

### Prospect Theory

**Preload needed:** Five random variables:

X506\_6Random1\_2={1,2}  
X507\_7Random1\_2={1,2}  
X508\_8Random1\_2={1,2}  
X509\_9Random1\_2={1,2}  
X510\_10Random1\_2={1,2}

**Other section variables needed:** None

**New Constructed variables needed:** Two

**Fills:** New Fill {FL\_IntroB1} constructed as follows:

If X510\_10Random1\_2 = 1 then FL\_IntroB1 = “Now I would like you to consider a different type of investment.”

Else If X510\_10Random1\_2 <> 1 then FL\_IntroB1 = “Please think about the following type of investment.”

**Variables in this module:** V001 – V030

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IF THIS IS A PROXY INTERVIEW (A009={2 or 3}), GO TO END OF MODULE 1

If R is randomized to receive Part A before Part B (X510\_10Random1\_2=1), continue with V001. Else skip to V011.

#### **PART A**

<V001>

V001\_InvestA1

INVEST \$100 PAYOUT \$215 A1\_1

Please think about the following type of investment.

Suppose that a relative offers you an investment that costs you \$100. If you agree to this investment, there is a 50-50 chance that you would receive either \$215 or nothing. Would you agree to this investment?

- 1. Yes            Go to V002
- 5. No            Go to V003
- 8. DK            If X506\_6Random1\_2 = 1, go to V002, If X506\_6Random1\_2 = 2, go to V003
- 9. REF            If X506\_6Random1\_2 = 1, go to V002, If X506\_6Random1\_2 = 2, go to V003

<V002>

V002\_InvestA21

INVEST \$100 PAYOUT \$207 A2.1\_1

Now instead, suppose that a relative offers you an investment that costs you \$100. If you agree to this investment, there is a 50-50 chance that you would receive either \$207 or nothing. Would you agree to this investment?

- 1. Yes            Go to V004
- 5. No            Go to V005
- 8. DK            If X507\_7Random1\_2=1 go to V004, If X507\_7Random1\_2=2 go to V005
- 9. REF           If X507\_7Random1\_2=1 go to V004, If X507\_7Random1\_2=2 go to V005

<V003>

V003\_InvestA22

INVEST \$100 PAYOUT \$230 A2.2\_1

Now instead, suppose that a relative offers you an investment that costs you \$100. If you agree to this investment, there is a 50-50 chance that you would receive either \$230 or nothing. Would you agree to this investment?

- 1. Yes            Go to V006
- 5. No            Go to V007
- 8. DK            If X507\_7Random1\_2=1 go to V006, If X507\_7Random1\_2=2 go to V007
- 9. REF           If X507\_7Random1\_2=1 go to V006, If X507\_7Random1\_2=2 go to V007

<V004>

V004\_InvestA31

INVEST \$100 PAYOUT \$203 A3.1\_1

Now, suppose that a relative offers you an investment that costs you \$100. If you agree to this investment, there is a 50-50 chance that you would receive either \$203 or nothing. Would you agree to this investment?

- 1. Yes            Go to V008
- 5. No            Go to V008
- 8. DK            Go to V008
- 9. REF           Go to V008

<V005>

V005\_InvestA32

INVEST \$100 PAYOUT \$210 A3.2\_1

Now, suppose that a relative offers you an investment that costs you \$100. If you agree to this investment, there is a 50-50 chance that you would receive either \$210 or nothing. Would you agree to this investment?

- 1. Yes            Go to V008
- 5. No            Go to V008
- 8. DK            Go to V008
- 9. REF           Go to V008

<V006>

V006\_InvestA33

INVEST \$100 PAYOUT \$220 A3.3\_1

Now suppose that a relative offers you an investment that costs you \$100. If you agree to this investment, there is a 50-50 chance that you would receive either \$220 or nothing. Would you agree to this investment?

- 1. Yes            Go to V008
- 5. No            Go to V008
- 8. DK            Go to V008
- 9. REF           Go to V008

<V007>

V007\_InvestA34

INVEST \$100 PAYOUT \$400 A3.4\_1

Now suppose that a relative offers you an investment that costs you \$100. If you agree to this investment, there is a 50-50 chance that you would receive either \$400 or nothing. Would you agree to this investment?

- 1. Yes
- 5. No
- 8. DK
- 9. REF

<V008>

V008\_EpidemicA4

EPIDEMIC 600 VS NONE SAVED A4

Imagine that the United States is preparing for the outbreak of an epidemic expected to kill 600 people. Two alternative programs to combat the disease have been proposed. Scientists estimate that the outcome of each program is as follows:

- If Program A is adopted, 300 people will be saved.
- If Program B is adopted, there is a 50-50 chance that either 600 people will be saved or none will be saved.

Which program would you favor: Program A or Program B?

IWER: If R is unable to choose or says don't know, probe as follows: "Suppose you had to choose between one program or the other. Which would you choose?"

1. Program A
2. Program B
8. DK
9. REF

*V011\_BP=5;*

*IF*

*{V001 and V002 and V004 and V008}=REFUSED or*

*{V001 and v002 and v005 and v008}=REFUSED or*

*{V001 and v003 and V006 and v008}=REFUSED or*

*{V001 and v003 and V007 and v008}=REFUSED, then V011\_BP=1;*

V011 branchpoint: If V011\_BP=1, skip to end of module. Else, continue with V011.

## **PART B**

<V011>

V011\_InvestB1

RECEIVE \$115 PAY \$100 B1

{FL\_IntroB1} (see fill specs at beginning of document)

Suppose that a relative offers you an investment opportunity for which there is a 50-50 chance you would receive \$115 or have to pay \$100. Would you agree to this investment?

1. Yes            Go to V012
5. No            Go to V013
8. DK            If X508\_8Random1\_2=1 go to V012, If X508\_8Random1\_2=2 go to V013
9. REF            If X508\_8Random1\_2=1 go to V012, If X508\_8Random1\_2=2 go to V013

<V012>

V012\_InvestB21

RECEIVE \$107 PAY \$100 B2.1

Now instead, suppose that the same relative offers you a different investment opportunity for which there is a 50-50 chance you would receive \$107 or have to pay \$100. Would you agree to this investment?

- 1. Yes            Go to V014
- 5. No            Go to V015
- 8. DK            If X509\_9Random1\_2=1 go to V014, If X509\_9Random1\_2=2 go to V015
- 9. REF           If X509\_9Random1\_2=1 go to V014, If X509\_9Random1\_2=2 go to V015

<V013>

V013\_InvestB22

RECEIVE \$130 PAY \$100 B2.2

B2.2. Now instead, suppose that the same relative offers you a different investment opportunity for which there is a 50-50 chance you would receive \$130 or have to pay \$100. Would you agree to this investment?

- 1. Yes            Go to V016
- 5. No            Go to V017
- 8. DK            If X509\_9Random1\_2=1 go to V016, If X509\_9Random1\_2=2 go to V017
- 9. REF           If X509\_9Random1\_2=1 go to V016, If X509\_9Random1\_2=2 go to V017

<V014>

V014\_InvestB31

RECEIVE \$103 PAY \$100 B3.1

B3.1. Now suppose that the same relative offers you a different investment opportunity for which there is a 50-50 chance you would receive \$103 or have to pay \$100. Would you agree to this investment?

- 1. Yes            Go to V018
- 5. No            Go to V018
- 8. DK            Go to V018
- 9. REF            Go to V018

<V015>

V015\_InvestB32

RECEIVE \$110 PAY \$100 B3.2

B3.2. Now suppose that the same relative offers you a different investment opportunity for which there is a 50-50 chance you would receive \$110 or have to pay \$100. Would you agree to this investment?

- 1. Yes            Go to V018
- 5. No            Go to V018
- 8. DK            Go to V018
- 9. REF            Go to V018

<V016>

V016\_InvestB33

RECEIVE \$120 PAY \$100 B3.3

B3.3. Now suppose that the same relative offers you a different investment opportunity for which there is a 50-50 chance you would receive \$120 or have to pay \$100. Would you agree to this investment?

- |        |            |
|--------|------------|
| 1. Yes | Go to V018 |
| 5. No  | Go to V018 |
| 8. DK  | Go to V018 |
| 9. REF | Go to V018 |

<V017>

V017\_InvestB34

RECEIVE \$300 PAY \$100 B3.4

B3.4. Now suppose that the same relative offers you a different investment opportunity for which there is a 50-50 chance you would receive \$300 or have to pay \$100. Would you agree to this investment?

1. Yes
5. No
8. DK
9. REF

<V018>

V018\_EpidemicB4

EPIDEMIC NONE VS 600 DIE B4

B4. Imagine that the United States is preparing for the outbreak of an epidemic expected to kill 600 people. Two alternative programs to combat the disease have been proposed. Scientists estimate that the outcome of each program is as follows:

- If Program A is adopted 300 people will die.
- If Program B is adopted, there is a 50-50 chance that either none will die or 600 people will die.

Which program would you favor: Program A or Program B?

IWER: If R is unable to choose or says don't know, probe as follows: "Suppose you had to choose between one program or the other. Which would you choose?"

1. Program A
2. Program B
8. DK
9. REF

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If R is randomized to receive Part B before Part A (X510\_10Random1\_2<>1), continue with V021. Else skip to V030.

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**USER NOTE:** Questions V021-V028 are duplicates of questions V001-V008. Respondents who were randomized to receive Part A before Part B received questions V001-V008 and V011-V018. Respondents who were randomized to receive Part B before Part A received questions V011-V018 and V021-V028.

V021\_BP=5;

IF

{ V011 and V012 and V014 and V018}=REFUSED or

{ V011 and v012 and V015 and V018}=REFUSED or

{ V011 and V013 and v016 and v018}=REFUSED or

{ V011 and V013 and V017 and v018}=REFUSED, then V021\_BP=1;

V021 branchpoint: If V021\_BP=1, skip to end of module. Else, continue with V021.

## PART A

<V021>

V021\_InvestA1

INVEST \$100 PAYOUT \$215 A1\_2

Now I would like you to consider a different type of investment.

Suppose that a relative offers you an investment that costs you \$100. If you agree to this investment, there is a 50-50 chance that you would receive either \$215 or nothing. Would you agree to this investment?

- |        |  |
|--------|--|
| 1. Yes | Go to V022   |
| 5. No  | Go to V023   |
| 8. DK  | If X506_6Random1_2 = 1, go to V022, If X506_6Random1_2 = 2, go to V023 |
| 9. REF | If X506_6Random1_2 = 1, go to V022, If X506_6Random1_2 = 2, go to V023 |

<V022>

V022\_InvestA21

INVEST \$100 PAYOUT \$207 A2.1\_2

Now instead, suppose that a relative offers you an investment that costs you \$100. If you agree to this investment, there is a 50-50 chance that you would receive either \$207 or nothing. Would you agree to this investment?

- 1. Yes            Go to V024
- 5. No            Go to V025
- 8. DK            If X507\_7Random1\_2=1 go to V024, If X507\_7Random1\_2=2 go to V025
- 9. REF           If X507\_7Random1\_2=1 go to V024, If X507\_7Random1\_2=2 go to V025

<V023>

V023\_InvestA22

INVEST \$100 PAYOUT \$230 A2.2\_2

Now instead, suppose that a relative offers you an investment that costs you \$100. If you agree to this investment, there is a 50-50 chance that you would receive either \$230 or nothing. Would you agree to this investment?

- 1. Yes            Go to V026
- 5. No            Go to V027
- 8. DK            If X507\_7Random1\_2=1 go to V026, If X507\_7Random1\_2=2 go to V027
- 9. REF           If X507\_7Random1\_2=1 go to V026, If X507\_7Random1\_2=2 go to V027

<V024>

V024\_InvestA31

INVEST \$100 PAYOUT \$203 A3.1\_2

Now suppose that a relative offers you an investment that costs you \$100. If you agree to this investment, there is a 50-50 chance that you would receive either \$203 or nothing. Would you agree to this investment?

- 1. Yes            Go to V028
- 5. No            Go to V028
- 8. DK            Go to V028
- 9. REF           Go to V028



<V025>

V025\_InvestA32

INVEST \$100 PAYOUT \$210 A3.2\_2

Now suppose that a relative offers you an investment that costs you \$100. If you agree to this investment, there is a 50-50 chance that you would receive either \$210 or nothing. Would you agree to this investment?

- 1. Yes            Go to V028
- 5. No            Go to V028
- 8. DK            Go to V028
- 9. REF           Go to V028

<V026>

V026\_InvestA33

INVEST \$100 PAYOUT \$220 A3.3\_2

Now suppose that a relative offers you an investment that costs you \$100. If you agree to this investment, there is a 50-50 chance that you would receive either \$220 or nothing. Would you agree to this investment?

- 1. Yes            Go to V028
- 5. No            Go to V028
- 8. DK            Go to V028
- 9. REF           Go to V028

<V027>

V027\_InvestA34

INVEST \$100 PAYOUT \$400 A3.4\_2

Now suppose that a relative offers you an investment that costs you \$100. If you agree to this investment, there is a 50-50 chance that you would receive either \$400 or nothing. Would you agree to this investment?

- 1. Yes
- 5. No
- 8. DK
- 9. REF

<V028>

V028\_EpidemicA4

EPIDEMIC 600 VS NONE SAVED A4\_2

Imagine that the United States is preparing for the outbreak of an epidemic expected to kill 600 people. Two alternative programs to combat the disease have been proposed. Scientists estimate that the outcome of each program is as follows:

- If Program A is adopted, 300 people will be saved.
- If Program B is adopted, there is a 50-50 chance that either 600 people will be saved or none will be saved.

Which program would you favor: Program A or Program B?

IWER: If R is unable to choose or says don't know, probe as follows: "Suppose you had to choose between one program or the other. Which would you choose?"

1. Program A
2. Program B
8. DK
9. REF

<V030>

V030\_QuestionsClear

WERE QUESTIONS CLEAR

How clear did you find the questions in this section to be? Would you say they were very clear, mostly clear, more or less clear, not very clear, or unclear?

1. Very clear
2. Mostly clear
3. More or less clear
4. Not very clear
5. Unclear .
8. DK
9. REF

**END OF MODULE 1**