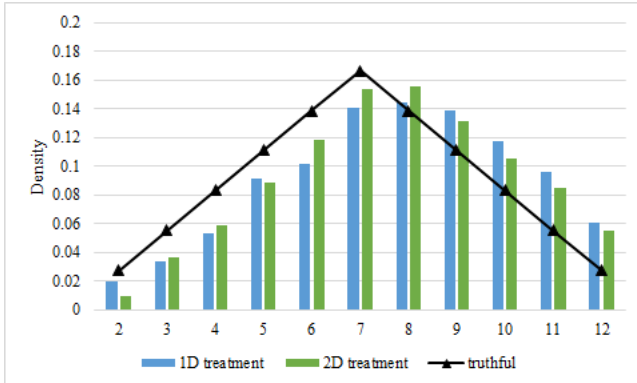


Figure 4 Distribution of reported sums with truthful distribution of rolling two fair dice as a reference in school sample

transmission between students by conducting the experiment during lessons, with a maximum of two groups per class to prevent the students from talking to each other after completing the session. Upon arrival in the room of the experiment, participants were randomly assigned to the 1D or 2D treatment, resulting in group sizes of 56 and 54 participants, respectively. The 110 participants (45% female, and average age 15.95, balanced over treatments) received all instructions on-screen using oTree software (Chen et al., 2016). The average payment per student was €2.8 and was paid out at the end of the school day. In total, the sessions lasted 10 minutes.

3.3 Results

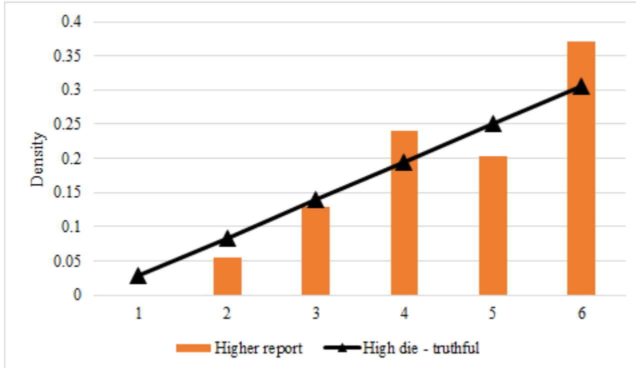
Pooling all ten rounds, participants in Experiment 2 also showed significant lying behavior in both treatments. Figure 4 shows a tendency to under-report low values and to over-report high values in both treatments.[11] In the 1D treatment, participants reported an average outcome of 7.7875, and their reports are shifted significantly from the distribution expected under truth-telling (p=0.0000, KS; p=0.0000, WSR). In the 2D treatment, the average reports were 7.6852, which also differs significantly from the expectation under truth-telling (p=0.0000, KS; p=0.0001, WSR).

Regarding the treatment effect, there is no difference in lying behavior between the 1D and the 2D treatment (p=0.8225, MW test). The regression analysis with the average report-7 as the dependent variable confirms this result.[12] In other words, as in Experiment 1, Hypothesis 1 is again rejected.

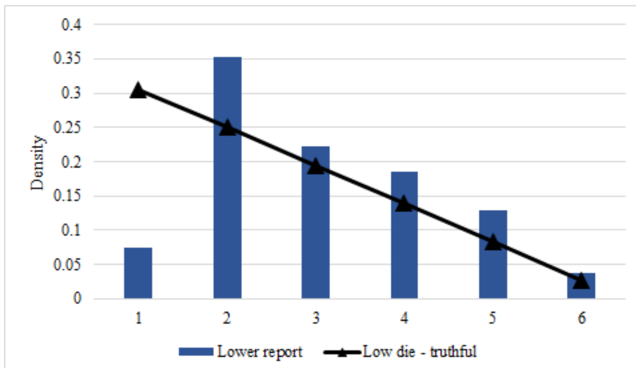
Concerning Hypothesis 2, lying about the right and left dice does not differ significantly in the first round (3.963 vs. 3.7963, p=0.4773, WSR) nor in the nine later rounds (3.784 vs. 3.893, p=0.3679, WSR). Yet, as in Experiment 1, we observe more lying on the lower report. Deviations from the expected value in Round 1 are greater for the low reports than for the high reports, but this difference is not significant (0.2315 vs. 0.5278, p=0.0790, TT). The same holds for the nine subsequent rounds (0.2706 vs. 0.4064, p=0.0677, TT). Figure 5 compares high and low reports in round 1 to the expected distributions under truth-telling. For the low report, the observed distribution is significantly different from the truthful distribution (p<0.01, KS test), which is driven by significant under-reporting of

[11]Comparing Figure 4 to Figure 1, we also see that there was a greater extent of lying in Experiment 2 than in Experiment 1. This side result corroborates the existing evidence suggesting that honesty is increasing with age (Friesen and Gangadharan, 2013; Fosgaard, 2018).

[12]Results from the analysis of Experiment 2 are presented in the Appendix.



(a) Distribution of higher reports in round 1



(b) Distribution of lower reports in round 1

Figure 5 Distribution of lower and higher reports in round 1 with truthful distributions as reference in the school sample

outcome of 1 (p=0.0004, BT). High reports do not differ significantly from the truthful distribution (KS p>0.2).

The analysis of Euclidean distances shows that in the first round, lower reports ($d(r,t)_{low,1} = 0.2629$) have a greater distance from the truthful distribution than high reports ($d(r,t)_{high,1} = 0.1006$), and that the estimate of lower reports is not included in bootstrapped confidence intervals with 10000 repetitions of higher reports and vice versa. In the nine subsequent rounds, the Euclidean distance is greater for lower reports ($d(r,t)_{low,2-10} = 0.1176$) than for higher reports ($d(r,t)_{high,2-10} = 0.0884$), but estimates are included in each other's confidence intervals. Finally, as in Experiment 1, the regression analysis on the difference between the two reports reveals that the lower die was more predictive of this difference.

In Experiment 2, there was again no evidence of round effects or partial lying between rounds. Overall, Experiment 2 supports the results of Experiment 1.

Result 4 *The results of Experiment 1 are validated in a different population. Most importantly, partial lying between dimensions via more lying about the lower outcome reported is also observed in Experiment 2.*

4 Discussion and concluding remarks

This paper contributes to a growing body of literature on lying behavior. To the best of our knowledge, the present research is the first attempt in experimental economics to assess the effect of dimensionality on individual lying behavior.

The fundamental purpose of this study was to experimentally investigate multi-dimensional decision-making. More specifically, we analyzed a two-dimensional lying context to understand how the dimensionality of a decision affects lying behavior. Also, we aimed to contrast lying behavior in a two-dimensional context to that in a one-dimensional context. We hypothesized that people lie partially between dimensions in the 2D treatment and that the overall level of lying would be higher in the 2D treatment compared to the 1D treatment.

First and foremost, our results uncover a thought-provoking lying trait in the two-dimensional context: People lie partially between dimensions. More specifically, people systematically lie more in the dimension in which there is more room to lie. Importantly, this laboratory result was replicated in a lab-in-the-field experiment with participants possessing different characteristics. Regarding our second prediction, we found no evidence for higher levels of lying in the 2D context compared to the 1D context.

More research is needed to evaluate the external validity of our main finding. Nevertheless, if partial lying between dimensions proves robust in other multi-dimensional settings, our findings have important policy implications, for example, for detecting fraud in tax reports: When checking the correctness of tax reports, authorities should focus on item(s) for which the taxpayer profile hints at more tempting self-benefits.

A second implication of our results is that we cannot extrapolate lying behavior from one dimension to another (or the whole context). In light of our results, the level of lying differs between dimensions because people lie partially between dimensions. Thus, extrapolating from one dimension might lead to inaccurate estimates of lying behavior. In the context of tax declarations, this means that if fraud is detected in an item of a tax declaration, we cannot take that figure to estimate fraud related to other items or on the declaration as a whole.

While this paper is an important first step in understanding multi-dimensional lying, our research yields questions in need of further investigation. First, an evident follow-up is to test whether partial lying between dimensions holds in a setting with several dimensions. Second, we hypothesized that the 2D context increases overall lying behavior because honest behavior in one dimension justifies misbehavior in the other dimension. A possible explanation for the observed similar level of lying in both contexts could be that the 1D and 2D contexts were too identical. In particular, we cannot rule out that participants also perceived two-dimensionality in the 1D context.[13] An alternative explanation for the similar level of lying in both contexts is that a costly moral action does not justify an immoral action. Gneezy et al. (2012) show that the cost involved with acting morally requires high intrinsic motivation to be honest and that the emphasis on intrinsic motivation leads to consistently moral behavior. Future research will have to unravel the relevance of these two competing explanations.

In closing, we directed the discussion of policy implications to the tax evasion context. Unfortu-

[13] As already mentioned in footnote 9, we cannot rule out that participants in the 1D context perceived two dimensions because they also rolled two dice in the 1D context. If so, the similar level of lying in the 1D and 2D contexts could be just reflecting that participants in the 1D context also used a partial lying strategy.

nately, however, fraud is ubiquitous. Hence, if future research corroborates that partial lying between dimensions is a robust lying trait in multi-dimensional decision-making, our policy implications are also applicable to other important societal challenges, such as school, science, and sports fraud.

References

Abeler, J., Nosenzo, D., and Raymond, C. (2019). Preferences for truth-telling. *Econometrica*, 87(4):1115–1153.

Barron, K., Stüber, R., and van Veldhuizen, R. (2019). Motivated motive selection in the lying-dictator game. Discussion Papers, Research Unit: Economics of Change SP II 2019-303, WZB Berlin Social Science Center.

Blanken, I., van de Ven, N., and Zeelenberg, M. (2015). A Meta-Analytic Review of Moral Licensing. *Personality and Social Psychology Bulletin*, 41(4):540–558.

Cain, D. M., Loewenstein, G., and Moore, D. A. (2005). The dirt on coming clean: Perverse effects of disclosing conflicts of interest. *The Journal of Legal Studies*, 34(1):1–25.

Chen, D. L., Schonger, M., and Wickens, C. (2016). oTree — An open-source platform for laboratory, online, and field experiments. *Journal of Behavioral and Experimental Finance*, 9:88–97.

Cojoc, D. and Stoian, A. (2014). Dishonesty and charitable behavior. *Experimental Economics*, 17(4):717–732.

Dolan, P. and Galizzi, M. M. (2015). Like ripples on a pond: Behavioral spillovers and their implications for research and policy. *Journal of Economic Psychology*, 47(Supplement C):1–16.

Dufwenberg, M. and Dufwenberg, M. (2018). Lies in Disguise - A Theoretical Analysis of Cheating. *Journal of Behavioral and Experimental Finance*, 175:248–264.

Effron, D. A. and Monin, B. (2010). Letting people off the hook: When do good deeds excuse transgressions? *Personality and Social Psychology Bulletin*, 36(12):1618–1634.

Engel, J. and Szech, N. (2017). A little good is good enough: Ethical consumption, cheap excuses, and moral self-licensing. CESifo Working Paper Series 6434.

Fischbacher, U. and Föllmi-Heusi, F. (2013). Lies in Disguise—an Experimental Study on Cheating. *Journal of the European Economic Association*, 11(3):525–547.

Fosgaard, R. T. (2018). Students cheat more: Comparing dishonesty of a student and a representative sample in the laboratory. *The Scandinavian Journal of Economics*, forthcoming.

Friesen, L. and Gangadharan, L. (2013). Designing self-reporting regimes to encourage truth telling: An experimental study. *Journal of Economic Behavior & Organization*, 94:90–102.

Garbarino, E., Slonim, R., and Villeval, M. C. (2016). Loss Aversion and lying behavior: Theory, estimation and empirical evidence. GATE Working Paper 1631.

Gerlach, P., Teodorescu, K., and Hertwig, R. (2019). The truth about lies: A meta-analysis on dishonest behavior. *Psychological bulletin*, 145(1):1.

Gneezy, A., Imas, A., Brown, A., Nelson, L. D., and Norton, M. I. (2012). Paying to be nice: Consistency and costly prosocial behavior. *Management Science*, 58(1):179–187.

Gneezy, U. and Imas, A. (2017). Lab in the field: Measuring preferences in the wild. In *Handbook of economic field experiments*, volume 1, pages 439–464. Elsevier.

Gneezy, U., Kajackaite, A., and Sobel, J. (2018). Lying Aversion and the Size of the Lie. *American Economic Review*, 108(2):419–53.

Greiner, B. (2015). Subject pool recruitment procedures: organizing experiments with orsee. *Journal of the Economic Science Association*, 1(1):114–125.

Guadagno, R. E., Asher, T., Demaine, L. J., and Cialdini, R. B. (2001). When saying yes leads to saying no: Preference for consistency and the reverse foot-in-the-door effect. *Personality and Social Psychology Bulletin*, 27(7):859–867.

Jacobsen, C., Fosgaard, T. R., and Pascual-Ezama, D. (2017). Why Do We Lie? A Practical Guide to the Dishonesty Literature. *Journal of Economic Surveys*, 32(2):357–387.

Khalmetski, K. and Sliwka, D. (2017). Disguising Lies - Image Concerns and Partial Lying in Cheating Games. CESifo Working Paper Series 6347.

Khan, U. and Dhar, R. (2006). Licensing Effect in Consumer Choice. *Journal of Marketing Research*, 43(2):259–266.

Mazar, N., Amir, O., and Ariely, D. (2008). The Dishonesty of Honest People: A Theory of Self-Concept Maintenance. *Journal of Marketing Research*, 45(6):633–644.

Merritt, A. C., Effron, D. A., and Monin, B. (2010). Moral self-licensing: When being good frees us to be bad. *Social and personality psychology compass*, 4(5):344–357.

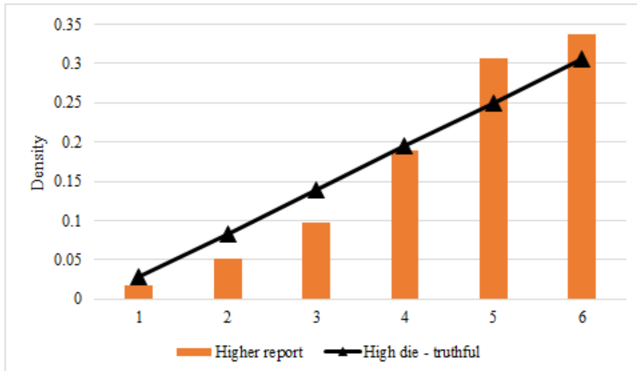
Mullen, E. and Monin, B. (2016). Consistency Versus Licensing Effects of Past Moral Behavior. *Annual Review of Psychology*, 67(1):363–385.

Ploner, M. and Regner, T. (2013). Self-image and moral balancing: An experimental analysis. *Journal of Economic Behavior & Organization*, 93(Supplement C):374–383.

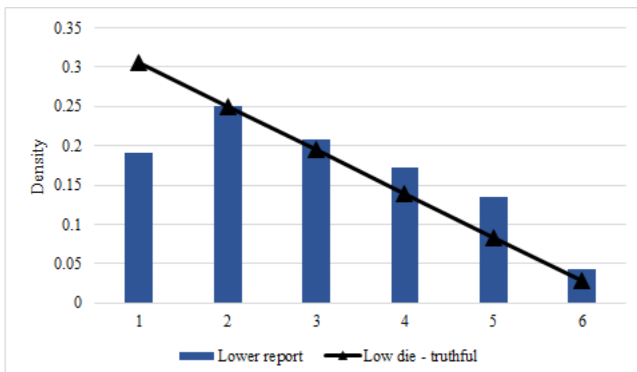
Rosenbaum, S. M., Billinger, S., and Stieglitz, N. (2014). Let's be honest: A review of experimental evidence of honesty and truth-telling. *Journal of Economic Psychology*, 45:181–196.

Appendix

Appendix A1: Additional results Study 1



(a) Distribution of higher reports in rounds 2–10



(b) Distribution of lower reports in rounds 2–10

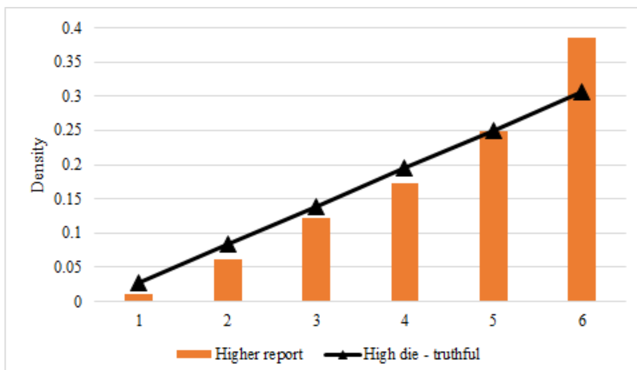
Figure 6 Distribution of lower and higher reports in rounds 2–10 with truthful distributions as reference

Appendix A2: Additional results Study 2

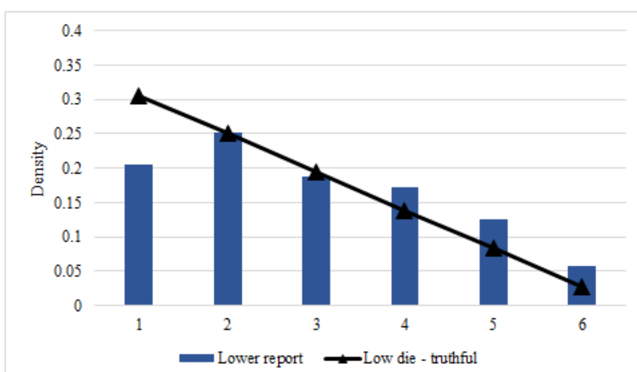
Outcome variable: Average report - 7			
	(1a)	(1b)	(1c)
treatment		-0.1023	-0.1108
		0.2105	0.2145
constant	0.7373***	0.7875***	0.7750***
	0.1049	0.1475	0.1627
Controls	No	No	Yes
N	110	110	110
R2	0	0.0022	0.0049

Standard errors in parentheses
Controls include gender and age
* p < 0.05, ** p < 0.01, *** p < 0.001

Table 4 Linear regression analysis of lying and treatment effect in Experiment 2



(a) Distribution of higher report in rounds 2–10



(b) Distribution of lower report in rounds 2–10

Figure 7 Distribution of lower and higher reports in rounds 2–10 with truthful distributions as reference in the school sample

Round 1			Rounds 2–10		
Outcome variable: high die - low die			Outcome variable: avg_highdie - avg_lowdie		
	(1a)	(1b)		(2a)	(2b)
highdie	0.4248***		avg_highdie	0.1969	
	(0.1165)			(0.1451)	
lowdie		-0.4728***	avg_lowdie		-0.5297***
		(0.1022)			(0.0781)
cons	-0.3501	3.0928***	cons	0.8746	3.3629***
	(0.4647)	(0.4257)		(0.6603)	(0.2489)
N	54	54	N	54	54
R2	0.1919	0.2593	R2	0.0352	0.435
AIC	165.8164	161.1148	AIC	86.7503	57.8568

Robust standard errors in parentheses
* p < 0.05, ** p < 0.01, *** p < 0.001

Table 5 Effect of higher and lower reports on the difference between the two reports in Study 2

Outcome variable:	1D diesum		2D diesum		2D lowdie		2D highdie	
	(1a)	(1b)	(2a)	(2b)	(3a)	(3b)	(4a)	(4b)
l.outcome	0.0884	0.1164	-0.0312	-0.0039	-0.0265	-0.0053	-0.0247	-0.0278
	(0.0683)	(0.0681)	(0.0685)	(0.0642)	(0.0654)	(0.0625)	(0.0676)	(0.0665)
round		0.0239		0.0282		0.0196		0.0068
		(0.0420)		(0.0422)		(0.0298)		(0.0243)
constant	7.0358***	6.6754***	7.8512***	7.4618***	2.946***	2.756***	4.848***	4.8202***
	(0.5884)	(0.5654)	(0.5738)	(0.4826)	(0.2215)	(0.2173)	(0.3532)	(0.3413)
Arellano-Bond serial	-0.02	0.14	0.16	0.33	-0.74	-0.57	0.26	0.24
correlation test [p-value]	[0.987]	[0.3960]	[0.877]	[0.739]	[0.461]	[0.570]	[0.794]	[0.811]
Instruments	30	31	30	31	30	31	30	31
Sample size	504	504	486	486	486	486	486	486

Robust standard errors using Windmeijer correction in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 6 Two-step system GMM with lagged levels (t-2, t-3 and t-4) of the dependent variable as instruments in Study 2

Appendix B: Experimental instructions

The following shows the instructions for the 1D (2D) treatment. Instructions were displayed on-screen and in English in Experiment 1 and in German in Experiment 2.

Welcome

Thank you for participating in this experiment. All instructions will be given on-screen.

You are now taking part in an experiment in decision making. For showing up on time today, you will be paid €2. In addition, you can earn money with the decisions you make. Hence, it is important that you fully understand the instructions that follow. Please read them carefully.

Please enter the number of your computer so that your earnings at the end of the experiment can the matched to your computer cubicle. We use this number only to determine your payment. This means that the number will not be linked to your name for the data analysis. Your anonymity is therefore secured.

Please raise your hand if you have a question at any point of the experiment.

Instructions

In this experiment you will receive money based on the outcome of a rolling two dice. You can find two dice in front of you on the table. You can inspect them now to see that they are regular 6-sided dice.

On the following screen you will be asked to roll both dice at the same time and to report the sum of eyes that you see. (On the following screen you will be asked to roll two dice, which we label "right die" and "left die", respectively, at the same time and to report the outcome of each die roll separately.)

Your payment will be:

Sum of both dice*€0.50

(**Outcome "right die"*€0.50 + Outcome "left die"*€0.50**)

Example 1: If the sum of the two dice is 12 (If the outcome of both dice is 6), you will receive €6.

Example 2: If the sum of the two dice is 2 (If both dice show a 1), you will receive €1.

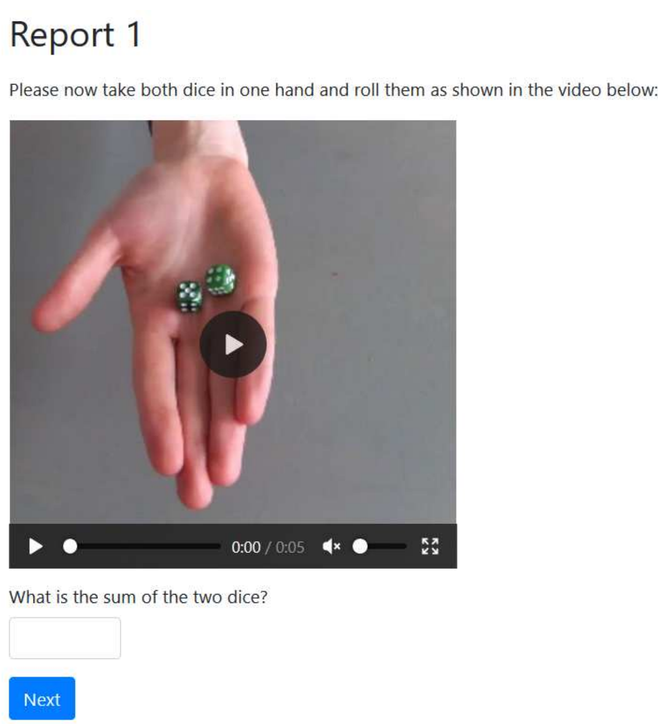


Figure 8 Reporting screen 1D treatment

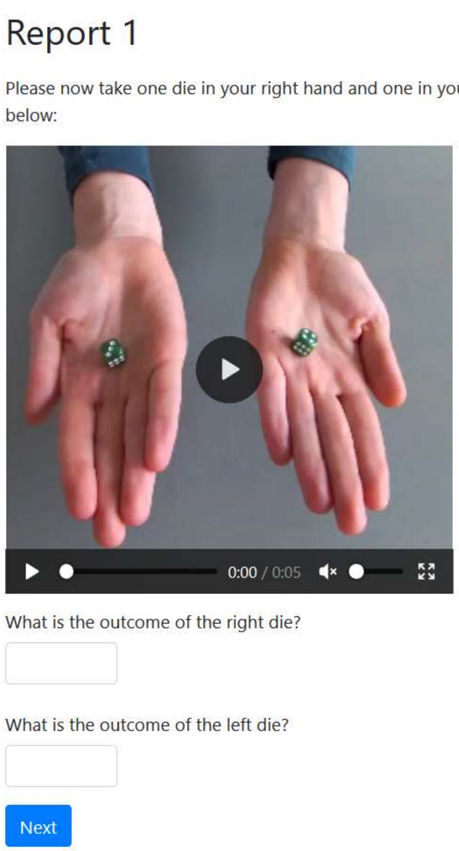


Figure 9 Reporting screen 2D treatment