OPIM 904 / BEPP 904
EXPERIMENTAL ECONOMICS
University of Pennsylvania
The Wharton School
Wednesdays, 3-6pm, Spring 2016, JMHH G86

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Course Description. This course will help prepare you to run your own economics laboratory and field experiments. Experimental methods have been widely adopted by economists to develop new insights, and some economic theories and hypotheses are uniquely well-suited for testing with experimental tools and data. Achieving high internal and external validity requires careful experimental design. Substantive areas of application in the course will include market equilibrium, asset bubbles, learning in games, public good provision, and labor market relationships. Additional topics may include biases in individual decision-making; field experiments in development economics; and happiness, neuroeconomics, and behavioral/experimental welfare economics. Economists' typical interests in strategic and market-based interactions raise particular methodological challenges and opportunities.

Requirements. The best way to develop facility in conducting one's own experimental work is to practice. All of the course requirements are designed toward that end. In addition to active participation in class, you will be expected to:
(i) Replicate the data analysis for a published experimental economics paper (25%)
(ii) Prepare a detailed proposal for a new experiment, and workshop that proposal on one of the last few days of the course (75%)
More information about each of these requirements will be provided in due course.

There are no formal prerequisites, though I will assume that everyone is familiar with microeconomics and statistics at approximately the first-year graduate level.

Materials. In general this course will rely on journal articles, as indicated below. There will be no assigned textbook for this course, but some of the readings will be drawn from The Handbook of Experimental Economics, Edited by John H. Kagel & Alvin E. Roth. 1997. ISBN: 9780691058979
A large number of other textbooks covering experimental economics have emerged in recent years and may be of use.
Topics and Reading List

Principles of experimental design for economics

Market equilibrium experiments

Learning, cognitive hierarchy models

Recovering preferences


Cooperation and public goods


Labor markets


Structural estimation with experiments


Intertemporal choice

Field experiment applications

List, Sadoff, and Wagner, 2010
Specific application #1: Educational production functions
Specific application #2: Microinsurance

Experimental welfare economics—happiness, neuroeconomics


Additional topics
Auctions, Risk preferences, Nudges vs mandates; Behavioral/experimental public economics
Tentative Class Meeting Schedule

1/20—Methodology
1/27—Market equilibrium experiments
2/3—Cognitive hierarchies, experiments in games
2/10—Recovering preferences
2/17—Public goods and cooperation
2/24—Labor Markets
3/2—Structural estimation with experiments
3/9—No class, spring break
3/16—Intertemporal choice
3/23—Field experiment methodology and applications I
3/30—Field experiment methodology and applications II
4/6—Happiness and behavioral/experimental welfare economics
4/13—Additional topics
4/20—Student presentations
4/27—Student presentations