

Experimental and Behavioral Economics

Torino, Spring term 2025

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The course

The course's aim is to expose you to different uses of the **experimental method** in theoretical & applied work being carried out around the world. We will cover the **theoretical basis** of experiments as a workhorse to unearth **causal relations** in economics; and move from there to explore **four different domains** in which experiments can and have been used. We will further **run toy classroom experiments** of our own, and work on the resulting data.

At the end of the course you should be able to

- read, appreciate, and **understand** virtually any paper in experimental economics
- **design** a simple experiment of your own, think about the data generating process, write a clear pre-analysis plan
- appreciate which **data** can be gathered via experimentation, and how to use them to shed light on causality on a wide range of topics

Main method and topics

The course is organised over 4 interventions. Three interventions span two sessions, one on Thursday afternoon, over 3 hours, where we expose the theory, experimental designs, and results of a specific experimental topic; and one on Friday morning, over two hours, where we run in-class experiments or retrieve data from previous experiments, and we learn how to analyse them. One intervention (April 24th) will be limited to the Thursday session – Friday being a public holiday.

Lectures

Lecture 1 – March 27-28 – The experimental method & value elicitation

Class session, part 1: the experimental method

- Why experiments?
- Experimental design 101: from the research question to the design
- Experimental design 102: confounds
- Traps, traps everywhere! The difficult path towards robust data

Class session, part 2: value elicitation

- value and price
- eliciting value: BDM
- eliciting value: auctions
- common pitfalls & confounds
- the endowment effect
- eliciting beliefs and social norms: beauty contest

Friday 27th: Lab session

- Evaluating the value of attributes: BDM in an increasing-information paradigm
- Value in isolation vs value in a social setting: BDM in private vs when observed/observing

Lecture 2 – April 3-4 – Consumer biases

Thursday 3rd: Class session

- the rational decision maker
 - assumptions & consequences
 - known strengths and weaknesses
- the decision maker as a human being
 - why biases

- a small catalogue of biases
- biases or heuristics?
- a **meta-analysis**: looking at ~20k subjects, over ~10 tasks

Friday 4th: Lab session

- identifying our own biases through experimentation
- biases or heuristics? thinking, fast & slow
- analyzing fast & slow data

Lecture 3 – April 24 – Risk elicitation

Class + lab session

- **theoretical considerations**: what is risk, how to measure it, theoretical assumptions;
- **existing methods**: differing approaches in econ & psychology, different tools;
- **empirical problems**: hypothetical bias, cognitive limits, noise;
- **external validity**: does all this work?
- a **meta-analysis**: looking at ~20k subjects, over ~10 tasks
- **Lab session**: running different risk elicitation tasks and analyzing the results

Lecture 4 – May 8-9 – Nutritional food labeling

Class session

- why food labels?
- nutritional policies for *homines oeconomici*
- nutritional policies for human beings
- getting into the mind of subjects: the cognitive load of food choice and what to do about it
- building counterfactuals: getting from micro- to macro- experiments
- behavioral vs traditional economics: price vs labels

Lab session

- a diet-building exercise
- a supermarket-in-the-lab exercise
- difference in difference as an experimental workhorse

Evaluation

There will be no formal, closed-book exam for my course. There will be a take-home exam, centred around an article report.

Contacts

I do not live in Torino, so in-person meetings are generally not possible. It is possible to schedule a meeting right before/after class; and, more generally, you can reach me anytime by email at paolo.crosetto@gmail.com. We can schedule a skype/zoom meeting, too.

In the very unlikely case that you would like to know more about me or my experimental work, you can visit [my blog](#), my [scholar page](#) or [my institutional website](#).