Appendix

English translation of the instructions for treatment C10 (original in German):

General instructions for participants

You are now participating in an economic experiment which has been funded by various research support foundations.

Please read the following instructions carefully. The instructions will provide you with all the information you require for participation in the experiment. Please ask for assistance if there is something that you do not understand. Your question will be answered at your workplace. There is a strict prohibition of communication during the experiment.

You will receive an initial endowment of 10 francs at the beginning of the experiment. You can earn additional money over the course of the experiment by collecting points. All of the points which you accrue over the course of the experiment will be converted to francs at the end of the experiment. Please note that:

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1 point = 20 centimes

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At the end of the experiment, you will receive the income which you earned over the course of the experiment plus the ten francs of initial endowment in cash.

The experiment

In this experiment, each participant A is associated with a participant B in a group of two. No participant knows with whom he is associated, meaning that all decisions are made anonymously.

You are a participant A (B).

Participant A receives an amount of 120 points at the beginning of this experiment. Participant B receives no points.

Participant A's decision:

Participant A can decide how many points he wants to transfer to participant B. The experimenter doubles each point which A transfers to B. Thus, each point which A transfers to B reduces A's income by one point and increases B's income by two points.

The formula for calculating income is as follows:

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Participant A's income: 120 - transfer

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Participant B's income: 0 + 2*transfer

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The following examples will clarify the income formulas:

Example 1: A transfers 0 points to B. The incomes are then 120 for A and 0 for B.
Example 2: A transfers 20 points to B. The incomes are then 100 for A and 40 for B.
Example 3: A transfers 80 points to B. The incomes are then 40 for A and 160 for B.

Participant B's decision:

Before A decides how many points he wishes to transfer to B, B can determine a minimum transfer. In particular, B can constrain his associated participant A to transfer him at least 10 points. However, he can also decide not to limit participant A and thus leave his transfer decision completely free.

Therefore, there are two cases:

Case 1: Participant B constrains participant A to transfer at least 10 points to him. In this case, participant A can transfer any (integer) amount **between 10 and 120** to B.

Case 2: Participant B allows participant A to decide on his transfer freely and does not constrain him to transfer at least 10 points to him. In this case, participant A can transfer any (integer) amount **between 0 and 120** to B.

Therefore, the experiment consists of two stages:

Stage 1:
In stage 1, B decides if he will constrain A to transfer at least 10 points to him, or if he will allow A to decide freely.

Stage 2:
In stage 2, A decides which amount he will transfer to B. This amount lies
 between 10 and 120, if B constrains A to transfer at least 10 points;
or
 between 0 and 120, if B does not constrain A to transfer at least 10 points.

The experiment is completed as soon as A has decided how many points he will transfer to B.

(Note: The following part is only contained in the instructions for participant A. Participant B received the instructions, "The decisions of A and B will be entered on the monitors at the computers.")

Please note that you, as participant A, must decide which amount you will transfer to B **before you know whether or not B will constrain you to transfer at least 10 points.** This means that you must make two decisions. You can make your entries with the help of this monitor:

Therefore, you indicate how many points you transfer to B when B constrains you to transfer at least 10 points (case 1) and how many points you will transfer when you are free to decide (case 2).

Which of the decisions is relevant for you depends on what B decides. If he constrains you to transfer at least 10 points, the decision you give under case 1 applies. If he leaves you free in your decision, the point amount which you indicate under case 2 applies.

(Note: From here on, there are again identical instructions for both participants.)

A final income monitor will inform you of the decisions and the resulting incomes. *(Note: Participant B learned only the decision of participant A that was relevant given his decision.)*

Your point income will be converted to francs and paid out in cash to you together with your initial endowment.

Do you have any questions?

Please solve the following control questions. They have no consequence on your income and only serve to check if all participants in the experiment have understood the rules.

Question 1: Assume that participant B allows A to decide freely. A transfers 22 points. What are the incomes?
    Income for A:
    Income for B:

Question 2: Assume that participant B constrains A to transfer at least 10 points. A transfers 12 points. What are the incomes?
    Income for A:
    Income for B:

Question 3: Assume that participant B allows A to decide freely. A transfers 6 points. What are the incomes?
    Income for A:
    Income for B:

Please raise your hand when you have solved the control questions.