

## Assignment 4

### Observing in the Lab

Since the end of the sixties economists turned to the laboratory to observe the behaviour of economic agents under controlled conditions (something that as we have seen in Mill's text had been considered impossible for long), and to test predictions of economic theory. I choose two programmatic texts of Vernon Smith and Charlie Plott that defend the possibility of making laboratory observations in economics. What I am interested in is the terms in which this possibility is discussed.

#### *Class Reading:*

Plott, Charles R. (2001) "Will Economics Become an Experimental Science?" *Southern Economic Journal* 57.4: 901-919

Smith, Vernon L. (1994) "Economics in the Laboratory," *The Journal of Economic Perspectives* 8.1: 113-131

Guala, Francesco. 2001. "Building Economic Machines: The Fcc Auctions," *Studies in History and Philosophy of Science*, 32A: 453-77.

Labour, Bruno. 1983. "Give Me a Laboratory and I will Raise the World". In Karin D. Knorr-Cetina and Michael Mulkey , *Science Observed: Perspectives on the Social Study of Science*, pp. 141-170 (London: Sage).

*Assignment:* Imagine this is the early 1970s. Experimental economics is something very new and not quite accepted by mainstream economists. Charlie Plott and Vernon Smith, two of the pioneers in experimental economics went out for regular fishing trips at Lake Tahoe in the Rocky Mountains. Smith was at the time affiliated to Purdue university, Plott to Caltech, a renowned research university. They are clearly struggling to get the mainstream interested in their work and are somewhat disappointed about the reception of their presentations at economics conferences even though they think experiments is the way forward in economics. At their fishing trip they talk about how to convince mainstream economists about the advantages of experiments. Use the readings of this week (especially their articles) to write this conversation. Use Guala's article on the FCC auction as if this is research pursued by Plott end of the seventies, but not yet published. One thing in addition: though firm in their beliefs, they were of course much more hesitant in their expression than is apparent from their much later written essays. And of course you should properly refer to their texts, if necessary.

*The assignment should be no longer than 2 A-4, 1,5 spaced, letter corps times roman 12. Please put your name and student number on it and keep a copy yourself.*

***Please answer the question asked not the question you think I should have been asking.***

*Success!! Harro*