

Short Summary of Some Herding Literature

[Thanks to [Melania Nica](#) & [Francesco Palazzo](#) for helping with the selection!]

Exogenous timing: players move in a particular order

- "A Theory of Fads, Fashion, Custom, and Cultural Change as Information Cascades" Bikhchandani, Hirshleifer & Welch, JPE 1992.
- "A Simple Model of Herd Behavior", Banerjee, QJE 1992.

Herding with endogenous timing of decision:

- "Information Revelation and Strategic Delay in a Model of Investment", Chamley & Gale, *Econometrica* 1994.
- "Strategic Delay and the Onset of Investment Cascades" Zhang, *RAND Journal of Economics* 1997.

Asset prices and herd behavior:

- "Multidimensional Uncertainty and Herd Behavior in Financial Markets", Avery and Zemsky, *AER* 1998.
- "Financial crises as herds: overturning the critiques" Chari and Kehoe, *JET* 2006 (*with endogenous timing*)
- "Information aggregation in financial markets with career concerns", Dasgupta & Prat, *JET* 2008.
- "Herding and Contrarian Behaviour in Financial Markets", Park & Sabourian, *Econometrica*, 2011.
- "Herding with Asymmetric Information about Traders Types", Testa, working paper 2009.

Monopoly prices and herd behavior

- "Monopoly pricing in the binary herding model" Bose, Orosel, Ottaviani & Vesterlund, *ET* 2008.

Herding and Reputation:

- "Herd Behavior and Investment", Sharfstein & Stein, *AER* 1990.
- "Herd Behavior and Investment: Comment", Ottaviani & Sørensen, *AER* 2000 (*links Scharfstein & Stein's paper to the classical paper by Bikhchandani, Hirshleifer & Welch 1992*)
- "The Price Impact of Institutional Herding" Dasgupta, Prat, Verado, *Review of Financial Studies*, 2011.

Testing the models/ Experimental economics

- "Do we follow others when we should? A simple test of rational expectations", Weisacker, *AER* 2010. (*test on Bickchandani, Hirshleifer & Welch 1992*)
- "Herding and Contrarian Behavior in Financial Markets: An Internet Experiment" Drehmann, Oechssler and Roeder, *AER* 2005. (*test on Avery and Zemsky 1998 and Bickchandani, Hirshleifer & Welch 1992*)

In colors are papers already scheduled to be presented.