

# Introduction to Experimental and Behavioral Economics

## Experimental and Behavioral Analyses of Markets

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Schedule: Wednesday, March 18th, 2021, 02:00 p.m. (Brno time)

### CLASS DESCRIPTION & READINGS

In this class we will investigate the micro-foundation of firm behavior and related regulatory issues in the market. We will introduce the tools of economics experiments and go through an overview of such results in three topics as follows: (i) the classical experimental research on competitive markets [1 and 9 below], (ii) recent experimental analyses of oligopoly markets and the issues of cartel and merger [3, 5, 6, 7 below], (iii) Behavioral analyses of regulations in market [2 and 10 below]. Reading 4 below is a comprehensive book that covers all the topics, and 8 is included in the class slides.

1. Chamberlin, E. H. (1948). An experimental imperfect market. *Journal of political economy*, 56(2), 95-108.
2. Chowdhury, S.M., & Wandschneider, F. (2018). Anti-trust and the ‘Beckerian Proposition’: the Effects of Investigation and Fines on Cartels. In the *Handbook of Behavioral Industrial Organization*. Edward Elgar, 368-403.
3. Dufwenberg, M., & Gneezy, U. (2000). Price competition and market concentration: an experimental study. *international Journal of industrial Organization*, 18(1), 7-22.
4. Holt, C. A. (2019). *Markets, games, and strategic behavior: An introduction to experimental economics*. Princeton University Press.
5. Huck, S., Konrad, K. A., Müller, W., & Normann, H. T. (2007). The merger paradox and why aspiration levels let it fail in the laboratory. *The economic journal*, 117(522), 1073-1095.
6. Huck, S., Normann, H. T., & Oechssler, J. (2004). Two are few and four are many: number effects in experimental oligopolies. *Journal of economic behavior & organization*, 53(4), 435-446.
7. Potters, J., & Suetens, S. (2013). Oligopoly experiments in the current millennium. *Journal of Economic Surveys*, 27(3), 439-460.
8. Report from the Office of Fair Trading & Financial Conduct Authority, UK (*in the slides*).
9. Smith, V. L. (1962). An experimental study of competitive market behavior. *Journal of political economy*, 70(2), 111-137.
10. Walker, M. (2017). Behavioural economics: the lessons for regulators. *European Competition Journal*, 13(1), 1-27.

**Subhasish M. Chowdhury** is a Reader (Associate Professor) of Economics at the University of Bath, UK. His areas of research interest cover both theoretical and applied (mostly laboratory experiment) investigations of problems in Conflict, Market, Behavioral Economics, and Political Economy. Subhasish is an Associate Editor of *Peace Economics, Peace Science and Public Policy*; and *Studies in Microeconomics*. He has also served as a guest-editor for *Economic Inquiry* and the *Journal of Economics Psychology*. His research has been published in *Economic Journal*, *European Economic Review*, *Games and Economic Behavior*, *Journal of Public Economics*, *Economic Theory* among others.