

Instructions

This is an experiment in decision making. Funds have been provided to run this experiment. If you follow instructions and make good decisions you may earn a substantial amount of money, that will be paid to you in CASH at the end of the experiment. What you earn depends partly on your decisions and partly on the decisions of others.

The entire session will take place through computer terminals, and all interactions between you will be done through the computers. Please, do not talk or communicate in any way during the session. Please, turn off your phones now.

You will be randomly divided in groups of **6** persons, and will make a sequence of **10** decisions as a part of that group. After 10 periods, all groups will be disband and the phase will end. This will be the end of the experiment.

Task Description

Each period, you and every member of your group will pick a number: **1, 2, 3, 4, 5, 6 or 7**. Your choice and the smallest number chosen in your group (**including yours**) will determine your payoff in that period. Table 1 presents your payoffs in all possible scenarios. For example, if you choose number 5 and the smallest number chosen in your group is 4 you will get 78 Cents (\$.78).

		Smallest Number Chosen						
		7	6	5	4	3	2	1
Your Choice	7	1.30	1.10	0.90	0.70	0.50	0.30	0.10
	6	—	1.14	0.94	0.74	0.54	0.34	0.14
	5	—	—	0.98	0.78	0.58	0.38	0.18
	4	—	—	—	0.82	0.62	0.42	0.22
	3	—	—	—	—	0.66	0.46	0.26
	2	—	—	—	—	—	0.50	0.30
	1	—	—	—	—	—	—	0.34

Table 1 – Payoff from different actions

Payoffs

Your **final payoff** will be the sum of payoffs from all 10 periods plus the show up fee.

What exactly is going to happen now?

1. You will take a short quiz to help you understand the payoff matrix. If you have questions, please, raise your hand and we will come up to you.
2. Once everyone has finished the quiz the experiment will start. You will see a screen with buttons: 1, 2, 3, 4, 5, 6 and 7.
3. To choose a number on a screen simply put your cursor on the chosen number. The button will light up in green color.
4. Once you have chosen a number you can press the OK button to confirm your choice.
5. After all your group members have chosen their number you will see a screen with the following information. You will see what was *your choice* and the *minimum number chosen* in your group.
6. Number chosen by you and minimum number chosen in your group will determine your payoff in that period.
7. Once you are done observing the information screen press *continue* and the next period will start.