This thesis investigates how cooperation evolves and how people can coordinate to achieve better outcomes for all the parties. The research involves theoretical and experimental analysis of people’s behavior. We examine whether subjects’ actual behavior deviates from the perfect rationality assumption, and whether subjects are able to coordinate on an equilibrium in case of multiplicity of equilibria.

In the thesis we consider situations where people can build trust and coordinate better if they intentionally weaken their positions, e.g. by making themselves vulnerable. We investigate how this endogenous decision affects outcomes in social dilemmas, market competition, and in team-production.

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aan de Universiteit van Amsterdam
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