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**Economics 266: Experimental Economics**

Meets in Willis 211, TuTh 1:15-3:00

Lauren Feiler  
Spring 2014  
Carleton College  
Northfield, MN 55057  
507-222-4119, lfeiler@carleton.edu

Office: Willis 307  
Office Hours:  
Wed 2-4pm  
Th 3:30-5pm  
Fri 2-4pm

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**Course Overview and Objectives:**

Experimental economists believe in learning by doing. We prefer to test theories on real people and base new ideas on evidence collected in a controlled setting. In keeping with this philosophy, this course will require you to design and conduct experiments. I will introduce you to the history of Experimental Economics and major topics that have been studied experimentally. As we discuss different types of experiments, we will make note of the choices the experimenters made and discuss how changes to the methodology might affect the results. We will also consider some of the questions that are up for debate, such as the role of anonymity and the need to pay participants.

My primary goal is to for you to leave class knowing that you can successfully run your own experiment. You will have to work in a small group to design, run, and analyze an experiment by the end of the term. You should be able to understand the options that are available as you design the experiment and justify the choices that you make. You should also understand how your experiment fits into the literature. I also wish for you to develop your ability to write a research paper, work with groups, and use data.

**Readings:**

There is no assigned textbook for this class. Please note that I will expect you to spend some money to conduct your experiments, though; plan to set aside \$30 for this purpose. (If that will be a problem, please let me know.) I recommend that you buy The Handbook of Experimental Economics, edited by John Kagel and Alvin Roth. This is a comprehensive book that quickly covers many experiments and shares insights on methodology. Each chapter covers a different area and is written by an expert on that area.

We will primarily read articles from economic journals. These articles will be available on Moodle, but I expect you to come to class with printed copies of any assigned articles. At times, you may encounter difficulty understanding what you are reading, since the articles are not written for undergraduates. I do not expect you to fully understand every single section of an article, but I do ask that you make an effort to at least get the gist of any difficult parts. You might not be able to read a particular equation, for example, but carefully reading the text under it might help you understand the purpose of the equation.

Several books will be on reserve at the library. These can help you with your research in this class. One is The Handbook of Experimental Economics, described above. Experimental Methods: A Primer for Economists, by Daniel Friedman and Shyam Sunder, covers the basics of how to run and analyze an experiment. Experimental Economics, by Douglas Davis and Charles Holt, is a textbook that covers many different topics and discusses key articles.

**Moodle:**

You will need to frequently check the Moodle site for this course. This printed syllabus contains a general overview of the topics we will cover, but the Moodle site will tell you the schedule for each day, as well as reading and written assignments and other activities.

**Assignments:**

Course assignments will include the following. The specific grading breakdown will be discussed in class and provided on Moodle, but the ordering here reflects the weights I expect each component to receive, with the final project making up the largest portion of the grade.

*Final project:* As mentioned above, you must work in a group to design, conduct, and analyze an original experiment. You will write a paper on the experiment that must include a discussion of related work, an explanation of your procedures, and a basic analysis of the data you have collected. You will also present your research in the last class session.

*Labs:* Not including the final project, the class will conduct 4 or 5 experiments during the term. For each experiment, small groups will be responsible for collecting data, which the entire class will use for an analysis and discussion of the experiment. These experiments should be replications of ones in the course reading, though modifications of the procedures are likely.

*Participation and Debates:* Throughout the term, you will take part in several debates about experimental methodology and ethics. You must come to class prepared to argue and will defend your side in a small group. Both the outlines of your arguments and your participation in debates will be graded. Other participation will also count toward your grade.

*Other homework:* In addition to the above, you will have a small number of written homework assignments.

**Getting help:**

I encourage you to meet with me outside of class for any questions you have as you work through challenging material. Please note that I strongly prefer for you to ask me questions in person rather than over e-mail. For most questions, I can be much more helpful in person.

My office hours are times that I will be available for you to stop by to ask questions or chat. You do not need to make an appointment or tell me you are coming to office hours. I have tried to pick a variety of hours that span scheduled class blocks, so at least one set of office hours should work for you. However, if you are unable to visit during office hours, you could make an appointment to meet at another time.

**Other Academic Support:**

I encourage you to check out the Academic Support Center (<http://apps.carleton.edu/campus/asc/>). The ASC provides a variety of resources, from help with math, writing, and presentations to personal coaching on test-taking, time management, and study skills.

**Academic Accommodations:**

Carleton College is committed to providing reasonable accommodations to students with disabilities. Students seeking accommodations should contact the Coordinator of Disability Services, Andy Christensen, at 222-4464 or [anchrist@carleton.edu](mailto:anchrist@carleton.edu), to begin the process. I am happy to provide accommodations, but only with an official notification.

**Academic Honesty:**

You will be allowed to work with your classmates for many of the assignments in this class. For individual assignments, such as debate outlines, I expect you to work on your own. You may refer to books, papers, and web sites in your assignments, but you *must* use proper citations. I will consider you to be committing an act of academic dishonesty if you do any of the following: receive help from others on assignments that are expected to be done individually, copy or paraphrase material without proper citation, fabricate data or stories, and provide help to others on assignments that are meant to be completed individually. Please ask me if you are ever unsure about whether you can work with others on an assignment.

All cases of academic dishonesty will be referred to the Academic Standing Committee through the Associate Dean of Students or the Associate Deans of the College. If you are found responsible, disciplinary sanctions range from a formal censure and warning to dismissal from the college. Depending on the offense, your penalty in this course will range from a grade of 0 on the assignment to an F in the course.

**Overview of Topics:**

The following is a list of the topics we will cover. Specific readings, written assignments, and deadlines will be posted to Moodle. You should plan to check the site regularly.

Week 1-2: Introduction (history of experimental economics, basics of experimental design). Product and asset markets. Basics of data analysis.

Week 3: Information dissemination in markets. Labor markets.

Week 4: The endowment effect. Basic game theory.

Weeks 5 and 6: Testing social preferences with games.

Week 7: Are experiments representative of “real life” decisions?

Week 8: Field experiments.

Week 9: Neuroeconomics and other interesting tools and techniques.

Week 10: Presentations of research.