Target-based solutions for Nash bargaining

Lorenzo Bastianello  
EDE-EM, Université Paris 1-Panthéon-Sorbonne  
Lorenzo.Bastianello@malix.univ-paris1.fr

Marco LiCalzi  
Department of Management, Università Ca’ Foscari Venezia  
licalzi@unive.it

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Abstract

We revisit the Nash model for two-person bargaining. A mediator knows agents’ ordinal preferences over feasible proposals, but has incomplete information about their acceptance thresholds. We provide a behavioural characterisation under which the mediator recommends a proposal that maximises the probability that bargainers strike an agreement. Some major solutions are recovered as special cases; in particular, we offer a straightforward interpretation for the product operator underlying the Nash solution.

Keywords  
Cooperative bargaining; Target-based preferences; Nash solution; Mediation, Copulas.

References
