Preferences, Personality and Moral Behavior: Experiments and Representative Samples

Armin Falk

Bergen, October 2016

In this course I will discuss techniques of experimental economics and illustrate design and methodological issues in discussing recent topics in behavioral economics. The suggested topics are listed below and include (1) an introduction to lab experiments, potential objections against lab evidence, generalizability and experimental methods, (2) sorting and psychology of incentives, (3) morality, (4) formation of preferences and personality, (5) measuring preferences on a global scale; cultural economics and long-term development.

In addition to discussing design choices I will highlight the benefits of combining different data sets (survey and experiments), how to run experiments with children and in representative samples, and how to validate survey measures with experiments. Conditional on interest, I will comment on publication strategies and on how to respond to referee comments using examples. In terms of procedures, the course will be a mixture of presentation and discussion.

Below you find a list of papers, related to the topics.

Topics

1 Lab experiments

I will briefly discuss the idea of lab experiments; why the discussion about field vs. lab evidence is misguided; what generalizability implies (and what not); and discuss frequently made objections against lab experiments, illustrated with recent evidence on subject pool effects, stake size and scrutiny in the domain of social preferences. The introduction will also provide an overview with regard to general design issues and a very subjective assessment of what constitutes a “good” experiment.

Suggested reading:
2 Sorting and Psychology of Incentives

If time allows, I will talk about sorting and the psychology of incentives (crowding out of motivation, trust and reciprocity in labor relations, etc.).

Suggested reading:

More literature will be provided, given interest.

3 Morality

Despite the fact that the public is very concerned with moral issues, and despite the fact that economics could contribute much to that debate, economists have been quite reluctant to address the issue. Morality is the outcome of the interaction of individual conscience together with physical, psychological, cultural, and institutional determinants. In other words, moral behavior is malleable and not determined solely by conscious reasoning guided by moral principles. I will talk about the effects of institutions (markets and groups) and individual determinants of immoral behavior. Closely related is a series of papers providing evidence on how circumstances lower people’s willingness to act prosocially (“wriggle rooms”). In fact, thinking about reasons for moral transgression is, to a large extent, thinking about how people search for excuses.

Suggested reading:

4 Personality and Preferences: Measurement, Formation and Relevance, and Experiments with Children and Representative Samples

Traditionally, economics has explained difference in behavior as a consequence of changes in incentives, such as prices, for given preferences. In fact, using differences in preferences or personality were largely discarded as non-explanations (see the famous dictum “de gustibus non est disputandum”, applied to economics by Stigler and Becker, 1977). In light of the pronounced heterogeneity in preferences and their obvious importance, this self-imposed restriction seems at least disputable. In recent years, and partly as a consequence of the progress in measuring preferences, economists have therefore started to use heterogeneity in personality and preferences to explain important economic outcomes. This raises important questions about (1) how to measure preferences and personality, (2) how economic and psychological measures of traits are related, and (3) how preferences are formed. I will talk about these issues, e.g., about distribution and consequences of risk preferences and psychological measures such as the Big-5 or Locus of Control. I will also report new evidence on the relation between economic and psychological measures. A particularly important question concerns the formation of preferences (not least for understanding inequality). Early life-circumstances seem to play a particular important role, such as socio-economic status and parenting style (proxied, e.g., with breastfeeding duration). Ultimately, we need to run intervention studies to provide causal evidence on the effects of (early) life circumstances on preferences. In this domain I will discuss recent work on children. Running experiments with children poses important challenges.

Suggested reading:
Measuring preferences at the global scale

In this section I will introduce the Global Preference Survey Data and talk about determinants and consequences of preference, on a global level.

Suggested reading: