RSM 3091 L0104: Experimental Economics
Rotman School of Management
University of Toronto
Winter 2016

Course Syllabus and Schedule

Instructors: Tanjim Hossain
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Class: Wednesdays (January 13, 2016 – February 10, 2016 and
February 24 – March 23, 2016)
10:00 am – 1:00 pm, Room RT 470

Office Hours: By appointment

Optional Texts: 1. Handbook of Experimental Economics, John Kagel and
Al Roth, Princeton University Press, 1995
2. Friedman D. and A. Cassar: Economics Lab: An
Intensive Course in Experimental Economics, Routledge,
2004 (Electronic Version Available Through U of T
Library)
3. Davis, D. and C. Holt: Experimental Economics,

5. Friedman D. and S. Sunder: Experimental Methods – A
Primer for Economists, Cambridge University Press, 1994

Overview and Objectives

Incentivized laboratory and field experiments have become a major area of
research in economics and it is slowly emerging as a very useful tool in quantitative
marketing. Its basic premise is that all good economic theories can be testable in a
controlled laboratory or field setting. In fact, one may argue that some economic theories
(e.g., theories of refinement in games) can only be tested experimentally. This course
surveys some classics of experimental economics and discusses some of its recent
developments. We will initially focus on laboratory experiments and then move on to
field experiments. The objective of this course is to be able to design good economic
experiments.

The course is primarily designed for second-year PhD students in Marketing
(quantitative stream) and Economics. One is expected to have taken the first-year
sequence of microeconomics for PhD students (ECO 2020H and 2030H for U of T
students) or for master students. Basic knowledge of game theory and its applications
(e.g. auctions) will be assumed. Nevertheless, PhD students from other disciplines at Rotman or U of T who do not have those perquisite courses are welcome to attend. Please talk to me as soon as possible (and definitely by the end of the first lecture) in that case.

There will be ten three-hour long lectures in this reading course. In lecture 1, I will provide an introduction to experimental methods. From lecture 2, we will cover two or three papers in each class. These papers will be presented by you.

Assessment:
You will be assessed through three components in this course—class presentation, a referee report, and an experimental design exercise. Everyone who attends the course, including those who are not taking the course for credit, must present at least one paper (most likely more, depending on attendance). From lectures 2 to 10, two students will present one (set of) paper(s) each on each lecture day. I expect well prepared presentations, typically with slides. You have to email me your slides before or right after the class.

Those who take the course for credit, will also write a referee report for a recent experimental paper that I will provide. The final component will be designing an experiment. You should consult with me to choose an economic question that you want to test experimentally. Then you will design an experiment for this and submit experimental instructions for that. These details will be finalized later.

Outline of the Course
* Denotes a paper that will likely be covered in class

Lecture 1 (January 13): Motivation and Overview of Experimental Methods and Some Classics
Charles Holt and Arthur Schram, Editor’s Preface, Experimental Economics, Vol 1, Issue 1 (Available through the website of Experimental Economics)


Friedman and Cassar, Chapter 2, “Economists go to the Laboratory: Who, what, when, and why,” Economics Lab


Lecture 2 (January 20): Bargaining, Trust, and Dictator Games


Lecture 3 (January 27): Public Goods


Lecture 4 (February 3): Coordination, Networks, and Social Preference


**Lecture 5 (February 10): Empirical Alternatives to Nash Equilibrium and Learning**


**Lecture 6 (February 24): Risk Preference and Belief Elicitation**


Lecture 7 (March 2): Auctions – Lab and Field
Friedman and Cassar, Chapter 9, “Auctions,” Economics Lab


**Lecture 8 (March 9): Field Experiments – Markets**


**Lecture 9 (March 16): Field Experiments – Incentive Effects and Charitable Giving**


**Lecture 10 (March 23): Field Experiments – Development / Policy / Others**


