

# Instructions

Welcome, and thank you for participating! Please turn off your phone and do not communicate with other participants. If you have any questions, please message us in the chat and we will respond as soon as possible. Please pay careful attention to the instructions as money is at stake.

During the experiment you will earn *points*, and at the end of the experiment all your earnings will be converted to AUD dollars. You are guaranteed a show up fee of \$5 if you complete the session, but you can earn more depending on your decisions.

## Basic Idea

In this experiment you will be assigned a role and then matched anonymously and randomly with another participant for many periods of a game. Your choice, along with the choice of the participant you are matched with, will determine your payoff --- how many points you earn that period. When a new game begins, you will be rematched with another random participant.

After the last game, your points are added over all games, converted to AUD and paid to you in cash. The rate of exchange is 100 points = \$1.89.

## Payoff

You select your **action** each period by clicking one of the radio buttons, A, B, or C. Figure 1 below shows that the player chose action B in period 9 of a 20 period game.



Figure 1: Three action user interface

To the left of the radio buttons you will see **horizontal bars**. The bar next to the current choice (B in Figure 1) shows the average payoff earned so far for choosing this action in this game. The bars next to alternative actions (A and C in Figure 1) show the average payoffs for each of those actions. For example, Figure 1 shows that the player earned 150 on average for playing C, 200 for playing B and 100 for playing A. If the horizontal bar shows zero, it may be because (i) you never played that action, or (ii) the average payoff to this action has been zero so far.

Each game will last for 50 periods, and your payoff to action choices may change across games.

### ***Payoff over time***

To the right of the radio buttons you will see a graph of your payoff from the beginning of the period until now. Your payoff is shaded in blue. The green bar above the chart shows the time remaining until the next period of play; when the bar is fully green, you will move on to the next period.

### ***Choices over time***

Below the payoff over time chart, you will see the history of your choices over time, which are shown as multicolored bars, where each color represents a choice. The color legend is below the chart title.

### ***Session Earnings***

In total you will play a set of 10 games, where the first two games are for practice only and will last for 20 periods each, and the last eight games are real, with each consisting of 50 periods. Payoffs may be different for different games.

Your earnings in each game will be averaged over all 50 periods. For example, if you receive 400 points for each of the 50 periods in the game, then your payoff to that game is 400 points. If you received 200 points in 25 periods and 100 points in the other 25 periods, then your payoff is 150 points for the game.

Your final earnings for the session will be your show up fee (\$5.00) plus the sum of points earned across all eight real games, converted into AUD dollars. The two practice games do not count towards your payoff.