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ECNS 451.R01: Behavioral and Experimental Economics

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Course Description
The purpose of this course is to provide you with an overview of experimental economics and behavioral economics. We will discuss the methods and the tools frequently used in economics experiments, as well as some of the key concepts, results, and contributions of experimental economics, behavioral economics, and neuroeconomics. We will explore the experimental design of previous experiments, and you will learn how to critically assess other experiments as well as design your own.

Prerequisites
• ECNS 201S: Principles of Microeconomics

Required Books & Resources
• iClicker Reef
  o Participating in iClicker activities will count toward your final grade.
  o Attendance, polls, and quizzes will be administered through iClicker.
  o The iClicker Reef app can be accessed on a smartphone, tablet, or laptop.
  o Detailed instructions for how to create an account, register for our class, and how to participate in iClicker sessions are posted under “iClicker Instructions” on Moodle
Course Website
I will post course material on Moodle and you will submit your completed work as PDF files on Moodle. You will also be able to track your grade on Moodle.

Grading Policy
Your final course grade will be determined as follows:
- 15% Two Article Quasi-Referee Reports
- 10% Two Behavioral Economics TED Talk Summaries
- 15% Quizzes (and Polls)
- 50% Research Proposal:
  - Annotated Bibliography—5%
  - Research Question & Motivation Presentation—5%
  - Research Question, Motivation & Literature Review—15%
  - One-on-one Zoom Meeting to Discuss Research Question—5%
  - Proposal—20%
- 5% Participation & Attendance
- 5% Completion of CITI Human Subjects Protection Course

Due Dates
The following due dates are subject to change.

- Annotated Bibliography—09/04/2020
- Referee Reports: 1st report due by 09/11/2020; 2nd due by 09/25/2020
- Research Question & Motivation Presentation—starting 09/16/2020
- One-on-one Zoom Meeting to Discuss Research Proposal—starting 9/23/2020, due by 10/12/2020
- TED Talk Summaries: 1st summary due by 10/09/2020; 2nd summary due 11/06/2020
- Research Question, Motivation, & Literature Review—10/26/2020
- Completion of CITI Human Subjects Protection Course—10/30/2020
  - You can find the CITI Human Subjects Protection Course here: https://www.umt.edu/research/compliance/IRB/hspcourse.php
- Research Proposal—11/18/2020

Graduate-level credit
Students taking this course for graduate-level credit will be required to present their research proposal in class during the last two weeks of the semester. The presentation will be worth 5% of the grade. The proposal will be reduced to 15% for these students.
Quizzes
We will have regular quizzes (usually weekly) during class using the iClicker Reef app. The quizzes will be short multiple-choice and will typically be three or fewer questions. Questions will be about recently covered material. Each question will be worth one point.

Students with Disabilities
If you are a student with a disability who will require reasonable program modifications in this course, please meet with Disability Services for Students in Lommasson 154 for assistance in developing a plan to address program modifications. If you are already working with Disability Services arrange to meet with me during my office hours to discuss reasonable modifications that may be necessary. For more information, visit the Disability Services website at http://www.umt.edu/disability.

Drops and Credit/No-Credit
The University has deadlines and policies applicable to dropping the course and changing your grading option. Request to make changes must be in accordance with University policy and deadlines. In accordance with University policy, students taking the course credit/no credit must earn a D- or better to receive credit.

Academic Integrity
All students must practice academic honesty. Academic misconduct is subject to an academic penalty by the course instructor and/or a disciplinary sanction by the University. All students need to be familiar with the Student Conduct Code. The Code is available for review online at http://life.umt.edu/vpsa/student conduct.php.

Outline of Course Material
The following is a tentative schedule of lectures and associated readings. You can expect readings with asterisks to be discussed in class and to be potential sources of quiz questions. Additional readings (and potentially topics) will be assigned throughout the course. The schedule should be viewed as tentative and may be subject to change throughout the term.

Part I: Introduction
- Why do Experiments?
  - Smith, “Economics in the Laboratory"
Part II: Coordination, Bargaining, and Trust

- Competition, Coordination, and Guessing (The Beauty Contest)
  - Van Huyck et al., “Tacit Coordination Games, Strategic Uncertainty, and Coordination Failure,” American Economic Review, 1989
  - Experiment: VeconLab, Prisoner’s Dilemma, Coordination, and Beauty Contest

- The Dictator Game
- The Ultimatum Game
  - Experiment: Vecon Lab, Ultimatum Game

- Trust, Reciprocity, and Principal-Agent Games
  - *Cox, “How to Identify Trust and Reciprocity,” Games and Economic Behavior, 2004
  - Charness, Frechette, & Kagel, “How Robust is Laboratory Gift Exchange?” Experimental Economics, 2004
  - Experiment: VeconLab, Gift Exchange, Trust Game, Principal-Agent Game

- Randomized Strategies
  - Experiment: VeconLab, Matching Pennies and Battle of the Sexes

Part III: Choice under Uncertainty—Expected Utility Theory and Prospect Theory

- Risk Aversion
Part IV: Behavioral Economics

- Humans v. Econs
  - *Nudge, p. 1-39

- What is Behavioral Economics?

- Preferences Revealed, Constructed, Discovered, or Learned?

- Heuristics and Biases

- The Affect of Emotions on Economic Decisions

- The Endowment Effect

- Dynamic Inconsistency and Commitment Mechanisms
  - *Thaler & Sunstein, Nudge, p. 40-5


- The Hot-Hand and Gambler’s Fallacies

Part V: Neuroeconomics

Part VI: Field Experiments

Students who successfully complete this course will:
1. Understand experimental design
2. Understand why economists use economics experiments
3. Be aware of Institutional Review Board requirements for conducting experiments using human subjects
4. Be familiar with some of the common tools and tasks that experimental economists use to conduct experiments, such as, the dictator game, the ultimatum game, the beauty contests, and instruments to measure risk and competitive preferences
5. Be familiar with some important empirical regularities found in economics experiments, for example: risk aversion, ambiguity aversion, loss aversion, and unstable preferences.
6. Be able to effectively critique an economics experiment