

THREE CONTRIBUTIONS TO EXPERIMENTAL ECONOMICS

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ABSTRACT:

This dissertation provides basic economic research in behavioral economics. The leitmotif of all three essays is to study the decision making of individuals applying the method of experimental economics. Each of the presented essays constitutes a new, independent and self-contained contribution to the scientific literature.

Essay I presents public-goods research and compares voluntary contributions to a public good in a setting with symmetric wealth endowments to those in settings with moderately asymmetric and strongly asymmetric endowments. Results show that group contribution levels do not differ significantly between the symmetric and the weakly asymmetric setting. In both settings, participants contribute the same percentage of their respective endowment. In the strongly asymmetric setting, in which one of the players has a higher endowment than the three other players combined, group contribution levels are observed to be significantly lower than in the other two settings. The rich player in the strongly asymmetric setting contributes a significantly lower percentage of his endowment to the public good than the poor players do on average.

Essay II and III provide health economics research and analyze the influence of financial incentives on physician behavior. Essay II investigates whether physicians customize care in response to financial incentives at the individual patient level. Results show that FFS patients receive significantly more medical care than capitated patients. FFS patients are over-served while capitated patients are under-served. A lump-sum payment reduction under capitation triggers no physician response in the experiment. Essay III evaluates pay-for-performance, a promising payment concept linking physician compensation to quality of care. Physicians are reported to respond to P4P incentives. A P4P patient is significantly more likely to receive optimal care than a FFS patient. P4P in many cases alleviates over- and under-provision relative to FFS. The essay also documents unethical treatment behavior (i.e. the provision of medical services with no benefit to the patient), irrespective of the payment system.