

ABSTRACT:

## **THE CONDITIONAL CONTRIBUTION MECHANISM FOR REPEATED PUBLIC GOODS - THE GENERAL CASE**

**PROF. JÖRG OECHSSLER, PhD**

RUPRECHT-KARLS-UNIVERSITY HEIDELBERG

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Campus Griebnitzsee, house 1, room 2.31

August-Bebel-Str. 89, 14482 Potsdam

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We present a new and simple mechanism for repeated public good environments. In the Conditional Contribution Mechanism (CCM), agents send two message of the form, "I am willing to contribute  $x$  units to the public good if in total  $y$  units are contributed." This mechanism offers agents risk-free strategies, which we call unexploitable. We prove that if agents choose unexploitable messages in a Better Response Dynamics model, all stable outcomes of the CCM are Pareto efficient. We conduct a laboratory experiment to investigate whether observed behavior is consistent with this prediction. We find that indeed almost 80% of outcomes are Pareto optimal. Furthermore, comparison treatments with the Voluntary Contribution Mechanism show that the CCM leads to significantly higher contribution rates.

(with Andreas Reischmann and Andis Sofianos)