

## **Bachelor Seminar Behavioral Economics: Trust**

Urs Fischbacher, summer term 2010

Block seminar on Thursday, Mai, 20 and Friday, Mai, 21,

Informative meeting on April 14, 12:15pm

Trust is important in many economic and social transactions. So, trust among trading partners facilitates market transactions. Trust within organizations improves efficiency. Even on a macroeconomic level it has been shown that trust has a positive influence on growth. In this seminar, we discuss theoretical and experimental conceptualizations of trust, the empirical of trust and its implication for economic applications.

### **Requirements**

Talk of about 30 minutes and exposé. The seminar language is English. The paper can also be provided in German. For the grade, the presentation (30%) and oral participation (10%) are also taken into account.

### **Registration**

Send an email to [Ulrike.Burk-Heerschlag@uni-konstanz.de](mailto:Ulrike.Burk-Heerschlag@uni-konstanz.de). Please give a preferences order of the subjects that you are willing to present.

### **List of subjects**

#### **1. Experimental implementations of trust**

Camerer, C., and K. Weigelt. "Experimental Tests of a Sequential Equilibrium Reputation Model." *Econometrica* 56 (1), 1988.1-36.

Fehr, E., G. Kirchsteiger, and A. Riedl. "Does Fairness Prevent Market Clearing - an Experimental Investigation." *Quarterly Journal of Economics* 108 (2), 1993.437-459.

Berg, J., J. Dickhaut, and K. McCabe. "Trust, Reciprocity, and Social-History." *Games and Economic Behavior* 10 (1), 1995.122-142.

#### **2. A psychological approach to trust**

Rotter, J., A new Scale for the Measurement of Interpersonal Trust, *Journal of Personality*. Vol 35(4),1967, 651-665.

Rotter, Julian B. Generalized expectancies for interpersonal trust, *American Psychologist*. Vol 26(5), May 1971, 443-452.

#### **3. Survey measures of trust**

Glaeser, E. L., D. I. Laibson, J. A. Scheinkman, and C. L. Soutter. "Measuring trust." *Quarterly Journal of Economics* 115 (3), 2000, 811-846.

Are Surveys on Trust Trustworthy? Author(s): Alan S. Miller and Tomoko Mitamura Source: *Social Psychology Quarterly*, Vol. 66, No. 1 (Mar., 2003), pp. 62-70

#### **4. Trust and risk**

Eckel, C. C., and R. K. Wilson. "Is trust a risky decision?" *Journal of Economic Behavior & Organization* 55 (4), 2004.447-465.

Houser, Daniel, Schunk, Daniel, and Winter, Joachim, Trust Games Measure Trust, University of Munich working paper, 2006.

## **5. Trust and betrayal aversion**

Bohnet, I., and R. Zeckhauser. "Trust, risk and betrayal." *Journal of Economic Behavior & Organization* 55 (4), 2004.467-484.

Bohnet, I., F. Greig, B. Herrmann, and R. Zeckhauser. "Betrayal Aversion: Evidence from Brazil, China, Oman, Switzerland, Turkey, and the United States." *American Economic Review* 98 (1), 2008.294-310.

## **6. Trust and gullibility**

Rotter, J. B. "Interpersonal trust, trustworthiness, and gullibility." *American Psychologist* 35 (1), 1980.1-7.

Yamagishi, T., M. Kikuchi, and M. Kosugi. "Trust, Gullibility, and Social Intelligence." *Asian Journal of Social Psychology* 2 (1), 1999.

## **7. Trust and reputation**

Kollock, P. "The Emergence of Exchange Structures: An Experimental Study of Uncertainty, Commitment, and Trust." *The American Journal of Sociology* 100 (2), 1994.313-345.

Bohnet, I., and S. Huck. "Repetition and Reputation: Implications for Trust and Trustworthiness When Institutions Change." *The American Economic Review* 94 (2), 2004.362-366.

Brown, M., A. Falk, and E. Fehr. "Relational Contracts and the Nature of Market Interactions." *Econometrica* 72 3, 2004.747-80.

## **8. Trust, social capital and growth**

La Porta, R., F. Lopez-De-Silanes, A. Shleifer, and R. W. Vishny. "Trust in large organizations." *American Economic Review* 87 (2), 1997.333-338.

Knack, S., and P. Keefer. "Does social capital have an economic payoff? A cross-country investigation." *Quarterly Journal of Economics* 112 (4), 1997.1251-1288.

## **9. trust in financial markets.**

Guiso, L., P. Sapienza, and L. Zingales. "The Role of Social Capital in Financial Development." *The American Economic Review* 94 (3), 2004.526-556.

Guiso, Luigi, Paola Sapienza, and Luigi Zingales (2008). "Trusting the Stock Market." *Journal of Finance*, 63, 2557–2600.

## **10. Trust between firms**

Zaheer, A., B. McEvily, and V. Perrone. "Does Trust Matter? Exploring the Effects of Interorganizational and Interpersonal Trust on Performance." *Organization Science* 9 (2), 1998.141-159.

McEvily, B., V. Perrone, and A. Zaheer. "Trust as an Organizing Principle." *Organization Science* 14 (1), 2003.91-103.

## **11. Who trusts; who is trusted**

Alesina, A., and E. La Ferrara. "Who trusts others? ." *Journal of Public Economics* 85 (2), 2002.207-234.

Falk, a., and C. Zehnder, Discrimination and in-group favoritism in a citywide trust experiment, Working paper Bonn University 2006.

## **12. Neuroeconomic evidence of trust**

Kosfeld, M., M. Heinrichs, P. J. Zak, U. Fischbacher, and E. Fehr. "Oxytocin increases trust in humans." *Nature* 435 (7042), 2005.673-676.