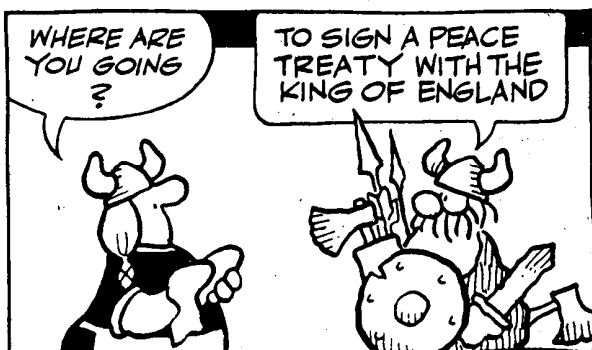
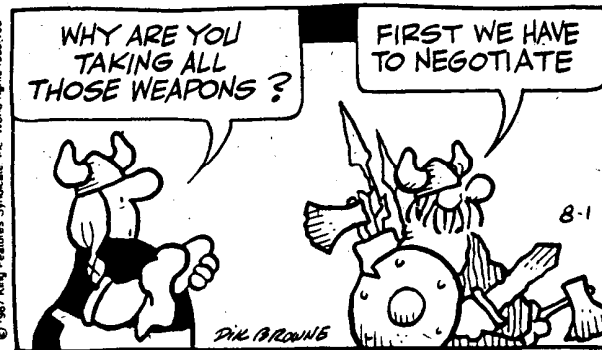


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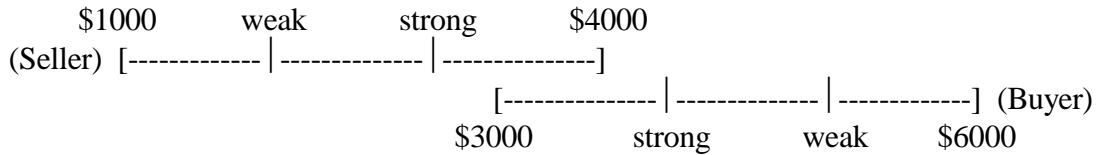


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The “Salty Dog”: Distributive Bargaining

Buyer and Seller Types



Pairings

		Seller	
		\$1900 weak	\$2900 strong
Buyer	\$4100 strong	2,6,10, ...	1,5,9, ...
	\$5100 weak	4,8,12, ...	3,7,11, ...

In the role-play, each side is given no guarantee that mutual gain is available, although in fact such gain *is* available to all pairs. On each side, a party can be in either a strong position (a relatively attractive alternative to a negotiated agreement is available), or a weak position (the alternative is relatively unattractive); hence there are actually four different types of pairings: strong-strong (the narrowest range of mutually-advantageous agreements), strong-weak, weak-strong, and weak-weak (the widest range). The strong and weak positions are set so that every party knows (privately) that a mutually-advantageous agreement exists, but doesn't know whether the other party also knows this.

The Salty Dog: Summary and Notes

Summary of Final Agreements, 1987-2016:

	\$1900	\$2900	
\$4100	\$3,330	\$3,502	strong buyer
\$5100	\$3,468	\$3,723	weak buyer
	weak seller	strong seller	

Likelihood of Agreement:

	\$1900	\$2900	
\$4100	98.1%	97.6%	strong buyer
\$5100	98.1%	97.2%	weak buyer
	weak seller	strong seller	

Note:

- (1) Just about every pair reaches agreement.

- (2) The actual agreements vary by pair, but, on average, strong parties do better (i.e., reach agreements closer to their ends of the distributive axis) than weak parties against either strong or weak partners.

On the surface, (1) and (2) seem reasonable. **But (1) and (2) together are inconsistent with effective negotiating behavior!** If every pair "should" reach agreement, weak parties should act as if they are in strong positions. They will still reach agreements, and the agreements will be more favorable to them: They should do as well as the strong parties. Alternatively, if strong parties "should" do better, it must be because weak parties can't afford to mimic their behavior (i.e., that strong parties can believably *signal* their strength): That "strong" behavior must involve taking risks that weak parties can't justify, in which case, strong parties negotiating with other strong parties must sometimes fail to reach agreement.