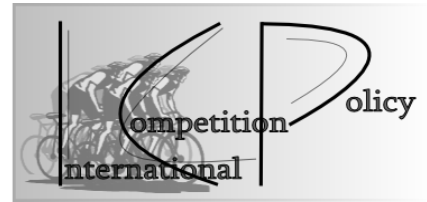


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Der Lehrstuhl für Internationale Wettbewerbsökonomik bietet im Wintersemester 2016/17 ein Hauptseminar für Bachelor-Studierende in den Studiengängen Economics, Internationale Wirtschaft und Entwicklung und Philosophy & Economics zu dem Thema

### **EXPERIMENTELLE WIRTSCHAFTSFORSCHUNG**

an. Experimentelle Wirtschaftsforschung beschäftigt sich mit der experimentellen Bewertung ökonomischer Theorien. Pioniere dieser Disziplin sind Vernon L. Smith und Daniel Kahneman, die 2002 für ihre Arbeiten den Nobelpreis erhielten. Bemerkenswerterweise ist Smith für Arbeiten bekannt, die die klassische Theorie bestätigen, während Kahneman mit seinen Experimenten die Annahme des Homo Ökonomikus für bestimmte Entscheidungsprobleme widerlegte.

Ökonomische Experimente überprüfen in der Regel psychologische Grundlagen individuellen Handelns in ökonomisch relevanten Entscheidungssituationen. Üblicherweise werden die Experimente in Computeralaboren durchgeführt, wo das Entscheidungsverhalten der Teilnehmer unter kontrollierten äußeren Bedingungen untersucht werden kann. Dabei werden die zu prüfenden Situationen häufig sehr abstrakt und unter Rückgriff auf Modelle der Entscheidungstheorie und Spieltheorie gestaltet. Um die Motivation der Probanden zu steigern, werden diese zumeist nach dem Experiment in Abhängigkeit vom Resultat ihrer Entscheidungen monetär entlohnt.

In dem Seminar werden zum einen klassische Marktexperimente behandelt: Konvergiert der Preis in einem Markt mit Preiswettbewerb gegen die Grenzkosten (Bertrand-Paradoxon)? Ist die Cournot-Vorhersage zutreffend für Märkte mit Mengenwettbewerb?

Einen weiteren großen Themen-Block bilden experimentelle Untersuchungen von Anreizverträgen – Sind Arbeitnehmer intrinsisch motiviert oder bedarf es immer monetärer Anreize? Können monetäre Anreize mitunter sogar schädlich sein, da sie die intrinsische Motivation zerstören? – und, damit verwandt, Fragen im Zusammenhang mit Kooperation und Teamverhalten: Kommt es in Teams zwangsläufig zu einem Trittbrettfahrerproblem oder kann Teamarbeit auch motivationssteigernd sein?

Darüber hinaus beschäftigen sich einzelne Arbeiten mit verschiedenen klassischen aber auch neueren Problemstellungen, wie etwa der freiwilligen Bereitstellung von öffentlichen Gütern oder den Auswirkungen von „Zahle, was es dir wert ist“ (Pay-what-you-want)-Marketingstrategien.

Es stehen insgesamt 20 Seminarplätze zur Verfügung. Übersteigt die Anzahl der Interessenten die verfügbaren Seminarplätze, so werden die Seminarplätze nach der Reihenfolge der Anmeldungen vergeben. Die **Seminarleistung** besteht aus einer **Seminararbeit** (10 - 12 Seiten) und einem **Vortrag** (inklusive Foliensatz) der eigenen Arbeit sowie in der Beteiligung an der allgemeinen Diskussion. Die Seminarnote ergibt sich als gewichtetes Mittel aus den Leistungen wie folgt: 70% Hausarbeit, 20% Vortrag und 10% Beteiligung an der Diskussion.

- Bachelor-Studierende aus dem Studiengang Philosophy & Economics können das Seminar im E6-Bereich (5 Leistungspunkte) anrechnen.
- Economics-Bachelor-Studierende können das Seminar im „Individuellen Schwerpunkt“ oder als „GVWL 2-Seminar“ anrechnen.
- IWE-Studierende können das Seminar im „Individuellen Schwerpunkt“ anrechnen (Spezialisierung IGME oder VET).

### **Seminaranmeldung:**

Um sich für das Seminar anzumelden, folgen Sie bitte exakt den nachfolgenden Anweisungen:

1. Schreiben Sie eine Email an [fabian.herweg@uni-bayreuth.de](mailto:fabian.herweg@uni-bayreuth.de)
2. Die E-Mail sollte folgenden Inhalt haben:
  - a. *Betreff:* Seminar-EW
  - b. *Inhalt:* Bitte geben Sie folgende Information als eine durch Kommata abgetrennte Liste (ohne Leerzeichen) an: (Ohne weitere Details, wie z.B. Lieber Herr Herweg)

Nachname, Vorname, Email-Adresse, Mat-Nr., Studiengang, Thema\_1, Thema\_2, Thema\_3

Thema\_I bezeichnet das Thema welches Sie am I-liebsten bearbeiten möchten. Geben Sie bitte auf jeden Fall drei Themenwünsche an.

Beispiel:

Helfrich, Magdalena, magdalena.helfrich@uni-bayreuth.de, 1478249, Econ, 8, 4, 10

Die Zuteilung der Themen erfolgt am **Montag den 17. Oktober 2016**. Sie werden per Email über die Annahme zum Seminar und die Themenzuteilung benachrichtigt. Die Seminaranmeldung gilt ab diesem Tag als **verbindlich**.

### **Organisatorisches:**

- Vorberechnung: **Mittwoch 20. Juli 2016**, 10:00 Uhr, Raum S48 (RW)
- Anmeldeschluss: **Sonntag, 16. Oktober 2016**
- Blockseminar: Freitag und Samstag, **25. und 26. November 2016** (9-18 Uhr)
- Ort: Universität Bayreuth
- Abgabe der Seminararbeit: Montag, **12. Dezember 2016** (gedruckt und per E-Mail als ein PDF-Dokument).
- Ansprechpartner: Prof. Dr. Fabian Herweg (fabian.herweg@uni-bayreuth.de)
- Vortragssprache: deutsch
- Leitfaden zum Erstellen einer wissenschaftlichen Arbeit: <http://www.icp.uni-bayreuth.de>

### **Grundlagenliteratur:**

- Kagel, John H. und Alvin E. Roth (Hrsg.) (1995): *The Handbook of Experimental Economics*, Princeton: Princeton University Press.
- Schmidt, Klaus M. (2009): "The Role of Experiments for the Development of Economic Theories", *Perspektiven der Wirtschaftspolitik* 10: 14-30.

### **THEMEN**

In dem Seminar werden folgende Themenblöcke besprochen:

- a) Klassiker
- b) Bertrand- und Cournot-Spiele
- c) Prinzipal-Agent-Beziehungen
- d) Referenzpunkte und „Endowment“ Effekte
- e) Unvollständige Verträge und Referenzpunkte
- f) Innovative Preisfindungsformate
- g) Mogeln und Lügen
- h) Weitere Themen

Weitere Themen können auf Anfrage vergeben werden bzw. sofern die Teilnehmerzahl dies erfordert.

## a) **Klassiker**

1. Fehr, Ernst, Georg Kirchsteiger und Arno Riedl (1993): **“Does Fairness Prevent Market Clearing? An Experimental Investigation”**, *Quarterly Journal of Economics*, 108 (2): 437-459.

This paper reports the results of an experiment that was designed to test the impact of fairness on market prices. Prices were determined in a one-sided oral auction, with buyers as price-makers. Upon acceptance of an offer, sellers determined the quality of the good. Buyers offered prices that were substantially above the market-clearing level and expected sellers to respond with high quality levels. This expectation was, on average, confirmed by the behavior of sellers. These results provide, therefore, experimental support for the fair wage-effort theory of involuntary unemployment.

2. Fehr, Ernst und Simon Gächter (2000): **“Cooperation and Punishment in Public Goods Experiments”**, *American Economic Review*, 90 (4): 980-994.

This paper provides evidence that free riders are heavily punished even if punishment is costly and does not provide any material benefits for the punisher. The more free riders negatively deviate from the group standard the more they are punished. As a consequence, the existence of an opportunity for costly punishment causes a large increase in cooperation levels because potential free riders face a credible threat. We show, in particular, that in the presence of a costly punishment opportunity almost complete cooperation can be achieved and maintained although, under the standard assumptions of rationality and selfishness, there should be no cooperation at all. We also show that free riding causes strong negative emotions among cooperators. The intensity of these emotions is the stronger the more the free riders deviate from the group standard. Our results provide, therefore, support for the hypothesis that emotions are guarantors of credible threats.

## b) **Bertrand- und Cournot-Spiele**

3. Dufwenberg, Martin und Uri Gneezy (2000): **“Price competition and market concentration: an experimental study”**, *International Journal of Industrial Organization* 18 (1): 7-22.

The classical price competition model (named after Bertrand), prescribes that in equilibrium prices are equal to marginal costs. Moreover, prices do not depend on the number of competitors. Since this outcome is not in line with real-life observations, it is known as the ‘Bertrand Paradox.’ In experimental price competition markets we find that prices do depend on the number of competitors: the Bertrand solution does not predict well when the number of competitors is two,

but (after some opportunities for learning) predicts well when the number of competitors is three or four. A bounded rationality explanation of this is suggested.

4. Huck, Steffen, Hans-Theo Normann und Jörg Oechssler (2004): “**Two are few and four are many: number effects in experimental oligopolies**”, *Journal of Economic Behavior and Organization*, 53 (4): 435-446.

In this paper we investigate how the competitiveness of Cournot markets varies with the number of firms in an industry. We review previous Cournot experiments in the literature. Additionally, we conduct a new series of experiments studying oligopolies with two, three, four, and five firms in a unified frame. With two firms we find some collusion. Three-firm oligopolies tend to produce outputs at the Nash level. Markets with four or five firms are never collusive and typically settle at or above the Cournot outcome. Some of those markets are actually quite competitive with outputs close to the Walrasian outcome.

#### c) **Prinzipal-Agent-Beziehungen**

5. Falk, Armin und Michael Kosfeld (2006): “**The Hidden Costs of Control**”, *American Economic Review*, 96 (5): 1611-1630.

We analyze the consequences of control on motivation in an experimental principal agent game, where the principal can control the agent by implementing a minimum performance requirement before the agent chooses a productive activity. Our results show that control entails hidden costs since most agents reduce their performance as a response to the principal's controlling decision. Overall, the effect of control on the principal's payoff is nonmonotonic. When asked for their emotional perception of control, most agents who react negatively say that they perceive the controlling decision as a signal of distrust and a limitation of their choice autonomy.

6. Fehr, Ernst, Alexander Klein und Klaus M. Schmidt (2007): “**Fairness and Contract Design**“, *Econometrica*, 75 (1): 121-154.

We show experimentally that fairness concerns may have a decisive impact on the actual and optimal choice of contracts in a moral hazard context. Bonus contracts that offer a voluntary and unenforceable bonus for satisfactory performance provide powerful incentives and are superior to explicit incentive contracts when there are some fair-minded players, but trust contracts that pay a generous wage up front are less efficient than incentive contracts. The principals understand this and predominantly choose the bonus contracts. These results are consistent with recently developed theories of fairness, which offer important new insights into the interaction of contract choices, fairness, and incentives.

7. Bartling, Björn und Urs Fischbacher (2012): “**Shifting the Blame: On Delegation and Responsibility**”, *Review of Economic Studies*, 79 (1): 67-87.

To fully understand the motives for delegating a decision right, it is important to study responsibility attributions for outcomes of delegated decisions. We conducted laboratory experiments in which subjects could either choose a fair allocation or an unfair allocation or delegate the choice, and we used a punishment option to elicit responsibility attributions. Our results show that, first, responsibility attribution can be effectively shifted and, second, this can constitute a strong motive for the delegation of a decision right. Moreover, we propose a simple measure of responsibility and show that this measure outperforms measures based on inequity aversion or reciprocity in predicting punishment behaviour.

#### d) Referenzpunkte und „Endowment“ Effekte

8. Johannes Abeler, Armin Falk, Lorenz Goette and David Huffman (2011): “**Reference Points and Effort Provision**”, *American Economic Review*, 101 (2): 470-492.

A key open question for theories of reference-dependent preferences is: what determines the reference point? One candidate is expectations: what people expect could affect how they feel about what actually occurs. In a real-effort experiment, we manipulate the rational expectations of subjects and check whether this manipulation influences their effort provision. We find that effort provision is significantly different between treatments in the way predicted by models of expectation-based, reference-dependent preferences: if expectations are high, subjects work longer and earn more money than if expectations are low.

9. Ericson, Keith M. Marzilli and Andreas Fuster (2011): “**Expectations as Endowments: Evidence on Reference-Dependent Preferences from Exchange and Valuation Experiments**”, *Quarterly Journal of Economics*, 126 (4): 1879-1907.

While evidence suggests that people evaluate outcomes with respect to reference points, little is known about what determines them. We conduct two experiments that show that reference points are determined, at least in part, by expectations. In an exchange experiment, we endow subjects with an item and randomize the probability they will be allowed to trade. Subjects that are less likely to be able to trade are more likely to choose to keep their item. In a valuation experiment, we randomly assign subjects a high or low probability of obtaining an item and elicit their willingness-to-accept for it. The high probability treatment increases valuation of the item by 20–30%.

10. Sprenger, Charles (2015): “**An Endowment Effect for Risk: Experimental Tests of Stochastic Reference Points**”, *Journal of Political Economy*, 123 (6), 1456-1499.

Recent models of reference-dependent preferences indicate that expectations may play a prominent role in the presence of behavioral anomalies. A subset of such expectations-based models predicts an "endowment effect for risk": that risk attitudes differ when reference points change from certain to stochastic. In two purposefully simple risk preference experiments, eliminating often-discussed confounds, I demonstrate both between and within subjects such an endowment effect for risk. These results provide needed separation between expectations-based reference-dependent models, allow for evaluation of recent theoretical extensions, and may help to close a long-standing debate in decision science on inconsistency between utility elicitation methodologies.

e) **Unvollständige Verträge und Referenzpunkte**

11. Hoppe, Eva I- and Patrik W. Schmitz (2011): “**Can Contracts Solve the Hold-Up Problem? Experimental Evidence**”, *Games and Economic Behavior*, 73, 186-199.

In the contract-theoretic literature, there is a vital debate about whether contracts can mitigate the hold-up problem, in particular when renegotiation cannot be prevented. Ultimately, this question has to be answered empirically. As a first step, we have conducted a laboratory experiment with 960 participants. We consider investments that directly benefit the non-investing party. While according to standard theory, contracting would be useless if renegotiation cannot be ruled out, we find that option contracts significantly improve investment incentives compared to a no-contract treatment. This finding might be attributed to Hart and Moore's (2008) recent idea that contracts can serve as reference points.

12. Fehr, Ernst, Oliver Hart, and Christian Zehnder (2011): “**Contracts as Reference Points – Experimental Evidence**”, *American Economic Review*, 101, 493-525.

Hart and John Moore (2008) introduce new behavioral assumptions that can explain long-term contracts and the employment relation. We examine experimentally their idea that contracts serve as reference points. The evidence confirms the prediction that there is a trade-off between rigidity and flexibility. Flexible contracts - which would dominate rigid contracts under standard assumptions - cause significant shading in ex post performance, while under rigid contracts much less shading occurs. The experiment appears to reveal a new behavioral force: ex ante competition legitimizes the terms of a contract, and aggrievement and shading occur mainly about outcomes within the contract.

13. Bartling, Björn and Klaus M. Schmidt (2015): “**Reference Points, Social Norms, and Fairness in Contract Renegotiations**”, *Journal of the European Economic Association*, 13 (1), 98-129.

How does an ex-ante contract affect behavior in an ex-post renegotiation game? We address this question in a canonical buyer–seller relationship with renegotiation. Our paper provides causal experimental evidence that an initial contract has a highly significant and economically important impact on renegotiation behavior that goes beyond the effect of contracts on bargaining threat points. We compare situations in which an initial contract is renegotiated to strategically equivalent bargaining situations in which no ex-ante contract was written. The ex-ante contract causes sellers to ask for markups that are 45% lower than in strategically equivalent bargaining situations without an initial contract. Moreover, buyers are more likely to reject given markups in renegotiations than in negotiations. These effects do not depend on whether the contract was written under competitive or monopolistic conditions. Our results provide strong evidence supporting the hypothesis that contracts serve as reference points that shape and coordinate the expectations of the contracting parties.

f) **Innovative Preisfindungsformate**

14. Schmidt, Klaus M., Martin Spann und Robert Zeithammer (2014): “**Pay What You Want as a Marketing Strategy in Monopolistic and Competitive Markets**”, *Management Science*, 61 (6), 1217-1236.

Pay What You Want (PWYW) can be an attractive marketing strategy to price discriminate between fair-minded and selfish customers, to fully penetrate a market without giving away the product for free, and to undercut competitors that use posted prices. We report on laboratory experiments that identify causal factors determining the willingness of buyers to pay voluntarily under PWYW. Furthermore, to see how competition affects the viability of PWYW, we implement markets in which a PWYW seller competes with a traditional seller. Finally, we endogenize the market structure and let sellers choose their pricing strategy. The experimental results show that outcome-based social preferences and strategic considerations to keep the seller in the market can explain why and how much buyers pay voluntarily to a PWYW seller. We find that PWYW can be viable on a monopolistic market, but it is less successful as a competitive strategy because it does not drive traditional posted-price sellers out of the market. Instead, the existence of a posted-price competitor reduces buyers’ payments and prevents the PWYW seller from fully penetrating the market. When given the choice, most sellers opt for setting a posted price rather than a PWYW pricing strategy. We discuss the implications of these results for the use of PWYW as a marketing strategy.



15. Krämer, Florentin, Klaus M. Schmidt, Martin Spann and Lucas Stich (2015): **“Delegating Pricing Power to Customers: Pay What You Want or Name Your Own Price?”**, Munich Discussion Paper No. 2015-5.

Pay What You Want (PWYW) and Name Your Own Price (NYOP) are customer-driven pricing mechanisms that give customers (some) pricing power. Both have been used in service industries with high fixed capacity costs in order to appeal to additional customers by reducing prices without setting a reference price. In this experimental study we compare the functioning and the performance of these two pricing mechanisms. We show that both mechanisms can be successfully used to endogenously price discriminate. PWYW can be very successful if there is an additional promotional benefit to using PWYW and if marginal costs are not too high. PWYW is a very aggressive competitive strategy that achieves almost full market penetration. NYOP is a less aggressive strategy that can also be used if marginal costs are high. It reduces price competition and segments the market. Low valuation customers are more likely to use NYOP while high valuation customers prefer a posted price seller.

g) **Mogeln und Lügen**

16. Fischbacher, Urs und Franziska Föllmi-Heusi (2013): **“Lies in Disguise – An Experimental Study on Cheating”**, *Journal of the European Economic Association*, 11 (3): 525-547.

We present a novel experimental design to measure honesty and lying. Participants receive a die which they roll privately. Since their payoff depends on the reported roll of the die, the subjects have an incentive to be dishonest and report higher numbers to get a higher payoff. This design has three advantages. First, cheating cannot be detected on the individual level, which reduces potential demand effects. Second, the method is very easy to implement. Third, the underlying true distribution of the outcome under full honesty is known, and hence it is possible to test different theoretical predictions. We find that about 20% of inexperienced subjects lie to the fullest extent possible while 39% of subjects are fully honest. In addition, a high share of subjects consists of partial liars; these subjects lie, but do not report the payoff-maximizing draw. We discuss different motives that explain the observed behavioral pattern.

17. Pruckner, Gerald J. und Rupert Sausgruber (2013): **“Honesty on the Street: A Field Study on Newspaper Purchasing”**, *Journal of the European Economic Association*, 11(3): 661-679.

Many publishers use an honor system for selling newspapers in the street. We conducted a field experiment to study honesty in this market, finding that a moral reminder increases the level of honesty in payments, whereas the same message has no effect on whether one is honest. Reminding customers of the legal norm has no

effect. We argue that these results are consistent with a preference for honesty, based on an internalized social norm. Auxiliary evidence suggests that the moral message remains effective when it is posted for longer periods, and even when it is removed again.

#### h) Weitere Themen

- 18.** Falk, Armin und Andrea Ichino (2006): “**Clean Evidence on Peer Effects**“, *Journal of Labor Economics*, 24 (1): 39-57.

We study subjects who were asked to fill letters into envelopes with a remuneration independent of output. In the “pair” treatment, two subjects worked at the same time in the same room, and peer effects were possible. In the “single” treatment, subjects worked alone, and peer effects were ruled out. We find evidence of peer effects in the pair treatment because the standard deviations of output are smaller within pairs than between pairs. Moreover, average output is higher in the pair treatment: thus, peer effects raise productivity. Finally, low-productivity workers are the most sensitive to the behavior of peers.

- 19.** Abeler, Johannes and Felix Marklein (2013): “**Fungibility, Labels, and Consumption**“, *Journal of the European Economic Association*, im Erscheinen.

Fungibility of money is a central assumption in the theory of consumer choice: any unit of money is substitutable for another. This implies that the composition of income or wealth is irrelevant for consumption. We find in a field experiment that even in a simple, incentivized setup many subjects do not treat money as fungible. When a label is attached to a part of their budget, subjects change consumption according to the label. A controlled laboratory experiment confirms this result and further shows that subjects with lower cognitive abilities are more likely to violate fungibility. The findings lend support to behavioral models of narrow bracketing and mental accounting. One implication of our result is that in-kind benefits distort consumption more strongly than usually assumed.