

Designing the Digital Economy

I. TOPIC DESCRIPTION

Digital Economy is hardly a new phenomenon. Since the end of the last millennium the world economy has been heavily impacted by the triumphant march of the internet and a general surge in Information Technology. Traditional markets either adjusted quickly and learned to incorporate new developments or became obsolete within a few years. But this ever-improving technology comes with new challenges. New technologies are developed so quickly that there is no time to stop and think if we're going too far. The question "Can We?" is more and more replaced by "Should We?". Some sectors of this New Economy exhibit a winner-takes-all structure, resulting in a few giant corporations wielding great influence on the public and on lawmakers. Is this a development we want as a society? How should we design markets and mechanisms in the digital era?

In this seminar, students take the role of a social planner with the goal to identify possibilities for improvement and/or design contexts in the Digital Economy in a way that leads to a "politically desirable" outcome. In this one can have different objectives, for example: Maximizing efficiency, welfare or minimizing negative externalities. Research ideas could also aim at identifying market failures and the causes for it. Topic suggestions include: Privacy, Health Markets, Markets for Attention, Addiction, Fake News, Voting in the Digital Era, ...

II. SCOPE OF THE SEMINAR

Please note that no topics will be handed out. Instead, participants will develop their own research question in the broad field of Designing the Digital Economy. Using their own creative abilities, students design an economic experimental or field study that answers their research question. Students will work in groups of up to four, depending on the total number of participants. If the process of group formation is unsuccessful, participants will be assigned.

The seminar starts with an introductory meeting on Wednesday, April 22 at 10:00 in building 05.20, room TBA. Ideas for experiments or field studies will be presented in blocked events on May 26. Each presentation should last max. 20 minutes. Full attendance in all meetings is required for successful participation in the seminar. Seminar papers of 8 – 10 pages are to be handed in by July 26.

Grades will be based on the quality of presentations in the seminar (50%) and the seminar paper (50%). Students can improve their grades by 0.3 for good and constructive discussion contributions or by 0.7 for excellent and constructive discussion contributions. Application will be possible via the centralized platform until the 20th of January.

Please note that we will ask you for a brief description of the topic and research idea you are interested in, in order to ensure a well-balanced variety in the seminar. Prior attendance of the

courses “Economics and Behavior” and/or “Auction and Mechanism Design” is recommended but not required. For further questions, please contact David Huber (david.huber@kit.edu).



Joel Pett, Lexington Herald

III. SOURCES OF INSPIRATION

- Beresford, A. R., Kübler, D., Preibusch, S. (2012): Unwillingness to pay for privacy: A field experiment. *Economics letters*, 117(1), 25-27.
- Buechel, B., & Mechtenberg, L. (2019): The Swing Voter's Curse in Social Networks. *Games and Economic Behavior*, 118, 241-268.
- Cassar, Friedman (2004): Economics Lab. An Intensive Course in Experimental Economics. *Routledge*.
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- Dertwinkel-Kalt, M., Köster, M., Sutter, M. (2019): To Buy or not to Buy? Shrouding and Partitioning of Prices in an Online Shopping Field Experiment, *CESifo, working paper no. 7475/2019*.
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- Fischbacher, U., & Utikal, V. (2013): On the acceptance of apologies. *Games and Economic Behavior*, 82, 592-608.
- Gneezy, U., Kajackaite, A., & Sobel, J. (2018): Lying Aversion and the Size of the Lie. *American Economic Review*, 108(2), 419-53.
- Kerschbamer, R., Neururer, D., & Sutter, M. (2019): Credence goods markets and the informational value of new media: A natural field experiment. *MPI Collective Goods Discussion Paper*, (2019/3).
- Penczynski, S. P., Zhang, S. (2017): Disclosure of Verifiable Information under Competition: An Experimental Study. *Working Paper*, available at penczynski.de

- Roth, Alvin E. (2007): Repugnance as a Constraint on Markets. *Journal of Economic Perspectives*, 21 (3), 37-58.
- Roth, Alvin E., Tayfun Sönmez, M. Utku Ünver (2014): Kidney Exchange, *The Quarterly Journal of Economics*, 119(2), 457–488.
- Sadoff, S., Samek, A. S., & Sprenger, C. (2015): Dynamic inconsistency in food choice: Experimental evidence from a food desert. *Becker Friedman Institute for Research in Economics Working Paper*, (2572821).
- Schudy, S., & Utikal, V. (2017): ‘You must not know about me’—On the willingness to share personal data. *Journal of Economic Behavior & Organization*, 141, 1-13.