## Executive Summary

In recent years, laboratory experiments became a main tool for economic research. This paper tries to give a short overview of the existing literature and experiments in a structured manner. Furthermore, these experiments are evaluated concerning their external validity and their benefit for explaining real markets. This paper focuses on three types of experiments: Experiments on information efficiency, bubble experiments as first conducted by Smith, Suchanek & Williams (1988) and finally, experiments on testing Asset Pricing models.

The first group, experiments on information efficiency, tries to understand how information is transferred and aggregated by market participants and if an equilibrium predicted by a theory is attained. The benefit of these experiments is questionable because of the differences between real markets and the laboratory environment. Nonetheless, these experiments are very valuable because they do not intend to work in a realistic environment and try to proof that a specific theory works in reality. What they do, is help finding market features which lead to lower or higher market efficiency.

The benefit of bubble experiments is considered ambiguous. The vast majority of papers resembles more an intellectual battle, trying to explain why bubbles in SSW occurred in the first place and how these bubbles can be eliminated in an experimental environment. Only very few have an actual benefit for the non-laboratory world. Still, some experiments can be used to advice policy makers how to react to bubbles.

The last group of experiments is designed differently and in a way to disprove the tested AP model. This approach is more promising than the one used by bubble experiments. They do not intend to explain reality but try to check if a model's fundamentals hold. From a scientific point of view, these are the most useful experiments. Even though, they are also highly unrealistic, they can give a reliable feedback on the value of theories and models.