

## **Topics in Behavioral and Experimental Economics**

### **Gary Charness**

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Behavioral and Experimental Economics are concerned with the empirical testing and modifications of traditional postulates in economics, also accounting for insights from cognitive psychology on human behavior. Experimental tests of predictions from economic theory, both in the laboratory and the field, are a popular way to identify behavioral phenomena, deviating from theoretical assumptions and thereby an efficient method to suggest modifications in economic theory. This 2-day course exposes students to current research, methodologies and applications in Behavioral and Experimental Economics. The course covers both theoretical and empirical material. A central aim will also be to provide the students with methodological skills on how to publish their own academic papers.

The lectures are in 4 segments.

1. An overview & experiments in labor economics
2. Communication
3. Social preferences
4. Individual and group decision-making experiments & how to publish academic papers

Gary Charness is Professor at the Department of Economics, University of California at Santa Barbara and Director of the Experimental and Behavioral Economics Laboratory. His research interests are in particular experimental and behavioral economics, in areas such as game theory, behavioral contract theory and mechanism design as well as labor economics, network formation, and bargaining. Having published numerous (8) papers in top-5 journals himself, he serves on the Editorial Board of the American Economic Review, Management Science, Journal of Economic Behavior, Experimental Economics, and Games and Economic Behavior. He received a Ph.D. in Economics from the University of California at Berkeley. His CV and a list of publications are available at <http://www.econ.ucsb.edu/~charness>.

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## Literature and preliminary readings

*Topic 1 – Topic 3.* The advised reference for the first five topics in class will be the chapter on Lab Labor in the Handbook of Labor Economics Vol. 4A, which is available for download via Science Direct. Students should make themselves familiar with the the relevant sections and also feel encouraged to read additional papers from the references given therein for each topic or sub-topic. Charness, G, Kuhn, P. (2011) Lab Labor: What Can Labor Economists Learn from the Lab? *Handbook of Labor Economics*, Vol. 4A, Chapter 3.

### *Topic 4*

Charness, G., Levin, D. (2005) When Optimal Choices Feel Wrong: A Laboratory Study of Bayesian Updating, Complexity, and Affect. *The American Economic Review* 95(4): 1300-1309.

<http://www.jstor.org/stable/4132717>

Charness, G., Karni, E., Levin, D., (2010), On The Conjunction Fallacy in Probability Judgment: New Experimental Evidence Regarding Linda, Games and Economic Behavior.