Instructions

Introduction

Welcome to this experiment in the economics of decision-making. Please read these instructions carefully as they explain how you earn money from the decisions you make in this experiment. There will be no talking during today's session. If you have a question, please raise your hand and an experimenter will answer your question in private.

All participants in today's session will be randomly and anonymously assigned to groups of three participants. The participants in your group will be known only as Participant A, Participant B and Participant C. You are equally likely to be assigned each of these three roles. Other than these labels, you will not learn the identity of any member of your group during the experiment or after it is completed.

At the end of today's session you will be paid in cash and in private based on your decisions, and the decisions of the other participants in your group.

Participant A

- The experiment will begin with the computer randomly picking a number, called the X number, between 0 and 16 for Participant A.
- All whole numbers between 0 and 16 are equally likely to be picked.
- Participant A will be assigned $16.00 and must decide how much of the $16.00 to give to Participant B in increments of $1.00.

Participant B

- Participant B begins by learning the X number that was picked for Participant A, and learning the amount of money that was given to Participant B by Participant A.
- After learning both of these numbers, Participant B is given the option to pay $0.50 to send a message to Participant C.
- Participant B can choose to send the message "Choose Participant A," the message "Do not choose Participant A" or to not send any message.

Participant C

- Participant C begins by learning what message, if any, was sent by Participant B.
- Next, Participant C is given the option to either choose Participant A, or choose another randomly drawn number, called the Y number.

- As was the case with the X number, the Y number is drawn between 0 and 16 with all whole numbers in that range being equally likely to be drawn.

Earnings

- If Participant C chooses Participant A, then Participant C receives $1.00 times the X number, while Participant A receives $16.00.
- If participant C chooses the Y number, then participant C receives $1.00 times the Y number, and participant A receives no additional payment.

For each participant, earnings amount to the following:

Participant A

+ $16.00 at the start

- Amount of money assigned to Participant B by Participant A

+ $16.00 if Participant C chooses Participant A

Participant B

+ Amount of money assigned to Participant B by Participant A

- $0.50 if Participant B chooses to send a message

Participant C

+ Participant A's X number times $1.00 (X*$1.00) if Participant C chooses Participant A

+ A randomly assigned Y number times $1.00 (Y*$1.00) if Participant C does not choose Participant A

Payment

At the end of the experiment you will be paid in cash and in private based on the amount of money you have earned. You will receive a $5.00 show-up fee plus whatever money you earned during the experiment. **[If you lost money during the experiment, your losses will be subtracted from your show-up fee.]**

Comprehension Quiz

We will now take a few minutes for a brief quiz. This quiz is intended solely to check that you have followed these instructions and understand the rules of the experiment. Your answers to these questions will have no effect on your earnings. The numbers used in these questions are

purely illustrative and should not be taken as suggestive of behavior you will experience in the experiment.

Your Computer Number: _____

Question 1.

What is the largest possible X number? What is the smallest possible X number?

Question 2.

What does Participant B learn about Participant A prior to choosing a message?

Question 3.

What are the possible messages that can be sent by Participant B?

Question 4.

If Participant C chooses Participant A, how does the X number affect the amount of money they each earn?

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- Participant A will be assigned $16.00 and must decide how much of the $16.00 to give to Participant B in increments of $1.00.

Participant B

- Participant B begins by learning the X number that was picked for Participant A, and learning the amount of money that was given to Participant B by Participant A.
- After learning both of these numbers, Participant B is given the option to send a message to Participant C.
- Participant B can choose to send the message "Choose Participant A," the message "Do not choose Participant A" or to not send any message.

Participant C

- Participant C begins by learning what message, if any, was sent by Participant B.
- Next, Participant C is given the option to either choose Participant A, or choose another randomly drawn number, called the Y number.

- As was the case with the X number, the Y number is drawn between 0 and 16 with all whole numbers in that range being equally likely to be drawn.

Earnings

If Participant C chooses Participant A, then Participant C receives $1.00 times the X number, while Participant A receives $16.00. If participant C chooses the Y number, then participant C receives $1.00 times the Y number, and participant A receives no additional payment.

For each participant, earnings amount to the following:

Participant A

   + $16.00 at the start

   - Amount of money assigned to Participant B by Participant A

   + $16.00 if Participant C chooses Participant A

Participant B

   + Amount of money assigned to Participant B by Participant A

Participant C

   + Participant A's X number times $1.00 (X*$1.00) if Participant C chooses Participant A

   + A randomly assigned Y number times $1.00 (Y*$1.00) if Participant C does not choose Participant A

Payment

At the end of the experiment you will be paid in cash and in private based on the amount of money you have earned. You will receive a $5.00 show-up fee plus whatever money you earned during the experiment.

Comprehension Quiz

We will now take a few minutes for a brief quiz. This quiz is intended solely to check that you have followed these instructions and understand the rules of the experiment. Your answers to these questions will have no effect on your earnings. The numbers used in these questions are purely illustrative and should not be taken as suggestive of behavior you will experience in the experiment.

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What is the largest possible X number? What is the smallest possible X number?

Question 2.

What does Participant B learn about Participant A prior to choosing a message?

Question 3.

What are the possible messages that can be sent by Participant B?

Question 4.

If Participant C chooses Participant A, how does the X number affect the amount of money they each earn?

Comprehension questions

Please solve the following comprehension questions.
They have no consequence on your earnings and only serve to check if all participants in the experiment have understood the rules.

Question 1: Participant A is randomly assigned an X number of 5. Participant A chooses to allocate $8.00 to Participant B. Participant B does not send a message to Participant C. Participant C chooses Participant A.

Earnings of Participant A:	
Earnings of Participant B:	
Earnings of Participant C:	

Question 2: Participant A is randomly assigned an X number of 5. Participant A chooses to allocate $5.00 to Participant B. Participant B does not send a message to Participant C. Participant C does not choose Participant A and is randomly assigned a Y number of 8. What are the incomes?

Earnings of participant A:	
Earnings of participant B:	
Earnings of participant C:	

Question 3: Participant A is randomly assigned an X number of 4. Participant A chooses to allocate $12.00 to Participant B. Participant B sends a message to Participant C. Participant C chooses Participant A.What are the incomes?

Earnings of participant A:	
Earnings of participant B:	
Earnings of participant C:	

OK

Your X value is:　　　　　　　　　1.00

How much of your $16.00 would you like to transfer to Participant B?

Please enter the amount you wish to transfer: [   ]

Submit

Participant A's X number is: 1.00

The amount of money sent to you by Participant A is: 5.00

Please choose which message, if any, you would like to send to Participant C.

Your choice:
- ○ Send the message: "Choose Participant A"
- ○ Send the message: "Do not choose Participant A"
- ○ Do not send a message

Submit

Participant B sent you the message: "Do not choose Participant A."

Please decide if you will choose Participant A.

If you choose Participant A you will receive Participant A's X number.

If you do not choose Participant A you will receive the Y number.

Your choice:　○ Choose Participant A
　　　　　　　○ Do not choose Participant A

Submit

Demographics

What is your gender?

    ○ male
    ○ female

What is your age?

When did you start studying at the university (mm/yyyy), e.g. 09/2013?

What subject(s) are you majoring in or do you plan to major in?

Approximately how many experiments have you previously participated in?

continue