

ECONOMICS 380.01

EXPERIMENTAL ECONOMICS

FALL 2021, TTH 2:00PM-3:20PM

PROFESSOR LISA R. ANDERSON

MEETING ROOM: BOSWELL (FORMERLY MORTON) HALL, ROOM 341

Course Description

Experimental Economics is a relatively new field in which decision making is examined in a controlled laboratory environment. The resulting data are used to evaluate theories as well as to test and fine tune policies that could not easily be tested with naturally occurring data. The spectrum of applications for experimental research is broad and includes public economics, industrial organization and regulation, environmental economics, decision and game theory, and bargaining. This course surveys experimental research in many of these fields and provides a basic framework for designing and conducting experiments.

Useful Information

Office: Chancellors (formerly Tyler) Hall, Room 265

Office Phone: 221.2359

E-mail: lisa.anderson@wm.edu

Internet Games Web Page: <http://veconlab.econ.virginia.edu/login.htm> -- We will do many internet-based experiments in class, so please bring your laptop or tablet to class.

Important Dates

Last day to add/drop: September 10.

Last day for Juniors and Seniors to take a course Pass/Fail or Audit: September 10.

Fall Break: October 16-19.

Last Day to Withdraw: November 1.

Thanksgiving Break: November 24-28.

Last Day of Class: December 9.

Course Paper Due: Monday, December 13, 2 to 5 pm. Consult the final exam schedule later in the semester to verify this date and time:

<https://www.wm.edu/offices/registrar/calendarsandexams/examschedules/fall21exam/index.php#examdt>

Required Reading

Markets, Games and Strategic Behavior: An Introduction to Experimental Economics, 2nd Edition, Charles Holt, Princeton University Press, ISBN: 9780321419316. Other readings will be posted on Blackboard.

Grades

Your grade for this course will come from class participation (10%), a series of chapter-specific quizzes (30%), a group project (30%), and a course paper (30%). Class participation includes attending lectures, participating in class experiments and writing 5 critical reviews of peer presentations. There is a form posted on Blackboard to use for the critical reviews. Each critical review should be submitted in Blackboard after a group makes a literature presentation and before our next class meeting.

There will be between 10 and 15 quizzes that will be administered through Blackboard. After we cover a topic in class, the quiz will launch in Blackboard, and you should complete it before our next class meeting. I will e-mail you through Blackboard to alert you each time a quiz launches in

Blackboard. You may use your textbook and notes to complete the quizzes, but you are bound by the Honor Code to work independently.

Details about the group project and course paper are attached to this syllabus.

Accommodations

William & Mary accommodates students with disabilities in accordance with federal laws and university policy. Any student who feels they may need an accommodation based on the impact of a learning, psychiatric, physical, or chronic health diagnosis should contact Student Accessibility Services staff at 757-221-2512 or at sas@wm.edu to determine if accommodations are warranted and to obtain an official letter of accommodation. For more information, please see www.wm.edu/sas.

Honor Code

William & Mary has had an honor code since at least 1779. Academic integrity is at the heart of the university, and we all are responsible for upholding the ideals of honor and integrity. The student-led honor system is responsible for resolving any suspected violations of the Honor Code, and I will report all suspected instances of academic dishonesty to the honor system. The *Student Handbook* (www.wm.edu/studenthandbook) includes your responsibilities as a student. Your full participation and observance of the Honor Code is expected. To read the Honor Code, see www.wm.edu/honor.

Writing Resource Center

The Writing Resources Center, located on the first floor of Swem Library, is a free service provided to W&M students. Trained consultants offer individual assistance with writing, presentation, and other communication assignments across disciplines and at any stage, from generating ideas to polishing a final product. To make an appointment, visit the WRC webpage www.wm.edu/wrc. In my experience, it is very difficult to get an appointment during the last week of the semester, so plan ahead if you would like to use this great resource to improve your class paper.

Course Outline

- I. Introduction to Experimental Economics; **H**, Chapter 1
- II. Markets
 - A. Price Discovery and Exclusion; **H**, Chapter 2
 - B. Monopoly, Cournot and Cross-Market Price Competition, **H** Chapter 20
 - C. Market Power, Collusion and Price Competition; **H** Chapter 21
 - D. Predation; **CG** 9
 - E. Lemons Markets; **H** Chapter 23; **CG** 8
- III. Game Theory
 - A. Some Simple Games; **H** Chapter 8; **CG** 1; **CG** 3
 - B. Bargaining; **H** Chapters 14
 - C. Trust, Reciprocity and Principal-Agent Games, **H**, Chapter 15
 - D. Public Choice
 - i. Voluntary Contributions; **H** Chapter 16; **CG** 6
 - ii. Volunteer's Dilemma; **H** Chapter 17
 - iii. Congestion; **H** Chapter 18
 - iv. Rent Seeking; **H** Chapter 12; **CG** 5
- IV. Methodology, **H**, Chapter 13
- V. Decision Theory
 - A. Risk Attitudes; **H** Chapter 3
 - B. Price Bubbles; **H** Chapter 24 **CG** 13

C. Bayes' Rule and Information Cascades; **H** Chapters 5 and 7; **CG** 10; **CG** 11
Key to Readings: **CG**; *Classroom Games Papers*; available through the Blackboard system.
H; Holt; *Markets, Games and Strategic Behavior*; available at the college bookstore.