

Game 2 – safe/risky

Preparation of the experiment

Material needed:

- Sticky notes (for ID numbers)
- Twenty 500 shilling coins
- 4 baskets (of 2 different colours)
- 8 white counters and 2 green counters
- 2 bags
- 2 cards with numbers 1 and 2
- Money
- Netbook computer with excel file to record decisions

[Formal introduction]

[When people enter the meeting room, they are asked for their name. We have a list of invited candidates. Their name is marked and they are given a sticker with an identity number, which we ask them to stick on their shirt. It is explained that this identity number is unique and allows us to identify them during the exercise while guaranteeing complete confidentiality. This is important, as they are able to earn real money in the exercise.]

[They are asked to take a seat in the meeting room. Participants with ID 1-10 are seated on the left, while participants with ID 11-20 are seated on the right.]

[Further instructions are given once sufficient people have shown up. The room should be arranged so that no subject can see what another subject is looking at, once all subjects are seated.]

Running the experiment

[The following instructions should be given to all subjects simultaneously while they are seated in the experiment room.]

Welcome. Thank you for taking the time to come today. [Introduce Experimenters and Assistants]. Later, you can ask any of us questions during today's programme. For this raise your hand so that we can come and answer your question in private.

We have invited you here, today, because we want to learn about how people in this area take decisions. You are going to be asked to take decisions about money. The money that results from your decisions will be yours to keep.

What you need to do will be explained fully in a few minutes. But first we want to make a couple of things clear.

First of all, this is not our money. We belong to a university, and this money has been given to us for research.

Participation is voluntary. You may still choose not to participate in the exercise.

We also have to make clear that this is research about your decisions. Therefore you cannot talk with others. This is very important. I'm afraid that if we find you talking with others, we will have to send you home, and you will not be able to earn any money here today. Of course, if you have questions, you can ask one of us. We also ask you to switch off your mobile phones.

Make sure that you listen carefully to us. You will be able to make a good amount of money here today, and it is important that you follow our instructions.

During today's programme, you will be asked to make 2 decisions, which will be explained to you very clearly. Only one decision will be selected to determine the money you will be paid. At the end of the exercise we will randomly select one of your decisions to be paid out. For this, we put 2 cards with numbers 1 and 2 on them in a bag, and pick out one card without looking. The number on the card that is picked out determines the decision which will be used to calculate your earnings. Any money you earn will be paid out to you privately and confidentially after all parts of the exercise are complete.

Now, before we explain what you need to do, it is really important to bear one more thing in mind. You will be asked to take decisions that are not a matter of getting it right or wrong; they are about what you prefer. However, it is important to think seriously about your choices because they will affect how much money you can take home.

Part 1

"In the first part, we will ask participants with ID 1-10 to go to table A, and participants with ID 11-20 to table B. You will there receive further instructions."

[The tables should have 10 (500 shilling) coins and two baskets. The bag, with four white counters and one green counter on top of it, should be in front of the risky basket, which is placed on the right side of the table. The safe basket is placed on the left side of the table. Table A should have 9 coins in the safe basket and 1 coin in the risky basket. Table B should have 1 coin in the safe basket and 9 coins in the risky basket.]

Part 1A: Table A, Safe

"Each coin in this basket, which is the [safe] basket, is a 500 shilling piece. There **are nine coins** in this basket, this means there are **4500** shillings in total here. Every coin left in this basket is safe, which means that you will be able to take it with you. In addition, you will also have a chance to take coins from the other basket with you home.

“For this basket, which is the risky basket, the final number of coins is determined by chance: you either lose the number of coins in this basket, or double the number. Next to this [risky] basket is a bag. We will place 1 green and 4 white counters into a bag and pick one out without looking. The colour of this counter will determine the number of coins in this basket. A white counter means you are lucky and the number of coins in this basket is doubled. A green counter means you are unlucky and lose each coin.”

“As there are 4 white counters and only 1 green counter, it is much more likely that you will pick a white counter, than a green counter”. **[Show how a green and white counter can be picked out of the bag; don’t ask them to pick out a counter!]**

[Participants return to the waiting room. They are called one by one to come individually to the same table again, and this in increasing order of ID; that is with participant with ID 1 going to table A, and participant with ID 11 going to table B.]

Control Questions

I will now ask some questions to see whether you understood the instructions.

1. There **is** currently one coin in the risky basket, how many coins would there be if the green counter was picked out?
2. There **is** currently one coin in the risky basket, how many coins would there be if the white counter was picked out?
3. How many coins are there in the safe basket?

[If the participant did not answer the question correctly, ask him/her what was not clear, and explain again if needed.]

Part 1B: Table B Risky

“Each coin in this basket, which is the safe basket, is a 500 shilling piece. There **is one coin** in this basket, this means there are **500** shillings in total here. Every coin left in this basket is safe, which means that you will be able to take it with you. In addition, you will also have a chance to take coins from the other basket with you home. Do you understand?” **[Answer any questions about the safe basket.]**

“For this basket, which is the risky basket, the final number of coins is determined by chance: you either lose the number of coins in this basket, or double the number. Next to this [risky] basket is a bag. We will place 1 green and 4 white counters into a bag and pick one out without looking. The colour of this counter will determine the number of coins in this basket. A white counter means you are lucky and the number of coins in this basket is doubled. A green counter means you are unlucky and lose each coin.”

“As there are 4 white counters and only 1 green counter, it is much more likely that you will pick a white counter, than a green counter”. [Show how a green and white counter can be picked out of the bag; don’t ask them to pick out a counter!]

Control Questions

I will now ask some questions to see whether you understood the instructions.

1. There are currently nine coins in the risky basket, how many coins would there be if the green counter was picked out?
2. There are currently nine coins in the risky basket, how many coins would there be if the white counter was picked out?
3. How many coins are there in the safe basket?

[If the participant did not answer the question correctly, ask him/her what was not clear, and explain again if needed.]

Both tables:

“If you have no more questions, you may now decide to move the coins around, if you wish. All ten coins must be placed in one of the baskets – you cannot leave any on the table.”

[Record the choice of the participant. Then, after the participant returns to his/her seat, remember to reset the table.]

[Once all ten subjects have made their choice and left the table, you should prepare for round 2. To do this, you need to work out which choice was the most popular. If there are two or more choices that are joint most popular, record the choice that was closest to the default in the first round i.e. the most similar to how the baskets were set up before the subjects approached the table.]

Part 2

[For round two, table A should now have 1 coin in the safe basket and 9 coins in the risky basket. Table B should now have 9 coins in the safe basket and 1 coin in the risky basket.]

“Thank you, you have now all completed the first part of the task. We will now explain the second part of the task.

“You will now go to the other table, and be asked to choose again between two different options. You may make the same decision that you made in the first part of the task, or you may decide to change your decision. Before taking your decision, the person at the table will inform you what the most popular option was in the previous round. We will now invite you to come forward one by one.”

[Participants with ID 1-10 now go to table B; participants with ID 11-20 now go to table A.]

“Every coin left in this [safe] basket is safe, which means that you will be able to take it with you. In addition, you will also have a chance to take coins from the other basket with you home. For this [risky] basket, the final number of coins is determined by chance: they are either doubled or lost. Next to this [risky] basket is a bag. We will place 1 green and 4 white counters into a bag and pick one out without looking. The colour of this counter will determine whether the coins in this basket are lost or doubled. A white counter means you are lucky and the number of coins is doubled. A green counter means you are unlucky and you lose each coin. As there are 4 white counters and only 1 green counter, it is much more likely that you will pick a white counter, than a green counter”.

“In the last round, the most popular option at this table was to place # coins into this basket and # coins into this basket.”

“If you have no more questions, you can now decide how many coins you wish to place in each basket. All ten coins must be placed in one of the baskets – you cannot leave any on the table.” **[Record the choice of the participant. Then, after the participant returns to his/her seat you should reset the table].**

Final Instructions

“Thank you, you have now all completed the second part of the task. As we explained before, we will randomly select one of your 2 decisions to be paid out. For this, we put 2 cards with numbers 1 and 2 on them in a bag, and pick out one card without looking. The number on the card that is picked out determines the decision which will be used to calculate your earnings.” **[Ask one volunteer to pick out a card]**

“We now invite you to come forward, one by one, to determine your earnings. For this, we will use the bag with 4 white counters and 1 green counter, and ask you to randomly pick out without looking. The colour of this counter will determine the amount of money you finish with.”

“Thank you for coming today, your participation has been greatly appreciated.”