Instructions

Welcome and thank you for participating! In this experiment you can earn money depending on your decisions and the decisions of the other participants. **Therefore, it is very important that you read the instructions carefully.**

Please note that you are not allowed to exchange any information with the other participants.
Also, it is not allowed to talk to other participants during the whole experiment. Whenever you have a question please raise your hand. We will come to your place and answer your question. Please never ask your question(s) aloud. In case you break these rules we will have to end the experiment. Please switch off your mobile phones now.

General procedure

The experiment will take around 30 minutes. It consists of two stages. In each stage you take decisions. The respective decision situations will also be explained on the computer screen.
Only **one of the two** stages will be picked randomly for payment and you will be paid according to the choices in this stage. Your earnings from this experiment depend on your decisions and possibly on the other participants' decisions.
All amounts in the decision situations are stated **in Euro**. The exact amount will be paid to you at the end of the experiment. Additionally, you will receive 2.50 Euro for your participation in the experiment.

After filling out a questionnaire the experiment will be finished and you will receive your payment.

Overview of the procedure:
- reading the instructions, answering control questions
- stage 1
- reading the instructions for stage 2
- stage 2
- questionnaire
- payment and end of the experiment

Details of the experiment

In the experiment two participants are matched. They are labelled as participant A and participant B. Whether you are participant A or B will be determined randomly at the beginning of the experiment. Hence, it is important that you familiarize yourself **with both roles**. The decision situation will **be played only once,** that is there is only one round.

Decision situation

{only treatments base, PD and FC:

In the game participant A first takes a decision. He/she can select either „left" or „right".
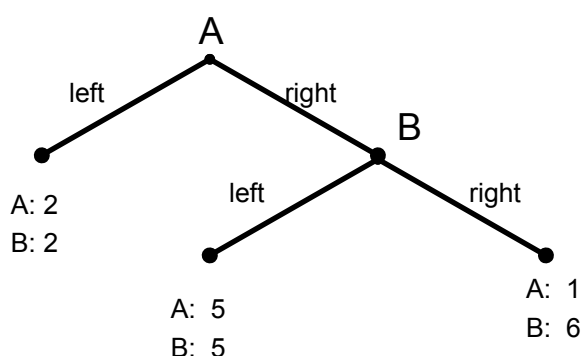- The choice of „left" results directly in a payoff of 2 EURO for participant A and 2 EURO for participant B.
- If participant A chooses „right", the payoffs of both participants will be determined by participant B.
  B can choose between two options:
  - A choice of „left" results in a payoff of 5 EURO for participant A and a payoff of 5 EURO for participant B.
  - A choice of „right" results in a payoff of 1 EURO for participant A and a payoff of 6 EURO for participant B.

In the experiment participant B will always be asked for his/her choice, independently of whether participant A has chosen „left" or „right". The decisions of the other participant cannot be observed.

The following diagram illustrates the game and the possible payoffs:

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                        A
          left   /           \  right
                /              \
               •                B
            A: 2          left /    \ right
            B: 2              /      \
                            •          •
                                        A:  1
                         A:  5          B:  6
                         B:  5
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In the game participant A first takes a decision. He/she can select either „left" or „right".

- The choice of „left" results directly in a payoff of 2 EURO each for participant A , B1 and B2.
- If participant A chooses „right", the payoffs of the participants will be determined by participants B1 and B2.
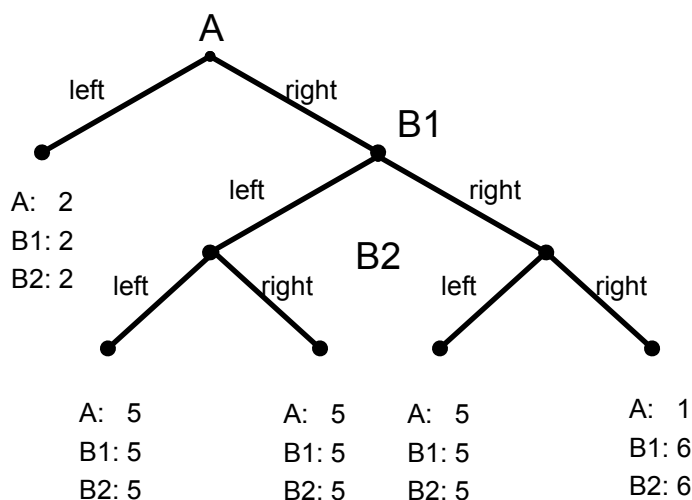 B1 as well as B2 can choose from two options:
  - A choice of „left" means a payoff of 5 EURO for all participants (A, B1 and B2).
  - If both (B1 and B2) select „right", then a payoff of 1 EURO for participant A results and both B1 and B2 receive a payoff of 6 EURO.

  That is, if B1 or B2 chooses „left", then all participants get 5 EURO.
  If B1 and B2 choose „right", then participants B1 and B2 get 6 EURO and participant A gets 1 EURO.

In the experiment participants B1 and B2 will always be asked for their choice, independently of whether participant A has chosen „left" or „right". The decisions of the other participant cannot be observed.

The following diagram illustrates the game and the possible payoffs:

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Time limit for the choice of participant B

There is a time limit for entering the choice of participant B. After 3 it may happen that B cannot enter the decision. In this case the computer picks one of the two choices with equal probability. It is not very probable (3%) that the cutoff takes place after 3 seconds. **With a chance of 50% the cutoff will have taken place after 5 seconds. After** 10

seconds the cutoff will have happened for sure. **Participant A will be informed only about the payoff.** Only participant B will be notified, whether the choice was made by the computer and which payoff was implemented.
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{only treatment FC:

Possible overwriting of participant B's decision

With a chance of 50% it may happen that the actual choice of participant B is not implemented. In this case the choice will be made **by the computer who chooses „right" or „left" with equal probability.** Hence, with a chance of 50% the decision of participant B will be executed, with a chance of 25% the computer selects „right" and with a chance of 25% the computer picks „left".
Participant B will be informed in case the own decision is overwritten by the computer's choice. **Participant A will not find out, whether the decision of participant B has been implemented or whether it has been overwritten by the computer.**
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Your earnings from the experiment

At the end of the experiment you will be notified about your payoff in the respective stages and which stage was randomly selected to be relevant for the earnings. You will receive your earnings directly after the experiment is over, that is, after filling in the questionnaire.