NANYANG TECHNOLOGICAL UNIVERSITY

Nanyang Technological University
DIVISION OF ECONOMICS
Seminar Series

The Division of Economics and Economic Growth Centre invite you to a seminar by Assistant Professor Yun WANG

Speaker	:	**Assistant Professor Yun WANG** *Wang Yanan Institute for Studies in Economics (WISE)* *Xiamen University*
Topic	:	**"Rebate Policies in Large Group Threshold Public Goods Experiment: Belief, Information, and Repetition"**
Chairperson	:	**Assistant Professor Jubo YAN** *Division of Economics* *School of Humanities & Social Sciences*
Date	:	**9 September 2016 (Friday)**
Time	:	**10:30am to 11:30am**
Venue	:	**HSS Seminar Room 5** (HSS 04-89) *Nanyang Technological University* *School of Humanities and Social Sciences* *14, Nanyang Drive* *Singapore 637332*

About the Speaker:

Yun Wang is an assistant professor at Wang Yanan Institute for Studies in Economics (WISE), Xiamen University. She obtained her Ph.D. from University of Pittsburg before joining Xiamen University in 2013. Her major research fields are Microeconomics, Game Theory, and Experimental Economics. She is also interested in Industrial Organization, Political Economy, and Behavioral Economics.

Abstract:

This paper explores multi-round threshold public good provision in large groups. We elicit subjects' beliefs regarding others' contributions and the project's cost; and we vary the amount of information between Round-0 and subsequent rounds to examine how the demand revelation changes with information, repetition, and cost. Our Round-0 decision-task replicates the large-group one-shot game of Rondeau et al. (1999) and Spencer et al. (2009), in which the project cost and group members' value distribution are unknown to subjects. In addition to the proportional rebate and three winner-take-all policies (Spencer et al., 2009), we introduce and compare two novel rebate rules: the uniform price cap (UPC) and the uniform price auction (UPA) mechanisms.
Our Round-0 result shows that, in the one-shot unknown-cost setup, all rebate policies induce group contributions higher than the actual cost. Nonetheless, only UPC and UPA achieve almost 100 % demand revelation, while the demand revelation under all other rebate policies is significantly below 100%. This result is different from Rondeau et al. (1999) and Spencer et al. (2009), which suggest 100% or more demand revelation for most rebate policies under the one-shot large-group design. Interestingly, Subjects' perceived cost is on-average 2-3 times higher than the actual cost. Subjects contribute significantly less than their perceived cost except for UPC and UPA treatments. Furthermore, in the subsequent rounds when the cost information is revealed and decisions are repeated, full demand revelation disappears. Group contributions increase with cost; yet the rates for successful provision decrease.

Reservation:

Admission is free. Please reply to h-dae@ntu.edu.sg to confirm your attendance.

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