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Commitment Problems in Conflict Resolution

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Abstract

Commitment problems are inherent to non-binding conflict resolution mechanisms, since an unsatisfied party can ignore the resolution and initiate conflict. We provide experimental evidence suggesting that even in the absence of binding contractual agreements individuals often avoid conflict by committing to the outcome of a conflict resolution mechanism. Commitment problems are mitigated to a greater extent for groups that opt-in to the conflict resolution mechanism, but only when opting-in is costly. Although conflict rates are higher when opting-in is costly than when it is free or exogenously imposed, commitment problems are greatly reduced among those groups who choose to opt-in.

JEL Classifications: C72, C91, D72

Keywords: conflict resolution, commitment problem, opting-in, contests, experiments

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