Instructions

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Description of the Experiment

In this experiment you will act as voters that allocate payments between yourself and others in a series of elections. Each of you is given a \$30 voucher to use in raising funds for a common project. Proposals regarding who will pay what for the project are voted up or down (accepted or rejected) by majority rule.

Each election will proceed as follows: You will be randomly split into groups of three people with \$60 needed to be raised between the three of you to pay for the common project. One member of the group will be randomly chosen to propose how to raise the \$60. The proposer cannot propose that any voter pay more than \$30. Once this proposal is made it will be voted up or down by majority rule. If the proposal is accepted, the proposed allocation is binding for that election. If it is rejected this process will repeat itself with one member of the group selected at random to make the proposal to be voted on. However, the total amount needed to pay for the project will increase by about 8%. (The exact amount required for payment in the next round will be displayed on your computer screens.) Note that in selecting a new proposer, everyone in the group has an equally likely chance to be selected.

Prior to submitting a proposal group members will be able to communicate with each other, both publicly and privately. This will be referred to as the **communication stage**, it will last for 3 minutes. The communication stage is designed to provide a period of bargaining between the members of the group. If you decide to leave the chat you can do so at any time by clicking "End Chat" (however the other members can continue bargaining among themselves). You will see on your screen who is active and who has left the communication stage. In order to proceed all members must have completed the communication stage first.

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- 1) Once the communication stage is completed, the proposer must choose how to raise funds for a common project worth \$60 among the three people in his/her group.
- 2) Once this is done, everyone in your group will see the proposed payments and will be free to either accept or reject the proposal. The proposer will be automatically counted as voting in favor of the proposal.
- 3) Next, the result of the voting is reported back to everyone in your group.
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 - b. If a majority votes in favor of a proposal it is approved. You will then be on standby until all groups have reached an allocation.

This process will repeat itself until your group has approved an allocation of payments Once all the groups have reached an allocation you will start a new election with a new group whose composition is randomly determined (i.e., It is extremely unlikely that you will have the same members in your group from one election to the next). The amount required for the project will restore to \$60.

Payments

There will be a total of 10 elections of this sort. Once the 10 elections are completed, one election will be randomly chosen for payment. Whatever allocation was voted on for your group in that election will be subtracted from your \$30 voucher, with the balance paid to you, plus the show up fee of \$8 dollars. So you should treat each election as if it is the one that will determine your earnings from today's experiment.

Are there any questions?

We will have one practice election before proceeding with the 10 elections in order to familiarize you with the software and the procedures. We will tell you what to do during this practice election.

There are a couple of simple rules we want you to follow during the communication phase. First, no offensive language is to be admitted. Second, we ask you to stay anonymous and not provide information that identifies you (e.g., do not say your name, nickname, or subject number).

Examples

Some examples might help clarify the voting process. The examples are not necessarily intended to be realistic, just to give you an idea how the process works. In all cases we will assume that there is \$60 to be raised and each participant is given a \$30 voucher.

Example 1:

After the communication stage, the proposer chooses himself to pay \$1.00, voter 1 to pay \$29.00, voter 2 to pay \$30. Now the votes *could* be *accept, accept, reject,* in which case the proposal would pass as it has a majority of votes.

Alternatively the votes could be *accept, reject, reject,* so the proposal does not receive a majority, and the process would repeat itself with a new proposer selected.

Example 2:

After the discussion period the proposed payments could be \$16.33 for the proposer and \$17.33 to voter 1, and \$26.34 to voter 2. Now the votes could be *accept, accept, accept,* in which case the proposal would pass as it has a majority of votes.

But they don't have to do this. Again they could vote differently and if the election goes to another round, the whole process would repeat itself.

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Let's summarize the main points:

- The experiment will consist of 11 elections, 1 practice and 10 for real. There may be several rounds to each election.

- In each election there are three voters one of which will be randomly selected to act as the proposer. Each voter will keep the same ID across rounds in an election.
- There will then be a 3 minute chat period for bargaining between the members of the group, both privately and/or publicly, to determine how to allocate the payments. The outcome of these discussions is non-binding.
- The proposer will then choose how to raise funds for a common project costing \$60.
- If the proposal receives a simple majority of the votes it passes, the proposed payments are binding, and the election ends.
- If the proposal is rejected, the amount of money needed will increase by about 8%, a new proposer will be selected randomly, followed by a 3 minute discussion period, with a new proposal made and voted on.
- At the end of the 10 cash elections, one election, selected at random will be paid off on. Your payment your \$30 voucher *less* your payment for that election. Everyone will also receive an \$8 participation fee.

Are there any questions?

Period				
Trial 1		Remaining discussion time 174		
	You are subject # 1			
Public Chat	This conversation is between Voters Only	This conversation is between You and the Proposer		
	[]	[]		
The proposer for this round is subject # 3				
		End Chat		



Period Trial 1 of 1			1	Remaining time (sec): 15
	Total Paym Total Payment Required Next Round in t	ent Required Currently 60.0 he Event of a Rejection 64.5	0	
	You (Subject Other Voter (Subject Proposer (Subject	2) X 3) Y 1) Z		
	Accept		Reject	
		<u></u>		

Period

Player	Allocation		Vote
You (Subject 2)	x	No	
Other Voter (Subject 3)	у	No	
Proposer (Subject 1)	z		Yes

This allocation was rejected





Triai1 out of 1						Remaining time 9
					7	
	Player	Allocation		Vote		
	You (Subject 2)	x	Yes			
	Other Voter (Subject 3)	У	Yes			
	Proposer (Subject 1)	z		Yes		

This allocation was accepted

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- At the end of the 10 cash elections, one election, selected at random will be paid off on. Your payoff for the session will equal your \$50 voucher *less* your payment for that election.

Are there any questions?

Period				
Trial 1		Remaining discussion time 174		
	You are subject # 1			
Public Chat	This conversation is between Voters Only	This conversation is between You and the Proposer		
	[]	[]		
The proposer for this round is subject # 3				
		End Chat		



- Period	1 of 1							
				Tatal Da		co. 00		
	Total Payment Required Currently					64.50		
			Total Fayment F			04.50		
			Starting Balance		Payment for Project		Total Payoff	
		You (Subject 1)	50	-	x	=	50-x	
		Other Voter (Subject 2)	50	-	У	=	50-y	

-

z =

50-z

Reject

Proposer (Subject 3)

Accept

50

Penod	al1.:out of .1.	Remaining time 9

Player	Starting Balance		Payment for Project		Total Payoff	Vote
You (Subject 3)	50	-	Х	=	50-x	No
Subject 2	50	-	у	=	50-y	No
Subject 1	50		Z	=	50-z	Yes

This allocation was rejected



Remaining time (sec): 17

1

Trial 1 of 1

Prop

Period

- Total Payment Required Currently 64.50
- Total Payment Required Next Round in the Event of a Rejection 68.32

	Starting Balance		Payment for Project		Total Payoff	
You (Subject 1)	50		x	=	50-x	
Other Voter (Subject 2)	50		у	=	50-y	
Proposer (Subject 3)	50		z	=	50-z	
Accept					Reject	
		Previously Rej	ected Proposals			
Round					1	
Subject 1					×	
Subject 2					y	
Subject 3					z	

1 out of 1	Remaining time 9

Player	Starting Balance		Payment for Project		Total Payoff	Vote
You (Subject 3)	50	-	X	=	50-x	Yes
Subject 2	50	-	Ŷ	=	50-y	Yes
Subject 1	50	-	Z	=	50-z	Yes

This allocation was accepted

Walkthrough - Costs

Bold and comments in () are not read out loud. To be read to subjects: not to be included with the written instructions. * represents a slide change.

We're going to do a walkthrough before we play for cash. The objective here is to familiarize you with the game screen and the procedures. When your screen shows up, don't do anything until I tell you to.

Put slides up here; start experiment

The chat screen looking like this (point) should be showing now. If it is not, please raise your hand.

Let's start at the left hand side of the screen layout. At the top, you have the election number (Trial 1 in this case -- point). A little below (point), in the center of the screen you have your "subject #" for this round of the Trial Election. Below it, you have three chat boxes. For a voter, the leftmost box is for the public chat, the middle box is for voter-to-voter chat, and the right box is for proposer-to-voter chat. For a proposer, the leftmost box is for the public chat, the middle box is for chat with one of the voters, and the right most box is for chat with the remaining voter. Below the chat boxes, is the subject number of the proposer. You can leave the chat screen at any point by clicking the End Chat button (point). You cannot go back to this chat screen once you hit the "End Chat" button. For now, write "Hello" and press enter for each of the chat boxes. Once done, click End Chat button to leave the chat stage.

*The next screen will appear on your computer only if you are the Proposer for that round. If you are not the proposer then your screen will remain blank until the proposer has made his/her decision regarding payments to be voted on.

On this screen, election information is still displayed at the top left corner of the screen. Below it, you are shown the Amount Required for Payment along with a reminder that the sum of the proposed payments this rounds payment requirements. The boxes below it are where the proposer inputs the proposed cost distribution. The proposer's box has "You" next to it. The boxes for the other players are labeled "Voter 2" and "Voter 3" depending on their subject number for that round. There is a calculator function if you need to make any calculations. To submit the proposal hit the OK button.

Payments can include dollars and cents. You will now submit a proposal. Since this is the dry run, it does not matter what your allocations are but they must add up to \$60 and can charge no voter more than \$30. When you are finished click OK*. Please do nothing else until you are told to.

*Now the voters in your group will advance to the voting screen (point to it). The proposer will see a "Wait Screen" while the voters make their decisions. Are all the voters of this round on the voting screen? On this screen you will get 3 pieces of information. The first tells you the total payment required for this round. The next tells you the total payment that will be required next round if the proposal fails to pass. Proposed payments for each player in your group are shown below that.

Your payment is shown in the first box next to You. The other voter's payment is shown next followed by the proposer's payment (point to each of these in order). Below this is where you vote to Accept or Reject the proposal by clicking on the relevant button. Proposers see a waiting screen until the voters have made their decisions. Note, proposers are automatically counted as voting in favor their proposal. Please vote Please Reject the proposed allocation for the time being. This is just a dry run. Once you start playing for cash it is strictly up to you to decide what to do. For now, we just want to familiarize you with what happens when you reject a proposal. Once you make a decision you move to the next screen.

*Has everyone submitted their vote? This is the outcome screen where you can see how everyone voted. It also shows if the Proposal Passed or Failed. In this case, you should see No for all the voters, a yes for the proposer, and "this allocation was rejected" message.

*After this screen, we will go back to the chat screens which look just like before except this time around the proposer may have changed. Once the chat has been completed, we will move on to the proposal phase. Voters will again see a blank screen until the proposer has made his decision. Everyone, please click on you end chat button now as this is just the dry run.

*On this screen, the Total Payment Required has increased to \$64.50. On the left hand side are the boxes where proposed payments are entered. On the right hand side (point), you will see the history of previously rejected proposals including the round, proposed payments for each group member and who the proposer was. Voting outcomes will continue to show up, one for each rejected round, until your group passes a proposal. Proposers, please enter your proposed payments, making sure they sum up to 64.50 and click OK.

*OK – we are now in the voting stage. Proposers will again see a "Wait" Screen while the voters make their decision on the new proposal. The Voting Screen will look similar with a few changes – Total Payment Currently Required has increased to 64.50 and Total Payment Required Next Round will increase to 68.32. Below the "Accept" and "Reject" buttons, the history of rejected proposals for this election will be shown in the same manner as it appeared on the proposer screen.

Let's finish the Trial Election. Everyone click Accept when the voting screen comes up.

Are there any questions?

(Check that everyone is on the outcome screen)*Notice on the outcome screen that all three subjects voted Yes, and the proposal passed.

Now we are going to play for cash. Are there any questions?

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Each election will proceed as follows: You will be randomly split into groups of three people with \$30 available for distribution between the three of you. One member of the group will be randomly chosen to propose how to distribute the \$30. Once this proposal is made it will be voted up or down by majority rule. If the proposal is accepted, the proposed allocation is binding for that election. If it is rejected this process will repeat itself with one member of the group selected at random to make the proposal to be voted on. However, the total amount available for distribution will decrease by 15%. The exact amount required for payment in the next round will be displayed on your computer screens. Note that in selecting a new proposer, everyone in the group has an equally likely chance to be selected.

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Payments

There will be a total of 10 elections of this sort. Once the 10 elections are completed, one election will be randomly chosen for payment. Whatever allocation was voted on for your group in that election will be paid to you, plus the show up fee of \$8 dollars. So you should treat each election as if it is the one that will determine your earnings from today's experiment.

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Examples

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Example 1:

After the communication stage, the proposer chooses \$49.00 for himself, \$1 for voter 1, and \$0 for voter 2. Now the votes *could* be *accept, accept, reject,* in which case the proposal would pass as it has a majority of votes.

Alternatively the votes could be *accept, reject, reject,* so the proposal does not receive a majority, and the process would repeat itself with a new proposer selected.

Example 2:

After the discussion period the proposed allocations could be \$26.33 for the proposer and \$17.33 to voter 1, and \$6.34 to voter 2. Now the votes could be *accept, accept, accept, in* which case the proposal would pass as it has a majority of votes.

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- There will then be a 3 minute chat period for bargaining between the members of the group, both privately and/or publicly, to determine how to allocate the payments. The outcome of these discussions is non-binding.

- The proposer will then choose how to distribute the starting amount of \$30.
- If the proposal receives a simple majority of the votes it passes, the proposed payments are binding, and the election ends.
- If the proposal is rejected, the amount of money available will decrease by 15%, a new proposer will be selected randomly, followed by a 3 minute discussion period, with a new proposal made and voted on.
- At the end of the 10 cash elections, one election, selected at random will be paid off on. Your payment will be the amount allocated to you for that election. Everyone will also receive an \$8 participation fee.

Are there any questions?

	Remaining discussion time 174
You are subject # 1	
This conversation is between Voters Only	This conversation is between You and the Proposer
e proposer for this round is subject # 3	
	End Chat
	You are subject # 1 This conversation is between Voters Only e proposer for this round is subject # 3



1 of 1				Remaining time [sec]: 17
	Amount Available for Allocation Next Round	Total Amount Allocated in the Event of a Rejection	30.00 25.50	
	You (Subject Other Voter (Subject Proposer (Subject	1) X 3) γ 2) Z		
	Accept		Reject	

	-		-	-
	0	-	0	c
	-		v	s.
-	_		_	

1 out of 1

Remaining time 9

Player	Allocation	Vote
You (Subject 1)	x	No
Other Voter (Subject 3)	y	No
Proposer (Subject 2)	Z	Yes

This allocation was rejected





Period 1 of 1	Remaining time [sec]: 16
Amount Available for Allocation Next Round	Total Amount Allocated 25.50 Id in the Event of a Rejection 21.68
You (Subjec Other Voter (Subjec Proposer (Subjec	idt 3) X idt 3) Y idt 2) Z
Accept	Reject
Previously Rej	jected Proposals
Round	1
Subjed 1	x
Subject 2	Y
Subject 3	Z
Prop	2

Trial1 out of 1						Remaining time 9
					1	
	Player	Allocation		Vote		
	You (Subject 2)	×	Yes			
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	Proposer (Subject 1)	z		Yes		

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- 2) Once this is done, everyone in your group will see the proposed allocations and will be free to either accept or reject the proposal. The proposer will be automatically counted as voting in favor of the proposal.
- 3) Next, the result of the voting is reported back to everyone in your group.
 - a. If the proposal is rejected, a new negotiation round will start where the amount available for distribution will decrease by 15%, with the exact amount displayed on your computer screens. If the proposed allocation is rejected, you will remain with the same group, with the computer again randomly determining who the proposer will be. There will then be a new period for communication between the members of the group, with a new proposal made which again will be voted up or down by majority rule.
 - b. If a majority votes in favor of a proposal it is approved. You will then be on standby until all groups have reached an allocation.

This process will repeat itself until your group has approved an allocation. Once all the groups have reached an allocation you will start a new election with a new group whose composition is randomly determined (i.e., It is extremely unlikely that you will have the same members in your group from one election to the next). The amount available for distribution will restore to \$30.

Payments

There will be a total of 10 elections of this sort. Once the 10 elections are completed, one election will be randomly chosen for payment. Whatever allocation was voted on for your group in that election will be paid to you plus your \$20 voucher. So you should treat each election as if it is the one that will determine your earnings from today's experiment.

Are there any questions?

We will have one practice election before proceeding with the 10 elections in order to familiarize you with the software and the procedures. We will tell you what to do during this practice election.

There are a couple of simple rules we want you to follow during the communication phase. First, no offensive language is to be admitted. Second, we ask you to stay anonymous and not provide information that identifies you (e.g., do not say your name, nickname, or subject number).

Examples

Some examples might help clarify the voting process. The examples are not necessarily intended to be realistic, just to give you an idea how the process works. In all cases we will assume that there is \$30 available for distribution.

Example 1:

After the communication stage, the proposer chooses \$29.00 for himself, \$1 for voter 1, and \$0 for voter 2, which would be added to each voters voucher. Now the votes *could* be *accept, accept, reject,* in which case the proposal would pass as it has a majority of votes.

Alternatively the votes could be *accept, reject, reject,* so the proposal does not receive a majority, and the process would repeat itself with a new proposer selected.

Example 2:

After the discussion period the proposed allocations could be \$13.67 for the proposer, \$12.67 to voter 1, and \$3.66 to voter 2, which would be added to each voters voucher. Now the votes could be *accept*, *accept*, *accept*, in which case the proposal would pass as it has a majority of votes.

But they don't have to do this. Again they could vote differently and if the election goes to another round, the whole process would repeat itself.

What should you do? If we knew the answer to this we would not have to conduct the experiment.

Review

Let's summarize the main points:

- The experiment will consist of 11 elections, 1 practice and 10 for real. There may be several rounds to each election.
- In each election there are three voters one of which will be randomly selected to act as the proposer. Each voter will keep the same ID across rounds in an election.
- There will then be a 3 minute chat period for bargaining between the members of the group, both privately and/or publicly, to determine how to allocate the payments. The outcome of these discussions is non-binding.
- The proposer will then choose how to distribute the starting amount of \$30.
- If the proposal receives a simple majority of the votes it passes, the proposed payments are binding, and the election ends.
- If the proposal is rejected, the amount of money available will decrease by 15%, a new proposer will be selected randomly, followed by a 3 minute discussion period, with a new proposal made and voted on.
- At the end of the 10 cash elections, one election, selected at random will be paid off on. Your payment will be the amount allocated to you for that election plus your \$20 voucher.

Are there any questions?

	Remaining discussion time 174
You are subject # 1	
This conversation is between Voters Only	This conversation is between You and the Proposer
e proposer for this round is subject # 3	
	End Chat
	You are subject # 1 This conversation is between Voters Only e proposer for this round is subject # 3



Period								
Pellou	1 of	1						
			Amount Available fo	or Allocation Next Round	Total Amount Allocated in the Event of a Rejection	30.00 25.50		
			Starting Balance		Allocation		Total Payoff	
		You (Subject 1)	20	+	x	=	20+x	
		Other Voter (Subject 2)	20		У	=	20+y	
		Proposer (Subject 3)	20	•	Z	=	20+z	
		Accept					Reject	

Period	
1 out of 1	Remaining time 9

Player	Starting Balance		Allocation		Total Payoff	Vote
You (Subject 1)	20	+	x	=	20+x	No
Other Voter (Subject 2)	20	+	У	=	20+y	No
Proposer (Subject 3)	20	+	Z	=	20+z	Yes

This allocation was rejected





Period					1		
1 of 1							Remaining time [sec] 16
				Total Amount Allocated	25.50		
		Amount Available fo	or Allocation Next Roun	d in the Event of a Rejection	21.68		
		Starting Balance		Allocation		Total Payoff	
	You (Subject 1)	20	•	x	=	20+x	
	Other Voter (Subject 2)	20	•	у	=	20+y	
	Proposer (Subject 3)	20	÷	z	=	20+z	
	Accept					Reject	
			Previously Rej	ected Proposals			
	Round					t	
	Subject 1					x	
	Subject 2					Y	
	Subject 3					Z	
	Prop					2	

Deried		
Fellou		
	out of 1	

Player	Starting Balance		Allocation		Total Payoff	Vote
You (Subject 1)	20	+	x	=	20+x	Yes
Other Voter (Subject 2)	20	+	У	=	20+γ	Yes
Proposer (Subject 3)	20	+	Z	=	20+z	Yes

This allocation was accepted

Bold and comments in () are not read out loud. To be read to subjects: not to be included with the written instructions. * represents a slide change.

We're going to do a walkthrough before we play for cash. The objective here is to familiarize you with the game screen and the procedures. When your screen shows up, don't do anything until I tell you to.

Put slides up here; start experiment

The chat screen looking like this (point) should be showing now. If it is not, please raise your hand.

Let's start at the left hand side of the screen layout. At the top, you have the election number (Trial 1 in this case -- point). A little below (point), in the center of the screen you have your "subject #" for this round of the Trial Election. Below it, you have three chat boxes. For a voter, the leftmost box is for the public chat, the middle box is for voter-to-voter chat, and the right box is for proposer-to-voter chat. For a proposer, the leftmost box is for the public chat, the middle box is for chat with one of the voters, and the right most box is for chat with the remaining voter. Below the chat boxes, is the subject number of the proposer. You can leave the chat screen at any point by clicking the End Chat button (point). You cannot go back to this chat screen once you hit the "End Chat" button. For now, write "Hello" and press enter for each of the chat boxes. Once done, click End Chat button to leave the chat stage.

*The next screen will appear on your computer only if you are the Proposer for that round. If you are not the proposer then your screen will remain blank until the proposer has made his/her decision regarding allocations to be voted on.

On this screen, election information is still displayed at the top left corner of the screen. Below it, you are shown the Amount available for distribution along with a reminder that the sum of the proposed allocations must equal the total amount available for distribution. The boxes below it are where the proposer inputs the proposed allocation distribution. The proposer's box has "You" next to it. The boxes for the other players are labeled "Voter 2" and "Voter 3" depending on their subject number for that round. There is a calculator function if you need to make any calculations. To submit the proposal hit the OK button.

Allocations can include dollars and cents. You will now submit a proposal. Since this is the dry run, it does not matter what your allocations are but they must add up to \$30. When you are finished click OK*. Please do nothing else until you are told to.

*Now the voters in your group will advance to the voting screen (point to it). The proposer will see a "Wait Screen" while the voters make their decisions. Are all the voters of this round on the voting screen? On this screen you will get 3 pieces of information. The first tells you the total amount available for this round. The next tells you the total amount that will be available next round if the proposal fails to pass. Starting balance which is your voucher amount, proposed allocations along with resulting total payoff for each player in your group are shown below that.

Your allocation is shown in the first box next to You. The other voter's allocation is shown next, followed by the proposer's allocation (point to each of these in order). Below this is where you vote to Accept or Reject the proposal by clicking on the relevant button. Proposers see a waiting screen until the voters have made their decisions. Note, proposers are automatically counted as voting in favor their proposal. Please vote Please Reject the proposed allocation for the time being. This is just a dry run. Once you start playing for cash it is strictly up to you to decide what to do. For now, we just want to familiarize you with what happens when you reject a proposal. Once you make a decision you move to the next screen.

*Has everyone submitted their vote? This is the outcome screen where you can see how everyone voted. It also shows if the Proposal Passed or Failed. In this case, you should see No for all the voters, a yes for the proposer, and "this allocation was rejected" message.

*After this screen, we will go back to the chat screens which look just like before except this time around the proposer may have changed. Once the chat has been completed, we will move on to the proposal phase. Voters will again see a blank screen until the proposer has made his decision. Everyone, please click on you end chat button now as this is just the dry run.

*On this screen, the Total Amount available for distribution has decreased to \$25.50. On the left hand side are the boxes where proposed allocations are entered. On the right hand side (point), you will see the history of previously rejected proposals including the round, proposed allocations for each group member and who the proposer was. Voting outcomes will continue to show up, one for each rejected round, until your group passes a proposal. Proposers, please enter your proposed allocations, making sure they sum up to 25.50 and click OK.

*OK – we are now in the voting stage. Proposers will again see a "Wait" Screen while the voters make their decision on the new proposal. The Voting Screen will look similar with a few changes – Total amount available for distribution has decreased to 25.50 and Total amount available Next Round will decrease to 21.68. Below the "Accept" and "Reject" buttons, the history of rejected proposals for this election will be shown in the same manner as it appeared on the proposer screen.

Let's finish the Trial Election. Everyone click Accept when the voting screen comes up.

Are there any questions?

(Check that everyone is on the outcome screen)*Notice on the outcome screen that all three subjects voted Yes, and the proposal passed.

Now we are going to play for cash. Are there any questions?