Let the Punishment Fit the Criminal

Experimental Instructions

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Introduction to Placing Sliders

- In several parts of this experiment you will be asked to place sliders, such as the ones below, exactly in the middle of their line.
- You will know that it is exactly in the middle when the number next to the slider is 50.
- Before the experiment continues it is important that you understand this task.
- You may now move around the sample sliders below to see how this task works.
- When you feel you have understood, please click OK to continue.

General Instructions

- In this experiment there are two Roles: Role A and Role B.
- Participants in Role A will begin the experiment with an endowment of 10 EURO.
- Participants in Role B will begin the experiment with an endowment of 5 EURO.
- Participants in both Roles A and B can also earn money in three tasks.
- Depending on effort, choices, and luck in the three tasks, and including the initial endowments:

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  - participants in Role A will have Total Earnings between 10 and 25 EURO.
  - participants in Role B will have Total Earnings between 5 and 20 EURO.
- **For Participants assigned to Role A**, 50% of their Total Earnings will be given to the Red Cross. However, they may reduce the size of this Donation by choosing one of three options. They may:
  - Do nothing (and leave the whole Donation for the Red Cross),
  - Take half of the Donation (and leave half of the Donation for the Red Cross), or
  - Take all of the Donation (and leave nothing for the Red Cross).
- Any money they take from the Donation will be added to their Final Payment.
- Any money that remains in the Donation will be sent by online transfer to the Red Cross as soon as the experiment is completed.
- All payments to participants will be made in private.
- **Participants assigned to Role B** will be matched to a Role A participant. The Role B participant may decide to impose a punishment if he or she feels that the choice of the Role A participant was not appropriate.
  - The punishment will be that the Role A participant will be required to correctly place between 0 and 100 sliders (such as those on the previous screen) before collecting their earnings from the experiment.
  - The exact number of sliders the Role A participant will be required to place will be decided by the Role B participant with whom they are matched.
- All participants will make decisions both in Role A and Role B.
- At the end of the experiment it will be randomly determined whether your final payment is based on your decisions for Role A or Role B, i.e. you will only be paid for one these decisions.
- In summary, the experiment will proceed as follows:
  - **Part 1:** All participants will make decisions in Role A.
  - **Part 2** All participants will earn money in three different tasks.

  - **Part 3** All participants will make decisions in Role B.
  - **Part 4** A short questionnaire.
  - Finally, Roles will be randomly assigned and Final Payments calculated as explained above.
  - Those who are not required to place further sliders will collect their Final Payment immediately, while those who are required to place further sliders must do so before collecting their money.
- If you have any questions please raise your hand.
- Please click Continue when you are ready to make your decision in Role A.

Part 1: Role A Decision

- If you are randomly determined to be a Role A participant, 50% of your Total Earnings will be given as a Donation to the Red Cross.
- So you can be sure that your donation is really being sent to the Red Cross, an online transfer will be made immediately after the end of this experiment. A receipt will be printed out which you can see when you collect your payment.
- Choose one of the three following options.
  - Do nothing (and leave the whole Donation for the Red Cross)
  - Take half the Donation and add it to your Final Payment (and leave half the Donation for the Red Cross).
  - Take all the Donation and add it to your Final Payment (and leave nothing for the Red Cross).

Part 2: Task 1

- On the next page there are a number of sliders like the ones you saw at the beginning of the experiment..
- Before continuing with the experiment you must place 100 sliders exactly in the middle of their line.

- There will be two pages, each with 50 sliders.
- You may be paid a Bonus depending on how quickly you place all the sliders.
  - The first third to finish will be paid an extra 5 EURO.
  - The second third to finish will be paid an extra 2.5 EURO.
  - The last third to finish will not be paid a Bonus.
- If you have any questions please raise your hand.
- When you are ready to begin, please click Continue.
- [*Shown after task complete*] You finished in the last/second/first third. Your bonus is 0/2.5/5 EURO.

Part 2: Task 2

- In this part of the experiment, all participants may be given a Random Payment.
  - One third will be given an extra 5 EURO.
  - One third will be given an extra 2.5 EURO.
  - One third will not receive a Random Payment.
- Your Random Payment is 0/2.5/5 EURO.
- Please click Continue.

Part 2: Task 3

- In this task you must decide the **maximum amount you are willing to pay to avoid placing 100 sliders.**
- You have now been given an additional 5 EURO. You may use some or all of this money in this task. The money you do not spend will be added to your Total Earnings.
- The table below gives a list of 11 choices between correctly placing a further 100 sliders and different amounts of money you can pay to avoid having to do this.
- For each choice, indicate whether you would prefer to place the sliders or pay the amount shown by placing a checkmark in the corresponding box.

- At the end of the experiment, one of these 11 choices will be randomly selected.
- If, for the randomly selected choice, you chose to do the sliders, then you must again correctly place 100 sliders before collecting the money you have earned in this experiment. You will not be paid any extra money for placing these additional sliders.
- If, for the randomly selected choice, you chose the payment, you will be able to collect your money immediately, but the payment will be deducted from your Total Earnings.
- Note that your responses must be consistent, so if you say you prefer to pay a certain amount to avoid placing further sliders, you must also say you prefer to pay all lesser amounts.
- The highest amount where you say you prefer to pay, should be the **maximum you are willing to pay to avoid placing 100 sliders.** Note you will not necessarily pay this amount, as it depends on which of your 11 choices is randomly chosen. It is the maximum you can POSSIBLY pay.

[*Shown after choices entered*]

- Your choices indicate that the maximum you are willing to pay to avoid placing a further 100 sliders is [0,5] EURO. (Note you will not necessarily pay this amount, as it depends on which of your 11 choices is randomly chosen to be implemented, as explained in the previous screen. It is the maximum you can POSSIBLY pay).
- If this is correct, click "Finish".
- If you wish to go back to the previous screen and change your responses, click "Change".
- If you need some help, please raise your hand.

Part 3: Role B Decision

- You will now make decisions in Role B.

- You will decide how many sliders the Role A participant with whom you are matched must correctly place as a punishment before collecting his/her final payment. You will make this decision before you know their actual choice by indicating how many sliders they must place:
  - if they did nothing (and left the whole Donation for the Red Cross),
  - if they took half of the Donation (and left half of the Donation for the Red Cross), AND
  - if they took all of the Donation (and left nothing for the Red Cross).
- How many sliders they must ACTUALLY place will depend on their ACTUAL choice.
- When you make your decisions, you will be given three pieces of information about the Role A participant:
  - the Bonus he or she earned in the slider task,
  - the size of the Random Payment he or she received, and
  - the maximum amount he or she was willing to pay to avoid repeating the slider task.
- Remember that participants who do not have to place further sliders will not have to wait for those who do before collecting their Final Payment and leaving the experiment.
- Rather than making just one decision in Role B, you will decide how much 5 different Role A participants should be punished.
- At the end of the experiment, if you are chosen to be a Role B participant, one of these 5 Role A participants will be randomly chosen and receive your punishment.
- If you have any questions please raise your hand.
- Please click Continue when you are ready to make your decisions in Role B.

[*Next screen*]

- Reminder: 50% of the Total Earnings of the Role A participant described below were to be a Donation given to the Red Cross. However, they were able to reduce the size of the Donation by choosing one of the three following options:
  - Do nothing (and leave the whole Donation for the Red Cross),
  - Take half of the Donation (and leave half the Donation for the Red Cross), or
  - Take all of the Donation (and leave nothing for the Red Cross).
- Here is the information about this Role A participant:
  - He/she earned a Bonus of 0/2.5/5 EURO.
  - His/her Random Payment was 0/2.5/5 EURO
  - He/she was willing to pay a maximum of [0,5] EURO to avoid placing a further 100 sliders.
- Please indicate for each possible choice how many sliders (between 0 and 100) this Role A participant will have to place before they can collect their final payment if this Decision is randomly selected to be implemented.
  - If this participant did nothing (and left the whole Donation for the Red Cross), how many sliders will he/she have to place?
  - If this participant took half of the Donation (and left half the Donation for the Red Cross), how many sliders will he/she have to place?
  - If this participant all of the Donation (and left nothing for the Red Cross), how many sliders will he/she have to place?