Why People Trust: Evidence from Economic Games

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ABSTRACT: Studies on the "Trust" or "Investment Game" reveal that people are willing to trust others, in that they hand money over to complete strangers with only a chance and no compulsion that that money will be returned with a profit. Classic neoeconomic analyses suggest that people should never choose to trust, yet they do—and research in our lab is aimed at identifying the psychological influences that prompt people to trust complete strangers in this game. Trust behavior is not driven by accurate impressions of the trustworthiness of others (indeed, participants are so cynical it is surprising that they trust at all), nor by beliefs that they really will not have to act on their decisions. Nor is trust behavior driven by altruism, in that people show no general taste to spread wealth and utility to others. Instead, trust is prompted by two rather psychological concerns. First, studies of the *minimal relation effect* reveal that respondents give weight to the outcomes of others only when they have been placed in a relationship with them—no matter how minimal, fleeting, and anonymous that relationship is. If not placed in a relationship with that person, people prove reluctant to trust. Second, trust is associated with how people *feel* about the action, not the expectations for reward they have about the action.