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Vienna Center for Experimental Economics

Annual Report 2021



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Foreword

Despite adverse circumstances due to the pandemic, the last year was quite a successful one for the VCEE.

First, members of VCEE managed to get 14 papers published in international, peer-reviewed journals.

Second, although we needed to close the VCEE lab several times due to lock-downs, we had almost as many subjects in 2020 participating in experiments as in 2019. This was possible by running sessions with a much reduced number of subjects due to the strict safety measures implemented at the VCEE lab.

Third, our lab managers, Geoffrey Castillo and Philipp K  lpmann, solved all technical problems to offer the opportunity to researchers to conduct experiments online. This is a very nice achievement as the obstacles for such a move have been substantial. Just think about the need for providing a stable environment, checking the identity of subjects or paying them. I am grateful to Geoffrey and Philipp for making this possible and I am happy that VCEE now has the option of conducting experiments online. This is a very valuable addition to the possibilities offered by the VCEE and makes our work more stable and resistant to crises. After all, nobody can tell when the pandemic is really over and the need and threat of lock-downs are a thing of the past.

Fourth, members of VCEE have been very active in terms teaching at the department of economics at the University of Vienna. We offered not only courses in Experimental and Behavioral Economics or Economic Psychology, but also in Macroeconomics, Public Economics, Decision and Game Theory and Religion and Economic Behavior. Furthermore, members of the VCEE are very active in supervision of BA, MA, and PhD theses.

Fifth, our seminar series continued also in the year 2021, although mostly online. We welcomed eight colleagues for interesting presentations and inspiring discussions.

Wieland M  ller,
Managing Director of the VCEE



VCEE in 2021: a few numbers

181
sessions
run in the VCEE Lab

7
talks
given by VCEE members

10
Faculty
at the VCEE

8
visitors
to the VCEE

8
lab assistants

62 170€
paid out to subjects

14
publications
in international journals

2
grants
received by VCEE members

11
courses
taught by VCEE members

2,539
subjects
participated in experiments

Summary

Purpose of the Center

The Vienna Center of Experimental Economics (VCEE) provides the infrastructure for conducting experimental research at the University of Vienna and is a forum for the discussion and the 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. To be able to use this method effectively, we operate 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 the autumn of 2011. Today, we can draw on a pool of several thousand subjects for recruiting and 2,539 subjects passed through the lab in 2021.

The 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 the University of Vienna) are prioritized over external ones (researchers from other institutions in Austria and abroad). If you are interested in running an experiment in our lab, please get in touch.

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 research questions as long as the investigations are methodologically sound and ethically unproblematic. We particularly welcome interac-

tion 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 VCEE is also a hub for education in behavioral and experimental economics at the University of 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 2021. Members of the VCEE have presented ongoing research at various conferences. Specific research topics studied include:

- » social preferences,
- » preference reversals,
- » context-dependent preferences,
- » tax evasion,
- » norms,
- » trust and cooperation,
- » redistribution,
- » decision in committees and political economy, and
- » bayesian reasoning.

Workshops, visitors and international networking

In order to strengthen its international research network and visibility, the VCEE maintains an active visitor program. In 2021, we had 8 visitors. Due to Covid-19, roughly half of these

visits took place online. The VCEE also organises an internal workshop where its members can present their project at their early stage.

Teaching

Our faculty continues to offer many courses:

- » Si Chen taught Macroeconomics and Principles of Behavioral and Experimental Economics
- » Linda Dezső taught Economic Psychology
- » Victor González-Jimenez taught Behavioral Economics and Field Experiments: Fighting Poverty
- » Christian Koch taught Topics in Behavioral and Experimental Economics and Principles Public Economics
- » Wieland Müller taught Religion and Economic Behavior, Decision and Game Theory, and Seminar in Experimental Economics
- » Yan Xu taught Applied Economics and Microeconomics

People at the VCEE

Faculty



[Wieland Müller](#) is the managing director of the VCEE. He also holds a professorship at Tilburg University.



[Geoffrey Castillo](#) is senior scientist and co-lab manager.



[Si Chen](#) is assistant professor at the Department of Economics.



[Linda Dezső](#) joined us from the Department of Applied Psychology in February 2019.



[Victor González Jimenez](#) is assistant professor at the Department of Economics.



[Christian Koch](#) is assistant professor at the Department of Economics.



[Martin Kocher](#) is co-director of the VCEE. He is Minister of Labour in the Government of Austria.



[Philipp Külpmann](#) is senior scientist and co-lab manager.



[Jean-Robert Tyran](#) is co-director of the VCEE. He is the Vice-Rector for Research and International Affairs of the University of Vienna. He also holds a professorship at the University of Copenhagen.



[Yan Xu](#) is assistant professor at the Department of Economics.

Affiliate Faculty

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

- » Ben Greiner
- » Melis Kartal
- » Steffen Keck
- » Erich Kirchler
- » Georg Kirchsteiger
- » Bernhard Kittel
- » Boris Maciejovsky
- » Markus Reitzig
- » Rupert Sausgruber
- » Axel Sonntag
- » Sigrid Suetens
- » Alexander K. Wagner
- » Erik Wengström

- » Jan Bücken
- » Panagiota Charalampidou
- » Sebastian Ertner
- » Adél Horvath
- » Julian Mayrhuber
- » Polina Samoilenko
- » Klara Weinhappl
- » Verena Woharcik

PhD Students

Several PhD students carried out research at the VCEE in 2021. They have all contributed to the effective functioning of the VCEE and to the creation of a vibrant academic atmosphere. They are:

- » Eryk Kryowski
- » Sigma Samhita
- » Georg Schmidt
- » Dominik Stelzeneder

Research Assistants

In 2021 the following students assisted the research activities at the lab:

Seminars and events

VCEE Seminar

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.

Until October 2021, and due to COVID-19, all seminars took place online:

- » Alexander Ritschel, University of Zurich, 29 January
- » Stefan Penczynski, University of East Anglia, 12 March
- » Julia Nafziger, Aarhus University, 16 April
- » Karlijn Morsink, Utrecht University, 21 May
- » Daniele Nosenzo, Aarhus University, 18 June
- » Hannah Schildberg-Hörsch, DICE, Heinrich-Heine-Universität Düsseldorf, 15 October

- » Daan van Soest, Tilburg University, 12 November
- » Julie Chytilová, Institute of Economic Studies, Charles University, 3 December

VCEE Workshop

In our workshop, VCEE members present their experimental designs and receive feedback from their peers. In 2021 we had the following presentations:

- » Dominik Stelzeneder, “Informing and deceiving consumers on platforms”, 5 February
- » Yan Xu, “Private Information and Communication in Bayesian Persuasion: An Experiment”, 19 March
- » Philipp Külpmann, “Are people able to use ambiguity strategically”, 23 April
- » Linda Dezső, “Natives’ and immigrants’ preferences for redistribution”, 28 May
- » Christian Koch, “Anti-migration sentiments: Economic incentives and fairness perceptions”, 26 November

Research outputs

Publications

“Preference reversals with social distances”

[Geoffrey Castillo](#)

Journal of Economic Psychology

“Exploiting context-dependent preferences to protect borrowers”

[Linda Dezsö](#), Barna Bakó, Gábor Neszveda

Journal of Financial Services Marketing

“Covenants before the swords: The limits to efficient cooperation in heterogeneous groups”

[Christian Koch](#), Nikos Nikiforakis, Charles Noussair

Journal of Economic Behavior & Organization

“Can reference points explain wage rigidity? Experimental evidence”

[Christian Koch](#)

Journal for Labour Market Research

“The ghost of institutions past: History as an obstacle to fighting tax evasion?”

[Christian Koch](#), Aaron Kamm, Nikos Nikiforakis

European Economic Review

“Why does anonymity make us misbehave: Different norms or less compliance?”

[Eryk Kryowski](#), James Tremewan

Economic Inquiry

“Building trust: The costs and benefits of gradualism”

Melis Kartal, [Wieland Müller](#), and James Tremewan

Games and Economic Behavior

“Cooperation in indefinitely repeated games of strategic complements and substitutes”

Ayşe Gül Mermer, [Wieland Müller](#), Sigrid Suetens

Journal of Economic Behavior & Organization

“Equal opportunities for all? How income redistribution promotes support for economic inclusion”

Ilona Reindl, [Jean-Robert Tyran](#)

Journal of Economic Behavior & Organization

“Disincentives from Redistribution: Evidence on a Dividend

of Democracy”

Rupert Sausgruber, Axel Sonntag, [Jean-Robert Tyran](#)

European Economic Review

“Distributional preferences explain individual behavior across games and time”

Morten Hedegaard, Rudolf Kerschbamer, Daniel Müller,

[Jean-Robert Tyran](#)

Games and Economic Behavior

“Ambiguous Platforms and Correlated Preferences: Experimental Evidence”

Juha Tolvanen, James Tremewan, [Alexander K. Wagner](#)

American Political Science Review

“Where Power Resides in Committees”

Georg D. Granic, [Alexander K. Wagner](#)

The Leadership Quarterly

“Simple bets to elicit private signals”

Aurelien Baillon, [Yan Xu](#)

Theoretical Economics

Working Papers

“Fishing for good news: Motivated Information Acquisition”

Carl Heese, [Si Chen](#)

The literature on motivated reasoning argues that people skew their beliefs to feel moral when acting selfishly. We study information acquisition of decision-makers with a motive to form positive moral self-views and a motive to act selfishly. Theoretically and experimentally, we find that a motive to act selfishly makes individuals ‘fish for good news’: they are more likely to continue (stop) acquiring information, having received mostly information suggesting that acting selfishly is harmful (harmless) to others. We find that fishing for good news may improve social welfare. Finally, more intelligent individuals have a higher tendency to fish for good news.

“Incentive contracts when agents distort probabilities”

[Victor González-Jimenez](#)

I show that stochastic contracts are powerful motivational devices when agents distort probabilities. Stochastic contracts allow the principal to target probabilities that, when distorted by the agent, enhance the agent’s motivation to exert effort on the delegated task. This novel source of incentives is absent in traditional contracts. A theoretical framework and an experiment demonstrate that stochastic contracts targeting small probabilities, and thus exposing the agent to a large degree of risk, generate higher performance levels than traditional contracting modalities. A result that contradicts the standard rationale that optimal contracts should feature a tradeoff between insurance and efficiency. This unintuitive finding is attributed to probability distortions caused by likelihood insensitivity - cognitive limitations that restrict the accurate evaluation of probabilities.

“A new approach to the analysis of cooperation under the shadow of the future: Theory and experimental evidence”

Melis Kartal, [Wieland Müller](#)

The theory of infinitely repeated games lacks predictive power due to equilibrium multiplicity and its insensitivity to, for example, changes in some game parameters, the timing of players’ moves and communication possibilities. We propose a new approach to mitigate the shortcomings of the theory. Specifically, we study a standard infinitely repeated prisoner’s dilemma game and its variants with (i) heterogeneous preferences for cooperation and defection, and (ii) strategic risk arising from incomplete information about the opponent’s preferences. Our model generates a rich set of comparative static predictions in a variety of settings that go beyond the standard prisoner’s dilemma game. We show that, unlike the standard theory and other existing models, our approach organizes the findings of a host of experiments including our novel experiments.

“Self-Signaling in Moral Voting”

Lydia Mechtenberg, Grischa Perino, Nicolas Treich, [Jean-Robert Tyran](#), Stephanie Wang

This paper presents a two-wave survey experiment on self-image concerns in moral voting. We elicit votes on the so-called Horncow Initiative. This initiative required subsidization of farmers who refrain from dehorning. We investigate how non-consequentialist and non-deontological messages changing the moral self-signaling value of a Yes vote affect selection and processing of consequentialist information, and reported voting behavior. We find that a message enhancing the self-signaling value of a Yes vote is effective: voters agree more with arguments in favor of the initiative, anticipate more frequently voting in favor, and report more frequently having voted in favor of the initiative.

Talks and presentations

“Measuring the importance of social distances”

[Geoffrey Castillo](#)

University of Nottingham, Nottingham, United Kingdom

25 March 2021

“Measuring the importance of interpersonal similarity”

[Geoffrey Castillo](#)

GATE Lyon St-Etienne, France

20 May 2021

“Measuring the importance of interpersonal similarity”

[Geoffrey Castillo](#)

The 11th International Conference of the French Association of Experimental Economics (ASFEE), Dijon, France

2 September 2021

“Natives and Immigrants’ preferences for redistribution.”

[Linda Dezsö](#)

Young Economist’s Meeting, Brno, Czech Republic

2021

“Natives and Immigrants’ preferences for redistribution”

[Linda Dezsö](#)

The 11th International Conference of the French Association of Experimental Economics (ASFEE), Dijon, France

2021

“Anti-migration sentiments and fairness perceptions”

[Christian Koch](#)

Economic Science Association (ESA), United States

7 July 2021

“Civic engagement, the leverage effect, and the accountable state”

[Jean-Robert Tyran](#)

Middlebury College, Vermont, United States

22 April 2021

Externally Funded Projects

“Understanding Social Mobility – An experimental approach”

Axel Sonntag and [Jean-Robert Tyran](#)

Funded by the Austrian National Bank

“Self-serving Views on Redistributive Fairness”

[Linda Dezsö](#) and Jean-Robert Tyran

Funded by the Austrian Science Fund (FWF)