

# Experimental and Behavioral Economics

Muriel Niederle  
Winter 2008

Work in Progress☺

Class requirement:

Presentation (30%)

Class participation (20%)

Paper (50%): short: 10-15 pages, with a serious outline on a good idea, and how you would go about continuing with it. You can work in groups (up to 2 people).

Experimental Economics:

Handbook of Experimental Economics, John Kagel and Alvin E. Roth (Eds) Princeton University Press, 1995.

Behavioral Economics books:

Choices, Values, and Frames, Daniel Kahneman and Amos Tversky (eds.), Cambridge University Press, 2000.

Advances in Behavioral Economics, Camerer, Loewenstein, Rabin Eds. Princeton Univ Press, 2003.

Time and Decision: Economic and Psychological Perspectives on Intertemporal Choice, George Loewenstein, Daniel Read, and Ray Baumeister (eds.), Russell Sage Foundation Publications, 2003.

Psychology:

Handbook of Social Psychology, D. Gilbert et. al. (eds.), McGraw Hill, 1998. (very expensive, but great overview chapters...)

## **1. Gender and Competition (1-2)**

Gneezy, Uri, Muriel Niederle, and Aldo Rustichini, "Performance in Competitive Environments: Gender Differences," *Quarterly Journal of Economics*, CXVIII, August 2003, 1049 – 1074.

Niederle, Muriel, and Lise Vesterlund, "Do Women Shy Away from Competition? Do Men Compete too Much?," *Quarterly Journal of Economics*, August 2007, Vol. 122, No. 3, 1067-1101.

Niederle, Muriel, Carmit Segal, and Lise Vesterlund, "How Costly is Diversity? Affirmative Action in Competitive Environments" October 2007.

Niederle, Muriel and Alexandra H. Yestrumskas, "Gender Differences in Seeking Challenges: The Role of Institutions", June 2007.

Further reading:

## 2. Identity (3-4)

### Econ (3)

- Akerlof, George and Rachel Kranton, .Economics and Identity. Quarterly Journal of Economics, CXV (2000), 715-753.

Akerlof, George and Rachel Kranton, "Identity and the Economics of Organizations," *Journal of Economic Perspectives*, Fall/Winter 2005.

- David Austen-Smith and Fryer, Roland: "An Economic Analysis of 'Acting White,'" *The Quarterly Journal of Economics*, May 2005, 120(2): 551-583.

### Psych (4)

- \* [Benjamin, Daniel J., James J. Choi, and A. Joshua Strickland \(2006\). "Social identity and preferences." Dartmouth College and Institute for Social Research mimeo, September.](http://personal.psc.isr.umich.edu/~danben/files/Social_identity_and_preferences.pdf)

[http://personal.psc.isr.umich.edu/~danben/files/Social\\_identity\\_and\\_preferences.pdf](http://personal.psc.isr.umich.edu/~danben/files/Social_identity_and_preferences.pdf)

- Bargh, Chen and Burrows, 1994 "Automaticity of social behavior: Direct effects of trait construct and stereotype activation on action", *Journal of Personality and Social psychology*, 71, 230-244.
- Steele, C. M., & Aronson, J. (1995). Stereotype threat and the intellectual test performance of African-Americans. *Journal of Personality and Social Psychology*, 69, 797-811.
- Steele, C. M. (1997). A threat in the air: How stereotypes shape the intellectual identities and performance of women and African Americans. *American Psychologist*, 52, 613-629.

Spencer, S. J., Steele, C. M., & Quinn, D. M. (1999). Stereotype threat and women's math performance. *Journal of Experimental Social Psychology*, 35, 4-28.

**Further reading:**

Richard Nisbett and Dov Cohen. Culture of Honor: The psychology of Violence in the South, 1996, Westview press.

Aronson, J. & Steele, C. M. Stereotypes and the fragility of academic competence, motivation, and self-concept, in *The Handbook of Competence*. A. Elliot & C. Dweck (Eds.)

Ambady, N., Shih, M., Kim, A., & Pittinsky, T. L. (2001). Stereotype susceptibility in children: Effects of identity activation on quantitative performance. *Psychological Science*, 12, 385-390.

Roland G. Fryer, Steven D. Levitt, and John A. List, "Exploring the Impact of Financial Incentives on Stereotype Threat: Evidence from a Pilot Study", forthcoming AER Paper and Proceedings, May 2008.

Chapter 10: Handbook of Social Psychology.

### **3. Discrimination (6,7)**

#### **Class 6**

- Marianne Bertrand and Sendhil Mullainathan "Are Emily and Brendan More Employable than Latoya and Tyrone? Evidence on Racial Discrimination in the Labor Market from a Large Randomized Experiment," September 2004, *American Economic Review*, Vol. 94, No. 4, 991 – 1013.
- Fong, Christina, and Erzo F.P. Luttmer, "[What Determines Giving to Hurricane Katrina Victims? Experimental Evidence on Income, Race and Fairness](#)" NBER Working Paper No. 13219, July 2007.

John A. List, "The Nature and Extent of Discrimination in the Marketplace: Evidence From the Field", *Quarterly Journal of Economics* February 2004, Vol. 119, No. 1: 49–89.

#### **Class 7**

- Fershtman, C., and U. Gneezy "[Discrimination in a Segmented Society: An Experimental Approach](#)," *Quarterly Journal of Economics*, February 2001, 351-377.
- Fershtman, C, U. Gneezy, and F. Verboven "[Discrimination and Nepotism: The Efficiency of the Anonymity Rule](#)," *Journal of Legal Studies*, June 2005, 371-394.
- Markus M. Mobius and Tanya Rosenblat "Why Beauty Matters", *American Economic Review*, March 2006, vol. 96, no 1, 222-235.

- [Michael Norton, Samuel Sommers, Evan Apfelbaum, Natassia Pura and Dan Ariely \(2006\), "PC Game: Colorblindness and Political Correctness". Psychological Science. Psychological Science. 17\(11\), 949 - 953](http://web.mit.edu/ariely/www/MIT/Papers/pcgame.pdf)  
http://web.mit.edu/ariely/www/MIT/Papers/pcgame.pdf

Further Reading:

Ray Fisman, Sheena Iyengar, Emir Kamenica, and Itamar Simonson, "[Racial Preferences in Dating](#)", *Review of Economic Studies*, 75(1), January 2008, pp. 117-132

What is Social Capital? The Determinants of Trust and Trustworthiness: Glaeser, Laibson, Scheinkman and Soutter, QJE 2000.

#### 4. Groups

##### Class 8:

- Cooper, David J., and John H. Kagel, "Are Two heads better than One? Team versus Individual Play in Signaling Games", *American Economic Review*, June 2005, Vol. 95, No. 3, 477 - 509
- Cooper, David J., and John H. Kagel, "The role of Context in Team Play in Cross-Game Learning," working paper 2007,  
<http://website.fsu.edu/djcooper/research/team.pdf>

Gary Charness and Matt Jackson, "The Role of Responsibility in Strategic Risk-taking," with, forthcoming in *The Journal of Economic Behavior and Organization*.  
[netgroup-responsibility.pdf](#).

Bornstein, G., U. Gneezy, and R. Nagel "[The effect of intergroup competition on group coordination: An experimental study](#)," *Games and Economic Behavior*, Vol. 41, no 1, 2002, 1-25.

#### 5. Networks

##### Class 9

- Do Quoc-Anh, Stephen Leider, Markus M. Mobius and Tanya Rosenblat "Directed Altruism and Enforced Reciprocity in Social Networks", August 2007, revise and resubmit, *Quarterly Journal of Economics*.
- Goeree, Jacob K., Margaret A. McConnell, Tiffany Mitchell, Tracey Tromp and Leeat Yariv, "Linking and Giving Among Teenage Girls", September 2007.

Gary Charness and Matt Jackson, "Group Play in Games and the Role of Consent in Network Formation," *Journal of Economic Theory*. [netgroup.pdf](#).

## 6. Predictions outside of the lab

### Class 10 (Eric)

- Bonin, Holger, Thomas Dohmen, Armin Falk, David Huffman and Uwe Sunde, "Cross-sectional Earnings Risk and Occupational Sorting: The Role of Risk-Attitudes", Working paper, January 2006.
- Thomas Dohmen, Armin Falk, David Huffman and Uwe Sunde, "Are Risk Aversion and Impatience related to Cognitive Ability?", Working paper, April 2007.
- Dean Karlan. [Using Experimental Economics to Measure Social Capital and Predict Financial Decisions](#) (December 2005) *American Economic Review*, 95(5), pp. 1688-1699.

[Tying Odysseus to the Mast: Evidence from a Commitment Savings Product in the Philippines](#) (May 2006) *Quarterly Journal of Economics*, 121(2), pp. 635-672, joint with Nava Ashraf and Wesley Yin.

## 7. More gender and group differences

### Class 11

- Dohmen, Thomas and Armin Falk, "Performance Pay and Multi-dimensional sorting: Productivity, Preferences and Gender", March 2006, working paper.
- Gneezy, Uri, Kenneth L. Leonard and John A. List, "Gender Differences in Competition: Evidence from a Matrilineal and a Patriarchal Society", Working paper, 2006. (email me to get this paper...)
- Niederle, Muriel and Alexandra H. Yestrumskas, "Gender Differences in Seeking Challenges: The Role of Institutions", January 2008.

## 8. Beliefs

### Class 12

- Matthew Rabin and Joel Schrag, "[First Impressions Matter: A Model of Confirmatory Bias](#)" (with), *Quarterly Journal of Economics* 114(1), 37-82, February 1999.

- Matthew Rabin , "[Inference by Believers in the Law of Small Numbers](#)," Quarterly Journal of Economics 117(3), August 2002, 775-816.

- P.J. Healy, Dan A. Moore, "Bayesian Overconfidence", working paper, [http://healy.econ.ohio-state.edu/papers/Healy\\_Moore-Overconfidence.pdf](http://healy.econ.ohio-state.edu/papers/Healy_Moore-Overconfidence.pdf)

Camerer, Colin, and Dan Lovallo (1999). "Overconfidence and Excess Entry: An Experimental Approach." *American Economic Review*, 89(1), 306–318.

### **Class 13**

Akerlof, George and William T. Dickens (1982). "The Economic Consequences of Cognitive Dissonance." *American Economic Review*, 72(3), 307–319.

- Bénabou, Roland, and Jean Tirole (2002). "Self-Confidence and Personal Motivation." *Quarterly Journal of Economics*, 117(3), 871–915.
- Compte, O.; and Andy Postlewaite, 2004. "Confidence-Enhanced Performance", *American Economic Review*

Botond Koszegi *Ego Utility, Overconfidence, and Task Choice*, Journal of the European Economic Association (2006), 4(4), pp. 673-707.

9. Altruism

10. Self Confidence, Motivation

Bénabou, Roland, and Jean Tirole (2003). "Intrinsic and Extrinsic Motivation." *Review of Economic Studies*, 70(3), 489–520.

11. Affect

Botond Koszegi, *Emotional Agency*, Quarterly Journal of Economics (2006), 121(1), pp. 121-156.

- George Loewenstein, Ted O'Donoghue and Matthew Rabin "[Projection Bias in Predicting Future Utility](#)" (with), Quarterly Journal of Economics, 118 (4), November 2003, 1209-1248.

Campbell, Jennifer D. (1986). "Similarity and Uniqueness: The Effects of Attribute Type, Relevance, and Individual Differences in Self-esteem and Depression." *Journal of Personality and Social Psychology*, 50(2), 281–294.

Caplin, Andrew, and John Leahy (2001). "Psychological Expected Utility and Anticipatory Feelings." *Quarterly Journal of Economics*, 116(1), 55–80.

## 12. Willpower

Carrillo, Juan, and Thomas Mariotti (2000). "Strategic Ignorance as a Self-disciplining Device." *Review of Economic Studies*, 67, 529–544.

## 13. Hyperbolic Discounting

14.

## 15. Fairness

## 16. Other paper

- Bernheim, Douglas, .A Theory of Conformity,. *Journal of Political Economy*, CII (1994), 841-877.

Deci, Edward (1972). "The Effects of Contingent and Non-contingent Rewards and Controls on Intrinsic Motivation." *Organizational Behavior and Human Performance*, 8, 217–229.

Harris, Robert N., and C. R. Snyder (1986). "The Role of Uncertain Self-esteem in Selfhandicapping." *Journal of Personality and Social Psychology*, 51(2), 451–458.

Lepper, Mark R., David Greene, and Richard E. Nisbett (1973). "Undermining Children's Intrinsic Interest with Extrinsic Reward: A Test of the 'Overjustification' Hypothesis." *Journal of Personality and Social Psychology*, 28(1), 129–137.

Taylor, Shelley E., and Jonathan D. Brown (1988). "Illusion and Well-being: A Social Psychological Perspective on Mental Health." *Psychological Bulletin*, 103(2), 193–210.

**[James Heyman and Dan Ariely \(2004\), "Effort for Payment: A Tale of Two markets," \*Psychological Science\*, 15 \(11\) 787-793.](#)**

**Banajee and Greenwald papers.**