

Text for listing subjects

N.B.: Text in *italics* was not part of the original text explained to the subjects.

The following text was intended as an explanation of the study. Apart from this text, subjects were asked several demographic questions during listing. These questions were used to select the sample of participants. These questions are available upon request.

- You may be selected to participate in a study on ... from ... We will inform you whether you have been selected to participate in the study and of the venue either one day prior to or the day of the study.
- This visit is intended to take your household into account when selecting those households that will be part of the study. We have not yet selected the households that will be part of the study.
- If you are selected, the study will take between 2 to 3 hours and during the study you will make decisions that affect your earnings and that of another person.
- The study does not require any special knowledge or skills. Detailed instructions will be given to you the day of the study, if you are selected.
- If you have any questions during the study, you will be able to ask them freely.

- Participation in the study is voluntary and you can withdraw from the study at any moment.
- Your decisions during the study will be anonymous.
- If you are selected to participate in the study, you will be paid 1 sol for attending the study, 1 sol for completing a questionnaire and additional money for participating in a decision-making game. We will also pay you at that time for a decision that you will make shortly. All payments will be made IN CASH after the study.
- Participation in this study does not require gambling or risking your own money.

The dictator game

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We would like to ask you a brief question. You will be paid according to the decision that you make IF YOU ARE SELECTED FOR THE STUDY. If you are selected, you will be paid the amount corresponding to your decision in addition to the earnings made during the decision-making game that is part of the main study. We will not take your response into account when selecting people for the study. In fact, your decision will be anonymous. You should write your response to the question on this sheet of paper and place it in the envelope. Is this clear?

The following sheet of paper contains a question that requires you to make a decision. Please circle your preferred choice, place the sheet in the envelope, seal the envelope and return it to me. If you have any questions, please feel free to ask me, but do not show me your response. Your response is anonymous and will not be known to me. Is this clear?

Question

Suppose you are paired with another person. You do not know the person you are paired with and the person you are paired with does not know you. You have 4 soles and need to decide between the following two options.

Option 1: Keep 4 soles and send 0 soles to the other person.

Option 2: Keep 2 soles and send 2 soles to the other person.

These options were placed side by side on the subject decision sheet.

Which option would you choose?

Circle your most preferred choice, place the paper in the envelope and close the envelope.

Remember that if you are selected to participate in the study you will be paid according to your choice at the end of the study.

The trust and modified trust games

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Welcome! Thank you for agreeing to participate in this study.

1 Outline

1. We will explain how the study will work.
2. We will all do a practice run together to show how it works.
3. You will make your decisions.
4. You will answer a short survey and get paid for your earnings.
5. If you have questions at any point, please do not hesitate to ask.

2 How the study will work

1. There are X number of other players that have been selected to take part in this study at this time from another part of Huaral (*the number of players “X” varied depending*

on the session, but was the same for player As and Bs). They have gathered in another meeting room and are also being explained these instructions.

2. You will be paired with someone in that room who will be your partner during the entire study. You will not know the identity of your partner. Also, your partner does not know your identity. The person you have been paired with is the person sitting in the same number chair as you.
3. Everyone in this room is a Player A [B], everyone in the other room is a Player B [A].
4. You and your partner will play a game with each other twice.
5. Both times, you and your partner will be given 5 soles (*this amount varied depending on the session*). You and your partner will then make some decisions which determine how much you end up keeping. The page called “GAME” explains how the game works and what decisions you will have to make. *At this point, the experimenter explained the game based on figure 1.*
6. The game will be conducted using soles vouchers but they will be converted to money and you will be paid at the end of the study. So, remember, you are making decisions about real money!
7. You will be given no additional information about your partner. *This applied to the trust game. In the modified trust game, player As **only** were told that in a previous session almost half of the player Bs did not reciprocate in the second round. In addition, those player As who were paired with a person that chose to keep all in the dictator game were informed thereof. These player As were pulled out of the room and informed*

thereof individually and privately. They were first asked if they recalled the two choices they faced during the listing. If not, they were reminded thereof. Then, they were informed that their partner made a similar decision during listing and that their partner had chosen to keep all 4 soles.

3 How do you communicate your choices to your partner?

1. You will be playing with soles vouchers that will be converted into cash.
2. You have all been given two envelopes: one marked KEEP (white) and one marked SEND (yellow).
3. When it is your turn to make a decision, to KEEP soles put the soles vouchers in the envelope marked KEEP (white) and to SEND soles put the soles vouchers in the envelope marked SEND (yellow).
4. Once you have made your decision and put the soles token in the envelope, raise your hand. The facilitator will pick up the envelope marked SEND (which may be empty or have soles vouchers in it) and place it in a pouch of the accordion folder corresponding to your seat, ready to communicate it to your partner who is sitting in the same number seat in the other location.
5. Once all players have handed in their SEND envelopes, the facilitator will pass the accordion folder to the book-keeper. The book-keeper will record your decisions ac-

ording to your seat number and call the other location and tell them the decisions.

6. The book-keeper at the other location will put the right amount of soles into an envelope and into an identical accordion folder for delivery to the other room of players. The facilitator at the other location will deliver the envelope containing your decision to your partner.

4 How will you be paid?

1. Throughout the study, all the vouchers you keep will be placed in your KEEP (white) envelope.
2. When you are told the study has ended, you will be paid according to the number of vouchers in your KEEP (white) envelope.
3. You will be paid for (1) your decisions in this session, (2) the fact that you showed up (1 sol), (2) the survey questions (1 sol) and the decisions that you and your partner made in the game you played during the listing.
4. You will be paid by the book-keeper according to your seat number.

5 Final Requests

1. Please turn off phones or any other device that may make noise.
2. Please do not talk to each other during the study. If you have any questions during the experiment, please raise your hand.

3. The accordion folder will only be given to the book-keeper when all the envelopes have been collected from everyone in the room. This means that the delay of any player's decision can prevent the next round from starting. Take the time you need to make your decision, but please also keep this in mind.

6 Questions, answers and practice

1. We will now go through some examples.
2. *While subjects were allowed to ask questions throughout the instructions, this section was allotted especially for Q & A. The experimenters faced the subjects with several hypothetical scenarios on decision-making. These examples were specific to whether the group was player As or Bs.*

For example, player As were asked: Suppose you choose to send your voucher and player B decides not to return, how many vouchers do you have at the end of this round?

Similarly, player Bs were asked: Suppose player A does not send any vouchers, how many vouchers do you have at the end of this round?

Similar types of questions were asked, varying the types of moves, number of rounds and so on. A complete set of quiz questions is available upon request. In general, the group of players was encouraged to answer. Sometimes the experimenter would call upon specific subjects, particularly, if a subject seemed confused.

3. Are there any remaining questions before we begin?

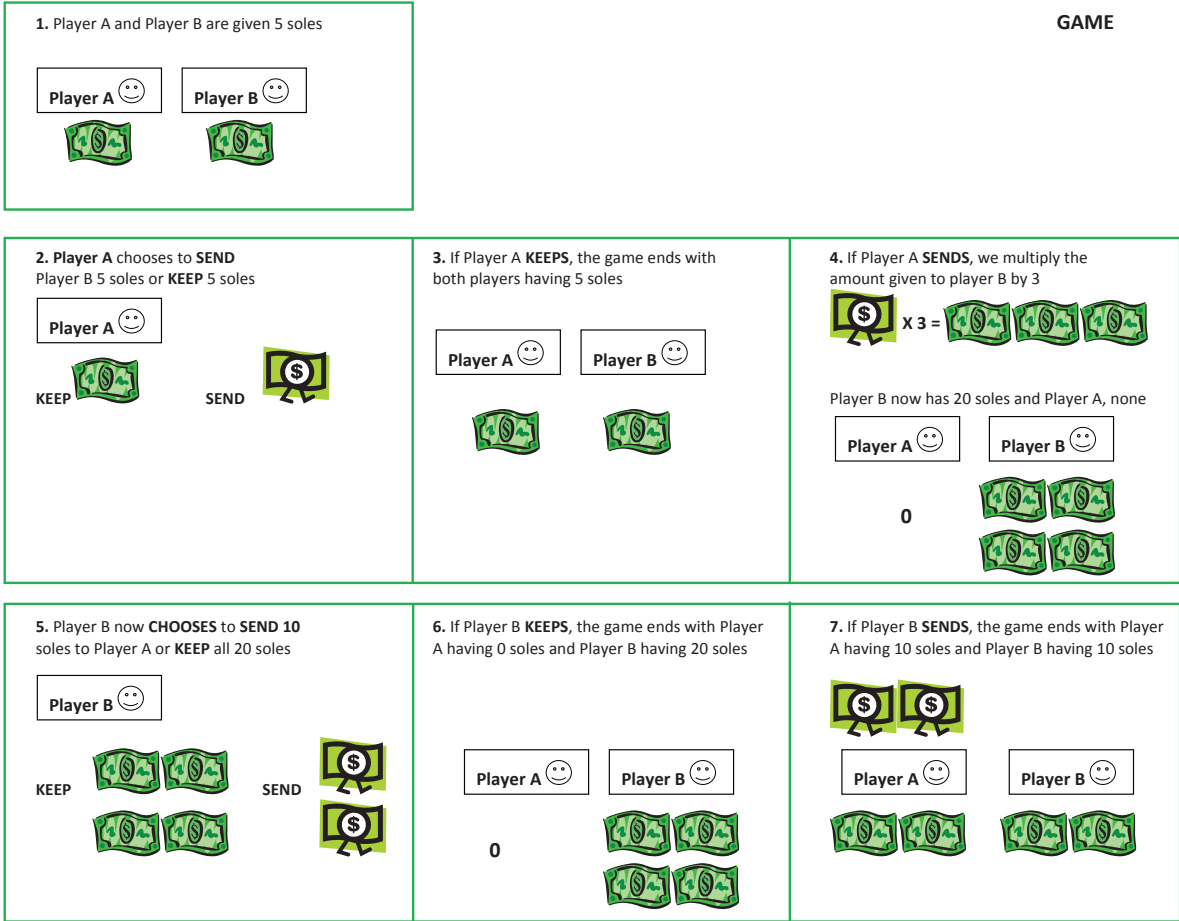


Figure 1: Graphical explanation of the game