

Experimental Evidence on the Multibidding Mechanism*

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Abstract

Pérez-Castrillo and Wettstein (2002) and Veszteg (2004) propose the use of a multibidding mechanism for situations where agents have to choose a common project. Examples are decisions involving public goods (or public “bads”). We report experimental results to test the practical tractability and effectiveness of the multibidding mechanisms in environments where agents hold private information concerning their valuation of the projects. The mechanism performed quite well in the laboratory: it provided the ex post efficient outcome in roughly three quarters of the cases across the treatments; moreover, the largest part of the subject pool formed their bids according to the theoretical bidding behavior.

Keywords: experiments, mechanisms, uncertainty.

JEL Classification Numbers: C91, C72.

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