

THE SABE NEWSLETTER

THE SOCIETY FOR THE ADVANCEMENT OF BEHAVIORAL ECONOMICS

Statement of Purpose

SABE is an association of scholars who are committed to rigorous economic analysis and are interested in learning how other disciplines – for example, psychology, sociology, anthropology, history, political science, and biology - further our understanding of economic behavior. An important function of SABE is to serve as a forum for research which may not find either comprehension or acceptance in conventional economics societies. SABE also aims at facilitating communication between economists and scholars trained in related disciplines. Website: www.sabeonline.org

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Contributions for the next issue are very welcome – email: srjames@ex.ac.uk

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Contributions for the SABE Newsletter

I should like to emphasise the invitation on the front page for more contributions to the Newsletter. They would be very welcome and can be sent to me at srjames@ex.ac.uk. Possibilities include new books, book reviews, details of relevant conferences or anything else that might be of behavioural interest. The new Papers Published by Members section continues – please let me have the details of your latest ones for the next Newsletter – it would help us to see easily what we are all doing.

Simon James

The SABE Website

The conference information presented here, and some other basic information about SABE is available at <http://sabeonline.org/>. An effort is underway to significantly enhance the SABE website so it is more useful to SABE members, and expand SABE's impact. If you have experience in web design that would facilitate this effort and are interested in helping improve the SABE website, please contact SABE president Mark Pingle at pingle@unr.edu

SABE/IAREP Conference in Halifax, Nova Scotia, 7 – 11 July 2009

Conference Theme: 'Behavioral Economics, Economic Psychology: Theory and Policy'

Conference website: <http://www.smudevel.smu.ca/events/sabe/welcome.html>

Organizers and contact information:

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Since the call for papers in the previous Newsletter, preparations for the conference is well under way. As Morris Altman and Sonja Novkovic wrote in the last Newsletter:

Behavioral economics and economic psychology have made significant advances over the past two decades impacting on economic theory and public policy. These realms of research are influenced by research in economics, psychology, sociology, biology, neuroscience, institutions as well as being informed by traditional empirical studies and evidence derived from experimental economics and surveys, interviews, and simulations. Thus, behavioral economics and economic psychology are enriched by a knowledge base that spans the disciplinary divide.

The IAREP-SABE Conference aims at providing voice to economists, psychologists and other academics to rigorously discuss and debate their latest research in a welcoming scholarly environment.

Some Conference Highlights:

George Akerlof (University of California, Berkeley) 2001 Nobel Laureate in Economics will present one of SABE's two Herbert Simon Memorial Lectures

Gerd Gigerenzer (Max Planck Institute for Human Development, Centre for Adaptive Behavior and Cognition, Berlin) will present the other of SABE's Herbert Simon Memorial Lecturers.

Ilana Ritov (The Hebrew University of Jerusalem) will present IAREP's Kahneman lecture.

The Best Student Paper Competition 2009

A prize committee of senior members of IAREP and SABE will adjudicate the submitted papers. Elsevier Scientific, the publisher of the Journal of Economic Psychology and the Journal of Socio-Economics, sponsors the prizes. The winner of the Elsevier/IAREP/SABE Best Student Paper Competition 2009 receives:

* a year's subscription to the Journal of Economic Psychology and the Journal of Socio-Economics
* 1,000 €

The second and third place winners will receive a year's subscription to both of the above journals.

To be eligible for the prize the student author must register for the conference and present her/his paper. Further details are available on the conference website.

SABE Conference in San Diego 2010

SABE San Diego 2010 will be held at San Diego State University, USA, August 3-5, organized by Shoshana Grossbard and Rodger Frantz.

In addition to being able to enjoy a wonderful conference destination, you will be able to participate in a unique conference. As usual, general sessions accommodating diverse behavioral economics topics will be offered. However, sets SABE San Diego 2010 sessions will also be uniquely structured into three "mini-conferences." The mini-conferences will provide attendees the opportunity to get some depth of exposure to a particular area. The tentative titles for the three mini-conferences are: (1) Unifying the Social Sciences through Behavioral Economics, (2) Behavioral economics and the family, and (3) Behavioral economics and neuroscience. The SABE San Diego 2010 conference organizers are presently negotiating with journals to publish special editions associated with each of the three mini-conference themes.

Hotel accommodation is available at the Comfort Inn in the Gaslamp district, downtown San Diego, at the low rate of 89\$ a night. The hotel offers free transportation from the airport, free full breakfast, free business center, free wireless Internet, free gym passes, and is walking distance from the marina and many other tourist attractions. There will be a daily shuttle to the conference, and the hotel is within walking distance of a trolley that goes to the university. More about the hotel can be found at www.comfortinngaslamp.com <<http://www.comfortinngaslamp.com/>>

SABE/IAREP Conference in Cologne, Germany 2010

IAREP/SABE Cologne 2010 will be held at University of Cologne, Germany, September 5-8, organized by Detlef Fetchenhauer Julia Pradel.

The Plenary speakers will include Dave Dunning, Cornell University, New York, USA; Thomas Mussweiler, University of Cologne, Germany; and Axel Ockenfels, University of Cologne, Germany.

This conference collaboration between SABE and IAREP (International Association for Research on Economic Psychology) is another in the longstanding successful collaboration that has developed over the years between SABE and IAREP.

For those of you who do not know much about Cologne, it lies on the River Rhine and is Germany's fourth-largest city after Berlin, Hamburg and Munich. The city is famous for its World Heritage Site the Cologne Cathedral whose spires tower over the city's innumerable cultural and historical treasures, world-famous museums and active art scene. The University of Cologne has a long history its. Established in 1388, the University of Cologne is one of Europe's oldest universities. With over 42,000 students, it is one of the largest universities in Germany.

SABE ASSA Session 2010

New SABE Board Member Jean-Robert TYRAN from University of Copenhagen, along with John List of the University of Chicago, has submitted the session proposal that was selected for SABE's session at the ASSA meeting in Atlanta, January 2010. As you can see from the presentation titles and paper abstracts, the session will present the results of field experiments applied to a variety of topics, including discrimination, law enforcement, technology adoption, and the efficiency of alternative resource allocation mechanisms.

ASSA Atlanta 2010, Session Plan

Session Title: Using Field Experiments in Economics

Session Chair: JOHN LIST, University of Chicago

Jean-Robert TYRAN (University of Copenhagen): 'The demand for discrimination. A field experiment on labor market discrimination based on ethnic stereotypes'.

Rupert SAUSGRUBER (University of Innsbruck): 'Legal threat, moral appeal and social information. Testing enforcement strategies in the field'.

David H. HERBERICH and John A. LIST (University of Chicago and NBER) 'How Many Economists does it take to Change a Light Bulb? A Natural Field Experiment on Technology Adoption'.

Kelsey JACK (Harvard University) 'Alternative allocation mechanisms for incentive contracts: Field experimental evidence from Malawi'.

SABE Poster Session at ASSA 2010

John Smith of Rutgers University-Camden will be running the SABE poster session at the 2010 ASSA meetings in Atlanta and invites submissions of extended abstracts of not more than 500 words. His email address is smithj@camden.rutgers.edu.

Conference on Work, Organizational and Economic Psychology, Vienna September 9-11, 2009

‘Decisions and Change in Work, Organization and the Economy’

As announced in the previous Newsletter, the 6th Meeting of the ‘Work and Organizational Psychology’ Division, to be held in Vienna, September 9-11, 2009. The meeting is organized by the Economic Psychology Group at the Faculty of Psychology, University of Vienna. The theme of the meeting is ‘Decisions and Change in Work, Organization and the Economy’. In addition to current topics in work and organizational psychology, this year's meeting also covers topics in economic psychology. We will also provide an attractive social program.

Although the main working language will be German, parts of the meeting will be conducted in English. If you don't speak German, please contact us directly (aow2009.psychologie@univie.ac.at) and we will provide detailed information in English.

Erich Kirchler, Christian Korunka and Erik Hölzl

SABE/IAREP Confederation Proposal

SABE board members Ofer Azar azar@bgu.ac.il, Gerrit Antonides gerrit.antonides@wur.nl, Louis Levy Garoua louis.levy-garboua@univ-paris1.fr, and Morris Altman morris.altman@usak.ca have worked with the IAREP (International Association for Research in Economic Psychology) board members to flesh out a “confederation” arrangement between SABE and IAREP that will facilitate the cooperative relationship that has existed for years between the two organizations. Ofer Azar especially deserves credit, for he chaired this SABE/IAREP committee, and did most of the work taking ideas people put forward and organizing them into a proposal.

The confederation proposal will be presented to SABE and IAREP members at the joint SABE/IAREP conference in Halifax. The key elements of the proposal include guidelines for the conduct of joint conferences and other joint activities (e.g., workshops), and the creation of a SABE/IAREP coordinating committee that can address any issues that arise that are not delineated in the written guidelines.

If you desire more information about the proposal, contact Ofer Azar at azar@bgu.ac.il

SABE Country Representatives

Bruno Vio has volunteered to be a SABE Country Representative for Brazil. If you would like to be a representative for your country, please email SABE president Mark Pingle at pingle@unr.edu.

A SABE country representative acts to facilitate the development of behavioral economics within the representative's country by:

- Becoming aware of researchers within the country who are conducting behavior economic research
- Encouraging researchers who are conducting behavioral economics to join SABE, attend SABE conferences, and organize sessions for SABE conferences.
- Provide information to SABE (e.g., notable within country behavioral economics activity, within country seminars or mini conferences) so SABE can recognize and promote within country activities and research programs to the larger SABE membership
- Work with others within country to develop mini-conferences, workshops, or other activities that promote the dissemination of behavioral economics or facilitate behavioral economics research.
- Coordinate with and help develop other country representatives as is useful for developing behavioral economics in a particular region or part of the world.

Within the U.S., it would be good to have multiple representatives in order to coordinate SABE sessions and participation at Western, Southern, Eastern, ESA, and perhaps other meetings. If you are interested in taking on this role for SABE, please email SABE president Mark Pingle at pingle@unr.edu.

A Guide to Behavioral Economics by Hugh Schwartz,

Higher Education Publications Inc. Falls Church, Virginia, 2008, 90 + vi pages, \$10.95.

ISBN- 13 978-0-914927-61-7

ISBN- 10 0-914927-61-2

It does not always seem to be appreciated how perceptive many of the great economists were with regard to behavioral factors. For example, in a comment applicable to the current financial crisis, John Maynard Keynes wrote that:

A 'sound' banker, alas! is not one who foresees danger and avoids it, but one who, when he is ruined, is ruined in a conventional and orthodox way along with his fellows, so that no one can really blame him. ('The Consequences to the Banks of the Collapse of Money Values', in *Essays in Persuasion*, 1933).

Nor are many people generally aware of the current contribution behavioral economics offers on a wide range of issues. Hence this useful, concise and well written introduction is especially valuable and it is deliberately aimed at a general audience and students of the social sciences, business administration and the law. It is based on an updated version of *Rationality Gone Awry: Decision Making Inconsistent with Economic and Financial Theory* which was originally published in 2000. As the author points out there has been a great deal of additional research in behavioural economics since then.

Of course, the subject matter of the book is very familiar to *Newsletter* readers – bounded rationality, prospect theory, neuroeconomics and so on together with a useful and concise bibliography. But even for long term SABERs it offers a refreshing overview of familiar territory with many gems along the way. However the book's main strength is, as it states, as an introduction to the field for those who are not economists and this it does extremely well. However, it might also benefit economist colleagues who may have yet to appreciate the contribution of behavioral economics.

An indication of how important it is to get such ideas across may be left to a final behavioral insight from Keynes:

The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist.

(*General Theory of Employment, Interest and Money*, 1936).

Simon James

Papers Published by Members

Please send entries for the next Newsletter.

David Bishai and Shoshana Grossbard. 'Far Above Rubies: The Association between Bride Price and Extramarital Sexual Relations in Uganda', *Journal of Population Economics*, forthcoming. Online at: <http://dx.doi.org/10.1007/s00148-008-0226-3>

Simon James. 'A Look Back: VAT in the United Kingdom after 35 Years', *Tax Notes International*, 2008, 53(3), pp. 211-216.

Victor Ricciardi. 'The Psychology of Risk: The Behavioral Finance Perspective', in Frank J. Fabozzi, (ed.) *The Handbook of Finance: Vol. 2, Investment Management and Financial Management*, John Wiley & Sons, 2008, pp. 85-111.

Victor Ricciardi. 'Risk: Traditional Finance versus Behavioral Finance', in Frank J. Fabozzi, (ed.) *The Handbook of Finance: Vol. 3, Valuation, Financial Modelling and Quantitative Tools*, John Wiley & Sons, 2008, pp. 11-38.

Marcello Spinella, Bijou Yang and David Lester. 'Prefrontal Cortex Dysfunction and Attitude toward Money: A Study in Neuroeconomics', *Journal of Socio-Economics*, 37, 2008, pp. 1785-1788.

Bijou Yang and David Lester. 'The Deterrent Effects of Executions: A Meta-Analysis Thirty Years after Ehrlich', *Journal of Criminal Justice*, 2008, 36, pp. 453-460.

Bijou Yang, and David Lester. 'Is There a Natural Suicide Rate?' *Applied Economics Letters*, 2009, 16, pp. 137-140.

The Journal of Socio-Economics

The mission of the Journal of Socio-Economics is to promote interdisciplinary dialogue about economic processes, institutions and policies. The core disciplines of interest to the journal are those belonging to the social sciences. But other sciences and the humanities are relevant and welcome. Biology, history and philosophy are of particular interest. The journal is interested in pure theory, empirical studies, policy analyses and literature reviews. The JSE is a widely distributed, peer reviewed journal with a long historical association with SABE. For further information see:

http://www.elsevier.com/wps/find/journaldescription.cws_home/620175/description#description

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