

TITLE: Learning to Open Monty Hall's Doors

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ABSTRACT:

The analysis in this paper searches for individual and group determinants of learning behavior in Monty Hall's Three Door problem examined in Friedman (1998). The results show that the size of monetary incentives, individuals' initial abilities, and social interactions with others are all important determinants of initial choices and subsequent learning in this problem: (i) More able students have a greater initial propensity to make the right choice than less able students, and their learning curves are initially steeper; (ii) Individual learning can also be enhanced through social interactions; (iii) Interestingly, less able students benefit more than more able students from social interactions in the sample. These findings support the argument that learning models that take into account individuals' abilities and that allow for social interactions where agents can exchange information hold a great deal of promise for enhancing our understanding of actual learning environments, learning processes, and the formation of rationality.

JEL Classification Codes: C91, D83.

Keywords: Learning, Ability, Social Interactions, Rationality.