

## Appendix: Instructions (Ex Post Communication Treatment)

This is an experiment in the economics of multi-person strategic decision making. The National Science Foundation has provided funds for this research. If you follow the instructions and make appropriate decisions, you can earn an appreciable amount of money. The currency used in the experiment is francs. Your francs will be converted to U.S. Dollars at a rate of 10 francs to one dollar. 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.

The experiment consists of 50 separate decision making periods. The 18 participants in today's experiment will be randomly split each period between three equal-sized groups, designated as **Person 1**, **Person 2** and **Person 3** groups. If you are designated as a Person 1, then you remain in this same role throughout the experiment. Participants who are not designated as a Person 1 switch randomly between the Person 2 and Person 3 roles in different decision making periods.

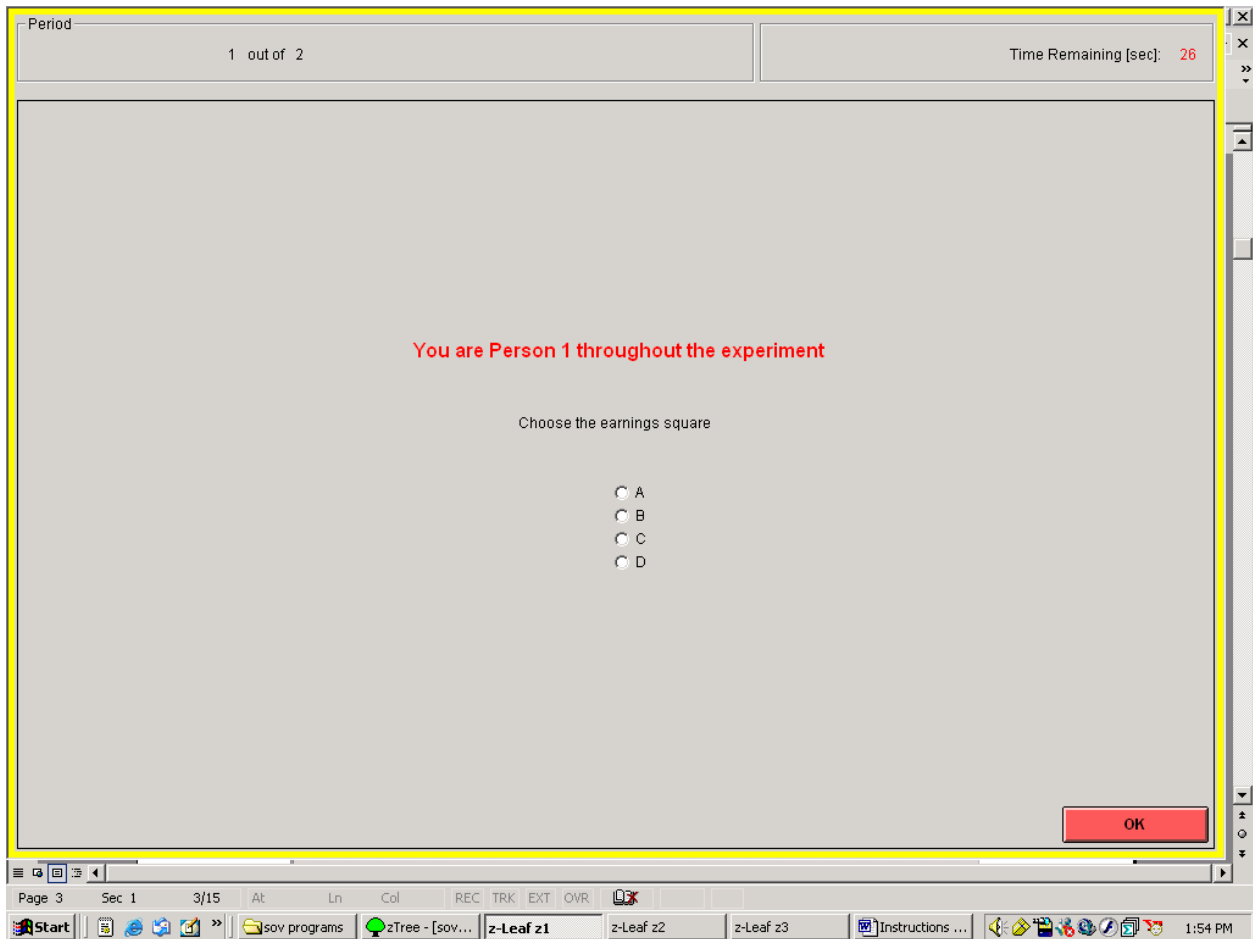
At the beginning of each decision making period you will be randomly re-grouped with two other participants to form a three-person group, with one person of each type in each group. The groupings change every period, since you will be randomly re-grouped in each and every period.

### Your Choice

During each period, you and all other participants will make one choice. Earnings tables are provided on separate papers, which tell you the earnings you receive given the choices that you and others in your group make. If you are **Person 1** then you choose the earnings square, either **A**, **B**, **C** or **D**. You make this choice before the other two people in your group make their choice, on a decision screen as shown in Figure 1 on the next page.

After learning which earnings square the Person 1 chose, then **Persons 2 and 3** make their choices. However, after learning Person 1's earnings square choice but before making their actual choice, Persons 2 and 3 have an opportunity to privately communicate to each other an "intended" choice. As noted on the example Intention Screen for Person 2 (see page 3), Persons 2 and 3 are not required to make the same actual choice as the intended choice they share with

the other person, and they are always free to select either choice X or Y when they make their actual decision. Persons 2 and 3 indicate their intended choices simultaneously; for example, if you are Person 3 then you do not learn the intended choice of Person 2 until after you indicate your intended choice.



### Decision Screen for Person 1

The computer program displays Person 2's intended choice to Person 3, and it displays Person 3's intended choice to Person 2. Only these two people observe these intended choices, and they are displayed on the top of the Decision Screen as shown on page 4. These intended choices should be recorded on the Personal Record Sheet. Persons 2 and 3 then make their actual choice simultaneously; for example, if you are Person 2 then you do not learn the actual choice of Person 3 until after you make your choice. Both Persons 2 and 3 may choose either X or Y.

Period 1 out of 10 Time Remaining [sec]: 26

**You are Person 2 this period**

Person 1 has chosen earnings square A

Everyone's earnings now depend on the choices made by you and Person 3 as shown below

Person 3

		X		Y	
You	X	Person 1 receives: 12 You receive: 2 Person 3 receives: 2	Person 1 receives: 12 You receive: 2 Person 3 receives: 1		
	Y	Person 1 receives: 12 You receive: 1 Person 3 receives: 2	Person 1 receives: 0 You receive: 7 Person 3 receives: 7		

What intended choice to you want to indicate to Person 3?  X  Y

Remember, you are always free to select either choice X or Y when you make your actual decision on the next screen.

**OK**

**Intention Screen for Person 2 (Person 3's is very similar)**

Period 1 out of 10 Time Remaining [sec]: 26

Person 1 chose earnings square A

**You are Person 3 this period**

Person 2 has indicated the intention to choose X  
 You indicated the intention to choose Y

Everyone's earnings now depend on the choices made by you and Person 2 as shown below

Person 2

		X		Y	
You	X	Person 1 receives: 12 You receive: 2 Person 2 receives: 2	Person 1 receives: 12 You receive: 2 Person 2 receives: 1		
	Y	Person 1 receives: 12 You receive: 1 Person 2 receives: 2	Person 1 receives: 0 You receive: 7 Person 2 receives: 7		

What do you wish to choose?  X  Y

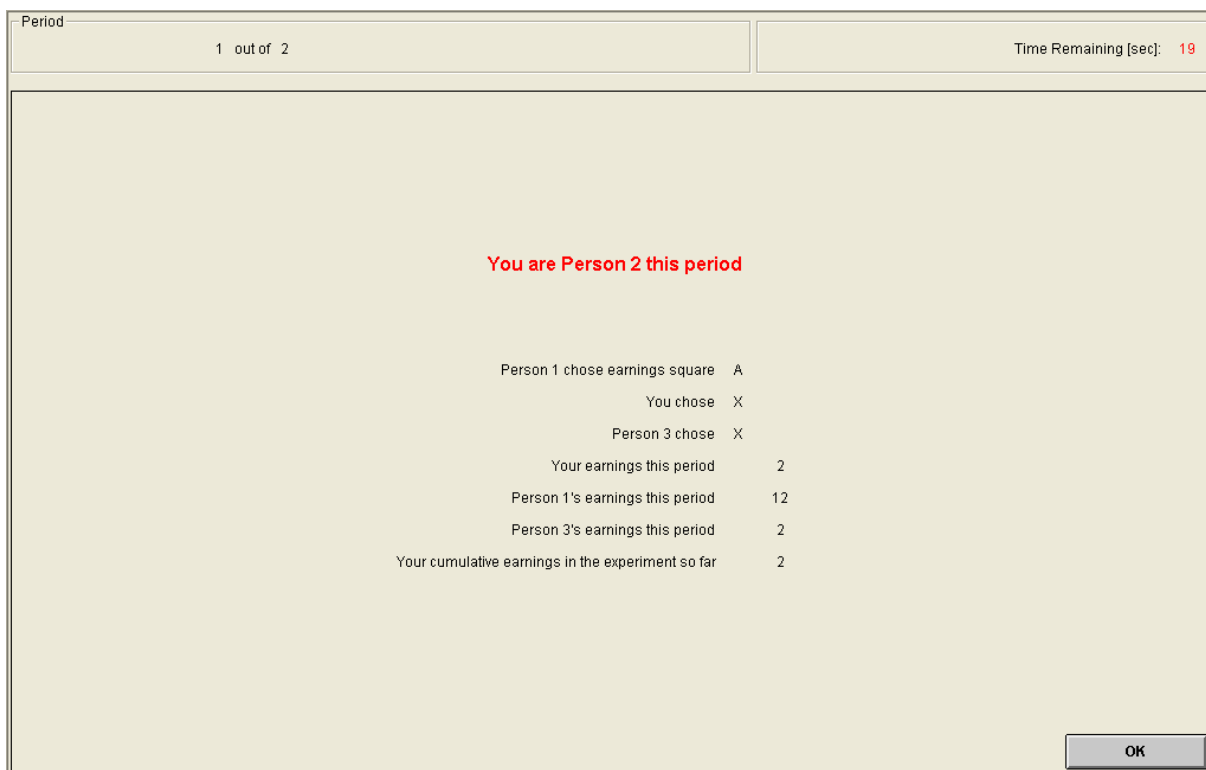
**OK**

**Decision Screen for Person 3 (Person 2's is very similar)**

Your earnings from the choices each period are found in the box determined by you and the other two people that you are grouped with for the current decision making period. If both Persons 2 and 3 choose **X**, then earnings are paid as shown in the box in the upper left on the screen. If both Persons 2 and 3 choose **Y**, then earnings are paid as shown in the box in the lower right on the screen. The other two boxes indicate earnings when one chooses **X** and the other chooses **Y**. To illustrate with a random example: if Person 1 chooses earnings square **A**, Person 2 chooses **X** and Person 3 chooses **Y**, then Person 1 earns 12, Person 2 earns 2, and Person 3 earns 1. You can find these amounts by looking at the appropriate square and box in your page of earnings tables.

### The End of the Period

After everyone has made choices for the current period you will be automatically switched to the outcome screen, as shown below. This screen displays your choice as well as the choices of the people you are grouped with for the current decision making period. It also shows your earnings for this period and your earnings for the experiment so far.



**Example Outcome Screen (Shown for Person 2)**

Once the outcome screen is displayed you should record your choice and the choice of the others in your group on your Personal Record Sheet. Also record your current and cumulative earnings. Then click on the *continue* button on the lower right of your screen. Remember, at the start of the next period all participants are randomly re-grouped, and you are randomly re-grouped each and every period of the experiment.

We will now pass out a questionnaire to make sure that all participants understand how to read the earnings tables and understand other important features of these instructions. 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 summarize the relevant part of the instructions again. Do not put your name on the questionnaire.