



Universität Innsbruck - Institut für Christliche Philosophie

Gastvortrag

Organisation und Kontakt: Bruno Niederbacher

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Market Design and Moral Behavior

**Mittwoch, 9. April 2014, 18.00 s.t.
Seminarraum VI (Karl-Rahner-Platz 3)**

Nowadays, the logic of market-oriented thinking has reached into areas of life traditionally governed by nonmarket values. This dominance of markets is confronted with a long-standing controversial dispute in the social sciences whether markets erode moral values. Accordingly, it seems that people tend to act against their own moral standards in market settings. Falk and Szech (2013) were the first to analyze this issue empirically by running laboratory experiments. Subjects choose between an individual payout and the saving of a mouse from death. The authors report that subjects choose the individual payout more often in a market institution compared to a non-market individual decision setting. We build on this study and experimentally investigate subjects' trade-off between earning money for themselves and donation to a moral good. We replicate Falk and Szech (2013) and find that (i) Falk and Szech's results of very low and over time decreasing prices are an artifact of their market design with a seller surplus. We show that market prices are much higher and do not decrease over time, when markets are run with an equal number of buyers and sellers. We further test whether market interventions influence subjects' moral behavior. In four market treatments we remind traders of their responsibility, increase their involvement with the moral dimension, remove trader's anonymity in the market and introduced monetary punishment in the market setting. We find that (ii) even strong intrinsic interventions have no effect in our experimental markets. Only the threat of monetary punishment leads to increased moral behavior in markets.

Matthias Stefan has studied Philosophy and Business Administration in Innsbruck. Since 2012 he works at the Department of Banking and Finance at the University of Innsbruck.

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