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Keep Up With the Winners: Experimental Evidence on Risk Taking, Asset Integration, and Peer Effects*

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Abstract

The paper reports the result of an experimental game on asset integration and risk taking. We find some evidence that winnings in earlier rounds affect risk taking in subsequent rounds, but no evidence that real life wealth outside the experiment affects risk taking. Controlling for past winnings, participants receiving a low endowment in a round engage in more risk taking. We test a ‘keeping-up-with-the-Joneses’ hypothesis and find that subjects seek to

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