PhD-course at the Norwegian School of Economics and Business Administration

November 7 – 11, 2011

Confronting theory with experimental data and vice versa

Lecturer: [Shachar Kariv, University of California, Berkeley](#)

Content

The course presents advanced topics in experimental/behavioral economics and designed to develop theoretical and experimental tools (the course will not be about experimental methods per se, however). Owing to the limitation of time, the topics covered will necessarily be only a small fraction of what one could (and ideally, should) cover in this course, and thus, the course cannot provide a complete coverage of the vast and growing body of work on behavioral/experimental decision theory and game theory. Experimental economics has become a major area of research in economics. Its basic premise is that all good economic theories can be testable in a controlled laboratory setting. In fact, one may argue that some economic theories can only be tested experimentally. In combining theory and experiments, we should have two objectives in mind. The first objective is to confront the theory with some data to see whether the theory is at all consistent with the behavior exhibited in the laboratory. Clearly, there is much that can be learned about the theory from the data, quite apart from any notion of "testing" the theory. We hope to learn whether the theory is useful in interpreting the data, of course, but we also expect to find out what extensions of the theory are required to make it compatible with the data. The second objective is to confront the data with the theory. A theoretical framework is needed for two reasons. First, the data set generated by experiments can be extremely rich and the behavior predicted by the theory is sometimes complex and subtle. Any attempt to explain rich datasets in purely "behavioral" terms would require a large of number ad hoc assumptions, which would render the "explanation" rather uninformative. The second reason is that, without a theoretical framework, it is impossible to draw general conclusions that go beyond the particular setting of the experiment. The course will consist of five equal weight segments, covering risk preferences, social preferences, social learning, social and economic network, and equilibrium analysis.

Administration

The course is organized by the experimental group at NHH. If you plan to attend, please remember to register for the course, since your registration must be accepted in advance. The course is supported by the National Research Council ("Nasjonalt fagråd"), and participants not from Bergen can apply to NHH for reimbursement of travel and boarding expenses (subject to a total budget constraint). Non-NHH PhD students should send in a completed form where they apply for visiting status ("hospitant status") for "Confronting theory with experimental data and vice versa". The form can be found at: http://www.nhh.no/no/studentsider/skjema.aspx. If you have any questions concerning participation or other administrative issues, please contact Dagny Kristiansen,

Department of Economics, NHH, Helleveien 30, N-5045 Bergen, Norway – Fax (+47) 55 95 95 43, email: dagny.kristiansen@nhh.no.

To get credit (5 ECTS) for the course, the student should hand in and get approved a paper (maximum 15 pages) on a relevant topic within December 15, 2011. If you have questions concerning credit or other issues related to the content of the course, please contact Bertil Tungodden, email: bertil.tungodden@nhh.no, (+047) 55 95 92 61 or Alexander Cappelen, email: alexander.cappelen@nhh.no , (+047) 55 95 95 77.

Outline of the course

Monday November 7

10.15 - 12.00	**Lecture 1**
14.15 - 15.30	**Lecture 2 (staff seminar)**
16.00 - 18.00	**Social gathering**

Tuesday November 8

10.15 - 12.00	**Lecture 3**
13.15 - 15.00	**Lecture 4**
15.30 - 17.00	**Student presentations**

Wednesday November 9

10.15 - 12.00	**Lecture 5**
13.15 - 15.00	**Lecture 6**
15.30 - 17.00	**Student presentations**

Thursday November 10

10.15 - 12.00	**Lecture 7**
14.15 - 16.00	**Lecture 8**
15.30 - 17.00	**Student presentations**
20.00	**Course dinner**

Friday November 11

10.15 - 12.00	**Lecture 9**
13.15 - 15.00	**Lecture 10**