THE DOLLAR GAME: QUESTIONING THE ETHICS OF CAPITALISM AND BARGAINING

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Business practitioners and students are often sincerely hard-pressed to articulate the ethical dilemmas they face on a daily basis. They do not categorize as ethical dilemmas such legal, market-driven behaviors as paying adults minimum wages, high levels of workplace stress, sexist advertising, and tax avoidance. Rather, these are categorized as practical ways of conducting business; the rules of the game permit, and encourage, such actions. It is obvious to them that their habitual behaviors are right, particularly because everyone else does them and accepts them. Thus, from their perspective, these are not ethical dilemmas. This experiential exercise is aimed at creating a situation where students begin to question the ethics of their particular work habits and activities.

I conduct the "Dollar Game" at the beginning of business ethics workshops and on the last day of class for MBA students enrolled in my required business ethics course. I initially conducted the exercise during the first day of class but found its impact to be even more profound if experienced the last day, when students are feeling confident that they will be ethical at work.

Brief Overview

In this class exercise, students who randomly receive index cards with dollar signs on the back of them negotiate with students who randomly receive blank index cards. The exercise raises issues of distributive justice, negotiating ethics, and unfair competitive advantages. The exercise addresses three key issues: (a) the ethics of people who control a scarce resource, (b) the ethics of people who do not control a scarce resource, and (c) the ethics of distributing less income than budgeted.

The entire activity requires only a half hour of class time. However, it can be easily expanded to an hour, based on discussion issues that are raised which the facilitator may want to emphasize. I have conducted this exercise at least 50 times over the past 5 years. Group size has ranged from 10 to 120 people. Participants have varied, including CEOs, community leaders, union leaders, government officials, doctors, executive MBAs, MBA students, and undergraduate students.

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Instructions for the Facilitator

STEP 1 (done prior to class)

Draw a dollar sign on the back of every seventh index card; the rest are blank.

STEP 2 (2 minutes)

Inform students that you are going to conduct an exercise that redistributes income. To participate in the exercise, each student must exchange $1 for an index card that you will distribute. Tell students that they will have a chance of winning back their dollar, and maybe more. Collect a dollar from each student and then randomly distribute the index cards.

STEP 3 (1 minute)

Tell students to turn over their index cards to see who has a dollar sign card. Students with dollar sign cards should stand up for a moment so that everyone can see who they are.

STEP 4 (1 minute)

Announce the following rules of the game: Dollar sign card holders must bargain with blank card holders, and vice versa, to collect an $8 kitty. They must reach an agreement on who will get how much of the $8 kitty. Thus, dollar sign card holders are actually purchasing a blank card, and the blank card holders are selling their cards to dollar sign card holders. After 3 minutes, each person with a dollar sign card must hand the facilitator one dollar sign card and one blank card to collect the $8 kitty. They should then divide the kitty based on their negotiated agreement. Students who are not part of this deal lose their dollar.

STEP 5 (3 to 5 minutes)

Students bargain with each other. Make piles of $7 while the bargaining is taking place. If students are still bargaining after 3 minutes, then allow them an additional 2 minutes to complete their deals.

STEP 6 (1 minute)

Dollar sign card holders submit a dollar sign card and a blank card to the facilitator in exchange for $7. This is one dollar less than they anticipated. Apologize for miscalculating the total per group by a dollar. The person with the dollar sign card should take responsibility for handling the economic shortfall problem.

STEP 7 (2 minutes)

Classify everyone in the class into one of four categories: (a) winners, (b) break evens, (c) minor losers, and (d) big losers. Write the total for each group on the blackboard. Winners are the students who got back more than a dollar; they earned a profit. Break evens are the students who got back one dollar; they didn't earn a profit, but they didn't lose any money either. Minor losers are the students who got some money back, but less than a dollar; they were unable to earn a profit. Big losers are the students who lost their entire $1 investment; they were unable to earn a profit.

STEP 8 (5 minutes)

Have each dollar sign card holder provide a personal testimony describing the evolution of their deals. Who got how much money? Why? Focus on why the person with a dollar sign card made a deal with person X but not with person Y. For instance, why did the dollar sign card holder make a deal with the person on the left and not the person on the right? How did the person on the left feel when the person on the right lowered the bid? Sometimes the negotiations involve a dollar sign card holder with a group of blank card students rather than just a one-on-one negotiation. How did a group of eight people decide who to include and exclude? How did the group handle the problem of receiving only $7, rather than $8, to redistribute?

STEP 9 (2 minutes)

Based on the testimonies, ask students what being a winner in this game is a function of. The list typically includes the following: (a) receiving a dollar sign card, (b) skilled negotiations, (c) greed, (d) understanding the rules of the game, (e) sitting next to a dollar sign card holder, (f) being friends with a dollar sign card holder, and (g) aggressiveness.

STEP 10 (2 minutes)

Based on the testimonies, ask students what being a big loser in this game is a function of. The list typically includes the following: (a) receiving a blank card, (b) inadequate negotiator, (c) not greedy, (d) not understanding the rules of the game, (e) sitting too far away from a dollar sign card holder, (f) not being friends with a dollar sign card holder, (g) lack of aggressiveness, (h) apathy, and (i) trusting the professor when submitting a dollar.

STEP 11 (1 minute)

Ask students if the game is fair.

STEP 12 (2 minutes)

Ask students how losers could become winners. There are at least four methods.

- Adopt some of the attributes and behaviors of winners. For instance, become more aggressive, learn how to become a better negotiator, develop more contacts, pay more attention to the rules of the game, and so forth.
- Put peer pressure on the winners to be more fair.
- Cheat by drawing a dollar sign on a blank card—this has actually happened once, at a workshop with government officials.
- Unionize—those with blank cards could refuse to independently negotiate with owners of dollar sign cards, thus changing the power dynamics by forming a union.

STEP 13 (5 minutes)

Make analogies between the exercise and life in general. Note that the dollar sign card represents a scarce resource, and those who control or own a scarce resource have power over those who want it. The scarce resource doesn't have to be money, it could be information or any item that many people want but only a few people control. I make the following "for the most part" analogies:

- Whether we like it or not, some people in life are winners, some are losers, and some break even.
- Those born to wealthy families, compared to those born to poor families, are more likely to become socioeconomic winners. Children born to wealthy parents are dealt dollar sign cards.
- Organizations, as compared to individuals, are more likely to control dollar sign cards.
- Among types of organizations, for-profit enterprises, as compared to nonprofits, are more likely to control dollar sign cards.
- Within organizations, managers, as compared to nonmanagement employees, are more likely to control dollar sign cards.
- From this perspective, managers are brokers who control the redistribution of scarce resources, particularly money. Managers (a) collect money from owners in exchange for dividends, (b) collect money from customers in exchange for services or products, (c) give money to suppliers in exchange for materials, (d) give money to employees in exchange for labor, and (e) give money to government in the form of taxes for use of public services.
- A highly ethical organization or manager treats all stakeholders in a fair and just manner. A highly unethical organization or manager exploits all stakeholders. Most organizations and managers are somewhere between these two extremes.
- Stakeholders (particularly employees and environmentalists) can get even with unjust managers by unionizing, pressuring managers to be more ethical, becoming members of the inner circle, appealing to public officials (such as judges and politicians), or by sabotaging the production process.
- As Aristotle appropriately noted over 2,000 years ago, human beings are creatures of habit. Thus, we may need a new set of rules that encourages socially desirable habits and punishes socially undesirable habits. Capitalism strongly appeals to those aspects of our human nature that are willing to sacrifice the welfare of others for our own personal financial benefit. This becomes a habit that is difficult to break.

STEP 14 (1 minute)

End the exercise. As noted earlier, this is a 30-minute exercise. When I conduct this exercise at workshops, participants are now very ready to address ethical issues at the workplace. When I conduct this exercise during the last class, I want to leave the students with unaddressed issues. For further discussion of this point, see the comments associated with Step 14 of the "Managing Student Reactions" section below. Nonetheless, the exercise can be extended beyond 30 minutes by addressing other issues that students may raise.

The Student Negotiations

As noted in the instructions for facilitators, there are four types of outcomes to the negotiations: winners, break evens, minor losers, and big losers. Below is a summary of how these four outcomes typically evolve.

Winners. Most of those who make a profit originally had dollar sign cards. Many of them will have earned a large profit. Frequently, bidding wars evolve, with two people holding blank cards bidding each other downward. For instance, a student with a blank card might offer to split the $8 kitty evenly with a dollar sign card holder, then another student with a blank card offers to sell the blank card for $3 or lower. Sometimes the dollar sign card holder will offer any blank card holder a $7/$1 split, so the blank card holder who accepts this deal could at least break even. On some occasions, a blank card holder will give a dollar sign card holder his or her blank card for free because the blank card holder owed the dollar sign card holder a favor or expects something back in return; nothing is formally agreed upon. On some occasions, dollar sign card holders will have earned a moderate profit. The person with the dollar sign card may have decided to evenly split the $8 kitty with one person (usually a friend); thus, both are moderate winners. On very rare occasions, dollar sign card holders will have earned a very small profit. In these situations, the person with a dollar sign card agreed to split the $8 kitty with five other people sitting very close to him or her, all of whom are small winners or break even. The exercise instructions purposely do not address the issue of forming groups. The facilitator should neither encourage nor discourage group formation. Just let the negotiations naturally evolve.

Break evens. Break even people are typically blank card holders who sold their card to a dollar sign card holder for $1, or a group of seven blank card holders who ganged up on one dollar sign card holder and demanded that they all get their money back.

Minor losers. Minor losers are typically blank card holders who participated in a bidding war that went below the break even point. Also, sometimes a very large group of 10 blank card holders gang up on a dollar sign card holder and demand an equal split of the kitty, thus everyone receives less than a dollar.

Big losers. This is often the largest group of people. They are typically blank card holders who were excluded from the final negotiated deal. There have been some instances where the dollar sign card holder loses money. For instance, the dollar sign card holder forms a coalition with seven blank card holders, expecting to split the $8 kitty so that everyone breaks even by getting a dollar back. But upon receiving only $7 from the facilitator, and wanting everyone in the coalition to break even but not wanting to feel guilty by breaking the agreement of giving everyone a dollar, the dollar sign card holder will forfeit his or her equal share.

Managing Student Reactions

There are several instances during the 14-step process when students may raise issues. The issues are cross-referenced to the step when it arises during the exercise.

Step 2. Some students don't have a dollar. I tell them to submit a signed IOU. Occasionally a student will not want to submit a dollar. Facilitators have three options: (a) accept the student's decision and not give the student an index card, (b) make a joke about it ("Come on, you can deduct the dollar at income tax time, minus the value of an index card of course!"), or (c) put public pressure on the person to submit a dollar ("Does anyone here have a dollar to lend Bill, it looks like he's out of cash"). I do the latter two because it helps to further intensify the student's learning experience.

Step 4. When the rules of the game are announced, the students are too caught up in the excitement of the game to note the financial miscalculation. Each successful deal will only get $7, not $8, because you placed a dollar sign on the bottom of every seventh, not eighth, index card.

Step 10. Some losers will justify their apathy because the stakes weren't high enough. Ask students how and why behaviors would have changed if each person had submitted $5. Also, the point about trusting authority could lead to an interesting discussion of the ethics of authority.

Step 11. Almost everyone typically claims that the game was not fair. Sometimes a few people, usually winners, will claim that the game was fair because everyone had a random chance of getting a dollar sign card. These people are often shouted down on the grounds that random selection does not presume fairness; nobody deserved to lose a dollar. This can lead into a discussion on the ethics of random selection. If a loser argues that the game was fair, I joke that he or she is the kind of customer or employee some managers love to bargain with—we can rip them off and they tell us we're being fair!

Step 12. The original idea for this exercise, which I have modified, was developed by Barry Bluestone for members of the United Auto Workers union to explore the nature of collective bargaining (Bluestone, 1989). Bluestone found that union members, who are typically sensitive to issues of solidarity, often compete with each other for the scarce resource.

Step 13. One of the purposes of this exercise is to get students to question the ethics of their habits and the types of habits capitalism often rewards. Some organizations meet their goals and are highly profitable by habitually exploiting all stakeholders. These habits are so deep that many business people and commentators refuse to label them as unethical—they are simply the legal rules of the game. For instance, many managers argue that their advertising claims are not lies, they merely exaggerate the truth. If an advertising claim was "a lie" then it would certainly be illegal, or so they try to argue.

Some instructors may prefer to emphasize the bargaining dimension of this exercise. Some relevant bargaining questions include the following: (a) What is the context in which bargaining takes place? (b) Should the rules be changed to make bargaining more equal? (c) Can the rules be changed by the participants themselves through unions or by an authority such as government? (d) What happens to the losers in competitive situations? and (e) Where does cooperation enter into the situation (dollar sign cards and blank cards need each other)?

Step 14. At the end of the class exercise some students may ask, or demand, that winners give everyone back a dollar. This request is often proposed directly to me. Sometimes the request is made by a dollar sign card holder with a strong sense of ethical leadership (after the fact) or guilt. Sometimes it is made by a blank card holder with a strong sense of ethical leadership (after the fact) or retribution. In response, I shrug my shoulders and say that ethical leadership demands more than asking permission from an authority figure to correct a perceived injustice. I then change the topic or end class. On rare occasions a student will then announce that all winners should give losers their dollar back.

On two occasions students have visited my office after the class exercise and demanded that I give them back a dollar. The first situation involved a former Army officer who had sworn that he would never allow someone in authority to abuse him again. I gave him a dollar, which he returned after a lengthy discussion of his military experience. Unfortunately, the second time this situation arose there were three other students in my office, including a winner. Before I could react, the winner handed the loser a dollar, and the newly compensated loser left my office. The winner explained to me that he was feeling guilty about having won $6 from his classmates. He also distributed some of his winnings to the two other students in my office who were losers in this exercise.

Several students have spoken with me after class about using the terms *winners* and *losers*, particularly the latter. It is a value-laden term that raises many feelings and images. I use this concern as an opportunity to ask students if they have ever categorized people in terms of winners and losers (of course!), how they construct these categories, and how they relate to those who are prejudged as being a winner or loser. Other students have expressed gratitude for being categorized as a loser, because it generated some empathy toward those with undeserved disadvantages. If the experiential exercise is performed during the first class, student behaviors and feelings can be addressed throughout the semester. If performed during the last class, there is a significant amount of outside class discussion among students that I interpret favorably—the exercise forced them to question their habits even after the semester had ended.

I have had very good success using this exercise at workshops and during the first day of class. However, as noted earlier, I've found that this exercise has an even greater impact on students enrolled in my course if conducted at the end of the last class session (I teach 30 class sessions every semester). By the 30th class session, students are feeling quite confident that they will go out and make organizations, or at least their own departments, more ethical. I begin almost every class with an ethical dilemma from Collins and O'Rourke (1994), so the students believe that they have developed the habit of analyzing business situations from an ethical framework. Then, with 30 minutes left in the semester, they rip each other off in a silly dollar exercise. I end my class every semester on the somber note that certain habits, such as winning a competitive game or maximizing one's profits without regard for the welfare of others, are hard to break; it takes very conscious individual and systematic efforts.

Some facilitators may believe that it is unethical to leave some of these student issues unaddressed at the end of a semester. For instance, a student can conclude, "Though advocating for a more ethical society, this professor apparently has no qualms about lying to the class and rigging the rules to achieve the outcome he unilaterally decided to be justified; isn't that a lot like the behavior of the managers that the instructor warned us about?" To which I would reply, "You are absolutely correct, that's what much of this class, and this last exercise, was all about. Changing old habits is a very difficult process." Recollections about the Dollar Game are often raised by former students at alumni gatherings.

References

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