

INSTRUCTIONS

Welcome

This is an experiment about decision making. You will be paid for participating, and the amount of money you will earn depends on the decisions that you and the other participants make. If you make good decisions you stand to earn a considerable amount of money.

The entire experiment should be complete within an hour. At the end of the experiment you will be paid privately and in cash for your decisions. A research foundation has provided the funds for this experiment.

Your Identity

You will never be asked to reveal your identity to anyone during the course of the experiment. Your name will never be recorded by anyone. Neither the experimenters nor the other subjects will be able to link you to any of your decisions.

In order to keep your decisions private, *please do not reveal your choices to any other participant.*

Claim Check

At the top of this page is a number on a yellow piece of paper. This is your Claim Check. Each participant has a different number. You may want to verify that the number on your Claim Check is the same as the number on the top of *page 4*.

You will present your Claim Check to an assistant at the end of the experiment to receive your cash payment.

Please remove your claim check now and put it in a safe place.

THIS EXPERIMENT

In this experiment you are asked to make a series of choices about how to divide a set of tokens between yourself and one other subject in the room. You and the other subject will be paired randomly and you **will not** be told each other's identity.

As you divide the tokens, you and the 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 .

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.

Please feel free to use your calculator, or one provided by the experimenter, to calculate points and to assure that all of the tokens have been allocated.

EARNING MONEY IN THIS EXPERIMENT

You will be asked to make 8 allocation decisions like the examples we just discussed. We will calculate your payments as follows:

After all your decisions form have been collected, we will shuffle the forms and randomly pair your form with that of another subject in this experiment. Using a table of random numbers, we will select one of your decisions to carry out. 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. You will then be paired again with a different subject in the experiment. This time we will randomly choose one of the other subject’s eight decisions to carry out. The other subject 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. These earnings will be placed in your earnings envelope. The monitor chosen at the beginning of the experiment will verify that these procedures are followed.

After all the calculations have been made, another experimenter who was not involved in the experiment until this time will ask you to bring up your claim check and will hand you your earnings envelope. This will again help to guarantee your privacy.

On the following page are the 8 choices we would like you to make. Please fill out the form, taking the time you need to be accurate. When all subjects are done we will collect the forms.

Thank you very much. Good luck!

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.

1. Divide 40 tokens: *Hold* _____ @ 3 points each, and *Pass* _____ @ 1 point each.
2. Divide 40 tokens: *Hold* _____ @ 1 point each, and *Pass* _____ @ 3 points each.
3. Divide 60 tokens: *Hold* _____ @ 2 points each, and *Pass* _____ @ 1 point each.
4. Divide 60 tokens: *Hold* _____ @ 1 point each, and *Pass* _____ @ 2 points each.
5. Divide 75 tokens: *Hold* _____ @ 2 points each, and *Pass* _____ @ 1 point each.
6. Divide 75 tokens: *Hold* _____ @ 1 point each, and *Pass* _____ @ 2 points each.
7. Divide 60 tokens: *Hold* _____ @ 1 point each, and *Pass* _____ @ 1 point each.
8. Divide 100 tokens: *Hold* _____ @ 1 point each, and *Pass* _____ @ 1 point each.