INSTRUCTIONS

This is an experiment in the economics of strategic decision making. Various agencies have provided funds for this research. If you follow the instructions and make appropriate decisions, you can earn an appreciable amount of money. At the end of today's session, you will be paid in private and in cash.

It is important that you remain silent and do not look at other people's work. If you have any questions, or need assistance of any kind, please raise your hand and an experimenter will come to you. If you talk, laugh, exclaim out loud, etc., you will be asked to leave and you will not be paid. We expect and appreciate your cooperation.

You will be making choices on a Logitech mouse, which is located on the mouse pad in the middle of your table. You may move the pad to the right or left if this would be more comfortable. Hold the mouse in a relaxed manner with your thumb and little finger on either side of the mouse. Rest your wrist naturally on the table surface. When you move the mouse, let your hand pivot from the wrist. Use a light touch. Your cursor (a white arrow on your screen) should move when you slide the mouse on the mouse pad. If it does not, raise your hand.

To participate, you must be able to move the cursor onto an object and click any one of the mouse buttons. We will call pointing at an object and then clicking your mouse "clicking on" an object displayed on the screen. Click on the page down icon located below to display the next page.

The experiment consists of seventy separate decision making periods. In this experiment you will participate in a group of eight people.

At the beginning of each decision making period each participant will be randomly assigned a participant type. Each decision making period four participants will be assigned the type "Row" and four participants will be assigned the type "Column".

Each period you will be randomly reassigned a type and randomly re-paired with one of the four participants of the other type. If you are a Row participant in the current decision making period you will be randomly re-paired with a Column participant for the current decision making period. Similarly, if you are a Column participant in the current decision making period you will be randomly re-paired with a Row participant for the current decision making period.

Hence, at the beginning of each decision making period, you will have a four in eight (a one-half) chance of being assigned a Row or Column type. You will have a one in four chance of being matched with any one of the participants of the other type during the current decision making period and a one in seven chance of being matched with any one of the participants in your group. The pairings will be anonymous and no participant will
be able to identify you.

Click on the page down icon located below to display the next page.

At the beginning of each period, you and all other participants will choose an action. An earnings table is provided which tells you the earnings you receive given your choice and the choice of the participant you are paired with that period. The actions a row participant may choose are row 1 or row 2. Similarly, the actions the column participant may choose are column 1, or column 2.

During a period each pair will use the same earnings table which will be displayed on the monitor in the front of the room. The earnings table will differ from period to period during the experiment. Seventy earnings tables, one for each of the seventy periods, have been generated by a computer. Many sequences of seventy earnings tables were generated. One of these sequences will be used in today's session.

Click on the page down icon located below to display the next page.

The earnings each period -- both for you and the participant you are currently paired with -- will be found in the box determined by the row and column action. The first (lower left) value in each earnings cell is the amount the row participant earns, and the second (upper right) value in each earnings cell is the amount of money that the column participant earns. The number in the cell is the cents you earn. Click on the page down icon now to view the earnings table for a Row participant.

You can review the text that I am reading at any time during the experiment by returning to the instructions. The earnings each period -- both for you and the participant you are currently paired with -- will be found in the box determined by the row and column action. The first (lower left) value in the earnings cell is the amount the row participant earns (in green), and the second (upper right) value in each earnings cell is the amount of money that the column participant earns (in gray). The number in the cell is the amount, in cents, you can earn.

EARNINGS TABLE

<table>
<thead>
<tr>
<th>Row Choice</th>
<th>Column Choice</th>
<th>Row Earnings</th>
<th>Column Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>46</td>
<td>26</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>2</td>
<td>1</td>
<td>11</td>
<td>19</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>31</td>
<td>35</td>
</tr>
</tbody>
</table>

MAIN SCREEN

We will now view the main screens for the Row and the Column participants. You will use the main screen to make your choices each period. While you view the main screens I will read the description of the screens contained in the next three pages. You can review the text that I am reading at any time during the experiment by returning to the instructions. Click on the word "MAIN" located on the second line down from the top of the screen now. (The second line is the light blue line on your screen).

The top line of the main screen displays the title of the screen and the current period
number and your current balance. The second line has the word "PROCEED" and the abbreviation "INSTR". During the session you will be able to return to these instructions by clicking on "INSTR." The remainder of the screen is devoted to the earnings table.

Recall that at the beginning of each period you will be designated either as a row participant or as a column participant. This is a main screen for a Row participant. Your designation is indicated in the following manner. First, "You are a Row Participant" and "Row Choice" are written in green below and to the left of the earnings table. In addition, the earnings table for the Row participant will present each of the possible values for row earnings in green, i.e., the lower left values in each cell of the earnings table will be in green.

Please look at the monitor at the front of the room while I demonstrate how you make and enter a choice. Do not use your main screen until you are instructed to do so.

Making a choice consists of clicking any mouse button while the cursor is in the row of your choice. When you have clicked on the earnings table, your cursor is replaced by a green highlight around the row that contained the cursor when you clicked the mouse. You can change the highlighted row by sliding your mouse up or down. Click the mouse a second time and your cursor returns, but a row remains highlighted. To enter your choice for the current period you need to confirm your choice. You confirm your choice by first clicking on the word "PROCEED" and then clicking on "YES" to confirm and enter your choice for the current period. This confirmation step lets you catch any mistakes you make.

Please make a choice now, click on proceed and then click on "NO". Notice that the row is no longer highlighted and you may make a different choice.

Before making another choice click on "PROCEED" without making a choice and notice that you receive the following message:

YOU MUST MAKE A CHOICE BEFORE PROCEEDING

At the time this message is present, a red box is also pulsing around the outside of your earnings table.

Please make a choice now, click on "PROCEED" and then confirm your choice by clicking on "YES". This will move you to the main screen for the Column participant.

This is a main screen for a Column participant. Your designation is indicated in the following manner. First, "You are a Column Participant" and "Column Choice" are written in green below and at the top of the earnings table. In addition, the earnings table for the Column participant will present all possible column earnings in green, i.e., the upper right values in each cell of the earnings table will be in green.

Making a choice consists of clicking any mouse button while the cursor is in the column of your choice. When you have clicked on the earnings table, your cursor is replaced by a green highlight around the column that contained the cursor when you clicked the mouse. You can change the highlighted column by sliding your mouse left or right. Click the mouse a second time and your cursor returns, but a column remains highlighted. To enter your choice for the current period you need to confirm your choice. You confirm your choice by first clicking on the word "PROCEED" and then clicking on "YES".

Please make a choice now, click on "PROCEED" and then confirm your choice by
clicking on "YES".

WAITING SCREEN

During a session a waiting screen will appear after you have made a choice. While you are waiting, you can view the instructions by clicking on "INSTR". When all participants have made a choice for the current period you will be automatically switched to the outcome screen. The waiting screen will not be active during the instructions. We will view the waiting screen for a row participant. The choice displayed is the choice that you made as a row participant during the demonstration of the main screen for the row participant. You will automatically return to the instructions. Click on "WAITING" now.

OUTCOME SCREEN

During a session, after everyone has made their choices, the outcome screen will appear. The outcome screen summarizes what happened each period for fifteen seconds. Your choice will be highlighted in green. The row or column determined by the other participant's choice will be highlighted in red. The screen is not active. We will view an outcome screen for a Row participant. The choices displayed for the Row and Column participants on the outcome screen reflect the choices you made during the demonstration of the Row and Column main screens. The outcome screen also contains your balance from the previous period labeled "Old Balance", your earnings, converted to dollars from the last period labeled "Earnings", and your current balance labeled "New Balance", which is the sum of your previous balance and your earnings from the last period. During the instructions there are no values next to these headings since at this time you do not have a balance and you are not paired with another participant. During the experiment these values will equal your actual balance and earnings. You will automatically return to the instructions. At the end of seventy periods a summary of all period earnings will be displayed.

Click on "OUTCOME" now. You will automatically return to the instructions.

QUESTIONNAIRE

We will now pass out a questionnaire to make sure that all participants understand how to read the earnings table and calculate their earnings. Please fill it out now. Raise your hand when you are finished and we will collect it. If there are any mistakes on any questionnaire, I will go over the relevant part of the instructions again. Do not put your name on the questionnaire.

Click on the page down icon located below to display the next page.

SUMMARY

*** The experiment consists of seventy separate decision making periods.

*** You will be randomly assigned a participant type, either Row or Column, at the beginning of each decision making period. Each decision making period four participants will be randomly assigned the type "Row" and four participants will be randomly assigned the type "Column".
*** Each period you will be randomly reassigned a type and randomly re-paired with one of the four participants of the other type. If you are a Row participant in the current decision making period you will be randomly re-paired with a Column participant for this decision making period. Similarly, if you are a Column participant in the current decision making period you will be randomly re-paired with a Row participant for this decision making period. Hence, at the beginning of each decision making period, you will have a one in seven chance of being matched with any one of the participants in your group and a four in eight (a one-half) chance of being assigned a Row or Column type.

Click on the page down icon located below to display the next page.

SUMMARY (continued)

*** If you are assigned a Row type you make a choice by clicking on a row, which highlights the row in green; clicking the mouse a second time, which restores your cursor, and then clicking on proceed and yes to confirm your choice of the highlighted row. If you are assigned a Column type you make a choice by clicking on a column, which highlights the column in green; clicking the mouse a second time, which restores your cursor, and then clicking on proceed and yes to confirm your choice of the highlighted column.

*** Remember that you can view the instructions by clicking on the appropriate word on the light blue bar.

*** Your balance at the end of the session will be paid to you in private and in cash.

Click on the page down icon located below to display the next page.

We have completed the instructions. Again, it is important that you remain silent and do not look at other people's work.

If you have a question, please raise your hand, and an experimenter will come to assist you. If there are no questions, period one of the experiment will begin.