

## PhD Course on “Experiments in Economics”

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There are a number of different experiments in economics. In particular, there is a difference between behavioural economics on the one hand, the branch of economics that links in particular psychology and economics, and experimental economics on the other hand. The latter tests market mechanisms and incentive structures on individual behaviour. Experiments also concern neuroscientific research in economics. The experimental literature in economics has become a standard way of reasoning in economics and is a perfect tool to bridge over to other disciplines in the social sciences concerned with individual decision-making and its consequences.

I will give an introduction to mark the historical development of “experiments” in economics, starting in particular with Herbert Simon, explaining the different “schools” of experiments in behavioural economics, around key figures such as Daniel Kahneman on the one hand and Gerd Gigerenzer on the other for example, and differentiating it from typical market experiments à la V. Smith.

I will present some key results of the experimental and behavioural literature and indicate how these results have influenced and/or challenged economic theory. This will obviously concern some references to typical and repeatedly observed “biases” in rational decision-making in the behavioural literature. Following this, I will introduce the notion of ecological rationality and will explain what this means in the experimental literature. I will discuss some more methodological and epistemological questions, in particular concerning the external validity of experiments.

**Dates:** May 21, May 28, June 11, and June 18

**Time:** 9 am – 12pm

**Venue:** IBD Salle TBC

### **References:**

Nicholas Bardsley et al., 2010, *Experimental Economics: Rethinking the rules*, Princeton University Press

Steven Durlauf and Lawrence Blume, 2010, *Behavioural and experimental economics*, Macmillan Publishers

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

Gerd Gigerenzer, 2015, *Simply rational: Decision making in the real world*, Oxford University Press

Daniel Kahneman and Amos Tversky, 2010, *Choices, Values, and Frames*, Cambridge University Press

Vernon Smith, 2008, *Rationality in Economics: Constructivist and Ecological Forms*, Cambridge University Press.

### **Validation mechanism:**

Essay or detailed instruction for an experiment.