

PhD course in Behavior and Incentives

December 13-15, 2017

Teacher: Matthias Sutter, Max Planck Institute for Research on Collective Goods Bonn and University of Cologne.



Matthias Sutter is a Director of the Experimental Economics Group at the Max Planck Institute for Research on Collective Goods in Bonn and Professor of Economics at the University of Cologne.

Webpage: https://www.coll.mpg.de/matthias_sutter

Email: matthias.sutter@coll.mpg.de

ECTS: 5 ECTS

Content:

The course presents advanced topics within behavioral economics. It will consist of seven lectures over three days. The students will also be given the opportunity to present their own research and get feedback. Each student presentation is 15 minutes, including discussion.

Topics:

Behavioral economics, lab and field experiments, credence goods, markets, cooperation, development of preferences.

Learning Outcome:

At the end of the course, students:

- ✓ are in the forefront of knowledge within behavioral economics,
- ✓ can evaluate the expediency and application of different methods within this field,
- ✓ and can contribute to the development of new knowledge, new theories and methods in behavioral economics.

Prerequisites:

Students taking part in the course should have basic training in economics at the master level, which means that well qualified students who have not yet completed their master degree can be given permission to take part in the course.

Administration:

The course is supported by the Danish Graduate Programme in Economics ([DGPE](#)) and by the Carlsberg Foundation ([KIDS Lab](#)). Participants from other institutions (not affiliated with DGPE) have to pay a fee for attending the courses of 2500 DKK. Deadline for registration is **November 1**, since students' registration must be accepted in advance. The course is organized by Marco Piovesan from the Department of Economics at The University of Copenhagen.

To get credit (5 ECTS) for the course, the student should hand in and get approved a paper (maximum 15 pages) on a relevant topic discussed during the course. The deadline for submitting this paper is March 15, 2018.

Schedule (preliminary):

The schedule and outline of the lectures is tentative and may be adjusted as the course proceeds. Each lecture is 2 x 45 minutes, with a 15 minutes break. Lecture 5 is a faculty seminar and will last for 75 minutes without a break. The location will be announced in advance.

Day 1: December 13

- 09.30 – 10.00 **Coffee and light breakfast**
- 10.00 – 10.15 **Welcome: Marco Piovesan**
- 10.15 – 12.00 **Lecture 1: Credence goods: Theory and lab evidence**
- 12.00 – 13.15 **Lunch**
- 13.15 – 15.00 **Lecture 2: Credence goods: Theory and lab evidence**
- 15.00 – 15.15 **Coffee**
- 15.15 – 16.00 **Student presentations 1**
- 16:00 – 16.45 **Student presentations 2**
- 16:45 – 17.30 **Student presentations 3**

- 18.00 - ... **Social gathering**

Day 2: December 14

- 09.15 – 11.00 **Lecture 3: Credence goods: Field experiments**
- 11.00 – 11.15 **Coffee**
- 11.15 – 12.30 **Lecture 4: Morals and markets**

- 12.30 – 14:00 **Lunch and discussion**

- 14:00 – 15:30 **Lecture 5: Seminar: Matthias Sutter**
- 15:30 – 16:15 **Student presentations 4**
- 16:15 – 17:00 **Student presentations 5**

- 18.00 - ... **Course dinner**

Day 3: December 15

- 09.00 – 09.15 **Coffee**
- 09.15 – 11.00 **Lecture 6: The development of non standard preferences**
- 11.00 – 11.15 **Coffee**
- 11.15 – 13.00 **Lecture 7: The development of non standard preferences**
- 13.00 – 14.00 **Lunch and discussion**
- 14.00 – 15:30 **Class discussion and brainstorming**

Preliminary Reading List

For Lectures 1 and 2

- Balafoutas, L., Beck, A., Kerschbamer, R., Sutter, M. (2015), The hidden costs of tax evasion – Collaborative tax evasion in markets for expert services. *Journal of Public Economics* 129: 14-25.
- Beck, A., Kerschbamer, R., Qiu, J., Sutter, M. (2013), Shaping beliefs in experimental markets for expert services: Guilt aversion and the impact of promises and money-burning options. *Games and Economic Behavior* 81: 145-164.
- Beck, A., Kerschbamer, R., Qiu, J., Sutter, M. (2014), Car mechanics in the lab – Investigating the behavior of real experts on experimental markets for credence goods. *Journal of Economic Behavior and Organization* 108: 166-173.
- Dulleck, U., Kerschbamer, R. (2006), On doctors, mechanics, and computer specialists: The economics of credence goods. *Journal of Economic Literature* 44: 5–42.
- Dulleck, U., Kerschbamer, R., Sutter, M. (2011), The economics of credence goods: On the role of liability, verifiability, reputation and competition. *American Economic Review* 101(2): 526-555.
- Kerschbamer, R., Sutter, M., Dulleck, U. (2017), How social preferences shape incentives in (experimental) markets for credence goods. *Economic Journal* 127: 393-416.

For Lecture 3

- Balafoutas, L., Beck, A., Kerschbamer, R., Sutter, M. (2013), What drives taxi drivers? A field experiment on fraud in a market for credence goods. *Review of Economic Studies* 80(3): 876-891.
- Balafoutas, L., Kerschbamer, R., Sutter, M. (2017), Second degree moral hazard in a credence goods market. *Economic Journal* 127 (599): 1-18.
- Schneider, H. S. (2012). Agency Problems and Reputation in Expert Services: Evidence from Auto Repair. *Journal of Industrial Economics* 60: 406-433.

For Lecture 4

- Falk, A., Szech, N. (2013), Morals and markets. *Science* 340: 707-711.
- Kirchler, M., Huber, J., Stefan, M., Sutter, M. (2016), Market design and moral behavior. *Management Science* 62(9): 2615-2625.
- Sandel, M. (2014), Market reasoning as moral reasoning. Why economists should re-engage with political philosophy. *Journal of Economic Perspectives* 27(4): 121-140.

For Lectures 6 and 7

- Almås, I., Cappelen, A., Sørensen, E., Tungodden, B. (2010), Fairness and the development of inequality acceptance. *Science* 328: 1176-1178.
- Fehr, E., Bernhard, H., Rockenbach, B. (2008), Egalitarianism in young children. *Nature* 454: 1079–1084.

- Fehr, E., Glätzle-Rützler, D., Sutter, M. (2013), The development of egalitarianism, altruism, spite and parochialism in childhood and adolescence. *European Economic Review* 64: 369-383.
- Lergetporer, P., Angerer, S., Glätzle-Rützler, D., Sutter, M. (2014), Third party punishment increases cooperation in children through (misaligned) expectations and conditional cooperation. *PNAS – Proceedings of the National Academy of Sciences* 111(19): 6916-6921.
- Sutter, M., Kocher, M. (2007), Trust and trustworthiness across different age groups. *Games and Economic Behavior* 59(2): 364-382.