

Experimental Economics II: Theory and Experiments of Political Economy

Classroom and Time: Friday 1:20-4:20pm, at Social Sciences 405 (社科 405 教室)

Class website: http://homepage.ntu.edu.tw/~josephw/experimental_19S.htm

Instructor: Joseph Tao-yi Wang ([josephw "at" ntu.edu.tw](mailto:josephw@ntu.edu.tw)) Office: Social Sciences 754

Office Hours: Friday 4:20-5:00pm (after class) or by email appointment

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Office Hours: Monday 4:20-6:00pm or by email appointment

This is an upper division and graduate level course on experimental economics, focusing on testing theory in political economy. The purpose is to introduce experimental methods and political theory so students can start their own research. At the end of the semester, you are expected to write individual research proposals and present them. Specific goals of this course include:

1. **Introduction to experimental economics and political theory**: After this class, students are expected to be able to name several prominent experiments (especially in political economy), and describe how the results affirm (or differ from) theory and/or field data.
2. **Experimental design**: After this class, students are expected to understand how to design and run an experiment. Students will also write a research proposal that:
 - a. Describes a proposed experiment (with sample instructions for subjects),
 - b. Argues why should we care about this experiment and why the experiment is designed this way (compared to other possible designs), and,
 - c. Relates your experiment to existing literature (if any) and describes expected results and/or methods to analyze the data (or simulation results).
3. **Evaluate most current research**: After this class, students are expected to develop the ability to read recent journal articles in experimental economics, and evaluate the quality of the papers. During class, students are expected to read assigned journal articles and book chapters and present one article and/or one chapter in class.

Textbooks:

BGT - Camerer (2003), [Behavioral Game Theory](#), Princeton University Press.

ABII - Austen-Smith and Banks (2005), [Positive Political Theory II](#), U. of Michigan Press.

MM - [McCarty](#) and Meirowitz (2007), [Political Game Theory](#), Cambridge University Press.

Recommended Reading:

1. Kagel and Roth, ed. (1995, 2016), [Handbook of Experimental Economics, Vol. 1](#) and [Handbook of Experimental Economics, Vol. 2](#), Princeton University Press (HEE1, 2).
2. Palfrey (2016), "[Experiments in Political Economy](#)," in [HEE2](#). (Survey: Experiments)
3. Holt (2007), [Markets, Games and Strategic Behavior](#), Pearson. (Undergraduate Text)
4. Moffatt (2016), [Experimetrics: Econometrics for Experimental Economics](#), Palgrave.

Assignments:

1. Homework and Quiz (20%): Midterm quiz (5/3) on weekly problem sets.
2. Replication Reports (20%): Reproduce results of [Andersen et al. \(2011\)](#) and [Bataglini et al. \(2019\)](#) (10% each) via [Jupyter Notebook](#) (or your favorite statistical software).
3. Paper Presentation (20%): 20-minute oral presentation of one research article.
4. Feedback (20%): Fill in CEIBA/google survey to be sent anonymously to presenters.
5. Research Proposal (20%): Written proposal (<4 pages).

Note: Consult “[Oral Presentation Evaluation Criteria and Checklist](#)” for elements of a good presentation and where to provide feedback. If you have no idea how to prepare an English presentation, consult the recipe [關於 presentation 的一些想法](#) written by Wei-jen Hsu to see “How to Prepare a 20-minute Presentation using 20 hours.”

Course Outline:

1. [2/22] Risk and Time Preferences (Holt, Ch.4, [Liu et al. 2014](#))
 - a. Basic Principles of Experimental Design (BGT A1.2)
- [3/ 1] Holiday – Watch OCW/Coursera video of the first lecture “Experimental Economics and Behavioral Game Theory” ([BGT Ch.1](#))
2. [3/ 8] Social Preferences: Ultimatum, Dictator and Trust Games (BGT, Ch.2; [new Handbook chapter](#), Review for [Ultimatum](#), [Dictator](#) and [Trust](#) Games)
3. [3/15] Bargaining (BGT, Ch. 4)
4. [3/22] Political Economy 1: Legislative Bargaining (MM, 10.3-10.4)
5. [3/29] Political Economy 2: Information Aggregation (MM, 6.3-6.4)
- [4/ 5] Spring Break – First Replication Report due (See [Jupyter notebook](#))
6. [4/12] Guest lecture on Experimentetrics (by Peter Moffatt)
7. [4/19] Political Economy 3: Voter Participation (ABII, 7.9)
8. [4/26] Political Economy 4: Ethical/Expressive Voting
- [5/ 3] Midterm Quiz (On weekly problem sets)
9. [5/10] Student Presentations (3 papers)
10. [5/17] Student Presentations (3 papers)
11. [5/24] Student Presentations (3 papers)
12. [5/31] Student Presentations (3 papers)
- [6/ 7]Dragon Boat Festival – Second Replication Report due (See Jupyter notebook)
13. [6/14] Final Proposal Presentations
- [6/21] Final Proposal Due

Paper Presentation:

1. (Time Preference) Kim, Choi, Kim and Pop-Eleches (2018), "[The role of education interventions in improving economic rationality](#)," *Science*, 362(6410), 83-86. (凌卉芸)
2. (Risk Preference) Krawczyk and Le Lec (2016), "[Dictating the Risk: Experimental Evidence on Giving in Risky Environments: Comment](#)," *American Economic Review*, 106(3), 836-39. Brock, Lange and Ozbay (2016), "[Dictating the Risk: Experimental Evidence on Giving in Risky Environments: Reply](#)," *American Economic Review*, 106(3), 840-42.
3. (Field Experiment) Bartoš, Bauer, Chytilová, and Matějka (2016), "[Attention Discrimination: Theory and Field Experiments with Monitoring Information Acquisition](#)," *American Economic Review*, 106(6), 1437-75. (何翊瑜)
4. (Lying Aversion) Gneezy, Kajackaite and Sobel (2018), "[Lying Aversion and the Size of the Lie](#)," *American Economic Review*, 108(2), 419-53. (王昱翔、何翔恩)
5. (Field Experiment) Cantoni, Yang, Yuchtman and Zhang (2019), "[Protests as Strategic Games: Experimental Evidence from Hong Kong's Antiauthoritarian Movement](#)," *Quarterly Journal of Economics*, forthcoming.
6. (Social Preference) Embrey, Fréchette and Yuksel (2018), "[Cooperation in the Finitely Repeated Prisoner's Dilemma](#)," *Quarterly Journal of Economics*, 133(1), 509-551. (陳彤)
7. (Political Theory) Alonso and Câmara (2016), "[Persuading Voters](#)," *American Economic Review*, 106(11), 3590-3605. (吳士宏)
8. (Political Economy) Dal Bó, Finan, Folke, Persson and Rickne (2017), "[Who Becomes A Politician?](#)" *Quarterly Journal of Economics*, 132(4), 1877-1914. (沈萱 Rachael Sim、蔣美嫻 Ilynn Chew)
9. (Political Theory) Battaglini (2016), "[Public Protests and Policy Making](#)," *Quarterly Journal of Economics*, 132(1), 485-549. (羅廣淇)
10. (Political Economy) Battaglini, Lai, Lim and Wang (2019), "[The Informational Theory of Legislative Committees: An Experimental Analysis](#)," *American Political Science Review*, 113(1), 55-76.
11. (Information Aggregation) Bhattacharya, Duffy and Kim (2014), "Compulsory versus Voluntary Voting: An Experimental Study," *Games and Economic Behavior*, 84, 111-131. (王詩瑾 Gloria Ong)
12. (Voter Belief) Duffy and Tavits (2008), "Beliefs and Voting Decisions: A Test of Pivotal Voting Model," *American Journal of Political Science*, 52(3), 603-618.
13. (Voter Belief) Esponda and Vespa (2014), "Hypothetical Thinking and Information Extraction in the Laboratory," *American Economic Journal: Microeconomics*, 6(4), 180-202.
14. (Ethical/Expressive Voting) Feddersen, Gailmard and Sandroni (2009), "Moral Bias

- in Large Elections: Theory and Experimental Evidence,” *American Political Science Review*, 103(2), 175-192. (沈萱 Rachael Sim、蔣美嫻 Ilynn Chew)
15. (Ethical/Expressive Voting) Tyran (2004), “[Voting When Money and Morals Conflict: An Experimental Test of Expressive Voting](#),” *Journal of Public Economics*, 88(7), 1645-1664. (蔡竣傑 Elwin Chua)
 16. (Legislative Bargaining) Fréchet, Kagel and Morelli (2005), “[Behavioral Identification in Coalitional Bargaining: An Experimental Analysis of Demand Bargaining and Alternating Offers](#),” *Econometrica*, 73(October), 1893-1938. (嚴乃棠 Natasha Nina Andersen)
 17. (Legislative Bargaining) Fréchet, Kagel and Morelli (2012), “[Pork versus Public Goods: An Experimental Study of Public Goods Provision within a Legislative Bargaining Framework](#),” *Economic Theory*, 49(3), 779-800.
 18. (Dynamic Political Economy) Battaglini, Nunnari and Palfrey (2016), “[The Dynamic Free Rider Problem: A Laboratory Study](#),” *American Economic Journal: Microeconomics*, 8(4), 268-308. (孫雍皓、林芮禾)
 19. (Dynamic Political Economy) Battaglini and Palfrey (2012), “The Dynamics of Distributive Politics,” *Economic Theory*, 49(3), 739-777.
 20. (Social Preferences; Political Economy) Dal Bo, Foster and Putterman (2010), “Institutions and Behavior: Experimental Evidence on the Effects of Democracy,” *American Economic Review*, 100(5), 2205-2229.
 21. (Social Preferences) Ottoni-Wilhelm, Vesterlund and Xie (2017), “[Why Do People Give? Testing Pure and Impure Altruism](#),” *American Economic Review*, 107(11), 3617-33.