



Legislative committees as information intermediaries: A unified theory of committee selection and amendment rules[☆]



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ABSTRACT

This paper considers a model of legislative decision-making, in which information must be collected from a strategic lobbyist. The legislature appoints a committee to communicate with the lobbyist and propose a bill, and determines whether the proposal is processed under open or closed rule. Consistent with empirical evidence, it can be optimal for the legislature to appoint a biased committee and, depending on the lobbyist's bias, both open and closed rule are used in equilibrium. For small lobbyist bias, it is optimal to choose closed rule and a committee whose interests are perfectly aligned with the lobbyist's. For intermediate lobbyist bias, closed rule remains optimal with a committee whose preferences lie between those of the legislature and those of the lobbyist. For large lobbyist bias, open rule and a committee biased against the lobbyist become optimal.

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1. Introduction

Many aspects of legislative decision-making, despite being discussed at length in the political science literature, remain only partially understood in scholarly research. For instance, why do legislative bodies sometimes limit their involvement by granting restrictive rules to amending proposals, thereby giving specialized committees agenda-setting power? Moreover, given the power committees are granted, why do legislative bodies appoint preference outliers (members whose preferences are strongly biased, relative to the median legislator)?¹

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¹ There is an ongoing debate about the extent to which committees are biased. However, most scholars agree that at least some committees consist of preference outliers, and some argue that this is a feature of most committees. Ray (1980), Weingast and Marshall (1988), Dion and Huber (1996) present results indicating that many or most committees consist of outliers, while Krehbiel (1990, 1991) and Cox and McCubbins (1993) find there is no convincing evidence that committees systematically consist of preference outliers. Poole and Rosenthal (1997) find a dramatic shift toward less representative committee contingents among democratic representatives after the 83rd House, concentrated in four committees: Agriculture, Armed Services, Veterans' Affairs, and Education and Labor.

Motivated by these questions, we analyze a model involving both procedural rule and committee selection, in following tradition of informational theories of legislative committees, started by the seminal paper of Gilligan and Krehbiel (1987; hereafter GK).² Our analysis builds on recent developments in the game theoretic literature of intermediated communication and delegation (Dessein, 2002; Ivanov, 2010, and Ambrus et al. (2012; hereafter AAK)). We assume that, initially, an outside interest group (lobbyist) has information that is relevant to the legislature for a new piece of legislation. The lobbyist is a strategic actor whose preferences are biased relative to the legislature. The legislature can appoint a committee, with preferences possibly differing from its own, to act as an information intermediary between itself and the lobbyist. More concretely, the committee communicates with the lobbyist and then makes a proposal to the legislature. Besides selecting the committee, we also assume that the legislature can ex ante choose whether to process the ensuing legislation through open rule or closed rule.³ Under open rule, the legislature retains the right to decide upon the legislation that ultimately becomes law (for ease of exposition, we will say ‘choose the action’ from hereafter) Hence, the committee’s proposal only represents cheap talk from the committee to the legislature. Under closed rule, the legislature essentially delegates the right to choose an action to the committee. We are interested in the optimal committee and procedural rule chosen by the legislature, as a function of the lobbyist bias.⁴

Our main findings are as follows. If the lobbyist bias is small, then it is optimal for the legislature to grant closed rule and appoint a committee whose preferences are perfectly aligned with the lobbyist’s. For intermediate levels of lobbyist bias, it remains optimal for the legislature to grant closed rule, but with a committee whose preferences are only partially aligned with the lobbyist’s; that is, whose preferences lie strictly between the legislature’s and the lobbyist’s. Finally, when the lobbyist’s bias is large enough, it is optimal for the legislature to choose open rule and appoint a committee biased against the lobbyist.⁵ Our model thus accounts for both why the legislature wants to form biased committees, and for why some bills are passed under closed rule while others are passed under open rule.

Our results shed light on the mixed empirical findings regarding the relationship between committee bias and the use of either open or closed rule. In a series of papers, Dion and Huber (1996, 1997) and Krehbiel (1997a,b) offer mixed evidence, sometimes finding a positive, sometimes a negative, and sometimes an insignificant effect of the magnitude of committee bias on rule selection.⁶ This is consistent with our finding that there is no simple relationship between the magnitude of committee bias and the chosen procedural rule. The optimality of either closed or open rule is compatible with either small or large committee bias.

One simple prediction of our model is that the optimal committee is never more biased, in absolute terms, than the lobbyist. Moreover, the committee is strictly less biased unless the lobbyist’s bias is small. This is consistent with Poole and Rosenthal (1997) finding that lobbyists tend to be more extreme advocates of policy issues than committee members.

The intuition behind the main results can be summarized as follows. For small biases, the loss of the legislature from delegating the decision right is second-order, relative the loss caused by strategic communication, as pointed out in Dessein (2002).⁷ For this reason, it is optimal to fully delegate the decision to the lobbyist. For intermediate biases, there is a nontrivial trade off between decreasing the committee’s bias and decreasing the loss arising from strategic communication between

² Other theories of legislative committees include: (i) the distributive benefits theory, which argues that the power granted to committees is private benefit (pork) to the corresponding members of the legislature; (ii) the majority-party cartel theory, which argues that committees help the ruling party achieve its goals; and (iii) the bicameral rivalry theory, which argues that committees serve as hurdles in the legislative procedure that help legislators extract more rents from lobbyists. For a survey paper on the topic, see Groseclose and King (2001).

³ We follow GK in assuming that the legislature can ex ante commit to a procedural rule. In practice, the Rules Committee decides what procedural rule to use after the committee submitted the proposal. However, as GK discusses, given that the Rules Committee makes procedural decisions repeatedly with high frequency, reputational concerns are thought to make it possible for the Rules Committee to act according to a precommitted rule of behavior that is ex ante optimal for the legislature. GK points out that this is also consistent with empirical evidence on the composition and decisions of the Rules Committee (see also Groseclose and King (2001)).

⁴ An alternative modeling approach would be to assume that acquiring information requires effort on the committee members’ part. Both Gerardi and Yariv (2008) and Che and Kartik (2009) point out that in settings with costly information acquisition, bias can increase incentives to gather information. In our model, there are no information acquisition costs; instead, we focus on the strategic aspects of acquiring information. Nevertheless, the resulting trade-offs are similar, since the committee is better informed, but more biased. The above papers do not investigate the interplay between open vs. closed rule (cheap talk vs. delegation) and the bias of the committee (agent). Hence, it is an open question whether a model of costly information acquisition could provide a theory of committee bias and amendment rules that is in line with the empirical observations.

⁵ These findings are at odds with those in Li (2007), which is the first paper we are aware of that introduces a strategic outside expert into the legislative decision-making framework. Li (2007) only analyzes the case of open rule and only considers pure strategy equilibria. As a consequence, he finds that committees cannot facilitate better information transmission. Hence, the assumption of strategic outside experts does not lead to a theory of committees. Contrastingly, we show that committees can enhance information transmission both in the case of closed and open rule (in the latter case, when one allows for mixed strategies).

⁶ Both Dion and Huber and Krehbiel have examined the effect of committee bias on the use of restrictive rules, using data from the 94–98th congress. They report results for different econometric specifications, subsamples and controls. The results are inconclusive and extremely sensitive to the specification. For example, Dion and Huber find a significant negative coefficient in one of their specifications, and both positive and negative insignificant coefficients in other specifications. Krehbiel finds a large, positive significant coefficient in one specification, but negative insignificant coefficients in others. The point estimates are also very different among specifications.

⁷ Kydd (2003) makes the counterpart of this point in the context of mediating conflict resolution. He claims that a party involved in the conflict is more likely to believe a piece of information from a mediator if the latter is “on his side.” As opposed to this, what matters in our model, in case of closed rule, is how close the committee’s interests are to the lobbyist (the original source of information), not how close they are to the legislature (the ultimate recipient). Clearly, the important difference between our model and Kydd’s is that, in the latter, the information transmission from the original source of information to the mediator is unmodeled.

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