



# Experimental and Behavioral Economics

Tongzhe Li

School of Economic Science  
Washington State University

# What Do Behavioral Economists Do?

## What Do Economists Do?

**Behavioral Economics Increases The Explanatory Power of Economics by Providing It with More Realistic Psychological Foundations.**

# WHY?

People generally act on “rules of thumb” as opposed to rational thought.

People’s thoughts on a problem are affected by how the problem is presented

# HOW?

## Experiments

- Natural Experiments
- Quasi-natural Experiments
- Field Experiments
- Lab Experiments

Microeconomics

Macroeconomics

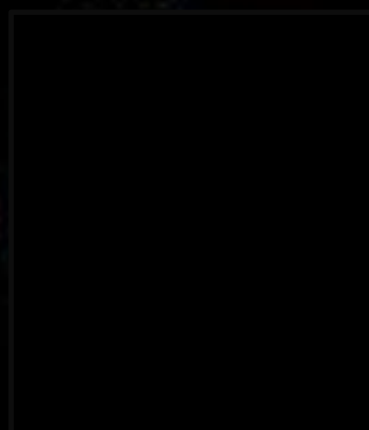
Econometrics

# Language And Saving

SELFBETTERMENT

Form A

Tom



Jerry



Form B

Tom



Jerry





Form A

Tom



Jerry'



Jerry



Form B

Tom



Tom'



Jerry



Form A

Tom



Jerry'



Jerry



Form B

Tom



Tom'



Jerry



# Social Welfare

CHEATING

LET US DO AN EXPERIMENT

# Some Famous Behavioral/Experimental Economists

Dan Ariely

Al Roth

Vernon Smith

Adam Smith



# Thank You