

SE 040518

Topics in Behavioral and Experimental Economics

Behavioral and Experimental Economics is a vibrant field of research which sheds new light on many old and important issues in economics. The field is rapidly growing, best practice standards evolve and new methods are developed.

The **purpose** of the seminar is to critically discuss new developments in Behavioral and Experimental Economics in a small group of advanced students. The course educates students to become critical consumers of current research in behavioral and experimental economics and aims at inspiring students for their own research projects.

Method and organization of the course: I propose readings on selected topics (see below). In the first session, I briefly present the papers. Each student selects one (or two) papers on which s/he acts as a “pole of competence”. We determine the reading list in the first session. ***It is therefore imperative to participate in the first session.*** Students who cannot (for a good reason) participate in the first session should send me an e-mail naming at least three papers from the reading list which they are committed to present one week before the first session.

Classroom discussion is organized as follows: The pole of competence provides a **concise** presentation of the paper (about 20’). We then discuss questions of technical detail as well as questions on context and interpretation. If time permits, we go through paper page by page (or line by line where necessary).

A successful “pole of competence” is able to summarize each section/paragraph *in his or her own words at any time* during the discussion, guides the discussion and is able to answer most questions from fellow students and the instructor. Competent navigation is particularly important when discussing long articles (e.g. surveys).

Participants are expected to read all papers, prepare questions and to contribute their own thoughts and views on the paper. Bring your annotated copy of the paper. Active participation is essential. Critical thought, controversy and debate is welcome (once we are clear about what the paper says).

Requirements: Participants need to have taken a class providing an introduction into the field, for example my lecture “Behavioral and Experimental Economics” (UK 040832). Students with comparable backgrounds can also be admitted but need to provide evidence that their knowledge is comparable (bring handout and grade of classes taken elsewhere to the first session). In addition, a sound knowledge of microeconomics and game theory is required.

Successful completion of this course earns students **8 ECTS** credits.

Grading:

- a) Present. Hand in your slides on time (25%)
- b) Actively participate in discussion (35%). You **must not miss more than two sessions.**
- c) Hand in two term papers each consisting of an extended abstract (about 1 page) summarizing the paper *in your own words* and your comments and own thoughts (max. 3 pages). Best shots count (40%).

Deadline for handing in a) and c): 10 am on the day before the seminar by e-mail to me

Times and places

Do not miss the first session on March 1 (Week 9)

Times and places: Tuesdays, 09:45 – 13:00, SR3, OMP 1

Week

9 Introduction, organization and selection of topics

10

11

12 No class (Easter holiday)

13 No class (Easter holiday)

14

15

16

17 No class

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19

20 No class (Pentecost)

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22

23

24 No class

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26

Readings

Most of the papers below can be downloaded from the internet (repec, ssrn, or just google). The books should be available in our library or can be bought on amazon. I will try to provide the readings, your slides and your comments on moodle.

Methodological and measurement issues

1. Falk, A., Becker, A., Dohmen, T., Huffman, D.B. and Sunde, U. (2016): The Preference Survey Module: A Validated Instrument for Measuring Risk, Time, and Social Preferences. IZA DP No. 9674
2. Davis, D.D. (2016): Experimental Methods for the General Economist: Five Lessons from the Lab.
3. Di Cagno, D., Güth, W. and Sillari, G. (2016): The Better Toolbox: Experimental Methodology in Economics and Psychology. <https://ideas.repec.org/p/lu/cesare/1502.html>
4. List, J.A., Shaikh, A.M., and Xu, Y. (2016): Multiple Hypothesis Testing in Experimental Economics. NBER Working Paper no. 21875.

Expressive voting

5. Bischoff, I. and Krauskopf, T. (2015): Warm Glow of Giving Collectively – An Experimental Study. *Journal of Economic Psychology* 51: 210-218.
6. Feddersen, T., Gailmard, S., Sandroni, A. (2009): Moral Bias in Large Elections: Theory and Experiments. *American Political Science Review* 103(2): 175-192.
7. Hamlin, A. and Jennings, C. (2011): Expressive Political Behaviour: Foundations, Scope and Implications. *British Journal of Political Science* 41(3): 645-670.
8. Hillman, A. (2010): Expressive Behavior in Economics and Politics. *European Journal of Political Economy* 26: 403-418.
9. Shayo M. and Harel A. (2012): Non-Consequentialist Voting. *Journal of Economic Behavior and Organization* 81(1): 299-313.

Loss aversion

10. Barberis, N., and Huang, M. (2008): The Loss Aversion / Narrow Framing Approach to the Equity Premium Puzzle. In: Mehra, R. (ed.): *Handbook of the Equity Risk Premium* 1: 199–229. Amsterdam: Elsevier. Including comments by Gabaix, X, pp. 230-4 and Jagannathan, R., pp. 235-6.
11. Doerrenberg, P., Duncan, D. and Loeffler, M. (2016): Asymmetric Labor-Supply Responses to Wage-Rate Changes: Evidence from a Field Experiment. IZA DP No. 9683
12. Fellner, G. and Sutter, M. (2009): Causes, Consequences, and Cures of Myopic Loss Aversion – An Experimental Investigation. *Economic Journal* 119(537): 900-916.
13. Hardin, A.M. and Looney, C.A. (2012): Myopic Loss Aversion: Demystifying the Key Factors Influencing Decision Problem Framing. *Organizational Behavior and Human Decision Processes* 117(2): 311-31.

Social Norms

14. Gächter, S. (2014): Human Pro-Social Motivation and the Maintenance of Social Order. CES-Ifo Working paper 4729.
15. Erkut, H., Nosenzo, D. and Sefton, M. (2015): Identifying Social Norms Using Coordination Games: Spectators vs. Stakeholders. *Economics Letters* 130: 28-31.
16. Stagnarol, M.N., Arechar, A.A. and Rand, D.G. (2016): From Good Institutions to Good Norms: Top-down Incentives to Cooperate foster Prosociality but not Norm Enforcement. WP SSRN, January 22, 2016.

Contests

17. Konrad, K.A. (2012): Dynamic Contests and the Discouragement Effect. *Revue d'économie politique* 122: 233-256.
18. Dechenaux, E., Kovenock, D. and Sheremeta, R.M. (2014): A Survey of Experimental Research on Contests, All-pay Auctions and Tournaments. *Experimental Economics* 18: 609-669.
19. Sheremeta, R. (2015): Behavior in Group Contests: A Review of Experimental Research. Working paper, October 21, 2015.

Discrimination

20. De Haan, T., Offerman, T. and Sloof, R. (2015): Discrimination in the Labour Market: The Curse of Competition between Workers. Forthcoming: *Economic Journal*
21. Feltovich, N., Gangadharan, L. and Kidd, M.P. (2011): Must Positive Discrimination be Permanent? The Impact of Implementing and Removing Affirmative-Action Programs on Workers' Skill Acquisition. Working Paper, 2011.
22. Filippin, A. (2015): The Persistence of Discrimination: An Experiment on Expectations of Being Discriminated Against. <http://www.aiel.it/cms/cms-files/submission/all20150614182015.pdf>

Fair Tax Evasion

23. Barth, E., Cappelen, A.W. and Ognedal, T. (2013): Fair Tax Evasion. NHH Discussion papers.
24. Weinreich, D. (2013): Fair Tax Evasion and Majority Voting. MPRA working paper 48919.