A Appendix (For Online Publication)

A.1 Instructions

A.1.1 General part

You are participating in an experiment on economic decision making and will be asked to make a number of decisions. Please follow the instructions carefully. At the end of the experiment, you will be paid your earnings in private and in cash. You are not allowed to communicate with other participants. If you have a question, raise your hand and one of us will help you.

The experiment is strictly anonymous: that is, your identity will not be revealed to others and the identity of others will not be revealed to you.

Payoffs in the experiment are specified in points. At the end of the experiment the points will be exchanged into DKK at the following exchange rate: **10 points = 4 DKK**.

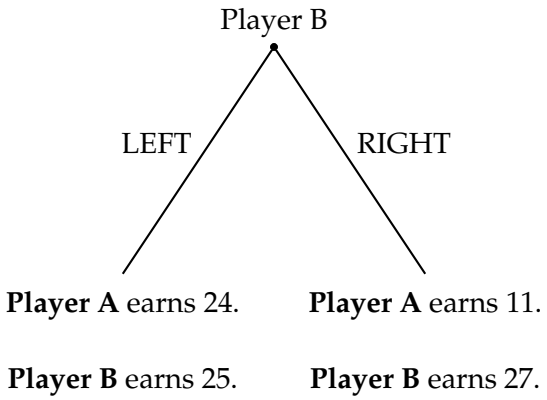
In the experiment, participants are divided into pairs. In each pair, one participant is randomly assigned to the role of "player A", and the other participant to the role of "player B".

A.1.2 Instructions player A

Your role will be Player A.

In the experiment you will be confronted with a number of decision situations like the following:

Figure A1: Example of a decision situation



That is, player B will get the chance to decide between LEFT and RIGHT. The only difference between the decision situation depicted above (in Figure 1) and the situations you will be confronted with during the experiment are the payoffs connected to player B's choices LEFT and RIGHT.

What are the decisions that have to be taken during the experiment?

Choice of player A: In each decision situation that you will be confronted with, you will be asked the following question:

- Out of 10 B-players, how many do you believe will choose LEFT?

We call the answer to this question your belief.

Choice of player B: Player B will be asked to choose LEFT or RIGHT.

How are payoffs calculated?

Assume that you are confronted with the decision situation as shown in Figure 1.

The earnings of you and player B in this decision situation depend on player B's choice. If player B chooses LEFT, you earn 24 points and player B earns 25 points. If player B chooses RIGHT, you earn 11 points and B earns 27 points.

At the end of the experiment the payoffs from the different decision situations will be summed and you and Player B will be paid accordingly.

Following these decisions there will be a questionnaire.

A.1.3 Instructions player B

Your role will be Player B.

In the experiment you will be confronted with a number of decision situations like the following:

[Figure A1 is shown]

That is, you will get the chance to decide between LEFT and RIGHT. The only difference between the decision situation depicted above (in Figure 1) and the situations you will be confronted with during the experiment are the payoffs connected to your choices LEFT and RIGHT.

What are the decisions that have to be taken during the experiment?

Choice of player A: In each decision situation, player A is informed that you can choose LEFT or RIGHT, and about the payoffs connected to these choices. Player A will be asked the following question: Out of 10 B-players, how many do you believe will choose LEFT?

We call the answer to this question player A's belief.

Choice of player B: You will be asked to choose LEFT or RIGHT. More specifically, you will be asked the following questions:

- Suppose player A believes that 0 out of 10 B-players choose LEFT, what do you choose LEFT or RIGHT?
- Suppose player A believes that 1 out of 10 B-players choose LEFT, what do you choose LEFT or RIGHT?
- Suppose player A believes that 2 out of 10 B-players choose LEFT, what do you choose LEFT or RIGHT?
- Suppose player A believes that 3 out of 10 B-players choose LEFT, what do you choose LEFT or RIGHT?
- ...
- ...
- ...
- Suppose player A believes that 10 out of 10 B-players choose LEFT, what do you choose LEFT or RIGHT?

How are payoffs calculated?

Assume that you are confronted with the decision situation as shown in Figure 1.

The earnings of player A and you in this decision situation depend on player A's belief and your choice. If player A's belief and your choice are such that you choose LEFT, A earns 24

points and you earn 25 points. If player A's belief and your choice are such that you choose RIGHT, A earns 11 points and you earn 27 points.

Example: Suppose that A believes that 8 out of 10 B-players will choose LEFT. Suppose further that you choose LEFT, if A believes that more than 4 B-players choose LEFT and that you choose RIGHT, if A believes that 4 or less B-players choose LEFT. In this case, the outcome will be (IN, LEFT) which implies that A earns 24 and you earn 25.

At the end of the experiment the payoffs from the different decision situations will be summed and player A and you will be paid accordingly.

Following these decisions there will be a questionnaire.

A.2 Supplementary tables

Table A1: Distribution of switchpoints and guilt sensitivities for stake-dependent and other players

		Stake-dependent (N=56)				Other players (N=84)
Switchpoint	θ	LOW	MID	HIGH		
all l	$--$	0.119	0.107	0.083		0.131
1	$[1.54, +\infty)$	0.083	0.036	0.036		0.042
2	$[0.77, 1.53]$	0.060	0.048	0.060		0
3	$[0.51, 0.77]$	0.071	0.095	0.083		0
4	$[0.38, 0.51]$	0.179	0.155	0.107		0.024
5	$[0.31, 0.38]$	0.167	0.167	0.167		0.095
6	$[0.26, 0.31]$	0.143	0.155	0.143		0.131
7	$[0.22, 0.26]$	0.024	0.015	0.036		0.060
8	$[0.19, 0.22]$	0	0		0.048	
9	$[0.17, 0.19]$	0.036	0	0.024		0.054
10	$[0.15, 0.17]$	0.024	0.036	0		0.030
all r	$[0, 0.15]$	0.095	0.167	0.238		0.387

Notes: The table shows the distribution of switchpoints for stake-dependent (N=84) and other (N=56) players. Dictators are labeled stake-dependent if they are classified as stake-dependent with a probability of at least 60% in the model in Section 3.2 (see Figure 7). Column θ shows the range of the guilt sensitivity parameter as a function of the switch point.