



FRIEDRICH-ALEXANDER
UNIVERSITÄT
ERLANGEN-NÜRNBERG
SCHOOL OF BUSINESS
AND ECONOMICS

CHAIR OF ECONOMICS AND
ECONOMIC THEORY
Prof. Dr. Veronika Grimm

Seminar on behavioral & experimental economics: Replicating experimental studies

In the summer term 2018 the chair of Economic Theory of Prof. Dr. Grimm offers a Master seminar on behavioral and experimental economics, focusing on both standard and counterintuitive findings of experimental studies. The main goal of this seminar is to critically assess the stability and significance of these studies' results by conducting small scale replications of the respective experiments (either pen & paper or computerized) and discussing them in light of the literature.

The seminar is intended for master students in economics and is open to students of related fields (e.g. business studies, socioeconomics, ...) and exchange students, who possess sufficient knowledge of microeconomics. A list with potential topics for the seminar paper will be provided on our homepage by the beginning of February. Topics for the term papers will be assigned at the organizational meeting on February 7th:

Organizational meeting including topic selection:

Wednesday, February 7th at 3 pm in LG 5.430

Seminar participants have to conduct a small scale (pen & paper) experiment based on their assigned experimental study as well as analyze and compare their results. These steps will be taken under close guidance from the respective supervisor. Furthermore, participants have to write a seminar paper (15 pages +/-1), present their paper and discuss the paper of another student in class. All seminar related activities (term paper, presentations and discussions) will be in English. The deadline for the submission of term papers is May 13th 23:59 pm. Seminar presentations and discussions will take place in the week from May 23rd to 25th (block week: no regular lectures). You can also find a document with additional details regarding the requirements for the term paper and general guidelines for writing scientific papers on our homepage.

Please register for the organizational meeting with an email to michael.seebauer@fau.de **until February 6th noon** (include your name, student ID and field of study). If you have additional questions please also contact Michael Seebauer. The seminar will be credited as "Seminar Behavioral Economics 1" (or as "Wirtschaftstheoretisches Seminar" for Master students who started their Masters before WS14/15). The seminar can be combined with the Master lecture "Behavioral Economics". Successful participation in the seminar is one way of qualifying for writing a Master thesis at the Chair of Economic Theory.

Rules of the game

Your grade for the seminar will be built from four parts: (1) your paper on the assigned topic, (2) the presentation of your paper at one of the seminar meetings, (3) your discussion of another student's paper, and (4) your participation in the discussions.

Students are expected to develop their own idea of how to replicate the experiment of the assigned experimental study. The steps of conducting the experiment and analyzing the data will be taken under close guidance from the supervisor. The term paper should summarize the main findings and contributions of the assigned paper, include the procedures and results of the own experiment and discuss the underlying research question using the provided **and additional** literature. The paper has to be written in English, with font size 12, 1½ line spacing and appropriate margins. The term paper is limited to 15 pages (+/- 1 page), plus a table of contents, a list of figures, a list of tables, the used references and an appendix. (See also our general guidelines for writing scientific papers "*Guidelines for the preparation of term papers and bachelor/master theses*", which you can find in the subsection "Thesis" on our English homepage.)

With his or her topic each student is assigned a supervisor, who will be the contact person regarding the exact content (and form) of the term paper. A coarse outline of the paper should be discussed with the assigned supervisor before the paper is written. All students are required to meet their supervisor at least once **before April 13th 2018**. It is recommended to meet earlier to agree on the procedures for the own experiment and receive guidance for analyzing the collected data. A failure to meet the supervisor may result in the exclusion of the student from the seminar.

The deadline for paper submission for all participants is: **Sunday, May 13th at 23.59 pm**. Each student will present his or her term paper in a presentation. The paper presentations and discussions will take place in the week from May 23rd to 25th. The number of seminar meetings depends on the number of students that submit a term paper. You have to be present at all seminar meetings.

Each participant will also be assigned a discussion topic. The assignment of discussion topics will be made after the paper submission deadline (each student will receive his or her paper for the discussion on or before May 16th). For the discussion you will receive the term paper of a fellow seminar participant. You are required to prepare a short discussion of the assigned paper. More information regarding the exact dates, the exact (time) requirements for the presentations and discussions will follow at a later point.

We also want to advertise the "Behavioral Economics" lecture we offer each summer term. This is a master's class that considers some of the topics of this seminar as well as many further issues in behavioral economics. The lecture is complementary to the seminar, such that you can participate in the seminar and the lecture. The first class of this year's lecture will take place at Tuesday, April 10th at 11:30, in LG 0.141.

Preliminary List of Topics

1) Lying

Fischbacher, Urs, and Franziska Föllmi-Heusi (2013), Lies in Disguise – An Experimental Study on Cheating, *Journal of the European Economic Association*, 11 (2), 525-547.

Gneezy, Uri (2005), Deception: The Role of Consequences, *The American Economic Review*, 95 (1), 384-394.

Erat, Sanjiv, and Uri Gneezy (2010), White Lies, *Management Science*, 58 (4), 723-733.

2) Rationality 1

Nagel, Rosemarie (1995), Unraveling in Guessing Games: An Experimental Study, *The American Economic Review*, 85 (5), 1313-1326.

3) Rationality 2

Friedman D. (1998), Monty Hall's Three Doors: Construction and Deconstruction of a Choice Anomaly. *The American Economic Review*, 88 (4).

Slembeck, T., and J.-R. Tyran (2004), Do institutions promote rationality? An experimental study of the three-door anomaly, *Journal of Economic Behavior and Organization*, 54.

4) Principal-Agent-Relationship

Falk, Armin, and Michael Kosfeld (2006), The Hidden Costs of Control, *The American Economic Review*, 96 (5), 1611-1630.

5) Time Preferences (in Children)

Angerer, Silvia, Philipp Lergetporer, Daniela Glätzle-Rützler, and Matthias Sutter (2015), How to measure time preferences in children: a comparison of two methods, *Journal of the Economic Science Association*, 1 (2), 158-169.

6) Punishment in Bargaining

Bolton, Gary, and Rami Zwick (1995), Anonymity versus Punishment in Ultimatum Bargaining, *Games and Economic Behavior*, 10, 95-121.

7) Reference Points and Effort

Abeler, J., A. Falk, L. Goette, and D. Huffman (2011), Reference points and effort provision, *The American Economic Review*, 101 (2), 470-92.

8) Reference-dependent Preferences

Marzilli Ericson, K. M., and A. Fuster (2011), Expectations as endowments: Evidence on reference-dependent preferences from exchange and valuation experiments, *The Quarterly Journal of Economics*, 126 (4), 1879-1907.

9) Social Norms

Danilov, A., and D. Sliwka (2017), Can Contracts Signal Social Norms? Experimental Evidence, *Management Science*, 63 (2).

[Also as theoretical background: **Sliwka, D.** (2007), Trust as a Signal of a Social Norm and the Hidden Costs of Incentive Schemes, *The American Economic Review*, 97 (3).

10) Trust and Reciprocity

Berg, Joyce, John Dickhaut, and Kevin McCabe (1995), Trust, Reciprocity, and Social History, *Games and Economic Behavior*, 10 (1), 122-142.