

## Appendix A: INSTRUCTIONS

### *Welcome*

In this session you will participate in a decision-making task. You will be paid for your participation, and the amount of money you will earn depends both on your decisions and on the decisions that the other participants make. Depending on your decisions, you stand to earn a considerable amount of money.

### *Decisions*

In this experiment, you are asked to make a series of choices about how to divide a set of tokens between yourself and one of the other participants in this experiment. You and this other participant will be paired randomly. *No participant in the experiment will be told the identity of any other participant.*

As you divide the tokens, you and this other subject will each earn points. Every point that subjects earn will be worth 10 cents. For example, if you earn 58 points you will make \$5.80 in the experiment. Each choice you make is similar to the following:

**Example:** Divide 50 tokens: Hold \_\_\_\_ @ 1 point each, and Pass \_\_\_\_ @ 2 points each

In this choice you must divide 50 tokens. You can keep all the tokens, keep some and pass some, or pass all the tokens. In this example, you will receive 1 point for every token you hold, and the other player will receive 2 points for every token you pass.

For example, if you hold 50 and pass 0 tokens, you will receive 50 points, or  $50 \times \$0.10 = \$5.00$ , and the other player will receive no points and \$0. If you hold 0 tokens and pass 50, you will receive \$0 and the other player will receive  $50 \times 2 = 100$  points, or  $100 \times \$0.10 = \$10.00$ . However, you could choose any number between 0 and 50 to hold. For instance, you could choose to hold 29 tokens and pass 21. In this case you would earn 29 points, or  $29 \times \$0.10 = \$2.90$ , and the other subject would receive  $21 \times 2 = 42$  points, that is  $42 \times \$0.10 = \$4.20$ . The other player will be making the same types of decisions, so that you will receive the tokens that the other player passes.

Here is another example:

**Example:** Divide 40 tokens: Hold \_\_\_\_ @ 3 points each, and Pass \_\_\_\_ @ 1 point each

In this example, every token you hold earns you 3 points, and every token you pass earns the other subject 1 point. Again, each point you earn is worth \$0.10 to you, and each point the other subject earns is worth \$0.10 to the other subject.

Important Note: In all cases you can choose any number to hold and any number to pass, but the number of tokens you hold plus the number of tokens you pass must equal the total number of tokens to divide.

### ***Earning Money in the Experiment***

You will be asked to make 20 allocation decisions like the examples we just discussed. We will calculate your payments as follows.

At the end of all your sessions, we will select one of your decisions to carry out using a table of random numbers. You will then get the points you allocated in the “hold” portion of your decision, and the other subject will get the points you allocated on the “pass” portion of your decision.

Similarly, you will be paid based on one of the choices that the other subject has made. That subject will have gone through the same procedures as you and received the same set of instructions. They will get the points in the “hold” portion of the decision, and you will get the points in the “pass” portion. We will then total the points from these two pairings and determine your monetary earnings, which will be:

**Your Earning** = \$0.10 \* (Points You “Held” + Points Another Subject “Passed”)

To ensure that you understand these instructions, we will ask you to complete a short quiz in the next section. If you have any questions at this point, please feel free to ask your experimenter.

## Appendix B: QUIZ

Below are some examples of possible allocation decisions. For each row, please input how many points you would receive if you were the decision-maker, and how many points the other participant would receive.

	Your Points	Other's Points
Divide 40 tokens: Hold <u>  28  </u> @ 3 points each, Pass <u>  12  </u> @ 1 point each		
Divide 40 tokens: Hold <u>  35  </u> @ 3 points each, Pass <u>  5  </u> @ 1 point each		
Divide 40 tokens: Hold <u>  10  </u> @ 3 points each, Pass <u>  30  </u> @ 1 point each		
Divide 40 tokens: Hold <u>  20  </u> @ 3 points each, Pass <u>  20  </u> @ 1 point each		
Divide 40 tokens: Hold <u>  23  </u> @ 3 points each, Pass <u>  17  </u> @ 1 point each		

Suppose the first row was selected for payment, what is the

- Amount of money you would receive from this decision: \_\_\_\_\_
- Amount of money the other participant would receive from this decision: \_\_\_\_\_
- Suppose you were also allocated 50 points from another participant, what are your total earnings? \_\_\_\_\_

## Appendix C: DECISION SHEET

**Directions:** Please fill in all the blanks below. Make sure the number of tokens listed under Hold plus the number listed under Pass equals the total number of tokens available. Remember, all points are worth \$0.10 to all subjects.

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1. Divide 90 tokens: Hold \_\_\_\_\_ @ 1 point each, Pass \_\_\_\_\_ @ 3 point each.

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2. Divide 90 tokens: Hold \_\_\_\_\_ @ 3 point each, Pass \_\_\_\_\_ @ 1 point each.

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3. Divide 100 tokens: Hold \_\_\_\_\_ @ 1 point each, Pass \_\_\_\_\_ @ 3 point each.

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4. Divide 100 tokens: Hold \_\_\_\_\_ @ 3 point each, Pass \_\_\_\_\_ @ 1 point each.

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5. Divide 80 tokens: Hold \_\_\_\_\_ @ 3 points each, Pass \_\_\_\_\_ @ 1 point each.

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6. Divide 80 tokens: Hold \_\_\_\_\_ @ 1 point each, Pass \_\_\_\_\_ @ 3 points each.

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7. Divide 75 tokens: Hold \_\_\_\_\_ @ 2 points each, Pass \_\_\_\_\_ @ 1 point each.

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8. Divide 75 tokens: Hold \_\_\_\_\_ @ 1 point each, Pass \_\_\_\_\_ @ 2 points each.

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9. Divide 60 tokens: Hold \_\_\_\_\_ @ 1 point each, Pass \_\_\_\_\_ @ 1 point each.

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10. Divide 60 tokens: Hold \_\_\_\_\_ @ 2 points each, Pass \_\_\_\_\_ @ 1 point each.

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(Continued on reverse)

(Continued from previous)

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11. Divide 60 tokens:      Hold \_\_\_\_\_ @ 1 point each,      Pass \_\_\_\_\_ @ 2 points each.

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12. Divide 40 tokens:      Hold \_\_\_\_\_ @ 3 points each,      Pass \_\_\_\_\_ @ 1 point each.

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13. Divide 40 tokens:      Hold \_\_\_\_\_ @ 1 point each,      Pass \_\_\_\_\_ @ 3 points each.

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14. Divide 200 tokens:      Hold \_\_\_\_\_ @ 1 point each,      Pass \_\_\_\_\_ @ 1 point each.

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15. Divide 150 tokens:      Hold \_\_\_\_\_ @ 2 points each,      Pass \_\_\_\_\_ @ 1 point each.

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16. Divide 150 tokens:      Hold \_\_\_\_\_ @ 1 point each,      Pass \_\_\_\_\_ @ 2 points each.

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17. Divide 120 tokens:      Hold \_\_\_\_\_ @ 1 point each,      Pass \_\_\_\_\_ @ 2 points each.

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18. Divide 120 tokens:      Hold \_\_\_\_\_ @ 1 point each,      Pass \_\_\_\_\_ @ 1 point each.

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19. Divide 120 tokens:      Hold \_\_\_\_\_ @ 2 points each,      Pass \_\_\_\_\_ @ 1 point each.

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20. Divide 100 tokens:      Hold \_\_\_\_\_ @ 1 point each,      Pass \_\_\_\_\_ @ 1 point each.

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