

Editorial

Special Issue: Celebrating the 20th Anniversary of
Bergstrom, Blume, and Varian's "On the Private
Provision of Public Goods"
Guest editor's introduction: Twenty surprising
years of BBV

In the February issue of 1986, the *Journal of Public Economics* printed a paper that would change the agenda for research on public goods for years to come, "On the Private Provision of Public Goods" by Ted Bergstrom, Larry Blume, and Hal Varian. In May of 2006, a conference was held on the campus of Cornell University to celebrate the 20th anniversary of this publication. This special issue contains papers presented at that conference.

The importance and influence of this one paper—now known colloquially around the world as BBV—is hard to overstate. BBV considered a model that most public economists thought they already knew, a model of voluntary contributions to a public good, better known then as free riding. In the introduction to BBV, however, the authors gently tell their readers that they should brace for something completely different: "The equilibrium theory... is strikingly clean and decisive, yet contains some interesting surprises."

These surprises, which were startling at the time, are now staples of public economics and are taught in most graduate courses around the globe. Among the surprises are these: Lump sum taxes on givers to supply a public good completely crowd out private contributions; the total supply of the public good is independent of the distribution of income among givers; redistributions that tend to equalize incomes may actually reduce the level of privately provided public goods; when preferences are identical, all givers to a public good will have the same level consumption regardless of their incomes.

These surprises have kept economists busy for twenty years, and have made BBV one of the most influential papers ever published by the *Journal of Public Economics*. The objective evidence of this can be seen in the citations of BBV. As of this writing, BBV has 289 citations listed on the Social Science Citations Index. Only one paper published in the *Journal* has more citations (Allingham and Sandmo's "Income Tax Evasion: A Theoretical Analysis," published in 1972, has 379 citations. And for the record, third place goes to Marwell and Ames', "Economists Free Ride, Does Anyone Else? Experiments on the Private Provision of Public Goods," 1981, clocking in at 216 citations). BBV's influence is still strong—over the last five years it has logged an impressive average of 17 citations per year.

In addition to this objective evidence there is also ample subjective evidence of the importance of BBV. This evidence was clearly on display at the conference held in their honor. The conference drew over 35 participants from North America, Europe, and Asia, and included scholars of economic theory, policy, and experiments. Topics of the papers ranged widely, including charitable giving, altruism, matching contributions, mechanism design, sequential giving, corporate social responsibility, economic development, and preventing terrorism. Every speaker and participant was testament to the significant impact that BBV had on his or her intellectual development and academic career.

The organizers of the conference (and guest editors of this special issue) feel a particularly keen debt to Ted Bergstrom, Larry Blume, and Hal Varian. Jim Andreoni received his Ph.D. from the University of Michigan in 1986, the year BBV was published. Ted and Hal were his dissertation advisors, and Larry served on his dissertation committee. Jim was present when discussions of BBV permeated the halls of the Michigan Economics Department, and his dissertation and subsequent career were deeply influenced by these ideas. Moreover, Ted, Hal, and Larry have not only been important mentors to Jim, they have also been valued friends.

Ravi Kanbur became a colleague of Larry Blume's ten years ago at Cornell. Ten years prior to that, he remembers the impact of BBV as a revelation. It was the formulation in that paper which made it possible for him to apply the metaphor of "private provision of public goods" to a wide variety of settings, from development aid, through intra-household resource allocation, to inter-communal conflict. He has found that metaphor a constant source of inspiration for framing real world policy problems.

We are very proud of this special issue and of the high quality of the papers within. We owe many thanks to the authors for contributing their fine work to this volume, to the many referees who read the papers, to the conference participants who provided stimulating conversation of the ideas, and to the *Journal* for welcoming this special issue. We are grateful to Cornell University for the financial support of the conference. We also want to thank Robin Boadway for editing of several papers that the guest editors were in conflict over, and to Liz Anderson for her competence and professionalism in managing the editorial process. We save our biggest thanks, however, to the honorees, Ted Bergstrom, Larry Blume, and Hal Varian. We thank them for the wonderful surprises they gave us in BBV and for the many fulfilling years of research we have enjoyed ever since.

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