

THE GEORGE L. ARGYROS SCHOOL OF BUSINESS AND ECONOMICS



CONFERENCE ON THE
EXPERIMENTAL AND BEHAVIORAL
ASPECTS OF FINANCIAL MARKETS



Program

FRIDAY, JANUARY 13, 2017

LOCATION: ARGYROS FORUM, ROOM 201

- 9 a.m. Continental Breakfast
- 9:15 to 9:30 a.m. Welcome
- 9:30 to 10:10 a.m. Caginalp “Market stability/instability: Statistics, mathematical modeling and experiments”
- 10:10 to 10:50 a.m. Shefrin “Acquisition risk and psychology”
- 10:50 to 11:10 a.m. Break (coffee and tea provided)
- 11:10 to 11:50 a.m. Hirshleifer “Social transmission bias and investor behavior”
- 11:50 a.m. to 12:30 p.m. Subrahmanyam “Asset pricing when trading is entertainment”
- 12:30 to 2 p.m. Lunch (Argyros Forum, Faculty Athenaeum)
- 2 to 2:40 p.m. Pouget “Learning in speculative bubbles: An experiment”
- 2:40 to 3:20 p.m. Deck “Information markets with costly signal acquisition”
- 3:20 to 3:40 p.m. Break (coffee and tea provided)
- 3:40 to 4:40 p.m. Roundtable discussion
(Caginalp, Camerer, Deck, Hirshleifer, Pouget, Shefrin, Smith, Subrahmanyam)
- 4:40 to 4:50 p.m. Concluding remarks

Speakers' Bios



GUNDUZ CAGINALP

Gunduz Caginalp is a professor of mathematics at the University of Pittsburgh and has studied asset market dynamics from experimental, statistical and mathematical modeling perspectives. His early work using differential equations that incorporated trend and the finiteness of assets predicted that asset bubbles could be enhanced or diminished as a consequence of these factors. His research on the puzzle of bubbles in the laboratory with professors Vernon Smith and Dave Porter highlighted momentum and excess cash as primary causes of the bubbles. Subsequent work with Dr. Vladimira Ilieva on detailed experimental data confirmed the prediction of the theoretical models that the peak of the bubble occurs when the momentum traders have depleted much of their cash supply. Caginalp's recent work with professor Mark DeSantis presents a new approach to understanding instability and risk in financial markets. Caginalp served as the editor of the *Journal of Behavioral Finance* for four years and is an associate editor of several journals.



COLIN CAMERER

Colin Camerer is the Robert Kirby Professor of Behavioral Economics. He earned a Ph.D. from the University of Chicago in 1981, worked at Northwestern, Penn, and Chicago, and came to Caltech in 1994. He has been the past president of the Economic Science Association (experimental economics) and the Society for Neuroeconomics, was elected a member of the American Academy of Arts and Sciences, and was named a MacArthur Fellow in 2013. He has published more than 180 peer-reviewed articles and book chapters, and has authored or edited four books.

The Camerer group uses a wide variety of lab and field methods to study computations made in goal-directed economic and social decisions, including strategic interaction and market trading. fMRI projects have isolated self-control in choosing tempting foods, emotional regulation of financial losses, reward and memory for curiosity-provoking information, and neural circuitry underlying stock market bubbles. Their group has also used TMS to causally influence choice, eye tracking to measure attention, behavior of lesion patients, and competitive touch experiments with chimpanzees. Besides creating lab experiments, Camerer's group tests theories from neuroscience and psychology using field data on work decisions, strategic naiveté in moviegoer judgments of movie reviews, and habits in consumer choice.



CARY DECK

Dr. Cary Deck is a professor of economics in the Sam M. Walton College of Business at the University of Arkansas and also serves as the director of the Behavioral Business Research Laboratory. His research uses controlled laboratory experiments to investigate a wide array of topics from market institutions to individual choice behavior. Dr. Deck's work has been supported by grants from the National Science Foundation, the National Institutes of Health, and the Federal Trade Commission and has been published in *American Economic Review*, *Econometrica*, *Review of Economics and Statistics*, and *Review of Economic Studies* among others. He received his Ph.D. from the University of Arizona and has been an affiliate of the Economic Science Institute at Chapman University, a Fulbright Scholar at the University of Economics in Prague, the Rasmuson Chair in Economics at the University of Alaska – Anchorage, and an Erskine Fellow at the University of Canterbury in New Zealand. He currently serves as the co-editor for the *Southern Economic Journal* and as an associate editor for the *Journal of Behavioral and Experimental Economics*.



DAVID HIRSHLEIFER

David Hirshleifer is Merage Chair and professor of finance at the Merage School of Business at the University of California, Irvine. He has served as the executive editor of the *Review of Financial Studies*, director of the American and Western Finance Associations, and editor, co-editor and associate editor at several leading finance, economics, and business journals. He has published theoretical and empirical research in corporate finance, investments, behavioral finance, and other areas in economics and finance. His topics of research include the social transmission of ideas and behaviors, how investor and manager psychological bias affects financial markets, the role of information in securities markets, and the determinants of hedging and risk premia. He has been published in the leading finance, economics, and management journals, and his papers have won various research awards, including the Smith Breeden Award for outstanding paper in the *Journal of Finance*. He has served as a keynote or plenary speaker at many conferences internationally. He was previously on the faculties of Ohio State University, University of Michigan, and UCLA, and received his Ph.D. from the University of Chicago.



SEBASTIEN POUGET

Sebastien Pouget is professor of finance at the Toulouse School of Economics at the University of Toulouse. He has been assistant professor at Georgia State University and visiting professor at Princeton University and at NYU - Shanghai Campus. Sebastien's research studies financial markets with a multidisciplinary approach combining insights from economics, psychology and history. He has been published in various scientific journals including *Econometrica*, *Journal of Finance*, *Review of Financial Studies* and *Review of Economic Studies*.



HERSH SHEFRIN

Hersh Shefrin holds the Mario Belotti Chair in the department of finance at Santa Clara University's Leavey School of Business. Professor Shefrin is a pioneer of behavioral finance. He has been published widely in the area and writes for both academics and practitioners. One of professor Shefrin's current areas of focus is behavioral risk management, the application of behavioral ideas to the practice of risk management. Among professor Shefrin's other areas of focus are the application of behavioral concepts to financial decisions made by individuals. In this regard, he serves on mutual fund boards and works with financial firms to provide tools for managing household spending and borrowing. His articles have appeared in the top finance and economics journals. In the 1970s and 1980s Professor Shefrin's co-authored papers in behavioral economics with Richard Thaler were the first to propose a psychological and neurological based theory of self-control. In 1984, an article on dividends by professor Shefrin and Meir Statman was the first treatment of behavioral finance by financial economists. In 1985, they introduced the concept of "the disposition effect" into the behavioral finance literature, and coined the term. The disposition effect is the tendency to sell winning stocks too early and ride losing stocks too long. This phenomenon is the most studied in the literature on individual investor behavior. Professor Shefrin completed his Ph.D. at the London School of Economics in the economics of uncertainty; he earned a master's degree in mathematics from the University of Waterloo and a bachelor's degree, with honors, in economics and mathematics from the University of Manitoba.



VERNON SMITH

Vernon was awarded the Nobel Prize in economic sciences in 2002 for his groundbreaking work in experimental economics. He has the George L. Argyros Chair in Finance and Economics, and is a research scholar in the Economic Science Institute at Chapman University. He is the president and founder of the International Foundation for Research in Experimental Economics and has served in this role since 1997. Vernon has authored or co-authored more than 300 articles and books on capital theory, finance, natural resource economics and experimental economics. He serves or has served on the board of editors of the *American Economic Review*, the *Cato Journal*, *Journal of Economic Behavior and Organization*, the *Journal of Risk and Uncertainty*, *Science*, *Economic Theory*, *Economic Design*, *Games and Economic Behavior*, the *Independent Review* and the *Journal of Economic Methodology*.

Vernon is a distinguished fellow of the American Economic Association, and the 1995 Adam Smith Award recipient conferred by the Association for Private Enterprise Education. He was elected a member of the National Academy of Sciences in 1995, and received CalTech's distinguished alumni award in 1996. He has served as a consultant on the design of electric power systems in Australia and New Zealand and participated in numerous private and public discussions of regulatory reform in the United States. In 1997 he served as a Blue Ribbon Panel Member, National Electric Reliability Council. Vernon completed his undergraduate degree in electrical engineering at the California Institute of Technology, his master's degree in economics at the University of Kansas, and his Ph.D. in economics at Harvard.



AVANIDHAR SUBRAHMANYAM

Professor Subrahmanyam (“Subra”) is currently a professor of finance and the Goldyne and Irwin Hearsh Chair in Money and Banking at UCLA. He received his Ph.D. in finance from the Anderson School in 1990. He was an assistant professor at Columbia University from 1990 to 1993, and a visiting associate professor at Anderson in 1993-1994. His current research interests range from the relationship between the trading environment of a firm’s stock and the firm’s cost of capital to behavioral theories for asset price behavior to empirical determinants of the cross-section of equity returns. Professor Subrahmanyam, one of the most-cited scholars in his research cohort (those receiving first-time finance-related positions from 1990 onwards), is the author or coauthor of numerous refereed journal articles on these and other subjects in leading finance and economics journals. He is a member of the Working Research Group on Market Microstructure recently established by the National Bureau of Economic Research (NBER) in Cambridge, Mass. He has received best paper awards at the *Journal of Finance*, *Journal of Financial Economics*, Western Finance Association meetings and the International Conference of Finance in Taiwan, and has been nominated several times for the best paper at the *Journal of Finance*. He has served as a consultant to the NASDAQ Stock Exchange, the National Stock Exchange in Mumbai (Bombay), India, *San Jose Mercury News*, and Irwin/McGraw-Hill. He is a co-editor of the *Journal of Financial Markets*, a past associate editor of the *Journal of Finance*, and the *Review of Financial Studies*. Moreover, he has given eight keynote speeches at various locations in the world, including locations as diverse as Brazil, Australia, China, and Europe over the past three years, which is evidence of his international visibility.

Attendee List

Vineer Bhansali	LongTail Alpha
Terry Burnham	Chapman University
Gunduz Caginalp	University of Pittsburgh
Gabriele Camera	Chapman University
Colin Camerer	California Institute of Technology
Cary Deck	University of Arkansas
Mark DeSantis	Chapman University
John Duffy	University of California, Irvine
Sukari Farrington	Chapman University
Marc Fawaz	Chapman University
Aleksandar Giga	University of Southern California
David Hirshleifer	University of California, Irvine
Larry Iannaccone	Chapman University
Chad Kendall	University of Southern California
Dan Kovenock	Chapman University
Radhika Lunawat	University of California, Irvine
Cristina Nistor	Chapman University
David Porter	Chapman University
Sebastien Pouget	Toulouse School of Economics
Luca Rassenti	Koch Industries
Steve Rassenti	Chapman University
Hersh Shefrin	Santa Clara University
Vernon Smith	Chapman University
Avanidhar Subrahmanyam	University of California, Los Angeles
Marc Weidenmier	Claremont McKenna College
Nat Wilcox	Chapman University
Ran Zhao	Chapman University

We welcome the participants of the 22nd Annual Visiting Graduate Student Workshop in Experimental Economics.

