

Experimental Instructions for

“How Certain Is the Uncertainty Effect?”

by

ONDŘEJ RYDVAL, ANDREAS ORTMANN, SASHA PROKOSHEVA
and RALPH HERTWIG

September 9, 2009

Corresponding author: Andreas Ortmann, School of Economics, Australian School of Business, UNSW, Sydney, NSW 2052, Australia. Tel: +61-2-9385 3345, Fax: +61-2-9313 6337, E-mail addresses: a.ortmann@unsw.edu.au, aortmann@yahoo.com

Note: Below is an English translation of the Czech experimental instructions. In earlier versions of the manuscript, we used different labels for treatments. Namely, T1 for **L**_{replication}, T2 for **L**_{rewording}, T3 for **L**_{physical}, T4 for **B**_{physical}, T5 for **L**_{sym}, T6 for **L**_{asym}, T7 for **B**_{sym-wide}, T8 for **B**_{sym-narrow}, TP3 for **Ld**_{physical}, TP4 for **Bd**_{physical}, TP5 for **Ld**_{sym}, TP6 for **Ld**_{asym}, TP7 for **Bd**_{sym-wide}, and TP8 for **Bd**_{sym-narrow}.

Instructions for treatment $L_{replication}$

Instructions for the experiment

Imagine that we offer you a lottery ticket that gives you a 50 percent chance at a 500 CZK gift certificate for the Luxor Book Palace at Wenceslas Square, and a 50 percent chance at a 1,000 CZK gift certificate for the Luxor Book Palace. Whichever gift certificate you win is good for use for the next two weeks. What is the highest amount of money you would be willing to pay for this lottery ticket?

Your answer: ____ CZK

Instructions for treatment $L_{rewording}$

Instructions for the experiment

Imagine that we offer you a gift certificate for the Luxor Book Palace at Wenceslas Square. With a chance of 50 percent it is a certificate worth \$50, and with a chance of 50 percent it is a certificate worth \$100. Whether the gift certificate is worth \$50 or \$100 is determined by flipping a fair coin. Whichever gift certificate you receive will be good for use for the next two weeks. What is the highest amount of money you would be willing to pay for this gift certificate?

Your answer: ____ CZK

Instructions for the experiment

In this experiment, we will ask you a hypothetical question. Regardless of your answer, you will earn 100CZK for participating. Please read the instructions carefully and then write your answer at the end of the instructions. If you have any queries, please raise your hand. The experimenter will come to you and answer your query privately.

Your task is as follows. The bag on the table in front of the experimenter contains two gift certificates for purchase of goods at the Luxor Book Palace (Neoluxor) at Wenceslas square. **The two gift certificates are identical, except that one of them has a value of 500CZK while the other has a value of 1000CZK.** Each certificate is valid for the next three months and entitles the owner to purchase goods for up to the value of the certificate, for example, various kinds of books including CD and DVD formats, maps, stationery, and so on. The certificates can also be used to make purchases in the Neoluxor internet shop.

Now imagine you had an opportunity to draw **one** gift certificate from the bag. You would not be able to look into the bag while drawing, and since the two certificates in the bag are identical (except for their value), you would have equal (50-50) chances of drawing either the 500CZK or the 1000CZK certificate.

Our question is as follows: **What is the highest price (in CZK) you would be willing to pay for the opportunity of drawing one certificate from the bag?** Please write your answer here:

Instructions for the experiment

In this experiment, we will ask you a hypothetical question. Regardless of your answer, you will earn 100CZK for participating. Please read the instructions carefully and then write your answer at the end of the instructions. If you have any queries, please raise your hand. The experimenter will come to you and answer your query privately.

Your task is as follows. The experimenter will show you a **500CZK gift certificate for purchase of goods at the Luxor Book Palace (Neoluxor) at Wenceslas square**. The gift certificate is valid for the next three months and entitles the owner to purchase goods for up to 500CZK, for example, various kinds of books including CD and DVD formats, maps, stationery, and so on. The certificates can also be used to make purchases in the Neoluxor internet shop.

Our question is as follows: **What is the highest price (in CZK) you would be willing to pay for this certificate?** Please write your answer here:

Instructions for the experiment

In this experiment, we give you **400CZK for participating**. How much you earn in total will depend on your decisions. Please read the instructions carefully and then indicate your decisions on the attached ANSWER SHEET. If you have any queries, please raise your hand. The experimenter will come to you and answer your query privately.

Your task is as follows. The bag on the table in front of the experimenter contains two gift certificates for purchase of goods at the Luxor Book Palace (Neoluxor) at Wenceslas square. **The two gift certificates are identical, except that one of them has a value of 200CZK while the other has a value of 400CZK.** Each certificate is valid for the next three months and entitles the owner to purchase goods for up to the value of the certificate, for example, various kinds of books including CD and DVD formats, maps, stationery, and so on. The certificates can also be used to make purchases in the Neoluxor internet shop.

Now imagine you have an opportunity to draw **one** gift certificate from the bag. You would not be able to look into the bag while drawing, and since the two certificates in the bag are identical (except for their value), you would have equal (50-50) chances of drawing either the 200CZK or the 400CZK certificate.

Our question is as follows: **What is the highest price (in CZK) you are willing to pay for the opportunity of drawing one certificate from the bag?**

Please answer our question by filling out the attached ANSWER SHEET. In the ANSWER SHEET, we are asking you to make 20 decisions. In each row, we are asking you whether you are willing to pay the displayed price for the opportunity of drawing one certificate from the bag. In Row 1, for example, we are asking you whether you are willing to pay 20CZK for the opportunity of drawing one certificate from the bag. If you circle YES, you are saying that you are willing to pay 20CZK, whereas if you circle NO, you are saying that you are not willing to pay 20CZK. You will make similar decisions in all the remaining rows, except that the displayed price increases as you move down the ANSWER SHEET. Thus by circling YES or NO in each row, you will indicate the highest price you are willing to pay for the opportunity of drawing one certificate from the bag.

As we said at the beginning, we give you 400CZK for participating. You can use this amount to pay for the opportunity of drawing one certificate from the bag. Note that 400CZK would be enough to pay even the highest price displayed in the last row of the ANSWER SHEET.

After you will have made all 20 decisions, we will collect your ANSWER SHEET. At the end of this experimental session, the following procedure will follow:

1. The experimenter will invite you individually to another room and will find your ANSWER SHEET based on your anonymous ID number.
2. Then you will select randomly (without looking) one card from a box with 20 cards numbered 1 to 20. The number on the selected card will determine the row in your ANSWER SHEET that will be relevant for your earnings in this experiment. You of course do not know which row you will select, but you know that each row is equally likely to be selected. It is therefore important that you make a careful decision in **each** of the 20 rows.
3. Depending on your decision in the selected row, one of the following two situations, A or B, will happen:

A. If you circled YES in the selected row, you will pay us the price displayed in that row. We will simply subtract the price from the 400CZK you get for participating. The remainder of the 400CZK (after subtracting the price) will be paid to you by the experimenter in cash. Then you will have the opportunity of drawing one certificate from the bag, as described above. The experimenter will place a 200CZK and a 400CZK certificate in the bag and you will draw one of them (without looking into the bag). The certificate that you draw will be yours to keep.

B. If you circled NO in the selected row, you are saying that you are not willing to pay the price displayed in that row. Thus you will not pay us anything, but you will also not have the opportunity of drawing a certificate from the bag. The 400CZK for participating will be paid to you by the experimenter in cash.

Now please fill out the attached ANSWER SHEET.

ANSWER SHEET

Please circle either YES or NO in each row. This will indicate whether you are willing to pay the displayed price for the opportunity of drawing one certificate from the bag. As explained above, the bag contains two gift certificates for purchase of goods at the Luxor Book Palace. The certificates are identical except that one of them has a value of 200CZK while the other has a value of 400CZK.

Row 1	I am willing to pay 20CZK	YES	NO
Row 2	I am willing to pay 40CZK	YES	NO
Row 3	I am willing to pay 50CZK	YES	NO
Row 4	I am willing to pay 60CZK	YES	NO
Row 5	I am willing to pay 80CZK	YES	NO
Row 6	I am willing to pay 90CZK	YES	NO
Row 7	I am willing to pay 100CZK	YES	NO
Row 8	I am willing to pay 120CZK	YES	NO
Row 9	I am willing to pay 140CZK	YES	NO
Row 10	I am willing to pay 150CZK	YES	NO
Row 11	I am willing to pay 160CZK	YES	NO
Row 12	I am willing to pay 180CZK	YES	NO
Row 13	I am willing to pay 200CZK	YES	NO
Row 14	I am willing to pay 220CZK	YES	NO
Row 15	I am willing to pay 240CZK	YES	NO
Row 16	I am willing to pay 260CZK	YES	NO
Row 17	I am willing to pay 280CZK	YES	NO
Row 18	I am willing to pay 320CZK	YES	NO
Row 19	I am willing to pay 360CZK	YES	NO
Row 20	I am willing to pay 400CZK	YES	NO

Instructions for treatment $B_{sym-wide}$ ($B_{sym-narrow}$ has identical instructions except for the narrow MPL, only 10 decisions being made, and 200CZK for participating)

Instructions for the experiment

In this experiment, we give you **400CZK for participating**. How much you earn in total will depend on your decisions. Please read the instructions carefully and then indicate your decisions on the attached ANSWER SHEET. If you have any queries, please raise your hand. The experimenter will come to you and answer your query privately.

Your task is as follows. The experimenter has at his disposal **200CZK gift certificates** for the purchase of goods at the Luxor Book Palace (Neoluxor) at Wenceslas square. Each certificate is valid for the next three months and entitles the owner to purchase goods for up to 200CZK, for example, various kinds of books including CD and DVD formats, maps, stationery, and so on. The certificates can also be used to make purchases in the Neoluxor internet shop.

Our question is as follows: **What is the highest price (in CZK) you are willing to pay for the gift certificate?**

Please answer our question by filling out the attached ANSWER SHEET. In the ANSWER SHEET, we are asking you to make 20 decisions. In each row, we are asking you whether you are willing to pay the displayed price for the gift certificate. In Row 1, for example, we are asking you whether you are willing to pay 20CZK for the gift certificate. If you circle YES, you are saying that you are willing to pay 20CZK, whereas if you circle NO, you are saying that you are not willing to pay 20CZK. You will make similar decisions in all the remaining rows, except that the displayed price increases as you move down the ANSWER SHEET. Thus by circling YES or NO in each row, you will indicate the highest price you are willing to pay for the gift certificate.

As we said at the beginning, we give you 400CZK for participating. You can use this amount to pay for the gift certificate. Note that 400CZK would be enough to pay even the highest price displayed in the last row of the ANSWER SHEET.

After you will have made all 20 decisions, we will collect your ANSWER SHEET. At the end of this experimental session, the following procedure will follow:

1. The experimenter will invite you individually to another room and will find your ANSWER SHEET based on your anonymous ID number.
2. Then you will select randomly (without looking) one card from a box with 20 cards numbered 1 to 20. The number on the selected card will determine the row in your ANSWER SHEET that will be relevant for your earnings in this experiment. You of course do not know which row you will select, but you know that each row is equally likely to be selected. It is therefore important that you make a careful decision in **each** of the 20 rows.
3. Depending on your decision in the selected row, one of the following two situations, A or B, will happen:
 - A. If you circled YES in the selected row, you will pay us the price displayed in that row. We will simply subtract the price from the 400CZK you get for participating. The remainder of the 400CZK (after subtracting the price) will be paid to you by the experimenter in cash, and you will also receive the 200CZK gift certificate.
 - B. If you circled NO in the selected row, you are saying that you are not willing to pay the price displayed in that row. Thus you will not pay us anything, but you will also not receive the gift certificate. The 400CZK for participating will be paid to you by the experimenter in cash.

Now please fill out the attached ANSWER SHEET.

ANSWER SHEET

Please circle either YES or NO in each row. This will indicate whether you are willing to pay the displayed price for the gift certificate. As explained above, this is a 200CZK gift certificate for purchase of goods at the Luxor Book Palace.

Row 1	I am willing to pay 20CZK	YES	NO
Row 2	I am willing to pay 40CZK	YES	NO
Row 3	I am willing to pay 60CZK	YES	NO
Row 4	I am willing to pay 80CZK	YES	NO
Row 5	I am willing to pay 100CZK	YES	NO
Row 6	I am willing to pay 120CZK	YES	NO
Row 7	I am willing to pay 140CZK	YES	NO
Row 8	I am willing to pay 160CZK	YES	NO
Row 9	I am willing to pay 180CZK	YES	NO
Row 10	I am willing to pay 200CZK	YES	NO
Row 11	I am willing to pay 220CZK	YES	NO
Row 12	I am willing to pay 240CZK	YES	NO
Row 13	I am willing to pay 260CZK	YES	NO
Row 14	I am willing to pay 280CZK	YES	NO
Row 15	I am willing to pay 300CZK	YES	NO
Row 16	I am willing to pay 320CZK	YES	NO
Row 17	I am willing to pay 340CZK	YES	NO
Row 18	I am willing to pay 360CZK	YES	NO
Row 19	I am willing to pay 380CZK	YES	NO
Row 20	I am willing to pay 400CZK	YES	NO

Instructions for the experiment

In this part of today's experiment, we will ask you a hypothetical question which is in no way related to the part just finished. Your answer will not affect your earnings in today's experiment but is a precondition for completing the whole experiment. Please read the instructions carefully and then write your answer at the end of the instructions. If you have any queries, please raise your hand. The experimenter will come to you and answer your query privately.

Your task is as follows. The bag on the table in front of the experimenter contains two cheques which guarantee a payment in cash one year from now. **The two cheques are identical, except that one of them guarantees a payment of 500CZK one year from now, while the other one guarantees a payment of 1000CZK one year from now.** For both cheques, the payment is guaranteed by the Max-Planck-Gesellschaft – the research organization that finances this experiment.

Now imagine you had an opportunity to draw **one** cheque from the bag. You would not be able to look into the bag while drawing, and since the two cheques in the bag are identical (except for their value), you would have equal (50-50) chances of drawing either the 500CZK or the 1000CZK cheque.

Our question is as follows: **What is the highest price (in CZK) you would be willing to pay for the opportunity of drawing one cheque from the bag?** Please write your answer here:

Instructions for the experiment

In this part of today's experiment, we will ask you a hypothetical question which is in no way related to the part just finished. Your answer will not affect your earnings in today's experiment but is a precondition for completing the whole experiment. Please read the instructions carefully and then write your answer at the end of the instructions. If you have any queries, please raise your hand. The experimenter will come to you and answer your query privately.

Your task is as follows. The experimenter will show you a **cheque which guarantees a payment of 500CZK in cash one year from**. The payment is guaranteed by the Max-Planck-Gesellschaft – the research organization that finances this experiment.

Our question is as follows: **What is the highest price (in CZK) you would be willing to pay for the cheque?** Please write your answer here:
