# Instructions for Control Treatment

You are about to participate in an economic experiment. The experiment is conducted by the Department of Economics of the University of Lausanne. For your participation in the experiment you will earn a payment of CHF 10 for sure. The experiment allows you to earn additional money. At the end of the experiment, you will be paid CHF 10 and any additional money you earned during the experiment. **It is to your own benefit to read these explanations carefully.**

You can perform the experiment at your own speed.

It is prohibited to communicate with the other participants during the whole course of the experiment. If you do not abide by this rule you will be excluded from the experiment and all payments. However, if you have questions you can always ask one of the experimenters by raising your hand.

You can abort the experiment anytime you wish without giving any reasons. To do so, please raise your hand and tell the experimenters that you wish to abort the experiment. One experimenter will then guide you outside the laboratory. You are not eligible to any payments in case you abort the experiment.

**Your anonymity is guaranteed.**

At the end of the experiment, one experimenter will give you a payment sheet with the amount you will be paid. You will need to carry the payment sheet with you and present it to an experimenter outside the LABEX. The experimenter outside the LABEX does not know about any of the decisions you made during the experiment. This experimenter will then pay you according to your payment sheet. After that you will sign a form stating that you received the payment. Since the form you sign does not contain your participant number, there is no way any experimenter can determine your identity.

If you have any questions right now, please raise your hand. Otherwise, you can now proceed with the detailed explanations of the experiment.

Thank you very much for your participation!

We are now going to explain the task you will perform. For this task you are randomly and anonymously paired with another participant in this room. One participant is randomly assigned to the role of Person A and the other participant to the role of Person B. You will learn whether you have been assigned to the role of Person A or Person B in the end of these instructions.

During this experiment Person A will be asked to complete a task and Person B will be a passive observer.

Person A will observe the outcome of an electronic six sided die-roll. The experimenter will also observe the outcome of Person A's die-roll. Person A's die-roll has six possible outcomes: 1, 2, 3, 4, 5, and 6. Each outcome is realized with a probability of 1/6. The table below summarizes Person A's die-roll outcomes and their associated probabilities:

| Outcome of the die-roll | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|
| Probability | 1/6 | 1/6 | 1/6 | 1/6 | 1/6 | 1/6 |

The task of person A is to report the outcome of his/her die-roll. The monetary payment of Person A is determined by the number reported by Person A. If Person A reports number 1, then Person A is paid CHF 1, if Person A reports number 2, then Person A is paid CHF 2, etc. Here is a table of how the report of Person A is associated with the monetary payment of Person A:

| Report of Person A | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|
| Monetary Payment of Person A in CHF | 1 | 2 | 3 | 4 | 5 | 6 |

Here is how Person B will get paid. A previous experiment took place here involving 24 participants recruited in the same way you were recruited. We call this experiment, "Experiment 1." The experiment you are participating now is not the same as "Experiment 1," however, you need to know about "Experiment 1" because what people did in that experiment is relevant for determining Person's B monetary payment today.

In "Experiment 1" participants were randomly and anonymously paired. In each pair there was a Person A and a Person B. The task of Person A and Person B was to observe the outcome of a die-roll and report this outcome. What Person A and Person B reported determined their monetary payments. For example, if Person A reported a 2, Person A received a monetary payment of CHF 2. If Person B, reported a 4, Person B received a monetary payment of CHF 4. Each of the 24 reports of "Experiment 1" has been recorded in a database.

Person B's monetary payment will be determined as follows. The computer will randomly draw from the database one of the reports of participants in "Experiment 1" **who observed the same die-roll as Person A has observed today**. It is this randomly drawn report that will determine Person B's monetary payment. For example, if Person A here today observed a die-roll of 2, the computer will randomly draw a report from all the participants in "Experiment 1" who observed a die-roll of 2.

If the randomly drawn report is a 2, Person B will be paid CHF 2. If the randomly drawn report is a 3, Person B will be paid CHF 3, etc. Note that Person B does not make a report; the monetary payment of Person B depends only on the randomly drawn report from "Experiment 1." Here is a table of how the randomly drawn report from "Experiment 1" is associated with the monetary payment of Person B:

| Randomly drawn report | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|
| Monetary Payment of Person B in CHF | 1 | 2 | 3 | 4 | 5 | 6 |

After Person A has observed the outcome of his/her die-roll and made his/her report, Person B observes the outcome of the die-roll of Person A and Person A's report, and Person A and B observe the outcome of randomly drawn report from "Experiment 1."

During the experiment Person A and Person B will also be asked to make a guess. This will become clear during the experiment. If Person A's guess is correct, Person A will be paid an additional CHF 1. If Person B's guess is correct, Person B will be paid an additional CHF 1.

Therefore, the sequence of this experiment is as follows:

**Person A:**

1. Person A observes the outcome of his/her die-roll

2. Person A makes a report

3. Person A makes a guess

4. Person A observes Person B's randomly drawn report from "Experiment 1"

5. Person A is paid his/her report

**Person B:**

1. Person B observes the outcome of the die-roll of Person A

2. Person B makes a guess

3. Person B observes the report of Person A

4. Person B observes the randomly drawn report from "Experiment 1"

5. Person B is paid the randomly drawn report from "Experiment 1"

The three examples that follow should make it clear how Person A's report and Person B's randomly drawn report from "Experiment 1" are related to the monetary payments in this experiment.

**Example 1:** Assume the outcome of Person A's die-roll is 4, Person A reports 5, and Person B's randomly drawn report from "Experiment 1" is 4. In this example, Person A is paid CHF 5 and Person B is paid CHF 4.

**Example 2:** Assume the outcome of Person A's die-roll is 2, Person A reports 4, and Person B's randomly drawn report from "Experiment 1" is 5. In this example, Person A is paid CHF 4 and Person B is paid CHF 5.

**Example 3:** Assume the outcome of Person A's die-roll is 3, Person A reports 3, and Person B's randomly drawn report from "Experiment 1" is 3. In this example, Person A is paid CHF 3 and Person B is paid CHF 3.

It is important that you have a good understanding of the experimental instructions. To check that the instructions are clear to you we now ask you to answer a few questions. Your answers to these questions do not have any influence on the experiment itself or on the payment you will receive at the

end of the experiment. The experiment will start once you and the person you are paired with have answered the questions correctly.

Questions to check your understanding:

1. If Person A reports 5, how much is Person A paid?

2. If the outcome of the die-roll of Person A is 3 and Person A reports 2, how much is Person A paid?

3. If Person B's randomly drawn report from "Experiment 1" is 5, how much is Person B paid?

4. If the outcome of the die-roll of Person A is 4, Person B's randomly drawn report from "Experiment 1" is 3, and Person A reports 5, how much is Person B paid?

5. Does the report of Person A influence the monetary payment of Person B? Yes or No?