

The 3rd International Seminar on Experiments and Surveys
in Economics and Related Social Sciences

--Economic incentives and their impacts on human brain and behaviors--

8th August 2007 16:00 - 18:00

Venue: Seminar room of Department of Social Engineering, West 9 building 2nd Floor Room 204

Probabilistic Influence and Supplemental Benefits: A Field Test of the Two

Key Assumptions Behind Using Stated Preferences

by Richard Carson

**(University of California, San Diego, President of American Association of Environmental
and Resource Economists)**

**with Theodore Groves (University of California, San Diego) and John List (University of
Chicago)**

Abstract

Researchers using stated preference methods typically hold one of two beliefs about the preference information they obtain: respondents always answer questions truthfully or they answer truthfully only when it is in their interest to do so. The second position is consistent with economic theory but it implies that the interpretation of survey responses depends critically on the incentive structure provided and the success in conveying that incentive structure. We derive the simplest tests capable of distinguishing between the two views in the context of a vote on a public good. The key test has similarities to the assumption underlying the commonly used random lottery approach used in experimental economics. We show that the incentive structure for this test holds under a weaker assumption which we term mixture monotonicity, than the independence axiom of expected utility. The empirical part of the paper uses a binary discrete choice on whether a unique baseball memorabilia item should be provided to all or no members of a group at a specified fixed individual price. The tests are cast in terms of the probability of influencing the outcome and the success in creating a true take-it-or-leave-it offer. Empirical results are consistent with the predictions from the neoclassical theoretical model.

Moderator: Professor Noboru Hidano (Tokyo Institute of Technology)

Organizers: Professors Takehiko Yamato, Hiroyuki Akama and Noboru Hidano

第3回国際経済理工学セミナー「経済理工学における実験調査の現状と課題」

8th August 16:00 - 18:00 at Seminar room of Department of Social Engineering, West 9
building 2nd Floor 西9号館2階社会工学セミナー室 204

**Probabilistic Influence and Supplemental Benefits: A Field Test of the Two
Key Assumptions Behind Using Stated Preferences**

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