

Are you a “*homo economicus*”? – The Golden Balls Game

The prize: **\$1 million**

How to play:

- Find an opponent.
- You and your opponent have never met before today, never spoken to one another, and will never see nor speak to one another again after the game ends.
- Since you do not know or care about your opponent, you must play this game with your own self-interest in mind, and assume that your opponent will play it with his or her self-interest in mind.
- You have in front of you two folded pieces of paper. One says “SPLIT” and one says “STEAL”.
- You must decide which piece of paper to select, based on the following possible outcomes.

The payoffs:

- If both players decide to “split”, each player will take home \$500,000.
- If one player chooses to “split” and the other chooses to “steal” then the one who chooses to steal will take home \$1 million, and the one who chose to split will get nothing.
- If both players choose to “steal”, both players go home empty handed.

	Split	Steal
Split	Player 1: \$500,000 Player 2: \$500,000	Player 1: \$1 million Player 2: 0
Steal	Player 1: \$0 Player 2: \$1 million	Player 1: \$0 Player 2: \$0

Let’s play!

- You only have one chance to play this game. Remember, you care only about yourself and should do what is best for you.
- On the teacher's command, reveal your decision to your opponent.
- Take note of your payoff and report it to the teacher.

Discussion:

- What was the outcome of your game?
- Was the outcome rational? Was it predictable?
- Were you and your opponents' decisions purely self-interested and coldly rational, intended to maximize your OWN payoff? Did the outcome reflect the concept of "homo economicus"?
- Are you a *homo economicus*? What would *homo economicus* have done? Why?

Videos:

Golden Balls – the real game

show: http://www.youtube.com/watch?v=p3Uos2fzIJ0&feature=player_embedded

- Which player was more like *homo economicus*? Sarah or Steve?
- Which player acts rationally? What makes it rational?
- Which player acts irrationally? What makes it irrational?