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Guilt aversion and insincerity-induced disutility

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Abstract

Suppose you are invited to a party, movie, dinner, etc 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. I characterize the perfect Bayesian psychological equilibria of this social interaction. I discuss the implications of insincerity aversion for the acquisition of information, the likelihood of cooperation, political correctness, choice of identity, psychological forward induction, and models with interdependent preference types. Note: This paper was previously circulated under the titles "intentions and social interaction" and "a psychological game with the interdependent preference types." The current version is a SIGNIFICANTLY revised version and supersedes both earlier versions.

Completed draft available on request from:

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