

Report on Bachelor / Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

Student:	Ludmila Matysková
Advisor:	PhDr. Martin Gregor, Ph.D.
Title of the thesis:	Experimental Testing of Game-Theoretical Predictions: The Ultimatum Game

OVERALL ASSESSMENT (provided in English, Czech, or Slovak):

The thesis provides an excellent survey of the experimental studies investigating players' behavior in the ultimatum game. The manuscript is well structured and nicely written. The relevant literature and methodology are comprehensively described. The design of future experiments, which should clarify still unresolved issues, constitutes the original contribution. I don't have any objections to the work, only a few comments. I hope they will be useful for further studies.

- Theoretical prediction in the ultimatum game, that "the only subgame-perfect equilibrium is to offer zero, which is accepted" is a direct consequence of the "assumption that the responder with certainty (!) accepts a zero offer (despite being indifferent between rejecting an accepting it)". This assumption is based on argumentation that if the player will accept any infinitely small positive offer in the limit he/she will accept a zero offer. If we made argumentation in way that player will reject any infinitely small negative payoff (disutility can be caused by a process of bargaining itself) we can come to conclusion that the rejection of a zero offer is an equally valid assumption. So it is not surprising that the prediction of the ultimatum game doesn't hold in the reality.

- The experimental studies, cited at the thesis, show that the mode offer is an equal division of the pie. From my point of view, it is a consequence of symmetry in payoffs in the case of rejection. If proposer's payoff is equal to responder's one in case of rejection they both have equal bargaining power. This results in an initial offer which divides the pie equally. If proposer's payoff will be higher than responder's one in case of rejection it gives a higher bargaining power to the proposer. This can cause the lowering of the offer while the rejection rate remains approximately the same. I assume that in this case only a residual value of the pie will be equally divided. For example, if the pie is 100 and payoffs in case of rejection (0,0), (40,0), (80,0), (100,0) then the offers (50,50), (70,30), (90,10), (100,0), respectively, will be considered equally "fair" and the rejection rate will not increase.

- I also recommend combination of experiments with a survey. Simply, ask players to write reasons for their actions. I think it gives helpful information for designing of a correct model.

My comments do not diminish quality of the thesis to any extent. In case of successful defense I recommend the grade 1 (=excellent)

SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY	POINTS
Literature (max. 20 points)	20
Methods (max. 30 points)	30
Contribution (max. 30 points)	20
Manuscript Form (max. 20 points)	20
TOTAL POINTS (max. 100 points)	90
GRADE (1 - 2 - 3 - 4)	1

NAME OF THE REFEREE: Melikhova Oksana, Ph.D.

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Referee Signature