

Appendix: Instructions

Please fill in the date, your social security or student ID number, your name, and your address on 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 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

The purpose of this experiment is to study decision-making related to economic situations. A research foundation has provided the funds for this experiment. We estimate that you will complete the experiment within one hour.

During the experiment you will make decisions related to economic situations at your computer terminals. 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.

Please raise your hand at any point if you have any questions about the instructions or if you wish to cease your participation. You may cease participation at any point; if you do you will receive the \$5 show-up fee but will not receive any additional compensation.

Minimum age

Please visit the monitor if you are 17 years old or younger. Research protocols at VCU require participants to be at least 18 years old.

Anonymity

Any interaction with other participants will be anonymous—you will never find out the identity of the participants you interacted with nor will they find out your identity. No one, including the researchers, will be able to identify 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.*

Risks, benefits, and cost

Participation in this experiment does not impose any risks in addition to those you encounter in your day-to-day activities. The primary benefit of the study will be to advance our understanding of decision-making in economic settings. You may gain some educational benefit. The only cost to you of participation is your time.

The experiment

In different scenarios you will decide what portion 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.

Table 6 Example

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

Transfer (\$)	Your Earnings (\$) = $\$3 - \text{Transfer}$	Earnings for OTHER (\$) = $\$2 + \text{Transfer}$
-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

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 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.

Table 6 shows the earnings for you and OTHER as the amount transferred increases from $-\$2$ to $\$3$ in \$0.5 increments in the Hypothetical Scenario.

Please spend a moment studying the table and raise your hand if you have any questions about how to calculate earnings.

Earnings

You will make a transfer decision for each scenario. 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.

You will record your total earnings on the RECEIPT and take it to an assistant sitting outside the room for payment. To preserve your anonymity, the assistant does not know the nature of today's experiment. After the assistant pays you, you are free to leave.

Questions?

Please raise your hand if you have any questions about the instructions or if you wish to cease your participation. We will then proceed to the scenarios.