Bargaining Game

Preparation: Print out cards. Each student should get three cards, one $3, one $5, and one $7 card. They can look at the cards. Generate 10 random pairings of the students for ten rounds of the "replicator" dynamics. Generate two groups and then 10 random pairings of a group 1 person with a group 2 person.

First bargaining game:

Demonstration: This is the Nash demand game. Two players have $10 to split. Each simultaneously makes a demand. If the demands sum to $10 or less, each gets what she asked for. Otherwise they get nothing. Show how this works for different combinations.

Explanation: Explain how the replicator dynamics model will work. Every student will choose a strategy secretly. Then I will reveal who is playing with whom. We will go through the list and find out what and how each student did. The average for each strategy will then be revealed. Then the process will be repeated with new partners for ten rounds.

Second bargaining game:

Now divide the class into two groups. Everything the same as before, except now if the bargain isn't struck the group 1 people get $3 while the group 2 people get $0.

$3	$3	$3	$3
$5	$5	$5	$5
$7	$7	$7	$7