Econ 333 – Experimental Economics
Fall 2017

Prof. Jim Murphy
205-L Rasmuson Hall
(907) 786-1936
murphy@uaa.alaska.edu

Course Time: TuTh 10:00-11:15AM
Course Location: 204 Rasmuson Hall
Office hours: drop in or by appointment

Course Web Page:
http://faculty.cbpp.uaa.alaska.edu/jmurphy/courses/econ333/

Course Objectives
In this class, students will have the opportunity to experience economics first-hand and learn how people actually respond to economic incentives. This class will expand on the lessons learned in other microeconomics courses by testing economic theory in the laboratory. Topics will include: How do people bargain with each other, and what determines bargaining outcomes? How and why do markets work? When do markets fail? How do we design new markets, such as electric power or water? How can private property rights be used to facilitate more efficient use of our natural resources and provide improved environmental quality? When do people voluntarily contribute to providing public goods or maintaining a common pool resource?

The main areas we will cover are:
1. Introduction to Experimental Methods in Economics
2. Social Dilemmas (Public Goods, Common-Pool Resources)
3. Trust and Reciprocity
4. Individual Decision Making (Risk and Time Preferences)
5. Bargaining and Game Theory
6. Policy Applications

Prerequisite
Principles of Microeconomics (ECON A202 or equivalent). You will need to have web access, including the ability to download files. You should also be comfortable with the basics of Microsoft Word and Excel.

Required Texts
Attendance and Class Experiments
In this course, participation in the laboratory experiments is an important (and fun!) part of learning about experimental economics. For these experiments to be successful, we need everyone to show up on time. And the seminar-style discussions about the labs and the readings is a critical component of the course. Therefore, attendance, preparation and promptness is mandatory. As an incentive, note that a portion of your grade will be based on attendance and participation. This portion of your grade is not automatic. You have to earn it by attending classes and labs, showing up on time, and actively participating in labs and class discussions.

Grading
Below is a breakdown of how your final course grade will be determined:

- 10% Attendance and class participation
- 15% Homework (lowest grade dropped)
- 17.5% Midterm (Oct. 19, 2017)
- 17.5% Final Exam
- 10% Max of Midterm and Final
- 30% Final project: Conduct an experiment and present results in class

There will be no make-up exams unless you receive permission in advance. Should you miss an exam due to unforeseen circumstances, appropriate documentation is required (e.g., doctor’s note, etc). Otherwise you will receive a 0 for the exam.

Late assignments
The grade for late homework assignments and article summaries will be reduced by 1 whole letter grade per day late (A becomes B, A- becomes B-, etc.). Computer problems are not a valid excuse. Download the assignments well in advance of the due date and be sure to backup your work. Note that the lowest grade dropped policy takes into account that you may need to miss class for illness, family or other emergency, a faulty alarm clock, etc. Translation: don’t blow off an assignment early in the semester and then get yourself in a bind later in the semester with an unexpected illness or other problem.

Final projects will not be accepted late. No exceptions. Late projects will receive an F.

Homework
You should take pride in your work and this should be reflected in the way you present your assignments. Your homework should be neat and clearly thought out. Essays should be typed. Graphs may be hand-drawn, but should be clearly labeled. You must print out the assignments and turn them in at the start of class. Please do not email me your homework and expect me to print it for you.

Final project: Conduct an experiment
Students will work in groups, usually 2-3 people per group, to design and run an experiment. Results will be presented in class.
Project due dates:

- Sept. 26, 2017
  One page proposal describing the topic and an outline of the experiment design. 10% of grade.

- Oct. 10, 2017
  Experiment design finalized. 10% of project grade.

- Nov 30, 2017
  Presentation due. 80% of project grade. Turn in PowerPoint presentation and be prepared to present it in class. Presentations should be about 20 minutes (15 minute presentation and 5 minutes of discussion).

All groups are required to drop by my office well in advance of each due date to discuss your project.

Office Hours
I do not have posted office hours. Feel free to drop by any time—with one exception: please do not come by in the morning before class. You are also welcome to send me an email to schedule a time to meet.

Academic Honesty
Anyone caught cheating will receive an F for the course, and I will follow university procedures to pursue the matter to the fullest extent possible.

Academic integrity is a basic principle that requires students to take credit only for ideas and efforts that are their own. Cheating, plagiarism and other forms of academic dishonesty are defined in the Student Code of Conduct, which can be found in the UAA Student Handbook: https://www.uaa.alaska.edu/students/dean-of-students/student-conduct/code.cshtml

Cheating, plagiarism and other forms of academic dishonesty will first go through the student conduct process and then, if a violation of the Student Code of Conduct is found, academic sanctions may occur in addition to disciplinary sanctions. The Student Conduct Review Procedures are outlined in the UAA Student Handbook.

Academic Rights of Students
The Academic Dispute Resolution Procedure is in the UAA Catalog here: https://catalog.uaa.alaska.edu/academicpoliciesprocesses/academicstandardsregulations/academicrighthsofstudents/
### Instructional Goals and Student Learning Outcomes

#### A. Instructional Goals.
The instructor will:

1. Present the major concepts and results from experimental economics
2. Lead seminar-style discussions about both current research and seminal papers
3. Lead in-class experiments to give students hands-on experience with economic concepts
4. Extend lessons from lab experiments to current economic issues

#### B. Student Learning Outcomes.
**Students will be able to:**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.</strong> Discuss different behavioral motivations and how people behave in social dilemmas</td>
<td>Assessment Method: Class participation, written assignments</td>
</tr>
<tr>
<td><strong>2.</strong> Discuss different institutional arrangements that lead to improved cooperation in social dilemmas</td>
<td>Assessment Method: Class participation, written assignments</td>
</tr>
<tr>
<td><strong>3.</strong> Compare and contrast different models of individual choice that include other-regarding preferences and social preferences</td>
<td>Assessment Method: Class participation, written assignments</td>
</tr>
<tr>
<td><strong>4.</strong> Discuss how behavior in economic settings can vary in difference societies around the world</td>
<td>Assessment Method: Class participation, written assignments</td>
</tr>
<tr>
<td><strong>5.</strong> Discuss how and why markets work, and the conditions under which they may fail</td>
<td>Assessment Method: Class participation, written assignments</td>
</tr>
<tr>
<td><strong>6.</strong> Explain how different institutional structures can affect market outcomes</td>
<td>Assessment Method: Class participation, written assignments</td>
</tr>
<tr>
<td><strong>7.</strong> Explain factors that can contribute to market bubbles</td>
<td>Assessment Method: Class participation, written assignments</td>
</tr>
<tr>
<td><strong>8.</strong> Identify key components of experimental design</td>
<td>Assessment Method: Class participation, written assignments</td>
</tr>
<tr>
<td><strong>9.</strong> Design and conduct a natural field experiment</td>
<td>Assessment Method: Group project</td>
</tr>
</tbody>
</table>