

Book Review: A Research Agenda for Experimental Economics edited by Ananish Chaudhuri

In A Research Agenda for Experimental Economics, Ananish Chaudhuri brings together researchers in behavioural economics to explore the contribution of decision-making experiments to social science research. This wide-ranging collection will be of value to both newcomers and experts in the field, writes Egor Bronnikov.

A Research Agenda for Experimental Economics. Ananish Chaudhuri (ed.). Edward Elgar. 2021.

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Previously there was a clear difference between behavioural and experimental economics. Historically, the former attempts to insert psychological insights into neoclassical models, whereas the latter tries to adjust natural science methods of testing human economic behaviour in reduced settings. Nowadays, however, these terms are often used as synonyms and are almost interchangeable. Despite some enduring problems, behavioural and experimental economics have had many achievements in understanding phenomena in ways that were impossible in the framework of standard economics. Examples range from daily life (such as overconfidence in one's use of [gym memberships](#) or charitable giving behaviour) to sophisticated advice relevant to national policy (for instance, on [labour market discrimination](#) or [employee saving](#)).

To share the recent advancements in this field, Ananish Chaudhuri, Professor of Experimental Economics at the University of Auckland, curates [a new compendium](#) of wide-ranging topics united by one common theme: behavioural economics. Having already published two well-received books ([Experiments in Economics](#) and [Behavioural Economics and Experiments](#)), Chaudhuri's new collection aims to present the state-of-the-art achievements of the field, as introduced by academic experts.

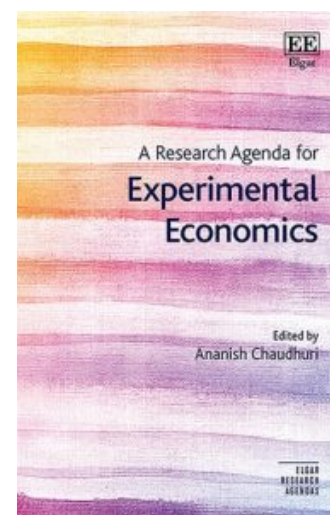


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The book consists of two parts: the first five chapters provide readers with several topics discussed by economics, broadly defined; the following four chapters present a mosaic of subjects adjacent to 'pure' economic research areas.

The first part of the book elaborates on such topics as social norms, stability of preferences, nudging in the context of environmental regulations, entrepreneurial success, and healthcare. If the first two chapters might be a bit demanding for non-economists (the first requires some very basic knowledge of economic modelling and the second is built on understanding of the Coase Theorem), the other four are accessible for a reader without a background in economics. Are there any stable relations between being a successful entrepreneur and risk and competition preferences? Can a natural disaster change risk perception, trust and altruism? What is the mechanism that leads humans to fail in settling disputes and gets them involved in expensive trials? Which environmental regulation policy is the most effective one? Readers curious about the answers to these questions should give this part of the book their attention.

The book's second section presents a broader perspective on how the methodology of experimental economics can be applied in disciplines ranging from gender studies to neuroscience, political psychology to medicine. Perhaps the most unconventional direction that this part of the book takes is the one presented in Chapter Ten. Written by David L. Dickinson, Professor of Economics at Appalachian State University, this chapter presents an overview of the effects of sleep deprivation on social and economic preferences.

Humans exposed to total sleep deprivation the night before the experiment sessions behaved in a significantly different way compared to well-rested subjects. Subjects with total sleep deprivation exhibited both less risk aversion in the risky gains domain and were less risk-loving in the losses domain. Those with deprived sleep showed an inclination towards more antisocial punishment (punishment directed at those who contribute more than the punishing subjects), a decrease in trust and trustworthiness as well as higher levels of miscoordination. This chapter draws a natural yet impressively detailed conclusion: lack of sleep is detrimental not only to an individual's health but also to society in general.

Obviously, there is always a trade-off between completeness, the length of a book and accessibility in terms of the detail provided and the time required to read the volume. Written by researchers working in the respective area, each chapter has the same structure: a general introduction to the particular topic, usually with the motivation of demonstrating its practical importance, and a selective rather than comprehensive literature review.

While the first tradeoff — choosing several specific areas within experimental economics — is understandable, the other — preferring eclectic, subjective literature reviews over systematic ones — is more debatable. Of course, one can argue that *A Research Agenda for Experimental Economics* does not intend to be a handbook, which implies picking papers for the sake of conciseness and readability. However, the book's approach may still create ambiguity about the grounds for selecting particular papers, and may result in inconclusiveness. It is unclear if this is the effect of the literature itself or the choice of the studies made by the chapters' authors.

A definite advantage of *A Research Agenda for Experimental Economics* is its focus on the most recent developments in specific areas within behavioural economics. The contributing authors demonstrate both a high level of professional expertise and genuine passion for the featured topics. Another strength of the book is its attempt not only to discuss the current state of research in particular fields, but also to provide readers with future directions. Each chapter elaborates on possible (and sometimes even desirable) avenues within the discussed topic. Overall, this book is a strong illustration of how broad and absorbing economics is and the importance of multidisciplinary. Furthermore, there is no path dependence in the collection, so if a reader is interested in a particular topic, they can easily delve into it directly.

A Research Agenda for Experimental Economics sits between being a handbook or textbook and an introduction (in the vein of, for example, [Behavioural Economics](#) by Michelle Baddeley). Chaudhuri provides a brief introduction to the principles of contemporary behavioural and experimental economics (discussing the difference between economic and psychological experiments, payment protocols and the validity of external and internal experiments). Yet, the book still requires some acquaintance with economics for readers to fully understand it.

Nevertheless, *A Research Agenda for Experimental Economics* will be of great interest and value for both newcomers and experts. While the former will discover a diverse universe of experimental approaches in economics and the wider social sciences, its results and applications broadening their scientific horizons, the latter will find an area that can provide a new perspective on well-known problems.

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