

Behavioral Economics 2 course outline and reading list

If we update the reading list, the latest version can be found here: https://jondequidt.com/pdfs/BE2_readinglist.pdf

Papers marked with “*” are **required reading** ahead of class (three per class). **Everyone is expected to have read all three papers.** Other papers are for background or additional interest. The full reading list will be released at or prior to the first class.

We plan to have 7 classes in total.

From **class 2 onwards**, for each **required** paper we will preassign one student to give a short introductory presentation. The presenter should come prepared to give a **2-3 slide summary** of (1) the main research question and (2) what the author(s) do in the paper. Then you should have prepared **three questions** to begin our discussion of the paper.

Sign up here for presentations: <https://docs.google.com/spreadsheets/d/1B-4FSrUnI80q8FhtZvx82hJ6Jdam0ioc/edit?usp=sharing>

There will also be one hand-in assignment. We will ask you to select a recent working paper from **this list** https://jondequidt.com/pdfs/BE2_refereereport.pdf (you can also suggest papers not on the list, but we'll prioritize papers that we expect to be influential). You should write a complete referee report on this paper as if you had been asked to do so by a top journal editor. Referee reports should be submitted before the end of term and we'll give you feedback.

Grades for the course will be pass/fail and based on attendance, class participation, presentations, and the referee report.

We expect full in-person attendance and unless COVID-19 guidelines change we do not plan on offering a hybrid option – it simply doesn't work well for discussion-based classes like this one. If you have covid-like symptoms and therefore cannot attend in person, you should still read the papers and we'll provide a catch-up assignment.

1 Big picture (no student presentations)

1. *Falk, A., Becker, A., Dohmen, T., Enke, B., Huffman, D., and Sunde, U. (2018). Global Evidence on Economic Preferences. *The Quarterly Journal of Economics*, 133(4):1645–1692
2. *Chapman, J., Dean, M., Ortoleva, P., Snowberg, E., and Camerer, C. (2020). Econographics. <http://pietroortoleva.com/papers/Econographics.pdf>
3. *DellaVigna, S. and Linos, E. (2022). RCTs to scale: Comprehensive evidence from

- two nudge units. *Econometrica*, 90(1):81–116
4. Cohn, A., Maréchal, M. A., Tannenbaum, D., and Zünd, C. L. (2019). Civic honesty around the globe. *Science*, 365(6448):70–73
 5. Gillen, B., Snowberg, E., and Yariv, L. (2018). Experimenting with Measurement Error: Techniques with Applications to the Caltech Cohort Study. *mimeo*
 6. Henrich, J., Heine, S. J., and Norenzayan, A. (2010). The weirdest people in the world? *Behavioral and Brain Sciences*, 33(2-3):61–83

1.1 Advice for referees (to read in connection with the assignment)

1. *Berk, J. B., Harvey, C. R., and Hirshleifer, D. (2017). How to write an effective referee report and improve the scientific review process. *Journal of Economic Perspectives*, 31(1):231–244
2. *Berk, J. B., Harvey, C. R., and Hirshleifer, D. (2015). Preparing a referee report: Guidelines and perspectives. <https://www.aeaweb.org/content/file?id=222>

2 Reference dependence

1. *Genicot, G. and Ray, D. (2017). Aspirations and inequality. *Econometrica*, 85(2):489–519
2. *Hartzmark, S. M., Hirshman, S. D., and Imas, A. (2021). Ownership, learning, and beliefs. *The Quarterly Journal of Economics*, 136(3):1665–1717
3. *Chapman, J., Dean, M., Ortoleva, P., Snowberg, E., and Camerer, C. (2021). On the relation between willingness to accept and willingness to pay <http://pietroortoleva.com/papers/WTA-P.pdf>
4. Dreyfuss, B., Heffetz, O., and Rabin, M. (2019). Expectations-based loss aversion may help explain seemingly dominated choices in strategy-proof mechanisms <https://scholar.harvard.edu/files/rabin/files/deferredacceptancepostedoctober7.pdf>
5. Koszegi, B. and Rabin, M. (2006). A Model of Reference-Dependent Preferences. *The Quarterly Journal of Economics*, 121(4):1133–1165
6. O’Donoghue, T. and Sprenger, C. (2018). Reference-Dependent Preferences. *Handbook of behavioral economics*

7. Ericson, K. M. M. and Fuster, A. (2011). Expectations as Endowments: Evidence on Reference-Dependent Preferences from Exchange and Valuation Experiments. *The Quarterly Journal of Economics*, 126(4):1879–1907
8. Heffetz, O. and a. List, J. (2014). Is the Endowment Effect an Expectations Effect? *Journal of the European Economic Association*, 12(5):1396–1422
9. Goette, L., Harms, A., and Sprenger, C. (2014). Randomizing Endowments: An Experimental Study of Rational Expectations and Reference-Dependent Preferences. *IZA Discussion Paper No. 8639*
10. Gneezy, U., Goette, L., Sprenger, C., and Zimmermann, F. (2017). The Limits of Expectations-Based Reference Dependence. *Journal of the European Economic Association*, 15(4):861–876
11. Heffetz, O. (2018). Are Reference Points Merely Lagged Beliefs Over Probabilities?

3 Social preferences and norms

1. *Ellingsen, T. and Mohlin, E. (2022). Tba - paper will be sent one week prior to lecture. *mimeo*
2. *Bursztyn, L., González, A. L., and Yanagizawa-Drott, D. (2020). Misperceived social norms: Women working outside the home in saudi arabia. *American Economic Review*, 110(10):2997–3029
3. *Abeler, J., Nosenzo, D., and Raymond, C. (2019). Preferences for truth-telling. *Econometrica*, 87(4):1115–1153
4. Andreoni, J., Rao, J. M., and Trachtman, H. (2017). Avoiding the ask: A field experiment on altruism, empathy, and charitable giving. *Journal of Political Economy*, 125(3):625–653
5. Krupka, E. L. and 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
6. Dana, J., Weber, R., and Kuang, J. (2007). Exploiting moral wiggle room: experiments demonstrating an illusory preference for fairness. *Economic Theory*, 33:67–80

4 Time preferences

1. *DeJarnette, P., Dillenberger, D., Gottlieb, D., and Ortoleva, P. (2020). Time lotteries and stochastic impatience. *Econometrica*, 88(2):619–656
2. *Augenblick, N. and Rabin, M. (2018). An experiment on time preference and misprediction in unpleasant tasks. *The Review of Economic Studies*, 86(3):941–975
3. *Carrera, M., Royer, H., Stehr, M., Sydnor, J., and Taubinsky, D. (Forthcoming). Who chooses commitment? evidence and welfare implications. *Review of Economic Studies*
4. Toussaert, S. (2018). Eliciting Temptation and Self-Control Through Menu Choices: A Lab Experiment. *Econometrica*, 86(3):859–889
5. Augenblick, N., Niederle, M., and Sprenger, C. (2015). Working over Time: Dynamic Inconsistency in Real Effort Tasks. *The Quarterly Journal of Economics*, 130(3):1067–1115
6. Ericson, K. M. and Laibson, D. (2018). Intertemporal Choice. Working Paper 25358, National Bureau of Economic Research
7. Cohen, J., Ericson, K. M., Laibson, D., and White, J. M. (2016). Measuring Time Preferences. Technical Report w22455, National Bureau of Economic Research, Cambridge, MA
8. Gabaix, X. and Laibson, D. (2017). Myopia and Discounting. *NBER Working Paper*
9. Laibson, D. (2015). Why Don't Present-Biased Agents Make Commitments? *American Economic Review*, 105(5):267–272
10. Le Yaouanq, Y. and Schwardmann, P. (2022). Learning about one's self. *Journal of the European Economic Association*
11. Imai, T., Rutter, T. A., and Camerer, C. F. (2020). Meta-analysis of present-bias estimation using convex time budgets. *The Economic Journal*, 131(636):1788–1814
12. Echenique, F., Imai, T., and Saito, K. (2020). Testable implications of models of intertemporal choice: Exponential discounting and its generalizations. *American Economic Journal: Microeconomics*, 12(4):114–143
13. Heidhues, P. and Strack, P. (2021). Identifying present bias from the timing of choices. *American Economic Review*, 111(8):2594–2622

5 Beliefs/attention/cognition

1. *Bordalo, P., Gennaioli, N., and Shleifer, A. (2021). Salience. *NBER WP 29274*
2. *Huffman, D., Raymond, C., and Shvets, J. (Forthcoming). Persistent overconfidence and biased memory: Evidence from managers. *American Economic Review* <https://drive.google.com/file/d/1tK0UG1rEtjrbVhaB-tZcPz0qZGVtcNAc/view> (check Collin Raymond's website for latest version)
3. *Enke, B. and Graeber, T. (2021). Cognitive uncertainty https://benjamin-enke.com/pdf/cognitive_uncertainty.pdf
4. Augenblick, N. and Rabin, M. (2021). Belief movement, uncertainty reduction, and rational updating. *The Quarterly Journal of Economics*, 136(2):933–985
5. Malmendier, U. and Tate, G. (2015). Behavioral CEOs: The Role of Managerial Overconfidence. *Journal of Economic Perspectives*, 29(4):37–60
6. Benabou, R. (2016). The Economics of Motivated Beliefs (slides)
7. Möbius, M. M., Niederle, M., Niehaus, P., and Rosenblat, T. S. (2022). Managing self-confidence: Theory and experimental evidence. *Management Science*
8. Eil, D. and Rao, J. M. (2011). The Good News-Bad News Effect: Asymmetric Processing of Objective Information about Yourself. *American Economic Journal: Microeconomics*, 3(2):114–138
9. Zimmermann, F. (2020). The dynamics of motivated beliefs. *American Economic Review*, 110(2):337–363
10. Moore, D. A. and Healy, P. J. (2008). The trouble with overconfidence. *Psychological Review*, 115(2):502–517
11. Gagnon-Bartsch, T., Rabin, M., and Schwartzstein, J. (2018). Channeled Attention and Stable Errors. page 64
12. Benjamin, D. (2019). Errors in probabilistic reasoning and judgment biases. *Chapter for the Handbook of Behavioral Economics (edited by Doug Bernheim, Stefano DellaVigna, and David Laibson)*
13. Hanna, R., Mullainathan, S., and Schwartzstein, J. (2014). Learning through noticing: Theory and evidence from a field experiment. *The Quarterly Journal of Economics*, 129(3):1311–1353

14. Gabaix, X. (2019). Behavioral inattention. In *Handbook of Behavioral Economics - Foundations and Applications 2*, pages 261–343. Elsevier

6 Strategic Behavior

1. *Li, S. (2017). Obviously strategy-proof mechanisms. *American Economic Review*, 107(11):3257–3287
2. *Callaway, F., Griffiths, T. L., and Karreskog, G. (2022). Rational heuristics for one-shot games
3. *Gabaix, X. (2014). A Sparsity-Based Model of Bounded Rationality. *The Quarterly Journal of Economics*, 129(4):1661–1710
4. Spiegler, R. (2020). Behavioral implications of causal misperceptions. *Annual Review of Economics*, 12(1):81–106

7 Policy

1. *Seibold, A. (2021). Reference points for retirement behavior: Evidence from german pension discontinuities. *American Economic Review*, 111(4):1126–1165
2. *Gerard, F. and Naritomi, J. (2021). Job displacement insurance and (the lack of) consumption-smoothing. *American Economic Review*, 111(3):899–942
3. *Ambuehl, S., Bernheim, B. D., and Ockenfels, A. (2021). What motivates paternalism? an experimental study. *American Economic Review*, 111(3):787–830
4. Allcott, H., Lockwood, B. B., and Taubinsky, D. (2019). Regressive sin taxes, with an application to the optimal soda tax. *The Quarterly Journal of Economics*, 134(3):1557–1626
5. Baicker, K., Mullainathan, S., and Schwartzstein, J. (2015). Behavioral hazard in health insurance. *The Quarterly Journal of Economics*, 130(4):1623–1667
6. Bernheim, B. D. and Taubinsky, D. (2018). Behavioral public economics. In *Handbook of Behavioral Economics: Applications and Foundations 1*, pages 381–516. Elsevier
7. Farhi, E. and Gabaix, X. (2020). Optimal taxation with behavioral agents. *American Economic Review*, 110(1):298–336