ECO 4810 Senior Seminar—Dickinson

Sample of Annotated Bibliography

This sample shows only two references, but gives you the idea of how you should format your annotated bibliography. You should have at least 6 references for your annotated bibliography, and preferably all are refereed journal articles. If you have more and some are not journal articles, make sure the majority of your references are journal articles, not websites, popular press or news articles, or working papers. Every article you include should follow the same simple format. **Please include your research question at top of your annotated bibliography** also (hard to keep track of 20 paper ideas at once, so this helps me)

1. **list the complete reference** in exactly the format you’ll use for your final paper references page (recall, I said you can copy the format of references in the journal *American Economic Review*).
2. **Include the Abstract of the paper** (you may copy and paste from finding the article online. But often this will be in a different font/size than the rest of your document, so clean that up so that everything is in common font, format, and size.)
3. **Add a few lines (say, 5 max) of your own commentary** (this is the “annotation” part, where you give your impressions of the article, perhaps noting how it will be useful for your project or noting that it is not what you thought it might be….note that you will have to at least give each article a cursory read to do this.)

Having this done will be quite useful as you may need to go back and look at these a few weeks down the road where your “notes” on the articles will be very helpful. Your final reference list used in your paper can include articles not yet on your annotated bibliography, and your annotated bibliography may include articles you decide are not relevant and will not be cited, but the idea is that you are well on your way regarding background literature search if you take this step seriously.

Sample annotated biblio is on next page

David Dickinson—Annotated Bibliography--ECO 4810 Senior Seminar

**Research Question:** Do common psychological biases impact the effectiveness of dispute resolution procedures?

Dickinson, David L. 2005. “Bargaining Outcomes with Double-Offer Arbitration.” *Experimental Economics,* 8 (2): 145-66.

**Abstract:** Increasingly, arbitration is becoming used to resolve bargaining disputes in a variety of settings. Reducing dispute rates is often listed as a main goal in designing arbitration mechanisms. Conventional arbitration and final-offer arbitration are two commonly used procedures, but theoretical examinations of these arbitration procedures show that disputants' final bargaining positions do not converge and disagreement is likely. This article contains results from a set of experiments designed to compare bargaining outcomes under the two commonly used arbitration procedures with outcomes under an innovative procedure called "double-offer" arbitration. This procedure requires that disputants make two final offers at impasse: a primary and a secondary offer. The arbitrator evaluates the pairs of offers using a linear criterion function, and theory suggests the secondary offers converge to the median of the arbitrator's preferred settlement distribution. Because the procedure's rules are that convergence of offers generates a settlement at those offers, this theoretical convergence result implies that arbitration is not needed in the end.

**My Notes:** This article deals with dispute resolution and arbitration procedures (using experimental data) and it includes an evaluation of how optimism regarding the likely outcome from arbitration harms dispute resolution. Several dispute resolution procedures are compared. Useful for my paper (can elaborate more possibly).

Dickinson, David L. 2006. “The chilling effect of optimism: The case of final-offer arbitration.” *Journal of Socio-Economics*, 35 (1): 17-30.

**Abstract:** This article examines the incentive effects of final-offer arbitration (FOA) when disputants have optimistic (i.e., biased) beliefs about the arbitrator’s settlement preferences. Optimism is shown to increase the divergence in Nash equilibrium final offers, and the divergence is largest under naive, rather than sophisticated, optimism. Therefore, though FOA rules were instituted to lessen the “chilling” effect of arbitration, FOA interacts with optimism to worsen the chilling effect. Data from controlled laboratory experiments confirm that optimism leads to more divergent final bargaining positions and higher dispute rates. These results highlight the role that de-biasing expectations can play in improving bargaining outcomes.

**My Notes:** This article uses experiments to examine how optimism affects dispute resolution in one specific procedure call Final Offer Arbitration. Paper also includes some theory on how optimism causes final bargaining position to diverge. Useful for my paper mostly for theory.