

Dynamic Coalitions and Communication: Private vs Public Negotiations

David P. Baron, Renee Bowen and Salvatore Nunnari
Discussion by Giovanni Andreottola

2nd EIEF Summer Workshop in Political Economy

July 4th, 2016

Two Interesting Puzzles

- Frequency and solidity of universal allocations.

Two Interesting Puzzles

- Frequency and solidity of universal allocations.
 - Gap with theories, comparison to wider bargaining literature.

Two Interesting Puzzles

- Frequency and solidity of universal allocations.
 - Gap with theories, comparison to wider bargaining literature.
- Effects of experience diverging with different treatments.

Two Interesting Puzzles

- Frequency and solidity of universal allocations.
 - Gap with theories, comparison to wider bargaining literature.
- Effects of experience diverging with different treatments.
 - Evidence of communication *long-run* non-neutrality.

The Puzzle of Universal Allocations

- Fear of retaliation. Not strongly supported by chat. What about behaviour?

The Puzzle of Universal Allocations

- Fear of retaliation. Not strongly supported by chat. What about behaviour?
- Fairness or social image concerns. Do voters refuse advantageous offers that leave somebody out?

The Puzzle of Universal Allocations

- Fear of retaliation. Not strongly supported by chat. What about behaviour?
- Fairness or social image concerns. Do voters refuse advantageous offers that leave somebody out?
- Risk aversion: need extreme level to get universal, but might get allocation closer.

The Puzzle of Universal Allocations

- Fear of retaliation. Not strongly supported by chat. What about behaviour?
- Fairness or social image concerns. Do voters refuse advantageous offers that leave somebody out?
- Risk aversion: need extreme level to get universal, but might get allocation closer.
- Number of players. $n = 3 \Rightarrow$ highest absolute but lowest relative premium to MWC + cooperation in coalition easier.

The Experience Puzzle

- Experience leads to more MWCs in private but more universal in public communication.

The Experience Puzzle

- Experience leads to more MWCs in private but more universal in public communication.
- Could have expected MWCs to increase in the long run also in the public treatment (learning, getting used to public setup).

The Experience Puzzle

- Experience leads to more MWCs in private but more universal in public communication.
- Could have expected MWCs to increase in the long run also in the public treatment (learning, getting used to public setup).
- Different social norms getting established?

The Experience Puzzle

- Experience leads to more MWCs in private but more universal in public communication.
- Could have expected MWCs to increase in the long run also in the public treatment (learning, getting used to public setup).
- Different social norms getting established?
- Evidence of communication being non-neutral.

Role of Communication

- Communication \Rightarrow cooperation (Andreoni and Rao (2011))

Role of Communication

- Communication \Rightarrow cooperation (Andreoni and Rao (2011))
- Agranov and Tergiman (2014): communication \Rightarrow outcome closer to unique SPE (competition between voters).

Role of Communication

- Communication \Rightarrow cooperation (Andreoni and Rao (2011))
- Agranov and Tergiman (2014): communication \Rightarrow outcome closer to unique SPE (competition between voters).
- Here many MPEs, so potentially also role for coordination.

Role of Communication

- Communication \Rightarrow cooperation (Andreoni and Rao (2011))
- Agranov and Tergiman (2014): communication \Rightarrow outcome closer to unique SPE (competition between voters).
- Here many MPEs, so potentially also role for coordination.
 - \rightarrow Communication favours even allocations.

Role of Communication

- Communication \Rightarrow cooperation (Andreoni and Rao (2011))
- Agranov and Tergiman (2014): communication \Rightarrow outcome closer to unique SPE (competition between voters).
- Here many MPEs, so potentially also role for coordination.
 - Communication favours even allocations.
 - Why so few conversations *talking money*?

Role of Communication

- Communication \Rightarrow cooperation (Andreoni and Rao (2011))
- Agranov and Tergiman (2014): communication \Rightarrow outcome closer to unique SPE (competition between voters).
- Here many MPEs, so potentially also role for coordination.
 - Communication favours even allocations.
 - Why so few conversations *talking money*?
- Incomplete info: role for learning types and/or how to play?

Endogenous Status Quo vs Repeated Game

- Important question concerns effects of endogenous status quo.

Endogenous Status Quo vs Repeated Game

- Important question concerns effects of endogenous status quo.
- Dynamic bargaining adds two main things to static legislative bargaining: repeated play and endogenous status quo.

Endogenous Status Quo vs Repeated Game

- Important question concerns effects of endogenous status quo.
- Dynamic bargaining adds two main things to static legislative bargaining: repeated play and endogenous status quo.
- How to isolate the effect of the endogenous status quo?

Endogenous Status Quo vs Repeated Game

- Important question concerns effects of endogenous status quo.
- Dynamic bargaining adds two main things to static legislative bargaining: repeated play and endogenous status quo.
- How to isolate the effect of the endogenous status quo?
- Potentially interesting to compare repeated play of static legislative bargaining with endogenous status quo bargaining.

Initial Allocation

- Randomness of initial allocation is such that the most likely initial distribution is a MWC (about $\frac{2}{3}$ of initial allocations).

Initial Allocation

- Randomness of initial allocation is such that the most likely initial distribution is a MWC (about $\frac{2}{3}$ of initial allocations).
- Could this bias results in favour of MWCs? The transition matrix makes one think so.

Initial Allocation

- Randomness of initial allocation is such that the most likely initial distribution is a MWC (about $\frac{2}{3}$ of initial allocations).
- Could this bias results in favour of MWCs? The transition matrix makes one think so.
- That would make the equality puzzle even larger.

Structure of Communication Treatment

- Agranov and Tergiman (2014): private setup in which players can choose any subset of other players as recipients.

Structure of Communication Treatment

- Agranov and Tergiman (2014): private setup in which players can choose any subset of other players as recipients.
- Here, public communication could be reproduced by triangulating messages with some key words, but harder.

Structure of Communication Treatment

- Agranov and Tergiman (2014): private setup in which players can choose any subset of other players as recipients.
- Here, public communication could be reproduced by triangulating messages with some key words, but harder.
- I'd be curious of outcomes under other variations of structure: e.g. one-way or face-to-face communication.

Some General Comments

- Evaluation of some aspects of theory (despite limitations and caveats) can be done. Should there be more of that?

Some General Comments

- Evaluation of some aspects of theory (despite limitations and caveats) can be done. Should there be more of that?
- 14 findings could be condensed to less, especially if the list structure of the paper core is to be kept.

Some General Comments

- Evaluation of some aspects of theory (despite limitations and caveats) can be done. Should there be more of that?
- 14 findings could be condensed to less, especially if the list structure of the paper core is to be kept.
- Description of the findings could be coupled by more interpretation and perspective on the results.

Conclusion

- Interesting study exploring a relevant strategic situation with the novel twist of communication.

Conclusion

- Interesting study exploring a relevant strategic situation with the novel twist of communication.
- Occurrence of universal allocations and mechanism governing the role of communication still to be fully understood.

Conclusion

- Interesting study exploring a relevant strategic situation with the novel twist of communication.
- Occurrence of universal allocations and mechanism governing the role of communication still to be fully understood.
- Plenty of stylized facts in search of explanations: fruitful avenues ahead for both theory and experiments!