

Sustaining cooperation in social dilemma: Comparison of centralized punishment institutions

Yoshio Kamijo, Tsuyoshi Nihonsugi, Ai Takeuchi, Yukihiro Funaki

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Abstract

This paper investigates two centralized punishment institutions in linear public goods game. These institutions have a requirement level which each player must fulfill, and sanction players whose contribution are less than the requirement level. The two institutions differ in whom, among those who do not meet the required contribution level, receive sanctions. In one institution, all the violators are sanctioned. In another institution, only the worst violator(s) are sanctioned. We first explore the theoretical property of these institutions and then, examine the theoretical prediction by a laboratory experiment. *JEL classification:* . *Keywords:* Linear public goods game, punishment institutions, experiment