

Enlargements and Accessions

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Abstract

We examine under which circumstances club enlargement occurs and analyze arrangements that may harm it. Club theory describes club goods as a class of goods that are excludable and subject to some rivalry in the form of congestion, which implies that there must be rules to decide who can join and to whom membership is denied. It is obvious that the way how admission procedures are organized determines the accession process.

In this paper, we investigate in detail under which conditions clubs admit new members. In particular, we have in mind a club of well-endowed members that decide on the admittance of poorer applicants. In our experiments participants are divided into two groups (rich and poor) according to their performance in a general knowledge test. Subjects of the rich group receive a much higher endowment in each playing round of a linear public good game than subjects in the poor group. After several rounds, the rich subjects can admit poor subjects in the rich group according to different accession procedures as treatment variable in the experiments, giving the new member also a higher endowment for the following rounds. From a policy point of view we have in mind a situation that pictures the strategic situation of EU enlargement, at least to a certain extent.