

“You Are Not in My Boat: Common Fate and Similarity Attractors in Bargaining Settings” by Daniel John Zizzo: Experimental Instructions

Condition CF

Instructions for the Preliminary Task

You are about to participate in an experiment on decision-making. The experiment starts with a preliminary task, and continues with three stages; the last stage is for payment. There are eight participants in each session.

There are two labels on the computer display. They correspond to different colours, Yellow and Red. *You need to decide on a scale between 0 and 9 what is your preference towards Red relative to Yellow: the higher the number of your choice, the greater your preference for Red relative to Yellow.* So, for example, put 9 in case of absolute preference for Red relative to Yellow, 0 in case of absolute preference for Yellow relative to Red. More in general, a high number corresponds to a preference for Red, and a low number to a preference for Yellow. There is no “correct” answer.

To choose a number, please click the white cell using the mouse and then write the number in it. A message window will then appear asking you to confirm your choice. To do so, click OK on the window and then click the Confirm button. If you want to cancel your choice, click OK on the window and then click the Cancel button; you can reset the content of the white cell by double-clicking on it.

Everyone has to make his or her choice before you are allowed to move on to Stage 1. Many thanks for your participation to the experiment, and good luck!

Please raise your hand if you have any questions.

Stage 1 Instructions

Assignment of colour group and implications for final winnings

The computers have now collected all the color preference values by you and the other seven participants.

The four participants with the greatest preference for Yellow are now Yellow participants. The four participants with the greatest preference for Red are now Red participants. Your computer screen tells you whether you belong to the Yellow group or to the Red group. You belong to the same colour group throughout the experiment.

In the payment stage, an experimenter will roll two ordinary six-faced dice, a Yellow die and a Red die, into a glass cup. If a roll of 1 obtains on the Yellow die, all Yellow participants will earn a “lucky jackpot”. If a roll of 1 obtains on the Red die, all Red participants will earn a “lucky jackpot”.

If you are a Yellow participant, your earnings, like those of your Yellow coparticipants, will be affected by the roll of the Yellow die only, *not* by the roll of the Red die. All the Yellow participants share the same outcome of either winning or not winning the lucky jackpot.

If you are a Red participant, your earnings, like those of your Red coparticipants, will be affected by the roll of the Red die only, *not* by the roll of the Yellow die. All the Red participants share the same outcome of either winning or not winning the lucky jackpot.

The lucky jackpot is of **36 pounds**, and is won in place of any ordinary winnings you may earn during Stage 1 and 2 or as participation fee. The jackpot is nine pounds above the maximum winnings you can otherwise earn in the experiment.

If you do not win the lucky jackpot, your winnings will be equal to your earnings from Stage 1 and 2, plus 3 pounds as participation fee.

The experimenter will declare the outcomes of the dice rolls verbally. You will be given the chance to check the dice outcomes yourself, if so you wish and one participant at a time, while leaving the room.

Your choices

There are twenty rounds in Stage 1. You face a Decision Task in each round, and the instructions will be provided on the screen for each of them as you go along.

For example, right now you can see the instructions for the Decision Task of round 1 on the computer display. All Decision Tasks involve two participants, you and a coparticipant. You do not always face the same Decision Task, so in each round please make sure that you read carefully the Decision Task description that you see on the screen.

The coparticipant you face in any given round may or may not belong to your same colour group. You know what the colour group of the coparticipant is each round, and, similarly, the coparticipant knows what your colour group is. You will face coparticipants from your colour group and coparticipants from the other colour group an equal number of times. The coparticipants from your colour group are two out of three in your colour group. The coparticipants from the other colour group are two out of three in the other colour group. Overall, there are four different coparticipants you are matched with at different points of this stage.

This is the only interactive stage of the experiment: this means that you will not make decisions that affect other people's winnings, and vice versa, afterwards.

In some (symmetric) Decision Tasks, you and your coparticipant face the same kind of choices. In other (asymmetric) Decision Tasks, you are either a first mover or a second mover. If you are a first mover, you are a first mover in all asymmetric Decision Tasks that you will be facing. If you are a second mover, you are a second mover in all asymmetric Decision Tasks that you will be facing.

Decision Tasks will be described on the computer display as you move through the stage.

Your winnings

The computer will randomly choose a payment round to determine the *action payment*. This payment round will be the same for you and your coparticipant.

The action payment depends on the point numbers, always between 0 and 100, you earn in this round. Unless you happen to win the lucky jackpot together with the other members of your colour group, *each point earned in this round is worth 0.06 pounds in the Payment Stage* (so, for example, 100 points are worth 6 pounds). Since there is only one chance out of six to win the lucky jackpot, it is in your best interest to make your Decision Tasks choices with care, as they are very likely to affect final earnings. Care in making choices is also very important for the scientific value of the experiment.

Before starting taking decisions, we ask you to answer a brief questionnaire, with the only purpose of checking whether you have understood the instructions. Raise your hand when you have completed the questionnaire.

Please raise your hand if you have any questions.

Stage 2 Instructions

In Stage 2 you are asked to *evaluate how similar the Decision Task on the top label of the computer display is to another, placed in the bottom label of the screen*. The Decision Tasks are those you are already familiar with from Stage 1, but now you are not asked to make decisions. Rather, you are asked to compare the Decision Task on the top label of the computer display with the Decision Task on the bottom label of the computer display, and to express a judgement on how similar the first is to the second.

Stage 2 has 90 rounds. Each round you should assess similarity on a scale between 0 (very different) to 9 (very similar). The similarity payment, discussed below, will depend on how accurate your similarity evaluation is, and can be up to 18 pounds.

Once you decide your similarity evaluation, please click the white cell using the mouse and then write the number in it. A message window will then appear asking you to confirm your choice. To do so, click OK on the window and then click the Confirm button. If you want to cancel your choice, click OK on the window and then click the Cancel button; you can reset the content of the white cell by double-clicking on it. If you make some mistake and want to reset the white cell, just double click on it with the mouse. Any choice you make will not be communicated to the other participants, and similarly you will not learn anything about their choices.

The Similarity Payment

The computer will randomly choose a payment round to determine the *similarity payment*. Unless you happen to win the lucky jackpot together with the other members of your colour group, you will be paid the similarity payment in the payment stage. Since there is only one chance out of six to win the lucky jackpot, it is in your best interest to make your choices with care, as they are very likely to affect final earnings. Care in making choices is also very important for the scientific value of the experiment.

How is the similarity payment determined? If you get the similarity evaluation exactly right, you earn **18 pounds**. The more incorrect is your evaluation, the less you gain: in particular, for every point by which your guess is incorrect, you lose 7 pounds. If your evaluation is wrong by 3 points or more, your similarity payment is zero. The following table tells you what your similarity payment is for various levels of error.

Similarity Payment Table

<i>Error</i> (=gap between your valuation and correct answer)	<i>Similarity Payment (in pounds)</i>
0	18
1	11

2	4
3 or more	0

Example: assume that your similarity evaluation is 8 but the correct answer is 7. Then the error (i.e., the gap between your similarity evaluation and the correct answer) is 1, and your similarity payment is equal to 11 pounds.

Before starting making decisions, we ask you to answer another brief questionnaire, with the only purpose of checking whether you have understood the instructions. Raise your hand when you have completed the questionnaire.

Please raise your hand if you have any questions.

Text of Games Appearing on Computer Display in Stage 1 and 2

(Coordination Game):

You and your coparticipant are to make a claim of up to 100 points. If the sum of the two claims is equal to 100, you get the amount you claimed, and your coparticipant gets the amount he or she claimed. If the sum of the two claims is different from 100, neither you nor your coparticipant gets anything.

(Nash Demand Game):

You and your coparticipant are to make a claim of up to 100 points. If the sum of the two claims is equal to or below 100, you get the amount you claimed, and your coparticipant gets the amount he or she claimed. If the sum of the two claims is above 100, neither you nor your coparticipant gets anything.

(Ultimatum Game, proposers):

You are to split up 100 points. You have to make a proposal to your coparticipant on how to divide these 100 points. If your coparticipant accepts this proposal, he or she gets what you offered him or her, while you get the remainder. If your coparticipant rejects the proposal, an agreement is not reached and neither you nor your coparticipant gets anything.

(Ultimatum Game, receivers):

Your coparticipant is to split up 100 points. He or she has to make a proposal to you on how to divide these 100 points. If you accept this proposal, you get what your coparticipant offered you, while he or she gets the remainder. If you reject the proposal, an agreement is not reached and neither you nor your coparticipant gets anything.

(Unilateral Power Game, proposers):

You are to split up 100 points. You have to make a proposal to your coparticipant on how to divide these 100 points. If your coparticipant accepts this proposal, he or she gets what you offered him or her, while you get the remainder. If your coparticipant rejects the proposal, an agreement is not reached: in this case, you get the 100 points, while your coparticipant gets nothing.

(Unilateral Power Game, receivers):

Your coparticipant is to split up 100 points. He or she has to make a proposal to you on how to divide these 100 points. If you accept this proposal, you get what your coparticipant offered you, while he or she gets the remainder. If you reject the proposal, an agreement is not reached: in this case, your coparticipant gets the 100 points, while you get nothing.

(Dictator Game, proposers):

You are to split up 100 points. You decide how to divide these 100 points. Your coparticipant gets what you offered him or her, while you get the remainder.

(Dictator Game, receivers):

Your coparticipant is to split up 100 points. You wait for his or her decision. You get what your coparticipant offers you, while he or she gets the remainder.

Condition MC

The instructions are identical to those of the CF condition, with the following changes:

1. STAGE 1. The first section is titled “Assignment of colour groups and final winnings”; it contains only the first two paragraphs of the CF condition section on “Assignment of colour group and implications for final winnings”, plus the line:

“Your winnings will be equal to your earnings from Stage 1 and 2, plus 3 pounds as participation fee.”

2. STAGE 1. The second paragraph under “Your winnings” is replaced by the following:

“The action payment depends on the point numbers, between 0 and 100, you earn in this round. *Each point earned in this round is worth 0.06 pounds in the Payment Stage* (so, for example, 100 points are worth 6 pounds). It is in your best interest to make your Decision Tasks choices with care, as they will affect final earnings. Care in making choices is also very important for the scientific value of the experiment.”

3. STAGE 2. The first paragraph under “The Similarity Payment” is replaced by the following:

“The computer will randomly choose a payment round to determine the *similarity payment*. You will be paid the similarity payment in the payment stage. It is in your best interest to make your Decision Tasks choices with care, as they will affect final earnings. Care in making choices is also very important for the scientific value of the experiment.”

Condition N

The instructions are identical to those of the CF condition, with the following changes:

1. There is not a Stage 0, so there are no corresponding instructions.

2. STAGE 1. The section on “Assignment of colour group and implications for final winnings” is replaced by the following introductory paragraph:

“You are about to participate in an experiment on decision-making. The experiment is in three stages; the last stage is for payment. There are eight participants in each session. Your winnings will be equal to your earnings from Stage 1 and 2, plus 3 pounds as participation fee.”

3. STAGE 1. The second paragraph under “Your choices” is replaced by the following:

“For example, right now you can see the instructions for the Decision Task of round 1 on the computer display. All Decision Tasks involve two participants, you and a coparticipant. Overall, there are four different coparticipants you are matched with at different points of this stage. You do not always face the same Decision Task, so in each round please make sure that you read carefully the Decision Task description that you see on the screen.”

4. STAGE 1. Same change as in point 2 under Condition MC.

5. STAGE 2. Same change as in point 3 under Condition MC.

Condition SO

The instructions are identical to those of the CF condition, with the following changes:

1. There are only instructions for Stage 2, under the label “Experimental Instructions”.

2. STAGE 2. Introduce the following initial paragraph:

“You are about to participate in an experiment on decision-making. There are eight participants in each session. Your winnings will be equal to your earnings from the experiment, plus 3 pounds as participation fee.”

3. STAGE 2. Replace first paragraph of CF condition with:

“In the experiment you are asked to *evaluate how similar the Decision Task on the top label of the computer display is to another, placed in the bottom label of the screen*. You are asked to compare the Decision Task on the top label of the computer display with the Decision Task on the bottom label of the computer display, and to express a judgement on how similar the first is to the second.”

4. STAGE 2. Replace “Stage 2” with “The experiment” at the start of the following paragraph.

5. STAGE 2. Same change as in point 3 under Condition MC.