

Economics 304K

My name: Preston McAfee

Text: Bergstrom and Miller, *Experiments with Econ Principles*, McGraw-Hill. Text is absolutely required.

Home page:

www.eco.utexas.edu/~mcafee/index.html

You are responsible for *all* the information in the website!

Wall Street Journal

Bring scissors to class on experiment days!

Experimental data will be available (i) on our web page, or (ii) posted on the fourth floor of the econ building if anyone requests it.

We have a class currency - the ★ or *star*. At the end of the semester, your earnings in ★s will be converted into extra credit. There is an average of 3 points of extra credit available - but you could earn as many as 10 points (one letter grade), or as little as zero.

Only some experimental sessions will count toward extra credit. Usually we will run a couple of practice sessions prior to the real thing.

Group 1:

Group 2:

Group 3:

Group 4:

Group 5:

Should you take this class or switch to another?

Advantages

Lots of T.A./S.I. support

Experiments are very interesting

Learning by doing is generally more effective than lectures

Novel approach and ideas

In experiments, you get to participate

Lots of things to figure out - thinking is required

Disadvantages

Lots of homework

Required reading *can't* be put off

Penalties for absences

Experiments are unpredictable - lots of rough edges

Lots of things to figure out - thinking is required

If the advantages sound like disadvantages, you may want to switch to another 304K class. If the disadvantages sound like advantages, you might want to seek professional counselling, or major in economics, or both.

Experiment 0

Detach (fold then tear carefully) the product coupon and the check from your information sheet.

If your student number is even (ends in 0,2,4,6 or 8), you will be a buyer in round 1. In this case, your check, drawn on the **Left Bank of the Colorado**, tells you the value, in ★'s, of buying the product.

Otherwise you are a seller, and your product coupon, provided by *Zorp Manufacturing Corp*, tells you the cost to you of the product you have to sell.

You have to negotiate to complete a transaction. When you have agreed on a price, you go to your T.A. and fill out a transaction report, or contract. This is our record of your transaction - and the only way to earn extra credit.

The experiment will last five minutes.