

EC212 Experimental Economics

Seminar Leader: Israel Waichman

Course Times: Wed 13:30-16:45

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Office hours: Tue 17:00-18:00, Thu 14:00-15:20 (Please make an appointment via E-mail)

Course Description

Experimental economics is the application of experimental methods to economic questions. Experiments are used in economics to test the descriptiveness of economic models, to study behaviour in cases where theory provides ambiguous predictions (or no prediction), and also to test economic policies. The course aims at introducing experimental economics and its various applications in economics. We will conduct some of the experiments in the classroom, providing the participants in the course with first-hand experience of the economic situations that are being thought. The course consists of three parts: In the first part: “the methodology of experimental economics,” we introduce experimental economics. We discuss the merits (and limits) of experiments, the principles of conducting and analyzing an experiment. In the second part “Applications: Influential experiments in economics”, we survey some of the seminal research in experimental (and behavioral) economics (e.g. market experiments, bargaining experiments, biases and heuristics under uncertainty, public good games, etc.). In the third (short) part, students will present their own small pilot studies (where they are expected to test an hypothesis). This will be done in groups.

Learning Outcomes

- We study controlled experiments and their importance to scientific inference
- We discuss the merits (and limitations) of experiments in economics
- We study how to conduct economic experiments
- We study several applications of experimental economics: markets experiments, experiments on bargaining behaviour, prediction markets, public good provision, etc.

Requirements

Prerequisites

Participants in the seminar should have passed the "Principles of Economics" class.

Textbooks

The first part of the course is largely influenced by following textbooks

- "Friedman, D., & Sunder, S. (1994) "*Experimental methods: A primer for economists*," Cambridge university press."
- Cassar A., & Friedman, D. (2004) "*Economics Lab: An Intensive Course in Experimental Economics*," Routledge "

Other relevant reading will be provided during the seminar.

Attendance

Attendance at ALL classes is expected. More than two absences (that is absences from two sessions of 90 minutes) in a semester will significantly affect the grade for the seminar.

Assessment

Assessment will be based on attendance, preparation for classes, regular and active participation, as well as a mid-term (60 minutes) and a final empirical work (see below).

Grade breakdown

Seminar participation and class exercises 20%

Mid-term exam (or an equivalent essay) 30% (scheduled to Wednesday March 29)

Presentation of a small pilot study (in groups) 50%

Policy on Late Submission of empirical work

Please note the policy from the Student Handbook on the submission of essays: *essays that are up to 24 hours late will be downgraded one full grade (from B+ to C+, for example). Instructors are not obliged to accept essays that are more than 24 hours late. Where an instructor agrees to accept a late essay, it must be submitted within four weeks of the deadline and cannot receive a grade of higher than C.*

Thereafter, the student will receive a failing grade for the assignment.

Schedule and Course structure

Classes start on Wednesday February 1 and run until Wednesday May 10, with spring break planned for April 10-17, 2017. Completion week is from May 15-19. Attendance is mandatory during completion week and the final will be scheduled during this week.

Scheduled class times are available online under the relevant course heading:

<http://www.berlin.bard.edu/academics/courses/spring-2016/>

The following course structure is provisional in order to allow for flexibility. It is the student's responsibility to keep informed of any changes to the schedule provided here. An up-to-date schedule will be maintained by the course management in our Google classroom system. Lecture slides and problem sets will be posted in Google classroom. Please sign in for the course, password will be given in the first class.

In particular, the structure of the course is as follows:

Part I: The Methodology of Experimental Economics

In this part we introduce the why and how to use experiments for scientific conduct and the principles of experimental economics. It includes three topics

- Experimental Methods
- Types of Experiments
- Designing an Experiment

Part II: Applications: Influential Experiments in Economics

In this part we will study several topics in experimental economics such as bargaining (including the seminal ultimatum and dictator games), markets (following the groundbreaking work of the Nobel Laureate Vernon Smith), biases and heuristics (following the influential work of the Nobel Laureate Daniel Kahneman and Amos Tversky), guessing game, and public goods provisions.

- Bargaining
- Markets
- Biases and Heuristics
- Guessing Game
- Public Goods

Part III: Student projects: A Small Pilot Study

In this short part that accounts for the final evaluation of the course, students will work in groups and present a small pilot study including an experimental test of an hypothesis. We will discuss the details during the course.

Professionalism

Being a student is your full-time job and with it come a set of responsibilities and expectations, as with any other job. Maintaining a professional attitude towards your course of study is something that also prepares you for later work life. A professional attitude towards your studies is shown by coming to class on time, being prepared, being courteous to your teachers and fellow students. It is exhibited by writing your essays with care, actively participating in class, avoiding distractions (excessive bathroom breaks, using smartphones to check on irrelevant issues during class etc.), not missing classes except for the most dire of circumstances and in general by adapting to the rules of the course without trying to bargain for personal exceptions.

Ethics/Academic honesty

A core value of the academy is truth and the pursuit thereof. Nothing can shake the foundations of this pursuit as much as academic dishonesty as it undermines the trust that is indispensable to it. This is why I will not excuse any instance of academic dishonesty. Plagiarism, cheating during exams, copying homework assignments (or doing individual assignments with a classmate) all constitute violations of academic honesty and of the clause on “academic integrity” that each student has signed in the student handbook. They can lead to failing the course and will be reflected in the student’s record (having a record of academic dishonesty can make obtaining scholarships, achieving a study abroad place or admission to another program difficult if not outright impossible).

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