

## **Experimental Economics**

Course : **Experimental Economics**

Grade : 3<sup>rd</sup> Semester (Odd Semester 2022/2023)

Credits : 3 (150 Minutes/meeting, 16 meetings in 1 semester)

Instructor : 1. Dr. Dyah Titis Kusuma Wardani, S.E., MDEC. ([dyah.wardani@umy.ac.id](mailto:dyah.wardani@umy.ac.id))  
2. Dr. Diah Setyawati Dewanti, S.E., M.Sc. ([ddewanti@umy.ac.id](mailto:ddewanti@umy.ac.id))

### **DESCRIPTION**

The Experimental Economics course is an advanced course of Microeconomics Applications in Business. In 2002, Nobel laureate Vernon Smith was a pioneer in experimental economics. His early experiments focused on theoretical equilibrium prices and how they compare to real-world equilibrium prices. Smith also conducted experiments to test theoretical assumptions about various types of auctions, assigning airfield time slots and advocating the power market. Smith's economic experiments were in large part because he had assumed that economic investigations should only be based on observations and real world data. Smith's works set the standard for good economic experimentation. Economists are increasingly using aspects of psychology or behavior to test and improve economic theory by experimental methods

### **The Course Features**

#### **Students will be able to:**

- Students are able to understand the size and scope of incentives
- Students are able to understand Punishment
- Students are able to explain individual rationality
- Students are able to explain Decision under uncertainty
- Students are able to understand and explain Multiple equilibria
- Students are able to understand and explain public goods
- Students are able to understand and explain Bargaining game
- Students are able to explain and analyze Behavioral economics

#### **Reference :**

- Al Qur'anul Karim.
- Blanchard, O. 2006. *Macroeconomics*. 4th editions. Prentice Hall, Upper Saddle River, NJ.
- Burkett, J.P. 2006. *Microeconomics – Optimization, Experiments, and Behavior*. Oxford University Press, Oxford.
- Davis, D.D. and C.A. Holt. 1993. *Experimental Economics*. Princeton University Press, Princeton.
- Smith, V. L., Economics in the Laboratory. The Journal of Economic Perspectives, American Economic Association, 1994, 8, pp. 113-131.
- Friedman, D. & Cassar, A., Economics Lab: An Introduction to Experimental Economics, Routledge, 2004. Chapter 2.

- Roth, Alvin E. "Introduction to Experimental Economics." In The Handbook of Experimental Economics, 107. Princeton University Press, 2020. [https://www.wiwi-experimente.tu-berlin.de/fileadmin/fg210/handbook\\_3\\_109.pdf](https://www.wiwi-experimente.tu-berlin.de/fileadmin/fg210/handbook_3_109.pdf).
- Binmore, K., Why Experiment in Economics? The Economic Journal, Blackwell Publishers Ltd, 1999, 109, 16-24

**Assessment :**

No.	Komponen Nilai			Persentase (%)
<i>Hard skills</i>			<b>Bobot Nilai (Maks)</b>	<b>75</b>
1.	Presentasi dan Tanya-Jawab	1 x	10	10
2.	Quiz	1 x	5	5
3.	Assignment/Tugas	1 x	5	5
4.	Makalah	1 x	15	15
5.	Ujian Kompetensi	4 x	10	40
<i>Soft skills</i>				<b>25</b>
6.	Forum Diskusi	1 x	5	5
7.	Hafalan Ayat Al-Qur'an	2 Ayat	2	4
8.	Presensi	16 x	1	16
<b>Total</b>				<b>100</b>

**Syllabus**

Week	Session	Content
1	1	Incentives
2	2	Punishment
3	3	Individual rationality
4	4	Decision under uncertainty
5	5	Multiple equilibria
6	6	Public Goods
7	7	Bargaining game
8	8	Trust game
9	9	Auctions
10	10	Laboratory and field experiments
11	11	Behavioral preferences
12-16	12-16	Behavioral economics