

# Block-Seminar on Experimental Economics for Master Students

## “Experimental Analysis of Social Preferences“

Winter Term 2016/2017

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People are generous, honest, trustful and trustworthy, and they like to reward kind and punish unkind behavior – even if it hurts them. In this seminar, we will study and discuss theories that explain the evidence for this kind of non-selfish preferences.

Each participant is required to hand in a seminar paper on one of the topics listed below, present it in class, and discuss another participant’s paper.

Max. number of participants: 15 participants

Language: English

### Dates:

First Meeting: October 18, 2016  
Time: 16:00 (sharp!)  
Place: Oeconomicum (room 1.162)  
No prior registration necessary

Topic assignment: Topics will be assigned in the first meeting.

Deadline to enroll (and withdraw): November 04, 2016 in FlexNow

Date for the blocked seminar: December 08 & December 09, 2016

Deadline for seminar papers: January 15, 2017 (Online/Upload on Stud.IP)

**Should you have any questions with respect to this seminar, please write an email either to [maximilian.spaeth@uni-goettingen.de](mailto:maximilian.spaeth@uni-goettingen.de) or to [asri.oezguemues@wiwi.uni-goettingen.de](mailto:asri.oezguemues@wiwi.uni-goettingen.de)**

## Topics:

### Part 1: Measuring Social Preferences

#### 1. Other-regarding behavior in bargaining games

- Kahneman, D., Knetsch, J. L., and Thaler, R. H. (1986). "Fairness and the assumption of economics". *Journal of Business*, Vol. 59(4), pp. S285-S300.
- Güth, W., Schmittberger, R., and Schwarze, B. (1982). "An experimental analysis of ultimatum bargaining". *Journal of Economic Behavior & Organization*, Vol. 3(4), pp. 367-388.
- Binmore, K., Shaked, A., & Sutton, J. (1985). Testing Noncooperative Bargaining Theory: A Preliminary Study. *The American Economic Review*, 75(5), 1178-1180.

#### 2. Trust and reciprocity

- Berg, J., Dickhaut, J., and McCabe, K. (1995). "Trust, Reciprocity, and Social History". *Games and Economic Behavior*, Vol. 10, pp. 122-142.
- Sutter, M., and Kocher, M. G. (2007). "Trust and trustworthiness across different age groups". *Games and Economic Behavior*, Vol. 59(2), pp. 364-382.
- Glaeser, E., Laibson, D., Scheinkman, J., & Soutter, C. (2000). Measuring Trust. *The Quarterly Journal of Economics*, 115(3), 811-846.

#### 3. Fairness concepts

- Cappelen, A. W., et al. (2013). "Just luck: An experimental study of risk-taking and fairness". *American Economic Review*, Vol. 103(4), pp. 1398-1413.
- Eisenkopf, G., Fischbacher, U., and Föllmi-Heusi, F. (2013). "Unequal opportunities and distributive justice". *Journal of Economic Behavior & Organization*, Vol. 93, pp. 51-61.

#### 4. Tests of Social Value Orientation (SVO)

- Liebrand, W. B. G. (1984). "The effect of social motives, communication and group size on behavior in an N-person multi-stage mixed-motive game". *European Journal of Social Psychology*, Vol. 14(3), pp. 239-264.
- Murphy, R. O., Ackermann, K. A., and Handgraaf, M. (2011). "Measuring social value orientation". *Judgment and Decision Making*, Vol. 6(8), pp. 771-781.

#### 5. Limits of SVO-like preferences

- Dana, J., Cain, D. M., and Dawes, R. M. (2005). "What you don't know won't hurt me: Costly (but quiet) exit in dictator games." *Organizational Behavior and Human Decision Processes*, Vol. 100(2), pp. 193-201.
- Ackermann, K. A., Fleiß, J., and Murphy, R. O. (2016). "Reciprocity as an individual difference". *Journal of Conflict Resolution*, Vol. 60(2), pp. 340-367.

## **Part 2: Cooperation and Social Norms**

### **6. Determinants of voluntary cooperation**

- Isaac, R. M., Walker, J. M., and Thomas, S. H. (1984). "Divergent evidence of free-riding: An experimental investigation of possible explanations". *Public Choice*, Vol. 43(2), pp. 113-149.
- Isaac, R., & Walker, J. (1988). Group Size Effects in Public Goods Provision: The Voluntary Contributions Mechanism. *The Quarterly Journal of Economics*, 103(1), 179-199.

### **7. Conditional Cooperation**

- Keser, C., and Van Winden, F. (2000). "Conditional Cooperation and Voluntary Contributions to Public Goods". *The Scandinavian Journal of Economics*, Vol. 102(1), pp. 23-39.
- Fischbacher, U., Gächter, S., & Fehr, E. (2001). Are people conditionally cooperative?—Evidence from a public goods experiment. *Economic Letters*, Vol. 71, 397–404.
- Fischbacher, U., & Gächter, S. (2010). Social preferences, beliefs, and the dynamics of free riding in public good experiments. *American Economic Review*, Vol. 100, 541–556.

### **8. Cooperation, punishment, and social norms**

- Fehr, E., and Gächter, S. (2000). "Fairness and retaliation: The economics of reciprocity". *Journal of Economic Perspectives*, Vol. 14(3), pp. 159-181.2
- Fehr, E., and Gächter, S. (2002). "Altruistic punishment in humans". *Nature*, Vol. 415, pp. 137-140.
- Hermann, B., Thöni, C., & Gächter, S. (2008). Antisocial punishments across societies. *Science*, Vol. 319, 1362–1367

## **Part 3: Theories of Social Preferences**

### **9. Models of (in)equality**

- Fehr, E., and Schmidt, K. M. (1999). "A theory of fairness, competition, and cooperation". *Quarterly Journal of Economics*, Vol. 114(3), pp. 817-868.
- Bolton, G. E. and Ockenfels, A. (2000). "ERC: A theory of equity, reciprocity, and competition". *American Economic Review*, Vol. 90(1), pp. 166-193.

### **10. Models of reciprocity**

- Rabin, M. (1993). "Incorporating fairness into game theory and economics". *American Economic Review*, Vol. 83(5), pp. 1281-1302.
- Levine, D. K. (1998). "Modeling altruism and spitefulness in experiments". *Review of Economic Dynamics*, Vol. 1(3), pp. 593-622.

### **11. Intentions and positive and negative reciprocity**

- Charness, G. and Levine, D. I. (2007). "Intention and stochastic outcomes: An experimental study". *The Economic Journal*, Vol. 117(522), pp. 1051-1072.
- Falk, A., Fehr, E., and Fischbacher, U. (2008). "Testing theories of fairness – Intentions matter". *Games and Economic Behavior*, Vol. 62(1), pp. 287-303.

## **Part 4: Honesty and Lying**

### **12. Experimental investigations of lying and deception**

- Gneezy, U. (2005). "Deception: The role of consequences". *American Economic Review*, Vol. 95(1), pp. 384-394.
- Fischbacher, U., and Föllmi-Heusi, F. (2013). "Lies in disguise – An experimental study on cheating". *Journal of the European Economic Association*, Vol. 11, pp. 525-547.

### **13. Why do people keep their promises?**

- Charness, G., and Dufwenberg, M. (2006). "Promises and partnership". *Econometrica*, Vol. 74(6), pp. 1579-1601.
- Vanberg, C. (2008). "Why do people keep their promises? An experimental test of two explanations". *Econometrica*, Vol. 76(6), pp. 1467-1480.

### **14. Cheating and lying in social settings**

- Weisel, O., and Shalvi, S. (2015). "The collaborative roots of corruption". *PNAS*, Vol. 112(34), pp. 10651-10656.
- Kocher, M. G., Schudy, S., and Spanting, L. (2016). "I lie? We lie! Why? Experimental evidence on a dishonesty shift in groups". Munich Discussion Paper No. 2016-8.

### **15. Moral development in kids and adolescents**

- Glätzle-Rützler, D., and Lergetporer, P. (2015). "Lying and age: An experimental study". *Journal of Economic Psychology*, Vol. 46, pp. 12-25.
- Houser, D., et al. (2016). "Dishonesty: from parents to children". *European Economic Review*, Vol. 82, pp. 242-254.