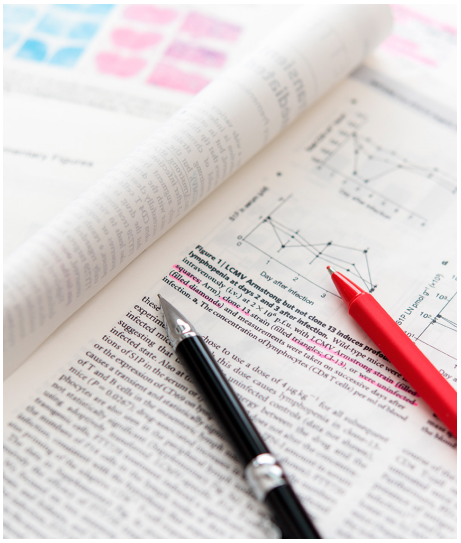
UNIVERSIDAD DE GRANADA

Departamento de
Teoría e Historia
Económica

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Título: The Fragility of Reputation while Sustaining Cooperation under Manipulated Information (joint work with Jaromir Kovarik y Mengqi Qiu)

Sala: E22

Hora: 12.30

Resumen: Reputation is a fundamental mechanism that fosters cooperation in both theoretical models and real-world scenarios. However, unlike in typical theories and most experimental setups, real-life reputation systems are imperfect due to the potential for noisy or manipulated information. In this study, we experimentally examine how cooperation fares when individuals can strategically manipulate their public image and whether the possibility to verify the accuracy of public information can counteract such manipulation and restore cooperation. As a control situation, we employ a standard repeated experimental protocol that combines reputation and network reciprocity, allowing people to observe others' past behavior and decide jointly with whom to interact and whether to cooperate or defect against all their interaction partners. In line with previous evidence, the level of cooperation is high and stable in this framework. In our first treatment, people can manipulate public information about their last action at a cost. Manipulation is frequent and virtually always employed by defectors. Cooperation rates decline rapidly in this framework. In our second treatment, where subjects can both manipulate their public reputation but also verify others' reputations at a cost, cooperation also converges toward near-zero levels, showing that verification alone does not restore cooperation. Given the key role of reputation in theory and practice and the widespread evidence of image

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manipulation in real-life scenarios, these findings call for further investigation of the underlying mechanisms that contribute to the vital yet complex role of reputation systems in human societies.

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