Appendices to Hajikhameneh and Kimbrough, "Individualism, Collectivism and Trade"

A Experiment Instructions

This part presents what subjects see on their screens during the experiment. Information would be given to the subjects in the sequential manner based on their decisions. Subjects will assume their roles (i.e. farmer, local merchant, or traveling merchant) in the beginning of the experiment according to the triad task results. The only difference between WE and SE treatments is the probability of enforcement when the traveling merchant chooses to cheat. Therefore, here we only give the WE narration.

A.1 The Narrations

A.1.1 The common stage

Farmers' narration (period 1) You are a farmer in a small county. You have to work hard around the clock to harvest your products. You can do two things with your harvest. First, you can give your harvest to a local merchant who sells some of it for you. This is a long-standing relationship, and each time you deal with the local merchant, both of you make 8ECU.

Second, you can keep your harvest and try to sell everything yourself. In this case both you and the local merchant payoff are equal to 4ECU.

You can either keep your harvest or let a local merchant sell it in the local market.

Keep your harvest *Trade with local merchant*

Local merchants' narration (period 1) You are a merchant who sells goods in a local market. You have a long-standing relationship with a farmer who often gives you his harvest to sell at the market. When the farmer gives you the harvest, each of you gets 8ECU.

If farmer decides to not deal with you then you have to live off of your garden and both of you get 4ECU.

Ready to go on

Travelling merchants' narration (period 1) You are a travelling merchant accustomed to dealing with different people and markets. To make your living selling merchandise, you have to travel all year long. Farmers work hard around the clock to collect their harvest. If you travel to a village and find a farmer who is willing to trade you his harvest, you both can possibly gain from trade. But if you do not find a farmer or if the farmer is unwilling to trade with you, then you will have no opportunity to trade. Your payoff will be 4ECU.

Ready to go on

Traveling merchants' narration (Period 2 to 4) You traveled this period but you were unsuccessful in finding a farmer to trade with.

Ready to go on

Farmers' narration (periods 2 to 4) You have two options. Keeping your harvest for yourself, this pays you 4ECU, or giving your products to a local merchant who sells them and pays you 8ECU.

Keep your harvest *Trade with local merchant*

A.1.2 The NE treatment

Farmers' narration (periods 5) A travelling merchant has arrived in your county. Travelling merchants know different people and foreign markets. They travel all year long selling merchandise to the highest bidder. This merchant has offered to take your harvest and sell it in a foreign market.

After selling the harvest for 32ECU, the travelling merchant could either share the profit with you or take all the money and run.

If the travelling merchant shares, you both get 16ECU. But if the travelling merchant takes the money and runs, then you will get 0ECU (the travelling merchant gets 32ECU).

However, if you give your products to the travelling merchant, you can't also trade with the local merchant. The local merchant will only get 4ECU since you are no longer their trade partner.

All your previous options are still available to you. You can keep your harvest for yourself, trade the harvest with the local merchant or let the travelling merchant take the products to the foreign market.

Keep your harvest *Trade with local merchant* *Trade with the traveling merchant*

Farmers' narration (periods 6 to 8) You still can keep your harvest for yourself or to trade it to the local merchant. If you keep the harvest for yourself then you will get 4ECU. If you trade with the local merchant you get 8ECU.

A new travelling merchant has approached you offering the same potential as the previous travelling merchant. This merchant can sell your harvest for a profit of 32ECU in a foreign market.

If you decide to trade with the new travelling merchant and he/she shares the profits you both get 16ECU. But if he/she takes the money and runs, you get 0 (i.e. travelling merchant gets 32ECU).

Remember, if you give your products to the travelling merchant, you can't also trade with the local merchant. The local merchant will only get 4ECU since you are no longer their trade partner. You have three options.

Keep your harvest *Trade with local merchant* *Trade with the traveling merchant*

Travelling merchants' narration (periods 5 to 8) when traded with You have arrived in a small county and found a farmer who is willing to let you sell the harvest on the foreign market. You can sell this harvest for 32ECU.

You successfully sold the harvest, and you can either split the profit and each one of you gets 16 ECU or you can take all the money and run.

If you take the money you will get 32ECU and the farmer will get 0ECU.

Split the profit *Take the money and run*

Traveling merchants' narration (periods 5 to 8) when not traded with You traveled this period but the farmer of this village decides to not trade with you. You will travel to another village to find another farmer to trade with.

OK

Local Merchant's narration (Period 5) You are a merchant who sells goods in a local market. You have a long-standing relationship with a farmer who often gives you his harvest to sell at the market. When the farmer gives you the harvest, each of you gets 8ECU.

The Farmer has three options: 1) Keep the product, 2) give the product to you, 3) give the product to a traveling merchant.

If farmer decides to keep the product or give it to the traveling merchant, then you will get 4ECU. If he decides to deal with you, then you both get 8ECU.

OK

A.1.3 The WE treatment

Farmers' narration (periods 5) A travelling merchant has arrived in your county. Travelling merchants know different people and foreign markets. They travel all year long selling merchandise to the highest bidder. This merchant has offered to take your harvest and sell it in a foreign market.

After selling the harvest for 32 ECU, the travelling merchant could either share the profit with you or take all the money and run.

If the travelling merchant shares, you get 16ECU, but if the travelling merchant takes the money and runs, then you will take the merchant to court.

With a probability of 1/2 (one out of two times), the court finds the merchant guilty, gives you back 16ECU, and charges the merchant 5ECU in court fees, leaving the merchant with 11ECU.

With the probability of 1/2 (one out of two times), the court does not find the merchant guilty and charges you 5ECU in court fees. In this case, the travelling merchant keeps all the money.

However, if you give your products to the travelling merchant, you can't also trade with the local merchant. The local merchant will only get 4ECU since you are no longer their trade partner. All your previous options are still available to you. You can keep your harvest for yourself, trade the harvest with the local merchant, or let the travelling merchant take the products to the foreign market.

Keep your harvest *Trade with local merchant* *Trade with the traveling merchant*

Farmers' narration (periods 6 to 8) You still can keep your harvest for yourself or to trade it to the local merchant.

If you keep the harvest for yourself then you will get 4ECU. If you trade with the local merchant you get 8ECU. A new travelling merchant has approached you offering the same potential as the previous travelling merchant. This merchant can sell your harvest for a profit of 32ECU in a foreign market.

If you decide to trade with the new travelling merchant and he/she splits the gains from trade, you get 16ECU but if he takes the money and runs, then a court will try your case.

With a probability of 1/2 (one out of two times), the court finds the merchant guilty, gives you back 16ECU, and charges the merchant 5ECU in court fees, leaving the merchant with 11ECU.

With the probability of 1/2 (one out of two times), the court does not find the merchant guilty and charges you 5ECU in court fees. In this case, the travelling merchant keeps all the money.

If you give your products to the travelling merchant, you will also impact the local merchant who will only get 4ECU since you are no longer their trade partner. You have three options.

Keep your harvest *Trade with local merchant* *Trade with the traveling merchant*

Local Merchant's narration (Period 5) You are a merchant who sells goods in a local market. You have a long-standing relationship with a farmer who often gives you his harvest to sell at the market. When the farmer gives you the harvest, each of you gets 8ECU.

The Farmer has three options: 1) Keep the product, 2) give the product to you, 3) give the product to a traveling merchant.

If farmer decides to keep the product or give it to the traveling merchant, then you will get 4ECU. If he decides to deal with you, then you both get 8ECU.

OK

Travelling merchants' narration (periods 5 to 8) You have arrived in a small county and found a farmer who is willing to let you sell the harvest on the foreign market. You can sell this harvest for 32ECU.

You successfully sold the harvest, and you can either split the profit and each one of you gets 16 ECU or you can take all the money and run.

If you decide to take the money and run, a court will try the case. With a probability of 1/2 (one out of two times), the court finds you guilty. In this case, the court charges you 5ECU in court fees so you will get 11ECU and give the farmer 's share (16ECU) back.

With a probability of 1/2 (one out of two times), the court does not find you guilty, you keep all the money (32ECU), and the farmer pays 5ECU in court fees (the farmer's profit is -5ECU).

You have two options:

Split the profit *Take the money and run*

A.1.4 The NoLM treatment's common stage

Farmers' narration (period 1) You are a farmer in a small county. You have to work hard around the clock to harvest your products.

You can do two things with your harvest.

First, you can sell your harvest in the local market. If you sell your harvest in the local market you make 8ECU.

Second, you can keep your harvest and consume everything yourself. In this case your payoff is equal to 4ECU.

You can either keep your harvest or sell it in the local market.

Keep your harvest *Sell in the local market*

Farmers' narration (periods 2 to 4) You have two options.

your harvest for yourself, this pays you 4ECU, or selling your products in the local market which pays you 8ECU.

Keep your harvest *Sell in the local market*

Traveling merchants' narration (period 1) You are a travelling merchant accustomed to dealing with different people and markets. To make your living selling merchandise, you have to travel all year long.

Farmers work hard around the clock to collect their harvest. If you travel to a village and find a farmer who is willing to trade you his harvest, you both can possibly gain from trade. But if you do not find a farmer or if the farmer is unwilling to trade with you, then you will have no opportunity to trade. Your payoff will be 4ECU.

OK

Traveling merchants' narration (periods 2 to 4) You traveled this period but you were unsuccessful in finding a farmer to trade with.

OK

A.1.5 The NoLM treatment

Farmers' narration (period 4) A travelling merchant has arrived in your county. Travelling merchants know different people and foreign markets. They travel all year long selling merchandise to the highest bidder.

This merchant has offered to take your harvest and sell it in a foreign market.

After selling the harvest for 32ECU, the travelling merchant could either share the profit with you or take all the money and run.

If the travelling merchant shares, you both get 16ECU. But if the travelling merchant takes the money and runs, then you will get 0ECU (the travelling merchant gets 32ECU).

All your previous options are still available to you.

You can keep your harvest for yourself (which pays you 4ECU), sell the harvest in the local market (which pays you 8ECU) or let the travelling merchant take the products to the foreign market.

Keep your harvest *Sell in the local market* *Trade with the traveling merchant*

Farmers' narration (periods 5 to 8) You still can keep your harvest for yourself or to sell in the local market.

If you keep the harvest for yourself then you will get 4ECU.If you sell your harvest in the local market you get 8ECU.

A new travelling merchant has approached you offering the same potential as the previous travelling merchant. This merchant can sell your harvest for a profit of 32ECU in a foreign market.

If you decide to trade with the new travelling merchant and he/she shares the profits, you both get16ECU. But if he/she takes the money and runs you get 0ECU (i.e. travelling merchant gets 32ECU).

You have three options.

Keep your harvest *Sell in the local market* *Trade with the traveling merchant*

Traveling merchants' narration (periods 5 to 8) if engaged in trade with the farmer You have arrived in a small county and found a farmer who is willing to let you sell the harvest on the foreign market. You can sell this harvest for 32ECU.

You successfully sold the harvest, and you can either split the profit and each one of you gets 16ECU or you can take all the money and run.

If you take the money you will get 32ECU and the farmer will get 0ECU.

Split the profit *Take the money and run*

Traveling merchants' narration (periods 5 to 8) if not engaged in trade with the farmer You traveled this period but the farmer of this village decides to not trade with you.

You will travel to another village to find another farmer to trade with.

OK

A.2 Norm elicitation and belief elicitation

The beginning In the following experiment, you will complete two tasks. At the end of the experiment, the computer will select one of those two tasks at random, with each task equally likely to be chosen. You will receive your earnings from that task plus your $7 show-up payment.

Please read the instructions carefully, as your payments depend on how well you understand them.

On the following screens, you will read descriptions of a situation. These descriptions correspond to a situation in which one person must make a decision. For each situation, you will be given a description of the decision faced by the person. This description will include a set of possible actions available to the person.

After you read the description of the decision, you will be asked to evaluate the actions available and to decide, for each of the possible actions, whether taking that action would be "socially appropriate" and "consistent with moral or proper social behavior" or "socially inappropriate" and "inconsistent with moral or proper social behavior." By socially appropriate, we mean behavior that most people agree is the "correct" or "ethical" thing to do. Another way to think about what we mean is that if the person were to select a socially inappropriate choice, then someone else might be angry at the person for doing so.

In each of your responses, we would like you to answer as truthfully as possible, based on your opinions of what constitutes socially appropriate or socially inappropriate behavior.

To give you an idea of how the experiment will proceed, we will go through an example and show you how you will indicate your responses. On the next screen you will see an example of a situation.

Click OK when you are ready to go on.

*O*K

Example situation "Individual A" is at a café. While there, Individual A notices that someone has left a wallet at one of the tables. Individual A must decide what to do. Individual A has four possible choices: take the wallet, ask others nearby if the wallet belongs to them, leave the wallet where it is, or give the wallet to the bartender.

Individual A can choose only one of these four options. Below is the list of these actions. For each of the actions, please indicate whether you believe choosing that option is very socially inappropriate, somewhat socially inappropriate, somewhat socially appropriate, or very socially appropriate. To indicate your response, please click on the corresponding cell.

Please make sure you make an assessment for each possible choice in the below list.

In what follows, you will be asked to assess the appropriateness of actions in the situation above. For the proposed action please indicate the extent to which you believe taking that action would be "socially appropriate" and "consistent with moral or proper social behavior" or "socially inappropriate" and "inconsistent with moral or proper social behavior." By socially appropriate we mean behavior that **most people** agree is the "correct" or "ethical" thing to do.

Take the wallet

Very socially inappropriate *Somewhat socially inappropriate*
Somewhat socially appropriate *Very socially appropriate*

Leave the wallet where it is

Very socially inappropriate *Somewhat socially inappropriate*
Somewhat socially appropriate *Very socially appropriate*

Give the wallet to the bartender

Very socially inappropriate *Somewhat socially inappropriate*
Somewhat socially appropriate *Very socially appropriate*

Ask others nearby if the wallet belongs to them

Very socially inappropriate *Somewhat socially inappropriate*
Somewhat socially appropriate *Very socially appropriate*

On the next screen is a narration from a set of experiments that were conducted here a year ago. Please read them carefully so you understand the decision that other participants were asked to make. At the end of the narration, we will ask you to evaluate how socially appropriate each of these possible actions is. Then we will select one of the actions at random; each action is equally likely to be selected.

For the action selected, we will determine which evaluation was selected by the most people here today.

If your evaluation of that action is the same as the most common response given by others, you will receive an additional $8.

This amount will be paid to you, in cash, at the conclusion of the experiment.

For instance, if we were to select the example situation from the last screen and the possible choice "Leave the wallet where it is," and if your response had been "somewhat socially inappropriate," then you would receive $8, in addition to the $7 participation fee, only if this was the response selected by most other people in today's session. Otherwise you would receive only the $ 7 participation fee.

Your payment in this task depends only on whether your response corresponds to the most common evaluation of the chosen action by people in this room and DOES NOT depend on the decisions made by the participants in the experiment from a year ago.

Please click OK when you are ready to go on.

OK

Narration You are a farmer in a small county. You have to work hard around the clock to harvest your products.

You can do three things with your harvest.

First, you can give your harvest to a local merchant who sells some of it for you. This is a long-standing relationship, and each time you deal with the local merchant, both of you make $4.

Second, You can keep your harvest and consume it yourself. If you choose this option your gain is equal to $2.

[**The farmer had to choose between trading with the local merchant and keeping the harvest to himself for four periods in a row. Almost all farmers chose to trade with the local merchant. Then, in the fifth period, the following narration was observed.**]

A traveling merchant has arrived in your county. Traveling merchants know different people and foreign markets. They travel all year long selling merchandise to the highest bidder.

This merchant has offered to take your harvest and sell it in a foreign market.

After selling the harvest for $16, the traveling merchant could either share the profit with you or take all the money and run.

If the traveling merchant shares, you both get $8. But if the traveling merchant takes the money and runs, then you will get $0 (the traveling merchant gets $16).

However, if you give your products to the traveling merchant, you can't also trade with the local merchant. The local merchant will only get $2 since you are no longer his/her trade partner.

Now based on the narration that you have read, we ask you three questions. You will be asked to assess the appropriateness of each of the possible actions in the situation above. For each possible action, please indicate the extent to which you believe taking that action would be "socially appropriate" and "consistent with moral or proper social behavior" or "socially inappropriate" and "inconsistent with moral or proper social behavior." By socially appropriate we mean behavior that *most people* agree is the "correct" or "ethical" thing to do.

Appropriateness Task Below, you need to provide your evaluation of the social appropriateness of 3 actions available to the farmer. At the end of the experiment, one of these actions will be chosen at random. Remember, if you give the same response as that most frequently given by other participants of today's experiment, then you will receive an additional $8 for this task, which will be paid if Task 1 is chosen for payment. When you finish Task 1, please wait quietly for others to finish.

ACTION 1

How socially appropriate/inappropriate is it for the farmer to trade with the local merchant (rather than the travelling merchant)?

Very socially inappropriate *Somewhat socially inappropriate*
Somewhat socially appropriate *Very socially appropriate*

ACTION 2

How socially appropriate/inappropriate is it for the farmer to keep the harvest (i.e. not trade with anyone)?

Very socially inappropriate *Somewhat socially inappropriate*
Somewhat socially appropriate *Very socially appropriate*

ACTION 3

How socially appropriate/inappropriate is it for the farmer to trade with the traveling merchant (rather than the local merchant)?

Very socially inappropriate *Somewhat socially inappropriate*
Somewhat socially appropriate *Very socially appropriate*

Narration Below is additional narration from last year's experiment described above; as before, the bolded text was not included in the original narration, but you may find it useful for making your decisions. This narration shows you the experiment from the point of view of the participant in the role of the "travelling merchant".

You are a travelling merchant accustomed to dealing with different people and markets. To make your living selling merchandise, you have to travel all year long. Farmers work hard around the clock to collect their harvest. If you travel to a village and find a farmer who is willing to trade you his harvest, you both can possibly gain from trade. But if you do not find a farmer or if the farmer is unwilling to trade with you, then you will have no opportunity to trade. Your payoff will be \$2.

For 4 periods, the travelling merchant is travelling and unable to find anyone with whom he might trade, but this information is known only to him. In the 5th period, he comes upon a small county with the farmer. If the farmer chose to "trade with the travelling merchant", he saw the following additional narration:

You have arrived in a small county and found a farmer who is willing to let you sell the harvest on the foreign market. You can sell this harvest for \$16.

You successfully sold the harvest, and you can either split the profit and each one of you gets \$8 or you can take all the money and run. If you take the money you will get \$16 and the farmer will get \$0.

Now based on the narration that you have read, we ask you one question.

Please click OK when you are ready to go on.

*O*K

In task 2, considering the narration you just read, what is the probability that the traveling merchant shares the profit (rather than taking the money for himself) assuming that a farmer chooses to trade? You choose a number between 0 and 100, where "0" means you think the merchant would share the profits 0 out of 100 times, and 100 means you think the merchant would share 100 out of 100 times.

Before answering the above question read the following instructions.

Payment to this question is according to the following process:

After you choose a probability estimate between 0 and 100, the computer randomly picks a number "R", also between 0 and 100, with each number being equally likely. If the number that computer picked is bigger than your probability, then, the computer pays you $8 with a probability "R" and $0 with the probability "100-R".

If, instead, the probability that you choose is bigger than the random number chosen by the computer, then your payoff will be based on the *actual* probability of sharing that we observed in last year's experiments. That is, if we assume that the average probability of sharing was "K" in the last year's experiments, you will get $8 with a probability of "K" and $0 with a probability "1-K".

This process is designed in a way that makes reporting your true beliefs the best possible strategy for you. Here's why:

Example 1: Suppose you report a probability higher than your actual beliefs:

Let's assume that you think the probability of sharing, in last year's experiment, is 30 (out of 100) but you report 60 (out of 100). If the computer draws the number R = 50, then your chance of winning $8 will depend on the *actual* chance of a merchant choosing to share (which you think is 30 out of 100), and your chance of winning $0 will be based on the *actual* chance of a merchant choosing to take the money and run (which you think is 70 out of 100). If you had reported your true belief of 30 instead of 60, then your chance of winning the $8 would be based on a lottery that pays $8 with probability R = 50 (out of 100) and pays $0 with probability 100 - R = 50 (out of 100). Thus your odds of winning are best if you report truthfully, rather than reporting beliefs that are higher than your actual beliefs.

Example 2: Suppose you report a probability lower than your actual beliefs:

Let's assume that you think the probability of sharing, in the last year experiment, is 60 (out of 100) but you report 30 (out of 100). If the computer draws R = 50, then your chance of winning $8 will depend on a lottery that pays $8 with probability R = 50 (out of 100) and pays $0 with probability 100 - R = 50 (out of 100). If you had reported your true beliefs of 60 instead of 30, then your chance of winning the $8 would be based on the *actual* chance of a merchant choosing to share (which you think is 60 out of 100), and your chance of winning $0 will be based on the *actual* chance of a merchant choosing to take the money and run (which you think is 40 out of 100). Thus your odds of winning are best if you report truthfully, rather than reporting beliefs that are higher than your actual beliefs.

Please type your best estimate of the probability that a travelling merchant shared the profit with a farmer in the experiment (that is, if you think a traveling merchant shared 67 times out of 100 then write 67 in the box).

*O*K

A.3 The Triad Task

The beginning At this stage of the experiment you will be asked a number of questions. There is no right or wrong answer. Please answer them as best you can.

In the following lists, among the three things listed together, please indicate which two of the three are most closely related.

1.	Seagull	Sky	Dog
2.	Black	White	Blue
3.	Doctor	Teacher	Homework
4.	Apple	Orange	Pear
5.	Shoes	Boots	Slippers
6.	Train	Bus	Tracks
7.	Computer monitor	Antenna	Television
8.	Hospital	Bank	Cinema
9.	Carrot	Eggplant	Rabbit
10.	Cloud	Wind	Rain
11.	Panda	Banana	Monkey
12.	Shirt	Hat	Pants
13.	Kite	Basketball	Tennis
14.	Farmer	Corn	Bread
15.	Shampoo	Hair	Beard
16.	Bridge	Tunnel	Highway
17.	Piano	Violin	Guitar
18.	Child	Man	Woman
19.	Postman	Policeman	Uniform
20.	Letter	Stamp	Postcard

(In the experiment, subjects saw the questions one by one. The questions used to compute the I/C score are 1,3,6,7,9,11,14,15. For example, in (1) a collectivist would choose {seagull, sky}, focusing on a holistic relationship between a bird and the sky, while an individualist would choose {seagull, dog}, focusing on the category "animal".)

The end Now you will go to the next phase. In this phase of the experiment you will be assigned a certain role in a narrative. Then you will make decisions that affect the narrative you observe as well as the narrative observed by others. Together all players' decisions will determine their payoffs. Please read the text carefully. Be aware that outcomes may depend on other player's action as well. The narratives are simple, and if you follow them carefully, you may earn a considerable amount of money which will be paid to you in cash at the end of the experiment.

This phase will last for several periods, and you will be paid the sum of your earnings from all periods.

Every 12 experimental currency unit (henceforth ECU) will be converted to 1 CAD.

A.4 Risk preference elicitation instructions

In the questions that follow, you are going to be asked to make ten decisions. Each decision will be between Option A and Option B. One of the ten choices you make will be randomly selected to determine your earnings for this part of the experiment.

Options		
A	B	Your Choice
\$1 or \$3 each with probability 1/2	\$0.1 with probability 9/10 or \$4 with probability 1/10	A or B
\$1 or \$3 each with probability 1/2	\$0.1 with probability 8/10 or \$4 with probability 2/10	A or B
\$1 or \$3 each with probability 1/2	\$0.1 with probability 7/10 or \$4 with probability 3/10	A or B
\$1 or \$3 each with probability 1/2	\$0.1 with probability 6/10 or \$4 with probability 4/10	A or B
\$1 or \$3 each with probability 1/2	\$0.1 with probability 5/10 or \$4 with probability 5/10	A or B
\$1 or \$3 each with probability 1/2	\$0.1 with probability 4/10 or \$4 with probability 6/10	A or B
\$1 or \$3 each with probability 1/2	\$0.1 with probability 3/10 or \$4 with probability 7/10	A or B
\$1 or \$3 each with probability 1/2	\$0.1 with probability 2/10 or \$4 with probability 8/10	A or B
\$1 or \$3 each with probability 1/2	\$0.1 with probability 1/10 or \$4 with probability 9/10	A or B
\$1 or \$3 each with probability 1/2	\$0.1 with probability 0/10 or \$4 with probability 10/10	A or B

B Additional Analysis

B.1 Risk Preferences

Figure B1 shows the relative frequency of the safe choice for each pair of lotteries. As is often the case in multiple price list elicitations, our subjects are risk averse on average. As is also common, we observe a small set of subjects whose preferences are inconsistent with EU.

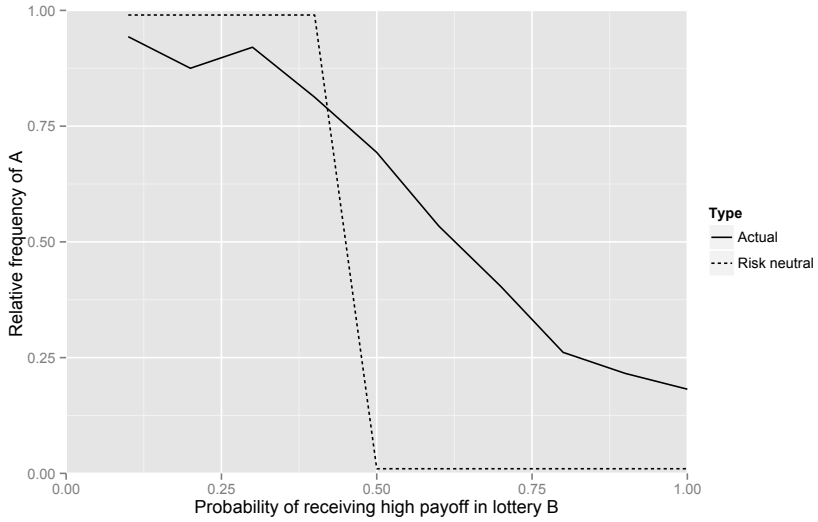

Figure B1: **The distribution of choices in the risk preference elicitation.** The solid line plots the data, and the dashed line plots the risk-neutral, expected utility maximizing choices.

B.2 Norm Elicitation and Belief Elicitation

As described before, farmers, in each round of treatment, could "keep the harvest", "trade with the local merchant", or "trade with the traveling merchant". In the norm elicitation task, we ask subjects to rate each action on a four-point scale. That is, "very inappropriate", " somewhat inappropriate", " somewhat appropriate", and " very appropriate". Furthermore, subjects would have got paid only if their answers corresponded to the most frequent response of others in the room .

	(1) Keep the harvest	(2) Local merchant	(3) Traveling merchant
I/C Score	-0.043	0.036	-0.020
	(0.036)	(0.039)	(0.037)
Observations	29	29	29

Standard errors in parentheses. * p<0.1, ** p<0.05, *** p<0.01.

Table B1: **Regression Analysis of Appropriateness**

Figures B2, B3, and B4, display the frequency of the subjects' choice for each one of the farmer's actions. To investigate whether the injunctive social norms, in the context of this experiment, have any

correlation with the individualism and collectivism, we estimate the relationship between I/C score and the subjects' choice via ordered logit regressions. Table B1 shows the results of these regressions. Columns 1, 2, and 3 report the regressions for the "keep the harvest", "trade with the local merchant", and "trade with the traveling merchant", respectively.

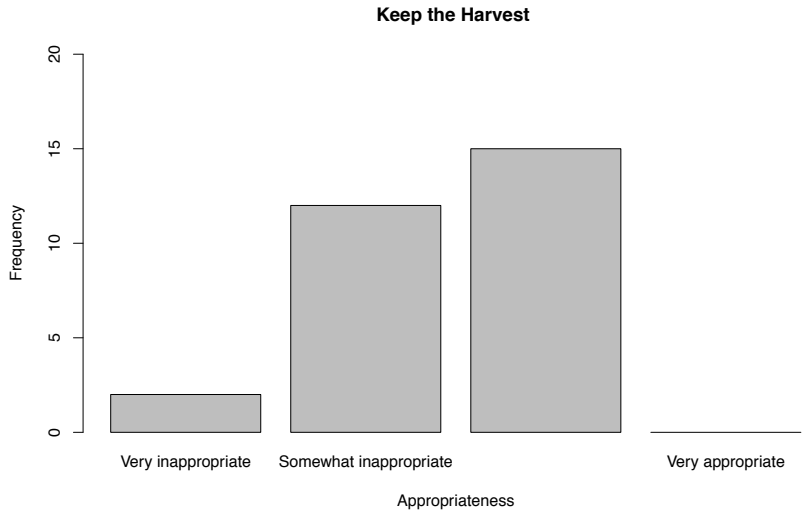

Figure B2: **Perceived Appropriateness of Keeping the Harvest.**

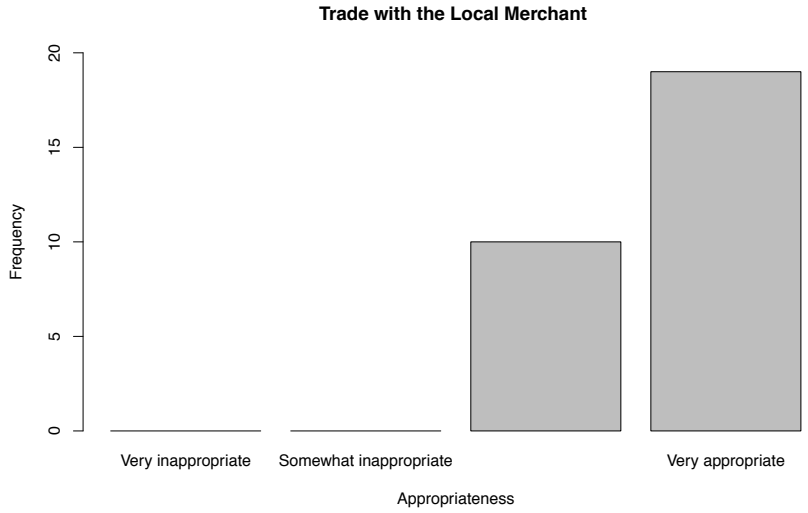

Figure B3: **Perceived Appropriateness of Trading with the Local Merchant.**

The payment method is designed to truthfully capture what subjects perceived to be the social norm and not what they would prefer to do individually in such a situation. Since we observe no significant correlation between I/C score and the perceived injunctive social norms across the farmer's actions, we may only claim that subjects share similar normative beliefs about what ought to be done. However, what they would actually do may vary with dispositions to individualism and collectivism.

Figure B4: **Perceived Appropriateness of Trading with the Traveling Merchant.**

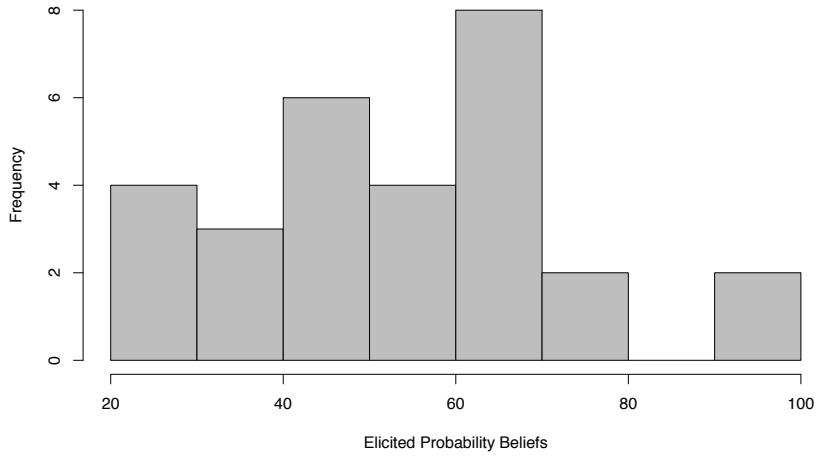

Figure B5: **Histogram of elicited probability beliefs.**

Figure B5 reports the histogram of elicited probability beliefs. In our sample, the range of these elicited beliefs was from 20% to 100%. We observe a positive significant correlation between I/C score and elicited probability beliefs (Spearman's $\rho = 0.41, p - value = 0.03$, two-sided test) indicating that individualist farmers are more optimistic regarding traveling merchants' cooperation than their collectivist counterparts.