

EXPERIMENTAL STUDIES ON BARGAINING WITH INCOMPLETE INFORMATION

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Abstract

A prime area of interest in economics is to understand the difficulties that players have in reaching optimal agreements. Informational inconsistencies provide an appealing explanation for bargaining inefficiencies. We closely examine models on bargaining, with focus mainly on strategic and behavioral factors affecting outcomes. This paper provides an overview of the theoretical and experimental literature on bargaining with incomplete information. On surveying the existing literature, we aim to propose an experimental solution to cheap-talk bargaining game with two sided private information.