Path Dependence of Cooperation or the First Impression Counts!

Results from an Experimental Study

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Abstract
This paper studies experimentally the behaviour of players in a repeated Prisoner’s dilemma game with unknown termination. Theoretical considerations and the literature suggest that trust plays a role for the emergence of cooperation in dilemma situations. Trust is built on the experiences in the past. Therefore, the initial behavior of a player determines her reputation and should have a strong impact on the future behavior of the opponent. We show that players tend to play either mutually cooperative or mutually defective after a few interactions in the studied repeated prisoner’s dilemma game. Whether they establish cooperation or defection depends crucially on the initial move of both players.