

INSTRUCTIONS

Please fill in the top portion of the receipt while you wait for everyone to find a seat.

Doing so will reduce the time spent processing payments at the end of the experiment. The receipt is the last page of the instructions. The University requires receipts for accounting purposes. The monitor in the room will not collect or see them. You will give them to an assistant sitting outside of the room when you leave to collect your payment for today's experiment.

You may read the following instructions silently after you complete the top portion of the receipt. The monitor will read them aloud after everyone is seated.

Welcome

This is an experiment about decision making. You will receive a \$5 show-up fee. 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. A research foundation has provided the funds for this experiment.

Your identity

Your decisions will be strictly anonymous and cannot be linked to you in any way. 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. At the end of the experiment you will be paid privately and in cash. In order to keep your decisions private, *please do not reveal your choices to any other participant.*

The experiment

In different scenarios you will decide what portion, if any, of your endowment to transfer to another participant in the room. We will refer to the person with whom you will be paired as OTHER. You and OTHER will be paired randomly and will not be told each other's identity.

Each scenario specifies how much money is in your endowment, how much money is in the OTHER endowment and the range of allowable transfers. In some scenarios you can also transfer a negative amount: i.e., you can take some of the OTHER endowment. The transfer decision determines the earnings for both players.

Let's consider a Hypothetical Scenario in which your endowment is \$3, the OTHER endowment is \$2, and you may transfer any amount between -\$2 and \$3. The display on your computer screen would be:

OTHER endowment \$2. Your endowment \$3. You may transfer any amount between -\$2 and \$3.

The transfer can be any number between -\$2 and \$3 in \$0.1 increments. The computer program will reject transfer amounts like -\$4, \$0.33, or \$5.

The table below shows the earnings for you and OTHER as the amount transferred increases from -\$2 to \$3 in \$0.5 increments in the Hypothetical Scenario.

OTHER endowment \$2. Your endowment \$3. You may transfer any amount between -\$2 and \$3.		
Transfer (\$)	Your Earnings (\$) = \$3 - Transfer	Earnings for OTHER (\$) = \$2 + Transfer
-2	5	0
-1.5	4.5	0.5
-1	4	1
-0.5	3.5	1.5
0	3	2
0.5	2.5	2.5
1	2	3
1.5	1.5	3.5
2	1	4
2.5	0.5	4.5
3	0	5

Please raise your hand if you have any questions about how to calculate earnings.

Earnings

After everyone makes the transfer decisions, the computer randomly chooses one of the decisions to implement.

The computer will randomly pick another person in the experiment to be OTHER and implement YOUR transfer decision. You will earn what is left of your endowment after the transfer, and the person with whom you are paired will earn his or her endowment plus your transfer.

You will also be OTHER in a second, different, random pairing. That is, the computer will implement someone else's transfer decision and you will earn your endowment plus the amount transferred. The person with whom you are paired will earn what is left of his or her endowment after the transfer.

Your total earnings are the sum of what you earn in the two pairings.

Questions?

Please raise your hand if you have any questions.

Start the Experiment

Please click on the "Continue" button at the bottom right of your screen. Then proceed to make the transfer decisions. Wait for further instructions after you submit your decisions.

You may complete the top portion of the receipt while you wait.

Implementation and Payoff

The computer has randomly chosen one of the decisions and implemented it. Your computer screen shows your earnings when you made the transfer decision and when you were OTHER. The last line shows the sum, your total earnings for the experiment. Please record your total earnings on the receipt provided.