

**False Friends Are Worse than Bitter Enemies:
Altruistic Punishment of In-Group Members**

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Abstract

One of the most crucial features of human society is the pervasiveness of cooperation in social and economic exchanges. It is also widely known that such cooperative behavior is likely to be directed toward in-group members. We propose that the group-based nature of cooperation includes punishment behavior. The goal of punishment behavior is to maintain cooperation within a system of social exchanges and thus it is directed to members of an exchange system. Since social exchanges often take place within groups, we predict that punishment is directed toward in-group members who are found to be non-cooperators. We conducted a gift giving game experiment with third party punishment. The results of the experiment with 90 participants support this hypothesis: Subjects who reciprocate in-group members in a gift giving game punish non-cooperative in-group members more severely than they punish non-cooperative out-group members.

Key Words: social exchange, third party punishment, gift giving game, group-based cooperation, second-order cooperation