

Applications of Psychology and Economics – Econ 219B  
Spring 2004  
Wednesday 12-3, 639 Evans  
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Homework 9.  
Due on May 3 at 12pm

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

- Charitable donations.
- Overconfidence.

On charitable donations:

- Do you find it surprising that charitable donations are over 1% of GDP? Why, in either direction?
- Why do you think that people donate money? Altruism? Reciprocity? Identity? Social pressure? ...?
- Can you think of a field experiment to differentiate among some of the motives above?
- Can you think of a field experiment involving charitable contribution of time (like volunteering for a non-profit)?

On overconfidence:

- Are there reasons why we suspect entrepreneurs/CEOs/traders are more likely to display overconfidence in their behavior? Or are they just like any of us?
- How can individuals remain overconfident after a lifetime of experiences?
- If the board was rational, when would it want to hire an overconfident CEO?

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