

Participant instructions for
“Concord and contention in a dynamic bargaining experiment with costly conflict”
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Instructions

Introduction

Welcome and thank you for taking part in this experiment.

This is an experiment in the economics of decision-making. If you follow the instructions and make appropriate decisions, you can earn an appreciable amount of money. You will receive your earnings for today’s session in cash before you leave the laboratory.

It is important that you remain silent and do not look at other people’s work. If you have any questions, or need assistance of any kind, please raise your hand and an experimenter will come to you. If you talk, laugh, exclaim out loud, etc., you will be asked to leave and you will not be paid. We expect and appreciate your cooperation.

We will now describe the session in more detail. Please follow along with these instructions as they are read aloud.

The scenarios

Everyone in the room is receiving exactly the same instructions.

You will be presented with 20 different scenarios, one after the other. Each scenario is an interaction between **You** and one **Other** person.

For each scenario, you will be matched with one other person in this room. You will never be matched with the same person for more than one scenario. You will never know who you are matched with.

The real scenarios

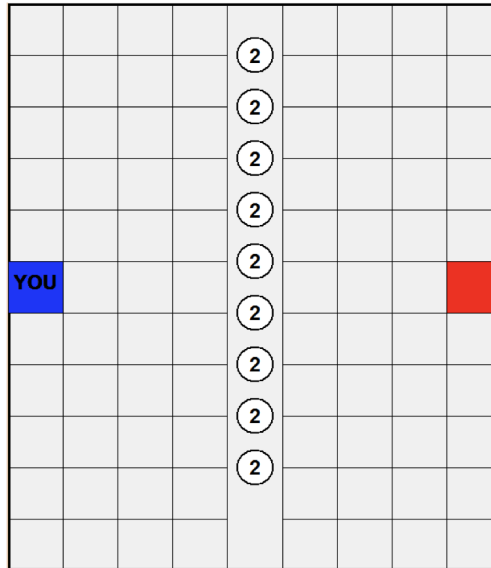
Two of these scenarios will be paid for real. By this we mean that:

- At the end of the experiment, we will pick at random two of the 20 scenarios.
- The decisions made by you and the person you were matched with in each of these two scenarios will determine how much money you are paid at the end of the session. You will receive the total of your earnings in these two scenarios.

I have a deck of cards with the numbers one through twenty written on them. At the end of the session, I will shuffle this deck, and ask two participants to select one card at random from the deck. The numbers on the selected cards will determine which two of the scenarios will be paid for real. Because you will not know which scenarios will be paid for real until you have completed all of them, you should treat each scenario as if it was going to be paid for real. So, when thinking about each scenario, remember that it could be real and think about it in isolation from the others.

An example of a scenario

Each scenario is represented by a picture like the one displayed on the screen. We will call this picture a **table**.



Each scenario is an interaction between **you** and the **other person**. Each person has a **base**. Your base is represented by the blue square and will always be at the left side of the table. You will see the word “YOU” written on your base. The other person’s base is represented by the red square and will always be at the right side of the table.

There will be nine (9) discs laid out on the table.

The basic rules

Each scenario lasts a **total of 100 seconds**.

You can propose which discs you would like to get by clicking on them. We will say that you are **claiming** those discs. Your claims and the other person's claims are displayed simultaneously on the screen. Both you and the other person can change your claims at any time.

On your screen will be a timer, which will count 100 ticks, one tick per second. At each tick of the clock, the current claims you and the other person are making determine the money you earn at that tick.

Your earnings are determined by two factors: your **revenue** and your **cost**.

At each tick:

- You receive 2p of **revenue** from each disc which you claim and the other person does not claim. Likewise, the other person receives 2p of revenue from each disc which they claim and you do not claim.
- You and the other person incur a **cost** of 2p each from each disc which both of you claim. Neither you nor the other person receive any revenue from discs which are claimed by both of you.
- You do not receive any revenue, nor incur any cost, from a disc that you do not claim.

Your earnings at each tick are determined by your revenue minus your cost. Your total earnings for the scenario are determined by adding up your earnings for the 100 ticks.

Claiming discs

We now explain how you claim discs, and how claims are shown on the screen.

Initially, all the discs are white. This indicates that neither you nor the other person have yet made any claims.

You can claim a disc by clicking on it. Each disc which you are currently claiming is shown with a blue flag, which indicates your claim. If you change your mind and no longer want to claim the disc, simply click on it again; this cancels your claim, and the blue flag will then disappear. Each disc which the other person is currently claiming is shown with a red flag. If the other person cancels their claim of that disc, the red flag will then disappear.

Your claims and the other person's claims together determine the colour of the discs and your earnings.

- If neither you nor the other person claim a given disc, there will be no flags on the disc, and the disc will be coloured white.
- If you claim a given disc but the other person does not, there will be only a blue flag on the disc, and the disc will be coloured blue. You receive revenue of 2p from each disc coloured blue at each tick.
- If the other person claims a given disc but you do not, there will be only a red flag on the disc, and the disc will be coloured red. The other person receives revenue of 2p from each disc coloured red at each tick.
- If both you and the other person claim a given disc, there will be both blue and red flags on the disc, and the disc will be coloured yellow. You and the other person each incur a cost of 2p each from each disc coloured yellow at each tick.

Your earnings are determined by the number of blue discs and yellow discs. At each tick, you receive revenue of 2p from each disc coloured blue, and you incur a cost of 2p from each disc coloured yellow.

Changing your claims

You can change which discs you are claiming at any time. You change your claim on a disc by clicking on it. If you click on a disc you are currently claiming, you will cancel your claim, and the blue flag will disappear from the disc. If you click on a disc you are not currently claiming, you will claim that disc, and a blue flag will appear on the disc.

Likewise, you will know when the other person changes their claim on a disc. If the other person removes their claim on a disc, the red flag will disappear from that disc. If the other person claims a disc, the red flag will appear on that disc.

Whenever someone changes their claim on a disc, the colour of that disc will be updated, as well as the revenues each of you receive and the costs each of you incur.

You can change your claims as many times as you like over the course of the 100 ticks. You can now practice changing your claims using the table at the left side of this screen.

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YOU				2					
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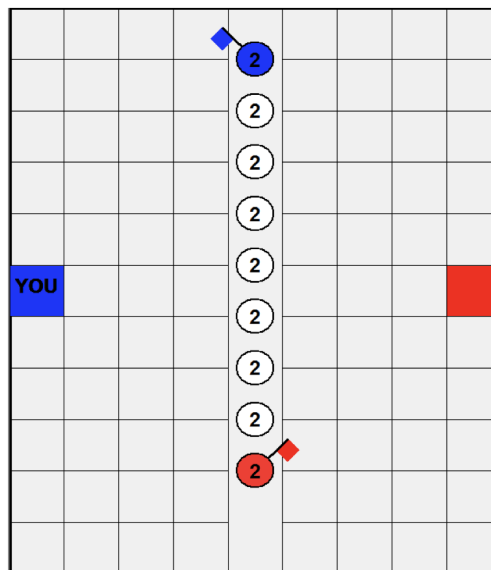
Example 1

Suppose at a tick the claims are as now shown on the screen.

The top disc has a blue flag and is coloured blue. The blue flag indicates it is claimed by you, and the blue disc indicates that you receive revenue of $2p$ from that disc at this tick. The bottom disc has a red flag and is coloured red. The red flag indicates it is claimed by the other person, and the red disc indicates that the other person receives revenue of $2p$ from that disc at this tick.

The other seven discs are white. This indicates that they are claimed neither by you nor by the other person; therefore, neither of you receive revenue or incur costs from any of these discs at this tick.

Therefore, you would earn $2p$ at this tick, computed as your revenue of $2p$ minus your cost of $0p$. The other person would likewise earn $2p$ at this tick, computed as their revenue of $2p$ minus their cost of $0p$.

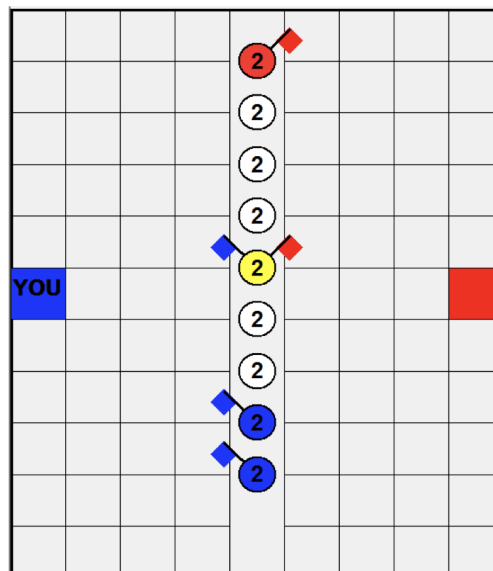


Example 2

Now suppose at a tick the claims are as now shown on the screen.

The bottom two discs have a blue flag and are coloured blue. The blue flags indicate these discs are claimed by you, and the blue discs indicate that you receive revenue of 4p (2p times 2 discs) at this tick. The top disc has a red flag and is coloured red. The red flag indicates it is claimed by the other person, and the red disc indicates that the other person receives revenue of 2p from that disc at this tick. The middle disc has both a blue flag and a red flag, and is coloured yellow. The two flags indicate the disc is being claimed by both you and the other person. The yellow colour indicates that both you and the other person each incur a cost of 2p at this tick from this disc. The other five discs are white. This indicates that they are claimed neither by you nor by the other person; therefore, neither of you receive revenue or incur costs from any of these discs at this tick.

Therefore, you would earn 2p at this tick, computed as your revenue of 4p minus your cost of 2p. The other person would earn 0p at this tick, computed as their revenue of 2p minus their cost of 2p.



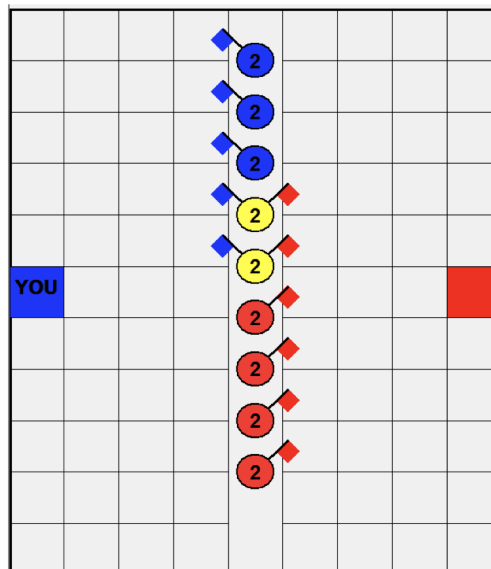
Example 3

Now suppose at a tick the claims are as now shown on the screen.

The top three discs have a blue flag and are coloured blue. The blue flags indicate these discs are claimed by you, and the blue discs indicate that you receive revenue of 6p (2p times 3 discs) at this tick. The bottom four discs have a red flag and are coloured red. The red flag indicates these discs are claimed by the other person, and the red discs indicate that the other person receives revenue of 8p (2p times 4 discs) from those discs at this tick.

The remaining two discs have both a blue flag and a red flag, and are coloured yellow. The two flags indicate the discs are being claimed both by you and by the other person. The yellow colour indicates that both you and the other person each incur a cost of 4p (2p times 2 discs) at this tick from these discs.

Therefore, you would earn 2p at this tick, computed as your revenue of 6p minus your cost of 4p. The other person would earn 4p at this tick, computed as their revenue of 8p minus their cost of 4p.



Moving from one scenario to the next

After completing each scenario, your earnings from that scenario will be displayed on your screen. Once everyone has completed the current scenario and had a chance to review the results of the scenario, you will be paired with another person, and the next scenario will begin. Remember you will never be paired with a given person more than one time in the experiment.

Your earnings

After everyone has finished all 20 scenarios, we will pick at random two of the 20 scenarios to be paid for real.

Your total earnings will be the sum of your earnings in these two scenarios plus a £9 participation payment. Your total earnings will be paid to you in cash straight away.

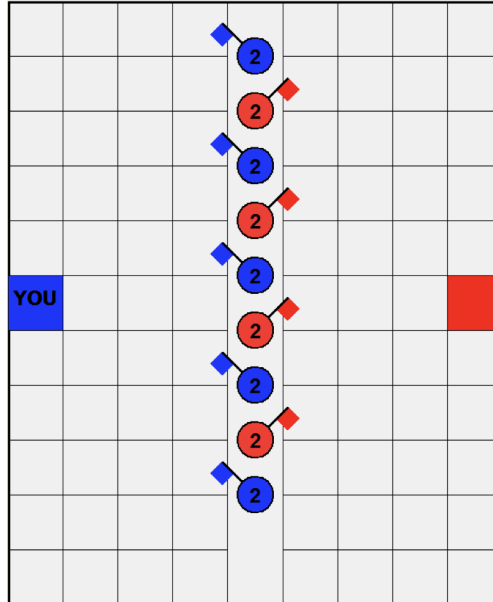
Receiving your earnings will end your participation in the experiment.

Before starting the experiment, we would like you to answer the following questions. Do not hesitate to raise your hand and seek assistance if anything is unclear.

Practical questions

Question 1

Now suppose at a tick in Stage 2 the claims are as now shown on the screen.



Part a.

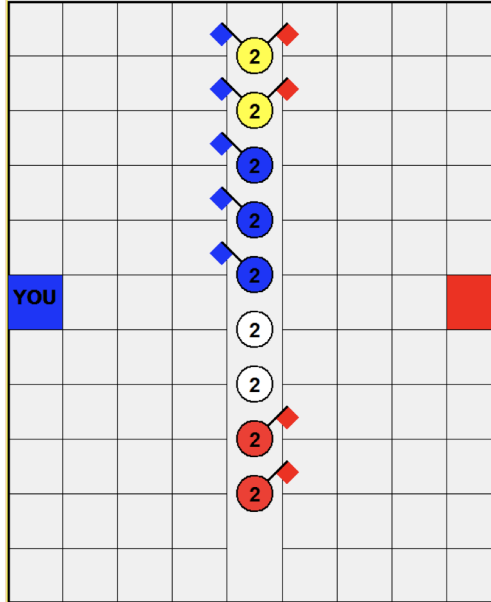
1. How many discs are you claiming? _____
2. How many discs do you earn revenue from? _____
3. What is your total revenue (in pence) from these discs? _____
4. How many discs do you incur loss from ? _____
5. What is your total cost (in pence) from these discs? _____
6. What are your total earnings (in pence) at this tick? _____

Part b.

1. How many discs is the other person claiming? _____
2. How many discs does the other person earn revenue from? _____
3. What is the other person's total revenue (in pence) from these discs? _____
4. How many discs does the other person incur loss from ? _____
5. What is the other person's total cost (in pence) from these discs? _____
6. What are the other person's total earnings (in pence) at this tick? _____

Question 2

Suppose the claims in Stage 2 are as now shown.



Part a.

1. How many discs are you claiming? _____
2. How many discs do you earn revenue from? _____
3. What is your total revenue (in pence) from these discs? _____
4. How many discs do you incur loss from? _____
5. What is your total cost (in pence) from these discs? _____
6. What are your total earnings (in pence) at this tick? _____

Part b.

1. How many discs is the other person claiming? _____
2. How many discs does the other person earn revenue from? _____
3. What is the other person's total revenue (in pence) from these discs? _____
4. How many discs does the other person incur loss from? _____
5. What is the other person's total cost (in pence) from these discs? _____
6. What are the other person's total earnings (in pence) at this tick? _____

Question 3

The other person will be:

- a. A different person in each scenario.
- b. The same person in all scenarios.
- c. The same person in two different scenarios.
- d. The same person in two consecutive scenarios.

Question 4

Your earnings from the experiment will be:

- a. The sum of your earnings from all the scenarios.
- b. The sum of your earnings from all the scenarios, plus a £5 participation payment.
- c. The sum of your earnings from the two real scenarios.
- d. The sum of your earnings from the two real scenarios, plus a £5 participation payment.