

Guth, Schmittberger et Schwarze (1982), "An experimental Analysis of Ultimatum bargaining", Journal of Economic Behavior and Organization

Instruction rules for easy games

You will be faced with a simple bargaining problem with only two bargainers, player 1 and player 2. In each bargaining game both players have to distribute a given amount $c = DM$...among themselves. The rules of the bargaining game are as follows:

First player 1 can determine any amount $a_1 = DM$...between 0 and c which he demands for himself. The difference $c - a_1$ is what player 1 offers to player 2.

Player 2 will be informed about player 1's decision a_1 . Knowing player 1's proposal player 2 can either accept this proposal or choose conflict.

If player 2 accepts player 1's proposal, player 1 gets a_1 and player 2 the residual amount $c - a_1$. In case of conflict both players get zero.

(Illustration of bargaining rules by various numerical examples). The experiment will proceed as follows:

There will be $k = \dots$ bargaining games with different amounts c to be distributed. First it will be decided by chance who of you will be player 1 and who of you will be player 2 in the k bargaining games. All players 1 will be seated at the (isolated) desks on one side, whereas players 2 will be seated at the (isolated) desks on the other side of the room.

Each player 1 receive a decision form which informs him about the amount c to be distributed. This is also the maximal amount player 1 can ask for. Every player 1 has to fill in his decision a_1 . When determining his decision a_1 , player 1 does not know who of the $k = \dots$ players 2 will be his opponent.

After all players 1 have made their decision, their decision forms are distributed by chance among the $k = \dots$ players 2. Knowing the amount c to be distributed and player 1's demand a_1 each player 2 has to decide whether he accepts the payoff proposal ($a_1, c - a_1$) or not.

Each player has 10 minutes for his decision. When all decisions have been made, the decision forms will be collected. As described above the payoffs are $a_1 = DM$... for player 1 and $c - a_1 = DM$... for player 2 if player 2 accepts the proposal ($a_1, c - a_1$). Otherwise, both players receive DM 0. To get your money you have to keep the ticket which is attached to your decision form.

If you have any questions, we will be happy to answer to them now. During the experiment it is forbidden to ask questions or make remarks.

Instruction rules for complete games (with high payoffs)

You will be faced with a single bargaining problem with only two bargainers, player 1 and player 2. In each bargaining game both players have to distribute a bundle of 5 black and 9 white chips among themselves. Player 1 will get DM 2 for each chip. Player 2 will be paid DM 2 for a black chip and DM 1 for a white one. The rules of the bargaining game are as follows:

First player 1 can determine a bundle (m_1, m_2) of m_1 black and m_2 white chips, with $0 \leq m_1 \leq 5$ and $0 \leq m_2 \leq 9$.

Player 2 will be informed about player 1's decision (m_1, m_2) . Knowing player 1's decision (m_1, m_2) , player 2 can choose between the bundle (m_1, m_2) of m_1 black and m_2 white chips or the residual bundle $(5 - m_1, 9 - m_2)$ with $5 - m_1$ black and $9 - m_2$ white chips. Player 1 receives the bundle which has not been chosen by player 2.

The payoff of each player is determined by the value of all the chips which he received. If, for instance, player 2 chooses the bundle (m_1, m_2) his payoff is $m_1 \cdot DM2 + m_2 \cdot DM1$. Player 2's payoff is DM 2 times the number of chips which he received.

(Illustration of bargaining rules various numerical examples). The experiment will proceed as follows:

There will be $k = \dots$ bargaining games. First it will be decided by chance who of you will be players 1 and who of you will be players 2 in the k bargaining games. All players 1 will be seated at the (isolated) desks on one side, whereas players 2 will be seated at the (isolated) desks on the other side of the room. Each player 1 will receive a decision form. Every player 1 has to determine a bundle $I = (m_1, m_2)$ of m_1 black and m_2 white chips. By this he offers player 2 to choose between the bundle $I = (m_1, m_2)$ and the residual bundle $II = (5 - m_1, 9 - m_2)$ of $5 - m_1$ black and $9 - m_2$ white chips. When determining his decision $I = (m_1, m_2)$, player 1 does not know who of the $k = \dots$ players 2 will be his opponent.

After all players 1 have made their decision, their decision forms are distributed by chance among the $k = \dots$ players 2. Knowing the two bundles $I = (m_1, m_2)$ and $II = (5 - m_1, 9 - m_2)$ each player 2, has to decide whether he wants the bundle $I = (m_1, m_2)$ or the bundle $II = (5 - m_1, 9 - m_2)$.

Each player has 15 minutes for his decision. When all decisions have been made, the decision forms will be collected. As described above your payoff will be determined by the bundle of black and white chips which you received. To get your money you have to keep the ticket which is attached to your decision form.

If you have any questions, we will be happy to answer them now. During the experiment it is forbidden to ask questions or to make remarks.