

General instructions for participant A

You are now participating in an economic experiment.

If you read the following instructions carefully, you can earn additional money, depending on your decisions and those of other participants. For this reason, it is very important that you read these instructions carefully.

Please note that you are not permitted to communicate with other participants during this experiment. Should you have any questions, please ask us for assistance.

During the experiment, we do not speak of francs but points. Your income will be calculated in points; the point total which you earn during the experiment will be converted to francs at the end of the experiment; the following conversion rate applies:

1 point = 40 centimes.

You will receive your point total in **cash** at the end of the experiment. The payment is made in a separate room and in privacy. Thus, no other participant will learn exactly how much you earned.

You will be paired with various other participants during the experiment who will be assigned randomly to you. You neither learn the identity of your assigned partners before nor after the experiment. In the same way, the other partners will learn nothing about your identity.

We will describe the experiment procedure on the next pages.

The Experiment

The experiment consists of a total of four periods which are identical from the decision procedure. There are two different participant roles in each period: Participant A and Participant B.

You are Participant A in every period.

Both participants, A and B, receive an initial endowment of 12 points at the beginning of each period. Then you as Participant A can transfer 0, 4, 8, or 12 points of your initial endowment to Participant B. Each point which you transfer to Participant B will be tripled. If, for example, you transfer 4 points, Participant B will receive 12 points, in addition to his initial endowment. If you transfer 12 points, Participant B receives 36 points, in addition to his initial endowment. You enter your decision on the following monitor. You have 60 seconds for your decision in the first period and 40 seconds in all subsequent periods. Please confirm your decision with the OK button.



The screenshot shows a software interface for the experiment. At the top, there are two status boxes: "Period 1 of 4" and "Remaining time[sec] 60". The main area contains the following text: "You are Participant A.", "You have 12 points.", and "How many points do you transfer to Participant B?". Below the text is a blue rectangular input field with a vertical cursor. In the bottom right corner, there is a red "OK" button.

Participant B will be informed of your decision after you have made it. Participant B then has the possibility of transferring any amount of his points to you. If you transferred nothing, for example, Participant B only has his initial endowment of 12 points available. He can then transfer between 0 and 12 points to you. If you transferred your entire initial endowment, Participant B then has 48 points ($12 \times 3 = 36$ plus 12 initial endowment) available; he can then transfer between 0 and 48 points. Points will not be tripled for the back transfer, meaning that you will receive exactly the number of points that Participant B transfers.

Depending on your transfer and Participant B's decision, both participants' income in a period is determined as follows:

You as Participant A earn

$12 - \text{your transfer to Participant B} + \text{Participant B's back transfer to you.}$

Participant B earns

$12 + (3 \times \text{your transfer to Participant B}) - \text{Participant B's back transfer to you.}$

You can choose between 0, 4, 8, or 12 points for your transfer. Participant B can choose any integer point amount for the back transfer (in maximum, of course, the number of points he has available).

There are a total of four periods in this experiment. Each period is identical and only differs by the fact that **you are paired with a different Participant B. Your role is the same in each period**, i.e. you are always in the role of Participant A and your partner is always in the role of Participant B.

The Participant B with whom you are paired in a period will be determined randomly each period from all participants **who were sitting at a different table than yours in the rest area**. However, we will make sure that you are never together with any one Participant B more than once. Each interaction is anonymous, meaning that neither you nor Participant B will ever learn anything about

the other participant's identity.

You will learn of the decisions of the Participants B with whom you were paired **following the completion of all four periods**. You will then learn of your aggregate income from this experiment, which is calculated from the sum of your incomes in the individual periods.

Your entire income will be paid out to you in cash in private at the end of the experiment; this means that the other participants will not learn of the amount of your income.

Control questions

Please answer the following control questions now. Your answers will have no effect on the payment stemming from this experiment; they only serve to determine whether all participants have understood the experimental procedure correctly. Please raise your hand when you are done, so that we can check your answers.

Question 1: You are Participant A. You transfer 0 points to Participant B, and he transfers 0 points back to you.

How high is your income in this period?

How high is Participant B's income in this period?

Question 2: You are Participant A. You transfer 12 points to Participant B. Participant B transfers 24 points back to you.

How high is your income in this period?

How high is Participant B's income in this period?

Question 3: You are Participant A. You transfer 12 points to Participant B. Participant B transfers 0 points back to you.

How high is your income in this period?

How high is Participant B's income in this period?

Question 4: You are Participant A. You transfer 8 points to Participant B. Participant B transfers 10 points back to you.

How high is your income in this period?

How high is Participant B's income in this period?

Question 5: You are Participant A. You transfer 8 points to Participant B. Participant B transfers 0 points back to you.

How high is your income in this period?

How high is Participant B's income in this period?

Question 6: You are Participant A. You transfer 4 points to Participant B. Participant B transfers 10 points back to you.

How high is your income in this period?

How high is Participant B's income in this period?

Do you still have any questions?

General instructions for participant B

You are now participating in an economic experiment.

If you read the following instructions carefully, you can earn additional money, depending on your decisions and those of other participants. For this reason, it is very important that you read these instructions carefully.

Please note that you are not permitted to communicate with other participants during this experiment. Should you have any questions, please ask us for assistance.

During the experiment, we do not speak of francs but points. Your income will be calculated in points; the point total which you earn during the experiment will be converted to francs at the end of the experiment; the following conversion rate applies:

1 point = 40 centimes.

You will receive your point total in **cash** at the end of the experiment. The payment is made in a separate room and in privacy. Thus, no other participant will learn exactly how much you earned.

You will be paired with various other participants during the experiment who will be assigned randomly to you. You neither learn the identity of your assigned partners before nor after the experiment. In the same way, the other partners will learn nothing about your identity.

We will describe the experiment procedure on the next pages.

The Experiment

The experiment consists of a total of four periods which are identical from the decision procedure. There are two different participant roles in each period: Participant A and Participant B.

You are Participant B in every period.

Both participants, A and B, receive an initial endowment of 12 points at the beginning of each period. Then Participant A can transfer 0, 4, 8, or 12 points of his initial endowment to you as Participant B. Each point which Participant A transfers to you will be tripled. If, for example, A transfers 4 points, you will receive 12 points, in addition to your initial endowment. If A transfers 12 points to you, you receive 36 points, in addition to your initial endowment.

You will be informed of Participant A's decision after he has made it. You then have the possibility of transferring any amount of your points to Participant A. If Participant A transferred nothing, for example, you only have your initial endowment of 12 points available. You can then transfer between 0 and 12 points to Participant A. If Participant A transferred his entire initial endowment, you then have 48 points ($12 \times 3 = 36$ plus 12 initial endowment) available; you can then transfer between 0 and 48 points back to A. Points will not be tripled for the back transfer, meaning that Participant A will receive exactly the number of points that you transfer.

Depending on Participant A's decision and the amount of your back transfer, both participants' income in a period is determined as follows:

Participant A earns

$12 - \text{Participant A's transfer to you} + \text{your back transfer to Participant A.}$

You as Participant B earn

$12 + (3 \times \text{Participant A's transfer to you}) - \text{your back transfer to Participant A.}$

You make your decision about the back transfer on the following monitor. You have 60 seconds for your decision in the first period and 40 seconds in all subsequent periods. Please confirm your decision with the OK button.

Period 1 of 4 Remaining time[sec] 60

You are Participant B.

Participant A transferred 12 points to you, meaning that you received 36 points. You can thus transfer between 0 and 48 points.

How many points do you transfer to Participant A?

OK

Participant A can transfer 0, 4, 8, or 12 points to you. You can choose any integer point amount for the back transfer (in maximum, of course, the number of points you have available).

There are a total of four periods in this experiment. Each period is identical and only differs by the fact that **you are paired with a different Participant A. Your role is the same in each period**, i.e. you are always in the role of Participant B and your partner is always in the role of Participant A.

The Participant A with whom you are paired in a period will be determined randomly each period from all participants **who were sitting at a different table than yours in the rest area**. However, we will make sure that you are never together with any one Participant A more than once. Each interaction is anonymous, meaning that neither you nor Participant A will ever learn anything about

the other participant's identity.

You will learn of your aggregate income from this experiment, which is calculated from the sum of your incomes in the individual periods, after the completion of all four periods.

Your entire income will be paid out to you in cash in private at the end of the experiment; this means that the other participants will not learn of the amount of your income.

Control questions

Please answer the following control questions now. Your answers will have no effect on the payment stemming from this experiment; they only serve to determine whether all participants have understood the experimental procedure correctly. Please raise your hand when you are done, so that we can check your answers.

Question 1: You are Participant B. Participant A transfer 0 points to you, and you transfer 0 points back to A.

How high is your income in this period?

How high is Participant A's income in this period?

Question 2: You are Participant B. Participant A transfers 12 points to you. You transfers 24 point back to A.

How high is your income in this period?

How high is Participant A's income in this period?

Question 3: You are Participant B. Participant A transfers 12 points to you. You transfer 0 points back to A.

How high is your income in this period?

How high is Participant A's income in this period?

Question 4: You are Participant B. Participant A transfers 8 points to you. You transfer 10 points back to A.

How high is your income in this period?

How high is Participant A's income in this period?

Question 5: You are Participant B. Participant A transfers 8 points to you. You transfer 0 points back to A.

How high is your income in this period?

How high is Participant A's income in this period?

Question 6: You are Participant B. Participant A transfers 4 points to you. You transfer 10 points back to A.

How high is your income in this period?

How high is Participant A's income in this period?

Do you still have any questions?