

INSTRUCTIONS

Introduction: This is a decision-making experiment. Funding for this project has been provided by the National Science Foundation and various other public funding agencies. Instructions are simple, and you will receive compensation for your participation, which will be paid to you in cash at the end of the study. How you will be compensated is explained below.

One of the persons in the room will be chosen at random to be the monitor for today’s study. The monitor will be paid \$10. The monitor will verify that the instructions, as they appear here, have been followed.

a) Allocation Questions. In your folder you have an ALLOCATION PROBLEM DECISION SHEET. This sheet contains a series of randomly numbered questions regarding allocations under a series of different *Conditions*. In each allocation problem you are paired with a charity, specifically, Feed the Children. This agency provides food, clothing, medical care, education, and emergency relief to children in the United States and overseas. We selected this charity because of the importance of the work it does, and because of the organization’s efficiency (which is among the highest in the United Way).

For each question, you must decide how much of a *Maximum Possible Contribution* (‘MPC’) to pass to the Charity, and how much to hold for yourself, for conversion to your own cash account. The MPC represents the maximum donation that you can have sent to the charity, including any matching subsidies made by the experimenter, as specified in the *Condition* in column (3). Importantly, the MPC may also be viewed as a subsidy-adjusted Cash Account, which you can take home if the problem specified in the row is selected. You may allocate all, none or any portion of the MPC to the charity, as you wish, by writing an entry in column (4). Write also the dollars in the MPC you wish to keep for yourself in column (5). Your entry in column (5) will be converted to cash under the terms specified by the Condition in column (3). The sum of your entries in columns (4) and (5) must equal the MPC written in (2).

Examples of Allocation Problems:

(1) Problem	(2) <i>Maximum Possible Contribution (MPC)</i>	(3) Condition	(4) <i>Dollars in MPC to PASS to the Charity</i>	(5) <i>Dollars in MPC to HOLD for conversion to your Cash Account</i>
3	\$8	<i>No Subsidy.</i> Each \$1 of the MPC represents \$1 you donate to the charity represents \$1 from your cash account. <i>Cash Account: \$8</i>		
2	\$16	<i>100% Matching Subsidy.</i> Each \$1 of the MPC consists of \$.50 you donate from your cash account and a \$.50 matching contribution provided by the experimenter. <i>Cash Account: \$8</i>		
3	\$16	<i>50% Refund Subsidy.</i> Each \$1 of the MPC consists of \$1 you donate from your cash account, but with \$0.50 of this donation refunded back to your cash account by the experimenter. <i>Cash Account: \$8</i>		

To make this clear, consider the following examples. [*Instructions added for Session 2 in italics*]

In row 1, you may pass up to \$8 to the charity, under a no subsidy condition. Each \$1 of the MPC represents \$1 that you donate from your cash account. You must decide how much of this MPC to pass (column 4) and how much to hold for yourself (column 5). Were row 3 selected your entry in column (5) would equal you're the amount you received as cash.

- If you passed \$0 of the MPC to the charity and passed the entire MPC to yourself, the charity would receive \$0 and you would receive \$8. This would be the same as keeping the entire cash account for yourself.

- If you passed \$6 of the MPC to the charity and held \$2 of the MPC for yourself, the charity would receive \$6 and you would receive \$2. This would be the same as donating \$6 to the charity from your cash account.

In row 2, you may pass up to \$16 to the charity, under the condition of a 100% matching subsidy. That is, every \$1 in the MPC represents a \$.50 contribution from your cash account, and a \$.50 contribution by the experimenter. You must decide how much of this MPC to pass to the charity (column 4) and how much to hold for yourself (column 5). Were row 1 selected, the amount in column (4) would be sent to the charity. Your entry in column (5) would be converted to cash for you by netting out the matching subsidy included in the MPC.

- If you passed \$0 of the MPC to the charity and held the entire MPC for yourself, the charity would receive \$0 and you would receive $\$16(1-.5) = \8 . This would be the same as keeping the entire cash account for yourself.

- If you passed \$6 of the MPC to the charity and held \$10 of the MPC for yourself, the charity would receive \$6 and you would receive $\$10(1-.5) = \5 . This would be the same as donating \$3 to charity from your cash account which the experiment matches to make \$6, and then keeping $\$8 - \$3 = \$5$ for yourself.

In row 3, you may pass up to \$16 to the charity, under the condition of a 50% refund subsidy. Here every \$1 in the MPC represents a \$1 contribution from you. However, the experimenter will refund back to your cash account \$.50 of each \$1 you contribute. You must decide how much of this MPC to pass to the charity (column 4) and how much to hold for yourself (column 5). Were row 2 selected your entry in column (5) would be converted to cash by netting out the refund subsidy included in the MPC.

- If you passed \$0 of the MPC to the charity and held the entire MPC for yourself, the charity would receive \$0 and you would receive \$8. This would be the same as keeping the entire cash account for yourself.

- If you passed \$6 of the MPC to the charity and held \$10 of the MPC for yourself, the charity would receive \$6 and you would receive $\$10(1-.5) = \5 . This would be the same as donating \$6 to charity from your cash account, \$3 of which the experimenter refunds back to you. The \$5 you take home is the \$2 you kept in your cash account, plus the \$3 the experimenter refunded back to you.

Notice in row 2 that you may, if you wish, pass more than your total cash account to the charity. This is because we allow you to donate some or all of the refund amount back to the charity. For example,

- If you pass \$12 of the MPC to the charity and held \$4 for yourself, the charity would receive \$12 and you would receive \$2. This would be the same as donating your entire \$8 cash account to the charity and getting \$4 back. Then you donate all of your refund to the charity and get back \$2.

By repeatedly donating out of your refunds, you can donate up to \$16. As a shorthand way of calculating your payment, we multiply the amount you hold as cash by $(1 - \text{refund rate})$. Thus, if you pass \$12 and hold \$4, you take home $\$4(1 - .5) = \2 .

Prior to making your decisions, we wish to emphasize the following features of the decision-process.

1) *Exactly one decision will be implemented.* One of the decisions on this sheet will be carried out. You will be obligated to pass to the Charity precisely the amount you enter in the column (4) of the selected choice.

2) *Contributions will actually be sent to the Charity.* The monitor will verify the total contributions to the Charity, and will verify that a check for the correct amount is mailed to Feed the Children. To satisfy these features, we employ the following procedures.

b) Specific Procedures.

1) *Record Your Envelope Number.* Notice that a number is printed on your envelope. Please record this number. You must remember it to receive your payoff.

2) *Complete the Allocation Decision Sheet.* An allocation decision sheet will be passed out to you. Please complete this with a pen. When you have finished your decisions, please raise your hand to let the monitor verify that in each row the entries in columns (4) and (5) sum to the MPC written in (1).

3) *We Select an Allocation Problem.* To select a problem one of you will be picked to randomly choose a card numbered 1 to 10. The problem number that is selected for payout will then be announced. Please circle the selected numbered problem. Then insert your decision allocation sheet into the folder and the monitor will come around and pick it up. *Important: Please remove other materials from your folder.*

4) *Complete the Survey and Procedures Questionnaire.* While I determine payments, please complete the short survey and procedures questionnaire that is included in your folder. This information is for research purposes only, and you provide your information anonymously.

5) *Payments and Receipts.* While you fill out your questionnaire, a student monitor and I will determine your payment, as well as the payment to the charity. Your payment will be placed in the folder and returned to you. After counting the money in your envelope, please fill out the receipt acknowledging the receipt of this money. *Note: In order for us to get reimbursed, it is important that these receipts be written legibly, in ink, and that you write a complete address.*

Once the monitor verifies that you have signed your receipt, you may leave, or stay to verify the mailing of a check to the Charity, as you prefer.

6) Payment of Charitable Contributions. Upon calculating the total amount passed to the charity I will write a check in the appropriate total amount to Feed the Children. I will place this check in a stamped, addressed envelope, and the monitor and I will proceed outside to the mailbox next to the Commons and mail it. The monitor is then free to go. Any participant who also wishes to verify the mailing of charitable contribution, is free to accompany us.

Any questions? If not, you may begin filling out your Allocation Decision Sheet now.

PARTICIPANT SURVEY SHEET

1. AGE _____

2. What is your sex? (circle one number.)

1 Male 2 Female

3. Married? (Circle one number.)

1 YES 2 NO

4. Children? (Circle one number.)

1 YES 2 NO

5. Do you regularly attend religious services?

1 YES 2 NO

6. Which of the following categories best describes you? (Circle one number.)

- 1 Asian-American/Oriental
- 2 Black/African-American
- 3 White/Caucasian
- 4 Hispanic-Black/Spanish-speaking Black
- 5 Hispanic-White/Spanish-speaking White
- 6 Native American/American Indian
- 7 Other (Please specify:

_____)

7. Class (Circle one number)

- 1 Freshman
- 2 Sophomore
- 3 Junior
- 4 Senior
- 5 Graduate

Major (Circle one number)

- 1 Economics
- 2 Other Business
- 3 Psychology
- 4 Sciences
- 5 Liberal Arts
- 6 Other

8. How many Economics classes have you taken at the university level? (Circle one)

- None
- One
- Two
- Three
- Four
- Five
- Six
- More than Six

	Never	Once	More Than Once	Often (3 or 4 times)	Very Often (5 or more times)
1. I have helped push a stranger's car out of the snow					
2. I have given directions to a stranger					
3. I have made change for a stranger					
4. I have given money to a charity					
5. I have given money to a stranger who needed it (or asked me for it).					
6. I have donated goods or clothes to a charity					
7. I have done volunteer work for a charity					
8. I have donated blood					
9. I have helped carry a stranger's belongings (books, parcels, etc.)					
10. I have delayed and elevator and held the door open for a stranger					
11. I have allowed someone to go ahead of me in a lineup (at Xerox machine, at supermarket)					
12. I have given a stranger a lift in my car					
13. I have pointed out a clerk's error in a bank, at the supermarket) in under-changing me for an item.					
14. I have let a neighbor whom I didn't know too well borrow an item of some value to them (e.g., a dish, tools, etc.)					
15. I have bought 'charity' Christmas cards deliberately because I knew it was a good cause.					
16. I have helped a classmate whom I did not know that well with a homework assignment when my knowledge was greater than his or hers.					
17. I have, before being asked, voluntarily looked after a neighbor's pet or children without being paid for it.					
18. I have offered to help a handicapped or elderly person across the street					
19. I have offered my seat on a bus or train to a stranger who was standing					
20. I have helped an acquaintance to move households					

Procedures Questionnaire

Please respond to the following items by circling the number on the rating scale that best represents your opinion about that item. For item 5, record your answer in the space provided. Your responses are completely anonymous.

- | | Strongly
Disagree | | | | Strongly
Agree |
|---------------------------------------------------------------------------------------------------------------------------|----------------------|---|----|---|-------------------|
| 1. The procedures followed in this experiment preserved your anonymity. | 1 | 2 | 3 | 4 | 5 |
| 2. The money you passed to the Charity will be sent to the charity. | 1 | 2 | 3 | 4 | 5 |
| 3. The instructions for the experiment were clear and easy to follow | 1 | 2 | 3 | 4 | 5 |
| 4. The recipients of donations to the Charity are deserving of support. | 1 | 2 | 3 | 4 | 5 |
| 5. If you could make a donation to <i>any</i> charity, what would it be? | _____ | | | | |
| 6. If you could have selected a charity other than Feed the Children, would you have made a larger donation? (Circle one) | Yes | | No | | |