

## Instructions

You will now take part in a decision-making experiment. If you have a question at any time, please feel free to ask us. Please do not talk with the other participants during the experiment. The amount you will receive for participating will depend on your choices and the choices of the player you are matched with. **This person might either be an Indian subject (whose response we have already collected) or a subject from Exeter.**

The responses of the Indian subjects have been gathered by running a similar experiment with the students of St. Stephen's College. St. Stephen's College is a constituent college of the University of Delhi located in Delhi, India. Famous for its rich history and many traditions, St. Stephen's is arguably India's most famous higher educational institution offering degrees in the liberal arts and the sciences. Since its founding in 1881, the college has produced a long line of distinguished alumni. Subjects who took part in the experiment were from a middle-class Indian background, studying undergraduate courses in humanities or sciences.

There are two types of players in this experiment, a Row Player and a Column Player. Roles are randomly assigned. Once you have been allocated a role, you will remain in the same role until the end of the experiment. In every round you will be randomly matched against a different player.

You will be matched with a random player and each of you must decide on an effort level you would like to exert. The effort will be exerted at a cost. The amount you earn from the round will be either the higher or the lower of the two efforts made (as pre-specified in the round) minus the cost incurred in making the effort.

For example, if one player decides to make effort 100 at cost  $0.5 \times 100$  and the other to make effort 200 at cost  $0.5 \times 200$ . If 200 is the amount awarded to both, the amount earned by the first player will be  $(200 - 50 = 150)$ , and the amount earned by the other player would be  $(200 - 100 = 100)$ .

The table shows final payoffs.

**You must choose only one option per round.** At the end of the experiment, we will randomly select 1 round. Rounds are chosen with equal probability. The payoffs from these rounds will be summed (100 points earned = £2), together with a show-up fee of £3, to represent your total earnings.

### Questions (Note: Payoffs are different in the real experiment. This is just an Example)

- You can exert an effort from the following – 10, 20, 30, 40. Cost of exerting an effort is  $(0.5 \times \text{Effort})$ .

		Opponent's Effort			
		10	20	30	40
My Effort	10	5	15	25	35
	20	10	10	20	30
	30	15	15	15	25
	40	20	20	20	20

What effort level would you like to choose?

- a) 10
- b) 20
- c) 30
- d) 40