



# Experimental and Behavioral Economics Workshop

February 16, 2023 [santralistanbul](#), L1-209

## PROGRAM

- 10:00 – 10:45** Repugnant transactions: The role of agency and severe consequences  
*Hande Erkut (WZB Berlin Social Science Center)*
- 10:45 – 11:00** COFFEE BREAK
- 11:00 – 11:30** Experience and Insight Under Time Pressure: A Study with Race Game  
*Duygu Yalınkılınç (Boğaziçi University)*
- 11:30 – 12:00** Co-Existence of Giving and Heterogeneous Taking Options in A Threshold Public Goods Game: An Experimental Study  
*Cankut Kuzlukluoğlu (İstanbul Bilgi University)*
- 12:00 – 13:30** LUNCH BREAK
- 13:30 – 14:00** The role of Group Membership and Values on Social Norm Compliance and Enforcement: An Experimental Study  
*İrem Gökçe Korkut (İstanbul Bilgi University)*
- 14:00 – 14:30** The Effects of Individual Wealth on Investment Decisions under different Bankruptcy Rules: An Experimental Study  
*Fatih M. Şenyurd (Koç University & İstanbul Bilgi University)*
- 14:30 – 15:00** COFFEE BREAK
- 15:00 – 15:30** Youth's attitudes towards the role of government: The role of social, economic, and parental preferences  
*Gizem Turna Cebeci (İstanbul Kültür University)*
- 15:30 – 16:15** Transparency and replicability in economics: Insights from the 2D:4D literature  
*Levent Neyse (WZB Berlin Social Science Center)*



## **ABSTRACTS**

- **Repugnant transactions: The role of agency and severe consequences**

*Hande Erkut\*, Dorothea Kübler*

Some transactions are restricted or prohibited, although people may want to engage in them (e.g., the sale of human organs, surrogacy, and prostitution). It is not well understood what causes judgements of repugnance. We study two potential reasons: lack of agency of the parties and severe consequences of the transaction. Limited agency arises, e.g., when one party cannot decide freely because she is not able to reject the transaction offered, or a third person takes the decision on her behalf. In a laboratory experiment, we ask spectators whether they want to prohibit a transaction or not. We find that transactions with severe outcomes (listening to a painful tone) are more frequently prohibited than those with mild outcomes (waiting in the laboratory). We also show that lack of agency and severe outcomes reinforce each other, where the combination of both properties leads to prohibition rates of up to 80 percent.

- **Experience and Insight Under Time Pressure: A Study with Race Game**

*Duygu Yalınkılınç\*, İnci Ayhan, Alp Bassa, Ayça E. Giritligil*

In this paper, we experimentally study the effect of time constraints on adopting payoff-maximizing strategies in sequential decision-making. We employ the race game at which backward induction utilizes payoff maximization. We collect subjects' errors and response times in three treatments that impose different time constraints. Our results show that time constraints cause subjects to commit more errors. However, the solution process of subjects demonstrates a backward order, which indicates a convergence to a backward induction algorithm.



- **Co-Existence of Giving and Heterogeneous Taking Options in A Threshold Public Goods Game: An Experimental Study**

*Cankut Kuzlukluoğlu\**

The collective climate targets are hard to be achieved due to many factors. Among them lies the asymmetric capacities of the countries to fight and accelerate climate change. In this study, we aim to investigate the role of such asymmetry on the dynamics of cooperative behavior via a controlled laboratory experiment. We employ a dynamic public good game with a threshold at which the options to contribute to and to take from the public good coexist. We define two capacities to take from the public good, namely, low capacity (LC) and high capacity (HC), and one contribution capacity. We implement three treatments: In Treatment 1 and Treatment 2, the subjects are homogeneously assigned LC and HC, respectively. In Treatment 3, half of the subjects in a group are assigned LC, while the other half are assigned HC. Our results show that the average contribution to the public good is significantly lower in Treatment 2 than in Treatment 1 and Treatment 3. We detect no significant difference between the average contributions of the LC subjects in Treatment 3 and Treatment 1. On the other hand, we find that the average contribution of the HC subjects in Treatment 3 is higher than in Treatment 2.

- **The role of Group Membership and Values on Social Norm Compliance and Enforcement: An Experimental Study**

*İrem Gökçe Korkut\**

In this study, we employ a controlled laboratory experiment to examine altruistic norm compliance and norm enforcement behavior in intra- and inter-group settings that are implemented through minimal group design. We also investigate whether such behavior is associated with individuals' "value orientations." We employ the third-party altruistic punishment game and the experimental design features of Bernhard, Fischbacher & Fehr (Nature, 2006) which studies parochialism in indigenous groups in Papua New Guinea. In the one-shot game, an impartial observer (player C) who monitors the amount of endowment passed by a dictator (player A) to a recipient (player B) can impose a costly punishment on player A. We have four experimental treatments to yield the possible assignments of players A, B and C over two artificially formed groups. In three treatments, two players are of the same group, while the third is of the other. In one treatment, all players are of the same group. We adopt a neutral setting with no group framing in the control treatment.

We compare our results with those of Bernhard, Fischbacher & Fehr (Nature, 2006) to understand whether similar norm compliance and enforcement behavior can be generated even with minimally designed groups. We employ the "Schwartz Values Survey" to measure the subjects' value orientations and to investigate whether norm compliance and enforcement behavior can be explained by individuals' value orientations.



- **The Effects of Individual Wealth on Investment Decisions under different Bankruptcy Rules: An Experimental Study**

*Fatih M. Şenyurd\*, Ayça E. Giritligil, Emin Karagözoğlu*

In this study, we aim to investigate how changes and asymmetries in individual wealth affect stakeholders' investment decisions under three well-studied bankruptcy rules, namely, proportionality (PRO), equal awards (EA) and equal losses (EL), via employing controlled lab experiments. Our experimental design is based on the theoretical model in Dindar, Giritligil, and Şenyurd (2021). which assumes individual utility functions with DARA (Decreasing Absolute Risk Aversion.) We implement four experimental treatments yielding different value combinations of three parameters: bankruptcy probability, the survival rate of the asset in case of bankruptcy and the return ratio in case of success. In each treatment, we collect investment decisions of subjects under a given series of bankruptcy rules and individual wealth (a)symmetries We also elicit subjects' risk attitudes through incentivized dynamic portfolio decisions. Our results show that PRO and EL implement higher investments than EA while PRO and EL do not differ significantly in their impact on investment decisions. We find that investments are increased with increases in investors' absolute wealth. We also find that only the investors' absolute wealth affects investment decisions under EL, while, under PRO and EA, both absolute and relative wealth impact investment decisions.

- **Youth's attitudes towards the role of government: The role of social, economic, and parental preferences**

*Gizem Turna Cebeci\*, Tuba Bircan, Deniz Nebioğlu*

This study aims to measure young people's attitudes toward the role of government and analyze how those attitudes are related to their social and economic preferences and their parents' preferences. To this end, The Role of Government Module from the International Social Survey Program is embedded in Social and Economics Preferences Survey conducted by BELİS (Bilgi Economics Lab of Istanbul) in September 2019. This survey is conducted annually with students coming to register to the university for the first time and their parents. Using factor analysis with data from 305 young people and 264 adults, it is shown that attitudes towards the role of government are two dimensional: preferences for redistribution and preferences for welfare state. For both dimensions, in addition to parental preferences for redistribution and welfare state, the following social and economic preferences are considered as potential determinants: time preferences, risk preferences, altruism, positive reciprocity, beliefs about the fairness of income inequality, and beliefs about the fairness of social competition. Initial results can be summarized as follows: i) young people who consider income inequality as unfair or whose parents consider income inequality as unfair support redistribution, ii) young people whose parents support welfare state tend to support redistribution, iii) patience score is negatively related to young people's support for redistribution, iv) risk-taking score, positive reciprocity score and considering income inequality as unfair are positively related to young people's preferences for welfare state.



- **Transparency and replicability in economics: Insights from the 2D:4D literature**

*Levent Neyse\**

The digit ratio (2D:4D) is considered a proxy for testosterone exposure in utero, and there has been a recent surge of studies testing whether 2D:4D is associated with various economic preferences and personality traits. However, most previous studies have small sample sizes gathered from university students and there is also no consensus on the type of analysis (e.g., which hand to analyze or subgroup to focus on). To test the reported results in the literature, we collected 2D:4D data in a representative sample of adults in the German Socioeconomic Panel-Innovation Sample (SOEP-IS), in a sample of about 3500 respondents. The importance of replications and transparency in behavioral economics research will also be discussed in this session.