

Appendix A

The Repeated Trust Game Experiment

This appendix contains a concise translation of selected parts of the German experiment booklet used to collect the data discussed in Chapter 3. The original experiment booklet contained the following parts:

Introduction The basic game, a one-shot the Trust Game, was explained and further information on the experiment was given to enable the experimental subjects to perform the experiment without further assistance. This part is contained in this appendix.

Part 1 A decision as the trustor in a one-shot Trust Game had to be taken by the experimental subjects. Payoffs of this game were either high stakes or low stakes (cf. Chapter 3). This part is contained in this appendix.

Part 2 A second decision as the trustor in a one-shot Trust Game had to be taken by the experimental subjects. If Part 1 contained the low stakes game, this part contained the high stakes game and vice versa. Otherwise, Part 2 was identical to Part 1 and is thus omitted from this appendix.

Part 3 Decisions as the trustor in a once repeated Trust Game had to be taken by the experimental subjects. The strategy method (see Chapter 3, page 65) was used to route the subjects through the game and record their decisions. This part is contained in this appendix.

ABV Questions A battery of 23 questions from the *Amsterdamse Biografische Vragenlijst* (ABV, ‘test attitude scale’, Wilde 1970) was presented to the subjects. The ABV scale measures how reliable subject’s answers on questions regarding opinions and statements are, for example, on the Trust Items presented to the subjects in a following part of the experiment. This part is omitted from this appendix.

Part 4 Decisions as the trustor in a twice repeated Trust Game had to be taken by the experimental subjects. The strategy method was again used to route the subjects through the game and record their decisions. Besides the fact that the Trust Game is repeated twice instead of once, Part 4 is identical to Part 3 and thus omitted from this appendix.

Trust Items An item–battery on trust and related concepts (Yamagishi and Yamagishi 1994) was presented to the subjects. This item–battery was developed by Yamagishi and Yamagishi to measure how trustful and trustworthy, respectively, subjects are. This part is omitted from this appendix.

Part 5 A decision as the trustor in a Continuous Trust Game had to be taken. This game is also called an Investment Game (e.g. Berg, Dickhaut, and McCabe 1995). This part was only added to the experiment booklet as a pre–test for further experiments. It is thus omitted from this appendix.

Demographics This part of the experiment booklet contained questions on the subjects' age, sex, secondary education, being a blood donor, and whether they have heard about game theory prior to the day of the experiment. This part is omitted from this appendix.

Payment Procedure The last part of the experiment booklet contained a detailed explanation on how two subjects were chosen to be paid in accordance with their decisions in one part of the experiment. This part is omitted from this appendix.

The parts of the experiment booklet omitted from this appendix were either not relevant for the analysis in Chapter 3 or follow the same logic as those parts contained in the appendix. Part 1 and Part 2 only differed in terms of the payoffs used. Part 3 and Part 4 both used a repeated version of the Trust Game; these parts thus differed in the number of repetitions of the constituent game. Part 3 and Part 4 were further different with respect to the payoff combinations used and we conducted the experiment using eight different versions of the experiment booklet that varied with regard to the sets of payoff combinations used in Part 3 and Part 4. The logic of the strategy method used in the once repeated Trust Game of Part 3 was adapted to the twice repeated game of Part 4.

The original experiment booklet in German as well as a concise English translation is available for download in Adobe PDF file format from <http://www.fss.uu.nl/soc/iscore> as ISCORE Paper No. 193: *An Experiment on Decision Making in Repeated Trust Games: Experimental Booklet*.

Introduction to the Experiment

This experiment can be done with only the material just given to you. We ask you not to speak during the session. Conferring with others is also not allowed during the experiment. If you have any questions reading the instructions or during the course of the session, please rise your hand. The experimenter will try to help you out. Please try not to disturb the others.

This experiment consists of different independent parts, as you will find out while reading the instruction text. You can go about the instruction text and these different parts of the experiment in your own pace. In the **main part of the experiment**, you will be asked to make choices that have to do with money. We want to emphasize that there is no “right” nor “wrong” choice. We are only interested in what *you* consider to be the most appropriate choice. **Your choices are important because it is possible that you will be paid in accordance with your choices in the main part of the experiment.** After everyone has completed the experiment, two persons will be chosen by lot. These two persons will be paid in accordance with their choices made in one of the experiments in the main part (hereafter called “situations”). Which situation is chosen is again determined by lot. Everyone of you has the same probability of being one of these two persons. The payment procedure will be explained in more detail in the instruction text at the end of the experiment. Independent of your performance, everyone will be paid a participation fee of DM 10.⁻¹

Explanation of the Basic Game

We would now like to make you familiar with the game that forms the basis of the experiment. The game is played by two players, you (“Player 1”) and an unknown other person (“Player 2”). Both players have to make choices in this game. **In all situations of this experiment, we will ask you some questions about your behavior as “Player 1”.** The questions will, in general, be of the following kind:

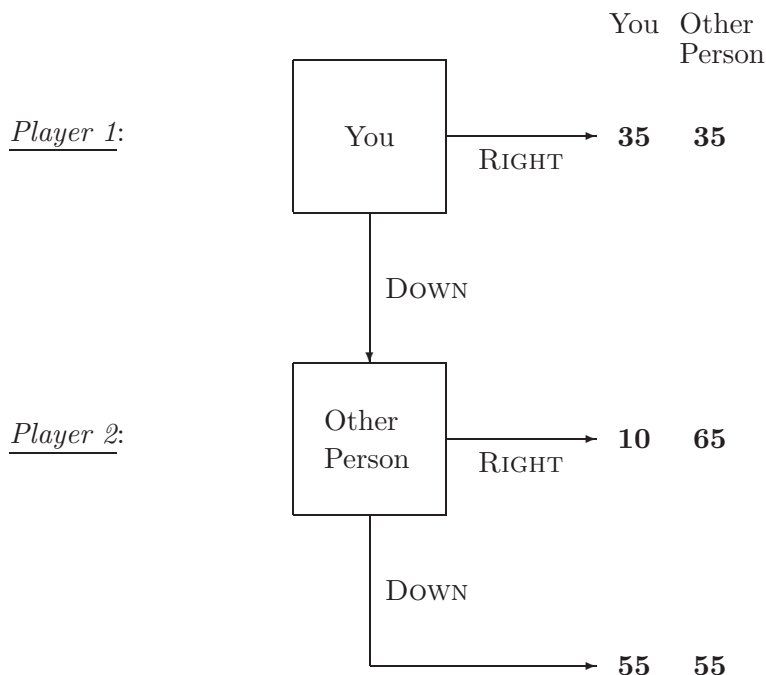
In this situation, I choose

- RIGHT
- DOWN

You will only have to decide how you would choose as Player 1. Eventually, your decisions will depend on previous decisions of the other person (“Player 2”). We will thus sometimes ask you what you would do, given the other person has behaved in a certain manner.

In FIGURE 1, you see a graphical representation of the basic game used in this experiment. We explain the game on the basis of this example. The game starts with a decision by you (“Player 1”). You can choose between two directions: RIGHT or DOWN. If you choose RIGHT, the game ends. You and the other person both earn

¹TG: At the day of the experiment, DM 10.– was about US\$ 5.– or € 5

FIGURE 1 *The Basic Game of the Experiment*

DM 35.– as you can see in FIGURE 1. The other person’s choice does not matter in this case. If you choose DOWN, however, the other person also gets the chance to choose between RIGHT and DOWN. In both cases, the game ends. If the other person chooses RIGHT, you earn DM 10.– and the other person earns DM 65.– If the other person chooses DOWN, both of you earn DM 55.–

As you can see in FIGURE 1, your and the other person’s choice lead to monetary rewards. The value of the monetary rewards depend on the choices of you and the other person. The monetary rewards are located to the right of the graphical depiction of the game. Your rewards are in the column labelled “You” and the other person’s rewards are in the column labelled “Other Person”. Note that the monetary rewards used in the experiment will be different from the ones just used in the above example. Carefully study the picture and make sure you completely understand the game. If you have any questions regarding the basic game, please raise your hand. The experimenter will try to answer your questions.

To make sure that you understood the game, please answer the following question about FIGURE 1. Assume that you choose DOWN and that the other person chooses RIGHT. What are the rewards to you and the other person? Please write them down here:

You receive DM _____

The other person receives DM _____

Check your answer at the bottom of the following page. If your answer was correct, please continue reading the instructions. Otherwise, please study the basic game again. If you have any further questions, consult to the experimenter.

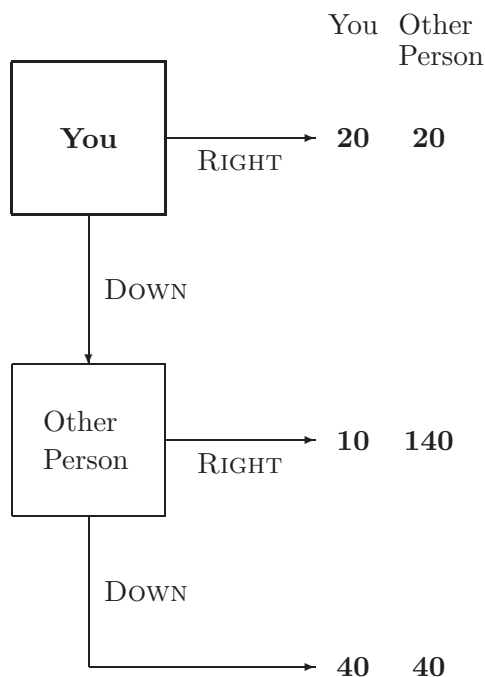
If you do not have any other questions, please start with the experiment on the next page. Again, there are neither right nor wrong decisions. We will only ask you to take your decisions as Player 1. Always make the choice you think to be the best one, given the respective situation. **For reasons of clearness, we will address Player 1 with “You” and Player 2 with “Other Person” throughout the rest of the experiment.** Again, it may be that you will be paid in accordance with your choices in one of the situations in this experiment.

Please start with the experiment on the next page.

Answer to Question: You receive DM 10.– and the other person receives DM 65.–

Part 1

You are in a situation described by the game depicted below. Please study the game carefully and take a decision: either RIGHT or DOWN. If you take your decision, think of the other person as somebody in this room. However, you do not know which person. Indicate your choice by marking the respective box.



In the situation depicted above, I choose²

- RIGHT
- DOWN

Please continue with the experiment on page ...

²TG: Depending on the subject's answer, the experiment booklet routed the subject to the next part or to the respective question in case of the repeated games in Part 3 and Part 4 of the experiment.

Part 3

We will confront you with yet another situation. Please take a thorough look at the figure “The Game in Part 3” on the opposite page. As you can see, it is the game we discussed in the introduction to this experiment and which you have already played in the first and second part of this experiment. **In Part 3, however, this game is repeated once.** You are playing a **total of two rounds.** You are playing the same other person in both rounds. Think of the other person as somebody in this room. However, you do not know which person. It is, however, not the same person as in the previous two parts. Please take a good look at both rounds of the game depicted on the opposite page. Take into account that the monetary rewards may differ between rounds.

You start in Round 1. Each question will be accompanied by a graphical representation. These representations will tell you in which round you are and which decisions have been taken by you and the other person. In each of these representations, a box with doubled edges will mark your position in the game. In addition, the branches of the game **you and the other person did not choose are marked in gray.** After each of your answers, we will tell you with which question you have to continue.

Take a look at the game on the opposite page and answer the following question. You can check yourself whether you understood the game. Assume that in Round 1, you choose RIGHT. The other person, therefore, cannot take a decision. In Round 2, you choose DOWN and the other person chooses RIGHT. What are the monetary rewards to you and the other person? Please write them down here:

	Round 1	Round 2
You receive	DM _____	DM _____
The other person receives	DM _____	DM _____

Check your answer at the bottom of this page.³ If your answer was right, please continue with the third part of the experiment on page 179. Indicate your choice by marking the respective box. Otherwise please study the game again. If you have any further questions, consult to the experimenter.

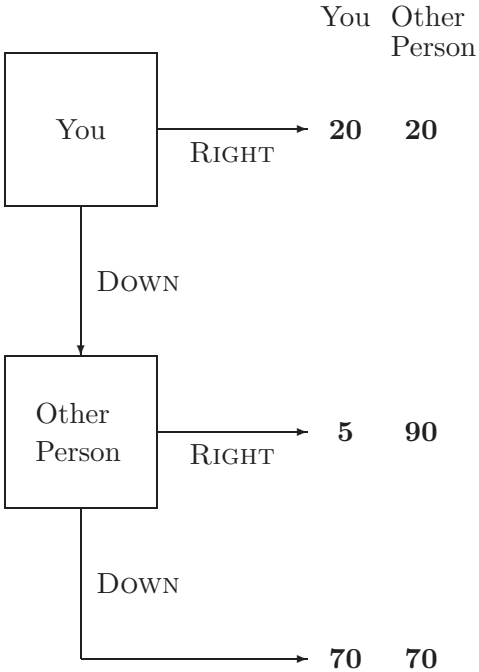
Answer to Question Part 3:

You and the other person earn DM **20.–** each in Round 1. In Round 2, you earn DM **10.–** and the other person earns DM **140.–**

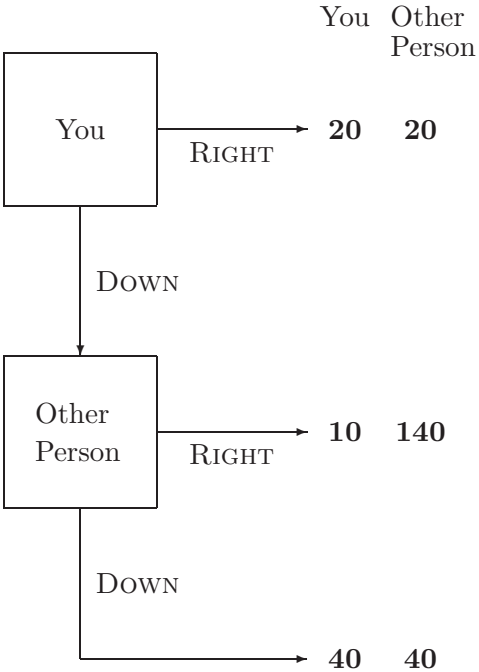
³TG: In the experiment booklet, the answer was on a blank page prior to Question 1 of Part 3. Throughout the experiment booklet, all questions, as well as the different parts, were separated by blank pages.

The Game in Part 3

ROUND 1



ROUND 2

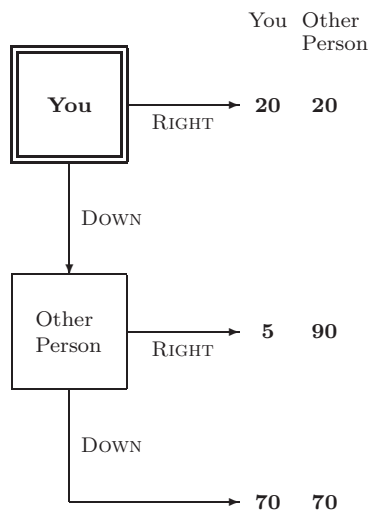


QUESTION 1

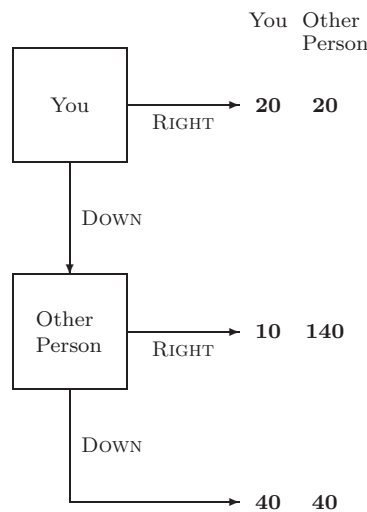
You start in ROUND 1 and continue to ROUND 2. In both rounds, you play with the same other person. Always indicate your choice by marking the respective box.

Remark: Assume that all your decisions are immediately disclosed to the other person. This also holds true for all decisions by the other person, on which you will be informed immediately. You and the other person are therefore, at any time in the game, informed about the choices made in the course of the game and the respective rewards.

Round 1



ROUND 2

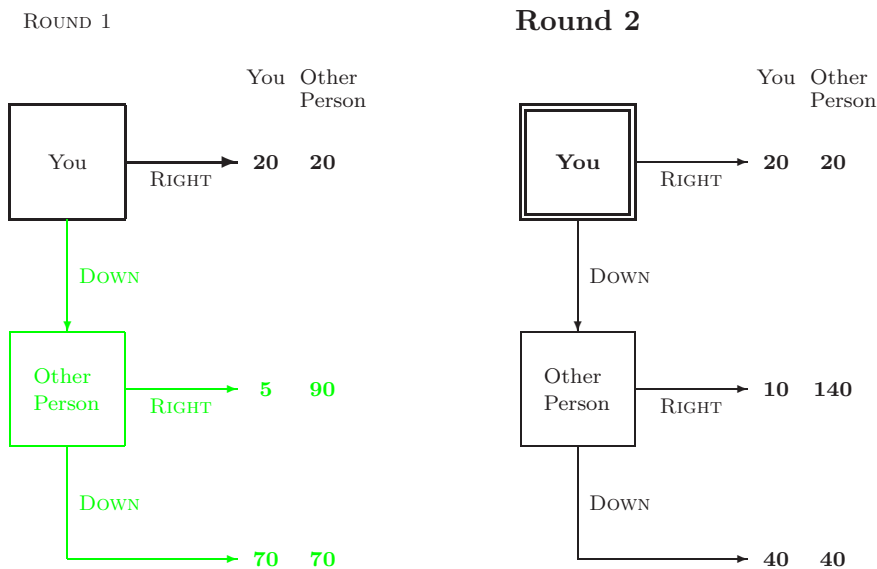


You are in Round 1. You start the game. Please take a decision. Either choose RIGHT or DOWN.

In Round 1, I choose

- RIGHT (continue with question 2 on page 180)
- DOWN (continue with question 3 on page 181)

QUESTION 2



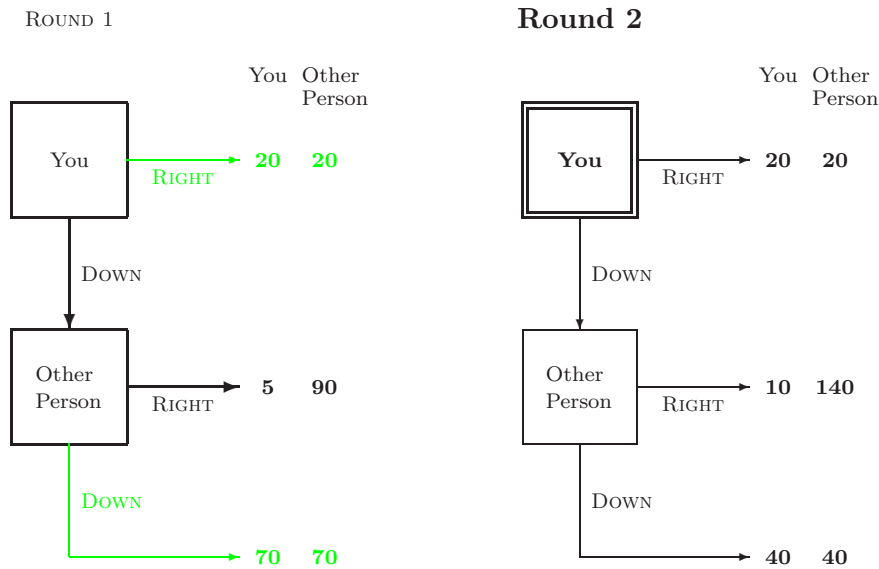
You are in Round 2. Due to your choice of RIGHT in Round 1, the other person has no possibility to choose. What are you doing in Round 2? Either choose RIGHT or DOWN.

In Round 2, I choose

- RIGHT
- DOWN

(This was the last question of Part 3. Continue on page ...)

QUESTION 3



You are in Round 2. Due to your choice of DOWN in Round 1, the other person could choose between RIGHT and DOWN in Round 1. Assume the other person has chosen RIGHT. What are you doing in Round 2? Either choose RIGHT or DOWN.

In Round 2, I choose

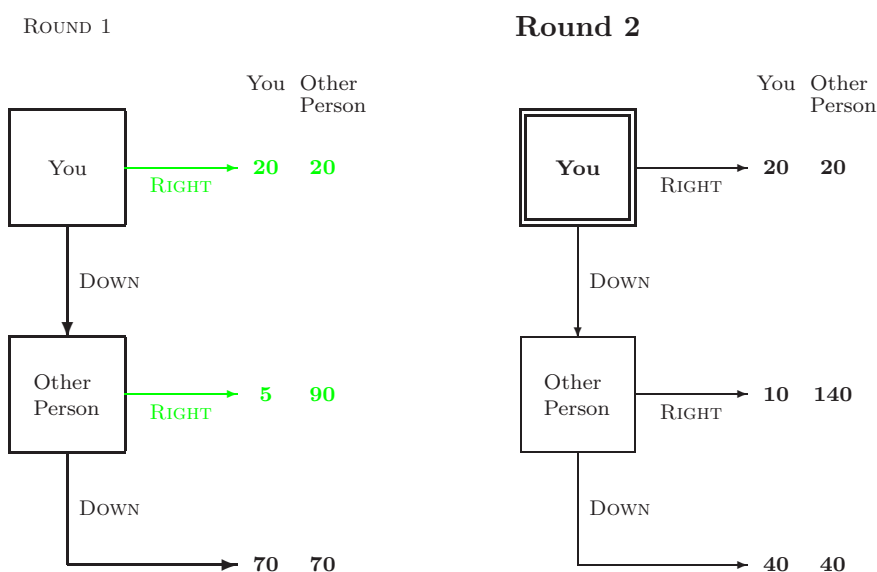
- RIGHT
 DOWN

(continue with question 4 on page 182)

QUESTION 4

Due to your choice of DOWN in Round 1, the other person could also choose between RIGHT and DOWN in Round 1. In the previous Question 3, you took a decision in Round 2 under the assumption that the other person has chosen RIGHT in Round 1.

Now assume that in Round 1, the other person, after your choice of DOWN, has chosen DOWN as well instead of RIGHT. Please again indicate your decision in Round 2 given these new circumstances.



You are in Round 2. Due to your choice of DOWN in Round 1, the other person could choose between RIGHT and DOWN in Round 1. Assume the other person has not chosen RIGHT but DOWN as well in Round 1. What are you doing in Round 2? Either choose RIGHT or DOWN.

In Round 2, I choose

- RIGHT
- DOWN

(This was the last question of Part 3. Continue on page ...)