Program Overview

Tuesday, June 20, 2017

- 4:00 to 6:00pm: Check In, Rady Plaza
- 5:00 to 9:00pm: ESA Welcome Reception, Great Hall

Wednesday, June 21, 2017

- 7:30am-9am: Check In, Rady Plaza
- 9:00am - 10:00am: Keynote: Anna Dreber, Beyster Auditorium
- 12:45-1:45pm: Lunch Sessions: Executive Committee Meeting, 4WEST114
- 4:30pm - 5:30pm: Special Session on Behavioral Development: Gautam Rao (Harvard), Frank Schilbach (MIT), Johannes Haushofer (Princeton), Beyster Auditorium
- 6-9pm: ESA Dinner, Bella Vista Social Club

Thursday, June 22, 2017

- 9:00am-10:00am Special Session on Perspectives on Behavioral Game Theory: Joel Sobel (UCSD), Gary Charness (UCSB), Tom Palfrey (Caltech), Beyster Auditorium
- 12:45-1:45pm Lunch Sessions: Junior Faculty Mentoring Panel, MPR2
- 5:30-6:30pm Special Topics: ESA Membership Meeting, MPR2

Conference Parallel Sessions

June 21st, 9:00 - 10:00 am

Session 1, Beyster Auditorium: Plenary Talk- Anna Dreber

June 21st, 10:15 - 11:15 am

Session 1, Beyster Auditorium: Behavioral Insights in Social Preferences
- Marta Serra-Garcia, Time-Inconsistent Charitable Giving
- Kaywana Raeburn, Resolving Ambiguity as a Public Good: Experimental Evidence from Guyana
- Fabian Paetzelt, A little uncertainty diminishes social preferences
- Olga Stoddard, The other 1%: class levelling, contamination, and voting for redistribution

Session 2, 1EAST106: Experimental Macroeconomics
- Shuze Ding, Legal Restrictions and International Currencies: An Experimental Approach
- Felix Mauersberger, Monetary Policy Rules in a Non-Rational World: A Macroeconomic Experiment
- Luise Goerges, Wage earners, home makers, and gender identity: Experimental evidence on labour division in couples
- Percy Mistry, An experimental investigation of factors influencing risk allocation decisions

Session 3, 1EAST107: Industrial Organization 1
- Sherry Li, Identity, Incentives and Productivity in the Workplace: A Quasi-Field Experiment in India’s Manufacturing Sector
- King King Li, Should Firms Use Both Corporate Social Responsibility and Monetary Incentives to Motivate Workers?
- Fatemeh Momeni, Upfront Payments: Pay a Little or Don’t Pay at All
- Holger A. Rau, Unjustified Work Compensation and Antisocial Behavior

Session 4, 1SOUTH113: Game Theory 1
- Svenja Hippel, Strategic Rational Inattention? An Experiment on Product Search with Hidden Costs
- Arthur Dolgopolov, Bayesian-Nash revealed
- Samantha Islam, Economic Valuation of Open Space in the Gulf Coast Region: How Closely Can Consumer Preferences Reveal and Relate to Real World Data? Using Hedonic and CVM Methods

Session 5, 1SOUTH114: Entrepreneurial Activity
- Oded Ravid, The public sector in the lab: The role of incentives
- Victor Martin-Sanchez, Giving Feedbacks to Entrepreneurs; Does Optimism Change Beliefs Update?
- Elizabeth Hoffman, Patently Risky: Framing, Innovation and Entrepreneurial Preferences
- Te Bao, Agency Problem, CEO Incentives and Stock Price Dynamics: Theory and Experiment

Session 6, 1NORTH108: Contests
- Shakun Datta Mago, Best-of-five Contest: An Experiment on Gender Differences
- Emmanuel Dechenaux, Revise and Resubmit in Contests: An Experiment
- Cary Deck, Electoral College Contests
- Gerald Eisenkopf, Communication and Conflict Management
Session 7, MPR2: Gender 2

- Alessandra Cassar, *The Competitive Woman*
- Eszter Czibor, *Gender quotas in a multistage tournament*
- Elif Demiral, *Choosing to Compete against Self or Others -- Gender Differences*

**June 21st, 11:30 am - 12:30 pm**

Session 1, IEAST107: Market Design 1

- Charmaine Tan, *Overbidding and Matching Rules in Second Price Auctions: An Experimental Study*
- JINGJING ZHANG, *Market Talk*
- J. Philipp Reiss, *Opportunity cost, inattention and the bidder's curse*
- Sotirios Georganas, *Continuous time auctions*

Session 2, IEAST106: Bargaining

- Andrea Isoni, *Efficiency, Conflict and Inequality in Tacit Bargaining Games with Focal Points*
- Ailin Leng, *The Effect of Time Structure on Bargaining Outcome*
- Arne Pieters, *Non-Binding Burden Sharing Rules (Lab Experiment)*
- shanshan huang, *The Role-Related Framing Effect in Buyer-Seller Bilateral Bargaining*

Session 3, Beyster Auditorium: Social Preferences

- James Murphy, *Does Corporate Charitable Giving Pay For Itself?*
- Wei-Shiun Chang, *OTHER-REGARDING PREFERENCES: EXPERIMENTS ON PURCHASING BEHAVIOR*
- Christian Koch, *Covenants before the swords: Cooperation in heterogeneous societies*
- Aidin Hajikhameneh, *Multilateral Punishments under Uncertainty*

Session 4, ISOUTH113: Financial Behavior 1

- Diego Pulido, *An Experimental Test of Portfolio Choice with Non-tradable Risk*
- Zuzana Brokesova, *Portfolio allocation under the loss limitation*
- Ananish Chaudhuri, *Multilateral Punishments under Uncertainty*
- Matthias Weber, *An Experimental Study of Bond Market Pricing*

Session 5, ISOUTH114: Consumer Behavior

- Lana Friesen, *An Experimental Analysis of Regulatory Interventions for Complex Pricing*
- Tracy Liu, *Incentive Design on MOOC: a Field Experiment on XuetangX*
- Jonathan Davis, *The Economics of Referrals: Theory and Evidence from a Field Experiment*
- David Reiley, *Measuring Consumer Sensitivity to Audio Advertising: A Field Experiment on Pandora Internet Radio*

Session 6, MPR2: Internet Economies, Big Data Issues, and Virtual Reality

- Ozgur Gurerk, *Understanding the Behavioral Drivers of Execution Failures in Retail Supply Chains: An Experimental Study Using Virtual Reality*
- Yi-Shan Lee, *Economic Analyses of Privacy Preferences*
- Christine Harbring, *Competing on the Holodeck*
- Yuanxiang John Li, *Information Security Policy Compliance: Design an Incentive Structure to Prevent Insider Data Breaches*

Session 7, INORTH108: Social Identity

- Andy Brownback, *Social Desirability Bias and Polling Errors in the 2016 Presidential Election*
- Lelys Dinarte, *Peer Effects in After School Programs. Evidence from El Salvador*
- Henrik Zaunbrecher, *Social Identity in the Lab: A Horse Race between Different Methods to Induce Social Identity*

**June 21st, 2:00 - 3:00 pm**

Session 1, IEAST106: Market Design 2

- Pablo Guillen, *The Effectiveness of Top-Down Advice in Strategy-Proof Mechanisms: a Field Experiment*
- Robert Hammond, *Sequential School Choice: Theory and Evidence from the Field and Lab*
- Weimei Weng, *Fair Quota Scheme and Regional Inequality*
- Peter Matthews, *Attribute Overload, Consumer Finance and Welfare*

Session 2, Beyster Auditorium: Structural Behavioral Economics

- Jaimie Lien, *Exaggerating to Break-Even: Reference-Dependent Moral Hazard in Auto Insurance Claims*
- Arne Robert Weiss, *Needs as reference points: When marginal gains to the poor don't matter*
- Morten Lai, *Sample Selection, Panel Attrition and Heterogeneous Risk Preferences in a Field Experiment*
- Seung-Ken Martinez, *Procrastination in the Field: Evidence from Tax Filing*

Session 3, IEAST107: Charitable Giving - Identity

- Angela Sanchez Gonzalez, *Group Identity and Charitable Giving*
- Lata Gadiadharan, *Impact of Social Identity and Inequality on Anti-Social Behavior*
Session 4, ISOOUTH113: Choice Process
- Steffen Altmann, Deadlines and Cognitive Limitations
- Victoria Prowse, Using response times to measure strategic complexity and the value of thinking in games
- Jie Zheng, How Does Time Scarcity Influence Individual Performance in a Multi-tasking Context?
- Johannes Lohse, I'm a hurry, I don't want to know! The effects of time pressure and transparency on self-serving behavior

Session 5, ISOUTH114: Confidence and Economic Behavior
- David Gill, Using Goals to Motivate College Students: Theory and Evidence from Field Experiments
- ozlem ozdemir, OVERCONFIDENCE AND BUBBLES IN EXPERIMENTAL ASSET MARKETS
- Ibrahim Filiz, Overconfidence: the Influence of Positive and Negative Affect
- Roel van Veldhuizen, Gender Differences in Tournament Choices: Risk Preferences, Overconfidence or Competitiveness?

Session 6, INORTH108: Political Economy 3
- Andrea Robbett, Partisan Bias, Expressive Voting, and Shopping for Alternative Facts
- Wei Zhan, Discrimination and Group Identity: Using Dictator Games to Gauge Political Preferences
- Milos Fisar, Do the politicians work for us or someone else? The experimental approach,
- Philipp Kragel, Judging like a judge vs. judging like a politician

Session 7, MPR2: Public Goods 2
- Mofei Jia, Cooperation in Gains and Losses
- Felix K?lle, Cooperation, Discounting, and the Effects of Delayed Benefits
- Peter Katuscak, Do Fixed-Prize Lotteries Crowd-Out Public Good Contributions Driven by Social Preferences?
- Abdul Kidwai, Crossing the (uncertain) Rubicon: Are Ambiguous Thresholds better than Risky Ones in Common-Pool Resources?

June 21st, 3:15 - 4:15 pm

Session 1, IEAST106: Financial Behavior 2
- Regev Bar, Mitigating bubbles with intrinsic value nudging: An experimental approach
- Mei Gao, Performance evaluation and herd behavior in a laboratory financial market
- Chad Kendall, Herding and Contrarianism: A Matter of Preference
- Yohanes Eko Riyanto, Costly Information Acquisition, Social Networks and Asset Prices: Experimental Evidence

Session 2, IEAST107: Game Theory 2
- Lucas Rentschler, Tu mihi soli places: An experiment on the competitiveness of all-pay auctions with private information
- Alexander Gotthard Real, (Why) are tournaments more effective for gender-homogeneous teams with gender-congruent leaders?
- Ali Ozkes, The Impact of Communication and Cognitive Skills on Cooperation
- Julian Zlatev, Do People Strategically Set Defaults? Experimental Evidence Of Default Neglect

Session 3, ISOOUTH113: Public Goods 4
- Kirby Nielsen, Explaining Conditional Cooperation in Repeated Public Goods Games
- Alexander Smith, A Close Look at Individual Behavior in a Dynamic Common Pool Resource Game
- Christian Thoeni, Cultural origins of cooperation: The permeability of societies
- Shuo Yang, Group Identity and Pro-social Punishment

Session 4, Beyster Auditorium: Charitable Giving - Institutions
- Jeffrey Carpenter, Auctions for Charity: The Curse of the Familiar
- Emel Filiz Ozbay, Demand for Giving to Multiple Charities: Theory and Experiments
- Neslihan Uler, The Impact of Taxes and Wasteful Government Spending on Giving
- Tanushree Jhunjhunwala, Feedback in Charitable Giving

Session 5, ISOUTH114: Cognition, Contact and Behavior
- Susanne Neckermann, The Magic of the Personal Touch: Field Experimental Evidence on Money and Appreciation as Gifts
- Angelino Viceisza, Metacognitive Awareness and Academic Performance: A Randomized Field Experiment
- Antonio Alonso Arechar, Top-Down incentives to cooperate promote prosociality and honesty. New insights from online and lab experiments
- Walter Theseira, Does Improved Cognitive Functioning Reduce Poverty? Evidence From a Field Experiment on Debt Relief

Session 6, INORTH108: Contingent Thinking and Strategic Behavior
- Alejandro Martinez, Contingent Reasoning: Uncertainty is Special
- Luyao Zhang, Partition Obvious Preference and Mechanism Design: Theory and Experiment
- Peter McCabe, How Obvious is the Dominant Strategy in an English Auction? Experimental Evidence
- Alexander Heczko, Core-Selecting Auctions in the Laboratory

Session 7, MPR2: MobLab Demo 1
June 21st, 4:30 - 5:30 pm

Session 1, Beyster Auditorium: Special Session- Behavioral Development

June 22nd, 9:00 - 10:00 am

Session 1, Beyster Auditorium: Special Session- Advances in Behavioral Game Theory

June 22nd, 10:15 - 11:15 am

Session 1, IEAST106: Esteem and Pride

- Hugh Sibly, *The Demand and Supply for Esteem: An experimental analysis*
- Joshua Miller, *Tra i Leoni: An Economic Measure of Superstitious Belief*
- Severine Toussaert, *On the motivational power of pride*
- Elena Pikulina, *Preferences for Power*

Session 2, Beyster Auditorium: Ethical Behavior 2

- Jason Aimone, *Sin big or go home: A laboratory study on agent responsiveness to financial incentives and religious priming in real-effort and lying tasks*
- Danyang Li, *Liar Liar: Experimental evidence of the effect of confirmation-reports on dishonesty*
- Tim Lohse, *Deception under Time Pressure: Conscious Decision or a Problem of Awareness?*
- Joanne Laban, *Culture, Conformity, and Risk Attitudes: An Experimental Analysis*

Session 2, IEAST107: Repeated Games 2

- Jonathan Tan, *Racing Towards a Finishing Line: A Laboratory Experiment*
- Daniela Puzzello, *Game parameters and cooperation in finitely and infinitely repeated PD games*
- Tsz Kwan Tse, *Equilibrium Selection and Strategy: Experimental Evidence from an Infinitely Repeated Transboundary Public Goods Game*

Session 3, ISOUTH114: Context and Economic Behavior

- Yves Breitmoser, *Stochastic choice with presentation effects*
- Sining Wang, *A Cognitive Dissonance Interpretation of the Context Effect in Economic Experiments*
- Jason Ralston, *'Not Worth The Effort': Cognitive Load and Suboptimal Behavior*
- Karina Held, *Forever Young - The Influence of Stress on the Decision to Lie and to Trust*

Session 5, INORTH108: Strategic Sophistication 1

- Jeevant Rampal, *Opponent's Foresight and Optimal Choices*
- Marvin Deversi, *Bounded Rationality and Language in Disclosure Games*
- Till Florian Kauffeldt, *Does mutual knowledge of preferences lead to more Nash equilibrium play? Experimental evidence*
- Garret Ridinger, *Theory of Mind Ability and Cooperation in the Prisoner's Dilemma*

Session 6, MPR2: MobLab Demo 2

June 22nd, 11:30 am - 12:30 pm

Session 1, IEAST106: Diversity

- Jeffrey Flory, *Increasing Workplace Diversity: Evidence from a Recruiting Experiment at a Fortune 500 Company*
- Mackenzie Alston, *Stereotype Threat and Black College Student Success at PWIs and HBCUs*
- Ernesto Reuben, *Arbitrary stereotypes cause gender segregation in labor markets*

Session 2, Beyster Auditorium: Field Experiments in Social Preferences 1

- Yan Chen, *The impact factors: Incentivizing Domain experts to contribute to Wikipedia*
- Lisha Liu, *Prosocial Behavior and the Good Samaritan: A Field Experiment in China*
- Anya Samek, *The Effect of Early Education on Social Preferences*

Session 3, ISOUTH113: Fairness and Beliefs

- Robert Schmidt, *Fairness Perceptions and Preferences for Fair Procedures*
- Wenbo Zou, *Self-serving Bias in Forming and Updating Beliefs of Descriptive Social Norms and Its Behavioral Implications*
- Marcel Preuss, *Heterogeneous Fairness Beliefs*

Session 4, ISOUTH114: Primitives - Fungibility

- Lilia Zhurakhovska, *Guilt- and Shame-Aversion Together Increase Honesty*
- RITWIK BANERJEE, *The Spillover Effects of Affirmative Action on Competitiveness and Unethical Behavior*
- Jennifer Pate, *Temptation, Cheating, and Workplace Opportunism: Experimental Evidence*
- Marco Kleine, *Disguising selfishness with and without communication*
Session 6, 1NORTH108: Industrial Organization 2

- Patrick DeJarnette, *Risky Choices Over Goods*
- Christina Grovert, *It's Just Money: Do Experimental Subjects Arbitrage Intertemporal Monetary Rewards?*
- Fabian Winter, *Which Real Effort Task should I choose? An Experimental Comparison of Tasks and their Behavioral Effects.*

Session 7, MPR2: MobLab- Classroom Games, Walter Yuan

**June 22nd, 12:45 - 1:45 pm**

Session 1, MPR2: Junior Faculty Mentoring Panel

**June 22nd, 2:00 - 3:00 pm**

Session 1, 1EAST106: Information

- Tatiana Korienko, *Information Choice in a Sequential Social Learning Experiment*
- Daniel Martin, *Complex Disclosure*
- Andrew McClellan, *Knowing Your Opponent: An Experiment on Auction Design with Asymmetries*

Session 2, Beyster Auditorium: Gender 1

- Ramon Cobo Reyes Cano, *Do women anticipate discrimination? Experimental evidence*
- Meryl Motika, *Gender Under Pressure: How Compensation Schemes Interact with Task Type in Incentivizing Performance*
- J Michelle Brock, *Gender Bias in Bank Lending: Experimental Evidence from Turkey*
- Danila Serra, *Gender differences in the choice of major: The importance of female role models*

Session 3, 1EAST107: Game Theory 3

- Zhijian Wang, *How to learn to be extorted in iterated prisoners' dilemma game*
- Felix Klimm, *Blaming the Refugees? Experimental Evidence on Responsibility Attribution*
- Kenju Kamei, *Altruistic Norm Enforcement and Decision-Making Format in a Dilemma: Experimental Evidence*
- Gary Charness, *Self-serving Conformism*

Session 4, 1SOUTH113: Ethical Behavior 4

- James C. Cox, *Policy Designed to Fail: Effects of Default Option and Information Complexity on Student Loan Defaults*
- Lea Heursen, *Discrimination, Gender and Effectiveness of Leaders*
- Diego Aycinena, *An Experiment on Status and Impunity*

Session 5, 1SOUTH114: Political Economy 1

- Jose Alberto Guerra, *When Ignorance is Bliss: Theory and Experiment on Collective Learning*
- Meike Benker, *Risk-taking under different welfare-state regimes*
- Mikhail Freer, *Collective Experimentation: An Experiment*

Session 6, 1NORTH108: Policy Applications

- Dustin Tracy, *Nudging 2.0: the role of preferences and awareness in applications of behavioral economics to policy*
- David Daniels, *How Nudge Strategies Can Backfire In Social Interactions*
- Benjamin OUVRAND, *Nudging with heterogeneity in environmental sensitivity: a public goods experiment in networks*

Session 7, MPR2: Risk 3

- Anisa Shyti, *Attitudes Toward Ambiguous Time: Experimental Evidence*
- Benjamin Bushong, *Projection Bias and Reference Points: Theory and Evidence*
- Vincent THEROUDE, *Cooperation in a risky world*
- Marc Willinger, *Consumption smoothing and subjective discounting in the presence of background risk*

**June 22nd, 3:15 - 4:15 pm**

Session 1, 1EAST106: Repeated Games 1

- Paul Healy, *Testing Belief-Free Play in Repeated Games with Stochastically-Perfect Monitoring*
- Hajime Kobayashi, *Experiments on Repeated Games with Infrequent Monitoring*
- Eungik Lee, *Irreversibility and Monitoring in Dynamic Games: Experimental Evidence*
- Hyunkyong Lee, *An Experiment: Voluntary Separation in Indefinitely Repeated Prisoner's Dilemma Game*

Session 2, Beyster Auditorium: Risk 1

- Piotr Evdokimov, *Myopic Loss Aversion or Randomness in Choice? An Experimental Investigation*
Session 3, 1EAST107: Self-Serving Biases in Prosocial Choice

- Julien Senn, *Corruption and Cooperation*
- LI HAO, *Partners in Crime: Diffusion of Responsibility in Antisocial Behaviors*
- Sally Sadoff, *The Effect of Recipient Contribution on Support for Social Programs*

Session 4, 1SOUTH113: Learning

- Kai Barron, *Everyday Econometricians: Selection neglect when learning from others*
- Azadeh Jalali Naini, *The Vulnerability of Online Markets Against Strategic Manipulation of Consumer Reviews: An Experimental Investigation*
- Haihan Yu, *Common Knowledge of Rationality and Information Demand: an Experiment on Observational Learning and Information Consumption*
- Daniel Fragiadakis, *Can Individuals Recognize Selected Advertisings When They Satisfice?*

Session 5, 1SOUTH114: Public Goods 1

- David Kingsley, *Heterogeneity, Information, and the Emergence of Central Authority*
- Tim Salmon, *To Secede or Not Secede*
- Arjun Sengupta, *Contribution and Punishment Norms in Public Good Games under Income Inequality from Nominal Choice*

Session 6, INORTH108: Political Economy 2

- Elena Sirotkina, *How to Get Away with Murder in Russia: Political Support under Economic Crisis*
- SunTak Kim, *Can Partisan News Shift Political Preference and Voting Behavior? An Experimental Evidence from Taiwan's General Elections 2016*
- Lina Maria Restrepo Plaza, *Violent conflict and political inclusion*
- Junze Sun, *Media Bias and Elections: Theory and Experiment*

Session 7, MPR2: MobLab- Classroom Market and Auction Experiments, Walter Yuan

**June 22nd, 4:30 - 5:30 pm**

Session 1, 1EAST106: Behavior Change

- Mathias Philip Ekström, *Exercise Improves Academic Performance*
- Manuel Grieder, *Nudge for Good? Choice Defaults and Spillover Effects*
- Alec Smith, *Anper and Broken Promises*

Session 2, 1EAST107: Coordination

- Ala Avoyan, *A Road to Efficiency Through Communication and Commitment*
- Andrzej Baranski, *Democracy as a Coordination Mechanism: Ex post Bargaining in a Weakest-Link Game*
- John Duffy, *Routine Learning in Organizations: Theory and Evidence*

Session 3, INORTH108: Environmental Economics

- Galib Rustamov, *Behavioral Response to Alternative Messaging Treatments: Experimental Evidence from Residential Energy Use*
- Thomas Lauer, *The crowding-in of environmental awareness*

Session 4, 1SOUTH113: Ethical Behavior 1

- Melanie Parravano, *To Pay or Not to Pay? Determinants of Unlawful Product Acquisition*
- Silvia Saccardo, *Detering Unethical Behavior*
- quazi shahriar, *Deception: The Role of Uncertain Consequences*

Session 5, 1SOUTH114: Experimental Development Economics

- Janina Steinert, *Do Saving Promotion Interventions Help Alleviate Poverty in Sub-Saharan Africa? A Systematic Review and Meta-Analysis*
- Jessica Hoel, *Preferences, beliefs, and technology adoption: Evidence from Uganda's maize farmers*
- Sandra Maximiano, *Gender differences in repayment of micro loans and cooperation: evidence from matrilineal, patriarchal and gender-neutral societies*

Session 6, MPR2: Field Experiments in Social Preferences 2

- Mariana Blanco, *Charitable Giving and Socioeconomic Status: Experimental Evidence*
- Adrian Bruhin, *The sting of rejection: Turning away blood donors reduces future motivation*
- Jim Andreoni, *Are the rich more selsh than the poor, or do they just have more money? A natural field experiment*

Session 7, Beyster Auditorium: Risk 2

- Paan Jindapon, *Prize Linked Savings with Guaranteed Winners: Theory and Experiments*
- Marco Lambrecht, *Measuring skill and chance in games*
- Agnieszka Tymula, *Adolescent and younse adults' decision-making ’in private versus when observed*
- Irene Mussio, *Identity priming when behaviors are risky: a flu vaccination field experiment*
June 22nd, 5:30 - 6:30 pm
Session 1, MPR2: ESA Membership Meeting

June 23rd, 9:00 - 10:00 am
Session 1, Beyster Auditorium: Time Preferences
- Sihong Zhang, Long-term Team Projects: Procrastination and Deadlines
- Claudia Cerrone, Sophisticated and naive procrastination: an experiment
- Veena Jeeyanandam Blume, Self control, uncertainty, and commitment
- Joshua Tasoff, The Validity of Time-Preference and Risk-Preference Elicitations

Session 2, ISOUTH114: Methods
- Aleksandr Alekseev, Selection in the Lab: A Network Approach
- Hanh Tong, Delivering and Reinforcing Instructions Effectively
- Ron Harstad, Efficiency Measurement via Revealed Thresholds, Without Knowing Valuations
- Daniel Friedman, Varieties of Risk Elicitation

June 23rd, 10:15 - 11:15 am
Session 1, 1EAST106: Trust
- Melis Kartal, Building Trust: The Costs and Benefits of Gradualism
- Noah Bacina, An Investigation Into How Identity Affects Trust
- Frederic Schneider, Promises over Time
- Jiawen Li, Norm Consistent Behavior in the Trust Game: An Experiment

Session 2, 1EAST107: Strategic Sophistication 2
- Jie Zheng, The Value of the Knowledge of Others
- Enrique Fatas, The Types They Are a-Changin
- Svenja Hippel, Experimental Social Planners: Good Natured, but Overly Optimistic and Seducible
- minseon park, Rationality, preference aggregation and Pareto efficiency of group decision under risk

Session 3, ISOUTH113: Social Learning
- Alexander Coutts, Social Learning in Experimental Games: Evidence from Rwanda
- Andrew McGee, How Do Peers Impact Learning? An Experimental Investigation of Ability Tracking
- Jesal Dilip Sheth, Can consultation reduce strategic naivety? On the inference of no news in an experiment on voluntary disclosure of information
- Nikolas Tsakas, Communication and the Emergence of a Unidimensional World

Session 4, Beyster Auditorium: Public Goods 3
- Billur Aksoy, Donors' Response to News: When Does Less Information Translate into More Giving?
- Sean Bokelmann, Investigating the Effect of Endogenous Provision Probability on Voluntary Contributions to Public Goods
- Tim Cason, Continuous Time Crowdfunding with Refund Bonuses
- Caleb Cox, Common-value public goods and informational social dilemmas

Session 5, 1NORTH108: Risk Taking with Others
- Fanzheng Yang, Peer Effects and Risky Decision Making under Competition
- Sascha Fullbrunn, Loss Aversion and Risky Decision Making for Others
- John Icher, Behavioral-Economic Phenomena in Decisions for Others
- Santiago Sautua, How do risk attitudes affect pro-social behavior? Theory and experiment

June 23rd, 11:30 am - 12:30 pm
Session 6, ISOUTH114: Risk 4
- adriana breaban, Emotions and updating beliefs
- Alessandra Luzzi, Within entrepreneurs relative risk-aversion, Effects on new ventures performance
- Klajdi Bregu, The Effect of Overconfidence in the Insurance Markets

Session 1, 1EAST107: Strategic Sophistication 3
- Miguel Fonseca, Preordered Service in Contract Enforcement
- Yingxue Li, Strategic Reasoning in Persuasion Games: An Experiment
- Claudia Cerrone, The regret game: regret as a coordination device

Sessions 2, ISOUTH113: Reasoning
- Thomas Garcia, Aiming to choose correctly or to choose wisely? The optimality-accuracy trade-off in decisions under uncertainty
- Erkut Ozbay, Cognitive Cost of Ignoring
Hendrik Rommeswinkel, *Conditionally Additive Utility Representations*
John Clithero, *Response Times in Economics: Looking Through the Lens of Sequential Sampling Models*

**Session 3, ISOUTH114: Taxes**
- Aaron Kamm, *The Ghost of Institutions Past? An Experiment on Tax Evasion and Path Dependence*
- Takehito Masuda, *Who is audited? Experimental study on rule-based tax auditing schemes*
- Ondrej Krcal, *Killing two birds with one stone: Reducing fiscal and welfare loss of tax evasion*

**Session 4, INORTH108: Final Session**
- Georgia Michaelidou, *Complicity without Connection or Communication*
- Orsola Garofalo, *Talking about quotas*
- David Wozniak, *Gender Differences in Public Good Contributions by Competitive and Group Work Environments*
- Pierre Norbert, *Lying, Loss Aversion, and Probability*

**Session 5, MPR2: OTREE**
The Effect of Time Structure on Bargaining Outcome

Ailin Leng
University of Queensland

ABSTRACT:
I conduct an experiment to study bargaining behavior in continuous time. A player can make a proposal at any time s/he wants. However, after making an offer, a player must wait for a specific period of 'waiting time' before s/he can make a new offer or accept an offer. Also, each player's payoff is discounted by a discount rate for every unit of time before an agreement is reached. The preliminary results from the pilot sessions indicate that the time frame seems to affect mainly when an agreement is reached. All data will be collected at the end of April.

Non-Binding Burden Sharing Rules (Lab Experiment)

Arne Pieters
University of Hamburg

ABSTRACT:
Whenever benefits from a good or service are not exclusive to one person or entity, it makes sense to divide the costs among those that stand to benefit. If the costs are outweighed by the benefits collectively but not for any individual, burden sharing is even a necessary condition for the benefits to materialize at all. While this cooperation is shared according to some non-binding rule. Agents do not always renegotiate away from this rule, even though they do not need the other's consent to breach the rule (its key difference from a binding contract). An agent purely motivated by maximizing the own net benefit, experiencing an improvement in bargaining position, should only refrain from demanding renegotiations if they are more costly than the anticipated reduction in contribution. It is this cost of negotiating, then, that provides the rule with some robustness against changing circumstances: the greater the cost, the greater the change in bargaining positions required to cause a 'break'. EXPERIMENT: This paper uses laboratory experiments to test theoretical predictions on the self-enforcing range of a non-binding burden sharing rule (BSR) once in place. In a repeated setting, pairs of subjects make simultaneous decisions about how to jointly finance a project that will generate revenue to both of them. Some subjects always receive the same revenue from a successfully funded projects (types A), while for others (types B) that revenue is randomly drawn (from a uniform distribution with its mean equal to types A-revenue) at the start of each round. To finance the project, the pairs can stick to a predefined BSR that splits the project costs equally, 'renegotiate' the burden division to adjust contributions for the difference in revenues (incurring a cost), or cancel the project entirely. The decision structure within a round is as follows. After finding out the round's potential project revenues (common information), both partners are asked if they want to use option (i), the BSR. This is the fair rule ex ante, equalizing expected profit before the revenues are drawn. As it is non-binding, implementation requires mutual consent. If either partner answers 'No', the project is not financed. No decisions or outcome in one round has any effect on available options or parameter values in the next or any other round. An extra task is implemented to gain insight into factors that might be relevant for negotiations on the burden sharing rule itself. After several rounds with various partners and different levels of adjustment costs, the subjects elicit how much they value a 50/50 BSR ex ante (knowing only the distribution of revenues). This value is of interest because it is an indicator for a subject's bargaining position in ex ante BSR-negotiations, but also for how likely it is that such a rule is established at all. FINDINGS: The results for the main task indicate that theoretical predictions based on selfish payoff maximization largely hold. First, subjects tend to opt out of the BSR when they know adjusting their contribution for revenue will increase profit. Second, their partners then generally agree to the costly renegotiation of contributions, as long as this still produces a profit. However, deviations from this strategy are not randomly distributed. Early on, subjects with smaller variance in their individual project revenue are more likely to display cooperative behavior, where the BSR is honored even when a unilateral deviation is profitable. I find evidence indicating that this may be driven by the asymmetric impact that fixed contributions have on the payoff risk of low vs high risk individuals. This treatment effect on cooperative intentions disappears after subjects learn more about the strategy employed by their partner. The WTP elicitation in the extra task shows, as expected, that subjects deem a rule more valuable when the costs it helps avoid are greater. It is not clear that a rule's impact on risk allocation enters this valuation, or would therefore play a role in
The Role-Related Framing Effect in Buyer-Seller Bilateral Bargaining

shanshan huang
Nanjing University of Finance and Economics

ABSTRACT:

Buyers and sellers use offers and counteroffers to exchange information in bargaining markets. Strategies are measured in terms of the history of offers and counteroffers. Buyers and sellers, driven by different motivations to trade, apply different strategies. Using bilateral bargaining data from laboratory experimental markets, this paper examines buyer and seller strategies when they face a demand or supply shift. Offers are greatly affected by the shift. Buyers on average make smaller concessions for a demand decrease, and sellers on average make larger concessions for a positive supply shock. Extreme buyer initial prices and moderate seller initial prices benefit buyers the most. Final prices, in the midpoint of buyer and seller initial prices, favor buyers. As a result, buyers almost always outperform sellers, regardless of initial allocations of surplus. The result also shows that participants trade less than the competitive equilibrium quantity due to reluctance to make concessions even for a profitable trade.

Author(s): Shanshan Huang - Nanjing University of Finance and Economics

Exercise Improves Academic Performance

Mathias Philip Ekström
Norwegian School of Economics, Department of Economics

ABSTRACT:

Many behavioral interventions have been attempted to improve academic performance, with modest success at best. At the same time, health and obesity issues loom large in western societies. We undertake an innovative study that addresses both issues with a single intervention. In this study, Norwegian students are assigned to a control group or to a condition in which they are incentivized to attend the gym. As has been found in previous studies, incentives increase the rate of gym attendance. More interestingly, we find a definite and significant improvement in academic performance for people who have been incentivized to exercise. This suggests that encouraging people to exercise will have both health benefits and academic performance benefits.

Author(s): Alexander Cappelen, Gary Charness, Mathias Ekström, Uri Gneezy and Bertil Tungodden

Nudge for Good? Choice Defaults and Spillover Effects

Manuel Grieder
ETH

ABSTRACT:

Policy makers increasingly use choice defaults to promote 'good' causes by influencing socially relevant decisions in desirable ways, e.g., to increase retirement savings, charitable giving, or pro-environmental choices. Such default nudges are remarkably successful when judged by their effects on the targeted behaviors in isolation. However, there is scant knowledge about possible spillover effects of defaults on subsequent related choices. Theoretically, such behavioral spillover effects could amplify, eliminate or even reverse the initially positive effects of choice defaults. We report the results from a laboratory experiment that explores the subsequent behavioral consequences of nudging people into initial pro-social behavior via the use of choice defaults. Our results are promising as we find that pro-social defaults do not impose adverse effects on subsequent behavior.

Author(s): Claus Ghesla, Manuel Grieder, Jan Schmitz

Anger and Broken Promises

Alec Smith
Virginia Tech

ABSTRACT:

We study the effect of communication on cooperation and costly punishment in an experiment. Our design involves a simple three-stage investment game with asymmetric payoffs. We measure beliefs and observe both promises and deception. We test for a novel behavioral incentive, frustration-dependent anger, which links communication, beliefs, and the willingness to forego material payoffs to punish others. Our results show that communication changes beliefs and raises expectations about payoffs, and promises further raise payoff expectations. Broken promises lead to significantly higher levels of punishment. Our results are consistent with the idea that belief-dependent frustration and anger motivate costly punishment and play an important role in strategic interactions.

Author(s): Martin Dufwenberg, Zhiuncheng Li, and Alec Smith
**Time-Inconsistent Charitable Giving**

Marta Serra-Garcia  
UCSD

**ABSTRACT:**
This paper examines intertemporal charitable giving decisions. Applying a simple theoretical framework to two longitudinal experiments with actual charitable donations, we show that, when individuals derive utility from the decision to give, they will be more likely to give when the gift is delayed than when it is immediate. Such choice pattern is linked theoretically and empirically to a demand for flexibility, rather than the more typical demand for commitment. At the individual level, the increase in giving with delay coexists with the opposite pattern of decreasing giving with delay, arising from temptation to give, which is exhibited by a substantial minority. Our results reveal that intertemporal choice exhibits unique features in the charitable domain.

**Author(s):** Andreoni, James and Serra-Garcia, Marta  
**Topic:** Applied Economics: Charitable Giving, Decision Theory: Preferences  
**Link:** [https://economics.byu.edu/Documents/Faculty/Olga%20Stoddard/ClassContamination_NBER.pdf](https://economics.byu.edu/Documents/Faculty/Olga%20Stoddard/ClassContamination_NBER.pdf)

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**Resolving Ambiguity as a Public Good: Experimental Evidence from Guyana**

Kaywana Raeburn  
Union College

**ABSTRACT:**
We present a decision-making experiment, conducted in the field, that explores the extent to which reduction of ambiguity may be provided as a public good. We find evidence that people with preference to avoid ambiguity contribute to the public good. We find that risk averse people free ride. Cheap talk erases the predictability of who free rides, but does not affect the overall public good provision, either in a positive or negative direction. Finally, we find that people draw appropriate inference from the evidence that the public good provides. We relate our findings to the issue of new technology adoption.

**Author(s):** Kaywana Raeburn; Jim Engle-Warnick; Sonia Laszlo  
**Topic:** Field Experiments: General, Applied Economics: Economic Development  
**Back to session: Behavioral Insights in Social Preferences**

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**A little uncertainty diminishes social preferences**

Fabian Paetzel  
Helmut Schmidt University Hamburg

**ABSTRACT:**
Social preferences are a function of uncertainty. With increasing uncertainty about the payoff distribution, social preferences are becoming less important. In a deterministic setting, some subjects have specific social preferences. If the same subjects are confronted with a probabilistic environment, meaning ex ante and ex post payoffs do not have to be necessarily equal, the before measured social preferences are diminishing. In a probabilistic environment, subjects can be worse-off ex post with a specific probability. Even though this probability can be very small but the expected value is relatively high, subjects want to avoid to become worse-off. We utilize a standardized dictator game to check whether a little uncertainty is already enough to sharply decrease social preferences. To account for uncertainty, subjects have to deal with different lotteries. Lotteries vary with respect to their winning probability. Between treatments, we vary whom the lottery is assigned to (dictator or recipient) and the framing of uncertainty (gain framing and loss framing). We also run control treatments without uncertainty. We find that if the lottery is assigned to the dictator, a little uncertainty yields a dramatic drop in transfers. In the treatments in which the lottery is assigned to the recipient, such a negative effect is not identifiable. In the treatments without uncertainty, adjustments in transfers are proportional to the increase in endowments. Our contribution to the literature is an improved understanding of decision making under uncertainty if subjects follow not only selfish preferences.

**Author(s):** Fabian Paetzel and Ulrich Schmidt and Stefan Traub  
**Topic:** Social Behavior: Other-regarding Preferences, Decision Theory: Risk  
**Back to session: Behavioral Insights in Social Preferences**

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**The other 1%: class leavening, contamination, and voting for redistribution**

Olga Stoddard  
BYU

**ABSTRACT:**
We perform an experiment to measure how changes in the effort exerted by a small fraction of a low-reward group affect the willingness of the high-reward group to vote for redistributive taxation. We find that a substantial fraction of high reward subjects vote in favor of greater redistribution when a very small fraction of high-effort individuals is added to a pool of otherwise low-effort poor. Also, contaminating a group of high-effort poor with a small number of low-effort individuals causes the most generous rich subjects to vote for less redistribution. These results suggest that anecdotes about the deservedness of a small group of transfer recipients may be effective in changing support for redistribution. We find large gender differences in the results. Relative to men, women respond three times more strongly to the existence of deserving individuals among the poor. This behavior may help explain gender differences in support for redistribution more generally.

**Author(s):** Olga Stoddard, Lars Lefgren, David Sims  
**Topic:** Social Behavior: Other-regarding Preferences, Applied Economics: Other  
**Link:** [https://economics.byu.edu/Documents/Faculty/Olga%20Stoddard/ClassContamination_NBER.pdf](https://economics.byu.edu/Documents/Faculty/Olga%20Stoddard/ClassContamination_NBER.pdf)
Group Identity and Charitable Giving

Angela Sanchez Gonzalez
University of Exeter Business School

ABSTRACT:
In this experiment we propose group identity as a drive to increase charitable giving. In particular, we study how donations vary when introducing group identity and whether and how it affects subjects' behaviour when donations are made as either as an individual or as a group. Donations are chosen individually and anonymously by subjects, isolating any sort of peer pressure. We find that, 25.8% of the individual endowment is donated when there are both induced group identity and donations are made as a group. When no identity is involved and donation is made as a group, only 16.5% is donated. The lowest donations correspond to the treatments where no identity is induced among participants.

Impact of Social Identity and Inequality on Anti-Social Behavior

Lata Gangadharan
Monash University

ABSTRACT:
Anti-social behaviour can negatively affect a society by constantly threatening the security and cohesion of communities. Inequality, generated by income differences, may exacerbate this anti-social behaviour. Further, cultural or social differences, once combined with economic inequalities, may become an added source of conflict over the distribution of resources. This paper uses a laboratory experiment to examine whether social group affiliation can mitigate or increase anti-social behaviour in a state of inequality. While research has documented the harmful effects of inequality less is known about how social identity can interact with income inequality to impact anti-social behaviour. In our experiment subjects participate in a modified version of an investment game where they can reduce others' payoff at a cost to themselves. Subjects are identified by their income group and/or social group. We use naturally occurring, exogenous social groups to capture social identity and vary the combination of income identity and social identity in three environments. In the first environment subjects' income group is public knowledge. In the second environment, subjects' affiliation to both identities are public information and the two identities completely overlap. In the final settings, both identities are known, but identities do not overlap. We find that anti-social behaviour is higher in the first environment when only income identity is known. In settings where both social identity and income identity are known we observe a redirection in anti-social behaviour. We find that low income subjects are less likely to attack someone with a similar income or social identity, however, high income subjects do not vary their behaviour with the introduction of a social identity. Introducing social identity hence reduces anti-social behaviour in our experiment. Our results suggest that the context in which inequality exists may have important impacts on anti-social behaviour.

The Effect of Natural Group Identities on Charitable Giving: Experimental Evidence

Rudy Santore
University of Tennessee

ABSTRACT:
It is well-know that group identity can affect behavior, however, relatively little is known about the channels through which these behavioral effects operate. Our paper addresses this question by examining how natural group identity (university affiliation) affects charitable giving in a real-time laboratory experiment. Our between subject experimental design first allows subjects to earn income by participating in an unrelated market game. After the market game, one out of every four subjects (the victim) is randomly chosen to suffer a financial loss ($13), and three subjects (donors) are allowed to give to this victim (and only this victim). The donors know the university affiliation of the victim, either The University of Tennessee or University of Houston ‘ Clear Lake, and the post-loss earnings of the victim. In the baseline treatment (IN), the victim and three donors are from the same school. For main treatment (OUT) we have donors from one school give to victims at the other school. The main treatment sessions were conducted in real time and subjects at each location were able to see subjects at the other locations via proxima. Standard models of altruism predict that contributions and victims' post-loss earnings should be negatively correlated. Preliminary analysis of the data collected to date finds that donors in the IN treatment give approximately 35% more to victims. We find that the contributions of donors in the OUT treatment are relatively more sensitive to the victim's post-loss earnings than are the contributions of donors in the IN treatment. This suggests that altruism is a more important factor for contributions when the victim belongs to a different group, whereas other factors (perhaps warm glow or social norms) are more important for contributing to victims who belong to the same group.

Pro-social Behavior in Natural Groups and Minimal Groups: Does the Type of Group Matter?

Rick Wilson
Rice University

ABSTRACT:
We look at in-group and out-group giving in the 3rd party dictator game. Individuals are randomly assigned to meaningful groups and randomly assigned to ephemeral groups under the minimal group paradigm. We compare the effect of the type of group on subject's allocations. We use a within subject design with repeated measures.
Auctions for Charity: The Curse of the Familiar

Jeffrey Carpenter
Middlebury College

ABSTRACT:

Recently there has been considerable interest in the use of raffles and auctions to fund public goods. Economists have developed theories that predict which of the standard mechanisms should do well and they have run a variety of experiments to test the performance of these mechanisms. One aspect that has been largely overlooked, however, is whether new mechanisms can yield even more of the public good. We run fundraising events in the field at the meetings of a well-known service organization across the United States to examine the properties of five mechanisms: one that is common in the literature (first-price all-pay auction), two that are familiar to practitioners in the field (the English/live auction and the raffle), and two that are new (the ‘bucket’ auction and a lottery-auction hybrid). Consistent with theory, we find large differences in performance between the two most familiar formats but these disparities are dwarfed by the differences achieved using the new and less common formats. Our results demonstrate the continued potential of mechanism design to inform the provision of public goods and fundraising.

Demand for Giving to Multiple Charities: Theory and Experiments

Emel Filiz Ozbay
University of Maryland

ABSTRACT:

We study how competition among charities affects individuals’ giving behavior. We characterize a situation where a higher rebate subsidy shifts donations from one charity to another and increases total donations. We conduct two experiments: (i) individualized charitable giving where free riding incentives are shut down; and (ii) multi-donor charitable giving. We derive the demand for giving at different rebate conditions. Consistent with theory, the effect of competition on total donations is on average positive and its magnitude depends on the relative price. The social net benefit of rebate subsidies are calculated by comparing campaign costs and new donations generated.

The Impact of Taxes and Wasteful Government Spending on Giving

Neslihan Uler
University of Maryland

ABSTRACT:

We examine how taxes impact giving to charity and how this relationship is affected by the degree of wasteful government spending. In our model, government collects a flat-rate tax on income net of charitable donations and redistributes part of the tax revenue. The rest of the tax revenue is wasted. The model predicts that (i) a higher tax rate increases charitable donations, (ii) a higher rate of waste increases (decreases) donations when the elasticity of marginal utility is low (high), and (iii) the marginal effect of the tax rate on donations is always larger than the marginal effect of the rate of waste on donations. We test these predictions using a laboratory experiment with actual donations to charities. We find that the tax rate on average has a weak and insignificant effect on giving. The degree of waste, however, has a large, negative and highly significant effect on giving, with the relationship being moderated by the elasticity of marginal utility. We discuss potential policy implications of our findings.

Feedback in Charitable Giving

Tanushree Jhunjhunwala
The Ohio State University

ABSTRACT:

Recently, the charitable sector has experienced drastic growth in donations. However, several donor surveys report that few donors claim to do any research on charities prior to making a donation. Previous studies have also shown that donors are unwilling to pay for information on better alternatives that can guide their donations to the most effective charities. Given these shortcomings in this sector, I investigate if ex-post donation feedback of charity performance can nudge donors into making a more responsible donation decision ex-ante. The experiment utilizes a realistic charity environment wherein individuals can search for detailed charity information prior to making a donation decision. For the control group, individuals do not receive any ex-post feedback on the rankings of foregone charities, while the treatment group receives this information after an initial donation decision. Although treatment subjects know this revelation will occur, there is no large difference between each treatment's charity decisions prior to receiving feedback. However, once treatment subjects receive feedback, they respond by searching for significantly more information on alternatives and choose more efficient charities. This suggests that if donors can be made aware of the impact their donations are currently having versus it could possibly have, they can be coaxed to make donations to charities that create the most impact.
Deadlines and Cognitive Limitations

Steffen Altmann
IZA and University of Bonn

ABSTRACT:
We study the behavioral consequences of deadlines in situations where people might exhibit limitations in memory and attention. We provide a simple theoretical framework to study the role of deadlines in such environments and test the model’s key comparative statics with a randomized field experiment. In our model, an agent has to decide when to fulfill a task that requires costly effort provision. Postponing can be beneficial due to fluctuations in effort costs, but bears the risk that the task drops off the top of the agent’s mind. We analyze how deadlines influence the timing and overall likelihood of task fulfillment. In the second part of our paper, we test the key qualitative predictions of our model in a large-scale field experiment with patients of a German dental practice. In the experiment, we exogenously vary how people are reminded about the need to arrange a new check-up appointment. We randomize both the deadline for arranging a check-up and patients’ incentives to make the appointment in time. Our empirical results indicate that relatively tight deadlines encourage patients to make their check-ups earlier and at an overall higher frequency. This is further corroborated by two complementary surveys in which we examine people's perceptions of reminders, deadlines, and their interaction with cognitive constraints.

Author(s): Steffen Altmann, Christian Traxler, and Philipp Weinschenk

Using response times to measure strategic complexity and the value of thinking in games

Victoria Prowse
Purdue University

ABSTRACT:
Response times are a simple low-cost indicator of the process of reasoning in strategic games (Rubinstein, 2007; Rubinstein, 2016). We leverage the dynamic nature of response-time data from repeated strategic interactions to measure the strategic complexity of a situation by how long people think on average when they face that situation (where we define situations according to the characteristics of play in the previous round). We find that strategic complexity varies significantly across situations, and we find considerable heterogeneity in how responsive subjects’ thinking times are to complexity. We also study how variation in response times at the individual level across rounds affects strategic behavior and success. We find that ‘overthinking’ is detrimental to performance: when a subject thinks for longer than she would normally do in a particular situation, she wins less frequently and earns less. The behavioral mechanism that drives the reduction in performance is a tendency to move away from Nash equilibrium behavior.

Author(s): David Gill, Victoria Prowse

How Does Time Scarcity Influence Individual Performance in a Multi-tasking Context?

Jie Zheng
Tsinghua University, School of Economics and Management

ABSTRACT:
In a multi-tasking context, time scarcity in one task may not only distract individuals from other tasks, but also draw their attention to focus on this urgent task. By introducing individuals’ limited cognitive resource, we set up a model to consider both budget effect (due to ‘income’ change) and the reallocation effect (due to ‘price’ change) effects on individuals’ performance. We further design a dual-task laboratory experiment that includes a digit-memorization task and a slider task to test the existence of both effects. Tighter time constraints on the either task are manipulated by adding three evenly distributed intermediate deadlines. The results show that more deadlines on one task decline individuals' total task performance. Comparing subjects’ performance in each task among three treatments, we could demonstrate that both budget effect and reallocation effect exist, and the former one plays a dominant role. Moreover, the deadline effects are stronger when the intermediate deadlines are imposed on the cognitively demanding task.

Author(s): Guangying Chen and Jie Zheng; Tsinghua University

I’m in a hurry, I don’t want to know! The effects of time pressure and transparency on self-serving behavior

Johannes Lohse
University of Heidelberg

ABSTRACT:
In a laboratory experiment, using a game in which a ‘decider’ determines her own payoff and the payoff of a ‘stakeholder’ by choosing between two payoff allocations, we analyze the effect of time pressure on self-serving behavior under two transparency conditions. Under ‘transparent consequences’ the decider instantly observes that her payoff maximizing (‘selfserving’) option is payoff minimizing for the stakeholder. Under ‘hidden consequences’ there is initial uncertainty whether that option is payoff minimizing or maximizing for the stakeholder, but the information is obtainable at no cost. We find that (i) time pressure has no effect under transparent consequences, but (ii) significantly increases self-serving behavior under hidden consequences, (iii) despite having no effect on the frequency of information revelation. These results have major ramifications for...
organizational design and contribute to the understanding of the cognitive and motivational aspects of pro-social behavior.

**The Magic of the Personal Touch: Field Experimental Evidence on Money and Appreciation as Gifts**

Susanne Neckermann  
University of Chicago

**ABSTRACT:**

This paper makes use of two field experiments to explore individual effort responses to gifts. We extend the literature by looking at nonfinancial gifts that signal worker appreciation and gifts that combine financial and nonfinancial elements with or without adding a ‘personal touch’. We find that while money and appreciation are individually effective, they only work well together when they are combined with a personal touch. This suggests that responses to gifts are highly sensitive to their presentation as well as interpersonal elements – factors that the literature has so far largely ignored.

**Author(s):** Christiane Bradler and Susanne Neckermann  
**Topic:** Field Experiments: General, Applied Economics: Other  
**Link:**  
**Back to session:** Cognition, Contact and Behavior

**Metacognitive Awareness and Academic Performance: A Randomized Field Experiment**

Angelino Viceisza  
Spelman College

**ABSTRACT:**

Enhancing student awareness of their own thinking and learning could lead to improvements in academic success and persistence in their courses of study. This project tests the effectiveness of student metacognitive training with a sample of African-American female students at Spelman College by means of two randomized controlled trials (RCTs) over the course of four years. The first RCT will assess the impact of metacognitive teaching methods in the classroom. The second will apply a similar design and intervention to peer-tutors and their student clients. This presentation will focus on early findings of RCT 1, with the intent of receiving feedback on project design moving forward. The main outcome measures include academic outcomes such as test scores, course grades, and GPA and other outcomes such as metacognitive awareness (as measured by the so-called gMSLQ).

**Author(s):** Angelino Viceisza; Nayena Blankson; Jimmeka Guillory; Francesina Jackson; Bruce Wade  
**Topic:** Field Experiments: General, Applied Economics: Labor Market  
**Back to session:** Cognition, Contact and Behavior

**Top-Down incentives to cooperate promote prosociality and honesty. New insights from online and lab experiments**

Antonio Alonso Arechar  
Yale University

**ABSTRACT:**

Why are there substantial cross-cultural differences in prosociality and honesty? Here we present evidence from three experiments suggesting that the quality of institutions one is exposed to ‘spills over’ to influence subsequent prosocial and honest actions. To operationalize institutional quality, we employ a repeated Public Goods Game with or without a centralized punishment mechanism that sanctions free-riders. Two online studies showed that playing the PGG with punishment led to increased giving in a subsequent dictator game, and greater honesty in a subsequent dice-rolling task where cheating harmed other participants. There was no effect, however, on a die-rolling task where cheating did not affect the payoffs of others. Finally, a third study run in a physical lab in Nairobi, Kenya replicated the effect of top-down punishment on subsequent dictator giving, even when the recipient was a member of a marginalized out-group. Together, these findings support a theory of social heuristics, and demonstrate the power of effective institutions for instilling habits of virtue.

**Author(s):** Antonio A. Arechar, Nick Stagnaro, Selena Anjur-Dietrich, Jonathan Schulz, and David Rand  
**Topic:** Games: Repeated Games, Social Behavior: Group Behavior  
**Back to session:** Cognition, Contact and Behavior

**Does Improved Cognitive Functioning Reduce Poverty? Evidence From a Field Experiment on Debt Relief**

Walter Theseira  
UniSIM College

**ABSTRACT:**

An experimental debt relief intervention improved short-term cognitive and psychological functioning in subjects relieved of chronic debts, but did not lead to medium-term improvements in employability, incomes, or personal finances. Recent research links poverty to deficits in cognitive functioning. The poor are often burdened with chronic debts, which further impose cognitive ‘bandwidth taxes’, contributes to psychological distress, and increases risk aversion. However, there is surprisingly little evidence on whether measures of cognitive and psychological functioning are functionally related to objective material indicators of welfare of those in poverty. Without better evidence, it is not clear that policy interventions which seek to relieve those in poverty of the ‘bandwidth tax’ on cognitive functioning will realistically lead to permanent improvements in outcomes such as employment, incomes, and personal financial management. We provide evidence on this question by studying the effect of a charitable program which cancelled up to $5,000 Singapore Dollars of debt for highly indebted, low-income households. The magnitude of debt relief is substantial and worth about half a year's income for the households in the program. We conducted a comprehensive household financial survey that included measures of cognitive functioning, risk-taking, and psychosocial
functioning, surveying participants immediately before and after debt relief, and following up one year after debt relief. We find that debt relief causes immediate improvements in cognitive functioning and a reduction in symptoms of generalized anxiety disorder, while risk tolerance increases immediately after debt relief. One year after debt relief, we find that while the reduction in anxiety is associated with a persistent improvement in personal finances, there is no such improvement in personal finances associated with the debt relief-induced improvements in cognitive functioning. Taken together, the evidence suggests caution in interpreting research on the ‘bandwidth tax’ of poverty. While reducing cognitive bandwidth taxes through debt relief leads to immediate cognitive gains, our evidence shows these improvements in cognitive functioning do not translate to persistent improvements in material well-being. Research needs to turn to understanding the mechanisms through which cognitive and behavioural traits actually affect material outcomes, and why.

Author(s): Qiyan Ong; Walter Theseira
Topic: Psychology and Biology: Cognition, Field Experiments: General
Back to session: Cognition, Contact and Behavior

Using Goals to Motivate College Students: Theory and Evidence from Field Experiments
David Gill
Purdue University

ABSTRACT:
Will college students who set goals for themselves work harder and perform better? In theory, setting goals can help time-inconsistent students to mitigate their self-control problem. In practice, there is little credible evidence on the causal effects of goal setting for college students. We report the results of two field experiments that involved almost four thousand college students in total. One experiment asked treated students to set goals for performance in the course; the other asked treated students to set goals for a particular task (completing online practice exams). We find that performance-based goals had no discernible impact on course performance. In contrast, task-based goals had large and robust positive effects on the level of task completion, and task-based goals also increased course performance. Further empirical analysis indicates that the increase in task completion induced by setting task-based goals caused the increase in course performance. We also find that task-based goals were more effective for male students. We develop new theory that reinforces our empirical results by suggesting two key reasons why task-based goals might be more effective than performance-based goals: overconfidence and uncertainty about performance. Since task-based goal setting is low-cost, scalable and logistically simple, we conclude that our findings have important implications for educational practice and future research.

Author(s): Damon Clark, David Gill, Victoria Prowse, Mark Rush
Topic: Field Experiments: General, Applied Economics: Other
Back to session: Confidence and Economic Behavior

OVERCONFIDENCE AND BUBBLES IN EXPERIMENTAL ASSET MARKETS
ozlem ozdemir
middle east technical university department of business administration

ABSTRACT:
Many studies in social sciences focus on searching the behavioral biases of individuals. In finance literature, factors causing abnormal stock price changes and the effects of these factors in forming bubbles in financial markets are widely examined. It is mainly argued that overconfidence is one of the most crucial factors in creating the abnormal stock price changes hence the bubbles. Though behavioral biases of individuals are of great importance in finance, overconfidence and bubbles cannot be observed directly in the market. Hence, studies using secondary data may suffer from proximation bias. However, experiments are very advantageous in that it is possible to obtain valuable findings about the biases of individuals in controlled laboratory settings. The purpose of this study is to search for the overconfidence bias of U.K. subjects, investigate the effect of overconfidence in creating stock market bubbles in experimental setting. Mainly two economic experiments are conducted to deal with the role of overconfidence in forming bubbles and the effects of overconfidence on economic behavior of individual traders. Results indicate that subjects are generally overconfident. Most of them see themselves above average and overestimate precision of their knowledge. Highly overconfident traders trade more frequently. Results also indicate overconfidence results in bubbles in markets and bubbles are mainly driven by overconfidence in the domain of finance more than overconfidence in the domain of general knowledge.

Author(s): Serkan Sahin and Ozlem Ozdemir
Back to session: Confidence and Economic Behavior

Overconfidence: the Influence of Positive and Negative Affect
Ibrahim Filiz
Ostfalia University of Applied Sciences

ABSTRACT:
The consequences of overconfidence affect many spheres of economic life. As yet, few factors are known that determine the extent of possible overconfidence. There are also few studies concerning the influence of positive and negative emotions on self-assessment. It has not yet been examined whether emotions can affect learning effects regarding self-assessment, wherefore the present study addresses this research question. In a real-effort-task experiment the participants are presented with tasks over the course of 5 rounds. After each round, they are asked to assess their own performance. They are then given feedback on their actual performance, thereby allowing for learning effects. Their mood is induced by positive (treatment ‘positive’), negative (treatment ‘negative’) and neutral (treatment ‘neutral’) movie clips. There are no significant differences in the three treatments regarding absolute and relative overconfidence. However, the participants’ moods differed with regard to the occurrence of learning effects. Obvious learning effects can be established in a neutral mood when examining absolute overconfidence. These learning effects cannot be detected in positive and negative moods.

Author(s): Ibrahim Filiz
Topic: Psychology and Biology: Emotions, Decision Theory: Learning
Link: https://www.ostfalia.de/export/sites/default/de/w/download/Overconfidence_-_the_Influence_of_Positive_and_Negative_Affect.pdf
Back to session: Confidence and Economic Behavior

Gender Differences in Tournament Choices: Risk Preferences, Overconfidence or Competitiveness?
ABSTRACT:
A large number of recent experimental studies show that women are less likely to sort into competitive environments. While part of this effect may be explained by gender differences in risk attitudes and overconfidence, previous studies have attributed the majority of the gender gap to gender differences in a separate 'competitiveness' trait. We re-examine this result using a novel experimental technique that allows us to separate competitiveness from alternative explanations by experimental design. In contrast to the literature, our results imply that the whole gender gap is driven by risk attitudes and overconfidence, which has important implications for future research.

Author(s): Roel van Veldhuizen
Topic: Psychology and Biology: Gender and Individual Differences, Games: Contests
Back to session: Confidence and Economic Behavior

An Experimental Analysis of Regulatory Interventions for Complex Pricing
Lana Friesen
University of Queensland

ABSTRACT:
Considerable evidence demonstrates that consumers make poor choices in complex decision environments. One such environment is the choice of a mobile (cell) phone plan, where consumers frequently encounter complicated nonlinear tariffs. We study the efficacy of five policy interventions to improve consumer decision making in an experimental context where subjects choose among a set of predefined phone plans involving nonlinear tariffs. The policies involve training subjects to compute call costs or the cost of a plan, two additional information treatments, and extra feedback. We find that both training about plan costs and providing information about plan value significantly improve decision-making. However, these benefits attenuate as subjects gain greater experience. Feedback is effective for experienced decision makers. Implications for policy are discussed, mindful of the infrequency with which consumers are actually ‘in the market’ for a better phone service plan.

Author(s): Lana Friesen and Peter E. Earl
Topic: Applied Economics: Other, N/A
Back to session: Consumer Behavior

Incentive Design on MOOC: a Field Experiment on XuetangX
Tracy Liu
Tsinghua University

ABSTRACT:
Massive Open Online Courses (MOOCs) have become an inevitable trend for equalizing education resources and innovating education by providing people around the world the access to high-quality education resources in a highly interactive environment. However, how to maintain students' learning enthusiasm and keeping them finishing courses are the central challenges for MOOC platforms. By conducting a field experiment on XuetangX, one of the largest MOOC platforms in China, we investigate the effect of reward size and the framing effect of delivering monetary reward on students' learning behavior. We find that compared to control, the effects amount for over 150% increase in homework grades for a low knowledge-based course and 70% for a high knowledge-based one, and incentivizing students' performance on weekly assignment could lead to more participation in their learning activities, e.g., watching lecture videos. Furthermore, it could help them develop learning habit in the long-run.

Author(s): Jie Gong, Tracy Liu, Jie Tang
Topic: Field Experiments: General, Applied Economics: Other
Back to session: Consumer Behavior

The Economics of Referrals: Theory and Evidence from a Field Experiment
Jonathan Davis
University of Chicago

ABSTRACT:
We develop a model of incentivized consumer referral programs for a fully subsidized new good. We show referral programs create two competing option values for consumers. The first option value is created by the potential for consumers to receive a reward for referring a friend makes consumers more likely to adopt the product. On the other hand, the referral program also creates an option value from waiting to see if the consumer receives a referral. Consequently, the net impact of a referral program on take-up of the good is ambiguous. We test and extend the predictions of the model using evidence from a large field experiment conducted in partnership with Essex and Suffolk Water (ESW) in England. We have three main empirical findings. First, direct financial incentives for taking-up the product work. Paying consumers $15 for completing a water audit increased the take-up rate by 16 percent. Second, referral incentives are not a cost-effective way to increase water audit take-up. None of the referral program variants led to as large of an increase in overall take-up as the $15 direct take-up incentive. The most successful variant of the referral program, paying consumers $20 for completing a water audit and referring one friend, increased the number of completed audits by 13 percent. Third, despite the relatively poor performance of the referral program relative to direct incentives, when consumers make referrals, they refer people who almost always complete a water audit: 93 percent of referred households completed an audit without any additional incentives offered by ESW compared to just 16 percent of households in the control group.

Author(s): Jonathan Davis, Robert Hahn, John List, Robert Metcalfe, and Michael Price
Topic: Field Experiments: General, Decision Theory: Learning
Back to session: Consumer Behavior

Measuring Consumer Sensitivity to Audio Advertising: A Field Experiment on Pandora Internet Radio
David Reiley
Pandora Media, Inc.

ABSTRACT:
A randomized experiment with almost 35 million Pandora listeners enables us to measure the sensitivity of consumers to advertising, also known as the demand curve for Pandora ad-supported listening. The experiment randomized listeners into nine treatment groups, each of which received a different level of audio advertising interrupting their music listening, with the highest treatment group receiving more than twice as many ads as the lowest treatment group. By keeping consistent treatment assignment for 21 months, we can see that the long-term effects of a change in 'ad load,' or number of ads per hour, take over a year to be fully realized. We estimate a demand curve that is strikingly linear, with the number of hours listened decreasing linearly in the number of ads per hour. We also show the negative impact on the number of days listened and on the probability of listening at all in the final month. Using an experimental design that separately varies the number of commercial interruptions per hour and the number of ads per commercial interruption, we find that neither makes any difference to listeners except for the way they increase the total number of ads per hour. Lastly, we find increased ad load causes a significant increase in the number of paid ad-free subscriptions to Pandora, particularly among older listeners.

Author(s): David Reiley and Nickolai Riabov
Topic: Field Experiments: General, Markets: Industrial Organization
Link: http://www.davidreiley.com/papers/PandoraListenerDemandCurve.html
Back to session: Consumer Behavior

Best-of-five Contest: An Experiment on Gender Differences
Shakun Datta Mago
University of Richmond

ABSTRACT:
We conduct an experimental analysis of a best-of-five contest that systematically controls for gender composition. Contrary to most previous studies that conclude that women shy away from competition, we find that women exert significantly greater effort but only when competing with other women. There is no difference in the effort levels across all-male and mixed gender sessions. Furthermore, despite difference in aggregate effort levels, there is no gender difference in individual round behavior across the five rounds of play. Our experimental design controls for risk and loss aversion, utility of winning as well as elicits a measure of confidence. We find that both higher utility of winning and lower confidence can explain these observed gender differences.

Author(s): Shakun Mago; Laura Razzolini
Topic: Games: Contests, Psychology and Biology: Gender and Individual Differences
Back to session: Consumer Behavior

Revise and Resubmit in Contests: An Experiment
Emmanuel Dechenaux
Kent State University

ABSTRACT:
Consider a contest in which a participant may have the ability to revise her expenditure in response to information about her rival's choice. How does the ability to revise and resubmit affect contestants' behavior? We design an experiment to study this question for two well-known contest games, the lottery contest and the all pay auction. Theory predicts that compared to simultaneous moves, revise and resubmit does not affect equilibrium expenditure in the lottery contest, while it has a strong impact on expenditure in the all pay auction. The data broadly support these predictions in the all pay auction, but not in the lottery contest where contrary to the equilibrium, subjects engage in frequent revisions. The value to flexibility arising from the ability to revise is less (greater) than predicted in the all pay auction (lottery contest). Interestingly, we find that measures of regret aversion have a positive impact on the probability of revising expenditure in the lottery contest. Regret aversion also has a significant effect on contest expenditure.

Author(s): Emmanuel Dechenaux, Shakun Mago
Topic: Games: Contests, Psychology and Biology: Gender and Individual Differences
Back to session: Contests

Electoral College Contests
Cary Deck
University of Arkansas

ABSTRACT:
The Electoral College system used to elect the President of the United States is an example of a multibattle contest with complementarities. Due of heterogeneity in the value of the different state level sub-contests, many different combinations of state victories can lead to an overall victory which impacts contestant strategy. This paper develops a theoretical of such a multibattle contest with complementarities, and tests its predictions in the lab for a simplified four state Electoral College map.

Author(s): Cary Deck, Sudipta Sarangi, Matt Wiser
Topic: Games: Contests, Political Economy: Voting and Rent Seeking
Back to session: Contests

Communication and Conflict Management
Gerald Eisenkopf
University of Konstanz

ABSTRACT:
The paper studies an experimental conflict in a repeated game and tests the robustness of communication as an intermediate conflict resolution instrument. The results show a strong and persistent impact of communication. Most conflict parties refrain from conflict expenditures even after the opportunity for communication has expired. Third party involvement with punishment options does not enhance this effect while the indivisibility of the contest prize reduces it. The initial intensity of the conflict has a small but long-term negative impact on conflict resolution.

**Stochastic choice with presentation effects**

Yves Breitmoser  
Humboldt University Berlin

**ABSTRACT:**

Individual choice exhibits 'presentation effects' from ordering and labeling of options. This biases inference of preferences and causes preferences to appear incompatible across experiments. The present paper derives a general model of choice, void of functional assumptions, allowing to control for both presentation and stochastic errors in utility analysis. Independence of utility and presentation guarantees identification. I then re-analyze dictator experiments. Using existing models, estimated preferences vary drastically across experiments, suggesting social preferences are not understood and not applicable to make counterfactual predictions. Controlling for presentation effects, preferences are consistent and predictive, highlighting the fundamental role of presentation in experimental analyses.

**A Cognitive Dissonance Interpretation of the Context Effect in Economic Experiments**

Sining Wang  
Kalamazoo College

**ABSTRACT:**

This paper proposes and experimentally tests the hypothesis that cognitive dissonance associated with the context plays a key role in determining people's decisions in economic experiments. We conduct a laboratory bribery game experiment where the cognitive dissonance levels are controlled using different treatments (familiar-context treatment, unfamiliar-context treatment, and context-free treatment). With the aid of an independent attitude survey, we find that people in the unfamiliar-context treatment and the context-free treatment experience the same cognitive dissonance level; meanwhile, we do not observe different behavior in the lab. We also find the familiar-context treatment triggers the most intensive cognitive dissonance level among all treatments where the subjects are much less likely to behave unethically. Our theory is able to unify the mixed results from past studies on the experimental context effects.

**'Not Worth The Effort': Cognitive Load and Suboptimal Behavior**

Jason Ralston  
University of California, Irvine

**ABSTRACT:**

Traditional expected utility models do not allow cognitive load to influence economic behavior. However, dual-self models of impulse control predict that states of high cognitive load lead to poor suboptimal outcomes. In this paper a model is created which captures the comparative statics of dual-self models while also keeping the familiarity of standard the expected utility model. I conduct an experiment to test this theory in the laboratory. Results suggest subjects miscalculate the value of their own mental effort under different levels of cognitive load and reward as captured by comparisons between willingness to pay for effort reducing suggestions and their actual performance in the experiment.

**Forever Young - The Influence of Stress on the Decision to Lie and to Trust**

Karina Held  
University of Magdeburg

**ABSTRACT:**

We propose and validate a task to induce acute stress in the laboratory. The task utilizes rich insights from stress research in psychology and neurobiology. At the same time, it does not rely on the use of confederates and pay is performance-related. Employing this task, we study the influence of stress on the propensity to lie and to trust. We find that lying becomes less likely with age. However, the effect vanishes when subjects are stressed. Additionally, the data shows that age reduces the propensity to trust messages sent in the experiment. Again, stress mitigates the effect.
Contingent Reasoning: Uncertainty is Special
Alejandro Martinez
Stanford University

ABSTRACT:
A recent literature documents that agents have a hard time engaging in conditional reasoning. Consider a situation with multiple possible cases, where payoff-maximizing choices depend on individuals assessing the payoff of each action for each case and then aggregating this information. Several papers have shown that while individuals are often able to make optimal choices for each specific case, they fail to do so when there is a probability distribution over two or more such cases. We conjecture that a prominent source of the mistakes does not lie on the mere presence of more than one case, but on the fact that which case materializes is unknown at the time the agent decides. To experimentally test the conjecture, we use an ‘acquiring-a-company’ environment, with a baseline probabilistic treatment where an agent can buy a company that could be of high or low value with equal chance. We compare choices to a Deterministic treatment, where the agent can potentially acquire up to two companies, one of high value and another of low value. The buyer submits only one price that determines whether she buys none, one or both companies. The difference between our two treatments can be thought of as capturing a description of the environment based on probabilities or frequencies. The computations that lead to optimal choices are identical in both treatments provided that the agent is risk-neutral. We find that 50% more subjects submit the optimal price in the deterministic than in the probabilistic treatment. Furthermore, results are robust to subjects’ risk preferences.

Author(s): Alejandro Martínez Marquina, Muriel Niederle and Emanuel Vespa
Topic: Decision Theory: Bounded Rationality, Decision Theory: Risk

Partition Obvious Preference and Mechanism Design: Theory and Experiment
Luyao Zhang
Ohio State University

ABSTRACT:
Substantial experimental evidence shows that decision makers often fail to choose an available dominant strategy in tasks that requires forming hypothetical scenarios and reason state-by-state. Our proposed axiomatic approach, Partition Obvious Preference, formalizes such a deficiency in reasoning by weakening the Subjective Expected Utility Theory. We extend our approach to games and propose a new solution concept, partition dominant strategy, providing a theoretical explanation for the difference in dominant strategies and superior performance of dynamic mechanism over its strategic equivalent static implementation. Our new solution concept is a useful discovery for designers of markets and mechanisms as it enriches the class of mechanisms that perform better than those that only have a dominant strategy. We conduct a laboratory experiment to test and verify our theory and its implications.

Author(s): Luyao Zhang and Dan Levin
Topic: Decision Theory: Bounded Rationality, Games: Other
Link: https://ssrn.com/abstract=2927190

How Obvious is the Dominant Strategy in an English Auction? Experimental Evidence
Peter McGee
University of Arkansas

ABSTRACT:
Bidding one's value is a weakly dominant strategy (DS) in both private value English and second-price auctions (SPAs), but experimental studies find overbidding only in the latter. To explain the difference, Li (2016) proposes a stronger solution concept, obviously dominant strategies (ODS), present in English auctions but not SPAs. We introduce a treatment to English auctions that affects expected payoffs but not the DS. This manipulation drastically affects bidding in SPAs (Georganas, Levin, and McGee 2016), but we observe little change in bidding in response to the manipulation, consistent with ODS and the related model of Zhang and Levin (2016).

Author(s): Dan Levin, Peter McGee
Topic: Markets: Auctions, Decision Theory: Bounded Rationality

Core-Selecting Auctions in the Laboratory
Alexander Heczko
RWTH Aachen University

ABSTRACT:
We experimentally analyze core-selecting auctions and find that they perform better than Vickrey auctions. The proportions of efficient allocations are similar in both types of auctions, but the proportions of stable (core) allocations and the revenue are higher in the core-selecting auctions. We observe this for two different informational setups, one in which theory predicts the better performance of the core-selecting auction and one in which it does not. We trace the causes of the performance differences back to patterns in bids. This shows that in the core-selecting auctions, bidders react to incentives to deviate from reporting their valuations truthfully in the predicted direction, though less pronounced than predicted.

Author(s): Alexander Heczko, Thomas Kittsteiner and Marion Ott
Topic: Markets: Auctions, N/A
A Road to Efficiency Through Communication and Commitment

Ala Avoyan
New York University

ABSTRACT:
We examine the efficiency gains of introducing a pre-play phase—allowing agents to communicate their intentions and commit to them—in a game with Pareto ranked equilibria. We focus on a game in which a Pareto inferior equilibrium is usually chosen. We first derive the theoretical conditions under which the efficient equilibrium is unique in the extended game and then we test our theory in the lab. The introduction of the pre-play revision phase increases the coordination on the Pareto dominant equilibrium, restoring over 50% of the efficiency lost in the standard setting. The results shed new light on cheap talk and reveal that a combination of communication and commitment leads to significantly higher welfare.

Author(s): Ala Avoyan and Joao Ramos
Topic: Games: Coordination, Social Behavior: Communication

Democracy as a Coordination Mechanism: Ex post Bargaining in a Weakest-Link Game

Andrzej Baranski
Maastricht University, Department of Economics AE1

ABSTRACT:
Can ex post profit-sharing, decentralized bargaining lead to efficient coordination? In a voluntary contribution mechanism with a weakest-link surplus creation technology, we show that standard bargaining theory predictions do not refine the set of equilibria (any symmetric effort level is part of a Nash Equilibrium). Nevertheless, we show theoretically how bargaining strategies based on member's contributions can refine the set of equilibria. An experiment shows that bargaining leads to enhanced efforts in the weakest link game because low effort members are typically excluded from the allocation of the surplus. An experimental treatment in which efforts are not publicly known (due to monitoring costs for example) leads to the lowest efficiency levels as observed in the control treatment without bargaining. Our results provide a rationale for the existence of profit redistribution in partnerships and even for democracy as a system which fosters economic efficiency.

Author(s): Andrzej Baranski
Topic: Games: Coordination, Games: Bargaining

Back to session: Coordination

Routine Learning in Organizations: Theory and Evidence

John Duffy
University of California, Irvine

ABSTRACT:
We develop an environment for studying the emergence, maintenance, adaptability and optimality of organizational routines that combines game theoretic analysis with experimental evidence. We define an organizational routine as a persistent sequential interaction pattern among members of a team. Organizational structures (firms) are primarily composed of such teams. The efficiency advantages of organizations as structures for collective action owes much to the adoption of routinized behavior by teams of players. Thus an understanding of routine formation provides a critical gateway to understanding the performance advantage of organizational structures. Toward that goal, we develop a novel 2-player 'harvesting game' to address these issues. The objective of this harvesting game is for each player to harvest as many unique cells of a matrix as time allows, where each cell of the matrix may or may not have a different payoff and/or where partnerships may be fixed or randomly assigned. We provide experimental evidence that subjects are very good at achieving efficient routines, i.e., those that maximize payoffs in our simple baseline harvesting game and that changes in their routines in response to various shocks follow predictable patterns. Subjects are able to cope well with persistent, durable disturbances, e.g., disturbances to whom they are matched with or to payoffs. On the other hand, more transient payoff disturbances lead to significant efficiency losses among those who have established routines, which diminishes the value of adopting such organizational routines.

Author(s): Andreas Blume and John Duffy
Topic: Games: Coordination, Games: Repeated Games

Back to session: Coordination

Increasing Workplace Diversity: Evidence from a Recruiting Experiment at a Fortune 500 Company

Jeffrey Flory
University of Chicago

ABSTRACT:
Monoculture is pervasive not only in agriculture, but also in management. White males occupy most high-profile positions in the largest U.S. corporations whereas African Americans, Hispanics, and women are clearly underrepresented in leadership roles. In this paper, we study means to attract minority candidates for top professional careers with a natural field experiment. We vary the content in recruiting materials of a major financial services corporation to signal the extent to which the employer values diversity among its workers. We find that signaling explicit interest in employee diversity works, raising the likelihood that racial minority candidates pursue a high-profile professional opportunity and that the company selects a more diverse pool of applicants. Our results provide insights on how field experiments can be leveraged to learn more about how simple low-cost adjustments in recruiting language can influence job-seeker sorting among candidates from diverse backgrounds into high-profile careers.

Author(s): Jeffrey A. Flory, Andreas Leibbrandt, Christina Rott, Olga Stoddard

Back to session: Diversity
Stereotype Threat and Black College Student Success at PWIs and HBCUs
Mackenzie Alston
Texas A&M University

ABSTRACT:
Stereotype threat is a term introduced by Steele and Aronson (1995) to describe the feeling individuals experience when they are at risk of confirming a negative stereotype about their group. In their paper, Steele and Aronson (1995) found evidence that simply asking black undergraduate students to indicate their race prior to completing an exam can negatively impact their exam score. The idea behind this effect was that the black students were subtly reminded of the stereotype that blacks are not as intelligent as whites (when they indicated their race), and this reminder distracted them from performing at the best of their ability. In our project, we study this phenomenon in two different environments: a predominantly white institution (PWI) and a historically black college and university (HBCU). Because black undergraduate students purposely selected to attend one type of institution over the other, this suggests that we are studying two unique samples of black students who may respond to stereotype threat differently. Furthermore, we examine the effect of having a white experimenter conducting the sessions compared to a black experimenter. It is possible that having a black experimenter could lower the sense of threat black students experience because the black experimenter acts as a role model or an example that the stereotype is not universally true (Marx and Goff, 2005). Our findings will contribute to the literature on stereotype threat by identifying specific situations when stereotype threat is heightened. And our results will be relevant to economists and the general population by helping identify a possible reason for the racial gap in the academic performance of black and white students.

Author(s): Mackenzie Alston, William Darby Jr., Catherine Eckel, Lawrence McNeil, Cheryl Mitchell, and Rhonda Sharpe
Topic: Psychology and Biology: Gender and Individual Differences, N/A

Arbitrary stereotypes cause gender segregation in labor markets
Ernesto Reuben
New York University Abu Dhabi

ABSTRACT:
Not only do men and women choose different professions at dissimilar rates, within many professions, men and women often specialize in different jobs. In fact, there are many jobs that, in the minds of many, are clearly associated to one gender. There is mounting evidence, however, that differences in ability cannot account for the observed degree of specialization along gender lines. In this paper, we study specialization and hiring decisions in a labor market experiment where employers cannot observe the workers’ abilities but can infer them through the workers' specialization decision and their gender. We first concentrate on the effect of stereotypes, a belief that one gender is more able than the other in a particular job, that are arbitrary in that they are randomly introduced and are not based on real differences in ability. We find that in the absence of a stereotype, workers and employers ignore gender: workers specialize according to their ability and employers hire according to specialization. When stereotypes are introduced, this is no longer the case. Employers, when faced with equally qualified candidates, base their hiring decisions of the prevailing stereotype. Expecting this, workers then tend to specialize on the job stereotyped for their gender, and thus, the initially arbitrary stereotype becomes self-fulfilling. In the second part of the paper, we study whether the cycle induced by self-fulfilling stereotypes can be overcome through better information about the underlying ability distribution. We find that, once set, stereotypes continue to drive specialization and hiring decisions even after it is commonly known that there are no gender differences in ability.

Author(s): Ernesto Reuben, Christina Rott, and Astrid Hopfensitz
Topic: Psychology and Biology: Gender and Individual Differences, Applied Economics: Labor Market

The public sector in the lab: The role of incentives
Oded Ravid
Ben Gurion University

ABSTRACT:
We develop an experimental paradigm to study an economy with two sectors distinguished by their respective incentive power. Participants in the experiments engage in a real effort task and are paid according to their performance. In one sector the 'private' sector remuneration is more sensitive to individual performance than in the other 'public' sector. We study the incentives-based productivity gap between the public and private sectors and the role of public sector mission. We find that High power incentives sectors are more productive, induces more effort and attract high ability workers. We also find that public sector mission increases the mean productivity in the public sector by inducing more effort and by attracting high quality workers. Public sector mission has no effect on the private sector mean productivity or effort.

Author(s): Oded Ravid, Ro'i Zultan
Topic: Applied Economics: Labor Market, N/A

Giving Feedbacks to Entrepreneurs: Does Optimism Change Beliefs Update?
Victor Martin-Sanchez
King's College London

ABSTRACT:
Over the last decades, a flourishing stream of research has shown that optimism influences individual beliefs and, ultimately, those choices that may imply unrealistic estimations about personal life events (Weinstein, 1980). For instance, Puri and Robinson (2007) show that optimistic people tend to work harder, tend to retire later and invest more in stocks. Building on these results, going beyond personal life events there is evidence suggesting that optimism may entail overconfident behavior with important implications in business contexts (Galasso and Simcoe 2011; Van den Steen, 2011). In this paper, we argue that beliefs do not change homogeneously among individuals upon receiving feedbacks but they may depend upon person-specific characteristics, more specifically, the optimism level. To investigate these issues, we conduct a lab experiment using a sample of entrepreneurs, who provide a context ideal for our analysis. Entrepreneurs usually make decisions in a dynamic and uncertain (unpredictable) environments (Alvarez and Barney, 2005) that continuously gives them positive and negative news, and in which they are called to update their beliefs about the upcoming events. Within this context,
our research objective is to answer to the following question: do entrepreneurs with different levels of optimism update their beliefs homogenously after receiving a positive or negative feedback? This question is both novel and relevant. By analyzing heterogeneous response to feedback depending on optimism levels, we will contribute beyond the existing entrepreneurship literature which has focused mostly on two aspects: (1) whether the entrepreneurs carry different level of optimism with respect to other categories, e.g., employees (Koudstaal et al. 2015, Koellinger et al. 2007; Cassar, 2010) and need to be optimistic to self-select as entrepreneur (Bernardo and Welch, 2001; Puri and Robinson, 2007; 2013); (2) whether there exists a direct relationship between optimism and beliefs. Our project is not only novel but also relevant to the entrepreneurship and policy debate. Research so far has shown that individual optimism tends to change over time, situations and contexts (Schulman et al., 1993). Some scholars have argued that individuals holding high levels of optimism will be inspired to take bigger challenges in a more proactive way (Carver and Scheier, 2003). However, non-optimistic individuals tend to underestimate future outcomes regardless the convenience of future events. Additionally, the literature shows that both traits affect individuals' decisions, thus raising several important questions in the field of management (Chatopadhyay et al., 1999), economics (Gacher and Renner, 2010; Schlag et al., 2014) and psychology (Hogarth and Einhorn, 1992). Within this debate, our paper aims at disentangling how individual's level of optimism will moderate the way beliefs are updated after receiving either a good or bad feedback. We expect to observe that lower (higher) levels of optimism will increase (reduce) the impact of negative feedback on belief updating while lower (higher) levels of optimism will reduce (increase) the impact of positive feedback on belief updating. To answer our research question, we are running a laboratory experiment with real entrepreneurs. Our experimental setting enable us to elicit individual optimism level as well as create a context in which the entrepreneurs receive clear negative or positive feedback, and in which we can follow the beliefs updating path based on self-reported information. The advantage of using a laboratory experiment is that we can measure behavioral mechanisms that will be hard to explore through archival data. As a first step, we measure the optimism level of each entrepreneur, and identify two groups of people: optimistic and not optimistic (e.g. above/below the average level of optimism). To this end, we measure optimism levels using two tests currently used and well recognized in the economics and psychology literature: the dispositional optimism test (Scheier and Carver,1985 and Scheier et al., 1994), and the attributional style test (Seligman, 2000).

Both measures are subjective and survey based. Second, we will investigate the participants' beliefs about the upcoming competition (i.e. we will ask whether they believe they will win the competition and the number of correct answers), and will study how their updating beliefs in the subsequent rounds are shaped by the (positive or negative) feedback they receive after the competition. Overall, we run two treatments (i.e. each treatment is identified with a group of individuals): one of these groups will receive feedback vs. another one without such information. This analysis enables us to clearly define the effect of feedbacks on beliefs updating because we are comparing two contexts in which the only difference is the provision of feedback after the resolution of the task. Third, we link experimental evidence to firm-level data to understand how the feedback update process and the influence of optimism impact on entrepreneurial outcomes such as innovation, ability to access financing, and new venture's growth. We are conducting our laboratory experiment with 100 Spanish entrepreneurs. Our preliminary results indicate that optimistic individuals are significantly less sensitive to feedbacks in updating their beliefs about winning a subsequent tournament. In the next weeks, we will employ firm-level data to shed light on whether this lower sensitivity is beneficial or harmful for the startups that these entrepreneurs lead.

Author(s): Mario Daniele Amore, Orsola Garofalo, and Victor Martin-Sanchez
Topic: Decision Theory: Beliefs, Games: Other
Back to session: Entrepreneurial Activity

Patently Risky: Framing, Innovation and Entrepreneurial Preferences

Elizabeth Hoffman
Iowa State University

ABSTRACT:
This paper reports on a series of experiments designed to be the first step in a multistage experimental test of patents. The full experimental research agenda contemplates testing both of the two main rationales for patent ‘(1) encouraging inventive activity and (2) commercializing inventions. In these experiments we limited ourselves to offering subjects a choice between a sure thing ($8) and a risky choice (either 2/3 chance of $3 and 1/3 chance of $30; or 2/3 chance of -$3 and a 1/3 chance of $42). Our principal manipulation was to vary the frame of this choice. In the invention frame, subjects were told they each had $8, which they could either keep or invest in creating a hypothetic invention. The invention would pay either $3 or -$3 with probability 2/3 or $30 or $42 with probability 1/3. Thus, each of the two frames controls for the risk attributes of the lotteries. Moreover, other than the frames, we used exactly the same language to describe the lotteries. We administered the experiments in a brick-and-mortar lab at Iowa State, over the Internet (using students as subjects), and using M-Turk. The main result, which appears quite strong and robust, is that the Invention Frame induces greater revealed risk tolerance in subjects in all three settings and with both all positive and potential negative payoffs. A secondary result is that M-Turk subjects manifest greater risk aversion, regardless of frame, than students on the Internet and in the Lab. Our third result, which a corollary to the first, is about the utility of M-Turk. Although there are many papers exploring whether results on M-Turk are different from those in the lab, there have been none (that we can find) that consider this sort of framing. Thus, our results preliminarily confirm that M-Turk can be used to test these types of framing manipulations. We calibrate our results to an estimate of a downward 'shock' that the innovation frame introduces to subjects' coefficient of relative risk aversion, benchmarking against Holt and Laury's (2002) results. Because the effects of the innovation frame continue to hold even when negative payoffs are possible, our results contrast somewhat with the predictions of Kahneman and Tversky (1979), who predict that preferences in the presence of negative payoffs (relative to a reference point) behave fundamentally differently from those with strictly positive payoffs.

Author(s): Elizabeth Hoffman, David Schwartz, Matthew Spitzer, and Eric Talley
Topic: Decision Theory: Risk, Social Behavior: Other
Back to session: Entrepreneurial Activity

Agency Problem, CEO Incentives and Stock Price Dynamics: Theory and Experiment

Te Bao
University of Groningen

ABSTRACT:
The optimal design of executive compensation has always been at the center of the research in corporate finance. We investigate experimentally how granting CEOs stock ownership and opportunity to trade the stock of their own company influence CEO effort and market efficiency. The findings suggest that compared to cash bonus, stock ownership program does not lead to higher CEO effort. Granting CEOs opportunities to trade leads to higher average effort, but also less price stability of the stock shares. In all experimental markets, the deviation of transaction price of shares from the underlying fundamental values is very small, which seems to support market efficiency hypothesis even though there is strategic uncertainty on CEO effort that governs the movement of the fundamental values.

Author(s): Te Bao, Edward Halim, Charles Noussair and Eko Riyanto
Topic: Markets: Finance, N/A
Back to session: Entrepreneurial Activity

Behavioral Response to Alternative Messaging Treatments: Experimental Evidence from Residential Energy Use

Galib Rustamov
The crowding-in of environmental awareness

Thomas Lauer
University zu K?ln

ABSTRACT:

We investigate the impact of the presentation of social consequences on the emergence of negative externalities. In a laboratory experiment, we hold the objective situation, payoff consequences and negative externalities constant and vary the presentation of social consequences to manipulate participants' choices. Participants perform a large number of tedious slider tasks. Each slider task may be simplified at a real social cost, i.e., for each simplification a blank sheet of paper is shredded in front of the participant. In a CLOSED treatment the cumulated consequences of their choices were not visible for the participants and they only observe the immediate consequences of their behavior. In a second OPEN treatment all previously shredded papers were visible. We find that people on average take the social consequences of their actions into account. They create less negative externalities if they are confronted with the cumulated consequences of their previous decisions. To our surprise and in contrast to neoclassical and behavioral predictions, they destroy even less paper if they have to forgo payments to do so. It seems that environmental responsibility is crowded-in by extrinsic incentives.

Author(s): Thomas Lauer, Anne Schielke, Christopher Zeppenfeld
Topic: Social Behavior: Other, Public Choice: Other
Back to session: Environmental Economics

The Demand and Supply for Esteem: An experimental analysis

Hugh Sibly
University of Tasmania

ABSTRACT:

It has been argued that people value receiving esteem from others. If this is so, they may modify their behaviour in order to obtain it. In this case, how precisely do people value esteem, and are they willing to undertake costly actions simply to acquire it? Little is known experimentally of the exact way people give and seek esteem. In this paper present a theoretical model esteem seeking and then use a novel experiment to uncover these properties. The within-subject experiment was conducted in five stages. In each stages participants undertook a real effort task. Participants are paid with a piece rate for the real effort (the slider task, Gill and Prowse, 2012). However, after completion of the real effort task, participants are given the opportunity to purchase credits. The credits increase the participants score and reduce their income as follows: Score = the number of sliders correctly placed + any credits bought; Payment = the number of sliders correctly placed - any credits bought. Only the participant's score is reported to other participants. Other participants provide feedback on the participant's score on a Likert scale ranging from very bad to very good. We find that participants who demonstrate a low effort are more likely to purchase credits. But, given credits are purchased, the number of credits purchased increases with participant effort. Furthermore, such participants are more likely to purchase credits when facing a low scoring partner. Positive feedback (which can be thought of as esteem) is correlated with the participants score. The findings are consistent with the hypothesis that some people undertake costly actions to obtain positive esteem, and that participants preferring strong positive feedback.

Author(s): Paul Blacklow, Amy Beth Corman and Hugh Sibly
Topic: Decision Theory: Preferences, Social Behavior: Other
Back to session: Environmental Economics

Tra i Leoni: An Economic Measure of Superstitious Belief

Joshua Miller
Bocconi University

ABSTRACT:

Superstitious beliefs can generate stark behavioral patterns, which suggests that they may also have a meaningful impact on economic behavior. From the perspective of individual decision making, it is often unclear if these patterns of behavior should be attributed to strongly held superstitious beliefs. We identify a naturally occurring superstition that generates a stark and nearly universal behavioral pattern, yet whose strength is amenable to measurement. We design two field experiments and a laboratory experiment in order to determine if people are willing to incur a cost (qualitative and quantitative) to behave in accordance with their superstition, and if so, to also identify whether social conformity, rather than superstitious belief per-se, can explain their behavior.

Author(s): Joshua B. Miller, Tomasso Coen, Martin Dufwenberg, Giovanna Invernizzi, Edgard R. Oliveira
Topic: Field Experiments: General, Psychology and Biology: Other
On the motivational power of pride

Severine Toussaert
NYU

ABSTRACT:

We study the motivational power of pride, in particular the extent to which pride can be used to push people to persevere when they would otherwise quit. We investigate both theoretically and experimentally the psychological mechanisms that may reinforce or depress people's motivation to succeed when confronted with a challenge. We postulate that the motivation of an individual to succeed depends not only on his personal confidence that he can succeed (self-esteem) but also on his beliefs about the confidence of others in his success (social esteem). We investigate whether people will try harder to prove others wrong compared to proving them right. In the experiment, some subjects (the challengers) are given the challenge to stay off Facebook for one week for a prize of $Z, while others (the challengees) are asked to bet on their success or their failure after seeing their usage profile. In the Hidden Bet condition (HB), the bets made by challengers are kept private. In the Public Bet condition (PB), each challengee is informed about the bet of one challenger selected at random; all of this is common knowledge. We vary the size of $Z in HB in order to compute a monetary equivalent to the 'pride effect' in PB. Finally, in both conditions, we measure subjects' prior beliefs about success. We hypothesize that subjects will be more motivated to complete the challenge in the PB condition, especially if it is to prove others wrong. We anticipate that the strength of the 'pride effect' will depend on individual characteristics and prior beliefs.

Author(s): Teck Ho and Severine Toussaert
Topic: Social Behavior: Other, Applied Economics: Other

Preferences for Power

Elena Pikulina
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ABSTRACT:

In many social contexts the ability to decide or influence someone else's actions and outcomes is associated with positive externalities for the decision-maker, for example higher compensation for managers or public recognition for politicians. In this study we demonstrate that individuals enjoy power 'the ability to influence outcomes for others' by and of itself. They are willing to pay for power even when it does not provide any positive externalities for the decision-maker in terms of their own payoff. In fact, they are willing to trade a lower payoff for themselves in exchange for power. We show that individuals' preference for power are different than, and cannot be explained by, their social preferences, such as social welfare preferences, difference aversion, or competitive preferences.

Author(s): Elena Pikulina and Chloe Tergiman
Topic: Social Behavior: Other-regarding Preferences, Decision Theory: Preferences

To Pay or Not to Pay? Determinants of Unlawful Product Acquisition

Melanie Parravano
Newcastle University Business School

ABSTRACT:

We present a laboratory experiment that systematically investigates the determinants of acquisition behavior with a negative externality on a rights holder. We consider social and moral determinants of unlawful behavior as well as standard penalty and punishment risk trade-offs. We find that, while punishment risk and penalty size reduce unlawful behavior, they are not the only determinants that do. Moral determinants matter: there being a victim, and the victim deserving to be the rights holder, makes a difference. Social norms also matter: controlling for other variables, one point more of social appropriateness increase unlawful behavior by around 30-40%.

Author(s): Piers Fleming; Melanie Parravano; Daniel John Zizzo
Topic: Social Behavior: Lying and Cheating, Social Behavior: Norms and Morals
Back to session: Ethical Behavior 1

Deterring Unethical Behavior

Silvia Saccardo
Carnegie Mellon University

ABSTRACT:

Small-scale unethical behavior is widespread, with large economic consequences. Hence, understanding how to deter it is important. In experiments where participants can lie to achieve an economic advantage, we test Becker's (1968) model of deterrence by systematically varying the probability of and the fine associated with being audited. In all our experiments, lying decreases with the size of the penalty. For one-shot decisions, lying behavior is completely insensitive to changes in detection probabilities. However, when probabilities are experienced over time, participants lie less as the probability of detection increases. Overall, we find that for a given expected value of penalty, those with larger fines are more effective in deterring lying.

Author(s): Uri Gneezy, Katharina Laske, Silvia Saccardo
Topic: Social Behavior: Lying and Cheating

Deception: The Role of Uncertain Consequences

quazi shahriar
San Diego State University

ABSTRACT:
We study how decisions to lie extend to risky environments. We provide experimental evidence from a sender-receiver game where there is uncertainty over the amount by which a lie reduces its recipient's payoff, which is known only to potential liar. Even though all reduction amounts are equiprobable, we find that, unlike truth-tellers, most liars underestimate the extent of the actual harm and exploit this self-serving bias to lie substantially more in presence of the uncertainty. Subsequent treatments establish the bias by removing confounds like senders' risk-preferences and optimism bias. An intervention treatment nudging senders toward correcting the bias reduces lying.

Author(s): Quazi Shahriar, Subhasish Dugar, Arnab Mitra
Topic: Social Behavior: Lying and Cheating, N/A

Sin big or go home: A laboratory study on agent responsiveness to financial incentives and religious priming in real-effort and lying tasks

Jason Aimone
Baylor University

ABSTRACT:
Economic agents face many different types of economic incentives when making financial and moral decisions. Amongst these factors are personal responsiveness to monetary incentives and non-monetary incentives like religious and cultural norms, a sense of duty, career goals, a desire to 'affect change', etc. In this study we report on laboratory experiment that elicited financial and moral responsiveness to monetary incentives using two real-effort tasks varying in stake size as well as a two standard die-rolling/reporting lying tasks also varying in stake size. Additionally, we test and report on the causal effect of a religious/moral prime on behavior in the incentive responsiveness tasks.

Author(s): Jason A Aimone, Brittany Ward, James West
Topic: Social Behavior: Lying and Cheating, Social Behavior: Norms and Morals
Back to session: Ethical Behavior 2

Liar Liar: Experimental evidence of the effect of confirmation-reports on dishonesty

Danyang Li
Hofstra University

ABSTRACT:
We identify the effect of confirmation-reports on dishonesty using data from an experiment where subjects are asked to roll a die and report its outcome using either a self-report or confirmation-report mechanism. We find that relative to self-reports, confirmation-reports have a positive effect on the share of subjects who report honestly. The effect on the magnitude of lies told depends greatly on the accuracy of the pre-filled information on the confirmation-report. We argue that these results are driven by changes in the intrinsic costs of lying induced by the confirmation report.

Author(s): Danyang Li, Denvil Duncan
Topic: Social Behavior: Lying and Cheating, N/A
Back to session: Ethical Behavior 2

Deception under Time Pressure: Conscious Decision or a Problem of Awareness?

Tim Lohse
Berlin School of Economics and Law

ABSTRACT:
Time is a crucial determinant of deception, since some misreporting opportunities come as a surprise and require an intuitive decision while others allow for extensive reflection time. This paper provides experimental evidence on the role of the time dimension for dishonest decision-making. We conduct a laboratory experiment of self-serving deceptive behavior and exogenously vary the level of reflection time. We find that time pressure leads to more honesty compared to sufficient contemplation time. Moreover, dishonest subjects need more response time compared to honest subjects. In addition, we decompose misreporting into two components: first, the cognition process of the misreporting opportunity and, second, the conscious decision to misreport. This decomposition reveals that more reflection time increases awareness of the misreporting opportunity. However, it has no effect on the conscious decision of whether to misreport or not. Due to subjects' lack of awareness under time pressure we conclude that misreporting is not the intuitive response.

Author(s): Kai A. Konrad, Tim Lohse, Sven A. Simon
Topic: Social Behavior: Lying and Cheating, Decision Theory: Other
Back to session: Ethical Behavior 2

Culture, Conformity, and Risk Attitudes: An Experimental Analysis

Joanne Laban
RMIT University

ABSTRACT:
This paper investigates cultural differences in conformity in the context of risk attitudes. People from cultures that value conformity are expected to conform more to others than people from cultures that value individuality. Study One was a pilot study, comparing East Asian and British students. Study Two was intended to replicate the results from Study One, using a more diverse population of East Asians and white Australians, including non-students. Both studies consisted of salient lottery choice tasks, where the proportion of participants choosing each option from a control group was revealed to a treatment group. Study One revealed no difference in the distribution of East Asian
student choices between the control and treatment groups. However, the British students were inclined to choose against the majority of their peers. This behaviour is consistent with an individualist culture that places value on uniqueness. Study Two failed to replicate the results from Study One, with no significant differences between cultures or treatments. This may be due to the culturally diverse nature of the Melbourne population, where this study was run.

Author(s): Joanne Laban
Topic: Social Behavior: Norms and Morals, N/A
Back to session: Ethical Behavior 2

Guilt- and Shame-Aversion Together Increase Honesty

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ABSTRACT:
An extensive literature documents that providing the right incentives can reduce deception. We hypothesize that truthful communication can be promoted by the threat of ex-post disclosure (shame) and by letting down receivers' expectations (guilt), even in the absence of financial consequences or reputation concerns. We use 2X2 design. In a sender-receiver game the receiver can (not) detect a dishonest message and senders can (not) disappoint receivers' monetary expectations. Both manipulations separately have weak effects. But the combination of both effect increases honesty by a large extent. The effects are largely driven by male subjects.

Author(s): Adam Eric Greenberg, Paul Smeets, Lilia Zhurakhovska
Topic: Social Behavior: Lying and Cheating, N/A
Back to session: Ethical Behavior 3

The Spillover Effects of Affirmative Action on Competitiveness and Unethical Behavior

RITWIK BANERJEE
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ABSTRACT:
We conduct an artefactual field experiment to examine various spillover effects of Affirmative Action policies in the context of castes in India. We test a) if individuals who compete in the presence of Affirmative Action policies remain competitive in the same proportion after the policy has been removed, and b) whether having been exposed to the policy generates unethical behavior and spite against subjects from the category who has benefited from the policy. We find that these policies increase substantially the confidence of the lower caste members and motivate them to choose significantly more frequently a tournament paymentscheme. However, we find no spillover effect on confidence and competitiveness once Affirmative Action is withdrawn: any lower caste's gain in competitiveness due to the policy is then entirely wiped out. Furthermore, the strong existing bias of the dominant caste against the lower caste is not significantly aggravated by Affirmative Action.

Author(s): Ritwik Banerjee, Nabanita Datta Gupta, Marie Claire Villeval
Back to session: Ethical Behavior 3

Temptation, Cheating, and Workplace Opportunism: Experimental Evidence

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ABSTRACT:
This study presents an experiment designed to test the impact of temptation, and more specifically, self-selection into a tempting environment, on an individual's likelihood of engaging in dishonest behavior. In doing so, this experiment is the first of its kind to isolate the relationship between temptation and cheating as its primary focus, to create a control group for comparative purposes, and to be conducted without deceiving subjects. The experimental evidence shows that individuals who tempt themselves to cheat are more likely to cheat and, furthermore, the 'tempted' individuals are more likely to exhibit a greater variety and magnitude of cheating than individuals placed into the same opportunistic condition by factors outside of their control. The results have direct implications for workplace opportunism.

Author(s): Jennifer Pate
Topic: Social Behavior: Lying and Cheating, Social Behavior: Norms and Morals
Back to session: Ethical Behavior 3

Disguising selfishness with and without communication

Marco Kleine
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ABSTRACT:
In this project, we conduct an economic experiment to study the role of communication on the decision to disguise selfish behavior in front of others. To this end, we apply a modified dictator game in which dictators may shift the responsibility for an 'unfair' allocation to the outcome of a random draw. In two treatments, we vary whether disguising selfishness is possible through action only, or requires an additional explicit lie. We find that the frequency of disguised selfishness as well as overall giving behavior is unaffected by communication. Moreover, as inferred from the differences in subjects' response times between treatments, the decision to disguise selfishness seems to be psychologically easier with than without communication. Hence, neither decisions nor decision process measures hint at psychological costs of explicit lying when people decide whether to disguise selfish behavior in order to appear fair-minded in front of others.

Author(s): Marco Kleine
Topic: Social Behavior: Lying and Cheating, Social Behavior: Communication
**Policy Designed to Fail: Effects of Default Option and Information Complexity on Student Loan Defaults**

James C. Cox  
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**ABSTRACT:**

Student loan debt currently exceeds 1.2 trillion dollars. The program is seriously troubled: within five years of exiting school, roughly 25 percent of borrowers from the most recent (2009) cohort had already gone through deferment, forbearance and delinquency 1 and defaulted on their loans. For borrowers, a default affects credit scores, limiting access to future credit, and can adversely affect job prospects leading to further debt at higher interest rates. For lenders, these defaults increase loan-servicing costs and directly detract from a taxpayer-subsidized program’s solvency. Why is the default rate so high? We run an incentivized lab experiment to highlight the role information complexity, poor information about future earnings, and the default option play in borrowers' bad choices of student loan repayment plan. We show that despite the existence of better repayment plans, the majority of students choose, or are defaulted into, a dominated mortgage style repayment plan. Our research design highlights the role the student loan policy's information complexity plays in re-enforcing effects of its dominated default option in promoting loan payment default.

**Author(s):** Daniel M. Kreisman, James C. Cox, and Susan M. Dynarski  
**Topic: Applied Economics: Other, Public Choice: Other**

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**Discrimination, Gender and Effectiveness of Leaders**

Lea Heursen  
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**ABSTRACT:**

Effective leadership often requires 'buy in' from followers, particularly in settings with high levels of complementarity between individuals' effort. In such settings, a leader may be unsuccessful simply because those being led decide not to follow, perhaps because they believe others will not do so. Hence, the perception that a particular type of leaders such as a female one is less effective may be self-reinforcing, and women may, in fact, be less effective by nature as a result. This may provide an additional interpretation for the glass ceiling, whereby women are not promoted because they will not be followed even if they are equally competent leaders as men. This conjecture is supported by recent experimental studies that produce suggestive, though inconclusive findings, on the causal link from discrimination at the level of followers to the ineffectiveness of female leadership (Grossman et al. 2016; Reuben and Timko 2016). We conducted a large-sample laboratory experiment using a minimum-effort coordination game, to identify whether followers' discrimination against female leaders yields systematic performance differences between groups that are led by women and groups that are led by men. In our gender visible condition, subjects observed a picture of the leader while receiving messages requesting coordination. To control for the possibility of differential leadership styles, we also conducted a gender invisible condition in which pictures were absent. Deliberately, we designed an environment in which biases and discrimination at the level of individual decision making, or the expectation of such biases, can have a large impact on group outcomes. Negative perceptions of leadership effectiveness can be self-reinforcing due to multiple equilibria in the underlying stage game. Using an Implicit Association Test, we document that subjects generally associate leadership with men more than with women. Our main finding is that women and men are equally effective leaders in our environment, both when their pictures are visible and when they are not. Thus, we find that men and women are equally competent as leaders and there are no systematic biases in the tendency to follow male versus female leaders when their gender is visible. Consequently, groups that are led by women and groups that are led by men perform equally well, on average. The relatively strong individual biases in associating leadership with men in our large sample of followers does not aggregate into worse group outcomes under female leadership.

**Author(s):** Lea Heursen, Eva Ranehill, Roberto A. Weber  
**Topic: Social Behavior: Group Behavior, Games: Coordination**

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**An Experiment on Status and Impunity**

Diego Aycinena  
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**ABSTRACT:**

Individuals with high status often receive different treatment, and the rules seem to not apply to them. This could be because the underlying social norms are different than for low-status individuals. It could also be that the same norms apply, but that these norms are not enforced for high-status individuals. This project examines how differences in status among members of a group may be related to different social norms or differentials in the application and enforcement of norms. We run a laboratory experiment in which we exogenously manipulate status levels, and determine if the willingness to punish behavior depends on the status level of the perceived offender. We also elicit social norms to determine whether prevailing norms differ.

**Author(s):** Diego Aycinena, Lucas Rentschler  
**Topic: Social Behavior: Norms and Morals, Social Behavior: Other-regarding Preferences**

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**Do Saving Promotion Interventions Help Alleviate Poverty in Sub-Saharan Africa? A Systematic Review and Meta-Analysis**

Janina Steinert  
University of Oxford

**ABSTRACT:**

Saving promotion interventions have gained momentum in international development over the recent years. Our analysis investigates whether saving promotion can effectively reduce poverty and economic hardship in Sub-Saharan Africa. In an extensive database search, 9330 records were screened and 27 randomised controlled trials on saving promotion interventions fulfilled the inclusion criteria. Robust-variance estimations of pooled effect sizes show small but significant impacts on poverty reduction, including...
increases in household expenditures and incomes, higher returns from family businesses, and improved food security. They also show positive impacts on more intermediate outcomes including total savings, pro-saving attitudes, financial literacy, and investments in small-scale family businesses. We do not show significant effects on assets, housing quality, education, or health. Results from a meta-regression tentatively favour formal banking programmes over other programme types. Further, meta-regression reveals that intervention effects are significantly larger for male programme participants and considerably reduced with longer follow-up periods. More generally, findings from our analysis suggest that saving promotion schemes are highly relevant in reducing poverty in Sub-Saharan Africa, and that formal banking services in particular require adaptation to the needs of the poor.

ABSTRACT:

Author(s): IL Steinert, J Zenker, U Filipiak, A Movsisyan, Y Shenderovich, I Claver

Preferences, beliefs, and technology adoption: Evidence from Uganda's maize farmers

Jessica Hoel
University of Michigan

ABSTRACT:

We study technology adoption in a context where products are sometimes counterfeit. In addition to the risk introduced by the presence of herbicide counterfeiting in Uganda, maize farmers additionally face ambiguity because the rate of counterfeiting is largely unknown. Willingness to pay could depend not only on risk and ambiguity preferences, but also the spread and distribution of beliefs about the rate of counterfeiting. Using data from a standard household survey and an artefactual field experiment (lab-in-the-field games), we adopt the smooth model of decision making under ambiguity to study the relative importance of preferences and beliefs in technology adoption. We find that the variance of beliefs is the most important predictor of herbicide use. Were policy makers to simply inform farmers in this sample about the true rate of counterfeiting in the area, the model predicts herbicide use would improve by 7 percent.

Author(s): Daniel Gilligan, Jessica B. Hoel (presenter), and Naureen Karachiwalla
Topic: Decision Theory: Beliefs, Decision Theory: Ambiguity
Link: https://www.dropbox.com/s/zb63wwvwe0boq7g/Pref_Belief_Tech_2017apr14_ahb.pdf?dl=0

Gender differences in repayment of micro loans and cooperation: evidence from matrilineal, patriarchal and gender-neutral societies

sandra maximiano
Purdue University

ABSTRACT:

Research suggests that gender differences in simple competitive tasks are fueled by differential nurturing among men and women. We investigate whether such differences might hold if the nature of the task itself has elements of cooperation and competition as well as familiarity. Thus, we employ an experiment involving participant decision to repay in a joint liability-based microcredit lending game. We recruit male and female subjects from matrilineal, patriarchal, and gender-neutral societies and find that women have a greater willingness to contribute to group repayment in every society. Thus, women appear to be more cooperative than men independent of their different nurturing.

Author(s): Sandra Maximiano, Sandra Maximiano.S. M. Zahid Iqbal, Abu Zafar M. Shahrir
Topic: Psychology and Biology: Gender and Individual Differences, Field Experiments: General

Legal Restrictions and International Currencies: An Experimental Approach

Shuze Ding
Indiana University

ABSTRACT:

This paper integrates theory and experiments to explore how legal restrictions affect the international role of a currency. The search theoretic model provided in this paper follows the framework proposed by Lagos and Wright (2005) and further developed by Zhang (2013). We study two implementations of legal restrictions in our monetary experiment: restrictions on sellers' foreign currency acceptance decisions and changes in sellers' fixed cost to accept foreign currencies. Our experimental results show that when there is no restriction on sellers' foreign currency acceptance decisions, that is every seller is free to accept the foreign currency, quantities traded in the decentralized market are significantly larger, and there are more trades involving two types of money. However, when we reduce the fixed cost for sellers to accept foreign currency, we do not see any significant changes, even though these two treatments lead to the same theoretical predictions.

Author(s): Shuze Ding, Daniela Puzzello
Topic: Psychology and Biology: Gender and Individual Differences, Field Experiments: General

Monetary Policy Rules in a Non-Rational World: A Macroeconomic Experiment

Felix Mauersberger
Universitat Pompeu Fabra

ABSTRACT:

I introduce a new learning-to-forecast experimental design, where subjects in a virtual New-Keynesian macroeconomy based on Woodford (2013) need to forecast individual instead of aggregate outcomes. This approach is motivated by the critique of Preston (2005) and Woodford (2013) that substituting arbitrary forms of expectations into the reduced-form New-Keynesian model (consisting of the 'DIS' equation, the 'Phillips curve' and the 'Taylor' rule) is inconsistent with its microfoundations. Using this design, I analyze the impact of different interest rate rules on expectation formation and expectation-driven fluctuations. Even if the Taylor principle is fulfilled, instead of quickly
Wage earners, home makers, and gender identity. Experimental evidence on labour division in couples

Luise Goerges
Universitaet Hamburg

ABSTRACT:
Heterosexual spouses' frequent decision to practise a form of traditional labour division, i.e. husbands supply more labour to the market than wives, contributes to the stagnation of gender gaps in economic outcomes. Couples' reluctance to reverse roles and choose a progressive labour divisions may be due to gender norms. Since the theoretical predictions derived from a standard collective model of family time allocation incorporating 'identity utility' cannot easily be tested using micro and survey data, I propose a simple test for the laboratory. Subjects are real heterosexual couples who play a specialisation game with their partner, a randomly selected stranger of the opposite sex, and a computer. Preliminary results indicate: The probability that real couples choose an income maximising labour division decreases when the female partner is more productive than the male. Since income maximisation in these couples would require choosing a progressive labour division, with the female partner as wage-earner and the male partner as homemaker, identity concerns appear to influence the decision. This conclusion is supported by the finding that, when paired with a stranger or a computer, the gender of the more productive partner is no longer relevant. It seems that couples are more strongly motivated by the desire to avoid a violation of traditional gender norms, even when this is costly. I interpret this as couples' willingness to pay for gender identity.

An experimental investigation of factors influencing risk allocation decisions

Percy Mistry
UC Irvine

ABSTRACT:
We investigate how people allocate a limited set of resources between multiple prospects with differing risk-reward profiles, to construct a portfolio. In a set of experiments, we manipulate various features of the choice set, including second order stochastic dominance, domain, skew, and correlation between prospects. We also introduce a framing of outcomes in tandem with varying degrees of transaction costs. The framing effects are expected to nudge portfolio choices towards increasing or decreasing risk, based on a theory of differential mental accounting of transaction utility. We propose that choice bracketing, whether people evaluate prospects in a segregated manner or as an aggregated portfolio, can significantly affect behavior. To formalize this, we develop a set of behavioral models of portfolio choice that combine descriptive and normative economic models (e.g. cumulative prospect theory, modern portfolio theory) with cognitive process accounts (e.g. mental accounting, diversification bias, safety versus aspirational bias), and implement them within a Bayesian hierarchical inference framework. We find that the propensity to evaluate choices at an aggregate portfolio level increases with greater internal locus of control of participants. However, at an overall level, people have a significantly stronger preference for evaluating prospects on a segregated basis. The resulting portfolios are quite distant from the mean-variance efficient frontier prescribed by modern portfolio theory. Further, we observe that risk tolerance, as measured under the mean-variance optimization framework, is highly contextual, rather than a stable personal trait. Similarly, the distance of choices from the mean-variance efficient frontier depends on the nature of the choice set rather than individual traits. Interestingly, we also find that traditional measures of risk aversion are in fact linked to the level of diversification bias that people have, but that there is no evidence for naive diversification. People’s preferences come closest to being accounted for by a security-potential-aspiration theory, where people balance dual objectives of safety and value. This model provides a better account of behavior compared to cumulative prospect theory, or mean-variance optimization models. We find that susceptibility to transaction utility framing effects is highly heterogeneous, and is moderated by risk congruency, the degree of dissonance between self-expressed and elicited risk propensity. Depending on risk congruency, participants either under-weigh or over-weigh outcomes that are reframed in terms of transaction costs, resulting in a wide range of behavioral responses to these nudges. This has implications for the impact of transaction costs and incentive framing in situations where individuals face a conflict in terms of their perceived and experienced risk preferences, either because of internal miscalibration, or because of externally imposed risk preferences.

Fairness Perceptions and Preferences for Fair Procedures

Robert Schmidt
Faculty of Economics and Social Sciences - University of Heidelberg

ABSTRACT:
We conduct a series of laboratory experiments to study perceptions of fairness and preferences for fair procedures. Specifically, we study allocation situations in which a decision maker allocates resources between several agents. Outcome inequality cannot be avoided, but the allocation procedure may be fair. We study the perception of procedural and outcome fairness in this setting, and the reaction to different allocation procedures by the decision maker and the affected agents. We find that recipients' perceptions of process fairness and outcome fairness are more robust to variations in the allocation mechanism when they receive favorable outcomes and less robust when they receive unfavorable outcomes. Moreover, we find that a majority of more than 70% of decision maker are intrinsically motivated to apply fair procedures, though they are price sensitive when the implementation of a fair procedure is costly.
Self-serving Bias in Forming and Updating Beliefs of Descriptive Social Norms and Its Behavioral Implications

Wenbo Zou
Nankai University

ABSTRACT:

We study beliefs of extensive social norms when people face trade-offs between honesty and material gains, how they process objective information regarding others' behavior to update their beliefs, and its implications for the information's impact on choices. Subjects in the role of making the tradeoff choices believed a higher proportion of others would lie to gain more payoffs, compared to observers in control. When facing the tradeoff themselves, subjects observing someone acting honestly did not respect the strength of these signals, were far less predictable in their updating behavior, and did not change decisions concerning whether and how much to lie subsequently. In response to news that someone had lied, inference conformed more closely to Bayes' Rule, both in accuracy and precision; lies increased subsequently both in the same task and another similar but different task. Such asymmetry in updating and choice response mostly came from those who chose to lie initially. Signal direction did not affect updating behavior of observers in control, and the asymmetry in choice response is also less pronounced with observers. We conclude that the results are consistent with a theoretical model with norm-violation disutility and self-serving bias in forming and updating beliefs of extensive social norms. The self-serving bias here is an example of confirmation bias driven by direction, and offers a partial explanation of the other finding in this study that dishonesty has a stronger contagious effect than that of honesty.

Author(s): Wenbo Zou; Haiying Qin
Topic: Social Behavior: Norms and Morals, Social Behavior: Lying and Cheating

Heterogeneous Fairness Beliefs

Marcel Preuss
Universitaet Mannheim

ABSTRACT:

How are fairness views regarding inequality shaped by individual success and income? According to existing research, the majority of people consider inequality as fair if it is due to differences in choices or effort but unfair if it is due to factors beyond individual control, such as luck. Based on these findings, I ask whether people also take into account the likelihood of luck affecting income and distinguish between different degrees thereof. Further, both behavioral and rational learning arguments suggest that if there is uncertainty about the exact probability of (bad) luck in a task, subjects who successfully complete a task will underestimate it while those who fail will overestimate the probability. Consequently, high income people are predicted to support redistribution the least. In the experiment, participants' earnings are determined through both their performance in a real effort task and random income shocks that occur with a probability which is constant within a treatment but varies across treatments. Subsequently, participants redistribute income between a group of other participants without knowing whether a shock has affected any of the group member's income. By revealing the probability of a shock to participants only in some but not all treatments, we can observe whether differences in the willingness to reduce inequality between rich and poor are indeed due to biased beliefs.

Author(s): Marcel Preuss
Topic: Social Behavior: Other-regarding Preferences, Decision Theory: Beliefs

The impact factors: Incentivizing Domain experts to contribute to Wikipedia

Yan Chen
The University of Michigan

ABSTRACT:

Wikipedia is among the most important information sources the general public uses to find out about a wide range of topics. While many Wikipedia articles are useful, articles written by enthusiasts instead of experts can be inaccurate, incomplete, or out of date. Motivating domain experts to evaluate and contribute to Wikipedia articles has the potential to improve the accuracy and completeness of these articles and make Wikipedia a more reliable source of knowledge. This study investigates the extent to which different incentives might motivate domain experts in economics to contribute to Wikipedia by conducting a randomized field experiment. We select domain experts from members of the REPEC community who have had at least six publications in English. We implement a 3^2 factorial design, which examines the incentives which might motivate scholars to contribute to Wikipedia. The first factor is the strength of private benefit through likelihood of citation and public acknowledgement, whereas the second factor pertains to the number of views an article receives. Once an expert indicates interests, we send a list of Wikipedia articles, each of which matches one of the expert's publications. We find that experts are significantly more interested in contributing when citation benefit is mentioned, whereas a higher number of views by itself does not induce more interests. The highest interest comes from a combination of citation benefit and a high number of views. In the second stage, the most significant factor which predicts the quantity of contributions is the cosine similarity between the Wikipedia article and the expert's paper. We also find that actual number of views of an article significantly increases contribution.

Author(s): Yan Chen, Rosta Farzan, Robert Kraut, Iman YeekehZaare, Ark Fangzhou Zhang

Prosocial Behavior and the Good Samaritan: A Field Experiment in China

Lisha Liu
Cornell University

ABSTRACT:

In today's world large cities have become conglomerations with multiple origins and one-shot interactions between strangers play a vital role in people's daily life. Prosociality,
as a mechanism of 'group mindedness', fosters cooperation in larger groups where cooperation benefits the society as a whole. However, another well-known social mechanism, homophily, predicts that people can be more likely to help a stranger who appears to be similar to themselves through perception of homophilous association. We explore through field experiments in urban China at the street-level the tension between homophilous association and 'good Samaritan' prosociality in the inclination to help a stranger because the perception of someone else in need of assistance. We find that human tendency for empathy towards an anonymous other in need of help can extend beyond one's local group. However, resource constraints seem to strengthen group boundaries and undermine the likelihood of prosocial behavior to be extended to certain migrant groups.

ABSTRACT:
We present results from the first study to examine the causal impact of early childhood education on social preferences of children. We compare children who, at 3-4 years old, were randomized into either a full-time preschool, a parent- ing program with incentives, or to a control group. We returned to the same children when they reached 6-8 years old and conducted a series of incentivized experiments to elicit their social preferences. We find that early childhood education has a strong causal impact on social preferences several years after the intervention. Importantly, we find that attending preschool makes children more egalitarian in their fairness view and that the parenting program enhances the importance children place on efficiency relative to fairness. Our findings highlight the importance of taking a broad perspective when designing and evaluating early childhood educational programs, and provide evidence of how differences in institutional exposure may contribute to explaining heterogeneity in social and economic outcomes in society.

Author(s): Adrian Bruhin, Lorenz Goette; Simon Haenni, Lingqing Jiang, Adrian Roethlisberger, Alexander Markovic, Regula Buchli, Beat M. Frey

The sting of rejection: Turning away blood donors reduces future motivation

Adrian Bruhin
University of Lausanne

ABSTRACT:
Voluntary blood donations are a textbook example of prosocial behavior in the real world, as donors bear the personal costs of giving their blood without receiving any material compensation. Yet, most developed countries have the personal costs of giving their blood without receiving any material compensation. Yet, most developed countries rely on voluntary blood donations as an indispensable basis for many medical procedures (Slinom et al., 2014). There exists a growing literature about the effects of incentives and other interventions aimed at promoting donor motivation (Ferrari et al., 1985; Reich et al., 2006; Lacetera & Macis, 2010; Godin et al., 2012; Lacetera et al., 2013, 2014; Goette & Stutzer, 2008; Goette et al., 2010; Bruhin et al., 2015a, 2015b). However, little is known about the potentially detrimental impact of being rejected from donating blood on the prosocial motivation to donate in the future. Individuals attempting to donate blood are frequently rejected for various reasons. One major reason, accounting for almost a quarter of all rejections, is that the on-spot-measurement of their red blood cell count (HB value) falls temporarily short of a predefined cutoff, that is intended to guarantee the quality of the blood products. Individuals may perceive such rejections as a form of social exclusion which not only leads to decreased self-esteem (Baumeister et al., 1995; Nezlek et al., 1997) and social pain (Eisenberger et al., 2002) but can also trigger anti-social reactions (Gerber & Wheeler, 2009). Thus individuals may react to being rejected with a lower motivation or even a complete refusal to donate in the future. We investigate this question using a quasi-experiment with 89,312 registered donors who were invited to blood drives in the canton of Zurich, Switzerland between 2009 and 2014. The predetermined rejection-cutoff for HB values creates a discontinuous variation in the probability of being rejected due to an insufficient HB value, which is uncorrelated with unobserved factors that affect donor motivation within a certain range of HB values. This discontinuity allows us to identify the causal effect of HB-rejections on donor motivation using a fuzzy regression discontinuity design (Angrist & Fischke, 2008). We find different behavioral reactions to HB-rejections between female and male donors. Female donors do not react to the first HB-rejection. However, after any repeated HB-rejection, they are 13.53 percentage points (p-value < 0.001) less likely to make at least one donation attempts over the next 18 months following the last HB-rejection and make 0.389 fewer donation attempts (p-value < 0.001), compared to the first HB-rejection. In contrast, male donors already react to the first HB-rejection. They are 5.32 percentage points (p-value: 0.139) less likely to make at least one donation attempt over the next 18 months and make 0.227 (p-value: 0.018) fewer donation attempts following an HB-rejection. After any repeated HB-rejection, they are 13.30 percentage points (p-value: 0.004) less likely to make at least one donation attempt and make 0.152 (p-value: 0.308) fewer donation attempts following the last HB-rejection, compared to the first HB-rejection. These results show that HB-rejections have a strong and detrimental impact on the prosocial motivation to donate in the future, especially if they occur repeatedly. This suggests that avoiding false HB-rejections and helping donors to better cope with rejections could help to maintain the pool of motivated donors. More broadly, the results also suggest that prosocial motivation reacts strongly to events that can be perceived as a form of social exclusion.

Author(s): Adrian Bruhin, Lorenz Goette; Simon Haenni, Lingqing Jiang, Adrian Roethlisberger, Alexander Markovic, Regula Buchli, Beat M. Frey

Charitable Giving and Socioeconomic Status: Experimental Evidence

Mariana Blanco
Universidad del Rosario

ABSTRACT:
In spite of the growing literature about charitable giving, little is known about donors behavior in developing countries. Additionally, while the literature had tried to understand the relationship between donations and income, household income is not easy to identify. We address both issues using a lab experiment in Bogota. We exploit the fact that Bogota is divided into six strata which are correlated to household income. We ran a double-blinded dictator game where the recipient was the charity TECHO Colombia instead of an anonymous counterpart. We twist the design in order to identify the stratum of each donor and match that information with the amount donated. This allows us to compare donations with strata. Our results suggest that participants from lower strata tend to donate a larger amount of their endowment. However, looking at the amount donated as a proportion of the household income of the participants, those from higher strata donate a proportion significantly lower than the rest of the sample.

Author(s): Mariana Blanco & Patricio Dalton

The Effect of Early Education on Social Preferences

Anya Samek
University of Southern California

ABSTRACT:
We present results from the first study to examine the causal impact of early childhood education on social preferences of children. We compare children who, at 3-4 years old, were randomized into either a full-time preschool, a parent- ing program with incentives, or to a control group. We returned to the same children when they reached 6-8 years old and conducted a series of incentivized experiments to elicit their social preferences. We find that early childhood education has a strong causal impact on social preferences several years after the intervention. Importantly, we find that attending preschool makes children more egalitarian in their fairness view and that the parenting program enhances the importance children place on efficiency relative to fairness. Our findings highlight the importance of taking a broad perspective when designing and evaluating early childhood educational programs, and provide evidence of how differences in institutional exposure may contribute to explaining heterogeneity in social and economic outcomes in society.

Author(s): Alexander Cappelen, John List, Anya Samek, Bertil Tungodden

Back to session: Field Experiments in Social Preferences 1
Are the rich more selfish than the poor, or do they just have more money? A natural field experiment

Jim Andreoni
UCSD

ABSTRACT:
The growing concentration of resources among the rich has re-ignited a discussion about whether the rich are more selfish than others. While many recent studies show the rich behaving less pro-socially, endogeneity and selection problems prevent safe inferences about differences in social preferences. We present new evidence from a natural field experiment in which we

Author(s): James Andreoni, Nikos Nikiforakis, Jan Stoop
Topic: Social Behavior: Other-regarding Preferences, Field Experiment: General

Complicity without Connection or Communication

Georgia Michaelidou
Nottingham

ABSTRACT:
null

Author(s):

Talking about quotas

Orsola Garofalo
Copenhagen Business School

ABSTRACT:
The board of directors provide valuable corporate activities, such as monitoring of executives and provision of specialized skills and resources, which are key to corporate success. In order to provide those services more effectively, the board members have to cooperate (e.g. within subcommittee teams) to execute various tasks. As such, it is important to understand the micro-level mechanisms that, by improving cooperating among directors, can increase board effectiveness. The passage of gender quota policies in recent years has sparked an important policy and academic debate on directors’ activities. Gender quotas are radically changing the structure of boards, and the literature is seeking to understand how those changes can shape board functioning and thus firm outcomes. In this literature, a common approach has been to explore the effect of board quota promotions using firm-level data. These studies offer reduced-form evidence of how quotas can influence board functioning. However, to understand better the mechanisms through which the introduction of quotas affect companies, it is important to study how communication between board members promoted via different selection schemes (e.g., quota selection vs. performance-based selection) influences the cooperation in the board of directors. More specifically, we plan to investigate if communication between boards containing an assortment of individuals promoted with and without quotas would experience better or worse cooperation attitude than the same board when communication is not allowed. The results of this paper can provide valuable guidance to entrepreneurs and business owners on how to design board structures that minimize risk of conflicts and increase task effectiveness.

Author(s): Mario Daniele Amore and Orsola Garofalo
Topic: Social Behavior: Group Behavior, Social Behavior: Communication

Gender Differences in Public Good Contributions by Competitive and Group Work Environments

David Wozniak
Eastern Michigan University

ABSTRACT:
Using a between-subjects experiment, the effects of competitive and cooperative work in the lab are compared for subsequent public good investments with third parties. Individuals were assigned to competitive or shared group output environments. Public good contributions following the tasks were greater for group work than for competitions, but this difference was driven by females contributing less after competitive tasks than after group tasks. When participants were given a choice between piece rate, competition, or group pay, females who chose group pay gave the most to the public good. The results suggest that the type of compensation and type of work environments may have a greater impact on contributions by women than for men.

Author(s): David Wozniak
Lying, Loss Aversion, and Probability
Pierre Norbert
Treasury

ABSTRACT:
TBA

An Experimental Test of Portfolio Choice with Non-tradable Risk
Diego Pulido
McGill University

ABSTRACT:
This paper reports the results of a laboratory experiment on the effect of non-tradable risk, in the form of risky income, on investment choices. Consistent with theoretical predictions, we find that the chosen level of portfolio risk is positively correlated with the present value of expected income. Controlling for market history, we find that portfolio risk choices are negatively correlated with the degree to which income is risky and to the degree to which income is correlated with financial returns in the market. Our experiment is the first to empirically test theoretical predictions for portfolio choice in a repeated investment game.

Author(s): Diego Pulido, Jim Engle-Warnick, Marine de Montaignac
Topic: Markets: Finance, Decision Theory: Risk
Link: https://drive.google.com/file/d/0B76F75V3n_s_RERESnBNWVNFTmM/view?usp=sharing

Portfolio allocation under the loss limitation
Zuzana Brokesova
University of Economics in Bratislava

ABSTRACT:
Retirement savings portfolio allocation has been under ongoing theoretical and empirical consideration in economic literature. Investment strategy of retirement savings represents a long-term decision with substantial effect on the retirement wealth. However, empirical findings conclude that individuals fail in such decisions. Therefore, policy makers in many countries try to avoid insufficient retirement income and offer a guaranteed retirement income. These policies introduce a substantial level of moral hazard into individuals' portfolio allocation decisions by the limitation of the potential loss. We use a laboratory experiment to investigate the reaction to presence of a 50 percent loss limitation on the net return to a fund of three risky assets. The experimental design follows the 'low-frequency' design of the investment decision task pioneered by Gneezy and Potters (1997). Subjects allocate their portfolio between a fund of three risky assets and cash. We conduct four separate treatments. In the no-limit/limit (NL) treatment, subjects participate in three (investment) decisions without limited losses, followed by three decisions with limited losses. In the no-limit/no-limit (NN) treatment, subjects participate in six decisions without limited losses. In the limit/no-limit (LN) treatment, subjects participate in three decisions with limited losses, followed by three decisions without limited losses. Finally, in the limit/limit (LL) treatment, subjects participate in six decisions with limited losses. We found different, however counterintuitive investment decisions among subjects.

Author(s): Jana Peliova, Zuzana Brokesova
Topic: Applied Economics: Other, Markets: Finance

The Impact of Sleep and Time-of-day on Outcomes in a Global Experimental Asset Market
Ananish Chaudhuri
University of Auckland

ABSTRACT:
Traders in global markets operate at different local times-of-day. Suboptimal times-of-day may produce sleepiness due to daily variations in sleep/wake patterns and possibly also increased accumulation of hours awake. Global asset markets imply significantly increased heterogeneity in circadian timing, and likely sleepiness, of trader decisions compared to localized markets. We examine these factors by administering single-location and global sessions of an online asset market experiment that regularly produces valuation bubble and crash events. Global sessions involved real time trades between subjects in two locations 16 time zones apart (i.e., global markets) and at varied local times of day across sessions. We find asset market bubbles occur in all sessions, but global markets had significantly more extreme and longer duration valuation bubbles. Additionally, subjects at the most suboptimal times-of-day held significantly more asset shares in their portfolios in late trading rounds compared to other subjects a risky strategy with overvalued shares. Overall, our results highlight a unique but underappreciated factor present across traders in global market environments. They also point to the importance of a relatively common cognitive state (i.e., suboptimal time-of-day) in attempting to understand trader behavior and, ultimately, market outcomes.

Author(s): David Dickinson, Ananish Chaudhuri and Ryan Greenaway-McGrevy
Topic: Markets: Finance, Markets: Industrial Organization

An Experimental Study of Bond Market Pricing
Matthias Weber
Bank of Lithuania and Vilnius University

ABSTRACT:
An important feature of bond markets is the relationship between initial public offering prices and the probability of the issuer defaulting. First, this probability affects bond prices. Second, IPO prices determine the default probability. Though the market equilibrium has been shown to predict well for other assets, it is a priori unclear whether markets will yield competitive prices when such interaction with the default probability occurs. We develop a flexible bond market model that is easily implemented in the laboratory and examine how subjects price bonds. We find that subjects learn to price bonds well after only a few repetitions.

Author(s): Matthias Weber, John Duffy, and Arthur Schram
Topic: Markets: Finance, Markets: Other
Link: http://papers.tinbergen.nl/16059.pdf
Back to session: Financial Behavior 1

Mitigating bubbles with intrinsic value nudging: An experimental approach

Regev Bar
RMIT

ABSTRACT:
Stock market bubbles are known to cause economic and financial disruption. Previous research has explored factors contributing towards the formation of bubbles, however, the effectiveness of bubble mitigation strategies is under researched. We hypothesise that by employing a nudging technique, alerting respondents to deviations between trading prices and intrinsic value of the assets, trading prices will converge to intrinsic value, thus averting bubble formation. An experimental continuous double auction market is employed to test this hypothesis. We find that nudging impacts bubble formation characteristics: amplitude, normalised absolute deviation and turnover are reduced, and asset prices trade closer to their intrinsic values. These results demonstrate that deviations from intrinsic values can be attributed to individual choices, and speculative tendency rather than to a lack of information. Nudges that provide traders with the intrinsic value are therefore an effective and easily applicable technique to mitigate bubble formations by reducing the participants' speculative behaviour.

Author(s): Regev Bar
Topic: Markets: Auctions, Markets: Finance
Back to session: Financial Behavior 2

Performance evaluation and herd behavior in a laboratory financial market

Mei Gao
Zhejiang University

ABSTRACT:
Performance evaluation is an important factor affecting the behavior of fund managers. In this paper, we consider the effect of performance evaluation on the herd behavior of fund managers in a laboratory financial market. In this experiment, subjects acting as fund managers receive imperfect private information concerning fundamental stock value, which they then trade in sequence with a market maker. We include four treatments that differ in the use of relative or absolute performance evaluation and whether trading prices are fixed or with previous order flow updated. We find that when prices are flexible, subjects disregard their private information and herd less frequently than when the price is constant. The experimental results also reveal that when price is fixed, subjects evaluated by relative performance tend to 'go with the flow' to reduce any price deviation from their peers. However, when price is flexible, herd behavior almost disappears under relative performance evaluation. We argue that this is because the increasing trading costs squeeze the net profit of follow-up imitators and in doing so reduce their performance ranking. Overall, the likelihood of rational decisions under relative performance evaluation is higher than under absolute performance evaluation.

Author(s): Mei Gao, Xiaolan Yang, Yun Wu, Xuejun Jin
Topic: Markets: Finance, Games: Information
Back to session: Financial Behavior 2

Herding and Contrarianism: A Matter of Preference

Chad Kendall
University of Southern California

ABSTRACT:
Herding and contrarianism in financial markets produce informational inefficiencies as investors ignore their private information, instead following or bucking recent trends. I theoretically establish a preference-based link between the two behaviors: investors with prospect theory preferences follow one of the two strategies generically, depending only upon the relative strengths of their utility curvature and non-linearity in decision weights. A laboratory experiment provides strong evidence in support of the model's theoretical predictions and shows that herding investors are by far more common than contrarians. A calibration using actual market data shows that these herding investors will forgo substantial returns.

Author(s): Chad Kendall
Topic: Markets: Finance, N/A
Back to session: Financial Behavior 2

Costly Information Acquisition, Social Networks and Asset Prices: Experimental Evidence

Yohanes Eko Riyanto
Nanyang Technological University

ABSTRACT:

Author(s): Yohanes Eko Riyanto
Topic: Markets: Finance, N/A
Link: https://www.sites.google.com/site/chadwkendall/home/files/kendall-ptherding.pdf?attredirects=0
Back to session: Financial Behavior 2
ABSTRACT:
We design an experiment to study the implications of information networks for the incentive to acquire costly information, investors' earnings and asset price characteristics in a financial market. Social communication crowds out information production as a result of individuals' incentives to free ride on the signals purchased by their neighbors. Although information exchange among traders enhances the ability of asset prices to reflect the aggregate amount of information in the market, it fails to improve the propensity of prices to reveal the underlying state of nature. Net earnings are higher with information sharing due to reduced acquisition of costly signals.

Author(s): Edward Halim, Yohanes E. Riyanto, and Nilanjan Roy
Topic: Markets: Finance, N/A

Strategic Rational Inattention? An Experiment on Product Search with Hidden Costs

Svenja Hippel
MPI Collective Goods, Bonn

ABSTRACT:
We study experimentally whether subjects are strategically inattentive in product search and how sellers can react to this. In the strategic interaction the buyer's product search reveals private information about his valuation of the products to the seller. In this setting the buyer might be better of being inattentive. Our paper provides an experimental test for the growing literature on strategic rational inattention (e.g., Roessler, Szentes, forthcoming; Condorelli, Szentes, wp 2016). As a simple example, imagine a buyer who is looking for a specific glass (e.g., with a hexagonal bottom, a volume of 0.3 liters out of blue-colored glass, ...) on a flea market. He meets a seller who offers a large amount of glasses and the buyer can now describe the cup to the seller. Given that prices are often times not fixed in this environment, the seller can use this description. A glass matching a very detailed description is probably of high value to the buyer and the seller can set a high price, extracting a high rent. Thus, the buyer might be better of using less details in the description (e.g., only asking for blue-colored cups). While the buyer might then be less likely to get the exact cup he is looking for, he might still find a reasonable close one and to a much lower price - thus securing himself a better deal overall. This simple setup translates to e-commerce platforms. Enhanced technological possibilities increasingly give online sellers options of product personalization working with real time search data of consumers. Further, consumers might directly reveal information by specifying their search (e.g., through setting filters on a booking website). While search platforms can often not directly influence prices, reordering of offers or similar measures might lead to a similar effect. In this paper we explore this setup both theoretically, and experimentally. In a one-shot interaction with rational players the theoretical predictions are straightforward. Buyers choose an intermediate level of search and thus stay inattentive and the seller sets the monopoly price. The setup gets more intricate with repeated interaction and allowing for naïve consumers. If buyers are not aware that search reveals information to the seller and consequently search too much, sellers might extract rent by setting high prices. However, given the repeated interaction, they might have to conceal or shroud their pricing strategies in order not to tip of the consumer. First experimental results show that indeed buyers initially search too much. However, if the pricing behavior of the seller is too obvious (e.g., very high prices following too much search), buyers very quickly learn this and reduce their search behavior to levels closer to equilibrium play.

Author(s): Adrian Hillenbrand, Svenja Hippel
Topic: Markets: Industrial Organization, Games: Information

Bayesian-Nash revealed

Arthur Dolgopolov
George Mason University

ABSTRACT:
This paper analyzes collective outcomes in static games with incomplete information from a revealed preference perspective. A collective choice function is Bayesian-Nash Rationalizable if the observed choices are the only Bayesian-Nash equilibria. The paper provides criteria for the collective choice function to be Bayesian-Nash rationalizable. To test Bayesian-Nash Rationalizability of the collective choice function, it is necessary to observe best responses of all possible types of every player to every Bayesian strategy of all other players, it is very demanding for the data. Therefore we consider multiple cases of partial Bayesian-Nash Rationalizability, which imposes weaker requirements on observed data. Collective choice function is partially Bayesian-Nash rationalizable if observed collective choices are Bayesian-Nash equilibria. We provide a revealed preference test which checks whether observed collective choices can be Bayesian-Nash equilibria. Additionally, we show that our results apply not only to individuals maximizing their expected payoffs, but to the general case of individuals following an arbitrary (testable) concept of rationality. The results we obtain provide insights into the optimal design of experiments that test equilibrium predictions of games with incomplete information.

Author(s): Arthur Dolgopolov, Mikhail Freer
Topic: Markets: Industrial Organization, Games: Information

Economic Valuation of Open Space in the Gulf Coast Region: How Closely Can Consumer Preferences Reveal and Relate to Real World Data? Using Hedonic and CVM Methods

Samantha Islam
University of South Alabama

ABSTRACT:
Waterfront open spaces are dynamic places and represent an interface between aquatic and terrestrial communities. Waterfront open space provides environmental benefits, recreational opportunities, and opportunities for water-dependent economic activities (e.g., ports, boat yards, marinas, storage facilities, fishing docks, seafood markets, and others). Benefits from waterfront open space are critical to coastal communities and their visitors. However, with a growing population and associated urbanization, these areas compete with land use change. Rapid growth presents important challenges for elected officials, planners, and natural resource managers because urban development can increase stress on the landscape and compromise environmental quality and community resilience. This study estimated monetary values associated with waterfront open space using hedonic property price model. Coastal cities of Alabama - Mobile and Daphne were selected as study area. Results showed that coastal residents valued waterfronts and paid higher prices for houses located nearby waterfronts. This study also evaluated residents' willingness to preserve waterfront open space in coastal regions of Mississippi and Alabama. A contingent valuation method (CVM) was employed to estimate citizen's willingness to pay (WTP) to support waterfront open space preservation. An interval censored model was used to elicit median WTP to support waterfront open space preservation. The CVM involved two scenarios where citizens voted for or against the open space preservation program with offered bid amount ranging from $1 to $100 at $10 increments. This approach enabled us to examine the extent to which coastal communities
valued availability of open space and their willingness to support open space preservation. Study data were collected via a mail survey following modified tailored design method. Study findings suggested the majority of residents valued waterfront preservation. They also believed that commercial development, as opposed to other types of development such as residential, was the major growth issue in the community. While respondents valued open space preservation, they also recognized importance of some forms of economic development. Results will help guide local elected officials in maintaining a balance between urban development and waterfront open space, and access to associated benefits of both. This study will help guide future decisions related to development of coastal areas, land use planning, urban forestry, and natural resource preservation. Implementation of findings from this study can be used in city planning in creating a unique combination of waterfront resources and other land uses that provides balance variety of waterfront experience for coastal residents and their visitors.

Author(s): Ram Dahal, Samantha Islam*, Jason Gordon, Rober Grala, Reid Cummings, Joan Wesley

Topic: Public Choice: Other, Social Behavior: Other

Tu mihi soli places: An experiment on the competitiveness of all-pay auctions with private information

Lucas Rentschler
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ABSTRACT:
In all-pay auctions with affiliated types, the implications of being of a 'higher' type can be complex. Having a high assessment of the value of the prize is good news, but only if the other participants in the contest are not too likely also to have high assessments. If anticipated competition is strong, it is not clear whether a high or low bid will be a best response. In a laboratory experiment, we study behavior in both private-values and common-values settings with two contestants. We find general support for the comparative statics of Bayes-Nash equilibrium for private values. In contrast, behavior in common values settings in which bidders have very noisy information about the value of the prize differs greatly from the equilibrium predictions.

Author(s): Lucas Rentschler and Theodore L. Turocy

Topic: Games: Contests, Markets: Auctions

(Why) are tournaments more effective for gender-homogeneous teams with gender-congruent leaders?

Alexander Gotthard Real
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ABSTRACT:
We study, in an experimental setting, whether the gender composition of a team and the gender of its leader play a role in how the team reacts to between-team rank incentives. We hypothesize that the effect of introducing competition on effort is increasing in the number of team members whose gender matches the gender of the leader. We explore three different channels: Differences in the willingness of a leader to promote competition, differences in how leaders promote competition, and differences in how team members react to their leader's encouragement of competition.

Author(s): Alexander Gotthard Real

Topic: Games: Contests, Psychology and Biology: Gender and Individual Differences

The Impact of Communication and Cognitive Skills on Cooperation

Ali Ozkes
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ABSTRACT:
We study the impact of communication on levels of cooperation in two person dilemma games. We ask how the impact of free-form communication (cheap talk) on cooperation in duopolies depends on whether strategic reactions exhibit complementarity or substitutability. In attempting at this question for the first time, we align -to the extent possible- with the major works in previous literature. Particularly, our work is built upon the strand of the literature that carefully singled out the effect of strategic properties on tacit collusion in duopolies, by controlling for framing, externalities, absolute values of the slopes of reaction curves, equilibria, and collusive outcomes. Due to our design, aside from testing for replicability of previous results on tacit collusion, we are able to analyze furthermore, the relevance of cognitive skills to cooperation levels as well as how matchings across cognitive skill levels effect cooperative behavior.

Author(s): Ali Ozkes

Topic: Games: Other, Markets: Industrial Organization

Do People Strategically Set Defaults? Experimental Evidence Of Default Neglect

Julian Zlatev
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ABSTRACT:
Standard models suggest that people understand how to exploit common biases to influence others. However, these predictions have received little empirical attention. We consider a widely-studied bias with special policy relevance' the default effect, which is the tendency to choose whichever option is the status quo. We investigated whether people are able to set defaults to influence others' choices. We asked participants (including managers, law/business/medical students, and U.S. adults) to play a default-setting game, in which they could nudge others toward selecting a target/incentivized option by choosing whether to present that target option as the default. In contrast to theoretical predictions and expert forecasts, across 11 experiments (N = 2844) only 50.8% of participants set the target option as the default, consistent with people setting defaults
randomly (i.e. not at all). In a 12th experiment, we test a theoretical account of this 'default neglect,' finding that it is driven primarily by incorrect beliefs and bounded awareness and not by an aversion to manipulating others. Specifically, 40% of people do not believe in the default effect, and an additional 36% of people who correctly anticipate the default effect nonetheless overlook opportunities to use it. In a 13th experiment, we investigate behavior in a 20-round iterated default game with random rematching, immediate feedback, and $5 stakes; we find that, while some learning occurs, behavior quickly converges to a steady state that is (again) consistent with people setting defaults randomly. We discuss implications of these findings for game-theoretic models and public policy.

How to learn to be extorted in iterated prisoners' dilemma game

Zhijian Wang
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ABSTRACT:
Although in the Prisoners' Dilemma, long-run relationships are typically regarded as a positive influence on cooperative behavior, in laboratory experiment, it have clearly been seen (Wang et al, Nature Communications, 2015) that this relationship can also be taken advantage of by the extortion, who employing Press-Dyson Zero-Determinate (ZD) strategy (Press and Dyson, PNAS, 2102). In an iterated Prisoners' Dilemma game, facing such extortion, a rational agent should be full-cooperation and fully accepting the extortion. Experiment evidences show that, learning to fully accept the extortion needs time. Till now, which learning model fits to describe the learning processes is unaware. In this presentation, we report the answers of two questions: (1) in a series of typical learning models, which model can capture the learning processes well; and (2) to reach the rational solution, which initial conditions of learning are needs.

Blaming the Refugees? Experimental Evidence on Responsibility Attribution

Felix Klimm
University of Munich

ABSTRACT:
Do people blame refugees for negative events? We propose a novel experimental paradigm to measure responsibility attribution towards refugees as compared to locals. In particular, participants experience an income shock which is with equal probability caused by either a random draw or another participant's performance in a real effort task. We measure responsibility attributions by eliciting beliefs about whether the shock is due to the random draw. We find that locals are equally likely to be blamed for negative and positive income shocks. In contrast, refugees are 92% more likely to be held responsible for a positive shock than for a negative shock. Since beliefs about locals' and refugees' performances are identical, this difference does not stem from statistical discrimination. It rather arises from a more favorable responsibility attribution towards refugees after a positive shock. Our evidence for reverse discrimination is in line with models of motivated beliefs that deal with keeping up a positive self-image.

Altruistic Norm Enforcement and Decision-Making Format in a Dilemma: Experimental Evidence

Kenju Kamei
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ABSTRACT:
Past research has shown that people often take punitive actions towards norm violators even when they are not directly involved in transactions. However, it at the same time suggests that such third-party punishment may not be strong enough to enforce cooperation norms in dilemma situations. This paper experimentally compares the effectiveness of third-party punishment between different enforcement formats. Consistent with past studies, our data shows that having an individual third-party punisher in a group does not make one's defection materially unbeneficial because of the weak punishment intensity. It also shows that third-party punishment is not effective when two individuals form a pair as a punisher and jointly decide how strong third-party punishment they impose. However, third-party punishment can be sufficiently strong to enforce cooperation norms when a third-party punisher's action choice is made known to another individual third-party punisher in a different group, or when there are two independent individual third-party players in a group.

Self-serving Conformism

Gary Charness
UCSB

ABSTRACT:
We examine a novel class of conformist that is within the realm of belief-dependent motivations, in that the peers' expectations about others' behavior may affect every group-member's welfare.
Do women anticipate discrimination? Experimental evidence

Ramon Cobo Reyes Cano
University of Exeter

ABSTRACT:
This paper studies experimentally whether women anticipate discrimination in a labor market setting and how this depends on the task they have to perform. Participants are assigned to a seven-people group and randomly allocated a role as a firm or worker. In each group, there are five workers and two firms. Firms should decide whom to hire to perform a task in a second stage. The only information firms have about the workers is an avatar representing workers' gender. Before firms making their decision, the workers must choose the avatar (male, female or neutral) that represents them in the market. Results show that when workers are hired to do a mathematical task (adding five two-digits numbers), women anticipate discrimination and only 29% reveal their real gender. However, when the task is not mathematical or when there is uncertainty regarding the task, women do not anticipate that they will be discriminated and 70% of them reveal their true gender. Finally, we also observe that most males reveal their real gender, regardless of the task.

Author(s): Gary Charness, Ramon Cobo-Reyes, Angela Sanchez

Gender Under Pressure: How Compensation Schemes Interact with Task Type in Incentivizing Performance

Meryl Motika
St. Lawrence University

ABSTRACT:
The view predominantly held in economics and business regarding workforce productivity is that greater incentives yield greater work performance. However, the incentives used to motivate effort could alternatively be seen as sources of pressure. In this paper, we used university student participants in an experiment to test how different incentive schemes interact with task type and gender to affect performance. In particular, we investigated effects of competition, piece rate pay, timed goals, and high-stakes pay on routine versus cognitive problem-solving and creative tasks. Each type of task and pressure-inducing incentive was chosen to mimic those commonly found in schools and workplaces. For example, high-stakes pay resembles the pressure imposed by performance-contingent scholarships in higher education or bonus pay in the business world. Previous literature has tested the effects of high-stakes pay and time pressure on creative versus non-creative tasks. However, few studies have drawn a distinction between multiple types of cognitively demanding tasks, such as problem-solving and pure creativity (convergent and divergent thinking) that are treated as different ways of thinking within the psychology literature, and our work is the first to use competition as a form of pressure in this context and the first to focus on gender differences in these effects. Similarly, while the productivity effects of competition have been extensively studied within economics, the literature has focused largely on differences in performance across participants. Competition has not yet been studied as a productivity-inducing incentive in a way that distinguishes between the various types of tasks likely to be performed in both educational settings and the labor market. Our study aims to bridge these two lines of research which have mostly developed separately in the literature. Our participants completed each of the three task types under a single incentive scheme and were awarded their earnings for one of the tasks, chosen at random. Under the piece rate payment scheme, participants earned money for each correct response. Under competition, participants were placed in groups of four via the computer and competed with other members of their group anonymously. They received nothing if they lost and $40 if they won. For timed goals, participants earned $10 if they completed a moderate number of problems correctly in a given time, $20 if they completed a large number, and no payment if they were unable to complete the moderate number of problems in the time provided. High-stakes pay was the same as the timed goals, with the difference that the amount of money offered was $100 for the moderate goal or $200 for the high goal. In addition to the main study, participants completed a brief survey and an incentivized risk preference elicitation. We currently have results from 327 participants, 57 of whom were randomized into piece rate pay, 77 to the timed goal, 56 to competition, 61 to high-stakes pay and 76 to a neutral flat rate payment scheme for routine tasks. Competition also increased performance in the creative and problem solving tasks. However, high stakes paid reduced performance significantly for non-routine tasks. Further sessions are planned for this spring to allow precise estimates of differences by gender. To the extent that performance by task and pressure differs by gender this could help explain differences in the labor market choices made by men and women. Additionally, to the extent that performance on a particular task type is frequently incentivized through a particular payment scheme in practice, but does not necessarily need to be, our results could also shed light on systematic advantages or disadvantages built into forms of compensation.

Author(s): Joaquin Artes Caselles, Jennifer Graves, Meryl Motika

Gender Bias in Bank Lending: Experimental Evidence from Turkey

J Michelle Brock
European Bank for Reconstruction and Development

ABSTRACT:
Evidence from a broad range of countries shows that female borrowers tend to receive worse loan terms than male borrowers. This may simply reflect that female-owned enterprises are typically smaller and riskier. Legislation in many countries restricts women's access to collateralizable household assets, such as real estate, and this may make female borrowers more risky as well. However, disadvantageous loan terms for female borrowers may also result from social or cultural norms that lead to an unjustified bias among loan officers against female loan applicants. We use a lab-in-the-field experiment to assess the extent of bias against women among staff of a major Turkish bank. Participants reviewed a series of credit applications in the lab, where each application was viewed by some participants as if it came from a male-owned firm and by others as if it came from a male-owned firm. The applications were real applications that the bank had processed in the recent past. Subjects earned rewards for each lending decision they made, depending on whether the application was declined, performing or non-performing in real life. We can thus directly compare how a business owner is treated by bank staff when gender of the business owner is randomized. The lab is especially useful for this kind of research because even with very high-quality administrative data it is difficult to precisely identify gender bias in lending. This is mainly because female and male entrepreneurs may operate in different sectors or at a different operational scale, such that the overlap in distributions may be relatively small. There are also likely to be unobservables that cannot be controlled for in a regression but that matter for the credit allocation decision. Consistent with some earlier non-experimental literature, we find that while rejection rates are similar for male and female loan applicants, women face different collateral requirements. We also find evidence of differences in the rejection reasons. These results vary depending on the job title of the participant, highlighting the importance
of organizational hierarchies in the expression of gender bias in an organization. Finally, we show the extent to which any bias is due to implicit beliefs about the value of women as business owners, using data from an implicit association test (IAT), and due to participant risk preferences.

Author(s): J Michelle Brock and Ralph De Haas
Topic: Markets: Finance, Field Experiments: General
Back to session: Gender 1

Gender differences in the choice of major: The importance of female role models

Danila Serra
Southern Methodist University

ABSTRACT:
While in the last two decades many disciplines, including STEM, have made significant progress in attracting and retaining women, there has been little improvement in the field of economics, which remains heavily male-dominated. We report results from a field experiment aimed at increasing the percentage of women majoring in economics through exposure to carefully selected female role models. We randomly selected a subset of principles of economics classes in Spring 2016 to be assigned our role model treatment. Since the same classes were also offered and taught by the same instructors, in Spring 2015, we are able to employ a difference-in-differences estimation strategy to test whether the role model intervention increased the percentage of women planning to major in economics (survey-based) and enrolling in intermediate economics classes (hard data) the semester following the intervention. Our results suggest that, while the role model intervention had no impact on male students, it significantly increased female students' likelihood of expressing interest in the economics major and enrolling in further economics classes.

Author(s): Danila Serra
Topic: Psychology and Biology: Gender and Individual Differences, Field Experiments: General
Back to session: Gender 1

The Competitive Woman

Alessandra Cassar
University of San Francisco

ABSTRACT:
Why are there so few women in top earning position and why are they paid less than men? In addition to established human capital and discrimination explanations, economists are pointing to a large body of experimental evidence suggesting that women have a lower desire to compete than men. Here we advance the hypothesis that the estimated gender differences critically depend on how we elicit such preferences, especially on the incentives used in the experiments. While cash is the standard method of subject payment, we remark that it is also culturally loaded as the traditional object of male-male competition in many societies. We test this hypothesis through a series of experiments in China, Colombia, Bosnia and Togo. Our data on parents show that, once the incentives are switched from monetary to child-benefitting, gender differences disappear. Cultural elements in each society matter. Competitiveness is higher among displaced women in Colombia and women in polygyny arrangements in Togo. This result suggests that female competition can be just as intense as male competition given the right goals, indicating important implications for policies designed to promote gender equality: a change in the workplace incentive structure and conditions could induce more women to enter workplace competitions.

Author(s): Alessandra Cassar & Y. Jane Zhang
Topic: Psychology and Biology: Gender and Individual Differences, Special Topic: Experimental Payments
Back to session: Gender 2

Gender quotas in a multistage tournament

Eszter Czibor
University of Chicago

ABSTRACT:
We conduct a laboratory experiment to study the impact of affirmative action on the choice to compete in a multistage elimination contest. In particular, we assess whether gender quotas imposed in the final stage increase the share of female entrants and winners already in the first round of the tournament. In a treatment without quotas we reproduce the standard result from one-shot tournaments that high performing women shy away from competitions they could win. Adding gender quotas in the second stage induces high ability women to compete in both stages of the tournament, while it leads to a small and insignificantly reduction in men's tournament entry rates. Response to affirmative action is strongest among women with intermediate guessed ranks. Overall, we find that the affirmative action treatment increases female representation in both stages without harming efficiency.

Author(s): Eszter Czibor and Silvia Dominguez Martinez
Topic: Psychology and Biology: Gender and Individual Differences, Games: Contests
Back to session: Gender 2

Choosing to Compete against Self or Others -- Gender Differences

Elif Demiral
George Mason University

ABSTRACT:
In an earlier paper (Apicella et al., 2017), we introduce and examine selection into a new competitive payment scheme - Self-competition- in which individuals compete against their own past performance. We replicate the well-documented gender differences in willingness to compete against others, but find no evidence of a gender difference in willingness to self-compete. This current work expands on the previous paper and further investigates the demand for self-competition from the competitors' point of view. We examine the gender differences in choosing whether to compete against self or others along with whether to compete at all. We also specifically investigate the role of
Identity, Incentives and Productivity in the Workplace: A Quasi-Field Experiment in India's Manufacturing Sector

Sherry Li
University of Texas - Dallas

ABSTRACT:
The production process in the manufacturing sector is often organized in teams, yet there is limited evidence on whether and how team composition and financial incentives interact to affect labor productivity. We conduct laboratory experiments in the field to investigate the effect of caste-based social networks on individual and group productivity in India's manufacturing industry. We find that when financial incentives are made contingent on group output workers are able to coordinate on higher effort levels if they share the same social identity. In addition, workers are more likely to respond to high powered incentives, such as a group-based bonus, when they work within their social network, as opposed to loss framing. Surprisingly, we find these effects only for male workers with no response from females.

Should Firms Use Both Corporate Social Responsibility and Monetary Incentives to Motivate Workers?

King King Li
City University of Hong Kong

ABSTRACT:
This paper experimentally investigates labor supply, job satisfaction, work quality, and sorting of workers when compensation comprises of monetary incentive only versus including both monetary incentive and CSR. One important difference between our study and the existing literature is that we explicitly investigate the tradeoff between engaging in costly CSR activities versus increasing the wage for workers. In contrast to the previous literature, we show that once the cost of CSR activity is taken into account, using both monetary incentive and CSR no longer dominates monetary incentive only. We identify the costs and benefits of using CSR to motivate workers.

Upfront Payments: Pay a Little or Don't Pay at All

Fatemeh Momeni
University of Chicago

ABSTRACT:
We use a natural field experiment to study how upfront payment affects misbehavior on the job. We hire workers for a short online task with opportunities to cheat and vary the share of the total payment that we pay the workers upfront between 0, 10%, 50% and 90%. We argue that on the one hand, higher upfront payment increases the benefit (and reduces the costs of) cheating and thus increases cheating, and on the other hand, paying upfront can generate a gift-exchange effect and thus decreases cheating. We find a U-shape relationship between cheating on the job and the level of upfront payment and show that the employer can minimize the cost by paying a small percentage of the total payment upfront.

Unjustified Work Compensation and Antisocial Behavior

Holger A. Rau
University of Erlangen-Nuremberg

ABSTRACT:
In this paper we analyze the effects of pay regimes on antisocial behavior of workers. In our real-effort experiments we vary two determinants of payment regimes: equal opportunities to receive bonuses and whether payments are justified by performance. In our baseline treatment 50% of the workers are randomly selected to be paid based on their relative performance, whereas the remaining workers are not paid for their performance. In the control treatment, equal opportunities and justify pay exists, i.e., all subjects are compensated based on their relative performance. After the treatment manipulations we measure antisocial behavior in a Joy-of-Destruction game. We find that low-income workers who were discriminated by a payment regime of unequal chances, behave clearly more antisocial than workers with the same compensation who faced equal chances.

Timing of Communication
Puja Bhattacharya
Ohio State University

ABSTRACT:
We experimentally demonstrate that a communication regime where a worker communicates about his intended effort on a task is less effective in i) soliciting truthful information, and ii) motivating effort, than a regime where he communicates about his past effort. Our experiment uses a real-effort task, which additionally allows us to demonstrate the effects of communication on effort over time. We show that the effects of ex-ante promises are short-lived, but ex-post communication induces steady work over time. Our results reveal that the timing of communication is a critical feature that merits attention in the design of mechanisms for information transmission in strategic settings.

Author(s): Puja Bhattacharya, Kirby Nielsen, Arjun Sengupta
Topic: Social Behavior: Communication, Social Behavior: Lying and Cheating
Link: https://drive.google.com/file/d/0B2JDqs27yvrCOTR6U1prRmRCan8/view

Extreme (and Non-Extreme) Punishments in Sender-Receiver Games with Judicial Error: An Experimental Investigation

Joseph Wang
National Taiwan University

ABSTRACT:
We conduct an experiment which incorporates ex post punishment and judicial uncertainty into the discrete sender-receiver game of Crawford and Sobel (1982), where a knowledgeable sender sends a cheap-talk message to a receiver who determines a policy action. After taking this action, the receiver observes a noisy signal of the true state and can impose a costly punishment on the sender. We vary the strength of punishment from mild (nominal), strong (deterrent) to extreme (potential of losing everything), and vary receiver's signal uncertainty when punishment is extreme. We find that receivers punish less as the strength of punishment increases, which suggests a trade-off between wrongly punishing innocent senders and not being able to punish liars. More importantly, punishment encourages receivers to trust senders more and thus improves the information transmission, even though senders need not become more truthful.

Author(s): Meng-Jhang Fong and Joseph Tao-yi Wang
Topic: Social Behavior: Norms and Morals, Social Behavior: Lying and Cheating

Higher Education as a Signal of Non-Cognitive Skills: Self-Control Preferences in a High Temptation Environment

Ed Hopkins
University of Edinburgh

ABSTRACT:
This paper proposes a new theory of higher education that combines self-control preferences with Spence-like signalling. Successfully completing a university level qualification requires substantial non-cognitive skills, such as self-control, as well as cognitive ability. Signalling equilibria exist in which academic achievement is at least partially revealing of a student's productivity despite the type being two dimensional, that is ability and self-control. Further, it is shown that the lower the minimum study requirement imposed by a university programme, the more information about ability and self-control is contained in the decision to enter university and in the grades obtained while there.

Author(s): Ed Hopkins
Topic: Games: Information, Decision Theory: Bounded Rationality

Information Choice in a Sequential Social Learning Experiment

Tatiana Kornienko
University of Edinburgh

ABSTRACT:
This paper reports on an experiment on social learning designed to identify bias in information acquisition. Our experiment applies the revealed preference approach developed in Duffy, Hopkins and Kornienko (2014) to the standard sequential social learning experimental design of Anderson and Holt (1997). Prior to guessing an unknown binary state of the world, subjects select between receiving a private signal or seeing the guesses made by previous subjects in the sequence (i.e. social information). By requiring subjects to make multiple decisions at different points in the sequence, our within-subject design allows to separate biased from optimal information choices. We find heterogeneity in bias, with some subjects consistently choosing social information when private is optimal and vice-versa. We also find that subjects' programme of study, personality traits and cognitive ability can explain bias in information choices.

Author(s): John Duffy, Ed Hopkins, Tatiana Kornienko, and Mingye Ma
Topic: Games: Information, Decision Theory: Learning
Link: https://www.dropbox.com/s/poh8fhcb6cde5gv/sequential-wolf.pdf?dl=0

Complex Disclosure

Daniel Martin
Northwestern University, Kellogg School of Management

ABSTRACT:
We implement experimentally a simple game of mandatory disclosure in which senders are required to disclose their private information truthfully, but can choose how complex to make their reports. If senders choose complex reports, receivers must exert costly cognitive effort to correctly determine the sender's private information. We find that senders use complex disclosure when their private information would lead receivers to act against their interests. This obfuscation is sustained by two types of mistakes that receivers make when they face complexity. First, receivers who make quick decisions act in accordance with their beliefs, but these beliefs are often incorrect, which reflects naivete about sender strategies. Second, receivers who make considered decisions do not act in accordance with their skeptical beliefs. Instead they appear to ignore their beliefs entirely, consistent with base rate neglect.

Author(s): Ginger Jin, Michael Luca, and Daniel Martin
Topic: Games: Information, Psychology and Biology: Cogonition
Link: https://papers.ssrn.com/abstract=2676628
Back to session: Information

Knowing Your Opponent: An Experiment on Auction Design with Asymmetries

Andrew McClellan
New York University

ABSTRACT:
Economists, when faced with undesirable bidder behavior in an auction, have often studied how changing the auction format can be beneficial. We study instead how changing the information available to bidders can change bidder behavior and increase the revenue an auction generates. We study common-value second-price auctions where bidders differ in the precision of their information (i.e., are experts or non-experts) and compare two auction designs, Disclosure and Non-Disclosure, in which bidders are told if their opponents are experts or not, providing a test of the effectiveness of information design in auctions. Theory predicts that bidders should decrease their bids when facing an expert and that non-disclosure should generate higher revenue. Despite the presence of the winner's curse, we find experimental evidence that non-disclosure does generate higher revenue and achieves roughly 50% of the theoretical gains. Looking at individual bidding behavior, the higher revenue generated by non-disclosure appears to be due to bidder behavior similar to that of the theory. Additionally, we derive a measure of sophistication and find that it predicts bidding behavior closer to theoretical predictions.

Author(s): Andrew McClellan
Topic: Markets: Auctions, N/A
Link: https://www.dropbox.com/s/80xq3jsj8n9wdi5/Knowing%20Your%20Opponent%20in%20a%20Second%20Price%20Auction%20Design%20with%20Asymmetries_Submission.pdf?dl=0
Back to session: Information

Understanding the Behavioral Drivers of Execution Failures in Retail Supply Chains: An Experimental Study Using Virtual Reality

Ozgur Gurerk
RWTH Aachen University

ABSTRACT:
We conduct a real-effort experiment in an immersive virtual environment in order to quantify the role of product similarity in execution failures in a retail setting. In our experiments, subjects must identify and sort two types of products based on their observable characteristics. When the two products are very similar, performance is substantially lower (with both more sorting errors and more products left unsorted) than when the products are more dissimilar. Introducing a clear visual cue to distinguish the products improves execution when the products are dissimilar (by lowering sorting mistakes) and, even more so, when they are similar (both by reducing sorting mistakes and the number of products unsorted). In the latter case the average increase in overall performance is over 22 percentage points. Our results suggest that there may be important gains from taking ease of execution into account in the design of products, product packaging, and labeling.

Author(s): Nicole DeHoratius, Ozgur Gurerk, Dorothee Honhon, Kyle B. Hyndman
Link: https://papers.ssrn.com/abstract=2676628
Back to session: Internet Economies, Big Data Issues, and Virtual Reality

Economic Analyses of Privacy Preferences

Yi-Shan Lee
University of Zurich

ABSTRACT:
The rationality of privacy decisions lies at the core of developing efficient privacy policies. This study investigates individuals' ability to rationally manage the sharing of personal data by conducting an experiment that enables systematic analyses of privacy preferences and studying the link from such preferences to daily-life information sharing. We develop a novel experiment for studying whether privacy choices obey the axioms of rationality, whether monetary valuation captures an underlying preference and whether such preferences are relevant for individuals' non-laboratory behavior. We start with testing the rationality of privacy preferences by studying tradeoffs between the sharing of different types of personal information items. The degree of rationality in privacy choices informs the privacy protection debate and the welfare implications of privacy protection. We then compare these preferences to those involving tradeoffs between privacy and money. This allows us to identify the extent to which pricing of privacy and personal information sharing reflects the underlying preference. Finally, the correlations between the degree of rationality, the monetary value of privacy, and daily-life information sharing shed light on whether individuals with irrational privacy preferences or individuals with lower monetary values of privacy tend to share more in their daily life. Pilot experiments suggest a considerable degree of instability of privacy preferences, as well substantial heterogeneity between individuals.

Author(s): Yi-Shan Lee, Roberto Weber
Topic: Decision Theory: Preferences, Methodology: Lab, Field and External Validity
Back to session: Internet Economies, Big Data Issues, and Virtual Reality

Competing on the Holodeck

Christine Harbring
ABSTRACT:
For obvious reasons tournaments in real organizations usually involve heterogeneous contestants which has often been modeled for example by different cost functions. In a real-effort environment one naturally captures different abilities of subjects but the experimenter loses control in the sense that one cannot easily match pairs of specific abilities as necessary to analyze a research question. Moreover, tournaments typically involve some dynamic with participants’ reaction towards midterm results which is not modeled in most experimental settings. We offer a new approach and simulate a realistic working situation in a highly immersive environment. Implementing a tournament in virtual reality (VR) allows us to ceteris paribus control for the performance of the humanoid avatar and, thus, to get an understanding of the reaction of the subject to the avatar in a really dynamic setting as the subject is constantly able to observe the avatar's performance. Additionally, using VR can solve the 'reflection problem' (Manski 1993), which states that in experiments where participants interact, it can never be disentangled whether one participant influences another participant or vice versa. In VR, avatars can be programmed to execute all kinds of behavior 'always in exactly the same way and are never influenced by the participant's reactions (Guerrero et al. 2014). We compare three treatments: (i) a fixed-rate scheme, (ii) a symmetric tournament against an equally able avatar, and (iii) an asymmetric tournament against an avatar with higher ability. First results indicate that participants perform best when matched in a dyadic tournament with an opponent of the same ability.

Author(s): Frederik Graff, Christian Grund and Christine Harbring
Topic: Methodology: Lab, Field and External Validity, Games: Contests
Back to session: Internet Economies, Big Data Issues, and Virtual Reality

Information Security Policy Compliance: Design an Incentive Structure to Prevent Insider Data Breaches
Yuanxiang John Li
Iowa State University

ABSTRACT:
Information security literature has shown that employees are still the weakest link for data breaches. PwC 2015 survey in the UK shows that 75% of information security breaches in large organizations were caused by human factors (e.g., clicking phishing emails). Hence, companies are constantly looking for realistic and practical ways to prevent their employees’ insider breaches. Based on Hu et al. (2015)'s information security policy violation scenarios, this paper aimed to design and identify an incentive structure to better regulate the insider data breaches. Firstly, this paper examined how extrinsic incentives, Reward and Punishment, could help to enhance employees' compliant behavior. In addition, this paper also explored the impact of Collective Sanctions (Reward All and Punishment All) on employees’ compliance. Due to the imperfect Intrusion Detection System (IDS) of a company, this paper further investigated how perceived low chance of detection influenced employees' noncompliance. Lastly, this paper studied how Collective Sanctions and Detection working together to mitigate employees' noncompliant behavior. We conducted laboratory experiments with student subjects from Iowa State University. We developed four sequential experiments to study the aforementioned factors' impacts on information security policy compliance. Information security compliance has a unique property. A company’s information security defense is determined by the few noncompliant employees rather than the compliant majority. This paper is the first attempt to use laboratory experiments to study the impact of reward and punishment policies on employees’ cooperative compliance with information security policy. The main result, which is very significant, shows that individual reward and punishment with 100% detection is the best incentive structure among all other combinations. This result is in line with Andreoni et al. (2012) saying 'the absence of a reward is not equivalent to a punishment', as rewards and punishments are complementary to each other. Interestingly, our another result shows individual reward is more effective than punishment, which seems to be contradictory to existing literature. However, paying additional rewards to motivate employees to put extra effort and time to follow the security policies seems to be more attractive for them compared with punishment. This could be illustrated by some giant IT companies' (like Google's) reward-oriented welfare package. Additionally, another result shows that collective sanctions have a spiral-downwards impact on cooperative compliance when interaction between subjects was not permitted. This result is consistent with the findings by Rand et al. (2009). Lastly, as expected, the perceived low chance of detection reduces the positive effects of reward as well as punishment. Hence, it is critical for a company to improve its IDS accuracy to achieve better compliance with a properly adapted reward and punishment incentive mechanism.

Author(s): Yuanxiang John Li & Elizabeth Hoffman
Topic: Social Behavior: Norms and Morals, Social Behavior: Group Behavior
Back to session: Internet Economies, Big Data Issues, and Virtual Reality

Everyday Econometricians: Selection neglect when learning from others
Kai Barron
UCL

ABSTRACT:
In our everyday lives, we often face novel decisions where experimentation is costly (e.g. career choices) and can learn from observing the outcomes of others who have made similar decisions before us. However, this data often comprises a selected dataset, as outcomes are observed conditional on a specific choice having been made. In this paper, we design an investment game which allows us to study the influence of selection when learning from others. Using the theoretical study of selection neglect in Jehiel (2016) as a guide, we test (i) for the existence of selection neglect in this context, and (ii) the comparative static predictions of the model. We find evidence for the existence of selection neglect, which has a detrimental influence on the average investor. Furthermore, our results are remarkably consistent with the theory. In particular, we find empirical support for the surprising prediction that rational individuals exert a negative externality on selection neglect agents. This negative externality is driven by the selection neglect agents learning from the rational agent's outcomes, and the rationality of the agent implying a greater degree of selection in the data generated.

Author(s): Kai Barron; Steffen Huck; Philippe Jehiel
Topic: Decision Theory: Beliefs, Games: Information
Back to session: Learning

The Vulnerability of Online Markets Against Strategic Manipulation of Consumer Reviews: An Experimental Investigation
Azadeh Jalali Naini
Texas Tech University

ABSTRACT:
Previous studies have shown that online reviews are very influential in forming buyers' pre-purchase opinion and substantially affect their purchasing decisions. This creates incentives for some firms to manufacture positive reviews for themselves or negative reviews for their rivals, a prevalent malpractice that has been widely documented in
Different industries. While manipulation of reviews impacts product sales at least in the short run, once the product is consumed, consumers should be able to form their own unbiased opinion about the product quality. Such post-consumption opinion, in turn, should determine buyers' re-purchase decision and the contents of their consequent genuine reviews. This dynamic, if existent, can potentially offset the effect of fake reviews and can also help expose dishonest firms. By conducting a series of experiments, involving an experience good as well as a professional service, we examined the effects of fake reviews on consumers' post-consumption evaluation of products. Our results show that fake reviews distort consumers' post-consumption attitude toward products in the same direction as manipulated reviews. In other words, fake reviews have cascading effects and are not neutralized by crowd correction. This poses a serious problem toward the efficiency of online markets and is an issue that calls for further research and policy making.

Author(s): Azadeh Jalal Naini, Roozmehr Safi
Topic: Decision Theory: Beliefs, Social Behavior: Other
Link: https://drive.google.com/file/d/0Bx1ppMBBBNBuaE5NNXpaQnFobGs/view
Back to session: Market Design 1

Common Knowledge of Rationality and Information Demand: an Experiment on Observational Learning and Information Consumption

Haihan Yu
University of Alicante

ABSTRACT:
In this paper, we provide a novel approach to test the implications of common knowledge of rationality in dynamic games with imperfect information. We investigate this problem by testing the notion of impartial inference in observational learning (a special form of dynamic game with imperfect information) and how lacking confidence in other people's strategic sophistication will generate information demand for cross-validating. In this experiment, we implement a classical observational learning game with different exogenous observational structures that may or may not provide access to redundant information. We control subjects' beliefs about their opponents' rationality by letting the subjects play with virtual players whose degrees of sophistication have been preprogrammed. We use different exogenous observational structure treatments to see whether redundant information helps subjects' decisions. We use partially and completely endogenous observational structures to elicit subjects' willingness to pay for information. We find that although there is no evidence that the redundant information helps subjects in their decision-making, they are willing to pay a higher price than predicted by equilibrium for it. We also find that overpricing is higher if subjects were previously given this information for free or if their confidence in their opponents' sophistication is low.

Author(s): Haihan Yu
Topic: Decision Theory: Beliefs, Games: Information
Link: https://www.dropbox.com/s/v0gt73jmcofrhc/ckr_info_demand.pdf?dl=0
Back to session: Learning

Can Individuals Recognize Selected Advertising When They Satisfice?

Daniel Fragiadakis
Stanford University

ABSTRACT:
Consider a consumer trying to identify the superior product from a set of products of varying quality. If the products have multiple attributes, identifying the superior product is challenging. Suppose individuals 'satisfice' by focusing only on a single attribute. If this attribute is drawn at random from the set of attributes, picking the product that fares best in this shown attribute is optimal. This strategy will generally harm a buyer, however, if a seller has the ability to selectively choose which attribute to advertise. In this case, buying from the best faring seller who did NOT select the attribute is optimal. In an experiment, we find that consumers largely fail to understand this selection bias, mathematically akin to the Monte Hall problem. Thus, satisficing, while able to work well for buyers under random information acquisition, can be detrimental under seller selection.

Author(s): Alex Brown; Daniel Fragiadakis
Topic: Decision Theory: Bounded Rationality, Decision Theory: Beliefs
Link: https://drive.google.com/file/d/0Bx1ppMBBBNBuaE5NNXpaQnFobGs/view
Back to session: Learning

Overbidding and Matching Rules in Second Price Auctions: An Experimental Study

Charmaine Tan
National University of Singapore

ABSTRACT:
This paper presents the results of an experiment examining how matching conditions ‘stranger, partner, and group’ in the second-price auction affect the extent to which spite and joy-of-winning (JOW) contribute to overbidding. In my theoretical framework, bidders in the SPA experience negative spillovers from rivals' payoffs and also a non-monetary utility from winning. I derive maximum likelihood estimates of the spite and JOW parameters using the first 80 percent of the auction data. The weights assigned to rivals' payoffs in subjects' utility functions are estimated to be 7 percent, 10 percent, and 16 percent in stranger, partner, and group treatments respectively. Next, I evaluate the fits of the pure spite model, the pure JOW model, and the combined model in the estimation rounds and prediction rounds, i.e., in the remaining 20 percent. Consistent with the estimation results, the goodness-of-fit statistics suggest that spite more is important in driving bidding behaviour when bidders are matched against each other repeatedly, than when bidders are matched against strangers in every round. Moreover, by eliciting subjects' willingness-to-pay to harm others outside the auction setting, I am able to link negative other-regarding preferences to overbidding and estimates of spitefulness in the auction. This affirms the hypothesis that social motivation influences bidding behaviour in auctions with repeated interactions.

Author(s): Charmaine Tan
Topic: Markets: Auctions, Social Behavior: Other-regarding Preferences
Link: https://drive.google.com/file/d/0Bx1ppMBBBNBuaE5NNXpaQnFobGs/view
Back to session: Market Design 1

Market Talk

JINGJING ZHANG
University of Technology, Sydney
ABSTRACT:
We study price formation in laboratory continuous double auction markets with private and common values. Rational expectations, which form the basis for the efficient market hypothesis, predict that the introduction of common values does not affect allocative and informational efficiency. In contrast, a 'private' expectations model in which traders' optimal behavior depends on both their private and common-value information predicts that neither allocative nor informational efficiency is possible. We test these competing hypotheses and find that the introduction of common values lowers allocative efficiency by 28%, as predicted by the private expectations model, and that market prices differ substantially from rational expectation levels. We also investigate whether free-form communication enhances the performance of the market. We find that cheap-talk communication has a positive effect in bilateral settings with both private and common-values, but it has no effect or even a negative effect in larger, more competitive markets. The chat data can be classified according to a small number of communication protocols, which either reflect endogenously emerging institutions (negotiations, auctions, or posted prices), the disclosure of private information, or inconsequential messages unrelated to trading (babbling). Truthful disclosure is stable in bilateral settings but breaks down in large groups with adverse effects for efficiency.

Author(s): Jacob K. Goeree and Jingjing Zhang
Topic: Markets: Auctions, Games: Information

Opportunity cost, inattention and the bidder's curse

J. Philipp Reiss
Karlsruhe Institute of Technology (KIT)

ABSTRACT:
Auction winners sometimes suffer a bidder's curse, paying more in the auction than the posted price of other sellers. One explanation is that bidders are inattentive to posted prices. We develop a model in which bidders' inattention, and subsequent overbidding, is a rational response to the opportunity cost of acquiring information about the posted price. We test our model in an experiment where subjects bid in an auction while facing an opportunity cost of looking up the posted price. We vary this opportunity cost, and show that information acquisition decreases and overbidding increases with opportunity cost as predicted.

Author(s): Dave Freeman, Erik Kimbrough, J. Philipp Reiss
Topic: Markets: Industrial Organization, Markets: Auctions

Continuous time auctions

Sotirios Georganas
City University of London

ABSTRACT:
It is a stylized fact that subjects converge to the Nash equilibrium in some auctions, but not in others. However, standard experiments rarely allow for more than 40 periods of learning, meaning the average subject might not experience more than 10 wins in one session. Given that a player's strategy is a function that might not even be linear, is it realistic to assume that standard experiments offer enough experience for learning? We design and test standard auctions in almost continuous time, offering subjects thousands of occasions to win or lose the auction. We find that some of the usual results hold, but also find previously unobserved convergence to Nash equilibria.

Author(s): Sotirios Georganas, Theodore Alysandratos, Sergiu Ungureanu
Topic: Markets: Auctions, Decision Theory: Learning

The Effectiveness of Top-Down Advice in Strategy-Proof Mechanisms: a Field Experiment

Pablo Guillen
The University of Sydney

ABSTRACT:
We run a field experiment to test the truth-telling rates of the theoretically strategy-proof Top Trading Cycles mechanism (TTC) under different information conditions. First, we asked first-year economics students enrolled in an introductory microeconomics unit about which topic, among three, they would most like to write an essay on. Most students chose the same favorite topic. Then we used TTC to distribute students equally across the three options. We ran three treatments varying the information the students received about the mechanism. In the first treatment students were given a description of the matching mechanism. In the second they received a description of the strategy-proofness property of the mechanism without details of the mechanism. Finally, in the third they were given both pieces of information. We find a significant and positive effect of describing strategy-proofness on truth-telling rates. On the other hand, describing the matching mechanism has a negative effect on truth-telling rates for the most relevant sub-sample of participants.

Author(s): Pablo Guillen; Rustamdjan Hakimov
Topic: Markets: Market design and Matching, Field Experiments: General
Link: https://www.econstor.eu/handle/10419/123701

Sequential School Choice: Theory and Evidence from the Field and Lab

Robert Hammond
North Carolina State University

ABSTRACT:
We analyze a sequential preference submission game in centralized matching problems such as school choice. Our motivation is school districts and colleges that use an application website where students submit their preferences over schools sequentially, while learning information about the submissions of students who have previously submitted. Comparing the widely used Boston Mechanism (BM) to the celebrated student-proposing Deferred Acceptance (DA) mechanism, we show that sequential BM has equilibrium outcomes that improve efficiency relative to DA. In particular, under BM for any problem, there exists a subgame perfect Nash equilibrium (SPNE) outcome that (weakly) Pareto dominates the student optimal stable matching (SOSM). These gains occur because sequentiality serves as a coordination device. We present two sets of empirical tests of these predictions. First, we use data from a field setting in which sequential BM is used in practice. The field evidence is suggestive that students submit their preferences in a way that is consistent with our theory. Second, we conduct a laboratory experiment to compare the performance of the sequential mechanisms in a controlled environment. As predicted by our theoretical results, we find that BM Pareto improves upon DA when students submit sequentially but not when students submit simultaneously. We conclude that sequential preference submission allows students to overcome the coordination problem that is inherent in school choice settings when preferences are correlated.

Author(s): Umut Dur, Robert G. Hammond, Onur Kesten, and Thayer Morrill

Fair Quota Scheme and Regional Inequality

Weiwei Weng
Hong Kong Baptist University

ABSTRACT:
Assigning school quotas in proportion to regional student population size is deemed to alleviate regional inequality by equalizing students' access to quality schools. We question this policy by looking into a realistic environment where students have heterogeneous preferences over the quality and locality of schools. Using both an illustrative model and the experimental explorations, we show that schools are against using such a fair quota allocation while prefer to reserve more quotas to local students. We further demonstrate that students in the relatively disadvantageous region are hurt most by the fair quota scheme and as well as why the quota-free grand admission better serves the intended goal of education equity.

Author(s): Weiwei Weng, Fanzheng Yang

Attribute Overload, Consumer Finance and Welfare

Peter Matthews
Middlebury

ABSTRACT:
We use a particular financial product to test for evidence of attribute overload, and find results with broad implications for consumer product financial markets.

Author(s): Jeffrey Carpenter (Middlebury), Emiliano Huet-Vaughn (Middlebury), Peter Hans Matthews (Middlebury), Andrea Robbett (Middlebury), Julian Jamison (World Bank), Dustin Beckett (CFPB)

Selection in the Lab: A Network Approach

Aleksandr Alekseev
Georgia State University

ABSTRACT:
We study the selection problem in economic laboratory experiments using a network model of diffusion. This allows us to capture the essential characteristics of a student population and recruitment for experiments: aggregate participation is a dynamic process, the decision to participate in the subject pool is stochastic, and this decision is influenced by the behavior of other students. Our analysis yields two main insights. First, while the selection problem may exist at any given moment, its severity may decline with time, as the information about experiments diffuses in the student population. Second, waiting long enough might not be sufficient, as the cohort structure of the student population leads to oversampling of older cohorts and a consequent selection bias, which persists asymptotically. A certain pattern of participation likelihoods, which can be influenced by the experimenter, can alleviate the selection problem. We show that our theoretical results are consistent with the recent empirical findings in the literature. We also discuss the implications of our model for the practice of experimental economics.

Author(s): Aleksandr Alekseev

Delivering and Reinforcing Instructions Effectively

Hanh Tong
Simon Fraser University

ABSTRACT:
A meta-analysis of instruction delivery and reinforcement methods in recent laboratory experiments reveals a wide and inconsistently-reported variety of practices and limited research evaluating their effectiveness. Thus we experimentally compare how methods of delivering and reinforcing experiment instructions impact subjects' understanding. We
report a one-shot individual decision task in which misunderstanding can be unambiguously identified in behavior and find that misunderstanding is prevalent in our control treatment which uses relatively standard experimental instructions. We find combinations of reinforcement methods that can eliminate half of subjects' misunderstanding. Providing paper instructions is among the most effective of such methods.

Efficiency Measurement via Revealed Thresholds, Without Knowing Valuations

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ABSTRACT:
Laboratory experiments employing an induced-values methodology often report on allocative efficiencies observed. That methodology requires experimenters know subjects’ motivations precisely, questionable in labs, impossible in field experiments. Allocative efficiency implies a hypothetical costless aftermarket would be inactive. An allocation mechanism's outcome is defined to be behaviorally efficient if an appropriate aftermarket is actually appended to the mechanism and measures at most a negligible size of remaining mutually beneficial gains. Methodological requirements for an appropriate aftermarket are specified. A first demonstration observes more frequent and ex-ante larger behavioral inefficiencies in second- than in first-price auctions. A simple field demonstration indicates when a public-good increase can be observed to cover marginal cost to subjects’ mutual benefit, without knowing valuations. A wide variety of empirical economic-policy studies can utilize this methodology to observe comparative evidence of alternative policies' allocative-efficiency shortfalls.

Varieties of Risk Elicitation

Daniel Friedman
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Nudging 2.0: the role of preferences and awareness in applications of behavioral economics to policy

Dustin Tracy
GSU

How Nudge Strategies Can Backfire In Social Interactions

David Daniels
Stanford University

ABSTRACT:
Biases influence important decisions, but little is empirically known about how individuals try to exploit others' biases in strategic interactions. For instance, people must often decide between giving others choice sets with positive or certain options (influencing them toward safer options) versus negative or risky options (influencing them toward riskier options). We show that individuals' nudge strategies’ decisions about how to exploit others' biases ‘are distorted toward presenting choice sets with positive or certain options, across eleven experiments involving diverse samples (executives, law/business/medical students, adults) and contexts (public policy, business, medicine). These distortions primarily reflect decision biases (loss aversion for choice sets and a certainty effect for choice sets) rather than social preferences, and they can cause majorities to use nudge strategies that backfire. Additional mechanism evidence, from machine learning text analysis and structural estimation of a simple model of 'choice architect' behavior, provides further support for a decision bias interpretation. Surprisingly, people's predictions about the directional effects of nudges are generally correct. Thus, simply prompting people to consider their own predictions can improve suboptimal nudge strategies.
Nudging with heterogeneity in environmental sensitivity: a public goods experiment in networks

Benjamin Ouvrard
LEF - INRA

ABSTRACT:
We propose an experimental test of the theoretical predictions obtained in Ouvrard and Stenger (2017), namely that the reaction to a nudge implemented in a network depends on the network structure, and on individuals' sensitivity to the environment. They obtain that the most sensitive individuals in a circle network should contribute more under nudge implementation coordinating their actions (i.e. strategic uncertainty is reduced). In the star network, the result depends on the content of the nudge. Indeed, it is necessary for the regulator to know each individual position in the network, in order to propose a nudge for which the content is adequate to their position. In the experiment we first elicited the subjects' sensitivity to environmental matters. We then determined subjects' inequity aversion (Blanco et al. 2010, Teyssié 2012). Finally, the subjects played a twice ten period public goods game in network (circle or star), similar to the one proposed in Rosenkranz and Weitzel (2012). The first ten periods served as a baseline. Then, a nudge (announcement of the socially optimal level of contribution) was implemented both under complete information (the content of the nudge takes into account individuals' position) and under incomplete information (the nudge cannot rely on individuals' position and targets one individual). We show that nudge implementation does not induce an increase in the level of contributions (both for less and highly sensitive subjects, and in both networks). However, it induces a higher coordination on the social optimum in the circle for the most sensitive subjects. In the star network, the targeted nudge induces a decrease in the level of contribution for the least sensitive subjects. Econometric estimations corroborate these different results.

Author(s): Benjamin Ouvrard, Anne Stenger

When Ignorance is Bliss: Theory and Experiment on Collective Learning

Jose Alberto Guerra
Universidad de los Andes

ABSTRACT:
When do groups and societies choose to be uninformed? We study a committee that needs to vote on a reform which will give every member a private state-dependent payoff. The committee can vote to learn the state at no cost. We show that the committee votes not to learn the state if and only if independent voters are more fractionalised than partisans. This implies that heterogeneous societies tend to seek less information, to make decisions in haste, and to show less support for institutions that make the public more informed. A laboratory experiment confirms key results.

Author(s): Boris Ginzburg and Jose-Alberto Guerra
Topic: Decision Theory: Learning, Social Behavior: Group Behavior

Risk-taking under different welfare-state regimes

Meike Benker
Helmut-Schmidt-University

ABSTRACT:
In this paper we investigate risk-taking under different welfare-state regimes. We provide a simple model of the welfare state where individuals have to meet a minimum income in order to enable social participation. We analyze optimum investment behavior under different need-based redistribution schemes. The model is tested in a laboratory experiment where subjects have to decide from under a veil of ignorance on how much of their initial endowments they want to invest into a risky and productive asset. We show that need-based redistribution generally decreases inequality and increases efficiency by stimulating higher investments. Means-tested need-based redistribution is most efficient but leads to more inequality than lump-sum transfer.

Author(s): Stefan Traub, Jan Philipp Kragel, Meike Benker
Topic: Decision Theory: Risk, Social Behavior: Other-regarding Preferences

Collective Experimentation: An Experiment

Mikhail Freer
2018

ABSTRACT:
Model Outline. We adapt Strulovici (2010) model of collective experimentation for the context of lab experiments. We consider a simple three period game voting game with three players in which players choose between a safe and a risky alternative. Players can be of two types: high or low, depending on whether the player receives a high or a low payoff if the risky alternative is implemented. At the first stage, players vote on whether to start experimenting or not. If they start experimenting, they receive a set of public signals. The signal can be 'High' or 'Uncertain.' If the signal is 'High,' the player would receive high payoff from risky alternative for sure if the risky alternative were to be implemented. If the signal is 'Uncertain,' the player does not know which payoff would receive in case of implementing risky alternative. Signals are not precise; if the player is of high type (i.e. would receive high payoff) there is a probability q with which his type would be disclosed with the signal. In the second stage players decide whether to continue experimenting, and if they continue they proceed to the next set of signals. And finally in the third stage they decide whether to implement the risky alternative or not. If the risky alternative is implemented in the third stage, the payoffs are disclosed with certainty. In this setting, we show that no news are better than partial news, i.e. a player is
How to Get Away with Murder in Russia: Political Support under Economic Crisis

Elena Sirotkina
Higher School of Economics

ABSTRACT:
According to conventional wisdom, economic crises erode domestic political support for the existing regime. However, in comparison with democracies, autocracies enjoy more leeway in their responses to such crises and economic downturns, due to their ability to strengthen their clientelist ties and increase the level of repression, thus showing 'the tragic brilliance' of the regime. Since 2013, the Russian economy has been suffering from a deep and protracted recession, which was further aggravated by the annexation of Crimea and the subsequent imposition of international sanctions. The latter effectively slashed the purchasing capacity and disposable income of the Russian voters by half. At the same time, however, the annexation of Crimea provided the regime with a significant boost in popularity 'up to 80%' - thereby illustrating 'the rally around the flag effect' in Russia that consolidated the voters and reinvigorated the sense of national pride. Taking into consideration these two contradictory tendencies 'economic downturn and patriotic consolidation' is there evidence of Russian citizens willing to punish the incumbent authorities for the economic crisis? Drawing on the evidence from the population-based survey experiment we test 1) the priming effect of potentially sensitive questions, in order to address the issues of their influence on support for governing bodies and 2) causal effects of deteriorating economy and 'rally-around-the-flag effect' on how respondents assess the efficiency of political institutions. The survey was carried out by the Levada Center (one of the Russia's leading polling centers) in August 2016 using a representative sample of 1601 people aged over 18 years. The survey included two treatment questions: 1) 'Do you support the Crimea's rejoining the Russian Federation?' and 2) 'Some experts claim that Russia is undergoing an economic crisis, do you agree with this?' The dependent variables are the respondents' assessment of the State Duma, the President, and the government efficiency. Conclusions drawn from the survey experiment are twofold. First, we find the priming effect of sensitive question about Crimea: those who were exposed to this question evaluate the President and the government more favorably, but this tendency does not extend to their assessment of the State Duma. While those exposed to the question about economic crisis, reveal a more critical assessment of the State Duma and the Government, while the President's approval remains unchanged. The State Duma does not benefit from 'the rally around the flag', while the president is not punished for the crisis. Second, those who approve of the annexation of Crimea, tend to reward the president and the government, while those who admit the realities of the economic crisis do not punish the President.

Author(s): Elena Sirotkina, Margarita Zavadskaya
Topic: Decision Theory: Preferences, Field Experiments: General Back to session: Political Economy 1


SunTak Kim
National Taiwan University

ABSTRACT:
We conduct a quasi-field experiment to investigate the effects of news media on 2016 Taiwanese Presidential and Legislative elections. Subjects are divided into 4 groups and provided with distinct partisan news articles (conservative, liberal, new third-party and control). After reading their assigned articles, subjects join multiple experimental sessions in which they are asked to solve quiz questions based on those articles and are rewarded according to their quiz scores. We measure the effects of partisan news by taking surveys about the subjects' real voting decisions at the elections as well as about their initial political preferences (before the experiment). We find that the liberal news articles have significantly increased the support for the presidential candidate of the same ideology by reinforcing the existing preferences. The articles about the third-parties also have significant impacts on subjects' learning and support for these new parties.

Author(s): Chun-Fang Chiang, Semin Kim, SunTak Kim, Chien-Hsun Lin & Ming-Jen Lin

Violent conflict and political inclusion

Lina Maria Restrepo Plaza
University of East Anglia

ABSTRACT:
The experience of conflict generates a wide variety of effects in human behaviour. A collective memory of violence may facilitate the perpetuation of conflict through aggressive in-group favouritism and a sense of duty for retaliation. Individual exposure to violent conflict may distort individual preferences by exacerbating risk loving attitudes and impatience. On a more positive side, the experience of conflict may also increase individuals' egalitarian motivations toward others, and may trigger a sense of moral obligation and solidarity toward other victims. In this paper, we study how conflict shapes preferences for the political inclusion of other individuals. In a lab-in-the-field experiment in Colombia, we measure how individual and family exposure to conflict change the value individuals assign to their own political rights and the political rights of others. Participants are asked to choose the rules governing a collective decision, and then use these rules to make a substantial donation to one of two well-known, and politically
distant, local charities. We elicit their willingness to pay for three political rights to design the ballots used to make the donations: freedom of expression (including a short message in the ballot), choosing the team they cherish (seven categories for the donation), and democracy (boosting political inclusion at the team level). The magnitude of the difference is larger for high levels of polarization (exogenous or endogenous), and the results are robust to different specifications and controls.

Author(s): Cristina Bicchieri, Catherine C. Eckel, Enrique Fatás and Lina Restrepo-Plaza
Topic: Public Choice: Voting and Rent Seeking, Field Experiments: General
Back to session: Political Economy 2

Media Bias and Elections: Theory and Experiment
Junze Sun
University of Amsterdam

ABSTRACT:
We explore the impact of media bias on election outcomes and voter turnout, both theoretically and experimentally. We show that an increased media bias affects the winning probabilities of candidates non-monotonically, and increases voter turnout through the competition effect (Levine and Palfrey, 2007). Moreover, we identify conditions under which media entry may increase or decrease voter turnout, reconciling the mixed empirical evidence on this effect. We subsequently test our theoretical predictions in a laboratory experiment and find that both election outcomes and vote shares are well predicted. However, voter turnout is much less responsive to media bias than predicted. Finally, we find no evidence that voters are systematically persuaded by biased media outlets. Below we provide a more detailed extended abstract (since external link for the paper is not available yet). In this paper, we provide a theory explaining the impact of media bias on voters' behavior and election outcomes. We focus on three questions. First of all, in an environment with a single media outlet, how does an increase in media bias affect aggregate election outcomes (including parties' vote share, winning chances and voter turnout) and voter welfare? Second, what is the impact of media entry on those election outcomes? We investigate this question by studying the comparative statics of introducing a second (possibly biased) media outlet on top of the preexisting one. In particular, we focus on the impact of media entry on voter turnout since the empirical evidence on this effect is ambiguous and the underlying mechanisms are not sufficiently understood in theory. Finally, are voters systematically persuaded by biased media outlet(s)?

We approach this question by eliciting voters' subjective beliefs in a laboratory experiment and identify persuasion effect using the rationale of Bayesian updating. In the theoretical part we consider an election (under simple majority rule) with two candidates, A and B, who differ along two dimensions. First, they may have distinct 'quality' levels. The quality of a candidate may be interpreted as her ability or valence and is commonly valued by all voters. Examples of quality include integrity, honesty, and executive ability, attributes that most voters may wish to have a candidate to have. Second, voters have heterogeneous ideological preferences in favor of one of the two candidates. A voter's preference over candidate A depends on both a common component (quality) and a private component (ideology). It is thus possible that a voter prefers the ideologically less-favored candidate if she believes that the relative quality of this candidate is sufficiently high. We structure the game such that ex-ante, each candidate is equally likely to have a higher quality level than the other, and voters' ideological preferences are symmetrically distributed. In this way, a priori voter welfare is higher if the candidate elected is of higher quality. We show that the electorate's belief about the quality difference between candidates plays a key role in shaping equilibrium voting behavior and election outcomes. If all voters believe that the two candidates are of similar quality levels, then voting decisions are mainly based on private ideological preferences. Since ideological preferences are symmetrically distributed, the fractions of voters supporting each candidate are similar and the election is expected to be 'competitive'. Voter turnout is then high due to the 'competition effect' (Levine and Palfrey, 2007). If, instead, all voters believe the quality level of one candidate to be much higher than the other, then most voters decide on whom to support based on the commonly valued quality dimension. Consequently, the fraction of voters preferring the high-quality candidate is expected to be much larger than those favoring the low-quality candidate, making the election relatively uncompetitive. This leads to low voter turnout. Hence, voter turnout decreases as the perceived quality difference between candidates increases. The winning probability of the high-quality candidate increases as the quality difference increases. Our model assumes that voters cannot directly assess candidates' qualities. These are (precisely) observed by mass media outlet(s), however. Voters, then, can infer about candidates' relative qualities from candidate endorsements released by these media outlet(s). Importantly, the media outlet(s) may have different preferences over candidates than voters and can publish endorsements in an attempt to influence the election outcome in favor of the candidate they prefer. An unbiased media outlet prefers the candidate with the higher quality, and her preferences are therefore in line with ex-ante voter welfare maximization. A biased media, however, may prefer a candidate even if its quality is inferior. We show that regardless of the level of media bias, media endorsement always signals a higher relative quality of the endorsed candidate. However, compared to an unbiased media outlet, a media outlet biased towards candidate A is more likely to publish news in favor of candidate A, and endorses candidate B only if B has a much higher quality level than A, in equilibrium. Consequently, as media bias in favor of candidate A increases, an endorsement of A becomes less credible, and less likely to signal a large quality difference between the candidates. In contrast, endorsement of candidate B becomes more credible and able to signal a larger quality difference between candidates as media bias (in favor of candidate A) increases. Media bias affects voters decisions only through its influence on voters' posterior beliefs of the quality difference. Our theoretical analysis describes precisely how these posterior beliefs are influenced by media bias. For the single-media case, our model predicts that irrespective of the candidate that the media endorses, the winning chances of the ex-ante media favored candidate decrease as the bias towards that candidate increases. Ex-ante (i.e., prior to quality differences between the candidates materializing), there is a non-monotonic relationship between candidates' winning chances and the extent of the bias. The effect of media bias on voter turnout, however, depends on the endorsement. If a media with a bias to candidate A endorses A, turnout will increase in the extent of the bias. If it endorses B, a larger bias (towards A) decreases turnout. Ex-ante, voter turnout increases in the media bias. Entry of a second media may impact voter turnout. We show that media entry can either increase or decrease voter turnout ex-ante, depending on the biases of both the existing media and the entrant. In particular, we find that media entry increases voter turnout if the existing media is close to unbiased or the entrant media is sufficiently biased, while entry decreases ex-ante voter turnout if the existing media is sufficiently biased but the entrant media is relatively unbiased. This finding provides a possible reason to reconcile the mixed empirical evidence on how media entry affects voter turnout. To test these theoretical predictions, we implemented a laboratory experiment. Aside from enabling a direct test of our theory, laboratory control has important advantages for addressing our research questions. First, it avoids the self-selection into treatments that hinders the causal inference from observational data. Second, it allows us to directly induce (and, therefore, measure) crucial elements of the model such as quality levels, voter preferences, and the extent of media bias. Our experimental results show that the behavior of aggregate vote share and candidates' winning chances are well predicted, whereas voter turnout is much less responsive to media bias than predicted. Variation in theoretical predictions explained 54% to 66% of the variations in observed candidate's winning chances and vote share, but only explained 23% of the variation in observed voter turnout. A more detailed analysis shows that the irresponsiveness of voter turnout is entirely driven by voters with extreme partisan preferences, whose turnout rate is too high when media bias is low but too low when media bias is high. Finally, we test whether voters are systematically persuaded by biased media outlets. For this purpose, we elicited posterior beliefs on the relative quality of candidates. We show that for a Bayesian voter the average posterior belief should equal the prior belief, which does not depend media bias. If, in contrast, voters are systematically persuaded by biased media outlets, then we expect their average posterior beliefs to be increasing in media bias. We find no evidence of systematic persuasion and thus support the view that voters are rational and able to filter out the influence of media bias. (Selected) Reference Levine D K, Palfrey T R. The paradox of voter participation? A laboratory study[J]. American political science Review, 2007, 101(01): 143-158.

Author(s): Junze Sun, Arthur Schram, Randolph Sloof
Topic: Public Choice: Voting and Rent Seeking, N/A
Back to session: Political Economy 2
ABSTRACT: We conduct an experiment to characterize the 'expressive' voting behavior of political partisans. We find that participants who are asked to vote on the answer to factual questions tend to offer more partisan responses than those who must answer as decisive individuals. We further test whether voters exploit corrective information that sometimes challenges their partisan views. When information is available, we observe smaller partisan gaps and more correct responses, especially when the information is free. When information is costly to acquire, we find that voters generally choose to remain uninformed, consistent with the Downsian theory of rational ignorance. We also discuss a follow-up experiment, in which partisans can choose which (potentially biased) news sources to consult before voting.

Author(s): Andrea Robbett and Peter Hans Matthews
Topic: Public Choice: Voting and Rent Seeking, Games: Information
Link: http://community.middlebury.edu/~arobbett/EV.pdf
Back to session: Political Economy 3

**Discrimination and Group Identity: Using Dictator Games to Gauge Political Preferences**

Wei Zhan
Texas A&M University

ABSTRACT: We use a laboratory experiment to measure the effects of group identity on participant's social preferences in the context of the 2016 presidential election in the United States. Using participant's self-reported political party identification and candidate preferences, we assess whether levels of discrimination in three rounds of allocations differs between partisans in in-group/out-group allocations and if these levels of discrimination change when an observer is present. We find that Democrats and Republicans both discriminate against out-group members and that they discriminate less when an out-group observer is present. We also find evidence for intra-party discrimination, with partisans discriminating against co-partisans who have different candidate preferences.

Author(s): Kathryn Haglin, Wei Zhan, and Catherine Eckel
Topic: Social Behavior: Group Behavior, Social Behavior: Norms and Morals

**Do the politicians work for us or someone else? The experimental approach.**

Milos Fisar
Faculty of Economics and Administration, Masaryk University

ABSTRACT: Good politicians always put all their effort to create or adjust a public policy towards the benefits of the citizens, their voters. However, they are also all the time being persuaded by lobbyists and interest groups who attempt to influence their decision towards specific policy adjustments. In a transparent environment the lobbying attempts should not play a significant role, however, the transparency there is still limited. Therefore I propose an experimental approach to take a look in this issue. In this game, a politician and a voter meet, the lobbyist is a passive player there. The politician changes public policy and the voter decides whether to re-elect such politician or not. In this set-up, I want to observe changes in the behavior of the politician in transparent, voluntary transparent and non-transparent conditions. In the time of submission, the work is in phase of piloting and no results are known yet.

Author(s): Milos Fisar
Topic: Social Behavior: Norms and Morals, Public Choice: Voting and Rent Seeking

**Judging like a judge vs. judging like a politician**

Philipp Kragel
Helmut-Schmidt-University Hamburg

ABSTRACT: We experimentally study different systems of third party punishment and their consequences for norm enforcement in a public goods game. In the first treatment, the third party is able to punish public good players with no possible negative consequences for herself ('judging like a judge'). We compare this with two scenarios in which the third party can be held accountable for her behavior by either the players of the public good game or by an independent fourth party ('judging like a politician'). We find that the third party punishes deviations from the contribution norm more severely if she has to fear negative payoff consequences. However, the players usually anticipate this and contribute a significantly higher amount to the public good.

Author(s): Philipp Kragel and Nicola Maaser
Topic: Social Behavior: Norms and Morals, N/A

**Risky Choices Over Goods**

Patrick DeJarnette
National Taiwan University

ABSTRACT:
This paper examines how risk preferences differ over goods and in-kind monetary rewards. I study incentivized experiments in which subjects allocate bundles of either Amazon.com goods or Amazon.com gift credit (which must be spent immediately) across uncertain states. Under a standard model of perfect information of prices and goods available, I demonstrate risk preferences across these treatments would be identical. In practice, I uncover substantial differences in risk preferences across goods and in-kind monetary rewards. I examine whether these differences are driven by price or product uncertainty as in a search model, but find no evidence that this explains the differences. I further show that this is not being driven by fungibility, functional form, or good discreteness.

ABSTRACT:

Intertemporal allocations of income receipts are commonly used to measure individual discount rates. Alternative techniques, involving the intertemporal allocation of consumption most notably effort provision have recently gained popularity because of the concern that sophisticated experimental subjects will arbitrage monetary payments offered by the experimenter. If subjects do engage in arbitrage, then money-based studies would reveal the market interest rate faced by subjects rather than their temporal discount rates. We test these ideas in a laboratory study featuring three novel elements designed to give arbitrage its best chance. First, all transactions were conducted through direct bank transfers between subjects and the experimenter. Second, some subjects were forced to use their own financial resources to participate in the study, thus directly confronting their market rates for borrowing and saving. Third, the positive choice by subjects varied between receiving income from us, or repaying a loan from us. We then applied five direct and indirect tests of the arbitrage hypothesis. We find that subjects only passed one of the indirect tests: No present bias. No other behavior was consistent with arbitrage.

It’s Just Money: Do Experimental Subjects Arbitrage Intertemporal Monetary Rewards?

Christina Gravert
University of Gothenburg

ABSTRACT:

Real effort tasks have become an indispensable tool to induce a more realistic source of income in economic experiments. They usually serve either of two purposes: to overcome the “house money” or “manna-from-heaven” effect by introducing an element of deservedness, or to investigate the outcome of different payment-schemes, e.g. flat payment vs. piece-rate vs. tournaments. The experimental literature is full of different Real Effort Tasks, and every author claims that his or her task is particularly tedious/fair/fun etc. However, the empirical evidence comparing these tasks is surprisingly sparse. Even more importantly, however, nothing is known about how the specific characteristics of the Real Effort Task influence the outcome of the “real” experiment conducted after the task. For instance, how does the perceived fairness of the task influence the claims on the produced good? The first part of the paper surveys the literature and experimentally compares 8 different Real Effort Tasks under varying conditions. I report the participants performance in the task as well as self-assessed judgements about several of the task’s characteristics, such as fairness or fun. This part may serve the reader as an extensive library for future experiments. Part two investigates some variations of the tasks, such as outside options, tournament schemes or varying payments. In part three, I derive hypothesis about how specific characteristics of the Real Effort Task may influence a simple Nash bargaining game. In this game, two participants bargain over their joint earnings from the Real Effort Task. The empirical results provide clear evidence for differential effects between Real Effort Tasks. Real Effort Tasks which are perceived as particularly “tedious” result in significantly less egalitarian choices, and thereby simplify the coordination on the focal “effort”-norm. This, in turn, leads to significantly less normative conflict and higher successful transactions as compared to tasks which are considered more “fun”. The latter tasks result in a mixture of egalitarian and “effort”-norms. Finally, I give suggestions on how to choose an appropriate Real Effort Task for your next experiment.

Which Real Effort Task should I choose? An Experimental Comparison of Tasks and their Behavioral Effects.

Fabian Winter
Max-Planck-Institute for Research on Collective Goods

ABSTRACT:

Heterogeneity, Information, and the Emergence of Central Authority

David Kingsley
University of Massachusetts Lowell

ABSTRACT:

Institutions evolve to solve social dilemmas. Institutions can be informal, suggesting the peer-to-peer enforcement of social norms; or formal, suggesting a central authority that enforces established rules. Research suggests that, in public good experiments, homogeneous groups self-impose informal rather than formal institutions when the latter imposes a modest cost. This result is intuitive; when groups are able to tacitly agree on welfare enhancing contribution norms, peer punishment is rarely needed and imposes little cost. However, research suggests that there are limits to the effectiveness of informal institutions. For example, heterogeneity may reduce the capacity of groups to establish and enforce welfare enhancing contribution norms. This experiment investigates whether groups choose to self-impose an informal or formal institution in a public good experiment. Across conditions, subject endowments are either homogeneous, heterogeneous and observed, or heterogeneous and hidden. Results suggest that the impact of endowment heterogeneity depends on whether endowments are observed during the peer punishment stage. When endowments are observed, peer punishment remains effective and the proportion of groups self-imposing the formal institution is equivalent to the homogeneous baseline. When endowments are hidden, the peer punishment mechanism is ineffective and significantly more groups self-impose the formal institution. This research suggests that central authority institutions emerge from within to solve social dilemmas in heterogeneous groups when peer punishment becomes ineffective.
How Large Should the 'Bullets' Be?: Revisiting the Hired-Gun Mechanism in the Provision of Public Goods

JIA LIU
Newcastle University Business School

ABSTRACT:
The 'hired gun' mechanism which focuses on punishing the lowest contributor so that the person would rather be the second lowest contributor has been shown effective in promoting full cooperation in voluntary contribution settings (Andreoni and Gee, 2012). The suggested punishment involves two components; a unilateral punishment and a tie punishment. The former is imposed to discourage people from wanting to be the lowest contributor and the latter is added on to prevent people from coordinating on a tie at a below full-contribution level. There is essentially a range of values for the relative magnitude of these two components that would sustain full cooperation equilibrium when implemented. In this paper, we aim to examine how severe the unilateral and tie punishment should be to achieve the full-contribution equilibrium. Specifically, we are interested in investigating the size of the 'bullets' that the 'hired gun' should carry. In our experiments we vary the magnitude of the unilateral and tie punishment in such a way that full cooperation equilibrium will sustain. We also run an experimental treatment wherein we only eliminate the tie punishment but keep the unilateral punishment intact such that the voluntary contribution game is transformed into a coordination game. Our experimental results generally substantiate the theoretical prediction on the full cooperation equilibrium and the coordination outcome, except for the more lenient punishment parameters.

Author(s): Jia Liu, Yohanes E. Riyanto, Ruike Zhang
Topic: Public Choice: Public Goods and Common Pool Resource, N/A
Back to session: Public Goods 1

To Secede or Not Secede

Tim Salmon
Southern Methodist University

ABSTRACT:
In many cities there is substantial inequality leading to relatively well off members of a city subsidizing the less well off with respect to the provision of public goods. Given the extremity of the inequality one might expect to see well off parts of cities seceding so that they can set up more homogeneous cities that can provide a higher level of public goods which are restricted only to the better off citizens. Were they to do so, the level of public goods the remaining citizens could fund would decline. In fact such secessions are relatively rare. We investigate one possible explanation for that which is the rise of home owner's associations as they allow enclaves of well off citizens to provide a higher level of localized public goods while still staying in a larger city. We in particular investigate the degree to which such an option allows those in the well off group who might be concerned about the fate of the less well off group to increase their own well being without harming others.

Author(s): Ron Cheung and Tim Salmon
Back to session: Public Goods 1

Contribution and Punishment Norms in Public Good Games under Income Inequality from Nominal Choice

Arjun Sengupta
The Ohio State University

ABSTRACT:
Behavioral economics models of inequity aversion and altruism predict that more high income individuals would contribute more to public goods than low income individuals, but this prediction has not held in past research (Buckley and Croson, 2006). We tested the hypothesis that high income individuals make smaller proportional contributions to public goods, and low income individuals allow them to do so, because of the underlying belief that high income individuals made good choices and thus deserve to keep a bigger proportion of their income. We use a lab experiment to investigate whether income inequality generated through nominal choice can influence people's perceptions of what is a fair contribution in a public good game with the opportunity to punish. In our baseline treatment, the income inequality was generated randomly within a group. In our nominal choice treatment, subjects make a nominal choice but were aware that the income inequality was still randomly generated, as in the baseline condition. We found that the overall contribution towards public goods decreased when subjects make a nominal choice. Although high income individuals contributed more than low income individuals across both treatments, the high income individuals contributed less in the choice condition compared to the baseline condition. Moreover, those who have high income are punished less in the choice treatment than in the baseline condition, suggesting that individuals expect lower contribution from high income individuals when people's income is based on a nominal choice. We conjectured that such a change in perception of fair contribution in the choice treatment will be because of belief that good choice leads to good outcome. We find that this is not the case, suggesting that an act of choice itself can change preference for fairness.

Author(s): Arjun Sengupta, Krishna Savani
Back to session: Public Goods 1

Cooperation in Gains and Losses

Mofei Jia
Xi'an Jiaotong Liverpool University

ABSTRACT:
In recent years, social scientists have provided ample evidence of decision makers' willingness to cooperate with unknown others and contribute to public goods (see Ledyard, 1997; Chaudhuri, 2011). Conditional cooperation is put forth as one of the most important interpretations of such a behavior (e.g., Fischbacher et al., 2001). To state it differently, individuals cooperate and provide public goods if others are also doing so (or are expected to do so). Nonetheless, despite the rich literature on public good games, (to our knowledge) the behavior of individuals after experiencing gains and losses is largely understudied. As gains and losses are integral parts of everyday life (e.g., economic downturns and upturns), investigating cooperation in such circumstances can be of great importance. In this paper, we experimentally study the conditional and unconditional contributions of individuals as well as their perceptions of other's behavior after unexpected financial gains and losses in a linear public goods game. Stemming from the
Cooperation, Discounting, and the Effects of Delayed Benefits

Felix K?lle
University of Cologne

ABSTRACT:

Collective action problems are ubiquitous in nature and exist at all levels in human society. Numerous studies have investigated the determinants of cooperation in social dilemma situations. Yet, one factor that has largely been ignored so far is that in many real-world problems of cooperation, the costs and benefits of collective action are not always realized immediately and at the same time. For instance, in the case of fighting global warming, the costs of cooperation (e.g., reducing CO2 emissions) are immediate while the rewards from cooperation are delayed. Since most people exhibit a present bias, incentives for cooperation are additionally weakened leading to lower predicted social efficiency. In this study, we provide the first systematic analysis of how the timing of costs and benefits affects cooperation within groups. We find that cooperation levels drop (increase) by about 50% (70%) when benefits (costs) of cooperation are delayed compared to a situation when both costs and benefits are realized immediately. We identify two channels through which the timing of costs and benefits affects cooperation: (i) a shift in beliefs about other people's cooperativeness and (ii) a shift in people's (social) preferences. We further show that individual time preferences elicited at the end of the experiment predict our treatment differences. In a control treatment, we show that as predicted by standard theory, delaying both costs and benefits has no effect on cooperation. Finally, in a second study we show that in the case of delayed benefits economic incentives (in terms of mp) have to be raised dramatically to achieve the same cooperation levels as without delay.

Do Fixed-Prize Lotteries Crowd-Out Public Good Contributions Driven by Social Preferences?

Peter Katuscak
RWTH Aachen

ABSTRACT:

Fundraising for public goods by private contributions is often undermined by free-riding. One prominent mechanism suggested to alleviate this problem is a fixed-prize lottery with winning probabilities proportional to individual contributions (Morgan, 2000; Morgan and Selton, 2000). This design increases contributions by coupling financing of the public good with a private monetary incentive to win the prize. Yet, as extensively documented by economic experiments, subjects often contribute even in the absence of incentives of this kind, suggesting that their contributions are driven by social preferences. This raises a question of how the lottery incentive interacts with such preferences. We present an experiment in which we de-couple one's own ability to win the prize from the ability of the others to do so. This way, we de-couple the contribution effect of own prize seeking from the potential crowding out effect due to the perception that the others contribute because of their prize seeking, rather than to benefit the group. Even though the lottery increases contributions relative to the voluntary contribution case, we find that it also significantly crowds out voluntary contributions that are likely driven by social preferences.

Crossing the (uncertain) Rubicon: Are Ambiguous Thresholds better than Risky Ones in Common-Pool Resources?

Abdul Kidwai
University of Massachusetts Amherst

ABSTRACT:

A plethora of challenges that we face, ranging from managing fisheries to tackling climate change, can be classified as threshold common-pool resources (TCPR). A TCPR is a resource which can be consumed sustainably up to a certain level (the threshold) but consuming it beyond the threshold leads to the destruction of the resource. However, this threshold might not be known with certainty. For instance, a community knows that excessive fishing will destroy the fishery stock, but what constitutes 'excessive' is not known. Moreover, this uncertainty about the threshold can be of two types: risky or ambiguous. A risky threshold is one where the actual value is unknown but the distribution of the values is known. Whereas in an ambiguous threshold neither the actual value nor its distribution is known. Theoretical predictions of Aflaki (2013) suggest that consumption will be higher in a risky TCPR vis-a-vis an ambiguous one. We test this prediction in a lab experiment. Additionally, we examine whether consumption decisions are sensitive to the consequence of crossing the threshold. In one treatment, we have the total destruction of the resource if consumption exceeds the threshold while in the other, the resource is only partially destroyed. Furthermore, to disentangle the impact of social preferences, we run a treatment where a subject is paired with computer players. Our results have implications for a variety of environmental and resource management contexts.

Donors' Response to News: When Does Less Information Translate into More Giving?

Billur Aksoy
Texas A&M University

ABSTRACT:
The charitable giving market accounts for 2% of GDP and is crucial in addressing important social issues. In an attempt to improve market efficiency, the last decade has seen an emergence of charity rating agencies, such as Charity Navigator and CharityWatch. These agencies provide donors with information about charities’ financial health and program effectiveness. Besides helping donors choose among multiple charities, access to such information is considered by many practitioners to encourage more charitable giving. However, it is not clear in the literature whether informed donors on average contribute more than uninformed ones. This paper aims to investigate the ability of information to increase charitable giving and cooperation. The theoretical model in the paper treats information about the value of a public good as exogenous and investigates whether providing information about the project’s value increases expected giving. Since donors may vary in their motivations for giving, it is important to investigate how donors’ willingness to give, or their altruism level, impacts their response to information. The theoretical analysis suggests that the altruism level of donors plays an important role in the way donors respond to information. While information has the potential of increasing average giving for less altruistic population, it may in fact reduce expected giving when the donor population is more altruistic. The reason for this is that less altruistic donors use information to increase giving when they obtain good news about the project’s value. In contrast, more altruistic donors use information to withhold giving upon obtaining bad news. We test the implications of the theoretical model using a lab experiment. We conduct the lab experiment in two stages in order to control the level of altruism in each session. Our findings from the experimental data are in line with our theoretical findings. When the population is relatively less altruistic, information is good for giving. However, when the population is relatively more altruistic, then information is bad for giving. The findings of this study have significant policy implications for the charitable giving sector and policy makers who aim to increase public goods provision and cooperation in the society. The findings will inform policy makers about which fundraising strategies to employ for different target groups.

Author(s): Billur Aksoy and Silvana Krasteva
Topic: Public Choice: Public Goods and Common Pool Resource, N/A

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Investigating the Effect of Endogenous Provision Probability on Voluntary Contributions to Public Goods
Sean Bokelmann
Georgia State University

ABSTRACT:
Numerous public goods are characterized by endogenous provision probability (EPP) where expenditures increase the likelihood of provision. While there have been some experimental papers investigating such environments, none make comparisons to an expected-value equivalent, deterministic baseline. This paper draws comparisons between an expected-value equivalent voluntary contribution mechanism EPP treatment and a standard deterministic baseline using a simple within-subjects experimental design.

Theoretical predictions of the egocentric other-regarding preferences (ECORP) model of Cox and Sadiraj (2003) are derived and tested. Early pilot results show some inconsistency with the ECORP model. Potential explanations may be a utility of winning, loss aversion, or disappointment aversion.

Author(s): Tim Cason and Robertas Zubrickas

Back to session: Public Goods 3

Continuous Time Crowdfunding with Refund Bonuses
Tim Cason
Purdue University

ABSTRACT:
Public goods, and creative and social entrepreneurship projects, are often financed through voluntary contributions made by many individuals. Such crowdfunding efforts often involve funding target thresholds, with contributions solicited over a specific timeframe. This experiment studies a new refund bonus mechanism, in which each contributor has her contribution refunded if the threshold is not met, along with a refund bonus that is proportional to her proposed contribution. As long as the refund bonus is sufficiently small, for this mechanism worthwhile projects are always funded successfully in equilibrium. We find that the funding rate is significantly greater with the refund bonus compared to a no-bonus baseline, particularly when contributors can simultaneously give to alternative projects. Contributions occur in continuous time, and a rush of last-second contributions near the threshold leads to some coordination failure and inefficiency.

Author(s): Tim Cason and Robertas Zubrickas

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Common-value public goods and informational social dilemmas
Caleb Cox
Virginia Commonwealth University

ABSTRACT:
We examine the role of private information and cheap talk in a public goods setting with uncertain returns to contribution. We consider a VCM linear public goods game in which the MPCR is either high or low, with equal probability ex ante. Before contributing, players observe private signals correlated with the true MPCR and then send cheap talk messages to one another. In equilibrium, cheap talk cannot improve contribution decisions because there is an incentive to exaggerate. However, preliminary experimental results show that contribution decisions are substantially influenced by messages, and that messages are largely truthful. Furthermore, cheap talk yields higher payoffs compared to treatments without cheap talk.

Author(s): Caleb A. Cox, Brock Stoddard

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Explaining Conditional Cooperation in Repeated Public Goods Games
Kirby Nielsen
Ohio State University

ABSTRACT:
We experimentally investigate the nature of conditional cooperation in a repeated linear public goods game. By providing data from previous sessions, we exogenously manipulate subjects' first- and second-order beliefs to test theories of reciprocity (Rabin 1993, Dufwenberg & Kirchsteiger 2004) and guilt aversion (Battigalli & Dufwenberg 2007). We find that subjects respond to first-order beliefs, contributing more when they expect others will do so. Our results support theories of reciprocity, but we find no support for models of guilt aversion. Data on elicited utilities shows that preferences become more selfish throughout the game, further contributing to the decline in cooperation.

Author(s): Paul J. Healy and Kirby Nielsen

A Close Look at Individual Behavior in a Dynamic Common Pool Resource Game
Alexander Smith
Worcester Polytechnic Institute

ABSTRACT:
We examine behavior in a dynamic common pool resource game in which the growth of the resource stock is logistic. There is considerable group-level heterogeneity in the benefits obtained from the resource (efficiency). We define and characterize three kinds of individual behavior: 'irresponsible,' 'responsible (or neutral),' and 'constructive,' and we determine how individual behavior varies between successful and unsuccessful groups. In particular, we examine the frequency, intensity, and persistence of irresponsible, responsible, and constructive behavior in successful versus unsuccessful groups. We do so with the aim of identifying the appropriate targets and/or goals for interventions intended to improve efficiency.

Author(s): Zachary Chapman, Alexander Smith, and Gbetonmasse Somasse
Topic: Public Choice: Public Goods and Common Pool Resource, N/A

Cultural origins of cooperation: The permeability of societies
Christian Thoeni
University of Lausanne

ABSTRACT:
Cooperation among unrelated individuals is key for the well-functioning of modern societies. In this study we present cross-societal evidence on cooperation in anonymous Public Good games (PG) with and without punishment. Observing behavior from controlled laboratory experiments in 42 societies around the world we find evidence for strong cultural differences in cooperation as well as in the enforcement of cooperation. We introduce a measure for the permeability of societies, which is highly correlated with what we observe in the experiment. Using a linguistic variable on pronoun drop as an instrument for the permeability of a society suggests that the cultural differences in permeability are rooted in a society's long-term history.

Author(s): Simon Gaechter, Jonathan F. Schulz, Christian Thoeni

Group Identity and Pro-social Punishment
Shuo Yang
University of Texas at Dallas

ABSTRACT:
We design a laboratory experiment to investigate how group identity influences individual cooperation and punishment under the voluntary contribution mechanism of public goods. In the group treatments two groups are randomly assigned in the lab. Individuals contribute to a global public good, and can engage in peer punishment. We find that when groups are present, the positive impact of punishment on public goods contribution is significantly greater than the control treatment where groups are absent. However, this effect only exists when the punishees are informed about the group identities of the punishers. In addition, participants punish the ingroup low contributors more severely than the outgroup ones. Punishees react to punishment more positively in group treatments compared to the case where groups are absent. Our findings suggest that the peer punishment regime may increase public goods contribution more effectively in the presence of different social groups than in a homogeneous society. But the power of its impact largely hinges on the availability of information on the group identities of the source of the punishment.

Author(s): Dr. Sherry Xin Li and Shuo Yang

Aiming to choose correctly or to choose wisely? The optimality-accuracy trade-off in decisions under uncertainty
Thomas Garcia
GATE

ABSTRACT:
When making a decision under uncertainty, individuals aim to achieve optimality. In general, an accurate decision is optimal. However, in real life situations asymmetric stakes induce an unusual divergence between optimality and accuracy. We highlight this optimality-accuracy trade-off and study its origins using two experiments on perceptual decision making. We use Signal Detection Theory as a normative benchmark. The first experiment confirms the existence of an optimality-accuracy trade-off with a leading role of accuracy. The second experiment explains this trade-off by the concern of people for being right.

**Author(s):** Thomas Garcia & Sbastien Massoni  
**Topic:** Decision Theory: Ambiguity, Decision Theory: Other  
**Back to session: Reasoning**

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**Cognitive Cost of Ignoring**

Erkut Ozbay  
University of Maryland  

**ABSTRACT:**  
This paper experimentally investigates the effect of introducing unavailable alternatives and irrelevant information regarding the alternatives on the optimality of decisions in choice problems. Due to the excludable nature of unavailable alternatives or irrelevant information, not only classical rational choice theory but also several theories that capture suboptimal decisions (when the number of alternatives increase) predict no-change when unavailable alternatives or irrelevant information are introduced. We show that existing models of cognitive cost should be modified to explain our data. In particular, we find that interaction between the unavailable alternatives and irrelevant information regarding the alternatives is necessary to generate negative welfare effects. Irrelevant information in any dimension increases the time costs of decisions, whereas irrelevant information regarding the alternatives (but generally not unavailable alternatives) increases choice paralysis. We also identify a pure 'preference for simplicity' that is independent of any of these other measures of consumer welfare.

**Author(s):** Ian Chadd, Emel Filiz-Ozbay, Erkut Y. Ozbay  
**Topic:** Decision Theory: Bounded Rationality, N/A  
**Back to session: Reasoning**

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**Conditionally Additive Utility Representations**

Hendrik Rommeswinkel  
National Taiwan University  

**ABSTRACT:**  
Advances in behavioral economics have made decision theoretic models increasingly complex. Utility models incorporating insights from psychology often lack additive separability, a major obstacle for decision theoretic axiomatizations. We address this challenge by providing representation theorems which yield utility functions of the form $u(x,y,z)=f(x,z) + g(y,z)$. We call these representations conditionally separable as they are additively separable only once holding fixed $z$. Our representation theorems have a wide range of applications. For example, extensions to finitely many dimensions yield both consumption preferences with reference points $\sum_i u_i(x_i,r)$, as well as consumption preferences over time with dependence across time periods $\sum_t u_t(x_t,x_{t-1})$.

**Author(s):** Wei-zhi Qin, Hendrik Rommeswinkel  
**Topic:** Decision Theory: Preferences, Decision Theory: Bounded Rationality  
**Link:** [https://mpra.ub.uni-muenchen.de/78158/](https://mpra.ub.uni-muenchen.de/78158/)  
**Back to session: Reasoning**

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**Response Times in Economics: Looking Through the Lens of Sequential Sampling Models**

John Clithero  
Pomona College  

**ABSTRACT:**  
Economics is increasingly using process data to make novel inferences about preferences and predictions of choices. The measurement of response time (RT), the amount of time it takes to make a decision, offers a cost-effective and direct way to study the choice process. Yet, relatively little theory exists to guide the integration of RT into economic analysis. This article presents a canonical process model from psychology and neuroscience, the Drift-Diffusion Model (DDM), and shows that many RT phenomena in the economics literature are consistent with the predictions of the DDM. Additionally, use of the class of sequential sampling models facilitates a more principled consideration of findings from cognitive science and neuroeconomics. An application of the DDM to a binary choice dataset demonstrates the rich inference made possible when using models that can jointly model choice and process, highlighting the need for more work in this area.

**Author(s):** John A. Clithero  
**Topic:** Psychology and Biology: Neuroeconomics, Decision Theory: Other  
**Back to session: Reasoning**

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**Testing Belief-Free Play in Repeated Games with Stochastically-Perfect Monitoring**

Paul Healy  
Ohio State University  

**ABSTRACT:**  
If subjects employ belief free strategies in repeated games with private monitoring, then their action at each stage will not be affected by the revelation of their opponent's true actions in all previous stages. We find that, indeed, subjects do not revise after learning this information, supporting the idea that their play is indeed belief-free.
Experiments on Repeated Games with Infrequent Monitoring

Hajime Kobayashi
Kansai University

ABSTRACT:
The theory of repeated games states that when individuals face imperfection in monitoring technology, accumulating information via infrequent monitoring improves efficiency under long term relationships. This paper investigates this statement through laboratory experiments by extending Aoyagi and Frechette (2009). We find that: (i) when a level of noise is small, the level of cooperation is significantly enhanced as the length of accumulation periods becomes long, (ii) when the levels are high or zero, the level of cooperation decreases as the length of accumulation periods becomes long. For individual behaviors in the small noise treatment, we find that subjects utilize the accumulated signals in such a manner that they are more tolerant and more forgiving than in the standard repeated game treatment.

Author(s): Hajime Kobayashi, Tatsuhiro Shichijo, Shigeki Kan, Katsunori Ohta, Tatsuyoshi Sajio, Takafumi Yamakawa
Topic: Games: Repeated Games, N/A

Irreversibility and Monitoring in Dynamic Games: Experimental Evidence

Eungik Lee
SNU

ABSTRACT:
We provide experimental evidence on the impacts of irreversibility and imperfect monitoring on repeated public goods games. When actions are irreversible, contribution level cannot decrease over time. When monitoring is imperfect, subjects only observe noisy signals of their partners' past contributions. We find that irreversibility and imperfect monitoring both cause efficiency loss, but in different ways. Irreversibility 'delays' cooperation by lowering contributions in earlier periods, while imperfect monitoring 'hampers' cooperation by lowering contribution levels across all periods. These results are partially consistent with the theoretical predictions of Lockwood and Thomas (2002) and Gueron (2015).

Author(s): Syngjoo Choi, Andrew Choi, Yves Gueron, and Eungik Lee
Topic: Games: Repeated Games, N/A
Link: https://www.dropbox.com/s/gm3mch6cd98vc29/Writings_Merged0401.pdf?dl=0

An Experiment: Voluntary Separation in Indefinitely Repeated Prisoner's Dilemma Game

Hyunkyong Lee
New York University

ABSTRACT:
Many economic and social relationships, such as employment and marriages, are subject to voluntary separation ' each party can unilaterally quit the relationship any time. This study experimentally investigates cooperative behavior of people in such environment. Subjects play an infinitely repeated prisoner's dilemma game in a reputation-free setup, in which they are randomly rematched with another person upon separating from their partner. Voluntary separation facilitates cooperation, only when it is costly. People are heterogeneous in their cooperative inclination, and voluntary separation functions as a sorting mechanism. Initially uncooperative plays leading to a long-term cooperation, a highly-counter intuitive prediction made by Fujiwara-Greve & Okuno-Fujiwara(2009), are observed in the data. However, contrary to their prediction, subjects fail to sustain cooperation under costless separation. The decreasing cooperation rate converging to different levels across sessions is explained by a simple epidemic analysis that models both cooperation and defection as a contagious behavior.

Author(s): Hyunkyong (Natalie) Lee
Topic: Games: Repeated Games, Social Behavior: Norms and Morals
Link: https://sites.google.com/site/natalielee1494/research/an-experiment-voluntary-separation-in-indefinitely-repeated-prisoner-s-dilemma-game

Racing Towards a Finishing Line: A Laboratory Experiment

Jonathan Tan
University of Nottingham

ABSTRACT:
Races are prevalent but little is understood about strategic reasoning in these races. We present a very simple model with a finishing line that is tractable and allows for distinct predictions and observations. In these two player games, players can invest costly effort to make progress steps. The winner gets a grand prize, while the loser walks away with nothing. The finishing line is fixed. Effort certainly leads to progress. The state-of-play is common knowledge. Our theoretical analysis is in Markov Perfect Equilibrium. The only variable we vary across experimental games is the cost of effort in making progress steps. This manipulation is enough to yield a variety of qualitatively different behaviors in MPE, from all-out 'sprints' with high effort throughout, mid-race 'breakaway' attempts seen in cycling, and others. We observe that effort is inversely related to cost. The leading player is more likely to exert high effort than the trailing player ' once in the lead players try to defend it. Also, the larger the distance between the players, the less likely they are to exert high effort.

Author(s): Yves Breitmoser, Jonathan H W Tan, Theodore Turocy
Game parameters and cooperation in finitely and infinitely repeated PD games

Daniela Puzzello
Indiana University

ABSTRACT:
In this experimental study, we examine how changes in parameters of the game (temptation payoff, sucker payoff, and length of the repeated game horizon) affect cooperation in finitely and infinitely repeated PD games. Specifically, starting with the baseline game and holding gains from cooperation constant, we increase the temptation payoff, or decrease the sucker payoff or decrease the horizon length to create three distinct games. Each of these three games has the same Basin of Attraction, that is higher than the baseline game. We find that these parameter changes affect cooperation in an asymmetric fashion.

Author(s): Volodyymyr Lugovskyy, Daniela Puzzello and James Walker
Topic: Games: Repeated Games, N/A
Back to session: Repeated Games 2

Equilibrium Selection and Strategy: Experimental Evidence from an Infinitely Repeated Transboundary Public Goods Game

Tsz Kwan Tse
Kyoto University

ABSTRACT:
We developed our research interest because of the Fukushima Nuclear Disaster 2011 in Japan. This disaster called international attention to the risks of radioactive pollutant transmission to other countries by air, soil, and water. Other countries have involuntarily assumed the decision risk from Japan, even if they are not party to the decision. The question is, if countries can influence each other's decision-making on disaster management, under which conditions do they cooperate? Based on our research interest, we have investigated the types of strategies by eliciting all possible one-period-ahead strategic choices using the strategy method. In our experiment, we implemented our infinitely repeated TBP game under the direct response methods and strategy methods as per Selten's (1967, 1997, 2003) experimental design. The experimental results show that participants more frequently offered contributions in the treatment where Grim Trigger is in risk-dominant equilibrium than in other treatments. It suggests that risk-dominant equilibrium is suitable for explaining the behavior among participants in the infinitely repeated TBP game. Additionally, by employing the strategy method, we found that participants can learn from other partners. They modified their strategy to establish cooperative relationships with their partners. Keywords: cooperation, equilibrium selection, infinitely repeated transboundary public goods (TBP) game, subgame perfect equilibrium, risk dominance equilibrium, Grim-Trigger.

Author(s): Tetsuya KAWAMURA, Tsz Kwan TSE
Back to session: Repeated Games 2

Myopic Loss Aversion or Randomness in Choice? An Experimental Investigation

Piotr Evdokimov
University of Minnesota

ABSTRACT:
This paper reinterprets a well-known behavioral phenomenon, usually attributed to myopic loss aversion (MLA), through the lens of stochastic choice. First, it is argued that stochastic choice models can explain behavior in prior studies of MLA and reconcile some conflicting results in the literature. Second, the predictions of stochastic choice and MLA are contrasted in a new experiment based on simple choices between gambles and sure amounts. The results of this experiment show subjects to be more risk-averse with stochastic choice models than MLA. We not only examine the interaction within a group but also explore the effect of the interaction between groups on individual contributions. We designed the TBP game under an infinitely repeated situation, to examine what types of equilibrium can explain human behavior in the infinitely repeated games. By following Bonski and Spagnolo's (2011) axiomatic approach, we theoretically identify a condition that Grim-Trigger is supported as a risk-dominant strategy in the TBP game. By following Dal Bo and Fr?chette's (2011) experimental approach of the infinitely repeated Prisoner's Dilemma game, we design our experiment into three treatments with different probabilities of continuation, p (p1 = 0.5, p2 = 0.8, p3 = 0.9). Under p1 = 0.5, Unconditional Defection is the unique subgame perfect Nash equilibrium strategy; under p2 = 0.8, Grim Trigger is the subgame perfect Nash equilibrium strategy but not the risk-dominant strategy; while under p3 = 0.9, Grim Trigger is both the subgame perfect Nash equilibrium strategy and risk-dominant strategy. We compared the average cooperation rate among the three treatments to detect equilibrium selection in an infinitely repeated TBP game. We experimentally investigated the types of strategies by eliciting all possible one-period-ahead strategic choices using the strategy method. In our experiment, we implemented our infinitely repeated TBP game under the direct response methods and strategy methods as per Selten's (1967, 1997, 2003) experimental design. The experimental results show that participants more frequently offered contributions in the treatment where Grim Trigger is in risk-dominant equilibrium than in other treatments. It suggests that risk-dominant equilibrium is suitable for explaining the behavior among participants in the infinitely repeated TBP game. Additionally, by employing the strategy method, we found that participants can learn from other partners. They modified their strategy to establish cooperative relationships with their partners. Keywords: cooperation, equilibrium selection, infinitely repeated transboundary public goods (TBP) game, subgame perfect equilibrium, risk dominance equilibrium, Grim-Trigger.

Author(s): Piotr Evdokimov
Topic: Decision Theory: Preferences, Decision Theory: Risk
Back to session: Risk 1

The Evidence for Rank-Dependent Expected Utility: A Case of Over-fitting Laboratory Data

Dale Stahl
University of Texas

ABSTRACT:
A re-examination of experiment data reveals evidence of substantial noise and over-fitting of that noise by Rank-Dependent Expected Utility (RDEU) models. Further, we find
that the simple EU model predicts out-of-sample better than all the enhanced RDEU models. The central lesson is that it is vitally important to guard against over-fitting laboratory data. Finally, we argue that due to the need for adequate monetary incentives and the sample size limitations of laboratory data, there is a limit to how confident we can be in our theories of lottery choices.

The effect of risk attitudes on search behavior

Takahiro Miura
Osaka University

ABSTRACT:
Search behavior involve risk. Therefore, risk preferences play an important role in search behavior. Reservation wage for risk loving people is higher than that for risk averse people, so search duration for risk loving people is longer than that for risk averse people. Our paper tests the effect of risk preference on search behavior by using a laboratory experiment. We used the multiple price list to measure individuals' risk preference. In contrast to the previous literature cannot find any statistical significant association between risk preference and search activity by using a laboratory search experiment, we found that risk loving people do longer search activity than risk averse people. Therefore, the extent of effect of risk preference on search activity depends on the situation.

Dynamic Regret Avoidance

Alexander Vostroknutov
University of Trento

ABSTRACT:
We study experimentally how regret avoidance influences the decision to sell a stock while its price changes over time. Participants know beforehand whether they will observe the future prices after they sell the stock or not. Without future prices participants are affected only by past regret. When future prices are available, they also avoid future regret. The estimation of a structural model shows that, as the relative sizes of past and future regret change with the price, participants dynamically switch between them, with the larger regret term dominating the decision to sell.

Prize Linked Savings with Guaranteed Winners: Theory and Experiments

Paan Jindapon
University of Alabama

ABSTRACT:
We theoretically and experimentally investigate decisions to allocate income in a savings account that bundles saving and lottery, so-called Prize Linked Savings (PLS). At the end of a saving period, all PLS account holders will receive their principal and some will be randomly chosen to win a fixed prize. The winning probability of each participant is determined in the same fashion as in a Tullock's lottery. Each participant is asked to allocate his income among three options: immediate consumption, a traditional savings account with a fixed interest rate, and a PLS account. When assuming concave CARA utility function for each participant, there exists a unique equilibrium even though the participants' risk parameters differ. Under expected utility theory, we find that introducing a PLS account will reduce total savings by an individual, but our experimental evidence suggests otherwise. Specifically, most subjects choose to consume less and save more when both types of savings accounts are available than when traditional savings account is their only saving option. This is consistent with theoretical predictions given pessimistic participants who underweight their probability of winning. We also find from the experiment that a PLS account is a more efficient tool to induce individuals to save than a traditional savings account.

Measuring skill and chance in games

Marco Lambrecht
University of Heidelberg

ABSTRACT:
Online gaming on the internet has become a multi-billion dollar industry. The question whether a game predominantly depends on skill or chance has important legal and regulatory implications. In many jurisdictions games of chance are prohibited or tightly regulated. Classifying mixed games, i.e. games that incorporate both strategic actions of players as well as the use of random devices, is a much-debated issue. A generally accepted criterion has not been developed yet. We pursue an empirical approach by capturing the heterogeneity of playing strengths of competitors and define the 'best-fit' ELO algorithm to measure this heterogeneity. Subsequently, we apply the method to large datasets from natural field experiments and propose a scale of skill and chance based on Chess data. This scale includes a reference point for 50% skill. Measuring two-player competitions of various games (e.g. Poker 'Sit and Go', Backgammon and Tetris) and positioning those on the scale, it turns out that the most common Poker modifications are
Adolescent and young adults' decision-making in private versus when observed

Agnieszka Tymula
University of Sydney

ABSTRACT:
Decisions made during adolescence and young adulthood have economic impact on people throughout their lives. It is now clear that teens and young adults more often than midlife adults make decisions that impair their own educational, health, and social outcomes, and their financial outcomes in the form of foregone future salary and retirement. Reckless behaviours come at a substantial financial burden to the society that bears the costs of hospitalisation, preventive policies, and educational campaigns. However, decision-making of young people involves far more than the dramatic. The decisions that adolescents face such as whether to smoke, whether to have unprotected sex, and how much time to devote to studying are an outcome of complex interactions of an array of individual decision-making parameters; these include attitudes towards known and unknown risks, time preference, and the relative valuation of equally sized gains and losses. Importantly, most decisions, particularly in adolescence, are made not privately but in a social context. In this talk, I will present a series of experimental lab studies that disentangle which key parameters of the economic decision-making model are affected by the presence of peers and the direction of these effects. I will show whether in the presence of peers, adolescents tolerate more risks and ambiguity, are more likely to become impatient, become less loss averse, and have more difficulty in expressing their preferences. The results focus on the gender differences and differences between making decisions when observed by a peer versus making decisions after observing peers. We conduct the experiments using three reward types: money, healthy and unhealthy food.

Identity priming when behaviors are risky: a flu vaccination field experiment

Irene Mussio
UMass Amherst

ABSTRACT:
This study aims at influencing the decision to get vaccinated against the flu using identity primers within a field experiment setting in a university campus. Posters are used as part of the immunization campaign by the university, including messages that primed the importance of the health of the individual and the rest of the subjects who are part of the university community. Additional information was included so that students are aware of the risk of getting the flu, and with the aim of reducing some of the misconceptions surrounding the vaccine. We look at actual vaccination decisions, not at hypothetical decisions or intention to get vaccinated. We find that priming the individual and social benefits of vaccination together has a larger impact on vaccination turnout compared to no primer and only individual or social benefit of getting a vaccine. Moreover, females seem to be driving a large part of the results, which is in line with previous literature that argues that women seem to be more risk averse and tend to judge risks at a higher level than males.

Attitudes Toward Ambiguous Time: Experimental Evidence

Anisa Shyti
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ABSTRACT:
Many business decisions are subject to considerable uncertainty about time, as cash inflows, customer payments, funding, and so forth. The timing of funding or cash inflows is important, as it influences other decisions on alternative financing options, necessary to meet short and long term financial obligations (Landier and Thesmar, 2009). Past research that focuses on time as a salient attribute, shows that time perceptions are fragile and individuals exhibit insufficient sensitivity toward time (Abdellaoui and Kemel, 2013; Ebert and Prelec, 2007). Past research on time perceptions shows predominance of aversion toward risky time (Chesson and Viscusi, 2000; DeJarnette et al., 2015), and also toward ambiguous time (Eliaz and Ortoleva, 2015). In this paper, we focus on the ambiguity aspect of the timing in which outcomes materialize. To do so, we develop and experimentally test a simple method to measure individual attitudes toward ambiguous time. The method features a decision maker facing binary options that give the same non-risky outcome, but differ in the timing aspect in which the outcome is received. A precise-time option states a specific number of days, hence a known future date, in which the decision maker receives the outcome. An ambiguous-time option states instead a time interval, hence implying an unknown future date within which the decision maker receives the outcome. Being the outcome the same for both the precise-time and ambiguous-time options, the discounted utility function, assuming it is monotonic, drops from our equation. Assuming as well a two-stage prospect evaluation, we isolate the effect of ambiguous time on individual preferences. For each time interval, we elicit a time equivalent, t_star, or the indifference point between an ambiguous-time prospect and a precise-time prospect. Based on the location of time-equivalent within the time interval, we construct well-defined ambiguity parameter. The study is based on two lab-in-the-field experiments with MBA students at a European business school, who were assigned a term-long course project. Students were asked to make decisions on options that would provide them a monetary outcome in the future, before the completion of their degree. We elicited students' beliefs about the grade and rank of their term-project. In Experiment 1 we used hypothetical outcomes. 157 full-time MBA students were randomly assigned to two between-subject experimental conditions, one chance condition, in which the timing of the outcome was determined by chance, and one quality condition, in which the timing of the outcome was determined by the quality of the term project. In the latter condition, students were explained that higher quality projects would receive the money earlier than lower quality projects. In Experiment 2, with 100 full-time MBA students, we implemented real incentives and a within-subject design. In this experiment students faced both the chance and quality conditions in counterbalanced order. In both experiments, students chose between precise-time and ambiguous-time options before receiving formal feedback on their projects. Experimental treatments included manipulations of the distance from the present (i.e., nearer to the present versus further from the present) for receiving the outcome, and level of ambiguity (i.e., short versus long time intervals). Given the nature of the course project and the duration of the term (14 weeks), the time unit used in both experiments was in days. The main results of both studies are the following. Attitudes toward ambiguous time are source-dependent, or significantly different in the chance versus quality conditions. For chance-based timing of outcomes, decision makers avoid ambiguous time, more so for higher ambiguity (longer time...
intervals). For quality-based timing of outcomes, decision makers prefer ambiguous time, more so for outcomes in the distant future. Hence, our results also show delay-dependent attitudes toward ambiguous time. We discuss the implications of our findings in terms of decision biases, such as overconfidence and planning fallacy. To the best of our knowledge, our study is the first attempt to investigate attitudes toward ambiguous time in relation to different sources of uncertainty.

Projection Bias and Reference Points: Theory and Evidence

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ABSTRACT:
Recent models in economics highlight how preferences are reference dependent. This paper explores how a person predicts a changing reference point in settings where the future reference point is easily foreseeable. I examine how projection bias—the tendency to think that future tastes will closely match current tastes—may extend to reference-dependent preference, and I develop a theory of reference-point projection in which agents believe their future reference point will more closely match their reference point today than it actually will. The theory predicts systematic changes in risk tolerance, and I explore one particular prediction in an online experiment. Using a series of choices over lotteries, I jointly test the prediction that agents have reference-dependent preferences and that the reference point that people expect in the future is not the rational-expectations reference point. I find evidence consistent with this model and support for projection of reference points.

Cooperation in a risky world

Vincent THEROUDE
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ABSTRACT:
We study the effect of environmental risk on cooperation in the Voluntary Contribution Mechanism. Our baseline is the standard setting in which the personal return from the public good is deterministic, homogeneous, and publicly known. Our experimental treatments alter this classic design by making the marginal per capita return from the public good probabilistic. In the homogenous risk treatment, the random draw is made for the whole group, while in the heterogeneous risk treatment this happens independently for each group member. Our main result is that risk does not harm cooperation either in the one-shot or in the finitely repeated version of the game. This suggests that the standard experimental methodology provides a robust and conservative measure of human cooperation.

Consumption smoothing and subjective discounting in the presence of background risk

Marc Willinger
Faculty de Sciences Economiques, LAMETA, university de Montpellier 1

ABSTRACT:
We provide experimental evidence about consumption allocation decisions between two future dates in the presence of a multiplicative mean-zero (background) risk. The background multiplicative risk can affect either of the two dates, both dates or neither date. Following Andreoni and Sprenger (2002), we vary the delay between the two dates and the interest rate. We replicate some of their findings. We categorize subjects either as risk-avoiders or as risk-seekers, according to their adjustment of the sooner consumption with respect to the no risk reference situation. Risk-avoiders always lower their consumption at the sooner date when there is background risk at this date, while risk seekers increase it. At the aggregate level we observe an increase in sooner consumption. Symmetrically, risk seekers lower their consumption at the sooner date when there is background risk at the later date, while risk avoiders increase it. However, again we observe an increase of sooner consumption at the aggregate level in this case. Since the frequency of each type of subjects is almost the same in our sample, it means that the risk seekers' adjustments dominate when the risk is at the sooner date, while the risk avoiders' adjustments dominate when the risk is at the later date. We discuss theoretical issues with respect to modelling such asymmetric adjustments in a heterogeneous population.

Emotions and updating beliefs

adriana breaban
Tilburg University

ABSTRACT:
The influence of emotions in individual decision making in economic environments has proved to be non-trivial in the economics and psychology literature. In this paper we study the effect of emotions (as identified by facial recognition software) on beliefs formation and updating. We create an experimental design in which we measure subjects' certainty equivalence of investing in a risky uncertain asset and the actual beliefs about the probability of a good outcome via matching probabilities. We investigate whether
The Effect of Overconfidence in the Insurance Markets

Klajdi Bregu
University of Arkansas Fayetteville

ABSTRACT:
Sandroni and Squintani (2007) using the same framework with Rothschild and Stiglitz (1976) show that when there is a significant fraction of overconfident (or underconfident) agents compulsory insurance does not improve all agents’ welfare because it makes low-risk agents worse off. Sandroni and Squintani (2007) argue that overconfident (underconfident) people behave as low (high) risk people and underinsure (overinsure). Yet, the literature to date has not established a clean causal relationship between overconfidence and insurance buying decisions. In this paper I present an experiment designed to investigate this relationship. Using a design similar to Camerer and Lovallo (1999) I show that subjects buy significantly less actuarially fair insurance when the probability of loss depends on their own ability. These findings hold when one controls for risk preferences and other demographic variables. Lastly, I find that there is no statistically significant relationship between risk preferences and overconfidence.

Author(s): Klajdi Bregu
Topic: Decision Theory: Risk, Decision Theory: Other
Back to session: Risk 4
Back to session: Risk Taking with Others
ABSTRACT:

Corruption is a widespread phenomenon plaguing entire nations around the globe. While empirical evidence suggests that corruption has a negative effect on aggregate variables such as GDP and growth, causal evidence on the effects of corruption on cooperation is still missing. This paper reports on a public good game experiment in which the punishment authority is centralized. We show that, compared to a control condition in which bribery is impossible, overall contributions to the public good are reduced by 30% when participants have the possibility to bribe the punishment authority. Interestingly, we provide evidence that corruption does not lead to a complete collapse of corruption. Instead, low to medium levels of cooperation coexist with corruption. We show that two channels simultaneously lead to lower levels of cooperation when corruption is possible. First, while bad contributors are effectively disciplined by large punishment when bribes are not allowed, the punishment authority assigns fewer punishment points to bad contributors when bribery is possible. Second, the mere existence of bribery discourages initially good contributors, who gradually decrease their contributions down to the level of initially bad contributors. To our knowledge, this paper is the first to present causal evidence of the effects of corruption on cooperation and to document the channels through which these effects operate.

Author(s): Justin Buffat, Julien Senn


Link: https://drive.google.com/open?id=0B9HBhnrlZVcdeENtRnZJcVN0Tmc

Back to session: Self-Serving Biases in Prosocial Choice

Partners in Crime: Diffusion of Responsibility in Antisocial Behaviors

LI HAO
University of Arkansas, Fayetteville

ABSTRACT:

Using a series of sender-receiver games, we find that two senders acting together show more antisocial behavior towards the receiver than single senders. This result is robust in two contexts: when antisocial messages sent to the receiver are dishonest (Deception) and when they are honest but unfavorable (Bitter pill). Importantly, we identify a crucial condition for the increased antisocial behavior: the 'partner in crime' must actively participate in the decision-making, as opposed to just delivering the message and receiving the payoffs. With an active partner in crime, senders experience less guilt and rate sending antisocial messages more acceptable. Interestingly, these differential normative views are also held by receivers, which are correctly anticipated by senders. We further show that antisocial behavior is moderated by an interaction of senders' normative views and their beliefs about receivers' expected probability of receiving an anti-social message. Our results suggest that diffusion of responsibility is the primary reason for the increased antisocial behavior, as our experimental design has eliminated popular competing explanations.

Author(s): Sascha Behnk, Li Hao, Ernesto Reuben

Topic: Social Behavior: Lying and Cheating, Social Behavior: Group Behavior

Back to session: Self-Serving Biases in Prosocial Choice

Nice to You, Even Nicer to Me: Does Self-Serving Generosity Diminish Reciprocal Behavior?

Maros Servatka
Macquarie Graduate School of Management

ABSTRACT:

We propose a conjecture that self-serving but generous actions diminish the positively reciprocal response, compared to selfless generous actions. We embed our conjecture in Cox, Friedman & Sadiraj's (2008) model of Revealed Altruism. According to Revealed Altruism reciprocal responses are influenced by a 'more generous than' (MGT) ordering. The MGT ordering is defined by two conditions. Condition A states that an action that increases one's opportunity set is MGT an action that decreases, does not change, or increases the opportunity set by less. Condition B states that the action cannot increase the 'givers' opportunity set by more than the 'recipients' opportunity set. We focus on Condition B, and classify actions that satisfy Condition B as selfless generous actions, and actions that violate Condition B as self-serving generous actions. We hypothesize that selfless generous actions are MGT self-serving generous actions, and that self-serving generous actions will result in a diminished reciprocal response. We test this conjecture using two novel experimental designs. We find evidence that subjects perceive self-serving generous actions as being less generous than selfless generous actions, but no empirical support for our conjecture on the diminished reciprocal response, suggesting a refinement for the MGT ordering that does not include Condition B.

Author(s): Daniel Woods and Maros Servatka

Topic: Social Behavior: Other-regarding Preferences, N/A

Back to session: Self-Serving Biases in Prosocial Choice

The Effect of Recipient Contribution on Support for Social Programs

Sally Sadoff
UCSD

ABSTRACT:

null

Author(s): Sally Sadoff, Anya Samek

Topic: Social Behavior: Lying and Cheating, Social Behavior: Reciprocity

Back to session: Self-Serving Biases in Prosocial Choice

Social Desirability Bias and Polling Errors in the 2016 Presidential Election

Andy Brownback
University of Arkansas

ABSTRACT:

null

Author(s): Andy Brownback

Topic: Social Desirability Bias, Social Behavior: Other-regarding Preferences, N/A

Back to session: Self-Serving Biases in Prosocial Choice
Social scientists have observed that socially desirable responding (SDR) often biases responses to unincentivized questions. In the final month of the 2016 presidential campaign, we conducted three list experiments to test the effect SDR has on responses to polls of agreement with presidential candidates. We elicited a subject's agreement with either Hillary Clinton or Donald Trump using explicit questioning or an implicit elicitation that allows the subject to veil their individual response. We find marginally significant evidence that explicit polling overstates agreement with Clinton and understates agreement with Trump. Dividing our sample by party affiliation, we find that SDR has a significantly larger effect on statements of agreement with the opposing party's candidate. Democrats, in particular, are significantly less likely to reveal agreement with Trump when asked explicitly. This exaggerates the disagreement between Democrats and Republicans, underestimating the likelihood of large swings in the electorate. We find no evidence that ideological alignment drives SDR. We merge our location-specific survey data to county-level voting data and find suggestive evidence that SDR may originate with local voting patterns.

Author(s): Andy Brownback and Aaron Novotny
Topic: Decision Theory: Beliefs, Social Behavior: Group Behavior
Link: [http://media.wix.com/ugd/a2705_858da2c755bede828e9d7ab65fe3df15.pdf](http://media.wix.com/ugd/a2705_858da2c755bede828e9d7ab65fe3df15.pdf)
Back to session: Social Identity

Peer Effects in After School Programs. Evidence from El Salvador

Lelys Dinarte
Pontificial Catholic University of Chile

ABSTRACT:

This paper measures the impact of After-School Clubs on students' academic and violence-related outcomes, using an experimental design. The study sample are 1056 students enrolled in 5 public schools, located in highly violent communities in a developing country. The premise is that clubs improve children's ability to handle conflicts, which also allows them to improve their protection factors and academic performance. These After-School Clubs were implemented by volunteers of a local NGO from April to mid-October 2016 within school facilities. Selected students were allowed to participate only in one type of Club, according to the random assignment and their preferences. They attend two sessions per week that take place after school hours. Each session includes the implementation of the club's curricula and, at the end of the session, a discussion about a specific topic oriented to reduce violent behaviors. In order to measure the overall impact of these clubs, I randomly assigned students in two treatments and a control group, stratifying by school and academic level. All students assigned to any treatment were allowed to attend clubs. The experimental design used was inspired by Lafortune, Tessada and Perticara (2014), which allow me also to provide evidence of whether the clubs' composition generates differential impacts on the outcomes. In this sense, I define two categories of treatments: the first treatment was the exposure of the student to a club of heterogeneous peers according to a predicted propensity to commit a violent act or crime, and the second treatment was the assignment of the student to a Club of similar peers. Within the second treatment, I divided students in two groups according to their percentile in the distribution function of the predicted propensity of violence. Students whose predicted propensity was higher than the median were assigned to a club constituted by peers with high predicted propensity to violence. And students with a propensity of violence lower than the median were assigned to a Club of peers with low predicted propensity to violence. As opposed to Dufo et al (2011), the instructors were not informed of what type of classrooms they were training. Therefore, the results may be less dependent on how mentors respond to group characteristics and more to the distribution of peers. The predicted propensity of violence was estimated as a Violence and Vulnerability Index (IVV) following the procedure implemented by Chandler, Levitt and List (2011). I present some empirical specifications in order to find evidence on outcomes of interest from this study. First, comparing results of aggregated treatment groups with the control group I get evidence of clubs impact on academic performance and violence-related outcomes. Then, comparing results of each heterogeneous and homogeneous groups to the control group, and both treatments between them, I find evidence of improvement of the intervention caused by the assignment of participants, either by peer effects (if the results of the heterogeneous group are higher) or by tracking (if there is an improvement in the results of the homogeneous group). I find evidence of positive effects of the intervention on GPA in math and science and a increase in the probability to pass reading course. These results appear to be driven by the homogeneous group. Also, I find no difference of impacts according to the group composition: comparing the results of the homogeneous and heterogeneous groups, I find no statistically difference between both treatments. Then, in terms of non-cognitive outcomes, I find an increase in the positive attitudes toward school in the treated group, both in the self- or external reports. It seems that club' participants have better attitudes to schools' activities, they report higher time to do homework and put more attention during classes. These results are also supported with the administrative data: treated students reduced their absenteeism in 1.6 days on average. In terms of violence and delinquency, the intervention reduces the self reported criminal and violent actions and the attitudes toward antisocial behavior. According to the teacher's reports, treated students have higher behavior grades compared to the control group. Finally, these clubs keep students away from their risky environments for some hours during the week, which might reduce their perceived exposition to risk. I measured outcomes of exposition and find a reduction only in their self reported exposition to risky environments as witness, but no effect on exposition as victims. Also there is evidence of higher awareness index for the treated children. Additionally, a novel aspect of this experimental design is that it also allows me to analyze separately the homogeneous and heterogeneous groups. Using the subsample of those randomly assigned to the heterogeneous and homogeneous groups, I used the specification used in the literature of peer effects to measure how the outcomes of each student are determined by the baseline IVV of her peers. Results indicate that students randomly exposed to a higher average of peers' propensity to violence have higher academic grades in reading and math. They have also better attitudes toward school and a reduction of absences to school, report less criminal and violent actions and have higher behavior grades. Finally, using only the subsample of the homogeneous groups, I test whether being assigned to a highly violent set of peers has different impact than being in a group of low violent peers. Results provide evidence that being assigned to a set of more violent homogeneous peers increases the probability to fail any of the three courses (math, reading or science) and the exposure to risky environments, compared to students assigned to low violent homogeneous peers.

Author(s): Lelys Dinarte
Topic: Field Experiments: General, Applied Economics: Economic Development
Link: [https://www.dropbox.com/s/izeumxp3k1p4s3e/Extended%20Abstract.pdf?dl=0](https://www.dropbox.com/s/izeumxp3k1p4s3e/Extended%20Abstract.pdf?dl=0)
Back to session: Social Identity

Social Identity in the Lab: A Horse Race between Different Methods to Induce Social Identity

Henrik Zaunbrecher
Maastricht University

ABSTRACT:

How should we measure social identity and what makes group identity work in the laboratory? To answer this questions we test a between-, a Difference-in-Differences and a within-subject measure based on social value orientation and compare the measures across different methods that have been previously used to induce social identity in the laboratory. The methods are categorization, communication and problem solving, competition, real effort, and a possibility to have a stake in the social identity creation process. We find that only the competition setting induces a strong identity in both the between and the within subject setup. Furthermore, our results suggests that within-subject measures of social identity are affected by salience effects.

Author(s): Henrik W. Zaunbrecher, Tony Williams, Amo Riedl
Back to session: Social Identity
Social Learning in Experimental Games: Evidence from Rwanda
Alexander Coutts
New York University

ABSTRACT:
Lab and lab in the field (artefactual) experiments are increasingly utilized to study variation in preferences across groups and the relationship between preferences and economic outcomes. Social learning across different experimental sessions is rarely considered within the literature and not well understood, but may alter the validity of such studies. In this paper I provide evidence of social learning during a large implementation of public goods games in the Rusizi district in Rwanda. Contact with previous participants led to significant behavioral change, despite theoretical predictions that such contact will have no effects. Using GPS data on over 1,700 participants across 150 villages I document an increasing pattern of contributions in public goods games over space and time. An investigation of the mechanism behind the effect finds that it is strongest for individuals who exhibit conditionally cooperative behavior, suggestive that contact involves social learning about cooperative norms.

Author(s): Alexander Coutts
Topic: Social Behavior: Communication, Field Experiments: General
Link: https://drive.google.com/open?id=0B-wbUAY2SKbZZk53M04xTS1mckE

How Do Peers Impact Learning? An Experimental Investigation of Ability Tracking
Andrew McGee
Simon Fraser University

ABSTRACT:
Ability trackinggrouping students of similar abilitymay hurt low-achieving students if they benefit from being taught by high-achieving peers. Because isolating the effect of tracking on peer-to-peer teaching is difficult in the field due to the changes that often accompany tracking, we conduct a laboratory experiment to examine how tracking affects learning in environments with and without peer-to-peer teaching. While peer-to-peer teaching significantly improves the learning of low-achieving subjects, the positive effects are substantially offset by tracking. Indeed, tracking reduces the frequency of peer-to-peer teaching, suggesting that low-achieving subjects suffer from the absence of high-achieving peers to teach them.

Author(s): Erik Kimber, Andrew McGee, Hitoshi Shigeoka
Topic: Social Behavior: Communication, Social Behavior: Group Behavior

Can consultation reduce strategic naivety? On the inference of no news in an experiment on voluntary disclosure of information
Jesal Dilip Sheth
University of Nottingham

ABSTRACT:
In this paper, we use a laboratory experiment to test the unravelling prediction of the disclosure theory. This prediction relies on the idea that market forces lead firms (information senders) to voluntarily disclose information about the quality of their products as long as disclosure is verifiable and the costs of disclosure are small. This theoretical prediction requires that consumers (information receivers) hold correct beliefs and, in equilibrium, treat all non-disclosed information about the quality of the firm with extreme scepticism. Previous research finds that individual consumers are insufficiently sceptical about non-disclosed information, leading to the failure of the unravelling prediction. We examine whether consultation enables individuals to form more accurate beliefs about the actions of the other player than individuals who do not have the opportunity to consult. In our experiment, subjects were assigned to one of the two roles: information sender or information receivers. As information senders, they were asked to decide whether to reveal or withhold their private number from the information receivers. After seeing the decision of the information sender to reveal or withhold, the information receivers had to report the true value of the private number. We observed decisions of subjects in two treatments: in one, subjects were allowed to consult with another subject in the role of an information receiver before entering their reports, and in the other, they were not given the opportunity to consult. We find that complete consultation does not improve inferences to decide whether to reveal or withhold their private number from the information receivers. After seeing the decision of the information sender to reveal or withhold, the information receivers had to report the true value of the private number. There is also no significant difference in the beliefs about non-disclosed information across the two treatments. In general, we find that consultation does not improve inferences about non-disclosed information nor reduce strategic naivety.

Author(s): Jesal Dilip Sheth
Topic: Social Behavior: Communication, Decision Theory: Beliefs
Link: https://drive.google.com/open?id=0B-wbUAY2SKbZZk53M04xTS1mckE

Communication and the Emergence of a Unidimensional World
Nikolas Tsakas
University of Cyprus

ABSTRACT:
We provide theoretical and experimental support on the emergence of a unidimensional world through communication. Both theoretical and experimental results suggest that when boundedly rational individuals communicate their opinions over multiple issues, disagreement can eventually be summarized on a unidimensional spectrum, even when imposing very little structure on the communication process. The presence of structured social networks is however crucial in determining whether an individual forms moderate or extreme views.

Author(s): Philippou Louis, Orestis Troumpounis, Nikolas Tsakas
Topic: Social Behavior: Communication, Games: Networks
Does Corporate Charitable Giving Pay For Itself?

James Murphy
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ABSTRACT:
This study uses a natural field experiment to investigate whether a cause-related marketing program can increase a firm's profitability while also providing a public good. Although there are empirical studies which generally show that these programs can enhance sales revenue, we are unaware of any studies that use a controlled environment to directly measure the effect. A local toy store ran a promotion in which consumers were told that if their total purchase exceeded a threshold, then a small donation would be given to a specific charity. Relative to a no-promotion baseline, the offer increased sales revenue by about 12% and increased the probability of the transaction exceeding the threshold by 7%. The largest effect was an increase in the sale of relatively low-priced, high margin items, and as a result the promotion did generate a modest profit for the store while also providing a benefit for the charity.

OTHER-REGARDING PREFERENCES: EXPERIMENTS ON PURCHASING BEHAVIOR

Wei-Shiuin Chang
wschang@mail.ncku.edu.tw

ABSTRACT:
Consumers' negative purchasing experience has been shown in marketing research to be influential to repurchase behaviors. Consumers may refuse to purchase merchants' products and services after experiencing or observing merchants' injustice, even in the cases when they are not involved in the transaction. It is not clear yet this reaction is due to a self-protective response to quality signaling, or a pure retaliatory behavior. This study aims to clarify the drivers and, particularly, we look at three other regarding preferences: Egoistic Resentment, Relative Unfairness, and Social Support, on repurchasing behaviors based on equity theory. We design an experiment that allows us to find marginal effects of aforementioned factors. Egoistic Resentment and Social Support and Relative Unfairness are tested significant to influence repurchase intention from the experiments (4 treatments, 12 sessions, with 1675 valid samples) conducted with college students.

Covenants before the swords: Cooperation in heterogeneous societies

Christian Koch
christian.koch@nyu.edu

ABSTRACT:
We consider the interplay between communication and punishment in a public good experiment, in which players differ from each other in the benefit that they receive from the public good. The heterogeneity in benefit from cooperation creates a tension between efficiency and equality concerns. Communication allows groups to establish covenants, agreements on how much each member should contribute. Punishment discourages deviations from the covenants. The timing of the introduction of communication is important. Earnings are greater and punishment is lower when communication is introduced before punishment than afterward. When communication opportunities are introduced too late, a history of sanctions can emerge that undermines the ability of communication to create covenants. Overall, cooperation is substantially lower than the level that would maximize group earnings. One reason for this is that many covenants target equal earnings distributions, or a compromise between equality and efficiency.

Multilateral Punishments under Uncertainty

Aidin Hajikhameneh
Chapman University

ABSTRACT:
Although a mutually beneficial exchange is attainable when trade parties cooperate, individuals stand to gain by reneging on trade agreements. To mitigate this problem, historically, traders relied on a reputation network to enforce trade agreements. That is, traders multilaterally punish the individual with a bad reputation by eschewing from future exchange. Designing a laboratory experiment, we examine to what degree multilateral punishments encourage exchange when traders either could or could not verify that a breach of the trade agreement is due to the cooperative versus uncooperative behavior and whether informing other traders in the network is costly. We find that in the case of costly signaling multilateral punishments encourage exchange the most when exists a minute uncertainty about the nature of a breach of contract.

Opponent's Foresight and Optimal Choices
ABSTRACT:

This experimental study investigates how and why the behavior of experienced players, who understand the 'sure-win' strategy in a 'winner-take-all' sequential move game, varies systematically based on two types of information about the opponent's expertise. In treatment (1) experienced subjects are told their opponent's experience-level in the game. In treatment (2), a different set of experienced subjects are only shown their opponent's play against a computer. We find that both (i) exogenous information, and (ii) endogenous inference about the opponent's inexperience increase the probability with which experienced players abandon the 'sure-win' strategy and try for a higher payoff attainable only by winning from a losing position, i.e., a position from which one wins only if the opponent makes a mistake. A maximum likelihood analysis shows that a model of limited foresight and uncertainty about the opponent's foresight (Rampal (2016)) explains the data better than the Dynamic Level-k (Ho and Su (2013)) and AQRE (McKelvey and Palfrey (1998)) models.

Author(s): Jeevant Rampal

Related Links:
- https://docs.google.com/viewer?a=v&pid=sites&srcid=ZGVmYXVsdGRvbWFpbnxgZmV2YW50cmFtcGFsZWNvbnxmeDozMGY0NGIxMThiZTMwYmMy

Back to session: Strategic Sophistication 1

Bounded Rationality and Language in Disclosure Games

Marvin Deversi
LMU Munich

ABSTRACT:

When sellers hold private information about the quality of their goods, the traditional unraveling argument predicts that sellers separate from each other by disclosing quality information to consumers. This reasoning hinges on the consumers being sophisticated enough to interpret non-dislosure with maximal skepticism. In our model, consumers do not comprehend unraveling incentives of the seller, i.e., take received messages at face value. The sellers anticipate and exploit consumers' naivete by withholding information that is sufficiently unfavorable to their case. We show that policy makers can protect imperfectly skeptical consumers by controlling the message space available to the seller. We analyze two policy alternatives: Under what we call 'simple language' sellers decide to credibly disclose their quality or to not sending a message. Whereas under rich language sellers can flexibly pool with higher quality sellers by sending any compact set that includes their quality type. We show that consumers' welfare is higher under simple language as the belief precision gained from simple messages outweighs the benefits from receiving more rich messages. In a complementary laboratory experiment, however, we find reverse results: under rich language receivers of messages earn less than under simple language. We provide evidence that this finding stems from the fact that the receivers' best response behavior is strategically more complex under simple language as it involves anticipating which information are sufficiently unfavorable to the seller's case.

Author(s): Marvin Deversi, Alessandro Ispano, Peter Schwartzmann

Back to session: Strategic Sophistication 1

Does mutual knowledge of preferences lead to more Nash equilibrium play? Experimental evidence

Till Florian Kauffeldt
University Heidelberg

ABSTRACT:

In some experiments, Nash equilibrium fails to accurately predict behavior. Usually, it is assumed that the monetary payouts in the game represent subjects' utilities. However, subjects may actually play a very different game. In this case, mutual knowledge of preferences may not be satisfied. We run an experiment where we first elicit subjects' preferences over the monetary payouts for all players. This allows us to identify equilibria in the games that subjects actually are playing. We then examine whether revealing other subjects' preferences leads to more equilibrium play and find that this information indeed has a significant effect. Furthermore, we find that maxmin and maxmax strategies predict behavior better than Nash equilibrium strategies.

Author(s): Christoph Brunner, Florian Kauffeldt, Hannes Rau

Back to session: Strategic Sophistication 1

Theory of Mind Ability and Cooperation in the Prisoner's Dilemma

Garret Ridinger
University of Nevada, Reno

ABSTRACT:

The ability to accurately assess others' intents, beliefs, and emotions, called Theory of Mind (ToM), is conjectured to be important for social cooperation. We study the role of ToM ability in fostering cooperation in the simultaneous and sequential prisoners dilemma (PD) games. Our norm-based model predicts that high ToM ability individuals will believe in more cooperation and cooperate at higher rates than low ToM ability individuals in the sequential PD game relative to the simultaneous PD game. Experimental results match these predictions and reveal that ToM ability affects cooperation via beliefs in others' cooperativeness rather than fixed preference traits.

Author(s): Garret Ridinger and Michael McBride

Back to session: Strategic Sophistication 1

The Value of the Knowledge of Others

Jie Zheng
Are the knowledge and higher order knowledge of peers helpful in making the right decisions? We conduct a carefully incentivized experiment designed to test this issue. Subjects are given a test of fifty general knowledge questions, and treatments vary by the information provided to them about the performance, the self-estimated performance and self-estimated relative performances of other participating subjects. Under the varying higher order information settings, we examine the effects of peers' information on subjects' answers to the knowledge questions, and develop a theory about when such information helps or hinders one's own knowledge. Our results are informative about wisdom of crowds and false consensus effects, which are increasingly relevant in an information-connected society.

**Author(s):** Guanying Chen, Jaimie Lien, Jie Zheng  
**Topic:** Decision Theory: Beliefs, Decision Theory: Learning

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**The Types They Are a-Changin**

Enrique Fatas  
e.fatas@uea.ac.uk

**ABSTRACT:**

Level-k models (as well as related models like cognitive hierarchies and noisy introspection) have become an increasingly popular way of incorporating bounded rationality into game theory and have been successfully employed to model behavior in a wide variety of games (Stahl and Wilson, 1995, Camerer, Ho and Chong, 2004, Goeree and Holt, 2004, Crawford, Costa-Gomes and Iriberri, 2013, Arad and Rubinstein, 2012, Goeree, Louis and Zhang, 2014). Implicit in these models is the idea that individuals have a type, consistently employing a certain depth of reasoning in thinking about games. In our experiments, subjects make choices in a series of two player games without any feedback. All of these games are drawn from the class of games with the local payoff property (Anderson, Goeree, and Holt, 2002). This implies that Level 1 players should respond to changes in their own payoffs but not changes in the other player's payoffs, while Level 2 (and higher) players should respond to changes in the other player's payoffs but not their own. On aggregate, behavior looks much like Level 1 behavior as subjects respond strongly to changes in own payoffs but not other's payoffs. However, on an individual level, changes in pay across games are not consistent with any type. Fitting a mixture model based on Level-k, we find that the majority of subjects are a 'mixed type' that switches between Level 0, Level 1, and Level 2 from game to game. This finding is robust to a large number of alternative formulations of the model, including changes in the distribution of choices by Level 0 players, addition of higher levels, and inclusion of beliefs more in line with a cognitive hierarchies approach.

**Author(s):** David J. Cooper, Enrique Fatas, Antonio J Morales and Shi Qi  
**Topic:** Decision Theory: Bounded Rationality, Psychology and Biology: Cognition

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**Experimental Social Planners: Good Natured, but Overly Optimistic and Seducible**

Svenja Hippel  
hippel@coll.mpg.de

**ABSTRACT:**

Public goods are dealt with in (at least) two different streams of literature that tend to mutually neglect each other. They are a classic of welfare economics, which has mechanism design foundations. In a mechanism design perspective, the normative problem originates in the heterogeneity of preferences. The experimental literature however mostly assumes away this problem. Typically valuations are induced by the design of the experiment, homogeneous and common knowledge. The focus is on the willingness of individuals to disregard the social dilemma and on minimal interventions that help groups to sustain their cooperation. In this paper we build a bridge between these two literatures. We introduce the problem of the mechanism design literature into the setup of a classic public good experiment. We have a group of four experimental participants play a linear public good game. We induce heterogeneous valuations for a public good and we add a fifth player, without personal profit interest. In a 2x2 within-subject design, we vary whom we entrust with choosing from a set of payment rules, the uninvolved fifth player or an involved member of the group. We also vary across treatments whether the group members' valuations for the public good are public or private information. Uninvolved authorities predominantly prefer payment rules that give every group member the same final payoff. A small minority of authorities however, prefers the welfare maximizing solution. Many experimental authorities stick to these preferences if group members get a chance to misrepresent their valuations. These choices are mainly driven by the beliefs authorities hold about the willingness of group members to truthfully reveal their types. Authorities strongly overestimate this willingness. If involved members of the group have to choose a payment rule under the veil of ignorance, their choices are split about evenly between efficiency and payoff equality. Again a majority of participants do not react to the fact that players can misrepresent their types and they even believe in truth telling more strongly than uninvolved authorities.

**Author(s):** Christoph Engel, Svenja Hippel  

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**Rationality, preference aggregation and Pareto efficiency of group decision under risk**

minseon park  
minseonp813@gmail.com

**ABSTRACT:**

There are three fundamental issues on group decision: (1) Extension: whether group members' rationality extends to that of group, (2) Preference Aggregation: whether group member's risk preferences are reflected in group decision, and (3) Pareto Efficiency: whether group members do not waste resource in decision making. We conduct a unique and large-scale experiment to answer to these fundamental questions on group decisions. We adopt revealed choice approach to measure rationality, and measure risk preference in both parametric (RDU) and nonparametric ways. On Pareto efficiency, we devise a unique measure. Consistency of choices and risk preference markedly vary across groups. Nevertheless, we find an evidence for extension and preference aggregation. There is also significant heterogeneity in Pareto efficiency across groups even when both individuals are rational. We also present the relationship among group rationality, group risk preference and Pareto efficiency as well as effects of socio demographic characteristics, network, and cognitive ability on group choices.

**Author(s):** Syngjoo Choi(SNU), Booyuel Kim(KDIS), Minseon Park(KDI), Yoonsoo Park(KDI), Euncheol Shin(KHU)

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**Author(s):** David J. Cooper, Enrique Fatas, Antonio J Morales and Shi Qi  
**Topic:** Decision Theory: Bounded Rationality, Psychology and Biology: Cognition

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**Author(s):** Christoph Engel, Svenja Hippel  

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**Rationality, preference aggregation and Pareto efficiency of group decision under risk**

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**Author(s):** Syngjoo Choi(SNU), Booyuel Kim(KDIS), Minseon Park(KDI), Yoonsoo Park(KDI), Euncheol Shin(KHU)
**Preordered Service in Contract Enforcement**

Miguel Fonseca  
Jan Auerbach; Miguel Fonseca

**ABSTRACT:**

We propose a procedural rule that we refer to as preordered service to replace sequential service of civil cases for breach of contract. The judiciary preannounces a list that ranks all entities that may enter contracts by some observable identifying characteristic, such as taxpayer numbers. Courts use this list to enforce the contracts of the highest ranked entities that file a contract case. In theory, preordered service achieves efficiency in a population of investment games. Results from laboratory experiments suggest that it may reduce the caseload at courts, strategic uncertainty, and payoff inequality.

**Author(s):** Public Choice: Other

**Topic:** Games: Other, N/A

**Back to session:** Strategic Sophistication 2

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**Strategic Reasoning in Persuasion Games: An Experiment**

Yingxue Li  
University of California, Davis

**ABSTRACT:**

We experimentally study persuasion games, in which a sender (e.g., a seller) with private information provides verifiable but potentially vague information (e.g., about the quality of a product) to a receiver (e.g., a buyer). Various solution concepts such as sequential equilibrium or iterated admissibility predict unraveling. In our experiment we find that 59% of the sellers and 62% of the buyers are consistent with the highest possible level of reasoning allowing for mistakes in 10% of the rounds. Iterated admissibility also predicts that the levels of reasoning required for unraveling increases in the number of quality levels of the good. We find more but insignificant unraveling in a game with two quality levels compared to a game with four quality levels. We reject the hypothesis that participants learn unraveling by playing successively persuasion games with more quality levels. Instead, participants do not seem to transfer learning across persuasion games. Finally, participants with higher scores of cognitive abilities using Raven’s progressive matrices test also display significantly higher levels of strategic reasoning.

**Author(s):** Yingxue Li

**Topic:** Games: Information, Psychology and Biology: Cognition

**Back to session:** Strategic Sophistication 3

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**The regret game: regret as a coordination device**

Claudia Cerrone  
Max Plank

**ABSTRACT:**

null

**Author(s):**

**Topic:**

**Back to session:** Strategic Sophistication 3

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**Exaggerating to Break-Even: Reference-Dependent Moral Hazard in Auto Insurance Claims**

Jaimie Lien  
The Chinese University of Hong Kong

**ABSTRACT:**

The effects of asymmetric information are often difficult to detect empirically, such as in insurance settings (Chiappori, Jullien, Salanie and Salanie, 2006). We show that allowing for the possibility of reference-dependent preferences can assist with this identification challenge. Using detailed auto insurance claims data and adopting the methodology of Allen, DeChow, Pope and Wu (forthcoming) which studies reference-dependence in marathon finishing times, we show that policy holders exaggerate their damage claims in a manner consistent with reference-dependent moral hazard with the original premium as a reference point. Consistent with our theoretical model of reference-dependent moral hazard, we find greater tendencies to recover the premium amount in the second half of the coverage year compared to the first half, and stronger effects among policyholders’ first claims compared to subsequent claims. The reference-dependent effect is stronger among policyholders with higher premium levels and those deemed low risk by the insurance company, and is concentrated among more expensive cars and older cars. We do not find robust patterns in the concentration of insurance claims at round number percentages less than the full premium amount, such as 90% or 80%, nor at percentages greater than the premium amount such as 110%. This implies that the unnatural claim behavior is motivated significantly by reference-dependence around the original premium rather than merely wanting to increase one’s claims more generally. Since the claims can only be this precisely manipulated by the policy holder after an accident, the findings can be attributed specifically to ex-post moral hazard but not adverse selection or ex-ante moral hazard. Our study demonstrates the potential of behavioral frameworks in assisting with identification challenges for classical economic problems.

**Author(s):** Feng Gao, Jaimie W. Lien, Jie Zheng

**Topic:** Applied Economics: Other, Methodology: Other

**Link:** "results completed, paper draft in progress"

**Back to session:** Structural Behavioral Economics
Needs as reference points: When marginal gains to the poor don’t matter

Arne Robert Weiss
University of Erfurt

ABSTRACT:
Satisfying human needs plays an important role in conceptions of social justice (Reader, 2005) and as a policy goal (Bourin & d'Ercole, 2006; Esping-Andersen, 1990). What sets need-based justice apart from other principles is its defining question: Do people have enough (Frankfurt, 2015) in order to lead a minimally decent life (Miller, 1999)? Now imagine that only the state can meet the need for housing but decides not to do so. Unsurprisingly, participants in a vignette experiment deem this scenario unjust. Their evaluations of justice consequently increase when the living situation improves. Surprisingly, however, the functional form of justice evaluations is highly convex below the need-threshold. Normatively, the resulting S-shaped function is undesirable because the marginal redaction in human suffering through additional living space is the greater the direr the starting point is. Descriptively, it is akin to the value function in prospect theory (Kahneman & Tversky, 1979), with the need-threshold providing the reference point relative to which justice is evaluated. Comparison with a control treatment without need-information supports this interpretation. A need-based reference point furthermore compresses the perceived injustice of arbitrary inequality. Just as in prospect theory, such reference-dependency suggests biases in perceptions and decision making. One consequence may be that the lot of the poorest in society does not receive the attention it would otherwise get.

Author(s): Alexander Max Bauer, Mark Siebel, Stefan Traub, Arne Weiss
Topic: Public Choice: Other, Social Behavior: Norms and Morals
Back to session: Structural Behavioral Economics

Sample Selection, Panel Attrition and Heterogeneous Risk Preferences in a Field Experiment

Morten Lau
Durham University

ABSTRACT:
We evaluate the temporal stability of risk preferences using a remarkable combination of data from a longitudinal field experiment linked to the Danish Civil Registry. We specify a flexible structural model that accounts for sample selection and panel attrition, as well as observed and unobserved heterogeneity in preference parameters. The field experiment builds in explicit randomization on participation fees, and the subject panel is invited from a representative sample of the Danish population in terms of sex, age and geographical location. The econometric approach is based on structural estimation using Maximum Simulated Likelihood: the non-linear random coefficients model, with controls for endogenous sample selection and attrition, allows us to make nuanced inferences about temporal stability. We find that the distribution of individual risk preferences across the population remains stable over time, in terms of both central tendency and dispersion measures. Although the within-subject autocorrelation of risk preferences is not identical to one, the small degree of within-subject temporal instability does not affect the population distribution. We demonstrate the importance of modeling non-random selection into the initial subject panel, and find that there is much weaker evidence of non-random sample attrition. The evidence for endogenous sample selection alerts us to the fact that less risk-averse individuals are more likely to self-select into the subject panel, resulting in an underestimate of risk aversion in the population without econometric controls for self-selection.

Author(s): Glenn Harrison; Morten Igel Lau, Hong Il Yoo
Topic: Decision Theory: Risk, Methodology: Lab, Field and External Validity
Back to session: Structural Behavioral Economics

Procrastination in the Field: Evidence from Tax Filing

Seung-Keun Martinez
University of California, San Diego

ABSTRACT:
This paper attempts to identify present-biased procrastination in tax filing behavior. Our exercise uses dynamic discrete choice techniques to develop a counterfactual benchmark for filing behavior under the assumption of exponential discounting. Deviations between this counterfactual benchmark and actual behavior provide potential 'missing-mass' evidence of present bias. In a sample of around 22,000 low-income tax filers we demonstrate substantial deviations between exponentially-predicted and realized behavior, particularly as the tax deadline approaches. Present-biased preferences not only provide qualitatively better in-sample fit than exponential discounting, but also have improved out-of-sample predictive power for responsiveness of filing times to the 2008 Economic Stimulus Act recovery payments. Additional experimental data from around 1100 individuals demonstrates a link between experimentally measured present bias and deviations from exponential discounting in tax filing behavior.

Author(s): Seung-Keun Martinez, Stephan Meier, Charles Sprenger
Topic: Public Choice: Other, Methodology: Lab, Field and External Validity
Link: https://www0.gsb.columbia.edu/mygsb/faculty/research/pubfiles/20322/Martinez%20Meier%20Sprenger%202017%20tax%20filing.pdf
Back to session: Structural Behavioral Economics

The Ghost of Institutions Past? An Experiment on Tax Evasion and Path Dependence

Aaron Kamm
CREED-Univeristy of Amsterdam; Tinbergen Institute

ABSTRACT:
We study how past institutions affect contemporaneous tax compliance using a novel experiment in which full and no compliance are both equilibria. The treatments vary (i) the extent to which tax revenue aimed for public good provision is embezzled by a politician, and (ii) the history of embezzlement. We find evidence that tax compliance is asymmetrically path-dependent. A history of high embezzlement depresses compliance even after institutions have been exogenously improved. A history of low embezzlement, resulting in high compliance levels originally, however, cannot prevent tax compliance from waning after institutions have been exogenously deteriorated. We present a model which can account for this asymmetry and show that a society-wide poll could assist in overcoming the 'ghost' of past institutions. Our analysis therefore suggests institutional reforms are necessary but not sufficient for combating widespread tax evasion.
Who is audited? Experimental study on rule-based tax auditing schemes

Takehito Masuda
Kyoto University

ABSTRACT:

In this study, we employ a game-theoretic framework to formulate and analyze a number of tax audit schemes. We then test the theoretical predictions in a laboratory experiment. We compare audit schemes based on three audit rules: the random rule, cut-off rule, and lowest income reporter audited rule. While the cut-off rule is known to be optimal in theory, it has not thus far been examined in a controlled laboratory experimental setting. Contrary to the theory, the lowest income reporter audited rule yielded higher compliance behavior than the optimal cut-off rule in the experiment, even after controlling for social norms regarding tax payment perceived by the subjects. This empirical finding is practically important because the tax authorities in most countries assign higher priority to enhancing tax compliance.

Killing two birds with one stone: Reducing fiscal and welfare loss of tax evasion

Ondrej Krcal
Masaryk University

ABSTRACT:

Tax evasion constitutes a fiscal loss to the tax authority and a welfare loss for the society because it induces socially wasteful activities during which taxpayers spend real resources in order to hide their undisclosed income. We develop a theoretical model that explores the effect of audit selection rules on the losses from tax evasion. In the proposed experimental design, we test the main prediction of the model, that the competitive audit selection mechanism reduces both the fiscal and welfare loss of tax evasion. Furthermore, our model shows that a higher basic audit probability motivates taxpayers to increase their socially wasteful activities. Our experimental results confirm the predictions of the model. Our paper shows not only that the competitive audit selection mechanism provides an additional benefit if socially wasteful concealment activities are possible, but also its relative advantage compared to an increase in the audit probability.

Long-term Team Projects: Procrastination and Deadlines

Sihong Zhang
University of Mannheim

ABSTRACT:

This study uses experimental methods to investigate dynamic investment behavior in individual and team projects as well as the effects of team size and deadlines. The setting involves participants making effort decisions over several periods in order to complete a project. Depending on the treatment, the team size is either 3 or 7. When there are deadlines they are set in one of two ways: Teams either coordinate on the maximum number of periods themselves (self-imposed deadline) or they are told how many periods they have to complete the project (exogenous deadline). I find that in the absence of deadlines participants systematically fail to coordinate on the most efficient outcome in terms of project duration. In contrast to working alone, team work seems to foster procrastination and team size even enhances that negative effect: Large teams need almost twice as long as small teams to complete the project. Overall, introducing a deadline helps to mitigate the problem of procrastination. However, it affects the completion of the project negatively, particularly when the deadline is set exogenously rather than self-imposed. In addition, team size also shows a strong negative effect on the completion rate independently of the amount of time teams have to finish a project.

Sophisticated and naive procrastination: an experiment

Claudia Cerrone
Max Planck Institute, Bonn

ABSTRACT:

The model of time inconsistent procrastination by O'Donoughe and Rabin shows that individuals who are aware of their present bias (sophistcates) procrastinate less than individuals who are unaware of it (naifs). This paper tests this through an experiment. We classify participants into naive and sophisticated types using a novel measure, and require them to perform a real-effort task in one out of three dates. We find that sophisticated participants do the task significantly later than naive participants, and discuss how this surprising finding can be explained by habit formation. If people's awareness of their tendency to procrastinate is driven by past procrastination, then sophisticates may procrastinate more than naifs because they have developed a procrastination habit.

Sophisticated and naive procrastination: an experiment
**Self control, uncertainty, and commitment**

Veena Jeevanandam Blume  
UCSD

**ABSTRACT:**
Using the beta-delta model of self control, I experimentally investigate the relationship between beliefs of self control (beta_h), uncertainty, and commitment take-up in a real-effort setting. Over the course of six weeks, subjects were asked to make immediate and future work choices, as well as point and distributional predictions of immediate work choices. Exploiting the differences in timing of work choices and predictions, I estimate an aggregate beta=.89 and beta_h=.99 and an average individual beta<1 for 68% of subjects and beta_h<1 for 59% of subjects. I find evidence that allowing for distributional beliefs of self control reveals more sophistication for subjects who express uncertainty by making non-degenerate distributional predictions. In the second half of the experiment, subjects were offered a commitment device. As the theory predicts, I find that beta_h is negatively correlated to commitment take-up for subjects who believe that they are present-biased and beta_h is positively correlated to commitment take-up for subjects who believe that they are future-biased. Additionally, I predict commitment take-up using individual estimated parameters and find that predicted take-up is significantly correlated with observed take-up. These results provide the first direct link between beta_h and commitment take-up in an experimental setting.

**Author(s):** Veena Jeevanandam Blume

**Topic:** Decision Theory: Preferences, Decision Theory: Beliefs

**Back to session: Time Preferences**

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**The Validity of Time-Preference and Risk-Preference Elicitations**

Joshua Tasoff  
Claremont Graduate University

**ABSTRACT:**
Time-preference and risk-preference elicitations have been used by economists in numerous studies to measure individual-level heterogeneity. Economists usually assume that heterogeneity can be fully characterized by often one or two latent parameters. However, several empirical papers have called into question whether these models accurately characterize behavior. In this paper, we ask whether traditional elicitation measures can be appropriately considered measures of latent parameters. Specifically, we test whether such elicitation measures are stable within-person, distinct from other observables, and can predict real-world behavior in the direction that well-accepted theory predicts. We use data from literally hundreds of surveys conducted on the same panel to test these hypotheses. Seminar bait: We ran simple OLS but you will be shocked at what happens next!

**Author(s):** Joshua Tasoff and Wenjie Zhang

**Topic:** Decision Theory: Preferences, Decision Theory: Risk

**Back to session: Time Preferences**

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**Building Trust: The Costs and Benefits of Gradualism**

Melis Kartal  
Vienna University of Economics and Business

**ABSTRACT:**
To study the evolution of trust, we examine a setting with (i) an infinite time horizon, (ii) uncertainty regarding the trustworthiness of the receiver; and (iii) various possible levels of trust. We show that equilibrium strategies are characterized by a gradual increase in the degree of trust shown to reciprocating receivers. In a series of experiments, we find strong evidence that senders use such gradualist strategies. However, when we compare this setting to another in which trust is an all-or-nothing decision, we find that the setting that enables the use of gradualist trust strategies is not conducive to higher cooperation and may even reduce efficiency by crowding out trustworthiness. These findings are corroborated by the results of several follow-up treatments.

**Author(s):** Melis Kartal; Wieland Miller; James Tremewan

**Topic:** Games: Repeated Games, Games: Information

**Back to session: Trust**

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**An Investigation Into How Identity Affects Trust**

Noah Bacine  
Texas A&M

**ABSTRACT:**
What distinguishes an act of trust from a similarly risky decision? Traditional economic theory predicts that as long as payoffs and probabilities are equivalent then nothing distinguishes an act of trust from taking a gamble. However, a growing body of experimental and empirical research has illustrated this is not the case; the decision to trust is context specific and individuals behave differently when other individuals are present as opposed to nature. Bohnet and Zeckhauser (2004) investigate the question of how trust differs from risk by comparing the decision to trust against identical gambles in the laboratory; the researchers find the presence of betrayal aversion, or the tendency for individuals to desire a higher chance of a good outcome when the decision to reciprocate is determined by a human as opposed to a computer. We expand this design to gain a deeper understanding of the common result that individuals tend to enter trusting relationships with those that are closer to them in terms of social distance. Our initial results replicate the original findings that individuals express an aversion to risk when the source of the outcome is another subject as opposed to nature; we find that this aversion is strongest when subjects are paired with another subject whose identity is different from their own. On average, participants require a significant increase in the probability of
reciprocity before entering a trusting relationship with a member of the out group.

Promises over Time

Frederic Schneider
Yale School of Management

ABSTRACT:
Economic experiments consistently show some degree of voluntary cooperation, and some degree of trust in others to be cooperative. This cooperation and trust is enhanced when people are given the opportunity to make promises. Trust, cooperation, and the propensity to honor promises have thus been proposed as a means of achieving efficient outcomes in incomplete contracts, social dilemmas, and situations of asymmetric information. Laboratory experiments, however, do not capture a crucial feature of real world interactions, the time gap between the scheduling of an action and its conclusion. For example, lenders transfer money to borrowers, who promise to return the money at a later time. To examine whether the time gap between the scheduling of a cooperative action and its execution, we run an experimental trust game where trustees make their decisions not during the initial laboratory session, but during an online survey, either within 24 hours after the session or three weeks later. We also vary whether trustees can make promises or not. We find that the three-week gap decreases the propensity to cooperate; promises increase cooperation, but we see the same tendency of less cooperation over time as in the case of no promises. Our results show that the previous body of laboratory experiments on trust and promises likely constitutes a best-case scenario where cooperation is frequent because trustees must act immediately. Cooperativeness in real-world situations may be much less pronounced due to the (sometimes considerable) lags between the beginning of the interaction and the time to act.

Norm Consistent Behavior in the Trust Game: An Experiment

Jiawen Li
Lancaster University Management School

ABSTRACT:
In this experiment, subjects play both roles of a modified version of the trust game (Berg et al., 1995) and state their beliefs about their opponents' behavior in both roles. We investigate how people's trust and trustworthiness are connected to their (expected) norms. Our results show that most trustors systematically underestimate other people's trust and are willing to out-perform their expected (descriptive) norm of trust. Subjects' behavior as trustees, on the other hand, are significantly influenced by their experience and feedback of playing the trustors role and are better described by the social norm of trustworthiness. The experience of playing the trustees role, even without feedback information, helps the trustors make a better prediction of the trustees' behavior. We also find evidence of social projection in both roles at individual level.