

ABSTRACT

Intentions, Guilt and Social Interactions

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Suppose you are invited to a party, movie, dinner, or any social relationship not because your company is desired but because the inviter would feel guilty if she did not invite you. Furthermore, suppose the inviter extends an insincere invitation hoping that you will reject it and thereby assuage his guilt. It is conceivable that the intention behind the inviter's action will matter and that you will derive some disutility from insincere invitations. I model this social interaction as a game with interdependent preferences types and exogenous guilt. I characterize the equilibria of this game. I then consider two formulations of endogenous guilt one of which is Battigalli and Dufwenberg's (2006) concept of simple guilt. In some cases, endogenous guilt yields predictions different from exogenous guilt. The presence of insincerity-induced disutility produces an effect that is absent in previous works on guilt aversion. While guilt aversion may support cooperation, the likelihood of such cooperation may fall when one party is averse to insincerity. I find that ignorance is sometimes bliss because improved information can be welfare reducing to a person with insincerity-averse preferences.

However, this depends on the expected duration of social interactions.

I discuss the implications of insincerity aversion for political correctness, choice of identity, psychological forward induction, and trust.