

# BEHAVIOURAL ECONOMICS

## READING GROUP\*

[syllabus]

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Fall 2023

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# **1 General Information**

## **1.1 Level**

This is an advanced (MSc level) course.

## **1.2 Audience**

The target audience for the course consists mainly of graduate students in Economics, Social Sciences, and Political Sciences who meet the necessary prerequisites.

## **1.3 Prerequisites**

Intermediate courses in Calculus, Linear Algebra, Probability Theory, and Mathematical Statistics, as well as a basic course in Standard Game Theory, are required. Additionally, a basic course in Behavioral Economics will be advantageous.

## **1.4 Grading**

The grade for the course will be based 50% on the quality of the group discussions and 50% on the research proposal. Students who score 55 points or more during the course are considered to have successfully passed. There are two grades available: one for those who passed the course and another for those who passed with distinction (see table 1). Please note that in the event of plagiarism detection, the paper will receive a score of 0 (refer to subsection 1.5 for details).

## **1.5 Research Proposal**

Each project should contain the following points:

- introduction: a strong motivation for the research on the chosen phenomenon, a clearly formulated research question, and a deep discussion of major (expected) implications of the study and its societal relevance;
- literature review: a brief overview of previous work in the chosen field of students' interests (using Google Scholar, RePEc, and similar resources);
- experiment design: a detailed description of the proposed experiment;
- hypotheses: several statements, each aligned with the design of the proposed experiment and motivated by existing literature;

- discussion: a discussion of the limitations of the proposed experimental study should be provided, along with a more general discussion of the (expected) results, comparing them to existing literature;

Points	Grade
0-54	<i>Fail</i>
55-84	<i>Pass</i>
85-100	<i>Pass with Distinction</i>

Table 1: Points and Grades

Please note that if plagiarism is detected, the paper will be graded with a score of 0 (see subsection 1.6 for details).

## 1.6 Fraud, Plagiarism, & Academic Integrity

Any instance of academic dishonesty will be considered a grave offence. Each participant in the course is expected to be familiar with and adhere to the norms and values that uphold academic integrity. The most severe transgressions that undermine this integrity include fraud and plagiarism. Plagiarism, a type of fraud, is defined as the unauthorized use of another author’s work without appropriate citation. Please be aware that the deliberate usage of AI-generated content (e.g., ChatGPT) in the final paper will be deemed as fraud. In the event that the course instructor uncovers a case of fraud or plagiarism, the University’s Ethical Committee may impose substantial sanctions on the offender. The most stringent sanction that the Committee may impose is the submission of a request for the student’s expulsion to the University Board.

## 2 Content

There will be one introductory lecture and eight discussion meetings. At the beginning of the course, participants will vote to choose eight topics out of the following 16.

**I: INTRODUCTION TO BEHAVIOURAL ECONOMICS** (1 meeting/lecture)

**II: BEHAVIOURAL DECISION-MAKING** (1 meeting/tutorial)

- Kahneman, D., & Tversky, A. (1979). Prospect theory: An analysis of decision under risk. *Econometrica*, 47(2), 363-391.

- Tversky, A., & Kahneman, D. (1974). Judgment under Uncertainty: Heuristics and Biases: Biases in judgments reveal some heuristics of thinking under uncertainty. *Science*, 185(4157), 1124-1131.
- Nagel, R. (1995). Unraveling in guessing games: An experimental study. *The American Economic Review*, 85(5), 1313-1326.

### III: CLASSICAL MARKET EXPERIMENTS (1 meeting/tutorial)

- Smith, V. L. (1962). An experimental study of competitive market behavior. *Journal of Political Economy*, 70(2), 111-137.
- Kahneman, D., Knetsch, J. L., & Thaler, R. H. (1990). Experimental tests of the endowment effect and the Coase theorem. *Journal of Political Economy*, 98(6), 1325-1348.
- Roth, A. E., Prasnikar, V., Okuno-Fujiwara, M., & Zamir, S. (1991). Bargaining and market behavior in Jerusalem, Ljubljana, Pittsburgh, and Tokyo: An experimental study. *American Economic Review*, 1068-1095.
- List, J. A. (2003). Does market experience eliminate market anomalies?. *Quarterly Journal of Economics*, 118(1), 41-71.

### IV: ALTRUISTIC BEHAVIOUR (1 meeting/tutorial)

- Forsythe, R., Horowitz, J. L., Savin, N. E., & Sefton, M. (1994). Fairness in simple bargaining experiments. *Games and Economic Behavior*, 6(3), 347-369.
- Engel, C. (2011). Dictator games: A meta-study. *Experimental Economics*, 14, 583-610.
- Andreoni, J., & Miller, J. (2002). Giving according to GARP: An experimental test of the consistency of preferences for altruism. *Econometrica*, 70(2), 737-753.
- List, J. A. (2007). On the interpretation of giving in dictator games. *Journal of Political Economy*, 115(3), 482-493.

### V: FAIRNESS (1 meeting/tutorial)

- Fehr, E., & Schmidt, K. M. (1999). A theory of fairness, competition, and cooperation. *Quarterly Journal of Economics*, 114(3), 817-868.

- Cappelen, A. W., Hole, A. D., Sørensen, E. Ø., & Tungodden, B. (2007). The pluralism of fairness ideals: An experimental approach. *American Economic Review*, 97(3), 818-827.
- Cappelen, A. W., Nielsen, U. H., Tungodden, B., Tyran, J. R., & Wengström, E. (2016). Fairness is intuitive. *Experimental Economics*, 19, 727-740.
- Merkel, A. L., & Lohse, J. (2019). Is fairness intuitive? An experiment accounting for subjective utility differences under time pressure. *Experimental Economics*, 22, 24-50.

#### **VI: COOPERATION & PUNISHMENT (1 meeting/tutorial)**

- Fehr, E., & Gächter, S. (2000). Cooperation and punishment in public goods experiments. *American Economic Review*, 90(4), 980-994.
- Fehr, E., & Gächter, S. (2002). Altruistic punishment in humans. *Nature*, 415(6868), 137-140.
- Herrmann, B., Thoni, C., & Gächter, S. (2008). Antisocial punishment across societies. *Science*, 319(5868), 1362-1367.

#### **VII: DECEPTION & TRUTH-TELLING PREFERENCES (1 meeting/tutorial)**

- Fischbacher, U., & Föllmi-Heusi, F. (2013). Lies in disguise – an experimental study on cheating. *Journal of the European Economic Association*, 11(3), 525-547.
- Abeler, J., Becker, A., & Falk, A. (2014). Representative evidence on lying costs. *Journal of Public Economics*, 113, 96-104.
- Abeler, J., Nosenzo, D., & Raymond, C. (2019). Preferences for truth-telling. *Econometrica*, 87(4), 1115-1153.

#### **VIII: DISCRIMINATION (1 meeting/tutorial)**

- Bertrand, M., & Mullainathan, S. (2004). Are Emily and Greg more employable than Lakisha and Jamal? A field experiment on labor market discrimination. *American Economic Review*, 94(4), 991-1013.
- Falk, A., & Zehnder, C. (2013). A city-wide experiment on trust discrimination. *Journal of Public Economics*, 100, 15-27.

- Lane, T. (2016). Discrimination in the laboratory: A meta-analysis of economics experiments. *European Economic Review*, 90, 375-402.

#### **IX: COMPETITION & GENDER** (1 meeting/tutorial)

- Niederle, M., & Vesterlund, L. (2007). Do women shy away from competition? Do men compete too much?. *The Quarterly Journal of Economics*, 122(3), 1067-1101.
- Gneezy, U., Leonard, K. L., & List, J. A. (2009). Gender differences in competition: Evidence from a matrilineal and a patriarchal society. *Econometrica*, 77(5), 1637-1664.
- Azmat, G., & Petrongolo, B. (2014). Gender and the labor market: What have we learned from field and lab experiments?. *Labour Economics*, 30, 32-40.

#### **X: PROMISES** (1 meeting/tutorial)

- Charness, G., & Dufwenberg, M. (2006). Promises and partnership. *Econometrica*, 74(6), 1579-1601.
- Vanberg, C. (2008). Why do people keep their promises? An experimental test of two explanations 1. *Econometrica*, 76(6), 1467-1480.
- Charness, G., & Dufwenberg, M. (2010). Bare promises: An experiment. *Economics Letters*, 107(2), 281-283.

#### **XI: GENDER & ECONOMIC BEHAVIOUR** (1 meeting/tutorial)

- Dreber, A., & Johannesson, M. (2008). Gender differences in deception. *Economics Letters*, 99(1), 197-199.
- Andreoni, J., & Petrie, R. (2008). Beauty, gender and stereotypes: Evidence from laboratory experiments. *Journal of Economic Psychology*, 29(1), 73-93.
- Croson, R., & Gneezy, U. (2009). Gender differences in preferences. *Journal of Economic literature*, 47(2), 448-474.
- Bertrand, M., Kamenica, E., & Pan, J. (2015). Gender identity and relative income within households. *Quarterly Journal of Economics*, 130(2), 571-614.

#### **XII: EXCUSES-SEEKING BEHAVIOUR** (1 meeting/tutorial)

- DellaVigna, S., List, J. A., & Malmendier, U. (2012). Testing for altruism and social pressure in charitable giving. *Quarterly Journal of Economics*, 127(1), 1-56.
- Exley, C. L. (2016). Excusing selfishness in charitable giving: The role of risk. *Review of Economic Studies*, 83(2), 587-628.
- Exley, C. L. (2020). Using charity performance metrics as an excuse not to give. *Management Science*, 66(2), 553-563.

### **XIII: MOTIVATED REASONING & MOTIVATED BELIEFS (1 meeting/tutorial)**

- Zimmermann, F. (2020). The dynamics of motivated beliefs. *American Economic Review*, 110(2), 337-363.
- Oprea, R., & Yuksel, S. (2022). Social exchange of motivated beliefs. *Journal of the European Economic Association*, 20(2), 667-699.
- Druckman, J. N., & McGrath, M. C. (2019). The evidence for motivated reasoning in climate change preference formation. *Nature Climate Change*, 9(2), 111-119.

### **XIV: SELF- & GROUP IDENTITY (1 meeting/tutorial)**

- Solow, J. L., & Kirkwood, N. (2002). Group identity and gender in public goods experiments. *Journal of Economic Behavior & Organization*, 48(4), 403-412.
- Ahmed, A. M. (2007). Group identity, social distance and intergroup bias. *Journal of Economic Psychology*, 28(3), 324-337.
- Chen, Y., & Li, S. X. (2009). Group identity and social preferences. *American Economic Review*, 99(1), 431-457.
- Abbink, K., Brandts, J., Herrmann, B., & Orzen, H. (2010). Intergroup conflict and intra-group punishment in an experimental contest game. *American Economic Review*, 100(1), 420-447.

### **XV: (DIS)INFORMATION & PROPAGANDA (1 meeting/tutorial)**

- Yanagizawa-Drott, D. (2014). Propaganda and conflict: Evidence from the Rwandan genocide. *Quarterly Journal of Economics*, 129(4), 1947-1994.

- Adena, M., Enikolopov, R., Petrova, M., Santarosa, V., & Zhuravskaya, E. (2015). Radio and the Rise of the Nazis in Prewar Germany. *Quarterly Journal of Economics*, 130(4), 1885-1939.
- Bursztyn, L., Rao, A., Roth, C., & Yanagizawa-Drott, D. (2023). Opinions as facts. *The Review of Economic Studies*, 90(4), 1832-1864.

#### **XVI: INTERNET, SOCIAL-MEDIA & POLITICS (1 meeting/tutorial)**

- Enikolopov, R., Petrova, M., & Zhuravskaya, E. (2011). Media and political persuasion: Evidence from Russia. *American Economic Review*, 101(7), 3253-3285.
- Madestam, A., Shoag, D., Veuger, S., & Yanagizawa-Drott, D. (2013). Do political protests matter? evidence from the tea party movement. *Quarterly Journal of Economics*, 128(4), 1633-1685.
- Enikolopov, R., Makarin, A., & Petrova, M. (2020). Social media and protest participation: Evidence from Russia. *Econometrica*, 88(4), 1479-1514.
- Zhuravskaya, E., Petrova, M., & Enikolopov, R. (2020). Political effects of the internet and social media. *Annual Review of Economics*, 12, 415-438.

#### **XVII: METHODOLOGICAL PAPERS (1 meeting/tutorial)**

- Henrich, J., Heine, S. J., & Norenzayan, A. (2010). Most people are not WEIRD. *Nature*, 466(7302), 29-29.
- Brodeur, A., Cook, N., & Heyes, A. (2020). Methods matter: P-hacking and publication bias in causal analysis in economics. *American Economic Review*, 110(11), 3634-3660.
- Benjamin, D. J., Berger, J. O., Johannesson, M., Nosek, B. A., Wagenmakers, E. J., Berk, R., ... & Johnson, V. E. (2018). Redefine statistical significance. *Nature Human Behaviour*, 2(1), 6-10.