

Class Game
Trust Game
(Sender-Receiver)

The trust game helps illustrate social norms related to cooperation. I use it to introduce a formalization of norms that can be used to model utility, transforming the standard trust game into an asymmetric, incomplete information game. The two player types in this game are egoists, who maximize points in the standard fashion, and those following a cooperative norm, such as inequity aversion.

Objective

The experiment helps students gain first-hand experience with a game requiring trust. The experiment helps students think critically about whether monetary payoffs (or points) map one to one with utility. It also provides a nice introduction to asymmetric, incomplete information games.

Time

Roughly 40 minutes in class, with 5 to 10 minutes left over for discussion.

Administration

Before class, print these [handouts](#), labeled A through Z, each on a separate piece of paper. You will only need half as many letters (i.e., pages) as students in your class. Fold each paper into quarters and put them in a box. When you arrive in the classroom divide the class into senders and receivers equally. I usually split the class in half based on where students are seated. Then show students the power point slide [trust_game.pptx](#), which I call a sender-receiver game to avoid the suggestion of any particular behavior. Ask students not to communicate during the experiment (to avoid contamination), and remind them that their identities will never be revealed to anyone except yourself. After reading the directions, answer any questions from the students as a group. Then allow senders to randomly select a paper from the box. They will fill out everything from above the **double** line, then cut the paper in half at the **dotted** line, keeping the left half. Their personal identification is now removed. They will then fold the right half twice (so receivers cannot figure out who their partner is based on folding) and put them back in the box. Stir the papers, then allow each receiver to randomly draw one of the right halves from the box. After giving them time to think about their response, receivers should then fill out the remaining blanks below the dotted line, fold their paper twice, and return it to an empty box. Finally, ask the senders to fold their left halves twice and collect them from the senders (same box will do). After you have returned to your office, combine left and right halves, mark the points contributed by each player as well as the payoffs for each player. You can report results in the next class, which include contribution and payoff by group. This will allow you to discuss the amount of contribution with respect to the subgame perfect equilibrium of sending 0 points and sending back 0 points. I also use it to set up a discussion of an asymmetric, incomplete information game, with egoists as one type, and those committed to a cooperative norm as another type.

Electronic Responses

If you want to go paperless, perhaps because your class is remote, consider using these [power point slides](#) instead.