

# Instructions

September 29, 2014

Welcome! You are about to participate in an experiment in the economics of decision making. If you listen carefully and make good decisions, you could earn a considerable amount of money that will be paid to you in cash at the end of the experiment.

Please remain silent and do not look at other participants' screens. If you have any questions, or need assistance of any kind, please raise your hand and we will come to you. Do not attempt to use the computer for any other purpose than what is explicitly required by the experiment. This means you are not allowed to browse the internet, check emails, etc. If you disrupt the experiment by using your smart phone, talking, laughing, etc., you may be asked to leave and may not be paid. We expect and appreciate your cooperation today.

## **The Basic Idea**

The experiment will be divided into a number of periods, and each period you will be matched anonymously with a counterpart, who is another participant in today's experiment.

Throughout each period you will choose a position within a range of possible positions. The number of points you earn each period will depend on your choice and the choice(s) of your counterpart.

At the end of the session, two periods will be randomly chosen to be the paid periods. The number of points you earned in those periods will be converted to US dollars at a rate shown on the whiteboard, and paid to you in cash.

## **Choosing Your Position**

Figures 2 and 3 show the user interface. Crosshairs will follow your mouse as it moves over the screen, but your location will not be adjusted until you click the mouse. You will be able to select your position by clicking on your desired position with your mouse on the screen. However, in some periods your position will *not* adjust instantly. Instead, your position will slowly adjust to the location you selected, which will be indicated by a grey dot on your screen. Note that your position may be able adjust horizontally and vertically equally quickly, or your position may be able to adjust more quickly along one dimension. Also note that your counterpart will always have the same ability to adjust her position as you.

## **How You Earn Points**

You earn points at a rate proportional to the size of the action area you control. At every moment during the experiment you will see your position and earnings, and the position and earnings of your counterpart. In Figure 2, your position is indicated by the blue dot in the box on the left side. Note that your color will always be indicated by the color of the words "Your color" above the box on the left. Your flow of earnings is shown in the box on the right by a blue line. Similarly, the position of your counterpart is indicated by the pink dot on the left, and the current earnings of your counterpart is shown by the pink line on the right. Note that your flow of earnings is also shown as a number in the box at the top of the screen under "Current score."

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Figure 1 shows the user interface. Crosshairs will follow your mouse as it moves over the screen, but your location will not be adjusted until you click the mouse. You will be able to select your position by clicking on your desired position with your mouse on the screen. However, in some periods your position will *not* adjust instantly. Instead, your position will slowly adjust to the location you selected, which will be indicated by a grey dot on your screen. Note that your position may be able to adjust horizontally and vertically equally quickly, or your position may be able to adjust more quickly along one dimension. Also note that your counterpart will always have the same ability to adjust her position as you.

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Note that the figure also includes lines running away from your position and from your counterpart's position, as well as a shaded area indicating the action area you control. The intersection of your line with your counterpart's line determines the size of the action area you control.

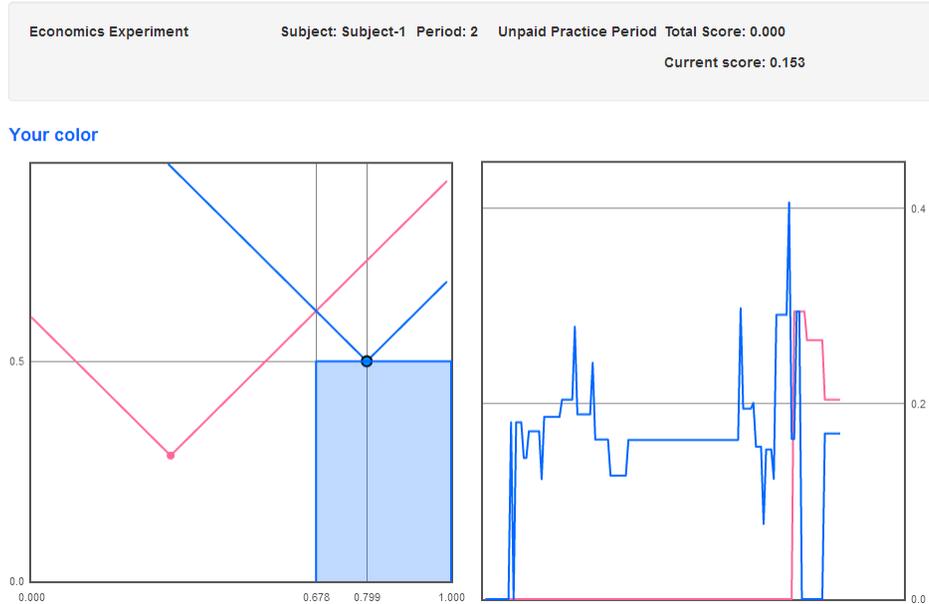
## **Periods**

Periods will last several minutes. After a brief intermission, a new period will begin with new counterparts who may be different participants than in the previous period.

## **Frequently asked questions**

1. Is this some kind of psychological experiment with an agenda you haven't told us?

Figure 1: User Interface



(a) Answer: No. It is an economics experiment. If we do anything deceptive or don't pay you cash as described then you can complain to the campus Human Subjects Committee and we will be in serious trouble. These instructions are meant to clarify the game and show you how you earn money; our interest is simply in seeing how people make decisions.

2. Will there be practice periods?

(a) Answer: Yes. You will have three unpaid 30-second practice periods. Use this time to familiarize yourself the controls of the software, and how your choice and the choices of your counterparts affect your flow payoffs.

Note that the figure also includes lines running away from your position and from your counterpart's position, as well as a shaded area indicating the action area you control. These lines and shaded areas will only be visible to you during two unpaid practice periods. The intersection of your line with your counterpart's line determines the size of the action area you control. Figure 3 shows the user interface you will see during the remaining practice periods as well as during scoring periods.

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Figure 2: User Interface During Practice Periods



Figure 3: User Interface Scoring Periods



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