

Behavioral and Experimental Economics Reading Group

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Time: Wednesdays 4 - 6 p.m.

Venue: WZB Berlin Room D112/113

Credits: 3 ECTS

Course Description

In this reading group, we will discuss current research in behavioral and experimental economics. We will focus on four topics: Experimental Methodology, Belief formation and elicitation, Social Preferences, and Behavioral Economics Applications. Each of the topics will be discussed in 3-4 weeks. Participants are expected to read carefully one paper per week. Additionally, participants have to lead the discussion of an article 1-2 times per semester (depending on the number of participants). Discussants should not shy away from discussing details of the experimental design, econometric technique or modeling assumptions of a paper. By joining the reading group, students can commit to read and discuss interesting research each week and benefit from a cooperative environment where we help each other to understand details and to identify the gist of a paper.

Required Materials

- We will discuss recently published work and current working papers. Readings will be communicated in advance. Participants can also suggest readings for a given topic.

Prerequisites

The course is primarily aimed at PhD students with an interest in Behavioral Economics.

Course Objectives

The course is meant to give participants an overview of current research in Behavioral and Experimental Economics. By relating to discussions in different sub-fields, participants will get a deeper understanding of the variety of research methods in Behavioral Economics. This should

help participants to identify strengths and weaknesses of different approaches, and will further help them to develop ideas for their own research. By emphasizing methodological aspects, we hope that participants will improve their own research design and will be introduced to new experimental research methods.

Schedule

We will discuss four different topics. Depending on popular demand, we will spend either three or four weeks on each topic.

Topic 1 - Experimental Methodology

Literature¹

- Azrieli, Y., Chambers, C. P., and Healy, P. J. (2018). Incentives in Experiments: A Theoretical Analysis. *Journal of Political Economy*, 126(4):1472–1503
- Camerer, C. F., Dreber, A., Forsell, E., Ho, T.-H., Huber, J., Johannesson, M., Kirchler, M., Almenberg, J., Altmejd, A., Chan, T., Heikensten, E., Holzmeister, F., Imai, T., Isaksson, S., Nave, G., Pfeiffer, T., Razen, M., and Wu, H. (2016). Evaluating replicability of laboratory experiments in economics. *Science*, 351(6280)
- Camerer, C. F., Dreber, A., Holzmeister, F., Ho, T.-H., Huber, J., Johannesson, M., Kirchler, M., Nave, G., Nosek, B. A., Pfeiffer, T., Altmejd, A., Buttrick, N., Chan, T., Chen, Y., Forsell, E., Gampa, A., Heikensten, E., Hummer, L., Imai, T., Isaksson, S., Manfredi, D., Rose, J., Wagenmakers, E.-J., and Wu, H. (2018). Evaluating the replicability of social science experiments in Nature and Science between 2010 and 2015. *Nature Human Behaviour*, 2(9):637–644
- DellaVigna, S. and Pope, D. (2018a). Predicting Experimental Results: Who Knows What? *Journal of Political Economy*, 129(6)
- de Quidt, J., Haushofer, J., and Roth, C. (2018). Measuring and Bounding Experimenters Demand. *American Economic Review*, 108(11)
- Dreber, A., Pfeiffer, T., Almenberg, J., Isaksson, S., Wilson, B., Chen, Y., Nosek, B. A., and Johannesson, M. (2015). Using prediction markets to estimate the reproducibility of scientific research. *Proceedings of the National Academy of Sciences*, 112(50):15343–15347
- Gillen, B., Snowberg, E., and Yariv, L. (2017). Experimenting with Measurement Error: Techniques with Applications to the Caltech Cohort Study. page 53
- List, J. A., Shaikh, A. M., and Xu, Y. (2019). Multiple hypothesis testing in experimental economics. *Experimental Economics*
- Young, A. (2018). Channelling Fisher: Randomization Tests and the Statistical Insignificance of Seemingly Significant Experimental Results. *The Quarterly Journal of Economics*

¹Discussion leaders can choose one paper from the list below or make their own suggestions.

Topic 2 - Beliefs

Literature

- Benjamin, D. J., Moore, D. A., and Rabin, M. (2017). Biased Beliefs About Random Samples: Evidence from Two Integrated Experiments
- Costa-gomes, M. and Weizsäcker, G. (2008). Stated beliefs and play in normal-form games. *Review of Economic Studies*, 75(3):729–762
- Enke, B. and Zimmermann, F. (2017). Correlation Neglect in Belief Formation. *The Review of Economic Studies*
- Epstein, L. G. and Halevy, Y. (2018). Ambiguous Correlation. *The Review of Economic Studies*
- Heidhues, P., Köszegi, B., and Strack, P. (2018). Unrealistic Expectations and Misguided Learning. *Econometrica*, 86(4):1159–1214
- Martínez-Marquina, A. and Niederle, M. Failures in Contingent Reasoning: The Role of Uncertainty. page 43
- Molavi, P., Tahbaz-Salehi, A., and Jadbabaie, A. (2018). A Theory of Non-Bayesian Social Learning: Theory of Non-Bayesian Social Learning. *Econometrica*, 86(2):445–490
- Schotter, A. and Trevino, I. (2014). Belief Elicitation in the Laboratory. *Annual Review of Economics*, 6(1):103–128
- Spiegel, R. (2016). Bayesian Networks and Boundedly Rational Expectations. *The Quarterly Journal of Economics*, 131(3):1243–1290

Topic 3 - Social Preferences

Literature

- Breza, E., Kaur, S., and Shamdasani, Y. (2018). The Morale Effects of Pay Inequality*. *The Quarterly Journal of Economics*, 133(2):611–663
- Dellavigna, S., List, J. A., Malmendier, U., and Rao, G. (2017). Voting to Tell Others. *The Review of Economic Studies*, 84(1):143–181
- DellaVigna, S. and Pope, D. (2018b). What Motivates Effort? Evidence and Expert Forecasts. *The Review of Economic Studies*, 85(2):1029–1069
- Embrey, M., Fréchette, G. R., and Yuksel, S. (2018). Cooperation in the Finitely Repeated Prisoner's Dilemma*. *The Quarterly Journal of Economics*, 133(1):509–551
- Enke, B. (2018). Kinship, Cooperation, and the Evolution of Moral Systems. *NBER Working Paper Series*
- Heller, Y. and Mohlin, E. (2018). Observations on Cooperation. *The Review of Economic Studies*, 85(4):2253–2282

- Jackson, M. O. (2016). The Friendship Paradox and Systematic Biases in Perceptions and Social Norms. *arXiv:1605.04470 [physics]*
- Kosse, F., Deckers, T., Schildberg-Hörisch, H., and Falk, A. (2016). The Formation of Prosociality: Causal Evidence on the Role of Social Environment. *IZA Discussion Paper*, page 40
- Kranton, R. E. and Sanders, S. G. (2017). Groupy versus Non-Groupy Social Preferences: Personality, Region, and Political Party. *American Economic Review*, 107(5):65–69
- Ottoni-Wilhelm, M., Vesterlund, L., and Xie, H. (2017). Why Do People Give? Testing Pure and Impure Altruism. *American Economic Review*, 107(11):3617–3633
- Schumacher, H., Kesternich, I., Kosfeld, M., and Winter, J. (2017). One, Two, Many—Insensitivity to Group Size in Games with Concentrated Benefits and Dispersed Costs. *The Review of Economic Studies*, page rdw043

Topic 4 - Applications

Literature

- Anagol, S., Balasubramaniam, V., and Ramadorai, T. (2018). Endowment Effects in the Field: Evidence from India's IPO Lotteries. *The Review of Economic Studies*, 85(4):1971–2004
- Chan, M. K. (2017). Welfare Dependence and Self-Control: An Empirical Analysis. *The Review of Economic Studies*, 84(4):1379–1423
- Dal Bó, E., Dal Bó, P., and Eyster, E. (2018). The Demand for Bad Policy when Voters Underappreciate Equilibrium Effects. *The Review of Economic Studies*, 85(2):964–998
- DellaVigna, S., Lindner, A., Reizer, B., and Schmieder, J. F. (2017). Reference-Dependent Job Search: Evidence from Hungary*. *The Quarterly Journal of Economics*, 132(4):1969–2018
- Doepke, M. and Zilibotti, F. (2017). Parenting With Style: Altruism and Paternalism in Intergenerational Preference Transmission. *Econometrica*, 85(5):1331–1371
- Dube, A., Giuliano, L., and Leonard, J. (2019). Fairness and Frictions: The Impact of Unequal Raises on Quit Behavior. *American Economic Review*, 109(2):620–663
- Gathergood, J., Mahoney, N., Stewart, N., and Weber, J. (2018). How Do Individuals Repay Their Debt? The Balance-Matching Heuristic
- Glover, D., Pallais, A., and Pariente, W. (2017). Discrimination as a Self-Fulfilling Prophecy: Evidence from French Grocery Stores*. *The Quarterly Journal of Economics*, 132(3):1219–1260
- Rees-Jones, A. (2018). Quantifying Loss-Averse Tax Manipulation. *The Review of Economic Studies*, 85(2):1251–1278
- Schilbach, F. (2018). Alcohol and Self-Control: A Field Experiment in India. page 74
- Taubinsky, D. and Rees-Jones, A. (2018). Attention Variation and Welfare: Theory and Evidence from a Tax Salience Experiment. *The Review of Economic Studies*, 85(4):2462–2496

- Haggag, K., Pope, D. G., and Bryant-Lees, K. B. Attribution Bias in Consumer Choice. *The Review of Economic Studies*, page 48
- Heidhues, P. and Kőszegi, B. (2016). Naivete-Based Discrimination. *The Quarterly Journal of Economics*, page qjw042
- Heidhues, P., Kőszegi, B., and Murooka, T. (2017). Inferior Products and Profitable Deception. *The Review of Economic Studies*, 84(1):323–356
- Aguila, E., Kapteyn, A., and Perez-Arce, F. (2017). Consumption Smoothing and Frequency of Benefit Payments of Cash Transfer Programs. *American Economic Review*, 107(5):430–435
- Kueng, L. (2018). Excess Sensitivity of High-Income Consumers*. *The Quarterly Journal of Economics*, 133(4):1693–1751