



Nanyang Technological University

# **DIVISION OF ECONOMICS**

Seminar Series

The Division of Economics invites you to a seminar by Associate Professor Kang Rong

<b>Speaker</b>	: <b>Kang Rong</b> <i>Associate Professor</i> <i>School of Economics, Shanghai</i> <i>University of Finance and Economics</i>
<b>Topic</b>	: <b>"Public Good Provision with Constitutional Constraint"</b>
<b>Chairperson</b>	: <b>Assistant Professor Au Pang Hung</b> <i>Division of Economics</i> <i>School of Humanities &amp; Social Sciences</i>
<b>Date</b>	: <b>Monday, 27th April 2015</b>
<b>Time</b>	: <b>4.00pm to 5.30pm</b>
<b>Venue</b>	: <b>Meeting Room 6 (HSS-04-91)</b> <i>Nanyang Technological University</i> <i>School of Humanities and Social Sciences</i> <i>14, Nanyang Drive</i> <i>Singapore 637332</i>

### **About the Speaker:**

Professor Kang Rong received his Ph.D. in Economics from the University of Illinois at Urbana-Champaign in 2012. He joined the School of Economics at Shanghai University of Finance & Economics in August 2012. His areas of specialization include microeconomic theory, game theory, and mechanism design.

### **Abstract:**

This paper studies the problem of the provision of a public good in a community where citizens (or agents) in that community have private valuations about the public good. A public good provision mechanism which is proposed by the government (or the principal), is a mapping from agents' reported valuations to the decisions of whether to provide the public good and also how to allocate the cost of the public good among agents should the public good be provided. A key assumption of our model is that the principal faces a constitutional constraint in the sense that in order for a mechanism to be implemented, the mechanism must first be approved by agents under a prespecified voting rule. We find that as long as the voting rule is not the unanimity rule, then the principal can design a mechanism such that first-best efficiency of the provision of the public good is always achieved. We also consider various constraints, such as the prohibition of the use of discriminatory mechanisms, or the existence of interest groups and vote buying, which can prevent the proper functioning of our mechanism. We discuss the optimal voting rule in such situations.

### **Reservation:**

Admission is free. Please reply to [d-egc@ntu.edu.sg](mailto:d-egc@ntu.edu.sg) to confirm your attendance.