

**San José State University**  
**Department of Economics**

**Econ 197 – Experimental Economics - Course No. 28223 Section 1, Spring 2019**

**Course and Contact Information**

Instructor:	Justin Rietz
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Office Hours:	Tuesday and Thursdays 12:00pm – 1:00pm.
Class Days/Time:	Tuesday and Thursdays, 4:30pm to 5:45 pm.
Classroom:	CCB 100
Prerequisites:	Econ 103 or consent of instructor

**Course Format**

**Faculty Web Page and MYSJSU Messaging**

Course materials such as syllabus, handouts, notes, assignment instructions, etc. can be found on [Canvas Learning Management System course login website](http://sjsu.instructure.com) at <http://sjsu.instructure.com>. You are responsible for regularly checking with the messaging system through [MySJSU](http://my.sjsu.edu) at <http://my.sjsu.edu> and your SJSU email to learn of any updates.

**Course Description**

The use of computerized laboratory experiments, field experiments, and quasi-natural experiments to test economic theory and human behavior.

**Course Learning Outcomes (CLO)**

This is a course in experimental economics, and it emphasizes the use of laboratory and field experiments to 1) test human behavior in the context of economic theory, and 2) make business decisions for areas such as product marketing and pricing. By the end of the course, students should be able to explain the pros and cons of each method, understand the economics implications of experimental results, and apply experimental methods to test basic economic concepts and business decisions.

PLO3 Research Methods. Design laboratory and field experiments. Understand the costs and benefits of different methods of acquiring data for research. Apply these methods in an original research project.

PL0 4 Quantitative Methods. Collect and cleanse data from economic experiments. Analyze experimental data using modern econometric methods

PLO 5: Communication: Demonstrate efficient communication skills through research project presentations.

Upon successful completion of this course, students should be able to demonstrate the following:

CLO 1. Explain the use of laboratory and field experiments in economics and business, why they are used, and potential downfalls.

CLO 2. Design a basic laboratory or field experiment to test economic theory or apply to business decision making.

CLO 3. Analyze data generated by laboratory and field experiments using modern statistical techniques such as nonparametric econometric modeling.

CLO 4: Present data and results in a research proposal presentation.

## **Required Texts/Readings**

### **Textbook**

[FS] Daniel Friedman and Shyam Sunder, *Experimental Methods: A Primer for Economists* (Cambridge University Press, 1994); ISBN-13: 978-0521456821.

[JW] Joel Watson, *Strategy: An Introduction to Game Theory* (Viva Books, 2013); ISBN-13: 978-8130915999

### **Recommended Supplemental Texts**

[FC] Daniel Friedman and Alessandra Cassar *Economics Lab: An Intensive Course in Experimental Economics* (Routledge, 2004); ISBN-13: 978-0415324021.

### **Other Readings**

Additional class readings per the schedule below will be available either via Canvas or online journals accessible through the SJSU library.

## **Course Requirements and Assignments**

Success in this course is based on the expectation that students will spend, for each unit of credit, a minimum of 45 hours over the length of the course (normally three hours per unit per week) for instruction, preparation/studying, or course related activities, including but not limited to internships, labs, and clinical practica. Other course structures will have equivalent workload expectations as described in the syllabus.

### **Final Examination or Evaluation**

There will be a final paper due on the official, final examination date.

## **Grading Information**

### **Determination of Grades**

For each class, students will read approximately two papers on experimental economics research. Students will also be required to do 2 group presentations on these readings during the semester, with each presentation worth 10% of the final grade, for a total of 20%. Students not presenting should be prepared to discuss readings and pop quizzes, as this will count towards class participation which is 10% of the final grade. There will also be one midterm worth 20% of the final grade.

The core component of the course is an original research project that students may do in groups (highly recommended) or individually (with my permission). A research proposal with a 10 minute presentation will be worth 20% of the final grade, and a final research paper will be worth 30%. Students will meet with me at least once outside of class in preparation for their presentations.

97-100 A+	93-96 A	90-92 A-
87-89 B+	83-86 B	80-82 B-
77-79 C+	73-76 C	70-72 C-
67-69 D+	63-66 D	60-62 D-
below 60 F		

Final grades will be curved. However, the curve will never hurt your grade. I do not round up grades, e.g. an 86.9 is a B, not a B+.

### **Classroom Protocol**

The use of laptops, tablets, or other electronic device is prohibited in class. Studies have proven that students who take notes on these devices *significantly* impair their comprehension of the material and disturb other students. Therefore, you need to come prepared to take hand-written notes. Those who violate this policy will have a half a percentage point deducted from their final grade for the course for *each infraction*.

If you experience any difficulty in this course, please do not hesitate to come to me for help. I am available during office hours and by appointment. However, I greatly appreciate questions asked during class – I guarantee that if you have a question, many of your classmates have the same one!

### **University Policies**

Per University Policy S16-9, university-wide policy information relevant to all courses, such as academic integrity, accommodations, etc. will be available on Office of Graduate and Undergraduate Programs' [Syllabus Information web page](http://www.sjsu.edu/gup/syllabusinfo/) at <http://www.sjsu.edu/gup/syllabusinfo/>” Make sure to review these university policies and resources.

**Econ 197 – Experimental Economics,  
Course No. 28223, Spring 2019  
Course Schedule**

Week	Date	Topics, Readings, Assignments, Deadlines
1	Jan 24	Overview of course
2	Jan 29	Game Theory Part I: Non-cooperative games
2	Jan 31	Game Theory Part II: Coordination games
3	Feb 5	Introduction to Experimental Economics <ul style="list-style-type: none"> <li>• FS Chapters 1-4</li> <li>• Croson (2002)</li> </ul>
3	Feb 7	Introduction to Experimental Economics (continued)
4	Feb 12	Experimental Methods <ul style="list-style-type: none"> <li>• FS chapters 6 - 8</li> <li>• Cassar and Friedman (Canvas)</li> </ul>
4	Feb 14	Experimental Methods (continued)
5	Feb 19	Competitive Markets and Auctions Readings: <ul style="list-style-type: none"> <li>• Chamberlin (1948).</li> <li>• Smith (1962)</li> <li>• Thaler (1988)</li> </ul>
5	Feb 21	Competitive Markets and Auctions (continued)
6	Feb 26	Cooperation Readings <ul style="list-style-type: none"> <li>• Dawes and Thaler 1988</li> <li>• Bo 2005</li> </ul>
6	Feb 28	Cooperation (continued)
7	Mar 5	Field Experiments Readings: <ul style="list-style-type: none"> <li>• Carpenter et al (2005)</li> <li>• D Vigna et al (2006).</li> <li>• Ariely and Wertenbroch (2002).</li> </ul>
7	Mar 7	Field Experiments (continued) <ul style="list-style-type: none"> <li>• Brief midterm review</li> </ul>
8	Mar 12	<b>MIDTERM EXAM</b>
8	Mar 14	What is a Research Proposal and Presentation? <ul style="list-style-type: none"> <li>• How to find a good research question?</li> <li>• What is the structure of a proposal?</li> <li>• What is included in a proposal presentation?</li> </ul> <b>DUE:</b> 3 research topic ideas

Week	Date	Topics, Readings, Assignments, Deadlines
9	Mar 19	Public Goods Games and Charity Readings: <ul style="list-style-type: none"> <li>• Andreoni (1995)</li> <li>• Fehr and Gächter (2000)</li> <li>• Houser &amp; Kurzban (2002)</li> </ul>
9	Mar 21	Public Goods Games and Charity (continued)
10	Mar 26	Prospect Theory Readings: <ul style="list-style-type: none"> <li>• Kahneman et al (1991)</li> <li>• Levitt and List (2008)</li> <li>• Kuhberger (1995)</li> </ul>
10	Mar 28	Prospect Theory (Continued) <b>DUE: Group assignment and one page research proposal</b>
11	Apr 2	Spring Break
11	Apr 4	Spring Break
12	Apr 9	Experiments and Ethics <ul style="list-style-type: none"> <li>• Watch assigned videos and submit 400 word summary by 5:45pm.</li> </ul>
12	Apr 11	Proposal Workshop
13	Apr 16	Experimental Macroeconomics <ul style="list-style-type: none"> <li>• Duffy (2008) pp. 1-3 and Duffy (2010)</li> <li>• Rietz (2019)</li> </ul>
13	Apr 18	Experimental Macroeconomics (continued)
14	Apr 23	Social Preferences One of <ul style="list-style-type: none"> <li>• Camerer and Thaler (1995)</li> <li>• List (2006)</li> <li>• Levitt and List (2007)</li> </ul>
14	Apr 25	Social Preferences (continued)
15	Apr 30	Experimental Economics: Special Topics
15	May 2	Experimental Economics: Special Topics continued)
16	May 7	Research Proposal Presentations
16	May 9	Research Proposal Presentations
Final Exam		Monday, May 20 <sup>th</sup> . ( <a href="http://info.sjsu.edu/static/catalog/final-exam-schedule-spring.html">http://info.sjsu.edu/static/catalog/final-exam-schedule-spring.html</a> ). Final paper due at 5pm.

## EXPERIMENTAL ECONOMICS READING LIST

- Andreoni, James. "Impure altruism and donations to public goods: A theory of warm-glow giving." *The economic journal* 100, no. 401 (1990): 464-477.
- Ariely, Dan, and Klaus Wertenbroch. "Procrastination, deadlines, and performance: Self-control by precommitment." *Psychological science* 13, no. 3 (2002): 219-224.
- Ashraf, Nava, Dean Karlan, and Wesley Yin. "Tying Odysseus to the mast: Evidence from a commitment savings product in the Philippines." *The Quarterly Journal of Economics* 121, no. 2 (2006): 635-672.
- Bertrand Marianne, and Sendhil Mullainathan, "Are Emily and Greg More Employable than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination," *AER*, 2004, 94(4): 991-1013.
- Bó, Pedro Dal. "Cooperation under the shadow of the future: experimental evidence from infinitely repeated games." *American economic review* (2005): 1591-1604.
- Camerer, Colin, George Loewenstein, and Drazen Prelec. "Neuroeconomics: How neuroscience can inform economics." *Journal of economic Literature* 43, no. 1 (2005): 9-64.
- Carpenter, Jeffrey P., Glenn W. Harrison, and John A. List. "Field experiments in economics: An introduction." In *Field experiments in economics*, pp. 1-15. Emerald Group Publishing Limited, 2005.
- Chamberlin, Edward H. "An experimental imperfect market." *Journal of Political Economy* 56, no. 2 (1948): 95-108.
- Croson, Rachel. "Why and how to experiment: Methodologies from experimental economics." *U. Ill. L. Rev.* (2002): 921.
- Daly, Herman, and Victor Lavy. "The effects of high stakes high school achievement awards: Evidence from a randomized trial." *The American Economic Review* 99, no. 4 (2009): 1384-1414.
- Dawes, Robyn M., and Richard H. Thaler. "Anomalies: cooperation." *The Journal of Economic Perspectives* 2, no. 3 (1988): 187-197.
- D Vigna, Stefano Della, and Ulrike Malmendier. "Paying not to go to the gym." *The American Economic Review* 96, no. 3 (2006): 694-719. Vigna, Stefano Della, and Ulrike Malmendier. "Paying not to go to the gym." *The American Economic Review* 96, no. 3 (2006): 694-719
- Duflo, Esther, and Rema Hanna. *Monitoring works: Getting teachers to come to school*. No. w11880. National Bureau of Economic Research, 2005.
- Duffy, John. "Experimental macroeconomics." In *Behavioural and Experimental Economics*, pp. 113-119. Palgrave Macmillan UK, 2010.
- Duffy, John. "Macroeconomics: a survey of laboratory research." *Handbook of experimental economics 2* (2008).

Fehr, E., & Gächter, S. (2000). Cooperation and punishment in public goods experiments. *American Economic Review*, 90(4), 980-994.

Fehr, Ernst, and Lorenz Goette. "Do workers work more if wages are high? Evidence from a randomized field experiment." *American Economic Review* 97.1 (2007): 298-317.

Fehr, Ernst, Urs Fischbacher, and Michael Kosfeld. "Neuroeconomic foundations of trust and social preferences: initial evidence." *American Economic Review* (2005): 346-351.

Natthass, Brian, and Mary Altomare. "Do workers work more if wages are high? Evidence from a randomized field experiment." *The American Economic Review* 97, no. 1 (2007): 298-317.

Harbaugh, William T., Ulrich Mayr, and Daniel R. Burghart. "Neural responses to taxation and voluntary giving reveal motives for charitable donations." *Science* 316, no. 5831 (2007): 1622-1625.

Harrison, Glenn W., and John A. List. "Field experiments." *Journal of Economic literature* 42, no. 4 (2004): 1009-1055.

Henrich, Joseph, Robert Boyd, Samuel Bowles, Colin Camerer, Ernst Fehr, Herbert Gintis, and Richard McElreath. "In search of homo economicus: behavioral experiments in 15 small-scale societies." *The American Economic Review* 91, no. 2 (2001): 73-78.

Hossain, Tanjim, and John A. List. "The behavioralist visits the factory: Increasing productivity using simple framing manipulations." *Management Science* 58, no. 12 (2012): 2151-2167.

Houser, Daniel, and Robert Kurzban. "Revisiting kindness and confusion in public goods experiments." *American Economic Review* 92, no. 4 (2002): 1062-1069.

Jacob, Brian A., and Steven D. Levitt. "Rotten apples: An investigation of the prevalence and predictors of teacher cheating." *The Quarterly Journal of Economics* 118, no. 3 (2003): 843-877.

Kahneman, Daniel, Jack L. Knetsch, and Richard H. Thaler. "Anomalies: The endowment effect, loss aversion, and status quo bias." *The journal of economic perspectives* 5, no. 1 (1991): 193-206.

Kühberger, Anton. "The framing of decisions: A new look at old problems." *Organizational Behavior and Human Decision Processes* 62, no. 2 (1995): 230-240.

Levitt, Steven D., and John A. List. "What do laboratory experiments measuring social preferences reveal about the real world?." *Journal of Economic perspectives* 21, no. 2 (2007): 153-174.

List, John A. "The nature and extent of discrimination in the marketplace: Evidence from the field." *The Quarterly Journal of Economics* 119, no. 1 (2004): 49-89.

List, John A. "The behavioralist meets the market: Measuring social preferences and reputation effects in actual transactions." *Journal of political Economy* 114, no. 1 (2006): 1-37.

List, John, and Steven Levitt. *Homo economicus evolves*. No. 00095. The Field Experiments Website, 2008.

Smith, Vernon L. "An experimental study of competitive market behavior." *Journal of political economy* 70, no. 2 (1962): 111-137.

Thaler, Richard H., and Shlomo Benartzi. "Save more tomorrow™: Using behavioral economics to increase employee saving." *Journal of political Economy* 112, no. S1 (2004): S164-S187.

Thaler, Richard H. "Anomalies: The winner's curse." *The Journal of Economic Perspectives* 2, no. 1 (1988): 191-202.