Referee Report for Economics MS 2240: "The Trust Broker Game: A Three-player Trust Game with Probabilistic Returns and Information Asymmetry," by Anirudh Tagat and Hansika Kapoor and Monk Prayogshala, Mumbai, India

This paper extends the Berg et al. (1995) trust game to a three player setting (A gives to B, B gives to C and explores the impact of a stochastic multiplier (the multiplier in the canonical trust game is 3) which can take the value 1, 2 or 3 in the presence of an additional third respondent they deem the "trust broker," and this label is given as he has no endowment whereas players A and B have an endowment. Furthermore the broker (C) multiplies the amount he receives from B with some factor k ε [1,2,3] and sends a part of the multiplied amount back to B who in turn gives a part of it back to A.

This is a reasonably carefully done experiment and a decent write up that requires a little more editing but still reads quite polished. What the authors fail to convey to the reader is motivation regarding why this is interesting in the first place. Without that crucial information this really reads like much ado about nothing and if their main result is that knowledge regarding transfers alters the behavior of the players, this is hardly an insight especially given that the effect is not in a consistent direction. Furthermore, they don't have a control condition (deterministic multiplier) to compare the behavior under the random multiplier against. The other results are really touch and go and the main reason for it is that the authors do too much in one design. So superficially this study looks impressive, peppered with graphs and regressions but has no real coherent story to tell.

I think this paper needs a major revision before it can be considered for publication. Below I have laid out a few directions in which the authors should go to make this be some kind of contribution to the literature.

1. The authors really need some theoretical benchmarks before any experiments are run. This asymmetric game differs from the standard trust game as two endowed people serially contribute and receive serial returns with stochastic payoffs. Though I did not explicitly try to work the equilibrium out I suspect there may be equilibria other than the standard centipede game-like corner equilibrium of the trust game. At any rate if indeed the equilibrium of this game is the standard corner solution the authors should explicitly mention this up front.

2. This game actually offers a test of (upstream) indirect reciprocity which is not present in the two player form. In models of upstream indirect reciprocity, player A gives an amount to player B who gives an amount to player C. For exposition on indirect reciprocity, see Nowak and Sigmund (1998) and Wedekind and Milinski (2000) and Stanca (2009). This motivation for player B giving to C should be explored in this game.

3. The authors need to organize their results in a coherent way. Better still, have hypotheses which the data can validate or not. Without these hypotheses the results spill into each other and make for a hodge podge from which it is impossible for the reader to glean any insights.

References

Nowak M.A and K. Sigmund (1998) “Evolution of indirect reciprocity by image scoring,” *Nature*, 393(6685): 573–577.

Stanca, L. (2009) “Measuring Indirect Reciprocity: Whose Back Do We Scratch?” *Journal of Economic Psychology*, 30(2): 190-202

Wedekind, C. and M. Milinski (2000) “Cooperation through image scoring in humans,” *Science*, 288: 850–852.