Course notes of this course have αj iso the xj as used in this experiment.

I first let them read the elucidation. I explained that paying students in course is strange, but really useful to show them how good experiment is done.

The 40 envelopes (content described in stimuli file) were packed together in 4 packs of 10 each, kept together with paper clips, and with a yellow pad writing which 10 numbered were in the 10. Two students were asked to randomly choose 2 of the 4 packs and check that all numbered envelopes were there exactly as claimed on the yellow pad.

I said that I would really pay, also the €1000; that we had an oral agreement.

Then did the TO powerpoint slides as always, now written that they were instructing me about the envelope choice. At end they all handed in p. TO.0. I randomly selected one page. It was subject #9 on 12May2010; don’t remember who on 25Oct2010. As it so happened, for the choice pair from his envelope,

½

½

32

1

½

½

24

8

Envelope 5

the choice followed from his first value x1 which was 50. He was indifferent between 50½1 and 10½8, so that by stochastic dominance he must prefer the right prospect. I asked one student to flip a coin, which (heads) delivered the subject €24.

I asked if one of the 11 students had envelope 11 (which I knew contained €1050), and it was yes, it was Subject #1.

Then I handed out all descriptions of the stimuli. I asked all students to open their envelope, and check out that it contained what was written in the descriptions of the stimuli. Homework was to think of a way that deception could have been possible.

Everything in the experiment was completely verifiable for every student!