Experimental Economics – ECON 309

Instructor: Neslihan Uler  
E-mail: neslihan@umich.edu  
Office: 214 Lorch Hall  
Phone: 734-763-6633

Office Hours: Tue: 9:30AM-10:30AM and Wed 2PM-3PM

This course is an introduction to the field of experimental economics. You will learn how to test economic theories by using laboratory experiments. You are expected to attend classes and read assigned material. There will be some in-class experiments, which will be followed by class discussions. Our topics include experiments on game theory, market experiments, and individual decision making experiments. No textbook is required. However, there will be required readings every week. Readings are selected to complement, not duplicate, lectures. You should develop an appropriate understanding of all required readings, regardless of how explicitly they are discussed in class. All books are available from the University Library Reserve Service (Circulation Desk, Shapiro Library). Some readings will be posted as “resources” on CTOOLS.

This class gives you the opportunity to do economic research on a selected topic. In the first two weeks, you will be assigned to groups of 4. These groups will stay the same throughout the semester. Each group will find a topic of economic interest, design and conduct an experiment. During this process, we will also meet outside the class. This will allow me to help you learn the necessary tools that are specific for your experiment, design a careful experiment and provide advice on how to interpret the findings. Each group will present their experimental design before they conduct their experiment. A term paper will be written together as a group. It will consist of a summary of the question of interest, a brief literature review, the experimental design and the results.

You will be required to take the PEERRS on-line training on human subject protection before collecting information from others: Program for Education and Evaluation in Responsible Research and Scholarship (PEERRS) is a web-based instruction and certification program for members of the University community engaged in or associated with research.

Your grades will depend on your participation to the class, your presentation and the quality of your term paper as well as quizzes. Quizzes will test your knowledge of assigned readings and the lectures. The three quizzes will be given on February 2, March 2, and April 20 in class. You will be required to attend the classes. Your participation grade will be based on your attendance, participation to the class discussions and term project. There will be 5 random attendance checks (Please arrive classes on time). Information on the paper assignment and presentation is posted on CTOOLS. The paper is due Tuesday, April 21, by email at 5PM sharp. If you cannot perform assignments at these times, you should not elect this course.
Grades: Quizzes (45%)  
        Presentation (15%)  
        Term Paper (30%)  
        Participation (10%)  

Please note that there will be no make-up exams unless you have a documented proof of special circumstances (i.e. illness).

Recommended books:

- Markets, Games and Strategic Behavior, by C. Holt, Addison-Wesley, 2006
- Experimental Economics, by D. Davis and C. Holt, Princeton University Press, 1993

Class Schedule (Tentative):

January 7: Introduction to Experimental Economics

Required readings

- Davis and Holt, pages 1-20

Recommended readings

- Holt, chapter 1
- Kagel and Roth, chapter 1

January 12-14: Market Experiments

Required readings

- Holt, chapter 2

Recommended readings

- Kagel and Roth, chapters 3 and 4

January 19: Martin Luther King, Jr. Day University Symposia. No Class
January 21: Experimental Methodology

Required readings

- Davis and Holt, chapter 1

Recommended readings

- Holt, chapter 1

January 26: IRB Training and Introduction to Individual Choice Experiments

Required readings

- Posted on CTools under Resources

January 28: Decision Making under Risk

Required readings


Recommended readings

- Holt, chapter 4

February 2: Violations of Expected Utility Theory

Recommended readings

- Holt, chapter 28
- Kagel and Roth, chapter 8, pages 617-649.
February 4-9-11: Introduction to Experiments on Game Theory

Recommended readings

- Holt, chapters 3, 23 and 25
- Camerer, chapter 1
- Cooper, DeJong, Forsythe, and Ross (1996, GEB)

February 16: Bargaining, and Fairness

Required readings


Recommended readings

- Holt, chapter 12

February 18: Trust

Required Readings


Recommended Readings

- Holt, chapter 13

February 23-25: No classes – WINTER RECESS

March 2-4: Coordination

Required Readings


Recommended Readings


March 9-11-16-18-23-25: CLASS PRESENTATIONS

Class presentations are on your own experimental design. Each presentation will be followed by a class discussion. Details will be posted on the CTools.

March 30: Public Goods Games

Readings

April 1-6: Experiments on Reference Dependence

Readings


April 8-13: Information and Learning – Part 1: Bayes’ Rule

Readings

- Holt, chapter 30

April 15: Information and Learning – Part 2: Information Cascades

Readings

- Holt, chapter 31

April 20: TBA