

Course Syllabus

Class/Department : Department of Public Finance

Course Title: Experimental approach in public economics

中文課程名稱：財政學實驗方法

Grade(應修系級) : Master, open to students from all years

Type: Required Selective Whole Half

Credits: 2

Course Number: U3215

Prerequisite Course:

Professor : 鄧軫元(Chen-Yuan Teng)

Course Description:

Designing a scientific experiment to investigate is not an easy job. By examining previous experimental designs, students learn the mythology of the experimental approach.

Course Objective:

There are many behavioral and neural results in subjects of public economics, such as tax compliance, public goods, social preference, well-being, etc. By understanding how economists conduct experiments, students can learn how to apply experimental approach to issues they are interested in.

Course Outline: (including teaching schedule):

Week 1: Introduction

Week 3: Types of experiments.

Bardsley, Nicholas, Robin Cubitt, Graham Loomes, Peter Moffatt, Chris Starmer and Robert Sugden (2009). *Experimental Economics: Rethinking the Rules*. Princeton: Princeton University Press. (Section I)

Week 4-6: Duhem-Quine thesis (DQT)

Güth, W., R. Schmittberger, and B. Schwarze (1982). An experimental analysis of ultimatum bargaining. *Journal of Economic Behavior and Organization* 3: 367-88.

Kahneman, Daniel, Jack L. Knetsch, and Richard H. Thaler. "Fairness And The Assumptions Of Economics." *The Journal of Business* 59.S4 (1986): S285-300.

Charness, G., and M. Rabin. 2002. Understanding social preferences with simple tests. *Quarterly Journal of Economics* 117: 817-69.

Week 7 and 8: Responds from Theorists

Schildberg-Hörisch Hannah (2010). Is the Veil of Ignorance Only a Concept about Risk? An Experiment, *Journal of Public Economics*, 94: 1062-1066.

Teng, J. C., Wang, J. T., and C. C. Yang, Testing Rawlsian Difference principle with primary social goods, working paper.

Week 9: Midterm exam

Week 10-12: Internal and external validity

Levitt, S. D., and J. A. List (2007). What do laboratory experiments measuring social preferences tell us about the real world? *Journal of Economic Perspectives* 21: 153-74.

Alm, James, Betty R. Jackson and Michael McKee (1993). Fiscal Exchange, Collective Decision Institutions, and Tax Compliance, *Journal of Economic Behavior and Organization*, 22: 285-303.

Alm, J., G. H. McCelland and W. D. Schulze (1992). Why do people pay taxes? *Journal of Public Economics* 48: 21-38.

Week 13-16: Incentives

Holt, Charles A. and Susan K. Laury. 2002. "Risk Aversion and Incentive Effects." *American Economic Review*, 92 (5): 1644-1655.

Moffatt, P. G. (2005). Stochastic choice and the allocation of cognitive effort, *Experimental Economics* 8: 369-88.

Barkan, R., and J. R. Busemeyer (1999). Changing plans: dynamic inconsistency and the effect of experience on the reference point, *Psychonomic Bulletin and Review* 6: 547-54.

Schmidt, Ulrich and Joshua Teng, Committing crimes: the reaction to unequal opportunity, working paper

Week 17: MLE estimation

In Jae Myung (2003). Tutorial on maximum likelihood estimation, *Journal of Mathematical Psychology* 47: 90-100.

Week 18: Final exam

學生核心能力權重：八項加總為 100，不需每項均得填寫，惟至少需填一項

Item	Creative thinking and Problem-solving 創意思考與問題解決	Comprehensive integration 綜合統整	Communication and Coordination 溝通協調	Team cooperation 團隊合作
Weight	15	15	10	15
Item	Integrity and Upright 誠信正直	Respect and Reflection 尊重自省	Diverse care 多元關懷	Cross-border cooperation 跨界合作
Weight	15	15	15	0

Career Development:

By learning designing experiments, students should learn skills of problem solving and develop their creativity.

Evaluation Methods:

Assessment: 50% classroom presentation, 50% term essay.

Required texts:

As shown in the course outline, there are many reading materials not from a particular source. They can generally be obtained from the (online resources of) library.