



Course: Experimental Economics

Faculty: Jordi Brandts

Term: Spring Term

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Office Hours: Upon request by email.

This is a provisional syllabus, subject to changes. Four topics of the lectures will be: 1. Introduction and overview, 2. Social preferences, motivation and cooperation, 3. Markets and 4. Organizations.

READING LIST

1. INTRODUCTION AND OVERVIEW.

Davis, D. and C. Holt (1993): Experimental Economics, Princeton University Press.

Friedman, D. and S. Sunder (1994): Experimental Methods. A Primer for Economists. Cambridge University Press.

Hey, J. (1991): Experiments in Economics, Basil Blackwell, Cambridge, Massachusetts.

Kagel, J. and A. Roth (1995): The Handbook of Experimental Economics, Princeton University Press.

Camerer, C. (2003): Behavioral Game Theory, Princeton University Press.

Camerer, C., G. Loewenstein and M. Rabin (2004): Advances in Behavioral Game Theory. Princeton University Press.

Al Roth's Game Theory and Experimental Economics Page, <http://www.economics.harvard.edu/aroeth/alroth.html>, contains a wealth of interesting material.

2. SOCIAL PREFERENCES, MOTIVATION AND COOPERATION.

Brandts, J., T. Saijo and A. Schram (2004), "How Universal is Behavior? A Four Country Comparison of Spite and Cooperation in Voluntary Contribution Mechanisms", Public Choice, 119, 381-424.

Bolton, Gary E., Jordi Brandts and Axel Ockenfels (1998), "Measuring Motivations for the Reciprocal Responses Observed in a Simple Dilemma Game", Experimental Economics, 1, 207-219.

Charness, G. and M. Rabin (2002), "Understanding Social Preferences with Simple Tests", Quarterly Journal of Economics, 117, 817-869.

Andreoni, J. and J. Miller (2002), "Giving According to GARP: An Experimental Test of the Consistency of Preference for Altruism", Econometrica, 70, 737-753.

Brandts, J., E. Fatás and F. Lagos (2005), "An Experimental Study of Equity and Reciprocity using Individual Decisions", mimeo.

Isaac, M. and J. Walker (1988): "Group Size Effects in Public Goods Provision: The Voluntary Contribution Mechanism", Quarterly Journal of Economics, vol. 103, pp. 179-200.

Isaac M., J. Walker and A. Williams (1994): "Group Size and the Voluntary Provision of Public Goods. Experimental Evidence Utilizing Large Groups", Journal of Public Economics, vol. 54, pp. 1-36.

Offerman, T., J. Sonnemans and A. Schram (1996): "Value Orientations, Expectations and Voluntary Contributions in Public Goods", The Economic Journal, vol. 106, pp. 817-845.

Bolton, Gary E., Jordi Brandts and Elena Katok (2000): "How Strategy Sensitive Are Contributions? A Test of Six Hypotheses in a Two-person Dilemma Game", Economic Theory, vol. 15, no. 2, pp. 367-387.

Brandts, Jordi and Gary Charness (2003), "Truth and Consequences: An Experiment", Management Science, 49, 116-130.

Brandts, Jordi and Carles Solà (2001), "Reference Points and Negative Reciprocity in Simple Sequential Games", Games and Economic Behavior, 36, 136-157.

Bolton, G., J. Brandts and A. Ockenfels (2005), "Fair Procedures. Evidence from Games Involving Lotteries", Economic Journal, 115, 1054-1076.

Fehr, Ernst, Simon Gaechter and Georg Kirchsteiger (1997), "Reciprocity as a Contract Enforcement Device: Experimental Evidence", Econometrica, 65, 4, 833-860.

Brandts, J. and G. Charness (2004): "Do Labour Market Conditions Affect Gift Exchange? Some Experimental Evidence", Economic Journal, 114, 684-708.

Fehr, Ernst and Klaus Schmidt (1999), "A Theory of Fairness, Competition and Cooperation", Quarterly Journal of Economics, vol. CXIV, pp. 817-868..

Hoffman, Elizabeth, Kevin McCabe, Jason Shachat and Vernon L. Smith (1994), "Preferences, Property Rights and Anonymity in Bargaining Games", Games and Economic Behavior, 7, 346-380.

Bolton, Gary E. and Axel Ockenfels (2000), "ERC: A Theory of Equity, Reciprocity and Competition", American Economic Review, 90, 166-193.

Fehr, Ernst, Georg Kirchsteiger and Arno Riedl (1993), "Does Fairness Prevent Market Clearing ? An Experimental Investigation", Quarterly Journal of Economics, 108, 2, 437-460.

Rabin, Matthew (1993), "Incorporating Fairness into Game Theory and Economics", American Economic Review, 83, 1281-1302.

Bolton, G. (1998): "Bargaining and Dilemma Games: From Laboratory Data Towards Theoretical Synthesis", Experimental Economics, vol. 1, no. 3, pp.257-281.

Ledyard, J. (1995): "Public Goods: A Survey of Experimental Research", in The Handbook of Experimental Economics, Princeton University Press, pp.111-194.

3. MARKET AND INDUSTRIAL ORGANIZATION ISSUES.

Smith, V. (1982): "Markets as Organizers of Information: Experimental Examination of the 'Hayek Hypothesis'", Economic Inquiry, vol. 20, pp. 165-179.

Davis, D. and C. Holt (1994): "Market Power and Mergers in Laboratory Markets with Posted Prices", RAND Journal of Economics, vol. 25, no.3, pp. 467-487.

Dufwenberg, M., and U. Gneezy (2000): "Price competition and market concentration: an experimental study", International Journal of Industrial Organization, 18, 7-22.

Abbink, K. and J. Brandts (2005), "Price competition under cost uncertainty", Economic Inquiry, 43, 636-648.

Abbink, K. and J. Brandts (2002): "24", <http://www.iae.csic.es/brandts/index.htm>

Smith, V. (1962): "An Experimental Study of Competitive Market Behavior", Journal of Political Economy, vo. 70, no. 2, pp. 111-137.

Plott, C. and V. Smith (1978): "An Experimental Examination of Two Exchange Institutions", Review of Economic Studies, vol. 45, no. 1, pp. 133-153.

Cason, T. and D. Friedman (1997): "Price Formation in Single Call Markets", Econometrica, vol. 65, no. 2, pp. 311-345.

Davis, D. and C. Holt (1996): "Markets with Posted Prices: Recent Results from the Laboratory", Investigaciones Económicas, vol. XX, no. 3, 291-320.

Brown-Kruse, J., S. Rassenti, S. Reynolds and V. Smith (1994): "Bertrand-Edgeworth Competition in Experimental Markets", Econometrica, vol. 62, no. 2, pp. 343-371.

Rassenti, S., S. Reynolds, S., V. Smith, and F. Szidarovszky (2000): "Adaptation and convergence of behavior in repeated experimental Cournot games", Journal Of Economic Behavior And Organization, vol. 41, no. 2, pp. 117-146.

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Holt, C. (1995): "Industrial Organization: A Survey of Laboratory Research", in The Handbook of Experimental Economics, Princeton University Press, pp. 349-444.

Sunder, S. (1995): "Experimental Asset Markets: A Survey", in The Handbook of Experimental Economics, Princeton University Press, pp. 445-500.

Kagel, J. (1995): "Auctions: A Survey of Experimental Research", in The Handbook of Experimental Economics, Princeton University Press, pp. 501-585.

4. ORGANIZATIONS.

Brandts, J. and D. Cooper (2004), "A Change Would Do You Good: An Experimental Study of How to Overcome Coordination Failure in OrganIzations", forthcoming American Economic Review.

Brandts, J. and D. Cooper (2005), "Its What you Say Not What You Pay. An Experimental Study of Manager-Employee Relationships in Overcoming Coordination Failure", mimeo.

Knez, Marc and Colin Camerer (1994), "Creating Expectational Assets in the Laboratory: Coordination in 'Weakest-Link' Games," Strategic Management Journal, 15, 101-119.

Knez, Marc and Colin Camerer (2000), "Increasing Cooperation in Prisoner's Dilemmas by Establishing a Precedent of Efficiency in Coordination Games," Organizational Behavior and Human Decision Processes, 82, 2, 194 – 216.

Roberto A. Weber and Colin Camerer. (2003). "Cultural conflict and merger failure: An experimental approach." Management Science, 49, 400-415.

Roberto A. Weber, Yuval Rottenstreich, Colin Camerer and Marc Knez. (2001). "The illusion of leadership: Misattribution of cause in coordination games." Organization Science, 12, 582-598.