

Centre for Experimental Economics (CEE)

Annual Report
for
2008

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Annual Report for the period 1.1.-31.12.2008

Centre for Experimental Economics (CEE)

Department of Economics,
University of Copenhagen
Studiestræde 6
DK-1455 Copenhagen K
Denmark
Web: <http://www.econ.ku.dk/CEE/>

Subdivisions

Internet Laboratory for Experimental Economics (iLEE)
Web: www.econ.ku.dk/cee/iLEE_home.htm

Laboratory facilities, Laboratory for Experimental Economics (LEE):
Øster Farimagsgade 5
CSS room 05-0-34
DK-1353 Copenhagen K
Denmark
Web: www.econ.ku.dk/cee/LEE_home.htm



The picture shows one of the two rooms for participants at the new laboratory facilities on the Social Science Campus (CSS). This room is equipped with 29 work stations in total.

Foreword

2008 has been an excellent year for research at the Centre of Experimental Economics (CEE). Over the past year, we have been able to build the internet platform iLEE and demonstrated that the system works properly and without any technical problem. Our large-scale experiment with more than 3000 participants has been made possible by generous funding from the Carlsberg Foundation and by effective support of the Department. We also ran a large-scale field experiment on discrimination in the labor market funded by the Rockwool Foundation. We are optimistic that these exciting and innovative experiments will result in numerous working papers and publications in the years to come. The past year has been successful in terms of completed research and publications. The highlight was the publication of an extensive (42 pages) article in one of the profession's top 4 journals, *Econometrica*, and 10 exciting working papers have been written by staff members this year.

One challenge during the past year was the move of our brick-and-mortar laboratory (LEE) to premises on the Social Science campus in the summer. With the move, the laboratory has become even bigger and more professionally equipped than before. Operations at the new lab are smooth and we have been able to run experiments with more than 1000 participants in the fall term.

CEE has not only been active in research and publications, but has also made considerable efforts in teaching and in the dissemination of results to the profession and to the public at large. CEE has organized three workshops and conferences with participation of some of the worldwide leading scholars in experimental economics. The visibility of CEE as a platform for exchanging views and results in experimental economics has been further increased by holding the Nordic Conference for Behavioral and Experimental Economics with more than 100 participants.

Experimental economics seems to be increasingly popular among students. Student numbers were up from last year on all levels. CEE had 5 PhD students, 10 students working on Master's theses, and more than 50 Master students have taken master-level courses in Behavioral and Experimental Economics. The hire of Alexander Sebald as a new assistant professor this year will allow us to further expand our teaching portfolio. Experimental Economics also had high visibility in the media. Members of CEE gave several interviews in newspapers and the science program on Danish state TV "viden om" aired a 30' special on behavioral and experimental economics on prime time.

Jean-Robert Tyran

Academic Director of CEE
February 2009

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Executive Summary

Purpose of the Centre and its sub-entities

The Centre for Experimental Economics (CEE) provides infrastructure for conducting experimental research at the University of Copenhagen and is a forum for discussion and exchange of ideas. Members of CEE are mainly involved in basic research, and CEE aims at being among the leading institutions for research in experimental economics in Europe.

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

Experiments are an important tool of research in economics. Experiments can in principle be run in a laboratory, over the internet or elsewhere (“in the field”). The three types of experiments have different strengths and limitations, and they often complement each other. The Centre has two infrastructures to facilitate these types of experiments.

The Laboratory for Experimental Economics (LEE) is a state-of-the-art computerized laboratory devoted to research and teaching in experimental economics. LEE moved during the summer break to the social science campus in the heart of the city, on Øster Farimagsgade 5. The new lab facilities consist of 2 rooms for participants. One room with 29 computer terminals is dedicated to running economic experiments, the other room with 26 terminals is multi-purpose and is mostly used for teaching. Two smaller rooms with 7 computers serve to prepare, administer and analyze experiments.

The internet Laboratory for Experimental Economics (iLEE) is a novel internet-based platform for running large-scale experiments. The project is generously funded by the Carlsberg Foundation for a period of 3 years and will be a main focus of attention during this period. Work on the platform has started in fall 2007, and we have successfully launched the first wave of experiments in spring 2008 with more than 3000 participants in total.

Research and Publications

Research at CEE has resulted in a total of 4 academic publications, among others in *Econometrica* in 2008. Members of CEE have published 10 working papers, and ongoing research has been presented at numerous conferences and more than a dozen seminars at Universities abroad over the past year.

Specific research topics studied included

- Provision of public goods and determinants of voluntary cooperation
- Issues in public economics such as efficient information aggregation in voting or the perception of taxes
- Various aspects of social preferences such as honesty or impulsiveness and how they shape contractual agreements
- Elicitation of risk preferences
- Determinants of speculative bubbles in asset markets
- Ethnic discrimination in labor markets

Workshops, visitors and international networking

CEE has hosted a specialized workshop with a focus on internet experiment in June 2008 and a workshop on “Behavioral Public Economics” with international top-researchers in October 2008. Both events have been organized for the fourth time, and because they have proven to be a great success, CEE plans to continue these workshops in the future.

To strengthen its international research network and its visibility, CEE is striving to maintain an active visitor program. External funding provided by the Velux Foundation and generous support by the Department allowed us to host more than 20 short-term visitors and 4 long term-visitors in 2008.

Teaching

CEE staff has offered a lecture on Behavioral and Experimental Economics (3 hours per week), a course on Behavioral Economics and Finance (2 hours), and a seminar (“Øvelse”) in Experimental Economics.

The laboratory facilities serve teaching purposes. CEE has continued supporting the integration of experimental economics into the curriculum of undergraduate studies by

running two teaching experiments with approx. 200 first-year students each. In addition, numerous demonstration experiments were conducted for about 50 students in the MA course on Behavioral and Experimental Economics, and 10 students have been working on their MA theses (of which 7 of which were completed in 2008) and 5 students have been working on their PhD theses in 2008.

Dissemination of knowledge to society

Members of CEE have contributed to the dissemination of knowledge to society and ongoing policy debates by giving 4 interviews in newspapers, 1 extensive interview on Danish TV, and 1 lecture for the general public. CEE members continued advising Nosco, a spin-off company initiated by two former students. The company uses experimental markets to predict a broad range of future events.

Administration

CEE is mainly self-administrated by academics, with support from part-time administrators, mainly Tine Ceccardi. Dozens of research and teaching experiments have successfully been run in our laboratory with over 1000 participants in 2008. These experiments were run, and the general laboratory infrastructure was maintained, by the manager of LEE, Marco Piovesan, and a handful of undergraduate students who are employed by the hour.

Substantial administrative work was necessary in the process of building the iLEE. For example, procedures had to be found with Denmark Statistics to select a large sample of the Danish population and to physically send out more 20'000 letters, and procedures for electronic payment of participants had to be negotiated and technically implemented with the University administration and our bank. The administration of iLEE was managed by Erik Wengström and supported by numerous collaborators and students.

Organization, Faculty and Staff

CEE thanks all collaborators for their efforts to secure smooth operation of our laboratory facilities LEE and iLEE and for creating ideal conditions for effective research. LEE was managed by Marco Piovesan, and iLEE was managed by Erik Wengström. Both managers did a great job. Administrative support came mostly from our administrator Tine Ceccardi, and numerous student assistants who are paid by the hour helped us occasionally on demand. We are particularly grateful for the ongoing support of Pablo Torija and Thomas A. Stephens during the second half of 2008.

Nikos Korfiatis provided great effort and was a valuable source of support in leading the technical development of our internet platform. Nikos was not formally employed at the Department during 2008 but supported us on volunteer basis.

Alexander Sebald joined us from Maastricht University in April 2008 as an assistant professor. He has completed his PhD studies at the Universities of Brussels and Maastricht.

Numerous MA and PhD students have joined CEE, and others have successfully completed their degrees in 2007 (see below). They all contributed to the effective functioning of CEE and to a vibrant academic atmosphere.

Academic director of CEE

Jean-Robert Tyran

Core collaborators

Marco Piovesan (manager of LEE)

Alexander Sebald

Erik Wengström (manager of iLEE)

Administrative and support staff

Head administrator: Tine Ceccardi

Technical support: Nikos Korfiatis (Copenhagen Business School) and Ralph Ferré Koch (IT group)

Student Assistants: Kristoffer Due Berg, Anne Gladbo, Joanna Kurcinska, Anders Mikkelsen, Rasmus Nielsen, Jonas Nordlund, Line Plantener, Thomas Stephens, Ben Sumarnkant, Pablo Torija

PhD students

Current PhD students and their research interests

- Toke Fosgaard (external, FØI): Corporate social responsibility, neuroeconomics, framing effects in public goods games
- Morten Hedegaard: Discrimination in labor markets, gambling behavior
- Thomas Markussen: Political economy and voting, topics in development economics
- Carsten S. Nielsen: Information aggregation in voting
- Frederik Øvlisen: Topics bounded rationality; money illusion and coordination, sunspot equilibria, equilibration with strategic complements vs. substitutes

Master students

The year 2008 was a particularly successful year concerning the Master theses. Several Master theses were of outstanding quality and it is not unlikely that some of the work that has been done by the students will eventually result in publishable research. These theses are excellent examples of research-based teaching. This success is in part due to the high motivation and effort of the students and in part due to the generous funding made available to CEE and the high degree of embeddedness of teaching in research. To pick out one example, the thesis by Morten Hedegaard concerned a highly innovative field experiment for which more than 200 participants were recruited for a letter packing job (more than 42'000 letters were packed) in a highly controlled environment. The cost of this master thesis (not counting salaries) was about kr. 500'000.

Current Master students

- Rasmus Aagaard: Informational efficiency in experimental asset markets
- Martin Damgaard: Political attitudes and cooperation
- Ian Rusu: Informational efficiency in experimental asset markets

MA theses completed in 2008

- Helene Bohn-Jespersen (February): “Does Voting on Taxes Improve Efficiency in the Provision of Public Goods?”
- Ditte Mørup Andersen (August): “Are Women more Cooperative than Men?”
- Louise Rathsach Skouby (October): “Earnings, Personality, and Preferences – Evidence from a Large-Scale Experiment”
- Eva Gregersen (November, double MA thesis): “Confusion and Cooperation – Evidence from a Large-Scale Experiment”
- Anja Skadkær Møller (November, double MA thesis): “Confusion and Cooperation – Evidence from a Large-Scale Experiment”
- Oliver B. Pedersen (December): “Examining Potential Biases in a Virtual Money Prediction Market”
- Morten Hedegaard (December): “Ethnic Discrimination in the Labor Market – A Field Experiment”

Research affiliates

CEE is pleased to continue close relations with research affiliates appointed in previous years and to appoint new research affiliates in 2008. CEE members have actively interacted with our affiliates, i.e. with researchers with affiliations outside Copenhagen University. Affiliates are appointed for the duration of 1 year and are entitled to use our research infrastructure (e.g. the laboratory and office space) with high priority according to availability.

Affiliates in 2008

Steffen Andersen (Copenhagen Business School)

Dirk Engelmann (University of London)

Wolfgang Höchtl (University of Innsbruck)

Anders Poulsen (University of East Anglia)

Ernesto Reuben (Northwestern University)

Rupert Sausgruber (University of Innsbruck)

Christian Thöni (University of St. Gallen)

Lise Vesterlund (University of Pittsburgh)

Visitors in 2008

CEE maintained an active visitor program and organized 3 conferences over the past year. Our visitors and the conferences serve an important function of presenting and discussing our work with internationally renowned researchers in the field. Short-term visitors usually make a seminar presentation. Our active visitor program was made possible by generous funding by the Velux foundation as well as continued support by the Department of Economics.

Short-term visitors

Martin Strobel (University of Maastricht, February 4)

Robert Östling (Stockholm School of Economics, February 6)

Ben Greiner (Harvard University, February 12)

Alexander Sebald (University of Maastricht, February 19)

Topi Miettinen (Max Planck Institute, Jena, February 25)

Luis Santos-Pinto (Universidade Nova, Lisboa, March 12)

Pedro Rey Biel (Universitat Autònoma, Barcelona, March 31)

Sam Bowles (Santa Fé Institute, April 23)

Emmanuel Saez (University at Berkeley, May 7)

Marco Battaglini (Princeton University, June 2)

Christian Thöni (University of St. Gallen, Aug. 4-29)

Andrew Clark (Paris School of Economics, Aug. 25)

Ernesto Reuben (Northwestern University, Sept. 1-5)

Matthew Jackson (Stanford University, Sept. 15)

Marie-Anne Valfort (University Paris I, Sept. 22)

Rebecca Morton (New York University, Oct. 11-16)

Antonio Cabrales (University Carlos III, Madrid, Oct. 20)

Miguel Costa-Gomes (University of Aberdeen, Oct. 22)

Dirk Engelmann (Royal Holloway, London, Nov. 10-23)

Ernst Fehr (University of Zurich, Nov. 14)

Charles R. Plott (Caltech, Nov. 14-15)

Long-term visitors

Rupert Sausgruber (University of Innsbruck, Feb 1-June 30)

Simon Gächter (University of Nottingham, Sept. 29-Oct. 31)

Sigrid Suetens (Tilburg University, Oct. 1-Nov. 30)

Urs Fischbacher (University of Konstanz Nov. 14-Dec. 5)

Workshops and Conferences organized by CEE

The **4th CEE day** was held on June 4 in Copenhagen. The conference serves to present and discuss ongoing research at CEE to members of CEE and selected external researchers. This year's workshop was dedicated to discussing first experiences with our internet platform, and more than 30 people participated. Below, we list some of the participants:

Steffen Andersen (Assistant professor, CBS)
Alexander Cappelen (Professor, NHH)
Richard Desjardins (Associate professor, Århus)
Lars Gårn Hansen (Head of research, akf)
Leif Husted (Senior researcher, akf)
Hugh Kelley (KVL, Associate professor)
Alexander Koch (Lecturer, Royal Holloway)
David Dreyer Lassen (Professor, KU)
Claus Thustrup Kreiner (Professor, KU)
Johan Lagerlöf (Associate professor, KU)
Morten I. Lau (Reader, Durham)
Julia Nafziger (Post doc, ECARES Brussels)
Anders Poulsen (Lecturer, UEA)
Rupert Sausgruber (Associate professor, U Innsbruck)
Erik Ø. Sørensen (post doc, VU Amsterdam)
Bertil Tungodden (Professor, NHH)

The **Workshop on Behavioral Public Economics** was organized by CEE for the fourth consecutive year already (on Oct. 11/12, at the University of Copenhagen). The workshop gathered international top-researchers from the US along with numerous prominent researchers from throughout Europe. The workshop provided a platform for

presenting research in behavioral public economics and for inspiring discussions. Below is a list of selected participants.

Gary Bolton (Professor, Penn State)
John Duffy (Professor, Univ. Pittsburgh)
Lars Feld (Professor, Heidelberg)
Naomi Feldman (Lecturer, Ben Gurion)
Simon Gächter (Professor, Nottingham)
Jacob Goeree (Professor, California Institute of Technology)
Dorothea Kübler (Professor, TU Berlin)
Rebecca Morton (Professor, New York University)
Adriaan Soetevent (Assistant professor, U Amsterdam)

The **Nordic Conference on Behavioral and Experimental Economics** was organized in Denmark by CEE members for the first time. The conference was sponsored by the Department of Economics as part of its festivities of 50 years of existence. The Conference clearly was the main event of the year in the field of Behavioral and Experimental Economics in the Nordic countries. Keynote speakers were two of the most eminent figures in the field, Ernst Fehr (U Zurich) and Charles R. Plott (Caltech). The conference seems to have met a professional need and attracted considerable international interest judging from the 164 submissions we have received for the contributed sessions. We were overwhelmed by the success of our call and unfortunately had to turn down many interesting submissions.

Publications and working papers in 2008

Publications

“Limited Rationality and Strategic Interaction. The Impact of the Strategic Environment on Nominal Inertia”, by Fehr, E. and **Tyran, J.-R.**, *Econometrica* 2008, 76(2): 353-94.

“Coordination Failure”, by **Tyran, J.-R.**, in: Darity, W.A. (ed.): *International Encyclopedia of Social Sciences*, 2nd ed. Macmillan, Vol. 2, 2008: 127-8.

“Recent Developments in Behavioral Economics”, review of S. Maital (ed., 2007, Elgar), by **Tyran, J.-R.**, *Journal of Economic Psychology* 2008, 29: 369-71.

“Price Competition, Level- k Theory and Communication”, by **Wengström, E.** *Economics Bulletin* 2008, 3(66): 1-15.

Working Papers

“Money illusion and Nominal Inertia in an Experimental Asset Market”, by Noussair, C., Richter, G. and **Tyran, J.-R.** [Working paper 08-29](#), Department of Economics, University of Copenhagen.

Abstract: We test whether large but purely nominal shocks affect real asset market prices. We subject a laboratory asset market to an exogenous shock, which either inflates or deflates the nominal fundamental value of the asset, while holding the real fundamental value constant. After an inflationary shock, nominal prices adjust upward rapidly and we observe no real effects. However, after a deflationary shock, nominal prices display considerable inertia and real prices adjust only slowly and incompletely toward the levels that would prevail in the absence of a shock. Thus, an asymmetry is observed in the price response to inflationary and deflationary nominal shocks.

“Luck or Cheating? A Field Experiment on Honesty with Children”, by Bucciol, A. and **Piovesan, M.** [Working paper 08-28](#), Department of Economics, University of Copenhagen.

Abstract: We ran an experiment with children to study the development of honesty with age. We asked each child to toss a fair coin in private and to record the outcome (white or black) in a paper sheet. We rewarded only those who reported white. We found a fraction of reported whites significantly larger than 50%, uniformly across age groups. This suggests that some children cheat when cheating is profitable and they are not observed. In a second treatment we told children not to cheat. This reminder reduced the probability of reporting white by 18% on average, and significantly more in girls.

“Let the Experts Decide? Asymmetric Information, Abstention, and Coordination in Standing Committees”, by Morton, R. and **Tyran, J.-R.** [Working paper 08-25](#), Department of Economics, University of Copenhagen.

Abstract: We examine abstention when voters in standing committees are asymmetrically informed and there are multiple pure strategy equilibria – swing voter's curse (SVC) equilibria where voters with low quality information abstain and equilibria when all participants vote their information. When the asymmetry in information quality is large, we find that voting groups largely coordinate on the SVC equilibrium which is also Pareto Optimal. However, we find that when the asymmetry in information quality is not large and the Pareto Optimal equilibrium is for all to participate, significant numbers of voters with low quality information abstain. Furthermore, we find that information asymmetry induces voters with low quality information to coordinate on a non-equilibrium outcome. This suggests that coordination on "letting the experts decide" is a likely voting norm that sometimes validates SVC equilibrium predictions but other times does not.

"Everyone is a Winner. Promoting Cooperation through Non-Rival Intergroup Competition", by Reuben, E. and **Tyran, J.-R.** Working paper 08-26, Department of Economics, University of Copenhagen.

Abstract: In this paper, we study the effectiveness of intergroup competition in promoting cooperative behavior. We focus on intergroup competition that is non-rival in the sense that everyone can be a winner. This type of competition does not give groups an incentive to outcompete others. However, in spite of this fact, we find that intergroup competition produces a universal increase in cooperation. Furthermore, in settings where there are strong incentives to compete, intergroup competition benefits a majority of individuals.

"Tax Salience, Voting, and Deliberation", by **Tyran, J.-R.** and Sausgruber, R. October 2008. Working paper 08-21, Department of Economics, University of Copenhagen.

Abstract: Tax incentives can be more or less salient, i.e. noticeable or cognitively easy to process. Our hypothesis is that taxes on consumers are more salient to consumers than equivalent taxes on sellers because consumers underestimate the extent of tax shifting in the market. We show that tax salience biases consumers' voting on tax regimes, and that experience is an effective de-biasing mechanism in the experimental laboratory. Pre-vote deliberation makes initially held opinions more extreme rather than correct and does not eliminate the bias in the typical committee. Yet, if voters can discuss their experience with the tax regimes they are less likely to be biased.

"How Ego-threats Facilitate Contracts Based on Subjective Evaluations", by Walzl, M. and **Sebald, A.** September 2008. Working paper 08-19, Department of Economics, University of Copenhagen.

Abstract: We show that individuals' desire to protect their self-esteem against ego-threatening feedback can mitigate moral hazard in environments with purely subjective performance evaluations. In line with evidence from social psychology we assume that agents' react aggressively to evaluations by the principal which do not coincide with their own positive self-perceptions and thereby generate costs of conflict for the principal. We identify conditions for a positive welfare effect of increasing costs of conflict or increasing sensitivity to ego-threats, and a negative welfare effect of a more informative information technology. As a consequence, principals may choose imperfect information technologies in equilibrium even if the signal quality is costless.

"Fast or Fair? A Study of Response Times", by **Piovesan, M.** and **Wengström, E.** April 2008. Working paper 08-19, Department of Economics, University of Copenhagen.

Abstract: This paper uses a modified dictator game to investigate the relationship between response times and social preferences. We find that egoistic subjects make faster decisions than subjects with social preferences. Moreover, our within-analysis reveals that, for a given individual, egoistic payoff maximizing decisions are reached quicker than choices expressing social preferences.

“Risk Preferences in the Small for a Large Population”, by von Gaudecker, H.-M., van Soest, A. and **Wengström, E.** April 2008. Netspar Discussion paper [DP 2008-011](#).

Abstract: We analyse risk preferences using an experiment with small-stake gambles and real incentives in a representative sample of 1,422 Dutch respondents. Our structural econometric model incorporates four individual-level parameters: Utility curvature, loss aversion, preferences towards the timing of uncertainty resolution, and the propensity to choose randomly rather than on the basis of preferences. The model incorporates observed and unobserved heterogeneity. We find that socio-economic and demographic variables are significantly correlated with preference parameters but are of minor importance compared to the unobserved heterogeneity component. All four parameters contribute to explaining the choices of the individuals in our sample, but preferences towards the timing of uncertainty resolution play a smaller role than the others.

“Persuasion in Experimental Ultimatum Games” by Andersson, O., Galizzi, M.M., Hoppe, T., Kranz, S., van der Wiel, K. and **Wengström, E.** March 2008. FEMM [Working Papers 08020](#), Otto-von-Guericke University Magdeburg.

Abstract: This paper experimentally studies persuasion effects in ultimatum games and finds that Proposers' payoffs significantly increase if, along with offers, they can send messages which Responders read before their acceptance decision. Higher payoffs are due to higher acceptance rates as well as more aggressive offers by Proposers.

“Social Preferences and Strategic Uncertainty: An Experiment on Markets and Contracts” by Cabrales, A., Minaci, R., **Piovesan, M.** and Ponti, G. March 2008. [Working paper 08-06](#), Department of Economics, University of Copenhagen.

Abstract: This paper reports experimental evidence on a stylized labor market. The experiment is designed as a sequence of three phases. In the first two phases, P1 and P2; agents face simple games, which we use to estimate subjects' social and reciprocity concerns, together with their beliefs. In the last phase, P3; four principals, who face four teams of two agents, compete by offering agents a contract from a fixed menu. Then, each agent selects one of the available contracts (i.e. he "chooses to work" for a principal). Production is determined by the outcome of a simple effort game induced by the chosen contract. We find that (heterogeneous) social preferences are significant determinants of choices in all phases of the experiment. Since the available contracts display a trade-off between fairness and strategic uncertainty, we observe that the latter is a much stronger determinant of choices, for both principals and agents. Finally, we also see that social preferences explain, to a large extent, matching between principals and agents, since agents display a marked propensity to work for principals with similar social preferences.

“Selection and Mode Effects in Risk Preference Elicitation Experiments” by von Gaudecker, H.-M., van Soest, A. and **Wengström, E.** January 2008. IZA Discussion [Paper No. 3321](#).

Abstract: We combine data from a risk preference elicitation experiment conducted on a representative sample via the Internet with laboratory data on students for the same experiment to investigate effects of implementation mode and of subject pool selection. We find that the frequency of errors in the lab experiment is drastically below that of the representative sample in the Internet experiment, and average risk aversion is also lower. Considering the student-like subsample of the Internet subjects and comparing a traditional lab design with an Internet-like design in the lab gives two ways to decompose these differences into differences due to subject pool selection and differences due to implementation mode. Both lead to the conclusion that the differences are due to selection and not implementation mode. An analysis of the various steps leading to participation or non-participation in the Internet survey leads shows that these processes are selective in selecting subjects who make fewer errors, but do not lead to biased conclusions on risk preferences. These findings point at the usefulness of the Internet survey as an alternative to a student pool in the laboratory if the ambition is to use the experiments to draw inference on a broad population.

Report of activities by individual members

(in alphabetical order)

Morten Hedegaard, PhD student

Presentations

Workshops, Seminars and Conferences: 3rd Nordic Conference on Behavioral and Experimental Economics (U Copenhagen), Danish Graduate Programme in Economics (DGPE) Workshop (Denmark), CEE internal research seminar (U of Copenhagen)

Participation at conferences and workshops

4th Workshop on Behavioral Public Economics (U Copenhagen), 4th CEE day (U Copenhagen)

Carsten S. Nielsen, PhD student

Presentations

CEE Internal Research Seminar (U Copenhagen)

Participation at conferences and workshops

4th Workshop on Behavioral Public Economics (U Copenhagen); Danish Graduate Programme in Economics (DGPE, Denmark); 3rd Nordic Conference on Behavioral and Experimental Economics (U Copenhagen); Research Workshop on Prediction Markets (U Copenhagen)

Marco Piovesan, Assistant Research Professor

Presentations

Research seminars: U of Padua, U of Trento, Institute of Advanced Studies, Vienna

Participation at conferences and workshops

Arne Ryde Workshop on Neuroeconomics (U Lund), Experimental methods for economics and political science (U Oslo), 4th Workshop in Behavioral Public Economics (U Copenhagen), 3rd Nordic Workshop in Behavioral and Experimental Economics (U Copenhagen)

In the media

"Incentivare é bene ma coordinare é meglio", in *Ticonzero-Knowledge and Ideas for Emerging Leaders*, 88/2008, with N. Montinari.

"Incentivi, somministrare con cautela", in *Ticonzero-Knowledge and Ideas for Emerging Leaders*, 86/2008, with N. Montinari.

"I problemi di autocontrollo dai bignè di Bridget Jones al ruolo dei social networks", in *Ticonzero-Knowledge and Ideas for Emerging Leaders*, 84/2008, with A. Bucciol.

Refereeing for

Scandinavian Journal of Economics, Economica, Metroeconomica

Appointments and other services to the profession

Lecture on Experimental Economics (U of Padua)

Co-organizer of the Third Nordic Workshop in Behavioral and Experimental Economics (U Copenhagen)

Alexander Sebald, Assistant Professor

Presentations

U Copenhagen, U Lausanne, U Vienna, U Bonn, U Heidelberg, U Cologne, 'Ecares Seminar' (ULB Brussels); Institute for Economic Analysis (Barcelona); U Namur

Participation at conferences and workshops

3rd Nordic Conference on Behavioral and Experimental Economics (U Copenhagen), Procedural Fairness – Theory and Evidence (Jena); 4th International Meeting on Experimental and Behavioral Economics (Alicante); Royal Economic Society Annual Conference (Warwick)

Refereeing for

Journal of Political Economy, Games and Economic Behavior, European Economic Review, Journal of Economic Behavior & Organization, Scandinavian Journal of Economics, Public Choice, Journal of Economic Psychology and Oxford Economic Papers

Jean-Robert Tyran, Professor

Presentations

Research seminars: U Aberdeen, Bergen NHH, U Edinburgh, Norwegian School of Management, U Oslo, U Rennes 1, U Vienna

Keynote lectures: Game Theory World Congress (semi-plenary lecture, Northwestern U)

Workshops and Conferences: Behavioral and Experimental Economics Symposium (M-BEES, U Maastricht), Symposium Schloss Wartensee (U St. Gallen)

PhD courses: Experimental Methods for Economics and Political Science (U Oslo), How to survive and prosper as a young academic in economics (U Copenhagen)

In the media

Special edition of the Science Magazine “Viden om” (Danish National TV, DR2) on Behavioral and Experimental Economics (30’, aired 16.9.08, [link](#))

2 Interviews in *Politiken* on financial markets (5.10.08, 20.11.08)

Interview in *Universitetsavisen* (December, no. 15: 14-15) ([link](#))

Refereeing for

American Economic Review, Economic Journal, European Journal of Political Economy, Journal of Economic Behavior and Organization, Journal of the European Economic Association, Journal of Public Economics, Judgment and Decision Making, Oxford Economic Papers, Public Choice, Quarterly Journal of Economics, Science.

Appointments and other services to the profession

Society for the Advancement of Behavioral Economics (SABE): member of the Board (new appointment in 2008, for a period of 4 years)

Editorial Board of journals: *European Journal of Political Economy, Judgment and Decision Making* (ongoing)

Visiting professor: U Rennes I and U St. Gallen

Research affiliation at: Center for Applied Macroeconomic Analysis (CAMA, Australian National University), Economic Policy Research Unit (EPRU, University of Copenhagen), Centre for Economic Policy Research (CEPR, London).

Co-organizer: 3rd Nordic Conference on Behavioral and Experimental Economics (Copenhagen, Nov. 14/15), 4th workshop on Behavioral Public Economics (Copenhagen, October 11/12), CEE day (June 4)

Member of academic qualifications committees: Award of “habilitation à diriger des recherches” (U Rennes 1), PhD committee (CBS Copenhagen)

Member recruiting committees: appointment of assistant professors, Department of Economics (U Copenhagen), appointment of associate professorship (CBS Copenhagen)

Honors and prizes

The newspaper *Handelsblatt* has ranked the “recently most active” economists from Germany, Austria, and Switzerland who are currently employed outside these countries. The ranking is based on publication record since 2004. J.-R. Tyran was ranked #5.

Erik Wengström, Assistant Research Professor

Presentations

Research seminars: U Aarhus, Dalarna U College, Padova U

Workshops and Conferences: CIE Christmas Workshop (U Copenhagen)

Other: Maersk Oil (Copenhagen), Mercer Top Executive Compensation Seminar (Copenhagen), Department of Biology (Lund), Department of Economics (U Lund).

In the media

Radio interview for Danish National Radio (Orientering, P1) on Rationality and Financial Decision Making (8', aired 16.10.08)

Refereeing for

American Economic Review, Games and Economic Behavior, Journal of Business and Economics Statistics

Appointments and other services to the profession

Economic Expert at the Stockholm Administrative Court of Appeal

Faculty Opponent of Carl Mellström's Licentiate Thesis (U Gothenburg)

Honors and prizes

Prize for best PhD thesis at the School of Economics and Management at Lund University. The Prize is awarded annually by the Färs and Frosta Foundation and comes with a prize money of SEK 100'000.

Frederik R. Øvlisen, PhD Student

Presentations

Workshops and Conferences: “Psychologie und Ökonomik” (U Munich), QED Jamboree (U Paris 1), EDGE Jamboree (U Copenhagen), Economic Science Association ESA (Lyon), PhD Seminar (U Copenhagen), Danish Graduate Programme in Economics (DGPE, Denmark), 3rd Nordic Conference on Behavioral and Experimental Economics (U Copenhagen)

Participation at conferences and workshops

Workshop on Prediction Markets (U Copenhagen)

Appointments and other services to the profession

Elected member of the Study Board of Copenhagen Graduate School of Social Sciences, Faculty of Social Science

Report of activities of LEE

Moving the lab to the new location at the social science campus was the main challenge in 2008. Good planning (by the vice dean) and competent support (by Erwin Koster Christensen) facilitated the task for the CEE team. Many details had to be taken care of. For example, new furniture had to be tailor-made according to our needs, electricity and cables had to be re-wired, air conditioning to be added etc.

Marco Piovesan was the mastermind behind the moving and he made sure that all the details were eventually right. Not only did Marco manage to move the existing part of the lab and to supervise the renovation and construction work in the new rooms along with the new materials, he also made sure that everything worked without problems very quickly. Due to his relentless efforts and love for detail, we were able to run the first experiments on time for the beginning of the fall term and we have run experiments with slightly more than 1000 participants since then.

Teaching

In Spring and Fall 2008, 2 series of teaching experiments in each term were run with all beginning students (approx. 30 in Spring and 150 in Fall). In particular, students participated in a market experiment (without financial incentives) and a public good experiment (with financial incentives). CEE provided materials to discuss the results of the experiments in class.

In Fall, we run 3 series of experiments with the Master students (approx. 50) of the course in Experimental and Behavioral Economics.

Research projects

Examples of ongoing research in the laboratory conducted in 2008 are:

- Democratic selection of a leader (Thomas Markussen and JRT)
- Provision of public goods and the market (Toke Fosgaard)
- Money illusion and coordination (Frederik Øvlisen and JRT)
- Belief elicitation (Dirk Engelmann)
- Indirect reciprocity (Dirk Engelmann, Urs Fischbacher, JRT)
- Cognitive load and ultimatum games (Urs Fischbacher, Christian Thöni)
- Sunspots and coordination failure (Frederik Øvlisen)
- Information aggregation in voting (Marco Piovesan and JRT)

Report of activities of iLEE

The main effort of CEE personnel in the first half of 2008 was dedicated to running our first large-scale experiment on our internet platform. This was a major enterprise. One professor, one post doc and two PhD students worked more or less full time from January to May 2008, supported by about a dozen master students and a handful of student assistants helping us with the implementation of this experiment. The activities broadly focused on three tasks: *i)* setting up the technical and administrative infrastructure, *ii)* designing and executing the first research project using the iLEE and *iii)* research-based teaching. Erik Wengström was the pole of competence and manager of this complex process.

Technical and administrative development

A large number of technical, administrative and organizational preparations were necessary to enable the operation of the platform. A milestone in the technical development included the acquisition and installation of a powerful server in February 2008. At the organizational level, we established a “helpline system” to handle questions from participants by phone and e-mail during the experiment. Moreover, the internal organization of the project was facilitated by the establishment of a web-based system to effectively coordinate the efforts of the numerous collaborators and students (we set up a “wiki” and a “ticketing system”). At the legal level, we signed contracts on intellectual property rights with publishers, collaborators and the Department. At the financial level, we established a system for paying participants according to their decisions in the experiment. We managed to establish such a system in collaboration with the University and Department administration, and implemented a secure and efficient payment system with Danske Bank.

Research projects

In parallel with the technical and administrative development, the first half of 2008 was devoted to the design and the execution of the first experiment conducted using the iLEE. The experiment addressed the issue of cooperation in social dilemma situations. Figuratively speaking, an important aim of iLEE is to “bring the lab to ordinary people’s living rooms”, enabling experiments with non-standard subject pools. A key requirement for running experiments with participants with heterogeneous backgrounds (e.g. with respect to education) is to implement easy-to-understand user interfaces and software. We therefore spent considerable effort to meet this requirement. For example, we hired a professional graphic designer to support the design of our user interface. Most importantly, we extensively tested participant comprehension of the software in so-called focus groups with people from all walks of life who were recruited through a marketing company in March.

After further pre-testing, including a final full-blown test with 210 subjects over the internet, the experiment was rolled out in May 2008. In collaboration with Denmark Statistics (DS), we sent out 22'027 invitation letters to a random sample of Danes between 18-80 years of age. By the end of May, 4'290 subjects logged on to our webpage, and 2'291 subjects completed the entire experiment.

The design produced an exceptional dataset enabling us to link cooperative behavior to a set of factors, which we believe, are important for understanding economic decision-making. Our experimental data has been matched with an extensive battery of variables drawn from their register data of Statistics Denmark. The matched dataset constitutes a unique database with unsurpassed opportunities to shed new light on a range of topics relating to cooperation in social dilemma situations. A number of external researches have been involved for collaboration on specific subtopics, e.g., Andrew Clark (PSE, Paris) on subjective well being, Christian Thöni (U St Gallen) on fairness and cooperation and Lars Gårn Hansen (FØI) on social norms and framing. Moreover, Ernesto Reuben (Northwestern) has been involved to contribute on the follow-up experiments to be executed in the spring of 2009.

Teaching

About a dozen students from KU have helped us with implementing the first experiment and have analyzed aspects of the experiment under. Six students wrote seminar papers and another 6 students have written their master theses based on the data from the experiment.

In conclusion, 2008 was a very successful year for iLEE. We have been able to realize all milestones as planned. In particular, we have reached two goals. First, we have established administrative routines and laid the technical and organizational basis for a novel research infrastructure in Denmark. Second, we have obtained a unique dataset of unprecedented quality in experimental economics to study issues in cooperation. Several thousand people across Denmark participated in our first internet experiment.