Statement of Research Interest
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My research interests fall into the fields of applied microeconomics, especially experimental &
behavioural economics, public economics, labor economics, development economics (with an
expertise on China), political economy and their intersections. Using either experimental methods
and behavioural perspectives, or traditional empirical econometrics (including quasi-experimental
methods) and Chinese survey data, I devote myself into the studies on the economic, social and
political preferences, decisions and outcomes of individuals, families, groups and organizations.

My current research can be organized into the following themes, summarized in the
paragraphs that follow: A. Experimental/behavioural economics and experimental/behavioural
game theory on pro-social behaviour and team incentives, B. Empirical (including quasi-
experimental) studies on subjective well-being with a focus on China, C. Inequality, redistribution
and preferences for inequality/redistribution, and D. Political economy.

A. Experimental/Behavioral Economics on Pro-social Behavior and Team Incentives

I have three experimental papers (originally my Ph.D. dissertation at Harvard University) on
the role of gradualism in building coordination and cooperation and two experimental works-in-
progress on team incentives, which lie at the fields of experimental/behavioral economics, public
economics, labor economics and political economy.

- In the first paper on coordination building (“One Step at a Time: Does Gradualism Build
  Coordination?”, with Sam Asher and Plamen Nikolov), we investigates a potential mechanism to
  promote coordination. With theoretical guidance using a belief-based learning model with level-k
  thinking, we conduct a multiple-period, binary-choice, and weakest-link coordination experiment in
  the laboratory to study the effect of gradualism – increasing the required levels (“stakes”) of
  contributions slowly over time rather than requiring a high level of contribution immediately – on
  group coordination performances in high-stake projects. We find that groups coordinate most
  successfully with high stakes in the Gradualism treatment relative to other treatments. We also find
evidence that supports the belief-based learning model. These findings point to a simple mechanism for promoting successful voluntary coordination when other mechanisms, such as communication and information feedback, are absent or limited.

- In the second paper on coordination building ("Gradualism, Weakest Link and Information: Evidence from Coordination Experiments"), I further compare the role of gradualism in coordination building under various information and payoff environments. Under the weakest-link payoff structure (i.e., a player’s payoff depends on her own contribution and the lowest contribution of all group members), I find that with limited ex post information feedback about others’ actions, gradualism leads to more successful coordination for high-stake projects; but a richer information structure largely facilitates coordination for other treatments when a group is close to success, thus the advantage of gradualism shrinks. These results show that gradualism works in weakest-link games via guaranteeing a high success rate at the beginning and providing the information about how far a group is from a higher-stake success. When such an information gathering mechanism is taken by a richer information structure, the advantage of gradualism is less obvious. However, allowing free riding (i.e., adopting a non-weakest-link payoff structure) worsens the coordination performances of all treatments, and gradualism with imperfect monitoring does not perform better. This paper is originally one essay in my dissertation. I have run more experiments and an updated version of the paper is coming soon.

- In a paper on trust game ("Does Gradualism Build Cooperation? Theory and A Finitely Repeated Investment Experiment"), which is related to the political economy literature on the relationship between trust attitudes and social interactions and market efficiency, I study the role of gradualism in building high-stake investment relationship using a reputation model with incomplete information about the trustee’s type and a finitely repeated trust (investment) experiment. I find a clear advantage of gradualism: Except in the end rounds when cooperation falls apart for all treatments, the gradualism approach leads to a higher initial reciprocation rate from the trustees at the beginning, and as a result, has a higher level of subsequent investment rate from the trustors and more successful mutual cooperation.

- My first work-in-progress on team incentives ("Effort Provision and Team Incentives: An Experimental Approach" with Richard Freeman and Xiaofei Pan) studies how intra-team distribution schemes affect workers’ effort provision under the cases of continuous public goods and threshold public goods. We have conducted the experiment and are analyzing the data. The second one ("Intra-team Incentives and Inter-team Competitions: An Experimental Study" with Richard
Freeman and Xiaofei Pan) studies how the interaction of intra-team distribution schemes and inter-team competition influences workers’ effort provision. We are in the process of finalizing the experimental design.

B. Empirical (including Quasi-experimental) Studies on Subjective Well-being

I have three completed studies and two works-in-progress on subjective well-being. These studies lie at the fields of behavioural economics, labor economic and development economics.

● In the paper (“Does Money Buy Happiness? Evidence from Twins in Urban China” with Hongbin Li, Pak-wai Liu and Junsen Zhang), we examine a fundamental question in economics: whether money makes people happy. This paper contributes to the literature on the effect of income on happiness, and to the best of our knowledge, it is the first study of this kind that draws on twins data. We control for the crucial genetic factors and family background by using unique Chinese twins data in a within-twin-pair fixed-effects model. We likewise use the instrumental variable fixed-effects method to correct the measurement error bias. The results are robust after we consider the potential biases of within-twin-pair estimates, the various measures of income and wealth, and the possibility of reverse causality. We find that income has a large positive effect on happiness: Beyond the effect of genes and family background, the pattern that the rich are happier than the poor is partly driven by the higher income of the former per se. We further examine the cross effect of the income of twin siblings and find evidence that twins have a preference of inequality aversion towards their siblings. Our findings help us understand the inequality of subjective well-being in the context of economic development and transition, and present important implications for China and for other fast-growing and highly unequal countries.

● In a second paper (“The Long-term Effect of Early Adversity on Mental Well-being: Evidence from the 1959-1961 Great Famine in China” with Qianping Ren), we study the long-term effects of early adversity on mental well-being using the 1959-1961 Chinese Great Famine and a Difference-in-Difference method which explores the variances across regions and birth cohorts.

● In a third paper (“Does Donation Make People Happy? Evidence from the Wenchuan Earthquake of China” with Qianping Ren), taking advantage of a particular event, the Wenchuan Great Earthquake in China in 2008, we study the effect of donation on donors’ happiness. Various methods (OLS, IV, Propensity Score Matching) and measures confirm that donation has a significant and robust positive effect on happiness.
In a work-in-progress (“More Education, More Happiness? Evidence from Twins in Urban China” with Junjian Yi and Junsen Zhang), adopting a similar method of the income-happiness paper aforementioned, we examine the effect of education on happiness using unique Chinese twins data. Preliminary results show that education (measured as years of schooling) per se does not improve happiness.

In another work-in-progress (“Democracy and Happiness: Evidence from Rural Elections in China” with Yongzheng Liu), using a Difference-in-Difference method, we examine how an important reform of local governance—village election—in the world’s most populous areas has affected the happiness of the residents in rural China. The results suggest that while whether or not the villages have implemented election has no significant impacts on the happiness of the residents, peoples in the villages where the cadres of the villages were nominated and elected directly by villagers’ representatives tend to exhibit higher level of happiness.

C. Inequality, Redistribution and Preferences for Inequality/Redistribution

I have two papers and one work-in-progress on this theme.

The first paper (“Parental Preferences, Production Technologies, and Provision for Progeny” with Junjian Yi) theoretically studies the role of both parental preferences (specifically, the degree of parental aversion to inequality among children) and production technologies in intra-household human capital investments in children.

The second paper (“Disparity in Preference for Redistribution between Political Elites and the Public in China” with Weihua An) studies the disparity in preference for redistribution between political elites (i.e., Chinese Communist Party members and officials) and the public in China using the data from the Chinese General Social Survey, and finds that political elites favour less redistributive taxation, and especially, less redistributive expenditures than the public.

The third study (“Information, Perception of Policy Justice, and Preference for Redistribution: An Experiment in China under Authoritarian Context”), a work-in-progress on political economy of media, is also on preference for redistribution, but employs an experimental method and focuses on the role of information (media) and perception of policy fairness in preference for redistribution. It examines how information affects individuals’ perceptions of policy justice, which may in turn affect their preferences for income redistribution. Charitable giving, as a check on the validation of
self-reported preferences, will be a further measure of preferences for redistribution in addition to measures on self-reported tastes for progressivity of both taxation and expenditures.

D. Political Economy

My experimental studies aforementioned in Section A are related to political economy of collective action and social efficiencies. The work-in-progress in Section B ("Democracy and Happiness: Evidence from Rural Elections in China") falls into the literature of political economy of democracy and governance. The paper "Disparity in Preference for Redistribution between Political Elites and the Public in China" and the work-in-progress ("Information, Perception of Policy Justice, and Preference for Redistribution: An Experiment in China under Authoritarian Context") in Section C adds to the literature of political economy of inequality and redistribution; the latter one also relates to political economy of media.

I also have a work-in-progress ("One Tiger in the Cage, More Flies in the Sky: An Experiment on Hierarchy and Conditional Corruption in China" with Zheng Lei). This study uses a laboratory experiment to study the corruption behaviour conditional on others’ corruption and the role of hierarchy in this kind of conditional corruption.

Summaries

My trainings and research experiences in various fields of applied microeconomics (experimental & behavioural economics, public economics, labor economics, development economics, and political economy) provide me a broad perspective and will facilitate my in-depth cross-field and interdisciplinary studies on the economic, social and political preferences, decisions and outcomes of individuals, families, groups and organizations.