

## BELSS Symposium on Experimental Economics

Saturday June 6, 9.50-13.00, 3-E4-SR03 (3rd floor seminar room, Bocconi University's Roentgen bldg.)

- 9:55-10:00 Martin Dufwenberg (BELSS): *Welcome*
- 10:00-10:30 [Olivier Armantier](#) (NY Fed): "The Rich Domain of Risk"
- 10:35-11:05 [Giuseppe Attanasi](#) (Strasbourg): "Disclosure of Belief-Dependent Preferences in a Trust Game"
- 11:05-11:25 *Break*
- 11:30-12:00 [Haileselassie Medhin](#) (Gothenburg): "Triggering Cooperation"
- 12:05-12:35 [Giovanni Ponti](#) (LUISS & Alicante): "Some (Mis)facts about Myopic Loss Aversion"
- 12:40-12:50 [Joshua B. Miller](#) (BELSS): "Surprised by the Gambler's and Hot Hand Fallacies? The Truth of the Law of Small Numbers."
- 13:00- *Light lunch*

1. "The Rich Domain of Risk" (O. Armantier & Nicolas Treichy): We report on two experiments challenging the common assumption that events with objective probabilities constitute a unique source of uncertainty. We find that, similar to the domain of ambiguity (Abdellaoui et al. 2011), the domain of risk is rich in the sense that behavior is systematically different when subjects face risky bets based on simple or more complex events. Further, we find a tight association between attitudes toward complex risky bets and attitudes toward both ambiguity and compound lotteries. These results raise questions about the characterization of ambiguity aversion and the modeling of decisions under uncertainty.
2. "Disclosure of Belief-Dependent Preferences in a Trust Game" (G. Attanasi, Pierpaolo Battigalli & Rosemarie Nagel): Experimental evidence suggests that agents in social dilemmas have belief-dependent, other-regarding preferences. But in experimental games such preferences cannot be common knowledge, because subjects play with anonymous co-players. We address this issue theoretically and experimentally in the context of a trust game, assuming that the trustee's choice may be affected by a combination of guilt aversion and intention-based reciprocity. We recover trustees' belief-dependent preferences from their answers to a structured questionnaire. In the main treatment, the answers are disclosed and made common knowledge within each matched pair. Our main auxiliary assumption is that such disclosure approximately implements a psychological game with complete information. To organize the data, we classify subjects according to their elicited preferences, and compare predictions for the complete-information model (main treatment) with robust qualitative predictions for the incomplete-information model (control).
3. "Triggering Cooperation" (M. Dufwenberg, Gunnar Köhlin, Peter Martinsson & Haileselassie Medhin)
4. Some (Mis)facts about Myopic Loss Aversion (Iñigo Iturbe-Ormaetxe, G. Ponti & Josefa Tomás): Gneezy and Potters (1997) run an experiment to test the empirical content of Myopic Loss Aversion (MLA) and find that the attractiveness of a risky asset depends upon the investors' time horizon: consistently with MLA, individuals are more willing to take risks when they evaluate their investments less frequently. This paper shows that these experimental findings can be easily accommodated by the most standard version of Expected Utility Theory, namely a CRRA specification. Additionally, we use four different databases to estimate a CRRA model and two alternative MLA versions, together with various mixture specification of the two competing behavioral frameworks. Our econometric exercise finds little evidence of subjects' imposed loss aversion, which provides empirical ground for our theoretical claim.
5. "Surprised by the Gambler's and Hot Hand Fallacies? The Truth of the Law of Small Numbers" (J. B. Miller & Adam Sanjurjo)

*If you have questions, contact Martin Dufwenberg ([martin.dufwenberg@unibocconi.it](mailto:martin.dufwenberg@unibocconi.it)), Joshua B. Miller ([joshua.miller@unibocconi.it](mailto:joshua.miller@unibocconi.it)), or Fabrizio Iozzi ([fabrizio.iozzi@unibocconi.it](mailto:fabrizio.iozzi@unibocconi.it)). Bocconi Experimental Laboratory for the Social Sciences: <http://www.belss.unibocconi.it>*