

## **Ideals in Sequential Bargaining Structures**

**Ana Paula Martins**

Assistant Professor, Faculdade de Ciências Económicas e Empresariais, Universidade Católica Portuguesa, Cam. Palma de Cima, 1600 Lisboa, Portugal. Phone: 351 217214248. Fax: 351 217270252. Email: [apm@europa.fcee.ucp.pt](mailto:apm@europa.fcee.ucp.pt).

This note suggests possible extensions of the baseline Rubinstein sequential bargaining structure - applied to the negotiation of stationary infinitely termed contracts - that incorporate a direct reference to the “ideal” utilities of the players. This is a feature of the Kalai-Smorodinsky cooperative solution – even if not of the generalized Nash maximand; it is usually not encountered in non-cooperative equilibria.

Firstly, it is argued that different bargaining protocols than conventionally staged are able to incorporate temporary all-or(and)-nothing splits of the pie. We advance scenarios where such episodes are interpreted either as – out of bargaining - war or unilateral appropriation events, or free experience contracts.

Secondly, we experiment with some modifications to the Rubinstein infinite horizon paradigm allowing for mixed strategies under alternate offers, and matching or synchronous decisions in a simultaneous (yet, discrete) bargaining environment. We derive solutions where the reference to the winner-takes- it-all outcome arises as a parallel – out-of-the-protocol – outside option to the *status quo* point.

In some cases, we thrived to derive the limiting maximand for instantaneous bargaining.

**JEL Classification:** C72; C78; C44; H56; D74 (K42).

**Keywords :** Sequential Bargaining under Compensating Protocols; (Product)

Promotions; Apprenticeship; Infinite Horizon, Mixed Strategy Games; Mixed Strategies under Perfect Information Games; Simultaneous Sequential Bargaining; Matching Equilibrium under Sequential Bargaining; Synchronous (Decisions) Equilibrium under Sequential Bargaining; Delay; Hold-up.