

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. 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 (and if necessary in the second) 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 (15-20'). 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. 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: The usual requirement for this seminar is that participants have taken a class providing an introduction into the field, for example my lecture “Behavioral and Experimental Economics” (UK 040832). However, because the lecture was not taught last term, this requirement does not apply as an exception. A sound knowledge of microeconomics and game theory is required.

Successful completion of this course earns students **4 ECTS** credits.

Each part a) to d) below is graded on a scale 1 to 5 and the final grade is the weighted average of these grades using the weights indicated below.

Grading:

- a) Present. Hand in your slides on time (20%)
- b) Navigate the group (“Pole of competence”) and answer our questions (20%)
- c) Actively participate in discussion (20%). You **must not miss more than two sessions.**
- d) Hand in two extended abstracts (about 1 page) summarizing the paper *in your own words*. Add your comments and own thoughts (max. 3 pages). Best attempts count (40%)

Deadline for handing in a) and d): Monday morning 8 am, i.e. one the day before your seminar, by e-mail to me.

Times and places

Tuesdays (3.3.-30.6.): 11:30-13:00, SR3, OMP 1

Do not miss the first session on March 3 (11:30-13:00)!

Week

10	Introduction, organization and selection of topics
11	Intro
12	Reading
13	Thomas: Bruhin et al.: Human Sociality
14	No class (Easter)
15	No class (Easter)
16	Dominik: Dohmen et al.: Patience and Wealth
17	Dominik: Dohmen et al.: Patience and Wealth
18	Aisya: Dhami: Morality and Social Identity
19	Martijn: Cason and Plott: Game form misperception
20	Luca: Bartling et al.: Game form misperception
21	No class
22	No class (Pentecost)
23	Hernan: Cohn et al: Dishonest Bankers
24	Eryk: Niederle: Gender
25	Eryk: Niederle: Gender
26	Hernan: Azmat and Petrongolo: Gender discrimination
27	Julia: Reuben et al: Stereotypes and women's careers in science

Readings

One suggested focus of this year's seminar is a forthcoming book by Sanjit Dhami: *Foundations of Behavioral Economic Analysis*. Forthcoming 2015 in Oxford Univ. Press. We will use selected preprints on Part II and Part IV for classroom discussion.

Part II: *Social Preferences, Reciprocity, and Incentives* (version of 18.4.2014),

1. Ch. 1: The Evidence on Human Sociality: p. 1-58,
2. Ch. 2: Models of Social Preferences: p. 59-119,
3. Ch. 3: Human Morality and Social Identity: p. 120-147,
4. Ch. 4: Incentives, Social Preferences, and Reciprocity: p. 138-235.

Part IV: *Behavioral Game Theory* (version of 22.6.2014)

5. Ch. 1: The Evidence on Strategic Human Choice (iterated dominance, mixed strategy equilibria, coordination games): p. 1-76.
6. Ch. 1: The Evidence on Strategic Human Choice (Bargaining, asymmetric information and signaling, strategic complements vs. substitutes, competitive equilibrium) p. 77-166.
7. Ch. 2: Models of Behavioural Game Theory (Quantal Response Equilibrium, Level- k and Cognitive Hierarchy models): p. 167-216.

Gender issues

8. Azmat, G. and Petrongolo, B. (2014): *Gender and the Labor Market: What Have We Learned from Field and Lab Experiments?* Working paper no. 724, Queen Mary.
9. Carlsson, M., Reshid, A. and Rooth, D.-O. (2014): *Explaining the Gender Wage Gap Among Recent College Graduates – Pre-Labor Market Factors or Employer Discrimination*. Working paper October 2014.
10. Niederle, M. (2014): *Gender*. NBER working paper no. 20788 (forthcoming in Kagel, J. and Roth, A.E. (eds.): *Handbook of Experimental Economics*, 2nd ed.)
11. Reuben, E., Sapienza, Zingales, L. (2014): How Stereotypes Impair Women's Careers in Science. *Proceedings of the National Academy of Science* (PNAS) 111(12): 4403-8.

Topics on Human Sociality, Social Preferences

12. Bruhin, A., Fehr, E. and Schunk, D. (2014): The Many Faces of Human Sociality – Uncovering the Distribution and Stability of Social Preferences (June 22, 2014)
13. Cohn, A., Fehr, E. and Maréchal, M. (2014): Business Culture and Dishonesty in the Banking Industry. *Nature* 516: 86-89.
14. Dohmen, T., Enke, B., Falk, A., Huffman, D. and Sunde, U. (2015): Patience and The Wealth of Nations. Working paper, January 28, 2015.
15. Falk, A., Becker, A., Dohmen, T., Enke, B., Sunde, U. and Huffman, D. (2015): The Nature of Human Preferences: Global Evidence. January 23, 2015.

16. Regner, T. (2014): Social Preferences? Google Answers! *Games and Economic Behavior* 85: 188-209.
17. van Veldhuizen, R., Oosterbeek, H. and Sonnemans, J. (2014): Peers at Work: From the Field to the Lab. WZB Discussion Paper, No. SP II 2014-204.

Various topics

18. Bordalo, P., Gennaioli, N. and Shleifer, A. (2013): Saliency and Consumer Choice. *Journal of Political Economy* 121(5): 803-843.
19. Cason, T.N. and Plott, C.R. (2014): Misconceptions and Game Form Recognition: Challenges to Theories of Revealed Preference. *Journal of Political Economy* 122(6): 1235-1270.
20. Bartling, B., Engl, F. and Weber, R. (2014): Game Form Misconceptions Do Not Explain the Endowment Effect. Working paper Nov. 14, 2014.
21. Isopi, A., Nosenzo, D. and Starmer, C. (2014): Does Consultation Improve Decision-making? *Theory and Decision* 77: 377-88.