

Instructions

Welcome to our experiment. Please do not talk to other participants in the room. If you have any questions, please raise your hand and we will take your question in private. These instructions explain how the experiment works. Please read them carefully. Your compensation will depend on your decisions, as well as the decisions of other people in the room.

The payments in the experiment are in Experimental Currency Units (ECU): 1 ECU is worth £2. There are 22 rounds, 2 for practice and 20 for compensation. After the last round, the computer will pick 3 rounds at random. We will convert your payments in those rounds into pounds and pay you in cash. You will also receive £3 for participating in this experiment.

There are two types of players: 8 Player As and 8 Player Bs. You will be informed about your type once the experiment starts and retain it for the entire experiment. Every Player A will be given a label: A1, A2, A3, A4, A5, A6, A7, and A8. Player As will be informed about their label once the experiment starts and retain it for the entire experiment.

At the start of each round, the computer will randomly match one Player A to one Player B.

Player B is told the label of the Player A he or she is paired with in that round.

Player A must then make a decision: *Stay* or *Enter*.

If Player A chooses *Stay*, then both Player A and Player B get 1 ECU and the round ends.

If Player A chooses *Enter*, then Player B must make a decision: *Send* or *Keep*.

If Player B chooses *Send*, then both Player A and Player B get 2 ECU and the round ends.

If Player B chooses *Keep*, then that pair is put on a list of all pairs whose Player B chose *Keep*.

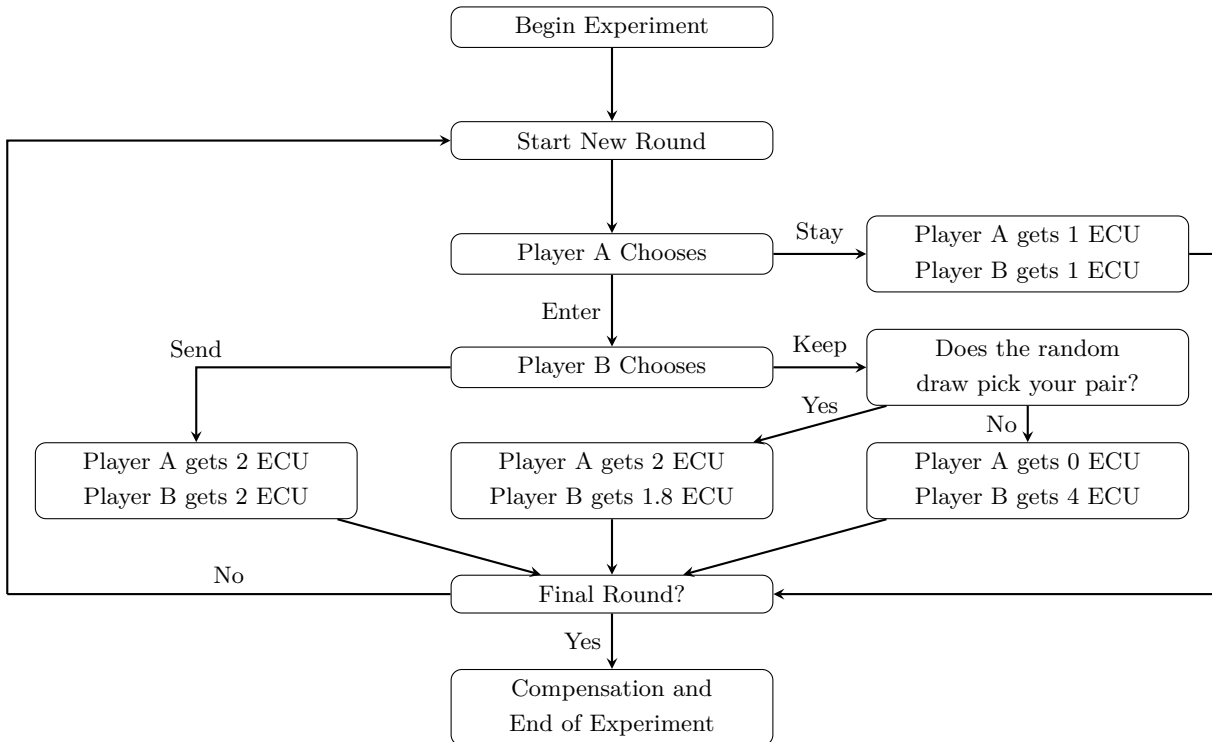
The computer will select 1 pair from the list at random. Each pair on the list has an equal chance of being selected by the computer.

For example, if there are 2 pairs on the list, then each of those 2 pairs is selected with probability $\frac{1}{2}$.

For all pairs *Not selected*, Player A gets 0 ECU and Player B gets 4 ECU.

For the *Selected* pair, Player A gets 2 ECU and Player B gets 1.8 ECU.

This is the end of the round. Your payments do not carry over to the next round.



Quiz

1. Suppose you are one of the players in a pair, in which Player A6 chose *Stay*, so Player B had no choice. Of the Player Bs who had a choice, those paired with Players A1, A4, and A5 chose *Keep*.
 1. Will your pair be put on the list? Yes or No? ____.
 2. If you answered “Yes” to the first question, what is the chance your pair is selected? ____.
 3. What are the payments in ECU to the two players in your pair? Player A: ____; Player B: ____.
2. Suppose you are one of the players in a pair, in which Player A6 chose *Enter* and Player B chose *Send*. Of the other Player Bs who had a choice, those paired with Players A1, A4, and A5 chose *Keep*.
 1. Will your pair be put on the list? Yes or No? ____.
 2. If you answered “Yes” to the first question, what is the chance your pair is selected? ____.
 3. What are the payments in ECU to the two players in your pair? Player A: ____; Player B: ____.
3. Suppose you are one of the players in a pair, in which Player A6 chose *Enter* and Player B chose *Keep*. Of the other Player Bs who had a choice, those paired with Players A1, A4, and A5 chose *Keep*.
 1. Will your pair be put on the list? Yes or No? ____.
 2. If you answered “Yes” to the first question, what is the chance your pair is selected? ____.
 3. If selected, what are the payments in ECU to the players? Player A: ____; Player B: ____.
4. Suppose you are one of the players in a pair, in which Player A3 chose *Enter* and Player B chose *Keep*. Of the other Player Bs who had a choice, those paired with Players A1, A4, and A5 chose *Keep*.
 1. Will your pair be put on the list? Yes or No? ____.
 2. If you answered “Yes” to the first question, what is the chance your pair is selected? ____.
 3. If not selected, what are the payments in ECU to the players? Player A: ____; Player B: ____.