
Strategic decentralization and the provision of global public goods

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Abstract

This paper studies strategic decentralization and strategic (non) activation of a potential coalition in the provision of global public goods. We show that a coalition, with the aim of maximizing the aggregate utility of its members, may find it strategically advantageous to decentralize its provision, so that members act autonomously to maximize their own utility. In particular, strategic decentralization can lead to the phenomenon that a multipolar world with two active coalitions provides less public good than a world with only one of the coalitions while the other countries act independently. Furthermore, we show that it can be in the joint interest of a group of countries susceptible to form a coalition to commit themselves to acting independently, even if they share a strong interest in the public good. Finally, we discuss how the choice of coalition decentralization and that of activating a potential coalition vary with the players' weight and taste for the public good.

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