

www.economicnetwork.ac.uk

Classroom Experiments

Jon Guest



The Higher Education Academy Economic Network

www.economicnetwork.ac.uk

Classroom Games/Experiments

- What are they?
- Often a simplified version of a research experiment
- Individuals make decisions that determine pay-offs
 - Individual choice
 - Interactive choice
- 20 – 40 minutes
- Many games are market simulations

The Higher Education Academy Economic Network

www.economicnetwork.ac.uk

Game 1: A market game

- Background
- One of the first classroom experiments (Chamberlin 1948)
- Referring to this game Holt(1996) stated that it:

“would be my clear first choice if I were limited to a single lecture in a microeconomics course at any level”

The Higher Education Academy Economic Network

www.economicnetwork.ac.uk

Game 1: A market game

- Students divided into buyers and sellers
- Students given cards
 - Red for sellers of the item
 - Number on card gives cost of item in £s
 - Want to sell *above* value of card
 - Black for buyers of the item
 - Number on card gives value of item in £s
 - Want to buy *below* value of card
- Trading takes place
 - Individual buyers and sellers agree prices
 - trading pit/offer-counteroffer and haggling
 - Mark their gain on their sheet
 - No deal gives no gain or loss

The Higher Education Academy Economic Network

www.economicnetwork.ac.uk

Game 1: Reflections

- Prices normally converge to competitive equilibrium
- Price convergence tends to be slower and variance of prices is greater than oral double auction
- However pedagogic advantages
- Sometimes negotiating ability of one side of the market is much better
 - Normally buyers

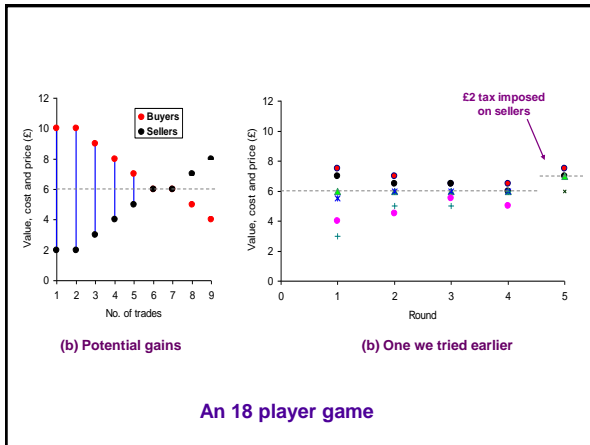
The Higher Education Academy Economic Network

www.economicnetwork.ac.uk

Game 1: Reflections

- Easy to demonstrate producer and consumer surplus
- Helps introduce the concept of efficiency
- Can discuss information issues
- Can introduce a tax of £x on suppliers or price ceilings/floors
- Monopoly version (one person has all black cards)

The Higher Education Academy Economic Network



Benefits of games

- Evidence that they have a positive impact on learning
- Promote a more active learning environment and achieve deeper learning
- Experiential learning
- Applicability of abstract theory
- Fun/engaging
- Dealing with increasing heterogeneity

Overcoming Potential Drawbacks

- Could have implications for the quantity of material “covered”
 - But deeper learning
- Will students take them seriously?
 - Integrate results into seminars/assessment
- What if they don’t work or contradict the predictions of theory
 - Useful for examining assumptions
- Will they suit all students? – different learning styles

Game 2: Prisoners’ Dilemma Game

- Activity
 - Each person is given two playing cards – one black (Clubs or Spades), one red (Hearts or Diamonds).
 - They play one card each round and are matched to another person.
 - Pay-offs depend on the card chosen by each individual and the person they are matched with.

Game 2: Reflections

- Very easy to set up and fun to play
 - Can easily be played in a seminar
 - PDG was judged the most effective game by first year students last year
- Can demonstrate
 - How the extent of cooperation is affected by
 - Pay-off incentives
 - One shot vs. repeated interaction
 - Motivation, social preferences and intrinsic reciprocity

More Information

- See Economics Network site for a range of games and tips on their use
 - <http://www.economicsnetwork.ac.uk/the-mes/games.htm>