

Bachelorseminar Behavioral Economics (WS 19/20)

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Introduction to the Topic

The aim of this course is to introduce students to recent topics in the field of Behavioral Economics. By enriching the traditional economic model with an empirically more accurate foundation of human behavior, Behavioral Economics aims at improving the predictive power of economic models and the resulting policy recommendations. In this course, students will discuss the psychological foundations of human behavior and their economic implications. Topics include (among others):

- Choices under risk and uncertainty
- Fairness and social preferences
- Reference-dependent preferences and loss aversion
- Present-biased preferences and limited self control

Exam

Please consider the changed registration rules and make sure that you separately register for the exam via KLIPS. In order to pass the seminar you will need to hand in a written report (5 pages) and give a 20 minutes presentation about the paper that was assigned to you. The written report counts 60% and the presentation counts 40% for your final grade.

Dates & Times:

- **Fri 04/10, 10:00-12:00, room S24, Seminargebäude:** Mandatory kick-off meeting. Introduction to the topic, organizational matters, etc.
- **Fri 11/10, 18:00:** Deadline for submission of your desired topic via email (see below for further details)
- **Wed 16/10:** Final allocation of topics.
- **Fri 13/12, 18:00:** Deadline for submission of reports
- **Mon 09/03, 09:00-18:00, Seminarraum 3, WiSo-Modulbau:** Presentations
- **Tue 10/03, 09:00-18:00, Seminarraum 3, WiSo-Modulbau:** Presentations

Please note that you have to attend all meetings of this seminar. Please carefully check the times of the seminar and make sure that the times work for you!

Organizational Matters

For the seminar, you will need to pick one topic out of a list of topics we provide (see below). Each topic will be assigned one research paper published in an academic journal. Your assigned paper should be the main focus of both your presentation and your report. However, you are free to search for other papers that relate to your topic and include them into your report and presentation (a good starting point for finding these papers is to go through the bibliography of your assigned paper and to use Google Scholar (or any other search engine) to check which other studies cite your assigned paper).

We will assign topics based on your stated preferences. Therefore, we ask you to send us your three most preferred topics (ranked 1st, 2nd, and 3rd) via email until October 16th, 6pm. We will try to accommodate as many preferences as possible. In case it is not possible to serve everyone's preferences, or in case you did not submit any preferences, you will be assigned one of the remaining topics at random.

All presentations and reports need to be done in English. In the following, we provide you with some more details.

Written report:

- The page limit for your report is 5 pages. We recommend the following rough structure (but different questions/topics might require different structures so please take this only as a rough guideline rather than a strict rule):
 1. General introduction into the topic. What is the topic about? Why is this (economically and socially) important? What are relevant real-world applications? (~ 1 page)
 2. What is your assigned paper about? What is the exact research question? How did the authors try to answer the question at hand? What did the authors find? What are their main results? Tip: You don't have to report every single result that is described in your assigned paper. You should only focus on the ones that you judge important and leave out the unimportant ones. (~ 2-3 pages)
 3. What are the conclusions that can be drawn from your paper? What are potential applications? In which other areas of the social life could the same behavioral mechanism affect behavior? Here you can be creative and think "out of the box" and/or refer to other related papers. (~ 1-2 pages)

- You have to submit your report in written and in electronic form (please make sure to add and sign the “eidesstattliche Erklärung” at the end of your report).
- For the page limit, the following rules apply:
 - Left, right and top margin = 2.5cm, bottom margin = 2cm
 - You should use 12pt font size and 1.5 line spacing.

Presentation:

- For your presentation you will have 20 minutes time plus an additional 5 minutes for open discussion among the whole group.
- We will provide a computer, a beamer, and a presenter in case you want to use slides (Power Point, \LaTeX , PDF). Please make sure to send us your presentation before the start of the seminar.

List of Papers

1. Almås, I., Cappelen, A., & Tungodden, B. (2019). Cutthroat capitalism versus cuddly socialism: Are Americans more meritocratic and efficiency-seeking than Scandinavians?. *NHH Dept. of Economics Discussion Paper*.
2. Ariely, D., Bracha, A., & Meier, S. (2009). Doing good or doing well? Image motivation and monetary incentives in behaving prosocially. *American Economic Review*, 99(1), 544-55.
3. Bartling, B., & Fischbacher, U. (2011). Shifting the blame: On delegation and responsibility. *Review of Economic Studies*, 79(1), 67-87.
4. 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.
5. Bohnet, I., Greig, F., Herrmann, B., & Zeckhauser, R. (2008). Betrayal aversion: Evidence from brazil, china, oman, switzerland, turkey, and the united states. *American Economic Review*, 98(1), 294-310.
6. Breman, A. (2011). Give more tomorrow: Two field experiments on altruism and intertemporal choice. *Journal of Public Economics*, 95(11-12), 1349-1357.
7. Bursztyn, L., González, A. L., & Yanagizawa-Drott, D. (2018). Misperceived social norms: Female labor force participation in Saudi Arabia, *National Bureau of Economic Research*.
8. Bursztyn, L., & Jensen, R. (2015). How does peer pressure affect educational investments?. *Quarterly Journal of Economics*, 130(3), 1329-1367.
9. Charness, G., & Gneezy, U. (2009). Incentives to exercise. *Econometrica*, 77(3), 909-931.
10. Cohn, A., Maréchal, M. A., & Noll, T. (2015). Bad boys: How criminal identity salience affects rule violation. *Review of Economic Studies*, 82(4), 1289-1308.
11. 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.
12. Dana, J., Weber, R. A., & Kuang, J. X. (2007). Exploiting moral wiggle room: experiments demonstrating an illusory preference for fairness. *Economic Theory*, 33(1), 67-80.
13. Ewers, M., & Zimmermann, F. (2015). Image and misreporting. *Journal of the European Economic Association*, 13(2), 363-380.
14. Falk, A., & Zehnder, C. (2013). A city-wide experiment on trust discrimination. *Journal of Public Economics*, 100, 15-27.

15. Giné, X., Karlan, D., & Zinman, J. (2010). Put your money where your butt is: a commitment contract for smoking cessation. *American Economic Journal: Applied Economics*, 2(4), 213-35.
16. Gneezy, U. (2005). Deception: The role of consequences. *American Economic Review*, 95(1), 384-394.
17. Gneezy, U., List, J. A., & Wu, G. (2006). The uncertainty effect: When a risky prospect is valued less than its worst possible outcome. *Quarterly Journal of Economics*, 121(4), 1283-1309.
18. Imas, A. (2016). The realization effect: Risk-taking after realized versus paper losses. *American Economic Review*, 106(8), 2086-2109.
19. Iyengar, S. S., & Lepper, M. R. (2000). When choice is demotivating: Can one desire too much of a good thing?. *Journal of Personality and social Psychology*, 79(6), 995.
20. Krupka, E. L., & Weber, R. A. (2013). Identifying social norms using coordination games: Why does dictator game sharing vary?. *Journal of the European Economic Association*, 11(3), 495-524.
21. Mas, A. (2006). Pay, reference points, and police performance. *Quarterly Journal of Economics*, 121(3), 783-821.
22. Meier, S., & Sprenger, C. (2010). Present-biased preferences and credit card borrowing. *American Economic Journal: Applied Economics*, 2(1), 193-210.
23. Odean, T. (1998). Are investors reluctant to realize their losses?. *The Journal of Finance*, 53(5), 1775-1798.
24. Thaler, R. H., & Benartzi, S. (2004). Save more tomorrow™: Using behavioral economics to increase employee saving. *Journal of Political Economy*, 112(S1), S164-S187.
25. Zimmermann, F. (2019). The dynamics of motivated beliefs, *American Economic Review*