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!

There are different versions. You find the correct answers always in different places (a,b,c,d,e), the answers are still the same.

Question: What is the perspective of experimental economics on direct and indirect control?

(5 points)

1a: It is not possible to have everything under direct control and as such, it has to be supported with indirect control.
1b: There is no need for indirect control as everything can be controlled directly.
1c: There is no such thing as 'direct' or 'indirect control'. There is only 'control' and lack thereof.
1d: The choice between direct and indirect control depends on the objective of a particular experiment.
1e: Direct control is not allowed. Everything must be controlled indirectly.

See lecture 2.

Question: What is required for an experiment to be internally valid?

(more than one answer possible, 5 points)

2a: Full factorial design.
2b: Partner matching protocol.
2c: Elimination of alternative explanations.
2d: Generalizability across situations.
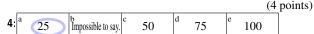**2e**: Absence of deception.

See lecture 2.

Question: What is a common reference to a feature of a given experimental design that may appear prominent to participants?

(4 points)

3a: Decision error.
3b: Information cascade.
3c: Focal point.
3d: Heuristic.
3e: Cognitive bias.

The question itself is pretty much the definition of a focal point. Mentioned in lecture 3 for the first time.

Question: What is the total number of participants required for a within-subject experiment that has three treatment conditions (including a control treatment) with 25 participants each?

(4 points)

4: | a 25 | b Impossible to say. | c 50 | d 75 | e 100 |

'Within-subject' means that each participant is 'used' in each and every treatment. See lecture 2.

Question: What is the perspective of experimental economics on intrinsic motivation?

(4 points)

5a: The more the participants are motivated intrinsically the better.
5b: There is no need to be concerned about intrinsic motivation.
5c: Intrinsic motivation must be superseded by extrinsic motivation.
5d: There is no such concept in experimental economics.
5e: Intrinsic motivation must supersede extrinsic motivation.

See lecture 3.

Question: Between the direct decision and strategy methods, where would you expect the elicited behavior to be more in line with the normative prediction?

(5 points)

6a: The two methods are not mutually exclusive.
6b: There should be no difference there.
6c: Direct decision method.
6d: Strategy method.
6e: It is unreasonable to have any expectation about that.

See lecture 3.

Question: Who is 'allowed' to deceive in economic experiments?

(5 points)

7a: Participants.
7b: Nobody.
7c: Laboratory assistants.
7d: Experimenters.
7e: Anybody.

If there is scope for deception in an experiment, we cannot tell the participants what they can or cannot do. See lecture 4.

Question: If you expect motivational crowding out to be an issue for a given study, what does it imply as far as its experimental design?

(5 points)

8a: Student subjects should not be used.
8b: Double-blind design should be used.
8c: Strategy method should be used.
8d: Monetary incentives should be sufficiently high.
8e: Between-subject design should not be used.

See lecture 5.

Question: What is meant by the single-blind experimental design?

(more than one answer possible, 5 points)

9a: There are two treatment conditions in the experiment.
9b: The identities of the participants are kept secret during the course of the experiment.
9c: There may be some deception during the course of the experiment.
9d: The participants don't know which treatment they are assigned to.
9e: The experimenter does not know which treatment the subjects are assigned to.

See lecture 5.

Question: What types of experimenter demand effect are there?

(more than one answer possible, 5 points)

10a: Social.
10b: Cognitive.
10c: Positive.
10d: Normative.
10e: Psychological.

See lecture 5.

Question: What can in principle account for cooperative behavior in a one-shot Prisoner's Dilemma?

(more than one answer possible, 5 points)

11a: Pure altruism.
11b: Inequality aversion.
11c: Fear of punishment.
11d: Reputation building.
11e: Reciprocity.

See lectures 6 and 8. Reputation building requires repeated interaction. Reciprocity requires a sequential move game.

Question: In a typical coordination game, what do you expect of the relationship between the number of players and observed level of effort?

(5 points)

12a: It is unreasonable to have any expectation about that.
12b: The relationship is negative.
12c: The relationship depends on the true state of the world.
12d: There is no relationship.
12e: The relationship is positive.

See lecture 7.

Question: Which of the following would imply for the dictator to behave identically both in the Dictator and Ultimatum games?

(more than one answer possible, 5 points)

13a: Reciprocity.
13b: Inequality aversion. *(circled)*
13c: Counting heuristic.
13d: Trust.
13e: Pure altruism. *(circled)*
See lectures 6 and 8.

Question: Below, there are two separate decisions that a dictator has to make. Which of the following preference types can in principle choose *B* in Table 1 and *C* in Table 2?

Table 1	A	B	C
Dictator	7	7	8
Recipient	10	24	17

Table 2	A	B	C
Dictator	17	16	16
Recipient	4	12	4

(more than one answer possible, 5 points)

14a: Selfish.
14b: Inequality averse.
14c: Competitive absolute.
14d: Competitive relative.
14e: Social welfare maximizer.

See lecture 8. The question is inspired by Iriberri and Rey-Biel (2013). A selfish dictator will never choose *B* in Table 1 because *C* gives him a higher utility. An inequality averse dictator will never choose *B* in Table 1 because *A* gives him a higher utility. The same is also true for a dictator with competitive preferences, both absolute or relative. A social welfare maximizer will never choose *C* in Table 2 because *B* gives him a higher utility. If the dictator has any of the preference types presented here, he will never choose *B* in Table 1 and *C* in Table 2.

Question: As far as their behavioral predictions, what is the difference between conditional cooperation and reciprocity?

(6 points)

15a: Both concepts predict one doing something beneficial to others. There is no practical difference and the particular label depends on the game.
15b: Conditional cooperation predicts one doing something beneficial to others. In contrast to that, reciprocity predicts one doing something detrimental to others.
15c: Conditional cooperation predicts one doing something beneficial to others. In addition to that, reciprocity can predict one doing something detrimental to others. *(circled)*
15d: Conditional cooperation predicts one doing something beneficial to others only if they do the same. In contrast to that, reciprocity predicts one doing something beneficial to others irrespective of what they do.
15e: Conditional cooperation predicts one doing something beneficial to others. In contrast to that, reciprocity predicts one doing something beneficial to others initially but detrimental to them by the end of the game.

Conditional cooperation results in prosocial outcomes. Reciprocity can result both in prosocial and antisocial outcomes conditional on whether the decision maker responds to what he believes to be well- or ill-intended actions of others. See lectures 8–10.
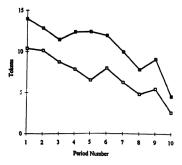
Question: If some Trust game findings support the reciprocation hypothesis, what can be said about the amounts sent and returned?

(4 points)

16a: On average, both amounts are zero.
16b: It is not possible to learn anything from that.
16c: The amounts are positively correlated. *(circled)*
16d: The amounts are negatively correlated.
16e: The amounts are not correlated.
See lecture 9.

Question: Below, you can find the average number of tokens contributed in two different treatments of a 10-period Public Goods Game.

According to the reputation building model, which graph must correspond to the treatment with the partner matching and which must correspond to the treatment with the stranger matching protocol?

(5 points)

17a: The partner matching graph is above while the stranger matching graph is below. *(circled)*
17b: The partner matching graph is below while the stranger matching graph is above.
17c: The reputation building model cannot say which graph should be above or below.
17d: According to the reputation building model, there should be no difference between the graphs.
17e: Either graph is equally likely to be above and hence there is a fifty-fifty chance that the one above is from the partner matching treatment.

See lectures 6 and 10. In particular, see Croson (1996) as part of lecture 10.

Question: If the participants are reported to exhibit the self-serving bias in a Public Goods Game, what can be said about their behavior?

(4 points)

18a: They free ride all the time.
18b: They conditionally contribute but less than half of their endowment.
18c: They contribute unconditionally but less than half of their endowment.
18d: They free ride when matched with strangers but conditionally contribute when matched with partners.
18e: They conditionally contribute but less than the others on average. *(circled)*
See lecture 10. In particular, see Fischbacher et al. (2001).

Question: What are the properties of the individual signal about the state of the world that allow for an information cascade to occur?

(4 points)

19a: The signal is idiosyncratic.
19b: The signal is uninformative and imprecise.
19c: The signal is uninformative and precise.
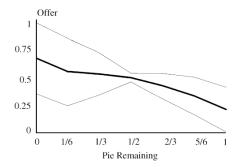**19d:** The signal is informative and imprecise. *(circled)*
19e: The signal is informative and precise.
See lecture 11.

Question: The following two-stage bargaining game involves an initial pie size of 2.40 in all treatments, which are parameterized by the amount of the pie remaining, as shown in the first row of the table below. In addition to their earnings from the bargaining outcome, the players receive fixed payments that are independent of it. These payments for the initial proposer and responder depend on the treatment as shown in the second and third rows of the table.

	Treatment parameters						
Remaining pie size	0.00	0.40	0.80	1.20	1.60	2.00	2.40
Fixed payment to initial proposer	2.65	2.25	1.85	1.45	1.05	0.65	0.25
Fixed payment to initial responder	0.25	0.65	1.05	1.45	1.85	2.25	2.65

What can be concluded from the data exhibiting the pattern below?

Average first-stage offers (dark line) and standard deviations (thin lines).

(more than one answer possible, 10 points)
20a: The behavior is consistent with the reputation building model.
20b: The behavior is consistent with the SPNE predictions.
20c: The behavior is consistent with inequality averse preferences.
20d: The behavior is consistent with the selection bias.
20e: The behavior is consistent with the participants striving to equal-
ize their total payoffs.
See lecture 8. In particular, see Goeree and Holt (2000).

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total number of points: 100
obtainable through randomization: 32
sufficient to pass: 57