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Vienna Center for Experimental Economics

Annual Report 2023



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Editor

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Foreword

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In the last year, several colleagues left the VCEE for new positions. Senior scientist and co-lab-manager Philipp Kùlpmann ended his fixed 6-year contract and started as an assistant professor at Corvinus University in Budapest (Hungary). Yan Xu started as an assistant professor at the University of Groningen (The Netherlands) where she is also a co-manager of the Groningen Experimental Economics Lab (GrEELab). Moreover, Si Chen moved on to Hong Kong.

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Two wonderful colleagues joined the VCEE. Yaoyao Xu started her position as senior scientist and co-lab-manager after doing her PhD at the University of Edinburgh (UK) and Frauke Stehr started a four-year term after having been at the WZB Berlin Social Science Center (Germany).

Colleagues at the VCEE started to work on new and externally funded research projects. These projects are funded by the Jan Wallander's and Tom Hedelius' Foundation, the Diligentia Foundation, the Hardegg Foundation, and the Austrian National Bank.

Members of VCEE have been very active in terms of teaching at the Department of Economics. We offered not only courses in Experimental and Behavioral Economics, but also in Public Economics, Decision and Game Theory, and Microeconomics. Moreover, our VCEE research seminar, in which invited international speakers present their newest research, continues to be very popular with MA students who can take it for credits (by fulfilling coursework).

While several experimental economics labs across the globe have been closed, the VCEE lab continues to be very busy and keeps providing infrastructure and service for researchers of the VCEE, the Faculty of Business, Economics and Statistics, the University of Vienna and other researchers from abroad.

I thank all colleagues (including our student lab assistants) for their work and contributions to the research activities and the scientific life at our Center.

Wieland Müller,
Managing Director of the VCEE



VCEE in 2023: a few numbers

139

sessions

run in the VCEE Lab

12

Faculty

at the VCEE

18

talks

in seminars or conferences

2

new hires

at the junior level

6

visitors

to the VCEE

20

lab assistants

38,427 €

paid to subjects

in the VCEE lab

4

publications

in international journals

11

courses

taught by VCEE members

4

grants

received by VCEE members

2,520

subject participations

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. It is also 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; in 2023 we had 2,520 subject participations.

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 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 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 4 publications in 2023. Members of the VCEE have presented ongoing research at various conferences. Specific research topics studied include:

- ambiguity preferences,
- bounded rationality,
- civic engagement,
- context-dependent preferences,
- cooperation,
- corruption,
- experimental game theory,
- fake news,
- impact beliefs,
- iterative reasoning,
- motivated beliefs,
- political economy,
- risk preferences,
- social preferences,
- strategic learning, and
- vote buying.

Workshops, Visitors, and International Networking

In order to strengthen its international research network and visibility, the VCEE maintains an active visitor program. In 2023, we had 6 visitors. The VCEE also organises an internal

workshop where its members can present their projects at an early stage.

Teaching

Our members continue to offer many courses:

- Johannes Hölzemann taught Decision and Game Theory, and Introduction of Microeconomics
- Christian Koch taught Topics in Behavioral and Experi-

mental Economics, and Principles Public Economics

- Wieland Müller taught Behavioral and Experimental Economics, Decision and Game Theory, and Seminar in Experimental Economics
- Frauke Stehr taught Principles of Behavioral and Experimental Economics
- Jean-Robert Tyran taught a Mini-course in Behavioral and Experimental Economics at University of Belgrade; a course on Scientific Publishing in Economics at Prague University of Economics and Business; a Summer school in Behavioral and Experimental Economics at University of Copenhagen

People at the VCEE

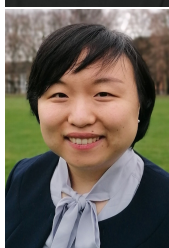
Faculty



[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](#) was assistant professor at the Department of Economics until September 2023.



[Johannes Hölzemann](#) 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 (on unpaid leave). He is Federal Minister of Labour and Economy in the Government of Austria.



[Ada Kovaliukaite](#) is a postdoctoral researcher at the VCEE.



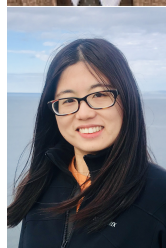
[Philipp Külpmann](#) was co-lab manager until September 2023, when he joined Corvinus University of Budapest.



[Frauke Stehr](#) is a postdoctoral researcher at the VCEE.



[Jean-Robert Tyran](#) is co-director of the VCEE. He also holds a part-time professorship at the University of Copenhagen.



[Yan Xu](#) was assistant professor at the Department of Economics until September 2023, when she joined the University of Groningen.



[Yaoyao Xu](#) is senior scientist and co-lab manager.

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
- Georg Kirchsteiger
- Bernhard Kittel
- Philipp Külpmann
- Boris Maciejovsky
- Markus Reitzig
- Rupert Sausgruber
- Axel Sonntag
- Sigrid Suetens
- Alexander K. Wagner
- Erik Wengström

- Sebastian Ertner
- Markus Fahrner
- Daniela Guggenberger
- Adél Horvath
- Finn Krüger
- Jim Majeres
- Julian Mayrhuber
- Max Meiners
- Stefan Miggitsch
- Jannik Pointecker
- Polina Samoilenko
- Mariia Sheina
- Sophie Theis
- Selina Treichl
- Klara Weinhappl
- Daniel Werjant
- Divena Yordanova
- Ascher Zopf

Research Assistants

In 2023 the following students assisted the research activities at the lab:

- Jan Bücken
- Panagiota Charalampidou

PhD Students

Several PhD students carried out research at the VCEE in 2023. They have all contributed to the effective functioning of the VCEE and to the creation of a vibrant academic atmosphere. They are:

- Julian Polzin,
- Sigma Samhita, and
- Georg Schmidt.

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.

- Frederik Schwerter, University of Cologne, 17 March
- Katharina Momsen, University of Heidelberg, 21 April
- Marina Agranov, Caltech, 28 April
- Margaret Samahita, University College Dublin, 12 May
- Larbi Alaoui, Universitat Pompeu Fabra, 19 May
- John R. Hamman, Florida State University, 16 June

Research Outputs

Publications

“Tax amnesties and the insurance effect: An experimental study”

[Christian Koch](#), Cornelius Müller

Journal of Behavioral and Experimental Economics (available online)

“An Experiment on Gender Representation in Majoritarian Bargaining”

Andrzej Baranski, Diogo Geraldos, [Ada Kovaliukaite](#), James Tremewan

Management Science

“Book review: Social preferences, An Introduction to Behavioural Economics and Experimental Research, Michalis Drouvelis”

[Jean-Robert Tyran](#)

Journal of Economic Psychology

“Civic Engagement, the Leverage Effect and the Accountable State”

Kenju Kamei, Louis Putterman, [Jean-Robert Tyran](#)

European Economic Review

“Generating ambiguity with a virtual bingo blower”

Ola Andersson, [Geoffrey Castillo](#), Erik Wengström

Abstract: We propose the Virtual Bingo Blower (VBB) as a way to create ambiguity in computerized experiments. The VBB mimics a physical bingo blower using a physics engine. The number of balls, their colour and their speed, among other things, can be easily modified. We use the VBB to measure ambiguity attitudes in an online experiment. We find that it elicits similar ambiguity preferences compared to natural events. Further, we find that the VBB can be used to manipulate the level of ambiguity.

“How does the way we represent lotteries affect risk preferences?”

[Geoffrey Castillo](#), Chris Starmer

Abstract: In a risk preference elicitation experiment, we manipulate the way we represent lotteries. We represent probabilities, payoffs, or both at the same time. We find that the representation has no effect on the raw, elicited certainty equivalents. We find, however, a significant effect on the structural parameters estimated via maximum likelihood.

“Non-Parametric Identification and Testing of Quantal Response Equilibrium”

[Johannes Hölzemann](#), Ryan Webb, Erhao Xie

Abstract: This paper studies the falsifiability and identification of Quantal Response Equilibrium (QRE) when each player’s utility and error distribution are relaxed to be unknown non-parametric functions. Using variations of players’ choices across a series of games, we first show that both the utility function and the distribution of errors are non-parametrically over-identified. This over-identification result further suggests a straightforward testing procedure for QRE which achieves the desired type-1 error and maintains a small type-2 error. To apply this methodology, we conduct an experimental study of the matching pennies game. Our non-parametric estimates strongly reject the conventional Logit choice probability. Moreover, when the utility and the error distribution are sufficiently flexible and heterogeneous, the quantal response hypothesis cannot be rejected for 70% of participants. However, strong assumptions such as risk neutrality, logistically distributed

“Fostering Trust for an outgroup with Gradualism”

Melis Kartal, [Wieland Müller](#), Sigma Samhita

Abstract: In this study, we examine the effectiveness of incremental trust-building (“Gradual game”) against an all-or-nothing approach (“Binary game”) in a low-trust environ-

Working Papers

“Similarity and social discounting”

Benjamin Beranek, [Geoffrey Castillo](#)

Abstract: We show how to measure social distance and study social discounting. Social discounting refers to the idea that decision-makers discount payoffs received by others as a function of social distance. We measure social distances via interpersonal similarity; that is, how similar or different others are to the decision-maker. In two large, pre-registered online experiments, we set up a choice task where subjects make repeated choices between options that provide different amounts of money to recipients at different degrees of similarity. Our experiment controls for a number of factors to cleanly measure preferences. We estimate a social discount function and find evidence for social discounting. Our estimates imply that \$1 given to a dissimilar other is worth only about \$0.83 to the decision-maker. We also find evidence for quasi-hyperbolic social discounting.

ment among languagebased in-groups and out-groups in India. This study is notable as the novel attempt to explore gradualism within an intrinsically low trust environment, as well as employing real-time repeated interactions amongst participants engaged in a trust game. Contrary to our expectations of higher trust within the in-group, our findings reveal relatively low levels of trust across both groups, with gradualism failing to nurture any trust, compared to the binary framework. Moreover, evidence of discrimination was found only in the Gradual game, not in the Binary game. Our results shed light on the limitations of gradualism as a mechanism for enhancing trust, despite its broad application in various settings.

“Is There a Dividend of Democracy? Experimental Evidence from Cooperation Games”

Thomas Markussen, [Jean-Robert Tyran](#)

Abstract: Do democratically chosen rules lead to more cooperation and, hence, higher efficiency, than imposed rules? To discuss when such a “dividend of democracy” obtains, we review experimental studies in which material incentives remain stacked against cooperation (i.e., free-riding incentives prevail) despite adoption of cooperation-improving policies. While many studies find positive dividends of democracy across a broad range of cooperation settings, we also report on studies that find no dividend. We conclude that the existence of a dividend of democracy cannot be considered a stylized fact. We discuss three channels through which democracy can produce such a dividend: selection, signaling, and motivation. The evidence points to the role of “culture” in conditioning the operation of these channels. Accepting a policy in a vote seems to increase the legitimacy of a cooperation-inducing policy in some cultures but not in others.

“The Puzzling Practice of Paying ‘Cash for Votes’”

Anand Murugesan, [Jean-Robert Tyran](#)

Abstract: The expression “cash-for-votes” describes a form of vote buying in which candidates for office pay individuals in exchange for their votes. That practice undermines the functioning of democracy but is pervasive in many parts of the world, especially in the Global South. We discuss estimates of cash-for-votes and rational choice theories to explain their existence. Cash-for-votes under secret ballots is puzzling as secret ballots make it impossible to verify an individual’s vote. We discuss the behavioral and experimental literature emphasizing factors such as reciprocity, unsophisticated voting, and inequality aversion, which complement standard economic explanations of the phenomenon.

Seminars and Conferences Presentations

“A virtual bingo-blower for ambiguity experiments, with an application to context effects”

[Geoffrey Castillo](#)

ESA World meeting: Economic Science Association, Lyon, France

29 Jun 2023

“How does the way we represent lotteries affect risk preferences?”

[Geoffrey Castillo](#)

European Meeting of the European Economic Association, Exeter, United Kingdom

12 Sep 2023

“How does the way we represent lotteries affect risk preferences?”

[Geoffrey Castillo](#)

University of Nottingham, United Kingdom

20 Sep 2023

“Magic Mirror on the Wall, Who Is the Smartest One of All?”

[Johannes Hölzemann](#)

University of California at Davis, USA

13 Feb 2023

“The Streetlight Effect in Data-Driven Exploration”

[Johannes Hölzemann](#)

Masarykova Univerzita, Brno, Czech Republic

8 Jun 2023

“Magic Mirror on the Wall, Who Is the Smartest One of All?”

[Johannes Hölzemann](#)

Universität Duisburg-Essen, Duisburg, Germany

7 Jul 2023

“The Streetlight Effect in Data-Driven Exploration”

[Johannes Hölzemann](#)

Central European University, Budapest, Hungary

11 Oct 2023

“Populist Propaganda and Anti-Migration Stances: An Experimental Investigation”

[Christian Koch](#)

ESA World meeting: Economic Science Association, Lyon, France

27 Jun 2023

“Populist Propaganda and Anti-Migration Stances: An Experimental Investigation”

[Christian Koch](#)

EEA-ESEM Congress 2023, Barcelona, Spain

30 Aug 2023

“Dodging High Impact Behavior with Motivated Beliefs?”

[Frauke Stehr](#)

VfS Annual Conference, Regensburg, Germany

26 Sep 2023

“Dodging High Impact Behavior with Motivated Beliefs?”

[Frauke Stehr](#)

Alumni Workshop, University of Mannheim, Germany

8 Dec 2023

“An Experimental Approach to Voting”

[Jean-Robert Tyran](#)

Ludwig-Maximilians-Universität München, Germany

10 Jan 2023

“Using Experiments to promote our understanding of the economy and society”

[Jean-Robert Tyran](#)

Université Paris 1 Panthéon-Sorbonne, France

16 Feb 2023

“Voting and the provision of public goods”

[Jean-Robert Tyran](#)

University of Economics in Bratislava, Slovakia

14 Apr 2023

“Self-Signaling in Voting”

[Jean-Robert Tyran](#)

London School of Economics, United Kingdom

8 Jun 2023

“Methods of experimental economics—Some comments on (recent) developments”

[Jean-Robert Tyran](#)

University of Economics in Bratislava, Slovakia

18 Sep 2023

“Valuing Democracy”

[Jean-Robert Tyran](#)

Matterhorn Symposium on Behavior, Institutions, and Cooperation, Switzerland

19 Oct 2023

“Public Policy and Experimental Economics”

[Jean-Robert Tyran](#)

Shenzhen University, China

25 Nov 2023

Externally Funded Projects

“Ambiguity attitudes in the general population”

Ola Andersson, [Geoffrey Castillo](#), Erik Wengström

Funded by Jan Wallander’s and Tom Hedelius’ Foundation

“Anti-migration sentiments: Parochial vs. conditional altruism”

[Geoffrey Castillo](#) and [Christian Koch](#)

Funded by Diligentia Stiftung für empirische Forschung

“Moral Persuasion”

[Frauke Stehr](#)

Funded by Hardeggsche Stiftung

“Understanding Social Mobility — An experimental approach”

Ada Kovaliukaite and [Jean-Robert Tyran](#)

Funded by the Austrian National Bank