



ECO 356
Special Topics in Economics
Experimental Economics
Fall 2017

Days and Time: Tuesdays and Thursdays 2:30-3:50 pm.

Room: Frey Hall 201

Instructor

Camilo Rubbini

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Course website: <https://blackboard.stonybrook.edu/>

Office Hours: Tuesdays 11:00am to 12:30pm, Thursdays 4:00pm to 5:30pm,
and by appointment.

Office room: SBS building N604.

COURSE SYLLABUS

Course Description: This course will offer you an introduction to methods and major research areas in experimental economics. First, we will study and discuss key elements of experiment design in economics, and some of the empirical techniques frequently used to analyze experimental data. Second, we will review and discuss benchmark behavioral predictions of standard economic models. Finally, we will compare the findings of a broad range of experimental economic studies with the theoretical predictions.

Course Objectives: After you complete this class you will be able to

1. Compare theoretical predictions with experimental results and propose explanations for behavioral departures from mainstream theoretical models.
2. Identify possible research questions that can be studied using experimental economics.
3. Sketch an experimental design with the potential to lead to a future experiment.

Recommended Textbooks:

Experimental Methods: A Primer for Economists by Daniel Friedman and Shyam Sunder, Cambridge University Press (1994), ISBN13: 978-0521450683.

Markets, Games, & Strategic Behavior by Charles A. Holt, Pearson (2007), ISBN-13: 978-0321419316.

Additional readings will be available through the website.

Statement about Course Delivery/Modality:

By signing up for this course you have accepted the responsibility of being an active learner and of participating in the classroom discussion. More importantly, you need to be committed to learning the subject matter. If you are not open to new ideas, or if you are not committed, expect your grade to reflect this. Moreover, your continued enrollment in this course means that you accept these responsibilities and are aware of the guidelines set forth in the syllabus.

This is a hands-on course in experimental economics; we will not only learn about experiments but we will also participate in in-class experiments and demonstrations in the same way subjects participate in the lab. You are expected to engage in these activities and your grade will depend on your involvement. In my experience, actively participating in these demonstrations significantly improves learning.

Please, note that since a significant fraction of your final grade is based on class participation, this course is definitely **NOT** for you if you anticipate you will miss classes.

Grading Policy:

Your grade in this class will be based on your performance in an early midterm exam, on your participation in in-class activities, on your participation in on-line activities, on your completion of short weekly class reports, on a final group project, and on your completion of peer evaluations.

Early midterm exam (20 points): The exam will cover an introduction to experimental design and the basic tools to evaluate experimental results. This early midterm exam is scheduled for Thursday, September 21. There will be no make-up exam during the semester. If you are unable to attend due to a valid reason, you will be allowed to take a final exam covering the early midterm's material on the final exam date scheduled by the University.

In-class activity participation (20 points): It goes without saying that in order to participate in these activities, you must be in class. However, being in class is not enough. You must also

be ready to answer questions regarding the activity you are participating in, or regarding the class discussion. There will be several activities during the semester and they may not be announced in advance. At the end of the semester your activity participation points will depend on the number of activities you have participated in. For example, if we perform 10 in-class activities but you participated only in 8 of them you will receive $20 \times 0.8 = 16$ points.

On-line activity participation (20 points): Over the course of the semester there will be several on-line activities in which you will be prompted to participate in a simulation or to answer survey questions. We will later use the data collected in the activity to analyze the class behavior and to compare it with theoretical predictions and experimental evidence. This activities will be announced in advance during class. You should also be prepared to answer in-class questions about your participation in these activities. At the end of the semester your on-line activity participation points will depend on the number of activities you have participated in. For example, if 10 on-line activities are assigned but you participated only in 6 of them you will receive $20 \times 0.6 = 12$ points.

Weekly class report completion (10 points): Every week, following an activity or a class discussion, you will receive a report form to be completed in class. Completing these reports should take about 10 minutes at the end of the class. In these reports you may be asked to describe a concept you learned in class, the result of an in-class activity, etc. Please, look for a sample report form attached to this syllabus. At the end of the semester your class report points will depend on the number of reports you have turned in. For example, if I assign 10 class reports but you submitted only 7 of them you will receive $10 \times 0.7 = 7$ points.

Final project (20 points): You will work with 2 classmates on a final project. This final project should have no more than 2000 words in length, typed double-spaced with the word count noted at the end of the paper. Special requirements about deadlines, content, structure, citation style, etc. will be announced in class. Each group will submit an electronic copy of the paper with the names of each group member, and 3 anonymous hard paper copies. The 3 anonymous hard paper copies will be passed to 3 classmates for peer grading (see peer grading below). Your grade in this project will be a weighted average of my evaluation (50%) and that of your 3 classmates (50%). Grading will follow a detailed grading rubric. You will be graded from 0 to 20 points.

Peer grading (10 points): You will be responsible for reading and grading 3 of your classmates' final projects. For this, you will follow a grading rubric I will provide you with. You will not be communicated the identity of the authors you are grading, and your grading will be anonymous to your peers. Grading rubrics and deadlines will be given in the first class. To get full credit points for peer grading you must submit a completed grading form for each of the 3 projects you are randomly assigned to grade.

Letter Grade Distribution:

≥ 93.00	A	73.00 - 76.99	C
90.00 - 92.99	A-	70.00 - 72.99	C-
87.00 - 89.99	B+	67.00 - 69.99	D+
83.00 - 86.99	B	60.00 - 66.99	D
80.00 - 82.99	B-	≤ 59.99	F
77.00 - 79.99	C+		

Important Dates: Please take note of the following important dates

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Thursday, September 21 st , in class.	Early midterm exam.
Tuesday, December 5 th , in class.	Final project is due.
Thursday, December 7 th , in class.	Peer grading papers are sent out.
Wednesday, December 13 st , noon by my office.	Peer evaluations are due.

Tentative Course Outline

Week	Content
1	Introduction to Experimental Economics
2	Economic Models and Equilibrium Predictions
3	Introduction to Experimental Design
4	Experiments, Econometrics, and Data Analysis Tools
5	Market Experiments I
6	Market Experiments II
7	Market Failure and Public Intervention
8	Individual Decision Making I: Risk, Prospect Theory, and Loss Aversion
9	Individual Decision Making II: Framing Effects, Heuristics, and Biases
10	Bargaining and Fairness
11	Self-interest and Social Preferences
12	Coordination Games
13	Auctions
14	Information and Learning

Academic Integrity Statement: Each student must pursue his or her academic goals honestly and be personally accountable for all submitted work. Representing another person's work as your own is always wrong. Faculty are required to report any suspected instances of academic dishonesty to the Academic Judiciary. Faculty in the Health Sciences Center (School of Health Technology Management, Nursing, Social Welfare, Dental Medicine) and School of Medicine are required to follow their school-specific procedures. For more comprehensive information on academic integrity, including categories of academic dishonesty, please refer to the academic judiciary website at <http://www.stonybrook.edu/uaa/academicjudiciary/>

Critical Incident Management: Stony Brook University expects students to respect the rights, privileges, and property of other people. Faculty are required to report to the Office of Judicial Affairs any disruptive behavior that interrupts their ability to teach, compromises the safety of the learning environment, or inhibits students' ability to learn. Faculty in the HSC Schools and the School of Medicine are required to follow their school-specific procedures.

Disabilities Support Services (DSS) Statement: If you have a physical, psychological, medical or learning disability that may impact your course work, please contact Disability Support Services, ECC (Educational Communications Center) Building, room128, (631) 632-6748. They will determine with you what accommodations, if any, are necessary and appropriate. All information and documentation is confidential.

Students who require assistance during emergency evacuation are encouraged to discuss their needs with their professors and Disability Support Services. For procedures and information go to the following website: <http://www.stonybrook.edu/ehs/fire/disabilities>.

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Valid Excuses: During the course many possible events may occur that would result in your inability to complete your assignments or perform at a minimally acceptable level during an examination. Illness or injury, family emergencies, certain University-approved curricular and extra-curricular activities, and religious holidays can be legitimate reasons to miss to be excused from a scheduled examination. If you have a valid excuse, please discuss it with your instructor as soon as possible.

Disclaimer: Any change in the syllabus will be announced by email and in the *Announcements* section in the course website. You are expected to check your email and to log-in into the course website regularly.