Time: T/Th 10:30-11:45

Location: Kalb Shorenstein Center Conference Room, 124 Mt. Auburn St

Instructor: Molly Moore

mollymoore@g.harvard.edu

Office hours: by appointment via <https://calendly.com/mollymoore5495/30min>

**Course description**

Why do people expose themselves primarily to media that aligns with their prior beliefs? When two people from opposing political parties read the same exact news article, how can they end up with even stronger conflicting opinions? What underlying mechanisms might be driving people’s decisions to post specific clickbait on Facebook? Despite the fact that neoclassical economic theory dictates that individuals should seek out a diverse array of information in order to make the best judgments and decisions, there is abundant evidence that they do not. We will explore these types of questions throughout this course as we investigate how people engage with information across three distinct stages: exposure to, consumption of, and sharing of information.

Through the readings, you will be exposed to relevant literatures in experimental economics, behavioral economics, and social psychology. Students will gain facility with lab and field experimental methods as well as relevant economic models.

**Prerequisites**

Intermediate microeconomics (Ec 1010a or 1011a) and introductory statistics (Ec 20, Stat 100, 104, 109, or 110 or Applied Math 101, or Math 154) is required. Prior or concurrent enrollment in econometrics is recommended, but interest in the subject matter is a more important prerequisite than exposure to econometrics.

**Evaluation**

|  |  |
| --- | --- |
|  | **Percentage of Grade** |
| Course attendance and participation | 30 |
| Short response papers | 10 |
| Two referee reports | 20 |
| Stata/R problem sets | 10 |
| Final research project | 25 |
| Final presentation | 5 |

*Attendance and participation (30%):* As a small seminar, this course depends on vibrant and respectful discussion. To facilitate this, class attendance and participation are mandatory components. You are expected to have read all required readings before each class, and to come to class prepared to discuss these readings. Additionally, you will sign up to lead the class discussion twice over the course of the semester. Your participation will be evaluated subjectively based on your attendance, our assessment of your familiarity with the required readings, and the quality of the insights you convey. Great comments made in responses to the response papers, office hours, or over email will also count towards your grade.

*Short response papers (1-2 pages each; 10%):* Each week, you will be expected to respond to prompt questions via the discussion board on canvas by 11:59pm Monday evening. These questions will be based on the week’s readings or prior class discussions and will be graded on a pass/fail basis. You are permitted to drop one short response paper during the semester. If you have an emergency that prevents you from turning in two or more prompts, come chat with me.

*Referee Reports (2-4 pages each, 20%):* Over the course of the semester, each student will be responsible for two referee reports and subsequently leading a class discussion based on the readings for that week. A referee report should briefly summarize an article, outline the contribution it makes to the literature, and then identify the piece’s potential empirical or conceptual shortcomings. You will sign up for these slots during the first week of the semester [here](https://docs.google.com/spreadsheets/d/157tMtXNd4r1Ft2A6cJIoAOqsnDzctp3QRHOTAeH95qk/edit?usp=sharing). These should be printed out and handed in before the relevant class.

*Stata/R problem sets (10%):* All students enrolled in Ec 970 are required to concurrently complete a statistical software mini-course [here](https://canvas.harvard.edu/courses/19323), where you will gain greater exposure to the fundamentals of data analysis and empirical research in your choice of Stata and/or R. Through this mini-course, you are required to complete four problem sets designed to help you develop your skills in data analysis. The due dates for these problem sets are on page X of this syllabus. The Harvard Economics Department offers weekly Stata and R office hours if you seek additional support in learning these tools. In addition, the Stata/R website [ADD LINK] offers many self-paced online modules for Stata/R. While I have some familiarity with both, I would recommend R for students who want to ask me about any detailed coding questions. I am happy to chat about the pros and cons of each statistical program.

*Final research project (15-18 pages; 25%):* The creative climax of the sophomore tutorial is your final research paper, where you will address a research question of your choosing under the broader topic of the economics of information. Your paper will relate this research question to previous literature on the topic, design an experiment to test your hypothesis using the economic tools developed throughout the semester and include ideal results from this experiment. If you would like to write a model or deviate from an experimental design, please come see me in office hours. You will be asked to submit a series of assignments that will help you prepare for your final research paper. I ask that these assignments be printed out and handed in on the relevant dates.

*Research questions and a one-on-one meeting*: Prepare three (or more) options for research questions that you might want to tackle in your final research paper. I will meet individually with students the week beginning on March 7th (or earlier, if students wish) to discuss these topics and how you might address them experimentally.

*Literature review (4-5 pages):* Select one research question for your final paper. Here you will provide a brief motivation for why this question is important, and explain how this project fits into existing literature.

*Experimental design (3-5 pages):* Introduce the experimental design to test your hypotheses. Please speak to the limitations of this design.

*Pre-registration Plan (1-2 pages):* Detail a pre-registration plan. This should include the statistical analyses that you would use to test your hypothesis based on the data that would be produced from your proposed experiment.

*Final Presentation (5%):* Presenting your research – even when it is incomplete! – is an essential part of the research process. The final two classes of the semester will be devoted to 10-15 minute student presentations. You are also expected to actively engage with your peers when they present, providing feedback and questions during their presentations.

*Extra Credit (3%):* You can earn up to three extra credit points in the course by sending in a popular press article describing a real-world application of the course material. Please send the article to me via email and attach an explanation 1-2 paragraphs in length regarding which course concept you believe to be well-illustrated by your example. Each article accompanied by a cogent explanation will receive a 1.5% boost.

**Course policies**

*Late Assignments.* Please discuss extensions with me in advance. Be aware that you cannot get an extension on the final paper. There will be no extensions available for the short response papers, however we will drop two from your final grade.

*Correspondence.* You can expect a response to emails within 24 business hours. Please include Ec970 in the subject line for all emails so they don’t get lost in my inbox. Additionally, I highly encourage you to schedule office hours to come chat with me about the course, readings, your final project, advice for other classes or graduate life in general!

*Turning in assignments.* Please turn in a papercopy of the referee reports and all assignments related to the final paper. This will aid me in getting you the best feedback possible.

*Laptops.* As this is a discussion-based class, I ask that you refrain from use of laptops during class unless needed to explicitly reference a reading or assignment.

*Food.* As this seminar is scheduled during lunch hours, you may bring food or drink. We will aim for an informal atmosphere of discussion in sections. If it becomes too much of a distraction, we will readdress this as a group. If you have any allergies or concerns with this policy, please let me know.

*Academic honesty.* It’s required to say something like, “discussing ideas and work-in-progress with others is an important and desirable part of the research process, but in the end, your assignment must be your own effort, written by you, and based on your own thinking. All assignments must use appropriate citation practices to acknowledge sources you’ve consulted. For any questions about Harvard’s stance on academic honesty, please consult the Academic Information section in the Harvard College Handbook for Students.” If you’re worried you might be violating Harvard’s policies for any reason, come chat with me and we’ll work together to ensure you’re not.

**Due dates**

|  |  |  |
| --- | --- | --- |
| **Assignment** | **Date** | **Where to submit** |
| Stata/R problem set #1  | Feb 10th  | canvas |
| Stata/R problem set #2 | Feb 24th  | canvas |
| Research questions | March 7th  | In class |
| Stata/R problem set #3 | March 10th  | canvas |
| Stata/R problem set #4  | March 24th  | canvas |
| Literature Review | April 4th  | In class |
| Experimental Design & Pre-registration Plan | April 18th  | In class |
| Class Presentations | April 20th & 24th | In class |
| Final research project | May 3rd (5pm) | Mailbox |

\*Note that you will also be required to (1) submit a short response paper each Monday evening at 11:59pm & (2) choose your own due dates for the referee assignments [here](https://docs.google.com/spreadsheets/d/157tMtXNd4r1Ft2A6cJIoAOqsnDzctp3QRHOTAeH95qk/edit?usp=sharing).

**Course schedule and reading list**

All course readings are either freely available online or available to Harvard affiliates via Google Scholar or Hollis. If you have trouble accessing any readings, please email me. Please note that the reading list may change slightly as the semester progresses. I will make an announcement any time there is a change. Consult the syllabus on the course site for the most recent version. Included in this reading list are excerpts from *Writing Economics*, a guide published by the Harvard Economics department.

Readings marked with an asterisk (\*) are the primary reading for that class and the one which the presenter for that class should focus on and write the referee report regarding. Any popular press/news articles are meant to provide motivation or context for the academic papers listed, and to provide you with a sense of how empirical work is often interpreted by the media. Reading responses and class discussions will center on the required academic papers. Readings marked *optional* are indeed optional, and reading them may provide further enrichment for students particularly interested in a certain topic. If you would like further resources on a given topic, please come to office hours or reach out to me.

**Part I – Information Exposure**

**Session 1 (Jan 24th): Introduction**

**Session 2 (Jan 26th): Personal health**

\*Oster, Emily, Ira Shoulson, and E. Ray Dorsey. 2013. “Optimal Expectations and Limited Medical Testing: Evidence from Huntington Disease.” *American Economic Review* 103 (2): 804–30.

Thornton, Rebecca L. 2008. “The Demand for, and Impact of, Learning HIV Status.” American Economic Review 98 (5): 1829–63.

*Optional:* Heimer, Carol A. 2012. “Inert Facts and the Illusion of Knowledge: Strategic Uses of Ignorance in HIV Clinics.” Economy and Society 41 (1): 17–41.

*Optional:* Caplin, Andrew, and Kfir Eliaz. 2003. “AIDS Policy and Psychology: A Mechanism-Design Approach.” RAND Journal of Economics 34 (4): 631–46.

*Optional (podcast):* <https://www.npr.org/sections/health-shots/2022/02/01/1076372077/covid-testing-positive-employment>

*Optional:* Yaniv, Ilan, Deborah Benador, and Michal Sagi. 2004. “On Not Wanting to Know and Not Wanting to Inform Others: Choices Regarding Predictive Genetic Testing.” Risk, Decision and Policy 9 (4): 317–36.

**Session 3 (Jan 31st): Prosocial behavior, fairness**

\*Dana, Jason, Roberto A. Weber, and Jason Xi Kuang. 2007. “Exploiting Moral Wiggle Room: Experiments Demonstrating an Illusory Preference for Fairness.” Economic Theory 33 (1): 67–80.

Dana, Jason, Daylian M. Cain, and Robyn M. Dawes. 2006. “What You Don’t Know Won’t Hurt Me: Costly (but Quiet) Exit in Dictator Games.” Organizational Behavior and Human Decision Processes 100 (2): 193–201.

*Optional:* Exley, C. L., & Kessler, J. B. (2021). *Information avoidance and image concerns* (No. w28376). National Bureau of Economic Research.

*Optional:* Schelling, T. C. (1958). The strategy of conflict. Prospectus for a reorientation of game theory. *Journal of Conflict Resolution*, *2*(3), 203-264.

*Optional:* Andreoni, J., & Bernheim, B. D. (2009). Social image and the 50–50 norm: A theoretical and experimental analysis of audience effects. Econometrica, 77(5), 1607-1636.

*Optional:* Fischbacher, U., & Föllmi-Heusi, F. (2013). Lies in disguise—an experimental study on cheating. Journal of the European Economic Association, 11(3), 525-547.

**Session 4 (Feb 2nd): Prosocial behavior, avoiding the ask**

\*Andreoni, James, Justin M. Rao, and Hannah Trachtman. 2017. “Avoiding the Ask: A Field Experiment on Altruism, Empathy, and Charitable Giving.” Journal of Political Economy

Chapter 1 of <https://economics.harvard.edu/files/economics/files/writingec_f2014_0.pdf>

*Optional:* Karlan, D., & List, J. A. (2007). Does price matter in charitable giving? Evidence from a large-scale natural field experiment. American Economic Review, 97(5), 1774-1793.

*Optional:* DellaVigna, S., List, J. A., & Malmendier, U. (2012). Testing for altruism and social pressure in charitable giving. *The quarterly journal of economics*, *127*(1), 1-56.

**Session 5 (Feb 7th): Political information, intrapersonal**

\* Gentzkow, M., & Shapiro, J. M. (2010). What drives media slant? Evidence from US daily newspapers. *Econometrica*, *78*(1), 35-71.

Dorison, C. A., Minson, J. A., & Rogers, T. (2019). Selective exposure partly relies on faulty affective forecasts. *Cognition*, *188*, 98-107.

*Optional:* Mullainathan, S., & Shleifer, A. (2005). The market for news. *American economic review*, *95*(4), 1031-1053.

**Session 6 (Feb 9th): Political information, interpersonal**

\*Moore, Molly, Charles Dorison, and Julia Minson. “The bounded reputational benefits to selective exposure to information.” *Under review at JEP:G.* (2022).

Leary, M. R., Raimi, K. T., Jongman-Sereno, K. P., & Diebels, K. J. (2015). Distinguishing intrapsychic from interpersonal motives in psychological theory and research. *Perspectives on Psychological Science*, *10*(4), 497-517.

**Session 7 (Feb 14th): Information avoidance review**

\*Golman, Russell, David Hagmann, and George Loewenstein. "Information avoidance." *Journal of Economic Literature* 55, no. 1 (2017): 96-135.

Sharot, T., & Sunstein, C. R. (2020). How people decide what they want to know. *Nature Human Behaviour*, *4*(1), 14-19.

Chapter 2 of <https://economics.harvard.edu/files/economics/files/writingec_f2014_0.pdf>

**Part II: Intra vs interpersonal explanations**

**Session 8 (Feb 16th): Self-signaling/beliefs in the utility function**

\* Grossman, Z., & Van der Weele, J. J. (2017). Self-image and willful ignorance in social decisions. *Journal of the European Economic Association*, *15*(1), 173-217.

Falk, Armin, and Florian Zimmermann. 2016. “Beliefs and Utility: Experimental Evidence on Preferences for Information.” CESifo Working Paper 6061.

*Optional:* Eliaz, Kfir, and Andrew Schotter. 2007. “Experimental Testing of Intrinsic Preferences for Noninstrumental Information.” American Economic Review 97 (2): 166–69.

*Optional:* Eliaz, Kfir, and Ran Spiegler. 2006. “Can Anticipatory Feelings Explain Anomalous Choices of Information Sources?” Games and Economic Behavior 56 (1): 87–104

*Optional:* Grant, Simon, Atsushi Kajii, and Ben Polak. 1998. “Intrinsic Preference for Information.” Journal of Economic Theory 83 (2): 233–59.

**Session 9 (Feb 21st): Beliefs as assets**

\*Bénabou, Roland, and Jean Tirole. "Identity, morals, and taboos: Beliefs as assets." *The Quarterly Journal of Economics* 126, no. 2 (2011): 805-855.

Exley, Christine L. and Judd B. Kessler. “Information Avoidance and Image Concerns.” Revise & Resubmit, Economic Journal

*Optional:* Akerlof, George A., and William T. Dickens. 1982. “The Economic Consequences of Cognitive Dissonance.” American Economic Review 72 (3): 307–19.

*Optional:* Carrillo, Juan D., and Thomas Mariotti. 2000. “Strategic Ignorance as a Self-Disciplining Device.” Review of Economic Studies 67 (3): 529–44.

**Session 10 (Feb 23rd): Strategic vs. hedonic (proximate vs. ultimate)**

*\**Camerer, Colin, George Loewenstein, and Martin Weber. 1989. “The Curse of Knowledge in Economic Settings: An Experimental Analysis.” Journal of Political Economy 97 (5): 1232–54.

**Session 11 (Feb 28th): Strategic vs hedonic**

\*Yoeli & Hoffman book chapter Evidence Games and Spin

Chapter 3 of <https://economics.harvard.edu/files/economics/files/writingec_f2014_0.pdf>

*Optional:* Spence, M. (1973). Job Market Signaling. *The Quarterly Journal of Economics*, *87*(3), 355. <https://doi.org/10.2307/1882010>

*Optional:* Hippel, William von, and Robert Trivers. “The Evolution and Psychology of Self-Deception.” Behavioral and Brain Sciences, vol. 34, no. 1, 2011, pp. 1–16, doi:10.1017/s0140525x10001354

**Part III – Information Consumption and Updating**

**Session 12 (March 2nd): Info about self [recorded class]**

\*Eil, David, and Justin M. Rao. "The good news-bad news effect: asymmetric processing of objective information about yourself." *American Economic Journal: Microeconomics* 3.2 (2011): 114-38.

Zimmermann, Florian. 2020. "The Dynamics of Motivated Beliefs." *American Economic Review*, 110 (2): 337-61.

*Optional:* Enke, B., & Zimmermann, F. (2019). Correlation neglect in belief formation. *The Review of Economic Studies*, *86*(1), 313-332.

**Session 13 (Mar 7th): Info for negotiations**

\*Babcock, Linda, George Loewenstein, Samuel Issacharoff, and Colin Camerer. 1995. “Biased Judgments of Fairness in Bargaining.” *American Economic Review* 85 (5): 1337–43.

*Optional:* Schwardmann, Peter, Egon Tripodi, and Joël J. van der Weele. 2022. "Self-Persuasion: Evidence from Field Experiments at International Debating Competitions." *American Economic Review*, 112 (4): 1118-46.

*Optional:* Camerer, C. F. (1987). Do biases in probability judgment matter in markets? Experimental Evidence. The American Economic Review, 77(5), 981–997.

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

**Session 14 (Mar 9th): Political**

\*Thaler, Michael, The Fake News Effect: Experimentally Identifying Motivated Reasoning Using Trust in News (July 22, 2021).

Bursztyn, L., Rao, A., Roth, C., & Yanagizawa-Drott, D. (2022). *Opinions as facts* (No. 159). ECONtribute Discussion Paper.

**SPRING BREAK**

**Session 15 (Mar 21st): Theory/process by which this can happen**

\*Glaeser, Edward L., and Cass R. Sunstein. 2013. “Why Does Balanced News Produce Unbalanced Views?” National Bureau of Economic Research Working Paper 18975.

**Session 16 (Mar 23rd): Modeling belief value**

\*Benabou, Roland, and Jean Tirole. 2002. “Self-Confidence and Personal Motivation.” Quarterly Journal of Economics 117 (3): 871–915.

**Session 17 (Mar 28th): Strategic use of beliefs to persuade about ability**

\*Schwardmann, P., & Van der Weele, J. (2019). Deception and self-deception. *Nature human behaviour*, *3*(10), 1055-1061.

Moore, D. A., & Cain, D. M. (2007). Overconfidence and underconfidence: When and why people underestimate (and overestimate) the competition. *Organizational Behavior and Human Decision Processes*, *103*(2), 197-213.

*Optional:* Von Hippel, W., & Trivers, R. (2011). The evolution and psychology of self-deception. *Behavioral and brain sciences*, *34*(1), 1-16.

**Session 18 (Mar 30th): Strategic use of beliefs to persuade about identity**

\*Kahan, D. M. (2013). Ideology, motivated reasoning, and cognitive reﬂection. *Judgment and Decision Making*, *8*(4), 18.

Bénabou, R., & Tirole, J. (2016). Mindful economics: The production, consumption, and value of beliefs. *Journal of Economic Perspectives*, *30*(3), 141-164.

*Optional:* Yoeli & Hoffman book chapter Motivated Reasoning

**Part IV – Sharing of Information**

**Session 19 (April 4th): Personal information**

\*Ewers, Mara, and Florian Zimmermann. "Image and misreporting." *Journal of the European Economic Association*13, no. 2 (2015): 363-380.

Milgrom, Paul. 2008. "What the Seller Won't Tell You: Persuasion and Disclosure in Markets." *Journal of Economic Perspectives*, 22 (2): 115-131.

*Optional:* Akerlof, George A. 1970. “The Market for ‘Lemons’: Quality Uncertainty and the Market Mechanism.” Quarterly Journal of Economics 84 (3): 488–500.

**Session 20 (April 6th): Political information**

\*Silver, I., Small, D. A., & Goodwin, G. (2021). Self-Censorship and the Strategic Omission of Facts from Communication. *Manuscript in Preparation*. Available starting at page 46 at: <https://repository.upenn.edu/cgi/viewcontent.cgi?article=7291&context=edissertations>

Pennycook, G., & Rand, D. G. (2021). The psychology of fake news. *Trends in cognitive sciences*, *25*(5), 388-402.

**Session 21 (April 11th): Political information, cont.**

\*Ekstrom, Pierce D., and Calvin K. Lai. "The Selective Communication of Political Information." *Social Psychological and Personality Science* 12, no. 5 (2021): 789-800.

*Optional:* Ren, Zhiying (Bella), Eugen Dimant and Maurice Schweitzer. “Social Motives for Sharing Conspiracy Theories” (September 8, 2021). Available at SSRN: [https://ssrn.com/abstract=3919364](https://ssrn.com/abstract%3D3919364)

**Session 22 (April 13th): Qualtrics preview**

**Session 23 (April 18th): Summary class**

Chapters 4-5 of <https://economics.harvard.edu/files/economics/files/writingec_f2014_0.pdf>

**Session 24 (April 20th): Final Presentations**

**Session 25 (April 25th): Final Presentations**