

Applications of Psychology and Economics – Econ 219B  
Spring 2005  
Wednesday 12-3, 639 Evans  
Instructor: Stefano DellaVigna, 515 Evans. [sdellavi@econ.berkeley.edu](mailto:sdellavi@econ.berkeley.edu).

Homework 8.  
Due on April 26 at 12pm

This homework will be a brief (one- to two-pages overall) report on one of the next three topics:

- the Barber-Odean paper on attention;
- the papers on the media;
- the paper by Benartzi and Thaler on SMRT plans.

If you are behind in the number of homeworks, you can do two homeworks based on these topics. Here are some questions that I would like you to think about for next week.

On Odean's paper:

- What kind of stocks grab attention according to the authors? Try to apply the same idea to the choice of jobs, consumer products, 401(k) plans, anything you can think of. Does this suggest interesting implications/studies?
- To what extent the results could be driven by short-selling constraints, that is, the difficulty of individual investors of selling stocks they do not own?

On the voting and media papers:

- Suppose that you could run a field experiment on voting – which experiment would you run?
- What are the biases that voters are most likely to suffer from? How would they affect the behavior of politicians?
- What is special about media data? Suppose that you had daily programming for 30 years in the major TV news shows. That is, you know the headlines of all the major news stories. (this is actually the Vanderbilt data) How would you use it?
- How does media data relate to attention? How about persuasion? How about reference point determination? How about self-control?

On the Benartzi and Thaler SMRT plan (reading for last week):

- Think of the bias that you think has the worst welfare consequences. Can you think of ways to design contracts, institutions to make the problem better?
- Can you think of simple interventions with large effects?

The readings for next week are:

\*Barber, Brad and Odean, Terry. "All that Glitters: The Effect of Attention and News on the Buying Behavior of Individual and Institutional Investors", April 2002.  
<http://faculty.haas.berkeley.edu/odean/papers/Attention/All%20that%20Glitters.pdf>

\*Lisa George and Joel Waldfogel "[\*Does the New York Times Spread Ignorance and Apathy?\*](#)", mimeo, 2002.

\*Ho, Daniel E., and Kosuke Imai. ``The Impact of Partisan Electoral Regulation: Ballot Effects from the California Alphabet Lottery, 1978-2002." , 2004.

The homework is due on Tuesday by noon. See you next week!