

ECON2126

Principles of Experimental and Behavioural Economics

Course Outline

Semester 2, 2017

Course-Specific Information

The Business School expects that you are familiar with the contents of this course outline. You must also be familiar with the Course Outlines Policies webpage which contains key information on:

- Program Learning Goals and Outcomes
- Academic Integrity and Plagiarism
- Student Responsibilities and Conduct
- Special Consideration
- Student Support and Resources

This webpage can be found on the Business School website:

<https://www.business.unsw.edu.au/degrees-courses/course-outlines/policies>

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1 STAFF CONTACT DETAILS

Lecturer-in-charge (LIC): Prof Andreas Ortmann
Location: Room 460 (East wing, Business School)
Phone: 9385 3345
Email: a.ortmann@unsw.edu.au
Consultation times: by appointment

Tutor: TBC (Information on office hours, and how to contact her, will be provided in class, and will also be posted on the Course Website.)

1.1 Communication

You should feel free to contact either the lecturer or the tutor about any academic matter. However, the LIC strongly encourages, for efficiency, all enquiries about the subject material be made at lectures or tutorials or during consultation time. Discussion of course subject material will not be entered into via lengthy emails.

Email correspondence on administrative matters (e.g. advising inability to attend tutorial) will be responded to within 48 hours, but not over weekends.

2 COURSE DETAILS

2.1 Teaching Times and Locations

Lectures start in Week 1 (to Week 12): The Time and Location are Thursday 11:00-13:00 in CLB 1.

Tutorials start in Week 2 (to Week 13). The Times and Locations are Thursday 10:00-11:00 in Quad G046 and Thursday 13:00-14:00 in BUS 205.

2.2 Units of Credit

The course is worth 6 units of credit.

2.3 Summary of Course

In this course, we will discuss how to do economics experiments "right" and show why "the way one does an experiment is incredibly important", as a famous behavioural economist once noted. We thus will talk about the experimental method in economics (and how it differs from methods in other social sciences, especially psychology) and will do so both by reading widely cited articles and by doing a few selected in-class experimental demonstrations. We shall discuss the advantages and disadvantages of the experimental method relative to other empirical social sciences methods such as econometrics, and will document how it can be used to explore the robustness of the "homo economicus" assumption of a rational and selfish decision maker used in many economic models. We will find that economic theory does a good job in many applications but that there are also important deviations from the standard economic model. For topics covered in this course see the Lecture Schedule under section 7. The tutorials are designed to enhance your understanding of what is being taught in the lectures.

2.4 Aims and Relationship to Other Courses

The course aims to introduce students to the methods of experimental economics and to important insights from this relatively recent, and very exciting, area of economics.

2.5 Student Learning Outcomes

The Course Learning Outcomes are what you should be able to DO by the end of this course if you participate fully in learning activities and successfully complete the assessment items.

The Learning Outcomes in this course also help you to achieve some of the overall Program Learning Goals and Outcomes for all undergraduate coursework students in the Business School. Program Learning Goals are what we want you to BE or HAVE by the time you successfully complete your degree. You demonstrate this by achieving specific Program Learning Outcomes - what you are able to DO by the end of your degree.

For more information on Program Learning Goals and Outcomes, see the School's Course Outlines Policies webpage available at <https://www.business.unsw.edu.au/degrees-courses/course-outlines/policies>.

The following table shows how your Course Learning Outcomes relate to the overall Program Learning Goals and Outcomes, and indicates where these are assessed.

Program Learning Goals and Outcomes		Course Learning Outcomes	Course Assessment Item
<i>This course helps you to achieve the following learning goals</i>		<i>On successful completion of the course, you should be able to:</i>	<i>This learning outcome will be assessed in the following items:</i>
1	Knowledge	Demonstrate a basic understanding of the experimental method. Show familiarity with the most important experimental results.	<ul style="list-style-type: none">• Tutorial Problems• Exams
2	Critical thinking and problem solving	Describe and critically analyse the advantages and disadvantages of the method. Discuss the most important features of experimental design and implementation. Evaluate the appropriateness of this method to study certain research questions.	<ul style="list-style-type: none">• Tutorial Problems• Exams
3a	Written communication	Solve/Answer worksheet problems/questions in a coherent and persuasive manner.	<ul style="list-style-type: none">• Tutorial problems• Exams
3b	Oral communication	Communicate ideas in a succinct and clear manner.	<ul style="list-style-type: none">• In-class and tutorial contributions.

4	Teamwork	Work collaboratively on the worksheets.	Not directly assessed although indirectly through performance on tests.
5a.	Ethical, environmental and sustainability considerations	Understand ethical issues that experimentation raises (e.g., deception).	Indirectly through tests.
5b.	Social and cultural awareness	Understand how culture and socialization might affect experimental results	Indirectly through tests.

3 LEARNING AND TEACHING ACTIVITIES

3.1 Approach to Learning and Teaching in the Course

The philosophy underpinning this course and its Teaching and Learning Strategies are based on “Guidelines on Learning that Inform Teaching at UNSW. These guidelines may be viewed at: www.guidelinesonlearning.unsw.edu.au. Specifically, the lectures, tutorials and assessment have been designed to appropriately challenge students and support the achievement of the desired learning outcomes. **A climate of inquiry and dialogue is encouraged between students and teachers and among students (in and out of class).** The lecturer and tutor aim to provide meaningful and timely feedback to students to improve learning outcomes.

3.2 Learning Activities and Teaching Strategies

The examinable content of the course is defined by the references given in the Lecture Schedule, the content of Lectures, and the content of the Tutorial Program.

Lectures

The purpose of lectures is to provide a logical structure for the topics that make up the course; to clarify the essential insights pertaining to each topic, and to make students familiar with the most important results that experimental and behavioural economists have produced.

Tutorials

Tutorials are an integral part of the course. The tutorials are designed to enhance your understanding of what is being taught in the lectures.

Out-of-Class Study

While students may have preferred individual learning strategies, it is important to note that most learning will be achieved, and have to be achieved, outside of class time. Lectures can only provide a structure to assist your study, and tutorial time is limited.

An “ideal” strategy (on which the provision of the course materials is based) might include:

- Reading of the assigned readings **before the lecture**. As a matter of fact, students are required to read assigned readings before the lecture.
- Attendance of lectures. Here the context of the topic in the course and the important elements of the topic are identified.
- Attending tutorials and attempting the tutorial questions (“work sheets”).

4 ASSESSMENT

4.0 You must complete the “Working with Academic Integrity” module on your Moodle site, before you hand in any written work.

- You **MUST** complete the ‘Working with Academic Integrity’ module **AND THE MODULE’S QUIZ**, found on your course Moodle site, **BEFORE YOU ARE ALLOWED TO SUBMIT ANY WRITTEN ASSESSMENT**.
- If your submission is delayed because you did not complete the module and the quiz, you may be liable to late penalties as specified in your course outline.
- Failing to comply with the University rules of Academic integrity may result in serious consequences:
 - All cases of plagiarism (regardless of their severity) **ARE** recorded with the University Integrity Office University register.
 - Depending on the level of the plagiarism/misconduct, the penalties may include a **FAIL** grade for the assessment piece, a **FAIL** grade for the course, or being expelled for serious/repeat offences.

Any misconduct, including plagiarism, is recorded on your Conduct Record. If you have only one academic misconduct at the lowest level (level A) in your career, then the record is wiped clear when you graduate. Otherwise it remains there permanently.

Many professions, such as accounting and law, require access to the student's Conduct Record.

4.1 Formal Requirements

In order to pass this course, you must:

- achieve a composite mark of at least 50 out of 100; and
 - make a satisfactory attempt at **ALL** assessment tasks.
- AND**
- Achieve a satisfactory level of performance in the final exam. This means a minimum mark of 50 per cent

Assessment Details

Assessment Task	Weighting	Length	Due Date
Class Participation	5%	See 4.3 below	n.a.
Tutorial Participation (Tutorial problems included)	5%	See 4.3 below	n.a.
Mid-session Exam	30%	90 minutes	Week 7
Final Exam (comprehensive)	60%	180 minutes	n.a.
Total	100%		

4.2 Assessment Details

Class: Reading of the assigned readings **before the lecture** is required. While I (the LIC) do not require you to understand every itsy-bitsy teeny-weeny detail of the assigned readings -- some of them are tough going --, you ought to have a reasonable

understanding of them. I may use pop quizzes to assess whether you have done your reading. Or call on you directly in class.

At the beginning of each lecture I will circulate an attendance sheet. Note that 80% attendance is required by UNSW and Business School rules. In certain circumstances, such as where a request for special consideration is made in relation to assessment items, tutorial attendance will be taken into account in determining your final assessment or whether special consideration is granted.

Tutorials: Typically a worksheet on the lecture, and the lecture notes themselves, will be made available within 24 hours of the lecture (but after the tutes in which the worksheet for the previous lecture are discussed). I expect you to give answers to problems and questions on the worksheet a serious try. The tutor is entitled to call on to make sure you do. I encourage you to work the worksheets in groups; it tends to make for better learning experiences and also tends to be more fun.

A record of attendance at tutorials will also be kept. Here, too, note that 80% attendance is required by UNSW and Business School rules. In certain circumstances, such as where a request for special consideration is made in relation to assessment items, tutorial attendance will be taken into account in determining your final assessment or whether special consideration is granted.

4.3 Participation

Attendance at 9 of 11 tutorials will be deemed as meeting the attendance requirement. Students must sign on by 10 minutes from the start of tutorial to qualify as 'in attendance'. Signing on for another student will be treated as misconduct. If, owing to illness or other exceptional circumstances, you are unable to attend your usual tutorial, you may try to attend another tutorial in the same week. However, you are required to attend your usual tutorial class at least 9 times during the session. This allows for occasional absence due to minor illness and other reasons, hence special consideration applications will not reduce this requirement.

Marks Guide for Tutorial Participation

0	Below 80% of attendance as required by UNSW and Business School rules. Attendance at 9 of 12 tutorials will be deemed as meeting the requirement. Students must sign on by 10 minutes from start of tutorial to qualify as 'in attendance'. Signing on for another student will be treated as misconduct.
2	Has satisfied the attendance requirement (attended at least 9 tutorials) but has not contributed to class discussion.
3-5	Has attended 10-12 tutorials and contributed to discussions in relevant and constructive ways.

4.4 Mid-term and Final

There will be a mid-session exam in week 7. The exam will be at most 120 minutes in length. (It is gauged to take no longer than 90 minutes.) The exam will cover everything covered in class up to that point. Experience shows that having worked the worksheet tends to be highly predictive of performance on the mid-term. The mid-term will take place during regular class-time.

There will be **NO supplementary tests** offered for the mid-session exam. You should make every effort to take the mid-session exam. Students who fail to attend the examination will need to apply for Special Consideration. The default option is that your final will be reweighted (i.e., 90 percent of your grade will depend on it.)

For information on Special Consideration please refer to the Business School's [Course Outlines Policies webpage](#).

In cases of serious illness, students will need full and convincing documentation of that illness. Students who are found to be genuinely too ill to have attended the exam will have their mark in the remaining assessment tasks re-weighted to include the mark reserved for the missed test. In all other cases of non-attendance students will receive a grade of zero.

Applications for special consideration for the Mid-session exam, and supporting documentary evidence for an absence (e.g. medical certificate, [Professional Authority form \(pdf - download here\)](#)), must be provided to the Lecturer-in-charge within 3 days of the test. Original documents should be provided.

Employment obligations or holiday plans of any kind are not acceptable reasons for absence from any test/examination.

The final exam will be at most 180 minutes in length. (It is gauged to take no longer than 150 minutes.) The exam will cover everything covered in class up to that point, with some emphasis on post-midterm lectures. Experience shows that having worked the worksheet tends to be highly predictive of performance on the final. All material covered in the lectures and tutorial program is examinable. The scheduling of the exam is done by the university and the LIC has no influence over it.

4.5 Protocol for viewing final exam scripts

The UNSW Business School has set a protocol under which students may view their final exam script. Please check the protocol [here](#).

4.6 Quality Assurance

The Business School is actively monitoring student learning and quality of the student experience in all its programs. A random selection of completed assessment tasks may be used for quality assurance, such as to determine the extent to which program learning goals are being achieved. The information is required for accreditation purposes, and aggregated findings will be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential and will not be related to course grades.

5 COURSE EVALUATION AND DEVELOPMENT

Each year feedback is sought from students and other stakeholders about the courses offered in the School and continual improvements are made based on this feedback. UNSW's myExperience Survey Tool is one of the ways in which student evaluative feedback is gathered. You are strongly encouraged to take part in the feedback process.

6 COURSE RESOURCES

The website for this course is on UNSW Moodle at: <http://moodle.telt.unsw.edu.au>

There is no textbook(s) for this course; none of the textbooks do what I need them to do. Essentially, we will read 2 – 4 articles for each lecture and discuss them. All of these articles will be made available on the Course Website.

I will make available sporadically drafts of chapters of a book manuscript that follows closely the lectures. It is an additional resource that does not substitute for your reading of the assignments.

7 COURSE SCHEDULE

7.1 Lecture Schedule and Outline

Lectures start in Week 1 and finish in Week 12.

LECTURE SCHEDULE (outline; for details and references see Course Website)		
Week	Topic	References
Week 1 24 July	History and purposes of EE and BE; testing theories of altruism via Dictator experiments	See course website.
Week 2 31 July	Testing theories of altruism via Ultimatum and Trust experiments (broadly construed)	See course website.
Week 3 7 August	Testing theories of rationality; the two concepts of rationality, the debate about social preferences	See course website.
Week 4 14 August	Are individuals rational in individual decision making? The Heuristics and Biases program (and what is wrong with it)	See course website.
Week 5 21 August	Are individuals rational in interactive decision making?	See course website.
Week 6 28 August	Are individuals rational in markets?	See course website.
Week 7 4 September	Midterm	
Week 8 11 September	The Duhem-Quine problem 1: The role of financial incentives	See course website.
Week 9 18 September	The Duhem-Quine problem 2: Deception, conversational implicatures, and the issue of external validity	See course website.
Mid-semester break: 23 September – 2 October inclusive (2 Oct = Labour Day Public Holiday)		
Week 10 3 October	(Monday 2 Oct is a public holiday) Application 1: Public good experiments and the alleged altruistic preference for punishment	See course website.

Week 11 9 October	Applications 2: Coordination game experiments and how to engineer trust	See course website.
Week 12 16 October	Topics to be determined ... (input welcome)	See course website.
Week 13 23 October	NO LECTURES (or make-up lecture if necessary)	

7.2 Tutorial Schedule

The tutorial schedule will be provided in due course.