

Instructions (Proposer)

Introduction: The purpose of this experiment is to study how people behave in bargaining situations. If you follow the instructions carefully and make good decisions there will be an opportunity for you to make money during the experiment.

You have been randomly assigned to a role with these instructions. You will be randomly matched with a player (or players), but the identity of this player (or players) will remain unknown. At the end of the experiment, you will learn the results of the game. Your experimental earnings will be based on the results of your decisions and the decisions of the player (or players) with whom you are matched.

In this experiment, \$15.00 is to be divided between two persons: the “proposer” and the “responder.” In addition, a third player, player three, exists and earns money only if the proposed division of the \$15.00 is accepted. You are the **proposer**.

Your task is to make an offer of how to split \$15.00 between you and the responder. The offer can be any monetary division of the \$15.00 except for fractions of a penny. That is, offers are represented in penny increments, i.e. \$0.00, \$0.01, \$0.02, ..., \$14.98, \$14.99, \$15.00 are legitimate offers. If the responder rejects the offer, all three players earn nothing. If the responder accepts the offer, you earn \$15.00 minus the offer, the responder earns the offer, and player three earns \$5.00.

However, prior to seeing your offer, the responder has indicated a lowest acceptable offer (i.e., the lowest amount of the \$15.00 they would be willing to accept). The lowest acceptable offer is **not binding**. That is, after seeing the offer, the responder can still decide whether to accept or reject your offer.

Once again, upon receiving the offer, the responder will either accept or reject the offer.

- a) If the offer is accepted, the responder earns the offer, you earn \$15.00 minus the offer, and player three earns \$5.00.
- b) If the offer is rejected, all three players earn nothing.

On the decision sheet, please write your experimental number and your proposed split of the \$15.00 in the offer line (this is the amount you are offering to the responder, you earn \$15.00 minus this offer, if it is accepted). When completed please hand the decision sheet to the experimenters.

Instructions (Responder)

Introduction: The purpose of this experiment is to study how people behave in bargaining situations. If you follow the instructions carefully and make good decisions there will be an opportunity for you to make money during the experiment.

You have been randomly assigned to a role with these instructions. You will be randomly matched with a player (or players), but the identity of this player (or players) will remain unknown. At the end of the experiment, you will learn the results of the game. Your experimental earnings will be based on the results of your decisions and the decisions of the player (or players) with whom you are matched.

In this experiment, \$15.00 is to be divided between two persons: the “proposer” and the “responder.” In addition, a third player, player three, exists and earns money only if the proposed division of the \$15.00 is accepted. You are the **responder**.

Your task is to decide whether to accept or reject an offer made by the proposer. The proposer will make an offer of how to split \$15.00 between the proposer and responder. The offer can be any monetary division of the \$15.00 except for fractions of a penny. That is, offers are represented in penny increments, i.e. \$0.00, \$0.01, \$0.02, ..., \$14.98, \$14.99, \$15.00 are legitimate offers. If you reject the offer, all three players earn nothing. If you accept the offer, you earn the offer, the proposer earns \$15.00 minus the offer, and player three earns \$5.00.

However, prior to receiving the offer, you must indicate the lowest amount of the \$15.00 you would be willing to accept. This is your “lowest acceptable offer.” However, your lowest acceptable offer is **not binding**. That is, after seeing the offer, you, the responder, can still decide whether to accept or reject the offer.

Once again, upon receiving the proposal, you will respond by either accepting or rejecting the offer.

- a) If the offer is accepted, you, the responder, earn the offer, the proposer earns \$15.00 minus the offer, and player three earns \$5.00.
- b) If the offer is rejected, all three players earn nothing.

Please indicate your lowest acceptable offer on the line below

LOWEST ACCEPTABLE OFFER = _____ (Not Binding)

The experimenters will hand you an offer from the proposer you are matched with. Please write your experimental number on the responder number line. Then indicate whether you accept or reject the offer by circling the appropriate response. When completed please hand your response to the experimenters.

Instructions

Introduction: The purpose of this experiment is to study how people behave in bargaining situations. If you follow the instructions carefully and make good decisions there will be an opportunity for you to make money during the experiment.

You have been randomly assigned to a role with these instructions. You will be randomly matched with two players, but the identity of these players will remain unknown. At the end of the experiment, you will learn the results of the game. Your experimental earnings will be based on the results of the decisions of the other players with whom you are matched.

In this experiment, \$15.00 is to be divided between two persons: the “proposer” and the “responder.” You are **player three**.

Your task involves no decision. The other players are informed regarding your role and the rules concerning your earnings.

The proposer will make an offer of how to split \$15.00 between two players (the proposer and the responder). The offer can be any monetary division of the \$15.00 except for fractions of a penny. That is, offers are represented in penny increments, i.e. \$0.00, \$0.01, \$0.02, ..., \$14.98, \$14.99, \$15.00 are legitimate offers. If the responder rejects the offer, all three players earn nothing. If the responder accepts the offer, you earn \$5.00, the proposer earns \$15.00 minus the offer, and the responder earns the offer.

Please write your experimental number on this sheet and turn it in when asked. You will be randomly matched to a proposer and responder and your payoff will depend on the outcome of that game.