

Experimental Economics at UAA: What's It All About?

Economists often predict what people will do under certain circumstances—say, what shoppers will do if the price of their favorite hand lotion doubles. Those predictions are generally based on assumptions and theories about people's economic behavior. Experimental economics is a relatively new field that uses controlled, scientific experiments to test what choices people actually make in specific circumstances. Most experiments are done in computer laboratories, but some are done in the field. People have incentives to take part in the experiments, because they are paid—and the payments can vary, depending on how successful a participant's individual choices are. For instance, a group of participants might be given the choice of spending all their time commercial fishing, dividing their time between fishing and taking a wage job, or dividing their time between the two. Depending on what choices everyone in the group makes, some will do better financially than others.

A pioneer in experimental economics is Vernon Smith, who in 2002 was awarded a Nobel Prize for his work in that field and who was UAA's first Rasmuson Chair of Economics, from 2003 to 2006. His influence has led to experimental methods being increasingly integrated into teaching and research at UAA. In fall 2005, UAA established an experimental economics laboratory with 13 computers and began recruiting primarily students but also other Alaskans to take part in experiments testing how changes in government policies or other circumstances affect what people do. During the past year, UAA faculty members have conducted 24 experiments, and 6 are underway this summer. About 140 Alaskans, mostly students, have taken part in experiments so far. UAA faculty have also run experiments in classes, held workshops, and planned courses in experimental methods to begin this fall.

UAA's new Rasmuson Chair of Economics, James Murphy, also has a special interest in experimental economics. Dr. Murphy is on the faculty of the University of Massachusetts, but will be at UAA for the next 18 months. He has conducted a number of economics experiments, including some recent field experiments in rural Colombia. He also teaches graduate and undergraduate courses in experimental economics.

Learn more about UAA's experimental economics program at: econlab.uaa.alaska.edu

You can also call Lee Huskey, director of experimental programs, at 786-1905, or Lance Howe, manager of the experimental economics lab, at 786-5409.