**Welcome**

In this experiment you will participate in an interactive decision problem. The joint decisions made by you and other participants will determine how much money you will earn. Your earnings will be paid to you privately in cash at the end of the experiment. If you have a question at any time, please raise your hand.

**The experiment**

The experiment consists of several periods. In each period, you will be randomly assigned to another person, with whom you will take part in a two-person decision problem.

**The diagram**

The decision problem will be presented to you in the form of a diagram. One of you will be Person 1 (blue). The other person will be Person 2 (orange). On the right you will see whether – in the current period – you are Person 1 or Person 2.

**Arrows and paths**

In each period, your task is to select an option, which in the diagram is represented by an *arrow*. The choices made (i.e., the arrows selected) by you and the other person will jointly determine a path through the diagram to a pair of payoffs, displayed in parentheses.

At the end of a path, Person 1’s payoff is displayed as a blue number, and Person 2’s payoff is displayed as an orange number.

**Nodes**

Note that a circle (“node”) in the diagram is a point at which one person makes a choice. Each circle is color coded to indicate whether Person 1 or Person 2 will be making the decision. At each node, one has two options (i.e., arrows) to choose from.

In some cases, you may have to take multiple decisions in the same diagram: in that case, you will be selecting one arrow *for each node that is denoted by your assigned color*.

**More on paths**

Recall that the arrows selected by you and the other person will jointly determine a path through the diagram to a pair of payoffs. This means that some choices may be inconsequential, in the following sense. When someone “higher up” in the diagram selects an arrow that points to a pair of payoffs, then the choices made at lower nodes will be inconsequential.

So, if Person 1 selects an arrow that points to Person 2, then the choice made by Person 2 will determine what happens next. If Person 2 selects an arrow that points to Person 1, then Person 1’s final choice will determine the outcome.

**Example 1**

Choose a payoff and click the Submit button. #done#

#Result#

#Continue#

**Example 2**

Click on the #circleColor# circle. #done#

#Result#

#Continue#

**Example 3**

Click on one of the circles. #done#

#Result#

#Continue#

***Note***

After all participants have made their choices, your earnings for the period will be calculated and stored in the program memory. Note that you will be informed of your earnings only upon completion of the experimental session.

Note that in each of the periods you will be randomly re-assigned to another participant in this room.

**Summary**

This is the end of the instructions. Here are some key points to take notice of:

1. In each period, one of you will be Person 1 (blue) while the other person will be Person 2 (orange). On the right you will see whether – in the current period – you are Person 1 or Person 2.
2. Your task is to select an option, which in the diagram is represented by an arrow.
3. Specifically, in each period, you will be selecting one arrow for each node that is denoted by your assigned color.
4. The arrows selected by you and the other person will jointly determine a path through the diagram to a pair of payoffs (Person 1’s payoff is displayed in blue, and Person 2’s in orange).

If you have any questions, please raise your hand and a monitor will come by to answer them. If you are finished with the instructions, please click the Start button. The instructions will remain on your screen until everyone has clicked the Start button.

We need everyone to click on the Start button before the experiment can begin.