



Experimental & Behavioral Economics

Instructor: Anna Lou Abatayo
Dates: Fall Semester 2016, October 17 – October 22
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Course Description

This course aims to introduce experimental and behavioral economics and its various applications in economics, psychology and business. Students are expected to write group research proposals, present these proposals on the last day of class and submit them two weeks after the class has ended. To provide students with first-hand experience on how experiments are conducted, we will be conducting experiments in the classroom. Students are required to have intermediate microeconomics and basic game theory background.

Learning Outcomes

At the end of this course, students should become familiar with the most important contributions to experimental and behavioral economics, to critically assess the importance of these findings for the understanding of economic behavior and evaluate the strengths and weaknesses of applying experimental and behavioral methods in research, and demonstrate understanding and apply basic principles of experimental design, conduct and analysis.

Schedule and Reading List

+Survey
*Required reading
**Presentation

October 17 & 18: Introduction

*Roth, A. (1995). "Chapter 1: Introduction to Experimental Economics" in J. Kagel and A. Roth. *Handbook of Experimental Economics*. New Jersey: Princeton University Press.

Henrich, J., Heine, S. and Norenzayan, A. (2010). "The weirdest people in the world?", *Behavioral and Brain Sciences* 33(2-3):61-83.

Ashraf, N., Camerer, C.F. and Loewenstein, G. (2005). "Adam Smith, Behavioral Economist", *Journal of Economic Perspectives* 13(3): 219-224.

October 18: Experimental Methodology

Running Lab Experiments
Presentation of Goeree and Holt (2001)

*Croson, R. (2005). "The Method of Experimental Economics", *International Negotiation* 10: 131-148.

**Goeree, J. and Holt, C. (2001). "Ten Little Treasures of Game Theory and Ten Intuitive Contradictions", *The American Economic Review* 91(5): 1402-1422.

Levitt, S.D. and List, J. (2007). "What Do Laboratory Experiments Measuring Social Preferences Reveal About the Real World?" *Journal of Economic Perspectives* 21(2): 153-174.

List, J. (2011). "Why Economists Should Conduct Field Experiments and 14 Tips for Pulling One Off", *Journal of Economic Perspectives* 25(3): 3-16.

Moffatt, P. (2016). *Experimetrics: Econometrics for Experimental Economics*. London, United Kingdom: Palgrave Macmillan.

Seigel, S. and Castellan, N.J. (1988). *Nonparametric Statistics for Behavioral Sciences*. United States of America: McGraw-Hill.

October 19: Culture and Gender

Deadline: Minimum Effort Homework

*Henrich J, Boyd R, Bowles S, Camerer C, Fehr E, Gintis H, McElreath R. 2001. "In search of Homo economicus: Behavioral experiments in 15 small-scale societies", *The American Economic Review* 91(2): 73-78.

Abatayo, A.L. and Thorsen, B.J. (2016). "Can Pareto efficient equilibriums be crowded in?", *Working Paper*.

Niederle, M. and Versterlund, L. (2007). Do Women Shy Away from Competition? Do Men Compete Too Much?", *The Quarterly Journal of Economics*, 122(3): 1067-1101.

October 20: Social Dilemmas

+Ledyard, J. (1995). "Chapter 2: Public Goods – A Survey of Experimental Research" in J. Kagel and A. Roth. *Handbook of Experimental Economics*. New Jersey: Princeton University Press.

*Fischbacher, U. and Gächter, S. (2010). "Social Preferences, Beliefs, and the Dynamics of Free Riding in Public Goods Experiment", *The American Economic Review* 100(1): 541-556.

Abatayo, A. and Lynham, J. (2016). "Endogenous vs. Exogenous Regulations in the Commons", *Journal of Environmental Economics and Management* 76: 51-66.

Charness, G. and Rabin, M. (2002). "Understanding Social Preferences with Simple Tests", *Quarterly Journal of Economics* 117(3): 817-869.

Fischbacher, U., Gächter, S. and Fehr, E. (2001). "Are people conditionally cooperative? Evidence from a public goods experiment", *Economics Letters* 71(3): 397-404.

October 21: Nudging

Deadline: Social Dilemma Homework

*Johnson, E.J. & Goldstein, D.G. (2003). "Do defaults save lives?", *Science* 58: 2151-2167.

Allcott, H. and Rogers, T. (2014). "The Short-Run and Long-Run Effects of Behavioral Interventions: Experimental Evidence from Energy Conservation", *The American Economic Review* 104(10): 3003-37.

Mischel, W., Shoda, Y. and Rodriguez, M.L. (1989). "Delay of Gratification in Children", *Science* 244(4907): 933-938.

Lynham, J., Nitta, K., Saijo, T. and Tarui, N. (2016). "Why does real-time information reduce energy consumption?", *Energy Economics* 54: 173-181.

Thaler, R.H. & Sunstein, C. (2008). *Nudge: Improving decisions about health, wealth and happiness*. Connecticut, United States of America: Yale University Press.

October 22: Presentation of Research Topics

Final research papers are due on November 05, 2016.

Academic Honesty

All work that students complete as part of this course must be their own. Students are strongly encouraged to work together and consult one another for the homework, but their submission must be their own. Proper citations are required for research papers. Do not plagiarize someone else's work.

Grading System

Class Participation	10%
Individual Presentation	20%
Homework	20%
Group Project Presentation	20%
Research Project Final Paper	30%
BONUS	5%

A	94-100
A-	90-93
B+	86-89
B	83-85
B-	80-82
C+	76-79
C	73-75
C-	70-72
D	60-70
F	Below 60