

## **Economics Seminar, Indian Statistical Institute, New Delhi.**

**SPEAKER:** Jean-François Laslier, Ecole Polytechnique, Paris

**TITLE:** Interpersonal Comparisons of Utility in Bargaining: Evidence from a Transcontinental Ultimatum Game

**TIME:** 11:30-1:00 P.M.

**DAY & DATE:** Friday, 9<sup>th</sup> January, 2009

**PLACE:** Seminar Room 2, New Building

### **Abstract:**

This paper presents the experimental results of a “Transcontinental Ultimatum Game” implemented between India and France. The bargaining took the form of standard ultimatum games, but in one treatment Indian subjects made offers to French subjects and, in another treatment, French subjects made offers to Indian subjects. We observed that French→Indian bargaining mostly ended up with unequal splits of money in favour of French, while nearly equal splits were the most frequent outcome in Indian→French interactions.

The experimental results are organized through a standard social reference model, modified for taking into account the different marginal value of money for bargainers. In our model bargaining is driven by relative standings comparisons between players, occurring in terms of real earnings (that is monetary earnings corrected for a purchasing power factor) obtained in the game. The norm of equity behind the equalization of real earnings is called local equity norm, and contrasted to a global equity norm which would encompass the wealth of players beyond the game. According to what we observed, no beyond-game concern seems to be relevantly endorsed by subjects

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