A partial consensus for public good provision

Anwesha Banerjee∗1 and Nicolas Gravel†2

1Groupement de Recherche en Économie Quantitative d’Aix-Marseille (GREQAM) – Université de la Méditerranée - Aix-Marseille II, Université Paul Cézanne - Aix-Marseille III, École des Hautes Études en Sciences Sociales [EHESS], CNRS : UMR7316, Ecole des Hautes Etudes en Sciences Sociales (EHESS) – Centre de la Charité, 2 rue de la Charité, 13236 Marseille cedex 02, France
2Groupement de recherche en économie quantitative d' Aix-Marseille (GREQAM) – Aix-Marseille Université - AMU – France

Abstract

Uncertainty about the effectiveness of collective action is a key feature of many public goods, such as efforts to fight climate change; and consequently people may have various beliefs regarding the benefit from common investments. We construct a model where there is uncertainty regarding the benefit from a public good, and individuals have heterogeneous beliefs about this benefit. Our results first establish conditions under which individual contribution to a public good can increase with more optimistic beliefs about the benefit from contribution. Second, for the case when each individual holds only one belief, we propose a way to compare a given distribution of such individual beliefs in a society as relatively closer to a consensus belief, or to have a higher partial consensus than another distribution if the initial distribution lorenz-dominates the other. Third, we find that a society has a higher equilibrium level of total contribution of the public good when the distribution of beliefs has a higher partial consensus, when agents’ utility functions are strictly concave. Our results have implications for how societies with diverse individual opinions co-ordinate communal or environmental action.

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∗Speaker
†Corresponding author: nicolas.gravel@univ-amu.fr