

In Class Games

Introduction

In class we played three games: the dictator game, the ultimatum game, and the trust game. All three games are intended to measure “pro-social preferences.” In other words, the games are intended to measure the degree to which a given individual appears to care about the outcomes of other individuals. Below is a description of the three games. All of the numbers in the game descriptions are specific to the examples used in class.

Dictator Game

Individuals are grouped into pairs. One person is the proposer, the other is the responder. The proposer is given 10 points. The proposer can then choose how many of the 10 points to give to the responder, and how much to keep. The game ends there. This is repeated 10 times. In each round the responder starts fresh with 10 points. Participants in the game alternate between being the proposer and the responder, and are rematched with a new partner each round.

Ultimatum Game

Individuals are grouped into pairs. One person is the proposer, the other is the responder. The proposer is given 10 points. The proposer then chooses how much to transfer to the responder. The responder can either accept or reject the offer. If the responder accepts, they both get the proposed amounts. If the responder rejects the offer, they both get zero. This is repeated 10 times. In each round the proposer starts fresh with 10 points. Participants in the game alternate between being the proposer and the responder, and are rematched with a new partner each round. For example, the proposer offers the responder 3 points. If the responder accepts, the responder gets the 3 points and the proposer gets 7. If the responder rejects the offer of 3, then they both get zero.

Trust Game

Individuals are grouped into pairs. One person is the proposer, the other is the responder. The proposer is given 10 points. The proposer then chooses how much to transfer to the responder. The amount the proposer transfers is multiplied by 3. The responder then chooses how much to transfer back to the proposer. The responder can return anywhere between zero and the full amount. This is repeated 10 times. In each round the proposer starts fresh with 10 points. Participants in the game alternate between being the proposer and the responder, and are rematched with a new partner each round. For example, the proposer sends 4 points to the responder. The points are multiplied by 3, so the responder now has 12 points and the proposer has 6. The responder now chooses how many of the 12 points to sent back to the responder. If the responder sends back 5 points, then the responder has 7 points and the proposer has 11 points.