

Experimental Economics in Germany, Austria, and Switzerland. A collection of papers in honor of Reinhard Tietz, edited by Abdolkarim Sadrieh and Joachim Weimann, Marburg, Metropolis-Verlag, 2008. pp. xxiii + 539, ISBN 978-3-89518-713-1 (hardcover), 44.90 Euro.

This volume is a splendid collection of articles published by Austrian, German, and Swiss experimental economists since 1992; it is meant to celebrate both the 30th anniversary of the Gesellschaft fuer Experimentelle Wirtschaftsforschung (Society for Experimental Economics) and the 80th birthday of one of its founding members, and president from 1982 – 1995, Reinhard Tietz.

The history of experimental economics is still an episode waiting for serious reconstruction and assessment by economic historians (for a first disinterested albeit somewhat timid attempt, see Dimand 2005; see also Bosch-Domenech and Vriend 2008) but the attempts to influence that history have been in full swing for a while. As Roth put it astutely fifteen years ago, “in the course of coediting the *Handbook of Experimental Economics* it became clear to me that contemporary experimental economists tend to carry around with them different and very partial accounts of the history of this still emerging field.” (Roth 1993, p. 184). This state of affairs remains true today. If anything, idiosyncratic accounts of the history of experimental economics have become more diverse and contested (e.g., Ortmann 2003 for a case study; see also Smith 2008, especially chapter 14); this is not surprising given what is at stake (Nobel prizes, ideological battles won and lost, bragging rights).

What is true for individuals is also true for “schools”. Specifically, the emergence of experimental economics is often described as one that happened almost exclusively in the USA (e.g., Davis and Holt 1993, or Roth 1988, 1993, 1995); yet, there was an active group of experimental economists working in Germany in the late 1950s and throughout the 1960s and 1970s. It was formed at the Institute for Econometrics and Mathematical Economics at the University of Frankfurt by Heinz Sauermann and included Reinhard Tietz and Reinhard Selten, one of the 1994 Nobel Prize laureates for his work in game theory (although his citation mentioned explicitly his experimental work as an important contribution), as well as Volker Haeselbarth, Otwin Becker, and Klaus Schuster. This group, “probably the first organizational entity in the world that was devoted to research in experimental economics for a long period of time“ (Selten 2008, p. vx), was also notable for the care with which they undertook experiments. Selten, for example, while working towards his Ph.D. in mathematics had participated in psychological experiments as subject and became acquainted with experimental techniques by listening to lectures of the gestalt psychologist Edwin Rausch, “who was a careful experimenter” (Selten 1999a, xi). In a sense, Rausch was to Selten what Siegel was to Smith (see Smith 2008, in particular chapter 10, and Smith 1991a).

The results of these early experiments by the Frankfurt group around Sauermann, Selten, and Tietz were documented in eight volumes of collected papers (Sauermann 1967, 1970, 1972, 1973, 1974, 1976, 1978, 1978a), many of them written in German (e.g., Sauermann and Selten 1959, which, however, was within a year translated and published in *General Systems*). This article was a precursor of sorts of Selten, Mitzkewitz, and Uhlich (1997) and makes still for intriguing reading. It also showcases the fairly sophisticated experimentation techniques the Frankfurt group applied 50 years ago. Note that this article was preceding the publication of

Siegel and Fouraker (1960) and Fouraker and Siegel (1963) and also Smith's (1962) exploration of Chamberlin's alleged experimental rejection of classic market theory and by about a decade the experimental program that Charlie Plott started at Cal Tech and which, through the collaboration of Plott and Smith during 1972 – 1975 (see Ortmann 2003 and also Smith 2008, especially chapters 10, 11, and 12), was arguably the defining moment for experimental economics in the United States.

My only quibble with the present volume is that the editors do not make accessible some of the early work on aspiration level adaptation, for example, in which Sauermann and Selten (see Sauermann and Selten 1962) and Tietz (1992) were prominently involved in and which constituted, arguably, the key item of the Frankfurt group's research agenda.

The editors explain at the outset that they could have filled several additional volumes of outstanding scholarship but that choices had to be made. They decided to go for recent contributions by German, Austrian, and Swiss scholars and, by and far, to select articles based on the impact they had according to the Social Science Citation Index. Additional constraints were six thematic foci and the wish to feature as many active researchers as possible. In the end that led to a selection of 27 contributions, all of them previously published, to thematic areas such as bounded rationality and depth of reasoning, bargaining, inequality aversion and reciprocal behavior all of which have been a very specific concern of the Frankfurt group. These 27 contributions were written by 50 researchers and include many well-known major (e.g., Bolton and Ockenfels 2000, Fehr and Schmidt 1999, and Nagel 1995) and minor classics. The editors indicate their intention to provide further such collections in the future and link their enterprise explicitly to the Contributions to Experimental Economics edited by Sauermann in the 1970s (Sauermann 1967, 1970, 1972, 1973, 1974, 1976, 1978, 1978a.). From this reviewer's point of view that'd be a welcome project, as would be an annotated "best of" selection of the Sauermann volumes, preferably in translation.

Apart from the 27 contributions included here and the introductory remark by the editors, the present volume features a brief three-page note by Reinhard Selten on "the beginnings of experimental economics as a field of research in Germany" (Selten 2008) that makes points made elsewhere (e.g., Sauermann and Selten 1967). Interestingly, Selten argues that "up to the 80s there was a significant difference between the research agendas followed by experimenters in Germany and the USA. The researchers in the USA assumed that the predominant theory was basically correct. ... In Heinz Sauerman's group, we were convinced of bounded rationality in human behavior by reading the work of Herbert A. Simon. From the outset, we anticipated that observed behavior would deviate from the predominant theory. ... " (Selten 2008, xvi)

The present volume also presents a brief history and assessment of the Gesellschaft fuer experimentelle Wirtschaftsforschung and a three-page homage to Reinhard Tietz whose (1992) article on "semi-normative theories based on bounded rationality" (which was published in *this journal*) kicks off the parade of articles that follows.

All in all, this volume is a fitting, and quite beautiful tribute indeed to the Gesellschaft for Experimentelle Wirtschaftsforschung and one of its founding members. Kudos to the editors and the publishing house.

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[This article was translated into English and published in 1960 in the *Yearbook of the Society for General Systems Research*; it has since been reprinted in Selten 1999, pp. 103–132)

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