

Remarks by David K. Levine on:

***NEURAL ACTIVITY DURING BARGAINING WITH  
PRIVATE INFORMATION***

by MEGHANA BHATT, TERRY LOHRENZ, READ MONTAGUE, AND  
COLIN F. CAMERER

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“An important open question is why and when overcommunication occurs: Are one or both sides making a strategic mistake? Are they being prosocial and cooperative, knowing that choosing an informative value of  $s$  and responding to it will increase how much they make together? Or is there something even more basic going on, involving how our brains are wired to process communication from another person”

[abstract] “We found that areas shown to be correlated with cognitive control were active when subjects ignored the cheap talk signals they received, indicating that treating information as credible may be an automatic or 'type one,' response requiring cognitive effort to override. These automated responses may explain the fact that over-communication leading to greater efficiency is the norm in these sorts of games.”

It cannot be interesting that subjects respond to meaningful information. The *interesting* question is – given that they respond this way, why don't the senders lie more than they do?

Here is what I could glean from the paper on that subject:

“...when the buyers are considering what price to suggest, there is a positive correlation between suggesting low prices and activity in the left STS (i.e., a negative correlation between price and LSTS activity) (see Figure 6). The left STS is involved in both producing and interpreting language. Activity here indicates that when buyers are planning to name low prices they are using brain regions also used in thinking about what these signals mean, and how others might interpret messages. Notice that this activation is especially high for low suggested prices, i.e. trials where the buyer is likely trying harder to effect the seller's beliefs. Interestingly, this correlated brain [sic] activity is locked to the the onset of the decision task rather than the actual choice, i.e. these signals may actually be able to predict the buyer's choice of suggested price.”

This doesn't make that much sense: the buyers are thinking about lying – that is what you should be looking for; why is it hard to lie? What are the costs? What are the physiological limitations that make it hard to lie?