

## Appendix – Experimental Instructions and Individual Record Sheet

### Instructions

This is an experiment about decision-making. The instructions are simple and if you follow them carefully and make good decisions you might earn a fair amount of money that will be paid to you privately and in cash at the end of today's session. The amount of money you earn depends on the decisions that you and the other participants make. You will never be asked to reveal your identity to anyone during the course of the experiment. Your name will never be associated with any of your decisions. In order to keep your decisions private do not reveal your choices to any other participant.

### THIS EXPERIMENT

This experiment consists of a sequence of 10 decision rounds. You will be in a group of size **four** (you plus three other people). We have already randomly assigned you to a group. **You will remain in this group for the rest of this experiment.** However, you *will not* be told each other's identities. Your earnings will depend upon the decisions that you make and the decisions that the other people in your group make.

Each round you will be endowed with **10 tokens**. You must choose how many of these tokens to keep in your **private account** and how many tokens to allocate to a **group account**. The amount of money that you earn in each decision round depends on how many tokens you place in your private account, how many tokens you allocate to the group account, and how many tokens the others in your group allocate to the group account.

In each round you will choose the number of tokens you wish to allocate to the group account, from 0 through 10 tokens, and record this number in the first column of your decision sheet. The remaining tokens not allocated to the group account will automatically be kept in your private account.

You will earn 10 cents for each token you allocate to your private account.

Your return from the group account will be calculated as follows. If you allocate **5 or more tokens** to the group account, you will earn 3 cents for each token you have allocated to the group account, plus 3 cents from each token allocated to the group account by the other persons in your group. If you allocate **fewer than 5 tokens** to the group account, you will earn **0 cents** from the group account **regardless** of the total number of tokens allocated to the group account by your group. The other persons in your group will earn 3 cents for each token allocated to the group account if they allocate **5 or more tokens** to the group account also. If another person in your group allocates **fewer than 5 tokens** to the group account, that person will earn **0 cents** from the group account **regardless** of the number of tokens allocated to the group account by you or the other persons in your group.

For each token the other persons in your group allocate to their own private accounts, they also earn 10 cents.

**To summarize**, in each round you will earn:

10 cents times the number of tokens you allocate to your private account +  
3 cents times the total number of tokens allocated to the group account by your group if  
you allocate 5 or more tokens to the group account

OR

0 cents from the group account if you allocate fewer than 5 tokens to the group account.

Each of you should examine the record sheet that you have in front of you. At the beginning of each round you will decide how many tokens to allocate to the group account and record this number in the first column on your record sheet.

After all individuals have made their decisions for the round, we will collect your decision sheets and tabulate the results. We will record the total number of tokens allocated to the group account by your group, as well as your earnings from each account. We will also record your total earnings for the round and your cumulative earnings for the experiment through that round. We will then return your decision sheets to you. You will have a short time to examine the results before making your decision for the next round.

This same process will be repeated for a total of 10 rounds. Notice that you will have 10 tokens to allocate in each of the 10 rounds.

If you have any questions at this time, please raise your hand.

### Individual Record Sheet

	Your Tokens to the Group Account	Total Group Allocation to the Group Account	Your Group Account Earnings	Your Private Account Earnings	Your Total Earnings for the Round	Your Cumulative Earnings for the Experiment
Round 1	_____	_____	_____	_____	_____	_____
Round 2	_____	_____	_____	_____	_____	_____
Round 3	_____	_____	_____	_____	_____	_____
Round 4	_____	_____	_____	_____	_____	_____
Round 5	_____	_____	_____	_____	_____	_____
Round 6	_____	_____	_____	_____	_____	_____
Round 7	_____	_____	_____	_____	_____	_____
Round 8	_____	_____	_____	_____	_____	_____
Round 9	_____	_____	_____	_____	_____	_____
Round 10	_____	_____	_____	_____	_____	_____