Private provision with correlated cost
Shingo Yamazaki

This paper explores the effects of correlated cost on an incomplete information version of a private provision game. In an incomplete information private provision game without a correlation, a cut-point strategy is always consistent with rationality. The cut-point strategy is as follows: When the cost is low, each player makes a contribution. However, when a correlation is involved, this cut-point strategy can be inconsistent with rationality because there is a new incentive to free ride. Moreover, this incomplete information private provision game with correlation is more general than the game without correlation.