General Instructions

Welcome to this decision-making experiment. Please read the instructions carefully, as your performance will determine your earnings. Please ensure that this sheet has a code on the top right corner indicating your treatment.

1. **Purpose**:
    - This experiment studies how decisions are made when some participants have more information than others.
2. **Setup**:
    - The experiment has multiple rounds.
    - Each round, you will be paired with another participant, one as a **Row Player** and the other as a **Column Player**
    - Each Game has an associated table colored as either **red, white, or blue**.
        - Red Table
        - White Table
        - Blue Table
        - ★ **The Column Player knows the true colour of the table**
        - ★ **Each Table Colour is equally likely to be the true colour.**
    - Different Tables may have different payoffs for the same sets of action profiles
    - Based on the role assigned to you, You are supposed to select from the actions assigned to you, which could lead to different outcomes.

3. **Player Actions**:
    - **Column Players**
        - You will know the true table color of your asset (red, white, or blue).
        - You will decide whether to **accept (C1)** or **reject (C2)** the Row Player's offer.
    - **Row Players**
        - You do not know the true table color of the Column Player's asset.
        - You will choose one of three offers: R1, R2, or R3.

4. **Interaction Rules**:
    - All communication and decisions are made through a computer interface.
    - The game is anonymous, and you will not know the identity of other participants.

You are requested to further review the Specific Instructions pertaining to your assigned treatment.

Specific Instructions for Each Treatment

1. No Communication (NC)

- **Objective**:
  - Column Players and Row Players interact without any communication.
- **Rules**:
  - Column Players know the true color of their table but cannot share this information with Row Players.
  - Row Players select R1, R2, or R3 based on these probabilities.
  - Column Players then decide to **accept (C1)** or **reject (C2)** the offer.

---

2. Cheap Talk (CT)

- **Objective**:
  - Column Players can share information with Row Players, but the information may or may not be truthful.
- **Rules**:
  - Column Players know the true color of their table and can send a **message** to Row Players before offers are made.
  - Column Players may tell the truth, exaggerate, or lie about their table's color.
  - Row Players select R1, R2, or R3 after receiving the Column Player's message.
  - Column Players then decide to **accept (C1)** or **reject (C2)** the offer.

---

3. Antifraud Rule (AF)

- **Objective**:
  - Column Players must follow rules to ensure their messages include the truth.
- **Rules**:
  - Column Players know the true color of their table and can send a **message** to Row Players.
  - Messages must adhere to the **antifraud rule**:
    - Column Players must include the true table color in their message.
    - For example:
      - If the table is **red**, the Column Player can claim:
        - "Red"
        - "Red or White"
        - "Red, White, or Blue"
    - Column Players cannot claim "White" or "Blue" without including "Red."
  - Row Players select R1, R2, or R3 based on the Column Player's message.
  - Column Players then decide to **accept (C1)** or **reject (C2)** the offer.

---

4. Penalty Rule (RT)

- **Objective**:
  - Column Players must follow the antifraud rule and face penalties for misleading claims.
- **Rules**:
  - Column Players know the true color of their table and can send a **message** to Row Players.
  - If a Column Player's message significantly includes false claims, the Column Player will face a **penalty of c%** on their earnings for that round.
  - Row Players will be informed of the penalty mechanism but not the exact penalty rate (c%).
  - Row Players select R1, R2, or R3 based on the Column Player's message.
  - Column Players then decide to **accept (C1)** or **reject (C2)** the offer.

Key Information Displayed to Participants

For Column Players:

- The true color of your table (red, white, or blue).
- A communication interface to send messages to the Row Player (if communication is allowed).
- The Row Player's chosen offer (R1, R2, or R3).
- A decision to **accept (C1)** or **reject (C2)** the offer.

For Row Players:

- Messages from the Column Player (if communication is allowed).
- Choices to bid R1, R2, or R3.
- Feedback on your resulting earnings.

Concluding Notes

- This experiment is an opportunity to earn real money based on your decisions and strategies.
- Take your time to think carefully about your choices.
- If you have any questions before the experiment begins, please ask the experimenter now.