

# **A behavioral economics perspective on monitoring and privacy**

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Bachelor Seminar WS 2016/17

Advanced surveillance and espionage methods offer abundant opportunities to gain an informational advantage in strategic situations. National agencies as well as private organizations increasingly make use of such technologies. In this seminar, we take a two-fold perspective on retrieving information from others: On the one hand, we explore the reasons why people might retrieve private information from others. On the other hand, we are interested in the (potentially adverse) consequences of such an information retrieval.

For this purpose, students will present as well as discuss papers from the field of behavioral/experimental economics and apply these to the topic of monitoring, surveillance, and spying. The papers cover seminal contributions – experimental and theoretical - to our understanding of strategic behavior and social preferences. Note that most of these articles are not directly applied to the topic of monitoring, surveillance, and spying (this would be part of the presentation task). The BA thesis will then build on the presented article. In detail, students will have to formulate a research question following up from the article and investigate this question via a literature review.

## **Preconditions**

Basic knowledge of game theory, behavioral economics and experimental methods.

## **Seminar requirements**

- (1) Present and discuss one article in the seminar and apply the investigated phenomenon to the topic of information monitoring, surveillance, and spying. (max. 45 min, counts 60% for grading)
- (2) Write an Expóse for the BA thesis. (3-5 pages, counts 40% for grading)

## **Dates**

- Submit your ranking of your preferred topics by July 25<sup>th</sup> to: [katrin.schmelz@uni-konstanz.de](mailto:katrin.schmelz@uni-konstanz.de)
- Information about topics assignment: August 1<sup>st</sup>
- Kick-off: **Tuesday, October 25<sup>th</sup>, 8:15a.m. – 9:45a.m, F208.**
- Presentations: **Thursday, December 1<sup>st</sup>, 8:00a.m. – 6:00p.m,** Thurgauer Wirtschaftsinstitut (TWI), Hauptstr. 90, Kreuzlingen.

## Topics

### A. Motives for monitoring/surveillance/spying:

1. Second-mover advantage  
Solan, E., & Yariv, L. (2004). Games with Espionage. *Games and Economic Behavior*, 47(1), 172-199.
2. Coordination  
Crawford, V. P., Gneezy, U., & Rottenstreich, Y. (2008). The Power of Focal Points Is Limited: Even Minute Payoff Asymmetry May Yield Large Coordination Failures. *American Economic Review*, 98(4), 1443-1458.
3. Conditional cooperation  
Fischbacher, U., Gächter, S., & Fehr, E. (2001). Are People Conditionally Cooperative? Evidence from a Public Goods Experiment. *Economics Letters*, 71(3), 397-404.
4. Betrayal aversion  
Bohnet, I., Greig, F., Herrmann, B., & Zeckhauser, R. (2008). Betrayal Aversion: Evidence from Brazil, China, Oman, Switzerland, Turkey, and the United States. *American Economic Review*, 98(1), 294-310.

### B. Motives for (negative) responses to being monitored/spied on:

1. (Negative) reciprocity  
Falk, A., & Fischbacher, U. (2006). A Theory of Reciprocity. *Games and Economic Behavior*, 54(2), 293-315.
2. Intentions  
Falk, A., Fehr, E., & Fischbacher, U. (2008). Testing Theories of Fairness - Intentions Matter. *Games and Economic Behavior*, 62(1), 287-303.
3. Control aversion  
Falk, A., & Kosfeld, M. (2006). The Hidden Costs of Control. *American Economic Review*, 96(5), 1611-1630.
4. Signal of a distrusting type  
Ellingsen, T., & Johannesson, M. (2008). Pride and Prejudice: The Human Side of Incentive Theory. *American Economic Review*, 98(3), 990-1008.