Professor Ragan Petrie  
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Office Hours: Monday, 1:30-2:45pm, Carrow Hall, or by appointment

Course Objectives: We will survey some of the recent literature in Experimental Economics. Research in this area is enormous, and we will not be able to cover everything. The goal of this course is to give you a flavor of some seminal research papers, as well as some of the currently active areas of research. The experimental research project that you develop in this class could become a chapter in your dissertation or the basis for a master’s thesis. The background for the course is graduate-level microeconomic theory and game theory.

Texts: There are no required texts for the class, but the following two books are highly recommended.


In-class Quizzes: Students are expected to read the assigned papers before each meeting and participate in discussion of the research. At the beginning of each class when there is not a student presentation, there will be a short quiz on the assigned readings for the day. Quizzes start Sept 10 and count for 20% of the course grade. I will drop your two worst quiz scores and determine your quiz grade from the remainder.

Project: There will be no exams for the course, but students will be required to submit two written course projects.

**PROJECT 1**: Write a paper that surveys the literature in one area of interest of any topic concerning experimental economics and suggest tests of unanswered questions. Topics may be different from those covered in the course, but should be approved by Professor Petrie. Maximum length of survey paper is 15 double-spaced pages.

**PROJECT 2**: Design an experiment and describe it in a paper. The design should include a statement of the research question, motivation for why the research is interesting, predictions/hypotheses based on economic theory, the experimental design (including the task the subjects will complete, a sketch of the protocol, including complete instructions for subjects and directions for experimenters, number of subjects per condition, etc.) and a description of how the data will be analyzed to test the prediction(s). Students are encouraged to work in pairs to design their studies. At the end of the semester, each team of designers must present their experimental idea to the class. Maximum length of the experimental design paper is 15 double-spaced pages (not including supplemental materials, i.e. subject instructions, experimental material that would be used in a field experiment, instructions to experimenters, etc.).
Grading: 20% in-class quizzes, 40% Project 1, 40% Project 2.

Blackboard: Class announcements, schedule of readings, and other important information will be posted on Blackboard.


Disabilities If you are a student with a disability and you need academic accommodations please see me and contact the Office of Disability Services at (703) 993-2474. All academic accommodations must be arranged through that office. You must contact me within the first week of classes to make arrangements.

Course Outline

This is an outline. There will most likely be changes during the semester as we adjust for time to cover the topics listed below and student interest. Any changes will be announced in class and posted on Blackboard

1. Introduction (1 week)
2. Identifying Individual Preferences (2 weeks)
   a. Risk
   b. Time
   c. Revealed Preference
3. Altruism, Fairness and Trust (2 weeks)
   a. Bargaining
   b. Dictator
   c. Trust
   d. Models of Fairness
4. Further Evidence on Nonstandard Preferences (2 weeks)
   a. Altruism and Giving
   b. Gift Exchange
   c. Discrimination
5. Social Interactions – Groups (2 weeks)
   a. Public Goods
   b. Field experiments
6. Signaling and Reputation (< 1 week)
7. Learning, Bias, Reasoning (< 1 week)
8. Markets (2 weeks)
   a. Asset Markets
   b. Auctions
9. Student Presentations (2 weeks)
Reading List

Readings with an asterisk (*) are required. I will announce on Blackboard which additional papers we will cover.

1. Introduction

* Roth, Alvin, “Introduction to Experimental Economics,” chpt 1 in HEE.
* Chpt 1 in BGT.


2. Identifying Individual Preferences

* Camerer, Colin, “Individual Decision Making,” chpt 8 in HEE.

Risk Preferences


**Time Preferences**


**Revealed Preference Approach**


**Anomalies and Critiques from the Field**


**3. Altruism, Fairness and Trust**

**Bargaining**

* Roth, Alvin, “Bargaining Experiments,” chpt 4 in HEE.

* Chpt 2 in BGT.


**Dictator games**

* Chpt 2 in BGT.


**Trust**

* Chpt 2 in BGT.


Van Huyck, John B.; Battalio, Raymond C.; Walters, Mary F., “Commitment versus Discretion in the Peasant-Dictator Game,” *Games and Economic Behavior*, 1995, 10(1), 143-7


**Models of Fairness**


### 4. Further Evidence on Nonstandard Preferences

#### Altruism and Giving


#### Norms, Status and Social Identity


Gift Exchange and Reciprocity


Discrimination


Gender and Beauty


**Critiques from the Field**


5. **Social Interactions – Groups**

**Public Goods, Cooperation**


  a. **Linear Public Goods Games**


b. **Provision Point**


c. **Mechanism Design**


d. **Fund-raising and Organic Mechanisms**


e. Field Studies


Building Cooperation


Peer Effects


Competition


Lying


Self-Serving Bias and Self-Signaling


6. Signaling and Reputation

* Chpt 8 in BGT.


7. Learning, Biases and Reasoning


8. Markets – Auctions and Asset Markets

Asset Markets

* Sunder, Shyam, “Experimental Asset Markets: A Survey,” chpt 6 in HEE.


Auctions


