PUBLIC GOODS EXERCISE

Setup: Give everyone $40 in play money.

Game 1: Classic public goods game.

Explanation: Explain that you will pass around a hat (or box, or whatever) and each person will be able to put some amount of money in there. Once the money arrives up front, you will count it and multiply it by 3. Then the total at the front will be redistributed evenly among everyone regardless of contribution.

Play: Pass around a hat that people put some amount of money in. I then take the money that's given, triple it and redistribute it. After each round record the total contribution, total given back to each person. Also, explain what the theoretical minimum amount each person might have (i.e. if they had contributed everything) and what the theoretical minimum might be (i.e. if they had kept everything). Play the game a couple of times to see how it goes.

Game 2: Threshold public good game (stag hunt)

Explanation: Same setup as before, except my actions are different. Now if the minimum contribution is above a threshold t, then I will multiply the contributions by number m. But if the contribution is less than that threshold I will keep all the money.

Choose the threshold, t, to be larger than the total contribution from the last few round. Let m be one larger than the size of the class.