

# Contents

	<i>List of Figures</i>	<i>page</i> viii
	<i>List of Tables</i>	x
	<i>List of Illustrations</i>	xii
	<i>List of Focuses</i>	xiv
	<i>Abbreviations and Symbols</i>	xvi
	<i>Preface</i>	xxi
	<b>Part I What Is It? An Introduction to Experimental Economics</b>	1
<b>1</b>	<b>The Emergence of Experiments in Economics</b>	3
	1.1 The End of a Long-Standing Regretful Impossibility	4
	1.2 Why Such a Change: Two Early Examples	6
	1.3 The Research Programme: Three Examples	12
	1.4 Experimental Economics Today: What Every Newcomer Must Know	22
<b>2</b>	<b>A Laboratory Experiment: Overview</b>	26
	2.1 The Experiment	27
	2.2 The Experimenter's Role: The Game under Study	34
	2.3 Experimental Second-Price Auction with Private Values	38
	2.4 <i>Case Study</i> : Experimentally Designed Devices to Reduce Hypothetical Bias	41
	<b>Part II Why? The Need for Experiments in Economics</b>	49
<b>3</b>	<b>The Need for Controlled Experiments in Empirical Economics</b>	51
	3.1 The Econometric Approach to Data Analysis	52
	3.2 Estimating Causal Effects of Treatments	59
	3.3 Identification Based on Observational Data	68
	3.4 Inference Based on Controlled Experiments	72
	3.5 From the Laboratory to the Field: An Overview of Controlled Experiments in Economics	83
<b>4</b>	<b>The Need for Experimental Methods in Economic Science</b>	88
	4.1 What Laboratory Experiments Aim For	88

4.2	Experiments, Theory and Reality: How Experiments Achieve Their Goals	90
4.3	<i>Case Study</i> . Deepening Understanding through Additional Controls and Measures: The Dictator Game	95
4.4	How Experiments Interact with Theory: Testing Models	103
4.5	How Experiments Interact with Reality: Searching for Facts	110
<b>Part III How? Laboratory Experiments in Practice</b>		117
<b>5</b>	<b>Designing an Experiment: Internal-Validity Issues</b>	119
5.1	What Is an Experiment? How Is It Linked to Internal Validity?	119
5.2	The Incentive Structure of Experiments	132
5.3	Parameters and Experimental Treatments	147
5.4	The Perceived Experiment	159
5.5	Perceived Opponents and Learning	166
5.6	<i>Case Study</i> : Eliciting Beliefs	170
<b>6</b>	<b>Conducting an Experiment</b>	191
6.1	A Long, Long Time Beforehand: Setting Up an Experimental Laboratory	191
6.2	Two Months Before: The Basics	195
6.3	One Month Before: The Final Settings	204
6.4	One Week Before: Almost There	206
6.5	D-Day: Step-by-Step Proceedings	207
6.6	<i>Case Study</i> : Measuring Preferences in Choice over Time	208
<b>7</b>	<b>The Econometrics of Experimental Data</b>	229
7.1	Experimental Data	230
7.2	Estimation and Inference	243
7.3	Testing Procedures	256
7.4	<i>Case Study</i> : Eliciting Preferences under Risk	289
<b>Part IV What For? What Laboratory Experiments Tell Us</b>		321
<b>8</b>	<b>The External Validity of Experimental Results</b>	323
8.1	When and How Does External Validity Matter?	324
8.2	Is External Validity Testable?	336
8.3	Testing External Validity	339
8.4	<i>Case Study</i> : Replication: Enhanced Credibility Thanks to Accumulated Evidence	352
<b>9</b>	<b>More Accurate Theory and Better Public Policies: the Contributions of Experimental Economics</b>	361
9.1	Testing Theory: Drawing General Lessons from (Causal) Experimental Evidence	362

---

9.2	<i>Case study: Rational Behaviour, Irrational Thinking: K-level Models</i>	369
9.3	Test-Bedding Public Policies in the Laboratory: The Example of Matching Markets	380
9.4	Whispering in the Ear of Princes: Behavioural Public Policy	385
	<i>References</i>	398
	<i>Index</i>	431
	<i>Index of Authors</i>	441