

Experiments on Repeated Games with Infrequent Monitoring*

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Abstract

When individuals face to imperfection in monitoring technology, accumulating information via infrequent monitoring improves efficiency under long term relationships. This paper investigates this effect through laboratory experiments by extending the design by Aoyagi and Frèchette (2009). We find that: (i) when the level of noise is small, the level of cooperation is significantly enhanced as the length of accumulation periods becomes long, (ii) when the level is high or zero, the level of cooperation decreases as the length of accumulation periods becomes long. For individual behaviors in the small noise treatment, we find that subjects utilize the accumulated signals in such a manner that they are more tolerant and more forgiving than in the standard repeated game treatment.

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