A Choice sets

In this appendix we explain the assignment of choice tasks to pairs of subjects (one subject in the role of a FM and one subject in the role of a SM). All the lines we used in the experiment were identical in slope (minus 1) and length (each line contained seven integer allocations). A line can therefore be characterized fully by its upper-left starting point. Table 5 lists the upper-left starting points of all the lines we used in the experiment. The left panel in Figure 8 represents the same information graphically, while the right panel shows the points we used relative to each line. Our questionnaires – each containing 60 decision tasks – were constructed using random draws from the Cartesian product over the set of lines and the set of points around a line.

	Position on the x axis													
y axis	4	6	8	10	12	14	16	18	20	22	24	26	28	30
4	0	0	0	0	0	0	1	1	1	1	1	1	1	1
6	0	0	0	0	0	1	1	1	1	1	1	1	1	1
8	0	0	0	0	1	1	1	1	1	1	1	1	1	1
10	0	0	0	1	1	1	1	1	1	1	1	1	1	1
12	0	0	1	1	1	1	1	1	1	1	1	1	1	1
14	0	1	1	1	1	1	1	1	1	1	1	1	1	1
16	1	1	1	1	1	1	1	1	1	1	1	1	1	1
18	1	1	1	1	1	1	1	1	1	1	1	1	1	1
20	1	1	1	1	1	1	1	1	1	1	1	1	1	0
22	1	1	1	1	1	1	1	1	1	1	1	1	0	0
24	1	1	1	1	1	1	1	1	1	1	1	0	0	0
26	1	1	1	1	1	1	1	1	1	1	0	0	0	0
28	1	1	1	1	1	1	1	1	1	0	0	0	0	0
30	1	1	1	1	1	1	1	1	0	0	0	0	0	0

Table 1: Set of lines characterised by their upper left point. The ones in the table indicate that a line with such a starting point was included in the set of possible lines.
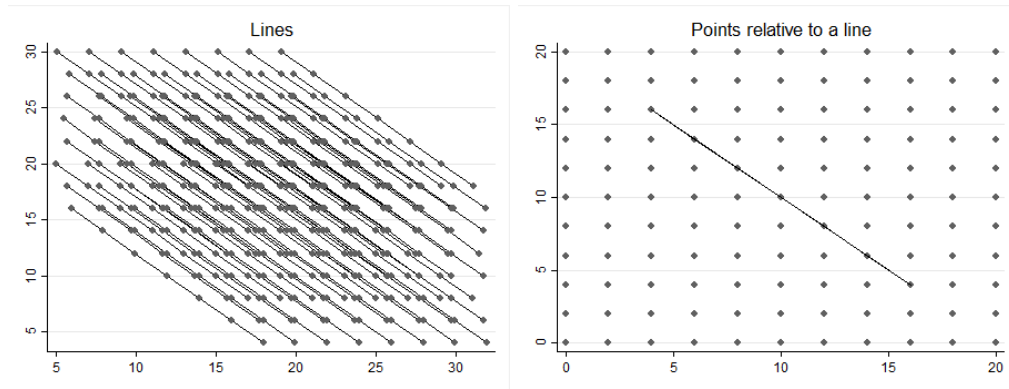
Fig. 1: Choice sets used in the experiment. Left panel: lines (lines connect integer values, the graph introduces some random noise to visualise the different lines with overlapping values). Right panel: points around each line (counterfactuals). Each questionnaire randomly selected 60 situations from the Cartesian product over the set of lines and the set of points around a line.

B Instructions

General Instructions

General Remarks

Thank you for participating in this experiment on decision-making. Research foundations have provided funds for conducting this research. During the experiment you and the other partici-pants are asked to make a series of decisions. The money you will earn will depend partly on your own choices and the choices of other participants and partly on chance. All payments will be made confidentially and in cash at the end of the experiment. Please consider all expressions as gender neutral.

Please do not communicate with other participants. If you have any questions after we finish reading the instructions please raise your hand and an experimenter will approach you and answer your question in private.

Two Roles

There are two roles in this experiment: **Player 1** and **Player 2**. At the start of the experiment you will be assigned to one of these two roles through a randomized procedure. Your role will then remain the same throughout the experiment. Your role will only be known to you. Each Player 1 will be randomly paired with a Player 2. No one will ever be informed about the identity of the participant you were paired with nor will anybody else be informed about the choices you made.

Earnings

You will receive $5 for arriving in time. Depending on your decisions, the decisions of other participants and chance you will receive an addional amount according to the rules explained below.

Privacy

This experiment is designed such that nobody, including the experimenters and the other partici-pants, will ever be informed about the choices you or anyone else will make in the experiment. Neither your name nor your student ID will appear on any decision form. The only identifying label on the decision forms will be a number that is known only to you. At the end of the experiment, you are asked one-by-one to collect your earnings in an envelope from a person who has no involvement in and no information about the experiment.

The Decision Situation

The experiment consists of **60 decision situations**, which are given by graphs. You are asked to choose your preferred option in each of the 60 graphs. Only one graph will be randomly selected for cash payments; thus you should decide which option you prefer in each graph **independently** of your choice in other graphs.

The figure below gives an example of a decision situation. In each situation there are two roles: Player 1 and Player 2.

The first move is made by **Player 1**. He is asked to choose between two options: Option A and Option B.

In each graph **Option A** is a fixed allocation implying a payment for Player 1 and a payment for Player 2. Option A is always represented by a filled dot in the graph. In the graph below Option A implies a payment of $8 for Player 1 and a payment of $8 for Player 2.

In each graph **Option B** means that Player 1 gives Player 2 the opportunity to make a choice among a set of possible allocations. Each allocation gives a fixed payment to Player 1 and a fixed payment to Player 2. Option B is always represented by several hollow dots on a line. In the graph below Option B gives **Player 2** the choice between 7 different allocations. For instance, the uppermost point on the line represents an allocation that gives a payment of $16 for Player 1 and a payment of $4 for Player 2.
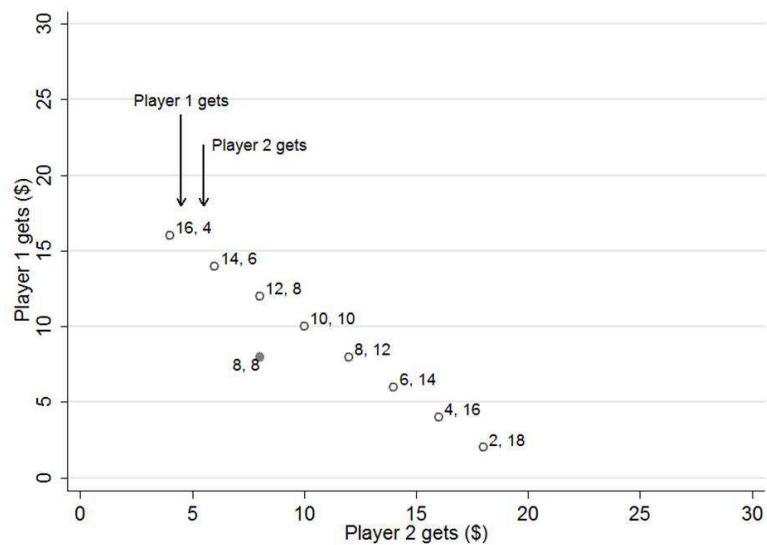
Decision Task - Player 1

If you are assigned the role of Player 1, you are asked to make a choice in each of the 60 graphs between **Option A** (the filled dot assigning you and Player 2 a fixed amount of money) and **Option B** (in which you let Player 2 make a choice between several hollow dots each assigning you and Player 2 an amount of dollars).

Please check one of the boxes below the figure indicating whether you prefer Option A, the filled dot, or Option B, the line of hollow dots.

Decision Task - Player 2

If you are assigned the role of Player 2, you do not know what decision Player 1 is about to make. You are therefore asked - in each of the 60 graphs - to **make a choice as if Player 1 has chosen Option B**, giving you the opportunity to decide on a payoff allocation on the line of hollow dots. The allocation that Player 1 could have chosen is indicated by the filled dot.

Please indicate your choice by circling the preferred allocation on the line of hollow dots.

Earnings

At the end of the experiment one of the 60 decision tasks is chosen randomly and cash payments (in addition to the show up fee of $5) are determined for each pair of participants.

If Player 1 has chosen Option A in that decision task, then Player 1 and the Player 2 paired with this Player 1 will receive the associated payments.

If Player 1 has chosen Option B in that decision task, then the payments for both players depend on the choice made by the paired Player 2. Each of the available choices of the paired Player 2 again implies a payment for both players.

Example: Suppose the graph shown on the previous page is chosen for cash payments in addition to the participation fee. If Player 1 has chosen Option A in this situation than Player 1 receives a payment of $8 and Player 2 a payment of $8. If Player 1 has chosen Option B instead, then the payments of both players depend on the choices of Player 2. Suppose Player 1 has chosen Option B and Player 2 has chosen the uppermost point on the line. Then player 1 receives a payment of $16 and Player 2 a payment of $4.

Control Questions

Question 1: Task of Player 1
Please indicate by a cross which one of the answers about the decision task of Player 1 is true.
☐ Player 1 can choose any of the points on the line with the hollow dots.
☐ Player 1 has no decision to make if Player 2 chooses the filled dot.
☐ Player 1 can choose the filled dot or he can let Player 2 pick one of the hollow dots.
☐ Player 1 can choose any point in the figure.

Question 2: Task of Player 2
Please indicate by a cross which one of the answers about the decision task of Player 2 is true.
☐ Player 2 can choose any of the points on the line with the hollow dots.
☐ Player 2 has no decision to make if Player 1 chooses the filled dot.
☐ Player 2 can choose the filled dot or he can let Player 1 pick one of the hollow dots.
☐ Player 2 can choose any point in the figure.

Question 3:
Does Player 2 observe the decision Player 1 has made?
☐ Yes
☐ No

Question 4: Earnings
Suppose Player 2 has chosen the lowermost instead of the uppermost point in the example graph above. Further suppose that the Player 1 paired with this Player 2 has chosen Option A, the filled dot. If this particular decision task was chosen for cash payments, how much would the two players earn (in addition to the show up fee)?
Player 1 would earn $ _____
Player 2 would earn $ _____