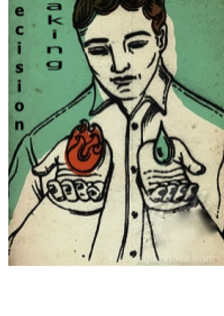


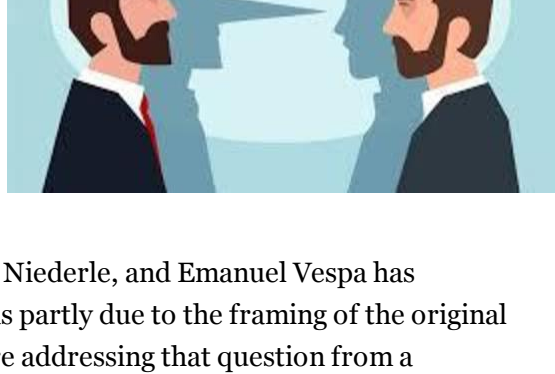
USCDornsife



The Los Angeles Behavioral Economics Laboratory (**LABEL**) is a research center dedicated to experimental research on economic decision-making and strategic interactions, led by Dr. Isabelle Brocas and Dr. Juan Carrillo. At **LABEL**, we focus on the collection of "non-choice" data such as reaction times, skin conductance, neural activity, and eye movements to better understand the mechanisms underlying decision-making. We are also particularly interested in the study of age-related changes in decision-making. For more information on **LABEL**, please visit our **website**.

New Research

How does age influence our ability to make the best decision in situations that require to think contingently?



Experimental studies in adults have shown large failures of contingent reasoning in the well-known "acquire a company" game. A recent study by Alejandro Martínez-Marquina, Muriel Niederle, and Emanuel Vespa has demonstrated that this negative result was partly due to the framing of the original problem that involved uncertainty. We are addressing that question from a developmental perspective in a further simplified version of the game that also removes computational difficulties. Students ranging from pre-adolescence to young adulthood (11 to 18 years old) were recruited to act as buyers in games varying in complexity. In each game, each participant had to make one single take-it-or leave-it offer to sellers (implemented by computers) having different reservation prices. Our findings show that our youngest participants understand well the fundamentals of contingent reasoning (offer the reservation price of one of the sellers), although they do not necessarily choose the optimal price. Optimal play increases steadily and significantly with age. Yet, the ability to think contingently is not mastered by adolescents and young adults and it does not improve with feedback or repeated exposure. Lastly, we asked our participants to complete a digit span working memory task and we found that highly developed working memory was a necessary but not sufficient condition to solve the most complex contingent reasoning problems. These results have implication for how teenagers assess the intentions of others and how they may be abused.

Adverse Selection and Contingent Reasoning in Preadolescents and Teenagers, I. Brocas and J. Carrillo.



Revealing the biological foundations of moral behavior

A participant in this study may decide to pay or steal an object produced at a cost by another participant. We

contrast situations in which participants caught stealing are sanctioned with a nominal fee and situations in which the sanction is increased by making public the identity of the thieves. In both scenarios, social norm compliance requires to pay. In the second, shaming is likely to induce image concerns. While participants ponder on their best course of action, we record skin conductance measures. We have three main findings. First, participants steal significantly less when they anticipate bad behavior will be publicly disclosed: compliance to social norm is not enforced by monetary punishments while it is by shaming. Second, the physiological response acts as a marker of an emotional stock that the participant carries over: the emotional arousal recorded at a point in time is correlated with the arousal recorded a moment earlier and it increases if the participant currently steals. The evidence we obtain is consistent with a model in which people steal until their emotional stock reaches a level after which it is optimal not to steal. Such level is reached earlier in the shaming condition. The study contributes to the growing evidence that decision-making is modulated by emotional factors that can be measured through biological markers.

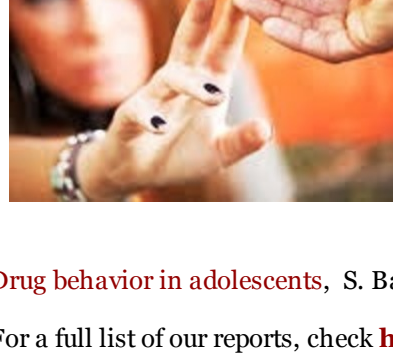
Shaming as an incentive mechanism against stealing: behavioral and physiological evidence, I. Brocas, J. Carrillo and M. Montgomery.

New publications

- Brocas I. and J. Carrillo "The development of social strategic ignorance and other-regarding behavior from childhood to adulthood", Journal of Behavioral and Experimental Economics, forthcoming. **PDF**
- Brocas I. and J. Carrillo "Studying decision-making in children: challenges and opportunities", Journal of Economic Behavior and Organization, forthcoming. **PDF**
- Brocas I. and J. Carrillo "Iterative dominance in young children: experimental evidence in simple two-person games", Journal of Economic Behavior and Organization, forthcoming. **PDF**

For more information about our research, please check **here**.

New reports



Drug behavior in adolescents

Many teens experiment with drugs and alcohol, but few realize the risks. A recent report by our team explores the current trends in drug consumption and the contributors to drug usage. Addiction in teens is associated with a variety of issues such as academic pressure and depression. These are critical challenges that need to be addressed jointly.

Drug behavior in adolescents, S. Bazzal and I. Brocas, LABEL reports, May 2020

For a full list of our reports, check **here**.

Activities

Education at USC

LABEL is dedicated to disseminating knowledge on experimental methods and to explaining why they help understand how we make decisions every day. For that purpose, we have designed **several courses and programs** for college and graduate students at USC. LABEL is sponsoring the **Behavioral Economics Track** of the Economics MA at the University of Southern California. The program is designed for students who wish to pursue a dissertation in Behavioral Economics or Experimental Economics and for students who wish to explore careers in Behavioral Sciences as consultant, researcher or policy maker.

Training the next generation of students

We organize events in schools through our **Little Experimentalists Program** to teach students how to think about decisions in simple situations and to provide general information about the development of decision-making to parents and teachers. Also, our **LABEL Training Program** allows students (10th grade and up) to participate in research activities in our group. Our lab is currently accepting **applications** for the internship program for the Fall period (deadline is June 15).

What are our interns doing this semester?



Rhea Baba

Rhea is a high school junior in the French Baccalaureate Diploma at the International School of Los Angeles. She has participated in several of LABEL's experiments which inspired her to study decision making and how individuals differed on a neurological level. Her work has helped her learn more about decision-making, risk taking behaviors and executive functions and also specially focused on youth and adults with autism and/or ADHD.



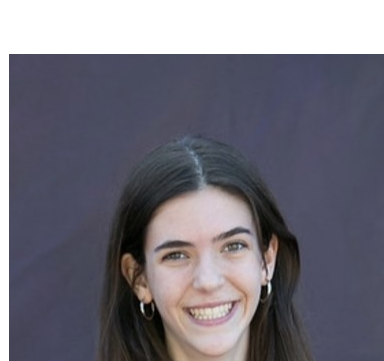
Jennifer Cresap

Jennifer is a high school student at the Fairmont Preparatory Academy, CA. Her motivation to join LABEL is to gain more understanding about behavioral economics and learn about previous research in the area. Her work has helped her understand various methodologies used in behavioral economics research and also how to filter out necessary information from scientific articles.



Karoune Kossayan

Karoune is a high school junior in the French Baccalaureate Diploma at the International School of Los Angeles. She was introduced to neuroscience and different methods in decision-making during her visits to LABEL, which inspired her to work with us. Her work has helped her learn various ways the brain functions, the interactions among its various sections and how it influences our decision making skills and both our emotional and mental states.



Emma Levi

Emma is a high school junior in the International Baccalaureate Diploma at the International School of Los Angeles. She is interested in politics which led her to the behavioral aspect focusing on how humans are impacted by and make decisions about economics. Her work has helped her develop skills in research, such as writing summaries of articles, searching for the most important information, and presenting findings. She believes she will be able to use these skills in any area of study she pursues.



Anchi (Bryant) Xia

Bryant is a junior attending Lexington High School, MA. His work at LABEL on inequality and economic mobility has been helping him bridge the gap between theoretical understanding of economics concepts and how they are investigated in studies as well as applied in practise. Bryant is learning to break down complex ideas in a concise and structured manner and is very inspired as a result of this work to dive deeper into issues pertaining to inequality in our time.

Participate in our studies



If you are a **student or an employee** from the University of Southern California, you can register **here**.

If you are a **parent living in Los Angeles** and would like your child to participate in our studies, you can register **here**.

If you are **living in Los Angeles and are 18 and older** and would like to participate in our studies on decision-making over the life cycle, you can register **here**.

All others, please contact us at **label@dornsife.usc.edu**



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