Term Information

Effective Term	Spring 2014

General Information

Course Bulletin Listing/Subject Area	Economics
Fiscal Unit/Academic Org	Economics - D0722
College/Academic Group	Arts and Sciences
Level/Career	Undergraduate
Course Number/Catalog	4050H
Course Title	Experimental Economics
Transcript Abbreviation	Experimental Econ
Course Description	Students are introduced to economics as an experimental social science. Students participate in and study results of economic experiments dealing with markets, individual decision making, and a broad array of game theoretic economic models.
Semester Credit Hours/Units	Fixed: 3

Offering Information

Length Of Course	14 Week, 7 Week
Flexibly Scheduled Course	Never
Does any section of this course have a distance education component?	No
Grading Basis	Letter Grade
Repeatable	No
Course Components	Seminar
Grade Roster Component	Seminar
Credit Available by Exam	No
Admission Condition Course	No
Off Campus	Never
Campus of Offering	Columbus

Prerequisites and Exclusions

Prerequisites/Corequisites	Prereq: Econ 4001.01 (501.01), 4001.02 (501.02) or 4001.03 and Stat 1450 or 2450.
Exclusions	Not open to students with credit for Econ 505

Cross-Listings

Cross-Listings

Subject/CIP Code

Subject/CIP Code	45.0601
Subsidy Level	Baccalaureate Course
Intended Rank	Sophomore, Junior, Senior

Quarters to Semesters

Quarters to Semesters	New course
Give a rationale statement explaining the purpose of the new course	This course will fill a significant hole in the current undergraduate economics curriculum by providing an introduction to research methods and experimental design.The course is intended to serve advanced honors economics students.
Sought concurrence from the following Fiscal Units or College	Creating honors version of an existing course.

Requirement/Elective Designation

The course is an elective (for this or other units) or is a service course for other units

Course Details

Course goals or learning objectives/outcomes

- The course is a seminar format, with students generating much of the content and discussion. Student should be able to develop ideas for their own experiments and acquire critical writing and thinking skills for active class participation.

Content Topic List

- Participation in economic experiments
- Competitive and non-competitive markets
- Public goods
- Other regarding preferences
- Auctions

Attachments

- Economics 4050H Proposed Syllabus_For Curriculum Review R2.docx: Proposed New Syllabus

  (Syllabus. Owner: Ramirez,Ana G)
- Economics 4050H Qualitative Difference.docx: Qualitative Difference

  (Statement of Qualitative Difference. Owner: Ramirez,Ana G)
- Blau letter of support for econ 4050H (2).pdf: Letter of Support

  (Cover Letter. Owner: Ramirez,Ana G)
- Economics 4050H Intended Audience.docx: Intended Audience

  (Other Supporting Documentation. Owner: Ramirez,Ana G)

Comments

- Revised Econ4050H Intended Audience

  Change to Intended Audience document. *(by Ramirez,Ana G on 05/10/2013 01:24 PM)*
- Please see email. *(by Hogle,Danielle Nicole on 04/26/2013 11:37 AM)*
- Please increase the maximum enrollment cap identified in the "Intended Audience" document.

  In the "Intended Audience" document, class size is said to be capped at 15. Please correct this. *(by Haddad,Deborah Moore on 04/17/2013 04:44 PM)*
- Sent back at D. Haddad's request. *(by Vankeerbergen,Bernadette Chantal on 04/17/2013 04:41 PM)*

Workflow Information

Status	User(s)	Date/Time	Step
Submitted	Ramirez,Ana G	04/09/2013 10:00 AM	Submitted for Approval
Approved	Logan,Trevon D'Marcus	04/09/2013 10:04 AM	Unit Approval
Approved	Haddad,Deborah Moore	04/09/2013 10:28 AM	College Approval
Revision Requested	Vankeerbergen,Bernadette Chantal	04/09/2013 10:30 AM	ASCCAO Approval
Submitted	Ramirez,Ana G	04/15/2013 09:16 AM	Submitted for Approval
Approved	Logan,Trevon D'Marcus	04/15/2013 10:08 AM	Unit Approval
Approved	Haddad,Deborah Moore	04/15/2013 10:54 AM	College Approval
Revision Requested	Vankeerbergen,Bernadette Chantal	04/17/2013 04:41 PM	ASCCAO Approval
Submitted	Ramirez,Ana G	04/18/2013 09:10 AM	Submitted for Approval
Approved	Logan,Trevon D'Marcus	04/18/2013 11:37 AM	Unit Approval
Approved	Haddad,Deborah Moore	04/18/2013 01:45 PM	College Approval
Revision Requested	Hogle,Danielle Nicole	04/26/2013 11:37 AM	ASCCAO Approval
Submitted	Ramirez,Ana G	05/10/2013 01:25 PM	Submitted for Approval
Approved	Logan,Trevon D'Marcus	05/10/2013 02:10 PM	Unit Approval
Approved	Haddad,Deborah Moore	05/10/2013 02:17 PM	College Approval
Pending Approval	Nolen,Dawn Jenkins,Mary Ellen Bigler Vankeerbergen,Bernadette Chantal Hogle,Danielle Nicole Hanlin,Deborah Kay	05/10/2013 02:17 PM	ASCCAO Approval

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MEMORANDUM

To: Review Committees

From: David Blau, Chair, Department of Economics 

Subject: Proposed new course Econ 4050H, Experimental Economics, Honors Section

Date: March 28, 2013

I strongly support the new course proposed by Professor Katherine Baldiga, Econ 4050H, Experimental Economics, Honors Section. The department does not have enough courses designed to serve advanced economics students, so this course will be of considerable value to students who are looking for a challenge. The prerequisites will ensure that course enrollment is limited to Honors students with a strong commitment to economics. The prerequisites are Principles of Microeconomics, Intermediate Microeconomics, and Introduction to Statistical Analysis. Many students who take economics courses participate as subjects in experiments in our very active experimental lab, and are exposed to the experimental approach in economics. This generates strong interest among students in the experimental economics course we currently offer. The addition of an honors version would enhance the experience of our best students.

The course is very well designed to engage students in research-oriented activities as part of a rigorous introduction to experimental economics. The course is pitched at a considerably higher level than the non-honors version, and will require students to learn experimental methods through hands on practice and to read and critically evaluate scholarly research published in top economics journals. The experience will give students the tools they need to begin generating their own research ideas, and will require them to apply the concepts learned in the course to address a research question of interest to them.

The Department of Economics will support the offering of this course on a regular basis.

Economics 4050H
Experimental Economics, Honors Section
Sample Syllabus

Meeting Time TBD
Location: Arps Hall 318
Professor Katherine Baldiga
Email: baldiga.1@osu.edu
Office hours: Wednesdays 2:15 – 4:15pm, or by appointment, Arps 419

Course Overview: This course will cover the methods and results of Experimental Economics. By participating in in-class experiments, students will have a chance to learn in a hands-on way about incentives and human behavior in economic environments. Rather than rely on a standard textbook, students will be expected to read and analyze current research in experimental economics – working through published articles from top Economic journals. Not only will this will expose students to the most recent advances, but it will also give them a better taste of what graduate study and post-college careers in Economics are like. In addition, students will be asked to develop ideas for their own experiments. This course will require critical writing and thinking and active class participation.

Prerequisites: Principles of Microeconomics, Intermediate Microeconomics, and Introduction to Statistical Analysis (or equivalent preparation)

Course Format: This course will operate in a series of two-meeting modules. Each Friday, a new topic will be introduced. I will give a lecture overviewing the topic, and for many modules, we will conduct an in-class experiment. Two journal articles will be assigned on the topic. One student will be assigned to each paper. He or she will prepare a presentation of the paper for the Wednesday class. Non-presenting students should read both papers and prepare a memo on one paper of their choosing. Presentations and memos should be ready for the beginning of the Wednesday class period. During Wednesday's class, the two students will present and lead a discussion of the readings. While I will moderate and contribute to the conversation, students are expected to drive the discussion, contributing insights into the paper's methodology, results, and flaws. A large portion of the class will be devoted to talking though potential extensions of the papers.

Weekly Readings Memos: It is imperative that students do the weekly readings. Quality in-class discussions demand that students think carefully about each assigned paper before coming to class. To encourage this, each week, every non-presenting student must write a memo on one of the assigned papers. An acceptable memo would briefly summarize the reading and offer well-reasoned opinions on the methods and results. A good memo would also include suggestions for how the experiment could be improved or built upon in future studies.
Memos should be at least one double-spaced, 11-point font page in length (and no more than two). Memos will be graded on a 3-point scale. They will be due at the beginning of the Wednesday class period. Late memos will receive a grade of 0.

Presentations: Each week, students will present the assigned papers. A good paper presentation should:
- provide a brief overview of the topic of research
- state the authors' hypotheses

- discuss the experimental design and explain how the experiment tests the hypotheses
- provide an overview of the results
- spark interesting discussion on strengths/weaknesses of the paper and directions for future research

Presentations should be approximately 15-20 minutes long. Students are encouraged to use slides, and/or distribute handouts. Public-speaking skills are important; a successful presenter will use energy, enthusiasm, and creativity to engage her fellow classmates in an active discussion about the paper. Presentations will receive a letter grade. Students will be expected to give 2 presentations during the course of the semester.

Final Project: For a final project, students will write a research proposal for an experiment of their own design. The proposal should:

- Explain the motivation for the new experiment
- Discuss existing papers that are related to this topic, and how the proposed experiment builds upon the existing work in a new and interesting way
- Clearly state the hypotheses to be explored
- Outline the experimental design in detail

The proposal should be between 10-15 pages. Breaking down the proposal into sections (for example: Introduction, Related Literature, Hypotheses, Design) may be a helpful organizational strategy. Students are free to work on a topic of their choosing; they should have this topic approved by me no later than midway through the semester. I would be happy to meet with students to discuss final projects throughout the semester.
Students will present their research proposal to the class during one of the November class meetings. Written proposals are due Tuesday, December 4th. A letter grade for the final project will be given based upon both the presentation and the written proposal.
Students must work individually.

Readings[1]: There is no required text for this course. Instead, we will read journal articles that will be assigned on a weekly basis. For students who are interested in reading more on the topics we will cover, I recommend *The Handbook of Experimental Economics,* edited by John H. Kagel and Alvin E. Roth. My lectures will often draw from material in the handbook. A new volume of the handbook is in the works. Versions of some of these new chapters are available at Roth's website: http://kuznets.fas.harvard.edu/~aroth/alroth.html#Handbook .

Assignment Weights and Grading: Any late assignment will automatically receive a grade of 0.
Class Participation: 10%
Memos: 25% (see attached for memo grading rubric)
Article Presentations: 30%
Final Project: 35% (see attached for final project grading rubric)

Tentative Topic Outline (may change based upon student interest, input welcome!):

Week 1: Individual Decision-Making, Part 1 (25 pages)

H. Binswanger, "Attitudes toward Risk: Experimental Measurement in Rural India", *American Journal of Agricultural Economics,* 1980

[1] Note: All readings are different than the current 4050 readings, as the current 4050 readings come primarily from a textbook. Here, students will read journal articles.

C. Holt and S. Laury, "Risk Aversion and Incentive Effects", *American Economic Review,* 2002

Week 2: Individual Decision-Making, Part 2 (58 pages)

D. Kahneman, J. Knetsch, and R. Thaler, "Experimental Tests of the Endowment Effect", *Journal of Political Economy,* 1990

D. Ariely, G. Loewenstein, and D. Prelect, "Coherent Arbitrariness", *Quarterly Journal of Economics,* 2003

Week 3: Basic Game Theory, Nash Equilibrium and Alternative Models (30 pages)

R. Nagel, "Guessing Games: An Experimental Study", *American Economic Review,* 1995

R. Cooper et al, "Forward Induction in the Battle-of-the-Sexes Game", *American Economic Review,* 1993

Week 4: Bilateral Bargaining, Dictator and Ultimatum Games (8 pages)

E. Xiao and D. Houser, "Emotion Expression in Human Punishment Behavior", *Proceedings of the National Academy of Sciences,* 2005

K. Jensen, "Chimpanzees are Rational Maximizers in an Ultimatum Game", *Science,* 2007

Week 5: Social Preferences and Regard for Others (21 pages)

J. Knobe, "Intentional Action and Side Effects in Ordinary Language", *Analysis,* 2003

A. Falk et al, "Driving Forces Behind Informal Sanctions", *Econometrica,* 2005

Week 6: Public Goods and Charitable Giving (32 pages)

A.Falk, "Gift Exchange in the Field", *Econometrica,* 2007

D. Small and G. Loewenstein, "Helping a Victim or Helping the Victim: Altruism and Identifiability", *The Journal of Risk and Uncertainty,* 2003

Week 7: Gender (50 pages)

U. Gneezy, M. Niederle, and A. Rustichini, "Performance in Competitive Environments: Gender Differences", *Quarterly Journal of Economics,* 2003

M. Niederle and L. Vesterlund, "Do Women Shy Away from Competition", *Quarterly Journal of Economics,* 2007

Week 8: Auctions (64 pages)

M. Bazerman and W. Samuelson, "I Won the Auction but I Don't Want the Prize", *The Journal of Conflict Resolution,* 1983

R. Cummings et al, "Using Laboratory Experiments for Policy Making: An Example from the Georgia Irrigation Reduction Auction", working paper, 2002

Week 9: Asset Markets and Bubbles (18 pages)

M. Dufwenberg et al, "Bubbles and Experience: An Experiment", *The American Economic Review,* 2005

M. Sutter et al, "Bubbles and Information: An Experiment", *Management Science,* 2012

Week 10: Group Decision-Making and Voting (21 pages)

S. Ansolabhere et al, "Does Attack Advertising Demobilize the Electorate?", *American Political Science Review,* 1994

D. Nickerson, "Is Voting Contagious? Evidence from Two Field Experiments", *American Political Science Review,* 2008

Week 11: Market Design (52 pages)

M. Niederle and A. Roth, "Market Culture: How Rules Governing Exploding Offers Affect Market Performance", *American Economic Journal: Microeconomics,* 2009

J. Kessler and A. Roth, "Organ Allocation Policy and the Decision to Donate", *American Economic Review,* 2012

Week 12: Final Project Presentations

Week 13: Discrimination Experiments (55 pages)

M. Mobius and T. Rosenblat, "Why Beauty Matters", *American Economic Review,* 2006

M. Bertrand and S. Mullainathan, "Are Emily and Greg More Employable than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination", *American Economic Review,* 2004

Week 14: Incentives (35 pages)

D. Ariely et al., "Large Stakes and Big Mistakes", *Review of Economic Studies,* 2009

D. Ariely et al., "Man's Search for Meaning: The Case of Legos", *Journal of Economic Behavior and Organizations,* 2008

Economics Learning Center: The Department of Economics runs the Economics Learning Center, where advanced undergraduates provide **free** tutoring for students in Economics 2001, 2002, 4001, and 4002. Assistance with other classes is frequently available. The Economics Learning Center is located in 311 Arps Hall (1945 North High Street) and is typically open from 9AM-5PM Monday-Friday starting the second (full) week of the quarter. Note that the purpose of the tutoring center is **not** to provide answers to assignments, but to help students learn economics. As the student, you are ultimately responsible for all course work you submit.

Academic Misconduct: It is the responsibility of the Committee on Academic Misconduct to investigate or establish procedures for the investigation of all reported cases of student academic misconduct. The term "academic misconduct" includes all forms of student academic misconduct wherever committed; illustrated by, but not limited to, cases of plagiarism and dishonest practices in connection with examinations. Instructors shall report all instances of alleged academic misconduct to the committee (Faculty Rule 3335-5-487). For additional information, see the Code of Student Conduct (http://studentaffairs.osu.edu/resource_csc.asp).

Disability Services: Students with disabilities that have been certified by the Office for Disability Services will be appropriately accommodated, and should inform the instructor as soon as possible of their needs. The Office for Disability Services is located in 150 Pomerene Hall, 1760 Neil Avenue; telephone 292-3307, TDD 292-0901; http://www.ods.ohio-state.edu/.

Economics 4050H
Experimental Economics, Honors Section
Statement of Qualitative Difference

Experimental Economics for Honors Students is designed to provide students with a challenging and stimulating introduction to the methods and results of Experimental Economics.

The course will use a seminar format, with students generating much of the content and discussion. It will operate in a series of two-meeting modules. Each module will cover a new topic. A brief lecture will introduce the topic. When possible, topics will also be introduced with an in-class experiment. Through participation in these experiments, students will be familiarized not only with the topics but also with different experimental techniques and designs. For each topic, students will be expected to read two recent journal articles on the topic. One student will be assigned to each paper. He or she will prepare a presentation of the paper for the second class period. Non-presenting students will read both papers and prepare a memo on one paper of their choosing. During the second class, the two assigned students will present and lead a discussion of the readings. While the professor will moderate and contribute to the conversation, students are expected to drive the discussion, contributing insights into the paper's methodology, results, and flaws. A large portion of the class will be devoted to talking though potential extensions of the papers. These in-class discussions will differentiate the Honors version of this course from the currently offered Experimental Economics, in which students mainly listen to lectures.

Because of the level of the assigned readings, the course will require additional prerequisites beyond what is required for the non-honors version of the course. In addition to taking Principles of Microeconomics, students will be expected to have taken Intermediate Microeconomics, which will familiarize them with optimization and game theory, and Introduction to Statistical Analysis (or an equivalent/more advanced statistical methods class), which will provide them with the basic tools needed to understand the econometrics in the research articles. While the non-honors version of Experimental Economics does not cover statistical analysis, the honors version will cover basic statistical techniques – power calculations, hypothesis testing, and regression analysis. We will explore these topics through the lens of recent journal articles, giving students a chance to see how the concepts they might have seen during previous statistics and econometrics classes are applied in practice. This should provide a crucial piece of preparation for students who are planning to write senior theses in economics.

This course would help to fill a significant hole in the current undergraduate economics curriculum. While students have the opportunity to receive instruction in a variety of economic subfields, few courses exist that serve to introduce students to the research side of economics. In this course, students will have the chance to read and analyze recent research, engaging directly with the methods and results of experimental economics. In addition, this course will give students the tools they need to begin generating their own research ideas. As the semester progresses, students will be expected to develop a proposal for experiment. Students will apply the concepts learned in the course to address a research question that inspires them.

Economics 4050H
Experimental Economics, Honors Section
Intended Audience

This course is intended to serve advanced economics students at Ohio State. It will be open to majors, minors, and other students, provided students have taken the prerequisites. Students need to have taken Principles of Microeconomics (2001), Intermediate Microeconomic Theory (4001), and either Statistics 1450 or 2450, which will provide the groundwork for econometric techniques. Students must also be in good-standing in the honors program. These prerequisites differ from the current prerequisites for Economics 4050, non-honors, which requires only Principles of Microeconomics.

Because of the preparation required, the target audience for this course will be primarily sophomores and juniors, looking for an advanced economic elective. This course is also intended to help prepare students who are planning to complete a senior thesis in economics.