

# The Development Gap in Economic Rationality of Future Elites Online Appendix, instructions

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## A1.1 Introduction

Welcome. My name is NN and I will lead this session. The instructions will be in English, since this is part of an international research project financed by the Norwegian Research Council [the National Science Foundation in the US]. Please listen carefully to the instructions.

In this experiment you can earn money depending on the decisions you make. Your earnings will be paid to you in cash at the end of the session.

You are not allowed to communicate or use the internet during the session. Violation of this rule will lead to the exclusion from the session and all payments. If you have questions, please raise your hand. A member of the research team will come to you and answer them in private.

You will be **completely anonymous** throughout the session, which means that it will not be possible for the other participants - or us - to identify which decisions you make. At the end of the session you will be asked to write your desk number down on the sheet that is in the folder next to you. You will show this sheet when you leave the session, and you will then be handed over an envelope with the corresponding number, which contains the money you have earned in the session. The research assistants who have prepared the envelope will not be in the room when the envelopes are distributed, which ensures that no one can identify how much each of you have earned in the session.

The experiment will have two parts and you will be given instructions before each part of the experiment.

## **A1.2 Part 1**

### SHORT INTRO TO PART 1

In the first part of the experiment, we will ask you various questions. There may be some waiting after you have finished your part as we will have to wait for everyone to finish. We therefore ask you to be patient. Remember, it is not allowed to communicate or to use the internet during the experiment.

### THE LEADER OPENS FOR PART 1.

You will now receive an IQ-test on the screen. This is time-restricted and you will have 13 minutes to answer as many of the questions as possible. You will first receive two examples where the correct answer is given so that you can see the logic of the test. Your job is to fill in the answer and press submit. The time will start running immediately. You can start now.

### AFTER THE TIME IS OUT.

Time is out, please press the submit button.

### AFTER EVERYONE HAS SUBMITTED WE OPEN THE IQ TEST.

WHEN EVERYONE HAS FINISHED IQ (13 MINUTES) THERE IS ANOTHER BUTTON FOR STARTING BIG-5 AND THE REMAINING QUESTIONS.

This is the instruction for the second section. You will see a number of statements about you and you should answer on a scale from 1 to 5 how much you think that statement fits you. 1 is strongly disagree and 5 is strongly agree. You have several statements on each page and you have to tick an answer for all of these statements before you press submit. There are no right or wrong answers to these questions, it is just about how much you feel the statement is true for yourself. After everyone has answered these questions you will be given another set of questions to answer. Please start.

LEADER WAITS UNTIL STATUS PAGE SHOWS THAT EVERYONE HAS ANSWERED ALL QUESTIONS.

Everyone has now answered all the questions. You will soon be taken to the second part of the experiment. The assistants will now come to your computer and open part 2.

## A1.3 Part 2

INTRO TO PART 2

LEADER HAS THE POWER POINT ON THE BOARD

On your screen, you see a program like the one I have here. This is a program for decision making. In this part of the experiment you will make 50 decisions. We will in this introduction describe how you make decisions. Please raise your hand if there are any questions, as it is important that you understand.

In each decision you will be asked to allocate tokens between two accounts, labeled x and y, which correspond to the vertical and horizontal axis that you see in this figure and on your screen.

LEADER SHOWS THE AXIS WITH THE CURSOR ON THE COMPUTER IN THE POWER POINT

You should think of the tokens as real money, because how much you earn in the experiment depends on how many tokens you get in payoff. The value of each token is given on a separate sheet at your desk. You can think of tokens as a foreign currency, which you can convert into shillings [dollars] by the conversion rate that is on the instruction sheet handed out. This means that you multiply the tokens with the value of each token given on your sheet. Please have a look on your sheet now and write down the answer to the four test questions on this sheet. Please raise your hand if you are uncertain about the meaning of a token. Afterwards we will continue explaining how you make decisions.

LEADER WAITS FOR PEOPLE TO ANSWER THE QUESTIONS AND FOR THE SA TO CONTROL THE ANSWERS.

The line connecting the two axes in the figure is what we call a budget line, and this shows all possible ways of sharing the tokens you have available between the two accounts. The budget line will differ for each decision and individuals as the computer chooses them randomly. Your task is very simple. In each of the 50 decisions, we ask you to choose a point on the budget line. Let me now explain in more detail what this means.

LEADER CLICKS TO SECOND SLIDE IN POWER POINT WHERE THERE IS AN ILLUSTRATION OF TWO BASKETS.

To illustrate, think of the x account and the y account as two baskets. The line presents possible allocations of tokens between the accounts. When you put money in one account, that is one basket, you will have less money in the other account.

At the end of the decision round, the computer will randomly select one of the accounts as the one determining your payoff in this round, where it is equally likely that the computer selects x or y. So the decision problem is like a lottery, and your choice is to decide how much to allocate to x and y in this lottery. You make a new decision in each round, so in each round you decide how much to put into the x and y account.

LEADER OPENS DECISION PROGRAM, WHILE LEADER TALKS  
HE SHOWS ON THE PROGRAM

Let me explain how you make your choice on screen. You choose an allocation on the budget line by moving the cursor to the point you like. You can always see your allocation in the boxes x and y in the right part of the screen, or in the box over the cursor. If you see here I move the cursor to the y-intercept, which means that I allocate ... tokens to the y account and nothing to the x account. So if the y account is randomly drawn your payoff in this round is ... tokens. If however, the x account is drawn, the payoff is 0 in this round.

Here is another example of a choice you can make.

LEADER TAKES THE CURSOR DOWN THE LINE TO A POINT  
SOMEWHERE IN THE MIDDLE

The cursor now points at ... tokens in the y account and ... tokens in the x account. This means that if the y-account is drawn your payoff is ... tokens in this round, whereas if the x account is drawn your payoff is ... in this round.

When you are ready to make your decision, left click on the point you desire to submit your chosen allocation.

LEADER LEFT-CLICKS ON ANY PLACE ON THE LINE AND GETS  
A POP-UP BOX

A box like this one will pop up asking you to confirm your decision and you do that by clicking yes. To move on to the next decision, press OK button.

To repeat, here is how the payoff in each round is determined. At the end of each round, the computer will randomly select one of the accounts, x or y, where it is equally likely that account x or account y will be chosen. Your payoff in this round is determined by the number of tokens you have in the selected account.

You make 50 decisions and at the end of the experiment the computer will randomly and with equal probability select one of the rounds as the one determining your earnings from this experiment. You will receive in Tanzanian Shilling [dollars] your tokens times the value of each token. Since you do not know which round is the one determining your earnings, you should think of each round as real. At the end of the whole experiment, we will pay you the earnings privately.

You will now be presented with the 50 decision problems. Remember. There is no right or wrong decision. In each round you should try to find the allocation you prefer.

There may be some technical issues because of network connection. If your program does not respond please raise your hand and we will restart it for you. It will continue from your last decision and no data is lost.

This completes the instructions to the second part of the experiment. Any questions?

LEADER OPENS FOR ROUND TWO.

LEADER WAITS UNTIL EVERYONE HAS COMPLETED ALL 50  
ROUNDS

Everyone has now completed all 50 rounds. You will now see on your screen which round the computer selected.

Please write down your desk number on the payment form available at your work station. Make sure that you write the correct number, since this is your identification for receiving your payment. We will then have to wait for the envelopes with the payment to be prepared and brought to the lab before we can proceed. Again, while we wait, we ask you to remain quiet and seated at your desk.

LEADER WAITS UNTIL THE ENVELOPES ARRIVES AND THE SA2  
WHO HAS PREPARED THEM HAS LEFT THE ROOM.

My assistant will now hand over the envelopes to you. He will do so by asking you to form a line, and you should show the payment form with your desk number to collect the envelope with your payment. Please leave the pen at your desk.

Before we proceed with the payments, let me take the opportunity to thank you all for participating in this experiment. Your participation is valuable to the research that we do. May we also ask you not to talk to anyone about the experiment before the end of the week, since we will conduct more session later today. Thank you.

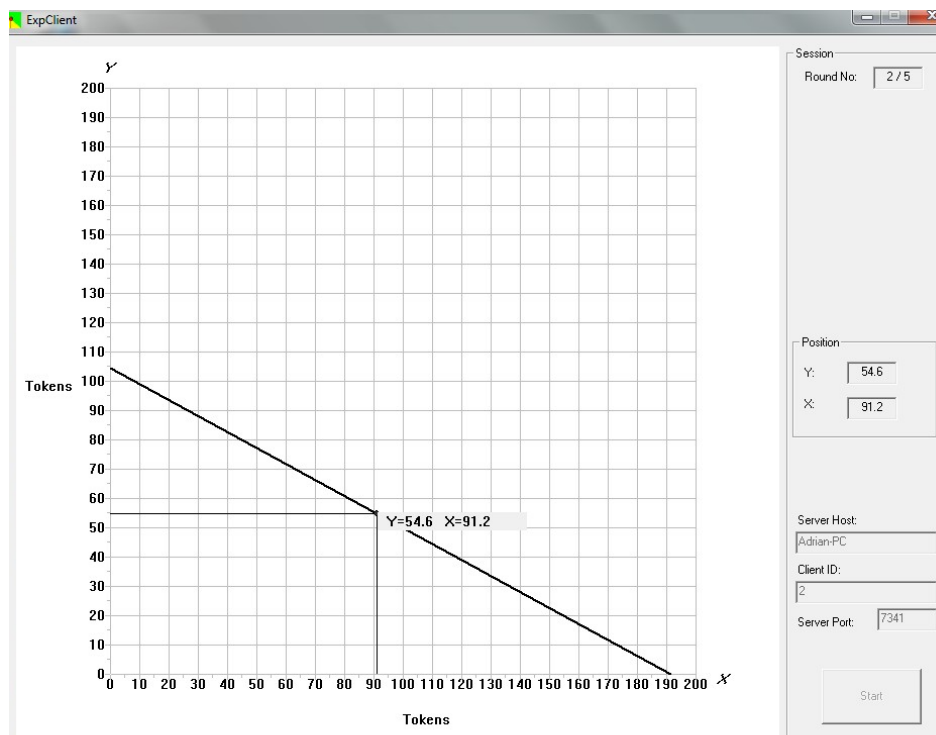
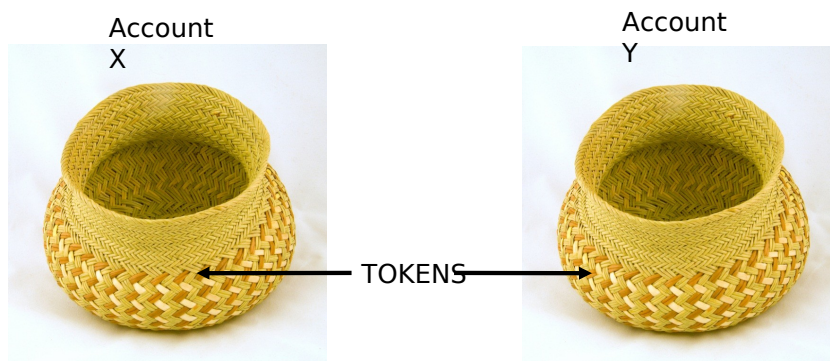


Figure A1.1: First slide used for instruction



When you put tokens in one account, it will be less tokens left to put in the other account.

Figure A1.2: Second slide used for instruction