

## Subjects' Instructions

### WELCOME

This experiment is a study of economic decision making. The instructions are simple. If you follow them carefully and make good decisions you may earn a considerable amount of points.

### The One-Round Decision

In this experiment you will be paired with one other player. You will be paired with this player through a computer network — at no time will your true identity be revealed to the other participants.

Both you and the other player will have two possible choices. You can choose *LEFT* or you can choose *RIGHT*. If you both choose *LEFT* you will both get a payoff of 7 points. If you both choose *RIGHT* you will both get a payoff of 4 points. If you choose *RIGHT* but the other player chooses *LEFT*, you will get a payoff of 12 points, but the other player will receive 0 points. Likewise, if you choose *LEFT* but the other player chooses *RIGHT*, then you receive 0 points and the other player receives 12 points. These payoffs are summarized in the table below. The **bold** number in each box is the payment received by you, the light number is the payment received by the other player:

		Other Player's Payoff	
		LEFT	RIGHT
Payoff From Your Move	LEFT	<b>7</b> , 7	<b>0</b> , 12
	RIGHT	<b>12</b> , 0	<b>4</b> , 4

When choosing your move, you will *not* know the choice of the other player. You must make your choice *without* knowing what the other player will choose. After all players in the experiment have made their choices, the computer will report to you the move chosen by the other player and your payoff from *this round* of play.

### Set of Rounds

You will play the one-round game just described in a set of 10 rounds. That is, the set of play will consist of 10 one-round games. To begin this set of rounds, the computer will randomly match you with another player in the room. *You will then play the one-round game just described with the same player for a total of 10 rounds.* That is, all 10 rounds in the set will be played with the same other player.

At the end of each round, the computer will tell you your move in the last round, the other player's move, and your earnings from that round. At the end of the set, the computer will tell you your total earnings for the entire 10-round set.

### Confidentiality

Your identity in the experiment will not be made known to any other participant at any time in the experiment. *Your decisions and payoffs are confidential.*

**Do not discuss your choices or payoffs with any other player!**

**Thank you and Good Luck!**