

THANK YOU FOR PARTICIPATING IN OUR EXPERIMENT!

This is an experiment and thus, no talking, looking-around or walking is allowed. If you have any question or need help please raise your hand and one of the researchers will assist you. If you do not follow the indicated rules, **WE WILL ASK YOU TO LEAVE THE EXPERIMENT AND YOU WILL NOT RECEIVE ANY PAYMENT.** Thank you.

This experiment is about individual decisions. If you follow the instructions correctly you may earn more points.

The experiment has two parts. Before each part, we will let you know about the tasks you have to do and how your decision will affect your payments. Everything you earn will be for you and paid in cash inside a closed envelope in a strictly private way at the end of the experimental session.

Each participant has a strictly confidential “Experiment Code” to guarantee that no participant can identify another one by his/her decisions nor earnings. Researchers will observe each participant’s earnings at the end of the experiment but we will not associate your decisions with any participants’ names.

The experiment consists of two parts. Your final payment will be the sum of the participation fee plus whatever you earn in the two parts of the experiment.

There are two types of participants in this experiment. “Deciders” take decisions which affect their payments and the payments of other participants in the experiment. “Receivers” do not take any decision, which affect neither their payments nor those of other participants in the experiment.

Instructions for Deciders. PART 1

In this part of the experiment we are going to show you 16 tables. The 16 tables the computer will show you will look as follows:

	Option 1	Option 2	Option 3
Decider	8	7	11
Receiver	17	19	13

In each of the tables you must choose between “Option 1,” “Option 2” and “Option 3.” Each of these 3 options describes how many experimental points a participant (“Decider”) receives and how many another randomly matched participant (“Receiver”) gets.

At no time a participant will know who they are matched with in any table.

When the experiment is over, the computer will randomly choose one of the 16 tables to determine the payments for PART 1.

You will receive the amount of experimental points corresponding to “Decider” in the chosen table and your matched participant will receive the number of experimental points corresponding to “Receiver” in the same table.

For example, if the chosen table was the one that appears above and you had chosen “Option 2,” you would obtain 7 experimental points while your matched participant would obtain 19 experimental points.

Notice that the numbers in the example are just for illustrative purposes. They DO NOT intend to suggest how anyone may choose among the different options.

“Receivers” cannot take any decision which may affect your payments or their payments.

What you earn and what your matched participant (“Receiver”) earns depends only on your decisions and on the randomly chosen table.

Once you have chosen your option in a particular table, please wait for the other participants to make their choice before moving to the next table.

Instructions for Deciders. PART 2

In this part of the experiment the computer will show you the same 16 tables you saw in PART 1.

In the first part of the experiment all “Deciders” have chosen among the three options having as a matched participant another subject (“Receivers”).

Now you will have to guess how many out of all the “Deciders” (including you) have chosen each option (“Option 1,” “Option 2,” and “Option 3”) in each of the 16 tables in PART 1 of the experiment.

For example, in one of the tables you may choose:

Option 1: 6

Option 2: 3

Option 3: 1

This would mean that you think that in this particular table, 6 out of the 10 participants chose “Option 1,” 3 chose “Option 2,” and 1 chose “Option 3.”

Notice that the numbers in the example are just for illustrative purposes. They DO NOT intend to suggest how anyone may choose among the different options.

When the experiment is over, the computer will randomly choose one of the 16 tables to make payments for PART 2. You will receive more points the closer your guesses are to what the participants actually chose in PART 1.

You will be paid according to the mathematical formula which appears below. Do not worry if you do not understand the formula exactly. What is important is that you understand that the closer the numbers you write to the number of participants who actually chose each option the more points you will receive.

For example, if you write that 6 participants choose “Option 1” and actually 6 participants chose “Option 1,” you will receive more points than if 5 or 7 participants chose “Option 1.”

Notice that in this part of the experiment your answer can only affect your payments, and not those of any other participant.

Here is the formula:

$$\text{Experimental Points in PART 2} = 20 - 0.1 \cdot [(a - X)^2 + (b - Y)^2 + (c - Z)^2],$$

where:

a: Number of participants you think choose “Option 1”

b: Number of participants you think choose “Option 2”

c: Number of participants you think choose “Option 3”

X: Number of participants who actually chose “Option 1”

Y: Number of participants who actually chose “Option 2”

Z: Number of participants who actually chose “Option 3”

Please read the following examples to see how the formula works:

– In one table, you write that 6 participants choose “Option 1,” 3 participants “Option 2” and 1 participant “Option 3.” If, in fact 6 participants chose “Option 1,” 3 participants “Option 2” and 1 participant “Option 3” you will obtain:

$$\text{Experimental Points in PART 2} = 20 - 0.1 \cdot [(6 - 6)^2 + (3 - 3)^2 + (1 - 1)^2] = 20.$$

– In one table, you write that 2 participants choose “Option 1,” 4 participants “Option 2” and 4 participants “Option 3.” If, in fact in that Table 8 participants chose “Option 1,” 2 participants “Option 2” and 0 participants “Option 3” you will obtain:

$$\text{Experimental Points in PART 2} = 20 - 0.1 \cdot [(2 - 8)^2 + (4 - 2)^2 + (4 - 0)^2] = 14.4.$$

– In one table, you write that 0 participants choose “Option 1,” 10 participants “Option 2” and 0 participants “Option 3.” If, in fact in that Table 10 participants chose “Option 1,” 0 participants “Option 2” and 0 participants “Option 3” you will obtain:

$$\text{Experimental Points in PART 2} = 20 - 0.1 \cdot [(0 - 10)^2 + (10 - 0)^2 + (0 - 0)^2] = 0.$$

Notice that the numbers in the example are just for illustrative purposes. They DO NOT intend to suggest how anyone may choose among the different options.

Examples show that with this formula you will never lose experimental points in PART 2, and that you can obtain up to 20 experimental points in PART 2. You will earn more money the closer your guesses are to the number of participants who actually chose each option.

Once you have entered your guess in a particular table, you should press “Next” and wait for the other participants to make their guesses before moving to the next table.

Thank you very much for your participation.