Experimental Instructions

This is an experiment in decision-making. Several research foundations have provided funds for this study. Your final earnings today will depend partly on your decisions, partly on the decisions of others and partly on chance. Precise rules will be explained below. Please pay careful attention to the instructions. At the end of the experiment, you will be paid in cash. All payments will be made in private. Also, you will receive $7 as a participation fee, simply for showing up on time.

During the experiment we will use *Experimental Tokens* instead of dollars. At the end of the experiment, your earnings in tokens will be translated into dollars. You will receive 1 dollar for every 5 tokens you have earned in the session.

It is important that you do not talk or in any way try to communicate with other people during the session. If you have a question, raise your hand and an experimenter will attend to your station to answer your question privately. The experiment should be finished in approximately one hour.

Pairs

At the beginning of the experiment, you will be randomly and anonymously matched with one other participant to form a *pair*. Within each pair there will be one person with the role of "*Decider*" and another person with the role of "*Partner*." These roles will be assigned randomly, and will remain for the entire session. No participant will learn in any way the identity of his/her counterpart at any moment of the session.

In each pair, only choices made by the *Decider* will determine final payoffs. Although the *Partner* will face the same kinds of tasks, his/her choices will not determine anyone's payoffs.

Tasks, Decision Rounds and Earnings

This experiment will consist of a series of *decision rounds* of five different types of tasks. Each kind of task will be detailed below. At the end of all decisions, the computer will randomly select one choice made by the *Decider* and generate payoffs for both *Decider* and *Partner* based on that selected choice. The selected choice as well as the final payoffs it generates will be disclosed to both participants.

Please, raise your hand if you have any questions. Do not ask any questions out loud. Remember not to discuss your role, choices or results with any other participant at any time during the experiment. When you are done, please wait quietly until the rest of participants finish their tasks. Thank you!

Task Type 1

Decider Task:

In this task, you are given two fixed, mutually exclusive outcomes. You are then asked to decide the probabilities of these two outcomes.

Figure 1: Task 1

[in text]

In the left-side graph, *your tokens* are represented on the horizontal axis and *Partner's tokens* on the vertical axis. Each of the two possible outcomes is represented by a cross or a bubble in this graph. You must decide what the probability of each outcome is, in percentage (%) terms. Figure 1 shows an example of this task where the two fixed outcomes are A = (You: 10, Partner: 90) and B = (You: 80, Partner: 10).

On the right side of the screen you have a slider tool where you can chose the *chance of Outcome A*, from 0% to 100%. Drag the *green triangle* onto your chosen percentage. If you choose 100, outcome *A* will occur for sure. If you choose 0, outcome *B* will occur for sure. In the graph, the size of each outcome bubble will increase with the chances it is given. You can try as many combinations as you want before you decide. The same information of the graph is displayed in the small table below the slider bar. Throughout this session, your tokens will be represented in blue and *Partner*'s tokens in orange. Once you make your choice, press the *submit decision* button and continue to the next round. Please think your decisions carefully.

Partner Task:

You will face the same kind of task as your counterpart, the *Decider*, except your choices will be hypothetical. They will not affect payoffs for any participant. Please think your decisions carefully.

Interface for Tasks 2 and 3

In each decision round, there will be two probable states: State A and State B. Think of these states as the weather: it could be either *sunny* or *cloudy*. However, when you make your decision, it is uncertain which state will occur.

Your decision will be represented by a point on a graph like the one in Figure E. In this graph, the horizontal axis indicates *Tokens paid if State A occurs*, and the vertical axis indicates *Tokens paid if State B occurs*. The chance that each state will occur is displayed in parentheses on the corresponding axis label. In Figure E, for instance, the probability of State A is 50%, and the probability of State B is 50%, as well. However, beware that these probabilities might be different in another decision rounds.

The position of a point on this graph represents a lottery. For example, in Figure E, the point on location (40, 27) indicates that if State A is realized, the lottery pays 40 tokens; and if State B is realized, the lottery pays 27 tokens. Decider's lottery will be depicted by a *blue square* and *Partner*'s lottery by an *orange circle*.

Figure E: Decision Interface Tasks 2, 3

[in text]

Task Type 2

Decider's Task:

For Task 2, both *Decider* and *Partner* share the same fortune: in each state, the amount of tokens both receive is the same. See for example, Figure 2. Here states A and B each occur with a 50% chance. Also, since both participants face the exact same fate, *Decider*'s blue square and *Partner*'s orange circle are always located on the same spot. In Figure 2, they both are on location (40, 27). This means, if State A happens, you and your *Partner* will both get 40 tokens and if State B occurs instead, you both get 27 tokens.

At the beginning of each decision screen, the square and the circle will appear by the (0, 0) combination. To make a choice drag the square or the circle to your chosen location. The other shape will follow. Only combinations on the purple line are feasible choices. The computer will not let you choose a combination outside the purple line. The same information displayed in the graph is shown in the table next to it. Each row represents one possible state and the tokens paid if such state occurs. You can try as many combinations as you want before you decide. Once you make your choice, press the *submit decision* button and continue to the next round.

Please beware that the probabilities of each State might vary across different decision rounds. Please think your decisions carefully.

Figure 2: Task 2

[in text]

Partner's Task:

You will face the same kind of task as your counterpart, the *Decider*, except your choices will be hypothetical. They will not affect payoffs for any participant. Please think your decisions carefully.

Task Type 3

Decider's Task:

For Task 3, *Decider* and *Partner* have *opposite fortunes*. What *Decider* would get in State A equals what *Partner* would receive in State B. Similarly, what *Decider* would get in State B is what *Partner* would get in State A.

See example in Figure 3 where states A and B both occur with 50% chance. Here, since both counterparts face reverse fate, *Decider*'s blue square and *Partner*'s orange circle are always in mirror positions on the graph. In Figure 4, for example, *Decider*'s square is at (A⟶20, B⟶54) and *Partner*'s circle at (A⟶54, B⟶20). This means, if State A happens, *Decider* receives 20 and *Partner* gets 54; and if State B happens *Decider* gets 54 and *Partner* gets 20. Also, beware that the probabilities of each State might vary across different decision rounds.

At the beginning of each decision screen, the square and the circle will appear by the (0, 0) combination. To make a choice drag either the square or the circle to your chosen location. The other shape will locate accordingly. For the *Decider*, feasible combinations are along the light blue line and for *Partner* along the light orange line. The computer will not let you choose a combination outside these lines. The same information displayed in the graph is shown in the table next to it. Each row represents one possible state and the tokens paid if such state occurs. You can try as many combinations as you want before you decide. Once you make your choice, press the *submit decision* button and continue to the next round. Please think your decisions carefully.

Figure 3: Task 3

[in text]

Partner's Task:

You will face the same kind of task as your counterpart, the *Decider*, except your choices will be hypothetical. They will not affect payoffs for any participant. Please think your decisions carefully.

Task Type 4

Decider Task:

In this task, you will be given a set of possible token combinations for you and your *Partner*. You are asked to choose one combination and submit your decision.

Figure 4: Task 4

[in text]

Figure 4 shows an example of this kind of task. You will see a graph on a white background representing token allocations. In all rounds of this task, *your tokens* will be indicated on the horizontal axis and your *Partner's tokens* on the vertical axis. The same information is also displayed in the table on the right of the screen. Throughout this session, your tokens will be represented in blue and *Partner*'s tokens in orange.

For example, the point (32, 38) depicted in Figure 4 by a red square indicates that you will receive 32 tokens and your counterpart will receive 38 tokens. This is also indicated in the label "You: 32, *Partner*: 38" and in the table (see projector screen).

At the beginning of each task, the red square will appear by the (0, 0) combination. To make a choice, click, hold and drag the red square with the mouse to any position within the *gray line*. Only combinations along this *gray line* are feasible, valid choices. The computer will not let you chose any point but those. You can try as many combinations as you want before you make your decision. Once you have the red square at the intended position, press the *submit decision* button and continue to the next round. Please think your decisions carefully.

Partner Task:

You will face the same kind of task as your counterpart, the *Decider*, except your choices will be hypothetical. They will not affect payoffs for any participant. Please think your decisions carefully.