Undergraduate Experimental Economics (Economics 179),
Instructor: Muriel Niederle
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Office hours: Monday 3:00-4:00 and by appointment.
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Class webpage: www.stanford.edu/~niederle/UndergradExpEc.htm

There is no textbook, but a useful book to have is:

_The Handbook of Experimental Economics_, John Kagel and Alvin E. Roth, editors,

There will also be supplementary readings, particularly as the course progresses.

This course will be an introduction to experimental economics, its methods, and some of
the major subject areas that have been addressed by laboratory experiments. An effort
will be made to concentrate on _series_ of experiments, in order to see how experiments
build on one another and allow researchers with different theoretical dispositions to
narrow the range of potential disagreement.
The following is a rough guide to the topics that will be discussed in the quarter—it is subject to revision as we see how the class progresses (some topics may take more or less than one lecture).

**Lecture 1: Market Experiments:**


**Lecture 2-3: Behavioral Preferences, Prospect Theory and Myopic Loss aversion**

- Ariely, Loewenstein and Prelec “Coherent Arbitrariness: Stable demand curves without stable preferences”, forthcoming QJE.

**Lecture 4: Guessing Games**


**Lecture 4: Coordination Games**


Lecture 5-6: Bargaining games

• Babcock, Loewenstein, Isacharoff and Camerer, 1995, “Self-Serving Bias and Bargaining Impasse” AER ’95
• Babcock, Linda, Xianghong Wang and George Loewenstein, 1996, “Choosing the wring pond: Social Comparisons in negotiations that reflect a self-serving bias,” QJE.

Lecture 7: Trust Game, Best Shot Game

• Prasnikar V. and Roth, A.E. "Considerations of Fairness and Strategy: Experimental Data From Sequential Games," Quarterly Journal of Economics, August, 1992, 865-888

Lecture 8: Discrimination

• Grading:

The major class assignment will be to design an experiment. Students registered for a grade should have a subject area by the middle of the quarter, and should plan to meet with me several times in the second half of the quarter to discuss the development of a detailed experimental design.

I am prepared to entertain designs put together by a pair of students.

Some class time near the end may be devoted to student presentations.

There will be a late midterm, on the techniques of designing and running experiments.

A quick note about my philosophy of teaching/learning, and how to get the most out of this class.

This class consists of three chief parts:

- In class lectures, discussions, and demonstrations.
- Readings and homework’s about them
- Midterm
- Your experimental design (and the out of class discussions with me that will be part of that).

I’m going to try to make the four parts complements rather than substitutes.

In class, I’m going to try to give you a feel for design issues that may not be clear from the readings, even from reading the original papers. I’m not going to try to simply review as many experiments as possible in class—that’s what the Handbook chapters are for. Read them, to get a broad overview. The individual papers that will be assigned will help us focus on specific design issues.

As the quarter progresses, you will be better able to start to think about questions on which you might want to do an experiment, and how it might be designed. Let me know when you’re ready to make an appointment to talk about it. Everyone should make an appointment with me well before the quarter ends!