

## **“An Experimental Study of the Effect of Announcements on Public Goods Contributions” Anderson and Stafford**

### **Instructions**

This experiment is a study of individual behavior. The instructions are simple. If you follow them carefully and make good decisions, you may earn a considerable amount of tokens throughout the experiment. At the end of the experiment we will randomly select two of you and will convert your token earnings into cash.

In this experiment you will make a series of 20 decisions. For each decision you will be placed in a group with nine other people. Your earnings will depend on the decisions that you and the other members of your group make. Below, we describe how your earnings are determined.

### **Your Decision**

You have been assigned to a group of 10 people. The group shares an account which contains 100 tokens. Each of you will be given control over 10 of the tokens. You will be choosing what to do with these tokens. You may choose either (1) to keep the tokens in the group account or (2) move some number of the tokens to your private account.

For every token remaining in the group account at the end of the period, we will add an additional token to the group account. Once we have added tokens to the account, the group account will be evenly distributed to all members of the group. You share equally in the group account regardless of whether you leave your tokens in the group account or move some to your private account.

For example, if there were 10,000 tokens in the group account, we would add an additional 10,000 tokens to the account for a total of 20,000 tokens. Each group member would then receive 2,000 tokens.

You may choose to place one or more of your tokens in your private account. We will not add any tokens to your private account. You keep the number of tokens you moved to your private account. These tokens are not shared with other members of the group.

Your task is to decide how many of your tokens to leave in the group account and how many to move to your private account. You may choose to move some tokens into your private account and leave some in the group account. Alternatively, you can leave all of them in the group account or move all of them to your private account.

There will be 20 periods in which you will be asked to make decisions about the placement of your tokens. At the end of each period you will record your earnings on the RECORD SHEET at the back of these instructions. After the last (20<sup>th</sup>) period, two people will be randomly selected and will be paid \$0.10 for every token that they have accumulated during the 20 periods.

## **Procedures**

At the beginning of each period we will put 100 tokens in the group account and you will be given control over 10 of them. You will be given a group account envelope with 10 "tokens" and 10 "blanks." If your envelope does not have the correct number of tokens and blanks, raise your hand and we will replace it with a corrected envelope. You will also be given an empty private account envelope. Decide how you want to split the 10 tokens between the two envelopes. For each token that you wish to transfer from the group account to your private account take one slip labeled "token" and move it from the group account envelope to the private account envelope. For each token that you wish to leave in the group account, move one slip labeled "blank" from the group account envelope to the private account envelope. If you decide to leave all ten tokens in the group account, take the 10 blanks and put them in your private account envelope. If you decide to put all 10 tokens in your private account envelope, leave the 10 blanks in the group account envelope. After you have made your decision, there should be ten items in each of the two envelopes. This will ensure that other members of the group cannot determine your decision by your actions, as you will always be moving 10 items from the group account into your private account.

**Do not discuss your decision with any other participant!**

## **Your Earnings**

We will collect the group account envelope from you after everyone has made a decision. We will then add additional tokens to the group account as required and announce the group account earnings to the group members. Record the group account earnings in column A on your RECORD SHEET, and calculate your share of the group account in column B. Next record your private account earnings in column C. Add columns B and C together to get the total earnings from this period and enter that number in column D. Keep track of your cumulative earnings in column E. For the first period your cumulative earnings will be equal to the amount in column D. For all subsequent periods, compute cumulative earnings by adding the amount in column D to the cumulative earnings for the previous period.

Remember, at the end of the experiment two people will be randomly chosen to have their total earnings converted into cash at a rate of \$0.10/token. For example, if you are chosen and your total token earnings are 280, you will receive \$28.

Are there any questions before we start the experiment? If you have a question during the experiment, raise your hand and we will come to your desk. Otherwise, there should be NO TALKING during the experiment.

### Player Record Sheet

Player Number:

<b>Period</b>	<b>Total Group Account (A)</b>	<b>Your Share = A/10 (B)</b>	<b>Private Account (C)</b>	<b>Total this Period = B+C (D)</b>	<b>Cumulative Earnings (E)</b>
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					

## **Supplemental Instructions for Selected Sessions**

### **Before Period 6:**

Notice that each of you has been given a "player number." This number is written on the folder that contained these instructions. Now after we have collected the group account envelopes and determined the group account earnings, we will throw a 10-sided die. If your player number comes up, we will count the tokens in your private account and announce to the group the number of tokens you placed in your private account.

### **Before period 11**

Now if your player number comes up on the 10-sided die, instead of announcing the number of tokens in your private account, we will subtract 5 times the number of tokens in your private account from your cumulative total. If your player number is rolled, record negative  $5 \times$  the number of tokens in your account in column C of the RECORD SHEET. If your number is not rolled, you continue to get earnings equal to the number of tokens in your account which you will record in column C of the RECORD SHEET. Once you have recorded all earnings for the period we will collect private account envelopes and start a new period.

### **Before period 16**

Now if your player number comes up on the 10-sided die, we will continue to subtract 5 times the number of tokens in your private account from your cumulative total and we will also announce the number of tokens in your private account to the group.