

Abstract

In a recent paper Glenn Harrison (1989) has raised an interesting and significant point concerning the methodology of experimental economics. Specifically, Harrison has warned economists to take care in designing their experiments to give subjects sufficient incentives to overcome the significant calculation and decision costs that exist in experiments in order not to lose control over their actions. One way that Harrison claims that control can be lost is if the payoff function faced by any subject is flat, conditional on the others taking their equilibrium actions. Harrison's ideas, while undoubtedly correct, have relatively more or less force depending on the model one uses to describe how experimental subjects go about playing experimental games with monetary payoffs. In this paper we define two types of experimental subjects -- "experimenters" who learn about the game being played and its payoff function by choosing actions that are very different from each other during the experiment and observing their payoff at each of these actions or choices, and "theorists" who experiment very little by choosing actions far away from their theoretical best choice. Our claim is that the Harrison criticism is not applicable when experimental subjects behave as theorists, since their lack of experimentation will not permit them to experience the shape of the payoff function. Furthermore, even if experimental subjects act as experimenters, it is still possible that the Harrison criticism may not have strength since it may be observationally impossible for them to realize that the payoff function they face is flat. We explore these ideas using data generated by the experiments performed by Bull Schotter and Weigelt (1987), one claim from which was recently criticized by Drago and Heywood (1989) using the Harrison criticism.