B Random Effects Probit Models

Below, we show the equations for various random effects probit models referred to in the text. The subscripts index subject i and period t; the β's are coefficients to be estimated; v_i is an individual-specific random effect; and $\Phi(\cdot)$ is the standard normal cdf.[1]

$$Prob(\text{invest in round 1}|(1,H)) = \Phi(\beta_0 + \beta_1 Period_{it} + v_i) \tag{B.1}$$

$$\begin{aligned} &Prob(\text{invest in round 1}|(1,H)) = \\ &\Phi(\beta_1 D_i^{\text{int}} + \beta_2 D_i^{\text{int}}\text{Cutoff}_i + \beta_3 D_i^{\text{A}} + \beta_4 D_i^{\text{B}} + \beta_5 D_i^{\text{A1CT}} + \beta_6 D_i^{\text{Treat3}} + v_i) \end{aligned} \tag{B.2}$$

Above, D_i^{int} is a dummy which equals 1 if the subject had a (possibly interpolated) internal cutoff in the calibration; Cutoff_i is a subject's (possibly interpolated) internal cutoff; D_i^{A} is a dummy which equals 1 if the subject always chose being paid according to Procedure A plus receiving an amount of money for sure in the calibration; D_i^{B} is a dummy which equals 1 if the subject always chose being paid according to Procedure B in the calibration; $D_i^{\text{A1CT}}/D_i^{\text{Treat3}}$ is a dummy which equals 1 in the A1CT/Treatment 3.

$$Prob(\text{invest in round 1}|(1,H)) = \Phi(\beta_0 + \beta_1 d_i^{\text{A}} + \beta_2 D_i^{\text{A1CT}} + \beta_3 D_i^{\text{Treat3}} + v_i) \tag{B.3}$$

Above, d_i^{A} is a dummy which equals 1 if a subject choose Procedure A in the choice between Procedure A, Procedure B, and 0 for sure; $D_i^{\text{A1CT}}/D_i^{\text{Treat3}}$ is a dummy which equals 1 in the A1CT/Treatment 3.

[1] All probabilities are conditional on the explanatory variables and v_i, as well as on a subject reaching the relevant history in the game in cases where the left-hand-side variable is behavior in rounds later than 1. We suppress all this in the notation.

(B.4)

$$Prob(\text{invest in round 2 after } \{1\}|(0,L)) = \Phi(\beta_0 + \beta_1 Q1_i + \beta_2 Q2_i + \beta_3 Q3_i + \beta_4 Q4_i + \beta_5 Q5_i + \beta_6 D_i^{\text{A1CT}} + \beta_7 D_i^{\text{Treat3}} + v_i)$$

(B.5)

$$Prob(\text{invest in round 1}|(1,H)) = \Phi(\beta_0 + \beta_1 Q1_i + \beta_2 Q2_i + \beta_3 Q3_i + \beta_4 Q4_i + \beta_5 Q5_i + \beta_6 D_i^{\text{A1CT}} + \beta_7 D_i^{\text{Treat3}} + v_i)$$

Above $Q1_i/Q3_i$ is a dummy which equals 1 if the subject responded with "invest" to question 1/3 in the questionnaire. $Q2_i/Q4_i/Q5_i$ is the subject's response to question 2/4/5. $D_i^{\text{A1CT}}/D_i^{\text{Treat3}}$ is a dummy which equals 1 in the A1CT/Treatment 3.

(B.6) $$Prob(\text{invest in round 1}|(1,H)) = \Phi(\beta_0 + \beta_1 \text{SAT}_{it} + v_i)$$

(B.7)

$$Prob(\text{invest in round 2 after } \{1\}|(0,L)) = \Phi(\beta_0 + \beta_1 \text{SAT}_{it} + \beta_2 D_i^{\text{A1CT}} + \beta_3 D_i^{\text{Treat3}} + v_i)$$

Above, $D_i^{\text{A1CT}}/D_i^{\text{Treat3}}$ is a dummy which equals 1 in the A1CT/Treatment 3.