

# Speculative Bubbles - An Introduction and Application of the Speculation Elicitation Task (SET)

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## **Abstract**

We introduce the speculation elicitation task (SET) to measure speculative tendencies of individuals. The resulting SET-score allows us to investigate the role of individual speculative behavior on experimental asset market bubbles. The experimental results show that overpricing in asset markets composed of subjects with a high propensity to speculate (high SET-score) is significantly higher than in markets composed of subjects with a low propensity to speculate (low SET-score). We conclude that speculative tendencies are an important driver of price bubbles in experimental asset markets.