



Exp–Wi–Fo Nachrichten

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Editorial

Wieder liegt eine Ausgabe der Exp-Wi-Fo Nachrichten vor Ihnen. Wir weisen auf Konferenzen, Summer Schools und Preise hin. Außerdem finden Sie wieder zahlreiche Hinweise auf Arbeitspapiere die auf dem GEW Workshop in Magdeburg vorgetragen wurden.

Wir haben auf der Tagung der GEW in Magdeburg beschlossen, diesen Newsletter in Zukunft nur noch elektronisch zu verbreiten. Bookmarks und Hyperlinks erleichtern Ihnen in dieser Ausgabe das Navigieren am Bildschirm. Sie können diesen Newsletter, genauso wie auch alte Ausgaben, unter <http://www.sfb504.uni-mannheim.de/gew/> abrufen.

Denken Sie bitte auch in Zukunft daran, daß der Newsletter von Ihren Beiträgen lebt. Wir veröffentlichen gerne Ihre Hinweise auf Tagungen und Workshops etc. Wir weisen auch gerne auf Ihr Arbeitspapier hin.¹ Redaktionsschluß der nächsten Ausgabe ist voraussichtlich kurz nach dem GEW Workshop im Jahr 2001.

Ich wünsche Ihnen viel Spaß bei der Lektüre,

Ihr Oliver Kirchkamp
(Uni Mannheim, SFB 504, 68131 Mannheim)

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1 ESA

1.1 Mitgliedschaft

Die automatische Mitgliedschaft in der Economic Science Association (ESA) für Mitglieder der GEW ist Ende 1999 ausgelaufen. Ab 1. 1. 2000 muß die ESA Mitgliedschaft individuell erworben werden.

1.2 Meeting

Das nächste International Meeting der ESA findet am 22.-24. Juni in Barcelona an der Universität Pompeu Fabra statt. Es beginnt am Abend des 21. Juni mit einem Begrüßungsempfang.

Die vier Keynote Speakers der Konferenz sind schon bekannt:

- Andreu Mas-Colell, "A politician's view of economic research: theory"
- Ramon Marimon, "A politician's view of economic research: empirics"
- Robin Hogarth, "A psychologist's view of behavioral economics"
- Matthew Rabin, "An economist's view of behavioral economics"

Teilnehmer, die ein Papier vortragen möchten, können bis zum 25. April 2001 einen Abstrakt an esabarcelona@grup.upf.es schicken.

2 Summer Schools

2.1 Mannheim Empirical Research Summer School

The Mannheim Empirical Research Summer School will take place from Tuesday, 26 June 2001 to Friday, 6 July 2001, right after the international meeting of Economic Science Association in Barcelona.

The Mannheim Empirical Research Summer School for junior researchers (doing their Ph.D. or having just finished their Ph.D.) is devoted to the fundamental methods of empirical research in economics: experimental economics and econometrics. The first part of the summer school deals with the design and evaluation of experiments. The second part will focus on data generation and econometric analysis.

The Mannheim Empirical Research Summer School aims at raising awareness for problems, that appear with empirically generated data - generated from experiments or conventional data collection - and proposes solutions within a unified framework of data analysis. The overarching theme of the summer school is the interaction between experimental economics and econometric methods: experiments frequently require sophisticated

econometric analysis in order to undo sample selection and similar phenomena, while identification in econometrics frequently needs experimentally generated data.

Both parts of the summer school will consist of lectures, workshops and poster presentations. Lectures in the first week will give a introduction into experimental economics. Workshops will allow participants to elaborate on the design of experiments. Lectures in the second week will introduce econometric methods tailored to specific data generation processes. Workshops will apply these methods to (sometimes imperfectly) controlled experiments and ex post data. All participants are encouraged to present their own work with a poster.

Lectures will be given by Axel Börsch-Supan, Shyam Sunder, Andrew Schotter, Paul Ruud and Vasilis Hajivassiliou.

More information about the school is available online at <http://www.sfb504.uni-mannheim.de/merss/> Participants should apply before 31 March 2001.

2.2 Summer School on Experimental Economics „Méthode Expérimentale en Économie“

Die Summer School finden vom 15.-20. Juni 2001 in Lyon statt. Auf dem Programm stehen die folgenden Sprecher:

- Charles Plott (Caltech, Los Angeles): Introduction to Experimental Economics

- Graham Loomes (University of York): Individual Decision Experiments
- Arthur Schram (CREED, University of Amsterdam): Auctions and markets
- Charles Noussair (Purdue University, West Lafayette):
- Thomas Palfrey (Caltech, Los Angeles) : Quantal Response Equilibrium in Experimental Games
- Andrew Schotter (New-York University): Social Learning in Inter-Generational Games
- Werner Güth (Humboldt University, Berlin): When and why fairness matters - Experimental results and concepts of boundedly rational decision behavior

Weitere Details werden voraussichtlich im Januar 2001 bekannt. Informationen gibt es bei Marie Claire Villeval (email: villeval@gate.cnrs.fr).

2.3 ENDEAR Summer School 2001

The ENDEAR Summer School 2001 will be hosted by the team of the University of Amsterdam, from September 11-21, 2001. A group of 25 (European) students will be admitted, after selection. The deadline for registering will (most probably) be May 31. At present, the team in Amsterdam is constructing a web page,

which will be available by the end of January. By then the names of the guest speakers/lecturers will be available. A link to the web site will be available through the Endear homepage (<http://www.fee.uva.nl/endear/>), so one might want to check that for updates.

3 Mitgliederversammlung der GEW in Magdeburg

Die Mitgliederversammlung der GEW wurde während der Jahrestagung in Magdeburg abgehalten. Die Formalia (Bericht der Vorsitzenden, Frau Professor Ahlert, Bericht des Rechnungsprüfers, Herrn Professor Tietz) verliefen ohne Beanstandung.

In alter Tradition wird auch der Sauermannpreis (siehe Abschnitt 4.1) wieder ausgeschrieben, allerdings diesmal nur für zwei Jahre (2000 und 2001), nicht für drei wie in der Vergangenheit. Die Entscheidung über den Einsatz von Vereinsmitteln zur Forschungsförderung, gedacht als Anschubfinanzierung, soll nach wie vor im Ermessen des Vorstandes liegen.

Nach längerer Diskussion wurde beschlossen, einen

„GEW-Research-Report“ ins Leben zu rufen, der im Internet referierte Arbeitspapiere zur Verfügung stellt. Die Satzung der GEW-Research Reports ist auf der Homepage der GEW erhältlich.

Auch der GEW Newsletter soll in Zukunft nicht mehr auf Papier gedruckt erscheinen, sondern nurmehr im Internet publiziert werden.

Die nächste GEW Tagung wird 2001 wieder in Magdeburg stattfinden, Im Jahr 2002 wird sich die GEW voraussichtlich zur 500 Jahrfeier der Martin Luther Universität in Halle Wittenberg treffen.

Im Vorstand der GEW gibt es eine Änderung. Nachdem Dr. Arwed Crüger ausgeschieden ist, wird in Zukunft Ronny Klein die Aufgabe des Geschäftsführers übernehmen. Christian Schade ersetzt Reinhard Tietz als Rechnungsprüfer.

4 Preise

4.1 Heinz Sauer mann-Preis zur Experimentellen Wirtschaftsforschung — 1997 bis 1999

Die Gesellschaft für Experimentelle Wirtschaftsforschung schreibt den „Heinz Sauer mann-Preis zur Experimentellen Wirtschaftsforschung“ für die Jahre 2000 und 2001 aus. Der Preis wird in zwei Kategorien ver-

geben und ist mit DM 2.500,- (Dissertationen und sonstige Forschungsarbeiten) bzw. DM 1.000,- (Diplomarbeiten) dotiert. Bewerben kann sich jeder bis zum Höchstalter von 35 Jahren, der in den Jahren 2000 und 2001 (inkl.) an einer deutschsprachigen Hochschule eine herausragende wissenschaftliche Arbeit auf dem Gebiet der experimentellen Wirtschaftsforschung abgeschlossen hat. Über die Preisvergabe entscheidet der

Vorstand der Gesellschaft. Der Rechtsweg ist ausgeschlossen. Die Arbeiten sind von einem verantwortlichen Hochschullehrer mit einem Gutachten bis zum 31. 1. 2002 einzureichen bei der Gesellschaft für Experimentelle Wirtschaftsforschung; p. A. Frau Professor Ahlert; Wirtschaftswissenschaftliche Fakultät; Martin-Luther-Universität Halle-Wittenberg; 06099 Halle.

Für die Jahre 1997/99 wurde der Preis verliehen an Jeannette Brosig, Eva Jonas und Wieland Müller.

Frau Jeannette Brosig von der Otto-von Guericke-Universität Magdeburg wurde für ihre Diplomarbeit mit dem Thema „Kommunikation und individuelles Kooperationsverhalten“ ausgezeichnet. Der Betreuer der Arbeit war Herr Prof. Dr. Joachim Weimann. Frau Brosig untersucht in ihrer experimentellen Arbeit den Einfluß von Kommunikation auf individuelles Kooperationsverhalten in einem one-shot Gefangenen-Dilemma. Der experimentelle Teil der Arbeit wird ergänzt durch eine theoretische Diskussion des Commitment-Modells von Frank und der in Vorexperimenten verwendeten Techniken zur Klassifizierung der Teilnehmer an den Experimenten nach ihrer Kooperationsbereitschaft. Ein wichtiges Ergebnis der Experimente ist, daß Individuen mit stärkerer kooperativer Motivation weniger häufig andere, als kooperativ identifizierte Individuen in dem Gefangenen-Dilemma-Spiel nicht-kooperativ behandeln. Dies Ergebnis ist unabhängig von der angewandten Klassifikationsmethode für Kooperationsbereitschaft. Die Arbeit von Frau Brosig stellt für den Rahmen einer Diplomarbeit eine außergewöhnliche Leistung dar.

Der Preis für die Dissertationen und sonstige Forschungsarbeiten teilen sich Frau Dr. Eva Jonas von der Ludwig-Maximilians-Universität München (Betreuer: Herr Prof. Dr. Dieter Frey) und Herr Dr. Wieland Müller von der Humboldt-Universität zu Berlin (Betreuer: Herr Prof. Dr. Werner Güth).

Das Thema der Dissertation von Frau Eva Jonas lautet: „Beraten und Entscheiden“ — Experimentelle Untersuchungen zur Informationssuche in Beratungssituationen Frau Jonas untersucht experimentell, wie Berater, die einen Klienten bei einer Entscheidung beraten, nach Informationen suchen und welche Informationen sie an den Klienten weitergeben. Dazu hat Frau Jonas vier experimentelle Studien durchgeführt, die sich mit der Rolle des Beraters beschäftigen. In der ersten Studie werden Wünsche und Erwartungen an den Berater untersucht, in der zweiten der Einfluß unterschiedlicher Rollen- und Beratungskontexte auf den Umgang mit In-

formation, in der dritten der Einfluß der Entscheidungsbefugnisse und in der vierten der Aspekt der Rechtfertigung vor dem Klienten. Ein Beispiel für ein Ergebnis ist, daß bei der Informationsweitergabe Berater ihren Klienten eher mehr von solchen Informationen präsentieren, die die von den Beratern ausgewählte Alternative stützen. Die Arbeit von Frau Jonas überzeugt durch die breite theoretische Aufbereitung der Fragestellung mit einer Verbindung von psychologischen und ökonomischen Ansätzen und durch die kreative experimentelle Umsetzung.

Das Thema der Dissertation von Herrn Wieland Müller lautet: „Commitment: Experimental studies on games with (im)perfectly observable actions“ Die Arbeit von Herrn Müller besteht aus vier experimentellen Studien, in denen er jeweils Forschungsbeiträge zum Einfluß früherer Entscheidungen eines Individuums auf spätere Entscheidungen einer anderen oder auch derselben Person leistet. In der ersten Studie werden das Cournot-Duopol-Modell und das von Stackelberg-Modell als wiederholte Spiele experimentell untersucht. Dabei werden zwei Methoden verglichen, die Anbieterpaare zu bilden: Zufallspaarung pro Runde und feste Paare. Im Ergebnis führt wiederholte Interaktion mit dem gleichen Partner in beiden Modellen zu größerer Kooperation. In Kapitel 2 untersucht Herr Müller ein Duopol-Spiel, in dem Firmen in einer von zwei aufeinanderfolgenden Perioden ihre Menge wählen können. Danach wird der Marktpreis bestimmt. Hier kann eine Firma die Ausbringungsmenge der anderen Firma beobachten, falls diese ihre Menge festlegt. In Kapitel 3 wird ein Mini-Stackelberg-Modell untersucht, in dem es zwei mögliche Verkaufsmengen gibt. In Kapitel 4 wird ein Sparexperiment dargestellt, in dem Subjekte einen bestimmten Geldbetrag auf einen Zeitraum mit unsicherer Dauer verteilen müssen. Außer den obigen gelungenen experimentellen Untersuchungen enthält die Arbeit sehr anspruchsvolle mathematische Teile und spieltheoretische Herleitungen. Überzeugend wirkt auch die knappe, konzentrierte Präsentation der Ergebnisse.

4.2 Economic Science Association's prize for outstanding Ph.D. thesis in experimental economics

Für den Zeitraum 2000/2001 gibt es voraussichtlich wieder einen Preis der ESA. Wir werden darüber zu gegebener Zeit auf der Homepage der GEW informieren.

Für den Zeitraum 1998/1999 ging der Preis an

5 Abstracts

The Effects of Bargaining Power and Communication — An Experimental Study on Simple Sequential Games

JEANNETTE BROSIG², JOACHIM WEIMANN, CHUN-LEI YANG

Abstract: Experimental findings in two-person sequential bargaining games suggest that two parameters, the maxmin opportunity cost for first mover’s subgame perfect equilibrium action (MxCost) and the efficiency of second mover’s punishment (PunEff), seem to be crucial for subjects’ behaviour. Our new experiments are designed to get more details about how these two parameters work and, particularly, how the results change if subjects were given the opportunity for pre-play communication via different communication media (e-mail and video-conference). According to our results, first as well as second movers’ behaviour is significantly influenced by both forms of pre-play communication. Nevertheless, even in the communication treatments subjects’ decisions depend significantly on PunEff and MxCost. Keywords: sequential bargaining, punishment, reward, communication.

The robustness of gift exchange in the laboratory: an experimental investigation

DIRK ENGELMANN³, ANDREAS ORTMANN

Abstract: We conduct experimental gift exchange games with equilibrium wage and effort levels at intermediate values. We also pay attention to the effects of different cover stories. Subjects play six one-shot games. Preliminary results indicate that in an abstract frame, although possible efficiency gains are substantial, wages are only slightly above the equilibrium level and efforts are hardly ever above the best reply to the given wage. Thus positive reciprocity is virtually absent, while negative reciprocity is rare. We conjecture that above equilibrium wages and efforts in gift-exchange games result either from cover stories that elicit repeated game contexts or from corner point equilibria. Keywords: gift-exchange, reciprocity.

Social Dilemmas And Sanctions

MARKUS GLAWISCHNIG⁴, ULRIKE LEOPOLD-WILDBURGER

Abstract: This paper is about social conflicts. It seems that reciprocity can be viewed as a universal norm of behaviour strategies to parties involved. The framework of extended versions of the prisoner dilemma game will help us to model interactions between the different individuals. Our contribution consists of two different parts: (1) There is an experiment on sanctions called McCockereel, which was worked out in a pilot study. (2) Further we run several round robin tournaments within the framework of an iterated prisoner dilemma game. The average payoff serves us as indicator for the success of any strategy applied.

Rational Reasoning or Adaptive Behaviour? Evidence from Two-Person Beauty Contest Games

BRIT GROSSKOPF⁵, ROSEMARIE NAGEL

Abstract: „Beauty-contest“ is a game (BCG), in which n participants have to choose a number from $[0,100]$. The winner is the person whose number is closest to a given proportion of the average of all chosen numbers. When $n > 2$ the unique equilibrium (all choose 0) is reached by an infinitely iterated elimination of weakly dominated strategies or infinitely iterated best reply, a process that may start from a focal point (e.g. 50). However, most experimental subjects apply only finitely iterated best reply. The question arises whether subjects act that way because they assume that others are boundedly rational, or whether most subjects are unable to reason more than two or three iterations. To distinguish these two hypotheses we study two treatments of a 2-person BCG. Here a rational player should use the weakly dominant strategy 0 (that gives him at least half of a fixed price); while a boundedly rational player uses only a few iterations. In our 2-person BCG a player is matched

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with the same partner for 10 periods. In the first treatment both players are informed about both choices and payoffs after each period, whereas in the second treatment players are only informed about their own payoff. We observe that in both setups subjects start with few steps of iterated best reply. However, in the first treatment the majority of players quickly adopt or imitate to play the dominant strategy while in the second treatment a higher fluctuation characterises the unravelling process. We conclude that it seems to be inherent to human nature to use low levels of reasoning. In particular, players do not search for dominant or dominated strategies but rather start with focal point considerations. The persistence of this behaviour even in the 2-person game clearly implies the predominance of bounded rationality in an n-person game rather than a consideration that others are boundedly rational. Keywords: Bounded Rationality, Weakly dominant strategy, Iterated best reply, Iterated dominance. JEL-Classification: C7, C9.

Does Tournament Size Affect Effort? — An Experimental Observation

CHRISTINE HARBRING⁶, BERND IRLENBUSCH

Abstract: This paper experimentally investigates two and three agent rank-order tournaments — the latter with different prize structures. We find that effort tends to be lower in the two agent case whereas it is especially high if there are three agents competing for two winner prizes. Keywords: Tournament design; Work incentives; Experiments. JEL-Classification: C72, C91, J33.

Perceptions of Fairness — An Analysis of Different Video Experiments

HEIKE HENNIG-SCHMIDT⁷

Abstract: Fairness as well as equity in the sense of equality are essential elements of economic models that aim at explaining experimentally observed deviations from game theoretic predictions (c.f. Fehr/Schmidt 1999, Bolton/Ockenfels, forthcoming). However, as we learn from video experiments the perception of fairness is not un-ambiguous (Hennig-Schmidt 1999). Moreover, depending on the game subjects are playing there are more equity norms than equality (Selten 1978, 1987). To shed light on this phenomenon we

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analyse transcripts of different video experiments. The video method enables the observation of subjects' spontaneous remarks. Each player is represented by three subjects who have to take a joint decision. Their discussions are recorded on video and transcribed into text protocols which are the basis for evaluation. The transcripts provide a variety of valuable information that cannot be gained by computer- or paper-and-pencil experiments which usually document decisions but not the processes that lead to these decisions. To find the criteria by which participants characterise fair allocations we analyse transcripts of video experiments of the ultimatum game (Güth/Schmidtberger/Schwarze 1982; Sadrieh/Osterholt 1998), the investment game (Berg/Dickhaut/McCabe 1995; Sadrieh/Pückhoff 1998), the tripled take game (Sadrieh/Hennig-Schmidt 1999), and an alternating offer bargaining game (Selten 1981; Hennig-Schmidt 1999). We find that those allocations are characterised as fair that correspond to different appearances of the equity principle. Keywords: experimental economics, video experiments, fairness, equity principle.

An Experimental Analysis of the Stability and Growth Pact in the European Monetary Union

BERND IRLENBUSCH⁸, MATTHIAS SUTTER

Abstract: We examine the Stability and Growth Pact (SGP) in the European Monetary Union. The pact's aim is to deter countries by the threat of punishment from running excessive deficits. We combine a standard public bad experiment with the SGP procedure. Our basic results are: (1) The SGP-procedure is likely to reduce free-riding, compared with a situation with no pact. (2) Larger countries have more power to stop the excessive deficit procedure than smaller countries. (3) In the SGP, fiscal sinners are allowed to pass judgement on other sinners. We show that a slight modification will give the SGP sharper teeth. Keywords: Stability and Growth Pact, experiment, voting, public bad, punishment. JEL-Classification: C92, D72, H41, H62.

One-Bid versus Two-Bid Auctions: An Experimental Comparison

RADOSVETA IVANOVA-STENZEL⁹, DORON SONSINO

Abstract: This study deals with an experimental investigation of multi-bid auctions, where each buyer may

submit several bids. In particular, we compare the first-price sealed bid auction (where each buyer may only submit one bid) to a corresponding two-bid auction where each buyer may place two bids: a high bid and a low one. In the first stage of our experiment subjects repeatedly play one- and two-bid auctions. In the second stage they were requested to choose their favourite auction type before learning their private values. The results for the first stage reveal no significant price or payoff differences between the two auction-types. This is in line with the fact that revenue equivalence is maintained across the two mechanisms (for risk neutral agents). The results for the second stage, however, show that an overwhelming majority of the participants preferred the two-bid mechanism. We provide possible explanations to the observed behaviour. We also characterise the bidding behaviour of the participants along the experiment. Keywords: Auctions, Bidding Behaviour.

Verhandeln in kriminellen Umfeldern

MAXIMILIAN JUNG¹⁰

Abstract: Die vorliegende Arbeit untersucht primär, ob und inwieweit die Verhandlungsergebnisse, die von den Verhandlungspartnern in bilateralen sequentiellen Verhandlungsspielen erzielt werden, vom Kontext, in den die Verhandlungen eingebettet sind, beeinflusst werden. Zu diesem Zweck werden die Ergebnisse von Verhandlungen unter den für Verhandlungsexperimente „üblichen“ Laborbedingungen den Resultaten von Verhandlungen, die in einem simulierten kriminellen Umfeld stattfinden, gegenübergestellt. Unter Verhandlungen in kriminellen Umfeldern werden dabei Kollusionsverhandlungen verstanden, das sind Verhandlungen zwischen einem Täter und einem Überwachungsorgan, die darauf abzielen, eine Gegenleistung zu vereinbaren, bei der das Überwachungsorgan bereit ist, vom Täter begangene Vergehen zu verschleiern.

Auktionen mit interdependentem Wert von Gütern — eine experimentelle Untersuchung

OLIVER KIRCHKAMP¹¹, BENNY MOLDOVANU

Abstract: Wir betrachten eine Auktion in der Bewertungen interdependent sind. Gruppen von jeweils drei Bietern erhalten private Signale und ersteigern ein unteilbares Gut. Der Wert der Güter ist für alle Bieter

verschieden und hängt asymmetrisch vom eigenen Signal und dem Signal anderer Bieter ab. Unter den Standardauktionstypen erzielt theoretisch nur die Englische Auktion die effiziente Allokation. In Übereinstimmung mit der Gleichgewichtsvorhersage finden wir im Experiment die Englische Auktion in der Tat effizienter als die Zweitpreisauktion. Wir untersuchen ferner erwarteten Verkaufserlös und erwartete Auszahlung der Bieter und stellen fest, daß die experimentellen Ergebnisse gut durch theoretische Vorhersagen erklärt werden. Keywords: Auction, Interdependent Valuation. JEL-Classification: C92, D44.

Emotional Hazard and Real Effort in a Power-to-Take Game: An Experimental study

ERICH KRAUS¹², RONALD BOSMAN, MATTHIAS SUTTER, FRANS VAN WINDEN

Abstract: Im Rahmen dieses Experiments soll untersucht werden, wie sich das Verhalten der Teilnehmer am „Power-to-Take Game“ ändert, wenn sich diese ihre Anfangsausstattung nicht erarbeiten müssen sondern „geschenkt“ bekommen. Keywords: effort, endowment, emotions, punishment, expectations, experiment. JEL-Classification: A12, C72, C91, C92.

Bidding Experiments — How to choose Quality when its Costs are not known

SABINE KRÖGER¹³, WERNER GÜTH, RADOSVETA IVANOVA-STENZEL

Abstract: A buyer, who prefers variant 2 over variant 1 of a certain commodity but does not know how costly variants 1 and 2 are, may organize a vector procurement-auction. Its result is compared to a half auction reflecting actual procurement practise, namely: To organize an auction for the cheaper variant 1 and then to bargain with the contractor about the additional cost of variant 2. In our computerized experiment the buyer interacts with two bidders. Participants confront over 30 rounds the same procurement procedure (vector or half auction) with randomly changing partners. Our hypothesis that buyers, ordering the better variant 2, have to pay more in case of the half auction, is confirmed. Keywords: bidding Experiments, reverse auction, Experimental Economics.

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Limited depth of reasoning and failure of cascade formation in the laboratory

DOROTHEA KÜBLER¹⁴, GEORG WEIZSÄCKER

Abstract: We examine the robustness of information cascades in laboratory experiments. Apart from the situation in which each player can obtain a signal for free (as in the experiment by Anderson and Holt, AER 1997), the case of costly signals is studied where players decide whether to obtain private information or not, at a small but positive cost. In the equilibrium of this game, only the first player buys a signal and chooses an urn based on this information whereas all following players do not buy a signal and herd behind the first player. To explain the experimental results (too many signals are bought and the equilibrium prediction performs poorly), the depth of the subjects' reasoning process is estimated, using a statistical error-rate model. Allowing for different error rates on different levels of reasoning, we find that the subjects' inferences become significantly more noisy on higher levels of the thought process, and that only very short chains of reasoning are applied by the subjects. Keywords: information cascades, herding, experiment, depth of reasoning. JEL-Classification: D8, C9.

Hold-Up, Ineffizienz und Fairness — Eine experimentelle Studie

MANFRED KÖNIGSTEIN¹⁵

Abstract: In einem Experiment wird der Zusammenhang zwischen Investitionen und ex-post Verhandlungen untersucht. Die Experimentteilnehmer können durch Investitionen den zu verteilenden Geldbetrag erhöhen. Bei Rationalverhalten kommt es theoretisch zum Hold-Up Problem und damit zu Ineffizienz infolge zu geringer Investitionen. Faires Aufteilungsverhalten hingegen erhöht die zu erwartende Rendite einer Investition und führt zu höherer Effizienz. Die Daten widersprechen der Hold-Up-Hypothese und stützen die Fairness-Hypothese. Des Weiteren wird gezeigt, daß die Erfahrung von Fairness in früheren Interaktionen die aktuelle Investitionsneigung erhöht. Keywords: Hold-Up, Fairness, Verhandlung. JEL-Classification: C7, D2.

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Some New Lotka-Volterra-Experiments

ALOIS LAFER¹⁶, OTWIN BECKER, ULRIKE LEOPOLD-WILDBURGER

Abstract: The experiment described here has problems of economic stabilisation in mind, but, mainly for reasons of simplicity, it attacks the problem in the field of biology. A biotope consisting of two populations should be brought to a stationary fix-point level by means of four different instruments. In each treatment, however, only one instrument can be used to reach the two-dimensional goal. Our aim consists mainly to collect information about the learning process of the subjects and the heuristics adopted by the participants. We are able to figure out senseful and valid ex-ante explanations with strong empirical evidence. Keywords: Experimental economics, predator-prey-model, Goodwin's trade cycle theory, Lotka-Volterra-model, heuristics for learning processes.

Decisions and Bargaining in different experimental settings: An analysis on the individual level

ULRIKE LEOPOLD-WILDBURGER¹⁷, MAXIMILIAN JUNG, JÖRG H. SCHÜTZE

Abstract: This paper compares individual behaviour in two different experimental settings: A setting similar to a prisoner's dilemma on the one hand and a auditor-auditee bargaining situation on the other hand. The comparison of the questionnaires indicates, that the individual perception deviates from the actual behaviour to a certain extend. The extend varies with different factors, i.e. socioeconomics as gender and age and subject of study, but as well depending on financial incentives or whether the experiment was performed value-laden or value-free.

Low-information, efficiency, and learning — An experimental study

ATANASIOS MITROPOULOS¹⁸

Abstract: Earlier experiments have shown that under little information subjects are hardly able to coordinate even though there are no conflicting interests and subjects are organised in fixed pairs. This is so, even though a simple adjustment process would lead the subjects into the efficient, fair and individually payoff maximising

outcome. We draw on this finding and design a low-information experiment in which subjects play 4 simple games within 4 sets of 40 rounds. This way we are able to investigate (i) the coordination abilities of the subjects depending on the underlying game, (ii) the resulting efficiency loss, and (iii) the adjustment of the learning rule. Keywords: coordination, learning. JEL-Classification: C72, C92.

Absent-minded drivers in the lab: Testing Gilboa's model

WIELAND MÜLLER¹⁹, STEFFEN HUCK

Abstract: This note contributes to the discussion of decision problems with imperfect recall from an empirical point of view. We argue that, using standard methods of experimental economics, it is impossible to induce (or control for) absent-mindedness of subjects. Nevertheless, it is possible to test Gilboa's (1997) agent-based approach to games with imperfect recall. We implement his model of the absent-minded driver problem in an experiment and find, if subjects are repeatedly randomly re-matched, strong support for the equilibrium prediction which coincides with Piccione and Rubinstein's (1997) ex ante solution of the driver's problem. Keywords: imperfect recall, the absent-minded driver's paradox, experiments. JEL-Classification: C72, C92.

Asset markets and Equilibrium Selection in Public Goods Games with Provision Points: An Experimental Study

TIBOR NEUGEBAUER²⁰, BRUNO BROSETA, ENRIQUE FATAS

Abstract: This paper reports the experimental results of implicit pre-play communication on the equilibrium selection in threshold public goods game experiments. The existence of an asset market in which the right to participate in a public goods game with a provision point is auctioned off among a larger group in a first stage is found to enhance significantly the contribution to the provision of the public good in a subsequent second stage. Though, contributions declined on average in the repeated public goods game when subjects were endowed with the right to play, they increased when subjects purchased the right to play. Once reached the Pareto-dominant equilibrium in the second stage, the

auction price at the first stage increased to its upper limit. Confronted with the high entry cost which induced the dissipation of all possible gains from the public goods game single subjects deviated from the equilibrium strategy. Yet, robustness of the full contribution equilibrium is proved since unilateral deviations from it did neither reduce the individual contributions to the provision of the public good in the subsequent periods nor sustained a lower entry price.

Strategic Delegation in Experimental Markets

HANS NORMANN²¹, STEFFEN HUCK, WIELAND MÜLLER

Abstract: In this experiment, we analyse strategic delegation in a Cournot duopoly. Owners can choose among two different contracts which determine their managers' salaries. One contract may simply induce managers to maximise profits, while the second contract is also based on sales. Although theory predicts the second contract to be chosen, it turns out that owners only rarely choose it in the experimental markets. This behaviour is rational given that managers do not play according to the sub-game perfect equilibrium prediction when non-profit maximising contracts are given. Keywords: commitment, managerial compensation.

Fair Procedures: Evidence from Games Involving Lotteries

AXEL OCKENFELS²², GARY BOLTON, JORDI BRANDTS

Abstract: We investigate random procedures, as a special case of fair procedures, in the laboratory. We find that an unbiased random procedure is an acceptable substitute for an unbiased allocation. We also find that unbiasedness, known to be a crucial characteristic of allocation fairness, is also important to procedural fairness: in the context of a random offer game, a biased outcome is more readily accepted when chosen by an unbiased random draw than by one that is biased. Procedural fairness is conceptually different than allocation fairness or attribution-based explanations. Theoretical reflections suggest that understanding procedural fairness requires a firmer understanding of competing fairness norms. Keywords: procedural fairness.

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Decision Determinants, Thresholds, and Loss-Oriented Budgeting with Insurance Against very low Probability Hazards

CHRISTIAN SCHADE²³, HOWARD KUNREUTHER

Abstract: Entscheidungen bei sehr kleinen Verlustwahrscheinlichkeiten führen zu Ergebnissen, die mit der Erwartungsnutzentheorie inkonsistent sind. Im einzelnen gibt es viele Personen, die nichts für eine Versicherung bezahlen wollen und viele andere, die viel zu viel bezahlen. Dies wird eingangs kurz demonstriert. Im Zentrum des Papiers steht dann die Frage, inwieweit die Ergebnisse durch qualitative Entscheidungsdeterminanten erklärt werden können. Keywords: Risikoverhalten, Entscheidungsdeterminanten.

Splitting Effects in the Elicitation of Certainty Equivalents: An Experimental Investigation

ULRICH SCHMIDT²⁴, JOHN D. HEY

Abstract: We analyse the WTA-WTP disparity in an experimental design which reverses the income effect, i.e. the subjects have in contrast to previous designs a higher wealth level when determining the WTP. Since a disparity of both measures can still be observed we can conclude that income effects can not explain this disparity. More importantly, we also observe splitting effects for both WTA and WTP which means that certainty equivalents become higher when they are elicited in two steps than when they are elicited in one step. Keywords: WTA-WTP disparity, splitting effects. JEL-Classification: C91, D81.

A Comparison of Punishment Rules in Repeated Public Good Games

ANDREAS STIEHLER²⁵, TORSTEN DECKER, MARTIN STROBEL

Abstract: In this experimental study we analyse three collective and one individual punishment rule in a public good setting. We show that under all punishment rules cooperation is stronger and more sustainable than reported from settings without punishment. Moreover, we present evidence and explanations for differences between the rules concerning punishment, contribution

and profit levels, as well as justice. Finally, we investigate influences crucial to participants' support for a collective rule when the individual rule is the status quo. We show that beside profit differences the degree of consent required by the collective rule is essential for the degree of support by the participants.

When the 'Decision Maker' Matters: Individual versus Team Behavior in Experimental 'Beauty-Contest' Games

MATTHIAS SUTTER²⁶, MARTIN KOCHER

Abstract: In our beauty-contest game participants simultaneously guess a number in [0,100], the winner being whose number is closest to two thirds of the average of all numbers. We study an hitherto unexplored issue, namely whether behaviour is different if individuals or if teams compete against each other. Our findings suggest that groups have deeper levels of reasoning than individuals, but without jumping directly to the game theoretic solution of choosing zero. A simple learning direction theory describes individuals' and teams' behaviour over time very good. However, teams' behaviour is even better accounted for by the theory than individuals' behaviour. Keywords: beauty-contest experiments, bounded rationality, team behaviour, individual behaviour, learning direction theory. JEL-Classification: C7, C91, C92.

An Experimental Test of Loss Aversion

STEFAN TRAUB²⁷, ULRICH SCHMIDT

Abstract: The present paper experimentally investigates the preference condition for loss aversion in the framework of cumulative prospect theory. Furthermore, we propose the concept of a loss premium in order to derive notions of increasing, constant, and decreasing loss aversion. While we cannot reject loss aversion at the aggregate level, we find that only about one third of the subjects indeed exhibit loss averse behaviour. Moreover, we find a systematic relationship between loss attitude and assessment probability contradicting the separability of value function and decision weights in cumulative prospect theory. Keywords: cumulative prospect theory, loss aversion, loss premium. JEL-Classification: C91, D81.

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Ignoring the rationality of others: Evidence from experimental normal-form games

GEORG WEIZSÄCKER²⁸

Abstract: In this paper, a model of two-person normal-form game play behavior, the Asymmetric Response Equilibrium model, is presented and estimated using three experimental data sets. In an Asymmetric Response Equilibrium, which is a variant of the Quantal Response Equilibrium defined by McKelvey and Palfrey (1995, Games and Economic Behaviour), a player is al-

lowed to hold inaccurate beliefs about the behaviour of her opponent. Two parametrised versions of the model are discussed, each involving two parameters. In order to allow for type heterogeneity among the subjects in the experiments, parametric distributions of the models' parameters are assumed. The estimation results indicate that in all three data sets the subjects' choices follow a specific anomalous pattern: On average, subjects play as if they significantly underestimated their opponent's rationality. Keywords: beliefs, QRE. JEL-Classification: 08/15.

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6 Konferenzen

Datum	Konferenz	Anmeldeschluß	Homepage
5.-7. Januar 2001	Annual Meeting of the American Economic Association (New Orleans)	1. Februar 2000	http://www.vanderbilt.edu/AEA/anmt.htm
9.-11. März 2001	Public Choice, ESA, Social Choice and Welfare (in San Antonio, Texas)	1. Dezember 2000	http://www.pubchoicesoc.org
13.-20. März 2001	International Atlantic Economic Society (in Athens)	1. September 2000	http://www.iaes.org/conferences/future/athens_51/index.htm
30. März-1. April 2001	6th Spring Meeting of Young Economists	15. November 2000	http://www.econ.ku.dk/smye
10.-11. April 2001	Royal Economic Society Annual Conference in Durham	13. Oktober 2000	http://www.res.org.uk
18.-21. April	European Public Choice Society Annual Meeting 2001 in Paris	15. December 2000	http://panoramix.univ-paris1.fr/LAEP/EPCS/epcs2001.htm
30. Mai - 2. Juni 2001	Foundations and Applications of Utility, Risk and Decision Theory (F.U.R. X)	15. Januar 2001	http://www.econ.unito.it/furx/
15. Juni - 20. Juni 2001	Summer School „Méthode Expérimentale en Economie“ in Lyon		mailto:villeval@gate.cnrs.fr
22.-24. Juni 2001	World ESA Meeting in Barcelona	25. April 2001	http://www.econ.upf.es/deehome/what/workshops-and-seminars/Esa2001.html
26. Juni - 6. Juli 2001	Mannheim Empirical Research Summer School (MERSS)	31. März 2001	http://www.sfb504.uni-mannheim.de/merss/
29. Juni-3. Juli 2001	Ninth International Conference on Social Dilemmas in Chicago		mailto:vigil@msu.edu
25.-29. August 2001	European Meeting of the Econometric Society in Lausanne	15. März 2001	http://www.esem-eea.ch
29. August - 1. September 2001	Annual Congress of the European Economic Association in Lausanne	15. März 2001	http://www.esem-eea.ch
11. - 21. September 2001	ENDEAR Summer School and Workshop in Amsterdam	31. Mai 2001	http://www.fee.uva.nl/endeard/
25.-29. September 2001	Jahrestagung des Vereins für Socialpolitik in Magdeburg	1. März 2001	http://www.vwl.uni-muenchen.de/verein/tagneu.htm