

Global Games and Ambiguous Information: An Experimental Study

Toshiji Kawagoe* and Takashi Ui⁺

Abstract

This paper considers a global game with ambiguity-averse players, where the variance of noise terms in private signals may be unknown, and it presents a laboratory experiment to test comparative statics results with respect to information quality. Suppose that one of the actions is a safe action yielding a constant payoff and it is a risk dominant action. Then, low quality of information makes less players choose the safe action, whereas ambiguous quality of information makes more players choose the safe action. The experimental results show that subjects' behavior is consistent with the comparative statics results.

JEL classification: C72, C92, D82.

Keywords: global game, ambiguity, experiment.

* Department of Complex and Intelligent Systems, Future University Hakodate
kawagoe@fun.ac.jp

⁺ Faculty of Economics, Yokohama National University
oui@ynu.ac.jp