

AREC 815: Experimental and Behavioral Economics

Reading List (First Half)

Department of Agricultural and Resource Economics
University of Maryland, College Park
Fall 2016¹

1. What is Behavioral Economics? What is an Experiment? (August 29)

Recommended readings:

- Roth, Alvin. (1995) “Introduction to Experimental Economics,” in *The Handbook of Experimental Economics*, John Kagel and Alvin Roth, editors.
- Fisher, Ronald. (1935) Chapter 2 in *The Design of Experiments*. Oliver and Boyd. *Available from shared folder*.
- DellaVigna, Stefano. (2009) “Psychology and Economics: Evidence from the Field,” *Journal of Economic Literature*, 47: 315–372.

Additional readings:

- Falk, Armin, and James J. Heckman. (2009) “Lab Experiments Are a Major Source of Knowledge in the Social Sciences,” *Science*, 326: 535–538.
- Harrison, Glenn, and John List. (2004) “Field Experiments,” *Journal of Economic Literature*, XLII: 1009–1055.
- Roth, Alvin. (1988) “Laboratory Experimentation in Economics: A Methodological Overview,” *Economic Journal*, 98: 974–1031.
- Smith, Vernon L. (1989) “Theory, Experiment and Economics,” *Journal of Economic Perspectives*, 3(1): 151–169.
- Smith, Vernon L. (1994) “Economics in the Laboratory,” *Journal of Economic Perspectives*, 8(1): 113–131.

¹Revised August 26, 2016.

2. Simple Distributional Preference Experiments (August 31, September 7)

Required readings:

- Camerer, Colin. (2003) “Chapter 2: Dictator, Ultimatum, and Trust Games,” in *Behavioral Game Theory*. Available from shared folder.
- Charness, Gary, and Matthew Rabin. (2002) “Understanding Social Preferences with Simple Tests,” *Quarterly Journal of Economics*, 117(3): 817–869.

Recommended readings:

- Henrich, Joseph, Jean Ensminger, Richard McElreath, Abigail Barr, Clark Barrett, Alexander Bolyanatz, Juan Camilo Cardenas, Michael Gurven, Edwina Gwako, Natalie Henrich, Carolyn Lesorogol, Frank Marlowe, David Tracer, and John Ziker. (2010) “Markets, Religion, Community Size, and the Evolution of Fairness and Punishment,” *Science* 327: 1480–1484.
- Roth, Alvin, Vesna Prasnikar, Masahiro Okuno-Fujiwara, and Shmuel Zamir. (1991) “Bargaining and Market Behavior in Jerusalem, Ljubljana, Pittsburgh, and Tokyo: An Experimental Study,” *American Economic Review*, 81(5): 1068–1095.

Additional readings:

- Berg, Joyce, John Dickhaut, and Kevin McCabe. (1995) “Trust, Reciprocity, and Social History,” *Games and Economic Behavior*, 10(1): 122–142.
- Engel, Christoph. 2011. “Dictator games: a meta study” *Experimental Economics*, 14: 583–610.
- Forsythe, Robert, Joel Horowitz, N.E. Savin, and Martin Sefton. (1994) “Fairness in Simple Bargaining Experiments,” *Games and Economic Behavior*, 6(3): 347–369.
- Guth, Werner, Rolf Schmittberger, and Bernd Schwarze. (1982) “An experimental analysis of ultimatum bargaining,” *Journal of Economic Behavior and Organization*, 3(4): 367–388.
- Henrich, Joseph, Richard McElreath, Abigail Barr, Jean Ensminger, Clark Barrett, Alexander Bolyanatz, Juan Camilo Cardenas, Michael Gurven, Edwina Gwako, Natalie Henrich, Carolyn Lesorogol, Frank Marlowe, David Tracer, and John Ziker. (2006) “Costly Punishment across Human Societies,” *Science* 312: 1767–1770.
- Henrich, Joseph, Robert Boyd, Samuel Bowles, Colin Camerer, Ernst Fehr, and Herbert Gintis (Editors). (2004) *Foundations of Human Sociality: Economic Experiments and Ethnographic Evidence from Fifteen Small-Scale Societies*.
- Hermann, Benedikt, Christian Thoni, and Simon Gaechter. (2008) “Antisocial Punishment Across Societies,” *Science*, 319: 1362–1367.

- Johnson, Noel, and Alexandra Mislin. (2011) “Trust Games: a Meta-Analysis,” *Journal of Economic Psychology*, 32: 865–889.
- Ledyard, John O. (1995) “Public Goods: A Survey of Experimental Research,” in *The Handbook of Experimental Economics*, John Kagel and Alvin Roth, editors.
- Thaler, Richard. (1988) “Anomalies: The Ultimatum Game,” *Journal of Economic Perspectives*, 2(4): 195–206.

3. Are Distributional Preferences Rational? (September 12, 14)

Required readings:

- Fisman, Raymond, Pamela Jakiela, and Shachar Kariv. (2015) “Distributional Preferences and Political Behavior,” working paper. *Available on my website.*
- Fisman, Raymond, Pamela Jakiela, Shachar Kariv, and Daniel Markovits. (2015) “The Distributional Preferences of an Elite,” *Science*, 349(6254): aab0096.

Recommended readings:

- Andreoni, James, and John Miller. (2002) “Giving According to GARP: An Experimental Test of the Consistency of Preferences for Altruism,” *Econometrica*, 70(2): 737–753.
- Fisman, Raymond, Shachar Kariv, and Daniel Markovits. (2007) “Individual Preferences for Giving,” *American Economic Review*, 97(2): 1858–1876.

Additional readings:

- Andreoni, James, and Lise Vesterlund. (2001) “Which is the Fair Sex? Gender Differences in Altruism,” *Quarterly Journal of Economics*, 116(1): 293–312.
- Choi, Syngjoo, Ray Fisman, Douglas Gale, and Shachar Kariv. (2007) “Revealing Preferences Graphically: An Old Method Gets a New Tool Kit,” *American Economic Review Papers and Proceedings*, 97(2): 153–158.
- Fisman, Raymond, Pamela Jakiela, and Shachar Kariv. (2015) “How Did Distributional Preferences Change During the Great Recession?” *Journal of Public Economics*, 128: 84–95.
- Jakiela, Pamela. “Equity vs. Efficiency vs. Self-Interest: On the Use of Dictator Games to Measure Distributional Preferences,” *Experimental Economics*, 16(2): 208–221.

4. Individual Effort and Fairness (September 19)

Required readings:

- Cappelen, Alexander, Astri Drange Hole, Erik O. Sorensen, and Bertil Tungodden. (2007) “The pluralism of fairness ideals: An experimental approach,” *American Economic Review*, 97(3): 818–827.

Recommended readings:

- Almas, Ingvild, Alexander Cappelen, Erik Sorensen, and Bertil Tungodden. (2010) “Fairness and the Development of Inequality Acceptance,” *Science*, 328: 1176–1178.
- Konow, James. (2003) “Which Is the Fairest One of All? A Positive Analysis of Justice Theories,” *Journal of Economic Literature*, 41: 1188–1239.

Additional readings:

- Cappelen, Alexander, James Konow, Erik O. Sorensen, and Bertil Tungodden. (2013) “Just Luck: An Experimental Study of Risk Taking and Fairness,” *American Economic Review*, 103(4): 1398–1413.
- Cappelen, Alexander, Erik O. Sorensen, and Bertil Tungodden. (2010) “Responsibility for what? Fairness and Individual Responsibility,” *European Economic Review*, 54(3): 419–441.
- Cappelen, Alexander and Bertil Tungodden. (2009) “Rewarding effort,” *Economic Theory*, 39: 425–441.
- Cherry, Todd. (2001) “Mental Accounting and Other-Regarding Behavior: Evidence from the Lab,” *Journal of Economic Psychology*, 22(5): 605–615.
- Cherry, Todd, Peter Frykblom, and Jason F. Shogren. (2002) “Hardnose the Dictator,” *American Economic Review*, 92(4): 1218–1222.
- Croson, Rachel, and James Konow. (2009) “Social preferences and moral biases,” *Journal of Economic Behavior and Organization*, 69: 201–212.
- “Fairness as a Constraint on Trust in Reciprocity: Earned Property Rights in a Reciprocal Exchange Experiment,” *Economics Letters*, 66(3): 275–282.
- Hoffman, Elizabeth, Kevin McCabe, and Vernon Smith. (1996) “Social Distance and Other-Regarding Behavior in Dictator Games,” *American Economic Review*, 86(3): 653–660.
- Hoffman, Elizabeth, Kevin McCabe, Keith Shachat, and Vernon Smith. (1994) “Preferences, Property Rights and Anonymity in Bargaining Games,” *Games and Economic Behavior*, 7(3): 346–380.
- Konow, James. (2000) “Fair Shares: Accountability and Cognitive Dissonance in Allocation Decisions,” *American Economic Review*, 90(4): 1072–1092.

5. Reciprocity and Conditional Cooperation (September 21)

Required readings:

- Fischbacher, Urs, and Simon Gächter. (2010) “Social Preferences, Beliefs, and the Dynamics of Free Riding in Public Goods Experiments,” *American Economic Review* 100(1): 541–556.

Recommended readings:

- Cox, James C., Daniel Friedman, and Steven Gjerstad. (2007) “A tractable model of reciprocity and fairness,” *Games and Economic Behavior*, 59: 17–45.
- Fehr, Ernst, Simon Gächter, and Georg Kirchsteiger. (1997) “Reciprocity as a Contract Enforcement Device: Experimental Evidence,” *Econometrica*, 65(4): 833–860.
- Fehr, Ernst, Georg Kirchsteiger, and Arno Riedl. (1993) “Does Fairness Prevent Market Clearing? An Experimental Examination,” *Quarterly Journal of Economics*, 108(2): 437–459.

Additional readings:

- Abrus, Attila, and Parag A. Pathak. (2010) “Cooperation over finite horizons: a theory and experiments,” *Journal of Public Economics*, 95(1-2): 500–512.
- Akerlof, George. (1982) “Labor Contracts as Partial Gift Exchange,” *Quarterly Journal of Economics*, 97(4): 543–569.
- Gneezy, Uri, and John List. (2006) “Putting Behavioral Economics to Work: Testing for Gift Exchange in Labor Markets Using Field Experiments,” *Econometrica*, 74(5): 1365–1384.
- Fischbacher, Urs, Simon Gächter, and Ernst Fehr. (2001) “Are People Conditionally Cooperative? Evidence from a Public Goods Experiment,” *Economics Letters* 71(3): 397–404.
- Fischbacher, Urs, and Simon Gächter. (2009) “On the Behavioral Validity of the Strategy Method in Public Goods Experiments,” University of Nottingham Centre for Decision Research and Experimental Economics Discussion Paper 2009-25.
- Levine, David. (1998) “Modeling Altruism and Spitefulness in Experiments,” *Review of Economic Dynamics*, 1(3): 593–622.
- Rabin, Matthew. (1993) “Incorporating fairness into game theory and economics,” *American Economic Review*, 83(5): 1281–1302.

6. Student Presentations: Applications of Distributional Preferences (September 26, 28)

Presentation assignment readings:

- Barr, Abigail. (2005) “Trust and Expected Trustworthiness: Experimental Evidence from Zimbabwean Villages,” *Economic Journal*, 113: 614–630.
- Barr, Abigail, Truman Packard, and Danila Serra. (2014) Participatory accountability and collective action: Experimental evidence from Albania, *European Economic Review*, 68: 250–269.
- Fehr, E., Kirchler, E., Weichbold, A., and Gaechter, S. (1998) “When social norms overpower competition: Gift exchange in experimental labor markets,” *Journal of Labor Economics*, 16(2): 324–351.
- Finan, Frederico, and Laura Schechter. (2012) “Vote-Buying and Reciprocity,” *Econometrica*, 80(2): 863–881.
- Karlan, Dean. (2005) “Using Experimental Economics to Measure Social Capital and Predict Financial Decisions,” *American Economic Review*, 95(5): 1688–1699.
- Kube, S., Marechal, M. A., and Puppea, C. (2012) “The currency of reciprocity: Gift exchange in the workplace,” *American Economic Review*, 102(4): 1644–1662.
- Schechter, Laura. (2007) “Traditional Trust Measurement and the Risk Confound: An Experiment in Rural Paraguay,” *Journal of Economic Behavior and Organization*, 62(2): 272–292.
- Schechter, Laura. (2007) “Theft, Gift-Giving, and Trustworthiness: Honesty Is Its Own Reward in Rural Paraguay,” *American Economic Review*, 97(5): 1560–1582.

7. Applications: Charitable Giving, Image Motivation (October 3)

Required readings:

- DellaVigna, Stefano, John List, and Ulrike Malmendier. (2012) “Testing for Altruism and Social Pressure in Charitable Giving,” *Quarterly Journal of Economics*, 127(1): 1–56.

Recommended readings:

- Lazear, Edward, Ulrike Malmendier, and Roberto Weber. (2012) “Sorting in Experiments with Application to Social Preferences,” *American Economic Journal: Applied*, 4(1): 136–163.

Additional readings:

- Ariely, Dan, Anat Bracha, and Stephan Meier. (2009) “Doing Good or Doing Well? Image Motivation and Monetary Incentives in Behaving Prosocially,” *American Economic Review*, 99(1): 544–555.

8. Applications: Sharing in Networks (October 5)

Required readings:

- Jakiela, Pamela, and Owen Ozier. (2016) “Does Africa Need a Rotten Kin Theorem? Experimental Evidence from Village Economies,” *Review of Economic Studies*, 83(1): 231–268.

Recommended readings:

- Leider, Stephen, Markus Mobius, Tanya Rosenblat, and Quoc-Anh Do. (2009) “Directed Altruism and Enforced Reciprocity in Social Networks,” *Quarterly Journal of Economics*, 124(4): 1815–1851.

Additional readings:

- Barr, Abigail, Orazio Attanasio, Juan Camilo Cardenas, Garance Genicot, and Costas Meghir. (2012) “Group Formation and Risk Pooling in a Field Experiment,” in *American Economic Journal: Applied Economics*, 4(2), 134–167.
- Barr, Abigail, and Garance Genicot. (2008) “Risk Pooling, Commitment and Information: An Experimental Test,” in *Journal of the European Economic Association*, 6(6): 1151–1185.
- Glaeser, Edward L., David I. Laibson, Jose A. Scheinkman, and Christine L. Soutter. (2000) “Measuring Trust,” in *Quarterly Journal of Economics*, 115(3): 811–846.
- Karlan, Dean, Markus Mobius, Tanya Rosenblat, and Adam Szeidl. (2009) “Trust and Social Collateral,” in *Quarterly Journal of Economics*, 124(3): 1307–1361.
- Ligon, Ethan, and Laura Schechter. (2012) “Motives for sharing in Social Networks,” in *Journal of Development Economics*, 99: 13–26.