INSTRUCTIONS: PART I

Welcome to a decision making experiment. The experiment has three independent parts.

In Part I we study how decisions are made with respect to two different projects.

You'll earn show up fee of three Euros irrespective of what happens in the experiment. In addition, you can earn considerably more from the experiment. In these instructions you will be told how this potential additional payoff is determined in the part I of the experiment. Your payoff will depend on your choices and the choices of the other participants.

Your earnings from the experiment will be paid in cash immediately after the experiment. The transaction will take place in a separate room, and your earnings will not be revealed to the other participants.

The participants are randomly allocated to different cubicles. The subjects seated in separate cubicles cannot communicate during the experiment which each other by any means, but their choices are shown to the other participants through computer display.

You will remain anonymous throughout the whole experiments. The analysis will take place on aggregate level, and the choices made by an individual subject cannot be associated with him, nor will his identity be revealed to the other participants.

We will first go through the instructions together, after which you have a chance to peruse them independently. This is followed by an exercise whose purpose is to make it certain that every participant has understood the instructions correctly. There are two practice rounds in the beginning of the experiment, which won't affect your payment from the experiment. After the practice rounds the real experiment takes place; it will also determine your payment. The part I is 20 rounds long, and your payment from the part I is determined by a randomly chosen single round.

Please remain silent during the experiment. Each participant will make their own decisions independently. If you have a question, please raise your hand. An experimenter will come to you, and you will be instructed personally.

For a successful experiment, it is important that the participants won't know the tasks beforehand. Therefore, we would like to ask you to not to talk about the contents of the experiment until 31.12.2014.

Please turn off your cellphone for the duration of the experiment.

THE EXPERIMENT: PART I

Twenty subjects will take part into the experiment. In the Part I your task is to make an investment decision between two projects. The Part I will feature 2 practice rounds and 20 actual rounds. In the beginning of each round the computer will randomly assign the subjects to four different subgroups each 5 consisting of 5 subjects. The make up of your group changes between rounds, and you cannot identify the other members of your group.

In the beginning of each round you will get a sum of money worth of ten units. Your task is to allocate this initial endowment between the private project A and the joint project B.. The income from the project A belongs only to you but the yield from the investments into the project B will be dealt between all the five members of your group.The income from the investments is denoted in experimental currency units that will be translated into Euros; the exchange rate will be 15 units = 1 Euro.

The Project A investments will yield you income according to the following table (1):

The amount of inv. Into A	The yield from Project A
0	0
1	18
2	34
3	48
4	60
5	70
6	78
7	84
8	88
9	90
10	90

The Project B will yield you income the following way: The total amount of money invested into the Project B will be multiplied by the amount you invested in the project B and this number will be multiplied by 3/8 or 0.375.

The yield from the Project B presented as a formula is thus: 3/8 * your investment into the project B * (the total sum of investments into the project B made by the group members.

The amount of Inv. B	Table 2: The yield from the project B when the sum of the investments into the project B made by the other members of your group is:																				
	0	2	4	6	8	10	12	14	16	18	20	22	24	26	28	30	32	34	36	38	40
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1	0	1	2	2	3	4	5	5	6	7	8	8	9	10	11	11	12	13	14	14	15
2	0	2	3	5	6	8	9	11	12	14	15	17	18	20	21	23	24	26	27	29	30
3	0	2	5	7	9	11	14	16	18	20	23	25	27	29	32	34	36	38	41	43	45
4	0	3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	57	60
5	0	4	8	11	15	19	23	26	30	34	38	41	45	49	53	56	60	64	68	71	75
6	0	5	9	14	18	23	27	32	36	41	45	50	54	59	63	68	72	77	81	86	90
7	0	5	11	16	21	26	32	37	42	47	53	58	63	68	74	79	84	89	95	100	105
8	0	6	12	18	24	30	36	42	48	54	60	66	72	78	84	90	96	102	108	114	120
9	0	7	14	20	27	34	41	47	54	61	68	74	81	88	95	101	108	115	122	128	135
10	0	8	15	23	30	38	45	53	60	68	75	83	90	98	105	113	120	128	135	143	150

The above table (2) shows you your possible income from various investments into the project B per different total amounts of investments made by your group members. The leftmost column o the table lists your investments into the project B and the uppermost row shows different total amounts of investments made by the other group members.

The amount of investment A	The amount of investment B	Total income from the projects A and B, when the sum of the investments into the project B made by the other group members is:																				
		0	2	4	6	8	10	12	14	16	18	20	22	24	26	28	30	32	34	36	38	40
10	0	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00
9	1	90.00	90.75	91.50	92.25	93.00	93.75	94.50	95.25	96.00	96.75	97.50	98.25	99.00	99.75	100.50	101.25	102.00	102.75	103.50	104.25	105.00
8	2	88.00	89.50	91.00	92.50	94.00	95.50	97.00	98.50	100.00	101.50	103.00	104.50	106.00	107.50	109.00	110.50	112.00	113.50	115.00	116.50	118.00
7	3	84.00	86.25	88.50	90.75	93.00	95.25	97.50	99.75	102.00	104.25	106.50	108.75	111.00	113.25	115.50	117.75	120.00	122.25	124.50	126.75	129.00
6	4	78.00	81.00	84.00	87.00	90.00	93.00	96.00	99.00	102.00	105.00	108.00	111.00	114.00	117.00	120.00	123.00	126.00	129.00	132.00	135.00	138.00
5	5	70.00	73.75	77.50	81.25	85.00	88.75	92.50	96.25	100.00	103.75	107.50	111.25	115.00	118.75	122.50	126.25	130.00	133.75	137.50	141.25	145.00
4	6	60.00	64.50	69.00	73.50	78.00	82.50	87.00	91.50	96.00	100.50	105.00	109.50	114.00	118.50	123.00	127.50	132.00	136.50	141.00	145.50	150.00
3	7	48.00	53.25	58.50	63.75	69.00	74.25	79.50	84.75	90.00	95.25	100.50	105.75	111.00	116.25	121.50	126.75	132.00	137.25	142.50	147.75	153.00
2	8	34.00	40.00	46.00	52.00	58.00	64.00	70.00	76.00	82.00	88.00	94.00	100.00	106.00	112.00	118.00	124.00	130.00	136.00	142.00	148.00	154.00
1	9	18.00	24.75	31.50	38.25	45.00	51.75	58.50	65.25	72.00	78.75	85.50	92.25	99.00	105.75	112.50	119.25	126.00	132.75	139.50	146.25	153.00
0	10	0.00	7.50	15.00	22.50	30.00	37.50	45.00	52.50	60.00	67.50	75.00	82.50	90.00	97.50	105.00	112.50	120.00	127.50	135.00	142.50	150.00

The above table (3) shows you your total income from various investment choices between the projects A and B, when sum of the possible investments made by your other group members varies between 0 and 40 monetary units.

You can on each round select with the precision of 0.01 units how much you will invest in the project B. The units that you do not invest into the project B will be invested into the private project A.

CALCULATOR

On each round you have a calculator at your disposal, into which you can freely input different alternative investments between the projects A and B, and also experiment how the income will be determined when the total sum of investments made by the other members of your group varies. The figures shown in the calculator do not affect your actual income, they are only meant to aid your decision making. When the numbers you input are the same as in shown in the tables, will the yield shown by the calculator match the respective entries in the tables. Therefore you can use the calculator either with the tables or without the tables when you are making investment decisions between the projects. You can input your investment decisions with the precision of two decimals and the sum of investments made by the other group members with the precisions of two decimals.

THE HISTORY OF THE PREVIOUS ROUNDS

The investment decisions and their respective yields are shown in the middle of the screen.

THE INVESTMENT DECISION

In the beginning of each round you have 10 monetary units at your disposal. You will make an investment decision, that is, you decide how many monetary units you will invest in the joint project B. You make the investment by typing in the number you want [0.00, 10.00] with the precision of two decimals into field located in the lower part of the screen. Once you are ready, press the continue, and the computer will calculate the s from the projects A and B based on the decision you made and on the decisions made by the other members of

VARSINAINEN SIJOITUSPÄÄTÖS YHTEISPROJEKTIIN B:

Sijoituksesi [0.00-10.00] projektiin B: `1.23`

Jatka

In the beginning of each round you will be told how much income was gained from each project, the individual investments made by the group members (including your own investment) in a random order, and also the average of these investments and their total amount. The income earned is not transferred from a round to another, but each round will start from a state where you have 10 units at your disposal.

DETERMINATION OF YOUR PAYOFF

Once all the three parts of the experiment are finished, wait at your seat. **After the experiment the payoff is chosen by randomly selecting one round.** The payoff round is chosen when you are paid in cash. You will select a random round by casting a 20-die once. Naturally each round has an equal probability to be chosen for the payoff.

Mark down your income from each round of the part I to a sheet that has been dealt to your desk. The sheet will be used to speed up payment procedure. The sheets will be control checked after the experiment is over. Mark down also the number of your cubicle to this sheet.

The income from the randomly chosen round is exchanged to Euros so that 15 units corresponds to 1 Eur. This is calculated when your earnings from the experiment are paid out.

Now you can independently peruse the instructions. Once you have read the instructions, move on to complete the exercises.

EXERCISE - write down values of your own choice into the empty fields 1 and 2 (a natural number in this exercise) and then fill up the field 3 to 5 with the help the tables:

1) The sum of the investments into the project B made by the other members of my group is   _____ units.

2) My investment into the project B is _____ units

The Questions:

3) What is my income from the project A: _____

4) What is my income from the project A:: _____

5) What is my total payoff from the Projects A and B: _____

PART II

Your task is exactly the same as in the part I, but now the participants are dealt into 10 groups of two members each.

The Part II will have 20 rounds (no practice rounds)

The yield from the project A is determined by the table 1 of the part I.

The Project B will yield you income the following way: The amount of money invested into the Project B will be multiplied by 3/8 and this product will be multiplied by the amount invested by the other member of your group.

As a formula:

3/8*your investment into the project B*the investment into the project B by the other group member.

Income from the project B is now determined by the following tables:

The amount of inv. B	The yield from the project B when the investment in to the project B by the other group member is:										
	0	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1	0.00	0.38	0.75	1.13	1.50	1.88	2.25	2.63	3.00	3.38	3.75
2	0.00	0.75	1.50	2.25	3.00	3.75	4.50	5.25	6.00	6.75	7.50
3	0.00	1.13	2.25	3.38	4.50	5.63	6.75	7.88	9.00	10.13	11.25
4	0.00	1.50	3.00	4.50	6.00	7.50	9.00	10.50	12.00	13.50	15.00
5	0.00	1.88	3.75	5.63	7.50	9.38	11.25	13.13	15.00	16.88	18.75
6	0.00	2.25	4.50	6.75	9.00	11.25	13.50	15.75	18.00	20.25	22.50
7	0.00	2.63	5.25	7.88	10.50	13.13	15.75	18.38	21.00	23.63	26.25
8	0.00	3.00	6.00	9.00	12.00	15.00	18.00	21.00	24.00	27.00	30.00
9	0.00	3.38	6.75	10.13	13.50	16.88	20.25	23.63	27.00	30.38	33.75
10	0.00	3.75	7.50	11.25	15.00	18.75	22.50	26.25	30.00	33.75	37.50

Your total income when the investment into the project B by the other group member is:

The amount of inv. A	The amount of inv. B		0	1	2	3	4	5	6	7	8	9	10
10	0		90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00
9	1		90.00	90.38	90.75	91.13	91.50	91.88	92.25	92.63	93.00	93.38	93.75
8	2		88.00	88.75	89.50	90.25	91.00	91.75	92.50	93.25	94.00	94.75	95.50
7	3		84.00	85.13	86.25	87.38	88.50	89.63	90.75	91.88	93.00	94.13	95.25
6	4		78.00	79.50	81.00	82.50	84.00	85.50	87.00	88.50	90.00	91.50	93.00
5	5		70.00	71.88	73.75	75.63	77.50	79.38	81.25	83.13	85.00	86.88	88.75
4	6		60.00	62.25	64.50	66.75	69.00	71.25	73.50	75.75	78.00	80.25	82.50
3	7		48.00	50.63	53.25	55.88	58.50	61.13	63.75	66.38	69.00	71.63	74.25
2	8		34.00	37.00	40.00	43.00	46.00	49.00	52.00	55.00	58.00	61.00	64.00
1	9		18.00	21.38	24.75	28.13	31.50	34.88	38.25	41.63	45.00	48.38	51.75
0	10		0.00	3.75	7.50	11.25	15.00	18.75	22.50	26.25	30.00	33.75	37.50

DETERMINATION OF YOUR PAYOFF

Once all the three parts of the experiment are finished, wait at your seat. **After the experiment the payoff is chosen by randomly selecting one round.** The payoff round is chosen when you are paid in cash. You will select a random round by casting a 20-die once. Naturally each round has an equal probability to be chosen for the payoff.

Mark down your income from each round of the part II to a sheet that has been dealt to your desk. The sheet will be used to speed up payment procedure. The sheets will be control checked after the experiment is over. Mark down also the number of your cubicle to this sheet.

The income from the randomly chosen round is exchanged to Euros so that 15 units corresponds to 1 Eur. This is calculated when your earnings from the experiment are paid out.

INSTRUCTIONS: PART I

Welcome to a decision making experiment. The experiment has three independent parts.

In Part I we study how decisions are made with respect to two different projects.

You'll earn show up fee of three Euros irrespective of what happens in the experiment. In addition, you can earn considerably more from the experiment. In these instructions you will be told how this potential additional payoff is determined in the part I of the experiment. Your payoff will depend on your choices and the choices of the other participants.

Your earnings from the experiment will be paid in cash immediately after the experiment. The transaction will take place in a separate room, and your earnings will not be revealed to the other participants.

The participants are randomly allocated to different cubicles. The subjects seated in separate cubicles cannot communicate during the experiment which each other by any means, but their choices are shown to the other participants through computer display.

You will remains anonymous throughout the whole experiments. The analysis will take place on the aggregate level, and the choices made by an individual subject cannot be associated with him, nor will his identity be revealed to the other participants.

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Please remain silent during the experiment. Each participant will make their own decisions independently. If you have a question, please raise your hand. An experimenter will come to you, and you will be instructed personally.

For a successful experiment, it is important that the participants won't know the tasks beforehand. Therefore, we would like to ask you to not to talk about the contents of the experiment until 31.12.2014.

Please turn off your cellphone for the duration of the experiment.

THE EXPERIMENT: PART I

Twenty subjects will take part into the experiment. In the Part I your task is to make an investment decision between two projects. The Part I will feature 2 practice rounds and 20 actual rounds. In the beginning of each round the computer will randomly assign the subjects to four different subgroups each 5 consisting of 5 subjects. The make up of your group changes between rounds, and you cannot identify the other members of your group.

In the beginning of each round you will get a sum of money worth of ten units. Your task is to allocate this initial endowment between the private project A and the joint project B.. The income from the project A belongs only to you but the yield from the investments into the project B will be dealt between all the five members of your group.The income from the investments is denoted in experimental currency units that will be translated into Euros; the exchange rate will be 15 units = 1 Euro.

The Project A investments will yield you income according to the following table (1):

The amount of inv. Into A	The yield from Project A
0	0
1	18
2	34
3	48
4	60
5	70
6	78
7	84
8	88
9	90
10	90

The Project B will yield you income the following way: The total amount of money invested into the Project B will be multiplied by 15 and will be dealt between all the five members of the group. In other words, each member of the group will get 3 units for each unit of money invested into the project B, irrespective whether or not they themselves made an investment into the project B.

The yield from the Project B presented as a formula is thus: 3 * (the total sum of investments into the project B made by the group members).

The amount of Investment B	Table 2: The yield from the project B when the sum of the investments into the project B made by the other members of your group is:																			
	0	2	4	6	8	10	12	14	16	18	20	22	24	26	28	30	32	34	36	38	40
0	0	6	12	18	24	30	36	42	48	54	60	66	72	78	84	90	96	102	108	114	120
1	3	9	15	21	27	33	39	45	51	57	63	69	75	81	87	93	99	105	111	117	123
2	6	12	18	24	30	36	42	48	54	60	66	72	78	84	90	96	102	108	114	120	126
3	9	15	21	27	33	39	45	51	57	63	69	75	81	87	93	99	105	111	117	123	129
4	12	18	24	30	36	42	48	54	60	66	72	78	84	90	96	102	108	114	120	126	132
5	15	21	27	33	39	45	51	57	63	69	75	81	87	93	99	105	111	117	123	129	135
6	18	24	30	36	42	48	54	60	66	72	78	84	90	96	102	108	114	120	126	132	138
7	21	27	33	39	45	51	57	63	69	75	81	87	93	99	105	111	117	123	129	135	141
8	24	30	36	42	48	54	60	66	72	78	84	90	96	102	108	114	120	126	132	138	144
9	27	33	39	45	51	57	63	69	75	81	87	93	99	105	111	117	123	129	135	141	147
10	30	36	42	48	54	60	66	72	78	84	90	96	102	108	114	120	126	132	138	144	150

The above table (2) shows you your possible income from various investmens into the project B per different total amounts of investments made by your group members. The leftmost column o the table lists your investments into the project B and the uppermost row shows different total amounts of investments made by the other group members.

The amount of investment A	The amount of investment B	Table 3: Total income from the projects A and B, when the sum of the investments into the project B made by the other group members is:																				
		0	2	4	6	8	10	12	14	16	18	20	22	24	26	28	30	32	34	36	38	40
10	0	90	96	102	108	114	120	126	132	138	144	150	156	162	168	174	180	186	192	198	204	210
9	1	93	99	105	111	117	123	129	135	141	147	153	159	165	171	177	183	189	195	201	207	213
8	2	94	100	106	112	118	124	130	136	142	148	154	160	166	172	178	184	190	196	202	208	214
7	3	93	99	105	111	117	123	129	135	141	147	153	159	165	171	177	183	189	195	201	207	213
6	4	90	96	102	108	114	120	126	132	138	144	150	156	162	168	174	180	186	192	198	204	210
5	5	85	91	97	103	109	115	121	127	133	139	145	151	157	163	169	175	181	187	193	199	205
4	6	78	84	90	96	102	108	114	120	126	132	138	144	150	156	162	168	174	180	186	192	198
3	7	69	75	81	87	93	99	105	111	117	123	129	135	141	147	153	159	165	171	177	183	189
2	8	58	64	70	76	82	88	94	100	106	112	118	124	130	136	142	148	154	160	166	172	178
1	9	45	51	57	63	69	75	81	87	93	99	105	111	117	123	129	135	141	147	153	159	165
0	10	30	36	42	48	54	60	66	72	78	84	90	96	102	108	114	120	126	132	138	144	150

The above table (3) shows you your total income from various investment choices between the projects A and B, when sum of the possible investments made by your other group members varies between 0 and 40 monetary units.

You can on each round select with the precision of 0.01 units how much you will invest in the project B. The units that you do not invest into the project B will be invested into the private project A.

CALCULATOR

On each round you have a calculator at your disposal, into which you can freely input different alternative investments between the projects A and B, and also experiment how the income will be determined when the total sum of investments made by the other members of your group varies. The figures shown in the calculator do not affect your actual income, they are only meant to aid your decision making. When the numbers you input are the same as in shown in the tables, will the yield shown by the calculator match the respective entries in the tables. Therefore you can use the calculator either with the tables or without the tables when you are making investment decisions between the projects. You can input your investment decisions with the precision of two decimals and the sum of investments made by the other group members with the precisions of two decimals.

Meneillään on kierros 1.
Alkupääomasi on 10.00

LASKURI

Sijoituksesi projektiin A:
4.88
0   10
Tuottosi projektista A: 68.91

Sijoituksesi yhteisprojektiin B:
5.12
0   10
Kun muiden sij. B on: 8.80
Tuottosi projektista B: 41.76

Muiden ryhmän jäsenten sijoitukset projektiin B:
8.8
0   40

Annetuin arvoin mahdollinen kokonaistuottosi projekteista A ja B olisi yhteensä: 110.67

THE HISTORY OF THE PREVIOUS ROUNDS

The investment decisions and their respective yields are shown in the middle of the screen.

THE INVESTMENT DECISION

In the beginning of each round you have 10 monetary units at your disposal. You will make an investment decision, that is, you decide how many monetary units you will invest in the joint project B. You make the investment by typing in the number you want [0.00, 10.00] with the precision of two decimals into field located in the lower part of the screen. Once you are ready, press the continue, and the computer will calculate the s from the projects A and B based on the decision you made and on the decisions made by the other members of

In the beginning of each round you will be told how much income was gained from each project, the individual investments made by the group members (including your own investment) in a random order, and also the average of these investments and their total amount. The income earned is not transferred from a round to another, but each round will start from a state where you have 10 units at your disposal.

DETERMINATION OF YOUR PAYOFF

Once all the three parts of the experiment are finished, wait at your seat. **After the experiment the payoff is chosen by randomly selecting one round.** The payoff round is chosen when you are paid in cash. You will select a random round by casting a 20-die once. Naturally each round has an equal probability to be chosen for the payoff.

Mark down your income from each round of the part I to a sheet that has been dealt to your desk. The sheet will be used to speed up payment procedure. The sheets will be control checked after the experiment is over. Mark down also the number of your cubicle to this sheet.

The income from the randomly chosen round is exchanged to Euros so that 15 units corresponds to 1 Eur. This is calculated when your earnings from the experiment are paid out.

Now you can independently peruse the instructions. Once you have read the instructions, move on to complete the exercises.

EXERCISE - write down values of your own choice into the empty fields 1 and 2 (a natural number in this exercise) and then fill up the field 3 to 6 with the help the tables:

The sum of the investments into the project B made by the other members of my group is   _____ units.

My investment into the project B is _____ units

The Questions:

What is my income from the project A: _____

What is my income from the project A:: _____

What is my total payoff from the Projects A and B: _____

PART II

Your task is excatly the same as in the part I, but now the participants are dealt into 10 groups of two members each.

The Part II will have 20 rounds (no practice rounds)

The yield from the project A is determined by the table 1 of the part I.

The Project B will yield you income the following way: The amount of money invested into the Project B will be multiplied by 6 and will be dealt between the two members of the group. In other words, each member of the group will get 3 units for each unit of money invested into the project B, irrespective whether or not they themselves made an investment into the project B.

:

The yield from the project B will be determined by the following tables

The amount of inv. B	The yield from the project B when the investment in to the project B by the other group member is:										
	0	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
0	0	3	6	9	12	15	18	21	24	27	30
1	3	6	9	12	15	18	21	24	27	30	33
2	6	9	12	15	18	21	24	27	30	33	36
3	9	12	15	18	21	24	27	30	33	36	39
4	12	15	18	21	24	27	30	33	36	39	42
5	15	18	21	24	27	30	33	36	39	42	45
6	18	21	24	27	30	33	36	39	42	45	48
7	21	24	27	30	33	36	39	42	45	48	51
8	24	27	30	33	36	39	42	45	48	51	54
9	27	30	33	36	39	42	45	48	51	54	57
10	30	33	36	39	42	45	48	51	54	57	60

Your total income when the investment into the project B by the other group member is:

The amount of inv. A	The amount of inv. B		0	1	2	3	4	5	6	7	8	9	10
10	0		90	93	96	99	102	105	108	111	114	117	120
9	1		93	96	99	102	105	108	111	114	117	120	123
8	2		94	97	100	103	106	109	112	115	118	121	124
7	3		93	96	99	102	105	108	111	114	117	120	123
6	4		90	93	96	99	102	105	108	111	114	117	120
5	5		85	88	91	94	97	100	103	106	109	112	115
4	6		78	81	84	87	90	93	96	99	102	105	108
3	7		69	72	75	78	81	84	87	90	93	96	99
2	8		58	61	64	67	70	73	76	79	82	85	88
1	9		45	48	51	54	57	60	63	66	69	72	75
0	10		30	33	36	39	42	45	48	51	54	57	60

DETERMINATION OF YOUR PAYOFF

Once all the three parts of the experiment are finished, wait at your seat. **After the experiment the payoff is chosen by randomly selecting one round.** The payoff round is chosen when you are paid in cash. You will select a random round by casting a 20-die once. Naturally each round has an equal probability to be chosen for the payoff.

Mark down your income from each round of the part II to a sheet that has been dealt to your desk. The sheet will be used to speed up payment procedure. The sheets will be control checked after the experiment is over. Mark down also the number of your cubicle to this sheet.

The income from the randomly chosen round is exchanged to Euros so that 15 units corresponds to 1 Eur. This is calculated when your earnings from the experiment are paid out.

Instructions: Part 3

The decision sheet shows ten decisions between alternatives A and B. Your task is to make choice for each alternative by writing down wither A or B on the box in the right. You make ten choices, but only one of these is used to determine your payoff from the Part 3.

After the experiment each participant will determine his payoff from the Part 3 by throwing a 10-sided die twice outside the classroom. The first throw will determine which of the ten (1-10) pairs is chosen to determine your payoff. The second throw will decide which of the payoffs based on the choice you made, A or B, is chosen. Thus you cannot know beforehand which one of the 10 choices you made will be used determining your payoffs. Naturally each of the ten pairs will have an equal probability to be chosen.

Please have a look at the pair 1. If you have chosen alternative A, you will get 2.00 Euros, if the die you have thrown turns 1, and 10 cents if the number on the die is between 2 and 10. Your payoff for the other pairs of alternatives will be determined the same way, except that the probability of the larger payoff increases as you move down the table. As you can see on the table, you do not need to throw twice at the pair 10, since you will get the larger payoff from either alternative A or B with certainty. That is, you make a choice between 2.00 Euros (alternative A) and 3.85 Euros (alternative B).

Summary:

You will make 10 decisions. On each row you will decide between alternatives A and B. You can choose A freely on some of the rows, and B on some other rows, and you can change your decisions and make your choices in any order. Once you are ready, put the paper on the table text down, and start to fill the background information form. When you leave the class room for the payoff, take the answer sheet for the Part 3 with you (write down the cubicle number on the form), so that we can roll for your payoff. The payoff from the Part 3 will be added to the payoffs accrued from the other parts of the experiment, and your total earnings will be paid in cash outside the classroom.

Please mark down now on the box on each row either alternative A or B.

Any questions? Please raise your hand if you have.

	ALTERNATIVE A					ALTERNATIVE B				Choice
	PR		PR			PR		PR		
1	1/10	2.00 EUR	9/10	1.60 EUR		1/10	3.85 EUR	9/10	0.10 EUR	
2	2/10	2.00 EUR	8/10	1.60 EUR		2/10	3.85 EUR	8/10	0.10 EUR	
3	3/10	2.00 EUR	7/10	1.60 EUR		3/10	3.85 EUR	7/10	0.10 EUR	
4	4/10	2.00 EUR	6/10	1.60 EUR		4/10	3.85 EUR	6/10	0.10 EUR	
5	5/10	2.00 EUR	5/10	1.60 EUR		5/10	3.85 EUR	5/10	0.10 EUR	
6	6/10	2.00 EUR	4/10	1.60 EUR		6/10	3.85 EUR	4/10	0.10 EUR	
7	7/10	2.00 EUR	3/10	1.60 EUR		7/10	3.85 EUR	3/10	0.10 EUR	
8	8/10	2.00 EUR	2/10	1.60 EUR		8/10	3.85 EUR	2/10	0.10 EUR	
9	9/10	2.00 EUR	1/10	1.60 EUR		9/10	3.85 EUR	1/10	0.10 EUR	
10	10/10	2.00 EUR	0/10	1.60 EUR		10/10	3.85 EUR	0/10	0.10 EUR	

If you are taking part into the experiments on 27.10.2014, or you participated on 22.10.2014, please check this box ☐