

Instructions for “Veto Power in Committees: An Experimental Study”

J. Kagel, H. Sung and E. Winter
(Instructions for veto game with $\delta = .95$)

Veto $n = 3$
NE/5%

Instructions

This is an experiment in the economics of decision making. Funding for this research has been provided by the Ohio State University and the National Science Foundation. 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 (accepted or rejected) by majority rule.
2. In each election you will have to decide how to divide \$30.00 among three (3) voting blocks. In each election there are three representatives, one for each voting block. As the representative of your voting block you will propose a division between voting blocks.
3. After you have all made your allocations, one of the proposed allocations will be voted on. Proposals will be posted on your computer screens with the proposed allocation to you and the other voting blocks clearly indicated. You will then have to decide whether to accept or reject the division currently proposed.
4. There are a total of 3 votes distributed between the three voting blocks. In each election each voting block controls 1 vote. In addition, one of the voting blocks will have veto power. Thus, for a proposal to pass, it must receive a majority of the 3 votes (it must get 2 or more votes) and 1 of these two votes must be provided by the player with veto power (the veto player). *Any combination* of 2 or more votes results in the proposal passing as long as 1 of the two votes is from the veto player. If the proposal **passes**, the proposed allocation is binding and we will move on to the next election.
5. If the proposal is defeated (gets less than 2 votes or does not receive the vote of the veto player), there will be a call for new proposals and the process will repeat itself. However, the amount of money available will shrink by 5%. Thus, if the first proposal **is rejected**, new proposals will be called for, and the amount of money available to be split will equal to \$28.50. You will again propose allocations between yourself and the other voting blocks (these proposals may or may not be the same as your original proposal – this is up to you).

One of these proposals will be selected to be voted on. This process will repeat itself until a proposed allocation receives a majority (2 or more votes) and 1 of these 2 votes is provided by the veto player. At that point the election ends and the proposed allocation is binding.

6. The chances of your proposal being selected to be voted on will be equal to the number of votes held by your voting block relative to the total number of votes. Thus, everyone has an equal chance of their proposal being recognized.

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

Step 1: Everyone submits a proposal to split \$30

Step 2: One proposal, selected at random, has the floor. All proposals have an equally likely chance of being selected to be voted on.

Step 3: An election is held.

Step 4: If the proposal receives 2 or more votes, one of which is the vote of the veto player, it passes and the election is over.

If the proposal is rejected, the amount of money available shrinks by 5%, and we go back to step 1.

This process repeats itself until a proposal receives 2 or more votes, one of which is the vote of the veto player.

8. There will be a total of 11 elections, one (1) practice election and ten (10) elections played for cash.

9. At the conclusion of the experiment, one of the 10 elections played for cash will be randomly selected by computer, and the money distributed according to the proposal that passed in that election. Your individual payment for that election will be equal to the allocation given to your voting block for that election. Thus, in each election, you should treat it as the election that you will be paid off on. All payments will be in CASH. In addition, each of you will receive the \$8 participation fee promised.

10. There are a total of ___ voters in the room. In each election you will be assigned to one of ___ groups of three voters. Assignments to voting groups will vary randomly from election to election. Note also that your subject numbers vary randomly from election to election. Veto players will be picked during the dry run and they will remain veto players for all 11 elections. There will be only 1 veto player assigned to each voting group in each election.

Some examples might help clarify the voting process. The examples are not necessarily intended to be realistic, just to give you an idea how the process works. In all cases we will assume that there is \$60 to be allocated and that subject 1 is the veto player.

Example 1:

Subject 1's proposal is selected, he proposes \$59.01, \$0.99, 0 – ordered by subject number. Now the votes could be accept, accept, reject – once again ordered by subject number – in which case the proposal would pass as it has a majority (2 of 3) votes including the vote of the veto player. As such, if this election were paid off on, subject 1 would get \$59.01, subject 2 would get \$0.99, and subject 3 would get \$0.

Alternatively

The votes could be accept, reject, reject so that the proposal does not receive a majority (even though it got the vote of the veto player), and the election would go to the next round. The amount of money available would shrink by 5%. A new set of proposals would be called for, one of which would be selected at random to be voted on and the voting process repeats itself.

Example 2:

Subject 2's proposal is selected, he proposes \$10, \$10, \$40. Now the votes could be reject, accept, accept, in which case the proposal would not pass as although it got a majority of votes (2 of 3) it failed to get the vote of the veto player. The election would go to the next round. The amount of money available would shrink by 5%. A new set of proposals would be called for, one of which would be selected at random to be voted on and the voting process repeats itself.

Alternatively

The votes could be accept, accept, accept and the proposal would pass as it received a majority of the votes including the vote of the veto player. As such, if this election were paid off on, subject 1 would get \$10, subject 2 would get \$10, and subject 3 would get \$40.

Example 3:

Subject 3's proposal is selected. He proposes \$30, \$0, \$30. Now the votes might be accept, reject, accept so that the proposal receives a majority of the votes (2 out of 3) and one of these is the vote of the veto player. In this case subject 1 would get \$30, subject 2 \$0 and subject 3 \$30. But they don't have to do this. Again they could vote differently and if the election goes to another round, propose something else.

Example 4:

Subject 1's proposal is selected. He proposes \$20, \$20, \$20. Now the votes might be accept, accept, accept so that the proposal receives a majority of the votes and one of these is the vote of the veto player. In this case subject 1 would get \$20, subject 2 \$20 and subject 3 \$20. But they don't have to do this. Again they could vote differently and if the election goes to another round, propose something else.

As you can see there are many possibilities here. What should you do? If we knew the answer to this question we would not have to conduct the experiment. You should do what you think is best.

Review. Let's summarize the main points:

- The experiment will consist of 11 elections, 1 practice and 10 for real. There may be several rounds to each election.
- In each election there are three voting blocks. Each of you represents a different voting block. In each election each voting block controls 1 vote. Also one of the voting blocks has veto power over any proposed allocation.
- At the start of each election you will propose a split of \$30.00 between the three voting blocks.
- A proposal to be voted upon will be randomly selected in each round of the election. All proposals have an equally likely chance of being selected.
- If the proposal receives 2 or more votes (a simple majority of the votes), one of which is the vote of the veto player, it passes, the proposed allocation is binding, and the election ends.
- If a simple majority rejects the proposal, or the proposal does not get the vote of the veto player, then the amount of money available will shrink by 5%, we will solicit new proposals and the process repeats itself.
- At the end of the 10 cash elections, one election, selected at random will be paid off on. Your earnings will be equal to your allocation for that election plus the \$8 participation fee.

Are there any questions?

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(Instructions for control treatment – no veto player - with $\delta = .95$)

Veto/C n = 3
NE/5%

Instructions

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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 (accepted or rejected) by majority rule.
2. In each election you will have to decide how to divide \$30.00 among three (3) voting blocks. In each election there are three representatives, one for each voting block. As the representative of your voting block you will propose a division between voting blocks.
3. After you have all made your allocations, one of the proposed allocations will be voted on. Proposals will be posted on your computer screens with the proposed allocation to you and the other voting blocks clearly indicated. You will then have to decide whether to accept or reject the division currently proposed.
4. There are a total of 3 votes distributed between the three voting blocks. In each election each voting block controls 1 vote. Thus, for a proposal to pass, it must receive a majority of the 3 votes (it must get 2 or more votes). *Any combination* of 2 or more votes results in the proposal passing. If the proposal **passes**, the proposed allocation is binding and we will move on to the next election.
5. If the proposal is defeated (gets less than 2 votes), there will be a call for new proposals and the process will repeat itself. However, the amount of money available will shrink by 5%. Thus, if the first proposal **is rejected**, new proposals will be called for, and the amount of money available to be split will equal to \$28.50. You will again propose allocations between yourself and the other voting blocks (these proposals may or may not be the same as your original proposal – this is up to you). One of these proposals will be selected to be voted on. This process will repeat itself until a proposed allocation receives a majority (2 or more votes). At that point the election ends and the proposed allocation is binding.

6. The chances of your proposal being selected to be voted on will be equal to the number of votes held by your voting block relative to the total number of votes. Thus, everyone has an equal chance of their proposal being recognized.
 7. To summarize, the steps in the election process will work as follows:
 - Step 1:* Everyone submits a proposal to split \$30
 - Step 2:* One proposal, selected at random, has the floor. All proposals have an equally likely chance of being selected to be voted on.
 - Step 3:* An election is held.
 - Step 4:* If the proposal receives 2 or more votes it passes and the election is over. If the proposal is rejected, the amount of money available shrinks by 5%, and we go back to step 1.
- This process repeats itself until a proposal receives 2 or more votes.
8. There will be a total of 11 elections, one (1) practice election and ten (10) elections played for cash.
 9. At the conclusion of the experiment, one of the 10 elections played for cash will be randomly selected by computer, and the money distributed according to the proposal that passed in that election. Your individual payment for that election will be equal to the allocation given to your voting block for that election. Thus, in each election, you should treat it as the election that you will be paid off on. All payments will be in CASH. In addition, each of you will receive the \$8 participation fee promised.
 10. There are a total of ___ voters in the room. In each election you will be assigned to one of ___ groups of three voters. Assignments to voting groups will vary randomly from election to election. Note also that your subject numbers vary randomly from election to election.

Some examples might help clarify the voting process. The examples are not necessarily intended to be realistic, just to give you an idea how the process works. In all cases we will assume that there is \$50 to be allocated.

Example 1:

Subject 1's proposal is selected, he proposes \$49.01, \$0.99, 0 – ordered by subject number. Now the votes could be accept, accept, reject – once again ordered by subject number – in which case the proposal would pass as it has a majority (2 of 3). As such, if this election were paid off on, subject 1 would get \$49.01, subject 2 would get \$0.99, and subject 3 would get \$0.

Alternatively

The votes could be accept, reject, reject so that the proposal does not receive a majority and the election would go to the next round. The amount of money available would shrink by 5%. A new set of proposals would be called for, one of which would be selected at random to be voted on and the voting process repeats itself.

Example 2:

Subject 2's proposal is selected, he proposes \$10, \$10, \$30. Now the votes could be reject, reject, accept, in which case the proposal would not pass as it failed to get a majority of of the votes (1 of 3). The election would go to the next round. The amount of money available would shrink by 5%. A new set of proposals would be called for, one of which would be selected at random to be voted on and the voting process repeats itself.

Alternatively

The votes could be accept, accept, accept and the proposal would pass as it received a majority of the votes. As such, if this election were paid off on, subject 1 would get \$10, subject 2 would get \$10, and subject 3 would get \$30.

Example 3:

Subject 3's proposal is selected. He proposes \$25, \$0, \$25. Now the votes might be accept, reject, accept so that the proposal receives a majority of the votes (2 out of 3). In this case subject 1 would get \$25, subject 2 \$0 and subject 3 \$25. But they don't have to do this. Again they could vote differently and if the election goes to another round, propose something else.

Example 4:

Subject 1's proposal is selected. He proposes \$16.33, \$16.33, \$16.33. Now the votes might be accept, accept, accept so that the proposal receives a majority of the votes. In this case subject 1 would get \$16.33, subject 2 \$16.33 and subject 3 \$16.33. But they don't have to do this. Again they could vote differently and if the election goes to another round, propose something else.

As you can see there are many possibilities here. What should you do? If we knew the answer to this question we would not have to conduct the experiment. You should do what you think is best.

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- At the start of each election you will propose a split of \$30.00 between the three voting blocks.
- A proposal to be voted upon will be randomly selected in each round of the election. All proposals have an equally likely chance of being selected.
- If the proposal receives 2 or more votes (a simple majority of the votes) it passes, the proposed allocation is binding, and the election ends.
- If a simple majority rejects the proposal then the amount of money available will shrink by 5%, we will solicit new proposals and the process repeats itself.
- At the end of the 10 cash elections, one election, selected at random will be paid off on. Your earnings will be equal to your allocation for that election plus the \$8 participation fee.

Are there any questions?

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