

Has Game Theory Been Refuted?

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Abstract

The answer in a nutshell is: Yes, five years ago, but nobody has noticed. Nobody noticed because the majority of social scientists subscribe to one of the following views: (1) the 'anomalous' behaviour observed in standard prisoner's dilemma or ultimatum game experiments has refuted standard game theory a long time ago; (2) game theory is flexible enough to accommodate any observed choices by 'refining' players' preferences; or (3) it is just a piece of pure mathematics (a tautology). None of these views is correct. This paper defends the view that GT as commonly understood is not a tautology, that it suffers from important (albeit very recently discovered) empirical anomalies, and that it is not flexible enough to accommodate all the anomalies in its theoretical framework. It also discusses the experiments that finally refuted game theory, and concludes trying to explain why it took so long for experimental game theorists to design experiments that could adequately test the theory.

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