DOES THE BETTER-TAN-AVERAge EFFECT SHOW THAT PEOPLE ARE OVERCONFIDENT?:
TWO EXPERIMENTS

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Abstract
We conduct two experimental tests of the claim that people are overconfident, using new tests of
overplacement that are based on a formal Bayesian model. Our two experiments, on easy quizzes,
find that people overplace themselves. More precisely, we find apparently overconfident data that
cannot be accounted for by a rational population of expected utility maximizers who care only about
money. The finding represents new evidence of overconfidence that is robust to the Bayesian critique
offered by Benoît and Dubra (2011). We discuss possible limitations of our results. (JEL: D11, D12,
D82, D83)

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