Thursday 27/09/18

16:00

R 511

Voting

Juho Alasalmi

University of Fribourg / University of Tampere

Motivated Prospects of Upward Mobility

(Juho Alasalmi)

The prospect of upward mobility (POUM) hypothesis conjectures that the reason why the poor do not expropriate the rich and sometimes seem to vote against their self-interest is that they expect to move upward on the income ladder and fear that high redistribution may negatively affect them in the future. This paper explicitly models the beliefs agents have about their future income and examines how and when these beliefs are overly optimistic resulting in low redistribution. Agents collectively choose a linear tax rate under uncertainty about their exogeneous future incomes. In addition to the utility from consumption, agents derive utility from the anticipation of their future consumption. This incentivizes them to distort their beliefs. Given the cognitive technology for belief distortion, the motivated prospects of upward mobility emerge endogenously as a result of agents' choices between anticipation and consumption.

Philipp Lutscher

University of Konstanz
Graduate School of Decision Sciences
Department of Politics and Public Administration

Politics with Digital Means: The Use of Denial-of-Service Attacks in Non-democratic Regimes

(Philipp Lutscher)

As the penetration and importance of information- and communication technology is increasing worldwide, it is no surprise that these new technologies are increasingly used for political purposes. In this study, we investigate the use of Denial-of-Service (DoS) attacks, cyberattacks which shut down or slow down websites temporarily by flooding an Internet server with traffic. We show that during election periods in authoritarian regimes, the frequency of Denial-of-Service attacks increases. This is due to two mechanisms: authoritarian regimes employ Denial-of-Service attacks to censor the distribution of information and reduce popular mobilization, while at the same time, opposition activists use Denial-of-Service attacks as a tool to publicly undermine the government's authority. We analyze these mechanisms by relying on a novel way to measure Denial-of-Service attacks based on large-scale Internet traffic data. Combining this data with election periods, we show that these periods increase the number of Denial-of-Service attacks, especially on states where the authoritarian country's news websites are hosted.

Guido Tiemann

Institute for Advanced Studies, Vienna

The Electoral Consequences of Party Ambiguity and Voter Uncertainty

(Guido Tiemann)

The empirical estimation of established spatial voting models is characterized by a disconcerting range of both substantive and statistical alternatives, choices, and options. One key issue is whether distances among voters and party options are best characterized by convex or concave utility functions, i.e. whether theoretical and/ or statistical models of vote choice should employ linear or quadratic loss functions to adequately capture spatial utility. These options clearly transcend the domains of mere technical modeling choices, address attitudes towards risk, and directly relate to the electorates' reaction to party ambiguity and voter uncertainty. The empirical analysis rests upon the rich data provided by the collaborative project ``The Comparative Study of Electoral Systems'' (CSES). Comparative data analyses across heterogeneous national and electoral contexts clearly demonstrate that voters are, on average, much less risk-averse than assumed by the vast majority of empirical and theoretical contributions. Instead, we find that voters in mass elections are by and large neutral towards risk and are not repelled by party ambiguity and (candidate-induced or perceptual) voter uncertainty.

Soenke Ehret

Nuffield College, University of Oxford

Strategic Complexity and Political Reflection in a Foreign Language

(Soenke Ehret)

How does reasoning in a foreign language affect political strategic decision making on complex, intricate issues? An increasing share of voters and politically engaged individuals are confronted with policies operationalized in a non-native language or phraseology that they nonetheless understand. How does the fact of being entangled with such "new" language affect cognitive reflection on complexity in strategic settings? While the effect of language on decision making is usually understood through either the lens of social identities or the subtle grammatical formation of preferences, it is seldom hypothesized that foreign language reasoning can interact with the features, depth and scope of choices. Our paper presents a test of a model based on the presumption that language complexity itself modulates the capacity to process political choices by increasing the degree of abstraction and symbolic thinking individuals apply to political puzzles. Our intuition is that complex situations in strategic settings often demand effort, but beyond effort they depend on a mental mode that enables and licenses symbolic, abstract manipulation. We test this idea in three domains important to experimental social scientists. We first apply foreign language use based on decision theoretic reflection tasks in the context of motivated reasoning and show how both language and language variation affect critical reflection along with motivated reasoning. We then test decision making in strategic situations, specifically for a) pivotal veto power and whether foreign language use increases the attribution of outcomes to the presence of veto power, and b) strategic voting games, with the goal to evaluate whether foreign language use changes the way voters would choose strategically among different parties and options. Language might prime the parochial and it is a key concern of the design to limit the explanatory power of this explanation. The experimental setup makes use of a two countries - two languages cross over design. Each country has two treatments in the respective foreign language and in the respective domestic language. Subjects are recruited from two sources, a) pre-stratified by language exposure, skill and acquisition level (bilinguals vs learned individuals) from general population online pools, and b) recruited from social media online bulletin boards where the long term history and use of language of several years can be measured and scraped unobtrusively to obtain external predictors for heterogeneous treatment effects. Our contribution can be seen in a narrow sense regarding the political choice making process of immigrants who have acquired and are proficient in a new language and the question how such immigrants would process political complexity. Could thinking in a foreign language enable rational thought? It can be also seen in a wider sense, as the effect of changing the symbolic mental perspective on political choice puzzles and encourage discussion of other mechanisms that can achieve similar effects - for example mono-linguistic abstraction or alternatively, imagination.

GRADUATE SCHOOL
OF DECISION SCIENCES

Thursday 27/09/18
16:00
R 512

Risk II

Michael Birnbaum

California State University, Fullerton

Testing Models of Decision Making in the Presence of Error: A New Extension of True and Error Theory

(Michael Birnbaum)

My presentation falls in the intersection of Areas A and D of the conference. It presents both new statistical/error theory and also reviews new analyses using that theory to properly test both Expected Utility Theory and Cumulative Prospect Theory with experiments that are capable of answering the question of whether what seemed to be evidence against those theories might actually be compatible with those theories, once random error is taken into account. Kahneman and Tversky (1979) claimed their studies disproved Expected Utility theory as a description of how people make decisions. Prospect theories were proposed to explain the violations of EU. Birnbaum (2008) presented new experiments and analyses to refute Cumulative Prospect Theory (Birnbaum, 2008). However, a new extension of True and Error theory has been developed, in which so-called "evidence" against EU and CPT might actually be compatible with those models. The new extension of True and Error Theory (TET) is a testable theory that allows one to test substantive theories as special cases. TET is more accurate descriptively and has theoretical advantages over previous approaches. My presentation will describe a new, freely available computer program in R that can be used to fit and evaluate both TET and substantive theories that are special cases of it. In order to test TET and test theories like EU and CPT, it is necessary to do more complex studies than has typically been done in the past. In particular, one must replicate each choice problem, analogous to what is done in ANOVA, in order to estimate the error components. My presentation will review new analyses of diagnostic experiments. These analyses allow us to test TET and to test EU and CPT as special cases. As it turns out, the TET models fit data quite well and provide unambiguous answers to the question of whether or not CPT should be rejected. (The paper attached describes the R-program used to do the analyses that will be presented. If I were presenting only that paper, my talk would fit better in D, but my talk will focus more heavily on the viability of EU and CPT, making it a better fit for A).

Johannes Buckenmaier
University of Zurich

The Certainty Effect in Lottery Choice: Evidence from Response Times

(Carlos Alós-Ferrer, Johannes Buckenmaier, Michele Garagnani)

We conduct a lottery choice experiment where a heuristic might conflict with utility-based decision making. The heuristic is based on a well-known bias, the certainty effect (Kahneman and Tversky, 1979), where lotteries corresponding to a sure outcome receive disproportionate support. We aim to use choice frequencies and response times to clarify the conflict between the certainty heuristic and normative decision-making, specifically the origin of errors. However, both a definition of conflict and the classification of choices as errors or correct answers requires an estimation of individual utility out-of-sample. To that end, we estimate individual utilities using an unrelated set of lotteries, carefully chosen so as not to be affected by the certainty effect. We use Maximum Simulated Likelihood (MSL) to estimate risk aversion as a deterministic coefficient, but allow for sampling error. Once this is done, we can use the estimated utilities to classify errors and to determine when the heuristic choices following the certainty effect conflict with utility-based decision making. Data on choices and response times indicate that the behavioral bias induced by the certainty effect is well captured by a heuristic. Our results shed light on the origin of errors, specifically in situations where a heuristic is likely to be present.

Michele Garagnani
University of Zurich

Response Times in Risky Decision Making
(Carlos Alós-Ferrer, Michele Garagnani)

We conduct an experiment on risky decision making where we disentangle the effect of the numerical distance between the perceptual (numerical) and monetary values of stimuli on choices probabilities and response times. We estimate CARA utilities out-of-sample to be able to evaluate subjects' distance from indifference. This allows us to classify choices as "correct responses" or "errors" depending on estimated utility. By design, we take care of excluding possible heuristics and biases involved in the decision-making process. In line with well-established facts in psychophysics, error rates and response times are larger when stimuli are more similar (and hence the decision is harder) in terms of the estimated utility, but perceptual distance still plays a role. This suggests a cardinal view of preference, where preference strength determines choice frequencies. Moreover, this is in line with subjects acting as-if they allocated effort and attention based on the opportunity cost of choosing the right answer.

Yilong Xu
University of Heidelberg

Risk, time pressure, and selection effects

(Martin Kocher, David Schindler, Stefan Trautmann, Yilong Xu)

Time pressure is a central aspect of economic decision making nowadays. It is therefore natural to ask how time pressure affects decisions, and how to detect individual heterogeneity in the ability to successfully cope with time pressure. In the context of risky decisions, we ask whether a person's performance under time pressure can be predicted by measurable behavior and traits, and whether such measurement itself may be affected by selection issues. We find that the ability to cope with time pressure varies significantly across decision makers, leading to selected subgroups that differ in terms of their observed behaviors and personal traits. Moreover, measures of cognitive ability and intellectual efficiency jointly predict individuals' decision quality and ability to keep their decision strategy under time pressure.

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Social Preferences

Michael Zürn

University of Cologne - Social and Economic Cognition II

Of Bakers and Bankers: Asymmetric Payoffs in a Social Dilemma

(Michael Zürn)

Cooperation is advantageous because human interactions seldom take the form of a "zero-sum game". This implies that cooperative behavior can create some kind of surplus in the payoffs of the "players". At the same time, people who cooperate to create a surplus also have to distribute the joint payoff among them. The central question of this research is how an equal vs. an unequal distribution of a cooperation's payoff affects the level of cooperation itself. Therefore, I compare behavior in symmetric social dilemmas with behavior in their asymmetric counterparts. In detail, participants played Public Goods Games where the payoffs (i.e. the marginal per capita returns from the public good) are either low or high and either symmetric or asymmetric. Crucially, all players faced the same payoff structure in the symmetric games (e.g., high payoff players faced other high payoff players) while players faced different payoff structures in the asymmetric games (e.g., high payoff players faced low payoff players and vice versa). Three experiments (total N > 1000) suggest that asymmetry (i.e. inequality) considerably decreases peoples' willingness to cooperate. Moreover, the current paradigm allows to explore how concerns for fairness and interpersonal trust interact as two important psychological mechanisms underlying economic decision making. The results of this research might also inform macro-economic discussions about growing income inequality and its effects on economic and psychological well-being.

Frieder Neunhoeffer

Ca' Foscari University Venice
Department of Economics

How high stakes fuel overestimation and equality aversion: Experimental evidence

(Michele Bernasconi, Frieder Neunhoeffer)

Since the 1970's income inequality has increased around the globe. Yet, demand for fiscal redistribution has declined. Various approaches have been developed to contribute explaining this apparent paradox. Among others, two hypotheses are: the prospect-of-upward-mobility (POUM) hypothesis (Benabou and Ok, QJE 2001) and overestimation of relative income (e.g. Kraus and Tan, JESP 2015; Davidai and Gilovich, JBDM 2015). We conducted a laboratory experiment to study the impact that these two hypotheses may have on people's preference for redistribution. In the experiment, income mobility is simulated by means of one rigid and one less rigid mobility matrix. Subjects express their preference for redistribution by stating their preferred tax rate for each mobility matrix both under uncertainty and certainty of their relative income (similarly to Durante, Putterman, van der Weele, JEEA 2014). We include a treatment in which the impact of overestimation works against the POUM effect due to rational expectations of income mobility. Further treatments study the influence on subjects' preference for redistribution regarding: i) different levels of pre-tax income inequality represented by two real-world income distributions; and ii) whether income is earned based on merit (real-effort game) or on luck (random endowment). The experiment was carried out in April 2018 with 160 participants. First results suggest that higher income inequality and income based on effort rather than on luck weaken the POUM effect. Furthermore, we find a positive relationship between overestimation and the level of income inequality. We plan to have a working paper ready for presentation on the conference in September.

Andis Sofianos
University of Heidelberg

Self-reported & Revealed Trust: Experimental Evidence
(Andis Sofianos)

I study the relationship between self-declared trust attitudes - using a well-recognised and established personality questionnaire - and trust choices in an induced infinitely repeated trust game. I find that self-reported trust measures are valid. An important component of the design is that first movers are not privy to the choices made by their partners. This design feature, coupled with an uncertainty element introduced in determining the first mover's final payoff, allows me to analyse how first movers react to bad outcomes. Trusting individuals are more likely to give the benefit of doubt to others and they do so in higher proportions. Analysis of the incentivised subjective beliefs that were elicited reveals that the effect of personality traits on trust choices is independent of the effect of subjective beliefs. This suggests that individuals who describe themselves as trusting choose to trust more, due to a 'warm glow' effect. Further, I find that the personality trait effect is of comparable magnitude to that of risk attitudes. Finally, trusting individuals appear to identify when trusting is optimal or not – in a treatment where trusting is no longer optimal, everyone (including those declaring themselves to be trusting) trust less.

Fabian Dvorak

University of Konstanz
Graduate School of Decision Sciences
Department of Economics

Incentives for Conformity and Disconformity

(Fabian Dvorak, Urs Fischbacher, Katrin Schmelz)

There is abundant evidence for conformity but there are also situations in which people try to set themselves apart. We investigate how punishment and reward affect these behaviors. We rely on a 3 (punishment vs. no incentive vs. reward) x 2 (arts vs. quiz) experiment design. First, two subjects make a binary choice. In the arts domain, they choose one out of two arts postcards and in the quiz domain, they choose one out of two answers to a difficult knowledge question. Then, a third person makes the same choice, knowing the decision of the first two subjects. Since this third person also makes unconditional decisions in which the two options each are compared with a third option, we can infer whether subjects make conform, disconform, or autonomous choices. Finally, evaluators are shown the three choices of a group and, depending on the treatment, assign a bonus or a deduction to one of the three subjects. We find that punishment leads to more conformity and reward leads to more disconformity, and we find more conformity in the quiz domain than in the arts domain. Disconformity is rare. It exists only in the reward treatment and it is stronger in the arts than in the quiz domain.

David Grammling

University of Konstanz
Graduate School of Decision Sciences
Department of Economics

Intergroup Discrimination and Political Orientation

(Urs Fischbacher, David Grammling, Katrin Schmelz)

The "Moral Foundations Theory" (Graham, Haidt & Nosek, 2009) suggests conservatives to care more about ingroup-related norms than liberals. We challenge the generalizability of this result for two reasons: First, the moral foundations questionnaire (MFQ30 variant) is using six questions to measure the ingroup foundation. Two out of these refer to nationality, two others refer to unspecified groups (using the terms 'group' or 'team'), one refers to family and one does not mention any group. Observing higher endorsement of these norms among conservatives can thus be an artifact. Second, the moral foundations theory implies that sensitivity to group membership is a general attribute, much like a personality trait. We argue, that it is context dependent and possibly not generalizable to different groups. We use a cross-national experiment to investigate heterogeneity in discrimination behavior towards different groups. Intergroup discrimination is measured by a series of third party dictator decisions, where subjects choose an allocation of points between a group member and an outsider. We use three criteria to separate our subjects into six groups: Nationality (Austrians vs. Germans) Political orientation (Lefts vs. Rights) Art preferences (Klee vs. Kandinsky) We find that discrimination of political opponents is strong and clearly linked to political orientation. Lefts discriminate against rights and vice versa. As expected, subjects with more extreme political orientation discriminate more, but strong discrimination is observed among moderates as well. Discrimination along nationality or art preferences is small and any effects of political orientation are insignificant. Additionally, we find that the ingroup foundation is unable to explain discrimination behavior, but social distance measured by the "Inclusion of the Other in the Self" (IOS) scale is highly correlated with discrimination behavior.