

Appendix: Instructions

“Does Foreign Aid Harm Local Institutions? External Subsidies, Giving Behavior, and Social Norms in a Lab”

By

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General Instructions

Welcome to Berkeley's Xlab.

Your earnings from today's experiment will largely depend on your decisions and the decisions of others. Therefore, it is important that you carefully read the instructions.

Throughout the experiment, we will not speak of US Dollars, but rather of experimental tokens. At the end of the experiment the total amount of tokens you earned will be converted to USD at the **exchange rate 1 Token = 20 cents**. You will also receive a **show up fee** of **\$5**. You will be paid your earnings by check, privately at the end of the session.

All interactions between you and other participants will occur through the computer terminals. Please do not talk directly to or attempt to communicate with other participants during the session. Please also do not ask questions aloud. If you have a question, raise your hand and a member of the experimenter team will come to you. All personal electronic devices should remain switched off until the end of the experiment.

The experiment consists of three parts. You will receive instructions at the beginning of each part.

Instructions for Part 1 [*Treatment: NET1*]

Matching, Leaders and Recipients

At the start of Part 1, you will be **randomly matched with another participant in the room**. You will never know the identity of the person with whom you are matched and the other person will never know your identity. You will never be matched with the same participant again in following parts.

In each pair, one person will be chosen to be the **leader**. The other person will be the **recipient**. Whether you will be the leader or the recipient is randomly determined by the computer.

The leader of a pair has two tasks:

- Perform an effort task to earn tokens.
- Decide on how to divide the tokens earned in the effort task between herself / himself and the recipient.

A detailed description of both tasks will be given below.

Recipients do not actively influence their earnings. They will only receive the amount of tokens the leader decides to allocate to them.

The Effort Task

The leader of each pair will undertake a task lasting 120 seconds. The task will consist of a screen with 48 sliders. Each slider is initially positioned at 0 and can be moved as far as 100. Each slider has a number to its right showing its current position. You can use the mouse in any way you like to move each slider. You can readjust the position of each slider as many times as you wish. **Your “points score” in the task will be the number of sliders positioned at exactly 50** at the end of the 120 seconds. You will be given the opportunity to practice the slider task before starting the experiment.

The score in the effort task determines the total number of tokens earned, where the leader *and* the recipient will both observe the realized points score in the effort task.

Community Tokens

We refer to tokens as community tokens, because the leader can share those with the recipient. **For each correctly positioned slider, 2 community tokens are earned**. For example, if after 120 seconds the number of correctly positioned sliders is 4, the number of earned community tokens is 8. If the number of correctly positioned sliders is 39, the number of earned community tokens is 78.

Community tokens can be divided freely between the leader and the recipient. In particular, upon completion of the effort task, **the leader is asked to divide the earned community tokens between herself / himself and the recipient**. Any division of community tokens is

possible, as long as the sum of community tokens given to the leader and the recipient equals the total number of community tokens.

Each community token is exchanged for 20 cents at the end of the experiment.

This completes the description of Part 1. If you have any questions, please raise your hand. Otherwise, please proceed to answer the following questions (on the next page). The purpose of the questions is to make sure that you understand the different elements of the experiment. Any unclear points will be explained by the experimenter.

Questions

- a. You will be randomly matched in pairs and will never know the identity of the participant matched to you. In addition, you will not be matched with the same person again in the following parts.

Is this statement true or false? _____

- b. Suppose you are the leader. In the effort task, you have positioned 10 sliders at 49, 10 sliders at 50, 10 sliders at 60, and you have not moved the remaining sliders (they are still at position 0).

What is the number of community tokens earned? _____ Tokens

- c. Suppose Person A is the leader and Person B the recipient. The leader has positioned 20 sliders at 50 in the effort task. Decide which of the 4 distributions of the total number of tokens below are possible.

| | Distribution 1 | Distribution 2 | Distribution 3 | Distribution 4 |
|------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Person A | 30 | 20 | 40 | 0 |
| Person B | 30 | 20 | 0 | 40 |
| Possible? | YES / NO | YES / NO | YES / NO | YES / NO |

Once you have answered all the questions, please raise your hand and one of the experimenters will come and check your answers. Once everyone has answered all questions correctly, we will proceed to a practice run for the effort task.

Instructions for Part 1 [*Treatment: ET1*]

Matching, Leaders and Recipients

At the start of Part 1, you will be **randomly matched with another participant in the room**. You will never know the identity of the person with whom you are matched and the other person will never know your identity. You will never be matched with the same participant again in following parts.

In each pair, one person will be chosen to be the **leader**. The other person will be the **recipient**. Whether you will be the leader or the recipient is randomly determined by the computer.

The leader of a pair has two tasks:

- Perform an effort task to earn tokens.
- Decide on how to divide the tokens earned in the effort task between herself / himself and the recipient.

A detailed description of both tasks will be given below.

Recipients do not actively influence their earnings. They will only receive the amount of tokens the leader decides to allocate to them.

The Effort Task

The leader of each pair will undertake a task lasting 120 seconds. The task will consist of a screen with 48 sliders. Each slider is initially positioned at 0 and can be moved as far as 100. Each slider has a number to its right showing its current position. You can use the mouse in any way you like to move each slider. You can readjust the position of each slider as many times as you wish. **Your “points score” in the task will be the number of sliders positioned at exactly 50** at the end of the 120 seconds. You will be given the opportunity to practice the slider task before starting the experiment.

The score in the effort task determines the total number of tokens earned, where the leader *and* the recipient will both observe the realized points score in the effort task.

There are two types of tokens. Both types are earned by performing the effort task.

Community Tokens

We refer to the first type of tokens as community tokens, because the leader can share those with the recipient. **For each correctly positioned slider, 2 community tokens are earned**. For example, if after 120 seconds the number of correctly positioned sliders is 4, the number of earned community tokens is 8. If the number of correctly positioned sliders is 39, the number of earned community tokens is 78.

Community tokens can be divided freely between the leader and the recipient. In particular, upon completion of the effort task, **the leader is asked to divide the earned community tokens between herself / himself and the recipient**. Any division of community tokens is possible, as long as the sum of community tokens given to the leader and the recipient equals the total number of community tokens.

Private Tokens

The second type of tokens is private tokens. **For each correctly positioned slider, the leader earns 1 private token**. These tokens are paid to the leader as a compensation for performing the effort task. The leader cannot share these tokens with the recipient.

It follows that in total each correctly positioned slider generates 3 tokens, 2 community tokens and 1 private token. Community tokens and private tokens have the same value, i.e. each token is exchanged for 20 cents at the end of the experiment. The only difference is that the leader can divide the community tokens (but not the private tokens) between the two members of the pair.

This completes the description of Part 1. If you have any questions, please raise your hand. Otherwise, please proceed to answer the following questions (on the next page). The purpose of the questions is to make sure that you understand the different elements of the experiment. Any unclear points will be explained by the experimenter.

Questions

a. You will be randomly matched in pairs and will never know the identity of the participant matched to you. In addition, you will not be matched with the same person again in the following parts.

Is this statement true or false? _____

b. Suppose you are the leader. In the effort task, you have positioned 10 sliders at 49, 10 sliders at 50, 10 sliders at 60, and you have not moved the remaining sliders (they are still at position 0).

What is the number of community tokens earned? _____ Tokens

What is the number of private tokens earned? _____ Tokens

What is the total number of tokens earned? _____ Tokens

c. Suppose Person A is the leader and Person B the recipient. The leader has positioned 20 sliders at 50 in the effort task. Decide which of the 4 distributions of the total number of tokens below are possible.

| | Distribution 1 | Distribution 2 | Distribution 3 | Distribution 4 |
|------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Person A | 40 | 30 | 60 | 0 |
| Person B | 40 | 30 | 0 | 60 |
| Possible? | YES / NO | YES / NO | YES / NO | YES / NO |

Once you have answered all the questions, please raise your hand and one of the experimenters will come and check your answers. Once everyone has answered all questions correctly, we will proceed to a practice run for the effort task.

Instructions for Part 1 [*Treatment: NET2*]

Matching, Leaders and Recipients

At the start of Part 1, you will be **randomly matched with another participant in the room**. You will never know the identity of the person with whom you are matched and the other person will never know your identity. You will never be matched with the same participant again in following parts.

In each pair, one person will be chosen to be the **leader**. The other person will be the **recipient**. Whether you will be the leader or the recipient is randomly determined by the computer.

The leader of a pair has two tasks:

- Perform an effort task to earn tokens.
- Decide on how to divide the tokens earned in the effort task between herself / himself and the recipient. Tokens which are allocated to the recipient will be multiplied by a factor of 2.

A detailed description of both tasks will be given below.

Recipients do not actively influence their earnings. Their earnings will only depend on the amount of tokens the leader allocates to them.

The Effort Task

The leader of each pair will undertake a task lasting 120 seconds. The task will consist of a screen with 48 sliders. Each slider is initially positioned at 0 and can be moved as far as 100. Each slider has a number to its right showing its current position. You can use the mouse in any way you like to move each slider. You can readjust the position of each slider as many times as you wish. **Your “points score” in the task will be the number of sliders positioned at exactly 50** at the end of the 120 seconds. You will be given the opportunity to practice the slider task before starting the experiment.

The score in the effort task determines the total number of tokens earned, where the leader *and* the recipient will both observe the realized points score in the effort task.

Community Tokens

We refer to tokens as community tokens, because the leader can share those with the recipient. **For each correctly positioned slider, 2 community tokens are earned**. For example, if after 120 seconds the number of correctly positioned sliders is 4, the number of earned community tokens is 8. If the number of correctly positioned sliders is 39, the number of earned community tokens is 78.

Upon completion of the effort task, **the leader will be asked to divide the earned community tokens between herself/himself and the recipient.** Any division of community tokens is possible.

Community Tokens Allocated to the Recipient

Each community token the leader chooses to allocate to the recipient will be multiplied by 2. Hence, each community token the recipient receives increases his/her earnings by 2 tokens and decreases the earnings of the leader by 1 token.

For example, if the leader's points score in the effort task was 4, s/he will be asked to divide 8 community tokens. If the leader chooses to keep all community tokens, s/he earns 8 tokens and the recipient earns 0 community tokens. If the leader chooses to allocate all community tokens to the recipient, s/he earns 0 tokens and the recipient earns $2 \times 8 = 16$ community tokens. If the leader chooses to keep 4 community tokens and allocate 4 community tokens to the recipient, the leader earns 4 community tokens and the recipient earns $2 \times 4 = 8$ community tokens.

Earnings

Each community token is exchanged for 20 cents at the end of the experiment.

This completes the description of Part 1. If you have any questions, please raise your hand. Otherwise, please proceed to answer the following questions (on the next page). The purpose of the questions is to make sure that you understand the different elements of the experiment. Any unclear points will be explained by the experimenter. Once you have answered all the questions, please raise your hand and one of the experimenters will come and check your answers. Once everyone has answered all questions correctly, we will proceed to a practice run for the effort task.

Questions

- a. You will be randomly matched in pairs and will never know the identity of the participant matched to you. In addition, you will not be matched with the same person again in the following parts.

Is this statement true or false? _____

- b. Suppose you are the leader. In the effort task, you have positioned 10 sliders at 49, 10 sliders at 50, 10 sliders at 60, and you have not moved the remaining sliders (they are still at position 0).

What is the number of community tokens earned? _____ Tokens

- c. Suppose Person A is the leader and Person B the recipient. The leader has positioned 20 sliders at 50 in the effort task. Decide which of the 4 distributions of the total number of tokens below are possible.

| | Distribution 1 | Distribution 2 | Distribution 3 | Distribution 4 |
|------------------|-----------------------------------------------|-----------------------------------------------|----------------|-----------------------------------------------|
| Person A | 30 | 20 | 40 | 0 |
| Person B | 30 (earning 60 tokens after multiplying by 2) | 20 (earning 40 tokens after multiplying by 2) | 0 | 40 (earning 80 tokens after multiplying by 2) |
| Possible? | YES / NO | YES / NO | YES / NO | YES / NO |

- d. Suppose the leader has positioned 20 sliders at 50 in the effort task. Suppose the leader keeps all community tokens, i.e. allocates none of the community tokens to the recipient.

What is the number of community tokens earned by the leader? _____ Tokens

What is the number of community tokens earned by the recipient? _____ Tokens

- e. Suppose the leader has positioned 20 sliders at 50 in the effort task. Suppose the leader allocates all community tokens to the recipient.

What is the number of community tokens earned by the leader? _____ Tokens

What is the number of community tokens earned by the recipient? _____ Tokens

- f. Suppose the leader has positioned 20 sliders at 50 in the effort task. Suppose the leader allocates half of the community tokens to the recipient.

What is the number of community tokens earned by the leader? _____ Tokens

What is the number of community tokens earned by the recipient? _____ Tokens

Instructions for Part 1 [*Treatment: ET2*]

Matching, Leaders and Recipients

At the start of Part 1, you will be **randomly matched with another participant in the room**. You will never know the identity of the person with whom you are matched and the other person will never know your identity. You will never be matched with the same participant again in following parts.

In each pair, one person will be chosen to be the **leader**. The other person will be the **recipient**. Whether you will be the leader or the recipient is randomly determined by the computer.

The leader of a pair has two tasks:

- Perform an effort task to earn tokens.
- Decide on how to divide the tokens earned in the effort task between herself / himself and the recipient. Tokens which are allocated to the recipient will be multiplied by a factor of 2.

A detailed description of both tasks will be given below.

Recipients do not actively influence their earnings. Their earnings will only depend on the amount of tokens the leader allocates to them.

The Effort Task

The leader of each pair will undertake a task lasting 120 seconds. The task will consist of a screen with 48 sliders. Each slider is initially positioned at 0 and can be moved as far as 100. Each slider has a number to its right showing its current position. You can use the mouse in any way you like to move each slider. You can readjust the position of each slider as many times as you wish. **Your “points score” in the task will be the number of sliders positioned at exactly 50** at the end of the 120 seconds. You will be given the opportunity to practice the slider task before starting the experiment.

The score in the effort task determines the total number of tokens earned, where the leader *and* the recipient will both observe the realized points score in the effort task.

There are two types of tokens. Both types are earned by performing the effort task.

Community Tokens

We refer to the first type of tokens as community tokens, because the leader can share those with the recipient. **For each correctly positioned slider, 2 community tokens are earned**. For example, if after 120 seconds the number of correctly positioned sliders is 4, the number of earned community tokens is 8. If the number of correctly positioned sliders is 39, the number of earned community tokens is 78.

Upon completion of the effort task, **the leader will be asked to divide the earned community tokens between herself/himself and the recipient.** Any division of community tokens is possible.

Community Tokens Allocated to the Recipient

Each community token the leader chooses to allocate to the recipient will be multiplied by 2. Hence, each community token the recipient receives increases his/her earnings by 2 tokens and decreases the earnings of the leader by 1 token.

For example, if the leader's points score in the effort task was 4, s/he will be asked to divide 8 community tokens. If the leader chooses to keep all community tokens, s/he earns 8 tokens and the recipient earns 0 community tokens. If the leader chooses to allocate all community tokens to the recipient, s/he earns 0 tokens and the recipient earns $2 \times 8 = 16$ community tokens. If the leader chooses to keep 4 community tokens and allocate 4 community tokens to the recipient, the leader earns 4 community tokens and the recipient earns $2 \times 4 = 8$ community tokens.

Private Tokens

The second type of tokens is private tokens. **For each correctly positioned slider, the leader earns 1 private token.** These tokens are paid to the leader as a compensation for performing the effort task. The leader cannot share these tokens with the recipient.

It follows that in total each correctly positioned slider generates 3 tokens for the leader, 2 community tokens and 1 private token. Only community tokens can be shared with the recipient. If a community token is allocated to the recipient, it is multiplied by a factor of 2. Private tokens cannot be shared and are paid to the leader because s/he is the one performing the effort task.

Earnings

Each community token and each private token is exchanged for 20 cents at the end of the experiment.

This completes the description of Part 1. If you have any questions, please raise your hand. Otherwise, please proceed to answer the following questions (on the next page). The purpose of the questions is to make sure that you understand the different elements of the experiment. Any unclear points will be explained by the experimenter. Once you have answered all the questions, please raise your hand and one of the experimenters will come and check your answers. Once everyone has answered all questions correctly, we will proceed to a practice run for the effort task.

Questions

- a. You will be randomly matched in pairs and will never know the identity of the participant matched to you. In addition, you will not be matched with the same person again in the following parts.

Is this statement true or false? _____

- b. Suppose you are the leader. In the effort task, you have positioned 10 sliders at 49, 10 sliders at 50, 10 sliders at 60, and you have not moved the remaining sliders (they are still at position 0).

What is the number of community tokens earned? _____ Tokens

What is the number of private tokens earned? _____ Tokens

What is the total number of tokens earned? _____ Tokens

- c. Suppose Person A is the leader and Person B the recipient. The leader has positioned 20 sliders at 50 in the effort task. Decide which of the 4 distributions of the total number of tokens below are possible.

| | Distribution 1 | Distribution 2 | Distribution 3 | Distribution 4 |
|------------------|-----------------------------------------------|-----------------------------------------------|----------------|-----------------------------------------------|
| Person A | 40 | 30 | 60 | 0 |
| Person B | 30 (earning 60 tokens after multiplying by 2) | 20 (earning 40 tokens after multiplying by 2) | 0 | 40 (earning 80 tokens after multiplying by 2) |
| Possible? | YES / NO | YES / NO | YES / NO | YES / NO |

- d. Suppose the leader has positioned 20 sliders at 50 in the effort task. Suppose the leader keeps all community tokens, i.e. allocates none of the community tokens to the recipient.

What is the number of community tokens earned by the leader? _____ Community Tokens

What is the number of private tokens earned by the leader? _____ Private Tokens

What is the number of community tokens earned by the recipient? _____ Community Tokens

- e. Suppose the leader has positioned 20 sliders at 50 in the effort task. Suppose the leader allocates all community tokens to the recipient.

What is the number of community tokens earned by the leader? _____ Community Tokens

What is the number of private tokens earned by the leader? _____ Private Tokens

What is the number of community tokens earned by the recipient? _____ Community Tokens

- f. Suppose the leader has positioned 20 sliders at 50 in the effort task. Suppose the leader allocates half of the community tokens to the recipient.

What is the number of community tokens earned by the leader? _____ Community Tokens

What is the number of private tokens earned by the leader? _____ Private Tokens

What is the number of community tokens earned by the recipient? _____ Community Tokens

Instructions for Part 2 and Norm Elicitation

The instructions for part 2 (stage B) were displayed on the computer screen. For NET1 and NET2 they are identical to the instructions for their respective part 1. For ET1 and ET2 they were identical to the instructions of part 1 of NET1 and NET2, respectively. We highlighted the differences in the setting between two parts. The instructions for the norm elicitation were also displayed on screen. The screenshots below reproduce the instructions for part 2 as well as for the norm elicitation part.

Part 2, Treatment NET1

Instructions for Part 2

Please carefully read the instructions below. You will notice that Part 2 is identical to Part 1, except that you are matched with a different participant.

At the start of Part 2, you will be randomly matched with another participant in the room. You will never know the identity of the person with whom you are matched and the other person will never know your identity. **The person matched to you in Part 2 is not the same person that was matched to you in Part 1.**

If you were chosen to be the leader in Part 1, you are again the leader in this part. If you were chosen to be the recipient in Part 1, you are again the recipient in this part.

The leader of a pair has two tasks: (1) Perform an effort task to earn tokens. (2) Decide on how to divide the tokens earned in the effort task between herself / himself and the recipient. Recipients do not actively influence their earnings. They will only receive the amount of tokens the leader decides to allocate to them.

The effort task is the same as in Part 1. As before, the points score in the effort task determines the number of tokens earned. We refer to tokens as community tokens, because the leader can share those with the recipient.

The number of community tokens earned for each slider correctly positioned at 50 is the same as the number of tokens earned per slider in Part 1. In particular, **the number of community tokens earned for each correctly positioned slider is 2**. For example, if after 120 seconds the number of correctly positioned sliders is 4, the number of earned community tokens is 8. If the number of correctly positioned sliders is 39, the number of earned community tokens is 78.

Upon completion of the effort task, the leader is asked to divide the earned community tokens between herself / himself and the recipient. Any division of community tokens is possible, as long as the sum of community tokens given to the leader and the recipient equals the total number of community tokens. Each community token is exchanged for 20 cents at the end of the experiment.

This completes the description of Part 2. If you have any questions, please raise your hand. Any unclear points will be explained by the experimenter. If you are ready, please click on Continue.

Continue

Part 2, Treatment ET1

Instructions for Part 2

Part 2 is similar to Part 1. However, there are some important differences. Most importantly, the leader cannot earn private tokens in this part. We ask you to carefully read the instructions below.

At the start of Part 2, you will be randomly matched with another participant in the room. You will never know the identity of the person with whom you are matched and the other person will never know your identity. **The person matched to you in Part 2 is not the same person that was matched to you in Part 1.**

If you were chosen to be the leader in Part 1, you are again the leader in this part. If you were chosen to be the recipient in Part 1, you are again the recipient in this part.

The leader of a pair has two tasks: (1) Perform an effort task to earn tokens. (2) Decide on how to divide the tokens earned in the effort task between herself / himself and the recipient. Recipients do not actively influence their earnings. They will only receive the amount of tokens the leader decides to allocate to them.

The effort task is the same as in Part 1. As before, the points score in the effort task determines the number of tokens earned.

As in part 1, we refer to tokens as community tokens, because the leader can share those with the recipient. The number of community tokens earned for each slider correctly positioned at 50 is 2, the same as in Part 1. For example, if after 120 seconds the number of correctly positioned sliders is 4, the number of earned community tokens is 8. If the number of correctly positioned sliders is 39, the number of earned community tokens is 78.

Upon completion of the effort task, the leader is asked to divide the earned community tokens between herself / himself and the recipient. Any division of community tokens is possible, as long as the sum of community tokens given to the leader and the recipient equals the total number of community tokens. Each community token is exchanged for 20 cents at the end of the experiment.

Recall that in Part 1, the leader received an additional compensation for performing the task in the form of 1 private token for each correctly positioned slider. **In Part 2, the leader does not receive an additional compensation in the form of private tokens for performing the effort task.** The total number of tokens earned is thus given by the number of community tokens earned.

This completes the description of Part 2. If you have any questions, please raise your hand. Any unclear points will be explained by the experimenter. If you are ready, please click on Continue.

Continue

Part 2, Treatment NET2

Instructions for Part 2

Part 2 is similar to Part 1. However, there are some important differences. Most importantly, the number of community tokens earned for each correctly position slider is lower than in Part 1. We ask you to carefully read the instructions below.

At the start of Part 2, you will be randomly matched with another participant in the room. You will never know the identity of the person with whom you are matched and the other person will never know your identity. **The person matched to you in Part 2 is not the same person that was matched to you in Part 1.**

If you were chosen to be the leader in Part 1, you are again the leader in this part. If you were chosen to be the recipient in Part 1, you are again the recipient in this part.

The leader of a pair has two tasks: (1) Perform an effort task to earn tokens. (2) Decide on how to divide the tokens earned in the effort task between herself / himself and the recipient. Recipients do not actively influence their earnings. They will only receive the amount of tokens the leader decides to allocate to them.

The effort task is the same as in Part 1. As before, the points score in the effort task determines the number of tokens earned. We refer to tokens as community tokens, because the leader can share those with the recipient.

The number of community tokens earned for each slider correctly position at 50 is lower than the number of tokens earned per slider in Part 1. In Part 1, the number of community tokens earned for each correctly positioned slider was 3. **In Part 2, the number of community tokens earned for each correctly positioned slider is 2.** For example, if after 120 seconds the number of correctly positioned sliders is 4, the number of earned community tokens is 8. If the number of correctly positioned sliders is 39, the number of earned community tokens is 78.

Upon completion of the effort task, the leader is asked to divide the earned community tokens between herself / himself and the recipient. Any division of community tokens is possible, as long as the sum of community tokens given to the leader and the recipient equals the total number of community tokens. Each community token is exchanged for 20 cents at the end of the experiment.

This completes the description of Part 2. If you have any questions, please raise your hand. Any unclear points will be explained by the experimenter. If you are ready, please click on Continue.

Continue

Part 2, Treatment ET2

Instructions for Part 2

Part 2 is similar to Part 1. However, there are some important differences. Most importantly, the leader cannot earn private tokens in this part. We ask you to carefully read the instructions below.

At the start of Part 2, you will be randomly matched with another participant in the room. You will never know the identity of the person with whom you are matched and the other person will never know your identity. **The person matched to you in Part 2 is not the same person that was matched to you in Part 1.**

If you were chosen to be the leader in Part 1, you are again the leader in this part. If you were chosen to be the recipient in Part 1, you are again the recipient in this part.

The leader of a pair has two tasks: (1) Perform an effort task to earn tokens. (2) Decide on how to divide the tokens earned in the effort task between herself / himself and the recipient. Recipients do not actively influence their earnings. They will only receive the amount of tokens the leader decides to allocate to them.

The effort task is the same as in Part 1. As before, the points score in the effort task determines the number of tokens earned.

As in part 1, we refer to tokens as community tokens, because the leader can share those with the recipient. The number of community tokens earned for each slider correctly position at 50 is 2, the same as in Part 1. For example, if after 120 seconds the number of correctly positioned sliders is 4, the number of earned community tokens is 8. If the number of correctly positioned sliders is 39, the number of earned community tokens is 78.

Upon completion of the effort task, the leader is asked to divide the earned community tokens between herself / himself and the recipient. Any division of community tokens is possible, as long as the sum of community tokens given to the leader and the recipient equals the total number of community tokens. Each community token is exchanged for 20 cents at the end of the experiment.

Recall that in Part 1, the leader received an additional compensation for performing the task in the form of 20 private tokens. **In Part 2, the leader does not receive an additional compensation in the form of private tokens for performing the effort task.** The total number of tokens earned is thus given by the number of community tokens earned.

This completes the description of Part 2. If you have any questions, please raise your hand. Any unclear points will be explained by the experimenter. If you are ready, please click on Continue.

Continue

Part 3, All Treatments

Instructions Part 3

Part 3 will take place before the outcome of Part 2 is shown. The leader has already distributed the community tokens in Part 2 and thus your choices in Part 3 will not affect the outcome in Part 2.

On the following screen, you will see **10 hypothetical outcomes** of Part 2. Those outcomes were predetermined and will not generally correspond to the real outcomes in Part 2. Each hypothetical outcome consists of a total amount of community tokens and a corresponding distribution of these tokens between the leader and the recipient. **The total amount of community tokens will be 50 for each hypothetical outcome.** Only the distribution of the tokens between the leader and the recipient will change.

You will be asked to evaluate different distributions of the 50 community tokens that the leader can choose. You can do this by stating, for each possible distribution, whether the leader's action would be "**socially appropriate**" and "consistent with moral or proper social behavior" or "**socially inappropriate**" and "inconsistent with moral or proper social behavior." By socially appropriate, we mean behavior that most people agree is the "correct" or "ethical" thing to do. Another way to think about what we mean is that if the leader were to select a socially inappropriate choice, then the recipient might be angry at the leader for doing so.

In each of your responses, we would like you to answer as truthfully as possible, based on your opinions of what constitutes socially appropriate or socially inappropriate behavior. For each of the choices, you can select one out of four possible ratings: very socially inappropriate, somewhat socially inappropriate, somewhat socially appropriate, or very socially appropriate. You will be able to indicate your response by placing a checkmark in the corresponding box.

Your payment in this part will depend on the choices of other participants. At the end of Part 3, we will randomly select one of the 10 hypothetical outcomes. For the choice selected, we will determine which response (social appropriateness rating) was selected by most other people who were in the same role as you in Part 1 and Part 2. **Since you were a leader, we will determine which response was selected by most other leaders. If you give the same response as that most frequently given by other leaders, then you will receive an additional \$3.** This amount will be paid to you, in cash, at the conclusion of the experiment.

For example, suppose the selected hypothetical outcome is that the leader gets 0 tokens and the recipient gets 50 tokens. Suppose you have evaluated this distribution to be "somewhat socially appropriate." If the majority of the leaders in today's session has also chosen "somewhat socially appropriate," you earn \$3 in this part. If the majority of the leaders in today's session has chosen "very socially inappropriate," "somewhat socially inappropriate," or "very socially appropriate," you earn \$0 in this part.

Are there any questions about your task in this part? If yes, please raise your hand.

Continue

Part 3, Decision Screen

Social Appropriateness Ratings

Reminder of the Situation

Recall the situation in Part 2 of the experiment. Each participant was randomly paired with another participant. One participant was a leader, the other participant was a recipient. The leader was asked to perform the slider task. For each correctly positioned slider, 2 community tokens were earned. Suppose the number of correctly positioned sliders was 25 and thus, the total number of community tokens to be distributed was 50. The leader has been asked to divide the total amount of community tokens between herself / himself and the recipient.

Your task is to evaluate whether the ten hypothetical distributions given below are socially appropriate or socially inappropriate.

The table below gives a list of the possible choices available to the leader. For each of the choices, please indicate whether you believe choosing that option is very socially inappropriate, somewhat socially inappropriate, somewhat socially appropriate, or very socially appropriate. To indicate your response, please place a checkmark in the corresponding box.

You were a recipient in Part 2. Remember that you will earn money (\$3) if your response to a randomly-selected question is the same as the most common response provided by the other recipients in today's session.

| Leader's Decision on how to divide the 50 community tokens: | Appropriateness Ratings: | | | |
|-------------------------------------------------------------|------------------------------------------------------|----------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------|
| Leader gets 50, Recipient gets 0 | <input type="checkbox"/> Very Socially Inappropriate | <input type="checkbox"/> Somewhat Socially Inappropriate | <input type="checkbox"/> Somewhat Socially Appropriate | <input type="checkbox"/> Very Socially Appropriate |
| Leader gets 45, Recipient gets 5 | <input type="checkbox"/> Very Socially Inappropriate | <input type="checkbox"/> Somewhat Socially Inappropriate | <input type="checkbox"/> Somewhat Socially Appropriate | <input type="checkbox"/> Very Socially Appropriate |
| Leader gets 40, Recipient gets 10 | <input type="checkbox"/> Very Socially Inappropriate | <input type="checkbox"/> Somewhat Socially Inappropriate | <input type="checkbox"/> Somewhat Socially Appropriate | <input type="checkbox"/> Very Socially Appropriate |
| Leader gets 35, Recipient gets 15 | <input type="checkbox"/> Very Socially Inappropriate | <input type="checkbox"/> Somewhat Socially Inappropriate | <input type="checkbox"/> Somewhat Socially Appropriate | <input type="checkbox"/> Very Socially Appropriate |
| Leader gets 30, Recipient gets 20 | <input type="checkbox"/> Very Socially Inappropriate | <input type="checkbox"/> Somewhat Socially Inappropriate | <input type="checkbox"/> Somewhat Socially Appropriate | <input type="checkbox"/> Very Socially Appropriate |
| Leader gets 25, Recipient gets 25 | <input type="checkbox"/> Very Socially Inappropriate | <input type="checkbox"/> Somewhat Socially Inappropriate | <input type="checkbox"/> Somewhat Socially Appropriate | <input type="checkbox"/> Very Socially Appropriate |
| Leader gets 20, Recipient gets 30 | <input type="checkbox"/> Very Socially Inappropriate | <input type="checkbox"/> Somewhat Socially Inappropriate | <input type="checkbox"/> Somewhat Socially Appropriate | <input type="checkbox"/> Very Socially Appropriate |
| Leader gets 15, Recipient gets 35 | <input type="checkbox"/> Very Socially Inappropriate | <input type="checkbox"/> Somewhat Socially Inappropriate | <input type="checkbox"/> Somewhat Socially Appropriate | <input type="checkbox"/> Very Socially Appropriate |
| Leader gets 10, Recipient gets 40 | <input type="checkbox"/> Very Socially Inappropriate | <input type="checkbox"/> Somewhat Socially Inappropriate | <input type="checkbox"/> Somewhat Socially Appropriate | <input type="checkbox"/> Very Socially Appropriate |
| Leader gets 5, Recipient gets 45 | <input type="checkbox"/> Very Socially Inappropriate | <input type="checkbox"/> Somewhat Socially Inappropriate | <input type="checkbox"/> Somewhat Socially Appropriate | <input type="checkbox"/> Very Socially Appropriate |
| Leader gets 0, Recipient gets 50 | <input type="checkbox"/> Very Socially Inappropriate | <input type="checkbox"/> Somewhat Socially Inappropriate | <input type="checkbox"/> Somewhat Socially Appropriate | <input type="checkbox"/> Very Socially Appropriate |

FINISH

Questionnaire Page 1

Think back to Part 1 and 2 of the experiment. If you were a leader, did your choices differ between the two parts and if yes, why? If you were a recipient, do you think that the leader should have changed her / his behavior between the two parts?

In your opinion, what percentage of the total amount of tokens should recipients receive in Part 1 of the experiment?

In your opinion, what percentage of the total amount of tokens should recipients receive in Part 2 of the experiment?

Next page

Questionnaire Page 2

General data

What is your sex?

- Male
 Female

What is your age?

What is your nationality?

What is your major field of study?

Next page

Slider Task

Remaining time [sec]: 39

Currently, your points score is: 7

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