

# Contents

Preface	xi
<b>1</b> Introduction	1
<b>2</b> Price Discovery and Exclusion	20
<b>I</b> <b>INDIVIDUAL DECISIONS: RISK AVERSION, PROSPECT THEORY, AND LEARNING</b>	
<b>3</b> Risk and Decision Making	39
<b>4</b> Prospect Theory and Anomalies	62
<b>5</b> Bayes' Rule	80
<b>6</b> Belief Elicitation and Ambiguity Aversion	98
<b>7</b> Individual and Social Learning	118
<b>II</b> <b>BEHAVIORAL GAME THEORY</b>	
<b>8</b> Some Simple Games: Competition, Coordination, and Guessing	139
<b>9</b> Multi-Stage Games, Noisy Behavior	159
<b>10</b> Randomized Strategies	173
<b>11</b> Choice of Partners, Social Dilemmas	193
<b>12</b> Contests and Rent Seeking	216
<b>13</b> Methodology, Nonparametric Tests	234

### **III SOCIAL PREFERENCES**

- |           |  |     |
|-----------|--|-----|
| <b>14</b> | Bargaining   | 261 |
| <b>15</b> | Trust, Reciprocity, and Principal-Agent Games        | 280 |
| <b>16</b> | Voluntary Contributions                              | 299 |
| <b>17</b> | The Volunteer's Dilemma                              | 316 |
| <b>18</b> | Externalities, Congestion, and Common-Pool Resources | 331 |
| <b>19</b> | Voting and Politics Experiments                      | 347 |

### **IV MARKET EXPERIMENTS**

- |           |   |     |
|-----------|---|-----|
| <b>20</b> | Monopoly, Cournot, and Cross-Market Price Competition | 373 |
| <b>21</b> | Market Power, Collusion, and Price Competition        | 389 |
| <b>22</b> | Supply Chains   | 414 |
| <b>23</b> | Adverse Selection in Lemons and Insurance Markets     | 430 |
| <b>24</b> | Asset Markets and Price Bubbles                       | 441 |
| <b>25</b> | Bank Runs and Macro Experiments                       | 461 |

### **V AUCTIONS AND MECHANISM DESIGN**

- |           |  |     |
|-----------|--|-----|
| <b>26</b> | Private Value Auctions   | 487 |
| <b>27</b> | The Winner's Curse   | 507 |
| <b>28</b> | Multi-Unit Auctions: Emissions, Water,<br>License Plates, Securities | 522 |

<b>29</b>	<b>Combinatorial and Two-Sided Auctions</b>	549
<b>30</b>	<b>Matching Mechanisms</b>	568
	Appendix 1: Hints for End-of-Chapter Problems	581
	References	605
	Appendix 2: Instructions for Class Experiments	635
	Index	665