

Experimental methods, Lecture and tutorial

Urs Fischbacher

Monday, 14:15-15:45, F424

Tuesday, 8:30-10:00, D247 (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.

Schedule

Lectures (Monday)			Tutorials (Tuesday)	
12.04.2010	1	Introduction	13.04.2010	Paper and pencil experiments
19.04.2010	2	Prototypical experiments		
26.04.2010	3	Designing Experiments	27.04.2010	Experiment in the Lab
03.05.2010	4	Data analysis		
10.05.2010	5	Individual decision making	11.05.2010	Data analysis
17.05.2010	6	Experimental markets		
24.05.2010		Pentecost	25.05.2010	Conducting experiments
31.05.2010	7	Bargaining		
07.06.2010	8	Social Preferences	08.06.2010	Designing Experiments
14.06.2010	9	Bounded rationality models		
21.06.2010	10	Field experiments	22.06.2010	Fairness theories
28.06.2010	11	Neuroeconomics		
05.07.2010	12	Questions and Answers	06.07.2010	Bounded rationality models

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.

Nicholas Bardsley, Robin Cubitt, Graham Loomes, Peter Moffatt, Chris Starmer & Robert Sugden, Experimental Economics: Rethinking the Rules, Princeton University Press, 2009.

Francesco Guala, The Methodology of Experimental Economics, 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. Bardley et al. present an up-to-date discussion about what experiments can be used for and what are good practices in using experiments. 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.