The social exchange heuristic: Managing errors in social exchange

Toshio Yamagishi, Shigeru Terai, Toko Kiyonari, and Satoshi Kanazawa

We extend the logic of Haselton and Buss' (2000) error management theory to the domain of social exchange to address the following question: How is cooperation possible in a one-shot Prisoner's Dilemma game when the effect of reputation is not present? We propose the *social exchange heuristic* used by individuals to manage errors in social exchange as an answer to this question. When the potential cost of committing a Type I error of social exchange (believing undetected/unpunished free-riding is possible when it is not) is high, the social exchange heuristic is activated and predisposes actors toward mutual cooperation. When the potential cost of committing a Type II error (believing free-riding is not possible when it is) is high, the social exchange heuristic is dormant and allows actors to exploit their exchange partners. The results of our current experiment, combined with Kiyonari, Tanida, and Yamagishi (2000), strongly suggest the operation of the social exchange heuristic when the cost of committing a Type I error is high.

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