APPENDIX A

INSTRUCTIONS FOR ALL TREATMENTS

Introduction

This exercise is part of a project funded by the University of Massachusetts Amherst. The purpose is to understand how people make decisions, and the results of this study will be used only for academic purposes. All the earnings you make during this exercise, as well as the information you will give us, are strictly confidential. We will not reveal your final earnings to any of the other participants or to anyone else.

Today's exercise is different from other exercises we have run in the lab before. For that reason, any comments you might have heard about this exercise may not apply to what we are doing today. Therefore, please make your decisions based on the instructions that we are about to present. Please pay careful attention to these instructions so that you can make good decisions. The show up payment of $5.00 and your earnings from the game will be paid in cash at the end of the session.

Please remain seated and do not communicate with other participants. Anyone who breaks this rule will be excluded from the game and they will not be paid. At this point the session will end and the other people in the group will be paid their earnings to that point.

The Experiment

Today's exercise has a total of 10 rounds. After we finish the 10 rounds, I will calculate your earnings while you answer a questionnaire.

You will participate in a group of 5 people. You will earn money depending upon your decisions and the decisions of other members of your group. The money that you earn today is compensation for your time and for the effort that you put into making decisions.

During the exercise your earnings will be calculated in tokens. Each token will be converted to dollars at the following rate: one token is equal to four cents.

At the end of the exercise, I will add the total amount of tokens you have earned during all the rounds. I will pay you the equivalent of your tokens earnings in dollars rounded down to the nearest $1.00 plus the show up payment of $5.00. The money will be paid to each one of you in cash at the end of the session.

At the beginning of each round, each participant will receive 25 tokens. With the 25 tokens you must decide how many tokens you want to keep for yourself, and how many tokens you want to contribute to the group project account. At the end of each round, you will have some earnings, which are result of two things:

1. The number of tokens that you keep for yourself.
2. Your share of the tokens from the group project account. These tokens are calculated as follows:

   The total of tokens contributed to the group project account by the 5 members of your group will be doubled and then divided evenly among them.

   For example, suppose the total contribution from all group members is 60 tokens. After I double these 60 tokens, there will be 120 tokens. Then, I will divide these 120 tokens evenly among the 5 group members, so each person will receive 24 tokens from the group project account.

   Remember, at the end of the exercise we will add the total amount of tokens earned during the 10 rounds, and for each token we will pay you $0.04.

**Decision Process**

   In each round you will use a DECISION CARD. On the decision card you will write how many tokens you keep for yourself, and how many tokens you contribute to the group project account.

   The participant number will be your identification during the exercise and is the same number at your desk. The round number will identify the round we are playing currently. Also, in each round you will provide us information about:
   - “Tokens I keep for myself”
   - “Tokens I contribute to the project”

   Remember, you have 25 tokens in each round, and your decision is to choose how many tokens you want to keep for yourself and how many tokens you want to contribute to the group project account. Therefore the sum of “Tokens I keep for myself” plus “Tokens I contribute to the project” must be equal to 25.

   After all the members of your group have made and written down their decisions, I will collect the participant’s cards and calculate the group contribution to the project account. Then, I will announce the total contribution to the project, and each person’s share of the earnings from this account.

   Please remember that communication between the participants is not allowed. Anyone who breaks this rule will be excluded from the game and they will not receive any payment. Furthermore, the game will be over and nobody will be able to play any more rounds and increase their earnings.

   In addition to the decision cards, you will be working with a calculation sheet to keep a record of your decisions and the number of tokens you have earned in each round.

   Now, we will play a practice round to demonstrate the decision card and the calculation sheet.
**Practice round**

The decisions that you make in this round will not affect your earnings today. Suppose that in the practice round everybody decides to keep 8 tokens. Please take the decision card and the calculation sheet with the word PRACTICE written in the participant number.

We will suppose that we are playing the first round. We decide to keep 8 tokens. Because each one of you decided to keep 8 tokens, your individual contribution to the project are 17 tokens (25-8).

Once you are done with your decisions, please leave the card facing down at your desk. I will collect your decision cards to calculate the total tokens contributed to the project. In this case, the total amount of tokens contributed to the project is 85 (17*5).

After I double the amount of tokens contributed to the project, there will be 170 (85*2). Then I will divide the 170 tokens among you in equal shares. Therefore, each of you will receive from the project 34 tokens (170/5).

In order to calculate your earnings for the round, you need add the columns B and E. Hence, your total earnings for the round should be 42 (8+34).

**REVEAL 1 INSTRUCTIONS**

After you make your decisions and handed your decision card to me, I will randomly select one person. Everyone will be read an announcement with a reminder of how the decision of this person affected the earnings of the group. Then, in the column G of your calculation sheet, you will write if you were randomly selected in the round.

We will decide who will be randomly selected as follow. I will introduce 5 balls with the number associated to each one of you in this bag. This means that in each round each player has one chance in five to be selected. The selected ball will be returned to the bag, then if you are selected in one round, you may also be selected in another round. Therefore, you could be selected more than once during the experiment. Also it is possible that you never will be selected.

**REVEAL 3 INSTRUCTIONS**

After you make your decisions and handed your decision card to me, I will randomly select three persons. Everyone will be read an announcement with a reminder of how the decisions of these people affected the earnings of the group. Then, in the column G of your calculation sheet, you will write if you were randomly selected in the round.

We will decide who will be randomly selected as follow. I will introduce 5 balls with the number associated to each one of you in this bag. This means that in each round each player has three chances in five to be selected. The selected balls will be returned to the bag, then if you are selected in one round, you may also be selected in another round. Therefore, you could be selected more than once during the experiment. Also it is possible that you never will be selected.
FULL REVELATION

After you make your decisions and handed your decision card to me. Everyone will be read an announcement with a reminder of how their decisions affected the earnings of the group.

Remember that at the end of the real exercise, we will add the total amount of tokens that you earned during the game, and for each token that you earned we will give you $0.04.

ALL TREATMENTS

Remember that at the end of the real exercise, we will add the total amount of tokens that you earned during the game, and for each token that you earned we will give you $0.04.

Questions

1/. Suppose that you contribute 0 tokens to the group project and the other 4 people in your group contribute 12 tokens.
   a) How many tokens are contributed to the group project? ____________________
   b) How many tokens do you earn from contributions to the group project?
      __________________________________
   c) What are your total earnings? ________________________________________
   d) What are the total earnings of the others members of your group?
      ____________________________________

2/. Suppose that you contribute 12 tokens to the group project and the other 4 people in your group contribute 12 tokens.
   a) How many tokens are contributed to the group project? ____________________
   b) How many tokens do you earn from contributions to the group project?
      __________________________________
   c) What are your total earnings? ________________________________________
   d) What are the total earnings of the others members of your group?
      ____________________________________
3. Suppose that you contribute 25 tokens to the group project and the other 4 people in your group contribute 12 tokens.

   a) How many tokens are contributed to the group project? ____________________

   b) How many tokens do you earn from contributions to the group project?
       ________________________________

   c) What are your total earnings? ________________________________

   d) What are the total earnings of the others members of your group?
       ________________________________

Before we begin to play for real money, I would like to point something out. As you may notice, the earnings for the group are the highest when everybody contributes 25 tokens to the group project. If you decide to keep tokens for yourself, you can increase your individual earnings but you are reducing the earnings of the group.