Elucidation

Procedure

1. You randomly pick one of 40 numbered envelopes. Do not open it. It will be opened only at the end of the experiment. Each envelope contains two prospects. Your purpose is, if playing for real, to get the prospect from your envelope that you prefer most.

2. You will be asked to give instructions about the choice to be made from your envelope, for various contents. This step will take the major part of the experiment.

3. One of you, randomly selected at the end, will play for real. If it is you, then your envelope will be opened, and the two prospects inspected. If the experimenter finds instructions given by you during the experiment on how to choose from those two prospects, then those instructions will be implemented and you receive the corresponding prospect. If no such instructions are found, then no problem: then you can at that moment choose which prospect you want and that you will get.

4. The prospect selected will be played for real. A coin toss decides if you receive the upper-branch payment (if heads up) or the lower-branch payment (if tails up).

Recommendation

It is in your best interest to give all instructions according to your true feelings. If you accidentally give wrong instructions, and they concern the envelope played for real later, then you get the least preferred prospect. You don’t want that to happen. If you give instructions truthfully, then your favorite prospect will always be played, both if the instructions concern the envelope (obvious) and if they don’t (also obvious). Summarizing:

• Correct instructions surely give you what you want.

• Incorrect instructions sometimes give you what you don't want.

As regards the contents of the envelope (what’s in it for you …), the average outcome is €30.80. There are some large outcomes, with one exceeding €1000. At the end of the experiment you will be given a full description of the contents of the envelopes and then will inspect them, so that you know for sure that there was no deception and all info given is correct.

The contents of the envelopes have been designed to maximize, given some boundary restrictions, the probability that instructions given during the experiment concern the choice from the envelope. Many envelopes have the same content (the same prospect pair), so that the probability that an experimental question will be played for real can exceed 1/40 considerably. There are only 10 different prospect pairs in the 40 envelopes, so many occur at least 4 times.