

Economics Seminar, Indian Statistical Institute, New Delhi.

SPEAKER: Ashok Guha, ISI (Delhi)

TITLE: Kaushik's Conundrum Or the Possibility of Honesty

TIME: 11:30-1:00 P.M.

DAY & DATE: Friday, 5th February, 2010

PLACE: Seminar Room 2

Abstract:

Experimental evidence as well as economic examples like Basu's (1984) taxi driver problem have illustrated that many people are honest even in situations beyond the reach of the law, and in the absence of repeated interactions or reputation effects. In this paper we seek to provide some simple game theoretic underpinnings of the level of honesty in a population. We show that, for appropriate parameter ranges, a certain level of honesty will emerge as an evolutionarily stable equilibrium: honesty will not be driven out of the population, even in a Darwinian world of the survival of the fittest. We also argue that the long-run equilibrium proportion of honesty in a population is independent of whether honesty is a genetic or a culturally conditioned trait.

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