Papers in Experimental Economics

VERNON L. SMITH
This is remembrance – revisitation; and names are keys that open corridors no longer fresh in the mind, but nonetheless familiar in the heart.

Beryl Markham,
West with the Night
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Preface

Since midcentury the use of laboratory experimental methods in economics has developed into a major field of inquiry within microeconomics. The slow but steady development of the 1950s and 1960s was superseded by accelerated development in the 1970s and 1980s. Development, not growth, is the right word because the methodological purpose and function of experiments in economics has undergone in-depth inner change as well as quantitative growth. The idea that an experiment might be described as a "simulation" -- a word used in my first (1962) paper before that word had become clearly associated with a different meaning -- has yielded to the realization that in an experiment we create a certain type of controlled market or nonmarket allocation process that is real in the sense of rewards, people, and institutional rules of exchange in which all trades are binding. The issue of parallelism, or the transferability of results from laboratory to other environments, which is of ever-present interest to experimentalists, is most constructively viewed as an empirical question applying to any particular data set whether in the laboratory or in the field. Thus data from one field environment may or may not have relevance to another field environment. All data are specific to particular conditions and there is no means by which one can bootstrap finite data sets into a theory or generalization of any kind without falling prey to the fallacy of induction. But through laboratory replication and control and, ultimately, parallel field studies, one can increase the credibility of theory and pretheoretical empirical regularities as informative properties of the economic processes we study. Although the individual and his/her behavior is paramount in these processes, the primary lesson of experimental economics is that the individual and his/her rational behavior cannot be meaningfully separated from other individuals through the interactive process mediated by the rules that govern exchange in particular market institutions.

This collection includes all my experimental papers with the exception of (1) five authored or coauthored by me that appear in Schools of Economic Thought: Experimental Economics, edited by V. L. Smith (London: Edward Elgar Publishing, 1989); (2) survey papers that did not report new experimental results; (3) brief reports of incompleted research; (4) my entries, "Auctions" and "Experimental Methods in Economics," in The New Palgrave.
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edited by J. Eatwell, M. Milgate, and P. Newman (London: Macmillan and Co., 1987); and (5) miscellaneous rhetorical pieces related to experimental economics. If I had thought I was as good a rhetor as was Jimmie Savage, I might have included the latter. But the reader will find enough rhetoric in the present volume. Don McCloskey is right: good rhetoric is inseparable from good science. Both facts and theories are mute; they never speak for themselves.

My debt is heavy indeed to many. My machinist father for inspiring in me a curiosity about how things work and my socialist mother for providing a dream of better things (their eighth-grade educations were more than enough for these accomplishments); Dick Howey at the University of Kansas from whom I learned what scholarship meant; long-time personal friends like John Hughes from whom one learns much about what it really means to be human, and Stan Reiter, still the most thoughtful economist I have known; Em Weiler, the Dean who invested to the brim in people and lived to see its enormous return; and finally, and especially important, my many coauthors and critical referees who enlightened my way and created for me a contesting intellectual community in experimental methods before experimentalists could benefit from the extended community we now enjoy.
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