

INSTRUCTIONS

Welcome

This is an experiment about decision making. You will receive a \$5 show-up fee for participating. You may also earn additional money depending on the decisions that you and the other participants will make. The entire experiment should be completed within an hour. You may discontinue your participation in the experiment at any time. 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 and your name will never be linked to any of your decisions. In order to keep your decisions private, *please do not reveal your choices to any other participant.*

The experiment

You will be asked to make a series of 18 choices about how to divide a set of tokens between yourself and one other subject in the room. You and the other subjects will be paired randomly and will not be told each other's identity.

As you divide the tokens, you and the other subjects 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 that you make is similar to the following:

Other has 15 points. Divide 50 tokens: HOLD _____ @ 1 point(s) each, and PASS _____ @ 2 point(s) each.

In this choice the other subject starts with 15 points. 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 earn $50 \times \$0.10 = \5.00 .
 - Other player will receive no points. Since Other started with 15 points, she will earn $(0+15) \times \$0.10 = 15 \times \$0.10 = \$1.50$.
- If you hold 0 tokens and pass 50:
 - You will receive 0 points, or earn \$0.
 - Other player will receive $50 \times 2=100$ points. Since Other started with 15 points, she will earn $(100 + 15) \times \$0.10 = 115 \times \$0.10 = \$11.50$.

However, you could choose any number between 0 and 50 to hold. For instance,

- If you choose to hold 29 tokens and pass 21:

- You would receive 29 points, or earn $29 \times \$0.10 = \2.90 .
- Other player would receive $21 \times 2 = 42$ points, and earn $(42 + 15) \times \$0.10 = 57 \times \$0.10 = \$5.70$.

Here is another example:

Other has 9 points. Divide 40 tokens: HOLD _____ @ 3 point(s) each, and PASS _____ @ 1 point(s) each.

In this example, the other player starts with 9 points, every token you hold earns you 3 points, and every token you passes to Other earns the other player 1 point.

- Suppose you hold 24 tokens and pass 16.
 - You will receive $___ \times ___ = ___$ points and earn $___ \times \$0.10 = \$___$
 - Other will receive $___ \times ___ = ___$ points and earn $(___ + ___) \times \$0.10 = \$___$

To check your understanding, fill in the blanks above. You are free to use your own calculator, or one provided by the experimenter. Please raise your hand if you have questions. Also raise your hand when you are finished.

- Now, suppose you hold 40 and pass 0 tokens in the above example.
 - You will receive $___ \times ___ = ___$ points and earn $___ \times \$0.10 = \$___$
 - Other will receive $___ \times ___ = ___$ points and earn $(___ + ___) \times \$0.10 = \$___$

Please fill in the blanks above. Please raise your hand if you have questions. Also raise your hand when you are finished.

Here is another example for you to check your understanding:

Other has 9 points. Divide 40 tokens: HOLD _____ @ 3 point(s) each, and PASS _____ @ 2 point(s) each.

- Suppose you hold 24 tokens and pass 16.
 - You will receive $___ \times ___ = ___$ points and earn $___ \times \$0.10 = \$___$
 - Other will receive $___ \times ___ = ___$ points and earn $(___ + ___) \times \$0.10 = \$___$
- Suppose you hold 0 tokens and pass 40.
 - You will receive $___ \times ___ = ___$ points and earn $___ \times \$0.10 = \$___$
 - Other will receive $___ \times ___ = ___$ points and earn $(___ + ___) \times \$0.10 = \$___$

Please fill in the blanks above. Please raise your hand if you have questions. Also raise your hand when you are finished.

You will be asked to make the 18 allocation decisions listed below. Note that these decisions will appear in a different, random order on the computer screen.

- Other has 0 points. Divide 40 tokens: HOLD_____ @ 1 point(s) each, and PASS _____ @ 3 point(s) each.
- Other has 11 points. Divide 17 tokens: HOLD_____ @ 3 point(s) each, and PASS _____ @ 1 point(s) each.
- Other has 2 points. Divide 21 tokens: HOLD_____ @ 2 point(s) each, and PASS _____ @ 2 point(s) each.
- Other has 0 points. Divide 60 tokens: HOLD_____ @ 1 point(s) each, and PASS _____ @ 2 point(s) each.
- Other has 12 points. Divide 24 tokens: HOLD_____ @ 3 point(s) each, and PASS _____ @ 1 point(s) each.
- Other has 2 points. Divide 31 tokens: HOLD_____ @ 2 point(s) each, and PASS _____ @ 2 point(s) each.
- Other has 0 points. Divide 40 tokens: HOLD_____ @ 1 point(s) each, and PASS _____ @ 4 point(s) each.
- Other has 12 points. Divide 13 tokens: HOLD_____ @ 4 point(s) each, and PASS _____ @ 1 point(s) each.
- Green has 2 points. Divide 21 tokens: HOLD_____ @ 2 point(s) each, and PASS _____ @ 3 point(s) each.
- Other has 0 points. Divide 60 tokens: HOLD_____ @ 1 point(s) each, and PASS _____ @ 4 point(s) each.
- Other has 12 points. Divide 18 tokens: HOLD_____ @ 4 point(s) each, and PASS _____ @ 1 point(s) each.
- Other has 3 points. Divide 21 tokens: HOLD_____ @ 3 point(s) each, and PASS _____ @ 2 point(s) each.
- Other has 0 points. Divide 80 tokens: HOLD_____ @ 1 point(s) each, and PASS _____ @ 4 point(s) each.
- Green has 12 points. Divide 23 tokens: HOLD_____ @ 4 point(s) each, and PASS _____ @ 1 point(s) each.
- Other has 6 points. Divide 43 tokens: HOLD_____ @ 2 point(s) each, and PASS _____ @ 3 point(s) each.
- Other has 0 points. Divide 80 tokens: HOLD_____ @ 1 point(s) each, and PASS _____ @ 3 point(s) each.
- Other has 16 points. Divide 32 tokens: HOLD_____ @ 3 point(s) each, and PASS _____ @ 1 point(s) each.
- Other has 4 points. Divide 42 tokens: HOLD_____ @ 2 point(s) each, and PASS _____ @ 2 point(s) each.

Important Note: In all 18 decisions you can choose any number to hold and any number to pass. How you choose in each decision is entirely a question of personal preference—there is no right or wrong answer. The only restriction on your choices is that the number of tokens you hold plus the number of tokens you pass **MUST** equal the number of tokens to divide.

Earnings

The computer will randomly select one of the 18 decisions to carry out for payment. The computer will randomly pair you with another subject in the room. You will then get the point you allocated in the HOLD portion of your decision, and the other subject will get the points you allocated in the PASS portion of your decision plus any eventual point originally assigned to him. These points will be worth 10 cents each.

Next, you will be paired again with a different subject in the experiment. Using again the randomly chosen decision, you will earn the points allocated to other in the PASS portion of that decision plus any eventual point originally assigned to Other.

Any of the 18 decisions has an equal chance of being selected. Because no one knows which decision will be used, it is in your best interest to make all 18 decisions carefully.

After all the calculations have been made, you will bring your claim check to another experimenter who was not involved in the experiment until this point, and she will pay you in cash your earnings. This will help guarantee your privacy.

The experiment is about to begin. Please raise your hand if you have any questions.

Fill the claim check below and raise your hand when you are done.

CLAIM CHECK

The computer randomly selected for payment the game in which:

OTHER had ____ points
and you had ____ tokens to divide.

You passed ____ tokens to Other
at ____ point(s) each.

IN THE FIRST RANDOM PAIRING

You held ____ tokens
at ____ point(s) each.

As a result, you receive ____ points
and earn \$ ____.

IN THE SECOND RANDOM PAIRING

You started with ____ points
and Other had ____ tokens to divide.

Other Passed ____ tokens to you
at ____ point(s) each.

As a result, you end the game with ____ total points
and earn \$ ____ .

You started with _____ points
and BLUE had _____ tokens to divide.

BLUE Passed _____ tokens to you
at _____ point(s) each.

As a result, you receive ____ points from Blue,
you end the game with ____ total points
and earn \$ _____ .