What is Complex?

Ryan Oprea

Abstract:

We measure the complexity of behavioral rules by paying experimental subjects to implement a series of choice algorithms and then eliciting their willingness-to-pay to avoid implementing them again in the future. The design allows us to test a body of hypotheses from the theoretical “automata” literature about the characteristics of rules that generate complexity costs. We find substantial aversion to complexity, linked to cognitive ability, and a number of regularities in the characteristics of rules that make them complex and costly for subjects. We also document palliative effects of experience and familiarity on the complexity of rules.