

Experimental methods, Lecture and tutorial

Urs Fischbacher

Monday, 10:15-11:45, F424

Tuesday, 08:30-10:00, F424 (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)
11.04.2011 1 Introduction	Paper and pencil experiments
18.04.2011 2 Prototypical experiments	
25.04.2011 Easter Monday	
2.05.2011 3 Designing Experiments	
9.05.2011 4 Individual decision making	Designing an experiment
16.05.2011 5 Experimental markets	Experiment in lakelab
23.05.2011 6 Bargaining	Conducting experiments
30.05.2011 7 Data analysis	
6.06.2011 8 Bounded rationality models	Data analysis
13.06.2011 Pentecost Monday	
20.06.2011 9 Field experiments	
27.06.2011 10 Psychoeconomics	Designing an experiment
4.07.2011 11 Neuroeconomic methods	Review of Exercises
11.07.2011 12 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, 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.