



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

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

Seminar on behavioral economics: Behavioral economics at the workplace

A stable and well-functioning political environment is important for civilian's trust towards institutions and is a key condition for long-term economic growth. However, according to the Economists Intelligence group, Global democracy had a very bad year in 2020 -- the pandemic caused an unprecedented rollback of democratic freedoms. The pandemic might only be a last straw on the series of events that contributed to the erosion of democracy and thus threatening the stability of the global political equilibrium, such as the increase of political polarization, the rise of populist parties and autocratic rulers. It is thus important to gain a better understanding of the causes and the consequences of voter's political behaviors.

In the winter term 2021/22 the chair of Economic Theory of Prof. Dr. Grimm offers a behavioral economics seminar focusing on behavioral aspects of the political economy. It is also a timely topic as the German General Election will be concluded when the course starts. The seminar is intended for both Bachelor and 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. Topics for the term papers (see list at the end of this document) will be assigned at the organizational meeting on October 21th.

Virtual organizational meeting Thursday, October 21th at 15:00 pm

Participants have to write a seminar paper (15 pages +/-1), present their paper and participate in the general discussion during the seminar meetings. All seminar related activities (term paper, presentations and discussions) will be in English.

The deadline for the submission of term papers is **January 24th, 23:59 pm**. Seminar presentations and discussions will take place in calendar week 27. 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 virtual organizational meeting with an email to

xiaoyu.zhou@fau.de

until October 15th noon

(include your name, student ID and field of study).

Only by registering in advance we can provide you with the necessary information to participate in the organizational meeting. We also advise you to register for this seminar on StudOn to regularly receive important information and updates about the seminar.

Please also send us a list of your (three) preferred topics before the organizational meeting (by October 15th the latest). We will try to match all applicants to the topics according to their preferences as good as possible. Please note that the number of seminar participants is limited. If you have additional questions please also contact Xiaoyu Zhou directly. The seminar will be credited as “Seminar Behavioral Economics” for Masters students, and as “Seminar Verhaltensökonomische Grundlagen” or “Seminar zur Wirtschaftstheorie” 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 three parts: (1) your paper on the assigned topic, (2) the presentation of your paper at the seminar meeting, and (3) your participation in the general discussions during the meeting.

Students are expected to build on the provided references to conduct independent research of the literature. The term paper should summarize the main findings and contributions of the existing literature and discuss the underlying research question (formulated by the student) 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 rough 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 Nov 5th**. 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: **Monday, January 24th 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 1 – 5th February. The exact dates will be determined later. 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.

More information regarding the exact dates, times and place, as well as the exact (time) requirements for the presentations will follow at a later point.

List of Topics

1. Optimal design of decision making committees

Grosser, J., & Seebauer, M. (2016). The curse of uninformed voting: An experimental study. *Games and Economic Behavior*, 97, 205-226.

Reshidi, P., Lizzeri, A., Yariv, L., Chan, J., & Suen, W. (2020). Individual and Collective Information Acquisition: An Experimental Study. (working paper)

Gerardi, D., & Yariv, L. (2008). Information acquisition in committees. *Games and Economic Behavior*, 62(2), 436-459.

2. “Change my mind” – experimental lessons on how to affect voters

Banerjee, A., Green, D., Green, J., & Pande, R. (2010, May). Can voters be primed to choose better legislators? Experimental evidence from rural India. In Presented and the Political Economics Seminar, Stanford University.

Pande, R. (2011). Can informed voters enforce better governance? Experiments in low-income democracies. *Annu. Rev. Econ.*, 3(1), 215-237.

3. The role of Social Norms in the choice to vote

Gerber, A. S., Green, D. P., & Larimer, C. W. (2008). Social pressure and voter turnout: Evidence from a large-scale field experiment. *American political Science review*, 102(1), 33-48.

Feddersen, T., & Sandroni, A. (2006). A theory of participation in elections. *American Economic Review*, 96(4), 1271-1282.

DellaVigna, S., List, J. A., Malmendier, U., & Rao, G. (2016). Voting to tell others. *The Review of Economic Studies*, 84(1), 143-181.

4. Why do people vote?

Downs, A., 1957. *An economic theory of democracy*.

Caplan, B., 2011. *The myth of the rational voter*. Princeton University Press.

Schram, A. and Sonnemans, J., 1996. Why people vote: Experimental evidence. *Journal of Economic Psychology*, 17(4), pp.417-442.

Faravelli, M., Man, P. and Walsh, R., 2015. Mandate and paternalism: a theory of large elections. *Games and Economic Behavior*, 93, pp.1-23.

5. The Median Voter Model in An Age of Polarisation

Hotelling, H., 1990. Stability in competition. In *The collected economics articles of Harold Hotelling* (pp. 50-63). Springer, New York, NY. (note: this is just a reference to the origin of median voter model, no need to read)

Downs, A., 1957. An economic theory of political action in a democracy. *Journal of political economy*, 65(2), pp.135-150.

Dixit, A.K. and Weibull, J.W., 2007. Political polarization. *Proceedings of the National Academy of Sciences*, 104(18), pp.7351-7356.

6. Framing: How can you frame voting decisions to get the result you want?

Tversky, A. and Kahneman, D., 1981. The framing of decisions and the psychology of choice. *science*, 211(4481), pp.453-458.

Meredith, M. and Salant, Y., 2013. On the causes and consequences of ballot order effects. *Political Behavior*, 35(1), pp.175-197.

7. Bandwagon Effect / Herding in Democracies

Bartels, L.M., 2020. *Presidential primaries and the dynamics of public choice*. Princeton University Press.

Van der Meer, T.W., Hakhverdian, A. and Aldering, L., 2016. Off the fence, onto the bandwagon? A large-scale survey experiment on effect of real-life poll outcomes on subsequent vote intentions. *International Journal of Public Opinion Research*, 28(1), pp.46-72.

8. The influence of different voting mechanisms:

Moderating Political Extremism: Single Round versus Runoff Elections under Plurality Rule *AMERICAN ECONOMIC REVIEW* VOL. 106, NO. 8, AUGUST 2016 (pp. 2349-70)

Setting the Rules of the Game: The Choice of Electoral Systems in Advanced Democracies *The American Political Science Review* Vol. 93, No. 3 (Sep., 1999), pp. 609-624

9. Understanding protests:

Social Media and Protest Participation: Evidence From Russia

10. How to incentivize civil servants?

Gneezy, U. & Rustichini, A. (2000). A Fine is a Price. *Journal of Legal Studies*, 29, 1-17.

Gagliarducci, S. & Nannicini, T. (2013). Do Better Paid Politicians Perform Better? Disentangling Incentives from Selection. *Journal of the European Economic Association*, 11, 369-398.

Frey, B.S. (1997a). A Constitution for Knaves drives out civic virtues. *Economic Journal*, 107, 1043-1053.

11. How do Voters Vote?

Piketty, T. (2000). Voting as Communicating. *Review of Economic Studies* 67 (1), 169-191.

Spenkuch, J. L. (2018). Expressive vs. Pivotal Voters: An Empirical Assessment. *Journal of Public Economics* 165, 73-81.