Welcome and thank you for your participation in this experiment!

Instructions

The goal of this experiment is the study of decision making. You and your fellow participants will be tasked with making decisions over the course of this experiment. Your decisions, and those of the other participants, will influence your accumulated payment according to the rules explained on the following pages. The briefing is to serve as an explanation of the structure of the experiment and the consequences your decisions will have. The experimenter is not withholding or altering any information.

Payment

During the course of the experiment you will earn points. At the end of the experiment, your earned points will be converted to Euro. This conversion will occur at the following rate: **1 point = 0.005 Euro** (meaning 1000 points = 5 Euro). You will receive your payment without it being revealed to the other participants, and in cash.

Duration

The entire experiment will take approximately 75 minutes. After you have completed the tasks, a questionnaire will appear on your screen. Following your completion of this questionnaire, you will have to wait until your seat number is called. You will then receive your payment in Euro.

Please take enough time to read the explanations and to come to your decision. You cannot speed up the process of the experiment by completing your tasks faster, as the completion by all participants is required to proceed.

Anonymity

All participants will not know the identity of the others participating, neither during, nor after the experiment. The other participants will also not be informed of how much you have earned, neither during, nor after the experiment.

Ban on communication

Throughout the entire experiment you are not allowed to communicate with other participants. Please also shut off any mobile devices. Furthermore, we would like to indicate that you are only allowed to use those functions on the computer that are required for the experiment. Violation of these rules will lead to expulsion from the experiment.

If you have any questions regarding the experiment after reading this briefing, please raise your hand. One of the experimenters will come to you and answer your question in private.

Content and procedure

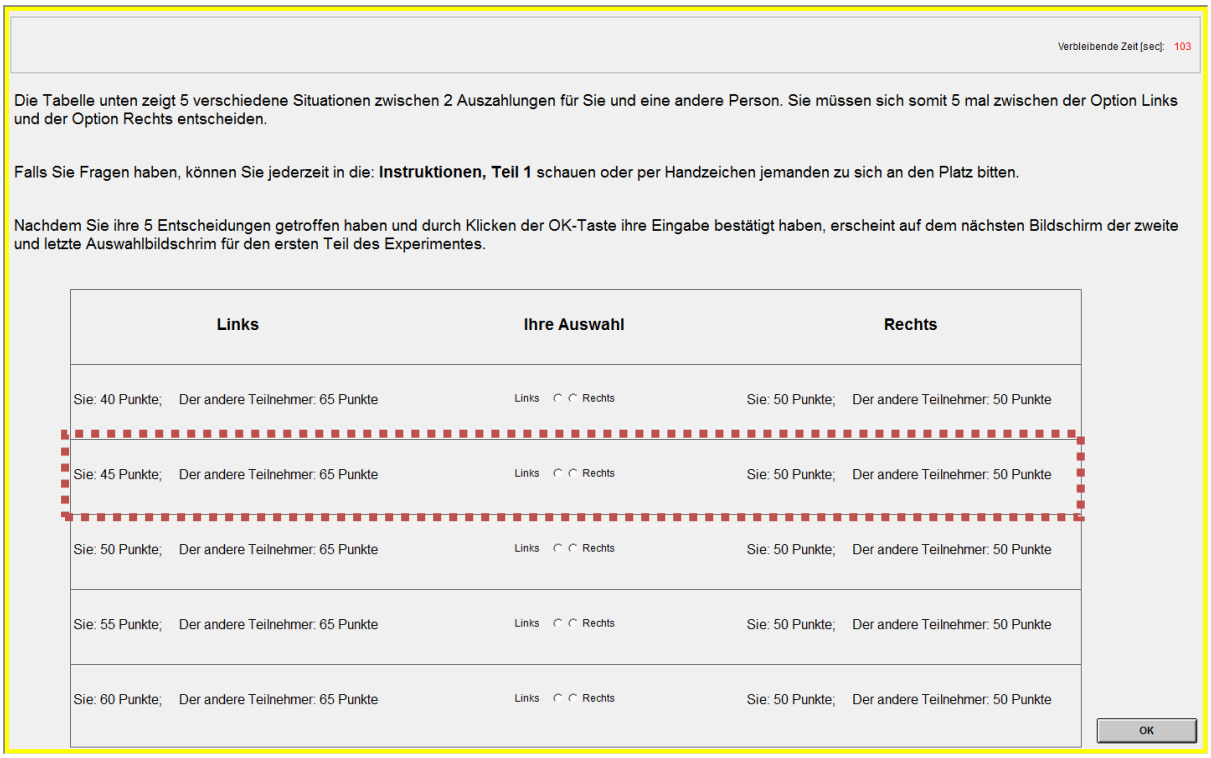
This experiment consists of **2 parts**, which will both be explained in sequence. You can earn money in both parts of the experiment. In the first part of the experiment, you will be asked to choose between two possible options (Left and Right). In the second part, you will take part in a vote decision on the redistribution of tokens in a randomly composed 5 person group.

Part 1

In the first part of the experiment, you will be tasked with making 5 decisions twice. In each of these overall 10 decisions, you will be paired up with an "other participant". This other participant will, like you, remain anonymous. The other participant will be randomly picked for each of the 10 decisions.

In these decisions you will, as the active decider, always be tasked with choosing between Left and Right, where the options Left and Right are connected with a payment for you and the other participant. In Figure 1 below, you will find an example for the first 5 decisions of Part 1. (These values are not the same as they will be in the actual experiment and serve only as a demonstration.)

Figure 1: Decision screen for the choice of different distributions



Example: The option Left in the 2nd row reads: You 45 Points, other participant 65 Points. The option Right in the 2nd row reads: You 50 Points, other participant 50 Points. This means that if you were to choose, for example, Left as your preferred situation in the second row, and this situation is the one that is randomly chosen as the payment relevant one, that you will receive 45 Points and the other participant 65 Points.

We would like you to choose between the options Left and Right for each of the 10 situations that you are about to receive in two blocks of five. Please compare the two options for each row and make your choice by clicking on either Left or Right.

Your payment for this part of the experiment consists of two partial payments:

Payment as "active decider": At the end of the first part of the experiment, one of the 10 decisions you have made will be randomly chosen. Both your payment, and that of a randomly assigned other participant will be dependent on your choice. In the example given in Figure 1, you would receive 45 points and the other participant 65 if you were to choose Left.

Payment as "other participant": Following the same procedure, a different participant will, based on their choice of either Left or Right, dictate your payment as a randomly assigned other participant. This of course means that you are not able to influence this decision in any way. However, it is impossible for you and the other participant to be the other's active decider and other participant at the same time.

Your total payment from the first part of the experiment will be the cumulative point values from your payment as active decider and as other participant.

If you have any questions, please raise your hand and someone will come answer it. Otherwise, please read on for rules for Part 2 of the experiment.

Part 2

The second part of the experiment consists of 6 voting decisions on the redistribution of tokens within a 5 member group of participants.

The participants will be randomly shuffled into groups of 5 for each of the 6 rounds of voting.

In each of the 6 rounds of voting, you will receive a randomly assigned amount of tokens. You will be able to see your group members' amount of tokens, and they will be able to see yours.

Redistribution: Tax rate

The task will be that the groups will have to agree on a redistributing tax rate (in percent), which will apply to each group member's amount of tokens and redistribute them within the group.

When the group members have decided on a tax rate, this rate will be applied to the entire group. The resulting amount of tokens will be put into a mutual fund. The tokens in said fund will then be redistributed equally among the group members.

The agreed tax rate can contain all percentage values ranging from 0% (meaning no redistribution) to 100% (meaning uniform distribution of all tokens among all members).

Vote decision and Communication

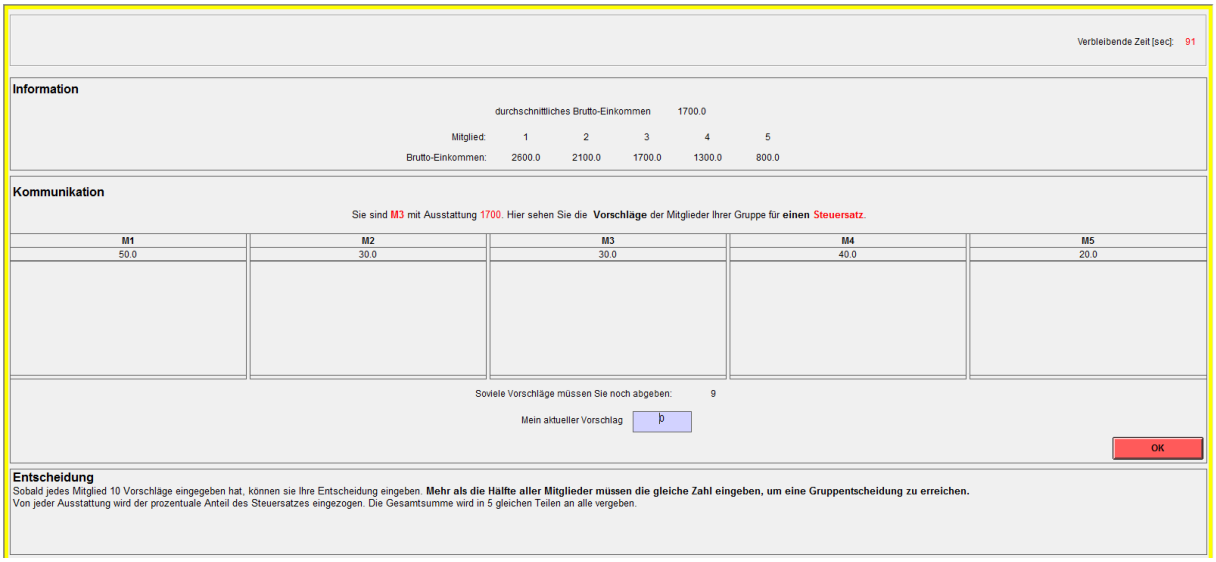
For a certain tax rate to be applied within the group, at least 3 members have to agree on the same tax rate.

Before you can come to your final decision, you are given the opportunity to chat with the other members of your group. However, you can only communicate in the form of numbers. Each participant has to suggest a number 10 times before the input box for the final decision is revealed.

Your input, and that of all the other participants in your 5 member group, will be displayed on your screen so that you can all see the tax rate your group members want. You are given the chance to communicate your desired tax rate in an attempt to reach an agreement with your group members through the exchange of suggestions. However, these exchanged suggestions are in no way binding, as they are only suggestions. A tax rate can only be agreed upon if the majority (so, 3 of the 5 members in each group) enter the same tax rate as their final input.

If at least 3 members within a group cannot agree on an identical final input and with it a tax rate, half of each participant's tokens will be deducted and no redistribution will take place.

Figure 2: Decision screen for the decision on a redistribution



Information: In the upper box with the heading “Information”, you will see the allotted amount of tokens for each member of your group in the round, with M1 through M5 denoting members 1 through 5, respectively.

Communication and vote decision: In the box labeled “Communication” you will see the suggestion inputs for the players M1-M5. Above it, you will find which player you are and how many tokens you have been allotted. A bit lower in the “Communication” box, you will find an input box, which is where you must enter your current suggestion. Additionally, you will find further information on the rules for the voting. Please remember that each round you will assume a new position (M1, M2, M3, M4, or M5), and the initial allotment of tokens will change.

Once you have entered a suggestion into the input box, your suggested tax rate will appear in your “Communication” box. Each group member will have to enter 10 suggestions in this manner before they are asked for their final decision.

Before this communication and decision phase takes place, you will be asked to enter your ideal tax rate which you would apply if you were able to decide all on your own. This input will not be revealed to the other group members.

Calculation of your payment in Part 2:

After each of the 6 rounds and with them, 6 different redistributions have taken place, you will be given an overview of the decisions that have taken place in your 6 groups. You will be able to see whether a minimum income had been agreed upon in each group, and what tokens you had after the redistribution took place in that round.

Your payment for Part 2 will be calculated from the average amount of points that you received in the 6 rounds. This makes each round relevant to your final payment.

Calculation of your final payment from both parts:

Your final payment will be calculated through the addition of your payments from both Part 1 and Part 2. The conversion rate is: 1000 Points = 5 Euro. You will receive your payment anonymously after the experiment is finished.

The experiment will begin shortly!
If you have any questions,
please raise your hand
until someone comes to speak to you.
Thank you and have fun.