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[Home](#) [About Us](#) [Areas of Expertise](#) [News](#) [Events](#) [Grants](#) [People](#) [Publications](#) [Contact Us](#)

[home](#) > [areas of expertise](#) > [institutions that manage violent conflict](#) > issues in multi-dimensional legislative bargaining

[Use of Force and Diplomacy](#)

[Ideas, Identities and Decisional Processes that Affect Security](#)

[Institutions that Manage Violent Conflict](#)

Issues in Multi-Dimensional Legislative Bargaining: Collective vs. Particularistic Goods

Principal Investigator: John Kagel, Massimo Morelli

One of the most important jobs of the legislature in any country is to decide how to allocate government resources. Legislative bargaining models attempt to explain how legislators bargain with each other to get resources for their own constituencies.

To test these models, social scientists conduct legislative bargaining experiments in which players representing a legislative party make different proposals for splitting a finite budget, and then bargain with each other until they come to an agreement.

In the past, legislative bargaining experiments have measured only how the financial pie is split among the competing stakeholders -- in other words, they have looked only at how much each player wins for his or her own constituency. In this way, they have examined only the dimension of particularistic goods, or goods allocated for a special interest.

In this project, Kagel and Morelli examine legislative bargaining on two dimensions -- particularistic goods and collective goods, or public interest goods that benefit society as a whole. To do this, they are running two sets of experiments.

In the first set, all players valued particularistic goods more highly than public goods. Standard game theory predicted that these players would allocate little for collective goods; however, Kagel and Morelli found the opposite. This is because in order to secure votes for their own special interests, players had to provide something in return by voting to support the public good.

Standard game theory also predicted that when players place lower value on collective goods, they would need to offer more collective goods to have their proposals accepted. However, Kagel and Morelli again found the opposite to be true, because of a strong "reference point effect."

In the second set of experiments, different players placed differing values on particularistic vs. public goods. Here again, Kagel and Morelli found surprising results. Players in a minority had to make proposals that appealed to majority players, resulting in coalitions that cut across preference lines, or "strange bedfellows."



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Past Mershon funding of Kagel's legislative bargaining experiments has led to publication of four articles in top research journals. Kagel and Morelli presented results from this set of experiments at the Coalition Theory Network workshop in January 2007, and planned to submit a paper to a major journal soon after.

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