



An Experimental Investigation of Belief and Higher-Order Belief in the Centipede Games

(in English)

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Biography:

Professor Yun Wang received her PhD in economics from University of Pittsburgh in 2013. Her main research areas are game theory, microeconomics, and experimental economics. Her current theoretical research revolves around games of information transmission, and their applications in political economics and institutional economics. Her ongoing experimental research includes a variety of experimental game theory topics, such as principal-agent problems, incomplete information games, and epistemic game theory.

Date: 26 August 2014 (Tuesday)
Time: 4:30 pm - 6:00 pm
Venue: WYL314, Dorothy Y. L. Wong Building

Abstract:

This paper experimentally explores people's beliefs behind the failure of backward induction in the centipede games. I elicit players' beliefs about opponents' strategies and 1st-order beliefs. I find that subjects maximize their monetary payoffs according to their stated beliefs less frequently in the Baseline Centipede treatment where an efficient non-equilibrium outcome exists; they do so more frequently in the Constant Sum treatment where the efficiency property is removed. Moreover, subjects believe their opponents' maximizing behavior and expect their opponents to hold the same belief less frequently in the Baseline Centipede treatment and more frequently in the Constant Sum treatment.

All Are Welcome

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