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VIENNA CENTER FOR EXPERIMENTAL ECONOMICS

ANNUAL REPORT 2012



ANNUAL REPORT 2012

Vienna Center for Experimental Economics (VCEE)

ANNUAL REPORT for the period of 01.01.2012 – 31.01.2012

Vienna Center for Experimental Economics (VCEE)

Faculty of Business, Economics and Statistics

Brünner Straße 72

1210 Vienna

Austria

Web: <http://wirtschaftswissenschaften.univie.ac.at>

Experimental Laboratory

VCEE

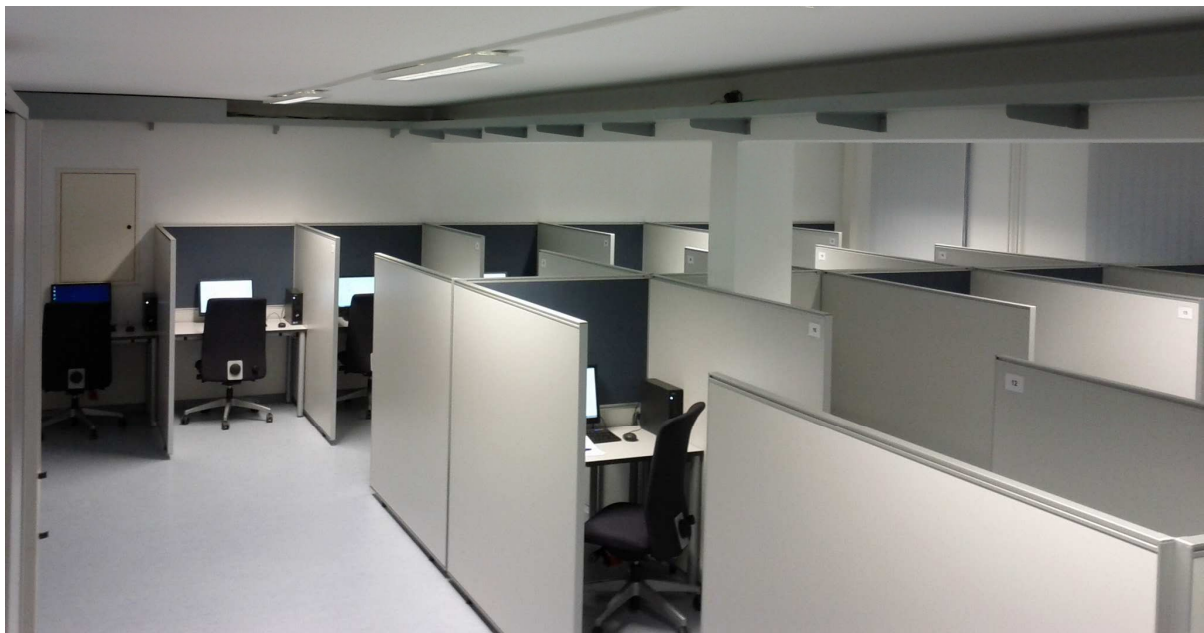
Spitalgasse 2

Hof 1, 1.1 (Campus)

1090 Vienna

Austria

Web: <http://vcee.univie.ac.at/>



The picture shows one of the two rooms for participants at the laboratory facilities on the Campus. The laboratory is equipped with 28 work stations in total.

FOREWORD

The Vienna Center for Experimental Economics (VCEE) was formally established in January 2011. It is an institution of the Faculty of Business, Economics and Statistics at the University of Vienna.

The purpose of the Center is to provide infrastructure for conducting experimental research at the University of Vienna and it is a forum for the discussion and exchange of ideas. VCEE is jointly directed by Wieland Müller and Jean-Robert Tyran, who periodically alternate in taking up the position of managing director.

After devoting substantial efforts to the establishment of the VCEE in 2011, over the past year the Center was fully operational, so that several experiments were carried out in our experimental laboratory located on the premises of the University Campus. In total, this resulted in approximately 40 sessions and more than 700 subject participations. We are optimistic that these experiments will result in numerous working papers and publications in the years to come. Work continues towards eventually running both internet and field experiments, as well.

The past year has been successful in terms of completed research and publications, with 11 publications and 9 completed working papers. VCEE members continue to be active in presenting their work at international conferences and participating in workshops. The VCEE hosted more than 30 visitors, many of whom gave presentations at our regular seminar series.

The VCEE has not only been active in research and publications, but has also made considerable efforts in teaching and we are very pleased that experimental economics seems to be increasingly popular among students. The VCEE has six PhD students and two students working on their Master's theses, also 10 PhD students and 30 Master students have taken PhD- and master-level courses in Behavioral and Experimental Economics.

Wieland Müller
Director VCEE (contact person)

CONTENTS

Foreword	3
Executive Summary	5
Organization, Faculty and Staff	7
Workshops and seminars organized by the VCEE	10
Publications and working papers in 2012	123
Report of activities by the individual member	18

EXECUTIVE SUMMARY

Purpose of the Center

The Vienna Center of Experimental Economics (VCEE) provides infrastructure for conducting experimental research at the University of Vienna and is a forum for discussion and exchange of ideas.

The primary focus of the VCEE is to investigate the relevance of bounded rationality and social preferences in the economy, society and the state. In addition, the VCEE contributes to research and teaching in other branches of experimental economics and to the development of experimental methods and behavioral economic theory.

Experiments are an important tool of research in economics. Experiments can in principle be run in a laboratory, over the Internet or elsewhere “in the field”. The three types of experiments have different strengths and limitations and they often complement each other. At present, the VCEE runs experiments only in the laboratory but is aiming to expand its infrastructure in order to run experiments on the Internet and experiments “in the field” as well.

The VCEE operates a 150 m² state-of-the-art experimental laboratory located on the premises of the University Campus. The Lab includes 28 workstations and a control room. Operations began in fall 2011.

Experienced experimentalists are welcome to submit applications for

using our laboratory facilities. We try to accommodate all suitable applications. In case of capacity constraints, internal applications (by VCEE members; members of the faculty of Business, Economics and Statistics; researchers at other faculties of U Vienna) are prioritized over external ones (researchers from other institutions in Austria and abroad). Applicants are requested to consult our guidelines for users which can be obtained from the lab manager.

The VCEE is more than just an experimental lab. We aim at engaging in debate and intellectual exchange in all aspects of experimental economics. Since experiments can be used to investigate almost all issues in economics and the social sciences, we aim to maintain an openness concerning the substance of research. We particularly welcome interaction with researchers from other fields like political science, psychology or sociology. To this end, we run an active series of VCEE research seminars for internal and external presenters and plan to further expand our network of experienced academics as affiliates.

We also aim at developing experimental methods and tools. For example, we are investigating novel ways to run experiments with non-student subject pools, be it over the internet or in other field contexts.

Research and Publications

In 2012 research at the VCEE has resulted in a total number of 11 publications, among others in *Games and Economic Behavior* and the *Journal of Public Economics*. Members of the VCEE have published 9 working papers and on-going research has been presented at various conferences.



Specific research topics studied included:

- The voluntary provision of public goods and voting in formal vs. informal sanctioning environments
- Various aspects of social preferences and rationality
- Effects of deliberation and experience on voting on taxes
- Asymmetric information, abstention and coordination in standing committees
- Elicitation of risk preferences
- Bargaining and coalition formation

Workshops, visitors and international networking

To strengthen its international research network and its international visibility, the VCEE is striving to maintain an active visitor program. In 2012, we have been able to host more than 30 short-term visitors from places such as Stanford, NYU, Caltech, Brown U, as well as various places in Europe such as Zurich,

Imperial College, Nottingham, and Barcelona.

The VCEE has hosted a Workshop in Experimental Economics in September 2012 and its successful seminar series has continued to expand in scope.

Teaching

Wieland Müller has taught a PhD course in “Experimental Economics” at the Vienna Graduate School of Economics (VGSE) and Jean-Robert Tyran has offered a lecture on “Behavioral and Experimental Economics” (8 ECTS), and seminars on “Topics in Behavioral Public Economics” (8 ECTS) and “Topics in Behavioral and Experimental Economics” (4 ECTS). VCEE members Natalia Shestakova and James Tremewan jointly offered a seminar on “Designing and Implementing an Economic Experiment” (8 ECTS). Another course by James Tremewan was “Bargaining and Coalition Formation, Theory and Experiments.”

The number of courses on Experimental and Behavioral Economics has substantially risen from 2011 to 2012.

ORGANIZATION, FACULTY AND STAFF

The VCEE thanks all collaborators for their efforts in ensuring smooth operations of our laboratory facilities and for creating ideal conditions for effective research.

The VCEE is jointly directed by Wieland Müller and Jean-Robert Tyran, with the managing director alternating between the two.

The activities in the laboratory are managed by Owen Powell who heads a team of part-time employed student assistants, administrative support comes mostly from Sandra Weissenböck (head administrator), and Sylvie Hansbauer (accounting), while IT support is provided by Andreas Öller.

The VCEE and the Department of Economics have jointly made extensive efforts aiming at attracting highly talented junior faculty to Vienna. We are proud to have been extraordinarily successful in our efforts. The junior faculty currently consists of:

Owen Powell is the manager of the lab. He holds a PhD from Tilburg University and joined us 2011 from Carlos III of Madrid. His main research interests are Experimental Finance, Behavioral Economics, Growth and Growth Accounting.

Melis Kartal holds a PhD from the New York University and joined us in 2012 as an assistant professor. Her research interests are

Microeconomic Theory, Experimental Economics, and Political Economy.

Natalia Shestakova holds a PhD from CERGE-EI in Prague and joined us 2011 as an assistant professor. Her main research interests are in Behavioral Economics, Contract Theory and Industrial Organization.

James Tremewan holds a PhD from the Toulouse School of Economics and joined us 2011 as an assistant professor. His main research interests are in Experimental Economics, Game Theory, and Behavioral Economics.

The VCEE has started appointing affiliate faculty who are experts in experimental economics. These researchers have a special relation and frequently interact with VCEE (e.g. as co-authors, presenters or seminar participants). Current affiliates are **Bernhard Kittel** (U Vienna), **Rupert Sausgruber** (WU Vienna), **Sigrid Suetens** (Tilburg), **Erik Wengström** (Lund).

Several student lab assistants help carry out research activities in the lab. Current lab assistants are:

- Pablo Torija
- Anna Albert
- Joé Rieff
- Mila Laleva
- Guntram Kelz
- Anna Dimitrova

Numerous MA and PhD students have joined the VCEE in 2012. They all contributed to the effective functioning of the VCEE and to a vibrant academic atmosphere.

Current PhD students and their research interests

- **Christopher Nell:**
public economics, tax evasion
- **Fernando Quevedo**
behavioral game theory and industrial organization
- **Alexander Rabas:**
labour economics, gender wage gap, personality
- **Florian Spitzer**
trust and reputation, credence goods, antisocial preferences
- **Thomas Stephens:**
decision making under bounded rationality, nominal thinking, loss aversion and money illusion, voting and the welfare state
- **Elke Weidenholzer:**
decision making by children

Visitors in 2012

The VCEE maintains an active visitor program which serves to present and discuss recent research and new developments with internationally renowned researchers in the field. Short-term visitors usually give a seminar presentation.

Mattia NARDOTTO (Paris Tech), January 16, 2012

Kenju KAMEI (Brown U), January 17-20, 2012

Melis KARTAL (NYU), January 18-20, 2012

Mark BERNARD (Stockholm SSE), January 23, 2012

Muriel NIEDERLE (Stanford), March 18-30, 2012

Lars Ivar OPPEDAL BERGE (NHH Bergen), March 28-30, 2012

Leif HELLAND (BI OSLO), April 20, 2012

Boris MACIEJOVSKY (Imperial College), April 20, 2012

Mirco TONIN (CEU Budapest), May 18, 2012

Michael KOSFELD (U Frankfurt), May 24, 2012

Georg KIRCHSTEIGER (ULB Bruxelles), June 14, 2012

Sanford C. GORDON (NYU), June 14-15, 2012

Joel VAN DER WEELE (U Frankfurt), June 15, 2012

Jose APESTEGUIA (UPF Barcelona), September 10-11, 2012

Pedro DAL BÓ (Brown U), September 10-11, 2012

Stephen LEIDER (U Michigan), September 10-11, 2012

Erzo LUTTMER (Dartmouth), September 10-11, 2012

Friederike MENGEL (U Essex and Maastricht), September 10-11, 2012

Daniele NOSENZO (U Nottingham), September 10-11, 2012

Roberto WEBER (U Zurich), September 10-11, 2012

Leeat YARIV (Caltech), September 10-11, 2012

Erwin BULTE (U Wageningen), October 18, 2012

Erik WENGSTRÖM (U Lund and U Copenhagen), October 19, 2012

Andreas ORTMANN (UNSW, Australia), November 16, 2012

Christoph VANBERG (U Heidelberg), November 3-24, 2012

Imran RASUL (UCL London), December 6, 2012

Stefan PALAN (U Graz), December 14, 2012

Maros SERVATKA (Canterbury), December 14, 2012

WORKSHOPS AND SEMINARS AT VCEE

Workshop in Experimental Economics, 10th & 11th September 2012

The purpose of this workshop was to bring together a small group of researchers to discuss recent and prospective developments in the field of experimental economics. The workshop was part of the “National Research Network S103” funded by the Austrian Science Fund.

Below is a list of the presenters and other participants.

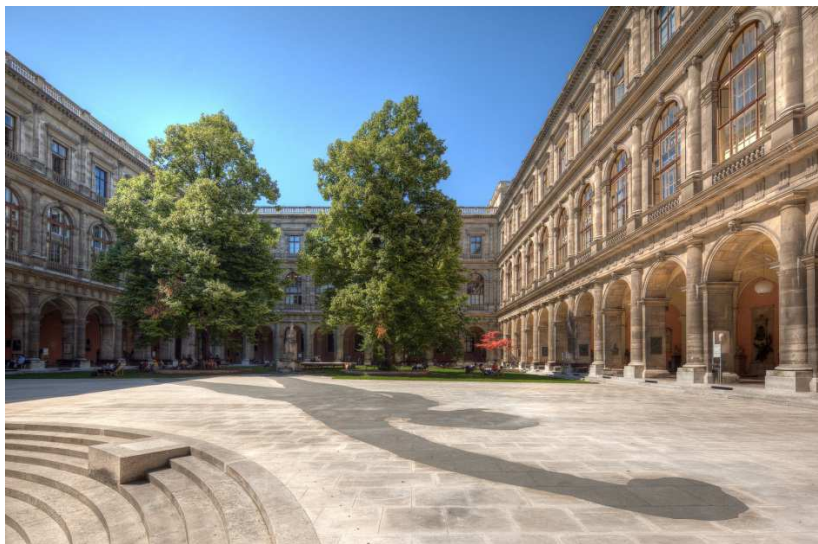
Presenters:

Jose Apesteguia (UPF Barcelona)
Pedro Dal Bó (Brown U)
Stephen Leider (U Michigan)
Erzo Luttmer (Dartmouth)
Friederike Mengel (U Nottingham
and Maastricht)
Daniele Nosenzo (U Nottingham)
Roberto Weber (U Zurich)
Leeat Yariv (Caltech)

Christoph Graf (U Vienna)
Christopher Nell (U Vienna)
Ulrik H. Nielsen (U Copenhagen)
Melis Kartal (U Vienna)
Bernhard Kittel (U Vienna)
Daniele Nosenzo (U Nottingham)
Josué Ortega (HIS Vienna)
Fernando Quevedo (U Vienna)
Alexander Rabas (U Vienna)
Rupert Sausgruber (U Innsbruck)
Florian Spitzer (U Vienna)
James Tremewan (U Vienna)
Jean-Robert Tyran (U Vienna)
Katharina Wick (U Vienna)

Other participants:

Tamas Csermely (U Vienna)
Diana Gaspari (U Innsbruck)



Seminars

January 16

Mattia Nardotto (Paris Tech):

“Nudging with Information: a Randomized Field Experiment on Reminders and Feedback“

January 20

Kenju Kamei (Brown U):

“Democracy and Resilient Pro-Social Behavioral Change: An Experimental Study“

January 23

Melis Kartal (New York U):

“A Theoretical and Experimental Comparison of Voting Institutions with Endogenous Participation“

Mark Bernard (Stockholm SSE):

“An Experimental Investigation of Employment Protection and Labor Substitutability“

March 26

Muriel Niederle (Stanford):

“Gender, Competition and Career Choices“

March 30

Lars Ivar Oppedal Berge (NHH Bergen):

“Human and Financial Capital for Microenterprise Development: Short-term and Long-term Evidence“

Bernhard Kittel (U Vienna):

“Devil’s Advocacy, Consensus, and a Decision Trilemma“

April 20

Leif Helland (BI Oslo):

“The Ongoing Quest for QWERTY“

Boris Maciejovsky (Imperial College):

“Markets as a Structural Solution to Knowledge-Sharing Dilemmas“

May 18

Mirco Tonin (CEU Budapest):

“Social Incentives Matter: Evidence from an Online Experiment“

Natalia Shestakova (U Vienna):

“The Simplicity Premium“

May 24

Michael Kosfeld (U Frankfurt):

“Leader Punishment and Cooperation in Groups: Experimental Field Evidence from Commons Management in Ethiopia”

June 14

Georg Kirchsteiger (ULB Bruxelles):

“Learning and Market Clearing: Theory and Experiments”

June 15

Joel Van der Weele (U Frankfurt):

“When Ignorance is Innocence: On Information Avoidance in Moral Dilemmas”

Sanford Gordon (New York U):

“Legitimacy and Enforcement: An Experimental Investigation”

October 12

Presentation of research projects and work in progress by: Alexander Rabas (U Vienna), Christopher Nell (U Vienna), Fernando Quevedo (U Vienna), Thomas Stephensen (U Vienna)

October 19

Eric Wengström (U Lund and U Copenhagen)

"Risk-taking on Behalf of Others."

November 26

Christoph Vanberg (U Heidelberg):

"Multilateral Bargaining in Real Time: An Experiment"

Andreas Ortmann (UNSW Australia):

“To be Pro-social or Anti-social (or Both)? That's the Question.”

November 30

Melis Kartal (U Vienna):

“Gradualism in Infinitely Repeated Games: An Experimental Study”

Natalia Shestakova (U Vienna):

“Preparation for Field Experiments in (wild) Russia”

December 14

Stefan Palan (U Graz):

“Of Coordinators and Dictators: A Public Goods Experiment”

Maros Servatka (Canterbury):

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

VCEE Away Day

On March 8, 2012, the VCEE Team joined the experimental team of the University of Innsbruck for a workshop. On the agenda were presentations of individual research projects and working papers, as well as discussing research results and the exchange of ideas.

Presenters:

Rupert Sausgruber (U Innsbruck)

Natalia Shestakova (U Vienna)

Alexander Rabas (U Vienna)

Diana Gaspari (U Innsbruck)

Thomas Stephens (U Vienna)

Florian Spitzer (U Vienna)

James Tremewan (U Vienna)

Levent Yilmaz (U Innsbruck)

Anita Gantner (U Innsbruck)

Owen Powell (U Vienna)

Glenn Dutchter (U Innsbruck)



PUBLICATIONS AND WORKING PAPERS IN 2012

Publications

Müller, Wieland, with Eline van der Heijden, Tobias Klein, and Jan Potters (2012): Framing Effects and Impatience: Evidence from a Large Scale Experiment, ***Journal of Economic Behavior and Organization*** 84(2), 701-711.

Müller, Wieland, with Cédric Argenton (2012): Collusion in Experimental Bertrand Duopolies with Convex Costs: The Role of Cost Asymmetry, ***International Journal of Industrial Organization*** 30(6), 508-517.

Müller, Wieland, with Jan Boone, María Jose Larraín Aylwin, and Amrita Ray Chaudhuri (2012): Bertrand Competition with Asymmetric Costs: Experimental Evidence, ***Economics Letters*** 117(1), 134-137.

Müller, Wieland, with Steffen Huck (2012): Allais for All: Revisiting the Paradox in a Large Representative Sample, ***Journal of Risk and Uncertainty*** 44(3), 261-293.

Müller, Wieland, with Jan Boone (2012): The Distribution of Harm in Price-fixing Cases, ***International Journal of Industrial Organization*** 30(2), 265-276.

Müller, Wieland, with Michalis Drouvelis, and Alex Possajennikov (2012): Signaling without a Common Prior: Results on Experimental Equilibrium Selection, ***Games and Economic Behavior*** 74(1), 102-119.

Tyran, Jean-Robert, with Wolfgang Höchtl, and Rupert Sausgruber (2012): Inequality Aversion and Voting on Redistribution, ***European Economic Review*** 56(7), 1406-1421.

Tyran, Jean-Robert, with Charles Noussair, and Gregers Richter (2012): Money Illusion and Nominal Inertia in Experimental Asset Markets, ***Journal of Behavioral Finance*** 13, 27-37.

Tyran, Jean-Robert, with Steffen Huck, and Gabriele Lünser (2012): Competition Fosters Trust, ***Games and Economic Behavior*** 76(1), 195-209.

Tyran, Jean-Robert, with Sigrid Suetens (2012): The Gambler's Fallacy and Gender, ***Journal of Economic Behavior and Organization*** 83(1), 118-124.

Tyran, Jean-Robert, with Christian Thöni, and Erik Wengström (2012): Microfoundations of Social Capital, ***Journal of Public Economics*** 96(7-8), 635-643.

Working Papers

"Laboratory Elections with Endogenous Turnout: Proportional Representation versus Majoritarian Rule", by M. Kartal

Mimeo

<https://files.nyu.edu/mk2672/public/experiment.pdf>

Abstract:

This paper investigates theoretically and experimentally the impact of proportional representation (PR) and majoritarian rule (MR) on voter participation and minority representation. Numerous empirical studies have questioned whether proportional representation fosters electoral participation. However, the empirical evidence regarding the comparison of turnout across MR and PR is mixed. Moreover papers that find increased participation under PR cannot explain why this is the case. This work shows that the comparison of turnout across PR and MR depends

on the size of the minority. I also show that in both data and theory PR improves equity at a considerably low cost to efficiency if the size of the minority is sufficiently large. On the other hand, the representation of a small minority does not improve under PR. I conjecture that there is a discouragement effect when the size of the minority is small because the PR rule that I employ has a particularly disproportional form. Therefore, the impact of the voting rule on representation is very sensitive to both the size of the minority and the degree of proportionality. Finally, I find that individual behavior is consistent with theory: Most subjects either follow or learn to follow cutoff strategies, as predicted by the theory.

"At Least I Didn't Lose Money - Nominal Loss Aversion Shapes Evaluations of Housing

**Transactions” by T. A. Stephens
and J.-R. Tyran**
Social Science Research Network
<http://ssrn.com/abstract=2162415>

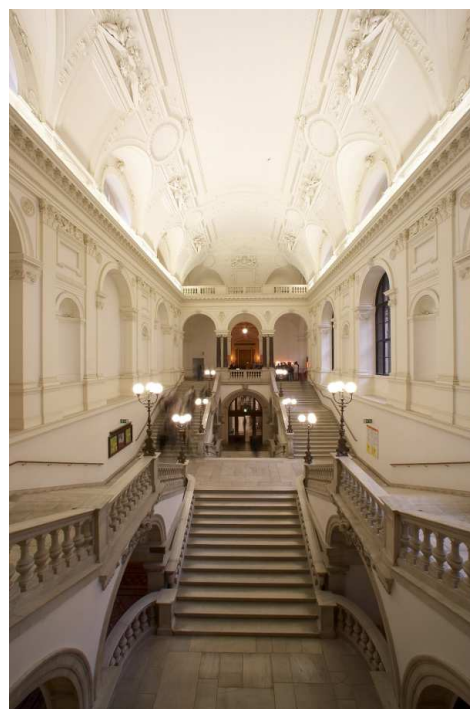
Abstract:

Loss aversion is one of the most robust findings to have emerged from behavioral economics. Surprisingly little attention, however, has been devoted to nominal loss aversion, the interaction of loss aversion and money illusion. People tend to think of transactions in terms of their nominal (monetary) values. Real losses may therefore loom larger in people’s minds when they lose money than when real losses are hidden by purely nominal gains. Using a survey experiment with a large and heterogeneous sample, we show that evaluations of housing transactions are systematically biased by purely nominal gains versus losses.

**"The Dark Side of the Vote:
Biased Voters, Social Information,
and Information Aggregation
through Majority Voting" by R.
Morton, M. Piovesan and J.-R.
Tyran**
Harvard Business School Papers
<http://ssrn.com/abstract=2133832>

Abstract:

We experimentally investigate information aggregation through majority voting when some voters are biased. In such situations, majority voting can have a "dark side", i.e. result in groups making choices inferior to those made by individuals acting alone. We develop a model to predict how two types of social information shape efficiency in the presence of biased voters and we test these predictions using a novel experimental design. In line with predictions, we



find that information on the popularity of policy choices is beneficial when a minority of voters is biased, but harmful when a majority is biased. In theory, information on the success of policy choices elsewhere de-biases voters and alleviates the inefficiency. In the experiment, providing social information on success is ineffective. While voters with higher cognitive abilities are more likely to be de-biased by such information, most voters do not seem to interpret such information rationally.

**“Give and Take in Dictator
Games“ by A. Cappelen, U.
Nielsen, E. Sorensen, B.
Tungodden and J.-R. Tyran**
**Norwegian School of Economics
Discussion Papers**
<http://dx.doi.org/10.1016/j.econlet.2012.10.030>

Abstract:

It has been shown that participants in the dictator game are less willing to give money to the other participant when their choice set also includes

the option to take money. We examine whether this effect is due to the choice set providing a signal about entitlements in a setting where entitlements initially may be considered unclear. We find that the share of positive transfers depends on the choice set even when there is no uncertainty about entitlements, and that this choice-set effect is robust across a heterogeneous group of participants recruited from the general adult population in Denmark. The findings are consistent with dictator giving partly being motivated by a desire to signal that one is not entirely selfish or by a desire to follow a social norm that is choice-set dependent.

"Though This be Madness, yet There is Method in It. A Counterfactual Analysis of Richard Wagner's Tannhäuser" by I. Chrissochoidis, H. Harmgart, S. Huck and W. Müller
ELSE Working Paper
http://homepage.univie.ac.at/wieland.mueller/working_papers/Tannhaeuser.pdf

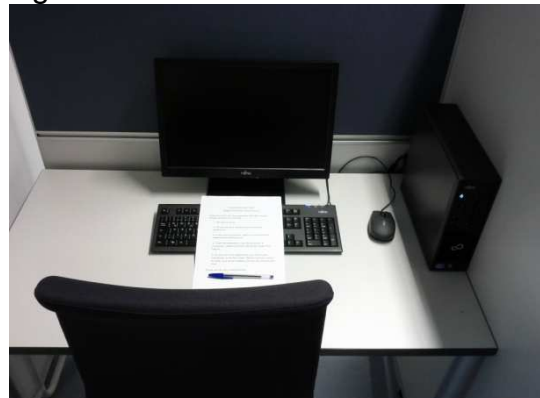
Abstract:
 Much like Wagner himself, the eponymous hero of Tannhäuser treads a path of stark contrasts and rapid swings. From Wartburg to the Venusberg and to the Vatican, the gifted bard transforms from self-centered artist to seduced disciple, disillusioned devotee, hopeful lover, self-loathing pilgrim and finally redeemed martyr. He tries everything and everything is trying. These contrasts reach a peak in the opera's central episode, the song contest at Wartburg. Tannhäuser has just been welcomed at the court, received Elisabeth's favor and affection, and is ready to compete for the contest's

prize, one as lofty as possibly the princess' hand. Instead of securing his reintegration to Wartburg with a brilliant performance, however, he spoils the event with insolent remarks and the exhibitionist disclosure of his Venusberg experience. His behavior offends his peers, scandalizes the court, breaks Elisabeth's heart, and brings him to the edge of death. Why would Tannhäuser sacrifice everything for nothing?

"Who Acts More like a Game Theorist? Group and Individual Play in a Sequential Market Game and the Effect of the Time Horizon" by F. Tan and W. Müller
Working Paper of the Max Planck Institute for Tax Law and Public Finance

<http://ssrn.com/abstract=1945196>

Abstract:
 Previous experimental results on one-shot sequential two-player games show that group decisions are closer to the subgame-perfect Nash equilibrium than individual decisions. We extend the analysis of inter-group versus inter-individual decision making by running both one-shot and repeated sessions of a simple two-player sequential market game (Stackelberg duopoly). Whereas in the one-shot markets we find no significant differences in the behavior



of groups and individuals, we find that the behavior of groups is further away from the subgame-perfect equilibrium of the stage game than that of individuals. To a large extent, this result is independent of the method of eliciting choices (sequential or strategy method) and the method used to account for observed first- and second-mover behavior. We provide evidence on followers' response functions and electronic chats together an explanation for the differential effect that the time horizon of interaction has on the extent of individual and group players' (non)conformity with subgame perfectness.

“Who is (More) Rational?” by S. Choi, S. Kariv, D. Silverman and W. Müller

NBER Working Paper

<http://ssrn.com/abstract=1768549>

Abstract:

Revealed preference theory offers a criterion for decision-making quality: if decisions are high quality then there exists a utility function that the choices maximize. We conduct a large-scale field experiment that enables us to test subjects' choices for consistency with utility maximization and to combine the experimental data with a wide range of individual socioeconomic information for the subjects. There is considerable heterogeneity in subjects' consistency scores: high-income and high-education subjects display greater levels of consistency than low income and low-education subjects, men are more consistent than women, and young subjects are more consistent than older subjects. We also find that consistency with utility maximization is strongly related to wealth: a standard deviation in-

crease in the consistency score is associated with 15-19 percent more wealth. This result conditions on socioeconomic variables including current income, education, and family structure, and is little changed when we add controls for past income, risk tolerance and the results of a standard personality test used by psychologists.

“Competition, Cooperation, and Collective Choice” by T.

Markussen, E. Reuben and J.-R. Tyran

Social Science Research Network

<http://ftp.iza.org/dp6620.pdf>

Abstract:

The ability of groups to implement efficiency-enhancing institutions is emerging as a central theme of research in economics. This paper explores voting on a scheme of intergroup competition which facilitates cooperation in a social dilemma situation. Experimental results show that the competitive scheme fosters cooperation. Competition is popular but the electoral outcome depends strongly on specific voting rules of institutional choice. If the majority decides, competition is almost always adopted. If likely losers from competition have veto power, it is often not, and substantial gains in efficiency are foregone.

"Coalition Context, Voter Heuristics and the Coalition-Directed Vote", by R. Duch and J.-R. Tyran

Paper prepared for presentation at the Annual meeting of the European Political Science Association

http://homepage.univie.ac.at/jean-robert.tyran/Publications/coalition_reasoning_duch_tyran_WP.pdf

Abstract:

In contexts with multi-party governing coalitions national electorates employ heuristics that are ecologically rational, i.e. adapted to the complexity of the environment. Evidence from Denmark, Germany and the U.K., indicates that voters acquire the heuristics that allow them to anticipate the types of coalitions that form after an election. Employing experimental vignettes embedded in internet surveys we find that voters 1) understand the basic arithmetic of majority coalition formation; 2) recognize that formateur parties likely enter the governing coalition; 3)

anticipate that parties that are proximate on the ideological scale will more likely agree to a coalition; 4) anticipate coalitions of parties that are ideologically connected; and 5) anticipate the formation of minimal winning connected coalitions. The Danes exhibit more sophisticated coalition heuristics than the Germans; and the British have underdeveloped coalition reasoning heuristics. Acquiring these heuristics increases the likelihood of exercising an informed coalition-directed economic vote.

REPORT OF ACTIVITIES BY THE INDIVIDUAL MEMBER

(in alphabetical order, by last name)

Melis Kartal, Assistant Professor

Participation at conferences and workshops

- World Congress of the Game Theory Society (Istanbul)

Refereeing for

- American Economic Review, Review of Economic Studies

Wieland Müller, Director (contact person)

Presentations

- *Invited lectures:* XXVII Jornadas Economía Industrial (Murcia, Spain)
- *Research seminars:* U York, Berlin Behavioral Economics Seminar Series

Refereeing for

Economic Inquiry, Economics Letters, Games and Economic Behavior, International Journal of Game Theory, International Journal of Industrial Organization, Journal of Economic Behavior and Organization, Journal of

Economic Psychology, Journal of Public Economics, Journal of Risk and Uncertainty, Management Science

Appointments and other services to the profession

- Member of the scientific committee of EARIE 2012 (Rome)
- Affiliation at: Tilburg University, CentER, Tilec, Encore

Christopher Nell, PhD student

Presentations

- *Research Seminars*: U Vienna.

Participation at conferences and workshops

- Economic Science Association, U Cologne; VCEE Away Day, U Innsbruck

Owen Powell, Manager

Presentations

- *Conferences*: Southern European Experimentalists Meeting (Lanzarote, Spain)
- *Research seminars*: University of Granada, “Negative bubbles and the choice of numeraire”, 1st Experimental Day, University of Innsbruck, March 2012 (Innsbruck, Austria)

Fernando Quevedo, PhD student

Participation at conferences and workshops

- *Summer School*: Behavioral Economics Summer Institute 2012, National University of Singapore.

Alexander Rabas, PhD student

Presentations

- *Research Seminars*: U Innsbruck, U Vienna x2

Participation at conferences and workshops

- *Conferences*: Conference on Experimental Economics, Summer School, August 2012 (Mainz, Germany)
- *Workshops*: Workshop in Behavioral Public Economics, U Vienna

Natalia Shestakova, Assistant Professor

Presentations

- *Research Seminars*: U Innsbruck
- *Conferences*: Southern European Experimentalists Meeting (Lanzarote, Spain)

Florian Spitzer, PhD student

Presentations

- *Research seminars:* U Innsbruck
- *Conferences:* 7th Nordic Conference on Behavioral and Experimental Economics (Bergen, Norway); Annual Meeting of the “Gesellschaft für Experimentelle Wirtschaftsforschung” (Karlsruhe, Germany)

Thomas Stephens, PhD student

Presentations

- *Research seminars:* U Innsbruck, U Vienna

James Tremewan, Assistant Professor

Presentations

- *Conferences:* Bratislava Economic Meeting; Economic Science Association European Conference (Cologne, Germany)
- *Research seminars:* Canterbury U, U Heidelberg, U Frankfurt, Ludwig Maximilian U (Munich, Germany), U Innsbruck

Jean-Robert Tyran, Director

Presentations

- *Keynote lectures:* Latsis Foundation, “Economics on the Move” (ETH Zurich); European Economic Association, Annual Meeting (Malaga); Bratislava Economic Meeting
- *Public lectures:* Experiments in the Social Sciences (U Copenhagen); Management Impulse (Vienna); Akademisches Forum für Aussenpolitik (Vienna); Forum for the Philosophy of Social Science (Copenhagen), Industriellenvereinigung (Vienna)
- *Conferences:* Taxation and Redistribution (Max Planck Institute, Munich)
- *Research seminars:* U Amsterdam, Columbia U (New York), U Cologne, LMU Munich, Norwegian School of Management (Oslo), NYU (New York), U Oslo

Appointments and other services to the profession

- *Research grant:* Norwegian Research Council: “Experimental Markets with Search Frictions and Network Externalities” (joint with Leif Helland and Espen Moen), 2012-2015.
- *Research fellow* at CEPR (London), EPRU (Copenhagen), CAMA (ANU, Australia), The Choice Lab (Bergen, Norway)
- *Professional organizations:* Executive committee ESA (Economic Science Association), Member of the Board SABE (Society for the Advancement of Behavioral Economics)
- *Associate editor:* Judgment and Decision Making
- *Editorial Boards:* European Journal of Political Economy, Experimental Economics

- Member of *iv.future.lab* (Think tank of the Federation of Austrian Industries)
- External member of PhD committee: Simeon Schudy (U Konstanz), Marcelo Tyzler (U Amsterdam)

Refereeing for

European Economic Review, European Journal of Political Economy, Experimental Economics, Games and Economic Behavior, Journal of Economic Behavior and Organization, Journal of Economic Psychology, Journal of Law Economics and Organization, Journal of Public Economics, Public Choice, Review of Economic Studies

Contributions to policy debate and publications for the general public

- “Why is Housing such a Popular Investment? A New Psychological Explanation”, with Stephens, T.A., Voxeu.org, 23.11. 2012.
- “Und hier die Lottozahlen von nächster Woche”, blog.tagesanzeiger.ch (translated to French in Tribune de Genève), Oct. 3, 2012
- “Investments: Vom Zusammenspiel konträrer Täuschungen”, blog.tagesanzeiger.ch (translated to French in Tribune de Genève), Sept. 13, 2012
- “Wenn Aktien “heiss” sind und Firmen “einen Lauf” haben”, blog.tagesanzeiger.ch (translated to French in Tribune de Genève), August 13, 2012
- “Ist durch Ausnützen von Trugschlüssen auf Aktienmärkten Geld zu verdienen?”, blog.tagesanzeiger.ch (translated to French in Tribune de Genève), August 24, 2012
- “Sichtbare Verluste tun besonders weh – versteckte sind genau so teuer”, blog.tagesanzeiger.ch, March 8, 2012
- “Die Abneigung der Anleger gegen Verluste – und ihre fatalen Folgen”, blog.tagesanzeiger.ch, March 1, 2012

Elke Weidenholzer, PhD student

Appointments and other services to the profession

- Visiting PhD Student, U Essex