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# VIENNA CENTER FOR EXPERIMENTAL ECONOMICS

## ANNUAL REPORT 2016



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## Vienna Center for Experimental Economics (VCEE)

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REPORT for the period 01.01.2016 – 31.12.2016

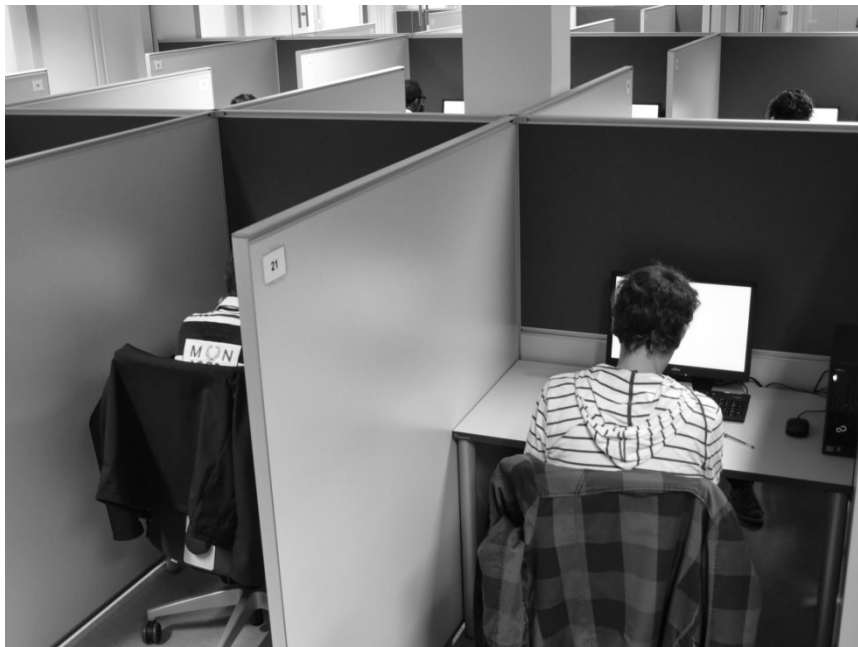
<http://vcee.univie.ac.at>

### Offices

Faculty of Business, Economics  
and Statistics  
Oskar-Morgenstern-Platz 1  
1090 Vienna  
Austria

### Experimental Laboratory

Altes AKH Campus  
Spitalgasse 2  
Hof 1.1  
1090 Vienna  
Austria



*Participants taking part in an experiment at the laboratory facilities on the Campus. The lab had almost 4,500 subject participations in 2016.*

## FOREWORD



The Vienna Center for Experimental Economics (VCEE) will be facing a performance evaluation by the rectorate of the University of Vienna in spring 2017. The results of this evaluation will determine whether the VCEE continues to exist as an independent subunit of the Faculty of Business, Economics and Statistics and, if so, whether it will receive the funding it needs to thrive. While we are anxious to learn the outcome of that evaluation, we are also rather confident that the present annual report will not be VCEE's last. In light of the upcoming evaluation, my foreword does this year not only review the previous year but also points out achievements of the past 5 years.

The VCEE has been a powerhouse of research at the Faculty of Business, Economics and Statistics. Over the past 5 years, VCEE members have published 48 articles in refereed journals, including 3 "top 5" publications (in *American Economic Review* and *Review of Economic Studies*) and many publications in excellent journals (such as *Economic Journal*, *Journal of the European Economic Association*, *Management Science*, *Rand Journal of Economics*). We have also published 38 working papers of which many are under review or forthcoming (e.g. in *American Economic Journal: Applied Economics*). This is a remarkable achievement given VCEE's small size in terms of personnel (2 professors and 6 post docs of which half are externally funded – we do not count the publications of our 12 affiliates in this report). This remarkable success in terms of publications is reflected in the excellent standing of the VCEE as an important player in the international research landscape. For example, *ideas*, the world's largest bibliographic database dedicated to Economics, places the Faculty of Business, Economics and Statistics of the University of Vienna on rank 31 among the 1767 registered institutions in Experimental Economics (<https://ideas.repec.org/top/top.exp.html>). That is, we are in the *top 2% worldwide* among the relevant research institutions in experimental economics.

The VCEE also aims to be an internationally noted platform for discussion of method in experimental economics (laboratory, field and online experiments), behavioral theory, and for the exchange of ideas. To reach this goal, the VCEE entertains a seminar series and holds regular workshops that bring together some of the world's leaders in the field. Over the last 5 years, the VCEE has had 157 visitors, including some from prestigious places like Caltech, Chicago, Columbia, Harvard, NYU, and Stanford to name just a few.

The laboratory infrastructure, operations and visitor program of the VCEE have been kick-started by funding of the University of Vienna with budget of 0.25 mio. €. This initial funding has been complemented by external funding of more than 1 mio. € which VCEE members acquired from the Austrian FWF, the German DFG, the Norwegian research council, and the European Union (through a Norface project).

While the VCEE has an international orientation, we also see some of our key tasks at home, in our immediate neighbourhood. The VCEE aims to provide services for the Faculty of Business, Economics and Statistics, to the academic community in Vienna, and the interested population at large.

As a subunit of the Faculty of Business, Economics and Statistics, a main purpose of VCEE is to provide infrastructure for experimental researchers at our Faculty. This infrastructure is primarily used by researchers from the departments of economics, business and economic sociology at our Faculty. But we are also reaching out to others at the University of Vienna and beyond. To this end, we entertain a network of affiliates. I am particularly happy to report that in 2016, we have managed to attract new affiliates from the psychology department of our University (Prof. Erich Kirchler), from WU Vienna (Prof. Ben Greiner), and from the Institute for Advanced Studies (IHS, Prof. Martin Kocher).

The VCEE is a research institution which also provides teaching in specific topics in behavioral and experimental economics and in experimental methods. Experimental economics is popular among students and we are very pleased to (co-)supervise seven talented PhD students and several Master students.

In 2016, the VCEE contributed to the University's efforts in its "third mission", i.e. to transfer knowledge into society and to engage in dialogue with our various peer groups and the interested public at large. We have initiated the Vienna Behavioral Economics Network (VBEN) in collaboration with FehrAdvice (a consulting company) in September 2016. The purpose of the VBEN is to disseminate knowledge gathered at research institutions in Vienna to anyone interested in behavioral economics. The VBEN provides a platform to meet and network, and it promotes the dialogue between researchers in behavioral economics and stakeholders in the economy, the public administration, nonprofit organizations, and society at large. For now, the main activity of VBEN is to organize talks and discussion events at various locations in Vienna. We have had two public events which were held at the premises of the Industriellenvereinigung (Federation of Austrian Industries) with more than 100 participants each, and about 250 people have signed up at the internet-based "meetup" we have initiated.

The VCEE is on a clear upward trajectory. It has taken some time to put the infrastructure in place and to develop routines. But now, everything seems to be in place and 2016 has in many ways been the most successful year in the short history of the VCEE. For example, operations in our state-of-the-art laboratory at the University Campus run smoothly. The team around Owen Powell has managed almost 4'500 subject participations over the last year and we have spent a total of close to 90'000 Euros on subject payments alone. In addition, the VCEE has managed to organize three workshops, a seminar series, and VCEE members have presented their work at various conferences and seminars. Everyone at VCEE is motivated to continue on that trajectory and is looking forward to many happy returns.

Jean-Robert Tyran  
(Managing Director, VCEE)



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# EXECUTIVE SUMMARY

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## 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.

Laboratory experiments are an important tool of research in economics. We operate a 150 m<sup>2</sup> 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. Today, we can draw on a pool of several thousand subjects for recruiting and ran close to 4'500 subjects through the lab in 2016.

VCEE primarily serves the research needs of its own members and provides infrastructure for research in experimental economics at the University of Vienna more generally. However, experienced experimentalists from other institutions and universities 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 are open to a broad range of issues and research questions. We particularly welcome interaction with researchers from management, political science, psychology or sociology.

To promote intellectual exchange and to provide a platform for debate, we organize workshops, run an active seminar series for internal and external presenters and maintain our network of experienced academics as affiliates.

The Vienna behavioural Economics Network VBEN serves to transfer out knowledge to the outside world and to engage in dialogue with society at large.

VCEE is also a hub for education in behavioral and experimental economics at U Vienna. We offer a broad range of courses on experimental methods and its applications at the Master level and educate about half a dozen of PhD students.

## Research and Publications

Research at the VCEE resulted in 14 publications in 2016. Members of the VCEE have published 10 working papers and on-going research has been presented at various conferences. Specific research topics studied include:



- Risk aversion related to cognitive ability
- Price competition for experience goods
- Reduction of loss aversion
- Social preferences
- Preference reversals
- Cooperation
- Fairness and the welfare state
- Expressive voting
- Information sharing and extortionary corruption
- Money illusion
- Motivation of voters and the quality of democratic choice
- Representative democracy and bounded rationality
- Coordination under time pressure

## Workshops, visitors and dissemination of research

To strengthen its international research network and visibility, the VCEE maintains an active visitor program. In 2016, we have hosted 28 short-term visitors from overseas institutions such as U Chicago, Harvard U and U California as well as various places in Europe such as LSE London, IAST Toulouse, Paris I, CEU Budapest, UPF Barcelona, U Zurich and many more. In addition to continuing its successful seminar series and its annual Awayday, VCEE members have organized 3 workshops such as one

on Behavioral Public Economics, Laboratory Experimental Sociology and on Fairness, Personal Responsibility, and Welfare State.

To disseminate its research to a wider public, the VCEE has initiated, together with FehrAdvice, the **Vienna Behavioral Economics Network (VBEN)** which has organized two events for the general public each with over 100 people attending: “Field Experiments as a Revolution in Economics & Politics” and “The Power of Nudges”.

## Teaching

Our faculty continues to offer a large number of courses on Experimental and Behavioral Economics. Recent courses by Jean-Robert Tyran include a lecture on “Behavioral and Experimental Economics” and seminars on “Rethinking Public Economics” and “Topics in Behavioral and Experimental Economics” for Masters students. James Tremewan also teaches “Bargaining and Coalition Formation, Theory and Experiments” and “Lobbying and Corruption: Theory and Experiments”, both for Bachelor students. This year Wieland Müller offered a PhD course in “Experimental Economics” at the Vienna Graduate School of Economics (VGSE).

## ORGANIZATION, FACULTY AND STAFF

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

The VCEE is jointly directed by **Wieland Müller and Jean-Robert Tyran**, with the position of managing director alternating between the two. Müller also holds a professorship in Tilburg and Tyran a visiting professorship in Copenhagen.



The activities of the laboratory are managed by Owen Powell, who heads a team of student assistants employed on a part-time basis. Administrative support is mainly provided by Sandra Weissenböck (head administrator) and Sylvie Hansbauer (accounting), while IT support is handled by Andreas Öller.

The core faculty at VCEE consists of highly qualified and talented junior faculty:



**Peter Bednarik** holds a PhD from University of Goettingen and joined us in this year as an assistant professor.

Some of his research interests include Evolutionary Game Theory, Social Dilemmas, Experimental Economics and Behavioral Economics.



**Owen Powell** is the manager of the lab. He received his PhD from Tilburg University and joined us in

2011 after visiting Carlos III of Madrid as an assistant professor. His main research interests are in the fields of experimental finance, measuring mispricing, growth and growth accounting.



**Natalia Shestakova** holds a PhD from CERGE-EI in Prague and joined us in 2011 as an assistant professor. Her main research interests are in behavioural economics, contract theory and industrial organization.



**Axel Sonntag** received a PhD from the Vienna University of Economics and Business and joined us coming from the University of East Anglia in 2015. He is mainly interested in behavioral economics, economic policy and consumer decision making.



**James Tremewan** received a PhD from the Toulouse School of Economics and joined us in 2011 as an assistant professor. He is mainly interested in multilateral bargaining, coalition formation, and belief elicitation.



Alexander K. Wagner received a PhD from the Toulouse School of Economics and joined us in 2014. He is mainly interested in behavioral economics, applied game theory, political economy and strategy and decision making.



**Affiliate faculty** members are experts in experimental economics who frequently contribute to the activities of the VCEE (e.g. as co-authors, presenters or seminar participants). Current affiliates are:

- Ben Greiner (WU Vienna)
- Melis Kartal (WU Vienna)
- Steffen Keck (U Vienna)
- Erich Kirchler (U Vienna)
- Georg Kirchsteiger (U Brussels)
- Bernhard Kittel (U Vienna)
- Martin Kocher (LMU München)
- Boris Maciejovsky (U California)
- Markus Reitzig (U Vienna)
- Rupert Sausgruber (WU Vienna)
- Sigrid Suetens (Tilburg U)
- Erik Wengström (Lund U)

The research activities at the lab were assisted by the following students in 2016:

- Moritz Absenger
- Miruna Cotet
- Elina Galabova
- Nóra Kungl
- Violeta Kuzikaite
- Dominik Schaufler
- Felix Scheuer
- Georg Schmidt
- Réka Szendrő
- Pablo Torija

Several PhD students carried out research at the VCEE in 2016. They have all contributed to the effective functioning of the VCEE and to the creation of a vibrant academic atmosphere.

## Current PhD students

- **Simone Häckl** (enrolled at WU): public economics, behavioral economics
- **Eryk Kryowski** (VGSE): discrimination, anonymity, behavioral public economics
- **Alexander Rabas**: labour economics, gender wage gap, personality
- **Ilona Reindl**: social preferences, collective action, redistribution, heterogeneous agents
- **Georg Sator** (VGSE): Decision Theory under consideration of Social Norms, Interpersonal Closeness.
- **Florian Spitzer**: trust and reputation, credence goods, antisocial preferences
- **Thomas Stephens**: redistribution and taxation, bounded rationality, honesty
- **Elke Weidenholzer**: decision making by children

## Visitors

The VCEE maintains a visitor program which provides a platform for the presentation and discussion of recent research activities as well as the exchange of new ideas and developments in the field of experimental research. Short-term visitors usually give a seminar presentation. The following researchers visited VCEE in chronological order.

Veronika GRIMM (FAU), January 22  
Abhijit RAMALINGAM (U East Anglia), January 22  
Daniel MÜLLER (U Mannheim), January 26  
Chris WICKENS (oTree developer), February 16  
Rosemarie NAGEL (UPF), March 3  
Florian ZIMMERMANN (U Zürich), March 18  
Michal BAUER (CERGE-EI), March 18  
Alexander F. WAGNER (U Zürich), April 15  
Christoph VANBERG (U Heidelberg), April 15  
Astrid DANNENBERG (U Kassel), May 27  
Dan FRIEDMAN (UC Santa Cruz), May 27

Caroline BONN (The Choice Lab, Bergen), June 9-10  
 Cornelius CAPPELEN (University of Bergen), June 9-10  
 Elena CETTOLIN (Tilburg University), June 9-10  
 Patricio DALTON (Tilburg University), June 9-10  
 Thomas DE HAAN (The Choice Lab, Bergen), June 9-10  
 Marco PIOVESAN (U Copenhagen), June 17  
 Arthur SCHRAM (EUI Florence), June 17  
 Vincent BUSKENS (Uni Utrecht), June 17  
 Ingvild ALMAS (NHH Bergen)  
 Lucas COFFMAN (Harvard U)  
 David COOPER (Florida State U)  
 Lorenz GOETTE (U Bonn)  
 Shaun HARGREAVES HEAP (King's College London)  
 Nagore IRIBERRI (U Basque Country)  
 John LIST (U Chicago)  
 Theo OFFERMAN (U Amsterdam)  
 Séverine TOURSSAERT (LSE), Oct 7  
 Dominik DUELL (IAST), Oct 7  
 Rudolf KERSCHBAMER (U Innsbruck), Nov 3  
 Robert ÖSTLING (IIES Stockholm), Nov 11  
 Simeon SCHUDY (LMU München), Nov 11  
 John DUFFY (U California, Irvine), Nov 17  
 Ernst FEHR (Zurich), Dec 1  
 Arno RIEDL (Maastricht), Dec 5-6  
 Redzo MUJCIC (WU Vienna), Dec 16  
 Marie-Claire VILLEVAL (Lyon), Dec 16

## WORKSHOPS AND SEMINARS

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### 4<sup>th</sup> VCEE Awayday, 21-22 April, 2016

The two-day workshop was again held at Reichenau an der Rax. The awayday serves as a platform to develop new research and to present ongoing research at VCEE.

**Organizers:**

Wieland Müller and Jean-Robert Tyran

**Presenters:**

Melis Kartal, Eryk Kryowski, Ilona Reindl, Georg Sator, Axel Sonntag, Jean-Robert Tyran, Alexander K. Wagner

**Other participants:**

Florian Spitzer, Thomas Stephens



Awayday 2016, Reichenau an der Rax



## Workshop on Fairness, personal responsibility, and the welfare state, 9-10 June, 2016

The aim of the workshop was to bring together researchers that are interested how fairness considerations, in particular with respect to personal responsibility, affect the support and effectiveness of welfare policies.

### Organizers:

Axel Sonntag (U Vienna)

Jean-Robert Tyran (U Vienna)

### Presenters:

Caroline Bonn (The Choice Lab, Bergen)

Cornelius Cappelen (U Bergen)

Elena Cettolin (Tilburg University)

Patricio Dalton (Tilburg University)

Thomas de Haan (The Choice Lab, Bergen)

Axel Sonntag (U Vienna)

James Tremewan (U Vienna)

Alexander K. Wagner (U Vienna)



Workshop on Fairness, personal responsibility, and the welfare state 2016, Vienna



## **Workshop on Laboratory Experimental Sociology, 17-18 June, 2016**

Organizer:

Bernhard Kittel (U Vienna)

Presenters:

Vincent Buskens (U Utrecht)

Thomas Gautschi (U Mannheim)

Klarita Gërxhani (EUI, Fiesole)

Roman (U Vienna)

Georg Kanitsar (U Vienna)

Sabine Neuhofer (U Vienna)

Heiko Rauhut (U Zürich)

Ilona Reindl (U Vienna)

Manuel Schwaninger (U Vienna)

Other participants:

Nikki van Gerwen (U Utrecht)

Bernhard Kittel (U Vienna)

Mattias Larsen (U Vienna)

Fabian Winter (Max Planck Institute of Economics)

## **Behavioral Economics: Field Experiments as a Revolution in Economics & Politics, 7<sup>th</sup> September, 2016**

The aim of this workshop was to discuss the big potential of field experiments for an evidence-based policy. Which intervention works - and which does not? This question has been experimentally investigated by behavioral economists for years. The findings provide a basis for new initiatives and laws that are based not on personal perceptions but on evidence.

Organized by the Behavioral Economics Network

Presenters:

John List (U Chicago) and Jean-Robert Tyran (U Vienna)

## Workshop in Behavioral Public Economics, 8<sup>th</sup> & 9<sup>th</sup> September, 2016

The purpose of this workshop was to bring together a small group of researchers to discuss recent and prospective developments in the field of behavioural public economics. The workshop was part of the Norface project “Fairness, personal responsibility, and the welfare state” funded by the EU.

### Organizers:

Rupert SAUSGRUBER (WU Vienna)  
Jean-Robert TYRAN (U Vienna)

### Presenters:

Ingvild Almas (NHH Bergen)  
Lucas Coffman (Ohio State U)  
David Cooper (Florida State U)  
Lorenz Goette (U Bonn)  
Shaun Hargreaves Heap (King's College London)  
Nagore Iriberri (U Basque Country)  
John List (U Chicago)  
Theo Offerman (U Amsterdam)  
Jean-Robert Tyran (U Vienna)

### Other participants:

Atabek Atayev (U Vienna)  
Peter Bednarik (U Vienna)  
Ulrich Berger (WU Vienna)  
William Burton (U Vienna)  
Ayşegül Engin (U Vienna)  
Ben Greiner (WU Vienna)  
Roman Hoffmann (U Vienna)  
Melis Kartal (U Vienna)  
Bernhard Kittel (U Vienna)  
Martin Kocher (LMU München)  
Ilona Reindl (U Vienna)  
Georg Sator (U Vienna)  
Christian Schitter (U Graz)  
Victoria Schreitter (U Oxford)  
Axel Sonntag (U Vienna)  
Florian Spitzer (WU Vienna)  
Marianne Stephanides (WU Vienna)  
Mariya Teteryatnikova (U Vienna)  
Juha Tolvanen (Princeton U)  
Stefan Traub (Helmut Schmidt U)  
James Tremewan (U Vienna)  
Alexander K. Wagner (U Vienna)  
Anita Zednik (WU Vienna)

## SEMINARS

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### January 22

Veronika Grimm (FAU):

“On the Impact of Quotas and Decision Rules in Ultimatum Collective Bargaining”

Abhijit Ramalingam (U East Anglia):

“Resource Inequality in Competition Between Teams”

### February 16

Chris Wickens (oTree developer)

oTree Workshop

### March 18

Florian Zimmermann (U Zürich):

“Correlation Neglect in Belief Formation”

Michal Bauer (CERGE-EI):

“Social Contagion of Ethnic Hostility”

### April 15

Alexander F. Wagner (U Zürich):

“How do social norms affect corporate behavior? An experiment regarding the choice of honesty”

Christoph Vanberg (U Heidelberg):

“Who never tells a lie?”

### May 27

Daniel Friedman (UC Santa Cruz):

“Online Ad Auctions: An Experiment ”

Astrid Dannenberg (U Kassel)

““Naming and shaming” of individuals and groups in a public goods experiment”

### June 17

Marco Piovesan (U Copenhagen):

“Dishonesty from the Lab to the Field”

Arthur Scharm (EUI Florence):

“A Simultaneous Analysis of Turnout and Voting under Proportional Representation: Theory and Experiments”

### October 7

Séverine Toussaert (LSE London):

“Eliciting temptation and self-control through menu choices: a lab experiment”

Dominik Duell (IAS Toulouse):  
 “Identity and Political Polarization: On the Instrumental Impact of Partisan Identity”

### **November 11**

Robert Östling (IIES Stockholm):  
 “The Effect of Wealth on Subjective Health, Life Satisfaction and Political Attitudes”

Simeon Schudy (LMU München):  
 “I Lie? We Lie! Why? Experimental Evidence on a Dishonesty Shift in Groups”

### **December 16**

Marie-Claire Villeval (Lyon):  
 “Loss Aversion and lying behavior: Theory, estimation and empirical evidence”

Redzo Mujcic (WU Vienna):  
 “Indirect Reciprocity and Prosocial Behaviour: Evidence from a Natural Field Experiment”

## **PUBLICATIONS AND WORKING PAPERS**

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### **Publications**

“Numeraire independence and the measurement of mispricing in experimental asset markets”

**O. Powell**

[Journal of Behavioral and Experimental Finance](#), 9, 56-62.

“Experimental asset markets: A survey of recent developments”

**O. Powell** and **N. Shestakova**

[Journal of Behavioral and Experimental Finance](#), 12, 14-22.

**“Contract Choice: Efficiency and Fairness in Revenue Sharing Contracts”**

A. Karakostas, **A. Sonntag**, D. John Zizzo

[Scandinavian Journal of Economics](#)

“The Dynamics of Coalition Formation: a multilateral bargaining experiment with free timing of moves”

**J. Tremewan** and C. Vanberg

[Journal of Economic Behavior and Organizations](#), 130(3), 33-46.

“Gender Differences in Beliefs and Actions in a Framed Corruption Experiment”

M. Fišar, M. Kubak, J. Špalek and **J. Tremewan**

[Journal of Behavioral and Experimental Economics](#), 63, 69-82.

"Medical Insurance and Free Choice of Physician Shape Patient Overtreatment. A Laboratory Experiment"

Huck, S., Lünser, G., Spitzer, F and **J.-R. Tyran**

[Journal of Economic Behavior and Organization](#), 131, 78-105.

"Judicial Error and Cooperation"

Markussen, T., Putterman, L. and **J.-R. Tyran**

[European Economic Review](#), 89, 372-388.

"Fairness is Intuitive"

Cappelen, A.W., Nielsen, U.H., Tungodden, B., E. Wengström and **J.-R. Tyran**

[Experimental Economics](#), 19(4), 727-740.

"Risk Aversion Relates to Cognitive Ability: Preferences or Noise?"

Andersson, O., Holm, H.J., **J.-R. Tyran** and Wengström, E.

[Journal of the European Economic Association](#), 14(5), 1129-1154.

"Price Competition and Reputation in Markets for Experience goods: An Experimental Study"

Huck, S., Lünser, G. and **J.-R. Tyran**

[RAND Journal of Economics](#), 47(1), 99-117.

"Deciding for Others Reduces Loss Aversion"

Andersson, O., Holm, H.J., **J.-R. Tyran** and Wengström, E.

[Management Science](#), 62(1), 29-36.

"Predicting Lotto Numbers"Predicting Lotto Numbers"

Galbo-Jørgensen, C.B., Suetens, S. and **J.-R. Tyran**

[Journal of the European Economic Association](#), 14(3), 584–607.

"Preference Reversals: Time and Again"

C. Alós-Ferrer, Dura-Georg Granic, J. Kern and **A.K. Wagner**

[Journal of Risk and Uncertainty](#), 52, 65-97.

"The Impact of Self-Control Depletion on Social Preferences in the Ultimatum Game"

A. Achtziger, C. Alós-Ferrer and **A.K. Wagner**

[Journal of Economic Psychology](#), 53, 1-16.



## Working Papers

(click on the titles to read the paper)

### [“Estimating the Price Elasticity of Fuel Demand With Stated Preferences Derived From a Situational Approach”](#)

R. Hössinger, C. Link, **A. Sonntag**, J. Stark

#### *Abstract:*

An evidence-based policy debate about future fuel demand, and more generally, the carbon intensity of an economy, requires having access to reliable estimates for fuel price elasticities. Such predictions are often based on revealed preference (RP) data. This procedure will only yield reliable results in the absence of severe structural discontinuities. However, a RP approach is rather limited in providing reliable predictions for behavioural reactions to unprecedented policy interventions or supply side shocks. We address these limitations by using a stated preference (SP) survey to estimate the response to hypothetical fuel price changes beyond the scope of previous observations. Contrasting SP with RP estimations, we find that the SP estimates better predict the actually observed behaviour in a situation with increasing fuel price. We conclude that a situational approach should be considered as a useful complementary method for estimating behavioural responses to unprecedented policy scenarios and fuel price changes.

### ["Accountability One Step Removed"](#)

**A. Sonntag**, D. J. Zizzo

#### *Abstract:*

In a real effort lab and online team production experiment we analyze individual effort under different conditions of individual accountability. In a repeated setting workers receive a distorted signal about their co-players' previous efforts. We vary the degree to which production can be directly traced back to a participant's individual or randomly drawn effort level. We find that individuals produce much less and the decline of contributions over time is significantly steeper under high as compared to low personal accountability. However, in an additional condition, we allow for endogenous accountability and observe the highest effort level. We conclude that accountability one step removed makes use of a deterrence effect of potential monitoring but without forcing subjects to learn about their under-performing peers, thus limiting the typical decline of contributions over time.

### [“Stability in Network Formation Games With Streams of Payoffs: an Experimental Study”](#)

M. Teteryatnikova and **J. Tremewan**

#### *Abstract:*

We run a novel network formation experiment with a stream of payoffs and relatively unstructured link formation process, and test the performance of a number of theoretical stability concepts in this environment. We focus especially on the issue of myopic versus farsighted behaviour in network formation. A subtle treatment

variation demonstrates clearly the power of myopic stability concepts in identifying the most stable networks. However, we also find support for farsighted concepts of stability, especially those that assume players' pessimism about the eventual outcome of a deviation. This is the first study to demonstrate that there exist environments where farsighted stability concepts identify empirically stable networks that are not identified by myopic concepts. Thus, myopic stability concepts are not necessarily sufficient to predict all stable outcomes in empirical applications.

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**“An Offer You Can Refuse: the Effect of Transparency With Endogenous Conflict of Interest”**

M.A. Kartal and **J. Tremewan**

*Abstract:*

This paper studies the effects of transparency on information transmission and decision-making theoretically and experimentally. We develop a model in which a decision maker seeks the advice of a better-informed adviser. Before giving advice, the adviser may choose to accept a side payment from a third party, where accepting this payment binds the adviser to give a particular recommendation, which may or may not be dishonest. Transparency enables the decision maker to learn the decision of the adviser with respect to the side payment. Prior experimental research has shown that transparency is either ineffective or harmful to decision makers. The novelty of our model is that the conflict of interest is endogenous as the adviser can choose to decline the third-party payment. Our theoretical results predict that transparency is never harmful and may help decision makers. Our experiment shows that

transparency does indeed improve the accuracy of decision making.

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**“Hard Labour in the Lab: Are Monetary and Non-monetary Sanctions Really Substitutable?”**

M. Rizzolli and **J. Tremewan**

*Abstract:*

The theory of optimal deterrence suggests the substitution of monetary sanctions over non-monetary sanctions whenever this is possible because non-monetary sanctions are more socially costly. This prescription is based on the assumption that monetary and non-monetary sanctions are perfect substitutes: there exists a monetary equivalent of a non-monetary sanction that, if used as a fine, produces the same level of deterrence. We test this assumption with an experiment. In our stealing game potential thieves face the possibility of punishment. Our non-monetary sanction treatments mimic hard labour: we require convicted individuals to carry out a tedious real effort task. In the monetary treatments sanctions are instead fines, which are based on individuals' willingness to pay to avoid the effort task to ensure comparability to the non-monetary treatment. A second manipulation of our experiment concerns the balance of errors in the adjudication procedure (convictions of innocents and acquittal of guilty individuals). We find that stealing is reduced most effectively by a sanction regime that combines non-monetary sanctions with a severe procedure. Our data is consistent with the notion that both monetary punishment and pro-defendant sanction regimes are less effective in communicating moral condemnation of an act.

### **“I Paid a Bribe: Information Sharing and Extortionary Corruption”**

D. Ryvkin, D. Serra and J. Tremewan

#### *Abstract:*

Theoretical and empirical research on corruption has flourished in the last three decades; however, identifying successful anti-corruption policies remains a challenge. In this paper we ask whether bottom-up institutions that rely on voluntary and anonymous reports of bribe demands, such as the “I paid a bribe” website first launched in India in 2010, could act as effective anti-corruption tools, and, if this is the case, whether and how their effectiveness could be improved. We overcome measurement and identification problems by addressing our research questions in the laboratory. Our results show that the presence of a reporting platform like the “I paid a bribe” website may be insufficient to systematically lower bribery. A more effective platform is one where posts disclose specific information about the size of the bribes and the location of their requestors, i.e., a platform that could serve as a search engine for the least corrupt officials, especially if posting is restricted to service recipients. Our results also show that while citizens rarely post false information, lying by officials, when allowed to post on the platform, is widespread.

### **“Voter Motivation and the Quality of Democratic Choice”**

L. Mechtenberg and J.-R. Tyran

#### *Abstract:*

The quality of democratic choice critically depends on voter motivation, i.e. on voters' willingness to cast an informed vote. If voters are motivated, voting may result in smart choices because of information aggregation but if voters remain ignorant, delegating decision making to an expert may yield better outcomes. We experimentally study a common interest situation in which we vary voters' information cost and the competence of the expert. We find that voters are more motivated to collect information than predicted by standard theory and that voter motivation is higher when subjects demand to make choices by voting than when voting is imposed on subjects.

### **“Experimental Evidence on Expressive Voting”**

J.-R. Tyran and A. Wagner

#### *Abstract:*

Standard economic reasoning assumes that people vote instrumentally, i.e., that the sole motivation to vote is to influence the outcome of an election. In contrast, voting is expressive if voters derive utility from the very act of expressing support for one of the options by voting for it, and this utility is independent of whether the vote affects the outcome. This paper surveys experimental tests of expressive voting with a particular focus on the low-cost theory of expressive voting. The evidence for the low-cost theory of expressive voting is mixed.

### “Money Illusion and Household Finance”

T.A. Stephens and **J.-R. Tyran**

#### *Abstract:*

We elicit money illusion and match it with financial and sociodemographic data from official registers on a quasi-representative sample of the Danish population. We find that people who are more prone to money illusion hold more of their gross wealth in nominal assets, including bank deposits and bonds, and less in real assets, including real estate and stocks. This bias is robust to controls for education, income, cognitive ability and other relevant characteristics. We further find that money illusion is a costly bias: 10-year portfolio returns are about 10 percentage points lower for individuals with high money illusion.

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### “Personality Traits and the Gender Gap in Ideology”

R. Morton, **J.-R. Tyran** and E. Wengström

#### *Abstract:*

What explains the gender gap in ideology, i.e. the observation that women tend to be more leftist than men? We provide new evidence showing that personality traits play a key role. Using a novel high-quality data set, we show that the mediating (i.e. indirect) effects of gender operating through personality traits by far dominate the direct effects of gender. They also dominate other potential differences between the sexes like income or education as explanatory factors. Our findings suggest that women tend to be more leftist than men mainly because they have different personalities, which, in turn, shape their expressed ideology. Taking such mediating effects of personality traits into account explains over three quarters of the observed gender gap in general ideological preferences.

## **ACTIVITIES OF INDIVIDUAL MEMBERS**

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(In alphabetical order, by last name)

### **Simone Häckl, PhD Student**

#### **Presentation of research results:**

- *Conferences:* 11th Nordic Conference on Behavioral and Experimental Economics (Oslo)

#### **Other activities:**

- *Summer schools:* PhD Course in Field Experiments (Copenhagen), Barcelona GSE Summer School: Economic Analysis of Electoral Politics (Barcelona)

## Wieland Müller, Director

### Other activities and affiliations:

- *Other Affiliation (part time)*: Tilburg University, Department of Economics (Full Professor)
- Research fellow at VCEE (Vienna, Co-Director), CentER (Tilburg), TILEC (Tilburg)
- *Editorial Tasks*: Member Editorial Board of Experimental Economics and Journal of the Economic Science Association
- *Main supervisor of completed PhD thesis*: Elke Weidenholzer (U Vienna)
- *Prize*: Schmölders Prize of the field committee “Social Sciences” of the Verein für Socialpolitik for the paper “Who is (more) rational?” (*American Economic Review* 104 (2014), 1518-1550) coauthored by Syngjoo Choi, Shachar Kariv, and Dan Silverman
- Member Scientific Advisory Board of the German Institute for Economic Research (DIW Berlin)
- *Departmental Activities*: Head of Department
- *Research seminars*: Cerge-EI Prague, U Innsbruck, U Nürnberg, U Tilburg, U Tel Aviv, Interdisciplinary Center Herzliya, U Potsdam, Wissenschaftszentrum Berlin für Sozialforschung
- *Refereeing (Selection)*: Games and Economic Behavior, Journal of the European Economic Association, Experimental Economics, Journal of Economic Behavior and Organization, International Journal of Industrial Organization, Theory and Decision, Journal of Risk and Uncertainty, Journal of the Economic Science Association, Journal of Evolutionary Economics

## Owen Powell, Lab Manager

### Presentation of research results

- *Conferences*: Experimental Finance (Mannheim); Workshop on the Economic Science with Heterogeneous Interacting Agents (WEHIA), Castelló de la Plana

## Ilona Reindl, PhD Student

### Presentations of research results:

- *Conferences*: ESA International Meeting (Hebrew University, Jerusalem); GfEW Annual Meeting (Justus-Liebig-University, Gießen)
- *Workshops*: VCEE Away Day (Payerbach-Reichenau); Workshop on Experimental Sociology (University of Vienna, Vienna)



**Other activities and affiliations:**

- **Research grant:**  
Hochschuljubiläumsstiftung der Stadt Wien, "Wealth and Vulnerability in the Climate Change Game: An Experimental Study on Burden Sharing among Heterogeneous Agents", (Feb 2016 – Jan 2017)

## Florian Spitzer, PhD Student

**Presentation of research results:**

- *Conferences:* 11th Nordic Conference on Behavioral and Experimental Economics (BI Norwegian Business School, Oslo)
- *Research seminars:* WU Vienna

**Other activities and affiliations**

- Teaching and research associate at WU Vienna

## Axel Sonntag, Assistant Professor

**Presentation of research results:**

- *Conferences and Workshops:* Workshop on Lab Experiments in Public Economics, ZEW, Mannheim; 3rd International Meeting on Experimental and Behavioral Social Sciences (IMEBESS), LUISS Università Guido Carli, Rome; SABE / IAREP Conference 2016 - Wageningen, Netherlands.
- *Events organized:* Workshop on Fairness, Personal Responsibility and the Welfare State, VCEE, Vienna; oTree workshop, VCEE, Vienna

**Other activities and affiliations:**

- *Research grant:* Austrian Federal Ministry for Science, Research and Economy: "Evaluation of measures to promote study success of university students" (joint with Jean-Robert Tyran), 2016-2019.
- *Professional organizations:* Board Member of the Society for the Advancement of Behavioral Economics (SABE); Member of the Centre for Experimental Social Science's (CESS) External Ethical Review Committee (University of Oxford)
- *Refereeing:* Experimental Economics, Journal of Business Economics, Journal of Development Effectiveness

## Thomas A. Stephens, PhD Student

- *Conferences:* 11th Nordic Conference on Behavioral and Experimental Economics (Oslo, Norway)

## James Tremewan, Assistant Professor

### Presentation of research results:

- *Conferences:* Economic Science Association European Conference (Bergen), Stony Brook Game Theory Conference, Network Science and Economics Workshop (Stanford University)
- *Research seminars:* U Innsbruck, Groupe d'Analyse et de Théorie Economique (Lyon)

### Other activities and affiliations:

- *Refereeing:* Management Science, Games and Economic Behavior, Journal of Public Economics, Journal of Economic Behavior and Organization, European Journal of Political Economy, European Economic Review

## Jean-Robert Tyran, Director

### Presentation of research results

- *Keynote lectures:* Schweizerischer Kongress für Gesundheitsökonomie und Gesundheitswissenschaften, Bern; 11<sup>th</sup> Nordic conference in Behavioral and Experimental Economics, Oslo; Workshop Lab Experiments in Public Economics, ZEW Mannheim.
- *Lectures for the general public:* „Alternative Mikroökonomie“ (WU Vienna), „Was ist mein Geld in 10 Jahren wert?“, Uni Wien,
- *Lecturer at Academy of Behavioral Economics* (GDI Rüschlikon, Zurich)
- *Organization of workshops:* 4<sup>th</sup> VCEE Awayday; “Behavioral Public Economics” (with R. Sausgruber); “Fairness, Personal Responsibility, and the Welfare State” (with A. Sonntag)
- *Organization of public events:* “Field experiments as a revolution in economics and politics” and “The power of nudges” (both at Industriellenvereinigung, joint with FehrAdvice)
- *Research seminars:* U Innsbruck, LMU Munich, U Konstanz, FAU Nürnberg

### Other activities and affiliations:

- *Visiting Professor:* U Copenhagen, U Konstanz
- *Research fellow at* CEPR, Centre for Economic Policy Research (London); EPRU, Economic Policy Research Unit (Copenhagen); Choice Lab (NHH Bergen); CAMA, Center for Applied Macroeconomic Analysis (ANU Canberra),
- *Editorial Tasks:* Associate editor of *Journal of Behavioral and Experimental Economics*; Member Editorial Board of *Experimental Economics*, *European Journal of Political Economy*, *Journal of the Economic Science Association*, *Journal of Experimental Political Science*

- *Administrative Duties:* Dean of the Faculty of Business, Economics and Statistics
- *Research grants:* NORFACE (EU): “Fairness, Personal Responsibility, and the Welfare State” (with A. Cappelen), 2015-18; DFG: “Representative Democracy: Theory and Experiments”, 2014-17, (with A Wagner), Austrian Federal Ministry for Science, Research and Economy: "Evaluation of Measures to Promote Study Success of University Students" (joint with Axel Sonntag), 2016-20.
- *Professional organizations:* Board member: Society for the Advancement of Behavioral Economics (SABE), Verein für Socialpolitik (German Economic Association)
- *External reviewer* for tenure decision at California Institute of Technology (Caltech), Pasadena.
- *Refereeing:* *Experimental Economics*, *Journal of Experimental Political Science*, *Games and Economic Behavior*

## Alexander K. Wagner, Assistant Professor

### Presentation of research results

- *Workshops:* Workshop on Fairness, Personal Responsibility, and the Welfare State, University of Vienna
- *Conferences:* *Austrian Economic Association Annual Meeting (NOeG-SAE)*, Bratislava; 5th World Congress of the Game Theory Society (GAMES 2016), Maastricht

### Other activities:

- *Refereeing:* *Journal of Economic Psychology*
- Project grant from German Research Foundation, “Representative Democracy: Theory and Experiments”, 2014-17