Instructions

Preamble

Welcome to this experiment. These instructions are to help you to understand what the experiment is about and what you are being asked to do during it. The experiment gives you the chance to earn a considerable amount of money, which will be paid to you in cash after you have completed the experiment and filled in a short questionnaire. The payments described below are *in addition* to a participation fee of £5 that you will be paid independently of your answers.

The Bingo Blower

At the front of this laboratory (and projected onto the two screens in the lab) you will see a Bingo Blower. In this, as you will see, there are balls of three different colours – pink, blue and yellow – which are being blown around inside the Blower. After you have responded to the various questions in the experiment, you will pick one of the 76 questions at random and you will go to the Bingo Blower and you will activate a mechanism which will expel **one** ball from the Bingo Blower. The colour of this one ball, combined with your answer to the question picked at random, will determine your payment for taking part in this experiment – as we describe below. Thereafter, the ball will be put back into the Bingo Blower.

The Questions in the Experiment

You will be asked a total of 76 questions. There are two types of question. The first type of question will ask you to allocate a given quantity of *tokens* between *two* of the three colours in the Bingo Blower. The

second type of question will ask you to allocate a given quantity of *tokens* between *one* of the three colours in the Bingo Blower and the other two.

The First Type of Question

In this type you will be given a quantity of tokens and you will be asked to allocate them between two of the three colours in the Bingo Blower: that is, between pink and blue, or between blue and yellow, or between yellow and pink. You will also be told the *exchange rate* between tokens and money for each colour. Using these exchange rates an allocation of tokens between the two colours implies an amount of money for each of the two colours.

The Second Type of Question

In this type you will be given a quantity of tokens and you will be asked to allocate them between one of the three colours in the Bingo Blower and the other two: that is, between pink and not-pink (that is, blue and yellow), or between blue and not-blue (that is, yellow and pink), or between yellow and not-yellow (that is, pink and blue). You will also be told the *exchange rate* between tokens and money for the single colour and for the other two colours combined. Using these exchange rates an allocation of tokens between the one colour and the other two implies an amount of money for the one colour and the other two.

Payment

At the end of the experiment, one of the 76 questions will be picked at random. You will also eject one ball from the Bingo Blower. If the question selected is of the first type, then you will get paid the amount of money for that colour implied by your allocation of tokens between the two colours, assuming that it was one of the two colours named in the question. If it was not named then you will get a payment of zero. If the question selected is of the second type, then you will get paid the amount of money implied by your allocation of tokens between one colour and the other two.

Example of the First Type

Suppose the question asks you to allocate 50 tokens between blue and yellow. Suppose the exchange rate for blue is 1 and the exchange rate for yellow is 0.4. Then if you allocate 25 tokens to blue and 25 tokens to yellow the implied amounts of money are £25 for blue and £10 for yellow. The computer software will tell you the implied amounts of money for any allocation. If this question was the one chosen at random at the end of the experiment and you had made the allocation above, then if the ball

ejected from the Bingo Blower was blue you would be paid £25, if it was yellow you would be paid £10, and if it was pink you would be paid nothing.

Example of the Second Type

Suppose the question asks you to allocate 50 tokens between blue and not-blue (that is, pink and yellow). Suppose the exchange rate for blue is 1.00 and the exchange rate for not-blue (that is, pink and yellow) is 0.40. Then if you allocate 25 tokens to blue and 25 tokens to not-blue (that is, pink and yellow) the implied amounts of money are £25 for blue and £10 for not-blue (that is, pink and yellow). The computer software will tell you the implied amounts of money for any allocation. If this question was the one chosen at random at the end of the experiment and you had made the allocation above, then if the ball ejected from the Bingo Blower was blue you would be paid £25, if it was not-blue, that is, it was either pink or yellow, you would be paid £10.

PowerPoint Presentation

To ensure that you understand these instructions, we will now play a short PowerPoint presentation. Then you should call over an experimenter, who will check that you are happy before initiating the experiment. After the experiment is over, we will ask you to sign a receipt and then you will be free to go. Thank you for your participation.

How Long the Experiment Will Last

Note that the experiment will take at least 38 minutes of your time because you are asked to wait at least 30 seconds on each question . You can take longer and it is clearly in your interests to be as careful as you can when you are answering the questions.

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