

# USC Dornsife



**Los Angeles Behavioral Economics Laboratory**  
In honor of Jean-Jacques Laffont



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](#).



## Call for Papers: Decision-making by children

**Journal of Economic Behavior & Organization** (JEBO) will publish a special issue which aims to gather frontier research related to developmental aspects of decision-making.

Guest editors: Isabelle Brocas and Juan Carrillo, USC

Submission deadline: **May 1st, 2018**

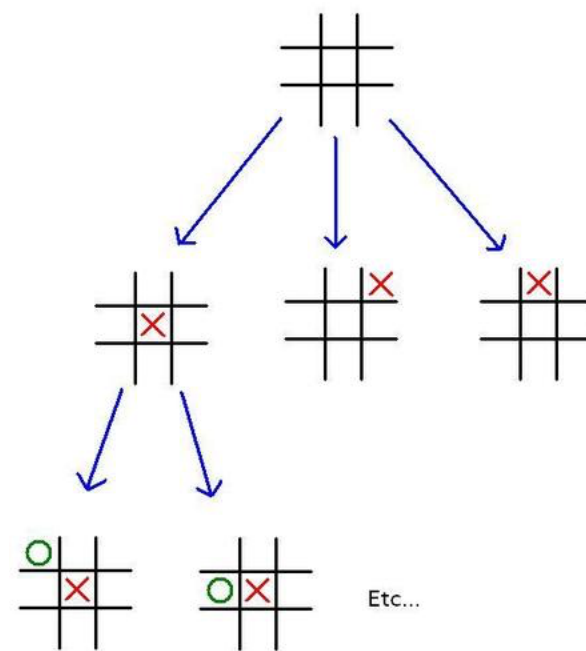
For more information, contact Prof. [Juan Carrillo](#)

## Call for papers

### Iterative reasoning in young children

A recent LABEL study investigated iterative reasoning in children from pre-kindergarten to first grade in the context of games varying in three key features: iterative complexity (the

number of iterations required to reach the equilibrium), perspective requirement (the identity of the player with whom the iteration should start) and action symmetry. To better assess how beliefs contribute to decisions, the beliefs of participants regarding the decision of their partners were elicited either before or after making choices. The results revealed that iterative complexity was not necessarily a cause of equilibrium failure and games where the equilibrium action was the same for both players were solved more often. However, starting a recursion by solving the problem of a different player was non-intuitive in all our age groups but it could be overcome by asking participants to think about their partner's decision before making their own choices. Interestingly, such ex-ante belief elicitation was, however, detrimental in complex asymmetric games. These results have implications for the understanding of the development of logical abilities and theory of mind abilities.



## Emotions and betting

We recently investigated betting decisions vis-à-vis lottery tickets with negative expected returns. In the study, participants were offered several opportunities to buy these tickets, as well as other assets with positive expected returns. Rational decision-making requires lottery tickets with negative expected returns to never be purchased. The study found that the majority of the participants kept purchasing

lottery tickets even after losing money repeatedly. Most of these subjects purchased these tickets significantly more frequently when they realized that it was the last opportunity to buy them and they also did so more often when they were told that other participants had made more money over the course of the experiment. These results suggest that investing in assets with negative expected value is not necessarily driven by an intrinsic inability to compute expected value but is rather an emotional response to otherwise irrelevant contextual information.

To read more about our research, click [here](#).

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## Future events

**May 3-4, 2018** – Understanding Cognition and Decision-making by children (3rd conference)

For more information about upcoming events, please visit our [website](#).

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## LABEL Internship

The Los Angeles Behavioral Economics is currently accepting applications for the LABEL Internship program for the fall period. More information can be found [here](#).

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## 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](mailto:label@dornsife.usc.edu)





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