

Seminar on behavioral & experimental economics: Fake News, Biased Information, and Decision Making

Voting over different alternatives is one effective way to aggregate dispersed private incomplete information and to achieve an outcome that is in the best interest of society. However, this assumption only holds when every member of the electorate votes sincerely, i.e. their vote truthfully reflects their preferences. The fact that also strategic voting exists undermines the effectiveness of the “wisdom of the crowd”. Finally, strategically influencing preferences through (false) information further exacerbates the problem of achieving effective voting outcomes.

In the winter term 2018/2019 the chair of Economic Theory of Prof. Dr. Grimm offers a seminar on behavioral and experimental economics, focusing on different aspects of manipulating information and their effect on policy and society.

The seminar is intended for both Bachelor and Masters 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. Topics for the term papers (see list at the end of this document) will be assigned at the organizational meeting on October 22nd.

Organizational meeting including topic selection:

Monday, October 22nd at 15:00 pm in LG 5.430

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 December 20th 23:59 pm. Seminar presentations and discussions will take place in calendar week 3 2019. 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 **October 17th 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” for Masters students, and as “Seminar Verhaltensökonomische Grundlagen” for Bachelor students. 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 independently research appropriate literature on the basis of the provided references. The term paper should summarize the main findings and contributions of the existing literature and discuss the underlying research question using the provided **and additional** literature. The provided references only constitute a guidance for your own research. 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 November 9th 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: **Thursday, December 20th 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 calendar week 3 2019. 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 December 21st). 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.

List of Topics

1. The influence of biased voters and partisan opinions

Morton, Rebecca, Marco Piovesan, and Jean-Robert Tyran (2013). The Dark Side of the Vote: Biased Voters, Social Information, and Information Aggregation through Majority Voting. *WZB Discussion Paper*, No. SP II 2013-209

Bottom, William P., Krishna Ladha, and Gary J. Miller (2002). Propagation of Individual Bias through Group Judgement: Error in the Treatment of Asymmetrically Informative Signals. *The Journal of Risk and Uncertainty*, 25(2), 147-163.

2. Information Bubbles in Social Networks: How the social media affects voting decisions

Pogorelskiy, Kirill, and Matthew Shum (2018). News We Like to Share: How News Sharing on Social Networks Influences Voting Outcomes. *Working paper*.

Garz, M., Sorensen, J. and Stone, D.F., 2018. Partisan Selective Engagement: Evidence from Facebook. *Working paper*

3. Fake news in the new era, how does online media influence the spread of fake news

Vosoughi, S., Roy, D., & Aral, S. (2018). The spread of true and false news online. *Science*, 359(6380), 1146-1151.

Lazer, D. M., Baum, M. A., Benkler, Y., Berinsky, A. J., Greenhill, K. M., Menczer, F. & Schudson, M. (2018). The science of fake news. *Science*, 359(6380), 1094-1096.

4. Social Influence Bias and Biased Voting in Networks

Muchnik, Lev, Sinan Aral and Sean J. Taylor (2013). Social Influence Bias: A Randomized Experiment. *Science*, 341(6146), 647-651.

Kearns, Michael, Stephen Judd, Jinsong Tan and Jennifer Wortman (2009). Behavioral experiments on biased voting in networks. *PNAS*, 106(5), 1347-1352.

5. Media Bias: How the media influences voting

DellaVigna, Stefano, and Ethan Kaplan (2007). The Fox News effect: Media bias and voting. *Quarterly Journal of Economics*, 120(4), 1187-1234.

Gerber, Alan S., Dean Karlan, and Daniel Bergan (2009). Does the Media Matter? A Field Experiment Measuring the Effect of Newspapers on Voting and Political Opinions. *American Economic Journal: Applied Economics*, 1(2), 35-52.

Bernhardt, Dan, Stefan Krasa, and Mattias Polborn (2008). Political polarization and the electoral effects of media bias. *Journal of Public Economics*, 92, 1092-1104.

6. Media Bias and Polarization

Martin, Gregory J., and Ali Yurukoglu (2017). Bias in Cable News: Persuasion and Polarization. *American Economic Review*, 107(9), 2565-99.

Bernhardt, Dan, Stefan Krasa, and Mattias Polborn (2008). Political polarization and the electoral effects of media bias. *Journal of Public Economics*, 92, 1092-1104.

Gentzkow, M., & Shapiro, J. M. (2010). What drives media slant? Evidence from US daily newspapers. *Econometrica*, 78(1), 35-71.

7. Is Media Bias always harmful?

Oliveros, S., & Várdy, F. (2015). Demand for slant: How abstention shapes voters' choice of news media. *The Economic Journal*, 125(587), 1327-1368.

8. The Effect of Polls and Beliefs on Voting Decision (optional topic)

Agranov, Marina, Jacob K. Goeree, Julian Romero and Leeat Yariv (2018). What Makes Voter Turnout: The Effects of Polls and Beliefs. *Journal of European Economic Association* (forthcoming).

9. Can prediction markets be manipulated?

Cowgill, B. and Zitzewitz, E., 2015. Corporate prediction markets: Evidence from google, ford, and firm x. *The Review of Economic Studies*, 82(4), pp.1309-1341.

Deck, C., Lin, S. and Porter, D., 2013. Affecting policy by manipulating prediction markets: Experimental evidence. *Journal of Economic Behavior & Organization*, 85, pp.48-62.

Hanson, R., Oprea, R. and Porter, D., 2006. Information aggregation and manipulation in an experimental market. *Journal of Economic Behavior & Organization*, 60(4), pp.449-459.

10. How to debunk Scientific Myths and how not to.

Peter, Christina; Koch, Thomas (2016). When Debunking Scientific Myths Fails (and When It Does Not). The Backfire Effect in the Context of Journalistic Coverage and Immediate Judgments as Prevention Strategy *Science Communication Journal of Media Psychology*, 29, 188-197.

11. Are bad news credible news? The effect of negative news bias.

Kuvaas, B., & Selart, M. (2004). Effects of attribute framing on cognitive processing and evaluation. *Organizational Behavior and Human Decision Processes*, 95, 198-207.

Koch, Thomas ; Peter, Christina ; Obermaier, Magdalena (2013) Optimisten glaubt man nicht. Wie sich valenzbasiertes Framing auf die Glaubwürdigkeit von Aussagen und deren Kommunikator auswirkt. *Medien & Kommunikationswissenschaft*, 61, 551-567.

12. Fake news, Information economics, and the German Media finance law (GEZ)

Beth Allen, 1990. "Information as an Economic Commodity," *American Economic Review*, 80(2), pp. 268–273.

Kenneth J. Arrow, 1996. "The Economics of Information: An Exposition," *Empirica*, 23(2), pp. 120–21.