

Instructions

You are about to participate in an experiment in decision making. There are no correct or incorrect responses. Your decisions and the decisions of others will determine how much you are paid at the end of the experiment. You may earn a substantial amount of money. Funding for this experiment has been provided by The Social Sciences and Humanities Research Council of Canada.

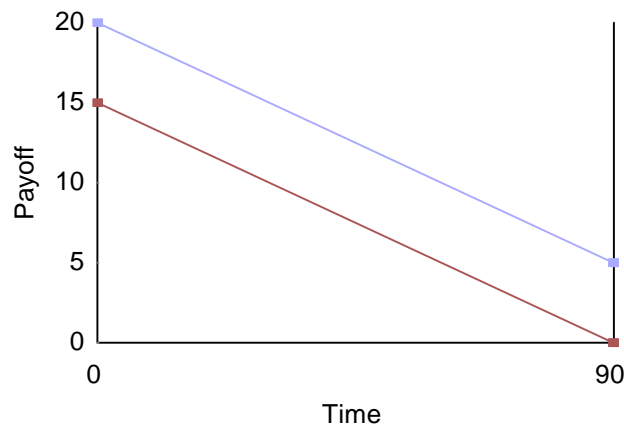
In this experiment you will be grouped with two other people in each decision period. You will not know who is in your group. The other members of your group will change every period and you will not have the same person in your group in consecutive periods.

At the beginning of each period you will be presented with your payoff information and the payoff information of all other members of your group. This information will be presented to you in two forms, graphically and numerically. Each period will last for a total 105 seconds, or 1 minute and 45 seconds.

The information you will receive will consist of an initial payoff, the rate at which that payoff will decline and the cost of taking an action that will stop your payoff and the payoffs of the other members of your group to stop declining. After receiving this information you will have 15 seconds to consider your decision before the payoffs begin declining.

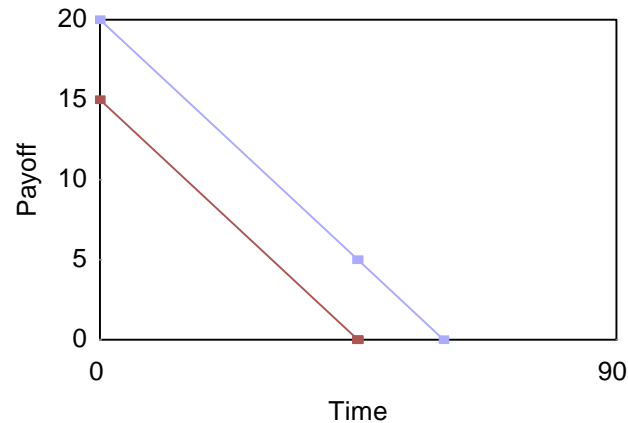
In order to cease the decline of payoffs you can choose to “take action” at any time during the period. To take action simply use the computer mouse to move the arrow cursor to the button marked “action” on your screen and click the left mouse button. Pressing the action button will cause your payoff and the payoffs of the other people in your group to stop declining, but will cost you and you alone an amount equal to the difference between the two lines on the graph on your screen. If you “take action” your payoff will always be less than your payoff if someone else had taken action at the time you took action.

Below is an example of the payoffs you could see in this experiment.



The initial payoff this person receives is \$20. This can be seen as the intercept of the top line on the graph. If the person were to take action immediately their payoff would be \$15, the intercept of the lower line. These lines will be different colours on your computer screen. If this person were to allow time to expire for this round, their payoff would be \$5, or if they were to take action at the last possible moment their payoff would be approximately \$0.

We can see in the payoff screen below that this individual's payoffs decline at a greater rate than those of the individual above.



You should be aware that if more than one person presses the Action Button before the 15 seconds at the start of the periods is over, both individuals who press the button will receive the action payoff. That is both individuals will have to pay the price.

Are there any questions?