



Using Experimental Economics to Measure Social Capital and Predict Financial Decisions

Dean S. Karlan

AMERICAN ECONOMIC REVIEW
VOL. 95, NO. 5, DECEMBER 2005
(pp. 1688-1699)

Download Full Text PDF

Article Information

Abstract

Questions remain as to whether results from experimental economics are generalizable to real decisions in nonlaboratory settings. Furthermore, questions persist about whether social capital helps mitigate information asymmetries in credit markets. I examine whether behavior in two laboratory games, Trust and a Public Goods, predicts loan repayments to a Peruvian group-lending microfinance program. Since this program relies on social capital to enforce repayment, this tests the external validity of the games. Individuals identified as "trustworthy" by the Trust Game are indeed less likely to default on their loans. No similar support is found for the game's identification of "trusting" individuals.

This website uses cookies.

By clicking the "Accept" button or continuing to browse our site, you agree to first-party and session-only cookies being stored on your device to enhance site navigation and analyze site performance and traffic. For more information on our use of cookies, please see our [Privacy Policy](#).

Accept

DOI: 10.1257/000282805775014407

Choose Format:



Additional Materials

Data Set (155.37 KB)

JEL Classification

O15 Economic Development: Human Resources; Human Development; Income Distribution; Migration

Z13 Economic Sociology; Economic Anthropology; Social and Economic Stratification

Find us on Facebook and Twitter:

 @AEAJournals

 @AEAJournals

 @AEAInformation

 @ASSAMeeting

 @JOE_listings

Copyright 2022 American Economic Association. All rights reserved.

[Terms of Use & Privacy Policy](#)

This website uses cookies.

By clicking the "Accept" button or continuing to browse our site, you agree to first-party and session-only cookies being stored on your device to enhance site navigation and analyze site performance and traffic. For more information on our use of cookies, please see our [Privacy Policy](#).

Accept