SR 113-0

Your version is ☐☐☒☐☐. Please copy your version into your answer sheet. Please answer the questions first here (and on the scratch paper). At the end of the exam copy your answers into the answer sheet and sign the answer sheet. You will return only the answer sheet, you will keep this task sheet. Good luck!

Question: What is the name of a variable that can potentially explain the treatment effect but has been neglected in a given experiment?
(4 points)

1a: Control variable.
1b: Independent variable.
1c: Confounding variable.
1d: Dependent variable.
1e: Treatment variable.

Question: Which matching protocol would generally require the largest number of participants in case of a repeated game?
(5 points)

2a: Perfect stranger.
2b: Stranger.
2c: It's impossible to say.
2d: Perfect partner.
2e: Partner.

Question: What type of experimental design rules out potential ordering effects completely?
(more than one answer possible, 5 points)

3a: Factorial design.
3b: Single-blind design.
3c: Double-blind design.
3d: Between-subject design.
3e: Within-subject design.

Question: What is the relation between the number of treatments and number of sessions in economic experiments?
(5 points)

4a: The number of treatments must be larger than the number of sessions.
4b: There is no correct answer here.
4c: The number of treatments must be smaller than the number of sessions.
4d: The number of treatments must be equal to the number of sessions.
4e: The number of treatments and number of sessions must sum up to the number of subjects.

Question: If the subjects are paid a flat fee only, which of the following principles of experimental design are violated?
(more than one answer possible, 5 points)

5a: Indirect control.
5b: Incentive compatibility.
5c: Inequality aversion.
5d: Temporal precedence.
5e: Use of neutral language.

Question: As a methodological tool, which of the following is the strategy method *not* designed to achieve?
(more than one answer possible, 5 points)

6a: Improve external validity.
6b: Make the subjects behave more pro-socially.
6c: Make the subjects behave less pro-socially.
6d: Eliminate the demand effect.
6e: Increase the chance to find a treatment effect.

Question: What is meant by 'prediction failure' when talking about affective states in experimental research?
(more than one answer possible, 5 points)

7a: Inability of subjects to learn from observing the behavior of others.
7b: Inability of subjects to coordinate on a payoff dominant equilibrium.
7c: Inability of subjects to do Bayesian updating correctly.
7d: Inability of subjects to trust each other.
7e: Inability of subjects to anticipate how they would react emotionally in a given situation.

Question: As far as goal framing, which frame is most powerful in stimulating people to engage in a given activity?
(4 points)

8a: Negative frame.
8b: Reciprocal frame.
8c: Positive frame.
8d: Neutral frame.
8e: Rational frame.

Question: What are the properties of tit-for-tat that make it successful?
(more than one answer possible, 5 points)

9a: Selfishness.
9b: Niceness.
9c: Generosity.
9d: Reliability.
9e: Forgiveness.

Question: Which of the following games specifically studies the tension between the privately and socially optimal decisions?
(4 points)

10a: Dictator game.
10b: Trust game.
10c: Monty Hall Problem.
10d: Prisoner's Dilemma.
10e: Stag Hunt game.

Question: According to the reputation building model, what are the players missing?
(more than one answer possible, 5 points)

11a: Common knowledge of rationality.
11b: Bayesian reasoning.
11c: Intrinsic motivation.
11d: Understanding of the rules of the game.
11e: Trust in each other.

Question: What is meant by 'coordination' in the context of coordination games?
(more than one answer possible, 5 points)

12a: Choosing a strategy that is a best response to the opponent's strategy.
12b: Reaching a payoff dominated equilibrium.
12c: Reaching a payoff dominant equilibrium.
12d: Reaching a risk dominant equilibrium.
12e: Choosing a strategically dominated strategy.

Question: For which type of preferences the dictator could have is it possible to make a unique prediction in the following Dictator game?

	Option A	Option B	Option C
Dictator	12	11	10
Receiver	18	18	8

(more than one answer possible, 5 points)

13a: Selfish preferences.
13b: Social welfare maximizing preferences.
13c: Inequality-averse preferences.
13d: Competitive preferences.
13e: Rational preferences.

Question: As far as the player payoffs, what is the subgame-perfect prediction for a two-stage bargaining game where the pie shrinks from X to Y as the game progresses?

(6 points)

14a: The first-stage proposer and responder get $(0; X+Y)$.
14b: The first-stage proposer and responder get $(X-Y; Y)$.
14c: The first-stage proposer and responder get $(Y; X-Y)$.
14d: The first-stage proposer and responder get $(\frac{X+Y}{2}; \frac{X+Y}{2})$.
14e: The first-stage proposer and responder get $(X+Y; 0)$.

Question: Will a rational trustor send positive transfers to the trustee?

(4 points)

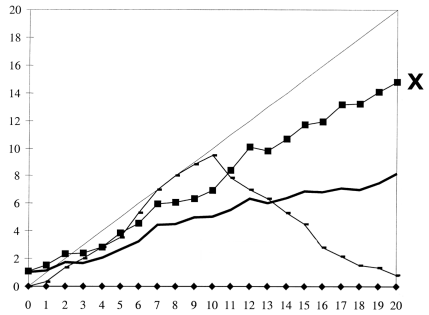
15a: Only if they expect the net return to be positive.
15b: Only to reciprocate the trustee's decision.
15c: Only if they use the representativeness heuristic.
15d: Never.
15e: Always.

Question: What is the effect of punishment on cooperative behavior in the Trust game (only the trustor can punish) and the Public Goods Game?

(6 points)

16a: The effect is positive in both games.
16b: There is no effect in either game.
16c: The effect is negative in both games.
16d: The effect is negative in the Trust game but positive in the Public Goods Game.
16e: The effect is positive in the Trust game but negative in the Public Goods Game.

Question: The following graph represents how much different subjects are willing to contribute to the public good in response to the average contribution of the other group members. What is the usual reference to the type of behavior denoted by X?



(5 points)

17a: Conditional cooperation.
17b: Free riding.
17c: Unconditional cooperation.
17d: Social welfare maximization.
17e: Inequality aversion.

Question: What is the main message of the model of information cascades?

(more than one answer possible, 5 points)

18a: Bayes rule should not be used to aggregate private and public information.
18b: Counting heuristic can lead to conjunction fallacy.
18c: Altruism is important for the creation of social welfare.
18d: Reputation is important for the creation of social welfare.
18e: Not all public information is actually informative.

Question: Below, you can find the results of five subjects participating in an information cascade experiment. There are two equally likely states of the world, and $0.5 < P(a|A) = P(b|B) < 1$.
Unlike the usual version of the game, the subjects do not make separate guesses but instead, their individual decisions are counted as 'votes' for the corresponding state of the world and then the majority vote determines one and the same decision for everybody.
Following this rule, whose behavior can be considered optimal?

Subject	α	β	γ	δ	ϵ
Signal	a	b	a	b	b
Decision	A	A	A	A	B

(more than one answer possible, 5 points)

19:

a	b	c	d	e
α.	δ.	ϵ.	β.	γ.

Question: Consider the following null hypothesis:
*Dominated strategies **cannot** influence the selection of an outcome from the set of Nash equilibria.*
The alternative hypothesis is:
*Dominated strategies **can** influence the selection of an outcome from the set of Nash equilibria.*
What pattern of results from an experiment involving Game A and Game B below would provide evidence against the null and in favor of the alternative hypothesis?

Game A

	1	2	3
1	35, 35	35, 25	100, 0
2	25, 35	55, 55	0, 0
3	0, 100	0, 0	60, 60

Game B

	1	2	3
1	35, 35	35, 25	70, 0
2	25, 35	55, 55	100, 0
3	0, 70	0, 100	60, 60

(7 points)

20a: Both players choose action 1 in Game A and action 3 in Game B.
20b: Both players choose action 2 in both games.
20c: Both players choose action 1 in Game A and action 2 in Game B.
20d: Both players choose action 2 in Game A and action 3 in Game B.
20e: No such pattern is feasible with Game A and Game B.

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total number of points: 100
obtainable through randomisation: 35
sufficient to pass: 59