

Instructions

This is a simple card game. Each of you will be given 4 cards; two of these cards are red (hearts or diamonds) and two of these cards are black (clubs or spades). All of your cards will be the same number. The exercise will consist of a number of rounds (you have 15 rounds listed on your record sheet - we will probably complete fewer than 15 rounds). When a round begins I will come to each of you in order, and you will play TWO of your four cards by placing these two cards face down on top of the stack in my hand. Your earnings in dollars are determined by what you do with your red cards.

In the first several rounds: you will earn \$4 for each red card that you keep and \$0 for each black card that you keep. Red cards that are placed on the stack will affect everyone's earnings in the following manner. I will count up the number of red cards, and everyone will earn this number of dollars. Black cards placed on the stack have no effect on the count.

When the cards are counted, I will not reveal who made which decisions, but I will return your cards to you at the end of the round (by returning to each of you in reverse order and giving you the top two cards from the stack in my hand). To summarize, your earnings for the period will be calculated as:

$$\text{Earnings} = \$4 \times (\text{number of red cards you kept}) + \$1 \times (\text{total number of red cards I collect})$$

After several rounds, I will announce a change in the earnings for each red card you keep. Red cards placed on the stack will always earn \$1 for each person. Use the space below to record your decisions, your (hypothetical) earnings, and your cumulative earnings.

(1) Period	(2) # of red cards kept (0, 1, or 2)	(3) Earnings for each red card kept	(4) Earnings for cards kept	(5) \$1 x (total # of red cards played)	(6) Your earnings in this period (4) + (5)	(7) Cumulative Earnings
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