



Behavioural and Experimental Economics Summer School 2022

The course will combine theory and practice. It is well known that microeconomic theories usually depend on assumptions about individual preferences or reasoning, which cannot be observed in natural environments. To overcome this drawback, it will be shown that experiments in the laboratory help to check whether the assumptions made about individuals are descriptive of their behaviour. Such experiments involve both studies of individual choice and of the interactive behaviour that is the concern of the theory of games. Following the recent trends we will also discuss the implementation and analysis of implementation of field experiments and natural experiments, which take place outside the lab.

Monday

9:00 –11:00 Introduction to Behavioural and Experimental Economics I
(Pol Campos-Mercade)

- Definition of Behavioural Economics
- Methods in Experimental Economics: lab, field, surveys
- Key puzzles and findings

11:30-13:00 Introduction to Behavioural and Experimental Economics II
(Friederike Mengel)

- Experiments and Behavioural Analysis across different fields of Economics
- Behavioural Economics and Policy

14:00-15:30 Lab: Participate in “Typical Experiments” in social preferences
(Pol Campos-Mercade)

- Participate in a Public Goods Game
- Participate in Dictator Games



Tuesday

9:00-11:00 Eliciting Preferences in the Lab and Field I

(Friederike Mengel)

- Uncertainty Attitudes
- Time Preferences
- Social Preferences

11:30-13:00 Eliciting Preferences in the Lab and Field II

(Friederike Mengel)

- Social Interaction: Beliefs and Preferences

14:00-15:30 Lab: What are your preferences?

(Pol Campos-Mercade)

- Reduced and structural form analysis with Stata

Wednesday

9:00-11:00 Experimental Economics: Data Analysis and Best Practices

(Friederike Mengel)

- Data Analysis: Descriptives, Statistical tests, Reduced form and structural analysis
- Best Practices: Pre-registration, Replication, Documentation, Power analysis.

11:30-13:00 Criticism of Behavioural Economics

(Friederike Mengel)

- The “as if” paradigm; Learning; Evolutionary Selection; Aggregation

14:00-16:00 Student Presentations

- Students will have the chance to present their research and receive feedback.



Thursday

9:00-11:00

Topic: Learning and Opinion Dynamics in Networks

(Friederike Mengel)

- How do people interacting in social networks process information? Can we predict consensus? Polarization?

11:30-13:00

Topic: Identity, Social Norms, Discrimination

(Friederike Mengel)

- How does social identity affect our decision-making? What is the role of social norms? And how can we use experiments to study discrimination?

14:00-15:30

Topic: Incentives

(Pol Campos-Mercade)

- Economic theory on incentives
- Early and recent work on how incentives affect behavior

Friday

9-11

Current Trends in Experimental Economics

(Pol Campos-Mercade)

- Methodological trends
- Topic trends

LITERATURE

Overview papers:

- Bernheim, B. D., DellaVigna, S., & Laibson, D. (2019). Handbook of Behavioral Economics-Foundations and Applications 1: <https://www.sciencedirect.com/handbook/handbook-of-behavioral-economics-applications-and-foundations-1>.
- Falk, A., & Heckman, J. J. (2009). Lab experiments are a major source of knowledge in the social sciences. *science*, 326(5952), 535-538.

Topic papers:

Applications, Behavioural Economics and Policy

- Camerer, C., S. Issacharoff, G. Loewenstein, T. O'Donoghue and M. Rabin [2010], Regulation for Conservatives: Behavioural Economics and the Case for Asymmetric Paternalism, SSRN (updated version from UPEnn Law Review 151).
- De Haan, T. and J. Linda (2018), Good Nudge Lullaby: Choice Architecture and Default Bias Reinforcement, *Economic Journal* 128, 1180-1206.
- Thaler, Richard H., and Shlomo Benartzi. [2004]. "Save More Tomorrow: Using Behavioral Economics to Increase Employee Saving." *Journal of Political Economy*, 112(1): S164-87.

Uncertainty Attitudes

- Rabin, M. (2013). Risk aversion and expected-utility theory: A calibration theorem. In *Handbook of the fundamentals of financial decision making: Part I* (pp. 241-252).
- Kahneman, D. & Tversky, A. (1979). Prospect theory: An analysis of decisions under risk. *Econometrica*, 47, 278.
- Benartzi, S., & Thaler, R. H. (1995). Myopic loss aversion and the equity premium puzzle. *The quarterly journal of Economics*, 110(1), 73-92.
- Barberis, N. (2013), Thirty years of prospect theory in Economics: A review and assessment, *Journal of Economic Perspectives* 27(1).
- Rabin, M. and R.H. Thaler (2001), Anomalies: Risk Aversion, *Journal of Economic Perspectives* 15(1).



- Post, T. and M. van Assem, G. Baltussen and R. Thaler (2008), Deal or No Deal? Decision Making under Risk in a Large-Payoff Game Show, *American Economic Review* 98:1, 38-71.
- Camerer, C., Babcock, L., Loewenstein, G., & Thaler, R. (1997). Labor supply of New York City cabdrivers: One day at a time. *The Quarterly Journal of Economics*, 112(2), 407-441.
- Kőszegi, B., & Rabin, M. [2006]. A model of reference-dependent preferences. *The Quarterly Journal of Economics*, 121(4), 1133-1165.

Time Preferences

- Laibson, D. (1997). Golden eggs and hyperbolic discounting. *The Quarterly Journal of Economics*, 112(2), 443-478.
- Augenblick, N., Niederle, M., & Sprenger, C. (2015). Working over time: Dynamic inconsistency in real effort tasks. *The Quarterly Journal of Economics*, 130(3), 1067-1115.

Social Preferences

- Fehr, E., & Schmidt, K. M. (1999). A theory of fairness, competition, and cooperation. *The quarterly journal of economics*, 114(3), 817-868.
- Andreoni, J. (1990). Impure altruism and donations to public goods: A theory of warm-glow giving. *The economic journal*, 100(401), 464-477.

Data Analysis and Best Practices

- Camerer, C.F. et al (2016), Evaluating replicability of laboratory experiments in economics, *Science* 351, 6280.

Criticisms

- List, John A. [2003]. "Does Market Experience Eliminate Market Anomalies?" *Quarterly Journal of Economics*, 118(1): 41-71.
- Waldman, M. "Systematic Errors and the Theory of Natural Selection", *The American Economic Review* 84(3) (1994), 482-497.

- Surowiecki, J. (2004), The wisdom of crowds.
- Mengel, F. (2021), Gender Bias in Opinion Aggregation, *International Economic Review* 62(3), 1055-1080.

Learning and Opinion Dynamics in Networks

- Golub, B, and M.O. Jackson (2012), Naïve Learning in Social Networks and the Wisdom of the Crowds, *American Economic Journal: Microeconomics* 2(1).
- Grimm, V. and F. Mengel (2020), Experiments on Belief Formation in Networks, *Journal of the European Economic Association* 18(1), 49-82.
- Drago, F., F. Mengel and C. Traxler (2020), Compliance Behavior in Networks: Evidence from a Field Experiment, *American Economic Journal: Applied Economics* 12(2), 1-40.
- Banerjee, A., A. Chandrasekhar, E. Duflo and M.O. Jackson (2013), The diffusion of microfinance, *Science* 341, 6144.

Identity, Social Norms and Discrimination

- Cunningham, T. and J. de Quidt (2022), Implicit Preferences.
- Elster, J. (1989), Social Norms and Economic Theory, *Journal of Economic Perspectives* 3(4), 99-117.
- Vostroknutov, A. [2020], "Social Norms in Experimental Economics: Towards a Unified Theory of Normative Decision Making", *Analyse and Kritik*, 42[1], 3-39
- Krupka, E. and R.A. Weber [2013], "Identifying Norms using coordination games: Why does dictator game sharing vary?", *Journal of the European Economic Association* 11(3), 495-524.
- Campos-Mercade, P. & Mengel, F., (2021). Non-Bayesian Statistical Discrimination. Available at SSRN 3843579.

Incentives

- Frey, B. S., & Oberholzer-Gee, F. (1997). The cost of price incentives: An empirical analysis of motivation crowding-out. *The American economic review*, 87(4), 746-755.

- Gneezy, U., & Rustichini, A. (2000). A fine is a price. *The journal of legal studies*, 29(1), 1-17.
- Mellström, C., & Johannesson, M. (2008). Crowding out in blood donation: was Titmuss right?. *Journal of the European Economic Association*, 6(4), 845-863.
- Gneezy, U., Meier, S., & Rey-Biel, P. (2011). When and why incentives (don't) work to modify behavior. *Journal of economic perspectives*, 25(4), 191-210.
- Lacetera, N., Macis, M., & Slonim, R. (2013). Economic rewards to motivate blood donations. *Science*, 340(6135), 927-928.
- Campos-Mercade, P., Meier, A. N., Schneider, F. H., Meier, S., Pope, D., & Wengström, E. (2021). Monetary incentives increase COVID-19 vaccinations. *Science*, 374(6569), 879-882.