Instructions

First-price No Communication treatment
Welcome to ESSL

Welcome to the ESSL Lab, and thank you for participating in today’s experiment.

Place all of your personal belongings away, so we can have your complete attention.

It is very important that you do not touch the computer until you are instructed to do so. When you are told to use the computer, please use it only as instructed. In particular, do not attempt to browse the web or use programs unrelated to the experiment.

Raise your hand if you need a writing utensil.
In today’s experiment, you will participate in a series of auctions.

You will be paid for your participation in cash. Each of you may earn different amounts. How much you earn depends on your and others' decisions.

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The Experiment

• In each round, you will be randomly paired with another subject in the room.

• Each of you will have a **value for an item** that you will be bidding for.

• The value is determined randomly between 0.00 and 100.00 (all equally likely).
The Experiment

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• You will know your own value, but you will not know your partner’s value for the item.
Your Task

• Each of you will submit a bid. It can be any non-negative number (with up to two decimal points).

• Whomever in your pair submits the higher bid will win the item.

• If both pair members submit the same bid then each has a 50% chance to win the item.

• The winner of the item will receive his or her value for the item minus the price, which equals the highest bid.
Your Task

Example 1:

• Suppose your value of the item is 65.00
• You submit a bid of 51.50
• Your partner submits a bid of 40.00
• You win the item
• Price of the item is 51.50

• Your payoff
  
  65.00 – 51.50 = 13.50 points

• Your partner’s payoff
  
  0 points
Your Task

Example 2:

• Suppose your **value** of the item is 65.00
• You submit a **bid** of 51.50
• Your partner submits a **bid** of 55.70
• Your partner wins the item
• **Price** of the item is 55.70

• Your payoff
  
  0 points

• Your partner’s payoff

  his/her value of the item – 55.70 points
Your Value for the item is 77.64

Please type your bid below and click the submit button.

Submit Bid

Your History

<table>
<thead>
<tr>
<th>Match</th>
<th>Round</th>
<th>Item Value</th>
<th>Your Bid</th>
<th>Highest Bid</th>
<th>Price</th>
<th>Your Profit</th>
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<td>77.64</td>
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The Overall Experiment

• When the instructions are done, you will get to try one round of practice (unpaid).

• After that, you will participate in 10 rounds of real play.

• In each round, you will randomly be matched with another subject.
Your Earnings

Today 20 point = 1 dollar.

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First-price Pure Communication treatment

(random matching protocol)
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• Each of you will submit a bid. It can be any non-negative number (with up to two decimal points).

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• You win the item
• Price of the item is 51.50

• Your payoff
  65.00 – 51.50 = 13.50 points

• Your partner’s payoff
  0 points
Your Task

Example 2:

• Suppose your value of the item is 65.00
• You submit a bid of 51.50
• Your partner submits a bid of 55.70
• Your partner wins the item
• Price of the item is 55.70

• Your payoff
  0 points

• Your partner’s payoff
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The Structure of the Experiment

- In each auction, *after* you observe your value for the item and *before* you submit your bid, you will be able to communicate with the subject paired with you through a chat box.

- You can send any message to the subject you are paired with and you will observe all messages sent to you by him/her.
The Structure of the Experiment

• To send a message, simply type your message in the box underneath the Message Window and hit SEND.

• When you want to finish chatting, press the Finish Chatting button. You will not be able to exchange messages after either you or your partner pressed the Finish Chatting button.
Your value is 28.58.
At the end of each round, please record the details of the round on the provided sheet (please fill id now).
The Overall Experiment

• When the instructions are done, you will get to try one round of practice (unpaid).

• After that, you will participate in 15 rounds of real play.

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• Your payoff
  
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• Your partner’s payoff
  
  0 points
Your Task

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• Suppose your value of the item is 65.00
• You submit a bid of 51.50
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  0 points

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The End of a Round - Recording

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First-price Communication and Transfers treatment

(random matching protocol)
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- You win the item
- Price of the item is 51.50

- Your payoff
  
  \[65.00 - 51.50 = 13.50 \text{ points}\]

- Your partner’s payoff
  
  0 points
Your Task

Example 2:

• Suppose your **value** of the item is 65.00
• You submit a **bid** of 51.50
• Your partner submits a **bid** of 55.70
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Your value is 28.58.
The Structure of the Experiment

• After the communication is over you will be asked to submit your bid.

• You and the subject paired with you will submit your bids simultaneously.
Item Value: 34.25

Please type your bid below and click the submit button.

---

Message Window

---

Send Message

---

Your History

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<table>
<thead>
<tr>
<th>Round</th>
<th>Item Value</th>
<th>Your Bid</th>
<th>Highest Bid</th>
<th>Price</th>
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</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>34.25</td>
<td></td>
<td></td>
<td></td>
<td></td>
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• After the communication is over you will be asked to submit your bid.

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• You will then observe the winning bid, the price of the item, and whether you won the auction or not (history panel).
The Structure of the Experiment

• After bids have been submitted, and the winner of the item has been determined, you will be able to transfer points to the subject paired with you.

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• You can enter any non-negative number and then click Submit Transfer. (If you don’t want to transfer any points, enter zero).

• The subject paired with you will similarly have an opportunity to transfer points to you.
Please enter amounts (up to 2 decimal places) to transfer to the other player.

Player 1

Submit Transfers

Message Window

--> hello world

Send Message

Your History

Round | Item Value | Your Bid | Highest Bid | Price | Your Profit
--- | --- | --- | --- | --- | ---
1 | $46.25 | $10.00 | $10.00 | $2.00 | $32.25
The Structure of the Experiment

Finally, you will observe the winning bid, the price of the item, whether you won the auction or not and your total earnings in that round’s auction, accounting for the transfers made.
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• **Price** of the item is 51.50

• Your payoff
  
  \[65.00 - 51.50 = 13.50 \text{ points}\]

• Your partner’s payoff
  
  0 points
Your Task

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• Suppose your value of the item is 65.00
• You submit a bid of 51.50
• Your partner submits a bid of 55.70
• Your partner wins the item
• Price of the item is 55.70

• Your payoff
  0 points

• Your partner’s payoff
  his/her value of the item – 55.70 points
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Item Value: 34.25

Please type your bid below and click the submit button.

[Input field for bid]
[Submit Bid]

Message Window
1->me: hello world

Send Message

Your History

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Player 1

Submit Transfers

Message Window
I->xmr: hello world

Add
Add All
Remove
Remove All

Send

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• The winner of the item will receive his or her value for the item minus the price, which equals the second highest bid.
Your Task

Example 1:

• Suppose your **value** of the item is 65.00
• You submit a **bid** of 51.50
• Your partner submits a **bid** of 40.00
• You win the item
• **Price** of the item is 40.00

• Your payoff
  
  65.00 – 40.00 = 25.00 points

• Your partner’s payoff
  
  0 points
Your Task

Example 2:

• Suppose your value of the item is 65.00
• You submit a bid of 51.50
• Your partner submits a bid of 57.00
• Your partner wins the item
• Price of the item is 51.50

• Your payoff
  
  0 points

• Your partner’s payoff

  his/her value of the item – 51.50 points
Your Value for the item is 77.64

Please type your bid below and click the submit button.

Submit Bid

<table>
<thead>
<tr>
<th>Match</th>
<th>Round</th>
<th>Item Value</th>
<th>Your Bid</th>
<th>Highest Bid</th>
<th>Price</th>
<th>Your Profit</th>
</tr>
</thead>
<tbody>
<tr>
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<td>32.00</td>
<td>32.00</td>
<td>32.00</td>
<td>24.80</td>
</tr>
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<td>1</td>
<td>80.71</td>
<td>3.00</td>
<td>23.00</td>
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<td>0.00</td>
</tr>
<tr>
<td>3</td>
<td>1</td>
<td>77.64</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The End of a Round - Recording

At the end of each round, please record the details of the round on the provided sheet (please fill id now).
The Overall Experiment

• When the instructions are done, you will get to try one round of practice (unpaid).

• After that, you will participate in 10 rounds of real play.

• In each round, you will randomly be matched with another subject.
Your Earnings

Today 30 point = 1 dollar.

You will be paid at the end of the experiment the total amount you have earned in all rounds but the practice round.

You need not tell any other participant how much you have earned.
Let the Experiment Begin!

To ensure your privacy and that of others in the experiment, please pull out the dividers as far as they will go.

If there are no questions, we will now begin the actual experiment.
Instructions

Second-price Pure Communication treatment

(random matching protocol)
Welcome to the ESSL Lab, and thank you for participating in today’s experiment.

Place all of your personal belongings away, so we can have your complete attention.

It is very important that you do not touch the computer until you are instructed to do so. When you are told to use the computer, please use it only as instructed. In particular, do not attempt to browse the web or use programs unrelated to the experiment.

Raise your hand if you need a writing utensil.
The Experiment

In today’s experiment, you will participate in a series of auctions.

You will be paid for your participation in cash. Each of you may earn different amounts. How much you earn depends on your and others' decisions.

You will be using the computer for the entire experiment, and all interaction between you and others will be through the computer terminals.

Please DO NOT socialize or talk.
Computer Instructions

We will go through the details of the experiment and computer practice session very slowly and it is important that you follow the instructions.

If you have any questions, raise your hand and your question will be answered so everyone can hear.

Again, please do not hit any keys until you are told to do so, and when you are told to enter information, type exactly what you are told to type.
Log On Screen

When the computer prompts you to Log In, type the number appearing on the upper left sticker on your monitor (ESSL #).

Then click “submit” to confirm.
The Experiment

• In each round, you will be randomly paired with another subject in the room.

• Each of you will have a value for an item that you will be bidding for.

• The value is determined randomly between 0.00 and 100.00 (all equally likely).
The Experiment

• In each round, you will be randomly paired with another subject in the room.

• Each of you will have a value for an item that you will bidding for.

• The value is determined randomly between 0.00 and 100.00 (all equally likely).

• You will know your own value, but you will not know your partner’s value for the item.
Your Task

• Each of you will submit a bid. It can be any non-negative number (with up to two decimal points).

• Whoever in your pair submits the higher bid will win the item.

• If both pair members submit the same bid then each has a 50% chance to win the item.

• The winner of the item will receive his or her value for the item minus the price, which equals the second highest bid.
Example 1:

• Suppose your value of the item is 65.00
• You submit a bid of 51.50
• Your partner submits a bid of 40.00
• You win the item
• Price of the item is 40.00

• Your payoff
  
  \[65.00 - 40.00 = 25.00\] points

• Your partner’s payoff
  
  0 points
Your Task

Example 2:

• Suppose your **value** of the item is 65.00
• You submit a **bid** of 51.50
• Your partner submits a **bid** of 57.00
• Your partner wins the item
• **Price** of the item is 51.50

• Your payoff
  
  0 points

• Your partner’s payoff

  his/her value of the item – 51.50 points
The Structure of the Experiment

• In each auction, after you observe your value for the item and before you submit your bid, you will be able to communicate with the subject paired with you through a chat box.

• You can send any message to the subject you are paired with and you will observe all messages sent to you by him/her.
The Structure of the Experiment

- To send a message, simply type your message in the box underneath the Message Window and hit SEND.

- When you want to finish chatting, press the Finish Chatting button. You will not be able to exchange messages after either you or your partner pressed the Finish Chatting button.
Your value is 28.58.
The End of a Round - Recording

At the end of each round, please record the details of the round on the provided sheet (please fill id now).
The Overall Experiment

- When the instructions are done, you will get to try one round of practice (unpaid).

- After that, you will participate in 10 rounds of real play.

- In each round, you will randomly be matched with another subject.
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Let the Experiment Begin!

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Second-price Pure Communication treatment

(complete strangers matching protocol)
Welcome to the ESSL Lab, and thank you for participating in today’s experiment.

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• If both pair members submit the same bid then each has a 50% chance to win the item.

• The winner of the item will receive his or her value for the item minus the price, which equals the second highest bid.
Your Task

Example 1:

- Suppose your value of the item is 65.00
- You submit a bid of 51.50
- Your partner submits a bid of 40.00
- You win the item
- Price of the item is 40.00

- Your payoff
  \[65.00 - 40.00 = 25.00\] points

- Your partner’s payoff
  0 points
Your Task

Example 2:

• Suppose your value of the item is 65.00
• You submit a bid of 51.50
• Your partner submits a bid of 57.00
• Your partner wins the item
• Price of the item is 51.50

• Your payoff
  0 points

• Your partner’s payoff
  his/her value of the item – 51.50 points
The Structure of the Experiment

• In each auction, *after* you observe your value for the item and *before* you submit your bid, you will be able to **communicate** with the subject paired with you through a chat box.

• You can send any message to the subject you are paired with and you will observe all messages sent to you by him/her.
The Structure of the Experiment

• To send a message, simply type your message in the box underneath the Message Window and hit SEND.

• When you want to finish chatting, press the Finish Chatting button. You will not be able to exchange messages after either you or your partner pressed the Finish Chatting button.
Your value is 28.58.
At the end of each round, please record the details of the round on the provided sheet (please fill id now).
The Overall Experiment

• When the instructions are done, you will get to try one round of practice (unpaid).

• After that, you will participate in 10 rounds of real play.

• In each round, you will randomly be matched with another subject and you will never interact with any of the participants more than once.
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Today 30 point = 1 dollar.

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You need not tell any other participant how much you have earned.
Let the Experiment Begin!

To ensure your privacy and that of others in the experiment, please pull out the dividers as far as they will go.

If there are no questions, we will now begin the actual experiment.
Instructions

Second-price Communication and Transfers treatment

(random matching protocol)
Welcome to the ESSL Lab, and thank you for participating in today’s experiment.

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Raise your hand if you need a writing utensil.
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Then click “submit” to confirm.
The Experiment

• In each round, you will be randomly paired with another subject in the room.

• Each of you will receive a **value for an item** that you will be bidding for. This value represents how much the item is worth to you in points.

• These values are determined randomly by the computer. All values are between 0.00 and 100.00 (all equally likely).
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• In each round, you will be randomly paired with another subject in the room.

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• You will know your own value, but you will not know your partner’s value for the item.
Your Task

• Each of you will submit a bid. It can be any non-negative number (with up to two decimal points).

• Whoever in your pair submits the higher bid will win the item.

• If both pair members submit the same bid then each has a 50% chance to win the item.

• The winner of the item will receive his or her value for the item minus the price, which equals the second highest bid.
Your Task

Example 1:

• Suppose your value of the item is 65.00
• You submit a bid of 51.50
• Your partner submits a bid of 40.00
• You win the item
• Price of the item is 40.00

• Your payoff

65.00 – 40.00 = 25.00 points

• Your partner’s payoff

0 points
Example 2:

• Suppose your **value** of the item is 65.00
• You submit a **bid** of 51.50
• Your partner submits a **bid** of 57.00
• Your partner wins the item
• **Price** of the item is 51.50

• Your payoff
  0 points

• Your partner’s payoff
  his/her value of the item – 51.50 points
The Structure of the Experiment

• In each auction, after you observe your value for the item and before you submit your bid, you will be able to communicate with the subject paired with you through a chat box.

• You can send any message to the subject you are paired with and you will observe all messages sent to you by him/her.
The Structure of the Experiment

• To send a message, simply type your message in the box underneath the Message Window and hit SEND.

• When you want to finish chatting, press the Finish Chatting button. You will not be able to exchange messages after either you or your partner pressed the Finish Chatting button.
Your value is 28.58.
The Structure of the Experiment

• After the communication is over you will be asked to submit your bid.

• You and the subject paired with you will submit your bids simultaneously.
Item Value: 34.25

Please type your bid below and click the submit button.

Submit Bid

Your History

<table>
<thead>
<tr>
<th>Round</th>
<th>Item Value</th>
<th>Your Bid</th>
<th>Highest Bid</th>
<th>Price</th>
<th>Your Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>34.25</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The Structure of the Experiment

• After the communication is over you will be asked to submit your bid.

• You and the subject paired with you will submit your bids simultaneously.

• You will then observe the winning bid, the price of the item, and whether you won the auction or not (history panel).
The Structure of the Experiment

• After bids have been submitted, and the winner of the item has been determined, you will be able to transfer points to the subject paired with you.

• The points you transfer will be subtracted from your earnings (and added to your partner’s) at the end of that round.

• You can enter any non-negative number and then click Submit Transfer. (If you don’t want to transfer any points, enter zero).

• The subject paired with you will similarly have an opportunity to transfer points to you.
Please enter amounts (up to 2 decimal places) to transfer to the other player.

Player 1

Submit Transfers

Message Window

Hello world

Add
Add All
Remove
Remove All

Send Message

Send

Your History

<table>
<thead>
<tr>
<th>Round</th>
<th>Item Value</th>
<th>Your Bid</th>
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</thead>
<tbody>
<tr>
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<td>34.25</td>
<td>10.00</td>
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Finally, you will observe the winning bid, the price of the item, whether you won the auction or not and your total earnings in that round’s auction, accounting for the transfers made.
At the end of each round, please record the details of the round on the provided sheet (please fill id now).
The Overall Experiment

• After one auction is over, you will be randomly re-matched with another participant and the next auction will begin.

• Before we start the experiment, we will go slowly through a practice round. Your earnings in this practice round do not affect your payment.

• After the practice round, you will participate in 10 auctions. We will sum up all the points you earned in these 10 auctions and convert them to US dollars.
Your Earnings

Today 30 points = 1 dollar.

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Second-price Communication and Transfers treatment

(complete strangers matching protocol)
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Your Task

- Each of you will submit a bid. It can be any non-negative number (with up to two decimal points).

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- If both pair members submit the same bid then each has a 50% chance to win the item.

- The winner of the item will receive his or her **value** for the item **minus** the **price**, which equals the **second highest bid**.
Your Task

Example 1:

• Suppose your **value** of the item is 65.00
• You submit a **bid** of 51.50
• Your partner submits a **bid** of 40.00
• You win the item
• **Price** of the item is 40.00

• Your payoff
  
  \[65.00 - 40.00 = 25.00\text{ points}\]

• Your partner’s payoff
  
  0 points
Your Task

Example 2:

• Suppose your **value** of the item is 65.00
• You submit a **bid** of 51.50
• Your partner submits a **bid** of 57.00
• Your partner wins the item
• **Price** of the item is 51.50

• Your payoff
  
  0 points

• Your partner’s payoff

  his/her value of the item – 51.50 points
The Structure of the Experiment

• In each auction, after you observe your value for the item and before you submit your bid, you will be able to communicate with the subject paired with you through a chat box.

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The Structure of the Experiment

• To send a message, simply type your message in the box underneath the Message Window and hit SEND.

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Your value is 28.58.
The Structure of the Experiment

• After the communication is over you will be asked to submit your bid.

• You and the subject paired with you will submit your bids simultaneously.
Item Value: 34.25

Please type your bid below and click the submit button.

[Input field]
[Submit Bid]

Your History

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Total Payoff this Match: 0 ($0.00)
Finally, you will observe the winning bid, the price of the item, whether you won the auction or not and your total earnings in that round’s auction, accounting for the transfers made.
The End of a Round - Recording

At the end of each round, please record the details of the round on the provided sheet (please fill id now).
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