

Dal Bó, Fréchette (2011), «The Evolution of Cooperation in Infinitely Repeated Games: Experimental Evidence», American Economic Review

Instructions

Welcome

You are about to participate in a session on decision-making, and you will be paid for your participation with cash vouchers, privately at the end of the session. What you earn depends partly on your decisions, partly on the decisions of others, and partly on chance.

Please turn off pagers and cellular phones now. Please close any program you may have open on the computer. The entire session will take place through computer terminals, and all interaction between you will take place through the computers. Please do not talk or in any way try to communicate with other participants during the session.

We will start with a brief instruction period. During the instruction period you will be given a description of the main features of the session and will be shown how to use the computers. If you have any questions during this period, raise your hand and your question will be answered so everyone can hear.

General Instructions

1. In this experiment you will be asked to make decisions in several rounds. You will be randomly paired with another person for a sequence of rounds. Each sequence of rounds is referred to as a match.
2. The length of a match is randomly determined. After each round, there is a 50 % probability that the match will continue for at least another round. This is as if we would flip a coin after each round and continue if tails and end if heads. So, for instance, if you are in round 2, the probability there will be a third round is 50 % and if you are in round 9, the probability there will be another round is also 50 %.
3. Once a match ends, you will be randomly paired with another person for a new match.
4. The choices and the payoffs in each round are as follows:

The first entry in each cell represents your payoff, while the second entry represents the payoff of the person you are matched with.

- As you can see, this shows the payoff associated with each choice. Once you and the person you are paired with have made your choices, those choices will be highlighted and your payoff for the round will appear.

That is, if:

You select 1 and the other selects 1, you each make 32.

You select 1 and the other selects 2, you make 12 while the other makes 50.

	the other's choice	
your choice	1	2
1	32.32	12.50
2	50.12	25.25

You select 2 and the other selects 2, you make 50 while the other makes 12.

You select 2 and the other selects 1, you each make 25.

- At the end of the experiment (the first match to end after 1 hour of play) you will be paid \$0.006 for every point scored. There is no show-up fee for this experiment.
- Are there any questions?

Before we start, let me remind you that:

- The length of a match is randomly determined. After each round, there is a 50 % probability that the match will continue for at least another round. You will play with the same person for the entire match.
- After a match is finished, you will be randomly paired with another person for a new match.