Essays on Political and Experimental Economics

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Appendix D

Experimental Instructions

D.1 Instructions for experiment 1

No Talking Allowed  Now that the experiment has begun, we ask that you do not talk. If you have a question after we finish reading the instructions, please raise your hand and the experimenter will approach you and answer your question in private.

A Monitor and Two Groups  A monitor has been selected randomly from among those of you who came here today. The rest of you have been divided randomly into two groups, called Group X and Group Y. Group X people are seated all around the room. Group Y people are standing at the back of the room.

Anonymity  Each person in Group X will be randomly paired with a person in Group Y. No one will learn the identity of the person she/he is paired with.

Group Y Show-Up Fees  Each person in Group Y will be given 10 one-dollar certificates as a show-up fee to put in his/her pocket.

Group X Show-Up Fees  Each person in Group X will be given 10 one-dollar certificates as a show-up fee. As explained below, each Group X person will have a decision to make about what to do with her/his show-up fee.

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Complete Privacy This experiment is structured so that no one, including the experimenters, the monitor, and the other subjects will ever know the personal decision of anyone in the experiment. This is accomplished by a procedure in which you collect your money payoff, contained in a sealed envelope, from a lettered mailbox that only you have the key for. Your privacy is guaranteed because neither your name nor your student ID number will appear on any form that records your decisions in this experiment. The only identifying mark on the decision forms will be a letter known only to you. You will be able to collect your money payoffs with privacy by using a key, which opens a mailbox. The key and mailbox will be labeled with the same letter as your decision-reporting forms. But you will be the only person who knows your personal letter.

The Group X Decision Task Before the Group X people make their decisions, the Group Y people will leave the room. Then each person in Group X will decide whether to keep all 10 of his/her one-dollar show-up fee certificates or give some or all of them to his/her paired person in Group Y. Every certificate given by a person in Group X to a person in Group Y will be tripled by the experimenters. Table D.1 shows how this works.

Group Y Has No Decision to Make The Group Y people do not have any decision to make. This means that they will keep all of the tripled number of certificates sent to them by individuals in Group X.

The Role of the Monitor The monitor was randomly chosen from among the students who volunteered for today’s experiment. The monitor will be in charge of distributing and collecting the little boxes that contain the envelopes containing mailbox keys and one-dollar certificates. In addition, the monitor will be asked to watch and make sure that the experimenters actually follow the procedures that have been explained here.

D.2 Instructions for experiment 2

No Talking Allowed Now that the experiment has begun, we ask that you do not talk. If you have a question after we finish reading the instructions, please raise your hand and
### Table D.1:
The experimenter will approach you and answer your question in private.

**A Monitor and Two Groups** A monitor has been selected randomly from among those of you who came here today. The rest of you have been divided randomly into two groups, called Group X and Group Y. Group X people are seated all around the room. Group Y people are standing at the back of the room.

**The Role of the Monitor** The monitor was randomly chosen from among the students who volunteered for today's experiment. The monitor will be in charge of distributing and collecting envelopes containing mailbox keys, decision forms, and pencils. In addition, the monitor will enforce the no talking rule after the experimenters have left the laboratory, which they will do before any decisions are made.

**Anonymity** Each person in Group X will be randomly paired with a person in Group Y. No one will learn the identity of the person she/he is paired with.
**Initial Account Balances** Each person in each group will be credited with $10 at the beginning of the experiment. The $10 credit will be your initial account balance.

**Complete Privacy** This experiment is structured so that no one, including the experimenters, the monitor, and the other subjects will ever know the personal decision of anyone in the experiment. This is accomplished by a procedure in which you collect your money payoff, contained in a sealed envelope, from a lettered mailbox that only you have the key for. Your privacy is guaranteed because neither your name nor your student ID number will appear on any form that records your decisions in this experiment. The only identifying mark on the decision forms will be a key identification code known only to you. You will be able to collect your money payoffs with privacy by using a key, which opens a mailbox. The key and mailbox will be labeled with the same identification code as your decision-reporting forms. But you will be the only person who knows your personal identification code.

**Decision Task** Each Group X person has a single decision to make. He/she can decide to change or not the account balances of both people. The Group Y person has no decision to make. Hence, after the Group X person makes his/her decision, the experiment ends and the account balances of both people cannot be changed any more.

**What Happens if a Group X Person Decides to Decrease the Other’s Account Balance?** Each $1 decrease in the other person’s account balance increases the Group X person’s account balance by $1. The Group X person cannot decrease the other person’s account balance by more than $5.

**What Happens if a Group X Person Decides to Increase the Other’s Account Balance?** Each $3 increase in the other person’s account balance decreases the Group X person’s account balance by $1. The Group X person cannot increase the other person’s account balance by more than $30.
D.2. INSTRUCTIONS FOR EXPERIMENT 2

You can decrease the Other Person's Account as follows

<table>
<thead>
<tr>
<th>If you change your Account by</th>
<th>+1</th>
<th>+4</th>
<th>+3</th>
<th>+2</th>
<th>+1</th>
<th>0</th>
<th>-1</th>
<th>-2</th>
<th>-3</th>
<th>-4</th>
<th>-5</th>
<th>-6</th>
<th>-7</th>
<th>-8</th>
<th>-9</th>
<th>-10</th>
</tr>
</thead>
</table>

Then the Y person's Account changes by

<table>
<thead>
<tr>
<th>Y person's Account</th>
<th>-5</th>
<th>-4</th>
<th>-3</th>
<th>-2</th>
<th>-1</th>
<th>0</th>
<th>+3</th>
<th>+6</th>
<th>+9</th>
<th>+12</th>
<th>+15</th>
<th>+18</th>
<th>+21</th>
<th>+24</th>
<th>+27</th>
<th>+30</th>
</tr>
</thead>
</table>

Y person's Account Balance becomes

<table>
<thead>
<tr>
<th>Account Balance becomes</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
<th>16</th>
<th>19</th>
<th>22</th>
<th>25</th>
<th>28</th>
<th>31</th>
<th>34</th>
<th>37</th>
<th>40</th>
</tr>
</thead>
</table>

Your Account Balance becomes

<table>
<thead>
<tr>
<th>Account Balance becomes</th>
<th>15</th>
<th>14</th>
<th>13</th>
<th>12</th>
<th>11</th>
<th>10</th>
<th>9</th>
<th>8</th>
<th>7</th>
<th>6</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
<th>0</th>
</tr>
</thead>
</table>

Table D.2: Choices to Group X Person.

Review of the Decision Task of a Person from Group X Each person in Group X will choose a column from Table D.2. Each column summarizes how much both matched X and Y persons get or lose, and their resulting account balances.

Group Y Has No Decision to Make The Group Y people do not have any decision to make. This means that their accounts will be changed according to the decisions made by individuals in Group X.