

Reexamining Sources of Overcontribution: Strategic Interaction and Economic Framework

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Abstract

Understanding why subjects contribute more than non-cooperative equilibrium predicts in public good experiments is one of the most important research agenda. Kumakawa, Saijo and Yamato (2009) demonstrates that the overcontribution would mainly result from decision errors due to the invisibility of strategic interaction among subjects. However, another possibility has remained untested: subjects do not feel like contributing until they understand an economic framework that every player jointly produces a public good by their contributions. This paper examines this third possibility. The experimental result shows that the invisibility of strategic interaction almost solely explains the overcontribution, while the economic framework is also important for subjects to precisely understand the payoff structure.

Keywords: Voluntary contribution mechanism; Overcontribution; Strategic interaction; Decision errors; Economic framework

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