Instructions—Baseline Treatment

This is an experiment in decision-making. The University of Iowa has provided funds for this research. You can earn money based on how well you follow the instructions and on the decisions you make in the experiment. Please turn off your cell-phones, do not talk to others and do not look at their screens. These instructions are a detailed description of the procedures we will follow.

How do you earn money?

You will earn points that will be converted into dollars. You will receive 2.5 cents ($.025) for every point you earn. All earnings will be paid to you in cash at the end of the experiment.

The experiment is composed of **many periods**. In each period you will be in a pair with another person selected at random, called your **"match."** In every pair, one participant will be **red** and the other **blue**:

- If you are **red**, then you can choose to execute either **outcome Y** or **Z**:
  - By choosing to execute outcome **Y**, you earn ***8*** points and your **blue** match earns ***8*** points.
  - By choosing to execute outcome **Z**, you earn ***2*** points and your **blue** match earns ***20*** points.

- If you are **blue**, then you simply wait for **red** to make a choice.

You can expect to be **red** 50% of the periods and **blue** the other 50%.

Who will be your match in the pair?

There are twenty participants. Each participant will be assigned to a **set** composed of four persons:

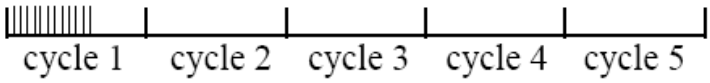
There are five sets. Your match is a person **chosen at random from your set.** The computer program selects with equal probability one of the three other persons in your set. So, there is one chance out of three that your match is any of the other three persons in your set.

Although there is a possibility that you interact with the same participant more than once, you will not know if it happens. Your match will be unknown to you because you will not see his or her experimental ID number.

In every period, after your match is selected, the computer **randomly selects** your color. In every period you have a 50% chance to be **red** and 50% chance to be **blue**. Your randomly selected match is always of a different color than yours. Hence in every set, two persons are **red** and the other two are **blue**. Since the color assignment is random, you may or may not switch color from period to period.

How many periods will the experiment last?

The experiment consists of **five cycles**. Each cycle involves many **periods** |||||| :



The number of periods in a cycle is **random** and so it is **unknown** to us. At the end of each period, the computer program randomly selects an integer number between 1 and 100. Each number is equally likely to be selected. This random number is the same for everyone in the room.
The cycle ends only if the random number selected is greater than 93. This means that:

- We never know for sure which period will be the last in a cycle.
- After each period there is a 93% chance that the cycle continues and a 7% chance that the cycle ends.
- Some cycles may be long and others may be short, but we cannot know this in advance.

The computer will select the random number in the same way a ball is drawn from a container of one-hundred balls, numbered 1 to 100. After each draw the ball is placed back into the container. Hence, the chance that a cycle will end, say, after period 25, is 7%, which is exactly the same as the chance that the cycle will end after period 1.

When a **cycle ends**, all twenty participants are divided into new sets in such a way that you will face different participants. **You will never interact with the same participants in future cycles**.

What exactly will you do in each period?

Each **period** has the following timeline:

1. You are randomly paired to a participant from your set.
2. You are randomly assigned a color (**red** or **blue**).
3. You may be called to make a choice (see below).
4. You and your match see the outcome of your choices.
5. The cycle may continue or may end.

In a moment we will explain the choices you may make in each period. The choices depend on your color, **red** or **blue**. Remember that if you are **red**, then your match is **blue** (and vice versa).

- If you are **red**, then you can select one of the following options (**Figure A**):
    - **Execute Y:** you and your match earn ***8*** points each.
    - **Execute Z:** you earn ***2*** points and your **blue** match earns ***20*** points.

- If you are **blue**, then you simply wait (**Figure B**)

Figure A: Choice screen for red

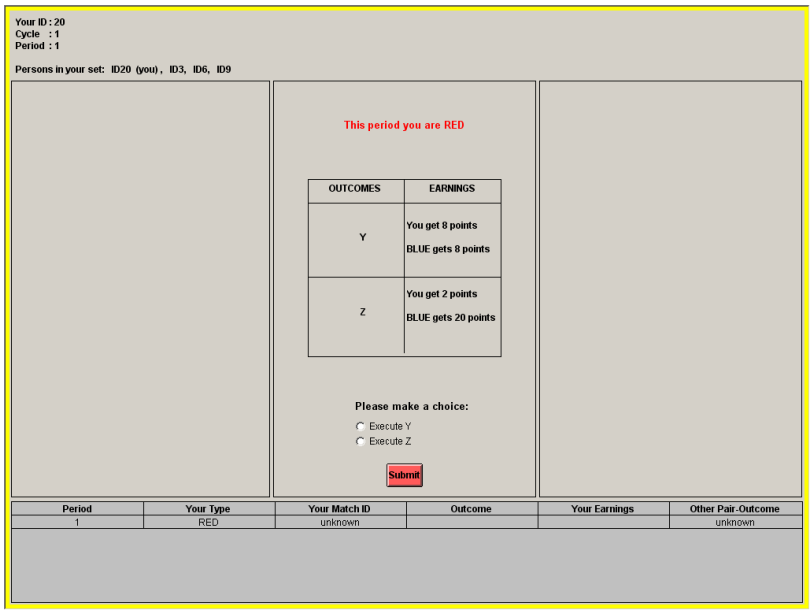
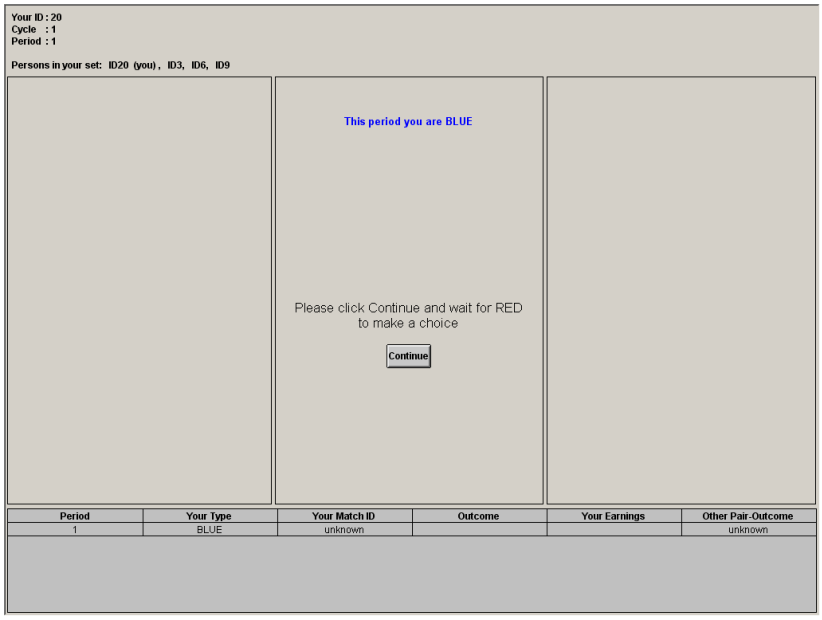


Figure B: Choice screen for blue



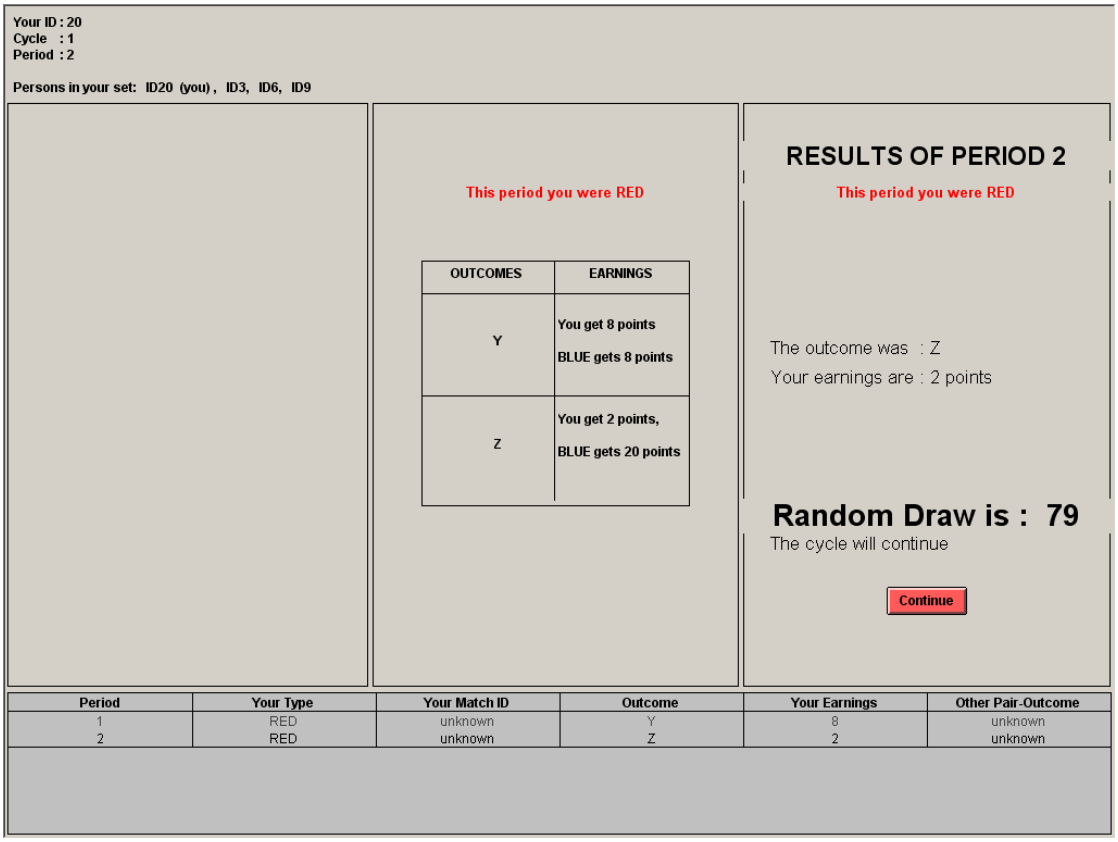
To make your choice, click the button next to the option you wish to select. You may change your mind at any time prior to clicking the "Submit" button. You are free to make any choice you like in each period.

Before making your choices, you can also review outcomes in previous periods of the cycle by looking at the **"**Summary of Results" table at the bottom of the screen. It shows your past colors and outcomes.

After all participants in your set have made their choice, the results for the period will appear on your screen:

The results screen (**Figure C**) will display your earnings in points for the period. You can see if the outcome was **Y** or **Z**. The table in the lower part of the screen shows a **"**Summary of Results" for previous periods. Each line includes: period number, your color for the period, and the outcome **Y** or **Z**. The column "Your Earnings" displays the points you have earned. **Recall that your match this period may be a different person than your match in the previous period.** Please write the results on your record sheet under the appropriate headings.

Figure C: Screen for the results of the period:



Reminder on the duration of the experiment

There will be five cycles of unknown duration. The duration of each cycle will be random. At the end of each period, the computer program will randomly select an integer number between 1 and 100, and show it on your screen (Figure C).

- If this random number is 1, 2, …, or 93, then the cycle will continue.
- If this random number is 94, 95, …, or 100, then the cycle will end.

Therefore, **after any period** there is always a 93% chance that the cycle will **continue.** This implies that, no matter what period you have reached, the **expected number of additional periods is about 13.** The number of past periods does not influence the chance that a cycle will end because the random procedure is exactly the same in every period.

When a cycle ends, you will be notified in a new screen. The rules in each cycle are the same but you interact with different persons in each cycle. After each cycle, new sets of persons will be formed. **You will never interact with another participant for more than one cycle.**

Final Comments

- Do not talk to others and do not look at their screens.
- In every period you have a 50% chance to be **red** and 50% chance to be **blue**.
- If you are **red**, then you can choose to execute either outcome **Y** or **Z**. If you are **blue**, then you simply wait. Earned points will be redeemed for dollars.
- Your match is a random person in your set. You have one chance out of three of being matched with the same person in two consecutive periods.
- Independently of the period reached, there is a 93% chance of an additional period in the cycle, and a 7% chance that the cycle ends.
- The rules are the same in all five cycles. After a cycle, you will never interact with the same participants.

Questions?

Now is time for questions. Do you have any questions before we begin the experiment?

QUIZ

1. The total number of **cycles** is _____
2. You are in period 1 of a cycle. What is the probability that the cycle will continue? _____
   How many **additional** periods do we expect? _____
3. What if you are in period 20? Probability _____ Expected additional periods _____
4. The number of **participants** in the experiment (total in the room) is_____
5. In a given **cycle**, how many participants are in your set? _____
6. In each period how many participants do you **interact** with? _____
7. Will you ever see the **ID** of your match? _____
8. Can you see how many times your match chose Y or Z in the past? _No _If **all** pay _If **I** pay (circle one)
9. Will you know at the end of the period the outcome in the **other pair from your set**? _____
10. If IDs 5, 10 & 16 are in your set this cycle, is there any chance that ID 5, 10 or 16 will be your match in future cycles? _____
11. You are BLUE and your RED match executes **Y**; how many points do you earn, respectively? _____
12. Suppose the experiment lasts 70 periods, you are RED half of the periods, BLUE half of the periods, and everybody always chooses **Y.** How many dollars will you earn? _____
13. RED chooses **Z**; how many points do RED and BLUE earn? _____
14. Suppose the experiment lasts 70 periods, you are RED half of the periods, BLUE half of the periods, and everybody always chooses **Z.** How many dollars will you earn? _____

Instructions—Information Provision Treatment

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How do you earn money?

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The experiment is composed of **many periods**. In each period you will be in a pair with another person selected at random, called your **"match."** In every pair, one participant will be **red** and the other **blue**:

- If you are **red**, then you can choose to execute either **outcome Y** or **Z**:
  - By choosing to execute outcome **Y**, you earn ***8*** points and your **blue** match earns ***8*** points.
  - By choosing to execute outcome **Z**, you earn ***2*** points and your **blue** match earns ***20*** points.

- If you are **blue**, then you simply wait for **red** to make a choice.

You can expect to be **red** 50% of the periods and **blue** the other 50%.

Who will be your match in the pair?

There are twenty participants. Each participant will be assigned to a **set** composed of four persons:

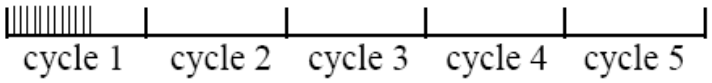
There are five sets. Your match is a person **chosen at random from your set.** The computer program selects with equal probability one of the three other persons in your set. So, there is one chance out of three that your match is any of the other three persons in your set.

Although there is a possibility that you interact with the same participant more than once, you will not know if it happens. Your match will be unknown to you because you will not see his or her experimental ID number.

In every period, after your match is selected, the computer **randomly selects** your color. In every period you have a 50% chance to be **red** and 50% chance to be **blue**. Your randomly selected match is always of a different color than yours. Hence in every set, two persons are **red** and the other two are **blue**. Since the color assignment is random, you may or may not switch color from period to period.

How many periods will the experiment last?

The experiment consists of **five cycles**. Each cycle involves many **periods** |||||| :



The number of periods in a cycle is **random** and so it is **unknown** to us. At the end of each period, the computer program randomly selects an integer number between 1 and 100. Each number is equally likely to be selected. This random number is the same for everyone in the room.
The cycle ends only if the random number selected is greater than 93. This means that:

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When a **cycle ends**, all twenty participants are divided into new sets in such a way that you will face different participants. **You will never interact with the same participants in future cycles**.

What exactly will you do in each period?

Each **period** has the following timeline:

1. You are randomly paired to a participant from your set.
2. You are randomly assigned a color (**red** or **blue**).
3. You may be called to make a choice (see below).
4. You and your match see the outcome of your choices.
5. You may have the option to make the choices public in your set (see below)
6. The cycle may continue or may end.

In a moment we will explain the choices you may make in each period. The choices depend on your color, **red** or **blue**. Remember that if you are **red**, then your match is **blue** (and vice versa).

- If you are **red**, then you can select one of the following options (**Figure A**):
    - **Execute Y:** you and your match earn ***8*** points each.
    - **Execute Z:** you earn ***2*** points and your **blue** match earns ***20*** points.

- If you are **blue**, then you simply wait (**Figure B**). After observing the results you can, at a cost of 1 point, make public in your set the choice of your **red** match. (see below)

Figure A: Choice screen for red

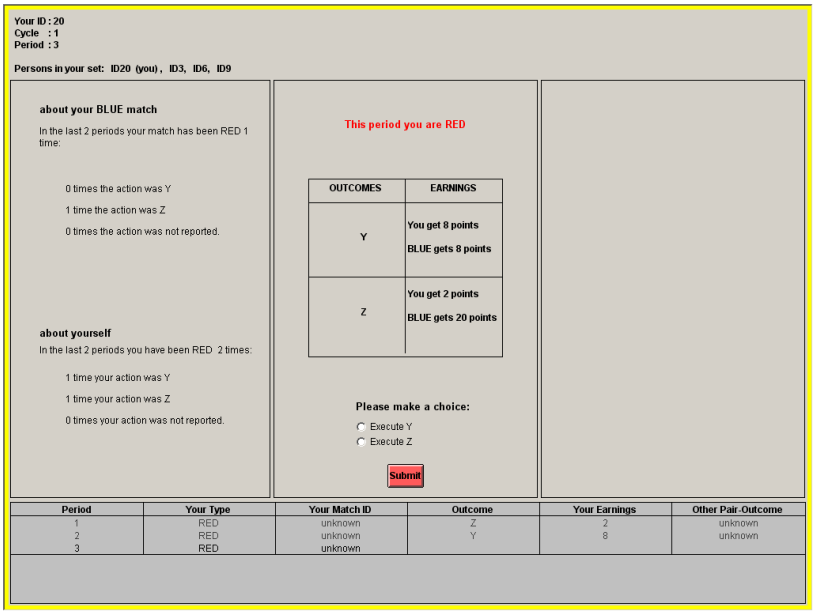
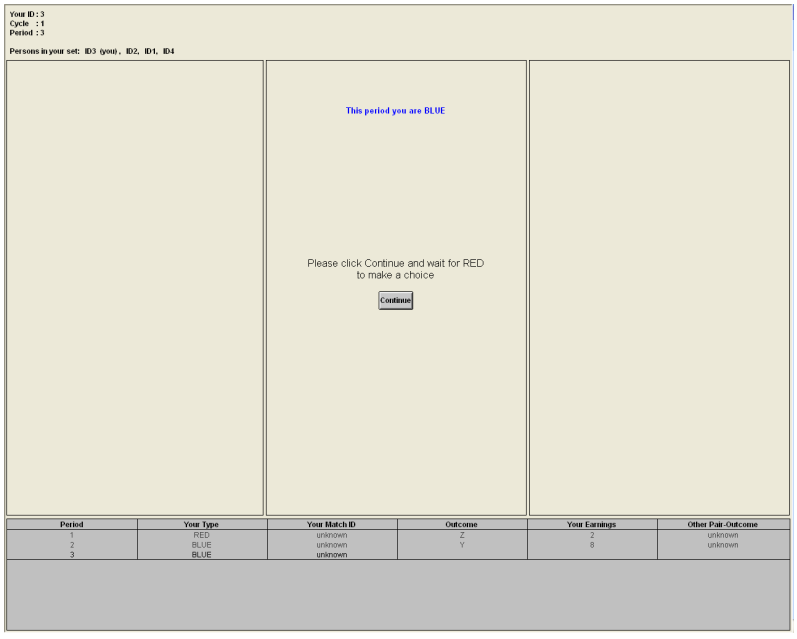


Figure B: Choice screen for blue



To make your choice, click the button next to the option you wish to select. You may change your mind at any time prior to clicking the SUBMIT button. You are free to make any choice you like in each period.

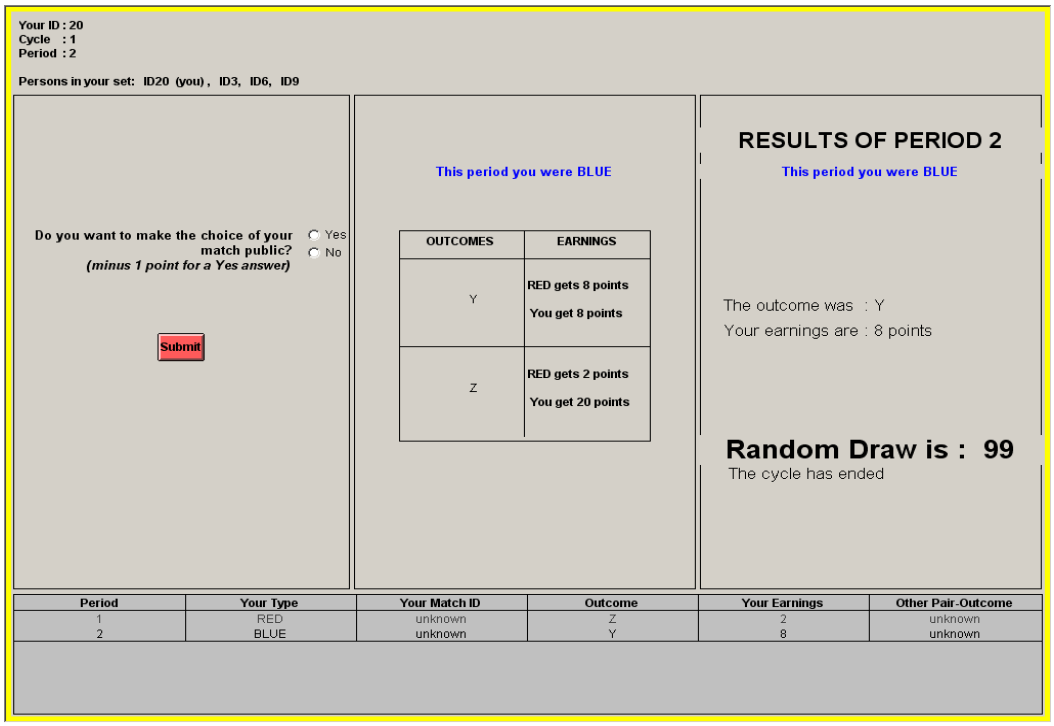
Before selecting Y or Z, **red** can observe the choices of his or her match up to the last six periods of the cycle, i.e. his or her public profile. Only the choices that were made public are in the public profile. No information is available in period 1 of the cycle. You can also observe your own public profile.

Before making your choices, you can also review outcomes in previous periods of the cycle by looking at the **"**Summary of Results" table at the bottom of the screen. It shows your past colors and outcomes.

After all participants in your set have made their choices, the results for the period will appear on your screen:

The results screen (**Figure C**) will display your earnings in points for the period. You can see if the outcome was **Y** or **Z**. The table in the lower part of the screen shows a **"**Summary of Results" for previous periods. Each line includes: period number, your color for the period, and the outcome **Y** or **Z**. The column "Your Earnings" displays the points you have earned. **Recall that your match this period may be a different person than your match in the previous period.** Please write the results on your record sheet under the appropriate headings.

Figure C: Screen for the results of the period:



On the result screen, **blue** has the option to make public the Y/Z choice of his or her **red** match. To ignore this option, select NO and click the SUBMIT button to proceed. **To make the choice public in your set**, select YES and click the SUBMIT button. By selecting YES you will pay 1 point, the public profile of your match will be updated and everyone in your set will see it.

Reminder on the duration of the experiment

There will be five cycles of unknown duration. The duration of each cycle will be random. At the end of each period, the computer program will randomly select an integer number between 1 and 100, and show it on your screen (Figure C).

- If this random number is 1, 2, …, or 93, then the cycle will continue.
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Therefore, **after any period** there is always a 93% chance that the cycle will **continue.** This implies that, no matter what period you have reached, the **expected number of additional periods is about 13**. The number of past periods does not influence the chance that a cycle will end because the random procedure is exactly the same in every period.

When a cycle ends, you will be notified in a new screen. The rules in each cycle are the same but you interact with different persons in each cycle. After each cycle, new sets of persons will be formed. **You will never interact with another participant for more than one cycle.**

Final Comments

- Do not talk to others and do not look at their screens.
- In every period you have a 50% chance to be **red** and 50% chance to be **blue**.
- If you are **red**, then you can choose to execute either outcome **Y** or **Z**. If you are **blue**, then you simply wait and then can make public in your set the choice of your match. Earned points will be redeemed for dollars.
- Your match is a random person in your set. You have one chance out of three of being matched with the same person in two consecutive periods.
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- The rules are the same in all five cycles. After a cycle, you will never interact with the same participants.

Questions?

Now is time for questions. Do you have any questions before we begin the experiment?

QUIZ

1. The total number of **cycles** is _____
2. You are in period 1 of a cycle. What is the probability that the cycle will continue? _____
   How many **additional** periods do we expect? _____
3. What if you are in period 20? Probability _____ Expected additional periods _____
4. The number of **participants** in the experiment (total in the room) is_____
5. In a given **cycle**, how many participants are in your set? _____
6. In each period how many participants do you **interact** with? _____
7. Will you ever see the **ID** of your match? _____
8. Can you see how many times your match chose Y or Z in the past? _No _If **all** pay _If **I** pay (circle one)
9. Will you know at the end of the period the outcome in the **other pair from your set**? _____
10. If IDs 5, 10 & 16 are in your set this cycle, is there any chance that ID 5, 10 or 16 will be your match in future cycles? _____
11. You are BLUE and your RED match executes **Y**; how many points do you earn? _____
12. Suppose the experiment lasts 70 periods, you are RED half of the periods, BLUE half of the periods, and everybody always chooses **Y.** How many dollars will you earn? (suppose no monitoring costs) _____
13. RED chooses **Z**; how many points do RED and BLUE earn, respectively? _____
14. Suppose the experiment lasts 70 periods, you are RED half of the periods, BLUE half of the periods, and everybody always chooses **Z.** How many dollars will you earn? (suppose no monitoring costs)_____

Instructions—Information Request Treatment

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In every period, after your match is selected, the computer **randomly selects** your color. In every period you have a 50% chance to be **red** and 50% chance to be **blue**. Your randomly selected match is always of a different color than yours. Hence in every set, two persons are **red** and the other two are **blue**. Since the color assignment is random, you may or may not switch color from period to period.

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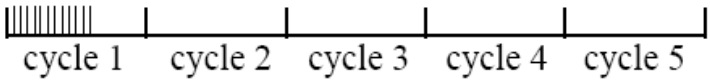

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The computer will select the random number in the same way a ball is drawn from a container of one-hundred balls, numbered 1 to 100. After each draw the ball is placed back into the container. Hence, the chance that a cycle will end, say, after period 25, is 7%, which is exactly the same as the chance that the cycle will end after period 1.

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4. You and your match see the outcome of your choices.
5. The cycle may continue or may end.

In a moment we will explain the choices you may make in each period. The choices depend on your color, **red** or **blue**. Remember that if you are **red**, then your match is **blue** (and vice versa).

- If you are **red**, then you can select among the following options (**Figure A1**) :

  - **Execute Y:** you and your match earn ***8*** points each.
  - **Execute Z:** you earn ***2*** points and your **blue** match earns ***20*** points.

  Before selecting Y or Z, you have the option to pay 1 point to see the past choices of your match, up to the previous **six periods in that same cycle**.

  1. If you do not wish to see the past choices of your match, then click the button next to the option Y or Z you wish to select. Then, click the NO, SUBMIT MY Y/Z CHOICE button. You may change your mind at any time prior to clicking that button.

  2. If you wish to see the past choices of your match, then click the button: YES, SHOW ME THE INFORMATION. At this point, information will be displayed on a new screen (**Figure A2**). To make your choice Y or Z, click the button next to the option you wish to select. You may change your mind at any time prior to clicking the SUBMIT button.

  You are free to make any choice you like in each period.

- If you are **blue**, then you simply wait (**Figure B**)

Figure A1: Choice screen for red

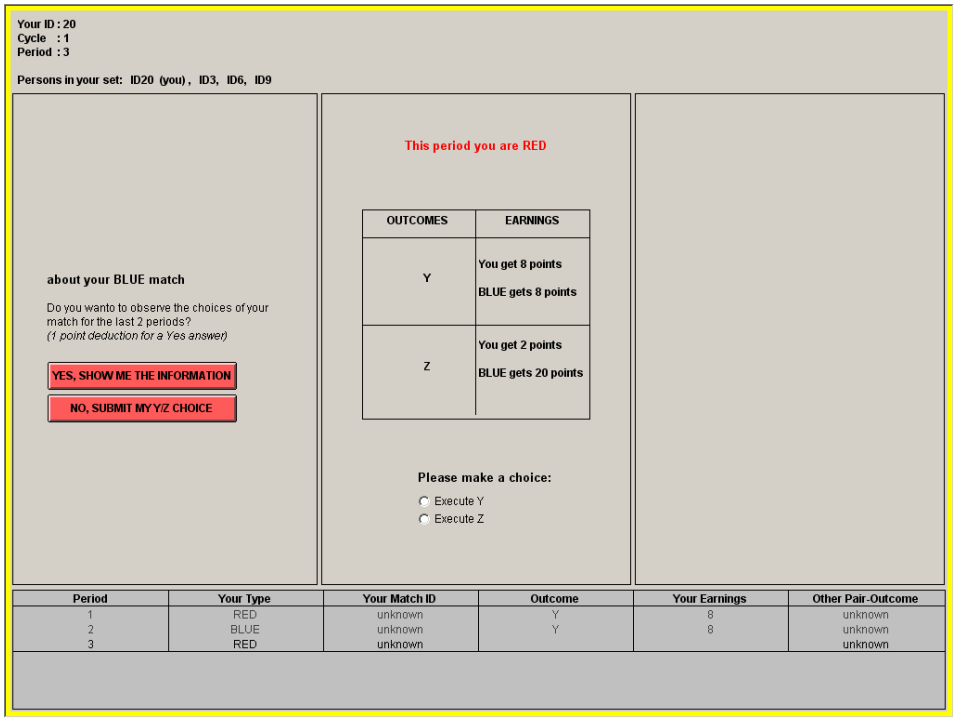


Figure A2: Choice screen for red after requesting information

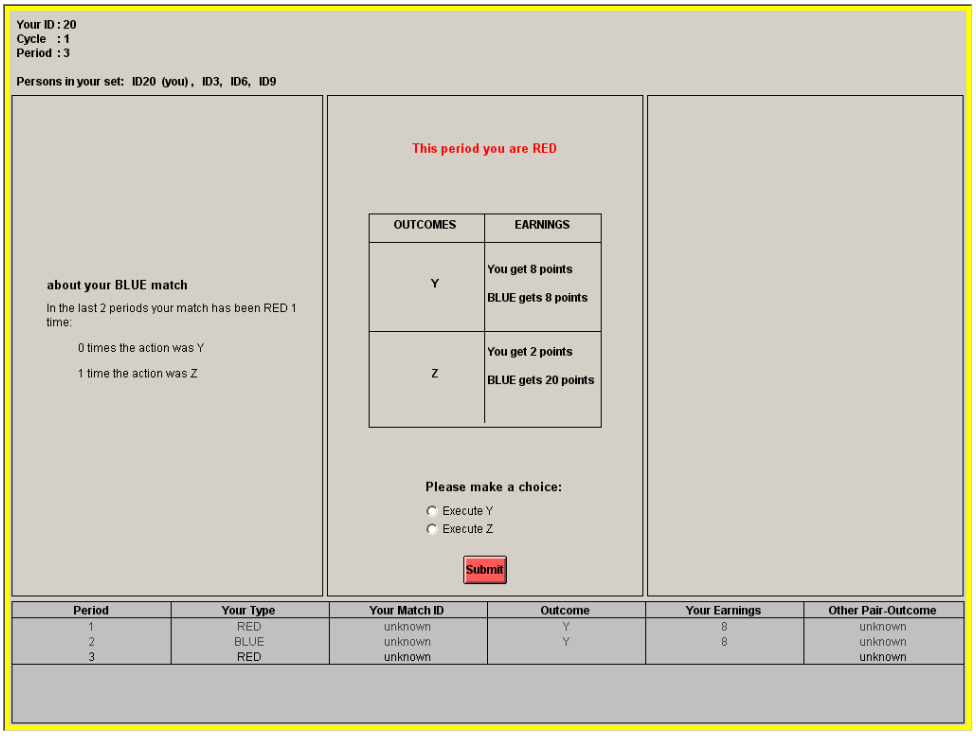
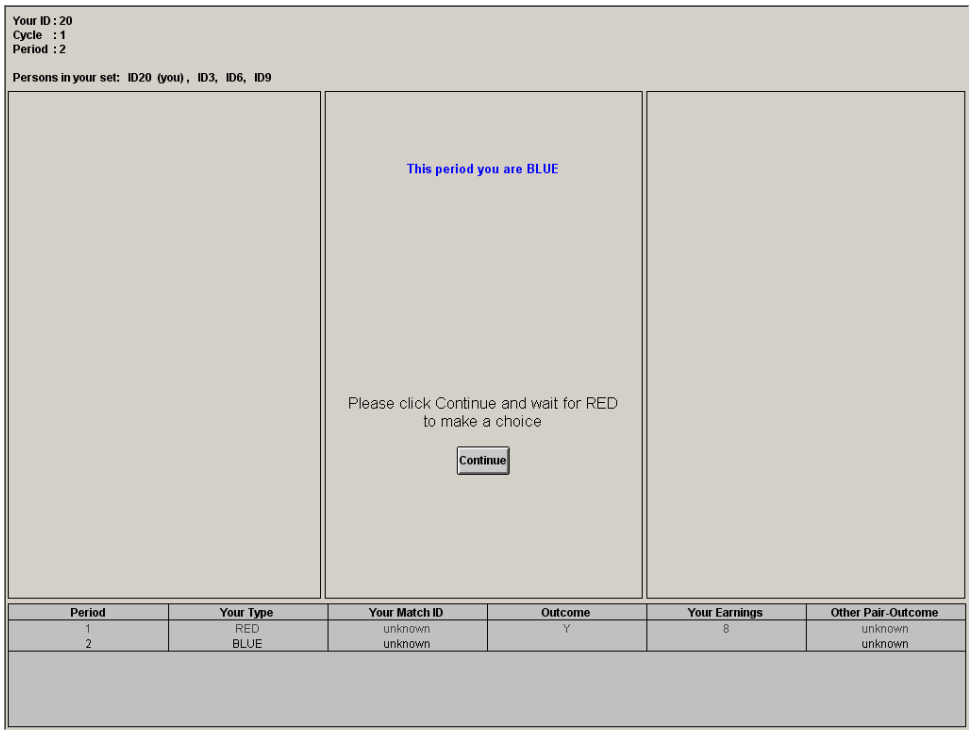


Figure B: Choice screen for blue

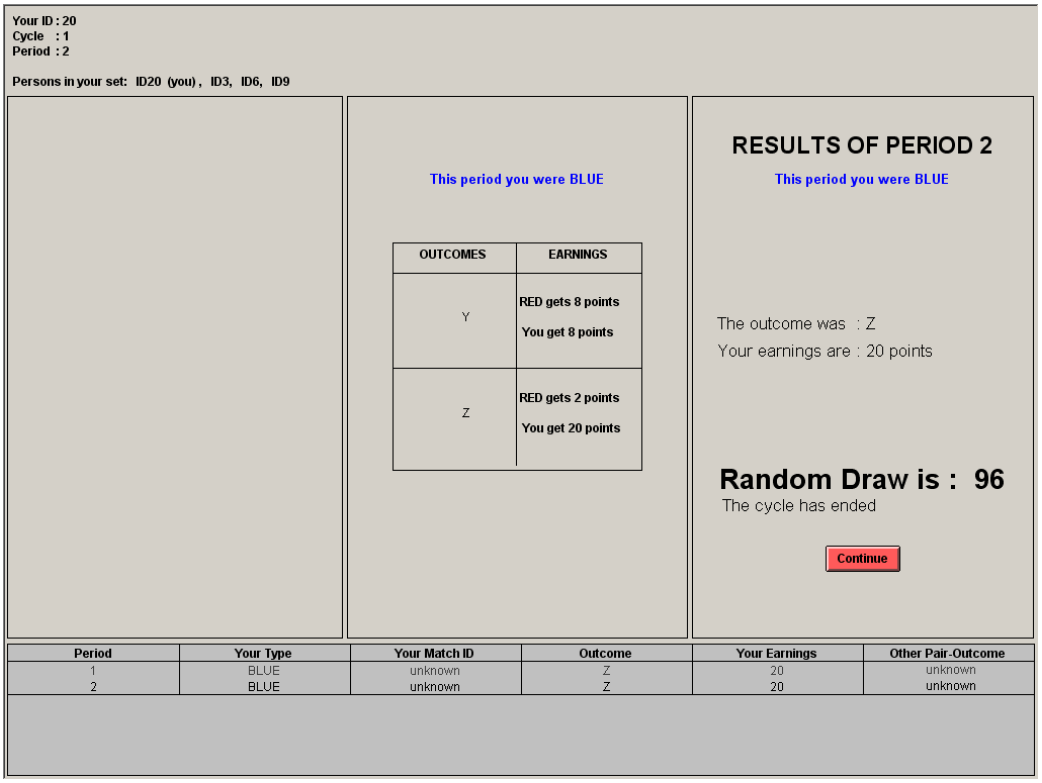


Before making your choices, you can also review outcomes in previous periods of the cycle by looking at the **"**Summary of Results" table at the bottom of the screen. It shows your past colors and outcomes.

After all participants in your set have made their choices, the results for the period will appear on your screen:

The results screen (**Figure C**) will display your earnings in points for the period. You can see if the outcome was **Y** or **Z**. The table in the lower part of the screen shows a **"**Summary of Results" for previous periods. Each line includes: period number, your color for the period, and the outcome **Y** or **Z**. The column "Your Earnings" displays the points you have earned. **Recall that your match this period may be a different person than your match in the previous period.** Please write the results on your record sheet under the appropriate headings.

Figure C: Screen for the results of the period:



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- If this random number is 1, 2, …, or 93, then the cycle will continue.
- If this random number is 94, 95, …, or 100, then the cycle will end.

Therefore, **after any period** there is always a 93% chance that the cycle will **continue.** This implies that, no matter what period you have reached, the **expected number of additional periods is about 13**. The number of past periods does not influence the chance that a cycle will end because the random procedure is exactly the same in every period.

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Final Comments

- Do not talk to others and do not look at their screens.
- In every period you have a 50% chance to be **red** and 50% chance to be **blue**.
- If you are **red**, then you can choose to see the history of choices of your match and then choose to execute either outcome **Y** or **Z**. If you are **blue**, then you simply wait. Earned points will be redeemed for dollars.
- Your match is a random person in your set. You have one chance out of three of being matched with the same person in two consecutive periods.
- Independently of the period reached, there is a 93% chance of an additional period in the cycle, and a 7% chance that the cycle ends.
- The rules are the same in all five cycles. After a cycle, you will never interact with the same participants.

Questions?

Now is time for questions. Do you have any questions before we begin the experiment?

QUIZ

1. The total number of **cycles** is _____
2. You are in period 1 of a cycle. What is the probability that the cycle will continue? _____
   How many **additional** periods do we expect? _____
3. What if you are in period 20? Probability _____ Expected additional periods _____
4. The number of **participants** in the experiment (total in the room) is_____
5. In a given **cycle**, how many participants are in your set? _____
6. In each period how many participants do you **interact** with? _____
7. Will you ever see the **ID** of your match? _____
8. Can you see how many times your match chose Y or Z in the past? _No _If **all** pay _If **I** pay (circle one)
9. Will you know at the end of the period the outcome in the **other pair from your set**? _____
10. If IDs 5, 10 & 16 are in your set this cycle, is there any chance that ID 5, 10 or 16 will be your match in future cycles? _____
11. You are BLUE and your RED match executes **Y**; how many points do you earn? _____
12. Suppose the experiment lasts 70 periods, you are RED half of the periods, BLUE half of the periods, and everybody always chooses **Y.** How many dollars will you earn? (suppose no monitoring costs)_____
13. RED chooses **Z**; how many points do RED and BLUE earn, respectively? _____
14. Suppose the experiment lasts 70 periods, you are RED half of the periods, BLUE half of the periods, and everybody always chooses **Z.** How many dollars will you earn? (suppose no monitoring costs)_____

ID ____ DATE ___________

RECORD SHEET

Cycle	Period	Your color	Your Choice Blue: -- Red: Y, Z	Outcome	Your period earnings	Cumulative earnings

RECORD SHEET CONTINUED

Cycle	Period	Your color	Your Choice Blue: -- Red: Y, Z	Outcome	Your period earnings	Cumulative earnings