

## **The Dynamics of Altruism in Dictator Games**

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### Abstract

Theories of individual other-regarding-preferences (ORP) implicitly assume consistency of behavior with respect to a given order of preferences as well as stability over time. However, Brosig et al. (2007) discovered distinct behavioral dynamics of behavior: all of their primarily altruistic players became selfish in the end of a sequence of several one-shot dictator games. This challenges ORP theories and raises several questions: What are people's true motives to primarily dispense with a part of their payoff? And what motivates the behavioral dynamics? Since these questions cannot be answered investigating observed behavior alone, we analyze behavior in repeated dictator games using fMRI experiments. Results confirm that most subjects tend to become more egoistic during a sequence of four games conducted over a period of four weeks. Fifty percent of first-session altruists switch to completely selfish behavior. First-session egoists display stable decision-making. Neurological data suggests that the groups of subjects "stable fair", "stable selfish" and "switch-to-selfish" are guided by different motivations. While stable selfish subjects (SSS) seem to be motivated by higher payoffs, stable fair subjects (SFS) are guided by true altruistic motives. However, even SSS seem to value equality in payoffs. SFS do regret forgone payoffs and seem to be able to morally license egoistic decision-making. Initial altruism of switch-to-selfish subjects (STSS) seems to be motivated by fear of sanctions. STSS display more egoistic behavior over time as they update expectations concerning a sanction and/or experience satiation of its disutility.