



Upcoming Seminars

Monday, 24.4.23

13.30-14.30

AWI room 00.010

Departmental Seminar 1

Simon Gächter, Nottingham University

"Why people follow rules"

(Host: Jörg Oechssler)

Wednesday, 26.4.23

12.15-13.15

AWI room 00.010

Departmental Seminar 2

David Kelsey, Nottingham University

"Tort Liability and Unawareness"

(Host: Jürgen Eichberger)

Abstracts

Departmental Seminar 1

Simon Gächter

"Why people follow rules"

Rules regulate social life and have long been recognised as fundamental for stable social order in society. Stability requires people to follow rules intrinsically, even when they could be broken with impunity, as they can in many real-world situations. The human sciences have conflicting views about why people comply with rules. Here, we show in a series of thirteen experiments ($n=14,034$) using a minimalist rule-following task that intrinsic rule-following is a major source of people's rule compliance: between 58 and 70 percent of people comply with an arbitrary rule even when compliance results in a net loss and people are aware of it; when acting alone; and when no-one is hurt by a violation. Because these are stark and often unrealistic conditions, we benchmark our findings with settings involving other people, negative

consequences for others of a violation, and weak and strong incentives to comply. We guide our analysis by developing a framework that integrates non-social cost-benefit considerations and social expectations for rule-following. Our analysis reveals that people expect others to follow rules, and view rule-following as being socially appropriate. Testing key causal predictions, we find that rule-breaking is contagious and renders violations less socially inappropriate, but across experiments, rule-following rates never drop below 40 percent. Sanctioning violations boosts compliance. Our results also reveal that rule-following depends on the interplay of social and non-social motives, neither of which can explain rule-following on its own. Our framework provides the conceptual elements to study this interplay for any rule of interest.

*with Lucas Molleman and Daniele Nosenzo

Departmental Seminar 2

David Kelsey

"Tort Liability and Unawareness"

We explore the implications of unawareness for tort law. We study cases where injurers and victims initially are unaware that some acts can yield harmful consequences, but later become aware. Alternatively they are unaware that some acts or consequences are even possible. Following Karni 2013 we model unawareness by Reverse Bayesianism. We compare the two basic liability rules of Anglo-American tort law, negligence and strict liability, and argue that negligence has an important advantage over strict liability in a world with unawareness--- negligence, through the stipulation of due care standards, spreads awareness about the updated probability of harm.

Talks and Research Visits

Jörg Oechssler gave a seminar talk "On the benefits of robo advice in financial markets", Ben Gurion University, Israel, April 20.

Zeno Enders presented the Paper "Shock Transmissions in Different Inflation Regimes" (joint with Sarah Arndt) at the Banque de France, April 5.

New Publications

Marco Lambrecht and Jörg Oechssler: "Do women shy away from risky skill games?" in *Journal of Economic Behavior and Organization*, forthcoming.

Editorial deadline for issue 09/2023 of the newsletter:
Wednesday, April 24, 2023, noon.
newsletter@awi.uni-heidelberg.de