This course introduces you to design and methods in parts of experimental economics through detailed exposure to a limited number of well-known experimental papers. I say “parts” of experimental economics because I will focus the reading on topics in which I have some expertise (this means that I can credibly supervise a thesis in such topics). Primarily, that means individual decision making under risk, over time or both (dynamic consumption/saving under uncertainty in particular), learning and econometric methods associated with all that work. However, we will talk on the first day of class about your own particular interests, and I will spend two weeks on two topics that we agree on (obviously, these are to be determined soon).

Your job during the semester is to read whatever papers are assigned for each class period (probably two to four papers each week) with extraordinary care, noting your questions and criticisms for the purpose of class discussion. Moreover, you must write either a literature review or a proposal for an experiment of your own.

50% of your grade in this class will be based on my impression of how prepared you are for class and how much you participate in class discussions—that is, the quality of your questions, answers, commentary, and criticisms in the classroom. Being helpful to your classmates—that is, paying close attention to their questions and comments too, and helping or criticizing them in a professional and courteous manner—is also encouraged, and I will also take this into consideration. Repeated failure to contribute to discussions in ways that show you read the assigned papers will surely prevent you from receiving an A in this class.

The other 50% of your grade will be a research paper of twenty or so double-spaced pages with 1 inch margins using Times New Roman 12-point font. Either create everything you are to give me in MS Word or print things to an adobe acrobat file, so that you can submit electronically and I can open them on my computer (I have Word and Acrobat only). The paper should be either a critical survey of papers in experimental economics (sometimes also political science, psychology or sociology as well, depending on your subject matter) that are read and reviewed by you. Or instead, you can write a proposal for your own experiment about some particular matter: Such a paper would contain a short literature review, statement of two or more theories you mean to pit against one another, and a design for the proposed experiment.

I recommend that you plan to do the paper during summer 2008, since it will be difficult for you to pick out a topic until you have covered some variety of experimental papers during the class. In that case, I will give you an incomplete BUT the paper MUST be handed in by August 15th, 2008. If you want to try to write the paper during this semester, that is fine, but I will have to see a bibliography from you no later than March 20th so that I can make suggestions about your reading list and still leave you the time to finish the paper by the end of the spring semester. In that case you must hand in the completed paper by May 7th, which will give me time to read it and grade it before the semester officially ends on May 9th.

The syllabus that follows is very extensive: You should consider this your detailed bibliography from me if you plan to do an experimental dissertation. The required readings for this class are marked with an asterisk (*); others are recommended or helpful but not required. Required readings that are available from the library’s electronic databases are followed by “ELEC”—go to this url and search the journal name: http://ezproxy.lib.uh.edu/login?url=http://atoz.ebsco.com/home.asp?Id=houston (this is a login page...you need your peoplesoft id). Any current working paper available on the internet is followed by “WEB” and a url. You may have to track down some papers in the library or by interlibrary loan. Work together immediately (this week), splitting up duties for getting and copying papers.
Useful background books (none required for this class but if you write an experimental thesis these are extremely helpful for getting up-to-date).


Philosophical Touchstones (none required, but good to chew on)


Papers

1. Methodology

Week 1: Incentive Mechanisms I—Induced Value, Payoff Dominance, Hypothetical versus Real Commitments


Week 2: Incentive Mechanisms II--Risk and Time.


**Week 3: Beliefs.**


* Rutström and Wilcox. 2007. Stated beliefs versus inferred beliefs: A methodological inquiry and experimental test. WEB at my webpage working papers link.

**Week 4: Artificial and Artefactual Aspects of Laboratories.**


**Miscellaneous: Surveys, Monte Carlo Studies and Creative Methodological Innovations.**


2. Individual Decisions: Uncertainty, Risk, Ambiguity and Intertemporal Risky Choice (Saving)


* Loomes, G., 2005, Modeling the stochastic component of behaviour in experiments: Some issues for the interpretation of data. Experimental Economics 8, 301-323. ELEC.


3. Learning in Games.


