

Instructor: Hannes Koppel

Topic: The economic theory of collective action is concerned with the collaboration of individuals in groups, and the impact of externalities on group behavior. Leading examples are the private provision of public goods, the prevention of public bads, and the use of common pool resources. One may expect that if a group of individuals have a common interest that they will get together and fight for the common goal. However, under the assumption of rational and self-interested behavior, individuals will in fact not act to achieve their common interest. This seminar will provide an overview of the experimental and theoretical literature on various forms of the collective action problem as well as proposed solutions to those. A special focus will be on the relation between the collective action problem and the economics of identity.

Prerequisites: A basic understanding of Game Theory, Microeconomics, and Behavioral and Experimental Economics is helpful but not necessary. Students must be willing and able to read primary literature written in English.

Registration: Students can register starting October 15th and ending October 22nd (noon). To register, fill out the form available for download from the Fiwi website and hand it in via email: schadt@uni-hd.de.

Registration is limited to 11 participants – first come first served.

Organization: We will have an organizational meeting on Wednesday October 23rd, 17.00 – 18.00, Room 00.010. Presentations will be given at a block seminar on the 17th and 18th of January. First term papers are due on the 7th of January at 12.00. The final term papers and reports of another term paper are due on the 31st of January at 12.00. The working language of the seminar is English. Grades are based on the term paper (50%), presentation as well as active participation within the actual seminar (30%), and a short report discussing the term paper from another student on a different topic (20%).

Contact: Do not hesitate to contact me if you have questions or would like to discuss your project or topic. (email: hannes.koppel@awi.uni-heidelberg.de)

Course Requirements and Grading Policy

Reading:

- All students must read all of the starred (*) papers on the syllabus, including those associated with topics other than their own.
- In order to give you an incentive to do the reading, we will have a very brief and very easy quiz at the beginning of the block seminar. Your performance on the quiz will not enter your grade unless it reveals that you have not done the reading, in which case you will be marked down one grade increment (e.g. 2,0 -> 2,3).

Term paper (50%):

- Choose one of the sub-topics on the syllabus.
- Identify key research questions; summarize main findings in your sub-topic.
- Relate your sub-topic to at least one of the other sub-topics.
- Identify at least one interesting question that the papers you have read do not yet answer.
- Cite at least 5 articles of books, including:
 - all articles in your sub-topic on the syllabus.
 - at least one of the starred articles in the other general topic area.
 - at least two articles not listed on the syllabus.
- Papers must be written in English.
- Papers should be 10-15 pages, 1.5 spaced, 12 pt. font. The first term paper is due on the 7th of January at 12.00. The revised final term paper is due on the 31st of January at 12.00.

Presentation and participation in the seminar (30%):

- Concentrate on two or three important points in your term paper. (There should be more in the paper than in the presentation!)
- Your presentation should be 20 minutes long!
- Prepare two questions for discussion following your presentation.
- Actively participate in the discussions after the presentations.

Short report discussing the term paper from a different sub-topic (20%):

- Prepare a presentation discussing the first term paper and presentation from another sub-topic which will be held after the actual presentation (at the block seminar!).
- The presentation should be 5 minutes long.
- Open and lead the discussion after the presentations of a sub-topic.
- Prepare a one page report (1.5 spaced, 12 pt. font) critically evaluating the term paper from the other sub-topic. This report is due on the 31st of January at 12.00.

Syllabus

The syllabus is divided into two general topics areas: Collective Action and Economics of Identity. Within each general area, there are a number of specific sub-topics. Your term paper will deal with one of these sub-topics, but you should relate it to the other general topic area.

Collective Action

Private Provision of Public Goods

* Bergstrom, T., Blume, L., & Varian, H. (1986). On the Private Provision of Public Goods. *Journal of Public Economics* **29**, 25-49.

Fehr, E., & Gächter, S. (2000). Cooperation and Punishment in Public Goods Experiments. *American Economic Review* **90**, 980-994.

Common Pool Resources and Public Goods

* Ostrom, E., Walker, J., & Gardner, R. (1992). Covenants with and Without a Sword: Self-Governance Is Possible. *American Political Science Review* **86**(2), 404-417.

Apesteguia, J., & Maier-Rigaud, F. P. (2006). The Role of Rivalry: Public Goods Versus Common-Pool Resources. *Journal of Conflict Resolution* **50**(5), 646-663.

Club Goods and Local Public Goods

* Buchanan, J. M. (1965). An economic theory of clubs. *Economica* **32**(125), 1-14.

Wit, A. P., & Kerr, N. L. (2002). "Me Versus Just Us Versus Us All" Categorization and Cooperation in Nested Social Dilemmas. *Journal of personality and social psychology* **83**(3), 616-637.

Step-Level Public Goods

* Bagnoli, M., & Lipman, B. L. (1989). Provision of Public Goods: Fully Implementing the Core through Private Contributions. *Review of Economic Studies* **56**(4), 583-601.

Isaac, R. M., Schimidtz, D., & Walker, J. M. (1989). The Assurance Problem in a Laboratory Market. *Public Choice* **62**(3), 217-236.

Intergroup Competition

* Bornstein, G., & Ben-Yossef, M. (1994). Cooperation in Intergroup and Single-Group Social Dilemmas. *Journal of Experimental Social Psychology* **30**(1), 52-67.

Bornstein, G., Gneezy, U., & Nagel, R. (2002). The effect of intergroup competition on group coordination: An experimental study. *Games and Economic Behavior* **41**(1), 1-25.

Framing Effects

* Dufwenberg, M., Gächter, S., & Hennig-Schmidt, H. (2011). The Framing of Games and the Psychology of Play. *Games and Economic Behavior* **73**(2), 459-478.

Ellingsen, T., Johannesson, M., Mollerstrom, J., & Munkhammar, S. (2012). Social Framing Effects: Preferences or Beliefs?. *Games and Economic Behavior* **76**(1), 117-130.

Collective Action and Losses

* Iturbe-Ormaetxe, I., Ponti, G., Tomás, J., & Ubeda, L. (2011). Framing Effects in Public Goods: Prospect Theory and Experimental Evidence. *Games and Economic Behavior* **72**(2), 439-447.

Milinski, M., Sommerfeld, R. D., Krambeck, H. J., Reed, F. A., & Marotzke, J. (2008). The collective-risk social dilemma and the prevention of simulated dangerous climate change. *Proceedings of the National Academy of Sciences* **105**(7), 2291-2294.

Individual Types

* Roch, S. G., & Samuelson, C. D. (1997). Effects of environmental uncertainty and social value orientation in resource dilemmas. *Organizational Behavior and Human Decision Processes* **70**(3), 221-235.

Parks, C. D. (1994). The predictive ability of social values in resource dilemmas and public goods games. *Personality and Social Psychology Bulletin* **20**(4), 431-438.

Economics of Identity

Norms

* Akerlof, G. A., & Kranton, R. E. (2000). Economics and Identity. *The Quarterly Journal of Economics* **115**(3), 715-753.

Bernhard, H., Fehr, E., & Fischbacher, U. (2006). Group Affiliation and Altruistic Norm Enforcement. *American Economic Review* **96**(2), 217-221.

In-Group Love

* Chen, Y., & Li, S. X. (2009). Group Identity and Social Preferences. *American Economic Review* **99**(1), 431-457.

Tajfel, H., Billig, M. G., Bundy, R. P., & Flament, C. (1971). Social Categorization and Intergroup Behaviour. *European journal of social psychology* **1**(2), 149-178.

Image Concerns

* Bénabou, R., & Tirole, J. (2006). Incentives and Prosocial Behavior. *American Economic Review* **96**(5), 1652-1678.

Ariely, D., Bracha, A., & Meier, S. (2009). Doing Good or Doing Well? Image Motivation and Monetary Incentives in Behaving Prosocially. *American Economic Review* **99**(1), 544-555.

WS 2013/14

Hannes Koppel

Seminar: Collective Action and the Economics of Identity

REGISTRATION FORM

Fill out this form and hand it in via email: schadt@uni-hd.de

between Oct 15th and 22nd before 12 noon.

Registration is limited to 11 participants – first come first served.

NAME: _____

EMAIL: _____

MATRIKELNR: _____

SEMESTER: _____

TOPIC: List **at least three (sub)topics** from the Syllabus which you would like to work on. List your favorite subject first and move to your least favorite subject.

1. (favorite) _____

2. _____

3. (least fav.) _____
