

On the Evolvement of Institution Choice in Social Dilemmas

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Abstract

The question of how mechanisms sustaining cooperation in social dilemmas may evolve is still not answered satisfactorily. In this paper we experimentally investigate the performance and the reception of endogenously chosen institutions for enhancing cooperation in public good provision. We find that the initially low acceptance of the punishment institution steadily increases to its unambiguous prevalence over time. The institution choice option yields maximum efficiency in the punishment institution. Our results expand the previously observed superior performance of the punishment mechanism to cases in which its use is not obligatory. They strongly indicate that sanctioning may “evolutionary” prevail once it is invented. Interestingly, an endogenous reward institution is considerably less successful.