

ECONOMICS 380.01

EXPERIMENTAL ECONOMICS

FALL 2018, TTh 2:00PM-3:20PM, MORTON 341

PROFESSOR LISA R. ANDERSON

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: Tyler Hall, Room 265

Office Phone: 221.2359

Office Hours: by appointment

E-mail: lisa.anderson@wm.edu

Internet Games Web Page: <http://veconlab.econ.virginia.edu/login.htm>

Important Dates

Fall Break: October 13 - 16.

Last Day to Withdraw: October 26.

Midterm Exam: November 8.

Thanksgiving Break: November 21 – 25.

Last Day of Class: December 6.

Final Exam Period (papers due, no exam): Tuesday, December 18 at 5 pm. Please note that you may not e-mail me a copy of your final paper.

Required Reading

Markets, Games and Strategic Behavior, Charles Holt, Addison-Wesley Publishing, ISBN: 9780321419316. Other readings will be posted on Blackboard.

Grades

Your grade for this course will come from class participation (10%), a midterm exam (30%), a group project (30%), and a course paper (30%). All written assignments are due at the **beginning** of class on the due date. **Late assignments will not be accepted.** Unless otherwise noted below, assignments cannot be submitted via e-mail. Further, it is your responsibility to back up all files. Extensions on assignments will not be granted as a result of corrupted files, dead hard drives, stolen laptops, etc. There will be **no makeup exams**, unless you are participating in a College sponsored activity during the exam period. Please do not tell me what grade you need in this class. If you have a goal to earn a certain grade in this class, you should choose behaviors (attending class, studying for exams, etc.) to help you achieve that goal.

Accommodations

William & Mary accommodates students with disabilities in accordance with federal laws and university policy. Any student who feels s/he may need an accommodation based on the impact of a learning, psychiatric, physical, or chronic health diagnosis should contact Student Accessibility Services staff at 757-221-2509 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.

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 project.

Course Outline

- I. Introduction to Experimental Economics; **H**, Chapter 1
- II. Markets
 - A. Basics of Supply and Demand; **H**, Chapter 2
 - B. Market Power; **H** Chapter 8
 - C. Collusion; **H** Chapter 9
 - D. Predation; **CG** 9
 - E. Lemons Markets; **H** Chapter 10; **CG** 8
 - F. Markets for Pollution Permits; **CG** 17
- III. Game Theory
 - A. Some Simple Games; **H** Chapter 3; **CG** 1; **CG** 3
 - B. Monopoly, Duopoly and Oligopoly; **H** Chapter 6
 - C. Bargaining; **H** Chapters 12 and 13
 - D. Public Choice
 - i. Voluntary Contributions; **H** Chapter 14; **CG** 6
 - ii. Volunteer's Dilemma; **H** Chapter 15
 - iii. Congestion; **H** Chapter 16
 - iv. Rent Seeking; **H** Chapter 17; **CG** 5
 - E. Behavioral Game Theory
 - i. Matching Pennies; **H** Chapter 24
 - ii. Traveler's Dilemma; **H** Chapter 25
 - iii. Coordination Games; **H** Chapter 26
- IV. Decision Theory
 - A. Risk Attitudes; **H** Chapter 4
 - B. Price Bubbles; **H** Chapter 11; **CG** 13
 - C. Anomalies; **H** Chapter 28
 - D. Bayes' Rule and Information Cascades; **H** Chapters 30-31; **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.