

Appendix – Experimental Instructions

Below are the instructions given to experimental subjects. Differences between treatments are indicated in square brackets.

Instructions

Welcome!

You are about to participate in a decision-making experiment. Please do not talk to any of the other participants until the experiment is over. If you have a question at any time please raise your hand and an experimenter will come to your desk to answer it.

At the beginning of the experiment you will be matched with one [two] [three] [seven] other person [people], randomly selected from the participants in this room, to form a group of two [three] [four] [eight]. You will remain in this same group throughout the experiment. Each person in the group will be identified as either 'group member A' or 'group member B' ['group member A', 'group member B' or 'group member C'] ['group member A', 'group member B', 'group member C' or 'group member D'] ['group member A', 'group member B', 'group member C' or 'group member D', 'group member E', 'group member F', 'group member G', or 'group member H'].

Your earnings will depend on the decisions made within your group, as described below. Your earnings will not be affected by decisions made in other groups. All decisions are made anonymously and you will not learn the identity of the other participant [participants] in your group.

The experiment will consist of 10 periods, and in each period you can earn points. At the end of the experiment your accumulated point earnings from all periods will be converted into cash at the exchange rate of 0.75 [0.3] pence per point. You will be paid in cash and in private.

Description of a period

At the beginning of each period you will be endowed with 20 tokens. Similarly, the other member [two members] [three members] [seven members] of your group will be endowed with 20 tokens [each].

You must choose how many of these tokens to allocate to a group account and how many to keep in your private account. At the same time that you are making your decision the other member [two members] [three members] [seven members] of your group must choose how many tokens to allocate to the group account and how many to keep in his or her private account [accounts].

You will enter your decision on a screen like the one shown below. You must enter the number of tokens you allocate to the group account. Any tokens you do not allocate to the group account will automatically be kept in your private account.

DECISION STAGE

You have to decide how many tokens to allocate to the group account.
Any tokens you do not allocate to the group account are automatically kept in your private account.

Your endowment 20

How many tokens do you want to allocate to the group account?

SUBMIT

Your earnings will be determined as follows:

For each token you keep in your private account you will earn 4 [10] points.

For each token you allocate to the group account you and the other member [two members] [three members] [seven members] of your group will earn 3 points each.

Similarly, for each token the other [another] group member keeps in his or her private account he or she will earn 4 [10] points, and for each token he or she allocates to the group account both [all three] [all four] [all eight] group members will earn 3 points each.

Your point earnings will be the sum of your earnings from your private account and the group account.

Thus:

Your point earnings = 4 [10] x (number of tokens kept in your private account) + 3 x (total number of tokens allocated to the group account by yourself and the other member [two members] [three members] [seven members] of your group).

At the end of the period you will be informed of the decisions in your group and each group member's earnings for the period in a screen like the one below [*the screen below was changed accordingly in treatments with groups of 3, 4 and 8 players*].

FEEDBACK STAGE		
The Table below shows the number of tokens allocated by each group member to the group account in the DECISION STAGE.		
The Table also shows each group member's earnings for the period.		
	Tokens allocated to group account in the DECISION STAGE	Earnings for the period
YOU	xxx	xxx
group member xxx	xxx	xxx

At the end of period 10 your accumulated points from all periods will be converted to cash at a rate of 0.75 [0.3] pence per point. You will be paid in private and cash.

Before we begin the decision-making part of the experiment we want to check that each participant understands how their earnings will be calculated. To do this we ask you to answer some questions. You will find these on the next page. In a couple of minutes the experimenter will check your answers. When each participant has answered all questions correctly we will continue with the experiment.

Questions

- How many periods will there be in the experiment? _____
- How many people are in your group (including yourself)? _____
- Will you be matched with the same or different people in every period? (circle one)

SAME
DIFFERENT
- Suppose in a period the [each] other group member allocates 0 tokens to the group account. If you allocate 0 tokens to the group account
 How many tokens do you keep in your private account? _____
 What will be your earnings from your private account? _____
 What is the total number of tokens allocated to the group account? _____
 What will be your earnings from the group account? _____
 What will be your earnings for the period? _____
- Suppose in a period the [each] other group member allocates 20 tokens to the group account. If you allocate 20 tokens to the group account
 How many tokens do you keep in your private account? _____
 What will be your earnings from your private account? _____
 What is the total number of tokens allocated to the group account? _____

- What will be your earnings from the group account? _____
- What will be your earnings for the period? _____
6. Suppose in a period the [each] other group member allocates 5 tokens to the group account. If you allocate 15 tokens to the group account
- How many tokens do you keep in your private account? _____
- What will be your earnings from your private account? _____
- What is the total number of tokens allocated to the group account? _____
- What will be your earnings from the group account? _____
- What will be your earnings for the period? _____
7. Suppose in a period the [each] other group member allocates 15 tokens to the group account. If you allocate 5 tokens to the group account
- How many tokens do you keep in your private account? _____
- What will be your earnings from your private account? _____
- What is the total number of tokens allocated to the group account? _____
- What will be your earnings from the group account? _____
- What will be your earnings for the period? _____

Beginning the experiment

If you have any questions please raise your hand and an experimenter will come to your desk to answer it.

We are now ready to begin the decision-making part of the experiment. Please look at your computer screen and begin making your decisions.