## Welcome to SSEL

Welcome and thank you for participating in today's experiment.

Place all of your personal belongings away, so we can have your complete attention.

It is very important that you do not touch the computer until you are instructed to do so. When you are told to use the computer, please use it only as instructed. In particular, do <u>not</u> attempt to browse the web or use programs unrelated to the experiment.

Raise your hand if you need a pencil.

# **The Experiment**

The experiment you will be participating in today is an experiment in decision making. At the end of the experiment you will be paid for your participation in cash. Each of you may earn different amounts. The amount you earn depends on your decisions, chance, and on others' decisions.

You will be using the computer for the entire experiment. DO NOT socialize or talk during the experiment.

- The experiment consists of **20 periods**.
- In each period of the experiment, you will be part of a randomly selected group of **9 subjects**.
- In each period, the computer will pick one of two jars (both being equally likely) for your group:
- The **red** jar contains **two red** balls and **one** blue ball.
- The **blue** jar contains **two blue** balls and **one** red ball.

You will be told which jar was chosen for your group.

In each period, we will randomly draw a ball (with replacement) from the selected jar for each of you. The draw's color is your **type**.

You will **NOT** know the types of other members of your group and others will not know your type. All you know is **which jar** others' types are drawn from (**the same jar** as yours).

Each person in your group will have the option of voting for one of the two colors or abstaining.

That is, each of you will have to choose between the following three options:

- Abstain

- Vote Blue
- Vote Red

You will incur a cost if you vote for Blue or Red: In 10 periods the voting cost = 25 points In 10 periods the voting cost = 50 points

The voting cost will be indicated on your screen and is the same for all members of your group.

To summarize, after observing the **selected jar**, **your type**, and **your cost**, you will have to choose between:

- Abstain (free)
- Blue (costly)
- Red (costly)

The color receiving the **majority** of votes will constitute the **group's choice**.

In case of a tie, we will randomly pick the **red** or **blue** color as the **group's choice** (both colors being equally likely).

Your earnings depend on:

- 1. your group's choice
- 2. your type
- 3. your voting costs.

### **Your Payoffs**

#### Your payoffs are determined according to:

If The Group Decision Is:	And Your Type Is:	Your Payoff Will Be:
Red	Red	200
Red	Blue	0
Blue	Red	0
Blue	Blue	200

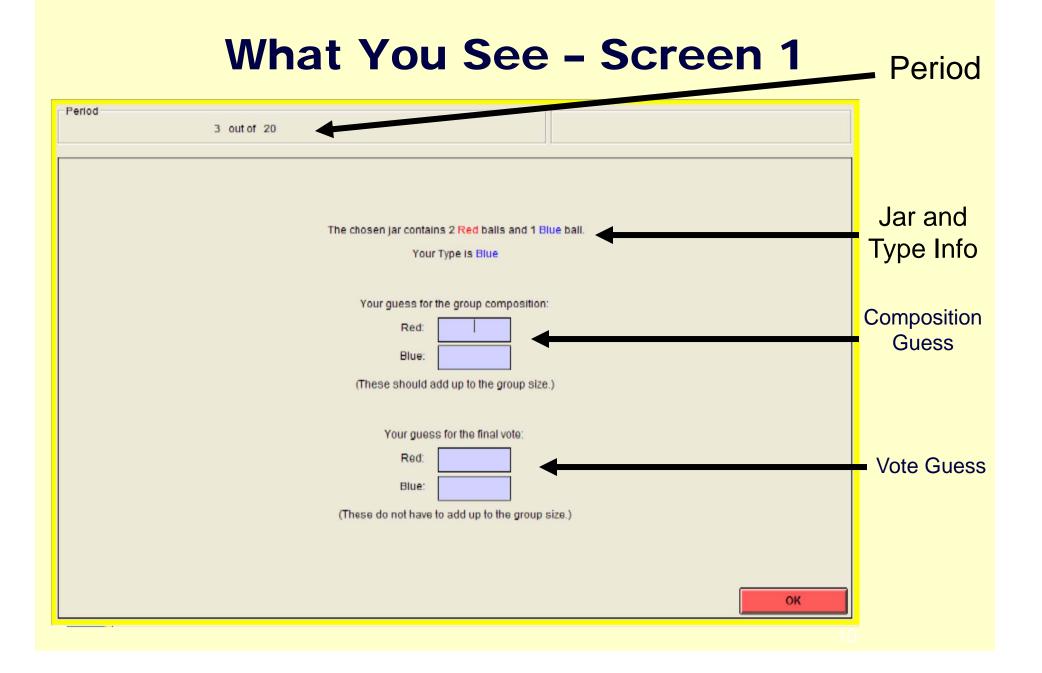
If you vote Red or Blue, your voting costs will be subtracted from that period's payoff.

### Guesses

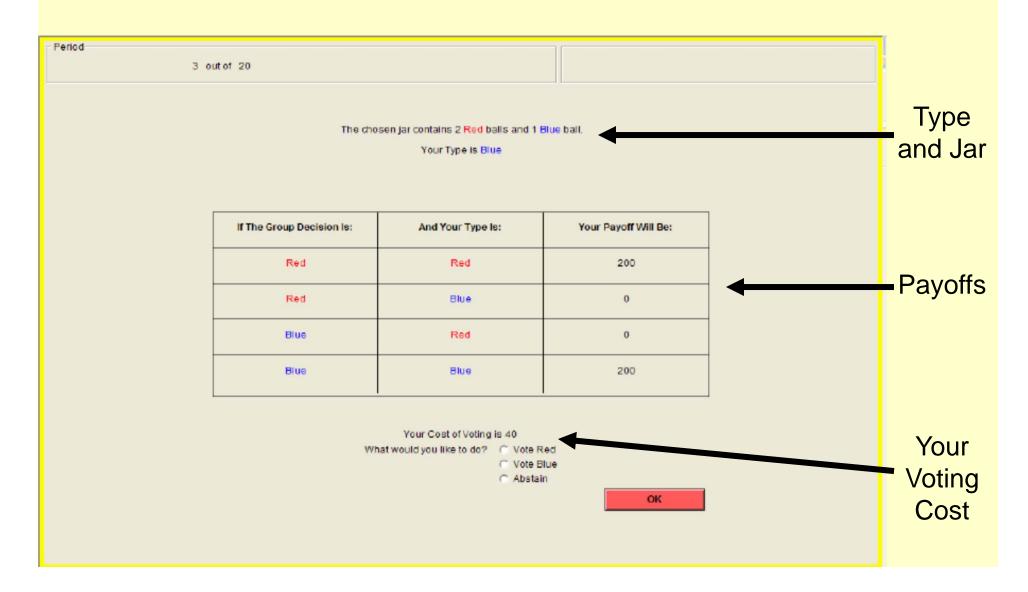
Prior to making your actual choice (between abstain, blue, and red), you will be asked to **guess**:

- 1. The composition of your group (number of reds, number of blues, summing up to 9).
- 2. The number of red and blue votes in your group (including your own, possibly summing up to <9).

At the end of the experiment, we will randomly pick one of your guesses. If it is correct, we will give you a **\$10** bonus.



#### What You See - Screen 2



#### What You See - Screen 2

Period 3 out of 20						
	The cho	esen jar contains 2 <mark>Red</mark> balls and 1 t Your Type is Blue	Bue ball.			
	If The Group Decision Is:	And Your Type Is:	Your Payoff Will Be:	]		
	Red	Red	200			
	Red	Blue	0			
	Blue	Red	0			
	Blue	Blue	200			
		Your Decisior				

### Feedback

When each member of your group has made a selection or chose to abstain, the group's choice is calculated.

You will see the selections made in your group and your resulting payoff (Screen 3).

-Period-

3 out of 20

Your Type is Blue

Your vote was Blue

Your group had no Red votes and 1 Blue vote

This means the Group Decision is Blue

Your Payoff 200

Your Voting Cost (0 if you did not vote) 40

Your Net Payoff 160

Your Cumulative Payoff 320

OK

## **Record Sheet**

Subject ID \_\_\_\_

Period	Your Type	Your Cost	about	guess group osition	abo	r guess ut the Il vote	Your Choice	Fina	l Vote	Group Choice	Your Payoff
	(R or B)		Red	Blue	Red	Blue	(A or VB or VR)	Red	Blue	(R or B)	
1											
2											
3											
4											
5											
б											
7											
8											
9											
10											
11											
12											

### **Your Earnings**



In the experiment your earnings are denoted by points. Each point is worth 1 cent, so **200 points = \$2.** 

You will be paid at the end of the experiment the total amount you have earned in all of the periods and possibly your guessing bonus. You will also receive \$5 for coming to the lab.

You need not tell any other participant how much you earned.

### Let the Experiment Begin!

To ensure your privacy and that of others in the experiment, please pull out the dividers as far as they will go.

If there are no questions, we will now begin the experiment.