

## GENERAL INSTRUCTIONS: PLAYER A

### General Instructions

This is an experiment in decision-making. Please read the following instructions carefully. The amount of money that you earn in this experiment will depend, in part, on your decisions as well as the decisions of the person with whom you will be randomly matched.

You have been randomly assigned as a Player A in this experiment. You and a randomly chosen counterpart will be given a fixed amount of time in a decision-making round to mutually agree upon the size of a variable,  $X$ . Your range of possible  $X$  values lies from 200 to 700 in increments of one (this may not be the same range as that for your counterpart). The value of  $X$  at the end of the round will determine your cash earnings for that round. As a Player A, your cash earnings for any given round are largest for smaller values of  $X$ . Similarly, your cash earnings for any given round are smallest for larger values of  $X$ . You will be given a payoff sheet that translates the different values of  $X$  into earnings in cents. (Player B earns more for larger values of  $x$ .) Please study this payoff sheet carefully so that you fully understand how your earnings will vary given the different possible values of  $X$ .

If you and your counterpart can mutually agree upon the size of  $X$  for that round, then you can look to your payoff sheet to determine how much you will receive for that round. In a few moments we will discuss what will happen should you and your counterpart not be able to come to an agreement by the end of the allotted time.

Your interaction with your counterpart will only be through the computer terminal. You will never know the identity of your counterpart and your counterpart will never know your identity. You are matched with the same counterpart for the entire experiment.

The next screen will show you the environment in which you will interact with your counterpart. If at any point during the instructions you have a question, please raise your hand so the experimenter can help you.

### General Instructions

In your interactions with your counterpart, you will submit your proposal for the size of  $X$  on this screen

## General Instructions

To enter a proposal for X, click on the "New Offer" box, enter a proposal for X and then hit "Offer". Note: The sample screens are based on player A's point of view.

Experiment

Running...

Your offer:

->300

Counterpart's offer:

New Offer:

300

Earnings: 0

Offer

Agree

Warning: Applet Window

Click here to continue

## General Instructions

At this point, Player B will see Player A's current proposal and may or may not accept it. Player B can similarly make proposals that Player A sees in the counterpart's box for at the right of the screen. Suppose that Player B wishes to propose  $X=600$  rather than accept Player A's current offer.

Experiment

Running...

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Your offer:	Counterpart's offer:
<div>→600</div>	<div>→300</div>
<div>New Offer: <input type="text" value="600"/></div>	<div>Earnings: 0</div>
<div>Offer</div>	<div>Agree</div>

Warning: Applet Window

Click here to continue

## General Instructions

In this example, Player B's proposal is seen to be  $X=600$ . This is listed as his/her current offer. Player A may accept the current offer at any time by clicking the "Agree" button.

Experiment

Running...

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Your offer:	Counterpart's offer:
>300	>600
<div></div>	<div></div>
New Offer: <input type="text" value="300"/>	Earnings: 0
<input type="button" value="Offer"/>	<input type="button" value="Agree"/>

Warning: Apple Window

[Click here to continue](#)

## General Instructions

If you accept the current offer of your counterpart, the round would be over. You may, however, choose to not accept the current offer. You can update your current offer by increasing or decreasing it, and your counterpart can also update his/her offer. After updating an offer, it will be reflected in your offer box. Only current offers (offers at the top of the list) can be accepted. Even though offers can be updated at any time, it may be wise to give the other Player a few moments to either accept your offer or update his/her offer.

Suppose you did not accept the proposed offer and you enter another offer.

Experiment

Running...

Your offer:

→ 349

300

Counterpart's offer:

→ 600

New Offer:

349

Earnings:

0.0

Offer

Agree

Click here to continue

## General Instructions

At this point, your counterpart will see your current proposal for 349 as well as all previous proposals for this round. However, only  $X=349$  will be listed as your current offer. As such, your counterpart may now choose to either accept your proposal or update his/her proposal. Let's suppose that your counterpart chooses to accept your proposal at this point

Experiment

Running...

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Your offer:	Counterpart's offer:
>600	>349 300

New Offer:	600	Earnings:	0
<input type="button" value="Offer"/>		<input type="button" value="Agree"/>	

Warning: Applet Window

[Click here to continue](#)

General Instructions

Your counterpart has accepted your offer, and so  $X=349$  for that round. Once the round is over, either another round of similar interactions will occur, or instructions will follow to indicate the differences in the subsequent round(s). You will be asked to indicate when you are ready to continue with the experiment.

Experiment

Your counterpart has agreed!

Role: Player

Arbitration:

Your offer: 349

300

The current offer of  $X=349$  has been accepted. The round is therefore over.

The results of this round will be reflected in your cumulative earning for the experiments.

Click OK to start the next round.

OK

Warning: Applet Window

New Offer: 349

Earnings: 0

Offer

Agree

Warning: Applet Window

Click here to continue

General Instructions

The computer will keep track of your cumulative experimental earnings and post them on your main computer screen. You will also have a timer on the screen to let you know how much time is left in a particular round. Please take a moment to locate these information items on your screen once bargaining begins.

### General Instructions



The next several screens will inform you as to what will happen should you not come to an agreement within the time limit.