

Review of: Focused Power: experiments, the Shapley-Shubik power index, and focal points, by C. R. Geller, J. Mustard and R. Shahwan

This paper is probably the first attempt to provide an experimental verification of the Shapley - Shubik index (SSI). The authors construct an experiment in which groups of six players must take a (simple) majority decision with weighted votes on how to divide a fixed payoff. Each player is free to make a proposal (or not do it at all) on the division. Once the proposals are received voting takes place and if the majority is reached, the winning proposal is implemented.

I like very much the authors' research agenda, but I regret to say that I am rather disappointed by the outcome.

The authors argue two things : 1. The experiment provides a substantial confirmation of the theoretical predictions of the SSI. 2. There is evidence of focal points, where the latter are represented by the frequency with which the player with largest power is present in the first proposal of division.

In my opinion, both of these two central contributions of this paper are not convincing. I will start from the second one.

If it is true that there are focal points and that these consist in the presence (or absence) of the greatest player in the division proposal, why is that the initial proposal often does not reach the majority? In addition , the authors implicitly assume that in the course of the experiment the incidence of focal points disappear while new proposals replace the old ones. Why should this be the case ? What is the idea? While I agree that focal points may be shortcuts in bargaining, it is not clear to me why they disappear along failures in reaching the majority. Finally, I disagree on the authors' assumption that the focal point manifest itself only in the over-or under-representation of the most powerful player. The authors should consider also the shares of the other five players. In other words, the paper attempts to measure the incidence of focal points in the division, but it lacks a convincing theory or at least a plausible justification of the assumptions made.

Regarding the first point , the authors argue that the SSI is corroborated by the share received 'on average ' by the largest player. Why do the authors consider the largest one only? What happens to the shares of the other five players? Did I miss anything? The authors should provide the (average) shares of the other five players and say whether these are correlated with the SSI or not.

Apart from the two points above, there are other drawbacks in the paper.

3 . The experimental protocol used by the authors allows for numerous strategic manipulations . It would have been preferable to build an experiment using non-cooperative games which yield the Shapley value (e.g. Gul (1989) or Segal (2003)).

4 . In the discussion I found that the authors often confuse the Shapley value with the SSI. The latter is a measure of ex-ante political power, i.e. the ability to influence future common decisions. Contrary to what the authors claim, the use of simple games to represent a political game is not due to the need to 'normalize' the index so that the sum of the shares is equal to one, but it reflects the idea that the player that swings a coalition (the pivot) is worth the entire value of that decision (cf. Von Neumann and

Morgestern (1944)). Apparently, the authors do not give this point the right emphasis. I think this leads to the confusion between the Shapley value and the SSI.

5 . The authors do not consider voting systems in which one or more players have veto power. Their justification is that they want to avoid incurring in very competitive players, who may find it convenient to destroy the payoffs rather than getting shares that are too low. I beg to disagree. On the contrary, I think that voting games with veto players would provide interesting insights on the behavioral distortions (i.e. sense of fairness or pro - social behavior), which act in political bargaining . The same goes for political games where one player has the majority (dictator games).

6 . The literature review is incomplete. Some suggestions are the following. a) On the institutional complexity in the EU, cf. Napel - Widgren (2006); b) On the political power with asymmetry , cf. Owen and Shapley (1989) and Barr and Passarelli (2009); c) On the European Central Bank, cf. Belke and Styczynska (2010) . On non-cooperative foundations of the SSI, cf. Laruelle and Valenciano (2008).