

EF5403: EXPERIMENTAL ECONOMICS

Effective Term

Semester A 2025/26

Part I Course Overview

Course Title

Experimental Economics

Subject Code

EF - Economics and Finance

Course Number

5403

Academic Unit

Economics and Finance (EF)

College/School

College of Business (CB)

Course Duration

One Semester

Credit Units

3

Level

P5, P6 - Postgraduate Degree

Medium of Instruction

English

Medium of Assessment

English

Prerequisites

EF5471 Advanced Microeconomics (for taught postgraduate students)EF8070 Advanced Microeconomics (for research degree students)

Precursors

Some knowledge of game theory and statistics

Equivalent Courses

Nil

Exclusive Courses

Nil

Part II Course Details

Abstract

This course will introduce the basic principles of controlled experiments in economics including the design and conduct of experiments as well as data analysis and reporting of results. A discussion of recent developments in the field of laboratory experiments will be presented, with a particular emphasis on decision theory, game theory, and asset markets. Furthermore, the course aims to develop a set of critical professional skills, including critical evaluation of others' research, presentation, conception, and development of new ideas based on the understanding of current research.

Course Intended Learning Outcomes (CILOs)

CILOs		Weighting (if app.)	DEC-A1	DEC-A2	DEC-A3
1	Demonstrate an understanding of the literature.	60	x		
2	Demonstrate the ability to evaluate others' work.	10	x		
3	Identify a research question where experimental methodology could be applied.	10	x	x	x
4	Design an experiment to tackle the research questions proposed.	10	x	x	x
5	Demonstrate adequate writing skill	10	x	x	

A1: Attitude

Develop an attitude of discovery/innovation/creativity, as demonstrated by students possessing a strong sense of curiosity, asking questions actively, challenging assumptions or engaging in inquiry together with teachers.

A2: Ability

Develop the ability/skill needed to discover/innovate/create, as demonstrated by students possessing critical thinking skills to assess ideas, acquiring research skills, synthesizing knowledge across disciplines or applying academic knowledge to real-life problems.

A3: Accomplishments

Demonstrate accomplishment of discovery/innovation/creativity through producing /constructing creative works/new artefacts, effective solutions to real-life problems or new processes.

Learning and Teaching Activities (LTAs)

LTAs	Brief Description	CILO No.	Hours/week (if applicable)
1	Lectures, in-class experiments	Students will learn the methodology of laboratory experiments and the relevant literature based on the most popular topics in the field.	1
2	Reading assignment	Students will engage in reading assignments to demonstrate the ability to evaluate others' work.	2
3	Research	Students will engage in research activities to develop new research ideas and specific research questions.	3, 4, 5

Assessment Tasks / Activities (ATs)

	ATs	CILO No.	Weighting (%)	Remarks ("-" for nil entry)	Allow Use of GenAI?
1	Participation in in-class activities	1	10	For Assignments and Group Project, you can use Generative Artificial Intelligence Tools to help you understand the concepts/ questions/ problems, or analyze data. But the final version must be your own work, e.g., you cannot copy and paste the AI answers as your own answers. You are not allowed to use Generative Artificial Intelligence Tools in mid-term exam(s)/quiz(zes)	Yes
2	Assignments	1, 2	20	For Assignments and Group Project, you can use Generative Artificial Intelligence Tools to help you understand the concepts/ questions/ problems, or analyze data. But the final version must be your own work, e.g., you cannot copy and paste the AI answers as your own answers. You are not allowed to use Generative Artificial Intelligence Tools in mid-term exam(s)/quiz(zes)	Yes

3	Term paper	3, 4, 5	30	If students use GenAI for their term paper, they must declare it explicitly in the report/term paper.	Yes
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Continuous Assessment (%)

60

Examination (%)

40

Examination Duration (Hours)

3

Assessment Rubrics (AR)**Assessment Task**

Participation in in-class activities (for students admitted before Semester A 2022/23 and in Semester A 2024/25 & thereafter)

Criterion

Demonstrate the understanding of the experiments concerned

Excellent

(A+, A, A-) High

Good

(B+, B, B-) Significant

Fair

(C+, C, C-) Moderate

Marginal

(D) Basic

Failure

(F) Not even reaching marginal levels

Assessment Task

Assignments (for students admitted before Semester A 2022/23 and in Semester A 2024/25 & thereafter)

Criterion

Demonstrate the understanding of the topics where experiments have been mostly applied and critically evaluate the experimental literature

Excellent

(A+, A, A-) High

Good

(B+, B, B-) Significant

Fair

(C+, C, C-) Moderate

Marginal

(D) Basic

Failure

(F) Not even reaching marginal levels

Assessment Task

Term paper (for students admitted before Semester A 2022/23 and in Semester A 2024/25 & thereafter)

Criterion

Demonstrate the capability of applying the experimental methodology to study a specific research question

Excellent

(A+, A, A-) High

Good

(B+, B, B-) Significant

Fair

(C+, C, C-) Moderate

Marginal

(D) Basic

Failure

(F) Not even reaching marginal levels

Assessment Task

Examination (for students admitted before Semester A 2022/23 and in Semester A 2024/25 & thereafter)

Criterion

Demonstrate the understanding of the course materials as well as the capability of applying them.

Excellent

(A+, A, A-) High

Good

(B+, B, B-) Significant

Fair

(C+, C, C-) Moderate

Marginal

(D) Basic

Failure

(F) Not even reaching marginal levels

Assessment Task

Participation in in-class activities (for students admitted from Semester A 2022/23 to Summer Term 2024)

Criterion

Demonstrate the understanding of the experiments concerned

Excellent

(A+, A, A-) High

Good

(B+, B) Significant

Marginal

(B-, C+, C) Basic

Failure

(F) Not even reaching marginal levels

Assessment Task

Assignments (for students admitted from Semester A 2022/23 to Summer Term 2024)

Criterion

Demonstrate the understanding of the topics where experiments have been mostly applied and critically evaluate the experimental literature

Excellent

(A+, A, A-) High

Good

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Examination (for students admitted from Semester A 2022/23 to Summer Term 2024)

Criterion

Demonstrate the understanding of the course materials as well as the capability of applying them.

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(A+, A, A-) High

Good

(B+, B) Significant

Marginal

(B-, C+, C) Basic

Failure(F) Not even reaching marginal levels

Part III Other Information**Keyword Syllabus**

Experimental methods: introduction, principles of economics experiments, design, conduct, data analysis, reporting results Risk and decision making, Ultimatum bargaining Trust games Public goods games Other regarding preferences, Auctions, Industrial Organization: Price competition, Quantity competition, Collusion, Experimental asset markets: Rational expectations, Price bubbles, Double auctions, Call markets, Information acquisition, Social communication

Reading List**Compulsory Readings**

	Title
1	Friedman, D., and S. Sunder (1994), <i>Experimental Methods: A Primer for Economists</i> , Cambridge University Press.
2	Holt, Charles (2006), <i>Markets, Games, and Strategic Behavior</i> , Addison Wesley.
3	Kagel, J. H., and A. H. Roth (1995), <i>The Handbook of Experimental Economics</i> , Princeton University Press.
4	Kagel, J. H., and A. H. Roth (2016), <i>The Handbook of Experimental Economics Volume 2</i> , Princeton University Press.

Additional Readings

	Title
1	Camerer, C. (2003), <i>Behavioral Game Theory: Experiments on Strategic Interaction</i> Princeton University Press.
2	Davis, D. D., and C. A. Holt (1993), <i>Experimental Economics</i> Princeton University Press.