

Bargaining in Legislatures: An Experimental Investigation of Open versus Closed Amendment Rules

Guillaume R. Frechette
Ohio State University

John H. Kagel
Ohio State University

Steven F. Lehrer
University of Pennsylvania

A Instructions for the Closed Rule

This is an experiment in the economics of decision making. Funding for this research has been provided by the University of Pittsburgh. The instructions are simple, and if you follow them carefully and make good decisions you may earn a CONSIDERABLE AMOUNT OF MONEY which will be PAID TO YOU IN CASH at the end of the experiment.

1. In this experiment you will act as voters that distribute funds between yourself and others in a series of elections. In each election you must decide how to split a sum of money. Proposals will be voted up or down (accept or reject) by majority rule. That is, once 3 out of 5 voters approve a proposal, it passes.

2. In each election you will have to decide how to divide \$25.00 among the five voters. Each voter will write the division that he or she proposes on a proposal form. Allocations to each subject must be between \$0.00 and \$25.00. Allocations must add up to \$25.00.

3. After the proposal forms have been collected, the experimenter will roll a die to determine which proposal will be voted upon. The subject number of the individual whose proposal will be voted upon and his or her proposal will be posted on the blackboard. Once this proposal has been posted each of you have to decide whether to accept or reject the division currently proposed. If 3 out of 5 of the voters accept the proposal than it passes.

4. If the proposal is defeated (gets less than 3 votes), there will be a call for new proposals and the process repeats itself in a new round of the election. However, the amount of money to be divided will be reduced by 20%

of the amount of money in the preceding round of the election. Thus, if the first proposal is rejected, new proposals for this election will involve splitting \$20 among the 5 voters. And if this new proposal is rejected in round 2, then in round 3 you will be splitting \$16.

5. As before, the experimenter will collect the proposal forms and we would have an election with ALL of the voters participating. Once a simple majority approves the proposal the election ends and each voter writes down their payoff on their record sheet.

6. To summarize, the steps in the election process will work as follows:

Step 1: Everyone submits a proposal to split \$25

Step 2: One proposal, selected at random, has the floor.

Step 3: An election is held.

Step 4: If three (or more) out of five voting for it, it passes and the election is over. If the proposal is rejected, go back to step 1 only the amount of money available shrinks by 20%. This process repeats itself until a proposal is voted in.

7. At the conclusion of the experiment four elections will be selected at random for payment. A roll of a fifteen-sided die done by four voters will do this. All subjects will be paid in CASH the sum of the outcomes of the four rounds at the end of the experiment. In addition you will receive \$5.00, as promised, for participating in the study.

8. No one may allocate less than \$0.00 to any voter. Allocations must be rounded to the nearest penny to be accepted.

9. Each one of you has been assigned a subject ID, which is taped to your desk. Your ID begins with a letter. In each election, you will be randomly assigned a subject number (1, 2, 3, 4, or 5). This is strictly private information and is not to be revealed to anyone else. Since subject numbers will be randomly assigned prior to the start of each election all the voters are likely to have their subject numbers vary between elections.

10. You are not to reveal your (potential) earnings, nor are you to speak to any other subject while the experiment

is in progress. This is important to the validity of the study and will not be tolerated.

11. We will have one practice election to familiarize you with the procedures and accounting rules. This will be followed by 15 elections played for cash.

12. Review. Let's summarize the main points:

- The experiment will consist of fifteen elections. There may be several rounds for each election.
 - You will be randomly assigned a subject number for each election.
 - At the start of each election you will all propose a split of \$25.00 between the five of you.
 - Proposals to each voter must be greater than or equal to \$0.00
 - A proposal to be voted upon will be randomly selected in each round of the election.
 - If a simple majority accepts the proposal the election ends.
 - If a simple majority rejects the proposal then every voter will be eligible to make a proposal in subsequent rounds of a given election.
- The amount of money to be divided shrinks by 20% following each rejection of a proposal in a given election.

Are there any questions?

B Instructions for the Open Rule

This is an experiment in the economics of decision making. Funding for this research has been provided by the University of Pittsburgh. The instructions are simple, and if you follow them carefully and make good decisions you may earn a CONSIDERABLE AMOUNT OF MONEY which will be PAID TO YOU IN CASH at the end of the experiment.

1. In this experiment you will act as voters that distribute funds between yourself and others in a series of elections. In each election you must decide how to split a sum of money. Proposals will be voted up or down (accept or reject) by majority rule. That is, once 3 out of 5 voters approve a proposal, it passes.

2. In each election you will have to decide how to divide \$25.00 among the five voters. Each voter will write the division that he or she proposes on a proposal form. Allocations to each subject must be between \$0.00 and \$25.00. Allocations must add up to \$25.00.

3. After the proposal forms have been collected, the experimenter will roll a die to determine which proposal will have the floor. The subject number of the individual whose proposal is on the floor and his or her proposal will be posted on the blackboard.

4. After this proposal has been posted, one of the four remaining voters, will have an opportunity to second this proposal or to offer an amendment to the proposal offering an alternative distribution of the \$25. Which of the four voters have the opportunity to second or amend the proposal will be determined at random, with each of the four voters having an equally likely chance of being chosen.

5. If the proposal in its current form is seconded, it will then be voted on by the group as a whole. If 3 of 5 vote for it, it then passes. If the proposal is defeated (gets less than 3 votes), there will be a call for new proposals and the process repeats itself in a new round of the election.

6. If the proposal is amended, a run-off election will be held between the original proposal and the amendment. Whoever wins the run-off (gets 3 or more of the 5 votes) will be the standing proposal in the next round of the

election.

7. After a run-off is held, the process repeats itself - there will be an opportunity to second the standing proposal (in which case it will be voted up or down) or to amend the standing proposal (in which case there will be another run-off between the standing proposal and the new amended proposal).

8. There are costs to making an amendment or to voting down a proposal that has been seconded. The cost is that the amount of money to be distributed across voters shrinks by 20%. This will work as follows: - If the first proposal has been seconded but voted down (is rejected), new proposals will involve splitting \$20 - Following a run-off election, the winning (standing) proposal will have all values reduced by 20% before that proposal has a chance to be seconded or subject to further amendment. To summarize, the steps in the election process will work as follows:

Step 1: Everyone submits a proposal to split \$25

Step 2: One proposal, selected at random, has the floor.

Step 3: One voter, selected at random, will have a chance to either amend or to second the proposal in step 2. (You cannot second or amend your own proposal.)

Step 4a: If the proposal is seconded, it is voted on. Three (or more) out of five voting for it, it passes and the election is over. If the proposal is rejected, go back to step 1 only the amount of money available shrinks by 20%.

OR

Step 4b: If the proposal is amended there is a run-off election between the original proposal and the amendment. Whoever wins the run-off replaces the proposal in step 2 with all values reduced by 20%.

This process repeats itself until a proposal is voted in.

9. At the conclusion of the experiment four elections will be selected at random for payment. A roll of a fifteen-sided die done by four voters will do this. All subjects will be paid in CASH the sum of the outcomes of the three rounds at the end of the experiment. In addition you will receive \$5.00, as promised, for participating in the study.

10. No one may allocate less than \$0.00 to any voter. Allocations must be rounded to the nearest penny to be accepted.

11. Each one of you has been assigned a subject ID, which is taped to your desk. Your ID begins with a letter. In each election, you will be randomly assigned a subject number (1, 2, 3, 4, or 5). This is strictly private information and is not to be revealed to anyone else. Since subject numbers will be randomly assigned prior to the start of each election all the voters are likely to have their subject numbers vary between elections.

12. You are not to reveal your (potential) earnings, nor are you to speak to any other subject while the experiment is in progress. This is important to the validity of the study and will not be tolerated.

13. We will have two practice elections to familiarize you with the procedures and accounting rules. This will be followed by 15 elections played for cash.

14. Review. Let's summarize the main points.

- The experiment will consist of fifteen elections. There may be several rounds for each election
- You will be randomly assigned a subject number for each election.
- At the start of each election you will all propose a split of \$25.00 between the five of you.
- Proposals to each voter must be greater than or equal to \$0.00
- The initial proposal to be voted on will be randomly selected in each round of the election.
- An individual will then be randomly selected to second or amend this proposal.
- If the proposal is seconded an election will be held.
- If the proposal is amended a runoff election between the original proposal and the amendment will take place. A simple majority will determine the standing proposal in the next round of the election. The standing proposal must be seconded or amended.
- Once a proposal has been seconded it will be voted upon by every voter.
- If a simple majority accepts the proposal the election ends.

- If a simple majority rejects the proposal all voters are eligible to make a proposal in subsequent rounds of a given election.

- The amount of money to be divided shrinks by 20% following each election.

Are there any questions?

C Instructions for the Closed Rule with Computer

This is an experiment in the economics of decision making. Funding for this research has been provided by the University of Pittsburgh. The instructions are simple, and if you follow them carefully and make good decisions you may earn a CONSIDERABLE AMOUNT OF MONEY which will be PAID TO YOU IN CASH at the end of the experiment.

1. In this experiment you will act as voters that distribute funds between yourself and others in a series of elections. In each election you must decide how to split a sum of money. Proposals will be voted up or down (accept or reject) by majority rule. That is, once 3 out of 5 voters approve a proposal, it passes.

2. In each election you will have to decide how to divide \$25.00 among the five voters. Each voter will write the division that he or she proposes on a proposal form. Allocations to each subject must be between \$0.00 and \$25.00. Allocations must add up to \$25.00.

3. After the proposal forms have been collected, the dice roller will roll a die to determine which proposal will be voted upon. The subject number of the individual whose proposal will be voted upon and his or her proposal will be posted on the blackboard. Once this proposal has been posted each of you have to decide whether to accept or reject the division currently proposed. If 3 out of 5 of the voters accept the proposal than it passes.

4. If the proposal is defeated (gets less than 3 votes), there will be a call for new proposals and the process repeats itself in a new round of the election. However, the amount of money to be divided will be reduced by 20% of the amount of money in the preceding round of the election. Thus, if the first proposal is rejected, new proposals for this election will involve splitting \$20 among the 5 voters. And if this new proposal is rejected in round 2, then in round 3 you will be splitting \$16.

5. As before, the experimenter will collect the proposal forms and we would have an election with ALL of the voters participating. Once a simple majority approves the proposal the election ends and each voter writes down their payoff on their record sheet.

6. To summarize, the steps in the election process will work as follows:

Step 1: Everyone submits a proposal to split \$25

Step 2: One proposal, selected at random, has the floor.

Step 3: An election is held.

Step 4: If three (or more) out of five voting for it, it passes and the election is over.

If the proposal is rejected, go back to step 1 only the amount of money available shrinks by 20%.

This process repeats itself until a proposal is voted in.

7. There is a five in six chance that one of the voters will be a computer in each election.

8. At the conclusion of the experiment six elections will be selected at random for payment. Six rolls of a twenty-five sided die by the dice roller will do this. All subjects will be paid in CASH the sum of the outcomes of the four rounds at the end of the experiment. In addition you will receive \$5.00, as promised, for participating in the study.

9. Each one of you has been assigned a subject ID, which is taped to your desk. Your ID begins with a letter. In each election, you will be randomly assigned a subject number (1, 2, 3, 4, 5, or 6). This is strictly private information and is not to be revealed to anyone else. Since subject numbers will be randomly assigned prior to the start of each election all the voters are likely to have their subject numbers vary between elections.

9. In each election there is a five in six chance that you will become a voter. A roll of a six-sided die will determine who will not be a recognized voter for each election. The non-recognized subject must still complete all forms.

10. No one may allocate less than \$0.00 to any voter. Everyone must allocate \$0.00 to the subject number of the voter that is not recognized. Allocations must be rounded to the nearest penny to be accepted.

11. You are not to reveal your (potential) earnings, nor are you to speak to any other subject while the experiment is in progress. This is important to the validity of the study and will not be tolerated.

12. We will have one practice election to familiarize you with the procedures and accounting rules. This will be followed by 25 elections played for cash.

13. Review. Let's summarize the main points:

- The experiment will consist of twenty-five elections. There may be several rounds for each election.
- You will be randomly assigned a subject number for each election.
- At the start of each election you will all propose a split of \$25.00 between the five of you.
- Proposals to each voter must be greater than or equal to \$0.00
- A proposal to be voted upon will be randomly selected in each round of the election.
- If a simple majority accepts the proposal the election ends.
- If a simple majority rejects the proposal then every voter will be eligible to make a proposal in subsequent rounds of a given election.
- The amount of money to be divided shrinks by 20% following each rejection of a proposal in a given election.
- There is a five in six chance that you will be a non recognized voter in each election.
- There is a five in six chance that one voter will be a computer in each election.

Are there any questions?