

CIFREM SEMINARS

Social vs. Risk Preferences under the Veil of Ignorance

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Via Rosmini, 70 - TN***

This paper reports evidence from a sequence of a simple Dictator Game in which, randomly matched in pair, subjects have to choose repeatedly one out of four alternatives involving a pair of fixed monetary prizes, one for them and the other for an anonymously matched subject. While the sequence of choice sets is constant across treatments, the latter differ in terms of the information available to subjects at the time they make their decision, together with their relative position within the pair. Subjects' decisions are framed in the realm of a simple mean-variance utility maximization problem, where the parameter associated to the variance is interpreted (depending on the treatment) as a measure of risk or inequality aversion. We estimate simultaneously, by maximum likelihood, both parameters at the level of each individual subject participating to the experiment. We also condition our estimation to subjects' individual sociodemographic characteristics.

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