Sample Instructions
$$A =, 3, E = 1, K = 2, N = 3, T = 5$$

This is an experiment in the economics of decision-making. A research foundation has provided funds for conducting this research. Your earnings will depend partly on your decisions and partly on the decisions of the other participants in the experiments. If you follow the instructions and make careful decisions, you may earn a considerable amount of money.

At this point, take a minute to write down the number of the computer you are using as it appears on the top of the monitor. At the end of the experiment, you should use your computer number to claim your earnings. At this time, you will receive $5 as a participation fee (simply for showing up on time). Details of how you will make decisions will be provided below.

During the experiment we will speak in terms of experimental tokens instead of dollars. Your payoffs will be calculated in terms of tokens and then translated at the end of the experiment into dollars at the following rate:

2 Tokens = 1 Dollar

In this experiment, you will participate in 15 independent and identical (of the same form) rounds each divided into 5 decision-turns. In each round, you will be assigned to a three-person group.

Before the first round, you will be randomly assigned a participant type. A third of the participants in the room will be designated as type-A participants, one third as type-B participants and one third as type-C participants.

Your type depends solely upon chance and will remain constant in all rounds throughout the experiment. When you are called to make your first decision you will be informed of your type on the left hand side of the dialog window.

A decision round

Next, we will describe in detail the process that will be repeated in all 15 rounds. Each round starts by having the computer randomly form three-person groups by selecting one participant of type-A, one of type-B and one of type-C.

The groups formed in each round depend solely upon chance and are independent of the groups formed in any of the other rounds. That is, in any group each participant of type-A is equally likely to be chosen for that group, and similarly with participants of type-B and type-C. This is done by the computer.

At the beginning of every round each participant receives an endowment of one token. In each round you will be asked to invest your token in one of two accounts labeled x and y. Each participant will be asked to invest his or her token in an account that corresponds to his or her participant type. That is, if you are a type-A participant you will be asked to invest your token either in account or in account , and similarly if you are a participant of type-B or type-C.

When you are called to make your first decision, you will be asked to input the letter of the account, x or y, in which you wish to invest your token. When you are ready to make your decision, all you need to do is use the mouse to click on the x-button or y-button on the lower left hand corner of the dialog window. After that, confirm your decision by clicking on the Submit button.

When everyone in your group has made a decision, you will observe the choices of the other two participants in your group. For example, if you are a type-A participant, you will be informed which account, x_B or y_B, the type-B participant has chosen and which account, x_C or y_C, the type-C participant has chosen. This information is given to you in the large window that appears at the bottom of the dialog window. Note that each of the other participants will also observe the accounts chosen by the other participants in the group. This completes the first of 5 decision-turns in this round.

Investing the token in account y is irreversible. Therefore, if you invested your token in account y in the first decision-turn you will not have any decision to make at the second and all subsequent turns in the round.

If you invested in account x in the first turn you will be called to make your second decision without receiving another token. You will again be asked to click on the letter of the account, x or y, in which you want to invest your token, and after everyone in your group has made his or her decisions, you will observe the choices made in the second decision-turn by the other participants in your group. This process will be repeated until 5 decision turns are completed.

Note, again, that investment in account y is irreversible: once you have invested your token in account y it will be kept there until the last decision turn. When the first round ends, the computer will inform everyone how many participants in their group had their token invested in account y at the last turn of the round.

After you observe the results of the first round, the second round will start with the computer randomly forming new groups of three participants. The process will be repeated until all the 15 independent and identical rounds are completed. At the end of the last round, you will be informed the experiment has ended.

Earnings

Your earnings in each round are determined by the allocation of tokens within your group at the last turn; more precisely, your earnings depend on the number of tokens in your x account and the total number of tokens in the y accounts.

- If the total number of tokens in the y accounts within your group is 3, each participant in the group will receive 3 tokens plus the number of tokens in his or her personal x account.

- If the total number of tokens in the y accounts within your group is less than 3, each participant in the group will receive the number of tokens in his or her personal x account only.

For example, if the type-A participant and the type-B participant invest in the y account and the type-C invests in the x account, we have

$$x_A = x_B = 1 \text{ and } x_C = 0 \text{ and } x_A = x_B = 0 \text{ and } x_C = 1.$$

So the total investment in y accounts is 2 tokens and type-A and type-B receive no tokens and type-C receives 1 token. Your final earnings in the experiment will be the sum of your earnings over the 15 rounds.

Rules

Please do not talk with anyone during the experiment. We ask everyone to remain silent until the end of the last round. Your participation in the experiment and any information about your earnings will be kept strictly confidential. Your payments receipt and participant form are the only places in which your name and social security number are recorded. If there are no further questions, you are ready to start. An instructor will approach your desk and activate your program.