



Experimental Methodology and Topics in Experimental Economics

PART I of a two part seminar

Second Term Seminar 2017-2018

Organised by Klarita Gërxhani

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Seminar Description and Objectives

Laboratory and field experiments have become common tools in social science research. Following a long tradition in psychology, experimental subdisciplines have developed in economics, political science, cultural anthropology and sociology. The control offered by an experimental environment allows the researcher to isolate social phenomena and study their causes, development and effects. For example, both the dynamics of institutions and the effect of institutions on individual and group behavior can be and have been studied in laboratory experiments. Important concepts such as trust, reciprocity, cooperation, solidarity, exploitation, and power have all been studied in experimental research. The main objective of this seminar is to teach the researcher how to design and analyze an experiment aimed at answering a self-developed research question. In addition, it gives an overview of some recent trends in experimental research in the social sciences as a whole. In the first part, the focus will be on socially relevant phenomena, whereas in the second part more on (socio- and political-)economically oriented topics. The second part of the seminar will be merged with the course *Topics in Experimental Economics*¹, taught jointly with prof. Arthur Schram. Towards the end of the seminar, a special focus will be given to experimental designs developed by the researchers themselves. Each researcher is expected to actively participate in classes by presenting and discussing papers selected by the instructor and to develop an experimental design either alone or in collaboration with one other student of the seminar.

Teaching Methods/Learning Formats

Weekly two-hour class meetings, weekly active participation and discussion memos.

¹ See

<https://www.eui.eu/Documents/DepartmentsCentres/Economics/Researchandteaching/Courses/Course-outline-A-Schram-2017-2018.pdf>

Schedule

This is the first part of a two part seminar: it will be held by Professor Gërkhani and will take place on **Mondays at 15.00-17.00** in Seminar room 2, at the Badia Fiesolana, with the exception of the session on the 15th of January, which will take place in Sala del Capitolo, at the Badia.

The list of seminar sessions is the following:

PART I

Monday	8	January	Seminar Room 2	Badia Fiesolana	at 15.00-17.00
Monday	15	January	Seminar Room 3	Badia Fiesolana	at 15.00-17.00
Monday	22	January	Seminar Room 2	Badia Fiesolana	at 15.00-17.00
Monday	29	January	Seminar Room 2	Badia Fiesolana	at 15.00-17.00
Monday	5	February	Seminar Room 2	Badia Fiesolana	at 15.00-17.00

Part II “Topics in Experimental Economics”, held by Professor Arthur Schram and Professor Klarita Gërkhani, will comprise the last five sessions of the seminar.

PART II

Monday	12	February	Seminar Room B	Villa La Fonte	at 15.00-17.00
Friday	16	February	Seminar Room B	Villa La Fonte	at 11.00-13.00
Monday	26	February	Seminar Room B	Villa La Fonte	at 11.00-13.00
Monday	5	March	Seminar Room B	Villa La Fonte	at 15.00-17.00
Monday	12	March	Seminar Room B	Villa La Fonte	at 15.00-17.00

Teaching Criteria

The seminar as a whole (Part I and Part II) is worth 20 credits.

N.B. Researchers who only attend the first five sessions (i.e. Part I), will not receive credit.

SPS researchers who wish to receive credit must attend at least eight out of ten sessions.

ECO researchers have the option of attending the first five sessions, but must attend the last five sessions in order to receive half-credit.

Researchers who choose to take this seminar for credit are required to meet Departmental attendance, *participate actively*, and complete the *seminar requirements*.

For information about the second part of the seminar on “Topics in Experimental Economics”, please see the ECO website ([link](#))

In detail:

1. Researchers are required to *participate actively*. This implies that they are required to read the designated literature before each meeting and participate actively in class discussions.
2. *Discussion memos*: It is important to carefully study each week’s readings prior to the meetings. This improves the quality of the discussion since students come to the meeting well prepared. For this reason, students are requested to prepare a brief discussion memo on *all* the readings programmed for each week. Discussion memos should consist of max 250 words and must focus on the experimental design of the readings. Memos may, for example, compare designs across the readings; highlight alleged shortcomings in one or more designs; comment on the suitability of a

design to address the main research question; or posit alternative designs that would allow one to further study the topic at hand.

The Discussion memos will be the basis for the meetings' discussions. Each researcher submits them to the course website at the latest every Sunday prior to the meeting at 23:00, and takes them to class for the discussion.

3. *Term paper*: Researchers have the option of writing a term paper for this seminar as part of their general term paper requirements. Should they wish to do so, they must discuss their proposed topic with Professor Gërkhani well before the Department's deadline for term papers. Researchers who chose to submit a term paper are required to make significant use of the selected literature and provide an application to their research topic. The term paper must be submitted via email to Professor Gërkhani with the administrative assistant in copy (Jennifer.Dari@eui.eu). Please see the 2017-18 Researchers' Guide for more information regarding the term paper and the deadlines for submission.

Credit is only given to researchers who meet the tasks outlined here above. Moreover, researchers are required to take part in the meetings. Taking part in a meeting implies timely presence, good preparation, and active participation in-group discussions.

Should a researcher decide to submit a term paper for this seminar, it must be handed in by the deadline indicated in the 2017-18 Researchers' Guide. A term paper which is handed in late will not be considered.

Feedback

Discussion memos and active participation: students can expect to receive brief individual feedback at the end of each meeting. Group feedback will also be provided, as part of the learning process in class discussions.

Readings

In the first half of the seminar, there will be five meetings. In four of these meetings, specific topics will be addressed through brief lectures and class discussions.

What follows is a list of background literature and weekly readings. You may, however, *suggest an alternative paper* on the topic for the session concerned. If the session is not yet fully booked, we will consider whether it is suitable. To be so, it must be published in a good journal and, obviously, be related to the topic of that session. Suggestions must reach Professor Gërkhani no later than January 4.

Background literature

Webster, M. Jr. and Sell, J. (eds.) (2014). *Laboratory Experiments in the Social Sciences*. 2nd edition. New York: Elsevier.

Morton, R. B., and Williams, K. C (2010). *Experimental Political Science and the Study of Causality: From Nature to the Lab*. Cambridge: Cambridge University Press

Bardsley, B. Cubitt, R. Loomes, G., Moffatt, P., Starmer, C. and Sugden, R. (eds.) (2010). *Experimental Economics*. Princeton University Press.

Session 1: Introduction

Jackson, M. and Cox, D. R. (2013). Principles of Experimental Design and their Application in Sociology, *Annual Review of Sociology* 39: 27-49.

Hertwig, R. and Ortmann, A. (2008). Deception in Experiments: Revisiting the Arguments In Its Defense, *Ethics and Behavior* 18(1): 59-82.

Fehr, E. and Gintis, H. (2007). Human Motivation and Social Cooperation: Experimental and Analytical Foundations. *Annual Review of Sociology* 33: 43-64.

Camerer, C. (2015). "The Promise and Success of Lab-Field Generalizability in Experimental Economics: A Critical Reply to Levitt and List", *Handbook of Experimental Economic Methodology*, Fréchette, G.R. and Schotter, A. (eds). New York: Oxford University Press (see: http://papers.ssrn.com/sol3/Papers.cfm?abstract_id=1977749).

Optional:

Henrich, J., Boyd, R., Bowles, S., Camerer, C., Fehr, E., Gintis, H. and McElreath, R. (2001). In Search of Homo Economicus: Behavioral Experiments in 15 Small Scale Societies. *American Economic Review* 91(2): 73-78.

Exadaktylos, F., Espin A.M., and Branäs-Garza, P. (2013). Experimental Subjects Are Not Different. *Nature Scientific Reports* 3: 1213, 2013. doi:10.1038/srep01213.

Session 2: Social Dilemma's

Marwell, G. and Ames, R. (1979). Experiments on the Provision of Public Goods: Resources, Interest, Group Size, and the Free Rider Problem. *American Journal of Sociology* 84: 1335-1360.

Ostrom, E. and Walker, J. M. (1991). "Communication in a commons: cooperation without external enforcement". In T. R. Palfrey (Ed.) *Laboratory Research in Political Economy* (pp. 287–322). Ann Arbor: University of Michigan Press.

Yamagishi, T. (1988). The provision of a Sanctioning System in the United States and Japan. *Social Psychology Quarterly* 51(3): 265–271.

Fehr, E. and Gächter, S. (2000). Cooperation and Punishment in Public Goods Experiments. *American Economic Review* 90: 980-94.

Optional:

Fehr, E. and Fischbacher, U. (2003). The Nature of Human Altruism. *Nature* 425: 785-791.

Habyarimana, J., Humpherys, M., Posner, D. N., and Weinstein, J. M. (2007). Why Does Ethnic Diversity Undermine Public Goods Provision? *American Political Science Review* 101(4): 709-725.

Session 3: Vignette experiments (guest lecturer: Dr. Flavia Fossati)

Wallander, L. (2009). 25 Years of Factorial Surveys in Sociology: A Review. *Social Science Research* 38(3): 505-520.

Hainmueller, J., Hangartner, D., and Teppei Y. (2015). Validating Vignette and Conjoint Survey Experiments Against Real-world Behavior. *PNAS* 112(8): 2395–2400.

Katrin Auspurg, Thomas Hinz, Carsten Sauer (2017). Why Should Women Get Less? Evidence on the Gender Pay Gap from Multifactorial Survey Experiments. *American Sociological Review* 82(1): 179-210. <http://journals.sagepub.com/doi/abs/10.1177/0003122416683393>

Liechti, Fabienne, Fossati, Flavia, Bonoli, Giuliano and Auer, Daniel (2017) “The signalling value of labour market programs”, *European Sociological Review*, 33 (2): 257-274.
DOI: <https://doi.org/10.1093/esr/jcw061>.

Optional:

Correll, S. J., Benard, S., and Paik, I. (2007). Getting a Job: Is There a Motherhood Penalty?. *American Journal of Sociology* 112(5): 1297-1339.

Di Stasio, V., and Gërxhani, K. (2010). Employers’ Social Contacts and their Hiring Behavior in a Factorial Survey. *Social Science Research* 51: 93-107.

Abraham, M., Auspurg, K., and Hinz, T. (2010). Migration Decisions Within Dual-Earner Partnerships: A Test of Bargaining Theory. *Journal of Marriage and Family* 72(4): 876-892.

Blommaert, L., Coenders, M., and van Tubergen, F. (2014). Ethnic discrimination in recruitment and decision makers’ features: Evidence from laboratory experiment and survey data using a student sample. *Social Indicators Research* 116(3): 731-754.

Session 4: Social norms

Rauhut, H. and Winter, F. (2010). A Sociological Perspective on Measuring Social Norms by Means of Strategy Method Experiments. *Social Science Research* 39(6): 1181-94.

Castelli, I., Massaro, D., Bicchieri, C., Chavez, A. and Marchetti, A. (2014). Fairness Norms and Theory of Mind in an Ultimatum Game: Judgments, Offers, and Decisions in School-Aged Children. *PLoS ONE* 9(8): e105024. doi:10.1371/journal.pone.0105024.

Gërxhani, K. and Bruggeman, J. (2015). Time Lag and Communication in Changing Unpopular Norms. *PLoS ONE*, Vol. 10, e0124715.

Schram, A. and Charness, G. (2015). Inducing Social Norms in Laboratory Allocation Choices. *Management Science* 61(7): 1531-1546.

Optional:

Barr, A. and Serra D. (2010). Corruption and Culture: An Experimental Analysis. *Journal of Public Economics* 94(11-12): 862-869.

Session 5: Trust & reciprocity

Kollock, P. (1994). The Emergence of Exchange Structures: An Experimental Study of Uncertainty, Commitment, and Trust. *The American Journal of Sociology* 100(2): 313–345.

Berg, J., Dickhaut, J., and McCabe, K. (1995). Trust, Reciprocity, and Social History. *Games and Economic Behavior* 10(1): 122-142.

Kiyonari, T., Yamagishi, T., Cook, K. S., and Cheshire, C. (2006). Does Trust Beget Trustworthiness? Trust and Trustworthiness in Two Games and Two Cultures: A Research Note. *Social Psychology Quarterly* 69(3): 270-283.

Baldassarri, D. (2015). Cooperative Networks: Altruism, Group Solidarity, Reciprocity and Sanctioning in Ugandan Farmer Organization. *American Journal of Sociology*, 121(2): 355-395

Optional:

Ule, A., Schram, A., Riedl, A., and Cason, T. (2009). Indirect Punishment and Generosity Towards Strangers". *Science* 326: 1701–1703.

Seinen, I., and Schram, A. (2006). Social Status and Group Norms: Indirect Reciprocity in a Repeated Helping Experiment. *European Economic Review* 50: 581–602.

Molm, L.D., Takahashi, N., Peterson, G. (2000). Risk and Trust in Social Exchange: An Experimental Test of a Classical Proposition. *American Journal of Sociology* 105: 1396–1427.