Veconlab: Bargaining Game

The game

- There is a $100 “pie”. You are randomly either a proposer or a responder.
- The proposer suggests a division.
- The responder either accepts or rejects the deal.
- If “accept,” both sides receive the agreed-upon amounts.
- If “reject,” both sides get zero.
- Object: maximize your total winnings.
Take it or leave it?

- Many trading situations give you a choice ("make or take") and give you the opportunity to revise your bid or offer price.
- In other situations a customer contacts a dealer, and asks for a two-sided market (a bid and an offer).
  - The customer can buy at the quoted offer or sell at the quoted bid, or do nothing.
  - There is no negotiation.

Examples

- I propose $93 to me (and $7 to responder)
  - If responder accepts, I get $93 and the responder gets $7
  - If responder rejects, we both get zero.
- We’ll play one round for practice in using the system.
- Then we’ll play three more rounds. In each round:
  - Your role (proposer or responder) is randomly assigned.
  - You are randomly paired with another person.
Games and exercises: scoring and grading

- There will usually be the opportunity for practice play.
- In “real” play, your score is based mostly on participation
  - ... but also your relative score/earnings.
- In the bargaining game, your score (if you play) will be between 85 and 88.

System requirements

- For all exercises using the Rotman Interactive Trader, you’ll need a Windows laptop with Excel and a wifi connection to the NYU network.
- For this exercise, you only need a laptop with a wifi connection and an internet browser.
http://veconlab.econ.virginia.edu/

**Veconlab: Experimental Economics Laboratory**

[Login as Administrator]
Set up, manage and review experiments.

[Login as Participant]
Participate in an economics experiment.

---

**Veconlab Participant Login Screen**

**Initial Login for All Programs:**
(if no ID has been assigned)

[Login]

**Subsequent Login to On-going Experiment**
(emergency restart if you already have been assigned an ID)

[Emergency Restart]
Veconlab: Enter Session Name

Please enter the session name supplied by your instructor.

Session Name: fn1

Submit

Veconlab: Participant Login

First Name:

Last Name: Stern email prefix, e.g. jsh123

Optional Password: (up to 4 letters and/or numbers)

Re-enter Password:

Continue
Participant Login Check Screen

Your ID will be: 2
You did not enter a personal password, so a password of 2 has been assigned.

Please write these down:

**ID number = 2**
**Password = 2**

You will need both of them if you log off (or lose the connection) and log on later.

Press Continue to see whether other participants have finished signing on.

To Update, Press:

Check to See if Others Have Finished