

This is an experiment in the economics of market decision making. The instructions 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.

Teams

In this experiment, you will make decisions in teams. At the beginning of the experiment, you will be paired with another subject and this subject will be your partner for the entire experiment.

The One-Round Decision

You and your partner will be paired with another team choosing between options A and B in the payoff table shown below, where the number listed in the top left hand corner of each box is your payoff and the payoff for the team you are paired with in the lower right hand corner.

	A	B
A	105 105	5 175
B	175 5	75 75

Individual round decisions work as follows: Think of yourself as the row player in terms of the payoff table. If your team chooses A and the other team chooses A, your payoff will be 105 and the other team's payoff will be 105. If you choose A and the other team chooses B, your payoff will be 5 and the other team's payoff will be 175. If you choose B and the other team chooses A, your payoff will be 175 and the other team's payoff will be 5. Finally, if you both choose B, both teams will get a payoff of 75.

When making your choice, you will not know the choice of the other team since choices are made simultaneously. After all teams have made their choices, the computer will report back your choice and the choice of the team you have been paired with for that round, along with your payoffs and the other team's payoffs.

All payoffs are denominated in an Experimental Currency Unit (ECU). ECUs will be converted into dollars at a rate to be described below.

Blocks of Rounds

You will be paired with the **same** other team for a set of 10 repeated choices using the **same** payoff table. After the 10th round, your team will be paired with another team in the room and you will proceed to make 10 repeated choices with that team. We will conduct a minimum of 5 blocks of choices of this sort, with up to 10 blocks if time permits. In each and every block your partner remains the same but the team you will be paired with for that block will be a new team.

Talking to Your Partner, with the Other Team and Making a Decision

As a team you will make decisions jointly. That is, the two of you must decide together what choices to make with your payoffs depending on these choices.

Each round will have three stages to it:

Stage 1: You and your teammate will have a chance to discuss possible choices and strategies. To facilitate this, there will be a chat box on your screen to send messages back and forth to each other. These messages will be strictly private communication between you and your teammate.

Remaining time [sec]: 27

Block 1
Round 1

STAGE 1

	A	B
A	105 105	5 175
B	175 5	75 75

WITHIN-TEAM CHAT

Partner:Hi
Me:Hello

[Type text here]

Stage 2: Second, you and your teammate will have a chance to chat with the other team. Each of you will have a chance to send messages to the other team and they to you. Whether a message is coming from you to the other team or from them to you will be clear from the dialogue box at the bottom of your screen. At this point anything you type will be seen by both your teammate and the other team.

Remaining time [sec]: 39

Block 1
Round 1

STAGE 2

	A	B
A	105 105	5 175
B	175 5	75 75

BETWEEN-TEAM CHAT

Other Team: Hey
My Team: Good afternoon

[Type text here]

Stage 3: You and your teammate will have a chance to update what you are planning to do and to make your choice. Messages at this stage will be strictly private communication between you and your teammate.

Remaining time [sec]: 28

Block 1
Round 1

STAGE 3

Your partner's choice

A

B

	A	B
A	105 105	5 175
B	175 5	75 75

Your choice

A

B

Send Choice

WITHIN-TEAM CHAT

Partner: Hello, again, Partner
Me: Hi
Me: Time to make a decision

[Type text here]

To make a choice, use your mouse to click on the relevant radio button to the right of the table and click the “Send Choice” button. Once you hit the Send Choice button, your possible payoffs will be highlighted in red. (*Your choice will not be recorded until you hit the Send Choice button!*) Once this is done, your partner will see your choice in the grey radio button to the left of the payoff table. (*This is circled in the screenshot above*). Similarly, once your partner has chosen, you will see his/her choice. Once you and your partner have agreed on a choice, it will become binding after 5 seconds. If you want to change your choice, you must do so before the choice becomes final.

In short, stages 1 and 3 will involve private conversations between you and your teammate. Stage 2 will involve public conversations with the team you have been paired with. There are no restrictions on these messages. In sending messages, we request you follow two simple rules: (1) Be civil to each other and do not use profanity and (2) Do not identify yourself. We will be recording these messages for later use in analyzing the results of the experiment.

In the first two rounds of blocks 1, 2, and 3, you will have 30 seconds for discussions in Stage 1, 1 minute in Stage 2, and 1 minute in Stage 3. For rounds 3-10 of these blocks, you will skip Stage 1 entirely and have 45 seconds for discussion in Stage 2 and 45 seconds in Stage 3.

In the first two rounds of all subsequent blocks, you will have 20 seconds for discussion in Stage 1, 45 seconds in Stage 2, and 45 seconds in Stage 3. For rounds 3-10 of these blocks, you will skip Stage 1 entirely and have 30 seconds for discussion in Stage 2 and 30 seconds in Stage 3.

The time you have remaining in a stage will be displayed in the top right hand corner of your screen.

In stage 3, if time expires and you and your partner have not coordinated your choices, the computer looks to see if one of you has made a choice and uses that for your team’s choice. And if you have both made choices, it will randomly pick one of these as your team’s choice. If neither you nor your partner has made a choice before time expires, the computer will automatically send the choice that your team made in the last round. *Please don’t plan on using any of these options in making your choices as a round only ends after all teams have made their choices. These options are just designed to deal with “sleepy” teammates.*

Once your choice has been sent, you will move to a waiting screen where you will be able to continue chatting with your partner. (This will be a blank screen with no payoff table but with the chat box open.) Once all teams have made their choices, the round will end and you will no longer be able to chat during that round. When all teams have made their choices, you will see what your team chose for that round, what the team you are paired with chose for that round, and your earnings for that round; one of the four possible outcomes shown here.

The figure displays four screenshots of the experiment interface, each showing a different outcome of a 2x2 game. The payoff table in each screenshot is as follows:

	A	B
A	105, 105	5, 175
B	175, 5	75, 75

The four screenshots show the following outcomes:

- Top Left:** Your earnings are 5. The other team selected: B. Your team selected: A.
- Top Right:** Your earnings are 175. The other team selected: A. Your team selected: B.
- Bottom Left:** Your earnings are 105. The other team selected: A. Your team selected: A.
- Bottom Right:** Your earnings are 75. The other team selected: B. Your team selected: B.

The outcome screen will be in place for up to 30 seconds. But please plan to click the OK button once you are ready to move on to the next round as this will speed things up.

Payoffs

Your earnings for today will be based on the sum total of your team's earnings in *each and every* round you participate in. You will each get your team's earnings (they will *not* be split between you). ECUs will be converted into dollars at the exchange rate of \$1 = 250 ECU. In addition, each of you will receive a \$6 participation fee. Are there any questions?

Please answer the following questions to make sure you understand the structure of the experiment. When you are done, raise your hand and one of us will be around to check your answers.

1. Your partner will be the same for the entire session... True / False
2. The team you are matched with will stay the same within each block of 10 periods ... True / False
3. The team you are matched with will change every block of 10 periods... True / False
4. If you and your partner choose A...
 - ...if the other team chooses A, what will your payoff be? _____
 - ...if the other team chooses B, what will your payoff be? _____
5. If you and your partner choose B...
 - ...if the other team chooses A, what will your payoff be? _____
 - ...if the other team chooses B, what will your payoff be? _____