



REVELATION

Brussels, June 26, 2013

Since humanity exists,
we wonder about
how COOPERATION
really works

The recent developments tell us...

**OUR NATURE + OUR SITUATION + OUR THINKING
= OUR BEHAVIOR**

Thinking alone prevents us from cooperation
Let's think together how to cooperate.

CASES OF COOPERATION

- How should a group of farmers share the cost of a common irrigation or drainage system?
- How should the countries in the world share the cost of reducing global warming?
- How should grown-up siblings share the burden of caring for their elderly parents?
- How do the language technology providers cooperate to build the future European Language cloud?

prioritize | organize | mobilize



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BLAH

Cooperation Drivers

- FEAR



- REWARD

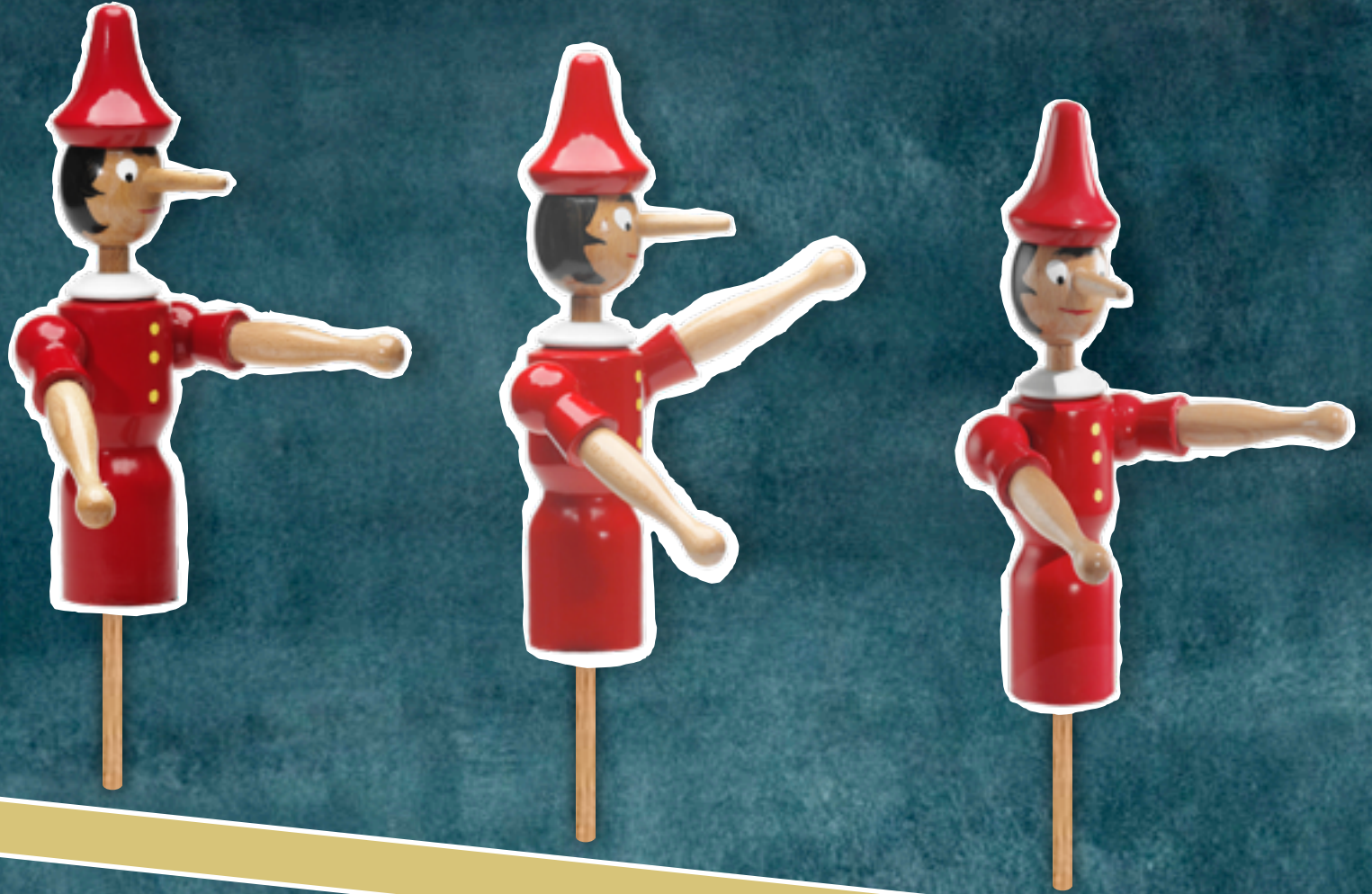


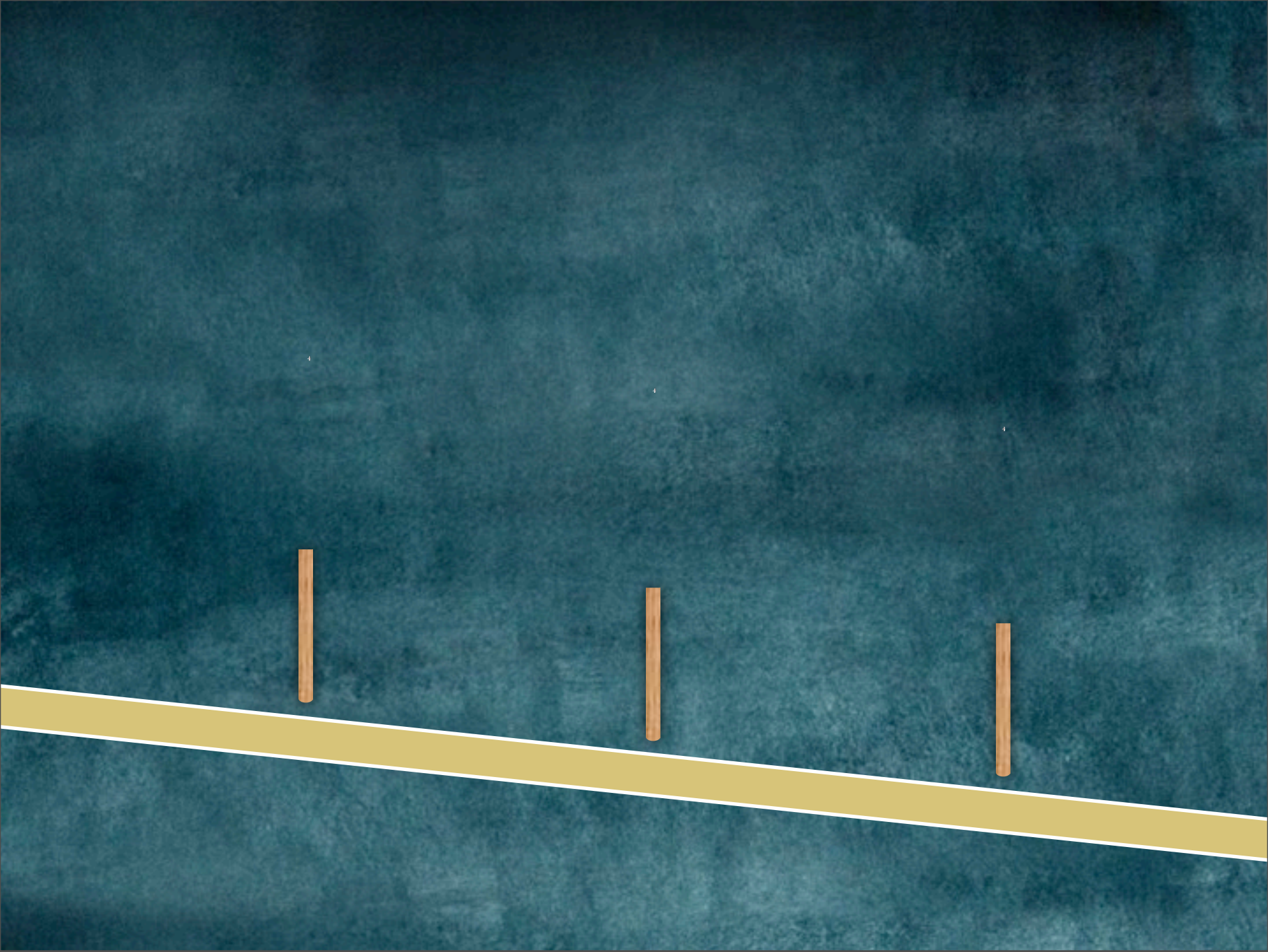
- GOODWILL



USE ALL OF THEM







mercredi 17 juillet 2013



GLOBAL CAUSES





THE GOOD, THE WORLD



THE GOOD, THE WORLD?



THE GOOD, THE WORLD?





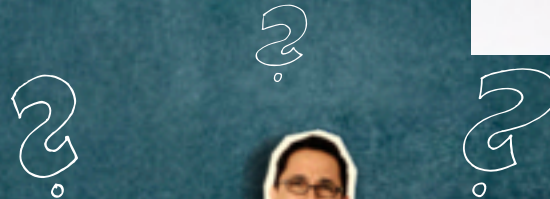
But there is one QUESTION.

IF cooperation is
S.GOOD,



WHY is it so
F.DIFFICULT?

IF cooperation is
S.GOOD,



WHY is it so
F.DIFFICULT?

SHOWSTOPPER

Working together means
sharing your Private Information
(PI)

When individuals have private information about their own willingness to pay for the public good, they may be tempted to pretend to be relatively uninterested, so as to reduce their own share of the provision cost.

MECHANISM DESIGN: Non-Cooperative Games Theory

- Mechanism Design theory is a breakthrough on the level of Einstein and Adam Smith.
- Social problems are non-cooperative games
- Institution is a communication system
- Pareto efficiency:
No one can be made better off without making someone else worse off.



The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel 2007

"for having laid the foundations of mechanism design theory"

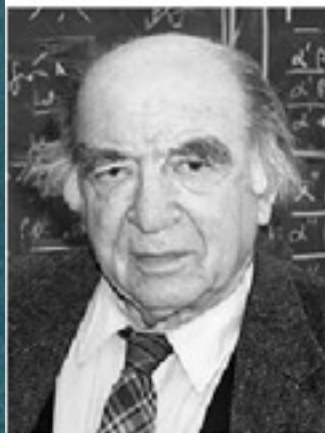


Photo: Dong Oh

Leonid Hurwicz

🕒 1/3 of the prize

USA

University of Minnesota
Minneapolis, MN, USA



Photo: Cliff Moore

Eric S. Maskin

🕒 1/3 of the prize

USA

Institute for Advanced
Study
Princeton, NJ, USA



Photo: Univ. of Chicago

Roger B. Myerson

🕒 1/3 of the prize

USA

University of Chicago
Chicago, IL, USA

MAJOR TAKEAWAYS

- When individuals have Private Information about their own willingness to pay for the public good, they are tempted to pretend to be relatively uninterested, so as to reduce their own share of the provision cost.
- Hurwitz, 1972, individualism works against public goods: people would not reveal their true willingness to pay. «No mechanism with Pareto-optimal outcome exist In in an exchange economy with dominant strategy for agents is to report PI truthfully»
- Private Information Precludes Full Efficiency
- If participation is voluntary and decisions to start the project must be taken unanimously, free-riding destroys the project. **Probability of funding the public project is zero despite everyone knowing that they can be jointly better off if the project is funded.**

THE CLARKE-GROOVES MECHANISM

- IF there are no income effects on the demand for public goods (utility functions are linear = the value of public good is equal to all participants),
- THEN there exists an incentive-compatible class of mechanisms in which (a) **truthful revelation of one's willingness to pay is a dominant strategy**, and (b) **the equilibrium level of the public good maximizes the social surplus** (mechanism is incentive efficient).

THE CLARKE-GROOVES PROCESS

- Each agent is asked to report willingness to pay for the project.
- The project is undertaken if and only if the cost of the project is lower than total willingness to pay.
- If the project is undertaken, each agent pays the balance between the cost of the project and everyone else's reported total willingness to pay.
- With such “non-participation tax” each agent “internalizes” the total social surplus, and truth-telling is a dominant strategy.
- **The mechanism exists to launch projects!**

CONCLUSION

- Public good development effort can be started with Clarke-Groves mechanism (“non-participation tax”) IF:
 - budgeting is efficient, (all collected money are spent efficiently, no private gain is suspected), OR
 - value of result is the same to all agents (no clear difference in value must be perceived or expected), OR
 - perceived value of shared Private Information is Zero
- otherwise:
 - No unanimous decision of association members must be required to launch effort (there must be decisive Committee), or
 - Participation must be mandatory for all members

INDIVIDUAL ENTITIES ACTING TOGETHER

- **Setup:** Industry gathering of businesses.
- **Incentive:** Outside entities, changes of the landscape pose more threat to members individually than to each other as competitors. Members can greatly benefit from cooperation by obtaining competitive advantages and creating public good in sharing business information and cooperating.
- **Mechanism?** We can either make all members to participate, or convince them all to achieve consensus, or carry out less than global initiative with motivated core nucleus of participants.

COOPERATION EXAMPLES

www.asapglobalizers.com

The screenshot shows the homepage of ASAP Globalizers. At the top left is the ASAP Globalizers logo. To its right are social media icons for Facebook, Twitter, and LinkedIn, followed by a search bar. Below these are navigation buttons for Home, Services, About Us, and Contact. The main content area features three large tiles: 'Partners' (Get in touch with us to discuss your needs and get a quote.), 'Services' (Discover how we help companies grow their international business.), and 'SAP partner' (with the SAP Partner logo). Below the tiles are buttons for 'Home' and 'SAP Twitter Feed'. The main heading is 'ASAP Globalizers' with a sub-heading 'Who we are'. The text describes the company's services: translation, localization, and content creation. A 'What we do' section lists various services like copywriting, software localization, and website development. A 'How we serve you' section mentions a unique collaboration platform.

This screenshot shows a 'Partners' section on the website. It features a grid of partner logos. The first partner is Kawamura International, with its address: Kagurazaka Kitagawa Bldg. 5-42 Kagurazaka (Shinjuku-ku Tokyo) 162-0825 Japan. Below the address is a 'Visit website' button. The grid also includes logos for Arabize, CT, EXACT!, GlobalizeMe, ilt group, 川村インターナショナル (Kawamura International), LINDER & TANGUY, and Tetraepik.

COOPERATION EXAMPLES

www.alcus.org

<http://www.elia-association.org/>

www.gala-global.org

www.oasis-open.org

www.w3c.org

GALA CRISP

(Collaborative Research, Innovation and Standards Program)

www.lt-innovate.eu ???

LT-Innovate OSCAR project ?

DISCUSSION



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Logrus International



DISCUSSION



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