

COVER SHEET

In your packet you have the following materials. Please check to see that all materials are present.

Subject Information Sheet

Instructions

Procedure

Questionnaire

Please fill out the first item now.

**WE REQUEST THAT YOU DO NOT DISCUSS YOUR PARTICIPATION IN THIS
ACTIVITY WITH ANYONE OUTSIDE THIS ROOM.**

SUBJECT INFORMATION SHEET

Subject ID: _____

1. Sex: M F

2. Age: _____

3. Race (check the appropriate category):

Asian _____ African American _____ Caucasian _____

Hispanic _____ Native American _____ Other _____

4. Compared with other students at VCU, my income is

_____ Much above average

_____ Above average

_____ About average

_____ Below average

_____ Much below average

5. Class (check the appropriate category):

Graduate student _____ Senior _____ Junior _____ Sophomore _____ Freshman _____

6. Major _____

7. How many economics courses have you taken?

High school courses _____

College courses (including any you are currently enrolled in) _____

8. How many brothers and sisters do you have? _____

Where are you in the birth order? _____

INSTRUCTIONS

This is an experiment about decision making. For agreeing to participate you will receive \$3 show-up fee. You may also earn additional money depending on the decisions that you and the other people in the room will make. A research foundation has provided the funds for this experiment.

Any money you earn will be paid privately and in cash at the end of the experiment. Upon leaving the room, you will go to an assistant not involved with the experiment and show her your Record Sheet. She will record your earnings and ask you to complete and sign a receipt. This procedure will help guarantee your privacy, as the assistant was not in the room where the experiment was conducted. The proctors inside the room will never learn how much any specific individual in the room earned.

The entire experiment should be completed within an hour. You may discontinue your participation in the experiment at any time.

You will participate in a simple decision making game. In this game, there are two players: a blue and a green player. The blue player has to decide how much of \$Y, a fixed amount of money, to pass to the green player and how much to keep for himself/herself. The blue player may choose any distribution of the \$Y. Then, the money is distributed as proposed. In addition to the money passed by the blue player, the green player will also earn \$X. Both the \$Y and the \$X will be announced later in the game.

QUIZ

Please answer the following questions. These are hypothetical problems, designed only to test your understanding of the instructions. The actual game will involve different values for \$Y and \$X.

Suppose that you are the **blue player** in this game. You will make TWO decisions about how to distribute \$Y between yourself and the green player. At the beginning of each decision, the green player is given \$X.

In decision I, you can choose any amounts between 0 and \$100 (inclusive) in 1 dollar increments and the proposed amounts must add up to \$100. In decision II you can choose any amount between 0 and \$50 (inclusive) in 1 dollar increments and the proposed amounts must add up to \$50.

Please, indicate your choices for these problems and calculate the hypothetical earnings for both participants.

Decision	\$Y	\$X	Proposed Amount		Blue Player's Earnings	Green Player's Earnings
			Kept by Blue Player	Passed to Green Player		
I.	\$100	\$20				
II.	\$50	\$10				

PROCEDURE

The experiments will proceed as follows:

Sitting arrangement:

A toss of a die will randomly determine which of you will be the blue player (Even) and which of you will be the green player (Odd). All blue players will be together facing all green players. You will know that your partner is in the group facing you, but you will not be able to identify your partner.

Decisions:

There will be EIGHT decisions for various combinations of \$Y and \$X, as indicated in the tables below.

Decision	\$Y	\$X	Proposed Amount	
			Kept by Blue Player	Passed to Green Player
A	\$6	\$6		
B	\$6	\$4		
C	\$6	\$2		
D	\$6	\$0		

Decision	\$Y	\$X	Proposed Amount	
			Kept by Blue Player	Passed to Green Player
E	\$12	\$12		
F	\$12	\$8		
H	\$12	\$4		
I	\$12	\$0		

Blue players will make all the decisions at the same time.

Each blue player will receive a sheet on which to record the eight decisions. Be sure to note carefully the differences between each decision. For each decision, the blue player must indicate the amount kept and the amount passed to the green player. Blue players can choose any amount between \$0 and \$Y (inclusive) in \$1 increments and the amounts must add up to \$Y (either \$6 or \$12). After making the decisions, the blue player will record them on the Decision Sheet and on his or her Record Sheet.

Record Keeping:

After all blue players have recorded their eight decisions; their Decision Sheets will be collected by the proctors and distributed to their randomly chosen partners.

Upon receipt of the blue player's decisions, the green player will record the amounts on his or her Record Sheet. Please take care to record the amounts correctly for each combination of \$Y and \$X.

When all blue players have recorded the amounts, the proctors will collect the Decision Sheets.

Your earnings in this session will be determined as follows:

One of the eight decisions will be chosen at random. We will first toss a regular die to pick A-D or E-I (odd for A-D and even for E-I). Then, we will toss a 4-sided die to select one of the remaining four decisions. The blue player's earnings will equal the amount of money kept on that decision. The green player's earnings will equal the sum of the amount passed and \$X on that decision.

This will be your total earnings for this experiment and the experiment will end here.

If you have any questions, we will be happy to answer them now. Once the games are underway, it is forbidden to ask questions or to make remarks.

Subject ID number: _____

BLUE PLAYER RECORD SHEET

Please record for each decision the proposed division. Record your final earnings at the end of the session at the bottom of this page.

Decision	\$Y	\$X	Proposed Amount		Your Earnings
			Kept by Blue Player	Passed to Green Player	
A	\$6	\$6			
B	\$6	\$4			
C	\$6	\$2			
D	\$6	\$0			

Decision	\$Y	\$X	Proposed Amount		Your Earnings
			Kept by Blue Player	Passed to Green Player	
E	\$12	\$12			
F	\$12	\$8			
H	\$12	\$4			
I	\$12	\$0			

Decision chosen for payment (circle 1): A B C D
 E F H I

Your earnings: _____

Subject ID _____

GREEN PLAYER RECORD SHEET

Please record for each decision the proposed division. Record your final earnings at the end of the session at the bottom of this page.

Decision	\$Y	\$X	Proposed Amount		Your Earnings Plus \$X
			Kept by Blue Player	Passed to Green Player	
A	\$6	\$6			
B	\$6	\$4			
C	\$6	\$2			
D	\$6	\$0			

Decision	\$Y	\$X	Proposed Amount		Your Earnings Plus \$X
			Kept by Blue Player	Passed to Green Player	
E	\$12	\$12			
F	\$12	\$8			
H	\$12	\$4			
I	\$12	\$0			

Decision chosen for payment (circle 1): A B C D
 E F H I

Your earnings: _____

Subject ID number: _____

BLUE PLAYER DECISION SHEET

I. You have $Y = \$6$ to distribute. Please record for each decision the proposed distribution.

Decision	\$Y	\$X	Proposed Amount	
			Kept by Blue Player	Passed to Green Player
A	\$6	\$6		
B	\$6	\$4		
C	\$6	\$2		
D	\$6	\$0		

II. You have $Y = \$12$ to distribute. Please record for each decision the proposed distribution.

Decision	\$Y	\$X	Proposed Amount	
			Kept by Blue Player	Passed to Green Player
E	\$12	\$12		
F	\$12	\$8		
H	\$12	\$4		
I	\$12	\$0		

