The Division of Economics and the Economic Growth Centre cordially invite you to a seminar by Dr Erte Xiao

**Speaker**: Dr Erte Xiao  
Assistant Professor of Economics  
Carnegie Mellon University

**Topic**: "Time Delay and Support for Taxation"

**Chairperson**: Assoc Prof Yohanes Eko Riyanto  
Division of Economics  
School of Humanities & Social Sciences  
Nanyang Technological University

**Date**: Monday, 1st September 2014  
**Time**: 11:00 am – 12:30 pm  
**Venue**: HSS Meeting Room 6 (HSS 04-91)  
Nanyang Technological University  
School of Humanities and Social Sciences  
14, Nanyang Drive  
Singapore 637332

**About the Speaker:**

Erte Xiao is an assistant professor in the department of Social and Decision Sciences at Carnegie Mellon University. Prior to that, she taught at the Wharton School while holding a post-doctoral appointment at the University of Pennsylvania.

Her research is in the fields of applied microeconomics, behavioral and experimental economics, and behavioral game theory. Her main research interest focuses on understanding the motivation and behavioral consequences of monetary/non-monetary incentives on pro-social behavior; identifying the factors that influence an individual’s decisions to follow social norms in the absence of monetary incentives and understanding corrupt behavior and its impact on the effectiveness of legal systems. Her work has appeared in leading economics, business and general science journals. Her research has received financial support from National Science Foundation, National Institute of Health and Russell Sage foundation. She also serves on the editorial board of Experimental Economics.

**Abstract:**

People often experience the benefits of taxation with time. We design a novel dynamic market experiment with negative externalities to test the hypothesis that delaying the benefits of taxation can lead to low support for taxes. We consistently find that people are less willing to accept Pigouvian taxes, aimed at reducing negative externalities and restoring market efficiency, when the negative externalities are delayed. While people learn to adopt taxation when the negative externality occurs immediately, the resistance to taxation remains robust over time when the externality is delayed. Our data suggest that time discounting alone is not sufficient to explain the strong negative delay effect as it implies an extremely high discount rate. We provide evidence for additional explanations and discuss the policy implications of our findings for promoting support for taxation.

**Reservation:**

Admission is free. Please reply to Director-EGC, e-mail: d-egc@ntu.edu.sg to confirm your attendance.