BE 887: Experimental Economics

Professor: Neslihan Uler
E-mail: neslihan@umich.edu
Office: 214 Lorch Hall
Lectures: Wednesdays, 3:00-6:00 PM at W2719
Office Hours: Fridays, 3:00-5:00 PM

Course Overview:
This course provides an introduction to the field of experimental economics. The focus will be on experimental methodology and how it applies to economic problems. This class aims to provide both a brief summary of how the field has developed over the years and a discussion of recent selected papers in economics using experimental methodology. The course is designed for PhD students in BE, as well as anyone who is interested in exploring experimentation as an alternative to empirical data in understanding economic concepts.

Each class will start with an overview of classical papers in a given topic and will follow by student presentations on recent papers. Throughout each class students are expected to ask/answer questions and participate in discussions. Students are also expected to design their own experiment and present their design by the end of the semester. There is no final exam, but there is a research proposal requirement that summarizes the experimental design that is due December 20th.

Grading:
Participation: 30%
Presentations: 30%
Research Proposal: 40%

Participation:
You are expected to participate in class discussions. In order to do this effectively you should come prepared by reading the required material before the lectures. Participation will constitute an important portion of your grade so it is important not to miss any lectures and be active in the class.
Presentations:

Students will be asked to present 2 research papers throughout the course. While presenting each paper, students should explain the question, brief literature review, experimental design, hypotheses, results and a brief evaluation of the paper. In addition, our last lecture will be devoted to your own research proposal presentations. You will be required to clearly state the economic question you like to answer, and why the previous literature cannot answer this question. You will need to present your experimental design and will need to defend your design choice.

Research Proposal:

By the end of the class, students are expected to submit a research proposal. You will be required to pick a topic by November 14th. The topic of the research question has to be first approved by the professor. Therefore, please send an email to me regarding your topic at least 3 days prior to the deadline. Research proposals should have 3 main sections. The first section will be the introduction where you will discuss the question/motivation. The second section will be a brief literature review. The third section will be the experimental design. Within the third section, you should provide your precise design, hypotheses and (likely) experimental procedures. Research proposals should not exceed 10 pages (single-spaced, 12 pt.) and they are due by December 20th.

Please note that if in the future you like to actually run your experiment and analyze the data, you will need to be PEERRS certified and also should get IRB approval for your experiment. You can get more detailed information from me if needed.

A List of Useful Books


Plott, C. and V. Smith (ed.) (2009), Handbook of Experimental Economics Results, Elsevier

(Tentative) Reading List for the Lectures

**You must read these before you come to the class. You are all expected to discuss these papers.

* You are recommended to read these before the class.
Lecture 1: Introduction to Experimental Economics and Market Experiments

- Kagel and Roth, chapter 1
- **Davis and Holt, chapter 1
- Davis and Holt, chapters 3 and 4

Lecture 2: Methodology, Part 1


Lecture 3: Methodology, Part 2

• Zizzo, D. J. (2010) “Experimenter demand effects in economic experiments”, Experimental Economics

Lecture 4: Public Goods

• Vesterlund L (2012) Voluntary giving to public goods: moving beyond the linear VCM. Available at: http://www.isites.harvard.edu/fs/docs/icb.topic1002778.files/LVchapter.pdf
• **Dan Silverman, Joel Slemrod and Neslihan Uler (2014) “Distinguishing the Role of Authority “In” and Authority “To””, Journal of Public Economics.

Lecture 5: Bargaining, Fairness, Social Preferences


Lecture 6: Field Experiments


• Fehr E. and L. Goette (2007); “Do Workers work more if Wages are high? – Evidence from a Randomized Field Experiment”, American Economic Review, 1: 298-317


Lecture 7: Research Paper Presentation

Each of you will present your own experimental question and design. I will provide more details on this later in the semester.