

Experimental labor

This course covers the application of experimental methods to labor market issues, as well as general methods using in experiments.

Course details

- Course code: 895-007
- Class time: M 4.30pm-7.10pm
- Date by which final projects are due: 5/6
- Class location: Robinson Hall A107
- Class website: <http://www.omar.ec/> then go to teaching
- Course instructor
 - Name: Omar Al-Ubaydli (just call me Omar)
 - Email: omar@omar.ec
 - Office hours: M 12pm-1pm Enterprise Hall 346

If you are a student with a disability and you need academic accommodations, please see me and contact the Office of Disability Resources at 703-993-2474. All academic accommodations must be arranged through that office.

Make sure that you regularly check your email as official class and university communications will occur over email.

Grading

Each student will have to design their own experiment, prepare predictions, simulate data and run a complete econometric analysis of the simulated data. Students will present their ideas to class towards the end of the semester.

Each student will also have to do a 20-minute presentation of one of the main papers covered in class; who presents what will be decided in class. All of the above are in addition to keeping up with weekly readings.

Recommended preparation

Both first year PhD microeconomics classes and first year PhD econometrics. Experimental Economics 881 and 882 are recommended but not required. Those who have not covered experiments before should be prepared to work harder to catch up.

Course plan and readings

NOTE: I will list readings in the order that I think it is best to read them in.

Econometrics review

Population vs. sample moments; law of large numbers; causal effects and the inductive method; linear regression and discrete choice as extensions of the control/treatment approach; randomized control vs. naturally-occurring data.

- Heckman (2000) Quarterly Journal of Economics.
- Any econometrics textbook for the rest.

Gift exchange

Macroeconomics and multitasking background; early lab experiments; subsequent field experiments; towards a synthesis.

- Agell & Lundborg (1995) Scandinavian Journal of Economics.
- Akerloff (1982) Quarterly Journal of Economics.
- Holmstrom & Milgrom (1991) Journal of Law, Economics and Organization.
- Fehr et al. (1993) Quarterly Journal of Economics.
- Fehr et al. (1997) Quarterly Journal of Economics.
- Gneezy & List (2006) Econometrica.
- Pritchard et al. (1972) Journal of Applied Psychology.
- List (2006) Journal of Political Economy.
- Bellemere & Shearer (2009) Games and Economic Behavior.
- Kube et al. (2009) Working Paper.
- Fehr et al. (2009) Annual Review of Economics.

Reciprocity theory

Social psychology readings on reciprocity; how to formally model reciprocity in economics; applications of reciprocity to labor market issues; estimating reciprocity parameters.

- Tesser et al. (1968) Journal of Personality and Social Psychology.
- Greenberg and Frisch (1972) Journal of Experimental Social Psychology.
- McCullough et al. (2001) Psychological Bulletin.
- Ames et al. (2004) Personality and Social Psychology Bulletin.
- Fehr and Schmidt (1999) Quarterly Journal of Economics.
- Bolton and Ockenfels (2000) American Economic Review.
- Blount (1995) Organizational Behavior and Human Decision Processes.
- McCabe et al. (2003) Journal of Economic Behavior and Organization.
- Rabin (1993) American Economic Review.
- Dufwenberg and Kirchsteiger (2004) Games and Economic Behavior.

- Falk and Fischbacher (2006) Games and Economic Behavior.

Asymmetric reciprocity and the labor market

Social psychological evidence on asymmetric reciprocity; economics evidence on asymmetric reciprocity with applications to the labor market; structural modeling of asymmetric reciprocity.

- Baumeister et al. (1994) Review of General Psychology.
- Offerman (2002) European Economic Review.
- Andreoni et al. (2003) American Economic Review.
- Al-Ubaydli and Lee (2009) Journal of Economic Behavior and Organization.
- Al-Ubaydli et al. (2009) Working Paper (ask me and I'll send this to you).

Coordination

What constitutes a coordination game; coordination and communication; coordination and precedent; coordination in labor-market settings; structurally modeling focal points and coordination.

- Van Huyck et al. (1990) American Economic Review.
- Mehta et al. (1994) American Economic Review.
- Schelling (1960) Book.
- Bacharach and Bernasconi (1997) Games and Economic Behavior.
- Cooper et al. (1992) Quarterly Journal of Economics.
- Blume & Ortmann (2007) Journal of Economic Theory.
- Brandts & Cooper (2007) Journal of the European Economic Association.
- Weber et al. (2001) Organizational Science.
- Brandts & Cooper (2006) American Economic Review.
- Brandts et al. (2007) Experimental Economics.
- Van Huyck et al. (1991) Quarterly Journal of Economics.
- Camerer & Knez (1994) Strategic Management Journal.
- Knez & Camerer (2000) Organizational Behavior and Human Decision Processes.
- Devetag (2005) Economics Letters.
- Weber (2006) American Economic Review.
- Al-Ubaydli (2009) Working Paper (ask me and I'll send this to you).

Intrinsic vs. extrinsic incentives

How to incentivize people in the labor market; how to incentivize voluntary workers; the effect of financial incentives on worker creativity.

- Deci et al. (1999) Psychological Bulletin.
- Andreoni (1989) Journal of Political Economy.
- Andreoni (1990) Economic Journal.

- Benabou & Tirole (2003) Review of Economic Studies.
- Benabou & Tirole (2006) American Economic Review.
- Menchik & Weisbrod (1987) Journal of Public Economics.
- Brown & Lankford (1992) Journal of Public Economics.
- Frey & Oberholzer-Gee (1997) American Economic Review.
- Freeman (1997) Journal of Labor Economics.
- Frey & Goette (1999) Review of Economics and Statistics.
- Duncan (1999) Journal of Public Economics.
- Clary et al. (1998) Journal of Personality and Social Psychology.
- Glucksberg (1962) Journal of Experimental Psychology.
- McGraw & McCullers (1979) Journal of Experimental Social Psychology.
- Amabile et al. (1986) Journal of Personality and Social Psychology.
- Eisenberger & Selbst (1994) Journal of Personality and Social Psychology.
- Eisenberger & Cameron (1996) American Psychologist.

Field vs. lab experiments

How do the two differ; what are the advantages of each; how this debate applies to the field of labor economics.

- Harrison & List (2004) Journal of Economic Literature.
- Levitt & List (2008) Journal of Economic Perspectives.
- Falk & Heckman (2009) Science.

STATA skills

General STATA skills for those with little-to-no background; introductory maximum likelihood estimation; introductory Monte Carlo for designing and testing experiments.

Writing experimental papers

General advice on writing experimental papers, with specific attention to writing the empirical section, including how to lay out results and how to choose which tests are desirable.