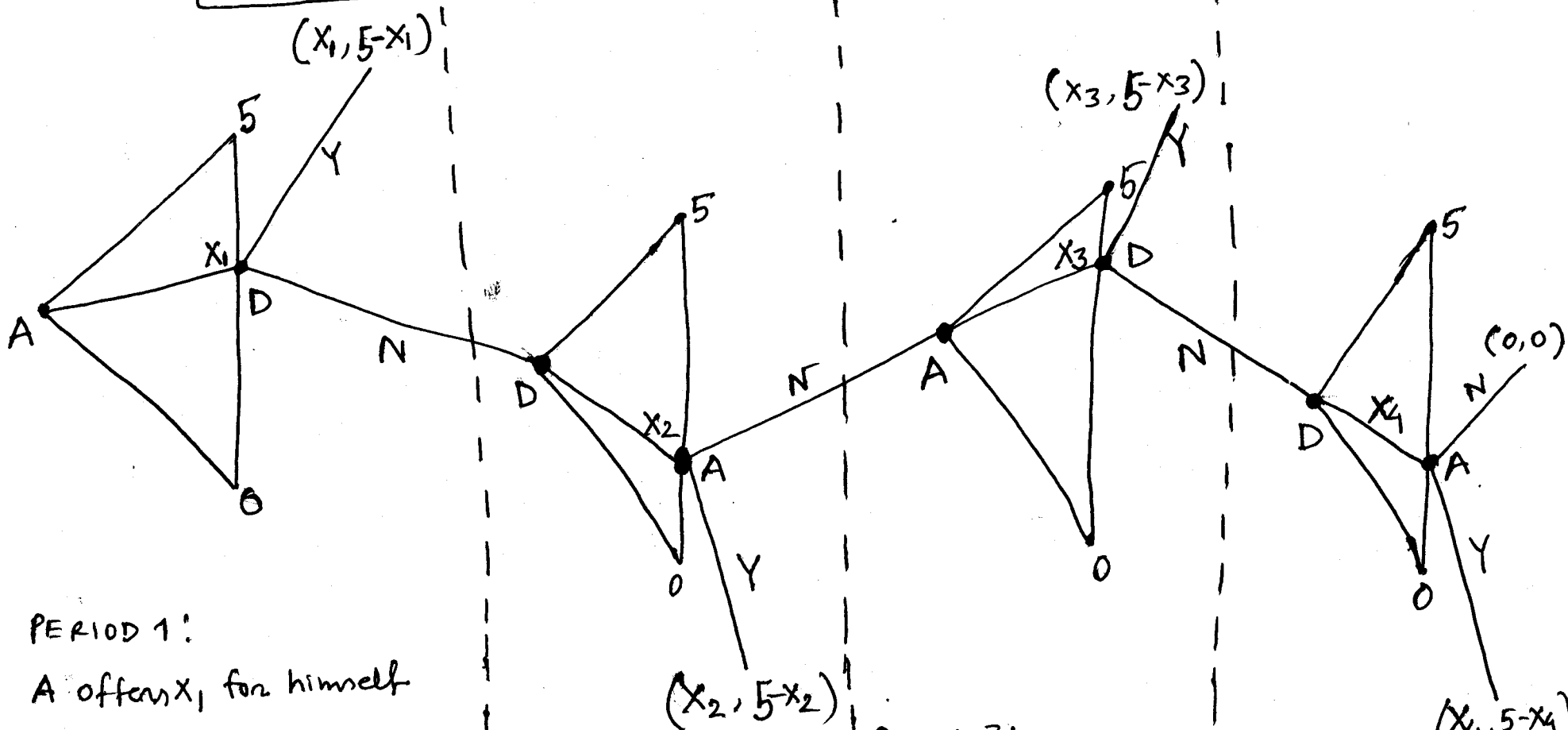


FIGURE B2(a): 4-PERIOD RUBENSTEIN BARGAINING GAME BETWEEN ALAN (A) AND DAVID (D) OVER \$5

NOTATIONS:

$A \equiv$ ALAN, $D \equiv$ DAVID

$X_i =$ OFFER MADE TO PLAYER A IN PERIOD i ; $i = 1, 2, 3, 4$



PERIOD 1:

A offers x_1 for himself

D responds

PERIOD 2:

D offers x_2 to A

A responds

PERIOD 3:

A offers x_3 to himself.

D responds.

PERIOD 4:

→ D offers x_4 to A

→ A responds.

FIGURE B2(b): SUBGAME PERFECT EQUILIBRIUM OF THE 4-PERIOD BARGAINING GAME

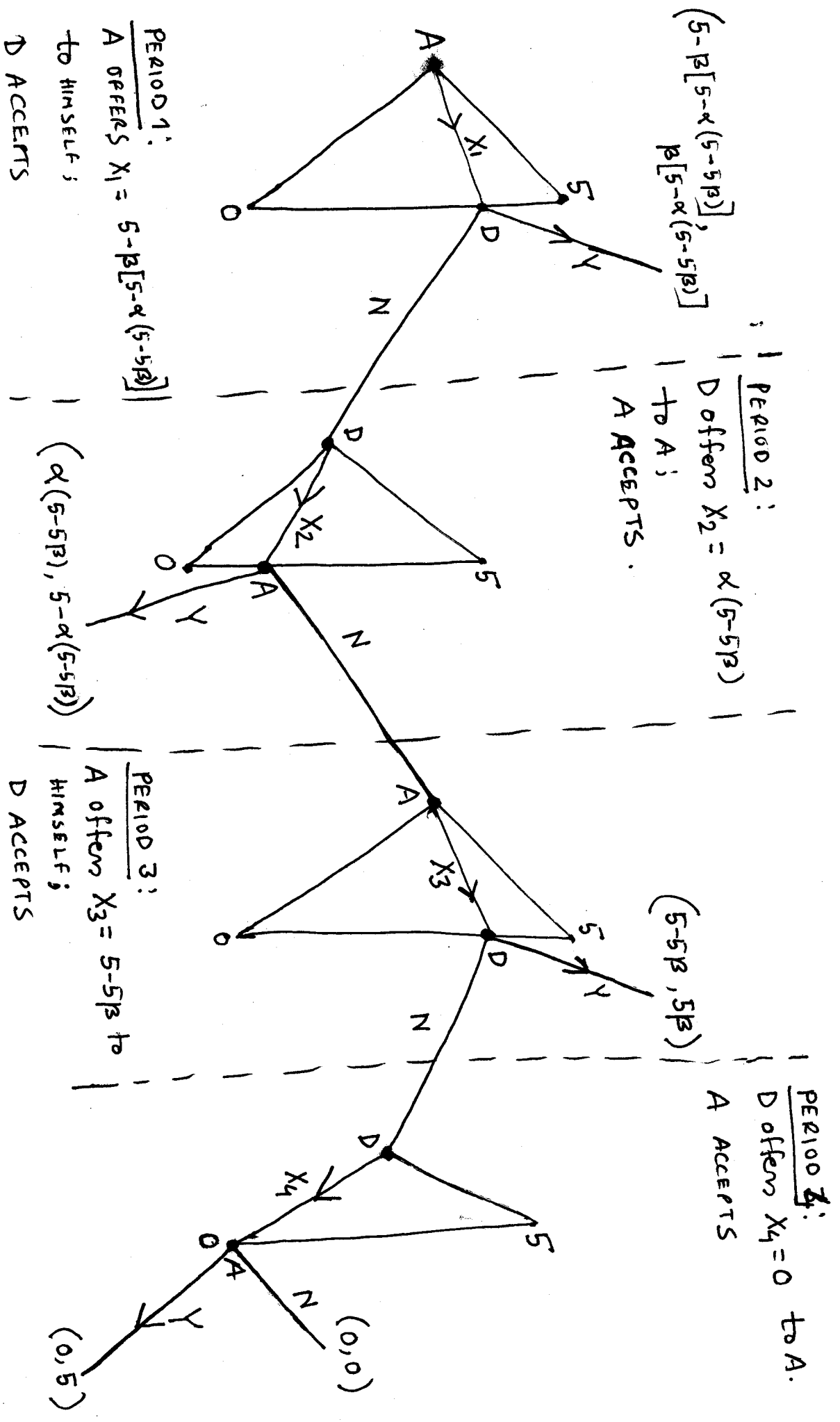


FIGURE B3 (b): EXTENSIVE FORM OF THE GAME

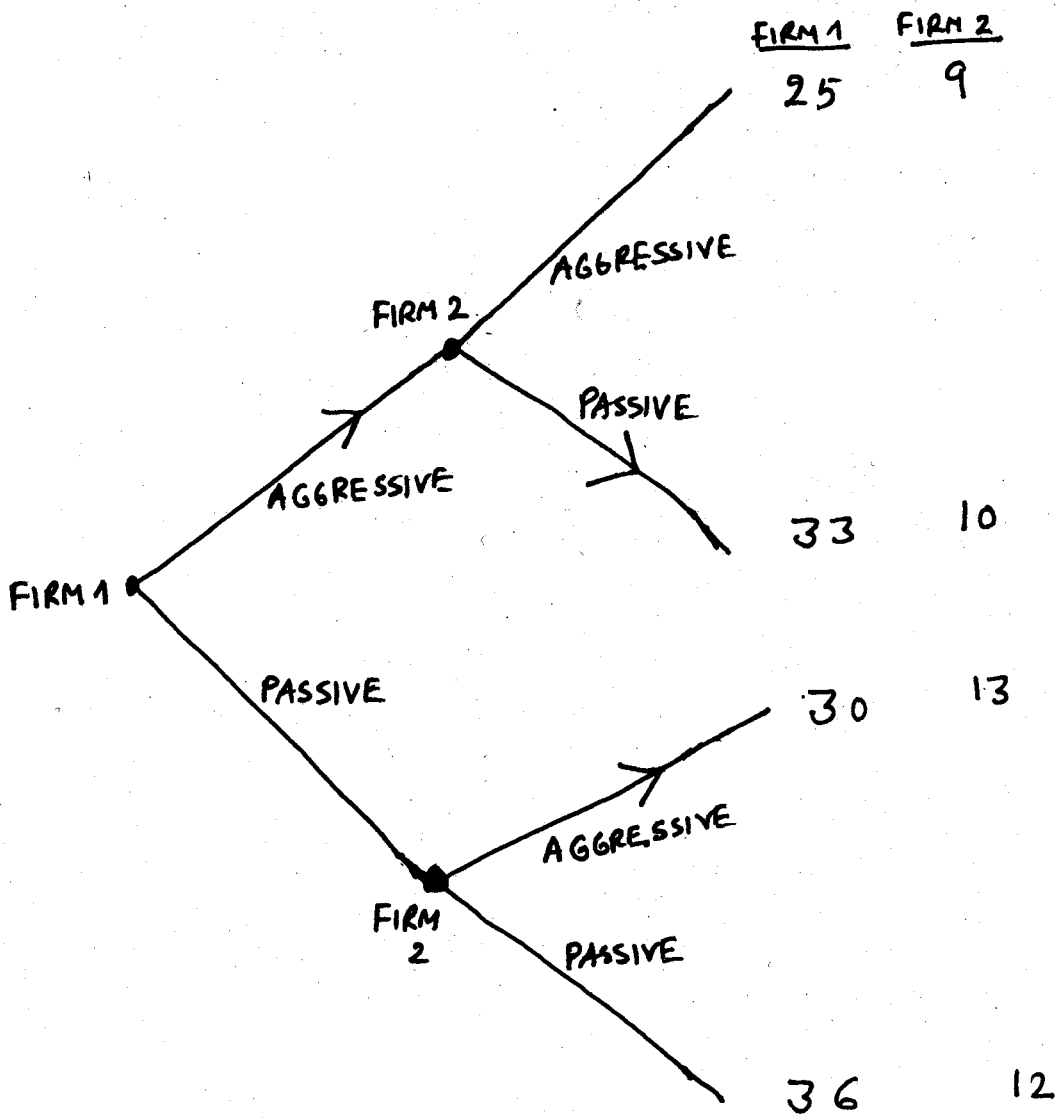


FIGURE B3(c) : SUBGAME PERFECT EQUILIBRIUM WITH A CREDIBLE THREAT ~~FROM~~ BY FIRM 2

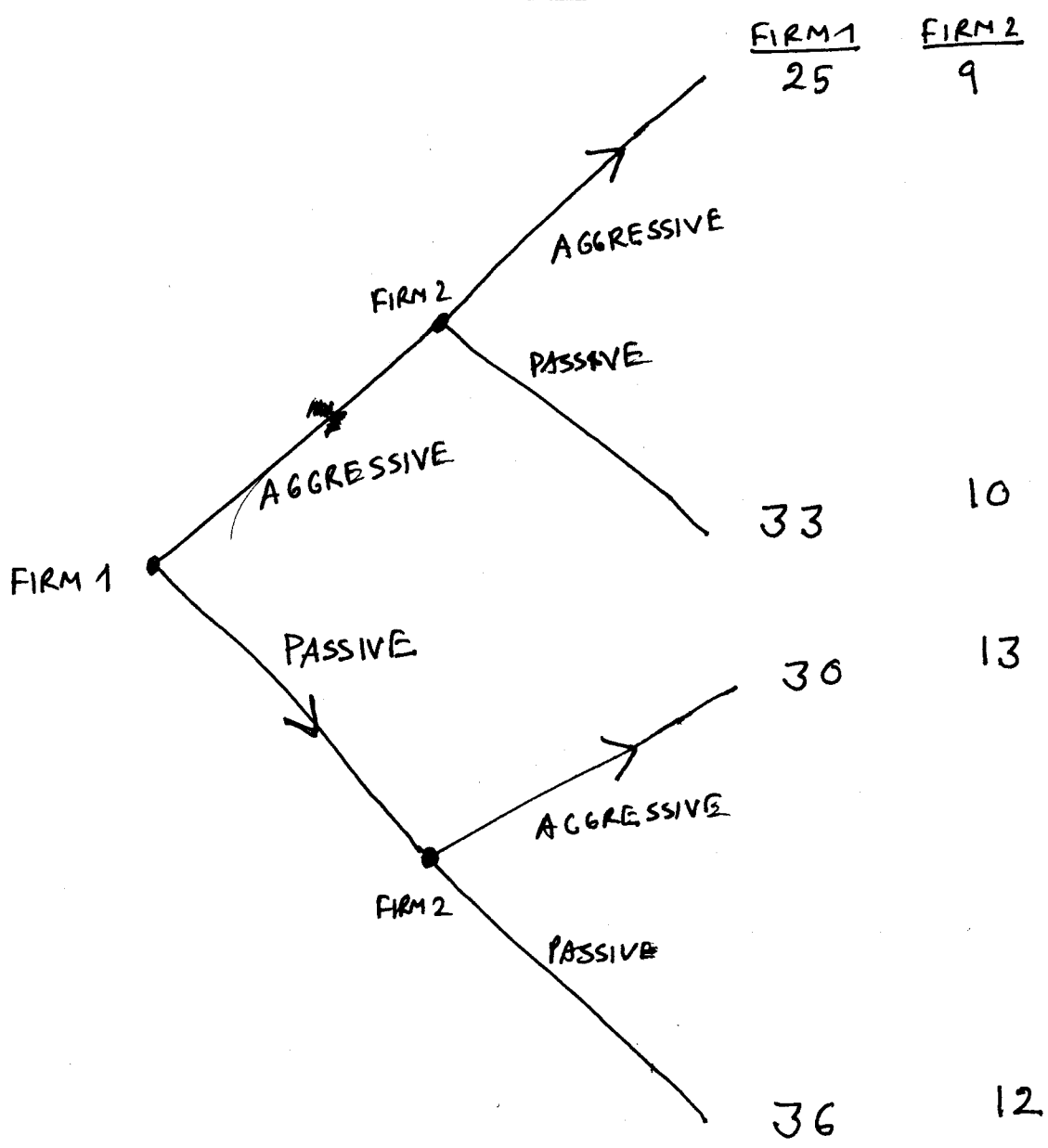
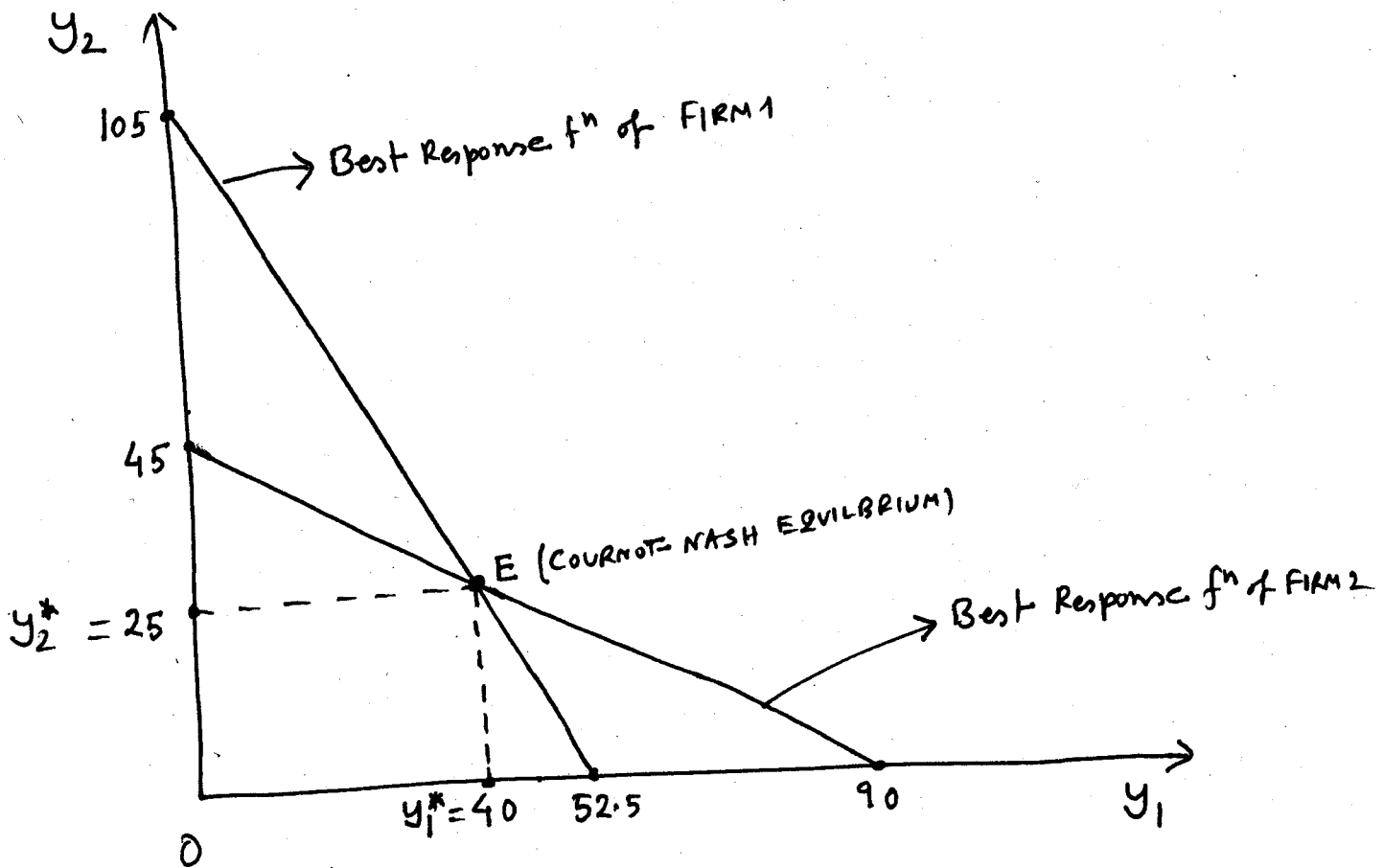


FIGURE B6(a): THE COURNOT-NASH EQUILIBRIUM



THE COURNOT-NASH EQUILIBRIUM: $(y_1^*, y_2^*) = (40, 25)$