Experimental & Behavioral Economics
Economics 612, Fall 2018
F 9:05am-12:05pm, HBB 534

Professor:
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Office Hours: My “official” hours are Tuesdays, 2:00-3:00pm and Wednesdays, 9:00-11:00am. However, please feel free to stop by at any time or otherwise arrange for an appointment. I am usually around unless I am conducting an experiment, conversing with colleagues or getting coffee.

Course Description (from the Graduate Catalog):
Design of economic experiments and the analysis of experimental data. “Paradoxical” findings and behavioral economic theories. Comparison of traditional and behavioral models.

Prerequisites:
Enrollment in a PhD program, which can be outside of economics. Although not essential to understanding the experimental method in economics, graduate coursework in microeconomic theory and econometrics will be beneficial for fully comprehending journal articles we will read in this course. I will work with graduate students outside of economics, and provide supplementary material as needed to enhance their learning experience.

Learning objectives:
In this course, we will learn the experimental method in economics, including aspects of experimental design, programming computerized experiments, and the analysis and interpretation of experiment data. Many applications of the experimental method will be discussed. Several in-class experiments will be undertaken to facilitate learning about the methodology.

By the end of the course, you will be able to: (1) assess the merits and limitations of drawing inferences from experiments relative to observational studies; (2) know the tradeoffs between different types of experiments; (3) understand the behavioral theories commonly used to explain experimental and non-experimental data; (4) critically assess experimental economics research; (5) identify logical extensions to existing experiments; and (6) develop an experimental design to address a research question you are interested in.

Evaluative Criteria:
The course grade will be based on a research proposal (50%), reading assignments (25%), and research methods assignments (25%). There are no exams.

Research Proposal: The standard proposal will include all facets of an experimental research paper, with the exception of data collection and results. This includes a clear identification of a research topic, a literature review, a fully developed experimental design (treatments, parameters, sample sizes, etc.), testable hypotheses, and discussion of how data generated from the design would be analyzed.
I will consider a number of alternatives to the standard proposal. This includes: (1) papers that analyze existing experimental data to gain new insight, for example through the use of new techniques or through meta-analysis; (2) papers that analyze experimental or non-experimental data to test behavioral theories; and (3) papers that develop new theory to better explain results from prior experimental or non-experimental studies. For any of these alternatives, a complete paper is expected (e.g. a statistical analysis and results; propositions and proofs).

You are allowed, and indeed are encouraged, to undertake this project in pairs. You are further invited to work with a faculty member; however, he or she should only play an advisory role (e.g. the proposal or paper needs to be written by you). In my experience, collaboration increases the chance that the proposal will eventually become a complete and publishable paper. If you work with another student, only one paper or proposal needs to be submitted. This joint proposal/paper will be graded more stringently (e.g., more detail, innovation, and polish is expected).

The proposal/paper grade will be broken down into a (1) research sketch (10%); (2) proposal presentation (20%); and (3) written proposal (70%). The research sketch is due on October 19. Proposal presentations will take place during class meetings on November 9 and 16. The written proposal is due on Monday, December 10.

The Department of Economics has money available for funding experiments. This will be targeted to the top proposals by economics students in this class (this includes joint proposals with non-economics students). This should incentivize you to work on your proposal with the intent actually to see the research to completion.

With permission, students can use this assignment partially to fulfill requirements of a different course, or to use as a starting point work undertaken in prior coursework. In either case, please talk to me in advance about this, so that we can mutually agree on revised evaluation criteria.

Reading assignments: Tied to lectures will be important background readings, including a mix of book chapters and journal articles. You are asked to look through this material before class.

Prior to several class meetings, I will assign a set of three “discussion” articles. Please bring these articles to class with you (printed or, better yet, on your tablet or laptop). I will divide the class into three groups for the semester. Each group will be assigned one of the papers, and each group member will be responsible for answering a set of targeted questions. These will be due on the Wednesday prior to class. This will count as three-fifths of your “reading assignments” grade. You of course are fully expected to read all the papers, not just the one assigned to your group.

On designated weeks, one member from each group will serve as a discussant leader for his or her assigned paper. This will require preparing 7 to 10 minutes of comments, accompanied by presentation slides, similar to what a paper discussant would do at an academic conference. This discussant leader will spend the remainder of the time addressing questions from the class about the paper, and helping the class brainstorm about future research directions. This will count as two-fifths of your “reading assignments” grade.

Research method assignments: There will be four assignments related to research methods. These will cover programming an experiment in z-Tree, data analysis, experimental design, and writing a peer review of an unpublished manuscript.
Text (required):

Other Texts (suggested reading):


Students with Disabilities: Any student who feels he or she may need an accommodation based on the impact of a disability should contact the Office of Disability Services (ODS) at 865-974-6087 in 100 Dunford Hall to document their eligibility for services. ODS will work with students and faculty to coordinate reasonable accommodations for students with documented disabilities. If you have a documented disability and need special accommodations, please discuss this with me as soon as possible. Special accommodations will be handled discreetly.

Academic Dishonesty: “An essential feature of the University of Tennessee, Knoxville is a commitment to maintaining an atmosphere of intellectual integrity and academic honesty. As a student of the university, I pledge that I will neither knowingly give nor receive any inappropriate assistance in academic work, thus affirming my own personal commitment to honor and integrity.”

Students are strongly encouraged to discuss course readings, lecture material, and research ideas with other students and faculty. However, with the exception of possible collaboration on the research proposal, students are expected unless noted otherwise to complete independently all evaluated work. I reserve the right to take appropriate actions, as described in the University Graduate Catalog (under Honor Statement), in the event of suspected cheating or plagiarism.

University Civility Statement: Civility is genuine respect and regard for others: politeness, consideration, tact, good manners, graciousness, cordiality, affability, amiability and courteousness. Civility enhances academic freedom and integrity, and is a prerequisite to the free exchange of ideas and knowledge in the learning community. Our community consists of students, faculty, staff, alumni, and campus visitors. Community members affect each other’s well-being and have a shared interest in creating and sustaining an environment where all community members and their points of view are valued and respected. Affirming the value of each member of the university community, the campus asks that all its members adhere to the principles of civility and community adopted by the campus: [http://civility.utk.edu/](http://civility.utk.edu/).
Participation: Class participation includes not only attendance, but providing thoughtful comments and questions. I encourage discussion that reflect creative and critical thinking, and appreciate alternative viewpoints. Please be respectful in dialogue with others, and do not engage in private conversations.

Attendance Policy: You are expected to attend every class. Please inform me ahead of time if you anticipate being absent.

Policy on Make-up Work: Only in special circumstances (i.e. ones outside of your control) will you receive even partial credit for late assignments. If you foresee such circumstances, it is in your best interest to bring this to my attention prior to the due date.

Course Website: This course utilizes the Canvas online course management system (https://utk.instructure.com/). I will post handouts, assigned and optional readings, and grades. Important announcements will usually be made by email, so please check your email regularly.

Lecture Schedule: Below is the methods focus of each lecture. Most meetings will also include a discussion of selected readings, and some will involve participating in experiments.

August 24: Introduction to Experimental & Behavioral Economics
August 31: Experimental design fundamentals I
September 7: Experimental design fundamentals II
September 14: Modelling and interpreting behavior
September 21: Power calculations and data analysis
September 28: Guest speakers (Profs. Gilpatric and Santore)
October 5: Fall Break
October 12: Programming in z-Tree
October 19: Preference elicitation
October 26: Markets and auctions
November 2: Writing and presenting research
November 9: Proposal presentations
November 16: Proposal presentations
November 23: Thanksgiving Break
November 30: TBD