



Nanyang Technological University
DIVISION OF ECONOMICS
Seminar Series

The Division of Economics invites you to a seminar by Professor
Timo Goeschl

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- Speaker** : **Timo Goeschl**
Professor of Department of Economics, Heidelberg University, Germany
- Topic** : **"Trust, But Verify? When Trustworthiness Is Observable Only Through (Costly) Monitoring"**
- Chairperson** : **Assistant Professor Hong Fuhai**
*Division of Economics
School of Humanities & Social Sciences*
- Date** : **Thursday, 10th Sept 2015**
- Time** : **3.00pm to 4.00pm**
- Venue** : **Meeting Room 6 (HSS-04-91)**
*Nanyang Technological University
School of Humanities and Social Sciences
14, Nanyang Drive
Singapore 637332*

About the Speaker:

Timo Goeschl (PhD, Economics, University of Cambridge) is Professor of Environmental Economics in the Department of Economics (Alfred Weber-Institute) at Heidelberg University and Director of the Research Center for Environmental Economics at the University. At Heidelberg, he also serves on the board of the Heidelberg Center for the Environment.

Timo is a Co- Editor of Environmental and Resource Economics and a Research Associate at the Centre for European Economic Research - ZEW in Mannheim. He serves on the scientific board of Rheinisch-Westfälisches Institut für Wirtschaftsforschung and in the Senate Commission on Biodiversity Research of the German Research Foundation DFG. He was elected to the Board of the European Association of Environmental and Resource Economists in 2011. Timo also co-chairs the Scientific Committee of the 2014 World Congress of Environmental and Resource Economists in Istanbul, Turkey.

Over the years, he has been consultant for a number of public and private organizations, among them the World Bank, the Asian Development Bank, the OECD, the UK's Prime Minister's Strategy Unit, the Environment Agency for England and Wales, and the German Parliament (Bundestag) as well as British Petrol and Anglian Water.

Abstract:

For theoretical and empirical reasons, trust is expected to be lower in economic interactions in which trustors can observe trustworthiness only through (costly) monitoring. We examine this conjecture by investigating the impact of a (costly) monitoring environment on trust using data from 152 subjects participating in a modified finite-horizon binary trust game. The three treatment conditions vary observability and the cost of monitoring. We find that compared to perfect observability of trustworthiness, trustors do not trust less when trustworthiness can only be observed through costless or costly deliberate monitoring. When monitoring is costly, the same level of trust is supported by a significantly reduced amount of information on trustworthiness, acquired by trustors mainly in early stages of the repeat interaction. As a result, the efficiency of interactions is not lower when trustworthiness is costly to observe, though the distribution shifts in favor of trustees

Reservation:

Admission is free. Please reply to d-egc@ntu.edu.sg to confirm your attendance.