Does Economics Make you Selfish?

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Economics & Preferences

- Some evidence that econ students are more self-interested and conservative
  - (Marwell & Ames 1981; Carter & Irons 1991; Frank et al. 1993; Rubinstein 2006; O’Roark & Wood, 2011)
- Selection or causal effect of economics education?
- Potential mechanisms for a causal effect:
  - exposure to the *homo economicus* model;
  - moral wiggle room;
  - cognitive dissonance reduction.
This paper:

- Estimate the effect of semester-long Intermediate Microeconomics courses on
  - social preferences (‘deviation from self-interest’);
  - expectations about others’ social preferences;
  - policy opinions.

- difference-in-differences strategy to tease out causal effects;

- test for differences based on course content
  - conventional vs. post-Walrasian curriculum
Main results:

- no discernible effect on self-interest or beliefs about others’ self-interest;
- little to no effect also on policy views on economic and environmental regulation, and market efficiency;
- some evidence of increased support for restrictive immigration policies.
Sample:

- 4 Intermediate Microeconomics classes (w/ different curricula);
- 1 large Nutrition class (control group);
- n=202 (156 Econs); participation rate≈68.5%.

Online survey:

- administered pre- and post-treatment;
- incentivized games (TG and DG) to measure generosity and reciprocity;
- incentivized tasks eliciting expectations about other people’s generosity and reciprocity;
- questions eliciting policy views on economic and environmental regulations, trust in government, market efficiency, immigration.
Estimation Strategy

Baseline specification:

\[ y_{it} = \alpha_i + \gamma Post_t + \beta Econ_i \times Post_t + u_{it} \]

- \( \alpha_i \) = individual fixed-effects;
- \( Post \) = dummy indexing the survey round;
- \( Econ \) = dummy for taking Intermediate Microeconomics;
- \( \beta \) = effect of Intermediate Microeconomics.
Results: experimental outcomes

- Generosity (DG)
- Generosity (TG)
- Beliefs (DG)
- Beliefs (TG)
- Reciprocity (TG)

Standard deviations

Selection into Econ  Effect of Econ
Results: policy opinions I - PCA principal components

- Left-Right
- Pro-market
- Libertarian
- Communitarian

Standard deviations

Selection into Econ
Effect of Econ
Results: policy opinions II - simple averages

- Pro-market
- Pro govt intervention
- Pro-green
- Trust in govt
- Immigration restrictive

Standard deviations

Selection into Econ
Effect of Econ
Detail on the ‘immigration restrictive’ effect

- Economics seems to increase support for the following statement:
  ‘Immigrants from other countries should be prohibited except where it can be shown that they will contribute to the quality of life of the current resident population’

- Support increases by 0.33 SDs (SE=0.13) among econ students relative to control group (Westfall-Young adjusted-p=0.09);

- Support for this question starts low in both groups (≈ -0.36 on a -1/+1 scale), and even after this increase, econ students remain more likely to disagree than to agree with the statement;
Differences in course content

**Augmented specification** with heterogeneous effects of Econ:

\[ y_{it} = \alpha_i + \gamma Post_t + \beta^W_{\text{Conventional}_i} \ast Post_t + \beta^{PW}_{\text{PostWalras}_i} \ast Post_t + u_{it} \]

- *Conventional* = dummy for taking a conventional Micro course;
- *PostWalras* = dummy for taking the Post-Walrasian Micro course.
- \( \beta^W \) = effect of conventional Micro;
- \( \beta^{PW} \) = effect of Post-Walrasian Micro.
Results: experimental outcomes - differences in course content

(a) Conventional curriculum

(b) Post Walrasian curriculum
Results: policy opinions - principal components - differences in course content

(c) Conventional curriculum

(d) Post Walrasian curriculum
Results: policy opinions - simple averages - differences in course content

(e) Conventional curriculum

(f) Post Walrasian curriculum
Discussion

What do we take away?

- little to no effect of the econ courses we study on social preferences, expectations about social preferences and policy views;
  - one exception: increased support for (or reduced opposition to) restrictive immigration policy;
  - more research needed to assess robustness of this result;

- broadly consistent with previous diff-in-diff evidence using real-world donations (Frey & Meier 2003; Bauman & Rose 2011);

- the substantial framing effects of a brief exposure to economics found by Molinsky et al (2012) and Ifcher & Zarghamee (2018) might be transitory;

- *homo economicus* mechanisms offset by *doux commerce*?