Bargaining in the Shadow of Uncertainty

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We experimentally study unanimity and majority voting rules in multilateral bargaining environments with stochastic future surplus. In these settings, reaching agreement when expected future surplus is sufficiently higher than the current surplus is inefficient. Theoretically, such inefficiencies never arise under unanimity rule but can arise under majority rule as players try to avoid endogenous risk of being excluded from the winning coalitions in the future. We find strong support for this prediction both when the unanimity rule is predicted to lead to more delays, and when both rules should lead to identical levels of delays. We also find that there are more delays than predicted under the majority rule. Using data from conversations among the bargainers and the type of proposals that are implemented, we find that these deviations arise as a result of more egalitarian sharing than predicted by theory, and therefore, lower risk of being excluded from the winning coalitions in the future.

**Url:**<https://www.nber.org/papers/w30434>