

Research Statement

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November 2019

My primary areas of research are Microeconomic Theory and Behavioral Economics. My broad research agenda relates to studying all the nuances that influence our decisions. My doctoral dissertation consists of three chapters, each of which explores a significant yet often overlooked factor that shapes our behavior. All chapters contain theoretical models as well as experimental evidence to support the hypotheses developed by these theoretical models.

The first chapter of my dissertation, which is also my job market paper, is called “Lying to Yourself: A Mechanism of Self-deception”. This paper hypothesizes that by finding an excuse to rationalize selfish behavior, people deceive themselves into thinking they are generous even when they are really selfish. This paper contributes to the literature by studying a new mechanism of self-deception. Previously the literature shows that people deceive themselves by avoiding situations where they may feel compelled to give money in order to maintain a self-view of a generous person (Dana, Cain, and Dawes, 2006; Broberg, Ellingsen, and Johannesson, 2007; Lazear, Malmendier, and Weber, 2012). In other words, avoidance is one mechanism of self-deception. I explore a new mechanism of self-deception, namely belief manipulation, wherein individuals enter (instead of avoiding) situations where giving money is a requisite for maintaining the self-view of a generous person. Individuals subsequently choose a selfish action and yet manage to maintain a self-view of a generous person.

In addition to providing another mechanism of self-deception, the experiment in this paper measures the *extent* to which people deceive themselves in order to maintain a favorable self-view, whereas previous literature only establishes whether or not people deceive themselves (Quattrone and Tversky, 1984; Dana, Weber, and Kuang, 2007; Mazar, Amir, and Ariely, 2008; Mijović-Prelec and Prelec, 2010; Tonin and Vlassopoulos, 2013; Exley, 2015; Regner, Matthey et al., 2017; Exley and Kessler, 2019). In my experiment, subjects play a modified dictator game in which they face a binary decision of either keeping all their endowment for themselves (selfish action) or donating half of their endowment to a charity (generous action). A second modification is that their donation amount is converted to a gamble in which the charity receives a high amount ($2.4 \times$ amount sent) with a probability p or nothing with probability $1 - p$. Moreover, the gamble is ambiguous, i.e. the value of the probability p is unknown; however, it is known that it is uniformly distributed between 0% and 100%.

After subjects decide between the selfish and altruistic options, they are asked about their belief about p , i.e. what value of p they think will be used to determine the charity’s payoff. Consciously

thinking about this question gives subjects the opportunity to deceive themselves by adopting a more pessimistic belief about p than their true belief. After eliciting this stated belief, the next task captures subjects' true belief about p . The difference between true beliefs and stated beliefs shows the extent to which subjects deceive themselves.

The novelty of this experiment lies in the fact that true beliefs are elicited indirectly, in a way that prevents contamination from the previously stated belief task. Results of this experiment support the main hypothesis: I find that selfish subjects rationalize their behavior by adopting more pessimistic beliefs about p than their true beliefs, while altruistic subjects, who have no such need to rationalize their behavior, do not manipulate their beliefs. With regards to the extent of self-deception, selfish subjects tell themselves that p is lower by 13.6 percentage points, on average, than what they truly think p is. These results imply that people indeed use the belief manipulation mechanism to deceive themselves, and that viewing oneself as altruistic, as opposed to true altruism, is a significant factor that motivates people to donate money.

I am also the primary author of the second chapter of my dissertation, which is inter-disciplinary and co-authored work with Professors Myrna Wooders, Bradley Malin, and Eugene Vorobeychik. In this paper, we use methods from experimental economics to estimate the value of privacy of genetic data. We design a two-player game that involves a risk of loss of privacy of data that may be used to represent various types of real-world situations.

In particular, this game can be framed to represent an interaction between an investor and a money manager or to represent an interaction between a patient and a physician. The investor frame involves risk to financial data privacy and the patient frame involves risk to genetic data privacy. Through decision-making tasks in these two different frames, we elicit people's risk attitudes towards their genetic data relative to their risk attitudes towards their financial data.

We find that people are more willing to risk a loss of genetic data privacy for health benefits than they are willing to risk a loss of financial data privacy for financial benefits. The same experiment contains multiple treatments within each frame that allow us to better understand the factors that motivate people to share their genetic data, undertaking the risks of doing so. The results of these experiments suggest that individuals are primarily motivated by private benefits, whether they are health or monetary and little to none by altruism and trust.

The third chapter of my dissertation explores the mechanism behind the false-consensus bias, which states that people overestimate the commonness of their own responses. The paper hypothesizes that individuals hold incorrect beliefs about the distribution from which their own *type* is drawn, believing that the distribution is skewed towards them. That is, they think the mode of the distribution is closer to them than it really is.

This paper makes an important contribution to the literature by providing an internal mechanism that people undergo while exhibiting the false-consensus bias. Although several studies show that the false-consensus bias exists in a variety of contexts (e.g. Aksoy and Weesie, 2012; Roth and

Voskort, 2014; Ostrom et al., 2017; Cartwright and Wooders, 2017), they do not elicit subjects' beliefs about the entire distribution. Instead, they ask subjects to make incentivized predictions either about responses of *most* other individuals, i.e. about the mode of the distribution, or about the median or mean response. My paper designs an experiment where subjects first play a dictator game and then guess the distribution of choices made by others who played the same dictator game.

The hypothesis, that this distribution-skewing mechanism is the primary driving force of the false-consensus bias, will be confirmed if the experiment results show that subjects make systematically biased predictions about the distribution, and particularly by predicting the mode to be closer to their own choice and farther from the mode of the true distribution.

Going forward, the broad theme of my work will continue to be striving to better understand various strategies people use to optimize decision problems. My current work focuses contains considerable relevance and contributions to behavioral economics and experimental methods, and explores how beliefs play an important role in decision making and behavior.

I am eager to begin the next phase of my career where I intend to advance the projects discussed above and develop new projects that fall in these research areas, while gradually broadening my focus areas. I also look forward to forging new collaborations with scholars in all areas of economics, and coming up with novel experimental designs that open avenues for addressing a larger range of questions.

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