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Using Response Times to Infer Preferences and Beliefs

A standard assumption in economics is that agents can only learn about others through their choice outcomes. I argue that in many settings, agents can also infer information from others' response times (RT). I provide clear evidence that RTs reveal agents' private preferences and beliefs, with longer RTs indicating proximity to indifference. I then provide two examples where this information can be used strategically to either improve outcomes in social learning environments (information cascade games) or to allow for price discrimination in bargaining settings. Moreover, I show that naive experimental subjects understand the relationships between RT and preferences/beliefs, and use it to their advantage. The results indicate that in environments where RTs are publicly available, the information structure is richer than previously thought.

Friday Coffee/Meet & Greet

10:15 am to 11:45 am

AGLS 209

Seminar

12:00 pm to 1:00 pm

AGLS 129

Friday, February 08

12:00 pm

AGLS 129