

Welcome to PExL!

WELCOME!

- ❖ Welcome to PExL
- ❖ Please, **place away all of your personal belongings**
- ❖ We will use the laptops. Use them as instructed. **Do not browse** the web or use programs unrelated to the experiment
- ❖ Please, **do not talk** or communicate with others

OVERVIEW

- ❖ This is a short experiment
- ❖ There are **2 parts** with a total of only **6 questions**
- ❖ Once we are done with the instructions, the experiment will last about 10-15 minutes
- ❖ Thus: please pay attention to all questions
- ❖ Importantly: there are **no right or wrong answers**
- ❖ We are interested in studying **your preferences**

Questions

QUESTIONS

- ❖ In each question there is a **list of choices between two options**
- ❖ For example:

Option A		Option B
\$10	<input type="radio"/> <input type="radio"/>	\$0
\$10	<input type="radio"/> <input type="radio"/>	\$4
\$10	<input type="radio"/> <input type="radio"/>	\$8
\$10	<input type="radio"/> <input type="radio"/>	\$12
\$10	<input type="radio"/> <input type="radio"/>	\$16
\$10	<input type="radio"/> <input type="radio"/>	\$20

- ❖ Look: the option on the **left is the same**
- ❖ The option on the **right changes** – getting better and better
- ❖ You must select one option in each row

QUESTIONS

- ❖ In this example, the choice is simple

Option A		Option B
\$10	<input checked="" type="radio"/> <input type="radio"/>	\$0
\$10	<input checked="" type="radio"/> <input type="radio"/>	\$4
\$10	<input checked="" type="radio"/> <input type="radio"/>	\$8
\$10	<input type="radio"/> <input checked="" type="radio"/>	\$12
\$10	<input type="radio"/> <input checked="" type="radio"/>	\$16
\$10	<input type="radio"/> <input checked="" type="radio"/>	\$20

- ❖ If you prefer more money to less:
 - ❖ Pick option on the **left** until the option on the right is below 10
 - ❖ Pick option on the **right** once it goes above 10
- ❖ (Sounds trivial? It is)

QUESTIONS

Option A		Option B
\$10	<input checked="" type="radio"/> <input type="radio"/>	\$0
\$10	<input checked="" type="radio"/> <input type="radio"/>	\$4
\$10	<input checked="" type="radio"/> <input type="radio"/>	\$8
\$10	<input type="radio"/> <input checked="" type="radio"/>	\$12
\$10	<input type="radio"/> <input checked="" type="radio"/>	\$16
\$10	<input type="radio"/> <input checked="" type="radio"/>	\$20

- ❖ In general: because the option on the right gets better and better, you should switch from left to right once
- ❖ For simplicity: you only need to click once, on the row where you want to switch

- For example, suppose you want to select:

Option A		Option B
\$10	<input checked="" type="radio"/> <input type="radio"/>	\$0
\$10	<input checked="" type="radio"/> <input type="radio"/>	\$4
\$10	<input checked="" type="radio"/> <input type="radio"/>	\$8
\$10	<input type="radio"/> <input checked="" type="radio"/>	\$12
\$10	<input type="radio"/> <input checked="" type="radio"/>	\$16
\$10	<input type="radio"/> <input checked="" type="radio"/>	\$20

- All you need to do is either
 - click on “\$10” in the \$8 row, or
 - click on “\$12” in the \$12 row
- (Note: you can change your choices until you submit them)
- All 6 questions look like this

Bets



- ❖ All questions involve bets. Let us explain what they are
- ❖ Consider a jar with 50 Orange and 50 Blue balls
- ❖ You can choose a color to bet on
- ❖ The computer will simulate a draw from the jar
- ❖ If you choose to bet on **Orange** and the ball drawn is **Orange**, you win the prize

- ❖ In each question, we ask you to compare the bet on **the color of the ball** with a fixed amount of money

COMPARING BETS

- At the beginning of each question, you see information about the composition of the jar. For example:

Jar composition:



In this question, the jar has 50 **Orange** and 50 **Blue** balls.

- ❖ First, you are asked to pick a color to bet on:

Please, choose a color of the ball to bet on:

Blue

Orange

COMPARING BETS

- ❖ Then, there is a list of choices between bets and amount of dollars
- ❖ Just like we have seen
- ❖ The bet is on the left, and it does not change
- ❖ The amount of dollars is on the right, and it increases
- ❖ You need to pick the line where to switch

Receive \$20 if the BALL DRAWN is:		Receive
Orange	<input type="radio"/> <input type="radio"/>	\$0.00
Orange	<input type="radio"/> <input type="radio"/>	\$4.00
Orange	<input type="radio"/> <input type="radio"/>	\$8.00
Orange	<input type="radio"/> <input type="radio"/>	\$12.00
Orange	<input type="radio"/> <input type="radio"/>	\$16.00
Orange	<input type="radio"/> <input type="radio"/>	\$20.00

DIFFERENT JARS

- ❖ There will be **6 different jars**, one for each question
- ❖ In some questions, the jar will have a known composition, like in the example above
- ❖ In some other questions, the jar will have an **unknown** composition

Jar composition:



In this question, the jar has a total of 100 **Orange** and **Blue** balls. The composition of the jar is **unknown**: there may be no **Orange** balls or no **Blue** balls, or any other composition.

Information



INFORMATION

- ❖ In some questions, before you compare bets with amounts of money, you will also receive some information about the color of the ball drawn
- ❖ Pay attention, because **information here is peculiar**
- ❖ For each such question, there is an bag with **100 chips** of **2 colors**.
- ❖ For example, the chips could be Red or Green
- ❖ The composition of the bag is **unknown**. Could be all of red, all green, or anything
- ❖ Before giving you any information, the computer simulates a draw from this bag, and this determines if the computer tells you the **truth or a lie**

INFORMATION, EXAMPLE

- ❖ For example: Suppose your bet depends on a jar with Orange and Blue balls
- ❖ The ball drawn from the jar is Orange. This is the true color
- ❖ To decide whether to tell the truth, the computer draws a chip from a bag with Red or Green chips
- ❖ It tells the **truth** if the chip is Red, it **lies** if it is Green
- ❖ If the **chip** is Red, you see the message:
The Ball Drawn is **Orange**
- ❖ However, if the **chip** is Green, you see:
The Ball Drawn is **Blue**
- ❖ So, the message **may or may not correspond** to the true color!

- ❖ After you receive the information, we ask you to acknowledge it, that is, click on the corresponding color

Please, acknowledge the information above. That is, click on the corresponding color:

- ❖ After that, like before, you select the color to bet on and then compare the options in a list with choices

Question 2

Jar composition:



In this question, the jar has 50 **Orange** and 50 **Blue** balls.

Information

To determine whether to tell the truth or to lie, the computer has drawn a chip from a bag with 100 chips, either **Red** or **Green**. The composition of the bag is **unknown**: there may be no **Red** chips or no **Green** chips, or any other composition.



If the chip drawn is **Red**: the computer tells the **truth**.

If the chip drawn is **Green**: the computer **lies**.

Here is the information given by the computer:

The Ball Drawn is **Blue**

Remember, that this may or may not be the truth!

Please, acknowledge the information above. That is, click on the corresponding color:

Blue

Orange

Question 2

Jar composition:



In this question, the jar has 50 **Orange** and 50 **Blue** balls.

Information

To determine whether to tell the truth or to lie, the computer has drawn a chip from a bag with 100 chips, either **Red** or **Green**. The composition of the bag is **unknown**: there may be no **Red** chips or no **Green** chips, or any other composition.



If the chip drawn is **Red**: the computer tells the **truth**.
If the chip drawn is **Green**: the computer **lies**.

Here is the information given by the computer:

The Ball Drawn is **Blue**

Remember, that this may or may not be the truth!

Please, acknowledge the information above. That is, click on the corresponding color:

Blue

Orange

Please, choose a color of the ball to bet on:

Orange

Blue

For each row below, which option would you prefer?

Receive \$20 if the BALL DRAWN is:		Receive
Orange	<input type="radio"/> <input type="radio"/>	\$0.00
Orange	<input type="radio"/> <input type="radio"/>	\$1.00
Orange	<input type="radio"/> <input type="radio"/>	\$2.00
Orange	<input type="radio"/> <input type="radio"/>	\$3.00
Orange	<input type="radio"/> <input type="radio"/>	\$4.00
Orange	<input type="radio"/> <input type="radio"/>	\$5.00
Orange	<input type="radio"/> <input type="radio"/>	\$6.00
Orange	<input type="radio"/> <input type="radio"/>	\$7.00
Orange	<input type="radio"/> <input type="radio"/>	\$8.00
Orange	<input type="radio"/> <input type="radio"/>	\$9.00
Orange	<input type="radio"/> <input type="radio"/>	\$10.00
Orange	<input type="radio"/> <input type="radio"/>	\$11.00
Orange	<input type="radio"/> <input type="radio"/>	\$12.00
Orange	<input type="radio"/> <input type="radio"/>	\$13.00
Orange	<input type="radio"/> <input type="radio"/>	\$14.00
Orange	<input type="radio"/> <input type="radio"/>	\$15.00
Orange	<input type="radio"/> <input type="radio"/>	\$16.00
Orange	<input type="radio"/> <input type="radio"/>	\$17.00
Orange	<input type="radio"/> <input type="radio"/>	\$18.00
Orange	<input type="radio"/> <input type="radio"/>	\$19.00
Orange	<input type="radio"/> <input type="radio"/>	\$20.00

Continue

CHOOSING WHETHER TO RECEIVE INFORMATION

- ❖ One final bit. In some questions, you will also be able to **choose** whether to
 - ❖ Receive no information or
 - ❖ Receive the information, and modify the money you can win
- ❖ In that case, you see a list of choices. Like above, the option on the left is the same, while the option on the right gets better as you go down the list

Question 3

Jar composition:



In this question, the jar has 50 **Orange** and 50 **Blue** balls.

Choosing whether to receive information

In this question, before you compare bets on the color of the ball with certain prizes, you can **choose** whether you want to receive information about the color of the ball.

To determine whether to tell the truth or to lie, the computer has drawn a chip from a bag with 100 chips, either **Red** or **Green**. The composition of the bag is **unknown**: there may be no **Red** chips or no **Green** chips, or any other composition.



If the chip drawn is **Red**: the computer tells the **truth**.

If the chip drawn is **Green**: the computer **lies**.

Option A		Option B
No information	<input type="radio"/> <input type="radio"/>	Information and <i>reduce</i> your winnings by \$3.0
No information	<input type="radio"/> <input type="radio"/>	Information and <i>reduce</i> your winnings by \$2.5
No information	<input type="radio"/> <input type="radio"/>	Information and <i>reduce</i> your winnings by \$2.0
No information	<input type="radio"/> <input type="radio"/>	Information and <i>reduce</i> your winnings by \$1.5
No information	<input type="radio"/> <input type="radio"/>	Information and <i>reduce</i> your winnings by \$1.0
No information	<input type="radio"/> <input type="radio"/>	Information and <i>reduce</i> your winnings by \$0.5
No information	<input type="radio"/> <input type="radio"/>	Information and <i>increase</i> your winnings by \$0
No information	<input type="radio"/> <input type="radio"/>	Information and <i>increase</i> your winnings by \$0.5
No information	<input type="radio"/> <input type="radio"/>	Information and <i>increase</i> your winnings by \$1
No information	<input type="radio"/> <input type="radio"/>	Information and <i>increase</i> your winnings by \$1.5
No information	<input type="radio"/> <input type="radio"/>	Information and <i>increase</i> your winnings by \$2
No information	<input type="radio"/> <input type="radio"/>	Information and <i>increase</i> your winnings by \$2.5
No information	<input type="radio"/> <input type="radio"/>	Information and <i>increase</i> your winnings by \$3

Continue

CHOOSING WHETHER TO RECEIVE INFORMATION

- ❖ As before, you can fill in your choices with a single click
- ❖ After you have submitted your choices, the computer will randomly select one line from the list
 - ❖ If in that line you selected “No information,” then you get no information
 - ❖ If in that line you selected, for example, “Information and reduce your winnings by \$2”, then you will receive information as described above, and \$2 will be subtracted from the prize that can be won in that question

Question 3

Based on your choice in the randomly selected row, your payoff will be **increased by \$2** and you will now make choices **with information**.

Jar composition:



In this question, the jar has 50 **Orange** and 50 **Blue** balls.

Information

To determine whether to tell the truth or to lie, the computer has drawn a chip from a bag with 100 chips, either **Red** or **Green**. The composition of the bag is **unknown**: there may be no **Red** chips or no **Green** chips, or any other composition.



If the chip drawn is **Red**: the computer tells the **truth**.

If the chip drawn is **Green**: the computer **lies**.

Here is the information given by the computer:

The Ball Drawn is **Orange**

Remember, that this may or may not be the truth!

Please, acknowledge the information above. That is, click on the corresponding color:

Orange

Blue

Please, choose a color of the ball to bet on:

Blue

Orange

For each row below, which option would you prefer?

Receive \$20 if the BALL DRAWN is:	Receive
of the chosen color <input type="radio"/> <input type="radio"/>	\$0.00
of the chosen color <input type="radio"/> <input type="radio"/>	\$1.00
of the chosen color <input type="radio"/> <input type="radio"/>	\$2.00
of the chosen color <input type="radio"/> <input type="radio"/>	\$3.00
of the chosen color <input type="radio"/> <input type="radio"/>	\$4.00
of the chosen color <input type="radio"/> <input type="radio"/>	\$5.00
of the chosen color <input type="radio"/> <input type="radio"/>	\$6.00
of the chosen color <input type="radio"/> <input type="radio"/>	\$7.00
of the chosen color <input type="radio"/> <input type="radio"/>	\$8.00
of the chosen color <input type="radio"/> <input type="radio"/>	\$9.00
of the chosen color <input type="radio"/> <input type="radio"/>	\$10.00
of the chosen color <input type="radio"/> <input type="radio"/>	\$11.00
of the chosen color <input type="radio"/> <input type="radio"/>	\$12.00
of the chosen color <input type="radio"/> <input type="radio"/>	\$13.00
of the chosen color <input type="radio"/> <input type="radio"/>	\$14.00
of the chosen color <input type="radio"/> <input type="radio"/>	\$15.00
of the chosen color <input type="radio"/> <input type="radio"/>	\$16.00
of the chosen color <input type="radio"/> <input type="radio"/>	\$17.00
of the chosen color <input type="radio"/> <input type="radio"/>	\$18.00
of the chosen color <input type="radio"/> <input type="radio"/>	\$19.00
of the chosen color <input type="radio"/> <input type="radio"/>	\$20.00

Continue

Payment

PAYMENT

- ❖ You will receive \$10 for showing up and \$15 for completion
- ❖ In addition, the computer will randomly select **1 of the 6 questions**
- ❖ For that question, the computer randomly selects **1 of the lines** for payment from the list of choices between **the bet on the ball** and **a fixed amount**
- ❖ You will receive the option you have chosen in that line
 - ❖ If you chose a **bet on the color of the ball drawn from the jar**, this is determined based on the outcome of the simulated draw
 - ❖ If you chose a fixed amount of money, you will receive that amount
- ❖ **Think about each choice carefully:** it can be chosen for your final payment!
- ❖ Importantly, there are no right or wrong answers, we are interested in studying **your preferences**