

## Experimental methods, Lecture and tutorial

Urs Fischbacher

Monday, 14:15-15:45, F423

Tuesday, 12:30-14:00, G420 (biweekly according to schedule)

### Content

Experiments have established their own role in economics as a source of knowledge. Experiments allow testing the behavioral assumptions underlying economic modeling; they provide tests the empirical validity of different models and permit to establish behavioral regularities even when not theory is yet available. Experiments also guide the researchers in the development of new theories. So, without experiments, prospect theory and social preference theories would be without relevance, since the relevance could not be proven. This lecture gives an introduction into the experimental method in economics. It should enable you to design, plan, conduct, and analyze an economic experiment. Furthermore, it presents typical and prototypical experimental designs.

### Preliminary schedule

Lectures (Monday)	Tutorials (Tuesday)
20.04.2009 1 Introduction	Paper and pencil experiments
27.04.2009 2 Prototypical experiments	
04.05.2009 3 Designing Experiments	Designing an experiment
11.05.2009 4 Data analysis I	
18.05.2009 5 Data analysis II	Experiment in the Lab
25.05.2009 6 Individual decision making	
01.06.2009 Pentecost	Conducting experiments
08.06.2009 7 Experimental markets	
15.06.2009 8 Bargaining	Introduction to z-Tree
22.06.2009 9 Bounded rationality models	
29.06.2009 10 Field experiments	Designing an experiment
06.07.2009 11 Psychoeconomics	
13.07.2009 12 Neuroeconomics methods	Review of Exercises
20.07.2009 13 Questions and Answers	

## **General Literature**

Colin F. Camerer, Behavioral Game Theory, Princeton University Press, 2003.

Davis/Holt, Experimental Economics, Princeton University Press, 1993.

Kagel/Roth, The Handbook of Experimental Economics, Princeton Univ. Press, 1995.

Daniel Friedman, Shyam Sunder, Experimental Methods, Cambridge Univ. Press, 1994.

Daniel Friedman, Alessandro Cassar, Economics lab, an intensive course in experimental economics, Routledge, London, 2004

Francesco Guala, The Methodology of Experimental Economics von von Cambridge University Press, 2005.

Theodore C. Bergstrom and John H. Miller, Experiments with Economic Principles, McGraw-Hill, 1997.

The first three books provide an overview of experimental economics. They deal with the question how economic problems are translated into an experimental design, what we observe in these experiments and what we can learn from these results. The book by Camerer is most up-to-date; and for this reason, it is the most recommendable. The books by Friedman/Sunder and Friedman/Cassar give introductions into the experimental method. They present in rather abstract way what types of research questions can be addressed by experiments, and explain very concretely how experiments are implemented and conducted. Guala is a philosopher, and for this reason, his book has a philosophical point of view. Bergstrom/Miller is an introduction into economics based on experiments.

The lecture will be based on slides, which will also contain the necessary references. For the exam, the content presented in the lecture, i.e. the slides are relevant.