Conference Program & Abstracts

Social Norms and Institutions
Model Building, Applications, and Empirical Corroborations

May 10 - 15, 2015
“Congressi Stefano Franscini”
The congress centre of ETH Zürich
Monte Verità, Ascona, Switzerland

www.socio.ethz.ch/sni2015
sni2015@ethz.ch

Organizer: Andreas Diekmann, Ernst Fehr, Ryan Murphy, Roberto Weber
**Contents**

1 Introduction .................................................. 3

2 Session Overview .............................................. 4
   2.1 Parallel Sessions Tuesday .................................. 5
   2.2 Parallel Sessions Wednesday ................................. 6
   2.3 Parallel Sessions Thursday .................................. 7
   2.4 Sessions Friday .............................................. 8
   2.5 Poster Sessions Wednesday & Thursday ..................... 9

3 Abstracts .......................................................... 10
   3.1 Lecture on Sunday ............................................. 10
   3.2 Plenary Sessions .............................................. 11
   3.3 Parallel Sessions - Tuesday Morning 09:00-10:20 ............. 17
   3.4 Parallel Sessions - Wednesday Morning 09:00-10:20 ........... 21
   3.5 Parallel Sessions - Wednesday Morning 11:00-12:20 .......... 24
   3.6 Parallel Sessions - Thursday Morning 09:00-10:20 ............ 28
   3.7 Parallel Sessions - Thursday Morning 11:00-12:20 ............ 31
   3.8 Sessions - Friday Morning 09:00-12:20 ...................... 36
   3.9 Poster Sessions .............................................. 40

4 Awards ............................................................. 51

5 Travel, Accommodation, Catering ............................. 52

6 Excursion & Conference Dinner ................................ 53

7 Participant List .................................................. 54

8 Monte Verità: More than a Conference Center ............... 56

9 Map of Conference Venue ....................................... 58

10 Notes .................................................................. 59

**Links**

Conference Website: ❯ www.socio.ethz.ch/sni2015

Mobile Website: ❯ http://tinyurl.com/sni2015-mobile

Congressi Stefano Franscini (Congress Center):
❯ www.csf.ethz.ch

Fondazione Monte Verità (Congress Hotel):
❯ www.monteverita.org
1 Introduction

Social norms and institutions have had a large impact on how people behave in daily life, on economic activity, on solving political conflicts, and on the welfare of nations. By definition “Institutions are the humanly devised constraints that structure political, economic and social interaction” (Douglas North). Property rights, democratic institutions, patent rights, auction rules, divorce laws, voting rules, financial market and environmental regulations serve as examples of institutions. “Perverse” incentives leading to undesirable and inefficient outcomes for the society at large is an important topic in this research program, as sensible looking incentive mechanisms can lead to a variety of unintended consequences. Social norms and institutions govern all areas of society. Several authors have developed theories that propose that the character of institutions is a key factor in explaining why states prosper or fail.

Modern research in the field of norms and institutions relies on new theories and methods such as the concepts and theories of asymmetric information, signaling, social networks, classical and behavioral decision theory and game theory, psychological theories of motivation etc. Research is conducted by various methods: Case studies, survey studies, field experiments, lab experiments and computer simulation studies. Here are some examples of research questions:

- How do social norms of cooperation emerge endogenously without third-party intervention?
- What is the impact of social norms versus monetary incentives on human behavior?
- Which type of institutional rules will promote and sustain cooperation in social dilemmas?
- Which type of institutions will emerge to solve problems of trust, risk and asymmetric information?
- How are “social preferences” relevant to explaining the efficient functioning and behavioral consequences of institutions?
- There are an increasing number of rating systems and reputation institutions, both in the “offline” world and on the internet. What are the effects, and side effects, of these new institutions?
- What are the distributional implications of norms and institutions?
- What are the proper institutional schemes to tackle problems of climate change, corruption, international negotiations, financial crises and the risks of bank failures?

The conference will offer a platform for the exchange of ideas for experts developing, testing and applying theories of social norms and institutions in diverse social sciences. Invited participants are from a variety of countries and have different disciplinary backgrounds.

Andreas Diekmann, Ernst Fehr, Ryan Murphy & Roberto Weber

(From the Call-For-Papers)
### Session Overview

<table>
<thead>
<tr>
<th>Sunday, May 10</th>
<th>Monday, May 11</th>
<th>Tuesday, May 12</th>
<th>Wednesday, May 13</th>
<th>Thursday, May 14</th>
<th>Friday, May 15</th>
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<tbody>
<tr>
<td>09:00-09:45</td>
<td><strong>CSF: History of Monte Verità (9:30-9:45)</strong></td>
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<td>09:45-10:30</td>
<td><strong>Diekmann: The importance of social preferences for the evolution and stability of institutions</strong></td>
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<td>10:30-11:00</td>
<td>Coffee Break</td>
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<tr>
<td>11:00-11:45</td>
<td><strong>Gneezy: Incentives and behavior change</strong></td>
<td><strong>Weber: Spillover Effect of Institutions on Cooperative Norms, Preferences, and Beliefs</strong></td>
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<tr>
<td>11:45-12:30</td>
<td><strong>Horne: Sticky normative constraints: The case of bridewealth</strong></td>
<td><strong>Murphy: Rationalizing cooperation: Preferences, beliefs, and mechanisms</strong></td>
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<td>12:30-14:00</td>
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<td>14:00-14:45</td>
<td><strong>Arrival Registration (16:00-19:00)</strong></td>
<td><strong>Bicchieri: I am so angry I will help you</strong></td>
<td><strong>Steg: Encouraging norm conforming behaviour</strong></td>
<td><strong>Posters (14:00-15:00)</strong></td>
<td><strong>Departure</strong></td>
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<tr>
<td>14:45-15:30</td>
<td><strong>Lecture</strong></td>
<td><strong>Ellickson: FIFA's Realm: The roles of membership associations in creating and enforcing private rules</strong></td>
<td><strong>Dufwenberg: Frustration and anger in games</strong></td>
<td><strong>Bailer: Parliamentary norms: Tool of the party group leaders?</strong></td>
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<td>15:30-16:00</td>
<td>Coffee Break</td>
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<tr>
<td>16:00-16:45</td>
<td><strong>Lindenberg: Norms and the dynamics of shifting saliences: Experiments for microfoundations</strong></td>
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<td><strong>Engel: The Jurisdiction of the Man Within</strong></td>
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<td>Coffee Break</td>
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<tr>
<td>16:45-17:30</td>
<td><strong>Hechter: The problem of solidarity in insurgent collective action: The Nore Mutiny of 1797</strong></td>
<td><strong>Przepiorka: Punitive preferences, monetary incentives and tacit co-ordination [...]</strong></td>
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<td><strong>Excursion &amp; Conference Dinner (15:15-22:00)</strong></td>
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<td>19:00-20:30</td>
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**Parallel Sessions (Stream I & II)**

**Excursion & Conference Dinner (15:15-22:00)**

**Posters (16:00-17:30)**
## 2.1 Parallel Sessions Tuesday

<table>
<thead>
<tr>
<th>Time</th>
<th>Stream I (Auditorium)</th>
<th>Stream II (Balint)</th>
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<tbody>
<tr>
<td>09:00-09:20</td>
<td>J. Brosig-Koch: Promises and social distance in buyer-determined procurement auctions: A test with laboratory and field data</td>
<td>T. Jiang: Leadership in abandoning harmful social norms</td>
</tr>
<tr>
<td>09:20-09:40</td>
<td>N. Nikiforakis: Normative conflict and cooperation: A social-dilemma experiment</td>
<td>M. Drouvelis: Leadership and incentives in teams</td>
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<tr>
<td>09:40-10:00</td>
<td>H. Karle: The structure of negotiations: Incomplete agreements and the focusing effect</td>
<td>G. d'Adda: Do leaders affect ethical conduct?</td>
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<td>10:00-10:20</td>
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# 2.2 Parallel Sessions Wednesday

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<thead>
<tr>
<th>Time</th>
<th>Stream I (Auditorium)</th>
<th>Stream II (Balint)</th>
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<tbody>
<tr>
<td>Field Studies I (S3)</td>
<td>Social Norms (S4)</td>
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<tr>
<td>09:00-09:20</td>
<td>M. Maras: Holier than thou? Testing models of social information in charitable giving using a natural field experiment</td>
<td>G. Brown: Social norms and polarisation: A cognitive model</td>
</tr>
<tr>
<td>09:20-09:40</td>
<td>J. Berger: Social norm enforcement in the city and the train. Evidence from (quasi-) experimental field studies</td>
<td>E. Krupka: Social norms and identity dependent preferences</td>
</tr>
<tr>
<td>09:40-10:00</td>
<td>L. Howe: Cooperation, rewards, and sanctions in a social dilemma: Experimental evidence from Kamchatka, Russia</td>
<td>A. Tutic: Revealed norm obedience</td>
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<tr>
<td>10:00-10:20</td>
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<td>F. Albrecht: Individual norm-enforcement patterns</td>
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<tr>
<th>Time</th>
<th>Stream I (Auditorium)</th>
<th>Stream II (Balint)</th>
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<tbody>
<tr>
<td>Field Studies II (S5)</td>
<td>Cooperation and Volunteering (S6)</td>
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<tr>
<td>11:00-11:20</td>
<td>J. Schulz: Cultural origins of cooperation</td>
<td>E. Gsottbauer: Could climate change liability help to strike a climate agreement? An economic experiment</td>
</tr>
<tr>
<td>11:20-11:40</td>
<td>C. Kimmich: Aligning to trust, patience, and expectations? Behavioral determinants of value chain governance in the Swiss wood sector</td>
<td>P. Schenk: Is consuming fair trade a matter of principle or social pressure? Explaining the influence of social and personal norms on the consumption of fair trade products</td>
</tr>
<tr>
<td>11:40-12:00</td>
<td>N. Schmitt: Social norms or income taxation: What drives a couple’s labor supply? Experimental evidence</td>
<td>L. Metzger: Do donors care? The importance of aid effectiveness to private charitable giving. A laboratory experiment</td>
</tr>
<tr>
<td>12:00-12:20</td>
<td>-</td>
<td>G. de Longuemar: Guilt aversion in the Volunteer’s Dilemma</td>
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### 2.3 Parallel Sessions Thursday

<table>
<thead>
<tr>
<th>Time</th>
<th>Stream I (Auditorium)</th>
<th>Stream II (Balint)</th>
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<tbody>
<tr>
<td>Institutions and Efficiency I (S7)</td>
<td>Norms and Cooperation (S8)</td>
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<tr>
<td>09:00-09:20</td>
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<tr>
<td>09:20-09:40</td>
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<td>A. Vostroknutov: Norms, frames and prosocial behavior in games</td>
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<tr>
<td>09:40-10:00</td>
<td>O. Aksoy: Equal but diverse or unequal but unified? Effects of diversity and inequality on cooperation</td>
<td>D. Nosenzo: Norm compliance in the presence of peers</td>
</tr>
<tr>
<td>10:00-10:20</td>
<td>S. Schaube: Institution formation and cooperation with heterogeneous agents</td>
<td>M. Greiff: How different norms influence social value orientation</td>
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<tr>
<th>Time</th>
<th>Stream I (Auditorium)</th>
<th>Stream II (Balint)</th>
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<tr>
<td>Institutions and Efficiency II (S9)</td>
<td>Norms and Adverse Effects (S10)</td>
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<tr>
<td>11:00-11:20</td>
<td>M. Más: The competitive advantage of wasteful cultural institutions</td>
<td>O. Weisel: Corrupt collaboration</td>
</tr>
<tr>
<td>11:20-11:40</td>
<td>C. Rutten: Conflict and the formation of hierarchical social structures: A game theoretic model and experimental design</td>
<td>H. Rauhut: Beliefs about lying and spreading of dishonesty: Undetected lies and their constructive and destructive social dynamics in dice experiments</td>
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<tr>
<td>11:40-12:00</td>
<td>S. Balietti: Dissolving the efficiency-equality tradeoff in public-goods games</td>
<td>S. Goerg: Norm violations and their spillovers: Exposure to tax evasion leads to theft at the workplace</td>
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<tr>
<td>12:00-12:20</td>
<td>F. Dörfler: Incentive design in peer review: Rating and repeated endogenous matching</td>
<td>G. Andrighetto: Willing to pay: The effect of social norms and preferences in shaping tax behavior. Evidence form a behavioral experiment</td>
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### 2.4 Sessions Friday

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<thead>
<tr>
<th>Time</th>
<th>Stream I (Auditorium)</th>
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<tr>
<td><strong>Organization and Coordination (S11)</strong></td>
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<tr>
<td>09:00-09:20</td>
<td>J. Prüfer: Business associations, lobbying, and endogenous institutions</td>
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<tr>
<td>09:20-09:40</td>
<td>C. Snijders: Oral and written agreements in inter-organizational relations</td>
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<tr>
<td>09:40-10:00</td>
<td>A. Franzen: Does contagious yawning in humans predict prosocial behavior?</td>
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<tr>
<td><strong>Promoting Cooperation (S12)</strong></td>
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<tr>
<td>10:40-11:00</td>
<td>D. Bakker &amp; A. Flache: Cooperation and retaliation in collective good games: Does counter-punishment really destroy cooperation?</td>
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<tr>
<td>11:00-11:20</td>
<td>H. Nax: Stability and welfare of “merit-based” group-matching mechanisms in voluntary contribution games</td>
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<tr>
<td>11:20-11:40</td>
<td>B. Malle: Blame and punishment: Two distinct mechanisms of moral norm enforcement</td>
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<tr>
<td>11:40-12:00</td>
<td>S. Suetens: Signaling trustworthiness</td>
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<td>12:00-12:20</td>
<td>Awards, Farewell</td>
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<tr>
<th>Day</th>
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| Wednesday | 14:00-15:15   | J. Brosig-Koch: Information and quality: The effectiveness of non-monetary performance incentives for physicians  
A. Dimri: Household composition & women empowerment: Living with in-laws in India  
J. Donze: Becoming “We” instead of “I”: Identity management and incentives in the workplace  
K. Farrow: Harnessing the power of social norms to advance environmental policy goals: A Review of the Evidence  
S. Felgendreher: The effect of information provision on social norms: Unexpected results from a natural field experiment  
J. Gewinner: How traditional gender norms sabotage the institution of marriage  
N. Jehli: Generosity across contexts  
V. Kurz: Efficiency or fairness? How procedural concerns affect coordination in a Volunteer's Dilemma  
E. Midler: Unraveling the effects of payments for ecosystem services on intrinsic motivations for collective action  
K. Moser: The role of social norms for virtual cooperation between professional status groups  
R. Romaniuc: Enforcing social norms: Peer nonmonetary versus third-party monetary punishment  
T. Sasaki: Preemptive punishment and retrospective moral assessment in indirect reciprocity  
V. te Velde: Heterogeneous norms: Social image and social pressure when people disagree  
B. Vicari: How standardized certificates reduces uncertainty in the hiring process |
| Thursday  | 16:00-17:30   |                                                                      |
3 Abstracts

3.1 Lecture on Sunday

Game theoretic approaches to social norms

Vincent Buskens, Wojtek Przepiorka, Werner Raub (Utrecht University, ICS)

Social norms are a core topic in the social sciences. Different notions of social norms have been proposed by sociologists, social psychologists, economists and law scholars. The lecture comprises three interrelated parts. The first part provides a brief overview of different notions of social norms, highlighting similarities and differences of these notions. The lecture then focuses on social norms as rules guiding social behavior, with negative (positive) sanctions for deviations from (adherence to) such rules. Subsequently, we address the question how social norms come into existence. While it is well known that communication, bargaining and social exchange can lead to the successful establishment of social norms, the tacit emergence of social norms from actors’ repeated encounters has received much less attention. We introduce simple coordination games and show how game theory can inform a theory of norm emergence.

We then dive into two additional game-theoretic applications in which not only the emergence and stability of norms itself is problematized, but also the emergence and stability of institutions (in North’s sense of “humanly devised constraints that shape human interaction”) that support these norms. In the second part of the lecture, we consider how norms can be sustained in an “embedded” context with repeated interactions. We sketch a model in which a cooperative norm depends on the extent to which actors repeatedly interact and are informed about each other’s behavior in the interactions. In addition, we study conditions under which actors are interested in establishing a network – an informal institution – that provides information about other actors’ interactions.

In the third part of the lecture, we consider cooperation problems in which actors have a punishment opportunity after observing each other’s behavior. In addition to studying conditions under which the cooperative norm can be sustained using such a punishment institution, we again also consider whether actors are willing to invest in such an institution, specifically in situations in which behavior can only be observed in a noisy manner. We also present recent experimental findings on behavior in public goods games with such an endogenous punishment institution.

This lecture is designed for social and behavioral scientists who are interested in how game theory can inform the theorizing about social norms and the design of empirical investigations to study determinants and consequences of social norms. We assume some familiarity with elementary game-theoretic concepts such as Nash equilibrium, sequential move games, Pareto optimality, etc. We do not presuppose and will not introduce more complex game-theoretic notions and tools. We introduce theoretical findings in a largely intuitive manner and discuss experimental findings to illustrate the predictive power of the theoretical models.
3.2  Plenary Sessions

The importance of social preferences for the evolution and stability of institutions

*Andreas Diekmann (ETH Zurich)*

Besides introducing topics of social norms and institutions, I will mainly focus on the effects of social preferences on the formation and stability of institutions. Among other examples, I will demonstrate the importance of social preferences by an analysis of large scale data from online auctions.

Incentives and behavior change

*Uri Gneezy (University of California, San Diego)*

Sticky normative constraints: The case of bridewealth

*Christine Horne (Washington State University)*

African women have relatively low levels of reproductive autonomy. Bridewealth, a key component of African marriage, increases normative constraints on women’s reproductive decision-making. Anthropological research finds that when bridewealth is paid, rights to the woman’s reproductive and domestic services transfer to the man, and in the patrilineal societies that dominate the African landscape, rights to the children also transfer to the man’s lineage. Accordingly, we hypothesize that when a woman’s behavior usurps the man’s bridewealth-associated rights, people will react negatively to her and will expect others to also react negatively. Standard development interventions, such as female schooling, are unlikely to address these normative mechanisms. However, we expect that factors suggested by the norms literature, such as descriptive norms and costs of compliance, may at least partially counteract the effects of bridewealth payment. The results of a series of vignette studies provide evidence that bridewealth payment increases normative constraints on women’s reproductive autonomy, and that differences in a community’s descriptive norms of contraceptive use and a woman’s costs of compliance (in this study, due to the husband’s HIV status), weaken normative constraints. Theoretically, the research illustrates mechanisms contributing to norm stickiness; substantively, it has implications for the design of interventions to empower African women.

I Am So Angry I Will Help You

*Cristina Bicchieri (University of Pennsylvania)*

Recent behavioral economics studies have shown that third parties compensate players in Dictator, Ultimatum and Trust games. However, there are almost no studies about what drives third parties to compensate victims in such games. It can be argued that compensation is a form of helping, and helping behavior, in a variety of forms, has been widely researched, especially with regard to motivators. Previous work on helping behavior has focused on empathic concern as a primary driver. In sharp contrast, anger is often seen as an anti-social motivator resulting in aggression. However, other research has shown that moral outrage, anger evoked by the violation of a moral rule or a social norm, can lead to the punishment of a perpetrator, often described as altruistic or pro-social punishment. Some of the
motivations for pro-social punishment, namely a concern for justice or the restoration of community values, can also be realized through victim compensation. We therefore propose and test the hypothesis that moral outrage leads to compensating behavior above and beyond what is predicted by empathic concern, but only when a social norm has been violated.

**FIFA’s Realm: The roles of membership associations in creating and enforcing private rules**

*Robert C. Ellickson (Yale Law School)*

Coming to Switzerland, I cannot resist using the Zurich-based Fédération Internationale de Football Association (FIFA) as a springboard. FIFA is an example of a membership association, an organization that, unlike a state, cannot claim a monopoly on the legitimate use of physical force. Other examples are professional associations, labor unions, church groups, and residential community associations. To finance the public goods that it provides its members, a membership association commonly has to rely on income from dues, often voluntarily tendered.

Scholars interested in the evolution of cooperation understandably have mostly focused either on the governments that make and enforce laws or on the diffuse social actors who make and enforce norms. They should not overlook, however, the roles of membership associations. These include “strong” associations, such as FIFA, that explicitly engage in rule-making and rule-enforcement. A “weak” membership association, such as the European Economic Association, is less ambitious, and may restrict itself mostly to holding an annual congress, awarding prizes, and posting information on a website. I offer some ideas on the social conditions conducive to the emergence of associations of various types.

**Norms and the dynamics of shifting saliences: Experiments for microfoundations**

*Siegwart Lindenberg (University of Groningen, Tilburg University)*

It has been a considerable progress to see norms not just as constraints but also as linked to social preferences. However, the next move has also already been set in motion: concern for shifting saliences of norms. This work is vitally important for understanding the workings of institutions in general, and it is gaining prominence. Yet it is still in need of microfoundations. In this contribution, I argue that a good way to drive theory formation on shifting saliences forward are combinations of field and lab experiments. I will discuss a number of such experiments that test various aspects of goal-framing theory applied to norm-guided behavior.

**The problem of solidarity in insurgent collective action: The Nore Mutiny of 1797**

*Michael Hechter (Arizona State University, University of Copenhagen) & Katie Corcoran*

How do insurgents engaged in high-risk collective action maintain solidarity when faced with increasing costs and dangers? Based on a combination of process-tracing through qualitative evidence and an event-history analysis of a unique dataset assembled from naval archives concerning a mass mutiny in the Royal Navy in 1797, this paper explains why insurgent solidarity varied among the ships participating in the mutiny. Maintaining solidarity was the key problem that the organizers of the mutiny faced in confronting government repression and inducements for ships’ companies to defect. Solidarity, proxied here as the duration of a ship’s company’s adherence to the mutiny, relied on techniques used by the mutiny leadership that increased dependence and imposed control over rank-and-file seamen. In partic-
ular, mutiny leaders monitored and sanctioned compliance and exploited informational asymmetries to persuade seamen to stand by the insurgency, even as prospects for its success faded.

**The Spillover Effect of Institutions on Cooperative Norms, Preferences, and Beliefs**

*Florian Engl, Arno Riedl, Roberto Weber (University of Zurich)*

Institutions are an important means for fostering prosocial behaviors. For example, sanctioning institutions have been shown to be effective for supporting high levels of cooperation in social dilemmas. Moreover, institutions may directly shape individuals’ preferences and beliefs. In many contexts, however, institutions are limited in scope and can govern prosocial behavior only in some domains. In other domains, society must rely on voluntary prosocial behavior of individuals. We use a laboratory experiment to study how the presence and nature of an institution that enforces prosocial behavior in one domain affect the behavior in other domains, beyond the reach of the institution. In addition, we study if and how the presence of an institution alters prosocial preferences and beliefs about others’ behavior. Groups play two identical public good games, with one game potentially governed by an institution enforcing cooperation. We vary whether the institution is absent, imposed exogenously, or arises endogenously through voting by group members. We find that the presence of an institution in one game generally enhances cooperation in the other game. However, cooperation boosted by an exogenously imposed institution nevertheless decays over time, while the endogenously determined institution leads to stable spillover effects on voluntary cooperation levels. We also find that the presence of an institution strengthens beliefs about others’ prosocial behavior and enhances prosocial preferences even towards strangers.

**Rationalizing cooperation: Preferences, beliefs, and mechanisms**

*Ryan Murphy (ETH Zurich)*

There is clear evidence establishing that a substantial proportion of people cooperate in social dilemmas, even if the interaction is one-shot and completely anonymous. We consider two major endogenous factors that are known to affect cooperative decisions, and in so doing replicate and extend previous empirical research on public goods problems in several important ways. First, we measure social preferences using a relatively new and well validated method that yields results that are both more highly resolved and reliable than with other measures. Concurrently, we elicit beliefs on the individual level using multiple methods, and repeatedly during the experiment. With this rich set of individual level variables, we can make predictions of people’s choices in both one-shot and repeated social dilemma interactions. We show that when heterogeneity in people’s tastes and beliefs is taken into consideration, more than 50% of the variance in individual choices can be accounted for by using a simple statistical model. This approach extends rational choice modeling by accounting for behavioral variation in tastes and expectations, and builds towards understanding under what conditions people are willing to cooperate.
Encouraging norm conforming behaviour

*Linda Steg (University of Groningen)*

Norm conforming behaviour often implies that individuals need to sacrifice individual benefits to protect the common good. I argue that people are not only motivated to engage in such behaviour to gain social approval or to avoid social sanctions, but also because they care about the common good, and acting appropriately makes them feel good. This is important, as it implies that people are also motivated to act appropriately when social sanction probability is low, because they are intrinsically motivated to do so. I will propose that self-transcendence values are a stable source for sustained norm conforming behaviour, and discuss the processes through which values promote such behaviour. Also, I will discuss conditions that increase the likelihood that people act upon their self-transcendence values and act appropriately, even when such actions are somewhat costly.

Frustration and anger in games

*Martin Dufwenberg (Bocconi University), Pierpaolo Battigalli & Alec Smith*

Frustration, anger, and aggression have important consequences for economic and social behavior, concerning for example monopoly pricing, contracting, bargaining, traffic safety, violence, and politics. Drawing on insights from psychology, we develop a formal approach to exploring how frustration and anger, via blame and aggression, shape interaction and outcomes in economic settings.

The jurisdiction of the man within

*Christoph Engel (Max Planck Institute for Research on Collective Goods, Bonn)*

In the behavioral community, it is a truism that many individuals are not plain selfish. It is much less clear, though, why and in which ways they deviate from the assumptions made in economic textbooks, and how those designing or administering institutions can capitalize on this resource. The series of three experiments on which I report in this lecture starts off from Adam Smith. In his “Theory of Moral Sentiment” he claims the ultimate jurisdiction is by “the man within”. In modern parlance, one might translate this into the claim: self-image is more important (even) than social image. The first experiment (joint with Michael Kurschilgen) investigates the anatomy of this claim. In a linear public good, participants are induced to elaborate first order beliefs, second order beliefs, the normative ideal, or the normative minimum. It turns out that the latter is the most powerful. Goals are less ambitious, but much better obeyed. The second experiment (also joint with Michael Kurschilgen) adds a fifth option: participants are first asked whether they believe there exists a norm. If they answer in the affirmative, they are further asked to elaborate what this norm asks them to do. This manipulation has a much stronger effect, which we interpret as a commitment effect. We cross this with a legal framing. In the absence of sanctions, the frame is pointless, but it works better if combined with a sanction. We infer: if a sanction is embedded into a legal context, it is perceived to be more legitimate. In the third experiment (joint with Theodore Eisenberg) we unpack legal intervention into negligent behavior (operationalized as a socially undesirable activity level). Intrinsic morality does not have a significant effect. But behavior already moves into the socially desired direction if only the conflict between individual and social rationality is made patent. The effect becomes stronger if individuals are expressly blamed for overstepping the normative line. Adding a sanction has yet an additional effect (but behavior does still not reach the social optimum).
Punitive preferences, monetary incentives and tacit coordination in the punishment of defectors promote cooperation in humans

Wojtek Przepiorka (Utrecht University) & Andreas Diekmann

Peer-punishment is effective in promoting cooperation, but the costs associated with punishing defectors often exceed the benefits for the group. It has been argued that centralized punishment institutions can overcome the detrimental effects of peer-punishment. However, this argument presupposes the existence of a legitimate authority and leaves an unresolved gap in the transition from peer-punishment to centralized punishment. Here we show that the origins of centralized punishment could lie in individuals’ distinct ability to punish defectors. In our laboratory experiment, we vary the structure of the punishment situation to disentangle the effects of punitive preferences, monetary incentives, and individual punishment costs on the punishment of defectors. We find that actors tacitly coordinate on the strongest group member to punish defectors, even if the strongest individual incurs a net loss from punishment. Such coordination leads to a more effective and more efficient provision of a cooperative environment than we observe in groups of all equals. Our results show that even an arbitrary assignment of an individual to a focal position in the social hierarchy can trigger the endogenous emergence of more centralized forms of punishment.

Parliamentary norms: Tool of the party group leaders?

Stefanie Bailer (ETH Zurich)

Parliamentary norms facilitate the smooth functioning of party groups and can be crucial for the adoption of laws and the survival of governments in legislative votes. Such norms concern crucial rules indicating not to vote against the party line without giving notice and rather behavioural rules such as not to disclose internal party group discussions to the public. Previous studies on legislative norms have stated that established legislative norms exist; but there is little knowledge which role the party group leadership plays. Party group leaders have a strong interest in developing legislative norms since they facilitate ensuring voting unity. It is in their interest to consciously establish rules to foster the coordinated behaviour of their party group members. In this study I demonstrate that parliamentary norms can be influenced by party group leaders who wish to professionalize their parties and make them more powerful. Using data from a survey of parliamentarians from five parliaments (United Kingdom, the Netherlands, Germany, Switzerland, European Parliament) as well as 80 elite interviews with group leaders and experts, I analyse with a multi-level analysis whether legislative norms are due to party group leader pressure. I find that the rather weak form of voting recommendations and the very effective control of influencing the nomination procedure contribute to a better functioning of party groups while direct disciplinary measures in the form of threats and punishments do not seem to have this impact.

Cooperation, social norms, conflict and revolutions in multi-population games

Dirk Helbing (ETH Zurich)

What are the principles that keep our society together? The social challenges of humanity in the 21st century ranging from the financial crises to the impacts of globalization, require us to make fast progress in our understanding of “the evolution of society”, and how our future can be managed in a resilient and sustainable way. Based on simple evolutionary models of social interactions, one can gain surprising insights into the social, macro-level outcomes and dynamics resulting from individual micro-level inter-
actions. The consideration of randomness, spatial or network interdependencies, and nonlinear feedback effects turns out to be crucial to get fundamental insights into how social patterns and dynamics emerge. Depending on the nature of these interactions, they may imply the spontaneous formation of social conventions and social cooperation, but also their sudden breakdown. Applying state-of-the-art modelling enables to capture complex interaction dynamics at the macro-level and shows that increasingly complex forms of cooperation form an important driver of the evolution of society.
3.3 Parallel Sessions - Tuesday Morning 09:00-10:20

Stream I - Auditorium

Promises and social distance in buyer-determined procurement auctions: A test with laboratory and field data

Jeannette Brosig-Koch & Timo Heinrich (University of Duisburg-Essen)

This study explores the effects of communication and its interaction with reputation information. Our focus is on buyer-determined procurement auctions with moral hazard in which buyers can select a bidder based on prices and all other information available. The results of our controlled laboratory experiment demonstrate that – in contrast to reputation information – communication only slightly increases market efficiency. If reputation information is available, communication has no additional efficiency effect. Buyers’ choice of a bidder is influenced by both, reputation information and the content of communication. Specifically, buyers prefer bidders with a good reputation and bidders who promise them a specific profit. If this kind of promise is infeasible – as it is often the case in real auctions, buyers prefer bidders whose arguments reduce social distance. Unspecific promises have no significant effect. Using a unique set of field data, we compare observed buyer choices with those in the field and find a choice pattern that is consistent with our lab data. High reputation bidders and bidders reducing social distance by initiating communication through additional channels are more likely to be selected as auction winners.

Normative conflict and cooperation: A social-dilemma experiment

Lata Gangadharan, Nikos Nikiforakis (New York University Abu Dhabi) & and Marie Claire Villeval

This paper provides evidence that the free-rider problem is harder to overcome when individuals derive heterogeneous benefits from cooperation. In such instances, in addition to the tension between private and public interest, individuals also have to resolve the normative conflict that arises from the co-existence of different, equally appealing normative rules. We utilize a public good experiment in which group members derive different returns from a public good. The heterogeneity implies that equal contributions by group members imply highly unequal earnings, and vice versa. Individuals can reward other group members not only to alleviate the tension between private and public interest, but also to resolve normative conflict. Our main result is that, in contrast to homogeneous groups that cooperate fully, heterogeneous groups fail to reach the socially optimal outcome even if communication between group members is permitted. The reason is that individuals are more concerned about equalizing the distribution of rewards across group members and do not use rewards as a means of eliminating earning inequalities and alleviating normative conflict.

The structure of negotiations: Incomplete agreements and the focusing effect

Andrea Canidio & Heiko Karle (ETH Zurich)

We study the use of incomplete agreements in a deterministic environment. If preferences are distorted by the focusing effect, the negotiating players may negotiate in stages: first signing an incomplete agreement and then finalizing the outcome of the negotiation. The first bargaining stage can be used to eliminate extreme outcomes from the possible bargaining solutions, hence increasing the value of the agreement of the players whose preferences are distorted by the focusing effect. Our framework justifies
the existence of a number of pre-bargaining actions. For example, a seller may enter the negotiation over the sale of a good having already announced a maximum price. Similarly, a seller may prefer to produce a good and later bargain over the price of the good (i.e. may prefer to held up), rather than simultaneously bargain over price and quality.

Stream II - Balint

Leadership in abandoning harmful social norms

Jan Willem Lindemans, Ting Jiang, Gari Walkowitz, Sebastiano Bavetta & Cristina Bicherri (University of Pennsylvania)

Communities profit not only from the presence of beneficial norms, like reciprocation and trustworthiness norms (e.g., Bicchieri, Xiao, & Muldoon, 2011), but also from the absence of harmful norms, like drinking norms (e.g., Perkins & Berkowitz, 1986) or norms on female circumcision (e.g., Mackie, 1996). Rather than experiment on norm creation (e.g., Gürerk, Irlenbusch, & Rockenbach, 2006), we designed an experiment on norm abandonment and its determinants. In our experiment, subjects form small communities; they start out with a beneficial social norm, but this norm gradually becomes harmful. We observe (1) whether communities succeed in abandoning the norm when it becomes harmful and (2) who takes the lead in abandoning the norm. We also measure subjects’ level of autonomy and some other individual differences in order to assess which characteristics predict leadership and help communities to abandon harmful norms.

Leadership and incentives in teams

Michalis Drouvelis (University of Birmingham), Daniele Nosenzo & Martin Sefton

In team production environments incentives to free ride provide well-known impediments to efficiency. If the benefits of a team member’s efforts are shared with the rest of the team this introduces an externality that in theory, if decisions are guided by a comparison of private costs and benefits, will result in excessive shirking and welfare loss (Holmstrom, 1982). In this paper we present experiments examining the potential to overcome the free-riding problem in teams by allowing a leader the authority to distribute the proceeds of team production.

In theory a leader can induce efficient team production by compensating team members appropriately for the costs they incur from their productive efforts, and furthermore she has an incentive to do so as efficient team production will increase her residual claim. Such a solution to the free-riding problem may, however, be vulnerable to other sorts of incentive problems. Most obviously, a selfish leader has an incentive to appropriate all the team output for herself. Thus, in the absence of a mechanism to commit to a given incentive scheme, effective leadership may require leaders who are willing to eschew their short-term interests.

Our first study examines this dilemma in a standard team production setting. In a baseline “No Leader” treatment four workers simultaneously choose how much effort to supply. Supplying effort is costly, and each unit of effort costs the provider 30 points. The resulting benefit to the team is 60 points which are shared equally among team members. With these parameters maximisation of team earnings requires that team members supply maximal effort while standard theory, based on the assumption that individuals maximize own-earnings, predicts team members will supply zero effort. As is observed in many other experiments with a similar structure efforts are substantially below efficient levels and decrease with repetition (e.g. Nalbantian and Schotter, 1997). In our “Leader” treatment another player
is introduced who, after observing individual worker efforts, distributes team output. We find leaders are willing to reward workers: on average they give 46 points for each unit of effort. This results in a substantial increase in effort and earnings. Thus, we find that leadership is successful in promoting efficiency.

Successful leadership may be more challenging when, as in many natural team settings, workers vary in their productivity. In such a setting what constitutes “compensating team members appropriately” may not be straightforward, especially if workers care about more than narrow self-interest. If workers are concerned about equity and fairness it may be difficult to provide the correct incentives, particularly if there are competing notions of fairness. Thus, we also study asymmetric treatments where low productivity workers generate 40 points per unit of effort and high productivity workers generate 80 points per unit of effort. Again, we find that leadership successfully overcomes the free-riding problem. Interestingly, leaders do not give higher rewards per unit of effort to high productivity workers. Instead, roughly speaking, leaders offer workers their effort cost plus a 10-20 point mark-up.

A feature of this initial study is that leadership is exogenously imposed on a team. In practice authority is often not absolute, but instead is granted. Thus, in a follow-up study we examine a setting where team members repeatedly decide on the leader’s power through a voting mechanism. Team members can decide what proportion of team output will be shared equally and what proportion will be left to the leader’s discretion.

This could represent a further obstacle to successful leadership. Even if a leader would be willing and able to compensate workers, team members may not vote for leadership because they fail to anticipate the leader’s behaviour or because they prefer to retain some control over part of their earnings from providing effort. On the other hand, the voting mechanism may facilitate successful leadership, since it gives team members an opportunity to punish leaders who abuse their power, and so it may be a useful mechanism for disciplining leaders. We find that, as in our initial study, team production and earnings are higher when leaders are given more power. However, team members delegate too little power to leaders and so potential gains from leadership are not realized.

Taken together, the results of our experiments show that leaders are able to constrain their opportunistic interests in order to induce effort. By giving workers at least 30 points per unit of effort it pays workers to work and this generates rents for leaders. This seems well-understood by both leaders and workers. However, team members are not willing to give leaders power to distribute all the proceeds of team production. In part, this may reflect weak incentives to delegate. Team members can do better than the selfish prediction from revenue sharing, and given this the leaders’ rewarding strategies do not make leadership much more attractive. However, even in groups with generous leaders and strong material interests to delegate team members prefer to keep some of the team production out of the leader’s control. This may reflect a non-pecuniary benefit from partially controlling incentives, similar to the desire to retain authority seen in other studies of principal-agent relationships (e.g Fehr et al, 2013).

Do leaders affect ethical conduct?

Giovanna d’Adda (Politecnico di Milano), Donja Darai, Roberto A. Weber

We study whether leaders influence the unethical conduct of followers. To avoid selection issues present in natural environments, we use a laboratory experiment in which we form groups and assign leadership roles at random. We study an environment in which groups compete, with dishonest behavior enhancing group earnings to the detriment of social welfare. We vary, by treatment, two instruments through which leaders can influence follower conduct – prominent statements to the group and the allocation of monetary incentives. In general, the presence of active group leaders gives rise to significantly more dishonest behavior. Moreover, appointing leaders who are likely to have acted dishonestly in a preliminary
stage of the experiment yields groups with significantly more unethical conduct. Analysis of leaders’ strategies reveals that both leaders’ statements and their distribution of financial rewards affect follower behavior, but that leaders’ primarily employ statements to encourage unethical conduct.
Holier than thou? Testing models of social information in charitable giving using a natural field experiment

James Andreoni, Matt Goldman & Marta Maras (Bocconi University)

We study a six-year fundraising campaign by a Catholic parish to build a new church. Every Sunday, the priest announced donations, names, and addresses of donors, with surprise changes in the presentation of this social information. This unique data allows tests of hypotheses on how social information affects giving. We examine “fitting in” (neighborhood effects, norm conformance), and “standing out” (social-image, information signaling, conspicuous giving). Early in the campaign, we observe significant fitting-in. Over six years, however, the dominant effect of social information is to encourage standing-out. Moreover, information affects how social comparisons are formed, sometimes with unintended consequences.

Social norm enforcement in the city and the train. Evidence from (quasi-)experimental field studies

Joël Berger (ETH Zurich), Wojtek Przepiorka & Debra Hevenstone

While norm enforcement in repeated, non-anonymous interactions has been widely studied, research on the prevalence and nature of norm enforcement in anonymous one-shot interactions is still rare. In laboratory experiments, people are willing to negatively sanction norm violations at a cost to themselves – a behavioral tendency called ‘altruistic punishment’. However, the degree to which these findings can be generalized to social interactions outside of the lab is still debated. Only a small number of field experiments have been conducted and initial results suggest that punishment is less frequent outside of than in the lab. In a series of (quasi-)experimental field studies conducted in the city (New York, Zurich, Bern) and in the train (between Zurich, Bern and Basel), we systematically violated the anti-littering norm and the silence norm, respectively. Findings indicate that both norms are universally enforced, but the anti-littering norm to a substantially lower degree than the silence norm. Moreover, norm enforcement is significantly more common in Switzerland than in New York. We also find that individuals’ propensity to enforce a social norm is sensitive to the costs of and benefits from doing so. For instance, individuals prefer more subtle forms of enforcement to direct punishment, likely because the former reduce the risk of retaliation.

Cooperation, rewards, and sanctions in a social dilemma: Experimental evidence from Kamchatka, Russia

Lance Howe (University of Alaska Anchorage), James Murphy & Olga Stoddard

In the absence of a commitment device, such as explicit or third party punishment, theory predicts low levels of cooperation in a social dilemma. Ethnographic studies, however, suggest that in some small-scale societies costly punishment is infrequently used to facilitate cooperation in a harvesting, hunting, or other productive activities where cooperation is often quite high. In this paper we present data from a field experiment designed to test the effectiveness of costly punishment compared to a more
subtle means of punishment – withholding sharing from someone in need – to sustain cooperation in a risky social dilemma. Field experiments were conducted in remote Kamchatka among Russian and indigenous Koryak people, who share strong subsistence harvesting and sharing norms. In the experiment we find that subjects rarely use explicit punishment and the possibility for explicit punishment doesn’t improve cooperation over a baseline social dilemma. On the other hand, voluntary sharing is common, with and without the possibility of explicit punishment, and subjects are more likely to withhold sharing from needy selfish players compared to needy cooperative subjects. Sharing with needy players reduces the variance of earnings, consistent with a model of imperfect consumption smoothing.

**Social norms and polarisation: A cognitive model**

*Gordon D. A. Brown (University of Warwick), Stephan Lewandowsky & Zhihong Huang*

A cognitive psychological model of social norms and social influence is described. Individuals’ private attitudes, and social norms, are assumed to be represented as distributions rather than single points. Individuals located within a social network observe the behavior of their network neighbors and hence infer the social distribution of particular attitudes and behaviors. Agents dislike behaving in ways that are extreme within their neighborhood social norm (“social extremeness aversion”), and hence have a tendency to conform. However agents also prefer to behave consistently with their own underlying attitudes (“authenticity preference”). Expressed attitudes and behavior reflect a utility-maximizing compromise between these opposing principles. The model, which is dubbed Social Sampling Theory, derives from cognitive models of judgment and is explored using agent-based modeling to link individual-level and network-level effects. The model is applied to social norm influence and a number of other social phenomena including (a) homophily and the development of segregated neighborhoods, (b) polarization, (c) certainty and confidence effects on social conformity, (d) pluralistic ignorance and false consensus effects, (e) backfire effects, and (f) the opposing effects on subjective wellbeing of authentic behavior and high levels of social comparison.

**Social norms and identity dependent preferences**

*Daphne Chang, Roy Chen & Erin Krupka (University of Michigan)*

Social identity describes the part of an individual’s sense of self that is derived from their perceived association with a social group. A key mechanism for social identity driven choice stems from the normative prescriptions associated with the identity. While social identity models have given rise to a rich set of empirical work, up until this point the norms associated with different social identities have largely been assumed. In this work we conduct an experiment on Amazon Mechanical Turk (MTurk) using a 2 (identity prime) × 2 (frame) × 2 (choice or norms) experimental design. This design separately and directly elicits an empirical measure of the identity dependent norms and combines this with data from the choice experiments. We show that norms differ across situations and that identity-consistent norms predict behavior better than identity-inconsistent norms. We also estimate the willingness to trade off between payoffs and compliance with identity based norms. By doing so we provide direct evidence of the norms mechanism in social identity driven choice.
Revealed norm obedience

*Andreas Tutić (University of Leipzig)*

We study a rational decision maker who obeys social norms. In our setup norms prescribe choices in some decision problems. The decision maker obeys norms in situations to which they apply and otherwise maximizes her preference relation. We characterize the class of choice functions that can be explained by this decision procedure, relate this procedure to other decision procedures in the literature, and engage in welfare considerations.

Individual norm-enforcement patterns

*Felix Albrecht (University of Marburg), Sebastian Kube & Christian Traxler*

This paper studies norm-enforcement patterns in a one-shot and repeated public goods game. Building upon a novel strategy-method approach at the sanctioning stage of the game, we classify individual norm-enforcement patterns. We find that almost 40% of the subjects never engage in costly norm-enforcement. Among those who sanction, the vast majority clearly sanctions individuals that violate the contribution norm. Employing a within-subject design, we compare these norm-enforcement patterns with conditional contribution patterns. This allows us to analyze two-dimensional type classifications. Our data indicate high frequencies of ‘consistent’ types: conditional cooperators that punish pro-socially as well as free-riders that never punish. However, the analysis also reveals a non-negligible share of free-riders that punish and conditional cooperators that do not engage in punishment. Incorporating both, an individual’s cooperation and norm-enforcement type, into the regression modelling greatly improves the explanatory power of applied models on repeated public goods game data. Finally, using self-reported questionnaire data we check for links between these types and other character traits and attitudes, in particular subject’s risk preferences, trust, altruism and attitudes on norm enforcement.
Cultural origins of cooperation

Jonathan Schulz (University of Nottingham), Simon Gächter and Christian Thöni

Cooperation is an important factor for the well-functioning of societies. In this study, we present cross-societal evidence on cooperation in anonymous Public Good games (PG) with and without punishment. Evidence from 42 societies around the world demonstrates a robust link between the cooperation of strangers in the PG and cultural measures of individualism: in individualistic societies, where people frequently interact with strangers and family ties are weak, initial cooperation in the PG without punishment is higher but cooperation is also more conditional on others previous contributions. Further, they react stronger to the exogenous introduction of the punishment option leading to considerably higher cooperation rates in the PG with punishment. Using a linguistic variable on pronoun drop as an instrument for the cultural measures of individualism points to a causal effect of individualism on cooperation - with the cultural differences in individualism rooted in a society’s long-term history.

Aligning to trust, patience, and expectations? Behavioral determinants of value chain governance in the Swiss wood sector

Christian Kimmich (Swiss Federal Research Institute WSL) & Urs Fischbacher

Based on the assumptions of opportunism, bounded rationality, and transaction properties, new institutional economics aims to explain the modes of governance in industrial organization. Yet, we can frequently observe co-existing modes within industries. Governance may also align to economic behavior. We test whether variations in behavior can explain variations and co-existence in governance when transaction properties of a given industry are homogenous. Specifically, we elicit time preference and price expectations and conduct trust experiments between different value chain partners in the Swiss wood sector. We find that time preference, as a proxy for the willingness to process information, price expectations, as well as trust, play a crucial role in determining value chain choice. Thus, the integration of behavioral economics approaches in institutional economics can add explanatory power to understand the alignment of governance in a given industry.

Social norms or income taxation: What drives a couple’s labor supply? Experimental evidence

Melanie Schröder & Norma Schmitt (DIW Berlin)

In this paper, we extend the empirical literature on the determinants of a couple’s labor supply within a framed field experimental setting under a twofold strategy: On the one hand, we focus on the effect of individual and joint income taxation systems on labor supply. On the other hand, we focus on a factor that is beyond purely economic incentives: the social norm of a male breadwinner. Our experimental design allowed us to create a situation where constraints and thus problems of endogeneity are almost exclusively absent. For this to achieve, we applied a real effort experiment where the exogenous variation does not only contain the tax system that directly influences monetary incentives, but also the assignment of intra-couple roles of primary and secondary earners. 58 established cohabiting and married couples (116 participants) performed under a piece rate payment on real effort tasks within a given
time and with work effort serving as our proxy for labor supply. We find evidence for the joint taxation system having a negative impact on work, which is limited to men who were assigned the secondary earner role. Furthermore, it turns out that the ‘institution of marriage’ reproduces the norm of a male breadwinner regardless of the intra-couple role given in the experiment.

**Stream II - Balint**

**Could climate change liability help to strike a climate agreement? An economic experiment**

*Elisabeth Gsottbauer (University of Osnabrueck), Robert Gampfer, Elizabeth Bernold, Anna-Mateja Delas*

Limited progress at the 2014 climate negotiations has again highlighted the manifold factors complicating international climate cooperation. One consists in international vulnerability differences reflected in the projected rise of loss and damage (L&D) from climate change. Whereas the Warsaw Mechanism focuses on knowledge, coordination, and capacity building, the issue will become more contentious with developing countries starting to push ideas for climate damage liability, which developed countries will vehemently oppose. However, rather than triggering endless compensation claims disputes, a liability mechanism could actually serve as a commitment and reciprocity device, increasing global policy ambition. We ran two experiments based on standard Prisoner’s Dilemma games testing effects of legal liability rules on cooperation for climate policy investment decisions of two players that differ in wealth and vulnerability. Our results show that liability rules imposing precaution responsibility on both parties increase cooperation significantly, minimizing occurrence of L&D in the first place. Liability rules could thus not only help to address future losses, but also to drive global mitigation and adaptation ambition. Instead of trying to stifle debate on L&D, negotiators in the run-up towards Paris 2015 should therefore address the issue head-on.

**Is consuming fair trade a matter of principle or social pressure? Explaining the influence of social and personal norms on the consumption of fair trade products**

*Jörg Rössel and Patrick Schenk (Universisty of Zurich)*

In the last two decades, the Fair Trade (FT) movement has received growing attention in the public as well as the scholarly debate. Fair Trade seeks to change institutions of international trade in order to alleviate poverty in the Global South. To implement this institutional change, the FT movement does not rely on top-down political action. The main idea is to induce social change based on individual consumer choices in the market place. One important aspect of fair trade consumption is the fact, that such goods are usually more expensive than conventional products of similar quality. Thus consumers incur an extra cost for supporting people in the Global South, therefore fair trade consumption is a form of altruistic behavior. In order to understand this new form of political action for institutional change, it is therefore vital to understand why consumers choose FT products. Prior research has clearly established that neither monetary restrictions nor attitudes are sufficient to explain this type of consumer behavior (Sunderer/Rössel 2012; Shaw et al. 2000). It clearly emerged that FT consumption is strongly guided by norms. However, up to this point it is not clear whether social or personal norms are the primary driver of FT consumption. Furthermore, little is known about the specific mechanisms of the influence of social or personal norms on FT consumption (Anderfer/Liebe 2013; Ozcaglat-Toulouse et al. 2006, Sunderer 2010). Do social or personal norms foster FT consumption equally? Is the effect of social norms mediated by personal norms? Are social norms of equal importance as personal norms for all...
types of consumers? Is the relative effect of personal or social norms dependent on the situation? In our contribution we want to address these questions. We start by integrating personal and social norms into a wide rational choice theory of FT consumption. This model enables us to derive specific hypotheses about the influence of social and personal norms on FT consumption. Firstly, we hypothesize that the social norm and the personal norm have a positive total effect on FT consumption. These total effects are expected to be larger than the effects of attitudes or the evaluation of consequences (SEU). Secondly, we expect that the influence of the social norm is (partially) mediated by the personal norm. Thirdly, we test whether the effect of the social or personal norm is larger if the cost difference (in terms of monetary and search costs) of the alternatives is low (Low-Cost Hypothesis). In order to test these hypotheses, we use data from a random sample of inhabitants of Zurich (Switzerland). This research thus contributes to arriving at a better understanding of the influence of social and personal norms for Fair Trade consumption – an important contemporary practice for institutional change.

Do donors care? The importance of aid effectiveness to private charitable giving. A laboratory experiment

Laura Metzger & Isabel Günther (ETH Zurich)

The question if private donors care about aid effectiveness when they donate to an international charity has received comparatively little attention in the literature on private charitable giving as well as in development microeconomics. This discussion is important, because it is not selfevident that international charities effectively improve the welfare of their beneficiaries. Since a considerable share of foreign aid stems from private sources, individual donors can have an important influence on increasing social welfare by directing their funds towards more effective organizations. However, aid effectiveness still plays a relatively limited role in the information that charities and charity evaluators communicate to private donors in order to raise funds and guide donation decisions. Against this background, we conducted a laboratory experiment to find out if private donors care about the impact of their donation to an international charity, and how much they care about aid effectiveness compared to other information that is provided to them. The participants in our experiment were split in three large groups and randomly assigned to three different types of information: namely, information about aid effectiveness, administrations costs and the recipient type benefiting from a donation. Moreover, a share of the participants in each “information type” group could buy additional information about the exact use of their donation against a small fee. Our main results are the following. First, the propensity to acquire additional information varied significantly with the information type: it was lowest in the group receiving information about aid effectiveness, and highest in the group receiving information about the recipient type. Second, donation behavior was not significantly affected by differences in aid effectiveness, but was significantly affected by differences in administration costs, and recipient types. Participants in the administrations costs group used the additional information to “punish” the less preferred NGO by decreasing their transfers to zero. Participants in the recipient type group used the additional information to “reward” the preferred recipient type with higher-than-average transfers.
Guilt aversion in the Volunteer’s Dilemma

Guillaume de Longuemar (Institut Jean Nicod) & Sacha Bourgeois-Gironde

Social psychology and experimental game-theory have documented the very low average of contributions in the Volunteer’s Dilemma (eg: McKelvey & Palfrey, an experimental examination of the Volunteer’s Dilemma). Nevertheless we want to tackle the question of what can motivate a bystander to break his state of apathy and volunteer. We hypothesize that the anticipation of guilt, that emerges from the outcome where nobody has volunteered, might constitute such a motive. We study an experimental version of the Dilemma, repeated 20 times, where one or more than one volunteer are needed to obtain the realization of the public good. This particular design of the Volunteer’s Dilemma makes it comparable to studies of repeated step-level public good games like that of Rapoport (1989). In order to test the hypothesis that guilt aversion might underpin volunteering, we introduce a unique condition of a “guaranteed volunteer”, in which a supplementary player volunteers no matter what, leaving the decision situation for the rest of the players unchanged, as, again, one or more among them still have to volunteer for the public good to be realized. By eliciting first-order beliefs of players (including the “external guaranteed volunteer” about how many players will volunteer and second-order beliefs of “internal players” about what was the first-order belief of the “external guaranteed volunteer” we put ourselves in a position to apply Battigali and Dufwenberg (2006) model of guilt aversion to our modified VoD.
Equal but diverse or unequal but unified? Effects of diversity and inequality on cooperation

Ozan Aksoy (University of Oxford)

The paper investigates the influence of two dimensions of heterogeneity: heterogeneity with respect to resources ("inequality") and heterogeneity with respect to social identity ("diversity") on cooperation. There is ample research on the link between diversity and cooperation as well as between inequality and cooperation. However, it is unclear whether and how diversity and inequality interact and, if any, how such an interaction may influence cooperation. Few observational studies that investigate the simultaneous influence of diversity and inequality on cooperation suggest a complex story: it seems that diversity hampers cohesion but especially if it couples with inequality (e.g., Sturgis et al. 2011). On the other hand, inequality per se may serve as a different form of social identity (e.g., "class consciousness") and it is unclear whether another cross cutting social identity, e.g., ethnicity mitigates or accentuates the class boundaries.

The paper presents an experimental design to understand the effects of diversity, inequality, and the interaction of the two on cooperation. The experiment carefully manipulates diversity and inequality and the overlap between the two. In the first step, the experiment induces diversity using the minimal group paradigm (Tajfel & Turner 1986) by dividing subjects into two groups, A and B. Afterwards subjects play a series of Prisoner's Dilemma Games with in- and out-group members. In the second step, inequality is induced: subjects receive a real effort task and depending on their and other subjects’ performances subjects are classified as advantaged or disadvantaged. The experiment manipulates the overlap between diversity and inequality with two treatments: in the horizontal inequality treatment, depending on the overall success of the two groups in the real effort task, either all members of group A or all members of group B are advantaged, the members of the other group are disadvantaged. In the vertical inequality treatment half of the members of group A and half of the members of group B are classified as advantaged, the remaining halves as disadvantaged. After inducement of inequality, depending on the experimental treatment, subjects play another series of Asymmetric Prisoner’s Dilemma Games with advantaged in-group, disadvantaged in-group, advantaged out-group and disadvantaged out-group. In the Asymmetric Prisoner’s Dilemma, advantaged subjects earn twice as much as disadvantaged players. The experiment also includes a control treatment which does not induce diversity, but induces inequality with a within-subjects design.

The experiment tests the predictions derived from a simple game-theoretic model which builds on Aksoy & Weesie (2013) and Aksoy (2015). This model defines and formalizes the micro mechanisms that link diversity, inequality, and cooperation. It explains cooperation via social preferences and beliefs by clearly distinguishing the payoff effects of inequality from the social identity aspects of inequality.

Institution formation and cooperation with heterogeneous agents

Sebastian Kube, Sebastian Schaube (University of Bonn), Hannah Schildberg-Hörisch & Elina Khachatryan

Driven by an ever-growing number of studies that explore the effectiveness of institutional mechanisms meant to mitigate cooperation problems, recent years have seen an increasing interest in the endogenous implementation of these institutions. In this paper, we test within a unified framework how the process of institution formation is affected by three key aspects of natural environments: i) heterogeneity among
players in the benefits of cooperation, ii) (a) symmetry in players’ institutional obligations, and iii) potential trade-offs between efficiency and equality in payoff allocations. We observe social preferences to be limiting the scope for institution formation. Inequality-averse players frequently object to institutions that fail to address differences in players’ benefits from cooperation – even if rejecting the institution causes monetary losses to all players. Relating our findings to previous studies on institution formation, we discuss potential advantages and drawbacks of stipulating unanimous support for implementing institutions that foster cooperation.

Stream II - Balint

Norms, frames and prosocial behavior in games

Erik O. Kimbrough, Joshua Miller & Alexander Vostroknutov (Maastricht University)

We develop a unifying framework to understand the sensitivity of prosocial behavior to variation in context in games. We argue that individuals are motivated not only by material payoffs but also by how closely their actions correspond to social norms. In extensive form games with observable actions, we derive the implications of norm-dependent utility – which depends on material payoffs, social appropriateness of actions in the game (i.e. norms), and a single parameter measuring sensitivity to norms. We demonstrate how all the ingredients of the utility function can be measured from behavioral data using specifically designed tasks. We argue that norms vary with context and that this can account for observed behavioral heterogeneity across payoff-equivalent frames of a game. We report the results of experiments aimed at manipulating norms and thereby behavior. In three variants of the dictator game we replicate previous findings that heterogeneity in individual norm sensitivity accounts for heterogeneity in dictator giving, though our manipulation does not directly influence norms. In two variants of the Ultimatum game, we demonstrate that our utility specification explains otherwise incomprehensible differences in strategic choices of the Proposers that result from experimentally induced changes in norms of Responder behavior.

Norm compliance in the presence of peers

Simon Gächter, Leonie Gerhards & Daniele Nosenzo (University of Nottingham)

Several studies have shown that behaviour and outcomes in dictator game experiments are very sensitive to minimal variations in the choice environment. Such contextual effects have been explained using a norm-compliance framework, whereby individuals have a preference to conform to what is collectively perceived as "socially appropriate" behaviour (Krupka and Weber, 2013). Within this framework, variations in the decision context may affect what is perceived as appropriate or inappropriate behaviour, and thus influence the choices of norm-compliant individuals.

In this paper we extend the study of norm compliance in dictator games to a setting where dictators receive information about the behaviour of other dictators who face a similar decision situation as themselves. Information about peer behaviour is typically available in many natural social situations, and previous experiments have shown that it can systematically influence subjects’ behaviour (e.g., Bicchieri and Xiao, 2009; Krupka and Weber, 2009). However, the extent to which these peer effects can be accommodated within a norm-compliance framework is less clear (Gächter, Nosenzo and Sefton, 2013).

We elicit norms and behaviour in two versions of a three-person sequential dictator game, where we vary whether the action required to implement a given payoff allocation involves giving or taking money to/from the recipient. We find that the behaviour of peers has a systematic influence on the perception
of what constitutes appropriate behaviour. Interestingly, the strength of this peer effect on norms varies across our two decision environments. The norm that governs behaviour in our Give treatment is much more malleable to peers’ influence than the norm in the Take treatment. Observing that others are ungenerous makes scant donations more acceptable, but does not condone the inappropriateness of taking money away from someone. We find that these differences in normative judgments broadly translate into differences in behaviour across the Give and Take conditions. In further experimental treatments, we examine the robustness of these findings.

**How different norms influence social value orientation**

*Kurt A. Ackermann, Matthias Greiff (Justus-Liebig University Giessen) & Ryan O. Murphy*

Individual differences in social value orientation (SVO) can explain prosocial behavior across a wide range of social situations, such as helping behavior and charitable giving. However, a “pure” measure of SVO may be hard to achieve since the measurement of SVO is affected by the social context in which the measurement occurs. Depending on the particular context, different norms (e.g., distributive fairness, reciprocal fairness) may be invoked from contexts that shift how people make tradeoffs between their own resources and those of others around them. Using a laboratory experiment we analyze the sensitivity of SVO to different contexts. Using a within-subjects design we use four different contexts and measure SVO in each: (1) modified dictator games with perfect role certainty, (2) modified dictator games with role uncertainty, (3) decomposed games, and (4) matrix games. Preliminary data indicate that on the aggregate level, the distribution of SVO is similar for all four contexts, however there are large differences on the individual level indicating that different people are sensitive to different contexts and it affects how they make social tradeoffs.
The competitive advantage of wasteful cultural institutions

Michael Mäs (University of Groningen) & Dirk Helbing (ETH Zurich)

On the one hand, human societies have developed highly efficient institutions that foster coordination and cooperation. On the other hand, all societies are characterized by very costly social institutions as diverse as fasting, pilgrimages, dietary restrictions, washing rituals, conspicuous consumption, and the writing of dissertations. Some institutions, such as scarification, tattooing, and teeth chiseling, even involve substantive physical pain and the risk of infection and death. Considering the immense costs that such institutions generate for individuals and the group as a whole, it is difficult to explain why they are so characteristic for human culture and why evolution did not weed out such practices.

Inspired by explanations of wasteful behavioral and morphological traits in animals, it has been argued that costly social institutions allow individuals to reliably signal interest in cooperative relationships with the other group members. This promotes cooperation in social dilemma situations and, thus, creates a competitive advantage over groups without such signaling institutions.

We conducted an experimental tournament of different social institutions with 372 participants to test whether signaling institutions do generate this competitive advantage. In the laboratory, small groups were competing for lottery prizes. A group’s chances of winning the lottery prize increased when members invested parts of their endowment, which created a public good problem within the groups. We equipped groups with different social institutions and tested whether or not this increased group success in competition against other groups. We included 5 different social institutions and studied all 15 possible encounters between institutions. Per encounter, we studied at least 4 independent replications.

We found that signaling institutions can create a competitive advantage. In our experiment, however, signaling institutions generated an advantage only when the signal was ‘altruistic’ in that it was costly for the signaler but the other group members directly profited from the signal. These altruistic signals outperformed peer punishment, cheap talk communication, and costly signaling institutions that were not altruistic.

Conflict and the formation of hierarchical social structures: A game theoretic model and experimental design

Charlotte Rutten, Wojtek Przepiorka & Vincent Buskens (Utrecht University)

Humans try to determine their relative standing or rank in a group, or their position in society in terms of, for instance, access to valuable resources and/or competitive ability. Previous research has shown that more uncertainty about individuals’ social rank can lead to higher levels of conflict in a group. However, the (re)establishment of hierarchical social structures may also promote social order through coordination. After all, conflicts that demonstrate the individuals’ physical strength and/or competitive ability may determine relationships of dominance and submissiveness. Consequently, winning, losing or shirking from a conflict produces information about the individuals’ social rank or societal position. Furthermore, being successful in conflict has a deterrent effect; if an individual is able to build a reputation for being strong by showing to be successful in conflict, it is less likely that he or she will be challenged in future interactions. Signaling strength is therefore especially relevant in social contexts that allow for reputation building.

In this paper, we develop a game theoretic model on conflict and social hierarchy formation, which is
based on a modified version of the Hawk-Dove Game. This allows us to study the conflict mechanisms of hierarchy formation in a more rigorous manner, compared to how these mechanisms are studied in previous research. Since we assume uncertainty regarding social ranks to be the most important determinant of conflict in hierarchy formation, we focus on the effects of different information contexts and different reputation building opportunities. In particular, we assume that actors know the game they play and the distribution of strength in their social group, but we vary whether they do know the rank that they have been assigned and/or the alias and/or interaction history of their opponents in dyadic interactions. This results in eight different social situations for which we present theoretical predictions concerning both the initial state and the final equilibrium with regard to the amount of challenging, fighting (both players of a dyad challenge) and sharing (both players of a dyad shirk). Moreover, based on these predictions we discuss how different information contexts and different reputation building opportunities may affect social inequality, the emergence of partiality norms which make people accept such inequality and collective efficiency.

**Dissolving the efficiency-equality tradeoff in public-goods games**

*Heinrich H. Nax, Stefano Balietti, Ryan O. Murphy, and Dirk Helbing (ETH Zurich)*

One of the fundamental tradeoffs underlying society is that between equality and efficiency. The challenge for institutional design is to strike the right balance between these two goals. Game-theoretic models of public-goods provision under ‘meritocratic’ matching succinctly capture this tradeoff: under complete non-meritocracy (society is randomly formed), theory predicts maximal inefficiency but perfect equality; higher levels of meritocracy (society matches contributors with contributors) are predicted to improve efficiency but come at the cost of growing inequality. We conduct an experiment to test this tradeoff behaviorally and make the astonishing finding that, notwithstanding theoretical predictions, higher levels of meritocracy increase both efficiency and equality. Fairness considerations explain the departures from theoretical predictions including the dissolution of the efficiency-equality tradeoff.

**Incentive design in peer review: Rating and repeated endogenous matching**

*Yuanzhang Xiao, Florian Dörfler (ETH Zurich) & Mihaela van der Schaar*

Peer review (e.g., grading assignments in Massive Open Online Courses (MOOCs), academic paper review) is an effective and scalable method to evaluate the products (e.g., assignments, papers) of a large number of agents when the number of reviewing experts (e.g., teaching assistants, editors) is limited. Peer review poses two key challenges: 1) identifying the reviewers’ intrinsic capabilities (i.e., adverse selection) and 2) incentivizing the reviewers to exert high effort (i.e., moral hazard). Some works in mechanism design address pure adverse selection using one-shot matching rules, and pure moral hazard was addressed in repeated games with exogenously given and fixed matching rules. However, in peer review systems exhibiting both adverse selection and moral hazard, one-shot or exogenous matching rules do not link agents’ current behavior with future matches and future payoffs, and as we will prove, induce myopic behavior (i.e., exerting the lowest effort) resulting in the lowest review quality.

In this paper, we propose for the first time a solution that simultaneously solves adverse selection and moral hazard. Our solution exploits the repeated interactions of agents, utilizes ratings to summarize agents’ past review quality, and designs matching rules that endogenously depend on agents’ ratings. Our proposed matching rules are easy to implement and require no knowledge about agents’ private information (e.g., their benefit and cost functions). Yet, they are effective in guiding the system to an equilibrium where the agents receive ratings that precisely reflect their review quality and are incen-
tivized to exert high effort. Using several illustrative examples, we quantify the significant performance gains obtained by our proposed mechanism as compared to existing one-shot or exogenous matching rules.

**Stream II - Balint**

**Corrupt collaboration**

*Ori Weisel (University of Nottingham) & Shaul Shalvi*

Cooperation is essential for completing tasks individuals cannot accomplish alone. While the benefits of cooperation are clear, little is known about its possible negative aspects. Introducing a novel sequential dyadic die-rolling paradigm, we show that collaborative settings provide fertile ground for the emergence of corruption. In the main experimental treatment, player A privately rolls a die, reports the result to player B, who then privately rolls and reports the result as well. Both players are paid the value of the reports if and only if, they are identical (e.g., if both reported 6, each earns €6). Since rolls are truly private, players could inflate profits by misreporting the actual outcomes. Indeed, the proportion of reported doubles was 489% higher than the expected proportion if participants were honest, and 48% higher than when individuals rolled and reported alone. Modifying the incentive structure of player A or player B had nearly identical effects on the frequency of reported doubles. Our results highlight the role of collaboration – particularly on equal terms – in shaping corruption. Together these findings fit a functional perspective on morality revealing that when different moral sentiments – to be honest vs. to join forces in collaboration – clash, people opt for corrupt behavior which serves both their own and their group’s interests.

**Beliefs about lying and spreading of dishonesty: Undetected lies and their constructive and destructive social dynamics in dice experiments**

*Heiko Rauhut (University of Zurich)*

Field experiments have shown that observing other people littering, stealing or lying can trigger own misconduct, leading to a decay of social order. However, a large extent of norm violations goes undetected. Hence, the direction of the dynamics crucially depends on actors’ beliefs regarding undetected transgressions. Because undetected transgressions are hardly measureable in the field, a laboratory experiment was developed, where the complete prevalence of norm violations, subjective beliefs about them, and their behavioral dynamics is measurable. In the experiment, subjects could lie about their monetary payoffs, estimate the extent of liars in their group and make subsequent lies contingent on information about other people’s lies. Results show that informed people who underestimate others’ lying increase own lying more than twice and those who overestimate, decrease it by more than half compared to people without information about others’ lies. This substantial interaction puts previous results into perspective, showing that information about others’ transgressions can trigger dynamics in both directions: the spreading of normative decay and restoring of norm adherence.
Norm violations and their spillovers: Exposure to tax evasion leads to theft at the workplace

Oliver Himmler, Sebastian Goerg (Florida State University) & Tobias König

The cost of tax evasion is normally evaluated in terms of lost revenues and possible spillovers into other domains are typically ignored. In this study we investigate whether additional spillover exists that can result in adverse behavior outside the realm of taxation. In our field experiment we systematically expose a subset of workers to incidences of tax evasion. While we observe no significant effect on work output, we do observe significantly higher rates of theft at the workplace among subjects who were exposed to tax evaders. This study therefore shows that the exposure to tax evasion can lead to spillovers into other domains and that the costs imposed on society by tax evasion may be more diverse and much higher than previously thought.

Willing to pay: The effect of social norms and preferences in shaping tax behavior. Evidence from a behavioral experiment

Giulia Andrighetto (European University Institute), Stefania Ottone, Ferruccio Ponzano, Nan Zhang, Sven Steinmo

Societies are polluted with negative, damaging and dishonest practices, from tax evasion, to corruption, extortion, and bribery. Though it is difficult to calculate precisely their social and economic impacts, the costs and inefficiencies that accompany unethical behaviors are enormous and a great impediment to the development of a country. A number of national and international initiatives aimed to contrast dishonest practices afoot at the moment have produced mixed results. Unfortunately, the hidden and illegal character of dishonest behaviors makes it difficult to properly understand their dynamics and to identify the factors that sustain their persistency.

In the last years, research in the social sciences has progressed rapidly in the understanding of dishonest practices, mainly as a consequence of a growing openness towards the insights from experimental investigation in psychology and cognitive sciences. For example, the study of tax evasion has particularly benefited from this “multi-faceted” approach. Early research posited that major motivators of tax compliance were tax audits and penalties established by tax authorities (Allingham and Sandmo, 1972). Recently, scholars started to expand the traditional expected utility theory and to explore the role of non-economic factors, including moral and ethical concerns, in affecting tax conduct (Alm, Sanchez, Juan, 1995; Sigala, Burgoyne, & Webley, 1999; Wenzel, 2005; Trivedi et al., 2003; Kirchler, 2007). Unfortunately, tax research is still unable to tease apart the influence of different determinants of tax behavior.

In this paper, we focus on understanding how social preferences, i.e., subjects’ degree of “altruism” or “individualism”, and social norms reflect upon people propensity to evade taxes by means of behavioral experiments. With social norms we refer to what most other people actually do (i.e., descriptive norms). In future work, we plan to test also for prescriptive norms, i.e., what most people think in your community approve of.

Our experiment consists of four different stages: a Tax Experiment; a Belief Elicitation task; a Social Value Orientation (SVO) task (Van Lange et al., 1997; Murphy, et al., 2011); and a socio-demographic questionnaire. The experiment was conducted at six universities across Italy at various points during the academic year 2013-2014. 311 subjects participated in the experiment.

Results show that both social preferences and social norms have a have significant effects on subjects’ willingness to honestly report their income. Individualistic types cheat more in the tax experiment than prosocial ones. We also find that subjects’ choices are strongly conditional on their beliefs about
the behavior of others. As predicted by the social norms theory (Bicchieri 2006; Elster 1989), we find that regardless of their type individuals are more willing to evade their fiscal obligations if they believe that their fellow citizens will do the same. The effect of social norms in shaping tax conduct, and more in general cooperative behavior among individuals, is stronger than that of preferences and this is true in each stage of the experiment (i.e., under different efficiency regimes, tax rates and progressive systems).
3.8 Sessions - Friday Morning 09:00-12:20

Single Stream - Auditorium

Business associations, lobbying, and endogenous institutions

Maria Larrain and Jens Prüfer (Tilburg University)

Are business associations - private, formal, nonprofit organizations designed to promote the common interests of their members - positive or negative for the economy and overall welfare? Scholars from institutional and organizational economics, on the one side, and from industrial organization, law & economics, and public choice, on the other side, have given different answers to this question, which is instrumental for policy making. We construct a model that endogenizes association membership of firms and the main functions of associations, which can have positive or negative spillovers on the economy. We derive predictions regarding associations’ functions and their net welfare effects, depending on the level of property rights securitization, which are in line with empirical observations.

Oral and written agreements in inter-organizational relations

Bart Vanneste, Gerrit Rooks & Chris Snijders (Eindhoven University of Technology)

The success of inter-organizational relationships depends on their governance and organizations can govern in different ways. Organizations can use “formal governance” through written contracts to document the agreements between them. They can also use “relational governance” and base their trust in the cooperation of the other party on other than formal grounds. Clearly, relational governance and trust typically manifest themselves in the absence of written agreements.

However, the absence of written agreements does not imply that there are no agreements at all. People can and do agree orally (cf. Macaulay 1963). In fact, in many judicial systems they have the same legal status as written agreements. If enforceable, oral agreements thus enjoy some of the same benefits as written agreements. Second, even if not enforceable, they can still be useful. Experiments on “cheap talk” have convincingly shown that even empty promises can lead to better outcomes in interdependent tasks (Crawford 1998, Camerer 2003, Snijders and Buskens 2001). Third, the costs of agreeing orally are likely to be lower than the costs of agreeing in writing. This provides room for oral agreements. Despite their importance, our understanding of oral agreements is limited compared to that of written agreements. In part, this is because of the same reason why oral agreements are harder to enforce – they are not as easily observable for third parties, including researchers.

We study this trade-off between oral and written agreements. Specifically, in the line of Macaulay’s (1963) seminal work, we investigate the following questions: (a) how common are oral relative to written agreements, (b) how does the development of an inter-organizational relationship influence the extent to which agreements are orally arranged or made in writing (i.e., the codification of agreements), and (c) how does the codification of agreements affect the performance of the relationship.

We use data from a survey of German small- and medium-sized enterprise (SMEs). Respondents provided information on a purchase from an IT supplier and on the associated oral and written agreements. Our main findings are that (a) oral agreements occur in more than half of the transactions, written agreements in almost all, (b) longer relationships or closer are not systematically associated with the number of agreements, but do relate to how agreements are made: agreements are more codified in longer relationships, and less in closer relationships, and (c) less codification is linked to lower performance.
Does contagious yawning in humans predict prosocial behavior?

Axel Franzen & Fabian Winter (University of Bern)

Observing yawning by other individuals has been found to be contagious by some but not all (about 60%) primates and humans. Former studies find a positive correlation between contagious yawning in humans and empathy as measured by questionnaires. This link suggests that contagious yawning is caused by the ability to feel empathy towards others. However, little is known about the behavioral consequences of contagious yawning, particularly in situations where empathy plays an important role. We examine whether contagious yawning is a predictor of altruism in the dictator game. In our experiment, participants play a dictator game as a measure of altruism. The decision is followed by a 10 minute exposition to a video of yawning humans, during which we video-tape the participants and observe whether they show contagious yawning. Finally, the participants answer a survey including an empathy scale. The coded videos are analyzed according to the number of yawns and the duration until the first yawning (if at all) occurs. We discuss implications of the results for green-beard arguments, altruistic behavior and social norms.

 Cooperation and retaliation in collective good games: Does counter-punishment really destroy cooperation?

Dieko Bakker, Jacob Dijkstra & Andreas Flache (University of Groningen)

Previous research has pointed to the potential of counter-punishment opportunities to undermine the positive effects of ‘altruistic punishment’ on cooperation in collective good games. These studies may have excluded important aspects of punishment in real life settings, notably the ambiguity whether punishment is a retaliation for previous punishment or a sanction imposed for free-riding. To derive expectations, we draw on an earlier social exchange model of the ambiguity of positive sanctions as a means of social control in a repeated collective action game. We argue that counter-punishment may become considerably less attractive for free riders who experienced a sanction, when the possibility to retaliate is embedded in a longer term ongoing exchange relationship. In such a setting, counter-punishment may evoke in turn retaliation or fail to prevent future sanctions from norm enforcers. To test our expectations, we extend the collective good experiments of Fehr and Gächter (2000) with a counter-punishment condition, to assess the extent to which counter-punishment opportunities impair the effectiveness of punishment as a solution to the cooperation problem in collective good games. We compared a treatment in which counter-punishment was not possible to a treatment in which it was, keeping all other conditions equal. Results showed that there was both free-riding and costly punishment in the treatment without counter-punishment. When counter-punishment was added, we found that the opportunity to counter-punish did not lead to significant levels of actual counter-punishment in the first place, although there was still free-riding and costly punishment of free-riders. This supports the view of punishment as an effective enforcement instrument of cooperation in a collective-good situation, even when counter-punishment is possible. This has led us to devise a follow-up study in which we test possible explanations for the absence of counter-punishment. Data for this follow-up are currently being collected.
Stability and welfare of ‘merit-based’ group-matching mechanisms in voluntary contribution games

Heinrich H. Nax, Ryan O. Murphy & Dirk Helbing (ETH Zurich)

We study the stability and welfare properties of merit-based (meritocratic) group-matching mechanisms in voluntary contribution games. Meritocratic matching in this context means that players tend to be assortatively grouped according to their contributions. We let regimes differ from one another with respect to their matching fidelity. The stability analysis summarizes as follows. When there is not enough meritocracy, the only equilibrium state is universal free-riding. Above a first threshold, several Nash equilibria above freeriding emerge, but only the free-riding equilibrium is stochastically stable. There exists a second meritocratic threshold, above which an equilibrium with high contributions becomes the unique stochastically stable state. This operationalization of meritocracy sheds light on critical transitions, that are enabled by contribution-assortative matching, between equilibria related to “tragedy of the commons” and equilibria with higher expected payoffs for all players. Transitions to the more efficient equilibria come at small inequality costs, so that welfare is typically maximized at the second meritocracy threshold.

Blame and punishment: Two distinct mechanisms of moral norm enforcement

Bertram F. Malle (Brown University)

The function of moral norms is to regulate community members’ behavior. Among the regulatory mechanisms that human society uses to enforce moral norms, blame and punishment are typically studied interchangeably. But there are many reasons to believe that blame and punishment, despite some obvious similarities, are quite distinct regulatory mechanisms. Specially I propose that blame is a constructive, relationship-based, and equality-affirming form of moral criticism that is old in human cultural evolution; punishment, by contrast, is a hostile, role-based, and hierarchy-affirming (often institutionalized) form of moral rejection that is young in terms of human cultural evolution. Furthermore, many attributes that human moral criticism allegedly suffers from – that it is often emotion-driven, retributive, and unfair – apply quite well to punishment; but by comparison to punishment, blame is more information-driven, restorative, and fair. In the talk I introduce a theory of blame (Malle, Guglielmo, & Monroe, 2014) that captures the information-based character of blame and the social mechanism that constrain it to be restorative and fair, and I cite experimental evidence for both claims. I also cull linguistic and historical evidence for the additional claims that blame tends to be relationship based and equality-affirming whereas punishment tends to be role-based and hierarchy-affirming.

Signaling trustworthiness

Sigrid Suetens (Tilburg University) & Ernesto Reuben

Repeated interaction among economic agents provides opportunities for high levels of trade or cooperation because it may induce agents to be concerned about their reputation. For example, in repeated relationships, sellers can build up a reputation for selling high-quality products, employees for working hard, individuals for being trustworthy.

In general, standard game theory rationalizes high levels of trade in repeated interactions within either one of two frameworks. The first, ‘complete information’, framework is one where players have commonly known preferences. The mere foresight of an infinite repetition of the game and possible future punishment by other players is sufficient to generate equilibria in which high levels of trade can be
sustained, of course provided that players have a sufficiently low discount rate. The second framework, the ‘adverse selection’ framework, assumes that players are uncertain about the type (the preference) of others. In this framework, players are heterogeneous by nature. Some players are ‘commitment types’ who are committed to a specific long-run strategy. The crucial difference with the complete information framework is that the uncertainty introduces a correlation between past actions and expectations about future actions. It may lead standard, non-commitment, types to uphold a reputation for being a commitment type. For example, if with some probability there exists a type that commits to playing a tit-for-tat strategy in a repeated PD, it may become rational for a player with standard preferences to play tit-for-tat as well, even if the game is finitely repeated. Thus in contrast to the complete information framework, the adverse selection framework leaves room for untruthful signaling. And the uncertainty assumption is key to this result.

A question that emerges is whether the uncertainty assumption is needed to organize observed behavior of players in repeated relationships. How harmful is it to assume players are informed about the type of the opponent when they are, in fact, not? How important is untruthful as compared to truthful signaling of one’s type? These are important questions for economists and social scientists who wish to estimate preference functions. In the current paper we report the results of a stylized experiment designed to study the role of the uncertainty assumption in the context of a repeated trust relationship.

We find that the assumption that the trustor is uncertain about the matched trustee’s type is crucial to organize observed behavior across different variations of a repeated trust game. The implication is that wrongly assuming that trustors are informed about the trustee’s type is potentially harmful because it may lead to a severe overestimation of the weight given to non-strategic explanations such as mistakes or pro-social preferences.
3.9 Poster Sessions

**Information and quality: The effectiveness of non-monetary performance incentives for physicians**

*Franziska Brendel, Jeannette Brosig-Koch, Nadja Kairies-Schwarz & Miriam Krieger (University of Duisburg-Essen)*

In recent years, several countries have introduced non-monetary performance incentives for health care providers to improve the quality of medical care. Evidence on the effectiveness of these non-monetary incentives, predominantly in the form of public quality reporting, is ambiguous, however. This is often because empirical research to date has not succeeded in distinguishing between the effects of monetary and non-monetary incentives, which are usually implemented simultaneously. A first empirical attempt to address this problem is provided by Kolstad (2013). In this study we use a controlled laboratory experiment to isolate the impact of non-monetary feedback incentives on the quality of medical treatment. Based on the theoretical frameworks by Bâ©nabou and Tirole (2002, 2006), we derive behavioral predictions regarding the effectiveness of these incentives which are tested in the experiment. In the laboratory, subjects (N=504) in the role of physicians make treatment decisions for different patient types. Outside the lab, real patient's health is affected by these decisions. Conditions vary regarding the transparency and the amount of relative performance feedback as well as regarding the size of the group. By considering different forms of public and private performance disclosure we are able to disentangle the underlying drivers of non-monetary feedback incentives like self-esteem and social image. Our results reveal that certain types of public performance disclosure have a significant and positive effect on the quality of medical care independent of the size of the group. Private feedback, on the other hand, has no significant impact on treatment quality. Our findings suggest that shame (i.e., a specific concern for social image) is a main motivator for increasing treatment quality when relative performance feedback is provided. The results are robust regarding the subjects’ medical background. Our study not only helps to design effective non-monetary performance incentives for physicians, but also contributes to the theoretical and empirical research on the effects of performance disclosure.

**Household composition & women empowerment: Living with in-laws in India**

*Aditi Dimri (Université catholique de Louvain)*

Gender inequality is a widely prevalent issue especially in India. I study the role of cultural norms in explaining disempowerment of married women in India. In specific, I ask if living with parent-in-laws after marriage effects the empowerment of the daughter-in-law in the household? To isolate the causal effect of the presence of an in-law, I use the death of the father-in-law or mother-in-law as an exogenous event changing the household composition.

The outcomes measuring empowerment are indicators of both norms and actions concerning the daughter-in-law. The main findings are: First, the death of the father-in-law and the mother-in-law has differential impact. Second, contrary to anecdotal evidence, I find evidence that the presence of the father-in-law disempowers the daughter-in-law more strongly. Attempting to disentangle the channels, in particular, preferences and bargaining power of the different members, we note that the presence of the mother-in-law also disempowers. However, the main channel leading to the improved outcomes of the daughter-in-law is the shift in bargaining power (and often household head status) from the in-laws to the young couple in the event of the death of the father-in-law.
Becoming “We” instead of “I”: Identity management and incentives in the workplace

Jocelyn Donze (University of Strasbourg) & Trude Gunnes

In this article, we propose to view the firm as a locus of socialization in which employees with heterogeneous work attitudes can be motivated and coordinated through adherence to a social work ideal. We develop an agency model in which employees have both a personal and a social ideal of effort. The firm does not observe the personal ideals, but can make its workforce more sensitive to the social ideal by fostering interaction in the workplace. We show that there are two reasons why the firm invests in social bonding. First, it reinforces the effectiveness of monetary incentives. Second, strengthening the social ideal reduces the adverse selection problem and the need to devise distorted payment schemes. We also show that the firm allocates more time to social interaction when personal ideals of effort are low or heterogeneous.

Harnessing the power of social norms to advance environmental policy goals: A Review of the Evidence

Kate Farrow (University of Montpellier), Gilles Grolleau & Lisette Ibanez

A voluminous body of evidence demonstrates that social norms impact a wide range of behaviors including conservation activity, charitable donations, alcohol consumption, and health habits. It appears that, overwhelmingly, it matters to us what other people do and think. Social norms may affect us for a variety of reasons: we may want to fit in (or on the contrary, stand out), avoid social disapproval or seek social esteem. Alternatively, we may take others’ behavior as an indication of what is most effective behavior, or we may expect reciprocity in exchange for our own conformity. Paradoxically, despite the many reasons why people may follow social norms, it has also been shown that people also tend to underestimate the influence of norms on their own behavior (Nolan et al., 2008). Findings such as these indicate that the attention we pay to social norms flies below the cognitive radar screen, often operating through fast, intuitive, and emotional mental heuristics. What’s more, in so far as social norms have been found to be responsible for some of the explanatory power previously attributed to elements in the Theory of Planned Behavior (Thøgersen, 2014) and to explain some of the effectiveness of the default option framing bias (Everett et al., 2015), emerging evidence also points to the possibility that the influence of social norms on behavior has been underestimated even by the research community in the past, as well.

In light of the growing attention they have garnered as policy tools (e.g. World Bank, 2015; RFF, 2013), along with the suggestion that they are currently underappreciated with respect to reaching policy goals (Cialdini, 2007), we seek to review the current body of evidence on the effectiveness of social norms as they relate to environmental behaviors. The literature we inventory generally spans the fields of experimental economics and social psychology, and we make note of the context of each study, the data collection and analytical methods used, as well as any significant main effects attributed to social norms in each. Accompanying this review, we identify the various definitions of social norms as they are considered within these disciplines, as well as gather together several theoretical models that address the norm-behavior relationship. Finally, based on this collection of empirical and theoretical work, we consider the frontiers of research in this area by highlighting some unaddressed questions that may be of particular interest in advancing our understanding of social norms with respect to environmental behaviors.
We exploit the setting of a natural experiment where one group of students received relative complex information about environmental and social consequences of consumption behavior, compared to a second group that was provided with more general information of the global and local environmental problems.

After the experiment, we asked students to rate different actions in a hypothetical situation according to their beliefs about the social appropriateness of those actions, using the incentivized norm-elicitation method developed by Erin Krupka and Roberto Weber. Against our initial assumption, students that received the more complex information believed that it was more socially appropriate not to act at all in a situation where moral concerns had to be weighed against other interests. This finding sheds light on an issue that has so far not been in the focus of scientific analysis: how information can alter social norms.

Besides the fact that this is an interesting finding in itself and raises questions about education in sustainability, we also believe that the situation has similarities with a variety of situations we are confronted with in our daily lives that, to our knowledge, have not been subject to systematic research. Many people would assume that a better and more complex understanding of prevalent problems would lead to a change of norms in such a way that in-action would be perceived as less appropriate. However, as our results indicate, the opposite can be the case. For example, faced with a complex situation or problem where individuals are overwhelmed by a plenitude of information, and where there are no obvious easy solution, in-action becomes an adequate choice, since people get aware that each choice can have potentially negative consequences.

Starting in fall 2013, the School of Business, Economics and Law at the University of Gothenburg (the School) has introduced compulsory sustainability days. All program students at the School must attend a sustainability day each year throughout their education (three days in total). The three sustainability days have different themes: the first-year sustainability day has the theme Challenges, the second-year day has the theme Responsibility, and the third year has the theme Solutions. The themes of the days are designed to complement each other as well as to provide a deepening of the knowledge of the students related to sustainability issues.

We are focusing on the effects of the first two days (Challenges and Responsibility) that took place in autumn 2014. The aim of the Challenges day is to provide the first year students with the basic knowledge of the social, economic and environmental challenges that humanity faces. Students choose between several parallel sessions which together give a broad picture of sustainability challenges of both a global as well as a local perspective. Most importantly, moral, ethical and responsibility issues are not in focus during this day.

During the Responsibility day, which is mandatory for all second year students, the responsibility and accountability of firms and consumers was discussed in depth using the example of the clothing industry. During the day, students listened to both industry representatives as well as to researchers in moral philosophy and marketing. The students worked in groups to reflect and question the concepts and notions of responsibility, accountability, consumer power, ethics, moral behavior and the importance of information. The aim of the day is to make students aware of their responsibility as consumers and citizens but also as future decision-makers.

In order to pass the sustainability day and get course credits, students have to attend the day, write a short essay where they should reflect on responsibility and accountability in relation to the clothing industry, and finally fill in an online evaluation form during the week following the sustainability day. At the end of this form, a question was added that described a hypothetical situation. Students were asked to imagine a manager ‘A’ of a large furniture company that is in charge of the purchase of furniture
components from different suppliers. At one point “A” gets informed that one of the suppliers produces in a country where it cannot be guaranteed that the working standards promoted by the furniture company are met, because independent controls are not allowed in the country.

After the scenario of the hypothetical situation was described, different possible courses of actions were proposed and students were asked to evaluate each of these actions according to the social appropriateness. The action choice we will focus on in the following was to evaluate “to do nothing”. In contrast to the other action choices it was the least ambiguous action choice. We explained that socially appropriate was meant to be a behavior that most people agreed to be the correct or ethical thing to do and not their subjective judgment. In addition, we informed them that if their answer would coincide with the mode of a sample of students at University of Gothenburg that did not participate at the sustainability day, they could take part in a lottery where they could win vouchers for a local book store.

Furthermore, students could decide if they wanted to be part of the lottery or not. Thus, for those who decided to take part, the answer to the question was incentivized. The results that we discuss in the following only refer to those students that chose to take part in the lottery. In total we have 831 observations where 464 respondents took part in the Challenges day and 367 respondents in the Responsibility day.

We run an ordered probit model with the social appropriateness rating as the dependent variable and include year of birth, study program, gender and participation at the specific sustainability day as explanatory variables. The results show that law students believe that it is more socially acceptable “to do nothing” compared to economic and business students. This effect is in line with our ex ante expectations since law students might have a specific juridical point of view where a behavior is perceived as being appropriate if it is in accordance with the law.

The effect we are most interested in is how the beliefs differ between students that participated in the Challenges vs the Responsibility day. Students that participated in the Responsibility day are more likely to believe that it is socially appropriate not to do anything in the hypothetical situation (i.e. in-action). The result is statistically significant at a five percent level. This result is stunning, since the aim of the Responsibility day was explicitly to appeal to their sense of individual responsibility. Therefore, we would have expected that the Responsibility day would lead to changes in the mindset in the opposite way and that the students become more likely to believe that not acting would be less socially appropriate.

How can we understand this result? We argue that an important explanation for this finding relates to the content of the two sustainability days. The information provided at the Responsibility day was more detailed and the complexity of the problems related to the clothing industry was described in-depth compared to the Challenges day where the lectures focused on the identification of problems. Hence, it is possible that students at the Responsibility day got more aware of the fact that any action in the hypothetical situation might have negative consequences in some respect. Thus, they perceived a passive behavior as more appropriate compared to those students that were only sensitized for the problems but were less aware of possible solutions.

That a change in attitudes can be triggered by additional information raises several interesting questions. For instance in the case of complex environmental problems like climate change, what is the best way to change individual attitudes and everyday behavior? Is it best to provide a whole set of complex information to all consumers on how their behavior impacts the climate or should such information rather be reduced to some simple guidelines so that people feel not overwhelmed and eventually believe that not-acting is an appropriate behavior? Of course, the empirical evidence of our field experiment is too limited to give a final answer to the question which impact information provision has on the beliefs about social appropriate behavior. Nevertheless, we think it is a good starting point to analyze an important topic which to our knowledge has been overlooked so far.
How traditional gender norms sabotage the institution of marriage

Jennifer Gewinner (ETH Zurich)

Marriage is the social institution that governs the behavior in long-lasting intimate relationships between a man and a woman. Within that social institution, it is through bargaining, that both partners accommodate the relationship to suit their needs. A balanced relationship bargaining ensures mutual relationship satisfaction and, hence, relationship success. My thesis is that balanced relationship bargaining is hindered by traditional gender norms – norms that, formerly, were the guardians of the very institution they are possibly harming nowadays. The reason is that women’s identification with traditional gender norms deter them from expressing their relationship needs and hold back their self-interested bargaining to get those needs met. Consequently, this will lower their relationship satisfaction and, ultimately, leads to marital disruption and relationship termination.

To test this hypothesis, I designed an experimental vignette study with 108 Swiss respondents from an online panel. Respondents were presented different vignettes showing an everyday bargaining situation where the woman asks the man to share some of their household duties. Respondents had to evaluate on a 100-point-scale first the likeliness of the woman winning the argument and the man accepting the duties and, secondly, to what degree they perceive this as a relationship conflict. The situations on the vignettes were varied regarding whether the couple lived a partnership model based on equality or on traditional gender roles. Also the duration of relationship, the income difference between man and woman and the scope of the bargaining situation were varied.

Results showed, that the fact that the couple lived according to traditional gender norms had a significant negative effect on the expectation, that the woman wins the argument (-8.01, Std. Error 1.29) and a significant positive effect on the rating of the conflict severity of the situation (6.55, Std. Error 1.38). Hence, there is indication that a traditional gender mindset minimizes chances of female partners to win relationship arguments while maximizing relationship conflict. In addition only the income differential between man and woman hold a significant positive effect on the expectation, that the woman wins the argument (woman earns less: reference category; both earn equal: 5.52, Std. Error 1.55; woman earns more: 7.92, Std. Error 1.88) and a significant negative effect on the rating of the conflict severity of the situation (woman earns less: reference category; both earn equal: -7.89, Std. Error 1.66; woman earns more: -3.98, Std. Error 2.03). Contrary to the expectation, the duration of relationship and the scope of the bargaining situation hold small insignificant effects on both dependent variables.

Therefore, rigid gender norms seem to minimize the action corridor for female decision-making in the relationship setting, leading to a social trap that poses a threat to long-term cooperation in relationships. Cooperation is key to making satisfying and stable relationships possible. A softening of rigid gender norms might benefit cooperation in relationships and strengthen the institution of marriage and the overall longevity of relationships.

Generosity across contexts

Alexander L. Davis, Nadja R. Jehli (University of Zurich), John H. Miller & Roberto A. Weber

Extensive research in economics explores generosity in monetary allocations. However, generosity often involves the allocation of non-monetary goods or experiences. Existing evidence suggests that generosity may be higher in such contexts, though no direct comparison exists. Here, we compare generosity in decisions that vary whether allocations are monetary or non-monetary. In two experiments, generosity is significantly higher in non-monetary contexts. Thus, the typical monetary laboratory dictator game may underestimate generosity in many nonlaboratory contexts where allocations are non-monetary. We
find weaker relationships between individuals’ allocation decisions across monetary and non-monetary contexts than for allocations that hold constant the monetary nature of the context.

Efficiency or fairness? How procedural concerns affect coordination in a Volunteer’s Dilemma

Verena Kurz (University of Gothenburg), Andreas Orland & Kinga Posadzy

We study how procedural fairness concerns affect efficiency in situations requiring coordination, such as the provision of threshold public goods. Using a laboratory experiment, we investigate if systematically disadvantaging individuals reduces the efficiency gains of a Correlated Equilibrium, which we induce by giving participants action recommendations. From a game-theoretic perspective, one interpretation of Correlated Equilibria is that they represent an outcome of social norms: In situations with several Nash Equilibria, social norms can act as correlating devices that help individuals coordinating on efficient equilibria. As a result, expected payoffs of all players increase (Gintis 2009, 2010). Hence, social norms can be an important explanatory factor to understand coordination in economic activity. However, the role of procedural fairness for the acceptance and the efficacy of such correlating devices has not been studied yet.

Our paper contributes to the literature in two ways: First, we extend the experimental literature on coordination and public good provision by investigating if the introduction of a coordination mechanism that systematically disadvantages one of the players by generating inequality in expected payoffs decreases efficiency compared to a fair coordination mechanism. Furthermore, we test whether extending the Correlated Equilibrium concept with the process fairness model developed by Trautmann (2009) improves predictions of players’ behavior compared to a model using standard preferences.

We study the importance of procedural fairness by using a game capturing the situation of threshold public good provision, which can be modeled as a coordination game with several equilibria. Without additional mechanisms, coordination on an efficient equilibrium has proven to be difficult (Palfrey & Rosenthal 1984, Dawes et al. 1986, Kragt et al. 1983). Both the optimal contribution decision and the level of contribution depend on other people’s decisions. For example, in the case where the contribution of one individual is enough to provide a public good: Who should be the volunteer? A theoretical solution is the introduction of an external mediator who picks an individual at random and recommends volunteering, while the other player is recommended not to volunteer. Aumann (1974, 1987) showed that introducing such a mediator as part of his Correlated Equilibrium concept can increase expected payoffs above the expected Nash payoffs. However, will the volunteer actually comply and provide the public good? We investigate if the likelihood of being picked as the volunteer, influence people’s behavior in coordination games with an external signal as coordination device.

While fair coordination devices have been proven to be efficiency-enhancing (for example Croson & Marks (2001), Duffy et al. (2013), Duffy & Feltovich (2010), Duffy & Fisher (2005)), we study a setting where inequality in expected payoffs is introduced, and its effects on coordination rates and payoffs. We use the model of process fairness by Trautmann (2009) to model preferences and derive predictions for equilibrium play. In this model, process fairness is defined in terms of expected payoffs. For individuals with preferences for process fairness, differences in expected payoffs enter the utility function, while differences in final outcomes do not necessarily do. This is relevant for situations with multiple equilibria and where fair coordination mechanisms are infeasible or not established. Looking at expected payoffs can also help to understand why some social norms or institutions are more successful than others in facilitating coordination.

To analyze the effects of process fairness on coordination, we use a simple form of the “Volunteer’s Dilemma” (Diekmann 1985, 1993), a two-player coordination game that captures the payoff structure of threshold public goods with high gains for both players when the good is provided, high costs for the
contributor, and zero gains for both parties when no one contributes. We use three different treatments to investigate the effects of procedural concerns on coordination rates and payoffs: A baseline treatment without coordination device, a treatment with a fair device and a treatment that strongly favors one player. In the treatments using coordination devices, we elicit beliefs about other people’s strategies and perceptions of fairness. Moreover, we elicit personality characteristics like the Locus of Control, the Big Five personality traits, and risk aversion in order to explore if such characteristics are related to potential deviations from standard preferences.

Preliminary results (experimental sessions were run in late January 2015) confirm previous results in the literature that fair coordination devices enhance coordination and raise efficiency. Introducing recommendations that systematically disadvantage one of the players lowers coordination rates and aggregate payoffs, supporting the hypothesis that process fairness matters in situations requiring coordination. However, the preliminary analysis reveals an unexpected aspect: It is the participants that are put at an advantage who decide to follow the recommendations less often, and not the people that are put at a disadvantage. These results might be explained by the fact that those being put at an advantage by the correlation mechanism are more likely to believe that the disadvantaged participants will ignore recommendations and adjust their behavior to these beliefs, while the opposite holds for disadvantaged players.

However, more in-depth analysis is needed to fully understand the data. Yet we show that procedural aspects and perceived (un-)fairness can reduce efficiency gains from Correlated Equilibria. These results are relevant for the analysis of situations where norms or institutions that are meant to raise efficiency by facilitating coordination induce inequality in expected payoffs.

Unraveling the effects of payments for ecosystem services on intrinsic motivations for collective action

Estelle Midler (Basque Centre for Climate Change), Unai Pascual, Adam G. Drucker, Ulf Narloch & Jose Luis Soto

This paper addresses the differential impacts on decisions towards collective action in the context of payments for ecosystem services (PES) where individual and collective rewards are conditional on a minimum collective conservation level being achieved. Interactions between the different reward types, farmers’ social preferences, social ties and communication are identified. A field game experiment is conducted with Andean farmers in Peru and framed around their decisions to conserve agrobiodiversity. Results indicate that PES can be effective in motivating collective action in this context. Additionally, individual rewards are likely to be more effective and less sensitive to the environment in which they are implemented than collective ones. Indeed, we found that collective rewards only increase conservation levels significantly when farmers share it with their family or in contexts where communication and deliberation about collective action is possible. This suggests that researchers and practitioners focusing on PES ought to pay due attention to the social systems in which such incentives are implemented.

The role of social norms for virtual cooperation between professional status groups

Karin S. Moser (University of Roehampton, London)

This paper extends previous research based on social identity theory (which showed that group identities become more salient in a leaner electronic environment and may lead to more aggressive or stereotypical behaviour), by studying how minimal cues about professional status and cultural background affect intergroup cooperation in a virtual context. This is highly important as most people today collaborate
virtually and electronic media facilitate cooperation across cultural and professional boundaries.

It is proposed that in-group favouritism and out-group bias are moderated by professional status and cultural background differences. Higher status senders are expected to receive more negative attributions, but less negative reactions than same or lower status senders. In addition, a different cultural background is expected to lead to more positive attributions and compliant behaviour but only for higher status senders.

Participants from different status groups in two countries (UK and KSA) and two different professional fields (health care and higher education) were randomly assigned to conditions in a 3 (professional status) × 2 (cultural background) factorial design. Norm violation perception, attributions (internal/external), emotions, and behaviour (compliance with sender request) were measured alongside control variables (familiarity with technology).

The expected out-group bias of more negative reactions towards out-group senders was moderated by status, with higher compliance towards higher status senders. There was also a ‘black sheep’ effect of more negative emotional reactions towards members of the same status group as they ‘should know better’. A different cultural background resulted in less negative emotional reactions (anger) and a higher compliance with the sender’s request. However, further analysis showed an interaction with status in the sense that only higher or same status individuals profited from a more tolerant attitude and higher compliance, but not lower status individuals from different cultures, thus potentially leading to discrimination and inequality. The results suggest that special care is required in virtual cooperation especially in an intercultural context, as higher status people might ‘get away with more’ and - unintentionally - discriminate lower status individuals from a different cultural background, based on very minimal cues.

This is of great concern in fields like education and health care where faulty information processing and non-compliance might restrict access to resources for lower status groups and people with a different cultural background.

**Enforcing social norms: Peer nonmonetary versus third-party monetary punishment**

*Kate Farrow, Lisette Ibanez & Rustam Romaniuc (LAMETA and University of Montpellier)*

While economics pays great attention to the use of monetary incentives to change behavior, there are many examples in which everyday decisions are influenced by the prospect of peer punishments that can affect an offender’s utility even without imposing tangible costs. Various types of nonmonetary peer punishment may emerge spontaneously or originate from public or private organizations. The existence of norms of cooperation enforced through social disapproval, peer pressure, or public embarrassment is well documented (Guala 2012). Guala reviews anthropological evidence on cooperation and concludes that it is generally enforced by means of peer nonmonetary punishment, such as verbal or other types of expressive sanctions. Experimental work by Mascllet et al. (2003) provides laboratory evidence regarding how cooperation can be enhanced purely by nonmonetary social punishment. More generally, Elster (1989) has argued that everyday cooperation is supported by members of the general community.

However, the hitherto cited works as well as field examples suggest that peer nonmonetary punishment alone most often does not lead to Pareto-efficient outcomes. The most common response to this scenario is to supplement peer nonmonetary punishment with monetary sanctions. Noussair and Tucker (2005) show that combining peer nonmonetary punishment with the opportunity for group members to also inflict monetary punishment à la Fehr and Gaechter (2000) is efficiency-enhancing. Thus, peer nonmonetary and peer monetary punishment seem to be complementary instruments in achieving cooperation.

In our modern societies, cooperation is, however, often secured through legal incentives – that is, monetary punishment introduced by a third party (Engel 2014). Unfortunately, an equivalent body of
knowledge does not yet exist on the effectiveness of peer nonmonetary punishment in the context of third-party monetary punishment. The law and economics literature generally maintains that, because legal sanctions tend to be mild, the presence of social norms and the corresponding peer pressure they generate is crucial insofar as they provide additional incentives to comply (Cooter 1998, Kube and Traxler 2011). However, whether peer nonmonetary punishment and third-party monetary punishment are more effective together than alone, especially in strategic situations such as public goods games, is to our knowledge unknown. Importantly, what remains unstudied in this sphere is the relative effectiveness of peer nonmonetary and third-party monetary punishment and whether the simultaneous availability of both generates a higher level of overall welfare than either type on its own. Ours is the first such study.

The effect of the two punishment systems, considered alone and in tandem, on the overall level of contributions is the core issue we address. However, we also explore how the availability of third-party monetary punishment affects peer enforcement, as measured by the willingness of subjects to inflict nonmonetary punishment on other group members. Changes in enforcement behavior are, in turn, likely to affect the total level of contributions. Furthermore, we ask whether it makes a difference (in welfare terms) if a community, organization, or society is first governed by explicit social norms (peer nonmonetary punishment), to which third-party monetary punishment is added, or the other way around. Last but not least, we seek to provide evidence on the (relatively) long term effects of institutional design by having subjects begin playing in a system in which they are faced by both third-party monetary and peer nonmonetary punishment and then remove the former in order to observe whether its effect on contributions and enforcement behavior endures. The focus on sequentiality is important because it has meaningful implications in terms of education and deliberation in promoting cooperation. The experimental design is presented in Figure 1 (*omitted*).

In the next weeks we plan to run the first sessions of this experiment in the context of a Voluntary Contributions Mechanism (VCM) (Fehr and Gaechter 2000). Importantly, this type of game has been extensively used to investigate the conflict between self- and group-interest, and is analogous to many real-world scenarios. As such, this study will conceivably be of interest to researchers and decision-makers in a wide range of domains. The experiment will consist of a two-stage VCM in which participants make repeated decisions regarding contributions to a group account. We follow Masclet et al. (2003) in how cooperation is enforced within groups of 4 subjects. Specifically, subjects are given the possibility to send punishment points to other group members. These points are costless to the sender and to the receiver and purely serve as an expression of disapproval. Third-party monetary punishment is specified following Tyran and Feld (2006) and Galbati & Vertova (2014), where punishment is mild, i.e. it is structured such that free-riding remains the dominant strategy for Nash players. A future research topic will be to vary the monetary incentive in order to investigate whether the size of the third-party monetary punishment changes the results we obtain in terms of contribution levels and the willingness of subjects to employ peer disapproval.

In light of Ostrom’s (2000) conceptualization of social control as a type of “internal” or “intrinsic” motivation, our paper contributes to the literature that examines how and when external incentives may undermine people’s internal motivations to employ peer nonmonetary punishment. More precisely, while there is much research investigating the effect of extrinsic incentives on intrinsic motivations to engage in prosocial behaviors, we seek to study the impact of extrinsic incentives on a second-order prosocial behavior – punishing those who do not behave prosocially. This analysis will moreover allow us to compare competing paradigms that suggest divergent interpretations regarding the nature of social norms and of laws (e.g. the expressive function of law and norms vs. crowding out theories).
Preemptive punishment and retrospective moral assessment in indirect reciprocity

Tatsuya Sasaki (University of Vienna), Satoshi Uchida, Voltaire Cang, Xiaojie Chen

The system of pool punishment can be viewed as a rudimentary institution to upkeep the common interest (Sigmund et al. 2010). Recent game-theoretical studies show that pool punishment, in particular second-order pool punishment, plays a key role in understanding the emergence of cooperation. Second-order pool punishment, however, is tautological in nature: How can the sanctioning system itself be caused by its own effects (meta-sanction or its threat)? This is a logical conundrum that has been overlooked in the study of the evolution of social norms and institutions.

To tackle this conundrum, we recall the standard game-theoretical framework of moral assessment considered in indirect reciprocity. Reciprocal punishment through reputation is often described, as follows: “If you have wronged me, then you will have a bad image, and then someone will punish you.” In striking contrast to this, we examine a new scheme: preemptive punishment and retrospective moral assessment (Sasaki et al. 2014). The scheme becomes plausible with considering the interplay of (a) cognitive biases in reasoning and (b) Giorgio Agamben’s notion of homo sacer (Agamben 1998). Homo sacer is a person who may be killed without legal consequence. Considering the cognitive disposition of reversing the cause-and-effect relationship, preemptive punishment of homo sacer-like individuals can result in the following reasoning, “You must have been bad, because someone has punished you and then you do not pay it back.” That is, “You have been necessarily responsible (‘guilty’) for something that caused the punishment.”

Most of traditional models with reciprocity, whether direct or indirect, lack the dynamics by which the individual’s reputation is retrospectively adjusted. In the model we take into account the so-called fallacy of affirming the consequent, which can create a state of retrospective necessity and even make it up out of nothing (Dupuy 2014). Therefore, the scheme of preemptive sanctioning combined with cognitive biases in reasoning can lead to retrospectively creating moral codes in particular for legitimizing punishment of second-order freeloaders.

Heterogeneous norms: Social image and social pressure when people disagree

Vera L. te Velde (University of Queensland)

People are often divided according to what they believe is the right thing to do, such as in partisan politics or when norms are in flux. Traditional notions of social norms cannot describe these situations, and there is correspondingly no clear role for social pressure to motivate behavior. I develop a psychological game theoretic model that explains how social pressure affects behavior even if individuals do not agree on the norm. Social image motivates behavior through two possible channels: “approval seeking” individuals want their peers to approve of their actions, while “respect seeking” individuals want to be known for strict adherence to their beliefs. Approval seekers act in consensus as social pressure increases, potentially leading to destructive posturing and disguising underlying heterogeneity. Respect seekers, on the other hand, are less hypocritical the more social pressure increases, and are accordingly less willing to compromise. These results demonstrate that using social pressure to promote a certain behavior may backfire if the wrong kind of social image is targeted. Applications to politics, development economics, marketing, and other domains are discussed.
How standardised certificates reduces uncertainty in the hiring process

Basha Vicari (IAB Nürnberg)

Selection of applicants in the hiring process is a typical case of a decision making under uncertainty. Employers seek to find the most productive applicant for the vacancy while at the same time they try to minimize their search cost. They are not able to validate the skills of all applicants or even interview all of them, which would be extremely costly. Instead, employers have to rely only on information provided through the application documents. Moreover, this social exchange situation holds a time problem: the validation of the choice is postponed into a far future when the productivity of the successful applicant can be assessed.

So how can employers make a decision under this uncertainty? The provided documents serve as a more or less reliable signal for productivity. School records are the more reliable, the more prominent the school is. The information content of job references also depends on the reputation and prominence of an employer. If the former employer is trustworthy, job experience is a reliable signal of the actor’s skills and abilities. But there is a much stronger signal – at least in countries where the labour market is occupationally organised, like e.g. in Germany: the professional certificate. If professional certificates are standardised, i.e. they are gained after training with curricula and examinations uniform under federal or state law, then such a certificate verifies a minimum of required skills to exercise a professional activity to the actor. Thus, a standardized professional certificate provides a general signal for higher productivity in a specific occupational segment and reduces the uncertainty about the productivity of the applicant.

Yet, not in all occupational segments standardised certificates are formally or informally required for exercising the professional tasks. Therefore occupations vary in their institutional ability to structure the job matching by providing information on productivity.

With a factorial survey I analyse the signalling effect of professional certificates and job experience in various occupations on the applicants’ selection. Over 4,000 human resource officers or managers assessed fictive short CVs (vignettes) that where varying in terms of e.g. job experience or the fit of the professional certificate compared to a job announcement. Although I want to present first results of the survey too, my poster presentation focuses on the discussion of the theoretical background and the hypotheses I draw here, addressing the uncertainty in the hiring process and its solution through individual and general signals with their ability to reduce information asymmetries.
4 Awards

**CSF Award** Established in 2009 in coincidence with the 20th anniversary of activity of the Centro Stefano Franscini, the CSF award is assigned in each of the international conferences for the best presentation given at the conference by a young scientist (CHF 500 for a presentation in the parallel sessions, up to age of 35).

**Poster Award** In addition to the CSF award, the conference organizers sponsor the “Signaling Conference 2012 Best Poster Award” (CHF 500 for a presentation in the poster session).

A jury organized by the conference organizer evaluates the presentation and posters of the eligible candidates. The award ceremony takes place on Friday morning.
5 Travel, Accommodation, Catering

Travel Detailed travel information can be found on the website of the Centro Stefano Franscini:

▷ www.csf.ethz.ch/about/travel

We expect that most participants will arrive by train at Locarno. There will be a shuttle service from Locarno train station to Monte Verità. We start at 14:15 (short after the train from Zurich / Bellinzona has arrived). From then on there will be a shuttle bus each 40-60 minutes until 19:15. The shuttle meeting point is on the right side of the train platforms in Locarno (see images on the right side of the page on travel directions above). If you arrive in between or later you might want to take a taxi. The taxi ride costs about CHF 25-30.

There will be a shuttle service from Monte Verità to Locarno train station on Friday 19th, starting at 12:00. From then on there will be 6 shuttles every 40-60 minutes. More information will follow on the website.

Arrival Please go to the conference office for on-site registration. Office hours are Sunday 16:00-19:00 and Monday morning starting from 8.15. The rooms will be ready for Check-in at 15:00. A welcome drink will be served on 18:00, the dinner buffet starts at 19:00.

Accommodation Detailed information on lodging, room list, and housing maps will be announced on the conference website.

Catering Meals will be served at the Monte Verità Hotel, Bauhaus Building.
- Breakfast: 08:00
- Lunch: 12:30
- Dinner: 19:00

WLAN Access credentials for the Monte Verità WLAN can be found in the delegates pack.

Contact & Addresses
Monte Verità
Via Collina 84
CH-6612 Ascona

Congressi Stefano Franscini (Conference Center)
Tel. +41 91 785 40 55
Mail. info@csf.ethz.ch

Fondazione Monte Verità (Conference Hotel)
Tel. +41 91 785 40 40 (Hotel)
Fax. +41 91 785 40 50 (Hotel)
Mail. info@monteverita.org

Hotel La Perla
Via Collina 14
CH-6612 Ascona
Tel. +41 91 791 35 77
Mail. hotel@laperla.ch
Web. www.laperla.ch
6 Excursion & Conference Dinner

The excursion to Brissago Islands with botanical garden (http://www.isolebrissago.ch/) will take place on Wednesday, May 13, starting at 15:15 from Monte Verità. This boat trip is ideal for nature and lake lovers, those who maybe have little time at their disposal. The Brissago Islands date back to the Roman time (vestiges of that time have been found on the islands), but became particularly famous thanks to the fascinating Russian Baroness Antoinette de Saint Léger who owned the Islands (1885-1927) and launched an intense cultural activity. At the same time she started what has become a unique botanical garden in Switzerland (today the property of the Canton Ticino), with 1500 plant species both indigenous and from sub-tropical zones. It takes one hour to visit the botanical garden.

Program of Excursion:

15:15 Departure on foot from Monte Verità
15:45 Arrival at the port in Ascona, collecting of tickets and departure by boat
16:05 Arrival at Brissago Islands and guided visit of the botanical garden
17:15 Free time at your disposal
18:30 Dinner at Ristorante Isole di Brissago
21:15 Departure from the Islands by private boat
22:00 Transfer to Monte Verità by minibus
## 7 Participant List

<table>
<thead>
<tr>
<th>Name</th>
<th>Affiliation</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ackermann, Kurt A.</td>
<td>ETH Zurich</td>
<td><a href="mailto:kurt.ackermann@gess.ethz.ch">kurt.ackermann@gess.ethz.ch</a></td>
</tr>
<tr>
<td>Aksoy, Ozan</td>
<td>Oxford University</td>
<td><a href="mailto:ozan.aksoy@sociology.ox.ac.uk">ozan.aksoy@sociology.ox.ac.uk</a></td>
</tr>
<tr>
<td>Albrecht, Felix</td>
<td>University of Bonn</td>
<td><a href="mailto:falbrech@uni-bonn.de">falbrech@uni-bonn.de</a></td>
</tr>
<tr>
<td>Andrighetto, Giulia</td>
<td>CNR</td>
<td><a href="mailto:giulia.andrighetto@gmail.com">giulia.andrighetto@gmail.com</a></td>
</tr>
<tr>
<td>Bailier, Stefanie</td>
<td>ETH Zürich</td>
<td><a href="mailto:bailiers@ethz.ch">bailiers@ethz.ch</a></td>
</tr>
<tr>
<td>Bakker, Dieko</td>
<td>University of Groningen</td>
<td><a href="mailto:d.m.bakker@rug.nl">d.m.bakker@rug.nl</a></td>
</tr>
<tr>
<td>Baleri, Stefano</td>
<td>ETH Zurich</td>
<td><a href="mailto:sbalietti@ethz.ch">sbalietti@ethz.ch</a></td>
</tr>
<tr>
<td>Berger, Joël</td>
<td>ETH Zurich</td>
<td><a href="mailto:bergerj@ethz.ch">bergerj@ethz.ch</a></td>
</tr>
<tr>
<td>Bicchieri, Cristina</td>
<td>University of Pennsylvania</td>
<td><a href="mailto:cb36@sas.upenn.edu">cb36@sas.upenn.edu</a></td>
</tr>
<tr>
<td>Brosig-Koch, Jeannette</td>
<td>University of Duisburg-Essen</td>
<td><a href="mailto:jeannette.brosig-koch@ibes.uni-due.de">jeannette.brosig-koch@ibes.uni-due.de</a></td>
</tr>
<tr>
<td>Brown, Gordon</td>
<td>University of Warwick</td>
<td><a href="mailto:g.d.a.brown@warwick.ac.uk">g.d.a.brown@warwick.ac.uk</a></td>
</tr>
<tr>
<td>Brägger, Oliver</td>
<td>ETH Zurich</td>
<td><a href="mailto:broliver@ethz.ch">broliver@ethz.ch</a></td>
</tr>
<tr>
<td>Buskens, Vincent</td>
<td>Utrecht University</td>
<td><a href="mailto:v.buskens@uu.nl">v.buskens@uu.nl</a></td>
</tr>
<tr>
<td>d’Adda, Giovanna</td>
<td>Milan Polytechnic</td>
<td><a href="mailto:giovanna.dadda@polimi.it">giovanna.dadda@polimi.it</a></td>
</tr>
<tr>
<td>de Longuemar, Guillaume</td>
<td>Ecole Normale Supérieure Paris</td>
<td><a href="mailto:guillaume.delonguemar@wanadoo.fr">guillaume.delonguemar@wanadoo.fr</a></td>
</tr>
<tr>
<td>Diekmann, Andreas</td>
<td>ETH Zurich</td>
<td><a href="mailto:andreasd@ethz.ch">andreasd@ethz.ch</a></td>
</tr>
<tr>
<td>Dimri, Aditi</td>
<td>Université Catholique de Louvain</td>
<td><a href="mailto:aditi.dimri@student.ucolouvain.be">aditi.dimri@student.ucolouvain.be</a></td>
</tr>
<tr>
<td>Donze, Jocelyn</td>
<td>University of Strasbourg</td>
<td><a href="mailto:donze@unistra.fr">donze@unistra.fr</a></td>
</tr>
<tr>
<td>Drouvelis, Michalis</td>
<td>University of Birmingham</td>
<td><a href="mailto:m.drouvelis@bham.ac.uk">m.drouvelis@bham.ac.uk</a></td>
</tr>
<tr>
<td>Dufwenberg, Martin</td>
<td>Bocconi University</td>
<td><a href="mailto:martin.dufwenberg@unibocconi.it">martin.dufwenberg@unibocconi.it</a></td>
</tr>
<tr>
<td>Dörfler, Florian</td>
<td>ETH Zurich</td>
<td><a href="mailto:dorfler@ethz.ch">dorfler@ethz.ch</a></td>
</tr>
<tr>
<td>Ellickson, Robert</td>
<td>Yale University</td>
<td><a href="mailto:robert.ellickson@yale.edu">robert.ellickson@yale.edu</a></td>
</tr>
<tr>
<td>Engel, Christoph</td>
<td>MPI Bonn</td>
<td><a href="mailto:engel@coll.mpq.de">engel@coll.mpq.de</a></td>
</tr>
<tr>
<td>Engel, Stefanie</td>
<td>ETH Zurich</td>
<td><a href="mailto:stefanie.engel@env.ethz.ch">stefanie.engel@env.ethz.ch</a></td>
</tr>
<tr>
<td>Farrow, Kate</td>
<td>University of Montpellier</td>
<td><a href="mailto:kate.farrow@supagro.inra.fr">kate.farrow@supagro.inra.fr</a></td>
</tr>
<tr>
<td>Felgendreher, Simon</td>
<td>University of Gothenburg</td>
<td><a href="mailto:simon.felgendreher@economics.gu.se">simon.felgendreher@economics.gu.se</a></td>
</tr>
<tr>
<td>Flache, Andreas</td>
<td>University of Groningen</td>
<td><a href="mailto:a.flache@rug.nl">a.flache@rug.nl</a></td>
</tr>
<tr>
<td>Franzén, Axel</td>
<td>University of Bern</td>
<td>franzé<a href="mailto:n@soz.unibe.ch">n@soz.unibe.ch</a></td>
</tr>
<tr>
<td>Gewinner, Jennifer</td>
<td>ETH Zurich</td>
<td><a href="mailto:jennifer.gewinner@soz.gess.ethz.ch">jennifer.gewinner@soz.gess.ethz.ch</a></td>
</tr>
<tr>
<td>Gneezy, Uri</td>
<td>UCSD</td>
<td><a href="mailto:ugeezy@ucsd.edu">ugeezy@ucsd.edu</a></td>
</tr>
<tr>
<td>Goerg, Sebastian</td>
<td>Florida State University</td>
<td><a href="mailto:sgoerg@fsu.edu">sgoerg@fsu.edu</a></td>
</tr>
<tr>
<td>Greiff, Matthias</td>
<td>Justus-Liebig University Giessen</td>
<td><a href="mailto:matthias.greiff@wirtschaft.uni-giessen.de">matthias.greiff@wirtschaft.uni-giessen.de</a></td>
</tr>
<tr>
<td>Gsottbauer, Elisabeth</td>
<td>University of Osunaebreck</td>
<td><a href="mailto:egssottbauer@uos.de">egssottbauer@uos.de</a></td>
</tr>
<tr>
<td>Hechter, Michael</td>
<td>Arizona State University/University of Copenhagen</td>
<td><a href="mailto:michael.hechter@asu.edu">michael.hechter@asu.edu</a></td>
</tr>
<tr>
<td>Helbing, Dirk</td>
<td>ETH Zurich</td>
<td><a href="mailto:dhelbing@ethz.ch">dhelbing@ethz.ch</a></td>
</tr>
<tr>
<td>Horne, Christine</td>
<td>Washington State University</td>
<td><a href="mailto:chorne@wsu.edu">chorne@wsu.edu</a></td>
</tr>
<tr>
<td>Howe, Lance</td>
<td>University of Alaska Anchorage</td>
<td><a href="mailto:elhowe@uaa.alaska.edu">elhowe@uaa.alaska.edu</a></td>
</tr>
<tr>
<td>Jehli, Nadja</td>
<td>University of Zurich</td>
<td><a href="mailto:nadja.jehli@econ.uzh.ch">nadja.jehli@econ.uzh.ch</a></td>
</tr>
<tr>
<td>Jiang, Ting</td>
<td>University of Pennsylvania</td>
<td><a href="mailto:tingting9999@gmail.com">tingting9999@gmail.com</a></td>
</tr>
<tr>
<td>Karle, Heiko</td>
<td>ETH Zurich</td>
<td><a href="mailto:hkarle@ethz.ch">hkarle@ethz.ch</a></td>
</tr>
<tr>
<td>Kimmich, Christian</td>
<td>Swiss Federal Research Institute WSL</td>
<td><a href="mailto:christian.kimmich@wsl.ch">christian.kimmich@wsl.ch</a></td>
</tr>
<tr>
<td>Koch, Caleb</td>
<td>ETH Zurich</td>
<td><a href="mailto:caleb.koch@gess.ethz.ch">caleb.koch@gess.ethz.ch</a></td>
</tr>
<tr>
<td>Krupka, Erin</td>
<td>University of Michigan</td>
<td><a href="mailto:ekrupka@umich.edu">ekrupka@umich.edu</a></td>
</tr>
<tr>
<td>Kurz, Verena</td>
<td>University of Gothenburg</td>
<td><a href="mailto:verena.kurz@gu.se">verena.kurz@gu.se</a></td>
</tr>
<tr>
<td>Lindemans, Jan</td>
<td>University of Pennsylvania</td>
<td><a href="mailto:lja@sas.upenn.edu">lja@sas.upenn.edu</a></td>
</tr>
<tr>
<td>Lindenberg, Siegwart</td>
<td>University of Groningen and Tilburg</td>
<td><a href="mailto:smlinden@xs4all.nl">smlinden@xs4all.nl</a></td>
</tr>
<tr>
<td>Mäa, Michael</td>
<td>University of Groningen</td>
<td><a href="mailto:m.maea@rug.nl">m.maea@rug.nl</a></td>
</tr>
<tr>
<td>Malle, Bertram</td>
<td>Brown University</td>
<td><a href="mailto:bfmalle@brown.edu">bfmalle@brown.edu</a></td>
</tr>
<tr>
<td>Maras, Marta</td>
<td>Bocconi University</td>
<td><a href="mailto:marta.maras@unibocconi.it">marta.maras@unibocconi.it</a></td>
</tr>
<tr>
<td>Metzger, Laura</td>
<td>ETH Zurich</td>
<td><a href="mailto:laura.metzger@nadel.ethz.ch">laura.metzger@nadel.ethz.ch</a></td>
</tr>
<tr>
<td>Midler, Estelle</td>
<td>University of Osnabrueck</td>
<td><a href="mailto:emidler@uos.de">emidler@uos.de</a></td>
</tr>
<tr>
<td>Moser, Karin</td>
<td>University of Roehampton London</td>
<td><a href="mailto:k.moser@roehampton.ac.uk">k.moser@roehampton.ac.uk</a></td>
</tr>
<tr>
<td>Murphy, Ryan</td>
<td>ETH Zurich</td>
<td><a href="mailto:rmurphy@ethz.ch">rmurphy@ethz.ch</a></td>
</tr>
<tr>
<td>Nax, Heinrich</td>
<td>ETH Zurich</td>
<td><a href="mailto:hnx@ethz.ch">hnx@ethz.ch</a></td>
</tr>
<tr>
<td>Nikiforakis, Nikos</td>
<td>New York University (Abu Dhabi)</td>
<td><a href="mailto:nikos.nikiforakis@nyu.edu">nikos.nikiforakis@nyu.edu</a></td>
</tr>
<tr>
<td>Nosenzo, Daniele</td>
<td>University of Nottingham</td>
<td><a href="mailto:daniele.nosenzo@nottingham.ac.uk">daniele.nosenzo@nottingham.ac.uk</a></td>
</tr>
<tr>
<td>Nüf, Matthias</td>
<td>ETH Zurich</td>
<td><a href="mailto:matthias.nuf@soz.gess.ethz.ch">matthias.nuf@soz.gess.ethz.ch</a></td>
</tr>
<tr>
<td>Przepiórka, Wojtek</td>
<td>Utrecht University</td>
<td><a href="mailto:w.przepiorka@uu.nl">w.przepiorka@uu.nl</a></td>
</tr>
<tr>
<td>Name</td>
<td>Institution</td>
<td>Email</td>
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<tr>
<td>Prüfer, Jens</td>
<td>Tilburg University</td>
<td><a href="mailto:j.prufer@uvt.nl">j.prufer@uvt.nl</a></td>
</tr>
<tr>
<td>Raab, Werner</td>
<td>Utrecht University</td>
<td><a href="mailto:w.raub@uu.nl">w.raub@uu.nl</a></td>
</tr>
<tr>
<td>Raub, Heiko</td>
<td>University of Zurich</td>
<td><a href="mailto:rauhut@soziologie.uzh.ch">rauhut@soziologie.uzh.ch</a></td>
</tr>
<tr>
<td>Romaniciuc, Rustam</td>
<td>University Montpellier</td>
<td><a href="mailto:rustam.romaniciuc@gmail.com">rustam.romaniciuc@gmail.com</a></td>
</tr>
<tr>
<td>Rutten, Charlotte</td>
<td>Utrecht University</td>
<td><a href="mailto:c.e.m.t.rutten@uu.nl">c.e.m.t.rutten@uu.nl</a></td>
</tr>
<tr>
<td>Sasaki, Tatsuya</td>
<td>University of Vienna</td>
<td><a href="mailto:tatsuya.sasaki@univie.ac.at">tatsuya.sasaki@univie.ac.at</a></td>
</tr>
<tr>
<td>Schaubec, Sebastian</td>
<td>University of Bonn</td>
<td><a href="mailto:sebastian.schaube@uni-bonn.de">sebastian.schaube@uni-bonn.de</a></td>
</tr>
<tr>
<td>Schenk, Patrick</td>
<td>University of Zurich</td>
<td><a href="mailto:schenk@soziologie.uzh.ch">schenk@soziologie.uzh.ch</a></td>
</tr>
<tr>
<td>Schmitt, Norma</td>
<td>DIW Berlin</td>
<td><a href="mailto:nschmitt@diw.de">nschmitt@diw.de</a></td>
</tr>
<tr>
<td>Schulz, Jonathan</td>
<td>University of Nottingham</td>
<td><a href="mailto:jonathan.schulz@nottingham.ac.uk">jonathan.schulz@nottingham.ac.uk</a></td>
</tr>
<tr>
<td>Schürrch, Lukas</td>
<td>FehrAdvice &amp; Partners AG</td>
<td><a href="mailto:lukas.schuerch@fehradvice.com">lukas.schuerch@fehradvice.com</a></td>
</tr>
<tr>
<td>Snijders, Chris</td>
<td>TU Eindhoven</td>
<td><a href="mailto:c.c.p.snijders@gmail.com">c.c.p.snijders@gmail.com</a></td>
</tr>
<tr>
<td>Steg, Linda</td>
<td>University of Groningen</td>
<td><a href="mailto:e.m.steg@rug.nl">e.m.steg@rug.nl</a></td>
</tr>
<tr>
<td>Steverink, Nardi</td>
<td>University of Groningen</td>
<td><a href="mailto:smlinden@xs4all.nl">smlinden@xs4all.nl</a></td>
</tr>
<tr>
<td>Suetens, Sigrid</td>
<td>Tilburg</td>
<td><a href="mailto:s.suetens@uvt.nl">s.suetens@uvt.nl</a></td>
</tr>
<tr>
<td>te Velde, Vera</td>
<td>University of Queensland</td>
<td><a href="mailto:vtevelde@gmail.com">vtevelde@gmail.com</a></td>
</tr>
<tr>
<td>Tummolini, Luca</td>
<td>CNR</td>
<td><a href="mailto:luca.tummolini@istc.cnr.it">luca.tummolini@istc.cnr.it</a></td>
</tr>
<tr>
<td>Tutic, Andreas</td>
<td>University of Leipzig</td>
<td><a href="mailto:andreas.tutic@sozio.uni-leipzig.de">andreas.tutic@sozio.uni-leipzig.de</a></td>
</tr>
<tr>
<td>Vicari, Basha</td>
<td>Institute for Employment Research</td>
<td><a href="mailto:basha.vicari@iab.de">basha.vicari@iab.de</a></td>
</tr>
<tr>
<td>Vostroknutov, Alexander</td>
<td>University of Trento</td>
<td><a href="mailto:aevk79@gmail.com">aevk79@gmail.com</a></td>
</tr>
<tr>
<td>Weber, Roberto</td>
<td>University of Zurich</td>
<td><a href="mailto:roberto.weber@econ.uzh.ch">roberto.weber@econ.uzh.ch</a></td>
</tr>
<tr>
<td>Wehrli, Stefan</td>
<td>ETH Zurich</td>
<td><a href="mailto:wehrlist@ethz.ch">wehrlist@ethz.ch</a></td>
</tr>
<tr>
<td>Weisel, Ori</td>
<td>University of Nottingham</td>
<td><a href="mailto:orioriow@gmail.com">orioriow@gmail.com</a></td>
</tr>
<tr>
<td>Wellhausen, Lorenz</td>
<td>ETH Zurich</td>
<td><a href="mailto:lorenwel@student.ethz.ch">lorenwel@student.ethz.ch</a></td>
</tr>
<tr>
<td>Winter, Fabian</td>
<td>University of Bern</td>
<td><a href="mailto:fabian.winter@soz.unibe.ch">fabian.winter@soz.unibe.ch</a></td>
</tr>
<tr>
<td>Zimmermann, Ekkart</td>
<td>Dresden University of Technology</td>
<td><a href="mailto:EkkartZimmermann@t-online.de">EkkartZimmermann@t-online.de</a></td>
</tr>
</tbody>
</table>
Monte Verità: More than a Conference Center

A Historical Site

The fascinating history of Monte Verità began in 1900 when a small group of idealists from the Northern Europe settled on the hilltop above Ascona. Their vision was to start a new life, an ideal society based on the principles of freedom, simplicity, a spirito of cooperation, a vegetarian diet and a closer relationship with nature which also included nudism.

Other movements followed at Monte Verità, focussing on psychoanalysis, on sexual revolution and on mythological symbolism. Psychoanalysis was first represented by Otto Gross, theoretician of the liberation of man through a vision of life without authoritarianism. In 1933 the first “Eranos Meetings” were organized. The name for the meetings was suggested by the religious scholar Rudolf Otto to the Dutch woman Olga Foebe-Kapteyn, founder of a spiritual movement characterised by its interest in myths, religions and symbolical archetypes, which in Ascona fused Western and Eastern philosophies. Simultaneous to these new cultural and philosophical currents, new artistic trends were developing. In 1910 Rudolf von Laban created the “Monte Verità Art School” which provided initiation into all types of expression. Thus a new form of dance arose, aiming towards the expression of both physical and mental states. This dance form was promoted by Charlotte Bara along the lines of the innovations introduced by Isadora Duncan. In 1926 the hill was bought by Baron Eduard von der Heydt, a great collector of art, who spurred Monte Verità on to its best artistic period. He had Emil Fahrenkamp build a new hotel, which allowed larger numbers of people to live in and pass through the centre. In the early decades of the 20th century, numerous artists, intellectuals and students made Monte Verità their cultural centre. Among those who spent time in the area were Carl Gustav Jung, Karoly Kereny, Erich Maria Remarque, Hermann Hesse, Adolf Portmann, Paul Klee, Hans and Sophie Täuber Arp, Robert SchÃ¼rch, Oskar Schlemmer, Charlotte Bara, Marianne Von Werefkin, El Lissitzky, Alexei Jawlensky and many others. These were the golden years for Monte Verità.

In 1956, Baron von der Heydt left the property on the hill to the Canton Ticino, and a new era began for Monte Verità. In 1989 a private foundation (Monte Verità Foundation) was established whose members comprise the Canton Ticino, the Town Council of Ascona and the Swiss Federal Institute of Technology. A plan was developed to encourage international cultural activities on an academic level through seminars and conventions on such diverse topics as scientific research, literature, history, etc.
The Hotel: A Place Where Rationality and Imagination Go Hand in Hand

In 1928, Baron Von der Heydt commissioned the German architect Emil Fahrenkamp to build a hotel in Bauhaus style. Today, the hotel retains the style that it acquired when it was restructured in 1992 by the architect Livio Vacchini from Ascona. Here, too, past and present meld perfectly. The hotel complex includes Villa Semiramis, which was built in art-nouveau style by the architect Anselmo Secondo from Turin in 1909 and offers a panoramic view of Lake Maggiore. It can accommodate up to 70 guests. For larger groups, accommodation can be organized in hotels nearby.

The Age-Old Park

The Hill’s beauty, its variety of plants and species and the favourable climatic conditions of the region contributed to the development of the reformist ideas experimented by the community in terms of social structure, arts and science, proving the effectiveness of the basic heliotherapy practised there and the basic rules of healthy living. When Baron Von der Heydt took over Monte Verità, the park acquired a wide variety of exotic plants, which can be admired to this day. New: The "Tea Culture project" with a plantation, a tea house for ceremonies and workshops, a Japanese tea path, a pavilion and a Zen garden.

A Museum of Utopias

The focal point of the museum trail is Casa Anatta, which represents the soul of the spiritual, philosophical and artistic activities of the vegetarian community and in particular the couple Henri Oedenkoven and Ida Hofmann. Since 1981 it has housed the permanent exhibition designed and set up by Harald Szeemann, who has interpreted the characters and their ideas, visions and utopias, inspired by the many-breasted goddess Diana of Ephesus. The exhibition presents objects that testify to a Reform of Life that was started but never quite completed – a utopia among utopias – alongside the universal history, which focussed on the magnetism of Monte Verità.

(Source: monteverita.org)
10 Notes