

Instructions to "Is the veil of ignorance only a concept about risk? An experiment"

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The instructions were originally in German. Below we present the translated instructions of the veil of ignorance treatment. The instructions of the dictator game and the risk treatment are structured and phrased in the same way with just one exception: to explain the risk treatment in the most natural and easiest possible way the instructions did not mention the state of being participant A (dictator) or B (receiver), but described the two possible states by throwing a dice and getting either an even or an odd number. The instructions of the dictator game and the risk treatment are available from the author upon request.

Instructions

General explanations concerning the experiment
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Welcome to this economic experiment.

If you read the following instructions carefully, you will be able to earn an amount of money that depends on your own decisions. Therefore, it is very important that you read these explanations carefully. If you have any questions, please do not hesitate to ask us. Please raise your hand, and we will come to your seat.

During the experiment you are not allowed to talk to the other participants, to use cell phones or to start any programs on the computer. The neglect of these rules will lead to the exclusion from the experiment and all payments.

During the experiment we talk about points instead of Euros. Your total income will therefore be calculated in points first. At the end of the experiment, the total amount of points obtained during the experiment will be converted in Euros at an exchange rate of

$$\mathbf{1 \text{ point} = 1 \text{ Euro.}}$$

At the end of the experiment, you will be paid your earned income that is the result of your decision in cash.

On the next pages we will explain the exact course of the experiment.

The Experiment

In this experiment there are **two participants**, A and B.

Participant A has an initial endowment of 12 points, whereas participant B has an initial endowment of 0 points. Participant A can transfer any integer amount between 0 and 12 points (0 and 12 included) to participant B. Every transfer leads to the loss of half of the transferred points. **This means that participant B receives only half of a point for every full point participant A transfers to him.** Participant B does not have any influence on the decision of participant A and the course of the game apart from being paid half of the points transferred to him by participant A at the end of the experiment. Participant A will be paid the amount of points that he does not transfer.

The following table shows all possible distributions of points for participant A and B at the end of the experiment:

A transfers to B	0	1	2	3	4	5	6	7	8	9	10	11	12
A's points	12	11	10	9	8	7	6	5	4	3	2	1	0
B's points	0	0.5	1	1.5	2	2.5	3	3.5	4	4.5	5	5.5	6

The course of the experiment is the following:

Stage 1:

First, you have to decide how many points participant A transfers to participant B. This can be done by entering the number of points that are transferred from participant A to participant B on the following screen and pushing the “OK”-Button afterwards. **Note that at this stage you do not know yet whether you will be a participant A or a participant B at stage 2.** The computer has already randomly chosen another participant with whom you form a pair. [screen]

Stage 2:

A random selection determines whether you are assigned the role of participant A or the one of participant B. When you are assigned the role of participant A, the participant assigned to you has the role of participant B. When you are assigned the role of participant B, the participant assigned to you has the role of participant A. **Every pair therefore consists of one real participant A and one real participant B.** Both during the experiment and afterwards neither you nor the participant assigned to you know who the respective partner is.

Stage 3:

Your decision in stage 1 will be realized in any case, independent from whether you are assigned to the role of participant A or B. (This is possible because only half of the participants present in this room are taking part in the same experiment as you do. The other half of the participants is playing another experiment whose result does not affect you. You are assigned a participant from this other half.)

Example 1: You decide that A transfers 5 points to B. B therefore obtains $5:2=2.5$ points and A keeps $12-5=7$ points. Afterwards, it is decided by drawing lots that you are participant B. Your decision is implemented: You obtain 2.5 points. Your matched participant obtains 7 points.

Example 2: You decide that A transfers 5 points to B. B therefore obtains $5:2=2.5$ points and A keeps $12-5=7$ points. Afterwards, it is decided by drawing lots that you are participant A. Your decision is implemented: You obtain 7 points. Your matched participant obtains 2.5 points.

This experiment is played only once. At the end of the experiment all participants A and B are paid their income **in cash.**

If you have any questions, please raise your hand. We will come to your seat to answer your question.